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Aaron Wildavsky, Incrementalism,  
and Defense Budgeting:  
A Bibliographic Essay

L.R. Jones  
J.L. McCaffery

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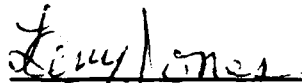
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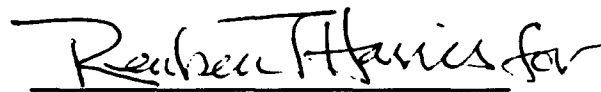
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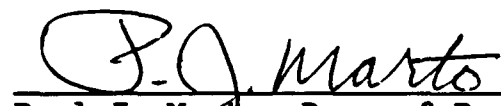
  
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13. ABSTRACT (Maximum 200 words)  By the time of his death in September 1993, Aaron Wildavsky had written or coauthored nine books and forty articles or book chapters on budgeting and fiscal policy. He was perhaps the single most important scholar in public budgeting for almost three decades. Although his early works avoided defense budgeting as too specialized, his later writings included an insightful review of defense budget issues and the defense budget making process. This report reviews Wildavsky's work and summarizes his analysis of defense budgeting.				
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AARON WILDAVSKY, INCREMENTALISM, AND DEFENSE BUDGETING

A BIBLIOGRAPHIC ESSAY

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AARON WILDAVSKY, INCREMENTALISM, AND DEFENSE BUDGETING

A BIBLIOGRAPHIC ESSAY

*The crucial aspect of budgeting is whose preferences are to prevail in disputes about...who shall receive budgetary benefits and how much ?*

Aaron Wildavsky

*Political Implication of Budgetary Reform, 1961*

Introduction

Aaron Wildavsky had an extremely broad set of interests in social science and public policy. At the time of his death in September of 1993, he had written or coauthored thirty books, with several forthcoming, and one hundred eighty-six articles and book chapters, with some additional papers awaiting publication. The topics covered in this vast oeuvre of books and articles, in unpublished casual papers, and in newspaper and magazine articles too numerous to count, reveal the incredible spectrum of his curiosity and knowledge. His work encompasses budgeting and fiscal policy (domestic and international), political culture, community power and leadership, risk analysis and safety, environmental policy, the American Presidency, Presidential elections, American diplomacy, U.S oil and gas policy, the art and craft of policy analysis, policy implementation, how to conduct research, academic collaboration, the development and evolution of the social sciences, political and religious philosophy, Moses and Joseph as leaders and administrators, the politics of religion, the experience of his father as a youth in Poland, academic leadership and administration, communism and morality, the Declaration of Independence and the Articles of Confederation, and more...much

more. To say that Aaron was a profound thinker and prolific writer runs the risk of understatement.

In this large body of material, Wildavsky wrote or coauthored nine books and forty articles and book chapters on budgeting and fiscal policy. It is this work that is reviewed selectively here. A bibliography of Wildavsky's work on budgeting and fiscal policy is provided at the conclusion of this essay. Any attempt to survey the totality of Aaron's writing would surely require a book rather than an essay. Furthermore, we have focused our review on approximately a dozen of the forty-eight pieces within the Wildavsky portfolio on budgeting, taxing and spending -- concentrating on those pieces in which he and his collaborators made the most significant contribution to knowledge in the field in our view. Our selection is, of course, subjective and we yield in advance to criticism that we have not included all that should be covered, or that we may have misinterpreted the significance of some of the material we include. Inevitably, every student of budgeting and of Wildavsky is entitled to select his or her own list of greatest works and to interpret them in other ways and from other perspectives.

Initially, one is humbled both by the volume and breadth of Wildavsky's contributions. A deeper reading reinforces this impression, and enables the reader to delineate the themes that Aaron and his collaborators worked on creatively for over three decades. To discover this continuity is not to say that he and his coworkers did not find anything new over this time. The opposite is

the case; Aaron was perpetually curious and driven to investigate and understand every new twist and turn of budgetary process and politics. In fact, he was the quintessential student of budgetary politics, and his quest to understand and interpret appeared only to be near an end less than one year before his death when he mentioned to colleagues that he had written everything he cared to say about budgeting. Of course, he said essentially the same thing in his book Budgeting: A Comparative Theory of Budgetary Processes published in 1975.<sup>1</sup>

#### Defense Budgeting

Aaron Wildavsky's research and writing shaped how students and scholars viewed budgeting for more than three decades, but his early work virtually ignored defense budgeting because it was a special case<sup>2</sup>. Wildavsky was not unaware of defense. It should be noted that Wildavsky interrupted his undergraduate career to serve two years in the U.S. Army beginning in the summer of 1950 during the Korean conflict. In any case, there is no chapter on defense in the original Politics of the Budgetary Process where Wildavsky's theory of budgeting as incremental behavior is unveiled. Subsequently, however, defense insiders told him that the systematic interactions he had described outside of defense also existed inside defense budgeting. Consequently, in The New Politics of the Budgetary Process there is a substantial chapter on defense budgeting<sup>3</sup> and like most of Wildavsky's writings it is both elegant and insightful.

Wildavsky notes that there are differences between defense and

non-defense budgeting. Defense budget totals are an instrument of foreign policy and other nations react to changes in those totals, just as we do to their defense spending changes. When some other great power suddenly changes its defense allocation from 5 to 10% of gnp, if it is a potential competitor to our interests, or to the interests of our allies or potential allies, we must decide how that increase will affect our own defense spending. Will we have enough trained personnel, ships, and planes, maintenance items, and all the other things that go into readiness and sustainability to counter this change in the level of threat? Money buys capability. More capability means an increased ability to do damage to others who then must counter that increased ability with increases of their own, or find strategic alliances to negate that threat. Other nations do not monitor the total amount the U.S. spends on education or health, or if they do, it does not have the same salience for them that defense spending does. Defense budgeting is about meeting threats that will exist in the future and shifts in funding are early warnings that the threat scenario is about to change and responses to it must also change. Thus Wildavsky observes one difference with defense is that totals alone mean something.

There are other differences. Defense makes up about 70% of discretionary spending. So much has been put into entitlements and mandatories that for a Congressman to get anything for his district means that the defense budget is one of the few discretionary pots of money that can be raided for projects for his or her district.



It is also the biggest. Moreover says Wildavsky since defense tends to be veto proof, there is a temptation to attach unrelated items to it. (The 1994 budget carried a sum for breast cancer research, as well as dollars for various museums and memorials). Defense is also one of the appropriation bills which must be passed each year, either as a separate bill or as part of an omnibus appropriation bill; thus since it will be passed, the temptation to add unrelated items to it is strengthened.

OMB has had a different relationship with defense than it has had with the other agencies. It does not have the same adversarial role vis-a-vis defense as it does agriculture or education, rather it is part of the OMB/OSD team. Many of the decisions that would be taken solely at the OMB level in respect to other agencies by OMB are taken in concert with the Department of Defense at the Office of Secretary of Defense level. There is a partnership here different from that which exists between OMB and other cabinet level agencies. To some extent this results from the fact that defense is different in its size and its emphasis on training people and buying equipment which will defend the country against various threat scenario's a decade into the future. Defense is also immediately critical in ways that other functions are not. Wildavsky suggests that the defense budget process begins with no ceiling in its PPB process, but that a ceiling is quickly introduced. Historically, this ceiling has been a percent of GDP, a percent of the federal budget, a real growth percent, or most recently a specified decline over a five year time period. OMB

plays in defense as it helps set these overall defense spending goals in the defense planning process, prior to the start of the defense budgeting process. Insiders also relate that OMB is not above its usual tricks in budget review; Wildavsky notes that OMB usually makes a Christmas gift to DOD of many items that must be reviewed within a short time span in the late December period, as if those who are sworn to defend the country twenty-four hours a day would not reply to budget marks.

Wildavsky suggests that there are patterns in defense over the long term. Human resource spending has soared since the 1950's in a generally straight line increase, but defense has had a feast or famine profile. More recently defense has come to be portrayed as taking from the poor (human resource spending) to give to the wasteful (defense spending). One theme in the current writings of Wildavsky is the theme of political conflict so increased that it becomes political dissensus. This is particularly burdensome for defense where there are few milestones to indicate what is sufficient spending for the defense function. Defense operated on bi-partisan consensus from the end of WWII to the late 1960's. During this period there was also great consensus on other areas of budget policy. However, constrained resources, the increasing national debt, the end of the cold war, the aging population and increasing health care costs have driven great fissures into areas of consensus, so that policy that was consensual has now become the politics of dissensus. Nowhere is this more true than in defense.

The result of this dissensus is that budgets have tended to be

bitterly contested and generally late. Numerous projects are forced on DOD to maintain local employment and DOD, for its part, responds by placing programs in as many districts as possible to strengthen its political base. Wildavsky is well aware that DOD has an extended Planning-Programming-Budgeting system-which he says is a procedure in place that is not really followed-but he also notes that Congressional delay on defense appropriations also makes it difficult for DOD to link the three budgets it is currently working with-the current year, the year that will be sent to Congress shortly and the budget for the following year whose totals are based on those two previous years.

Finally, Wildavsky suggests that since the 1960's defense has gone from an insiders game to an outsiders game. The original Politics described how it was possible for just a few Congressmen on appropriation sub-committees to dominate decision making. This was true for defense and non-defense matters. The change from that time period has been a loss of power by the powerful committee chairmen who rose to power based on seniority and safe electoral districts and could reward and punish almost with impunity. To some extent the great stability in budget decision making pictured in the old Politics was purchased with the coin of secretive, elitist decision making.

The seniority system for picking committee chairs and members still is important, but seats are also gained through caucus elections. Powerful committee chairman can be upset and disciplined through this election process; Les Aspin gained the House Armed

Services Committee through this process and was disciplined through it. Thus power has been modified and can be moderated. Moreover, when the Democrat or Republican caucus picks a committee member by vote, the vote of the rankest freshman is equal to that of the most senior member and the power of outsiders equals that of insiders. Since there are many more outsiders than insiders, when mobilized in a vote on the floor or in caucus, they exceed the power of the insiders.

Consequently, outsiders are appointed to powerful conference committees; outsiders pick powerful committee chairman and sometimes ignoring the seniority system. Turf wars exist between committees, like authorizations and appropriations, which must be settled on the floor where outsiders have a bigger voice. There is a proliferation of committees involved in defense; Wildavsky counts ten involved in defense in the Senate and eleven in the House. These committees mean there are more places where decisions about defense are made, more opportunities for outsiders to hold seats, and more necessity to co-ordinate the final decision on the floor where each member has one vote. These committees demand lots of testimony from DOD, for budget making and for oversight. Wildavsky says that from 1982-1986, 1420 hours were spend testifying before 84 committees and subcommittees by 1306 DOD witnesses. The result was that the DOD appropriation bill was passed on time in 3 of the previous 15 years; on average, it was 80 days late. Thus defense has gone from an insiders game to an outsiders game, where there is much micromanagement and great opportunity for dissensus in defense

policy making. In respect to political dissensus, however, defense budgeting is not now greatly different from non-defense budgeting.

### Wildavsky's Budgetary Odyssey

Wildavsky is best known in public administration as the author of The Politics of the Budgetary Process, his enduring treatise on budgetary procedure, culture, strategy, competition and power. As we explain subsequently, rereading this book reveals how cleverly Wildavsky interpreted congressional and executive behavior, how clearly he wrote about strategy and power politics, and how writing this book was a logical follow-on to the works that put Aaron "on the map" so to speak as a very promising young political scientist -- his book Dixon-Yates: A Study of Power Politics (1962), and article "TVA and Power Politics," that appeared in the American Political Science Review in 1961. Readers in political science and public administration were initially exposed to Wildavsky's analysis of budgeting in, "Political Implications of Budgetary Reform," also published in 1961.<sup>4</sup>

About The Politics of the Budgetary Process Dwight Waldo once remarked, "Everyone [in political science and American government] knew about this stuff, but he sat down and wrote it all out. It was amazing how much of it he captured, and none of us thought the book would receive the kind of notice it did or that it would last as long as it has.<sup>5</sup> Aaron conceded as much in his dedication in The New Politics of the Budgetary Process: "... The Politics of the Budgetary Process...did a lot more for me

than I did for it."<sup>5</sup>

Despite his assertive public demeanor and public speaking style, Aaron was personally rather humble. This, we guess, may be explained in part as a result of his early experiences in life, born and raised in the Brownsville section of Brooklyn, the son of a politically active, Yiddish and English speaking, Ukrainian immigrant father and Latvian-Ukrainian mother. He went to Brooklyn College because, "I was never told that [it] was a vulgar, proletarian backwater...So I encountered a succession of brilliant teachers."<sup>6</sup> His humility also may have resulted from the fact that as he grew older he understood more fully how much must be learned about political culture and public policy before one can become an expert critic, and how much time it takes to accumulate what noted sociologist Martin Trow, a former colleague of Aaron's in the School of Public Policy at Berkeley, has termed "deep knowledge."<sup>7</sup> Let us now turn to an analysis of the themes and messages woven through his writings to see what deep knowledge is rendered in some of his seminal works. We begin with his first article on budgeting and then proceed roughly in chronological order, with emphasis on what readers in the field of public budgeting consider his two most important books, The Politics of the Budgetary Process, and The New Politics of the Budgetary Process.

As an ambitious young Oberlin professor Aaron established the agenda for his future research on budgeting in "Political Implications of Budgetary Reform." In retrospect, this article

reveals the outlines of many of the major themes that were to emerge in The Politics of the Budgetary Process and in his subsequent writings. Students in Aaron's budgetary politics course in the Department of Political Science at Berkeley in the late 1960s (and presumably later) learned, by virtue of having to plow through a required reading list that was sufficiently long to consume almost all of one's waking hours,<sup>8</sup> that the study of budgeting and budget reform had to begin with analysis of several essential articles and books in the field,<sup>9</sup> followed by his critique of these works in "Political Implications of Budgetary Reform." In this piece Wildavsky essentially rejected the value of attempts to develop a normative theory of budgeting, calling instead for good descriptive analysis and the theory that would emerge from sociopolitical behavioralism, i.e., participant observation and direct interviews of key players and decision makers in the budget process.

Wildavsky began his critique with an analysis of the implications of Key's statement of the question to be addressed by normative theory, "On what basis shall it be decided to allocate X dollars to Activity A instead of Activity B"<sup>10</sup> Prospects for developing such theory were dim Wildavsky exclaimed, "No progress has been made for the excellent reason that the task, as posed, is impossible to fulfill."<sup>11</sup> In consideration of Smithies' analytical approach and recommendations, Wildavsky found even more to criticize. Smithies had proposed creation of a Joint (congressional) Budget Policy

Committee empowered to consider all revenue and spending proposals in a single package, the expressed goal of which was to make congressional budgeting more rational and efficient. Wildavsky evaluated this approach and rejected it principally due to its ignorance of power politics, and also because of information problems that in his view could not be overcome. Senior members of this all powerful committee would, presumably, all be from safe districts or states and could, therefore, behave as "elitists" -- a very bad thing to Wildavsky and far too similar to the British parliamentary method of budgeting. They could reject the views of others in Congress and, "...could virtually ignore the President...and run the Executive branch so that it is accountable only to them."<sup>12</sup> About the information problem Wildavsky observed that without disparaging the need for efficiency (which he defined as, "...maximizing budgetary benefits given a specified distribution of shares..."), the inevitable lack of full information and the disinclination of participants to utilize their political resources to the fullest extent...leave broad areas of inertia and inattention...to [public demand for] change."<sup>13</sup> Striking a blow for the status quo Wildavsky argued that "slack" as opposed to efficiency in budgeting provided room for "ingenuity and innovation" to permit more efficiency resulting from a more decentralized and fragmented decision process. In a "one-liner" of the type for which he would later become famous he noted, "Most practical budgeting may take place in a twilight zone between politics and



efficiency." <sup>14</sup>

To Wildavsky the approaches of Key, Smithies and others revealed, "...serious weakness in prevailing conceptions of the budget." In criticism of the literature on budgeting Wildavsky warned that reform should never be considered merely as a matter of procedural adjustment. "There is little or no realization among the reformers...[and here he meant both analysts and advocates of change in academe and in Congress] that any effective change in budgeting relationships necessarily alter the outcomes of the budgetary process. Otherwise, why bother? Far from being a neutral matter of 'better budgeting,' proposed reforms inevitably contain important implications for the political system, that is for the 'who gets what' of government decisions."<sup>15</sup>

The search for a comprehensive normative theory was in vain because such a theory would prescribe, "...what the government ought to do."<sup>16</sup> However, it is not possible a priori and for all time to determine what problems government policy ought to try to solve and how programs should operate. Government policy and, consequently, the budget must change to respond to contingencies. Unless this is so the nation is frozen and doomed to fail in meeting constituent and foreign policy demands. Wildavsky was very succinct with respect to normative theory: "By suppressing dissent, totalitarian regimes enforce their normative theory of budgeting on others...We reject this [as a response] to the problem of conflict in society and insist on democratic

procedures,"<sup>17</sup> i.e., open participation in the budgetary decision process. These statements, and the quote above, are very significant in terms of tracing the origins of Aaron's emerging career as the world's most respected and revered expert on budgeting. Here he essentially staked out his territory relative to what had been written about budgeting in the past and what would be important to study and write about in the future. Wildavsky had discovered a huge vacuum in a neglected and virtually unrecognized, but very important area of political science and American government. This was literally the opportunity of a lifetime as it turned out. It was not so much that what had been written was wrong (and much of it was wrong he concluded); the key was his discovery that political scientists and public administrators conceived of the study of budgeting in the wrong way. Aaron seized the opportunity.

Wildavsky began by delineating the approach to theory development that should not be pursued any longer and explained why, and then he defined what a proper theory of budgeting should contain: "...it would not be fruitful to devise a measure...[to] give an objective rank ordering of agency budget success in securing appropriations...[because] the agency which succeeds in getting most of what it desires...may be the one which is best at figuring out what it is likely to get. A better measure, perhaps, would be an agency's record in securing appropriations calculated as percentages above or below previous years' appropriations."<sup>18</sup> Here he defined the base as the standard measure against which to

measure marginal change -- this is the nascence of incrementalism in his writing. Still, he concluded, even this was too simplistic and inadequate. Because external factors including service demand, emergencies, advances in scientific knowledge, "...beyond the control of an agency," or "affluence" (the size of the base relative to service demand obligations), and other variables internal to the agency ("...some [programs] are doing very well and others quite poorly") that are difficult to measure and explain, "it would be necessary to validate the measure (the size of the increment) by an intensive study of each agency's appropriation history..." Here is his emergent emphasis on the need to investigate agencies on an individual basis with the implication that a behavioral and participant observational approach was necessary to understand the variables that explain budgetary success and failure. He summarized it as follows, "...the obvious truth [is] that the budget is inextricably linked to the political system." <sup>19</sup>

The theory Wildavsky sought would have to be successful in, "...accounting for the operation and outcomes [emphasis added] of the budgetary process. A theory of influence would describe the power relationships among the participants, explain why some are more successful than others in achieving their budgetary goals, state the conditions under which various strategies are or are not efficacious, and in this way account for the pattern of budgetary decisions." <sup>20</sup> Here we note the emphasis on power, influence, strategy and contingent response capacity --

benchmark standards, and criteria as well, that he established and applied in his later work. In the same section of this article he developed the notion of agency "fair share" and inquiry into how this standard might be defined.

At the conclusion of "Political Implications of Budgetary Reform," Wildavsky explained the value of investigating the niche he had discovered: "Perhaps the 'study of budgeting' is just another expression for the 'study of politics...the vantage point offered by concentration on budget decisions offers a useful and much neglected perspective from which to analyze the making of policy. The opportunities for comparison are ample, the outcomes are specific and quantifiable, and a dynamic quality is assured by virtue of the comparative ease with which one can study the development of budgetary items over a period of years." <sup>21</sup>

Wildavsky's definition of what would constitute good theory identifies the very essence of what he sought to achieve in conducting the research and the writing of The Politics of the Budgetary Process. He envisioned the development of a comprehensive, empirically validated, descriptive theory. "The point is that... until we know something about the 'existential situation' in which the participants find themselves, proposals for major reform must be based on woefully inadequate understanding."<sup>22</sup> Here we find the articulation of his intent to evaluate "major reforms" that produced such a great volume of research and writing over the next thirty years as he examined various federal government budget and public policy initiatives. Wildavsky's

prescriptions for budgetary reform grew from his collaborative research with Arthur Hammond on the Department of Agriculture in the early 1960s, and continued through a series of articles in late 1960s, most of which are included in Budgeting: A Comparative Theory of Budgetary Processes published in 1975 at the mid-point of his career as a budget critic. As we note in analysis of some of this work, between 1961 and 1975 Wildavsky and his coauthors explained and critiqued virtually every budgetary or policy reform experiment to improve policy through the injection of "efficiency" and "rationality" into federal decision making. Among these reforms were zero-base budgeting, cost-benefit analysis, systems analysis and other management initiatives embraced by the Executive branch under a succession of Presidents -- and rejected or ignored in part or entirely by Congress. Attempts at reform in the nation's capitol generated tremendous opportunity for the knowledgeable budgetary and public policy critic.

After he had established his name and credibility with publication of The Politics of the Budgetary Process, the door was wide open for further analysis of emerging initiatives. Wildavsky succeeded in convincing most, if not all, students of politics that they should be interested in his views on budgeting and budget reform, and also on the analysis of public policy and policy alternatives more generally.<sup>23</sup> This confidence enabled Wildavsky to accomplish much in the decade of the 1960s and the first half of the 1970s. Aaron was positive that he was right in his criticism of federal government budget reforms and analytical methodologies,

particularly when they were aborted by their sponsors or political successors.

In his first article on budgeting, and then in The Politics of the Budgetary Process published three years later, Wildavsky proceeded to conduct the research and write to fill the enormous void he had discovered. With publication of The Politics, he accomplished the academic equivalent of hitting the winning home run in the seventh game of the world series. In the rest of his career he was to achieve, metaphorically, the feat of hitting more home runs than anyone ever thought possible as evidenced in the Social Science Index that records how much his work has been cited and, more importantly, in the hearts and minds of his colleagues and admirers. None of what he would write after 1964 would mean as much in terms of establishing Aaron Wildavsky's academic stardom as his first book on budgeting. Let us turn to a review of the two works on budgeting for which Wildavsky is best known.

#### The Argument for Incrementalism:

##### The Politics of the Budgetary Process

The Politics of the Budgetary Process<sup>24</sup> was published in 1964, and revised in 1974, 1979, and 1984. The New Politics of the Budgetary Process was published in 1988 and revised in 1992. The genius of the original politics was that it spoke to a broad spectrum of interests from the aggressive bureaucrat who wanted to know what was important in getting a budget accepted, to the organizational scholar interested in the possibility of rational

comprehensive decision-making. For the academic, the original Politics appeared contemporaneously with theoretical explorations of complex organization decision making which both supported and critiqued rational and incremental decision making. These ranged from Herbert Simon's Models of Man to Cyert and March's A Behavioral Theory of the Firm<sup>25</sup> and Anthony Downs' An Economic Theory of Decision Making in a Democracy to the Charles Lindblom's article on "The Science of Muddling Through"<sup>26</sup> in which Lindblom states that although comprehensive decision making can be described, "it cannot be practiced because it puts too great a strain by far on man's limited ability to calculate."<sup>27</sup>

Wildavsky concluded his review of this debate by noting that "...we must deal with real men in the real world for whom the best they can get is to be preferred to the perfection they cannot achieve. Unwilling or unable to alter the basic features of the political system, they seek to make it work for them in budgeting..."<sup>28</sup> Wildavsky suggested that the "existing budgetary process works much better than is commonly supposed." However he also noted there is no "special magic in the status quo. Inertia and ignorance as well as experience and wisdom may be responsible for the present state of affairs."<sup>29</sup> Wildavsky then observed that the major improvements suggested by rational-comprehensive critics would turn out to be undesirable or unfeasible, or both. Instead, reforms ought to concentrate on a more thorough-going incremental approach, rather than a more comprehensive one.<sup>30</sup> It is this tension between the rational and incremental, between budgetary actors as

they were and as they might be that gave The Politics of the Budgetary Process the theoretical strength to be more than a catalog of what budget makers said to one another in various meetings in the Executive branch and Congress during the late 1950's and early 1960's.

Conversely, irrespective of its theoretical content, what budgetmakers said to one another had real power for practitioners. Wildavsky captures the essence of the budgetary struggle in two short paragraphs: "Long service in Washington has convinced high agency officials that some things count a great deal and others only a little...budget officials commonly derogate the importance of the formal aspects of their work as a means of securing appropriations...'It's not what's in your estimates but how good a politician you are that matters.'" However being a good politician had a special meaning; it "requires three things: cultivation of an active clientele, the development of confidence among other governmental officials, and skill in following strategies that exploit one's opportunities to the maximum. Doing good work was seen as part of being a good politician.<sup>31</sup>" Wildavsky viewed confidence and clientele strategies as everywhere present or ubiquitous. Those strategies that were dependent on time, place, and circumstance, he called contingent. This, then, is the formulation that would shape budget discussion for the next three decades.

In the preface to the 1964 edition, Wildavsky acknowledged that The Politics was not a comprehensive work on the subject of



budgeting. Among other things, it did not deal at all with how funds were raised or budgeting for defense. Wildavsky concluded that he would be pleased "if this study came to be regarded as the point of departure"<sup>32</sup> for more specialized studies. In this short book (180 pages of text), Wildavsky succeeded in liberating the study of budgeting from the claustrophobic rhythms of formal procedures to focus the attention of observers on the political nature of the budget process. The second edition of Politics did not come out until 1974, but this intervening decade saw a great deal of work done on budgeting. If the intent of the first edition of the Politics was to interest scholars in budgeting, that intention was successfully realized, both by Wildavsky and by others too numerous to mention, at the U.S. federal level and at state and local government levels and in other national settings.

With so much research already published and so much more in progress, the tone of the preface of the second edition of Politics was understandably much more authoritative. The edition also adds a new chapter on program budgeting (still arguing that the rational comprehensive approach would not work) and a chapter directed at restoring the norms of guardianship and reciprocity to Congress through an annual expenditure increment, essentially a cost of living increase which could be redistributed as Congress saw fit, but not exceeded. Some of the logic of this approach was included in the Congressional Budget Reform Act of 1974, particularly in the establishment of the Current Services Budget.

Of the original Politics, Wildavsky noted that early drafts

had "...received an unusually negative response (nine publishers rejected it)."<sup>33</sup> Readers found it too critical of government (if they were in it) or too tolerant of bad practices (if they suffered from them). There were stern admonitions to abjure frivolity from those who felt that treating budgeting like a game made little of their earnest efforts. The large number of anecdotes (a derogatory term among some classes of social scientists) should be abandoned, they said, in favor of more rigor. Apparently they meant I should use more numbers, though when I later turned to mathematical formulations, I was told with equal conviction that these arid formulations would not help determine what would happen the following week in any number of vital bureaus. At first the reaction in the old BOB was that none of it was true. After about two years the word was that some of it might be true. By the time four years had elapsed the line was that most of it was true, but wasn't it a shame."<sup>34</sup>

If this seems somewhat lighthearted, Wildavsky also indicated in this preface that in one critical area there was a change in emphasis from the original Politics-in the relationship between budgetary incrementalism and organizational learning: "I would no longer assume...that organizations, as distinct from individuals, actually make use of the method of successive limited approximation to move away from the worse and toward the better."<sup>35</sup> This is a hint of his less optimistic view of the budgetary process found in The New Politics of the Budgetary Process, in particular the ability of the process to be self-correcting.

The old Politics was revised again in 1979 with the addition of material on zero based budgeting and a chapter on reform in Congress focused on the early returns from the Congressional Budget Reform Act of 1974. The last revision of the old Politics occurred in 1984. For the first time, the question 'Is there a pro-spending bias in the budgetary process' appears in the chapter on Congress (his answer was yes) and the final chapter is about spending limits. This chapter opens by noting that the 'classic sign of political dissensus is the inability to agree on the budget' and continues by observing "How we Americans used to deride the 'banana republics' of the world for their 'repetitive budgeting' under which the budget was reallocated many times during the year, until it became hardly recognizable, truly a thing of shreds and patches. Yet resolutions that continue last year's funding for agencies, for want of ability to agree on this year's, are becoming a way of life in the United States. An annual budget is a great accomplishment. Sending out signals on spending that remain predictable so that others can take them into account for a full twelve months is no mean achievement."<sup>36</sup> Examining the decay of the budget process and the inability of past reforms to deal with total spending, Wildavsky predicted that future reforms would deal with the quantity of spending. "Limits on total spending do not guarantee budgetary control, but without limits on total spending there can be no control,"<sup>37</sup> said Wildavsky.

The 1984 edition is clearly a transitional work. The old prefaces were discarded and a new preface and prologue written. In

the prologue, Wildavsky asserted that the landscape of budgeting in the US had changed dramatically. Norms of annularity, balance, and comprehensiveness have been shattered beyond repair and the norm of a balanced budget disappeared in the mid-1960's, and was replaced with an injunction simply to spend: "Better budgets became those which spent more."<sup>38</sup> With the death of the balanced budget norm, it becomes more difficult for control agencies to turn back spending requests... "why take the heat for turning people down."<sup>39</sup> In reflecting on the Politics, Wildavsky believed that the sections on calculation were still as relevant as ever, if not more so but, by contrast, the sections on agency strategies for getting funds 'depends on conditions-trust among participants, ability to anticipate behavior, collective concern for totals, comparability of accounts-that no longer exist."<sup>40</sup> Without limits, there can be no sense of shared sacrifice; nor without accurate comparisons of budget categories can there be a sense of fair share. To get back to the golden age of incrementalism, where changes are small, alternatives resemble those of the past, and patterns or relationships among participants remain stable, reforms have to reestablish norms that encouraged such behavior, norms like annularity, balance and comprehensiveness. This was to be the last edition of the Politics of the Budgetary Process.

The New Politics of Budgeting:

From Consensus to Dissensus

The first edition of The New Politics of the Budgetary Process

appeared in 1988. This was a different and in some ways a darker, more pessimistic, book than its predecessor. In the first chapter budgets are described as conflicting promises. The second chapter explores the colonial roots of the balanced budget norm and traces its demise in the mid-1960s in the U.S. The third chapter describes the classic period of American budgeting, from the late 1940s to the late 1960s --that period of time so well described by the old Politics. Chapter four traces the collapse of the consensus on what should be done in society through government. Chapters five and six describe the institutional and procedural manifestations of the collapse of consensus for budgeting, or as Wildavsky called it, budgetary dissensus. Entitlements are treated in two chapters and defense is given a separate chapter.

The book concludes with an extensive chapter on reform. The message of this chapter is far from simple; although some of the typical reforms are discussed, Wildavsky seemed most concerned with the loss of consensus in society and what this loss does to the budget process: "Indeed, budget resolutions, automatic spending reductions to achieve balance, item vetoes, balanced budget amendments, and offsets are all formal substitutes for what used to be done informally."<sup>41</sup> The final sentence in this book warns against overloading budgeting: "As much as I respect the importance of budgeting and the talents of budgeters, to substitute budgeting for government will not work."<sup>42</sup> The second edition (1992) appended two more chapters, one on causes of the deficit and one on solutions for the deficit. This chapter discusses budget summitry, spending

limits, and spending caps, but its major concern is with the politics of dissensus. It concludes, "A politics of budgetary dissensus means that any way the budget goes-upward, downward, or sideways-there will be a lot of dissatisfaction."<sup>43</sup>

It is simplistic to say that budgeting and the budget process have changed between the initial issue of the Politics of the Budgetary Process in 1964 and the second edition of the New Politics in 1992; it is, however, all too true. It also appears that agreement on policy direction in American society has also changed (lessened), and this diminution has reverberated through the budgetary process. In the classical era of American national budgeting --that quarter of a century between the end of World War II and the early 1970s --there was a clearly recognizable budgetary process. The budget submitted to Congress was the acknowledged starting point and its totals were not far from the previous year's Congressional action. Hence comes the emphasis on incrementalism. The budget was expected to be balanced, except in wartime or depression, although in fact minor deficits were run in most of those years. Nonetheless, revenues and expenditures remained in close approximation and incremental advance was the dominant characteristic of the era. Appropriation bills were to be passed on time and to last the entire year. This was a picture of stability.

Budgets were assembled in fragments and analyzed by specialized subcommittees in relative obscurity. The subcommittee recommendations paid special attention to increases and decreases and tended to be followed by the full committee and the parent

chamber. Agencies were expected to be advocates, the Budget Bureau was expected to cut most programs while pushing for money for the President's preferences, and Congress was the guardian of the purse. The House Appropriations committee filled this role most fully as a "place devoted to looking for cuts and more cuts," while the Senate functioned as a court of appeals. In this stable picture aids to calculation and strategies existed because there was general agreement on the direction and content of policy. This allowed committees to deal with the increments of change rather than renegotiating or negotiating basic public policy.

What are the major changes? The Budget Committees have been placed in a position where they decide how much the Appropriations Committees will have to spend (divide). Wildavsky suggested that even the Appropriations committees tend to pad their favorite programs<sup>45</sup>. Access to hearings and committee meetings is far more open; budget hearings and debates are even broadcast on television. Expertise is more widely spread: the creation of the Congressional Budget Office and its development of expertise has given Congress the power to closely check administration numbers. Agencies may even go to CBO before they finish their budgets to get methodological guidance or agreement on the numbers they plan to use to drive their budgets. Committee staff numbers and roles have expanded, but all this expertise also has had some negative consequences in that experts are deferred to less in this process simply because there are more experts and more expertise is available.

The annual budget tends to have disappeared; appropriation bills were habitually passed late and often as omnibus appropriation bills instead of 13 separate bills, sometimes as much as 2 or 3 months into the fiscal year. Instead of fragmentation, specialization, and stability, the present budget period is marked by disagreement, delay, and dissensus. While the Budget Reform Act of 1974 allowed Congress to focus on the big picture, it also set the stage for overt conflict over who would get what. According to Wildavsky the President has tended to look upon the base as what he proposed the previous year, not what Congress passed and he signed, thus agreement over the base in general tended to disappear.<sup>46</sup>

The Office of Management and Budget also had changed. It had always been very powerful in defining the base and in testing increments of change vis-a-vis the agencies. Now it had taken an even more powerful role as the lead in negotiating the President's position with Congress, a job once left solely to or only shared with the relevant agency heads. However, as OMB became more active in Congress, it became less predictable to the agencies. In the early 1980s, David Stockman changed the OMB focus and provided staff and an information system to track the President's budget wherever it went in Congress, and, to score it against the President's policy preferences. This gave OMB the information it needed to appear at committee hearings to attempt to reverse positions that a subcommittee had taken which did not follow the President's budgetary policy. Moreover, since the Reagan Presidency in its first term was ideologically committed to certain spending



directions, OMB was able to impose a top-down budget system on the agencies where all the big decisions were made for the agencies, since their share of the pie was set by equations written by OMB. Wildavsky suggested that this process virtually excluded cabinet departments and agencies from the formulation of the budget <sup>47</sup>. Moreover since OMB had its eye on the big picture and would horsetrade to get the most for the least, OMB had surrendered its role as protector of the agencies against sudden and unreasonable congressional reductions in their proposed budgets,<sup>48</sup> which meant that agency budgets could be in jeopardy right up to the day the President signed the appropriation bill.

If the politics of the budgetary process had changed, so had Wildavsky's vision of it. In the preface to the second edition of the New Politics, Wildavsky stated " The New politics of the Budgetary Process was animated by a quite different vision of budgeting as an incremental process...My major purpose in introducing this term (budgeting is incremental) was to make readers aware that comprehensive consideration of the budget as a whole...went beyond the possibilities of human calculation. Were it tried, comprehensive calculation would also make agreement on the budget much more difficult. And so, at a time of budgetary dissensus, it has done...It does matter greatly when many more major matters are disagreed. Why else would the budget process be so stultified, taking up so much more time and room, often to so little effect...Consensus means that there is agreement on the budgetary base; when that consensus dissipates, so does

incrementalism....dissensual budgeting leads to larger and more rapid changes, which increase disagreement."<sup>49</sup>

More broadly put, Wildavsky warned that there remained a deep dissensus about the kind of government and society America ought to have: "And these ideological differences...are still being played out through the budget. Only now these conflicts are sharper. Therefore, those who wish to understand politics must acquaint themselves with budgeting if they want to know what is going on."<sup>50</sup> Budgeting as the locus of crucial information is a major theme of the original Politics of 1964 as he wrote both in the 1964 book and again quoting himself in 1992: "If one looks at politics as a process by which the government mobilizes resources to meet pressing problems, then the budget is a focus of these efforts."<sup>51</sup> This would indicate that Wildavsky believed that the budget was and would continue to be an even more important focal point in determining policy now than heretofore.

#### Arguments Against the Rational Comprehensive Model

To resume our approximate chronological order of review, after publication of The Politics of the Budgetary Process in 1964 there followed a succession of articles on or related to budgeting. Due to the importance of several pieces and length limitations we have chosen to critique two articles from this period post-1964 through roughly 1969: "The Political Economy of Efficiency: Cost Benefit Analysis, Systems Analysis, and Program Budgeting," (1966) and "Rescuing Policy Analysis from PPBS," (1969). Several other important articles published in the 1960s and up to 1974 are

covered in our review of Budgeting: A Comparative Theory of Budgetary Processes that contains updated and edited versions of much of what Wildavsky published after The Politics of the Budgetary Process through 1975, including some excerpted chapters from coauthored books.

Reforms such as program budgeting, cost-benefit analysis and systems analysis were much debated topics in the 1960s and early 1970s among analytical types struggling either to implement change or resist it in the Executive branch in the nation's capital. Even some members of Congress and their staffers sought advice on what to make of much ballyhooed reforms. Was program budgeting and the prevailing intent to specify objectives, quantifying them, and then projecting them out in terms of five year resource requirements doable? Should it be done? Was it worth the effort? Was Charlie Hitch's systems analysis methodology magic or sophistry? And what about cost-benefit analysis -- was it panacea or poison? Wildavsky, Allen Schick and numerous others attempted to address these and similar questions and concerns -- and they came up with different answers. Aaron was always the skeptic, e.g., in articles including "Rescuing Policy Analysis from PPBS," and "The Political Economy of Efficiency: Cost-Benefit Analysis, Systems Analysis, and Program Budgeting," reviewed below. Wildavsky's criticism accomplished virtual miracles in clarifying what government was attempting to accomplish -- he made the objectives of reforms clear, especially when they were not achieved, he explained why they failed and, typically, why they should have failed, i.e., he turned hamburger

into steak. In doing so he eventually began to influence policy and reform.

As Wildavsky's advice was sought more widely, his articles and books were read not just by students and academics, but by the participants in the budgetary process themselves. It also did not hurt that his students began to go to work in government and to rise up in the agencies in which they worked to positions of greater influence, or at least to positions as policy and budget analysts who sought to "speak truth to power" no matter how frustrating this experience turned out to be as good analysis and advice was ignored or, in some cases, actively opposed and suppressed. Wildavsky knew what he was after and he had started his journey and, unbeknownst to him at the time, established the basis of inquiry for a vast amount of research on budgeting to be conducted over the following three decades.

"The Political Economy of Efficiency: Cost Benefit Analysis, Systems Analysis, and Program Budgeting," contains Wildavsky's critical and sometimes scathing analysis of the use and usefulness of "rational and systematic" methods to assist decision making. It is important as a response to what critics said was missing from The Politics of the Budgetary Process. Furthermore, other writers on budgeting were making claims about the significance of the analytical reforms of the 1960s. For example, Allen Schick claimed in "The Road to PPB: The Stages of Budget Reform," that the contribution of PPB was such that after it, "...the ethos of budgeting will shift from justification to analysis. To far greater

extent...budget decisions will be influenced by explicit statements of objectives and by a formal weighing of the costs and benefits."<sup>52</sup> Wildavsky's response was to demonstrate some of the limitations of the "rational instruments" of economics, systems analysis and PPB, and then to conclude as follows: "Studies based on efficiency criteria are much needed and increasingly useful. My quarrel is not with them...I have been concerned that a single value...could triumph over other values without explicit consideration [of] others. I would feel much better if political rationality were ...pursued with the same vigor and capability as is economic efficiency. In that case I would have fewer qualms about extending efficiency studies into the decision-making apparatus. My purpose [is] to emphasize that economic rationality, however laudable...ought not to swallow up political rationality - but it will do so if political rationality continues to lack trained and adept defenders."<sup>53</sup>

In "Rescuing Policy Analysis from PPBS," which says more about policy analysis than budgeting, Wildavsky extended his criticism of program budgeting. He explained, "We all accept the need for better policy analysis...[to provide] information that contributes to making an agency politically and socially relevant...[it] sifts alternative means and ends in the elusive pursuit of policy recommendations...it seeks knowledge and opportunities for coping with an uncertain future...policy analysis is a variant of planning...a tool of social change... [and it] is expensive in ...time, talent, and money."<sup>54</sup> The

problem with program budgeting to Wildavsky was simply that, "No one can do PPBS...no one knows how to do it...[it] cannot be stated in operational terms. The inability to perform PPB, combined with the fact that in Wildavsky's view it did not accommodate contingency easily, meant that program budgeting could not accommodate the politics of budgeting. "The reason for the difficulty is that telling an agency to adopt program budgeting means telling it to find better policies and there is no formula for doing that...one can (and should) talk about measuring effectiveness, estimating costs, and comparing alternatives, but that is a far cry from...formulating better policy."<sup>55</sup> Policy, and policy analysis,"...cannot be specified in advance for all agencies...policy analysis takes time -- can seldom respond to the day to day emergencies typical of budgeting. Rather, it builds the long-term knowledge base of an agency."<sup>56</sup> And, this could lead to increased political rationality and better budgeting. In conclusion he noted: "In many ways the times are propitious for policy analysis...Whether or not there is sufficient creativity in us to devise better policies remains to be seen. If we are serious about improving public policy, we will go beyond the fashionable pretense of PPBS to show others what the best policy analysis can achieve."<sup>57</sup>

This article reveals how, to Wildavsky, the search for better budgeting really was a search for better policy. It demonstrated how he merged his work on budgetary politics, power and incentives into the emergent literature on public policy analysis, for which

he was to become a leading spokesman as Dean of The Graduate School of Public Policy at the University of California, Berkeley. The work that encompasses the full panoply of Aaron's views on public policy analysis is Speaking Truth to Power: The Art and Craft of Policy Analysis which we do not review in this essay but recommend to readers interested in how Wildavsky conceived of the field, the task of conducting analysis, and even the administration of a public policy school.

Wildavsky wrote and coauthored nine more books on budgeting in twenty eight years after publication of The Politics of the Budgetary Process. The first of these was The Budgeting and Evaluation of Federal Recreation Programs, Or Money Doesn't Grow On Trees, researched and written with Jeanne Nienaber and published in 1973, approximately nine years after The Politics. This book continued Wildavsky's assault on program budgeting, although its most important contribution in our view lies in its investigation of budgetary justification, behavior and strategy in the Department of Agriculture and particularly in the U.S. Forest Service and in various agencies of the Department of Interior with responsibility for outdoor recreation. This book reveals, in part, how congressional committees reacted to different types of justification and strategy, or lack thereof, used by agency advocates of funding for outdoor recreation programs.

The literature on public budgeting in the late 1960s was notably remiss in its absence of focus on international experience. Naomi Caiden and Wildavsky worked for a period of

about five years to fill this void, and in 1974 they published the book that is considered the classic work in this area, Planning and Budgeting in Poor Countries. To quote Richard Rose about this work, "Planning and Budgeting in Poor Countries is a magnificent analysis of how administrators behave in situations of chronic fiscal crisis. As a realist Wildavsky [and Caiden] did not dismiss the problems of 100 member states of the United Nations as 'impossible.' Instead, he [they] outlined the stratagems used when finance is uncertain."<sup>58</sup>

Caiden and Wildavsky found that strategic behavior in the budget process was not singularly an American federal government phenomenon. Strategic behavior occurred in a variety of budget processes in rich and poor countries alike, as well as at sub-national levels in the U.S. Caiden and Wildavsky further suggested that the kinds of strategies and their frequency as well as their departure from desired budgetary practices varies with the wealth and predictability of the jurisdiction. Where fiscal conditions are poor and the fiscal future is certain, strategies are least used and most moderate: everyone knows how much will be available and it is not worth extreme strategic effort. Revenue budgeting prevails. Caiden and Wildavsky concluded that strategies are used most is where uncertainty is greatest, namely in poorer countries where the fiscal environment is uncertain and changing. Fiscal guardians must constantly shift position -- hold back money -- to keep the country liquid, and the spending agencies are constantly rejustifying their budgets



because they fear that the Treasury will take back the money. The rich and certain countries do less strategizing in this framework, because wealth and certainty lead to norms of expected behavior and desirable conduct. Those who break these norms, e.g., by padding, can be easily identified and punished. Caiden and Wildavsky discussed other variations in the pattern of wealth and certainty, observing that in like circumstances people will behave in similar ways. Thus, the fundamental sameness around the world of budgetary strategies flows from the functional equivalents of budgetary processes, because everywhere there are those who want more than they can get, and others whose business is to show them that they cannot have it. "Balancing these competing claims is not easy. Profound differences in role and task reinforce the struggle for power between Finance and Planning." <sup>59</sup>

A theme of this book is that the numbers planned and printed in the budgets of poor countries do not mean much, in part because they are based upon revenue expectations that are highly uncertain. Caiden and Wildavsky demonstrated that in these nations budgets were weak predictors of actual spending both in terms of total expenditures and programmatic distribution of spending. This thesis has been tested in untold numbers of doctoral dissertations and academic papers in application to specific nations or groups of countries. Generally, these tests support the Caiden-Wildavsky hypothesis, and when they don't, the authors, of course, have to explain why this is the case relative to the Caiden-Wildavsky

thesis. This is the mark of a significant book that contributes new knowledge to the field -- it sets the standard against which work after it must be tested.

Wildavsky also collaborated with Hugh Heclo in the early 1970s to produce another classic work: The Private Government of Public Money. Again, to quote Richard Rose, "The Private Government of Public Money was a great book about public expenditure in Britain because it was not about money. It was about 'village life inside Whitehall.' With his coauthor, Hugh Heclo, Wildavsky interviewed scores of 'villagers' and saw that they were not so much concerned with money as with maintaining political consensus among barons in charge of different Cabinet departments. Consensus was achieved by excluding the public from decisions about billions of pounds."<sup>60</sup>

In fact, Heclo did most of the interviews for this book because Wildavsky's interviewing style, striking right to the heart of issues rather than pursuing them circuitously and patiently, tended to put Whitehall bureaucrats on edge to put it mildly according to Heclo. The Private Government of Public Money is a significant book because it divulges the problems of budgeting under parliamentary government where most taxing and spending decisions are made in private by a key committee of Cabinet, where power is held closely, information is not shared with other ministers and departments except very carefully and selectively, and where decisions are made by the Prime Minister and his (or her) close staff and ministers and high ranking Treasury officials

without much or any party consultation at the final stages of decision. Under this system the public, and most members of Parliament as well, are virtually locked out of the process. Once the PM's budget is tabled in the House of Commons, the tax and spending policy and the numbers in the budget are essentially a "done deal." Parliament may (and does) debate the budget before it votes its appropriations, but the changes to the Prime Minister's "proposal" typically are of minor significance. On the other hand, if the budget fails to pass, the government may fall because the House of Commons is controlled by the party of the PM.

The significance of this book in great part rests in its demonstration of the substantial differences between budgeting in a parliamentary system where the legislative and executive branches of government coincide as opposed to budgeting under the Constitutional separation of powers system employed in the U.S. The politics of budgeting is substantially more public under the U.S. constitutional system than it is in parliamentary systems. Despite complaints about elitism and decisions favoring "special interests" made behind "closed doors in smoke-filled rooms" so often made about budgeting by the U.S. Congress, Heclo and Wildavsky demonstrated that in terms of public participation, openness of the decision process and, ultimately, service to the public good, things could be worse.

Wildavsky's book Budgeting: A Comparative Theory of Budgetary Processes (1975) is a of compendium on budgeting produced from a synthesis and compilation of articles and book chapters written by

Wildavsky and his collaborators in the decade after publication of The Politics of the Budgetary Process. However, the book is more than a mere compilation of previous work. Among other things, Budgeting presented new descriptive theory (see chapter 12 written with Aidan Vining), additional comparative material written with Naomi Caiden on international budgeting, chapters on France and Japan, fascinating material on the Oakland project (rewritten with Alex Radian) from his article "Leave City Budgeting Alone" coauthored with close friend and School of Public Policy colleague Arnold Meltsner, excerpts from Implementation coauthored with the young and brilliant Jeffrey Pressman. The book also includes empirical analyses of federal budgeting based upon previous work with Otto Davis and Michael Dempster, and a chapter on budgetary history that eventually evolved into a book coauthored with Carolyn Webber, A History of Taxation and Expenditure in the Western World published in 1986.

In the concluding chapters of Budgeting, Wildavsky updated the argument made in his 1966 article on "radical incrementalism."<sup>61</sup> He reiterated that congressional budgeting is and should be done by many committees rather than one, that greater specialization versus less would improve policy and its translation into budgets, that congressional committees should evolve and change to fulfill new roles to avoid adding new committees, that participation in the budgetary process should be open rather than restricted to the few and powerful, that bureaucrats should not be allowed to block public participation

in lobbying their causes before Congress, and that the budget process should be simplified. He rejected suggestions that the President should be allowed to make proportionate reductions from congressionally established ceilings on spending because this power would result in unwanted congressional appropriation padding and also cause Congress to violate its ceilings. He also rejected the notion of binding five year expenditure projections as too confining and incapable of accommodating uncertainty. He noted that more data on programs and policy outcomes would not necessarily improve budgeting -- in fact too much information hinders decision making. And he rejected again calls for a congressional Joint Committee on the Budget for the same reasons he had rejected this idea earlier -- too much danger of elitism and inability to cope with so much specialized information.

The major procedural reform he proposed was the annual expenditure increment. "Congress first decides whether it wants to reallocate funds for existing programs in around a dozen major areas of policy. Then it relates the last \$10 billion or so to its desire for new expenditures, together with its preferences on taxation."<sup>62</sup> This would be done after Congress decided how much the annual expenditure increment above last year's base would be; he proposed 3% as an approximate target and suggested that rules should be set to compel Congress not to exceed the limit once it was set.

## Wildavsky on the Quest for Budget Balance and Control

In Budgeting: A Comparative Theory of Budgetary Processes, Wildavsky offered a refined prescription on changes that ought to be made in federal budgeting. This is perhaps his best statement, as of 1975, on how "radical incremental reform" could improve the quality of policy and budgetary analysis and, ultimately, the responsiveness of resource allocation decision making to the needs and preferences of the American public. Subsequently, in How to Limit Government Spending and nine other articles and book chapters that delve into spending limitation and deficit control alternatives, tax expenditure politics, "epistemology" and the cultural implications of deficits and deficit control, Wildavsky explained in great detail how federal budgeting should be further altered. These works reveal the evolution of Wildavsky's thinking on reform up to 1980 from the arguments advanced earlier in "Toward a Radical Incrementalism..." and Budgeting. His later book written with Joseph White, The Deficit and the Public Interest, provided a comprehensive critique of the politics of the deficit, deficit reduction initiatives, and the extent to which they succeeded and failed during the 1980s.

In How to Limit Government Spending Wildavsky extended his arguments for budgetary restraint, but at this point the focus of his analysis was on proposals for a Constitutional amendment to tie spending growth to the rate of increase in GNP. What Wildavsky said everyone wanted was less inflation, lower taxes, better budgeting and smaller spending. He foresaw the necessity for a spending limit

and indicated that it should be viewed as a social contract rather than just accepted begrudgingly by government. Federal spending should be limited in response to the will of the people and the needs of the economy. He allowed that we may argue about the appropriate index to which spending increases should be tied -- alternatives to GNP indexing, but not about the fact that limits should be set. The barrier to accepting such a limit was the result of the "Pogo Principle" [borrowed from noted cartoonist and social critic Walt Kelly], "We have seen the enemy and they are us."<sup>63</sup> We all want more and cuts to pay for our gains should come from someone else. Wildavsky concluded that a Constitutional amendment was necessary. After explaining the criteria to be met by proposals, the rationale for this type of limit, how to deal with the "end runs" to get around the limit that could be anticipated, how to deal with contingency, the need for spending flexibility, enforcement procedures and judicial interpretation, the positions of "winners and losers" and how their anticipation of net effect would condition their position toward the reform, he observed, "The connection between size [of government spending] and [economic] progress is made by the use of a vocabulary of determinism...expenditure, so we are told, is 'uncontrollable.' To say that is...to say that our government is uncontrollable...that we-the-people are out of control as well. The purpose of Constitutional expenditure limits is precisely is to restore the reality of self-control to our government and thereby, as citizens, to our political lives." <sup>64</sup>

In The Deficit and the Public Interest (1989), White and Wildavsky eloquently update and augment the argument for spending control. It is not possible, due to length limits, to do credit to this book in review here -- it is virtually an encyclopedia on budgetary and fiscal policy experience in the 1980s. The book provides extensive critiques of reform, of control measures attempted (e.g., Gramm-Rudman-Hollings, etc.), the politics of entitlement control and tax reform, among other topics. It is a "must read" for students of contemporary budgeting and fiscal policy. White and Wildavsky concluded that the deficit was a product of different value systems, and the conflict and competition over these values in the budgetary process (with the Pogo Principle" still much in evidence). They showed that the deficit served a variety of interests, not all of them bad or leading to undesirable consequences. They suggested a "moderate proposal on the deficit; "... accept some level of deficit, at least for awhile, move to reduce its size marginally, deficit reduction in one 'no fooling' package with genuine commitment to implement the cut. They cautioned in conclusion, "The deficit has become an all purpose weapon, used to oppose or support virtually any position. This is bad policy and worse analysis; it has paralyzed our political system. Fixated on the deficit, we ignore other questions." <sup>65</sup> These questions must be addressed if the public interest is to be served.



### The Political Implications of Budgetary Reform Revisited

Wildavsky reconsidered his 1962 article on the "Political Implications of Budgetary Reform." in 1992.<sup>66</sup> While he basically supported most of what he had said about the budgetary process three decades earlier, there are a few highly significant differences. Three decades had taught Wildavsky that not all change was incremental and that large policy changes can be made; he cites Medicare and the Clean Air Act as examples. He again concluded the search for a single normative theory was not useful, because there can be several normative theories represented in the budgetary process at any point in time. Third, when the environment of budgetary politics changes, so does budgeting. Thus, in an era of constrained resources, budgetary politics had become the politics of scarcity, not the politics of plenty where everyone could get something. Consequently, incrementalism as the politics of addition had moved toward the politics of offsets. Fourth, where Wildavsky had suggested that budgeting might be a theory of politics and politics was about who gets what, he now observed that "everyone is more upfront now. Redistributive purposes, for instance, are now out in the open."<sup>67</sup>

Perhaps as a consequence of this politics of redistribution, he is also less optimistic that the political and budgetary process will lead to satisfactory results for minorities. In the 1962 article Wildavsky had suggested that the American political system works to assure that every significant interest has representation at some key point. In 1992, Wildavsky said " Did I say that? I must

have believed it then, I do not now. It is truer, now, I think than it was then..."<sup>68</sup> He then adds " In my opinion, race is far and away the most important political problem in American life, dwarfing all others by several orders of magnitude."<sup>69</sup> This is both a more realistic and more useful appraisal of the budgetary process and American society. With the half-life of research on budgetary reform limited to about five years, the staying power of Wildavsky's original conceptualization is formidable. Wildavsky's comments on redistributive politics, minorities, and race are correctives he probably would have made in the original had the book come out in 1968 and not in 1964.

In testimony before the House Budget Committee in the Spring of 1992, Wildavsky worried about the reputation of the political class, "upon which our democracy depends", and suggested the following budget reforms to help restore the reputation of policymakers:<sup>70</sup>

1. Get rid of the current services budget, because it convinces everyone that they get not only what they had last year, but also an inflation adjustment; instead"...Everybody gets the outlays that they had; if they want the inflation premium then they have to come to you (Congress) to get it, and you in your political wisdom decide how much of that they should get."

2. Replace the notion of entitlement with the notion of quasi entitlement..."you are going to get 95% at least of what we promised, not more than 100%." In this way there would be money left over from individual demands for the collective efforts of

government.

3. Use the pay-as-you go procedure so that new demands are financed with new revenues or by cutting old programs: "you either put in a new revenue source or you cut spending elsewhere."

4. Connect budget increases to percentage changes in net national wealth or gross domestic product, with that increase (or decrease) to be divided up among claimants by the political class.

With these prescriptions, Wildavsky said, interest groups would not be able " to treat the budget as a one way street; namely there is always something good for their people and never anything bad for anyone else....Only in the American political system at the top is this never-never world allowed where there is only good but no bad."<sup>71</sup>

Wildavsky suggested that his recommendations would establish a norm that would not let spending grow faster than national income, which would be both a growth norm and a ceiling rule. The limits to growth would make interests compete with one another through the pay-as-you-go provisions and growth cap, and re-establish the discipline necessary in the budget process: these norms-growth and responsibility.."are designed to make it worthwhile for program supporters to sacrifice for the common interest."<sup>72</sup> In the original Politics, it was this assumption of shared sacrifice that allowed control agencies to hold expenditures close to revenues and to hold the system of aggressive advocates in check with controllers who cut.

## Conclusions

Aaron Wildavsky was, as Richard Rose observed "...a real mensch."<sup>73</sup> Reviewing the breadth of his writing and contribution on virtually all facets of the politics of budgeting, as a scholar and teacher Aaron, in fact, was a "real man" for all seasons. He found opportunity in conducting research and writing on budgeting and fiscal policy, and he seized it and worked on it until he found that there was little else he wanted to say. In our view, by the early 1990s, Aaron and his collaborators had written essentially everything of seminal significance about the politics and culture of budgeting that there is to write. This conclusion might have been drawn by 1975, given the prodigious output and significance of the work done by Aaron and his collaborators by this time. However, Wildavsky himself, along with Joseph White and other collaborators including Carolyn Webber, Dennis Coyle, Michael Dempster, David Good, and Naomi Caiden and Hugh Heclo in their revisions of the successful first editions of their books published with Aaron before 1975, demonstrated that such a conclusion would have been premature. Certainly, there is plenty of room for future descriptive work on the emergent budgetary antics, foibles and even successes of Congress and the President, for analysis of new proposals for budget reform, for empirical and quantitative analysis of fiscal policy decisions and their distributive consequences and the like, but in our view there is not much left to be said that is new about the dynamics of the politics of budgeting. We would grant that continued testing of many of the

hypotheses developed by Aaron and his collaborators should be done, but Wildavsky's work has defined the territory and it has established the standards against which future work is to be judged.

Aaron Wildavsky and his collaborators have explained what seems to be almost everything there is that is worth knowing about the politics of budgeting and the cultural stage upon which the annual political drama of budgeting is played. Wildavsky understood the essence of power politics and budgetary culture -- the art of compromise to produce a budget that distributes dissatisfaction relatively equally over time. And, as demonstrated in his triumphal work, "A Budget for All Seasons? Why the Traditional Budget Lasts," he knew that incrementalism is the inevitable result of the necessity to forge compromise over taxing and spending policy in democratic political systems, that incremental change could only take place slowly, and that slow, incremental change as a steady diet isn't so bad after all, once you get used to it. He taught us that it was our expectations and perspective that we needed to think about more creatively. Thereby, he made us more aware of what there is to appreciate about the way in which our federal budget process operates, despite all that we find to complain about, and this view articulated so effectively in "A Budget for All Seasons?" has withstood the test of time. Perhaps most fundamentally, from his first article on the politics of budgeting to the final version of The New Politics of the Budgetary Process, he provided us with the key to understanding what we observe -- he showed us from which

perspectives budgets and budgeting could best be analyzed and comprehended. He demonstrated how to stretch and graft onto what we already knew the information and perspective to accommodate and thus enhance our understanding of a budget process that is characterized by continuous, evolutionary change and attempts at reform. Within the framework of incrementalism -- toward a radical incrementalism -- Wildavsky told us what should be done to balance the budget, how to do it, and how efforts to do it could and should be evaluated. He lamented the dissensus so evident in the present compared to the "classical era" of budgeting, but he told us that the budget process was not the problem but rather, the victim. The problem, he explained so adroitly, was dissensus over policy in government and in our society, not budgeting. He argued before Congress, in his next to last article in Public Administration Review, "Political Implications of Budget Reform: A Retrospective," and in The New Politics, that better budgeting through expenditure limits, curbing the growth or even accepting marginal reductions in entitlements, could become part of the solution -- but these reforms did not offer the solution. Finding the solution or solutions to the serious problems faced in this country, alas, would be much more difficult and more a function of social and cultural change in America than mere change in the institutional mechanisms we employ for resource allocation decision making. He also noted at the end of his writing on budgets that budgeting under conditions of scarcity may or may not be incremental -- sometimes cuts are not distributed equally and predicated on the

base, and we should want it to be this way. He argued that in the end we would have little choice but to accept this view.

However, before Wildavsky taught us about the nature of the budgetary dilemma, he first taught us the enduring basics about budgeting that we continue to teach our students. Lest we take for granted what we now know but once did not and, as a consequence, neglect to teach our students well, his work is there for us to use. Thus, to new generations, through us, he will continue to teach that those agencies and budget advocates who develop and execute a budgetary strategy, quantifying outputs to the greatest extent possible and tying measures of accomplishment back to the previous year's base while cultivating their relationships with their political masters and budget controllers will, in most cases, succeed in gaining an ever larger share of the budgetary pie. At minimum, they may be able to hold onto their base when demand for their services diminishes. He taught us about the weight and momentum of "uncontrollables" -- entitlements that bear the stamp of moral obligation in a society that perceives of itself as moral. He explored the incentives and disincentives that cause the various actors in the budgetary process to behave as they do, and he showed that their behavior is, therefore, rational from a competitive budgetary policy perspective. None-the-less, he believed that procedural reform could help move the political process to a perspective from which better policy could emerge.

Wildavsky was positive about the need for and utility of procedural reform, e.g., to improve the quality of analysis of

budgetary issues, to bring knowledge to power, to control the deficit, to create better balance between the power of the executive and Congress in fiscal decision making. But, despite his investment of effort in arguing for reform, he reminded us that no change in the process of budgeting will alter the essential character of the budgetary struggle for power and money to spend on constituent programs. His work reinforces the egalitarian view that people make a difference in defining the outcomes of the budget process -- people make decisions according to the rules of the game. However, the rules can be changed to fit the circumstances -- substance will inevitably triumph over process. This is as it should be in a democracy; we should not expect nor should we want it to be any other way because the outcome where process dominates substance is the tyranny of the few and, eventually, the failure of the policy process to address the legitimate needs of the people.

We may lament the foibles of democratic decision making, but the alternative to this convoluted and often confusing, disjointed and highly confrontational method of deciding is far worse than what we have learned to hate. Congress is continually tired of "budgeting, budgeting, budgeting," Wildavsky informed us, yet institutional reform is resisted because it produces winners and losers. Both the risk averse and the wise in Congress and the Executive branches of government understand why the devil they know is better than the one they don't. The budgetary game rewards those who know the rules and know how to play within them to win. Why



change the game when you either know how to work the present rules to your gain, or are fearful that reform will cost whatever power you have managed to accumulate over time? Incrementalism is safe. It tends to produce predictable outcomes, and politicians and budgeteers prefer greater over less certainty. The rewards of the present typically are sufficient to persuade budgetary process participants to resist comprehensive change and to be suspicious of even marginal adjustments.

Reformers laud the miracles that may be achieved by reform, whether it be PPBS, management and budgeting by objectives, zero-based budgeting, program-based performance budgeting, deficit control "no-fault" budgeting, service effort and accomplishments budgeting or whatever is current. The potential winners and losers from reform assess their odds and stick with the status quo while bending slowly with the winds of change, returning straight-up once each budget storm fad has passed. Amid all of this the real battles over who gets how much money for what programs and where it will be spent continues, woven in with whatever procedural experiment is underway at the time. This, and much more, is budgeting as Wildavsky taught it.

## ENDNOTES

1. Aaron Wildavsky, Budgeting: A Comparative Theory of Budget Processes, p. xvi. Once I heard a story...about a learned gentleman who spent his life studying the organization of post offices...I do not intend to follow his example. Sufficient is enough. This book contains my last original work on contemporary budget processes.
2. See The Politics of the Budgetary Process. 1964. p. vii.
3. See Chapter Nine in The New Politics of the Budgetary Process. 1988.
4. Aaron Wildavsky, "Political Implications of Budgetary Reform," Public Administration Review, 21/4 (Autumn) 1961: pp.183-190.
5. Aaron Wildavsky, The New Politics of the Budgetary Process, 2nd edition, 1992, p. ii.
6. "On Wildavsky," Public Affairs Report, Institute of Governmental Studies, University of California, Berkeley, 34/6, November 1993, p. 14.
7. See for example, Martin Trow, "The Public and Private Lives of Higher Education," Daedalus, 104, Winter 1975, pp.113-127.
8. L. R. Jones was a student of Wildavsky's at Berkeley in the period 1968 - 1971 and completed his Master's Thesis with Aaron as his advisor. Wildavsky also advised his doctoral study at Berkeley from 1973 to 1977.
9. V.O. Key, Jr., "The Lack of Budgetary Theory," American Political Science Review, 34 (December) 1940, pp. 1137-1144; Verne B. Lewis, "Toward a Theory of Budgeting," Public Administration Review, 12 (Winter) 1952: pp. 42-54; Arthur Smithies, The Budgetary Process in the United States. (New York: McGraw-Hill, 1955).
10. Wildavsky, "Political Implications," Wildavsky explained in a footnote that in fact Key, "...shies away from the implications of his question and indicates keen awareness of the political problems involved," p. 190.
11. Ibid.
12. Ibid., p. 186.
13. Ibid.
14. Ibid., p. 187. Wildavsky's ability to turn a phrase is legendary. Who for example could resist chuckling at quick lines

such as, "Some butterflies were caught, no elephants stopped," that he used to describe the outcomes of zero-based and program budgeting. He lectured and spoke in the same way -- hitting the substance of matters on target in a humorous, Jewish-Brooklyn style that caused listeners to anticipate his next amusing observation.

15. Ibid., p. 183.

16. Ibid., p. 184.

17. Ibid.

18. Ibid., p. 189. In developing this insight Wildavsky thanked Richard Fenno for loaning him a research proposal. He then further acknowledged the excellence of Fenno's research and writing. There is little doubt that Wildavsky learned a great deal from Fenno and that Fenno's research and findings helped to shape Wildavsky's view of what research should be done and how to do it.

19. Ibid., p. 185.

20. Ibid., p. 189.

21. Ibid., p. 190.

22. Ibid., pp. 189-190.

23. In 1968 Wildavsky explained to an eager graduate student with the vague notion of eventually pursuing an academic career (here we paraphrase due to fading memory), 'Always work on what people are going to be interested in knowing about in the future...think three or five years ahead..and don't be afraid to criticize...you will know more about what they will be trying to do than they will...nobody will be interested in compliments...people want to know what went wrong, why, whose fault it was and what should be done about it, so tell them.'

24. Aaron Wildavsky, The Politics of the Budgetary Process, (Boston: Little, Brown and Co., 1964,1974,1979,1984). The New Politics of The Budgetary Process, (Boston: Scott Foresman and Co., 1988; NY,NY: Harper Collins, 1992. These will be cited as 'Politics' and 'New Politics' hereafter.

25. See Herbert Simon, Models of Man (New York, 1957); Richard Cyert and James March, A Behavioral Theory of The Firm (Englewood Cliffs, N.J., 1963.); Anthony Downs, An Economic Theory of Decision Making in a Democracy. (New York, 1955).

26. Charles Lindblom, "The Science of Muddling Through" Public Administration Review, vol. XIX, Spring 1959. pp. 79-88.

27. Wildavsky, Politics, 1964. p. 148. During his graduate years at Yale, Wildavsky had taken a course from Lindblom while Lindblom was making the intellectual journey from economics toward the science of muddling through.
28. Wildavsky, Politics, 1964. p. 178.
29. Ibid.
30. Wildavsky, Politics, 1964. 179.
31. Wildavsky, Politics, 1964. pp. 64-65. Friend and colleague Nelson Polsby related recently, " I told him not to publish it, for two reasons. First, it did not explain when specific budgetary strategies were used and not used, and when they worked and didn't work. Second, it didn't cover the revolution in the Defense Department with McNamara's institution of PPBS and systems analysis." Polsby recounted Aaron's blunt response, "To Hell with you. It's better than anything else out there now and I am going to publish it. " Polsby conceded that Aaron was right that it was the best thing written at that time, but did not give in on his two points. The book was a success, of course, and Aaron tried to fill the gaps and correct the deficiencies pointed out to him by Polsby and other colleagues. As it turned out, this took a long time to do; The new Politics did not appear until 1988. Furthermore, Wildavsky never did completely satisfy Polsby's first criterion...and neither has anyone else to our knowledge. The definitive study of contingent strategy in budgeting has yet to be written in our opinion.
32. Wildavsky, Politics, 1964. pp. vii.
33. Wildavsky, New Politics, p. xxvii.
34. Wildavsky, Politics, 1974. pp. xx-xxi.
35. Wildavsky, Politics, 1974. pp. xii-xiii.
36. Wildavsky, Politics, 1984. p. 254.
37. Wildavsky, Politics 1984. p. 279.
38. Wildavsky, Politics, 1984, p. xv.
39. Wildavsky, Politics, 1984. p. xxviii.
40. Wildavsky, Politics, 1984. p. xi.
41. Wildavsky, New Politics, 1988. p. 439.
42. Ibid.
43. Wildavsky, New Politics, 1992. p. 526.

44. Wildavsky, Politics, 1964. pp. 47-56; New Politics, 1988, pp. 95-100. On page 72 of the New Politics, Wildavsky is careful to warn readers "This chapter is about the routine business or a bygone age."
45. Wildavsky, New Politics, 1988. p. 161.
46. Wildavsky, New Politics, 1988, p. 181.
47. Wildavsky, New Politics, 1988. p. 173.
48. Wildavsky, New Politics, 1988. pp. 172-173.
49. Wildavsky, New Politics, 1992. pp. xv-xvi.
50. Wildavsky, New Politics, 1992. p. xi.
51. Wildavsky, Politics, 1964. p. 4.
52. Allen Schick, "The Road to PPB: The Stages of Budget Reform," Public Administration Review, 26/4 (December) 1966, p. 258. Wildavsky described this article as, "An excellent discussion of different purposes of budgeting and stages of budgetary development." See "Rescuing Policy Analysis from PPBS," Public Administration Review, 29/2, 1969, p. 202 (footnote 18).
53. Aaron Wildavsky, "The Political Economy of Efficiency: Cost Benefit Analysis, Systems Analysis, and Program Budgeting," Public Administration Review, 26/4 (December) 1966, pp. 309-310.
54. Aaron Wildavsky, "Rescuing Policy Analysis from PPBS," Public Administration Review, 29/2, 1969, pp. 189-191.
55. Ibid., 193.
56. Ibid., 199.
57. Ibid., 200.
58. Richard Rose, "Professor Aaron Wildavsky," London: The Independent, October 9, 1993.
59. Wildavsky, Budgeting, p. 155.
60. Rose, op. cit.
61. Aaron Wildavsky, "Toward a Radical Incrementalism: A Proposal to Aid Congress in Reform of the Budgetary Process," in Congress: The First Branch of Government, (Washington, D.C.: American Enterprise Institute, 1966), pp. 115-165.
62. Wildavsky, Budgeting, pp. 402-403.
63. Wildavsky, How to Control, p. 58.

64. Wildavsky, How to Control," p.126. The book concludes with comments on the constitutional limit by a subcommittee of The National Tax Limitation Committee, William Niskanen, Naomi Caiden, Carolyn Webber. See in particular Niskanen's alternative and Caiden's analysis of problems in implementing government expenditure limitations. For a comprehensive statement of the arguments supporting a balanced budget, uncontrollables, and spending ceilings, see Aaron Wildavsky, "Introduction: Toward a New Budgetary Order," in Michael J. Boskin and Aaron Wildavsky, eds., The Federal Budget: Economics and Politics, (San Francisco, CA: Institute for Contemporary Studies, 1982), pp. 3-20.

65. White and Wildavsky, The Deficit, p. 575.

66. Aaron Wildavsky. "Political Implication of Budget Reform" Public Administration Review, 1992. vol. 52 no. 6. pp. 594-603.

67. Ibid., p. 597.

68. Ibid., p. 596.

69. Ibid., p. 596.

70. Aaron Wildavsky, "Norms and Rules to Facilitate Convergence on Budget Balance," Public Administration Review 1993. vol 53 no. 1. pp. 28-30.

71. Wildavsky, "Norms and Rules" 1993. p. 29.

72. Wildavsky, "Norms and Rules", 1993. p.30.

73. Richard Rose, "Aaron Wildavsky," The Independent, October 9, 1993.

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