

History of the 'budget process'

Susan Kokinda describes the final stages of the process of institutionally turning legislative debate on appropriations away from nation-building.

Part I of this article, in the June 7 EIR, examined the way in which the "budget process" has been used by enemies of the American System to divert Congress from its proper responsibilities of nation-building as defined by Article II, Section 8 of the U.S. Constitution. Congress has been increasingly infested by a budgetary form of systems analysis, in which Congress endlessly manipulates revenue and expenditure statistics whose parameters have been determined externally—by the credit policies of the Federal Reserve Board, to which Congress abdicated its constitutional responsibilities over the nation's credit in 1913. The creation of the Fed and the budget process was traced in the second decade of this century and identified as the work of anglophile political figures, such as Woodrow Wilson, whose stated goal was to replace the U.S. Constitution with a British parliamentary structure.

Below, the conclusion of EIR's history of the budget process will examine how the same theoreticians who conspired to create the Fed and budget process laid the basis for the final congressional capitulation with the passage of the 1974 Budget Control Act, which has resulted in the near-emasculation of Congress as an institution of republican government.

One of the leading operatives of the early 20th-century budget-reform movement was William F. Willoughby, a consultant and member of the various commissions and committees which established the 1921 budgetary reform measures; most of these committees were connected to the British Fabian Brookings Institution, which was formed to institute budget reform. Willoughby was quoted in part I relishing the "great possibilities" inherent in the creation of extra-legislative (and unconstitutional) "outside organizations" which would direct congressional policy making. In his Brookings-published *Principles of Legislative Organization and Administration* (1934), which cites cultists John Stuart Mill and Jeremy Bentham as political forebears, Willoughby describes a theory of the U.S. governmental system *that precisely outlines the form of political subversion which was to take place 40 years later with the passage of the 1974 budget act.*

Willoughby argues that the problem with the American form of government is that it distinguishes only three func-

tions of government—that of the executive, legislative, and judicial—when in fact, there are two more: that of administration and of electoral action (political parties). Willoughby praises the British system for accommodating these fourth and fifth functions. The British oligarchy's administrative apparatus puts into practice the broad policy decisions of the executive, while Britain's parliamentary form of party government holds members of parliament accountable to party policy rather than to their constituents. Thus, Willoughby seeks to justify the institutionalization of those "outside organizations" which will batter the constitutionally established branches of the American system of government which were painstakingly established by the Founding Fathers to ensure a republican and representative form of government. Subjected to maverick institutions outside the constitutional chain of command, the administrative branch has become dominated by a virulent brand of Viennese systems analysis and the party caucus, functioning primarily in the Democratic Party, has been a hotbed of British Fabian and sometimes KGB influence.

'End legislative control over appropriations'

Willoughby's 1934 theories had already seen action. According to the testimony of members of Congress, the Federal Reserve Act of 1913 passed only because the Democratic Caucus had imposed party discipline on its members during that session of Congress—forcing them to vote for the legislation on the floor (regardless of massive constituency opposition), once the Democratic Caucus had taken that position. And Congress's capitulated, shortly thereafter, to the creation of a federal budget to be administered by the "Fourth Branch" Bureau of the Budget.

It was many years before Congress took the next step.

The 1947 Legislative Reorganization Act called for the promulgation of a congressionally originated budget, but, after two unsuccessful congressional attempts to match appropriations to the proposed budget, Congress repealed that provision. Efforts were continually afoot to create a Joint Committee on the budget or to statutorily or constitutionally hold congressional appropriations to the levels proposed by the Bureau of the Budget. But Congress, led by the historically powerful Appropriations Committees, resisted any sub-

stantive change. It was not for nothing that Willoughby had argued, "There are cogent grounds for holding that the legislature should be largely if not wholly excluded from the direct determination of appropriations."

Congress finally crumbled in the early 1970s when caught in the interplay between the systems analysts of the Fourth Branch and the British Fabians of the Fifth Branch (with a little help from the KGB's FBI).

Secretary of State George Shultz played a predominant role within the Fourth Branch side of the operation. Shultz, then Nixon's Secretary of Labor, and Litton Industries' Roy Ash (who began his career at the evil Venetian *fondis*' Bank of America) conspired to promote the most decisive reorganization of the executive branch economic policy making in the postwar period. That produced the 1970 establishment of the Office of Management and Budget, which replaced the bureaucratically hidebound Bureau of the Budget with a modernized version of systems analysis accounting and management. Shultz was the first director of OMB and Ash the second. (Ash sought also to destroy the constituency links of the Departments of Labor, Agriculture, Commerce, Transportation, HUD, and HEW by creating in their place four super-agencies right out of 1984—Human Resources, Economic Affairs, Community Development, and Natural Resources.)

But, most importantly, in 1973 Ash and Shultz (who had succeeded in a 1913-style subversion of U.S. economic sovereignty by helping decouple the dollar from gold) initiated the "impoundment" controversy with Congress. President Nixon refused to spend (or, impounded) funds which had been appropriated by Congress. While the Supreme Court eventually ruled such executive action unconstitutional, the Congress was sent into frantic motion to "regain" its power over the budget by imposing a budget process on itself.

The Democratic Party caucus

However, congressional acquiescence to the "budget process" coup of 1974 had been preceded by one other element, the Democratic Party Caucus.

The Congresses of the 1950s and 1960s had been ones in which seniority and powerful committee chairmen—especially of the Appropriations, Ways and Means, and House Administration committees—held sway. It was from these institutional bulwarks of congressional independence—beholden only to the wishes of constituents and constituency-based interest groups—that effective resistance to budgetary reform came.

In 1959, the Democratic Study Group (DSG), a long-term project to subvert the Congress, was launched by Rep. Eugene McCarthy (D-Wis.). McCarthy was and is an asset of the Third Rome/KGB-tainted St. John's College in St. Paul, Minnesota. In 1962, the same networks and personnel involved in the DSG, spun off the KGB-tainted Institute for Policy Studies, which became the de facto think tank for the

Democratic Study Group.

The purpose of the DSG was to wreck the power of traditional committee chairmen through a process of "congressional reform." The byproduct was, of course, congressional budget reform. Key to the DSG's proposals, elaborated in 1968, was the revival of the "Fifth Branch" Democratic Caucus. The year 1969 saw the establishment of monthly meetings of the House Democratic Caucus, and by 1970, the DSG had succeeded in establishing a House-sanctioned committee study which proposed sweeping changes in the seniority system of the House. The convening of the new Congress in January 1971 saw an increasingly vigorous Democratic Caucus decide that seniority would no longer be the automatic determinant in committee succession, and that members would be limited to only one chairmanship of a major subcommittee. The latter move opened up 16 subcommittees to new chairmen that year and presaged a major shift in the House power structure.

Gaining momentum, the DSG proposed another series of caucus reforms in January 1973, including provisions for secret ballot voting for committee chairman, which were promptly adopted. The continuing procedural successes inside the caucus led the reformers to attempt a major escalation. Later in 1973, Rep. Richard Bolling (D-Mo.)—one of the original reformers and a close ally of then-majority leader Tip O'Neill—was established as head of a select committee to reform the House committee structure. The Bolling committee proposed radical jurisdictional changes in powerful committees such as Ways and Means (chaired by Wilber Mills) and House Administration (chaired by Wayne Hays).

This assault on the committee chairmen did not succeed in actually toppling sitting chairmen until the massacre of 1975, which deposed Wilber Mills, Banking's Wright Patman, Armed Services' Edward Hebert, and Agriculture's Edward Poage. (Mills and Hays were the victims of manufactured, lurid scandals.) The massacre was accompanied by an escalation of the budget reform movement, fueled by the Ash-Shultz orchestrated impoundment controversy. At the same time the Bolling committee was sitting, a Joint Study Committee on the Budget was formed in 1973. Its recommendations for a congressional budget process were adopted in 1974 with no substantive opposition. In the leadership of the congressional budget reform movement were, among others, Bolling, now-retired Swiss agent Henry Reuss (D-Wis.), and Sens. Edmund Muskie, Walter Mondale, Jacob Javits, Sam Ervin, Robert Byrd, and Lee Metcalf (a founder, along with McCarthy, of the DSG when both served in the House).

Today, we find the budget process initiated by these reforms being used by both Harrimanite Democrats and Kissinger Republicans to massively cut federal spending. This undercuts the positive effect the U.S. government can have on the economy, and helps pave the way to turn the United into a post-industrial society.