

# Power of the Purse

*"All Bills for raising Revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other Bills."*

— **U.S. Constitution, Article I, section 7, clause 1**

*"No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time."*

— **U.S. Constitution, Article I, section 9, clause 7**



Image courtesy of the Library of Congress

The House Appropriations Committee in 1918 featuring (from left to right) future Secretary of State James F. Byrnes of South Carolina, former Speaker Joseph Cannon of Illinois, Chairman J. Swager Sherley of Kentucky, future Speaker Frederick Gillett of Massachusetts, future Secretary of War James W. Good of Iowa, and future Speaker Joseph Byrnes of Tennessee.

Congress—and in particular, the House of Representatives—is invested with the “power of the purse,” the ability to tax and spend public money for the national government. Massachusetts’ Elbridge Gerry said at the Federal Constitutional Convention that the House “was more immediately the representatives of the people, and it was a maxim that the people ought to hold the purse-strings.”

## Origins

English history heavily influenced the Constitutional framers. The British House of Commons has the exclusive right to create taxes and spend that revenue, which is considered the ultimate check on royal authority. Indeed, the American colonists’ cry of “No taxation without representation!” referred to the injustice of London imposing taxes on them without the benefit of a voice in Parliament.

## Constitutional Framing

Debate at the Constitutional Convention centered on two issues. The first was to ensure that the executive would not spend money without congressional authorization. The second concerned the roles the House and Senate would play in setting fiscal policy.

At the Convention, the framers considered the extent to which the Senate—like the House of Lords—should be limited in its consideration of budget bills. The provision was part of a compromise between the large and small states.

Smaller states, which would be overrepresented in the Senate, would concede the power to originate money bills to the House, where states with larger populations would have greater control. Speaking in favor of the provision, Benjamin Franklin of Pennsylvania said, “It was a maxim that those who feel, can best judge. This end would . . . be best attained, if money affairs were to be confined to the immediate representatives of the people.” The provision in the committee’s report to the Convention was adopted, five to three, with three states divided on the question. The Convention reconsidered the matter over the course of two months, but the provision was finally adopted, nine to two, in September 1787.

The constitutional provision making Congress the ultimate authority on government spending passed with far less debate. The framers were unanimous that Congress, as the representatives of the people, should be in control of public funds—not the President or executive branch agencies. This strongly-held belief was rooted in the framers’ experiences with England, where the king had wide latitude over spending once the money had been raised.

## The Early Appropriations Process

The First Congress (1789–1791) passed the first appropriations act—a mere 13 lines long—a few months after it convened. The law funded the government, including important pensions for Revolutionary War veterans, with just \$639,000—an amount in the tens of millions in real terms. This simple process was short-lived. Over time, nine regular appropriation bills emerged and funded such priorities as pensions, harbors, the post office, and the military. These were considered on an annual basis by the late 1850s. The House Committee on Ways and Means, which also had jurisdiction over tax policy, controlled the appropriations process. But legislation and funding were always kept separate. Priorities were spelled out in one law and money appropriated for those priorities in another. This has remained the practice, as substantive committees design authorization acts and the House and Senate Appropriation Committees fund authorized programs later. Indeed, there are laws and parliamentary rules against making new law in appropriation bills, although such rules are periodically waived.

## Subsequent Reforms

In 1865, after the Civil War had created a nearly \$3 billion national debt and spending exceeded a billion dollars a year, Congress reformed its funding process to handle the government’s new demands. The House separated the Ways and Means Committee’s taxing and spending functions. The Appropriations Committee was established to fund programs, while Ways and Means retained jurisdiction on tax policy. House leadership and other committees also tried to influence the appropriations process, and the lack of coordination over the years led to high deficits and the implementation of

the federal income tax in 1913. Congress passed the Budget and Accounting Act in 1921 to address some of the coordination problems it faced funding government programs. This law centralized many of the budgeting functions with the President, who still has considerable agenda-setting power with the federal budget and submits a draft budget to Congress at the beginning of every year. The appropriations process has been reformed multiple times since 1921, including notable restructurings with the Congressional Budget and Impoundment Control Act of 1974 and the Gramm–Rudman–Hollings Acts of 1985 and 1987.

## For Further Reading

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Office of the Historian: [history@mail.house.gov](mailto:history@mail.house.gov)

Office of Art & Archives, Office of the Clerk: [art@mail.house.gov](mailto:art@mail.house.gov), [archives@mail.house.gov](mailto:archives@mail.house.gov)