



Politics Trump Policy Once Again in Budget Debate

The Trump administration just delivered a massive budget to Congress. A look at the numbers and the talking points drafted to defend it confirms that budgets favor politics over policy. This also confirms that it really doesn't really matter who is in the White House. Big spenders will spend and then dissemble to cover up their fiscal irresponsibility.

The fiscal year 2020 budget proposes spending \$4.7 trillion. That's up from \$4.5 trillion last year and \$4.1 trillion in FY 2018. Meanwhile, assuming that the tax cuts set to expire in 2025 do not expire, tax revenue will grow to \$3.6 trillion in FY 2020, up from \$3.4 trillion last year and \$3.3 trillion in FY 2018. Spending between FY 2020 and FY 2029 will grow by 40 percent, and thanks to projected GDP growth averaging 3 percent over the next decade, revenue may grow by 72 percent during that time.

Despite a growing economy, relative peace in the world and no recent national emergencies, the annual deficit will reach \$1.1 trillion in FY 2020. Also, \$2 trillion have been added to the debt during the last two years. While the deficit is projected to be cut in half over the next decade and the debt may stabilize, as we shall see, these numbers carry little credibility.

The prediction of 72 percent growth in revenue is propped up by very unrealistic economic growth rates and should put to bed the notion that economic growth rates alone (even fallacious ones) can get us out of this fiscal mess we are in. That's because this deficit is not driven by a lack of economic growth or a shortage of revenues but by constant overspending.

If you lift the optimistic growth projections, the reality looks grimmer. According to the Committee for a Responsible Federal Budget, "Absent these rapid growth assumptions, debt under the President's budget would likely be about \$2 trillion higher by 2029. And debt as a share of GDP would reach roughly 85 to 90 percent." That means a public debt of \$27.77 trillion, up from this year's \$16.9 trillion. It's worth noting that this year's gross debt totals \$22 trillion.

In spite of these numbers, the administration claims that the budget promotes fiscal responsibility. Russ Vought, acting director for the Office of Management and Budget, said, "Look we're \$22 trillion in debt. We have trillion-dollar deficits that are far as the eye can see and we need to do something about it.' And to be fair, the budget does propose \$2.7 trillion in spending reduction over the next 10 years. But, as the numbers above make clear, for the most part these spending cuts are not actually cuts in spending: they're a reduction to the growth in spending.



Written by [Veronique de Rugy](#) on March 14, 2019

While many of these spending reform proposals are worth implementing, they simply aren't realistic. The administration's proposed reforms for food stamps, student loans, disability payments, Obamacare subsidies or Medicare cost controls are great but have no chance of seeing the light of day with a Democrat-controlled House. They have also little chance of being approved because half of them apply to the non-defense discretionary side of the budget. The budget proposes cutting these expenditures 9 percent between this year and next, and 26 percent over the next 10 years.

I have no objections to cutting non-defense spending or cutting it as much as the proposed budget does. However, cuts of this size are dead on arrival because the amount that the administration cuts from non-defense is almost entirely given to national defense. What's more, the administration uses an old trick practiced by previous administrations. It simply increases non-war spending through the Overseas Contingency Operations fund, which will grow from \$69 billion in FY 2019 to \$165 billion for FY 2020. This is particularly annoying when considering that many members of this administration understand full well this is a blatant accounting gimmick.

Apparently, Republicans don't learn from their past mistakes. Fiscal responsibility can never be achieved on the back of non-defense spending alone, especially if it's offset by massive growth to defense spending.

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