

Fiscal Conservatism Is An Illusion In Today's Politics

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The Republican Party claims to be the fiscally conservative option in our electoral politics. They offer themselves as believers in limited government, free markets, and an alternative to the big spenders in the Democratic Party. But an honest look at both President Trump's budget proposal and recent history shows that the idea of fiscal conservatism is largely a myth and unlikely to be an aspect of any party's governance in the future, barring dramatic shifts in the American political landscape.

Every president since John F. Kennedy has presided over growths in federal spending from year to year, according to the libertarian Cato Institute's Chris Edwards. Eisenhower was the last president that witnessed an actual reduction in spending, and not just a slower pace of increase, due to the end of the Korean War. The rate of growth in spending, though, is sometimes out of the president's control, Edwards explains. For President Obama, lower than expected Medicare expenditures puts his rate of spending growth lower than his predecessor. But while the growth of spending increases has slowed in recent decades, "economic growth is slower these days, so the government's share of the economy" continued to rise, particularly under Presidents Bush and Obama.

Along with consistent growth in federal spending, the national debt has also continued to increase almost without fail since the 1960s, with sizeable increases beginning in the 1980s. At the end of Obama's final term, the debt was nearing \$20 trillion, and the Congressional Budget Office is projecting the addition of another \$10 trillion over the next ten years with Trump's proposed budget, along with deficits that reach into the trillions within the same time frame. While the budget plan for 2018 makes some sizeable cuts to many federal agencies, departments like Defense, Homeland Security, and Veterans Affairs are poised to receive increases. Defense alone will add, under Trump's plan, \$54 billion to its budget.

Meanwhile, the budget proposal leaves mandatory spending on Social Security and Medicare untouched, which make up the majority of federal expenditures. As the US population continues to increase in average age, spending for these programs will grow with it. Trump's budget plans, like those of his predecessors, are obviously not examples of fiscal conservatism but merely a shifting of political priorities. The budget still has to make its way through Congress, but the end result will most likely be more spending and debt, just on marginally different programs.

The problem with fiscal conservatism is that it is not a specific policy proposal, but rather a philosophical disposition about government. But on any given issue, the current Overton window, or the range of policy ideas that the general public will accept at any given time, can

make fiscal conservatism unpalatable. For example, a fiscal conservative should theoretically be focusing all of their energies on reining in entitlement costs. But our political atmosphere in which entitlements are the “third rail” of American politics makes that an unpopular position, preventing any politician from ever making a serious effort to reform them. Given the inconsistent nature of the average voter’s political preferences, where people tend to favor spending increases while thinking taxes are already too high, fiscal conservatism becomes a slogan without real substance.

The reason that programs such as Social Security and Medicare continue to remain immune to reform is that there is no incentive for the players involved. The constituents who benefit from those programs are among the most politically active, and elected officials who act as their representatives bear none of the costs for continually pushing the problem down the road. The same incentive structure is in place for all kinds of spending projects, from agricultural subsidies to defense contracts.

There is no reward for potentially alienating your most active constituency when seeking re-election. The benefits are concentrated and the costs are dispersed and delayed. Barring a severe crisis or a change in constitutional rules, there will never be a moment when there is a fiscally conservative option for entitlement programs.

If you voted for Donald Trump because you saw him as the fiscally conservative option that would take us off a path of continual increases in government spending and debt, his first few months in office should show that his presidency is bound to feature the same borrowing and spending policies that we have seen for more than half of a century.