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Trump's budget owes a huge debt to this right-wing Washington think tank

Steven Mufson

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Up against the clock and with many senior staff positions still vacant, President Trump's Office of Management and Budget turned to one of the nation's most conservative think tanks — the Heritage Foundation — for inspiration.

The result: The Trump budget proposal released last week bears a striking resemblance to the Heritage Foundation's "Blueprint for Balance: A Federal Budget for 2017," complete with a list of deep spending cuts designed to scale back the size and scope of the federal government.

The Trump administration's budget document and the Heritage blueprint single out very similar lists of dozens of programs for elimination, including those on international climate, legal aid for the poor, energy research, aid to Appalachia, and insurance for U.S. exporters. And they cite the same reasons, noting for example that rural air service subsidies were meant to be temporary 40 years ago and now keep largely empty planes in the air.

Both documents lean on the same philosophical arguments for a greater role for states and private business, and for a federal government that seeks to get its money's worth from spending — arguments that have appealed to ultra-conservative multi-million dollar donors such as the Sarah Scaife Foundation, the Richard and Helen De Vos Foundation, the Charles Koch Foundation and, more recently, the Mercer family foundation. [Rebekah A. Mercer](#), who is close to Trump adviser Steve Bannon, is a Heritage trustee.

"I don't think there's any question. Heritage was the Number 1 source," Stephen Moore, a senior economic policy expert at Heritage who advised the Trump campaign. "That was partly because there wasn't a lot of time. They decided 'we will get rid of this, and get rid of that.'"

In May, when the administration maps out tax and spending in more detail, the group could again display its influence.

Several Heritage analysts have already joined the administration, notes the lead author of this year's Heritage budget blueprint Romina Boccia. At the White House's Domestic Policy Council, Paul Winfree, who oversaw last year's budget blueprint at Heritage, is now deputy director and James Sherk is in charge of labor and employment policy. Justin Bogie, another Heritage analyst, was on the OMB landing team. Justin T. Johnson, a defense budgeting expert, was on the Pentagon landing team and may stay there, Boccia added.

“They’re probably the senior outside group that’s been the most helpful on domestic issues and the budget of any group in Washington,” said Rick Hohlt, a veteran Republican lobbyist.

The close relationship between Trump and Heritage was forged in the early days of the campaign - when the candidate was widely seen as a longshot and spurned by many traditional Republicans.

“When we were on the campaign, for Trump’s speeches we would pull stuff from Heritage budget documents and make the arguments that Heritage was making,” said Moore. “I think it’s very accurate to say that a lot of these ideas .. even some of the arguments they make, some of the rhetoric is almost verbatim from Heritage.”

Once the campaign was over, the connections helped. Heritage’s president, former Sen. Jim DeMint, stumped for Mick Mulvaney when his fellow South Carolinian first ran for Congress in 2010 and last December praised Mulvaney, now OMB director, as someone who would “restore sanity” to fiscal choices.

Heritage isn’t alone in advancing a conservative anti-federal government agenda.

Rep. Bill Shuster (R-Pa.), chairman of the House Transportation and Infrastructure Committee, said he worked “very closely” with the administration to get support for privatizing the nation’s air traffic controllers — an idea that has a long history among conservatives.

The morning the budget came out, “it felt like Christmas morning” with “lots of presents,” he said at a recent forum on infrastructure organized by the news outlet Axios.

Robert Poole of the Reason Foundation and Chris Edwards, an economist at the Cato Institute and author of *DownsizingGovernment.org*, have also been advocating for the privatization of air traffic controllers for years.

Like Heritage, Cato has called for the total elimination of many programs, arguing that they should be the responsibility of individuals, corporations or local government, Edwards noted.

But Heritage, founded in 1973, has played a special role. It has an annual budget of more than \$80 million, equal to Cato and American Enterprise Institute combined.

Over four decades, it has received money from some of the nation’s most conservative tycoons, including Richard Mellon Scaife, heir to the Mellon banking fortune and Gulf Oil money; the Koch brothers; and more recently the Mercer family, which was influential in the Trump campaign. Rebekah A. Mercer, who is close to Trump adviser Steve Bannon, is a Heritage trustee.

Deep spending cuts and the rolling back of regulations on business hearken back to policies proposed by Heritage and embraced President Reagan in the 1980s. Trump, however, remains a populist on trade, immigration and labor issues such as infrastructure spending. “There is a mixture of conservatism and populism with Trump and that was the key formula for his success in winning the blue states in the Midwest,” Moore said.

Asked whether the sharp cuts across environmental, housing, science and educational programs have a philosophical underpinning, former Congressional Budget Office director and Urban Institute president Robert Reischauer said “in a way there is. There is a feeling that the federal government is engaged in activities that are better assigned to the states or that government at any level shouldn’t be in at all.”

But Reischauer, a Democrat, took issue with that notion, saying that spending on the National Institutes of Health, weather satellites, and environmental protection “don’t fall into the categories of inappropriate or superfluous federal government activities. They are by and large public goods that should be pursued by the federal government.”

He argued the spending reductions undercut some of Trump’s campaign pledges. “This is the president who stood up in front of many audiences and said he was going to make the terrible crumbling inner cities viable again and revitalize their communities,” Reischauer said. “And one of the major federal initiatives in the area he’s going to eliminate.”

That initiative is the Community Development Block Grants, an anti-poverty program endorsed by President Nixon as a way to streamline Johnson-era policies and give states flexibility, and once seen as once a Republican program. Whereas President Lyndon B. Johnson launched a host of anti-poverty programs in the 1960s, in the early 1970s President Nixon, to simplify the programs and give states more flexibility, consolidated them into block grants. Many saw that as consistent with Republican preferences for federalist approaches to spending.

Mulvaney, showing a libertarian streak, would zero out the block grants altogether.

Where Trump falls on the ideological spectrum when it comes to the budget remains somewhat unclear, but the sharp cuts might play to his professed desire to make deals rather than to any bedrock ideology.

“Really what Trump’s budget is trying to do is hold liberalism accountable,” Moore said. He said many programs sound “wonderful,” but that “if you look at the results and scratch your head and ask is there any difference, there is no evidence of that.”

Moore cited the Appalachian Regional Commission, which aids Republican districts. He asked “is Appalachia any more developed today than it was 35 years ago?”

Moore said “Trump, that’s the way he thinks: Are we getting a return on these dollars? And in a lot of ways the answer is no.”

The Heritage and Cato proposals leave out many traditional and pragmatic Republicans who believe the cuts go too far, and risk antagonizing Democrats and Republicans whose votes are needed on healthcare or entitlement reform.

Douglas Holtz-Eakin, former CBO director and now president of the American Action Forum, said the sharp cuts reflected the power of “movement conservatives.”

“There are strong core conservatives worried about individual freedoms, the size of government and by the number of bodies in government who clearly influenced this document,” he said. Citing the proposal to end spending for the Corporation of Public Broadcasting, which funds

Sesame Street, Holtz-Eakin said, “I would say what’s the payoff on Big Bird. You’re going to lose and it isn’t big money.”

The American Enterprise Institute, which sent 20 people into the George W. Bush administration, and which hosted Bush for speeches three times, also did not play a big role in the budget proposal. Asked about its intellectual parenthood, AEI president Arthur Brooks said “I don’t know. It’s not me.” (AEI economist Kevin Hassett has been named chairman of the Council of Economic Advisers, but he has not yet taken up the job.)

But Brooks added that there was “nothing unconventional about those cuts. They were more dramatic, but not conceptually strange. Republicans have always wanted to increase defense spending.”

What is striking, many people from both parties say, is the absence of any proposal on reforming entitlement programs such as Social Security and Medicare, which make up nearly 40 percent of federal spending. Trump has vowed not to tamper with entitlements.

Also missing: Tax proposals. The Trump administration says it will publish a more complete budget in mid-May, but by that time the congressional budget committees will have already drawn up spending and revenue parameters for fiscal year 2018.

Holtz-Eakin said, “if want to influence the process, you have to get it at the front end. That’s just the way the congressional budget process is built.”

Meanwhile, at Heritage, Boccia is pulling together this year’s budget blueprint, due out March 28. She says the Trump budget is “much more aggressive” than those of previous presidents, but still not tough enough.

Trump, to extend the current spending bill that is set to expire in late April, would allow an additional \$10 billion in discretionary spending. Boccia prefers more cuts. “I think it sets a very bad precedent by choosing the fiscally irresponsible route rather than finding the necessary offsets,” she said.