



## We've Been Down This Road Before On The Budget

Jonathan Bydlak

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There was a time, perhaps many years ago, when the American people listened to what Presidents had to say. Even if they didn't agree with all their policies, people would take leaders' words seriously, looking to them for guidance on issues of great import, whether in national addresses or fireside chats.

I don't need to tell you that we no longer live in those times.

Likewise, writing federal budgets just isn't what it used to be. Years ago, the President would issue forth a budget for the upcoming fiscal year and Congress would use that blueprint as a guide, striving to meet the chief executive's targets and often butting heads over the particulars of the President's agenda or the way he used his power, but generally attempting to carry out the basic duties of government.

If I had to say those words out loud, it would have been difficult to stifle a laugh.

It has been over a generation since Congress even made a serious attempt at completing the budget process, and what used to be a serious document to at least kick off horse-trading and negotiations has instead evolved into little more than a weak messaging document. Today's budget releases tend to be understated affairs that get a brief burst of press before being heard from no more, quickly forgotten even by those members of the President's own party.

It's under this shadow that President Trump's latest budget proposal for fiscal year 2021 was recently released.

Before we dive in, here's what we already know:

Deficits have ballooned under President Trump. The popular narrative has been that the culprit is 2017's Tax Cuts and Jobs Act. Alas, facts are stubborn things, and the available data so far shows that current deficits are primarily being driven by spending. There is room for reasonable debate over the long-term impact of non-offset tax cuts, but what is inescapably clear is that the other side of the federal ledger – spending – has increased dramatically under Trump's watch.

While spending going up in Washington is no more a surprise than the sun rising or the sky being blue, what is unprecedented is that this profligacy has happened alongside a strong and growing economy.

Under President Obama, spending increased dramatically, too, but most of those increases came early during his first term in office when the Great Recession led to agreement by leaders in both parties to hike federal spending and "save the economy."

Regardless of the questionable wisdom of those decisions, the rest of Obama's time in office actually saw a reasonable amount of restraint, the result of divided government and the Budget Control Act that came out of squabbles between the president and Congress. As many have noted before, total federal spending actually declined then in back-to-back years for the first time since the Korean War.

That's right. Spending under President Barack Obama was more restrained than it is now. And it's not even close.

United government under Republicans during Trump's first two years, and the partisan division that has characterized the last year-and-a-half, has resulted in an unprecedented spending spree. And the President's latest budget largely goes along with it, if wrapped in appealing but likely empty promises to do better this time.

Under this budget, spending will increase to more than \$4.8 trillion in 2021, though as Cato's Chris Edwards points out, the true number is closer to \$5.4 trillion when accounting for hidden fees and other budgetary gimmicks. All of this comes in the wake of increases in spending of at least \$800 billion already under the President's belt, and trillions more to come according to estimates from SpendingTracker.org.

The national debt, unsurprisingly, has grown along with the spending. Projections by the Congressional Budget Office and nearly every independent observer show it growing as a share of GDP, an issue that is only modestly addressed by the latest budget. Looked at holistically, there's no getting around the fact that the President's latest proposal – even accounting for some good stuff – will not balance by the end of the decade. That means it would continue piling on the debt.

That's not to say the budget is all bad. While it isn't likely to get a hearing in the Senate, it does still give us a sense of where the President's priorities might lie over the next year.

There's a whole new section on the importance of fiscal rules to ultimately getting spending and the debt in check. This budget represents the first time in history a president has even paid lip service to the importance of rethinking budgeting by fiat.

But since budgets have evolved to be so toothless, surely there must be a better gauge of true priorities. A glance at prior years' spending shows that this apparent change of heart toward fiscal restraint should be greeted with praise, but skepticism.

There are various spending cuts and (gasp) revenue increases, sure, but even with these measures, the budget's own numbers show debt-to-GDP dropping from about 80% to 65% during the next 10 years – projections that may be bogus, because like Presidents' budgets of yore, this one is not shy about making overly optimistic assumptions of economic growth over the next decade. More realistic estimates provided by the Committee for a Responsible Federal Budget show that debt-to-GDP is likely to be closer to 90% in 2030.

Meanwhile, President Trump campaigned on and continues to support not touching entitlements, the single largest driver of deficits and debt. As CRFB also highlights, the Administration has proposed reforms that would reduce Medicare costs by hundreds of billions of dollars, as it has in past budgets. But color me a pessimist for thinking that the most likely outcome is for those

responsible elements never to materialize and all the existing spending (and a whole lot of new spending) to continue on autopilot.

I'd love to be proven wrong, but we've all been down this road before.