



Trump's 'draconian' budget barely dents spending increases

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President Trump issued his first federal budget Tuesday, and critics have been quick to call the proposals cruel and heartless. It would cut federal spending by \$3.6 trillion over the next 10 years, which does sound massive. But consider that total spending over that period is expected to be an unfathomable *\$53.5 trillion*, and so Trump's reforms would be a reasonable 6.7 percent reduction.

Critics like to call the cuts "draconian" — one non-profit even said it was "taking us back to the Stone Age" — without acknowledging that they are a drop in a bucket compared to the overall growth in spending in the past decade.

The 2007 federal budget was \$2.8 trillion. In 2016, it was \$3.85 trillion — an increase of 37.5 percent.

Overspending by the last occupant of the White House caused federal debt to roughly double from \$10 trillion to \$20 trillion. That was a cruel and heartless policy because it imposed huge costs on young Americans. Their prosperity is undermined by ongoing borrow-and-spend policies. We don't know whether Trump will end up being more fiscally responsible than President Obama. But he does get credit for challenging the status quo in his budget and pursuing belt-tightening across a range of federal programs.

The plan would cut Medicaid, the huge health program for low-income families. Medicaid spending exploded from \$118 billion in 2000 to \$389 billion today because there are few incentives for cost control in the program. State governments are rewarded for expanding the program with more federal aid, which makes no sense. The Trump budget proposes ways to cap each state's federal aid payment.

The food stamp program is also on the chopping block. The program's cost has soared from \$18 billion in 2000 to \$71 billion today. Yet demand for the program should have plunged in recent years, as the U.S. unemployment rate has fallen to 4.4 percent. The Trump budget would tighten work requirements and share program costs with the states.

The budget would reform Social Security Disability Insurance. This program has also grown excessively — from \$56 billion in 2000 to \$144 this year. A key problem is that SSDI discourages disabled Americans who can work, and often want to work, from entering the labor force. The Trump budget would change program rules to encourage work, while also cutting the program's large fraud problem.

Trump targets the excessive benefits paid to federal workers. The Congressional Budget Office found that federal workers receive benefits 47 percent higher, on average, than comparable private-sector workers. Unlike the vast majority of private workers, federal workers receive both a defined-contribution and a defined-benefit pension. Trump's budget would cut the latter.

The earned income tax credit is a spending program that has soared in cost from \$32 billion in 2000 to about \$70 billion today. The program is plagued by an error and fraud rate of more than 20 percent, and the budget would generate savings by tackling that waste.

President Trump campaigned against crony capitalism, and he is following through with cuts to farm subsidies. Farm aid skews toward wealthy households. In 2015 the average income of farm households was \$119,880, which was 51 percent higher than the \$79,263 average of all U.S. households. The budget would tighten the income limits and the per-farmer payments on the subsidies.

Finally, the Trump budget would cut a wide range of so-called discretionary programs. Many of these programs — such as education and housing subsidies — are properly state and local responsibilities. If the states believe that programs are crucial, they can pony up the funding themselves. There is no magic money tree in Washington, as the \$20 trillion federal debt makes clear.

Trump's budget would increase spending on defense, infrastructure, paid leave, and a few other items. But it would cut overall projected spending substantially. The plan would eliminate the budget deficit within a decade and would spur economic growth by encouraging more people to join the labor force.

Many members of Congress are denouncing and dismissing the proposed cuts, but they are in denial of the large reforms needed to ward off a Greek-style financial crisis in this country. We are headed in that direction with business-as-usual budgeting in Washington. The Trump budget is a challenge to Congress to start paring back our dangerously bloated welfare state.

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