



Budget hawks pin their hopes on Mulvaney

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If anyone can convince President-elect Trump to cut federal spending, Rep. Mick Mulvaney can, according to many fiscal conservatives.

But conservatives are divided on the question of whether Trump wants to be convinced.

Mulvaney, one of a few quietly libertarian-ish Republicans to climb the ladder of South Carolina politics in recent years, was Trump's surprise choice to run the Office of Management and Budget. His nomination immediately drew praise from those who would like to reduce the size and scope of the federal government.

Chris Edwards, tax policy studies director at the libertarian Cato Institute, said Mulvaney would be "the most fiscally conservative budget director in decades."

"Mick is a smart, committed fiscal conservative, who understands the importance of getting our country back on the right path," his colleagues in the conservative House Freedom Caucus said in a statement. "He understands the needs of everyday Americans and has the knowledge and experience to help change how things are done in Washington."

"President-Elect Trump's choice of Mick Mulvaney signals that his administration is ready to seriously address our \$20 trillion in national debt on day one," the statement continued.

"Outstanding choice!" responded Sen. Rand Paul, R-Ky. Tea Party Patriots also commended Trump's selection of Mulvaney.

Liberals, on the other hand, swiftly attacked Mulvaney as a right-wing extremist with bizarre economic policy views. The position requires Senate confirmation, so Democrats will get a chance to air out their concerns in the upper chamber.

But there are questions about how far Trump will let Mulvaney run. Trump didn't run for president as someone who was necessarily going to shrink government. He campaigned against cuts to many popular entitlement programs benefiting the middle class and suggested most budget savings could be achieved through better management — such as renegotiating deals with federal contractors — or by attacking waste, fraud and abuse.

The incoming president has already signaled he is willing to use more government power to protect American workers' jobs. His vision of the GOP wasn't a limited government party but a workers' party.

Trump's nomination and election has left small government conservatives — including some in Mulvaney's House Freedom Caucus— somewhat adrift. Their power came from forcing the Republican leadership to the right, but Trump is more popular in their home districts than the establishment figures they normally oppose.

Moreover, Trump's victory raises the question of whether rank-and-file Republicans are really looking for strong fiscal discipline and conservative economic purity, or simply more effective confrontation with Democrats.

Recent history offers some guidance on what a conservative budget director can do for a Republican president who seems uninterested in major spending cuts. Mitch Daniels had reputation for fiscal rectitude when he took the job under President George W. Bush, a "compassionate conservative." After Sept. 11, Daniels advocated offsetting war spending with cuts elsewhere.

Instead, both defense and non-defense spending grew. New York Times columnist Ross Douthat, a fan of Daniels' tenure as governor of Indiana, acknowledged he "had carried water, as director of the Office of Management and Budget, for some of the Bush administration's more egregious budgets."

Not all budget hawks think Daniels is an apt example, however.

"Mitch was an establishment guy," said Edwards, who edits *Downsizing Government*. "He wasn't a movement guy. He talked a good game. Mulvaney is a movement guy, I think he's great."

"The fact that Trump didn't mention the budget or the debt very much during his campaign doesn't mean he won't deal with those issues as president," said Romina Boccia, deputy director of the conservative Heritage Foundation's Roe Institute for Economic Policy Studies. She calls Mulvaney's nomination "very encouraging."

Boccia points out that Mulvaney will be a factor in whether the Trump administration attempts to wriggle out of the Budget Control Act's spending caps, especially on defense spending. "Mulvaney has been fiscally responsible on the Pentagon," she added, noting that there has been significant waste.

"One of his big roles is going to be education for Trump," Edwards said. "[Trump] doesn't know entitlements, budget or how much government spends."

Trump is going to propose a big tax cut and similarly large infrastructure plan, both policies with the potential to balloon the deficit at a time when long-term debt projections look gloomy. If confirmed, Mulvaney would likely be tasked with finding offsetting cuts.

The \$1 trillion infrastructure plan has particularly drawn scrutiny, especially among conservatives. But much of this amount could come from private investment funds rather than taxpayer dollars or government borrowing. Mulvaney would likely push to rein in the federal role.

Conservative and libertarian-leaning budget experts the *Washington Examiner* spoke to expressed optimism that Trump's interest in the deficit and the country's long-term fiscal challenges would grow once he owned the problem.

Reductions in the corporate tax rate, they said, could be offset with cuts to corporate welfare without hurting Trump's populist image. Energy subsidies were also viewed as low-hanging fruit for Trump and Mulvaney to cut.

"They're not his people," Edwards said of the companies that tend to get those subsidies. "They're Obama's people."