

How Trump Could Shrink the Government (While Still Keeping the Good Stuff)

Call it limited-government liberalism, or compassionate conservatism, Washington could ink a new contract with Americans. Is the new president bold enough to try?

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Donald Trump's political brand is about fighting and winning, and he has promised to fight and win a war on big government. As a candidate, he often attacked the federal bureaucracy as a bloated monstrosity teeming with "waste, fraud and abuse all over the place," and vowed to "cut so much your head will spin!" As president-elect, he continued his clamor on Twitter, pledging to save taxpayers billions on "out of control" programs like the F-35 fighter jet.

But Trump has also proclaimed his belief in an activist government, portraying himself as a kind of father-figure leader who will "take care of people." He insisted during the Republican primary that, unlike his opponents, he would never cut a single dollar from Social Security, Medicare or Medicaid, or let Americans "die on the streets." His agenda to Make America Great Again is in many ways a big government agenda, with bleeding-heart goals like rebuilding infrastructure and reviving inner cities, as well as get-tough goals like beefing up the military and walling up the border.

Trump's critics cite this split-screen attitude toward government as evidence that he's running a con. And his early moves, like stocking his administration with Goldman Sachs alumni, do suggest he won't feel constrained by his drain-the-swamp campaign talk. But if Trump's two-sided rhetoric about government sounds like a con, it should sound like a familiar con, because Presidents Bill Clinton, George W. Bush and Barack Obama all fed us similar lines. They all argued that the federal government is too big, wastes too much money and tries to do too many things—but also that it should perform vital functions like defending the nation, supporting the elderly and providing a safety net for the vulnerable.

In fact, polls show that most Americans agree with both of those arguments, which might help explain why politicians who make them keep winning the White House. As Obama put it in *The Audacity of Hope*, voters "don't expect government to solve all their problems," but do "figure government should help." And those dual beliefs happen to be sensible ones, not just popular ones. It's hard to see how Americans can be assured of clean air and water, a basic level of subsistence and protection from foreign invaders without federal intervention; it's just as hard to see why the federal government needs 200 science education programs spread across 13 separate agencies. It's disturbing that we're the only wealthy nation without universal health insurance,

and also that our government delivers 81 billion annual pieces of junk mail. If you think about it, this amounts to a logical theory of governance that would be revolutionary in practice: Washington really should do some big stuff in a big way, while doing a lot less stuff overall. It ought to focus on policy wars of necessity rather than wars of choice—and then fight those wars with overwhelming force.

This triage approach to governance could be called “limited-government liberalism,” although Trump certainly wouldn’t use that phrase. Or perhaps, to borrow a slogan that Bush never really defined, it could go by “compassionate conservatism.” Its motto could be Clinton’s only-half-remembered 1996 declaration that “the era of big government is over—but we cannot go back to the time when our citizens were left to fend for themselves.” It’s about as close as this polarized nation has to a bipartisan political philosophy, and it’s probably the rosier scenario, if not the likeliest scenario, for the kind of radical change Trump could bring to Washington. It would involve near-constant battles with the special interests and other insiders Trump always talks about battling; it could appeal to Trump’s self-image as a heroic disrupter of an entrenched status quo; and it could be quite popular, a quality populists tend to like.

A new politics of necessity could also help revive the tattered image of Washington, which has suffered from the correct perception that the era of big government never really ended. The federal leviathan now spends \$4 trillion a year, not including more than \$1 trillion worth of spending hidden in its tax code, or more than \$3 trillion worth of uncoordinated federal loans. Its fiscal health has improved since the Great Recession, but last year, it had to spend more than 25 times what it spent on the Environmental Protection Agency just to service its debt. The Code of Federal Regulations runs 178,000 pages, covering everything from the don’t-remove-this tags on mattresses to the are-you-willing speeches stewardesses give exit-row passengers. And numbers aside, Washington keeps taking on new responsibilities without abandoning any old ones, laundering tax dollars through layers of bureaucracy without accountability, contributing to the sense, relentlessly exploited by Trump, that it has lost its collective mind.

It’s not hard to find head-scratching examples of dysfunction that seem to confirm that widespread belief. The U.S. government still subsidizes exurban subdivisions, dinosaur-themed buses, job training programs with no evidence of success, multinational oil giants, high-grade paramilitary weaponry for small-town police forces, *Sesame Street*, professional sports teams that agree to let military color guards perform at their games, farmers who encounter bad weather or low prices or choose not to farm, rural airports, rural housing—basically, rural everything—and fun-to-mock studies of esoteric topics like 12th-century Icelandic religion and feminist frameworks for glaciology research. Last year, it helped finance a prestigious Washington theater company’s all-male production of *The Taming of the Shrew*, a dam upgrade designed to enhance flood protection for just 15 lucky Texans living downstream, and a seven-ton, \$750,000 cedar sculpture for the FBI’s Miami field office that had to be removed (a further \$412,000 expense) because it made dozens of employees sick.

Progressives argue that these fleecing-of-America anecdotes amount to mere rounding errors in the federal budget, which is mostly true: Two-thirds of all federal dollars go to defense, health care and pensions. Zero-thirds goes to investigating whether kids prefer food that hasn’t been

sneezed on, though one federally funded study did conclude that they do. But since these mini-outrages help give *all* government a bad name, their relative irrelevance is a pretty good argument for getting rid of them—and some of the well-intentioned programs that hatched them. At a time when 57 percent of Americans believe government is “almost always wasteful and inefficient,” a new kind of must-do politics could help restore confidence that Washington is careful with your cash. You don’t need to read Ayn Rand to think those 15 Texans should pay for their own dam upgrade. And even pro-government progressives admit that our convoluted Rube Goldberg-style approaches to vital priorities are failing to achieve the desired effects; the U.S. leads the world in health care spending, but not health care outcomes.

Downsizing government could produce real savings, too, not by slaying the overhyped unicorns of waste, fraud and abuse, but by abandoning federal missions that don’t make sense anymore. Do we really need a money-losing quasi-federal postal monopoly in the era of email? How long will we keep throwing away \$15 billion a year to keep losing the war on drugs? Does it make sense to pour more than \$40 billion a year into traditional aircraft programs when drones seem to be the future of aerial warfare? Most egregiously, now that we’re no longer an agrarian nation, is there any reason to spend about \$25 billion on farm subsidies every year, other than to make farmers about \$25 billion richer every year.

The answer is that the people who care the most about agricultural handouts are influential farm groups, farm lobbyists and farm-state politicians. America’s half-million postal employees—who ordered 888 million rubber bands last year—are a similarly formidable political force against privatizing the mail. And not only is the nearly \$400 billion F-35 program that caught Trump’s eye manufactured by powerful Lockheed Martin, it is manufactured in 45 states, all of which have lawmakers attuned to its survival. This dynamic of concentrated benefits and widely dispersed costs helps explain why federal spigots are so difficult to turn off once they start to flow. Paul Light, a scholar of government at New York University, says rationalizing federal agencies is like trying to move bones in a cemetery. “You never know who cares about them until you threaten to dig them up,” Light says.

That also helps explain why limited-government liberalism has been so much more influential in speeches and reports than in the governing of the country. In practice, the Democratic Party has mostly focused on liberalism, pleasing its base by pushing for ever-greater expansions of the welfare state. The Republican Party has focused on limited government, pleasing its base by pushing to rein in anti-poverty programs and other nonmilitary spending—except during the Bush era, when GOP control of Washington produced a big-government spending spree. There hasn’t been a high-profile push for reform since Al Gore’s “reinventing government” initiative, which nudged federal agencies in data-driven and customer-focused directions, but did not fundamentally reshape Washington’s org chart. A few liberals and libertarians did launch a “libertarianism” fusion movement advocating this kind of change a decade ago, but founder Brink Lindsey of the free-market Cato Institute says that it utterly failed to penetrate the two parties—and that Trump’s statist right-wing populism represents its polar opposite.

Still, it’s possible to imagine what change might look like if grow-government Democrats and no-government Republicans could find common ground on amping up Washington’s have-to-do’s while ditching its nice-to-do’s. What if the bottom-line question about federal funding was

not whether the objective was worthy, but whether the objective was vital and unachievable without Uncle Sam's largesse? What would the government look like?

For starters, it might exit the agriculture business, the arts business, the hydropower business and maybe even its deep entanglements in the housing business. It might force NPR to rely exclusively on its audience and its advertisers for revenue, just as other journalism outlets do. It could follow the example of European nations that have privatized entities like our Postal Service, Amtrak, Tennessee Valley Authority and Bonneville Power Administration, removing their government strings as well as government support. If Export-Import Bank and Overseas Private Investment Corporation loans for U.S. corporate deals abroad have a nearly perfect repayment rate, why can't private banks do that lending? And if USDA loans promoting biofuel refineries and renovations of rural apartment buildings return less than 40 cents on the dollar, maybe no one should do that lending.

At the same time, Congress might extend Medicare to every American, creating a relatively simple system of truly universal health insurance to replace our current medical hodgepodge, repealing not only Obamacare but Medicaid, the tax exclusion for employer-based insurance that drains \$200 billion a year from the Treasury, the government-run medical system for veterans and hundreds of overlapping health programs scattered around the government. The current alphabet soup of SNAP food stamps, WIC nutrition aid, TANF welfare payments, Section 8 rental vouchers, LIHEAP fuel aid and other acronym-laden anti-poverty initiatives could also be replaced with straightforward cash assistance for families in need. The federal role in transportation and education, issues that are already handled primarily at the state and local levels, could be ratcheted down, while the federal role in preventing global warming, an existential threat that doesn't respect state or local borders, could be ratcheted up.

It's also possible to imagine that a change agent like Trump could seize this moment of turmoil to wage one war on special interests who protect unneeded programs, and another war on ideological interests who hope to shrink government until they can drown it in a bathtub. But that would require taking his rhetoric not just literally and seriously, but selectively and optimistically. His campaign was more about cultural resentment than a genuine vision for a new kind of government, while his Cabinet picks seem to reflect the same anti-government conservatism that dominated the GOP before Trump. He's shown more interest in humiliating enemies than mastering policy details, and his ice-cream-diet plans to balance the budget while protecting entitlements, growing the military and slashing taxes always defied the rules of math. His pledges to gut Obama's regulations of Wall Street (designed to prevent another financial meltdown) and the coal industry (designed to prevent a climate catastrophe) could neuter Washington's ability to perform some of its most necessary modern functions.

It's even possible, if Trump pursues an alternative path, to imagine the Democratic Party regrouping around limited-government liberalism in the opposition, as liberals grasp the appeal of limiting Trump's government. Medicare for All is a simple and attractive idea that could ignite a movement—Americans *love* Medicare—while attacking corporate welfare, slicing Pentagon fat and refusing to fund programs without evidence of success could also mesh with the goals of the left.

But the first challenge for anyone pushing for government triage would be to get Washington to stop doing things—and if history is any guide, it won't be easy.

It's hard to fathom, now that there are more than 4 million full-time federal workers and as many as 7 million federal contractors, but the U.S. government used to be an incredibly tiny operation. As late as the 1840s, President James Polk let his Cabinet secretaries leave steamy Washington every summer, while he personally answered their mail and ran their departments. “I prefer to supervise the whole operations of the Government myself rather than entrust the public business to subordinates,” Polk explained in his diary. That would be a pretty neat trick in 2017.

Recent scholarship—as well as Broadway-fueled interest in Alexander Hamilton, a fierce advocate of a strong national government—has helped puncture the myth that America was founded on anti-government principles. Our early leaders promoted a national currency and national army. They financed public education and waterborne transportation. The Army Corps of Engineers helped survey the West in peacetime to promote settlement of the frontier, promoting Hamilton's goal of knitting together a vast nation. America's postal service became the largest in the world, keeping citizens connected and informed in pursuit of that same goal; University of Virginia historian Brian Balogh calls it “the CNN of its day.”

Still, by 1900, the federal government was spending only about half a billion dollars a year, about two-thirds of that on defense and Civil War veterans' pensions. It had used its real estate holdings to help establish land-grant colleges and the transcontinental railroad, early glimmers of the idea that Washington should promote national development, but there was still no modern administrative state, no sense that Washington should protect Americans from the vicissitudes of life. It was a simpler bureaucracy for a simpler time. Before cars, planes or flammable pajamas, there was no need for a Federal Highway Administration, Federal Aviation Administration or Consumer Product Safety Commission. Nobody had yet thought of government subsidies for documentary filmmakers or study-abroad programs.

All that changed in the 20th century. The Progressive Era ushered in big government efforts to protect Americans from big business, like trust busting and food safety laws, along with an income tax to finance big government's growth. The New Deal ushered in big government efforts to protect Americans from deprivation, like unemployment insurance and Social Security. And the lessons Washington drew from vanquishing the Nazis and the Great Depression did not involve the limits of activist government. The postwar era ushered in the GI Bill and the interstate highways; the Great Society ushered in Medicare, Medicaid and a slew of War on Poverty programs. As new problems made headlines, new agencies were born. Richard Nixon created the EPA after environmentalism got trendy; Jimmy Carter created the Energy Department during an energy crisis. Ronald Reagan pioneered a new brand of conservatism that used big government as a foil, but he also created a new Cabinet-level Department of Veterans Affairs, just as George W. Bush would later create a new Cabinet-level Department of Homeland Security.

Once they got going, government institutions tended to find ways to keep going. The Army Corps, no longer needed for surveys once westward expansion was complete, reinvented itself as a water agency after the 1927 Mississippi River flood, cultivating new work engineering flood-control structures and dredging rivers for navigation. The Postal Service, no longer needed to spread the news after the dawn of mass communications devices like telephones and televisions, kept busy pursuing a “great principle” that remains on its website: the right to efficient mail service for “every person in the U.S., no matter who, no matter where.” The Interstate Commerce Commission began as a railroad rate-setter but found new life after the rail boom regulating trucking and even phone companies. The Rural Electrification Administration did not close up shop after rural America was electrified; it is now the Rural Utilities Service, subsidizing phone service in rural areas—as well as some formerly rural exurbs—along with rural sewer plants and rural broadband.

It’s hard to overstate the role of Capitol Hill in perpetuating this kind of bloat. Congress routinely bashes the Postal Service for bleeding cash but just as routinely rejects its proposals to cut costs by ending Saturday mail delivery or closing little-used rural post offices. Lawmakers take similar potshots at Amtrak, while forcing it to keep running unprofitable long-distance routes. It may seem odd that on top of a maze of national rural development programs, Congress funds specific agencies serving Appalachia, rural Alaska and the Mississippi Delta—but it seems less odd when you recall that Robert Byrd of West Virginia, Ted Stevens of Alaska and Thad Cochran of Mississippi all chaired the Senate Appropriations Committee.

The Government Accountability Office recently documented 162 areas of federal duplication, and quite a few can be explained by Hill turf battles. For instance, when Obama’s Wall Street reformers proposed to merge the Commodity Futures Trading Commission into the Securities and Exchange Commission to create a single securities regulator, Democratic Representative Barney Frank quipped that they had a sensible idea, and they could do it—just not in the United States. The problem was that congressional agriculture committees oversaw the CFTC, a vestige of the days when futures were used by some farmers to hedge crop prices but were not yet part of a multitrillion-dollar derivatives industry. The ag guys weren’t about to give up control over a lucrative industry teeming with potential campaign donors.

“It’s become so hard to get rid of things in Washington,” says Senator James Lankford, an Oklahoma Republican who recently released a report on government follies titled *Federal Fumbles*. “That’s why people get the idea that the whole city is crazy, and we need to just burn down all the buildings and start over.”

This narrative of an insatiable government with a cancer-cell growth rate can obscure a relevant historical fact: The 20th century also happened to be a period of national awesomeness known as the American Century. Not only did Washington build the world’s greatest war-fighting machine, it helped build the world’s most dynamic economy and most prosperous middle class. It also helped build a more just society with cleaner air and water, a solid safety net for the elderly—Americans *love* Social Security and Medicare—and less discrimination against women, minorities and the disabled. And while there’s legitimate debate about how much the U.S. welfare state promotes dependency among poor families, there’s no doubt that it makes

many poor families less poor—and in 2015, federal aid lifted 38 million Americans who would have been poor above the poverty line. The history of the Manhattan Project and the moon mission—or, to cite more recent successes, the auto industry bailout and the fight against the Ebola virus—suggests the federal government is sometimes capable of great achievements when it takes on great challenges. But when Americans think about government, they tend to focus on taxes they don't like and outcomes they don't like. They associate Washington with the notorious Bridge to Nowhere in Alaska and the botched response to Hurricane Katrina, not Medicare or the Apollo program. They get outraged when they think government is ignoring a problem like Ebola, and rarely notice when government helps solve the problem.

“When kids are poisoned in Flint, or there's a financial crisis, people see it as a failure of government, another reason to distrust government,” says Yale political scientist Jacob Hacker, who co-authored a book about “the war on government” called *American Amnesia*. “But they don't say, hey, I'm glad the government made sure I can breathe clean air.”

The prevailing narrative about government as a perpetual growth machine is also a bit misleading. Federal spending did grow at a breakneck pace in the first half of the 20th century, from less than 3 percent of GDP to more than 20 percent. But that figure has not changed much since the 1950s; neither has the head count of the civil service. These days, nondefense discretionary spending—Washington jargon for most tax dollars that don't go to the Pentagon or major entitlements—is at its lowest level compared to the size of the economy since Dwight Eisenhower.

Of course, that's another way of saying that federal spending has mirrored the spectacular growth of the economy since the Eisenhower administration. And one reason it hasn't grown even more is that Washington politicians, aware of the public's allergy to “spending,” have grown adept at spending in ways that don't count as official spending. The most flagrant workaround is the set of hard-to-kill handouts known as “tax expenditures,” subsidies smuggled into the tax code via deductions for things like mortgage interest and 401(k) retirement plans. Providing these goodies through tax breaks makes them more regressive, since richer taxpayers have bigger mortgages and higher tax brackets; half the benefits from the 10 largest tax expenditures go to the top 20 percent of taxpayers, while nearly one-fifth of the benefits go to the top 1 percent. But the mortgage deduction, which costs the United States \$75 billion a year, doesn't inspire the “your tax dollars at work” mockery of, say, the \$182 million runaway spy blimp that broke loose from its moorings and crashed into the Pennsylvania countryside in 2015.

Tax expenditures would be a perfect target for the ax of limited-government liberalism, not only because they're sneaky, kludgy and wildly expensive, but because most seem inefficient and unnecessary. Is it truly vital to incentivize the well-off to buy homes and save for retirement? Wouldn't they do that without tax breaks? Anyway, if more Americans decided to rent instead of buying or spend instead of saving, would that be so tragic? And even if it would be tragic, shouldn't the policies be redesigned so rich homeowners and savers can't vacuum up most of the benefits? The answer is yes, but whenever goodies like the mortgage deduction are questioned in Washington, interest groups like homebuilders, realtors and mortgage bankers fire up their lobbying engines. So the answer hasn't mattered.

Housing assistance through tax benefits and spending now costs the government more than \$200 billion a year, and more than half those dollars go to homeowners earning more than \$100,000 a year. That's almost impossible to defend. But the scattershot system of federal rental aid for low-income families—government-run public housing, vouchers that subsidize rents in private housing, tax credits for builders of affordable apartments, Fannie Mae and more—can be tough to defend, too. Only about one of every four eligible families receives aid, which isn't fair to the other three, and those families get to keep their aid indefinitely unless their incomes rise too high, which creates perverse anti-success incentives. The old stereotype of public housing projects as horrific warehouses for the poor is out of date, in part because the worst hellholes have been torn down at taxpayer expense and replaced with expensive mixed-income developments. But the quality and safety of government-run housing is still inconsistent, Section 8 vouchers are often accused of destabilizing working-class communities and federal operating subsidies for public housing have grown from \$6.5 million a half-century ago to \$4.4 billion today.

This federal housing-industrial complex has created an array of pressure groups—public housing authorities, affordable housing developers, Section 8 slumlords, tenant groups, community-based nonprofits and others—with a vested interest in the current system. But some experts think it would be fairer, more efficient and less distortive of the housing market just to give all low-income families more cash. It would also avoid nanny-state controversies over the rights and responsibilities of subsidized tenants, like the recent furor over the Department of Housing and Urban Development's efforts to ban smoking in public housing. Similarly, replacing food stamps with cash would eliminate regulatory battles over how much healthy food a convenience store needs to offer in order for families to use government benefits there. Sometimes it feels like Washington and its anti-poverty bureaucracies overthink this stuff.

“The government does a terrible job of meddling with the housing market, but it's great at cutting checks,” says Howard Husock of the conservative Manhattan Institute. “You never hear: ‘Oh, Social Security is awful, my check was late this month.’ If we want to supplement the incomes of the poor, we know how to do that!”

There's a legitimate debate to have about whether government in general and the federal government in particular is necessary to correct a market failure in housing. Some progressives would argue that while tax breaks for rich homeowners are nutty, rental aid should be expanded so that every eligible family can afford a decent apartment. But that kind of debate doesn't happen much in Washington. Policy defaults to the status quo. Every line item has beneficiaries who will defend it, from the loan program for Alaska King Crab fishermen to the tax break for owners of NASCAR racetracks to the Education Department's Ready To Learn Television initiative. It makes no sense for Washington to oversee 1,100 separate grant programs that wash federal tax dollars through the bureaucracy and send them back to the states, but members of Congress love announcing programs and awarding grants, even if the result is an unwieldy mess.

Academics often puzzle about why Americans have such schizophrenic views about government, why they say they hate it even though they seem to like so much it does. But I've been reporting on federal issues for years, and I get it.

In 1999, when I was a new reporter for the *Washington Post*, I got a tip that the Army Corps of Engineers was manhandling natural rivers into freight channels that nobody used. That tip led to a story about how the agency spent \$2 billion building five dams on the Red River—four named for Louisiana congressmen who helped fund the project—but attracted almost no new barges beyond the ones hauling its construction material. I then spent a year tracking down how the Army Corps was cooking the books of its economic and environmental studies to justify similarly destructive boondoggles around the country, from wetlands drainage projects masquerading as flood control to port deepening for nonexistent ships.

The Army Corps was a 37,000-employee agency, and it was desperate for work. Its motto was *Essayons*, French for “Let us try,” and its “strategic vision” vowed to “market and capitalize on opportunities for mission growth” like school construction and nuclear waste cleanup. The agency’s generals had launched a secret “Program Growth Initiative” seeking a 50 percent budget increase from Congress, as if they were dot-com executives seeking to expand market share.

Congress ended up holding a bunch of hearings about “Corps reform,” but it was clear that what members really wanted was to keep using Corps projects to steer jobs and contracts to their constituents and contributors. I remember asking my original tipster what the Corps would have to do to get reformed: Kill someone? Sure enough, its shoddy engineering and misguided priorities killed a lot of people five years later in New Orleans; the floodwalls that failed in Katrina were a stone’s throw from a billion-dollar boondoggle the Corps was pushing for the shipping industry. And that didn’t produce Corps reform, either, just bigger Corps budgets.

The Corps is an extreme example of the “iron triangle” of agencies, lawmakers and special interests that often push public policy in nonsensical directions. It just happened to be the example that introduced me to Washington. I’ve seen similar rent-seeking dynamics with farm policies, housing policies and some energy policies. But I’ve also seen the unappreciated upside of government, most intensely when I covered (and later wrote a book about) the American Recovery and Reinvestment Act, the widely ridiculed \$800 billion emergency package of tax cuts and spending better known as Obama’s stimulus.

The stimulus was designed to help pull the U.S. economy out of free-fall after a financial meltdown—and it worked, helping to avoid a depression and jump-start a recovery while providing tax cuts for most workers and cash benefits for victims of the recession. It also invested in long-term priorities like clean energy—and that worked, too, sparking a renewables revolution that has helped slash U.S. carbon emissions. Meanwhile, Republicans portrayed the stimulus as a big-government mess, an absurd casserole of wasteful spending on Mafia museums and studies of cocaine-addicted monkeys—and, as a political strategy, that definitely worked. Most of the GOP examples of waste were fictional, misleading or perfectly defensible—researchers used monkey brains to test the effects of drug use because using human brains would be unethical—but they helped turn the stimulus into a national joke.

The stimulus was so huge that there were inevitably some wasteful outlays, including Army Corps weirs that have worsened Mississippi River flood risks. But the brutal public reaction to the stimulus had less to do with reality—audits found unusually low levels of fraud—than the widespread assumption that government couldn’t manage a two-car funeral, so it couldn’t

possibly spend \$800 billion without epic failure. This assumption was reinforced by the media's understandable bias toward fleecing-of-America disaster coverage over planes-landing-safely coverage of government working as intended; the public pays more attention to stories about its money being misused than properly used. For example, the stimulus helped generate a 2,000 percent increase in solar power, aided by a clean-energy loan program with a 97 percent success rate, but the only loan that made news went to a failed solar manufacturer called Solyndra that became a one-word Republican synonym for scandal. It wasn't fair, but politics isn't fair. And while the public belief that government spending is usually wasteful is wrong, as the stimulus showed, the public belief that politicians rarely get rid of wasteful spending is absolutely correct.

One such politician who failed to turn cut-the-fat rhetoric into reality is Barack Obama. He introduced himself to America as a limited-government liberal, bemoaning how “no small number of government programs don't work as advertised,” complaining about “oblivious” and “complacent” bureaucracies, chiding Democrats who “still champion the old-time religion, defending every New Deal and Great Society program.” Even though he took office during a vicious downturn, when spending cuts were the last thing the economy needed, he still held a “fiscal responsibility summit” to signal his commitment to longer-term belt-tightening. He even staged a showy event—internally dubbed “the *Dave* project,” after the movie in which a presidential body double invites his accountant to the White House to prune the budget—where Obama ordered his Cabinet to root out \$100 million worth of waste.

That amounted to an absurd 1/400th of 1 percent of the federal budget, an early indication that rooting out waste was not a serious Obama priority. CATO's Brink Lindsey recalls that his “libertarian” mini-alliance began to fracture early in the Obama era, as liberals began dancing to the president's tune, while disgruntled libertarians began singing the anti-government music of the Tea Party.

“I wrote that if we didn't learn to work together, we'd languish separately, and that's exactly what we've done,” Lindsey said. “There was this trans-partisan policy agenda that really united us, but nobody championed it.”

In fairness, Obama's budgets have proposed scores of cuts and consolidations that Congress has ignored. Many Republicans have been unwilling to work with him on anything, while many Democrats have been unenthusiastic about using the budget ax at all. And Obama does deserve credit for terminating several troubled Pentagon programs, including a new presidential helicopter and the F-22 fighter jet. His administration also literally downsized the government by reforming its bloated leasing operation, reducing the footprint of federal offices by 25 million square feet. Still, Obama has managed to get rid of only one agency in eight years, the Office for Thrift Supervision, a hapless financial regulator that had the misfortune not to fall under the jurisdiction of the congressional agriculture committees. His budget office sent me a list of downsizing achievements that included some laughably modest successes, like the elimination of annual Department of Homeland Security reports on the illegal importation of products made with dog and cat fur.

Meanwhile, Obama created four new agencies that did reflect his priorities: a cutting-edge clean-energy research agency called ARPA-E, a Consumer Financial Protection Bureau to protect Americans from financial predators, a U.S. Digital Service full of Silicon Valley imports to

revamp the outdated federal IT system, and an Innovation Center to drive health reforms. They're all solid additions to a modern government. But none of them was offset by subtractions. A couple years ago, I did a bit of reporting on the National Technical Information Service, a Commerce Department agency created after World War II as a repository for federal research and reports. Several senators had introduced a bill to abolish it called the Just Google It Act, since there's no need for a physical library with 3 million obscure government documents and a \$122 million budget in the age of the Internet. But the NTIS still lives. It's been reinvented and rebranded as an in-house big data consultant serving other federal agencies. "Their mission was obsolete, so they just invented a new mission to justify their existence," a Senate aide told me. "They're like: Look at this cool stuff we do! We're like: We never asked you to do that!"

White House officials often sound perplexed that public confidence in government has continued to lag in the Obama era, a period when the jobless rate has dropped by half, the deficit has fallen by two-thirds, Obamacare has cut the uninsured rate to an all-time low, and his administration has been just about scandal-free. But maybe the public is still waiting for evidence of significant changes in the size and scope of official Washington, because it didn't happen on Obama's watch.

Maybe it could happen on Trump's watch.

Conservative Republicans are now ascendant in Washington, with House Speaker Paul Ryan poised to push an aggressive budget-shrinking agenda, along with the repeal of Obama's health reforms, Wall Street reforms and other key achievements. Trump has never shown much dedication to conservatism, or much interest in policy details. But his vice president, Mike Pence, has, and so far Trump seems fine with an assault on big government. He's packing his Cabinet with ideologues skeptical of their department's traditional missions, like his Labor nominee, fast-food executive Andy Puzder, an outspoken critic of workplace regulations, and his EPA choice, Oklahoma Attorney General Scott Pruitt, who has sued the federal agency over a litany of environmental rules. His pick for the Energy Department, former Texas Governor Rick Perry, once tried to call for the agency's abolition but forgot its name, while his nominee for budget director, Representative Mick Mulvaney, is a co-founder of the bomb-throwing House Freedom Caucus, the kind of committed budget-cutter who could tear up big government from the inside.

That would be radical change. But it wouldn't be the politics of necessity.

For starters, the most glaring example of federal bloat is the shadow government that Washington runs for rural America, not just farm subsidies but a panoply of health, housing and everything-else programs targeted at the sparsely populated areas that propelled Trump to the White House. But Chuck Conner, a Trump policy adviser, said at a recent Politico event that the new administration "will be a strong advocate of our current agricultural system," and sources say the transition team has told rural groups that the new president intends to reward their loyalty. For example, the Trump operation has reaffirmed its commitment to corn ethanol—a boondoggle that promotes global warming and global hunger but boosts farm incomes—even though Pruitt has expressed skepticism in the past.

It is also uncertain whether Trump will retain any interest in the liberalism part of limited-government liberalism, or the compassionate part of compassionate conservatism. His nominee for Health and Human Services, Representative Tom Price, was enthusiastic for the sharp cuts to Medicare and Medicaid that Ryan proposed, and the Trump team has not disavowed that position the way it disavowed Pruitt's ethanol heresies. It has also backed off initial talk of a trillion-dollar bill to repair aging infrastructure. Trump is clearly committed to a strong defense—despite his F-35 tweet, his appointments so far suggest he'll side with military hawks over fiscal hawks when it comes to the Pentagon—but it's not yet clear what else he thinks is a vital role of government. He has said he wants EPA to ensure clean air, but Pruitt has sued the agency over its efforts to keep ozone, mercury, haze and carbon out of the air. Presumably it all depends what Trump means by "clean."

One area where Trump could help bring some rationality to Washington is tax reform. The tax code is a classic example of lobbyist-driven complexity, and real reform that cut tax rates while rolling back loopholes, shelters, deductions and other tax giveaways could save taxpayers time and money, promote economic growth and restore confidence that Washington isn't totally rigged. Trump proposed during his campaign to cap all itemized deductions at \$200,000, which could dramatically reduce the power of the mortgage deduction and other tax expenditures to help top earners—if K Street doesn't persuade Congress to carve out significant exceptions.

But nobody really knows what kind of change is coming to Washington, or what kind of problems Trump believes that he alone can fix, or what the opposition will look like. It's quite possible that issues involving political corruption and the rule of law will loom a lot larger than the fate of the Ex-Im Bank or hydropower subsidies. Lindsey thinks the threat of "galloping authoritarianism" might help reunify the old liberalitarian coalition against Trump, but it's not clear at all what the coalition could stop, or what it would be willing to build next.

Perhaps someday, limited-government liberalism will have its moment, like New Deal liberalism and limited-government conservatism before it. Presidents already talk like limited-government liberals; they just haven't governed that way yet. Its main enemies, after all, are special interests, and it's always easier to attack special interests with rhetoric than public policy. For now, it seems likely that the necessity agenda will remain available for a future would-be president to exploit.