

# NATIONAL REVIEW

## The Budget Battles to Come

*If Trump thought his first few months were tough, he's in for a rude awakening: The next few will be even tougher.*

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Don't look now, but the next big legislative battles of the Trump presidency may be just a few weeks away. Republicans must pass a budget by April 28 to avoid a partial government shutdown. Yet, as was the case during the recent failed effort to repeal and replace Obamacare, Democrats are united in opposition while Republicans are badly split.

The looming battle doesn't concern the 2018 budget that President Trump purported to unveil a few weeks ago, which will spark a fight of its own down the road. Rather, it concerns budget business left over from last year when, unable to pass budget bills, a lame-duck Congress kicked the can down the road, passing a continuing resolution to fund the government through the end of this month. The time on that CR is now almost up, and Republicans are planning to offer an omnibus budget bill to fund the government for the rest of the year. To further complicate measures, this massive omnibus will likely be offered as an amendment to the 2017 defense-appropriations bill.

Perhaps unsurprisingly, given the direction of this Congress and administration, the most contentious issues are not likely to be the bill's massive levels of government spending (it proposes a \$15 billion increase from last year) nor the inevitable billions of hidden pork. Instead, it is smaller side issues that threaten to derail the effort to keep the government running. For instance, the Trump administration is insisting on funding to start construction of — or at least planning for — the wall it wants to build on our Mexican border, and Democrats, Republican moderates, and deficit hawks alike are balking. There will also be the usual face-offs over issues such as defunding Planned Parenthood.

While the actual impact of government shutdowns is always vastly exaggerated by the media, the optics of a shutdown would only contribute to the image of an administration in disarray. Yet a retreat by the administration from its key priorities, especially in the wake of the health-care-reform debacle, will make it look weak, imperiling the rest of its agenda.

Trump's Unrealistic Budget And if Republicans do manage to paper over their differences long enough to get through this fight, they will almost immediately have to face up to another budget issue — the debt ceiling. The federal government actually exceeded its \$18.15 trillion borrowing limit some time ago. But, in a bipartisan pre-election ducking of responsibility last October, Congress “suspended” the limit until March of this year. Since then, the Treasury Department has been engaging in a variety of bookkeeping gimmicks to avoid default, such as postponing contributions to government pension funds and borrowing from a pool of funds that the government sets aside to manage exchange-rate fluctuations. While the government can probably keep using such “extraordinary measures” through summer, Congress will eventually have to deal with the issue. Expect Democrats to suddenly rediscover concern over the national debt, while the Freedom Caucus has already indicated that it will want concessions in exchange for agreeing to raise the ceiling.

The optics of a shutdown would only contribute to the image of an administration in disarray. After that comes the battle over Trump's 2018 budget, with its big increase in defense spending and offsetting cuts to domestic programs. Almost nobody is enthused by that plan. There's also the president's \$1 trillion infrastructure plan to consider. Oh, and tax reform.

All of this budget maneuvering comes shortly after the Congressional Budget Office released an alarming new report warning that the national debt will double as a share of the national economy by mid-century. Interest payments on the debt will rise from \$270 billion in 2017 to \$768 billion in 2027, with catastrophic consequences for President Trump's agenda of economic and job growth. According to the CBO, the rising tide of red ink will shrink economic growth by 3 percent from the current baseline. As a result, the average American will be \$4,000 poorer by 2047.

Trump has had a tough first few weeks in office; if he thinks it's about to get easier, he's in for a rude awakening.

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