NATIONAL REVIEW

An Excellent Trump Budget Cut: International Organization Contributions

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The hysteria over President Trump's budget cuts is interesting considering that one of my main complaints is that it doesn't cut enough spending. Moreover, some big spending programs (e.g., Social Security and Medicare) that are driving our future debt have been pretty much left untouched. Also, in a budget that has obviously thought a lot about how to best spend taxpayers' money in many areas, there is very little attempt to undertake a reform of the Department of Defense to assure the best use of the extra money it's getting.

And for all the complaints about the cruelty of this budget, it is worth noting that the federal government will grow by almost 3.5 percent annually in the next ten years. A few numbers from my Washington Examiner article:

> [These cuts] only represent a small portion of the $49 trillion the federal government will spend, and many of the programs that are cut will continue to see their spending grow during the next 10 years.
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> The federal government, overall, will continue to grow. Total spending in fiscal 2018 will be $4.1 trillion, and it will grow to $5.7 trillion in 2027. That's almost $1.7 trillion in spending growth over 10 years. That's still a lot of money, 65 percent of which will be going to four programs: Interests on the debt ($5.2 trillion over 10 years), Social Security ($13.4 trillion over 10 years), Medicare ($8.6 trillion over 10 years) and Medicaid ($4.8 trillion over 10 years).
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> All of these programs continue to grow considerably over the 10-year budget window — even Medicaid, which only sees a slower spending growth than previously projected.

Since the budget was released, ignoring the unicorn-like assumptions used to make the math work on paper, I have been going back and forth between thinking that such a budget is counter-productive because it is dead on arrival and thinking that even if if none of this ever makes it into law, there is a real value when someone is making an articulate case for some programs to be cut, reformed, or terminated.

Right now, I am thinking the latter. While the Trump budget may not be as radical as I would have liked it to be, I am certainly glad to see that this budget proposes to cut down the financial contributions made by the U.S. to international organizations. In the main budget, we read this:

> The Budget proposes to reduce or end direct funding for international programs and organizations whose missions do not substantially advance U.S. foreign policy interests. The Budget also renews attention on the appropriate U.S. share of international spending at the United Nations, at the World Bank, and for many other global issues where the United States currently pays more than its fair share.

The Major Savings document explains that "the Budget proposes to end or reduce funding for international programs and organizations whose missions do not substantially advance U.S. foreign policy interests or for which the funding burden is not fairly shared amongst members."

The cuts to the overall contribution would be $786 million. We will still be spending $900 million in fiscal year 2018 on international bureaucrats. But that's down from the $1.59 billion we spent in fiscal year 2017.

The budget instructs that "the Department of State examine options to: (a) reduce the levels of international organizations' budgets, (b) reduce U.S. assessment rates, and/or (c) not pay U.S. assessments in full. (the full justification for the cuts is on p. 71 of the Major Savings document).

I, for one, hope that the State Department will have the good sense to zero out the budget of the Organization for Economic Cooperation and Development (OECD). The U.S. paid $77 million last year just so that the OECD bureaucrats can push for international tax cartels, the end of privacy, redistribution schemes, and other big-government fantasies. That's what I call working against U.S. interests.

As I explained a few weeks ago in a column on this issue, in addition to their decade-long attack on lower-tax countries, the OECD eagerly pursues Keynesian and insane anti-privacy policies:

> For the sole purpose of a massive tax grab, the OECD is now targeting American corporations with excessive and expansive new reporting requirements. As David Burton of The Heritage Foundation has reported, this puts trade secrets unrelated to tax assessment in the hands of unscrupulous governments and makes proprietary data vulnerable to unauthorized access by third parties.
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> After years documenting their disingenuous and downright statist work, Dan Mitchell with the Cato Institute found that OECD bureaucrats have repeatedly pushed Keynesian spending binges on countries trying hard to eliminate government red ink.
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> At the same time they make unsubstantiated claims that "higher taxes would lead to more economic development or more public goods" and that "a nation isn't developed unless taxes consume at least 25 percent of GDP," Mitchell said. It may come as some surprise that the United States isn't developed yet!

Adding insult to injury, these OECD bureaucrats make all these claims about the need for more taxes while earning large and tax-free salaries subsidized by you and me.

While I see the value of NATO (which the budget justification suggests should keep its entire funding), it is hard to see the value of paying OECD bureaucrats to pontificate on economic policy (there are plenty of academics and think-tank people already doing that) and write papers that no one reads. This is especially the case since the OECD has clearly chosen to side with those who argue for the big-government policies that have slowed down so many of the OECD countries' economies.

The bottom line is that I am glad someone in the White House is finally shedding some light on this issue.