

# The White House proposes eye-watering budget cuts

*It doesn't expect the budget to get far in Congress*

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DURING his campaign for the White House, Donald Trump touted a “penny plan” for government spending. This meant cutting the part of the budget that funds day-to-day operations—ie, excluding mandatory spending like Social Security, health care, debt interest or defence—by 1% a year. Critics said such cuts were unachievable. Department budgets are already beneath their historical average as a share of the economy. They would have to shrink by nearly a third over a decade, after accounting for inflation, to satisfy the penny plan.

That has not deterred Mr Trump. On February 27th the White House announced its headline budget numbers, ahead of a more detailed plan due to appear soon. In his first year in office, Mr Trump is proposing to cut so-called “non-defence discretionary” spending not by 1%, but by more than 10%, relative to current law. The \$54bn (0.3% of GDP) this would free up would flow to the defence budget (see [article](#)).

Cue incredulity. The part of the budget Mr Trump would cut, which funds things like education, housing and national parks, has already fallen by over 10% in real terms since 2010. Strict spending limits in the Budget Control Act of 2011, sometimes called the “sequester”, caused the dive. These kicked in automatically after Congress failed to pass a more palatable plan to bring down deficits. The sequester was supposed to be so severe that lawmakers would have to strike a deal to avoid it. Cutting budgets by a further 10% would be painful. The White House wants the State Department and foreign-aid budgets to bear much of the burden. But these make up only a small proportion of the federal budget: about \$57bn in total (see chart).



The sequester also cut defence spending deeply, which is why hawks like Senator John McCain have been questioning America’s military preparedness. Barack Obama’s last budget proposed a boost to defence spending about two-thirds as big as Mr Trump’s (see chart). A recent paper by Mr McCain argues that an additional \$54bn is needed on top of Mr Obama’s figure—for a total boost of \$91bn, compared with the sequester.

Congress can usually write budgets with a simple majority in both houses. But amending the sequester may require 60 votes in the Senate, and hence bipartisan co-operation. (This happened in 2013 and 2015.) Democrats will never support cuts on the scale Mr Trump seems to want. Plenty of Republicans, too, worry about cuts to the State Department. Mick Mulvaney, Mr Trump's budget chief, says that he is under no illusions about the budget's prospects in Congress, recalling that Republicans paid little attention to Mr Obama's proposals. The budget, he says, was not written for Congress, but for the people.

***Part 1: Only answer these questions for this article: How does this article differ from the last article you read on the Trump budget? Is its thesis similar or different? What do you think the last sentence means....do you agree?***

## The Courage Deficit

THE WEEKLY STANDARD MAR 13, 2017 | By STEPHEN F. HAYES  
<http://www.weeklystandard.com/the-courage-deficit/article/2007063>

The math isn't complicated. If the federal government doesn't reform entitlements soon, the country will face a debt crisis. There is no disputing this. It's inevitable. The only unknown is timing. And the stubborn determination of some leaders in both political parties to ignore runaway entitlement growth—the most urgent domestic challenge facing the United States—means the crisis will come sooner rather than later.

According to the Congressional Budget Office, in 2008 federal debt was 39 percent of the U.S. gross domestic product (GDP). In the summer of 2016, it was 75 percent of GDP. Without changes, it's projected to be 86 percent of GDP in 2026, and 20 years after that, in 2046, it will be 141 percent of GDP—an all-time high. That is a disastrous trajectory with potentially devastating consequences. In the anodyne [*bland, inoffensive, boring*] jargon of the CBO: "The prospect of such a large debt poses substantial risks for the nation and presents policymakers with significant challenges."

The Heritage Foundation frames the issue in a slightly more colorful way:

*Social Security, Medicare, and Medicaid are so large and growing that they are on track to overwhelm the federal budget. These major entitlement programs, together with interest on the debt, are driving 85 percent of the projected growth in government spending over the next decade. The Affordable Care Act, or Obamacare, further adds to the problem, increasing entitlement spending by nearly \$2 trillion in just 10 years. The long-term unfunded obligations in the nation's major entitlement programs loom like an even darker cloud over the U.S. economy. Demographic and economic factors will combine to drive spending in Medicare, Medicaid (including Obamacare), and Social Security to unsustainable heights. The major entitlements and interest on the debt are on track to devour all tax revenues in fewer than 20 years.*

Twenty years. We will be there before a child born this week can legally have his first beer. Without changes, every penny of taxes collected by the federal government will fund entitlements, the drivers of our debt, and the interest on the debt driven by entitlements. No money for national defense. Not a cent for safeguarding our nuclear stockpile or energy research. Nothing for infrastructure, welfare for the truly needy, unemployment for those displaced in the changing economy.

External factors could slow slightly the spinning of the debt clock numbers (strong economic growth) or speed it up (higher interest rates). But there is nothing at all under serious consideration in Republican-run Washington to reverse them.

President Donald Trump mentioned debt only once in his speech to a joint session of Congress last week—and then only to blame Barack Obama for failing to take the challenge seriously. While Trump

has suggested that he favors some cuts in discretionary domestic programs and insignificant line-items like foreign aid (roughly 1 percent of the federal budget), he has consistently opposed reforms to the entitlement programs at the heart of the problem, once predicting that even proposing reforms would be "political suicide."

Trump's view reflected the conventional wisdom. It is wrong.

In an act of political courage exceedingly rare in today's Washington, Paul Ryan decided to challenge those assumptions and proposed making entitlement reform a central component of official Republican budgets. He set up small-group tutorials to educate House Republicans about the gravity of the situation and persuade them to embrace reforms to Medicare and Medicaid, changes that would not affect current beneficiaries but would make the programs sustainable over the long-term. Ryan prevailed, despite initial opposition from his own party—the campaign committees, cautious moderates, Senate Republicans with eyes on winning a majority, and even some misinformed Tea Partiers who came to Washington believing balanced budgets could come from eliminating earmarks [*pork-barrel budget items*]. Since 2011, budget proposals coming out of the House of Representatives have included major reforms to Medicare and Medicaid, so most Republicans are on record in favor of entitlement reforms that Trump still opposes.

But with Trump giving them cover, some House and Senate Republicans want to retreat. Their reasoning: Why take a vote that Democrats can use against them if the president is on the record opposing bold reforms? The glimmer of good news is that House Budget chairman Diane Black intends to include entitlement reform in this year's budget, according to sources familiar with her thinking. Democrats, whose interest in entitlement reform begins and ends with politics, will surely howl. But including the reforms would be an important statement that Republicans understand the magnitude of the challenge.

The Trump White House, however, seems determined to put it off. Former congressman Mick Mulvaney, the South Carolina debt hawk who is now director of the Office of Management and Budget in the Trump administration, shrugged off questions about entitlement reform, telling ABC News: "Those are bigger discussions for another day."

This is exactly backwards. Because they're so big, these are discussions we need to have now. "Things are just going to get worse," says Michael Tanner, a senior fellow at the Cato Institute and author of *Going for Broke: Deficits, Debt, and the Entitlement Crisis*. Avoiding the problem now will not only crowd out other spending, says Tanner, but "it'll mean anything we do in the future is going to be more drastic and more painful."

He's right, of course.

Paul Ryan doesn't see the gulf between congressional Republicans and Trump that seems clear to us. Ryan said last week that he believes Trump will support some entitlement reform, despite the president's many promises to protect the current system. "[In] all my conversations with the president, he says, 'I don't want to change Medicare benefits for people in or near retirement,' and we agree with that," Ryan said.

We suspect this is better seen as evidence of Ryan's undying optimism than a real possibility of entitlement reform under President Trump. But if the president truly wants to fix Washington and address the expanding debt, as he often claims, he can turn to Ryan for solutions.

As the president said in his address to Congress: "The time for small thinking is over."

**Part 2: Standard current event format (summary, connect to class/analysis, opinion, also addressing the following: What is the main idea or thesis? What do you think the last sentence means....do you agree?**