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5 on 45:
On Trump's budget proposal

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PITA: You're listening to 5 on 45 from the Brookings Podcast Network: analysis and commentary from Brookings experts on today's news regarding the Trump administration.

RIVLIN: This is Alice Rivlin. I'm a senior fellow in the Economic Studies division and in the Center for Health Policy, and I'm going to talk a little bit about the new Trump budget announced just this week. This is a drastic proposal, quite unusual for a new president coming in to be this bold about changing what the government spends its money on. This proposal would increase the defense budget substantially and pay for that by cutting back on many domestic programs. It'll face hard sledding in the Congress, but it is a bold proposal. But it's only a proposal. The president proposes, the Congress disposes. And it's only a partial budget, known as a skinny budget. It's only the part that Congress annually appropriates, and only for the next fiscal year. It doesn't cover the so-called entitlement programs or mandatory programs like social security and Medicare and Medicaid that make up a very large part of federal spending and much-dominate the increases anticipated in federal spending, and it doesn't cover taxes. So it is a skinny budget, it is a piece of what will be ultimately proposed by the administration.

It's bold, but it's not likely to be terribly popular, even with the president's own party. Many domestic programs are cut back drastically that have been popular over very many years. Transportation, for example, has always had strong bipartisan support, and indeed, the president has said that he wanted to strengthen our infrastructure. That means highways and airports and bridges and other kinds of transportation infrastructure, so it's hard to square that with such a big cutback in the

transportation department. It cuts back special programs for not only environmental regulation but for cleaning up the environment, for example the Great Lakes cleanup, which has had strong bipartisan support – the Chesapeake Bay cleanup and other specific things. It cuts back development programs on which towns all over the country, and particularly in the central part of the country, depend very heavily. So it is hard to see the president mustering a big majority for any of these cutbacks, including popular programs like Meals on Wheels, afterschool programs, and so forth. It will face political hurdles, not only in the Democratic Party but also in the Republican Party – and some Republicans are coming out already saying, “This is going to hurt my district, this is going to hurt my area, this is going to hurt something that I have championed over the years.” So that doesn’t sound so smart if you want to get it through Congress. The House is likely to be somewhat more favorable, but in the Senate it will be difficult to get – not only a majority of Republicans, but they need 60 votes to avoid filibustering of appropriations bills.

It doesn’t seem to me to be a very smart budget for at least three reasons. One is it cuts very popular programs as listed, as well as less popular ones. Another is it cuts into programs which benefit the very populations that carried the Trump victory – the Appalachian and industrial states of the Midwest, where he has been very strong. And finally, it doesn’t do anything to curb the rise in long-run debt. That will have to involve entitlement programs and taxes, but those are not included in this budget – and in fact, the president has said he doesn’t want to cut the entitlements and he’s going to reduce taxes, so if anything the things to come will only hurt the long-run deficit.

This is Alice Rivlin, thank you.