



Trump's Budget Won't be Balanced, Just Restrained

In his message to Congress describing [“An American Budget,”](#) the president started off accurately enough: “The current fiscal path is unsustainable, and future generations deserve better.” Translation: If this budget isn't approved, wage earners will not only have to hide their wallets but their grandchildren as well.

He added: “Over the next decade, a steady rate of 3-percent economic growth will infuse trillions of additional dollars into our economy, fueling the dreams of the American people and sustaining a new era of American Greatness.” And, hopefully, enough vastly increased tax receipts to pay for it.

He left his Office of Management and Budget (OMB) director Mick Mulvaney to fill in the gaps and pick up the pieces. The budget, apparently, won't ever be balanced, so we're changing the goal: grow the economy faster than the budget so that the deficit gap starts to shrink. Said Mulvaney, “As a nation, we face difficult times — challenged by a crumbling infrastructure, growing deficits, rogue nations, and irresponsible Washington spending.... Just like every American family, the budget makes hard choices: fund what we must, cut where we can, and reduce what we borrow.”

Here are the numbers: For fiscal year 2018 (which ends this coming September 30), government tax receipts of \$3.3 trillion compared to government spending of \$4.2 trillion will leave a gap — a deficit — of \$873 billion, equivalent to 4.4 percent of the country's gross domestic product. In the following years, that annual deficit is projected to grow to \$987 billion by 2020, equivalent to 4.5 percent of the country's current GDP. Only by 2022 does that percentage begin to decline based on the assumption that government spending is only \$4.9 trillion while tax receipts would hopefully be \$4.1 trillion.

That is the crux of the new math in Trump's budget: As long as the economy grows more quickly than the debt, the debt (relative to the economy) will start to shrink. And, lo and behold, under the projections it does. By 2023 the deficit is only three percent of GDP and by 2028 it falls to just 1.1 percent. Of course, by then government spending would be \$6.2 trillion and the robust new-era MAGA economy would be generating tax receipts of \$5.8 trillion.

The 160-page budget is mostly made up of calculations based upon Trump's spending plans and a three-percent-growth economy. His spending plan includes \$200 billion for his infrastructure rebuilding program (covered [here](#) and [here](#)); \$23 billion for border security, which includes \$18 billion for the wall (it looks like Mexico won't be paying for that wall after all); \$85 billion in expanded coverage for improved medical care for veterans; \$17 billion to fight the “opioid” crisis; and defense spending, which jumped from \$590 billion last year to \$634 billion this year and will continue to escalate to three-quarters of a trillion dollars in the out years.

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AN AMERICAN BUDGET



Written by [Bob Adelman](#) on February 13, 2018

Missing from the budget is any mention of restraining spending for Social Security or Medicare, the two elephants in the living room that no one, including the president, wants to talk about. Mulvaney made it clear that Congress simply isn't in the mood to consider adopting all but a few of his proposed spending cuts and the president has told him that cuts to those welfare programs are off the table.

In sum then, if Congress agrees to adopt Trump's proposal immediately as presented, by 2028 the national debt will be closing in on \$30 trillion. But the nation's gross domestic product — the total of all goods and services being produced by Trump's new-era MAGA economy — will be nearly \$35 trillion. So, apparently, there's nothing to worry about. Nothing, that is, except wars, recessions, and six new Congresses with their own ideas about fiscal responsibility and accountability.

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