

# Another GOP President Balloons the Deficit

Facing the Democratic “#Resistance,” President Trump has jumped into the arms of congressional Republicans and is following the old GOP pattern of tax cuts, military hikes and ballooning deficits, as Ivan Eland explains.

By Ivan Eland

The White House is now planning a humongous ten percent hike in defense spending, while making comparable deep cuts in domestic government programs—excluding big entitlement programs, such as Medicare and Social Security, which President Trump has promised not to touch.

During his campaign, the president also talked about a massive \$1 trillion infrastructure program and just recently pledged again to spend “big” on it. Finally, he plans to slash taxes significantly. Those who have been paying attention for a while could be excused for having a sense of Republican déjà vu—expanding government deficits leading to rapidly expanding national debt.

When Ronald Reagan came into office in 1981, his plan included the contradictory goals of massively increasing the Pentagon’s budget, cutting income taxes substantially, and balancing the budget. However, his defense budget hikes and initial tax reductions ballooned the federal budget deficit so much, especially since proposed domestic spending cuts didn’t work out so well, that he had to raise taxes six out of eight years as president.

Thus, contrary to popular belief, Reagan had the smallest net tax reduction during his presidency of any post-World War II Republican. In the end, despite his reputation as an advocate for small government, his splurge in government spending increased the size of the federal government as a portion of GDP, and he was first among post-World War II presidents in debt accumulation as a percentage of GDP.

Similarly, George W. Bush racked up huge deficits and debt by following the Reagan precedent of instituting “fake tax cuts”—that is, tax cuts while increasing government spending, which leave budget deficits and debt for future generations to pay off with interest and may even require the inflationary printing of money to finance them.

Bush spent heavily by prosecuting two wars in the greater Middle East (Trump recently estimated the total money wasted so far in those long wars at \$6 trillion) and expanding the benefits of an already financially rickety Medicare

program.

## **Ignoring the Deficit**

When Bush's powerful vice president, Dick Cheney, famously said "deficits don't matter," he must have meant politically – voters like their taxes reduced but not the government programs on which they have become dependent – rather than economically. Federal budget deficits and resulting expanding government debt can strangle economic growth by "crowding out private borrowing" and increasing inflation.

The only difference between President Trump and those other two big-spending Republican chief executives is that Trump hasn't even really bothered to mouth the rhetoric of "small government."

His massive infrastructure spending scheme and his promise not to cut politically popular mandatory spending programs (entitlements), which are projected by the conservative Heritage Foundation to represent 64 percent of the federal budget by the year 2020, are evidence of his profligate tendencies. Tax cuts are also always popular, especially with the Republican political base, and are fine if spending is cut first—so deficits and debt don't rise.

If history is any guide (and it is), politicians likely will prove successful at cutting taxes and raising defense, law enforcement, and veterans spending, but will not be very adept at cutting other domestic spending (under Reagan and Bush it expanded substantially). Many of these programs have politically powerful constituencies, some of which are Republican, who will push back.

The area most puzzling is Trump's dramatic proposal to increase the defense budget by a whopping 10 percent. Where's the increase in foreign threat to justify such spending? The United States has been successful in constricting ISIS in Iraq and Syria by cheaply funding and supporting local forces battling the group.

If, as Trump alleges, the most capable military in human history is "depleted," which is seriously doubtful, it is because of long, costly, and futile wars in the greater Middle East that, during the campaign, he implied that he wanted to avoid in the future. If the military gets even more money from the president, there will be even more impetus to send it abroad to fight such counterproductive wars that generate more blowback terrorism at home – thereby lessening U.S. security.

The United States already spends more on defense than it did on average during the bad old days of the Cold War, when the Soviet Union could have plausibly posed an existential threat to the country. ISIS pales in comparison and

certainly doesn't pose such a potent threat. As for potentially hostile nations, the United States already spends on defense what the next seven countries do combined, including China and Russia.

Thus, if Trump's huge increase in defense spending is combined with a massive hike in infrastructure spending, no reduction in entitlement programs, likely disappointing spending cuts in non-entitlement domestic programs, and a substantial tax cuts, then federal budget deficits and the resulting national debt will again balloon—likely leading to a considerable drag on the economic growth that Trump has promised.

**Ivan Eland is Senior Fellow and Director of the Center on Peace & Liberty at the Independent Institute. [This article first appeared as a blog post at The Hill, <http://thehill.com/blogs/congress-blog/economy-budget/322596-here-we-go-again-yet-another-debt-expanding-republican> .]**

---