



The Daily Dish

“Everyone has a plan....”

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On Thursday Senate Minority Leader Charles Schumer (D-NY) announced that Senate Democrats will allow for a “day one” vote on two of President-elect Trump’s nominees today. The Senate will vote to confirm General James Mattis as Secretary of Defense and General John Kelly as head of the Department of Homeland Security (DHS). The Senate is expected to begin debate on Congressman Mike Pompeo (R-KS) on Friday in hopes of confirming him as CIA director. If the Senate is unable to reach a consensus on more nominees, President-elect Trump could end up with half as many confirmed nominees as President Obama had when he was first sworn into the office of the president.

Yesterday the American Action Forum (@AAF) released new research examining President Obama’s environmental legacy. AAF research finds that President Obama’s environmental regulations have not cut emissions as much as claimed. AAF research finds that nearly half of claimed regulatory cuts would have been achieved without new regulations. With this finding, the average abatement cost from greenhouse gas regulation is \$65 per ton, well above the \$36 per ton estimated benefit.

Eakinomics: “Everyone has a plan....”

until they get punched in the mouth,” Mike Tyson famously said. This is the modern equivalent of what happens to the best laid plans, it came to mind as [reports](#) indicated that the incoming Trump administration is preparing a massive shrinking of the federal bureaucracy. *The Hill* newspaper reports that “Overall, the blueprint being used by Trump’s team would reduce federal spending by \$10.5 trillion over 10 years” as a result of the fact that: “The departments of Commerce and Energy would see major reductions in funding, with programs under their jurisdiction either being eliminated or transferred to other agencies. The departments of Transportation, Justice and State would see significant cuts and program eliminations. The Corporation for Public Broadcasting would be privatized, while the National Endowment for the Arts and National Endowment for the Humanities would be eliminated entirely.”

Dramatic indeed!

Let’s put this in perspective. According to the Congressional Budget Office, if left unchanged the federal government will spend \$12.9 trillion over the next 10 years in annual discretionary spending, the source of most of the funding of agencies and their programs. If this is literally all discretionary spending, it amounts to a 78 percent cut in spending. Broadening the net to include mandatory spending brings the total to \$50 trillion dollars, so this is still a 20 percent reduction in spending. However, soon-to-be President Trump has pledged to not touch Social Security or Medicare, which takes a total of \$22 trillion off the table; a \$10 trillion cut in the remaining \$28 billion works out to a cut of roughly 36 percent.

There is little question that many of these cuts have tremendous merit, or that federal spending needs to be brought under control to avoid dire fiscal consequences in the future. But trying to do so while putting nearly 50 percent of spending off-limits makes the job much more difficult. The rumored plan also raises the fundamental question about the priorities of the incoming administration. Yes, one could go all out to achieve this objective,

but what would happen to repealing and replacing Obamacare? Tax reform? Regulatory reform? Raising defense spending? How does one do this, while undertaking a massive increase in infrastructure spending?

Plans have been made. Beginning today we begin to find out if they are priorities and whether they face a formidable opposition.