The Daily Dish

Policy Substance and Shutdown Threats

DOUGLAS HOLTZ-EAKIN | FEBRUARY 7, 2018

Eakinomics: Policy Substance and Shutdown Threats

Punxsutawney Phil saw his shadow, so we now face another government shutdown threat — or something like that. At any rate, the clock is ticking toward the 12:01 AM Friday deadline for funding the government. Last night, the House of Representatives passed — on partisan lines — a continuing resolution to fund most of the government along with a full-year funding increase for defense accounts in 2018. Unfortunately, this effort is likely dead on arrival in the Senate because it needs 60 votes and progressives have insisted that any increase in defense discretionary spending be matched dollar for dollar with increases in non-defense discretionary spending.

One might think this is just politics, but AAF's Gordon Gray does a nice job of laying out the policy flaws with the parity argument. To my eye, these come in two forms. First, the spending reductions commonly known as sequestration disproportionately cut defense spending. Put differently, the original sacrifice was not 1 for 1; why should any modest undoing of it be 1 for 1? Indeed, defense discretionary spending took one-half the hit, while the non-defense accounts took roughly one-third.

The second problem with the parity argument is that it has nothing to do with the right policy for non-defense spending. The defense spending number reflects the needs of the National Defense Strategy, which is in turn embedded within the recently released National Security Strategy. Getting the policy settled and then budgeting to meet its needs is the right way to go forward. Holding up the taxpayer for an arbitrary amount of new funds and then deciding how to spend them is decidedly the wrong way to go.

Returning to politics, it seems unlikely that the House-passed continuing resolution makes it to the finish line. Instead, the Senate will pass another — probably more plain vanilla — version of the resolution and send it back to the House. Since the Democrats have scheduled their annual retreat to begin today on the eastern shore of Maryland, get ready for a cliffhanger before this is settled.