



The Daily Dish

The President's Budget

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Eakinomics: The President's Budget

The White House releases major elements of the president's budget proposal for fiscal year 2020 this morning. As I noted [elsewhere](#), I think the most important thing to look for is how the administration frames its budgetary objectives. Obviously, the current deficit is large and the [outlook](#) is even worse. What is the administration's goal and strategy to achieve it? Cut the deficit in half? Stabilize the debt relative to gross domestic product? Other?

Barring a major surprise, beyond that the budget will disappoint. It will contain largely predictable, but unrealistic, components. It is easy to anticipate that the administration will [request](#) more money for walls on the southern border and will rely on aggressive [economic assumptions](#) to foster improvement in the budgetary outlook.

It will also pretend to adhere to the budget caps imposed by the Budget Control Act ([BCA](#)) — except for two things. It will stuff roughly \$170 billion into the Pentagon budget through the use of the Overseas Contingency Operations (OCO) account. That is, it will employ an enormous gimmick. Also, everyone knows that the BCA caps are unrealistic, and the major job of Congress is to cut another deal on levels for defense and non-defense discretionary spending. The budget will provide no guidance or presidential leadership on this issue.

In short, there are only two important budgetary events on the 2019 horizon — passing a debt limit increase/suspension and cutting a deal on spending caps — and the president's budget is going to be irrelevant to both of them.