



The Daily Dish

# The President's Budget

DOUGLAS HOLTZ-EAKIN | FEBRUARY 10, 2020

## Eakinomics: The President's Budget

Today the White House will release the president's budgetary submission to Congress. Given that the opposition party controls the House of Representatives, and the Budget Committee chairman has already said that there will be no House budget resolution, one might think that there is no reason to pay much attention to the president's budget. Perhaps, especially because one usually doesn't see much in the way of dramatic proposals in an election year. But there are still all sorts of potentially interesting aspects to the president's budget.

The first is the administration's economic assumptions. What does the administration see as the path forward for economic growth, interest rates, and inflation? Will it continue to assume that growth averages 3 percent per year? What is the expected path of recovery from the slowdown at the end of 2019? Will interest rates stay low, or go even lower? Does this revive inflation?

Does the budget come to balance over 10 years? The administration has hinted that this traditional goal has been jettisoned. If not, how? Does the administration propose to reduce mandatory spending even though Social Security and Medicare are apparently off limits? Or, is the spending focused on discretionary programs, including programs that are popular on Capitol Hill. Recall that in years past, the budget has proposed cuts to the Corporation for Public Broadcasting and the National Institutes of Health.

Certainly one would not expect the budget to get balanced by tax increases. On the contrary, the president has spoken of another round of tax cuts. While the details are unlikely to be included in the budget, will the budget anticipate the size of the tax cuts?

The budget will be an important influence on the spending priorities in Congress, but it will not be much of a guide to the larger fiscal policy challenges facing the country.