



The Daily Dish

The Right Way to Right-Size Government

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Eakinomics: The Right Way to Right-Size Government

Writing in *The Wall Street Journal*, James Freeman [gave voice](#) to a common, but dangerous, argument by embracing the use of the budget sequester to cut spending. He notes that *The Hill* [reported](#) “President Trump has indicated that he would allow \$125 billion in spending cuts to take place for both defense and nondefense spending if Congress does not agree to his spending plan, top White House adviser Larry Kudlow said Thursday.” He then opines, “Taxpayers may fondly recall the budget sequester as the magical legislative unicorn that somehow forced the federal government to reduce its overall spending for two beautiful consecutive years in 2012 and 2013.”

Beauty is in the eye of the beholder. The problem is that the sequester mechanism (across-the-board cuts) is concentrated on annual discretionary spending. As a result, the defense budget was gutted by cuts of 4.1 percent and 6.7 percent in those years. Indeed, it was not until the 2018 Bipartisan Budget Act (BBA) that defense spending levels were [set in accordance](#) with the policy needs identified in the National Defense Strategy, thereby avoiding budgetarily imposed policy [risks](#). Cutting for the sake of cutting is not conservative budgeting.

A better strategy would be to set the defense and non-defense spending levels at their appropriate, policy-driven levels and keep overall spending in check by finding needed offsetting reductions in mandatory spending (aka the entitlements). This focuses the emphasis of restraint on the vast majority of spending (62 percent in 2018). It also provides the opportunity to address the genuine need for reforms to the entitlement programs. The basic trade of additional discretionary spending for mandatory restraint has been the basic architecture of a series of two-year budget laws, including the 2018 BBA.

Of course, the fundamental problem is that the president campaigned on a reckless promise to not touch Social Security, Medicare, and Medicaid. This is essentially a promise to let the federal budget continue to spiral out of control and should be rethought immediately. To pair that irresponsibility with a budgetary attack on the foundations of national security is doubly unwise.