Trump's $4.8 Trillion Budget Would Cut Safety Net Programs and Boost Defense, Highlighting an Ever-Growing Ideological Divide

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The New York Times, in a recent article, outlined the budget cuts and spending initiatives advanced by President Trump in his $4.3 trillion budget proposal. The budget cuts include those relating to loan assistance, affordable housing efforts, food stamps, and Medicaid. The proposed cuts fall in line with President Trump's efforts to cut government spending in the midst of his second presidential campaign. According to the proposal, the biggest reduction is an annual two percent decrease in spending on discretionary domestic programs, like education and environmental protection.

As for tax cuts and defense spending, the budget proposal extends the individual income tax cuts that were set to expire in 2025 and provides for additional spending for the military, veterans, national defense, and border enforcement. Key areas for military spending include $3.2 billion allocated for the development of a hypersonic missile system and $18 billion for the newly established U.S. Space Force.

In terms of the federal deficit, the budget proposal estimates that the deficit will be wiped out by 2035. Notwithstanding this projection, the budget proposes adding $3.4 trillion to the national debt by 2024. Currently, the U.S. deficit for the fiscal year of 2020 alone stands at $1.08 trillion, and as of February 2020, the total U.S. debt stands at $23 trillion. As stated in the U.S. Treasury's report in November 2019, foreign governments are the largest holders of the U.S. debt at $6.7 trillion. Accordingly, it appears that the Trump Administration is heavily relying on borrowings to sustain this level of expenditure, which directly contradicts the policies promulgated by prominent Democratic candidates. Many Democrats recently outlined detailed plans for raising liquidity by raising taxes for corporations and the rich and expanding government efforts to provide health care, education, affordable housing, and aid for the poor. Despite the proposed policies to increase liquidity, critics argue that Democrats do not have an articulable solution for lowering the federal deficit or national debt.

The differences in the budget proposal put forth by President Trump and his Democratic rivals highlight the key ideological differences among Republicans and Democrats. In terms of the Republican Party, the laissez-faire economic theory, championed by Adam Smith, and further advocated for by Ronald Reagan, rejects the practice of government intervention in the economy. The Democratic Party, on the other hand, largely believes in modern liberalism, advanced by John Rawls and John Fitzgerald Kennedy. Under this theory, the government is an active participant in reducing inequality, providing education, ensuring access to healthcare, regulating economic activity and protecting the natural environment.

While the ideological underpinnings of the Democratic and Republican Parties are clear, the solution for significantly reducing the U.S. deficit and national debt is not. In a practical sense, what would be prudent here is to close the ever-growing partisan gap, which would in turn set the U.S. economy on a long journey of achieving a budget surplus.