



## Sanders releases plan to pay for \$52 trillion worth of new government programs

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On Monday night, Bernie Sanders' campaign released a checklist outlining the costs of the candidate's seven biggest programs and how he planned to pay for them. The list covers Medicare for All, the Green New Deal, tuition-free college, canceling student debt, canceling medical debt, universal childcare and guaranteed affordable housing.

Anyone who can't handle sticker shock should avert their eyes. A round estimate suggests a price tag of about \$52 trillion over ten years or as much as \$5.2 trillion in new government spending per year. For some perspective, those programs could double federal spending, which topped \$4.4 trillion last year.

The Vermont Independent senator has often faced criticism for promising ambitious multitrillion-dollar programs without offering details on how he would cover the costs. Over the weekend, Sanders was caught flat-footed in a "60 Minutes" interview when he asked how much his agenda would cost the American people. He stumbled, saying that he couldn't "rattle off to you every nickel and every dime," adding vaguely that "we have options out there that will pay for it."

To his credit, Sanders came prepared to a Monday night CNN town hall. A questioner asked how Sanders was different from President Donald Trump who rallied his base behind the idea of building a wall on the Mexico border without a plan to pay for it.

"I thought that question might come up," Sanders said, handing some folded papers to moderator Chris Cuomo. "Here it is. This is a list which will be on our website tonight, of how we pay for every program that we have developed." The list included a host of new taxes on corporations, Wall Street and the wealthy, as well as cuts to fossil fuel subsidies and government spending on the military.

Sanders released the plan ahead of what is expected to be a contentious debate in South Carolina, Tuesday night. The other candidates have mostly issued statements explaining how they planned to pay for their ideas. The Vermont senator has lagged behind, opening him up to attacks.

"A lot of my opponents like to say I can't pay for my agenda to help the working people of this country," Sanders wrote in a tweet with a link to his list. "They're dead wrong."

A lot of my opponents like to say I can't pay for my agenda to help the working people of this country. They're dead wrong. Here's how: <https://berniesanders.com/issues/how-does-bernie-pay-his-major-plans/> ...

While it's important that Sanders offered voters an explanation of how much his agenda would cost, a closer look at the details shows that the plan is not fully paid for, noted Marc Goldwein, the senior policy director at the Committee for a Responsible Federal Budget.

"In some places, they have really solid estimates," Goldwein said. "But if we implemented this as written as best we could, the federal government would be much, much bigger. Taxes would be much higher, but not by enough to cover the new spending, so the debt would grow pretty significantly." The debt has already grown by more than \$3 trillion under the Trump administration and stands at a staggering \$23 trillion.

The Committee for a Responsible Federal Budget has estimated that the shortfalls in Sanders' funding plan could add up to \$15 trillion to the debt over ten years—a figure that does not include potential shortfalls in paying for the Green New Deal.

Adding that much unfunded spending would be "economically dangerous," Goldwein warned. In the worst-case scenario, it could cause America's creditors to question whether the country can make good on its financial commitments.

## **MEDICARE FOR ALL**

When Sanders released his agenda, it was immediately clear that some numbers didn't add up, particularly his calculations around Medicare For All. So the Sanders campaign updated its calculations.

The replacement of the current health care system with Medicare for All is the single largest item on Sen. Sanders' agenda. As recently as Monday night, Sanders publicly accepted independent estimates that the program would cost \$30 trillion over ten years. But after critics pointed out that his "menu of financing options" fell \$12 trillion short of that estimated cost, his campaign appeared to move the bar.

Sometime Tues. the Bernie Sanders campaign updated its [#Medicare4All](#) estimate to explain why \$17T would cover the costs. Here's the original post.

A revised version of Sanders' list was posted sometime Tuesday. It cited figures from a Yale University study claiming that Medicare For All would reduce the total amount of U.S. private and public spending on health care from \$52 trillion to \$47 trillion. The campaign continued that federal, state and local governments were already on course to spend \$30 trillion over the next ten years, so the campaign's plans to raise \$17 trillion in revenue covered the difference.

The author of the Yale study defended the campaign's claims, tweeting, "There are enough revenue options identified by Sen. Sanders, that [#MedicareforAll](#) could be funded without any new household tax."

There are enough revenue options identified by Sen. Sanders, that [#MedicareforAll](#) could be funded without any new household tax, and instead implementing his net worth tax, modifying the estate tax, etc. In SHIFT (<http://shift.cidma.us/>), this can be visualized by:

implementing a 2% 'Net Worth Tax' above \$21 million from our base case of 0%, including Sanders' fee on large financial institutions in the 'Additional Tax' options, and including the first four 'Reforms to Tax Code' in the 'Revenue Generation' panel).

Sanders' plan proposed a slate of new taxes that would raise \$17.84 trillion, ostensibly covering the difference. Employees and employers would pay increased taxes and Sanders proposed rewriting the tax code to charge a 35% corporate tax rate. He also proposed taxes on capital gains and a 52% marginal income tax rate for income over \$10 million.

Mark Weisbrot, the co-director of the progressive Center for Economic and Policy Research, noted that the campaign proposal will look a lot different from a final proposal that passes Congress, if it gets to that point.

"This is the kind of thing where the details are going to be hammered out," Weisbrot said of the health care proposal. "This isn't the final word. But the purpose of this is to show it's possible and if it's what people want, it's reasonable."

## **GREEN NEW DEAL**

The next largest program Sanders is pushing is a Green New Deal. The \$16.3 trillion proposal would move the U.S. economy entirely away from fossil fuels by 2050, end the use of nuclear power and shift to only renewable resources for electricity and transportation by 2030.

The Sanders campaign previously claimed the program would pay for itself in 15 years with the creation of new jobs and industries while saving money by combating the effects of climate change.

In its new plan, the campaign said it would extract more than \$3 trillion from the fossil fuel industry. The money would come from litigation, fees, taxes and ending subsidies for fossil fuels. The plan would also require a \$1.2 trillion reduction in U.S. defense spending over ten years and a tax increase on large corporations.

In under 3 years, the United States restructured the entire economy in order to win World War II and defeat fascism.

If we could do that, then we can certainly address the climate crisis.

With a Green New Deal we can create 20 million good jobs and transform our energy system.

Much of the rest of the money would come from new jobs and energy production, which the campaign estimates would be close to \$9 trillion, plus an additional \$3 trillion in savings from "averting climate catastrophe."

Ryan Bourne, an economist at the free market Cato Institute, noted that the campaign's revenue projects "don't pass the laugh test." He continued that Sanders' estimated revenue from the fossil fuel industry "might well exceed profits for the sector over a decade."

Sanders' proposals to raise taxes have also cast some doubt on his projections for economic growth, including skepticism about the general economic impact of hiking corporate taxes or replacing the health care sector, which accounts for about one-fifth of U.S. GDP.

"Bernie Sanders' 'financing plan' is incomplete in regard his spending pledges, makes heroic revenue assumptions in relation to the tax policy changes and even more unrealistic implicit claims about how these tax measures would affect economic activity," Bourne advised.

### **FREE COLLEGE, STUDENT DEBT CANCELLATION, UNIVERSAL CHILDCARE**

Several of Sanders' programs rely on new taxes on high-earners and Wall Street speculation. The programs for universal childcare and pre-K, student debt relief and free college poll well across party lines and demographics, but some of the pay-for mechanisms appear to fall short.

"Twelve years ago we bailed out the crooks on Wall Street, now it's their turn to help the working families of this country," Sanders said in a campaign speech in Texas, explaining his plan to pay for the popular programs.

Sanders leads every other candidate in support of young voters, many of whom have been galvanized by his promise to cancel student loan debt and ensure free tuition at public colleges and universities. That program would cost \$2.2 trillion and could be paid for by a "modest tax on Wall Street speculation," according to the Sanders campaign.

It's not clear where the campaign came up with its estimate for how much the government could raise by taxing financial transactions on stock, bond and derivatives trades.

According to the Tax Policy Center, the financial transaction taxes proposed by the Sanders campaign would only raise about \$400 billion over a decade. The Congressional Budget Office offered a more generous estimate, suggesting a 0.1% tax on the purchase of stocks, bonds and derivatives would generate \$777 billion.

To pay for universal childcare, Sanders has proposed a wealth tax of 0.1% on individuals with a net worth of \$32 million or more. The campaign suggested the tax could raise upwards of \$4.3 trillion, more than enough to cover the cost of childcare and preschool for every American family who needs it.

A recent study by the Wharton School of Business at the University of Pennsylvania found Sanders' wealth tax would raise between \$2.8 trillion and \$3.3 trillion over a decade. On the plus side, the lowest estimate would be enough to cover the program, which the Sanders campaign estimated would cost \$2.5 trillion, however, the best-case scenario is still more than a trillion dollars short of Sanders' estimate.

The costs of Sanders' plans are certainly high, but according to Gerald Friedman, an economics professor at the University of Massachusetts, Amherst, they will likely be worth it.

Friedman, an economist who gave a controversial positive assessment of Sanders' 2016 economic plan, argued that the candidate's slate of programs would "speed economic growth and improve living standards for ordinary Americans." He continued, "There would be more public taxes but some of these would be offset by reducing what-amounts-to private taxes paid for healthcare premiums. In other cases, the proposed taxes would increase economic efficiency by discouraging wasteful financial transactions."

Sanders is currently leading the field of Democratic candidates with the largest number of delegates and he enjoys a double-digit lead in national polls.

