



# Trump Pledged To End Trade and Budget Deficits. He's Made Them Bigger Instead

S.V. Date

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Two years after promising to eliminate deficits in the federal budget and the balance of trade, President Donald Trump instead presides over colossal increases in both.

Trump's Commerce Department announced on Wednesday that the trade deficit in goods hit \$891 billion in 2018, up more than \$80 billion from 2017. A day earlier, Trump's Treasury Department disclosed that the budget deficit for the first three months of this budget year hit \$310 billion, a 77 percent increase over the same period in the previous year.

White House officials would not comment on the numbers, but outside economists said they were not at all surprised, given the Trump-backed massive tax cut that became law in late 2017 and the tariffs he has imposed.

"He messed up the fiscal deficit with his tax cuts, and his tariffs made foreign goods that the U.S. no longer produces more expensive," said Monica de Bolle, a trade expert at the Peterson Institute for International Economics.

She added that she doubts Trump understands any of those relationships. "Does Trump get it? No."

"The annual trade data out today, with record imports and exports, show a strong U.S. economy and vibrant export sector," said Scott Lincicome, a trade lawyer affiliated with the Cato Institute who also lectures at Duke University. "But the president's misguided trade balance obsession means he can't take credit."

During his presidential campaign, Trump frequently conflated the trade and budget deficits, saying he would address annual budget shortfalls by blaming China, Mexico and other countries for unfairly exporting too many goods into the United States.

Regardless, he promised he would eliminate both. He said imposing tariffs and renegotiating "disastrous" trade agreements would make the United States a net exporting nation. He claimed that he would not only eliminate federal spending deficits, but would actually wipe out the then \$20 trillion national debt by his the end of a second term.

Instead, the trade deficit in goods is the highest ever, and Trump has already added over \$2 trillion to the national debt in just 25 months, even though he inherited a strong economy that has remained that way. Most economists anticipate that budget deficits will increase even further in the next economic downturn, which will drive up the national debt all the faster.

“Sadly, this is completely expected since it is the result of huge tax cuts and spending increases passed by Congress,” said Maya MacGuineas, president of the Committee for a Responsible Federal Budget. “Predictable but extremely troubling.”

Trump’s Council of Economic Advisers referred questions to the White House press office, which declined to respond to HuffPost queries on the matter.

It did, however, push out a news release pointing to a New York Post op-ed written by Trump trade adviser Peter Navarro, in which he praises the president’s “America First” trade policy — but fails to mention the higher trade deficit.

Trump economic policy adviser Larry Kudlow, meanwhile, in a Fox News appearance on Tuesday acknowledged the higher budget deficit but said increasing growth will bring in more taxes in the coming years.

“Growth solves the problem,” Kudlow said. “That will solve all of these problems and people will be very prosperous.”

Whether anywhere near the level of growth needed to balance the budget can be achieved is unlikely. While Trump claimed he could provide “4 percent, 5 percent, and even 6 percent growth” while he was campaigning, the economy wound up growing just shy of 3 percent last year – and that was after the \$1.5 trillion tax package poured deficit-financed cash into the economy. Growth forecasts for coming years are edging back down toward 2 percent.

“The real macroeconomic concern here is going forward. As stimulus fades, the larger trade deficit will be a drag on growth,” said Jared Bernstein, formerly the top economic adviser to former Democratic Vice President Joe Biden.

He added that he laid out his thoughts on Trump’s economic policies in a Washington Post op-ed last year, but said he does not believe Trump has paid it much mind. “Nope. I’m not the Jared he listens to,” he said, referring the president’s son-in-law.