



## Trump alma mater says Biden plan would lead to more economic growth

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Joe Biden's economic proposals would create a faster growing economy, higher wages for American workers and reduce the debt compared to where the U.S. is headed under President Donald Trump, according to new analysis from the University of Pennsylvania's Wharton School.

That conclusion could give a further boost to the Democratic presidential candidate, who has generally led Mr. Trump in the polls but who often trails the president on the issue of the economy.

The former vice president's plans would also significantly increase government spending and raise taxes, though mostly on higher-income Americans, the analysis found. In all, Biden would boost government spending by \$5.4 trillion in the next 10 years, which is a significant increase.

But the analysis, published on Monday, found that Biden's proposals on education, infrastructure and health care would largely pay for themselves. That would be in part by raising taxes, but also by boosting wages and lowering health care costs.

"If you got the U.S. on this path, you would lower the debt and raise GDP," said Richard Prisinzano, the director of policy analysis at the Penn Wharton Budget Model, a nonpartisan group at the top business school. "It is productive spending that Mr. Biden is proposing."

Wharton's analysis was compiled over the past few weeks, and does not include Biden's recent proposal to penalize, through higher taxes, companies that move jobs and manufacturing overseas. Penn Wharton could not do a similar analysis for Mr. Trump, according to Prisinzano, because the Republican incumbent hasn't offered any plans for his second term with enough detail to do an analysis.

But Wharton school researchers were able to compare Biden's proposals to where the Congressional Budget Office believes the economy will be in a decade with Mr. Trump's current plans, including the 2017 tax cuts, in place.

To be clear, the U.S. national debt would rise dramatically, ballooning by more than \$13 trillion under both Mr. Trump's current plans and Biden's proposals.

But after 10 years, Penn Wharton found that Biden's plan, which includes trillions in additional spending, would only increase the national debt by roughly \$300 billion more than Mr. Trump's. And after two decades, Biden's plan would result in a federal debt 2% lower than under Mr. Trump's governance.

Biden closes some of that gap by raising taxes. Wharton found that Biden's plan would add nearly \$3.4 billion in new federal levies in the decade after he is elected, but most of those costs, both direct and indirect, would be paid by people with incomes of \$400,000 or above, Wharton found.

Wharton estimated that Biden would increase the effective federal income tax rate on the nation's richest 0.1% of individuals in 2021 to 43%, nearly 13 percentage points higher than where it is today. The tax rate on the average American would basically be the same as it is today — up 0.4 percentage points to just over 17% — and down from where it was under President Obama.

Scott Lincicome, a senior fellow at the libertarian Cato Institute, said he thought that estimate, and others in the Wharton analysis, was too optimistic.

Lincicome said Biden's plan to significantly increase corporate taxes would lead to higher prices and lower wages, therefore hurting average income Americans more than Wharton assumes. He also said that the idea that increased government spending on health care and education would lead to better outcomes and faster economic growth is very much up for debate.

"What we see from the analysis is that Biden's plan is to increase spending and increase taxes quite a bit," says Lincicome. "That is quite useful to see."