



Trump-onomics Would Blow a Huge Hole in the Federal Budget

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Republican presidential frontrunner Donald Trump frequently rails against the runaway, \$19 trillion national debt and promises to bring it to heel if he is elected president. "We're getting to be a large-scale version of Greece," he complained to Fox News earlier this month.

But as it becomes increasingly likely that Trump will win the GOP nomination in the wake of his solid victory in the South Carolina primary over the weekend, economists and budget experts are taking a much closer look at his spending and tax proposals -- and are dismayed by what they see.

Taken together, his proposals for slashing tax revenues by as much as \$12 trillion over the coming decade, leaving Social Security and other major entitlement programs unscathed and achieving his biggest savings by cutting "waste, fraud and abuse" are a recipe for record long-term deficits and debt.

Robert Bixby, executive director of the Concord Coalition, a spending watchdog group, dismisses Trump's tax, entitlement and spending proposals as "stream of consciousness" economics that simply don't add up.

"He has very specific and very large tax cut proposals that are not matched by large and specific spending cut proposals," Bixby said in an interview on Monday. "So the only conclusion that you can draw from that -- looking at his campaign website or any of his proposals -- is that they would greatly add to the debt."

Michael Tanner of the libertarian Cato institute, writing for [National Review](#) last week, asserted that "lost amid the hullabaloo over his Iraq War conspiracy theories" in the last GOP presidential debate Feb. 13 was Trump's answer to a question about Social Security and the national debt that "may have raised even more important questions about how far off track this campaign has gone."

When Trump was asked to explain precisely how he would balance the budget without cutting programs like Social Security and Medicare, the real estate mogul replied, "You have tremendous waste, fraud, and abuse that we're taking care of... It's tremendous. We have in Social Security right now thousands and thousands of people who are over 106 years old. Now, you know they don't exist. They don't exist. There's tremendous waste, fraud and abuse, and we're going to get it."

“But we’re not going to hurt the people who have been paying into Social Security their whole life and then all of a sudden they’re supposed to get less,” he added.

But as Tanner and other analysts quickly noted, the problem of Social Security fraud of this sort is a drop in the bucket compared with the enormity of the long-term financial problems confronting the nation’s premier retirement program. According to a June 21, 2013, audit by the Inspector General for the Social Security Administration, at least 1,546 deceased individuals were still receiving benefits, for a total of \$30.9 million. That contrasts with the \$823 billion spent that year on Social Security benefits.

Moreover, some estimates forecast that Social Security will run a \$69 billion cash-flow deficit this year and that the situation will worsen in the coming years. All told, Social Security is facing future shortfalls of more than \$24.9 trillion in the decades ahead absent major reforms in the funding levels, retirement age and cost-of-living adjustments.

“That’s not because of waste or administrative glitches,” Tanner wrote. “It’s because of shifting demographics. We are living longer and having fewer babies. In 1950 there were 16.5 workers paying into the system for every retiree taking benefits out. Today there are just under three. By the time our children retire, there will barely be two. The idea that we can save Social Security without making any changes to the system — without anyone getting less or paying more — is part and parcel of the budget fantasies that Republicans have been indulging this campaign season.”

Trump from the start has portrayed himself as a shrewd businessman and negotiator who can easily master federal fiscal policy. He has vowed to put the nation on a course to economic prosperity and better health care and social service programs while sharply reducing the growth of the federal debt. And yet he is promoting tax reform policies that analysts say would blow a massive hole in the budget since he removes from the table any consideration of slowing the growth of entitlement programs that constitute nearly two thirds of all federal spending.

The nonpartisan Tax Policy Center has pegged the 10-year cost of Trump’s proposed tax cuts at \$9.5 trillion -- or \$11.2 trillion if you add in interest on the debt that the tax cuts will generate. The nonpartisan Tax Foundation says that Trump’s tax plan would cost the Treasury revenues of \$10 trillion over the same period, but they reached that conclusion by giving Trump credit for economic growth. Either way, Trump’s approach would send deficits and the long term accumulated debt through the roof.

Mark Goldwein, senior policy director of the Committee for a Responsible Federal Budget, has estimated that the Trump’s tax-cut plan would increase public debt to 125 percent of the size of GDP by 2025, compared with 74 percent today.

Trump, of course, is dismissive of anyone who dares to challenge his proposals. And his populist views on Social Security and other spending to “keep people from dying on the street” has touched a chord with voters, even if they run contrary to conservative GOP fiscal dogma. He airily insists that the cost of his tax plan would be more than offset by economic growth, a return to the U.S. of many jobs that were moved overseas, the closing of unspecified tax loopholes and the elimination of wasteful spending at the Pentagon, the Department of Education and other federal agencies.

But few budget experts are buying his claims.

“I just can’t see how you can enact tax cuts that size and come up with any credible spending cuts to match it, when you’re saying that entitlements are untouchable and that the main spending problem is waste, fraud and abuse,” Bixby of the Concord Coalition said. “What I find very ironic is for a supposedly nonconventional candidate, he invokes every conventional fiscal myth that you can think of.”