

## Steve Mnuchin pulls a Paul Ryan

By Paul Krugman

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On Monday the Treasury Department released a one-page report claiming that tax cuts would pay for themselves. The document was a shameless attempt to fool the public — carefully worded to imply that economic experts at Treasury (they're still in there somewhere, maybe locked in a closet) had actually done an analysis to that effect, without explicitly saying so. In fact, there was no economic analysis; Trump officials just made up numbers that would give them the result they wanted.

Even reporters hardened to Trump administration lies seemed shocked by the brazenness of this bait-and-switch. What made Steve Mnuchin, the Treasury secretary, think he could get away with it?

Well, one answer is that similar scams on the part of congressional Republicans, Paul Ryan in particular, have generally received highly respectful treatment from the news media. Why shouldn't Mnuchin imagine he can pull off the same trick?

Actually, he probably can't. But the truth is that on economic policy, as in other areas, the Trump administration isn't much of a departure from recent Republican norms. There's a fundamental continuity in the con jobs: Mnuchin is basically trying to do a Paul Ryan; he just lacks the acting skills to pull it off.

About that Treasury report: The department has an Office of Tax Policy, or O.T.P., which provides "economic and legal policy analysis" for tax policy decisions. Normally we'd expect this office to carry out a full analysis of the effects of Republican tax bills, similar to those conducted by Congress's Joint Committee on Taxation and by independent, nonpartisan organizations like the Tax Policy Center.

But either O.T.P. didn't do that, or it did an analysis that Mnuchin is suppressing. (The department's inspector general is investigating what actually happened, because Mnuchin repeatedly claimed to have such an analysis in hand.) If the experts actually did do an analysis, they probably found what everyone else has found — namely, that tax cuts come nowhere near to paying for themselves.

In that case, however, how does Mnuchin manage to claim otherwise? Here's how the report describes the process: "O.T.P. has modeled the revenue impact of higher growth effects, using the administration projections of approximately a 2.9 percent real G.D.P. growth rate over 10 years." Notice the carefully deceptive wording. A casual reader might think that O.T.P. is predicting 2.9 percent growth — but what this actually says is that Trump officials simply told the office to assume high growth.

And the assumed acceleration in growth, which comes out of nowhere, is extremely high. It's many times higher than the Joint Committee on Taxation's estimate, which is itself more optimistic than other estimates. No model I know of, not even those of conservative tax-cut advocates, would predict this much payoff.

In other words, this "analysis" is a sick joke. Why would Mnuchin think he can pull off this scam?

As I said, he probably can't. But he may be inspired by the example of Paul Ryan, who pulled off similar scams a few years back, fooling much of the news media and even receiving an award for fiscal responsibility from several deficit-scold organizations.

The details of Ryan's scam were a bit different, but the basic principle was the same. First, tell

budget experts to make obviously unrealistic assumptions and estimate what those assumptions would mean for future budget deficits. Then tout the resulting estimates as validation of your plan.

In Ryan's case the unrealistic assumptions involved revenues and spending, not growth: He simply told experts to assume that he could cut taxes without losing revenue by closing unspecified loopholes, and that he could achieve drastic cost savings without specifying which programs would be cut. And the budget experts were the staff at the Congressional Budget Office, not the staff at Treasury. But the result was the same: Potemkin budget projections that looked great to the casual observer, but had nothing real behind them.

Oh, and the howling mess that is the current G.O.P. tax plan shows what happens when Rynesque pretense meets reality.

Yet Ryan's scam worked. He received years of media adulation; that adulation is the main

reason he's now speaker of the House. Even now, news analyses tend to depict the irresponsibility and incompetence of Republican tax plans as some kind of deviation from Ryan's past behavior, not its natural continuation.

In fact, you almost have to feel sorry for Mnuchin: Yes, he's an obvious buffoon, but his scam isn't really any worse than Ryan's. Why can't he pull it off?

The larger point is that the dishonesty and dysfunctionality of current Republican efforts at tax "reform," the party's evident inability to govern in a serious way, didn't come out of nowhere. Republicans have been heading in this direction for years. Anyone who didn't see this coming either wasn't paying attention or was engaged in willful self-delusion, pretending that the G.O.P. was a normal party long after it should have been obvious that it had gone off the deep end.