



The Daily Dish

The Fine Art of Making Things Add Up

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Eakinomics: The Fine Art of Making Things Add Up

If you listened to President Biden's [speech](#) Wednesday evening, you heard him lay out an expansive and expensive set of new government-provided benefits. You also heard him say, "So how do we pay for my jobs and family plan? I made it clear, we can do it without increasing the deficit." This statement would suggest that Americans have a clear presentation of all the new spending (including the vast spending through the tax code known as refundable tax credits) and new taxes to offset that spending. Not really.

When Congress finally writes legislation to implement the American Families Plan (AFP), as well as the American Jobs Plan (AJP), it will become clear that the president has proposed permanently raising taxes (top individual rate, top corporate rate, capital gains and dividends, etc.) to cover temporary extensions of his new social safety net (the child tax credit, in particular). That is how the proposal comes to balance, but it also means that the permanent tax increases will not be sufficient to cover the (planned) permanent new social safety net. In any deep sense, it does not add up.

Where will that additional money come from? One would expect that if the United States is to adopt the full menu of Eurobloat programs, it would mean that the American middle-class will have to suffer a Eurobloat burden of taxation. But wait! The president also said, "I will not impose any tax increase on people making less than \$400,000." Again, it does not add up.

And lurking in the background are our old friends Social Security, Medicare, Medicaid, and the Affordable Care Act (ACA), none of which currently adds up budgetarily (and the president is proposing to expand Medicaid and the ACA). What happens (in the next 4 years) when the Medicare Trust Fund goes belly up or in 10 years when the Social Security Trust Fund follows suit? Will we cut back the new safety net to salvage the old? Let the old safety net get radically trimmed back to save the new? Break the promise to the under \$400k crowd? It does not add up.

Promising everybody everything as the means to unify and fight the coronavirus, the Chinese, and the enemies of democracy is easier than falling out of bed. That was the speech.

The fine art of making it real, making it add up – that is hard work yet to be done.