

# WSJ Print Edition

## For Its Budget Math, GOP Banks on Growth

BY RICHARD RUBIN

WASHINGTON—House Republicans are banking on faster economic growth to make their budget math work, and it might not sound like the typical “tax cuts pay for themselves” argument.

Instead, they are preparing to contend that President Trump’s entire agenda—tax cuts, spending cuts, deregulation and fossil-fuel production—will accelerate economic activity and generate enough tax revenue to leave budget deficits little changed. House Republicans haven’t released specific numbers, but they have been talking about \$2 trillion in spending cuts over a decade and about \$5 trillion in tax cuts, leaving a sizable hole to fill with faster economic growth and other assumptions.

“We have to figure out what’s a credible and defensible number, and then we’ve got to move forward,” said House Budget Committee Chairman Jodey Arrington (R., Texas), suggesting Republicans wouldn’t rely solely on deficit estimates from the official nonpartisan referees, the Congressional Budget Office and Joint Committee on Taxation.

“We’ve got to look at other numbers, other scores and our past, our historic performances and then pick it,” he said.

House Republican leaders’ math and explanations will be crucial to convincing rank-and-file members—and voters—that the party isn’t making U.S. finances meaningfully worse.

In one sense, the emerging approach is more mainstream than saying tax cuts alone pay for themselves. Economists aligned with both parties say the GOP’s likely tax proposals—particularly extensions of expiring individual tax cuts—don’t generate much growth and won’t pay for themselves that way.

In another sense, however, the emerging Republican approach is a more aggressive position that contends the U.S. economy can routinely grow much faster than forecast. It could incorporate policy changes that haven’t happened yet and bank on them to finance tax cuts enacted now.

“You’re counting your chickens before they hatch, but you’re counting more chickens than you actually have eggs,” said Marc Goldwein, senior vice president of the Committee for a Responsible Federal Budget, which favors deficit reduction. “And you have already committed to put them in a meal that you’re eating tomorrow.”

Republican leaders are walking a tightrope among the party’s factions—tax cutters, border-security proponents, moderates and deficit hawks. Their spending cuts, particularly Medicaid changes, test the limits of what lawmakers can bear. Trump has reiterated priorities—eliminating taxes on tips, overtime pay and Social Security benefits—that make the arithmetic harder.

Democrats oppose the spending cuts and disagree with extending tax cuts for top earners. That leaves Republicans seeking votes only in their own ranks. Banking on growth could paper over some of their disagreements.

This year’s fiscal debate occurs against the backdrop of rising federal red ink. The U.S. is already running record deficits as a share of gross domestic product, outside of wars, recessions and emergencies. Over the next decade, the U.S. will add \$21.8 trillion in debt, sending the total as a share of GDP beyond the post-World War II peak, according to the CBO.

That figure assumes the bulk of the 2017 tax cuts expire as scheduled Dec. 31, so extending them would lower revenue by trillions. It assumes real GDP growth slowing to 1.9% this year, then staying around 1.8%.

Arrington said the U.S. can grow faster, and he points to 2018 and 2019 in Trump's first term. Then, real GDP growth was 2.1% and then 3.4%, measured from fourth quarter to fourth quarter.

Tax cuts can increase incentives to work and invest, spurring a virtuous growth cycle, but those effects aren't often large. Spending cuts themselves can be pro-growth, because lowering deficits can free up money for private investment.

However, getting \$3 trillion in additional revenue from economic growth over a decade would require sustained real growth around 3.2%.

---

Copyright (c)2025 Dow Jones & Company, Inc. All Rights Reserved. 2/11/2025  
Powered by TECNAVIA

---

The following is a digital replica of content from the print newspaper and is intended for the personal use of our members. For commercial reproduction or distribution of Dow Jones printed content, contact: Dow Jones Reprints & Licensing at (800) 843-0008 or visit [djreprints.com](http://djreprints.com).

---

For personal, non-commercial use only.