

November 30, 2017

The Honorable Eric M. Thorson  
Inspector General  
Department of the Treasury  
1500 Pennsylvania Avenue NW, Room 4436  
Washington, DC 20220

Dear Inspector General Thorson:

I write to request an investigation into the Department of Treasury's alleged economic analysis of the Republican tax plan.

On April 20<sup>th</sup>, Treasury Secretary Steven Mnuchin claimed that the Republican tax plan "will pay for itself with growth."<sup>1</sup> In late September, Secretary Mnuchin went further, claiming that "not only will this tax plan pay for itself, but it will pay down debt."<sup>2</sup> Such claims have been widely disproven by independent budgetary and economic experts.<sup>3</sup> In fact, President Bush's former Treasury Secretary, Paul O'Neill, was "dumbfounded by the notion that the tax cuts... would not add to the debt," and stated that "the whole thing seems astounding to me... the idea that after the most recently completed fiscal year where we had a \$660 billion deficit we're talking about a big tax cut."<sup>4</sup>

Despite a lack of evidence to support his assertions, Secretary Mnuchin has claimed that over 100 people are "working around the clock on running scenarios for us" to show that these corporate tax cuts will pay for themselves.<sup>5</sup> Secretary Mnuchin "has promised that Treasury will release its analysis[.]"<sup>6</sup> Yet as Senate Republicans prepare to vote within the next day on the tax plan, the Department of Treasury has failed to produce any economic analysis supporting Secretary Mnuchin's claims that the cuts will pay for themselves – in fact, they haven't released any formal analysis of the bill's economic impact at all.<sup>7</sup>

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<sup>1</sup> Damian Paletta and Max Ehrenfreund, "Trump's treasury secretary: The tax cut 'will pay for itself,'" *Washington Post* (Apr. 20, 2017) (online at [https://www.washingtonpost.com/news/wonk/wp/2017/04/20/trumps-treasury-secretary-the-tax-cut-will-pay-for-itself/?utm\\_term=.d458553bc108](https://www.washingtonpost.com/news/wonk/wp/2017/04/20/trumps-treasury-secretary-the-tax-cut-will-pay-for-itself/?utm_term=.d458553bc108)).

<sup>2</sup> Kate Davidson, "Treasury Secretary Steven Mnuchin: GOP Tax Plan Would More Than Offset Its Cost," *Wall Street Journal* (Sept. 28, 2017) (online at <https://www.wsj.com/articles/treasury-secretary-steven-mnuchin-gop-tax-plan-would-more-than-offset-its-cost-1506626980>).

<sup>3</sup> See, e.g., "Do Tax Cuts Pay For Themselves," *Committee for a Responsible Federal Budget* (Aug. 6, 2015) (online at <http://www.crfb.org/blogs/do-tax-cuts-pay-themselves>).

<sup>4</sup> Alan Rappeport, "Ahead of Vote, Promised Treasury Analysis of Tax Bill Proves Elusive," *New York Times* (Nov. 30, 2017) (online at [https://www.nytimes.com/2017/11/30/us/politics/treasury-analysis-tax-bill.html?rref=collection%2Fsectioncollection%2Fpolitics&action=click&contentCollection=politics&region=stream&module=stream\\_unit&version=latest&contentPlacement=4&pgtype=sectionfront&r=0](https://www.nytimes.com/2017/11/30/us/politics/treasury-analysis-tax-bill.html?rref=collection%2Fsectioncollection%2Fpolitics&action=click&contentCollection=politics&region=stream&module=stream_unit&version=latest&contentPlacement=4&pgtype=sectionfront&r=0)).

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

According to one treasury economist, Secretary Mnuchin hadn't released an analysis showing that the corporate tax cuts will pay for themselves "because one did not exist."<sup>8</sup> In fact, many experts in the Treasury's Office of Tax Policy "are not working on the type of detailed analysis" that Secretary Mnuchin has touted.<sup>9</sup> Reports also indicate that the "career employees have been largely shut out of the process," and that political appointees have been working to conduct such analyses.<sup>10</sup>

Either the Treasury Department has used extensive taxpayer funds to conduct economic analyses that it refuses to release because those analyses would contradict the Treasury Secretary's claims, or Secretary Mnuchin has grossly misled the public about the extent of the Treasury Department's analysis. I am deeply concerned about either possibility.

I am therefore asking that your office conduct a review of the Department's use of taxpayer dollars to conduct economic analysis of this tax plan.

I ask that your review examine:

1. Whether and Treasury Department resources have been directed and used to conduct analyses of the Republican tax proposals, including H.R. 1, the Tax Cuts and Jobs Act; the tax reform reconciliation bill considered in either the Senate Finance Committee or the Senate Budget Committee; or any other version of the Republican-introduced tax cut legislation, as well as the results of any such analysis.
  - a. If so, please investigate and provide an accounting of those resources.
2. Whether these analyses were conducted using standard Department protocol and precedent.
3. Whether there was any political interference in these analyses, including whether the Treasury Department excluded career officials and expert economists from modeling and tax plan analysis efforts.
4. The reasons why these analyses were not publicly released or provided to Congress.

I also request that you publicly release any analyses of Republican tax proposals that the Department conducted using taxpayer funds.

Sincerely,



Elizabeth Warren  
United States Senator

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<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*