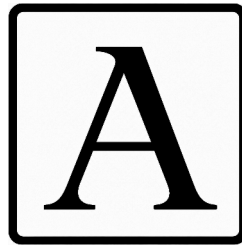


Taking Care of \$40 Trillion...Very Easily

Research & Source Document



Supporting research for

Taking Care of \$40 Trillion...Very Easily

[[Article Link](#)]

Prepared August 26, 2026

Independent source research conducted from the published draft as the research guide.

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Research Standard & Claim Map

Governing rule

The article is not treated as correct merely because it is already written. The evidence must support it. Primary government data are preferred for economic and fiscal statistics. Independent reporting is used for quotations and contemporaneous statements when useful. Calculations are identified as calculations. Scenario estimates are not presented as official forecasts.

Three distinct research questions

Part	Question tested	Evidence type
I. Growth	Do current and historically plausible growth rates support the claim that growth will take care of \$40T “very easily”?	White House record; BEA/FRED GDP; CBO fiscal ratios; arithmetic
II. Inflation	What inflation rate halves purchasing power over 30 years, and what does that imply for the real burden of fixed nominal debt?	Federal Reserve/BLS concepts; compound inflation math
III. Payoff	What would a 50-year payoff require if a 5.25% financing rate is used and the current deficit is also eliminated? What macroeconomic shock could an immediate adjustment create?	Treasury yields; CBO budget baseline; amortization; IMF fiscal-consolidation literature; BLS labor data

Important distinction: fact, calculation, scenario, opinion

Label	Meaning
SOURCED FACT	Directly reported by a cited source.
CALCULATION	Derived from sourced inputs; formula shown.
SCENARIO ESTIMATE	A modeled or sensitivity-based result. It is not a published government forecast.
AUTHOR CONCLUSION	Interpretive or political judgment; evidence may inform it but does not mathematically prove it.

Publication corrections incorporated

This RS uses the resolved research values: 1930-2025 average real GDP growth ~3.3% (3.278% unrounded); current 1.5% is ~55% below 3.3%; and the plan's revenue side is described as roughly a 75% increase in individual federal income-tax revenue if the full revenue increase is collected through that tax.

PART I - Trump: “Growth Will Take Care of It”

1. Primary Record: August 21, 2026

The article begins with a reporter asking President Donald Trump about national debt exceeding \$40 trillion. The White House video establishes the event, location, and date. A timestamped Factbase/Roll Call transcript records Trump saying the debt had been a problem for 35 years, that the United States had “tremendous growth,” that “we’ve never had growth like we have right now,” and that “The growth will take care of that very easily.” [S1-S2]

Research finding

The article’s three-part breakdown is faithful to the statement: (1) tremendous growth; (2) unprecedented growth; (3) growth will take care of the debt very easily. The word “lie” is an author characterization; this RS evaluates the factual propositions underneath it.

2. Claim #1 - “Tremendous Growth”

BEA’s second estimate for 2026 Q2 reports real GDP increasing at a 1.5% annual rate. Q1 2026 was 2.1%. [S3] For historical context, the BEA annual real-GDP growth series carried by FRED covers 1930-2025. [S4]

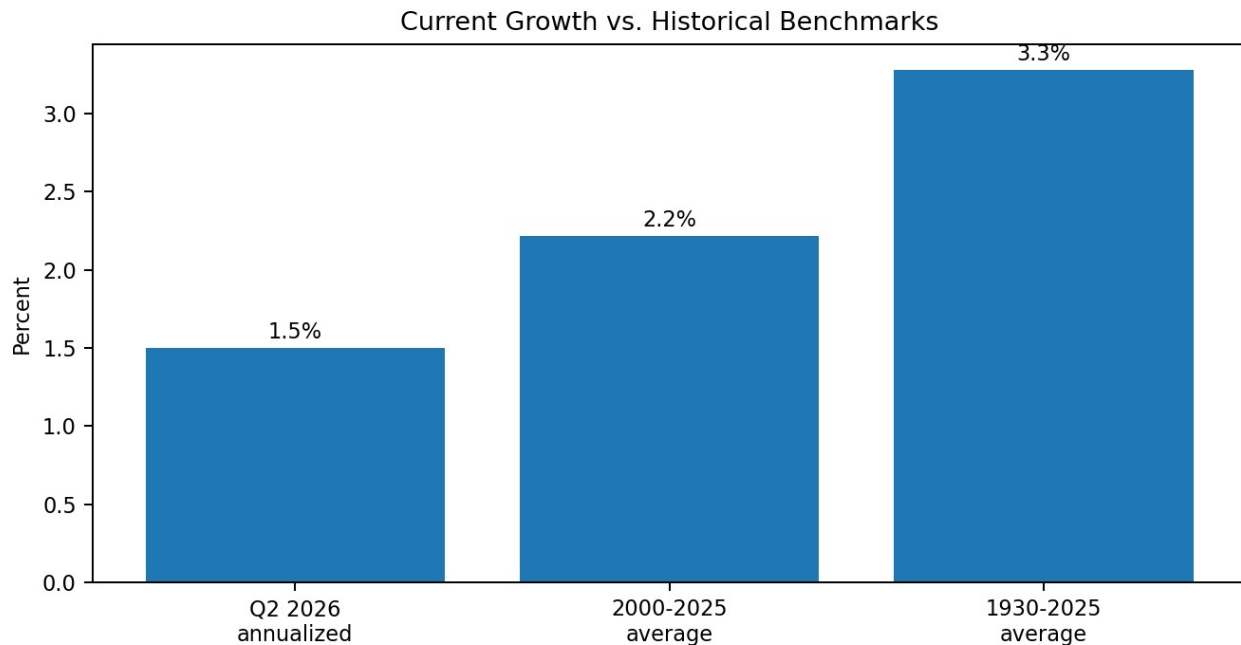


Figure 1. Current real GDP growth compared with the 2000-2025 and 1930-2025 arithmetic means. Source data: BEA/FRED; calculations by AHTrimble.com research.

Measure	Result	Status
Q2 2026 real GDP growth (annualized)	1.5%	SOURCED FACT - BEA
2000-2025 arithmetic mean	2.215% -> 2.2%	CALCULATION
Difference: 1.5% vs 2.2%	32.3% below	CALCULATION
Change from 2.4% reference to 1.5%	37.5% lower	CALCULATION - only valid if 2.4% is the stated comparison baseline

Interpretation boundary

“Tremendous” is evaluative language, not an economic statistic. The defensible factual point is narrower: 1.5% is below both the 2000-2025 average (~2.2%) and the 1930-2025 average (~3.3%).

3. Claim #2 - “We’ve Never Had Growth Like This”

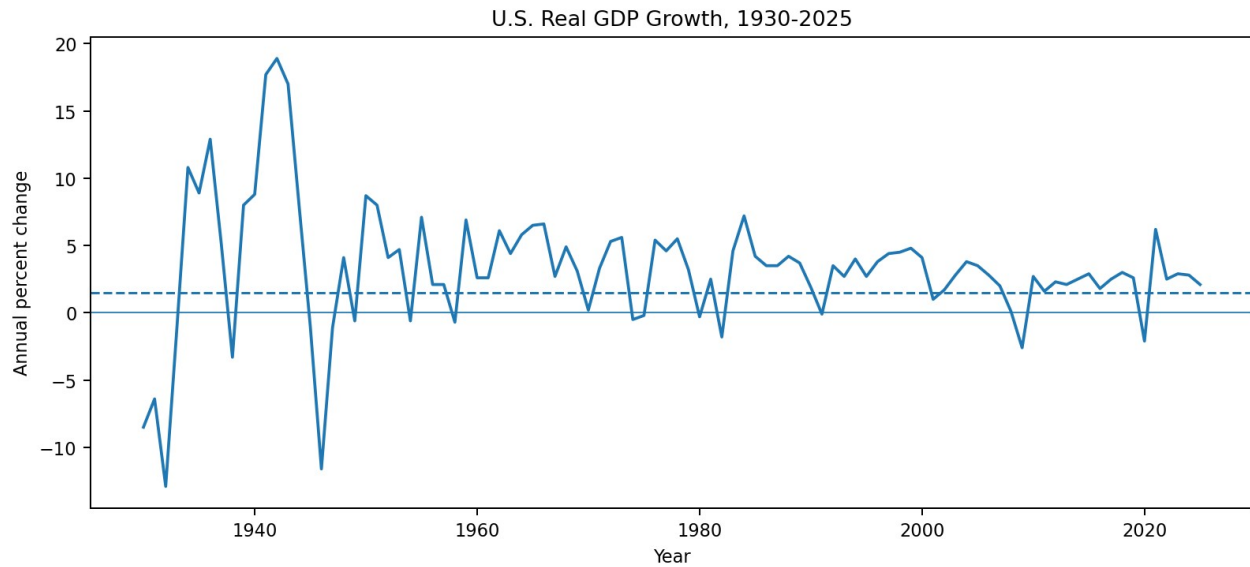


Figure 2. Annual real GDP growth, 1930-2025. The dashed reference is 1.5%, the current Q2 2026 annualized rate. Source: BEA/FRED series A191RL1A225NBEA.

Historical test	Result
Number of complete annual observations, 1930-2025	96
Arithmetic mean	3.278% -> 3.3%
1.5% below 3.3% benchmark	~55%
Years with growth greater than 1.5%	75 of 96
Years at or below 1.5%	21 of 96

The historical record directly contradicts a literal reading of “we’ve never had growth like we have right now.” Many years had substantially higher real growth. The 75-of-96 count is a reproducible count from the published annual BEA series, not a separate government statistic.

Historical data audit - selected checkpoints

Year	Real GDP growth	Why included
1932	-12.9%	Depression contraction
1942	18.9%	Wartime expansion
1950	8.7%	Postwar expansion
1965	6.5%	Strong 1960s growth
1984	7.2%	Strong 1980s growth
1999	4.8%	Late-1990s expansion
2009	-2.6%	Great Recession
2021	6.2%	Pandemic rebound
2025	2.1%	Most recent complete year

4. Bessent Growth Forecast Cross-Check

Treasury Secretary Scott Bessent provides a useful fairness test because he offered substantially stronger 2026 growth expectations than the current 1.5% Q2 pace. Reuters reported in February that Bessent said the economy could grow at least 3.5% in 2026; in April he said growth could exceed 3% or 3.5%. [S5-S6]

Benchmark applied to 1930-2025	Years above benchmark	Years at/above benchmark
3.0%	48	49
3.2%	46	47
3.3%	45	46
3.5%	41	45

Why the article says “about 44 of 96”

The historical count depends on which point inside Bessent’s 3%-3.5% range is used and whether ties are counted. The RS therefore treats “about 44” as an approximate historical comparison, not an exact official statistic.

5. Claim #3 - Can Growth Take Care of \$40T?

CBO projects 2026 federal revenues of \$5.6 trillion, equal to 17.5% of GDP, with outlays of \$7.4 trillion and a \$1.9 trillion deficit. [S7] Treasury’s Debt to the Penny dataset defines and reports total public debt outstanding daily. [S8-S9]

Interpretation A - Growth generates \$40T of additional federal revenue

If federal receipts remain 17.5% of GDP, each additional \$1 of GDP corresponds to about \$0.175 of federal revenue. To generate \$40T of cumulative additional revenue in a one-period static comparison:

Calculation

$\$40T / 0.175 = \$228.6T$ of additional GDP. Add an approximate \$32T current GDP base: $\$32T + \$228.6T = \$260.6T$, rounded to ~\$261T. This is more than eight times the starting GDP level and more than a 700% increase from the base.

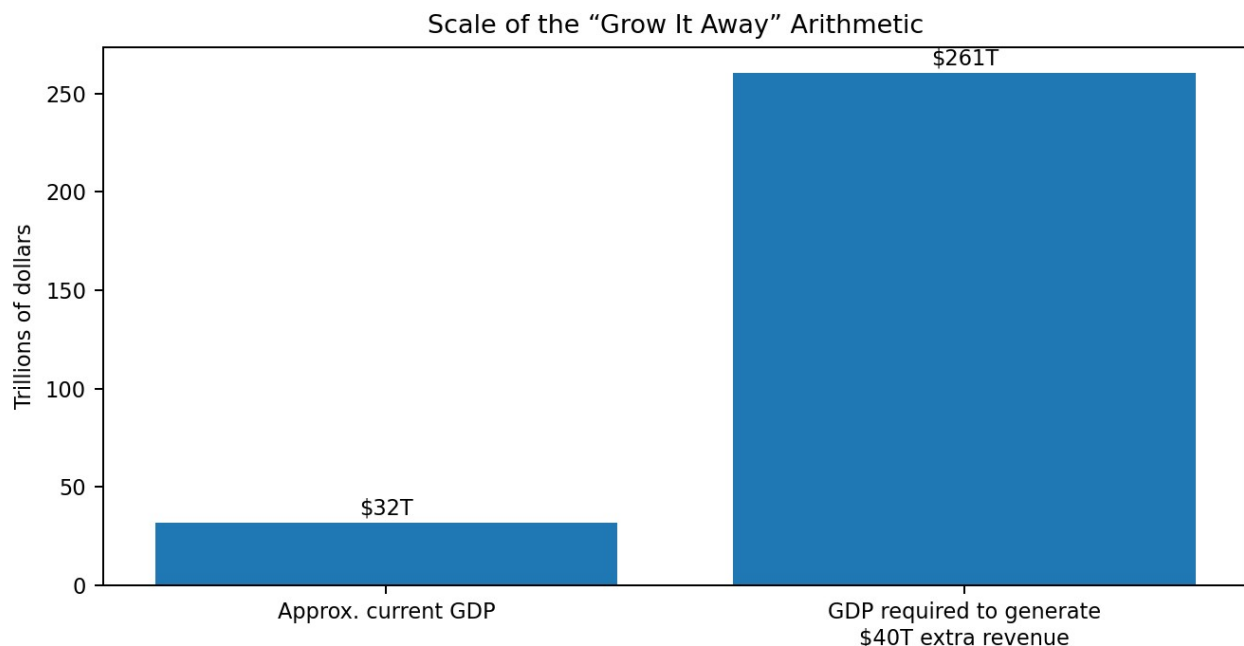


Figure 3. Static scale comparison behind the article’s ~\$32T to ~\$261T calculation.

Critical limitation

This is a scale illustration, not a forecast path. It assumes a constant federal-revenue share of GDP and, most importantly, assumes every additional tax dollar generated by the added GDP is devoted to debt reduction. In reality, spending, interest costs, debt issuance, tax policy, inflation, and the timing of growth all change the result.

Interpretation B - Growth makes a fixed debt burden half as large relative to GDP

Assume debt never rises, interest cost never rises, and real GDP compounds indefinitely at 1.5%. The economy must double for a fixed nominal debt stock to fall by half relative to GDP. The doubling-time formula is $\ln(2) / \ln(1.015) = 46.56$ years, rounded to about 47 years.

Assumption	Value
Debt stock	Frozen - no new borrowing
Interest burden	Frozen for the simplified comparison
Real GDP growth	1.5% every year
Time for GDP to double	46.56 years
Result	Fixed debt/GDP burden falls by half

Part I conclusion

The evidence supports the article's core factual argument: current 1.5% growth is not historically extraordinary, and ordinary growth cannot plausibly erase a \$40T debt stock "very easily." The exact policy meaning of "take care of" is ambiguous; the RS therefore tests two reasonable interpretations.

6. Part I Source Archive

- S1. President Trump Gaggles with Press at Joint Base Andrews, Aug. 21, 2026** — The White House, Aug. 21, 2026. [Open source](#) Primary video record.
- S2. Press Gaggle: Donald Trump Speaks to Reporters Before Air Force One Departure** — Factbase / Roll Call, Aug. 21, 2026. [Open source](#) Timestamped transcript; debt remarks at about 5:05-5:28.
- S3. GDP (Second Estimate) and Corporate Profits, 2nd Quarter 2026** — U.S. Bureau of Economic Analysis, Aug. 26, 2026. [Open source](#) Primary Q2 GDP release: 1.5% annualized.
- S4. Real Gross Domestic Product, A191RL1A225NBEA** — Federal Reserve Bank of St. Louis / BEA, updated 2026. [Open source](#) Annual percent change, 1930-2025.
- S5. US economy can grow at least 3.5% in 2026, Bessent tells Fox News** — Reuters, Feb. 20, 2026. [Open source](#) Contemporaneous report of Bessent forecast.
- S6. Treasury chief says US growth may exceed 3% or 3.5% this year despite Iran war** — Reuters, Apr. 14, 2026. [Open source](#) Updated Bessent forecast range.
- S7. The Budget and Economic Outlook: 2026 to 2036** — Congressional Budget Office, 2026. [Open source](#) 2026 revenues \$5.6T / 17.5% GDP; outlays \$7.4T; deficit \$1.9T.
- S8. Debt to the Penny** — U.S. Treasury Fiscal Data, daily dataset. [Open source](#) Primary definition and daily total public debt data.
- S9. Understanding the National Debt** — U.S. Treasury Fiscal Data, current guide. [Open source](#) Treasury explanation of national debt and debt composition.
- S10. 2026 Economic Report of the President - Chapter 1** — Council of Economic Advisers, 2026. [Open source](#) Administration discussion of growth, deficits, and debt-to-GDP as a fiscal burden measure.

PART II - Inflate It Away

7. Inflation Mathematics

The article asks what constant annual inflation rate would cut the purchasing power of a fixed dollar amount in half over 30 years. This is a compound-growth calculation, not a forecast of Federal Reserve policy.

Calculation

Solve $(1 + i)^{30} = 2$. Therefore $i = 2^{(1/30)} - 1 = 0.0233739 = 2.33739\%$ per year. Rounded: 2.34% annual inflation. At that rate, the general price level doubles in 30 years and the purchasing power of a fixed nominal dollar falls to one-half.

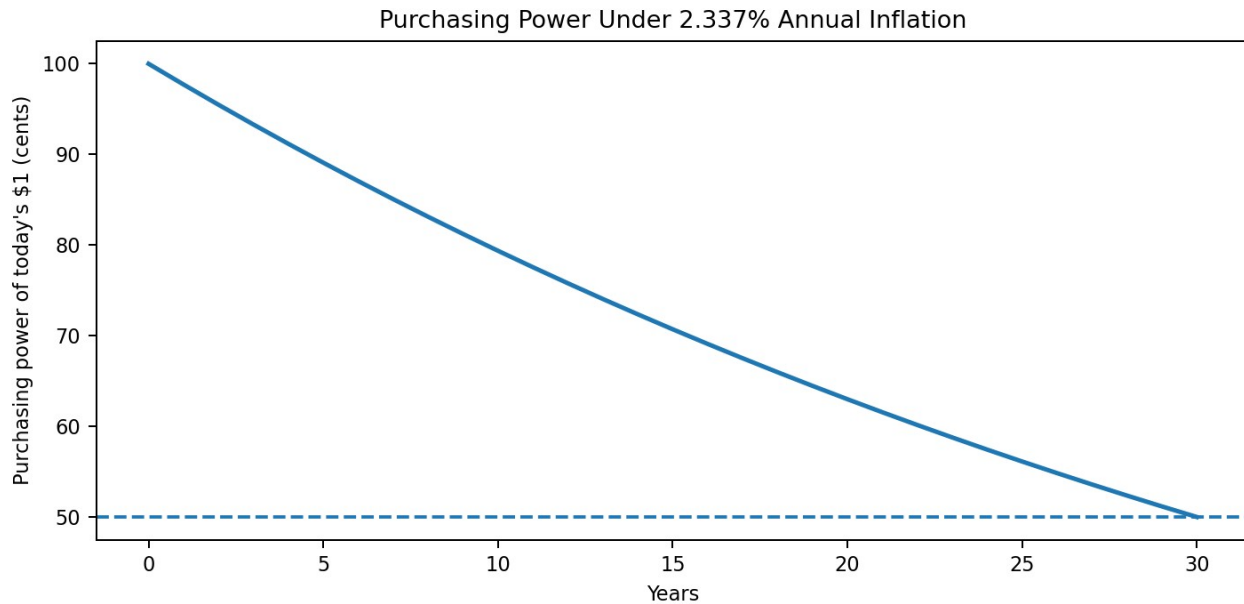


Figure 4. Purchasing power of today's dollar under a constant 2.337% annual inflation assumption.

BLS explicitly explains that CPI can be used to show how the purchasing power of a dollar changes over time: as prices increase, purchasing power declines. [S11-S13] The Federal Reserve's longer-run inflation objective is 2% PCE inflation, which provides policy context but is not the basis of the 2.34% calculation. [S14-S16]

Annual inflation	30-year price-level multiple	Purchasing power after 30 years
2.00%	1.811x	55.2 cents
2.337%	2.000x	50.0 cents
3.00%	2.427x	41.2 cents
4.00%	3.243x	30.8 cents

8. Purchasing Power & Household Illustrations

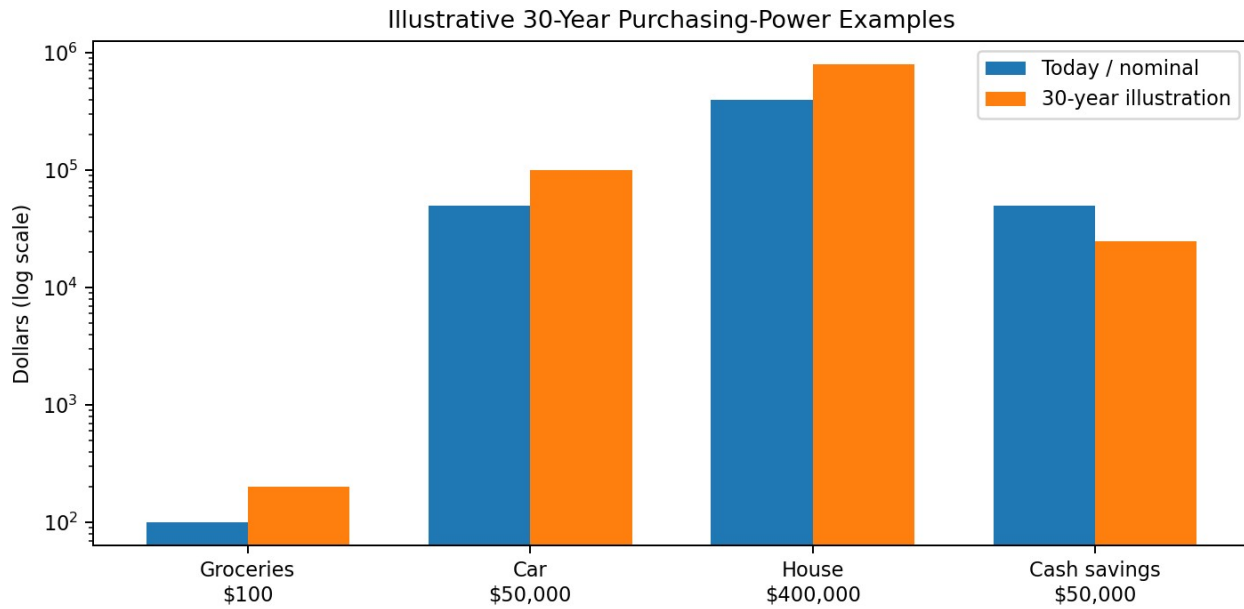


Figure 5. Article examples. Prices are illustrations assuming the named item tracks the general price level; cash savings show the inverse purchasing-power effect.

If a broad price index exactly doubles, a representative basket costing \$100 would cost about \$200. A fixed \$50,000 cash balance would still contain \$50,000 nominal dollars, but those dollars would purchase roughly what \$25,000 purchases at the starting price level. This is the precise sense in which the article uses “tomorrow’s cheaper dollars.”

Required qualification

The grocery, car, and house examples are constant-dollar illustrations. Individual goods do not necessarily rise at the same rate as CPI or PCE inflation. Relative prices change. A specific \$400,000 house is not forecast to cost exactly \$800,000 in 30 years. The examples demonstrate general purchasing-power arithmetic, not item-specific price forecasts.

9. What Inflation Does - and Does Not - Do to Debt

Inflation does not make a \$40T nominal Treasury obligation literally become \$20T. The nominal face amount remains nominally owed unless it is repaid, refinanced, forgiven, or otherwise changed. What inflation can reduce is the real purchasing-power burden of a fixed nominal obligation. If the general price level doubles while the nominal debt remains fixed, \$40T of future nominal dollars has roughly the purchasing power that \$20T has at the starting price level.

Defensible article meaning

“The nation’s \$40T debt effectively becomes \$20T” must be read as a real-burden / purchasing-power statement, not a nominal accounting statement. The RS makes that distinction explicit.

Inflation also interacts with Treasury refinancing. New debt generally reprices at market interest rates, and persistent inflation can raise nominal yields. Therefore a government cannot assume it will obtain the full real-debt benefit without offsetting interest-cost effects. This is one reason “inflate it away” is not a free fiscal solution.

Author language

The article’s word “devastating” is an author characterization of the household purchasing-power consequences. The sourced fact is the purchasing-power arithmetic; the severity judgment is interpretive.

10. Part II Source Archive

S11. Purchasing power and constant dollars — U.S. Bureau of Labor Statistics, Feb. 9, 2023. [Open source](#) BLS method for converting price indexes to purchasing power.

S12. Consumer Price Index Frequently Asked Questions — U.S. Bureau of Labor Statistics, current. [Open source](#) Explains CPI as a deflator of the consumer dollar and purchasing power.

S13. Consumer Price Index Factsheets — U.S. Bureau of Labor Statistics, July 27, 2026. [Open source](#) Index to BLS methodology including purchasing power and percent changes.

S14. 2025 Statement on Longer-Run Goals and Monetary Policy Strategy — Federal Reserve Board, 2025. [Open source](#) Reaffirms 2% longer-run PCE inflation objective.

S15. What economic goals does the Federal Reserve seek to achieve? — Federal Reserve Board, Aug. 22, 2025. [Open source](#) Plain-language price-stability explanation.

S16. Monetary Policy Report - July 2026 — Federal Reserve Board, July 10, 2026. [Open source](#) Current context: inflation elevated relative to 2% objective.

S17. Common CPI and purchasing-power methodology — U.S. Bureau of Labor Statistics, current. [Open source](#) Additional BLS explanation that rising prices reduce purchasing power.

PART III - Pay It Off: The 50/50/50/5.25 Plan

11. Plan Assumptions and Amortization

The 50/50/50/5.25 Plan is an AHTrimble.com thought experiment, not an enacted proposal. Its purpose is to quantify the scale of actually paying off approximately \$40T of debt while also eliminating the current annual deficit.

Input	Value	Source / status
Starting debt	\$40.0T	Scenario rounded from Treasury debt level
Payoff horizon	50 years	Scenario assumption
Interest rate	5.25%	Scenario assumption based on Aug. 21, 2026 20-year Treasury yield; 30-year was 5.27% [S18]
Current annual deficit	\$1.9T	CBO 2026 baseline [S7]
Revenue/spending split	50% / 50%	Scenario assumption

Rate-label note

On Aug. 21, 2026 Treasury's par yield curve showed 20-year = 5.25% and 30-year = 5.27%. The plan name uses 5.25%; the article text cites the 30-year rate as 5.27%. Both figures are supported by the same Treasury table. [S18]

Standard fixed-payment amortization is used: $\text{Payment} = P \cdot r / [1 - (1+r)^{-n}]$. With $P=\$40\text{T}$, $r=5.25\%$, $n=50$, the annual debt-service payment is about \$2.276T. Add the CBO baseline deficit of \$1.9T that must also be eliminated to stop adding new debt, and the immediate annual fiscal adjustment is about \$4.176T, rounded to \$4.2T.

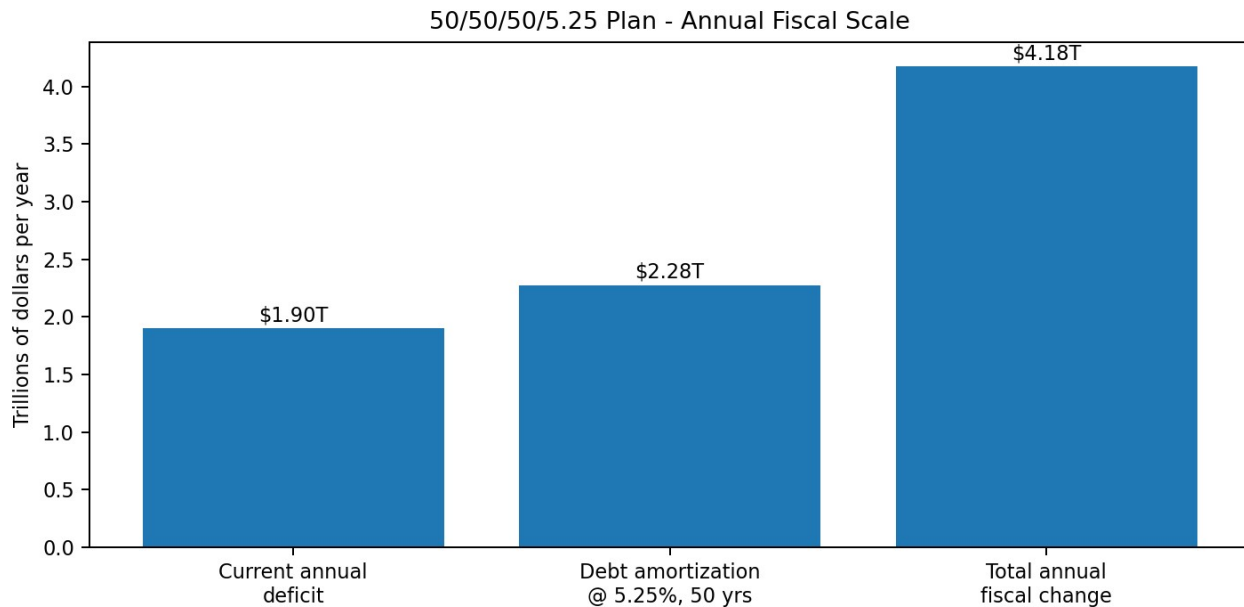


Figure 6. Annual scale of the thought experiment: eliminate the baseline deficit and fund a 50-year amortization payment.

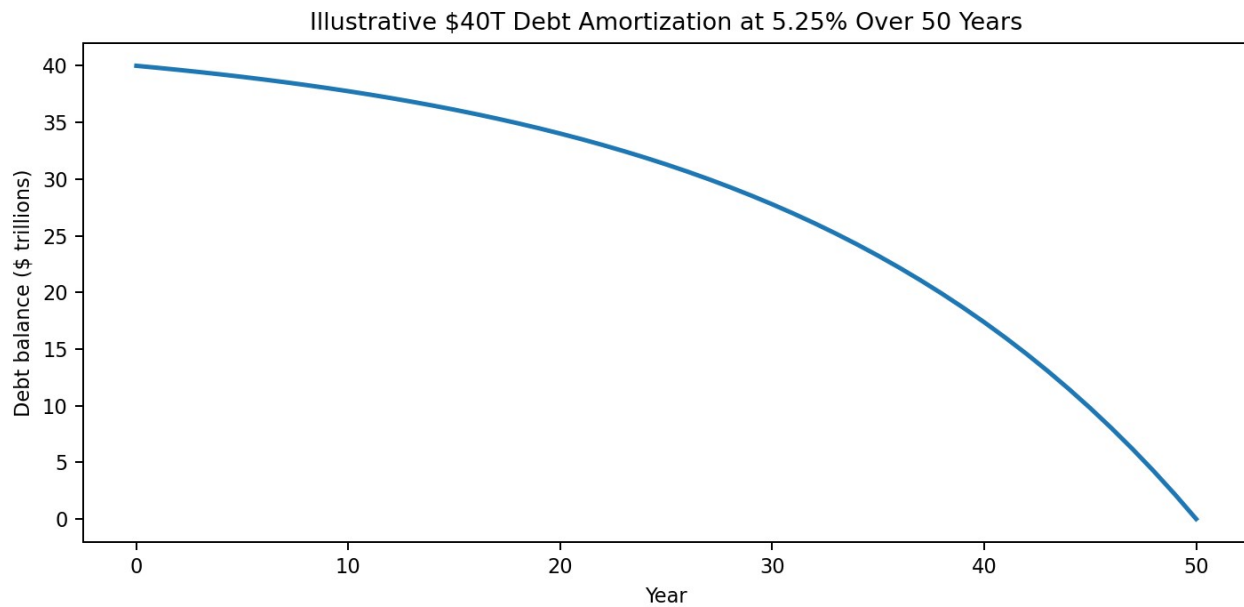


Figure 7. Illustrative amortization trajectory if the \$2.276T annual debt payment is made every year at a fixed 5.25% rate and no new debt is added.

Why eliminating the deficit matters

A payoff plan that ignores ongoing deficits is internally inconsistent: new borrowing would continue while old debt is being paid down. The \$1.9T baseline deficit is therefore added to the amortization requirement in Year 1.

12. Revenue and Spending Scale

Splitting the \$4.176T annual adjustment evenly gives \$2.088T in added revenue and \$2.088T in spending reductions. Rounded for the article: \$2.1T + \$2.1T = \$4.2T.

Comparison	Calculation	Result
Revenue side as share of all 2026 federal revenue	$\$2.088\text{T} / \5.6T	37.3%
Revenue side as share of individual income-tax receipts	$\$2.088\text{T} / \sim\2.752T	75.9% -> about 75%
Spending cut as share of 2026 outlays	$\$2.088\text{T} / \7.4T	28.2%
Total immediate fiscal adjustment as share of ~\$32T GDP	$\$4.176\text{T} / \32T	13.1% of GDP

Tax wording

If the full \$2.1T revenue increase is assumed to come from individual federal income taxes, it is defensible to describe the required increase as roughly 75% of current individual income-tax revenue. It is NOT defensible to say every taxpayer's tax rate or tax bill would rise exactly 75%.

CBO reports 2026 individual income-tax receipts at 8.6% of GDP. At approximately \$32T GDP, that is about \$2.75T. The exact dollar baseline will vary with GDP revisions and actual collections, so "about 75%" is the appropriate level of precision. [S7]

13. Recession / Output Risk

This is the most uncertain part of the article and therefore receives the strongest qualification. No government agency has published a forecast for the AHTrimble.com 50/50/50/5.25 Plan. The recession figures are scenario estimates based on the extraordinary size of an immediate fiscal contraction and empirical fiscal-consolidation literature.

Scale first

The plan removes roughly 13.1% of one year's GDP from the fiscal stance through a combination of tax increases and spending cuts. Historical fiscal-consolidation studies generally examine adjustments around 1% of GDP, not 13%. Any linear extrapolation to this scale is necessarily uncertain and should be treated as a stress test, not a point forecast.

IMF research finds that fiscal consolidation is normally contractionary. One IMF synthesis reports that a 1%-of-GDP consolidation typically reduces real GDP about 0.5% and raises unemployment about 0.3 percentage point after two years. Another advanced-economy summary reports about 0.6% lower real income and almost 0.5 percentage point higher unemployment within two years. [S19-S20] Research also finds that effects can be larger in recessions and that much of the output effect materializes within four quarters. [S21-S23]

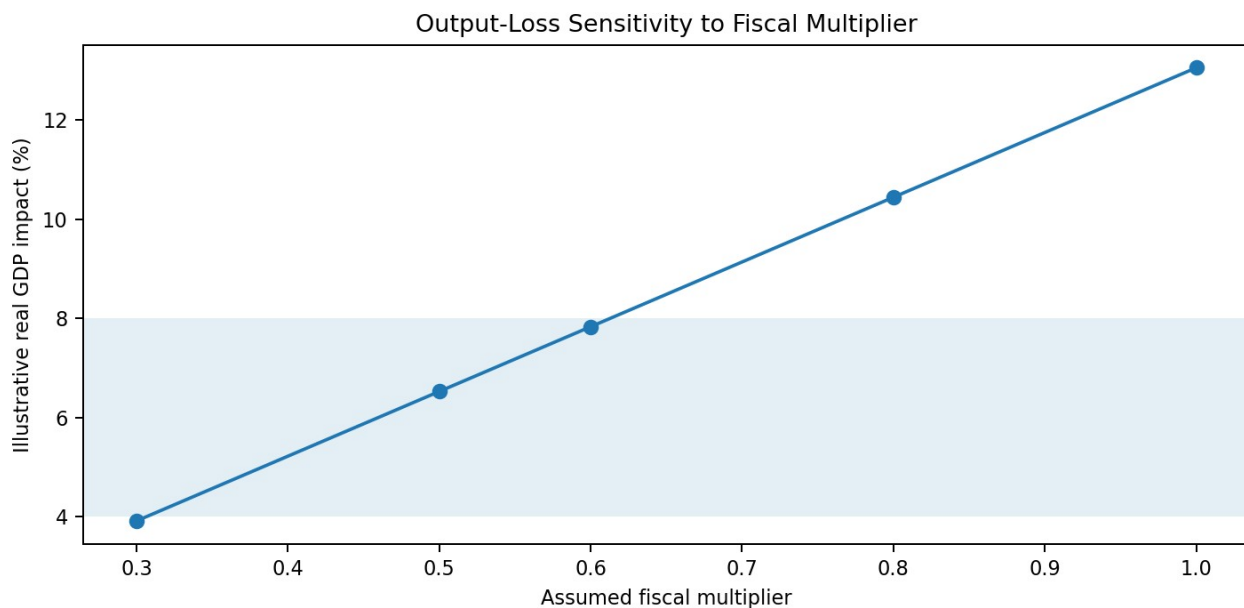


Figure 8. Sensitivity analysis. At a fiscal adjustment of ~13.1% of GDP, even modest multipliers imply a very large output shock. The shaded 4%-8% band is the article scenario range, not an official forecast.

Assumed multiplier	Illustrative GDP effect on 13.1% fiscal adjustment
0.3	-3.9%
0.5	-6.5%
0.6	-7.8%
0.8	-10.4%
1.0	-13.1%

Assessment of the article's 4%-8% GDP decline range

The 4%-8% range corresponds to an effective multiplier of roughly 0.30-0.61 on a ~13.1%-of-GDP fiscal adjustment. That is within the broad empirical literature for tax/spending consolidation, but the unprecedented scale makes precision impossible. The range is defensible as a stress-test band; it is not defensible as a high-confidence econometric forecast.

Recession probability and timing

The article's "95%+" recession probability should be understood as an analytical judgment that recession would be overwhelmingly likely under immediate implementation, not as a frequency estimate produced by a calibrated probability

model. Likewise, “April 2027” is a scenario timing estimate roughly eight months after an August 2026 implementation, consistent with literature showing substantial fiscal effects within the first four quarters. [S21]

Hard limitation

There is no defensible source that assigns exactly a 95% probability or exactly April 2027 to this hypothetical plan. Those figures are scenario judgments. The RS supports the direction and severity logic, but it cannot transform those point estimates into published facts.

14. Unemployment and Job-Loss Scenario

BLS reports July 2026 unemployment at 4.1%, with a seasonally adjusted civilian labor force of about 169.1 million and 6.916 million unemployed. [S24-S25]

Unemployment rate	Implied unemployed at 169.094M labor force	Increase vs July 2026
4.1%	6.93M	baseline
8.0%	13.53M	+6.60M
9.0%	15.22M	+8.30M
10.0%	16.91M	+9.99M

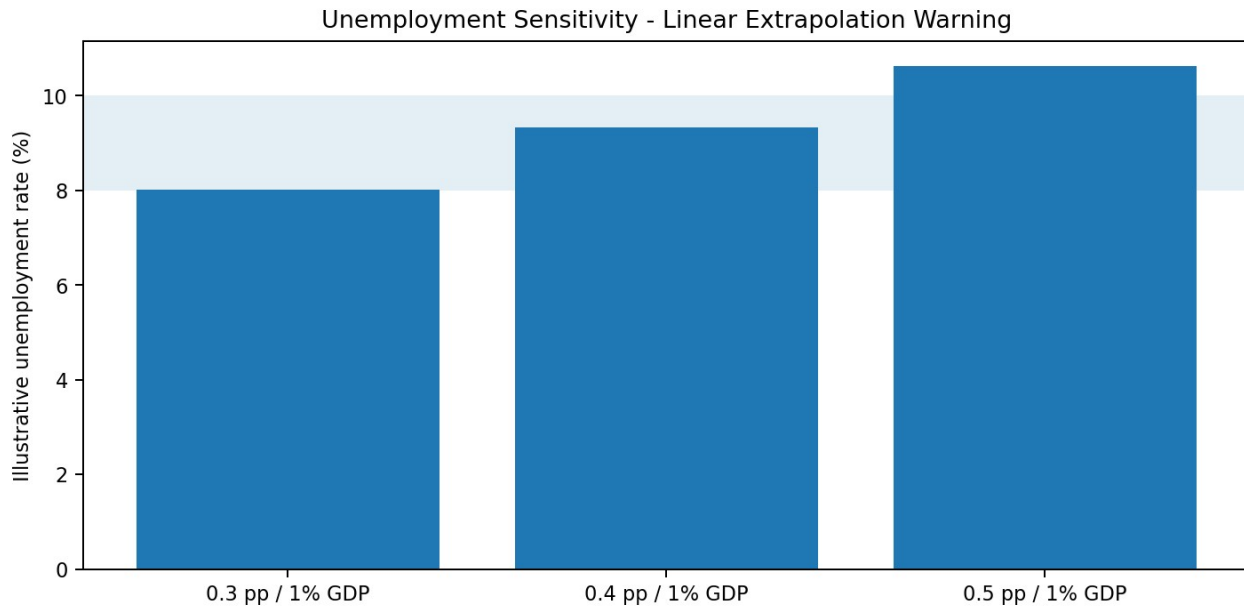


Figure 9. Linear sensitivity using fiscal-consolidation unemployment effects. Warning: extrapolating 1%-of-GDP historical estimates to a 13% shock is outside the normal evidence range.

This arithmetic explains the article’s “approximately 8-10 million losing their jobs” shorthand: moving from 4.1% unemployment toward 9%-10% with a labor force near 169 million implies roughly 8.3-10.0 million additional unemployed, holding labor-force size constant. At an 8% peak, the increase is closer to 6.6 million. Therefore the article’s 8-10 million figure aligns with the upper half of its stated 8%-10% unemployment range, not the entire range.

Precision note

“Jobs lost” and “increase in unemployed” are not perfectly interchangeable because labor-force participation can change. The calculation is best read as an order-of-magnitude labor-market impact, not a payroll forecast.

15. Market-Risk Scenario

The article gives a potential stock/401(k) decline of 20%-35%. Fiscal-consolidation literature does not provide a mechanical mapping from a 13%-of-GDP fiscal shock to a specific S&P 500 decline. Equity prices react to expected earnings, interest rates, risk premiums, monetary policy, and the broader financial environment. Federal Reserve research emphasizes that equity responses to policy shocks can be large and operate through yields and risk premiums. [S26-S28]

Historical recessions demonstrate a wide range. During the Great Recession, real GDP fell 4.3% peak-to-trough, unemployment reached 10%, home prices fell about 30%, and the S&P 500 fell 57% from peak to trough. [S29] That episode included a financial crisis and is not a direct analogue for this plan.

Assessment of -20% to -35%

This is defensible only as a potential stress range, not as a forecast. A 20% decline is the conventional threshold associated with a bear market; a 35% decline would be severe but well short of the Great Recession equity drawdown. The RS does not claim fiscal arithmetic alone predicts this range.

16. Political Plausibility vs. Economic Possibility

The article's final political-culture conclusions are not equations. The research can establish what sustained debt reduction requires: eliminate or sharply reduce deficits, generate primary surpluses, restrain spending and/or raise revenue, and maintain those choices over long periods. CBO's baseline instead projects persistent deficits and rising debt held by the public through 2036. [S7]

Classification

"Paying off the debt would require a different American political culture" and "I don't see it being politically plausible" are AUTHOR CONCLUSIONS. The RS supports the fiscal requirements and historical difficulty; it does not present political impossibility as a theorem.

17. Part III Source Archive

S18. Daily Treasury Par Yield Curve Rates - 2026 — U.S. Department of the Treasury, Aug. 21, 2026. [Open source](#) Aug. 21: 20-year 5.25%, 30-year 5.27%.

S19. Will It Hurt? Macroeconomic Effects of Fiscal Consolidation — International Monetary Fund, World Economic Outlook, 2010. [Open source](#) 1%-of-GDP consolidation: ~0.5% lower GDP and ~0.3 pp higher unemployment after two years.

S20. Painful Medicine: fiscal consolidation, incomes and jobs — International Monetary Fund, 2011. [Open source](#) Advanced-economy summary: ~0.6% lower real income and almost 0.5 pp higher unemployment within two years per 1% GDP consolidation.

S21. Fiscal Multipliers and the State of the Economy — International Monetary Fund, 2012. [Open source](#) State-dependent multipliers; large share of impact within four quarters.

S22. Medium-Term Fiscal Multipliers during Protracted Recessions — International Monetary Fund, 2014. [Open source](#) Output/employment effects can be larger during prolonged weakness.

S23. Fiscal Consolidation: Taking Stock of Success Factors, Impact, and Design — International Monetary Fund, Mar. 17, 2023. [Open source](#) Modern survey of consolidation design, pacing, and macroeconomic effects.

S24. The Employment Situation - July 2026 — U.S. Bureau of Labor Statistics, Aug. 7, 2026. [Open source](#) Unemployment rate 4.1%.

S25. Table A-1. Employment status of the civilian population — U.S. Bureau of Labor Statistics, July 2026. [Open source](#) Labor force 169.094M; unemployed 6.916M seasonally adjusted.

S26. The Effect of the Federal Reserve on the Stock Market: Magnitudes, Channels and Shocks — Federal Reserve Board, May 2026. [Open source](#) Policy, yields, risk premia, and stock returns.

S27. What Explains the Stock Market's Reaction to Federal Reserve Policy? — Federal Reserve Bank of New York, 2003. [Open source](#) Evidence on stock-price reaction to monetary-policy surprises.

S28. Taxes and the Fed: Theory and Evidence from Equities — Federal Reserve Board, 2017. [Open source](#) Tax shocks and equity-market channels.

S29. The Great Recession — Federal Reserve History, current historical essay. [Open source](#) GDP -4.3%; unemployment peak 10%; home prices ~-30%; S&P 500 ~-57%.

S30. Fiscal policy in advanced economies: fiscal adjustment, efficiency and growth — International Monetary Fund, Mar. 12, 2012. [Open source](#) Explains feedback from consolidation to growth, revenues, and automatic stabilizers.

S31. Macroeconomic Effects of Tax Rate and Base Changes — International Monetary Fund, 2018. [Open source](#) Tax-rate multipliers can be materially contractionary; composition matters.

S32. A Fiscal Job? An Analysis of Fiscal Policy and the Labor Market — International Monetary Fund, 2014. [Open source](#) Fiscal policy and employment / Okun-law channels.

S33. The Fiscal Multipliers — International Monetary Fund, 2026. [Open source](#) Recent review emphasizing composition and cross-country variation; used as corroborating literature.

Appendix A - Calculation Sheet

A1. Historical GDP calculations

Calculation	Formula / method	Result
96-year mean	Arithmetic mean of BEA annual growth, 1930-2025	3.2781%
26-year mean	Arithmetic mean, 2000-2025	2.2154%
Years above 1.5%	Count of annual observations > 1.5	75
Current below 3.3%	$(3.3-1.5)/3.3$	54.55% -> ~55%
Current below 2.2%	$(2.2-1.5)/2.2$	31.82% -> ~32%

A2. Inflation calculations

Calculation	Formula	Result
Inflation rate to double prices in 30 years	$2^{(1/30)}-1$	2.33739%
Purchasing power after 30 years	$1 / (1+i)^{30}$	0.5000
\$50,000 real purchasing power	$\$50,000 \times 0.5$	\$25,000

A3. Growth / revenue scale calculation

Step	Calculation	Result
Additional GDP needed for \$40T revenue	$\$40T / 17.5\%$	\$228.57T
Add ~\$32T base GDP	$\$228.57T + \$32T$	\$260.57T -> ~\$261T
Increase over \$32T base	$(\$260.57-\$32)/\$32$	714%

A4. 50-year payoff calculation

Step	Calculation	Result
Debt amortization payment	$40 \times .0525 / [1-(1.0525)^{-50}]$	\$2.276T/yr
Add baseline deficit	$\$2.276T + \$1.9T$	\$4.176T/yr -> ~\$4.2T
50/50 split	$\$4.176T / 2$	\$2.088T each -> ~\$2.1T
Individual income-tax baseline	$8.6\% \times \sim\$32T$	~\$2.752T
Revenue-side increase vs income tax	$\$2.088 / \2.752	75.9% -> about 75%

Appendix B - Claim-by-Claim Support Matrix

Article proposition	RS assessment	Support
Trump said “tremendous growth” / unprecedented growth / growth handles debt	Supported as quotation	S1-S2
Current real GDP growth 1.5%	Supported	S3
2000-2025 average ~2.2%	Reproduced calculation	S4
1930-2025 average ~3.3%	Reproduced calculation	S4
75 of 96 years above 1.5%	Reproduced count	S4
Bessent 3%-3.5% range	Supported	S5-S6
Federal revenue ~17.5% GDP	Supported	S7
GDP ~\$32T to ~\$261T scale illustration	Reproduced; strong simplifying assumptions	S7 + calculation
~47 years to halve fixed debt/GDP burden at 1.5%	Reproduced	compound-growth calculation
2.34% inflation halves purchasing power in 30 years	Reproduced	S11-S16 + calculation
Specific goods double	Illustrative only; not item-specific forecast	S11-S13
\$40T “effectively” becomes \$20T	Supported only as real-burden statement	purchasing-power math
30-year Treasury 5.27% on Aug. 21	Supported	S18
50/50/50/5.25 requires ~\$4.2T annual change	Reproduced under stated assumptions	S7, S18 + amortization
~\$2.1T revenue / ~\$2.1T spending	Reproduced	scenario split
~75% more individual income-tax revenue	Reproduced if all revenue comes from individual income tax	S7 + calculation
Recession overwhelmingly likely	Direction strongly supported; exact 95% is scenario judgment	S19-S23
April 2027 onset	Scenario timing estimate, not sourced forecast	S21
4%-8% real GDP decline	Defensible stress-test band; not point forecast	S19-S23
8%-10% unemployment	Stress-test range; extrapolation beyond historical consolidation scale	S19-S25
8-10M jobs/unemployed impact	Arithmetic aligns with ~9%-10% unemployment; terminology approximate	S24-S25
Stocks/401(k)s -20% to -35%	Potential stress range only	S26-S29
Different political culture / politically implausible	Author conclusion	Fiscal evidence informs but does not prove

Bottom-line audit

The strongest portions of the article are the quotations, GDP history, inflation math, Treasury-rate input, CBO budget inputs, and amortization math. The least certain portions are the exact recession probability, exact onset month, and market decline range. Those are preserved in the RS only as clearly labeled scenario judgments/stress estimates, not as sourced forecasts.

Appendix C - Limitations & Reproducibility Notes

Different concepts of debt

The article uses the approximately \$40T total national debt figure. Economists often focus on debt held by the public for debt-to-GDP sustainability analysis. Gross federal debt and debt held by the public answer different questions. Treasury's Debt to the Penny dataset defines both.

Quarterly annualized growth vs annual growth

The 1.5% Q2 2026 figure is a seasonally adjusted annual rate for one quarter. The 1930-2025 comparison series is annual percent change. Comparing them is useful for scale but not perfectly apples-to-apples. The RS makes the frequency difference explicit.

Static revenue share

The \$261T calculation holds federal revenue at 17.5% of GDP and treats all incremental revenue as available for debt reduction. It is deliberately favorable to the growth-only hypothesis.

Inflation and wages

General inflation does not mechanically cut living standards in half if nominal wages and other incomes also adjust. The purchasing-power examples apply to fixed nominal dollars and price-level illustrations. Distributional effects vary by household.

Inflation and refinancing

Higher inflation can raise nominal Treasury yields and debt-service costs as securities mature and are refinanced. A fixed nominal debt thought experiment omits that feedback.

5.25% for 50 years

The Treasury does not finance the entire national debt as a single 50-year fixed-rate loan. The amortization model is a transparent thought experiment using a market long-term rate as a simplifying benchmark.

Fiscal multipliers

Multipliers vary by economic conditions, policy composition, monetary response, openness, household behavior, and implementation speed. Historical estimates around 1% of GDP should not be linearly extrapolated to a 13% shock with false precision.

Recession probability

"95%+" is not generated by a statistical recession-probability model. It expresses the analytical judgment that an immediate fiscal withdrawal of this magnitude would make recession overwhelmingly likely.

April 2027

The date is a scenario estimate based on an assumed rapid transmission over the first several quarters. It is not an NBER or government forecast.

Stocks and home values

Asset prices do not have a fixed multiplier to GDP. Historical recession drawdowns provide context, not a deterministic forecast for this plan.

Political conclusions

Statements about American political culture and plausibility are explicitly the author's conclusions. The RS supports the fiscal conditions that would be required, not the philosophical conclusion itself.

Consolidated Source Index

The source archive above is intentionally redundant. Primary sources are repeated where they support multiple calculations. The list below gives the principal institutions used in the research record.

U.S. Bureau of Economic Analysis: [website](#)

Federal Reserve Bank of St. Louis - FRED: [website](#)

Congressional Budget Office: [website](#)

U.S. Treasury Fiscal Data: [website](#)

U.S. Treasury Interest Rates: [website](#)

U.S. Bureau of Labor Statistics: [website](#)

Federal Reserve Board: [website](#)

International Monetary Fund: [website](#)

The White House video archive: [website](#)

Reuters: [website](#)

Research conclusion

The article's central thesis is defensible: current growth is not historically extraordinary; ordinary growth does not make a \$40T debt problem disappear "very easily"; inflation can reduce the real burden of fixed nominal debt only by reducing the purchasing power of nominal dollars; and actually amortizing the debt while eliminating ongoing deficits would require fiscal changes so large that serious contraction risk is unavoidable. The RS also identifies where the article moves beyond sourced fact into stress-test estimates and author judgment.

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