

THE REAL COST OF *Socialism* IN AMERICA



SUMMARY OF FINDINGS FROM CEA'S OCTOBER 2026 ANALYSIS OF THE ECONOMIC AND FISCAL IMPACT OF THE DSA AGENDA

The Democratic Socialists of America's 2026 Workers Deserve More program includes a range of policy commitments, among them the eight major policies highlighted here: cancellation of all student debt with free college tuition, open borders and amnesty for illegal aliens, abolishing the police and the prison system, Medicare for All, universal rent control, the Green New Deal, a 32-hour workweek mandate, and a 5 percent annual wealth tax on billionaires. The Council of Economic Advisers (CEA) has quantified each one. Seven are scored against the federal budget over ten years (2027–2036, in constant 2026 dollars). The public-safety pillar is assessed through its effect on crime and the social and economic costs that follow from it.

COUNCIL OF ECONOMIC ADVISERS

THE WHITE HOUSE

\$49 trillion

Added to federal deficits over ten years (2027–2036) by the seven scored programs, after counting \$3.9 trillion in revenue from the proposed wealth tax

+130 to 160 percent

Increase in the prices Americans pay over ten years if the agenda is financed by borrowing; each year of deficit spending adds 12.7 to 15.6 percentage points to the long-run price level

–28.4 percent

Change in after-tax hourly wages if the agenda is financed by tax increases, about \$22,000 a year in lost income

THE BOTTOM LINE

Seven of the programs would add roughly \$49 trillion to federal deficits over ten years, about \$4.9 trillion a year, after counting the \$3.9 trillion the wealth tax would raise (\$52.8 trillion before that revenue). This works out to a cost of approximately \$355,000 per American household. Medicare for All alone accounts for \$47.4 trillion. That burden would have to be financed either by borrowing or by tax increases, both with dramatically costly effects on Americans pocketbooks, and CEA scored both paths.

IF FINANCED BY BORROWING:

- Interest rates on 10-year Treasury notes rise by 5.8 percentage points, likely breaching 10 percent, and 30-year mortgage rates exceed 12 percent. Higher rates would raise not only the government's cost of borrowing but also mortgage and loan rates for families and small businesses.
- The prices Americans pay rise by about 130 to 160 percent over the decade. Each year of deficit spending adds 12.7 to 15.6 percentage points to the long-run price level, 3.1 to 4.4 points of it felt in the year the spending occurs.
- Federal debt held by the public more than doubles to 254 percent of GDP by 2036. Annual interest payments would exceed the federal government's entire projected revenue in 2036, increasing costs for Americans.

IF FINANCED BY TAX INCREASES:

- After-tax hourly wages shrink by 28.4 percent, about \$22,000 in lost annual income per worker in 2026 dollars.
- The effective federal individual income tax rate almost triples, rising from 14.1 percent to 39.6 percent of adjusted gross income, and the effective corporate rate from 11.1 percent to 30.0 percent.
- Real GDP falls 14.6 percent in perpetuity, driven by an 11.5 percent smaller capital stock and a 16.2 percent fall in total labor hours, meaning fewer jobs and lower wages for Americans. Adding the programs' direct effects, real GDP could fall by about 19 percent, roughly \$73 trillion over a decade.

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POLICY PROPOSAL	TEN-YEAR FEDERAL FISCAL EFFECT	WHAT CEA FOUND
Student debt cancellation and free tuition <i>Cancel all student debt; free undergraduate tuition</i>	-\$3.60 trillion (tuition covered at all institutions; -\$2.1 trillion if public institutions only)	Student debt is concentrated among households with graduate degrees and above-median incomes, and income-driven repayment already forgives much of what low earners owe. The top earnings decile gains more from cancellation than the bottom three deciles combined. Free tuition is a permanent \$84 to \$233 billion a year.
Open borders and amnesty <i>End ICE detention and deportations; amnesty for all illegal aliens</i>	-\$0.53 trillion (midpoint of a \$440–613 billion range)	Each illegal alien imposes a net lifetime cost of \$166,716 on taxpayers, \$1.4 to \$1.9 trillion for the current population. Amnesty adds \$36 to \$47 billion a year in SNAP, housing voucher, and Medicaid costs, and ending enforcement forfeits \$227 to \$287 billion in projected savings. Lower ICE arrest rates are associated with higher rents and more property crime.
Abolish the police and the prison system <i>Defund the police, decriminalize, and release incarcerated people</i>	Not scored in fiscal terms	The platform's policies, reducing police staffing, reclassifying offenses as misdemeanors, and shortening sentences, are associated with higher crime where they have been implemented. Each additional crime per 100 people per year is associated with 110 fewer days of life expectancy (2.4 years if the crime is violent), 173 more deaths per 100,000 people (violent crime), a 0.73 percentage point rise in child poverty, a 1.4 to 1.6 point decline in the share of children who out-earn their parents, and a \$112.90 increase in annual employee-plus-one health insurance premiums.
Medicare for All <i>Single-payer, first-dollar coverage; no premiums or cost sharing</i>	-\$47.41 trillion	\$54.5 trillion in single-payer and Medicare costs, partly offset by \$2.8 trillion in administrative and \$4.3 trillion in federal Medicaid savings. The sponsors' own financing options raise \$17.2 trillion and leave a \$27.7 trillion shortfall (2028–2036). Medical productivity falls 22 percent by 2036. Covered services include sex-change operations, at a base-case cost of \$30 billion.
Universal rent control <i>Annual rent growth capped at 1.875 percent (CEA's central case)</i>	-\$16 billion	3.3 million fewer rental units after ten years (6.7 percent), and unit quality falls 4.5 percent as maintenance declines. \$546 billion in economic value is destroyed, about \$11,800 per controlled unit; \$0.83 to \$1.06 is lost for every \$1 transferred to tenants. Real GDP is 0.3 to 0.5 percent lower after ten years.
Green New Deal <i>Net zero by 2050; building and vehicle electrification mandates</i>	-\$0.37 trillion (forgone tax revenue)	More than \$12 trillion in costs over 25 years, over \$91,000 per household. Electricity bills rise at least 16.3 percent (about \$340 a year) for heating alone in gas-heated homes. Vehicle mandates cost \$884 billion over ten years, including \$244 billion in forgone sales to Americans who could no longer afford a car. Real GDP is \$2.2 trillion lower over ten years.
32-hour workweek <i>32-hour standard at unchanged weekly pay, with overtime beyond</i>	-\$0.92 trillion federal (-\$1.4 trillion including state and local revenue and unemployment insurance)	4.2 to 6.9 million jobs lost, or 8 to 12 percent of affected workers, who are concentrated at \$14 to \$24 an hour. The unemployment rate rises from 4.1 percent to between 6.6 and 8.2 percent. Real GDP falls 1.5 percent, a \$5.2 trillion loss over ten years.
Wealth tax <i>5 percent annual tax on net worth above \$1 billion (Sanders–Khanna, S. 3956)</i>	+\$3.94 trillion in revenue (sponsors' estimate; CEA's alternatives are about \$2.5 trillion; before a \$449 billion loss of income-tax receipts)	Americans' real wages fall 2.5 percent, about \$1,700 a year for the median full-time worker. 1.1 million workers are unemployed and real GDP is 2.4 percent lower by the tenth year (\$8.6 trillion over ten years). The price level is 2.8 percent higher. Stock market capitalization falls \$3.8 trillion, about \$2,100 from the median 401(k).

Fiscal effects are ten-year totals for 2027–2036 in constant 2026 dollars (Table ES-1 of the report); positive values are revenue; negative values are costs. Other figures are drawn from each chapter's key findings.