

# Trumpâ€™s economic free-riding

Published: January 13, 2026, 1:41 am

---

The Politico commentary email had this summary of Trump's tax returns this morning:

**TRUMP TAX BOMBSHELL:** A blockbuster [New York Times](#) investigation dropped last night: The paper got hold of Donald Trump's tax returns going back two decades. Here are the story's five top lines ...

**TOP LINE 1:** Trump paid \$750 in income tax the year he won the presidency. He paid another \$750 in his first year in the White House.

**TOP LINE 2:** In 10 of the previous 15 years, he paid no income tax at all.

**TOP LINE 3:** He did this despite raking in hundreds of millions of dollars a year, the NYT reports, by racking up huge losses to avoid tax. His top businesses lost millions per year - he blew [\\$70,000](#) on "hairstyling" alone.

**TOP LINE 4:** Trump faces an audit over a \$73 million tax refund he received after declaring massive losses - an adverse ruling could cost him over \$100 million.

**TOP LINE 5:** Within the next four years, Trump faces more than \$300 million worth of loans coming due.

From all I have read, that seems as good a summary of the New York Times story as there is. I should add, Trump deniers it all.

But just suppose that the denials are wrong. Suppose, instead, that this is a fair reflection of Trump's tax returns. What does they then say?

The first, and most obvious possibility, is that Trump is not a successful business person, at all. Instead he is an arch manipulator of borrowed funds, using them to give the appearance of a successful business career when he is, in fact, simply accumulating debt that he might well be unable to repay. The possibility that this might arise during the course of a second term in office is particularly worrying: how can the President go bankrupt?

The second, and again quite obvious interpretation of this information is to suggest that Trump is a massive tax avoider, who takes what UK tax barrister Clair Quentin would describe as aggressive and uncertain tax filing positions to avoid paying tax in the first instance in the hope that this will not be noticed by the tax authorities, and with the aim of arguing for many years if they are, with the overall objective of deferring tax payment for as long as possible. It would seem that Trump is succeeding in this objective.

There is, however, one important point of commonality to note, whichever of these two positions is true. Both, absolutely fundamentally, suggest that Trump is a free rider. Investopedia defines the free rider problem in this way:

*The free rider problem is the burden on a shared resource that is created by its use or overuse by people who aren't paying their fair share for it or aren't paying anything at all. The free rider problem can occur in any community, large or small.*

Of course, you could also simply describe free riders as those willing to cheat to secure those things to which they are not entitled. I prefer that version. And it would seem to very appropriately describe Trump.

Trump would appear to be living off borrowed money rather than money that he has earned.

And, to facilitate this, he is also taking substantial tax risk to reduce or eliminate payments owing in order to support an extravagant lifestyle.

There should be nothing surprising about this. This is the logic at the core of tax haven activity, after all. It is the so-called free marketeers position. And, as is becoming readily apparent, populist politicians have as their primary objective the personal enrichment of themselves or their friends, which is a simple variation on the free rider problem. Those without ability are seeking to secure riches by abusing the state, and in the process all the rest of us.

The New York Times has done us a great service by publishing this story. Trump could, of course, simply deny the claims in one very simple, and effective way: he could publish his tax returns. I very strongly suspect that he will not.