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COMMENTARY

The DOGE Hoax: An Angry Economist's Rebuke

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A populist is a politician who claims to represent the interests of ordinary people, but the claim is almost always a deception, riddled with misinformation and exploitation of baseless fears (usually ethnic or xenophobic). It was largely foreseeable that Donald Trump, a man who came of age lying about the number of floors in his daddy's skyscrapers, would become the most audacious populist politician in American history. This is a man who discovered that when he put his name on hotels that he did not own, most of the public still believed he owned the hotels. He is a man who happily starred in a TV show pretending to fire people from fictional jobs created for fictional TV that the American public nevertheless called "Reality TV." He is a man whose entire life has been about lying to gain advantage and who has rarely been called out for his lies. It is no wonder that a life of incessant lying did not change the moment he became President. In fact, lies and the American voter's indifference to those lies helped get Trump elected.

This Commentary will explore one of those lies, the lie I call the DOGE (Department of Government Efficiency) Hoax. This hoax perpetrated on gullible Americans by Donald Trump and his sycophants began before the November 2024 election and continued through the first 100 days of the second Trump presidency.¹ The fact that DOGE was a hoax, or a lie, is already widely acknowledged this fifth month into Trump's second presidency. It began when Elon Musk, Donald Trump's foot soldier leading the DOGE effort, announced in October 2024 to admiring Americans that he believed two trillion dollars of *waste, fraud, and abuse* could be cut from federal spending.^{2,3} Later he reduced the goal to one trillion dollars in an apparent attempt to appear only half as absurd.⁴ Nevertheless, as would have been expected by anyone with even rudimentary knowledge of the federal budget, by April 23, 2025 the CATO institute reported that verifiable cuts were only \$63 billion, and even those are suspected to be riddled with errors, and the actual number is likely less than half that amount.^{5,6} (To federal budget newcomers: one trillion is equal to one thousand billion.) Moreover, DOGE's random chain-saw style cuts and layoffs can hardly be called savings.⁷ Famously, destroying the Department of Education and USAID, among other government agencies, is like Musk coming to your house and driving your car into the lake saying "See, now you don't have to pay for gasoline anymore!" Destroying government is not a saving.

The sad and scary part about this story, and perhaps the most important point to be made here, is not that the caricatured uneducated MAGA voter was taken in by Trump's populist DOGE Hoax. It is that about half of voting Americans seem to have fallen for it. Lawyers, doctors, engineers, computer programmers, even professors in U.S. business schools cheered on the DODGE Hoax, with giddy anticipation. The question asked here is, how can American democracy survive, when so-called educated Americans fall for such audacious populist malarkey, to use a word we have not heard in the public sphere lately.

Unfortunately, over the past few decades our universities and colleges have rushed to become job training institutes rather than institutions of higher learning. They have abandoned their mandate of helping Americans open their minds to history, philosophy, literature, culture, science, ethics, and civics. This wider knowledge is what enables educated people to think

¹<https://www.fox5dc.com/news/trump-elon-musk-government-efficiency-2024>

²Watch this! <https://www.youtube.com/live/HysDMs2a-iM?t=15822s>

³ <https://thehill.com/business/4966789-elon-musk-skepticism-2-trillion-spending-cuts/>, June 6, 2025

⁴ <https://thehill.com/homenews/administration/5076095-elon-musk-doge-2t-spending-cut-goal/>, June 6, 2025

⁵ <https://www.cato.org/blog/doge-fell-short-spending-cuts-now-congress-must-lead>

⁶ <https://x.com/SteveRattner/status/1912819901523255497/photo/1>

⁷ <https://finance.yahoo.com/news/doge-deletes-billions-savings-records-141516710.html>

critically about the world and is the kind of education needed to recognize the misinformation of demagogues and populists.

Universities and colleges in America today are almost entirely focused on ROI (return on investment, measured in wages of graduating students). Acquiring a narrow job skill such as accounting, programming, web design, or welding is great for ROI, but it is not education. Education requires learning about how the diverse world works, how it has worked historically, and what has not worked. Students do not get paid more for being educated in history, culture, civics, and ethics, so many often shy away from these subjects. Schools are rewarded for higher ROI of their graduates, so they also downplay traditional education. No one benefits from a traditional worldly education *except for the whole of society*. This is not to say that narrow job skills are not important, they are, but the pendulum has swung far too much to one side, and the fact that an audacious populist like Donald Trump has been able to twice lie himself into the Presidency of the United States provides ample evidence of our failure to properly educate our population.

From the perspective of the DOGE Hoax, the ability to identify this manifestation of populist demagoguery requires that Americans understand how their government operates. It should be common knowledge, for example, that federal agencies are closely regulated, monitored, and audited. It should be common knowledge that the federal government has a system of oversight and audit that includes over seventy Inspector General offices inside of federal agencies. The Inspector General system was set up to place arms-length independent third-party auditors and their staff in federal agencies. Inspector Generals have the right and the duty to critically review and report on agency activities and financial transactions. In other words, the job of the Inspector Generals is to closely guard against waste, fraud, and abuse. Sadly, the Inspector General system has been under attack by Donald Trump. They and their staff are facing DOGE layoffs and firings like so many other federal workers.⁸

A second institution, the Government Accountability Office (GAO), is the arm of Congress that has the right to audit and investigate any federal agency for any reason at the request of a member of Congress. It is the main auditing institution of the federal government and is widely known as Congress' watchdog, but few Americans have even heard of it. The GAO is open and transparent. All its reports are freely available to the public. The employees of the GAO are proud of their work. Their mission values are *accountability, integrity, and reliability*. In addition, most U.S. government departments and federal agencies go through annual audits by the big private-sector accounting firms, such as KPMG, Deloitte and Touche, PwC, and others.

While it is obvious that any large organization will have inefficiencies, the U.S. government likely has less waste, fraud, and abuse than most because each department and agency is so carefully monitored and audited. When a federal program is not working as intended or for any reason needs to be cut, this should be done strategically by informed people, accounting for the costs and benefits of doing so. The notion that a knight in shining armor is going to ride into town for a few months with a chainsaw and a merry band of computer hackers and discover hidden waste, fraud, and abuse in government is patently absurd. Americans should have known better, but they no longer take courses in *Government* because it has a low ROI, so they did not know better.

Americans also need to have at least a rudimentary understanding of the numbers that represent the American economy and the role of the federal government in that economy. Most Americans, for example, do not understand Gross Domestic Product (GDP), but this does not have

⁸ See <https://thehill.com/opinion/white-house/5113246-president-trump-inspectors-general-firings/>

to be a difficult concept. With a few minor omissions, a useful, easy to remember notion which is roughly equivalent to GDP is simply the total income generated annually in the American economy. When your barber cuts your hair, the price you pay is the barber's income and is GDP. When a grocery store worker places a loaf of bread on a shelf, the worker's wage is GDP. When a truck driver delivers goods across the country, the driver's pay is GDP. The delivery charge also includes the wear and tear on the truck and that is GDP too and is income to the owner of the truck, whether that is the driver or someone else. When a car factory produces a car, the price of the car is GDP and is income to all the workers who helped produce the car and income to all the owners of the machines and buildings that received some wear and tear in the production of the car. When your financial advisor provides advice, or your therapist provides therapy, or your masseuse provides a massage, all that generates income and that income is GDP. For any economic activity, the income generated can be thought of as the value of the GDP produced by that activity. Add up all the income in the country and we get the GDP. It is not difficult to understand GDP at this basic level and Americans should know it. Unfortunately, knowing this is not a specialized job skill, it provides a low ROI, so universities and colleges today only give lip service to this kind of knowledge.

Many who generate income in the economy are, of course, required by tax law to send some of their income to the federal government. The amount received by the federal government can be called tax receipts, ignoring some minor other sources of revenue. When the government spends its share of the nation's income, it spends it on purchases of goods and services that someone produced. That is, it buys up some of the GDP. The government also pays for workers, machines, and buildings it uses to produce its own forms of GDP (e.g. national defense spending contributes to GDP). The government also uses a large part of its revenue to provide payments to people who need or are owed financial help. These are called transfer payments. We would be double counting to call these payments GDP because nothing is being produced, we are only redistributing one person's income to another person. Almost all transfer payments take the form of Social Security payments to old people. Payments to the poor are also transfer payments but are a proverbial drop in the bucket compared to the amount paid out to Social Security recipients.

Here is an example of simple numbers that Americans should know. The government's fiscal year goes from October through September of the following year. In Fiscal Year (FY) 2024, the U.S. GDP (the income generated in the U. S. economy) was \$29,185 billion, or about \$29 trillion. The amount of that income that was turned over to the federal government was \$4,919 billion or about \$5 trillion. In other words, approximately 17% of the income generated in the US in FY2024 (i.e. 17% of the GDP) was turned over to the federal government as taxes paid.

The federal government spent \$6,752 billion, almost \$7 trillion, in FY2024. Out of \$29 trillion of income generated in the economy, about \$5 trillion was sent to the Federal government to spend, but the federal government spent about \$7 trillion. That is, the federal government spent two trillion dollars more than it received in tax revenue. Two trillion dollars was the budget deficit for FY2024. Where did the federal government get the extra two trillion dollars to spend? It borrowed it! Who lent the federal government two trillion dollars? You did, I did, the Chinese did. Literally any person, entity, or government around the world that had money to lend in FY2024 likely lent some of it to the U.S. federal government. Why? Because the U.S. government has great credit. The U.S. is a big, powerful, and stable country. Its government has always paid its bills and is expected to continue paying them. All this should not be difficult for the American public to remember. It is shown in Table 1. The math is not difficult.

Table 1		
FY2024-in trillions of dollars	Total	Percent of GDP
GDP	\$29	100%
Govt. Receipts	\$5	17.2%
Govt. spending	\$7	24%
Govt. Borrowing	\$2	7%

Source: BEA, <https://www.bea.gov/itable/national-gdp-and-personal-income>

Final Monthly Treasury Statement for Fiscal Year 2024. <https://www.fiscal.treasury.gov/files/reports-statements/mts/mts0924.pdf>

For the purposes of the DOGE Hoax discussion and to debunk the proposition that Elon Musk was going to ride into Washington on a white horse and cut one or two trillion dollars from the federal budget, it is necessary to look at how the federal government spent its money in FY2024. This is summarized in Table 2.

Highlighted are the five big areas of spending: the military, interest payments on the debt, social security, and the Medicare and Medicaid parts of the Department of Health and Human Services (HHS). Medicare and Medicaid account for over 88% of HHS spending.⁹ The first four of these are untouchable for both political and financial (e.g. the U.S. will not go into default) reasons. Only the last one, Medicaid, is minimally “touchable,” but is still difficult to trim because 63% of the Medicaid budget goes to help the old in nursing homes and the disabled.¹⁰

These big five areas of spending account for 74% of the \$6.75 trillion of total federal outlays in FY2024. This amounts to \$5.0 trillion, leaving only \$1.75 trillion available to cut. It is no wonder that Elon Musk reduced his number to one trillion in cuts after so gleefully announcing \$2 trillion to a cheering crowd in Madison Square Garden in October 2024.¹¹ A quick glimpse at Table 2, however, shows that \$1.75 trillion in cuts would completely wipe out the Departments of Agriculture, Commerce, Education, Energy, Homeland Security, Housing and Urban Development, Interior, Justice, Labor, State, Transportation, all the other agencies and the entire legislative and judicial branches of government! And still, sadly, the crowd cheered on...

To summarize, Donald Trump has been an atrocious liar throughout his life, and his continued promotion of innumerable lies throughout his political career has enabled him to twice obtain the power of the U.S. presidency.¹² This Commentary outlined one of those lies: the DOGE Hoax. But as mentioned above, the worrisome part about all this is that the lying worked. Not only did Donald Trump’s devoted base accept his lies with unwavering trust, but Americans from all walks of life cheered and genuinely appeared to believe many, if not most, of the lies.

Apparently educated Americans turned out to be not very educated after all—at least, if a measure of education is the ability to recognize lies about fundamental aspects of our society. No one can be an expert in everything, but an educated person should be able to identify trusted sources in almost any field. The science, history, anthropology, philosophy, political science, economics, and literature departments of our universities are, of course, good places to start. Our senior journalists of our top news organizations have learned how to do ethical journalism and for the most part can be trusted.

⁹ It should be noted that the remainder of the spending at HHS is spent on the CDC, the FDA, the National Institutes of Health (NIH), the Indian Health Service, and other such programs.

¹⁰ Kaiser Family Foundation, <https://www.kff.org/report-section/medicaid-at-50-conclusion/view/print/>

¹¹ Again, watch <https://www.youtube.com/live/HysDMs2a-iM?t=15822s>

¹² <https://www.nytimes.com/interactive/2017/06/23/opinion/trumps-lies.html>

Table 2		
Spending (Outlays) – Fiscal Year 2024	Total	Percent
Legislative branch	6,835	0.10%
Judicial branch	9,480	0.14%
Department of Agriculture	203,402	3.01%
Department of Commerce	14,831	0.22%
Department of Defense-military	826,277	12.2%
Department of Education	267,918	3.97%
Department of Energy	49,315	0.73%
Department of Health & Human Services	1,720,621	25.5%
of which Medicare...	886,857	13.14%
of which Medicaid...	634,217	9.40%
Department of Homeland Security	89,290	1.32%
Department of Housing & Urban Development	51,976	0.77%
Department of the Interior	17,088	0.25%
Department of Justice	43,995	0.65%
Department of Labor	65,040	0.96%
Department of State	37,017	0.55%
Department of Transportation	117,389	1.74%
Interest on Treasury Debt Securities	1,133,037	16.8%
Department of the Treasury	183,816	2.72%
Department of Veterans Affairs	325,004	4.81%
Corps of Engineers	11,345	0.17%
Other defense civil	66,220	0.98%
Environmental Protection Agency	13,699	0.20%
Executive Office of the President	607	0.01%
General Services Administration	-244	0.00%
International Assistance Program	35,794	0.53%
National Aeronautics and Space Administration	25,015	0.37%
National Science Foundation	9,392	0.14%
Office of Personnel Management	126,173	1.87%
Small Business Administration	33,197	0.49%
Social Security Administration	1,519,734	22.5%
Independent Agencies and Offset Receipts	-252,779	-3.74%
Total Outlays	6,750,484	1.23

Our senior jurists and law school professors know the law. Our scientists at the NIH, the CDC, the WHO have devoted their lives to the science of preventing disease, and their expertise needs to be acknowledged by the public. And our economists at the Bureau of Economic Analysis, the Federal Reserve, the Department of Labor, and the Congressional Budget office know the economy. Only a fool would believe that our universities are the enemy of the people, that our press is the enemy of the people, that our courts are the enemy of the people, but that appears to be what a large share of our population now believes.

As suggested above, a part of our nation's problem may well be that the American education system has swung the pendulum too far in the direction of job-skill training rather than exposing students to the epistemological foundations of morality, history, cultural diversity, and science. The advancement and promulgation of knowledge and the nature of knowledge itself have traditionally been the core of the higher education mandate, and this is the kind of education needed for students to develop sophisticated critical-thinking abilities. Instead, our "*institutions of higher job-skills*" are creating whole generations of financially successful adults who have not learned how to think critically, knowledgeably, or logically about our shared society. If all that our colleges and universities are doing is training accountants, tech bros, web designers, and welders, we are producing highly paid cogs who fit snugly into a well-oiled economic machine, but the moral and intellectual foundation upon which that machine sits is crumbling.