

The unintended consequence of Trump's legal fines

Several decades ago, political scientists believed that people responded to two very different motivations. Political scientists thought that when people made

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private decisions, they acted in their own self-interest; but that when people made decisions in their capacity as government officials, they acted for the good of the group they were serving, which could have been a town, a state, or the nation. Nobel Laureate James Buchanan, among others, convinced most political scientists that they should assume that people just have one motivation – self-interest.

When political scientists began thinking of government officials as self-interested actors, these political scientists began offering different advice. They no longer thought governments were run by angels who could be trusted to do the right thing. So political scientists stopped advocating institutional structures that allowed government actors to easily abuse their power. Instead, political scientists began to think that safeguards and institutions were needed to create incentives so that politicians and bureaucrats found it in their own interests to do the right thing.

It is easy to believe that politicians need more safeguards than they have now. Corruption seems commonplace. Senator Menendez has been accused of accepting bribes. President Biden and former President Trump have been accused of using their office to enrich themselves. But unfortunately, some academics believe that it would be nearly impossible to create effective safeguards. For instance, Professor John Lott argues that so many politicians are corrupt because they have influence over the enormous sum of money the government spends. Lott thinks that if the size of government shrank, politicians would have less to offer interest groups, which would cause the interest groups to offer smaller bribes, which in turn would make it easier for politicians to remain honest.

While John Lott and political scientists in the post-Buchanan era generally have offered advice aimed at lessening the temptation of government officials to act in a way that serves the officials themselves at the expense of the public, recent events may encourage more corruption. More specifically, I am worried that the shockingly large fines that Trump has been ordered to pay after he lost court cases will give him an enhanced incentive to seek his own gain at the expense of the public's welfare.

Trump is already on the hook for over half a billion dollars in legal penalties and he may end up owing a lot more if he loses any more cases. These legal penalties may increase the incentive for Trump, if elected, to use the Presidency to enrich himself to pay off these debts. This concern is informed by research in psychology. Psychologists have found that people care more about the chance to avoid the loss of money than they do about the opportunity to gain money. More specifically, in many settings, people value a monetary loss by about twice the amount that they value a monetary gain of the same amount. This aversion to taking losses, coupled with the amount he already owes, may cause Trump to be more corrupt than he otherwise would be. I am concerned that Trump will use his presidency to sell government favors in a way that enables him to raise enough money to pay off his legal fines, thus avoiding having to give up his existing wealth to pay these fines.

In short, I am worried that the large legal fines levied on Trump may not act as a deterrent to bad behavior. Instead, I worry that the primary effect of these fines will be to give a sitting President an enhanced incentive to use his power for his own personal benefit.

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