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Why no one will lend to Trump

The Republican candidate's financial difficulties pose risks for America as well as for himself

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There is nothing to stop Donald Trump from being broke and winning the White House © Scott Olson/Getty Images

Edward Luce YESTERDAY

For Donald Trump, it would not be seven times a charm. His first six bankruptcies all took place before he went into politics. Most of these occurred in two phases: in the early 1990s after he had over-extended on a clutch of Atlantic City casinos, then on various properties before and after the 2008 crash. America's Chapter 11 bankruptcy protection got him out of trouble.

Since then, Trump has largely made money by licensing his brand name. But there is no easy way out from the \$454mn that he owes in damages to the New York legal system. Unlike banks, the law does not take haircuts.

There is nothing to stop Trump from being broke and winning the White House. He already had that history of bankruptcy when he won in 2016. But his financial woes create two novel headaches — one for him, and one for America. For Trump, it undermines his reputation for being rich, which he and his base value highly. Revisions to his net worth cut it from the \$10bn he claimed in 2016 to \$2.6bn on Forbes' latest estimate. But these are educated guesses. As a private company, the Trump Organization does not disclose its liabilities.

Even if that number proves correct, most of his wealth is locked up in illiquid assets, chiefly real estate such as his landmark towers in New York and the golf clubs. Unfortunately for Trump, it seems no lenders will provide him with the surety bond

Unfortunately for Trump, it seems no lenders will provide him with the surety bond to cover his damages. He has already been turned down by 30 entities, including Berkshire Hathaway, Allianz, Munich Re, Swiss Re and Tokio Marine HHC. Even if Trump had the collateral they need, the bond companies do not want the reputational risk.

The insurance company Chubb was attacked by employees and investors earlier this month after it posted \$91.6mn to cover Trump's defamation damages to E Jean Carroll in the sexual assault case. "When Chubb issues an appeal bond, it isn't making judgments about the claims, even when the claims involve alleged reprehensible conduct," said [Evan Greenberg](#), its chief executive.

Greenberg nevertheless adjusted course. Chubb was one of those that gave a firm no last week when Trump's brokers sought coverage for the \$454mn in damages for inflating the value of his assets.

Leaving aside the irony of the fact that Trump lacks the assets to cover the damages he owes for having inflated them, this puts him in a dangerous spot. As early as next week, Letitia James, New York's attorney-general, could forcibly sell his properties to pay his debts.

The prospect of bailiffs seizing all the bling they could find from Mar-a-Lago would give *schadenfreude* to millions. It would also deal a blow to Trump's idea of himself. He was raised on the [prosperity gospel](#) that says your wealth is a measure of your moral worth. To the Maga base, Trump's wealth is also a yardstick of his cunning. Trump is [estimated](#) to have inherited the equivalent today of \$413mn from his father, Fred Trump. A quarter of a century after Trump Sr's death, his son seems unable to cover roughly that amount.

Some of Trump's supporters are puzzled that he has not yet been bailed out by one of his wealthy donors. The answer is that he has a history of not paying what he owes. From the world's biggest banks to America's smallest contractors, Trump is expert at stiffing creditors. That is not to mention the class-action winners of those who paid exorbitant fees to study at Trump University, the dissolution of the [Trump family's charitable foundation](#) for a "shocking pattern of illegality", and the fact that roughly \$50mn in Trump 2024 campaign funds has gone to pay his legal bills.

Trump's donors prefer his policies to those of Joe Biden, who has vowed a billionaire tax in his second term. In their personal dealings, however, they seem to validate the former New York mayor Michael Bloomberg's view that with Trump he knows "[a con when I see one](#)".

All of which makes Trump more of a liability to America. As every spy agency knows, the most at-risk employees are those who are heavily in debt. Presidential candidates are offered intelligence briefings during the election. Trump is facing a much-postponed trial for allegedly secreting troves of highly classified material at Mar-a-Lago.

It does not take great deductive skill to see that Trump's financial quandary poses a national security risk. If insurance companies and friendly billionaires think he is too big a credit risk, who might help him out instead? What sort of collateral could Trump offer in return? Even by America's recent standards, this creates a new kind of headache.

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