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Donald Trump Shows GOP's Economic Pillars Are Loosening

Presidential candidate's stances on trade, entitlements raise questions about party's identity

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For decades, the Republican Party bolted its economic platform to limited government, lower taxes and an abiding faith in free trade.

Donald Trump has thrown much of that aside, deepening the party's appeal to a subset of voters while raising questions about the GOP's long-term identity.

The presidential nominee threatens to undo trade deals and slap tariffs on U.S. companies that expand overseas. He promises to protect popular entitlement programs, rebuking party leaders who want to curb spending. He backs immigration and infrastructure policies that would expand the government's reach.

"The pillars of the Republican economic agenda have completely collapsed into dust," said James Pethokoukis, a fellow at the American Enterprise Institute, a conservative think tank. "They're gone, at least for this election."

Mr. Trump's sharpest divides with the party—over trade and immigration—have resurfaced long-simmering disagreements that propelled past insurgent campaigns, like Patrick Buchanan's in the 1990s and Mike Huckabee's in 2008. Such differences died down when those candidates ultimately lost.

Larry Kudlow, a CNBC host now serving as an informal Trump economic adviser, stresses the candidate's commitment to lower taxes and deregulation in disputing the premise that he represents a break from Republican free-market orthodoxy. The campaign has made the party more focused on how trade deals and immigration have hurt middle-class wage-earners, he said.

"He is emphasizing areas that the Republican Party, if you ask me, has been asleep at the switch on," said Mr. Kudlow, who worked in the Reagan administration.

Mr. Kudlow added that a coming revision to Mr. Trump's tax plan would be more focused on reducing taxes on the middle class, as opposed to top earners, than in the initial version. Mr. Trump's current tax proposal would dwarf President George W. Bush's tax cuts of 2001 and 2003, with independent analyses showing that top earners would get the biggest boosts in after-tax income.

Mr. Trump has also uncovered newer fissures over entitlements and taxes. He criticized proposals to shore up Social Security and Medicare by curbing benefits or raising future retirement ages, and he railed against "hedge fund guys" who are "getting away with murder," though his plan would cut their taxes.

Recent polls found significant Republican support for policies the party's establishment resists. Alan Abramowitz, a political scientist at Emory University, and two colleagues found in a survey this year of 623 registered Republicans that nearly two-thirds opposed cutting Social Security or Medicare benefits to reduce deficits, and a majority supported higher taxes on those earning more than \$250,000 annually.

"What Trump has made clear is that there's a set of voter concerns that need to be addressed," said Glenn Hubbard, an economist who advised 2012 nominee Mitt Romney and Mr. Bush.

Some caution against drawing too many policy conclusions from Mr. Trump's campaign because it has been light on specifics and far more focused on personality. "Whatever he says campaigning has no bearing on what he might do if he's governing," said Ike Brannon of the libertarian Cato Institute. "He doesn't even pretend the two are connected."

That unpredictability leaves a cloud over the party's agenda and how it will govern. "You don't know what Trump's for. He's been on both sides of a lot of issues," said Eric Cantor, the former House majority leader from Virginia who lost his 2014 GOP primary election.

If Mr. Trump wins in November, he is on a possible collision course on some issues with House Speaker Paul Ryan (R., Wis.), who last month laid out an agenda more in keeping with the establishment-Republican mold. It calls for cutting regulation and overhauling the welfare state but doesn't include a new border wall or penalties for companies that ship jobs overseas. Mr. Trump's selection of Indiana Gov. Mike Pence as his running mate gives him a stronger tie to that wing of the party.

If Mr. Trump loses, analysts predict a far more chaotic battle for the future of the party. Some candidates could rush to claim his more populist policy mantle and could point to Mr. Trump's appeal as proof that the party's rank-and-file is less ideological than many believed. Conservatives, for their part, are already trying to dismiss his rise as an aberration and urging a return to more pure ideological roots.

The GOP will ultimately have to choose between accommodating pro- or anti-trade forces, said Tony Fratto, who worked on economic issues in the George W. Bush administration.

“We can differ with people who have marginally different views, but not opposite views. That’s incoherent, and it’s not something you turn around in one election cycle,” said Mr. Fratto, who opposes Mr. Trump.