



3 things a President Donald Trump could do to the U.S. economy

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President Donald Trump's three main goals would upend the U.S. economic status quo -- a prospect that strikes fear into many parts of the U.S. corporate and financial establishment following candidate Trump's big victories in multiple Republican primaries.

His plans to bar millions of immigrants, slap sanctions on trade partners and impose spending increases have in recent days prompted some business leaders to try blocking front-runner Trump's march to the Republican presidential nomination. This group, with longstanding ties to the GOP and allied with mainstream Republican officeholders, thinks nominating him would spell disaster for the party in the fall election.

In the candidates' debate on Fox News Thursday night, the New York real estate billionaire brushed aside their concerns, saying that he had brought "millions of people to the Republican Party. It's the biggest thing to happen in politics."

Earlier on Thursday, Mitt Romney, the 2012 Republican nominee and a former corporate chief, blasted Trump in a Utah speech as "a phony, a fraud," who bullies people and disrespects women. Further, Romney warned that his program would bring on a recession. The day before, Home Depot founder Ken Langone and investment manager Stanley Druckenmiller, who are supporters of Ohio Gov. John Kasich, used a CNBC televised interview to knock Trump's positions on trade, among other things.

And a business-oriented group called Our Principles PAC is gathering corporate donors, including Hewlett Packard Enterprise Chief Executive Meg Whitman, to air anti-Trump TV ads in upcoming primaries like Florida's.

The vast majority of the nation's business and financial elite are leery about taking on the outspokenly vindictive Trump publicly. With little pushback from his targets, he has repeatedly

chastised companies by name for setting up operations outside this country -- like a Ford Motor engine and transmission plant in Mexico or the Pfizer bid to shift its headquarters to lighter-taxed Ireland by merging with fellow drug maker Allergan, already housed there. In responses to Trump, both Ford and Pfizer issued mild statements indicating they were going ahead with their plans.

Still, there is deep and widespread unease in the business and financial services upper ranks about the would-be president's views:

Immigration. Cracking down on illegal immigrants is a common theme for GOP contenders, but Trump has taken the issue far beyond the others. His call to temporarily ban Muslims from entering the country plays to public fright over terrorists, especially after the San Bernardino massacre in December.

The bulk of his opposition to immigrants, however, focuses on the economic threat that he says they pose, by taking away jobs from Americans. He proposes building a huge wall along the border with Mexico, aiming to prevent Mexicans willing to work for little from monopolizing low-end jobs like crop picking. And he plans to deport up to 11 million undocumented immigrants.

Last night, Trump seemed to soften his scheme to thwart foreign tech and science workers from getting employment visas, through a program called H-1B. As he argued in a position paper on his website, although only 50 percent of Americans who graduate with degrees in these areas get jobs each year, two-thirds of entry-level tech positions go to H-1B holders.

During the debate, however, he said, "I'm changing" on the issue because "we have to have talented people."

A coalition of business organizations, ranging from the U.S. Chamber of Commerce to the Silicon Valley Leadership Group, last year presented a study rebutting the economic case against immigration. The report came out before Trump announced his candidacy, but it is often quoted to debunk his fulminations against supposedly job-stealing immigrants.

For instance, the study said, it's a myth that immigrants take jobs away from Americans without college degrees. In fact, cities with the highest amount of immigration have low or average unemployment rates for lesser-educated Americans. For science-tech occupations, it went on, jobless rates among U.S.-born workers are in the 1 to 2 percent range.

Trade. Trump wants to impose a 45 percent tariff on Chinese imports to the U.S., which he says benefit from Beijing's aggressive devaluing of its currency, the yuan, thus making their goods cheaper.

Troubled by an economic slowdown, China's regime actually is trying to bolster the value of yuan to stop a drain of capital from the country, as wealthy Chinese shift their money to safer

places. Citing this fact, financier Druckenmiller said of Trump, "What comes out of his mouth astonishes me."

Also freaking out the U.S. business elite: Trump wants to scrap the North America Free Trade Agreement, a 1994 pact that eliminated tariffs among the U.S., Canada and Mexico. Trump charges that it has eased movement of American jobs to Mexico, where labor is cheaper.

To his detractors, tariffs and torn-up treaties would spark a trade war, with a ruinous tit-for-tat creation of barriers that would wreck international commerce. They point to the Smoot-Hawley tariff that Congress enacted in 1930 as an antidote to the Great Depression. Then as now, the perceived problem was unfair foreign competition. But the result was to close down overseas markets to American exports, which hammered U.S. companies even more.

"Free trade is for the 99 percent" of the population because it helps U.S. job generation, wrote Simon Lester, a trade policy analyst with the Cato Institute, a think tank founded by the Koch family, which made its fortune in oil. Lester lambasted "Trump's ridiculous statements on trade."

Fiscal policy. Trump's proposal to cut federal taxes is standard Republican fare this year. But he marries that with bold calls to beef up the military and to rebuild America's crumbling infrastructure -- roads, bridges, dams and sewers.

Trump insists he can save money while bolstering the armed forces with new weapons and more troops, though he has released few details on how to do that. He is similarly vague on fixing the infrastructure problem. The Federal Highway Administration estimated that repairing all the bridges alone would cost \$20.5 billion annually between now and 2028, almost double what Washington currently spends.

In December, Trump excoriated the GOP-controlled Congress for passing a \$1.1 trillion funding bill, saying it would lead to "higher deficits, greater debt, less economic liberty and more corporate welfare."

But his calls for greater federal initiatives in several expensive areas make it tough for him to look like a budget hawk. Last night, he insisted during the debate that he can make up any shortfalls by shuttering federal agencies. Then Fox's Chris Wallace displayed a chart showing that the outlays of the agencies he wants closed come nowhere near the nation's \$544 billion deficit.

Trump's response was that he had the negotiating chops to "buy things for less money." Although his corporate and Wall Street foes may be too late in opposing him directly, they are not buying that.