'Scoring the Trump Economic Plan' Not a Straightforward Endeavor

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A team of senior policy advisers working with GOP presidential nominee Donald Trump – a candidate who has repeatedly been criticized for his vagaries and inconsistencies – has laid bare one of the most detailed breakdowns of the Republican's economic policy plans to date.

University of California-Irvine professor Peter Navarro and billionaire investor Wilbur Ross – both of whom were officially named to Trump's **economic advisory team** in early August – published a document this week titled: "**Scoring the Trump Economic Plan: Trade, Regulatory and Energy Policy Impacts**."

The duo estimated Trump will be able to boost economic growth, create millions of new jobs and increase federal tax revenues by nearly $2.4 trillion over the course of the next decade should he become America's next president. The document calls for lower personal and corporate tax rates, reduced government regulatory burdens and a less-restricted energy sector – which widely falls in line with what conservative politicians have championed over the last several years.

Unsurprisingly for those who have followed Trump's campaign, the plan also bemoans the corporate offshoring of labor to countries like Mexico and calls for the renegotiation of trade deals to better serve American interests.

But holes remain that continue to baffle economists, despite the 30-page document's details. For one, the advisers note that Trump's multi-trillion dollar revenue boost would only be accomplished through a series of all-or-nothing tax reforms, regulatory adjustments and trade realignments.

"In considering how to score [Trump's and Democratic nominee Hillary Clinton's] competing plans fiscally, it is important to note that the Trump plan generates positive and substantial tax revenue offsets from its synergistic suite of trade, regulatory and energy policy reforms," the researchers wrote. "Any analysis that scores the Trump tax cuts in isolation is incomplete and highly misleading."

In other words, Trump's policies are essentially interdependent and will only generate their promised returns if each puzzle piece falls into place. And during a period of congressional impasse that's becoming increasingly difficult to ignore, the assumption that lawmakers will sign off on each and every Trump policy point is a lofty one.

And if the stars don't align, Trump's promised returns get significantly smaller. Even though Trump's advisers questioned the legitimacy of independent tax analyses, they repeatedly referenced a report from the **Tax Foundation,** which projected that Trump's plans would "boost long-run GDP, raise wages and increase the equilibrium level of full-time equivalent jobs" but would reduce revenues by between $2.6 trillion and $3.9 trillion.

Separate analyses from the **Citizens for Tax Justice** and the **Committee for a Responsible Federal Budget** have offered similarly striking cost estimates of what Trump's policies would do to tax revenues and overall national debt in the long run.

And even though much of Trump's appeal is that his plan would hit government revenues while lowering taxes for millions of lower- and middle-income families, New York University law professor Lily Batchelder estimates "**Trump's plan would increase taxes for roughly 7.8 million families with minor children.**"

It's worth noting, though, that none of these estimates includes the same revenue methodology used by Trump's own people. Trade policy reforms enacted by Trump and not counted in most independent write-ups, for example, could raise federal tax revenues by more than $1.7 trillion by 2026 by Navarro's and Ross's calculations.

To make that happen, though, a hypothetical Trump administration would be willing to hold America's membership in the World Trade Organization hostage in order to negotiate more favorable trade terms – which would undoubtedly be viewed as a controversial move on Capitol Hill.

To be fair, some of the criticisms were minute. The endnotes, for example, indicate that a reference to "nominal" gross domestic product actually "refers to inflation-adjusted" growth. "Nominal" and "inflation-adjusted" typically mean completely different things, so their interchangeability in the report was puzzling.

But other areas were a little more glaring. Forbes contributor and Adam Smith Institute fellow Tim Worstall said the plan's references to value added taxes – which are popular in Europe and are in some ways similar to sales taxes – are "**flat out untrue**" and "simply wrong."

"[I]t simply isn't true that a [value added tax] system is a barrier to imports nor a subsidy to exports. No more than a sales tax system is," Worstall wrote in an analysis Monday. "The argument being put forward here by Navarro [and Ross] is simply a crock."

Navarro and Ross argue that other countries have taken advantage of a value-added tax system to undermine U.S. trade dominance in the World Trade Organization. The duo also makes repeated reference to China's currency undervaluation – a practice that Scott Lincicome, an international trade attorney, an adjunct scholar at the Cato Institute, notes **"stopped several years ago."** Indeed, China actually enacted a series of currency devaluations in recent years because its yuan was becoming unnaturally overvalued rather than undervalued as alleged by the Trump campaign.

All told, the latest paper adds more depth to the four key pillars of the candidate's economic plan: trade, tax, regulatory and energy reforms. But its explanations leave out crucial details in just enough places to rub other analysts the wrong way.

For example, the paper says Trump will eliminate America's multi-billion dollar trade deficit "through a combination of increased exports and reduced imports." There's little indication how Trump uniquely will be able to raise demand for American goods abroad where other presidents have failed, particularly if his administration begins making waves with major buyers of American goods – like Canada and Mexico, should he revise or remove the U.S. from the North American Free Trade Agreement.

The report also fails to include the expected impacts of other Trump promises – like the mass deportation of millions of undocumented immigrants.

"[O]ne striking feature of Trump's immigration, healthcare and other proposals is their secondary effect of shrinking the number of people working in the U.S. economy," Robert Shapiro, chairman of Sonecon consulting outfit and former under secretary of commerce for economic affairs, wrote in a **blog post** Monday. "To begin, Trump's signature pledge to deport 8 to 11 million immigrants would reduce the workforce directly, for those caught and deported; and indirectly, by forcing millions to take cover outside the mainstream economy."