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Trump Says He Has a New Plan for Economy, But It's a Secret

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President Donald Trump says he has a new plan to boost the economy and keep businesses in the United States. He's just not telling anyone what it is.

Trump touted a "fantastic" economic bill that "nobody knows about" in an interview with Forbes published on Tuesday. He described a vague approach using "a carrot and a stick" that incentivizes companies to stay in the U.S. and makes it "very tough" for them if they leave. It is not clear what the president was referring to, and some of the policies his administration is enacting could actually wind up prompting more companies to leave.

Trump on the campaign trail repeatedly threaten to impose a penalty on corporations that ship jobs overseas. However, he has yet to implement anything concrete that would accomplish that. "I don't know what Trump is referring to," said Mark Zandi, chief economist at Moody's Analytics in an email. "The border adjustment tax...might fit his description, but he has rejected that as part of the tax reform debate."

The border adjustment tax, which taxes imports and exempts exports, was part of the House Republicans' "A Better Way" tax proposal released in the summer of 2016. But the group of White House and Congressional leaders known as the "Big Six" negotiating tax reform have scrapped the idea as part of the current debate.

"We thought he might be referring to a border adjustment tax or, maybe, a tariff," said Steve Rosenthal, senior fellow at the Urban-Brookings Tax Policy Center, in an email. "But we could not figure out what he meant (and perhaps he did not know)."

The White House did not respond to requests for comment or clarification on the president's remarks.

The nine-page tax framework released by the GOP in September proposes shifting to a territorial system and lowering the corporate tax rate from 35% to 20%. Whether dropping the corporate tax rate and moving to a territorial system materially impacts business decisions depends on what else changes in the tax code.

"Moving to a territorial system should not, per se, affect location: that should depend on the differences in tax rates across possible locations, and on the desirability of different locations in terms of wages, skill level of workforce, infrastructure," said Jeff Miron, Harvard economist and director of economics studies at the libertarian Cato Institute, in an email.

If it's still cheaper for companies to go somewhere else and there aren't guardrails put up for them to stay, they'll go.

"The Big Six tax plan for U.S. multinationals is territorial, which will exempt the profits they earn abroad -- and induce more to shift jobs, investment, and profit abroad," Rosenthal said. "Perhaps Trump wants to inoculate himself against this criticism."

Moreover, some steps being considered by the Trump administration could actually make it easier for companies to go abroad. The Treasury Department has targeted Obama-era rules to prevent earnings stripping, a common tactic among corporate inverters, for repeal. A report issued by the department said it would wait on scrapping those inversion-blocking rules until tax reform efforts are complete.

To be sure, President Trump has a habit of claiming to have a secret plan without it ever becoming clear whether such a plan exists. On the campaign trail he claimed to have a secret plan to defeat ISIS that has yet to materialize. His August address on his Afghanistan strategy provided little in the way of details on items such as troop levels. He has never put forth his "terrific" Obamacare replacement. His \$1 trillion infrastructure bill is nowhere to be found.