Trump and Clinton on the economy: A breakdown

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The political conventions the next two weeks are likely to highlight the economic visions of presidential candidates Donald Trump and Hillary Clinton.

Trump advocates slashing both personal and business taxes, including for the wealthy, aggressively confronting China on trade, and repealing a major financial reform law.

Clinton proposes to maintain and tweak the Obama administration's policies by raising taxes on the wealthy, investing in infrastructure, lifting the minimum wage and toughening financial reform.

Here's a breakdown:

TAXES

Trump's plan:

Cut the seven tax brackets into three, with the top rate falling to 25% from 39.6%. All would pay less taxes, with lower-income households owing nothing.

Corporate tax rates would fall to 15% from 35%. The rate for smaller businesses that pay the personal rate would drop to 15%. Most tax breaks would be scrapped.

Impact:

Lower rates for both households and companies initially would spur consumer spending and business investment. The decline in the corporate rate theoretically should make the U.S. more competitive, attracting multinationals and creating jobs. Moody's Analytics estimates the economy would grow 3.7% in 2017 under Trump's plan, vs. 3% under current law.

But the plan would cut federal revenue by $9.5 trillion over 10 years, the Tax Policy Center estimates. Trump says the gap would be closed by eliminating tax loopholes, a better economy and cutting government waste. But Moody's and Oxford Economics say the bulk of the gap would have to be financed by more deficit-swelling borrowing. That would spike interest rates, dampen borrowing and trigger a recession.

“That swamps any benefits you get from lower taxes,” says Moody’s chief economist Mark Zandi . Oxford estimates the economy would slide into recession in 2018, and 3 million fewer jobs would be created during Trump's term.

Dan Mitchell, senior fellow at the conservative Cato Institute, says the lower tax rates would be a boon for the economy and could be funded by eliminating some federal departments.

Clinton: Calls for raising taxes on high-income households, with nearly all of the increases borne by the top 1%, TPC estimates.

She hasn’t yet echoed President Obama’s call to trim the corporate tax rate to 28%. Like Trump, Clinton intends to discourage the practice of merging with a foreign company to avoid U.S. taxes. Tax credits would be offered to businesses that hire apprentices or invest in communities facing manufacturing job losses.

Impact: The tax proposals would increase federal revenue by $1.1 trillion the next decade, the TPC says. The windfall would be spent on initiatives like paid family leave, education and economic development. Zandi predicts a neutral impact on the economy. Oxford economist Gregory Daco says it would modestly boost growth.

TRADE

Trump: Wants to declare China a currency manipulator because of its past efforts to push down the value of the yuan, bolstering its exports at the expense of U,S. shipments to China. He has threatened to slap tariffs of 45% on Chinese imports and 35% on Mexican products. He opposes the Trans-Pacific Partnership deal with Pacific Rim countries.

Impact: Such hefty duties would likely trigger retaliation from China and Mexico, crimping exports to those countries and hurting economic growth, Zandi says. Trump's aiming to bring manufacturing jobs back to the U.S., but Zandi says it’s unlikely companies will play ball given the uncertainty of how long the tariffs would remain in place. And Daco says U.S. companies doing business in China would be unlikely to quickly shift to the U.S., where they’ll have to pay higher wages. Large tariffs also would increase U.S. consumer prices by 3%, Zandi says. Trump has called his threats a negotiating strategy. Cato’s Mitchell says it could be effective if it works.

Clinton: Wants to crack down on Chinese currency manipulation. She has not been specific but says she’ll triple the number of trade enforcement officers. She initially supported the Trans-Pacific trade deal but reversed her stance.

Impact: Would largely retain President Obama’s open trade policies that have supported U.S. exports, Zandi says.

MINIMUM WAGE

Trump: Initially said he opposes a hike in the $7.25-an-hour federal minimum wage, then. said he supports a higher pay floor but would prefer to leave it to the states.

Impact: Little or none.

Clinton: Supports a boost in the federal minimum wage to $12 an hour, encourages states and localities to go further.

Impact: A Congressional Budget Office study in early 2014 found that increasing the federal minimum to $10.10 an hour within two years would lift 900,000 people out of poverty but result in 500,000 fewer jobs. Daco, however, says that if the increase is implemented gradually, it would modestly temper hiring while boosting consumer spending.

INFRASTRUCTURE INVESTMENT

Trump: Doesn't have a specific proposal but has discussed a "trillion-dollar rebuilding plan" to revamp the nation's crumbling highways, bridges and airports, according to *New York* magazine.

Impact: Trump says the initiative would create 13 million jobs. . Each dollar invested in infrastructure increases gross domestic product by $1.23,Moody's says. The question is how Trump would pay for the program while cutting more than $9 trillion in tax revenue.

Clinton: Wants to spend $275 billion over the next five years and create an infrastructure bank to support projects. Would fund the plan by closing corporate tax loopholes.

Impact: Would increase economic growth by 0.3 percentage points the first year, Daco says.

DODD-FRANK FINANCIAL REFORM

Trump: Would dismantle most of the 2010 law passed in the wake of the financial crisis because it has restricted bank lending. It created the Consumer Financial Protection Bureau and requires large banks to keep bigger capital buffers, among other things.

Impact: Modifying certain provisions could bolster economic growth, Daco says. But a repeal would wreak havoc for banks, which have spent millions to implement it.

Clinton: Would defend and expand the law by imposing a "risk fee" on the largest banks and toughen a rule that bars them from making risky trades with their own accounts.

Impact: A small negative effect on the economy, Daco says, while guarding against another crisis.