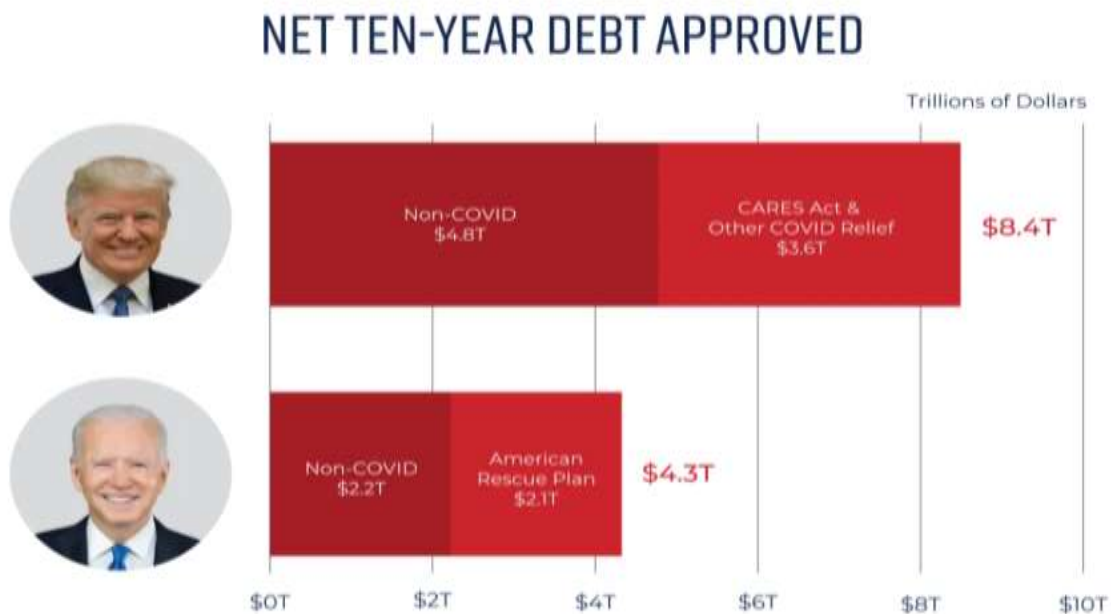


Inflation and the Economy- Vote for the best Presidential Candidate.

The Debt

Source- Committee for a Responsible Federal Budget-<https://www.crfb.org/papers/trump-and-biden-national-debt>

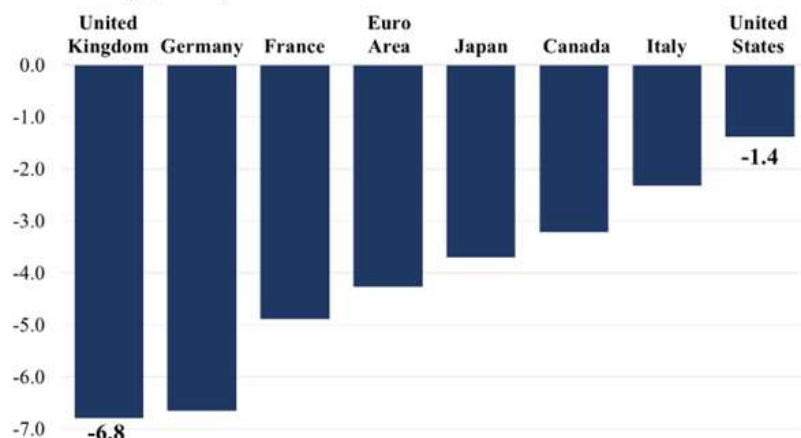
- **President Trump** approved **\$8.4 trillion** of new ten-year borrowing during his full term in office, or **\$4.8 trillion** excluding the CARES Act and other COVID relief.
- **President Biden**, in his first three years and five months in office, approved **\$4.3 trillion** of new ten-year borrowing, or **\$2.2 trillion** excluding the American Rescue Plan.
- **President Trump** approved **\$8.8 trillion** of gross new borrowing and **\$443 billion** of deficit reduction during his full presidential term.
- **President Biden** has so far approved **\$6.2 trillion** of gross new borrowing and **\$1.9 trillion** of deficit reduction.



U.S. ECONOMIC RECOVERY FASTEST AMONG COMPARABLE ADVANCED ECONOMIES

Real GDP Shortfall Relative to Pre-Pandemic Trends

Percent change, 2023 Q1 vs. Trend



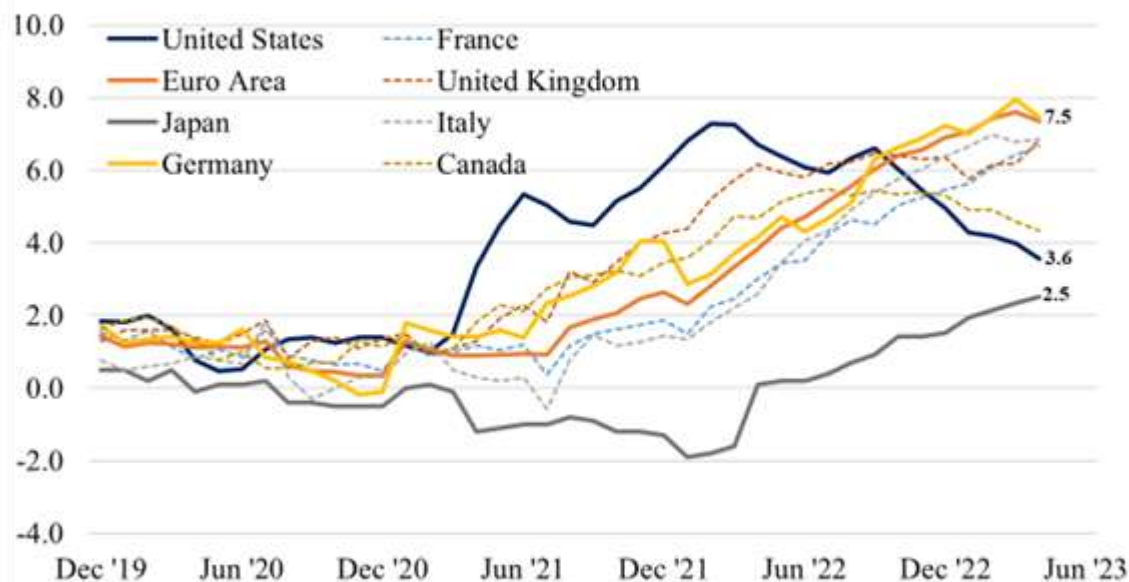
Source: Haver Analytics, authors' calculations. Pre-pandemic trend is estimated over 2015-2019.

For many advanced economies, real GDP is at, or above, where it was in the fourth quarter of 2019, prior to the start of the pandemic. However, there is considerable variability across countries. Not all G7 economies have fully recovered to their pre-pandemic size; by contrast, U.S. real GDP is now 5.4 percent above the level at the end of 2019. Relative to pre-pandemic trends, economic output continues to fall short. However, the United States has performed better than other G7 economies (and the Euro area) with real GDP just 1.4 percent below trend.

DESPITE HIGHER GROWTH, U.S. CORE INFLATION IS NOW LOWER THAN IN MANY OTHER MAJOR ADVANCED ECONOMIES

Harmonized Core CPI Inflation Rates

12-Month Percent Changes



Source: Haver Analytics

UK series excludes energy, food, alcoholic beverages & tobacco

All others exclude energy and unprocessed food

Faster output growth in the United States was initially accompanied by higher inflation, but inflation rates have been rising rapidly around the world. In Europe, inflation rates rose quickly in 2022 due to a combination of high natural gas prices and the restart of the European economy after tight Covid restrictions during the Delta and Omicron waves. Conversely, over the course of 2022, the United States saw substantial improvement in inflation, while European inflation rates continued to rise.

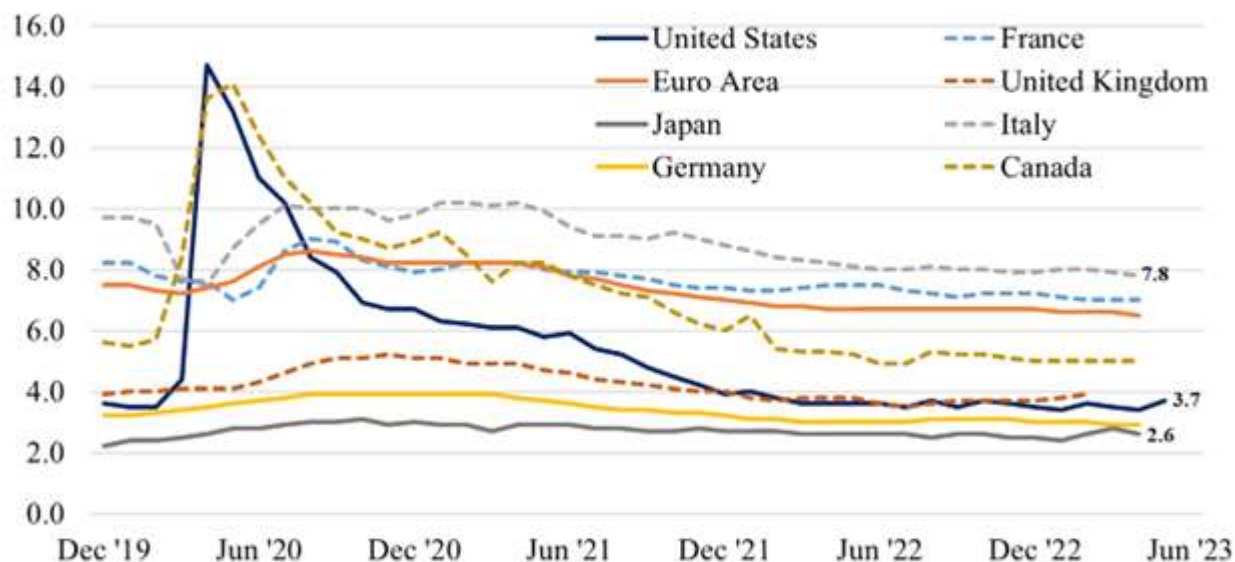
Energy prices in Europe have been hit particularly hard by Russia’s unlawful invasion of Ukraine. Excluding energy and food, core inflation rates (on a harmonized basis) are running under 4 percent in the United States, whereas they are nearly 6 percent in the United Kingdom and over 7 percent in the Euro area.

THE U.S. LABOR MARKET RECOVERY HAS BEEN EXCEPTIONALLY STRONG

The United States and Canada had their unemployment rates skyrocket in April and May 2020—up 11.1 and 8.5 percentage points from December 2019.

Unemployment Rates

Percent of Labor Force



Source: Haver Analytics

Source: <https://home.treasury.gov/news/featured-stories/the-us-economic-recovery-in-international-context-2023>

Trump Proposed Economic Plan

Source: <https://budgetmodel.wharton.upenn.edu/issues/2024/8/26/trump-campaign-policy-proposals-2024>

1. Trump tax and spending proposals would increase the national deficit by \$5.8 trillion over the next 10 years.
2. Plans to extend the expiring provisions of the 2017 Tax Cuts and Jobs Act.
 - a. Keep seven ordinary tax brackets and rates
 - b. Top rate would be kept at 37% vs. 39.6% pre act
 - c. Standard deduction would remain roughly twice as high as before the act
 - d. Personal exemptions would remain elevated
 - e. Cap on mortgage interest deduction would remain \$750,000 and up to \$10,000 in state and local taxes could be deducted.
 - f. Child tax credit would remain at \$2000 and begin to phase out at \$400,000 of income

3. Recommends reduction in corporate tax rate to 15%. The 2017 TCJA permanently reduced the corporate tax rate from a statutory tax rate of 35 percent of taxable income to 21 percent. This proposal would lower that rate to 15 percent.

4. Wants to eliminate taxes on Social Security benefits.

5. Wants to deport 1.3 million or 8.3 million unauthorized immigrant workers. The estimated cost over 10 years is nearly \$1 trillion dollars. First he wanted local police to handle the deportation, now he says he would invoke emergency wartime powers, activate the military reservists and rely on like-minded Republican governors to carry out the deportation. This is not reflected in debt numbers.

6. Increase trade tariffs- 10%. This amount varies by speech from 20% on goods from other countries and 60% on China and even a 200% tax on some imported cars. Trump claims that these taxes are not going to cost you but another country.

- a. For example an imported car at \$50,000 with 10% tariff would face a \$5,000 charge. However, the charge is paid by the domestic company that imports the goods, not the foreign company that exports them. So, the US company either has lower profits or passes the high cost on to you. Or, the foreign company would have to lower their wholesale prices by the value of the tariff in order to retain their US customer. Trump imposed a 40% tariff on imported washing machines in 2018 and the prices to US consumers increased by 12% and overall US consumers paid \$1.5 billion a year in extra costs.
- b. The Peterson Institute of International Economics estimates Trump tariffs would lower the income of American from 4% for the poorest fifth to 2% for the wealthiest fifth. Per household, \$1700 each year.

7. More than two-thirds of economists [surveyed](#) by the Wall Street Journal believe that former President Donald Trump's policy proposals would result in higher inflation than those being offered by Vice President Kamala Harris. A similar number also believe his policies would add more to the national debt. Source:

<https://wisconsinindependent.com/economy/economists-trump-national-debt-inflation-survey-2024-election/>

Table 1: Budgetary Effects of the Trump Campaign Policy Proposals

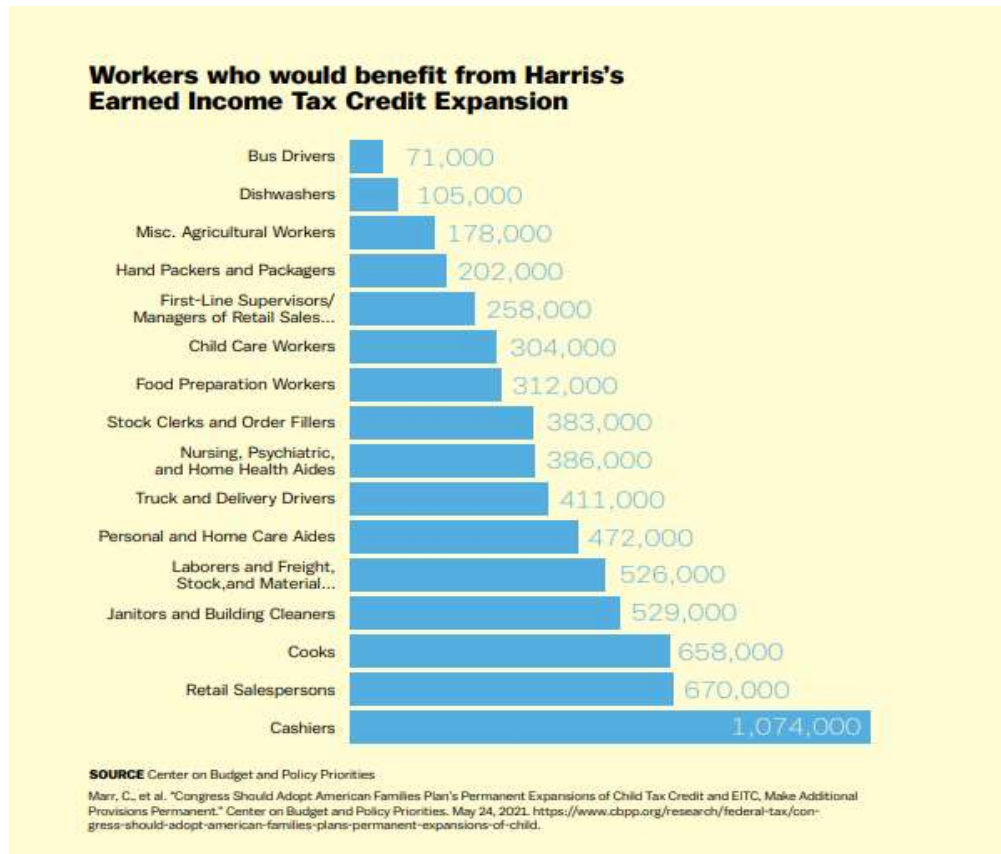
Billions of dollars

Provision	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2025 - 2034
Individual											
Extend the individual income tax provisions of TCJA	0	-311	-358	-371	-368	-374	-385	-396	-408	-419	-3,388
Eliminate taxes on Social Security benefits	-60	-104	-109	-116	-122	-129	-136	-144	-150	-156	-1,226
<i>Subtotal: Individual</i>	-60	-415	-467	-487	-490	-503	-521	-540	-558	-575	-4,614
Business											
Extend the business tax provisions of TCJA	-74	-95	-93	-78	-61	-52	-47	-43	-40	-39	-623
Lower the corporate income tax rate to 15%	-51	-44	-50	-54	-59	-61	-64	-66	-72	-75	-595
<i>Subtotal: Business</i>	-125	-139	-143	-132	-120	-113	-111	-109	-112	-114	-1,217
Effect on primary deficit (-) or surplus (+)	-185	-554	-610	-619	-610	-616	-632	-649	-670	-689	-5,833
Memorandum:											
<i>Effect on primary deficit (-) or surplus (+), with dynamic effects</i>	-153	-446	-484	-465	-462	-449	-429	-423	-416	-418	-4,146

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Source: <https://budgetmodel.wharton.upenn.edu/issues/2024/8/26/trump-campaign-policy-proposals-2024>

1. Restore the Expanded Child Tax Credit up to \$3,600 to help more than 100 Million families. Both candidates plan to restore the plan- \$2000 for Trump, \$3600 for Harris.
2. New \$6000 Tax Cut to Help Families Pay for High Costs of a child's first year of life for middle and low income families.
3. Expand the Earned Income Tax Credit to Cut Taxes for Workers.
4. Exempt Tips for Taxation



5. Invest in building resilient food supply chains. Diversify food production, processing and distribution. Crack down on unfair mergers and acquisitions.
6. Ask Congress to pass the first ever ban on price gouging.
7. Expand and make permanent the tax credit enhancements for the Affordable Care Act marketplace plans.
8. Strengthen health care for veterans.
9. Tackle the opioid crisis and help American access treatment.
10. Lower prescription drug costs for more drugs.
11. Work to lower energy costs
12. Lower costs by protecting American consumers from fees and fraud- hidden fees tacked onto airline, hotels, entertainment and cable.
13. Unlock 1.2 million new affordable rental homes with historic incentives for the private sector.
14. Create a new tax credit to rehabilitate affordable housing for homeowners who want to stay in their communities.

15. Build up housing supply through first ever tax incentives for building affordable houses for first time buyers.
16. Launch at \$40 Billion local innovation fund for housing expansion.

Harris Plan

17. Stop Wall Street investors from buying up and marketing up homes in bulk.
18. Expand home ownership with historic \$25,000 down payment assistance for first time home buyers.
19. Expand startup expense deduction for small businesses from \$5,000 to \$50,000.
20. Cut red tape by making it easier for small businesses to file taxes and remove unnecessary or excessive occupational licensing requirements.
21. Allocate one third of Federal contract dollars to small businesses.

The screenshot shows the website for the Committee for a Responsible Federal Budget. The page title is "The Harris Plan" and it is part of the "US Budget Watch 2024" project. The text states: "US Budget Watch 2024 is a project of the nonpartisan Committee for a Responsible Federal Budget designed to educate the public on the fiscal impact of presidential candidates' proposals and platforms. Throughout the election, we will issue policy explainers, fact checks, budget scores, and other analyses. We do not support or oppose any candidate for public office."

The Harris Plan (billions, 2026-2035)			
Policy Proposals	Low	Central	High
Extend the TCJA for Households Making Less than \$400k	-\$2,050	-\$3,000	-\$3,600
Expand the Child Tax Credit and Earned Income Tax Credit	-\$1,400	-\$1,400	-\$1,400
Extend and Expand the Enhanced ACA Premium Subsidies	-\$350	-\$550	-\$600
Support Affordable Housing	-\$200	-\$250	-\$500
Exempt Tips from Income Taxes and Raise the Minimum Wage	-\$100	-\$200	-\$350
Improve Border Security	\$0	-\$100	-\$200
Support Manufacturing, Research, and Small Businesses	-\$150	-\$150	-\$200
Expand Access and Funding for Pre-K and Child Care	-\$400	-\$700	-\$950
Establish National Paid Family and Medical Leave	-\$200	-\$350	-\$700
Support Affordable and Quality Education	-\$150	-\$350	-\$700
Increase Long-Term Care Funding and Support Family Caregivers	-\$100	-\$200	-\$500
Subtotal, Tax Cuts and Spending Increases	-\$5,100	-\$7,250	-\$9,700
Increase the Corporate Tax Rate from 21% to 28%	\$1,350	\$900	\$750
Increase Taxes on Capital Income	\$900	\$850	\$700
Increase NIIT/Medicare Taxes	\$800	\$800	\$600
Reform International Tax Rules	\$650	\$550	\$550
Reduce Prescription Drug Costs	\$250	\$250	\$200
Other Revenues from the President's Budget, Including a Higher Book Minimum Tax, IRS Funding, and Compensation Deductibility Limits	\$1,150	\$900	\$0
Subtotal, Revenue Increases and Spending Reductions	\$5,100	\$4,250	\$2,800
Net Interest	\$0	-\$500	-\$1,200
Total, Net Deficit Impact	\$0	-\$3,500	-\$8,100

Net Interest	\$0	-\$500	-\$1,200
Total, Net Deficit Impact	\$0	-\$3,500	-\$8,100

The Trump Plan (billions, 2026-2035)

Policy Proposals	Low	Central	High
Extend and Modify the Tax Cuts & Jobs Act (TCJA)	-\$4,600	-\$5,350	-\$5,950
Exempt Overtime Income from Taxes	-\$500	-\$2,000	-\$3,000
End Taxation of Social Security Benefits	-\$1,200	-\$1,300	-\$1,450
Lower the Corporate Tax Rate to 15% for Domestic Manufacturers	-\$150	-\$200	-\$600
Exempt Tip Income from Taxes	-\$100	-\$300	-\$550
Strengthen and Modernize the Military	-\$100	-\$400	-\$2,450
Secure the Border and Deport Unauthorized Immigrants	\$0	-\$350	-\$1,000
Enact Housing Reforms, Including Credits for First-Time Homebuyers	-\$100	-\$150	-\$350
Boost Support for Health Care, Long-Term Care, and Caregiving	-\$50	-\$150	-\$300
Subtotal, Tax Cuts and Spending Increases	-\$6,800	-\$10,200	-\$15,650
Establish a Universal Baseline Tariff and Additional Tariffs	\$4,300	\$2,700	\$2,000
Reverse Current Energy/Environment Policies and Expand Production	\$750	\$700	\$550
Reduce Waste, Fraud, and Abuse	\$250	\$100	\$0
End the Department of Education and Support School Choice	\$200	\$200	\$0
Subtotal, Revenue Increases and Spending Reductions	\$5,500	\$3,700	\$2,550
Net Interest	-\$150	-\$1,000	-\$2,050
Total, Net Deficit Impact	-\$1,450	-\$7,500	-\$15,150

What Do the Candidates Propose and How Do the Numbers Add Up?

Vice President Kamala Harris and former President Donald Trump have both called for a number of policy changes with potentially significant fiscal impact.

The Committee for a Responsible Federal Budget has produced a central, low-, and high-cost estimate for each of these policy

Source: <https://www.crfb.org/papers/fiscal-impact-harris-and-trump-campaign-plans>

So, what do we really care about? Affordable housing, affordable food and household goods, good healthcare, good environment, being employed, not having social security or Medicare cuts. So you decide which candidate will provide what you care about relative to economic issues.

We will address the abortion, democracy and migration issue separately.