

# **Economic Adviser Debate Notes 10/13/16**

Compiled by Ed Kashmarek, *The Everyday Economist* ([www.edkashmarek.com](http://www.edkashmarek.com))

Stephen Moore: Republican Economic Adviser

Gene Sperling: Democratic Economic Adviser

## **Focus of your candidate's economic plan**

### Moore

- Big tax cuts
- Undo Obama's executive orders (especially power plant restrictions)
- Idle capital will be unleashed under Trump due in part to lower corporate taxes and simplified tax code

### Sperling

- Tax cuts are expensive
- Need to focus on climate change
- Overturn Citizen's United
- Immigration reform (with a goal of raising productivity to 0.7% annually by 2020)
- Higher wages and growth
- Child care tax credit

### Moore

- Special interest funding a big part of Hillary's funding, hypocritical of her to say she wants to get rid of special interest money in politics

## **Trade**

### Sperling

- Focus on infrastructure, housing, manufacturing and small business, but also need to focus on trade
- Trans-Pacific Partnership (TPP) not good enough
- Need to be tough on China on trade, enforce trade pacts
- Trump will assess large tariffs on imports from countries that don't comply with trade deals
- Exports grew very strongly when Clinton was Secretary of State

### Moore

- Disagrees with Trump on NAFTA
- Hillary changed view on TPP after Trump said it was a bad deal
- Why haven't Democrats gotten tough on China on trade in 8 years under Obama?
- China steals intellectual property
- Trade imbalances can be fixed with tax code and reducing regulations

### Sperling

- Worried Trump will go outside the law on trade

## **Debt, deficit and growth**

### Moore

- Hillary has no credibility on the debt
- Anemic economic growth makes it difficult to pay down the debt or even keep it from rising
- Jobs and growth need to be top priority
- Need tax cuts to ignite more growth to create more tax revenue down the road

### Sperling

- Deficit as a share of the economy has declined from 10% to 3%
- Healthcare spending has declined

### Moore

- Need to repeal Obamacare
- Obama's policies have shown Keynesian economics doesn't work
- Economy would have grown faster without stimulus

### Sperling

- Medicare spending has declined by \$1 trillion (timeframe?), and that dwarfs any budget negotiations that would cut certain benefits here and there
- Contraction of state and local government spending has weighed on the recovery

### Moore

- Stimulus was spent on infrastructure (but it still needs repair) and social programs (doesn't help long run growth)
- If growth improves there would be no need to cut social security or Medicare benefits

## **Taxes**

### Sperling

- Too many companies focus more on avoiding taxes than expanding markets
- Need to focus on national bottom line instead of corporate bottom line
- Hillary hasn't shared her tax plan yet but it will be pro-job and pro-small business

### Moore

- Companies are leaving the US because corporate tax rate is too high
- Need to cut corporate tax rate
- Immediate expensing of capital investments for tax purposes part of Trump's plan

### Sperling

- Corporate tax cuts will add \$2 trillion to national debt
- No guarantees corporate tax cuts will bring jobs back to US
- Corporate tax cuts will crowd out infrastructure and entitlement spending and skills training

### Moore

- Middle class workers will be biggest beneficiaries of corporate tax cuts as businesses will invest more and hire more workers and wages will rise

## **Monetary policy**

### Moore

- Under Trump, Federal Reserve will focus more on a price rule (inflation targeting)
- Growth will come from tax and regulatory reform, not from monetary policy

### Sperling

- Fed Chair Janet Yellen's actions are not political as some have said
- Fed is not dovish enough (i.e. should print more money or at least not raise interest rates for a while)
- Want tighter labor market before raising interest rates
- A hawkish mistake (raising rates too much or too soon) is a bigger risk than a dovish mistake (waiting too long to raise rates or not raising them enough)
- Need more help from fiscal policy (taxes and spending)

### Moore

- Already spent \$10 trillion in 8 years under Obama, so too little spending is not the problem
- We borrowed, printed and spent money and only have 1.5%-2.0% economic growth...Keynesian economics has not worked

## **Workforce**

### Sperling

- Refinance student debt
- Debt-free or tuition-free college education
- Need to focus on higher education as one rather than vocations/training versus college
- Government and industry need to work together more to educate and train people to fill jobs
- Focus more on credentials versus college major

### Moore

- We are not training workers for today's jobs
- Jobs are there for those with required skills
- Four year degree not always a great idea
- Raising minimum wage is a horrible idea (will price workers out of the labor force for lower wage jobs)

### Sperling

- There have been no negative effects of higher minimum wages in Seattle and San Francisco
- Need greater commitment to pathway up for minorities

## **Regulations**

### Sperling

- Republicans always focus on costs of regulations and not benefits
- Can't just be for or against regulations, need to look at the situation and benefits
- Hillary wants to simplify regulations on small businesses where justified

### Moore

- Hillary has no idea how business works, Trump does
- Hillary has spent a lifetime in government, Trump has spent a lifetime in business
- Regulations are killing jobs
- People don't want government handouts, they just want their jobs back (referencing coal miners)
- Business owners say regulations are biggest obstacle to higher growth and jobs
- Hillary has dirty hands on the financial crisis as she voted against reforms for Fannie Mae and Freddie Mac

### Sperling

- Refutes role of Community Reinvestment Act in housing crash

### Moore

- Barney Frank said in 2007 that we should roll the dice on the housing market

## **Immigration**

### Moore

- Need *legal* immigration
- Need to enforce the borders first

### Sperling

- Need pathway to citizenship
- Refutes surge in immigration

## **Other comments**

### Sperling

- We face a retirement crisis

- Social security (which he says is efficient and well-done) doesn't rise and fall with markets and is the only secure source of retirement savings
- Propose caregiver's tax credit

#### Moore

- Economy running way below potential
- Need pro-America energy policy instead of sacrificing jobs at the altar of climate change
- Ramp up oil, gas and coal production
- Cut corporate taxes
- Roll back Obamacare, it's even worse than expected

#### Sperling

- Need jobs plan that focuses on long-term investment and productivity
- Focus on affordable housing
- Need immigration reform
- Trump healthcare plan may lead to 21-25 million people losing their health plans
- Focus on fixing Obamacare instead of repealing it

#### Moore

- Republican health plan will be cheaper due to no mandates

#### Moore

- Oil and gas industry has been big boon to recovery in terms of jobs and lower prices
- European green energy policies are failing as prices are skyrocketing

#### Sperling

- Can't use threat of default on the debt to push a political agenda
- Trump's unpredictability and lack of economic knowledge are serious concerns

#### Moore

- Government should issue 100 year bonds with interest rates near record lows
- Trump knows economics and business better than almost anyone in business (he went to Wharton and is one of the most successful businessmen in American history)