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US presidential candidates' economic platforms

- The economic platforms of leading presidential candidates, highlighted by the current front-runners Hillary Clinton and Donald Trump, offer widely different policy agendas that involve widely different roles of government.
- The details of their actual economic platforms have been obfuscated and overwhelmed by overheated campaign rhetoric and media coverage that has highlighted outlandish statements while downplaying reasonable ones. This report summarizes the candidates' economic proposals based primarily on information provided on their official websites. It purposely stays away from the wide array of non-economic issues that are admittedly contentious and ignores the unsavory and unlikeable nature of the candidates – on both sides of the political aisle. The end summary table compares the key aspects of their economic platforms.
- Democrat Clinton's economic platform proposes a broader scope of government – more spending (measured from current law and as a percent of GDP), higher taxes on higher income households and more regulations – and Sanders' platform dramatically accentuates the expansive role of government. Republican Trump's official platform involves a smaller scope of government, with moderately lower spending and taxes and fewer regulations – and Cruz's platform is extreme in advocating shrinking government. Republican Kasich is more moderate.
- The candidates' official platforms provide varying degrees of detail on spending and tax programs, with some sizeable blanks, particularly on the budget numbers. The platforms lack sufficient details on new spending plans, sources of budget savings, and on key tax deductions, exemptions, deferrals, etc. This makes overall fiscal policy difficult to assess.
- Not surprisingly, none of the candidates' tax and spending platforms add up to their stated Federal budget outcomes. This is particularly true of Sanders, Cruz and Trump. All candidates' tax and spending proposals are inconsistent with their support of balanced budgets.
- A potentially large economic negative: for the first time in the modern era, with the exception of Kasich, all leading presidential candidates are effectively anti-free trade, albeit through very different mechanisms. Trump has the most aggressive anti-trade policy while Clinton and Sanders would impose very high requirements that would pose serious and likely insurmountable obstacles to enacting trade agreements. Historically, both have anti-trade agreement stances.
- All of the candidates from both political parties share some common threads – lower taxes for lower income households and taxing carried interest as ordinary income; maintaining Social Security and Medicare; and improving infrastructure.
- All of the candidates' economic platforms involve fiscal (spending and tax) policy changes from current law that are sufficiently dramatic that Congress is highly unlikely to enact – or even consider – without major modification, almost regardless of Congressional election outcomes. This is particularly true if the House of Representatives remains in Republican control.
- Noteworthy, some of the candidates' regulatory initiatives would not require Congressional approval. Kasich and Cruz propose Congressional cost-benefit analyses of regulations that are costly to the economy. Clinton has a history of relying on regulations and administrative rulings to manage the economy. These represent powerful differences in economic policy making.
- Recent history suggests that once elected, Presidents from both sides of the political aisle frequently get side-tracked and tend not to follow their campaign platforms, and political compromise dilutes proposals. In light of the candidates' aggressive and even radical economic platforms, that's a relief. Current worries about their economic platforms are valid, and will be expressed in markets in anticipation of the election outcome. The divisive nature of the policy debate suggests that confusion is likely to prevail even after the election.

Key reports

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Introductory remarks

Cutting through the overheated campaign rhetoric and the media coverage (which mixes reporting, opinion and speculation), this report attempts to compare and contrast the official economic platforms of the presidential candidates as provided by their official websites and related materials. It also describes the role of Congress and its key committees that will shape and debate the President's proposals into legislation. The role of Congress is extremely important since the candidates' platforms tend to reflect the radical elements of both political parties, which is typical of the primary election season.

"...the economic platforms of the Democratic and Republican candidates are starkly different in terms of the basic role they perceive the government should play in the economy. "

This report only considers the candidates' **economic** platforms and does not address any of their positions on non-economic issues, or any of their personal characteristics – good or bad. The report focuses on what is in the candidates' official campaign literature, not what they say on the campaign trail.

The summary table highlights the key differences on key issues of government spending, individual taxes, corporate taxes, international trade, immigration and economic regulations. Immigration policies are included because they have very large economic effects. The table includes many blanks, which reflect the insufficient information provided on the candidates' official websites.

Different approaches to improving economic performance

All of the candidates propose to improve economic performance, create jobs and generate higher standards of living, but they do so through vastly different means.

From the broadest perspective, the economic platforms of the Democratic and Republican candidates are starkly different in terms of the basic role they perceive the government should play in the economy.

"None of the candidates' proposed tax and spending initiatives add up to the budget outcomes they tout. "

Clinton proposes a generally larger scope of government – more spending, higher taxes (in real terms and as a percent of GDP) and more regulations. Sanders' platform greatly accentuates the increases in spending, taxes and the role of government. Trump proposes a smaller scope of government – lower spending, lower taxes and fewer regulations. Cruz accentuates this thrust. Kasich's economic platform is more moderate in its proposals to limit taxes and spending, but takes a stronger stand on constraining government regulations.

Implicit in these platforms are vastly different perceptions about the economic effects of the recommended policy changes – that is, how households and businesses respond to tax and spending changes and other policy initiatives.

The aggregate Federal budgetary impacts of their proposals are murky, to say the least. None of the candidates' proposed tax and spending initiatives add up to the budget outcomes they tout. The most egregious budgetary inconsistencies are Sanders (big spending increases and highly concentrated tax increases assuming no economic feedbacks; insufficient detail), Cruz (big tax cuts and unspecified savings from health care reform) and Trump (tax cuts and unspecified spending cuts through efficiencies, eliminating redundancies, etc). Nor do Clinton's long list of new spending initiatives and sizeable tax increases add up to favorable budget deficit outcomes.

"The candidates rely on unrealistically favorable assumptions about economic responses to their proposed policy changes in order to 'achieve' favourable budget outcomes. "

Gaps and shortfalls

The candidates use "bookmarks" for savings but do not specify the programmatic changes that will actually generate the savings. Unfortunately, this tactic is commonly used in budget policymaking, and although it rarely results in actual budget savings, it has been instrumental in getting legislation enacted. The candidates advocate broadening the individual and corporate income tax bases but omit details on how deductions, exemptions, deferrals, credits, etc would be changed.

The candidates rely on unrealistically favorable assumptions about economic responses to their proposed policy changes in order to "achieve" favorable budget outcomes. Trump's and Cruz's platforms assume outsized positive economic responses to individual tax cuts and corporate tax reform; the directions of the economic responses are in all likelihood right, but the magnitudes are too large. Clinton assumes very little if negative macroeconomic responses from the sizeable taxes that would reduce after-tax returns on capital, a likely unrealistic outcome. Sanders' budget scorekeeping is puzzling. Ditto Cruz's.

These observations clearly underline the assessment that Congress would require more details and significant modifications before any of these platforms would be considered and transformed into legislation, almost regardless of the composition of the new Congress. For taxes, this is particularly true if Republicans maintain control of the House of Representatives (and the very important Ways and Means Committee).

"Congress would require more details and significant modifications before any of these platforms would be considered and transformed into legislation, almost regardless of the composition of the new Congress"

Scope of government and spending proposals

Spending Plans. Clinton proposes an array of new spending initiatives – in education, disabilities, infrastructure, energy and health care – that would raise total spending above current law projections and as a percent of GDP. Sanders' spending proposals are dramatically larger, primarily for an array of social and income support programs. Insufficient information preclude budget scorekeeping at this time.

All of the candidates would maintain Social Security for all current retirees and would maintain the basic Medicare program.

Trump proposes cutting government spending largely through unspecified savings through efficiencies, redundancies, et al.

Kasich proposes modestly lower spending, despite increasing the defense budget, largely through a freeze on spending for non-defense, non-discretionary programs. Cruz favors reduced spending and supports a Balanced Budget Amendment, but provides little official detail on the programmatic reductions that would generate the spending cuts.

Proposals to subsidize education. Clinton's education initiatives would subsidize student debt and provide free tuition to public four-year colleges and universities through Federal grants to states. For children, Clinton would provide federal funds to make preschool available to all 4-year olds, expand the existing Head Start program and create a new program for children with disabilities.

"All of the candidates would maintain Social Security for all current retirees."

In recent decades, college tuition fees have risen persistently faster than inflation. Since the government took over the student lending program, debt has risen dramatically to $1.4 trillion outstanding, the largest category of consumer lending and the largest source of delinquencies.

Sanders proposes free education for public colleges and universities; higher Social Security benefits; youth jobs program; expanded health insurance to all Americans; and a large infrastructure spending program. If properly estimated, these and other proposals would significantly raise government spending as a percent of GDP.

Trump's largest spending initiatives focus on reforming medical care and expanding war veterans medical benefits by allowing veterans access to medical care from providers through Medicare. This would significantly raise the Federal government's medical expenses.

Infrastructure initiatives. All candidates favor improving the nation's infrastructure, but in their platforms they provide differing degrees of detail and they disagree on how new spending would be financed.

Clinton proposes a new infrastructure spending program to improve roads, bridges, public transit, the internet and water systems. A new energy spending initiative would repair pipelines, reduce carbon emissions and also fund health and retirement plans for coal workers. Sanders proposes the largest spending increase on infrastructure but does not include details. Kasich would allocate federal gasoline taxes to states and provide them flexibility in spending on infrastructure. Trump would also rely more on block grants to states. Clinton proposes a new tax based on motor vehicles miles driven.

"All candidates favor improving the nation's infrastructure, but disagree on how new spending would be financed."

Proposals to change the Affordable Care Act. Trump proposes to radically modify medical care insurance by largely dismantling the Affordable Care Act (ACA) and replacing it with a promotion of Health Savings Accounts (HSAs), allowing individual health insurance premiums to be deductible and providing subsidies of insurance premiums for lower income individuals who cannot afford insurance; allowing insurance to be purchased across state lines; and allowing importation of prescription drugs. Cruz proposes dismantling the ACA, but does not provide sufficient details on how a new program would work.

Trump would also replace Medicaid with federal block grants to states. Kasich proposes that the federal government provide per-month allocations to states constrained to 3% per year increases. Currently, the federal government largely sets the benefit and reimbursement schedules for Medicaid, and states share with the federal government in the cost of the program. Kasich also recommends a comprehensive strategy to address poverty and the cycle of dependence.

On the campaign trails, the candidates have suggested and/or modified their spending initiatives, but these modifications have not been reflected in their official websites.

Summary of economic platforms: scope of government and spending proposals

Candidate	Scope of Government		Government Spending
Clinton	Larger: higher spending and taxes; more regulations	Education:	Early Education Plan and Expanded Children Plan
			Subsidize tuition for public college
			Subsidize student debt
		Health Care:	Children with disabilities initiative
			Strengthen Affordable Care Act (ACA)
		Infrastructure:	National Infrastructure Bank, subsidize clean energy, improve rails
		Energy:	Federal funding for pipeline repair, climate control, subsidies, coal miners
		Security:	No Change
Trump	Smaller: lower taxes, cut spending, fewer regulations	Veterans	Expanded medical care access for Veterans through all providers accepting Medicare
		Health Care:	Dismantle and dramatically modify ACA
			Replace Medicaid with Federal block grants to states
			Promote Health Savings Accounts (HSA), deduction of individual insurance premiums; Allow importation of prescription drugs
			Allow across - state purchases of insurance
		Budget Saving:	Large efficiencies in Medicare, Medicaid
			Cut "waste, fraud, abuse and redundant programs"
		Security:	No change
Kasich	Smaller: lower spending and taxes, fewer regulations	Budget:	Balanced
	Take proactive steps to lower regulatory burdens	Defense:	Increased defense spending 17% between 2017 and 2025
			Freeze non-defense discretionary spending
		Infrastructure and Energy:	Return federal gas taxes to states and give them autonomy expand infrastructure projects
			Allow exports of all oil and natural gas; enact TransCanada pipeline; tap more energy from federal lands
		Health Care:	Medicare: reform payment practices; constrain spending increase to 5.3% per year
			Medicaid: provide per month allocated to states; constrain spending increase to 3.1%
		Income	New strategy to comprehensively address poverty and cycle of dependance
		Security:	No Change
Sanders	Much larger: dramatically higher spending and taxes; more regulations	Education:	Free tuition at public colleges and universities
		Infrastructure:	$1 Trillion infrastructure program
		Youth:	Jobs program aimed at disadvantaged youth
		Health Care:	Expand health care coverage to every American
			Allow importation of prescription drugs from Canada
			Close Coverage gap for Medicare Part D
			Discounts for lower income seniors and disabled
			Paid family and medical leave
			Restore Medicare prescription drugs
		Social	Increase monthly benefits; increase cost of living adjustments
Cruz	Much smaller; lower spending and taxes; fewer regulations	Budget:	Balanced Budget Amendment
		Energy Plan:	Energy prosperity Initiatives
	Take proactive steps to lower regulatory burdens	Health Care:	Reform medical care by repealing ACA
			Expand HSAs
			Allow cross-state insurance markets; delink health insurance from employment
		Social Security:	No change; gradually raise retirement age for young workers

Sources: Candidates official campaign websites and literature. See end sources for detail

Tax policy

Individual income and payroll taxes

Both Democrat and Republican candidates propose very low or zero taxes on lower income households. They all agree on taxing carried interest as ordinary income rather than at the capital gains tax rate (details below). Beyond this common ground, there is a pronounced divide.

Clinton proposes higher taxes, with a surtax on very high income tax filers, higher capital gains on higher income filers and for sales of assets held for less than six years, and penalties on corporate "tax inversions". Sanders proposes dramatically higher taxes on higher income individuals, a significant payroll tax increase by more than doubling the tax cap and high corporate taxes.

Both Democrat and Republican candidates propose very low or zero taxes on lower income households... but beyond that there is a pronounced divide.

Trump proposes lower and flatter taxes on individuals, corporate tax reform and a one-time low tax on repatriated profits held overseas. Kasich proposes more moderate income tax reductions and emphasizes simplification, and corporate tax reform including replacing the worldwide tax system with a "territorial system" (similar to other nations). Cruz proposes an absolute flat 10% individual income tax and replacing the payroll tax with a flat business tax of 16%.

For lower income households, Trump proposes 0% on Adjusted Gross Income (AGI) up to $50,000 for married tax filers while Cruz would apply 0% to incomes up to $36,000. Clinton proposes low income taxes – 10% on Adjusted Gross Income (AGI) up to $13,250 and 15% on AGI between $13,250 and $50,400. Kasich would reduce taxes on low income household by increasing the Earned Income Tax Credit by 10%. Sanders' official platform focuses on raising taxes on higher income filers but does not provide details on taxes of low income households.

Tax rates and brackets. Big divide: Democrat candidates propose more brackets with higher rates for high income filers while Republican candidates generally favor fewer and flatter brackets. Clinton would maintain the current brackets and proposes a 30% minimum tax on AGI exceeding $1 million (the "Buffett Rule") and a 4% surtax on taxpayers with AGI exceeding $5 million. Clinton would maintain the current 3.8% net reinvestment tax imposed by the Affordable Care Act (ACA).

"Democrat candidates propose more brackets with higher rates for high income filers while Republican candidates generally favor fewer and flatter brackets."

Trump proposes three brackets above his lowest 0% bracket: 10% on AGI between $50,000 and $100,000; 20% on $100,000 to $225,000 and 25% on AGI exceeding $225,000. Trump also proposes to eliminate the 3.8% net investment tax. Kasich would lower the top rate to 28% from 39.6%. Cruz's flat tax plan would only have one bracket, with a 10% tax for AGI exceeding $36,000.

Sanders would raise rates to 37% for AGI $250,000-$500,000 (including the net investment tax, the tax rate would be 40.8%) and create several more brackets, with the highest 52% for the highest income filers. Sanders would also raise payroll taxes (formally, Federal Insurance Contributions Act – FICA contributions) by 0.2% and more than double the taxable maximum cap to $250,000 from $118,500. Sanders would additionally impose a "wealth tax" on billionaires, but does not provide specifics.

Trump and Kasich propose to eliminate the Alternative Minimum Tax (the AMT is a supplemental income tax imposed for certain – typically high income/wealth individuals, corporations, estates and trusts that tend to have large exemptions and deductions in calculating AGI).

Deductions. All presidential candidates propose broadening the individual income tax base but to differing degrees and in different ways. Unfortunately, there is a lack of important details on specific deduction, credit and exemption items, so exact comparisons of the candidates is difficult.

Clinton and Sanders would cap the value of deductions for higher income tax filers at 28%. Trump would eliminate the marriage penalty in calculating AGI and steepen the curves for both the Personal Exemption phase out and Pease limitations of deductible items. Under this plan, Trump's platform says that tax filers in the 10% bracket would maintain most of their deductions, those in the 20% bracket would keep "more than half" and those in the 25% bracket would keep fewer deductions.

Both Trump and Kasich propose that tax loopholes for higher income household would be shrunk, but deductions for charitable giving and mortgage interest would be maintained for all taxpayers.

Cruz would establish a new Universal Savings Account that would allow deductible saving up to $25,000 into a tax-deferred account, with complete flexibility on withdrawals. Cruz would also replace the payroll tax with a business flat tax of 16% (see below).

Capital gains and dividends

Capital gains. Democrat and Republican platforms clearly divide on the taxation of capital gains; currently, the tax rate is 20%, plus the 3.8% net investment tax imposed as part of the ACA.

"Clinton would reduce capital gains tax rates for lower income filers and raise rates for high AGIs, and impose higher rates on asset sales held less than six years based on holding period. "

Trump would lower capital gains taxes for all but higher income tax filers (0% for filers with AGI less than $100,000, 15% between $100,000 and 20% for AGI exceeding $300,000. Kasich would reduce the rate for all filers to 15%. Cruz does not provide specifics on capital gains taxation. Sanders would tax capital gains as ordinary income, a significant increase over current law.

Clinton would reduce capital gains tax rates for lower income filers and raise rates for high AGIs, and impose higher rates on asset sales held less than six years based on holding period. The 3.8% net investment tax would be maintained. Rates would be 0% for AGI below $75,300, 15% for AGI between $75,300 and $466,950, 20% for $466,950-$5 million and 24% when AGI exceeds $5 million. The rates on sales of assets held less than six years would be onerous, based on a sliding scale.

"All candidates propose taxing carried interest as ordinary income…"

Dividends. Clinton proposes applying the same sliding income scale for taxing dividends as capital gains. All other candidates propose no change to taxing dividends as ordinary income.

Carried Interest

All candidates propose taxing carried interest as ordinary income, rather than as capital gains under current law. Carried interest is the share of profits of an investment fund that is paid to the investment manager in excess of the amount the manager contributes to the partnership.

"Sanders proposes halting all corporate tax inversions while Clinton would impose an 'exit tax' on tax inversion mergers."

Estate taxes

Clinton proposes significant increases in estate taxes through restoring law back to 2009 levels by increasing the rate to 45% (it is currently 40%) and reducing the exemption to $3.5 million (it is $5.45 million in 2016 and indexed for inflation). Sanders would also reduce the exemption to $3.5 million and proposes rates beginning at 45% and rising to 55%.

Trump, Kasich and Cruz would eliminate the estate tax.

Corporate taxes

Clinton and Sanders propose no major changes to the basic corporate tax structure as it applies to domestically-generated income, but Sanders proposes significantly higher corporate tax burdens through ending deferrals, shelters and loopholes pertaining to earnings in overseas subsidiaries and higher taxes on the oil, natural gas and coal industries. Clinton would impose a "risk fee" on banks with assets exceeding $50 billion. Trump and Kasich propose corporate tax reform with lower tax rates and a broader tax base.

"Trump states that corporate tax reform and lowering the rate would obviate the need for specific tax inversion penalties. "

Trump's corporate tax rate would be 15% (down from the current 35%) and would apply to all pass-through businesses) while Kasich would reduce the top rate to 25%. As part of reducing or eliminating business deductions and exemptions that would broaden the corporate tax base (details are unspecified), Trump would phase in a "reasonable cap" on the deductibility of business interest.

Kasich would allow the expensing of full costs of new equipment, machines and buildings, and double the research and development tax credit for small businesses aimed at stimulating capital spending and expansion.

Regarding international corporate taxes, Sanders proposes halting all corporate tax inversions while Clinton would impose an “exit tax” on tax inversion mergers. Trump states that corporate tax reform and lowering the rate would obviate the need for specific tax inversion penalties.

Trump and Kasich propose one-time low tax rate (Trump specifies 10%) on repatriated corporate deferred tax held overseas. Trump would end the deferral of taxes on income earned abroad, while Kasich proposes replacing the US’s worldwide tax system with a territorial system similar to the tax systems in other countries (only tax profits that businesses generate in the US).

Sanders would end the deferral of taxes of profits of offshore subsidiaries and clamp down on foreign tax havens and repeal loopholes that benefit the oil, gas and coal industries. Clinton would eliminate select benefits generated by the subsidiaries of US-based firms.

Summary of economic platforms: tax policy

Candidate		Individual Income Taxes	Capital Gains
Clinton	Rates:	Higher tax rate on high incomes, including 4% surtax on incomes exceeding $5 mil	Higher taxes, with Sliding scales of rates based on income and holding period
		10% for AGI below $37,650, 15% for AGI $37,650 - $415,050, 20% for AGI up to $5mil, 24% over $5mil	Lower rates for lower AGIs; higher rates for higher AGIs
		Tax relief to lower incomes: 10% on AGI up to $13,250, 15% between $13,250 and $50,400.	39.6% for assets held less than 2 years, down to 20% for assets held over 6 years
	Deductions:	Maintain net investment tax of 3.8% (ACA)	3.8% surtax (net investment income); +4% for AGI over $5 mil, for high of 47.4%
		Buffett Rule: 30% minimum tax on AGI exceeding $1 million	
		Cap on itemized deductions at 28%	
Trump	Rates:	Lower taxes, flatter brackets: 10% on AGI below $50,000 - $100,000, 20% for AGI $100,000 - $300,000, 25% on AGI exeeding $300,000	0% if AGI below $100,000
		Eliminates 3.8% net investment tax (ACA)	15% if AGI between $100,000-$300,000
	Alternative Minimum Tax:	Eliminates Alternatve Minimum tax	20% if AGI exceeds $300,000
	Deductions:	Eliminates marriage penalty	
		Steepens curve of Personal Exemption Phase-out	
		Eliminates most deductibles and loopholes for rich	
		Steepens curve of Pease limitation on deductible items	
Kasich	Rates:	Tax cuts and simplify: cut top rate to 28% from 39.6%	Reduce long-term capital gains to 15%
		Tax relief for lower income households: increase Earned Income Tax Credit by 10%	
		Eliminates net investment tax by 3.8%	
	Deduction:	Simplify; preserve tax deductions for charitable donations and mortgage interest (maintaining current limits)	
Sanders	Rates:	Raise rates to 37% (for AGI between $250,000-$500,000) 43% for AGI $500,00-$2mil, and up for 52%	Tax as ordinary income
	Deductions:	Cap value of itemized deductions at 28%	
Cruz	Rates:	Simple flat tax	
		0% tax on family income up to $36,000	Repeal
		Simple tax rate of 10% above $36,000	
		Universal Savings account allows deductible savings up to $25,000 annually with complete flexibility on withdrawal	
	Alternative Minimum Tax:	Eliminate	
	Deductions:	Universal Savings Account: allow deductible	

Sources: Candidates official campaign websites and literature. See end sources for detail

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Summary of economic platforms: tax policy

Candidate	Dividends	Estate Taxes	Other
Clinton	Tax rate is sliding scale based on income, same as proposed plan for capital gains	Restores to 2009 levels: 45% tax rate, reduced exemption to $3.5 mil	New tax on motor vehicle milage
Trump	No change	Eliminate	
Kasich	No change	Eliminate	
Sanders	Tax as ordinary income	Reduce exception to $3.5 million and raise rates to 45%, up to 55% for the largest estates	Wealth tax on billionaires : 10% surtax Prevent "grantor trusts", limit gift tax exclusions Raise FICA taxable maximum to $250,000 from curent $118,500 Raise FICA rate 0.2%
Cruz:	No change	Eliminate	Replace payroll tax with Business flat tax of 16%

Sources: Candidates official campaign websites and literature. See end sources for detail

Summary of economic platforms: corporate taxes

Candidate	Corporate Taxes	International taxes and "tax inversions"
Clinton	No change in rates Impose "risk fee" on banks with assets exceeding $50bil	"Exit tax" on companies that enter "tax inversion" mergers Eliminates deductibility of reinsurance premiums paid by corporations to foreign subsidaries
Trump	Corporate tax reform Reduces rate to 15% and applies to all pass-through businesses Reduce/eliminate business deductions and exemptions Phase in reasonable cap on deductibility of business interest	One-time 10% tax on repatriation of corporate cash held overseas End deferral of taxes on income earned abroad
Kasich	Reduce top rate to 25% from 35% Expensing full cost of new equipment machines and buildings Double research and development credit for small business	Replace worldwide divide tax system with territorial system (only taxes profits business generation in US) "Low rate" on repratriation of previously deferred active foreign earned income Halt corporate tax inversions
Sanders	Prevent corporations from sheltering profits in tax havens; close loopholes that inflate foreign tax credits Repeal loopholes that benefit oil, natural gas and coal	Prevent all corporate tax inversions Clamp down on foreign tax havens End Deferral of taxes on earnings in foreign subsidiaries
Cruz	Business flat tax of 16% in net business sales (gross sales minus expenses) in place of corporate income tax Expense of costs of equipment machinery and capital expenditures ad buildings	Eliminate overseas profits tax One-time low tax for repatriated earnings held overseas

Sources: Candidates official campaign websites and literature. See end sources for detail

International trade policy

With the exception of Kasich, all of the presidential candidates effectively are anti-free trade without major (and likely agreement-ending) qualifications on trade agreements. These candidates represent the most pronounced tilt against trade of any presidential election in the modern era. Trump's platform is the most explicitly anti-free trade while Clinton and Sanders erect very high (and perhaps insurmountable) barriers to trade agreements.

Trump proposes large tariffs and quotas on imports from China and would officially designate China as a currency manipulator. He proposes large barriers to trade with Mexico. He plans to intercept remissions sent to Mexico by undocumented Mexican workers in the US and use the proceeds to finance the building of a physical barrier between the US and Mexico. Both China and Mexico are large trading partners of the US. Some of Trump's international trade initiatives would be virtually impossible to implement, or at minimum be very disruptive to international commerce.

Clinton and Sanders both stand against the Trans-Pacific Partnership (TPP) and historically have struck clear and aggressive anti-trade stances. As Senator, Clinton voted against the Central America Free Trade Agreement (CAFTA) and in the 1990s leaned strongly against NAFTA even after President Clinton supported the legislation. Clinton proposes high obstacles to support trade agreements, including large trade adjustment assistance, domestic worker rights, human rights requirements, environmental protection and other requirements. Sanders also opposes TPP and voted against NAFTA, CAFTA and the Permanent Normal Trade Relations (PNTR) Act with China.

"Clinton and Sanders both stand against the Trans-Pacific Partnership (TPP) and historically have struck clear and aggressive anti-trade stances."

Kasich favors international trade, but would require US trade partners to fully open their markets and would reform the International Trade Commission to expedite complaints by US companies hurt by alleged unfair trade practices and to address violations of international trade law.

Summary of economic platforms: trade policy

Candidate	International Trade
Clinton	Anti-free trade Against Trans-Pacific Partnership (TPP) Voted against Central America Free Trade Agreement (CAFTA) High obstacles to support trade agreements, requiring: higher trade adjustment assistance and domestic worker rights, human right requirements, environmental protection
Trump	Anti-free trade Barriers to trade with Mexico and interruption of private capital flows Large tariff on imports from China and official designation of China as a currency manipulator
Kasich:	Favors international trade, but requires trade partners fully open their markets; address trade violations Supports TPP Reform International Trade Commissions to expedite complaints by companies hurt by unfair trade practices and to address violations of international trade law
Sanders:	Anti- trade Opposes TPP, voted against NAFTA, CAFTA, and the Permanent Normal Trade Relations (PNTR) with China
Cruz:	Mixed and conflicting on trade policy

Sources: Candidates official campaign websites and literature. See end sources for detail

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Immigration policy

"With the exception of Kasich, all of the presidential candidates effectively are anti-free trade..."

Clinton and Sanders provide polar opposites to Trump on immigration policy. Clinton's and Sanders's proposals favor immigration and include policies that would facilitate and subsidize undocumented (illegal) immigrants to become US citizens, while Trump proposes policies that would reduce illegal immigrants and would deport selected undocumented immigrants.

"Clinton and Sanders provide polar opposites to Trump on immigration policy."

Clinton proposes immigration reform that provides a path to full US citizenship, and relief from deportation of illegal immigrants. Immigration initiatives that would involve higher government spending include: full access to health care under the ACA for all immigrants, regardless of their status, and subsidies for fee waivers and language proficiency programs. Similarly, Sanders opposes deporting illegal immigrants and recommends a strategy aimed at regulating the flow of new immigrants, including a new US Visa system.

Trump proposes deportation of select illegal immigrants and tighter immigration laws. Details of the initiatives are not specified. Trump proposes to end birth right citizens in which the new-borns of all immigrants regardless of their status are US citizens. He also recommends higher mandated wages for H-18 immigrants. Similarly, Cruz favors "enforcing existing laws "that apply to illegal immigrants and recommends strengthening national border security.

Kasich opposes deporting illegal immigrants and favors orderly immigration. He would propose legislation that would establish a path toward legalization of current illegal immigrants (but not necessarily citizenship) and favors an increase in immigrant visas. Kasich argues that ending birth-right citizenship is not part of the solution to immigration policy.

Summary of economic platforms: immigration policy

Candidate	Immigration
Clinton	Favors immigration Immigration reform with path to equal citizenship Full access to Affordable Care Act regardless of immigration status Relief from deporation of illegal immigrants Promote naturalization, subsidize fee waiver and language proficiency programs
Trump	Reduce illegal immigrants and immigration flow Deport select illegal immigrants and tighten immigration laws Higher mandated wages for H-1B immigrants End birthright citizenships
Kasich:	Favors immigrants Favors more immigrant visas Opposes deporting illegal immigrants Birthright citizenship not a critical issue in immigration debate
Sanders:	Favors immigration Opposes deporting illegal immigrations Regulate flow of immigrants by reforming visa system
Cruz:	Favors enforcing existing laws on illegal immigrants Strengthen border security

Sources: Candidates official campaign websites and literature. See end sources for detail

Regulation policy

In their official platforms, Kasich and Cruz propose changes to address the broader regulatory environment while Sanders' regulatory proposals focus on pharmaceuticals. Sanders would outlaw anti-competitive deals that keep generic drugs off the market and legally require transparency in drug prices in part through new reporting requirements.

Kasich would require that Congress conduct cost-benefit analyses and approve of all new regulations costing the economy over $100 million and proposes a 1-year freeze on any new regulation. He would repeal counterproductive energy regulations and allow full export of oil and natural gas.

Cruz would require Congress to vote on any major cost-inducing regulation. He would also end many Environmental Protection Agency (EPA) regulations, audit the Federal Reserve, and enforce internet freedom, and oppose any internet sales tax.

"Kasich would require that Congress conduct cost-benefit analyses and approve of all new regulations costing the economy"

Summary of economic platforms: regulation policy

Candidate	Regulations
Clinton	Favors increased regulatory authority for many government agencies Mandatory $15/hr minimum wage
Trump	Favors fewer regulations, but no specific proposals in platform
Kasich:	Mandatory requirement that Congress conducts cost-benefit analysis and formally approve new regulations costing economy more than $100 million 1- year freeze on any new regulations Repeal counterproductive energy regulations; allow full exports of oil and natural gas
Sanders:	Prohibit anti-cooperative deals that keep generic drugs off market Transparency in drug pricing (reporting) Mandatory $15/hr minimum wage
Cruz:	REINS Act: Congress to vote on any major cost-inducing regulation End many EPA regulations Audit Federal Reserve Abolish the IRS Internet freedom; opposed internet sales tax

Sources: Candidates official campaign websites and literature. See end sources for detail

Observations, the Congress and prospects

Platforms are a strong indication of the candidates' beliefs, intentions and vote-gathering strategies, but history shows clearly that once the candidates become President, initiatives and legislation are modified, changed or even reversed by the course of events, economic and budget realities, and/or political negotiations with Congress. This is true of Presidents from both political parties.

"...History shows clearly that once the candidates become President, initiatives and legislation are modified, changed or even reversed by the course of events, economics and budget realities, and/ or political negotiations with Congress."

In the 1992 presidential campaign, candidate Bill Clinton's platform opposed NAFTA and welfare reform, yet as President, Clinton supported the successful enactment of both – in part in response to a large shift in political power in the 1992 Congressional elections – and these two pieces of legislation remain among the most important of his two terms. In 2000, presidential candidate George Bush campaigned as a fiscal conservative and international isolationist, yet as President, Bush supported increases in government deficit spending and post 9/11 initiated the US's controversial heightened involvement overseas.

In contrast, Presidents Reagan and Obama stuck fairly closely to their campaign platforms: Reagan with his pro-growth strategy of large tax cuts and rebuilding defense and national security spending, and Obama with sizeable increases in spending legislation focusing on income redistribution, expanded health insurance coverage and heightened economic regulations on businesses. In both cases, circumstances facilitated these legislative agendas: the Reagan Administration entered on the heels of miserable economic performance with double-digit inflation and unemployment, while President Obama entered office at the depths of the financial crisis and amid deep recession.

"The road from presidential election campaign to enactment of legislation largely depends on the economic circumstances as well as the makeup, interests and objectives of Congress."

The road from presidential election campaign to enactment of legislation depends a lot on the economic circumstances as well as the makeup, interests and objectives of Congress.

In an historical context, current economic conditions are not as dire or as pressing as prior periods during which sharp policy shifts have been enacted. The economy is in its seventh consecutive year of slow expansion. The unemployment rate is below its long-run average, although labor force participation is down and there are pockets of high unemployment. Inflation is low and wages and personal income are rising modestly in real terms. There is significant public focus and concern about income/wealth inequality.

Tax policy and spending proposals meet federal budget realities

Congress' interest and objectives in fiscal policy will be influenced by budget considerations. Although the government's cash-flow budget deficit has receded significantly from its recession-related peaks – it has fallen to 2.7% of GDP in fiscal year 2015 from 10.2% in 2000 – it is projected to rise rapidly in the coming years as the babyboomers retire and as spending on Medicare and Medicaid increase.

"All leading candidates propose very large tax and spending changes... that in all likelihood Congress would require major modification even before serious consideration."

These projected increases will constrain Congressional fiscal policymakers. Budget scorekeeping of spending and tax initiatives are based on their 10-year impacts, so the Congressional Budget Office's (CBO), Congress's official budget forecasts and its estimates of the impacts of pending legislation will be critical to any fiscal legislation – both its broader scope and its details.

All leading candidates propose very large tax and spending changes and their estimates of the budget impacts are sufficiently suspect (particularly Sanders's, Cruz's and Trump's), such that in all likelihood Congress would require major modification even before serious consideration. This will be the case almost regardless of the outcome of Congressional elections, but particularly true if as most political observers expect Republicans maintain control of the house.

The House and Senate Budget Committees and the House Ways and Means and Senate Finance Committees will play critical roles in the legislative processes. The House Ways and Means Committee has jurisdiction over tax issues – it is the tax writing committee in Congress and must approve tax legislation before it is voted on by the Senate Finance Committee and the full House and Senate.

"If Republicans maintain control of the House and Congressman Brady remains Chairman, he will control and manage the tax policy agenda."

Republicans control both Houses in the current Congress, and thereby control the leadership of all key committees. Current Ways and Means Chairman Congressman Kevin Brady (R-Texas) and his Republican peers on the Committee favor lower tax burdens and pro-growth economic policies. They tend to be fiscally conservative and lean heavily against legislation that would involve material increases in deficits.

If Republicans maintain control of the House and Congressman Brady remains Chairman, he will control and manage the tax policy agenda. That would be the case even if Democrats win control of the Senate (and take control of the Chair of the influential Senate Finance Committee).

In this situation, Clinton's proposals for significantly higher tax burdens on individual income and capital gains – and even more so for Sanders' aggressive tax increase proposals – would require major modification before the committee would seriously consider them.

"...without a sense of economic or financial emergency, the debate in the new Congress about tax and spending policy may be elongated."

Clinton's and Sanders's proposals to raise estate taxes surely would face obstacles. The debate about estate taxes is always contentious, and the current focus on wealth inequality is polarizing. And Sanders's proposal to radically raise payroll taxes through more than doubling the taxable maximum likely would be rejected outright by a Republican controlled Ways and Means Committee and at minimum would require major modification even if Democrats control both Houses of Congress.

Similarly, the tax cut proposals by the Republican candidates – particularly Trump's and Cruz's – would undergo intense scrutiny. Their tax proposals do not add up to their estimated budget outcomes. Developing actual legislation would require significantly more details. Specifically, Trump's base-broadening for both individual and corporate taxes would need to be spelled out in programmatic and budget scorekeeping detail. Ditto – even more so – for Cruz's flat tax and proposal to replace the payroll tax proposals.

The estimated budget impacts prepared by the CBO on pending legislation would have to be debated and approved by the House and Senate Budget Committees before full Congressional votes. Unlike late 2008-early 2009 when the financial crisis forced Congress to develop and largely approve the fiscal stimulus package even before President Obama entered office, without a sense of economic or financial emergency, the debate in the new Congress about tax and spending policy may be elongated.

"Recent history provides an important lesson of how powerful leaders of both parties are capable of working together and reaching compromise."

While the Ways and Means Committee is critically important to tax policy, the presidency is powerful. If Clinton were president, a political stalemate would probably result in a diluted tax increase and spending package rather than no legislation at all. This is particularly true if Democrats take control of the Senate and the influential Senate Finance Committee. The policy outcome would largely depend on the willingness of the president to compromise. If Sanders were president the policy outcome would be even more uncertain. Even if Democrats controlled both Houses of Congress, it is likely that moderate Democrats would push back on the radical aspects of Sanders's proposed tax and spending increases. Nor would Congress go along with the more aggressive spending cut proposals proposed by the Republican candidates.

Common ground on the need for improving national infrastructure and other spending initiatives may gain traction in the new Congress. Such new spending programs may be smaller than those proposed by some of the candidates and require less aggressive financing needs.

Recent history provides an important lesson of how powerful leaders of both parties are capable of working together and reaching compromise. The 1986 Tax Reform Act, perhaps the most broad-ranging tax reform in the modern era, resulted from the efforts of Republican President Reagan working closely with a the powerful Democratic Chairs of the Democratically-controlled Ways and Means Committee (Dan Rostenkowski) and Senate Finance Committee (Bill Bradley). Current skeptics argue that that was a different environment – a different era – in Congress and Washington politics.

"...both political parties have indicated that they would like US businesses to repatriate the vast sums of cash currently in overseas accounts, although there is disagreement on how to accomplish this."

Areas of possible agreement

It is premature to speculate whether the Committee would consider a comprehensive tax package or reform or whether the focus of the Washington debate will be on specific tax provisions. The Committee may potentially find several specific tax initiatives attractive, separately or as part of a package of tax and spending legislation.

All presidential candidates favor lower tax burdens for lower income households, as well as taxing covered interest as ordinary income. This may be accomplished by lowering the rate on the lowest income brackets or increasing the ceilings on those brackets. Kasich's proposal to increase the Earned Income Tax Credit, which under current law is refundable (low income taxpayers actually receive a check from the government if their credit exceeds their income taxes owed), may also be attractive politically.

Currently both political parties favor more infrastructure spending. Clinton's proposal to impose a new tax based on vehicle mileage may be considered a complementary financing plan. Financing initiatives like block grants to states may be considered. An additional higher tax bracket on the very highest income tax filers may receive consideration.

Despite the wide disagreements on corporate taxes, both political parties have indicated that they would like US businesses to repatriate the vast sums of cash currently "sitting" in overseas accounts, although there is disagreement on how to accomplish this.

Corporate tax reform?

Whether corporate tax reform moves forward remains uncertain. Presently, both political parties have publicly stated that they advocate reform but the candidates' proposals are far apart. While they may agree on the need to broaden the corporate tax base, they disagree on how to do so – that is, the actual programmatic changes in the deductions, exemptions, deferrals and credits – and the appropriate tax rate. Also, they differ widely on how to deal with corporate tax inversions.

"Any president who could achieve a compromise on meaningful corporate reform would benefit in many ways."

Despite these challenges, corporate tax reform potentially is a major ice-breaker for Washington: both parties acknowledge that the current system is inefficient, unnecessarily complex and generates unfavourable outcomes, and any breakthrough would lift some of the scepticism that Washington policymaking is dysfunctional. Any president who could achieve a compromise on meaningful corporate reform would benefit in many ways.

Health care: tough sledding on the legislative front

Proposals to dismantle or replace the Affordable Care Act (Trump and Cruz) are likely to be rejected. This legislation was the most divisive of the Obama Administration and many Republican Members of Congress have identified serious flaws in it, but many would be reticent to enact legislation that would reduce health insurance coverage without a viable substitute. Trump and Cruz's proposals lack sufficient details.

"Proposals to dismantle or replace the Affordable Care Act would be rejected or closely scrutinized with a sceptical eye."

Proposals like Trump's that would dramatically modify the ACA and promote Health Savings Accounts and make other significant changes would require programmatic details and in-depth analysis. Similarly, Trump's proposal to allow war veterans to obtain medical care from any providers through Medicare would significantly increase Medicare spending, which would affect financing of Social Security.

These and related proposals would also be vetted by the House Ways and Means Committee and the Senate Finance Committee that have jurisdiction over the health care programs under the Social Security Act, including Medicare and Medicaid. They also oversee general revenue sharing issues, including initiatives that involve Federal block grants to states.

Trump's proposal to replace Medicaid with block grants to states and increase reliance on Health Savings Accounts (HSAs) and allow the deduction of individual insurance premiums would require comprehensive review on the bases of health care coverage, costs and cost-sharing, long-run budget implications, tax policy and Social Security financing.

Sanders' proposals to increase Social Security benefits and dramatically raise payroll taxes would most likely be rejected under current Congressional leadership because they would significantly raise tax burdens on millions of upper-middle income households. These proposals would face obstacles even if Democrats controlled both houses of Congress.

Kasich's proposal to allocate federal gas taxes to states and grant them more autonomy in infrastructure spending, as well as capping Medicaid spending to increases of 3.5% per year, would raise significant issues in revenue sharing, and any cuts from current law in Medicaid would involve deliberating over spending on entitlement programs.

"Congress would be a major obstacle to Trump's proposal of higher tariffs... and any efforts to block cross-border financial transactions."

Tariffs and international trade

The Ways and Means Committee and Senate Finance Committees also share jurisdiction over tariffs and quotas, reciprocal trade agreements and related matters. The current committees favor policies that facilitate international trade and would push back on proposals that would erect barriers.

Congress would be a major obstacle to Trump's proposal of higher tariffs on imports from Mexico and China, and any efforts to block cross-border financial transactions. Even with a change in political control, such proposed tariffs would receive pushback from Congress.

On the broader issue of trade agreements, the Congressional balance of power matters a lot. The Obama Administration is negotiating details and working toward enactment of the Trans-Pacific Strategic Economic Partnership Agreement (TPP). Hopes for enactment would almost certainly dim if it is not enacted during this Administration.

Democratic control of either or both houses would support Clinton's and Sanders' call for significantly higher trade adjustment assistance to affected US domestic workers, more support for union workers and specific industries, health, human rights and environmental concerns. Such requirements would likely tip the balance away from Congressional approval of TPP and block future trade agreements. For different reasons, Trump or Cruz would also present obstacles for enactment of TPP. Kasich would probably support enactment of TPP.

On other trade matters, Congress may find attractive the proposals by Trump and Sanders to change laws to allow importation of select pharmaceuticals. These and related provisions benefit from experience and have identifiable beneficiaries and significant public support.

Selecting priorities by the new president

Typically, a president-elect designates policy transition teams that focus on specific issues such as tax policy, national security, etc. These advisory committees refine the candidate's platforms and put together policy statements and recommendations. They work with the president-elect and newly-formed White House staff to prioritize issues. They may also begin to work behind-the-scenes with select Members of Congress and senior staff of key Congressional committees. The CBO does not conduct any formal budget scorekeeping of policy initiatives until they are formally proposed as legislation.

"Congress may find attractive the proposals by Trump and Sanders to change laws to allow importation of select pharmaceuticals"

Depending on the circumstances and the relations of the new president with Congress, the priorities placed on the legislative agenda can be extremely important, and subsequently influence the entire term of the Administration.

Checks and balances, and policy end-runs

In light of the dramatic and in some cases radical nature of some of the key proposals of the candidates' economic platforms, the built-in checks and balances between the US's executive, legislative and judicial branches are gratefully welcomed. This is particularly true in light of the rancorous presidential election season and the unsavory and aggressive stances of some of the leading candidates.

"...the presidency has significant flexibility to influence the economy through regulations and administrative rulings without effective pushback from Congress"

However, while Congress and the system of checks and balances tend to work best and lead to compromises in tax and spending initiatives (fiscal policy), the presidency has significant flexibility to influence the economy through regulations and administrative rulings without effective pushback from Congress or the judiciary. In the past, presidents have used a variety of regulations and administration rulings and directives to effect significant policy changes. This avenue has been used significantly by the Obama Administration.

Among the presidential candidates, Kasich and Cruz propose legislation that would require cost-benefit analyses of regulations that would be costly to the economy. The role of regulations in a Trump or Sanders' administration is highly uncertain.

"... regulations and administrative actions have received little attention during the presidential election campaigns, but they are powerful policy tools."

Clinton has a history of using regulations to manage the economy, particularly industry-specific regulatory proposals, and this would likely be a major avenue for policy activism.

Effecting desired policy changes through regulations and administrative actions have received little attention during the presidential election campaigns, but they are powerful policy tools.

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