



The Daily Dish

# Trump Economic Speech

DOUGLAS HOLTZ-EAKIN, PATRICK HEFFLINGER | AUGUST 9, 2016

As the demand for the Department of Veterans Affairs (VA) services continues to rise, the number of the agency's health care providers is decreasing. This is not a good trend for the already troubled VA. According to the Washington Post, the demand for health-care services rose 20 percent between 2011 and 2015 but the VA lost 7,734 VA health-care staffers in 2015. According to J. David Cox Sr., President of American Federation of Government Employees, these staffing losses and resulting staffing shortages are directly affecting patient care.

The White House is trying to move quickly on drone regulations as the Federal Aviation Administration (FAA) struggles to keep up with new and emerging technology. A new rule directed at commercial drone use will soon be going into effect and the administration is expected to finish up another rule before the year's end. Beginning on August 29<sup>th</sup>, drone operators will no longer be required to apply for a waiver, they will, however, need to register their drone online and pass an aviation knowledge test at a testing center that has been approved by the FAA. Congress directed the FAA in 2012 to craft a plan regarding the regulation of drones by September 2015 but the FAA has struggled to find a balance between safety and innovation.

## *Eakinomics: Trump Economic Speech*

Republican nominee Donald Trump gave an important policy [speech](#) (as identified by his campaign) to the Detroit Economic Club yesterday. There are three angles from which to look at the speech. The first is as “[news](#),” of which there was very little. While many had hoped for a comprehensive, detail-full version 2.0 of Trump's ideas on taxes, regulations, energy, and trade they were disappointed. This was more of a relaunch of the same proposals — call it version 1.01 — than a real set of proposals. Where there was news, it was largely in the area of tax policy.

From a policy perspective, it was an incoherent mess. While correctly identifying the importance of faster economic growth (and correctly pointing out that Hillary Clinton has no pro-growth economic policy), he proceeded to identify some good ideas for growth (controlling the regulatory burden; freeing-up domestic energy production — although the magnitudes of these impacts seem way too high), some horrific ideas (renegotiating NAFTA, killing TPP, tariffs, and other anti-trade initiatives), and some mysteries. In the latter camp is his precise stand on tax reform. He touted the principles — jobs, growth and opportunity — of the House Republican task force proposal produced by Ways and Means Chair Kevin Brady and adopted its rate structure (three brackets of 12, 25, and 33 percent), its pro-investment expensing provision, and hinted at adopting its border-adjustable tax. All good. But it was unclear whether he had adopted the bold, pro-growth plan as a whole — which would be great. It was clear that he had fired his previous plan, which no longer appears on his [website](#).

The other important issues are what was not in the speech. No mention of federal debt or deficits. No mention of entitlement reforms. No mention of productivity, innovation, the internet, or new and online business models. Nothing, really, about the future. Just a call to return to the steel and cars of the industrial past.

The final lens for the speech is political — it was, after all, a campaign speech. Here it comes into clear focus as

a collection of proposals, each for a different constituency. Need to close ranks with establishment Republicans? Adopt their tax, regulatory, energy, education, and military stances. Need to placate offended female voters? Cook up a deduction for childcare expenses. Trying to attract blue collar workers in Democrat states? Bash trade, immigration, and promise Democrat-like levels of infrastructure spending. Finally, looking to unite your base, the establishment Republicans and the Sanders' voters? Bash Hillary Clinton. At length.

It is a very Democratic way to craft a speech — pandering to constituencies while avoiding principles and themes — which is why Republicans will be confused and disappointed.