

Six Bipartisan Opportunities for the President-Elect

By Eugene Steuerle Thu, Dec 1, 2016

'Never before have so many promises been made for the future, both for unsustainable rates of spending growth and lower taxes,' writes our guest columnist, a former deputy assistant secretary of the Treasury. 'Engaging in more giveaways only exacerbates this problem.'



I have never believed that candidates should lay out detailed policy agendas in their campaigns. While broad outlines are helpful, the specifics are too complex for the stump and often unappealing to voters. So to move beyond campaign promises that seldom add up for any candidate, here is how President-elect Trump could move forward in six policy areas even while facing extraordinary budget constraints. Each issue has a framing that gives it a better chance of garnering bipartisan support.

Workers. Many workers made it clear in this election that they feel forgotten by government. While the left and right disagree over how well our government promotes opportunity for workers, they generally agree it could do better. Trump tapped into workers' frustrations but hasn't yet identified how to significantly help them. How about this as a start? Simply ask agencies to assess the extent to which their programs could better promote work, even when that is not their primary mission. This applies to a wide range of programs, from wage, housing, health, and food supports to how well the military helps veterans get a job.

Budget Reform. Even if some adviser tells the President-elect that there is magic money to be had through extraordinary economic growth, tackling budget shortfalls will soon become unavoidable.

Never before have so many promises been made for the future, both for unsustainable rates of spending growth and lower taxes. Indeed, all future revenue growth and then some have already been committed for health, retirement, and the interest costs alone. Engaging in more giveaways only exacerbates this problem.

One way to cut the Gordian knot and convince the public to buy into longer-run budget goals is to show how interest savings generated by long-run fiscal prudence eventually allows both more program spending and lower taxes than do big deficits.

International Tax Reform. If the US is going to collect tax revenue from US-based multinationals, it will need to get a handle on this issue. It makes no sense administratively to tax these firms based on the geographical location of headquarters, researchers, patents, borrowing, or salespeople.

The solution involves taxing corporations less but individual shareholders more, while still engaging corporations to withhold those taxes. Any reform must limit the firms' ability to shift income and deductions to the most tax-advantageous locations.

Individual Tax Reform. Trump could accomplish some individual tax reform by focusing less on reducing the existing \$1 trillion-plus level of tax subsidies and more on limiting their automatically-increasing growth rates. He could use the revenue to either reform the tax code or better target the subsidies. For example, he could redesign housing-related tax preferences so they truly promote homeownership.

Health Reform. Conservative and progressive health experts agree that the Affordable Care Act suffers from at least two problems: It did not sufficiently tackle the issue of rising medical costs, and many people remain uninsured. Trump could generate more bipartisan support if he aims to reform the system to cover more people while generating enough cost saving to make that goal attainable in a fiscally sustainable way.

Retirement and Social Security. President-elect Trump promised to not cut Social Security benefits while Secretary Clinton said she would raise them. But raised or cut relative to what? An average-income millennial couple is scheduled to receive about \$2 million in Social Security and Medicare benefits versus \$1 million for a typical couple retiring today.

Younger people, who often expect no Social Security benefits, seem willing to accept changes that would slow the program's rate of growth. That's an opening for Trump to sell the reform as a long-term effort that opens up the budget to some of their needs, such as reducing student debt, while still protecting the current elderly.

For many elderly, benefits can even be enhanced through private pension reform to increase individual retirement savings and enhancing Social Security benefits for low-income retirees.

Paraphrasing Herb Stein, who was President Nixon's chief economic adviser, "what can't continue won't." And that's true with the nation's unsustainable fiscal path. Eventually, we will need to take the types of steps that I've outlined. With some creative thinking about

how to newly frame important issues, President Trump could advance some real possibilities of reform despite a season of ugly campaigning.

The Government We Deserve is a periodic column on public policy by Eugene Steuerle, an Institute fellow and the Richard B. Fisher Chair at the nonpartisan Urban Institute. This article previously appeared at [**TaxVox**](#).

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