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OPINION | COMMENTARY

A Look Behind the Curtain of Trumponomics

The stock market senses a coming sugar high from tax cuts, but watch out for a destructive trade war.



President-elect Trump in Grand Rapids, Mich., Nov. 7. PHOTO: THE WASHINGTON POST/GETTY IMAGES

By **ALAN S. BLINDER**

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Since Donald Trump will be America's next president, it behooves us to contemplate what Trumponomics might actually do to—not for—the U.S. economy. His campaign proposals were an odd mélange of slogans, like “build a wall” and “it will be great,” and reliable old saws of Republican economics, like massive tax cuts. Since we don't know who will be whispering in his ear in the Oval Office (other than chief of staff, Reince Priebus, and alt-right chief strategist, Steve Bannon) the best we can do now is guess.

I'll start with three easy ones.

- *Tax cuts.* Congressional Republicans always want to cut taxes on the non-needy, and they are all too willing to bust the budget to do so. With Republican majorities in both Houses, pushing something resembling the Trump tax proposals through Congress should be a piece of cake.

The tax cuts will balloon the deficit, of course. But that's something Republicans worry about only when a Democrat occupies the White House. Both President Reagan and President George W. Bush pushed through lavish tax cuts with no ways to pay for them. The good news here is that the Trump tax cuts will put the economy on a sugar high—which is probably why the stock market cheered and inflationary expectations rose.

- *Climate change.* A second excellent bet is that the U.S. will cease being a positive force in the battle against global climate change and become an implacable foe instead. After all, the president-elect thinks the whole thing is a hoax. And it's really easy to wield the wrecking ball here. All he needs to do is ignore the commitments made by President Obama, and the Paris climate agreement will be in shambles. Canada will become warmer, too.

- *Infrastructure.* Everyone expects the president-elect to propose a surge in infrastructure spending. He's a developer, right? Yes, but this is one place where Republicans in Congress may not be so willing to follow the leader. Remember, we have a big budget deficit which is about to be made much bigger by tax cuts. And doesn't building infrastructure raise government spending? Try selling that package to the Freedom Caucus.

Now let's turn to three major planks in the Trump platform that will be harder than he thinks, but where he can cause a lot of harm trying.

- *Health care.* They say you can't beat something with nothing. Are we about to try? Mr. Trump campaigned on repealing ObamaCare "on day one" and replacing it with . . . well, something great. He mentioned health savings accounts, which may be great for the rich but are useless to the poor, and getting insurance companies to compete across state lines, which won't accomplish much.

But not even Congress can scrap ObamaCare immediately. Yes, it can repeal the Affordable Care Act. But a mass of regulations implementing the law are on the books, and the U.S. has slow-moving administrative procedures for changing regulations. Unless Mr. Trump also repeals the rule of law.

That said, the new president and Congress can throw a huge monkey wrench into our health-insurance system by, for example, ending all the subsidies under ObamaCare. But do they really want millions of patients with serious pre-existing conditions to face bankruptcy, illness, or death? His Nov. 11 interview with this newspaper suggests not. But it will take money from somewhere to maintain the Affordable Care Act's requirement that insurers accept customers with pre-existing conditions.

- *Immigration.* When it comes to illegal immigration, the new president will have ample enforcement powers. After all, illegals have broken the law; they can be deported. But even if humanitarian and civil-liberty concerns don't detain him, think about the gigantic budgetary costs and economic disruptions of efforts to find and deport 11 million people. For starters, who will fill the jobs now being done by millions of undocumented workers? And did I mention the ridiculous wall?

- *International trade.* Mr. Trump wants to renegotiate Nafta. If he doesn't get a "better deal," whatever that means, he threatens to abrogate the treaty. Legal experts disagree over whether the president has the unilateral power to do so, but that won't detain a man who's so used to being sued. However, some of his foreign-policy advisers might warn him about the perils of abrogating treaties. The U.S. is party to lots of them—and will no doubt want to negotiate more.

Even without abrogating Nafta, U.S. trade laws offer the president ample tools with which to wreck trade with Mexico. Doing so would throw Mexico into a depression, thereby provoking more illegal border crossings. It would raise prices here and likely destroy more American jobs than it creates. Throw in some slaps in the face toward China (branding it a currency manipulator, 45% tariffs, etc.), and you have the beginnings of a trade war that no one wants—except Vladimir Putin.

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