

## On the Issues: The Economy/Inflation

Americans are confronting more expensive food, fuel and housing, and some are grasping for answers about what is causing the price burst, how long it might last and what can be done to resolve it. Inflation is a tricky problem, but it has a few clear causes and consequences, and policymakers are working to bring it to heel. In this issue, Operation Wildfire reviews where the presidential candidates stand on the economy/inflation.

Vice President Kamala Harris	Former President Donald Trump
<p>On August 16, Vice President Harris’s campaign released elements of a first-100-days agenda that it says would “cut taxes for the middle class, reduce grocery costs, take on price gouging, lower the costs of owning and renting a home, continue to bring down the costs of prescription drugs, and relieve medical debt for millions of Americans.” <a href="https://www.crfb.org/blogs/kamala-harris-agenda-lower-costs-american-families">https://www.crfb.org/blogs/kamala-harris-agenda-lower-costs-american-families</a></p> <p>Much of this agenda is regulatory, including a ban on “price gouging” of food and groceries. The tax and spending elements of the agenda include:</p> <p><b>Expanding the Child Tax Credit</b> by making it fully refundable, increasing the base credit from \$2,000 to \$3,000, and further increasing the credit to \$6,000 for children in their first year of life and \$3,600 for other children under six years old. Estimated cost of \$1.6 trillion over 10 years, according to the nonpartisan Tax Foundation.</p> <p><b>Extending the Enhanced Affordable Care Act Subsidies</b> that reduce premiums paid by households buying health insurance on the exchanges, which expire at the end of 2025.</p> <p><b>Expanding the Earned Income Tax Credit</b> by increasing the credit available to workers who do not have child dependents for tax purposes.</p> <p><b>Establishing a First-Time Homebuyer Tax Credit</b> of up to \$25,000 to help cover the cost of a down payment.</p> <p><b>Further Supporting Affordable Housing</b> with tax incentives for building starter homes, an expansion of existing tax credits to support the development of affordable housing, and a \$40 billion housing innovation fund.</p> <p><b>Lowering Prescription Drug Costs</b> by capping the cost of insulin, drug price negotiations, and increasing transparency and competition among drug manufacturers.</p>	<p>America needs determined leadership at every level of government to address the core threats to our very survival: Our disastrously open border, our weakened economy, crippling restrictions on American energy production, our depleted military, attacks on the American system of justice, and much more.</p> <p>“Inflation is a crushing tax on American families. History shows that inflation will not magically disappear while policies remain the same. Former President Trump commits to unleashing American energy, reining in wasteful spending, cutting excessive regulations, securing our borders and restoring peace through strength. Together we will restore prosperity, ensure economic security and build a brighter future for American workers and their families.” <a href="https://www.donaldjtrump.com/">https://www.donaldjtrump.com/</a></p> <p><b>Expanding the Child Tax Credit</b> to \$5,000 per child from the current \$2,000 figure. Supports broadening the credit to all families, regardless of income level. Under current law, the tax credit phases out for single filers earning more than \$200,000 and married couples with more than \$400,000 income. Believes in a pro-family child tax credit for all.</p> <p><b>Extending the Enhanced Affordable Care Act Subsidies.</b> <a href="https://www.hfma.org/payment-reimbursement-and-managed-care/healthcare-reform/">https://www.hfma.org/payment-reimbursement-and-managed-care/healthcare-reform/</a></p> <p>Trump focused on choice and competition in healthcare markets during his presidency, including recommendations to end higher subsidies, expand coverage options outside the marketplaces and authorize small employers to join together on insurance coverage</p> <p>The Department of Health and Human Services (HHS) passed regulations to expand the availability of short-term, limited-duration health plans while Trump was in office, but the final rule largely was rescinded by the Biden administration.</p>

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Harris has also offered the following:

<https://www.forbes.com/sites/robertwood/2024/08/28/kamala-harris-has-big-plans-for-your-taxes-here-is-what-you-could-pay/>

**Rent Relief Act** would be aimed to provide a tax credit for individuals earning under \$100,000 annually who allocate over 30% of their income to rent and utilities.

**Tax on Unrealized Capital Gains** for taxpayers with wealth greater than \$100 million.

**Higher Rates up to 39.6%** for the top 1% of earners from the current 37%.

**2019:** Harris proposed a 4% levy termed an "income-based premium," targeting households with annual earnings exceeding \$100,000 to fund a Medicare for All program.

**2024:** Harris recently committed to avoiding tax hikes for those earning \$400,000 or less annually.

## Higher Estate Tax

**2019:** Harris proposed increasing estate tax revenue to support education initiatives. Specifics were not outlined but implied reducing the current estate and gift tax exemptions.

**2024:** Individual exemption is scheduled to decrease from \$13.61 million to \$5.6 million after December 31, 2025. The change is expected to spark debate in Congress prior to the onset of 2026.

## LIFT the Middle Class

Then Senator Harris introduced the Livable Incomes for Families Today (LIFT), suggesting a refundable tax credit of \$3,000 for individual filers or \$6,000 for joint filers. The credit would be accessible to individuals with annual earnings below \$50,000, or couples earning less than \$100,000.

To fund this initiative, Harris proposed implementing a new charge on major financial institutions and partially rolling back the Tax Cuts and Jobs Act – a tax reform from the Trump administration that had lowered tax rates across a wide spectrum of individuals and businesses.

## No Taxes on Tips

Harris has publicly backed former President Trump's proposal to eliminate tax on tips for service and hospitality workers. It is unclear how employers might react to this policy shift – perhaps by reducing wages to balance out the tax gains.

## Lowering Prescription Drug Costs

In the first days of his 2021 term, President Biden temporarily froze a federal rule initiated by former President Trump aimed at lowering insulin and EpiPen prices.

Trump would likely make lowering drug prices a top priority. He will also focus on increasing generic and biosimilar competition, importing drugs made in the U.S. but sold overseas back to the U.S., and capping out-of-pocket insulin costs, according to former Trump administration officials. Other goals may be lowering prices for drugs in the Medicare 340B program, which requires drug makers to provide outpatient drugs at reduced prices to eligible health organizations that serve lower-income and uninsured patients.

<https://health.wusf.usf.edu/health-news-florida/2024-08-26/on-drug-costs-trump-vs-harris-is-a-showdown-between-pharma-foes>

**Unleash American Energy** from all sources, including nuclear, to immediately slash inflation and power American homes, cars and factories with reliable, abundant and affordable energy. The Green New Deal will be terminated.

**Rein in Wasteful Federal Spending** by slashing wasteful government spending and promoting economic growth.

**Cut Costly and Burdensome Regulations** by reinstating the former President's deregulation policies, and end the Democrats' regulatory onslaught that disproportionately harms low- and middle-income households.

**Stop Illegal Immigration** by securing the border, deporting illegal aliens and reversing the open borders policies that have driven up the cost of housing, education and healthcare for American families.

**Restore Peace through Strength** by ending the global chaos and restoring geopolitical stability which, in turn, brings price stability, reducing geopolitical risks and lowering commodity prices.

Trump has also offered the following:

## No Taxes on Tips

Eliminate federal taxes on tips for service workers.  
<https://www.forbes.com/sites/brianbushard/2024/06/>

## Lower Maximum Capital Gains Tax Rate

The Trump campaign plans to lower the maximum

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## Corporate Tax and Offshore Income

The corporate tax rate was reduced from 35% to 21% in 2018 during President Trump's tenure. President Biden pledged to increase it to 28%, though no change has been implemented yet. The Harris campaign has affirmed its support for the 28% rate. Harris also suggested eliminating foreign tax havens by applying the same tax rate to offshore corporate income as domestic income.

## Taxing Stock Trades

**2019:** Harris proposed a financial transaction tax that would impose levies of 0.2% on stock trades, 0.1% on bond trades, and 0.002% on derivative transactions.

This tax, along with her proposal to tax offshore corporate income, could generate over \$2 trillion in a decade. She argued this would be sufficient to fund Medicare for All without necessitating tax increases on middle class households.

## Federal Ban on Price Gouging

Food prices have surged by more than 20% under the Biden-Harris administration, leaving many voters eager to stretch their dollars further at the grocery store. Harris said she has a solution: a federal ban on price gouging across the food industry, including new penalties for opportunistic companies that exploit crises and break the rules.

<https://www.cnn.com/2024/08/16/business/harris-price-gouging-ban-inflation/index.html>

## Unrealized Capital Gains Tax

Households worth more than \$100 million would pay an annual minimum tax worth 25% of their combined income and unrealized capital gains. Say you purchase stock for \$10 a share. It doubles to \$20 in the first year, but you still hold it. Even though you haven't sold it, that \$10 gain would be subject to the new tax.

Real estate would work the same way. You buy a house, building, or land. The increase in value over time would be taxed every year, even though you still hold it. We have never had a tax on gains that are not "realized," meaning sold.

<https://www.forbes.com/sites/robertwood/2024/08/29/kamala-harris-plan-to-tax-unrealized-capital-gain-is-scary-heres-why/>

## Minimum Wage

Harris called for raising the minimum wage, but has not specified how high she believes it should be raised. <https://www.forbes.com/sites/alisondurkee/2024/08/16/kamala-harris-addresses-economy-in-speech-heres-what-to-know-about-her-policy-agenda/>

capital gains tax rate to 15%. This would follow his previous term, which saw the rate set at a maximum of 20%.

**Cut the Corporate Tax Rate** from 21% to 20%—after cutting it from 35% to 21% in 2017, part of a package set to expire in 2025.

<https://www.forbes.com/sites/brianbushard/2024/06/>

**Raising Tariffs on Imported Goods**, focusing on a 60% tariff on all Chinese imports while imposing a 10% tariff on all U.S. imports to protect the nation's manufacturing workers while improving the trade gap in the U.S.

[https://www.yahoo.com/news/where-trump-harris-stand-economy-193053961.html?fr=yhssrp\\_catchall](https://www.yahoo.com/news/where-trump-harris-stand-economy-193053961.html?fr=yhssrp_catchall)

## Ending Taxes on Social Security Benefits

Tax cuts are generally favored by a majority of voters, but it's important to note that while beneficiaries with incomes above \$25,000 (\$32,000 for married couples) pay federal income tax on up to 85% of their Social Security benefits, Social Security recipients with lower incomes are not taxed on their benefits.

<https://www.cbsnews.com/news/trump-social-security-income-tax-cut-here-is-the-impact-on-benefits/>

**Extend 2017 Tax Cuts** that slashed the corporate tax rate and doubled the standard deduction and child tax credit. Trump proposes to cancel any tax hikes that happened under President Joe Biden.

[https://www.yahoo.com/news/where-trump-harris-stand-economy-193053961.html?fr=yhssrp\\_catchall](https://www.yahoo.com/news/where-trump-harris-stand-economy-193053961.html?fr=yhssrp_catchall)

## Minimum Wage

Trump said that he would consider raising the federal minimum wage to \$15 per hour but said he'd strongly prefer to let states decide for themselves since, for example, Alabama is not New York, and cost of living varies. He also would want to ensure that such an increase does not hurt small businesses.

<https://www.forbes.com/sites/nicholasreimann/2020/10/23/trump-says-hed-consider-15-per-hour-federal-minimum-wage-but-prefers-to-leave-it-to-states/>

**Repeal the Congressional Budget and Impoundment Control Act of 1974**, which ended the President's ability to take back money the President deemed "excessive" and reapportion it.

[https://finance.yahoo.com/news/trump-wins-plan-combat-inflation-150054031.html?fr=yhssrp\\_catchall](https://finance.yahoo.com/news/trump-wins-plan-combat-inflation-150054031.html?fr=yhssrp_catchall)

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### American Energy

**2019:** “There’s no question I’m in favor of banning fracking.”

**2024:** Reversed her position, signaling a move to the center on the issue. The rightward shift comes as Harris tries to court swing voters in states like Pennsylvania.

<https://townhall.com/tipsheet/saraharnold/2024/07/28/kamala-harris-changes-course-on-fracking-n2642623>

**2019:** Prepared to abolish the filibuster to pass a Green New Deal. As Senator, Harris was among five original co-sponsors of the Zero-Emission Vehicles Act of 2019, which would have required car manufacturers to sell only zero-emission vehicles after 2040 or face civil penalties.

**2024:** Vice President Harris does not support an electric vehicle mandate.

<https://nypost.com/2024/08/27/us-news/harris-campaign-now-says-vp-does-not-support-electric-vehicle-mandate-in-latest-flip-flop/>

**2019:** Original co-sponsor of the proposed Green New Deal that mandates all Americans transition to 100% clean energy within the decade. As Vice President, the administration moved to take away Americans’ gas stoves, dishwashers and gas-powered cars.

**2024:** Harris campaign aides say her energy policy is “strategically ambiguous,” which is a euphemism for “flip-flopping.” <https://www.reuters.com/world/us/harris-energy-policy-is-strategically-ambiguous-her-aides-say-2024-08-14/>

Vice President Harris cast the deciding vote on the American Rescue Plan, legislation that fueled the worst price increases in four decades.

<https://dnyuz.com/2024/07/24/kamalaflation-how-harris-caused-inflation-by-casting-decisive-votes-for-bidens-economic-agenda/>

Vice President Harris cast the deciding vote on the Inflation Reduction Act, legislation that directly resulted in the inflation the country is facing today.

[https://finance.yahoo.com/news/harris-deciding-vote-inflation-reduction-131528874.html?fr=yhssrp\\_catchall](https://finance.yahoo.com/news/harris-deciding-vote-inflation-reduction-131528874.html?fr=yhssrp_catchall)

“Bidenomics is working and we’re very proud of Bidenomics.” – Vice President Kamala Harris  
WhiteHouse.gov, August 4, 2023

Vice President Harris says her values haven’t changed but didn’t offer any clarity on what to expect from a Harris Administration.

<https://www.usatoday.com/story/opinion/columnist/2024/08/30/harris-walz-cnn-interview-lack-accountability/75009568007/>