Responses to Ranking Member Warren

President Trump's Tax Agenda

In November 2024, you stated that the "government has to raise revenue via taxation," adding the caveat that "higher tax rates are much more dangerous than lower tax rates."[3] I couldn't agree more with you on the need for the government to raise revenue by taxing its citizens, especially the ultra-wealthy. Luckily, there are many tax reform proposals that would ensure that the wealthy begin to pay their fair share of taxes and raise trillions in revenue to fund government services.[4] However, your caveat raises questions about your stance on tax cuts for the wealthy, which hurts hardworking Americans and the economy.[5]

President Trump has touted his plans to extend the *Tax Cuts and Jobs Act* (TCJA), which according to the Congressional Budget Office (CBO) would provide a more than $4.5 trillion tax cut largely going to those who need it the least.[6] Not only would this extension reduce federal revenues by trillions of dollars, but factoring in their impact on economic growth means that these deficit-funded tax cuts would actually drag on the economy.[7]

1. Do you agree that extending tax cuts reduces federal tax revenues?
    a. Do you believe that the CBO and Joint Committee on Taxation (JCT) should use dynamic scoring? If so, what growth assumptions do you think are realistic in dynamic scoring and why?
    b. Do you support CBO and JCT scoring extensions of expiring tax cuts on a current law baseline, especially if their original passage was scored on a current law baseline?
        i. If a law costs $1 billion per year, and the law applies for 10 years, how much does it cost in total over those 10 years?
        ii. Does the answer change if Congress achieves this result by passing two bills instead of one?

Answer: I believe that tax revenues will continue to rise with a growing economy and remain a stable share of GDP if the Tax Cuts and Jobs Act is extended. The deterioration in the fiscal health of the United States over the past four years has been because of efforts to permanently expand the size of government through higher federal spending, not because of a shortfall in revenues.

Regarding how the CBO and JCT evaluate policies, I would hope that they accurately account for the feedback of policies to economic performance, which is what dynamic scoring sets out to do. Instead of the CBO and JCT making growth *assumptions*, I would recommend that they follow the wealth of evidence that currently exists in the economics literature showing that lower tax rates boost economic growth by encouraging work, investment, business formation, and innovation.

As it relates to the choice of baseline, I respect Congress' prerogative to choose which procedures it follows to get laws passed. If confirmed, my job is to advise the President on the content of the administration's economic policies, and my view in this case is that extending and strengthening the Tax Cuts and Jobs Act is critical to ensuring strong U.S.

economic growth and bringing more economic supply on line to tame the cost-of-living crisis that began during the last administration. If not extended, Americans will face the largest tax increase in history, which will certainly hurt economic growth and impact American families' prosperity.

2. In 2017, CBO estimated that TCJA would add $1.5 trillion to the deficit. However, CBO now estimates that not only did the 2017 cuts add more to the deficit than predicted (almost $2 trillion), but also extending those cuts would increase the deficit by a further $4.5 trillion.[8] Will you recommend that the President oppose any tax cut plan that, according to official scoring by CBO or JCT, increases the deficit over a 10-year period?

   Answer: Since the passage of the Tax Cuts and Jobs Act, tax revenues have outperformed the CBO's pre-TCJA projections and have held steady as a share of GDP. Allowing TCJA to expire would cause a self-inflicted blow to the U.S. economy, leading to less investment and lower take-home pay for workers who are still struggling from the inflation of the past four years. Moreover, what matters is the path of the absolute deficit, not merely what is scored by CBO or JCT, which tend not to capture tariff revenue due to institutional quirks of their scoring processes. Revenue raised from tariffs can help plug the yawning fiscal hole left by the Biden Administration.

3. In 2017, the CEA predicted that by cutting the corporate tax rate from 35 percent to 20 percent, the TCJA would raise the average household income by $4,000 to $9,000 per year through higher wages.[9] However, the most careful studies that analyze the actual impact of the corporate rate cut find only modest effects on average wages and little to no effect on the wages of a typical worker.[10] For example, an analysis extensively cited by proponents of the TCJA suggests that the law will only increase the wages of a typical worker by $750 annually in the long run – nowhere near the CEA's $4,000 to $9,000 estimate.[11] Another study found none of the wage gains from the law thus far have gone to the bottom 90 percent of workers.[12] By comparison, executives earning about $1 million annually received a $46,000 wage hike.[13] Recently, President Trump has proposed cutting the corporate tax rate even further, to 15 percent in some cases.[14]
   a. In your view, what explains the discrepancies between the CEA's 2017 analysis of the TCJA's impact on household incomes and more recent studies? Do you believe the 2017 analysis was flawed?
   b. How would you estimate the impact of such a tax cut on the average household income? Would you use the same assumptions and modeling approach as the CEA's 2017 analysis?

   Answer: The CEA's original estimates for the impact of TCJA on wages turned out to be extremely accurate. From 2017 to 2019, inflation-adjusted wages rose by $5,000 as households experienced the largest jump in real median income ever recorded by the Census data. Moreover, earnings gains were larger at the bottom of the income distribution than at the top. In terms of explaining the flawed analysis that you cite regarding small wage effects, that study assumes a user-cost elasticity of demand for capital that is lower than consensus empirical estimates. As a result, that study understates the investment response by a factor of at least two. Returning to the substantive question at hand, the inflation surge that began in the spring of 2021 has unfortunately eroded worker purchasing power, and it would add insult to injury to compound their struggles by undermining take-home pay through higher taxes and weaker wage growth.

4. Treasury Secretary Scott Bessent's "3-3-3" plan to stimulate economic growth aims to cut the budget deficit to 3 percent of Gross Domestic Product (GDP).[15]
   a. Do you support Treasury Secretary Bessent's plan?
   b. If the 2017 Trump tax cuts are extended, in your rough estimation, how much would the federal government have to cut in spending in order to bring the deficit down to 3 percent of GDP?

Answer: If confirmed, I commit to working closely with Secretary Bessent and the rest of President Trump's economic leadership team to faithfully advise the President on how best to fulfill his economic promises to the American people, which include boosting economic growth, achieving energy dominance, and tackling unaccountable and wasteful government that threatens America's fiscal health.

5. Would you support efforts to raise the necessary revenue or cut spending to offset the cost of the tax cuts by:
   a. Reducing Medicare, Medicaid, and Social Security benefits?
      i. If so, by how much?
   b. Limiting eligibility for Medicare, Medicaid, or Social Security benefits, based on age or any other reason?
      i. If so, what limits would you support?
   c. Repealing investments in clean energy previously enacted under the Biden Administration?[16]
      i. President Trump has promised to cut electricity prices in half.[17] Research shows that the repeal of energy investments from the *Inflation Reduction Act* and *Bipartisan Infrastructure Law* would increase energy costs; for instance, clean energy deployment due to those two laws is projected to cut electricity rates by as much as 9 percent by 2030.[18] Do you agree that slowing energy deployment during a period of anticipated load growth will likely increase energy prices?
   d. Closing the carried interest loophole to ensure that the wealthy private equity and hedge fund managers pay their fair share, potentially raising $63.1 billion in revenue over ten years according to the JCT? [19]
   e. Raising tariffs? If so, please explain your plan.
   f. Ending tax breaks for multinational corporations when they offshore jobs and profits?

Answer: If confirmed, I will faithfully advise President Trump on how to deliver on his economic policy promises, which include protecting Social Security and Medicare.

Regarding the IRA, the president has noted that the US needs to achieve energy dominance, which means ending the war on fossil fuels and utilizing our own abundant natural resources as opposed to depending on unreliable energy sources with components that are often sourced from China, which also happens to be the largest emitter of greenhouse gases.

On tariffs, President Trump is focused on creating reciprocal relationships with trading partners, meaning how much they charge us is what we charge them – basic fairness. As he has frequently said, if companies want to avoid tariffs, they should build factories in the U.S., as Apple has just announced. His plan will also bring in tariff revenues and more domestic tax revenue, given that new and reshored domestic production.

6. Following a lobbying blitz led by big corporations after the enactment of the TCJA, the Treasury Department used its regulatory power to carve out exceptions and giveaways for the rich.[20] How do you plan to incorporate the potential for regulatory giveaways in any analysis of the economic impacts of tax legislation, and how will that inform your advice to the President on tax policy?

Answer: The actual evidence on the effects of the TCJA has been resoundingly positive. In the years following the passage of the law, investment accelerated and wages surged, with larger increases for those at the bottom of the earnings distribution, with less formal education, and with non-managerial responsibilities than for those at the top. Regulations tend to impede economic growth, and since removing regulations will boost growth, they will also boost revenue.

7. The Internal Revenue Service (IRS) is a key agency within the Treasury Department– bringing in 95 percent of all federal revenue to fund investments in the U.S. economy.[21] With funding from the *Inflation Reduction Act* (IRA), the IRS was able to ramp up its enforcement efforts, already raking in $1 billion from wealthy tax cheats.[22]
    a. For each dollar spent by the IRS targeted at tax compliance for large companies, how many dollars do you believe the IRS recovers?

Answer: My job, if confirmed as CEA Chair, is not to advise the IRS on the logistics of enforcement. If confirmed, I will, however, advise the President on how to ensure America's tax policies are conducive to economic growth and the well-being of American families, workers, and businesses.

8. Do you support the following tax reform plans listed in Project 2025?
    a. Cutting the corporate tax rate to 18 percent[23] (amounting to a $24 billion tax cut for the biggest companies in America), or to 15 percent, as President Trump has floated?[24] (amounting to a $48 billion tax cut for the Fortune 100)?[25]
    b. Taxing capital gains and qualified dividends at 15 percent, as well as eliminating the net investment income tax received by households making more than $200,000?[26] These combined changes to the tax brackets would effectively deliver a tax cut of up to $2.4 million to households making more than $10 million.[27]

c. Enacting a two-income tax bracket system that would increase taxes by $3,000 for a typical family of four,[28] and raise taxes by $950 for the typical single-person household?[29]

Answer: If confirmed, I commit to helping the President achieve his economic policy goals.

9. Would you support replacing income and corporate taxes with a flat consumption tax?[30] According to one study, this would result in a $5,900 average tax increase for 20 percent of households and a $2 million tax cut for the top 0.1 percent.[31]

Answer: If confirmed, I will follow the law and provide economic analysis to the President.

10. As of October 3, 2024, more than 140,000 taxpayers across 12 states successfully filed their taxes using Direct File,[32] and as of earlier this year, more than 30 million taxpayers across 25 states are now eligible to use Direct File.[33]
    a. Do you believe that low and middle-income Americans with relatively simple finances should have access to simple, free, tax preparation options?
    b. Do you agree with the Government Accountability Office's (GAO) report finding that the Direct File pilot was successful and should be expanded?[34]

Answer: As Treasury Secretary Scott Bessent has stated, the Department of the Treasury will continue to make Direct File available to taxpayers for this upcoming tax season. I will defer to Secretary Bessent and the President on all matters related to Direct File.

President Trump's Trade Agenda

Tariffs will be central to President Trump's trade agenda, and he has already pledged to impose new duties on some of our biggest trading partners.[35] You have previously signaled support for the use of tariffs,[36] and I agree that they are an important tool to boost U.S. manufacturing and level the economic playing field.[37] However, it remains to be seen if the President has a strategic plan in place to ensure that his proposed tariffs are implemented in a way that secures wins for hardworking Americans and precludes carveouts for special interests.

When the President enacted tariffs during his first term, he created a tariff exclusion process that allowed favored companies to apply for exemptions. Corporations and their lobbyists quickly took advantage of this loophole – receiving secretive exemptions from the President and his trade team in backroom deals.[38] According to the Commerce Department's Inspector General, the process for receiving an exemption was "neither transparent nor objective,"[39] and it provided exemptions to politically connected foreign-owned companies, including a sanctioned company owned by a Russian autocrat.[40] We are concerned that big corporations are drooling at the prospect of running the same, objectively corrupt playbook this year.

1. What tariffs do you intend to recommend the President impose?
    a. What products, for which countries, at what rate?
    b. On what timeline?

c. Through legislation or executive action? If the latter, what authority do you recommend using?

Answer: President Trump has made reciprocal trade a centerpiece of his economic agenda. If confirmed, I look forward to advising the President on how to use all the economic tools at our disposal, including tariffs, to advance the interests of U.S. workers, businesses, and families. Questions about which authorities empower the government to levy duties on imports should be directed to the Office of the U.S. Trade Representative.

2. What is your view on the purpose of tariffs: is their function to protect domestic industry, raise revenue, or to induce better behavior in our trade partners?
    a. If the primary aim is to raise revenue, please confirm which tariffs will be permanent and how much revenue you expect them to raise.
        i. Will these tariffs be used to pay for extensions of the Trump tax cuts?
    b. If the primary objective is increased leverage in trade negotiations, please state your specific negotiating objectives.
    c. If the primary objective is to protect domestic industry, please describe how, in your view, tariffs can best be employed to protect domestic industry and workers.
    d. Other objectives? If so, please describe.
    e. If a single set of tariffs is meant to achieve multiple objectives, what is your strategy for balancing those objectives?

Answer: Tariffs are an important economic tool that have been used by other countries as well as by both Democrat and Republican administrations in the United States. Tariffs can accomplish numerous goals, and the purpose for which they are wielded can vary from case to case. On the issue of achieving multiple objectives, I look forward to, if confirmed, providing the President with the best possible economic analysis on how to achieve the many goals he has set out for the country.

3. How do you estimate the impact of the tariff proposals floated by President Trump on the U.S. economy?

    Answer: The CEA is staffed with leading economists who use widely accepted methodologies to analyze the effects of tariffs and other policies, as is evidenced by the accuracy of the CEA's projections related to many of President Trump's successful first-term policies.

4. In modeling the impact of trade agreements on the U.S. economy, which of the following do you view as important?
    a. Assuming full employment or costless switching of jobs;
    b. Analyzing impacts on both quantity and quality of jobs, including any shifts in wages, benefits, and job security;
    c. Analyzing impacts on workers in specific regions, communities, and demographics;
    d. Analyzing impacts on market concentration;
    e. Analyzing impacts on U.S. technological capacity and resilience of supply chains;
    f. Analyzing impacts on labor, environmental, and consumer safety standards, financial regulations, consumer privacy and other digital governance concerns,

and the price of medications subject to intellectual property protections extended under U.S. trade agreements, as well as the resulting economic effects?

Answer: Many of the considerations you have listed are important, not only to future trade agreements, but to past agreements that did not account for these issues in their design. By ignoring these issues, previous administrations have subjected specific regions, communities, and demographics to harm. President Trump's America First agenda, including tariffs when appropriate, will improve Americans' lives along many of the dimensions you have inquired into and will lift up all Americans.

5. Will you recommend that President Trump's tariffs include an exclusion process to exempt certain importers or imported products from tariffs?
    a. If so, what are the criteria and processes for obtaining exclusions, and how will you advise to mitigate the rampant corruption that occurred in the exclusion process during the first Trump Administration?
    b. Will you recommend that the President implements a transparent and objective process that protects America's small businesses and workers? If so, what specific recommendations will you make to achieve that outcome?
    c. Will you ensure that you avoid any conflicts of interest related to advice you provide about tariffs and tariff exemptions?
    d. Please list any companies in which Amberwave Partners and Hudson Bay Capital Management were invested in that applied for tariff exclusions under the first Trump Administration.
    e. Will you recuse yourself from providing advice regarding tariff matters affecting Hudson Bay Capital Management and the companies in which they are invested?

Answer: The implementation of an exclusion process, if deemed needed by the relevant agencies (including USTR and the Department of Commerce), is outside of my jurisdiction. If confirmed, I will follow the ethical and legal standards of my position and leave no room for perceived or material conflicts of interest.

6. You have expressed concern that substantial tariffs could generate market volatility and have recommended "a clear and gradual but nevertheless inevitable upward path for tariffs."[41]
    a. How do you think President Trump's threats to levy tariffs on countries like Mexico, Canada, and Denmark until they comply with his non-economic goals will affect market volatility?
    b. If the President's threats increase market volatility, would that make it more difficult to use tariffs to reduce the trade deficit and boost domestic manufacturing?

Answer: The President has been clear that many of the recent tariff announcements are in response to national emergencies. In 2023, roughly 74,000 Americans died from fentanyl, which is a number you might expect if we were engaged in a serious war. The stakes of these national emergencies have not been merely economic, but life or death, and the President has acted swiftly to address this crisis. Indeed, research from CEA indicates that the ongoing cost of fentanyl is worth several percentage points of GDP per year. Delay in redressing these grievous wrongs will be far more costly than swift action.

7. The *de minimis* trade provision exempts goods valued below $800 from U.S. duties and taxes.[42] Over the last decade, there has been an exponential increase in the number of shipments claiming the exemption, making it challenging to enforce health requirements and trade laws and prevent drug traffickers from smuggling fentanyl into the U.S.[43] The Trump Administration's initial announcement of new tariffs on China beginning February 4, 2025 included repealing the *de minimis* exemption for packages originating in China, but just days later, the Administration reversed course on this decision, pausing the *de minimis* repeal and directing the Commerce Secretary to study the issue.[44]

    a. How will the *de minimis* trade provision and the delay in repealing it for Chinese imports impact the efficacy of the President's tariff plans?
    b. Since the Treasury Department and Department of Homeland Security have authority to eliminate the exemption for specific categories as deemed necessary to protect revenue or prevent illegal imports, would you support eliminating the *de minimis* loophole for e-commerce shipments?

    Answer: If confirmed, I look forward to reviewing the issue. If confirmed, I also look forward to working with colleagues from Treasury and DHS to understand areas where the implementation of policy seems to be creating effects inconsistent with the intended effects of that policy, including on issues involving de minimis and e-commerce.

8. On a recent podcast, you said that "China runs persistent massive trade surpluses all on the backs of a multi-trillion dollar currency reserve accumulation portfolio designed to keep their currency artificially weak to support those trade surpluses."[45] How does this comment square with other comments you have made asserting that raising tariffs will strengthen the value of the U.S. dollar?[46]

    Answer: If a foreign currency depreciates in response to a tariff, the exporting nation's workers and asset owners are made poorer, since their wealth and income now have less purchasing power on the world stage. In that manner, they bear the economic burden of the tariff, and Treasury takes in revenue with minimal burden on American workers. Taxing foreigners to finance lower tax rates on Americans is a prudent policy.

9. Do you agree that maintaining domestic investments is essential alongside tariffs and trade policy to strengthen the American economy?

    Answer: Yes, I agree.

Economic Forecasts and Fiscal Policy

The CEA is responsible for producing the economic growth forecasts that underpin the White House's budget submissions to Congress and help determine projected debts and deficits.[47] During the first Trump administration, growth estimates were far rosier than those produced by nonpartisan agencies like the Congressional Budget Office and the Federal Reserve and by private forecasters.[48] According to reports, this may have been driven by "transition officials telling the CEA staff the growth targets that their budget would produce and asking them to backfill other estimates off those figures."[49] Indeed, "[o]ne person involved in several previous budget processes said he had never seen career staff asked to make such aggressive assumptions about economic growth as during the new administration."[50]

Despite these rosy growth projections, the United States' fiscal outlook significantly deteriorated during President Trump's first term. The deficit as a share of GDP grew every year he was in office,[51] and the national debt rose by more than $8 trillion – far more than under his successor, President Biden.[52] According to the Manhattan Institute, where you are an adjunct fellow, "Trump left the White House with the largest peacetime budget deficit in American history and a national debt exceeding 100% of the economy for the first time since World War II."[53]

1. Will you respect the CEA career staff's economic growth projections and other forecasts?

   Answer: The economic forecasts are the result of a collaborative effort by career staff at CEA, OMB and Treasury, and a number of non-career-staff economists like myself.

2. In 2018, President Trump's then-CEA chair, Kevin Hassett, said that the "[economic] growth that we expect to see will give us the resources that will help us address the deficit problem."[54] As noted above, the deficit as a share of GDP grew every year President Trump was in office. What do you believe Hassett got wrong in his analysis?

   Answer: The CBO estimated that tax revenues would decrease once TCJA was passed. They believed revenues would fall by $1.2 trillion through 2024. Instead, TCJA brought in $349 billion more over this period than CBO had projected if there had been no change in tax law. Moreover, tax revenues have remained stable as a share of GDP, whereas post-COVID spending has surged. America's fiscal imbalances are the result of a spending problem, not a revenue problem.

3. According to a Manhattan Institute analysis of President Trump's first-term fiscal legacy, "All in all, President Trump signed expensive legislation and left even modest future budget savings increasingly dependent on assumptions of faster economic growth, declining interest rates, and technical savings such as slower growth of health care costs. Those latter factors are largely out of the control of politicians and cannot be confidently assumed to occur."[55]
   a. Do you agree that factors like faster economic growth, declining interest rates, and technical savings "cannot be confidently assumed to occur?"

      Answer: Assumptions are just that. Policymakers ought to look at the economic evidence about what works and what doesn't. Policy matters, and the bad policy over the prior four years produced inflation and lower living standards. President Trump's economic policies to expand America's productive capacity and rein in out-of-control government spending and regulation would boost economic growth, reduce pressure on interest rates, and restore affordability for America's families.

b. To what extent do you anticipate that the Trump Administration's deficit goals will rely on the CEA projecting faster economic growth, declining interest rates, and technical savings?

Answer: Deficits decline only if tax revenue increases, government spending decreases, or interest rates decrease. These three factors will contribute to declining deficits under the successful implementation of President Trump's economic agenda. Raising tariffs can also help reduce deficits.

4. In August 2023, following the credit downgrade of the United States by Fitch Ratings, you wrote in the National Review that the "debt dynamics of the United States are becoming increasingly untenable."[56] It is estimated that the President's proposed economic policies will increase the national debt by nearly $8 trillion within the next decade.[57] Extending the TCJA alone will add $4.6 trillion to the deficit through 2035, and shrink the economy.[58] Do you plan to advise the President on pursuing future tax cuts even if they grow the deficit?

   Answer: If the major elements of TCJA are allowed to expire, long-run GDP will drop by 2.5 to 4 percent and take-home pay will decline by $4,000 per household. I am concerned about the deficit, but as I previously mentioned, we have a spending problem, not a revenue problem. Moreover, it is unfortunate that some analysts leave out the trillions of dollars of revenue the President has proposed raising through tariffs. Tariffs have substantial power to help solve our fiscal woes.

5. In his first administration, President Trump promised the country would achieve 3 percent annual economic growth, or even as high as 6 percent.[59] However, annual real GDP growth did not exceed 3 percent in any year of his administration.[60] In your view, what explains the failure of the first Trump Administration's tax and deregulatory policies to spur 3 percent or higher annual economic growth?

   Answer: President Trump's first term reversed the secular economic stagnation of the prior administration. Growth was 3.0 percent in 2017 and 3.4 percent in 2019, reflecting the success of President Trump's economic agenda. The economic growth experienced in 2019 was the highest level since 2004.

6. In September 2022, you stated, "we expect that the economy is likely to slide into a full recession, likely around the turn of the year, but potentially sometime in the first half of next year."[61] However, real GDP growth accelerated between 2022 and 2023 to 2.9 percent.[62] What do you believe was the flaw in your analysis, and what changes have you made to your approach to economic modeling since that time?

   Answer: As I have publicly written in articles furnished to your office, my expectation for a recession didn't come to pass because of additional and subsequent dual monetary and fiscal stimulus I didn't foresee. Most, if not all, forecasters missed these specific forces. The Biden Administration's expansion of the deficit to $2 trillion represented material economic fuel being added to the economy which exceeded even pessimistic budget analysts' forecasts. And the Yellen Treasury's activist Treasury issuance (ATI) allowed Treasury to usurp monetary policy functions of the Federal Reserve. ATI injected monetary stimulus into the economy and nullified a portion of the Federal Reserve's economic restriction. My analysis assumed that the Fed would successfully pursue policies to offset these inflationary forces. Had that occurred, we very likely would have experienced a contraction in economic activity, as typically happens in a tightening cycle (often called "taking away the punchbowl"). Instead, inflation persisted well after I wrote that article.

7. Former commissioners of the Department of Labor's Bureau of Labor Statistics (BLS), including William Beach, President Trump's BLS Commissioner during his first term, have expressed concern that Elon Musk's "Department of Government Efficiency" (DOGE) could access sensitive economic survey data and imperil the "quality of the agency's reports on everything from inflation to jobs."[63]
    a. Do you share concerns that "[i]f BLS' internal workings are politicized — or even perceived that way — it would jeopardize its ability to produce accurate reports that are fundamental gauges of the U.S. economy's health and can move financial markets everywhere"?[64]

Answer: The BLS, just like all government agencies, should be operating efficiently and producing the highest quality work while still protecting sensitive data, and in a manner fully accountable to voters.

8. Experts have warned that DOGE's access to the Treasury Department's payment systems could endanger the U.S. dollar's standing as the world's reserve currency and the safety of the federal debt if action is taken that is "perceived as a default event on bonds."[65]
    a. In your view, what would be the impact of a perceived "default event on bonds?" on financial markets and the U.S. dollar?

Answer: Honoring the full faith and credit of our outstanding debt is a critical commitment.

9. Last year, Moody's estimated that breaching the debt limit and defaulting on U.S. government debt would result in the loss of six million jobs, wipe out $12 trillion in household wealth, and drive the stock market down by nearly one-third.[66]
    a. Do you believe that default is a serious threat to financial stability?
    b. Do you agree with President Trump that the debt limit should be eliminated?

Answer: Congress presently has the ability and responsibility for addressing and managing the statutory debt limit. We must ensure that we do everything possible to protect the U.S. economy and guard against default on our nation's debt. Honoring the full faith and credit of our outstanding debt is a critical commitment.

Promoting Competition and Lowering Prices

President Trump has repeatedly emphasized the importance of promoting competition and lowering prices for the American people. During the first Trump Administration, the Department of Justice sued Google for monopolizing the internet search market,[67] the Federal Trade Commission (FTC) sued Facebook for monopolizing the social media market,[68] and antitrust enforcers pursued numerous investigations and prosecutions, including against a proposed merger between Visa and an emerging fintech firm,[69] and against executives who had conspired to fix prices and rig bids for generic pharmaceuticals.[70] On the campaign trail, President Trump promised to "immediately bring prices down, starting on day one."[71] One of his first actions upon being sworn in for his second term was to "order the heads of all executive departments and agencies to deliver emergency price relief, consistent with applicable law, to the American people and increase the prosperity of the American worker."[72] President Trump has also nominated antitrust enforcers who he says will enforce competition laws "vigorously"[73] and who have "a proven record of standing up to Big Tech."[74] As Chair of the CEA, if confirmed, you would play a critical role in advising the President on the effects of corporate consolidation and antitrust enforcement, and on lowering prices for American families.

1. What policies will you advise President Trump to take to "deliver emergency price relief" to the American people?

   Answer: If confirmed, I will advise the president to pursue a variety of policies designed to improve supply in the domestic economy. Policies that improve the supply of energy, in particular, have important knock-on effects in decreasing prices of goods and services throughout the economy since energy is necessary for production of both goods and services. I will also advise the president to pursue tax and deregulatory policy that boosts investment and therefore increases supply and reduces prices.

2. Over the last quarter century, greater than 75 percent of U.S. markets have become more concentrated.[75] This costs the average American household over $5,000 a year in lost purchasing power, increases prices, and suppresses wages by more than $10,000.[76] Concentration also limits job growth, lowers job quality, and ultimately stifles entrepreneurship and innovation.[77] Indeed, the CEA has previously concluded that "[c]ompetitive markets promote economic efficiency and growth," with benefits that "can include lower prices and better products for consumers, greater opportunities for workers, and a level playing field for entrepreneurs and small businesses."[78] What steps will you advise President Trump to take to increase competition in the American economy?

   Answer: I will advise the president to take actions that reduce barriers-to-entry for new entrepreneurs and new firms throughout the American economy. An excellent way to ensure ample competition in the economy – and ensure the benefits mentioned in this question accrue to Americans – is to make sure that prospective businesses are not being hampered in their formation by excessive regulation. On top of this, I recognize the importance of making sure that existing big businesses are playing by the rules and not erecting barriers-to-entry for new firms or smaller competitors either.

3. During President Trump's first term, the CEA published a report explaining that antitrust enforcement agencies may investigate antitrust concerns related to a merger's effect on

monopsony power, citing how a proposed merger between chicken processors would impact farmers.[79] What steps would you advise President Trump to take to address monopsony power in the agricultural sector and other sectors?

Answer: The case cited in the CEA report was the acquisition by George's Foods of a chicken processing plant in Harrisonburg, Virginia owned by Tyson Foods. There was concern that the acquisition would negatively impact the wages for farm workers in the area. The acquisition was allowed to proceed after George's agreed to invest in plant improvements that gave it an incentive to operate at a greater scale than before the acquisition. The solution allowed the buying and selling parties to engage in the transaction they desired while also helping bolster labor demand in the area and thereby maintain or even boost wages. I believe that solutions such as these are good outcomes for all parties.

4. President Trump has repeatedly promised to address increased food prices. The Federal Trade Commission found that large grocery retailers took advantage of pandemic-related supply disruptions to get a leg up on smaller retailers, potentially contributing to higher grocery prices.[80] What steps will you advise President Trump to take to address anticompetitive behavior and consolidation in the agricultural, meatpacking, food processing and distribution, and grocery retail industries?

Answer: A large body of economics research finds that cost increases and decreases experienced by manufacturers and retailers tend to be fully passed through to consumers with no systematic change in markups. Recent studies that explicitly examine the case of the pandemic-era supply disruption find no evidence of the total markups charged by manufacturers and retailers increasing. In other words, price increases were attributable to cost increases rather than increases in markups charged by manufacturers or retailers taking advantage of the situation. Insofar as evidence is found in the future of illegal anticompetitive behavior, though, I will certainly recommend that President Trump enforce applicable competition laws.

Economic Benefits from Federal Investment in Infrastructure, Clean Energy, and Semiconductor Manufacturing

President Trump's policies concerning ongoing federal investments in our infrastructure, the clean energy sector and the domestic semiconductor manufacturing industry will have significant effect on employment and ongoing work to make our economy more competitive and resilient. We are concerned that disruptions or shifts in federal policy could weaken or reverse ongoing economic gains in these sectors.

1. The *Bipartisan Infrastructure Law* has invested more than $568 billion in more than 66,000 projects across all 50 states since enactment, ranging from highway and transit projects to water infrastructure.[81] More than 700,000 transportation sector jobs have been created during the Biden Administration, employing port workers, bus operators, rail engineers, and others. The Biden Administration also saw the creation of more than 1.7 million construction and manufacturing jobs, many of which are the direct result of the

Bipartisan Infrastructure Law's focus on building and repairing infrastructure.[82]

a. Do you believe that continued investment in infrastructure, including through the reauthorization of *Bipartisan Infrastructure Law* programs, is necessary to continue improving infrastructure across the country?
b. Do you believe that continued investment in infrastructure, including through the reauthorization of *Bipartisan Infrastructure Law* programs, will sustain and expand employment in the transportation and construction and manufacturing sectors?
c. Project delays significantly increase the cost of infrastructure construction, particularly for large infrastructure projects such as bridge construction and the development of new public transportation and intercity passenger rail facilities. Do you believe the economy would benefit from continued efforts by the U.S. Department of Transportation to obligate *Bipartisan Infrastructure Law* funding quickly in projects across the country to avoid increased construction costs resulting from project delays?

Answer: Infrastructure is a crucial component of the American economy. It facilitates the movement of goods, services, and people across America and beyond, supporting the world's most innovative and productive economy. Deregulation is an important way to decrease construction costs, shorten timelines, and increase the efficiency of all of our infrastructure, including transportation networks.

2. The *Inflation Reduction Act* (IRA) has enabled significant private sector investment that is building the clean energy economy and reducing energy costs for families. As a result of the IRA, private companies have invested more than $450 billion in the economy, resulting in more than 400,000 jobs.[83] The *Inflation Reduction Act* is projected to create approximately 850,000 jobs annually.[84]
   a. More than half of IRA clean energy and vehicle projects that have been announced so far are located in Republican congressional districts, including in Wyoming, Kentucky, and Texas.[85] Do you agree the IRA was beneficial to local economies in these states?
   b. Will you advise against efforts to roll back these gains by limiting or repealing IRA provisions?

Answer: The IRA has incentivized inefficient investment by distorting the price signals that guide businesses and should guide policy makers, creating businesses that are reliant on indefinite government subsidization. It also enabled the purchase of equipment from our biggest adversary, China. If confirmed, I will consider all of the policy instruments available, including deregulation and reforming existing policy, to provide a level playing field for American businesses and households that will unlock economic growth and prosperity for all Americans.

3. The *CHIPS and Science Act* leverages federal investment to advance U.S. production of semiconductors, strengthening our economic and national security interests. The federal investments under the law have unleashed unprecedented private sector investments across the nation. Projects funded under the law are supporting total investment of more than $380 billion over two decades, which is expected to create more than 145,000 good-

paying jobs, including 43,000 manufacturing jobs and 102,000 construction jobs that support long-term employment within the skilled construction trades across the country.[86]

a. Do you agree that domestic production of semiconductors is vital to U.S. economic and strategic interests?
b. Do you agree that federal and private sector investments in this sector have had beneficial economic effects?
c. Speaker of the House Mike Johnson said he expected that Congress would, under Republican leadership, work to repeal the *CHIPS and Science Act*, before walking back his comments and highlighting construction of a new microchip manufacturing center.[87] Will you advise against efforts to roll back the economic gains highlighted above by limiting or repealing the *CHIPS and Science Act*?

Answer: The United States is the most innovative and productive economy in the world. U.S. advancements in semiconductors and related technologies have improved the lives of Americans and supported broad-based, long-term growth.

Labor Protections

You have criticized labor unions and the Biden Administration's approach to labor policy, including requirements for workers to be paid a fair wage.[88] The previous Trump Administration attacked workers, rolling back a rule that would have expanded overtime pay to 3.2 million more workers,[89] and stacking the courts with anti-labor judges. One of those appointees recently halted the Biden Administration's proposed overtime rule, denying more than 4 million workers overtime pay protections.[90] Workers are struggling with high costs of living, and they deserve the overtime pay they earn. It will be your responsibility to advise the president on policy that delivers for American workers.

1. How much would Americans lose in overtime pay protections if the Biden Administration's overtime pay rule is pulled back?[91] Will you recommend that the Trump Administration work to implement greater overtime pay protections, like the Biden Administration's rule?

   Answer: Economic research indicates that overtime rules can influence the employment and earnings of workers, both positively and negatively. If confirmed, I commit to thoroughly examining the potential costs and benefits of raising the overtime threshold to best support the opportunities of American workers.

2. The Biden Administration's CEA estimated that conflicted investment advice in just one category of investment may cost retirees $5 billion per year.[92] In an effort to address this, the Department of Labor proposed a rule to expand the existing fiduciary standard and ensure that retirement financial advice is provided in the best interest of the retirees.[93] What do you estimate is the impact of the retirement security rule on retirees if implemented?

   Answer: The Department of Labor's proposed expansion of fiduciary standards aims to address potential conflicts of interest in retirement investment advice. While the Biden Administration's CEA estimated costs to retirees at approximately $5 billion annually in one investment category, a comprehensive assessment of the rule's impact requires careful analysis of multiple factors. The economic literature suggests potential benefits from reduced conflicts of interest, including lower fees and improved investment returns for retirees. However, research also indicates possible market adjustments, such as reductions in financial advice and services availability which could impact low-income families the most. If confirmed, I commit to thoroughly reviewing the available evidence from multiple perspectives to provide a balanced analysis of the rule's potential effects on retirement security. This would include examining impacts across the life cycle to ensure policy recommendations are grounded in first principles rather than predetermined positions.

3. The Federal Trade Commission's final rule to ban noncompete agreements was enjoined in August 2024, before it could take effect. An estimated 30 million workers have continued to be bound by noncompete agreements in the months since, barring them from seeking new opportunities or starting new businesses in their chosen fields.[94]
    a. Do you support banning noncompete agreements in order to allow workers the freedom to choose new jobs or start new businesses?
    b. Will you recommend that President Trump and the FTC defend the finalized noncompete rule in court?

    Answer: The economic literature on noncompete agreements shows a complex pattern of potential costs and benefits. Research suggests these agreements can restrict worker mobility and entrepreneurship, potentially reducing wage growth and knowledge spillovers. However, economic theory also indicates that noncompetes may encourage employer investment in worker training and innovation by protecting returns on those investments. If confirmed, I commit to fully examining the types of noncompete policies that can maximize potential benefits while minimizing potential costs.

Housing Crisis

We are experiencing a nationwide housing shortage. By some estimates, the United States needs approximately 5 million housing units to fill the gap.[95] There are a number of explanations for this crisis, including unnecessary regulatory barriers and land use restrictions, decades of government disinvestment, and the high cost of capital for construction. Bad actors in the housing market have also contributed to today's affordability issues, with institutional investors buying up record numbers of single-family homes, manufactured housing communities, and rental properties,[96] and predatory corporate landlords allegedly using algorithmic price-fixing schemes to collude and raise rents.[97]

1. Do you believe that our housing crisis is driven by a shortage of affordable housing?

    Answer: I believe the increasing un-affordability of housing is driven by a shortage of all types of housing: single-family, multi-family, rental, and owned.

2. Do you believe a principal cause of homelessness is the lack of affordable housing?

    Answer: Affordable housing is one factor, but studies point to other factors such as mental illness and drug addiction.

3. The racial homeownership gap is larger today than it was in the 1960s, when housing discrimination by race was still legal.[98] Why do you think this is the case?

   Answer: There may be many factors. If confirmed, I look forward to reviewing this issue.

4. In 2020, the CEA under President Trump wrote in their annual report that "excessive regulatory barriers imposed by State and local governments" can restrict housing supply and increase housing prices.[99]
   a. Do you agree with the CEA's assessment that "excessive regulatory barriers imposed by State and local governments" can restrict housing supply and increase housing prices?[100]
   b. Should the federal government encourage states and localities to reduce unnecessary regulatory barriers that prevent housing construction, as the Trump Administration has previously called for?[101]

   Answer: Yes to both.

5. The high cost of capital has created a serious problem for housing construction, driving up expenses and stifling new development projects.[102]
   a. Do you believe that the federal government has a role to play in lowering the cost of capital to increase the housing supply?
   b. If so, what are your recommendations for specific actions that the federal government can take to address this problem? If not, why not?

   Answer: As you note, due to increasing regulatory burdens at the local and state levels, new housing has been undersupplied for many years, and as a result rents and house prices are unaffordably high given income levels. I see a role for federal policy in incentivizing localities to reduce barriers and costs and relax zoning restrictions in order to expand the stock of housing and improve affordability. If confirmed, I will help advise on policy proposals to encourage new housing supply and make housing more affordable.

6. President Trump has suggested that undocumented immigrants are to blame for America's housing crisis and called for mass deportations.[103] However, roughly 30 percent of construction workers in America are immigrants,[104] and economists have found that mass deportation would reduce the supply of skilled construction workers by 1.5 million, driving up the cost of housing even further.[105]
   a. Do you believe that immigration is the primary cause of housing unaffordability? Please provide data to explain your position.
   b. Do you support mass deportation as a solution to the housing crisis?

   Answer to 6a: The primary cause of the deterioration of housing affordability is that we have not built enough units. The Pew Research Center reported that as of 2022, illegal aliens live in 6.3 million households. Since illegal aliens occupy available scarce housing units, then "yes" — illegal alien households are exacerbating the housing affordability problem.

Answer to 6b: My role if confirmed is to advise the president on the economic impact of proposed policies.

7. Private equity firms and other institutional investors can outbid families for homes and then raise rents and neglect repairs for tenants and families. Do you agree that corporate investors buying up rental properties, crowding out individual buyers, and raising rents for renters is a problem? If so, what specific concerns do you have about these practices?

   Answer: In most markets, and in rental markets, firms and landlords have incentives to charge as much as the market will bear and a large supply of available options to renters will keep rents affordable. That should be true if the landlords are small mom-and-pops or institutional investors. As long as builders can keep building, and as long as institutional investors have access to relatively inexpensive capital, then institutional investors have a cost advantage – they can charge lower rents than mom-and-pops and still deliver required rates of returns to their investors. In other words, the fundamental problem of increasing housing unaffordability is not due to institutional investors (whose presence should actually reduce rents) but rather the lack of new housing supply.

8. Private equity firms have been increasingly buying the land underneath manufactured home communities, one of the most affordable housing options available to families, with 15 firms now owning over 1,500 manufactured housing parks in the United States.[106] Do you think it is a problem that institutional investors are buying up manufactured housing parks and raising rents on families? If so, what specific concerns do you have about these practices?

   Answer: The manufactured housing institute reports (here) that there are more than 43,000 manufactured home communities in the United States. The 1,500 manufactured housing parks you cite from the PESP report account for less than 3.5 percent of all communities, assuming the two data sources are compatible. If the institutional investors that buy these communities have the ability to raise rents, as the PESP report suggests, that very fact suggests the overall supply of housing is too low and needs to be increased. Manufactured homes can play a role in expanding the supply of housing, and regulations that impede production of manufactured homes should be eased.

9. Price fixing and other forms of collusion are illegal under antitrust law. However, companies like RealPage are allegedly enabling landlords to collude to raise rents using price-setting algorithms and non-public data.[107] What steps do you think the Trump Administration should take to address algorithmic price fixing in the housing market?

   Answer: It is not appropriate for me to comment on RealPage given active litigation with the DOJ. That said, the single most important action the President can take to improve housing affordability is to make sure millions of housing units of all types and at all price points get built, quickly. As long as new supply can quickly enter the market, this will help alleviate the problem of housing affordability.

Federal Reserve Reform

You have called into question the central bank's independence.[108] In a March 2024 report, you wrote that the Fed needed a structural overhaul, which should include terms of eight years, rather than 14, for board members, who should be fireable at will by the president, and that the boards of the 12 Fed banks across the country should be chosen by state governors in each district.[109] Beyond agency restructuring, which would require Congressional action,[110] President Trump has continually toyed with firing Fed Chair Jerome Powell.[111]

1. Will you commit to supporting the Fed's independence from political influence?

   Answer: Monetary policy should be independent of the day-to-day political cycle in Washington, but that is different from an insulated and unaccountable Federal Reserve that is allowed to unilaterally expand its mandate unchecked. The United States has enjoyed far superior economic outcomes compared to countries where their central bank allows political forces to dictate monetary policy, but we have also seen the consequences of the Federal Reserve taking its eye off the ball and prioritizing things like climate and racial politics over stable prices, maximum employment, and financial stability. The United States government should be accountable to the American voter.

2. As a senior fellow at the Manhattan Institute, you co-authored a report on reforms to the Federal Reserve system's leadership policies including granting the executive explicit authority to fire Board members at will.[112] Do you believe the President can fire at-will a Board official?

   Answer: This question is outside my purview as nominee to lead the CEA. I defer to the President on all questions related to who serves in the Executive Branch.

3. Project 2025 calls for eliminating the Fed's dual mandate to support stable prices and full employment.[113]
   a. Do you view full employment as a macroeconomic priority?
   b. Do you support proposals to remove the Fed's responsibility to promote full employment from the *Federal Reserve Act*?

   Answer: Through the Federal Reserve Act, Congress has charged the Federal Reserve with a mandate to conduct monetary policy to promote the goals of "maximum employment, stable prices, and moderate long-term interest rates." I vigorously support this mandate.

4. Senator Tillis and I lead the *Financial Regulators Transparency Act*, bipartisan legislation that would, among other things, subject regional Federal Reserve Banks to the Freedom of Information Act (FOIA); align the Fed with other large agencies by making its Inspector General a presidential appointee; and prohibit all financial regulatory agencies from denying congressional requests for ethics-related information.[114]
   a. Do you agree that subjecting the regional Reserve Banks to FOIA would strengthen Federal Reserve System transparency?
   b. Do you agree that making the Federal Reserve's Inspector General a Senate

confirmed presidential appointee would help strengthen Federal Reserve System accountability?
c. Do you agree that financial regulators should be prohibited from withholding ethics-related information from members of Congress?

Answer: I am a strong proponent of greater transparency at the Federal Reserve. If confirmed, I look forward to working with you and the Fed to improve transparency.

Financial Regulation

You have advocated for the deregulation of the financial industry, stating in a recent interview that the U.S. should focus on policies supporting innovation, and that you "think that Financial deregulation is going to be a powerful part of that."[115] During his first administration, in 2018, President Trump signed into law the *Economic Growth, Regulatory Relief, and Consumer Protection Act* (EGRRCPA) that rolled back critical parts of the *Dodd-Frank Act*.[116] Less than five years later, in early 2023, the United States experienced the second, third, and fourth-largest bank failures in its history.[117] The failure of Silicon Valley Bank (SVB), followed by the collapses of Signature Bank and First Republic Bank, could have sparked a broader economic downturn if regulators had not successfully deployed extraordinary authorities to provide public support to the banking system.

While you advocate for deregulation, financial regulators and experts continue to warn of emerging risks that threaten financial stability, the economy, and consumers' livelihoods.[118]

1. The Fed identified that the EGRRCPA and subsequent deregulation "combined to create a weaker regulatory framework for a firm like [SVB]," contributing to its collapse in March 2023.[119] Do you agree with the Fed's analysis?

   Answer: I would note that the SVB report was written by the then-Fed Vice Chair of Supervision (who has subsequently stepped down from that role and whose job was to supervise banks like SVB). That analysis also was not adopted by the entire Board of Governors. That said, the report pointed to many failures of the regulatory regime. However, a fundamental cause of SVB's failure was the investment of customer deposits in long-term securities, such as U.S. Treasury bonds. Coupled with the Fed's decision to rapidly raise interest rates in response to inflationary pressures, the market value of SVB's bond portfolio declined significantly. Accordingly, it would be inappropriate to attribute SVB's failure to deregulation.

2. The banking sector has become significantly more consolidated over the last few decades. In 1994, small banks composed 84 percent of all banks in the country.[120] By 2022, small banks composed 52 percent of all banks.[121] Bank consolidation increases systemic risk in the financial system by reducing the number of smaller banks and creating even more Too Big to Fail banks.[122] It also reduces small business lending and raises bank fees for consumers.[123] Do you believe the decline in smaller banks has harmed the economy?

Answer: I believe that small businesses are key components of the engine that drives the U.S. economy, and smaller banks play a vital role in providing financing to small businesses. That said, I believe that it is incorrect to assume that deregulation necessarily will result in further consolidation across the banking industry. To the contrary, the burden of many regulations disproportionately affects smaller banks, while larger banks are more easily able to absorb compliance costs. Effective deregulation could preserve – rather than diminish – the diverse and competitive banking system that is unique to the United States.

3. The *Glass-Steagall Act* was introduced in response to the financial crash of 1929, to stabilize the banking system by separating commercial and investment banking.[124] Key provisions of the bill were repealed in 1999.[125] Reinstating *Glass-Steagall* has bipartisan support, including from President Trump who has previously called for a 21st century *Glass-Steagall*.[126]
    a. Do you agree that breaking up banks' commercial and investment banking functions would help make the financial system safer?
    b. Do you agree that structural rules like *Glass-Steagall* could simplify our financial regulatory system and reduce regulatory burdens?

    Answer: A stable and secure banking system is the lifeblood of our economy, and we need to make sure to create a policy environment where our banking system can fulfill its mission, serving business and American families. Should I be confirmed, I look forward to advising President Trump on these issues.

4. President Trump has proposed creating a "strategic national Bitcoin reserve."[127] On the campaign trail, President Trump stated, "[i]f I am elected, it will be the policy of my administration, United States of America, to keep 100% of all the bitcoin the U.S. government currently holds or acquires into the future, we'll keep 100%."[128]
    a. Do you support the creation of a strategic Bitcoin reserve? Please respond with a "yes" or "no."
    b. Do you believe a strategic Bitcoin reserve is a realistic solution to paying down the federal debt? Please respond with a "yes" or "no."
    c. What due diligence needs to occur before the Administration creates a Bitcoin reserve?
    d. How do you envision building the reserve (*e.g.*, Bitcoin the government has already seized or through the purchase of Bitcoin) and at what cost?
    e. What impact would the creation of a Bitcoin reserve have on the dollar?
    f. Do you believe a reserve is a way to hedge against inflation? Do you believe a reserve could have an inflationary impact?
    g. Will you advise the Administration to permanently hold Bitcoin with no intention of selling it?
        i. If no, under what circumstances do you envision the Administration selling Bitcoin from the reserve?
    h. What guardrails would you recommend the Administration install to ensure that a strategic reserve did not potentially empower foreign adversaries, terrorists, and hackers who currently hold millions of Bitcoin?

    Answer: Digital currencies hold promise and they are a good example of financial innovation. If confirmed, I look forward to advising the President on these issues.

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i. Do you hold Bitcoin, whether directly or indirectly?
   i. If so, how much?
   ii. How much do you anticipate the value of your Bitcoin holdings would increase if a strategic Bitcoin reserve were created?

j. Answer: I do not hold any Bitcoin, although I do own some stock ETFs and it is possible those portfolio companies hold some Bitcoin, but I am unaware of any that do. In any event, I have agreed with OGE to divest those stock ETFs if confirmed.

Economic Impacts of Immigration

President Trump has said he would conduct "the largest deportation operation in American history,"[129] targeting the full undocumented population, which he estimated to be 15 to 20 million.[130] Vice President Vance suggested beginning by deporting 1 million people *per year*, compared to 1.5 million total over 4 years during Trump's first term.[131] Already, President Trump has ordered the Department of Homeland Security to ramp up arrests and fast-track deportations, and as of January 27, 2025 ICE's daily arrest number had reached almost 1200, compared to an average of 310 daily arrests in 2024.[132] Studies show that mass deportations would reduce GDP by up to 7.4 percent,[133] eliminate 88,000 jobs for U.S.-born workers for every 1 million undocumented people deported,[134] inflate prices by up to 9.1 percent (particularly for food, housing, hospitality, and in other industries that depend on foreign labor),[135] and lower tax and Social Security revenue by over $96 billion.[136] It would also cost at least $88 billion per year, and almost $1 trillion over a decade.[137]

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1. At his nomination hearing before the Senate Banking, Housing, and Urban Affairs Committee in 2017 to be CEA Director, Kevin Hassett said, "immigrants in this country have been an important source of growth."[138] Do you agree?

   Answer: Legal immigration of skilled workers can be a source of growth. Illegal immigration, however, has contributed to higher prices. The addition of millions of people into a relatively inflexible supply of housing and other forms of capital stock, including fixed and human capital related to medical care, has resulted in extraordinary inflationary pressures in recent years.

2. Given the significant economic implications of mass deportations, do you support President Trump's plan to deport the total population of undocumented individuals?

   Answer: My role if confirmed is to advise the president on the economic impact of proposed policies.

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3. What do you estimate will be the impact of mass deportations on:

a. The labor supply?
b. U.S. citizens' employment rate and wages?1
c. Small businesses that hire or are run by undocumented workers and on the formation of new small businesses?
d. Mixed-status families with at least one U.S.-citizen family member?

Answer: If confirmed, I look forward to reviewing this issue. My role if confirmed is to advise the president on the economic impact of proposed policies.

4. Will you advise the President on the economic implications of pursuing mass deportations *before* he begins implementing such policy changes?

   Answer: My role if confirmed is to advise the president on the economic impact of proposed policies.

5. Will you recommend that the President downscale his deportation plans if you find that the economic risks of mass deportations at the scale he has promised outweigh the benefits?

   Answer: My role if confirmed is to advise the president on the economic impact of proposed policies.

Economic Impacts of Child Care

Child care does two things: it frees parents up to work and, if done properly, it invests in children by giving them time to build skills and peer relationships guided by experts in child development. The return on this investment can be astronomical: the Biden Administration's CEA found that the return on investments in child care can be as high as $12 for every $1 invested.[139] But over half of American families live in child care deserts, where there are too few licensed slots for the number of children who need care.[140]

1. Do you agree that child care shortages and the inability of working families to afford adequate childcare represent a hardship for families and a barrier to economic growth?

   Answer: Yes, I believe that obstacles to childcare make it more difficult for parents to provide for their families, which is harmful to economic growth. A key reason is regulation that drives up the cost of care and reduces its supply.

2. Do you agree that the private sector on its own under-provides high quality childcare?

   Answer: I agree that under current regulatory conditions, the private sector is held back from providing the full scale and scope of childcare that American families could benefit from.

3. What do you think is the best way the government can help families afford high quality childcare and ensure equitable investment in all children?

Answer: There are several important elements to reforming childcare policies to better align them with the interests of America's families and children. First, it is important to recognize the positive record from the first Trump Administration. The 2017 Tax Cuts and Jobs Act doubled the size of the Child Tax Credit (CTC) while keeping in place the work requirements that are essential to its success. In addition, TCJA created a paid family leave tax credit that rewards companies for providing paid leave to employees earning under $72,000 (around $95,000 in today's dollars) to care for a new child, spouse, parent, or personal medical condition. Looking beyond TCJA, we should rethink childcare to focus more on serving the interests of families instead of consolidating control and resources into the childcare-center-industrial-complex. We need to be looking at regulatory reform and greater innovation to expand the supply of quality childcare, empowering businesses to provide flexible childcare options to their employees, expanding childcare apprenticeships, and beyond. If confirmed, I commit to providing the best possible advice to the President on how to ensure that childcare is not a limitation to the aspirations of Americans.

Economic Impacts of Climate Change

The Treasury Department, federal bank regulators, and the Financial Stability Oversight Council have all identified climate change as a systemic risk to our economic system.[141] As the Federal Reserve Bank of San Francisco recently warned, "climate-related financial risk may threaten the safety and soundness of individual financial institutions and the stability of the overall financial system,"[142] with a range of potential effects including lower GDP output,[143] reduced earning potential for laborers,[144] widespread property damage,[145] higher insurance costs,[146] and supply chain disruptions.[147] The CEA has been a leading government actor in assessing the physical and transitional risks associated with climate change, authoring multiple white papers on how the federal government can incorporate the physical damages from climate change and the macroeconomic implications of the clean energy transition into its economic assumptions.[148]

> Do you believe climate change and its associated impacts pose a significant threat to the financial system and our economy? Please respond with a "yes" or "no."
>
> **Answer:** No, these are not significant systemic threats.

1. According to the OMB, climate change will slow economic growth: "U.S. GDP will be nearly 2.5 percent lower by the middle of the century under current policies relative to a no-further-warming counterfactual, with losses accelerating in the second half of the

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century." [149] Do you believe that the effects of climate change tend to reduce the country's GDP growth?

Answer: I believe the imperative is to make the U.S. economy more resilient to any kind of economic shock. The path of the economy is shaped by a multitude of government agencies and, if confirmed, I am committed to working with the Departments of Commerce, Treasury, Energy, Labor, and other agencies to contribute to the resilience of the U.S. economy. I would also note that China is the world's largest GHG emitter, significantly more than the entire developed world combined, and its emissions continue to increase while the developed world's decrease. Hamstringing America's economy to make room for Chinese growth is a reckless policy choice.

2. One study has suggested that future heat conditions could place approximately $55 billion of annual earnings at risk for outdoor workers due to reduced working hours.[150] Do you believe increased temperatures due to climate change will likely harm the earning potential of workers who work outside? Please respond with a "yes" or "no."

   Answer: I am not familiar with that study but would be happy to look into this issue, if confirmed.

3. American households already face significant costs due to property damage related to climate change. A recent study found that, in 2021, climate hazards affected one in ten homes in the United States and resulted in a total of approximately $56.9 billion in property damage.[151] Do you believe that climate change increases the potential for widespread property damage? Please respond with a "yes" or "no."

   Answer: If confirmed, I look forward to reviewing this issue.

4. Do you believe climate change has contributed to widespread increased insurance costs for Americans? Please respond with a "yes" or "no."

   Answer: If confirmed, I look forward to reviewing this issue.

5. Do you believe extreme heat and other climate-related risks tend to disrupt supply chain stability? Please respond with a "yes" or "no."

   Answer: If confirmed, I look forward to reviewing this issue.

Health Care Costs and Access

As Chair of the CEA, you would be responsible for advising the President on policies that improve the long-term economic sustainability of government programs. This includes government-funded health care programs, which make up nearly a quarter of the entire federal budget.[152] While I have spent years identifying corporate waste and abuse that threatens the sustainability of these programs, including Medicare, your record provides no indication of what reforms or changes you might propose if confirmed. Accordingly, I have the following questions:

1. A particular concern of mine in the health care industry is the rapid growth of Medicare Advantage, the privatized version of Medicare, which threatens the solvency of the Medicare Trust Fund and raises premiums for *all* Medicare beneficiaries. The nonpartisan Medicare Payment Advisory Commission (MedPAC) estimates that private insurers in Medicare Advantage overcharged taxpayers by $83 billion relative to traditional

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Medicare in 2024 alone.[153] Do you believe these overcharges should be addressed, and if so, how?

Answer: Should I be confirmed, CEA will advise on supporting innovation in Medicare Advantage (MA) to achieve greater value to enrollees at lower cost to American taxpayers.

2. Drug negotiations under the Inflation Reduction Act are expected to save $100 billion over the next decade.[154] Do you support implementation, without interruption, of the drug price negotiation program of the IRA?
    a. Would you support expanding the number of drugs that are eligible for price negotiations?

Answer: The President supports lowering drug prices and improving access for Americans while preserving strong incentives for developing life-saving, life-changing innovations such as preventions or cures for Alzheimer's disease and sickle cell disease. Under my leadership, the CEA will provide analysis and expertise to help the President accomplish these goals on behalf of all Americans.

3. Leading Congressional Republicans have called for limiting federal support to the Medicaid program.[155] Do you believe federal Medicaid funding to states should be cut? If so, do you believe that fewer low-income people should have access to health insurance?

Answer: If confirmed, I commit to reviewing this issue.

Ethics Concerns

In order to understand whether you have conflicts of interest and how you have personally benefited from tax cuts and loopholes, please provide answers to the following questions:

1. How much do you expect Hudson Bay Capital Management to gain over the next 5 years, if the proposed Trump tax cuts are extended? Specifically, how much do you estimate the firm would gain from each of the following:
    a. The corporate rate cut in TCJA;
    b. The 199A pass-through deduction in TCJA;
    c. The individual AMT repeal in TCJA.

Answer: I am unable to answer this question, because I do not have detailed access to Hudson Bay's finances. My role at Hudson Bay was to advise on the economy, interest rates and currencies, not to work on the firm's accounting or taxes.

2. If confirmed, you would serve as one of the top economic advisors for President Trump. Given this level of influence across the economy and Hudson Bay Capital Management's large holdings of Microsoft, NVIDIA, Coinbase, and other companies, will you permanently relinquish ownership of any stocks related to Hudson Bay Capital Management and give up your position as Senior Strategist?

Answer: I do not own any stocks related to Hudson Bay Capital Management. I do own some stock ETFs and it is possible those ETFs hold portfolio companies related to Hudson Bay, but I do not manage the ETFs. I have disclosed these holdings to OGE and the Committee and agreed with OGE to divest those ETFs if confirmed.

I gave up my position as Senior Strategist for Hudson Bay on February 21, 2025. I currently hold no affiliation with Hudson Bay.

Nomination

1. During or leading up to the selection of your nomination, did anyone on the Trump campaign, transition team, or other closely related entity approach you about your loyalty to President-elect Trump? Did you sign a loyalty pledge or other similar oath?

Answer: My responses to these questions were reviewed under the customary practices of recent Administrations, both Republican and Democrat.

2. During or leading up to the selection of your nomination, did you discuss Project 2025 with any officials directly or associated with the Trump campaign or the Trump transition team? If so, please explain.

Answer: No.

3. During or leading up to the selection of your nomination, did you discuss Project 2025 with any officials directly or associated with the Heritage Foundation? If so, please explain.

Answer: No.

4. Please provide a comprehensive list of the people who approached you about joining the administration.

Answer: I discussed joining the Administration with the President and a number of his appointees, as well as with many of the staff and Members of the Senate Committee on Banking, Housing and Urban Affairs, including yourself, as well as Senate Leadership.

5. Did any person provide advice to you, oral or written, on your responses to these questions? If so, please provide a comprehensive list of the individuals or organizations that provided assistance.

Answer: The answers are my own, but my responses to these questions were reviewed under the customary practices of recent Administrations, both Republican and Democrat.

Congressional Oversight and Whistleblower Protection

6. If confirmed, will you commit to making yourself and any other politically appointed employee of CEA available to provide testimony (including but not limited to briefings, hearings, and transcribed interviews) to the Committee on any matter within its jurisdiction, upon the request of either the Chair or Ranking Member?

Answer: If confirmed, I will work with the Committee to make myself and other Presidentially appointed employees of the CEA available to the Committee as appropriate.

7. If confirmed, will you commit to fully complying with all information requests from me and responding to those requests in a timely manner?

Answer: If confirmed, I will respond to requests for information as appropriate.

8. If confirmed, do you intend to respond to congressional information requests differently depending on who is making the request?

Answer: If confirmed, I will respond to requests for information as appropriate.

9. If confirmed, will you commit to complying with any federal protections for whistleblowers?

Answer: If confirmed, I will comply with all applicable federal laws.

Public Integrity

10. Will you commit to recuse yourself from any matters involving your former employers or clients for 4 years while serving as CEA Chair?

Answer: I commit to following the law as it pertains to government ethics and complying with the agreement I have signed with the Office of Government Ethics.

11. For at least 4 years after leaving CEA, will you not seek employment or compensation from (1) any entity that you personally and substantially interacted with in your role as CEA chair and (2) from any entity that lobbies the CEA?

Answer: I commit to following the law as it pertains to government ethics and complying with the agreement I have signed with the Office of Government Ethics.