

The Economic Club of New York

454th Meeting
109th Year

Donald J. Trump
Businessman
Republican Presidential Nominee

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Questioner: John Paulson, President
Paulson & Company

Introduction

President Barbara M. Van Allen

Welcome to the 454th meeting of The Economic Club of New York in our 109th year. Our chairman, Terry Lundgren, could not join us this morning and so he asked me to do the honors. I am Barbara Van Allen, the President of The Economic Club. The Economic Club of New York is the nation's leading nonpartisan forum for speeches on economic, social, and political issues. More than 1,000 prominent guests have appeared before the club over the last century and have established a very strong tradition of excellence. We want to personally recognize the now 234 members of the Centennial Society. These club members continue to make an extraordinary contribution to ensure the financial stability of the club in its second century. Their names are in your program and they are seated in the front. We would also like to welcome the member-sponsored table of students from NYU Stern School of Business that are in attendance today.

After the conventions this summer, The Economic Club – with the support of its Board of Directors – extended an invitation to both of the candidates to come to the club and present their economic platforms. This afternoon we are absolutely honored to be able to welcome our guest speaker, Donald J. Trump, the Republican Presidential Nominee. (Applause) I'm delighted to say that to introduce Mr. Trump today we are pleased to welcome Indiana Governor and Vice Presidential candidate, Mike Pence. (Applause) Governor, the podium is yours, sir. (Applause)

Governor Michael R. Pence

Well, thank you Barbara Van Allen. Thank you to the members of the board, honored guests, fellows at the head table, it is a great, great honor for this small town boy to be in the Big Apple and to introduce today the next President of the United States of America. (Applause) It's a particular honor for me to be here at The Economic Club of New York, a historic and storied place – a place where men and women who drive not only this great city, but much of the dynamic American economy over the decades of our nation's history in so many different ways. Each one of you makes an extraordinary difference and I'm honored to be before you today. It's also great to be back in New York City. I've been on the campaign trail now for the last couple of months. This is my first time back since I accepted my running mate's invitation to run and serve as the next Vice President of the United States of America. (Applause)

I was humbled to accept that invitation with my wife at my side, but I did it in a heartbeat because our party has nominated a man for President of the United States who is the embodiment of this great city and this great nation. He is a builder. He is a dreamer. And I believe when he becomes President, he will make America great again. (Applause)

You know we find ourselves on this day in the middle of September 2016 in the midst of the weakest economic recovery since the Great Depression. And at this historic forum, the Republican nominee for President of the United States will do what so many other American

leaders have done from this very podium. He will take this moment to outline a new economic vision – a vision to make this country great and strong and prosperous again. And it is truly my privilege to introduce him today. You know you all know him well here in New York City. I've just gotten to know him over the last few months. But I've got to tell you, I had someone walk up to me the other day and they said, you know I've known Donald Trump for the last 30 years and I really like him. And I told him, well, I've known him for the last 120 days and I really like him. This is a good man who loves his family and loves this country and he will be a great President of the United States. (Applause)

We've become fast friends. For all the world, it seems like I've known him all my life. Like so many other builders and entrepreneurs, he's a dreamer, he's a driver, he's a man who speaks his mind. But I have to tell you, what you may not know here in the Big Apple is that clear-eyed vision and that leadership has literally inspired a movement of people all across this country. I was in Scranton, Pennsylvania last night. He was in Ohio. Everywhere I go campaigning with Donald Trump or for Donald Trump I see firsthand that he has given voice to the aspirations and the frustrations of the American people like no other president in my lifetime since Ronald Reagan. I think the key is that Donald Trump has never forgotten the men and women who built this country – men and women who work with their hands, who grow our food, who build our roads and bridges and protect our families – and they know it. And this is a challenging time for working families all across this country. The truth of the matter is, as I stand before you today, not only are we in the midst of the weakest economic recovery since the Great Depression, but

we also have an economy that in the last quarter only grew by 1.1%. We have the lowest labor participation rate since the 1970s. And most heartbreaking of all, from seven and a half years ago to today, there's nearly 7 million more Americans living in poverty than there were in 2009. You know for all the world; these days remind many of us of the 1970s. Then, as now, we had one candidate who spoke of a national malaise and of accepting the status quo. And then there was another candidate who spoke with confidence of a boundless American future and the American people chose that optimistic future and I believe they will again. (Applause)

You know the other party tell us this is the best that we can do, but the American people know better. It's nowhere near the best that we can do. It's just the best they can do. And when Donald Trump becomes President of the United States of America we're going to get this economy moving again for every city and every town and every state in the nation. (Applause)

Today you'll hear Donald Trump again describe that vision that will unleash the boundless potential of the American economy – an American economy that will be driven by empowering working families and businesses, large and small, encouraging entrepreneurs to invest, to build, and to grow and to produce right here in America again. And so let me say it is a joy for me, it is a privilege for me, but it is also a distinct honor to introduce to you the next President of the United States of America Donald Trump. (Applause)

Donald J. Trump

Republican Presidential Nominee

Well, thank you very much ladies and gentlemen. It's a great honor to be with you and we had some really incredible things happen today. The polls are coming out. We're leading in so many polls I can't tell you, I don't know where to begin. But that's a good feeling. And we are, I guess CNN just came out, we're leading nationwide with CNN. We're leading in Ohio. And we're leading, I think it just came out, we're leading in North Carolina, Florida. We're leading and we're having a lot of fun, we're having a lot of fun on the campaign and on the trail. I just wanted to say that, and it's always a lot of fun when you come up and the people don't have the teleprompter working, but that's okay. I'm lucky I brought some notes.

But today I do want to outline a plan for American economic revival. And it's a bold and ambitious and forward-looking plan to massively increase jobs, wages, income and opportunities for the people of our country – the great people of our country I will tell you. My plan will embrace the truth that people flourish under a minimum government burden, and will tap into the incredible unrealized potential of our workers and their dreams.

Right now, 92 million Americans are on the sidelines, outside of the workforce, and they're not a part of our economy. It's a silent nation of jobless Americans. And look no further – and I mean no further – all you have to do is look at Flint, where I've spent a lot time, the city of Flint, and

what a disaster has taken place. The jobs have been stripped from the community, and its infrastructure has totally collapsed. In 1970, there were more 80,000 people in Flint working for General Motors. Today it's less than 8,000. We have 8,000 people and that's going down. And they're making very, very little. And people are trying to go down to that 8,000 mark. What we're doing is Ford, Ford has announced just yesterday that they're moving their small car production facilities to Mexico.

And I've been talking about this a long while and I think that's maybe one of the reasons that we're doing so well in Ohio and Michigan and lots of other places where cars and parts are involved. But to think that Ford is moving its small car division is a disgrace. It's disgraceful. It's disgraceful that our politicians allow them to get away with it. It really is. (Applause) It used to be cars were made in Flint and you couldn't drink the water in Mexico. Now, cars are made in Mexico and you can't drink the water in Flint. (Applause) But we are going to turn this around.

My economic plan rejects the cynicism that says our labor force will keep declining, that our jobs will keep leaving and that our economy can never grow as it did once before. And boy, oh boy, did it used to grow. We reject the pessimism that says our standard of living can no longer rise, and that all there is really left is to divide because frankly we're looking at an economy now of no growth and redistribution of wealth, and that's not going to work.

Everything that is broken today can be fixed, and every failure can be turned into a truly great

success. Just look at the way I just melded into the teleprompter that just went on. (Laughter)

Who else could have pulled that off, okay, who else? (Applause)

Jobs can stop leaving our country, and they will just absolutely start pouring in. It can happen.

Failing schools can become flourishing schools. Crumbling roads and bridges can become gleaming new infrastructure. Inner cities can experience a flood of new jobs and investment. And rising crime can give way to safe and prosperous communities.

All of these things, and so much more, are possible. But to accomplish them, we must replace the present policy of globalism – which has just taken so many jobs out of our communities and so much wealth out of our country – and replace it with a new policy of Americanism. (Applause)
America First, remember that. (Applause)

Under this American System, every policy decision we make must pass a simple test: does it create more jobs and better wages for Americans? It's a test. If we lower our taxes, remove destructive regulations – and we have to do that – unleash the vast treasure of American energy, and negotiate trade deals that put America First, then there is no limit to the number of jobs we can create and the amount of prosperity we can unleash. America will truly be the greatest place in the world to invest, hire, grow, and to create new jobs, new technologies, and entire new industries. (Applause) Instead of driving jobs and wealth away, America will become the world's great magnet for innovation and job creation.

My opponent's plan rejects this optimism. She offers only more taxing – and her tax increases are unbelievable – more regulating, more spending, and more wealth redistribution – a future of slow growth, declining incomes, and dwindling prosperity. The only people who get rich under Hillary Clinton are the donors and the special interests, but bad for our country.

In Hillary Clinton's America, we have surrendered our status as the world's great economy, and we have surrendered our middle class to the whims of foreign countries. We take care of them better than we take care of ourselves. Not one single idea she's got will create one net American job or create one new dollar of American wealth for our workers. The only thing she can offer is a welfare check. That's about it. Our plan will produce paychecks, and they're going to be great paychecks for millions of people now unemployed or underemployed.

In the course of this campaign, I have traveled all across the country and I've met the most amazing people. Every day, I've seen the goodness and character of our country, and brave citizens proudly fighting through hard times and difficult circumstances. I have been all over this country folks, and we have unbelievable people, but they need leadership. The country needs leadership.

In many parts of our country, the hard times never seem to end. I've visited cities and towns in Upstate New York where half of the jobs have left and moved to Mexico and other countries. The businesses are gone. They've been taken away like taking candy from a baby. Politicians

have abandoned these places all over the country and the people who live there are just there. No hope.

Worse still, politicians have heaped scorn and disdain on these wonderful Americans. My opponent described tens of millions of American citizens as deplorable and irredeemable just last week. So how can Hillary Clinton seek to lead this country when she considers its citizens – tremendous, tremendous numbers of them – beyond redemption? The hardworking people she calls deplorable are the most admirable people I know. (Applause) They are cops and soldiers, teachers and firefighters, young and old, moms and dads, blacks and whites, Latinos. Above everything else, they are Americans. Some are rich Americans. Some are poor Americans. They're Americans. They love their families. They love their country, and they want a better future.

These are the forgotten men and women of our country, and they have been forgotten. People who work hard but don't have a voice. I'm running to be their voice (Applause) and to fight and bring prosperity to every part of this country. Too many of our leaders have forgotten that it's their duty to protect the jobs, wages and well-being of American workers before any consideration, before anything, we have to do that. I'm not running to be the President of the world. I'm running to be the President of the United States of America. (Applause) And as your President, I will fight for every last American job and every American company which are really a lot of companies in this room, I can tell you. We're going to be fighting for you (Applause)

because you're bringing the jobs.

We are a nation that tamed the West, dug out the Panama Canal, won two World Wars, and put a man on the moon. It's time to start thinking big once again. That's why I believe it's time to establish a national goal of reaching 4% economic growth. (Applause) And my great economists don't want me to say this, but I think we can do better than that. Now they're upset. They'll be very upset, but I think we can do it and maybe substantially better than that.

In working with my economic team, we've put together a plan that puts us on track to achieve that goal. Over the next ten years, our economic team estimates that under our plan the economy will average 3.5% growth and create a total of 25 million new jobs. You can visit our website, just look at the math. It works. (Applause)

This growth means that our jobs and plans, including our childcare reforms that Ivanka Trump, my daughter, is so involved in, will be completely – (Applause) – I like her too, I agree – will be completely paid for in combination with proposed budget savings. It will be deficit neutral. If we reach 4% growth, it will reduce the deficit. It will be accomplished through a complete overhaul of our tax, regulatory, energy and trade policies.

Right now, under the Obama-Clinton policies, the economy grew only 1.1% last quarter – a number that was shocking to people that do this professionally and for life. It translates into

millions of lost jobs and certainly millions of lost good jobs, because we don't have good jobs anymore. Those jobs are gone and going. This is the weakest so-called recovery since the Great Depression.

Over the last seven years, the economy grew only 2.1%, the slowest period in seventy, 7-0, seventy years. Had the economy grown under Obama at the same rate as Reagan, it would have meant 10 million more jobs. Perhaps most shockingly, 1 in 6 men aged 18-34 are either in jail or out of work. Meanwhile, another 2 million Hispanic-Americans have been added to the ranks of those in poverty.

On top of it all, the Obama-Clinton policies have doubled the national debt. It took more than 230 years for the United States to accumulate its first \$10 trillion in debt. It took President Obama less than eight years to add another \$10 trillion. Now, it would be one thing if that money had been used to completely rebuild our nation, our military, our infrastructure, but that didn't happen.

Instead, the opposite happened. We doubled our debt and, in return, we have dilapidated infrastructure, failing schools, a badly depleted military – the greatest people on earth and they have a badly depleted military – its equipment old and tired, and another 14 million people who have left the workforce. Never has so much money been spent so poorly and so unwisely.

But we're going to turn that all around, and here's how. It begins with bold new tax reform. (Applause) Don't worry, they're going down, not up, they're going down. I think you were concerned they're going up. As outlined in Detroit, our tax plan will greatly simplify the code and reduce the number of brackets from seven to three. The new brackets will be 12, 25, and 33%. But low-income Americans will pay no income tax at all – in fact, our plan will remove millions and millions of workers from the income tax rolls entirely so that all of that work that we do in Washington can be discontinued. They'll pay tax, they'll pay tax, but they'll pay tax when they start making a certain amount of income. By lowering rates, streamlining deductions, and simplifying the process, we will add millions and millions of new jobs.

In addition, because we have strongly capped deductions for the wealthy and closed special interest loopholes, the tax relief will be concentrated on the working and middle class taxpayer. They will receive the biggest benefit, and it won't even be close. They have been forgotten. We are not going to forget them. They have built our country. We will not forget. (Applause) This is a working and middle class tax relief proposal. The tax relief for these workers will be expanded by my childcare proposals that I have worked on with my daughter, Ivanka. These proposals are central and a very, very powerful central element of our comprehensive tax reform and economic growth plan.

Families will be able to fully deduct the average cost of childcare from their taxes, including stay-at-home parents. Because this deduction is capped, it will be disproportionately, it will

benefit working and middle class families. We've got to take care of our middle class families. The less you make, the larger a share of your income you can exclude from taxation. Parents will also be able to enroll in tax-free dependent care savings accounts for their children or elderly relatives. Low-income households will benefit from both an Expanded Earned Income Tax Credit – in the form of Childcare rebates – and a matching \$500 contribution for their savings accounts.

A married couple earning \$50,000 per year with two children and \$8,000 in child care expenses will save 35% from their current tax bill. That's a tremendous savings. (Applause) And they'll have a better life. A married couple earning \$75,000 per year with two children and \$10,000 in child care expenses will receive a 30% reduction in their tax bill from what they're paying right now. By contrast, someone earning \$5 million, like the people in this room, (Laughter), will receive virtually no change in their tax bill at all.

One of our greatest job creation measures is going to be our 15% business tax rate – down from the current 35% rate – a reduction of more than 40%. (Applause) I know that's what you people have been waiting for. (Laughter) An explosion of new businesses and new jobs will be created. It will be amazing to watch. You watch, and it'll happen. We will also allow United States-based manufacturers to fully expense the cost of new plants and equipment – a big, big deal.

(Applause)

On top of that, we will bring back trillions in business wealth, and this is wealth that's parked overseas. Nobody knows how much it is. They say it's \$2.5 trillion. I have people that think it's \$5 trillion. We'll bring them back and it'll be taxed only at the rate of 10% instead of 35%. And who would bring it back at 35%? Obviously nobody because nobody's doing it. I think it's going to be something that will be so phenomenal, far beyond what people even think. By taxing it at 10% instead of 35%, all of this money will come roaring back into our country and lots of good things will start to happen. We will turn America into a magnet for new jobs – and that means jobs in our poorest communities. So important. And right now we have companies leaving the country because taxes are too high, but we actually have companies leaving the country to get their money. And that's a first, nobody's ever heard of that one before. But believe me, that's happening.

Next come regulations. One of the keys to unlocking growth is scaling back years of disastrous regulations unilaterally imposed by out-of-control bureaucrats. Regulations have grown into a massive job-killing industry – and the regulation industry is one business I will absolutely put to an end day one. (Applause)

In 2015 alone, federal agencies issued over 3,300 final rules and regulations, up from 2,400 the prior year. Every year, over-regulation costs our economy \$2 trillion a year and reduces household wealth by almost \$15,000. I've proposed a moratorium on new federal regulations that are not compelled by Congress or public safety, and I will eliminate all needless and job-

killing regulations now on the books, and there are plenty of them. (Applause)

This includes eliminating some of our most intrusive regulations like the Waters of the U.S. Rule. It also means scrapping the EPA's so-called Clean Power plan which the government itself estimates will cost \$7.2 billion a year. This Obama-Clinton directive will shut down most, if not all, coal-powered electricity plants, I mean all over the country they're shutting down.

Remember what Hillary Clinton said? She wants to shut down the miners, just like she wants to shut down the steel mills, and shut down the steel workers. And we're not going to let it happen. (Applause) We're going to put our great miners and our steel workers back to work.

Energy reform is central to our plan as well. According to the Heritage Foundation, by 2030, President Obama's energy restrictions will eliminate another half a million manufacturing jobs, reduce economic output by \$2.5 trillion dollars, and reduce incomes by \$7,000 per person. And today you have workers, and I see them all the time and I meet them all the time, and they're part of this massive group of people that have just come onto this movement, but you have workers making less money today than they made 18 years ago in real wages. They're working much harder, oftentimes because of the disastrous Obamacare that we're going to repeal and replace. (Applause) Oftentimes they're working two jobs. So they're working harder, they're older and they're making less. It's like me. I'm working harder than I've ever worked also. (Laughter) But these are minor, nobody cares about that. Who cares about that?

Hillary Clinton wants to go even further, and her plan could cost the economy \$5 trillion dollars.

A Trump Administration will lift restrictions on all sources of American energy production.

According to the Institute for American Energy Resources this will increase the GDP by more than \$100 billion annually, add over 500,000 new jobs annually, increase annual wages by more than \$30 billion over the next seven years, increase federal, state, and local tax revenues by almost \$6 trillion over four decades, increase total economic activity by more than \$20 trillion over a 40-year period.

In addition, we will streamline the permitting process for all energy infrastructure projects which are desperately needed, including the billions of dollars in projects held up by President Obama – currently being held up, they just won't approve anything – creating countless more jobs in the process.

Finally, comes trade – the foundation for everything. America's annual trade deficit with the world is now almost \$800 billion a year. Who was negotiating these deals? Anybody in this room negotiating these wonderful deals? Think of it. We have a trade deficit of almost \$800 billion a year. That's going to change so fast.

Between World War II and the year 2000, the United States averaged a 3.5% growth rate. But, after China joined the World Trade Organization, our average growth rate has been reduced to only 2%. Predatory trade practices, product dumping, currency manipulation which is a big one,

and intellectual property theft have taken millions of jobs and trillions of dollars in wealth right out of our country, right out of our country. It's so sad that we allowed this to happen. Our incompetent politicians were not watching, and the ones that were watching were taken care of in some form because this should have never been allowed to have happened.

It is no great secret that many of the special interests funding my opponent's campaign are the same people profiting from these terrible trade deals. They are terrible. They're terrible for everybody. The same so-called experts advising Hillary Clinton are the same people who gave us NAFTA, China's entry into the World Trade Organization, the job-killing trade deal with South Korea – another disaster – and now the Trans-Pacific Partnership that they're pushing so strongly.

The verdict is in. All of the special interests that the media race – and they just race to comment and race to get comment from – have been proven wrong over such a long period of time. Every single deal they've promoted, every lie and every prediction has crashed. It just crashed. They've been so absolutely wrong and they've been so bad for our country.

Our manufacturing base has crumbled, communities have been hollowed out, wages have declined, and households are making less today than they were in the year 2000. I have proposed a detailed plan to reform our trade policies and bring vast new jobs and wealth to America. We need our wealth back. We don't have wealth. We are a debtor nation.

This includes the following steps. I'm going to direct the Secretary of Commerce to identify every violation of trade agreements that a foreign country is using to harm our country and our workers. That's what's happening. They're being harmed and our country is being harmed. I will use every tool under American and international law to end these abuses, and I will use our greatest business leaders and finest negotiators – and I will tell you some of them are in this room right now – not all of them, but some. And I know who you are and honestly, we're going to be calling on you because we have people negotiating the biggest deals in the world, far bigger than your company deals. Your company deals are like little deals by comparison. It's true. You take some of these big companies and you look at some of these trade deals, I hate to say it, but your companies are peanuts. But we're going to use our best. Right now we have political hacks negotiating the biggest, most important deals in the world.

We're going to start with NAFTA, which is causing so much damage to our country. We will entirely renegotiate NAFTA into a deal that will either be a good one for us as a country, and for our workers, or we will terminate it until a brand-new and productive deal can be signed.

(Applause) We'll also, and we have to, we're going to keep America out of the Trans-Pacific Partnership unless we can do something that's phenomenal, and I'm not seeing it right now. I can tell you that, I'm not seeing it. (Applause)

Next, I'm going to instruct my Treasury Secretary to label China – and I like China – they're my tenant, they buy condos all the time – they're just fine, but you know what, they are a currency

manipulator. And we're going to apply tariffs to any country that devalues its currency to gain an unfair advantage over the United States. They are a manipulator, Grand Master Level. We can't allow it to happen. And our people and our representatives and our politicians don't have even a little clue as to how to play the game. We have a trade deficit this year with China of approximately \$500 billion. What kind of a deal is that? And this has been going on for years – \$200 billion, \$300 billion, \$400 billion, for years.

I'm going to instruct the United States Trade Representative to bring trade cases against China. China's unfair subsidy behavior is prohibited by the terms of its entrance into the WTO, and I intend to enforce the rules. And I'm sure we'll make a deal somewhere along the way. But they're not playing fairly and our politicians don't understand how to play the game. (Applause)

If China does not stop its illegal activities, including its theft of American trade secrets and intellectual property, I will apply countervailing duties until China ceases and desists. You know what that means. Just the single action of enforcing intellectual property rules alone, just alone, would add millions of new American jobs. According to the United States International Trade Commission, improved protection of America's, just think of this, improved protection of America's intellectual property in China would add 2 million jobs a year within the United States every single year. And we do nothing, we allow them to get away with it. Who can blame them? And I don't blame them at all. If you can get away with it, they're going to get away with it.

We're going to stop the outflow of jobs from our country, and open a new highway of jobs back into our country. Here's how the plan adds up. We are proposing a \$4.4 trillion tax cut that will score as a \$2.6 trillion under dynamic growth models, which is how taxes should be scored.

(Applause) This includes the childcare plan that we announced the other day.

Our economic team has further modeled that the growth-induced savings from trade, energy, and regulation reform will shave at least another \$1.8 trillion off of the remaining debt. That leaves around \$800 billion. This money can all be saved through simple, common sense reforms. If we just save one penny of each federal dollar spent on non-defense, and non-entitlement programs, we can save almost \$1 trillion over the next decade. One penny, we can all do that. We can save over a trillion – again this is spending that does not touch defense, because we have to build up our military which is so terribly depleted, and that does not touch entitlements.

If our plan exceeds the 3.5% ten-year growth average, then our jobs proposal will actually reduce and start really strongly reducing the deficit. Savings will be compounded by the fact that people who are currently receiving unemployment or welfare will finally be able to find jobs.

This is the most pro-growth, pro-jobs, pro-family plan put forth perhaps in the history of our country. This is what our new future will look like. I am going to lower your taxes very, very substantially. I'm going to get rid of massive amounts of unnecessary regulations – all of these regulations on your business and in your life. I'm going to unleash American energy. I'm going

to repeal and replace Obamacare. I'm going to appoint Justices to the Supreme Court who will follow the Constitution. (Applause) I'm going to rebuild our depleted military and take care of our vets who are treated so badly. (Applause) In many cases our vets are treated not nearly as well as people who come into our country illegally. We can't have that. I'm going to save your Second Amendment which is under siege. I'm going to stop illegal immigration and drugs from pouring into our country and totally poisoning our youth and others – a tremendous problem. And yes, we will build the wall. The wall will be built. And just in case you're worried about who is going to pay for it, Mexico will pay for it. I'm being totally serious about that. Mexico will pay for it. And you understand, Mexico, by the way, we look at the trade deficit we have with Mexico, it's massive. The wall is peanuts compared to what we're talking about. Mexico will pay for the wall. And I'm going to renegotiate our disastrous trade deals, especially NAFTA, and we will only make great trade deals that put the American worker first and put the American worker back to work. (Applause) That includes our miners and our steelworkers. They're going back to work.

We will rebuild our roads, our bridges, our tunnels, our highways, our airports, schools, hospitals. We'll rebuild everything. American cars will travel the roads. American planes will soar the skies, and American ships will patrol the seas. American steel will send new skyscrapers into the clouds. American hands will rebuild this nation – and American energy, harvested from American sources, will power this nation. American workers will be hired to do the job. We will put new American metal and new American steel into the spine of this country. Jobs will return,

incomes will rise, new factories will come rushing back to our shores.

We will make America wealthy again. We will make America strong again. And we will make America great again. Thank you very much. God Bless you. Thank you. Thank you very much.

(Applause)

QUESTION AND ANSWER PERIOD

PRESIDENT BARBARA VAN ALLEN: Thank you sir. We will now move to our Fireside Chat format where we're pleased to have as our interviewer, John Paulson, a member of The Economic Club of New York Board and President of Paulson & Company. We would also like to thank those members who took the time to share their thoughts and ideas on topics and questions for Mr. Paulson online so that they could be perhaps used in this conversation. I think we also had some members of the Board and others provide some input directly to Mr. Paulson. So I thank everyone for that. The chairs, I think, are ready, gentlemen. So please take your seats and let the conversation begin.

DONALD J. TRUMP: Thank you. What happened with the teleprompter? Hey, he's a little late, right? Oh well, I had nothing to do with it.

JOHN PAULSON: Well, first let me thank you for speaking with us today. I think many of us found your economic plan very bold and ambitious. I was talking with Marty Feldstein, excuse

me, with Glenn Hubbard who is the Dean of Columbia's Business School.

DONALD J. TRUMP: It's a big difference. (Laughter)

JOHN PAULSON: And, you know, we were talking about how many economists have resigned themselves to a low growth, 1½ - 2% range for the U.S. You believe, with your economic policies, we can grow 3½ % plus. Could you summarize the key components of that plan? And if possible, quantify the contribution to the increased growth?

DONALD J. TRUMP: Certainly. I think that, I watch the world and I look at China and other countries, and if China goes down with GDP to 7% or even 8%, it's like they'll have a revolution. And then what do they do? They start devaluing, devaluing, they do all sorts of things and they get it back on track one way or the other. And I've had friends come to me that have been devastated. People that are manufacturers, that are great manufacturers, very successful people, but they've become less and less successful because they can't beat the system. In this way too, it's a rigged system. And they're almost doing well and then boom, there's a massive devaluation in China or other countries. And there are plenty of other countries out there, some are actually hurting China now. But the fact is that when they have 7% and you see it, when they start dropping to 7 or 8%, they consider that to be a disaster. And yet we're stuck at 1%, probably the real number is 1% but certainly no more than 2% and we try and learn to live with it. We can't do that anymore. So we're going to unleash tremendous opportunity and we're

bringing back the trillions of dollars that doesn't come into this country. And that does really – I said it in my remarks – that does really bring a lot of companies out. They go to get their money. They leave, not even because taxes are too high, they leave to get their money. So we're going to unleash a lot. We're going to unleash a lot with the regulations. I'll tell you, the thing that most surprised me in going around, because I've been to, I mean I've been everywhere. I have been working. This started on June 16. Who knew this was going to happen, right? But it started on June 16 and it's been an amazing thing. But what's really amazed from a business standpoint, I speak to big businesses, the biggest businesses in the world, but I also speak to the small business people and the farmers. If they had their choice between this massive tax cut from 35% down to 15 or regulation relief, they would take almost 100% of the time regulation relief. The regulations are a disaster. They're killing people. They're killing the farmers. They're killing the energy folks. They've killed the mines. And, you know, we all believe there has to be regulation for safety, for environment, for certain reasons, but it has gone so crazy and it's gotten so excessive. But they would take that over taxes. So we're going to unleash a tremendous number of jobs coming in plus we're going to have great cutting – waste, fraud, abuse. But think of that word, waste, I mean with the penny plan, just a penny out of every dollar. Now I know you can do that very easily, but we have to appoint people to head these massive agencies. You know if they were companies they'd be very large companies. They'd be up there with the biggest. Some would be bigger than any of the companies. But you take a penny, a penny off the dollar, and you do that for a number of years, and all of a sudden really great things start to happen. In addition to that, we spend a tremendous amount on military which we're going to increase – we

have no choice – but we also defend other countries. Those countries are not paying us nearly what they should be paying us. We're losing tremendous, billions and billions of dollars on defending other people, some of whom don't even appreciate the fact that we're defending them. And many of them don't pay us, they don't pay us. They don't pay us. I say why? Because, you know, they don't ask. We don't ask. So those countries, I'm sure, will start to pay for their defense, but it's a fantastic, it's a fantastic number. It's a very, very large, it's a shocking number. It's a shocking number. I will just finish with saying this. I have great respect for Japan, but as you know we defend Japan. We defend Germany. We defend Saudi Arabia. We defend South Korea. We have 28,000 soldiers right now in South Korea. These are economic behemoths, behemoths. These are wealthy countries. And when I said they have to pay more, a general came to refute my statement and said, doesn't Mr. Trump know that Japan pays 50% of the cost of its defense? And I said, ah, why don't they pay 100%? The numbers you're talking about are massive. And when you add it all together, a lot of good things are going to happen.

(Applause)

JOHN PAULSON: Thank you. On the corporate tax rate, the cornerstone of your economic policy is reducing the corporate tax rate to 15%. Secretary of the Treasury Lew proposed a 28% rate. The U.K. is at 20% and Ireland is at 12.5%. How did you settle on 15% as a target for the U.S.?

DONALD J. TRUMP: Well, a lot of that has to do with the cutting because we're going to be

cutting costs also. As part of our tax plan, we have to cut costs. But I think we're going to unleash something that's going to be so amazing and a lot of it is competition. You look at Ireland being just about the lowest, a little bit lower, so we're not the lowest but we're getting down there. But right now essentially we're the highest in the world, certainly of the industrialized countries. And we set it from a competitive standpoint and we added to that, and very importantly added to that the cutting, the cost cutting, and there's tremendous fat. You know, it's interesting when all of us, and so many in the room do this, but when we buy companies we like to buy companies that are poorly run, right? Because we can have so much room to cut. We don't want to buy a perfectly running machine where we can't do too much. But we're not a perfectly running machine. We have tremendous waste, tremendous fraud, tremendous abuse. Our military orders equipment that, frankly it's ordered, I say, politically motivated because they'll buy equipment that's not as good as the equipment they want and the equipment that they want, the generals want, is better and it's less expensive. We have so many things we can do if we do it properly. And, you know, my whole theme has been Make America Great Again. We're going to make America great again. (Applause)

JOHN PAULSON: Now it's time for Martin Feldstein who is also on our Board and he's Chairman of the Department of Economics at Harvard. Part of the issue in reducing tax rates is the impact on the deficit. So what offsets would you propose to compensate for the reduced revenue? You mentioned in your speech that you believe over time your economic policy can be revenue neutral.

DONALD J. TRUMP: Well, eventually, and we think, and hopefully beyond that, eventually with time this is going to work out, absolutely. But the big things in terms of neutrality is going to be the amount of business that we generate, the fact that companies are no longer going to be leaving. I mean you have to look at the list of companies. I told you just before that Ford Motor Company – this is massive amount of business – they’re taking their small car, all small cars, they’re going to make them in Mexico. That’s like, you know, it’s a story in a newspaper, but it’s devastating for Michigan and areas of the country that have to go through this. We’re going to keep our companies here. Our companies are leaving us because taxes are so high. Our companies are leaving us because they can’t bring their money back in. Our companies are leaving us because of regulation. The regulation is so massive that our companies are leaving us. So I think we’re going to, number one, we’re going to keep companies here. They’re not going to be leaving anymore because now they’re going to have a better deal than where they’re looking to go. But importantly, we’re also coupling that with cutting costs, cutting budgetary costs, and lots of costs. There will be many costs that we’re going to be cutting. And we’re going to be enhanced by certain things like I told you about with the military and the defense of other countries which a lot of people didn’t even know. I don’t think too many people even in this room, until I started speaking about it a year ago, I don’t think a lot of people knew that we defend, as an example, Germany or Japan. You pretty much knew South Korea, and we’re defending South Korea. But, you know, Saudi Arabia, as an example, Saudi Arabia we know. Lots of wealth, lots of money. They don’t pay us very much for what we do. And, you know, you could ask yourself, how long would Saudi Arabia even be there if we weren’t defending them?

And I think we should defend them, but we have to be compensated properly for that defense.

I'm sure they'll be thrilled to hear that. (Laughter)

JOHN PAULSON: One issue that came up previously was the potential for default on the U.S. debt. As you know, the U.S. has a perfect credit history. Is there any scenario you would consider defaulting on the U.S. debt?

DONALD J. TRUMP: No. No. There are some areas where you could buy back debt. I don't know somebody put that out. I said buy back debt. You know this isn't like you're building a real estate project and the market crashes and you have your shot at a bank. I love those days, you know, I love them. Somebody said I'm one of the great in the world at that. I love buying back debt. I love negotiating debt. But with the United States, you're talking about something beyond a gold standard. No, the answer is no. But you can buy back. We're not talking discounts, you can discount. You can do things. But no, the debt of this country is absolutely sacred, absolutely 100% sacred. You have to be. (Applause)

JOHN PAULSON: Regarding regulation, you've said that we have too much regulation and that excess regulation impedes growth. What would be your strategy for reducing excessive regulation?

DONALD J. TRUMP: Well, I'd go back to the heads of the various groups, agencies, you know

all of the different parcels of government and I would be putting very, very top people into negotiating. We don't do that. We put, honestly we put political people in to negotiate. We put people that gave contributions. We put people that, you know, work the system. We put people that shouldn't be there. And when you say can you cut 1% off your budget, they look like this is impossible. Whereas people in this room, because I know a couple of them, they're total killers. I won't call them out. They hear 1%, they say, Donald, I can do it all in one year, I can get it down 25% in one year, maybe more. I say, take it easy, just relax. (Laughter) But there are people in this room that would say that. So, you know, when you hear 1% a year for ten years, it's a massive difference, but 1% a year for ten years. So I would really have it done at the level of the group running whatever individual thing within government they're running. And they'll be able to do it if we have the right people. We don't have the right people. We have people that shouldn't be doing what they're doing. We have people that have people under them that are far, far more competent than they are. And they lose, those people lose respect for the system when they see what's coming in. And I can't tell you how strongly I believe this. The trade deals are so bad. NAFTA has destroyed our country. NAFTA has destroyed the manufacturing leg of our country. You look at places in Upstate New York where they lost 40% of their manufacturing, and they're going to lose a lot more before it's over. Don't forget, Hillary Clinton said, when she was running for the Senate, she was going to bring jobs back to New York. She meant New York State, but New York. Upstate New York, out in Long Island, you look at things that are happening, it's unbelievable. Building after building that's empty. She didn't bring any. They left. They all left. So when we negotiate great trade deals, that will, and we're not even including

that to a large extent in the numbers that we're giving you, but when we take NAFTA and make it a two-way highway, not a one-way, so that, yes, things go out, but we have at least equal, and I mean at least, because we have a lot of catching up to do. They have absolutely stripped this country of its manufacturing jobs and jobs. And companies, they've destroyed companies, thousands and thousands of companies, millions of jobs. We're going to get that back. We're going to get that back. So whenever I talk about tax cutting and I talk about balancing, a big part of it is going to be we're going to have great trade deals. He would be a man to negotiate. I think I'll put him in charge of China. (Laughter) And you know what, we'll do very well. Just put him in the room for a few days, we'll do very well. But seriously, we have to use our, we have the greatest negotiators in the world, we have to use. When China enters that negotiation, they come in with 20 people that are the toughest, smartest, meanest. They don't say good morning, isn't it a lovely day, isn't it wonderful, how did the Yankees do last night. There's no talk. It's like we get down to business, boom. No games. We put people in there that don't know what they're doing. This is why we have deficits of \$500 billion with one country. We rebuilt China, and I say that with respect for China. I have a great relationship with China. They used to tell me, before I announced I was running, that they can't – I have many friends from China – the biggest people, the richest people, they cannot believe what China gets away with. They said we can't believe it. Then when I announced I was running for president, they called, well, we really didn't mean that. They didn't know this was going to happen. (Laughter) But in the good old days they would tell me, we don't believe, your government is stupid. But now they deny they've ever said that. (Applause)

JOHN PAULSON: On staffing, how would you run a government to make it more effective?

What would be your criteria in choosing the senior administrators?

DONALD J. TRUMP: Track record, great competence, love of what they're doing, how they're getting along with people, references. I mean no different than when you're running a company, how you hire top people. It would be no different. The government, you need people with heart also. You know it's probably the one thing you need in government that they don't have in business quite as much. But you need – but some do – but not a lot, (Laughter) but you need people that are truly, truly capable. And I think so much has to do with past history, how have they done, how has it all worked out. You understand what I mean by that perhaps better than anybody. And we have to get the best people. We can no longer be so politically correct. You know we do things today, we're so politically correct. People are afraid to walk, they're afraid to talk. They can't speak. They're afraid they're going to say the wrong word and they'll be shunned from society. Don't worry, it only lasts for about a week if that happens. It's not that bad. But we have to stop being so politically correct. We need to get the best and the finest and if we don't we'll be in trouble for a long period of time and maybe never come out of it. I honestly believe, and I'm not saying this because it's myself, this is the last time, this is going to be the last election we have a chance to make this country great again, to really make it wealthy again, make it strong again, make it, you know, all of the things that we want to see. But I really believe this is the most important election that we've been involved in, you know, for many, many, many

years, many decades because it's going down. The Supreme Court justices that I told you about before, I mean if they put certain people onto the Supreme Court, our country is going to be a whole different country. We're going to be a large scale version of Venezuela. We're going to be a totally different deal. And this is the last chance that, in my opinion, our country has to really get better, to get well. And I just think this election is so important, not because of me, but because of the ideas, the ideas that we have, the ideas that we need to do what we have to do. But I think it's going to be a very, very important election. And that's why we're seeing such enthusiasm. You know we go make a speech, John, and we have people showing up, 25,000 people show up, and 30,000 people. (Applause) And we announced one day, we had one in Pensacola the other day, we had this massive, tens of thousands of people who showed up. We announced it like a day and a half before the speech on Twitter. We don't even take ads. People want to see great things happen for this country. People really love this country. The people of this country really love this country. Even other countries want to see great things happen because it's so important. So I just think this is going to be the most important election that we've had for many, many decades. And I'm not sure you're going to have a second chance at it. (Applause)

JOHN PAULSON: Donald, on jobs, what industries do you expect would benefit from your economic plan to create high-paying jobs going forward?

DONALD J. TRUMP: Well, I think H&R Block would be a disaster because we're simplifying,

you're not going to have, how about people that go, the tax, it's so complicated. You need 180 IQ to understand it. And people that frankly are making a small amount of money, they have to go and they have to have their tax returns done by people. And by the way, when they're done, you'll have ten different tax people and you'll have ten different answers to the same person. The whole thing is crazy. So that would be one industry that wouldn't do well. But I think almost all industries, I can tell you an industry that will do well and an industry that we can use, and I know prices are low now, but when prices go up, is the energy industry. We have amazing people in that industry and they are just being decimated. They are being absolutely decimated. And energy is, you know, so important and we found out because of new technology, whether it's fracking or many other things, we're sitting on top of, our land has turned out to be, we have more than just about anybody in the world. Our land has turned out to be so valuable because of what's underneath it. We have to be careful. We have to be very environmentally sound. That's very important. But it's incredible when you look at what's happened in the last five years, we can be self-sufficient, which we have to be. Otherwise we'll be stuck in the Middle East forever and we have to get out of that war. We have to knock out ISIS. I didn't want to be in that war, but I wasn't a politician, nobody really cared. But I didn't want to be in the war, but we have no choice. The way they got out was bad, to get out so quickly and not leave anybody behind. ISIS developed. We have to knock out ISIS. You see the atrocities they committed. Yesterday, I guess it was 22 or 24 people hung from racks of a slaughterhouse, like a slaughterhouse, and then throats cut. I mean can you imagine this, nobody's ever heard of things like this before. And then we talk about waterboarding. It's an incredible thing. It's incredible. We're not playing on the

same playing field. But if you looked at the atrocities committed, just yesterday with the meat hooks, we have no choice but to totally decimate ISIS. We have to do it. We have to do it rapidly. We have no choice. (Applause) And then we have to get back to rebuilding our country, folks. We have to rebuild the infrastructure of our country. We have to rebuild our country because it's a mess.

JOHN PAULSON: Last question. If you were to advise the Fed, what would you advise them to do regarding interest rate policy?

DONALD J. TRUMP: Well, as a real estate person I always like low interest rates of course. But I think what's going to happen is you're going to have them until January 1 because Obama wants to go, he wants to play golf, and he wants to leave. He doesn't want to have any stock market disruptions. And I think they're, and I said, I think the Fed is being totally controlled politically. They're not raising rates and they're being controlled politically. I think they're going to be low until, you know, I don't even know if they're going to have a raise, but they're going to be low until the end of the year. I don't think Obama, he wants to go out, I mean it shouldn't be working this way. We shouldn't even be discussing it. Martin may or may not disagree with me. I just think that it's, I think it's a terrible thing that's happening because we're doing it for political, I believe the Fed is very political. It's become very political like many other groups in this country, beyond anything I would have ever thought possible. And so I think you're going to have lower interest rates until the end of the year, maybe no increase at all. And the market will

stay artificially high and then we're going to have to see what happens after that, but I think it's, they're not doing the right job. Now with all of that being said, you know, all my life I liked low interest rates, can you imagine, because I'm doing this, I can't even take advantage of it, but that's okay. But I will say it's very, it's become, in my opinion, the Fed has become extremely political. I don't think they would do, I really believe if it was a political decision or the right decision, they're going to go with the political decision every single time. (Applause)

JOHN PAULSON: Well, that concludes our Fireside Chat. Once again, on behalf of myself and everyone here, thank you very much for joining us today.

DONALD J. TRUMP: Thank you very much everybody. Thank you. (Applause)

PRESIDENT BARBARA VAN ALLEN: We would ask everyone to stay in place so that Mr. Trump and Governor Pence and their security detail can leave. The next meeting of The Economic Club will be a breakfast on Monday where we'll be hosting Quebec Premier Philippe Couillard and Fred Krupp, the President of the Environmental Defense Fund. That same day, Monday, September 19, we're hosting a luncheon featuring Paul Ryan, Speaker of the House, where he will share his economic and tax reform plans. On Tuesday, the 20th, we're hosting Premier Li of China. And there are still a few seats remaining for both of those events and we hope you might be able to join us. Thank you for joining us today ladies and gentlemen. Thank you.