

Trade, Candy and Distance: A
Unifying Theory on the Border
Adjustment Tax
+ Guest Workers (H1B Visas)

The Border Adjustment Tax

20% Tax Applied to value of goods and services sold domestically

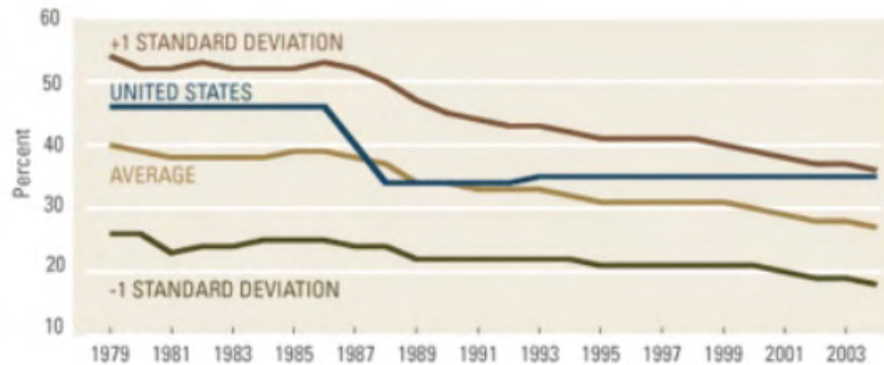
- Acme Kirkland making widgets in Kirkland sold in Kirkland, they'll be taxed at 20%
- Acme Kirkland exports them to Botswana, they won't be taxed
- Road Runner Kirkland makes widgets out of components it buys from Alberta, Canada. If it sells those widgets in U.S., taxed at 20%.
- Road Runner Kirkland exports to Botswana, it pays 20% tax on materials imported from Alberta

BUT, it's much more complicated than that!!!

- Currency rate adjustments
- Deductions eliminated

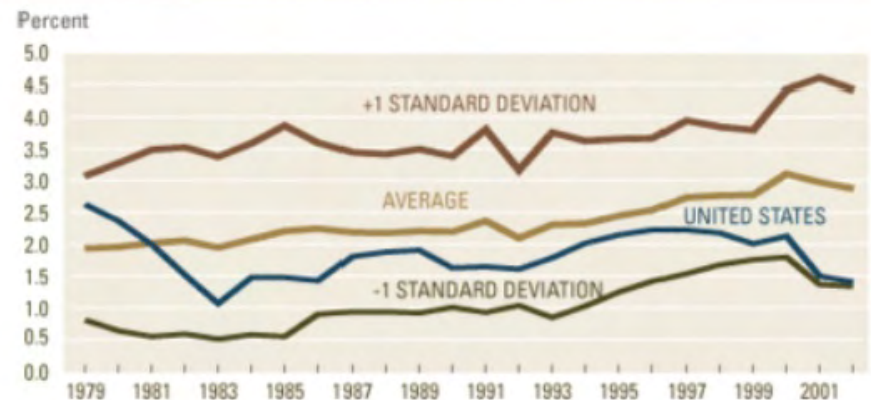
Talk about Trade, Jobs & Value

Figure 2. Maximum Statutory Corporate Tax Rates, OECD Countries, 1979-2004
(profits as a percentage of the worldwide total)



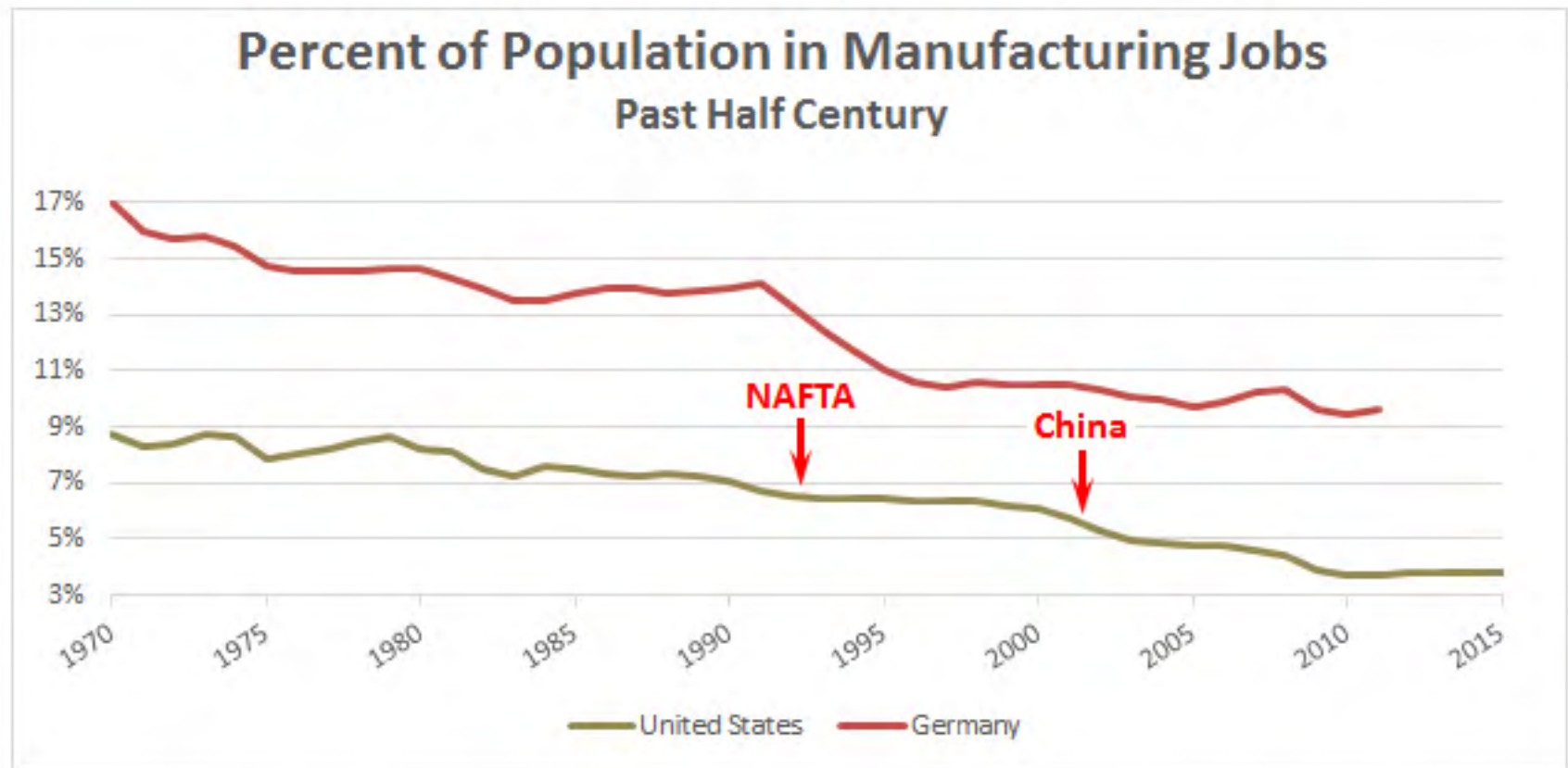
Source: Annual publications of Pricewaterhouse Coopers Corporate Taxes: Worldwide Summaries.

Figure 3. Central Government Corporate Tax Revenues Relative to GDP, OECD Countries, 1979-2002
(profits as a percentage of the worldwide total)



Source: Corporate tax revenue data are from the OECD revenue statistics. GDP data are from the World Bank's World Development Indicators database.

Long Term Mfctr Job Loss



How Trade Works: Through Candy



Need a Tradermetrics Revolution



The Sabermetric
Revolution

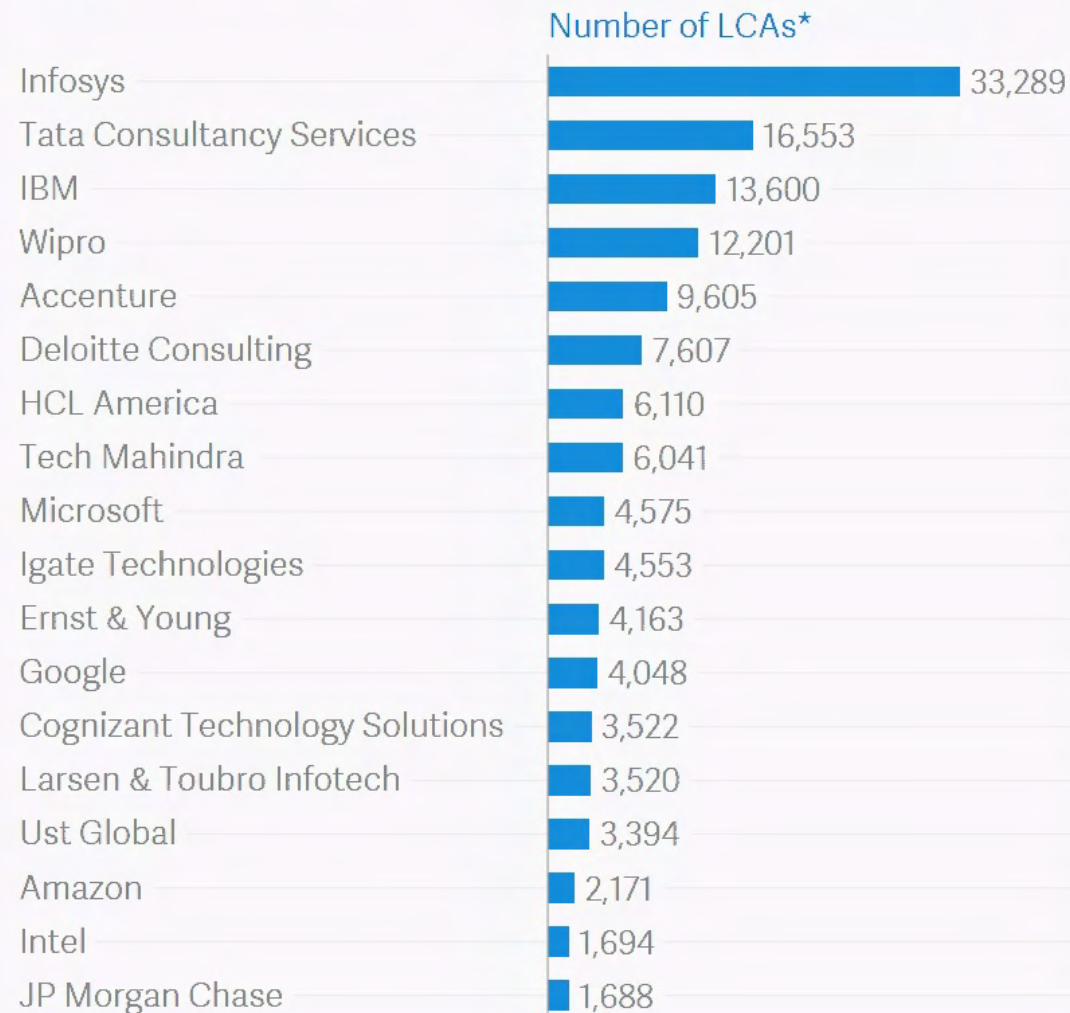
The Gravity Equation: Distance of Trade

Table 1 - Average Level and Change in the Distance of Exports \overline{DOT}_i^X and Imports \overline{DOT}_i^M 1962-2000

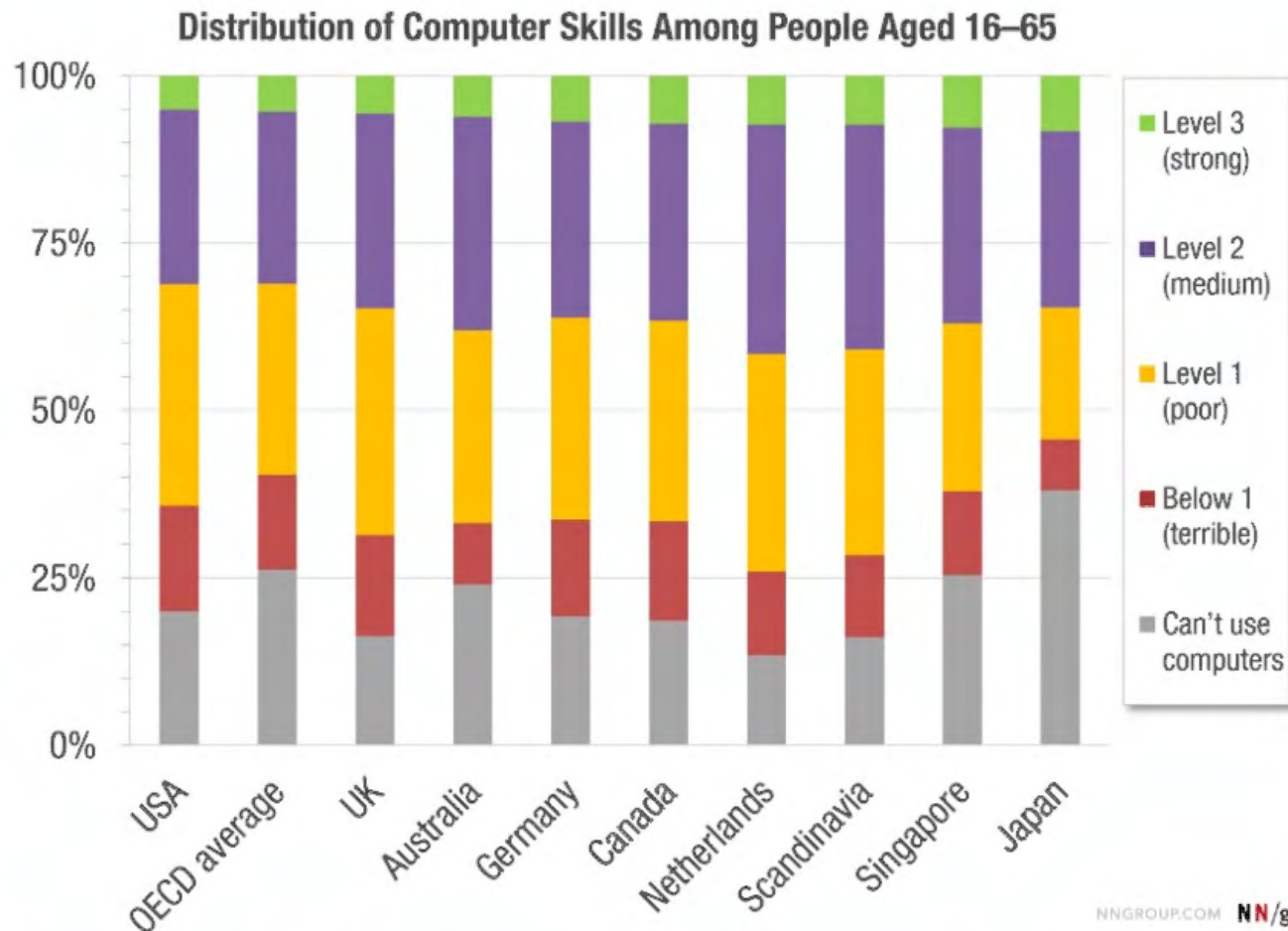
Country/Region	Average Level in the Distance of		Change in the Distance of		
	Exports $\overline{DOT}_i^{X(a)}$ (in kms)	Imports $\overline{DOT}_i^{M(a)}$ (in kms)	Exports $\Delta\overline{DOT}_i^{X(a)}$ (in %)	Imports $\Delta\overline{DOT}_i^{M(a)}$ (in %)	Categories ^{b)}
1. World	4789.6	4937.6	- 2.5	2.9	No Change
Average country ^{c)}	5466.6	5653.2	- 5.3	- 12.0	Negative Change
World w/o USA	4464.8	4521.4	- 2.4	- 7.0	Negative Change
World w/o EU-15	6445.0	6637.3	- 5.2	0.2	Negative Change
OECD countries	4300.0	4472.7	- 7.0	8.7	Opposite Changes
non-OECD countries	6825.0	6253.5	- 7.4	- 14.0	Negative Change
2. EU-15 members	2699.8	2962.5	- 12.3	- 13.1	Negative Change
France	2548.6	2726.7	8.1	- 5.9	Opposite Changes
Italy	2957.0	3082.3	1.7	- 31.0	Negative Change
Spain	3147.0	3666.2	- 32.2	- 21.1	Negative Change
United Kingdom	3987.9	3976.6	- 41.9	- 36.7	Negative Change
3. Americas	6008.5	6311.8	- 5.5	26.7	Positive Change
Americas w/o USA	4948.0	4906.6	- 27.4	- 0.3	Negative Change
Americas w/o CAN and USA	7188.7	6631.5	- 23.2	- 10.1	Negative Change
South America	8582.1	7778.3	- 5.1	2.0	No Change
NAFTA	5664.6	6108.5	- 3.5	38.4	Positive Change
Canada	2809.6	2796.8	- 41.8	35.9	Opposite Changes
Mexico	4410.4	5102.4	- 33.3	- 8.0	Negative Change
USA	6697.1	7158.5	7.8	30.0	Positive Change

H1B Visas

Top sponsors for H-1B visas in the US in 2016



Worldwide Talent



(Scandinavia is the average of Denmark, Finland, Norway, and Sweden. The UK is the population-weighted average of England and Northern Ireland, since Scotland and Wales didn't participate in the research.)

Thank you

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