

Trump and the Coming Economic Collapse

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Donald J. Trump surely has his work cut out for him in winning the presidency of the United States in the year 2016. These are not the times of normalcy. These are times of acute crisis - political, economic, cultural, legal and moral crisis. Long-standing problems that would dwarf the most Bunyanesque of humans confront Donald Trump and the populist mavericks that have gathered around his contrarian leadership.

You can measure the mark of a President's mind by numerous attributes, but perhaps the most important is his "sense of history." How far back does that sense reach? How clear is his judgment of the perils and the potentials that await us as a people going forward because of the policies that have shaped the preceding decades? That is what we are going to find out about Trump over the next four to eight years. How profound is his "sense of history?"

Circumventing the Laws of Nature

The factors that form our history are primarily connected to the laws of nature and whether we as humans obey these laws, or try to circumvent them. Unfortunately the results of our ignoring these laws don't always show up immediately or clearly. Often there is a gap of several decades between the breaking of nature's laws and the punishment that is dispensed for doing so. This is where a "sense of history" comes in. For example, does a man see today's economic crisis as stemming from Barack Obama and his treasonous Marxism, or does he see it as originating in the excesses of George W. Bush and Bill Clinton? Or all three?

What is our "sense of history?" A very important question because today's problems did not originate with the presidents we have elected over the past 25 years. Such a shallow interpretation is embarrassing to anyone with a big picture view of life, yet many pundits attempt to draw such a conclusion. On the contrary, our problems are far deeper than a couple of decades and the politics that comprised those decades. The problems we suffer from (a looming economic depression, cultural decadence, moral nihilism, and the screws of ever-tightening tyranny) have their origin, not in the mindless regimes of Obama, Bush and Clinton, but in the past century of philosophical, political and monetary corruption beginning with the revolution of 1913, which gave us a federal income tax to redistribute our wealth and a Federal Reserve to inflate our gold and silver money with fiat paper currency.

Our problems stem from the collectivist mindset ushered into America in the early 20th century - stemming from the ideologies of Karl Marx, Antonio Gramsci, and John Maynard Keynes for starters. These anti-freedom minds either hated capitalism (Marx and Gramsci), or they had lost all faith in its efficacy and moral legitimacy (Keynes).

Thus to know how a leader will govern, we need to know what his "sense of history" is. We need to know if he grasps the long-range connection of ideas to policy, and the length of decades that go into the unfolding of both good and bad policies. For example, does Trump understand the Keynesian roots of our economic crisis? Does he realize the Marxian roots of our cultural decadence? If he does, then he will react in response to their dangers far differently than a Democrat or a RINO.

How Will Trump Govern in the Coming Collapse?

Trump's political / economic approach is contrarian to the max, which is why we who are his supporters back him so vigorously. We realize that the Washington swamp has to be drained, which won't take place unless we face up to the problems of illegal immigration, bad trade deals, onerous taxation, stultifying regulations, imperialistic foreign policies, regimental health care plans, etc.

But in addition to courageous stands on the above important issues, Trump is going to have to face up to a king-size economic recession bearing down upon us (perhaps a full-scale depression). How he handles this will define his presidency and quite possibly either save freedom or destroy it for us as a people.

Trump says he intends to rebuild our military capacity and also rebuild our nation's infrastructure, which will be big government projects requiring boatloads of money. Where will it come from? Taxes need to be lowered and thus common wisdom tells us that we should pull in our horns and shelve the infrastructure rebuilding for the future and concentrate strictly on a prudent restoration of the military.

Why? Because such grandiosity will bring about huge deficits. Trump will be facing \$1.0 to \$1.5 trillion annual deficits within a year of his inaugural. Interest rates will be screaming. Federal debt servicing will go through the roof, which will further exacerbate the deficits. Trump's economic advisors claim that restoring growth to 4% from our present anemic 2% will solve these problems. But history tells us differently. Reagan ran up massive deficits with this "Laffer Curve" argument, but tax revenues never came close to balancing the books. This, of course, is one of the reasons why we are now \$20 trillion in debt. Every president since Reagan has succumbed to the same illusion - that deficit spending can be paid for with economic growth. This is not true. We cannot borrow our way to prosperity.

Thus red ink will be the legacy of Trump's first four years along with a severe recession and quite possibly a depression. We can only hope that he and Congress will be able to bring about his immigration reforms and trade policy reforms, along with the repeal of Obamacare. If he accomplishes this, his first term will be, in the perspective of history, deemed a success.

Trump's Understanding of the Economic Crisis

This is where the fundamental measure of a man's mind - his "sense of history" - comes into play. Trump has a decided advantage over all conventional populists of our past (such as William Jennings Bryan, Robert LaFollette, Huey Long, Upton Sinclair, etc.) because they were collectivists and had no grasp of capitalism's principles and requisites for success. Trump does have a grasp of these requisites.

If Trump truly understands economic history, then he knows that the major flaw in Franklin Roosevelt's handling of the 1930s Depression was his strangulation of free-enterprise with ABC bureaucracies, punitive taxes and regulations, along with rigid price and wage controls. Roosevelt created so much uncertainty among the business world that no one dared to invest. They didn't know what form of idiocy would be sprung upon the economy from one month to the next, or how much of their profits they would be able to retain. If Trump understands this, then he will know that when the coming meltdown of the economy takes place, what Washington will need to do is to get out of the way and let the "entrepreneurial function" operate, let businessmen take risks devoid of regulations and subsidies, and *let them keep their profits*. We don't need a gaggle of wealth redistributors descending upon Washington in the vein of Huey Long and Upton Sinclair.

What will be needed is to take a page out of the Depression of 1920-1921. Warren Harding had just succeeded Woodrow Wilson, and Congress was not yet lathered up with FDR socialists. Thus they left the marketplace alone. They didn't intervene with massive regulations, taxes and subsidies that sucked vital capital out of investment channels. They didn't try and prop up prices and wages; they left them alone to seek their rightful market levels, which allowed them to clear at lower, more realistic numbers, which allowed everyone to go back to work within 18 months and earn viable livings. In other words, government let the forces of correction take their natural course.

In contrast ten years later, FDR forced all kinds of ABC bureaucracies, punitive taxes and regulations upon the economy, along with wage and price levels for which there was no demand. The result was a Depression that lasted for 12 long years, from 1929 to 1941 and our entry into World War II. [See, John T. Flynn, [The Roosevelt Myth](#), 1956, and Murray N. Rothbard, [America's Great Depression](#), 1983.]

The moral of the story is to let the natural forces of the marketplace restore themselves. They have this corrective power if only our compulsive interventionists will just stay out of the market and leave people and businesses alone, i.e., *laissez-faire*.

Granted today's meltdown is going to be huge. We have been pumping money into the economy at a horridly irresponsible pace for over 45 years. The consequences will be catastrophic. But the solution is not to preserve Keynesianism and begin pumping fiat paper money into the economy again; the solution is to restore a legitimate monetary system of gold and silver and come out of this New Depression with it in place rather than corruptible fiat money. Restore sound money, end confiscatory taxes and obtuse regulations, and unemployment would evanesce in a tolerable

amount of time like in 1920-1921. Our citizens would have all the jobs they could handle. We would begin churning along at 3% to 4% GDP levels again.

If Trump has the necessary "sense of history," then he will direct such a denouement. He will influence Congress to stand aside. He will go over the heads of the media and inform the American people what he is doing and why it is best for the country. This will require a coterie of very sharp economic advisors around him. It will require lots of luck and a populace that will be willing to make the sacrifice. The fate of America will be in Trump's hands. If he gets it right the future of freedom will be assured for the upcoming centuries. If he gets it wrong, the future of America will be a descent into globalism as collectivists march upon Washington to further the centralization of our country, and initiate "regional" government first as a way station to "globalist" government later in the century.

Does Trump possess the necessary "sense of history" to confront this looming disaster in the proper manner? That is the question. The next four to eight years are going to be tumultuous. Stay tuned.

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