

DAVID STOCKMAN

David Stockman was a two-term Congressman from Michigan. He was also the Director of the Office of Management and Budget under President Ronald Reagan. After leaving the White House, Stockman had a 20-year career on Wall Street. He's the author of three books and is also the founder of *David Stockman's Contra Corner* and *David Stockman's Bubble Finance Trader*.

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Reagan Confidant Launches Urgent Analysis

Exclusive Book Excerpt from David Stockman

Dear *Daily Reckoning* Reader,

As a *Daily Reckoning* reader, I want to give you a sneak preview of my latest book called ***Trumped! A Nation on the Brink of Ruin... and How to Bring it Back***. It delves into the good and bad of Trump's platform and outlines a way forward towards free markets, fiscal rectitude, sound money, constitutional liberty, non-intervention abroad, minimalist government at home and decentralized political rule.

We have already gone ahead and reserved a full, free autographed copy for you. [Click right here to learn how to claim it now.](#)

This election was a political referendum on decades

of status quo policies, failed wars, soaring debt and a failing economy.

The U.S economy is in bad trouble.

It is not a fantasy land recovery and success story that President Obama talks about, that the Federal Reserve wants you to believe and that Wall Street urges you to embrace. That is flat out wrong.

In this section of, ***Trumped! A Nation on the Brink of Ruin... And How to Bring It Back*** you will learn how Trump is the person shaking up the establishment, why the next financial crisis is coming soon and what deals are available for a way forward to get us out of this current ruinous condition.

Trumped! — Exclusive *Daily Reckoning* Book Excerpt

THE ECONOMIC ROT WAS GENERATED IN WASHINGTON, NOT BY OPEN BORDERS AND TRADE

Unfortunately, this policy-generated rot at the foundations of the U.S. economy has bred a profusion of public fears and scapegoats. Illegal immigrants, bad trade deals and the unfair mercantilist practices of China and many other foreign governments have taken the blame — especially in Donald Trump's campaign patter.

But these scapegoats are either irrelevant or just symptoms. The real problem is not free trade or free movement of people.

To the contrary, America's faltering economy was caused by the policy machinations of Washington, D.C., not at the illegal crossing routes on the Arizona border or the containership berths at Long Beach. For more than three decades, the nation's central bank has flooded the U.S. and world economies with too much free money (dollar liabilities) and Washington politicians have accommodated the Beltway racketeers and the country's huge entitlement constituencies with too much free booty.

So the real disease is bad money and towering debts. The actual culprits are the Wall Street and Washington policy elites who have embraced

statist solutions, which aggrandize their own power and wealth.

That much, at least, Donald Trump has right. Throwing out the careerists, pettifoggers, hypocrites, ideologues, racketeers, power seekers and snobs who have brought about the current ruin is at least a start in the right direction.

Trump is directionally correct on another great matter as well. The American Imperium abroad has been a scale, foreign policy and moral catastrophe.

When the Cold War ended 25 years ago, NATO should have been disbanded and Washington's vast war machine should have been drastically shrunk — even as the rest of the so-called free world was invited to share in the pursuit of peace and in shouldering the burdens of its own security.

But what we got, instead, were the Clinton/Bush/Obama wars of intervention and occupation. They have resulted in failed states, sectarian carnage and terrorist blowback, not a more secure America.

Worse still, political demagogues, including Trump, have fanned public fears that the barbarism Washington unleashed in Syria, Iraq, Libya, Yemen and elsewhere now threatens every city and town in America. That is a gross exaggeration, to say the least, as we demonstrate later in this book.

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Yet there is absolutely no doubt that the arrogant and insular group- think of the Imperial City is the cause of the murderous chaos that rages across the greater Middle East and beyond. Americans are fearful because Washington's reckless and destructive foreign interventions have not made them more secure; it has put them in harm's way.

So far, Donald Trump's solutions have been largely rhetorical, inchoate and often far too bellicose. But he has pinned the tail where it belongs. That is, on the imperial notion that America is the indispensable savior-nation and policeman of the world when Washington should be focused on America's homeland security first.

What made America great once upon a time, of course, were free markets, fiscal rectitude, sound money, constitutional liberty, non-intervention abroad, minimalist government at home and decentralized political rule.

Whether Donald Trump gets that part of the equation remains to be seen, and already there is much to suggest that he won't.

Then again, the GOP establishment has betrayed these principles entirely; the Democrats are clueless; and the mainstream media and punditry is overtly hostile.

So if the ideals of world peace, capitalist prosperity and constitutional liberty are to survive at all, it's up to The Donald.

Admittedly, that seems like cold comfort. There is much that is dark, disturbing and authoritarian about the Trump personality and candidacy.

But a nation that has been Trumped is a people coming back to life. Americans don't want to take it anymore. Instead, they want their existing rulers to take a permanent hike. That's a damn good start, and it is the outlaw Donald J. Trump that has finally lit the flame of rebellion.

THE NEXT FINANCIAL CRISIS IS COMING SOON

Unfortunately, it is too late to reverse the tidal wave of system failure that has been brewing for three decades now. It will soon end in a speculator implosion.

Whether that crisis commences before Trump's first 100 days or soon thereafter is largely immaterial. If the Trump administration has the good sense to focus on the gathering economic storm clouds, it's the one thing that could catalyze an out-with-the-bums uprising for Flyover America.

So let us reiterate our thesis even more vehemently.

The idea that the American economy has recovered and is returning to an era of healthy prosperity is risible establishment propaganda. It's the present day equivalent of the Big Lie. It's the reason why Hillary Clinton's campaign failed when it decided to validate and extend the current malefic Wall Street/ Washington regime that is so reprehensible.

In fact, the natural post-recession rebound of the nation's capitalist economy has already exhausted itself after 84 months of tepid advance. Now, the massive headwinds of towering public and private debts, faltering corporate investment and productivity, Washington-based regulatory and tax-barriers and the end of an unsustainable central bank fueled global credit, trade and investment boom are ushering in a prolonged era of global deflation and domestic recession.

Indeed, the only thing that has really recovered from the epochal breakdowns of 2008–9 is the stock market averages, which are now at levels 3X the March 2009 bottom. But as we will detail in chapter 3, the market's current lofty valuation is an utterly artificial fiction of Bubble Finance.

In fact, the market would be heading for a hefty correction in any circumstance after being fueled for seven years with free money and massive liquidity injections by the central bank. But at a nosebleed 25X reported GAAP earnings, and after an 18% decline from their September 2014 peak already, the broad stock market is more over-valued than any time in history, including the peaks before 2008, 2000 and 1929.

So in the face of the fast oncoming domestic recession and deepening global deflation, Wall Street is set-up for the mother of all crashes. And what makes it so wicked is that the casino gamblers have been rescued by the Fed so many times since 1987 that they have no clue that the nation's monetary central planners are out of dry powder.

The reasons are explained in chapter 4 of *Trumped!* ([click here to find out how to claim your FREE signed copy on reserve now](#)), but suffice it here to say that when the stampede for the exits gets underway this time, and there are no monetary firemen at the ready, sheer bedlam will quickly ensue on Wall Street.

Likewise, there will be no possibility of a fiscal rescue, either. That's because during 84 months of the weakest recovery in history Washington has whiffed entirely on the fiscal front. Not a single thing has been done about the structural deficit and the fast approaching insolvency of the nation's massive social insurance system.

Indeed, when the \$150 billion per year disability trust fund ran out of cash, the cowardly men and women of Capitol Hill merely authorized a raid on

the soon to be insolvent OASI trust fund for retirees and their dependents.

Accordingly, as the eventuality of the next recession becomes impossible to deny, the updated budget projections will show a swift return to trillion dollar annual deficits even without any new “stimulus” programs. The Washington fiscal fireman will be hog-tied, and the insouciant breast-beating by Barack Obama about how he has tamed the Federal deficit will be reviled by his successors for decades to come.

It can be said with not inconsiderable certainty, in fact, that under current bipartisan policy and realistic economic forecasts at least \$15 trillion will be added to the nation’s current \$20 trillion of public debt during the next 10 years.

That is, under economic projections for the world economy as it is, not as the latter day Keynesian devotees of Rosy Scenario who inhabit the Washington budget office’s fantasize it to be, the federal debt ratio will approach 150% of GDP during the next decade. That means, in turn, that when interest rates eventually normalize — as they must if the monetary system of the world is to survive — debt service will soar to \$1.5 trillion per year.

That happens to represent more than 6% of a prospective nominal GDP that has only grown at 3% annually for most of this century. Another description for that unsustainable equation would be a fiscal Doomsday Machine.

So there is a perfect storm of calamity brewing, and the rumbling sounds of its arrival are being heard by the plain people of America, even if the bicoastal elites remain clueless in their temporary world of Bubble Finance prosperity. Even as they harrumph and remonstrate against Trump’s bombastic and politically incorrect style, they are missing entirely the profound economic grievances, which have brought Flyover America to the political barricades.

To be sure, The Donald could readily turn into every bit of the scorched earth marauder that the ruling elites are now shrieking about. If he manages to avoid being Goldwatered after he takes up residence in the White House, we may end up with more of the police state demagogue who harangued the nation during the Republican convention and less of the capitalist insurrectionist who has given hope to tens of millions of voters left behind in Flyover America.

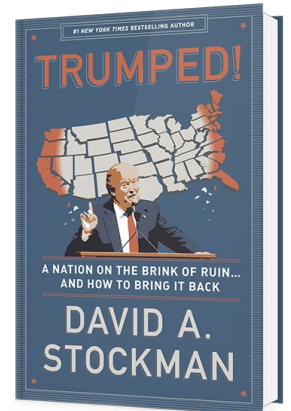
At this late hour, however, it is not even a case of paying your money and taking your chances.

TEN GREAT DEALS FOR THE DONALD

But there is a sliver of hope. Now that Trump has

been elected, eschews a law-and-order crusade and does not capitulate to the destructive policies of the Wall Street and Washington bicoastal establishment, there is a way forward. The political outlaw who considers himself to be the world’s greatest dealmaker would need to do just that.

By The Time Obama Hands Over The Keys, It May Be Too Late. Read This Book To Find Out What Can Be Done.



“I’m So Concerned About What Could Happen to Trump’s Administration I’m Sending my New Book FREE to Any American Who Responds Below...”

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Now, President Trump determined to rid the nation of its mutant regime of Bubble Finance at home and failed interventionism abroad must make ten great deals.

A **Peace Deal** with Putin for dismantlement of NATO, cooperation in the middle east, strangulation of ISIS by the Shiite Crescent and a comprehensive world-wide agreement to end the arms trade and pave the way for general disarmament.

A **Jobs Deal** based on slashing taxes on business and workers and replacing them with taxes on consumption and imports.

A **Sound-Money Deal** to repeal Humphrey-Hawkins, end the Fed’s war on savers and cash, abolish the FOMC and limit the Fed’s remit to passively providing liquidity at a penalty spread over market interest rates based on sound commercial collateral.

A **Glass-Steagall Deal** to break up the giant financial conglomerates, limit the Fed’s liquidity window to “narrow banks” that only take deposits and make loans and deny deposit insurance to any banking institution involved in Wall Street trading, derivatives and other forms of financial gambling.

A **Federalist Deal** to turn back most of Washington’s domestic grant and welfare programs to the states and localities in return for a mega-block grant with a 30-year phase-out.

A **Regulatory Deal** based on an absolute four-year freeze on every single pending regulation, and then subjecting every existing statute to strict cost-benefit rules thereafter.

A **Liberty Deal** to get Washington out of the War on

Drugs, criminal law enforcement and regulation of private conduct and morality.

A **Health Care Deal** based on the repeal of Obamacare and tax preferences for employer insurance plans and their replacement with wide-open provider competition, consumer choice and individual health tax credits.

A **Fiscal Deal** to slash post-disarmament defense spending, devolve education and other domestic programs to local government and claw back

unearned Social Security / Medicare entitlements benefits from the affluent elderly.

And a **Governance Deal** to amend the Constitution to rescind Citizens United, impose term limits and establish public finance of all federal elections.

What follows are the facts and analytics that demonstrate why America is fast heading toward ruin under the existing policy regime, and why these ten deals could establish the charter for a new way forward.

Regardless of what happens in Trump's first 100 days in office, one thing is certain! There will be no functioning government come 2017. Washington will be the site of a political brawl of deafening and paralyzing aspect — like none in modern U.S. history, or ever.

At the same time, the existing budget deficit is already reversing. It will end the current year at more than \$600 billion.

That's baked into the cake already, based on the recent sharp slowdown in revenue collections. It means that the fiscal 2016 deficit will be one-third higher than last year's \$450 billion.

Moreover, when the new Congress convenes next February, the forward budget projections will make a scary truth suddenly undeniable. That is, the nation is swiftly heading back toward trillion-dollar annual deficits under existing policy, and even before the impact of a serious recessionary decline.

The reality of rapidly swelling deficits even before enactment of a massive helicopter money fiscal stimulus program will scare the wits out of conservative politicians, and much of the electorate, too. What fools like Bernanke haven't reckoned with is that the very idea of helicopter money strikes most sensible people as preposterous, offensive and scary.

Even if Wall Street talks it up, there will be massive, heated, extended and paralyzing debate in Congress and the White House about it for months on end. There is virtually no chance that anything that even remotely resembles the Bernanke version of helicopter money could be enacted into law and become effective before CY 2018.

Will the boys and girls still in the casino after the inauguration gong show patiently wait for their

next fix from a Beltway governance process that is in sheer pandemonium and indefinitely paralyzed?

We think not.

I'd like to rush a **FREE** copy of my brand-new book, called ***TRUMPED! A Nation at the Brink of Ruin... and How to Bring It Back***, to your doorstep. (All I ask is that you pay \$4.95 to help us cover the cost of shipping and handling.) **Click here now to claim your reserved copy.**

According to U.S. News & World Report, 61% of polled Americans think this presidential election is the #1 thing that will define the economy in the near future.

I want to arm you with the truth with information, analysis and pivotal insights to make better decisions and understand what is unfolding in our economic and financial climate.

Regards,



David Stockman
for *The Daily Reckoning*

P.S. One more time: It's because of my unique background in the Reagan Administration and Wall Street that I can confidently say I'm one of the few people that can offer this analysis of government... and the markets... Every American deserves to have this insight into our financial and political system before it's too late.

If you want that understanding — along with unique tools, beyond just mainstream media noise — **please click here to fill out your address and contact info.** If you accept the terms, my book will arrive at your doorstep for FREE.

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