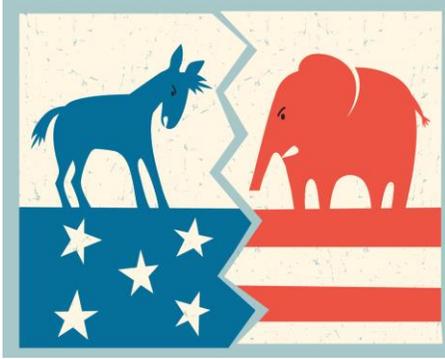


The Discord of Regime Change and the Solidarity of Spending

Democrats are still reeling from what was seen as a foregone conclusion of a Hilary Clinton win last November. Clinton would have continued Obama's policies of economic redistribution, fiscal dovishness, regulatory interference, and an entitlement 'free-for-all' led by a doubling-down of the imploding and folding networks of the Obamacare system.



Nancy Pelosi, Chuck Schumer and company have become the new party of gridlock and stalemate. Is it pay back for GOP obstruction under Obama? Is it 'getting even' for the Merrick Garland no-vote? Is it bad sportsmanship? Is it denial? It's actually all of those things. It is what occurs when the American political pendulum swings from one extreme to another. Barack Obama is arguably one of the most ideologically far left Presidents in history while Donald Trump is perhaps the most populist since Andrew Jackson. This type of political realignment comes with predictable upshots of shock, awe and a fuming desire to 'even the score.'

A hyper-partisan atmosphere is nothing new for Washington, but the bombshell of Clinton's unexpected loss and the hysteria surrounding Trump's unlikely win -- have made things downright edgy. We can undoubtedly expect four years of legislative bottlenecks which won't help to advance the economy or bring prosperity to the beleaguered American middle class that voted for change. We can expect party-line resistance to eradicating the anti-growth and anti-investment mandates that continue to suppress GDP and shrink labor participation. And yes, we can expect four years of bickering, squabbling and backbiting.

While political quarrels are the norm on the Beltway, the real danger lies in where Trump and Democrats may agree. Liberal lawmakers and the new administration will see eye-to-eye on one thing: spending. Unlike traditional Republicans, Trump did not run on cutting and/or balancing the federal budget. In his acceptance speech last November, he vowed to "fix our inner cities and rebuild our highways, bridges, tunnels, airports, schools, hospitals." To that end, he is proposing to spend \$1 trillion on infrastructure. This is in addition to an increase of up to \$54 billion on defense spending and a host of tax credits to repeal and replace Obamacare while somehow maintaining the current pool of insureds and covering pre-existing conditions. There is growing concern among deficit hawks, as to how on earth he will pay for it. U.S. debt is now racing toward \$20 trillion and, it's going to take more than a little pencil-sharpening on Airforce One and a couple of fighter jets to close the gap. Oh, and then there is that border wall which will add another \$20 billion to our already strained coffers.

The administration maintains that it will cover these new costs by growing the economy. Clearly a positive change in GDP would contribute billions in new tax revenues, but policies must be put into place to make that happen and democrats have been less than cooperative. No president in history has ever waited this long to get his cabinet approved and those that have been sworn in are under constant fire. The White House has been beset by Russia conspiracy theories, intelligence leaks, and media wars -- all hastily seized upon by the left --- and all of which distract from doing the people's business.

We cannot forget that Trump's election was 'Red Letter Day' for a here-to-fore complacent, and dare I say 'entitled' Democratic Party eager to "resist" something again --- and it does not bode well for getting initiatives passed that will move the country forward. If Trump gets his infrastructure money but gets railroaded on his efforts to boost job growth, stimulate productivity and improve middle class wages --- look for debt to surge, inflation to rise, and the debt bomb to spark, ignite and explode.