

Will 'Trumponomics' Bankrupt America?

By [F. William Engdahl](#)

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*The campaign promises were grandiose just like the candidate. **Donald Trump** wooed millions of American voters with his pledge to “make America great again.” He promised a \$1 trillion infrastructure plan to revitalize the de facto depressed national economy. He promised to bring jobs back from China, Mexico and elsewhere by renegotiating major trade deals or scotching them entirely as with the Trans-Pacific Partnership of the Obama era, a scheme which Trump rightly said would take even more American jobs. After 100 days in office what are the prospects that his economic program will bring positive changes to Americans?*

Dismal to put it mildly. Of course that should come as no shock to anyone taking a closer look at who is Trump, or more correctly his transition team brought in to run White House economic policy.

That Dubious Wall Street Economics Team

The top economic and financial position in the Trump Cabinet is held by of **Steve Mnuchin**, Secretary of the Treasury, a veteran Wall Street banker for 17 years at Goldman Sachs. As an undergraduate at Yale University, for those interested in occult matters, Mnuchin was inducted into the bizarre Skull & Bones secret society in 1985, the same secret society where **George H.W. Bush** and **George W. Bush** were [initiates](#).

After leaving Goldman Sachs, Mnuchin was several times a business partner with notorious convicted hedge fund insider trader, **George Soros**, the putative ‘Daddy’ Warbucks today of CIA and USAID regime change NGOs around the world.



George Soros and Steve Mnuchin, Source: AntiMedia

Both Mnuchin and Soros, with other investors, made a literal killing on the ravages of the US sub-prime real estate collapse. They bought bankrupt California mortgage lender IndyMac from the US Federal Deposit Insurance Corporation during the 2008 sub-prime mortgage crisis at a bargain price. Mnuchin was severely criticized as owner and CEO of IndyMac for making money by foreclosing aggressively on homes at a rate double the norms of the banking industry. He was sued over questionable foreclosures, and settled several cases for millions of dollars. He violated the Fair Housing Act by not lending money to African Americans, Hispanics, and Asians. If we are to believe him, he told the financial TV CNBC last November it would be the Trump administration’s job to

“make sure that the average American has wage increases and good [jobs](#).”

A second key member of Donald Trump's economic team is **Wilbur Ross**, Secretary of Commerce. Ross, a billionaire, was for 24 years head of N.M. Rothschild & Sons New York office for bankruptcy-restructuring, a euphemism for what is called "asset-stripping," where he earned the title, "King of Bankruptcy."

Ross' ties to Trump go back to the 1980's when Ross helped Trump avoid foreclosure on The Donald's three Atlantic City gambling casinos. Ross' International Coal Group owned a West Virginia coal mine where an explosion in 2006 killed 12 miners. It was later revealed by his former associates that Ross knew well that the mine was sub-standard in safety but did nothing to correct it. In 2014 Ross was named head or "Grand Swipe" of a secret Wall Street fraternity, Kappa Beta Phi, founded in 1929 just before the stock market crash, whose stated purpose is to "keep alive the spirit of the 'good old days of 1928-29.'" Michael Bloomberg, former Goldman Sachs CEO Jon Corzine, Laurence Fink CEO of the \$4.5 trillion financial firm BlackRock, are some of the very select members of Ross' Wall Street [fraternity](#).

The Trump Director of the White House Office of Management and Budget (OMB), responsible for drafting the President's annual Budget, is former US Congressman **Mike Mulvaney**. In his first Trump Budget proposal Mulvaney cut funds for a program "Meals on Wheels" which brings food to disabled, claiming the program showed no "results." The program delivers meals to individual homes and senior citizen centers, feeding more than 2.4 million Americans 60 and older, more than half a million of them veterans according to their website. The government says that most recipients live alone, take more than six medications, and rely on these meals for at least half the food they [consume](#).

Gary Cohn is the White House Director of the National Economic Council. He came to the job directly from Goldman Sachs where he was President and Chief Operating Officer. Cohn led a Goldman Sachs delegation to Greece in 2009 to try to convince the Greek government to use derivatives to push debt due dates into the distant future. Goldman Sachs in fact, while Cohn held a top position in 2001, devised the exotic derivatives scheme to hide billions in state debt from Brussels that enabled Greece to illegally qualify to join the [Eurozone](#).

This is the gang that we are supposed to believe will "make America great again," and to "make sure that the average American has wage increases and good jobs." In fact, based on what they have released to date, they will destroy much of what little remains of a functioning national economy and a stable middle-class.

Trump Economic Plan: Bankers' Socialism

With this economic team it should surprise not that the outlines of the Trump proposals for tax cuts and investments for "making America great again" will, much like those of Ronald Reagan in the 1980's, benefit the 1%, those like Trump and his billionaire Cabinet. He proposes to radically cut individual and business taxes.

Sounds nice, until we see the details.



On April 26 the Trump Administration presented an outline of his tax overhaul plan. The Trump team proposes drastic cuts in estate taxes, in capital gains taxes on private investments such as stocks or bonds, and repeal of the Affordable Care Act, the controversial Obamacare health insurance that presently taxes at 3.8% the investment income of the highest income earners to subsidize health insurance for the lowest earners. Trump's team expects to win \$1 trillion over the next decade in savings for the rich from that Obamacare surgery. According to law professor and former chief of staff of the US Congress' Joint Committee on Taxation, **Edward Kleinbard**,

"The only Americans who are very clear winners under the new system are the wealthiest."

The added repeal of the current Estate Tax on inheritance would affect the fortunes of only 5,300 families.

In total the US Government would lose an estimated "\$5 trillion in present tax revenue over 10 years" with its regressive tax cuts according to analysis of the Center for Budget and Policy Priorities.

At the same time, with Government shutdown looming over failure of Congress to approve a higher US Federal debt ceiling, and a legal mandate to contain future Budget deficits and debt, the Trump economic team proposes to savagely reduce health, education and other social programs to finance his proposed large increases in military spending and tax cuts. Yet, because of the huge tax revenue loss and social security payments drain to the Federal Budget that is underway as the generation born after the war until around 1964 retire, and because the Trump economics makes no serious effort to balance tax cuts and Budget spending, Budget deficits under the Trump plan could easily surpass \$2 trillion a year. Today it is about \$600 billion in a regime of unprecedented low Federal Reserve interest rates. Even before the Trump economic plan, assuming ideal continuation of the conditions of the last few years, the Congressional Budget Office estimated that by 2021 the annual Budget deficit, already over \$19 trillion, would permanently exceed \$1 trillion a [year](#).

To underline the "damned if we do, damned if we don't" nature of the current fiscal and economic debt trap the US Government has made over the past years, especially since the crisis of 2007-2008, if the Federal Reserve continues to slowly raise interest rates after more than 8 years of zero interest, the US Budget interest on federal debt explodes. If interest rates were at 3.75%, instead of the current .75%, then the US Federal Government would have to pay an added \$600 billion per year in interest payments. And as Federal debt goes well beyond \$20 trillion with those "normal" interest levels, interest rate on debt alone

approaches \$1 trillion.



Today traditional buyers of US Government debt in the form of Treasury bonds and bills, namely China, Japan, Russian Federation, Saudi Arabia are selling their Treasury debt. In 2016 China alone sold a net \$188 billion. Russia, hit by politically-motivated US Treasury sanctions has also been selling as has Saudi Arabia due to the severe drop in oil prices. As the size of the Federal debt in the next few years goes parabolic and foreign buyers continue reducing, the Federal Reserve as not “Lender of last resort” as was the case, becomes the “Buyer of last resort.” Yet already after 8 years of crisis, the debt holdings of the Fed have exploded from a level of \$476 billion at the beginning of the financial crisis to a staggering 2,844 billion, that is \$2.844 trillion on the eve of the Trump inauguration in January. ix

In short, the Trump economic cabal of Wall Street asset strippers and Goldman Sachs speculators is proposing tax and economic programs that will blow an already unprecedented US debt situation into the stratosphere. Is this the background driving an increasingly desperate Trump foreign policy of wars with everyone, peace with none? Unlike Trump’s gambling casinos which could declare bankruptcy and let The Donald emerge richer than ever because of the corporate bankruptcy laws, the US Government does not enjoy that luxury.

A critic of the Trump economic plans, investor and economist, Peter Schiff, who correctly predicted the 2007 sub-prime real estate collapse, commenting on the Trump economic and tax plans, warned,

“years of massive deficits, runaway government spending, artificially low interest rates, and three rounds of quantitative easing, have left the economy so sick that any tax cut large enough to revive it may actually kill it [instead](#).”

All in all, if Congress, dominated by wealthy Republicans, passes the outlined Trump tax and budget plans, it will make America’s present economic depression and fiscal crisis even worse. Is it any surprise given who Trump has named to his economic policy advisers? The swamp is about to drain the nation and its citizens, once more, and this time it looks savage.

F. William Engdahl is strategic risk consultant and lecturer, he holds a degree in politics from Princeton University and is a best-selling author on oil and geopolitics, exclusively for the online magazine [“New Eastern Outlook.”](#)

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Articles by: **[F. William Engdahl](#)**

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