

# No Serious Discussion About Entitlement Reform In The U.S.

**WASHINGTON** – Much has been said about the first Trump budget recently released. The expected partisan critiques –in fact outcry– focus on proposed cuts in Medicaid and disability benefits. Therefore, this becomes a “cruel budget”, an open attack against weak, low income Americans, and so forth.

## **No discussion about Entitlement Reform**

Well, this may be true. However, the biggest problem with this proposed federal budget, (and with many budgets that preceded it, coming from both Democratic and Republican Presidents), is that –leaving aside symbolic fights– it is a reflection of an unchanged (unchangeable?) fiscal *status quo* that will stay pretty much the same until the American political leadership –Democrats and Republicans acting together– will finally address its ***Number One Policy Priority: Entitlement Reform.***

## **Symbolic cuts**

The Trump Budget, even assuming that it will be passed by Congress as is, (it will not), will never “solve” the structural fiscal imbalance –namely: permanent high deficits– that has regrettably become the norm in America. You may indeed cut spending for the State Department, the Education and Energy Departments, and more. You may reduce Medicaid and the Food Stamps Programs. But none of this would really “bend” the overall spending curve. Hence the deficits and a growing national debt, soon to be out of control.

How so? Very simple. Anybody who has given even a mildly serious look at U.S. Federal Budgets notices a trend. The main drivers of (over) spending are large and growing federal

entitlement programs that are not even voted on. They are on automatic pilot.

### **Social Security and Medicare bigger than ever**

The fact is that these programs (first and foremost Social Security and Medicare, accompanied by many other smaller federal assistance program), have become so large that now they comprise almost 2/3 of total federal spending. If you add to this colossal total another 16% of overall federal spending devoted to national defense (sounds like a lot; but in relation to GDP defense spending is historically quite low), plus about 6% of total outlays that have to be set aside for debt service, (this is about paying interest on all the debt we have accumulated until now), and you realize that there is almost nothing left to squabble about.

Indeed, “the rest” –what the budget professionals call “non defense discretionary spending”– is less than 15% of the total. Since the bulk of all spending (with the exception of defense) is essentially off-limits, all the budget battles are fought on this residual 15%.

Which is to say that, unless we want to entirely abolish most of the U.S. Government, (Agriculture, Justice, Transportation, money for NIH and medical research, NASA, and more), we cannot possibly change the present pattern of spending without seriously looking at entitlement reform, with the goal of reducing future outlays. Since most of the real money goes to these programs, they should be reformed so that there will still be benefits for seniors in the future, but sustainable benefits. Simply stated, for social programs to work in a sustainable way, in the future most Americans will get less.

### **Everybody knows this**

Again, every student of US public policy, beginning with House Speaker Paul Ryan, (He used to be Chairman of both the Budget and later on the Ways and Means Committees), knows all this.

***And yet, for fear of causing massive social unrest, nobody –Republicans and Democrats– want to go even near the entitlement reform issue. The topic is worse than a non starter. It is almost unanimously viewed as political suicide.***

Not straying from the conventional wisdom, as a candidate, Donald Trump promised that he would leave all key federal entitlements untouched, claiming that these benefits have been earned by individual Americans, and therefore they should not be messed with. A very conventional approach.

### **“The Moment of Truth”**

A few years back, (2010), President Barack Obama convened a special bipartisan commission (it became known as the “Debt Commission”) that was chaired by Erskine Bowles (Democrat) and Alan Simpson (Republican) in order to give a serious look at the issues of taxation and spending.

These two elder statesmen took the lead and eventually issued a powerful report in December 2010 aptly titled “*The Moment of Truth*”. They, and most of the members of their Debt Commission, argued convincingly about the need to seek and find broad bipartisan support for a thoughtful plan aimed at reforming entitlement programs that had been designed in another era with different demographics (starting with life expectancy, much shorter at that time), and much lower health care costs. They pointed out that, if we change nothing, we are headed towards financial ruin.

They argued intelligently and convincingly. But nothing, absolutely nothing happened.

### **No action**

As it turned out, President Obama (even though he created the Commission) did not want to tinker with issues viewed by most political insiders as “radioactive”.

The Tea Party Movement, at that time growing in national popularity, was led by amateurs who understood practically nothing about the real dynamics of public spending. Their home spun wisdom was that America's run away public spending and ensuing annual deficits, were all due to "fraud, waste and abuse". As simple as that. Their remedy? Eliminate silly programs and politically motivated earmarks, tighten the system, punish a few offenders who get benefits via false claims, and all would be fine.

Well, it would not be.

Given the overwhelming and growing weight of federal entitlements benefiting mostly senior Americans, you could abolish the entire Defense Department and you would still not be able to alter the overall pattern characterized by over spending and perennial budget deficits.

### **Spending favors senior citizens**

Simply stated, in America, just like in most other rich democratic countries, there is now an unwritten social contract whereby large and increasing amounts of national resources are devoted to assistance to the sick and to the elderly.

***The problem is not that the priorities are wrong. The problem is that this level of assistance has become unaffordable, because it is no longer matched by revenue. Hence our annual deficits that add to the already exploded national debt. Of course, we could raise taxes in order to rebalance the federal deficit. But this would mean significantly "higher taxes", another radioactive issue that no mainstream politician wants to address.***

### **More debt is the path of least resistance**

So, here is the thing. Politicians want to keep doling out large entitlement benefits. But they do not want to tell the

country that there is not enough money to pay for them. Instead, they have chosen the path of least resistance: use most of the federal revenue to pay for the entitlements, this way starving the rest, and borrow the balance.

This may look clever in the short run. But this approach means that we are well on our way to becoming Europe or Japan: societies with enormous public spending and huge national debts that simply do not have any resources to invest in their own future.

Let me say this clearly: these are societies headed towards decline. In fact, some of them are already beyond repair, mostly due to the impossible fiscal burdens represented by gigantic national debts.

### **Where are we headed?**

Well, unless we want to become the next Italy or Japan, we need a serious conversation about the level of future federal benefits. This does mean *"throwing sick grandma in the snow, in the middle of winter"*. But it surely means readjusting benefits so that, going forward, we take care of the neediest first, while all the others will get smaller benefits, and later in life.

Anyway, all this is purely theoretical. The current budget debate, with all its theater of partisan acrimony, posturing and grand standing, does not even begin to address entitlement reform. And this means that what we are having is not a serious, adult debate. This is mostly rubbish.

### **We need a serious debate**

The American people deserve national leaders—in both parties—who will tell them the truth about what we can afford going forward, and how we can and must share sacrifice, (fewer benefits, higher taxes, at least for some), in a fair and equitable manner.

This is what mature political discourse in a republic should be about. But nobody wants to even think about it.

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## Wellness Programs Will Transform US Health care

**WASHINGTON** – Undoing Obamacare is proving to be a lot more complicated than what confident President Trump (and the Republicans in Congress) had anticipated. The problem is that it turns out that most Americans want universal health insurance and affordable health coverage –the promise of Obamacare. But they do not want to pay what it costs to obtain medical care in our horrendously complicated and super expensive system.

### **A political problem**

And this creates an insoluble political problem for the Republicans now in charge. It is clearly impossible to yank coverage away from previously uncovered Americans who got used to getting significant health care benefits thanks to Obamacare. Many get benefits at a deep discount, because of subsidies granted to low income people. At the same time, there is no easy way to reduce the cost of coverage to all those who have seen their premiums go up in the last few years because of unforeseen systemic cost increases.

### **We have created a monster**

That said, if we distance ourselves for a moment from the political infighting that focuses almost entirely on who gets what coverage and who will pay for it, we see that the entire U.S. health care system –before Obamacare and after– is in

fact a true monstrosity. We have created a real Frankenstein. Physicians get paid only if they treat patients. Most patients do not pay because they have insurance.

And, to top it all off, the overall health of most Americans has deteriorated because of widespread bad habits involving a horrible diet and no exercise. There you have it. A medical profession that thrives on insured sick people and not even a semblance of any wellness education program aimed at keeping people healthy. The outcome? America spends about 18% of its GDP on health care –a stupendous amount– while Americans are not at all healthy.

### **A flawed system**

The reason for this veritable disaster is that the entire health care edifice is built on terrible premises. The first one is that American physicians are mostly self-employed professionals who make money only when you –the patient– are sick. They have no financial interest in keeping you healthy. In fact, the opposite applies. If you are healthy, they get no revenue from you.

The second one is that when most people are sick, in most cases someone else pays the cost, i.e. health insurance. And so we have created a perverse system with perverse incentives.

### **Fix what is broken**

Physicians deal with you –the patient– just like an auto mechanic deals with your car when you bring it to their workshop. They look at what's wrong with your vehicle, identify the problem, and try to fix it through a repair. And off you go, until the next time you have another problem, (hopefully soon).

The difference between auto mechanics and doctors is that when you go to the mechanic you pay with your own money. Whereas, in the health care system in most instances someone else (the

health insurance that covers you) pays the bill.

### **We love sick people**

Given the way this system works, (captive customers who send the bill to a third party) most American doctors have a built in incentive to over treat you; because this how they make extra money. And they believe they can do this because they know you will not feel the financial pain of the cost of the cure, thanks to your health insurance that will pay your bills.

Hence the widespread tendency to over prescribe almost anything: ordering batteries of diagnostic tests, new procedures, often unneeded surgeries, and what not. And why would doctors do that? Very simple: because this is how they make money! And they have few disincentives, because they know that in most instances their insurance-covered patients –that would be you– do not pay, or pay only a fraction of what the doctor charges.

### **No interest in prevention**

By the same token, given the fact that sick patients bring revenue, while healthy people do not, most physicians do not have any interest whatsoever in advising you about ways that will help you improve your life style and habits, so that you maximize your chances to stay healthy, especially as you get older.

On the contrary, they truly benefit from you when your bad habits cause you to be sick more often. Better yet, the ideal customer is a patient with multiple chronic afflictions –many of them caused by widespread bad life style habits, such as over eating, eating unhealthy food, drinking too much alcohol, doing drugs, not exercising. In fact, the more the chronic afflictions, the better. If you are chronically ill, this means that you are and will be a permanent source of income, because your chronic ailments require constant (expensive)



treatments and monitoring, possibly for life.

## **Cost explosion**

That said, this situation, while ideal for physicians, created a gigantic problem. America has the dubious distinction of having the highest health care costs in the entire world, (as a percentage of national wealth), when compared with all other developed, rich nations that provide high quality care to their citizens.

And the cost of health care delivery keeps going up because it is almost unchecked, given the perverse incentive to do “more” of everything to people who do not pay directly. And all this is happening while Americans are becoming more and more unhealthy because of the explosion of otherwise preventable ailments –think type 2 diabetes– due to bad personal habits when it comes to diet and exercise.

However, while armies of now chronically ill patients get treatment, the health insurance industry has difficulties in trying to remain profitable, while containing costs. Inevitably, the additional costs of care are passed on to the insured individuals. Feeling the pressure of higher insurance premiums, the people turn to the politicians so that they will “do something” in order to make good health care available to all, and truly affordable for all.

Nice idea. However, if we leave the fundamentals of the system just as they are now, there is in fact no way out.

## **There is a way out**

A solution does indeed exist. But it would require a complete revolution affecting the entire American health care structure.

However, this would require a new national consensus about the true purpose of medicine. Medicine should be indeed about

curing sick people. But, most of all, it should be seen as an integral part of a broad effort aimed at teaching people how to be and stay healthy. And this includes practicing proper nutrition, avoiding all addictions, and having plenty of good exercise.

### **Reduce ailments by teaching wellness**

Of course, good habits will not make all illnesses or accidents-caused trauma go away. Of course not. But they would greatly reduce and eventually do away with the national epidemics of chronic diseases –first and foremost type 2 diabetes and a variety of cardiovascular afflictions – caused primarily by bad personal habits. Believe it or not, treating millions of people who are chronically ill mostly because they do not know how to live a healthier life costs hundreds of billions of dollars every year. Most of this money could be saved, thereby reducing the overall costs of care.

### **Rewards for keeping people healthy**

And here is how it would work. In the future, physicians would be employed by health maintenance facilities that would reward them financially for being proactive and successful in keeping their patients healthy. In the current system healthy patients are actually a problem for doctors who make money only when they can provide services. In the future, healthy people who stay healthy should become symbols of medical achievement.

In a sane world we want healthy people to stay healthy. Think about it. The individual is in good shape, feeling healthy, strong and energetic. She or he can devote all their energies to leading a productive life, as opposed to worrying about diabetes and hypertension.

### **Costs would go down**

As a result of a well structured national education program focused on wellness, the total cost of health care delivery

would fall dramatically, because the millions of chronically ill patients who drive up the costs would eventually become healthy and therefore in no need of constant, expensive medical attention.

Below you can see practical illustrations of how wellness and prevention programs will help contain health care costs. The compilation listed here is drawn from various sources. Keep in mind that the figures provided about cost savings are estimates. They may be inaccurate.

Still you will get an idea of the cause and effect connection between changed personal habits coupled with intelligent prevention programs and significant cost savings for the entire U.S. health care system.

### **Wellness programs and prevention save money**

- *For every HIV infection prevented, an estimated \$355,000 is saved in the cost of providing lifetime HIV treatment.*
- *A proven program that prevents type 2 diabetes may save costs within three years. One of every five U.S. health care dollars is spent on caring for people with diagnosed diabetes. People who increased physical activity (2½ hours a week) and had 5 to 7 percent weight loss reduced their risk of developing type 2 diabetes by 58 percent regardless of race, ethnicity, or gender.*
- *A 5 percent reduction in the prevalence of hypertension would save \$25 billion in 5 years.*
- *Annual health care costs are \$2,000 higher for smokers, \$1,400 higher for people who are obese, and \$6,600 higher for those who have diabetes than for nonsmokers, people who are not obese, or people do not have diabetes.*
- *A 1 percent reduction in weight, blood pressure, glucose, and cholesterol risk factors would save \$83 to \$103 annually in medical costs per person.*

- *Increasing use of preventive services, including tobacco cessation screening, alcohol abuse screening and aspirin use, to 90 percent of the recommended levels could save \$3.7 billion annually in medical costs.*
- *Medical costs are reduced by approximately \$3.27 for every dollar spent on workplace wellness programs, according to a recent study.*
- *Dietary sodium is linked to increased prevalence of hypertension, a primary risk factor for cardiovascular and renal diseases. Cardiovascular disease alone accounts for nearly 20 percent of medical expenditures and 30 percent of Medicare expenditures.*
- *Reducing average population sodium intake to 2,300 milligrams per day could save \$18 billion in health care costs annually.*
- *Tobacco use accounts for 11 percent of Medicaid costs and nearly 10 percent of Medicare costs.*
- *Tobacco screening is estimated to result in lifetime savings of \$9,800 per person.*

### ***Prevention increases productivity***

- *Indirect costs to employers of employee poor health—lower productivity, higher rates of disability, higher rates of injury, and more workers' compensation claims—can be two to three times the costs of direct medical expenses.*
- *Asthma, high blood pressure, smoking, and obesity each reduce annual productivity by between \$200 and \$440 per person.*
- *Workers with diabetes average two more work days absent per year than workers without diabetes.*
- *Absenteeism costs are reduced by approximately \$2.73 for every dollar spent on workplace wellness programs, according to a recent study.*
- *Research from the Milken Institute suggests that a modest reduction in avoidable risk factors could lead to*

*a gain of more than \$1 trillion annually in labor supply and efficiency by 2023.*

### **Wellness programs are the solution**

Anyway, you get the picture. The point here is that U.S. policy-makers need to understand that as long as they battle with one another trying to determine who will pay what part of a horrendously flawed system there will be no real transformation. Only some more patches to an inherently bad system.

### **Re-frame the health care debate**

As a society we have to recognize that we really have to change our parameters. We have to understand that it is absolutely essential to teach people how to stay healthy, as opposed to spending 18% of our GDP to treat armies of chronically ill citizens who could learn how to practice good habits that would keep them healthy.

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## **Obama Is The Big Loser In This Election**

**WASHINGTON** – Outgoing President Barack Obama and his wife Michelle actively campaigned for Democratic Party nominee Hillary Clinton. In fact Obama spent more time campaigning for Clinton than any other sitting president ever did on behalf of the presidential nominee of his party. And why such a big effort? Because it was all about his legacy.

Indeed, a Clinton victory, especially if it had taken place with a significant margin, would have amounted to a final and lasting endorsement of Obama's eight year presidency. Hillary

Clinton would have been portrayed as the rightful and competent heir to his (great?) legacy. She would have moved America towards even higher achievements, by building on Obama's record of success and the solid foundations they created for future accomplishments.

### **It did not work**

Well, it did not turn out this way, as we know. It is not just that Clinton lost. She lost badly. The numbers look pretty awful for Clinton, if we compare them with how well Obama did when he ran for office.

In 2012, Obama won a convincing re-election campaign against Republican Mitt Romney. In that election, Obama got 65,915,795 votes, or 51.1%. Romney got 60,933,504, or 47%.

Well, guess what. On November 8 Hillary Clinton got only 60,839,922 votes, or 48% of total votes cast. Which is to say that she got almost 5 million fewer votes than Obama in 2012 –and in fact even fewer votes than losing contender Mitt Romney.

### **Democrats did not vote**

Which is to say that a large number of Democrats or Independents leaning Democrat simply did not bother to get out and vote. I doubt that former Obama supporters voted for Trump in large numbers, although a small number probably did. The unpleasant truth –for both Clinton and Obama– is that millions of Obama Democrats stayed at home. They did not show up. They did not vote.

Well, so much for the legacy of the great transformational presidency of Barack Obama, the man who had promised in 2008 that we would re-engineer America, by bringing everybody together. The sad truth is that millions of people who belong to his own Democratic Party did not bother to show up and vote for his officially anointed successor, Hillary Clinton, this

way paving the way for Trump's victory.

### **Trump's victory**

As for Donald Trump, it is clear that he won. But he won with a small margin against Hillary Clinton, a very weak candidate deserted by many in her own Democratic Party.

Yes, Trump the total outsider achieved something quite remarkable. He gained traditionally Democratic states like Pennsylvania and Wisconsin –and this is almost unprecedented. But his overall numbers, while more than enough to get him into the White House, are not overwhelming, and this should induce careful reflection among his key advisers.

### **Enough votes**

Donald Trump won enough states to become president. But he lost the popular vote, even though by a small margin. And all this happened in a year in which a lower number of Americans voted. Trump got only 60,265,858 votes. A good number; but not impressive. Barack Obama won 5 million more votes than he did in 2012. And do keep in mind that millions more were entitled to vote in 2016 as compared to 2012.

So, here is the thing. Trump won because he managed to energize millions of Americans who felt betrayed by the traditional political establishment run by Washington insiders, this is true; while Clinton failed to fire up her own Democratic Party base. And so he won and she lost. But do keep in mind that this is not “a wave election”. Trump won in some measure by default, because many on the opposite side simply did not show up.

### **Ronald Reagan in 1980**

In contrast, Ronald Reagan's victory in 1980 was a real “wave election”. In a three candidates contest in which Independent John Anderson got a respectable 6% of the total vote, Reagan

got 50.75% of the votes. He carried 44 states and 489 electoral votes. Democratic incumbent Jimmy Carter did not just lose, he got crushed. He got 41% of the vote. He carried just 6 states and only 49 electoral votes.

### **A mandate**

After his 1980 electoral triumph Ronald Reagan could reasonably claim “a mandate” from the American people. Donald Trump is the clear winner in 2016. But I do not see the same mandate. His numbers are good enough to get him into the White House; but they are not overwhelming.

His political and policy advisers should ponder on these results and decide how far can this new president push into uncharted territory when it comes to bold new policies. Based on these numbers, there is some political margin for him, but not a very big one. And, please, do keep in mind that history shows how quickly American voters can turn love into resentment towards their elected leaders.

### **Barack Obama is the real loser**

The interpretation of the significance of this vote in this unusual 2016 presidential election has just begun. How strong and, most importantly, how resilient is Trump’s political base? Can it be expanded? How seriously wounded is the Democratic Party after this surprising (for the party elites anyway) defeat?

While all this is still being discussed, as I indicated at the beginning, a clear result of this election is that Barack Obama has been rejected by most Americans. Based on these elections numbers, it is clear that he left no strong legacy.

Therefore, he is the real loser in these elections.

The American people –among them millions of Democrats– who voted for him twice, in 2008 and in 2012, at this most



critical juncture chose not to go out and vote for his chosen successor –a successor on whose behalf he strongly campaigned. American voters implicitly rejected Hillary Clinton, the candidate of his Democratic Party, and therefore the candidate who would have inherited Obama’s great policy achievements, while moving America to even greater heights.

### **Rejection across the board**

And the rejection does not stop with the presidential race. The American voters also rejected almost all the Democrats who tried to unseat Republicans in the Senate, even though all prognostications indicated that they had a great chance to succeed in becoming the majority party in the Senate after this vote.

So, here is the score. Republican Donald Trump is now president. The Republicans keep the House and the Senate, while advancing across the country at the state level. Indeed, on November 8 the GOP gained 3 Governors, for a total of 33 republicans versus 17 Democrats.

As I said, no Obama legacy. Sad, but true.

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**Can Clinton Unify Left And**

# Center Against Trump?

**WASHINGTON** – Hillary Clinton’s performance at the Democratic National convention in Philadelphia was “mission impossible”. Now the anointed presidential candidate of a Democratic Party that has once more moved decidedly to the left, Clinton needs to patch together the centrist base and the noisy far left Sanders’ crowds.

## **A progressive and a centrist**

Clinton’s objective was to reintroduce herself to America as a progressive, (wink to Sanders’ people), but also as a reliable, pragmatic unifier (wink to the center, and hopefully some Republicans), who can get things done.

Still, too many conflicting messages were packed in her speech: continuity with the Obama policies which she called very successful; and at the same time a strong indictment of injustice, enduring racism, and widening inequality in America, all of which apparently did not diminish during the 8 long Obama years.

So, her speech gave good marks to Obama’s progressive agenda, and at the same time bad marks to Obama’s America for being so far behind in implementing a true progressive agenda, this way causing misery and suffering among the under privileged. A clear contradiction here. Is she proposing continuity or disruption?

## **Appeal to the middle**

At the same time, Clinton wanted to appeal to middle of the road Republicans truly worried about the possibility of a Trump victory. However, she also had to shore up her now left leaning Democratic Party base by endorsing the essence, if not the details, of the Bernie Sanders far left economic agenda.

## **Something for everybody**

So here are the ingredients of this political and policy stew: Clinton is the candidate who stands for continuity and disruption. She is with both the far left and the center, and may be some conservatives. And, mind you, this convoluted message is coming from an aged, quintessentially establishment, professional politician with extremely high negatives. Many voters will simply not buy this catch all “agenda”.

## **Stronger Together?**

Supposedly, the magic glue that would unite all these diverse and in fact mutually exclusive themes is the “Stronger Together” slogan adopted by the Clinton campaign. In her acceptance speech Clinton tried to paint a picture of how her administration would operate. She would get everybody to work together—congressional Democrats and Republicans, disgruntled Republicans longing for centrist policies, and Bernie Sanders’ “revolutionaries” who want radical economic and societal transformation.

Nice idea, may be inspiring for some; but hardly the articulation of a clear and compelling policy program.

## **A leftist agenda**

In fact, her speech was rich in anecdotes and vignettes but thin on policy details. To the extent that there were any, they show a Democratic Party that has moved to the left, in fact the far left. Indeed, Hillary Clinton now looks very much like a female George McGovern leading a leftists party that may have lost its connection with America’s more centrist middle.

***In her speech, there was absolutely nothing about reducing the national debt, the need to have common sense entitlement reform, or enacting pro-business tax reform. So, nothing on***

***fiscal responsibility and measures leading to the promotion of higher economic growth.***

On the contrary, plenty on more money for an expanded Social Security system, free college for everybody, and higher taxes for the rich to pay for all this. Lace that with full legalization of illegal immigrants and syrupy stuff about "Love Trumps Hate" and you get a Europe-style Socialist-lite agenda big on income redistribution, economic equality, fiscally irresponsible and instinctively pacifist.

This is quite frankly the Sanders agenda.

### **Just tactics?**

Was Clinton just paying lip service to the themes loved by the party left in her speech simply because she had no choice? The truth may be that she had to endorse the Sanders agenda, because she did not want to be heckled by his supporters who filled the convention venue, and because she fully realizes that she is now the presidential candidate of a Democratic Party where socialist leaning ideas have become core beliefs.

### **Tough road ahead**

While Clinton will get the usual "post-convention bump" in the upcoming polls, for the moment Trump, notwithstanding his boisterous style and open disunity within his own party, is doing quite well in the polls.

### **Unpredictable Trump**

No matter what he said about dumping NATO allies who do not spend enough on defense and inviting Russia to disclose hacked Clinton e-mails, Trump is surprisingly competitive in all the critical swing states. Is this a reflection of his strength, or a clear sign that Clinton is even more unpopular than we thought? Probably the latter.

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# Will Tim Kaine Help Hillary Clinton Get Elected?

**WASHINGTON** – Hillary Clinton, about to be nominated presidential candidate for the Democratic Party, just veered back to the political center. By picking moderate Tim Kaine, Senator from Virginia and former Governor of the State, as her choice for Vice President Hillary Clinton wants to reassure middle America –independent voters in particular. No, a Hillary Clinton administration will not be hostage to the far left of Senators Bernie Sanders and Elizabeth Warren. Senator Kaine, her pick for VP, is a solid centrist.

## **Experience**

But there is more. Kaine is also an experienced public servant. He served as Mayor of Richmond, later on Lieutenant Governor, then Governor of Virginia, and now Senator from the state. (By the way, Virginia is a very important state that the Democrats *must win* in order to get Clinton into the White House).

When it comes to policy positions, Kaine could not be more different from Vermont Senator Bernie Sanders, the self-declared Socialist who turned out to be a formidable challenger for Clinton during the primaries.

Most fundamentally, based on this resume, Kaine knows a great

deal about government. Therefore, here is the larger, reassuring message to America coming from the Clinton campaign: the Clinton-Kaine ticket will be about experience, reliability, good judgement, and proven ability to govern: *"Don't be crazy, America. Do not allow a mercurial and totally inexperienced Trump into the White House. The Clinton-Kaine ticket offers you a far better choice: steady hands on the wheel"*.

### **Kaine will speak in Spanish to Latino voters**

Besides, Kaine speaks fluent Spanish, a significant asset. (As a young man he served as a volunteer in Honduras). It will be a huge advantage for Clinton to have a running mate who can speak in Spanish to increasingly important Latino voters. Indeed, given the changed U.S. demographics, it is clear that it is almost impossible to get elected president of the United States without getting a majority, or at least a significant minority of the Latino population.

(With his harsh anti-immigrant rhetoric and promises to build a wall on the southern border with Mexico, Donald Trump has managed to burn all the bridges with this significant and growing Latino constituency).

### **Sanders endorsed Clinton**

We know that Senator Bernie Sanders recently endorsed Hillary Clinton. This gesture from Clinton's feisty (and surprisingly popular) primaries opponent, albeit a little late, was expected. But will this endorsement from the chief representative of the party left recreate real, as opposed to cosmetic, party unity? Many Sanders supporters clearly do not like Clinton, and they will like even less her choice of (boring?) centrist Kaine as her running mate.

### **Problems on the left**

*Down the line this may be a serious problem when it comes to*

*real party unity and the ability to get all Democrats, whatever their ideological leanings, to really show up and vote for Clinton on election day in November. The problem for Clinton is that at least some hard-core Sanders supporters –those who really believed the old Vermont Senator when he was calling himself leader of a revolutionary movement aimed at radically transforming American politics– will not follow their leader’s endorsement of Hillary Clinton, the quintessential establishment politician who in their eyes symbolizes corruption and collusion with Wall Street.*

### **Sanders’ supporters will not like Kaine as VP**

And now, with Clinton signaling a move back to the center with the selection of Kaine as VP candidate, it is possible that many of these leftists Democratic voters who wanted Sanders to be the party nominee may stay home, come November. Indeed, various polls indicate that may be up to 1/3 of those enthusiasts for radical change who voted for Sanders in the primaries will not vote for Clinton in the general election. These polls of course are only indicative. Election Day is still a few months away. A lot can change between now and November.

Still, for the moment, Sanders’ endorsement is a plus for Clinton. It formally ended the political rift that had become quite bitter during the Democratic primaries. It unifies the party, creating a perception of strength in numbers. However, now that she pocketed Sanders’ endorsement, and hopefully the support of many of his leftist followers, Clinton is moving back to the center, as the Kaine choice for VP indicates. How will this Clinton center-to-left-and-back-to-center dance look to the Sanders people? Probably not very appealing.

### **Trump’s unity problems**

That said, while the recent Sanders-Clinton unity announcement may look very uninspiring to some hard-core Sanders

supporters, (they truly believed they had joined an anti-system political revolution that they know will never be carried on by Clinton), Republican nominee Donald Trump does not even have fake unity behind him, as the GOP Convention in Cleveland demonstrated.

### **Party notables did not show up**

Indeed, many Republican Party national leaders did not even attend. That includes John McCain, and Mitt Romney, the party nominees in 2008 and 2012. Most notably, Ohio Governor John Kasich, a Trump opponent during the GOP primaries, did not show up. Imagine that. The Republican Governor of Ohio not showing up for the event, held in his own state of Ohio, that led to the nomination of the Republican presidential contender. And forget about the Bush Clan and many other notables.

The only one who showed up is arch-enemy Ted Cruz. But Cruz had no intention to be conciliatory. In his speech at the Convention he failed to endorse Trump, thus telling everybody that the political rift is still wide open.

### **No real unity**

Trump is now the candidate. However, as the Cleveland "non shows" indicate, he is not leading a unified party. Which is to say that, if the authenticity of the Democrats unity is questionable, the Republicans show deep, wide open rifts.

Combine this with the lack of a real Trump campaign field organization, especially in critical swing states, and it becomes clear how Clinton may indeed prevail in November.

### **Clinton is a weak candidate, but stronger than Trump**

While Clinton is a weak candidate, (just like Trump's, her negatives are also very high), all told she is in a much better position to win in November than Trump is.



She will probably lose some disaffected young and leftist Democrats in November. However, she can count on the powerful support of all the labor unions and of their significant grass-roots organizations. She will have women, Blacks, Latinos and more young voters in her camp.

On the other side of the divide, Trump is also likely to lose many Republicans. And there are more Democrats than Republicans.

In order to win the general election, Trump would have to surprise everybody by getting most of his GOP base behind him and most of the independents, the unaffiliated American voters whose support is generally decisive in presidential contests.

### **To get elected you need a broad base**

Clinton's decision to pick Tim Kaine as VP is a clear move aimed at increasing the ticket's appeal among moderates (this may include some centrist Republicans who really detest Trump) and independents. If Kaine proves to be an effective campaigner, especially with critical Latino voters, really hard to see a path to victory for Trump.

Trump's support is really strong among older, white, mostly male voters without a college education. The trouble is that this group is no longer the majority in America. Great to have their enthusiastic backing. But it is simply not enough to get elected president.

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# Orlando Shooting Strengthens Trump's Position On Muslims

**WASHINGTON** – In a U.S. presidential campaign that is and will be dominated by emotional slogans and over simplified narratives, the horrible Orlando shooting (50 people killed, 53 injured) by the son of Afghan immigrants will be used by Donald Trump as clear evidence that his tough anti-Muslim and anti-immigrants positions are the only way to protect American lives from the supreme existential threat of Islamic terrorism.

## **Muslim killer?**

This killing rampage (the worst in U.S. history) planned and executed by Omar Mateen, 29, will be used as a powerful argument to severely restrict immigration, ban refugees from the Middle East, place a hold on all would be visitors/immigrants of Muslim faith, and redouble U.S. military efforts against ISIL in Iraq and Syria.

This sounds absurd. However horrible, this is only one episode, orchestrated it seems by just one person. No, America is not facing armies of domestic Islamic terrorists. But in this political climate, for almost half of America, this is not over reaction. This sounds logical and rational. And you can bet that this is the argument that will be made. And you can also bet that Donald Trump will lead this charge, with the clear expectation that his anti-Muslim policies will help him get to the White House.

## **We are at war**

Here is the “truth” according to the Trump/anti-immigrant camp. As we all know, a large part of the Muslim world is at war with us. We are the innocent targets and victims. The violent acts perpetrated on U.S. soil against Americans by

Muslims, including Muslims born in the U.S. who became radicals as young adults, is evidence that we are facing a mortal danger and that the U.S. Government (led as we know by weak and incompetent Democrats who simply do not want to acknowledge that Islamic Terrorism declared war on us) is not doing enough to protect the American people against a mounting terror threat.

To those who argue that these scattered violent episodes –however gruesome– do not constitute evidence of a massive, ongoing campaign to kill Americans, the anti-immigrants reply forcefully that this is just the beginning. They “know” that there are hundreds, possibly thousands of would-be terrorists warming up and getting ready to unleash their vicious attacks against innocent Americans.

### **We need to protect ourselves**

As I said, this is a presidential campaign that is and will be dominated by over simplifications and raw emotions. Forget about balanced and nuanced positions. If most Americans buy the idea that “the terrorists are already among us and are ready to kill us all” and that for this very reason we need drastic measures to protect our lives, then Donald Trump gains a powerful edge in this unfolding race for the White House.

He is the Tough Guy who will have the courage to take the drastic steps that will finally get us protection from this looming terror threat. He will do his very best to paint Hillary Clinton and the entire Democratic establishment as weak on terrorism and national defense and therefore unfit to govern America.

### **We need a determined leader**

And the Tough Guy will propose tough responses. If this includes undertaking measures that may infringe on the civil rights of law-abiding, innocent Muslims who have nothing to do with terror plots, so be it. Better safe than sorry. They are

Muslims, and therefore by definition suspects. The priority here is to protect Americans.

### **Voice of reason?**

Hillary Clinton will try to be the balanced voice of reason. But this presidential campaign has nothing to do with reason. And fear of terrorism is the quintessential emotional issue. It is mostly about fear of unknown dangers that are easily magnified by those who want you to believe that this is the number one existential threat confronting all of us.

Those who support Donald Trump believe that in this hour of supreme danger only a New Leader, not tainted by the corrupt ways of Washington, DC, will create a new era of security, self-confidence, prosperity and eventually regained national prestige.

Are these the feelings of the majority of Americans? In a few months we shall find out.

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## **Unhappy Americans Look for Culprits**

**WASHINGTON** – The most visible impact of “*The Great Stagnation*” , (the title of Tyler Cowen’s book provides a good definition for this uninspiring economic era), is that many Western societies, including America, have lost whatever confidence they had in the ability of elected representatives to deliver steady economic growth, and therefore more prosperity. Hence a peculiar mix of revulsion and cynicism towards the “*political establishment that failed*”, and at the same time completely unrealistic confidence –almost blind

faith— in would-be new, non traditional leaders who promise cost-free, total transformation —first and foremost the overnight rebirth of slow-moving economies.

### **Politicians do not deliver the prosperity they promised**

Regarding popular sentiments in the U.S., just look at the stunning outcome of a recent NBC/Wall Street Journal poll. Only 24% of all American polled indicated that the country is moving in the right direction, while 70% believe that we are headed the wrong way.

The problem is that most people, looking for the causes of an anemic economy, now believe that their own personal economic misfortunes are almost entirely attributable to the errors and/or misbehavior of corrupt or incompetent political leaders.

Hence the delusional hope, in many cases absolute certainty, that if we finally “*throw all the rascals out*”, and replace them with genuine fresh talent, all will be well. Sadly, here we have a combination of bad diagnosis and delusional faith in an impossible cure.

### **Lack of innovation, constrained opportunities**

As Tyler Cowen explains in his book referenced above, the developed world is going through a bad patch of slow growth due lack of innovation. This means that there are very few new economic opportunities created by new technologies.

In the meantime, most Western societies, the U.S. included, are suffering because of the negative consequences of globalization. With hundreds of millions of Asians willing to work for far less money, millions of steady manufacturing and services jobs held by so many Americans migrated to Asia. No chance that these jobs will be coming back. I mean not a chance. Which is to say that anybody who promises to “bring our jobs back” is dreaming, or worse.

## **Who is guilty of all this?**

Anyway, no matter what the real facts are, this is what millions of Americans believe. **Number one:** most U.S. voters have lost confidence in the political and policy-making process as we know it, mostly because “establishment politicians” are unable to deliver improved economic standards. **Number two:** large numbers of voters – large numbers; but not majorities– are willing to take a chance on untested would-be leaders (businessman Donald Trump on the right, and Senator Bernie Sanders on the left) because they are perceived to be “good outsiders”, not tainted by the corrupt Washington establishment; even though one should note that, just like the old establishment politicians, both Trump and Sanders also promise great things at almost no cost. In fact, these brand new would-be Chief Executives promise much bigger and better things.

So, here we have a really bad combination of disgust about what exists and childish fantasies about what the next happy chapter is going to be. It is clear that there would be no *number two* (escapist fantasies about great, flawless leaders), without *number one* (excessive pessimism about the current political establishment).

### **Loss of confidence**

Number one is serious business. Millions of Americans are now convinced that this country is run by an insiders’ game rigged by the special interests who pay for the election of candidates. Once in office, these puppets do exactly as they are told by their paymasters. The accepted story is that the innocent American people are fooled by nice stories told at election time; and then they get just a few crumbs that fell from the table, because all the goodies go to the crooks who paid for the elections of their corrupt representatives.

### **Disgusted voters**

While this is an exaggeration, there is unfortunately enough truth in this generalization, (think of the armies of Washington lobbyists, the “revolving door” always open for retired politicians who want to go into business, the PACs, the convenient tax exemptions), to generate and justify genuine disgust about the whole political process. And this is a real problem.

Let’s not forget that the peaceful self-perpetuation of the American Republic rests on the assumption that most people believe and will continue to believe that we have a legitimate, ethical system that operates in a transparent way, and that this system is run mostly by law-abiding office holders.

### **People feel cheated**

This is not the case anymore. People feel cheated because politicians do not keep their promises. And there is some truth to this. Indeed, in order to get elected, most candidates for public office routinely promise that they will magically create millions of new jobs. But the honest truth is that elected officials at best can help create a more pro-business environment. No elected officials can create millions of jobs. Looking at our current predicament caused by aggressive Asian competition and lack of innovation, it should be clear that nobody can reverse new historic trends and major global shifts through legislation.

### **Politicians cannot fix this problem**

No U.S. Senator, Governor or President can reverse the rise of Asia, with its hundreds of millions of low-cost workers who get millions of jobs outsourced from the U.S. simply because Asian workers are happy with much lower salaries, and therefore are more cost competitive. By the same token, no U.S. President can prevent automation from killing hundreds of thousands of factory and now services jobs.

Promising the impossible is immoral. And yet all candidate do it, all the time. Voters believed those who in either party made the biggest promises. But now they do not believe them anymore, not because they understand the truth about "*The Great Stagnation*", an epochal change that cannot be controlled, let alone reversed by elected officials; but because they believe that these politicians are personally responsible for their plight.

The accepted narrative is that the masses suffer because most U.S. politicians are in the pockets of the greedy 1% who want to grab everything. Unfortunately, most Americans do not really understand the true dynamics of globalization.

### **Rigged game**

Most voters no longer believe in the establishment because now they are convinced that America is a rigged insiders' game. According to the simplistic and yet generally accepted narrative, America is still very rich. The problem is that most of the wealth is stolen. Millions of Americans believe that Wall Street and major corporations are making huge gains by willfully sending jobs abroad, while all the cash goes to them, a tiny minority. Meanwhile, corrupt politicians paid by the special interests twist the system so that the greedy few will keep receiving even more, thanks to customized laws and tax provisions that favor the already ultra rich elites.

### **Throw everybody out**

Contemplating this ghastly picture, the disgusted voters are not asking for reforms. No, they decided that the entire establishment needs to be junked. And so, in this most unusual presidential campaign, they turned their attention and hope to outsiders, with blind faith that, once elected, these new leaders will step forward and fix everything, quickly and painlessly.

The fact is that the outsiders, if anything, make even bigger



and therefore far more preposterous promises. But millions of voters are willing to believe them, because they appear to be “sincere”. Since they are outsiders, they are not tainted by Wall Street money, PACs, Washington lobbyists, and the dirty business of buying and selling votes. So, they must be real saviors.

### **There are no saviors**

Well, they cannot be. And this is has nothing to do with their intentions. It has to do with the limited reach of any public policy. As indicated above, we are going through a bad patch that is only in some measure the result of poorly designed laws and regulations.

Washington cannot make productive innovation happen by legislative or regulatory fiat. Washington can and should promote and support a pro-growth, pro-innovation, pro-business environment. But even assuming that we did this tomorrow, this would be no guarantee of success. Eventual success is about the drive and the ingenuity of smart people who will come up with new technologies, new products and new services. This is a highly desirable outcome; but it cannot be mandated by law.

Aspiring “Political Saviors” cannot and will not deliver prosperity just because they say they will. Unfortunately, this simple common sense message will not be listened to by people yearning for a panacea.

### **The old guard is out**

At this point, the infatuation is on, and the focus is and will stay on those who promise miracle cures. Sadly the traditional political forces are too discredited. Whatever sensible message about establishing a healthy distinction between realistic and unrealistic expectations they may put forward, they will not be believed.

And why? Well, because for decades they have been in the

business of making exaggerated promises they knew they could not keep. For a long time they got away with over promising, because the economy was still growing. But now it isn't anymore, and so nobody believes them. Hence the rise of the Saviors.

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## Angry American Voters Cannot Coalesce Around A Real National Leader

**WASHINGTON** – The American voters are angry and upset. They “feel” more than know that the country is losing ground. Many look at their own circumstances and see that they are not moving ahead in terms of disposable income and new opportunities. In fact, millions have been treading water, or lost ground.

### **The game is rigged**

Right at this juncture, the same despondent and disgruntled Americans are told by aspiring national leaders that this is happening because a few clever scoundrels, domestic and foreign, rigged the game, (“Wall Street”, the 1%”, “large corporations”, “big oil”, “China”, “Japan”, you name it). The wealthy and powerful and our dishonest international competitors get all the financial gains squeezed out of a not so hot US economy, while the vast majority of the American people is left with nothing.

### **Confused people, confused politics**

All this –unhappy citizens and populist politicians promising

quick and sweeping change— is coming together, (in a rather confused and disjointed way), in this election year.

The Republican Party, excluded from real power since it lost the White House in November 2008, decided that the best course of action was to tear itself apart.

There are some within the party who think that only a radical conservative revolution could save them, and the country. Motivated by this belief, they proceeded to attack all the “Establishment Republicans”, found guilty of having sold out. These are politicians willing to compromise with the other side, essentially traitors who need to be humiliated and defeated, so that the true orthodox principles can be restored.

But then there are many other Republicans who do not want to go back to first principles of pristine conservatism. They want something completely different. They want national leaders who are completely outside the existing parameters of professional politicians beholden to the “special interests”.

### **No more “Establishment Politicians”**

The net result of this confused political upheaval is that the (once respected) experienced candidates for the GOP nomination have been wiped out, simply because they are “same old”.

In his quest for the Republican party nomination, early favorite Jeb Bush, (twice Governor of Florida, and a recognized national leader in education reform), hardly registered anywhere. Despite enormous financial backing, and despite spending much of it on hundreds of expensive TV ads, he failed —miserably. So, he is gone. And so are all the others.

Who’s left standing? Texas Senator Ted Cruz, a right-wing populist, (ostensibly a “true conservative”), and Donald Trump, a wealthy celebrity TV

personality, (he is the populist with no well-defined program, except for his promise to “change everything” in Washington in order to make “America Great”.)

### **Trump’s moment**

The considerable (although not overwhelming) support Trump is getting represents the purest expression of a yearning for “something totally different”. Oddly enough, Trump’s main qualification for the highest office in the land, according to his supporters, is that he is a complete novice.

Indeed, the fact that he plainly admits that he does not know much about the complex policy implications of complicated issues is viewed by his supporters as refreshing. And they are not worried about electing to the highest office in the land someone who does not have governing experience. *“Trump is rich. He is very successful. Therefore, he must be clever. Of course, he will figure out some common sense solution for this and that, once he is in the White House.”*

### **This is where we are now**

That said, here is the odd (provisional, as we are months away from the actual nominations, and then the elections) outcome of the generic anger vented by the Republican base. The old guard (Walker, Bush, Christie, Jindal, and Rubio) has been attacked and discredited by the “revolutionaries” and wiped out. They all abandoned their quest for the Republican nomination. (Ohio Governor John Kasich survives as a contender. But his chances of getting anywhere are very, very low).

### **No national leader**

The yearning for total change promoted two potential candidates, Trump and Cruz. However, both of them have limited appeal beyond their grass-roots supporters.

***In other words, this revolution produced mostly internal disruption and feisty factional leaders. There is no new Republican leader here with a good chance of getting real national support.***

## **Disaster**

And here is why this odd season most likely will spell political disaster for the Republicans. Trump is the most likely Republican nominee. However, this is not due to his ability to attract broad-based support from a variety of Republican constituencies, hopefully extending it later on to millions of independents who will vote in the November general elections. No, this is due to the fact that he has a strong, but limited base of support among the “insurrectionists”, while the other more “traditional” candidates have been abandoned by the base.

Trump’s support at 40% looks a lot more impressive when the number two contender gets 18% and number three, four and five (when they were still in the race) were way behind, in single digits. Trump has won most Republican primaries. But usually with strong pluralities, hardly ever with clear majorities.

This is important. The fact is that Trump, although clearly on top, is not an exceptionally strong candidate. In reality he looks stronger than he is because very few primaries voters were supporting the other candidates. Again, getting 40% or even 45% of Republican primaries voters is impressive; but it is not good enough to win a national election in November.

## **High negatives**

***But this is only half the story. The other half is that, while 40% to 45% of Republican primaries voters are definitely for Trump, the rest of the country finds Trump an unappealing (or worse) choice. Trump has an incredibly high unfavorable score. According to the most recent polls, about 63% of all voters (this includes Republicans, Democrats and Independents) do not***

***like him, while 30% like him. Many Republicans have stated that if Trump is the nominee they will not vote for him.***

### **Trump will not get elected**

So, here is the thing. Trump in the end may get the GOP nomination because a large plurality of Republican primaries voters supports him, while nobody else has emerged who looks like a plausible alternative, not even number two Ted Cruz.

However, the support Trump is getting represents less than half of the GOP base, and 1/3 or less of the national electorate. If these polls do not change, nominating Trump spells defeat for the Republicans in November.

### **The Democrats have their own problems**

Yes, this would definitely be the case, if the Democrats would nominate a strong candidate. But guess what, they will not. In the Democratic Party we also see an insurrection against the establishment. But it played out differently.

The Republicans essentially “killed” the Establishment candidates and promoted populists like Trump and Cruz. The Democrats are still going with Hillary Clinton, their anointed “Establishment Candidate”; but many are having buyers remorse. Hence the rise of ultra-leftist Senator Bernie Sanders.

The surprising resilience of this most improbable challenger may be due to the fact that Clinton also has high negatives. She started with 40% and now she is at 54%. Not as bad as Trump. But not very promising either, for a national politician with a long CV, (former Senator and former Secretary of State), who wants to be President.

In what is now a two candidates race, Clinton is definitely ahead and likely to finish ahead. But it is astonishing that Senator Bernie Sanders, until yesterday a complete nobody who promotes idiotic ideas about wealth redistribution and “free

everything” for the masses, has become a real challenger, with a massive national following and unsuspected fund-raising abilities.

### **Voting for a lunatic**

Many Democrats go for Sanders as their way to show that they do not want Clinton, that is business as usual. They want someone entirely different. And, boy, is Sanders “different”. That he is.

However, the very notion that mature voters would vote for a left-wing lunatic who would destroy the American economy just to show that they are fed up with the Establishment represented by “Clinton Inc.” gives you pause.

Again, let me stress that Sanders’ chances of getting the Democratic Party nomination are really slim. Still, on a national basis, Democrat Sanders is getting millions of votes, while Republican Jeb Bush, an accomplished Governor with a real record, got almost nothing. But who is Sanders? What has he done? What following and national recognition did he have prior to these primaries? Notwithstanding years in national politics, practically zero.

### **Populists and lunatics**

So, here is the thing. These days, populists (Trump) and lunatics (Sanders) are in. Experienced politicians, (granted some of them shopworn and fatigued), are out.

Just like what is happening in Europe, here in America voters are also upset and angry. They want immediate positive change (impossible in any democracy); and they are willing to vote for the clever (or unhinged) new aspiring leaders who promise it.

### **Dangerous immaturity**

Whatever the outcome of this confused political year, one

thing is certain. The American society is not becoming more mature. Picking untested populists and “socialists” as the best people to run the most important country on earth is not a sign of maturity.

On the contrary, as these strange (frankly dangerous) political choices reveal, we are regressing into infantile temper tantrums, (“kick everybody out”), mitigated by foolish dreams of complete fixes magically carried out by super smart outsiders.

If this is the approach that most Americans these days have towards the political process, let me just say that emotions and childish dreams are a pretty lousy foundation for a functioning modern republic.

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## Americans Dream Of A Savior Who Will Fix All Problems

**WASHINGTON** – We Americans would like to think of ourselves as reasonably rational people who make choices on the basis of what makes sense. Well, may be so in some areas. But when it comes to the political process we are quite willing to enter a Fantasyland where normal categories and values do not apply.

### **The year of the Savior**

For mysterious reasons, this is the year of the Savior. By luck or by design, a large chunk of “the people” have decided that Donald Trump is just that: “The Savior”. He will make everything right. And how can he do it? Because he is smart. Because he is successful. Because he is rich.



None of this has anything to do with the rational evaluation of anything. This is about Faith. Not in a religious sense. But his followers really believe that Trump has something akin to magic powers that will allow him to fix everything.

### **The Constitution does not allow a strong President**

Never mind that the American Constitution is designed to prevent any President from fixing anything all by himself. We have a system founded on the principle of separation of powers. A President, even a popular President, cannot force Congress to pass laws, even when the Congress is led by his own party. In fact the powers of the US President are rather limited. (In contrast, the British Prime Minister is the unchallenged national leader of the party that won the elections, and the head of the executive. And he can count on the loyalty of a parliamentary majority which in almost all circumstances will obey his orders, and pass all the legislation he proposes).

### **He will fix everything**

But none of this –the constitutional constraints on presidential freedom of action– matters. Trump is smart. And he is after all a “Great Negotiator”. Therefore, he has unlimited “Powers of Persuasion”. He knows how to get people to agree. As he put it, he will get all the relevant players in a room and he will get them to agree on what he wants done. And all will be well. Isn’t it wonderful?

### **What inconsistencies?**

And what about major inconsistencies in his policies? What about his plan to cut taxes without cutting entitlement spending? No problem, argues an enchanted supporter on TV. This lady, a major national leader of the tea party movement, stated with a straight face that it is quite possible to cut federal taxes with no corresponding deep cuts in federal entitlements. For some reason this folly (far less revenue,

same or higher spending) will have no negative effect on deficits and on our growing national debt. There will be no deepening of our fiscal crisis.

Of course, this is absolute nonsense. As scores of experts have pointed out, Trump's numbers simply do not add up. But, hey, the lady on TV is happy. And she added that, of course, Trump will get top-notch subordinates and collaborators who will take care of all the details. After all he is so smart that he will figure out how to deal with the national debt without cutting benefits. Yes, this is the Trump version of "the free lunch". Except that this will be a free banquet, every day.

### **Fantasies and more fantasies**

indeed. But this is only a dangerous fantasy. Most government spending in all Western countries these days goes to retirees and to pay for health care. The only way to have a major tax cut without causing a fiscal catastrophe is to convince millions of voters that we should drastically overhaul –and this means reduce– this massive social spending.

The problem is that reducing social spending is so difficult that nobody has done it. Ronald Reagan, the US president who embraced free market capitalism like a religion and whose campaign slogan was "get the government off the backs of the people", could not reform entitlement spending. In fact, with lower taxes and higher defense spending, he started the era of fiscal irresponsibility that resulted in perennial budget deficits that got progressively larger year after year, under different administrations. (There was only a brief counter trend under Bill Clinton. But it was way too short).

### **Of course you can have your cake and eat it too**

But Trump declared that he can cut taxes while keeping current levels of social spending; and this will have no impact on our fiscal deficit. This is absolutely crazy.

Yes, except that for his supporters none of this matters. When politics becomes the secular equivalent of religion, choices are based on emotions and beliefs. The candidate says things that do not make any sense? Well, we just erase them, or rationalize them. "For sure, when he gets to be President, Trump will think of a great solution for this".

### **No rational evaluation**

And so millions of Americans have checked any sensible rationality at the door. Right now they just want to be mesmerized. They want to be and stay in love. They want to believe that finally there is a Savior who will take care of all problems: lack of national pride, lack of jobs, negative balance of trade, terrorism, dangerous Muslims.

### **Self-Government is predicated on sensible citizens**

Yes, this a dream. And a dangerous one. Effective Self-Government –this is what a strong Republic is founded on – is predicated on rational citizens who can be counted on to make reasonable choices most of the time. When we allow our very consequential political choices, like electing a President, to be based on dreams and fantasies, we are no longer rational people capable of managing self-government in a reasonably effective way.

We become a confused mob desperately seeking a leader. And this is not what a Republic is about.

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# Romney Attacked Trump – Called Him “Phony, A Fraud”

WASHINGTON – If you are a convinced Donald Trump supporter, Mitt Romney’s scathing personal attack against the Republican front-runner will not mean anything. For the Trump true believers it is a given that the “Republican Establishment” fears the New York billionaire, and so that they will do whatever they can to stop him from becoming the party nominee.

## **Romney’s attacks Trump**

Let’s put this in perspective. Mitt Romney was the 2012 Republican presidential candidate. Although he lost to Barack Obama, for some time he was the national leader of the Republican Party. So, at least some people will listen to what he says on issues of Republican Party national politics in a decisive election year.

And now Romney, using surprisingly strong language, called Donald Trump “*a phony, a fraud*”. He stated that “*dishonesty is Trump’s hallmark*”. And he added that “*his promises are as worthless as a degree from Trump University*” , (a clear reference to the higher education institution created by Trump that is now being sued by former students who claim the whole thing was a scam). Beyond attacking Trump’s character and morality, Romney clearly stated that Trump’s policies would lead America to economic and foreign policy disasters.

## **Does this make any difference?**

In his speech, Romney pointed out that this race is not over. There is still a good chance to stop Trump. There are other candidates in the race. Trump, while ahead in the delegates count, has not amassed a prohibitive lead. He can be beaten.

Alright, Romney delivered his broadside. But will the

Republican Party members who are about to vote in the upcoming –and indeed decisive– primaries really listen? Or is this a wasted effort on the part of a man who after all was defeated back in 2012, and has since practically disappeared from the national political scene?

Well, there is a good chance that at least voters paid attention to Romney's warnings. True enough, Trump has a hard-core of adoring supporters who will be behind him, no matter what Romney or anybody else, will say about him.

**More than half of the Republican voters not with Trump**

***But the record shows that in the primaries held so far about 2/3 of the voters are not with Trump. Worse yet for Trump, many among the non-Trump voters have proclaimed that they will never vote for him, even if he is the official Republican nominee.***

***In other words, while Trump's support may go up some from 35%, he faces serious difficulties in getting enough votes to secure the nomination. If his opponents are more organized, they can make sure that Trump's support stays at 35%, or below that.***

**Energize the anti-Trump voters**

Obviously, with his speech Romney tried to energize the non-Trump, or anti-Trump, camp. He wanted to convince millions of Republicans who are hesitating that this contest for the party nomination is far from over.

Well, who knows how all this will play out. Sadly, the other three contenders for the GOP nomination, Ted Cruz, Marco Rubio, and John Kasich are either mediocre candidates, (Cruz and Rubio), or bad campaigners (Kasich).

While Trump is certainly not polished when it comes to articulating credible policy positions, he is not facing a

formidable opposition. (This in part explains his surprising success).

### **Something will happen**

Still, it is quite possible that something will happen. Romney's open frontal attack against Trump will have ripple effects. Others will join the anti-Trump coalition. Yes, this means donors, and millions of dollars of PAC money going to fund anti-Trump TV ads. Of course, all this also means creating a civil war within the Republican party. This fight will get really ugly.

### **Slow down Trump**

But the net effect will probably be to slow down the Trump Express. If in the upcoming primaries Trump does reasonably well; but not well enough to secure the number of delegates that will guarantee his nomination prior to the Convention, then his claim to be the anointed Republican leader is voided.

Based on results so far, this scenario is quite possible. Note that In Virginia, as well as other states, most late deciders, primaries voters who made up their minds at the last minute, opted for someone other than Trump.

Therefore, Romney's scathing attack may very well sway many among the millions of undecided who are about to vote in many more primaries in the next couple of weeks. Here is Romney's simple message: "*Fellow Republicans, whatever you decide, do not vote for Trump*".

### **Everything is possible**

In the end, if Trump gets to the Republican Convention without the pledged 1,237 delegates he needs to seal the nomination, almost everything is possible. After the first ballot, all delegates are released from their pledge, and free to vote as they please. Who knows what may happen. Yes, this war within

the Republican Party is going to get a lot worse.

However, for Mitt Romney and many others, avoiding the prospect of Trump as the official candidate of the Republican Party is worth the ugliest of fights.