

The Donald Has Been Brought to Heel

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POITOU, FRANCE – “‘The Donald’ has been White House-broken,” was what we were trying to say, translating the phrase into something that may make sense to a French listener.

But it was too clever and complicated.

“Well, let’s just say the president has been brought into line,” we simplified.

Social Season

This is the social season in the French countryside.

Weddings, cocktails, receptions – people use the month of August to reconnect with friends before returning to work, school and retirement in the fall.

Yesterday, we drove about a half hour over country lanes to a gracious 18th-century farmhouse. There, about 100 people were gathered on the lawn.

“You are American?” we were asked several times. “What do you think of Trump?”

We dodged as best we could. Inevitably, we were forced to explain that, yes, he is a disgrace... but, no, we would not pick Clinton... and, no, we do not like [French president] Mr. Macron, either:

“None of them has the strength or independence you would need to buck the trend.”

“What trend is that...?”

“Oh, it’s a long story... and it is such a beautiful evening...”

The guests were a wide assortment of local farmers and Paris-based hedge fund managers. The former complain about the weather. The latter complain about the markets. Both complain about the government.

But here at the *Diary*... we don’t complain. We just want to know when to pack an umbrella.

Payoffs and Pimping

Yesterday, we looked at how [Washington insiders have brought President Trump to heel](#).

He said so himself: “Decisions are much different when you sit behind the desk in the Oval Office.”

Many people believe the White House elevates its occupants so they become better people and make better decisions.

Candidate Trump may be a scoundrel or a scalawag, lusting for fame and fortune, when he announces his candidacy, but when he enters the White House, the slime, incompetence, and corruption are washed down the drain. The man is the same... as POTUS.

If this were true, the Pennsylvania Avenue sewer would clog up after each election. Instead, it runs clear... because the wheeling and dealing... the payoffs and pimping... are still going on!

Alas, the White House elevator goes in both directions.

This week, President Trump hit the “down” button. Against his own “instincts”... reneging on his promises to the people who voted for him... he agreed to go along with the generals in their plan to kill more people... and spend more money... so make their crony friends richer and advance their own careers.

That is how things work in the “swamp.”

Today and tomorrow, we connect the dots back to the financial world.

End of an Era

[Win-win deals increase prosperity. Win-lose deals reduce it.](#)

The swamp is where the win-lose deals breed. Since the 1970s, it has grown to cover half the U.S. economy.

There, wasteful spending, stifling regulations, phony money, misleading financial signals, zombies – corporate and individual – and all the many excesses and absurdities we watch daily here at the *Diary* are warping honest price signals, destroying output, and transferring real Main Street wealth to the swamp’s insiders.

Donald J. Trump promised to pull the plug. But he couldn’t even if he wanted to. And now his decisions are Oval Office decisions... that is to say, those that suit the Deep State.

He cannot drain the swamp; he is now a part of it.

There will be no cutback in domestic spending (no genuine or important reform of O’care, for example)... and no cutback in empire’s wars abroad.

That still leaves the possibility of tax reform. But even that is extremely unlikely. The last major tax reform program was 30 years ago. The president has neither the political skills nor the ideological commitment needed to pull off another one.

No “skinny budget”... no spending cuts... no tax reform... no relief from the swamp.

And that, friends (and we don’t have to spell it out), is why Breitbart’s Steve Bannon is right: The Trump presidency is on a collision course with the swamp.

Where to next?

Tune in tomorrow...

Regards,

Bill