

Trump's Tax Cut Doesn't Have a Prayer

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GUALFIN, ARGENTINA – We arrived at the family ranch in northern Argentina last night...

This morning, we rub the sleep from our eyes and look out the window.

Whoa... it's greener than we expected. We were in the second year of a [disastrous drought](#).

What happened?

We'll find out...

Meantime...

Win-Lose Marriages

"You know, your deion of win-lose deals applies to individuals in their personal, private lives as well as to the economy, a close friend.

"Some people think life is a struggle with other people... and they only get a by getting the best of someone else. They about themselves only if they make you feel bad.

"I guess they think happiness is a zero-sum game... that there's only so much of it in the world so that you can only get it away from someone else.

"They think it's a win-lose world... and that they have to be tough to win. So they are always trying to make the other gu

"I've even seen it in marriages. A husband (or the wife) feels he is in competition with his spouse. He criticizes her... He about her. He tries to bring her down. It's a way to elevate himself, I guess.

"I know one guy who even pressured his girlfriend into marrying him. He was sure that's what he wanted. When she he nagged and bullied until she went along.

"It didn't work out very well. They divorced after a few years. It turned out that she didn't really want to marry him in the

"Some people are political. They get a by manipulating other people... by making others look bad... backstabbing... into always driving hard bargains.

"They need to dominate conversations. They try to control other people to get them to do what they want. In business, t they have to beat the other guy. In private life, they are always trying to prove that they are smarter, faster, better looking

"Psychologists probably have a word for it.

"They go to work for the TSA... or go into the government – anywhere they can get a little power over other people."

Disappearing Credit

Back in the world of economics...

All across the banking world – from commercial loans to leases and real estate – credit is collapsing.

Ambrose Evans-Pritchard writing for British newspaper *The Telegraph*:

Credit strategists are increasingly disturbed by a sudden and rare contraction of U.S. bank lending, fearing a synchronized slowdown in the U.S. and China this year that could catch euphoric markets badly off guard...

Data from the U.S. Federal Reserve shows that the \$2 trillion market for commercial and industrial loans peaked in December.

The sector has weakened abruptly as lenders tighten credit, especially for non-residential property. Over the last three months it has dropped at a rate of 5.4% on annual basis, a pace of decline not seen since December 2008.

If new loans aren't made, the supply of credit money will contract. That's the "doomsday device" embedded in our credit money system: It is subject to sharp and disastrous drawdowns in the money supply.

When loans are paid or written off, the outstanding credit (money) ceases to exist. This reduces the money supply... and triggers corrections, recessions, or market crashes.

Real money doesn't disappear in a credit contraction. But our fake "credit money" does. This makes the entire system vulnerable to the credit cycle. Credit increases. Then it decreases.

And as credit money vanishes, the recession deepens... causing the credit market to tighten further... and causing more money to disappear.

That's why a credit contraction is so dangerous in today's world. With more than \$200 trillion in outstanding debt, even a soft contraction could lead to a worldwide depression.

That's why the Fed will not risk jacking up interest rates too far, too fast.

Instead, it will follow inflation... and then do an immediate about-face when the credit cycle turns around.

Stay tuned...

Regards,

A handwritten signature in black ink that reads "Bill Bonner". The signature is fluid and cursive, with a long horizontal stroke at the end.

Bill