

# Congress Struggles Because the White House Isn't Doing Its Job.

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LISBON, PORTUGAL – Lisbon is a beautiful city.

It was so poor and so remote, it missed out on the modernization that ruined many other cities in Europe.

Wisely neutral during World War I and World War II, it wasn't bombed either.

Even now, after the spread of cheap euro finance has made it richer, there is still a whiff of decay about it... like a great a few dead limbs... or a beautiful woman with a few gray hairs.

We will be in Portugal all this week. We'll let you know what we find.

## Bluff and Bluster

Meanwhile back in the U.S., the government, as we [showed last week](#), doesn't work the way it's s'posed to.

We connected the dots... from the increase in "complexity" to the inability of the people or their representatives to know going on.

The insiders run the show now, we saw.

But we left out one dot...

The U.S. is the world's oldest government, apart from quirky city-states, the Vatican, and other places time forgot.

As it has matured, from young to old – from small to big, from a nation of few laws to a nation of thousands of rules and regulations – the executive branch gained power.

Only it and its technocratic flunkies can deal with the sordid details of a Big Brother government.

So, you'd expect to see Team Trump taking charge. But instead, it shirks. Rather than take the lead, it asks Congress to the Iranian nuclear deal, to trim up O'care, and prune the tax code... and so forth.

But all Congress could possibly do would be to bluff and bluster, letting the lobbyists, experts, and cronies fashion a pro

Then, when all the plums have been put in the pudding, Congress will make it the law of the land.

## Swamp Battle

But the Deep State is not monolithic. Nor is Congress.

One faction of insiders controls a group of swinish congressmen from the corn states... another controls a group of scoundrels from the Latte Belt... still another group of scoundrels claims to represent the poor, the downtrodden, and those on \$1, month in disability handouts.

Swamp critters battle for money and power. The war industry against the pharmaceutical industry... the social welfare c

against the kings of Wall Street. The slimy hustlers of Northern Virginia against the greasy grifters of Montgomery County and Maryland.

It takes strong leadership – usually from the White House – to coordinate, reconcile, and amalgamate these parasites into a unified program of systematic and sustained plunder.

Without it, it's a free-for-all, with every chiseler and scamster stealing whatever he can.

The problem is that all the ticks are on the same dog. And if they suck too much blood, the poor pooch dies. That is why we have debt limits... budgets... interest rates... and so forth – to keep them from draining too much wealth out of the economy.

But instead of reinforcing these limits, as widely anticipated, Team Trump has removed them altogether.

The generals get more weapons, more medals, and more money. The welfare state gets more drugs, more counselors, more administrators, more hangers-on, and more sinecure seekers.

The Deep State strengthens... while the economy weakens.

Gaudy and Absurd

That is the real meaning of the \$4 trillion budget Congress passed last week.

Neither the White House nor Congress will “hold the line” against deficits. Neither party says “no.” Spending flares out in all directions, more gaudy and absurd than ever.

This, then, is what to expect: more.

More spending. More debt. More swamp battles. More volatility. More crises. More nonsense. And more controls and contradictions, as the various tentacles of the Deep State reach further into every aspect of the economy and wrap them around our necks.

That's the good news. The bad news is that this “complexity” pinches the economy from both sides.

It costs more to support all these money-wasters. But it also reduces the amount of real money available. GDP growth slows, tax receipts fall... and the poor dog staggers.

But wait... there's more...

Next Crisis

Come the next financial crisis (any minute now, but don't hold your breath), the Fed is bound to panic.

It and it alone must bridge the gap between tax receipts and spending... inflow and outflow... fantasy and reality.

The real economy – as measured by GDP and corporate profits – has been growing at a rate of about 2% a year for the past few years. Meanwhile, U.S. government debt is up about 100%. And U.S. stock prices are up about 200%.

The Fed's monetary footprint (the bonds on its balance sheet and the corresponding cash it has created to pay for them) is now more than 10 times what it was in 2008.

We understand why and how – more or less – such an astonishing thing has happened.

We wait, too astonished by how long it continues... and what happens when it ends.

Regards,

Bill