

Trump's Deals: Win-Win or Win-Lose?

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BALTIMORE – The Fed did nothing yesterday. The stock market didn't do anything, either.

Even Donald J. Trump was remarkably quiet.

He was distracted from his usual whirl by a visit to honor the of a Navy SEAL, Chief Petty Officer William “Ryan” Owen, killed in a raid in Yemen.

On the campaign trail, candidate Trump threatened to exterminate the families of suspected terrorists as well as the terrorists themselves. Is this another promise fulfilled?

Dad – a U.S. citizen – was droned in 2011. His 16-year-old son was offed two weeks later. Now they got the daughter, with a bullet to the 8-year-old's neck.

Muslim Hitler?

Trump's critics howl and whine...

But here at the *Diary*, we eschew emotional reaction and quietly apply our [revolutionary new formula](#).

Win-lose deals make us poorer... and less satisfied. Only win-win deals can make America great again and take us where we want to go.

What kind of deal was this? Some of the losses are obvious – Owen and apparently “dozens of civilians.”

The win? It is impossible to know in advance the ultimate costs and benefits of any decision like this.

The little girl killed by the U.S. Navy may have grown up to be a Muslim Hitler.

But that might be true of any kid; should you murder them all, like King Herod, just to be safe?

Would you put Owen's life and soul in jeopardy – asking him to kill innocent children (even as collateral damage) – just to save your own skin?

Wait... This is a *moral* question, isn't it?

Maybe, but it's an economic question, too... a question of risk/reward... investment/payoff. And it helps us understand why the formula is the only way to know if a policy decision will help us or hurt us.

Swamp Attacks

Why does the heartland suffer?

The average American is on the losing end of too many drone attacks by the swamp critters. He loses. They win.

We know how to make America great again, too – drain the swamp and stop these win-lose deals, especially the countless money flimflam.

We are, like, so far a of every else on this.

The Washington Post, for example, lists eight ways to track the president's promises on the economy:

Manufacturing job growth... Rust Belt (the former industrial stronghold states around the Great Lakes) job growth... employment-to-population ratio... unemployment rates in the Rust Belt... wages of white male working class... poverty race and ethnicity... percent of population with "health" insurance... U.S. trade deficit with China and Mexico.

Well, guess what?

Those metrics are nearly useless. Some are ridiculous. So what if there are more jobs in the Rust Belt if they come at the cost of job losses elsewhere... or price hikes... or higher taxes?

Likewise, you could give every medical insurance tomorrow. But who would pay for it?

And the trade deficit? Is that good or bad? The numbers won't tell you.

Collateral Damage

There is always collateral damage; there are always unforeseen consequences. In short, there is always the next chapter we haven't read yet.

What good is it to kill terrorists, for example, if it makes it easier for al-Qaeda and ISIS to recruit more? (A lesson learned the hard way by the Brits in Northern Ireland after "Bloody Sunday.")

What good is it to kill families of terrorists if we all go to hell for murdering children?

We are in over our heads, dear reader. We have no answer. So we swim back to where our toes can touch the bottom.

You can't read tomorrow's newspaper; you can't know what waits for you in heaven or hell. You can only know what kind of deal is on offer today. If it involves force, fraud, or violence, it is a bad deal.

You know, too, that the more people are free to make win-win deals, the more satisfaction they get. That's the remarkable elegance of our new formula.

You don't have to know the future; you only have to know what kind of deal it is.

So how about Mr. Trump's "border tax" to force Mexicans to pay for his wall?

Win-win? Or win-lose?

That's an easy one: Trade tariffs are never voluntary. The importer can't bring in the products he wants to sell. The consumer can't buy them.

Besides, if it didn't work for Juan Perón and Cristina Kirchner in Argentina, why would it work in the U.S.?

Yes, it will always benefit a few crony suppliers and their workers pulling strings and producing inferior products at super prices at home. And there will always be a few politicians who garner votes by "saving" jobs.

But every else is a loser.

Win-Lose Wall

Putting up Trump's wall is clearly a win-lose, too.

People are forced to pay for something many – or most – of them don't want.

The border tax merely shifts the payment system. Instead of paying for it with their tax revenues, U.S. citizens pay with higher prices for Mexican imports.

Some people – who want to put up a wall at others' expense – win. Everyone else loses.

But wait?

Isn't a wall good for everyone since it keeps out illegal aliens?

Again, we can't know the answer. Too many unforeseen consequences. Too much collateral damage... or benefit. Too much unknowable future.

Do the illegals cost us money? Or do they contribute to the real economy? Are they coming... or leaving? Will they invent things? Will they create new businesses?

Are they criminals, rapists, and drug addicts? Or are they less likely to commit crimes than native-born Americans?

Are illegals good... or bad?

We don't know. All we know is what kind of deal it is. It's win-lose. The swamp wins. You lose.

We have had two personal experiences – *with* an illegal alien and *as* an illegal alien.

Our "Confessions of an Illegal Alien"... tomorrow.

Regards,



Bill

Market Insight

BY CHRIS LOWE, EDITOR AT LARGE

Investor "fear" is at a 10-year low...

Sure, there's been a brouhaha over the new president.

But the market's "fear gauge" – the CBOE Volatility Index, or VIX – just hit a 10-year low.

CBOE Volatility (VIX)



The VIX tracks investors' expectations of the magnitude of price swings – aka “volatility” – for the S&P 500.

When the VIX is low, it means investors are relatively calm and see low volatility a. When it's high, investors are relatively fearful and see high volatility a.

A low VIX doesn't mean the coast is clear for stocks.

The last time the VIX dipped to current levels in February 2007 was just two years before the market had its biggest stock market crash since 1929.

– Chris Lowe

Featured Reads

[Trump Threatens to Send U.S. Troops to Mexico](#)

“You have a bunch of bad *hombres* down there,” President Trump told his Mexican counterpart, Enrique Peña Nieto, on Friday, referring to drug cartels. Then he threatened to send U.S. troops to Mexico to tackle them.

[What Is Risk?](#)

Market “risk” is something you hear about all the time. But what exactly is risk? The answer, from one of the world's most renowned experts on the subject, Peter L. Bernstein, may surprise – and even shock – you...

[Five Signs That a Gold Company Is a Takeover Target](#)

In an unsure gold environment, it's important to pinpoint the right gold stocks. And one of the best ways to do that is to know when a gold company is a prime takeover target.

Mailbag

On Tuesday, Bill asked, “[Does Trump's travel ban make sense?](#)” Here are some of your responses...

I view Trump as neither a savior nor a villain, but rather a disruptive force for change, blasting aside the status quo and shaking us from our comfort zones.

For those of us who wish for an end to the disingenuous politics of the past, disruption, though it may be uncomfortable, is welcome. Others find it shocking and intolerable that an outsider has the temerity to barge into the political landscape and begin hacking apart their sacred cows.

As for me, despite occasional discomfort, I find the fiery emanations from the White House to be vastly preferable to the miasma of political putrefaction oozing from inside the Beltway and the press. Love him or hate him, Trump certainly has riveted our attention with the growing trail of beef cuts he is strewing around Washington!

Like you, Bill, I doubt he ultimately can prevail. But hopefully, his axe will prove sharp enough to add not a few reptile hides to his belt before the swamp swallows him.

– Wynn R.

I am a relatively new subscriber. I enjoy your posts because you tell the truth, which is rarer than I would like in this crazy, mixed-up world.

I will probably never have enough money to invest in the amazing schemes you advertise, but that doesn't matter. Your humor, sincerity, and courage (yes, it takes courage to tell the truth knowing it's going to piss off many of the people who have been supporting you all along) are enough to keep my day interesting.

– Michael S.

Ouch! Some of the commenters are really going for your jugular. Although maybe it goes with the territory you have staked out.

I've always enjoyed your insights. Usually, we are mostly in agreement, but not always. I supported Trump's candidacy from the beginning. However, I have always understood some of the misgivings people have had about him.

The problem I have had with Trump's critics is that they invariably seem hypocritical – they don't seem to use the same yardstick they use on Trump to measure their favorite candidate. Take the "ego" thing that so many use to take Trump down. To my way of thinking, ALL politicians have an overly inflated ego. Why would anyone run for office if they didn't think they were uniquely qualified to solve the problems of the world?

– Ernest A.

One more on Trump: "Power is the ability to hurt; authority the ability to inspire/lead." Dump the blunt, Trump.

– Robert J.

And finally, this response, in the form of a sonnet, to the reader Bill referred to in [last Wednesday's Diary](#) who took offense at his comments about Trump:

Never is a man so rare

Whose commentary is balanced and fair

When the haters all get on a tear

The rest of us must beware.

Bill's writings have flair and

Readers choose their side of the aisle

To me, they're always worthwhile

To some, he's just an imbecile.

He makes us all think without doubt

Despite those who call him a lout

Our new president loves to flout

Bill just embraces the wild turnabout.

Though there won't be much of a lull

We hope "The Donald" will be successful.

– David M.

In Case You Missed It...

Casey Research's Louis James has studied and kicked rocks on hundreds of mines and mineral exploration projects around the world. And he recently witnessed the most spectacular resource discovery of his entire career as a mining analyst. He's calling it "Red Gold." [Click here](#) to learn about this remarkable discovery and how to profit from it before it's too late.



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