

Donald Trump's job is to fix Barack Obama's mess

By Maurice Newman, The Australian, 18 November 2016

Twenty years from now, Americans may look back on Tuesday November 8, 2016, as the day they voted to reject their continuing slide into mediocrity and set out to make their nation great again.

This US presidential election exposed what author Ayn Rand ominously foretold 70 years ago: “When you see that in order to produce, you need to obtain permission from men who produce nothing — when you see that money is flowing to those who deal not in goods but in favours — when you see that men get richer by graft and by pull than by work, and your laws don’t protect you against them — when you see corruption being rewarded and honesty becoming a self-sacrifice — you may know that your society is doomed.”

Generations of Americans have taken for granted that their system’s checks and balances would protect them from such a fate. They took pride in what author Samuel Huntington calls the “American Creed”, from which flows equality before the law, equality of opportunity, freedom of speech and association, self-reliance, limited government, free markets, and decentralised and devolved public authority.

When freedom’s flame was flickering elsewhere, this creed enabled a diverse cultural melting pot to become an assimilated superpower, home to half the world’s gross domestic product.

That was before a succession of Robin Hood presidents imposed their glib socialist ideals on a gullible and unsuspecting public.

Unsurprisingly, an enthusiastic Barack Obama was one of them. By his own account, he was a radical student who, “to avoid being mistaken for a sell-out”, mixed with “politically active black students, foreign students, Marxist professors and structural feminists”.

He is what political commentator Mark Steyn calls, “the first invented American president”.

In office, Obama seems happier campaigning than governing.

Social issues rather than economic reforms occupy his mind. In the interminable culture wars being waged by the Left, he lends presidential authority to achieve “progressive” outcomes.

Most recently, he opened a new front with his advocacy for gay and transgender rights. His support of affirmative action and the Black Lives Matter movement upsets Middle America, which resents the relentless attack on its traditional values.

Obama is responsible for more executive orders than any other president. His environmental, wage and social policies are economically harmful. The cost of his administration’s regulations alone is estimated to be \$US1.9 trillion. His universal healthcare scheme has left millions of people facing skyrocketing premiums and fewer choices.

Despite his upbeat rhetoric, 45 million Americans are on food stamps and 94 million have left the workforce. Food, energy, health and housing inflation has reduced today’s wage earners’ buying power to below what it was 30 years ago.

In contrast, Obama’s insiders have prospered. They have used influence and access to extract extraordinary windfall gains.

This is the America that president-elect Donald Trump inherits. It is deeply divided. It is run by elites and big government. Its economy is ailing and distorted. It is over-leveraged and suffers an income gap that has widened more under Obama than any other president.

Trump's victory owes nothing to the Republican Party, many of whose leaders deserted him, or Wall Street, which eagerly supported Hillary Clinton, Hollywood celebrities and pop stars, whose ringing Clinton endorsements counted for nothing, let alone a media establishment that is now apologising for its biased campaign coverage.

Nevertheless, Trump must keep faith with his supporters.

He must create jobs, drain the Washington swamp, champion the repeal of burdensome regulations, simplify the tax code and make budget cuts that a structurally challenged economy needs.

He will need to rein in the Federal Reserve and abandon the US commitment to the UN's COP 21 agreement. He also is obligated to overhaul Obama's affordable care act.

But other than promise tax cuts and to restrict free trade, Trump has yet to present a coherent economic plan. He gives no clues as to how he intends to tackle the budget cuts necessary to finance lower taxes. He may attack the Federal Reserve for its recklessness but gives no insights as to how he will rein it in. The Fed should be reined in. Former Office of Management and Budget head David Stockman estimates it takes \$US4 of debt to create \$US1 of economic growth.

But he warns the debt already created is well beyond what any likely income and wages growth can support. He believes, one way or another, \$US30 trillion of debt will have to be cut. "Last time such a reversion occurred, the period was known as the Great Depression," he says.

Depression or not, Trump can't ignore the danger.

The next financial crisis may be more prolonged and hit Middle America harder than the last. Without economic restructure, conventional remedies can provide only temporary relief.

Risks are more concentrated than in 2008 and confidence in governments and central banks is already badly shaken. That said, despite a Trump White House and a Republican House of Representatives and Senate, the amount of political boat-rocking required for legislated change could still see courage take flight. Already Trump is hedging on the Mexican wall, will keep aspects of Obamacare and has "not thought about" a special prosecutor to look into Clinton's alleged indiscretions.

Meanwhile, the widespread post-election anti-Trump protests continue in a desperate attempt to hang on to the Obama legacy.

At heart, the Obama establishment is authoritarian and will resort to undemocratic means if necessary. Draining the swamp will reveal many alligators.

The Donald has been underestimated many times before. With the support of the US people, he may prove the pundits wrong, yet again. Or will he?