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COMMENTARY

WILL IT BE TRUMP OR HARRIS THAT INHERITS "THE CARTER CURSE?"

Updated Commentary by Chris Temple, Editor/Publisher

In just a few more days, Americans who haven't already cast their vote early will go to the polls to decide whether Kamala Harris or Donald Trump will get the crack at leading America from the White House from next January onward.

The majority of the ever-more polarized chatter leading up to Election Day has seemed to be a never-ending Saturday Night Live skit, than anything serious. Personalities and emotions have mattered far more than policy discussions, which have been relatively lacking.



Are they Sure they want this Job?

But when the dust settles and a new or renewed president takes over in 2025, reality will set in. And then the rest of America will start to come to the understanding of the landscape that I am sharing with anyone who will listen these days.

As I mused a couple weeks back in a [PODCAST](#) with *The Prospector News*' Mike Fox, either a President Harris or a President Trump may have buyer's remorse when they actually have to confront the fiscal and related messes the country faces (*Make sure to click on that link and listen in!*)

Not since Jimmy Carter was elected in 1976 has a new president already had the deck so stacked against him (or her.) You know how the "history" goes: it was the hapless peanut farmer, in over his head, who

gave us the inflation, eventual *stagflation* and then-record interest rates we all experienced during his term.

WRONG!

It was these two guys at right who were the cause of the all that: **President Nixon** who infamously turned the U.S. dollar into a totally fiat currency in 1971 and then *his* **Fed Chairman Arthur Burns** who unleashed two separate waves of soaring inflation, the second of which was among the issues welcoming Carter into office.

So, today, does the next president face a *continued* evolution of a new era of "sticky" inflation, already-existing MASSIVE debt issues, looming economic weakness and everything that goes with them.

To be sure, both major party candidates have generously offered all manner of goodies for voters to "help" us. Yet amid all the gimmicks, there have been precious little actual, substantive proposals laid out by either that will address ***how to pay for all these promises***. Indeed, most of the analyses of the competing Trump/Harris proposals on economic and tax policy focus on how much more debt each would pile on to the national credit card if given the opportunity.

And among other signs of a comeuppance waiting ahead, we've recently seen long-term Treasury yields soaring anew as the bond market, at least, is dealing with reality NOW!



I used to think that if there was reincarnation, I wanted to come back as the President or the Pope or as a 400 baseball hitter. But now I would like to come back as the bond market. You can intimidate everybody.

— James Carville —

AZ QUOTES

Those of you who have been subjected to him in the recent past have seen what a babbling crackpot former Clinton adviser James Carville has become. Few have as acute a case of Trump Derangement Syndrome as he does.

Yet in his more lucid days 30 years or so back, Carville famously remarked that if there were such a thing as reincarnation, he would like to be reincarnated as the bond market. Back then, somewhat percolating

inflation, rising bond yields as a result and more thwarted much of the early Clinton plans to be more progressive; instead, Clinton as much as not joined forces with a G.O.P. Congress to be—relatively speaking anyway—more fiscally responsible than any administration of our lifetimes. *The point, of course, is that the bond market pretty much compelled that better behavior.*

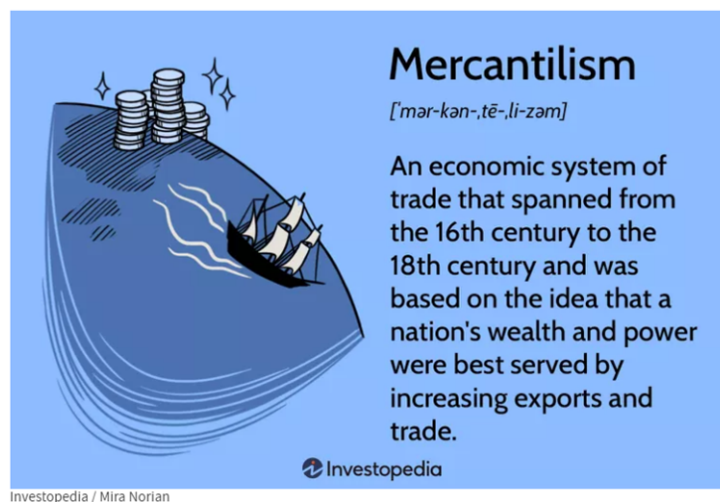
A President Trump or a President Harris will have to likewise reckon—having already been left a *far worse* fiscal mess than Clinton had to deal with, let alone that left for Carter by the Nixon/Burns damage—with those famed “bond market vigilantes” feeling their influence more than at any time in recent years. The deck is very much stacked against the next president, as I see things, no matter the promises being made to curry voters’ favor. **The math just won’t be working for *either* of them, absent something *truly* revolutionary (more a bit below.)**

I don't see the markets giving *either* would-be president much of a honeymoon (save for if Trump wins amid a "Red Wave" sweep bringing the House and Senate with him, in which case there would be some euphoric honeymoon in the stock market *for a while*.) But *even then*, once the work starts next January 20, the new government will have to deal with rising rates, an incrementally weakening economy, a likely greater rebellion from the bond vigilantes (who will keep pushing up long-term borrowing costs *no matter what the Fed does*) and more.

On this subject, Paul Tudor Jones just gave one of the more insightful interviews and realistic takes on the plight of the next president to *CNBC*; see <https://www.cnbc.com/2024/10/22/paul-tudor-jones-says-market-reckoning-coming-after-election-on-spending-we-are-going-to-be-broke.html>. "All roads lead to inflation," still from here, he insisted, due overwhelmingly to the ongoing borrowing and spending disease in Washington and—again—nobody prepared to *seriously* change that. Interest rates could rise further still; and that will crimp the plans of whoever is president.

And yet another highly regarded non-partisan billionaire investor, Stanley Druckenmiller, is *actually shorting* long-dated Treasuries these days; see <https://www.msn.com/en-us/money/savingandinvesting/does-stanley-druckenmiller-know-something-wall-street-doesnt-the-billionaire-investor-is-making-a-big-bet-against-the-federal-reserve/ar-AA1sAljq>. The reasoning is the same: Combine ever-soaring deficits and debt, no will to change that behavior (indeed, in their various ways, Harris and especially Trump will *worsen* things, as I said above) and still-intractable inflation and—while we may not see Treasuries actually crash in price with yields soaring to double digits like a generation-plus ago—you sure want to think twice about being *long* right now.

Post-election when I discuss how the dust is settling, I'll have a lot more to say about how the U.S. economy will manage going forward—and *maybe* negate some of the ill effects of the fiscal mess we face now—depending on the new president's game plan for America's "New Mercantilism." Trump started us down this road in a big way in his first go-round; but somewhat ham-fistedly. He has promised emphatically to double down on a lot of this, especially when it comes to "that most beautiful word" *tariffs*.



A President Harris would continue a lot of what the Biden Administration put in place in this regard or (and they don't like to be reminded of this) kept in place where Trump's tariffs were concerned. By present appearances, her administration would be more "surgical" but would still continue the U.S. down the road of a mercantilism we necessarily need to pursue given changing global dynamics, the retreat from globalization and related geopolitical/macro trends.

To me, the attitude of a President Trump or a President Harris on this broad subject and the implementation of, in some ways, *revolutionary* steps to broaden the economy (and tax base) and accompany it with *massive* initiatives on our infrastructure, energy policy, critical materials needs and more is what bears watching.



In that recent podcast with Mike Fox, I discussed some things already floated by both Harris (price supports and critical stockpiles, publicly-supported, for U.S. critical materials) and Trump (a sovereign wealth fund to accomplish the same.) **I offered up some other ideas that could make either a hero; and serve to grow the economy *without* just running up the national debt.**

Listen in at

<https://www.youtube.com/watch?v=3k1ThafXnFs> for your complete pre-election “primer” on all these issues; and be on the lookout for my take and evolving investment themes once we know what the makeup of the U.S. government will be come January.

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