

**Quote of the week** - "Everybody wants a better transportation system, but very few people want to pay for it, so that's a big conundrum." <sup>1</sup> - Elayne Chao<sup>2</sup> at the February 26<sup>th</sup> Winter Meeting in Washington of the National Governors' Association (that was to be followed that evening by the annual *black tie* Governor's Ball hosted by President & Melania Trump in competition with the Oscars during which the former boasted in his speech that he "had already met many of his campaign promises", & the next day by a meeting at the White House).

**Quote of the week No.2** - "It's all going to end on January 21<sup>st</sup> ... Our foreign policy has been a disaster. We've neglected & abandoned our allies. We've emboldened our enemies<sup>3</sup>. The message I have - it's a very simple one. It's a bumper sticker. The era of the of the pajama boy is over January 20<sup>th</sup>, and the alpha males are back." - *Sebastian Gorka*<sup>4</sup> on Fox News on December 17<sup>th</sup> (who after Trump's address to Congress opined "American Leadership can beat radical Islam").

**CNN's March 1<sup>st</sup> Sen's John McCain & Lindsey Graham "Townhall" program** - It was well choreographed, especially with regard to the human story aspects of the obviously carefully selected questioners. McCain under-, & Graham out-, performed my expectations. The former because he trotted out the self-serving military-industrial complex line that military spending had declined since 2010. This is true up to a point since in **absolute terms** for total military spending **did** decline **16.8%** in the five years ended in 2015 to US\$736BN (i.e. by a 3.6% compound annual rate over **five** years); but this had come on the heels of a decade in which military spending had more than doubled from US\$395BN to US\$884BN (i.e. grown at a 8.39% compound annual rate over **ten** years). Moreover, it is worth noting that in relative terms military spending as a % of GDP had grown from 3.89% in 2000 to 5.97% in 2010 & that the 4.13% 2015 level was still, albeit marginally, above that 15 years earlier. And Senator Graham was impressive in his insistence that it will take soft-, not just hard-, power to deal effectively with the ISIS threat & his observations that 'ISIS fears nothing more than an educated woman' & that 'President Trump was proposing to boost America's hard power capability with money stripped from the US primary sources of soft power' (i.e. the State Department-, & foreign aid-, budgets).

**Defense Department Budget** - It is capital-intensive : at its current budget & staffing levels its per job cost is about US\$400,000 (the same number as applies to the number of **direct** jobs to be created by the US\$54BN hike in the Pentagon budget). And it is also 'top heavy' : during WW II the size of the US military peaked at 16MM with 20 four-star generals/equivalents (i.e.

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<sup>1</sup> Welcome to the real world!

<sup>2</sup> Formerly Bush 43's Secretary of Labor & now Trump's Secretary Of Transportation, and all the while wife of Senate Majority Leader Sen. Mitch McConnell (R.-KY).

<sup>3</sup> Those who point a finger at others always should remember that, in doing so, they point three at themselves; for in terms of abandoning allies & emboldening enemies Trump in recent months has done a stellar job by jettisoning TPP (which one China expert referred to as an "early Christmas present for President Xi), denigrating NATO and now, at a critical time in European political terms picking a fight with the US NATO partners over their funding contributions shortfalls (which must have contributed to a poll published over the weekend that showed Chancellor Merkel now slightly trailing the new left of centre SD leader Martin Schultz, the one-time President of the European Parliament, 33-32, after Schultz gained 12 points on her in four weeks.

<sup>4</sup> Formerly Breitbart 's national security editor but now a Trump Deputy Assistant & a White House National Security Advisory Staff member.

one per 800,000 ORs), while today, with a total strength of 1.5MM 'active service' strength it teems with 38 four star equivalents (one per 100,000 in the Army, per 50,000 in the Marine Corps, per 35,000 in the Navy & per 25,000 in the Air Force). And while a senior Pentagon 'seat warmer' has already gone on record saying that the US military is "underfunded, undersized & unready", in reality in 2000 the military budget had accounted for 20% of total federal spending and by 2005 for 25% & 2010 for 24.5%, and at last report was 21.6% (i.e. still in excess of its 2000 level - so the problem may be less one of "underfunding" than of substandard management (& injecting more money into a badly managed mess typically just creates a still bigger-, & still worse-managed, mess.<sup>5</sup>

**Fiscal challenge facing the Trump Administration-** It can be illustrated by looking at the US 2015 Budget as seen through the eyes of the OMB (Office of Budget & Management)<sup>6</sup>. Total spending was US\$3.8TR (15.3% of it funded by net new borrowing). Of that amount, 33.3% was accounted for by expenditures on "Social Security, Unemployment & Labor", 27.4% on "Medicare & Health"& 15.9% on the military" [with the remaining 23.4% *thinly* spread over nine other expenditure categories - interest (5.97%), veteran affairs (4.19%), food & agriculture (3.54%), education (2.67%), transportation (2.22%), housing & communities (1.60%), international affairs (1.31%), energy & environment (1.10%) & science (0.78%)]. It also noted that almost two-thirds (64.63%) of total expenditures fell into the "mandatory spending" category (i.e. spending required under existing law) while less than one-third (29.34%) fell in the discretionary spending category (that Congress controls through annual Appropriation Bills)<sup>7</sup>, over half (53.7%) of which went to the military, with the rest spread even thinner spread among the other nine spending categories. Furthermore that "tax expenditures", i.e. the subsidies & tax breaks for specific interest groups that Trump wants to boost further to benefit corporations and upper & middle class individuals, exceed total discretionary spending - *in 2015 Budget terms a 9% increase in military spending would have yanked the funding out from virtually the entire non-military part of its non-discretionary spending, as the new Director of the OMB recently appeared to conform when he postulated that balancing the Budget "would necessitate a cut in non-defense discretionary spending of US\$462BN (in the 2015 budget such spending had amounted to US\$515 BN). But "the soup is never eaten as hot as it was cooked" & since Congress has a limited appetite for spending cuts but lots for cutting taxes, this augurs a big hike in government borrowing.*

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<sup>5</sup> According to the St. Louis Fed's data base in the year 2000 the US armed forces had a total "active service" manpower 'on active of 1,384, 338 while the United States National Defense Consumer Expenditure & Gross Investment (a proxy for total military spending broader-based than just the Pentagon Budget) was US\$395BN (i.e. 3.89% of US GDP, while ten years later its manpower had risen to 1,430,985 (i.e. increased by 3.3%) while its cost had increased to 5.97% of GDP (i.e. by over 50%)

<sup>6</sup> The head of which reports directly to the President, Vice-President & White House Chief of Staff. On February 16<sup>th</sup>, after a two month delay, due in part to reports he had, a decade earlier, failed to pay US\$15,000 in payroll taxes for his triplets' nanny and, more significantly, didn't see any need to boost military spending above the Obama Administration's 'sequester levels' (that effectively "cap" its growth until 2021), the Senate confirmed, by a 51-49 vote, Trump's nomination for Director of the OMB of Rep. Mick Mulvaney (R.-SC), a 49 year-old lawyer, Tea Party adherent & "GOP Young Gun") who had served from 2006 to 2008 in the South Carolina House & from 2008 to 2010 in its Senate, and since 2011 had been a member of the U.S House of Representatives.

<sup>7</sup> In a personal/business context mandatory spending is not unlike 'overhead' & discretionary spending not unlike 'disposable income'.

**Interest rate outlook** - On February 13<sup>th</sup> Dallas Fed President Stephen Kaplan told an audience “It is my view that moving sooner rather than later *to raise interest rates* will make more likely that future removals of accommodation (*i.e monetary policy tightening*) can be done gradually ... *and* reduce the likelihood that the Fed will feel the need to remove accommodation ... rapidly”. On February 14<sup>th</sup> & 15<sup>th</sup> Fed Chair Janet Yellen made her Semi-Annual Monetary Policy Report to Congress, with the same presentation one day to the Senate Banking, Housing and Urban Affairs Committee & the next to the House Committee on Financial Services (*although the subsequent question periods were, of course, unique*). Her key point was “At its meeting that concluded earlier this month, the *Federal Open Market* Committee left the target range for the Federal Fund rate unchanged but reiterated that it expects the evolution of the economy ... to warrant further gradual increases in the Federal Fund rate”. Also on the 15<sup>th</sup>, at the Cornell College of Business Annual New York City Predictions event, New York Fed President Bill Dudley (one of the more dovish members of the FOMC) told those present that “the *economic growth* baseline forecast is pretty similar in 2017 to 2016, slightly above trend growth<sup>8 9</sup> ... as Chair Yellen said yesterday and today, we would expect to gradually remove further ... policy accommodation, snugging up interest rates a little bit further in the months ahead ... where a year or two ago our anxieties were more about the risks to growth to the downside ... now the balance of risk is gradually shifting ... *to the possibility ... that growth could actually be stronger ... rather than weaker...* For the market expects fiscal stimulation out of this Administration<sup>10</sup>. That’s another consideration that probably will over time tilt the equation more to the upside.” And San Fed President John Williams, who was Yellen’s successor in that post, on February 28<sup>th</sup> told the Santa Cruz Chamber of Commerce that : “our goal is to attain what I like to call a ‘Goldilocks economy’ - one that doesn’t run too hot or too cold ... In December the FOMC nudged rates up and projected that we’d likely raise interest rates gradually in 2017. Specifically, the median projection was for three *rate* increases this year. We stood pat after our meeting a month ago, but we’ll meet again in March ... In my view ,a rate increase is very much on the table for serious consideration at our March meeting.” And Gov. Lael Brainard (who has been more dovish than even Bill Dudley), may really have ‘put the cat among the pigeons’ when she told a Harvard audience after the market close on March 1 that an interest rate hike would likely be appropriate “soon” - *Not that long ago the CW was that the probability of a rate hike at the FOMC’s March 15<sup>th</sup> meeting was one-in-five, by last Tuesday, February 28<sup>th</sup> that had risen to 35% & then overnight doubled to 69% (even before Lael Brainard had made her contribution to the discourse). And something that often is overlooked, is that a quarter point rise in interest rate can boost the federal deficit by up to US\$50BN).*

**Leading Russian newspaper March 3<sup>rd</sup> comment on the Sessions affair** - “Trump is repeating Nixon’s mistakes”.

**Trumps’ address to Congress** - According to CNN “nearly 70% of those who watched the speech said it made them feel more optimistic about the direction of the country”, Politico said he “delivered perhaps the most traditional speech of his *short* political career” and “should be given credit for painting a more positive outlook than he had done in his Inauguration Speech” &

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<sup>8</sup> Since it came in at 1.6%, a post 2011 low, Dudley appears to imply implies that the US GDP trend growth rate is < 1.6%; this means that Trump’s claim he will make the US economy grow at a 4% annually, i.e. 2½x the trend growth rate, is a pipe dream.,

<sup>9</sup> Other, private sector were more optimistic at least until the 2016 number came in.

<sup>10</sup> But it may be smaller & slower in coming than it has expected in the heady immediate post-election days

for using the Teleprompter to stick to his speech writer's text - *I didn't watch-, but just listened to it with half an ear two rooms away from my TV set as I was working on my computer. So I didn't get sucked in by his 'more presidential' demeanor, thought it had little real meat of its bones & provided few facts, real or alternative, & concluded that the CW glossed over the fact that in actual policy delivery terms his administration still appears to be a long way from home plate - no matter how much lipstick one puts on a pig, it remains a pig (in the poke?).*

**Virtual ISIS** - Lt.-Gen Joseph Leonard Votel (age 59 & with 37 years of active service) has been Commander of the Tampa FL-based US Central Command for a year; as such he is in charge of the US military operations in Afghanistan, Iraq & Syria. And Peter Bergen is CNN's national security analyst, a Vice President of the Washington-based New America non-partisan think tank & Professor of Practice<sup>11</sup> at the School of Politics and Global Studies at Arizona State University. Last October he traveled for a few days with the general to get a first hand feel for things in the region. At one point, in a one-on-one session, the general noted "What I'm concerned about is that as the physical caliphate is dismantled we have to be concerned about the 'virtual caliphate'. Thus is an organization that has demonstrated a high degree of technical capability, internet savvy *and* a real ability to propagate its ideology through *the* social media *in a way* that really resonates with young populations. This was not a factor in the past ... ISIS does recognize that the physical caliphate is under enormous stress and they have begun to *prepare* for this more virtual approach". And his response to Bergen's question as to "what can be done about the virtual caliphate?" was " We have to ... physically go after *those* social media production nodes ... *and* to enlist the broader Muslim world and get credible voices that can offer alternatives." - *In other words, he suggests that beating ISIS on the ground is not an end in itself but just the end of the beginning with phase 2 involving the use of 'soft power' to win the all-important 'war for the hearts & minds' in which the use of 'hard power' is next to useless, if not outright counter-productive (and in which comments like President's Trump's remarks on at the January 21<sup>st</sup> introduction of Rep. Mike Pompeo @.-KS) as his pick to head the CIA that the US should have "stolen Iraq's oil ... But, okay, maybe we'll have another chance" are definitely not helpful (many serious national security experts are growing increasingly restive about the domestic security risk potential of 'lone wolves in a 'virtual caliphate' setting.*

**Will the real US National Debt-to-GDP ratio please stand up**<sup>12</sup> - Two seemingly conflicting numbers get bandied around, 75+% & 105+%, with the former being disconcerting but not to the point of losing sleep, *at least not yet*, while the latter could, & should, prompt nightmares. But the former is a sort of 'alternative fact', for it is based only on the share of the National Debt held by the general public & ignores that debt held by the Social Security Administration is still owed in the final analysis to real, flesh & blood Americans who expect the government to make good on its promises) - *and the really scary part is that, while on June 30<sup>th</sup> 2008 only 56.2% of the then US\$9.492 US National Debt was owed to 'the general public', over the next eight years that rose to 73.2% of US\$19.382TR. The only potential (tiny) 'light at the end of the tunnel' may be that during that same eight year period the foreign investors' share of the general public-held US national debt declined from 48.5% to 44.3% (for governments owing money to local investors is akin to shuffling the deck chairs on the Titanic while owing it to foreigners is more like the iceberg that sank it (since the repayment of foreign-held debt involves a transfer of real*

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<sup>11</sup> Distinguished professionals who, later in their career or after retirement teach at a university with the traditional academic background.

<sup>12</sup> All the raw numbers used here are sourced from the St. Louis Fed that has an enormous economic data base that is readily accessible to the general public.

*resources to non-Americans while that payment of domestic debt merely involved the shuffling of money from one set to another set of American pockets.*

**GLEANINGS II - 700**  
**Thursday March 2<sup>nd</sup>, 2017**

**HOW THE U.S. MILITARY BECAME LIKE A ONE-STOP SHOP FOR LAZY GOVERNMENT**  
**(NP, Rosa Brooks)**

- According to Lt.-Gen. Dave Barno the relentlessly expanding US military has become a “Super Wal-Mart with everything under one roof”, with two successive presidential administrations having been eager consumers. But this is no cause for celebration; to the contrary, it’s both the product & the driver of seismic changes in how we think about war, and the consequent challenges both to our laws & to the military itself. We have trapped ourselves in a vicious circle : as we face novel security threats from non-state terror networks through cyberspace to the impact of poverty, genocide or political repression, we’ve gotten into the habit of viewing every new threat through the lens of “war” and, *in the process*, expecting the military to take on an ever-expanding range of non-traditional tasks, thus bringing ever more spheres of human activity into the ambit of the law of war with its greater tolerance of secrecy, violence & coercion, and reduced protection for basic rights. Asking the military to take on more & more new tasks, creates a need/demand for bigger military budgets, thereby forcing us to look for more & more savings elsewhere thereby restraining spending on civilian diplomacy & development programs. Then, as civilian budget cuts cripple civilian agencies, their capabilities dwindle & the military is expected to pick up the slack, further expanding its role & need for more resources. Finally, once the only functioning government institution is the military, everything starts to look like war and “war rules” start applying everywhere, displacing peace time laws & norms, and we accept warriors acting in ways that in peacetime would have been immoral & illegal.

*This is an all-too-brief synopsis of a 1500+ full page article by Rosa Brooks (née Ehrenreich) herself on her book How Everything Became War and the Military became Everything. Age 47, she has an AB from Harvard (in History & Literature), an M.St (in Social Anthropology) from Christ Church College, Oxford<sup>13</sup> & a JD from Yale Law School (all acquired by age 26) as well as two kids & an Army Special Forces officer husband. While currently Associate Dean for Graduate Programs at the Georgetown University Law Center, from April 2009 to July 2011 she was Counselor to Michelle Flournoy, Under-Secretary of Defense for Policy<sup>14</sup> (& from May 2010 also the Department’s Special Coordinator for Rules of Law and Humanitarian Policy) and is a recipient of the Defense Department’s Medal for Outstanding Public Service.*

### **INDIA’S STRONG GDP DATA LEAVES ECONOMISTS SCRATCHING THEIR HEADS** **(Reuters, Rajesh Kumar Singh)**

- On February 28<sup>th</sup> it was reported that Fourth Quarter GDP had grown at a 7.0% annual rate, slower than the Third Quarter’s 7.4% but better than the 6.4%

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<sup>13</sup> The M.St. Is like an MA at most universities. It was created by Oxford University because there was a gap in its degree-granting capability since historically its MA degree had been a ‘freebie’ awarded automatically to its Bachelor of Arts graduates a set period of time after their graduation.

<sup>14</sup> Who currently is CEO of the small (30 staff & a budget of US\$6MM) but influential Washington-based CNAS (New American Security) think tank, as well as a Senior Advisor to the Boston Consulting Group & a Senior Fellow at Harvard’s Belfer Center for Science and International Affairs, and who a couple of months ago turned down the offer by Gen. Mattis to become his Deputy in the Pentagon (despite the fact that she is a registered Democrat.

expected. This achieved at least two things : it maintained India's position as the world's fastest-growing major economy (China's did just 6.8%) & suggested Prime Minister Modi's November crackdown on cash by outlawing 500-, & 1,000-, rupee banknotes may have had a less deleterious impact on India's *mostly cash-driven* economy as generally surmised.

*The flip side of the latter is that it also raised fresh doubts in some quarters as to the reliability of the country's official economic data reporting.*

### **SWEDEN RETURNS TO DRAFT AMID SECURITY WORRIES AND SOLDIER SHORTAGE (Reuters, Daniel Dicks on)**

- Compulsory military service once was the norm for young Swedish males but was watered down after the collapse of the Soviet Union & terminated in 2010. But military activity in region (& *a shortage of volunteers?*) is forcing its reintroduction, with Defense Minister Peter Hulqvist telling Reuters "We have the Russian annexation of Crimea ... the aggression in Ukraine ... threats to the Baltic states ...and more military exercises in the neighbourhood. So we have decided to build a stronger national defense".

*Meanwhile elsewhere in Europe Russia appears to be falling short of the oil output cutting targets it had agreed to just three months ago & has accused NATO & others from interfering in Macedonia<sup>15</sup> (where the December elections had returned the ruling conservative government, albeit with only a (large) plurality rather than a majority (which has led to a constitutional crisis with ethnic overtones), the latest polls in the Netherlands for the March 15<sup>th</sup> election (which involves more than ten parties) suggest that support for Geert Welders' far right POV party may be waning (although it may still get 50% more seats in the new Parliament than it had in the last, thereby becoming the second-, rather than third-, largest party in it & Prime Minister Rutte's VVD party doesn't seem to benefitting thereof), France's far-right leader Marine Leper had her parliamentary immunity lifted by the European Parliament after she tweeted pictures of Muslims praying in public & compared that to the Nazi occupation of Germany in the WW II & her right-of-centre opponent Francois Dillon was notified that an official investigation had been launched into allegations of fraud (which makes it more likely that the 'having-come-out-of-nowhere' centrist candidate, Emmanuel Macro, will be the opponent to-, & eventual victor over-, Marine Leper in the early May 'winner take all' second round of their country's presidential election. .*

### **HOW AUSTRALIA HAS AVOIDED A RECESSION FOR 25 YEARS (WP, Matt O'Brien)**

- The last time it had one was in 1991(when GDP shrank by *just* 0.4%).That doesn't mean it hasn't had periods of rising unemployment; for it did so in 1996, 2001, 2009 & 2013 but they didn't last long since the economy just kept on

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Putin has a hard-on for NATO since its 28-country membership now includes twelve countries (Albania, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia & Slovenia) that were once within the Soviet orbit (with at least two more, Georgia & Ukraine, knocking on the door?) which stands in the way of his dream to "make Russia great once again).



- **Trump Entertainment** shows up in his tweets & outrageous “alternative facts”, pugnacious press conferences and a pep rally seemingly unconnected to any legislative agenda & organized solely to give his ego a sugar high. And while the public is getting addicted to it since it’s unusual, like flying elephants or horses that can talk, it is not an optimum use of time;
- **Trump Cleanup** comprises of the adults on the team whose job it is to follow in the wake of the above & “clarify” what the president really meant. They include Jim Mattis assuring the South Koreans the US will honor its defense commitments to them, Rex Tillerson who had to assure the Iraqis that we don’t *really* plan to steal their oil, & Nikki Haley who had to assure the UN that, no matter what Trump said, the US remains committed to an Israeli-Palestinian two state solution;
- **Trump Crazy** has an undisputed boss in the form of Steve Bannon who was behind the president’s messy Executive Order on immigration & who wants to shrink the global clout of China, the EU & Iran to make “America Great Again” and America less open to immigration & trade but more white & nationalistic and free from immigrants & Muslims, and who was behind Trump’s attacks on the intelligence community & the media (to enable him to inject his own perception of reality via Twitter into the US body politic);
- **Trump GOP** is headed by Reince Priebus, representing the ‘old GOP that knows Trump is an *undesirable* invasive species in its garden, but hopes to capitalize thereon by having him kill Obamacare, cut taxes, deregulate Wall Street, promote fossil fuels & appoint conservative judges, while curbing his faults (like restricting free trade);
- **Trump Essential** is all about a man who demands loyalty (*as in mindlessly following*?) & who thinks, as witnessed by his boast during the campaign, “I could stand in the middle of Fifth Avenue and shoot somebody and I would not lose votes”, his followers are so stupid they wouldn’t convict him for a murder they saw him commit & who has shown no interest in earning the trust of *the majority of Americans* that didn’t vote for him &, as his Florida pep rally showed, is only focused on being president of his own fan club

*Interesting way of looking at it but it helps explain the seemingly ongoing chaos in the White House & makes one wonder about the National Security’s Adviser’s life expectancy in his job; for by all accounts he ‘calls them as he sees them’ regardless of whether his superiors like it<sup>19</sup>. And while Trump rants about leaks, the above fragmentation may explain why they’re occurring; for in the words of one CNN White House reporter now in academia, ‘the more the White House is fragmented among warring parties, the greater the number of leaks emanating from it.’*

### **TRUMP WANTS CREDIT FOR CUTTING THE NATIONAL DEBT (BB, Shannon Pettypiece)**

- He twittered on February 25<sup>th</sup> “The media has not reported that the National Debt in my first month went down by US\$ 12BN vs. a US\$200BN increase in Obama’s first mo.” (*In so doing he parroted a Fox News segment in which Herman Cain, a*

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I feel for the general, In my career I had a similar ‘opus moderandi’ but was lucky enough to work for people smart enough to know that ‘shooting the messenger’ was not a good option.

*former Presidential hopeful<sup>20</sup> had made the same point). In answer thereto Boston University's Lawrence Kotlikoff noted that "Anything that has happened to the debt has been on autopilot since Obama left ... If anything he is taking credit for what Obama did."*

*66 year-old Kotlikoff is a economics professor of some renown. Early in his career was a member of Reagan's CEA (Council of Economic Advisers), in 2012 he made a short-lived run at the Presidency & last year was a write-in candidate to the bitter end (for the stated purpose of bleeding off Trump support. But the fact remains that the size of the US\$19.9TR US national debt can, & will, fluctuate wildly on a daily basis depending on tax revenue in-, & expenditure out-, flows (thus while on February 21<sup>st</sup> the US\$14.4 publicly-held portion thereof was US\$94MM lower than it had been on January 20<sup>th</sup>, the very next day (February 22<sup>nd</sup> it was US\$1BN higher. Moreover, the US\$12BN number he used represents only 0.06% of the total national debt, i.e. less than 1% on an annualized basis, akin to 'peeing on a hot plate'. And the basis for his self-serving comparison was bogus; for today the economy is doing moderately well, while in 2009 it was in the throes of the biggest financial/economic crisis since the Great Depression with tax revenues in free fall, & deficit financing a desperate Keynesian, & ultimately moderately successful, attempt to get the economy out of a tailspin.*

### **TRUMP IS GIVING LAWMAKERS WHIPLASH ON OBAMACARE** **(Politico, Josh Dansey)**

- One moment he says he's going to kill it & replace it with something "great" & in the next breath is publicly flirting with the idea of letting it implode; thus he told the State Governors<sup>21 22</sup> at the White House on Monday February 27<sup>th</sup> "Let it be disaster, because then we can that on the Democrats and President Obama", and then went on to say "Nobody knew that healthcare could be so complicated." (*a display of naivete that raised eyebrows even among some of his supporters*). Republicans, meanwhile, don't know what to believe & have grown increasingly concerned that, while the White House dithers, Obamacare is becoming more popular among Americans<sup>23</sup>, even though Josh Holmes, a former chief aide to Senate Majority Leader Mitch McConnell (R.-KY) maintains "The folks that are avowed fans of Obamacare are really a small subset of the population yet they are controlling a large part of the debate ... The administration has the capability of reversing that." (*but isn't, at least so far?*)

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<sup>20</sup> A 71 year-old Afro-American & Tea Party activist from Georgia, and a former senior executive at Pillsbury & Godfather's Pizza and Chairman of the Kansas Fed, and who in 2012 was the GOP front runner, ahead of Obama in the polls, but who ended up endorsing Mitt Romney.

<sup>21</sup> Thirty-two of them Republicans, twenty-five from states whose legislatures ar also GOP-controlled.

<sup>22</sup> In town for the Winter meeting of the National Governors Association & on Sunday evening the black-tie "Governors' Ball" hosted by President Donald-, & First Lady Melania-, Trump.

<sup>23</sup> According to RealClearPolitics 'average poll calculations' the trend has been : February 28, 2016 Against/Oppose 49.3%, For/In Favor 39.0% & spread 10.3 with the corresponding numbers for November 11, 2016 & January 18' 2017 being 48.7%, 40.3% & 8.4% and 48.0%, 47.3% & 0.7% respectively.

- Friends & associates of Trump, and others who have spoken with him, say he doesn't, at times, seem to understand the intricacies of policy *making in the public sector* although he often asks sharp questions, but that he is acutely attuned to the potential for political damage & wants to be careful and make sure Democrats are blamed if there is any fallout.

*It's all a learning process. The challenge for him will be to make the transition from being a self-centered, quasi-monarchical/despotic mega-sized huckster who can throw miscreants 'under the bus' to that of a leader who picks good people & then leaves them to do the 'heavy lifting', without there being a clear financial bottom line (which was Reagan's greatest strength) & who asks "sharp questions" for his own edification rather than to mindlessly parrot the answers to the next person he talks.*