

## Trump May Be First Since Reagan To Unleash America's Animal Spirits

*By Donald L. Luskin*

It wasn't so long ago that *everyone* knew Donald Trump couldn't possibly be the Republican party's nominee for president. Now that he may very well be the nominee, *everyone* knows he couldn't possibly win in November.

Indeed, *everyone* knows he'll lose in a Goldwater-esque landslide, handing the White House and the Congress to the Democrats.

But what if that's wrong, too? What if he wins? Well, in that case, everyone knows he would be a disaster as president.

I'm considering this from the standpoint of an investor. At first glance, it would seem that there are only bleak choices here for the U.S. economy.

If Trump loses and costs the GOP control of Congress, we face at least two years of Democratic one-party rule like 2009-2010. Get ready for higher taxes, more federal regulations, single-payer national health care, union card-check, a ban on fracking and a Supreme Court stacked left for a generation.

If Trump wins, get ready for protectionism and lots of it, and a raft of other loony *ad hoc* populist assaults on the economy.

Sell everything? Maybe. But then again, maybe what *everyone* knows is wrong. After all, Trump must have something going for him, given his "yuge" success in the primaries so far.

So maybe it's time to have a little sympathy for the devil. You remember the iconic Rolling Stones song by that name. Its opening line is kind of like the Trump campaign — "Please allow me to introduce myself, I'm a man of wealth and taste." Okay, on the taste part, not so much.

But Trump does introduce himself as a man of wealth, and that simple fact speaks volumes about what it would be like to have him as president.

In the last election, Mitt Romney spent his entire campaign apologizing for his wealth, groveling to the Left's narrative that branded him an avatar of white privilege. Romney lost because, in the end, he offered only the defeatist vision embodied in President Obama's "you didn't build that."

Trump couldn't be more different. As a real estate developer, he did, literally, build that. And he's proud of it, bragging "I have a Gucci store that's worth more than Romney."

It is often said that no candidate of either party is substantively engaging with the mission of re-igniting American economic growth. It's true — for almost two decades, all candidates of both parties have ritually conceded that America is in permanent economic decline and hid or apologized for whatever success they may have had personally.

Trump is the first pro-growth candidate of the new millennium, and his policy platform begins with unapologetically offering himself as an aspirational example.

Yes, obviously, in an important sense Trump appeals to the worst in people. But that's hardly unique among politicians, especially the current crop. What is unique is that Trump is also appealing to the best in people. Trump's seemingly jingoistic slogan "Make America Great Again" is a political inflection point as significant as Deng Xiaoping's exhortation "To Get Rich is Glorious" was for China's capitalist rebirth.

The leftist economist John Maynard Keynes wasn't right about much, but he was right when he laid out this enduring axiom of economics: "Our decisions to do something positive ... can only be taken as the result of animal spirits — a spontaneous urge to action."

For all the bluster and buffoonery, Trump's campaign — his very persona — has the effect of letting it be OK for Americans to embrace their inner animal without fear that economic achievement will brand you as a greedy racist polluting imperialist.

The bluster and the buffoonery are an integral part of his pro-growth program. Trump's relentless — sometimes tasteless — assault against political correctness is an antidote against the guilt-trip that the Left uses to terrorize and suppress the animal spirits of capitalism.

It's not just atmospherics. Trump has put forth a tax plan as specific as that of any candidate. No less an authority than Reaganomics guru Arthur Laffer said: "It's a great plan. And I think it's better or pretty close to as good as Reagan's."

Trump's plan calls for a top personal tax rate of 25%, a capital gains rate of 20% and a top corporate rate of 15%. I don't know of many pro-growth supply-siders who wouldn't crawl across broken glass to get that enacted into law.

To be sure, Trump's plan has a protectionist edge to it. It calls for a one-time 10% wealth tax on corporate cash held overseas, whether or not it is repatriated. That's bad news for American multinationals that keep cash overseas to fund operations there — but then again, having the top corporate rate drop from 35% to 15% would likely ease their pain.

Trump's protectionist tendencies are the dark side of his economics. Happily, his opponents have been eager to point out his seeming hypocrisy here, noting that he hires foreign workers for his Mar-a-Lago resort in Florida. Such hypocrisy is a feature, not a bug. It's encouraging that he admits shamelessly that employers must do such things, saying that "otherwise, you hurt your business."

Indeed, as the current Beltway joke goes, his two marriages to immigrants show that he understands there are some jobs Americans don't want to do.

If Trump faces Hillary Clinton in the general election, no doubt she'll haul out the TV commercial that Lyndon Johnson used against Barry Goldwater in 1964, showing a little girl holding a daisy, consumed by a mushroom cloud. Trump is a madman, she will shout, at the same time as she rails against capitalism and Wall Street while denying her family's own wealth.

Meanwhile, Trump will run as a madman for capitalism. He just might win. And by unleashing America's animal spirits, he just might turn out to be the most effective pro-growth president since Reagan.

*Luskin is chief investment officer of Trend Macrolytics LLC in Chicago, a strategic consultant to institutional investors.*