There’s Not a Snowball’s Chance in Hell of 4% Growth!

What the hell are Donald Trump and his new Treasury Secretary, Steven Mnuchin, smoking?!

A new supply-side strategy? Just when we have overcapacity everywhere thanks to the greatest debt bubble in modern history; one that’s caused consumers, businesses and governments to overinvest and buy?

This is, without a doubt, the stupidest thing I have ever heard!

They actually think that businesses are going to expand under their new strategy. Ha! Businesses didn’t expand with zero interest rates. Instead, they bought back their own stocks and financed near-meaningless mergers and acquisitions?

Sure, Ronald Reagan became president following the greatest inflation and supply-side crisis in history. Hence, his supply-side strategy worked. Duh! Inflation means excess demand versus shrinking supply! More people wanting what little there is. That’s when a supply-side strategy and greater deregulation actually can and does work!

But pundits comparing Trump to Reagan are missing this larger point. We’re in a deflationary demand-side crisis, with excess capacity or supply, like the 1930s.

We don’t need more supply, except in a few little places here and there – like nurses!
We need more demand, and we’re not going to get it. Not while the greatest generation in history (both in size and influence) are saving more and retiring in droves.

How has Japan’s endless and much more extreme stimulus and QE done in creating higher demand in Japan since its demographic trends peaked in 1996?

Exactly!

It hasn’t done a damn thing.

Republicans, Democrats, Libertarians, economists, Wall Street analysts… no one gets that demographics have thrust us into a new era. Almost all developed countries will slow dramatically and/or decline in population growth, workforce growth will decline even more, and innovation/productivity has slowed to near zero, simply because...

WE ARE AGING, DAMN IT!

Why is this so hard for the “experts” leading us to understand?!

Aging people don’t have more demand, they shrink and shrivel up, and then die. They don’t produce more or expand supply either for that matter. I’m sorry for being so frank here, but it’s simply the truth.

Mnuchin believes we can achieve 3-4% growth ahead. He’s got NO CLUE!

The U.S. population grew at 1.1% between World War II and now. Even by rosy government estimates, population growth will be 0.6% into 2060. My estimates, adjusted for the reality of falling birth rates since 2007 and immigration in this slow and much slower ahead economy into 2023 or so, is 0.27%.

With 1.1% growth and a little over 2% productivity on average, you get 3%-plus growth in GDP over a long period of time. That
compounds into a great boom, especially with rising debt growth at 2.6 times GDP to leverage that.

But I’ve got news for you Mnuchin. Our debt simply can’t continue to grow at 2.6 times GDP. We won’t see population growth higher than 0.27% for decades (if ever again). And productivity today is close to zero (where it will stay for the foreseeable future). There is absolutely zero chance that we’ll see 3%-4% GDP growth, now or ever again!

More important, our workforce growth is dismal and declines ahead of population, because people retire well long before they die. Look at this chart...

**Falling Workforce Growth Will Drag Down GDP**

*U.S. Workforce vs. GDP Growth*

Source: U.S. Census Bureau, National Center for Health Statistics, Dent Research

Workforce growth will slow even faster as the baby boom generation has and will predictably retire en mass until around 2024... before they die at age 80-plus (although more might choose to stay in the workforce longer due to an...
increasingly bad economy).

The recovery since late 2009 has been all about adding back laid-off workers. But it’s been less robust than expected because more older workers decided to check out a bit early and some younger ones just gave up entirely. Well, that’s about to end!

I’ll say it again: Donald and Mnuchin’s plan to achieve 3%-4% growth in the years ahead is doomed to fail. There’s just no way it can happen… period!

And they’re idiotic for even thinking it’s possible.

How stupid could economists like Mnuchin be?

Mark my words: This promise will create one of the greatest economic disappointments in history.

The massive and unprecedented baby boom is aging and dying. Older people don’t spend much, and they’re certainly not as productive as they were in their younger years – not to mention they’re way less innovative. They’re not home buyers, but home sellers. Do we really need more basic infrastructures in this scenario?

Even the U.S. would be LUCKY to grow at 1% a year in the long-term, after the great reset and depression we’re about to plunge into. Unemployment is going to skyrocket as high as 15% to 20% first, so any recovery will be focused again largely on recouping the lost jobs.

So, Republicans and independents: Trump is following exactly the WRONG strategy for this predictable winter/deflationary stage of our longer term economic cycle! Not that Hillary Clinton and the Democrats had a better one.

The ONLY way to reignite the middle and working class that elected Trump against the odds and polls, that has been sucking wind since the mid-1970s, is to let this damn bubble
burst. But do it in a more civilized way than how it happened in the 1930s.

The ONLY way to make America great again is to admit to and fully accept our massive debt and unfunded entitlements... and then restructure them, like a Chapter 11 debt re-organization in business.

By voluntarily restructuring our debts and mal-investments, we can become a better house in the bad neighborhood for decades ahead.

If we don’t, we become the next Japan. A coma economy forever.

And we shouldn’t cut off immigrants that come into our economy ready to work and start a high proportion of new small businesses and even 40% of Fortune 100 companies... we should welcome them more than ever! But only if they have the skills we need and enter legally do we embrace them – like the Canada and Australia models.

Diversity and adversity is the fertile ground of innovation. We’ve had a lot of diversity in the past few decades. We have a lot of adversity to come.

As for 3% to 4% growth... as they say in New York: “Forget about it!”

Even without the great depression and reset I forecast ahead, Trump isn’t going to create 25 million jobs or turn around this economy significantly in the next four years. There is just no way.

Do yourself, your investments and your wealth a favor. Do NOT hold out for success in Trump’s plans. You’ll be setting yourself up for disappointment and failure. Instead, be realistic and find an investment strategy designed to win in this more volatile and downward winter economic season, especially between 2017 and 2019.
Adam O’Dell is helping his subscribers enjoy great returns with Cycle 9 Alert. And he’s just made available the latest trading service under development. We’re calling it Project V for the moment.

Ben Benoy has an incredible Market Intelligence Filter that’s helping MarketVOX subscribers bank profits.

Rodney Johnson’s Triple Play Strategy is the perfect demographic-oriented trading service.

John Del Vecchio’s Hidden Profits is uncovering investments that make investors the #1 priority, and offer unbelievable shareholder yield.

And Lance Gaitan’s Treasury Profits Accelerator is perfectly suited to the crazy times. Any overreaction in the interest rate market and his readers pounce.

You have options. Make the right choice…

And most important, don’t think you can navigate increasingly volatile markets on your own, even with our general advice. This is not the time to open an online trading account and fight the best and most leveraged traders in the world.

Harry
P.S. Dent Network members have access to all of the services I mention above, for life... plus immediate access to any new service created, like the recently launched Project V. In fact, Network members get everything we publish for as long as they’re members. Several membership seats recently opened up. We’ll be making them available to you in a few short days. Be sure to watch out for an announcement from us on that. You don’t want to miss this opportunity.

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