



## Episode 1,084: Trump's State of the Union: A Breakdown

Guest: Jeff Deist

**WOODS:** We want to talk about the State of the Union, but let's talk about this Kennedy fellow first. What were your impressions there? That poor guy.

**DEIST:** Oh, that was so unbelievable. First of all, I read something this morning. I can't verify this, of course, but I read something this morning that his estimated net worth is \$10-50 million. So I thought that was rich. But what was great was that they had him in this auto repair shop presumably somewhere in Massachusetts where he's a congressman. And I was thinking to myself, well, first he looks a lot like Conan O'Brien, so he probably doesn't have a background in blue collar work, let's just say. But it just struck me that the image was that after his response to the State of the Union was done, he's going to turn around and drop a new transmission in that Oldsmobile sitting back there behind him or something.

And then of course there were some jokes about his uncle, the infamous Ted Kennedy. I think that's his uncle. And the idea of a car with that open hood as a metaphor was maybe not the best decision on the part of the Democrats. Very, very strange. He didn't really respond, per se, but he just gave a resistance talk. So very bizarre and I thought ill-timed. But somehow against all odds, that moron Dana Perino, who used to work for of course I guess the Bush administration, was praising him and saying he finally got over the response curse. So apparently, he's being praised. I mean, didn't it strike you as a very strange scene, his whole response?

**WOODS:** Well, I'm actually happy to say, Jeff, that I was busy doing something else while that was going on. I just —

**DEIST:** Oh, well —

**WOODS:** Yeah. I was doing an online webinar to try to improve people's minds, which I thought would be better. But I did read about this. And of course the other thing that they're saying — this is Joe Kennedy, the congressman from Massachusetts. There are news stories and there are photographs purporting to show that he was drooling, or there's something, saliva coming out of his mouth during the talk. So it's been pretty brutal, I think the response, but you're right; there are high-profile people and certainly Democrats who are singing his praises. But, eh, if it had gone really well, then all the so-called responsible people would be talking about he's the next super star, but I'm not hearing that.

**DEIST:** Yeah. There's no fair in politics. I think he had some Carmex or something on his lips that gave that impression. And look, nobody cried any big crocodile tears when JFK looked a

lot better on TV than Nixon in 1960. That's just the way it goes. That's part of it. They're playing a game that they've chosen to play, and that game involves optics, so too bad.

But I will say this. I listened to the actual State of the Union in the car. I was shuttling my son around. You know, these endless teenage activities. So I listened to the State of the Union on PBS on the radio, and then I later watched portions of it on video. So it gives you a bit of a different impression. What was so funny about PBS was every once in a while, the breathless commentator would cut in and say like, "Trump is now speaking on foreign policy." And you could tell that the commenter was a woman, and she would occasionally cut in with these things. "Trump is attempting to tie the murder of two young women in Long Island to immigration policy." And you could tell she was exasperated and just wanted to say, "This is absurd," or something, but she was doing her very, very best to be objective PBS.

And apparently PBS was also fact checking his speech in real time. How edgy that must be. I'm really interested in fact checking. I mean, a State of the Union is an exercise in gross generalities, to put it mildly. And it's a speech completely about perception. It is perhaps the most perception-heavy talk that presidents give, other than maybe when they're campaigning. So there's no facts in politics; there's only perceptions. There's what people believe. And so it was interesting to me that now that they've lost an election — presumably a lot of our friends at PBS wanted Hillary to win — that fact checking has become the new exercise of the day.

But it was also interesting just to hear it on the radio without seeing what I later found out were all these pained expressions in the gallery.

**WOODS:** Yeah, yeah, yeah. Well, of course it was a long speech. I heard people say that the president didn't look too thrilled while he was giving it. No Reaganesque smiles or anything like that. And as I read the text, I thought, okay, I can see parts of this that are distinctly Trump, but at the same time, I see parts of this that are just boilerplate Republicanism, too. There was plenty of that in there. Of course the immigration stuff is somewhat unique to Trump, but even there he was fairly conciliatory, if anything.

To me, I could find some things to cheer, like he's happy about deregulation and he's happy about certain things that he thinks will improve people's lives by reducing the scope of government, and he talks about his judicial appointments. And those things were all well and good. But my gosh, how many times do we have to hear the speech about the police, the military, and the veterans, for heaven's sake?

**DEIST:** [laughing] Well, yeah, the tone was pretty milquetoast for him, and like you said, he's not a great orator, even when he's reading someone else's words. His timing is not great. He'll say, "We want to thank our veterans," da, da, da, and then he'll say, "So thank you." And he never delivers this with the appropriate staccato or phrasing or timing or however you want to think about it. So he's not a pro, and he didn't have — he didn't look like he was enjoying himself particularly.

But what struck me, just as an overall first impression, was that when I watched his inauguration speech, which was of course in the middle of the day in January a year or so ago, at the end of that speech I said, *Holy you know what*. I mean, that had an edge to it. It was anything but conciliatory to the recently vanquished, then vanquished Hillary Clinton. It really was shocking even for Trump, to me. Whereas last night, eh, it was just kind of a lot of pabulum.

The only part that really struck me as edgy — now, there were a lot of moments where my interest was piqued only in that I knew it was a cringe-worthy moment for Democrats, that they would really hate what he was saying at that moment. So that's interesting to me to watch that reaction. But the only part that really struck me as Trumpian in that it had that darkness to it that we've now — and you know, look, LBJ was not sweetness and light, okay? Let's not kid ourselves.

But we've sort of absorbed this idea that Trump has a dark side, and I think that showed itself when he brought out the four parents of the two girls, teenage girls who had been murdered on Long Island allegedly, apparently — I don't know the status of the case. I guess this is now a conviction — by some MS-13 gang members. So I guess it's not just allegedly. I guess as a factual matter they did it. And to my eyes, anyway, the four parents were all African American or black folks. And first, that they sort of in a sense let themselves be used as political props and had to dredge up the pain of their daughters' murders, to give Trump of all people, a guy most black people — I think that it is a bit inexplicable, but most black people don't like him. I thought that was very bizarre. And you could almost hear hissing. I mean, that was some TV right there, is talking about the murder. And we have to think also, Tom, would Hillary Clinton say something like that? Would Mitt Romney say something like that? So that's what's so interesting to me, the things he says that they wouldn't.

**WOODS:** Yeah. Yeah, yeah, and for some reason, that's calling to mind for me that guy everybody loved at the Democratic convention, that guy, that fellow Kahn, whose son was — he was a Muslim and his son had fought in the U.S. military in the war in Iraq, and he said that his son was a big fan of John McCain. I thought, okay, so your son is Islamic. You're fighting a war with the U.S. military against Iraq, and you like John McCain, who has made the Muslim world a complete — well, has helped to make it a complete basket case, and you're going to stand up there and hold up the Constitution against Donald Trump and you're going to stand there in the service of Hillary Clinton, who basically voted to send your son I think to his death — I think he died over there. And I remember everybody thinking this was a great guy, and I thought this is a creep. What kind of person exploits the death of his son for, of all people, Hillary Clinton?

The political theater of it, I agree with you, is extremely creepy and not — and incidentally, this whole practice of I'm going to bring all these people I can point to during the speech. I don't know, did he set a record with the number of those people last night? I don't know.

**DEIST:** Yeah, and a couple of them he said, "Please stand," and all this and that, and if you put yourself in their shoes — let's say you're a firefighter who was involved in —

**WOODS:** Oh, why wouldn't you go? Sure.

**DEIST:** I mean, if the White House called you, it's almost a political act if you decline.

**WOODS:** Right.

**DEIST:** So you know, they're being used and some of them presumably know they're being used, but, heck, you've kind of got to do it. And the little boy sitting next to Melania, the whole thing's designed to evoke these kind of weepy feelings or nostalgic feelings or stir

patriotic feelings. It really is kind of deplorable if you think about it. I mean, there's no excuse for this.

But what I guess what I like about Trump in a twisted sense is that he doesn't attempt to be conciliatory, and as unpleasant as this is, I think it's good for the political class to stop pretending that they're representing everyone. I remember just a year or so ago, our senator down here in Alabama, a guy named Richard Shelby, was running basically unopposed. There was not going to be a Democrat, a serious Democrat in his reelection opposing him. And this is before the Roy Moore stuff happened. But nonetheless, he had a token Republican primary opponent, and he was running these radio ads throughout Alabama, and they were all about how horrible Obamacare was and how he's going to get rid of Obamacare and he stands against Obamacare, blah, blah, blah. Well, the problem is that he's a senator. That's a statewide office here in Alabama, and there's an awful lot of black folks in both Montgomery and Birmingham and some other cities in Alabama who were very, very fond of Obama and totally agree with Obamacare. But because of gerrymandering — well, in this case because Alabama's a pretty deep red Republican state, he didn't even have to pretend that he was running to represent all Alabamians in this contest.

And that's kind of what Trump does. He doesn't even pretend. And he has this habit where, it's this sort of insecurity that bubbles up in him, and my ten-cent pop psychology take on this is that it's because he grew up in Queens and he's just old enough where Manhattan and Queens were two different worlds and there was still old money and new money. That's largely gone today, but he's old enough to remember that, no matter how much money his father made or he made, he was never quite part, could never become quite part of that Manhattan set. And I just sense this insecurity in him sometimes, and it comes out in this form of spiking the football. There were a couple of different times where he mentioned indirectly the Obama administration in a very non-conciliatory way, saying, well, everyone was hopeless just a few years ago and now we're finally bringing these things back. It's like he's still fighting Hillary and he's still fighting Obama, which is really interesting a year later. So in a sense, Tom, in a weird sense, he's more honest than some politicians. Do you know what I mean when I say that?

**WOODS:** Yeah, no, I do. And the thing is, of course, you see that a lot more in his rallies when he's just speaking off the cuff, and then it really, really comes through. In the speech last night — you mentioned Obamacare so I just suddenly thought of this. I'd better say it before I forget. He hit on Obamacare briefly because he said that — in talking about the tax reform, he said that we had gotten rid of what he called "an especially cruel tax," by which he meant the individual mandate, because people who couldn't make the Obamacare plans work for themselves had to pay a penalty. And so instead of treating Obamacare as being something that helps the most vulnerable, he spoke of it as an especially cruel tax. And I thought to myself, actually, I would have probably wanted to say the same kind of thing, because that would have driven those people crazy and gotten under their skins. And that to me is half the reason of giving a State of the Union.

Now, also, one other thing I would say about this speech is that I've watched a lot of State of the Unions over the years, and they're extremely messianic in what they call for and the vision that they put forth. It's ridiculous the promises they make. I thought this was more modest in the promises it made. I mean, there were some ridiculous claims, like we've got a major drug problem, but don't worry, we're going to be victorious over it. Why would we think so when everyone has told us the same thing for years? That's disappointing. But it was mostly

finite goals that he was laying out. It wasn't we're going to remake the world or we're going to reinvent American society. So that was at least something. That was somewhat refreshing.

Also on a specific level, I thought it was nice that he mentioned the right-to-try legislation. We've seen this in a lot of states where, if you have a terminal illness, you can bypass the FDA because what the heck do you have to lose? You're going to die anyway. I mean, you'd think that would be obvious, that we would support something like that. But to see him say things like that was kind of nice.

But then again, there's also plenty of boondoggles in the speech too, because he doesn't have a consistent philosophy. He wants paid family leave and he wants job training programs. I remember Mark Thornton there at the Mises Institute years ago was telling me about a job training program in Alabama and he had done some study on it, and how many people had actually signed up for the job training, attended the job training, completed the job training, and then got employed in the field for which they were trained. And the answer was two people. So I'm not really sold on these programs.

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Jeff, one of the key aspects of the speech that was touted even before it was delivered was the infrastructure plan. He wants a trillion and a half dollars for infrastructure. Every time infrastructure comes up on this show, I link on my show notes page to David Stockman's article about how there is no infrastructure crisis, this is a lot of BS. So I'm going to link to that at [TomWoods.com/1084](http://TomWoods.com/1084). Of course, you could say if there were an infrastructure crisis, there are ways other than government to handle that, but that's a separate matter. And also, virtually all of that is local. These are state and local matters anyway. But that is the typical — And by the way, Steve Bannon, the right-wing Steve Bannon was the guy who came out and said to people, look, everybody's calling me these different names, but I'm the guy who wants to spend a trillion bucks on infrastructure.

**DEIST:** Yeah. Well, Stockman is so correct on this, and I think his pledge to demand more than a trillion dollars out of Congress for infrastructure, I think that was the second worst thing. The worst thing he said was rebuilding our nuclear arsenal. We can get to that later, but I was like, oh my God, what are you talking about? But the infrastructure thing, because basically, he's talking about deficit spending. There's no other way to come up with a trillion and a half dollars. The other thing, this is hyper local. Local municipalities understand the problem with a traffic light or a pothole in a way that feds can't, so even when you're talking about a federal interstate highway that runs through many, many states, you're still generally talking about local crews working on it. We don't have federal contractors, per se — I mean, we have federal contractors for things like defense, but for the most part, road contractors are people from the area or the region.

But the terrible thing here is — and Reagan is responsible for really accelerating this process — is that the federal government has the carrot and the stick. It has the federal funds that it can dole out from the Highway Trust Fund or from the Department of Transportation as a carrot, but it can also withhold them as a stick, which is what Reagan threatened to do to states that didn't reduce their speed limit to 55. So what we've got now is this unholy mindset where what ought to be a purely local matter, taxed and paid for by local taxpayers, becomes

an attempt to get federal funds. I'm sure the first thing your city council does is go to the state to try to get money for something, and the first thing the state does is go to the feds to try to get money for something.

So instead of paying for things locally, where there's at least some efficiencies and economies just because people tend to not waste money when it's closer to home — This infrastructure thing, that was in a sense the most grandiose thing he said, because that's — it's not as exciting, but that was the thing most akin to like, we're going to go into space or we're going to have some big spending boondoggle.

But like you said, I think it's an interesting point that much of the speech was kind of pecuniary. In other words, he was almost appealing to small-minded things, like you're going to have a great job, you're going to be able to buy a car — this sort of thing, rather than we're going to remake the world. And I think this is another example of Trump's mindset, that he really sees things in a material way. And look, you don't want the grandiose do-gooders in there. You don't want Al Gore. So this is not necessarily a knock against Trump; it's just that he does exhibit a kind of small-mindedness sometimes, which is really interesting in what at least on paper is sort of a worldly, well-traveled billionaire.

But he doesn't think that way, and I think that's what endears him to so many normal Americans. This isn't about policy. Policies are secondary. This guy just doesn't come across and sound like a manufactured robot like Hillary Clinton, who, Hillary Clinton hates half the country's guts and it's written all over her face. I mean, that's why Trump is president, and it shows through. So the infrastructure thing was bad, and I hope that it goes down like the paid family leave and these other things where presidents just sort of spout off this wish list of policies and then Congress doesn't do anything.

But I guess one of the big tragedies of the State of the Union, which has morphed from what used to be a written document presented to Congress now into this tradition where they have to speak even if they're not a good public speaker or even if they didn't write the speech themselves, even if they have no command over the intricacies of the speech or the policies it's attempting to discuss — one of the really terrible things about it is it has emboldened this cult of the presidency, this executive authority, that policies come from the president. And of course that's 100% false if you believe in a constitutional perspective. Presidents are supposed to be executives who carry out the will of the people — ha, ha — as most closely represented by Congress. It's like a CEO and a board of directors. So that's one of the things that nobody questions anymore with State of the Unions.

And we hear this constantly in presidential campaigns. We hear, "What are the president's policies?" Presidents aren't supposed to have policies. So that's something that's lost, but hardly Trump's fault.

**WOODS:** Well, agreed. How about foreign policy in the speech? You mentioned the nuclear arsenal.

**DEIST:** [laughing] Oh, we have enough nukes. Yeah, we need to rebuild our nuclear arsenal. Isn't it so funny that after the Soviet Union collapsed, we found out that so many of those warheads were just rotting and inoperable? So basically we had 50 years of Cold War based on a complete lie that there was this bristling Soviet nuclear capability prepared to unleash itself at any moment, when in truth, we found out they had a bunch of rusting tanks that couldn't

go in reverse and missile silos that didn't open properly and their people were starving. Some threat. But yet the Cold Warriors kept us all on edge and spending trillions of dollars on phony, BS defense for 50 years based on basically a lie.

Now, some of that lie we know about only in retrospect. Yeah, yeah, yeah, I get it. But doesn't this have the same feeling? Like, my God, who's — It was interesting that he mentioned China and Russia as rivals. He didn't call them enemies. Rivals, which I thought also was very businessy. I thought that was kind of a business term, and it was interesting to me that he used it. And of course, Bernie Sanders was spouting off, saying, how could the president give an entire speech where he didn't talk about how Russia interfered in our election, like if the Russians bought a couple hundred grand worth of Facebook ads, if the American people are that stupid to change their vote because of that, then let's not have voting.

So it was very interesting that he mentioned them as rivals, but the only country that he really discussed in an exceedingly bellicose fashion was North Korea. And I'm really looking forward to reading what Michael Malice has to say about this, because he kind of soft pedaled Iran, and that made me happy because this fetish for demonizing Iran and ginning up war with Iran amongst people like Lindsey Graham is just sick beyond belief. And if I could put in a plug, please, please, please, if your listeners have a chance, go find the Rick Steve's Iran show on YouTube and just see what these people are like and see what the country looks like. It'll change the way you think about Iranians. So he didn't go all in. He said he wanted to get out of the bad Iran deal that Obama struck, the non-proliferation treaty. That was about the only bad thing he said about Iran.

And as far as North Korea, he did make it sound like a concession that we weren't invading them. He said that we're running a campaign of maximum pressure, but it didn't take the next step. I was waiting for the other shoe to drop, where he would say, "And if that doesn't work, boy, we're going to rain down hellfire on them." And he didn't really say that. So maybe I'm wrong. Maybe I haven't followed the North Korea rhetoric that closely, but he didn't say that. He didn't imply that there's something more if the campaign of maximum pressure doesn't end. And he did use as props the parents of the young man who was tortured in North Korea and then came back and later died in a U.S. hospital.

So clearly, I don't believe this 3D and 4D chess stuff about Trump, that he's so brilliant and he's several steps ahead politically, but you do get the sense that he does understand playing the media pretty well and he does understand entrapping Democrats, how you give them an opening that appears to be a weakness and they rush in and overexpose themselves like they did with the Mueller — which they're doing with the Mueller FBI Russia business, which we all know is an actual nothing burger, as Hillary puts it. So you get the sense that he does have some wiles for tactics, and my sense, and maybe I'm totally wrong here, is that he's using North Korea as sort of an easy piñata, a punching bag to let him sort of appear tough, like a foreign policy guy and someone who protects America's interests, but he won't necessarily have to act on it.

And I wonder if he knows, I hope that he knows that North Korea is zero threat to the United States. I mean, it's nothing. I mean, compared to the Cold War and the Soviet Union, it is an insect that we could brush off our shoulders. So I'm hoping that his bellicosity on North Korea is staged somewhat and it's designed to make him look presidential without having to get into something really unpleasant with China or Russia or a formidable opponent. And the great

thing about North Korea is they don't have a media defending him. They have such a closed society that he can just say these things about North Korean leaders and there's not much of a response. There's no sort of world media. Whereas if you say things about the Russians and the Chinese, there's a response and there are international diplomatic elements there. Whereas North Korea, he can just turn them into anything he wants rhetorically.

So very, very interesting. It wasn't an isolationist speech on foreign policy. It wasn't a noninterventionist speech. But it was not a Bill Kristol hawk speech either. So if you're looking for a silver lining, I would say that's it.

**WOODS:** Yeah, but of course, there is still the call for more military spending. He's definitely in the tank for that one. What did you think about the reaction from the Democrats? This was kind of interesting.

**DEIST:** Yeah, I noticed — I'm sure I'm not the only one who's bothered by this self-segregation amongst the members of the Black Caucus sitting together. I don't think that's right. And not all the black members of Congress sit together. Some of them don't. And a lot of them were wearing the kind of African garb. Okay, that's fine. I don't see how that unifies us. We're all from somewhere. I get it. Our grandparents or whatever all came from somewhere. And the African American experience is different. I get that too.

But come on. This African garb stuff and these pained expressions. Trump is a lot of things, but he's not a guy who's motivated by racism. He just isn't. If you talk to people who have worked for him, if you mentioned when he was thinking about buying an NFL franchise, there was never anything about his supposed racism until he ran for president. And so that really pisses me off. That's just not right. Let's criticize Trump, but this idea that in his heart he's a racist or a white supremacist is so BS. And can I just throw in there, I noticed, to my knowledge — maybe I'm wrong, but to my knowledge, he did not mention gay or LGBT in this talk.

**WOODS:** Yeah, I didn't see it.

**DEIST:** And I don't think sexuality or sexual preference is a political matter, so I'm glad he didn't. But you know, this idea that he is hostile to LGBT, go back, way back in the early 1990s when he was involved with the Reform Party — you can find this video on Gateway Pundit. He was interviewed, and then later on he was interviewed in I think 2000 by *The Advocate*, the gay magazine *The Advocate*. And in both these instances, he said, *Look, I'm in New York City. I'm in the real estate business. I have lots of gay and lesbian people who work for me. It's fine.* And then they got a little more specific and said, *Well, are your employees allowed to be out?* And remember, this is 1992 and 2000. This is a while back. He said, *Yeah, it's up to them.* And then he said something quite astonishing for the time, for the early 1990s. He said, *Look, I would just take the 1964 Civil Rights Act and extend it to gay and lesbian folks.* Simple and easy. He was saying this in the early '90s.

Let's not forget that ten years ago, 2008, both Hillary Clinton and Barack Obama were saying, *Well, I think marriage is between one man and one woman.* In 2008, ten years ago, a decade ago, the voters of California, probably the most progressive state in the country — well, maybe not per capita, but among the most progressive states in the country — voted something like 53-47 to ban gay marriage in the state of California. And that was overturned by a court. That's just ten years ago. So now all of a sudden, everyone who's a little



uncomfortable with the idea of gender neutral pronouns is just the worst human on earth, and my God, how can you be so retrograde? So I'm interested to see if the gay and lesbian folks – I guess I don't have to wonder too hard – mentioned that he didn't say anything about gay and lesbian folks last night, or transgender folks. I'm going to be interested to see how that plays and whether that becomes a big talking point about his speech. So yeah, it was interesting.

But did you notice, they always show the president leaving afterwards, and there's this dichotomy. The party that's opposite the president always has these kind of pained expressions on their face and these real solemn things, like, *Well, what we heard tonight was surely not the correct course for this fine land*, you know, and they're kind of clustered around talking amongst themselves. And I saw, talking about the brain trust, I saw Ed Markey, the absolutely despicable, I guess he's junior senator from Massachusetts to Elizabeth Warren, talking to Bernie, and I was just thinking what kind of empty pinballs must be bouncing around in the heads of those two just feckless morons.

But what was also interesting to me was that all the Republicans have now been chastened. Now, Paul Ryan had a bit of a faraway look in his eyes behind the podium throughout, and I have a feeling he's starting to realize that his meteoric rise has come to an end and that he's no longer the young darling of the GOP, and somehow everything went terribly, terribly wrong [laughing]. And for his political career, that's probably true, by the way. But when Trump was walking out, I was noticing how the Republicans were really clustering around him and getting autographs for his book, and there was something very sycophantic about it and that, just for their own hides, they apparently don't view him as radioactive for their 2018 midterm elections, but rather they view him as a benefit, judged by the glad-handing and backslapping that was going on.

There was one congressman I know a little bit, walking behind him, a big, heavyset fat guy from Missouri, named Congressman Billy Long. And this guy is straight out of Central Casting. I mean, he could have been in *The Dukes of Hazard*. A heavyset, big, big, heavy face, a jowly guy, and what's so great him is prior to coming to Congress, he actually had an honest job. He was an auctioneer. You know, the guy who does the calling. That's what he did for a living prior, so he's really an interesting character. And he was very sweaty. His forehead was sweaty and he was walking behind Trump like a little puppy dog following him out, and he was captured prominently on the cameras. So it was interesting to me to see that some members of the GOP have apparently made whatever simplistic calculus they make in terms of their own political careers and said, *Yep, I'm going to hitch my star to this guy*.

That might come back to bite him. I mean, we already know how the president's party usually fares in Congress in 2018, but beyond that in 2020, if the economy, if the stock market or the housing market or the job market really crashes, I think Trump is going to be beaten badly. And that's going to leave a lot of these members of Congress, however gerrymandered and safe they might be, twisting in the wind a little bit. So Trump did something very dangerous when he decided to start claiming credit for the stock market –

**WOODS:** Yeah, exactly. Stockman says the same thing, yeah.

**DEIST:** And let me tell you something. There was an article just the other day in *Business Insider*. Household debt is up. There's \$13 trillion in mortgage and credit card and student loan debt in the U.S., which is higher – it's higher than 2008. Recessions are supposed to

make businesses and individuals deleverage, de-lever. We're inflating, not deflating when it comes to credit. So you do get the sense that there's a hollowed out feeling in the American economy, and I don't want to be too David Stockmanish here on this, and Ryan McMaken and I talked about this a couple weeks ago: are we really getting richer or are we actually getting poorer? Are real incomes falling? It's hard to say, because consumer products are so much better. But what we do know for sure is that debt-to-income ratios are worse. We also know that, even adjusted in real terms, most Americans have a smaller balance sheet than their grandparents did at the same age. So we know those two things for sure.

So Trump doesn't care. This is a guy who will seize the moment and seize any good news, but boy, I'll tell you what. It's a little dangerous, and he's not going to be able to run from it if the markets go the other way.

**WOODS:** Yeah, that is the tricky thing about being somebody like Trump who wants to take credit for things, wants adulation — well, that doesn't make him unique among presidents. But I thought it was interesting that David Stockman pointed out that Reagan was very careful — now, of course Reagan dealt with a bad economy when he got in, like a really bad economy. But it wasn't for three years before he started saying, *Okay, now you see the consequences, the results that we've had? That's due to me.* And for Trump to be doing this so early on, he does open himself up to, if things turn around, then who's to blame for that? If you're going to take the credit for what's been happening at the beginning, then you're going to have to take the blame. So it is a risky move that he's making.

But in any case, I was wondering if the State of the Union was going to be like the inaugural speech or not, and it was more restrained in the sense that it did have a wonkish, actually a wonkish feel, a more wonkish feel than you would expect. And I don't know, I just thought we've got to talk about it, and people are talking about it. I just don't see that it's the kind of speech that really outrages people or gets them riled up one way or the other. I thought it was, frankly, somewhat subdued. I mean, I'm unhappy about big chunks of it, particularly the military spending stuff. But I don't know, for some reason it's not — I don't know. Maybe it's because as I get older, I just don't let politics bother me as much. Maybe that's what it is.

**DEIST:** Yeah, the worst things about it in terms of our future were the infrastructure and military spending, because that means we will continue to run large deficits, which means at some point as interest rates rise, the interest portion on the national debt as a line item in the budget will quickly grow to \$1 trillion, and then we'll be in very serious trouble. So that's something that Trump needs to get a grip on.

But let me just say this. He is like a ping pong ball. He is a master at changing the conversation. Every day, there's something new. And the real story is not the speech, which as you said, was almost, gosh, I guess wonkish for Trump, anyway. It wasn't the speech; it'll be the reactions to it. And those reactions from the left are so off-putting, even to people like me, who don't vote Republican and aren't Republicans. And no amount of Democratic malfeasance or Hollywood outrage will make me go vote Republican, so they don't even have to worry about me. But I still look at these clowns and it is off-putting. And Piers Morgan, of all people, has an article today saying the American people are turning on Hollywood. So what we're seeing here is that Hollywood's over-the-top reactions, this stuff the other night with the Grammy's, is causing them to lose.

And so now we're in a situation where, just a year or two into this Donald Trump thing, he kneecapped the Bush crime family. He kneecapped the Clinton crime family. He's halfway kneecapped the NFL. And it sounds like he's en route to kneecapping Hollywood. So it's just unbelievable. Trump's not doing this, Tom. People are doing this to themselves. But there's a psychology to all this that someday — someday, I hope that somebody writes the definitive book of how Trump won the election, because I'll read it, because it's unbelievably fascinating. It really is almost unbelievable that he won. It is a political upset of epic proportions.

**WOODS:** Yeah, which is why when he gets in there and one of his top priorities is to try to promote a watered-down Heritage Foundation version of health care, you think, what the heck was the point of all this effort if that's what you want to do? So half the time he doesn't even know who he is or what his role is. He just doesn't even get it, he himself. And then he's surrounded by people who oppose the guy who actually ran. They don't like that version of him, so they want to encourage the softer Heritage Foundation version.

Anyway, I appreciate your thoughts on this, because I could have just sat here and gone through the text on my own, but I thought, blech, that's boring. I want to hear what Jeff Deist thinks. So thanks, Jeff. I hope everything's great over at the Mises Institute.

**DEIST:** All right, thank you, Tom. We'll talk soon.