

# **Thoughts on Coming Apart and the Coming Great Reset**



**Turning and turning in the widening gyre  
The falcon cannot hear the falconer**

**Kit Webster**

**The Tao of Trump**

**November 29, 2024**

**Themes and Theses - Why I'm Contemplating Out Loud**

(Initially formulated in the early 90s, following decades of reading history, philosophy, psychology and a lot of contemplation, particularly on the subject of cycles. In the end, this is a relatively straightforward story about human nature and of history rhyming.)

The US will enter a period of crisis in the early 2000s. In the late 90s, I took up Strauss' and Howe's terminology of the Fourth Turning (without incorporating their generations paradigm) and agreed with Howe that the end stage of the crisis began with the Great Financial Crisis and would last into the early 2030s. We are not yet to the middle of the end stage of the crisis.

The crisis will be serious and could be existential.

Internal strife will increase, up to and including secession and civil war.

International conflicts will increase as the vacuum created by the weakening of the US is filled by other players.

There will be many threads to the crisis, but the primary thread will be debt, deficits and entitlements. Other factors include, eg, demographics, a loss of meaning and myth and a loss of self-discipline.

Politics will move leftward as citizens look for some refuge from the chaos. The US will become increasingly susceptible to a (man) on a white horse, who can come from either the left or the right.

Inflation, as the most likely way to address debt since austerity is not politically acceptable, will significantly lower standards of living, exacerbating the civil crises.

Once the old rot is cleared out, and assuming continuity, there will be the basis for the establishment of a new order. (Added around 2020) The loss of faith by our youth in our founding principles means that the new order will at least partially be based on new principles. As yet, I have no visibility as to what those principles might be.

(Added in the early 00s) While humans are contributing to global warming, policies implemented to address manmade global warming will create a significant energy crisis, probably toward the end of the Fourth Turning.

(Added in 2023) The lowering / elimination of standards in education, the judiciary, law enforcement, the military and other segments of our society will create a population unable to adequately comprehend, do or respond to the challenges of democracy and culture.

## **Quotes to Contemplate**

We have to remember that what we observe is not nature herself, but nature exposed to our method of questioning. - Werner Heisenberg

### **> Primary Ideas in This Week's Post**

Trump will likely do some worthwhile and necessary things. The world has changed.

All of the legal cases against Trump have either been dropped or are in the process of being dropped.

My base case remains an inflationary boom in an unstable, fragile economy, subject to a mighty fall should a black swan arise.

Ukraine and Russia are pounding the hell out of each other to get into position for a ceasefire.

Australia has barred everyone under 16 from social media.

Israel and Hezbollah have signed a ceasefire.

Government, as a human creation, ultimately becomes ineffective and corrupt over time. Any government, any country, any era.

Assisted dying is trending.

The Trump administration will be focusing on energy security and energy dominance, not just green energy, although green energy will be in the mix.

## **> Cliches That Matter**

Slowly ... and then suddenly.

Once you understand it is all nonsense, it begins to make sense.

## **> The Tao of Trump**

(Let me stipulate that I did not vote for Trump, I think he is of low character, has no philosophical grounding and has authoritarian tendencies. Having said that, there is method in his madness and it is my objective to be objective. So, here goes.)

We, as a country, are really screwed up. Decades of Republicans and Democrats alike have resulted in an uneducated, divided populace that is heavily indebted and incurring incredible deficits. Our life expectancy is decreasing and our general level of health is getting worse. Actions like opening the Southern border and paying out trillions of dollars of "free" money are simply masochistic. You don't have to be a deplorable to see deterioration and decay all around, and the destruction of a perfectly worthwhile country.

If we are measured by life, liberty and the pursuit of happiness, all are in decline in the US.

It has been my thesis that things are so screwed up that the whole thing needs to be reorganized. I am not sure how that works, but it would require a major, fundamental upheaval.

I see Trump as a first attempt at upheaval. The populace is rebelling against this decay by electing a dramatically-flawed leader.

The system is broken and corrupt. Congress essentially does not exist. The FBI, CIA and Secret Service require significant reform. The system will not reform itself from within.

Enter the crazy bully - the bull in the political china shop.

Outsized, irrational statements.

Pronouncements intended to wrong-foot everybody.

The world has changed.

People and countries scrambling for cover - trying to figure out how to play the new game.

So, Israel and Hezbollah have a ceasefire.

The Mexican president says migrants will not be allowed transit through Mexico.

Ukraine and Russia are pounding the hell out of each other to maximally position for a ceasefire.

Zelensky has said that he would let Russia keep some land in an agreement that allowed Ukraine into Nato.

Antifa has all but disappeared.

And the man is not in office, yet.

Don't get me wrong. He will do a lot of stupid things. His character has not changed.

There will be massive opposition.

I am not sure whether the Gaetz nomination was to create a sacrificial lamb and decrease pressure on his other nominees, while throwing a bone to his lunatic wing. I don't think he plays 3-dimensional chess, but I may be underestimating him or his team.

It's an ill wind that blows no man good.

In some ways, we will be a better country because Trump is president, and in some ways worse. There is no way to tell how it works out, on balance, but to live through it and see.

The revolution will be televised.

But ...

While we have a number of challenges, our fundamental foundation in terms of debt, deficits and entitlements remains severely compromised. Musk and Vivek are going to go after spending, and they will likely have some success. However, the underlying problem is essentially unsolvable without inflation or severe economic suffering.

Trump will fix some of our perversity (and perhaps add more), however, when he leaves, the foundation will likely still be rotten.

## Markets

### Updated Charts

- > No change in outlook.
- > My base case remains an inflationary boom in an unstable, fragile economy, subject to a mighty fall should a black swan arise.
- > Important conversation - Grant Williams on [Thoughtful Money](#) podcast. Grant touches on some of my themes in my book, *Capitalism is Past Its Sell-By Date* on the perversion of capitalism.
- > John Mauldin's recent column is important enough that I have included it at the bottom of this post. Reality and Trump will collide and the bureaucracy and entrenched interests are undefeated.
- > He is correct. I think it is too late, but am more than happy to be wrong -  
Trump's new Treasury Secretary Scott Bessent: "We are going to decide whether we are going to grow our way out of this debt burden, and I think we can, through deregulation, energy independence & dominance in the US, and a growth mindset. I feel very strongly that this is the last chance to grow ourselves out of this."
- > "President Trump's administration reportedly plans to eliminate capital gains taxes on cryptocurrencies issued by U.S.-registered companies," per CryptoSlate.

## Short Takes

- > So, you say you want a revolution?  
Politics editor at WSJ laid off today. Wash post national editor "removed" today.  
Wash bureau chief at NYT replaced a few days ago. MSNBC selloff. Tectonic plates are shifting. - John Podhoretz  
*Daily Telegraph* - Donald Trump will remove all transgender members of the US military from their posts, according to reports...

Special Counsel Jack Smith filed motions to drop the federal election-subversion and classified-documents cases against Trump, citing a Justice Department rule against prosecuting sitting presidents.

The judge overseeing Trump's Manhattan criminal case postponed his sentencing and invited Trump's lawyers to formally seek to dismiss his conviction.

Trump is threatening tariffs of 25% on Canada and Mexico until they address illegal immigration and drug trafficking, particularly fentanyl.

It begins - headline - "Mexico suggest it would impose its own tariffs to retaliate against any Trump tariffs."

Trump is considering removing mainstream media outlets from the White House briefing room and replacing them with independent journalists.

Seb Gorka is the new Matt Gaetz - a bridge way too far.

Mediaite - MSNBC is facing a staggering ratings collapse in the wake of the 2024 election, with the network's audience shrinking by nearly half as Fox News became the only cable news outlet to show post-election growth.

Trump announced that after a "wonderful" conversation with Mexican president Claudia Sheinbaum, she "agreed to stop Migration through Mexico, and into the United States, effectively closing our Southern Border."

> The Harris campaign said that their internal polling never showed Harris ahead.

> Democratic megadonor John Morgan joined "CUOMO" on Monday night to discuss the failed Harris-Walz campaign, claiming former President Barack Obama and former House Speaker Nancy Pelosi did not want Vice President Kamala Harris as the Democratic nominee to replace President Joe Biden.

Biden stepped down from the presidential race in July, amid pressure from high-ranking Democratic figures. He endorsed Harris no less than an hour later, while former President Obama took five days to endorse Harris on his X page.

"He did not want to go gently," Morgan said of Biden. "He nominated her, basically Obama did not want her. Obama did not endorse her for five days, Pelosi did not want her."

> (Sigh) Kamala Harris is considering running for president again in 2028, per *Politico*.

> This is disheartening - [Kamala](#) - whoever's idea this was should be banished.

> In Ukraine, both sides are positioning for the coming ceasefire negotiations. That means a lot of fighting.

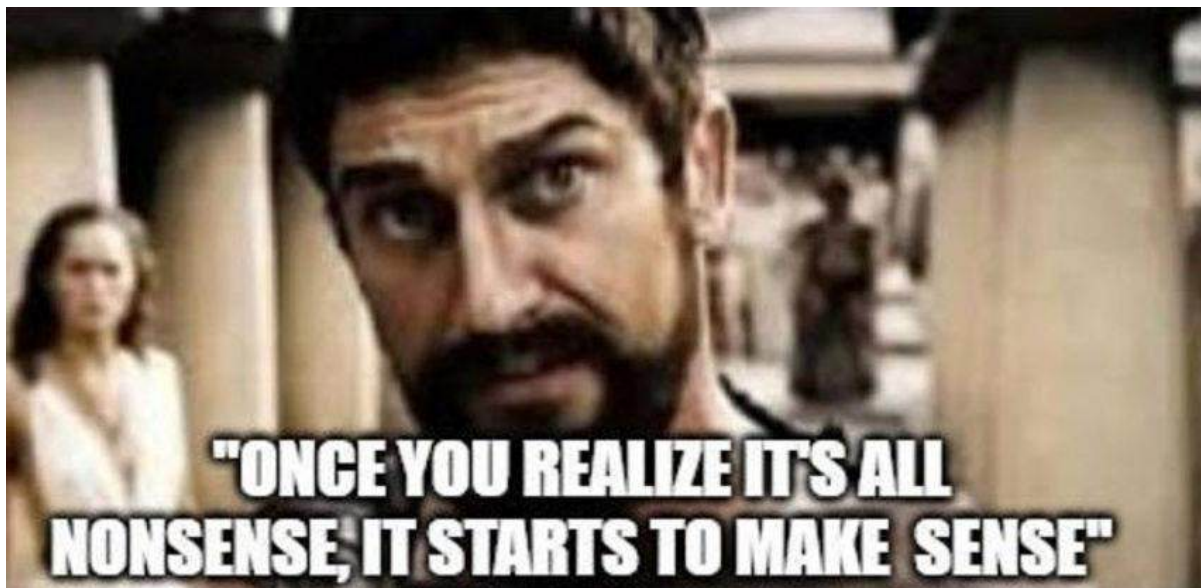
Excellent - Dickies, the iconic clothing brand best known for its workwear, has announced that it is moving its headquarters from Fort Worth, Texas, to Costa Mesa, California. Let's start a trend.

> Australia has barred everyone under 16 from social media

> Israel and Hezbollah signed a ceasefire.

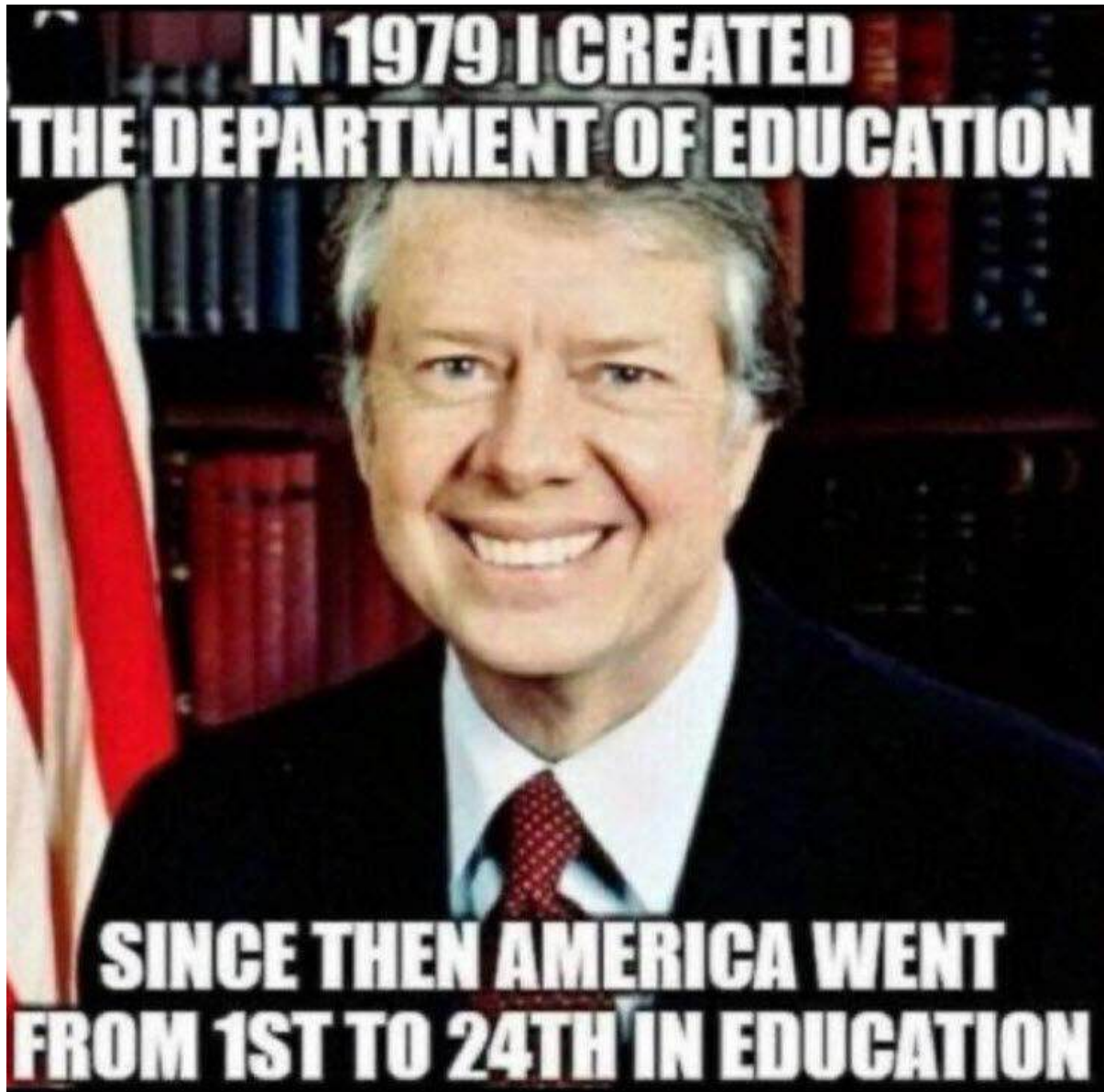
> The *Economist* reiterates one of my themes - The gap between global threats and American power will grow in 2025. The deterrence deficit will become starkly visible in the coming year.

> This is actually profound –



> Of course it is much more complicated than this - education is within the purview of the states - but there is a kernel of truth in here. The DOE's budget for 2024 is \$268 billion, which we spend, together with the states, to go backwards. They've made the SAT easier over time, but the average SAT score the year I took it as a senior, 1962, was 971; in 1995, when they changed the test, it was 910. They were able to grade tests on the new scale going back to 1967, when the average was 1061. In 2023, it was 1067.





> From the UN - not the worst example of woke, but you can see it from there - "Gender-responsive climate action isn't just the right thing to do – it's the SMART thing to do. The world needs climate action and gender equality to go hand-in-hand – one enables the other."

> For your next nightmare - [robot dogs](#).

> The US was 27, behind Hungary, Italy and Greece. China is 49 and Russia is 71. Serbia lands in last (89) place. In terms of best country overall, the US came in third behind Switzerland and Japan and just ahead of Canada. China came in 16, Russia 36, and Belarus at the bottom, just behind Serbia.



These Are the Most Trustworthy Countries :

1. 🇸🇪 Sweden
2. 🇩🇰 Denmark
3. 🇫🇮 Finland
4. 🇨🇭 Switzerland
5. 🇨🇦 Canada
6. 🇳🇴 Norway
7. 🇧🇪 Belgium
8. 🇳🇱 Netherlands
9. 🇳🇿 New Zealand
10. 🇦🇺 Australia

Source : U.S. News & World Report

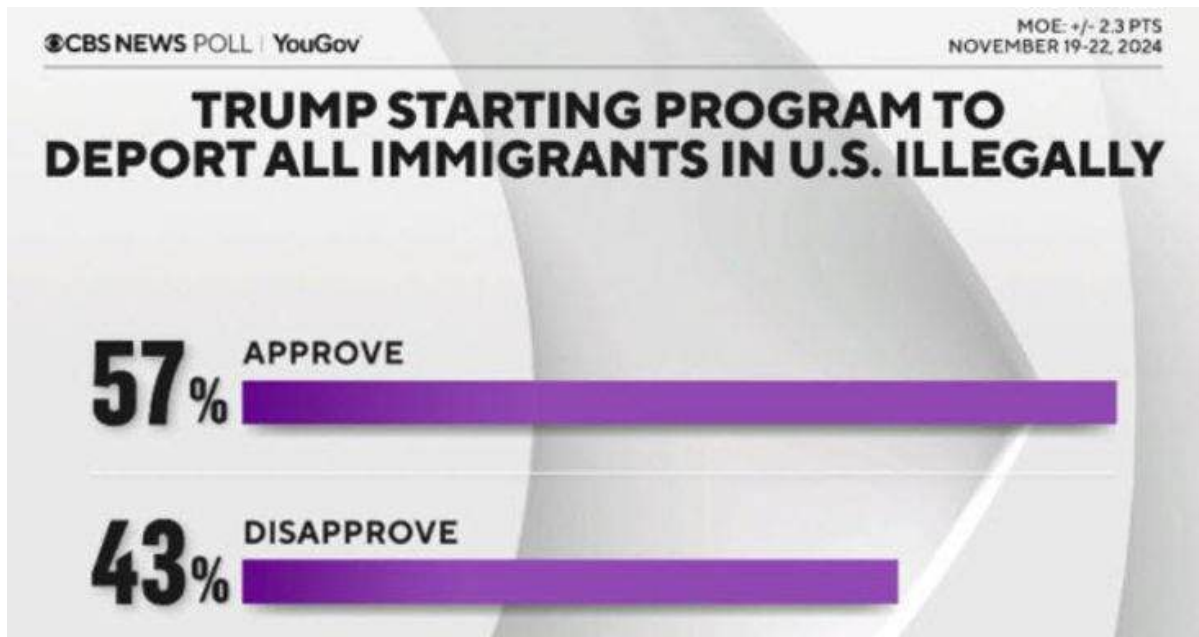
Damn, I hope the answer is no. Queer Marxists should be a thing. Cornell University students can take a course on “Queer Marxism” next semester that asks questions such as “Are queer theory and Marxism truly irreconcilable.”

> Not an RFK Jr fan, but there is this –

**The Babylon Bee** 🐝 @TheBabylonBee · Nov 23 ...  
Fattest, Sickest Country On Earth Concerned New Health Secretary Might Do Something Different [buff.ly/3UUHMIS](https://buff.ly/3UUHMIS)



> Hmmm



Today on a trip to see a potential client, I drove past the Paleface Ranch subdivision.  
I feel attacked.  
I feel unsafe.  
I feel like screaming into the void.  
This cannot stand.  
This will not stand.

They are trying to make a moral AI. As always, the issue is, whose morals?

> A Tweet by Mass Grossmann - "The right undermined trust in government by critiquing it as wasteful & inefficient. The left undermined trust in government by critiquing it as beholden to corporations & donors. As a result, more view the government as inefficient & corrupt."

(Kit) In my view, it tastes great and it is less filling. It is the NATURE of governments to be inefficient and on the verge of incompetence. Because they have petty power, they can demand rents that lead to corruption. Any country. Any system. Any era. Can discuss this in depth at another time, but I cannot imagine anyone who is even casually exposed to history that can come to a different conclusion. Our Founders were obsessed with finding a way to break that cycle. They saw it. They understood it. Particularly with regard to the accumulation of power and ensuring peaceful succession, they thought deeply. As I argue (indirectly) in my book, they failed. Human nature will ultimately triumph all the time, everywhere, and government is a human creation, occupied by humans.

If history is any guide, the coming First Turning will be an awakening and there is hope we will be able to see government at its best. And then, over time, history will happen again.

> The new study from the Network Contagion Research Institute (NCRI) and Rutgers University found that people exposed to DEI talking points about race, religion and gender form intergroup hostility and authoritarian attitudes towards others.

"What we did was we took a lot of these ideas that were found to still be very prominent in a lot of these DEI lectures and interventions and training," said NCRI Chief Science Officer Joel Finkelstein, a co-author of the study. "And we said, 'Well, how is this going to affect people?' What we found is that when people are exposed to this ideology, what happens is they become hostile without any indication that anything racist has happened."

Researchers exposed 324 participants to two sets of reading material; a racially-neutral text about corn, or the writings of race-baiters Ibram X. Kendi or Robin DiAngelo. The participants were then exposed to a racially neutral scenario in which a student was rejected from college.

Those who were exposed to the writings of Kendi and DiAngelo injected racism into the scenario.

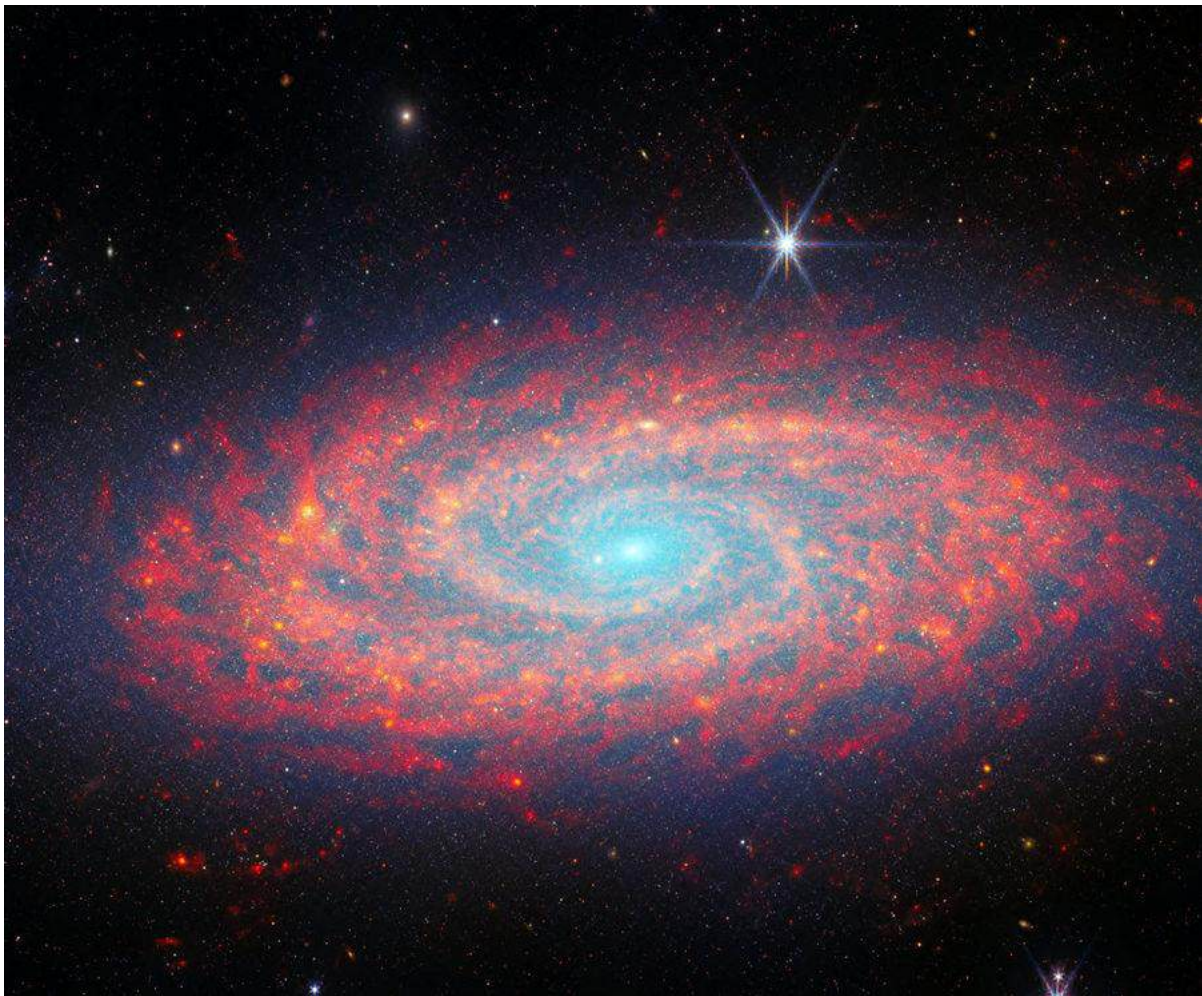
> CBS News - The median retirement age in the U.S. is 62, with nearly six in 10 retirees telling the research firm that they stepped back from the workforce earlier than they had planned. Almost half of those people said the reason came down to health issues, such as physical limitations or disability. Losing a job or an organizational change at their employer were among the other reasons people stopped working before they planned to retire.

(Geeking out) Just spectacular. This is what our Milky Way galaxy would look like - this one is actually NGC 2090. In the Milky Way, we would be located about half way between the center and the outer edge - about 26,000 light years from the galactic center.

Flying saucers (UTAA) are all the rage these days. We have been emitting electronic signals of one kind or another since the telegraph was created 180 years ago. I wrote a treatise on this sometime back, but even these weak signals now have a diameter of only 360 light years - a mere blip with respect to our galaxy, much less the universe, which is said to have a diameter of 93 billion light years. Our signals are only 7 tenths of one percent of the way to the center and to the edge of our galaxy. The closest major galaxy to ours is Andromeda, some 2.5 million light years away. Remember that a light year is some 6 trillion miles. For a UFO to get to Earth, that civilization would have had to have become advanced and survived the ability to destroy itself, and then it had to be randomly passing through the bubble of our electromagnetic

emanations, then it had to be able to detect them. Then have to have the time to fly here. Not impossible, but very highly unlikely.

The good (?) news is that the closest stars to our Sun, the Alpha Centauri system, which does have planets orbiting its stars, is only 4.4 light years or some 25 trillion miles away. If there is an advanced civilization there and if they have detected our electromagnetic communications, they may be on their way. But, it may take a while (perhaps tens of thousands of years) if they have not invented warp drives. There is a large number of other stars within our electromagnetic-signal bubble - an estimated 10,000 stars within a 100-light-year radius of our Sun - just not many compared with the vastness of space. (Because of the nature of the bands of stars in the Milky Way you cannot extrapolate the number of stars at any particular distance.)



> This is a trend. The UK is considering assisted dying. It currently exists in Canada, Australia, New Zealand, Spain and Austria. The world is in a strange place where we have not enough babies and too many old people.



## **It Ain't Easy Being Green**

> Let's put aside any consideration of whether electric cars are the "right" thing to do. You are a car manufacturer and you are being forced through legislation to produce electric vehicles - probably ending up producing no internal combustion engines in a few years. You have massive factories all over the world that need new tooling. You have employees all over the world that need new skills. You need to source new parts and materials. You begin spending billions of dollars on a multiyear effort to convert factories, train employees and gain skills and technology you do not have.

Sales of electric cars are not going particularly well, but this is also a learning process for the customer. Infrastructure for charging cars is not widely available nor is it reliable, but the government is mandating it, so you will do it and the customer is forced to accept it.

Then Trump is elected.

It is likely the government mandates will be taken away.

It is far from clear that electric vehicles will be more than a niche product in a free market.

The rest of the world is continuing its march toward mandated electric vehicles, so that if you want to sell internationally, which essentially all car manufacturers do, you have to be able to sell electric cars.

If you are a domestic car manufacturer, you are caught in the middle.

Ironically, you ask Trump to keep the mandate for electric vehicles in place.

> Daniel Lacalle made an excellent point on the MacroVoices podcast - the Trump administration will be focused on energy security and energy dominance, not green energy like the Biden administration. That means that all forms of electricity generation, including green types, will be encouraged.

## Miscellany

Ok, I admit that I have a strange sense of humor –

Alexander Graham Bell making the first  
phone call ever to his assistant

Assistant:



□

# Waste, Fraud, and Abuse

By John Mauldin | Nov 23, 2024

[Old Waste, New Waste](#)  
[Irritatingly Ridiculous Act](#)  
[Process Crimes](#)



## Engine of Prosperity

Dallas, Las Vegas, New York, Austin, and Newport Beach

Politicians and think-tank wonks of all stripes love to condemn government “waste, fraud, and abuse.” But saying it isn’t hard. Who is the opposition? No one says we need more waste, fraud, and abuse. We’re all 100% agreed all three are bad.

It’s when you get specific—saying this agency or that program isn’t accomplishing what it should—that disagreement arises. Sometimes it’s pure self-interest. As I said last week, one man’s waste is another man’s revenue. But more often, people just have different objectives.

We use those three words together—waste, fraud, abuse—but they’re actually three distinct problems requiring three different approaches.

Waste happens when the government spends money but receives no corresponding benefit. It can be well-intentioned. Congress authorizes some kind of program expecting a certain result, but it doesn’t work that way in practice. Or it can come from poor planning or inadequate research into whatever problem the money was supposed to address.

Fraud is the use of deception to get something you aren’t authorized to receive. A classic example would be someone falsely claiming injury so they can get disability benefits. Or maybe a business exaggerates its expenses and/or hides income to reduce its tax liability. These things happen all the time and they’re very hard to stop without draconian enforcement measures, which are themselves quite expensive.

Abuse is when people apply a legitimate privilege selfishly. It can be subtle and hard to prove. Maybe Congress directs an agency head to award grants to worthy recipients, but the agency simply hands them to anyone who applies. Or a healthcare provider bills Medicare for treating “problems” that, while real, aren’t actually harming the patient.

I could write a 50-page letter listing examples. Most are small potatoes in dollar terms, but over hundreds of agencies, they add up. To name just one, a recent [inspector general audit](#) of the Nuclear Regulatory Commission’s travel expenses found a slew of waste and potential fraud, including nearly \$50,000 in unallowed first-class flights between 2020 and 2023. They spent a total of \$27 million on travel in the last four years, most of it in the last year. This is a small agency. Stopping all this is so hard in part because government is inefficient by nature. We rely on it to provide important but unprofitable services. Agencies don’t have the market incentives that help private businesses reduce costs. Similarly, the government’s “customers” don’t have the choice of taking their business elsewhere. This means some amount of waste is probably inevitable. But we can certainly reduce it, and I’m hopeful the new administration and Congress will try.

## Old Waste, New Waste

The stories you hear about the government spending money in useless and sometimes sadly hilarious ways aren't new. Sen. William Proxmire began his famous "Golden Fleece" awards in 1975. By the time he left office in 1989, he had named 168 instances of public officials squandering taxpayer money.

In 1982, President Reagan asked businessman J. Peter Grace to lead a commission focused on government waste and inefficiency. Its report identified \$424 billion in potential savings over three years, with much larger long-term effects. Congress agreed on a few items but simply ignored most of the recommendations.

Then in 1993, Bill Clinton said he wanted to "reinvent government" and appointed VP Al Gore to lead a reform initiative. This one was somewhat more successful, perhaps because that era had the rare combination of a Democratic president and Republican Congress who were willing to work together. There were tangible results: Agencies reduced their headcounts, many programs were eliminated or consolidated, and regulatory processes were streamlined. It didn't wreck the nation as some predicted. Clinton proudly announced, "We have ended welfare as we know it." Helped by a booming economy and higher tax rates, they even managed to (briefly) balance the budget a few years later. But the government remained large, unwieldy, and often inefficient.

Now we have the DOGE, a "Department of Government Efficiency" led by modern-day business leaders Elon Musk and Vivek Ramaswamy. I support their work and feel sure they will quickly identify a lot of obvious waste. Groups like [Citizens Against Government Waste](#) have already identified plenty of low-hanging fruit. (CAGW, by the way, grew out of the 1980s Grace Commission and is a great nonpartisan source. I hope the DOGE draws on their expertise.)

One longstanding problem is the "earmarks" inserted into spending bills. These order spending on particular projects requested by senators and representatives. The justification for these earmarks is they don't change overall spending; they simply direct it in certain ways. Earmarks let the members "bring home the bacon" to their states and districts. At one time, they were the currency House and Senate leaders used to keep their caucuses in line.

Yet nothing in the Constitution says elected officials should be able to use the public purse to get themselves reelected, which is the real reason earmarks exist. These projects wouldn't have to be earmarked if they had some clear federal purpose. The need would be obvious.

CAGW maintains a very interesting "[Earmark Database](#)" which you can search by various criteria. For example, you can look for ABR spending, which means "above budget request." This is spending above the amounts requested in the president's budget proposal—a clue that the spending isn't really necessary. It shows hundreds of such items just in 2023–2024. Here are a few of the larger ones:

- An additional \$430 million for the Army's "Abrams Upgrade Program"
- \$1.7 billion for the Air Force to buy 16 C-130 planes it didn't request

- \$413 million for two E-2D aircraft the Navy didn't ask for
- \$675 million in V-22 tilt-rotor aircraft the Marines didn't want

(To be fair, I picked one from each service. There are others. Continuing...)

Sidebar: The Defense Department and members of Congress constantly suggest we need more money for the Defense Department. And we do. Reportedly, 71% of US fighter planes are not fully mission-capable, 40% of the Navy's ships need repair, the US only has two repair ports, nearly half of its submarines are non-operational, recruitment is down, and munitions production is so low it will take years to replace what we have sent to Ukraine and Israel. In response, we cut the defense budget, proposed retiring several ships and warplanes, and cut submarine production in half. (h/t Charles A. Kohlhaas) But we did find the money to spend on items the military did not ask for so that some military contractor in a congressperson's district could "save jobs." Or whatever. Moving on...

- \$150 million for the Defense Department to research breast cancer
- \$22.9 million for "aquatic nuisance control research"
- \$6 million for "arts in education"
- \$7.5 million for an "underwater cut and capture demonstration"
- \$40 million for "South Florida Ecosystem Restoration"

Again, all this is spending above what the relevant agencies requested. One or more people on Capitol Hill wanted to force it on them anyway.

It gets even worse in the "NBR" category: No Budget Request at all. This is Congress essentially forcing money on agencies that don't want it. Things like...

- \$226 million for "water conservation and delivery"
- \$20 million in "Historic Preservation Fund" projects
- A \$13 million "tribal partnership program"
- \$20.5 million for "aquatic plant control"

What are all these? I have no idea. All we know is they're not accidents. Various members of the House and Senate asked for these line items, often anonymously, for reasons they prefer to keep off the record. The \$460 billion budget passed on November 15 included \$12 billion in earmarks—none of which went through a committee.

The Defense Department failed its sixth annual audit in a row. They could account for 61% of their budget. The DOD budget is only slightly larger than Amazon's revenue. If Amazon can track their revenue to the penny and get through a tax audit? Seems a good starting point for DOGE...

The House and Senate both suspended the earmark practice in 2011. Barack Obama actually got Democrats to agree by threatening to veto any bill containing them. But that was temporary and now under Biden they're back.

Aside from the obvious potential for corruption, this is just a poor way to legislate. Congress constitutionally holds "power of the purse." If the president wants to spend too much on some things and not enough on others, Congress can and should order

adjustments. But it should do so openly, explaining to the public why it sees things differently. Voters deserve to know.

## Irritatingly Ridiculous Act

One reason earmarks stay off the radar is they're usually hidden inside gargantuan spending or budget reconciliation bills no one actually reads. Often, they're assembled and then voted on within days, making it practically impossible for any member to fully understand what they're voting on.

Worse still, these votes tend to happen under pressure—just ahead of a holiday, or combined with the debt ceiling, government shutdown, or some other urgent situation. This has somehow gone from being an occasional exception to the normal way Congress does business. It is not conducive to good fiscal decisions, to say the least. They pass legislation and then find out later what it actually does.

To cite one example (of many), the \$891 billion Inflation Reduction Act exemplifies everything wrong with this process. Aside from being woefully misnamed, it was a total surprise built on the bones of a long-dead climate bill Joe Manchin had refused to support in the then-evenly divided Senate. Manchin and Chuck Schumer kept talking and wrote a new bill, which they announced on July 27, 2022. Everyone was shocked, but within two weeks the Senate and House had approved it, both on party-line votes.

The IRA was a sweeping piece of legislation covering everything from prescription drug price reform, a tax on stock buybacks, a variety of clean energy programs, Affordable Care Act subsidy extensions, increased IRS funding, and more. All this should have been preceded by months of study and committee hearings. It was not. Schumer, Manchin, and a few others made their deal and that was pretty much it. But before the Senate voted, it held a 16-hour marathon session to vote on amendments, of which there were many. They then handed the House a behemoth bill that even the senators didn't fully understand. But five days later it was a done deal. When legislation gets jammed through like this (and Republicans have done similar things, I should note), it almost certainly has flaws people will find and exploit. You think the Inflation Reduction Act was \$891 billion? Think again. My friend Mark Mills has [a fascinating article](#) describing how it is already being twisted in unintended ways. At least, we hope they are unintended; there's no way to know. Quoting: "The misnamed IRA is, in the words of its advocates, the 'largest climate policy in US history.' ... By various estimates, the IRA will lead to some \$3 trillion in direct spending on grants, subsidies, and the like, plus another \$3 trillion in related spending induced by mandates and rules. For perspective, that's far more than the cost of Obamacare, and even more than the \$4 trillion the US spent (inflation adjusted) to fight World War II."

The national debt went up far beyond the originally stated cost of the bill. Mark's essay is worth reading.

You might think the new Republican Congress will move to reverse this legislative monstrosity. Many have said they will, from Trump himself on down. But it won't be easy. The IRA is a giant money-spraying machine. Those receiving its benefits won't be eager to give them up, and many of them are Republicans.

This map shows where the IRA's clean energy money has gone so far. The red circles are Republican-held House districts.

Some of those circles represent job-generating factories. Are they poor investments? Maybe. Terrible use of tax dollars? Possibly so. But will those representatives really vote to close them down? We'll see.

Moreover, the IRA isn't just the "green" kind of energy. It passed only because Joe Manchin agreed, and the price of getting his vote was a bunch of provisions benefiting the oil, gas, and coal industries. A lot of government cash is going to biofuels, low-emission hydrogen, and carbon capture and storage technologies.

The latter is especially lucrative. The IRA provides a tax credit of \$85 per ton of CO<sub>2</sub> captured from the air and permanently stored underground. Companies including [ExxonMobil](#), [BP](#), and [Occidental](#) are making big investments so they can get a piece of that money.

Not to wade into the climate change debate, but carbon in the atmosphere is either harmful or not. If it's not, then there is no reason to pay companies for capturing a substance that isn't hurting anyone.

See the quandary? This is not a coincidence. The IRA was designed to ensure its own survival. A lot of legislation is like that. Spread the spending such that enough people have a stake in its survival, and it becomes practically impossible to kill. This is pretty common in defense programs, too.

Worse, the spending can actually grow. The IRA was presented as an \$891 billion bill. But as we saw, it's actually going to be a lot more. And that happens more than we would like to think. Mandates and subsidies have a way of multiplying.

## Process Crimes

See the problem? We can and should do something about waste, fraud, and abuse, but the real problem is structural. The process by which we make these choices has been twisted in ways that make spending reductions extremely difficult—and spending increases practically automatic.

We will never get a handle on spending until we fix this broken process. I don't know how that will happen. The people who could make it happen—senators and representatives—have all the wrong incentives. They get to use other people's money to achieve their own goals, whatever those goals are. That's not something anyone would give up easily.

Maybe Trump can break this logjam. I truly hope so. But even if he does, and gets Congress to cut spending, he'll then have to deal with the people and businesses who would have benefitted from that spending. It won't be fun, to say the least.

Retired US Army Lt. General Marvin L. Covault, author of *Vision to Execution and Fix the Systems, Transform America*, did a detailed analysis of the process by which Congress passes bills. In theory, they're supposed to pass 12 budget bills each year in a well-defined process. In practice it rarely happens. That is why we get these huge, ridiculous, budget-busting omnibus bills whose contents no one really knows.

Covault lays out a [detailed plan](#) Congress could pass, essentially requiring itself to follow its own theoretical process. While it may sound unrealistic to expect the House and Senate to handcuff themselves, they've done it before with the 2011 earmark moratorium. I am neither a lawyer nor the son of a lawyer, but Covault's plan had me nodding my head as I read it. Something like it needs to be done.

If this process were followed for a few budget cycles, it might just stick. That would be a true game changer. But if we don't fix the system? Annual budget deficits could approach \$4 trillion within a decade.

I recommend these [fascinating charts](#) from the Manhattan Institute's [Brian Riedl](#) on the nature of the debt problem. It is ugly. Among other things, Brian calculates the debt will rise over \$115 trillion within 30 years. Of course, that can't happen, but hitting the wall won't be fun.

This is why I keep saying crisis is inevitable. Only when Republicans and Democrats find themselves on a metaphorical lifeboat, with the only choice being to cooperate or die, will we get any kind of real solution. Meanwhile, all we can do is buy some time. But time is important. We should buy all we can.