

# TRUMP IS A MARKET DISASTER

Byron York has an interesting column explaining why Trump has such a difficult time staffing his administration. After laying out the scope of the problem and (for some reason) invoking Mao, York correctly notes Trump relies on family – especially Jared Kushner, who (after all) has only been family for eight years – where others might demand loyalty via long-term political ties.

Thus Trump's focus on the family. After dispatching sons Don and Eric to run the business, Trump formally brought daughter Ivanka and Kushner into the White House power structure. (The president sought and received a Justice Department opinion arguing that the White House is exempt from federal anti-nepotism law.)

And Trump began to pile jobs on Kushner. The Middle East peace portfolio. Point of contact for foreign leaders. Tackling the opioid crisis. Heading the Office of American Innovation. "No human being can do all that stuff," says a Republican White House veteran.

When Bannon appeared ready for a "gunfight" with Kushner, eyes rolled across Washington. Who was Bannon kidding? "He's picked a fight with the only person he can't beat," said a top GOP politico close to the White House. And it didn't take a top GOP politico to figure that in the end, family will win.

At least, family will win in a fight versus Bannon or any of Trump's other hires, no matter how initially infatuated Trump might be with them. In the long run, though, it might not be correct to say Kushner, even with his

special place as the husband of Trump's favorite daughter, cannot be fired. It might be more accurate to say he will be the last fired.

But even in a column that ends up there, at the family, York makes this error:

Trump's way of running his business, *even though it made him a billionaire*, was small in scale – in his Trump Tower office, he relied heavily on a tight circle of people who were either related to him or had been with him for a very long time. [my emphasis]

Trump's way of business didn't make him a billionaire. On the contrary, Trump has generally underperformed both the stock market and what other billionaires – ones more justifiably recognized for their business acumen – have done. What made Trump a billionaire was, in very significant part, nothing more than inheriting a lot of money. That is, what made this man whose overwhelming loyalty in life is to his family was his family. Indeed, some of the other things that have helped him accrue and keep his fortune along the way involve asymmetries like bankruptcy law which actually prevent the market from measuring business success (to the extent it ever actually does that).

Which brings me to this widely-noted point in the WaPo piece on Bannon's declining influence, the subject of York's piece.

Trump's three oldest children – Donald Jr., Ivanka and Eric – and Kushner have been frustrated by the impression of chaos inside the White House and feel that their father has not always been served well by his senior staff, according to people with knowledge of their sentiments. The Trump heirs are interested in any changes that might

help resuscitate the presidency and preserve the family's name at a time when they are trying to expand the Trump Organization's portfolio of hotels.

The kids are intervening not because Ivanka looked at dying Syrian children and wept, but because Trump's failure as president threatens to ruin the family brand, the one thing they've got.

I actually predicted this some time ago: Ivanka, especially, would intervene to fix things when it became clear Trump's disastrous presidency was hurting the family.

I raise this to point out something else, beyond that we should be appealing to Trump's brand if we want him to change.

It's that, for a businessman, Trump has a remarkably bad idea how markets work, because he has long defied them. So it's not surprising that he embraces policies – his immigration policy is a mixed bag, but it does relate to markets, and his drug war and "school choice" policies are actually anti-market policies disguised as market ones – that can be justified by market spin but are actually about defying it.

We should not expect Trump to believe in measures of efficacy because he has never been held to real measures of efficacy.

One more note: It is true that Jared Kushner, by virtue of marrying Trump's favorite child, gets grand-fathered in as a family member. But remember that Kushner has only been part of this family for 8 years, for a shorter period of time than long-time Trump associates like lawyer Michael Cohen or Roger Stone. Remember, too, that (if possible) Kushner is even *more* a product of inheritance and privilege than Trump.

That's a volatile combination, even assuming that Kushner's make-believe diplomat role, in issues he has absolutely no preparation for,

doesn't get him in a heap of trouble, which I think (especially, but not exclusively, on the Russian front) it might.

Trump works by family, Trump works by brand. But Kushner may not always serve those purposes.