

Background Briefing: Happy New Year! As we enter an election year, it's a good time to consider what the stock market and politics may look like in 2020. Is America turning back to constitutional conservatism, or is the momentum shifting to progressive socialism? We asked Lt. Col. Allen West to share his thoughts on the political landscape. Also, Kyle Bass of Hayman Capital visits the Economic War Room to share his thoughts regarding the impact of this year's presidential election on capital markets. We are in an economic war and this year's election results will impact your way of life, your money, and your livelihood more than ever before.

Your Mission: To understand why the 2020 election may be the most important of your lifetime. Stand for constitutional conservatism, which believes in individual liberty and freedom. Stand for our free market enterprise system. Stand for strong national security.

"The Nanny State is a very clear risk in America today. The thing is that makes it so murky is the everyday whims of the American people and how they can be so easily manipulated by a very complicit media."

—Lt. Col. Allen West



Ep. 2.68 (OSINT) Open Sourced Intelligence Briefing with highlights, quotes, and summaries of conversations in the *Economic War Room* with Kevin Freeman, Lt. Col. Allen West and Kyle Bass of Hayman Capital.

“Ten years ago, if you looked at a Democrat Congress person or someone running, and you called them a socialist, they would deny it. They would back up. They would get mad at you. They might even sue you for slander. Today, they’re embracing it.” –Kevin Freeman

1. 2020 election – We have two very different philosophies.

- A. You have constitutional conservatism, which believes in individual liberty and freedom, our free market enterprise system, strong national security.
- B. You also have progressive socialism that believes in wealth redistribution, nationalizing economic production, and expanding welfare.

2. The left no longer hides their socialist and communist beliefs.

“What happened to the oath that they supposedly took to the Constitution in the United States of America? I think that is going to be a very troubling issue as we go forward in 2020.” –Lt. Col Allen West

Lessons in History – The contrast from 2012 to 2019

Lt. Col Allen West shares about his time as a Florida Congressman

“I remember when I was up in Congress and you sit there and you listen to these members of the Congressional Progressive Caucus and you will say, where are they getting these ideas from? Well, they’re getting them from Karl Marx and the Communist Manifesto. They’re getting them from Saul Alinsky and The Rules for Radicals. But now you don’t have to try to convince people who they are anymore, they are telling you exactly who they are.

“When I was in Congress, I was asked at a town hall meeting up in Jensen Beach, Florida, about whether there are socialists or communists on Capitol Hill? Yes, absolutely, I said there’s 75 to 80. You start with the Congressional Progressive Caucus and look at some of the others. They had a meltdown. I mean, you know, MSNBC, and everyone. But then I just brought up some of their policy initiatives. So, what does this sound like? And now today, you have people that are coming out and admitting who they are. Ilhan Omar, Bernie Sanders, an avowed socialist that honeymooned in the Soviet Union, both are coming out saying that this election in 2020 is about fighting against Western imperialism. Are you kidding me? And this is a sitting member of the United States Congress running against Western imperialism.”



3. How Progressives plan to shift America - Democrats are trying to take over populations centers and they are driving them into the ground.

Lt Col. Allen West shares:

"You have to be concerned about what you see happening in Texas, because they are coming in and taking over the major population centers. And, they're running those major population centers into the ground.

- » In Dallas, they so badly managed the police pension and the first responder pension funds that they had to go to the state of Texas to get a bailout for that.
- » Look at Austin, San Antonio, Houston, El Paso, Corpus Christi, even Fort Worth in Tarrant County. Ted Cruz did not win Tarrant County. They lost the county commissioner and a state senator.
- » So, the left comes in and takes over these major urban centers, which is where you see the greatest amount of failure of their policies. Look at the inner cities with the lack of small business, entrepreneurship, and quality schools.

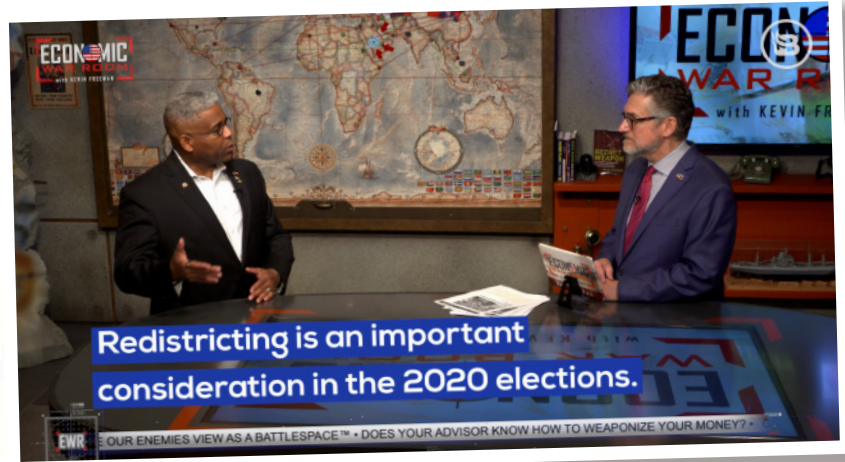
We've got to get our message of strong constitutional conservatism, faith, family, better education opportunities, which leads to better economic opportunities into these inner cities, these urban areas.

What I see happening with the Republican Party is that they gave up on the minority communities. They don't go into these urban centers. And so, you have ceded over this territory to the progressive socialist left for the last 50, 60 years.

President Trump has actually made inroads, when he said the thing that no previous Republican presidential candidate ever said. He said to the black community, 'What have you got to lose?' He was absolutely right."

Will 2020 be the most important election of our lifetime?

"This is very true because of that philosophical divide. If we go down the wrong path for the United States of America (especially here in the great state of Texas), we lose the redistricting. And the next thing you know, they will determine where these congressional districts are. Texas is going to pick up two or three more electoral votes, which will probably put us at 40, 41. We don't want those districts to be redrawn by the other side and those electors go to the other side. That means national level elections are gone and the United States of America would no longer be a beacon of economic liberty, freedom, and opportunity. We can't go into an ideological darkness, much the same as you see the rolling blackouts taking place in California." -Lt. Col Allen West



We need to get our message out:

"The Republican Party and the policies of constitutional conservatism make victors. The Democrats and progressive socialism make victims."

-Lt. Col Allen West



4. Kyle Bass shares expectations on how the capital markets will likely respond based on the 2020 election.

“There are two ways this is likely to go:

- A. If President Trump is re-elected, it should be a very positive thing for markets.
- B. If you look at the plans that have been proposed by Bernie Sanders, Elizabeth Warren, or Biden, these plans actually have some depth to them. They’re all pretty negative for capitalism and negative for capital. Even a wealth tax (which may be unconstitutional).

As we get closer to the election, what we’re going to see is the market starting to discount who’s likely to win.

“If it is someone that has a plan that is going to give Medicare for all and increased spending by \$22 trillion, and the way they’re going to pay all of that is proposing wealth taxes, or payroll taxes through U.S. businesses (which hits the core of the middle class of the U.S.), the outcome will be very negative for markets.”

A possible wild card:

- C. Hypothetically, if Mike Bloomberg becomes the front runner, he could be positive for capital.

His other policies may be off base, but he at least understands the markets. He’s got the Bloomberg terminal on every desk.



“Whether or not his ideas and policies are good or not is as a question for another day. But if what we’re talking about includes markets and capitalism, Bloomberg as a Democrat would be positive. Someone like Warren or Sanders is going to be very negative for capital and capitalism because I can already see their plans. And if the market starts discounting them, it will be bad.” –Kyle Bass, Hayman Capital

Is a wealth tax unconstitutional?

"I think a wealth tax would be immediately challenged. First of all, if it passes, the market is going to get massacred. It's unfair, taking something that's already been taxed. And if what you're telling America's entrepreneurs and America's youth is, 'If you make too much, we're going to take it back.' It's a disincentive for anyone to really push forward." -Kyle Bass

Wealth Tax Case Study Example – A net worth tax is being proposed by progressives.

- A. A billionaire could easily knock his tax bill down by driving stock prices down just by what he says and is reported in the media.
- B. A private company valuation could be multiples of cash flow. In some cases, the principals may not have the cash flow to pay the expected IRS valuations.

ABC Food Company: Let's assume you and a business partner own a private \$100-million food company.

- » Your business has a \$100 million in sales and together you make \$20 million pre-tax a year. You own the business 50/50 with a partner.
- » If the wealth tax goes into effect and assume you and your partner have \$20 million a piece.
- » Under the rules, you don't break that threshold of \$50 million, however, the IRS is going to value your food business because it is a private entity.
- » They're going to say, well, you guys have a food business. It's a \$100 million-dollar-a-year business. You make \$20 million dollars as year. These business sell in the market today for 10 times revenue, because you are growing fast. So, they claim it's a billion-dollar business.
- » So, by the way, you each now owe the IRS \$20 million dollars, cash at a 2% tax rate.

- » Many business owners will want to exit the business immediately. They will close it or will sell it right away.

Looking at the above case study, it's going to starve our country of revenue and entrepreneurship.

The wealth tax and valuation is so subjective. The markets move up and down. There is nothing objective about valuing private businesses. It can't easily be done.

"I have friends that are great entrepreneurs that currently run businesses that have all told me they'll just close their business. They will. They're not going to pay a tax on a business valuation where they would do better just turning it off and managing their family's capital. So that's what I think that's going to happen, is going to be destructive."



-Kyle Bass

Why you should care?

- This election really is the most important in your lifetime.
- There is a need to reach the urban area and cities and close the wealth gap.
- A proposed wealth tax may be an unconstitutional proposal by liberals. But it will impact markets and your livelihood.
- When the rich sell assets to pay the wealth tax, they will depress valuations for everything you own as well, including your investments, pensions, real estate, and retirement plans.
- Think of the food case study above. It might be a company you or a relative work at. What happens to jobs if entrepreneurs walk away from business?



In the Economic War Room, we encourage Americans to be the “small ships that make the difference.” You cannot rely on the government or the president to solve your problems. You have to make a difference. It is up to you to help take our country back and create a voice for economic liberty.

Action Steps:

Share this battle plan with your friends and your financial advisors.

1. **Be sure to vote and help others to understand the impact of this year’s elections. Your way of life, your money and your livelihood are under attack.**
2. **Be wary of progressive policies that put the state over private ownership.**
3. **Understand that wealth taxes being pushed by progressive candidates are deceptive.** Even some so-called conservatives have started to fall into the wealth-tax trap maybe not realizing that it eventually impacts the average citizen. Understand the reality of wealth taxes in this battleplan (and also see what we covered on this topic in Episode 66).
4. **Understand that the wealth gap is real.** We need to focus on urban areas and inner cities to educate and help lift people out of poverty vs. putting them on the system. **Look for more details on this coming soon.** Review Economic War Room’s Episode 49 on Moral Democratic Capitalism, where we address constructive ways to address the wealth gap.
5. **Send this battle plan to friends and ask them to sign up for our weekly battle plan updates (<https://www.economicwarroom.com>). Be sure to catch the data and footnotes below for more documentation. We want you to have access to key information to make intelligent decisions.**
6. **Weaponize your money toward impact investing that strengthens America.**

We need more Economic Patriots on the team! Consider what you can do now to help strengthen America or even help someone in need. Keep in touch with your congressional representatives. Choose from the list or set your own goals:

- Get others to sign up on our website (<https://www.economicwarroom.com>) and review our free weekly Economic Battle Plans™. Each of these will address critical solutions to the threats highlighted in this briefing.
- **Subscribe to [BlazeTV](#) and please use our code (ECON) from that link for a discount and FREE trial.**
- Follow, like, comment, and share on [FB](#) and [Twitter](#). Look for short video segments on [FB](#) and make sure those are shared. (We recognize these tools may be compromised at times, but if they are not filtered, they are the major platforms available to reach out to the public. (Alternatives social platforms above are under EWR consideration)
- Check out [XOTV.me](#), a new free speech video platform Economic War Room is proud to partner with. It is free, but consider making a donation to help with Economic War Room's research and production.
- Share this battle plan and our short video segments on [FB](#) or [YouTube](#) with friends. We set up the Economic War Room to be your resource for information, preparation, and mobilization.
- Do this now! Have a financial action plan based on multiple geopolitical scenarios developed now. Advanced preparation is key. Trying to figure what to do when an economic event happens is usually too late.
- Talk with your financial advisor as it relates to your savings/investments. Ensure your advisor understand the potential impact economic/geo-political scenarios could have on your portfolio. [LOOK FOR ECONOMIC WAR ROOM'S ADVISOR AND INVESTOR ONLINE TRAINING COURSES LAUNCHING SOON.](#)

Shareable Quote:

“The Republican Party and the policies of constitutional conservatism make victors. The Democrats and progressive socialism make victims.”

—Lt. Col. Allen West (ret)

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The EWR Collection Deck – From Kevin Freeman

(List of resources and external links for more information)

Quick Access Links

[About Lt. Col. Allen West](#)

[About Kyle Bass](#)

[The Decline of Urban Areas under Progressives](#)

[President Trump's Urban Outreach](#)

[Redistricting and Population Shifts](#)

[How Progressive Policies Would Impact the Economy](#)

[Why a Wealth Tax Would Destroy Free Enterprise](#)

[] - Must Read/Watch

Where to Access Economic War Room

On BlazeTV

<https://get.blazetv.com/economic-war-room/>

Our Website

<https://www.economicwarroom.com/>

Our Facebook page

<https://www.facebook.com/economicwarroom/>

Our Twitter page

<https://twitter.com/economicwarroom>

Our YouTube page

https://www.youtube.com/channel/UCfsphUgquqFcp7D_NDe6J_A/videos

Our XOTV Channel

<https://xotv.me/channels/233-economic-war-room>

Link to all Battle Plans

<https://www.economicwarroom.com/battleplans>

About Lt. Col. Allen West

[1] The Old School Patriot

<https://theoldschoolpatriot.com/about-allen-west/>

Lt. Col. Allen West : Announcement About My Political Future ~ VIDEO UPDATE

<https://www.ammoland.com/2019/06/lt-col-allen-west-announcement-about-my-political-future/#ixzz5y8p2muNo>

Texas Public Policy Foundation

<https://www.texaspolicy.com/about/staff/ltc-allen-west-ret/>

[1] Allen West for State Chair

<https://west4texas.com>

The News and Why It Matters

<https://www.youtube.com/watch?v=aycKAJkKA-c&feature=youtu.be>

Rick Roberts Show: Allen West Says Dems Will Lose Like Dukakis in 2020

<http://www.wbap.com/2019/11/21/rick-roberts-show-allen-west-says-dems-will-lose-like-dukakis-in-2020/>

What the Progressive Socialist Left Is Really Saying

<https://cnsnews.com/commentary/allen-west/what-progressive-socialist-left-really-saying>

About Kyle Bass

[1] J. Kyle Bass, Founder & Chief Investment Officer

<http://www.haymancapital.com/leadership/>

Kyle Bass on where the global economy is headed: 'This is insane'

<https://www.marketwatch.com/story/kyle-bass-on-where-the-global-economy-is-headed-this-is-insane-2019-08-20>

[1] The hedge fund manager who nailed the subprime crisis says China's problem right now is 4 times as big

<https://www.businessinsider.com/kyle-bass-letter-on-chinese-banking-system-bigger-than-subprime-2016-2>

The Top 10 Greatest Stock Market Trades Ever: Kyle Bass – The Real Winner of The Big Short
<https://www.finance-monthly.com/2017/10/the-top-10-greatest-stock-market-trades-ever/8/>

Hedge-fund manager Kyle Bass on decade-worthy investments, trade talks and that nickel collection
<https://www.marketwatch.com/story/hedge-fund-manager-kyle-bass-on-decade-worthy-investments-trade-talks-and-that-nickel-collection-2019-12-12>

There's no better place to put your money than in the U.S., says hedge-fund manager Kyle Bass
<https://www.marketwatch.com/story/theres-no-better-place-to-put-your-money-than-the-us-says-hedge-fund-manager-kyle-bass-2019-12-10>

The Decline of Urban Areas under Progressives

The Cost of Bad Intentions

Progressive policies threaten a new era of urban dysfunction.

<https://www.city-journal.org/progressive-policies-urban-dysfunction>

[] The regression of America's big progressive cities

<https://www.oregister.com/2019/08/03/the-regression-of-americas-big-progressive-cities/>

What's the Matter With San Francisco?

<https://www.citylab.com/equity/2015/07/whats-the-matter-with-san-francisco/399506/>

[] Texas Democrats Rise As White Liberals Arrive In Search Of Booming Tech, Energy Jobs

<https://www.newsweek.com/texas-turning-democrat-white-liberal-voters-moving-states-economy-2020-election-1458363>

Deficit in Dallas: How One of the Fastest-Growing U.S. Cities Ended Up With Billions in Debt

<https://www.governing.com/topics/finance/gov-deficit-dallas.html>

[] Republicans Do Well in Texas. Except for Dallas, Houston, Austin . . .

<https://www.wsj.com/articles/republicans-do-well-in-texas-except-for-dallas-houston-austin-1524866549>

Red State, Blue Cities

Will the Texas model become a victim of its own success?

<https://www.city-journal.org/html/red-state-blue-cities-14731.html>

Detroit: The Triumph of Progressive Public Policy

<https://www.michigancapitolconfidential.com/12832>

It's Not a Mystery Why America's Biggest Cities Are Losing Population

<https://reason.com/2019/09/10/its-not-a-mystery-why-americas-biggest-cities-are-losing-population/>

President Trump's Urban Outreach

[] Trump Launches Black Outreach Effort for 2020

<https://www.usnews.com/news/politics/articles/2019-11-08/trump-campaign-launching-black-outreach-effort-for-2020>

[] STAR PARKER: Trump and black outreach

https://www.starherald.com/opinion/columnists/syndicated/star-parker-trump-and-black-outreach/article_102becf3-1521-5263-b806-92f8c484d3dc.html

Support for the Trump Administration's Unprecedented Outreach to State and Local Leaders

<https://www.whitehouse.gov/briefings-statements/wtas-support-trump-administrations-unprecedented-outreach-state-local-leaders-2/>

CBS News Reporter Highlights Major Trump Accomplishment As Most Underreported Story

<https://www.dailywire.com/news/cbs-news-reporter-highlights-major-trump-accomplishment-as-most-underreported-story>

Redistricting and Population Shifts

[] Texas poised to gain multiple U.S. House seats after 2020 census, new population data show

https://dentonrc.com/news/texas-poised-to-gain-multiple-u-s-house-seats-after/article_fd8fddf4-7fc0-55dc-9e84-742e8bbeeb4a.html

Political Power Set to Continue Shift to Southern States, Data Show

<https://www.wsj.com/articles/sunbelt-set-to-gain-congressional-seats-data-show-11577723599>

Epic redistricting battles loom in states poised to gain, lose House seats

<https://www.politico.com/news/2019/12/30/redistricting-house-2020-091451>

California exodus could lead to state losing congressional seat, census estimates find

<https://www.foxnews.com/politics/california-exodus-losing-congressional-seat-census-estimates>

[] California Will Likely Lose Congressional Seat for First Time Ever, Census Shows

https://www.theepochtimes.com/california-will-likely-lose-congressional-seat-for-first-time-ever-census-shows_3189022.html

How Progressive Policies Would Impact the Economy

'Medicare for All' Is A Trap for Businesses and Employees

<https://www.forbes.com/sites/sallypipes/2019/06/24/medicare-for-all-is-a-trap-for-businesses-and-employees/#5a801bad3b50>

Choking On The Cost Of 'Medicare For All'

<https://www.forbes.com/sites/sallypipes/2018/07/09/choking-on-the-cost-of-medicare-for-all/#79d0a5de56f3>

[] AOC's Green New Deal would boost gas tax \$10-\$13, 'destroy economy'

<https://www.washingtonexaminer.com/washington-secrets/aocs-green-new-deal-would-boost-gas-tax-10-13-destroy-economy>

Democrats' 'Green New Deal' is a Crazy New Deal that would be a disaster for us all

<https://www.foxnews.com/opinion/democrats-green-new-deal-is-a-crazy-new-deal-that-would-be-a-disaster-for-us-all>

Socialism Now, Socialism Tomorrow, Socialism Forever – The Ruin Of Nations

<https://www.investors.com/politics/commentary/socialism-ruin-nations/>

Why socialism always fails

<https://www.aei.org/carpe-diem/why-socialism-always-fails/>

[1] Venezuela was my home, and socialism destroyed it. Slowly, it will destroy America, too.

<https://www.usatoday.com/story/opinion/voices/2019/02/15/donald-trump-venezuela-socialism-bernie-sanders-ilhan-omar-column/2861461002/>

Why a Wealth Tax Would Destroy Free Enterprise

Democrats' wealth tax plans should give Wall Street 'lots to worry about,' economist says

<https://www.cnbc.com/2019/10/21/democrats-wealth-tax-plans-give-wall-street-lots-to-worry-about.html>

Candidates' Wealth Tax Proposals Demonstrate Spooky Economic Ignorance

<https://spectator.org/candidates-wealth-tax-proposals-demonstrate-spooky-economic-ignorance/>

[1] The Problem with Elizabeth Warren's Wealth-Tax Plan

<https://mises.org/wire/problem-elizabeth-warren-s-wealth-tax-plan>

How to Pay the Wealth Tax: Sell Everything

<https://www.wsj.com/articles/how-to-pay-the-wealth-tax-sell-everything-11576195130>

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