

David Stockman: 'Unhinged White House' to cause stock market crash

[Stephanie Landsman](#)

CNBC, 16 Aug 2018



Just days before the anniversary of what's expected to be the longest bull market in U.S. history, [David Stockman](#) is warning investors a crash is inevitable.

Stockman, who served as the Office of Management and Budget director in the Reagan administration, puts a large part of the blame on Washington's decision to place [tariffs on China](#) and the ballooning budget deficit.

"This economy isn't strong, and it can't take the punishment that's coming out of an unhinged White House and a Washington policy environment where they all have their heads in the sand," Stockman said Thursday on CNBC's "[Futures Now](#)."

According to Stockman, the China trade war is the primary catalyst that could finally pushes stocks over the edge.

"We're not going to have a happy solution to this. We're in a trade war big time. It's going to keep getting worse because [Donald Trump](#) is unhinged. He is an economic ignoramus on trade," Stockman added.

"This is not caused by bad trade deals. Our big trade deficits are the result of bad monetary policy for decades. We priced [ourselves] out of the world market, and what he's trying to do is going to cause a train wreck."

Stockman is relentlessly bearish, and his previous dire warnings have yet to materialize. These include the one he made on "Futures Now" last September, after

he called for [a correction as big as 70 percent on a failed Trump tax cut prediction](#). Since that appearance, the S&P 500 Index has rallied by around 13 percent. And since the bull market began on March 9, 2009, the index has surged over 300 percent. The longest bull market in modern financial history ran from Oct. 11, 1990, through March 24, 2000, according to Howard Silverblatt, senior index analyst at S&P Dow Jones Indices. If the current bull market continues, he said, it will tie the record on Tuesday.

Right now, Stockman isn't ruling out another all-time high in what he's been calling the "[biggest stock market bubble in recorded history](#)." However, he warned a 20 to 40 percent shock could "easily" wipe out gains in the days that follow.

"You've got a train wreck on trade. You've got a train wreck on deficits hitting," he said.

In response to an inquiry from CNBC, a White House spokesperson referred to remarks made by national Trump economic advisor [Larry Kudlow](#), who declared at a Cabinet meeting on Thursday that the [U.S. was "crushing it"](#) on the economy.