

The Recession Racket: Musk, Trump, and the Billionaires' Blueprint for Profit

While we struggle, they scheme—how a Trump crash could line the pockets of America's elite...

[THOM HARTMANN](#)

NOV 01, 2024

America's billionaires would love to have a recession, particularly a really severe one.

In a recent "town hall," billionaire Elon Musk acknowledged what 23 Nobel Prize-winning economists across the country have [predicted](#): If Trump is elected and he and Elon undertake their project to gut government spending, it *will* provoke a severe recession.

"We have to reduce spending to live within our means," Musk [said](#). "And, you know, that necessarily involves some temporary hardship, but it will ensure long-term prosperity."

Most Republican voters aren't taking his embrace of a recession or a short-term depression like George W. Bush brought us seriously.

"Why would the Republicans," they're asking, "who generally represent the interests of corporations and the rich above all else, risk crashing the stock market and economy where those very same wealthy people have their money invested?"

The question itself reveals a misunderstanding of how things work for the morbidly rich.

They are, uniquely, in a position to profit from the same economic downturns that wipe out average working people or those who've put their money into 401Ks invested in the market or certain stocks.

This is a story as old as capitalism. During the Republican Great Depression of the 1930s, for example, some of America's greatest fortunes were made or massively expanded.

My (late) friend Gloria Swanson once told me over dinner in her apartment how her former manager and lover Joe Kennedy, who'd made a pile of money manipulating the stock market, bailed out as the market began its slide and even shorted the market, increasing his wealth. But once it had crashed, when everybody was broke, she said, he bought stock with a vengeance.

"Cash is king" was the phrase of the day, and Kennedy was well stocked in cash (he even bought a movie studio). By the end of the Depression, he was one of the richest men in the nation.

J. Paul Getty's favorite phrase was, "Buy when everyone else is selling, and hold on until everyone else is buying." It's something you can only do at scale if you're fabulously rich to begin with.

The afternoon of the Great Crash — October's Black Tuesday under Republican President Hoover in 1929 — Getty skipped his parents' golden wedding anniversary to head to Wall Street where he began buying stocks, particularly in small oil companies that were in trouble.

"It is the opportunity of a lifetime to get oil companies for practically nothing," Getty later wrote. Out of that, he became one of the richest men in the world.

Flash forward to the modern era.

When Wall Street banks — exploiting Republican-demanded deregulation of banking and investment rules — crashed the American economy in 2007, home prices (and, thus, homeowner equity) collapsed by 21%. Over 10 million Americans [lost](#) their homes to banking predators like "Foreclosure King" Steve Mnuchin, and tens of millions of others were underwater.

The stock market plummeted by over 50% in the last year of Bush's presidency. On October 9, 2007 the Dow was at its all-time peak of 14,164 but by March 5, 2009 it had [collapsed](#) to 6,594.

While over 8 million Americans lost their jobs and were wiped out as the Bush Crash started today's homelessness crises, the top 1 percent saw it as a buying opportunity.

Working-class people were desperately unloading stocks in their 401Ks at a loss just to pay the bills, as wages plummeted in the face of a loose labor market.

But the morbidly rich were doing great.

Between 2009 — the bottom of the Bush Crash — and 2012 when the recovery really began, the top 1 percent of Americans saw their income [grow](#) by over 31 percent. Fully 95 percent of *all* the income increases in the country were seized by the top 1 percent of Americans during that period.

As the economy recovered, rich people who'd used their increased income to buy stocks at the market bottom [rode](#) the S&P 500 up by 462 percent to 2020. A billion dollars invested in 2009 became \$4.62 billion in just 11 years, a period during which the combined wealth of American billionaires went up by over 80 percent.

Then they did it again 10 years later!

The Trump/Covid Crash of 2020, for example, presented America's morbidly rich with another brand new and huge opportunity to get richer on top of a crisis brutalizing the rest of America.

Once again the market collapsed, this time under Republican Trump, and working people, now out of work, were selling their stocks at a loss just to pay the mortgage and buy food.

But for the wealthy, it was a gift from God.

March 16, 2020 — just after Trump declared a pandemic and lockdown — the Dow sustained the [largest](#) single-day crash in its entire history. For the investor class, Trump and his billionaire buddies, this was an even better opportunity than the Bush crash of 2007!

Fewer than three months later, on June 4th, we learned that the seven richest people in America had seen their fortunes [increase](#) by fully 50 percent.

And with Trump's massive tax cut for his fellow billionaires, they could keep most all of it: by that time the average American billionaire was paying less than 3 percent in income taxes (a situation that persists to this day).

Just during that one single terrible pandemic year of 2020, the Institute for Policy Studies [documents](#), the world's 2,365 billionaires saw their wealth increase by a full 54%, as U.S. billionaires saw their net worth [surge](#) 62 percent by \$1.8 trillion. Average billionaire wealth worldwide [increased](#) 27% in that one year alone.

Billionaires' real taxes have fallen by a full 79 percent since Reagan's election in 1980, and a 2012 analysis [found](#) that as much as \$32 trillion was safely squirreled away in tax-fraud offshore shelters.

And, apparently, they're happily anticipating the next crash that their boys Musk and Trump, along with their bought-off Republicans in Congress, are working hard to bring to pass with threats of massive federal spending cuts.

— Economic downturns not only cut wages and present buying opportunities for the wealthy and corporate America, they also give massive companies far more leverage when negotiating with vendors, which are typically desperate smaller businesses.

— Billionaires and massive companies retain access to credit so they can leverage their buying opportunities in ways smaller companies and working class individuals can't.

— And corporate power to fight unionization increases exponentially as workers scramble and compete for jobs that have become vanishingly rare.

But the average American can be forgiven for thinking that Republicans would be reluctant to crash the economy. Their lived experience is very different from that of Elon Musk (532% [increase](#) in wealth during the single year of 2020), Mark Zuckerberg (86% [increase](#)), or Jeff Bezos (65% [increase](#)).

During the Bush Crash, average income for the poorest 10% of Americans [fell](#) by a full 23%, making business (and billionaires) much more profitable while working people were skipping meals, selling their houses for a song, and cutting pills in half.

Thirteen years later, the Trump Crash [threw](#) 8,500,000 Americans out of work: [According](#) to the *World Economic Forum*, the adjusted unemployment rate hit 22.7 percent in 2020, higher than even during the Bush Crash, and it's taken almost four years for working people to get back on track.

Small business revenue [collapsed](#) by more than a fifth under Trump, new business formation [cratered](#), and by July 2020 one-in-five American families were [behind](#) on their rent. The rate of hunger in America [doubled](#) at the same time the GOP sought to cut food stamps (SNAP) and Medicaid benefits.

The Bush and Trump crashes, in other words, did the work the morbidly rich have been demanding for years. Wages fell, unions struggled, corporate profits hit highs literally never before seen in America, and hedge funds bought up millions of distressed single-family homes to flip into high-priced rentals.

The stock market became absurdly cheap with both crashes, providing both the multimillionaire members of Congress and their billionaire backers with what used to be once-in-a-lifetime buying opportunities.

Now, they want to do it again. And Musk is gleefully proclaiming his willingness to pull it off.

So don't be so sure Republicans in the House and Senate won't celebrate billionaires Trump and Musk dragging America into a second Republican Great Depression if they have a chance.

They and their billionaire buddies have almost nothing to lose and a new and even larger fortune to gain.