

Before Abraham Lincoln became President and the outbreak of the American Civil War, he stressed regarding the slavery issue: “A house divided against itself cannot stand.” (Speech, “A House Divided”; Springfield, Illinois, June 16, 1858). He added: “I do not expect the house to fall—but I do expect it will cease to be divided.” Lincoln’s “house divided” metaphor traces back to the Bible. Jesus warned (Matthew 12:25; see also Mark 3:24-25): “Every kingdom divided against itself is brought to desolation; and every city or house divided against itself shall not stand.”

CONCLUSION AND OVERVIEW

From colonial times to the present, America always has had political divisions. History reveals that such differences- whether based on political ideology, economic viewpoints and interests, religious or other social opinions, “human nature”, overseas events, or other phenomena- can vary in substance and intensity. Although sharing of the American Dream culture helps to unite Americans, diverse visions regarding the Dream’s content exist, evolve, and are debated. Political wars, battles, fights, feuds, quarrels, squabbles, and disagreements never disappear entirely even though that rhetoric can differ in quantity, severity, scope, and quality.

Doomsday or other terribly bleak scenarios have appeared within American political discussions. However, nowadays “civilization as we know it” is not ending (even if it arguably has deteriorated), economic growth continues (though often fitfully), and so-called “core values” expressed by the American Dream remain (in various fashions) shared. America nowadays obviously is not as divided as it was during its long and bloody Civil War. The American scene did not banish physical violence as part of the process of resolving notable national or regional disagreements. Recall wars with Indians, labor (union) fights, and the civil rights movement. Yet significant internal national conflicts, especially after the Second World War, increasingly have been resolved within a comparatively peaceful political process, including the passage and interpretation of laws.

However, a brief survey of the United States political realm from the national perspective nowadays suggests that America’s political house over the past several years probably has become more divided than usual. It probably will remain so for quite some time, and at least through the 2016 election campaign.

Political fights often can express (reflect) economic phenomena, including diverging doctrines and competing practical interests. What does the recent picture display? Political battles and resultant significant legislative gridlock within the American political realm has coincided with sluggish real GDP growth, weak average household income, an elevated poverty level, and increasing economic inequality.

Is increasing political conflict confined to the American domain? Political (as well as economic, social, and religious) divisions of course exist around the globe. Reasons for fights over power within the United States are not necessarily the same as those inspiring political conflicts elsewhere. And cultural analysis must beware of overgeneralization and oversimplification. The world as a whole is not completely falling to pieces. Yet it nevertheless seems that political hostilities within and between many nations (and between groups with different views and aims)

around the globe, as in the US, have increased in the past few years. This trend, especially if it worsens, arguably endangers international (and American) economic expansion. Severe and heated political divisions not only often reflect economic problems, but also can create or magnify economic (and political) risks. World history (for example, after the First World War) reveals that substantial and widespread economic distress and fears can greatly assist the rise of rather extreme political (economic) views, whether far left, far right, ultranationalist, fringe, and so forth.

In recent years, in the United States and many other advanced nations, insufficient economic output, political divisions, or both increasingly have encouraged faith in and reliance on central banks to spark and sustain economic growth.

UNITED STATES OF AMERICA

Over two centuries ago, in America's Federalist Papers (Number 10, 11/23/1787), James Madison (who later became the fourth President of the US) stressed: "AMONG the numerous advantages promised by a well-constructed Union, none deserves to be more accurately developed than its tendency to break and control the violence of faction. The friend of popular governments never finds himself so much alarmed for their character and fate, as when he contemplates their propensity to this dangerous vice... The instability, injustice, and confusion introduced into the public councils, have, in truth, been the mortal diseases under which popular governments have everywhere perished... The latent causes of faction are thus sown in the nature of man; and we see them everywhere brought into different degrees of activity, according to the different circumstances of civil society."

Also in the Federalist Papers (Number 51, 2/6/1788), either Madison or Alexander Hamilton (the first Secretary of the Treasury) wrote: "If men were angels, no government would be necessary. If angels were to govern men, neither external nor internal controls on government would be necessary."

The great majority of Americans indeed still worship and avidly hunt for money (wealth, prosperity). Indeed, most would prefer to have a lot of money. Most Americans eagerly seek material expressions of financial success, including goods like a (expensive) house. Americans still believe in notions of capitalism and free markets. They aim to attain some version of a "good life" or a "better life". Belief in good (praiseworthy, desirable, valuable) American Dream goals such as happiness, democracy, equality, liberty, freedom, justice, moral (ethical) belief and conduct, and social respectability and so forth is widespread.

But nevertheless scan the United States from a broad, overall national vantage point. The United States, though united, does not seem as united as usual. In today's political theater, fierce factions and harsh rhetoric on the United States national scene do not merely reflect traditional, periodic election-time infighting. Though America is not engaged in a civil war, there's a relative shortage of civility.

The increasingly adversarial and heated political divisions and language probably reflect not only mediocre economic growth and prosperity in recent years for the nation and most people. Aren't many Americans these days disturbed by and loudly complaining about economic issues? Note also widening economic inequality and apparently reduced upward mobility.

From 2001 through 2014, US real GDP rose merely 1.7 percent a year. The 2010-14 span, which covers much of the period following the worldwide economic disaster (recession), climbed only two percent. Very recent real GDP growth, averaging the first three quarters of 2015, is only fair, at about 2.2pc. (See Bureau of Economic Analysis, 11/24/15, Table 1 and BEA website Table 1.1.1). In any case, which groups captured the most benefits from (greater share of) these rather paltry GDP gains?

See the US Census Bureau's report, "Income and Poverty in the United States 2014" (September 2015). The very revealing income study extends back to 1967. US median household income (in 2014 CPI-U-RS dollars) in 2014 slumped 7.1pc relative to its 2000 peak. US mean household income in 2014 fell about 3.6pc relative to its 2000 pinnacle. (Table A-1, p23). The Census analysis of poverty status extends back to 1959 (Table B-1, p44). In 2014, 14.8pc of all people lived in poverty, little down from 2010's recent high at 15.1pc (equal to 1993's 15.1pc and just under 1983's 15.2pc, though beneath 1960's 22.2pc). Compare the 11.3pc low in 2000 (and 11.1pc in 1973).

We all know that America has admitted people of diverse backgrounds into its financial, political, and social scenes. Yet underscore that increased (and especially substantial) factionalism also can reflect changing beliefs, not just changes in economic conditions and relationships. This expansion of political factionalism in part probably intertwines with widening disagreements regarding the best content for and means of achieving (implementing) the American Dream itself. In addition, sustained and increasing political factionalism arguably also reflects less fervent faith in some aspects of the American Dream, and perhaps also increasing tolerance within the nation of diverse cultural viewpoints competitive with the American Dream ideology itself.

In any case, contemplate the heated debates not merely on federal government spending levels and topics (priorities; entitlement issues), taxation and trade, and other "economic" topics. Look at wars of words on immigration policy, terrorism, the environment (climate change and so on), the appropriate size and role of government, the desirable scope of regulation, health care (Obamacare), gun control, abortion rights, racial relations, and assorted other topics.

American political and economic wordplay is married to language of rationality, reasonableness, common sense, logic, intelligence, and naturalness. Democrats, Republicans, and other groups all promote personal (subjective) visions of reasonableness, wisdom, and prudence. Moreover, values involving opinions regarding what is good, bad, and neutral permeate all this rhetoric of rationality.

In the US, Europe, and elsewhere, political labels and accusations abound. Some are more popular in one country or region than another. There are left wingers, right wingers, and centrists (moderates), a far left and a far right, progressives, liberals, independents, conservatives, traditionalists, nationalists, populists, revolutionaries, demagogues, and extremists. These types may come in various shades, degrees, or gradations. Don't forget socialists, communists, and fascists.

Not all Republicans are right wing (conservative); not all Democrats are left wing (liberal). And moderates exist in both groups. Despite this, political pundits point to the nation's longstanding significant legislative gridlock along party lines regarding many key issues. Rabid partisan jawboning and finger-pointing has accompanied this lack of motion.

Currently, a Democratic President in the White House confronts Republican majorities in the Senate and House of Representatives. Therefore substantial overall legislative movement forward on many important issues probably will appear no sooner than 2017.

On the nation's long run budget and debt issues, the two major parties have shared responsibility in their unwillingness to resolve long run problems. In the short term and perhaps even before year end 2015, Democratic and Republican lawmakers apparently will unite to enact about \$700 billion in tax cuts (without offsetting savings) over the course of a decade for businesses and individuals (NYTimes, 12/5/15, pA13). Will passage of this legislation represent good progress? A "centrist group", the Committee for a Responsible Federal Budget, calls it "a fiscally irresponsible bipartisan deal".

Will Republicans capture the Presidency in 2016? How many states will be Republican red, how many Democratic blue? It's currently too early to tell.

Republicans likely will retain control of the Senate, where they control 54 seats; however, of the 34 contested seats in 2016, Republicans hold 24. Republicans likely will preserve their power over the House, where their current majority exceeds 55 seats.

Yet within the House, the recent resignation of the Republican Speaker of the House reflects notable conflicts inside the Republican tent. So does the eclectic array of contenders for the GOP Presidential nomination.

The rise of a large crew of alleged "outsiders" (supposedly not members of traditional party insider elites) underscores Republican factionalism, and probably widespread disappointment with potential alternatives. At present, those outside of the mainstream Republican camp collectively hold a sizable majority. According to the Huffington Post, which tracks and combines the latest opinion polls, these outsiders have a 67.1 percent share among Republican voters. Trump ("Make America Great Again!") seizes a 35.8pc share (the latest CNN poll gives him 36pc), Carson 14.8pc, Cruz 13.8pc, and Fiorina 2.7pc. Though one should wary of labels, these outsiders seem rather right wing on the nation's political spectrum. Compare Bush's 5.6pc and Rubio's 12.9pc.

Trump's current lead among Republicans is noteworthy, not merely because he is a relative (and colorful) outsider candidate and not simply because he has managed to build his current advantage despite a number of controversial (or outrageous, uncivil) comments and substantial questions regarding the quality and feasibility of his policy agendas. His popularity also is striking because it reflects and apparently benefits from his factional approach. The NYTimes analyzed every public comment by Trump over the past week (12/6/15, pp1, 27). The newspaper remarked: "The most striking hallmark was Mr. Trump's constant repetition of divisive phrases, harsh words and violent imagery that American presidents rarely use, based on a quantitative comparison of his remarks and the news conferences of recent presidents, Democratic and Republican."

According to the Huffington Post, Clinton retains a formidable lead among Democratic partisans, with her popularity at 57.0 percent. However, Sanders's 32.1pc share is noteworthy, because in the American context, most observers would tag him (despite his being a Senator) as an outsider and rather left wing. As does the rise of Trump and several other Republicans, Sanders rise to prominence reflects some disappointment with the "current American situation" and traditional party figures.

The new Speaker of the House, Paul Ryan, vowed to pursue legislation offering a stark choice for voters in 2016. He proclaimed: “Our No. 1 goal for the next year is to put together a complete alternative to the left’s agenda...Only government that sends power back to the people can make America confident again.” The NYTimes said the Speaker “made no pretense of cooperating with President Obama” (12/4/15, pA20). Note how Ryan’s oratory about making America confident again echoes Trump’s rallying mantra about making America great again.

In any case, the US national election scene, and particularly the Presidential contest, likely will be fought across a substantial partisan divide, with the relatively right wing Republicans (perhaps occasionally claiming to be moderate) facing off versus the comparatively left wing Democrats (perhaps also declaring themselves to be middle-of-the-road).

“Chances are you’ll go far If you get in with the right bunch of fellows” sing Bachman-Turner Overdrive in “Taking Care of Business”. Many corporations, special interest groups, and political action committees represent factions and support partisan views. In any case, they currently play important roles in America’s political circuses and in creating and sustaining political battles.

An implicit political “faction” perhaps should include citizens who generally do not vote in American elections, particularly national ones.

INTERNATIONAL HOUSEKEEPING

Patrick Henry, one of the America’s political “Founding Fathers”, is remembered for orations such as his 1775 one: “Give me liberty or give me death!” In a March 1799 speech, in regard to the Virginia and Kentucky Resolutions, he declared: “United we stand, divided we fall. Let us not split into factions which must destroy the union upon which our existence hangs.”

Given the great diversity of nations and cultures around the globe, and despite the existence of the United Nations and various international agencies, we obviously should not expect overall global peace and harmony and good will. Most observers would agree that despite factions and feuds within America’s house, economic, political, social, and religious ideologies and conflict (including actual violent military struggles) within the global village (“looking at it as a whole”) are greater than those within the United States. After all, America is only part of the universe (and with less hegemony than after the end of World War Two); today’s world is both multipolar and full of competing factions.

Of course not all is grim. The worldwide economy continues to expand, even if less than desired. Progress occurred in the Iranian nuclear talks. Some headway, though slow, seems to be occurring on the climate change issue. Nevertheless, a brief survey for the past few years of the international arena suggests that significant conflict has increased globally.

Europe has much more history of class conflict than America. And even the Eurozone lacks the political and economic unity of America. And as in the US, if the Eurozone economy were doing great, at least for the majority of citizens, there would be less political divisiveness and hostility (and posturing). But look at the rise of left-wing, right-wing, nationalist, and extremist (fringe) groups there. France is an important example. As its 2017 Presidential race approaches, “Le Pen

lures disenchanted voters from the left” says the Financial Times (12/5-6/15, p2). Her “far-right National Front party appeared on course for a historic result in regional elections yesterday” (Financial Times, 12/7/15, p1).

Very nationalistic parties are in power in Hungary and Poland, both European Union members. Nationalist parties are on the rise in Catalonia and Scotland, thereby threatening the unity of Spain and the UK.

Also remember that the Eurozone almost broke apart during its sovereign debt crisis (especially recall Greece). Europe’s recent immigration crisis has split Europe public opinion.

Around the world, talk of currency wars and competitive devaluation is widespread.

OPEC oil producers are engaged in a battle (price war) with non-OPEC oil nations (including the US and Russia) to maintain and increase its market share. Within OPEC, quarrels likely will increase, as increasing Iraqi output and probable boosts in Iranian supply competes with production from Saudi Arabia and its allies.

Political adventurism often increases when economic (or other) troubles at home develop. China’s miraculous growth has slowed. It has squabbled with many of its neighbors over island territories and other issues. Russian GDP has tumbled substantially due to the collapse in petroleum prices. Look at Russia’s annexation of Crimea (and its dealings with Ukraine), involvement in Syria (and troubles with Turkey), as well as its great concern regarding NATO expansion.

Religious and other conflicts in the Middle East (and elsewhere), such as Sunni/Shiite ones, appear intense. Note the rise of ISIS in the Middle East as well as terrorism by it and other groups. The Israel/Palestine conflict has not disappeared.

In Latin America, Venezuela, Brazil, and Argentina confront significant internal political and economic issues.

CENTRAL BANKING: THE FED AND ITS FRIENDS

Lincoln said in his 1858 “house divided” address: “If we could first know where we are, and whither we are tending, we could then better judge what to do, and how to do it.”

Mandates, policies, and actions of the various major central banks are not necessarily identical. Yet as the Goldilocks Era passed and the worldwide economic disaster erupted and accelerated, the Federal Reserve, European Central Bank, Bank of England, Bank of Japan, China, and others united and raced together to contain the damage, stop the downturn, and reverse the situation. Politicians around the globe, particularly by massive deficit spending, also aimed to spark and sustain economic recovery. The worldwide expansion commenced around early to mid-2009.

However, political gridlock in Washington has gradually worsened. Confidence in American political leaders generally is not high. After the Federal Reserve has ceased a round of quantitative easing, the S+P 500 has dropped and fears regarding economic growth have jumped. In recent years, the Eurozone has faced assorted crises, from the sovereign debt one to the

deflation (too low inflation) difficulty), and the Eurozone does not yet possess a genuine (overall) central government. Japan has tried to escape low growth and deflation (especially by further mountainous money printing and massive Yen depreciation), but the national government has made no progress in slashing the country's dangerously high national debt. Growth in emerging marketplaces, and notably in China, has slowed.

Not only did extraordinary accommodative (easy money) policies such as yield repression and money printing (quantitative easing) become and remain widely popular in Wall Street, Main Street, and political circles. Many economic and political players are addicted to easy money schemes. Faith in and attention paid to the Fed, ECB, and other central bankers has grown in recent years. Many believe these institutions have the power to achieve (or at least to helpfully and substantially influence) widely-desired economic objectives such as real GDP expansion (and higher stock and housing prices). Political factions and related battles and challenges in the US (and elsewhere) contrast with the seeming ability of the Fed and other leading central banks to "get things done". Would American (and other) politicians in the current environment be able to handle an economic crisis akin to (even if milder than) that which erupted in 2007, or would they rely heavily (at least initially) on central bankers?

America's political system enshrines checks and balances involving the executive, legislative, and judicial functions. But how genuinely significant are checks and balances in relation to the Federal Reserve Board? The Fed declares its devotion to its legislative mandate, which refers to the economy's long run potential to increase production and the effective promotion of goals such as stable prices, maximum employment, and moderate long term interest rates. The Fed makes appearances before and explains its reasoning to the Congress and in other public declarations such as its Minutes, speeches, conferences, and writings. Yet in practice, the Fed interprets that mandate how it wishes. To some extent, although it has some accountability, it acts as a fourth branch of government.

The European Central Bank's mandate is not expressed in terms of real growth or unemployment, but price stability. However, the ECB has said it will "do what we must" and "whatever it takes" to fulfill its mandate (accomplish its goals). Like the Fed, it nowadays quite expansively interprets its role and powers.

In its 12/3/15 meeting, the ECB cut its deposit facility rate cut further (making it more negative). In addition, it extended the duration of its asset purchasing program (money printing) to end March 2017 (and potentially beyond). It also broadened the list of Euro-denominated marketable debt instruments available for its public sector debt purchase program (including those issued by regional and local governments located in the Euro Area).

Some may wonder what checks and balances exist for the ECB. Like the Fed, it increasingly seems to view itself as a substantially independent branch of government. Read the Speech by ECB President's speech the day after the ECB's 12/3/15 meeting ("Global and domestic inflation"; 12/4/15). The reigning leader of the ECB loudly proclaims: "But there is no doubt that if we had to intensify the use of our instruments to ensure that we achieve our price stability mandate, we would. There cannot be any limit to how far we are willing to deploy our instruments, within our mandate, and to achieve our mandate. And indeed the European Court of Justice has stated that the ECB must be allowed 'broad discretion' when it 'prepares and implements an open market operations programme'".

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