

Weekly Market Summary

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When a Desperate Sounding President Keeps Arguing for a Desperately Needed Wall!!

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Back in 2015, the promise to build a BEAUTIFUL Border Wall started as an applause line at Trump's campaign rallies, but has since morphed into possibly one of the "dumbest" policy debates in the history of American politics. At first, as many may remember, it was Mexico that was going to pay for the Wall; Donald Trump proclaimed that it would be so - often while pointing a finger into the air, enticing his supporters into chanting it whenever the campaign rally got a little sleepy. Then, he clarified, Mexico was eventually going to pay for the wall, though in the meantime US taxpayers would be responsible for covering construction costs. Last week, as the lame-duck Republican Congress balked at the prospect of allocating some \$5+ billion for the 1,954-mile glorified fence that was supposed to be free, a third and final stage of the love affair with medieval fortification technology was reached: Declaring national emergency and before that asking tens of millions of Americans to donate to the government's GoFundMe account!

Indeed, during remarks about border security in the Rose Garden of the White House in Washington last Friday, the US President followed through on his earlier threats to implement a national emergency over border security and declared one at the US-Mexico borders. Speaking to reporters, Mr. Trump said "*we're going to be signing today and registering national emergency, and it's a GREAT thing to do,*" claiming the measure was desperately needed to stop an "invasion" of people, gangs and drugs. This was a move the president had been teasing for weeks and comes a day after the country avoided another shutdown when both chambers of Congress passed a spending bill that funds the government until the end of September. The bill included billions in disaster relief, millions to tackle the opioid epidemic, and pay rises for federal workers, though it fell short of providing the \$5.7 billion for a border wall the US president had demanded as his price for keeping the government open - instead allowing for just \$1.3 billion for 55 miles of steel fencing at the border (still more than the single dollar offered by Nancy Pelosi, the Speaker of the House of Representatives!). As a reminder, Trump refused to sign a funding bill last December, spurring a 35-day partial government shutdown that has resulted in risk-off trading and a meltdown in equity prices throughout the final weeks of 2018!

The idea that the USA is imperilled by the failure to spend an additional \$5.7 billion and up, on a wall that is mainly intended to save Trump's face, is humorous. Moreover, many politicians and political commentators (the "Fake news") feel that the President is now declaring a national emergency because he does not want to look like he lost on the border funding issue. They refer to Trump's invoking of emergency powers as an indication of how far he will go to appease his base and some Republican Senators; But can he do it? Trump's declaration has already been challenged in both Congress and courts, as the President wearily anticipated during his Friday announcement; "*Look, I expect to be sued,*" Trump noted (*DO NOT MISS watching "SNL's Trump emergency declaration vs. the real thing" on YouTube! ☺*). In at least three lawsuits filed in federal court in recent days, lawyers have seized on the president's remark during last Friday's press conference that he "*didn't need to*" declare a national emergency. "*I didn't need to do this. But I'd rather do it much faster,*" Trump said of the national emergency declaration, according to an official transcript. "*And I don't have to do it for the election. I've already done a lot of wall, for the election — 2020.*"

Elsewhere, the Brexit saga continues unabated in Europe with no solutions in sight! Last week, UK Prime Minister Theresa May sent two of her key ministers to Brussels (Brexit Secretary Steve Barclay & U.K. Attorney General Geoffrey Cox) to find a way out of the Brexit impasse, as the threat of a chaotic no-deal breakup grows. There was no breakthrough - not even little progress - but further talks will take place next week, an EU official confirmed. "*They discussed the positions of both sides and agreed to focus on what we can do to conclude a successful deal as soon as possible,*" a statement said. They agreed that "*talks should now continue urgently at a technical level.*" PM May needs at least some evidence of progress before February 27th, when lawmakers are once again threatening to wrest control of the exit process from her during a parliament vote on a general Brexit motion (you will be excused for not knowing that this is not a vote on the deal itself, but only a chance for UK MPs to use amendments to force May to rule out a no-deal exit and delay the

divorce. I have personally stopped paying much attention to this ongoing “non-sense”, though do realize that the final outcome carries a significant weight for the future of British GDP, rates and currency!). A “*managed no-deal*” scenario by March 29th has long been derided by the EU, in part to stop Brexiters from claiming that the benefits of the Britain’s exit treaty could be replicated through “*mini-deals*” after Brexit. “*If there is a no deal there is no more discussion. There is no more negotiation. It is over,*” noted Michel Barnier, the EU’s chief negotiator, last year. “*Each side will take its own unilateral contingency measures.*”

Which brings me to the last segment of this week’s market summary (politically-tilted unfortunately ☹) – with its major economic ramifications on future prospects for the global economy over the coming decade (assuming the “Great Battle of Armageddon” or the “End of Times Battle” - as depicted in Biblical and Islamic prophecies - does not take place before 2030! ☺). According to a recently released Bloomberg opinion piece entitled “*Brexit and Trump Put American-British Influence at Risk*”, the writer – Mark Gongloff – notes that one predictable thing about empires is that they eventually fall, and that there is a high chance we may be watching one fall right now! Parts of his quite interesting article are reproduced below for our readers’ interest:

Quote

Since the days of Margaret Thatcher and Ronald Reagan, the world has been intellectually dominated by a U.S.-U.K. alliance that John Micklethwait, Editor-in-chief of Bloomberg News, calls the core “Anglosphere” (apologies to lesser Anglospherians Australia, Canada and New Zealand, the backing musicians to Britain and America’s Mick and Keith 1). But after 40 years – a relative eye-blink of history – this hegemony is already showing signs of decline, John writes.

The fatal blows may have landed in 2016, with the shocking results of the Brexit referendum and the election of President Donald Trump. Both were dramatic turns away from a worldview that defined and served the partnership. Both triggered sudden collapses in competence and moral authority. Other countries probably found the Anglosphere cloying and/or destructive and might feel some schadenfreude right now. But John argues the Anglosphere benefited them too, and its troubles are nothing to celebrate.

There are signs of hope, however faint. John notes the Anglosphere’s influence runs deeper and wider than London and Washington. And even in those cities some people may be coming to their senses. Eleven British lawmakers have broken with their parties to form a tiny centrist coalition advocating for such common-sense ideas as not driving over a Brexit cliff. This isn’t much, but it’s a source of at least a little hope, Bloomberg’s editorial board writes.

Still, here in the Colonies, the decline is tangible if you, say, drive across a bridge in California or take a train into New York City, writes Noah Smith. He notes economic development moves in two directions. And America’s growing corruption and costs, crumbling infrastructure and worsening outcomes all suggest it’s going the wrong way. We’ve seen this before with Italy, a former economic powerhouse that stumbled backwards under an incompetent, venal, populist leader. It can happen here.

Trump warned his supporters they would get tired of so much winning. Fortunately for them, his presidency has also featured a healthy dose of losing. Most famously he has failed to get Mexico or anybody else to pay for a new border wall. And this week he gave up on his dream of a new Space Force, and we learned FEMA has ignored his idea of taking wildfire-relief money from California. These and many other Trump losses have common features, notes Jonathan Bernstein: They are pointless and doomed from the start, particularly when Trump lacks the skill, energy or allies to turn them into victories. And each time he loses one of these battles, his already historically weak presidency gets even weaker, Jonathan writes.

Unquote

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