

American Partisan Fighting in the Global Context

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It is something of an unusual development that the opposition party in a major economic power put the global economy at risk and contributes to downgrading their own country's credit rating for little reason other than their desire to make the incumbent chief executive look bad and modestly improve their own party's chances in the national elections which are still 15 months away. The story of one of that party's leading candidates reacting to all this by holding a rally to call upon divine intervention to help his country and to mobilize his party's fundamentalist religious base, is also notable. This is, of course, the state of political affairs in the U.S. as it might be seen from Moscow, Brussels, or from Beijing, America's biggest creditor.

Because of its enormous economic, political and military power, decisions made by the U.S. have long had an impact beyond American borders. The global economic downturn which began in 2008 was at least partially due to deregulation of the finance sector and the housing bubble in the U.S. Obviously, wars and other foreign policy misadventures pursued by the U.S. have also and impacts all over the world. Even in this context, the latest developments in Washington, and the potential role they could play in further global economic crises, are an unusual and discouraging development in American foreign policy.

The origins of the downgrading of America's credit rating, and the country's brief flirtation with the possibility of default, were none of the usual of causes of mistaken U.S. policy. These developments cannot be explained by American imperialism, naïveté, ignorance or hubris. Instead, the more pedestrian explanation of partisan politics better explains the recent debt ceiling crisis, and its resolution, in the U.S. This is neither a full nor a sufficient explanation either because partisan political fighting has been around a long time and has frequently been a factor in U.S. policy making. The current case is unique because one party, the Republicans, deliberately jeopardized America's credit rating and raised the specter of default simply to gain a better position for their party as the next presidential race looms on the somewhat distant horizon.

It is something of a paradigm shift for American politics, and one with a potentially strong impact on the U.S. role in the world when one party decides that the U.S. credit rating can be put at risk, and ultimately, downgraded, if it makes the incumbent president look bad. This may be worse for the U.S. than the downgraded credit rating itself. The message the Republicans have sent, essentially that the good faith and credit of the U.S. is not as important as partisan politics, is extraordinary and will not be lost on those considering doing business with, or considering lending money to, the U.S. It also substantially undermines any claim the U.S. can make to global leadership in solving increasingly global problem.

The notion that partisan politics ends at America's shores has not been relevant for decades, but recent events are different. The two parties did not have a robust and honest debate about policy differences, or have different views of how to solve a key question. Instead, one side felt that defending an American interest, our credit rating, could take a back seat to partisan bickering. The result is that it is only a slight overstatement to describe the debt ceiling fight as one with two sides, the Democrats and the Republicans, one clear winner, China, who will now have more leverage in any deficit related negotiations with the U.S., and one clear loser, the American people.

The result of the Republican's gambit is not yet entirely known. The possibility of the U.S. economy, which has recently begun to show signs of life, returning to recession, and taking much of the global economy with it, is quite likely. Hyper-partisan politics, which has long has a poisonous effect on domestic politics, has now spilled over into the international arena as one party's willingness to jeopardize the global economy for the chance of a slight political advantage, and the other party's inability to do anything about it is the new narrative of American politics.