



# EXCLUSIVE: Neil Howe On Steve Bannon, Trump, and The Possibility Of Civil War In America

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**JR:** Welcome to RiskHedge Radio. I'm your host, Jonathan Roth. Today, I am joined by a return guest and someone that has been inadvertently in international news a lot over the last couple of weeks. Neil Howe is the managing director of demography at Hedgeye Risk Management. But the reason that he's with me today is that he's one of the co-authors of the bestselling book entitled, *The Fourth Turning, What the Cycles of History Tell Us About America's Next Rendezvous with Destiny*. Written back in 1997, today the book is being closely examined because Steve Bannon, President Donald Trump's Chief Strategist, is a huge proponent of the ideas *The Fourth Turning* espouses. He even made a movie about them called "Generation Zero," and that has some people worried. Neil Howe, thank you for joining me.

**NH:** Thank you. It's great to be back.

**JR:** Neil, in *The Fourth Turning*, you say that societies have these cycles of roughly 80 years in length. Over the course of these 80 years, there are four turnings or social eras that evolve through stages. First, there's "the high," then there's "the awakening," then "the unraveling," and then there's "the crisis." Can you give me the specifics of what is involved with that last stage, "crisis," because that's the one that Steve Bannon seems to have zeroed in on?

**NH:** I think since we're now in it, we should all focus on it. You know, you should always pay attention to the season you're in. Particularly, when it's one in which history—public history—tends to move rapidly. And we are in that season right now. The crisis season of the saeculum. The sort of lifetime-length period you're talking about is a period in which institutions are torn down and rebuilt from the ground up. Usually under the threat of some realist sense of historical urgency. There is a sense that the Republic, the empire—whatever we are politically—cannot be sustained, cannot survive, unless we make very rapid, very wholesale, policy and political changes in a hurry. And we've seen these instances repeatedly in American history. You know, Bruce Ackerman calls these the three constitutional founding moments in US history: the American Revolution, the Civil War, and the New Deal/WWII—but there are others. You can go back even before the American Revolution and we think there's a similar periodicity in other modern societies around the world.

I think the deep premise of our book—even going beyond the fourth turning—is just the very concept of seasonality in history. I think one thing that we modern Westerners tend to be attracted to are theories of history which presuppose that history is linear. It's just constant progress. Or for some of us, it's maybe constant decline. But in any case, it goes one direction or the other or maybe for some it's just so complex, it is chaotic. There is no pattern at all. In fact, most academic historians take pride in the fact that they look for no patterns in history.

Anyone who looks for historical patterns—particularly broad-historical patterns—is generally denigrated in the profession of academic historians. It’s something that’s just unfit for the scholarly palette. We shouldn’t even be talking about that.

**JR:** That’s something I wanted to actually zero in on because this whole last couple of weeks of news has really been started by a historian from MIT named David Kaiser, who wrote an article in *Time* Magazine titled, *Donald Trump, Steve Bannon, and the Crisis in American Life*. He actually described you and your co-author, William Strauss of *The Fourth Turning*, as amateur historians. Yet, you have a master’s degree in history from Yale, and you work in this subject matter daily. How did you take that?

**NH:** I know David Kaiser. He’s actually a friend of mine. I don’t think he meant that in a pejorative way. By amateur, he simply meant that I do not work professionally in academia. You know, I do not—I don’t have a tenured academic position. It’s not what I do for a living, therefore, I am an amateur. I did not take that in a bad way at all.

**JR:** Okay, that’s good to establish.

**NH:** And I will say, David Kaiser is actually an example of a professional historian who actually speaks very highly of what we say. In fact, he gave us a wonderful review when *Fourth Turning* first came out, in the *Boston Globe*. So, he’s actually been very much a supporter. But there are others who think the whole idea of looking for any kind of patterns or rhythms or cyclicity in history is simply pseudo-science—an astrology. Without even looking at the evidence, they just think that’s just something no respectable person should engage in.

Now, what I was getting at though is that we, kind of, are modern Westerners. I do think that traditional societies, pre-modern societies, almost always look at history and social time as a cyclical phenomenon. And you will see this in traditional societies everywhere. Mircea Eliade, the famous philosopher and historian of religion, basically says that in traditional societies, no one ever does something for the first time. They simply reenact things that ancestors have done. Everything is looked at in terms of reenactment or repetition, which is a very, very powerful idea in traditional societies. And I think it continues in modern society. We just decide not to look at it. We decide not to look at the seasonality of our own experience, and I think the evidence is just unmistakable. This isn’t like astrology. There are very real social forces that bring about this cyclicity, namely generational aging. Generations that are shaped in their childhood and coming of age moments, in their habits and their behaviors and attitudes in certain ways, later on, they age. [They age] in a predictable time period, roughly 40 years later or so, into the senior leaders and parents who, in turn, shape history. So shaped by history, the same groups later shape history.

**JR:** Very fascinating and there’s so much there that we could unpack and discuss, but what I’d like to do then is move directly to what’s happening in the news today. To what degree do you personally know Steve Bannon, or at least have you met him? We should at least establish that.

**NH:** Yeah, I know him. I'm not close to him, but I've certainly worked with him on and off for a number of years on film projects and creative projects. He is—I mean, look, there have been very in-depth feature stories done in major media papers about him. Some, I would say in both the *Globe* and the *New York Times*, have actually been quite fair; I think a very unbiased treatment of him. I didn't find anything sort of out of the ordinary about him politically. Like most other Americans, I didn't know what alt-right was until I read about it in the media.

**JR:** Right.

**NH:** That was kind of my position. I think the main thing people should understand about him, which I think maybe has not been portrayed in the media, is that he's not so much a policy person or a person with a fervent policy or political beliefs. He is fundamentally a culture person. He has aesthetic sensibilities. He's really interested in sort of how socially and culturally Trump's coalition hangs together. I do think that Steve Bannon, along with a few other people on more of the conservative side of the spectrum, took an interesting lesson from *The Fourth Turning*. That is our prediction that this era would see the successful merging of economic populism and cultural and social conservatism. And I think that new amalgam, and the political realignment that it would trigger, is something they did see. I think that that's something they ran with. I will add that the Democrats could have picked up that football and run with it themselves. It was there on the field. Anyone could have picked that up and run with it. But I think in this case, conservatives did and maybe I should just add, on this subject, that *The Fourth Turning* has been used heavily by both sides of the political spectrum. It might be useful to remind people that the first huge fan of our work, back when "*Generations*" first came out, was Senator Al Gore. He mailed a copy to every member of Congress and was a huge vocal supporter of our work. In that book, when we described the millennial generation—you know, we sort of coined that whole expression and began people thinking about this new millennial generation. In our later work, when we really spent a lot of time looking at millennials and who they would be, a lot of people on the left kind of championed that description because they saw in how we described the millennials, this sort of optimistic, community-minded team-playing generation of young people that would work for progressive ideals and move America in a progressive direction. And I would say that a lot of the energy around the whole concept of millennials and politics has definitely been on the Democratic side and not on the Republican side. That's actually, I think, something that we were part of.

**JR:** Fascinating. Well, I know that Steve Bannon has been quoted extensively discussing these four great crises that America has had in history: The Revolution, the Civil War, the Great Depression/World War II, and he believes that the 2008 financial crisis was really the next one, the big fourth turning that's happened here in America history. He believes that it's still being worked out to today, and I think events obviously prove that. You know, you're the one that came up with this. What's your take on whether or not he's right or wrong about the financial crisis of 2008? Could that really be categorized as a fourth turning; do you think?

**NH:** Well, an event is not a turning. An event happens in a year or so. It's an event. A turning is a generation-long era. There's the Great Crash of 1929 and Black Tuesday and Black Thursday and all that, right? And then there's the Great Depression and World War II. So, one's an era. The other's an event. I would say that in our terminology, 2008 was—and we said this at the time when 2008 came along—the catalyst, that is to say, the introductory event that kicks off the current fourth turning. The current fourth turning is going to have a lot of other events we haven't seen yet. And in my opinion, it's going to have things that are potentially going to bring us a lot more volatility. It's going to be much more catastrophic, if you will, in its implications for markets, the economy, and our political system than what we've seen. And I think, obviously with the election of Trump, people are beginning to see us drifting further into that vortex. And totally aside from Steve Bannon, I think that's why people are interested in *The Fourth Turning*. Because people sense that inexorable quality about it and the fantastic things that may happen to our political system that we've never seen before. I was just noticing on Ladbrokes this morning, the London betting site, that you can get 47% odds right now that Donald Trump will not survive his four-year presidency. He will either resign or be impeached by the end of it. Well, that's pretty amazing, right?

**JR:** It sure is.

**NH:** And it's particularly amazing—and this is what I kind of struggle with and am actually fascinated by—is that we see, right now, record low realized volatility and implied volatility in the markets, and continuing records being broken by equity markets. So how do you put all that together, and what the hell is going on?

**JR:** I think you framed it right there, really, the phrase—what the hell is going on? I think that's what a lot of people are asking themselves right now. Now, I think, this is the general fear that seems to be out there, at least in the mainstream media when they've been addressing this question. I think it is predicated upon this idea that if Steve Bannon believes the idea that we're in another fourth turning right now, that we're in the midst of it, then does that color his decisions as they apply to what President Donald Trump should do—vis-à-vis foreign policy, vis-à-vis refugees to the United States, vis-à-vis policy towards immigrants coming into the US from Mexico—these sorts of issues. And even this idea of some sort of global war against Islam. How do you take those disparate ideas and then put them into what you believe is the direction moving forward for America? Do you think Bannon's on the right track? What's your perception of where he's at?

**NH:** I don't think it really matters. Once you understand truly and you see clearly what the options are, it's sort of obvious that you're in the winter of history, right? And let me give you a hypothetical example. What if Franklin Delano Roosevelt—say, after his second New Deal, after he ran for the presidency for the second time, maybe in 1937—became convinced that America was in her fourth turning. Would that have changed how he behaved? We do know that Roosevelt—actually, you raised the name of David Kaiser who actually is a diplomatic historian. He has written a couple of books about FDR and the sort of foreign policy decisions of the 1930s.

We do know that FDR understood long before most other Americans that it was absolutely inevitable that America would get wrapped up in what was happening in Asia and Europe; the rise of fascism and the near inevitability of war.

He was convinced that we were going to get wrapped up, but he couldn't get too far ahead of the American public, so he would float out periodic trial balloons. But it's clear to me, when I read his correspondence and his writing and so on, he knew where everything was going. He just knew he couldn't get that much in front of the public on it. So, it's kind of an interesting question.

One thing we do know is that in fourth turnings, leaders draw energy from that urgency and sense of crisis when people perceive it. And I think that's just one of the realities. You know, it's when Pearl Harbor happened that America mobilized, and—as we all know—that America definitively exited the Great Depression. And that's simply an attribute of the fourth turning frame of mind and the rediscovery of community and the creative destruction of public institutions. You remake the world over again.

People are often overly fixated on the negative aspects of fourth turning. They think, oh, it's a crisis, it means terrible things happen. But it also means that public institutions are reborn again. They are rejuvenated, and the whole playing field of wealth and power tips to the young again. I mean, that's something we haven't seen recently in America and it sort of restarts public time all over again. We can create a new order, we can redo our infrastructure a new way, right? We are not sitting there picking our way through all the rights and privileges that have been given to older people. Right now, we couldn't even start a huge infrastructure program even if we wanted it. I'm sure you've seen the literature coming out on all the review processes and regulations. It's practically impossible, even if we had the money, to actually build anything public in America. So, these periods of urgency actually allow us to, sort of, clear the decks, so to speak, and do something new, and solve large problems that in an earlier era it seemed insoluble. One of the things early in the Great Depression that seemed insoluble, these whole problems of inadequate, aggregate demand and this huge pessimism about secular stagnation—yes, the 1930s was when that phrase was invented, as well as problems of international chaos and competitive devaluation, things we talk about today. The fact that every nation could do whatever the hell it wanted, and we felt there was no answer for that. The future looked so bleak, but by the end of World War II, we created Bretton Woods and the UN and the World Bank and the IMF. We created this whole global structure, a concert of nations and basic rules of the game, with which the entire world prospered peacefully for decades after that. And this is one of the good things about fourth turning. Every season in history is necessary. It may not be what we want, but it serves a function in a way. In the parlance of today, it takes us to talk about self-empowerment movements. We would say it's something that takes us out of our comfort zone, right? And pushes us forward.

So, that's not an endorsement of any particular policy or—saying, oh, but for that reason, we should be reckless. No. Once you're aware of what's at stake, that's every more reason you need to be very careful about foreign policy. But the fact that we're here and we face all these issues, we have to deal with them one way or another.

If things get worse, a leader is going to have to draw new energy amidst the sense of peril. It's simply something that we've always experienced in a fourth turning.

And I've told people with regard to Trump, I think that Trump faces a sort of bimodal distribution of outcomes, which I think is one of the reasons why his behavior seems so erratic. I think on the one hand, if the markets stay high and everyone stays energized and democratic opposition to what he does isn't so bad, maybe he can push through enough stuff so that maybe he can sustain the prosperity or sustain markets—although, I think that's a tall order. But I think that on the other hand, if things really break down and there's a bear market, a really bad bear market—and I think given the valuations, it could be severe early in his administration—he would draw energy out of that. I think Trump would glory in a bear market. I think he would love it. He would go around telling everyone this is the feeling of corruption leaving our body and I wasn't part of the system that brought us here. He was inveighing against Janet Yellen's bubble economy constantly through his campaign right up to his election. So, he has positioned himself for that. I think actually with the Dow sinking and with the S&P sinking, he'd be in a much better position to push his policies through a Republican led Congress—which is the most unpopular member of that troika, Trump, the Democrats, and the Republicans—and they would have no choice but to buckle under and listen to him and do his bidding. By that time, the public would be demanding action of one sort or another. So, I think either way, he wins.

I think the one way that Trump would fail, or it would be the least desirable for him, would be something in the middle. Something where he kind of muddles through, but there's general resistance. Where the Democrats are pretty much effective at miring them with lawsuits and process and filibusters and what else. If they keep them from moving forward and then what that's likely to do is actually lead probably to the idea of a recession closer to the end of his term, which of course, without having really accomplished anything, would be kind of the worst outcome for him. Indeed, I think in that case, there may even be a possibility, as the London betting markets were saying, that he could leave before his term was over. Let's face it, he could—he certainly doesn't need it for any reason. I think people have often wondered why Trump actually wants to be president. It's not immediately obvious, but one could imagine a lot of scenarios under which he might just feel better just saying, “Well, I've had enough of this, I think I'll leave.” But I think that would be worse for him. I think the better scenario would be like Ronald Reagan in his first term. Have your really bad bear market early on. Push your stuff through Congress under the shadow of that bear market, and then get your rebound late in your first term.

**JR:** Interesting. Do something—Rahm Emanuel, I think, was the one to say, never let a crisis go to waste.

**NH:** Obama really did let that crisis go to waste because other than the short-term expedience of huge deficit spending and TARP and all the rest of the stuff, he really didn't use those first two years to do anything really enduring. I wonder if he actually regrets that. I don't know, given his personality, he probably doesn't regret it. But, yes, Rahm Emanuel was correct, they did waste that.

**JR:** You study society. I think you're probably the perfect person to ask this question to. For the first time maybe—in my lifetime for sure—I've actually read in more than one place this idea that the US is primed for some sort of civil disturbance or even civil war because the cultural divide in the nation is so wide and so deep. You study these trends. You study generations. Is the US actually that fractured that this sort of antipathy, political fracturing that's been going on between the Republicans and Democrats could that actually lead to something like that? Or do you think that this is a repairable situation at this point?

**NH:** On the surface of it, I would say, no. I think, like a lot of people, I would say, no, it's not that bad. I mean, c'mon. We all get up in the morning, we all go to work, and we're all basically decent guys. So, it seems hard to take seriously. Although, it's very instructive to look back on some of the excellent books and histories that have been written of the 1859/1860, and the two years leading into the Civil War. It's fascinating because right up to the end, no one really realistically thought that actual war would happen. It just seemed incredible, right? We would actually go to war? Even after the southern states seceded, they all thought, "Well, okay. This is kind of a peaceful thing." And the Union was—one of the big issues that arose that actually caused the crisis was the fact that everyone thought that, well, we can all secede in peace and so forth. Winfield Scott and many of the elder generation, sort of said, let them go in peace. Let's not disturb anything. The catching point was all of the federal institutions in the South: all of the post offices and particularly, all of the Federal forts around the coast—including Fort Sumter. Everyone else just took down their flag and said, "Okay, we'll give it to the South," and everyone was happy, not a shot was fired. But you had this one West Point trained officer who basically said, "No, I'm not surrendering this thing. I took an oath." And it made me wonder because I often think we joke a little bit about Cal Exit—about California now becoming a sanctuary state. Not just cities, but this very aggressive campaign now in California just basically saying, well, maybe we should consider not paying certain Federal taxes and so on. And you wonder—it's the kind of thing where you could imagine that everyone would think, well, this is kind of a joke or this is maybe very serious. I think everyone ought to take it very seriously actually, but I think the idea of actual conflict would not happen. But then I wonder about Coronado Naval and US Marine Corp base out there in San Diego—or you know, someone's just going to say, "Well, no, I took an oath. I'm not handing this over." And what happens is you just have a spark like that and then it takes you into some space that you never expected. Do you know what I mean? I think that's what you have to worry about.

Now, I don't think we're there. In fact, I would say that I think we moved away from that possibility a bit with Trump's victory. I think the idea of actual violent insurrection of some sort or people being in a more militant mood regarding the Federal government would have actually been higher had Hillary been elected—just simply because of the temperament of the red zone versus the blue zone. One can imagine Idaho and Texas and, you know, all the usual suspects being particularly incensed right at this point. And the reason why I think it's very clear we took a step back from that is that the gun industry and the survival industry. Whereas in the 48 hours after the Trump victory, when all of the other stock prices went up, stock prices in those industries actually went down. So, I take it that expectations were betrayed there in a negative way for those industries.

But I do think in a fourth turning, all of the stressors increase. So, it's not just the red zone versus blue zone, which you're referring to. And now it's kudos to the blue zone, which is starting what they call the resistance and so on. But I think that you have to imagine that you are going to see financial market stressors, economic stressors, and foreign policy stressors actually interacting on that divide. I think that that may take a little bit of time. That may take a few years to worsen, perhaps. So, it's a mix. I think that when you see all that mixed together, particularly at a time of greater adversity, then those divisions you talk about could really blow up.

**JR:** So, in your opinion then, going full circle here, is Steve Bannon the right person to be sitting next to President Trump, given that he really does seem to understand these cycles of history and how they interact?

**NH:** I guess what I am saying is, I don't think it really matters for the people making decisions. They have to make decisions in a practical, worldly way based on the threats that they face. And I guess what I'm suggesting is, once you are in the fourth turning, you begin to realize you have no other direction to move anyway. Do you know what I mean? It doesn't really matter whether or not you have this strategic vision. Once you're there, you kind of have to go a certain direction.

But I do think for those of us who are looking forward and trying to think about our kids, our finances, where life will be going for our families forward—I think for all of us looking forward and just figuring out what the world is going to be like—I think then it is very useful to think about seasons of history and what kinds of events are more likely over the next decade, and what kinds of events are very likely in the decade after that.

So, I think, for those actually engaged in day to day policy making and responding to threats and so on, it may be good to have a general idea of where you are, but I think the events pretty much compel you to respond certain ways. That's why we have had fourth turnings in American history and other societies around the world, regardless of whether people have been aware of it or not.

**JR:** Fascinating. Neil Howe's book, *The Fourth Turning*, is a fantastic read. I recommend you pick it up so you can better understand our world.

Thank you, Neil. I really, really appreciate your time.

**NH:** Great, it was a pleasure.

**JR:** Visit us online at [riskhedge.com](http://riskhedge.com). For RiskHedge Radio, I'm Jonathon Roth.



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