

THE STRENGTH OF A NATION: 250 Years of Checks and Balances

The U.S. Supreme Court recently ruled that President Trump could not impose broad tariffs using emergency powers without approval from Congress. The Court pointed to a basic constitutional idea: Congress—not the president—holds primary authority over taxes and trade. On the surface, the case was about trade policy. In reality, it showed something more important: how the American system of checks and balances works - one key reason the American political and economic system has stood the test of time.

In the United States, power is divided on purpose. Congress writes the laws. The president carries them out. The courts interpret them. When one branch goes too far, another can push back. This may slow decisions, but it also limits the damage when leaders make mistakes.

This structure was not an accident. Having just won independence from a king, our Founding Fathers understood the danger of concentrated power. They created a system of checks and balances so authority would remain divided, restrained, and accountable to the people.

Some critics see this U.S. system as a weakness. They say it creates delay and gridlock. They argue that China is more efficient because leaders can make a decision and implement it nationwide almost overnight. But speed is not the same as strength. Fast action does not guarantee good outcomes.

China's electric-vehicle push is a good example. In a short time, China became the world's largest electric-vehicle producer. The central government encouraged

local officials and banks to fund factories and supply chains with subsidies. Production surged, but demand did not keep up. The result was oversupply, shrinking profits for manufacturers, and trade tensions as other countries complained that subsidized vehicles were flooding global markets. When an entire economy follows one policy from the top, the normal "stop signs" disappear. If the plan is wrong, the mistake scales quickly, and speed turns into costly mistakes.

The United States works differently. No single leader directs the whole economy. Government can encourage policies, but consumers and investors decide where money goes. Companies grow when demand is real and shrink when it is not. This process may look messy. But it helps correct problems before they spread across an entire system.

In authoritarian systems such as China, the opposite is true. Businesses ultimately answer to political authority. Rules can change quickly. Entire sectors can be restricted overnight, and investment redirected by government order. When power stands above the law, checks and balances disappear. Decisions are shaped by political orders rather than what is best for the economy and the people.

Over time, systems with checks and balances prove stronger than systems built only for speed.

The American system is not perfect. It is loud and often divided. Elections are heated, and courts sometimes push back against the other branches. Yet this tension creates resilience. Voters can replace leaders, laws can change, and courts can review decisions.

local independent personal accessible
interactive creative local independent personal
knowledgeable thoughtful ethical experienced

History shows how these corrections accumulate. The Civil War tested the nation's survival. The Great Depression shattered economic confidence. Two world wars demanded sacrifice. The civil rights movement challenged deep injustice. Financial crises shook markets. Political turmoil strains unity even today.

Yet the constitutional framework endured.

Authoritarian systems often appear stable—until they are not. When power is centralized, mistakes compound. When dissent is silenced, problems go unchallenged. When leadership fails, there is no orderly path for change. For investors, that matters. Systems that can correct mistakes tend to support more durable confidence over the long run.

The American system accepts tension as the cost of divided power. It trusts citizens over rulers and treats concentrated power as a danger, even in capable hands.

Authority in the United States flows upward from citizens, not from a single center of control. Power rooted in the people—and restrained by checks and balances—has helped sustain the nation through war, crisis, and political conflict.

As the nation approaches its 250th anniversary, this moment invites reflection. Many nations have risen with promise and faded under unchecked power or internal division. Yet our nation has endured. Not because it avoided conflict. Not because it escaped hardship. It endured because its foundation is strong: power divided among branches of government, laws applied through independent courts, and leaders accountable to the people—not speed, not central command, and not rule from a single authority.

The Supreme Court ruling on tariffs is one small example. To some observers, that kind of friction may look like weakness.

But that is not weakness. That is strength.

Two hundred fifty years is not an accident. It shows that a nation built on checks and balances, restrained power, and accountable government can sustain itself.

As we mark this milestone, we do more than look back. We reaffirm the principles that carried us this far—checks and balances—and commit to preserving them for the future.

Happy 250th Birthday, United States of America.
Wenma Gorman, CFA, CFP®

Disclosure: The information presented in this newsletter is the opinion of Sigma Investment Counselors and does not reflect the view of any other person or entity. The information provided is believed to be from reliable sources but no liability is accepted for any inaccuracies. This is for information purposes and should not be construed as an investment recommendation.

Please remember to contact Sigma Investment Counselors if there are any changes in your financial situation or investment objectives