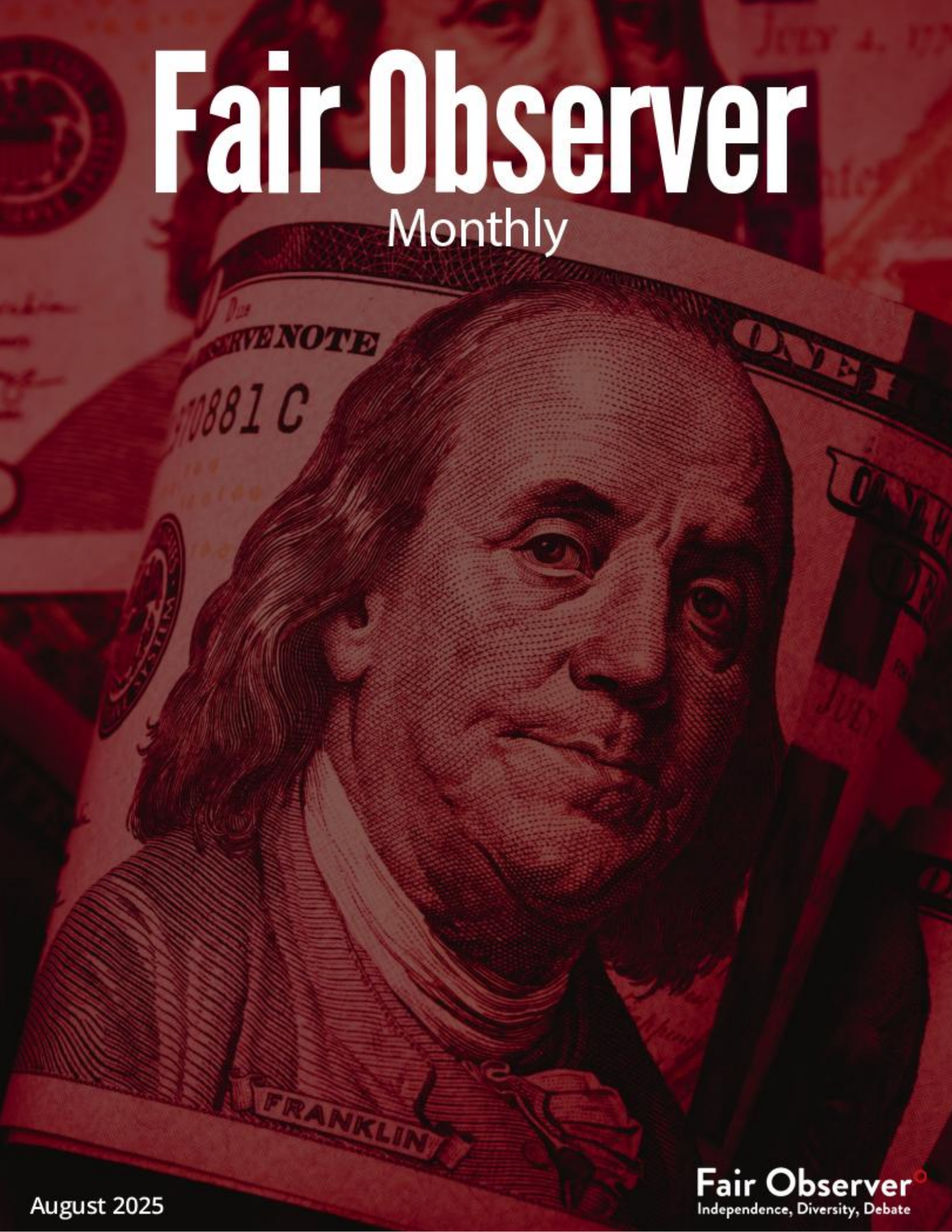
Fair Observer

Monthly



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Fair Observer
Independence, Diversity, Debate

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Neither Art nor Deal: Trump's Risky US-EU Trade Agreement

Alex Gloy
August 03, 2025

US President Donald Trump unveiled a sweeping trade deal with the EU that imposes steep tariffs on EU exports while claiming historic concessions in energy and defense. Despite the rhetoric, American importers — not Europeans — will bear the cost. With unrealistic targets and fragile political trust, the agreement may do more harm than good on both sides of the Atlantic.

During a round of golf at his golf course in Turnberry, Scotland, featuring £1,000 tee-up fees, US President Donald Trump was observed cheating. After Trump lost his ball, a caddy can be seen secretly dropping a new ball in a favorable position.

Golf isn't the only thing Trump is known to cheat at. Monday's newspaper headlines suggest the EU got the short end of the stick in the newly announced trade deal with the US. Absent from most commentary is the fact that the importing country pays tariffs, and therefore a tax on its citizens. Let's dive in.

Terms of the deal

The US will apply a flat 15% tariff on most EU exports, including automobiles, machinery and pharmaceuticals. That's down from a threatened 30–50% but still a sharp shift from prior near-zero rates. Critical items — such as aircraft components, semiconductors and essential medicines — fall under "zero-for-zero" terms with no mutual tariffs. Existing 50% US tariffs on steel and aluminum remain in place for now, with a vague promise of moving to quotas later.

European commitments

The EU agreed to buy $750 billion in US energy — primarily Liquified Natural Gas (LNG), oil and nuclear — by the end of 2028. That translates to roughly $250 billion annually through 2027, far above current levels. EU firms pledged $600 billion of new investment into the US economy, aimed at manufacturing, energy infrastructure and defense. Though not precisely quantified, the EU committed to significantly increasing purchases of US-made defense systems and aerospace technologies.

Who pays tariffs?

Tariffs are levied and paid by the importing country. In the case of the EU-US deal, custom dues will have to be paid by US importers (not EU exporters). Tariffs are already causing havoc for US businesses, as witnessed in recent surveys of purchasing managers.

According to monthly statements from the US Treasury, monthly revenue from customs duties increased from $8 billion to $26 billion in recent months. Annualized, the amount could reach $300 billion or more.

For products with low value-added that are easily replaceable, the EU exporter will likely face the choice between lowering the price or foregoing US sales. High value-added products not available from US manufacturers, however, could see customs duties passed on to US customers.

The top three EU-made imports to the US are nuclear reactors, machinery and cars. Nuclear

reactors are, naturally, a lumpy business, but unlikely to be easily replaceable.

Bertram Kawlath, President of German Verband Deutscher Maschinen- und Anlagenbau (VDMA) — Mechanical Engineering Industry Association, representing over 3,000 mostly German and European engineering companies — described the deal as a "regrettable development". He also pointed out how "every US production company depends on imports of European machinery equipment — and this will remain the case going forward".

An earlier story by the Wall Street Journal described how US producers of canned foods, like Campbell, Hormel and Del Monte, are getting squeezed by rising steel tariffs. A recent analysis by the same publication found that the price of a can of Campbell's "New England Clam Chowder" increased by 30% since the beginning of the year.

Data published by the US Bureau of Statistics showed that furniture prices rose at a three-month-annualized rate of 9% in June, the likely result of tariff pass-on, as the US imports roughly one third of furniture sold.

German car industry in uproar

"The US tariff rate of 15%, including for automotive products, will cost German automotive companies billions annually," according to Verband der Automobilindustrie (VDA) — German Automotive Industry Association — President Hildegard Müller. German automakers were already struggling with the transformation to electric vehicles and increased competition from China.

German car manufacturers are unlikely to lower prices in the US as they are already around 30% below home market levels. A 12% decline in the value of the dollar since the beginning of the year did not help either, reducing revenue and profit per car in Euros.

Audi recently lowered its 2025 sales and profit guidance, citing the impact of US tariffs and restructuring costs. General Motors reported a $1.1 billion hit to profitability from tariffs in the second quarter of 2025.

Not all is lost

A car-buying expert I spoke to explained that car makers are "eating" tariff costs for now. However, cost increases will be worked into the prices of new 2026 models coming out in late summer.

US car imports from the EU are dominated by German cars, led by premium brands like BMW, Mercedes, Audi and Porsche. Industry sources reported that foreign car makers had already lowered price incentives (discounts) in May to combat tariff costs. Lower incentives equal higher sales prices for the customer.

The average sales price for a new BMW ($74,400) is 50% above the average US car price, indicating the customer base is less price-sensitive than the average buyer. Price increases are therefore likely to be easier for high-priced German brands than for US manufacturers.

$750 billion energy shopping spree

According to the White House's "fact sheet," "the EU will purchase $750 billion in US energy", consisting of oil, gas and nuclear fuel. The $750 billion is said to be spread over three years, or $250 billion per year. Currently, the EU imports around $65 billion of fossil fuels from the US. Thus, tripling or quadrupling imports from the US is required to reach said target.

The EU already imports around 50% of its LNG from the US, and 17% from Russia. Even

completely replacing Russia's share would increase US deliveries by only around one third. LNG has important capacity constraints. The exporting country needs liquefaction terminals, specialized LNG ships and regasification terminals in the importing country.

Those terminals are huge, ugly and can cost $1-2 billion to build. How much coastline is there left in Europe where you could build such massive installations? Floating Storage Regasification Units (FSRUs) are a less expensive option, yet environmental concerns as well as lack of space might prevent deployment.

Assuming LNG imports from the US increased to $75 billion, crude oil imports would have to make up the gap, increasing fourfold to $175 billion. With oil trading at $66 a barrel, 2 billion additional barrels per year, or 5.6 million barrels per day (bpd), would be required. Where is that going to come from?

US crude production is increasing by approximately 1 million bpd per year, with most of the increase stemming from "tight oil" (shale/fracking). Shale oil well production peaks after 8-12 months. Wells are 80-90% depleted after 2 years. Unless new holes are constantly drilled, production falls off quickly, as witnessed in the recent decline in the number of rigs. Shale production needs oil prices of at least $60-$70 to be profitable. At current prices, fewer new holes are being drilled, resulting in a decline in production. The $250 billion a year energy exports to the EU are therefore nothing but a pipe dream.

European efforts to wean off fossil fuels

Expectations of a European energy shopping spree ignore the ongoing efforts by European countries to wean themselves off fossil fuels. Following the Russian invasion of Ukraine, which led to an energy price shock, consumers are willing to switch to alternative energy supplies.

In the first half of 2025, German installations of gas-fired heating systems fell by 41%, with oil-based heating systems declining by 80%. Meanwhile, sales of heat pumps surged by 55%. The Building Energy Act (GEG), often referred to as the "heating law," was introduced in 2024 to ramp up the replacement of fossil heating with low-carbon technologies, including heat pumps.

$600 billion investment bonanza

The announced $600 billion in "new investments" in the US should be taken with a grain of salt, too. The US is hoping to sell "significant amounts of military equipment" to the EU.

However, JD Vance's appearance at the Munich Security Conference shocked European attendees, bringing the conference host to tears. It was understood as the end of NATO. A rapprochement between Trump and Putin could see the US possibly taking Russia's side in the Ukraine conflict, which would pit the US against Ukraine-supporting Western Europe.

Any military equipment of US origin became worthless overnight, since the US could remotely disable it, refuse to deliver spare parts or ammunition or scramble communication systems. The EU must now redevelop many weapon systems from scratch, making them "US-proof". Hence, the €1 trillion spending plan in Germany (requiring an amendment to its constitution).

Off the record, European politicians and military leaders agree that NATO is dead. However, it would be unwise to say so publicly, as things could change in four years. The best strategy seems to be to pretend "everything is fine" while at the same time working on a "divorce". It is highly questionable that under these

circumstances, billions will be spent on potentially worthless US military equipment.

Big words, little substance and self-harm

In short, the announced "deal" is unlikely to live up to the fanfare with which it was announced. The targets seem unrealistic. In the end, the US consumer will likely have to bear the brunt of the cost, if only with a time lag. Tariffs are a cost borne by everyone, with the proceeds being used to finance tax cuts for the wealthy.

[Kaitlyn Diana edited this piece.]

Alexander Gloy is an independent investment professional with over 35 years of experience in financial markets. He worked in Equity Research and Sales, both in Investment and Private Banking for Deutsche Bank, Credit Suisse, Sal. Oppenheim and Lombard Odier Darier Hentsch. He focuses on macroeconomic research, analyzing the impact of global debt and derivatives on the stability of our monetary system. His interest in crypto-currencies from the perspective of monetary theory led him to become a member of the Central Bank Digital Currency Think Tank. He has taught classes at colleges and universities.

Eighty Years After Hiroshima: Why Nuclear Deterrence Will Remain

Michael Rühle
August 06, 2025

The Hiroshima bombing on August 6, 1945, marked a pivotal moment, sparking debates and transforming warfare through nuclear deterrence. Despite arguments for abolition due to ethical and safety concerns, nuclear deterrence persists, as no better conflict prevention method has emerged. This lack of an alternative has allowed nuclear deterrence to maintain its crucial yet controversial role.

The dropping of an atomic bomb on the Japanese city of Hiroshima on August 6, 1945, was a key event of the 20th century. The obliteration of Hiroshima and, three days later, Nagasaki — with a total of over 100,000 immediate deaths and an even greater number of victims suffering from radiation — raised fundamental ethical and moral questions that are still controversially debated. At the same time, the destruction of an entire city by a single bomb revolutionized modern warfare, as it ushered in the age of nuclear deterrence.

With the "absolute weapon," as American strategist Bernard Brodie put it as early as 1946, the primary goal of armed forces should no longer be to win wars, but to prevent them. However, many observers consider a strategy of war prevention based on the threat of nuclear annihilation to be incompatible with the moral and legal principles of proportionality or the protection of non-combatants in war. The central criticism, however, is that the system of nuclear deterrence forces all of humanity to live in a constant state of fear.

Given such fundamental questions, the atomic bombings of 1945 are no longer just about the political or military decisions made at the time.

The answer to the question of whether the use of the bombs was justified also determines whether one fundamentally approves or rejects the system of nuclear deterrence as a means of preventing war. It is no longer possible to view these events independently of such ideological considerations.

The nuclear debate: Traditionalists vs revisionists

To this day, historians and political scientists continue to engage in a bitter dispute over the events of August 1945. "Traditionalists" argue that the bombs brought about Japan's rapid surrender, thereby sparing the United States an invasion of Japan that would have cost the lives of many thousands of American (and Japanese) soldiers. Hence, Former US President Harry Truman's decision to drop the bombs was the right one. Only later did the ethical dilemmas arising from the bombing become fully apparent.

"Revisionists" argue that the bombing was unnecessary, as Japan would have surrendered soon anyway. They claim that it was the Soviet Union's entry into the war, rather than the bombs, that made Japan's surrender. Moreover, the US only used the bomb to impress Stalin with a display of power and to conduct the post-war negotiations from a position of strength. Although this alternative interpretation of events has found many adherents, it remains highly problematic, as it replaces missing evidence with bold speculation and, above all, judges the actors of that time with the benefit of hindsight.

The struggle between traditionalists and revisionists continues, as it has become a battle for America's past. However, in one important respect, international politics follows the traditional view of the events of that time: the system of mutual nuclear deterrence that emerged after the Soviet Union acquired the bomb in 1949 is based primarily on the horror of Hiroshima and Nagasaki. The fear of a nuclear inferno shapes international politics by injecting caution. Former British Prime Minister Winston Churchill's 1955 observation that in the nuclear age "safety will be the sturdy child of terror, and survival the twin brother of annihilation" remains true today.

The dimensions of nuclear deterrence

Nuclear deterrence does not come about solely by the cautionary images of bomb victims or the mere existence of the bomb itself. To deter an opponent, the defender must threaten reprisals that the potential attacker perceives as credible. It also requires that a nuclear arsenal must remain intact and undestroyed during a surprise attack. Generations of scientists, mostly from the US, have therefore endeavored to explore the phenomenon of nuclear deterrence in all its dimensions.

While the first analyses following Hiroshima focused on the strategic implications of nuclear weapons for international relations, the scope of deterrence research expanded significantly in the 1950s. Using game theory and behavioral psychology, researchers investigated how rationality — the functional condition of nuclear deterrence — is reflected in political and military decisions. During this period, they also developed the conceptual foundations of nuclear arms control.

In the early 1970s, a new field of research emerged, focusing on case studies of nuclear crises and the decision-making processes of political and military elites. These more empirically and historically oriented studies showed that some earlier deterrence works were far too abstract to reflect complex realities. By highlighting the different interests and emotions of the actors involved, this field of research raised awareness of the need to consider cultural differences as well as the risk of misperceptions. Above all, however, it

brought into sharper focus that nuclear deterrence is not a panacea: it may be able to prevent some, but not all conflicts.

The next steps for nuclear deterrence

Today, countries are working on extending the concept of deterrence to space, cyberspace or hybrid warfare. However, as the growing number of cyber and hybrid attacks demonstrates, the deterrence paradigm, let alone its nuclear dimensions, sits uneasily with non-military threats. A stronger focus on resilience may offer greater security benefits.

The next step for deterrence research is already becoming clear, however: How to organize nuclear deterrence in a world with three or more major nuclear powers. For example, China will soon have caught up with the nuclear arsenals of the US and Russia, turning nuclear deterrence into a complicated equation with many unknowns.

Deterrence research will always face accusations that it ultimately maintains a dangerous and immoral system that deliberately accepts mass murder. For decades, the orthodox school of thought, which views nuclear deterrence as a strategy for preventing war, has been accused of being a closed community that refuses to question its assumptions. Furthermore, the critics say that the nuclear weapons discourse employs emotionless language that feigns rationality, reducing nuclear mass murder to mere "collateral damage" and thus obscuring the terrible consequences of its policies.

Continued debate and a search for alternatives

Since the beginning of the nuclear age, critics have attempted to expose nuclear deterrence as a misguided approach. Arguing that the mere existence of nuclear weapons will eventually result in their use, they have put forward a host of arguments why the abolition of these weapons is the only rational conclusion.

However, thus far, at least, all the alternatives suggested by deterrence critics have had no lasting political impact. This lack of longevity is due less to resistance from the nuclear technocracy than to the alternatives' analytical weaknesses: they sound convincing in theory, but fail in reality.

One such example is the argument that nuclear weapons could be abolished by changing societal norms, as was the case with slavery. However, such comparisons are flawed, as not all norms are equally strong. Abolishing slavery was a moral goal in itself, whereas abolishing nuclear weapons is not. As long as people believe that such weapons provide security, they will require more than a shift in societal attitudes for their abolition. Nations will need to establish alternative means of security that they can all agree upon — alternatives that currently remain elusive.

The idea of outlawing nuclear weapons is equally oversimplistic. Although the Treaty on the Prohibition of Nuclear Weapons (TPNW), which stigmatizes nuclear weapons and nuclear deterrence as illegal, came into force in 2021, it remains ineffective, as none of the nuclear powers or their allies have signed it. The anti-Western stance of some of its prominent supporters and some flawed treaty language had made the Treaty questionable from the beginning. Numerous nuclear threats accompanied Russia's assault on Ukraine, further marginalizing that project.

Some critics of deterrence have sought to push an entirely different line of argument. They argue that the bomb is simply irrelevant and, hence, they can abolish it without any loss of security. However, in their attempts to demonstrate the irrelevance of nuclear weapons, they employ dubious logical leaps and implausible interpretations of historical events.

Above all, real-life events, such as Russia's attack on Ukraine, the recent destruction of many of Iran's nuclear installations by the US and Israel and the debate on the reliability of the US "nuclear umbrella" for Europe, have brought home that the theory of irrelevance is, well, irrelevant.

There are even more perspectives to criticize nuclear deterrence, from investigative reporting on accident-prone nuclear infrastructure to highlighting the "systemic injustice" of the nuclear deterrence system, such as the insufficient attention given to the health problems of people living near former nuclear testing sites.

Each of these approaches has some validity: Exposing nuclear safety shortcomings serves as a constant reminder that the nuclear enterprise must adhere to the highest safety standards, while emphasizing the long-term effects of nuclear testing shows that nuclear weapons carry hidden costs that go well beyond what the official defense budgets list.

Yet none of these criticisms have been powerful enough to effect a major change in the national security and defence policies of Nuclear Weapons States, their allies, and possibly many more that expect at least some indirect protection from nuclear deterrence.

80 years later

80 years after Hiroshima, the debate about the wisdom of dropping the atom bomb continues. Yet, the system of nuclear deterrence that emerged after 1945 has become a major element of international politics.

Critics will continue to point to the moral and conceptual flaws of nuclear deterrence and demand the abolition of nuclear weapons. However, they are unlikely to prevail against the view that, to quote Thomas Schelling, a non-nuclear world would be "a nervous world", as each crisis could compel countries to (re-) acquire a nuclear capability. "The urge to preempt would dominate; whoever gets the first few weapons will coerce or preempt."

Nuclear deterrence remains a major factor in international politics, as long as mankind has not found a better way to prevent war, even though it is not foolproof. Even 80 years later, the horrors of Hiroshima and Nagasaki continue to induce restraint in international relations.

[Kaitlyn Diana edited this piece]

Before retiring in 2023, **Michael Rühle** served 32 years in NATO's International Staff, including as speechwriter for six NATO Secretaries General, Deputy Head of the Secretary General's Policy Planning Unit and Head of Climate and Energy Security. He also led the development of NATO's responses to hybrid threats. Before joining NATO's International Staff in 1991, he worked at the Konrad-Adenauer-Foundation in Germany. He was a Visiting Fellow at the Center for Strategic and International Studies (CSIS) in Washington, DC. He holds a master's degree in international relations from the University of Bonn and has published numerous articles and book chapters on transatlantic security Issues.

Make America Scary Again: The Challenging Path to Reviving US Deterrence

Emma Isabella Sage
August 07, 2025

America's strike on Iran's nuclear facilities marked a rare reinforcement of deterrence after years of erosion due to the "preparedness paradox." Yet the polarizing nature of the leaders behind the strike has saturated the public discourse, obscuring the strategic gains and increasing the risk that many democracies will worsen their strategic position in the aftermath.

What America wouldn't give to turn back the clock to February 23, 2022, and make a bold, controversial and possibly unpopular military decision that could have stopped the Russian invasion of Ukraine before it began. To act pre-emptively, decisively, even provocatively; to risk being accused of escalation, warmongering and sticking its cowboy boots where they don't belong.

At that moment, equipped with credible intelligence assessments predicting the invasion, the world's policeman froze up. The West now lives in the consequences of its appeasement and excessive caution: a grinding, gruesome war, millions displaced, a fortune spent in blood and treasure.

No one is yet in a position to conclusively determine how much the recent American strike regressed Iran's nuclear program, but that might not be the final and best determinant of its effectiveness. The better question is, did it scare the right people?

The preparedness paradox

Before the Russian invasion of Ukraine, Western democracies suffered from the preparedness paradox. This paradox occurs when preventative measures, preparations and mitigation efforts are so effective at preventing catastrophe that observers mistakenly conclude the preparations were unnecessary or wasteful.

Because nothing bad happened, people start to assume nothing would have happened even without the preparations — giving in to what I term a "causal oversight fallacy." Ironically, as a result of this false sense of security, decision-makers often reduce preparedness, which can invite the very crises that the initial measures had successfully deterred.

The erosion of deterrence is far from the only example of the preparedness paradox that afflicts us. It can also be seen when, after decades of rigorous fire safety codes and few fatal fires, a city decides to reduce the stringency and enforcement of fire safety regulations, which was a causative factor in London's Grenfell Tower fire, with its death toll of 72 people.

Since the West had not faced a total war for nearly a century, it increasingly viewed its armies as a vestigial appendage, allowing for attrition in pursuit of other goals. This perception diminished Western psychosocial readiness for war and led Western leaders to shun hard power, even in cases where all the alternatives proved ineffectual.

This is part of a broader failure on the part of democracies to adapt to modern warfare. Modern wars are (with few exceptions) not total in nature — the full force of either side is usually left to the imagination. For many decades, democratic states

have rarely fought other states, and increasingly confront nonstate actors (the primary agitants in conflict for well over a decade). Counterinsurgency campaigns go against American warfighting psychology and that of democracies more broadly, which nonstate actors exploit to gain the psychological and political upper hand. As a result, Western forces often stumble into pitched battles — and leave without clear victories.

American deterrence has been further attenuated by its fleeting or fumbling shows of strength and humbled by its own extravagant signalling. The country suffers from a version of the preparedness paradox compounded by unusual political and cultural challenges around future threats. Recent events, such as the Texas floods, demonstrate that even awareness of a threat doesn't guarantee it will be prioritized. This is why, although Russia's invasion of Ukraine logically should have startled the West into a full awareness of the need to prevent wars by preparing for them, deterrence still floundered right up until the strike on Iran.

Executive power and politics

Two of the most controversial leaders in the democratic world — Israeli Prime Minister Benjamin Netanyahu and US President Donald Trump — orchestrated this strike, heightening the public perception of caprice or executive overreach. Both leaders have destabilized democratic norms in different ways and to varying degrees, leaving a track record of democratic backsliding, broken promises and legal transgressions. Both are so hated by some constituencies that any major action they take will elicit criticism.

For Netanyahu, Iran has always been the career-defining threat — a rallying cry across his decades in politics. From 1996 to the Israeli airstrikes, which "softened the target" at Natanz, his escalation against Iran was, if not entirely predictable, unsurprising. While over half disapprove of Netanyahu himself, Israelis overwhelmingly support the recent military actions against Iran.

Trump is a different case entirely. His past actions — such as withdrawing from the Joint Comprehensive Plan of Action (JCPOA) in 2018 without a better plan, repeatedly undermining NATO and oscillating on US troop commitments — have measurably harmed US credibility abroad. He aligned with a heady anti-interventionist base during his campaign, promoting an "America First" agenda that seemed to abdicate America's role in anything foreign (unless there was a dollar to be made). Yet in this case, he chose bold action over bluster, domestic fallout be damned.

Given the noxious nature of the politicians involved, would I and others in my field have dared to offer such a full-throated defense of the decision to strike Iran if the results had been less agreeable? In a perfect world, yes; in reality, probably not.

To the torment of statisticians the world over, humans tend to misinterpret the outcome of events to form unfounded beliefs about the underlying probabilities at play (a phenomenon known as outcome bias). Success doesn't negate the risks involved — and failure wouldn't have automatically discredited the decision. In this case, the people who took the action, and the action's perceived success, seem to be having an outsized impact on public perception (see fig. I), while the underlying strategic calculus falls by the wayside.

These fluctuations in public opinion may hamper efforts by America and other democracies to reestablish deterrence, rein in rogue states and chart a coherent strategic course. Recognizing that kinetic operations may not always go smoothly —

and that even successful ones can provoke fierce criticism — creates a strong internal deterrent for risk-averse politicians within any democratic nation (worsening the underlying status quo bias). The lack of political will among traditional politicians to address the gradual disintegration of a credible deterrence posture, demonstrated by the fact that only an extremely unorthodox US leader acted against a significant and long-standing threat to national security, stands as a warning to the democratic establishment: democracies have ignored deterrence at their peril.

Rather than taking this as a moment for recalibration and self-reflection, the democratic orthodoxy has lashed out with a willful strategic blindness. Opposing politicians acted cynically, even hypocritically partisan, and while the War Powers Vote had an understandable motive (reining in a painfully unpredictable and power-hungry executive), it demonstrated an outrageous lack of consideration for the safekeeping of broader American strategic objectives. From a deterrence perspective, the worst possible move after a provocative action is to reduce the perceived risk of retaliation in the mind of the target.

Troublingly, 63% of Americans polled afterwards said that Trump needed congressional approval for the strikes. Still, at the same time, 56% said that Iran having a nuclear weapon would be a threat to the security of the United States. The problem: there is no mechanism for Congress to debate and approve strikes when the success or failure of those strikes depends entirely on maintaining secrecy and catching the target off guard.

Debating and publicly approving a strike would render it moot because Iran would immediately relocate its most essential stocks and components away from the targeted locations. This action would also significantly increase the likelihood of casualties on both sides, and create the perception that Iran and America were going to war, which would, ironically, set both on course for an actual war. Congress is many things, but an effective architect of deterrence posture is not one of them, and assigning it that responsibility would be disastrous.

The broken link

There is another problem hiding in plain sight: something is very wrong inside the body of the United States security apparatus. Watching America decide to strike was like watching an animal walk with a dislocation — the US intelligence community being the dislocated appendage.

In the weeks leading up to this strike, Director of National Intelligence Tulsi Gabbard testified before Congress that Iran was not actively on the path to a nuclear weapon. Gabbard, the lead anti-interventionist in this Trump cabinet, has used her brief and controversial tenure to undermine the independence of the analytic process and shape intelligence products to political ends.

Chosen by a president with a profound distrust of the intelligence community, Gabbard was unleashed on the world's most vaunted spy agencies with a mandate that would slowly destroy their credibility. But then, in a strange case of a flawed process yielding a correct outcome, Trump ignored that assessment altogether (and Gabbard later publicly reversed her position).

Even if the recent assessments were not irreparably contaminated by the environment in which they were produced, American intelligence has a checkered history with Iran. The 1979 Islamic revolution blindsided the US so badly that it left its embassy staff directly in the morass, resulting in a humiliating 444-day hostage crisis.

There is an uncomfortable possibility that looms that, in the shadow of the Iraq weapons of mass destruction (WMD) intelligence failure — which erred in the opposite direction — the intelligence community once again overcorrected, exercising excessive conservatism in its assessments of Iran. It would have been reckless to do nothing on the hope that the American analysts got it right this time, especially since, if that had been the case, the rest of the world would have been horribly wrong.

Prior to the strike, the UN's International Atomic Energy Agency (IAEA) had issued a series of increasingly urgent assessments, warning about rising uranium enrichment levels, restricted inspector access and suspicious activities at undeclared facilities. They ultimately declared Iran noncompliant in June 2025. Key allies such as France had also issued warnings, along with multiple security-focused think tanks. In private intelligence briefings, assessments were reportedly sharper than what was being publicly released, particularly after Iran stonewalled the IAEA and missile test activity intensified.

Even in a typically fractured information environment, American intelligence assessments leading up to the strike seemed oddly out of sync. They relied more on assertions of Iran's benign intentions than sober assessments of its rapidly advancing capabilities, despite a clear trend in the Iranian nuclear program's troubling history and the fact that there are no civilian uses for uranium enriched to these levels.

The strategic case for a strike

Since Iran has never been a nuclear power, it is impossible to know how it would behave with such dangerous weaponry, but its past behavior offers cause for concern. It is very likely that in considering the scenario of a nuclear Iran, many beyond the Middle East fall prey to normalcy bias, assuming that things will continue as they always have, with Iran as a state sponsor of proxy militias, terrorism and cybercrime around the globe, but not an existential threat to anyone but its neighbors.

According to the preponderance of analyses (and of course, the revised American assessments), this strike occurred during the last narrow window before the strategic calculus would have shifted irreversibly. In this case, the radiation was contained; not so if Iran had crossed the nuclear threshold. Delaying a strike until that point would have magnified the risks exponentially, forcing a choice between effectively setting off nukes in Iran or risking them detonating in Israel.

The alternative to military action against Iran — diplomacy — had long since become a euphemism for a meaningless political circus. For over two decades, the world has debated whether to tolerate, delay or dismantle the regime's forays into nuclear science, while Iran made a mockery of negotiations. By 2023, Iran was already producing an approximation of weapons-grade uranium. There was no question that Iran had amassed enough highly enriched uranium (HEU) to build multiple bombs in a matter of weeks.

The repercussions of America's strike in the late hours of June 21st extend far beyond the Middle East. America's willingness to return after two decades of draining conflict in the region must have surprised many adversaries. For Russia, still entrenched in its costly and grinding invasion of Ukraine, the strike flies in the face of its narratives about the West's frailty and impotence. It might afford a second chance for Trump to make good on his seemingly abandoned campaign promise of ending that war.

It will be extremely difficult to reverse Putin's entrenched position, but in Beijing, which has not yet committed itself to a specific timeline for its long-anticipated land grab, this unpredictable

American hard-power projection may delay a possible invasion of Taiwan. In one of the many ironies of the moment, this bombing recalls, however imperfectly, the aftermath of Hiroshima and Nagasaki — not in scale or devastation, but in effect.

In August 1945, the willingness to use overwhelming, paradigm-altering military force recalibrated the global balance and ushered in the Pax Americana (the period of relative peace, from circa 1945, in areas where the United States has exerted significant influence). Imagine if even a fraction of that effect could have been achieved not by using nuclear weapons, but by preventing their creation. While this dark comparison may be loathsome, it is also instructive: overwhelming force remains the only mechanism to deter a truly committed adversary.

If America's strike on Iran's nuclear facilities achieves a long-term strategic goal, it will probably derive from the reintroduction of an almost anachronistic element into the global security equation: the looming threat of American power projection against state actors. Deterrence only works when it is credible, and true unpredictability (as opposed to Vladimir Putin's theatrical nuclear brinkmanship, which Trump is now mimicking) can be a powerful tool for creating uncertainty in the minds of adversaries, confusing or frightening them into restraint.

There is much to be gained by reigniting the fear that America might actually use its tremendous military might, not in flailing off-brand counterinsurgency campaigns, but in the kinds of theaters it was built to dominate.

[Kaitlyn Diana edited this piece.]

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Fighting Islamophobia With Islamofactism: A New Ten-Part Series

Rahul Sur
August 08, 2025

The word "Islamophobia" and its definition have been highly contested amongst scholars, authors and policymakers regarding its ability to allow proper discussion on Islam. In this 10-part series, Rahul Sur introduces the term "Islamofactism," arguing for the necessity of fact-based discussions surrounding Islam. The first part introduces an Islamofactist and an EU Bureaucrat, and follows their discussion regarding the term "Islamofactism."

A weaponized word can darken and even destroy those who fall within its umbra and penumbra. In fact, prior to bullets flying and bombs bursting, a side that devises a superior "word-weapon" can have a decisive advantage over its adversary, even if that adversary may bristle with weapons capable of frying humanity.

And nothing can better encapsulate the idea of a word as both a weapon and shield than the word "Islamophobia." This is hardly surprising. In our age of ever-widening fissures, which show no signs of healing, there is perhaps no subject on which the world is as substantively and linguistically divided as it is over Islam and Muslims. In 1981, Elizabeth Hardwick, in her introduction to V.S. Naipaul's book Among the Believers: An Islamic Journey, characterized Islam as "a challenge of notorious international intensity." In 1993, we were informed of the impending Clash of Civilizations by Samuel P. Huntington. In 2005, after the 9/11 terror attacks, Huntington's thesis was so keenly felt that the UN felt compelled to respond with a new initiative entitled "Alliance of Civilizations," notwithstanding the many scholars who have labored to discredit or dismiss this thesis.

But matters have hardly improved. And in the dead center stands the word Islamophobia, the pithiest compression of the widest contestation.

On one side, there are persistent complaints of Muslims being "othered" as well as justifications for the UK All Party Parliamentary Group's (APPG) definition of Islamophobia. In its defense, it is asserted that "Conceptualizing Islamophobia as a form of racism places it on the continuum of systemic injustices critiqued by anti-racist scholars, inviting more robust legal, social and cultural interventions. Aligning Islamophobia with broader anti-racist struggles strengthens collective efforts to expose, challenge and dismantle the structural conditions that sustain it as an enduring form of injustice in Western contexts." There are many passionate and closely reasoned defenses of the term Islamophobia.

Opposed to the term are many brilliant, outspoken voices. These include the late Christopher Hitchens, a ferocious critic of the term "Islamophobia." It is not easy to question the motivations of someone like Hitchens, for he was among the few who stood by Salman Rushdie during the furor that followed the publication of his novel The Satanic Verses. Writing on Twitter after the announcement of Hitchens' death, Rushdie said: "Goodbye, my beloved friend. A great voice falls silent. A great heart stops." In 2022, Rushdie narrowly escaped death but lost an eye as he was attacked by an Islamist in New York.

It is also more than a little ironic that Ayaan Hirsi Ali, an ex-Muslim (and now a Christian), should have been called a "decorated Islamophobe" with her work being witheringly attributed to ensuring "her own enduring prosperity by continuously broadcasting to the world the existential perils posed by radical Islam" and by "perpetuating hate." Of course, even Naipaul — a winner of the Nobel prize for Literature — could not escape the "Islamophobe" label with Muslims questioning if he was given a Nobel for Islamophobia. Naguib Mahfouz, an Egyptian Muslim and another winner of the Nobel Prize for Literature, "was stabbed in the neck by a young assailant in 1994 while sitting in a car, waiting for a friend to drive him to his beloved Kasr al-Nil café in Cairo overlooking the Nile."

In short, if there was ever a clash of civilizations, it is over the word "Islamophobia." Is there a way forward out of this cul-de-sac?

We know what we need to do: talk about Islam and Muslims in a peaceful, rational and productive

manner, while remaining true to the ideal that there is no subject beyond critical examination. Simply put: Can one talk about Islam and Muslims while avoiding the labeling of any and all criticism as "Islamophobic," and also without descending into hate and violence?

Till now, the answer seems to have been a clear no. That's because we literally lack the know-how to talk when it comes to Islam and Muslims. To remedy this situation, there follows a new 10-part series that elaborates on the methodology necessary to apply the newly coined word: ISLAMOFACTISM.

DAY 1: The Chance Encounter

BRUSSELS AT DUSK. In the Caffè Italiano, just a stone's throw from Place du Luxembourg, near the European Parliament, sit two men nursing their drinks. Each has come alone. The first, in a grey suit, in his 50s, looks around as if seeking company. His gaze falls on the other. He's 40ish, dressed casually, with a vaguely professional air. The 1st man makes eye contact with the 2nd, who nods. They strike up a conversation.

1st Man: Damn! The Brits observed November 2024 as Islamophobia Awareness Month. And now, they want to define Islamophobia formally. Ever since they left us, they have gotten some things right occasionally. Islamophobia is running wild in Europe! We in the European Union could do the same as the Brits. By the way, my name is European Union bureaucrat. Call me EU bureaucrat.

They shake hands.

2nd Man: Hi, my name is Islamofactist.

EU bureaucrat: An Islamofactist! What does that mean?

Islamofactist: I disagree with the word "Islamophobia," as many others do. You might have read Islamophobia: An Anthology of Concerns. So many experts have criticized it, but the word Islamophobia seems to be more widely accepted than ever. To me, that won't do, so I've coined a new word to discuss Islam and Muslims: ISLAMOFACTISM, and I'm an ISLAMOFACTIST.

EU bureaucrat: Well, with Islamophobia everywhere, you can't be too careful discussing Islam. But tell me about your new word. How did you decide this would be the best approach?

Islamofactist: Easy. The EU inspired me as it says, "Fact-checking is a crucial pillar of the EU's approach to disinformation. Fact-checkers help assess and verify content to provide the public with accurate, reliable information they can trust."

EU bureaucrat: The EU is right. But why do you disagree with the word "Islamophobia"?

Islamofactist: The fact is that even the UN has officially stated that "Islamophobia is a contested term."

EU bureaucrat: Really? When did it say so?

Islamofactist: In April 2021, the Special Rapporteur on freedom of religion or belief, Ahmed Shaheed — himself a Muslim and a former foreign minister of the Maldives — admitted to the UN Human Rights Council the term Islamophobia is "contested because charges of Islamophobia have been inappropriately and dangerously levelled at persons who challenge majoritarian interpretations of Islam, such as human rights activists, including women's human rights advocates; members of minority Muslim communities within majority Muslim contexts; non Muslims, including atheists and other religious minorities; and dissidents in authoritarian States."

EU bureaucrat: Sounds interesting. Did he say anything else?

Islamofactist: He also said that "criticism of the ideas, leaders, symbols or practices of Islam is not in of itself Islamophobia, and that international human rights law protects individuals, not religions."

EU bureaucrat: OK, so you call yourself an Islamofactist. How does that work in practice? What can an Islamofactist discuss?

Islamofactist: One can use the Islamofactist method to discuss any aspect of Islam and Muslims. It discusses Islam and Muslims using facts, objective criteria and pattern identification. It's badly needed because Europe seems to have lost its way of discussing them. There's too much emotion. We need a clear-headed way forward that anybody can use.

EU bureaucrat: That's problematic. You can't treat Muslims as one group. With great diversity in the Islamic world, there isn't one Islam.

Islamofactist: And that, Sir, is exactly the place for me to begin demonstrating the Islamofactist method. Are you ready to answer some questions and establish facts?

EU bureaucrat: I've got to run now, but what you say sounds super interesting. How about we meet tomorrow? Same place, same time?

Islamofactist: Done.

EU bureaucrat: (to the server) L'addition, s'il vous plaît.

They tussle over who will pay the bill and decide to split it. Outside, each goes their way, melting into the crowds.

[Cheyenne Torres edited this piece.]

Rahul Sur is a former officer of the United Nations Office of Internal Oversight Services. He held critical positions in the UN: Chief of Peacekeeping Evaluation, where he supervised teams assessing the effectiveness of peacekeeping missions; and Chief of Conduct and Discipline in the Office of the Special-Representative of the Secretary-General (OSRSG), held during the UN peacekeeping mission in Haiti. He served in the Indian Police Service, retiring at the rank of Inspector General. He holds a master's degree in public administration from Harvard University and a Bachelor of Laws degree from Delhi University.

Bill Clinton, Monica Lewinsky and the Politics of Spectacle

Ellis Cashmore
August 09, 2025

US President Bill Clinton and his wife will soon give testimony as part of the investigation into the late sex offender Jeffrey Epstein. Another sex scandal 28 years ago threatened to derail Clinton's presidency, yet had the opposite effect. His 1998 affair with White House intern Monica Lewinsky ignited a media spectacle that transformed American politics and celebrity culture. It initiated a post-private era of constant visibility and commodified shame.

Politics changed forever 27 years ago. No election, assassination or international summit marked the shift. No tanks rolled, no

walls fell. Yet a transformation occurred, not in America's laws or institutions, but in how power was experienced, watched and consumed. Politics shed its sacred aura, became disconcertingly familiar and began to feel unmistakably like the kind of entertainment we were used to watching on television.

On August 17, 1998, after months of denials, US President Bill Clinton admitted to a grand jury: "I did have a relationship with Ms. [Monica] Lewinsky that was not appropriate. In fact, it was wrong."

Sex scandals in American politics were certainly nothing new. President John F. Kennedy's affairs remained whispered rumors, never televised. Gary Hart, daring reporters to follow him, sank like a stone when they did. Even Clinton himself had navigated earlier allegations from women, namely Gennifer Flowers and Paula Jones, that might have ended another politician's career. But Monica Lewinsky was a different proposition. She wasn't merely another woman; she was the central, unwitting protagonist in an international psychodrama.

What set her affair with Clinton apart wasn't the sex, juicy as that was. It was the unprecedented, raw access: the leaked transcripts, the damning voicemail, the infamous navy blue dress. This wasn't just a scandal; it was a high-definition spectacle, delivered directly to every household and in real time.

Accidental celebrity

Clinton made history by becoming the first sitting president to testify before a grand jury as the target of a criminal investigation. The questions were deeply personal and, at times, vulgar; the setting borderline surreal. Beamed from the White House via closed-circuit TV, Clinton answered prosecutors' questions with lawyerly evasion and painstaking, almost excruciating, phrasing.

In one memorable exchange, the prosecutor asked: "Mr. President, do you understand that the statement that there 'is' no sexual relationship, an improper sexual relationship, or any other kind of improper relationship, could be false if indeed there was one, even though it's in the past?" Clinton's convoluted response became an instant cultural touchstone: "It depends on what the meaning of the word 'is' is. If the—if he—if 'is' means is and never has been, that is not—that is one thing. If it means there is none, that was a completely true statement."

Following his grand jury appearance, Clinton delivered a televised address to the nation. It was short, stiff and heavy with legalisms. He admitted the relationship had been "not appropriate" and that he had misled people, including even [his] wife." He appeared unsettled yet spoke with an underlying defiance. The nation and indeed the world remained transfixed, unsure how to feel — disgusted, tantalized or simply impressed by Clinton's audacious bravado.

Three days later, on August 20, American cruise missiles struck targets in Sudan and Afghanistan. Officially a response to the East Africa embassy bombings, Operation Infinite Reach was immediately dubbed a distraction. Jokes were made comparing these events to the previous year's comedy film, Wag the Dog; in the film, a government spin doctor (Robert De Niro) and a Hollywood producer (Dustin Hoffman) work to fabricate a war in Albania to distract the public from a presidential sex scandal. It was, perhaps, the first time in history a significant international military action found itself relegated to a mere footnote in a domestic sex scandal.

What held this entire spectacle together, making it so utterly compelling, was Clinton himself. He

wasn't imposing like President Ronald Reagan, patrician like President George H.W. Bush or saintly like President Jimmy Carter. Clinton was fundamentally different. He possessed the easy manner of a man you might chat with in a Walmart supermarket checkout line — someone seemingly knowable, perhaps even someone who might flirt with you. His flaws, his all-too-human messiness, ironically, made him the first truly relatable president. That quality, once unthinkable in a commander-in-chief, now became an unexpected asset.

The age of the spectacle

By the end of that August, America's political culture had undergone a quiet yet profound and lasting transformation. The presidency, once associated with distance and solemn dignity, had become a pivotal component in the nation's entertainment machinery.

By the late 1990s, America was already a nation expertly "trained in watching." Talk shows routinely blurred the line between confession and performance. Paparazzi relentlessly pursued not just film stars, but increasingly, reality TV personalities. Shows like Jerry Springer packaged dysfunctional families as primetime entertainment. Stores now offered more than groceries — they stocked America's new unholy secular scriptures: glossy weekly gossip magazines like People and National Enquirer. Into this readied landscape stepped Lewinsky: intern, lover, national punchline and, ultimately, a reluctant protagonist in the most-watched real-life soap opera the world had ever seen.

But to grasp how Monica became Monica™ — a name that, for a time, needed no surname — we need a brief glance at the preceding cultural landscape. Few figures shaped that terrain more dramatically than Madonna. Throughout the 1980s and '90s, the diva transcended mere pop stardom; she was a cultural agent provocateur who taught audiences how to look, how to stare and, crucially, how not to look away.

She turned taboo into a trending topic years before hashtags even existed. Whether simulating masturbation on stage, publishing her explicit 1992 book, Sex or using the word "fuck" repeatedly on the Late Show with David Letterman, Madonna didn't just push boundaries — she dissolved them. More significantly, she made it respectable, even desirable, to gaze intently… and to enjoy the spectacle.

By the time Clinton's affair was exposed, the public was ready. What once might have been muttered discreetly became common watercooler chat. And the media, by then no longer deferential gatekeepers but increasingly predatory content chasers, knew how to satisfy the appetite for tittle-tattle. Monica™ was like a gift from heaven.

Clinton's scandal wasn't merely covered; it was serialized. It possessed a clear structure, escalating suspense, compelling secondary characters (like civil servant Linda Tripp and attorney Ken Starr) and even unexpected wardrobe plot points. Lewinsky's semen-stained blue Gap dress transcended mere evidence, as did a cigar Clinton used as a sex aid. They became pervasive cultural references, almost sacred objects in a new age of scandal. The narrative had sex, power, concealment, betrayal and a president who, with every denial, seemed only to get more intriguing.

In an earlier era, shameful exposure meant indelible disgrace, dishonor and often everlasting stigma. But shame was in the process of being redefined. It might still have felt temporarily humiliating, but it carried no lasting loss of respect or esteem and the disgrace was far from indelible: It was quickly effaced. But, with the rapid ascendance of celebrity culture, shame seemed oddly out of place. Becoming famous by any

means necessary was quickly becoming a legitimate career aspiration and shame, at times, was simply accepted as collateral damage.

Lewinsky became an accidental celebrity: a woman who, by her own later admission, lost not just her privacy but her "reputation and dignity and … almost [her] life." Clinton, meanwhile, seemed to waft above it all, protected less by institutional power than by his sheer attractiveness, an undeniable charisma and an audience seemingly too rewarded by his very human antics to abandon him.

It's easy to categorize the scandal as purely political, and of course, it did have political consequences. But at its heart, it belonged less to Washington, DC, than to global popular culture. The public wasn't shocked by what Clinton did; it was utterly captivated by the unprecedented access. People were allowed to watch it all unfold. The real revelation wasn't about morality; it was about media. The affair didn't signal the fall of a president; it heralded the rise of the culture of spectacle.

Scandal fatigue

"If you can't trust the president to tell the truth, who can you trust?" an incredulous reporter asked. But for much of the public, that question entirely missed the point. By then, Clinton was no longer being measured by old-fashioned virtues like trustworthiness or reliability, but by his performance.Remarkably (perhaps), his approval ratings spiked after he admitted to the Lewinsky affair. This wasn't despite the scandal: it was, in a perverse way, because of it. His transgression became fused with his relatability, even his disarming authenticity. The public was so exhausted by the continual prurient allegations against the president that what might have started as shock or indignation became an agreeable distraction. "Scandal fatigue" was the term used to describe the cultural desensitization.

He lied, he squirmed, he strangled grammar (as demonstrated previously when he defined the word "is"). But he did it all in plain sight. For a public raised on The Oprah Winfrey Show, The Geraldo Rivera Show and the confessional stylings of reality TV, that transparency almost felt honest. (Today, of course, we are all habituated to US presidents who lie, squirm and strangle grammar.)

Lewinsky, meanwhile, was publicly and savagely destroyed. "I was patient zero of losing a personal reputation on a global scale," she reflected years later, keenly aware of the Internet's embryonic yet devastating role in her humiliation. Her name became a cipher for shame, a global punchline in a thousand late-night monologues. Yet, in time, she courageously reclaimed her voice, emerging not as an object of scandal but as a speaker, writer and advocate against cyberbullying. If Clinton represented the survival of political power through personal disgrace, Lewinsky came to represent something arguably more modern and profound: the possibility of a woman surviving a potentially ruinous global scandal and, in the process, discovering agency.

The end of privacy

Perhaps the most enduring legacy of August 1998 wasn't political or purely personal. It was cultural: the irrevocable departure of the concept of a "private life" for public figures and, eventually, for virtually everyone. Clinton's affair and the ravenous media machinery it cranked into life were features of a nascent era in which visibility became permanent, intimacy became endlessly shareable and secrets became monetizable. And everyone was left asking and answering a question: If the most powerful man in the world couldn't conceal an affair, who the hell could?

Fast-forward to July 2025. At a concert performed by rock group Coldplay in Foxborough, Massachusetts, the jumbotron's kiss-cam pans to a couple sharing what appears to be an intimate moment. The image flashes on massive screens across the stadium. The woman recoils, visibly embarrassed, as she realizes she's been caught on camera. Coldplay frontman Chris Martin even comments on the scene. Within hours, the video of the brief encounter goes viral across social media. Reddit threads speculate wildly about a potential affair as TikTokers frantically try to identify the pair. X explodes with memes. No one, anywhere, pauses to ask if this exposure was fair or proper. The story wasn't about morality.

That fleeting moment, brief yet dramatic and seemingly random, is connected to August 1998 by a kind of molecular chain. It serves as a gentle reminder that the rules, such as they were, have fundamentally changed. There is no on-stage versus off-stage anymore. No quiet corner of life remains immune to broadcasting. There is no longer true privacy. We are all potentially "that woman" or "that man" now — framed, packaged and offered for the casual delectation of anyone. We are all shareable now. And today, we are so accustomed to it, we don't notice. And, if we did, large demographics wouldn't care. Generations Y and Z are products of the post-private era.

Clinton was the first president of that era. He was a politician who smudged the demarcation lines between statesman and spectacle, between leadership and sheer likeability. He didn't fall from grace so much as slide into a new kind of fame, the kind in which the fall itself was an essential part of the entertainment. The sleazy kind.

Lewinsky, more than anyone, bore the cost. She didn't crave celebrity status; it was affixed to her. The affair, the dress and the endless denials weren't just political moments. They were cultural markers, showing the world that no one, not even the president of the US, is exempt from unwelcome, permanent exposure.

[Ellis Cashmore's "The Destruction and Creation of Michael Jackson" is published by Bloomsbury.]

[Lee Thompson-Kolar edited this piece.]

Ellis Cashmore is the author of *The Destruction and Creation of Michael Jackson, Elizabeth Taylor, Celebrity Culture* and other books. He is a professor of sociology who has held academic positions at the University of Hong Kong, the University of Tampa and Aston University. His first article for *Fair Observer* was an obituary for Muhammad Ali in 2016. Since then, Ellis has been a regular contributor on sports, entertainment, celebrity culture and cultural diversity. Most recently, timelines have caught his fancy and he has created many for *Fair Observer*. What do you think?

Democracy is in Decline. The Mechanics of Changing the World Offers a Way Out

Cheyenne Torres
August 10, 2025

The Mechanics of Changing the World by John Macgregor is an engaging analysis of what went wrong with democracy. The book, divided into ten parts, provides the context behind current democratic deficits as well as the means to implement reforms. In this age of political

polarization, Macgregor explores what it means to be a citizen capable of changing the system.

John Macgregor's The Mechanics of Changing the World is a ten-part, comprehensive analysis of the shortcomings of current democratic structures. As the global public grows increasingly disillusioned with current forms of democracy, books such as this one are necessary for understanding how the public might enact radical change. This is what makes The Mechanics of Changing the World convincing and compelling: it bridges the gap between problem and solution. It offers insight into both our disillusionment and what we can do about it.

Balancing insight and engagement in complex analysis

The book's strength lies in its balance between a clear, empirical tone and sympathetic humor. Macgregor's analysis is complex, yet well-managed; the argument effortlessly flows from one point to another without losing the reader's attention. Macgregor presents a difficult subject in a way that is both entertaining and comprehensive. His prose has a way of captivating — even during data-heavy sections.

Despite the book's obvious length, I caution readers not to take Macgregor's suggestion ("When the mood strikes, skim!"). "Attacking [challenges] singly," Macgregor writes, "has not gone well." I took this to heart as a reader. Each of the ten parts contributes a wide, unique array of insightful topics to the three goals (and thus the overall purpose) of the book.

How democracy declined, how to fix it and how to make it happen

The first goal, to explore the reason for democratic decline, is incredibly detailed. Macgregor takes us through the history of democracy from early humans to the Greek demos. This is a clue into the structure of the rest of the book: Macgregor is determined to make sure the audience understands the context behind an event before offering analysis. It's effective – readers won't be missing context regarding certain events, policies or laws.

The second goal is to present solutions for the current democratic deficit. Parts three and nine are the most solution-driven sections, but I found that most parts offer well-detailed and empirically supported suggestions for fixing the current democracy. Never once does Macgregor fail to support the "dynamic constitutional experiments" he explores. His ideas are logical — and achievable. This, in my opinion, is the most important aspect of the solutions this book offers. The Mechanics of Changing the World urges us to realize that change is not unattainable.

That brings us to the third goal: to describe how to implement these solutions effectively, both in terms of cost and collaboration. The book doesn't shy away from the hard question of implementation, a factor many analyses often refuse to touch upon. To quote Macgregor: "Without the means to implement, the best paper reforms would come to nothing." The Mechanics of Changing the World is not a laundry list of solutions. Not only that, but the forms of implementation are largely grassroots movements, harkening back to the second goal of presenting feasible solutions.

Empowering citizens to ignite democratic change

The argument and case for implementation could be strengthened even further, perhaps, with suggestions for what to do right now. This is not to say that the book doesn't explore how citizens can

participate in building up democracy — it does, and quite effectively. What I mean to say is, what actions can citizens take to spark a widespread desire for democratic change?

That being said, this book will undoubtedly rouse the desire for action in its readers. I found my own feelings of disillusionment reflected back at me, only this time in a way I could understand. Even if readers take Macgregor's advice to skim, they would undoubtedly gain an increased interest in the failings of our current democratic structures. This is the broad purpose of The Mechanics of Changing the World — this book is an open invitation to peel back the layers of democracy and question what makes it tick.

[Kaitlyn Diana edited this piece.]

Cheyenne Torres is an assistant editor at Fair Observer. With a passion for literature, she graduated from Saint Mary's College of California with a bachelor's in English, Creative Writing. She has experience in playwriting, fiction, creative nonfiction, short stories, essays and journalism. Her short story "The Ravensbury Files" has appeared in the journal *Coffin Bell*. Many of her college essays have won awards and have been published in Saint Mary's College's essay journal, *Spectrum*. Currently, she attends Chapman University and will receive a MFA in creative writing. Cheyenne has an eye for both detail and creativity. As an editor, she focuses on highlighting an author's voice in order to connect it to a larger audience.

Afghanistan Under the Taliban Four Years Later: No School, No Future, No Problem

Saboor Sakhizada
August 15, 2025

Every August, Afghanistan makes headlines as experts try to decipher "what went wrong" since the Taliban took control. They imposed strict rules, turning schools into indoctrination camps for boys and banning girls from education. A former student suggests channeling boys' potential into manual labor instead of continued indoctrination.

Every August, the headlines return like a seasonal affliction. Editorials lament, and policy experts reappear on panels to explain, yet again, "what went wrong" in Afghanistan. Think tanks repackage their failures in fresh fonts before the spotlight shifts elsewhere: Yemen, Ukraine, Gaza. For one fleeting moment, the world pretends to remember a country it helped dismantle and then promptly forgot. Afghanistan is now an export sold as a think tank insight, recycled as a policy failure and shelved until next year's anniversary coverage.

But for those of us who lived through the collapse, August isn't just a month. It's a rerun of disaster — a parade of absences. Grief in the postcolonial world rarely announces itself in headlines. It festers in what's no longer there: the shuttered schools, the sold daughters and the stolen breath of possibility.

And from that vacuum emerged the victors: long-haired, dark-robed and triumphantly illiterate.

These self-anointed "Chosen Warriors of Allah" couldn't read, write or explain the religion they claimed to defend. But they could enforce it, with bullets, with beards and with absolute certainty. Armed with machine guns and divine delusions, they marched toward Kabul beneath a white flag. Why bother with colors when you're already blessed?

They swept into the capital like a holy blackout, purging it of the corrupting influences of science, technology and joy. The Taliban returned education to its sacred essence: rote memorization of medieval texts, supervised under the watchful eye of a solemn Doctor of Religion unburdened by curiosity. Divine decree canceled the future.

Gender apartheid as state policy

Naturally, this sacred learning was reserved for men. Women, in contrast, were "protected", a word that, in the Taliban lexicon, translates to imprisonment, starvation or erasure. UN Women has named this for what it is: gender apartheid.

The Taliban barred girls from secondary school, banned them from universities and expelled them from public life. Some families dress daughters as sons to smuggle them into markets; locals call it Bacha Posh ("girl dressed like a boy"). Others sell children to keep the rest alive. Marriage has become a market innovation, where poor girls are exchanged in halal contracts, a sacred fusion of piety and predation.

For boys, on the other hand, schools remain open, but the patriarchy, obsessed with lineage, control and theological purity, converted boys' schools into indoctrination camps. These are not classrooms but assembly lines for future Taliban fighters, martyrs, traffickers and tyrants.

As Radio Free Europe documented, the Taliban have systematically transformed secular schools and teacher training centers into madrasas, prioritizing rote memorization and antimodern ideology over any form of critical or scientific learning. These young boys are taught not to think, but to obey. Not to question, but to lead others into submission.

Having been one of those "students" myself during the Taliban's first regime, I've spent years pondering how to reform this model. Finally, I have found a reasonable solution: ban boys' education entirely.

Think about it. Instead of training tomorrow's warlords, why not redirect their potential? Send them to the fields. Let them plant literal crops instead of ideological ones. Merchants assure us that, while today's boys may be physically soft and mentally stagnant from years of sedentary indoctrination, they can be reconditioned. With sturdy boots and early intervention, they might become useful agricultural laborers. It's a better outcome than becoming the next wave of "trusted leaders" trained to export holy war.

Families, too, will benefit. Boys will finally contribute to the household in ways that don't involve bullets or beards. It's a win, win, win; the merchants get workers, families get breadwinners and society sheds the burden of toxic masculine leadership. Afghanistan moves forward, free from the weight of ideas.

A new export economy

Naturally, the regional traffickers will rejoice. They've always seen Afghanistan's children as commodities. A generation of obedient, uneducated boys is a gift to the global market, pliable enough to carry cement bags or Kalashnikovs (AK-47s), depending on demand. And they're already being shipped out.

As ABC News reports, the Taliban has begun exporting Afghan workers, particularly young men, to Qatar as a way to "ease unemployment" at home and possibly secure financial returns abroad. It's a brilliant economic strategy: deny them education, then rent out their labor to foreign governments. The boys may not know algebra, chemistry or philosophy, but they understand orders — development through displacement, with divine approval.

Domestically, the benefits multiply. With no need for boys's schools or universities, we can repurpose those buildings into poultry farms, opium labs or camel stables. Why waste infrastructure on abstract concepts like math or ethics — and individuals like 13th-century poet Jalaluddin Mohammad Balkhi (Rumi) and Persian polymath, physician and philosopher Ibn Sina (Avicenna) — when chickens and heroin offer real, measurable returns?

Let's not pretend this is unjust. After all, when the Taliban excluded girls from education, the world called it "cultural differences." Doing the same to boys is merely a balance. Justice, Taliban-style.

In closing, this modest reversal offers a pragmatic**,** low-cost solution. It demands nothing from the international community and offends no one who matters. It's ideologically consistent with the current regime and disturbingly aligned with global indifference.

Surely, this is the future the world had in mind when it left Afghans behind?

[Kaitlyn Diana edited this piece.]

Saboor Sakhizada was born in Afghanistan and completed high school in Kabul. At 17, he joined the US mission, contributing to counterinsurgency and district stability efforts through the Counterinsurgency Training Center–Afghanistan and USAID. In 2014, he immigrated to the United States, beginning a new chapter in immigration and refugee resettlement. He later earned both his bachelor's and master's degrees from Syracuse University. Today, Saboor leads initiatives serving veterans and military families nationwide. Beyond his professional work, he is an independent writer, researcher and educator committed to amplifying Afghan voices and capturing the human narratives shaped by war, displacement and resilience. He resides in Syracuse, New York.

Ken Loach: Auteur as Agent Provocateur

Ellis Cashmore
August 19, 2025

Ken Loach, a veteran British filmmaker known for political drama and social realism in his films, objected to labor practices at the Turin Film Festival's parent institution. He rejected a lifetime achievement award in protest against job losses and pay cuts for museum staff. His action reinforces his view that art and politics remain inseparable.

In a morbidly ironic turn of events, English filmmaker Ken Loach's latest public stand came almost at the same time as the death of Ray Brooks, the actor who played in Cathy Come Home (1966), Loach's breakthrough television drama. Last weekend, Loach refused to accept the 2025 Gran Premio Torino Lifetime Achievement award at the Turin Film Festival. The Turin dispute centered on claims that cleaning and security staff at the city's National Film Museum, the festival's parent body, had suffered wage cuts and dismissals after the organization outsourced their services.

Loach, scheduled to receive the award and attend screenings, withdrew with "great regret," saying he couldn't accept a prize, "while the most vulnerable have lost their jobs for their opposition to a pay cut." The museum insisted the outsourcing followed legal tendering rules and that it bore no responsibility for contractors' staffing decisions. Loach was not convinced and remained unmoved. He is, after all, as much an agent provocateur as an auteur.

Art and activism

To anyone who has followed his career, the gesture was no surprise. Loach has always been a political filmmaker for whom art and activism are the same thing. Born in the English Midlands town of Nuneaton in 1936, the son of an electrician and a factory worker, Loach studied law at Oxford but gravitated toward theater. After a stint in the Royal Air Force, he joined regional repertory companies.

He later moved into television direction at the British Broadcasting Corporation (BBC), working on the police series Z Cars before finding his stride with The Wednesday Play. This drama anthology gave Loach the chance to develop his distinctive blend of improvisation, non-professional acting and social realism.

Cathy Come Home was game-changing television: A harrowing portrayal of a young family's slide into homelessness, watched by over 12 million viewers, the drama caused public outrage, provoked debate in Parliament and is credited with helping to launch the housing charity Shelter. Loach's subsequent films, from Kes (1969) to Riff-Raff (1991) to I, Daniel Blake (2016), have consistently foregrounded the lives of the working class, the unemployed and the dispossessed, often tackling issues of welfare, labor rights and social injustice.

Alongside critical acclaim — two Palme d'Or wins, British Academy Film Awards (BAFTAs) and numerous festival honors — Loach has amassed political enemies and predictable accusations of bias. Yet, he has never softened his tone to widen the appeal of his work. The Turin boycott is consistent with a lifelong pattern: A refusal to compartmentalize the personal, the political and the artistic. In Loach's oeuvre, the filmmaker's moral responsibility extends beyond the set or editing room, reaching into choices about how and from whom to accept recognition.

Social realism as weaponry

People often describe Loach's films as "social realist," but that term can sound clinical, even dry, until you see his art. Social realism in its art-historical sense emerged in 1930s America, particularly in painting and photography, as a way to depict everyday working-class life with brutal, unvarnished honesty, often with a subtext but sometimes obvious statements of protest.

Loach introduced that spirit into British television and cinema, drawing on the post-war realist tradition of filmmakers like Lindsay Anderson and Tony Richardson, but stripping away the theatrical flourishes. For Loach, social realism was not merely a style; it was a political instrument.

The technique begins with casting. Loach favored and, indeed, still favors non-professionals or actors with lived experience of the worlds they're portraying. He hands out scripts piecemeal to encourage "workshopping," spontaneous, unguarded, perhaps random reactions. This method is as much about preserving authenticity as it is about subverting artifice.

Loach didn't simulate the memorable scene in Kes where schoolboys are beaten on the palms: He directed real punishment to elicit a believable reaction. It's a tactic that's drawn criticism for its toughness, but one that reveals Loach's priority: Truth over comfort.

Then there's his visual language. Loach rejects grandiose camera movements, studio lighting and manipulative musical cues. The camera sits quietly in the room, letting characters breathe, while natural light and ambient sound anchor the scene in a recognizable world. The effect is immersive without being ostentatious. He doesn't invite anyone to admire the cinematography: Everyone should inhabit the moment.

The didactic intent is never far from the surface. Cathy Come Home wasn't just a drama: It was a reminder about homelessness, as urgent as any charity appeal. Which Side Are You On? (1984) put striking coalminers on national television speaking their own words. I, Daniel Blake (2016), offered a human face to the bureaucratic cruelty of welfare reform, prompting headlines and policy debates. For Loach, the point of realism is not just to depict suffering, but to link it as if by a causal chain to power and to mobilize audiences to think and, better still, act.

This approach situates Loach in a long lineage of artists who have weaponized their medium. Diego Rivera's murals in Mexico blended portraiture and revolutionary history to inspire workers. Bertolt Brecht used theater to jolt audiences out of passive consumption and into an alarming awareness. Jacob Riis's late-19th-century photographs of New York tenements were both journalism and advocacy. In each case, the art was inseparable from the politics, not just in content but in the method of production and the intended effect on the viewer.

Loach has often said he mistrusts "neutral" art, arguing that inaction is itself a political stance. For him, film is not a mirror held up to society: It is more like a can-opener, something to pry open the public conscience. This belief explains both his cinematic style and his readiness to walk away from accolades when they clash with his principles. In his hands, social realism becomes a two-edged tool: A faithful witness to lived experience and a prod to collective action.

Like other social realists, Loach measures artistic success not in aesthetic terms alone but by the extent to which it unsettles the status quo.

Can we separate the art from the artist?

The Loach–Turin episode prompts an age-old question in cultural criticism: Should, or even can we, separate an artist's work from the artist's beliefs, politics or their personal conduct? The temptation is to imagine art as an independent, free-floating entity, available for private enjoyment, detached from the person who produced it and the circumstances in which they created their art. But it's a temptation we resist. Especially in Loach's case: The separation is almost impossible anyway, not because his private life seeps into his work, but because the work is his politics.

Unlike, say, Richard Wagner, whose operas can be and often are staged without reference to his antisemitism, or Pablo Picasso, whose cubist innovations can and do receive acclaim without endorsing his behavior toward women, Loach

integrates his convictions into every one of his films in such a way that they are inescapable.

The characters, stories and even the austere visual style are political choices. To appreciate I, Daniel Blake without engaging with its critical evaluation of the British welfare bureaucracy is to miss its central purpose and render the experience of watching the film meaningless. Loach would argue this is not art despite the politics, but art because of the politics.

Yet the art world offers many examples where this boundary between creator and creation is problematic. Michael Jackson's music continues to fill airwaves and dance floors despite serious allegations about his conduct and he still commands the adoration of legions. Roman Polanski, convicted of a crime in the US in 1977 involving a 13-year-old female, still inspires respect for films such as Chinatown and The Pianist. Wagner's operas, infused with elements of German nationalism and antisemitic undertones, were beloved by Hitler, yet they remain integral to the classical canon.

In each case, audiences, critics and institutions face the daunting task of deciding whether appreciating art implies endorsing its maker and whether they can separate art's aesthetic value from the moral or political failings of its creator.

What distinguishes Loach from many in this company is that his films demand that the audience join him on his home political ground. You can listen to a Jackson song without thinking about his life, or wander through a Picasso retrospective focusing purely on color and form. No cineaste would diverge from the view that much of Polanski's work is magnificent.

But with Loach, it's impossible to uncouple art from politics. Rejecting his worldview while embracing his work is like idolizing a beautiful tapestry but knowing the dye that colored it poisoned the workers who made it: The latter defiles the former. If you don't go along with Loach's moral arguments, you can't treasure his films. Politics is not part of the art: It is the art.

This plaiting clarifies why Loach has both fervent admirers and equally fervent detractors. Those who share his concerns about inequality, austerity and war find his films rewarding and urgent. Those who don't, or who disagree with his methods or conclusions, find them annoyingly dogmatic. But perhaps that polarity is part of his artistic legacy: To force the question of whether art should comfort the audience, or agitate it.

Loach's work reminds us that the debate about "separating art from artist" is not binary. For some creators, distinguishable separation is a plausible strategy. For others, Loach in particular, the art and the artist are fused inseparably. Whether that makes his films more admirable or more troublesome depends entirely on the viewer's willingness to engage with or reject the world he so uncompromisingly presents.

[Ellis Cashmore's "The Destruction and Creation of Michael Jackson" is published by Bloomsbury.]

[Kaitlyn Diana edited this piece.]

Ellis Cashmore is the author of *The Destruction and Creation of Michael Jackson*, *Elizabeth Taylor*, *Celebrity Culture* and other books. He is a professor of sociology who has held academic positions at the University of Hong Kong, the University of Tampa and Aston University.
His first article for *Fair Observer* was an obituary for Muhammad Ali in 2016. Since then, Ellis has been a regular contributor on sports, entertainment,

celebrity culture and cultural diversity. Most recently, timelines have caught his fancy and he has created many for *Fair Observer*. What do you think?

Our Dollar, Your Problem: Market Stress, Exchange Rate Feedback and the Fiscal Reckoning Ahead

Masaaki Yoshimori
August 26, 2025

In 1971, Nixon's bold move to end dollar-gold convertibility reshaped global finance, but by 2025, the once-unshakable "our dollar, your problem" mantra signals deeper cracks from internal fiscal chaos and eroding trust. The dollar weakens as markets demand a risk premium for political and governance uncertainty, challenging its traditional safe-haven role. As alternative currencies grow, the dollar's dominance faces re-evaluation; credibility will define its future.

In 1971, US President Richard Nixon shocked the global financial system by ending the dollar's convertibility into gold, dissolving the Bretton Woods order and introducing a new era of floating exchange rates. Treasury Secretary John Connally, with striking candor, declared: "The dollar is our currency, but it's your problem." This phrase has echoed through decades of international financial policy, and is now revived as the title of Harvard University Professor Kenneth Rogoff's latest book, Our Dollar, Your Problem: An Insider's View of Seven Turbulent Decades of Global Finance, and the Road Ahead.

The phrase, once symbolic of American dominance, is now increasingly ironic. Connally's bravado once marked the United States as the anchor of global finance, but by mid-2025, that anchor is dragging. The dollar is still dominant, but it is slipping in ways both cyclical and structural. This is not a collapse, but a re-evaluation.

The core issue is internal: fiscal indiscipline, governance erosion and waning market confidence. The dollar is beginning to behave differently in markets. Over the first six months of 2025, it has depreciated almost 11% on the US Dollar Index, even as US interest rates rise.

The inversion between yield and currency reflects a deeper shift. Market actors are building in a risk premium for US fiscal policy, reassessing American creditworthiness and coherence. This piece explores how we reached this point and what might lie ahead.

Interest rates rise, the dollar falls

Historically, when US interest rates increased, the dollar strengthened. Rising yields drew capital, creating upward pressure on the currency. But in 2025, the opposite has occurred. As two-year forward interest rates climbed in response to the Federal Reserve's (or Fed's) tightening path, the dollar weakened. This isn't just a case of a strong euro (EUR) or yen; it's a broad-based decline in dollar strength, signaling investor unease.

The catalyst appears to be a growing fiscal discount. Investors are no longer merely assessing yield differentials — they are evaluating sovereign credibility. US public debt stands at 119% of GDP, with annual deficits above 6% of GDP. Markets are demanding higher compensation for perceived

fiscal risk, not for inflation protection, but for governance uncertainty.

When tariffs were reintroduced in April 2025 under the banner of industrial policy, the result was a triple dislocation: Equity markets dipped, bond yields jumped and the dollar fell. The episode mirrored the UK gilt crisis of 2022, where policy incoherence led to rising rates and a crashing currency. It was not a judgment on productivity or inflation — it was about trust.

The US Treasury market, once seen as the world's safest asset, now embeds a premium that reflects policy risk. This is an early warning of a potential credibility crisis. The dollar's decline amid rising rates inverts the logic of carry trades and undermines conventional asset allocation models. More alarmingly, it disrupts the network effects that sustain dollar dominance.

Currency hedging and the derivative feedback loop

As the dollar began to decline early this year, institutional investors responded with large-scale hedging activity. Asian insurers and pension funds, especially in Japan and Taiwan, had previously reduced hedge ratios to benefit from the strong dollar and lower hedging costs. But as sentiment reversed, many scrambled to restore protection.

This wave of repositioning triggered massive flows in the foreign exchange (or FX) derivatives market. According to Bank for International Settlements data, outstanding FX swaps and forwards involving the dollar rose to $130 trillion in notional value by the second quarter of 2025. Approximately 88% of these contracts had the dollar on one side. Trading volumes surged during Asian hours, indicating the geographic source of hedging demand. Investors didn't dump dollar assets; they layered on protection against further currency depreciation.

This activity has created a reflexive loop. Hedging increases dollar selling pressure in the spot market, which in turn worsens performance, prompting more hedging. The feedback amplifies weakness. Moreover, rising US short-term interest rates raise hedging costs due to Fed tightening — increasing interest rates and reducing its balance sheet to curb inflation and slow down economic growth. This makes it even less attractive for foreign investors to hold unhedged dollar assets. Thus, we observe a paradox: Tighter monetary policy, which should support the currency, is contributing to its weakness through derivative market dynamics.

This shift challenges long-standing assumptions. Traditionally, the dollar has served as a safe haven. But this April and May, during episodes of global risk aversion — the tendency to prefer a certain, but potentially lower, outcome over a risky but potentially higher outcome — the dollar weakened alongside US equities and bonds. The dollar's new behavior suggests that, to global capital, it no longer represents stability unconditionally.

The dollar's political economy

What distinguishes the current environment is the erosion of political credibility. Markets are responding less to macro fundamentals than to institutional uncertainty. Budget dysfunction, tariff unpredictability and judicial–political standoffs have undermined the sense of coordinated policy.

This shift from economic to political risk has profound implications for the dollar's valuation. Investors are increasingly focused on the lack of medium-term fiscal planning. Rising interest payments, especially those from 2023 that absorbed 17.98% of federal revenue, make the fiscal trajectory harder to stabilize.

Compounding the challenge is the absence of a political path to meaningful budget reform. One can recall the controversial 2010 Reinhart–Rogoff paper, "Growth in a Time of Debt," which argued that debt above 90% of GDP is correlated with slower growth. Despite methodological criticisms, the underlying message — that high debt can constrain future policy options — is being vindicated. The key concern is that markets subtly reprice US markets by demanding more yield, reducing unhedged exposure or allocating elsewhere.

Thus, the dollar's recent decline is about governance. The core of dollar strength — the perception that America can deliver policy coherence under pressure — is weakening. A currency's value is much more than trade balances or interest rates; it's a referendum on state capacity.

De-dollarization

The concept of de-dollarization is often exaggerated. Yet recent developments give the idea renewed relevance. Sanctions, reserve seizures — when a country's foreign exchange reserves are frozen or confiscated by other governments — and geopolitical fragmentation have encouraged some central banks to diversify. The share of dollar-denominated reserves remains high — 58% as of July 2025 — but gold purchases, renminbi settlements and swap lines are expanding.

This isn't a wholesale replacement of the dollar, but a drift toward multi-currency reserves. Emerging market central banks are increasing local currency trade arrangements and reducing their exposure to dollar volatility. The renminbi, also known as the Chinese yuan (RMB), has taken modest steps forward — not because it is more attractive, but because the dollar appears more vulnerable.

In this light, the global financial system is beginning to resemble the post-World War I period, where multiple powers replaced singular hegemony — one group's dominance over others — with co-dominance. While the dollar remains central, it must now share space with the EUR, RMB and perhaps others. While cautious about predicting collapse, there are political risks accumulating. Rogoff notes that once trust erodes, rebuilding it requires major institutional restoration. The US may retain monetary tools, but credibility is a scarcer resource.

Market data reinforce this trend. Fewer central banks are intervening against the dollar, suggesting less reliance on it as a stabilizing anchor. Cross-border payment systems such as China's Cross-Border Interbank Payment System are gaining ground. While these changes are incremental, they reflect the structural recalibration of the dollar's role.

Implications for investors and policymakers

The current moment offers important lessons for market participants and policymakers. The dollar's unusual behavior this year — declining even as yields rise — signals that traditional relationships are being redefined by political economy considerations. The dislocation reflects a deeper reconsideration of the US as a global steward.

For global investors, the episode underscores the need to reevaluate FX exposure assumptions. Currency risk is no longer secondary to credit or rate considerations. The cost of hedging dollar exposure has risen sharply, especially for European and Asian institutions, making unhedged positions less tenable. Expect more FX overlays, dynamic hedging and selective exposure trimming.

For US policymakers, the implications are even more urgent. The dollar's global role has always been underwritten by institutional strength. If

fiscal and political instability continues, the premium once afforded to US assets will shrink. That shrinkage might come through portfolio rebalancing, reserve diversification and pricing shifts. As we saw in April, all three can happen together.

This is not the end of dollar hegemony. However, it is the clearest signal in years that its foundation — trust in US stewardship — is eroding. Reserve currency status is a privilege earned through credibility and stability, not a guaranteed right. And in a world where capital flows are fast, transparent and reflexive, the cost of that privilege can rise quickly.

Redefining financial anchors in a fractured world

The dollar's trajectory in 2025 reflects far more than temporary economic dislocation; it marks an inflection point in the architecture of global finance. For over seven decades, the dollar has operated not just as a medium of exchange or a reserve asset, but as the institutional anchor around which global financial stability, monetary policy coordination and cross-border capital flows were organized. This role was earned through a combination of macroeconomic dominance, institutional credibility, legal enforcement capacity and deep, liquid capital markets. Yet in the current geopolitical and macro-financial climate, global markets are reexamining those foundational attributes under mounting strain.

The erosion of fiscal discipline, recurrent brinkmanship over debt ceilings and weaponization of the financial system have sown global doubt about the long-term reliability of US economic stewardship. Concurrently, governance fatigue — visible in domestic polarization, policy unpredictability and regulatory fragmentation — has weakened the dollar's reputational premium. On the international stage, geopolitical fragmentation and the rise of alternative financial channels like China's digital yuan have introduced credible challenges to the dollar's monopolistic status in the global monetary order.

Rogoff emphasizes that monetary sovereignty is not a license for fiscal indiscipline. In fact, the recent paradox of the dollar softening amid rising interest rates suggests a structural decoupling of market confidence from orthodox monetary signals. Traditionally, tighter monetary policy would boost the currency via interest rate differentials. But in a world where fiscal overhang, political dysfunction and external skepticism dominate, investors increasingly interpret rising rates less as a signal of macroprudence and more as a reflection of systemic vulnerability.

This is not merely a cyclical correction — it is a shift in the gravitational field of global finance. The reflexivity between policy choices and market perception is tightening. Investors, especially those holding dollar-denominated assets, must now factor in a risk premium not just for inflation or growth, but for governance credibility. Central banks, particularly in emerging markets, are quietly recalibrating their reserve strategies, diversifying into gold, special drawing rights (SDRs) — international reserve assets — and non-dollar assets.

Simultaneously, the US Federal Reserve and Treasury face a narrowing margin for error. The challenge is to stabilize the markets and, more significantly, restore narrative coherence around the dollar's role in a multipolar world.

Ultimately, what defines a currency's power is not its convertibility into gold, nor its dominance in current account flows. It is the credibility of the issuing state: the integrity of its institutions, the reliability of its policies and the consistency of its global commitments. In this regard, the US dollar remains dominant but no longer invulnerable. The

foundational trust that underpinned the post-Bretton Woods dollar order shows signs of erosion. Whether this leads to a gradual transition, a sudden rupture or a resilient reassertion depends on both economic fundamentals and the ability of US leadership — monetary, fiscal and political — to adapt to a world no longer willing to accept unipolar financial governance without question.

The dollar will continue to hold a strong position in the future, but the tides are shifting. In the years ahead, its anchor position will be defined less by habit and more by how well it adjusts to the cross-currents of a multipolar, mistrustful world.

[Lee Thompson-Kolar edited this piece.]

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Our Devil Closes His Dictionary and Muses on Its Roots

Peter Isackson
August 27, 2025

The series Fair Observer's Devil's Dictionary has been running since October 2017. In this final contribution, we return to the very roots of the project: how language, which conveys meaning, can be used to distort the perception of meaning. With a glance at one of the major issues of the day — peace in Ukraine — we bring an end to our campaign focused on the use and misuse of language by prominent public figures, media pundits and lazy journalists.

After nearly eight years of loyal service, this is my last entry of Fair Observer's Devil's Dictionary. The series ends appropriately with the consideration of an expression that reflects our approach to language: "code for."

When analyzing any form of public discourse, we need to realize that when something is revealed, something else, possibly more significant, may be concealed. The idea of coding has acquired special importance in the digital age. Only recently, just before the revelation of artificial intelligence, youngsters were told to learn to code if they wanted to get a job.

Language is a code of communication. Coding can be direct and simple. We call that kind of coding "informative." Apparently, it's also possible to code disinformation and misinformation. In the world of public discourse and legacy journalism, politicians, pundits and reporters sometimes twist the valuable information

they provide to hide what they, their party leaders or their editors don't want us to see.

The summit between US President Donald Trump and Russian President Vladimir Putin that took place in Anchorage, Alaska, earlier this month inspired two seasoned journalists to use the expression "code for" (in one case a verb, in the other a noun) to reveal exactly how that process of concealing unwanted meaning works. The first example comes from author Mansur Mirovalev's article for the news publication Al Jazeera, bearing the title: "'Feeding a narcissist:' Ukraine reflects on Trump-Putin summit." The author begins by citing what is an undeniable fact:

"Putin said the 'root causes' of the war should be addressed before any ceasefire or real steps towards a peace settlement are made."

It's a straightforward fact that shouldn't be difficult for Al Jazeera's readers to understand. We might even call it common sense. The Russians have repeatedly insisted on returning to the "root causes" or historical context of the conflict. Understanding the motivation of the parties involved is critical to conflict resolution. The website Conflictus helpfully reminds us with this title of its article on the topic: "The First Step in Properly Understanding Conflict: Identifying the Sources."

But journalists, their editors or employers may feel impelled to do the opposite. Depending on their intent, they may want to present historical reality as an unnecessary distraction. Here is Mirovalev's gloss on Russia's demand:

"'Root causes' is Putin's code for rejecting Ukraine's existence outside Moscow's political shadow and denying its very sovereignty."

Now, this is manifestly misleading, if not patently dishonest. His claim that Putin is "rejecting Ukraine's existence" is unfounded and undocumented; in other words, it is invented. It's the journalist who's using the ploy of "code for" to reject out of hand the idea that examining root causes has any validity.

Our second example is an article by East and Central Europe Bureau Chief Andrew Higgins of The New York Times with the title: "Putin Sees Ukraine Through a Lens of Grievance Over Lost Glory." Another example of assuming without evidence what's on Putin's mind.

"President Vladimir V. Putin made clear after his meeting in Alaska with President Trump that his deepest concern is not an end to three and a half years of bloodshed. Rather, it is with what he called the "situation around Ukraine," code for his standard litany of grievances over Russia's lost glory."

Today's **Weekly Devil's Dictionary** definition:

Code for:

A journalistic trope designed to make readers forget what they know about the literal meaning of words and believe a meaning contrary to both the dictionary and common sense.

Contextual note

Far be it from a Devil's Dictionary to insist that people should trust dictionaries to tell the truth, the whole truth and nothing but the truth. At best, dictionaries list the usual denotative sense of words as they have occurred in both the literary and spoken tradition. Because dictionaries avoid speculating on the theoretically infinite number of contexts in which a word can be used, they cannot account for intentional distortion or rhetorical effects, such as sarcasm, that can quite simply invert the meaning of a word.

In the two cases cited above, we are witnessing a journalistic practice common in an era like our own that encourages and even requires exaggerated propaganda. The trick these two jouranlists have used is to mix with the facts they present a fabricated "insight" claimed to be the result of the journalists' inside knowledge or superior intellectual authority. They then call this an act of "decoding" or interpreting for the sake of the ignorant.

Why should I criticize that practice? In some sense, that is precisely what a Devil's Dictionary attempts to do. The difference is that when we assume the identity of the devil, we are announcing an act of studied cleverness, or even perversity. We expect no one will take it seriously or believe that it's the "true" definition.

But there is another important difference. A Devil's Dictionary definition is a direct invitation to explore context, investigate ambiguity, dig more deeply into an issue than simply accepting either what the initial quote contained or what the devil's new definition implies.

Historical note

Ambrose Bierce, the brilliant novelist and journalist who authored the original Devil's Dictionary, redefined words to satirize the popular political, institutional, social and economic culture of his time. Here is his reflection on the nuclear family in the United States of his era.

"**MARRIAGE**: The state or condition of a community consisting of a master, a mistress, and two slaves, making in all, two."

Although this sounds contrary to common sense because of its contestable arithmetic, its absurdity reveals a perception that many married people might acknowledge: that the state of marriage deprives both the husband and wife of the glorious freedom they enjoyed before marriage. Were he writing in today's age of woke, we can imagine that his editor might oblige him to revise the definition in the following cumbersome way:

"**MARRIAGE**: The state or condition of a community consisting of a master, a mistress (or two masters and two mistresses), and two slaves, making in all, two."

After which, his truly woke editor might even tell him to change "two masters and two mistresses" to "two masters and two masteresses" on the grounds that the term mistress is in itself oppressive.

Here's another of Bierce's definitions, this time related to his profession of journalism:

"**EDITOR**: A person who combines the duties of a censor, a copy-reader, a news-gatherer, and a reporter. To the virtues of all these he adds the vices of none."

I suspect that both journalists mentioned above — Mirovalev and Higgens — might be tempted to agree with Bierce's definition of their boss. Bierce's irony suggests that an editor, by combining these diverse and contradictory roles, is, to invert the proverb, the master of all trades and a jack of none, ready to compromise in the name of respecting "superior" constraints. Bierce's contention that the editor lacks the corresponding vices has the wonderful ironic effect of defining the editor as a soulless, puritanical authority whose business as a censor ensures that the naked truth (God forbid!) will never appear, but rather a carefully sanitized version of it.

Had Mirovalev and Higgens taken seriously their role as journalists, they would at some point have alluded to the importance of understanding "root causes" might have in the context of negotiating the kind of peace treaty Trump and

Putin agreed to promote. Rather than claiming to decode it (and change its meaning), they could have done what our Devil's Dictionary has systematically done throughout its history since 2017. We examine the use not only in its contemporary context, but also further back in history.

The propaganda machine churning away at the core of our legacy media since the Russian invasion of Ukraine in February 2022 has labored at inventing ways to avoid or exclude historical context. The use of the expression "code for" is just one trivial example. Clearly, the best documented ploy has been the endlessly repetitive insistence on labeling the action Putin termed a "Special Military Operation" an "unprovoked full-scale invasion." That is the official designation that then-US Secretary of State Antony Blinken's State Department provided, inviting every editor in the legacy media to repeat the adjective "unprovoked" whenever referring to the war in Ukraine. Abolishing history requires a concerted, well-managed effort.

As many, including economist Jeffrey Sachs, Scott Horton (author of Provoked: How Washington Started the New Cold War with Russia and the Catastrophe in Ukraine) and many others have signaled, Blinken's State Department categorically refused to discuss Putin's formal request to analyze the root causes at a time when the war could have been avoided, in December 2021. Several months later, the Western allies of Ukraine instructed Ukraine to refuse an already negotiated and initial peace deal based on an examination of the root causes.

That peace deal would have left Ukraine intact, with the question of Crimea to be decided in an undefined future. But then, as now, our authorities and news services are seeking to uproot the very idea of root causes.

*[In the age of Oscar Wilde and Mark Twain, another American wit, the journalist Ambrose Bierce, produced a series of satirical definitions of commonly used terms, throwing light on their hidden meanings in real discourse. Bierce eventually collected and published them as a book, The Devil's Dictionary, in 1911. We have shamelessly appropriated his title in the interest of continuing his wholesome pedagogical effort to enlighten generations of readers of the news. Read more of The Fair Observer Devil's Dictionary.]

[Lee Thompson-Kolar edited this piece.]

Peter is Fair Observer's chief strategy officer . He is an author and media producer who has worked on ground-breaking projects focused on innovative learning technology. For more than 30 years, Peter has dedicated himself to innovative publishing, coaching, consulting and learning management. As a publisher, he has developed collaborative methods and revolutionary software tools based on non-linear logic for soft skills training. He has authored, produced and published numerous multimedia and e-learning products and partnered with major organizations such as the BBC, Heinemann and Macmillan. Peter has published books and articles in English and on intercultural management, language learning, technology and politics. Educated at the University of California, Los Angeles (UCLA) and the University of Oxford, Peter resides in France and shares US and French nationality. His Fair Observer column, The Daily Devil's Dictionary created in 2017, which now appears in a weekly format, provides ironic perspectives on the news, and has attracted fans across the world.

Abe and Kishida: The Two Contrasting Visions for Japan's Political Economy

Masaaki Yoshimori
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Japan's recent economic history is defined by two contrasting visions: Shinzo Abe's bold reflationary drive centered on monetary innovation and structural reform, and Fumio Kishida's pragmatic focus on redistribution and economic security amid global uncertainty. Both struggled against deep-seated demographic and institutional challenges, exposing the limits of isolated policy strategies. Japan's future prosperity hinges on integrating inclusive social policies with productivity-enhancing reforms, supported by decisive institutional renewal.

Between reflation and redistribution over the past decade, Japan has witnessed two major attempts to escape the grip of economic stagnation and demographic decline. These attempts materialized in two opposing macroeconomic paradigms under Prime Ministers Shinzo Abe and Fumio Kishida. Abe's Abenomics (2012–2020) was a bold experiment aimed at reflating the Japanese economy through coordinated monetary expansion, flexible fiscal policies and structural reform. It drew global attention for its aggressive use of unconventional monetary policy tools and the narrative cohesion that accompanied its implementation. By contrast, Kishida's New Capitalism (2021–2024) prioritized stabilizing a fragile society in the immediate aftermath of the Covid-19 pandemic — a crisis that had strained public health systems and disrupted global supply chains, labor markets and geopolitical alignments — placing redistribution and national economic security at the center of its agenda.

Kishida's resignation in 2024 punctuated a period marked by both continuity and divergence. Given their ideological and strategic differences, each leader's supporters quickly expressed the perceived shortcomings of the other administration's approach. Abe's loyalists criticized Kishida's lack of urgency on growth and productivity. Kishida supporters highlighted Abenomics's failure to address inequality and declining household welfare, specifically criticizing the trickle-down effect. In this way, the transition from Abe to Kishida became as much a debate over Japan's economic priorities as a reflection of shifting political leadership.

This piece undertakes a comparative evaluation of both paradigms across six core dimensions: ideational framework, macroeconomic policy mix, labor and economic outcomes, structural reform, political capacity and global positioning.

Reflation vs. redistribution

Abenomics anchored itself in a clear and cohesive ideational framework that positioned macroeconomic stagnation as a coordination failure, particularly in expectation formation. By recasting deflation as a psychological rather than purely structural phenomenon, Abe mobilized the Bank of Japan (BOJ) and the cabinet to deliver a coherent signal of regime change. This involved not only monetary expansion but also a broader narrative of national economic revival and Japan's return to global relevance.

Kishida, by contrast, operated within a more fragmented intellectual landscape. His New Capitalism emerged amid escalating geopolitical

risks, most notably the US–China rivalry and supply chain disruptions. The framework prioritized resilience and redistribution, placing emphasis on wage growth, household support and economic security. Yet it lacked the forward-looking macroeconomic architecture that defined Abenomics. Instead of altering expectations or creating a transformative growth vision, New Capitalism functioned as a damage control mechanism.

The difference between Abenomics and New Capitalism is a matter of the underlying purpose and narrative coherence each framework aspired to deliver. Abenomics was grounded in a deliberate act of macroeconomic imagination — it redefined Japan's malaise not as an inevitable byproduct of demographics or global forces, but as a solvable coordination problem. By basing the policy challenge on expectations, Abe's administration sought to recalibrate the cognitive map of households, firms and investors alike. The coordinated deployment of monetary, fiscal and structural instruments, however uneven in execution, found unity in a singular strategic objective: regime transformation. The goal was both to reassert national confidence and engineer nominal GDP growth.

Dissimilarly, New Capitalism has proven an exercise in incremental resilience-building — a response to fractured supply chains, geopolitical fragmentation and widening income disparities. While the agenda has delivered pragmatic responses to rising inequality and economic insecurity, it has remained reactive rather than aspirational, managing risks rather than reimagining trajectories. New Capitalism lacks policy synthesis: a cohesive framework capable of integrating redistribution with productivity, social protection with innovation and security with dynamism.

As Japan confronts the dual pressures of long-term demographic decline and near-term geopolitical uncertainty, the challenge is to manage the present and, crucially, craft a compelling macroeconomic future.

Monetary and fiscal policy

Abenomics's centerpiece was a profound institutional experiment. In 2013, Abe appointed Asian Development Bank President Haruhiko Kuroda as Governor of the Bank of Japan. This decision marked a deliberate break from decades of cautious monetary orthodoxy. Kuroda's arrival ushered in the era of Quantitative and Qualitative Easing (QQE), which was soon followed by Yield Curve Control (YCC).

There are great differences between Japan and the United States. The Federal Reserve began expanding its balance sheet during the global financial crisis of 2007–2008, whereas the Bank of Japan had already started nearly a decade earlier and accelerated purchases markedly after 2012. Together, these policies transformed the BOJ into an unrivaled force in Japanese asset markets. By 2021, its balance sheet had swelled from around 30% of the GDP to nearly 90% — a scale that many observers describe as a de facto monetary regime change.

These measures initially shifted expectations. Asset prices rose, the yen depreciated and inflation expectations rose modestly. The psychological battle against deflation seemed to be turning. But over the medium term, the marginal utility of QQE and YCC declined. Inflation plateaued well below the 2% target while productivity and wage growth remained muted. What began as a high-impact monetary shock therapy — a dramatic break from decades of incrementalism — gradually became a necessary but insufficient background condition.

On the fiscal side, strategic ambivalence typified Abenomics. Early stimulus packages in 2013 and 2016 signaled an intent to support reflationary efforts. Yet these episodic initiatives were often diluted by a return to fiscal orthodoxy. The most visible expression of this was the consumption tax hikes in 2014 and 2019, both implemented during fragile economic recoveries.

By the time Kishida entered office, the Japanese economy was acclimated to this environment of ultra-accommodation and cautious consolidation. He inherited an exhausted monetary landscape and a public increasingly skeptical of grand narratives. Under BOJ Governor Kazuo Ueda, a former academic economist with deep institutional knowledge, the central bank began the slow process of monetary normalization — the process of unwinding unconventional monetary policy measures implemented during times of economic crisis or instability.

The dismantling of YCC and the eventual exit from negative interest rates in 2024 marked a significant technical and symbolic turning point. After more than a decade of extraordinary measures, Japan was stepping back from a permanent emergency.

Kishida's fiscal initiatives, while more active in some dimensions than Abe's, lacked strategic cohesion. Policies such as energy subsidies, wage support schemes and selective tax relief were deployed to buffer exogenous shocks, from war-driven inflation to yen depreciation. Yet they were rarely nested in a broader, long-term investment vision. The administration's New Capitalism framework, while rhetorically ambitious, remained under-specified in execution. This created a fragmented fiscal activism that reacted to pressures without consolidating them into a new growth model.

What unites the two periods, then, is not ideological consistency but structural asymmetry. Abe's economic program was bold in its monetary dimension but undercut by fiscal conservatism; Kishida's was more cautious overall, with fiscal tools deployed unevenly and a central bank constrained by the legacy of its own past activism. In both cases, the absence of integrated macroeconomic planning — where fiscal and monetary authorities operate under a shared mandate — has restricted Japan's ability to shift from stabilization to dynamism.

For policymakers and central bankers elsewhere, Japan's experience offers a complex lesson: Monetary policy, no matter how unconventional, cannot substitute for fiscal strategy, nor can episodic fiscal interventions replace structural investment. Policy frameworks require policy complementarity, institutional alignment and a clear, sustained narrative that links short-term demand management with long-term transformation.

The world is now entering its own phase of post-pandemic normalization — where inflation has returned, interest rates are rising and fiscal space is narrowing. In light of this, Japan's journey stands as both a warning and a guide. Shock therapy may make headlines, but without coordinated follow-through, it rarely changes the story.

Table 1: Growth and inflation outcomes

Metric	Abe (2013–2020)	Kishida (2021–2024)
Real GDP growth	~1.2% annually	<1%, with Covid-19 overhang
CPI inflation	Averaged ~0.6%, peaked ~1.4%	Briefly above 2% (2022–2024)
Nominal wage growth	Flat to mild increase	Stronger nominal gains, but negative real

Unemployment Fell below 3%, tight labor market Continued tight labor, market aging-driven BOJ balance sheet (%GDP) Rose from ~30% to >100% Stabilized post-Kuroda

This table illustrates that Abe's policies succeeded in improving asset markets and labor participation, especially among women and the elderly. However, they failed to ignite self-sustaining inflation or wage growth. Kishida benefited from imported inflation and labor shortages but struggled to convert these tailwinds into durable real wage or productivity gains.

Economic outcomes and labor market dynamics

The empirical legacy of Abe's tenure is marked by a paradox: While aggregate indicators pointed to a recovery in headline growth and a tightening labor market, the deeper structural dynamics of the Japanese economy remained largely unchanged. Most notably, labor force participation increased significantly, driven in part by the greater inclusion of women and older workers, groups historically underutilized in the postwar employment model. This expansion reflected the success of targeted activation policies and demographic pressure, but it also masked a more nuanced failure. The quantitative gains in employment were not accompanied by qualitative improvements in labor conditions or productivity.

Despite the tightening labor market, wage growth remained subdued, particularly among Japan's growing share of non-regular and precariously employed workers. Service-sector productivity, long the Achilles' heel of the Japanese economy, continued to lag behind international benchmarks. Meanwhile, inflation expectations, though initially nudged upward by aggressive monetary policy, failed to gain lasting traction. They remained consistently below the 2% target, underscoring the structural inertia in Japan's nominal dynamics.

Under Kishida, nominal wages did rise more visibly, supported by union wage rounds and policy measures encouraging income growth. However, a surge in inflation — largely imported via energy and commodity shocks — rapidly offset these gains, resulting in declining real wages, especially for lower-income households. Despite the Kishida administration's deployment of subsidies, wage incentives and labor market interventions, it struggled to generate genuine purchasing power or foster durable improvements in total factor productivity.

In effect, both administrations achieved only partial, asymmetric successes in altering the structural underpinnings of Japan's post-bubble economy. Abe's policies succeeded in mobilizing latent labor supply but failed to convert higher participation into higher productivity or wage dynamism. Kishida emphasized redistribution and cost-of-living support but was unable to anchor that redistribution in a framework of sustainable, value-added employment creation. Neither administration fully escaped the gravitational pull of Japan's long-standing growth constraints: demographic drag, weak service productivity and rigid labor segmentation.

The broader implication is clear: Without a coordinated supply-side agenda that links labor activation to innovation and firm-level competitiveness, policies that focus solely on participation or redistribution risk becoming self-limiting. Structural transformation, not just cyclical management, remains the unfinished business of Japanese macroeconomic policy.

Structural reform and institutional constraints

The third arrow of Abenomics, structural reform, was always the most politically sensitive and operationally elusive. While the Abe administration outlined an ambitious agenda encompassing labor market liberalization,

corporate governance reform, agricultural modernization and the promotion of female labor force participation, implementation fell short of rhetoric. The most tangible achievements came in the realm of corporate governance, where the introduction of the Stewardship and Corporate Governance Codes improved transparency, accountability and investor engagement.

However, these gains were uneven and largely confined to listed firms. The deeper structural impediments — labor market dualism, seniority-based wage systems and lifetime employment guarantees — remained largely untouched. Confronting these institutional legacies would have required not only political capital but also a willingness to disrupt the postwar social contract that underpins Japan's employment system. In the end, the easier politics of monetary expansion subsumed the reform narrative.

Kishida, on the other hand, largely sidestepped the structural reform agenda. His administration favored targeted interventions aimed at industrial resilience and digital modernization — support for startups, investment in semiconductor capacity and the digitization of public services. While these initiatives align with contemporary challenges such as supply-chain security and technological sovereignty, they were fragmented, underfunded and weakly institutionalized.

Regulatory reform advanced only marginally, immigration policy remains tightly constrained despite mounting labor shortages and investment in human capital, particularly in tertiary education, research and vocational retraining, continues to lag OECD benchmarks. Instead of pursuing systemic transformation, Kishida adopted a portfolio approach of microeconomic adjustments, each with limited multiplier effects and no overarching institutional logic.

The difference between the two approaches is one of breadth without depth versus caution without consequence. Abe envisioned a broad transformation of Japan's economic architecture but lacked the institutional leverage and political will to deliver it. Kishida was more constrained in scope and more technocratic in execution, but no more successful in reshaping the underlying structure of the Japanese economy.

Ultimately, both administrations confronted the same dilemma: Structural reform in Japan is not primarily a technical challenge but a political and institutional one, embedded in legacy norms, vested interests and intergenerational expectations. Until those constraints are explicitly addressed, reform initiatives will likely remain episodic and insufficient.

Political capacity and governance style

Political leadership played a decisive role in shaping the effectiveness of each economic strategy. Abe governed with exceptional political capital, sustained through consistent electoral victories and high approval ratings. His ability to centralize policy coordination within the Prime Minister's Office allowed for rapid decision-making and a consistent narrative. However, this centralization did not translate into structural breakthroughs, as intra-party factions and vested interests remained formidable obstacles.

By contrast, Kishida operated with a weaker factional base and was burdened by the need to navigate multiple exogenous crises, including the pandemic aftermath, global inflation and regional security tensions. His style emphasized consensus and bureaucratic continuity rather than top-down leadership. As a result, his policy implementation often appeared reactive rather than strategic.

Table 2: Summary table: Shinzo Abe vs. Fumio Kishida Dimension Shinzo Abe (Abenomics)

Fumio Kishida (New Capitalism) Ideational goal eflate and normalize macro regime Build equity and resilience Central policy tool QQE, YCC, narrative strategy Subsidies, redistribution, economic security Structural reform Promised, politically constrained Minimal, fragmented Political leadership Strong mandate, message discipline Technocratic, reactive Inflation outcome Deflation reversal, below 2% target 2% achieved via cost-push shocks Fiscal policy Mixed: stimulus then tax hikes Expansionary but lacking coherence Institutional legacy BOJ transformation, policy coordination Economic security laws, supply chain focus

The divergence in political capacity underscores a core conundrum: Even with strong leadership, entrenched institutions and interest groups in Japan significantly constrain the scope for transformative reform. Conversely, technocratic governance without political capital results in managerial drift.

Global economic positioning and strategic realignment

Abe's foreign economic policy represented a decisive turn toward strategic internationalism. His administration recognized that it could not decouple Japan's economic revival from its external environment. Therefore, it sought to reposition the country as a proactive shaper of regional and global economic norms.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership — salvaged and advanced after the US withdrew from the original Trans-Pacific Partnership — became a symbol of Japan's willingness to assume leadership in defending a rules-based trade order. Abe also deepened Japan's engagement in infrastructure diplomacy, particularly through partnerships with India and the Association of Southeast Asian Nations, offering alternatives to China's Belt and Road Initiative. These initiatives projected Japan as a normative power committed to openness, multilateralism and strategic connectivity, even as many of the necessary domestic structural reforms underpinning long-term competitiveness remained incomplete.

Kishida inherited a fundamentally altered geopolitical and economic context. In the wake of COVID-19, the Ukraine war and intensifying US–China strategic rivalry, Japan's international economic strategy shifted from liberal expansionism to defensive securitization. The passage of the 2022 Economic Security Promotion Act marked a watershed moment, institutionalizing a national strategy around supply chain resilience, protection of critical technologies and data governance. Japan's alignment with US and European efforts to reindustrialize and reduce strategic dependencies was clear, particularly in sectors like semiconductors, rare earths and quantum technologies.

However, the domestic policy apparatus struggled to match ambition with execution. Coordination between ministries and industries was uneven and key projects — such as semiconductor fabrication and battery development — faced financing bottlenecks, labor shortages and regulatory friction. While the conceptual pivot toward economic security was timely, its operationalization revealed a thin institutional capacity for whole-of-government mobilization.

Where Abe's strategy was premised on exporting liberal norms and projecting influence through economic integration, Kishida's has centered on importing resilience frameworks and adapting to a world of geopolitical risk. Yet in both cases, a common limitation persists: The domestic economic foundation necessary to sustain Japan's

global leadership remains underpowered. Abe's external activism was not sufficiently anchored by internal reform, while Kishida's defensive realignment lacked a comprehensive growth strategy that could translate security policy into renewed economic dynamism.

The result is a tension between external ambition and internal inertia. Japan has demonstrated an impressive ability to adapt rhetorically and diplomatically to evolving global economic challenges, but the institutional mechanisms for translating strategy into structural advantage — particularly in industrial policy, innovation systems and human capital development — remain fragmented. As geopolitical fragmentation deepens, the challenge for Japanese economic statecraft is to bridge the gap between strategic positioning abroad and institutional transformation at home. This task will define the sustainability of its role in the emerging global order.

Divergent strategies, shared constraints

Despite contrasting ideational frameworks, Abenomics and New Capitalism ultimately converged in their limitations. Abe offered a sweeping narrative of national revival, recasting macroeconomic malaise as a problem of expectations and regime inertia. His policies, however uneven in execution, were driven by a strategic attempt to realign Japan's economic psychology, restore international prestige and project confidence through coordinated monetary expansion, trade diplomacy and institutional signaling. Yet a failure to realign structural institutions — particularly in labor markets, fiscal governance and innovation policy — undercut this ambition, endangering the effort to diminish returns.

Conversely, Kishida pursued a more technocratic and adaptive approach, shaped by the imperatives of economic resilience, geopolitical instability and social equity. His administration emphasized redistribution and economic security, deploying targeted measures such as energy subsidies, wage incentives and industrial support schemes. Though lacking the overarching ideological clarity of Abenomics, New Capitalism reflected an effort to balance economic management with political feasibility, particularly in an era marked by pandemic recovery, global supply chain reconfiguration and war-induced inflationary shocks. Kishida's approach, though often criticized for its incrementalism, demonstrated institutional sensitivity and pragmatic responsiveness to both domestic vulnerabilities and international expectations.

The divergence in public and scholarly evaluations of Abe and Kishida reflects not only their policy choices but their political leadership styles and normative orientations. Economists often credit Abe with redefining Japan's economic and diplomatic posture, boldly committing to controversial reforms and reasserting Japan's role in global governance. His foreign economic strategy projected confidence and ideological clarity.

Conversely, Kishida was more cautious and consensus-driven, with decision-making grounded in what might be described as "median-voter pragmatism." His rapid alignment with the West following Russia's invasion of Ukraine, including early condemnations of war crimes and decisive sanctions, elevated Japan's global profile and reaffirmed its position in the liberal international order. Simultaneously, it underscored a leadership style oriented around collective security and democratic solidarity.

In short, Abe is more positively evaluated not solely because of economic outcomes, but because he articulated a compelling vision of national trajectory — one that resonated with both domestic

constituencies and international allies. Kishida, though often more subdued in rhetorical style, proved effective in managing complexity, responding to multifaceted crises with political caution and administrative competence. His economic identity project may have been less defined, but it reflected an earnest attempt to govern through uncertainty rather than through grand design.

Reflation alone has proven insufficient in revitalizing long-term productivity or addressing deep-seated socioeconomic imbalances. The next phase of economic strategy must focus on structural reform that accelerates business activity while centering the interests of those who work within it, not merely those who own it. Policymakers must design regulatory changes to empower innovation and enterprise.

The underlying challenge is institutional. Japan's postwar system — a parliamentary democracy under a constitutional monarchy — evolved into a unique model that combined state-guided capitalism with social safety nets, once serving as a foundation for stability, rapid economic growth and social cohesion. Today, however, Japan struggles to reconcile equity with dynamism, often defaulting to policies that preserve the status quo rather than addressing deeper structural challenges. Unless Japan forges a model that links inclusive growth with institutional accountability and worker-centered modernization, its economic policy risks devolving into symbolic gestures and short-term fixes, which would be insufficient for navigating the structural, demographic and geopolitical transitions of the current era.

[Lee Thompson-Kolar edited this piece.]

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Conservative Modernism: A Roadmap for Sustainable Peace in the Middle East

Ali Omar Forozish
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The Middle East's ongoing conflicts originate from structural issues like sectarian rule, tribal loyalties and ideological extremism that depend on continuous conflict for their survival. Conservative modernism suggests a way forward by combining economic liberalism, cultural conservatism and institutional reform to break down theocratic dominance.

For centuries, the Middle East has stood at the crossroads of civilization and conflict. Despite the formal establishment of modern nation-states, the region has failed to achieve internal political stability or external peace. The situation in the Middle East today is not a temporary flare-up or the product of isolated disputes. It is structural: regimes survive by stoking sectarian division, tribal social systems undermine national unity and the rule of law and ideological movements blend religious dogma with authoritarian control.

These systems do not want peace because their survival depends on sustained conflict. This is why diplomatic summits, ceasefire deals and foreign interventions consistently fail: they target symptoms, not causes. If the problem is structural, then so must be the solution. Peace in the Middle East will not come through negotiation. It will come through a civilizational shift, and it demands three acts of moral courage.

The first is capitalist liberalization. Every individual must gain the right to produce, to trade and to own. No government has the right to command his labor, confiscate his earnings or dictate his future. Capitalism is not a system of greed. It is the only system that recognizes the moral right of a person to live for his own sake.

The second is cultural conservatism. A society cannot survive without roots. When families collapse, when traditions vanish, when morality fades into relativism, chaos follows. A rational culture does not erase its past. It protects what gives life meaning, not by coercion, but by conviction.

The third is institutional transformation. No regime that survives by crushing liberty, spreading violence and fueling sectarian hate can remain in power without destroying the future. People must not reform such systems. They must replace them. Political freedom requires new institutions built on justice, law and individual rights.

This is the foundation of what I call Conservative modernism. It rejects both Islamic totalitarianism and secular technocracy. It affirms that peace cannot exist without liberty, and liberty cannot exist without moral strength. This is not a policy. It is a philosophy.

Sectarian wars and the legacy of doctrinal politics

We cannot understand the Middle East's political instability apart from the theological and sectarian divides embedded within Islam itself. The Sunni-Shia schism — originating from a dispute over the rightful successor to the Prophet Muhammad — has long outgrown its historical moment to become the structural backbone of regional conflict. This divide was never merely theological; it became politicized during the first Islamic civil wars and later crystallized into full-fledged state ideologies during the rise of rival empires like the Sunni Ottoman Caliphate and the Shia Safavid dynasty.

These empires did not merely represent competing political centers — they embodied competing claims to spiritual authority. In modern terms, regimes seeking to legitimize their power through religious division have hardened, institutionalized and weaponized these doctrinal fault lines rather than letting them fade.

The legacy of these doctrinal wars lives on in today's proxy conflicts, from Yemen to Syria, Iraq to Lebanon. Iran, as the self-appointed guardian of the Shia cause, has instrumentalized this divide to export its revolutionary ideology through paramilitary proxies like Hezbollah in Lebanon, the Houthis in Yemen and militias in Iraq and Syria.

Saudi Arabia and the Gulf monarchies, while less overtly ideological, have responded with their versions of sectarian patronage and security alignments. The result is not simply a clash between states, but a doctrinal cold war that perpetually destabilizes the region through religious identity and existential fear.

Political Islam, once unleashed as the doctrine of the state, does not merely challenge liberty — it annihilates the very concept. Its metaphysical certainty surpasses even the most dogmatic ideologies of the West. It does not see disagreement as an error. It brands it as blasphemy. What follows is inevitable. The state becomes paranoid. It cannot rest. It must constantly search for new traitors to purge. Reform becomes a crime. Dialogue becomes apostasy. There can be no middle ground, no compromise — only absolute control.

In this system, truth belongs to the ruling sect alone. To think differently is not a mistake — it is treason. The state no longer governs; it sanctifies itself. Power fuses with theology. Rule becomes divine command. And from that moment, every act of dissent becomes a threat to the sacred order. No regime built on this logic can tolerate peace. Peace implies coexistence. It suggests that another version of truth might exist. But in sectarian totalitarianism, there is only one truth — and only one authority to speak it. The heretic becomes more dangerous than the foreign enemy, because he corrupts the system from within. That is why these regimes live in constant fear of internal betrayal. They do not govern citizens; they hunt them.

Colonial powers did not build the modern Middle East into nations. They carved it into fragments. They drew their borders without reason. National identities remained shallow. In this vacuum, sectarian ideology offered a seductive substitute. It gave rulers a way to seize power without earning it. They did not ask for the people's consent. They claimed divine authority instead.

Theocrats wrapped themselves in clerical robes to escape accountability. In Iran, the doctrine of Velayat-e Faqih placed unchecked political power in the hands of a cleric. Ayatollah Khomeini did not rule as a man — he ruled as a voice of God. Sunni radicals followed the same path. Groups like ISIS declared caliphates not to govern, but to sanctify tyranny. These regimes do not fear criticism, because they do not answer to men. They answer to the metaphysical fiction they claim to represent.

Islamic regimes use a dangerous illusion. They raise the banner of anti-Zionism not to unify but to distract. They invoke Judaism and Israel as the ultimate enemy, hoping to forge a sense of solidarity across sectarian lines. But the truth remains: no propaganda can erase centuries of hatred between Sunni and Shia, between Salafi and Sufi, between Arab and Persian, between Turkic and non-Turkic. The hatred runs deep, and it does not disappear when leaders shout slogans against Israel.

This is not unity. It is manipulation. Anti-Zionism becomes a tool to crush dissent at home. It channels public anger away from corruption, poverty and tyranny, and toward an invented external enemy. It does not heal division; it hides it. The regimes that use this tactic know they cannot survive on truth, so they survive on scapegoats. But lies do not last. The cracks widen. The rhetoric grows louder, while the people grow poorer.

This is the real engine of Middle Eastern conflict. Not just land. Not just oil. It is the battle for the right to define God's will — and to use that claim as a weapon. No treaty will break this system. No ceasefire will fix it. If regimes like Iran

continue to export sectarian revolution as a matter of policy, the region will remain trapped in endless war. Peace will never begin on a battlefield. It begins in the mind. We must name doctrinal tyranny, expose it and defeat it. Only then can the Middle East escape from the chains of sacred war and step into the realm of civil peace.

The 1979 Iranian Revolution

The 1979 Iranian Revolution was not simply a change of regime; it was a civilizational rupture that produced a theocratic state with an unprecedented mission: to restructure the Islamic world according to the vision of Shiite clerical rule. Iran's revolution claimed divine authorization through the doctrine of Vilayat al-Faqih. This doctrine, enshrined in Iran's constitution, granted religious elites not only domestic supremacy but also a global mandate.

Article 154 explicitly declared that the Islamic Republic was duty-bound to "support the just struggles of the oppressed" worldwide. This ideological euphemism laid the legal foundation for regional insurgencies, proxy warfare and transnational terror networks. This new paradigm made Iran's foreign policy an extension of messianic doctrine.

The Islamic Republic institutionalized this transformation of ideology into action by creating the Islamic Revolutionary Guard Corps (IRGC), and specifically its external wing, the Quds Force, which carried out the mission of exporting the revolution. These were not simply elite military units but ideological vanguards — armed missionaries designed to reshape the region in Tehran's image.

The IRGC trained and funded Shia militant factions during the Iran-Iraq War in the 1980s, inside Iraq, creating the blueprint for what would later evolve into militia-state fusion. As early as 1982, Iran helped establish Hezbollah in Lebanon, embedding its revolutionary DNA in a new Shia militia that would grow into the region's most sophisticated paramilitary movement.

But Iran did not confine its ambitions to its sect. Tehran built connections with Sunni groups like Hamas and Palestinian Islamic Jihad. Iran and its allies bypassed doctrinal differences when they faced a shared strategic enemy in Israel and the West, proving that ideology would bend to power.

Of all Iran's ideological exports, Hezbollah remains the most enduring and institutionally complete. Born in the rubble of Lebanon's civil war, Hezbollah's 1985 founding manifesto declared allegiance to Iran's Supreme Leader and its goal of establishing an Islamic state in Lebanon. As Massaab Al-Aloosy has argued, Hezbollah evolved into a uniquely hybrid entity — a terrorist organization, political party and social welfare provider. This model of Islamic fascism does not simply mimic the authoritarian features of 20th-century totalitarian regimes. Instead, it integrates them with theological absolutism.

In Hezbollah's worldview, the enemy is not merely political dissent or a foreign occupier. It is ideological impurity. Its glorification of martyrdom, strict sectarian loyalty and rejection of pluralism form the core of an authoritarian theocratic identity, where the sect and the imamate define the sacred political community.

Iran's reach and pragmatism allowed it to overcome sectarian lines when necessary. Nowhere is this clearer than in its alliance with Hamas, a Sunni group originally rooted in Muslim Brotherhood ideology. Initially antagonistic due to theological differences, Hamas gradually embraced Iran's vision of resistance as its conflict with Israel intensified. Iran provided financial aid, smuggled weapons, supplied tactical training and

built tunnel infrastructure that allowed Hamas to survive and militarize Gaza.

By the mid-2000s, especially after the group's electoral victory and its 1988 charter, Hamas began to mirror Iran's revolutionary language, re-framing the Israeli-Palestinian conflict as a divine struggle, not a solvable territorial dispute. Its leaders visited Tehran, received IRGC guidance and adopted a media strategy aligned with the broader Axis of Resistance.

This model of revolutionary partnership extended to Yemen, where Iran found a new ideological canvas in the Houthis movement, also known as Ansar Allah. Originally a local revivalist faction rooted in Zaydi Shiism, Iran helped morph the Houthis into a more radicalized, Twelver-aligned militia. The group's motto, "Death to America, Death to Israel," is lifted directly from Iran's revolutionary chant. By the 2010s, Iran supplied or engineered sophisticated missile and drone capabilities for the Houthis. These weapons allowed the group to strike deep into Saudi Arabia and threaten global commerce in the Red Sea.

The fall of Saddam Hussein in 2003 provided Iran with its greatest strategic opening since 1979. Iraq, long a bulwark against Iranian expansion, became a vacuum of fractured authority in which Iran could embed deeply rooted proxies. The US-led dismantling of the Iraqi state allowed Tehran to co-opt existing militias such as the Badr Organization and empower new ones like Kata'ib Hezbollah and Asa'ib Ahl al-Haq.

All these militias pledged spiritual allegiance to Iran's Supreme Leader. These groups infiltrated Iraqi security institutions, won parliamentary seats and turned Iraq into what I call a militia democracy. What distinguishes them from conventional insurgents is their ideological DNA. Rather than acknowledging themselves as part of a civil war, they present their struggle as resistance to Sunnis and Western imperialism.

Syria's civil war further deepened Iran's ideological project. Though the ruling Alawite regime under Bashar al-Assad does not follow mainstream Shiism, its geopolitical vulnerability made it an ideal ally. As protests spiraled into war, Iran intervened with billions in military aid, deploying not just IRGC troops and Hezbollah fighters, but also recruiting tens of thousands of Afghan Shia fighters from the impoverished Hazara population into the Fatemiyoun Division.

These fighters, lured by salaries and promises of martyrdom, became part of Iran's transnational jihad. Syria thus became the geopolitical artery of Iran's vision: a corridor of power from Tehran through Baghdad, Damascus and Beirut to the Mediterranean. Iran entrenched what many call the Shiite Crescent by establishing an ideological, financial and logistical presence in Syria.

Yemen, Lebanon, Iraq and Syria are no longer just battlefields. They are proving grounds for a new form of tyranny. These lands have become ideological laboratories, where fanatics test how far they can bend reality to fit a totalitarian creed.

Islamic socialism

The ideological machinery of post-1979 Iran introduced a new hybrid: Islamic socialism. While the term may appear contradictory at first glance, it captures the unique fusion of theological absolutism with populist redistributionism. Islamic socialism is an economic-political framework that retains the authoritarian hierarchy of religious fascism, complete with doctrinal obedience and paramilitary enforcement.

At the same time, it borrows heavily from socialist structures such as centralized welfare, state control over key industries and class-based

grievance politics. Just as European fascists in the 20th century adopted socialism to win popular support while retaining autocratic control (e.g., the Nazi "Strength Through Joy" programs), the Islamic Republic has developed a theology of resistance economy. Here, economic hardship is not only tolerated but sanctified as martyrdom against global injustice. In this model, people must endure poverty collectively, heroically and violently rather than overcome it through liberal development.

Shiite theology provides the foundation for this socialist-fascist hybrid, drawing on concepts of suffering, resistance and collective martyrdom. Shiism glorifies the mustadʿafīn, a group that Islamic texts frame as the downtrodden destined for divine justice. Khomeini's revolutionary rhetoric reinterpreted this religious concept into a political-economic category, portraying the global poor — and particularly the Shia masses — as victims of Western imperialism.

Economic disparity is not a result of governance failures or global markets, but of cosmic injustice. Similar to how Nazi ideology romanticized peasant sacrifice and national suffering as the price of destiny, the Islamic Republic elevates economic deprivation into a moral calling. It framed subsidy cuts, sanctions and austerity as acts of loyalty to a divine cause.

Crucially, leaders do not just impose the model of Islamic Socialism from above; they enforce it through tribal structures and sectarian identities. It replaces civic institutions with kinship loyalty and doctrinal submission. In the Iranian-led axis, traditional tribal instincts are not suppressed but weaponized. Hezbollah in Lebanon, the Houthis in Yemen and the Shia militias in Iraq all demonstrate this structure.

War footing as the foundation of economic life

These groups offer not only salaries and protection, but welfare, housing and education — all contingent upon ideological alignment and collective loyalty. They systematically erase individualism. One's worth is not measured by merit or autonomy but by one's allegiance to the sect, the tribe and ultimately, the martyrdom cause. This mirrors how Italian fascism and German Nazism mobilized pre-modern collectivism to erase individuality and convert citizens into functionaries of myth, soldiers of a destiny beyond themselves.

In these theocratic-socialist regimes, the individual disappears as a political subject. Rather than a bearer of rights, the person becomes a vessel of duty — primarily to the sect, then to the Supreme Leader. Ideological training begins early, often in religious schools controlled by paramilitary arms of the state or proxy groups. These institutions teach loyalty not just to God but to the revolutionary cause.

The regime trains the youth, like those in Nazi Germany's Hitlerjugend, not to think but to serve and sacrifice. Hezbollah's Al-Mahdi schools and Iran's Basij indoctrination programs illustrate this well. Here, Islamic Socialism becomes a mechanism for total identity control: dictating what to believe, what to fear, who to love and who to kill. Welfare is no longer a civic right — it is a weaponized privilege, allocated according to sectarian discipline and revolutionary usefulness.

Moreover, this system depends on a dual moral economy: one inward-facing, promoting solidarity, and one outward-facing, glorifying hostility. Internally, Islamic Socialist leaders teach their communities to see themselves as pure, righteous and chosen. Externally, however, the world is divided into oppressors and enemies — whether they be the West, secular liberals, Sunni rivals or Zionists.

The state's leaders direct the economic and military engines toward this perpetual war footing. Iran's leaders speak not of GDP growth but of jihad of production and economic resistance as if commerce itself were warfare. People allocate resources not to produce prosperity but to sustain ideological conflict. They echo Nazi Germany's approach by fusing industry, propaganda and violence into a single war-making machine.

The myth of the Promised Land

Islamist regimes have spent decades weaponizing one of their most enduring myths: the belief that Israel seeks to fulfill a biblical prophecy by expanding its territory. According to this myth, Israel aims to restore the so-called Promised Land, stretching from the Nile to the Euphrates. Islamist leaders and propagandists frequently repeat this claim in Friday sermons, regime media and militant manifestos.

The narrative serves both psychological and strategic purposes by fostering a sense of perpetual victimhood among Muslim populations and justifying preemptive violence. However, no formal Israeli policy — past or present — has ever pursued such a fantasy. This contradiction between perception and reality is not an accident. It is the product of Islamic fascism.

Arab and Islamic leaders never admit that the biblical Promised Land in the Old Testament covers far less territory than Islamist propaganda claims. While Genesis 15:18 and Ezekiel 47 do reference land covenants, these verses are highly symbolic, varied in interpretation and not presented as a modern political blueprint. The more expansive version — suggesting Israeli claims over half the Arab world — is a misreading or deliberate distortion.

Even within Jewish religious scholarship, there is no consensus on whether the land covenant is literal, spiritual or eschatological. More importantly, Israel, as a modern state, has never built policy around these verses. The secular Zionist movement that founded Israel drove its actions with political pragmatism, not theological maximalism. The Israeli Declaration of Independence, for instance, contains no reference to religious prophecy as a legal or territorial foundation for the state.

Prominent biblical scholars have repeatedly argued that the Promised Land verses do not apply to modern statecraft. Walter Brueggemann, a leading Old Testament theologian, explains that the land promises in Genesis and Ezekiel symbolize divine fidelity and human obligation. Ezekiel 47:13–23 outlines a limited, region-specific territory tied to historical tribes, not a universal conquest map. Jewish exegetes widely recognize the Nile to Euphrates phrasing in Genesis 15:18 as covenantal poetry, not a literal border plan. Contemporary Jewish religious institutions and Israel's Chief Rabbinate have never endorsed any policy derived from these verses.

Oslo Accords and the recognition of a two-state framework

Israel's territorial policy shows a consistent pattern of contraction and compromise, not expansion, contrary to the myth of expansionism. After the 1948 Arab-Israeli War, Israel accepted the 1949 Armistice Lines rather than pressing beyond. In 1967, during the Six-Day War, Israel captured territory (including Sinai and the West Bank) but returned the entire Sinai Peninsula to Egypt in 1982 under the Camp David Accords. The Oslo Accords (1993–1995) and subsequent negotiations all recognized the concept of a two-state solution, even with territorial compromises. In 2005, Israel unilaterally withdrew from Gaza, dismantling settlements without a peace agreement.

These historical milestones disprove the idea of a consistent theological or messianic territorial agenda. Even in contentious areas like the West Bank, Israeli officials and lawmakers debate expansion according to legal and political frameworks rather than divine mandate.

Regimes like Iran and ideological movements like Hezbollah and Hamas treated the Abraham Accords as an existential crisis. The accords, signed between Israel and the United Arab Emirates (UAE), Bahrain, Morocco and Sudan, were a public rejection of the expansionist myth. They demonstrated that Arab nations — particularly those with strategic awareness — do not believe Israel is seeking to fulfill some ancient prophecy. These are not naïve regimes; they signed normalization agreements based on economic cooperation, technological exchange and geopolitical calculations.

The path forward

Real peace in the Middle East requires structural change. This approach rejects the shallow cycle of summit diplomacy and short-term ceasefires. Structural change demands a civilizational shift: leaders must dismantle sacralized politics and stop using religious narratives to justify power. This isn't Western-style secularism but a deliberate separation of divine claims from state rule. Only through this shift can the region build lasting peace — rooted not in utopias or despair, but in economic freedom, cultural cohesion and strong institutions.

Conservative modernism offers a clear alternative to ideological extremes. It doesn't fuse them. It escapes them. Unlike secular technocracy, which often alienates traditional societies, conservative modernism respects the cultural depth of the Middle East and promotes practical reform. It builds on Enlightenment ideals like individual liberty and economic autonomy while honoring civilizational continuity.

Its foundation rests on three pillars: economic liberalism, cultural conservatism and institutional reform. It doesn't force secularism, nor does it permit theocracy. Instead, it preserves spiritual identity while disarming messianic violence. It respects tradition without falling into tribalism, and religion without surrendering to religious absolutism.

Kemalism offers a powerful historical model within this framework. Mustafa Kemal Atatürk launched it in the early 20th century as a bold top-down effort to secularize Turkey. He abolished the Ottoman Caliphate, replaced Islamic law with Western legal codes and built a civic nationalism rooted in republican values. Kemalism stands as one of the few successful cases in the Islamic world where state institutions stripped religion of political power without erasing faith itself. Yet, the project also imposed authoritarian control, censorship and bureaucratic rigidity.

Today, the Middle East can draw lessons from Kemalism — not as a complete solution, but as a foundational blueprint. It shows how nations can curb clerical authority without destroying religious life and how civic nationalism can overcome tribal and sectarian divides by building loyalty to the state.

Kemalism needs a complement. Its authoritarian legacy demands correction through the principles of libertarianism, which counters centralized coercion. Many in the Middle East misinterpret libertarianism as a Western indulgence or a form of moral anarchy. In truth, it is a philosophy of restraint — placing clear limits on state power.

Within conservative modernism, libertarianism protects individual dignity from being sacrificed

for national unity. It upholds free association, freedom of speech, private enterprise and personal conscience as essential pillars of post-sectarian societies. When paired with Kemalist reforms, libertarianism softens the state's edges and makes room for civil liberties to thrive where ideological control once prevailed.

This fusion directly targets what I call the tribal complex — the web of kinship, patronage and sectarian loyalty that cripples modern statehood across the Middle East. In tribal systems, the individual never stands alone; he serves as a proxy for his group, bound by blood ties and religious allegiance. Tribal logic dictates political loyalty, economic access and legal protection, leaving little room for citizenship or merit.

This is the real enemy of peace: the absence of a civic concept of the individual. Kemalism dismantles tribal structures through land reform, education and militia disarmament. Libertarianism then builds the culture of self-ownership and economic agency needed to prevent tribalism's return.

Conservative modernism demands a profound psychological transformation. Middle Eastern societies must abandon the mythology of martyrdom and embrace the everyday heroism of building families, businesses, schools and institutions. Peace begins when people stop seeking symbolic sacrifice and start pursuing tangible contribution. The new citizen must become a rational actor — focused on dignity through property ownership, child-rearing and value creation. Economic liberalism, in this vision, goes beyond material systems; it launches a moral revolt against fatalism.

Turkey's potential role in reshaping the Abrahamic framework

Turkey holds the key to securing lasting peace in the Middle East through its integration into the Abrahamic framework. Turkey is a historic power. Unlike the Gulf monarchies that are dependent on petroleum dollars and foreign support, Turkey possesses the internal civilizational strength to lead. Its NATO membership, industrial capacity and nuanced relationship with Islam give it a unique ability to balance religious heritage with strategic logic. Including Turkey in the Abraham Accords would shift the regional balance. It would show that Iran's ideological barriers are not only penetrable but also collapsing.

Turkey's participation would also redefine Muslim solidarity, moving it away from perpetual hostility toward Israel and shared goals in economic growth and technological progress. A regional alliance among Turkey, Israel, the UAE and Saudi Arabia could create a new peace axis and weaken Iran's grip on ideological leadership.

The Islamic Republic of Iran remains the greatest single barrier to sustainable peace. This is not merely because of its actions, but because of its doctrine. One cannot reach a lasting agreement with a state that must, by its very ideology, destroy its negotiating partner to remain legitimate. Any peace built upon negotiation with such a regime is a ceasefire with a time limit. We must replace the Islamic Republic not through foreign war, but through internal transformation.

Regime change imposed by foreign powers breeds dependency and resentment, as seen in Iraq. Instead, change must emerge from within Iranian civil society — through education, economic empowerment and ideological detoxification. This requires long-term investment in civic literacy, especially among the youth. Only a population that understands the moral and civic basis of pluralism can dismantle a system built on sectarian fear. Empowered with economic agency and a

desacralized worldview, Iranians themselves can — and must — be the agents of transformation.

A stable society must depoliticize religion without erasing it. Secularism is not atheism or cultural erasure — it is a safeguard. By limiting the political misuse of faith, secularism protects mosques, churches and synagogues as spaces for moral reflection, not power. To end partisan abuse, sectarian violence and theocratic repression, states must build a legal firewall between belief and authority. In this separation, both faith and civic life can thrive.

To summarize the core prescriptions proposed throughout this work, the following principles outline a structural roadmap for achieving sustainable peace in the Middle East:

Depoliticize religion by enforcing constitutional secularism that protects faith while preventing its weaponization.

Embrace economic liberalism to dismantle tribal patronage and foster individual autonomy.

Redefine conservatism as civil order, family cohesion and moral continuity — not authoritarianism.

Promote education reform rooted in critical reasoning, pluralism and civic ethics over sectarian indoctrination.

Foster internal regime change in Iran and similar regimes through economic empowerment and ideological detoxification.

Reject foreign invasions, supporting revolutions that emerge organically from educated and self-actualized societies.

Integrate Turkey into the Abraham Accords to establish a strong axis of pragmatic, non-apocalyptic Islam.

Normalize ties with Israel as a regional partner in trade, security and scientific advancement — not as a messianic threat.

Fuse Kemalism with Libertarianism to combine institutional reform with civil liberty and crush the tribal complex.

Replace martyrdom cultures with economic liberalism that prioritizes life, dignity and opportunity.

Establish conservative modernism as the only viable doctrine suited to Middle Eastern reform.

[Liam Roman edited this piece.]

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China and Indonesia Need to Overcome Coal

Muhammad Zulfikar Rakhmat
August 29, 2025

Even as sea levels rise across the globe, the island nation of Indonesia eyes a lucrative $1.2 billion deal to expand coal production. This risks turning the nation's economy towards fossil fuels in a watershed moment in world history. Just as importantly, securing sustainable fuels is better for Indonesia's citizens and future.

As climate extremes intensify across the globe — from wildfires and floods to rising food insecurity — the world's largest economies are under pressure to accelerate the shift away from fossil fuels. Yet in Indonesia, a $1.2 billion investment deal, reportedly backed by a Chinese investor, is taking shape that risks pulling the country in the opposite direction — and, by extension, complicating the clean energy leadership narratives that both Chinese and Indonesian actors have worked hard to promote.

At the center of this deal is a proposed project in Kalimantan, a coal-rich region of Indonesia located on the island of Borneo, north of Java, where the capital, Jakarta, is located. An as-of-yet unnamed Chinese company is reportedly in talks to revive a stalled effort to turn low-grade coal — an abundant but highly polluting fuel — into dimethyl ether (DME), a synthetic gas sometimes marketed as a cleaner alternative to traditional cooking fuels. The Indonesian government has promoted DME as a way to reduce its reliance on imported liquefied petroleum gas (LPG). But make no mistake: this is still a coal-based project — and a carbon-intensive one at that.

Kalimantan is no ordinary location. It's a place of immense ecological importance, home to dense rainforests and rich biodiversity. It is also the planned site of Indonesia's new capital, Nusantara, envisioned as a modern, sustainable city that represents the country's future. To channel billions into fossil fuel infrastructure in such a symbolically and environmentally significant region feels at odds with that vision.

Wealth grows as governments backpedal

The potential investment is not being driven by state-led climate policy. Rather, it appears to be a profit-oriented move by a private Chinese firm drawn by the project's financial appeal. A senior official from Indonesia's Ministry of Energy recently noted that the company's internal rate of return is projected to exceed 15% — a figure that helps explain the commercial motivation, even if the environmental rationale remains weak.

This DME initiative is not new. It was initially launched in 2022 by PT Bukit Asam Tbk (PTBA), a major state-owned coal mining company under Indonesia's mining holding company, Mining Industry Indonesia (MIND ID). PTBA had partnered with the US-based energy firm Air Products, but the deal collapsed in 2023 when Air Products withdrew to redirect its investments to the US, where it could benefit from generous clean energy tax credits. Since then, PTBA has actively sought new foreign partners to fill the gap, with Chinese firms emerging as leading contenders.

Daya Anagata Nusantara (Danantara), Indonesia's sovereign wealth fund, is currently reviewing the feasibility of the project and is likely to play a central role. The fund has publicly committed to supporting clean and renewable energy, which makes its potential involvement —

financial or political — all the more consequential. Danantara's decisions will carry long-term implications not only for Indonesia's energy mix but also for its credibility as a climate partner.

This moment presents a clear fork in the road. If Indonesia and China (understood here as a broader ecosystem of companies, investors and institutions) continue to back coal-linked development, they risk doubling down on an outdated model. Yet both countries are also uniquely positioned to pursue a different path. Indonesia's vast geography offers immense potential for solar, wind and hydropower. China is home to the world's most advanced manufacturers of solar panels, wind turbines and battery storage systems.

A green future, not business as usual

To be clear, it is not certain whether the Chinese government will be involved or not. And under international norms, it cannot control the decisions of private firms operating abroad. But perception matters. Beijing has spent the past decade cultivating a leadership role in green development, especially across the Global South. If Chinese firms continue to fund fossil fuel infrastructure — even in the absence of public money — it can muddy that message.

The same is true for Indonesia. Its continued emphasis on coal, even under the guise of cleaner technologies like DME, may satisfy near-term energy goals but could deter global investors from increasingly prioritizing sustainability. The economic case for renewables is stronger than ever: Solar and wind technologies are not only cleaner but also often cheaper than fossil fuels. They also offer the potential to create more jobs, expand energy access and promote long-term stability.

It's worth remembering that this project is not a done deal. The feasibility study is still underway, and no final investment decision has been made. This gives Indonesian institutions — especially Danantara — a chance to change course. It also allows Chinese stakeholders to pivot their overseas investments toward technologies that align with their country's official climate pledges.

This is not a call to halt collaboration between China and Indonesia, far from it. The two countries have a long history of economic partnership, and that relationship could become a catalyst for clean energy development across Southeast Asia. But for that to happen, both sides need to align their incentives with a shared vision of a low-carbon future — one that avoids locking in decades more of fossil fuel dependency.

The world is watching where major economies place their bets. The smart money — and the responsible leadership — is on renewables.

[Casey Herrmann edited this piece]

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Modi at the Red Fort: An Address to Islamabad, Washington and Beijing

Om Gupta
August 29, 2025

Prime Minister Narendra Modi marked India's 79th Independence Day with his longest speech, linking national unity, foreign policy and economic strength to the vision of Viksit Bharat by 2047. He defended his government's stance on Pakistan, China and self-reliance while calling for sovereignty in energy and technology. His message signaled India's determination to resist external pressure and pursue autonomy.

In his address to the nation on the 79th festival of independence, Prime Minister (PM) Narendra Modi gave the longest speech ever by any PM. For 103 minutes, he promised to "stand shoulder to shoulder with his people" on the journey towards a $10 trillion economy by 2047 – Viksit Bharat (Developed India). He envisioned a developed India, built on the bedrock of self-reliance.

The Prime Minister's attire conveyed symbolic political messaging. His saffron turban and saffron bandhgala jacket symbolized valor and courage. He also hailed the Rashtriya Swayamsevak Sangh (RSS) as "the biggest NGO," highlighting his convictions about an organization that has dedicated itself to "vyakti nirman se rashtra nirman" (Nation-building through character-building of individuals). Modi reinforced this spirit of determination, declaring: "To build a developed India, we will neither stop nor bow down; we will keep working hard, and we will build a developed India before our eyes in 2047."

Unity and security challenges

The speech began with a call for unity in the face of adversity. Modi named the calamities India has been facing, including the landslide and cloudburst at Dharali. He reminded the nation that the journey to independence was filled with obstacles: "The aspirations of newly independent India were taking flight, but the nation was still reeling with challenges." Some of the challenges he addressed openly; others he left for interpretation.

From the ramparts of the Red Fort, Modi saluted the brave warriors of Operation Sindoor, delivering a message of resolve — a "new normal" in India's policy towards Pakistan. This should be understood in light of statements made by Field Marshal Asim Munir, who threatened India with nuclear war during his visit to the US, and Bilawal Bhutto, who accused India of inflicting "great damage" on Pakistan over the suspended Indus Waters Treaty (IWT).

These words also affirmed Modi's continued faith in India's foreign policy and the External Affairs Minister Dr. Subrahmanyam Jaishankar, who was ambushed in Parliament by the opposition over his "dealings" with Pakistan and China.

On July 29, the leader of the opposition, Rahul Gandhi, accused the government of politicizing national security and imposing operational restrictions on the military during Operation Sindoor while addressing the Lok Sabha.

He argued that the army suffered losses because the government "tied their hands," citing a presentation at a seminar in Jakarta on June 10 by India's defense attaché to Indonesia, Captain Shiv Kumar, who stated that the IAF lost fighter jets

because political leadership had constrained the military from targeting Pakistani establishments and air defenses.

The opposition's criticism extended further. On May 19, Rahul Gandhi posted on X that: "EAM Jaishankar's silence (on the number of aircraft we lost) isn't just telling, it's damning." He called informing Pakistan "at the start of [their] operation" a crime. Senior Congress leader Jairam Ramesh added that the so-called "new normal" meant that India was being hyphenated with Pakistan. These comments signaled, in the opposition's view, the failure of both Jaishankar and India's foreign policy.

In response, Modi's speech reinforced the government's stance. He declared that India will never yield to nuclear blackmail and repeated Jaishankar's Lok Sabha assertion that "blood and water cannot flow together." He stressed that after the Pahalgam attack, the government has given the armed forces a free hand to respond to terrorists. "If our enemies continue the acts of terrorism in the future, we will act accordingly. We will give a fitting and crushing response," he warned.

Self-reliance and sovereignty

Alongside foreign policy, Modi emphasized economic sovereignty. His speech was full of calls to end dependency. "Dependence on others raises questions about a nation's independence," he said. "It is unfortunate when dependence becomes a habit." He argued that self-reliance is not merely about exports, imports or currency values but about national capabilities and the strength to stand independently. The PM lauded India's achievements in defense, space, pharma and technology while urging indigenization and innovation: "Desh ka Bhagya badalna hai aapka sahyog chahiye."

Agriculture and energy security formed another major focus. Modi praised the Green Revolution for making India a net exporter of food grains, but pointed out the risks of dependence on energy imports. "If India were not dependent on energy imports, the money saved could be used for the welfare of my farmers," he said.

His appeal was not just to the farmers; it was a message to Washington. US President Donald Trump had slammed 50% tariffs on India after their trade deal collapsed due to disagreements over broader access to India's vast farm and dairy sector and singularly targeted Indian oil purchases from Russia. He called India a "dead economy" in a post on Truth Social. After cutting a deal with Pakistan to develop its "abundant" oil reserves, Trump even suggested that "India could one day buy Pakistani oil."

Modi rejected such rhetoric, asserting, "I have stood as a wall for the farmers and livestock keepers against any detrimental policy. Food security can't be left vulnerable to imports." He urged rationalizing fertilizer use, expanding domestic production and announced the launch of the National Deepwater Exploration Mission to harness offshore energy resources.

Progress in solar, nuclear, hydro and hydrogen energy marked a decisive step towards energy independence. On the dead economy rhetoric, he subtly answered, "The entire world is expressing confidence in the Indian economy. Amidst global instability, India's fiscal discipline remains a ray of hope."

Confronting China and building technology

China also loomed large in the PM's address. He cited the July exodus of 300 Chinese engineers from Foxconn's iPhone manufacturing facility in Tamil Nadu and Karnataka as an example of Beijing's attempts to restrict India's manufacturing

growth. Dr. Shashi Tharoor, Chairperson of the Committee on External Affairs, has cautioned that China's control over rare earth metals — including gallium and graphite — crucial for electric vehicles and the electronics sector in India, can limit India's advanced manufacturing knowledge and keep the country dependent on Chinese supplies.

In response, Modi launched the National Critical Minerals Mission (NCMM) to explore 1,200 sites, ensuring strategic autonomy for India's industrial and defense sectors. He also pledged that by the end of 2025, India will launch its own "Made in India" semiconductor chips, reflecting the nation's growing strength in critical technology sectors.

Ultimately, Modi's speech was not only an address to the nation but also a declaration to the world. "We will not allow even a single particle of slavery to remain in our lives, in our systems, in our rules, laws and traditions. We will not rest until we are free from all forms of slavery," he proclaimed. His closing message was clear: India will not bow to a hegemonic world, and self-reliance will remain the foundation of its sovereignty.

[Kaitlyn Diana edited this piece.]

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Is Xi Jinping the World's Number One Autocrat?

Alfredo Toro Hardy
August 30, 2025

Chinese President Xi Jinping dismantled collective leadership to consolidate control over the Communist Party and the military. His reelection at the 20th Party Congress confirmed his indefinite rule and his position as China's paramount autocrat. This concentration of power strengthens short-term stability but heightens long-term risks for China's governance and global standing.

American historian Anne Applebaum coined the term "Autocracy, Inc." to describe government leaders around the world who function like an agglomeration of like-minded people. They are not united by ideology but by a ruthless, single-minded determination to maintain their personal power. Autocracy, no doubt, has become fashionable nowadays, so much so that even US President Donald Trump would love to join the club.

However, determining who the world's number one autocrat is is not an easy task. Is it the one who is most ruthless? Or the one that has accumulated more personal power? How about the one whose

country wields more international might? Undoubtedly, harshness and a domineering nature are necessary requirements to qualify for the group. However, the defining element must come from the degree of global power held by the nation they lead. Nicaraguan President Daniel Ortega — even if utterly callous and oppressive — could never aspire to be at the top of the list.

Xi Jinping's autocracy

If that is the case, the prize undoubtedly goes to Chinese President Xi Jinping. To understand how the world's leading autocracy operates, it is essential to analyze Xi's comprehensive control over the country, considering both the negative and positive aspects that may arise from it.

The 20th Party Congress, held in October 2022, marked a significant milestone for Xi in establishing this comprehensive control. During this event, Xi was formally reelected as President, thus ending the ten-year-term limit for the nation's top leader. Although this limit had already been eliminated in 2018 via a constitutional amendment imposed by Xi, his formal reelection entailed crossing the Rubicon (i.e., the point of no return). Unsurprisingly, China's expert adjunct professor at the Chinese University of Hong Kong, Willy Lam, asserted that "Xi Jinping has become a sort of emperor for life".

To reach that point, Xi first had to overturn the system of collective leadership that had governed the country for decades. Former leader of the People's Republic of China (PRC), Deng Xiaoping, established the system after the death of Mao Zedong (the founder of the PRC), with the intention of preventing the excessive concentration of power in a single figure.

Although Deng asserted himself as the "Paramount Leader" and retained some fundamental decision-making authority, he increasingly encouraged the Politburo Standing Committee to rule collectively during the 1980s. This indeed became the nature of the Chinese ruling system under his successors, Jiang Zemin and Hu Jintao, who were just first among equals.

Decision-making under such conditions required compromise and consensus among the nine members that made up the Politburo Standing Committee. Not long after being elected, Xi managed to reduce the Committee to seven members, subduing the other six into accepting his voice as the only one that counted. Even the management of the economy, normally entrusted to the Prime Minister, passed into his hands. Surpassing even Deng's power, the degree of political control attained by Xi became comparable only to that of Mao Zedong.

A three-step process was responsible for this change. First, his sweeping anti-corruption campaign — through which he removed his rivals — was able to intimidate the other members of the Committee. Second, he created and personally chaired the so-called "Leading Small Groups", through which he bypassed the Standing Committee. Third, by 2016, he had the Chinese Communist Party (CCP) formally declare him as "core" leader.

By 2017, the 19th Party Congress had enshrined his name and ideology ("Xi Jinping Thought ") within the Party Constitution, a privilege previously reserved only for Mao. The following year, term limits for the presidency were abolished, clearing the way for Xi to rule indefinitely. Finally, his reelection in 2022. On that occasion, Xi stacked the Standing Committee and the Politburo entirely with loyalists.

Overcoming systemic risks

The key question to be asked is how Xi's autocracy has impacted the effectiveness of the

CCP regime. The truth is that, from the start of his rule, the regime suffered from multiple systemic risks — a collective mandate equated to weak leadership. Weak leadership, in turn, resulted in overly powerful factions. These were represented by the Tuanpai or Youth League faction, the technocrats graduated from Tsinghua University, the so-called Shanghai gang and the princelings or heirs to former party leaders.

Overly powerful factions meant a constant struggle between vested interests vying for dominance. More significantly, weak political leadership led to two additional problems. The first: an armed force (the People's Liberation Army [PLA]) that was utterly detached from civilian control. That is, a virtually autonomous armed force. The second: a regime that lacked the strength to stand firm against an increasingly vociferous nationalism of public opinion.

The first of such problems was severe enough. Indeed, when Xi Jinping came to power in 2012, there was concern that the civilian leadership was no longer in a position to control the military. Meanwhile, the party was plagued by corruption and internal power struggles that threatened to lead to fragmentation. The fear that the country's control of the Chinese Communist Party has entered a countdown was palpable. Not surprisingly, the last chapter of Singapore's well-known journalist Peh Shing Huei's 2014 book on China was titled "Will the Party End?".

Xi used his anti-corruption campaign not only to address this particular and pressing issue, but also as a means to eliminate his rivals and consolidate his power over the factions. Beyond the civilian establishment, the campaign also served as a proper tool to subdue the military's independence.

The sheer scale of his anti-corruption crusade defied imagination, with millions of civilian party members and military officers being investigated and sanctioned. Not even members of the party's powerful Politburo or the cabinet were spared from this onslaught. At the same time, more than two dozen high-ranking generals were sanctioned.

Furthermore, Xi's militant and assertive nationalism has served to create a connection with a public opinion that exhibits strong nationalist tendencies and desires for its country to be respected globally. Indeed, according to the Chinese Citizens' Global Perception Survey 2025, 72% of those surveyed believed that China was the most influential global power. Xi's position has thus helped to restore the party's legitimacy in the eyes of its population.

Autocracy's inherent risks

It would seem, thus, that Xi's autocracy brought overly powerful and fractious factions and the increasingly independent military under control, while restoring the party's damaged legitimacy. However, things are not so simple. The collective leadership system entailed a simultaneous institutionalized mechanism of governance and succession. Under autocratic leadership, not only do the limits on a single figure's power disappear, but so do the limits on the length of his term.

Autocracy has its own inherent risks. For every Deng Xiaoping or Lee Kuan Yew (former Prime Minister of Singapore) — extremely efficient autocrats who brought about immense advances in their societies — there are dozens of autocrats who have led theirs to decline or collapse. That becomes the obvious risk when the fear imposed by an all-powerful figure doesn't allow bad news from flowing into the top, when the errors of judgment of a single person affect the entire system or when getting rid of a bad leader ceases to be an option.

The fact is that Xi has created multiple problems for his country, both on the economic and international fronts. His zero-COVID policy, initially presented as a success, turned out to be an utter failure. Inflexibility in changing course translated into a drastic deceleration of the country's economic growth and the fracturing of its supply chains.

Compounding the long lockdown imposed by this policy, other policies, such as the overregulation of the country's private sector, particularly in the high-tech industry (where the bulk of its productivity resides), and the imposition of restrictions on foreign investments, led to a serious economic downturn.

Both private consumption of durable goods and private investment fell dramatically, while a worrying deflationary trend emerged. Xi's emphasis on security over economics didn't help much. Adam Posen, President of the Peterson Institute for International Economics, spoke of an "economic long Covid", represented by a decline in household and business confidence, brought on by rigid and arbitrary government intervention.

Under Xi Jinping's leadership, China has also become increasingly assertive in relation to its regional geopolitical aspirations, boasting about its capabilities and global goals, and confrontational in its international interactions. Moreover, China began showing a linear rigidity in its actions that contradicted the sagacity that had been the country's trademark during much of the preceding decades. All of it invited a massive reaction.

The hedgehog or the fox?

The country (at least before Trump 2.0 turned America's alliances upside down) was confronted by a gigantic geostrategic containment block, integrated by nations, mechanisms and organizations of four continents. As a result of Xi's actions, the costs associated with the attainment of China's regional and global objectives skyrocketed.

All of this relates to British philosopher Isaiah Berlin's famous metaphoric distinction between the hedgehog and the fox. As he explained, while the spiky creature subordinates everything to a single central vision, the soft-hairy fox pays more attention to the swamps, deserts and chasms that might appear along the way.

By rigidly and obsessively following the dream of national rejuvenation — when the country would attain global leadership — Xi's China is clearly following the hedgehog path. The inflexibility shown in this regard has not only substantially increased the costs of achieving its aims, but also goes against the subtle cleverness normally associated with that ancient civilization. One, where the attributes of the fox, and not those of the hedgehog, have been traditionally praised.

But not only is China unavoidably stuck with this rigid autocracy, with no change in sight, but the risks regarding Xi's succession are unmistakably high. Should this overweight and overworked septuagenarian die, the country would be in great danger.

The complexities of political succession under Xi Jinping

Indeed, throughout its history, the PRC has experienced several traumatic episodes of political succession. From the mysterious death of Lin Piao (Mao's first designated heir) to the arrest of the so-called "Gang of Four" who attempted to seize power upon his death, to the political marginalization of Mao's last appointed successor, Hua Guofeng and the ostracism of Deng's first designated successor, Zhao Ziyang, this has always been a complex chapter under the CCP regime. By abandoning the institutional and predictable rules

of succession inherent in a renewable and collective leadership, the risk of leaping into the void has increased significantly.

From the Chinese communist regime's perspective, Xi Jinping's autocracy represents a mixed bag. On the one hand, it has clearly unified the party, restored its control over the PLA and increased its legitimacy in the eyes of the people. On the other hand, however, it has set in motion the spiral of risks normally associated with regimes where a single figure monopolizes power.

Xi's political rigidity and the lack of alternatives to his leadership have multiplied the country's problems both domestically and externally. Furthermore, the dangers involved in his succession have skyrocketed. Ultimately, while Xi Jinping's autocratic approach has brought certain efficiencies and a semblance of stability, it has also deepened vulnerabilities that may pose significant challenges to China's future governance and global standing.

[Kaitlyn Diana edited this piece.]

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