

# Fair Observer

Monthly



January 2026

**Fair Observer**  
Independence, Diversity, Debate

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# Fair Observer

## Monthly



January 2026

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[www.fairobserver.com](http://www.fairobserver.com) | [info@fairobserver.com](mailto:info@fairobserver.com)

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# ABOUT FAIR OBSERVER

Fair Observer is a nonprofit media organization that engages in citizen journalism and civic education.

Our digital media platform has more than 3,000 contributors from 90 countries, cutting across borders, backgrounds and beliefs. With fact-checking and a rigorous editorial process, we provide diversity and quality in an era of echo chambers and fake news.

Our education arm runs training programs on subjects such as digital media, writing and more. In particular, we inspire young people around the world to be more engaged citizens and to participate in a global discourse.

As a nonprofit, we are free from owners and advertisers. When there are six jobs in public relations for every job in journalism, we rely on your donations to achieve our mission.

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# MAGA's Trans Strawman: All Filler, No Brain

Leah Schmidt  
January 01, 2026

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**Make America Great Again-aligned media and politicians exploit a “trans strawman,” portraying trans people as violent or manipulative despite evidence showing they are overwhelmingly victims, not perpetrators, of violence. This scapegoating amplifies fear, justifies discriminatory policies and distracts from real societal threats like far-right radicalization. The rhetoric endangers trans lives while undermining truth and democratic accountability.**

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When alt-right YouTuber Charlie Kirk was assassinated during a speaking event at Utah Valley University on September 10, Make America Great Again (MAGA) politicians, conservative influencers and President Donald Trump himself leapt to immediately frame the shooter as trans, based on rumours that ammunition was engraved with “transgender and anti-fascist ideology,” a claim amplified across MAGA-aligned media despite law enforcement caution that such early information was unverified.

Contrast that with the June assassination of Minnesota House Speaker Melissa Hortman, which failed to gain as much press coverage from the GOP or the Democrats. While Kirk is getting flags flown at half-mast, Democratic Hortman’s death received no such attention.

There is now an obvious pattern: in late August 2025, the tragic Minneapolis church shooting became yet another political flashpoint in an already crowded news roster of politically motivated shootings. Despite few confirmed facts, right-wing figures like Representative Marjorie Taylor Greene seized on the shooter’s supposed trans identity to post on X, “If they [trans people] are willing to destroy themselves and how God made them, then they are willing to destroy others.” Far-right provocateurs like Laura Loomer called for banning trans children from schools. President Trump declared that the Department of Justice would look into banning trans persons from owning guns, a move which unexpectedly rallied the National Rifle Association (NRA) to defend trans gun ownership rights.

Minneapolis Mayor Jacob Frey condemned hatred being directed at “our transgender community” despite calls for trans exclusion from some of America’s most powerful politicians.

But one key fact is always ignored: Trans individuals account for only about 0.1% of mass shooters, a statistically negligible fraction.

Why then is the claim that trans people are exceptionally violent and a threat to social order so pernicious under MAGA that narratives of “trans violence” can grow and spread so quickly?

The answer is simple and requires a return to an old MAGA favorite: **the trans strawman.**

## What is the trans strawman?

A strawman fallacy is a common rhetorical tactic. In short, it is a purposeful misrepresentation of your opponent’s position, turning their claims into weaker, distorted versions that are easier to attack. Instead of engaging with the real argument, they argue against this made-up “strawman.” A strawman is not about persuasion through reason

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or evidence. It is about creating a caricature of an opponent that never existed, then claiming victory after tearing it down.

Strawmen give the illusion of argumentative victory while sidestepping the harder work of grappling with facts, nuance and the lived realities of the people being discussed.

In MAGA's narrative, "transness" is malleable: it opportunistically becomes whatever fits the moment. For example, trans people are simultaneously portrayed by MAGA as:

Innocent, gullible children in need of urgent adult guidance. Devious manipulators infiltrating politics, schools and even airlines. Weak, un-American pacifists. Predatory "Nihilistic Violent Extremists", even though trans Americans are over four times more likely than cisgender people to be the victims of violent crime, and there is not a single trans person identified in the ongoing Epstein files releases.

These portrayals are contradictory and illogical. Transness has become Schrödinger's scapegoat: alternatively weak or dangerous when convenient. Meanwhile, the famous faces of the American right continue to get their own form of gender-affirming care via enacting the aesthetics of the "Mar-a-Lago face."

To MAGA, the contradictions and hypocrisy do not matter. What matters is that "trans" becomes a floating scapegoat, easily refashioned to fit whatever social evil the right needs to demonize at the moment.

### **Why transness works as a scapegoat**

Because the American trans population is numerically small and marginalized, they make an easy target. A recent analysis by the University of

California, Los Angeles's (UCLA) Williams Institute reveals that over 2.8 million people in the United States, including approximately 724,000 youth aged 13–17, identify as transgender. That corresponds to roughly 1% of Americans aged thirteen and older: 0.8% of adults and 3.3% of teenagers. These individuals also endure disproportionately high levels of poverty, discrimination and barriers to health care.

In short, trans people are numerically small, politically underrepresented and socially marginalized, making them the perfect scapegoat: comparatively fewer Americans know an openly trans person, and systemic marginalization makes collective resistance difficult under capitalism.

### **The real costs**

Meanwhile, real trans lives are being dismantled. Policies banning gender-affirming care, erasing trans identities in federal documents and excluding trans youth from sports are sweeping the Anglosphere, from Alberta across London and to Texas — all while playing on this same baseless strawman of a "trans threat."

Trans individuals are not just enduring constant legislative attacks: they face very real violence. The US Transgender Survey, the largest of its kind, documents alarming levels of sexual assault, systemic discrimination and economic hardship. These are not abstract numbers — they reflect daily realities of health care denial, workplace discrimination and threats to physical safety.

Meanwhile, the same right that weaponizes "trans identity" also ignores the epidemic of violence carried out by cisgender men radicalized by far-right extremism, which has been named the most common ideological motivator behind US domestic terrorism these past few years.

### **What does the trans strawman say about us?**

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This is not just a worrying narrative for trans rights. It is also telling how modern far-right politics are increasingly targeting any group perceived as “other,” building on a long history of scapegoating vulnerable groups. Today, it is trans people; tomorrow, it could also be any other marginalized community. Whichever group is politically convenient to blame because they cannot fight back: materially, politically or culturally. MAGA’s “trans strawman” is not just fundamentally wrong; it is democratically dangerous. It normalizes identity-based scapegoating and ignores facts during a time of already exigent political crisis

If we accept the transstrawman narrative, we choose fear and fiction over empathy and facts. We let a small, vulnerable population bear the blame for societal ills they did not create. We let the true threats to democracy: violent masculinity, economic inequality, disinformation and far-right radicalization, go unaddressed.

## The provocation

So, here is the challenge: dismantle the strawman. Push back. Demand facts. Resist fear. Trans people are real, flesh-and-blood humans, not convenient political symbols or caricatures. And you might even know someone who is trans who is unable to come out due to fear and threats this might engender.

Meanwhile, the number of trans people who were murdered in the US nearly doubled between 2017 and 2021, most of them trans women of color. Each death is a reminder: rhetoric is not just words. When lies about “predatory” and “violent” trans people circulate unchecked, they pave the way for real bloodshed.

The lives and rights of the trans community matter. And America deserves a politics grounded in

reality, not projection, because protecting trans lives means protecting democracy itself.

[Kaitlyn Diana edited this piece.]

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**L.M. Schmidt** is the Rising Expert on gender at Young Professionals in Foreign Policy (YPFP). Currently, she serves as a research fellow at the North American and Arctic Defence and Security Network and as co-Editor-in-Chief of The Cambridge Review of International Affairs. She is a 2025 Pierre Elliott Trudeau Foundation scholar and a PhD candidate in gender studies at the University of Cambridge.

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## Somalia Must Confront Israeli Neocolonial Exploitation of “Somaliland”

Yusuf M. Hassan  
January 05, 2026

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**Israel’s recognition of Somaliland is a neocolonial exploitation project that serves Israel’s security interests and threatens to unravel a delicate peace, order and balance of power in Somalia. There are major regional powerplays at hand, but the move provokes Somali internal rivalries and accelerates radicalization and extremism. Ultimately, Israel’s decision has major implications for order and cohesion in post-colonial Africa.**

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**T**his is not merely about “Somaliland”. This is about Africa and the principle that Somalia’s borders cannot be altered without the consent of its people and institutions.

Israel’s recognition of the self-declared “Republic of Somaliland” is a neocolonial exploitation project of a complex, deeply divided region in northwestern Somalia. It is a violation of Somalia’s sovereignty, unity, political independence and territorial integrity, as Somali President Hassan Sheikh Mohamud rightly declared during an address to a special joint session of the two Houses of Federal Parliament in Mogadishu. President Mohamud further noted how Israel’s controversial and unilateral decision was a “threat to the security and stability of the world and the region.”

Another senior Somali Cabinet official demanded that Israel “abide by international law,” as international and regional organizations, including the UN, the League of Arab States, the Organization of Islamic Conference and the African Union — all of which Somalia is a Member State — as well as the European Union and the Gulf Cooperation Council (GCC), strongly declared opposition to Israel’s decision.

The Israeli move was also widely rejected across the globe, including in China, Nigeria, Pakistan, the UK and the US, where the State Department declared the US recognizes one Somalia “which includes the territory of Somaliland”. Israel’s tactical decision overlooks the inconsistency of its foreign policy, particularly when juxtaposed with Israel’s own refusal to recognize an independent Palestinian state. The UN called for an emergency session to discuss Israeli recognition of “Somaliland”, in a discussion entitled “Threats to International Peace and Security”.

No political observer of Somalia missed the underlying irony of Israel’s recognition of Somaliland. After 35 years searching for international recognition, Israel became the first and only UN Member State to recognize Somaliland, a sub-national entity in Somalia that unilaterally declared independence in 1991 after claiming that the former Barre dictatorship in Somalia committed the Isaaq genocide in the 1980s. The Isaaq are the predominant Somali clan group in the central regions of Somaliland, surrounded by Darod clan groups to the east and south and Dir clan groups to the west.

In October 2025, a UN inquiry found that Israel had committed four acts of genocide in Gaza. A demonstrably ironic political act is that the proclaimed victims of the Isaaq genocide celebrated recognition from a state that committed genocide in Palestine.

### **Israel’s motivating factors**

Somalia’s greatest asset has always been one of its greatest curses. The country’s geographic location, at the crossroads of global shipping lines that connect Africa, Asia and Europe, continues to attract regional and global competition for power. Even before Israel’s unilateral recognition of Somaliland, which did not come as a surprise to political observers aware of Somaliland’s long quest for Israeli validation as a sovereign state, Taiwan had recognized Somaliland and established a de facto embassy in Hargeisa. So, why is Israel interested in setting up a foothold in Somaliland? To unpack this, we must first understand the regional context.

In their response, international actors sought to emphasize the importance and relevance of international law, grounded in legal and political principles that aim to prevent the recognition of separatist states in Africa, which could lead to deeper instability, ongoing secessionist claims, and

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the undermining of order and political cohesion, thereby destabilizing the entire African continent.

In addition, Africa has never allowed an external actor, Israel or otherwise, to lead formal recognition of any new African state, including the only two nation-states to gain independence in post-colonial Africa, namely Eritrea and South Sudan. In this respect, it is highly unlikely that African nations would follow Israel's decision, which is motivated by its own strategic considerations, such as ongoing military conflicts with a number of regional actors, including Hamas in Palestine, Hezbollah in Lebanon, Houthis in Yemen, Iran and even the new leadership in post-Assad Syria.

In particular, Houthi maritime operations in the Bab al-Mandab Strait, a strategic waterway connecting the Red Sea to the Indian Ocean, forced shipping lines to reroute around Africa, "driving up transit times, insurance premiums, and energy costs". This is one of Israel's top strategic objectives in recognizing the separatist Somali region. The strategic location of northwestern Somalia's proximity to the Bab al Mandab Strait, across from Yemen, provides Israel a military foothold to confront and potentially neutralize Houthi forces who have targeted the Israeli economy through maritime military operations.

Second, as voiced by Somali government official Ali Omar, one of Israel's motivating factors is its pursuit of "the displacement of Palestinians from Gaza". After two years of Israeli bombardment, targeted killings, and the destruction of critical infrastructure and the local economy of Palestinians in Gaza, leading to starvation, Israel proposed to relocate Palestinians to Somaliland as part of a wider strategy to forcefully dispossess Palestinians of their rightful homelands.

A third and equally important reason for Israel's recognition of Somalia's separatist region is to use Somaliland as a bargaining chip in negotiations with the Kingdom of Saudi Arabia to join the Abrahamic Accords; recently, the Saudi leadership expressed openness to join the Accords, conditional on a "clear path" to the emergence of a Palestinian state. In future negotiations, it is entirely plausible for Israel to rescind its recognition of Somaliland if Saudi Arabia reverses its principled position in defense of a Palestinian state.

Israel's decision also aims to use Somaliland as leverage against Turkish influence in Syria and East Africa. Türkiye has invested massively in Somalia since 2011, with Ankara and Mogadishu signing strategic military and commercial partnerships.

Fourth, Israel is also betting on capitalizing on existing infrastructure in the Port of Berbera, expanded under an investment agreement with the United Arab Emirates (UAE) in 2017, and on attracting American support by leveraging Berbera as a base to counter the Chinese military presence in neighboring Djibouti. Others have proposed that India can use Somaliland to also counter Chinese interests in Africa. Clearly, this is not about recognizing Somaliland as a self-governing "beacon of democracy" in an erstwhile volatile region, but rather as a pawn in a broader geopolitical war involving global and regional powers vying for strategic dominance, competing economic interests, and control over vital maritime routes and natural resources.

President Mohamud's incoherent foreign policy has continually sent mixed signals to global capitals. While his administration maintains close relations with Türkiye and Qatar, unpredictable relations with Ethiopia, Egypt, the US, UK, EU and the UAE have been characterized by a lack of a principled and strategic foreign policy.

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## Somalia's failed leadership

Hassan Sheikh Mohamud must resign in shame. A day before Israel's unilateral recognition of "Somaliland", President Mohamud's administration organized the first direct municipal elections, which occurred peacefully in Mogadishu for the first time in nearly 60 years, celebrating a major political milestone. Israel recognized Somaliland the next day, abruptly curtailing President Mohamud's celebratory mood. Mohamud has served as President of Somalia for eight of the last 13 years, wielding significant influence over the country's political trajectory, including its foreign policy. He was first elected in 2012 and re-elected in 2022 after losing to Mohamed Abdullahi Farmajo in the 2017 election.

In 2020, then-President Mohamed Abdullahi Farmajo was on the verge of arriving in Hargeisa to meet the Somaliland leadership as part of a mediation effort led by the Ethiopian prime minister, Abiy Ahmed. The former Farmajo administration had offered a number of concessions to Somaliland, including constitutional reforms, joint management of aviation and even the position of Prime Minister uncontested for a period of ten years.

Unfortunately, President Mohamud did not continue those efforts, which began in 2012 and were mediated by the UK, Djibouti and Türkiye during different rounds of political negotiations; instead, since 2022, President Mohamud chose to ignore Somaliland or use empty words about brotherhood and unity, without any substance. As such, President Mohamud will bear major responsibility for failing to lead Somalia and uphold the country's fragile unity and territorial integrity.

Domestically, President Mohamud's strategy of empowering Mogadishu and ignoring other domestic stakeholders, including Puntland,

Galmudug and Jubaland states, further deepened the political fragmentation in Somalia that facilitated exploitation by foreign powers, at the expense of the Somali people. Instead of fostering a consultative national process and embedding federalism, President Mohamud's Mogadishu-centric political approach alienated key domestic stakeholders and propelled clan competition. His administration mismanaged and utilized international donor support as a political tool to empower political entities that support him and weaken opposition domestic actors.

Political representation and accountability were severely eroded, as his administration co-opted the two Houses of Federal Parliament, nominated ambassadors along clan lines and used military force in an attempt to dismantle the Jubaland state leadership, a move that failed with catastrophic consequences.

President Mohamud also failed to capitalize on the Las Anod uprising, when the Somaliland military launched indiscriminate attacks on civilian infrastructure in Las Anod in 2023, sparking an eight-month conflict that led to the defeat of the Somaliland army, including the capture of Somaliland prisoners and seizure of military equipment. Mogadishu later recognized the Northeast State in 2025, which reduced "Somaliland's territory to about 45% of the former British Somaliland" and has considerably weakened Somaliland's claim to independence.

This was a moment for President Mohamud to reaffirm Somali unity, show the world that the territories Somaliland's separatist leaders claim were not a monolithic entity, support pro-union forces in Las Anod, and condemn the military aggression and violence against civilians by the Somaliland forces. President Mohamud failed to make strategic decisions, remained indecisive, politically weak and lacked a clear vision on how to handle a national crisis, perhaps with his

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decision-making judgment clouded by political considerations and foreign influence. All these efforts weakened political cohesion, undermined the united front against armed extremist groups such as Al Shabaab, and deepened clan distrust and hostilities.

## Danger ahead

Israel does not understand the Somali people, nor can it be expected to. Israel reached a decision purely assessed through the prism of its own survivalist and security considerations, aiming to expand territorially through a process of violent colonialism in the name of self-defense. The Somalis are an ancient civilization that inhabits four countries in the Horn of Africa. There are conflicting historical, social, political, economic and security factors at play, both visible and invisible — not only within Somalia, but also within the boundaries Somaliland claims.

Israel's narrow focus on the Bab al-Mandab, the Port of Berbera and regional powerplays fails to take a full view of the surrounding complexities: a legacy of dictatorship and civil war; clan boundaries; political conflicts; and extremist violence. Already, we are witnessing how global competitions, such as Ethiopia vs Egypt, China vs the US/India/Taiwan, Qatar vs the UAE and now, Türkiye vs Israel, just to name a few, are impacting and worsening internal rivalries. The loser on all sides is the Somali people, betrayed by a self-serving political class and blinded by ancient clan animosities.

This is not merely about Somaliland. This is about Africa and the principle that Somalia's borders cannot be altered without the consent of its people and institutions. Upholding this principle is essential for long-term peace, national unity and democratic legitimacy — failure to do so risks creating new generations of radicalized youth, in Somaliland, most prominently. If not addressed

correctly and urgently, we will witness worsening internal fractures and fragmentation, deeper economic decline and institutional instability unseen in the past 35 years.

The calls to defend Somalia's dignity and boundaries are growing — being heard in every Somali-speaking household, that the enemies who seek to further divide and weaken this ancient nation are at the gates. This strategically failed approach undermines decades of US-led intervention learned and shaped through experience since the 1990s UN peacekeeping mission, founded on the policies of pragmatic engagement, tailored support and a hands-off approach to Somali internal politics, clan dynamics and balance of power.

Above all, the issue of “Somaliland” is a Somali issue before it is an African or regional issue. It is an unresolved, dormant volcano waiting to explode. Without a doubt, unless reversed, Israel's move threatens to accelerate further instability, embolden clan violence, undermine regional security, and deepen radicalization and extremism unseen since the Ethiopian invasion of Mogadishu in 2006. We cannot predict the future, but we are certain of one thing: Somalis will violently reject colonialist exploitation in all its forms, as they have done in the past.

[Kaitlyn Diana edited this piece.]



**Yusuf M. Hassan** writes political commentary on Somalia and the Horn of Africa. He previously worked as a managing editor for a Somalia-based media group and as a policy researcher for civil society organizations. He has also held senior roles as a government communications adviser and as a country director

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for an international development organization. His writing has focused on federalization and constitutional governance, democratization and elections, media freedom, and advocating for leadership, policy and institutional reforms. *CNN* and the *New York Times* have interviewed him on Somali affairs, and his work has appeared in the *Detroit Free Press*, *Global Post*, *Fair Observer* and *African Arguments*.

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## The US Invades a Latin American Country — Again

Gary Grappo  
January 07, 2026

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**On January 3, US President Trump announced the capture of Venezuelan president Nicolás Maduro by the US military during an overnight invasion of Venezuela. America's long history of failed foreign interventions suggests that a US occupation of Venezuela may not be a smart move. Maduro's capture will most likely tarnish the US's global image, with many already questioning US motivations.**

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I woke up Saturday morning to the shocking news that US President Donald Trump had ordered the US invasion of Venezuela and the removal of its unanimously declared illegitimate president, Nicolás Maduro. I was nearly incredulous when I saw the news. I say nearly only because in the lead-up to Maduro's removal, Trump had given mixed signals about his intentions in Venezuela. After all, this is a president who relishes keeping his enemies off

balance. That might have seemed a good tactic to pressure the Venezuelan caudillo to abandon Caracas for a comfortable retirement in Moscow, some Russian Black Sea resort or the Middle East.

Having served as a senior US diplomat in Iraq during the US occupation of that country and as a member of the US armed forces in Southeast Asia during the Vietnam War, I witnessed firsthand how such undertakings can quickly turn sour.

### America's unlearned lessons

The American track record of invading foreign countries, ousting leaders it didn't like and installing more acceptable ones has not been a good one. Vietnam, Afghanistan and Iraq turned out disastrously for America, despite some initial positive results. Latin America, with the possible exception of the arrest of Panama's de facto ruler, General Manuel Noriega, in 1989, has been an especially bad region for American adventurism. The expression, "Yanqui go home," was born south of America's border some 125 years ago with invasions, covert actions and occupations on some dozen or so occasions, and in some countries — in particular Cuba and Haiti — multiple times. In Nicaragua, where I also served as a US diplomat, people remember America's history of coming in uninvited. Although some entrenched, well-monied pro-US classes were happy to do America's bidding, running the country afterwards.

Have the Americans not learned the lessons of history? The long and short answer is that while many Americans have, US leaders become seduced by the idea, "We can do it differently." In his post-invasion press conference, Trump shockingly declared, "We will run the country." Even more astonishingly, he said it won't cost the US anything because US oil companies will come in, revive its flagging oil sector and produce the

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revenue necessary to get the country back on its economic feet.

America and the world have heard it all before. Call it the great deception. Somehow, the new crowd — be it Lyndon Johnson, George W. Bush, Donald Trump and others before them — believes that American ingenuity and determination “will get it right this time.” It’s a tantalizing mirage that seemingly appears regularly throughout 19th and 20th-century US history. It has reappeared in this century.

### **It's worth asking, “Why Maduro?”**

Maduro, as oppressive as he was in his own country, presented no verifiable threat to the US. The effective blockade of tankers carrying Venezuela’s oil abroad, on which Maduro’s regime depended for vital hard currency earnings, would have eventually strangled the nation’s finances and created conditions for Maduro’s fall. Trump’s repeated references in his Saturday press event to Venezuela’s oil resources raise justified concerns for Americans. Is that what this is all about? Doesn’t the US have what it needs? For now, yes. Even so, aren’t there plenty of countries willing to sell America their oil? Yes. Shouldn’t we be investing in renewable energy sources as China and others are now doing? Yes again.

Opposition to invading a foreign country, however, shouldn’t prevent anyone from celebrating the removal of a brutal and much despised dictator, at home, in the region and around the world. Maduro stole the presidential elections in August 2024, which he verifiably lost by a wide margin. He and his autocratic predecessor, Hugo Chávez, destroyed one of Latin America’s most thriving democracies and prosperous economies. Since 2015, an estimated eight million Venezuelans have been forced to flee the country, more than a quarter of its population then. They took refuge mostly in the US but also in

neighboring countries and in Europe. They are justifiably celebrating Maduro’s ouster.

And while he was not the real drug threat the US administration cast him to be — that would be the flow of fentanyl into the US primarily through Mexico — he did little to thwart what modest flows emanated from or passed through his country. And he likely took his cut of the profits. He will deserve whatever judgment the US courts find against him.

### **Venezuelan governance or American occupation?**

So, what comes next? America running the country cannot and should not be the answer. As euphoric as many Venezuelans may be to see Maduro’s departure, they will be anxious to take back the country they began losing in 1998 following Chávez’s first election as president. Many will want to see the real winner of the 2024 election, Edmundo González, in the office he legitimately won. And what of María Corina Machado, a hugely popular Venezuelan politician forced into exile by Maduro and the 2025 Nobel Peace Prize winner? She would have run in the 2024 presidential election had she not been illegally barred and removed from the ballot by Maduro.

These are all decisions for Venezuelans, not the US. They won’t want the Americans to decide the country’s political and economic future, especially in regards to the management of their oil resources. Now that the usurper of their democracy has been evicted from the presidential palace in Caracas, they do not want it reoccupied by some Yanqui overseer.

Aside from the predictable reaction of Venezuelans to a US occupation, there is the looming question of how the US will do it. The occupation of Iraq was accomplished with more than 150,000 troops and thousands more

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diplomats, aid workers, various advisers and myriad contractors, not to mention thousands of forces and diplomats from countries that were also involved in the Iraq transition. It was costly and plagued with problems, despite the many experts from the Pentagon, State Department, USAID and elsewhere who eventually were able to manage an acceptable turnover to the Iraqis. Such experts are now long gone from the State; USAID no longer exists. Most in the Pentagon are already preoccupied with Russia's occupation of Ukraine and threatening behavior toward Eastern Europe, and with America's major challenge, China.

Does the US even have the depth of personnel resources with the necessary expertise to effectively manage a peaceful, democratic transition in Venezuela? If, as Trump asserts, America will run the country, then specifically who does he have in mind? What is the plan and who will be in charge of executing it? How long will it take? What resources will be necessary? Even if Venezuela can eventually be self-supporting, its oil sector will likely take years to resume what had once been normal operations.

A democratic transition also assumes that there will be no resistance. Has the Trump administration considered how troops and police forces loyal to Maduro might react? In 2003, the Bush administration didn't, and America and Iraq paid an enormous price in lives and resources for its unpreparedness. Former Iraqi forces opposed to the US, terrorists from elsewhere in the Middle East and Iran wreaked havoc in the country. There's no word yet at this early stage, but it's safe to assume that some, perhaps many, Venezuelans may decide to take up arms against whatever follows, especially if the occupation drags on. Will the US be expected to confront them? If not, then who? And if so, is the US prepared for a protracted, perhaps low-grade guerrilla war? The American people have been down that road before

and likely won't be happy. Nor will neighboring countries.

### **Another self-inflicted blow to America's image**

International reactions have been predictably critical of Trump's decision. Some have chosen to be quiet, especially America's allies. Countries in Latin America are especially angered. Mexico is left to wonder if it may be on Trump's hit list now. Action against Mexico would be exponentially worse and troublesome for the region and the US. There is also the Panama Canal and Greenland, both of which Trump has claimed should be American. The US action also undermines the world's opposition to Russia's invasion of Ukraine.

So, are we back to the 18th and 19th centuries, when larger nations snatched up smaller ones for no other reason than they just could under whatever guise was fabricated? If so, China's plans in Taiwan become more probable. Ditto its actions in Myanmar, Rwanda's in the Democratic Republic of Congo and Ethiopia's in Eritrea. However despicable Maduro, America's action does not augur well for the rule of law or the international order America helped to establish. America's already declining image abroad has just taken another major blow, this one self-inflicted, like so many previous.

This is a destructive act for America itself. Congress does not appear to have been consulted. In fact, the US administration may have lied to Congress when its senior representatives told members of Congress that the US does not support regime change or military action in Venezuela. Where and how will the administration get the funding required for running Venezuela? Will an already supine Congress simply give in to an increasingly autocratic president?

Trump's MAGA base cannot be pleased. Having supported a president who promised no more wasteful foreign wars, they must now ponder their president having started one of his own. The rest of the country is also feeling unsettled. America has been down this road of foreign wars it started before, only to watch the bus drive off the cliff in terms of lives lost, limited resources expended and increased national debt.

Trump claims he has brought justice to Maduro and Venezuela. At what cost?

[Cheyenne Torres edited this piece.]



**Gary Grappo** is a former US ambassador and a distinguished fellow at the Center for Middle East Studies at the Korbel School for International Studies, University of

Denver. He possesses nearly 40 years of diplomatic and public policy experience in a variety of public, private and nonprofit endeavors. As a career member of the Senior Foreign Service of the US Department of State, he served as Envoy and Head of Mission of the Office of the Quartet Representative, the Honorable Mr. Tony Blair, in Jerusalem. Grappo held a number of senior positions in the State Department, including Minister Counselor for Political Affairs at the US Embassy in Baghdad, US Ambassador to the Sultanate of Oman, and Charge d'Affaires and Deputy Chief of Mission of the US Embassy in Riyadh, Saudi Arabia. From 2011–13, he was President and CEO of The Keystone Center. He currently serves as CEO of Equilibrium International Consulting, providing analysis and policy guidance on foreign affairs to businesses, institutions and the media. Grappo is the former chairman of the Board of Directors at *Fair Observer*.

## China-Japan Tensions Rise to Highest Levels Since World War II

Atul Singh  
January 08, 2026

**Japanese Prime Minister Sanae Takaichi's comments on Taiwan in response to a parliamentary question have triggered a furious response from China. Beijing is using diplomatic, economic and military levers to crank up the pressure on Tokyo. As often, the dark shadow of history inflames the current crisis, and the risk of conflict in East Asia is rising.**

**O**n November 7, Japanese Prime Minister Sanae Takaichi declared in parliament that an attack on Taiwan by China's People's Liberation Army (PLA) would create "a situation threatening Japan's survival." She has made overt what Japanese diplomats, intelligence officials and military officers have hitherto said in private: Japan could intervene militarily if China invades Taiwan, exercising "collective self-defense."

Our Japanese sources are worried about the increase in China's defense budget and military capabilities, as well as Beijing's growing aggression toward its neighbors. Their worries have been confirmed by China's furious reaction to Takaichi's speech. Beijing has demanded that Japan "fully repent for its war crimes" and "stop playing with fire on the Taiwan question." Note that this over-the-top reaction comes after almost two years of deteriorating relations:

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The Chinese Communist Party (CCP) has launched a global diplomatic campaign against Japan. Beijing is also putting immense economic pressure on Tokyo to hurt Japanese businesses and taxpayers. The tensions have escalated to limited military actions, which are short of clashes but are increasingly dangerous.

Diplomatically, China is painting Japan as an aggressor. They point to Japan's brutal colonization of Taiwan and parts of China as evidence of mala fide intentions. The CCP is peddling the narrative that Takaichi is an aggressive nationalist who aims to undermine Chinese sovereignty. They also paint her to be an unqualified, inexperienced and irresponsible leader. This Chinese narrative seeks to weaken Takaichi's ability to govern Japan and damage her international reputation.

In a now-deleted social media post, a Chinese diplomat in Osaka commented that "the dirty neck that sticks itself in must be cut off." This post was seemingly directed at Takaichi, as the post was linked to a news article on the prime minister's Taiwan remarks. The various arms of the Chinese government have been singing in one chorus condemning Takaichi for launching a new era of aggressive Japanese nationalism. Foreign Minister Wang Yi's claim that Japan has crossed a red line and that all countries have the responsibility to "prevent the resurgence of Japanese militarism" has upped the diplomatic ante.

FOI Senior Partner Glenn Carle, a retired CIA officer who now advises companies, governments and organizations on geopolitical risk, believes China's diplomatic outrage to be "a tempest in a Beijing-made teapot." He points that China has been pushing nearly all its Asian neighbors around, notably in the South and East China Seas. Most recently, the PLA conducted large-scale military exercises against Taiwan at the end of 2025. In a threatening two-day exercise, the PLA simulated a

blockade of Taiwan for the second time in the year, increasing anxieties in both Taipei and Tokyo.

Carle holds that this bullying of neighbors, other states and even foreign citizens who do not adhere to the CCP party line makes Japan rightly nervous. He argues that Beijing's constant refrain to historic wrongs and use of the "Japanese militarism" card is self-serving, hypocritical and dishonest. The CCP uses this narrative cynically, often to divert attention from a domestic problem or to put pressure on Japan. Carle believes that Beijing damning Tokyo is akin to "blaming the person being bullied for going to the gym to get in shape so that he can stand up better to bullying in the future."

Undeterred by such concerns, Beijing is tooting its diplomatic horn as loudly as it can. In a large-scale coordinated campaign, China has sent two letters to the UN criticizing Japan, accusing it of threatening "an armed intervention" over Taiwan and conducting "a grave violation of international law." Beijing has also leaned on Russia and North Korea to publicly denounce Japan. China is also signaling South Korea's claim to the Takeshima/Dokdo islets, which is disputed by Japan.

Analysts suggest that Beijing has also managed to come to some form of a backroom deal with Washington, which has led to the absence of high-level backing for Takaichi. Notably, the Japanese feel some angst over the lack of a forceful statement from the White House. Secretary of State Marco Rubio's delicate balancing act — he has said that the US will find ways to work with China without undermining Washington's security commitments to Japan — has not reassured Tokyo.

Tensions between the two nations are at a high point. China is not only turning the diplomatic

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ratchet but is also using economic leverage and military maneuvers to pressure Japan to backtrack.

## Tensions go beyond diplomacy

Beijing has issued an advisory to its citizens against traveling to Japan. This has reduced the number of Chinese tourists to Japan. Sales of goods and services have suffered. Over the last few years, Chinese shoppers have provided a big boost to the Japanese economy. Now, department stores and the retail industry are hurting. Hotels have suffered from cancellations. From January to November, tourists from Mainland China and Hong Kong accounted for 28% of all tourists to Japan. The number of Chinese tourists during this period grew by 37.5% since last year.

Recently, Japan has emerged as a key destination for Chinese students. Not only do they come to study at universities in Tokyo and Osaka, but they also flock to private boarding schools. Rugby School Japan (RSJ) and Harrow International School Appi are two examples of posh destinations for rich Chinese students. The CCP has asked Chinese students to reconsider studying in Japan, hurting a growing sector of the Japanese economy.

China has also reinstated a de facto import ban on Japanese seafood. After the Fukushima nuclear disaster, Beijing imposed this ban on August 24, 2023, and only lifted it in July of this year. Although Japanese exports achieved a record in 2024, the lack of Chinese demand has slowed their growth. China is a valuable export market for Japan, and Beijing's ban hurts Japanese exporters.

China has also postponed Japanese film releases and canceled cultural events. Demon Slayer: Kimetsu no Yaiba — Infinity Castle, a Japanese anime, was China's top-grossing foreign film of the year. China is the second-largest cinema market in the world, and Japanese anime

has enjoyed a breakout year in this market in 2025. Now, six Japanese anime productions, which would have been otherwise released, find themselves in cold storage. Japanese cultural performances such as concerts and anime events have been gaining in popularity in China. They are also on hold.

Notably, China has not yet restricted rare earth exports to Japan this year as it did with the US earlier in 2025. Most other Chinese products are still coming to Japanese markets as well. In earlier crises, Beijing called for boycotts of Japanese products. This time, it has not. In private, Chinese officials have been assuaging concerns of Japanese executives running their operations in China.

Yet Japanese investor confidence has been falling in recent years. According to Japan's Ministry of Finance, the country's net foreign direct investment into mainland China fell by 30.6% in the first three quarters of 2023, reaching the lowest amount since the data series began. That year, in a poll by the Japanese Chamber of Commerce in China, only 10% of the 8,300 firms surveyed said they planned to increase investments. Our business sources in Tokyo confirm this trend. China-Japan trade relations have suffered because of the latest crisis, but tensions have been increasing in recent years.

## Both nations ramped up military actions, but there are limits

Military maneuvers have caused greater concern. On December 11, two American B-52 bombers flew with Japanese fighters over the Sea of Japan. That very day, US Defense Secretary Pete Hegseth and Japanese Defense Minister Shinjirō Koizumi underscored their commitment to deterring aggression in the Asia-Pacific in a call and reaffirmed the US-Japan Alliance.

This followed an alarming incident on the first weekend of December when Chinese J-15 fighter jets twice locked radar targets on Japanese F-15 fighters. The Japanese jets were monitoring the People's Liberation Army Navy aircraft carrier CNS Liaoning in international waters near Japan's Okinawa Islands.

In addition, two Russian Tu-95 nuclear-capable strategic bombers flew from the Sea of Japan toward the East China Sea to rendezvous with two Chinese H-6 bombers. The Russian and Chinese bombers performed a "long-distance joint flight" in the Pacific. Four Chinese J-16 fighter jets joined them "as they made a round-trip flight between Japan's Okinawa and Miyako islands." The Miyako Strait between the two islands is classified as international waters, but a joint Russian-Chinese operation here is seen by Tokyo as highly provocative. Japan also detected simultaneous Russian air force activity in the Sea of Japan, consisting of one early-warning aircraft A-50 and two Su-30 fighters. Clearly, Beijing has decided to increase pressure on Tokyo and has the support of Moscow to do so.

Our sources in China, not only in the government but also in the private sector, suspect Japan plans to remilitarize. They fear Japanese military support for Taiwan and Tokyo strengthening claims on disputed islands. They also fear the Japanese military fortifying positions in islands currently under its control, such as the Senkaku Islands and the Yonaguni Island. Yonaguni marks the tail end of an archipelago stretching north to Japan's main islands. Since Speaker of the House of Representatives Nancy Pelosi visited Taipei in 2022, China has increased the pressure on Taiwan and strenuously objected to Japanese plans for Yonaguni.

The Japan Times tells us that "up and down the 160-strong Ryukyu island chain, Japan is putting in place missile batteries, radar towers,

ammunition storage sites and other combat facilities." Tokyo is also deploying major military assets on Kyushu, the southernmost of Japan's four main islands. These include F-35 fighter jets and long-range missiles. Tokyo is also increasing the presence of the Amphibious Rapid Deployment Brigade, Japan's version of the US Marine Corps.

Chinese suspicions about Japan's intentions are also fed by Tokyo's rapid increase in defense spending. In 1976, Prime Minister Miki Takeo capped Japan's defense spending at 1% of GNP. In 1987, Prime Minister Nakasone Yasuhiro abolished this official limit but Japan did not cross the 1% mark for decades. In December 2022, Prime Minister Kishida Fumio announced Japan would increase its defense budget from 1% to 2% by the 2027 fiscal year. To Chinese eyes, Japan is abandoning its postwar pacifism and embracing militarism again. However, it is important to remember that the increase in the Japanese budget has occurred over a period when the yen has depreciated substantially against the dollar. While the Japanese have been able to increase purchases of domestic weapons, higher budgets have not translated into proportionately more US arms:

Yet despite higher defence spending, demography and politics mean Japan faces barriers to military development. In common with Germany, Japan is a major country looking to build a realistic military capability to face a larger potential adversary. Both have shrinking native populations and more attractive civilian opportunities for potential recruits. The Japan Self-Defense Forces regularly fall short of recruitment goals, often by 50%. Technology cannot, at present, fully compensate for major shortfalls in personnel.

Politically, Japanese leaders are becoming increasingly concerned about their reliance upon the US for defence needs. Our military sources in Tokyo share that a growing segment of these

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leaders expect Japan to become more capable of and more willing to engage in military actions without US support.

Even if recruitment shortfalls are overcome, and disquiet over US reliability wanes, military strength now requires advanced capabilities that remain in short supply in Japan. Just as in Germany, there are not enough skilled personnel in AI and machine learning, cybersecurity, data analytics and cloud computing. Indeed, Japan faces a general shortage of IT skills: In 2021, the Ministry of Economy, Trade and Industry (METI) reported a deficit of 220,000 IT personnel in 2018, rising to 790,000 by 2030. Japan simply does not have enough people, including those with much-needed skillsets, to prosecute a major war.

In a nutshell, China's real and imagined fears about Japanese remilitarization are grossly exaggerated. Note that Beijing's own defense spending has increased 13-fold in 30 years. The Center for Strategic and International Studies points out that China's official defense spending was nearly \$247 billion in 2025, but other estimates are much higher. One study places this figure to be \$471 billion. More importantly, China has manufacturing muscle. Its navy, air force and missiles have expanded dramatically. China has dual-use satellites and technologies, and can churn out drones by the millions as well. Some analysts even argue that China is a more powerful version of pre-World War II Japan. Unsurprisingly, as Carle points out, Tokyo is hitting the military gym.

### **The dark shadow of history**

Even though China has emerged as a global superpower, it still carries burning resentments. Our Chinese sources constantly point out that Taiwan was Japan's first colony and Tokyo ruled the island for 50 years until the end of World War II. Imperial Japan beat Qing China in the First Sino-Japanese War, which ended with the 1895

Treaty of Shimonoseki. This inaugurated the era of Nanshin-ron, the Southern Expansion Strategy, which held that Southeast Asia and the Pacific Islands were Japan's sphere of influence. Similar to the 1823 Monroe Doctrine that regarded Latin America as lying in the US sphere of influence, Nanshin-ron led to the creation and then expansion of the Japanese empire in Asia.

Imperial Japan tried to turn Taiwan into a showpiece "model colony," establishing order, eradicating disease, building infrastructure and creating a modern economy. Thanks to these efforts, "Taiwan soon became the most-advanced place in East Asia outside Japan itself." On the flip side, the Japanese ruthlessly crushed local rebellions and forced the Taiwanese to learn Japanese as well as absorb Japanese culture. Nevertheless, many of our Taiwanese sources say that Taiwan's experience of Japanese rule was much better than the experience of their Chinese relatives in the 1950s and 1960s under the CCP.

In Mainland China, many still harbor bitter memories of the period of Japanese imperial expansion after Japan's 1931 invasion of Manchuria. On December 13, the CCP conducted an annual national memorial ceremony — this began in 2014 after Chinese President Xi Jinping came to power and inaugurated a period of more aggressive nationalism — for the victims of the Nanjing Massacre. In 1937, 88 years ago, Japanese troops infamously tortured, looted, raped and killed 100,000 to 200,000 Chinese civilians, which the country remembers to this day.

China is also emotional about another seemingly trivial and largely symbolic issue. Our Chinese sources are unhappy with Japanese leaders visiting Yasukuni Shrine. This shrine honors about 2.46 million people who died in wars from the late Edo period (1800s to 1868) to World War II. Of these, 14 were held to be "Class A war criminals" by victorious allies. They were enshrined in 1978,

kicking off a diplomatic and political controversy that rages to this day. Takaichi is a nationalist who has regularly paid respects at Yasukuni in the past. Koizumi, her defense minister, admitted, “It’s true I have paid respect there every year on the anniversary of the end of the war.” As you can expect, this has kicked off a furor in Chinese nationalist circles.

Our Japanese sources are tired of China’s constant harping on the past. They politely point out that the CCP conveniently forgets the tens of millions who died in Mao Zedong’s catastrophic Great Leap Forward and the complete chaos of the Cultural Revolution. Since World War II, Japan has abided by its US-imposed pacifist constitution, invested hugely in China and funded development schemes around the world, especially in the Global South. Note that Japan is still the third-largest financial contributor to the UN.

Besides, the Japanese think that the CCP is using history as a weapon to cut the nationalist Takaichi down to size at the very start of her prime ministership. An examination of Japan’s recent history vindicates their argument. Shinzo Abe, Takaichi’s political godfather and Japan’s longest-serving prime minister, warned Beijing that attacking Taiwan would be “economic suicide.” In a virtual keynote on December 1, 2021, Abe said, “A Taiwan contingency is a Japanese contingency, and therefore a contingency for the Japan-U.S. alliance.”

When he made the speech, Abe was no longer prime minister, but he was still the leading light of the ruling Liberal Democratic Party (LDP). He was echoing the 1972 US-China Joint Communiqué, also known as the Shanghai Communiqué, which adopted a “One China” policy and called for “a peaceful settlement of the Taiwan question.” In the communiqué, both the US and China agreed that “international disputes should be settled on this basis, without resorting to the use or threat of

force.” That is precisely what Abe and Takaichi want in relation to Taiwan.

Note that other Japanese politicians have also taken a similar view to Abe’s. In 2021, Nobuo Kishi, the then defense minister, claimed, “The peace and stability of Taiwan are directly connected to Japan.” The same year, his LDP colleague Tarō Asō, the then deputy prime minister, said, “If a major problem took place in Taiwan, it would not be too much to say that it could relate to a survival-threatening situation” for Japan. After the Russian invasion of Ukraine in 2022, Kishida, prime minister from October 2021 to October 2024, repeatedly asserted that “Ukraine today may be East Asia tomorrow,” which was clearly alluding to a potential Chinese invasion of Taiwan. Takaichi is not as out of line with her Japanese predecessors as the CCP propaganda and Chinese nationalist outrage would suggest.

### **Takaichi’s Taiwan remarks are viewed differently by both sides**

Takaichi’s comments on Taiwan were not part of a speech or statement. She was merely responding to a question in parliament from Katsuya Okada of the Constitutional Democratic Party. The prime minister did not say that Japan would use military force to defend Taiwan or commit to any specific action in aid of Taipei in the case of a Chinese invasion. After mentioning the possibility of a “survival-threatening situation” for Japan in the case of a Taiwan contingency, Takaichi said that the Japanese government would make its judgment by synthesizing all information based on the specific circumstances of the actual situation.

Japanese diplomats painfully point out that their prime minister’s language reflects Tokyo’s consistent position on the issue. Saya Kiba, one of our Japanese authors, explains “how Japan’s strategic ambiguity, security law and US alliance constrain direct defense of Taiwan.” She points out

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that, while Takaichi's explanation did not formally violate Japan's existing Taiwan policy, it went further than previous prime ministers had dared to go in the past.

Beijing takes a different view and sees Takaichi as a potential threat. The first female prime minister of Japan is the daughter of a policeman and is perceived as a security hawk. Takaichi has positioned herself as Abe's heir and Beijing has no love lost for the late leader who deviated "from Japan's pacifist policies to confront China's nationalistic designs." Abe visited Yasukuni and fathered the Quadrilateral Security Dialogue (Quad) in 2007 to keep the Indo-Pacific "free and open". The CCP has not forgotten or forgiven these actions.

China Daily, an English-language newspaper owned by the Central Propaganda Department of the CCP, has argued that Takaichi is hyping up the "China threat" to consolidate her right-wing political base and accelerate military expansion. In 2024, the China Institute for International Studies (CIIS) objected to the 2022 Japanese National Security Strategy that concluded its communist neighbor to be "an unprecedented and the greatest strategic challenge" to Japan. Per CIIS, Japan used these words only to rationalize and legitimize its remilitarization.

In addition, US President Donald Trump's October visit to Japan has not gone down well with China. The dealmaker-in-chief and Takaichi agreed that Japan would invest \$550 billion into American industries and pay a baseline 15% tariff rate, apart from buying energy and weapons from the US. Beijing believes that Takaichi is appeasing Trump to win American support against China.

On the other hand, Tokyo is increasingly nervous about Beijing's increasing belligerence. Shriek nationalist condemnation in the media, diplomatic actions, economic pressure and military

actions rightly make Japan anxious. The end-of-year military drills around Taiwan described earlier rightly raise security concerns in both Taipei and Taiwan. Note that Carle and this author raised the alarm about a joint Russian and Chinese fleet circumnavigating Japan's main island of Honshu in October 2021. In our eyes, this was a watershed moment and we took the view that Tokyo would have no choice but to boost its defense. As we predicted, Japan has done so since.

Today, the stage is set for rising tensions between China and Japan. At the heart of the China-Japan dispute are two contrasting worldviews. The "One China" policy is sacred for the CCP, which views a Taiwanese declaration of independence and third-party support for Taiwan's independence as a direct threat to China's sovereignty. Popular opinion in China patriotically supports the CCP position on Taiwan, and Chinese rhetoric on social media is increasingly jingoistic. In contrast, Japan views Taiwan as a de facto independent state and China as an increasingly aggressive revisionist power. Also, Tokyo views a Chinese threat to Taiwan as a risk to Japan's national security. Chinese control over Taiwan would facilitate Beijing's ability to take over islands both China and Japan claim as their own.

China's belligerence and Japan's response has set into motion a chain of events that could end dangerously. Even though Japan recently reaffirmed its post-World War II pledge never to possess nuclear weapons, talk of acquiring its own nuclear deterrent is now in the public domain. This is a first since Japan surrendered to the US after suffering the twin nuclear disasters of Hiroshima and Nagasaki. Japanese leaders seem to be heeding the advice Carle gave them when he visited Tokyo: "Hold America as close as possible, but Japan should count only on itself."

As a result, East Asia is increasingly dangerous. Both Japan and China are quietly preparing for a

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potential armed conflict. A slight misjudgment, miscalculation or misstep by leaders in Beijing or Tokyo, or even a pilot or sailor, could lead to far-reaching global consequences.

[Cheyenne Torres assisted the author in researching for and editing this article.]

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**Atul Singh** is the founder, CEO and editor-in-chief of Fair Observer. He has taught political economy at the University of California, Berkeley

and been a visiting professor of humanities and social sciences at the Indian Institute of Technology, Gandhinagar. Atul studied philosophy, politics and economics at the University of Oxford on the Radhakrishnan Scholarship and did an MBA with a triple major in finance, strategy and entrepreneurship at the Wharton School of the University of Pennsylvania. He worked as a corporate lawyer in London and served as an officer in India's volatile border areas where he had a few near-death experiences. Atul has also been a poet, playwright, sportsman, mountaineer and a founder of many organizations. His knowledge is eclectic, and his friends often joke that it comes in handy when access to Google is limited.

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## **Moldova Needs Security Guarantees as Part of Any Ukraine–Russia Peace Deal**

Douglas Hauer, Roman Ivanov  
January 08, 2026

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**Moldova's security is crucial to any lasting Ukraine–Russia peace deal, requiring enforceable guarantees similar to those for Ukraine. With Russian troops in Transnistria and growing regional tensions, Moldova faces significant threats to its democratic and European integration aspirations. The US must actively include Moldova as a key stakeholder to ensure stability and prevent further conflict in Eastern Europe.**

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**M**oldova is relevant to any Ukraine–Russia peace deal, which can only be achieved through enforceable security guarantees for both countries. A small but strategically important country, Moldova is decisively pro-Europe, with its voters defeating pro-Russian parties in the most recent election.

Moldova does not border Russia. Nonetheless, Moldovans feel threatened by Russia. In February 2022, when Russia invaded Ukraine, there were concrete concerns that Russia would deem Transnistria, a pro-Russian breakaway region of Moldova, as part of Novorossiya, the historical name used during the Russian Empire to denote what is today large sections of southern Ukraine and Transnistria. Following the invasion, unconfirmed rumors circulated, with Russia warning Moldova's President, Maia Sandu, that Russian troops would reach Tiraspol (the self-declared, unrecognized capital of Transnistria) within a couple of days and that she should leave the country to ensure her personal security.

Moldova is an outpost of democracy, bordered by Ukraine, Romania and Transnistria. On the one hand, the disputed status of Transnistria has taken a backseat to the Russia–Ukraine war. On the other hand, Moldova is a candidate for EU membership, with potential membership by 2028 or 2029. In a

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region often described as the new “powder keg” of Europe, Moldova’s sustainable growth and security should be a primary concern for US policymakers.

In particular, security guarantees for Moldova need to mirror those for Ukraine. These guarantees need to be a fundamental part of any lasting peace arrangement between Russia and Ukraine. Absent these guarantees, Moldova could become a new battleground for Russia, which has shown in the current war with Ukraine that it will assert its power on the borders of Europe, obstructing political, economic and social aspirations of former Soviet states to align with the US and the EU.

### **Moldova and the fear of the growing threat of Russia**

Security in Moldova is fragile, making it a potential flashpoint. Wedged between Ukraine and Moldova, Transnistria hosts Russian troops. The current number of troops is not certain, but estimates suggest there are approximately 1,000 to 1,500 Russian troops in Transnistria. Additionally, Russia has expressed its intentions to expand this presence. The US also views Russian military presence as an instrument for preventing Moldova from joining the West. Indeed, any military conflict on Moldovan territory could thwart the country’s aspirations to integrate into Europe.

In addition, Russian propaganda exploits Moldova’s challenges with economic development and public acknowledgement of corruption. Russian media builds a fake narrative of Moldova as a failed state that needs to “reunite” with Mother Russia and its “traditional” values. The reality is quite different. Moldova scores a respectable position of 76 of 180 countries on Transparency International’s Corruption Index, ahead of Albania, South Africa and India. For context, Malta and Romania tie for 65 of 180 on

the Index. And Moldova is increasing the scope of its bilateral relationship with the US, casting its lot for a shared future with the West.

Although 77% of Moldovans declared that their language is Romanian, Russian is still widely spoken throughout various regions. This increases concerns with many Moldovans that Russia may seek to replicate its strategy in Eastern Ukraine of exploiting a Russian-speaking minority to justify dividing and conquering the country. One cannot discount the psychological impact of Russia’s invasion of Ukraine on the people of Moldova. Russian troops at the border of Moldova amplify national security concerns for Moldova. Simply put, Russian power is visible to Moldovans.

According to the Institute for the Study of War, Russia actively sought to derail elections in Moldova in 2025 precisely to block its integration into democracy and Europe. This should be cause for real concern for the Trump Administration when evaluating and mitigating the risk of additional conflict in the region. The broadly accepted local sentiment is that last year’s elections in Moldova, which provided a mandate to pursue EU membership and to continue to integrate Moldova into Europe, could be considered as a turning point in the history of the country, demonstrating its choice toward the West, democracy and Europe. This fragile feeling of victory could easily be lost if there are no security guarantees for Ukraine and if the local population is led to feel insecure because of an increased threat from Russia.

In the meantime, Russian troops in Transnistria threaten regional stability and demonstrate Russia’s intent to assert its interests. Covert election interference by Russia, while less visible, threatens the democratic process in Moldova.

### **Peripheral vision on the regional level means securing Moldova**

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In negotiating a deal between Russia and Ukraine, the Trump team needs peripheral vision about the region. This means having a plan for Moldova as well as for countries in similar predicaments, such as Georgia, where Russian aggression is also tangible and disruptive to democracy.

Miscalculating the scope of security guarantees could leave Moldova in limbo, undermining any potential long-term cessation of hostilities between Russia and Ukraine. Geography matters here. Moldova is a short drive from Odessa, one of Ukraine's key ports on the Black Sea. Destabilizing Moldova would be one way for Russia to undermine any lasting peace arrangement. This makes it urgent for the US to involve Moldova as a direct stakeholder in any deal. In addition, enabling a continued presence of Russian troops located in Transnistria could also pose a military threat to Ukraine, especially Ukrainian military forces in Odessa, which is Ukraine's lifeline on the Black Sea.

### **The US must be prepared to have skin in the game to protect Moldova**

Putin's team knows Russia's long game, which is destabilizing its neighbors to prevent them from integrating into Europe. American policymakers and negotiators must understand the degree to which Moldova could become the site of a future war with Russia.

Any negotiation with Ukraine must result in permanent and workable security guarantees for the entire region. This means Americans need to have real skin in the game, potentially to go to war with Russia when those guarantees come due, in the event of a Russian invasion of Moldova through Transnistria. Slicing Moldova out of a final agreement with Ukraine may expose the region to more armed conflict.

### **Moldova's future and the requirements for peace**

Recently, on the 34th anniversary of Moldova's independence, Secretary of State Marco Rubio remarked that "The United States and Moldova share a clear-eyed commitment to building a safer, stronger, more prosperous future." This indicates a promising position for Moldova within the Trump Administration's vision for the region.

Moldovans want their future to be directed westward, as part of Europe, and in a strong bilateral relationship with the US. The only sustainable way to achieve this is to carve out specific, actionable security guarantees for Moldova.

Russia would like to obstruct Moldova's gravitation westward and would have to pay a hefty price for any increase in troops in Transnistria. Anecdotally, Russia appears to have been impervious to economic pressures created by its war with Ukraine. Indeed, economic sanctions are inconvenient to Russia, but not a real deterrent, unless oil exports are targeted.

But Russia may be more vulnerable with the recent loss of Venezuela as a strategic partner, potentially exposing Russian President Vladimir Putin as an emperor without clothes.

Now may be the time for the Trump Administration to press Russia at the negotiating table. If peace between Ukraine and Russia can be achieved, it will come after arduous work by professional negotiators who know the region, Moldova's security position included.

The stakes are high. Americans need an all-star negotiating team that can factor into any lasting deal real security for Moldova, Ukraine's small neighbor to the west, and a democracy aspiring for full integration into Europe. We need to think of

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Moldova as a key stakeholder in any final peace deal, with Ukraine and Moldova having a secure place in Europe.

[Kaitlyn Diana edited this piece.]

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**Douglas Hauer** is a lawyer who has spent his entire career fighting for immigrants. He is a rabbinical student at Hebrew Union College in

New York, and a doctoral candidate in Talmud and Rabbinics at the Jewish Theological Seminary. For many years, he served as a partner at Mintz Levin, a large law firm, and taught Immigration Law, Professional Responsibility and Jewish Law at Boston University School of Law. Douglas has a strong background in cross-border human rights activism and has traveled to countries such as Moldova, Armenia, Pakistan, Malaysia and Ukraine. Douglas is married to Jack Gilad, an endodontist, for nearly 30 years. They live in Boston with their two dogs and parrots.

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**Roman** is a member of the Moldovan Bar and an experienced lawyer with nearly 20 years of experience. He specializes in banking, finance, M&A and regulatory matters,

advising various banks and financial institutions on expansion projects and financing issues, including commodities and trade finance. Before joining Vernon | David, Roman worked at the Moldovan Ministry of Justice's Foreclosure and Enforcement Department, where he helped draft key legislation on debt recovery in both Russian and Romanian. His commercial practice encompasses mergers, acquisitions and general contracting matters. He previously led the Legal Committee at AmCham

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and currently serves on the Board of the European Business Association, the second largest business association in Moldova.

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## Beyond the Fog of War: Venezuela's Democracy is at Stake

Leonardo Vivas

January 09, 2026

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**Venezuela faces a turning point after the capture of Nicolás Maduro by US forces, which shattered the balance of the Chavista regime. At first, a tilt away from authoritarianism might have seemed likely as democratic leaders still hold the Venezuelan public's support. However, the Chavista governing elite will keep power, making the road ahead long and difficult for Venezuelan democracy.**

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**V**enezuela's trajectory shifted abruptly in the early hours of January 3, when the country's president, Nicolás Maduro — who had long been the Chavista regime's great survivor — was captured by US forces. Maduro, along with his wife Cilia Flores, was brought in front of a federal court in Manhattan, where he pleaded not guilty to the four weapons and narco-terrorism charges against him.

What analyst Andres Izarra had described as a poker match in which Donald Trump held a weak hand due to his proclivity to bluff has suddenly turned into a geopolitical chess game. It is still unclear whether the special operations team that seized Maduro acted solely on local intelligence or whether betrayal at the top levels of government

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played a role. What is clear is that Maduro's fall is no minor development — Venezuela has entered an entirely new phase. Leaders must navigate this time of unpredictability and avoid the fog of war if they wish to secure Venezuela's future.

### **Maduro's capture marks a new era**

Regarding the legal grounds for capturing the active president of a sovereign country — independently of him having lost a presidential election — two angles are worth mentioning. From a strictly US perspective, Maduro was indicted in 2020 in a court of law on charges of helping to transport cocaine and working with narco-terrorist organizations. The charges against him are reminiscent of others, such as El Chapo and the former military leader of Panama, Manuel Noriega, who had also been captured by US forces back in 1998. Therefore, in the US's view, there is legal precedent and just cause for Maduro's capture.

From an international perspective, the capture of Maduro infringes basic tenets of international law. The world we live in today has seemingly changed abruptly from the one inherited after World War II, especially after Russia's invasion of Ukraine. UN Secretary General António Guterres said that US actions "constitute a dangerous precedent." However, the UN cannot pass resolutions against the US for its recent actions because of the veto power the US holds in the UN Security Council. Today, the United Nations architecture is at its weakest since its inception.

Within Venezuela's borders, politicians are also responding to the actions of the US. María Corina Machado, the 2025 Nobel Peace Prize winner, has declared that this moment marks the beginning of a new era. She continues to insist that under Edmundo González Urrutia — opposition leader and winner of the 2024 Venezuelan election — the democratic movement is prepared to govern. Her

confidence may prove overly optimistic, or it may signal a pledge to play a more direct role in shaping the transition ahead. Either way, her responsibility, and Venezuela's at large, is unmistakable: to defend the popular will expressed during the July 28, 2024, elections, and to assert the democratic leadership's claim to govern.

For now, however, the crisis is a two-player confrontation between the remains of the Chavista elite and the Trump administration. The Nobel Peace Prize recently awarded to Machado in Oslo was a global acknowledgment of the democratic movement's legitimacy. It is a recognition that Washington has yet to fully embrace, aside from the occasional *sotto voce* recognition and a 2025 endorsement from Secretary of State Marco Rubio. US President Donald Trump has even suggested that Machado doesn't have the "respect" of the Venezuelan public.

Only when the fog of war lifts will it be possible to discern the real role the democratic forces will play. What is certain is that there is no clear return to the *status quo ante*. What comes next is unknown, and both Venezuela and the US must choose their paths carefully.

### **Two scenarios are emerging**

The first, more cautious scenario involves negotiating with Delcy Rodríguez, Maduro's successor, to reach an arrangement that might unlock large-scale U.S. investment in Venezuela's oil sector. But most American energy companies remain unwilling to invest in a country where property rights and basic legal guarantees are absent. The Chávez years already demonstrated the risks: expropriations without compensation that helped drive the collapse of the oil industry.

Even if democratic leaders keep being sidelined from these negotiations, González Urrutia and Machado retain overwhelming popular support

from the Venezuelan public — expressed unequivocally in 2024 and never withdrawn. Despite imprisonment, exile and clandestine life of the vast majority of its leadership, Venezuelans continue to back them. Under such conditions, a Rodríguez government would face pressure from the public to make internal concessions, especially now that it is weakened by the capture of its main leader. That includes releasing more than 1,000 political prisoners detained by the Chavista regime, creating conditions for a more open polity or agreeing to new elections.

The second scenario is what Trump has called the “second wave”: another military action aimed at dismantling what remains of the dictatorship. Such a move would inevitably force Washington to engage with Machado and González. They possess the internal political legitimacy to govern and the credibility to negotiate with institutions like the International Monetary Fund (IMF), as well as the credibility to offer partial amnesty to the military, security forces and government officials that are not involved in high crimes. Overall, Trump’s suggestion that the United States would govern Venezuela is not taken seriously even within his own circle.

### **Legitimate leadership must fill the power vacuum in Venezuela**

Intermediate outcomes — or a combination of the above — are possible. This includes some form of Chavista regime survival under conditions like those prevailing today, though that scenario doesn’t seem highly likely. Firstly, if Maduro’s capture resulted to some extent from being double-crossed by part of the regime’s leadership, this surely has created a rarefied environment at the top not amenable to internal stability and cohesion.

Secondly, as mentioned by both Trump and Secretary Rubio, economic pressure will continue. Venezuela’s inflation for 2025 was nearly 270%

and it could potentially reach 680% in 2026. This will compromise any attempt at normalizing economic life in the country, as well as responding to the demands of the Trump administration to propel the oil industry to higher production levels. As everyone knows, the oil industry in Venezuela — exploration, drilling and refining — is near total collapse, as well as the electrical and other infrastructure allowing it to improve productive capacity.

Finally, as widely documented, the Chavista leadership elite — known as the bolibourgeoisie — has amassed vast fortunes. It seems likely that, given the growing internal uncertainty, some of its top figures (and their families, who enjoy the comforts of capitalism) will seek to protect their assets and salvage what they can.

The path ahead will be difficult: Chavismo still controls the military, security forces, the judiciary and regional governments. Rebuilding the country will require a series of partial negotiations with each of these power centers, as well as transitional justice measures for those not implicated in serious crimes. Venezuela has entered a period of profound uncertainty, and the chess match has only just begun. As the fog of war and competing narratives begin to clear, the facts will surface — and with them, the direction of the wind that will shape the country’s future.

[*El País* first published this piece.]

[Cheyenne Torres edited this piece.]



**Leonardo Vivas** teaches international politics at Emerson College and is a consultant for Freedom House. He is a former professor and coordinator of the Latin American Initiative at the Kennedy School of Government at

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Harvard. Vivas is a sociologist who studied at Central University in Venezuela, and he went on to get an M.Phil from University of Sussex, UK, and a PhD from Nanterre Université in Paris.

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## Why Is Iran Declaring War on Multiple Countries When It's at War With Itself?

Farhang Faraydoon Namdar  
January 14, 2026

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**Iran's recent declaration of war against the US, Israel and the EU signals a strategic effort to project strength amid deepening internal crises and widespread protests. Despite aggressive rhetoric, Tehran seeks to leverage its position for a potential deal, reflecting its underlying vulnerabilities. The key uncertainty remains whether the Trump administration is willing to pursue meaningful negotiations with Iran.**

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Iran has declared a “full-fledged war” against the US, Israel and the EU, despite decades of continuous military and proxy confrontations with the US. This raises a key question: Why has Iran now declared war on the US after more than 40 years of covert and overt confrontation?

### Iran's strategic response to shifting US foreign policy under Trump

Looking at Iran's foreign policy narrative toward the US, two elements stand out in particular. The first is the way the US president is addressed directly by name. The second is how Iran seeks to maintain and project its strategic position.

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Iran's president, Masoud Pezeshkian, casually declared this war. In a post on X — which is banned in Iran — Iran's supreme leader stated, “We will not give in to the enemy.” A few hours later, he added, “We will bring the enemy to its knees.”

Additionally, in an op-ed published in the British newspaper The Guardian, titled “You'll never defeat us in Iran, President Trump: but with real talks, we can both win,” Iranian Foreign Minister Abbas Araghchi explicitly addressed US President Donald Trump. This was largely due to Trump's governing style, which bypassed traditional US foreign policy institutions and centralized decision-making within the White House, often through special envoys.

Trump's foreign policy toward Russia and Eastern Europe was reportedly entrusted to his associate Steve Witkoff. Trump's representative — a billionaire businessman — has effectively called the shots in Syria and the surrounding region. Trump appointed Mark Savaya, a businessman with no prior foreign policy experience, to represent him in Iraq. As a result, Iran appears to recognize that Trump is a different kind of president, one who personally shapes US foreign policy decisions. In other words, he has brought everything to the Oval Office.

### Iran's strategic position amidst US relations and sanctions

In the op-ed, Araghchi argued that Israel is a liability to the US in the region and that Trump would ultimately be better off reaching a deal with Iran. Notably, Iran only recently withdrew its commitment to the 2016 nuclear deal, despite the Trump administration's unilateral withdrawal from the agreement in 2018. This showed that Iran was pretty satisfied with the deal.

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Iranian affairs expert and Middle East historian Dr. Arash Azizi told Fair Observer that “Iran knows that a deal with the US — avoiding war and lifting sanctions — is critical to its chances of managing domestic protests, just as a military confrontation with the US would be disastrous for it. However, it also knows that Trump dislikes weakness. So it’s trying to project some strength, ultimately hoping for a deal.”

Dr. Azizi’s comment suggests that Iran’s aggressive rhetoric may mask underlying weakness, as Tehran attempts to weather pressure from the Trump administration’s efforts to remove leaders and regimes deemed unfriendly toward Washington.

David Romano, professor of Middle East politics at Missouri State University, told Fair Observer that the declaration of war amounts to an admission that sanctions are working. He argued that Tehran is shifting blame onto external enemies rather than addressing its nuclear program, noting that it is particularly striking that Iran would include the EU among those it claims to be at war with.

A US Embassy official told Fair Observer that the declaration of war against the US and Israel indicates that the regime has effectively lost control of the narrative and that the move is largely informational. Iran may want to reach a deal, but it is attempting to do so from a position of perceived strength.

### **Iran’s internal turmoil: economic struggles and potential for regime change**

Meanwhile, Iranians have taken to the streets in recent days to protest worsening economic conditions, widespread corruption and the country’s foreign policy direction. The government appears more responsive than during previous protest waves. Iran’s supreme leader stated that

authorities would engage in dialogue with protesters but warned that rioters would be punished.

Shortly afterward, the Iranian government announced an economic relief plan that would provide each Iranian with approximately \$7 per month for a limited period in an effort to curb protests. The plan involves distributing store credits to help people purchase essential food items without using cash.

Trump stated that the US would support Iranian protesters if the Iranian government were to open fire on them. The country continues to struggle with rampant corruption. Pezeshkian has repeatedly urged both the public and government officials to avoid extravagance. In a public speech, he remarked that the hall in which he was speaking did not need to be heated so intensely, noting that he was sweating under his jacket while others lacked necessities. He argued that they could save on bills by heating the hall a few degrees less.

Many observers and news outlets hint that Iran’s regime could change internally if the armed forces turn against the Supreme Leader. This happened in 1979 when the Shah’s army turned against him, and he had to flee the country. However, the current regime has taken note. Iran’s security apparatus has changed significantly since then. The country now maintains more than 18 formal and informal intelligence agencies that monitor one another to prevent a coup.

Additionally, the Islamic Revolutionary Guard Corps remains the most dominant military force in Iran, deeply ideologically committed to the supreme leader’s vision. Its cadres are regularly trained in the regime’s interpretation of Islam and its strategic goals. Even in the event of regime collapse, those who would inherit the system would likely be individuals raised and shaped by the Islamic Republic itself.

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As of January 2026, Iran has experienced approximately nine major nationwide protest waves since 2016 — almost one per year. Many of these protests have turned violent, as large segments of the population struggle to secure basic necessities such as food, fuel and medicine.

The Islamic Republic of Iran is likely facing its most severe crisis since its establishment in 1979. Having lost many of its allies and proxies across the region, the focus has now shifted inward. The messaging from Iran's leadership only reinforces how fragile the regime has become. Declaring war against the US, Israel and the EU appears to be an attempt to manage and deflect attention from an escalating internal crisis.

Countries often make deals after prolonged confrontation. The remaining — and perhaps most important — question is whether the Trump administration ultimately wants a deal with Iran.

[Kaitlyn Diana edited this piece.]

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**Farhang Faraydoon Namdar** is a researcher and journalist covering the Middle East. He is the former Editor-in-Chief of the *Birst* newspaper. He has been published in world-renowned newspapers such as the *National Interest*, *Shaq Al-Awsat*, the *Jerusalem Post* and the *Middle East Monitor*, among others.

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## Once an Economic Giant, Japan Now Tests a New Fiscal Path — and the World Is Watching

Masaaki Yoshimori  
January 14, 2026

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**Global current-account imbalances widened sharply in 2024, revealing a structural divergence driven by entrenched asymmetries between surplus and deficit economies. Protectionist measures are ineffective remedies, but fiscal sustainability, productive investment and stronger social safety nets could restore balance. Ultimately, institutional credibility — fiscal and monetary coherence — has become the world's most fragile yet essential public good.**

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The International Monetary Fund (IMF)'s External Sector Report (ESR) 2025, published last year on July 22, delivers a stark warning: After more than a decade of narrowing global current-account imbalances following the financial crisis, these imbalances widened significantly in 2024. According to the ESR, global current-account balances expanded by approximately 0.6% of world GDP, marking a reversal of the previous downward trend. Adjusted for the extraordinary shocks of the COVID-19 pandemic and the war in Ukraine, the swing appears even more substantial. Rather than a fleeting blip, the IMF suggests this may herald a structural shift in how savings, investment and trade flows interoperate.

The scale of the analysis adds weight to the finding. The ESR covers 30 of the world's largest economies, representing about 90% of world output. It concludes that much of the 2024 widening reflects what the IMF calls excess imbalances: external positions that deviate meaningfully from what country fundamentals and policy settings would warrant. Thus, the concern is not merely that surpluses or deficits exist, but that their magnitude and persistence signal underlying distortions in saving and investment behaviors.

To strengthen causal clarity, it is worth noting that these spillovers arise through interest-rate channels, exchange-rate movements and global liquidity cycles that amplify the asymmetry between surplus-driven capital exports and deficit-driven capital absorption.

## Macro-financial risks reemerging

This resurgence of economic divergence reawakens familiar risks that have long characterized global macro-financial cycles. Economies with sustained current-account deficits remain vulnerable to abrupt reversals in capital flows, sudden increases in borrowing costs and the pressures of forced adjustment. Conversely, economies with persistent and sizable surpluses may inadvertently suppress global interest rates, channel excess savings abroad and weaken aggregate demand in deficit economies. These opposing dynamics reinforce each other: Liquidity constraints in deficit nations coexist with excess savings in surplus economies, magnifying volatility and mispricing of risk.

The IMF's ESR 2025 stresses this dual-risk framework, warning that "delaying macroeconomic adjustments to correct post-pandemic domestic macro-imbalances could result in continued current-account divergence in major economies." Moreover, the report emphasizes that "such rapid and globally sizable increases in excess current-account balances can generate significant negative cross-border spillovers," underscoring that imbalances on either side of the external ledger contribute to systemic fragility and threaten the cohesion of the international monetary system.

The IMF research, notably under the direction of IMF Chief Economist Pierre-Olivier Gourinchas, reinforces this perspective by demonstrating that external surpluses are not inherently the "safe side." His paper shows that

large, persistent surpluses can depress global equilibrium interest rates, entrench savings gluts and exacerbate liquidity traps in an interdependent world economy. In this framework, creditor nations export their safe-asset status and, in doing so, inadvertently heighten global fragility. This finding directly aligns with the IMF's concern that systemic risks arise not only from deficit economies, but equally from those with sustained surpluses.

## A structural break, not simply a rebound

The year 2024 marked not a cyclical rebound but a structural inflection in global current-account dynamics. What distinguishes this episode is not only the magnitude of the widening but its asymmetric composition and global reach. Major surplus economies — particularly China and parts of East Asia — expanded their surpluses, while major deficit economies, led by the United States, deepened their shortfalls.

The IMF's ESR 2025 estimates that about two-thirds of the widening in global current-account balances was "excessive," meaning inconsistent with countries' structural fundamentals or cyclical positions. When these excess balances are excluded, the underlying widening falls to roughly 30% underscoring how far the current trajectory diverges from equilibrium drivers such as demographic trends, fiscal stances or commodity prices.

Although the pattern resembles the mid-2000s surpluses and deficits, today's environment differs crucially — China's reserve accumulation is smaller relative to GDP, macroprudential regulation is stronger and global capital is shaped more by risk-management frameworks than by unregulated financial intermediation. These differences caution against overly direct comparisons while still supporting the argument that the widening is structurally driven.

The composition of these shifts reveals the extent of renewed structural divergence. China's external surplus expanded by about 0.24% of global GDP, the US deficit deepened by 0.20% and the euro area added roughly 0.07%; together, these factors account for the majority of the global imbalance. This pattern evokes the mid-2000s configuration, when Asian and commodity-exporting economies accumulated surpluses as the US ran record deficits — a prelude to the global financial crisis. Although today's context differs — our current world is marked by subdued trade elasticity, altered capital flows and evolving reserve accumulation motives — the reemergence of excess balances suggests that global saving and investment asymmetries have again become entrenched.

The policy implications are sobering. The ESR 2025 cautions that raising tariffs or erecting trade barriers, though politically expedient in deficit economies, does little to narrow external gaps and may instead distort resource allocation, dampen productivity and intensify inflationary pressures. Durable adjustment will require deeper rebalancing: fiscal consolidation and higher household saving in deficit economies, coupled with stronger domestic demand and financial liberalization in surplus economies. The 2024 widening thus represents a structural reassertion of global asymmetry, one that challenges both the resilience of the international monetary order and the credibility of its adjustment mechanisms.

### A structural break in the global balance

The year 2024 marked a turning point in the world economy, a structural rupture in the global balance of payments. The sharp widening of global current-account gaps revealed deep-seated asymmetries: Surplus economies expanded further, while deficit countries fell deeper into shortfalls. This divergence reflected enduring mismatches between national saving and investment patterns

rather than temporary business-cycle fluctuations. Data from the Council on Foreign Relations (CFR) Tracker show that these disparities accounted for a significant share of world GDP, with surplus and deficit economies drifting further apart in 2024 — an imbalance shaped more by structural saving-investment behavior than by short-term trade trends.

At the root of these imbalances lie persistent domestic distortions. In surplus countries, precautionary saving remains elevated, social safety nets are underdeveloped and investment is overly concentrated in export-oriented sectors — constraining the transition toward consumption- and services-led growth. In deficit economies, dependence on external financing is reinforced by weak private saving and structural fiscal laxity — not in the sense of countercyclical stabilization, where temporary deficits play a productive role during downturns, but as a persistent feature of policy shaped by political economic constraints rather than macroeconomic necessity.

As highlighted in CFR's commentary, the global pattern of imbalances increasingly reflects excess precautionary savings and limited policy adaptation in major economies. Europe continues to lag behind the US in productivity and investment dynamism, China's consumption-driven transition remains incomplete and the US has delayed credible fiscal consolidation despite mounting debt pressures.

True rebalancing, therefore, requires structural reform, not external confrontation. Stronger social insurance systems could moderate excess saving; higher domestic investment could support innovation and productivity; and credible fiscal rules could anchor sustainability. Yet political responses have often moved in the opposite direction. The recent revival of tariffs and industrial policies in advanced economies represents a turn toward visible but misguided

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remedies. Such measures function economically as negative supply shocks — raising costs, discouraging investment and compressing real incomes — without improving the external balance. Protectionism, rather than correcting global asymmetries, risks amplifying domestic inefficiencies and undermining long-term welfare.

To avoid overgeneralization, it is important to distinguish investment-oriented industrial policy (which can raise potential output) from protectionist industrial policy (which typically functions as a negative supply shock). The latter is the source of imbalance-worsening dynamics.

At the multilateral level, policymakers have begun to acknowledge that external divergences are no longer adequately explained by bilateral trade flows, but by macro-financial incoherence across a fragmented global system. As capital flows become increasingly regionalized and supply chains realign, systemic fragility grows. Without coordination, what begins as national adjustment failure could evolve into global dislocation. To avoid this will require coherent fiscal, monetary and structural policies that recognize the spillovers of domestic choices on the international system.

The international monetary system, still anchored by the US dollar, remains stable but faces rising pressures. Its dominance is challenged by shifting geopolitical alliances, the proliferation of digital financial instruments and concerns over US fiscal sustainability. While confidence in dollar liquidity and institutions endures, global fragmentation risks raising transaction costs and financial volatility. The widening current-account imbalances of 2024 thus stand as a warning: Without domestic reform and renewed cooperation, the world risks turning structural distortions into systemic fault lines — testing both the resilience of the global order and the political will to sustain it.

## The three pillars of domestic reform

While the IMF's ESR Report diagnoses the reemergence of global current-account imbalances, the IMF–World Bank Annual Meetings helped to define the policy response. A consensus emerged around three domestic pillars: fiscal sustainability, public investment and productivity, and social insurance with demand rebalancing. Each pillar is supported by IMF analysis and cross-country policy assessments.

Deficit economies must restore fiscal space to reinforce confidence and resilience against shocks. The IMF's Fiscal Monitor (Annual Meetings 2025) warns that “starting from too high deficits and debt, the persistence of spending above tax revenues will push debt to ever higher levels, threatening sustainability and financial stability.” The report stresses that fiscal consolidation and the rebuilding of buffers are essential to “prepare fiscal space to use in case of severe adverse shocks.” In practical terms, this means strengthening fiscal rules, prioritizing high-quality expenditure and improving tax efficiency. Fiscal frameworks that demonstrate medium-term discipline, rather than ad-hoc austerity, are the cornerstone for credible adjustment and reduced external vulnerability.

This distinction is important because excessive reliance on temporary or politically motivated fiscal expansions has historically weakened policy credibility, especially in high-debt advanced economies like Japan's.

Surplus economies with ample fiscal capacity are encouraged to channel excess domestic savings into productive investment at home — particularly in infrastructure, digital transformation and green transitions. The IMF ESR 2025 notes that countries such as Singapore and Japan should “raise public investment and strengthen social safety nets to reduce external surpluses by

lowering net saving in both public and private sectors.” Specifically, Japan is advised to “implement policies focused on structural reforms and fiscal sustainability through a credible and specific medium-term fiscal consolidation plan,” and to “shift the drivers of the economy to one driven by the private sector, raising potential growth through labor-market and fiscal reforms that support private demand, digitalization, and green investment.” Likewise, Singapore is urged to “execute planned high-quality and resilient infrastructure projects and continue strengthening social safety nets to help reduce external imbalances,” while “increasing public investment to address structural transformation brought by aging and the transition to a green and digital economy.”

Furthermore, the IMF Managing Director’s Global Policy Agenda (Fall 2025) underscores that “countries need to restore their depleted policy buffers” while pursuing “fiscal measures that promote medium-term growth through innovation and green investment.” Together, these recommendations imply that global rebalancing depends as much on the productive absorption of savings as on fiscal prudence — transforming surplus positions into engines of sustainable domestic growth.

### **Japan approach: responsible stimulus or fiscal risk?**

Japan’s fiscal trajectory under Prime Minister Sanae Takaichi has emerged as one of the most revealing case studies in the post-pandemic evolution of macroeconomic policy. In sharp contrast to the consolidation trend prevailing across advanced economies, Tokyo has embarked on a renewed phase of large-scale countercyclical intervention — a fiscal package exceeding ¥13.9 trillion (approximately 2.4% of Japan’s GDP; \$88.9 billion) aimed at alleviating cost-of-living

pressures, accelerating real-wage recovery and revitalizing corporate reinvestment.

This deliberate pivot toward fiscal expansion is both pragmatic and experimental, reflecting Japan’s long-standing struggle with chronic deflation, rapid population aging and structural underinvestment in productivity-enhancing sectors. Yet these same structural forces that justify fiscal activism may also constrain its long-run effectiveness, raising questions about sustainability and market confidence. A central challenge is that Japan’s stimulus increasingly serves multiple objectives simultaneously — short-term support, structural transformation and political stabilization — which complicates the task of maintaining a coherent medium-term fiscal anchor.

The fiscal deficit for 2024 is estimated to be narrower than projected in the 2024 Article IV Consultation, as robust corporate earnings have buoyed tax revenues while pandemic-related transfers to households and small and medium-sized enterprises have been largely phased out. Nonetheless, the deficit is expected to widen moderately in 2025, reflecting new expenditures for defense, family-support measures and industrial-policy initiatives.

Given constrained fiscal space and mounting political pressures on the minority government, any additional expansionary measures must be fully offset through corresponding revenue gains or expenditure rationalization elsewhere in the budget. This offsetting requirement is especially important because repeated reliance on discretionary stimulus, without equivalent medium-term consolidation, risks weakening long-run fiscal credibility even if short-term financing conditions remain benign.

Public debt, while declining marginally in the near term as nominal GDP growth exceeds the effective interest rate, remains among the highest

globally. In fact, it is projected to resume an upward trajectory by 2030. This rise is driven by a growing interest burden and escalating social-spending commitments related to healthcare and long-term care. Ensuring debt sustainability and restoring fiscal buffers will therefore require a credible and granular medium-term consolidation strategy anchored in durable institutional frameworks and transparent fiscal rules. The absence of such a framework increases the likelihood that future fiscal adjustments will be abrupt, procyclical or politically disruptive.

A coherent fiscal framework should prioritize:

Expenditure rebalancing toward productivity-enhancing and socially efficient categories by eliminating poorly targeted subsidies, particularly energy subsidies, while safeguarding high-quality public investment. Enhancing the targeting and cost-efficiency of social security programs is indispensable to manage demographic pressures without eroding welfare quality.

Revenue restructuring to strengthen equity and efficiency. Policy options include expanding taxation of financial income for high-income earners, broadening the property-tax base, streamlining income-tax deductions and gradually unifying and raising the consumption-tax rate. Any new deductions, such as the proposed personal-income-tax reforms, should be budget-neutral, supported by compensatory revenues or savings.

Restricting reliance on supplementary budgets, whose repeated and partial execution dilutes fiscal discipline and transparency. Such budgets should be confined to genuine, unanticipated shocks beyond the scope of automatic stabilizers. Medium-term expenditure commitments, especially in industrial policy and the green

transition, must be incorporated into the regular annual budget process.

As domestic interest rates normalize, the cost of servicing public debt is projected to roughly double by 2030, underscoring the urgency of a robust debt-management strategy. With gross financing needs expanding and the Bank of Japan (BoJ)'s balance sheet contracting, sovereign issuance will increasingly depend on renewed demand from foreign investors and domestic institutional holders. This shift in the investor base heightens the importance of maintaining fiscal credibility, as foreign participation tends to be more sensitive to perceived sustainability risks.

### **IMF perspective and the Takaichi strategy**

The IMF's evolving stance represents a subtle yet significant departure from its pre-pandemic orthodoxy. Rather than advocating procyclical austerity, the Fund now distinguishes between productive fiscal stimulus — which enhances potential output and facilitates structural rebalancing — and generalized expansion, which risks eroding policy credibility and market confidence.

In its working paper, economists Sam Oliari and Celine Rochon argue that Japan's diminished fiscal multipliers stem from the persistent elevation of the debt-to-GDP ratio. Despite historically low interest rates, the accumulation of debt has deepened structural deficits and heightened the likelihood of future fiscal adjustment through higher taxes or expenditure restraint. This dynamic underscores a critical policy constraint: the efficacy of fiscal policy declines as debt-sustainability concerns become endogenous to private-sector expectations.

Consequently, stimulus is most effective when directed toward productivity-enhancing, innovation-driven investment that raises potential

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output and reinforces fiscal credibility over the medium term — rather than measures that merely boost transitory demand. This interpretation helps reconcile an apparent paradox: While Japan's borrowing costs remain low, the marginal impact of new stimulus on growth is declining because private agents increasingly expect future consolidation.

In our interpretation of the same paper, we contend that the reduction in multipliers reflects not temporary cyclical weakness but structural saturation — the upward trajectory of government debt relative to GDP. Despite persistently low interest rates, it has expanded Japan's structural deficit and increased the likelihood of eventual fiscal consolidation through reduced expenditures and higher taxation.

Japan, however, remains in a uniquely permissive financial environment. Exceptionally low government-bond yields, the predominance of domestic debt ownership and deep institutional trust confer an unusual degree of fiscal latitude. Yet, as the IMF warns, such conditions are not inexhaustible; they hinge on continued market confidence in future consolidation and structural reform.

Empirical studies reinforce these structural headwinds. Researchers Jiro Honda and Hiroaki Miyamoto demonstrate that population aging weakens the output effects of fiscal stimulus, as older households exhibit lower consumption multipliers and weaker labor-supply responses. Similarly, at the Baker Institute for Public Policy, economist Russell Green and I argue that Japan's long-term stagnation stems from entrenched rigidities — persistent deflation, sluggish productivity and delayed institutional reform — that constrain the effectiveness of conventional fiscal responses.

These findings highlight the demographic and institutional limits of demand-side stimulus in an aging economy. These demographic limitations mean that stimulus measures relying heavily on household demand are particularly constrained in their effectiveness, reinforcing the urgency of more targeted, productivity-oriented investment.

Prime Minister Takaichi's economic program, framed as "responsible and proactive fiscal policy," thus blends near-term social relief with longer-term strategic investment. Her fiscal package integrates income transfers and energy subsidies with industrial support for semiconductors, defense technologies and innovation ecosystems, combining short-term stabilization with supply-side resilience. This approach partially aligns with the IMF's three-pillar framework for sustainable fiscal policy:

Strengthening aggregate demand through expanded social protection, Enhancing productivity via targeted public investment and Maintaining a credible fiscal anchor to ensure long-term debt sustainability.

Yet the alignment remains partial and fragile. The IMF emphasizes that durable fiscal credibility depends on a medium-term framework explicitly linking current stimulus to future consolidation. Takaichi's strategy, by contrast, prioritizes growth-first sequencing — the conviction that economic expansion will itself generate the fiscal space necessary for subsequent discipline.

This sequencing creates a logical vulnerability: If growth underperforms, the fiscal anchor does not automatically tighten, leaving consolidation perpetually deferred.

## Between resilience and reckoning

This divergence reveals a deeper philosophical tension. The IMF envisions discipline preceding

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growth; Japan is testing whether growth can restore discipline. Both perspectives seek the same macroeconomic equilibrium — a self-reinforcing cycle of wage growth, investment and productivity — but diverge in temporal logic. The IMF's caution is grounded in cross-country evidence that prolonged fiscal expansion in high-debt contexts can erode market confidence. Japan's experiment, however, suggests that with credible institutions and domestically anchored financing, fiscal activism may delay the limits imposed by debt dynamics.

In this sense, the “Japan Approach” is neither a repudiation of IMF orthodoxy nor an uncritical adherence to it. It represents a contextual reinterpretation — fiscal policy as an instrument of national resilience, calibrated to domestic realities yet framed within the Fund's broader logic of credibility through productivity. Japan's policy debate epitomizes the central dilemma confronting mature, high-debt democracies: whether fiscal sustainability can be achieved not through retrenchment, but through revitalization.

Absent credible medium-term consolidation and productivity reform, however, Takaichi's growth-first experiment risks collapsing under its own weight. Should it succeed, it may offer a blueprint for reconciling stimulus with sustainability in advanced economies. If it fails — as structural evidence increasingly suggests — it will reaffirm the IMF's enduring caution: that even Japan's exceptional fiscal insulation cannot permanently defy the gravitational pull of debt dynamics.

## **Beyond Japan: global imbalances and the return of structural asymmetry**

The revival of global current-account imbalances has once again become a defining feature of the post-pandemic economy. Despite the cyclical recovery seen across major regions, the world

economy continues to exhibit deep structural asymmetries: persistent US deficits, renewed Asian surpluses and increasingly fragmented trade and capital flows. These patterns suggest that global adjustment will not occur spontaneously as the aftershocks of the pandemic dissipate. Instead, they point to enduring distortions in the distribution of savings, investment and demand — distortions that call for deliberate, coordinated policy action.

For economists and policymakers alike, the message is unambiguous: external-sector dynamics must be reintegrated into domestic macroeconomic frameworks. Fiscal sustainability, productivity enhancement, social insurance and financial stability are not discrete policy domains, but mutually reinforcing components of a single adjustment architecture. Neglecting imbalances risks not only abrupt crises, but also prolonged secular stagnation or, in the worst case, a fragmentation of the international monetary system that has underpinned globalization for half a century.

Correcting these imbalances demands more than short-term macroeconomic management — it requires patient, coordinated structural reform rooted in fundamentals rather than expedience. The 2024 BIS Bulletin underscores that trade protectionism and industrial policy realignment act as negative supply shocks, raising prices and depressing investment without materially improving external balances.

Thus, the task of global rebalancing is inherently collective. Surplus economies must expand productive investment and social spending to absorb savings domestically, while deficit economies must rebuild fiscal buffers and national savings without undermining growth. Exchange-rate flexibility can cushion shocks, but only structural reforms in innovation, human capital and infrastructure can sustain adjustment.

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Global imbalances have returned, but their structural weight is heavier and their political management more fragile than in the past. The challenge now is to forge a credible and cooperative roadmap that addresses the roots of these distortions, strengthens international institutions and preserves the integrity of the global monetary order anchored by the US dollar. The time for complacency has passed; the window for collective action is narrow but not yet closed.

## Japan's path to resilience

The best prescription for Takaichi is to transform her current stimulus package from a short-lived, demand-support measure into a structured transition strategy designed to rebuild Japan's fiscal and macro-financial resilience. This requires three mutually reinforcing pillars.

First, fiscal expansion must shift decisively toward targeted, productivity-enhancing investment — in semiconductors, digital infrastructure, human capital and industrial innovation — so that public spending raises potential growth rather than merely cushioning cyclical weakness. Researchers Koji Nakamura, Sohei Kaihatsu and Tomoyuki Yagi demonstrate that Japan's productivity slowdown stems from two structural frictions: the inefficient utilization of accumulated technologies, capital and labor within firms, and weak reallocation of these resources across firms.

Fiscal policy should therefore prioritize investments that not only strengthen frontier technologies but also enable firms to reorganize production processes, adopt digital tools, upgrade research & development capacity and redeploy labor and capital more flexibly in response to technological and demographic shifts. By anchoring stimulus in areas that enhance both technological capability and resource mobility, Japan increases the likelihood that debt-financed

spending today generates durable productivity gains and greater fiscal space tomorrow. This approach aligns with empirical evidence showing that productivity-oriented investment delivers larger long-run multipliers than generalized transfers or subsidies, particularly in aging, high-debt economies.

Second, Takaichi must introduce a simple, credible and binding medium-term fiscal rule that gradually moves the primary balance toward sustainable territory. Establishing such a framework is essential because Japan's chronic deficits and rising debt burden have weakened long-run fiscal resilience, even as government bond yields have remained artificially low. Researchers Takeo Hoshi and Takatoshi Ito show that Japan's low Japanese government bond yields are sustained by structural factors — high domestic savings, home bias among institutional investors and stable long-term expectations. Yet they warn that these conditions will erode as the population ages and the investor base contracts.

As demographic aging reduces national savings and risk tolerance, markets may reassess Japan's fiscal trajectory, making policy credibility and transparency increasingly vital to preventing sudden increases in borrowing costs. A well-designed fiscal rule helps anchor expectations, mitigate concerns about future taxation and inflation and signal a commitment to gradual consolidation without imposing immediate austerity.

This approach is consistent with evidence that Japan's fiscal policy has historically been insufficiently responsive to rising debt, as well as with international findings that credible fiscal rules can support orderly, growth-friendly consolidation without triggering abrupt austerity. By adopting a transparent and enforceable medium-term anchor, Takaichi can reinforce confidence in Japan's fiscal management and limit the probability of a sudden

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rise in borrowing costs as structural conditions evolve.

Third, and most critically, any normalization of monetary policy must be paired with an explicit, institutionally coordinated strategy to resolve zombie firms — the structural legacy of decades of ultra-low interest rates. Researchers Ricardo Caballero, Hoshi and Anil Kashyap illustrate that zombie firms depress investment, productivity and the healthy reallocation of credit by tying up financial, managerial and human resources in inefficient firms that survive due to banks' evergreening practices. With the BoJ gradually shifting toward a more normal interest-rate environment, these firms represent a major transmission risk: Even modest rate hikes could expose the fragility of heavily indebted, low-productivity firms, prompting bankruptcies, credit contractions and a sharp decline in business investment.

To prevent this outcome, a coordinated policy architecture is essential. The BoJ must adopt a gradual, predictable normalization path; financial regulators should provide targeted flexibility that facilitates restructuring rather than indiscriminate tightening and policymakers must expand programs supporting corporate restructuring, mergers, divestitures and the reallocation of labor and capital to more productive firms. Such an integrated strategy ensures that monetary normalization strengthens the business sector rather than destabilizing it, while accelerating long-delayed structural adjustments necessary to raise long-term productivity and growth potential.

## Strategy, not complacency

The reemergence of global current-account imbalances marks not a cyclical deviation but a structural disequilibrium rooted in fiscal fragility and institutional asymmetry. Persistent excess savings in surplus economies and entrenched

deficits in others reveal a deeper malfunction in global adjustment mechanisms — where fiscal policy, monetary credibility and capital-market integration have become progressively decoupled.

As economist Ricardo Reis emphasizes, modern macroeconomic equilibrium is sustained by institutions that internalize imperfections: fiscal authorities that anchor expectations, central banks that preserve credibility and financial systems that intermediate risk without distortion. When these stabilizing institutions erode, imbalances do not self-correct; they amplify through feedback loops of mistrust, inflation drift and policy inertia. In this sense, fiscal and monetary credibility have evolved into global public goods — forms of institutional capital whose degradation in one major economy transmits volatility across borders, destabilizing liquidity conditions and constraining the global supply of safe assets.

In particular, when fiscal authorities fail to provide credible medium-term anchors, private agents increase precautionary saving and shorten investment horizons, reinforcing the very imbalances policymakers attempt to correct.

This logic reframes global adjustment as an institutional equilibrium problem, not merely a policy coordination failure. The erosion of credibility in one jurisdiction increases precautionary demand for safe assets, compressing yields and propagating financial fragility elsewhere. Conversely, credible fiscal anchors and independent central banks generate positive externalities, stabilizing expectations and lowering the cost of global liquidity.

Hence, credibility today functions as an endogenous source of international stability, no longer confined within national borders. This point is especially vital for Japan. If domestic fiscal credibility weakens, the resulting rise in precautionary demand for Japanese safe assets

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could paradoxically depress yields in the short term while increasing long-term sustainability risks.

Correcting these distortions demands strategy, not complacency. Tactical stimulus or ad-hoc tightening cannot restore equilibrium. What Japan needs is patient, coordinated institutional reform that aligns domestic objectives with systemic coherence — strengthening fiscal frameworks, enhancing productivity and renewing the architecture of macro-financial governance. Adjustment, as Reis argues, is a deliberate act of institutional design, rebuilding the trust architecture that allows disequilibria to unwind without crisis.

The challenge before policymakers is therefore both intellectual and operational. To sustain globalization under stress, nations must reconcile short-term flexibility with long-term credibility, viewing fiscal prudence and monetary independence not as opposing doctrines but as complementary pillars of collective resilience.

The central lesson of this new era makes itself clear: Stability will not arise from market self-correction alone but from the credibility of the institutions that govern it — the very institutions that now constitute the world's most fragile and indispensable public good.

[Lee Thompson-Kolar edited this piece.]

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**Masaaki Yoshimori** is an economist. He was born in Ashiya and grew up in Kuwana, Japan. He belongs to the McCourt School of Public Policy, a constituent school of Georgetown University in Washington, DC. He previously served as a fellow in International Economics at the James A. Baker III Institute for Public Policy at

Rice University in Houston, Texas. Yoshimori's research spans a broad spectrum of critical issues in global economics, including monetary policy, exchange rate policy, financial regulation, macroeconomics and the intersections of climate change with economic systems. Additionally, his work delves into the political economy, exploring the impacts of globalization on the monetary system and the evolving challenges faced by global financial institutions.

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## Saving Auroville: A Call for Immediate Intervention

Rahul Dev

January 17, 2026

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**Auroville is being strangled by the institution designed to protect it. Auroville's crisis is not just a local administrative failure; it's a warning about institutional vulnerability everywhere. When appointed administrators can dismantle democratic structures, weaponize bureaucracy against residents and silence dissent with impunity, it raises urgent questions about institutional integrity worldwide. India's handling of Auroville's situation will have significant implications far beyond Tamil Nadu.**

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**I**n February 1968, on a bright day that felt like an awakening, 5,000 people from 124 nations gathered around a lone banyan tree in a dusty corner of Tamil Nadu. They had come to listen to an elderly woman read four sentences she had written in her own hand; All India Radio transmitted her words live from her room in nearby Pondicherry. Mirra Alfassa, whom Indian yogi Sri

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Aurobindo called “the Mother,” offered them not land or property or promises of wealth. She offered them something far more radical: the possibility that humanity could live as one. That humans could transcend the boundaries that had divided them for millennia — nation, creed, race, hierarchy.

Today, 58 years later, that dream is being strangled. Auroville’s recent crisis is not merely the decline of a township; it is a blow to humanity’s capacity to imagine a world beyond greed and fear. It is being methodically destroyed by the people who were supposed to protect it.

### **The vision that called them home**

To understand what is being lost, one must first understand what was being built. Auroville was not founded on the principle that more buildings would save humanity. It was founded on the belief that a different way of living could transform human consciousness itself.

The Mother’s charter declared unambiguously: “Auroville belongs to nobody in particular. Auroville belongs to humanity as a whole.” This was not poetic language. It was a legal and spiritual commitment. It meant that no one could own land in Auroville as private property. It meant that decisions would be made collectively. It meant that people who had given up everything — careers, family homes, the comfort of belonging to one nation — whether a retired forester from Germany, a French architect, a youth from Brazil or a farmer’s daughter from Tamil Nadu, would sit together, as equals, to decide how to live as one community. From a handful in the 1960s, their numbers grew to about 400 by the late 1970s and to 3,300 from about 60 nations in the 2020s.

This was an attempt to give deliberate choice to the people who had rejected the world’s values and decided to live differently, not because the world

had failed them, but because they had glimpsed something truer.

### **The institution that lost its way**

Dr. Jayanti Ravi (Indian Administrative Service officer, Gujarat cadre, 1991), nominated Secretary of the Auroville Foundation in July 2021, did not arrive at her position to dismantle a dream. She arrived at a moment of institutional vulnerability, when growth, development and the complications of managing a multinational community had created some tensions. At that moment, she had a choice: to facilitate the Mother’s vision or to consolidate power. She chose consolidation.

Under her watch and with the acquiescence of a Governing Board, whose term expired last October, the Auroville Foundation did something that should trouble every institutional steward in India. It took powers explicitly reserved to the Residents’ Assembly, the democratic voice of 3,300 residents, and seized them for itself. The relevant provision is unambiguous. Section 19(2)(a) of the Auroville Foundation Act states: “The Residents’ Assembly may allow the admission or cause the termination of persons in the register of residents.”

Not the Secretary. Not the Governing Board. The Residents’ Assembly.

Yet Dr. Ravi’s office issued show-cause notices to 35 residents — people who built homes with their own hands and often from their own resources, raised children here, watched grandchildren born on this land — suddenly received emails from committees with no legal authority to send them. “Show-cause notice”: the language of employers disciplining servants. Except that Aurovilians are not employees. They are citizens bound only by commitment to the Mother’s Charter and India’s laws. The accusations came without evidence. The tone was a threat, not dialogue: justify your

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existence, or face expulsion from the Register of Residents. Erased.

This is not a policy disagreement. This is the seizure of democratic authority.

### **The quiet expulsion**

When 90% of residents voted to call for transparent planning decisions, the Board ignored them. When 520 residents signed an open letter objecting to the show-cause notices, it was filed away. When the International Advisory Council, composed of recognized experts in Auroville's philosophy, issued urgent communications asking the Board to reconsider its course, they were dismissed. Not debated. Dismissed.

The response to dissent has been methodical and brutal.

More than 100 residents have left Auroville in the past three years. Some were forced out, their visas denied. Others were driven away by something more insidious: the knowledge that speaking truth would end in retaliation. A 35-year resident, founder of the Auroville Earth Institute and internationally recognized pioneer in earthen architecture had his visa revoked in June 2023 without explanation. Over 200 residents have had visa renewals weaponized against them: approvals for just three months at a time, or one year instead of the earlier five, each renewal a barely veiled exit order. A former Aurovillian-born community representative was issued a "Leave India Notice" in 2023 for speaking about administrative irregularities.

A very modest monthly allowance that keeps Auroville's poorest residents alive was arbitrarily cut for over 200 people. Some were suddenly billed ₹3,800 for "city services," including those who had been granted poverty waivers. Others faced backdated bills spanning three years,

demanding over one lakh rupees from families already struggling to eat. Youth hostel residents were evicted. Educational initiatives focused on self-directed learning were stripped of funding and shut down. A theater group was forcibly closed for "non-compliance with Mother's ideals," a phrase so divorced from reality that it reads like parody.

This is not administration. This is the slow strangulation of a community by those entrusted to protect and nurture it.

### **The environmental betrayal**

What makes Dr. Ravi's tenure even more troubling is what has happened to Auroville's environment. Between 2021 and 2025, the forest, the green sanctuary that made Auroville an ecological beacon, recognized internationally as a model of human-nature harmony, has been systematically bulldozed, with many thousands of trees felled. In October 2025, workers were caught cutting protected trees along the state highway with no evidence of proper environmental clearance. Not once. Repeatedly.

Protected species have disappeared. Water catchment areas have been obliterated. The environmental destruction is not a policy disagreement. It is the erasure of one of the Mother's core commitments: that a more evolved humanity would live in harmony with nature, not dominate it.

And yet, Dr. Ravi's administration has reframed this destruction as "development" and "progress." The said development consisted of large roads with enormous concrete slabs laid by the Central Public Works Department (CPWD), with no proper urban development plan behind them. When residents questioned this type of development, they were met with expulsion notices or visa revocations.

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This destruction extends beyond forests. For over four decades, residents transformed barren wasteland into one of India's finest organic farms — Annapurna Farm, supplying over 30% of Auroville's food needs. Without consulting residents, the Governing Board handed 100 of its 135 acres to IIT Madras for a truck test track.

Sixteen thousand people signed petitions against it. The Residents' Assembly objected to it and was ignored. The lease was registered on December 23, 2025.

This is what happens when “development” destroys sustainability. When a “sustainability campus” is being built on the ruins of actual sustainability. This is not an administrative failure. This is the annihilation of principle dressed as progress.

This is the aberration that everyone can see, yet few are willing to name directly. The Secretary, backed by the Governing Board, presided over environmental destruction while expelling those who dared to question it.

### **The question we must answer**

This is what must be understood: when an institution designed to serve a spiritual and philosophical vision becomes merely an instrument of administrative control, it dies. The buildings remain. The infrastructure persists. But the soul is gone.

The Governing Board's mandate was clear: to facilitate Auroville's collective life and growth. Instead, it became an instrument of control. It did not respond to resident concerns. It did not acknowledge the International Advisory Council's repeated guidance. It refused to consult the Residents' Assembly (as it is mandated to do) before making decisions that affected thousands of

lives and Auroville's future. It simply acted, and when questioned, it punished.

The Governing Board's term has expired. It should not be renewed in any form.

The question before India's Ministry of Education, which oversees Auroville, is this: Do you believe such a unique project as Auroville should be managed in collaboration with the residents who have lived and worked there, as the Auroville Foundation Act requires? Or do you believe appointed administrators should hold unilateral control?

The answer matters. Not just for Auroville, but for India's credibility worldwide as a steward of visionary institutions.

### **India has a responsibility here**

The Government of India cannot ignore what has happened at Auroville. A Parliamentary Committee, comprising 30 members with 16 from the ruling party, was asked to investigate several autonomous bodies under the Ministry of Education, including Auroville. It adopted a unanimous report in December 2025 identifying “deep flaws” in the Governing Board's functioning. The report stopped short of frontal attacks on government policy, but the message was unmistakable: something is profoundly wrong with how the Governing Board has operated.

This is not a marginal issue. This is about India's international standing. The UN Educational, Scientific and Cultural Organization (UNESCO) recognized Auroville as a symbol of human unity. The Dalai Lama blessed it. International scholars have studied it as a unique human and institutional experiment. When India allows an appointed Secretary to dismantle the democratic structures protecting that experiment, it

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sends a message about India's commitment to its own ideals.

The scale of this crisis has not gone unnoticed. A petition signed by nearly 59,000 people demanding government intervention has reached the highest levels of Indian governance. Concerned Residents and Supporters have delivered soft and hard copies to the Prime Minister's Office, the President of India and concerned ministers. The message is unmistakable: Auroville's future is not a local administrative matter. It is a test of India's commitment to democracy, to the ideals enshrined in the Auroville Foundation Act and to the vision of human unity it once championed.

And India still has time to correct course.

### **What must happen now**

The new Governing Board, which should be appointed immediately, must be fundamentally different from the last one. But that is not enough. Dr. Ravi, whose term has just been extended for another year, must be removed as Secretary. The government must appoint a Secretary who understands what Auroville truly represents. Someone versed not just in administrative procedure, but in the philosophical vision animating Auroville. Someone who has studied and believes in Aurobindo's Integral Yoga and vision of human unity. Someone who recognizes that Auroville is not a real estate project but an experiment in human evolution. Someone who sees themselves as a steward, not a master who rules by division and intimidation.

They must work with the common consciousness of Aurovilians. They must empower the Residents' Assembly and its working groups, not circumvent them. They must believe that residents, not administrators, are the true guardians of the Mother's vision.

With this understanding, the new Governing Board's mandate must be unambiguous:

**First**, immediately withdraw all show-cause notices and put an end to the visa manipulations. These actions were illegitimate and violated natural justice.

**Second**, restore the Residents' Assembly's powers of admission and termination as mandated by law. This is not a symbolic gesture. It is the restoration of democratic governance.

**Third**, ensure transparent consultation with the Residents' Assembly and the International Advisory Council on land decisions, environmental actions and major administrative changes. The Master Plan cannot be bulldozed through in closed rooms.

**Fourth**, compensate residents whose livelihoods were destroyed through arbitrary allowance cuts and visa manipulations. Those whose homes were threatened or taken over must be restored to their previous status.

**And fifth**, critically, the new Governing Board must include residents. Not just advisors. Residents. The Mother's vision of collective governance should be reflected in how Auroville is governed. Only then can genuine growth and development take place.

### **This is about legitimacy, not just law**

Some will argue that the Governing Board's legal authority is not in question. They may be technically correct, although a number of legal actions are still being played out in India's courts. The Auroville Foundation Act does vest significant power in the Governing Board and its Secretary. But legitimacy is a different matter. When an institution uses legal authority to violate the spirit of a founding vision, it loses legitimacy.

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Dr. Ravi and the Governing Board exercised legal power while violating the fundamental principles they were supposed to protect. They expelled residents instead of serving them. They silenced dissent instead of addressing it. They destroyed the environment instead of protecting it. They weaponized bureaucracy against the vulnerable.

This is what authoritarianism looks like at small scale. It does not announce itself with fanfare. It comes wearing the robes of administration, speaking the language of development, order and compliance, and when you resist, it accuses you of violating the very values you are trying to protect.

### **The choice before India**

For 58 years, Auroville has proved that humans can live beyond the boundaries that divide us. The Mother's vision was not naive idealism. It was a deliberate experiment in consciousness, community and collective living. It worked. It produced something genuinely transformative: a place where equality mattered more than power, where truth was valued over compliance, where the poor were not discarded, and where innovation and experimentation were valued and encouraged.

Now, that experiment is under threat. Not from external enemies. From the institution designed to protect it.

India can allow this to continue. The government can appoint another Governing Board that consolidates power, continues the environmental destruction and slowly completes the dismantling of the Mother's vision. Auroville will become another empty township, its forests gone, its residents scattered, its dream abandoned.

Or India can intervene.

The Government of India can appoint a new Secretary and Governing Board that are genuinely committed to the Mother's vision and ready to work with residents rather than control them. A Governing Board that protects the environment while working with Auroville's experts to develop a forward-looking model of sustainable development. A Board that facilitates collective governance instead of strangling it.

This second path requires courage. It requires the government to acknowledge that the previous Governing Board failed, that Secretary Ravi's administration went astray, and that course correction is necessary. It requires appointing new leadership. It requires listening to the International Advisory Council's guidance. It requires empowering the Residents' Assembly.

But it is possible. And it is urgent.

### **The death we cannot accept**

India has always positioned itself as a civilization rooted in philosophical depth. A nation remembering ancient insights about human unity, consciousness and collective flourishing.

Auroville was India's proof that these were not merely historical echoes but living possibilities. The tragedy is not that Auroville tried and failed. The tragedy is that Auroville succeeded in creating something genuinely transformative, a place where people from across the world lived as equals, where truth and collective wisdom mattered more than individual power, and now that success is being systematically dismantled.

This does not mean that all was perfect: inevitably, in an experiment of this type. Auroville's journey has not been without limitations and occasional failures, but it has pioneered developments in fields from alternative architecture to organic farming, eco-restoration,

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rural development, skill development or integral education, advances acclaimed in India and the world over and of great relevance to the challenges of the 21st century, beginning with the art of collective living.

What is being killed in Auroville is not just a township. It is an idea. The idea that humanity can live differently. The idea that greed and hierarchy are not inevitable. The idea that consciousness can evolve beyond the narrow confines of ego and nation.

The children born in Auroville are watching what the adults do now. They are watching to see if the dream their parents gave everything for is worth defending. They are watching to see whether conscience can guide policy or if power always wins. So are the thousands of trainees and volunteers whose lives were impacted by a stay in Auroville, the thousands of villagers who acquired skills and a better environment, and Auroville's well-wishers in India and abroad.

The answer will echo far beyond Auroville. It will say something about India's commitment to her own ideals: that Vasudhaiva Kutumbakam (the world is one family) is not an empty slogan, that democratic institutions matter, that collective harmony is possible, that nature is sacred and that truth is valued over control.

The Mother once said, "Auroville belongs to nobody in particular. Auroville belongs to humanity as a whole." India's government could respect that, and it must.

Because some things, once lost, can never be recovered. And Auroville was meant to prove that another world was possible.

The time for India to act is now. Not next month. Not after another report. Now. Because Auroville is not just a township. It is India's conscience

made visible. What India does about Auroville will define what India believes about herself.

[Kaitlyn Diana edited this piece.]

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**Rahul Dev** is an India-based governance and political systems professional with over a decade of experience examining how institutions shape everyday life.

Trained at the Tata Institute of Social Sciences (TISS), he has worked across state and central governments on urban development, policy design, investment promotion, CSR ecosystems and large-scale democratic processes. His career spanning institutional reform, governance strategy and public affairs has given him an inside view of how power is negotiated, misused and occasionally redeemed.

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## Trump vs. Powell: The War for the Federal Reserve Escalates

Alex Gloy  
January 23, 2026

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**The escalating clash between US President Donald Trump and Fed Chair Jerome Powell threatens the Federal Reserve's independence amid conflicting economic views. While Powell advocates cautious rate hikes to cool a booming economy, Trump and allies push for aggressive cuts, citing alternative inflation measures. This political turmoil risks undermining trust in the dollar, driving investors toward gold and other safe havens.**

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The long-simmering tension between US President Donald Trump and Federal Reserve Chairman Jerome Powell has erupted into a full-blown constitutional crisis. What began as a series of vitriolic tweets and campaign trail insults has mutated into a direct executive assault on the central bank's independence, culminating in a threatened Justice Department indictment, a defiance video from the Fed Chair and an unprecedented intervention by global central bankers.

### **The escalation: “gross incompetence” and indictment threats**

The conflict reached a boiling point when reports surfaced that the Trump-aligned Justice Department was preparing to seek an indictment against Powell. The alleged charges do not stem from monetary policy errors, but rather accusations of perjury and “gross incompetence” related to the renovation costs of the Federal Reserve’s Eccles Building in Washington, DC

This legal maneuver follows months of escalating rhetoric. Since taking office in January 2025, President Trump has reportedly disparaged Powell in private and public forums, calling him a “moron,” a “jerk” and a “stupid person” on at least a dozen occasions. The animosity was on full display during a bizarre incident in July 2025, when Trump insisted on visiting the construction site of the Fed’s headquarters. During the tour, witnesses described the President jostling with Powell over cost overruns, using the backdrop of the construction zone to berate the Chairman in front of the press corps.

The Chairman of the Federal Reserve, of course, has very little involvement with the construction project.

Despite having nominated Powell for the position during his first term, Trump has called for

his resignation multiple times in the last year, frustrated by the Fed’s refusal to slash interest rates to zero. The threatened lawsuit — ostensibly about building management — is widely viewed by legal experts as a spurious pretext to remove a barrier to the President’s economic agenda.

### **Powell’s “video response” and the European shield**

In a move that surprised Washington, Powell broke with the Fed’s century-old tradition of stoic silence. On Sunday, January 11, the Fed released a video statement featuring a steely Powell looking directly into the camera. Without naming the President, Powell reaffirmed his commitment to the “rule of law” and the Fed’s mandate, declaring that he would not be intimidated by political pressure. The video, stripped of the usual central bank jargon, was a clear signal: Powell was not resigning.

The international community has rushed to Powell’s defense. On January 13, a coalition of 10 major central banks — including the European Central Bank (ECB) and the Bank of England — released a joint letter expressing “full solidarity” with Powell. The letter, a diplomatic bombshell, underscored that “the independence of central banks is a cornerstone of price, financial, and economic stability.”

However, the expression of support was not well received at home. Stephen Miran, a Trump-appointed Fed Governor who has become a vocal internal critic of the Powell consensus, dismissed the letter immediately. Miran called the foreign intervention “not appropriate,” arguing that global bankers have no business opining on US domestic legal matters.

### **The media reaction**

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Prominent voices in the financial world have begun to sound the alarm. Michael Bloomberg, the former mayor of New York City, published a stinging opinion piece titled “Let Powell and the Fed Do Their Jobs,” arguing that the politicization of the dollar would have catastrophic long-term consequences for US borrowing costs.

Market veterans like Mohamed El-Erian and Rob Arnott have also weighed in, though often with a focus on the broader implications of “fiscal dominance.” While El-Erian has frequently warned that the Fed is losing control of the narrative, recent discussions in the bond market suggest a growing fear that the Fed’s independence is being eroded not just by tweets, but by structural changes.

Senator Cramer, a member of the Senate Banking Committee, suggested that it “would be an elegant solution for the Fed chair to step down in exchange for dodging a political indictment”. Which carries the same vibes as offering to purchase someone’s corner store for a dollar “to avoid losing it to flames one day”.

“Well I’d love that, I mean, we all talked about getting him [Powell] out of there [Federal Reserve] quipped Larry Kudlow on FOX News.

The attempt to fire fellow board member Lisa Cook — a case currently winding its way through the Supreme Court — further illustrates the administration’s “cleanup” strategy to install loyalists at the Board of Governors.

### **The Data: A “supercharged” economy complicates the narrative**

The irony of the President’s demand for rate cuts is that the US economy, by many metrics, is running too hot, not too cold.

According to the Atlanta Fed’s “GDPNow” model, the estimate for real GDP growth in quarter four (Q4) 2025 stands at a staggering 5.4% as of January 21, 2026. This “supercharged” growth rate defies the narrative of a recessionary economy in need of monetary stimulus.

Furthermore, inflation remains sticky. Core personal consumption expenditures (PCE) inflation — the Fed’s preferred gauge — is currently tracking around 2.7% to 2.8% year-over-year, above the 2% target. With unemployment at a relatively healthy 4.4% (as of December 2025), the data suggests the Fed should be cautious, not aggressive, in cutting rates.

### **The Taylor Rule calculation**

To understand just how divergent the President’s demands are from standard economic theory, we can use the Taylor Rule, a standard formula used by the Atlanta Fed and economists worldwide to estimate the “appropriate” federal funds rate.

In simple terms, the Taylor Rule is a formula for finding the “perfect” interest rate. If prices rise too fast (high inflation), the Fed needs to cool things down by raising interest rates. If people are losing jobs and businesses are closing (recession), the Fed needs to warm things up by lowering interest rates.

The rule starts with a “Neutral Rate.” This is the interest rate where the economy is cruising comfortably — neither speeding up nor slowing down. The neutral rate is assumed to be 2%.

The Taylor Rule then looks at two gauges and tells the Fed to adjust the rate up or down: inflation and growth.

For every percentage point inflation exceeds the target (currently 2%), the neutral rate is increased by the difference, multiplied by 1.5. With inflation

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at 2.7%, we should add 1.05 (0.7 x 1.5) to the neutral rate.

Next, the Taylor Rule considers GDP growth and the job market to determine if there is an “output gap” (when economic output is below potential), in which case points are deducted from the neutral rate.

However, with the latest estimate for Q4 2025 real GDP growth (5.4%), the US economy seems to be running “hot” and above potential. This would require a surcharge on the neutral rate.

Given strong economic growth (around 8% nominal), the Taylor Rule prescribes a rate significantly higher — potentially over 5% — to prevent overheating. By this metric, Powell is already being incredibly dovish.

Governor Miran, however, argues that the neutral rate has fallen due to specific fiscal and migration factors. He has stated that the Fed Funds rate should be slashed immediately by 100–150 basis points (1–1.5 percentage points). Miran’s interpretation provides the academic cover for Trump’s political demands, suggesting that the “true” rule points to much cheaper money.

In December 2025, Miran claimed that official inflation was overstated, implying that monetary policy should be more accommodative (i.e., lower interest rates). He cited asset management fees contributing 30 basis points (0.3 percentage points) to core inflation. Have you ever heard your Uber driver complain about rising asset management fees?

Did you know that US health insurance premiums are apparently falling? That’s what recent government data suggests. This occurs because the Bureau of Labor Statistics (BLS) uses an “indirect method” to calculate the health insurance component of the Consumer Price Index;

it deducts benefits (payouts) from insurers’ retained earnings (profits). If your insurance raised your premium by 5%, but increased payouts by 10% (due to a bad flu season, for example), the insurance company’s profits shrink, which BLS will report as a price drop (even as you pay higher insurance premiums). Have you ever heard a person say, “My insurance reduced my premium?”

### **Implications: the dollar in the crosshairs**

The assault on Powell and the attempts to purge members like Cook signal a shift toward a “pliant” Federal Reserve. If the central bank loses its credibility to fight inflation, the premium investors demand to hold US Treasury bonds could soar.

A long time ago, we used gold coins as a means of exchange. Those were replaced by receipts for gold coins, for safety and convenience. Then, the gold coins were removed, but we continued to exchange receipts, despite the fact that they had no tangible backing. Later, we moved to an electronic representation of those receipts. Today, stablecoins offer another layer of abstraction.

Central banks’ formidable task is to prevent a loss in a trust-based system. Undermining central bank independence is the best way to destroy this fragile construct we call “money”. Once trust is destroyed, it is very hard to earn back, usually only by offering additional assurances, like a gold backing.

The markets are reading the signs, bidding up the prices of gold, silver and many other commodities. There are no “lines at the gold shop” yet, but we are on the best route towards a disruptive outcome of irresponsible monetary and fiscal policies.

[Kaitlyn Diana edited this piece.]

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**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.

## **Bosnia's Quiet Rearmament: How a Small Defense Industry Is Becoming Europe's Hidden Supplier**

Harun Karić  
January 24, 2026

**Bosnia and Herzegovina's defense industry, rooted in its Yugoslav legacy, is quietly reemerging as a key player in Europe's security landscape. Specializing in NATO-standard and Soviet-caliber munitions, it serves diverse global markets and supports Ukraine through intermediaries. With growing Western investment and regional collaboration, Bosnia is becoming an important, though often overlooked, contributor to European defense resilience.**

**B**osnia and Herzegovina is rarely associated with industrial resilience, let alone strategic defense manufacturing. Yet beneath the country's familiar image as a post-conflict state beset by political dysfunction lies a defense industry that has not only survived war and transition, but is now quietly reasserting itself as a consequential — if underappreciated — component of Europe's security ecosystem.

This is not a new story. The foundations of Bosnia's military industry were laid during socialist Yugoslavia, when more than half of the Yugoslav People's Army's arms and ammunition were produced in what is today Bosnia and Herzegovina. Facilities established between 1948 and 1951 were deliberately concentrated in the republic, reflecting both geography and the federation's emphasis on industrial depth and redundancy. Although the wars of the 1990s severely damaged this infrastructure, they did not erase the skilled workforce, institutional knowledge or manufacturing culture on which the sector was built.

### **Revitalization of Bosnia's defense industry**

Over the past decade, Bosnia's defense industry has undergone a steady, largely overlooked revival. The sector today employs several thousand workers across more than 20 companies, spanning state-owned incumbents, mixed-ownership firms and a growing private segment. Producers such as Pretis Vogošća, BNT Novi Travnik and Binas Bugojno have scaled up the output of high-demand munitions, particularly 155 millimeter artillery shells. BNT alone has cited potential annual production capacity in the hundreds of thousands of rounds — figures that, if sustained, place Bosnia among the more consequential secondary producers on Europe's periphery.

The industry is almost entirely export-oriented. More than 80% of Bosnia's arms and ammunition

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output is sold abroad, reaching over 40 countries. In the first two months of 2025, Bosnia and Herzegovina exported military equipment worth €46.6 million — double the value for the same period in 2024. Likewise, total military exports in 2025 reached around 400 million Bosnia-Herzegovina Convertible Mark (€200 million), up 100 million Bosnia-Herzegovina Convertible Mark from 2023.

Early 2026 trends suggest export values could significantly exceed previous years. While the country does not produce complex, high-end systems, its specialty in bombs, grenades, mines, rockets, ammunition and related components has made it increasingly relevant in conflicts where consumables are in high demand.

### **Bosnia's dual role in defense and geopolitics**

Bosnia's renewed relevance is also geopolitical. The country sits at a strategic crossroads between its Euro-Atlantic aspirations and persistent Russian influence in parts of its political system. While not a NATO member, Bosnia is a partner country and an indirect contributor to Ukraine's war effort. Its defense industry occupies a distinctive niche: few European producers retain the technical capacity to manufacture both NATO-standard and Soviet-caliber arms and ammunition at scale. This dual compatibility has allowed Bosnian firms to serve a diverse customer base spanning NATO states, the Middle East, Africa and other markets — while remaining adaptable to shifting battlefield requirements.

This strategic utility has not gone unnoticed by the US. US firms have emerged as some of the largest buyers of Bosnian ammunition, quietly but firmly embedding the country in Western supply chains. While Bosnia does not officially export arms to Ukraine, deliveries are routed through intermediaries, allowing its factories to contribute materially while navigating domestic political

sensitivities. US investment has been central to this process: Regulus Global is one example.

The US-based defense company purchased majority stakes in two Bosnian armaments companies, Pretis and Binas. With a \$100 million capital injection into Sarajevo's Pretis factory, the company has already brought forward upgrades it couldn't have afforded on its own. Joe Wallis, the company's CEO, said:

To be honest, we didn't come to BiH because it was the easiest place to operate. We came because it made sense; strategically and personally. What we found here was a depth of expertise, real industrial capability, and a work ethic that frankly impressed us. These are qualities you can't fake, especially in sectors where precision and trust are non-negotiable. This wasn't a fly-in, sign-a-deal kind of situation. We spent time here. We met the people, walked the floors, and looked at the long-term. And what we saw was a country that deserves investment, not just interest. That's what brought Regulus here—and what's keeping us here.

### **Emerging defense industries in the Western Balkans: a strategic asset for Europe**

The broader Western Balkans also stand poised to contribute to Europe's defense-industrial resurgence. According to a major study by Friedrich Ebert Stiftung, Albania is reviving production of explosives, small arms, ammunition and drones, while entering a joint venture with the UK for armored vehicles. Kosovo and North Macedonia are partnering with Turkish firms to develop ammunition and propellant capabilities and to seed domestic drone ecosystems. Cost competitiveness and proximity to European markets are clear advantages: output can be priced below Western equivalents and delivered rapidly.

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With predictable demand signals and modest investment, these facilities could help plug bottlenecks in EU and NATO supply chains.

This industrial and regional relevance aligns closely with Europe's own strategic ambitions. The European Commission's 2025 White Paper on European Defence, Readiness 2030, identifies concrete industrial priorities, four of which map directly onto Western Balkan strengths.

First, Europe aims to produce at least two million large-caliber artillery rounds annually, creating immediate demand for existing production lines in Bosnia and neighboring states. Second, investment in artillery systems themselves opens space for licensing, modernization and scaling production from proven regional manufacturers. Third, drones and counterdrone systems — while high-end unmanned aerial vehicles remain the domain of larger original equipment manufacturers — offer opportunities for cost-effective intelligence, surveillance and reconnaissance, as well as for loitering platforms. Fourth, expanding capacities for propellants, explosives and munitions aligns with both EU supply needs and Bosnia's demonstrated export strengths.

Here is where Ukraine comes into the picture. Politically, the Western Balkans have largely condemned Russia's 2022 invasion of Ukraine. Several countries in the region have also provided tangible military support: Albania donated Mine-resistant ambush protected vehicles along with small-arms and mortar ammunition, Montenegro contributed naval and artillery munitions, Kosovo supplied vehicles, ammunition packages and hosted training activities, while Serbia — though publicly avoiding direct military aid — has been widely reported to have supplied substantial ammunition via third parties, with open-source estimates reaching up to €800 million by the end of 2024. Bosnia itself has channeled significant volumes of ammunition to Ukraine

through intermediaries. Taken together, these contributions represent niche but nontrivial support streams, particularly valuable during the early phases of the conflict when Soviet-standard systems were at a premium.

Bosnian American political analyst Jasmin Mujanovic sees a lot of potential in Bosnia supplying Ukraine's military:

But for the purposes of the question of Ukraine's needs at this time, all of the relevant firms are located in the Federation entity. And these are firms that produce munitions and specifically large caliber artillery munitions, in particular 155mm shells, the NATO standard artillery caliber. You have at least two firms that are producing the shells sort of tutto completo, and then another two firms that are producing various components for these shells. You also have another company there, Igman, which does not produce artillery shells, but is producing large quantities of small arms munitions.

Overall, the Bosnian defense industry is valued at several hundred million dollars — potentially even a billion, depending on valuation — an impressive scale for a country of its size.

Bosnia is not about to become Europe's arsenal. But in an era defined by attrition warfare, logistical pressure and the need for resilient industrial throughput, secondary producers matter more than ever. Bosnia's defense industry has demonstrated the ability to meet NATO standards, scale output and absorb targeted investment. What it has lacked until now is sustained strategic attention. If the trajectory of US engagement, EU interest and regional industrial expansion continues, Bosnia's quiet rearmament may emerge as one of Europe's most consequential, if least noticed, security stories.

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[Kaitlyn Diana edited this piece.]

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**Dr. Harun Karčić** is a journalist and political analyst covering the Balkans. Over the past decade, he has authored numerous articles on geopolitics and religion, particularly Islam, in the post-communist Balkans. He also writes about the role played by foreign powers including Saudi Arabia, Iran and Turkey. His scope has more recently expanded to include China and Russia as well. He also regularly reports on Muslim minorities in Europe and rising right-wing nationalism.

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## **Imagine There's No NATO: Germany as a New Middle-Sized Military Power in an Anarchic International Order**

Elliot Neaman  
January 29, 2026

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**The fracturing of the Atlantic alliance under US President Donald Trump's erratic leadership forces Germany to reconsider its security strategy amid rising tensions with Russia and an unpredictable US. Germany is moving toward rearmament and deeper regional cooperation while grappling with domestic political polarization. This shift risks ending the post-1945 liberal order that kept Germany a**

**restrained economic power and maintained European stability.**

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**U**S President Donald Trump has done something no adversary of the United States ever managed: he has pitted the Atlantic alliance against itself. What was once assumed — a permanent American commitment to Europe's security and to a liberal order it largely designed — is now openly in doubt. At Davos this week, Trump delivered a characteristically erratic speech that careened from topic to topic, insulting his hosts, threatening European economies and leaving allies with the impression that the United States is no longer a predictable partner but a volatile actor that might turn on them at any time. The spectacle underlined a disturbing reality: the sheriff no longer enforces the law, except his own.

The core of the Western Alliance since 1949, Europeans and Canadians find themselves faced with a new harsh reality, sandwiched between two hostile or unreliable powers, Russia and the United States. In such a scenario, a passive Europe might degenerate into a mosaic of fiefdoms: some under Russian influence, some under American pressure, some drifting toward China. Canada has already begun to rebalance in that direction. Faced with that prospect, Europeans — and especially Germans — will reluctantly choose rearmament. They will become “normal” powers again.

How would Germany, specifically, behave if the Atlantic alliance erodes or collapses under the strain of Trumpist nationalism and willful unpredictability in Washington? How would Berlin recalibrate its alliances and buffers, its place inside — and eventually beyond — the European Union? To answer that, we have to go back to the last time Germany confronted an unpoliced, anarchic system of great-power rivalry: the decades before the First World War.

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## A historical pattern emerges

Historians of Germany will recognize a pattern in what we are witnessing today. For three decades after German unification in 1871, Otto von Bismarck played the role of an unsentimental manager of order: a ruthless tactician in war, but once his aims were achieved, a conservative balancer who tried to prevent the system from blowing up. His successor, Kaiser Wilhelm II, was the opposite — impulsive, vain, narcissistic and prone to grand, erratic pronouncements that frightened friends and emboldened rivals. He wanted every day to be his birthday, one wag quipped.

Today, the contrast between the relatively steady — some would say too weak, but in any case — order-preserving foreign policy of the Obama and Biden administrations and the unpredictability of Trump's rhetoric and statecraft looks eerily like that earlier shift: from Bismarck to Kaiser Wilhelm II.

Bismarck, the Prussian statesman who created the first unified German nation-state in the 1860s and 1870s, offers a blueprint for how a rising power behaves when it feels insecure — and what it does once it has secured itself. Between 1864 and 1871, he engineered three short, brutal wars: against Denmark to seize Schleswig-Holstein; against Austria to push it out of German politics; and against France to complete unification and proclaim the German Empire at Versailles. These wars were not mindless aggression but calculated moves to solve what Bismarck saw as Germany's structural vulnerability: a fragmented nation in the middle of Europe, surrounded by stronger imperial powers.

After 1871, Bismarck declared that the new Germany was a “satiated” power. Having achieved unification and key territorial gains, he pivoted from conquest to preservation. His greatest fear

now was encirclement: a coalition of hostile powers aligning against Germany. He responded with an elaborate web of alliances and treaties to freeze the system in place. In the 1860s, he used force to create a power; in the 1880s, diplomacy to preserve it. The lesson is clear: rising powers fight to secure their position; if they are prudent, they then try to declare the game over. But the game never ends.

When Bismarck falls, someone else sits in his chair.

## Wilhelm's gambit

When Wilhelm dismissed Bismarck in 1890, the logic of German foreign policy shifted. The Reinsurance Treaty with Russia lapsed. Naval competition with Britain became an obsession. Colonial adventures, Balkan crises and the Wilhelm's own erratic public outbursts replaced Bismarck's cold calculation.

Wilhelm's bombastic and often irrational statements — the famous Daily Telegraph interview and the two Morocco Crises were only the two best-known examples — alarmed allies and adversaries alike and convinced many that Germany was unpredictable and dangerous. Historians now see Wilhelm's mixture of insecurity, vanity and impulsive rhetoric as a major factor in the chain of miscalculations that led to 1914.

The result was not a master plan for world domination, but something more banal and more dangerous: anarchy unmanaged. Arms races accelerated, alliance commitments hardened and each crisis was “resolved” in ways that preserved the appearance of peace but eroded trust. When the heir to the Austrian throne was assassinated in Sarajevo, there was no trusted arbiter, no accepted enforcer of rules. The dominoes fell in the dark.

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This is what international relations theorists mean by anarchy. Kenneth Waltz, in his book *Theory of International Politics*, does not use the term “anarchy” for chaos but for the structural fact that there is no world government, no global police. States exist in a self-help system. Hedley Bull, in *The Anarchical Society*, made the same point more gently: there is an international society of states, but no sovereign above them. Without a superordinate authority, states must balance, arm and pre-empt to survive. Miscalculation is built into the environment.

Germany’s insecurity in such a world was not imaginary; it was the central fact of the European order. Once Berlin believed that Russia was mobilizing and that France would join, Bismarck’s nightmare — a two-front war against an encircling coalition — moved from theory to calendar. War became thinkable, and therefore likely.

From a purely foreign policy perspective, Hitler’s incorporation of German-speaking territory into the Third Reich up until 1938 looked Bismarckian. Had he stopped there and announced that Germany was satisfied in terms of any further demands, he would possibly have gone down in history as a second Bismarck, this time establishing a Pan-Germanic state, rather than a smaller Germany under Prussian domination. But his fanatical racism and megalomania led to a rebalancing of other powers against him, the destruction of Germany and all the accompanying horror of World War II.

## The postwar bargain

The generation that designed the post-Second World War order — American diplomat George Kennan, US Army Chief of Staff George Marshall, US Secretary of State Dean Acheson, European statesman Jean Monnet, West German Chancellor Konrad Adenauer — understood the structural problem that had produced 1914 and 1939. Europe

by itself could not solve “the German problem”: how to keep the central power rich, integrated and secure without allowing it to dominate the continent.

The solution was an audacious two-level bargain. At the European level, Western Europe built institutions — the Coal and Steel Community, the Common Market, the European Union — to bind Germany into a web of mutual dependence and make war between France and Germany “not merely unthinkable, but materially impossible,” as French Foreign Minister Robert Schuman put it.

At the transatlantic level, the US did something no previous great power had done: it stationed large combat forces permanently in Europe and promised, in effect, to risk nuclear war for allies whose territory it did not covet. Through NATO, Washington offered a hierarchical but broadly benevolent order. The United States would act as the security provider of last resort, the *de facto* police force of the North Atlantic area.

In Waltz’s terms, the system remained anarchic — there was still no world government — but the presence of a dominant, relatively benign hegemon softened anarchy for its friends. Smaller and medium powers did not have to arm to the hilt. They did not need to carve spheres of influence because American naval predominance and liberal economic rules underwritten by Washington secured access to markets, sea lanes and raw materials.

Germany, in this system, could afford to be “abnormal.” It could renounce nuclear weapons, keep defense spending modest, and cultivate an identity as a “civilian power” and “trading state.” It built cars, machines and chemicals rather than aircraft carriers and ballistic missiles. The postwar “economic miracle” depended on that order, and so did political normalization. The Germany we know

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— democratic, export-driven, allergic to nationalism — is a product of the US-dominated liberal order, not a timeless essence of the German soul. The question is how long such an abnormality can survive if the order that sustains it decays or turns hostile.

## Trump and the rebirth of Wilhelm II

Enter Trump — and, as Davos reminded Europeans this week, a US that increasingly resembles Wilhelm's Germany: still powerful, but led by a man whose impulses and public statements are so erratic that no one can be sure what he will do next. Trumpism's challenge is not merely that an American president insults allies or demands more European defense spending.

The deeper challenge is that Trump rejects the very logic of the post-1945 order. He sees alliances as protection rackets. He does not believe in a community of democracies or in "the West" as anything more than a slogan. He has repeatedly praised authoritarian leaders, including Russian President Vladimir Putin, and treated the EU as an economic enemy. Tariffs on European steel and aluminum, threats against German cars, the talk of "taking" Greenland from Denmark, and now an unhinged Davos performance in which he hectored and threatened Europeans are not isolated episodes. They signal a worldview in which might makes deals, not rules. Like Wilhelm II's outbursts, Trump's speeches are not just embarrassing; they are structurally destabilizing, because they make it impossible for allies to take American commitments at face value.

If a president toys with letting Russia "do whatever the hell they want" to allies that do not spend enough, muses about withdrawing from NATO or treats Article 5 as optional, he effectively breaks the alliance, whether or not he formally leaves it. Even if a future American president signals a return to the era of the Pax

Americana, the memory of how quickly that commitment can be broken will not fade. Waltz's abstraction — anarchy — ceases to be a seminar concept and becomes a lived condition. If Germany no longer believes in the permanence or good faith of the American security guarantee, it must relearn the lessons of Bismarck and Wilhelm II. It must ask how to survive in a world with untrustworthy great powers to its east and west.

## Economic relations and hedging

The Davos meetings underscored this new mood from another angle as well. In a widely noted intervention, former Bank of England governor and now Canadian Prime Minister Mark Carney argued that international economic relations can no longer rest on a simple community of "shared values." Instead, he suggested, they are becoming layered and differentiated: at one end, deeply integrated ties with genuinely like-minded partners; at the other, arm's-length, heavily transactional relationships with states whose values diverge. If the US is no longer a reliable, value-based partner, Carney implied, Europe and Canada will have to treat it much as it has historically treated authoritarian or quasi-authoritarian powers: cooperate where necessary, but hedge, compartmentalize and never entrust vital interests entirely to Washington's goodwill.

In the near term, German responses will be constrained by history, law and political culture. The Basic Law, the trauma of the Nazi past and decades of antimilitarism still matter. No one in Berlin will announce a German bomb tomorrow. Instead, the first phase of adjustment will occur within the EU and NATO, even as the spirit of those structures changes.

We already see the outlines. After Russia's invasion of Ukraine in 2022, Chancellor Olaf Scholz proclaimed a *Zeitenwende*, a turning point, and announced a €100 billion fund to modernize

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the Bundeswehr (the German armed forces). Germany has promised to meet NATO's 2% of GDP benchmark. German industry is rapidly expanding arms production. Berlin is knitting itself into a denser web of cooperation with Poland, the Baltic states and the Nordics. With Finland and Sweden now in NATO, a northern and eastern security belt is forming with Germany as a central hub.

All of this happens under familiar EU and NATO logos, but the underlying strategy is shifting. These arrangements are less about reinforcing an American-led "European pillar" and more about hedging against American withdrawal or caprice. A serious turn to self-reliance implies large conventional forces for territorial defense, deep stocks of ammunition and fuel, integrated air and missile defenses, and indigenous capacity in critical technologies such as cyber, space and AI so that the United States cannot simply cut Europe off.

If pushed far enough, Germany, Britain, France and Poland may feel compelled to consider nuclear options — whether through an explicitly "Europeanized" French deterrent or, eventually, German participation in nuclear decision-making independent of Washington. In this first phase, Germany remains formally inside the post-1945 order, but it is already behaving like a middle-sized military power preparing to act in an anarchic system.

## Domestic politics and polarization

Foreign policy, however, does not emerge from theory alone. It is filtered through domestic politics. Here, the German picture is troubling. On the far right, the Alternative für Deutschland (AfD) has grown from a protest party into a major force, vying in some polls for second place and now the strongest opposition in the Bundestag — an echo, structurally if not (yet) morally, of the Nazi Party's

leap in 1930. On the far left, parts of Die Linke and other groups remain deeply suspicious of NATO and the United States, often rationalizing Russian behavior. They oppose arms deliveries to Ukraine and demand negotiations that would, in practice, freeze Russian gains.

What is striking is that both extremes converge on a pro-Putin, anti-American position. The AfD criticizes sanctions on Russia, opposes military aid to Ukraine, and demands the removal of US troops and nuclear weapons. Segments of the left insist (ahistorically) that NATO expansion "provoked" Russia and present distancing Europe from Washington as the path to peace, while treating China's cynical "peace plans" with naive and unwarranted seriousness. These forces remain minorities, but if Trump or a Trumpist successor continues to insult Germany, impose tariffs and flirt with Russian power, they will grow. Every act of American bullying confirms their narrative that the US is not a benevolent hegemon but a predatory empire.

For a time, Germany will try to square the circle: remaining in the EU and NATO while building the capacity to act alone if necessary. But there comes a point where form and substance diverge too far. If Washington openly questions Article 5, withdraws troops, weaponizes the dollar against German industry, and leaves Europe squeezed between Russian aggression and American caprice, Berlin will face brutal choices. It can cling to a hollow alliance and hope for a better US president. It can push for full European strategic autonomy with Germany at its core. Or it can act as a semi-detached middle power, hedging between blocs, cultivating ties with Russia and China, and building unilateral capabilities — possibly including nuclear ones — to ensure it cannot be coerced.

None of these options is attractive. All are worse than the post-1945 arrangement in which

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Germany could be both powerful and constrained, rich and modest. That is precisely the point. The liberal order, for all its hypocrisies, made possible a world in which Germany did not have to be a “normal” power — and in which its neighbors, and Americans, did not have to worry about German ambitions, because Germany had no structural incentive to develop them. The death of that order does not bring justice or freedom. It brings back normality — and normality for Germany has twice meant catastrophe for Europe.

## Trumpism’s misguided strategy

Trump and his advisers believe they are correcting a historic imbalance. Their story is simple: America has been exploited by rich allies who free-ride on its defense while undercutting it on trade. Force the allies to pay up, threaten them with abandonment, bully them with tariffs, and they will finally behave.

That story is naïve. It misunderstands alliance politics: states do not accept permanent dependence on an unreliable protector. If they fear abandonment more than entrapment, they rearm and realign. It underestimates the structural consequences of American withdrawal: German and Japanese rearmament in response to Trump is not burden-sharing but the emergence of potential counterweights. Japan’s main concern is defending itself against China, with the First Island Chain as its central focus. But the uncertainty Trump has created has accelerated its militarization efforts.

The Trump doctrine ignores domestic blowback by humiliating and endangering both Germany and Japan. In doing so, the US strengthens precisely those forces that want to end the Atlantic alliance and align with Russia or China. And it miscalculates the long-run costs to the United States itself.

For three-quarters of a century, America has purchased unprecedented influence, security, and prosperity at a remarkably low price by underwriting an order in which Germany and Japan were rich, disarmed and firmly anchored in the West. To throw that away for short-term posturing is not realism. It is vandalism.

The great achievement of the American-led order after 1945 was that Germans, and their neighbors, did not have to think in Bismarckian terms: buffers, spheres, deterrence. The great danger of Trumpism, amplified in Davos and elsewhere, is that it makes such thinking rational again. We still have time to choose otherwise. Americans can decide that the modest costs of sustaining a liberal order are far lower than the enormous costs of confronting a rearmed Germany, a resentful Europe, a rising China and a revanchist Russia all at once. Germans can decide that rearmament should happen inside a revitalized Atlantic framework, not in a lonely space between hostile empires.

But to make those decisions honestly, we must stop pretending that Germany will remain forever what it has been since 1945: a gentle economic giant that declines to act like a power. In a world where the sheriff holsters his badge or, like Wilhelm II, fires wildly to impress the crowd, there are no such giants. There are only states, some large, some small, all arming as best they can. If we insist on dismantling the order that made an abnormal Germany possible, we will get the normal Germany that history teaches us to expect. And then we will discover, too late, that the world we walked away from was not a burden but a bargain.

[Kaitlyn Diana edited this piece.]

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Elliot Neaman is a professor of European intellectual history at the University of San Francisco. His scholarship focuses on post-World War II German society, including, on the right, the politics of literature after Nazism and on the left, the trajectory of youth revolts from reform to extremism. He is the author of *A Dubious Past: Ernst Jünger and the Politics of Literature after Nazism* (1999) and *Free Radicals: Agitators, Hippies, Urban Guerrillas, and Germany's Youth Revolt of the 1960s and 1970s* (2016). His work engages themes of fascism, right-wing thought, terrorism and memory politics in Germany and Europe.

He has edited and introduced several translations of Ernst Jünger's works and contributed to volumes on the radical right, including *Key Thinkers of the Radical Right: Behind the New Threat to Liberal Democracy*. Neaman is a member of the editorial board of the Journal of Right-Wing Studies (UC Berkeley). His *Selected Writings: A Journey in Intellectual History* (1988–2025) is forthcoming in the “Best of the Humanities” series from Columbia University Press.

## Heroic Kurdish Fighters in Kobani Now Forgotten and Besieged

Wladimir van Wilgenburg  
January 30, 2026

**The Kurdish town of Kobani, once a symbol of resistance against the Islamic State of Iraq and Syria, now faces siege by the Syrian government**

forces led by Ahmed al-Sharaa, causing severe humanitarian shortages and displacement. Despite ongoing negotiations pushed by the US, Kurds fear repression and reject integration with Damascus. US lawmakers have introduced the *Save the Kurds Act* to protect them from government retaliation.

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The Kurdish town of Kobani was once the center of the struggle against the Islamic State of Iraq and Syria (ISIS) when it was besieged by ISIS in 2014, and eventually, Kurdish fighters were the first group to defeat the onslaught of ISIS with American support.

But the town is now besieged by America's new ally: the new Islamist Syrian government led by Ahmed al-Sharaa, who was once branded a terrorist by the United States before the Assad regime fell, and who was previously jailed by the US in Iraq. “Pretty rough resume. But you’re not gonna put a choir boy in there and get the job done,” US President Donald Trump told reporters on January 20.

According to an assessment of a local aid organization in Syria from January 20, Kobani's electricity has been cut, resulting in the shutdown of the water network and the creation of severe shortages. Moreover, there is a lack of bread in Kobani. Thousands of internally displaced persons now live in unfinished buildings, tents or are sleeping in their cars. So far, five underage children have died from the harsh winter circumstances and malnutrition.

Damascus reportedly opened a humanitarian corridor to Kobani on January 25, but so far, not much aid has arrived, apart from several trucks from the UN and the Syrian Red Crescent.

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Now, the US wants the Kurds to integrate with these fighters who are besieging the Kurds, to the dismay of civilians in the Kurdish town of Kobani, which is under attack by Syrian government forces led by al-Sharaa. In early January, heavy fighting erupted between the Kurdish-led Syrian Democratic Forces (SDF) and the Syrian Arab Army (SAA) after negotiations broke down between the Islamist government in Damascus.

Since the March 10, 2025, agreement, negotiations have continued between Damascus and the Kurds over how to integrate territory controlled by Kurdish-led fighters into the new system. While the Kurds want autonomy, Damascus wants a centralized system and control of all of its territory.

## An impossible integration

From the beginning, it was almost an impossible task to integrate the secular SDF fighters, which include many female fighters, into the new Syrian army that is led by ex-Al Qaeda fighters, who are sometimes difficult to differentiate by uniform and patches from ISIS.

On January 10, Syrian soldiers threw the body of a Kurdish female fighter from a high floor of a building in Aleppo. Also in this month, many Kurds were angered when a Syrian soldier cut the braid from a female Kurdish fighter, leading to a huge campaign of Kurdish women and even Arab female presenters braiding their hair.

“We [the Kurds] fought ISIS and got rid of them on behalf of the world; we treated our neighbors with respect, and we believed that Arabs were our brothers — and at the end we were betrayed; who does that! We were brothers of the same religion,” a civilian said, who was displaced by fighting from the village of Zirik, south of Kobani.

“We hear that they are looting those villages [that were taken by Damascus], and everything that they see, they take away with them — that is what we hear.”

## Negotiations under fire — and fear of betrayal

Despite the heavy fighting between Kurdish and Syrian government forces, back-and-forth negotiations between Damascus and the SDF have continued, pushed by the United States and other Western countries. On January 29, the guns fell silent, and according to rumors, an agreement will soon be announced in Damascus. Previous agreements suggested that a security force recruited from locals in Kobani would be deployed in the town and that heavy weapons would be removed. Furthermore, US officials now underline that the Kurds should work with the new government in Damascus.

The US Envoy to Syria, Ambassador Tom Barrack, posted on X on January 20 that the “greatest opportunity for the Kurds in Syria right now lies in the post-Assad transition under the new government led by President Ahmed al-Sharaa.”

However, Kurds in Kobani do not want any forces from Damascus in their town, and fear that massacres could happen if the Syrian government forces enter. Previously, during clashes in Syria’s coastal region and Suwayda, thousands of minorities were slaughtered.

“Kurds fear a repeat of the crimes documented in Afrin under the Turkish occupation since 2018 or in Suwayda and the coastal regions this year: extrajudicial killings, torture, kidnappings, sexual violence, forced displacement, mass theft of homes and properties,” said Meghan Bodette, the Director of Research at the Kurdish Peace Institute, who unlike other Syria expert, has done extensive research on the ground in Syria.

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“They believe the government wants to destroy not just the YPG [People’s Defense Units] or PYD [Democratic Union Party], but the existence of a contiguous Kurdish community in a city famous for its role in the Kurdish resistance to ISIS. Government tactics that impact civilians first and foremost, like power, water and internet cuts, reinforce this perception.”

One civilian, who wanted to stay anonymous and had escaped his village due to government advances, told me that he does not want the forces of al-Sharaa to come to Kobani. “We don’t want to have them here — we are already fed up with them. They are looters.”

He added: “I was in Ras al-Ain, and it was them who brought the war to Ras al-Ain, and now they are following us to kill even here — no, we don’t want them, thank you.” As well as that, “Kurdistan is dear for us; I want us all the Kurds to be united. That’s what we would like to see.”

“The situation is calm now,” said another civilian, who wanted to remain anonymous due to security reasons. “The people prefer Kurdish forces. But if there will be a massacre, they have no problem with Damascus’ forces.”

On Thursday, US Senators Lindsey Graham and Richard Blumenthal introduced the Save the Kurds Act, to protect Kurds and ensure they are protected from “any retribution or revenge by the Syrian government,” Blumenthal said in a press statement.

Berivan Issa, co-chair of the Humanitarian Affairs Office in Kobane, told me that the people in Kobani now “hope that this act will really save Kurds.”

“Everybody thinks it is their only hope for them,” another civilian from Kobani said.

[Kaitlyn Diana edited this piece.]



Iraq.

**Wladimir van Wilgenburg** is a Middle East Analyst at The Jamestown Foundation and a freelance journalist based in Erbil, Iraq.

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## Trump’s Alternative Options for Greenland Post-Davos

Dominic Alessio, Imogen Alessio  
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**As US President Donald Trump considers backing down from threats to take Greenland by force, more plausible peaceful options emerge for the US to gain control of all or parts of the island. These include diplomatic negotiations and economic incentives. Historically, similar territorial acquisitions have occurred through purchase or lease rather than military action.**

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US President Donald Trump’s threatened takeover of the Danish territory of Greenland is not without historical precedent and geopolitical logic. Despite the popularity of Hollywood’s focus on “cowboy and Indian” conflict, American territorial expansion at home was obtained most successfully by means of purchase (Florida, Louisiana, Alaska and Gadsden). Meanwhile, its primary overseas colonies or bases were principally the result of leases (Panama, Guantanamo, Guam, Kwaj and Diego Garcia).

It should come as no surprise, therefore, that in 1917 Denmark also sold the Danish West Indies

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(now the US Virgin Islands) to the United States. Nor is America the only nation following Trump's Arctic strategy; for in 2011, China had also attempted to purchase/lease a large chunk of territory in Northeast Iceland.

But this is where the similarities end. In the case of what is now the US Virgin Islands, Denmark was compensated financially for this loss. By contrast, China's attempted foothold in the Arctic Circle was more subtle than Mr. Trump's current attempt. Firstly, China did not try to buy the entire country. Secondly, after the offer of purchase was rejected, it attempted to enter into a lease instead. Thirdly, China ran the offer through an interlocutor, namely a shadowy state-owned enterprise (SOE), to make the overture less brazen or politicized. Fourthly, China couched the offer in the form of an economic investment, which was good for an otherwise economically neglected region of the country. And lastly, when all of these attempts failed, the Chinese quietly walked away.

### **Domestic and international risks of Trump's assertive approach**

For an individual with a background in real estate and a reputed expertise in deal-making, Mr. Trump's overly assertive actions have currently made him appear like the robber baron Henry Potter in Frank Capra's *It's a Wonderful Life* (1946). Crucially, his actions threaten not only his popularity at home but also US geopolitical security. Poll after poll in the US indicates that a huge majority of Americans do not approve of his threats against a long-standing and loyal NATO ally.

At the same time, even though the United States maintains the globe's foremost armed forces, China is not far behind. According to the CIA, the People's Liberation Army "is the world's largest military" with some two million active-duty

personnel. Consequently, despite Mr. Trump's boasts of US military dominance, it surely makes strategic sense, given China's rising power, for him to maintain his European military alliances. They are not insignificant, with the UK, France and Italy all ranked as top 10 global military powers. If one imagines US-China relations as a poker game with both Trump and Chinese Supreme Leader Xi Jinping likely holding similar flushes, the NATO alliance gives the Americans a Royal Flush.

The question remains, therefore, how Mr. Trump can achieve his ambition now without damaging himself further and the US' global dominance. Whilst some commentators at Davos 2026 were reassured when he stated that "I won't use force" to take Greenland, he simultaneously reminded the audience that he had the capacity to take the island easily: "We probably won't get anything unless I decide to use excessive strength and force, where we would be frankly unstoppable." Such a statement appears not a world away from the not-so-veiled threats that Italian Dictator Benito Mussolini used when he spoke to the Italian parliament on January 3, 1925: "Italy, Gentlemen, wants peace ... we will give it with love, if possible, or with force, if necessary."

### **A more strategic and diplomatic alternative: referendum and financial incentives**

Given his determination post-Davos to seek "immediate negotiations" to obtain Greenland, as well as his real estate background, Mr. Trump might want to try a different approach to the situation instead, beginning with asking Denmark to fast-track a referendum on Greenland independence and then to offer each and every Greenlander an extremely generous financial inducement to vote for annexation to the USA. He could, in other words, make the Greenlanders a proposal that they won't want to refuse, as

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opposed to threats of invasion and a Mafia-like intimidation which they “can’t refuse.”

Critics would certainly and rightly accuse Mr. Trump of bribery, but, given his transactional nature, there is a financial soundness in this approach. However, to soften accusations of crassness, Mr. Trump might also want to offer all Greenlanders US citizenship and representation in both Congress and the Senate. In fact, he could use this opportunity to entirely rethink the representation of all unrepresented peoples in US overseas territories, such as Puerto Rico, Guam and American Samoa, and offer them all voting rights in Congress and the Senate as well as for the Presidency.

To help win the Danes over, not only could he try to convince them of the economic sense of this proposal, saving them an estimated \$1 billion in subsidies, but he should additionally offer Denmark compensation for the loss of Greenland, either by direct cash injections or as a percentage of mining rights for a certain period of time. Regardless of the way in which the vote goes, overnight, Mr. Trump’s reputation would go from accusations of fascism to shrewd negotiator. He could then make history before the midterms, rather than be history after them.

### **Plan B: pursuing partial acquisition instead of full takeover**

Should the vote in Greenland, despite all of the above, still go badly for Mr. Trump, instead of issuing more threats, he could try Plan B and follow the Chinese playbook in Iceland: attempt to buy not the whole country but only a piece of it. Indeed, after his Davos speech, he was reputedly having this very conversation with NATO, looking for territory akin to the British bases in Cyprus today.

Europeans might cry foul at recent events, but the UK followed a similar sale strategy when it excised the Chagos archipelago from Mauritius in the latter half of the 20th century. What is more, it treated the Indigenous population terribly by exiling everyone living there without their consent and with very little compensation. Ironically, these atolls were purchased for use as a military base, namely Diego Garcia, the very same base that Starmer wants to return to Mauritius and that Trump is now calling a strategic error. It seems that the past has a way of haunting the present.

If Mr. Trump insists on his ambition, it is Greenlanders, however, who need to decide what is in their best interests, not NATO and not Denmark, and not under duress. Mr. Trump, in the meantime, also has to decide now what the history books will remember him as: Democratic Don, or an Arturo Ui/Godfather-like Don Don.

[Kaitlyn Diana edited this piece.]

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**Dominic Alessio** is a professor of International History and Vice President International at Richmond American University London. A former Canadian Commonwealth Scholar to Aotearoa New Zealand, Dom’s research interests focus on the history of colonialism and the far right. He is the author of some fifty-plus books, book chapters and peer-reviewed journal articles, a similar number of reviews, as well as numerous other shorter online articles. Dom’s newest work, entitled *Faith, Folk, and the Far Right: Racist and Anti-Racist Heathenry and Occultism in the UK*, is forthcoming with Manchester University Press in 2025.

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**Imogen Alessio** is currently completing her Master's in Holocaust and Genocide at the University of Amsterdam in the Netherlands. Alongside this, she is working as a research intern at the National Institute for War, Holocaust and Genocide Studies investigating the relationship between conflict and the environment. She is specifically examining the use of Agent Orange during the Vietnam War. She completed her Bachelor's degree in History and Political Science at McGill University in Montreal, Canada.

## The Two Faces of Latin America

Alfredo Toro Hardy  
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**For eight centuries, Spain fought to reconquer its territory from North Africa's Islamic invaders. The swift conquest of Spain's part of the Americas would not have been possible without the kind of military and religious mobilization to which they had grown accustomed. This allowed them to quickly defeat resistance and build urban centers, institutions and a structured society. Portugal's Brazil initially saw neglect, coastal trading posts, and assimilation with indigenous peoples before developing plantations and stronger governance. These divergent approaches shaped lasting cultural legacies and contemporary attitudes toward colonial history.**

**I**n the eighth century AD, a North African Muslim population composed of Arabs and Berbers, known as the Moors, invaded and conquered much of the Iberian Peninsula. That is, the current Spain and Portugal. The fact that Portugal expelled the Moors from its territory in 1249, while it took until 1492 for the Spaniards to attain the same, had fundamental consequences in relation to their respective possessions in the Americas.

In Spain, a continuum existed between the reconquest of its own territory from the Moors and the conquest of its new American lands. Indeed, the year 1492 represented the end of the former and the beginning of the latter. Meaning, the defeat of the last Moor enclave in Spain and the "discovery" of a new continent by a Spanish expedition headed by Columbus.

### In just half a century

As a result, the spirit of mission that had animated the Spanish life during eight centuries (that of expelling the Moors) simply moved to the other side of the Atlantic. No other European country, without the sense of warfare mobilization and religious combativeness that prevailed in Spain, could have had the energy and the daring to take hold of such an enormous and inordinate geographical space in just a few decades. In just about 50 years, indeed, Spain subdued the indigenous populations, Christianized them, urbanized and populated the new territories, founded universities, put in motion a process of economic expansion and created its ruling institutions.

During that brief period, the Spanish conquerors defeated war-oriented indigenous populations throughout the continent. This included the mighty Aztec and Inca empires in current Mexico and Peru. Meanwhile, their missionaries thoroughly evangelized the native

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populations. For that purpose, they had not only to master the different indigenous languages but also their meanings and symbols, as this was the only way to make their teachings understandable. After attaining their religious purposes, though, the missionaries simply discarded such knowledge as an expression of paganism.

Urbanization had been an essential part of the Spanish Reconquest of its territory from the Moors. Indeed, every advance upon them had to be consolidated by building cities and towns within a concept of expanding frontiers. Not surprisingly, urban-minded Spaniards brought the same approach to the Americas. Towns and villages would become the tools for consolidating conquered spaces and for integrating the hinterlands to the coasts.

Populating the newly founded towns implied bringing women from Spain. Much has been written about the solitary nature of the Spanish conquerors as the leading cause for miscegenation, with indigenous women being the only females available to them. Undoubtedly, this is true, yet only to a certain extent.

Of the registered 45,327 Spaniards who came to America in the 16th century, 10,118 were women. In other words, there could have been around 20,000 married couples and around 25,000 single men. Moreover, during the first quarter of that century, a third of all the arrivals were women. This entails that half of the men had access to a Spanish wife. These Spanish couples would become the origin of the colonial gentry through endogamous marriages.

As early as 1538, the Spaniards founded the University of Santo Tomás de Aquino in the Dominican Republic of today. It was not only the first in the hemisphere but also among the first 15 within the Spanish world. This institution was followed in 1551 by the founding of the University

of Mexico and that of San Marcos in Lima. When these universities came to life, a wide network of schools already existed throughout the region.

In 1545, the 20-year span in which the major mining discoveries in Mexico and Peru took place began. They were to become large-scale operations that put in motion numerous interconnected economic activities. Workers needed housing and stores, while mines required masonry, winches, ladders and huge amounts of leather. Mules and horses were required to move the bullion to mints and to the exporting coastal areas. Plantations and ranches had to be established to supply mining operations and the emerging adjacent towns. And so on, amid a flurry of action.

To administer these territories, the Spaniards created a centralized political structure. From Spain, the Council of the Indies was responsible for the whole, while in America, two main viceroyalties were created: New Spain (current Mexico) and Peru. These viceroyalties controlled smaller administrative units called audiences, which in turn had jurisdiction over governorships. From the beginning, a complex bureaucratic system was put in place.

## Meanwhile

Nothing remotely similar happened in Brazil during the same period. This territory was granted to Portugal by a Papal Bull that divided the lands of the New World between the Spaniards and the Portuguese. The fact that Portugal had completed its war of reconquest 243 years before Spain was directly related to this. Indeed, there was no connection between the reconquest of their own territory from the Moors and the conquest and colonization of their American possessions. Moreover, while in the case of Spain an old sense of purpose easily switched from its own land into its newly acquired transatlantic territories, Portugal had ample time to define different priorities. Naval

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exploration and international trade represented these priorities.

Beginning in 1418, with the incorporation of the Azores and Madeira islands off the coast of Africa, the Portuguese continued south along the coasts of West Africa. Along this descendant route, they established a system of slave and ivory trading posts, without inland colonization. In the late 15th century, they had discovered a sea route to the East around the Cape of Good Hope. In 1510, they founded the colony of Goa on the western coast of India. A few years later, the Malacca peninsula (current Malaysia) became the strategic base for Portugal's trade expansion towards South East Asia, China and Japan. Subsequently, it built fortified settlements in present-day Indonesia to control the spice trade. The Portuguese Empire of the East, with its capital in Goa, included possessions in all of the Asian sub-continents.

The Portuguese thus had a global reach unknown to the Spaniards (whose sole Asian possession was the Philippines, which became a simple extension of its American Empire through its galleon trade with Mexico, inaugurated in 1565). But whereas the Spaniards had their American possessions under a firm grip, the Portuguese were highly vulnerable in their overexpanded territories. Through a several-decade war between the Dutch and the Portuguese, in the 17th century, the former seized most of Portugal's possessions in Asia.

### A minor concern

While Portugal's attention was elsewhere, Brazil was of minor concern to them. There, they replicated their experience on the western coasts of Africa: establishing isolated trading posts along the coast, without aiming to penetrate inland. These first five decades, in which Spaniards were making deep inroads into their own American territories,

were a period of absolute neglect for Brazil. As a result, impoverished Portuguese male settlers were left to their own devices.

Through an old indigenous practice of incorporating strangers into their tribes through marriage, these settlers were assimilated into indigenous populations. Taking as many "wives" as possible implied, by extension, widening their network of relations with different local tribes. The result of this process was a polygamist society in which the multiple offspring of the settlers ended up being much closer to their native mothers' way of life than to their European fathers' way of life.

Speaking in the indigenous Tupi language and living under primitive conditions, the descendants of the first Portuguese settlers became a troop of rough adventurers, much closer to plunder than to production. Armed with rudimentary military tools, this amalgam of Europeans and natives transformed itself into a human-hunting society. Their aim, indeed, was to capture and enslave the natives with the purpose of selling them. This happened, basically, in the current state of São Paulo.

After depleting the coasts of their human prey, the Portuguese and their offspring began making inland raids that were to become more and more ambitious and predatory. Preceded by banners, they gathered into huge groups that, for extended periods of time, raided the inland territories. The enslaved indigenous peoples, for whom good prices were fetched, became their main commodity of trade.

The main buyers of this human merchandise were the planters of north-eastern Brazil. Indeed, another pole of Portuguese settlement took shape farther north along Brazil's coast, where sugar plantations began to emerge. It was undoubtedly a more civilized society, where production and not plundering was the goal.

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When France proclaimed its right to take possession of any nonoccupied part of Brazil, the Portuguese Crown was forced to react. In 1549, Portugal appointed its first Governor General in Brazil, with a base in Salvador de Bahia. With sugar exports later followed by precious metals generating increasing revenues, and Crown authorities exerting a larger role, Portuguese America became a much more structured society.

Eventually, it would end up catching Hispanic America in this regard. Moreover, at the end of the colonial period, Brazil surpassed its Spanish American cousins in terms of institutional strength and territorial cohesion. The reforms introduced in Brazil at the end of the 18th century, and the fact that the Portuguese Crown was forced to move there for more than a decade as a result of the Napoleonic invasion of Portugal, were responsible for it. Hence, while at the beginning of the colonial period, Spaniards greatly surpassed the Portuguese in providing structure to their American territories, by the end of that period, the Portuguese outshone them.

### **Utter lack of curiosity**

What both Spanish and Portuguese had in common, though, was their utter lack of curiosity in relation to the indigenous populations that they found in America. The Portuguese were undoubtedly much harsher towards them than the Spaniards, whose laws protected indigenous people. However, the Spaniards' behavior was more blameworthy. This is simply because they met with advanced civilizations far from Brazil, which was inhabited by primitive tribes. Civilizations, whose scientific advances (particularly in mathematics, astronomy and engineering) and many of their organizational and cultural traits merited to be preserved. However, all the knowledge that they represented was completely and systematically discarded and erased by the Spaniards.

Not surprisingly, nowadays, resentment against Spain is substantially bigger in Hispanic American countries than it is in Brazil towards Portugal. Brazilians, indeed, don't have a quarrel with their colonial past, whereas much of Hispanic America does. This explains why, in the last few decades, the statues of Italian explorer Christopher Columbus have been taken down from their pedestals in many cities of Hispanic America. For several Latin American countries, this still remains an unresolved contention.

[Kaitlyn Diana edited this piece.]

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**Alfredo Toro Hardy**, PhD, is a retired Venezuelan career diplomat, scholar and author. He is a former Ambassador to the US, UK, Spain, Brazil, Ireland, Chile and Singapore, and the author or co-author of 36 books on international affairs. Alfredo is a former Fulbright Scholar and visiting professor at Princeton and Brasilia universities. He is also an Honorary Fellow of the Geneva School of Diplomacy and International Relations and a member of the Review Panel of the Rockefeller Foundation Bellagio Center.

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