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The Stagnant Order

And the End of Rising Powers

MICHAEL BECKLEY

In 1898, as the United Kingdom joined other powers in carving up the once mighty Qing empire, British Prime Minister Lord Salisbury warned a London audience that the world was dividing into “living” and “dying” nations. The living were the rising powers of the industrial age—states with growing populations, transformative technologies, and militaries of unprecedented range and firepower. The dying were stagnant empires, crippled by corruption, clinging to obsolete methods, and sliding toward ruin. Salisbury feared that the ascent of some, colliding with the decline of others, would hurl the world into catastrophic conflict.

Now, that era of power transitions is ending. For the first time in centuries, no country is rising fast enough to overturn the global balance. The demographic booms, industrial breakthroughs, and

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territorial acquisitions that once fueled great powers have largely run their course. China, the last major riser, is already peaking, its economy slowing and its population shrinking. Japan, Russia, and Europe stalled more than a decade ago. India has youth but lacks the human capital and state capacity to turn it into strength. The United States faces its own troubles—debt, sluggish growth, political dysfunction—but still outpaces rivals sinking into deeper decay. The rapid ascents that once defined modern geopolitics have yielded to sclerosis: the world is now a closed club of aging incumbents, circled by middle powers, developing countries, and failing states.

This reversal carries profound consequences. Over the long run, it may spare the world the ruinous cycle of rising powers—their quests for territory, resources, and status that so often ended in war. In the near term, however, stagnation and demographic shocks are spawning acute dangers. Fragile states are buckling under debt and youth bulges. Struggling powers are turning to militarization and irredentism to stave off decline. Economic insecurity is stoking extremism and corroding democracies, while the United States drifts toward thuggish unilateralism. The age of rising powers is ending, but its immediate aftermath may prove no less violent.

THE AGE OF ASCENT

Despite the fad of likening China to a rising Athens and the United States to a threatened Sparta, true “rising powers” are a modern phenomenon. They emerged only in the last 250 years, with the Industrial Revolution, when coal, steam, and oil freed societies from the Malthusian trap, in which every bit of new wealth was swallowed by more mouths, keeping living standards stuck at subsistence. For the first time, wealth, population, and military might could expand in tandem—compounding rather than offsetting one another—allowing countries to amass power on a steady upward trajectory. This transformation rested on three forces: technologies that turbocharged productivity, burgeoning populations that swelled workforces and armies, and military machines enabling rapid conquest.

The preindustrial world had none of these dynamics. From the year 1 to 1820, global income per person rose barely 0.017 percent annually, or just under two percent per century. With poverty the norm, shifts in power came only in fits and starts, usually by squeezing scarce resources. Chinese and Indian empires eked out

agricultural surpluses, Venice and the Ottomans taxed trade, Spain and Portugal plundered silver, and the Habsburgs and Bourbons expanded through dynastic marriages. Military breakthroughs—cavalry under the Mongols or gunpowder under the Ottoman, Safavid, and Mughal empires—reshaped the balance for a time, but rivals eventually adapted. Even the United Kingdom's vaunted fiscal-military state simply wrung more from scarcity.

The Industrial Revolution broke scarcity's grip and made productivity the foundation of power, vaulting societies from medieval to modern in under a century. A Briton born in 1830 entered a world of candles, horse carts, and wooden ships; by old age, that same person could ride a railroad, send a telegraph, and walk streets lined with electric lights, factory goods, and indoor plumbing. In one lifetime, per capita energy use multiplied five- to tenfold.

This upheaval produced the first modern rising powers. In the nineteenth century, per capita income growth expanded at 30 times its preindustrial pace, and the gains were concentrated among a handful of states, creating vast asymmetries in power. The United Kingdom, the United States, and the German states jumped from furnishing less than ten percent of global manufacturing in 1800 to more than half by 1900, while their per capita incomes roughly tripled. China's and India's shares, by contrast, fell from over half of world output to under ten percent, and the Habsburgs, Ottomans, and Russians remained largely agrarian, their industries swamped by imports. By 1900, populations in leading industrial nations earned about eight to ten times more per person than China or India, and several times more than those in Russia and the Habsburg and Ottoman empires. What had once been rough parity became the so-called Great Divergence between the West and the rest.

Productivity gains unleashed a population boom. Preindustrial societies had barely grown, with populations doubling only once in a thousand years. Industrialization shattered that ceiling: in the nineteenth century, the global population grew about ten times as fast as it had, on average, from year 1 to 1750. Mechanized farming, sanitation, electricity, refrigeration, and new medicines lifted global

Productivity
is slowing,
populations
are shrinking,
and conquest is
growing harder.

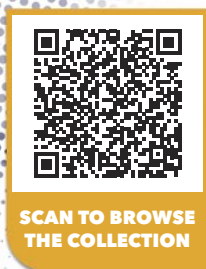
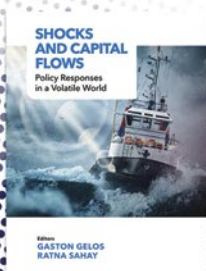
average life expectancy by more than 60 percent from 1770 to 1950, allowing populations to double every generation or two. Germany, the United Kingdom, and the United States led this surge, followed by Japan and Russia, while China, India, and the Habsburg and Ottoman empires lagged behind. By World War I, armies that had once numbered in the tens of thousands could muster millions.

Manpower fueled industrial militaries—the third ingredient of rising power. Preindustrial warfare was brutal but limited. Armies were generally small, seasonal, and parasitic, living off the land and moving only as fast as hoof or sail allowed. With crude weapons and poor logistics, wars were frequent but indecisive, often dragging on for decades. Industrialization upended that world. Railroads, steamships, and telegraphs made mass mobilization possible, while rifles, machine guns, and heavy artillery multiplied killing power. By the early twentieth century, industrial empires controlled four-fifths of the globe, turning the map into a patchwork dominated by a handful of rising powers.

Together, these economic, demographic, and military revolutions pulled every region into a single arena. The value of global trade expanded tenfold from 1850 to 1913, and even long-insulated empires such as Tokugawa Japan and Qing China were forced into the fray. For the first time, nations confronted a stark choice: industrialize or be dominated. From that scramble emerged a small roster of great powers, each forged through a few exceptional routes.

One was national consolidation, in which the first industrializing region of a fragmented land conquered the rest. Prussia hammered Germany together, Satsuma and Choshu built modern Japan, Piedmont spearheaded Italian unification, and the industrial North in the United States crushed native nations, defeated the secessionist, slave-holding South, and expanded westward. Another route to power was totalitarianism, as former empires pursued breakneck industrialization under ruthless dictators—Joseph Stalin’s Soviet Union, Adolf Hitler’s Germany, Mao Zedong’s China—at staggering human cost. A third route was to become a protectorate. China, having watched postwar Germany and Japan rebuild under U.S. protection, leaned toward Washington beginning in the 1970s to extract capital and know-how before breaking away in this century to pursue primacy. These were the doors into the rising power club—and all opened under the extraordinary technological, demographic, and military conditions of the industrial age.

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FROM TAILWINDS TO HEADWINDS

Those doors are now closing. Productivity is slowing, populations are shrinking, and conquest is growing harder. Today's technologies, remarkable though they are, have not remade life as the Industrial Revolution did. An American apartment from the 1940s, with a refrigerator, gas stove, electric lights, and telephone, would feel familiar today. By contrast, an 1870s home, with an outhouse, water well, and fireplace for cooking and heat, would seem prehistoric. The leap from 1870 to 1940 was transformative; the steps since, far less so.

Transport speeds have flatlined: just 66 years separated Kitty Hawk from the moon landing, yet half a century later, cars and planes still move at twentieth-century velocities. The energy sector has shown similar inertia, with fossil fuels still providing more than 80 percent of global supply—virtually unchanged since the 1970s, despite trillions invested in renewable energy sources. Longevity has plateaued as life expectancy gains in advanced economies have slowed or even reversed. The number of scientists has risen more than fortyfold since the 1930s, yet research productivity has declined by roughly the same margin, now halving every 13 years. Business R & D has more than doubled as a share of GDP since 1980, but productivity growth and startup formation have each fallen by half in advanced economies. Even the digital revolution has proved fleeting; after a brief surge in the late 1990s, productivity growth sank back to historic lows.

Some forecasts claim that artificial intelligence will turbocharge global output by 30 percent per year, but most economists expect it to add only about one percentage point to annual growth. AI excels at digital tasks, yet the toughest labor bottlenecks are in physical and social realms. Hospitals need nurses more than they need faster scans; restaurants need cooks more than ordering tablets; lawyers must persuade judges, not just parse briefs. Robots remain clumsy in real-world settings, and because machine learning is probabilistic, errors are inevitable—so humans must often stay in the loop. Reflecting these limits, roughly 80 percent of firms using generative AI reported that it had no material effect on their profits, in a McKinsey Global Survey on AI.

Even if AI keeps advancing, major productivity gains may take decades because economies must reorganize around new tools. That

offers little relief for today's struggling economies. Global growth has slowed from four percent in the first decades of the twenty-first century to about three percent today—and to barely one percent in advanced economies. Productivity growth, which ran at three to four percent annually in the 1950s and 1960s, has fallen close to zero. Meanwhile, global debt has swollen from 200 percent of GDP 15 years ago to 250 percent today, topping 300 percent in some advanced economies.

The demographic outlook is equally bleak. Today, nearly two-thirds of humanity lives in countries with birthrates below replacement levels. Most industrialized nations are literally dying powers, shrinking by hundreds of thousands each year—some by millions—and emerging markets are not far behind. Only sub-Saharan Africa still has high fertility, and rates are declining even there. Recent estimates suggest that the global population will begin falling in the 2050s.

The implications for national power are stark. As labor forces contract and retiree ranks swell, growth in major economies is projected to decline by at least 15 percent over the next quarter century, and for some, the hit will be several times worse. Making up that loss would require productivity gains of two to five percent a year—the breakneck pace of the 1950s—or longer workweeks, neither of which is realistic amid slowing innovation and mass retirement. Demographic decline also rules out any phoenix-like recovery. In the industrial era, even countries shattered by war could roar back: Germany after World War I, the Soviet Union and Japan after World War II, and China after its “century of humiliation” all returned bigger and stronger within a generation. Today, as populations shrink, lost power may be gone for good.

With neither economic growth nor demographic revival to count on, conquest might seem the last path to rising power. Yet that route, too, is narrowing. The spread of industrial technologies—railroads, telegraphs, and electrification—facilitated state building and decolonization, quadrupling the number of nation-states in the world since 1900. Since then, more than 160 foreign occupations have been mired in insurgencies, as cheap rifles, mortars, and rocket-propelled grenades turned villages into kill zones. Nuclear weapons raised the risks of conquest to existential levels, while precision-guided munitions and drones now allow even ragtag militias such as the Houthis to cripple ships and tanks. Meanwhile, the spoils of conquest have shrunk:

land and minerals once enriched empires, but today nearly 90 percent of corporate assets in advanced economies are intangible—software, patents, and brands that cannot be plundered.

For aspiring great powers in the developing world, the climb is steeper still. Multinational companies from wealthy states dominate capital and technology, while global production has become modular, consigning latecomers to low-value roles—assembling goods or exporting raw materials—without a chance to build globally competitive firms of their own. Foreign aid has dwindled, export markets are contracting, and protectionism is spreading, pulling up the export-led ladder that past risers once climbed.

Historical churn has slowed dramatically. With few exceptions, the countries that were rich and powerful in 1980 remain so today, while most of the poor have stayed poor. Between 1850 and 1949, five new great powers stormed onto the scene, but in the 75 years since, only China has. And it may be the last.

MIND THE GAP

As the world's preeminent power, the United States sets the pace against which others rise or fall—and at the start of the twenty-first century, that pace was abysmal. In 2001, the country suffered the deadliest attack on its homeland. Over the next decade, it fought two of the three longest wars in its history, costing hundreds of thousands of lives, including those of thousands of Americans, and spending \$8 trillion, without securing victory. In 2008, it suffered the worst financial collapse since the Great Depression.

Meanwhile, other economies closed the gap. Between 2000 and 2010, China's GDP in dollar terms—the clearest gauge of a country's purchasing power on international markets—jumped from 12 percent to 41 percent of U.S. GDP. Russia's share quadrupled; Brazil's and India's more than doubled; and Europe's major economies also made meaningful gains. To many observers, these shifts heralded an epic power transition—what the writer Fareed Zakaria memorably called “the rise of the rest,” ushering in an allegedly “post-American world.”

But the tide soon turned. In the 2010s, most major economies fell back. Brazil's and Japan's shares of U.S. GDP were cut roughly in half. Canada, France, Italy, and Russia each lost about a third of their relative economic weight, while Germany's and the United

Kingdom's shares contracted by about a quarter. Only China and India continued to climb.

The 2020s have been harsher still. India is the only major economy still keeping pace with the United States. From 2020 to 2024, China's GDP fell from 70 to 64 percent of U.S. GDP. Japan's plunged from 22 to 14 percent. The economies of Germany, France, and the United Kingdom all slid further, while Russia's is sputtering after a brief war-time bump. The combined economies of the countries of Africa, Latin America, the Middle East, South Asia, and Southeast Asia have also shrunk—from about 90 percent of U.S. GDP a decade ago to just 70 percent in 2023. "The rise of the rest" has not merely slowed; it is reversing.

Nor is a comeback likely. The apparent rise of new powers in the early years of the twenty-first century was always misleading because GDP is a crude measure of strength. What matters more are the foundations of a robust economy—productivity, innovation, consumer markets, energy, finance, and fiscal health—and on those fronts, most challengers are faltering. Over the past decade, only India and the United States have gained in total factor productivity, which measures how efficiently a country translates labor, capital, and other inputs into economic output. Japan has stagnated while others have slid backward, throwing in more inputs but producing less growth. In advanced industries, the gap is wider: U.S. firms capture more than half of global high-tech profits; China barely manages six percent.

The United States' advantages extend further. Its consumer market is now larger than China's and the eurozone's combined. It is the world's second-largest trader, yet it is among the least trade-dependent, with exports making up just 11 percent of GDP—one-third of which goes to Canada and Mexico—compared with 20 percent for China and 30 percent globally. In energy, it has vaulted from net importer to top producer, enjoying prices far below those of rivals. And the dollar continues to dominate reserves, banking, and foreign exchange. Total public and private debt in the United States is enormous—about 250 percent of GDP in 2024 and likely to climb with the extended tax cuts Congress passed in July—but still lower than that of many peers: in Japan, it exceeds 380 percent; in

China may be
the last new great
power to storm
onto the scene.

France, 320 percent; and in China, it tops 300 percent once hidden local government and corporate liabilities are included. Moreover, from 2015 to 2025, debt in the United States edged down slightly, while it rose nearly 60 percentage points in China, more than 25 in Japan and Brazil, and nearly 20 in France.

Demographics will further drag down U.S. rivals. Over the next 25 years, the United States will gain about eight million working-age adults (a 3.7 percent increase), while China will lose roughly 240 million (a 24.5 percent decline)—more than the entire labor force of the European Union. Japan will shed about 18 million workers (25.5 percent of its labor force), Russia more than 11 million (12.2 percent), Italy around 10 million (27.5 percent), Brazil another 10 million (7.1 percent), and Germany over 8 million (15.6 percent). Aging will compound the pain. During the same period, the United States will add about 24 million retirees (a 37.8 percent increase over today), but China will add more than 178 million (an 84.5 percent increase). Japan, already saturated with seniors, will gain 2.5 million retirees (a 6.7 percent increase). Germany will add 3.8 million (up 19 percent), Italy 4.3 million (up 29 percent), Russia 6.8 million (up 27 percent), and Brazil 24.5 million (up a staggering 100 percent). For two centuries, rising powers were propelled by swelling youth populations; today, major economies are losing workers while piling up retirees—a double blow that no challenger has ever faced.

Besides the United States, only India—the world's most populous country, with a workforce projected to grow into the 2040s—seems to be partly shielded from demographic decline, raising its hopes to be the next rising power. Yet India suffers from a crippling dearth of skilled workers. As of 2020, nearly a quarter of working-age adults had never attended school, and among those who did, four out of five lacked basic math and science skills. In total, nearly 90 percent of young people fall short of essential literacy and numeracy. The problem is magnified by brain drain: India sends more skilled migrants to advanced economies than any other country. One study tracking the 2010 cohort of India's Joint Entrance Examination takers—the gateway to elite technology institutions—found that within eight years, more than a third of the top 1,000 scorers had moved abroad, including over 60 percent of the top 100.

The Indian economy amplifies these weaknesses. Labor and industry remain constrained: more than 80 percent of workers are

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in the untaxable informal sector, and nearly half of all industrial sectors have contracted since 2015. Infrastructure and trade are also limited: India's busiest port handles only one-seventh the volume of China's, and a quarter of the country's trade with Europe and East Asia must pass through foreign hubs, adding three days in transit and roughly \$200 to the cost of every container. Finally, the heralded services sector is narrow, with growth concentrated in IT firms that cannot absorb a vast labor force, leaving about 40 percent of college graduates in their 20s unemployed. India will remain consequential—its market large, its military strong by regional standards, its diaspora influential—but it lacks the foundations for true great-power ascent.

CHINA'S GAMBLE

If any country can defy today's headwinds, it is China. It produces a third of the world's goods and turns out more ships, electric vehicles, batteries, rare-earth minerals, solar panels, and pharmaceutical ingredients than the rest of the world combined. Industrial hubs such as Shenzhen and Hefei can take a design from prototype to mass production in days, powered by the planet's largest electric grid and a vast robot workforce. Beijing bankrolls research, directs firms, and stockpiles resources, while its AI strategy prizes rapid, low-cost deployment. Scale gives China leverage. It can flood markets to bankrupt competitors, as it did with solar panels, and churn out strategic goods—from drones to ships to rare earths—faster than any rival. On the asset side of the ledger, China looks unstoppable.

On the liability side, however, China's position is far weaker. Its growth model rests on three perilous bets: that gross output matters more than net returns, that a few showcase industries can substitute for broad economic vitality, and that autocracy can deliver more dynamism than democracy. These gambles have generated spectacular output, but at mounting costs—and history shows that such liabilities are usually decisive.

Over the past two centuries, states with deeper net resources—what remained after providing for their people, sustaining their economies, and securing their homelands—prevailed in 70 percent of disputes, 80 percent of wars, and every great-power rivalry. Nineteenth-century China and Russia looked imposing on paper, with the largest economies in Eurasia, but their liability-ridden

empires were repeatedly outmatched by smaller, more efficient rivals: Germany, Japan, and the United Kingdom. In the twentieth century, the Soviet Union funneled vast resources into strategic sectors, spending nearly twice as much as the United States on R & D as a share of GDP and employing nearly twice as many scientists and engineers, while pumping out steel, machine tools, nuclear technology, and oil, gas, and other raw materials. It built giant dams and railways and leapt out to an early lead in the space race. Yet these feats produced islands of excellence in a sea of stagnation, and the Soviet Union ultimately collapsed not for lack of megaprojects but because its broader economy rotted away.

China today is running into a similar trap. Its investment-driven model relies on ever-larger inputs to generate ever-smaller returns, with each unit of output now requiring two to three times more capital and four times more labor than in the United States. To keep headline growth going, Beijing has flooded the system with credit, creating more than \$30 trillion in new bank assets since 2008. By 2024, its banking system had swollen to \$59 trillion—equal to three times its GDP and more than half of global GDP.

Much of this debt is sunk in empty apartments, loss-making factories, and bad loans—assets that look like wealth on paper but are really IOUs that may never be paid. Property and construction, once nearly 30 percent of the economy, have imploded, erasing an estimated \$18 trillion in household wealth since 2020. The blow to Chinese citizens has been harsher than that which hit Americans in 2008 because Chinese families had invested more than twice as much of their net worth in real estate. With many middle-class households stripped of their life savings, disposable income has stalled at \$5,800 per person and consumption at 39 percent of GDP—roughly half the U.S. level and far below what Japan, South Korea, and Taiwan sustained during their industrial booms. Demand has cratered, and prices have now dropped for nine straight quarters, the longest deflationary slump any major economy has suffered in decades.

Another liability is human capital. While Beijing lavished funds on infrastructure, it neglected its people. Only one-third of

“The rise of the rest” has not merely slowed; it is reversing.

working-age adults have finished high school—the lowest share among middle-income countries. By contrast, when South Korea and Taiwan were at China’s income level in the late 1980s, roughly 70 percent of their workers had high school degrees, a foundation that enabled them to move from assembly lines into advanced industries and achieve high-income status. In rural China, malnutrition and poverty push many children to drop out by middle school. The result, as the economist Scott Rozelle has shown, is hundreds of millions of young workers unprepared for a modern economy, just as the low-skill construction jobs that once absorbed them disappear.

Demographics and fiscal strain compound the pressure. If China’s elderly formed a country, it would be the world’s fourth largest and fastest growing—nearly 300 million today, projected to exceed 500 million by 2050. By then, just two workers will support each retiree, down from ten in 2000. Yet the safety net is threadbare. Pensions cover only half the workforce and will run dry by 2035. Eldercare is weaker still. China has only 29 nurses per 10,000 people, compared with 115 in Japan and 70 in South Korea. And a withering workforce is shrinking the government’s revenue base: tax receipts have fallen from 18.5 percent of GDP in 2014 to under 14 percent in 2022—less than half the average among countries in the Organization for Economic Cooperation and Development.

Beijing hopes to boost its economy by subsidizing strategic industries. But those sectors are too small to offset the collapse of real estate—electric vehicles, batteries, and renewables together made up barely 3.5 percent of GDP in 2023—and many are becoming liabilities themselves. Subsidies have spawned gluts, price wars, and “zombie” industrial zones reminiscent of the ghost cities of the property bust. China’s automakers churn out twice the number of cars the domestic market can absorb, and nearly triple the number of EVs. Solar firms added 1,000 gigawatts of capacity in 2023—five times the rest of the world combined—pushing prices below cost. High-speed rail has piled up about a trillion dollars in debt, with most lines running at a loss. Nearly a quarter of Chinese industrial firms are now unprofitable, the highest share since 2001 and almost double the share a decade ago, while the country’s top five tech giants have shed \$1.3 trillion in market value since 2021.

And despite more than a trillion dollars in subsidies over the past decade, China still depends on the United States and U.S.

allies for 70 to 100 percent of some 400 critical goods and technologies. Semiconductor chips, for example, have surpassed crude oil as the country's largest import, yet domestic production covers less than one-fifth of demand. At the cutting edge, China is almost entirely reliant on foreign suppliers. After Washington's 2022 export controls on AI chips, the U.S. share of global AI computing power jumped nearly 50 percent while China's was cut in half, leaving the United States with a fivefold lead. That episode underscored what the scholars Stephen Brooks and Benjamin Vagle have called "excludable commercial power": across R & D-intensive industries, the United States and its allies capture more than 80 percent of global revenues. In normal times, that dominance yields market power; in a crisis, it becomes a weapon—China could lose 14 to 21 percent of GDP in a trade cutoff, compared with just four to seven percent for the United States.

These vulnerabilities are compounded by China's political system. The Chinese Communist Party has turned autocracy into an economic straitjacket, tightening its grip on the private sector and steering capital toward politically connected firms. Venture-backed startups have plunged from roughly 51,000 in 2018 to barely 1,200 in 2023, according to reporting by the *Financial Times*. Foreign investment has dropped to a three-decade low, while capital flight has risen, with tens of thousands of millionaires and hundreds of billions of dollars leaving each year. The result is a brittle economy—formidable assets on the surface, but festering liabilities below.

GATHERING STORMS

The age of rising powers is ending, and the fallout is already fueling conflict. One threat is that stagnating states are militarizing to reclaim "lost" territories and maintain great-power status. Russia has already rolled the dice in Ukraine and, if unchecked, could set its sights on wealthier neighbors such as the Baltic States or Poland. China might attempt something similar against Taiwan. For these once rising powers now facing stagnation, conquest can look tempting—a way to seize resources and respect, absorb populations in some cases nearly twice as wealthy per capita as they are, and allow their leaders to pose as empire builders rather than stewards of decline. Fear sharpens the impulse, as Western prosperity threatens to lure away borderlands and incite unrest at home. Both

Russian President Vladimir Putin, haunted by the Soviet collapse in the 1990s, and Chinese leader Xi Jinping, wary of a repeat of the 1989 nationwide protests that culminated in the Tiananmen Square crackdown, stoke anti-Americanism and revanchism to shore up their rule—and with success. Russians endure staggering losses in Putin’s war in Ukraine for cash payouts and patriotic spectacles, while China channels unemployed youth into nationalist boycotts and celebrations of Xi’s promised rejuvenation.

What looms is a reprise of some of the worst aspects of the twentieth century.

Meanwhile, Russia and China have quintupled military spending relative to the United States and its allies since 2000, echoing earlier cases when embattled powers—Depression-era Germany and Japan, the Soviet Union in the 1970s and 1980s—poured resources into arms, betting that if they could no longer buy influence with growth, they could bludgeon their way to

dominance instead. Precision weapons and drones give small states new tools of defense, but they may also convince Putin and Xi that quick victories are possible. In a dictator’s echo chamber, what looks suicidal to ordinary people can feel like destiny.

Another threat is rampant state failure among debt-ridden countries with fast-growing populations. In the nineteenth century, industrialization turned demographic growth into economic dividends by moving peasants into factories. That path is now closed. Manufacturing is commodified, automated, and dominated by incumbents, leaving latecomers stuck in low-value niches. Sub-Saharan Africa still has only 11.5 percent of its workforce in industry, barely more than it had three decades ago. India’s 2014 “Make in India” campaign promised a manufacturing takeoff, but the sector’s share of GDP has stalled at around 17 percent, and its share of jobs has shrunk. In the Middle East, oil rents have funded urban modernization but not broad-based industrialization.

Many poor countries have reaped the life-expectancy gains of modernity but without an economic revolution, turning population growth into a liability. The UN has estimated that 3.3 billion people now live in countries where interest payments on debt exceed investment in health or education. Since 2015, GDP per capita has flatlined across much of Africa and the Middle East, savings and

investment have collapsed, and youth unemployment tops 60 percent in some countries. These pressures are fueling turmoil: roughly a third of African states are in active conflict, and jihadist violence in the Sahel has exploded since 2015, with extremist groups such as Boko Haram and affiliates of al-Qaeda and the Islamic State (or ISIS) operating across more than a dozen countries. As people flee from the turmoil, migration has soared. As of June 2024, the UN Refugee Agency counted more than 120 million people forcibly displaced worldwide.

The spiral of state failure could magnify a third threat: the advance of antiliberalism within democracies themselves. After the Syrian war drove nearly a million refugees to Europe, ethnonationalist parties surged across the continent. A similar shift has unfolded in the United States amid record migration at the southern border during the Biden administration. Public trust in government has collapsed—falling in the United States from nearly 80 percent in the 1960s to about 20 percent today—while automation and inequality have hollowed out middle classes and inflamed identity politics. Authoritarian powers exploit these fissures: Russia bankrolls and amplifies extremist movements, China exports surveillance tools, and both flood their Western adversaries with disinformation. Liberal democracy has historically thrived in eras of growth, opportunity, and cohesion. It is far less clear whether it can withstand an age of stagnation, mass migration, and digital subversion.

As liberal democracy corrodes at home, liberal internationalism is unraveling abroad. In a world without rising powers, the United States is becoming a rogue superpower, with little sense of obligation beyond itself. During the Cold War, U.S. leadership was one part virtue, three parts self-interest: protecting allies, transferring technology, and opening up the U.S. markets were the price of containing a rising rival. Allies publicly accepted U.S. primacy because the Red Army loomed nearby and communism commanded hundreds of millions of adherents. But when the Soviet Union collapsed, the demand for U.S. leadership collapsed with it. Today, with no Red Menace to fight and only an amorphous liberal order to defend, the phrase “leader of the free world” rings hollow even to American ears.

As a result, U.S. strategy is shedding values and historical memory, narrowing its focus to money and homeland defense. Allies are

discovering what unvarnished unilateralism feels like, as security guarantees become protection rackets and trade deals are enforced with tariffs. This is the same logic of raw power that helped spur two world wars, and the consequences are already visible. Multilateral institutions are paralyzed, arms control regimes are collapsing, and economic nationalism has surged.

What looms is not a multipolar concert of great powers sharing the world, but a reprise of some of the worst aspects of the twentieth century: struggling states militarizing, fragile ones collapsing, democracies rotting from within, and the supposed guarantor of order retreating into parochial self-interest.

SILVER LININGS

If today's dangers can be managed, however, the end of rising powers could ultimately produce a brighter future. For centuries, the rise and fall of great powers unleashed the bloodiest wars in history. Without new challengers, the world may finally gain reprieve from the most destructive cycle of all: hegemonic rivalry.

As the political scientist Graham Allison has noted, in the past 250 years there have been ten cases of a rising power confronting a ruling one. Seven ended in carnage. One can debate his case selection, but the basic pattern is clear: rising powers have sparked a catastrophic war roughly once a generation.

A world without rising powers will not end conflict, but it may lift the specter of those system-shattering struggles. Violence will persist—stagnation and state collapse could even make local conflicts more frequent—but such clashes are unlikely to carry the global scope, ideological zeal, generational duration, and apocalyptic potential of hegemonic contests. Shrinking populations and slowing economies could sap the ambition and capacity for continental conquest—or for a rebound, once faltering powers stumble. A less dynamic world may also yield a more pragmatic contest between liberal and authoritarian-kleptocratic systems rather than the totalizing crusades of fascism and communism, which emerged from industrialization's upheaval and sought to remake humanity. History will not end, but its most catastrophic chapter might.

That restraint may be reinforced by what the political scientist Mark Haas calls a "geriatric peace." Aging societies face ballooning welfare costs, shrinking pools of military-age recruits, and

risk-averse electorates. On the eve of World War I, the median age of the major powers was in the mid-20s. Today, it exceeds 40 in every great power except the United States (which is just under 40), and within a decade, a quarter or more of their citizens will be seniors. A century ago, young societies stormed into world wars; in the twenty-first, gray powers may be too weary and wise to try.

If a world without rising powers proves calmer geopolitically, economics may also be brighter than expected. Even without another industrial revolution, new technologies are improving daily life, and humanity is healthier and more educated than ever. Slower productivity growth and aging populations may temper GDP, but they need not prevent a quieter revolution in living standards, creating a future in which societies grow richer in knowledge and healthier in body even as they grow smaller in population.

Another source of optimism lies in today's demographic asymmetry. Advanced economies are capital-rich but labor-poor, while much of the developing world—especially Africa—has the reverse profile. In principle, this sets the stage for a new division of labor: aging societies supply savings and technology, and younger ones supply workers, creating a symbiosis that could sustain global growth even as individual nations slow. The flow of remittances, skills partnerships, and cross-border investment are early signs of this new relationship, and digital platforms are easing coordination. Yet none of this is automatic. The politics of trade and migration are turning inward, and absorbing large migrant flows without disrupting societies remains a daunting challenge. Without careful management—rules-based migration channels, secure borders, worker protections, and new models of remote collaboration—what could be a growth pact may instead collapse into backlash. The opportunity is real, but so are the obstacles.

Forecasting is a perilous business. Demography can be measured, but technology and politics often surprise, and today's certainties may look naive a generation or even a few years from now. What can be said with confidence is that for two and a half centuries, global politics was driven by the rapid rise of great powers, and the forces that made such ascents possible are now receding. That does not guarantee stability, but it does mark a profound shift: the familiar struggle between living and dying powers is winding down, and another story, its outlines still obscure, is beginning to unfold. 🌐

A Grand Strategy of Reciprocity

How to Build an Economic and Security Order That Works for America

OREN CASS

The United States has pursued two grand strategies in the 80 years since World War II. One was an extraordinary success: the policy of “containment” that guided American economic investments, foreign relations, and military deployments during the Cold War, which led to the defeat and collapse of the Soviet Union and the emergence of the United States as the world’s lone superpower.

The same cannot be said, unfortunately, about the strategy adopted at the Cold War’s conclusion: an attempt to leverage superpower status to establish a “liberal world order” that Washington would secure and dominate. That strategy went by names including “enlargement,” as defined by President Bill Clinton’s first national security adviser, Anthony Lake, and “benevolent hegemony,” in the words of the neo-conservative thinkers William Kristol and Robert Kagan, writing in

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these pages. This vision promised an enduring Pax Americana in which no other country could or would challenge U.S. supremacy, all evolved inevitably toward liberal democracy, and the global free market's warm embrace rendered borders irrelevant while spreading prosperity worldwide.

By some measures, the strategy worked. U.S. GDP and stock prices steadily rose. Technology and trade stitched the world closer together. World War III did not start. But a clear-eyed appraisal of the post-Cold War era reveals a less rosy reality. Far from producing a utopia of shared prosperity and stable peace, American strategy in the past three decades has instead yielded a global economic order that allows other countries to exploit Washington's largess, an ascendant authoritarian adversary in China, and simmering conflicts around the globe in which expectations of American commitment far outstrip the reality of American capacity—all of which have contributed to economic and social decay in the United States.

Any grand strategy is, in part, a bet on a particular theory of political economy. The bet on investing to rebuild a bulwark of market democracies whose prosperity would eventually overwhelm Soviet communism was a wise one. The subsequent bet, on the ability of globalization and free markets to render political economy irrelevant, was not. The time has come for a new wager. The best way to create a sustainable trading and security bloc is a strategy of reciprocity: an alliance among countries committed to engaging with each other on comparable terms while jointly excluding others that will not fulfill the same obligations.

Demanding reciprocity would counteract the beggar-thy-neighbor policies that have created unsustainable imbalances with U.S. trading partners, curtail Washington's dependence on adversaries for critical goods, and limit the free-riding that has slowly eroded U.S. alliances and partnerships. By embracing reciprocity, the United States would also be rejecting an asymmetric order featuring a dominant power and its clients in favor of one in which participants all stand on equal footing with equal expectations. This would represent a healthy development in how the nation conceives of itself, moving away from an American empire and back toward an American republic.

Perhaps counterintuitively, the relative decline in American power has strengthened Washington's hand when it comes to negotiating the terms of a new global order. The status quo is predicated on an

American commitment to hegemony that precludes the possibility of pulling back. That commitment made sense as long as the United States remained dominant. But owing to the self-enfeeblement of its allies and the ascent of China, the United States can no longer maintain its predominance.

And so it seems plausible that a dramatic retrenchment—pulling back from global economic and military engagement and relying chiefly on the strategic depth and sizable market provided by the North American continent—could produce a better outcome than the ongoing descent into late-imperial exhaustion. Simply put, Washington can now consider walking away from the table if the terms of its relationships do not improve. Allies and partners know this and want to avoid that outcome, because the U.S. market and military remain indispensable to their own prosperity and security.

Which means that, for the first time in the lives of contemporary policymakers, the United States is in a position to frame its demands around narrow self-interest, back them with credible consequences, and expect them to be taken seriously. The question that will define the next era of American statecraft is, What should those demands be?

In his second term, President Donald Trump has made progress toward developing a strategy of reciprocity. He and his administration deserve credit for recognizing the need for change, and they have been persuasive in signaling that they see walking away from the table as preferable to tolerating the status quo. German Chancellor Friedrich Merz has conceded that European countries have been “free-riders,” taking advantage of the United States, and the most recent NATO summit concluded with an unprecedented commitment by members to raise their defense spending from at least 2.0 percent of GDP to at least 3.5 percent. Credibly threatened with tariffs, Canada and Mexico have begun reducing their economic ties with China; Japan, South Korea, Vietnam, and the European Union have all worked toward agreements to reduce their trade imbalances with the United States.

But even though Trump defines U.S. interests and weighs costs and benefits differently than did his predecessors, he has not yet translated his “America first” instincts into a coherent vision of a new global settlement. His trade agenda has appeared haphazard, and confronting

To allies,
Washington has
said “do this” and
“stop that”—but
rarely “or else.”

all countries suddenly, simultaneously, and harshly has needlessly antagonized allies and heightened uncertainty. On China, the administration has oscillated unpredictably, pursuing a sharp decoupling one day and a grand bargain the next. And it has been difficult to discern the logic behind moves such as imposing stiff tariffs on India, purportedly in response to that country's oil purchases from Russia.

To reset relationships and forge new ones on new premises requires communicating the reasons for the change, the shape of the new strategy, the character of American demands, and the consequences for failure to reach agreement. Reciprocity can provide those premises, on terms fair to both the United States and prospective allies. But Washington needs to establish and articulate those premises and terms as clearly as possible.

A BAD BET

For a brief moment after the defeat of Soviet communism, Americans debated whether they should return to the humble and noninterventionist foreign policy tradition that a bounty of natural resources and the protection of two oceans had enabled in the republic's early years. But officials and politicians were exhilarated by victory, possessed of an astonishing hubris, and seduced by visions of empire offered by scholars and pundits. The United States, they decided, could and should dominate global affairs indefinitely.

The seminal Defense Planning Guidance developed by the George H. W. Bush administration in 1992 called for the United States to "promote increasing respect for international law, limit international violence, and encourage the spread of democratic forms of government and open economic systems," and to "retain the pre-eminent responsibility for addressing selectively those wrongs which threaten not only our interests, but those of our allies or friends, or which could seriously unsettle international relations." The following year, Clinton ratified this bipartisan consensus in a speech at the United Nations. "We cannot solve every problem," he said, "but we must and will serve as a fulcrum for change and a pivot point for peace." Four years later, in his second inaugural address, Clinton went further, anointing the United States the world's "indispensable nation."

Within a remarkable 12-month period surrounding that speech, a chorus of prominent thinkers cheered on this new credo. Kristol and Kagan assigned the American people "fundamental interests in

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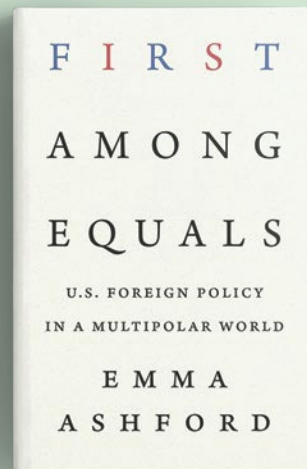


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a liberal international order, the spread of freedom and democratic governance, an international economic system of free-market capitalism and free trade,” and a “responsibility to lead the world.” The *New York Times* columnist Thomas Friedman published his observation that “no two countries that both have a McDonald’s have ever fought a war against each other.” And the economist Paul Krugman asserted that “a country serves its own interests by pursuing free trade regardless of what other countries may do.”

The expert class came to see open markets and alliances as ends unto themselves.

Embedded in these declarations were three interlocking assumptions. First, that the United States, standing alone as the world’s sole economic and military superpower, would have the ability and will to dictate global events when and where it chose. Second, that all countries of geopolitical significance would move inexorably toward market capitalism and democratic gover-

nance and thus would have interests and systems compatible with a U.S.-led liberal world order. And finally, that free markets would automatically generate prosperity, for the United States most of all, and thus the expansion and integration of markets would reinforce the American position.

As long as those assumptions held, the costs incurred by the United States to preserve the status quo could yield it far larger benefits. Domination of global affairs allowed Washington to push other countries toward economic and political liberalization, which further expanded markets that the United States could then dominate and orient toward its own priorities. Outspending the rest of the world, combined, on defense and tolerating market abuses on the part of other countries—including currency manipulation, industrial subsidies, regulatory barriers, and wage suppression—were small prices to pay, and ones that the United States could easily afford.

For a time, these core assumptions seemed to hold. The 1990s began with the triumph of the U.S.-led coalition in the Persian Gulf War. Israel and the Palestinian Liberation Organization signed the Oslo accords, South Africa transitioned from apartheid to democracy, and NATO intervened successfully in the Balkan wars. The North American Free Trade Agreement took effect, the World Trade Organization launched, and the European Union adopted a common currency.

At the decade's end, the United States arrived at the crest of an economic boom, with a federal budget comfortably in surplus, unchallenged in any sphere of global leadership.

But in 2000, the Russian Federation elected Vladimir Putin as president, and he has led the country ever since. That October, the United States granted “permanent normal trade relations” to China with the expectation that the embrace would “increase the likelihood of positive change in China and therefore stability throughout Asia,” as Clinton had explained earlier that year at the annual meeting of the World Economic Forum in Davos. “What some call globalization,” elaborated President George W. Bush the following July, “is in fact the triumph of human liberty across national borders.” Two months later, the Twin Towers fell, and the U.S. military plunged into Afghanistan.

In the years that followed, systems bearing no resemblance to market democracy gained traction, and countries that adopted them grew stronger, undermining international institutions built to serve liberal states, violating international law with impunity, and making a mockery of the global trading system. Washington failed to build stable democracies in Afghanistan and Iraq, and the invasions of those countries accomplished little besides mirroring the United States in “forever wars” that cost thousands of American lives and trillions of dollars. Elsewhere, few young democracies consolidated their gains, while countries such as Russia, Turkey, and Venezuela slid further backward into authoritarianism.

More than 40 U.S. military bases and some 80,000 American troops in Europe did nothing to deter Russia from invading Georgia in 2008, then Crimea in 2014, then the rest of Ukraine in 2022. The only perceptible effect of these massive deployments was to discourage Washington's European allies from investing in their own defense. Meanwhile, China chipped away at the military dominance that was the prerequisite for American hegemony. By some estimates, its defense spending is equivalent to that of the United States, and it fields the world's largest active-duty fighting force and largest naval fleet. China's industrial power allows it to influence foreign conflicts—for instance, bolstering the war machine that powers Russia's assault on Ukraine—and would give China an advantage in a lengthy war of attrition. U.S. shipbuilding capacity trails China's by a factor of 1,000.

China's growing advantages are a symptom of the broader failure of globalization. For the past three decades, the unfettered flow of goods and capital devastated American industry, helped drive up federal deficits, and provided the fuel for the financial meltdown that led to the global financial crisis of 2008 and the Great Recession that followed. The manufacturing sector's crown jewels, from Intel to Boeing to General Electric, became laggards—overtaken not by new American entrepreneurs but by foreign state-subsidized enterprises. The sector has atrophied so badly that, according to data on productivity published by the U.S. Bureau of Labor Statistics, factories today need more workers than they did a decade ago to produce the same output.

Although the U.S. service sector's rise in relative importance was natural for an advanced economy, the stagnation in manufacturing was not. The abandonment of production, typified by Apple's "designed in California, made in China" strategy, sent factory jobs overseas first—but the innovation soon followed. In the mid-2000s, the United States was ahead of China on 60 of 64 "frontier technologies" identified by the Australian Strategic Policy Institute. By 2023, China led on 57.

In the twenty-first century, American military leadership and economic forbearance neither achieved an "enlargement" of the community of market democracies nor boosted American security and prosperity. It merely consumed the physical, financial, and social capital that the country had painstakingly accumulated. For global superpowers as much as for families, it turns out, one generation builds the wealth, the second enjoys it, and the third destroys it or sees it squandered.

NO MORE FREE RIDES

The hallmark of U.S. strategy during hegemony was the unconditionality of its vision, providing benefits to other countries regardless of how they exploited the arrangement. When NATO allies refused to meet their defense spending commitments, the United States might cajole, but its own commitment to defending every NATO country from any possible attack remained rock solid. If China manipulated its currency, subsidized its national champions, stole intellectual property, and denied U.S. firms access to its market, Washington might complain, but the American market would remain open to Chinese

companies. When it came to its allies and partners, the United States would say “do this” and “stop that”—but it rarely said “or else.”

Over time, what developed among the expert class in Washington was a belief that open markets and alliances were ends unto themselves, so valuable that they were worth pursuing at any price, regardless of how other countries behaved. That belief was unfounded even when the United States was the predominant power; in the post-hegemony world, it is unmoored from reality. The country needs a new path.

One alternative would be retrenchment: taking advantage of the strategic depth afforded by geography to build a “Fortress America” with only Canada and Mexico as close partners. This would be a dramatic transformation but an entirely plausible one, and preferable to a status quo in which the United States continues to absorb the costs of attempting to preserve hegemony while enjoying none of the benefits that depend on preserving it. But that would be far from ideal: the country would lose the capacity to influence events around the world in situations that involved critical U.S. interests. Retrenchment would also shrink the scale of the broad open market in which American businesses innovate and grow.

At the same time, although the days of incurring costs in pursuit of benevolent hegemony are over, it would also be a mistake for the United States to pursue a nakedly coercive empire that leverages its economic and military power to exploit putative allies. Doing so would corrode the country’s democratic republic by elevating the interests of elites over those of ordinary citizens and would corrupt the country’s ethos of liberal governance and self-determination. It would also trigger resentments that would make U.S. alliances less stable and conflicts within them more likely.

Instead of pursuing either of those extremes, the United States should pursue reciprocity, focused on a set of commitments that allies must make to each other for the alliance to function well. Going forward, the question Washington should pose to any ally or potential partner is this: If each member were behaving the way you are, would the alliance be a strong one benefiting all members, or would it collapse?

On this basis, the United States should make three core demands of any prospective participant in a U.S.-led trading and security bloc. First, Washington should insist that its allies and partners are prepared to take primary responsibility for their own security. A country

that does not even attempt to defend itself brings a security deficit to a coalition and acts as a drain on the collective defense, imposing obligations on others that it cannot reciprocate.

Consider Germany, which has relied on the United States for security in its region since the end of World War II. “We cannot substitute or replace what the Americans still do for us,” Merz conceded in May. The same cannot be said about what, if anything, the Germans still do for the United States. The basing of so many American troops on German soil, at American expense, serves the Germans, the rest of Europe, and the dreams of empire that some in Washington still harbor. But it does not serve the interests of the typical American. The U.S.-German relationship is not an alliance in any meaningful sense of the term: in reality, Germany is a client and the United States is a patron, although one that gets little in exchange for its patronage. The bases in Germany should be German bases, hosting German troops paid by the German government to maintain comparable capabilities.

Conversely, a country that can take responsibility for deterring and defeating common foes in its own region while contributing intelligence and technology to its partners is invaluable. In June, the Israeli air campaign against Iran provided a concrete illustration. Israel hoped the United States would join, but had little leverage to make it do so. U.S. leaders were able to assess their options and decide which best advanced American interests. When Trump opted to take part, American B-2s were able to follow a path already cleared and strike targets already softened by Israeli forces. Iran found it unwise to attempt more than a symbolic retaliation.

A strategy of reciprocity would call for ending direct U.S. aid to Israel; it is wholly unnecessary given Israel’s wealth and strategic position, and it does not deliver a clear benefit to the United States. But Washington should gladly continue selling arms to Israel, and even providing financing for those sales, as it should for other allies that take primary responsibility for their own regions. Israel generally allocates more than five percent of its GDP to defense spending even when not engaged in active conflicts, and it mandates conscription for a majority of citizens. Israel does these things not to secure Washington’s blessing but to secure itself. Imagine what the United States would save, and how much more secure from Russian and Chinese aggression the world would be, if countries such as Germany and Japan were equally determined to deter their regional adversaries.

IN OR OUT?

If it pursued reciprocity, Washington would also make a second demand: balanced trade. Economists have long understood that the benefits of free trade are undermined if countries adopt beggar-thy-neighbor policies that shift productive capacity to themselves at the expense of partners. In its efforts to achieve benevolent hegemony, the United States tolerated being beggared by its neighbors. For example, major trading partners such as Germany, Japan, and South Korea have pursued aggressive industrial policies and export-led growth strategies that shifted productive capacity from the United States and created persistent trade imbalances.

The United States tolerated this state of affairs partly for the sake of securing the loyalty of its allies and partners, and partly out of a mistaken belief that making things did not matter anymore and offshoring American industry would lead to cheaper goods for American consumers and better jobs in high-value service industries. Those tradeoffs have become untenable, as a weakened manufacturing sector has frayed the social fabric by eliminating millions of good blue-collar jobs, shattered the foundations of local economies across broad swaths of the country, reduced investment and innovation, imperiled supply chains, and eliminated the strategic depth afforded by a robust industrial base.

The United States should be a strong advocate for a large and open market as a core feature of an alliance, but it must insist that all participants foster the mutual benefit that a well-functioning trading system provides. In practice, this requires that each country commit to maintaining balance in its own trade, buying as much from others in the bloc as it sells to them. In the global trading system today, the United States operates as the consumer of last resort, absorbing surpluses from all who wish to run them. No other country can match China's abuse of the global trading system, but Germany, Japan, and South Korea all rely on export-led growth and expect the U.S. economy to absorb their massive export surpluses, too, to the benefit of their producers and the detriment of American competitors.

Although a bilateral imbalance between any two countries is not necessarily problematic, an alliance cannot tolerate members pursuing large overall surpluses, which by definition necessitate others to run large deficits. Reciprocity would require using tariffs, quotas, or

other regulatory barriers to discipline any country that is creating a structural imbalance. Countries running persistent surpluses could also commit to voluntary restraints on their own exports and could encourage their companies to build capacity in allied markets, as Japan did in the 1980s after the Reagan administration objected to Japanese automakers pouring cheaper cars into the American market. Countries that refused to play by the rules and pursue balance would be pushed out of the common market and face a high, uniform tariff from all members of the bloc.

In an era when the United States guaranteed open access to its market regardless of whether participants followed the rules, other countries quite rationally took advantage. If the United States instead conditioned access to its market on trading relationships that are balanced and thus mutually beneficial, countries will find it in their interest to adjust accordingly. The shock waves triggered by the Trump administration's tariffs are educating both economists and U.S. allies on this point. Canada, Japan, Mexico, South Korea, the United Kingdom, and the European Union have all altered their own trade policies—lowering barriers for U.S. exporters and raising barriers for China's, in various combinations—and some have also made large commitments to invest in expanding U.S. capacity.

CONSCIOUS UNCOUPLING

The third demand of a reciprocity strategy is simple: "China out." The strategy of benevolent hegemony atop a liberal world order assumed the United States would remain the lone superpower, all countries would move toward market democracy, and free trade among them would foster prosperity for all. But China didn't follow the script. How would U.S. leaders in 1997 react if a time traveler could go back and tell them that China—whose GDP per capita was then lower than that of the Republic of the Congo—would remain an authoritarian country with a state-run economy yet rise to match the United States geopolitically and outcompete it in industrial power? Presumably, they would laugh. But anyone who believed it would surely abandon the blind embrace of China on the spot. The United States, after all, had triumphed in a Cold War during which not even the most orthodox free-market libertarians advocated that the United States pursue trade with the Soviet Union or otherwise entangle the American and Soviet economic and political systems.

U.S. producers will not be able to enjoy the benefits of free trade if they are forced to compete against state-subsidized Chinese competitors in the Japanese market, or face imports from Malaysia into the U.S. market that rely on Chinese materials and components sold below cost. Thus, other countries' access to the American market must be conditioned on their willingness to exclude China. The requirement of balanced trade would itself push countries in this direction, as many are discovering in the wake of the escalating U.S.-Chinese tariff war. The American refusal to continue absorbing China's surplus has led to import surges into Europe, for instance, creating enormous headaches for leaders there. With the United States maintaining an unconditionally open market, Mexico might want to welcome enormous investment from BYD, the Chinese electric vehicle manufacturer, in factories that would then export cars into the United States. But if Mexico cannot run an enormous trade surplus with the United States, the proposition loses its appeal.

The idea of spheres of influence offends liberal internationalist sensibilities.

The China challenge goes far beyond trade imbalances, of course. As Chinese leader Xi Jinping shuts off the global supply of rare-earth magnets, the world is seeing the cost of letting the Chinese Communist Party manipulate and corner vital strategic markets. China makes investments abroad to usurp critical technologies and exercises political leverage over investors in the Chinese market. Governments and corporations will repeatedly see advantage in accepting what China offers, even as the cumulative effect of those bargains weakens both. If Washington pursued a strategy of reciprocity, the security of the United States and its allies and partners, and the freedom of the open market they would share, would depend on holding all participants accountable for disavowing that course.

Investment flows likewise require decoupling. The United States and its allies and partners should prohibit inbound investment from China (including foreign direct investment that results in China-based firms operating within their borders) and also prohibit their own citizens and firms from holding assets or making investments within China's borders. Technology ecosystems will also need to diverge, especially as the United States leads efforts to restrict China's access

to cutting-edge artificial intelligence chips and chip-making equipment. On all fronts, the principle must be that one can do business in the Chinese sphere or the American one, but not both.

After decades during which Washington entangled the U.S. and Chinese economies, abandoned expertise and neglected to invest in domestic manufacturing, and accepted dependence on Chinese supply chains, the process of decoupling will impose real costs on the United States. In the short run, some consumer products will become more expensive. Some businesses will suffer from the loss of suppliers or customers. Reindustrialization will require substantial new investment, which implies some reductions in consumption.

But these results are best understood as the price of losing the bet on globalization. Climbing back out of that hole was always going to be expensive. The longer that policymakers refuse to acknowledge reality and insist on doubling down on the failed status quo, the more expensive it will become. Conversely, paying those costs now represents an investment in reindustrialization that will pay enormous dividends for decades.

RECIPROCITY TO THE RESCUE

The United States retains considerable leverage to redefine its role in the world and shape a new U.S.-led alliance system accordingly. Other countries will sulk when they realize that the old deal is no longer available. But if Washington can make clear that the options are a new alliance or no alliance, other market democracies will rationally accept the offer.

The deal would be a fair one. The United States would hold other countries only to the same conditions to which it would expect to be held. Obviously, it would remain a heavy spender on its own defense and the common defense; it would not expect other countries to pay the full cost. In seeking balanced trade, it would be asking others to meet it in the middle, not to accept a role reversal in which American producers get to dominate global markets.

These new American demands would disrupt the status quo and impose short-term costs on allies and partners. But they, too, would ultimately benefit. Those in Asia surely wish they could credibly defend Taiwan without wondering whether the United States would truly do so if push came to shove. Those in Europe surely wish they could have credibly warned Putin away from invading Ukraine. In

Germany and Japan, especially, export-led growth models appear to have run their course and have given way to stagnation. Both countries would do well to turn toward strategies that boost domestic consumption. And while the lure of cheap Chinese goods and capital has repeatedly proved irresistible in the short run, all are aware of the long-term risks. Any market democracy should be excited to accept a partnership on those terms over the alternative of falling into a Chinese sphere of influence, and the United States can afford to hold firm on the terms.

The idea of spheres of influence offends liberal internationalist sensibilities. “During the cold war,” *The Economist* argued in July, “American- and Soviet-led blocs amounted to spheres of influence. After the USSR fell, both Democratic and Republican administrations repudiated such spheres as deplorable artefacts of the past, calling instead for a liberal world order, open to all.” That is true as a descriptive matter, but it only underscores the wishful thinking that underpinned the repudiation. What happens to a liberal world order “open to all” when some accept the invitation to join but not the terms of membership? They can be welcomed anyway, leading to a world order that is far from liberal, or they can be excluded, preserving the prospects for a liberal order that excludes some of the world. The former has been tried, and it failed. The latter, by insisting on reciprocity and accepting spheres as inevitable in a world of competing and incompatible economic and political systems, gives the United States a much better chance of achieving its goals and advancing its values.

Reciprocity holds the promise of improved economic prospects, reduced foreign commitments, and a return to the politics of a republic focused foremost on the interests of its own citizens. But adopting such a strategy will require American leaders—and ordinary Americans—to accept a more limited role for their country on the world stage. Patriotism demands realistic assessments of abilities and interests, not the outlandish embrace of goals the country has no power to achieve.

The gambler who responds to frustrating losses by placing bigger and riskier bets is said to be “on tilt.” In the United States, too many analysts are still assessing the hypothetical benefits of a hyperpower status that does not exist; too many politicians are still giving speeches about their affection for various forms of imagined empire. With a humbler and more realistic strategy of reciprocity, Washington would finally be placing a bet that the United States can win. 🎲

The New Supply Chain Insecurity

Fortress America Is Not a Safer America

SHANNON K. O'NEIL

In a matter of months, the Trump administration has rewritten the rules of U.S. trade policy. It has imposed blanket tariffs on nearly every country, starting at ten percent and rising as high as 50 percent. Levies on a host of products, such as steel, aluminum, cars, and car parts, have raised these trade barriers even further. At an average effective rate of around 18 percent, U.S. import taxes are now the highest they have been in nearly a century.

“China beats you with trade, Russia beats you with war,” U.S. President Donald Trump mused in August, quoting Hungarian Prime Minister Viktor Orban. Protectionism is Trump’s answer to both challenges. He sees the revenue from tariffs as a way to win at the cash register; he sees the boost to the domestic production of military equipment and the minerals, materials, and technology that go into it as a path to dominating on the battlefield.

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The administration's levies will likely have some of their desired effects. They will fundamentally change the United States' position in the world economy, untangling the country, at least in part, from global supply chains. Consumer goods companies will make more of their products in the United States to capture a slice of its consumer market, which is still the largest in the world. Suppliers of steel, aluminum, minerals, and other strategic materials will expand their U.S.-based operations to take advantage of rising domestic prices.

But the damage that tariffs will inflict will be far greater than the benefits they bring. Over the last 50 years, the United States' integration into global supply chains has fueled economic growth. Detaching from these supply chains will raise costs and reduce quality, limiting growth and competitiveness. The U.S. defense industry will not be spared the effects of higher prices, lost suppliers, and dwindling foreign markets. Producing weapons and military equipment—and building new factories—in the United States will become more expensive. U.S. allies, eager to strengthen their own defense industries and mistrustful of trade with the United States, could choose to spend less on American weapons. Worryingly, U.S. companies face these threats to their business models just as Washington, contemplating a future of drone- and AI-driven warfare, needs their innovation more than ever.

There is no replacing the advantages of supply chain cooperation with reliable partners. The more Washington tries to go it alone, the easier it will be for friends and foes alike to prevail over the United States—today in trade and tomorrow, perhaps, in war.

CEDING THE ADVANTAGE

In an August *New York Times* op-ed, U.S. Trade Representative Jamie-Greer described the Trump administration's aim in imposing tariffs and seeking foreign investment deals as no less than to lay "the foundation for a new global trading order." In the administration's theory of the case, tariffs will ignite domestic reindustrialization, create jobs, turn trade deficits into surpluses, and reduce U.S. dependence on adversaries for strategic and mainstream goods alike. This, the administration believes, will reverse the trends of manufacturing job losses, rising deficits, and growing dependence that it ascribes to decades of "unfair" liberal trade policies.

Early numbers show the tariffs are having effects, but not promising ones. According to the nonprofit Institute for Supply Management's

Purchasing Managers' Index, U.S. manufacturing has been contracting for the past six months. Jobs in manufacturing have fallen by 78,000 this year.

Meanwhile, inflation is ticking up. Both July and August saw spikes, as imported goods, now subject to tariffs, hit shelves with higher price tags. American-made goods have also become more expensive to produce, as manufacturers pay more for foreign inputs; roughly 45 percent of imports are materials used in U.S. production. In response to high prices and general economic uncertainty, spending by low-income consumers has flatlined over the past few months. The U.S. goods trade deficit did shrink from the first to the second quarter of this year, largely because of a downturn in imports, particularly from China. Exports, meanwhile, mostly leveled off, which is likely one of several reasons employment numbers softened.

The rest of the world has responded by trading even more. Foreign companies are beginning to reroute their goods and supply chains to bypass the United States. Trade negotiators are traveling not just to Washington but to other capitals, too, in pursuit of new deals. The EU is seeking agreements with India and Indonesia, pushing forward another with the South American trade bloc Mercosur, holding trade talks with China, and considering joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, a free-trade agreement signed in 2018 that now includes a dozen countries together representing nearly 15 percent of global GDP. Brazil, China, India, and the United Kingdom are all negotiating new trade accords with a variety of partners.

Where this activity will leave the U.S. economy will not be clear for some time. Investment may pick up as tariff rates settle, removing uncertainty, and as Japan, South Korea, and the EU follow through on the pledges included in the trade deals they signed with the Trump administration. Many companies could find the increased prices in a highly protected U.S. market attractive, encouraging them to expand their operations in the United States.

Yet tariffs also create significant obstacles to U.S. economic growth. Levies on steel, aluminum, lumber, copper tubing, and other construction materials and machinery increase the startup costs for companies that might consider reshoring manufacturing. These costs make it more expensive for firms to build new factories and assembly lines in the United States and for local governments to expand electric grids to supply them. Such costs could keep some foreign investors away

and limit the impact of the money that does arrive. Because the prices of American-made goods will rise, they will become less competitive beyond U.S. shores, where billions of consumers reside.

U.S.-based suppliers will also be at a disadvantage. Of the \$2 trillion or so in goods that American companies export every year, nearly two-thirds are inputs that feed into global supply chains and products made in other countries. As these goods become more expensive, foreign manufacturers will seek alternatives.

Even if few countries retaliate tit for tat to U.S. tariffs and many agree to deals that lower trade barriers for American exporters, the world will remain wary of trade with the United States. Other countries will not wholly abandon the voracious American consumer, whose roughly \$20 trillion in annual spending drives some 70 percent of the U.S. economy.

The world will remain wary of trade with the United States.

But they could choose to treat the U.S. market differently from the way they treat the rest of the world. For years, companies have treated the Chinese market differently, manufacturing goods for Chinese consumers in China while maintaining separate, diversified operations for other markets. They could now follow the same playbook in the United States, supplying U.S. consumers from within but locating production for clients in the rest of the world elsewhere, limiting the economic benefits the United States reaps from protection.

The Trump administration's tariffs exclude the United States from the overall economic boost global supply chains provide. Over the last 50 years, cross-border production has vastly expanded, powering prosperity in emerging and advanced economies even as it widened inequalities in the United States and elsewhere. Global trade in goods grew from \$2 trillion in 1980 to \$24 trillion today, roughly 55 percent of which represents inputs for making other things. The trade historian Douglas Irwin surveyed nearly a dozen studies and found that the economies that opened up during this period grew much faster than those that did not, in good part because they linked into supply chains.

International supply chains supercharge production by providing scale and stimulate innovation by enabling specialization. Even the United States, with its vast, dynamic economy, cannot reproduce those advantages. Unless American companies can buy parts from foreign firms at a reasonable cost and locate some of their operations

in other countries, they will struggle to make products as well, as cheaply, and as quickly as competitors abroad that are still deeply connected to global supply chains.

GLOBALIZED DEFENSE

The U.S. defense industry will not be immune to these effects. Throughout the postwar period, American companies have been the largest exporters of defense equipment, accounting for more than a third of the global market. They are the best-known providers of cutting-edge military technologies such as guided missiles, stealth aircraft, reconnaissance systems, and nuclear-powered vessels. For decades, Europe has bought roughly 40 percent of its military kit from the United States. Israel and Saudi Arabia have turned to the United States for an even greater percentage of their arms purchases. Japan and South Korea rely on American producers for their missile systems, fighter jets, and other military hardware. When a government buys new equipment from a U.S. company, it is also committing to pay that company for maintenance, replacement parts, and system upgrades for the next several years. American defense companies have secured these lucrative deals not just because of the quality and sophistication of their products but also because the U.S. government approves the sales as part of its security alliances and agreements.

The U.S. defense industrial base has never had to go it alone. Defense companies and the American military itself have always had global sources, especially in times of war. During World War II, the United States imported significant portions of the nickel, copper, tungsten, manganese, and other minerals and materials that drove its victorious war machine. During the Korean War, Japan-based manufacturers supplied U.S. troops across the Sea of Japan with refurbished tanks, bomber jets, and artillery. In conflict after conflict, U.S. military strength has come from the country's ability to access and marshal supplies from around the world.

The expansion of international supply chains has increased the speed of innovation and lowered the costs of production in the defense industry. Decades of work go into collecting these benefits—building a supply chain is not as simple as signing a contract. Legal agreements ensure compatibility, reliability, and quality. But supply chains for sophisticated defense products typically resemble long-term partnerships, with American companies and foreign firms engaged in

joint ventures and shared research and development. Suppliers and manufacturers form strong working relationships as they navigate regulations, security protocols, and geopolitics together.

The U.S. government has played a key role in building such supply chains. The Pentagon oversees approval processes for suppliers of crucial components, as it does, for example, in the U.S. defense firm Northrop Grumman's partnership with Japan's Mitsubishi Heavy Industries to design hypersonic missile defense systems. Diplomatic agreements and treaties establish joint defense projects, such as the 2021 AUKUS agreement among Australia, the United Kingdom, and the United States, which includes plans to design and manufacture a new class of nuclear-powered attack submarines. Technical agreements that set joint standards and facilitate interoperability and technology sharing enable companies from multiple countries to make parts, components, and systems for one another. After years of the U.S. government constructing such partnerships, American defense companies rely on foreign providers for basic materials and, often, sophisticated components of military equipment.

Cross-border sourcing makes the defense industry more resilient. When U.S. companies work with multiple international suppliers, they limit their exposure to problems that may arise in any given geographic location. Concentrated domestic production, meanwhile, creates vulnerability, as the United States has experienced firsthand. When Hurricane Maria shut down factories in Puerto Rico in 2017, for instance, the U.S. mainland faced an acute shortage of medical supplies. Manufacturing 155-millimeter artillery shells in just one plant in Scranton, Pennsylvania, led to dangerous gaps in U.S. defenses in 2022, when the U.S. Army raced to supply Ukraine after Russia's invasion while also replenishing U.S. arsenals at home. (It has since placed orders with multiple sites in the United States and Canada.)

The proliferation of dual-use technologies has meant that companies producing crucial defense components are operating on a scale that small-batch manufacturers could never achieve. Today, the same semiconductors power smartphones and missiles, the batteries in laptops and electric cars also drive drones, artificial intelligence used for school assignments also directs uncrewed weapons, and satellites navigate both civilian traffic and troop movements. The companies that produce these goods are massive, their growth enabled by the purchases of everyday customers alongside defense clients. And they

make enormous profits from commercial applications—profits that fund the research and development that accelerates defense innovation, which in turn benefits the U.S. Department of Defense.

GOING IT ALONE

Crafting international supply chains does create economic dependencies on foreign countries, and sometimes those dependencies can be dangerous. Because of this, the United States has a strong case to cut its foes out of supply chains critical to national security. A rival power can weaponize Washington's reliance on the goods its companies provide. China, which controls a host of critical defense inputs, has done just that. In the trade war with the United States, it has limited exports of gallium, tungsten, germanium, antimony, graphite, and other minerals used to produce drones, bullets, F-35 fighter jets, Tomahawk missiles, and night-vision goggles, as well as exports of rare-earth magnets critical to electric vehicles and advanced weapons systems. Beijing has also banned the sale of components to California-based drone maker Skydio, ostensibly because the company signed a contract with the government of Taiwan but also to undermine an emerging competitor to Chinese firms.

But cutting friends out of supply chains, as well, as Trump's blanket tariffs do, weakens Washington's ability to project power rather than strengthening it. Tariffs, for one, will make defense production more expensive. Many final products are already made in the United States to meet stringent legal requirements regarding the sourcing of certain specialty components. But these contractors will now have to pay higher local prices for domestically made steel, aluminum, copper, and semiconductors because tariff protections allow U.S. producers to charge more.

Tariffs will also make it more difficult to expand domestic industries. Take shipbuilding. Less than one percent of all vessels in the world are manufactured in the United States since it is already more expensive to build there than in China, Japan, or South Korea. Tariffs make investment in this industry even less attractive because U.S. shipyards will have to pay 50 percent more than their global competitors for the tons of steel and aluminum that go into constructing each vessel.

For U.S. defense companies to be economically viable, they must be assured of customers. Making weapons and military hardware is highly capital-intensive. The firms producing sophisticated equipment



and systems need huge research and development budgets, specialized manufacturing facilities, and advanced machinery. Long production timelines mean that filling an order takes years, and these companies produce only a small number of units. Traditionally, U.S. defense contractors have been able to defray these enormous upfront costs because they have a loyal customer base built into the U.S. alliance structure. In 2024, foreign allies purchased over \$300 billion in arms and defense equipment from U.S. makers through U.S. government-approved contracts, compared with roughly \$445 billion these companies received from Pentagon contracts. International customers account for roughly ten to 40 percent of total sales for the top U.S. defense contractors, including Lockheed Martin, Northrop Grumman, and RTX.

But this previously reliable source of demand for American defense products could now be in jeopardy. Trump has long insisted that U.S. allies should depend less on the United States, and his tariff announcements have only reinforced that message. The U.S. president has railed against fellow NATO members for free-riding on American defense spending and demanded that Japan and South Korea pay more to host U.S. troops and bases in their countries.

Australia, Japan, South Korea, and NATO allies have announced meaningful increases to their defense budgets, and many of them have committed to spending some of this money on purchases from

U.S. firms. But it is not assured that they will all follow through on the latter pledge. Many have ambitions to expand their own defense industrial bases—and have sold increased defense outlays to their publics on the basis that the money will boost domestic industry. Seeing their exports slapped with U.S. tariffs, moreover, feeds their growing hesitancy about relying too much on a volatile, transactional United States. French President Emmanuel Macron, long an advocate of “buy European” practices, has called on EU members to trade U.S.-made Patriots and F-35s for French-Italian SAMP/T missiles and French Rafale fighter jets. Some are now doing so. Denmark recently chose Europe’s models over American ones for its \$9 billion air defense system upgrade. Spain has nixed plans to buy American F-35s with its \$7 billion earmarked budget and is looking into European alternatives. Purchases using the EU’s new \$176 billion defense fund, furthermore, are restricted to European companies and companies from countries that have formal security deals with the EU—a list that does not include the United States.

British Prime Minister Keir Starmer, meanwhile, has vowed to seize a “once in a generation” dividend by channeling defense investment into domestic jobs and industrial growth. Japan is intent on boosting domestic producers of hypersonic missiles, drones, and fighter planes with its own spending surge and is negotiating an agreement to share classified information with the EU and a formal defense dialogue to connect Japanese industry with European defense supply chains. And South Korean President Lee Jae-myung has expressed his hope that the defense industry “becomes one of Korea’s future growth engines.”

Frustration with American tariff policies among foreign publics may also make it harder for allies to continue spending big on U.S. defense products. A Pew Research Center poll conducted between January and April saw favorable views of the United States plummet by eight to 32 percentage points across 15 of the 24 countries surveyed. The sense of betrayal after Trump announced tariffs has already led to boycotts of U.S. goods in Canada, India, and Europe. With their constituents refusing to buy Kentucky bourbon or Levi’s jeans, governments may redouble their search for alternatives to Patriot and Tomahawk missiles, F-35 fighter jets, and Black Hawk helicopters.

There is already evidence that U.S. allies and partners are distancing themselves from the United States. German Chancellor Friedrich Merz has made it a defense priority to “achieve independence” from

the United States, and talk in Europe has increasingly focused on the continent's "strategic autonomy." India, facing particularly high U.S. tariffs, paused its purchase of American weapons rather than meet Trump's demand to give up its imports of Russian oil. Brazil, another country whose exports face 50 percent tariffs, declined to join military exercises with the United States in September but has stepped up military representation in its Beijing embassy this year to match that in Washington. Beijing, indeed, has benefited from the world's discontent with Trump's hard-nosed tactics. A year ago, China was facing a global backlash for its own coercive trade practices and aggressive diplomacy. Yet in the past few months, officials from Brazil, India, Japan, South Korea, and the European Union, feeling spurned or neglected by Washington, have all taken steps, with varying success, to mend their frayed ties with China.

THAT'S WHAT FRIENDS ARE FOR

This is a particularly dangerous time for the U.S. defense industry to lose favored access to global suppliers and, potentially, buyers. As the fights taking place on the battlefields of Ukraine and in the shipping lanes of the Red Sea have demonstrated, the future of war is one not of aircraft carriers, tanks, and artillery but of drones, robots, and AI. The United States does not yet produce this equipment domestically in sufficient amounts or have the flexible procurement processes to acquire it quickly. Instead, the country depends on China, its most significant adversary, for the basic material inputs and the physical components of drones, robots, and next-generation radar systems. On the technological side, Washington is locked in a competition for dominance—a competition that it could lose to Beijing.

With tariffs raising the costs of production and making investment in U.S. industries less attractive, it will be more difficult for the United States to gain the same edge in the new warfare that it had in the old. American defense companies cannot simply bring their entire supply chains home; even those with government contracts need the scale and profits that international trade enables to make their businesses viable. They will also need access to cutting-edge innovation, much of which comes from abroad. China has already become a peer competitor to the United States in hypersonic weapons, integrated air defense systems, cybertools, and space capabilities. The United States alone cannot match the pace and scale that China has achieved. That will be possible

only if U.S. efforts incorporate the innovation and production know-how of allies including Japan, South Korea, and countries in Europe.

There is a place for ramping up domestic production to ensure that the United States has the equipment it needs to defend itself and good reason to purge U.S. adversaries from critical defense supply chains. Yet blanket tariffs make those tasks harder, not easier. If Washington were to pivot to targeted tariffs, focusing only on strategic industries and inputs, it would encourage the manufacturing that

The U.S. defense industrial base has never had to go it alone.

matters most for national security without incurring unnecessary costs. And by scaling back or eliminating tariffs on countries it trusts, giving “friend shoring” a real chance as part of a wider strategy to revitalize key industries, Washington could reap gains from geographic diversification and access to new markets and innovations.

Part of that strategy must involve U.S. subsidies. This will be especially important in industries in which markets have failed, such as the battery industry; Chinese subsidies have built up battery manufacturing capacity to the point that it far outstrips total global demand. Subsidies will also be critical in industries that are vulnerable to manipulation, such as mineral refining and processing. China is so dominant in these fields that it can create global shortages or flood markets to drive foreign companies into bankruptcy. The U.S. government has already found success using subsidies to draw in private investment. Billions of dollars in loans and grants to semiconductor makers in recent years have expanded U.S. production capacity, which will reduce the country’s reliance on manufacturing concentrated in Taiwan. In a deal signed in July with the American rare-earths firm MP Materials, the U.S. government set a price floor for U.S.-mined rare earths, and the company committed to building a factory to produce magnets from them, which should reduce U.S. dependence on China when the plant comes online in 2028.

Future outlays should focus on jump-starting vital production and creating commercially viable businesses over the long term. And potential subsidy recipients should not be limited to U.S. companies or U.S.-based operations. Instead, Washington should use subsidies to diversify the suppliers in critical industries and the regions they come from and to boost access to technologies and innovations from

friendly countries. Strengthening international supply chains for critical minerals should start with an effort to revive and put real money behind the Minerals Security Partnership, set up in 2022, which brings together more than a dozen U.S. allies and partners to facilitate cross-border minerals projects. Congress should also pass the Critical Minerals Security Act, which would direct the U.S. government to work with allies on the mining, refining, processing, and recycling of vital defense inputs. Likewise, the United States should protect existing agreements with allies, such as AUKUS, to jointly produce weaponry and defense equipment and pursue new deals along similar lines.

Opening funding to others does not have to come at the expense of American companies and contractors. Diplomacy is key. Negotiating a formal security agreement with the EU would make U.S. contractors eligible to bid for public contracts offered as part of Europe's new defense fund. Agreements with other allies could deliver similar opportunities to U.S. defense contractors, and technical accords that ensure interoperability could open the door to U.S. providers securing maintenance contracts with militaries abroad and supplying future platform additions. Building the U.S. defense industrial base and allied defense industrial bases together, so that they complement rather than compete with each other, will not only help the United States and its allies better coordinate their militaries—it will also yield commercial benefits.

The United States needs secure supply chains, and for that it needs to encourage cross-border manufacturing with countries it can count on, not blanket tariffs that drive domestic prices up and foreign partners away. Separating the country from global commerce is a path to increased inflation and slowing innovation and growth that will result in U.S. manufacturers struggling to compete for global consumers. Such a path will ultimately leave the United States less wealthy. The security costs of protectionism are just as dire. U.S. defense suppliers will lose many of their current market advantages as foreign contracts unravel and competitors abroad begin to look like safer geopolitical bets. A shrinking American defense industry is not just an economic blow; it also undermines the United States' ability to field and equip a world-class military. In the Trump administration's wishful thinking, building a "Fortress America" may seem like a way to protect the country's wealth and raise its defenses. But in reality, dismissing the United States' partners degrades its sources of strength. 🌐

The Return of the Energy Weapon

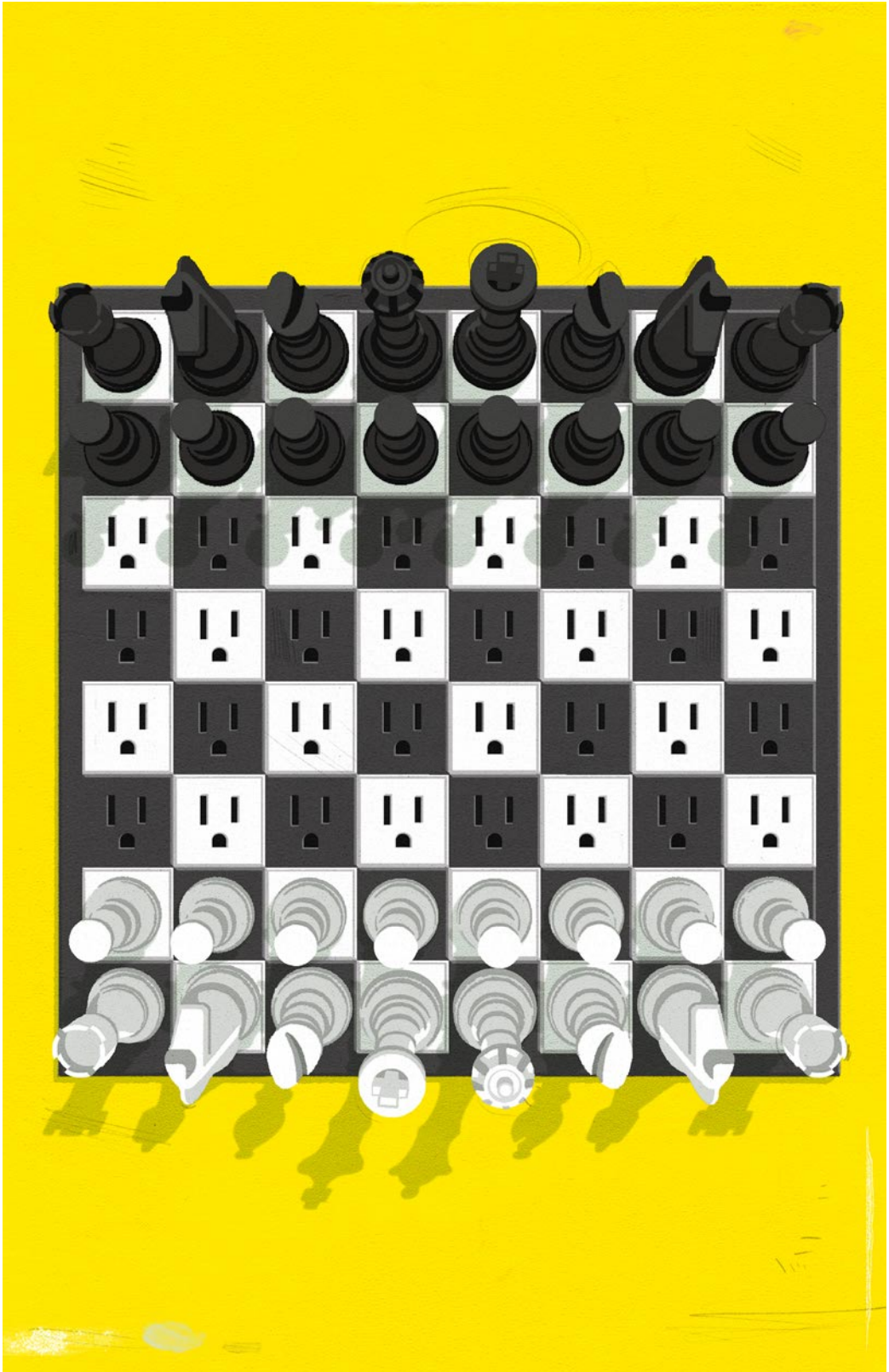
An Old Tool Creating New Dangers

JASON BORDOFF AND MEGHAN L. O’SULLIVAN

Throughout much of the modern era, limiting or disrupting the flow of energy was a highly effective tool of global power. In 1923, Admiral Reginald Bacon of the Royal Navy declared that the United Kingdom’s oil blockade of Germany in World War I was the powerful economic weapon to which “the ultimate collapse of that nation and her armies was mainly due.” A generation later, Soviet leader Joseph Stalin attributed the Allied victory over Nazi Germany to the Red Army’s success in denying Hitler access to oilfields in the Caucasus. Then there was the 1973 Arab oil embargo, which caused

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a nearly 300 percent rise in the price of gas in the United States and miles-long lines of cars at gas stations, an experience that has remained seared in national memory.

For much of the next 50 years, however, the use of energy as a coercive tool of statecraft largely subsided. The disastrous effects of the Arab oil embargo on the global economy led both producer and consumer countries to think differently. Over the years that followed, consumer countries sought to make their energy flows more resilient and build stronger and more transparent international markets, while producers reined in their propensity to use their energy prowess as a geopolitical cudgel. The end of the Cold War and the subsequent acceleration of globalization boosted reforms that further integrated oil markets and diversified energy supplies. In the early years of the twenty-first century, even soaring prices and fears about peak oil—the notion that global oil production was close to its maximum and would soon begin an inexorable decline—proved short-lived as the American shale-drilling revolution brought unprecedented new volumes of oil to the market. Oil prices continued to fluctuate during major conflicts such as the first Gulf War and the Libyan civil war and global crises such as the Great Recession and the COVID-19 pandemic. But throughout this era, consumers, particularly in advanced economies, were increasingly confident that markets would deliver the energy they needed. Over time, many countries were lulled into complacency about energy security.

Today, that complacency has been upended. Following its 2022 invasion of Ukraine, Russia inflicted enormous economic pain on Europe by slashing its natural gas deliveries to the continent and sparking an energy crisis with global reverberations. As part of its larger trade confrontation with the United States, China has periodically restricted the export of key critical minerals and rare-earth elements—parts of a supply chain that is crucial to semiconductors, military applications, batteries, and renewable energy. The United States itself has also politicized the flow of energy, demanding that Europe buy more American energy to gain relief from threatened trade tariffs. Even countries such as Canada have entered the fray, with Ontario imposing a surcharge on electricity exports to the United States in retaliation for President Donald Trump's sweeping new tariffs on Canadian goods. As producers wield the energy weapon that was largely sheathed for the last several decades, the United States and others are also rebrandishing their influence over the production and purchase of energy, as seen in Washington's recent moves to prohibit most

American oil and gas firms from operating in Venezuela and to consider steeper sanctions on countries buying Russian and Iranian oil exports.

In a world that had grown accustomed to relatively stable and secure energy markets and was under the illusion that the clean energy transition would neutralize energy geopolitics, the return of the energy weapon has caught many by surprise. Yet this trend is unlikely to end soon for two broad reasons. First, at a time of renewed great-power competition and economic fragmentation, energy has once again become an attractive instrument of geoeconomic coercion. Second, significant developments within the energy sector are creating new opportunities for weaponization even as they mitigate some others.

Fortunately, there are a variety of policy tools to address these threats—most of which are compatible with and enhanced by the clean energy transition. Indeed, by making a faster shift toward zero-carbon sources of energy, countries can eventually build a strong form of resilience against energy weaponization, especially if such a push is coupled with efforts to diversify clean energy supply chains. To mount an effective response, however, policymakers need to recognize the forces driving weaponization and the broader risks they pose to national security and the global economy. With more countries threatening to make coercive use of more different kinds of energy flows, the world could be at the dawn of a new age of energy weaponization.

GLOBAL ENTRY

Throughout much of the twentieth century, controlling the flow of oil was considered an essential component of foreign policy and military strategy. Countries endowed with energy riches used those resources as a means to achieve objectives outside the energy realm. And those whose geology was lacking often saw the need for energy as an end—a reason to harness military, economic, and diplomatic power in its pursuit. For decades after oil became the dominant global energy source, producers were in a strong position. By the 1970s, oil supplied about half the world's energy needs. And since it was typically sold in long-term contracts at administered prices set by a small number of governments, producers could assert control over both supply and price. With such levers, countries with major oil reserves could seek to sway international policies in the realm of politics. In 1973, after the outbreak of war between Israel and its neighbors, the Arab members of OPEC restricted oil exports to countries supporting Israel and incrementally

curtailed global supply to compel the United States and other Western powers to cease support for Israel and force Israel to withdraw from captured territories. The move triggered what one adviser to U.S. President Richard Nixon called an “energy Pearl Harbor.” By the end of the year, the price of a barrel of oil, which three years earlier had been \$1.80, reached \$11.65—the equivalent of more than \$80 today.

Yet the Arab oil embargo proved to be a turning point. It produced a wide array of negative consequences, including stagflation in advanced economies and a massive debt burden in the developing world. It also failed to compel the West to abandon Israel. It did, however, drive many countries to launch an intense effort to conserve energy, boost oil production outside OPEC, reduce imports, and prioritize energy security. In 1974, advanced economies came together to form the International Energy Agency (IEA), the centerpiece of which was an agreement to build strategic oil reserves for coordinated release in times of emergency. As it became clear that price controls and energy rationing had exacerbated the effects of the embargo, U.S. leaders and policymakers also realized that more flexible, integrated, and well-functioning global oil markets could disperse the impact of supply disruptions—spurring efforts to liberalize the oil trade. In the early 1980s, governments sought to improve the quality and transparency of energy data and to deregulate oil pricing, helping pave the way for the inclusion of crude oil futures on the NYMEX commodity futures exchange. Thereafter, oil went from being largely traded in long-term contracts at fixed prices—an approach that made it difficult for buyers to find alternative sources of supply during disruptions and thus vulnerable to producer pressures—to the most traded commodity in the world.

Although the process was slower and looked very different, natural gas markets were also becoming more globally integrated. After the first shipment of liquefied natural gas sailed from Louisiana to the United Kingdom in 1959, successive waves of supply growth—including from Algeria in the 1980s, Qatar in the 1990s, and the United States in the last decade—transformed the natural gas trade. They contributed to a more integrated and flexible LNG market that could better respond to changes in supply and demand than fixed gas pipelines, since tankers can deliver to many destinations and are easily redirected. Starting in the 1980s, despite Europe’s growing dependence on Soviet—and later Russian—gas, policymakers and buyers became more confident that competitive markets and mutual dependence would shield the continent



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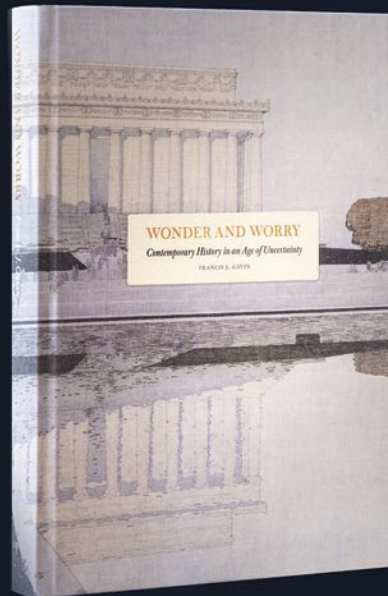
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WONDER AND WORRY

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FRANCIS J. GAVIN

The global order is under strain. Old threats — renewed great-power rivalry and the risk of nuclear conflict — resurface alongside new global crises from climate change to pandemics. Meanwhile, the United States seems willing to abandon its decades-long strategy of building strong alliances, countering authoritarianism and supporting openness. How should we understand these unsettling trends? *Wonder and Worry* offer Francis J. Gavin’s best insights on the pressing, fundamental questions of our time.



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from geopolitical vulnerability. Indeed, for much of the Cold War, many leaders perceived the energy trade between western Europe and the Soviet Union as a moderating influence on the larger geopolitical rivalry.

The end of the Cold War only accelerated these positive trends. The collapse of the Soviet Union in 1991 paved the way for the 1994 Energy Charter Treaty, which created a multilateral legal framework for energy cooperation. Initially intended to provide a legal structure for energy trade, transit, and investment between western Europe and post-Soviet states, the treaty later expanded to incorporate countries from other regions. Investments began flowing into Russia and former Soviet republics from Western energy companies such as Exxon, BP, and Total, further increasing interdependence and the breadth and depth of global markets. In this new era of cooperation, the United States and Russia created a Megatons to Megawatts program, in which the United States purchased excess highly enriched uranium from Russia's defense sector and turned it into low-enriched uranium for civilian reactors; for years, policymakers seemed unfazed that the United States was dependent on Russian fuel to operate its nuclear power plants.

The integration of global energy markets was given a huge boost by China's accession to the World Trade Organization in 2001. To fuel its staggering industrial and manufacturing expansion over the decade that followed, China had to quadruple its oil imports, forcing it to rely heavily on the markets of the Middle East and Central Asia. Over time, Beijing moved away from a "going out" strategy that focused on physical control over energy resources in Africa and beyond to an approach that sought to ensure access to energy from a diverse group of suppliers. Later, through its Belt and Road Initiative, the Chinese government financed pipelines, ports, refineries, and power plants overseas, investing in a network that could help it obtain a consistent supply of energy from multiple points around the world.

As economic relations became more globalized and energy markets became more interconnected, exporters largely set aside the energy weapon. Certainly, there were notable exceptions, as when Russia cut off gas exports to Ukraine in 2006 and 2009. Yet the ensuing European debate over whether the cuts were commercial or political in nature weakened the collective European response to coercion. At the time, most producers seemed to recognize that well-integrated global energy markets limited the impact of withholding or denying energy deliveries to a particular country or region—making calculations about embargoes

unattractive. As fiscal budgets ballooned in the Gulf and other OPEC countries, producers were reluctant to take action that could jeopardize their revenue streams, and the threat of another oil embargo by the cartel faded. The net result was that by the early years of this century, there was a general sense among advanced economies that energy security had improved significantly since the 1970s, even as reliance on oil imports continued to grow.

To be sure, energy weaponization did not entirely go away during this era of relative stability, although the sort exercised in the decades after the Cold War was of a different variety. Whereas the globalizing economy and integrated markets made trade sanctions on oil producers less effective, economic interdependence and the dominance of the U.S. dollar made the financial system ripe for weaponization. Consumer countries, particularly the United States, politicized their consumption and deployed financial sanctions against some of the world's largest oil producers, such as Iran. Energy thus remained a means for advancing foreign policy in this surprising way.

POWER PLAY

In the last several years, the circumstances that set the stage for this extraordinary period of energy cooperation have begun to shift. Perhaps most important, by 2020, the era of closer cooperation among great powers, unfettered trade, and faith in markets was coming to an end. The integration of global markets that had been central to the energy security of so many countries was no longer assured; shifting geopolitical forces were creating economic fragmentation, and governments were beginning to intervene in private enterprise in more far-reaching ways. Major powers are now pivoting toward state capitalism, using trade restrictions and industrial policy to achieve economic and national security aims. In the United States, this shift began during Trump's first term, continued under the Biden administration, and has expanded further under the second Trump administration, with the government using tariffs as a form of economic coercion in far more aggressive ways. China, which has long engaged in state capitalism, is both pulling back from global markets in many commodities and honing its ability to use sanctions and other state interventions to advance its interests. In this increasingly uncertain geoeconomic environment, countries in Europe and other parts of Asia are finding it harder to assume that markets alone will deliver the energy supplies they need.

Paradoxically, perhaps, the pullback from the integrated global markets that have long helped stabilize energy flows has been partly driven by policymakers' growing concerns about energy security. In many countries, escalating geopolitical threats, great-power rivalry, high energy bills, risks of supply shortfalls caused by underinvestment in oil and gas, competition for leadership in power-hungry artificial intelligence, and worsening climate impacts have all contributed to a sense that energy security is on the line. Rather than leaning in to global markets, governments may be more inclined to reduce their energy trade and curb their exposure to volatile international forces. Consumer countries increasingly seek to produce more domestic energy and import less, and producer countries may be tempted to curb exports to prioritize their own needs. In early 2025, Norway's two governing parties pledged to cut power exports to Europe amid concerns about soaring electricity prices at home. Similar pressures may soon arise in the United States. Voters confronting higher utility prices could pressure the government to restrict the country's burgeoning exports of natural gas in the belief that doing so will lower their bills. In fact, any such moves could undermine the very integration that has helped tame energy weaponization in recent decades.

Alongside a fragmenting global economy, changes in the energy landscape will encourage renewed use of the energy weapon, even if other developments will cut the other way. Take the oil sector, in which two of the main conditions for past weaponization could reemerge in the years ahead: the tightening of markets and the concentration of supply. Discussions about the implications of global oil demand peaking are gradually being replaced by questions about the consequences of the shale oil boom coming to an end. In September 2025, the oil giant BP acknowledged that oil demand, which it had previously forecast would peak this year, will continue climbing for the rest of the decade. In its 2025 World Energy Outlook, the IEA presented a scenario based on current policy alongside one reflecting policies and measures that have been formally announced or are under development. Although the latter projects global oil demand to peak by the end of this decade, the former shows it continuing to grow through 2050. Meanwhile, oil executives and analysts are becoming skeptical that U.S. shale oil production, which met most of the growth in global demand over the last decade, will continue to rise. The U.S. Energy Information Administration has projected that U.S. oil production will decline next year. Major oil

companies have also scaled back exploration efforts worldwide, with investment in upstream oil and gas projected to fall in 2025 to its lowest level since the pandemic. As more of today's existing production capacity is called on to meet rising demand, the amount of spare capacity in the global system will shrink, leaving less of a buffer to cope with price shocks. As a result, the oil market may tighten significantly toward the end of this decade, creating more chances for countries to target the oil supply—through infrastructure attacks, export restrictions, sanctions, or other steps—in ways that inflict economic pain.

In addition, the renewed concentration of supply in the hands of fewer countries will exacerbate the risk of coercion. By 1985, OPEC's share of the world's oil production had fallen from about half before the Arab oil embargo to just 27 percent, as huge volumes of non-OPEC oil came to market from the North Sea and other areas. But with the U.S. shale boom slowing and other non-OPEC producers experiencing only modest supply growth, the IEA now projects that the cartel's share of the global market will rise again to at least 40 percent by 2050, a level not seen since the 1970s. If demand continues to be strong, this concentration of supply will make OPEC countries even more geopolitically influential.

The global gas market may also soon experience changes, including further concentration, that make politicization more likely. It is true that over recent decades, the rise of liquefied natural gas and the emergence of a more globally integrated gas market have greatly reduced opportunities for coercion. When Russia cut off most of its pipeline gas exports to Europe in 2022, for instance, European countries were able to cushion the loss by securing supplies of globally traded LNG, albeit at much higher prices. Nonetheless, shifting dynamics in global gas markets suggest that new dangers may lie ahead. In the coming years, supplies will be more concentrated among a handful of producers, even if Russia's plan to triple its LNG export capacity by 2030 does not materialize. The sharp growth in LNG exports from Qatar and the United States—in combination with growing European and Asian dependence on LNG—means that more gas will travel through the Strait of Hormuz and from the U.S. Gulf Coast, creating new geopolitical targets. Moreover, although the rise of the United States as an LNG superpower was once seen as a salve for geopolitical risk, the Trump administration's use of economic coercion against allies and adversaries has stirred fear among energy importers that the United States may no longer be a reliable, apolitical supplier.

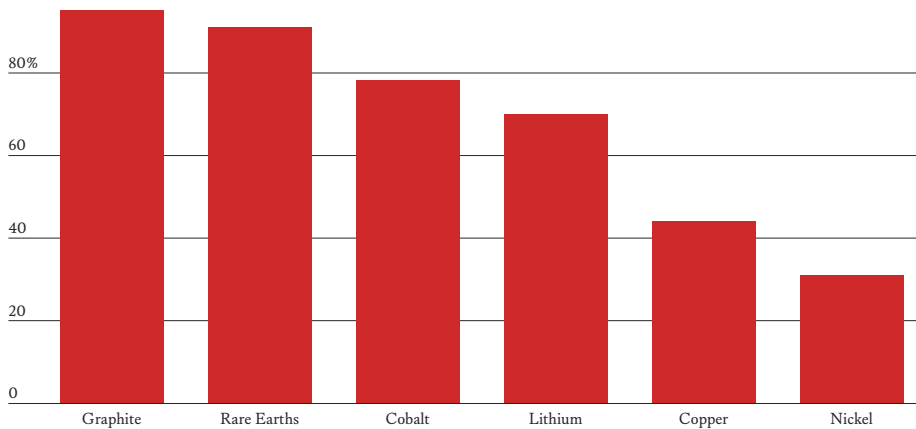
Meanwhile, the rise in clean energy across the globe has become a double-edged sword when it comes to energy security. Increases in wind, solar, and other new sources of energy have helped the world meet burgeoning demand and have diversified the energy mix of large economies, most notably China. But the clean energy transition could introduce new threats, particularly in relation to the rush toward electrification. Spurred by the massive power needs of the data centers that enable artificial intelligence, the growing use of air-conditioning and electric vehicles, and rising industrial activity around the world, electricity's share of global energy use will rise from 20 percent today to 25 percent in 2035, according to IEA projections.

To some extent, a more electrified world will help reduce the risk of energy coercion, since most countries can produce much of their electricity from domestic sources. But wherever electricity crosses borders, electrification carries new risks. Importers of electricity are even more vulnerable than oil importers, as these countries tend to have few if any alternative sources of supply, and electricity is far more difficult to hold in strategic stockpiles than oil. Today, only a tiny fraction of global electricity supply is traded across borders. Yet plans to develop many more long-distance transmission lines to connect countries in many parts of the world, including in the Asia Pacific as well as Europe and North Africa, could make this concern more potent.

Of greater concern on a global level is the dominant role that China and a few other countries play in supplying the inputs needed for widespread electrification. Transmission lines, solar panels, wind turbines, and batteries for cars, trucks, and the electric grid all depend on critical minerals, such as copper, nickel, lithium, graphite, and rare earths. Demand for these minerals is projected to surge in the coming years, with lithium use increasing fivefold and graphite and nickel use doubling by 2040. China is the top producer of 19 of the 20 critical minerals assessed by the IEA to be key to the energy sector, and it accounts for more than 70 percent of global refining capacity for these metals and minerals. The global minerals supply is also dominated by a few other countries, such as Indonesia for nickel, the Democratic Republic of the Congo for cobalt, and Russia for enriched uranium. In fact, the mining of certain metals and minerals is even more concentrated than the production of oil. According to the IEA, when the leading producer of each of the key battery metals and rare earths is excluded, other remaining suppliers will, on average, be able to meet only half the remaining global demand in 2035.

PRODUCER POWER

China's share of global processing of key minerals



Source: International Energy Agency. Data as of 2024.

Spurred by the clean energy transition, energy flows are also shifting to include not only the transport of commodities—oil, gas, coal, or critical minerals—but also the trade of manufactured goods such as solar panels, wind turbines, batteries, and electrolyzers. The production of these goods is also firmly dominated by China, which now accounts for more than 80 percent of solar manufacturing capacity and nearly as much for key parts of the wind supply chain. In batteries, China's role is even greater, accounting for more than 85 percent of all steps of the battery value chain and up to 95 percent for anodes—the part of the battery that stores energy when it is charging. All of which raises questions about whether these goods could become hostages to politics or conflict in the future.

Real-world developments give us reason to take such concerns seriously. In 2010, during a standoff over the Diaoyu/Senkaku Islands in the East China Sea, Beijing temporarily suspended the export of rare-earth minerals to Japan, causing significant concern in Japan's high-tech industries. In late 2024 and early 2025, amid tensions with the United States over the flow of technology, China restricted the export of graphite, certain critical minerals, and rare earths, leading to price spikes and supply chain disruptions that put significant constraints on U.S. manufacturers. Ford Motor Company, for instance, had to

temporarily idle some of its American plants because of shortages of Chinese-supplied rare-earth magnets.

The potential for Chinese weaponization of clean energy, given Beijing's production dominance in minerals as well as in solar panels and batteries, is a key element of this new age of intense geopolitical rivalry. Particularly in light of future scenarios in which Washington and Beijing are at odds over the future of Taiwan, policymakers must consider China's ability to flood the market for critical minerals, rare earths, or clean energy products and undercut the competition, or to restrict exports to deter or blunt Western responses and peel off U.S. allies that are economically dependent on Chinese inputs. Such a move could create price spikes and shortages, not just in energy supply chains but also in materials needed for defense readiness and weapons production.

Concerns over the weaponization of electricity also extend to energy infrastructure. In 2024, the FBI warned that state-sponsored Chinese hackers had penetrated critical networks across the United States in what then FBI director Christopher Wray characterized as a "broad and unrelenting" threat. Power grids can be an especially attractive target for weaponization. Given that electricity is the key energy input in the highest-value-added sectors, such as advanced manufacturing and artificial intelligence, electricity disruptions can cause outsized economic harm. Greater electrification, renewables, and extreme heating and cooling needs will require grids to handle more frequent periods of peak electricity demand, creating more opportunities to attack networks at moments of maximum strain and vulnerability.

MORE EFFICIENCY, MORE SECURITY

With the return of the energy weapon, policymakers will need to think differently about energy policy, as well as foreign policy and national security. Given the transformative shifts in the energy landscape, the retreat of globalization, and the return of great-power rivalry, the opportunities for countries to use energy as a means to gain influence or achieve foreign policy goals are intensifying and go well beyond oil. The old antidote of integrating into well-functioning, interconnected global markets still provides benefits, but it may offer less protection as markets themselves fragment and energy is weaponized in new ways. Policymakers and others will need to find ways of protecting citizens and businesses from the volatility that energy weaponization will undoubtedly bring.

A few obvious prescriptions, applicable to all countries, are to reduce exposure to volatile energy supplies, build up buffers against potential shocks, and increase energy efficiency. Some countries, based on their geology, may also have the option of boosting domestic supplies of oil and gas to curb their reliance on imported energy. In the United States, for example, policymakers may be tempted to seek greater or even total energy self-sufficiency to limit the threat of weaponization. But energy independence in this sense is a myth. Today, the United States produces more energy than it consumes, but it still imports and exports significant amounts of oil and is therefore enmeshed in global markets and susceptible to any volatility in them. In a more weaponized world, true energy security will require not just producing more oil or gas but also and especially consuming less.

Leaders of countries in Europe or East Asia that have long depended on oil and gas imports—even more so than the United States—can protect themselves from volatile markets by reducing their energy trade, nearly all of which today is in fossil fuels. Although “replacing” some of these imports can be accomplished by increasing efficiency, paring down most will require more intense electrification with energy that is generated domestically, for instance from solar, wind, nuclear, or geothermal sources. (For some countries, for example in South Asia, it can also mean domestically produced coal.) Given the risks posed by clean energy supply chains, one might ask how much protection such a shift provides. Former U.S. Senator Joe Manchin has lamented the dilemma of trying to “replace one unreliable foreign supply chain with another.”

But the risks posed by the oil and gas sectors are of a different order than those of the clean energy sector. The possibility that China could weaponize clean energy supply chains is real, bringing with it the potential to limit the ability of many countries to deploy new EVs, solar panels, or battery storage for the grid. Unlike with oil or gas, however, such tactics would not jeopardize the flow of energy itself. China’s weaponization of supply chain concentration would not quickly cause lights to go out, cars to sit idle, or homes to freeze. Instead, it would lead to higher costs and delays for products that produce and store energy. And although such supply chain risks could have significant economic impacts, these would be easier for most countries to address over time. Unlike the production of fossil fuels, which depends on the good fortune of geology, manufacturing capacity can be ramped up in most places. For those reasons, on energy security grounds alone, the

United States should reconsider its current retreat from policies that seek to modernize and expand the electric grid and to develop more domestic clean energy generation and manufacturing.

Using clean energy to mitigate the weaponization of fossil fuel markets makes sense for other reasons, as well. By offering subsidies, eliminating excessive regulation, and streamlining permit processes, mineral-rich countries can encourage more domestic production and investment in manufacturing, mining, and grid construction. But all consumer countries can build manufacturing capacity such as mineral refining and processing. They can also reduce their dependence on Chinese-dominated supply chains by investing in energy projects in a more diverse set of places, such as the mining, refining, and processing of critical minerals in Africa and Latin America. Governments can also make their national energy infrastructure more resilient against attacks by hardening power grids, managing periods of peak demand more efficiently, and implementing better protections against cybersecurity threats. Finally, to cushion against future shocks, policymakers will need to create and expand emergency stockpiles, such as for certain critical minerals and natural gas, along the lines of what the U.S. Strategic Petroleum Reserve has done for oil.

Beyond such direct policy action, decision-makers will need to think more creatively about state intervention in the energy sector. Already, the quest for energy security in today's fractious environment is leading governments to seek solutions to problems that would have been left to the market to resolve in an age of greater international cooperation. In some cases, these interventions, such as a recent equity investment by the Trump administration in a domestic rare-earth company, will make sense and even be necessary to make the United States and other countries less vulnerable to energy coercion. Such moves toward state capitalism, however, introduce significant risks and require guardrails to prevent political or ideological interference with corporate decision-making.

THE ALL-IN DEFENSE

The idea that a new era of energy weaponization has begun may seem counterintuitive in the face of a global energy market that seems mostly in balance. The sweeping return of this potent form of coercion is dependent on a variety of trends playing out in geopolitics and in the global energy system. In view of the uncertainty surrounding these trends, more weaponization is not inevitable. But the emerging reality

of great-power competition, economic fragmentation, tightening energy markets, and a greater concentration of both fossil fuels and clean energy supplies among a small number of countries increases the odds that the energy weapon will be used.

To protect their countries from the new risks, policymakers will need to summon the political courage and pragmatism to make massive new capital investments. This effort will be especially challenging given severe fiscal constraints and burgeoning debt crises in many advanced economies. Rather than rely on market forces to develop and deliver the cheapest flows of energy, policymakers will need to pursue more secure sources, even if they come at a higher cost, and build redundant and more resilient infrastructure to protect against and better handle potential energy crises. Spending at this scale will cause energy prices to rise, particularly in an era of higher capital costs. It will also lead to a more active role for the state in the energy economy, a development that will create more investment opportunities but also significantly more uncertainty for private capital. Deployed wisely, such government investments can enhance energy security and stave off the worst forms of coercion.

Counterintuitively, these very same policy responses could also provide a powerful push for clean energy. The renewed threat of weaponization means that there is more common cause between champions of a Trump-style energy dominance agenda and clean energy advocates who seek a more rapid pivot toward a less carbon-intensive economy. To be truly energy secure, particularly at a time of rapidly rising demand, the United States should invest not just in its own oil and gas sector but also in solar and wind power, batteries, electric vehicles, critical minerals, nuclear fuels, and other energy technologies, while in parallel diversifying energy supply chains. Given that oil is still priced in a volatile global market, reducing the country's exposure to energy shocks and more overt weaponization means not just producing more but, even more important, using less.

Ultimately, the imperative to bolster energy security could be an even stronger motivator of clean energy deployment and reduced fossil fuel use than the threat of climate change itself. The coming era of weaponization could thus have a silver lining. It will create a powerful new incentive, for those concerned with energy and climate alike, to invest in the multifaceted energy and supply chain strategies that will be essential for a secure future. 🌐

The AI Grand Bargain

What America Needs to Win the Innovation Race

BEN BUCHANAN AND TANTUM COLLINS

The United States' lead in artificial intelligence might seem unassailable. U.S. companies—Anthropic, Google, OpenAI, and xAI—are out in front across almost all assessments of the technology's general capabilities. American AI models are outperforming doctorate-level scientists on challenging questions in physics, chemistry, and biology. Just a few American AI and chip giants are worth more than the entire Chinese stock market, and investors from across the world are plowing ever more resources into the American AI ecosystem.

This breakneck progress is, in many ways, a testament to the strengths of the model of American AI development that has dominated for the last decade: letting the private sector operate on its own, with remarkably

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TANTUM COLLINS was Director for Technology and National Security on the National Security Council from 2023 to 2025.

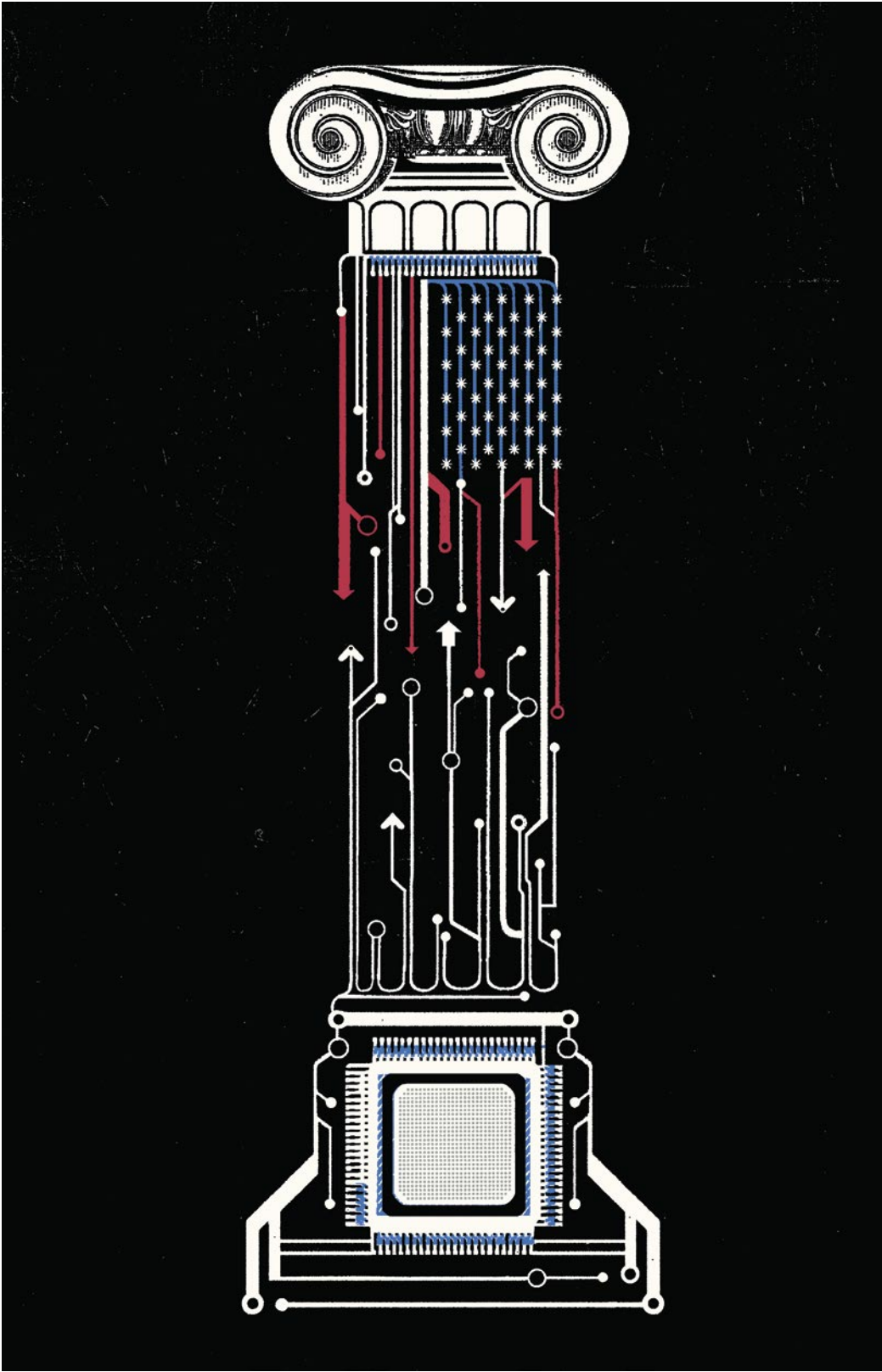


Illustration by Cinta Fosch

little direct government meddling or resourcing. This approach is quite different from those that ushered in past breakthrough technologies. Nuclear weapons and power, space travel, stealth systems, personal computing, and the Internet emerged either directly from U.S. government efforts or on the back of significant public funding. AI also has roots in government-funded science, including in personal computing and the Internet, and it benefits from ongoing government-supported research. But scaling up AI has been essentially a private-sector activity.

Yet there is reason to think the American way of developing AI is reaching its limits. Those limits will likely become increasingly evident in the coming months and years, and they will start to erode—and perhaps even end—U.S. dominance. Eventually, they will place the United States at a disadvantage against China, which has an alternative approach to the AI contest.

To avoid that outcome, Washington will need to embrace new ways of advancing AI development, ones that demand much tighter mutual support between the private sector and the state. Further progress now depends on resources and capabilities that only the government can provide or facilitate: the energy to power ever-larger data centers, a pipeline of international talent, and effective defenses against sophisticated foreign espionage efforts. The U.S. government, for its part, will need the cooperation of the private sector to integrate AI into the national security apparatus and to make sure the technology does not undermine democracy across the world.

The new American model of AI, in other words, must rest on a grand bargain between the tech industry and the government. The tech sector can help the state make sense of and deploy AI. The state can help the tech sector continue to grow in a way that advances everyone's interests.

MAXING OUT

It is easy to see why Washington's light-touch approach to AI has, by and large, paid dividends. Past revolutionary technologies, such as nuclear weapons and space flight, did not have immediate commercial applications. But the business case for modern AI is already highly compelling. AI firms have found huge user demand, resulting in skyrocketing revenues, and they have promised to automate myriad valuable tasks, such as coding. As a result, capital markets are funding AI projects at scales that would historically have required government

resources. Moreover, the computation-centric nature of today's AI means that it builds neatly on the cloud computing infrastructure that the private sector, not the government, has mastered.

The sufficiency of private-sector capital in enabling AI advances is wonderful for taxpayers, but the limits of this approach are becoming apparent. To see why, look at infrastructure. The vast fleets of computer chips needed to develop and use today's AI require extraordinary amounts of energy, so U.S. companies will need more power to fuel the data centers they plan to build in the coming years. An analysis by Anthropic estimated that the United States will need to produce 50 gigawatts of new power just for AI by 2028—roughly equivalent to what the entire country of Argentina uses today. (One of us, Buchanan, advises AI and cybersecurity companies, including Anthropic.) By then, data centers could consume up to 12 percent of American electricity production. Without more electricity, the AI build-out will stall. Amazon's CEO, Andy Jassy, for example, has labeled power the "single biggest constraint" to AI progress. And building this level of new infrastructure will require government help.

For too long, Washington did too little to add new power to its grid. From 2005 to 2020, the United States added close to zero net new power. After U.S. President Joe Biden took office, in 2021, and passed a law subsidizing the construction of clean energy infrastructure, the country added more than 100 gigawatts in new capacity. In the last days of his term, he signed an executive order specifically aimed at further expediting the AI and clean energy build-out. But although his successor, Donald Trump, has said the right things about building new energy infrastructure for AI, he has not delivered. He signed an executive order to accelerate federal permitting for data centers, but implementation remains nascent. Worse yet, his signature "One Big Beautiful Bill," passed in July, and other executive actions gutted key parts of Biden's energy expansion efforts, such as vital transmission projects. An area that could have been a bipartisan success fell prey to politics and has now become a major concern for business and AI competitiveness.

Executed well, an AI-fueled energy boom would have benefits far beyond AI development itself. Leading AI companies are spending

There is reason
to think the
American way of
developing AI is
reaching its limits.

hundreds of billions of dollars on infrastructure build-outs, creating employment opportunities. They have committed to carbon-free operations and demonstrated a willingness to pay higher prices for clean energy. These massive investments can accelerate the domestic development of better energy sources, many of which have bipartisan appeal, such as advanced geothermal power and next-generation nuclear facilities. Powerful AI models could also accelerate climate-related research.

If the United States does not construct more energy capacity, however, American AI firms will feel pressure to outsource the development of strategically critical facilities—likely to oil-rich regions such as the Gulf that run on dirtier fuel. For Washington, any prospect of offshoring AI should set off alarm bells. An American company shifting advanced AI training to a foreign country, especially an autocratic one, would pose huge risks as AI begins to power more of the U.S. economy and to play an integral role in defense. If a host country became unhappy with American behavior, it could punish Washington with the flick of a switch. A failure to build domestic energy capacity would thus echo outsourcing mistakes of past decades in other important industries, such as semiconductors, in which the United States is now dependent on foreign suppliers.

The United States has the technology and industrial capacity needed to build new energy facilities. But it remains inhibited by a thicket of government and utility regulations and by procedural delays—some backed by good reason, some not. These restrictions impose huge delays in interconnection (the process of connecting a new power source or data center to the grid) and require years-long environmental assessments. On top of federal and utility hurdles, state and local policies can be cumbersome, especially for projects that cross multiple states, such as transmission lines. Companies—not citizens—should pay for the energy build-out, but government policies must make it possible for them to undertake these projects on reasonable timelines.

Infrastructure is not the only domain in which American policies hold back the AI sector. AI progress depends as much on talented people as it does on technology and computing power, which is why the Biden administration acted aggressively to enable people of extraordinary technical ability to come to the United States from all over the world. This effort included elevating AI and other high-tech fields as priority areas for visas, as well as updating eligibility criteria to welcome top-tier scientists.

Here, too, Trump has sometimes said the right things but always fallen short in practice. During his 2024 presidential campaign, he declared that when foreign students graduate from U.S. colleges, they should “automatically” get a green card. Instead, under his leadership, the United States has begun shutting itself off to foreign workers and students, intimidating even those who have visas and are in the country legally. In September, the administration even said it would slap a \$100,000 fee on applications for H1-B visas—the visas most commonly given to high-skilled immigrants. Such actions are already having adverse effects. For example, preliminary research by NAFSA, a nonprofit association of international educators, suggests that in 2025, American universities will suffer a 30 to 40 percent reduction in international enrollment.

If Washington cuts itself off from foreign-born scientists or sends them back home, the consequences will be catastrophic. The United States leads the AI race in large part because it attracts experts from across the world. According to a Georgetown University study that looked at AI research from 2010 to 2021, 70 percent of top U.S.-based AI researchers were born abroad. Sixty-five percent of leading U.S.-based AI companies, as ranked by *Forbes*, have at least one immigrant co-founder. Before the current Trump presidency, 70 percent of the students enrolled in American AI graduate degrees hailed from abroad. Historically, the vast majority of these students have stayed, often making critical contributions to American industry and academia. But thanks to Trump’s policies, many of today’s students might instead return home. Some could head to China, which has spotted an opportunity to recruit AI experts—and which poses the most significant challenge to the United States’ AI interests.

THE CHINA CHALLENGE

Protecting American AI leadership is not just a matter of pride. It is essential to U.S. national security and economic competitiveness. China has been making strides in AI development, and although none of its firms can yet match the best American ones, they do not lack for technical talent.

China faces one devastating disadvantage in this competition: its inability to make large quantities of advanced AI chips, a weakness exacerbated by U.S. export controls that began in the first Trump term and that Biden greatly expanded. But after heavy lobbying by

industry, the second Trump administration has started dismantling this area of bipartisan consensus. In July, for example, it reversed its April decision to cut China off from newer AI chips, and the president indicated plans to undo other Biden-era controls, as well. Such moves will almost certainly accelerate Chinese AI development.

Beijing has acted decisively to ensure that, if it gains access to such chips, the rest of its AI ecosystem will supplant the United States'. Consider energy. Beijing has made extraordinary investments in power plants,

If Washington cuts itself off from foreign-born scientists, the consequences will be catastrophic.

energy storage, and energy transmission. As a result, China now produces more than twice as much electric power as the United States, and its lead is expanding. In some individual months, the country has installed over 90 gigawatts of new, clean energy capacity—almost double the amount of energy American AI firms will need in the next several years.

Beijing has also gained an edge by fusing its AI industry with its national security apparatus. The U.S. Department of Defense

has said that major Chinese AI companies, such as Tencent, are key pillars of China's military-civil fusion strategy. AI systems like these have broad utility to military and intelligence agencies: they can support weapons development, cyber-operations, and domestic surveillance, among other tasks. In exchange, the Chinese government has provided technology firms with extensive policy and security support. Historically, this assistance has included defense services and passing along industrial secrets stolen from American businesses.

Losing AI leadership to China would also cause tremendous global harm. Today, consumers across the world benefit from the rigor and transparency of U.S. regulations and standard setting, often developed in concert with other democracies, in many technological domains. For example, new technologies such as electric vehicle charging have required global collaboration on standards. AI will require similar partnerships, and it is in Washington's interest to take the lead. Otherwise, there is a risk that autocracies will unilaterally set the standards. If Washington cannot establish more and better relations with its AI sector and secure its global AI leadership, the Chinese national security apparatus might shape global standards to adhere to Chinese censorship rules.

THIS FOR THAT

Right now, strong partnerships between AI firms and U.S. national security agencies are few and far between, and those that do exist are in the early stages. To address this deficiency, the government will need a better understanding of what AI is and how it functions. The government can help U.S. industries, but only in sectors it comprehends deeply, and today AI is not among them. In our time in government, we worked with some truly tech-savvy civil servants and military officers who drove bureaucratic change. The Biden administration hired hundreds of AI experts to bolster their ranks. But many have been fired or have left government in recent months, including many of its top technical staffers. Washington will have to do a better job of securing AI talent and reverse the trends that Trump has set in motion.

Industry leaders, meanwhile, must make sure U.S. officials understand their work—and they will have to be more responsive to Washington's needs. AI leaders in Silicon Valley might be reluctant to cooperate more closely with the government, given its technical ignorance and bureaucratic sluggishness and given that they have enjoyed such success flying solo. But executives should remember that collaboration between industry and Washington often works out well for everyone. U.S. President Franklin Roosevelt's administration teamed up with Ford Motor Company in the run-up to World War II to produce the B-24 Liberator heavy bomber, generating both revenue for Ford and much-needed aircraft for the military. The Manhattan Project would not have succeeded without DuPont, General Electric, Chrysler, and other corporate stalwarts, all of which profited by providing help. And the invention and refinement of radar, satellites, jet aviation, microprocessors, and the Internet all flowed from corporate-government teamwork.

One critical area in which the government can help companies is security assistance. Because AI is increasingly essential to national security, foreign intelligence services are redoubling their efforts to steal innovations from U.S. tech businesses. In March 2024, for example, the U.S. Department of Justice indicted Linwei Ding, a Google software engineer, for allegedly passing Google's AI chip designs to China. Beijing has also worked hard to smuggle in advanced American technology products, such as AI chips themselves.

Chinese spies will grab whatever AI secrets they can from American businesses. But they have good reason to focus on stealing model

weights—the numbers that encode a trained AI model. Chinese companies can then avoid the training costs, as well as cut down on the time it takes to develop models. For example, AI companies work hard to discover algorithmic tricks that enable them to use their computing power more efficiently. For China, with its severe constraints on computational power, such multipliers are almost certainly incredibly valuable. These multipliers are likely far less well defended than the core secrets of past eras, such as during the atomic and space ages, simply because the government has been largely uninvolved in their development.

AI companies bear the primary responsibility for defending their networks and organizations. But despite the recent loss in expertise, the U.S. government has cybersecurity capabilities that businesses cannot match, and it should provide significant assistance, as it does today to firms in the defense industrial base and critical infrastructure sectors. Such aid could include intelligence about foreign hacking attempts, support in vetting international talent, and guidance on security procedures. Companies that work directly with the U.S. government on national security should meet stringent standards, akin to those imposed on other defense contractors.

To meet their side of the grand bargain, AI businesses should help the United States incorporate their technologies into the national security apparatus. This lack of integration is a persistent area of weakness for Washington. American companies may lead the world in inventing AI, but without such cooperation, the country will fall behind in adapting AI for military purposes, which could prove devastating in a conflict. Time and again throughout military history, states that fail to integrate new technology into their armed forces have wound up suffering. France and the United Kingdom, for example, invented the tank during World War I but paid a heavy price when the Germans were the first to master its use, enabling their powerful blitzkrieg offensives of World War II. To guard against a similar outcome, the Department of Defense and intelligence agencies must procure and use frontier AI systems, and they will need hands-on guidance from private-sector technical experts to do so effectively.

Biden created an outline for how such cooperation might function in October 2024, when he signed a national security memorandum directing the government to bolster its use of AI for national security purposes. This document included strict guardrails to ensure that the

technology does not enable human rights abuses, domestic surveillance, or other unethical activity—protections essential to earning the trust of private-sector AI developers and the general public. Unlike with many of Biden's other executive actions, Trump has not yet repealed it. But the president has made little progress on its many important provisions and has ousted some of the senior nonpolitical experts vital to its implementation.

As government and industry develop a better national security partnership, they will need to pay particular attention to how AI can solve pressing problems in Washington's competition with Beijing. There are, for example, many ways the United States could use AI in cyber-operations, as illustrated by the AI Cyber Challenge conducted by the Defense Advanced Research Projects Agency. The country that more quickly and effectively integrates AI into the cyber-domain will likely prove better able to protect its own networks and penetrate others', unlocking a huge intelligence advantage. AI could also improve Washington's capabilities in other security domains, such as geospatial intelligence, signals intelligence, logistics, and weapons design. But nothing will happen without clear direction from government and meaningful engagement by American AI firms.

STRANGER DANGER

There is a final reason why the U.S. government and leading AI companies need to build closer ties: together, they will have to weigh tradeoffs between upsides and risks. Within the technology world, almost everyone agrees that although AI could offer tremendous benefits to humanity—curing diseases, advancing clean technology, eliminating grunt work—it could also cause massive harm. Some of these risks, such as the use of AI by authoritarian states to reshape the global order, can be avoided by preserving and expanding Washington's lead over competitors. But other dangers are trickier to mitigate. Several top AI thinkers, for instance, believe it is plausible, or even likely, that a single malicious user could someday harness powerful AI to engineer a deadly novel pathogen. Others worry that even in benevolent hands, powerful algorithms might cause catastrophic accidents by taking actions that their creators do not intend. Then there are less fantastical but still dire outcomes, including massive unemployment, acute concentration of economic power, and discrimination in sectors such as health care because of biased models and training data.

From a policy perspective, any one of these scenarios would pose a challenge of historic proportions and force difficult trade-offs. For example, in a hypothetical world in which a single AI user can cause catastrophic harm, the government will have to consider sweeping regulations on the development and use of sophisticated systems, even if that slows innovation. And if AI automates away a large share of human work, the government may have to spend large sums of money retraining the workforce, or it might have to facilitate a restructured

Beijing has gained an edge by fusing its AI industry with its national security apparatus.

economy. Given the pace of AI progress, policymakers will have to make these consequential decisions under exceptionally tight timelines—all concerning a technology that government is not inventing and about which it knows worryingly little.

Deeper collaboration between the public and private sectors, as well as with civil society, does not guarantee that the state will make the right calls. But it does give Washington a fighting chance of securing a net-positive outcome.

With a stronger technical foundation, officials can better understand how reliably AI systems follow instructions, how they handle dangerous tasks, in which areas they can replace human labor, and to what extent they favor offense versus defense in security and safety domains.

The rise of the Center for AI Standards and Innovation at the Department of Commerce (founded as the AI Safety Institute under the Biden administration) represents a valuable initial step to build meaningful collaboration. Since its inception, CAISI has brought together government officials and companies to collaborate on safety issues. It has also aided in the development of standardized testing mechanisms for AI. CAISI has worked alongside other agencies with domain-specific expertise to carry out additional voluntary testing on particularly critical topics, such as partnering with the Department of Energy and the AI company Anthropic to assess whether frontier AI models have dangerous knowledge about nuclear weapons. CAISI featured prominently in Trump's AI Action Plan, and the administration must empower it to carry out voluntary collaboration with companies, to set standards, and to conduct safety testing.

Thanks to CAISI's work and the voluntary commitments that leading AI companies made to the Biden White House, AI firms have

already promised to conduct independent safety testing of their models, often based on CAISI guidance. In some cases, companies have even agreed to grant CAISI access to new systems before they are released and have praised the government for the national security-specific expertise it has offered in return. Both sides should deepen this collaboration, spending more time and resources building high standards and conducting rigorous assessments of new models.

FROM THE GOVERNMENT, HERE TO HELP

Grand bargains often work better as tag lines than as policy, and getting the right kind of deal when it comes to AI is easier said than done. The technology, after all, is rapidly progressing along an unpredictable path. As AI improves, ever-larger amounts of infrastructure, power, and money will be required; the need for improved security from foreign intelligence threats will increase; and the urgency of collaboration with the defense apparatus will grow. So will the risks of misuse, prompting new policy tradeoffs. More startups will arrive on the scene, and legacy companies that today look unstoppable may fall by the wayside. Everyone involved in the AI world should prepare for constant renegotiation and rebalancing. U.S. officials, for their part, will almost certainly have to remain agile, experimenting with different AI policies as time goes on.

But amid this uncertainty, it is imperative that Washington take a more active role in enabling and shaping the American AI ecosystem. The technology does not need to develop as nuclear weapons did—under strict state control—but Washington cannot sit this one out. Instead, AI should perhaps evolve as the American railroads did in the 1800s. The private sector handled most planning and construction, but the government played a vital role, as well. It organized laws and permits for building the infrastructure. It passed carefully calibrated, common-sense government safety requirements—such as standardized track gauges, rules for the use of air brakes, and requirements for car coupling—which all helped make trains both faster and safer. The collaboration was not perfect, but it worked: American railroads became a national asset that increased the United States' security and prosperity. Advanced AI, too, can promote U.S. power and interests, provided it is developed in the right way and under the right set of arrangements. Now, as before, it is time for the public and private sectors to stand shoulder to shoulder. 🤖

The Autumn of the Ayatollahs

What Kind of Change Is Coming to Iran?

KARIM SADJADPOUR

For the first time in nearly four decades, Iran is on the cusp of a change of leadership—and maybe even of regime. As Supreme Leader Ayatollah Ali Khamenei's reign nears its end, a 12-day war in June laid bare the fragility of the system he built. Israel battered Iranian cities and military installations, paving the way for the United States to drop 14 bunker-busting bombs on Iranian nuclear sites. The war exposed the enormous gulf between Tehran's ideological bluster and the limited capabilities of a regime that has lost much of its regional power, no longer controls its skies, and exercises diminished control over its streets. At the war's conclusion, the 86-year-old Khamenei emerged from hiding to declare victory in a raspy voice—a spectacle meant to project strength that instead underscored the regime's frailty.

In the autumn of the ayatollah, the central question is whether the theocratic regime he has been ruling since 1989 will endure,

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Illustration by Erin Jia

transform, or implode—and what kind of political order might emerge in its wake. The 1979 revolution transformed Iran from a Western-aligned monarchy into an Islamist theocracy, flipping it virtually overnight from an American ally to a sworn enemy. Because Iran today remains a pivotal state—an energy superpower whose internal politics shape the Middle East’s security and political order and ripple across the global system—the matter of who (or what) succeeds Khamenei is of enormous consequence.

Iran is on the cusp of a change of leadership—and maybe even of regime.

Over the past two years—since Hamas’s October 7, 2023, attack on Israel, which Khamenei alone among major world leaders openly endorsed—his life’s work has been reduced to ashes by Israel and the United States. His closest military and political proteges have been killed or assassinated. His regional proxies have been hobbled. His vast nuclear enterprise, built at staggering cost to Iran’s economy, has been buried under rubble.

The Islamic Republic has sought to turn its military humbling into an opportunity to rally the country around the flag, but the indignities of daily life are inescapable. Iran’s 92 million people make up the largest population in the world to have been isolated from the global financial and political system for decades. Iran’s economy is among the world’s most sanctioned. Its currency is among the world’s most devalued. Its passport is among the world’s most denied. Its Internet is among the world’s most censored. Its air is among the world’s most polluted.

The regime’s enduring slogans—“Death to America” and “Death to Israel” but never “Long Live Iran”—make clear that its priority is defiance, not development. Power outages and water rationing have become fixtures of daily life. One of the revolution’s central symbols, the mandatory hijab, which Ayatollah Ruhollah Khomeini, the Islamic Republic’s first supreme leader, once called the “flag of the revolution,” is now in tatters, as growing numbers of women openly defy the requirement to cover their hair. Iran’s putative patriarchs can control the country’s women no better than they can control its airspace.

To understand how Iran arrived at this juncture, it is necessary to examine the guiding principles of Khamenei’s 36-year rule. His

tenure has rested on two pillars: unwavering commitment to revolutionary principles at home and abroad and outright rejection of political reform. Khamenei has long believed that diluting the Islamic Republic's ideals and strictures would do to the Islamic Republic what Soviet leader Mikhail Gorbachev's glasnost did to his country, hastening its death rather than prolonging its life. Nor has Khamenei wavered in opposing the normalization of ties with the United States.

Khamenei's age, inflexibility, and looming departure have left Iran suspended between prolonged decay and sudden upheaval. Once Khamenei is gone, several possible futures are foreseeable. The Islamic Republic's totalizing ideology could collapse into the strongman cynicism that has been the hallmark of post-Soviet Russia. Like China after the death of Mao Zedong, Iran might recalibrate by replacing rigid ideology with pragmatic national interest. It could double down on repression and isolation, as North Korea has done for decades. Clerical rule might yield to military dominance, as it has in Pakistan. And although increasingly unlikely, Iran could still tilt toward representative government—a struggle that dates back to the Constitutional Revolution of 1906. Iran's path will be unique, and its course will shape not only the lives of Iranians but also the stability of the Middle East and the wider world order.

THE PARANOID STYLE

Iranians often see themselves as heirs to a great empire, yet their modern history has been punctuated by repeated invasions, humiliations, and betrayals. In the nineteenth century, Iran lost nearly half its territory to predatory neighbors, surrendering the Caucasus (encompassing present-day Armenia, Azerbaijan, Georgia, and Dagestan) to Russia and relinquishing Herat to Afghanistan under British pressure. By the early twentieth century, Russia and the United Kingdom had carved the country into spheres of influence. In 1946, Soviet troops occupied and attempted to annex Iranian Azerbaijan, and in 1953, the United Kingdom and the United States orchestrated a coup that helped depose Prime Minister Mohammad Mosaddeq.

This legacy has bred generations of Iranian rulers who see plots everywhere, suspecting even their closest aides of being foreign agents. Reza Shah, the founder of the Pahlavi dynasty and a leader that many Iranians still revere today, was forced to abdicate by the

Allied powers during World War II, given his suspected affinity for Nazi Germany. He was suspicious of “everybody and everything,” in the words of his adviser Abdolhossein Teymourtash. “There was really nobody in the whole country whom His Majesty trusted.” His son Mohammed Reza Shah felt similarly. False American promises “cost me my throne,” he concluded, after being deposed by the 1979 revolution. Once in power, Khomeini executed thousands of opponents on charges of serving as foreign agents; his successor, Khamenei, laces nearly every speech with references to American and Zionist plots.

This deep mistrust is not confined to elites; it runs in the lifeblood of the body politic. Iraj Pezeshkzad’s *My Uncle Napoleon*—a beloved Iranian novel, later adapted into an iconic 1976 TV series—satirizes a paranoid family patriarch who sees foreign plots everywhere, especially British ones. The novel remains a cultural touchstone, evoking the conspiratorial mindset that still shapes Iran’s politics and society. A 2020 World Values Survey found that fewer than 15 percent of Iranians believe “most people can be trusted”—among the lowest rates in the world.

In Iran’s paranoid style, outsiders are cast as predators, insiders as traitors, and institutions bend to personal rule. Over the past century, just four men have ruled the country, with cults of personality substituting for durable institutions and politics cycling between brief bursts of euphoria and long years of disillusionment. The Islamic Republic has sharpened this pattern by formally dividing its citizens into “insiders” and “outsiders.” In such an atmosphere of mistrust, negative selection prevails: mediocrity is rewarded, obscurity promoted, and loyalty prized over competence. Khamenei’s rise in 1989 was a textbook case of this dynamic, and the same criteria are likely to inform his preferred succession plan. This entrenched culture of mistrust—shaped by history, reinforced by rulers, and internalized by society—not only perpetuates authoritarian rule but also inhibits the collective organization required for representative government. It will continue to cast a long shadow over Iran’s future.

Authoritarian transitions rarely follow a script, and Iran’s will be no exception. The death or incapacitation of Khamenei would be the most obvious trigger for change. External shocks—a collapse in oil prices, intensified sanctions, renewed military strikes by Israel or the United States—could further destabilize the regime. But history

shows that unexpected internal sparks—a natural disaster, a fruit vendor's self-immolation, a young woman killed for showing too much hair—can prove just as consequential.

For nearly five decades, Iran has been governed by ideology; its future, however, will hinge on logistics—above all, who can most effectively manage a country nearly five times as large as Germany, endowed with vast resources yet beset by daunting challenges. Out of this volatility, Iran's post-Khamenei order could take several forms: nationalist strongman rule, clerical continuity, military dominance, populist revival, or a unique hybrid of these. Such possibilities reflect the country's factionalism. The clerics are intent on preserving the Islamic Republic's ideology. The Islamic Revolutionary Guard Corps (IRGC) seeks to entrench its power. Disenfranchised citizens, including ethnic minorities, demand dignity and opportunity. The opposition is too fractured to unite but too persistent to simply vanish. None of these factions are monolithic, but it is their aspirations and actions that will define the struggle over the kind of country that Iran will become.

IRAN AS RUSSIA

The Islamic Republic today resembles the Soviet Union in its late stages: it sustains its exhausted ideology through coercion, its sclerotic leadership fears reform, and its society has largely turned away from the state. Both Iran and Russia are resource-rich countries with proud histories, famous literary cultures, and centuries of accumulated grievances. Each was transformed by an ideological revolution—Russia in 1917, Iran in 1979—that sought to rupture history and construct a radically new order. Both tried to avenge the past and impose a new vision at home and abroad, inflicting devastation not only on their own people but also on neighboring states. Despite their dueling ideologies—one militantly atheistic, the other theocratic—the parallels are striking. As with the Soviet Union, the Islamic Republic cannot reach an ideological accommodation with the United States, its paranoia is self-fulfilling, and the regime carries within it the seeds of its own decay.

The Soviet collapse was accelerated by Gorbachev's reforms, which loosened central control and unleashed forces the system could not contain. In the 1990s, lawlessness, oligarchic looting, and staggering inequality fueled resentment and disillusionment. Out of that

turmoil rose Vladimir Putin, a former officer with the KGB, the Soviet security agency, who promised stability and pride, replacing communist ideology with resentment-driven nationalism. As president, he has cast himself as the restorer of Russia's dignity and rightful place in the world.

A similar trajectory is possible in Iran. The regime is ideologically and financially bankrupt, impervious to genuine reform, and vulnerable to collapse under the weight of external pressure and internal dis-

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content. That collapse could create a vacuum that security elites and oligarchs will rush to fill. An Iranian strongman—an alumnus of the IRGC or the intelligence services—could emerge, discarding Shiite ideology in favor of grievance-driven Iranian nationalism as the organizing creed of a new authoritarian order. Some prominent officials may harbor

such ambitions, including Mohammad Bagher Ghalibaf, the current speaker of the Iranian parliament and a former senior official in the IRGC. Yet their long association with the current system makes such familiar figures unlikely standard-bearers of a new dispensation. The future more likely belongs to someone less visible today, someone junior enough to escape public blame for the present catastrophe yet seasoned enough to rise from the wreckage.

To be sure, the parallels are imperfect. By the time the Soviet Union collapsed, it had already entered its third generation of leaders, while Iran is only now entering its second. And Iran has had no Gorbachev: Khamenei has blocked reform precisely because he believes it would precipitate the republic's demise.

Yet the larger truth remains: when a totalizing ideology collapses, it often leaves behind not civic renewal but cynicism and nihilism. Post-Soviet Russia was marked less by democratic flourishing than by the pursuit of wealth at any cost. A post-theocratic Iran could display similar patterns: consumerism and conspicuous consumption as substitutes for lost faith and collective purpose.

An Iranian Putin could borrow some of the tactics of the Islamic Republic, seeking stability by sowing instability among Iran's neighbors, threatening global energy flows, cloaking aggression in a new ideology, and growing rich with other elites while promising to restore Iran's dignity. For the United States and Iran's neighbors,

the lesson of Russia looms large: the death of ideology does not guarantee democracy. It can just as easily deliver a new strongman equally unbound by scruples, armed with renewed grievances, and driven by fresh ambitions.

IRAN AS CHINA

Whereas the Soviet Union failed to adapt until it was too late, China survived by pragmatically shifting in the decades after the death of Mao, in 1976, prioritizing economic growth over revolutionary purity. The “China model” has long appealed to Islamic Republic insiders who want to preserve the system but recognize that a failing economy and widespread public discontent demand some attempt at reform. In this scenario, the regime would remain repressive and autocratic, but it would soften its revolutionary principles and social conservatism in favor of rapprochement with the United States, broader integration with the world, and a gradual transition from theocracy to technocracy. The Revolutionary Guards would retain their power and profits but, like China’s People’s Liberation Army, turn from revolutionary militancy to nationalist corporatism.

Iran faces two obstacles to pursuing this model: establishing it and sustaining it. In China, normalization with the United States was initiated in the 1970s by Mao, the founder of the communist revolution and the new regime’s first leader. But it was his eventual successor, Deng Xiaoping, who used that opening to reorient the country from ideological orthodoxy to pragmatism and launch transformational reforms. Iran has produced would-be Dengs—including former President Hassan Rouhani and Hassan Khomeini, the grandson of the revolution’s founder—but none could overcome Khamenei and like-minded hard-liners, who long believed that any compromise on revolutionary ideology, especially rapprochement with the United States, would destabilize the system rather than strengthen it.

In China, rapprochement with Washington was made easier by a shared adversary in the Soviet Union. By contrast, although Iran and the United States have occasionally confronted common foes—including the Iraqi dictator Saddam Hussein and militant groups such as al-Qaeda, the Taliban, and the Islamic State—for Khomeini, hostility toward the United States and Israel has always been paramount. Attempting the China model would require either a

dying Khamenei to abandon his lifelong opposition to Washington, which is highly unlikely, or a succession engineered to favor a less strident leader.

Even then, Iran might struggle to follow the Chinese path. China's enormous labor force allowed it to lift hundreds of millions out of poverty, earning the state renewed legitimacy and the confidence of the public. Iran, by contrast, has a rentier economy more akin to that of Russia. If the regime abandons ideology without delivering material improvements, it risks losing its existing base without winning over new supporters.

A less ideological Iran that normalizes relations with the United States and drops its opposition to Israel's existence would mark a significant improvement over the status quo. Yet as China's experience shows, economic growth and international integration can also fuel greater regional and global ambitions—replacing today's challenges with new ones. And it is far from clear that Iran could maintain internal stability through such a turbulent transition.

IRAN AS NORTH KOREA

If the Islamic Republic continues to put ideology before national interests, its future could resemble North Korea's present: a regime that endures not through popular legitimacy but through brutality and isolation. Khamenei's preference has long been to perpetuate rule by a supreme leader, an austere cleric committed to the revolutionary principles of resistance against the United States and Israel and upholding Islamist orthodoxy at home. Yet nearly five decades after 1979, few Iranians want to live under a system that deprives them of economic dignity and political and social freedoms. Sustaining such a regime would require totalitarian control—and likely a nuclear weapon to deter foreign pressure.

Power in this scenario would remain in the hands of a narrow clique or even a single family. Although Khamenei may try to engineer succession in favor of someone who will remain loyal to revolutionary principles, the pool of viable candidates is small, as few if any hard-line clerics have a base of popular support or legitimacy. Ebrahim Raisi, once considered the leading contender, died in a helicopter crash in May 2024 while serving as Iran's president. That leaves Khamenei's 56-year-old son, Mojtaba, as the most prominent contender. Yet hereditary succession would directly betray one of

the founding principles of the revolution: Khomeini's insistence that monarchy was "un-Islamic."

Mojtaba has never held elected office, has virtually no public profile, and is known chiefly for his behind-the-scenes ties to the Revolutionary Guards. His image evokes continuity with his father's generation, not the dynamism of a new era. Risible attempts by his supporters to liken him to the dynamic Saudi Crown Prince Mohammed bin Salman—including campaigns on social media with the hashtag #MojtabaBinSalman in Persian—are an indication that even Khamenei's revolutionary base recognizes that a forward-looking vision is more appealing than a backward-looking one.

Other hard-line contenders inspire little more confidence. The country's dour, 69-year-old chief justice, Gholam-Hossein Mohseni Ejei, is little more than a hanging judge, involved in dozens of executions; perhaps his most memorable public act was biting a journalist who had criticized censorship. Any succession that involved a figure of this sort would rest not on popular consent but on the loyalty of the IRGC. But it is unclear whether the guards will continue to defer to the aging clerics of the Assembly of Experts, the body tasked with appointing the next supreme leader, or whether, when the moment arrives, they will simply choose the republic's next commander in chief themselves.

The North Korea model would also collide with a society that aspires to the openness and prosperity of South Korea. Few Iranians will tolerate a system that prizes ideology over economic well-being and personal security even more stridently than the current one. Totalitarian rule would require mass imprisonment at home, the mass exodus of professionals abroad, and perhaps a nuclear shield to deter foreign pressure. Yet unlike North Korea, Iran cannot hermetically seal itself off: Israel dominates its skies and has repeatedly demonstrated its ability to strike nuclear sites, missile bases, and senior commanders.

If the next supreme leader is another hard-liner, he will likely be a transitional figure—sustaining the system for a time but not forging a stable new order. Ahmad Kasravi, a secular Iranian intellectual assassinated by Islamists in 1946, once wrote that Iran "owed" the clergy one chance to rule so their failings could be exposed. After nearly five decades of theocratic mismanagement, that debt has been settled. If Iran's next age belongs to another strongman, he is unlikely to wear a turban.

IRAN AS PAKISTAN

If Iran's future lies with the IRGC, Pakistan may offer the closest precedent. Since the revolution, the Islamic Republic has gradually transformed from a clerical state into a security state dominated by the guards. Born in 1979 as "guardians of the revolution"—to protect against foreign coups, internal dissent, and potential disloyalty in the shah's army—the IRGC expanded dramatically during the Iran-Iraq War. Afterward, it moved into business, ports, construction, smuggling, and media, evolving into a chimera: part military force, part business conglomerate, and part political machine. Today, the IRGC oversees Iran's nuclear program, commands proxy militias across the region, and dominates large segments of the economy. Its vast reach has yielded an Iran for which the adage about Pakistan increasingly applies: "Not a country with an army, but an army with a country."

Khamenei's insecurities bind his rule to the guards. The U.S. invasions of Afghanistan and Iraq gave the IRGC license to expand its budget and fund and equip proxies abroad, while sanctions enriched the organization by turning Iran's ports into conduits for illicit smuggling. But the IRGC is not a cohesive bloc: it is a constellation of competing cartels whose rivalries—generational, institutional, and commercial—have been contained under Khamenei's authority. His departure will likely bring those feuds into the open.

One scenario in which the IRGC might move from dominance to outright rule would involve the guards allowing unrest to fester before stepping in as "saviors of the nation." This would mirror Pakistan's military, which has long justified its dominance by presenting itself as the guardian of national unity against both India and internal disintegration. For the IRGC, such a strategy would require not just sidelining the clergy but shifting the organizing principle of the state itself from Shiite revolutionary ideology to Iranian nationalism. Clerics invoke God; the guards would invoke the country.

But the IRGC's current dominance should not be mistaken for popularity. Its top leadership is handpicked by Khamenei, rotated frequently to prevent the accrual of too much power to individual officials, and widely associated with repression, corruption, and incompetence. As Siamak Namazi, an American who was held hostage by the organization for eight years, told me, "Iran is today a collection of competing mafias—dominated by the IRGC and its alumni—whose highest loyalty is not to nation, religion, or ideology but to personal enrichment."

Israel's assassinations of nearly two dozen senior IRGC commanders in their bunkers and bedrooms underscored both the group's vulnerability to penetration and the weaknesses of an institution that prioritizes ideological loyalty over competence. For an IRGC regime to endure, it would almost certainly require a new generation of leaders, less dogmatic than those cultivated by Khamenei and capable of appealing to the public through nationalism rather than clerical ideology.

If the guards do emerge as Iran's rulers, much will depend on the type of leader who comes forward. A grievance-driven commander could cast himself as an Iranian Putin, substituting nationalism for Islamism while continuing confrontation with the West. A more pragmatic officer might resemble an Iranian Abdel Fattah el-Sisi, preserving authoritarian rule while seeking an alliance with the West, much as Egypt's president has done. The nuclear question would be central. In their writings, IRGC strategists often contrast the fates of Saddam and the Libyan dictator Muammar al-Qaddafi—both of whom lacked nuclear weapons and fell—with North Korea's regime, which has nuclear weapons and has survived. An IRGC-led Iran would face the same dilemma: pursue a bomb for survival or forsake it for the benefits of recognition.

Like Pakistan, such an Iran would be defined less by clerics than by generals—nationalists, keen to stoke the ardor of their people, and perpetually vacillating between confrontation and accommodation with the West.

IRAN AS TURKEY

In terms of territory, population, culture, and history, Iran has few cousins closer than Turkey, another fiercely proud, non-Arab, Muslim country burdened by a long legacy of mistrust toward great powers. The Turkish experience under President Recep Tayyip Erdogan offers one possible parallel: elections that bring a popular leader to power, initial reforms that resonate with ordinary citizens, and then a gradual slide into majoritarian authoritarianism cloaked in the language of democracy.

For Iran to follow such a path, however, wholesale institutional change would be required. The Islamic Republic's byzantine layers of power—including the office of the supreme leader, the Guardian Council, and the Assembly of Experts—would need to be

dismantled, the IRGC folded into the professional military, and the country's largely hollowed-out elected institutions empowered. Without these prerequisites, genuinely competitive and accountable politics cannot take root.

Iran, however, would not be starting from zero. As the social scientist Kian Tajbakhsh has noted, the regime's creation of thousands of local councils and municipal bodies produced "dual-use institutions: created to serve an authoritarian order, but structurally available to support democratic transition—if given the chance." In effect, Iranians have long practiced the forms of representative government without enjoying their substance.

A populist leader could well emerge from any remotely fair election. In a country home to both significant resources and deep inequality, populism has been a recurring force in modern Iranian politics. In 1979, Khomeini railed against the shah and his foreign backers while promising free utilities, housing for all, and oil wealth that would flow to the people rather than a corrupt elite. A generation later, Mahmoud Ahmadinejad, a little-known mayor of Tehran, rose to the presidency in 2005 by vowing to put "the oil money on people's dinner tables." Whether through open or competitive elections, a post-Khamenei Iran could again see the rise of a populist outsider with nationalist credentials and the ability to mobilize anger against both elites and foreign enemies.

Such a trajectory would not bring Iran to liberal democracy, but neither would it continue clerical rule. It would blend popular legitimacy with centralized authority, redistribution with corruption, and nationalism with religious symbolism. For many Iranians, this would be preferable to continued theocracy or military rule. Yet as Turkey's experience illustrates, populism can open the door not to pluralism but to a new form of authoritarianism—one with mass backing and a ballot-box mandate.

ZENDEGI-E NORMAL

History counsels humility in prediction. In December 1978, just one month before the shah's departure, a leading American scholar of Iran, James Bill, wrote in *Foreign Affairs* that "the most probable alternative" to the shah would be "a left-wing, progressive group of middle-ranking army officers." Other scenarios, he suggested, included "a right-wing military junta, a liberal democratic system

based on Western models, and a communist government.” The “United States need not fear,” wrote Bill, “that a future government in Iran will necessarily be antithetical to American interests.” Most strikingly, just weeks before Iran’s clerics seized power, Bill predicted they “would never participate directly in the formal governmental structure.” Iranian intellectuals also misjudged events. Weeks before Khomeini consolidated his theocracy and commenced mass executions, one of Iran’s leading intellectuals, the philosopher Dariush Shayegan, declared, “Khomeini is an Islamic Gandhi. He is at the axis of our movement.”

Just as 1979 confounded both insiders and outsiders, outlier scenarios are again conceivable. Given the lack of alternatives, some Iranians look to Reza Pahlavi, the shah’s exiled son, whose widespread name recognition is sustained by an online cottage industry of nostalgia for the pre-revolutionary era. Yet having spent nearly half a century abroad, he will need to overcome the absence of organization and on-the-ground muscle to prevail in the ruthless contests that define authoritarian transitions. Another possibility—perhaps the greatest dread of many Iranian patriots, including even staunch opponents of the regime—is a Yugoslavia-style breakup along ethnic lines. Iran’s minorities could see a weakening of the center as an opening for revolt or as an opportunity to begin anew. Unlike Yugoslavia, however, Iran is anchored by a far older and more coherent identity: more than 80 percent of Iranians are either Persian or Azeri, nearly all speak Persian as a lingua franca, and even non-Persian groups identify with a state that has a continuous history for more than 2,500 years.

In essence, Iran once again appears to be a country up for grabs, with futures that could diverge dramatically. The United States and the rest of the world would benefit from a post-Islamic Republic guided by national interest rather than revolutionary dogma. As the diplomat Henry Kissinger once observed, “There are few nations in the world with which the United States has less reason to quarrel or more compatible interests than Iran.” Yet the United States’ experience in Afghanistan and Iraq underscored the limits of foreign influence: even vast investments of blood and treasure cannot dictate political outcomes. Russia faces similar constraints. Moscow may

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the makings
of a G-20
country.

prefer the continuation of an Islamic Republic that can serve as a perennial thorn in Washington's side and a source of instability that drives up global energy risks. But despite its best efforts, Moscow could not prevent the collapse of the Assad regime, its client in Syria. China, by contrast, has far more to gain from an Iran that fulfills its potential as an energy powerhouse than an Iran that exports instability.

Yet to whatever degree outside powers may tilt the balance, Iran today is large and resilient enough to chart its own destiny. It has all the makings of a G-20 country: an educated, globally connected population, tremendous natural resources, and a proud civilizational identity. For Iranian democrats, however, the international climate could hardly be less favorable. Western governments that once championed democracy have withdrawn resources and are preoccupied with their own democratic backsliding. The United States has pared back institutions—such as the National Endowment for Democracy and Voice of America—that were central to its Cold War success. In this vacuum, Iran is more likely to follow the broader global trend in which strongmen rise by stressing the virtues of order rather than the promise of freedom.

Majority opinion may not determine Iran's transition, but to the extent that political hopefuls seek to appeal to it, one reality appears clear: Iranians are not yearning for empty slogans, personality cults, or even lofty notions of democracy. What they desire most is a well-managed, accountable government that can restore economic dignity and allow them to live a *zendegi-e* normal—a “normal life” free from the suffocating grip of a state that polices what they wear, what they watch, how they love, whom they worship, and even what they eat and drink.

The Islamic Republic's tenure has amounted to a lost half century for Iran. While its Persian Gulf neighbors became global hubs of finance, transport, and technology, Iran squandered its wealth on failed regional adventures and a nuclear program that brought only isolation, all while repressing and wasting its greatest source of wealth: its people. The country still has the natural resources and human capital to rank among the world's leading economies. But unless Tehran learns from its mistakes and reorders its politics, its trajectory will remain one of decline rather than renewal. The question is not whether change will come, but whether it will finally deliver a long-awaited spring—or merely another winter. 🌱

The New Eurasian Order

America Must Link Its Atlantic and Pacific Strategies

JULIANNE SMITH AND LINDSEY FORD

On October 28, 2024, a group of South Korean intelligence officials briefed NATO members and the alliance's three other Indo-Pacific partners—Australia, Japan, and New Zealand—on a shocking development in the war in Ukraine: North Korea's deployment of thousands of its troops to Russia's Kursk region to aid Moscow's war effort. The fact that Seoul sent its top intelligence analysts to Brussels for the briefing was nearly as stunning as North Korea's decision to enter the war in Ukraine.

Both developments reflected a new reality. The United States' adversaries are coordinating with one another in unprecedented

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ways, creating a more unified theater of competition in Eurasia. In response, U.S. allies are coalescing. For a few years, the United States led that effort. In 2021, it formed AUKUS, a security arrangement with Australia and the United Kingdom. In 2022, NATO began inviting Asian countries to participate in its annual summits. And in 2024, Japan, South Korea, the United States, and the EU created a coalition to loosen China's grip over pharmaceutical supply chains.

Today, however, the United States appears to be dispensing with a transregional approach to great-power competition. In May, Elbridge Colby, the undersecretary of defense for policy, dissuaded British officials from sending an aircraft carrier on a scheduled deployment to the Indo-Pacific. The gist of Colby's position, according to an anonymous source quoted by *Politico*, was simple: "We don't want you there." He urged them to focus instead on threats closer to home—namely, Russia.

Washington is now encouraging its Asian and European allies to stick to their neighborhoods—a throwback foreign policy that is ill suited to the current moment. China and Russia are synchronizing their transgressions and sharing weapons and know-how. Together, they pose a threat more formidable than any the United States has faced in decades. The lines between Asia and Europe are blurring, and crises on one continent have spillover effects in the other. The United States should try to influence the new networks its allies are crafting, not resist them. Otherwise, Washington may find itself on the fringes of a new global order.

COME TOGETHER

American primacy depends on Asian and European security. In the 1940s, the political scientist Nicholas Spykman argued the importance of commanding the coastal edges, or rimlands, of Eurasia. "Who controls the rimland rules Eurasia," he wrote. "Who rules Eurasia controls the destinies of the world."

Since then, every U.S. president—with the exception of Donald Trump—has shared Spykman's conviction. They have also shared a belief that the United States should never again allow the emergence of a powerful Eurasian bloc that could threaten American interests. Any alignment of regional powers, whether as allies or in coordinated opposition to the United States, could pose a threat to U.S. preeminence. When that happened in the 1910s and again in

the 1930s, the United States was drawn into two devastating world wars. Thus, while American leaders firmly committed themselves to both Asian and European security after World War II, they also spent most of the next 50 years trying to keep U.S. adversaries divided and U.S. allies apart.

This approach sustained American dominance for decades. But it is no longer fit for purpose. The United States now faces the prospect of an emerging Eurasian military-industrial bloc. China, the world's largest economy by purchasing power parity, is building a partnership with Russia that is an alliance in all but name. Both countries have formidable militaries and years of experience carrying out hybrid operations, such as cyberattacks, maritime disruptions, and disinformation campaigns. Last year, Russia signed a mutual defense treaty with North Korea. China has conducted joint military exercises with Belarus and Serbia. Meanwhile, China and Russia use institutions such as the Shanghai Cooperation Organization and the BRICS, a group named after its first five members—Brazil, Russia, India, China, and South Africa—to provide a veneer of legitimacy to their plans.

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Although this loose coalescing of adversaries is driven more by shared grievances than by common interests, the United States cannot ignore it. Washington must unify its alliances by investing in cross-regional ties. U.S. President Joe Biden recognized that need and sought to build “the muscle of democratic alliances.” The AUKUS pact, for example, was an ambitious effort to forge connections among allied defense industries across the Atlantic and the Pacific in fundamentally new ways.

With Chinese technologies and North Korean troops aiding Russia's war efforts in Ukraine, European partners know they can't sit on the sidelines of Asian geopolitics. And Indo-Pacific partners understand that what happens in Ukraine today could influence how China approaches Taiwan tomorrow. As Japan's former foreign minister Yoshimasa Hayashi has put it, security in Europe and security in the Pacific “are not separable.” Over the past seven years, France, Germany, the Netherlands, the United Kingdom, and the EU all drafted new Indo-Pacific strategies that stress the importance of working with Asian democracies to build resilient supply



chains and protect freedom of navigation. In 2021, Germany and the Netherlands deployed frigates to the Indo-Pacific for the first time in decades. And according to the Kiel Institute, a German think tank, Japan has sent more bilateral economic and humanitarian aid to Ukraine than have Finland, France, or Poland.

Since January, the United States has resisted the growing ties between its Asian and European partners. In September, Trump said that he was “not concerned at all” about a Chinese-Russian axis forming against the United States. At the 2025 Shangri-La Dialogue, Asia’s largest annual defense conference, U.S. Secretary of Defense Pete Hegseth called for the United States’ European allies to “maximize their comparative advantage” on their own continent and reminded them that “the N in NATO stands for ‘North Atlantic.’” Readouts of meetings between Pentagon officials and European allies no longer mention Indo-Pacific security, as they frequently did over the past few years. And meetings between the United States and Asian countries have stopped referring to the importance of peace in Ukraine. In June, for the first time in three years, Indo-Pacific leaders were absent from NATO’s summit, despite their countries’ significant contributions to European defense.

The Trump administration seems to want its allies, especially those in Europe, to stick to their own backyard so that they can

shoulder a larger responsibility for their own security. The United States is focused on maintaining order in the Western Hemisphere, defending the homeland, and limiting U.S. commitments abroad. U.S. adversaries, however, are sharing their technological and military resources in ways that could wear down individual U.S. allies and prolong regional conflicts. Moreover, China and Russia are deploying cyber, space, and other tools around the globe, reducing the chance that any one crisis will be contained within a single geographic region.

Walling off Asian and European allies from one another would leave the United States and its friends weaker. The risk of a multitheater crisis is growing. Washington and its allies need to prepare to deter multiple adversaries in different regions. Their ability, or lack thereof, to muster a unified front will shape the calculus of leaders in Beijing and Moscow. The United States' friends and foes are realigning. Washington can sit on the sidelines or try to mold the emerging order to its favor.

DOUBLE TROUBLE

China and Russia are collaborating in ways that the United States is not prepared for. The two countries are leveraging their relationship and also their respective partnerships with North Korea and Iran to cause trouble. In Asia and Europe, Beijing and Moscow are using "gray zone" operations to bully U.S. allies, weaken their militaries, and call into question the unity and capability of democratic groups such as the EU, the G-7, and NATO. For instance, China and Russia have tried to intimidate Japan and South Korea by conducting joint air patrols off their coasts. European officials have investigated Chinese- and Russian-linked ships for sabotaging undersea cables in the Baltic Sea. And according to the European Policy Center, Chinese and Russian online disinformation campaigns now "increasingly converge in both tactics and objectives." For example, Chinese and Russian state media have amplified each other's narratives, including by blaming NATO for the war in Ukraine and spreading conspiracy theories about the COVID-19 pandemic.

China and Russia are also integrating their capabilities in ways that will shape future wars. Russian President Vladimir Putin's years-long bombardment of Ukraine would not have been possible without access to Chinese, Iranian, and North Korean weapons, technologies, and personnel. And U.S. officials have said that Moscow is repaying

Beijing and Pyongyang by sending them stealth, submarine, missile, and satellite technologies it had previously been unwilling to share. The U.S. intelligence community's most recent threat assessment warns that this greater alignment of adversaries "increases the chances of U.S. tensions or conflict with any one of these adversaries drawing in another." In 2024, a bipartisan congressional commission of former senior civilian and military officials similarly concluded that the United States "should assume that if it enters a direct conflict involving Russia, China, Iran, or North Korea, that country will benefit from economic and military aid from the others."

The Trump administration wants its allies to stick to their own backyard.

China and Russia are making themselves more capable of sustaining regional conflicts for a longer time. The United States and its allies will not be prepared to manage this challenge unless they also collaborate militarily. Fortunately, Washington's friends are already doing so. Just as Russia has relied on Chinese and North Korean assistance to keep up its assault on Ukraine, NATO has been able to sustain Ukrainian defenses because Australia, Japan, and South Korea have been quietly backfilling U.S. stocks of 155-millimeter artillery rounds and Patriot missiles. Similarly, European deployments to the Indo-Pacific theater, although limited, have helped maintain allied presence around the South China Sea and in the Taiwan Strait, especially as U.S. ships have been redeployed to the Middle East and elsewhere.

These initiatives are a good start, but the United States and its allies will have to do much more to counter China and Russia. The potential for China or Russia to come to each other's aid also increases the risk of a multitheater conflict. In July, NATO Secretary-General Mark Rutte warned that, in the event of a crisis over Taiwan, China could ask Russia to keep Washington and its partners "busy in Europe by attacking NATO territory." Moscow could also distract or dissuade countries from helping Taiwan through nonkinetic means, such as by launching a cyberattack on European power grids. Allied militaries and defense planners will need to address the prospect of a multitheater war collectively. The United States and its partners should begin by expanding real-time information sharing between their capitals, reducing vulnerabilities

in their critical infrastructure, planning for shocks to the energy market, and integrating their space and cyber capabilities.

The United States and its friends should also coordinate defense industrial production to fill gaps in one another's arsenals. They should aim to double their overall production of long-range strike weapons, munitions, and drones within the next five years. If the United States and its allies don't pool their resources, they could face critical shortages in a future conflict. War games conducted by the Center for Strategic and International Studies have suggested that the United States could run out of munitions within the first eight days of a war with China over Taiwan. The United States and its partners would need to share resources to take on Beijing's military-industrial capacity alone. If Russia were to send munitions to China, the need for U.S. allies to leverage their collective resources would be even greater.

Washington should work to build munitions factories across the European and Indo-Pacific theaters, thereby reducing the chance that U.S. adversaries could sever supply lines. It should establish more maintenance, repair, and overhaul facilities for U.S. platforms in allied countries, which would enhance the readiness and preparedness of American forces during a crisis. Washington and its partners also need practice when it comes to surging capabilities across theaters. The United States should, for example, include more European and Indo-Pacific allies in Mobility Guardian, a biennial exercise in which Australia, Canada, France, Japan, New Zealand, the United Kingdom, and the United States practice moving troops and weapons over long distances.

LEFT OUT OF THE GROUP CHAT

U.S. allies have already grasped the need to work more closely together. Indeed, Asian and European partners have long turned to one another as a way to hedge against the United States. When Washington is unreliable or unpredictable, ties between Asia and Europe tend to strengthen. The first Trump administration's retreat from free trade prompted the EU to sign comprehensive trade deals with Japan and Vietnam. Under the second Trump administration, the EU is finalizing new trade deals with India and Indonesia. Standing next to Indonesian President Prabowo Subianto in July, European Commission President Ursula von der Leyen said that "when economic uncertainty meets geopolitical volatility, partners like us must come closer together."

Because of Chinese-Russian cooperation and the United States' erratic foreign policy, countries in the Atlantic and the Pacific are aligning on security issues at a scale not seen before. In 2023, Japan and the United Kingdom signed an agreement that opens the door to joint training and rotational deployments. France and the Philippines are considering a similar deal. That same year, Australia became the first non-NATO member of the Movement Coordination Centre Europe, a logistics organization that allows its members to pool military ships and planes for transport. In November 2024, the EU signed new security and defense partnerships with both Japan and South Korea, the first time Brussels has done so with Asian partners.

Rather than resisting or dismissing this cooperation, Washington should shape it. European leaders have already signaled their interest in eventually joining Asia's Comprehensive and Progressive Agreement for Trans-Pacific Partnership, a move that could leave Washington outside a trade bloc representing roughly 30 percent of global GDP. The United States can still steer the direction of international trade by offering attractive alternatives or harmonizing standards with partners and allies, such as for data-privacy rules or AI regulation.

A more integrated bloc of friendly countries should be a boon for Washington. Its allies are finally stepping up to share international burdens. France, India, and the EU, for example, are collaborating to improve maritime surveillance in the Indian Ocean. Germany is offering maritime training to countries, such as the Philippines, facing Chinese aggression in the South China Sea. And Australian troops have trained Ukrainian military recruits in the United Kingdom.

But other forms of coordination among allies could prove risky for the United States. Italy, Japan, and the United Kingdom are jointly designing a new fighter plane—a test bed for future projects. For decades, allied interoperability has centered on American technologies. If Asian and European allies make their own, such integration could become more difficult. And without American expertise, allied assets could be less competitive.

If the United States abstains from new groups or institutions formed by its allies, it will lose its chance to set the terms for international trade and security. The EU and members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership have already expressed interest in aligning rules on digital trade across

Asia and Europe without U.S. input. Such networks could eventually align more directly against U.S. policy or soften their resistance to Chinese or Russian objectives. Countries in Asia and Europe could create more permissive environments for Chinese investments and technologies, halt their nascent cooperation with Taiwan, or temper their support of Ukraine. They could also adopt Chinese telecommunications infrastructure, such as for 5G and 6G networks, that would make them vulnerable to Chinese espionage or create leverage for Beijing. Washington has the capacity to prevent some of these more troubling outcomes if it keeps its seat at the table.

NEW BLOC ON THE BLOCK

The realignment of U.S. allies and adversaries could undermine the institutions that have enabled American primacy. Although the United States' industrial heartland provided the muscle to win World War II, it was Washington's ability to set the terms of international rules that reinforced U.S. dominance throughout the Cold War. China and Russia understand this power and seek it for themselves. Cross-regional institutions such as the Shanghai Cooperation Organization (SCO) and the BRICS have supplanted international bodies, including the United Nations, as venues for multilateral collaboration. Through these institutions, China and Russia are building new financial tools and state-led cybersecurity models.

The SCO's Tianjin summit in September laid bare what's at stake for the United States. At the meeting, which was attended by more than 20 world leaders and the UN secretary-general, Chinese leader Xi Jinping made clear that his government is unwilling to let "the house rules of a few countries" dominate global affairs. SCO countries announced the formation of a new development bank, which will join the ranks of a similar BRICS-led institution and also China's Asian Infrastructure Investment Bank, as well as new regional centers to coordinate law enforcement, counterterrorism, and antidrug campaigns. Beijing also used the meeting to announce its Global Governance Initiative, an effort to dilute Western influence in global institutions.

Bodies such as the SCO and the BRICS have been in place for decades, but because they have yielded mixed results for China and Russia, they have been easy to dismiss. Central Asian member states are hesitant to rely too much on either Beijing or Moscow. And members are not always aligned. India and Pakistan, for example, both

belong to the SCO but remain bitter rivals. Despite these limitations, cross-regional bodies give China and Russia a leg up in building a new world order.

China and Russia have much more power over the organizations they lead than the United States has over the United Nations or the G-20. Beijing and Moscow use Eurasian-centric institutions as laboratories to refine new counter-Western initiatives and to give a sheen of global legitimacy to their ideas. Both the SCO and the

BRICS have brought on new dialogue partners in recent years that allow China and Russia to claim leadership and influence not only throughout Eurasia but also across the so-called global South.

The practical effects of these institutions can sometimes be hard to see. But their endurance and growth reflect the fact that

Beijing and Moscow are steadily harnessing disaffection with Western standards and trade practices. Beijing has gained tremendous influence by directing development spending across Africa, Asia, and Europe. Although the world is far from ditching the U.S. dollar, the SCO and the BRICS are trying to accelerate de-dollarization. Their members are swapping currencies and signing cross-border payment agreements.

Chinese and Russian efforts to remake the world order have worried American allies and spurred them to come together in new and powerful ways. Following Russia's full-scale invasion of Ukraine, NATO deepened its relationships with Australia, Japan, New Zealand, and South Korea. The Five Eyes intelligence alliance—comprising Australia, Canada, New Zealand, the United Kingdom, and the United States—has taken steps to enhance information sharing and to bolster the security of supply chains. And the G-7 has regularly invited Australia, India, and South Korea to participate in its summits.

The Trump administration can take advantage of this momentum to encourage allies to assume more responsibility. The G-7 Plus, an intergovernmental organization of conflict-affected countries, could become a forum for cooperation on securing critical minerals or countering drug traffickers. A combined meeting of the two Quads to which the United States belongs—in the Indo-Pacific with

U.S. allies can't reach their full potential without Washington.

Australia, India, and Japan, and in Europe with France, Germany, and the United Kingdom—could help the two regional groups coordinate their export controls, industrial policies, and technology development.

U.S. allies will continue to work with one another whether or not the United States joins them. But they can't reach their full potential without Washington's involvement. Eighty years ago, it took bold U.S. leadership and diplomacy to create the global order. It will take equally innovative leadership to remake it. The U.S. alliance system, built for a previous era, must be overhauled to reflect the new reality of adversarial alignment. Trump has shown little interest in revitalizing or redesigning alliances beyond pushing partners to spend more on defense. U.S. allies are now stronger as a result but still lack a clear strategy for integrating their new capabilities. Without U.S. leadership, allied coalitions might not have the muscle to successfully counter Beijing and Moscow.

On its own, the United States cannot manage Chinese-Russian alignment. But neither can Washington ignore any conflict in Eurasia that comes from it. American allies are rapidly transforming their relationships whether Washington likes it or not; these networks can either serve or undermine U.S. interests depending on how Washington engages with them. If the United States fails to reset ties with Asian and European partners, it risks being left on the sidelines of a rapidly changing world order. 🌐

How Russia Recovered

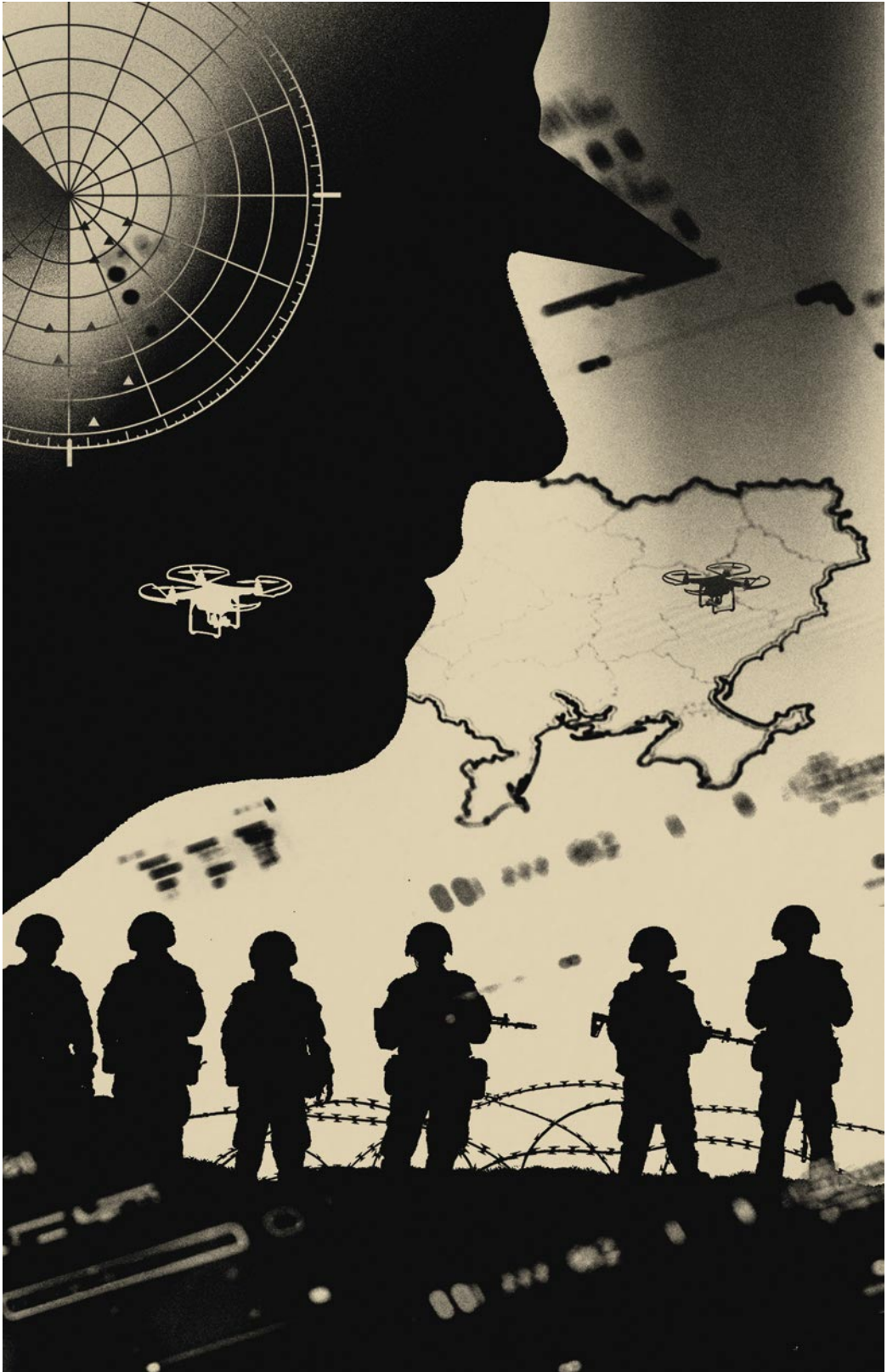
What the Kremlin Is Learning From the War in Ukraine

DARA MASSICOT

The story of Russia's invasion of Ukraine has been one of upset expectations and wild swings in performance. At the start of the war, most of NATO saw Russia as an unstoppable behemoth, poised to quickly defeat Ukraine. Instead, Russia's forces were halted in their tracks and pushed back. Then, outside observers decided the Russian military was rotten, perhaps one counterattack away from collapse. That also proved incorrect—Ukrainian offensives failed, and Moscow resumed its slow advance. Now, plenty of people look beyond Russia to understand the state of the battlefield, blaming Kyiv's troubles on insufficient external backing instead.

What many policymakers and strategists have missed is the extent to which Moscow has learned from its failures and adapted its strategy and approach to war, in Ukraine and beyond. Beginning in 2022,

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REUTERS; GETTY IMAGES

Russia launched a systematic effort to examine its combat experience, draw lessons from it, and share those lessons across its armed forces. By early 2023, Moscow had quietly constructed a complex ecosystem of learning that includes the defense manufacturing base, universities, and soldiers up and down the chain of command. Today, the military is institutionalizing its knowledge, realigning its defense manufacturers and research organizations to support wartime needs, and pairing tech startups with state resources.

The result has been new tactics on the battlefield—codified in training programs and combat manuals—and better weapons. Moscow has developed fresh ways of using drones to find and kill Ukrainian soldiers and to destroy Ukrainian assets, turning what was once an area of weakness into an area of strength. It has built better missiles and created more rugged and capable armored systems. It is giving junior commanders more freedom to plan. It has become a military that is capable of both evolving during this war and readying itself for future, high-tech conflicts.

Because of these changes, Ukraine is likely to face even greater destruction in the months ahead. It will have to contend with faster and more numerous Russian drone attacks, resulting in more harm to cities, civilians, and critical infrastructure. Larger numbers of missiles will get through Ukraine's defenses. The ten miles leading up to the frontlines, already very hazardous, will become even more dangerous and difficult to cross. These changes may not produce any dramatic breakthroughs for Russia, thanks to Ukraine's defenses and extensive drone and artillery attacks. But they do mean Moscow can keep trading its soldiers' lives for slow gains in the Donbas while hoping that NATO tires of the conflict.

Some American and European officials are, indeed, losing interest in Ukraine. But the same Russian adaptations that threaten Ukraine should be of concern to policymakers elsewhere. The Russian military will emerge from its invasion with extensive experience and a distinct vision of the future of combat, and it is sharing its experience with China, Iran, and North Korea. It has laid the groundwork for a more intense period of learning and reconstitution after the war ends. Russia will remain constrained by bad discipline and will struggle to produce the most sophisticated equipment. But it will be as ready for the new way of war as any other state, constraints on its resources notwithstanding. If they do not want to fall behind,

Washington and European capitals must therefore start learning from the war in Ukraine, not turning away. Rather than dismiss it, they need to study Russia's studying—and then start making their own changes.

THE LEARNING-INDUSTRIAL COMPLEX

The Russian military has been forced to adapt to its circumstances since the early days of its invasion. To survive fierce Ukrainian counterattacks, Russian units grafted protective armor onto vehicles, learned new styles of camouflage, and adopted small-unit assault tactics, among many other adaptations. Russian soldiers also shared advice informally through social networks, closed social media channels, and self-published advice manuals. This type of informal, person-to-person or unit-to-unit learning is an important first stage of wartime adaptation. But unless the larger military organization captures these lessons, they are often lost over time, not passed to those who need them, and not spread across the force.

The second stage of learning includes institutionalizing those changes, such as by revising training programs, procurement plans, and operational concepts. After that, militaries must engage in predictive learning about the future of warfare and recognize the need for reforms or transformational change. The militaries that learn best follow five steps: acquire combat experience, analyze it, propose recommendations, disseminate the recommendations and lessons throughout the force, and, finally, implement them.

As it became clear that the war would drag on, Russia started fulfilling most of these criteria. What began as ad hoc battlefield adaptation evolved into a systematic effort to take its battlefield experience, study it, and share it across the military to improve performance. In 2022, for example, the military ordered dedicated staff officers and researchers to frontline military command posts so they could observe the war as closely as possible and seek to understand troop performance. The researchers then reviewed the results of battles, combed through commander logs, and interviewed personnel to generate analytic reports. After additional evaluation, these “lessons learned” reports (as military experts call them) were shared with the wartime headquarters in Rostov, the general staff in Moscow, service branch headquarters, military academies, defense firms, and the military research community.

The armed forces then adjusted in accordance. Aided by Moscow's September 2022 mobilization order and a surging defense budget, the Russian military reorganized its command structure and modified its tactics and force posture in Ukraine. Moscow changed its logistics system to make it more survivable. It introduced new technologies or new ways of using old technology to improve both its precision targeting and its electronic warfare capabilities. These interim adaptations helped Russia stabilize its frontlines and withstand Ukraine's 2023 counteroffensive.

Since then, Russia's learning ecosystem has become even more extensive. In Moscow, the Russian military has over 20 commissions devoted to implementing recommendations based on information it receives from the frontlines and from Russian researchers. The military has been busy disseminating lessons learned to the force by summarizing them in bulletins, holding themed workshops, and hosting conferences to troubleshoot problems and share knowledge. Russia's Southern Military District repeatedly gathers soldiers and commanders from the air force, ground forces, electronic warfare forces, and the defense industry to teach them how to better detect, suppress, and destroy the enemy's uncrewed aerial vehicles (UAVs), which were essential to Ukraine's early military success. At a 2023 conference hosted by Russia's artillery academy, soldiers and experts came together to revise artillery tactics and integrate drones into artillery strikes. In just three years, Russia has made over 450 interim modifications to combat manuals. Military leaders emphasize that these handbooks are likely to be completely overhauled after the war ends.

GEARING UP

During the invasion's first year, Ukraine received some help from an unexpected source: Russia's own military equipment. For seemingly months on end, Russia's gear repeatedly malfunctioned because of sloppy maintenance, manufacturing defects, and design flaws. Consider Moscow's electronic warfare equipment: a snap inspection of hundreds of Russian electronic warfare systems found defects in 30 percent of them. The most common flaw was the poor quality of electronic subcomponents, specifically circuits. According to the Russian military's flagship publication, *Military Thought*, a whopping 60 to 70 percent of Russia's electronic warfare failures from 2022 to

2024 were caused by equipment malfunctions of various types. Only 30 to 40 percent of failures were caused by Ukrainian military fire.

At times, Russia has struggled to fix its equipment problems. During the first year of the war, the defense industry's slow responsiveness, disconnection from soldiers, and outdated regulations impeded innovation efforts. But eventually, the country's defense manufacturers were instructed to improve production, increase the repair rate, and generally speed innovation. And thanks to government support, they did. The Ministry of Defense relaxed regulations to shorten research and development timelines. It held meetings with the defense manufacturing base to ensure it received and digested feedback from frontline units and made changes. Defense companies, meanwhile, sent industry specialists into occupied Ukraine to fix equipment, study its performance, and report back, just as they did in Syria when Russia was defending Bashar al-Assad's regime. And starting in early 2023, the Kremlin created programs to integrate civilian universities and research centers into national defense efforts. It improved military and civilian engineer collaboration at test sites and training ranges to test prototypes before sending them into combat.

The Russian government also launched initiatives to help the country's defense startups in the hope of promoting innovation. Russian Defense Minister Andrey Belousov, for instance, worked to connect startups with the state-owned companies that dominate the sector and are resistant to newcomers. It worked: now, startups have taken their place alongside Russia's largest defense contractors in arms shows and sell their products to the military. These changes have allowed Russia to start closing the technological edge that Kyiv enjoyed in the war's early years. Russian manufacturers are producing new and modified systems better suited for conditions in Ukraine. The Russian military, in turn, has learned how to use them. Perhaps most famously, the Ministry of Defense set up Rubikon, the country's elite drone research and operations unit, which experiments with different types of tactics that now inform how other UAV units are instructed.

Moscow has made less flashy but equally essential improvements, as well. Defense companies have upgraded armor and other defenses

Ukraine is likely to face even greater destruction in the months ahead.

on many classes of vehicles and equipped others with stronger engines, better vision scopes, and improved jamming systems. The country has increased the lethality of its glide bombs and increased production of modified Shahed drones and a variety of other types of UAVs. And the defense sector is addressing manufacturing defects and improving maintenance protocols for Russian electronic warfare systems.

These upgrades help explain why Ukrainians have encountered more trouble in the last year and a half. In 2022 and 2023, Kyiv could target Russian command centers, stockpiles, and supply lines with relative ease; today, Russia's electronic countermeasures and adjusted missile defenses make such attacks more difficult. Russian drone and missile strikes are also becoming larger and more complex. At a minimum, this means Ukraine's partners will need to supply it with more air defenses and invest more in the country's electronic warfare systems. Ukraine is also developing a long-range missile, as it looks to destroy Russian weapons at their source.

WRITTEN IN BLOOD

Russian learning extends to another important domain: training. The country's military instructors are thoroughly reviewing combat experiences and integrating the lessons they learned into training programs. To make sure these programs are both relevant and realistic, Russia rotates troops between the battlefield and training ranges, much as it has sent defense manufacturers to the front. When in-person visits are not possible, the military sets up secure video-conferences between frontline units, academies, and training centers. Some disabled veterans have become full-time instructors.

Russia has made several teaching changes as a result of its combat experience in Ukraine. It has made its simulators more realistic and has modified its instruction of tactical first aid. It has started teaching troops how to drive military vehicles through a complicated drone battlefield, as well as how to carry out a small assault within a larger drone and armored assault—both critical tasks in a war where the frontlines are under constant surveillance by Kyiv. (Given that Ukraine can see most of what Russia is doing on the battlefield, small, discrete assault teams are needed to overwhelm Kyiv's defensive positions.) For the first time, Russian instructors are using drones to monitor soldiers' training so they can better evaluate and discuss the units' successes and failures afterward.

Russia has also made several changes to its training course for junior officers to better prepare them for operational tasks. These changes do not constitute a total overhaul; Moscow's main wartime adjustment is adding a two-month supplemental training session to help lieutenants improve their skills in marksmanship and artillery, reconnaissance, topography, navigation, drone use, and tactical medicine. Instructors are also focusing on teaching junior officers how to command small units, given the importance of small infantry assaults on the battlefield. Some junior officers are even being taught what NATO states call mission planning, in which they are given an objective that they and their staffs must figure out how to achieve on their own rather than following centralized commands. This is a major shift for the traditionally top-down Russian military, one inspired by the successes some Russian units have scored against Kyiv.

Yet despite the attention senior leaders have given to fixing them, Russia's training programs remain uneven. Instruction for Ukrainian-bound volunteers is now rightfully focused on teaching soldiers to fight in small assault teams on drone-saturated battlefields. But the training remains too short, so troops are still arriving ill-suited for their combat tasks. Although the instructional program for fresh conscripts has also been modified since 2022 to reflect combat experience, it has yet to be fully overhauled. Some district training centers are still teaching outdated information or otherwise not keeping pace with rapid battlefield adaptation, Russian officials report. The military has resorted to snap inspections to ensure that new training directives are being adopted.

THE LIMITS OF LEARNING

Russian training may remain a work in progress, and fierce Ukrainian resistance continues to prevent the Kremlin from achieving its main objectives. Yet Moscow's changes are undoubtedly disheartening for Ukrainians. Since the war began, Kyiv has held its own against Moscow in large part because of its innovation advantage, which is now eroding. The Ukrainians have long acknowledged they cannot defeat the Russian military on numbers alone.

But fortunately for Kyiv, Russia can do only so much to match Ukraine's qualitative edge. For starters, the Russian military's learning process has a critical flaw—one that explains the divide between the vibrant learning underway among the headquarters

staff, researchers, and some defense firms back home and the bleak experience of frontline soldiers. Although the Russian military shows strength in acquiring, analyzing, and disseminating combat experience, it has struggled to implement its recommendations—and, relatedly, to ensure that its guidance is being followed. Officials have recommended, for example, that the country's quality control system be overhauled in response to the many breakdowns and errors, but the country has yet to do so. Similarly, the study of

Russia realizes that warfare is changing, so its military must change, as well.

combat medicine and combat traumatology in Russia has advanced considerably since 2022. Yet the number of frontline soldiers contracting HIV infections is surging, at least in part because field hospitals reuse syringes and have poor sanitation practices during mass casualty events.

Then there are the areas in which Moscow is still struggling to learn at all—such as discipline and professionalism, long-neglected areas of combat power. As a result, the quality of Russia's frontline personnel is still wildly variable. Some units have competent commanders, but others have leaders who are abusive or absent. Neighboring units fail to coordinate, which results in excess casualties during rotations or maneuvers. Units struggle to cohere when they are regenerated (as they often are; Russia's military continues to suffer enormous losses). Some personnel experience violence and neglect in their own units. Others may receive draconian punishments for infractions, such as being tied to trees or left in open-air pits.

Although they have not prevented combat forces from conducting most of their assigned tasks, these problems are certainly part of the reason Russia continues to underperform relative to its material and manpower advantages. Russian military psychologists have sounded the alarm, arguing that their country's current efforts to assess soldiers' psychological states and identify triggers of so-called deviant behavior (desertion, surrender, violence, or loss of combat effectiveness) are outdated. But the military apparatus itself has not internalized this message, choosing instead to focus on endurance and the execution of orders by any means necessary.

At least for now, challenges related to the nature of the war itself are also exceedingly difficult to resolve, even after they have been

identified. The Russian command, for instance, is well aware that the Ukrainian battlefield is extensively monitored by drones and that it is thus nearly impossible to mass large numbers of forces for an armored assault without coming under attack. In military journals, strategists bluntly admit that Russia's traditional formations have ceased "to serve as the main condition for achieving success." The military has adapted by moving away from using large armored formations, increasingly embracing the small assault teams that are now central to military training. Russian officials have also added new drone units, assault detachments, and reconnaissance detachments to help overcome prepared Ukrainian defenses. Although these changes complicate Ukrainian countermeasures and occasionally lead to tactical Russian breakthroughs, they come with extremely high casualties, and these small units and detachments cannot seize and hold territory in the way that a large, massed force can. Nonetheless, the Kremlin demands that the war grind on in this manner.

Finally, Moscow's track record on postwar learning is not particularly inspiring. After the Soviet war in Afghanistan and the Russian war to help the Assad regime, the country's military failed to learn or forgot its combat experience because acquired knowledge was not disseminated beyond the small groups that fought. The Russian armed forces also failed to implement critical lessons in the 1990s and early 2000s, when financial and leadership support for postwar reforms collapsed.

Yet none of these factors are present in the Russia of today. In fact, many of the learning processes now underway resemble those Moscow underwent after World War II. Given its current architecture, finances, and leadership, the Russian military appears poised for a comprehensive and intense learning period after the war in Ukraine ends. Officials are already discussing an extensive review of Russian operational concepts, military theory and strategy, combat regulations, and long-term procurement choices from now until the mid-2030s. Russian officials have stated that overcoming threats to large-scale armored assaults is a top research priority and that they are planning to alter the military's force design and operational concepts to account for this challenge. From now on, the Russian military will likely create more UAVs and other uncrewed systems, which will supplement Moscow's military power relative to NATO.

Russian leaders will further integrate UAVs, robots, and other autonomous systems across the force. In the military's view, these technologies are the future of combat: Russian military experts have written that uncrewed systems will become the most important weapons of the twenty-first century. The world they envision will soon have swarms of autonomous drones that can overwhelm adversaries' defenses, microdrones that are difficult to identify or stop, and drones that mimic birds, bugs, or other wildlife. The Russian military has been observing the Ukrainian military's use of combat robots and is preparing to invest more in this area to help with tasks such as sentry duty, logistics, mining and demining, and undersea surveillance.

Russian military theorists and leaders also see artificial intelligence as essential to modern combat. The speed at which the technology can process growing amounts of digital information will allow commanders to make faster decisions. Moscow's strategists fear that if Russian commanders do not have top-notch AI tools, they will be overwhelmed by adversaries that possess them. As a result, Russian experts are considering how to field AI decision-making systems and AI-enabled weapons by the early 2030s. The military is exploring how to use artificial intelligence in hypersonic missiles, air defense systems, and drones to improve performance. It is also thinking through how AI could speed the execution of analytic tasks and automate commands. Although this area is a national priority, investment in AI remains relatively modest, limiting Russia's capabilities in the near term.

ADAPT OR PERISH

At the start of the invasion in 2022, the Russian military misjudged Ukraine's capabilities and will to fight. Moscow's equipment was not always up to the task, and some systems failed outright. Its soldiers were not trained for their assigned missions (or even told that they would be going to war, for that matter). Its command chain struggled to function.

But observers of the Russian military can no longer anchor its views to that period. In the years since, it has become a learning organization, and ongoing adaptations on the frontlines are only a piece of its educational activity. Moscow is acquiring and analyzing combat experience and disseminating the lessons it has learned throughout

its force and defense ecosystem. It is systemically trying to capture and institutionalize its wartime experience and prepare for a post-war reform period. It realizes that the future character of warfare is changing, so the military must change, as well.

Russian leaders will face obstacles to their ambitions even after this conflict ends. International sanctions, for instance, will be a major impediment to their progress (provided those sanctions last). The Russian military's ability to improve, after all, will depend on sustained financing, access to critical minerals, and the ability to produce top-of-the-line equipment—all things that sanctions make difficult. The Russian military will also require leadership support and the input of enough experienced veterans for planned reforms to take effect. And no matter what happens, Russia will be constrained by its traditional personnel weaknesses—poor discipline, for example—and an expensive procurement program that will sap its resources.

Moscow also worries that the United States and Europe will study its war and develop countermeasures to Russia's newest capabilities and tactics. NATO must prove these fears to be justified. To match Russian capabilities and catch up in key areas like drone warfare, the United States and Europe must accelerate their analysis of the invasion of Ukraine and then adapt, including through the procurement of more UAVs and by adopting other innovations. Although several organizations in NATO countries are devoted to gathering lessons from the war, progress is uneven and siloed. These bodies' efforts have not yet comprehensively altered their countries' procurement plans, training regimens, or operational concepts.

To avoid falling behind, the United States and Europe need to start paying better attention—especially since Moscow is passing its knowledge along to its autocratic partners. But that means they must see the Russian military for what it is: flawed, but resilient in its own way. Its structural problems are very real and would be particularly acute in the event of a conflict with NATO. Yet its learning process is relentless. The Russian armed forces will further modify tactics, introduce new weapons, and expand as they begin a decadelong reconstitution effort. Experts are fond of saying that armies shape war. But war shapes armies, as well. 🌐

NATO must see the Russian military for what it is: flawed, but resilient.

China Against China

Xi Jinping Confronts the Downsides of Success

JONATHAN A. CZIN

Thirteen years after Xi Jinping ascended to the top of China's leadership hierarchy, observers in Washington remain deeply confused about how to assess his rule. To some, Xi is the second coming of Mao, having accumulated near-total power and bent the state to his will; to others, Xi's power is so tenuous that he is perpetually at risk of disgruntled elites ousting him in a coup. Xi's China is either a formidable competitor with the intent, resources, and technological prowess to surpass the United States or an economic basket case on the verge of implosion. Depending on whom one asks, China's growth model is either dynamic or moribund, relentlessly innovative or hopelessly stuck in the past.

Attempts to analyze Xi's project have become even more convoluted in the wake of China's slow recovery from the COVID-19 pandemic.

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When Xi suddenly ended China's draconian pandemic controls and reopened the country in late 2022, Wall Street did not debate whether China's economy would come roaring back, but rather what letter of the alphabet—a V or a W—the graph charting the upward path of the recovery would resemble. When the economy sputtered, some in Washington concluded the opposite extreme: that China had peaked, its governance structure had failed, and that it would start to decline relative to the United States.

This analytic confusion has shaped U.S. policy toward China. At the start of the second Trump administration, officials claimed that China was the greatest threat to the United States yet seemed to believe that China's economic strains were so severe that it would immediately cave in a trade war—a viewpoint reminiscent of Mao's famous declaration that the United States was a "paper tiger" that appeared threatening but was in fact weak and brittle. The attempt to pressure China with tariffs failed. Beijing responded to Washington's trade escalation in April 2025 by imposing retaliatory levies and cutting off the U.S. supply of rare-earth magnets. The Chinese economy's ability to weather the trade shocks endowed Beijing with newfound confidence.

Since the weight of a closed, illiberal system dragged down the Soviet Union, the United States has attributed much of its own resilience to its political system's ability to recognize problems, propose solutions, and correct course. The painful irony for the United States is that under Xi, China's opaque polity, in which officials have every incentive to obfuscate rather than admit mistakes, has proved adept at frankly acknowledging many of its weaknesses and taking steps to remedy them—arguably even more adept than the supposedly supple and adaptive American system. China's rise under Xi is challenging not just American power, but a foundational tenet of America's open society—that openness to debate and inquiry is the foundation of a self-correcting system.

For Xi, China's most glaring weaknesses are the side effects of four decades of economic reform. Rapid growth brought wealth and power but also indecision, corruption, and dependence on other countries. However one assesses his leadership, Xi has identified many of China's vulnerabilities and marshaled the resources to try to make the country more resilient. Beijing's success in rebuffing Washington's trade war suggests that Xi's strategy is working.

REFORM REVERSED

When Xi took the reins of the Chinese Communist Party, in 2012, many observers inside and outside China were frustrated with the stalled reforms of his predecessor, Hu Jintao. They embraced Xi as a potential savior who could rescue the CCP's ailing project of "reform and opening up" that Deng Xiaoping began in the late 1970s. These observers, mostly with more liberal instincts, hoped Xi would promulgate market-oriented policies, further reduce state intervention in the economy, and potentially even allow more political contestation. Xi had the makings of a reformer: he had served in leadership positions in three of China's most prosperous coastal provinces, which were among the primary beneficiaries of the shift toward markets. Many thought that Xi, the scion of a revered revolutionary and proponent of economic reform, would have the clout and the will to effect change, which his predecessor had lacked.

In reality, however, the moment of Xi's ascension was the beginning of the end of the reform era. What Xi saw when he returned to Beijing in 2007 as Hu's heir apparent was not endless prosperity and a stable leadership structure but deeply rooted dysfunction. Hu rose to power by deferring to party elders and promoting collective leadership, which prevented him and others from acting decisively. Even if Hu had wanted to assert himself, his predecessor Jiang Zemin had boxed him in by surrounding him with cronies loyal to Jiang. Without full control of many of the party's key nodes of power, Hu's attempts to reorient policy—including efforts to address the glaring inequalities he saw emerging from China's modernization—largely failed to gain traction. Meanwhile, corruption became endemic, pervading even the police and the military, which were supposed to be the bulwark of the party's grip on power.

From Xi's perspective, the rickety collective leadership model that Deng bequeathed was the source of many of the party's maladies. With power diffused among top leaders and their allies in the bureaucracy, party discipline was slack. Xi seems to have further judged that China's prosperity had made the party's cadres soft. Opening to the outside world had propelled China's economy, but it had also created vulnerabilities in the form of liberal values, which threatened core communist beliefs. China was also increasingly dependent on other economies, especially that of the United States, whose tightening trade restrictions on many Chinese goods since 2018 made clear to Xi the very real risks of economic interdependence.

In response, Xi has not only tried to address the symptoms of the problems that germinated in the era of reform and opening. He has also tried to cure what he sees as the underlying ailment by reversing liberalization altogether. Xi's tenure can be described as what the scholar Carl Minzner calls a counterreformation—stripping the party down to its Leninist core of political and social control and rewiring it for neither revolution nor reform, but for a disciplined march toward technological-industrial and military might to enhance China's geopolitical position.

For most outside observers, this counterreformation is dangerous because it shunts aside the tried-and-true playbook that brought China from poverty to power and introduces new political risks from strongman rule. But Xi's actions are rooted in his recognition of the most pressing weaknesses that party leaders see as threatening China—most notably, internal corruption and the uncomfortable role of China's chief rival, the United States, in supporting China's prosperity. Rather than push for more economic opening, Xi has instead focused his considerable political power and resources on enhancing China's resilience to threats that have emerged in part from past reforms. It is these deeply ingrained problems, not excessive state intervention or authoritarian politics, that Xi sees as stymieing China's progress in catching up to the United States.

BURST BUBBLES

Many elements of China's current dysfunction are the pathologies of its own prosperity. After Mao's death, CCP leaders lacked a road map for how to lead China toward openness without abandoning their commitment to communism. They had made bitter sacrifices in China's revolution and were still suspicious of capitalism and its depredations. Yet at the same time, they did not want to lead China back to the chaos of the Mao era. Many of these party leaders guiding China in the 1980s, including Xi Zhongxun, Xi Jinping's father, had themselves been purged in the power struggles that unfolded under Mao.

After more than a decade of toggling between opening and retrenchment, economic reform triumphed. In the aftermath of the 1989 military suppression of protesters in Tiananmen Square, Deng—who had the fortune to outlive other party elders bent on constraining liberalization—set China on a course toward a more open economy. Deng's so-called Southern Tour, in which he delivered a series of speeches

endorsing a greater role for markets, resuscitated economic reform initiatives that had been sidelined after the Tiananmen crackdown. To secure his legacy, Deng handpicked not just his immediate successor, Jiang Zemin, who took control of the party in 1989, but also his heir's heir, Hu Jintao. In a new political environment in which none of the new leaders could claim to be revolutionary founding fathers, Deng's blessing hallowed Jiang and Hu and helped ensure that each survived the vicissitudes of succession politics. Both Jiang and Hu stepped aside peacefully, setting a fragile precedent for transferring power.

This leadership stability and the quickening pace of economic reforms produced astounding results. Throughout the 1990s and early 2000s, China regularly registered double-digit GDP growth, averaging over ten percent per year from 1992 (when Deng launched his Southern Tour) to 2012, the year Xi ascended to power. China's rapid modernization was palpable everywhere: new high-rises dotted the skylines of cities like Shanghai, and roads penetrated deep into the countryside to connect previously isolated villages to the rest of the country. Deng also promulgated a successful foreign policy that eschewed geopolitical confrontation to give China time to develop its economy, issuing instructions that China should "hide its capabilities and bide its time"—an approach better known as "hide and bide."

Reform brought economic growth and geopolitical breathing room but also corruption, iniquity, and inequality. No single sector more vividly illustrates China's interwoven political and economic dysfunction than real estate, in which prices soared to unprecedented heights but have cratered since 2021. In the late 1990s, Chinese leaders began allowing urban residents to secure long-term leases on property that they could sell on the private market as part of liberalizing reforms designed to spur economic growth. This policy change unleashed a torrent of pent-up demand for property and launched a nationwide real estate boom, one of the largest in history. Local governments, which legally own all urban land, sold their land to developers to fill their coffers. When Hu abolished China's two-thousand-year-old agricultural tax in 2005—a policy that lightened the burden on China's poor rural farmers but removed a major source of local government revenue—officials relied even more on land sales to balance their budgets, in many cases violently evicting farmers to reap the profits.

In the ensuing years, an enormous housing bubble formed—and with so much of the country's wealth tied up in it, other leaders



hesitated to stop its growth. But in 2020, after halting efforts over much of his first two terms to deflate the market gradually, Xi popped the real estate bubble by imposing restrictions on property developers' borrowing that undercut the core of their business model. Property sales have fallen from 18 percent of GDP in mid-2021 to seven percent in 2025, and new housing construction has dropped 70 percent. The crash has been a leading cause of China's sluggish economic growth, wiping out much of the wealth of many Chinese families and dampening consumer sentiment at a time when the economy desperately needs more consumption. Yet Xi, wary of the costs that a bloated housing sector could bring, has remained reluctant to intervene to prop up the market.

The arc of China's real estate sector illustrates the dynamics at the heart of China's reform efforts. Even when China's leaders successfully pass a much-needed reform, such as commercializing the real estate sector or abolishing the oppressive centuries-old agricultural tax, they create nearly as many problems as they solve. The system's endemic corruption only makes the challenges more difficult because local officials resist reforms or find new opportunities for self-dealing. Since Xi came to power, he has prioritized cleaning up the messes that he inherited from his more liberal predecessors, no matter the cost or potential backlash. These unprecedented moves

have generated much grumbling and dismay but no real political fallout for Xi, suggesting the strength of his position.

IN SEARCH OF RESILIENCE

Political analysts as far back as Aristotle have noticed that oligarchies tend to oscillate between the pull of centrifugal forces, in which power is shared and spread widely, and centripetal forces, in which rule is centralized. Indeed, to Xi and many party leaders, the diffusion of power in China's political system had enervated Hu's leadership and threatened the party's ability to effectively govern. Concentrating power in Xi's hands was the obvious corrective. Xi has used his centralized power to move away from policies that would further liberalize China's economy and toward efforts to enhance China's economic and political resilience.

The military and security services have been crucial to Xi's centralization of power and his counterreformation. Xi has used his aggressive anticorruption campaign, which he launched in 2012, to throttle the military and the security apparatus into submission. Xi has uprooted powerful officials and their networks and, to eliminate any doubt about his total control, has often purged the successors he chose to replace them. This campaign has reduced some of the pervasive corruption in party institutions; even more important, it has kept leaders uncertain and obedient, increasing Xi's hold over them.

Despite purging the leaders of the military and the domestic security services, Xi, like his predecessors, has continued to fund those institutions handsomely. China supports the police and security forces at nearly the same level as the military. Xi has encouraged them to harness emerging technologies to systematically build out their capacity for surveillance and repression. In his first years in power, Xi circulated "Document 9," an internal memorandum warning of the dangers of Western values. The leaked document reversed the party's growing tolerance for outside ideas and ushered in an era of repression of civil society. Xi was clear that he sought to protect China from what he sees as foreign subversion—and thereby remedy one of the problems created by the prior decades of reform.

Reform and opening also brought dependence on foreign economies, and Xi has made it a priority to insulate China from global economic volatility. In 2020, Xi proposed the idea of a "dual circulation" strategy: China would structure more of its economy around

domestic markets—the “internal circulation” of goods, services, and technology—while promoting the “external circulation” of international trade and investment. By taking advantage of China’s colossal domestic market, Xi’s strategy seeks to minimize reliance on the outside world while enhancing international dependence on China’s economy. The brief trade war in April and May 2025, at the beginning of U.S. President Donald Trump’s second term, suggests that China has successfully hardened itself against U.S. tariffs. Xi has been able to refrain from offering costly stimulus packages, instead providing the minimum support needed to stave off the worst effects on the economy and the export-oriented industries that have borne the brunt of the tariffs. Moreover, Beijing has figured out how to weaponize Washington’s dependence on China for important materials, such as rare-earth magnets, which many American manufacturers require for their products.

Xi’s centralized system of control has so far been able to alter course when needed.

Xi has also sought to increase resilience by single-mindedly focusing economic policy on building China’s high-tech manufacturing prowess. Xi has pumped up China’s technology and industrial sectors by pouring resources into them while slighting the macroeconomy. The process has not been efficient, but it has been effective. According to a Bloomberg analysis of 13 key technologies, China leads or is globally competitive in 12 of them. If anything, China has been too successful in areas such as green energy, in which the proliferation of Chinese companies harnessing these emerging technologies has led to vicious price wars that have contributed to deflationary pressure on the economy.

Xi has also dispensed with Deng’s low-key foreign policy of “hide and bide” in favor of an approach that could well be called “show and go.” This change, too, stems from the perceived failures of Western-led economic models in the wake of the 2008 global financial crisis. With China able to weather the crisis more effectively than Western powers, many CCP leaders believed that China should take on a more prominent global role. Whereas Hu sidestepped calls for a major shift in foreign policy, making only piecemeal concessions such as adding that China should “actively accomplish something” to Deng’s “hide and bide” formulation, Xi harnessed China’s growing self-confidence when he took power. He established his nationalistic bona fides in his

first term in office by aggressively asserting China's territorial claims along its periphery—most conspicuously by reclaiming more than 3,000 acres of land in the South China Sea. This gave him political cover when he purged leaders from the military high command and insulated him from internal criticism when the demands of diplomacy required a more conciliatory approach. But it is also likely that Xi genuinely believed that the time had come for China to embrace its status as a great power. This reflects a natural generational change and a reformulation of what really ails China: Xi is the first Chinese leader whose political career began in the reform era. His career trajectory has coincided with the untrammelled economic growth—and growing pains—of the post-Mao years.

CONFIDENCE IN CONFIDANTS

In the course of remedying the problems he inherited, Xi has created new problems for himself and the party. Most notably, he has undone one of the signature achievements of the post-Mao era: the institutionalization of a process to peacefully transfer power to a successor. Xi abolished term limits on the presidency and transformed the vice presidency from a *de facto* apprenticeship for the top position into a sinecure for retiring officials. He has also refused to allow any other civilian to serve on the party's supreme military body. Without the opportunity to cultivate supporters in the military by serving in this body, Xi's eventual successor will struggle to maintain power, and his tenure is likely to prove short-lived.

Autocratic regimes are especially vulnerable to succession crises. The Soviet Union never solved the succession puzzle: previous Soviet leaders either died in office or were purged, or, in the case of Mikhail Gorbachev, steered the system to its demise. The central challenge for Xi is how to empower a successor enough so that he can survive in office after Xi's departure without endowing the heir apparent with enough clout to threaten Xi while he remains in charge. Even if Xi designates a potential successor at the next party congress, in 2027, getting the balance right will continue to be a challenge. Nor is it guaranteed that his choice will survive as the leader in waiting. Before Hu, many of the presumptive heirs apparent were purged, arrested, ousted, or wound up dead before they could make it to the top of the CCP.

The succession challenge will be difficult, but it is unlikely to cause the collapse of the CCP, which has survived much more profound

crises such as the Cultural Revolution and the 1989 Tiananmen crackdown. The real question is whether Xi's counterreformation has undercut the party's ability to learn from its errors. The CCP has a sordid history of extravagant, cataclysmic mistakes, such as the Great Leap Forward industrialization campaign, which resulted in widespread famine from 1959 to 1962. But in the post-Mao era, the party has demonstrated itself to be an incredibly effective learning institution. Although it still makes serious mistakes, such as failing to prepare health-care infrastructure to deal with the surge in infections following the widespread rollback of COVID-19 restrictions, it seldom makes the same mistake twice. Party leaders were caught flat-footed when Trump launched his first-term trade war, forcing them to scramble to respond; when Trump unveiled his so-called Liberation Day tariffs at the beginning of his second term, in 2025, however, Beijing was ready with a flurry of countermeasures that it could unleash in response.

Although the personalization of power could limit China's ability to correct its mistakes, Xi's centralized system of control has so far been able to alter course when needed. Part of Xi's inheritance as the son of a revolutionary leader seems to be an intuitive understanding that everyone around him has an incentive to tell him what he wants to hear. This may be why he has installed officials he knows and trusts in positions across the top echelon of the party hierarchy: these confidants can tell him the truth in discreet ways that do not challenge his power. Somewhat counterintuitively, the perilous political atmosphere Xi has created offers another potential avenue for soliciting accurate feedback. As other effective authoritarian leaders have done, Xi can use the mistrust he has instilled among subordinates to play aides off one another and triangulate accurate information from otherwise unreliable sources.

Bolstering Xi's confidence in his counterreformation is the inability of the United States to perform even the most basic governance functions, such as passing a federal budget on time. The Trump administration, similar to Xi, argues that executive power has become too diffuse and has undertaken aggressive efforts to centralize and personalize executive authority in the president. The increasingly unchecked and unbalanced executive power in the United States resembles that of other troubled and polarized republics led by populists that ruled Latin America for much of the twentieth century.

But whereas Trump's project deviates from how the U.S. system is designed to function, Xi's power consolidation is consistent with the CCP's operational DNA, which tends to empower rather than constrain the top leader. The result is that Trump is generating policy volatility and political turmoil that undermines U.S. capacity, whereas Xi's centralization has buttressed Chinese resilience.

These developments are not lost on Xi and his peers, who, channeling Lenin, are already prone to see the United States as decadent

While Xi has been disciplined and methodical, the United States has been distracted and incoherent.

and in decline. The party's chief ideologist for the last quarter century has been Wang Huning, a political theorist whose visit to the United States in the late 1980s inspired him to write a book, titled *America Against America*, about the contradictions he observed. Wang detected what he called "undercurrents of crisis" in the United States and highlighted the corrosive effects of American individualism and the isolation it produces.

Xi shares many of these concerns himself and has described Western countries as suffering from "chronic diseases such as materialism and spiritual poverty." These worries are at the heart of what Xi sees as the pathologies of reform that he has sought to address.

Chinese officials and analysts also have an increasingly rich trove of evidence to draw on for their assessment of U.S. dysfunction and decline. Since the end of the Cold War, the United States has badly mishandled just about every national crisis it has faced. Each of these has diminished public confidence in the United States, both at home and abroad. In response to the 9/11 attacks, the United States launched, on false pretenses, a destructive and costly war in Iraq that sapped the country of the appetite or ability to deal with more formidable future challengers such as China. In its response to the 2008 financial crisis, Washington rescued the financial sector but not its victims, worsening inequality and generating public disillusionment. And in the face of the COVID-19 pandemic, despite having some of the most esteemed public health institutions in the world, the U.S. government bungled its response, further feeding suspicion and undermining public trust. Despite its repeated missteps, the United States remains a global superpower. But it is relying on the luxury

of its inherited privilege: like a spoiled child, the United States can afford to make epic mistakes without suffering the devastating consequences that other countries would face if they acted similarly.

While strategists in Washington debate whether China has peaked, their counterparts in China are having an analogous debate about the United States—and reaching strikingly similar conclusions. China's state media has diagnosed the United States with "hegemonic anxiety," suggesting that Washington cannot cope with the possibility that it must face a multipolar world. And whereas U.S. thinkers such as Hal Brands have argued in their analyses of China that a power that has peaked is likely to lash out in violent ways, Chinese observers independently conclude that it is Washington that is anxious about preserving its position—and is increasingly willing to employ any means necessary to sustain its preeminence.

In the early years of the Cold War, the strategist George Kennan worried that the United States might lose confidence in its own system if the democracies of Europe succumbed to the Soviet Union. Today, the challenge is just the opposite: declining American confidence in its own system could be a cause rather than the result of the United States losing the competition with China. In contrast, Xi's counterreformation—including the continuous purges and fallout from the property sector's collapse—has not produced a crisis of confidence in China. Instead, if anything, Xi has gained confidence because he can point to tangible results in the form of technological breakthroughs. And Xi can afford to be patient because his is a long-term project, and he does not face the erratic fluctuations of an unstable political system swinging from one extreme to the other.

Indeed, a growing number of officials in Washington employ Cold War-style rhetoric when discussing China yet demonstrate little appetite to take on the difficult and expensive tasks, such as refurbishing the defense industrial base and shoring up key supply chains, that would help the United States outcompete China. If this dynamic continues, the United States will be left pursuing what might be called a "Reverse Roosevelt" strategy: speaking loudly about American power while wielding an ever-smaller stick. While Xi has been disciplined and methodical in his efforts to bolster China's strategic position, the United States has been distracted and incoherent. Misreading Xi Jinping is, ultimately, part of the failure to address the problems facing the United States itself. 🌐

The China Model's Fatal Flaw

Why Beijing Can't Overcome Overcapacity

LIZZI C. LEE

China's role as the world's factory—producing and exporting goods across the globe—has entered a new phase. In the past decade, China has made a concerted effort to move its manufacturing sector up the value chain, producing a deluge of cheap, green technology in the process, including electric vehicles, batteries, and solar panels. It now makes EV models that sell for under \$10,000—most of the low-cost models in the United States start at around \$30,000—and it dominates roughly 80 percent of the global solar supply chain.

But rather than welcome the influx of renewable energy products, the world's two largest consumer markets have lambasted these Chinese imports as a structural threat to fair competition. In May 2024, the Biden administration imposed tariff hikes of up to 100 percent on a variety of Chinese goods, which were justified as a defensive response

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to Beijing “flooding global markets with artificially low-priced exports.” The European Commission followed suit, imposing duties on Chinese electric vehicles in October 2024 and complaining that China’s “unfair government subsidies” were causing “a threat of economic injury” to EU producers. Regardless of the efficacy of such trade remedies, the message is unambiguous: China makes more than the world can take.

This tension, of course, is not new. China’s “overcapacity”—the shorthand term for producing more than demand calls for—has long led other governments to complain. In the past, China produced too much steel, coal, cement, and other goods, which crowded out competitors elsewhere and drove global prices to unprofitable lows. China’s tendency toward overcapacity has traditionally been blamed on a fundamental mismatch in its economy; government subsidies and investment in manufacturing and infrastructure are unusually high compared with those in other advanced economies, and the country’s household consumption as a share of GDP is unusually low. Simply put, China lacks enough domestic demand to soak up what the country’s factories produce, which then causes a glut of exports.

But China’s green tech boom is exposing a more sinister and systemic aspect of the country’s political economy. In reality, today’s Chinese overcapacity does not result from domestic demand that has peaked or excessive subsidies. Consider the solar power industry. China is still seeing significant demand for solar installations. In 2024 alone, China installed 277 gigawatts of new solar capacity—more than twice the total cumulative capacity ever installed in the United States—and 2025 is on track to match or surpass that record. At the same time, the notion that subsidies are propping up China’s solar growth is outdated; China ended central government subsidies for solar in 2021. Meanwhile, in the EV and battery sectors, demand among Chinese consumers is still booming, and direct purchase subsidies have been phased out.

The real challenge, then, lies not in weak domestic demand or excessive state handouts but in an extraordinary and seemingly uncontrollable surge in supply—one that Beijing is struggling to get its arms around. Since mid-2024, central government authorities have

China’s green tech boom is exposing a more sinister aspect of its economy.

warned repeatedly about “blind expansion” in solar power, batteries, and EVs. This summer, after a brutal price war in the solar industry saw prices fall around 40 percent year-over-year, Chinese leaders directed officials to tackle overcapacity and “irrational” pricing in key industries, including solar. Shortly thereafter, high-level officials met with industry leaders to collectively urge companies to curb price wars and strengthen industry regulations.

But Beijing’s efforts won’t make much of a dent in the problem. Unlike earlier bouts of overcapacity, today’s top offenders are private companies, not state-owned enterprises. If Beijing were to step in and force consolidations or shutter factories, it would risk sparking unemployment and potentially stall local growth engines that depend on these industries. Moreover, exports have become one of the few remaining bright spots in otherwise slowing GDP performance. If Beijing were to meaningfully curb production and exports, it could cause significant damage to China’s overall economy.

The fundamental problem is that by rewarding speed and scale over productivity and differentiation, the internal plumbing of China’s political economy incentivizes businesses to produce too much stuff. Although that has always been the predictable outcome of China’s political and financial system, the dysfunction was kept in check during much of China’s spectacular rise. Changes in the Chinese economy since 2020, however, including the cratering real estate market and a crackdown on private businesses and investments, have compounded the structural incentives that lead to overcapacity.

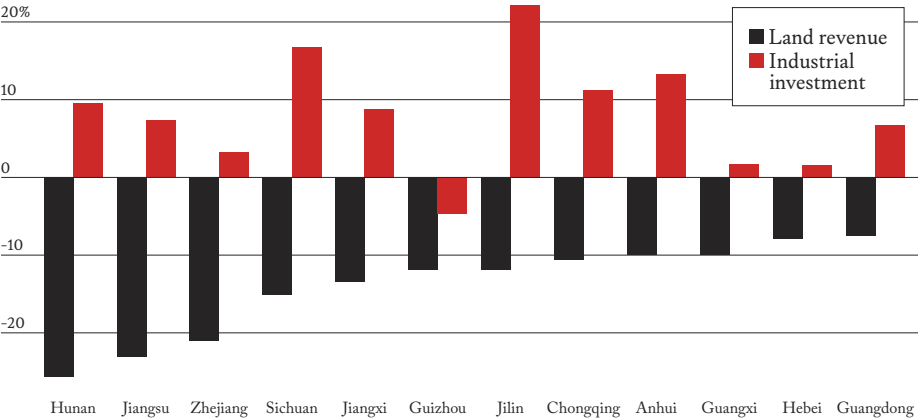
The result is not only damage to China’s trade relationships but also plummeting company profits, significant deflationary pressure, and constraints on innovation. Over time, cutthroat price wars also spill into the labor market, with firms freezing wages or cutting jobs, which weakens household spending, deepens China’s structural slowdown, and makes growth even harder to sustain. Without significant reforms, China risks repeating earlier missteps as it tries to move further up the value chain and into advanced fields such as artificial intelligence and biotechnology—potentially with even greater consequences for its economy.

THE TAX MAN

China’s tendency to overproduce starts in an unlikely place: the Chinese Communist Party’s performance and promotion system. In the

REVENUE REPLACEMENT

Industrial investment in Chinese provinces where land revenues fell the most from 2023 to 2024



Sources: Author's calculations; National Bureau of Statistics of China. Research assistance by Shengyu Wang.

CCP bureaucracy, local officials are evaluated primarily on their ability to deliver growth, employment, and tax revenues. But China’s largest single tax, the value-added tax (VAT), is split evenly between the central government and the local government of the place where a good or service is produced, not the place where it is consumed. Since the system allocates tax revenue to regions based on production, it rewards the decision to build larger industrial bases. Local Chinese officials try to retain as much upstream and downstream activity as they can to expand their tax base. (The U.S. tax code, by contrast, apportions much of the corporate tax base to where companies’ customers are, rather than where firms produce goods, so the tax base is more evenly spread across jurisdictions.) This feature of the Chinese tax system explains the proliferation in China of “full stack” industrial clusters: EV assembly lines are located near battery production facilities, and solar panel factories are integrated with raw material and component suppliers.

This system effectively encourages provincial and municipal leaders to act like industrial investors or venture capitalists. And in many cases, it has produced profound efficiencies. Over the past decade, for instance, Hefei, the capital of Anhui Province, has poured about \$25 billion of state capital into various struggling companies, including

the EV maker Nio and the flat-panel display manufacturer BOE, to great effect. By acting as an early investor and bearing the initial risk, Hefei stimulated about \$96 billion in follow-on investment and generated around \$9 billion in tax revenues. The Hefei model has since been widely imitated, with other provinces racing to assemble their own industrial clusters.

But Hefei's success rested on unique conditions—namely, that the city invested in companies that were relatively mature already.

China's incredibly high tax and contribution burden discourages risk-taking.

When other provinces have tried to replicate the model, especially in high-tech sectors that Beijing has signaled support for, they have often lacked the same foundation; as a result, many of the projects have underperformed, creating fiscal stress for local governments. But provincial officials have continued to rush into these industries because earmarked subsidies from the central government effectively make Beijing a co-financier. Provinces pour in matching funds, offer discounted land and utilities, and guarantee quick regulatory approvals to secure money from Beijing and eligibility for central government support. After Beijing released its 14th Five-Year Plan, in 2011, which designated EVs, solar panels, and batteries as “strategic emerging industries,” provincial five-year plans started to read like carbon copies of one another, each promising the same clusters in the same industries. This is the logical outcome of a tax and subsidy system that rewards scale over selectivity.

For much of the past three decades, however, the bureaucratic incentives feeding this copy-and-paste system were mitigated by the role of real estate in China's political economy. Because the state owns all urban land in China and leases it to developers, local officials relied on land sales to provide a third or more of their budgets—meaning they did not have to be singularly focused on attracting industrial investment. Land development was the primary engine of local revenue and growth. In 2021–22, however, China's real estate bubble popped; Evergrande, one of the country's largest developers, defaulted on more than \$300 billion in liabilities and entered liquidation proceedings. Local governments saw revenues from land sales plunge from \$1.3 trillion in 2021 to \$670 billion in 2024.

At the same time, as Beijing tightened oversight of the financing tools that led to the bubble in the first place—such as special-purpose bonds and short-term rollovers—local governments found themselves without any way to fill their revenue gaps. With fiscal space highly constrained, expanding industrial capacity became the last reliable lever local officials could pull to secure growth, generate new jobs, and expand their tax bases. For risk-averse bureaucrats staring at a looming fiscal crisis, the safest bet was to hop on the bandwagon.

SHOW ME THE MONEY

Just as the structure of China's tax code helps explain why capacity has expanded so quickly in China, the structure of the country's financial system helps explain why that capacity is often duplicative and inefficient. Over and over, credit flows reinforce the same bias—build fast, build visibly, and build with state backing.

China's state-dominated banking system has long favored tangible, government-endorsed projects over private ventures that pursue long-term or high-risk paybacks, such as drug development and other biotech pursuits. Chinese banks often face strict regulations on their lending and investments, so they prefer to make loans to lower-risk projects that have physical assets that can serve as collateral and that already have regulatory permits and government sponsorship. From a risk-management perspective, this preference is understandable. But the result is a system that diverts scarce capital into factories, production lines, and physical infrastructure, which tend to generate relatively low profits.

This is one reason why, in an earlier era, China came to dominate the global manufacturing of clothes, toys, and electronics—and why, today, it dominates in EVs, solar panels, and batteries. But the consequence is an economy with world-class build-out speed but chronically thin profitability. When demand softens or the market becomes crowded, firms slash prices and expand exports to keep production running, further eroding their margins. China's automakers, for instance, saw average profit margins decline from 5.0 percent in 2023 to 4.4 percent in 2024, as they chased market share via heavy discounting.

Persistently low profit margins also mean companies have little cash to reinvest in product development and hiring; that in turn depresses household income growth and consumer demand. In this way, overcapacity becomes more than just a sectorial problem: it acts as a drag on

China's broader economy, locking it into a cycle of low profits, weak investment, sluggish job creation, and consistently weak demand.

Firms rarely close down operations altogether, however, because the state-backed banks prefer to roll over existing loans so that the firms appear solvent on paper. That way, even if those companies are only servicing their interest payments and not generating strong returns, the banks avoid having to book immediate losses—and avoid potentially contributing to the collapse of a large local employer. Credit keeps flowing into these “zombie” sectors and companies with declining productivity even as they are dragging down the broader economy in the long run.

Private firms not chasing government-backed industries, meanwhile, have long struggled to access affordable bank credit, which means they tend to seek capital from costly nonbank channels, such as venture capital, private equity, and initial public offerings. These channels helped fuel much of China's record growth in the first two decades of the twenty-first century: by October 2020, 217 Chinese companies were listed on major U.S. exchanges with a combined \$2.2 trillion market cap, illustrating how deeply private firms tapped global equity markets. Leading venture capital platforms scaled as well. Sequoia's China arm (now HongShan), for instance, backed hundreds of private firms, including some of China's most prominent success stories, such as the social media company ByteDance and the transportation platform Didi.

But in the past five years, private firms have seen such options dry up. Starting in late 2020, Beijing launched a sweeping crackdown on tech platforms, private tutoring, and other high-growth sectors that had previously attracted huge amounts of venture capital. This had a chilling effect. Investors suddenly realized that entire industries could be upended overnight by regulatory fiat. That uncertainty made private investors more cautious, and many began pulling back capital. In the first quarter of 2024, private companies in so-called Greater China, which includes mainland China, Hong Kong, Macao, and Taiwan, raised just \$12 billion, down 42 percent from the previous quarter. (The overall global decline during that period was just 12 percent.) Foreign venture capital firms have also pulled back, with cross-border investment into China collapsing from \$67 billion in 2021 to just \$19 billion in 2023. U.S. investors, in particular, have been absent from the largest deals.

The CCP has tried to fill the financing gap, but has yet to deliver. Official statistics, for instance, suggest that from 2023 to 2024 the average balance of inclusive loans to small and microbusinesses was about \$67,000, which barely covers the working capital needs of most such borrowers, let alone multiyear innovation projects that are better positioned to deliver sustained, high-quality returns. (By comparison, in fiscal year 2024, the U.S. Small Business Administration's flagship 7(a) loan program provided average financing of \$448,400.) Private enterprises also still face significantly higher borrowing costs compared with their state-owned counterparts.

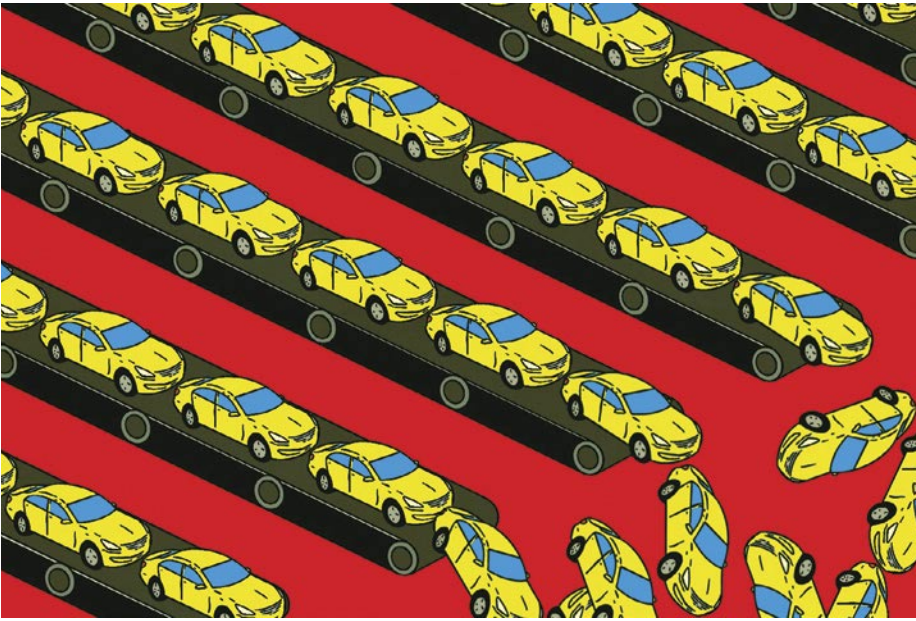
Beijing's attempts to fill the venture capital and private equity gap with state-backed funds have been similarly ham-handed, since they rely on vehicles that demand guarantees, include onerous buy-back clauses, and concentrate capital in a handful of sectors. Officials managing these state-backed funds are also reluctant to make bold bets because any failure could be seen as misusing public money—or worse, corruption. Even in strategic sectors such as semiconductors and biotech, private Chinese companies looking to innovate face limited access to capital. Although Beijing's recent push to promote “new quality productive forces”—industries that China sees as the next drivers of growth—has been genuine in political ambition, it has been underpowered in financing support for the private sector.

FAILING UP

The incentives that shape the behavior of local governments and financial institutions also filter down to firms. In China's most contested sectors, entrepreneurs operate within a brutally rational framework: copy quickly, scale up even faster, and price aggressively.

Entrepreneurs tend to copy one another in large part because China's incredibly high tax and contribution burden discourages risk-taking. Chinese companies not only have to pay high taxes but also face mandatory contributions to pensions, health insurance, unemployment insurance, and housing funds. According to data from the World Bank and PwC, China's total tax and contribution rate for a typical midsize firm was 59.2 percent of profits in 2019. (In the United States, the rate was 36.6 percent of profit.)

Firms tend to expand rapidly, meanwhile, because doing so buys them leverage in price negotiations with upstream suppliers



and grants them visibility with lenders, who tend to equate large scale with low risks. By expanding quickly, firms also hope to win preferential treatment from local officials eager to showcase large industrial champions.

Finally, many firms end up slashing prices because they become trapped in a death spiral: once one firm cuts prices, others must follow to defend their market share, even if it erodes everyone's margins. Take the EV industry. In 2022, Chinese automakers cut prices on 95 passenger vehicle models. In 2023, that number rose to 148, and by the end of 2024, it was 227. Even as BYD's overseas sales continue to grow, the company's net profit in the second quarter of 2025 fell 29.9 percent year on year.

These firm-level calculations are reinforced by the same structural pressures that shape local officials' thinking. Local governments are reluctant to let duplicative or unprofitable firms exit the market, especially as property revenues decline. Even unprofitable firms, after all, contribute to local coffers through the VAT, payroll taxes, and mandatory social security contributions. This helps explain why local governments prop up firms that lose money, at least on paper: a failing factory still employs workers, thus paying labor-related taxes and social contributions; it still buys inputs, which generate VAT; and it still adds to industrial output statis-

tics that matter for cadre evaluation. In other words, unprofitable firms remain fiscally valuable not because they generate profits but because they generate taxes.

AT THE MARGINS

If companies, financiers, and local officials are all behaving rationally within the system and the result is overcapacity, then the only way to change course would be to change the system. So far, however, Beijing is merely making tweaks. Recently, for instance, officials introduced draft legislation that would ban companies from using algorithms to dynamically adjust prices based on demand, costs, or competitors. Beijing also introduced new regulations that require large firms to settle payments with small and medium-sized suppliers within 60 days—a response to the EV pricing war, which saw firms financing their discounts by stretching out payments to their suppliers. And in July, the CCP published a draft amendment to a 1998 pricing law—the first major revision to the law—which would, among other things, prohibit below-cost pricing that is intended to eliminate rivals, clarify penalties for unfair pricing, and ban forced bundling or data-driven discounting.

But the price wars are a mere symptom of the overcapacity problem. Beijing can't hope to make meaningful progress without reengineering the underlying incentive structure that is causing overcapacity. Consider, for example, how the CCP evaluates local officials. At present, cadres are promoted largely based on how much growth they deliver; that means judging them based on how much new factory space they build and how many roads or industrial parks they pave. Such measures favor scale over quality. If China wanted to dismantle the barriers and redundancies that waste capital and sap productivity, it would instead use metrics that judge officials on concrete targets for new business formation as well as on survival; not only how many private firms are registered each year, for instance, but also how many remain operational over a longer time horizon.

But new metrics alone would not be enough. China's taxation system would also need to be overhauled. Some reforms have been debated in Beijing, such as shifting more tax revenue from the central government to the provinces or restructuring local government debt, but so far, the CCP has not made any changes that have altered

the behavior of local officials. As long as land and factories keep local governments solvent, overcapacity will remain an attractive fallback.

If the CCP wants to make good on its oft-repeated slogan “Invest early, invest small, invest long-term, and invest in hard tech,” then it will also need to significantly retool the financial system. Regulators would have to require, for instance, that big banks dedicate long-term lending portfolios to technology companies. China’s stock and bond markets, meanwhile, would need to mature quickly to become

Unwinding
overcapacity is
the ultimate test
of Beijing’s ability
to self-correct.

genuine alternatives to collateral-heavy bank loans. That means speeding up slow approval queues and strengthening accounting rules and investor protections so that entrepreneurs and investors alike see public markets as reliable. Currently, bonds and stocks account for just 31 percent of all the funds available from both bank and non-bank sources in China—less than half that

available from equivalent sources in the United States.

To unlock more financing, China would have to develop financial tools for raising and recycling capital. Common tools in the United States—such as convertible bonds, loans that can turn into shares if a company succeeds, or venture debt (credit for startups without hard collateral)—are practically nonexistent in the world’s second-largest economy. And yet China is sitting on a vast pool of domestic savings; household deposits and gross savings rank among the highest in the world, amounting to a colossal 43 percent of GDP as of 2023. Building a more active secondary market for private equity stakes, encouraging corporate acquisitions of startups, and restoring confidence in public listings would ensure that capital keeps cycling back into the next wave of young firms.

Finally, if Beijing wants to see innovation as opposed to just imitation, it would have to design and enforce a competition policy that rewards originality. The draft reforms to China’s pricing law and new rules on algorithmic discounting are steps in the right direction, but without more robust enforcement of intellectual property rights and fair competition laws, copycats will continue to proliferate. China’s intellectual property enforcement is weak: the U.S. Chamber of Commerce ranked China 24th out of 55 economies in its 2024 International IP Index. Curbing predatory

pricing and coercive platform tactics will help firms with little capital, but protecting intellectual property raises the return on genuine innovation.

DEFYING THE ODDS

The Chinese system has produced some extraordinary innovation. But breakthroughs in China often come from sheer technical ingenuity and determination. DeepSeek, for instance, the AI firm that stunned global observers with its advances in large language models, built much of its momentum because of internal resourcefulness and a highly disciplined engineering culture. The fact that it didn't rely on mainstream financing channels underscores the weaknesses of the system rather than its strengths.

The same pattern is visible in other sectors. China's new semiconductor challengers, for instance, are pushing against the dominance of the U.S. tech company Nvidia by exploiting narrow technical edges, tapping the country's deep engineering ecosystem, and reacting to urgent market demand for domestic alternatives. Robotics startups, likewise, are advancing through lean operations, rapid prototyping, and close integration with local supply chains. Some observers see these developments through a positive lens and have concluded that China's tech ecosystem is efficient and competitive. But the Chinese firms that are succeeding are the ones that can persevere in an environment that is rigged against them. In the industrial robot sector, for instance, there are already signs that overcapacity will undermine progress: some sales prices are reported to be even lower than the cost of materials, eroding margins before firms have even turned a profit.

To create a more sustainable model—one that encourages innovation but doesn't spiral into overcapacity—China will have to undergo an institutional reckoning. The logic of speed over quality, of scale over innovation, and of investment volume over returns is deeply embedded in the system. Reversing that logic means making long-deferred tradeoffs and moving past the structures that once powered China's incredible rise.

In this sense, unwinding overcapacity is not just an economic adjustment. It is the ultimate test of Beijing's ability to self-correct—and of whether the Chinese model has reached a plateau or can once again soar to new heights. 🌐

REVIEW ESSAY

The Miseducation of Xi Jinping

How a Father's Struggle Revealed the Price of Power

ORVILLE SCHELL

The Party's Interests Come First: The Life of Xi Zhongxun, Father of Xi Jinping

JOSEPH TORIGIAN. Stanford University Press, 2025, 718 pp.

Given the flood of books on China that has poured forth in recent years, one might think the rest of the world would have figured out that provocative country by now. But much of China's historical evolution continues to defy Western understanding, and many of its leaders remain tantalizing conundrums—few more so than Xi Jinping, the general secretary of the Chinese Communist Party and the president of the People's Republic of China. Having watched him up close on official trips, once in 2015 with U.S. Vice President Joe Biden and once during U.S. President Donald Trump's 2017 trip to China, I've encountered few leaders whose body language and facial expressions reveal so little about what's going on inside

their heads. With a Mona Lisa-like hint of a smile permanently etched on his face, Xi's mien is hard to read.

Opacity may have been a skill Xi learned as a child, according to Joseph Torigian's prodigiously researched epic *The Party's Interests Come First: The Life of Xi Zhongxun, Father of Xi Jinping*. Torigian quotes the Chinese historian Gao Wenqian, who suggests that after watching his father's fall from grace within the CCP, Xi learned the art of “forbearance and concealing his intentions, not revealing anything.” Xi Zhongxun, a close colleague of Mao Zedong's, had been intensely loyal to both the party and its revolution, only to be repaid with political persecution, abuse, imprisonment, and domestic exile. This was the world in which Xi Jinping came of age.

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As Torigian observes, the history of internal CCP dynamics confronts scholars, especially those not from China, with “one of the most difficult research targets in the world.” Not only do they have to contend with the formidable language barrier, but the CCP is so sensitive about having its dirty laundry aired in public that it goes to great lengths to distort its historical record with propaganda and to keep embarrassing documents off-limits. The result is an official history that is immaculately well scrubbed and ordered lest it reveal any fallibility.

But peek behind the veil, and a different reality reveals itself: a dog-eat-dog world of power struggles, artifice, hubris, treachery, and duplicity—yet also an enormous amount of sacrifice. By limning the life of Xi Zhongxun in such extraordinary detail, Torigian helps readers see behind the veil and understand the political crucibles in which father and son were “forged,” the term both use to describe how they were shaped by revolutionary hardship and struggle.

“The fall of Xi Zhongxun was a turning point in Chinese history,” Torigian writes. It was also a turning point for the Xi family, which spiraled into tragedy thereafter. Xi Jinping was only nine years old in 1962, when his father, a senior member of Mao’s government, was purged on spurious charges, including approving the publication of a novel about his mentor. The elder Xi was plunged into 16 years of political ostracism and violence—he was beaten so badly he became deaf in one ear—that continued until the rise of Deng Xiaoping, in 1978, and the end of the Cultural Revolution.

As one former colleague recalled, Xi’s purge caused him “psychological damage.” Yet despite all the abuse, Xi continued to insist that all he wanted to do was to “struggle his entire life for the party.” One is left to wonder why—and how all the injustices and indignities inflicted on the Xi family affected his children.

Xi Jinping’s childhood was so traumatic that being “sent down” to the countryside in 1969 to spend seven years in grinding poverty and “learn from the peasants” during the Cultural Revolution came as a relief. Of course, the whole time he lived under the mortifying shadow of his father, a “counterrevolutionary,” which was one of the lowest categories of political damnation in the CCP playbook. As Torigian writes, Xi Jinping “suffered special mistreatment” because of his father, whom he was forced to denounce. One can only imagine his humiliation as a teenager to have his application to join the Communist Youth League—a precursor to full party membership that every child coveted—rejected eight times. And then, before the Cultural Revolution finally ended, his sister, who had suffered her own torments, hanged herself in despair.

Lest any whiff of pop psychology tarnish his rigorous scholarship, Torigian insists his book “is not intended to be a Freudian analysis” of this father-son drama. Instead, he writes that his intention was to use “the life of one rather unique individual to tell the story of the Chinese Communist Party in the twentieth century.” By tapping into new Chinese, English, French, and Russian sources based

largely outside China, Torigian has done that and more. Few sons ever escape the influence of their fathers, and by just laying out this father-son narrative, Torigian helps readers gain a deeper sense of how Xi Jinping's passage to adulthood made him who he now is.

STRUGGLE SESSION

Xi Zhongxun, Torigian says, was drawn to the promise of Marxism-Leninism in a manner that was "more emotional than ideological." Born to a peasant family in 1913, just after the abdication of the last Qing emperor, he received only a rudimentary education in China's hardscrabble northwest Shaanxi Province. "A tough man with chauvinistic tendencies," writes Torigian, Xi Zhongxun "found motivation in the self-sacrifice and dedication of the professional revolutionary." His idealization of the Communist revolution, which began in the early 1920s, remained a leit-motif throughout his life, even when the party turned on him in the most irrational and brutal ways.

He first became caught up in the party's internecine power struggles in the early 1930s, when as a young man working with two of Shaanxi Province's most celebrated Communist leaders, Liu Zhidan and Gao Gang, he fell victim to a byzantine purge that saw hundreds executed. Xi was accused of "rightism"—insufficient ardor in executing "class enemies" such as landlords and rural gentry—and consequently beaten and imprisoned. Throughout his ignominy, however, he remained steadfastly loyal to the party and revolution. "I believe

that the Central Committee will definitely clarify this matter," he optimistically declared. "I absolutely am not a counterrevolutionary."

His fate did change in 1935, when Mao, in need of refuge from his beleaguered Long March, stumbled into the Shaanxi area and ended the purge. Xi was rehabilitated and assigned to do "United Front work" with the Nationalists, who had temporarily joined forces with the Communists to fight the Japanese. Next, he moved to the Communists' capital, Yanan, where he headed the Northwest Bureau Party School.

Mao's paranoia about enemies and desire for ideological uniformity reached hysteria in 1942, when he launched his "rectification campaign." At the time, many top leaders, including Premier Zhou Enlai, were forced to engage in days of humiliating self-criticism and confession. Xi had been sent to the commercially successful Suide subregion, where he helped organize mass rallies to expose putative spies, enemy agents, and other imagined political malefactors. Torigian describes the rallies as generating "a persecutorial mania that combined elements both farcical and terrifying" and wonders how to definitively account for such extreme actions by Xi, whom he views as a relative moderate.

"Xi was a party member," Torigian surmises, "so when he was told to find spies, he did." His goal was to "do everything possible to demonstrate his loyalty to Mao." As a result, Mao ended up gifting him a white cloth inscribed with the phrase "The party's interests come first," a token

he cherished. Despite all the political extremism that Xi was forced to endure, however, Torigian describes him as a person who preferred “balance,” a state that was difficult to find under Mao.

As his career took off, Xi gained new posts with increasing responsibilities and visibility until he became known as “the king of the Northwest.” In 1944, however, his eight-year marriage to Hao Mingzhu, with whom he had three children, fell apart. The same year, he married the 17-year-old Qi Xin, with whom he went on to have four more children, including Xi Jinping.

As the Communists gained ground on the Nationalists in the late 1940s, Xi joined Mao’s land reform movement, which saw millions of landlords “struggled against” and executed. He expressed doubts about such tactics and tried to make the case for a more moderate “middle path.” But this was a time of extremes, and Xi went on obediently supporting Mao in his next campaign against “counterrevolutionaries.” Xi even exhorted his minions to “kill enough to create awe and terror”—a logic, explains Torigian, that presupposed “the party could somehow achieve a ‘right’ number of executions.”

After Mao’s People’s Liberation Army finally triumphed over the Nationalist forces in the Chinese Civil War, in 1949, Xi worked in a variety of central government positions in the newly established People’s Republic of China. His posts included minister of propaganda and managing relations with the Soviet Union, then China’s socialist “big brother.” In 1956, he

joined the CCP’s Central Committee and then three years later became a vice premier under Zhou on the State Council, the chief administrative branch and national cabinet. It was there, Torigian reports, that Xi learned that Mao’s impetuous communization of agriculture, the so-called Great Leap Forward, had created one of the worst famines in human history and that “Zhou’s priority was not good policy” but “political survival.”

By 1962, a strange brew of convoluted accusations laid Xi low once more. Because of Moscow’s *détente* with Washington and Russian Premier Nikita Khrushchev’s emphasis on de-Stalinization, the Soviet Union had become China’s enemy; Mao began to fear Xi might have become infected by Khrushchev’s “revisionist” virus. Then there was a novel that Xi had reluctantly approved for publication about Liu Zhidan, his old mentor from Shaanxi Province, whom some rivals were now criticizing. Xi was accused of having “illicit relations with Moscow,” approving an incorrect work of fiction, and being an “anti-party” element. Even after numerous confessions, self-criticisms, and apologies, he found himself excommunicated again by the very party to which he’d dedicated his life.

“Thirty-six years of affection were ruined all at once,” he wrote as the next round of humiliations began. He felt like “a person who fell off an eighteen-floor building,” he told a friend.

All this happened before the Cultural Revolution began, in 1966. As Mao launched his Red Guard army against the party headquarters and

THIS HOLIDAY SEASON GIVE

Foreign Affairs



THE GIFT THAT LASTS ALL YEAR

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state apparat that he believed were becoming too bureaucratic and bourgeois, Xi was exiled to a metal-working shop in Henan Province. There, insult followed injury. Kidnapped by a group of Red Guards, he was transported to a prison and then paraded before a stadium filled with detractors, arms bound behind his back, and beaten as the crowd screamed, "Topple! Set on fire! Deep-fry!" He was later imprisoned, plunged into repeated struggle sessions, and subjected to more beatings.

In desperation, Xi wrote pleas to his old comrades Mao and Zhou. Although neither replied, Torigian notes that Xi "never abandoned his emotional attachment to Mao" or his devotion to the party. Despite his willingness to repeatedly yield, even pander, to Mao and the party, Xi still comes across as well intentioned: someone trapped between submitting and surviving or opposing and being crushed. The party left no middle ground.

"DOWN WITH XI JINPING!"

In Xi Zhongxun's absence, his young second wife mothered their children as well as she could. But because of her husband's fallen state, she was put on a "black name list" at the Central Party School where she worked and soon suffered numerous physical attacks. This left her children in the painful position of needing parents who had been rendered unlovable.

"I both could not stand to look at the black-and-blue scars on her face and was also worried that my classmates would surround her and look down on her, and I would feel ashamed," Xi Jinping's brother wrote of the embar-

rassment he experienced when his mother walked him to school. "I often cried silently out of humiliation for my mother and family."

One of Xi Jinping's teachers remembered him suffering "extremely unfair treatment" because of his parents. At his mother's work unit, for instance, the young Xi was the only one dragged out with a group of adults to be publicly criticized. The teenager endured his own mother chanting, "Down with Xi Jinping!" out of fear of more persecution herself. When Xi later sneaked out of his school one night to run home and beg his mother for food, she rebuked him and turned him in to the authorities. At 15, he was brought in for questioning and detention at a facility where, he later claimed, he "collapsed from sickness" and "even thought of death." When, in 1969, he was shipped off as a "sent down youth" to a penurious village in Shaanxi to do seven difficult years of manual labor, he felt it as a deliverance.

When Mao died, in 1976, Deng Xiaoping returned to power, and Xi Zhongxun was finally allowed to return to Beijing. He described his mood as both "joyful and terrified." Despite all the official abuse, he still looked on the chance to contribute to China's development again as a "glorious mission." He was assigned as a deputy provincial party secretary to Guangdong Province and charged with cleaning up the mess left by the Cultural Revolution. He was also tapped to help initiate the new special economic zone in Shenzhen, one of four such zones that Deng had approved to bring in foreign investment and invigorate China's

lagging socialist economy with market forces. By 1980, Xi was leading China's first delegation of governors to the United States.

Xi proved a deft reform leader and gained a reputation for being open-minded. But even though Xi Zhongxun and his family were ultimately reinstated, Torigian says that the "problems at the heart of the Leninist system"—which had allowed their political persecutions in the first place—remained unresolved. As the CCP amply demonstrated when it ordered troops to fire on protesters in 1989, the party had not lost its habit of responding to both real and imagined political challenges in harshly punitive, often murderous, ways. And so, when Xi Zhongxun died, in 2002, his children's generation was left to wrestle with the same contradictions in China's political system that he'd found so intractable.

Ten years later, when Xi Jinping was enthroned as China's supreme leader, he came freighted with all the hopes to which his father's last years in office had given rise. Many mistakenly thought Xi would follow in his father's reformist footsteps and that China might slowly evolve into a more collective form of leadership, adopt a rule-of-law-based system, and welcome a more liberal economy. Torigian's book offers a wealth of clues as to why these hallmarks have not ended up distinguishing Xi Jinping's tenure.

REDDER THAN RED

Torigian recognizes that "the emotional pressure on a child who was denied participation in the grand adventure of revolution because of

family ties must have been intense." But he is wary of addressing the question of what Xi Jinping learned from his father's manic odyssey head-on. Although he'd rather let readers come to their own conclusions, he leaves a breadcrumb trail that is easy to follow.

In what Torigian describes as "a rare moment of candor," Xi Jinping once confided, "My father entrusted me with two things: don't persecute people and tell the truth. The first is possible, while the second is not."

Readers may wonder, of course, if the first "thing" is not also impossible in modern China. But one finishes this family saga more fully understanding why, for Xi Jinping, opacity and mendacity became the best guarantors of survival. "Ironically," Torigian writes, "guessing what [Xi] Jinping 'really thinks' of his father is difficult in part because he grew up in the Xi household—a place where a person would have learned the need for caution and reticence at a young age."

While the young Xi was rustivating as a teenager in Shaanxi, he seems to have absorbed one other lesson: the best protection against being viewed as an apostate was to become more orthodox than anyone else. As one U.S. Embassy official wrote in a report quoted by Torigian, Xi concluded that "by becoming redder than red," he could both assuage his own embarrassment regarding his father and armor himself against further criticism.

The more challenging question than how the father influenced his son, however, is one that lingers everywhere in this book: What does a one-party state such as China do with a revolution in which its own leaders—not outside

colonialists, imperial overlords, or exploitative capitalists—became society's main oppressors, all in the name of "liberation"? Can such leaders ever be expected to embrace their government's past with enough honesty to acknowledge the damage done, much less make amends?

The Germans accomplished such a reckoning, but only after the complete defeat of the Nazis. And it was not until 1970 that Willy Brandt, chancellor of West Germany, fell to his knees in apology before the memorial at the Warsaw ghetto. "Faced with the abyss of German history and the burden of the millions who had been murdered, I did what we humans do when words fail us," he later wrote in his memoir.

Because the CCP is still in power, China's challenge is far more difficult than Germany's. For Xi Jinping or other party successors to similarly reckon with their country's past, they would, in effect, have to take down the portrait of Chairman Mao that hangs on the Gate of Heavenly Peace in Tiananmen Square. Such an act would betray the legacy of all those who, like Xi's father, devoted their lives to the sacred cause of Mao's revolution. Xi Jinping continues to venerate the party and views criticism of its record as "historical nihilism." Indeed, it's unlikely he will ever admit to the magnitude of crimes it committed against him or his country, much less abandon the rationalizations he inherited from his father that the revolution's travails may have involved excesses but are excusable because they helped forge a better future for China.

Torigian seems vexed by this predicament for China. He ends with this

line: "Left out of this narrative is a full account of the terrible costliness in human suffering that has come along with the revolutionary project—a Faustian bargain seen so clearly in the life of the man Xi Zhongxun."

It is not clear whether Xi Zhongxun understood that to remain a loyal player in Mao's China, he had to sell at least part of his soul. But it is clear that his son, despite all of China's manifold accomplishments, confronts the same wager. Standing alongside Russian President Vladimir Putin and North Korean leader Kim Jong Un, Xi recently declared at a military parade in Beijing that "the great rejuvenation of China is unstoppable." Then, sounding almost American, he proclaimed that "the Chinese people firmly stand on the right side of history and on the side of human civilization and progress."

Yet Xi's declarations were bereft of any suggestion he'd ever be ready to honestly reckon with the CCP's ruinous past. Therein lies the main obstacle to China ever becoming a truly respectable great power. If Xi were to confront history, he would have to demolish the party's pretense that the Chinese Communist Revolution was largely a benign, productive force. So far, nothing suggests he has sufficient dedication to historical accuracy to do that. But future generations in China, those not bound by the same baggage as the Xi family, may someday find their voice and want to overturn Mao's old mendacious order. If they do, they may ironically find it helpful to consider one of Mao's most iconic slogans: "Without destruction, there can be no construction." 🌀

REVIEW ESSAY

Exorbitant Pillage

Can the U.S. Dollar Survive the U.S. Government?

LAEL BRAINARD

*Our Dollar, Your Problem: An Insider's View of Seven Turbulent
Decades of Global Finance, and the Road Ahead*

BY KENNETH ROGOFF. Yale University Press, 2025, 360 pp.

The U.S. dollar has dominated the global economy for more than seven decades. Roughly 90 percent of foreign exchange transactions today involve the dollar. The overwhelming share of international trade—including 74 percent in Asia and 96 percent in the Americas—is priced in U.S. dollars. Dollars account for 58 percent of central bank reserves held outside the United States. Around the world, private holdings heavily favor dollar-denominated assets.

Dollar dominance yields important benefits for the United States. It reduces price volatility in U.S. foreign trade, enables Washington to borrow expansively and at relatively low cost, and gives the U.S. government powerful tools for sanctioning its adversaries.

And as the renowned economist Kenneth Rogoff convincingly argues in his highly engaging new book, *Our Dollar, Your Problem*, a dominant currency is incredibly difficult to displace. Inertia is a powerful force keeping the dollar on top; the strength of U.S. political and financial institutions is another. And although numerous countries have chafed against the dollar system, none have offered an alternative strong enough to overcome the dollar's incumbency advantages. But Rogoff also warns that dollar dominance may have reached its peak, suggesting the United States will need to craft its policies with care if it is to hang on to its privileged position.

Successive U.S. administrations have adopted policies that shored up or at

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least avoided undermining the dollar's dominance. They respected the independence of the Federal Reserve and the United States' international commitments, including its role as steward of the global financial system. The Trump administration, however, is attacking the institutional foundations that underpin the dollar's status. It is testing the bounds of executive power and receiving little pushback for doing so. It is attempting to weaken the independence of the Federal Reserve's monetary policy authority and of the government's official statistical agencies. And it is questioning the United States' commitments to its allies and partners.

The Trump administration is taking these steps at the same time that it is introducing policies whose sustainability depends on maintaining the dollar's privilege, particularly the massive spending bill President Donald Trump signed in July and which is projected to astronomically increase the U.S. national debt in the next decade. If dollar dominance erodes, Washington's borrowing power erodes, too, and the cost of servicing its debt rises. And if a spike in interest payments on the federal debt combines with a swoon in the value of the dollar, the U.S. government could find its fiscal options constrained in ways that could inflict lasting damage on the economy.

SAFE AT THE TOP?

Using the U.S. dollar allows foreign countries to conduct business all over the world without maintaining balances of multiple countries' currencies—a convenience that reinforces

the dollar's position, just as the convenience of using English has made it the common language of global communications. Diversifying away from the dollar could come with considerable costs because it could require holding balances of a large number of currencies and managing the risks of exposure to fluctuations in each.

Still, both allies and adversaries of the United States have tested the dollar's status. As Rogoff explains, however, none of these challengers have had what it takes to become dominant.

Since the advent of the eurozone in 1999, for example, the dollar's share of foreign exchange reserves has fallen from 71 percent to 58 percent, and the euro has held on to second place, with a 20 percent share. But Rogoff contends correctly that it will be difficult for the euro to displace the dollar unless foreign investors believe euro-denominated official debt markets provide sufficient liquidity, which would require overcoming political and institutional constraints on greater issuance of jointly backed debt.

China and Russia have also become more motivated to seek alternatives to the dollar as the United States and its allies become increasingly effective at using the dollar-denominated payments system to impose sanctions. After Russia's invasion of Ukraine in 2022, for instance, Washington and its allies limited the access of Russian banks to international payment systems, placed a price cap on Russian oil exports, and froze Russia's sovereign assets held abroad. China, in part to reduce its own exposure, is now working with partners including

Brazil, India, and Russia to develop an alternative payment system using its renminbi, and working with additional countries to set standards for cross-border digital currency transactions, capitalizing on the United States' absence from this area.

But Rogoff notes that these efforts to internationalize the renminbi and displace dollar-based systems will fall short unless China institutes reforms. Only by liberalizing its capital markets and taking steps to expand and reduce price fluctuations in renminbi bond markets can Beijing give foreign investors confidence that they can liquidate their renminbi assets whenever they need access to cash.

NET BENEFITS

In the 1960s, Valéry Giscard d'Estaing, who would later become the president of France, decried the dollar's dominant status and the benefits it afforded the United States as an "exorbitant privilege." Rogoff treats those benefits, as well as the burdens of dollar dominance, in an evenhanded way. Because the United States can borrow from foreigners and pay them back in its own currency, others bear the risk of shifting exchange rates. In practice, this means reduced volatility in the prices of many U.S. imports and exports. As the country issuing the dominant currency in the formal international payments system, the United States has significant visibility into cross-border transactions and powerful means to impose sanctions to impede those flows. Washington also has ample influence over the rules of the international financial system;

it is the only member with enough voting power to veto decisions at the World Bank and the International Monetary Fund.

Dollar dominance enables the United States to borrow expansively and pay considerably lower interest on its debt than many other countries, a privilege that is particularly important today, when U.S. government debt is high and rising. Washington can borrow relatively cheaply because foreign investors are willing to pay a premium for the "convenience yield" of U.S. government bonds. These safe, highly liquid assets have been in strong demand because they can be relied on to hold their value in times of financial stress and are the dominant form of collateral underlying many international financial transactions. Rogoff highlights recent estimates that the U.S. government saves \$140 billion each year in international debt service costs as a result of the lower interest it is able to pay on its borrowing—a figure that may be as high as \$600 billion per year including payments on debt held by domestic investors.

The dollar's reputation as a safe asset typically means that demand for the currency surges during times of financial stress. The United States, therefore, can borrow a lot of money even amid an economic crisis. During the 2008 global financial crisis and the 2020 downturn amid the COVID-19 pandemic, for instance, the U.S. government was able to cushion the effect of economic shocks on American businesses, workers, and households and ensure a more rapid recovery compared with other countries.

Yet dollar dominance is not entirely advantageous for the United States. Rogoff notes that historically, countries with dominant currencies have typically been those with leading military power—and being a military superpower is extremely expensive. He also argues that the practice of temporarily swapping dollars in exchange for foreign currency from a few major central banks in moments of financial crisis represents a burden for the United States. But this is not an obligation of dollar dominance; it is a courtesy extended by the Federal Reserve. In the rare instances that these swaps have been used, such as during the 2008 financial crisis and at the start of the pandemic, they have boosted U.S. financial stability without incurring any actual cost.

Perhaps the most politically salient burden has been the competitive disadvantage of American manufacturing businesses and workers during periods when the U.S. dollar was particularly strong. From 2000, the year before China's entry into the World Trade Organization, to 2005, for instance, China did not allow the renminbi to rise in value against the U.S. dollar in nominal terms, despite a threefold increase in China's exports to the United States. This combination had devastating, long-lasting effects on jobs and manufacturing in factory towns across the United States. Still, it was not dollar dominance itself that brought about these losses but the combination of Chinese industrial policies, trade policies, and currency intervention and the failure of U.S. officials to effectively counter those practices.

CRACKING THE FOUNDATIONS

On the whole, Americans stand to gain from preserving the dollar dominance that has endured over the past seven decades. Continued dominance requires that U.S. dollar securities remain attractive to foreign investors. Underlying that attractiveness, Rogoff emphasizes, is the strength of U.S. institutions and norms: an independent Federal Reserve, the rule of law, and a record of reliable international engagement. U.S. institutions guard against high inflation, which could reduce the value of claims; protect creditor rights; preserve access to capital markets; and maintain strong creditworthiness. Those foundations have protected the dollar's status even as U.S. policy has fluctuated and foreign challengers have emerged.

The expectation that dollar dominance will persist is based on assessments of both the advantages of incumbency and the resilience of U.S. institutions. The trouble is that *Our Dollar, Your Problem* ends with the November 2024 U.S. election, so it does not engage with the steps Trump has taken in his second term that may challenge those assumptions.

For one, the Trump administration has unilaterally raised tariffs on U.S. imports to levels not seen since the 1930 Smoot-Hawley Tariff Act, perhaps to offset some of the tax revenue losses from its July spending bill. Secretary of the Treasury Scott Bessent has promised "several hundred billion dollars a year of revenue, which will correlate to several hundred billion less [in] bonds that the Treasury has to issue." To date, country-by-country

tariffs have risen to an average effective rate of about 17 percent, which amounts to a nearly eightfold increase in tariffs since last year. U.S. allies have not been spared: even the United Kingdom, a close partner with which the United States runs a trade surplus, is facing ten percent tariffs.

The administration's unilateral action ignores Congress's constitutional power to set tariffs. Already, a federal appeals court has found Trump's blanket tariffs to be an overreach of executive authority under the 1977 International Emergency Economic Powers Act. Because the administration also imposed tariffs without regard for existing U.S. trade agreements, it has raised doubts about the credibility of the U.S. government's international economic commitments—an important underpinning of faith in the dollar system.

The Trump administration, furthermore, has repeatedly questioned the Federal Reserve's independence in setting monetary policy. For foreign investors to remain willing to invest heavily in low-yield Treasury securities, they must have confidence that the United States will not inflate away the value of their claims. The independence of the central bank is vital to that confidence. Rogoff makes a compelling case, drawing on his own seminal research, that U.S. Treasuries are considered safe assets in part because the Fed has maintained its political independence and has a record of delivering mostly low and stable inflation since the mid-1980s.

The risk of higher inflation and higher unemployment that accompanies the Trump administration's

tariffs has put the Federal Reserve's monetary policymaking committee in a tough spot. The president has criticized the Federal Reserve for not lowering rates fast enough and threatened to fire the Federal Reserve chair. He also fired a Federal Reserve governor without due process, although a district court and a federal appeals court have blocked the move, and appointed a new governor who is concurrently a member of the White House staff on leave of absence—both historical firsts. All of this amounts to an unprecedented attack on the independence of the institution. Trump has explained that he believes the Fed must lower rates to cut interest payments on the national debt (which his July spending bill will increase), claiming Powell could deliver “almost a trillion dollars in saving just with a stroke of a pen.” If investors believed the Federal Reserve would prioritize debt management over its statutory mandate to fight inflation, however, they would demand higher yields on Treasury securities to compensate for higher expected inflation, and federal interest payments would go up—not down.

Similarly, after the Bureau of Labor Statistics released a July employment report showing weak job growth, Trump fired the agency's Senate-confirmed head. Such actions threaten the institutional independence of official statistical agencies and the integrity of the data they produce. Investors' confidence in the strength and safety of the dollar, meanwhile, depends on their confidence in the quality of U.S. government statistics

used to assess the state of the U.S. economy and financial system.

PLAYING WITH FIRE

Worryingly, all of this is happening just when the administration's new law is adding more than \$4 trillion over ten years to the U.S. national debt. U.S. debt is already about 100 percent of GDP, and the costs of interest on the debt are rising each year. As the Trump administration plans to borrow even more, its attacks on the foundations of dollar dominance may jeopardize the advantages that come with ready demand for U.S. Treasury securities, including savings of more than \$1 trillion in debt service payments over the course of a decade.

Initially, financial markets reacted sharply to the administration's aggressive, unconventional moves to raise tariffs or threaten the independence of the Federal Reserve: longer-term U.S. Treasury yields jumped—increasing the cost of borrowing for the U.S. government—and the dollar lost value.

In response, the administration softened its actions. On April 9, just a week after Trump's so-called Liberation Day announcement of sweeping tariffs saw Treasury yields spike, the dollar weaken, and the stock market sink, the president paused the rollout for 90 days. After Trump posted on social media on April 17 that "Powell's termination cannot come fast enough!" and Kevin Hassett, the director of the National Economic Council, said publicly the next day that the administration was exploring options to make that happen, the U.S. stock and bond markets reacted in the same way, and the dollar fell

again. Trump made another pivot on April 22, stating that he had "no intention of firing" Powell.

Yet it is folly to bet on the alternatives to the dollar being so inadequate that Washington can continue to flout long-established norms and commitments without consequence. Although there may not be a single currency that has all the necessary attributes to displace the dollar, there is still considerable risk that the centrality of the dollar could diminish over time. Already, the dollar's share of global reserves has fallen by more than ten percentage points since 2000. Innovation in finance and payments is developing rapidly, and challenger countries are working hard to craft alternatives to the dollar-based system.

The case for maintaining the dollar's privilege is stronger than ever, as ballooning deficits make it imperative to keep debt service costs low. Washington's strategy of using sanctions to further its national security interests, moreover, requires access to the financial tools that the dollar's position affords. If the current administration carries on with its attacks on the independence of the Federal Reserve and official statistical agencies and continues to undermine the credibility of the United States' international commitments, it could erode the dollar dominance on which so much of U.S. domestic and foreign policy depends. The dollar is not invulnerable, and now is not the time to make bad choices and count on good luck alone. If their currency falls from its pedestal, Americans will pay the price. 🌪️

REVIEW ESSAY

Putins All the Way Down

How Russia Was Remade

JOSHUA YAFFA

Our Dear Friends in Moscow: The Inside Story of a Broken Generation
BY ANDREI SOLDATOV AND IRINA BOROGAN. PublicAffairs, 2025, 336 pp.

Ideology and Meaning-Making Under the Putin Regime
BY MARLENE LARUELLE. Stanford University Press, 2025, 414 pp.

More than 25 years ago, at the outset of Vladimir Putin's rule, Russia's political future felt undetermined, or at least full of contradiction. The state nurtured some freedoms but repressed others; it made a nod toward democracy yet kept its politics carefully managed. It flung open the doors to free-market capitalism but allowed those same markets to be preyed upon by oligarchs, insiders, and corrupt officials. And it tolerated a degree of feisty, muckraking journalism, even if it subjected reporters engaged in that work to pressure and threats. Above all, with rising oil prices and living standards and growing ties to the West, Russia seemed to offer its citizens a decent, even promising existence—on the condition that they stay out of politics, a dominion ceded to the state.

What the state lacked, and not by accident, was any particular ideological orientation. In part, this was a reflection of political reality. In the years after 1991, Russians were trained cynics, having lived through Soviet decline and collapse; forcing belief would be a difficult endeavor, with an unclear upside. They then entered the twenty-first century with conflicting ideas and views—Was communism a virtuous system or an idiotic one? Was the Soviet collapse a moment of freedom and opportunity or a hardship? So it seemed better to keep the tent big, to borrow from the world of American party politics, than to force a reckoning on what people should or should not believe.

But it was also a matter of law. Article 13 of Russia's post-Soviet constitution

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formally recognized the state's ideological diversity and prohibited the establishment of any single state ideology. Even Putin paid lip service to this principle. As the Russian investigative journalists Andrei Soldatov and Irina Borogan observe in *Our Dear Friends in Moscow*, their colleagues interviewed Putin in 2000, in his first months in office, and asked him whether Russia needed a new ideology. He dismissed the idea out of hand. "It cannot be invented on purpose," he said, adding that the country needed instead to "strengthen the state, the economy, and democratic institutions, including the free press."

Today, that sounds like a long-forgotten fantasy. The Kremlin no longer holds to any democratic pretensions. Putin appears destined to rule indefinitely, and even far down the ballot, independent candidates are kept from running. The free press is gone, as are all manner of basic freedoms, however limited: a "like" on the wrong social media post or a donation to a foundation deemed illegal are enough to merit a lengthy prison sentence. The economy has been largely cut off from the West; travel to Europe is fraught, expensive, and complicated. Above all, the state has seized on ideology to justify itself to the public and provide an orienting narrative: imperialist and militaristic, conservative and anti-Western, undergirded with an atavistic sense of both grievance and righteousness.

Two new books trace the arc of this transformation, presenting the reemergence of ideology as a central question for both state and citizen in today's Russia. In *Our Dear Friends in Moscow*, Soldatov and Borogan look

to their own generation. They tell the story of a one-time group of friends and colleagues, young Russians who, over the course of the Putin years, steadily accommodate themselves to the ruling system, drift toward nationalist and illiberal ideas and justifications, and end up as supporters of Russia's war in Ukraine. By centering their book on the shifting values of these friends, Soldatov and Borogan show how Putin's deliberate strategy to "wall off Russia from the West," as they put it, has been enabled and augmented by Russians themselves.

In *Ideology and Meaning-Making Under the Putin Regime*, the French historian and political scientist Marlene Laruelle demonstrates how the ever-shifting dynamic between state and society has been central to Putin's power. Putin's effort to construct a new national-imperial ideology, she suggests, relies not only on values imposed from above but also on exploiting ideas and strains of thought already circulating in society. Together, these books suggest that far from arbitrary or irrational, the ideas that have driven Russia's ongoing war in Ukraine and broader conflict with the West have resulted from the long and evolving interplay between the Putin system and the people it rules.

TREASON OF THE INTELLECTUALS

In the opening scenes of *Our Dear Friends in Moscow*, Soldatov and Borogan have just been hired by the newspaper *Izvestia*, a former state mouthpiece that became an independent paper after the Soviet collapse. During the 1990s, *Izvestia* had gained a modi-

cum of spunky, speak-truth-to-power freedom, and the authors quickly found themselves thrust into a spirited and ambitious circle of colleagues, friends, rivals, lovers, and intellectual sparring partners. At the center of this cohort was Petya Akopov, then a political correspondent for the paper, and Marina, his chain-smoking wife, who together hosted drinking bouts and philosophizing sessions in their handsome apartment overlooking Gogolevsky Boulevard, a stately, tree-lined thoroughfare in the center of the capital. As Soldatov and Borogan write, the Akopovs' living room—"with its large sofa, a table with two chairs under a shiny chandelier dangling from the high ceiling, and a couch at the arched window"—was where notions of history, politics, and journalism were argued out, marking the beginning of a years-long conversation that evolved in rhythm with Russia's transformation under Putin.

As early as Putin's first years in office, allegiances among these Moscow friends began to shift. Soldatov and Borogan, reporters on Russia's security services, were simultaneously traumatized and galvanized by the heavy-handed response of the FSB, Russia's internal security service, to two horrific hostage crises—at the Nord-Ost theater in Moscow in 2002 and at a school in Beslan in 2004—both of which involved huge numbers of casualties and significant government cover-ups. They watched with confusion and dismay as a colleague at *Izvestia* started writing pieces fed to him by the FSB, and another friend took to making conspiracy-laden, anti-Western documentaries. All the while, Soldatov

and Borogan took note, as if marking notches in the wall—"that year, two of our friends had moved to the other side."

Before long, *Izvestia's* short-lived period of relative independence came to a close, and Soldatov and Borogan's path began to diverge from their more conformist colleagues. From the outside, resisting the emerging status quo looked pointless, or even foolish: there were careers to be made, not to mention money. One newspaper to which Soldatov and Borogan had contributed articles "mocked all forms of protest activity as a pastime for old losers who had failed to find a place in the new Russian reality." As they bounced from one publication to the next, Soldatov and Borogan launched Agentura.ru, their own investigative website about Russia's security services. "We were in our mid-thirties and felt out of step with our own generation," they later reflected.

Still, for a while, it was unclear which way the country would go. In 2008, Putin declined to run again for president, as the constitution required, allowing a supposedly more liberal successor, Dmitry Medvedev, to be elected. But Putin did not step down so much as temporarily step aside into the role of prime minister; and when, in late 2011, he announced his plans to return to the presidency, and parliamentary elections were marred by widespread fraud, it sparked the largest protests in Russia's post-Soviet history. Nonetheless, Putin returned to power amid new crackdowns, and most middle-class protesters retreated to their lives, careers, and families. Around this time, ideology began to raise its head from behind the parapets of the Kremlin's



walls: Putin was now the defender of an emerging set of, as he portrayed them, inherently “Russian” values, and those who opposed him were painted as degenerate, anti-Russian agents.

As Russia’s politics curdled, so did the attitudes of Soldatov and Borogan’s friends. In the wake of the 2011 protests, Petya Akopov called for the assassination of Alexei Navalny, the protest movement’s most visible and charismatic leader (who was ultimately arrested and later died in a Russian prison in 2024). In a column praising Russia’s turn away from European civilization, Akopov also cheered the end of the country’s “liberal experiment.” In 2014, as Russia annexed Crimea and launched a proxy war in eastern Ukraine, Evgeny Krutikov, the political editor who had hired Soldatov and Borogan at *Izvestia* years earlier, went “full imperial,” as they put it, and began promoting “the return of state ideology to Russian foreign policy.”

By the time of Russia’s full-scale invasion of Ukraine, in February 2022, Soldatov and Borogan had fled to London at the urging of security sources, who hinted they were in danger. But for many of their old friends, the war was an opportunity. Weeks after the invasion, Akopov wrote an ecstatic column for RIA, a Russian state news service, arguing that the “Ukraine question” had been solved. Another old journalist colleague and former liberal took his guitar and began entertaining Russian troops in occupied Ukraine. A doctor friend became an impassioned war supporter. Even more remarkable was the trajectory of Olga Lyubimova, the scion of a prominent Soviet theater and film family, whom Soldatov and Borogan had known in the early Putin years when she was a young TV host. By 2020, she had risen to become Putin’s minister of culture, and as the war unfolded, she wielded her vast propaganda apparatus in accordance with

the needs of the state, censoring works deemed politically undesirable while lavishing state funding on patriotic narratives connected to the war effort.

As Soldatov and Borogan survey their former cohort, they realize how many of its “intelligent, well-informed, thoughtful” members have become instrumental to Russia’s war. Not only do many of them support the invasion; they also endorse the antiliberal and anti-Western ideology that has come with it. “They couldn’t feel deceived or misinformed by the Kremlin’s propaganda, because they were themselves a part—and a willing part—of the deception,” Soldatov and Borogan write.

At the end of *Our Dear Friends in Moscow*, the authors observe that their friends and the many millions of Russians like them seem to live as if they were passive observers of “storms and hurricanes one could only accept, but never challenge.” As with previous generations of Russians under autocratic rule, from tsarism to Soviet communism, there was no purpose in worrying about the causes of the storm. The only real choice was “whether to stay outside the regime—doomed to be a loser, a victim of inevitable repression” or to “stay inside and play a role.” As for their former circle, “all of them, ever ambitious, chose to stay in and play.”

FROM ABOVE
AND BELOW

For Laruelle, the story of Soldatov and Borogan’s friends can be seen as an expression of the larger forces that have shaped the Putin era. “The regime’s relationship with Russian society is much more than simply authoritarian,” she writes. “It is cocreational, based on

an implicit social contract” that must be “continuously renegotiated.” One thing, however, has remained constant: Putin’s belief in his mission to restore Russia’s status as a great power. Laruelle identifies this understanding as “a stable element of his geopolitical grammar.” What has changed are the means he has sought to achieve that project, namely the ideas that he and the state apparatus have propagated to justify and explain what the regime deems necessary or expedient.

Over time, the Putin state has borrowed from a number of doctrines that on the surface might seem contradictory: among others, Russian Orthodoxy, tsarism, the Soviet Union’s superpower legacy, populism, and Eurasianism—an early-twentieth-century dogma that sees Russia as neither European nor Asian but following a unique civilizational path. Since the 2022 invasion, these have been augmented by the militarism of the so-called Z bloggers and war correspondents. In drawing on these diverse strains of thought, Laruelle writes, the Putin system is driven by expediency and opportunism. Rather than basing its vision of Russia on a fixed set of political ideas, she writes, the regime has its own worldview and preferences and inclinations, and then seeks “intellectual soil and better articulated doctrine to justify and nurture itself.”

Within that overall dynamic, ideas can move from below as well as from above. Laruelle highlights the case of Ivan Ilyin, the early-twentieth-century reactionary philosopher who gave a moral, even metaphysical, veneer to autocracy and whom Putin took to quoting during his first decade in

power. “The spreading of Ilyin’s works by his supporters is undoubtedly oriented ‘upward’ to the inner circle of elites around Putin, with very little time and energy spent trying to promote it ‘downward’ to a broader audience,” Laruelle writes. Although Putin is the ultimate arbiter and authority, he allows “entrepreneurs of influence,” as Laruelle calls them, to pitch their own ideas or pursue projects they think are in keeping with the Putin state. Take Konstantin Malofeev, known as the “Orthodox oligarch,” a self-proclaimed monarchist who has funded the creation of a conservative media empire, for example, or the far-right ideologue Alexander Dugin, who is less “Putin’s brain,” as he’s often mislabeled, than an opportunist whose ravings about Russia’s unique Eurasian historic mission are episodically useful to the Kremlin.

Laruelle describes how, following Putin’s return to the presidency in 2012, the state’s ideological underpinnings became more formalized. Western-style modernization was pushed aside in favor of a revanchist doctrine that emphasized “Russia’s anti-Western and antiliberal stance, the country’s greatness, and the eternal infallibility of Russian/Soviet state leaders.” Laruelle masterfully explains how, over time, the geopolitical grievances of Putin and his security and military elite—whether over “color revolutions” in the former Soviet republics or the integration of eastern Europe into Western political and military structures—were sublimated into a new vision of the Russian state. As Laruelle writes, the Kremlin increasingly saw the Western-led liberal order as a “cover for U.S. imperialism and

military hegemony” that sought to undermine Russia. These assumptions pushed Putin to become what Laruelle calls “an architect of destabilization and chaos.”

With time, as Putin and the political system he built aged, Russia’s outlook grew more rigid but also more prone to conspiracy and a sense of messianic fate. According to the Kremlin, it was the West that had betrayed its values, leaving Russia as the sole true, honest, and virtuous power left on the world stage. Laruelle calls this notion “Katchon” Russia—a concept drawn from Orthodox theology and repurposed by contemporary right-wing ideologues such as Dugin, according to which the country has a sacred purpose to project sovereign power and military force to serve as the “protector and restorer of order.” In such a worldview, military aggression may seem necessary or even virtuous, whether in Russia’s annexation of Crimea or its 2015 air war to prop up the dictatorship of Bashar al-Assad in Syria. As Laruelle notes, Russia began to combine “Orthodoxy as a spiritual shield and nuclear weapons as a material shield,” a combination that pushed Putin toward full-scale war in Ukraine and helped him build a powerful case for why it was necessary and legitimate.

The war in Ukraine, Laruelle writes, has consolidated the ideology of the Putin state. In addition to “reactivating” Russian imperialism, it has organized the disparate political ideas underpinning that state system into a struggle and a cause that are legible, even existential. Three motivations have seemingly become one, much to the Kremlin’s convenience: Russia’s success on the battlefield, or at least

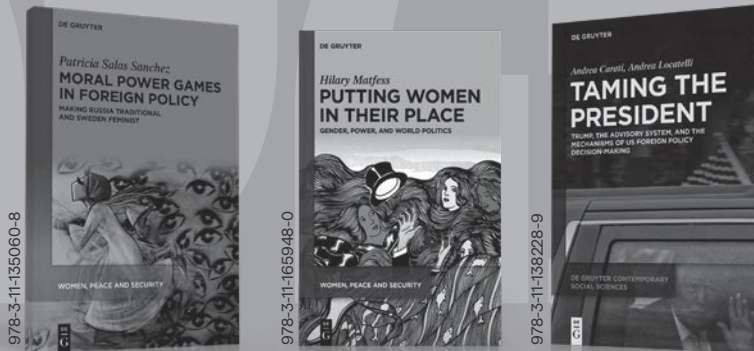
avoidance of outright defeat or humiliation; the safety and security of Russia's citizens, who, regardless of their feelings on the conflict's genesis, are fearful of losing the war; and the security of Putin's power. Laruelle lays out the components of Russia's new concept of empire: "state projection abroad, nation-building language, regime securitization, and Putin's self-vision of a ruler whose historical role will not be questioned by the future leadership."

Meanwhile, Russia has had some luck, both at home and in the global South, selling its war in Ukraine as precisely the opposite: a "liberation war" whose aim is actually decolonization. Countries such as Brazil,

India, and South Africa can at once be repulsed by Russia's actions, and as Laruelle notes, regard them as a "byproduct" of "Western domination." The propagation of this framing by the Kremlin is certainly cynical and calculated, but it also expresses elements of a genuine worldview. "If Russia's quest for status cannot be achieved through integration with the West on its own terms," she writes, then "joining the non-Western world to transform the international order looks like the most promising strategy."

Even as the war has led to a consolidated state with a clear ideological expression, that does not mean Putin or his ruling system is all powerful.

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Laruelle describes Putin's rule as "consolidated personalistic authoritarianism"—a form of autocratic governance that is distinct from outright totalitarianism. On the whole, she writes, the Kremlin "does not believe that it can recalibrate the brains of its citizens." Instead, it seeks simply to push aside "rival ideologies" and provide enormous loyalty incentives. Laruelle detects the beginnings of what she calls "fragmentary fascism"—the call among some Russians for total war and full militarization of the country. But even more Russians, she writes, do not want to be "dragged into the war" and want to keep the fighting separate from the civilian economy and the cultural sphere.

For now, that's an advantage of the Putin system: it needs acquiescence, not ardor. As the war goes on, however, the Kremlin will need ever more people who are willing to fight—and even to sacrifice their bodies and lives—as is the case with the estimated 30,000 to 40,000 men who take huge signing bonuses to join the Russian army every month. So far, these people are mostly from poorer areas and the provinces who can be induced by material rewards. As Laruelle concludes, whether or not the authorities can continue "shielding the rest of society—especially the upper and middle classes from big cities—from the impact . . . will be critical to the long-term success or failure of state ideology."

PRISONERS OF THEIR OWN DEVICE

Eventually, Russia's war will end. But Laruelle is rightly pessimistic as to whether that could lead the country

toward a second perestroika, a renewed flourishing of liberal thought. Across society, including among the elite, the romantic political ideal of the West as a model is gone and cannot be easily resurrected. War supporters clearly view the Western order—its military and geopolitical power and its embodiment of liberal values—with hostility; but even quiet war skeptics or outright opponents feel embittered and let down by the United States and its European allies, which look, from Russia's vantage point, feckless and hypocritical. First, they failed to stop the war and its resulting suffering. Then they tried to punish and isolate the Russian government with sanctions and travel bans, leaving ordinary citizens, including those against the war, as collateral damage. Tellingly, in 2024, European countries spent more importing Russian energy than they provided in financial assistance to Ukraine. Russians may not like Putin or his war, but for many of them, his argument can feel convincing: the West is inherently anti-Russian and thus out to get you.

Soldatov and Borogan note the seeming paradox in their friends' attitudes toward Europe and the United States. Despite their own affinities, these Russians now insist that they hate Western values. Soldatov and Borogan wonder if their friends' closeness to the West, psychic if not temporal, was the very thing that made them "so emotional and angry" when they came to see that Russia had not been accepted into the liberal order on its own terms. Whatever the case, Soldatov and Borogan write, "they helped Putin isolate the country." Ideology, after all, works both upward and downward. 🌐

REVIEW ESSAY

Who Has Free Speech?

The Global Fight Over a Powerful Idea

JACOB MCHANGAMA

What Is Free Speech? The History of a Dangerous Idea
BY FARA DABHOIWALA. Belknap Press, 2025, 480 pp.

When he reentered the White House in January, President Donald Trump insisted that protecting free speech was one of his key missions. On his first day back in office, he signed an executive order called “Restoring Freedom of Speech and Ending Federal Censorship,” which condemned the Biden administration for “trampl[ing] free speech rights” and instructed federal agencies to uphold the U.S. Constitution’s First Amendment. But in truth, Trump has likely done more to undermine free speech than any U.S. president since the McCarthy era. In his second term, he has launched spurious personal lawsuits against media outlets, sought to pull funding from universities whose curricula do not meet his preferences,

and tried to deport foreign students and academics for political speech.

This campaign took an even sharper turn in mid-September, after the assassination of the commentator Charlie Kirk. The Trump administration used the killing to target a wide variety of actors—military personnel, private individuals and companies, nongovernmental organizations, magazines—for their responses. Trump’s vice president, JD Vance, blamed Kirk’s death on left-wing speech and pledged “to go after the NGO network that foments, facilitates, and engages in violence.” Brendan Carr, the chair of the Federal Communications Commission, boasted on Fox News that the FCC would keep ramping up its efforts to punish outlets the administration disfavors.

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The Trump administration has moved with startling speed from trumpeting free speech to seeking to criminalize it. At first glance, that might seem to vindicate the arguments in the historian Fara Dabhoiwala's new book, *What Is Free Speech? The History of a Dangerous Idea*. Dabhoiwala believes that the modern obsession with free speech—particularly the American belief that almost any restriction on it threatens democracy—has blinded its defenders to how often that right is invoked cynically in pursuit of antidemocratic ends. In his view, the right to free speech has most often been wielded as “a weaponized mantra” by people motivated by “greed, technological change and political expediency” rather than as a principle invoked sincerely to restrain tyranny.

Although Dabhoiwala acknowledges that pre-Enlightenment peoples such as the Athenians valued forms of freedom of expression, his main story begins in the eighteenth century. In that era, he writes, the idea that freedom of speech was necessary for human flourishing went viral across Europe and the United States, despite the fact that the theorists who made the argument often did so “for personal gain, to silence others, to sow dissension or to subvert the truth.” A robust and civil-libertarian interpretation of it became entrenched in twentieth-century American culture and legal doctrine, but Dabhoiwala contends that modern First Amendment jurisprudence undermined the very democratic values it was supposed to safeguard. Rather than fulfilling its promise as an “antidote to misinformation and falsehood,” he

writes, the American approach to free speech “often amplifies it.”

Dabhoiwala suggests that contemporary European attitudes toward speech are superior to the defective American conception. In his characterization, Europeans consider citizens' right to free expression to be dependent on context and more carefully balance it with other social goods. Every EU member state criminalizes hate speech. Many also punish the “glorification” of terrorism and the dissemination of “disinformation” or “false news,” and several retain blasphemy laws.

Throughout much of U.S. history, however, the United States' First Amendment did little to shield unpopular minorities from persecution. Only in the second half of the twentieth century did it become a formidable barrier against majoritarian intolerance. Today, the Trump administration is trying to breach that barrier—a strategy that would be far easier to pursue under a European-style approach to speech. Europe's measures have neither eliminated intolerance nor produced a public square free of falsehoods. Instead, they have expanded the state's discretionary power over dissent. Peaceful protests against Israel's war in Gaza, insults aimed at politicians, critiques of immigration policy, and irreverent attacks on religion have all led to investigations, arrests, and convictions—and minorities have been among those targeted by laws ostensibly adopted to protect them.

Ultimately, Dabhoiwala's account—both grievance-driven in its reading of the First Amendment and uncritical in its praise of European restrictions—is

profoundly distorted. Its selective telling of history obscures a basic truth: across centuries, free speech has been a genuine engine of emancipation, not merely a contingent privilege. Especially now, as supposed champions of free speech seek to suppress it in the United States, it is crucial to reinforce the principle's real meaning rather than let those who wield it cynically strip the public's faith in its potential. Free speech has repeatedly offered the powerless a peaceful way to challenge the powerful—a legacy illuminated by key episodes in U.S. history that Dabhoiwala mostly ignores.

THE POISONED WELL

Dabhoiwala directly targets the canonical thinkers who were essential in articulating modern free-speech doctrines. These include the early-eighteenth-century British writers John Trenchard and Thomas Gordon, whose pseudonymously authored *Cato's Letters* claimed that freedom of speech is the “great Bulwark of Liberty,” and John Stuart Mill, who extolled “the liberty of thought and discussion” as essential to progress and warned against the tyranny of majority opinion. For Dabhoiwala, however, *Cato's Letters* were less a noble defense of liberty than a text full of “deliberate fabrications” and “glaring contradictions.” Mill's *On Liberty* was “profoundly imperialist and intellectually flawed.” In his view, these thinkers promoted a kind of false consciousness, persuading people that they were defending a universal ideal while advancing arguments that ignored the harms speech could inflict on the common good.

In his telling, American free-speech exceptionalism was not a principled triumph but the most extreme outgrowth of this poisoned doctrinal tree. The United States, Dabhoiwala writes, came to base “its rules about freedom of expression” on opportunistic ideas promulgated “more than two hundred years ago by violent rebel settlers deeply distrustful of governmental power and obsessed with individual liberty for propertied white men.” In the second half of the twentieth century, as the Supreme Court struck down laws restricting speech, American free-speech purism permitted white supremacists to issue barely disguised threats against minorities and neo-Nazis to march through neighborhoods inhabited by Holocaust survivors. Dabhoiwala argues that the American devotion to the “sacrosanct right” of free speech ultimately began unraveling freedom itself, resulting in a toxic public square and the election of a “dangerously unhinged demagogue.”

Given the Trump administration's cynical doublespeak, some may be tempted to accept Dabhoiwala's premise. But his substantial omissions cleverly stack the deck against free speech, all but ignoring the extent to which the powerful have used censorship to maintain social hierarchies and the real emancipatory power of free speech to advance the rights of the persecuted.

What Is Free Speech? devotes just eight lines to Athenian democracy, even though its twin ideals of free and equal speech emerged as a crucial way to keep oligarchic elites in check. These egalitarian principles inspired

later reformers such as Thomas Paine and George Grote, a British historian and ally of Mill who praised the “liberty of thought and action at Athens, not merely from excessive restraint of law, but also from practical intolerance between man and man.” For British and early American radicals, the Athenian example showed that free expression was the foundation of an equal society.

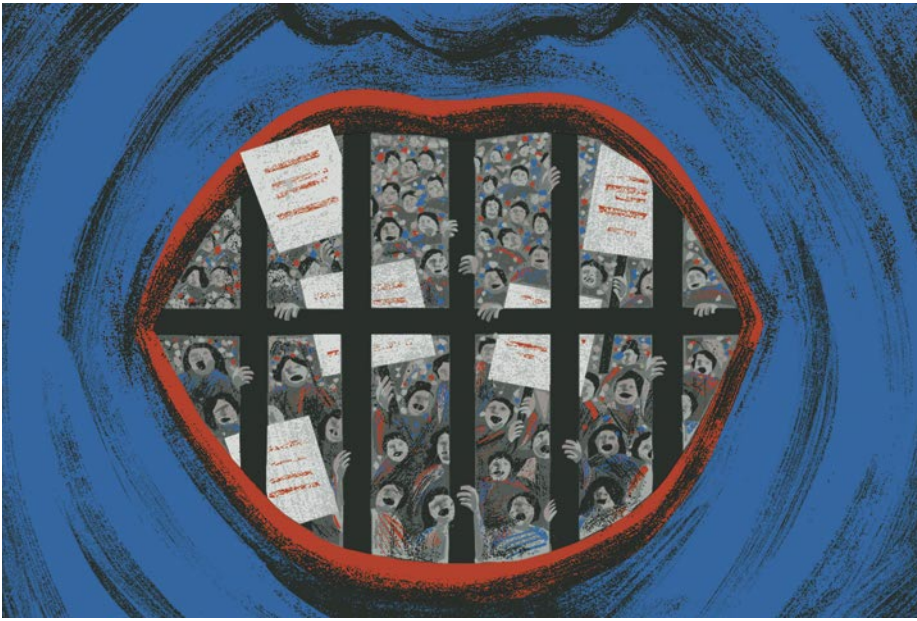
Even when *What Is Free Speech?* shifts to its central, modern tale, it continues to overlook how oppressed peoples frequently turned to free speech to better their situation, often successfully. Dabhoiwala depicts *Cato’s Letters* as the original sin that set up a perverted three-century obsession with free speech. But well before that text was published, the seventeenth-century English Levellers—to consider just one example—had demanded the right of “speaking, writing, printing, and publishing [our] minds freely.” Their calls were ruthlessly crushed, with leaders flogged or jailed. This legacy hardly supports the idea that free speech operated as a cynical creed mainly championed by the privileged. Dabhoiwala reduces Baruch Spinoza, the seventeenth-century Dutch-Jewish philosopher, to a cautious proponent of “harmless” scholarly free thinking. This is a serious distortion. Spinoza called freedom of speech a “natural right” and made it the cornerstone of his vision of a secular, democratic state—a philosophy that was brutally suppressed by throne and altar alike.

WHO’S SPEAKING?

Downplaying this longer, more complex history allows Dabhoiwala to present

free speech as “an essentially artificial doctrine”—and to caricature the U.S. approach. Context has always shaped how citizens evaluate the right to free speech. Most people do not think a neo-Nazi rally and a protest against Russia’s 2022 invasion of Ukraine are equally worthy of moral support. But such judgments must be distinguished from the principle of free speech itself, which exists to protect expression regardless of shifting majoritarian consensus. And in countless episodes Dabhoiwala overlooks, it has in fact done so.

Dabhoiwala argues that the Supreme Court “reanimated an archaic textual relic” to shape modern free speech doctrines that permitted “American Nazis, antisemites, racists and other spreaders of group hatred [to] shelter behind the First Amendment.” But as the legal historian Samantha Barbas has shown through extensive archival research, in the mid-twentieth century, civil rights organizations such as the National Association for the Advancement of Colored People (NAACP) and the American Jewish Committee became the most forceful American opponents of restrictions on hate speech and so-called group libel, or disparagements of a category of people. “At a time when lynchings and cross-burnings were rampant,” Barbas writes, “and when American fascist demagogues and neo-Nazis routinely terrorized minorities,” these groups concluded that education and counterarguments—not legal prohibitions on speech—would be the most effective tools against hatred. Their advocacy substantially influenced the Supreme Court’s rulings and greatly helped the civil rights movement advance equality.



As chief of the NAACP's Legal Defense and Educational Fund, a role he occupied between 1940 and 1961, Thurgood Marshall opposed group libel bans, even when they were applied to protect Black Americans from vicious racism, warning that they would become "a weapon" for "the enemies of minority groups." As the first Black justice on the Supreme Court, he joined the 1969 unanimous decision in *Brandenburg v. Ohio*, which struck down the conviction of a Ku Klux Klan leader who had issued thinly veiled threats against Jews and Black people. That ruling established the imminent danger test for incitement.

Dabhoiwala insists that this standard "undermines the very basis of the democratic political order." But *Brandenburg* has shielded antiwar protesters, civil rights leaders, and Black Lives Matter activists—and without it, the Trump administration would have had a far freer hand in silencing dissent.

In other words, the defenders of American free-speech exceptionalism have not principally been "propertied white men." They have often been the descendants of those who had been enslaved, excluded, and persecuted—people who were rightly distrustful of government power. Their belief in the value of free speech arose from first-hand exposure to the trauma of racist violence and the bitter consequences of empowering the state to decide who can be silenced.

Many contemporary Americans have come to believe—with some justification—that the liberal-progressive tradition abandoned free speech, enforcing ideological conformity in elite universities, the media, and cultural institutions. That retreat made it easier for Trump to weaponize free speech as a rallying cry against cancel culture even as he moved to suppress dissent. When free-speech restrictions are deemed legitimate only if

imposed by the “right” people against the “wrong” ones, then free speech indeed becomes an artificial concept, malleable in the hands of whoever holds power. Civil libertarians such as Marshall, Aryeh Neier (a former executive director of the American Civil Liberties Union), and Congresswoman Eleanor Holmes Norton have cautioned that this view of free speech is a dangerous gamble: the tools used to suppress hate today can be turned against protest, satire, or dissent tomorrow. Their warnings were prophetic.

NOT ALL THAT GLITTERS

Dabhoiwala favors an approach to free speech in which “the rights of any speaker must always be balanced against their responsibilities to the public” and in which context, not principle, guides the application of legal protections. He finds inspiration in European democracies and institutions. Yet under those entities’ purportedly better-balanced models, the scales have consistently tipped in favor of further restricting speech. Dabhoiwala seems blind to this development, focusing too much on the European model’s stated ideals and too little on the actual condition of free speech in European countries. In practice, measures that provoke alarm when Trump deploys them—such as the deportation of foreign residents for controversial speech—are disturbingly common in European democracies. Many European speech restrictions are, in fact, far more onerous than anything yet implemented by the Trump administration and would be unconstitutional in the United States.

Dabhoiwala claims that European hate-speech laws mainly function as symbolic “political statements.” What does he make of the thousands of Germans who, since 2019, have faced arrest for online speech, including criticism of their government’s COVID-19 policies and sarcastic memes lampooning powerful politicians? In reality, a largely white German political-administrative class decides which minorities deserve protection and which face prosecution. Bans against pro-Palestinian demonstrations have severely curtailed Germans’ right to protest peacefully in many cities, and alarmingly, laws that restrict speech have been turned against the minorities they were designed to protect—for instance, when both Muslims and Jews have been arrested during demonstrations against Israel’s war in Gaza.

In France, meanwhile, President Emmanuel Macron has initiated legal proceedings against people who have mocked him as a Hitler-like figure. During his tenure, 46 civil society organizations have been banned by decree (more than under any other government since 1959), hampering French civil society’s efforts to mobilize dissent. In the United Kingdom, the political climate is eroding the hard-won freedoms the Levellers advocated for four centuries ago. Hate speech and antiterrorism laws have been wielded to repress protesters: just this summer, an Irish comedian was arrested over months-old posts criticizing transgender women in male spaces, a Turkish immigrant was fined for protesting Turkish President Recep Tayyip Erdogan’s authoritarian drift, and

more than 800 people were arrested for demonstrating against the government's ban on a pro-Palestinian civil society group.

Some Europeans might shrug off these encroachments as marginal. Yet there is little evidence that the “balanced” approach actually creates more broadly tolerant societies. Germany's Federal Office for the Protection of the Constitution has found that the number of right-wing extremists in the country more than doubled between 2015 and 2024. The report also noted a 47 percent rise in right-wing extremist crimes from the previous year.

This trend is not restricted to Germany: in 2024, the European Parliament reported “a sharp rise in discrimination, hate crimes and hate speech across the EU.” Hate-speech laws often backfire. Far-right leaders such as Marine Le Pen in France, Björn Höcke in Germany, and Geert Wilders in the Netherlands have gained public appeal after being prosecuted under such restrictions.

FIRST PRINCIPLE

Speech can lead to real harm. Extremist rhetoric, conspiracy theories, and lies amplified by social media have deepened the United States' political polarization. But if the United States had European-style speech restrictions backed by deferential courts, the Trump administration would have the legal right to follow through on far more of its threats to prosecute enemies. (The Biden administration, too, might have been tempted to crack down more overtly on its adversaries—for example, newspapers that reported on the president's health.)

In fact, many of the alarming actions the Trump administration pursued in the wake of Kirk's killing already happen in Europe. Trump is not improvising a uniquely American abuse of power; he is copying elements of the European playbook that Dabhoiwala urges the United States to adopt. Dabhoiwala might claim that Trump's crackdowns are nakedly antidemocratic while Europe's restrictions safeguard tolerance. But that defense ignores the collateral damage to free speech already visible in Europe—and rests on the naïve assumption that notions of the “common good” remain stable when power changes hands.

Instead, the First Amendment continues to function as a critical obstacle to Trump's ability to fully implement his most censorious policies. In May, three federal judges struck down an executive order targeting law firms that have employed people or represented clients that Trump views as enemies. Judges have ordered the release of foreign students arrested for their speech and blocked the enforcement of orders targeting universities. Today's crisis of free speech in America is not the legacy of John Stuart Mill or First Amendment fetishism. It has arisen because too many Americans have lost their faith in free-speech exceptionalism—at the very moment when the First Amendment remains the strongest constitutional barrier to Trump's censorious agenda. Yet the First Amendment's text alone cannot guarantee robust debate. Time and again, unpopular and persecuted groups—political, racial, and religious—have fought to strengthen its practical force. Americans must work again to secure that inheritance. 🌐

Recent Books

Political and Legal

G. JOHN IKENBERRY

The West: The History of an Idea

BY GEORGIOS VAROUXAKIS.

Princeton University Press, 2025,
512 pp.

The meaning of “the West” as an idea is as fraught and contested as the political histories of the countries that the term is usually intended to encompass. In this masterful study, Varouxakis traces the meanings and uses of the term from the late eighteenth century to the present. Varouxakis argues that the modern notion of the West emerged in the 1830s as a way to distinguish western Europe from Russia, a country that posed an increasingly menacing threat in the minds of some Europeans. The French philosopher Auguste Comte in the 1830s and 1840s most consciously and systematically used the terminology of “the West,” referring to what he called the “Western Republic.” Decades later, the German nationalist Oswald Spengler preferred “the West” to “Europe” because it clearly excluded Russia.

Europeans and North Americans defined themselves against many other peoples, including the Africans, the Arabs, the Chinese, the Indians, the Native Americans, and the Ottomans. But those cases, unlike the Russian one, invoked the heritage of Christian Europe as their distinguishing identity. Varouxakis rejects the notion that the West is a coherent civilization with an unbroken tradition stretching back to ancient Greece, but he also rejects the equally fashionable view that the idea of the West simply emerged in the late nineteenth century as a convenient narrative to justify European imperialism. Today, for beleaguered countries such as Ukraine facing a seemingly implacable enemy to the east, “the West” is still a powerful idea.

Kant: A Revolution in Thinking

BY MARCUS WILLASCHEK.

TRANSLATED BY PETER LEWIS.
Belknap Press, 2025, 416 pp.

Two centuries after his death, the German philosopher Immanuel Kant remains a powerful intellectual force in debates about how the Enlightenment and the ideals of liberal democracy have

shaped the modern world. In this compendious biography, Willaschek provides a vivid and accessible account of Kant's ideas, life, and times. The book surveys Kant's huge corpus, including his work on metaphysics, epistemology, nature, religion, politics, and international relations. Willaschek situates Kant's ideas in the turbulent historical period in which they emerged. The French Revolution, for instance, inspired Kant to believe that progress was possible to an extent previously thought unimaginable. The transformation in France was the basis for several of Kant's notable essays, including his famous "Toward Perpetual Peace," a treatise that sketches a future in which republics spread around the world and produce an era of peace and stability through cooperation. In Kant's political writings, Willaschek studies the philosopher's efforts to reconcile a skepticism of the "inherent wickedness" of humans with an optimism that politics can generate long-term peace. In today's "post-truth" world, Kant's commitment to rationalism and philosophical first principles might seem quaint, but Willaschek convincingly shows that Kant was grappling at the highest philosophical level with a practical problem that is still relevant today: how to balance conflicting political and moral views within a society with the need for a shared reality and shared moral imperatives. Progress is made possible only by resolving that tension.

Erased: A History of International Thought Without Men

BY PATRICIA OWENS. Princeton University Press, 2025, 432 pp.

Owens provides a deeply researched and engrossing feminist history of the rise of international relations as a discipline in the United Kingdom in the twentieth century. White men predominate in the conventional telling of the emergence after World War II of the so-called English School, which emphasized the role of ideas in shaping international society. Yet as Owens compellingly shows, women were involved in this project from the beginning through their writings and teachings about international organizations, empire and colonial affairs, and the non-Western world. Some of these forgotten thinkers were intellectual pioneers, such as Florence Melian Stawell, a Cambridge professor who wrote one of the first modern intellectual histories of Western thought. Women established the first professorship of international relations at Aberystwyth University, and a woman, Agnes Headlam-Morley, occupied the prestigious Montague Burton Chair at Oxford from 1948 to 1971. Owens argues that at key moments, white men sought to shift the scholarly agenda of postwar British international relations away from the topics often pursued by female scholars, such as social and historical analyses of empires, colonialism, and race. In recovering these marginalized voices, Owens hopes to expand the scholarly conversation.

Why Democracies Fight Dictators

BY MADISON SCHRAMM. Oxford University Press, 2025, 280 pp.

Democracies do not tend to go to war with one another, but they do frequently pick fights with dictatorships. Since 1945, democracies have fought 19 interstate wars, mostly against authoritarian countries with personalistic regimes. In exploring this pattern, Schramm finds that the democratic side, not the autocracy, often chooses to escalate and employ military force when such countries find themselves at odds. She argues that democratic leaders see these wars not just as conflicts of material interests but as wider struggles for the preservation of liberal democracy in a dangerous world. Schramm looks closely at the perceptions of American and British leaders in the Suez crisis and the Gulf War, tracing how they defined threats and justified military action. In such cases, these leaders often understood the threat as stemming from an aggressive and unconstrained personalistic dictator, an assessment that introduced psychological and sociocultural factors into their decision-making and lent itself to greater fear and hostility. Other factors, including policy disagreements and considerations of the balance of the competing entities' capabilities, certainly fueled these wars. Nonetheless, Schramm claims that when facing strongman regimes, liberal democracies, for better or worse, imagine their own values, identity, and principles at stake.

Economic, Social,
and Environmental

BARRY EICHENGREEN

Crisis Cycle: Challenges, Evolution, and the Future of the Euro

JOHN H. COCHRANE, LUIS GARICANO, AND KLAUS MASUCH. Princeton University Press, 2025, 328 pp.

Three leading economists provide a detailed study of the euro crisis of 2010–12 and suggest reforms to prevent something similar from happening again. The authors attribute the crisis to weak enforcement of the eurozone's fiscal rules and the absence of a mechanism for restructuring unsustainable public debts. These shortcomings placed pressure on the European Central Bank to act as bond buyer of last resort, which encouraged government profligacy. The authors reject more radical reform proposals, such as creating a fiscal union that would transfer extensive budgetary functions to the European Commission or a model in which the European Union abjured all responsibility for national fiscal policies and problems. Instead, they propose that the European Central Bank narrow its mandate by lending to banks, not governments, and only against high-quality collateral. They suggest further integrating banking and capital markets, which would enable European banks to avoid the danger of excessive exposure to their home countries' government bonds. Member states, the authors insist, should establish and fund a European

fiscal institution to provide temporary financing to governments unable to roll over their debts, which would relieve the European Central Bank of the need to intervene and support them.

King Dollar: The Past and Future of the World's Dominant Currency

PAUL BLUSTEIN. Yale University Press, 2025, 320 pp.

Blustein, a prominent financial journalist, considers the past, present, and future of the dollar as an international currency. Invoking Spider-Man (“With great power comes great responsibility”) and Mark Twain (“The reports of my death have been greatly exaggerated”), Blustein argues that the greenback will remain the principal currency used in cross-border payments unless Washington makes catastrophic missteps. The dollar’s dominance rests on whether the United States continues to try to fulfill its singular responsibility to maintain global financial stability (hence Spider-Man’s proverb) and on the enduring advantages of the dollar’s incumbency as the world’s preeminent currency (hence the phrase attributed to Twain). It also depends on whether the country keeps its public debt under control and exercises discretion and restraint when applying financial sanctions. The book went to press after Donald Trump’s victory in the 2024 U.S. presidential election but before his inauguration. Given subsequent volatility in U.S. bond markets and the administration’s mixed messages about the dollar’s international role, a second edition would likely be less sanguine about the currency’s global prospects.

The Web Beneath the Waves: The Fragile Cables That Connect Our World

SAMANTH SUBRAMANIAN.

Columbia Global Reports, 2025, 128 pp.

Subsea fiber-optic cables connect more than 100 coastal states worldwide and carry more than 98 percent of all intercontinental Internet and telecom traffic. This infrastructure is indispensable to twenty-first-century globalization: without subsea cables, international transactions would grind to a halt. It also makes the undersea networks a target for troublemakers, terrorists, and governments seeking to disrupt the global economy and damage foreign rivals. Subramanian describes the evolution of the sector from one run by consortia of national telecommunications companies to one dominated by technology companies such as Google and Meta, which commission and build their own intercontinental cable networks. He explains how the dependence of twenty-first-century economies on subsea cables has been exploited by governments, including that of the United States, which have spied on cable traffic, and how underwater infrastructure is weaponized by countries such as China and Russia, which are thought to have sabotaged the cable connections of their adversaries.

The New Economic Nationalism

MONICA DE BOLLE, JÉRÉMIE

COHEN-SETTON, AND MADI

SARSENBAYEV. Peterson Institute for International Economics, 2025, 412 pp.

The authors provide an extensive analysis of economic nationalism, which they define as policies designed to strengthen national economic autonomy and self-sufficiency while also spurring economic growth and building greater geopolitical influence. An economic nationalist platform can include tariffs, investment restrictions, curbs on immigration, and various forms of industrial policy. The authors consider cases as varied as fascist Italy and Nazi Germany in the 1930s, industrialization based on import substitution in Argentina and developmental economic nationalism in East Asia after World War II, and the new economic nationalism in China under President Xi Jinping and in India under Prime Minister Narendra Modi. Although in some instances nationalist policies have successfully sparked development and sustained economic growth, in others they have led only to fiscal imbalances, inflation, and economic stagnation. This monograph provides a wealth of detail on historical examples of both successes and failures, but it leaves two important matters unaddressed. The authors do not delineate the social, political, and historical circumstances that result in positive outcomes in some cases but negative consequences in others. And they do not consider the likely results of economic nationalist policies pursued by the United States, although that is clearly an impetus for the book.

Military, Scientific, and Technological

LAWRENCE D. FREEDMAN

Flawed Strategy: Why Smart Leaders Make Bad Decisions

BY BEATRICE HEUSER. Polity, 2025, 208 pp.

This punchy and provocative book opens with a polemic against international relations theory. Heuser's historian's sensibilities are offended by the idea that complex events can be explained by simplistic hypotheses. She explores why it is unwise to treat states as unitary, rational actors when explaining their behavior. She draws from an eclectic array of examples, including the Crusades and Pearl Harbor, to prove that state behavior is instead dictated by fallible human beings. Policymakers often have a limited grasp of the broader geopolitical landscape and are more interested in defeating than meeting external challenges. They are constrained by institutional limitations, bureaucratic dysfunction, and cultural biases. Yet leaders nonetheless expect their adversaries to think and act in the same way they do. They are thus frequently blindsided by seemingly irrational enemy behavior. In an epilogue, Heuser argues that officials can make better foreign policy choices by studying their opponents' values and internal divisions.

Ground Combat: Puncturing the Myths of Modern War

BY BEN CONNABLE. Georgetown University Press, 2025, 352 pp.

Connable, a former U.S. Marine Corps officer, provides a comprehensive and meticulous analysis of ground force combat that shows how war has—and hasn't—changed. To do so, he examines 468 major land battles across eight decades: 20 from World War II, 25 from 1946 to 2002, and an impressive 423 from 2003 through 2022. He places each in its proper context and looks at a selection of characteristics, including different types of tactics, weapons, equipment, munitions, and technologies. He then argues that, contrary to what many analysts claim, new military technologies are not invariably transforming war; the systems and practices of the past will not just disappear. Connable's argument is nuanced, and he does not discount the changes brought about by greatly improved sensors, precision munitions, and drones. But he shows that the old exigencies of ground combat persist, including the stress of fighting, the complications caused by terrain, and unreliable communications. In doing so, Connable warns against assuming that the prominent features of any ongoing war can reliably predict future ones.

Destroyer of Worlds: The Deep History of the Nuclear Age

BY FRANK CLOSE. Basic Books, 2025, 352 pp.

The story of the Manhattan Project, the American development of the

atom bomb, has now been told and retold countless times—in books, in a movie, and even in an opera. The great strength of Close's informative account is that he pushes science to the fore. As a distinguished nuclear physicist, Close is able to lucidly explain key scientific developments for a lay audience. He begins his story with the discovery of x-rays at the end of the nineteenth century, and he shows that the exploration of the atom was a collective endeavor, done through experiments and conjecture and reported in journals and at conferences. It was not until well into the 1930s that scientists began to appreciate the awesome military implications of their findings. Close's cast of characters is long and very international. Many names will be familiar, but others are less well known, including the brilliant Italian physicist Ettore Majorana, who grasped that when neutrons irradiate uranium, they might cause a chain reaction. But Majorana vanished in 1938—perhaps because he saw where the research was headed.

The Dogs of Mariupol: Russia's Invasion and the Forging of Ukraine's Iron Generation

BY TOM MUTCH. Biteback, 2025, 368 pp.

This addition to the already extensive literature on the war in Ukraine deals with the conflict's major strategic issues without ever losing sight of its human dimensions. Mutch, a New Zealand journalist, was in Kyiv as the Russians invaded in 2022 and has been covering the fighting ever since. His commitment to Ukraine's cause is clear in how

he describes the fortitude and tenacity of its people as they both resist Russian aggression and find ways to live as normally as they can. Mutch explores the tensions in Ukrainian society after years of conflict and the errors that led to missed opportunities and unnecessary losses. One chapter, for example, covers Kyiv's failed 2023 counteroffensive, which exposed the limitations of the Ukrainian army's training and showed why Kyiv struggles to claw back land without air support. The organization of the book is more geographic than chronological, with chapters that explore the war's hot spots—eastern battlefields in the Donbas, Kharkiv, and Bakhmut, the southern city of Kherson, and, of course, the capital, Kyiv. Throughout his chapters, Mutch always acknowledges the suffering of ordinary Ukrainians.

Blood and Treasure: The Economics of Conflict From the Vikings to Ukraine

BY DUNCAN WELDON. Pegasus Books, 2025, 320 pp.

As an economic journalist, Weldon believes that a good way to learn what is really happening in war is, as he puts it, to “follow the money.” By doing so, Weldon argues, one can find surprising explanations for puzzling behavior. French kings were aware of the relative merits of the longbow compared with the crossbow after their infamous defeat in the 1346 Battle of Crécy. But French leaders nonetheless discouraged longbow use in the following years because these weapons require constant practice, and French leaders worried that a population full of skilled archers

would threaten their hold on power. As a result, they again suffered at the hands of British archers at Agincourt in 1415. A few hundred years later, British navy captains were particularly aggressive in naval warfare because they were rewarded with shares of the value of captured boats. French captains, by contrast, avoided combat because they could be executed for surrendering a ship. The elaborate systems of medals and rewards that German Luftwaffe fighter pilots gained for shooting down enemy aircraft encouraged them to take big risks. As a result, combat losses among the best pilots were high and the overall quality of life of the members of the Luftwaffe went down. Weldon uses many other examples, from Mongol warriors to the modern-day Russian military, to give readers new ways of thinking about war in this enthralling and entertaining book.

East Asia

ELIZABETH ECONOMY

Apple in China: The Capture of the World's Greatest Company

BY PATRICK MCGEE. Scribner, 2025, 448 pp.

McGee, a *Financial Times* journalist, brings his investigative skills to bear on the fascinating history of how, over a quarter century, China and the technology giant Apple became indispensable partners and enabled each other's rise. Apple's exceptional engineering know-how, technology, and hundreds

of billions of dollars of investment in training tens of millions of Chinese workers helped transform China into a technology and manufacturing powerhouse. China's cheap and hard-working labor force, strategic entrepreneurs and party officials, and flexible and efficient manufacturing ecosystem that offered unconstrained design potential, in turn, helped Apple become one of the world's most dominant technology companies. McGee's extensive research, including over 200 firsthand interviews, reveals the thinking, internal debates, and key decision-making processes on both sides. McGee recounts how Apple's decisions at each step of the way led the company to greater profits and efficiencies but also created dangerous levels of economic and political dependence on China. McGee argues that Apple's choices have not only created risks for the company's future growth; they have also directly enabled the rise of China as the United States' only peer technological competitor.

Breakneck: China's Quest to Engineer the Future

BY DAN WANG. Norton, 2025, 288 pp.

This riveting book offers a distinctive framework for understanding China as an "engineering state." Wang argues that the prevalence of officials with engineering backgrounds among the upper echelons of China's leadership has produced a proclivity for top-down economic and social policymaking that has guided many of the country's most transformative initiatives. This dynamic has informed China's rise as a technology and infrastruc-

ture power, its devastating one-child policy, and its draconian approach to controlling the COVID-19 pandemic. Wang marvels at all that the engineering state has achieved, but he also bemoans the lack of a more democratized and rules-based policy process that would allow the state to correct its errors. Wang counterposes China's engineering state with what he calls the "lawyerly society" of the United States. In his eyes, the United States elevates process over outcome, which stifles initiative and protects the interests of the wealthy rather than those of the majority. For both China and the United States to continue to prosper, they will have to alter their respective models: the United States must recapture its engineering prowess and commit to twenty-first-century manufacturing and infrastructure, and China must embrace political reform. Wang is rooting for both countries to succeed.

*The Milk Tea Alliance:
Inside Asia's Struggle Against
Autocracy and Beijing*

BY JEFFREY WASSERSTROM.

Columbia Global Reports, 2025, 104 pp.

Between 2014 and 2024, a dramatic wave of youth-based democracy demonstrations swept through Hong Kong, Myanmar, Taiwan, and Thailand. Through in-depth interviews with protest leaders, Wasserstrom brings to life the motivations of the activists who powered these movements and how they inspired, engaged with, and learned from one another and the rest of the world. Milk tea—the sweet dairy drink popular in Hong Kong, Taiwan,

and Southeast Asia but, notably, not in mainland China—became a symbol of the activists' common support for democracy and, more broadly, concern about the spread of Beijing's repressive politics. Milk tea is one small representation of the larger affinities that the movements shared. These democracy activists demonstrated on behalf of one another, sang one another's protest anthems, shared writings and strategies, and even adopted the three-finger salute of the fictional *Hunger Games* rebel Katniss Everdeen. For now, given China's effective suppression of opposition movements in Hong Kong, the Milk Tea Alliance serves as a poignant reminder of what might have been. But Wasserstrom is optimistic that one day it will be recognized as a harbinger of what was yet to come.

Eclipsing the West: China, India, and the Forging of a New World

BY VINCE CABLE. Manchester University Press, 2025, 352 pp.

Cable, an economist and former British politician, argues that China and India, like the United States, are "superstates"—countries that can play a disproportionate role in shaping the international system because of their geographic size, large and diverse populations, and economic capacity. His balanced study is a useful antidote to the often value-laden discussions about which states will lead the future international order. Cable provides a data-driven analysis of China's and India's relative strengths and weaknesses, including metrics relating to inequality, state capacity, demograph-

ics, and productivity. He then explores how these superstates are influencing global climate, trade, and security arrangements. The book concludes with three potential future scenarios for the international order: a bifurcated system pitting the global West against autocracies; a fragmented and multipolar world in which there is no preeminent global power, self-interest and transactionalism dominate, and the threat of regional conflict increases; and a more functionally multilateral system in which a global disaster catalyzes countries to collectively manage challenges. Cable hopes for a resurgence of multilateralism, but he is confident only that the Western-dominated international order will be over by 2050. By that point, the rising superstates of China and India will have a much greater say in how the world works.

China's Church Divided: Bishop Louis Jin and the Post-Mao Catholic Revival

BY PAUL P. MARIANI. Harvard University Press, 2025, 352 pp.

Mariani offers an extraordinary account of how a small group of Catholic priests and other church leaders emerged from the devastation of Maoist China to lead the restoration of the Catholic Church in Shanghai in the 1980s. A masterful storyteller, Mariani describes in meticulous detail the battle that ensued within this elite group for the very soul of the church. The book is filled with both pathos and gripping political intrigue, including blackmail, espionage, and illicit affairs. The central character is Aloysius Jin Luxian, a state-consecrated bishop backed by

the Chinese Communist Party who brilliantly navigated party politics to expand the church and earn widespread support from outside China. But his subjugation of the church to the CCP—which required Chinese Catholics to claim autonomy, even independence, from the Vatican and the pope—deepened a growing rift with other priests and bishops who led Shanghai’s underground Catholic Church and wanted to remain loyal to Rome. Mariani’s history ends in the early 1990s with no clear resolution to the conflict but leaves the reader eagerly anticipating the sequel.

Pakistan. Above all, Kumar argues, the green revolution is the product of what he calls the “agrarian modern”: the dense network of universities, experts, bureaucrats, and scientists who made farming far more effective. Kumar’s book is particularly strong on the role the United States played in the creation of India’s agrarian modern. The high-yielding variety seeds that Indian farmers used were developed with the help of the Rockefeller Foundation. In time, perhaps American help to Indian agriculture will be regarded as an act as farsighted as the Marshall Plan.

South Asia

PRATAP BHANU MEHTA

A History of India’s Green Revolution
BY PRAKASH KUMAR. Cambridge University Press, 2025, 254 pp.

Kumar’s multifaceted book recounts the story of India’s green revolution—or how the country became self-sufficient in food grain production by the 1970s. This revolution had its origins in colonial botanists, who attempted to use Mendelian genetics to fashion better seeds. But the limited success of these experiments left independent India heavily dependent on American food aid. It was only in the 1960s that the preconditions for transforming northern India’s agriculture fell into place: greater political commitment, a relatively more egalitarian distribution of land, and new peasant entrepreneurs who had come as refugees from

Vajpayee: The Ascent of the Hindu Right, 1924–1977 and *Believer’s Dilemma: Vajpayee and the Hindu Right’s Path to Power, 1977–2018*

BY ABHISHEK CHAUDHARY. Pan Macmillan, 2023, 416 pp., and 2025, 496 pp.

Atal Bihari Vajpayee was India’s first-ever prime minister from outside the Indian National Congress to complete a full term in office. Chaudhary’s riveting two-volume biography is a story of how this man of charm, oratory talent, and parliamentary skills brought the Hindu nationalist Bharatiya Janata Party into the mainstream. The first volume tells the story of Vajpayee’s early life and reminds readers that, although he governed as a relative moderate, Vajpayee was a staunch Hindu nationalist at his core. The second volume wonderfully recounts his stint as a foreign minister from 1977 to 1979, where he reset India’s relations with Pakistan and the United States. The book does not cover Vajpayee’s time as prime minister, from

1998 to 2004 (or the 16 days he spent as prime minister in 1996), with the same depth. But his tenure was probably the most promising attempt to reconcile Hindu nationalism and democracy. Vajpayee was able to paper over the tension between these forces thanks to his generous personality and ability to evade being complicit in the high-profile demolition of the Babari Masjid mosque, carried out in 1992. But Vajpayee undermined the rule of law when he refused to take action against Narendra Modi, then the chief minister of Gujarat, after Modi presided over religious riots that killed hundreds of people in 2002. That inaction changed the course of Indian history by enabling Modi's rise and tarnished Vajpayee's legacy.

The Art of Freedom: Kamaladevi Chattopadhyay and the Making of Modern India

BY NICO SLATE. University of Pittsburgh Press, 2025, 352 pp.

Kamaladevi Chattopadhyay was one of the founders of modern India, and Slate chronicles her remarkable life in this evocative book. Born in 1903, Chattopadhyay fought sexism from an early age. In 1930, she convinced Mahatma Gandhi to bring women into the independence movement rather than exclude them. As a key member of the All India Women's Conference in the 1930s, she was largely responsible for securing equal rights for women by convincing the Indian National Congress and, later, the writers of the Indian constitution to enact legislative reforms that promoted gender equality.

Chattopadhyay fought for the rights of women who were abducted during the violent partition of Pakistan from India; theorized about the intersection of race, gender, and class; and rehabilitated tens of thousands of refugees from Pakistan. Chattopadhyay's contributions to India went beyond social justice. She helped create the country's craft economy, using traditional Indian aesthetics and decentralized production, and developed some of Delhi's greatest institutions, including the storied India International Centre, a civil society hub. Her life showed that the true purpose of decolonization is not just to achieve independence but also to more generally make a new and better world.

A Logic of Populism: India and Its States

BY SRIKRISHNA AYYANGAR.
Cambridge University Press, 2025,
224 pp.

Most books on populism treat populist movements as fights between a supposedly pure people and a supposedly corrupt elite. In *The Logic of Populism*, Ayyangar, a political scientist teaching at the National Law School of India University, argues that populism is a configuration of five elements: the idea of the people, the setting of boundaries, leadership, attitudes toward governance, and anxieties about the future. But he shows each of these elements can take inclusionary or exclusionary forms. Right-wing populists, for example, understand the people in nativist terms. Left-wing populists, by contrast, define the people as historically

marginalized groups seeking inclusion. Ayyangar uses a sophisticated methodology to determine which movements are populist and which are not, and he identifies 16 populist leaders and 37 populist movements in India. He places them in a comparative perspective. Ultimately, Ayyangar argues that populism is not always bad for democracy. In fact, when populist movements successfully mobilize neglected constituencies, as left-wing ones sometimes do, they can strengthen it.

The Nehru Years: An International History of Indian Nonalignment

BY SWAPNA KONA NAYUDU.
Cambridge University Press, 2025,
238 pp.

The Nehru Years is a significant contribution to the literature on nonalignment. This philosophy is commonly confused with the Non-Aligned Movement, or the effort undertaken by various postcolonial countries to avoid getting caught in the Cold War. But nonalignment is the philosophy of maintaining India's strategic autonomy, and a cosmopolitan ethical outlook designed to create a more equitable world order. This doctrine has its roots in the thoughts of Gandhi and the Indian philosopher Rabindranath Tagore. But it was, above all, the work of India's first prime minister, Jawaharlal Nehru—who sought to repurpose Gandhi's, Tagore's, and others' ideas for government use. Nayudu provides an original account of how nonalignment allowed India to punch above its weight in four twentieth-century events: the Korean War; the Congo crisis; the

British, French, and Israeli invasion of Egypt; and the Soviet invasion of Hungary. *The Nehru Years* is especially valuable regarding Congo, where India, improbably, led a push at the United Nations to forcefully unify the newly independent country. Whereas the Non-Aligned Movement died with the Cold War, nonalignment lives on in Indian thinking. At a time when the idea is under attack, this book is a powerful reminder of what genuine leadership and internationalism look like.

Middle East

LISA ANDERSON

*Tomorrow Is Yesterday:
Life, Death, and the Pursuit of Peace in
Israel-Palestine*

BY HUSSEIN AGHA AND ROBERT
MALLEY. Farrar, Straus and Giroux,
2025, 272 pp.

In this elegiac and confessional work that reflects on their decades of trying to resolve the Israeli-Palestinian conflict, Agha, a longtime adviser to Palestinian leaders, and Malley, an adviser to several U.S. presidents on Middle Eastern issues, write ruefully about what they now see as years of misguided policy. They argue that the two-state solution that was the cornerstone of the post-1993 Oslo peace process was fatally flawed from the start. Neither the Israelis nor the Palestinians would be satisfied by the reduction of their existential historical and religious claims to technical quibbles

over borders and diplomatic recognition. In Washington, presidential ambition, incoherent analysis, and bureaucratic inertia drove American efforts to redraw boundaries, provide security guarantees, promote confidence-building measures, and otherwise keep a pointless process alive. Lip service to an ever-renewable “peace process” hardly disguised the sham that it became, a thin veil for the limits of American attempts to square circles. Agha and Malley write that “time flies, and then it lands where it took off,” but they argue in painful detail that the peacemakers may be behind where they started and are now paying the steep costs of this delusional policy in the accumulation of ruined lives and dashed dreams.

Qatar and the United Arab Emirates: Diverging Paths to Regional and Global Power

BY EMMA SOUBRIER. Lynne Rienner, 2025, 261 pp.

In this timely and engaging book, Soubrier provides a clear-eyed perspective on the fraternal but prickly relations between Qatar and the United Arab Emirates, two of the richest countries in the world. She argues that their governments represent a novel type of regime, the “prince-state,” in which the inclinations, whims, and foibles of the ruler play an outsize role in shaping foreign and domestic policy. The book deftly traces the trajectories of the two countries through the global financial crisis of 2008, the Arab uprisings of 2011–13, the COVID-19 pandemic, and, of course, their own dispute between

2017 and 2021, when the UAE banded with Saudi Arabia and others to pressure Qatar. Soubrier convincingly attributes the lavish Qatari spending on soft power—as demonstrated by Doha’s investments in the media network Al Jazeera and soccer—and the UAE’s emphasis on more conventional spending on its military to the preferences of the countries’ respective rulers. Providing a detailed analysis of the defense outlays of both governments and an astute examination of the countries’ sovereign wealth funds, she suggests that in both cases, much of the government rhetoric about facilitating an energy transition and encouraging economic privatization is “performative” and unlikely to bear any fruit.

Suppressing Dissent: Shrinking Civic Space, Transnational Repression, and Palestine-Israel

EDITED BY ZAHA HASSAN AND H. A. HELLYER. Oneworld, 2024, 336 pp.

This disquieting book examines the sources, costs, and consequences of restricting research, debate, and advocacy about the Middle East in the United States, Europe, and the region itself. Although the authors recognize that such restrictions are most stringent in the Middle East, they are generally more worried about the constriction of speech in ostensibly liberal countries. The book’s accumulation of data, cases, and documentation of censorship, surveillance, and harassment, presented in a clinical and dispassionate tone, paints a damning

picture. Enormous impediments to public debate about the ongoing conflict exist in Israel and the Palestinian territories, including the harassment of nongovernmental organizations by the authorities and threats to shut down newspapers. Elsewhere, the expanded application of the term “terrorism” to cover virtually any opposition to government policy in the region—including Egypt’s limits on research access and American money-laundering regulations relating to providing material support to terrorists, criminal networks, and certain governments—hinders and discourages academic training, research, and publication. Digital technologies expand the reach of censors, both official and self-appointed, and deepen the fear they generate among scholars and at the universities and research centers that house them. Taken together, the accounts of curbs on research projects, the harassment of scholars, and the censorship of academic findings are often harrowing to read. The book’s warning is all the more urgent as American universities grapple with accusations of bias and challenges to their autonomy and authority as a result of campus disputes about the Israeli-Palestinian conflict.

Iran

BY ALI M. ANSARI. Polity, 2024, 160 pp.

This fluent primer on modern Iranian history and politics by a distinguished historian provides a valuable briefing on the challenges facing the government in Tehran—and by extension,

all the other governments that deal with Iran. Ansari argues that the Constitutional Revolution of 1906 continues to frame Iranian political debates, providing the historical referent for nationalists in their battle with religious fundamentalists over who had revolutionary legitimacy. British, Russian, and American imperial ambitions of the mid-twentieth century understandably made both nationalists and religious zealots a bit paranoid about foreign interference, while oscillating policies based on popular accountability and religious inspiration eroded government efficiency and effectiveness after the 1979 revolution. Ansari ends before the Israeli strikes on the country’s nuclear facilities in June 2025, but he provides a thorough account of the twists and turns of U.S. efforts to limit Iran’s nuclear program. He also hints that “security breaches ostensibly carried out by the Israelis” before the American assassination of Qasem Soleimani, commander of the Islamic Revolutionary Guard Corps’ Quds Force, in 2020 “could not have been achieved without complicity within the system.” Corruption and disillusionment seem to have surpassed ideology as a driving force in Iranian politics.

Egypt + 100: Stories From a Century After Tahrir

EDITED BY AHMED NAJI. Comma Press, 2024, 160 pp.

A dozen Egyptian writers working in a variety of genres—science fiction, satire, horror, reportage—were invited to imagine the Egypt of January 25, 2111,

exactly a century after the start of the uprising that toppled President Hosni Mubarak. The results are revealing. In these stories, the Egypt of 2111 is often a dismal, dreary place where hope and enthusiasm have vanished; as Yasmine El Rashidi's protagonist observes upon reading her grandmother's accounts of the "exhilaration" of January 2011, "I understand 'high' . . . but 'exhilaration,' I can't imagine." Some of the forecasts reflect universal anxieties: in several stories, artificial intelligence has created alternate realities and empowered shadowy rulers. Some of the anticipated change is environmental. Climate change has swamped Egypt's north coast, and the Nile has permanently flooded its banks in some places and dried up entirely elsewhere. Most intriguing, however, are the futures that take the Egyptian present to absurdly logical conclusions: great construction projects have produced vast cities of skyscrapers, overpasses, and elevated metro systems where citizens must seek permission to walk on the ground or leave expansive gated communities. People still live beyond the confines of these fantastical constructions, but in a very dangerous world plagued by poverty, criminal gangs, rapacious rulers, and, most treacherous of all, unrepressed memories of an earlier time when exhilaration was imaginable.

Eastern Europe and Former Soviet Republics

MARIA LIPMAN

The Death of Stalin

BY SHEILA FITZPATRICK. Old Street Publishing, 2025, 179 pp.

Fitzpatrick, a preeminent historian of the Soviet Union, offers a concise account of Joseph Stalin's rise to supreme power, his tyrannical rule, the black comedy surrounding his death, and his legacy in modern Russia. By 1945, the Soviet victory over Nazi Germany had elevated the Soviet Union to superpower status. When Stalin suffered a fatal stroke in 1953, his personal doctor was under arrest, and his closest associates were so terrified of him that none dared touch the dying leader. Yet within weeks of his death, those same cowed courtiers repudiated Stalin's rule by terror and effectively moved toward a more relaxed regime. In 2025, 42 percent of Russians rank Stalin first among "the most outstanding historical figures of all time." His popular image, however, is not of the tyrant who presided over the jailing, deportation, and execution of millions of Soviet citizens, but of the leader who raised Russia's global stature to its highest point in its history. This perception of Stalin, Fitzpatrick argues, reflects not only Russian President Vladimir Putin's fixation on national greatness, but also "an emerging popular consensus" within Russia.

Odyssey Moscow: One American's Journey From Russia Optimist to Prisoner of the State

BY MICHAEL CALVEY. The History Press, 2025, 256 pp.

In 2019, Calvey—one of the most successful American investors in Russia and an indefatigable promoter of doing business in the country—was arrested by the FSB, Russia's most powerful security agency, on charges of large-scale fraud. The case against him was concocted as an act of revenge by disgruntled business partners with close ties to the FSB. In his captivating memoir, Calvey describes the routine of his two-month incarceration in a cell shared with seven other inmates, as well as the often absurd constraints imposed on him—for instance, he was prohibited from writing letters to his wife and children in his native English. His detention was followed by nearly two years of house arrest, during which time he was forbidden to access the Internet or contact anyone except family and lawyers. After his encounter with the Russian justice system—where, he writes, verdicts are “determined outside the courtroom”—Calvey shed his former optimism about Russia, but not his admiration for its people: his team, his friends, and especially his cellmates, to whom he dedicates the book, noting their “courage and decency.”

The Spy in the Archive: How One Man Tried to Kill the KGB

BY GORDON CORERA. William Collins, 2025, 336 pp.

Corera, a former security correspondent for the BBC, tells the enthralling story of Vasili Mitrokhin, an unsuccessful Soviet spy whom the KGB demoted in 1956 to the role of archivist. Laboring in the security agency's records, Mitrokhin became obsessed with exposing the crimes of the Soviet regime. From the early 1970s until his retirement in 1984, he covertly copied top-secret documents by hand on tiny slips of paper, smuggling them out tucked inside his shoes. At his dacha, he turned those notes into legible files. In 1992, a year after the dissolution of the Soviet Union, Mitrokhin offered his materials to the British embassy in newly independent Lithuania. Corera's narrative traces Mitrokhin's evolution from poor peasant boy to loyal KGB officer to passionate anti-KGB crusader and details his family's exfiltration to Britain by MI6. Working with the British historian Christopher Andrew, Mitrokhin published his work under the title “The Mitrokhin Archive.” But to his disappointment, his Western hosts, while thrilled to see evidence of Soviet intelligence operations, hardly shared Mitrokhin's zeal for exposing the evils of the Soviet system.

The Spirit of Socialism: Culture and Belief at the Soviet Collapse

BY JOSEPH KELLNER. Cornell University Press, 2025, 258 pp.

Kellner, a historian, proposes an insightful interpretation of the immense popularity of bizarre theories and new spiritual movements that accompanied the collapse of the Soviet Union. He features cult figures such as the mathematician Anatoly Fomenko, whose “New Chronology” theory posited that all of world history had transpired in a single millennium. Professional historians denounced Fomenko as a charlatan, but his countless fans remained undeterred. Another is a former traffic officer who proclaimed himself the messiah and founded a sect in Siberia. The search for alternative spiritual authority was driven by the profound disorientation caused by the collapse of the Soviet Union, but as Kellner shows, it was also rooted in the late Soviet decades, when communist ideology had lost its legitimacy and could no longer provide answers to fundamental existential questions. This prompted a quest for alternative teachings and beliefs, such as yoga and telepathy. These practices were semiclandestine and limited in scope, but Soviet policies—such as internationalism with a focus on the East, especially India, and the state’s promotion of the unlimited power of science—had unwittingly encouraged such pursuits.

Western Europe

ANDREW MORAVCSIK

Growing Up Godless: Nonreligious Childhoods in Contemporary England

BY ANNA STRHAN AND RACHAEL SHILLITOE. Princeton University Press, 2025, 256 pp.

Across Europe, religious identification is declining steeply among young people. Over a third of them report having no religion at all. In this engaging work, two sociologists conduct interviews to find out what British youth think about religion, what influences their thinking, and what alternative spiritual and philosophical values and beliefs they hold. Many children raised by devout parents and teachers still embrace their parents’ beliefs, but ever-fewer young people raised in less committed or entirely nonreligious families and schools espouse religious faith. The authors’ interviews bear eloquent witness to the thoughtful process through which young people “growing up godless” reason toward an agnostic or atheist stance. Far from being selfish, self-absorbed, or nihilistic, such nonreligious children reason their way to a deep commitment to tolerant universal values of “respect” and “choice” in a diverse world.

The Quest for Individual Freedom: A Twentieth-Century European History
BY MORITZ FÖLLMER. Cambridge University Press, 2025, 264 pp.

This book traces the spread of social, political, cultural, sexual, and life-style freedoms over the past century in Europe. In retrospect, the expansion of freedom proved an inexorable trend, yet the path it took was contradictory and uneven, often accelerated or slowed by external constraints and inherited cultural views. Although successive wars imposed harsh conscription, they also liberated women to work, allowed men to leave their communities and experience a broader world, and ultimately spread the conviction that free citizens must be inspired to serve their country voluntarily. The growing power of the state produced the ideologies of fascism and communism but ultimately led to the acceptance of robust state intervention to protect individual rights and built sturdy social welfare nets. The social mores that underpinned widening female, sexual, reproductive, and life-style freedoms spread outward from urban centers in northern Europe and have withstood backlashes from authoritarian governments and organized religion. Today, Europeans face renewed polarization over the meaning of freedom, fueled by the Internet, populism, multiculturalism, and the erosion of the social welfare state.

You Can Kill Each Other After I Leave: Refugees, Fascism, and Bloodshed in Greece
BY PATRICK STRICKLAND.
Melville House, 2025, 320 pp.

Charged by opposition to surges in immigration, the rise of the far right has polarized countries across Europe. In this engaging book, a veteran journalist portrays the last two decades of Greek politics as an epic battle between far-right, violently anti-immigrant groups, which he terms “fascists,” and the left-wing civic and political groups that resist them. His portrayal of the hopeless and dangerous life of immigrants evokes sympathy. His account of the violent neo-Nazi Golden Dawn party evokes antipathy: votaries of the far right have murdered immigrants and leftists, built deep links to Greek law enforcement that give greater latitude to their thuggery, and gained modest representation in the parliament. Although this Manichean interpretation contains much truth, the book overlooks—until the last few pages—that the entire leadership of Golden Dawn was convicted and jailed in 2020 for running a criminal organization. An overriding democratic majority of Greeks continue to favor meaningful limits on immigration for more moderate reasons—not because the public is in thrall to neo-Nazi ideology. Perhaps Europe is not as polarized as it seems on the surface.

The Long Shadow of German Colonialism: Amnesia, Denialism, and Revisionism

BY HENNING MELBER. Hurst, 2024, 416 pp.

Melber, a distinguished scholar who was once an anticolonial activist, argues that Germany has not come to terms with its imperial history from before World War I, when it ruled parts of present-day Cameroon, China, Namibia, Togo, Zanzibar, and part of New Guinea and some nearby South Sea islands. German colonialism was brutal if also feeble in some cases, but the book leaves little doubt that the Germans conducted a genocide in Namibia, building five concentration camps for the Herero and Nama peoples and killing tens of thousands. The author points out that colonial atrocities do not occupy the prominent position in German national memory held by the extensive Nazi atrocities. Still, historians and commentators have done much in recent years to set the record straight, and (with the exception of the extreme-right Alternative for Germany party) German politicians accept national responsibility for past colonial crimes. In the end, the author's primary concern is Germany's unwillingness either to pledge formal "reparations" to the residents of its former colonies or to promise more than a billion dollars over three decades in development funding, a sum smaller than what Germany gave over the prior three decades. The book reminds readers that the injustices of colonialism are rarely redressed to the satisfaction of its victims and their descendants.

The Director

BY DANIEL KEHLMANN.

TRANSLATED BY ROSS BENJAMIN. Summit Books, 2025, 352 pp.

Kehlmann is widely considered to be among the leading contemporary German writers of fiction. He is particularly known for historical novels that distill eternal human dilemmas into everyday experience, all rendered in concise and accessible prose. His books are at once sad and funny, heady and chatty, realistic and absurdist, cynical and uplifting. *The Director* tracks the historical case of G. W. Pabst, one of the greatest filmmakers of the Weimar era, the period in Germany between the end of World War I in 1918 and the rise of the Nazis in 1933. Unlike his compatriots Fritz Lang and Fritz Murnau, Pabst rejected émigré life in Hollywood and, despite his communist sympathies, returned to Europe from the United States in the 1930s. After first swearing never to collaborate with the Nazi regime, he ended up directing films for its propaganda chief, Joseph Goebbels. In banal yet often painful detail, Kehlmann reimagines the mix of pressure, vanity, humiliation, and resignation that can lead a great artist to ignore ethical imperatives and become complicit with authoritarians—a theme that feels especially timely today.

Western Hemisphere

RICHARD FEINBERG

Banished Citizens: A History of the Mexican American Women Who Endured Repatriation

BY MARLA A. RAMÍREZ. Harvard University Press, 2025, 368 pp.

In this timely, passionate study, Ramírez documents the travails of four families among the roughly one million ethnic Mexicans removed from the United States between 1921 and 1944. Many of these deportees were U.S. citizens. Some were expelled, while others lived in mixed-status families and chose to accompany their noncitizen spouses to Mexico. During the Great Depression, merciless U.S. authorities sought both to cut the deportees from welfare rolls and to preserve the “whiteness” of the population. Interestingly, Ramírez notes that some Mexican progressives, including Frida Kahlo and Diego Rivera, supported this relocation as aiding the “Mexican dream” of owning a family farm. Banishment, however, not only violated the civil and human rights of ethnic Mexicans but also lowered their living standards and impeded their upward social mobility. Ramírez insists that the U.S. government should make a formal apology and that public school curriculum should recognize this historic injustice.

Brazilian Belonging: Jewish Politics in Cold War Latin America

BY MICHAEL ROM. Stanford University Press, 2025, 298 pp.

Rom celebrates the many contributions of Brazilian Jews to Brazilian politics. Brazil is the home to one of the largest Jewish communities, numbering around 100,000, outside Israel, Europe, and North America. He focuses on 1945 to 1985, a turbulent period in which Brazil swung between democracy and dictatorship. Most Brazilian Jews can trace their ancestry to twentieth-century immigrants from Europe. These arrivals often adhered to transnational ideologies, notably Zionism and communism, that shared secular materialistic tenets but would fiercely divide politically engaged Brazilian Jewish communities. Nevertheless, Brazilian Jews could unite to oppose anti-Semitic immigration restrictions in the post-World War II years. During the 1960s, many young Brazilian Jews attended Jewish summer camps and elite schools; later, they solidified their generational identity and sense of community through opposition to the country’s military dictatorship. More recently, Brazilian Jews have sought to reconcile with the past, digging for the stories of relatives who disappeared during military rule; others have engaged in environmental activism, advocacy for labor rights, and social justice movements. But Rom acknowledges that the majority of Brazilian Jews voted for the rightist Jair Bolsonaro in 2018, a reflection, perhaps, of the community’s growing wealth.

Forging Latin America: Profiles in Power and Ideas, 1492 to Today

BY RUSSELL CRANDALL. Rowman & Littlefield, 2023, 584 pp.

In this tour de force, Crandall crafts 52 penetrating portraits of leading Latin American political actors and philosophers. In five turbulent centuries, Latin America has produced numerous daring, enthralling figures who have pursued a wide variety of ambitious social transformations. Many of these biographical sketches underline the fundamental contradiction between the lofty ideals of youth and the inevitable compromises demanded by the later exercise of power. Unlike idealist figures who were seen as martyrs after their deaths (as were the Haitian revolutionary Toussaint Louverture, the Cuban philosopher José Martí, the Argentine communist Che Guevara, and the Salvadoran archbishop Óscar Romero), many of the leftist rebels profiled in the book inevitably fell short of expectations after taking office (including the Argentine leaders Juan and Eva Perón, Cuban President Fidel Castro, and Venezuelan President Hugo Chávez). Crandall also honors more centrist, pragmatic leaders, such as Benito Juárez in Mexico and Michelle Bachelet in Chile. But he neglects some venerated democrats such as Eduardo Frei in Chile and Fernando Henrique Cardoso in Brazil, and economists who had a global impact, such as the Argentine scholar and UN official Raúl Prebisch. This accessible volume targets the general reader but, in its sweep and depth, will also reward the academic specialist.

The Undiscovered Country: Triumph, Tragedy, and the Shaping of the American West

BY PAUL ANDREW HUTTON. Dutton, 2025, 576 pp.

Hutton's sweeping epic narrative brings to life the violent conquest of the "undiscovered country," the American continent west of the original 13 colonies. In less than a century, waves of European immigrants cleared the forests, forcefully removed the natives, and defeated contending armies (French, British, Mexican). Hutton has deep knowledge of the folk heroes of this story: Daniel Boone, Davy Crockett, Kit Carson, and "Buffalo Bill" Cody, macho men and citizen-soldiers famed for the courage, survival skills, and singular marksmanship they employed against both animals and Native Americans. Hutton contrasts the robust, forward-looking United States of this period with mid-nineteenth-century Mexico, a politically chaotic and demographically stagnant country that made easy pickings for ambitious Anglo-Americans hungering for the rich lands of today's U.S. Southwest. But the book also implicitly offers a counternarrative, suggesting that the conquest of the West was the work of callously materialistic white settlers who were equally destructive to nature's bounty and rival civilizations.

The United States

JESSICA T. MATHEWS

The End of Engagement: America's China and Russia Experts and U.S. Strategy Since 1989

BY DAVID M. MCCOURT. Oxford University Press, 2024, 320 pp.

McCourt offers a sociological study of the American debate regarding U.S. policy toward China and Russia since 1989. Washington first imagined it could lure Beijing into becoming a responsible stakeholder of the U.S.-led international order before abandoning that notion in favor of seeing China as a threatening adversary. At the same time, relations with Moscow hardened from warm engagement in the immediate aftermath of the collapse of the Soviet Union to frostier dealings as Russia under President Vladimir Putin took a decisively authoritarian and aggressive turn, culminating in the full-scale invasion of Ukraine in 2022. McCourt bases his analysis on a series of open letters published in *The Washington Post*, *Politico*, and other journals in 2019 and 2020 by leading U.S. policymakers and scholars of Russia and China. Through these letters and through interviews, McCourt attempts to determine how much U.S. policy changed on its own initiative or simply responded to shifts in Russian and Chinese behavior. He concludes that U.S. policy too often swings between extremes of optimism and pessimism and

would benefit from less polarization within the professional communities responsible for guiding policymaking.

Born Equal: Remaking America's Constitution, 1840–1920

BY AKHIL REED AMAR. Basic Books, 2025, 736 pp.

This second volume of a planned trilogy offers another beguiling example of Amar's unique blend of constitutional legal analysis, history, and political science, all delivered in a fluid narrative style. He seeks to reveal what the Constitution "really means" by tracing the changes in the meaning of the Declaration of Independence's fundamental but potentially contentious claim that "all men are created equal." He tracks that phrase from its first use, to its primacy in President Abraham Lincoln's Gettysburg Address in 1863, to its appearances during the long debates and eventual adoption of the 13th, 14th, 15th, and 19th Amendments that abolished slavery and extended civil and full political rights to Blacks and women. Four people dominate the narrative: Lincoln, the suffragist Elizabeth Cady Stanton, the abolitionist Frederick Douglass, and the author and abolitionist Harriet Beecher Stowe. At center stage, however, is the broader American conversation on equality that took place in every sector of American public life, from newspapers to parades, throughout the nineteenth century. Amar argues that this conversation constituted the original—and more valid—form of what is today termed

“constitutional originalism,” the effort to hew to the intentions of the drafters of the Constitution. Readers will close this volume with a richer knowledge of the history of this period and a deepened understanding of the once and future meanings of “all men are created equal.”

The Triumph of Fear: Domestic Surveillance and Political Repression From McKinley to Eisenhower

BY PATRICK G. EDDINGTON.

Georgetown University Press, 2025, 408 pp.

Eddington crafts a valuable history of the rise and spread of what he terms the American surveillance state. The book is exhaustively researched and footnoted and draws in part on a massive archive of newly declassi-

fied federal records, but Eddington makes his own view explicit from the outset: the laws, institutions, and policies that facilitate widespread surveillance in the United States pose a “mortal threat” to personal liberties and constitutional protections. This volume covers in detail the years from the beginning of the twentieth century to the end of the Eisenhower administration, during which the patterns of behavior that underpin the surveillance state, such as the circumvention of laws and judicial decisions by the president, became more common. Eddington argues that the common focus these days on various enabling technologies obscures the more important issue of the mentality that lies behind domestic surveillance. Officials past and present have believed that an ever-widening circle of groups and political ideologies

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—Stephanie Solomon, Chief Revenue Officer

threatens the state when often they are simply threats to those currently in power. He demonstrates how often and how easily authorities engaged in the surveillance of particular groups and movements cross the line to actively undermine or destroy the subjects of their scrutiny.

Ghosts of Iron Mountain: The Hoax of the Century, Its Enduring Impact, and What It Reveals About America Today
BY PHIL TINLINE. Scribner, 2025, 352 pp.

Tinline has written an astonishing, important, and beautifully told story showing that distrust of the federal government and the belief that a shadowy cabal of evil elites is somehow in charge—ideas that powered the rise of U.S. President Donald Trump—have roots that reach back more than half a century. It did not take the Internet and social media for Americans to fall victim to wild conspiracy theories. *Report From*

Iron Mountain: On the Possibility and Desirability of Peace was purported to be the suppressed report of a secret government committee tasked with exploring the consequences of global peace. Published in 1967, the satire was so well written that it made front-page news and bestseller lists and had the Johnson administration scrambling to make sure that it was not in fact a product of the Kennedy administration. The so-called report concluded that war is the “essential economic stabilizer” of modern societies and is, moreover, its “basic social system” essential for underpinning national sovereignty and allegiance to the state. While its authors—a coterie of left-wing editors and writers—kept people guessing, the book found a credulous audience across the political spectrum. Five years later, however, when they finally announced it to be a hoax, the book had become so widely read that the far right chose to believe that the debunking was itself a hoax. The report remains an influential text on that fringe today. 🌐

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THE ARCHIVE

January 1950

“Science and Politics in the Twentieth Century”

JAMES B. CONANT

At the start of the Cold War, Harvard University President James Conant, who had served as chairman of the National Defense Research Council during World War II, argued that scientific progress would be a decisive factor in the competition between great powers—and that such progress would depend on effective partnership among industry, government, and the academy. Conant recognized that high-impact scientific research would be expensive. But without it, he warned, American security and prosperity would suffer.

Those concerned directly with technology, the practical men, the inventors and the engineers, have long occupied a place of honor in our country. But the concern of the politician with science and scientists is a relatively new phenomenon. . . . The advent of the scientists into the news and the growing interest of the nation in science are the direct consequences of World War II. But quite apart from the fact that certain new tools of war, notably the atomic bomb, the proximity fuse and radar, were products of scientific laboratories, there has been a growing appreciation in the last 50 years of the national importance of scientific progress. Today a government official or an elected representative in Washington thinking in terms of either increasing the

military potential of the country or the industrial capacity will wish to consult both scientists and engineers.

Forty years ago the writer of an article such as this might have had to underline the fact that the scientist as well as the engineer was involved. He

might have been worried lest the reader fail to realize the significance to a modern society of advances in pure science. The popularization of many fields of science in connection with medicine, public health, agriculture

and industry as well as war has eliminated all such fears. In general terms the taxpayer and the stockholder are ready to take on faith the statement that science is important even if it costs the nation or the industrial corporation considerable sums of money. ●





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Tangente neomatik 41 Update. The iconic NOMOS model with an innovative date ring and patented mechanics. Thanks to the automatic DUW 6101 movement, this elegant date watch with a 40.5-millimeter diameter is only 7.8 millimeters in height. Offering style and high performance with a legally protected designation of origin: Glashütte, Germany. Available with select retailers, for example in Arizona: **The 1916 Company**; Alabama: **Reeds**; California: **Bhindi, C.J. Charles, CH Premier, Feldmar, Shreve & Co., Topper**; Cleveland: **Sheiban**; Colorado: **Oster Jewelers**; Connecticut: **Shreve, Crump & Low**; Florida: **Orlando Watch Company**; Georgia: **13 Secrets**; Illinois: **Sydel & Sydel, Burdeen's Jewellery**; Indiana: **Brinker's, Reis-Nichols**; Kansas: **Tivol**; Louisiana: **Adler's**; Maine: **Springer's Jewelers**; Maryland: **Little Treasury**; Massachusetts: **Long's Jewelers, Shreve, Crump & Low**; Minnesota: **Gunderson's**; Nebraska: **Borsheims**; New Jersey: **Hamilton**; New York: **London Jewelers, Wempe**; North Carolina: **Windsor Jewelers**; Ohio: **Diamond Cellar, Richter & Phillips**; Oklahoma: **BC Clark**; Pennsylvania: **Henne**; Rhode Island: **Providence Diamond**; South Carolina: **Sylvans**; Tennessee: **Diamond Cellar**; Texas: **L. Majors**; Lewis; Utah: **J. Brooks Jewelers**; Virginia: **Schwarzschild**; Washington: **Ben Bridge**. And at **Tourneau/Bucherer**, as well as online: [nomos-glashuette.com](https://www.nomos-glashuette.com)