

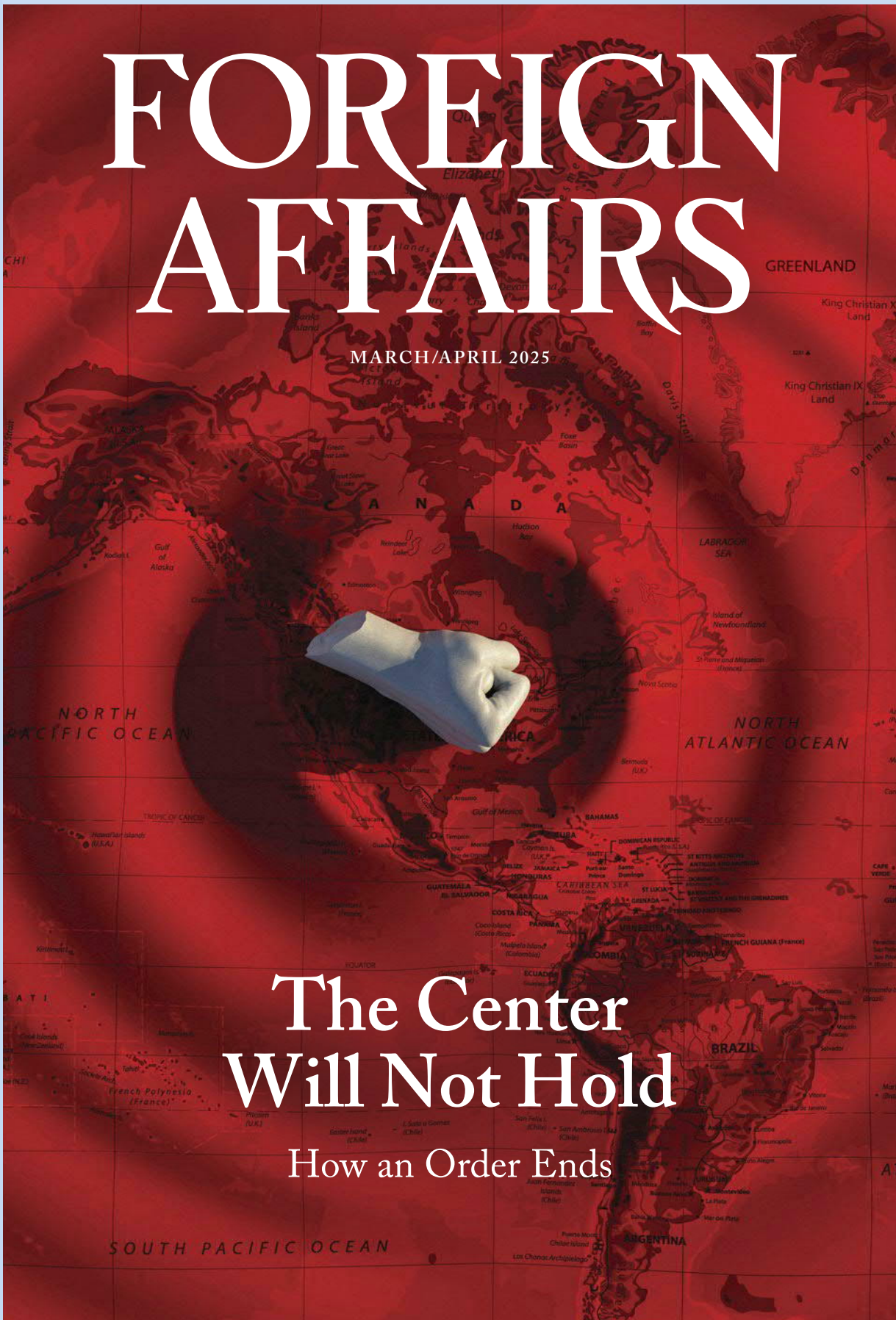
# FOREIGN AFFAIRS

MARCH/APRIL 2025

The Center  
Will Not Hold  
How an Order Ends

FOREIGN AFFAIRS

MARCH/APRIL 2025 • VOLUME 104 • NUMBER 2





# FOREIGN AFFAIRS

*Volume 104, Number 2*

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Archibald Cary Coolidge, Founding Editor  
Volume 1, Number 1 • September 1922

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# The World Trump Wants

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## American Power in the New Age of Nationalism

MICHAEL KIMMAGE

**I**n the two decades that followed the Cold War's end, globalism gained ground over nationalism. Simultaneously, the rise of increasingly complex systems and networks—institutional, financial, and technological—overshadowed the role of the individual in politics. But in the early 2010s, a profound shift began. By learning to harness the tools of this century, a cadre of charismatic figures revived the archetypes of the previous one: the strong leader, the great nation, the proud civilization.

The shift arguably began in Russia. In 2012, Vladimir Putin ended a short experiment during which he left the presidency and spent four years as prime minister while a compliant ally served as president. Putin returned to the top job and consolidated his authority, crushing all opposition and devoting himself to rebuilding “the Russian world,” restoring the great-power status that had evaporated with the fall of the

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Soviet Union, and resisting the dominance of the United States and its allies. Two years later, Xi Jinping made it to the top in China. His aims were like Putin's but far grander in scale—and China had far greater capabilities. In 2014, Narendra Modi, a man with vast aspirations for India, completed his long political ascent to the prime minister's office and established Hindu nationalism as his country's dominant ideology. That same year, Recep Tayyip Erdogan, who had spent just over a decade as Turkey's hard-driving prime minister, became its president. In

short order, Erdogan transformed his country's factionalized democratic ensemble into an autocratic one-man show.

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Today's conflicts  
amount to  
the clash of  
civilizations lite.

Perhaps the most consequential moment in this evolution occurred in 2016, when Donald Trump won the presidency of the United States. He promised to “make America great again” and to put “America first”—slogans

that captured a populist, nationalist, antiglobalist spirit that had been percolating within and outside the West even as the U.S.-led liberal international order took hold and grew. Trump was not just riding a global wave. His vision of the U.S. role in the world drew from specifically American sources, although less from the original America First movement that peaked in the 1930s than from the right-wing anticommunism of the 1950s.

For a while, Trump's loss to Joe Biden in the 2020 presidential race seemed to signal a restoration. The United States was rediscovering its post-Cold War posture, poised to buttress the liberal order and to stem the populist tide. In the wake of Trump's extraordinary comeback, however, it now appears more likely that Biden, and not Trump, represented a detour. Trump and comparable tribunes of national greatness are now setting the global agenda. They are self-styled strongmen who place little stock in rules-based systems, alliances, or multinational forums. They embrace the once and future glory of the countries they govern, asserting an almost mystical mandate for their rule. Although their programs can involve radical change, their political strategies rely on strains of conservatism, appealing over the heads of liberal, urban, cosmopolitan elites to constituencies animated by a hunger for tradition and a desire for belonging.

In some ways, these leaders and their visions evoke “the clash of civilizations” that the political scientist Samuel Huntington, writing

in the early 1990s, imagined would drive global conflict after the Cold War. But they do so in a manner that is often performative and flexible rather than categorical and overzealous. It is the clash of civilizations lite: a series of gestures and a style of leadership that can reconfigure competition over (and cooperation on) economic and geopolitical interests as a contest among crusading civilization-states.

This contest is rhetorical at times, allowing leaders to employ the language and the narratives of civilization without having to stick to Huntington's script or to the somewhat simplistic divisions it foretold. (Orthodox Russia is at war with Orthodox Ukraine, not with Muslim Turkey.) Trump was introduced at the 2020 GOP convention as "the bodyguard of Western civilization." The Kremlin leadership has developed the notion of Russia as a "civilization-state," using the term to justify its efforts to dominate Belarus and subjugate Ukraine. At the 2024 Summit for Democracy, Modi characterized democracy as "the lifeblood of Indian civilization." In a 2020 speech, Erdogan declared that "our civilization is one of conquest." In a 2023 speech to the Central Committee of the Chinese Communist Party, Chinese leader Xi Jinping extolled the virtues of a national research project on the origins of Chinese civilization, which he called "the only great, uninterrupted civilization that continues to this day in a state form."

In the years to come, the kind of order these leaders fashion will greatly depend on Trump's second term. It was, after all, the U.S.-led order that had encouraged the development of supranational structures following the Cold War. Now that the United States has joined the twenty-first-century dance of nations, it will often call the tune. With Trump in power, conventional wisdom in Ankara, Beijing, Moscow, New Delhi, and Washington (and many other capitals) will decree that there is no one system and no agreed-on set of rules. In this geopolitical environment, the already tenuous idea of "the West" will recede even further—and, consequently, so will the status of Europe, which in the post-Cold War era had been Washington's partner in representing "the Western world." European countries have been conditioned to expect U.S. leadership in Europe and a rules-based order (not necessarily of American vintage) outside Europe. Shoring up this order, which has been crumbling for years, will be left to Europe, a loose confederation of states with no army and with little organized hard power of its own—and whose countries are experiencing a period of acutely weak leadership.



The Trump administration has the potential to succeed in a revised international order that has been years in the making. But the United States will thrive only if Washington recognizes the danger of so many intersecting national fault lines and neutralizes these risks through patient and open-ended diplomacy. Trump and his team should regard conflict management as a prerequisite for American greatness, not as an impediment to it.

#### THE REAL ROOTS OF TRUMPISM

Analysts often wrongly trace the origins of Trump's foreign policy to the interwar years. When the original America First movement flourished in the 1930s, the United States had a modest military and did not have superpower status. America Firsters wished more than anything to keep it this way; they sought to avoid conflict. In contrast, Trump cherishes the superpower status of the United States, as he emphasized repeatedly in his second inaugural address. He is sure to increase military spending, and by threatening to seize or otherwise acquire Greenland and the Panama Canal, he has already proved that he will not shy away from conflict. Trump wants to reduce Washington's commitments to international institutions and to narrow the scope of U.S. alliances, but he is hardly interested in overseeing an American retreat from the global stage.

The true roots of Trump's foreign policy can be found in the 1950s. They emerge from that decade's surging anticommunism, although not from the liberal variant that channeled democracy promotion, technocratic skill, and vigorous internationalism, and that was championed by Presidents Harry Truman, Dwight Eisenhower, and John F. Kennedy in response to the Soviet threat. Trump's vision stems from the right-wing anticommunist movements of the 1950s, which pitted the West against its enemies, drew on religious motifs, and harbored a suspicion of American liberalism as too soft, too postnational, and too secular to protect the country.

This political legacy is a tale of three books. First came *Witness* by the American journalist Whittaker Chambers, a former communist and Soviet spy who eventually broke with the party and became a political conservative. *Witness* was his 1952 manifesto on fellow-traveling American liberals and their treachery, which emboldened the Soviet Union. A similar vision motivated James Burnham, the preeminent postwar conservative foreign-policy thinker. In his 1964 book, *Suicide*

of the West, he faulted the American foreign-policy establishment for snobbish disloyalty and for upholding “principles that are internationalist and universal rather than local or national.” Burnham advocated a foreign policy built on “family, community, Church, country and, at the farthest remove, civilization—not civilization in general but this historically specific civilization, of which *I* am a member.”

One of Burnham’s intellectual successors was a young journalist named Pat Buchanan. Buchanan supported Barry Goldwater in the 1964 presidential election, was an aide to President Richard Nixon, and in 1992, launched a formidable primary challenge to the sitting Republican president, George H. W. Bush. It is Buchanan whose ideas most precisely foreshadow the Trump era. In 2002, Buchanan published *The Death of the West*, in which he observed that “poor whites are moving to the right” and contended that “the global capitalist and the true conservative are Cain and Abel.” Despite the book’s title, Buchanan had some hope for the West (in his us-and-them sense of the term) and was confident in globalism’s impending crack-up. “Because it is a project of elites, and because its architects are unknown and unloved,” he wrote, “globalism will crash on the Great Barrier Reef of patriotism.”

Trump assimilated this decades-long conservative tradition not through studying such figures but through instinct and campaign-trail improvisation. Like Chambers, Burnham, and Buchanan, outsiders enamored of power, Trump relishes iconoclasm and rupture, seeks to upend the status quo, and loathes liberal elites and foreign-policy experts. Trump may seem an unlikely heir to these men and the movements they shaped, which were shot through with Christian moralism and at times with elitism. But he has cannily and successfully cast himself not as a refined exemplar of Western cultural and civilizational virtues but as their toughest defender from enemies without and within.

#### THE REVISIONISTS

Trump’s dislike of universalistic internationalism aligns him with Putin, Xi, Modi, and Erdogan. These five leaders share an appreciation of foreign-policy limits and a nervous inability to stand still. They are all pressing for change while operating within certain self-imposed parameters. Putin is not trying to Russify the Middle East. Xi is not trying to remake Africa, Latin America, or the Middle East in China’s image. Modi is not attempting to construct ersatz Indias abroad. And Erdogan is not pushing Iran or the Arab world to be more Turkish.

Trump is likewise uninterested in Americanization as a foreign-policy agenda. His sense of American exceptionalism separates the United States from an intrinsically un-American outside world.

Revisionism can coexist with this collective avoidance of global system building and with the thinning out of the international order. To Xi, history and Chinese power—not the UN Charter or Washington’s preferences—are the true arbiters of Taiwan’s status, for China is whatever he says it is. Although India does not sit beside a global flash point like Taiwan, it continues to litigate its borders with China and Pakistan, which have been unresolved since India achieved independence in 1947. India ends wherever Modi says it ends.

Erdogan’s revisionism is more literal. To advantage its allies in Azerbaijan, Turkey facilitated Azerbaijan’s expulsion of Armenians from the contested territory of Nagorno-Karabakh, not through negotiation but through military force. Turkey’s membership in the NATO alliance, which entails a formal commitment to democracy and to the integrity of borders, did not stand in Erdogan’s way. Turkey has also established itself as a military presence in Syria. This is not quite a reconstitution of the Ottoman Empire. Erdogan does not aim to keep Syrian territory in perpetuity. But Turkey’s military-political projects in the South Caucasus and the Middle East have a historical resonance for Erdogan. Proof of Turkey’s greatness, they show that Turkey will be wherever Erdogan says it ought to be.

Amid this rising tide of revisionism, Russia’s war against Ukraine is the central story. Acting in the name of Russian “greatness” and presiding over a country that has no end in his eyes, Putin’s speeches are awash in historical allusions. Sergey Lavrov, the Russian foreign minister, once wisecracked that Putin’s closest advisers are “Ivan the Terrible, Peter the Great, and Catherine the Great.” But it is the future, not the past, that really concerns Putin. Russia’s 2022 invasion was a geopolitical turning point akin to those the world witnessed in 1914, 1939, and 1989. Putin waged war to partition or colonize Ukraine. He meant the invasion to set a precedent that would justify similar wars in other theaters and possibly excite other players (including China) about the possibilities of disruptive military ventures. Putin rewrote the rules, and he has not ceased doing so: badly as the invasion has gone for Russia, it has not resulted in Russia’s global isolation. Putin

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Biden, not Trump,  
represented a  
detour.

has renormalized the idea of large-scale war as a means of territorial conquest. He has done so in Europe, which had once epitomized the rules-based international order.

The war in Ukraine, however, hardly augurs the death of international diplomacy. In some ways, the war has kickstarted it. For example, the BRICS group, which formally links China, India, and Russia (along with Brazil, South Africa, and other non-Western countries) has grown larger and arguably more cohesive. On the other side, Ukraine's coalition of supporters has become far more than transatlantic. It includes Australia, Japan, New Zealand, Singapore, and South Korea. Multilateralism is alive and well; it is just not all-encompassing.

In this kaleidoscopic geopolitical landscape, relationships are protean and complex. Putin and Xi have built a partnership but not quite an alliance. Xi has no reason to imitate Putin's reckless break with Europe and the United States. Despite being rivals, Russia and Turkey can at least deconflict their actions in the Middle East and in the South Caucasus. India regards China apprehensively. And although some analysts have taken to describing China, Iran, North Korea, and Russia as forming an "axis," they are four profoundly different countries whose interests and worldviews frequently diverge.

The foreign policies of these countries emphasize history and uniqueness, the notion that charismatic leaders must heroically uphold Russian or Chinese or Indian or Turkish interests. This militates against their convergence and makes it hard for them to form stable axes. An axis requires coordination, whereas the interaction among these countries is fluid, transactional, and personality-driven. Nothing here is black and white, nothing set in stone, nothing nonnegotiable.

This milieu suits Trump perfectly. He is not overly constrained by religiously and culturally defined fault lines. He often prizes individuals over governments and personal relationships over formal alliances. Although Germany is a NATO ally of the United States and Russia a perennial adversary, Trump clashed with German Chancellor Angela Merkel in his first term and treated Putin with respect. The countries Trump wrestles with the most are those that lie within the West. Had Huntington lived to see this, he would have found it baffling.

#### A VISION OF WAR

In Trump's first term, the international landscape was fairly calm. There were no major wars. Russia appeared to have been contained in Ukraine.

The Middle East appeared to be entering a period of relative stability facilitated in part by the Trump administration's Abraham Accords, a set of deals intended to enhance regional order. China appeared to be deterrable in Taiwan; it never came close to invading. And in deed if not always in word, Trump conducted himself as a typical Republican president. He increased U.S. defense commitments to Europe, welcoming two new countries into NATO. He struck no deals with Russia. He talked harshly about China, and he maneuvered for advantage in the Middle East.

But today, a major war rages in Europe, the Middle East is in disarray, and the old international system is in tatters. A confluence of factors might lead to disaster: the further erosion of rules and borders, the collision of disparate national-greatness enterprises supercharged by erratic leaders and by rapid-fire communication on social media, and the mounting desperation of medium-sized and smaller states, which resent the unchecked prerogatives of the great powers and feel imperiled by the consequences of international anarchy. A catastrophe is more likely to erupt in Ukraine than in Taiwan or the Middle East because the potential for world war and for nuclear war is greatest in Ukraine.

Even in the rules-based order, the integrity of borders has never been absolute—especially the borders of countries in Russia's vicinity. But since the end of the Cold War, Europe and the United States have remained committed to the principle of territorial sovereignty. Their enormous investment in Ukraine honors a distinctive vision of European security: if borders can be altered by force, Europe, where borders have so often generated resentment, would descend into all-out war. Peace in Europe is possible only if borders are not easily adjustable. In his first term, Trump underscored the importance of territorial sovereignty, promising to build a "big, beautiful wall" along the U.S. border with Mexico. But in that first term, Trump did not have to contend with a major war in Europe. And it's clear now that his belief in the sanctity of borders applies primarily to those of the United States.

China and India, meanwhile, have reservations about Russia's war, but along with Brazil, the Philippines, and many other regional powers, they have made a far-reaching decision to retain their ties with Russia even as Putin labors away at destroying Ukraine. Ukrainian sovereignty is immaterial to these "neutral" countries, unimportant compared with the value of a stable Russia under Putin and with the value of continuing energy and arms deals.

These countries may underestimate the risks of accepting Russian revisionism, which could lead not to stability but to a wider war. The spectacle of a carved-up or defeated Ukraine would terrify Ukraine's neighbors. Estonia, Latvia, Lithuania, and Poland are NATO members that take comfort in NATO's Article 5 commitment to mutual defense. Yet Article 5 is underwritten by the United States—and the United States is far away. If Poland and the Baltic republics concluded that Ukraine was on the brink of a defeat that would put their own sovereignty at risk, they might elect to join the fight directly. Russia might respond by taking the war to them. A similar outcome could result from a grand bargain among Washington, western European countries, and Moscow that ends the war on Russian terms but has a radicalizing effect on Ukraine's neighbors. Fearing Russian aggression on the one hand and the abandonment of their allies on the other, they could go on the offensive. Even if the United States stayed on the sidelines amid a Europe-wide war, France, Germany, and the United Kingdom would probably not remain neutral.

Were the war in Ukraine to widen in that way, its outcome would greatly affect the reputations of Trump and Putin. Vanity would exert itself, as it so often does in international affairs. Just as Putin cannot afford to lose a war to Ukraine, Trump cannot afford to "lose" Europe. To squander the prosperity and power projection that the United States gains from its military presence in Europe would be humiliating for any American president. The psychological incentives for escalation would be strong. And in a highly personalistic international system, especially one agitated by undisciplined digital diplomacy, such a dynamic could take hold elsewhere. It could spark hostilities between China and India, perhaps, or between Russia and Turkey.

#### A VISION OF PEACE

Alongside such worst-case scenarios, consider how Trump's second term could also improve a deteriorating international situation. A combination of workmanlike U.S. relations with Beijing and Moscow, a nimble approach to diplomacy in Washington, and a bit of strategic luck might not necessarily lead to major breakthroughs, but it could produce a better status quo. Not an end to the war in Ukraine, but a reduction in its intensity. Not a resolution of the Taiwan dilemma, but guardrails to prevent a major war in the Indo-Pacific. Not a solution to the Israeli-Palestinian conflict, but some form of U.S. detente with

a weakened Iran, and the emergence of a viable government in Syria. Trump might not become an unqualified peacemaker, but he could help usher in a less war-torn world.

Under Biden and his predecessors Barack Obama and George W. Bush, Russia and China had to cope with systemic pressure from Washington. Moscow and Beijing stood outside the liberal international order in part by choice and in part because they were not democracies. Russian and Chinese leaders exaggerated this pressure, as if regime

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Under Trump,  
flexible diplomacy  
could pay big  
dividends.

change were actual U.S. policy, but they were not wrong to detect a preference in Washington for political pluralism, civil liberties, and the separation of powers.

With Trump back in office, that pressure has dissipated. The form of the governments in Russia and China does not preoccupy Trump, whose rejection of nation building

and regime change is absolute. Even though the sources of tension remain, the overall atmosphere will be less fraught, and more diplomatic exchanges may be possible. There may be more give-and-take within the Beijing-Moscow-Washington triangle, more concessions on small points, and more openness to negotiation and to confidence-building measures in zones of war and contestation.

If Trump and his team can practice it, flexible diplomacy—the deft management of constant tensions and rolling conflicts—could pay big dividends. Trump is the least Wilsonian president since Woodrow Wilson himself. He has no use for overarching structures of international cooperation such as the UN or the Organization for Security and Cooperation in Europe. Instead, he and his advisers, especially those who hail from the tech world, might approach the global stage with the mentality of a start-up, a company just formed and perhaps soon to be dissolved but able to react quickly and creatively to the conditions of the moment.

Ukraine will be an early test. Instead of pursuing a hasty peace, the Trump administration should stay focused on protecting Ukrainian sovereignty, which Putin will never accept. To allow Russia to curtail Ukraine's sovereignty might provide a veneer of stability but could bring war in its wake. Instead of an illusory peace, Washington should help Ukraine determine the rules of engagement with Russia, and through these rules, the war could gradually be minimized. The United States

would then be able to compartmentalize its relations with Russia, as it did with the Soviet Union throughout the Cold War, agreeing to disagree about Ukraine while looking for possible points of agreement on nuclear nonproliferation, arms control, climate change, pandemics, counterterrorism, the Arctic, and space exploration. The compartmentalization of conflict with Russia would serve a core U.S. interest, one that is dear to Trump: the prevention of a nuclear exchange between the United States and Russia.

A spontaneous style of diplomacy can make it easier to act on strategic luck. The revolutions in Europe in 1989 offer a good example. The dissolution of communism and the collapse of the Soviet Union have sometimes been interpreted as a masterstroke of U.S. planning. Yet the fall of the Berlin Wall that year had little to do with American strategy, and the Soviet disintegration was not something the U.S. government expected to happen: it was all accident and luck. President George H. W. Bush's national security team was superb not at predicting or controlling events but at responding to them, not doing too much (antagonizing the Soviet Union) and not doing too little (letting a united Germany slip out of NATO). In this spirit, the Trump administration should be primed to seize the moment. To make the most of whatever opportunities come its way, it must not get bogged down in system and in structure.

But taking advantage of lucky breaks requires preparation as well as agility. In this regard, the United States has two major assets. The first is its network of alliances, which greatly magnifies Washington's leverage and room to maneuver. The second is the American practice of economic statecraft, which expands U.S. access to markets and critical resources, attracts outside investment, and maintains the American financial system as a central node of the global economy. Protectionism and coercive economic policies have their place, but they should be subordinate to a broader, more optimistic vision of American prosperity, and one that privileges long-time allies and partners.

None of the usual descriptors of world order apply anymore: the international system is not unipolar or bipolar or multipolar. But even in a world without a stable structure, the Trump administration can still use American power, alliances, and economic statecraft to defuse tension, minimize conflict, and furnish a baseline of cooperation among countries big and small. That could serve Trump's wish to leave the United States better off at the end of his second term than it was at the beginning. 🌐



# The Renegade Order

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## How Trump Wields American Power

HAL BRANDS

**D**onald Trump has already transformed the American political order. Not since Ronald Reagan has a president so dominated the national landscape or shifted its ideological terrain. In his second term, Trump could reshape global order in ways no less profound.

Today's reigning, U.S.-led international system—call it Pax Americana, the liberal order, or the rules-based international order—arose from a brutal Eurasian century. The great global struggles of the modern era were contests to rule the Eurasian supercontinent. They inflicted horrific damage on humanity. They also created the most successful international order the world has ever known. That system has provided generations of great-power peace, prosperity, and democratic supremacy. It has bestowed pervasive, world-changing benefits that are now taken for

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granted. After the West's victory in the Cold War, Washington sought to make that order global and permanent. Now, however, a fourth battle for Eurasia is raging, and the system is being menaced on every front.

All around Eurasia's vibrant, vital periphery, revisionist states are on the move. China, Iran, North Korea, and Russia are attacking the regional foundations of Eurasian stability. They are forging alliances based on hostility to a liberal system that threatens illiberal rulers and inhibits their neoimperial dreams. War or the threat of war has become pervasive. The norms of a peaceful, prosperous world are under assault. The recurring terror of the last century was that Eurasian aggressors might make the world unfit for freedom by making it safe for predation and tyranny. That danger has flared anew today.

Trump isn't the ideal defender of an imperiled American order. Indeed, one suspects he hardly thinks about international order at all. Trump is a hard-line nationalist who pursues power, profit, and unilateral advantage. He thinks in zero-sum terms and believes the United States has long been made a sucker by the entire world. Yet Trump intuitively understands something that many liberal internationalists forget: order flows from power and can hardly be preserved without it.

In Trump's first term, that insight helped the United States begin a messy adjustment to the realities of a rivalrous age. In his second term, it could inform a foreign policy that—by squeezing adversaries as well as allies—bolsters the free world's defenses for the fateful fights ahead. The world has long passed the point at which American leaders can aspire to globalize the liberal order. But Trump could succeed at today's more limited and more vital undertaking: upholding a balance of power that preserves that order's essential achievements against Eurasian aggressors determined to tear them down.

The problem is that this will require Trump to consistently channel his best geopolitical instincts when he will be sorely tempted to follow his most destructive ones instead. If he follows this destructive path, the United States will become less globally engaged but more aggressive, unilateral, and illiberal. It won't be an absent superpower but a renegade one—a country that stokes global chaos and helps its enemies break the U.S.-led system. Trump's presidency offers an opportunity to steer Washington toward a stronger, if less sweeping, defense of its global interests. Yet it also presents a grave danger: that Trump will take the United States not into isolationism but into something far more lethal to the world his forebears built.

CYCLES OF CONFLICT

Eurasia has long been the crucial theater of global politics. The sprawling landmass holds most of the earth's people, economic resources, and military potential. It touches all four oceans, which carry goods and armies around the world. An empire that ruled Eurasia would have unmatched power; it could batter or intimidate the most distant foes. Three times in the modern era, the world has been convulsed by fights over the supercontinent and the waters around it.

In World War I, Germany sought a European empire stretching from the English Channel to the Caucasus. In World War II, a fascist alliance ran roughshod over Europe and maritime Asia and invaded the Eurasian interiors of China and the Soviet Union. In the Cold War, the Soviet Union assembled an empire of influence that stretched from Potsdam to Pyongyang and waged a decades-long struggle to overthrow the capitalist world.

Eurasian conflicts shattered continents and confronted humanity with the risk of atomic annihilation. Yet they also created opportunities for order. In the world wars, transoceanic coalitions turned back Eurasian aggressors, forging patterns of cooperation that brought the United States into the Old World's strategic affairs. In the Cold War, Washington—twice burned by Eurasian conflagrations—opted to keep the supercontinent from combusting again.

American alliances deterred aggression against Eurasia's industrially dynamic margins—Western Europe and East Asia—while also smothering old tensions within them. A U.S.-led international economy muted the autarkic, radicalizing impulses of the pre-World War II era. Washington cultivated a Western community in which democracy survived, thrived, and later spread to other regions. Only unprecedented investments by the overseas superpower could break the cycle of Eurasian conflict. The payoffs were historic advances—the avoidance, since 1945, of global war and global depression; the ascendancy of democratic values; seas made safe for trade and states made safe from death by conquest—that would have seemed impossible just decades before.

During the Cold War, the achievements of this order—then confined to the West—helped defeat the Soviet Union. In the unipolar era that followed, Washington tried to take its system global. The United States preserved and even expanded its Eurasian alliances as sources of influence and stability. It promoted democracy and markets in eastern Europe and other regions, trying to co-opt potential challenges by

showing that people there could flourish in Washington's world. Over time, the thinking went, this three-part package of U.S. hegemony, political convergence, and economic integration would foster a deep, enduring peace across Eurasia and beyond.

This post-Cold War project probably prevented an earlier, faster reversion to global rivalry. It made the world freer, richer, and more humane. But lasting Eurasian peace remained elusive. To illiberal states that sought to build or rebuild their own empires, the liberal order looked not enticing but oppressive. China and Russia used the prosperity that the U.S.-led system fostered to bankroll renewed geopolitical challenges. And American overreach in Afghanistan and Iraq left the United States poorly situated to resist the resulting threats during a critical decade. Today, a new geopolitical era is unfolding. The enemies of the liberal order have reclaimed the initiative, and Eurasia is once again the site of vicious struggles.

#### REVISIONISTS' BALL

Every crucial corner of Eurasia is alight with coercion and conflict. In Europe, Russia's war against Ukraine is also a war to rebuild a post-Soviet empire and fracture the existing security order. The covert counterpart of that war is a campaign of subversion spanning the continent, as the Kremlin conducts sabotage and political destabilization operations meant to punish its European foes. In the Middle East, Iran and its proxies have been battling Israel, the United States, and their Arab allies while Tehran has crept closer to the nuclear weapons it believes will indemnify its regime and ensure its regional primacy. In Northeast Asia, North Korea is improving its nuclear arsenal and long-range missiles, and it means to use the resulting leverage to sever the U.S.–South Korean alliance and bring the peninsula under its control. China, for its part, is bent on global power. For now, it is bullying its neighbors as part of a bid for a hulking sphere of influence—"Asia for Asians," Chinese leader Xi Jinping calls it—and readying for war in the western Pacific by conducting one of the biggest military buildups in modern history.

From eastern Europe to East Asia, revisionist powers are seeking dramatic changes in the global balance of power. They are also trying to wreck the liberal order by smashing its most crucial norms. Russian President Vladimir Putin is reasserting the principle that strong states can swallow weaker neighbors. China's revanchist claims and maritime coercion in the South China Sea are meant to show that big countries can simply grab the global commons. Putin's quasi-genocidal barbarities in Ukraine and

Xi's industrial-scale repression in Xinjiang threaten to restore a world of autocratic impunity and rampant atrocity. The Houthis, a Yemeni militia backed by Iran, have created their own fundamental challenge to freedom of navigation, using drones and missiles to attack shipping in the Red Sea.

Each revisionist power seeks an environment conducive to repression and predation. Each understands it can best achieve its aims if the American order is laid low. The world is undergoing changes "the likes of which we haven't seen for 100 years," Xi told Putin in 2023—and the revisionists

are pursuing those changes together.

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China and Russia are linked in a "no limits" partnership that features ever-deeper economic, technological, and military cooperation. Iran and Russia have an expanding relationship that includes the exchange of weapons, technology, and expertise in how to evade Western sanctions. North Korea

and Russia have sealed a full-blown military alliance and are fighting together against Ukraine. These ties don't yet add up to a single, multi-lateral alliance. U.S. officials sometimes dismiss them as proof of Russia's isolation and desperation amid its war in Ukraine. But the relationships are part of a thickening web of ties among the world's most dangerous states, and they are already inflicting serious strategic harm.

Autocratic alliances intensify challenges to the existing order. Putin's war in Ukraine, for example, has been sustained by the arms, troops, and trade he gets from his illiberal friends. A dictators' peace within Eurasia also raises the risk of conflict around its margins. Putin can focus on Ukraine and Xi can more aggressively probe American power in maritime Asia because the two leaders know that their long, shared border is secure. These alliances are also changing regional military balances by giving Putin the arms he needs in Ukraine and by giving Putin's partners the Russian weapons, technology, and know-how to accelerate their own buildups. Perhaps most alarming, these relationships fuse Eurasian crises.

Ukraine's war has become a global proxy war, pitting the advanced democracies that support Kyiv against the Eurasian autocracies that back Moscow. And as autocratic alignments cohere, Washington must face the prospect that a war that starts in one region could spill over into others—and that the next country the United States fights could receive aid from its autocratic friends. In the meantime, the multiplicity of Eurasian problems overtaxes American resources and creates an atmosphere of

pervasive, proliferating disarray. The strategic nightmare of the twentieth century—that Eurasian aggressors might combine forces to upend the global order—has been revived in the twenty-first.

#### HOLLOW VICTORIES

Trump is not the obvious man for this moment—in some ways, it’s hard to imagine anyone worse suited to it. He originally rode to power on a blistering critique of American globalism. He spent his first term tormenting allies and threatening to withdraw from trade deals and defense pacts that serve as pillars of the U.S.-led world order. His illiberal, even insurrectionary tendencies made him a model for would-be strongmen from Brazil to Hungary. If analysts have obsessed over the state of the liberal order during the Trump era, it is because he often seems set on throwing it all away.

Trump certainly lacks admiration for the liberal order’s achievements and sympathy for its basic ethos. His “America first” agenda holds that the world’s mightiest power has been systematically exploited by the system it created and that a country that has long shouldered unique global burdens has no obligation to pursue anything but its own self-interest, narrowly construed. He has little interest in the flourishing of liberal values overseas. Moreover, Trump has no respect for the orthodoxies of his predecessors, including their belief in the geopolitically soothing effects of globalization or their tendency to treat alliances as sacred obligations. Throughout Trump’s first term, his disdain for these traditions drove committed internationalists to despair and produced corrosive uncertainty within the democratic world. But Trump’s instincts also helped him spot accumulating problems in the post-Cold War project and initiate some needed adjustments.

First, Trump recognized that globalization had gone too far. Welcoming autocratic states—China, in particular—into the world economy had not made them members of a global community or primed them for political evolution. Instead, it had entrenched dictators and empowered them to challenge the United States. Whatever its economic merits, globalization created strategic vulnerabilities, such as Europe’s dependence on Russian energy and the democratic world’s entanglement with Chinese telecommunications firms. Trump recognized that defending American interests would require limiting and even reversing global integration—especially with countries on the other side of the widening geopolitical divide.

Trump also saw that the post–Cold War defense paradigm—in which U.S. allies disarmed and relied ever more heavily on a unipolar superpower—was out of date. That approach worked in the 1990s, when tensions were low and many analysts feared that U.S. allies, such as Germany and Japan, might rise again as threats. Instead, autocratic rivals reemerged and rearmed. Trump’s first term thus saw sustained, sometimes humiliating pressure on allies to raise defense spending, along with efforts to pivot the Pentagon away from counterterrorism and counterinsurgency and toward great-power threats.

Most fundamentally, Trump concluded that the ascendancy of the liberal order was over and the world of cutthroat power politics was back. Washington would henceforth demand more from its friends because it faced growing dangers from its enemies. The United States would have to wield its influence more aggressively against countries trying to reshape the system to their advantage—including through a “maximum pressure” campaign against Iran and strategic competition with China. It might have to downgrade democratic values to cultivate motley balancing coalitions, such as anti-Chinese alliances in the Indo-Pacific and stronger Arab-Israeli cooperation against Iran. In sum, Washington should focus less on the positive-sum project of globalizing the liberal order and more on the zero-sum imperative of stopping determined adversaries from imposing their own, antithetical visions of how the world should work.

Unfortunately, Trump never got as much as he could have out of these insights, because his good ideas were always at war with his bad ideas and because his administration was always at war with itself. His policies were often incomplete, inconsistent, or contradictory. His record during his first term was highly ambiguous: Trump damaged and derided the American order but also protected it from its excesses and its enemies. In the higher-stakes environment of his second term, he has a chance to be the ambivalent savior of that system—if he can resist the temptation to be its gravedigger.

#### REBALANCING ACT

One thing is certain: Trump will not become a lover of the liberal order. His geopolitical inclinations have not changed, and his antidemocratic tendencies have only gotten worse. His “America first” platform still features a stark, omnidirectional nationalism aimed at friends, enemies, and everyone in between. Yet given the state of the world, a sharp-elbowed superpower might not be the worst thing right now.

If Trump can harness his more constructive impulses, he has a chance to pressure adversaries, coax more out of allies, and reinforce resistance to the Eurasian assault. More fundamentally, he has an opportunity to rightsize the U.S. approach to international order—to complete the shift to an era in which the United States isn't expanding the liberal project but simply preventing its achievements from being destroyed.

Step one would be a major military buildup. The international order is sagging because the military balance of power is sagging. The Pentagon doesn't have the resources to thrash Iran's proxies while also countering China; it struggles to both arm Ukraine and support Taiwan. The United States probably could not buy enough military power to face all its rivals simultaneously. But if Trump's "peace through strength" program took U.S. spending from just over three percent to around four percent of GDP, it could ease crippling munitions shortfalls and narrow the gap between Washington's commitments and its capabilities. This would also require significantly more military spending by U.S. allies, which Trump—who might really kick free riders to the curb—could probably get.

Thus, a second initiative: tougher bargains with allies. Trump is wrong if he thinks that Washington doesn't need alliances. But he is right that imperiled allies need them even more. There is an opportunity here to renegotiate existing security pacts. If frontline Asian democracies expect the United States to potentially fight World War III against China, they should make outlays commensurate with the existential threat they perceive. Likewise, the price for Trump's commitment to NATO might be a European pledge to spend dramatically more—say, 3.5 percent of GDP—on defense, buy U.S. weapons to support Ukraine, and align with American tech and trade controls vis-à-vis Beijing. The process of renegotiating the transatlantic compact could be ugly. But the payoff would strengthen the alliance against two Eurasian threats.

Of course, Europe will not be stable without a decent peace in Ukraine. Trump's promise to end that war quickly and cleanly is unrealistic. He might fail to end it at all. But his desire to do so does coincide with the imperative of preventing Ukraine from losing and the autocratic axis from winning a war that is gradually, but unmistakably, going in the wrong direction. In the near term, this will require accelerating the crisis facing Putin's war effort by ramping up sanctions on Russia's energy

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sector and its trade with China while delaying an equivalent crisis in Kyiv by conditioning continued support on fuller mobilization of Ukraine's military-age population. In the longer term, Washington will need to fashion security guarantees for Ukraine that foreground European initiative but feature a credible American backstop.

Meanwhile, Trump could challenge the Eurasian axis by squeezing its weakest link. In recent months, Israel has brightened a grim geopolitical landscape by battering Iran and its proxies. Trump could increase the strain through aggressive sanctions and threats of fresh military action, whether U.S. or Israeli, against Tehran and what remains of its "axis of resistance." The goal would be to bolster Middle Eastern stability by imposing new curbs on Iran's nuclear program and limiting its capacity for sowing regional chaos. If Trump simultaneously compelled a vulnerable Iran to stop sending Putin drones and missiles—or simply revealed the limits of Moscow's support for Tehran in a crisis—he might start the long, difficult process of straining the revisionist entente.

Trump could also craft a sharper China strategy by building on Bidenera policies that, in turn, built on Trump's own first-term initiatives. Beijing's belligerence should help the Pentagon keep stitching together tighter security relationships—and perhaps establish more military basing opportunities—in the Indo-Pacific. Higher U.S. and allied defense spending and larger weapons sales to Taiwan could slow the erosion of Washington's military advantage. Harsher technology controls and tariffs could compound China's economic crisis—if Trump doesn't trade them away for a deal to sell Beijing more soybeans. Trump won't win the struggle between Washington and Beijing, but he might strengthen the U.S. position for the long contest ahead.

Finally, Trump should seek to exploit escalation rather than avoid it. From Ukraine to the Middle East, the Biden administration painstakingly calibrated and telegraphed its moves to avoid escalatory spirals. Minimizing that risk sometimes allowed U.S. adversaries to predict and even dictate the tempo of these interactions. Trump, for his part, prizes unpredictability. If he showed, however, that he would cross new thresholds with little warning—by sanctioning Chinese banks that are facilitating Putin's war or striking Iran in response to Houthi attacks in the Red Sea—he could force U.S. adversaries to contemplate uncontrolled escalation with the world's strongest power.

All this would amount to an ambivalent defense of the liberal order. Trump might still engage in gratuitous protectionism and pick

pointless diplomatic squabbles. But he could nevertheless achieve something essential: shoring up the strategic bargains and geopolitical barriers that keep the enemies of the U.S.-led order from breaking through.

#### REFORM OR REVOLUTION?

This agenda could stumble on its own contradictions: Trump will struggle to boost military spending, cut taxes, and slash the deficit all at once. Likewise, it will be hard to rally U.S. allies against China while pummeling them with protectionist measures. Trump could also falter because a world of ambitious, colluding autocracies is difficult even for the most skillful superpower to handle. Most fundamentally, Trump might fail because he is more of a wrecking ball than an architect—and he may take American policy down a darker course.

The most crucial question about Trump has always been whether he means to reform or revolutionize U.S. foreign policy. In his first term, the answer was usually closer to reform than revolution, thanks to the moderating influence of advisers and Republican allies and also because Trump—who delights in extorting diplomatic ransoms—hesitated to shoot the hostage by tearing up the North American Free Trade Agreement or leaving NATO. Yet Trump did, by all accounts, seriously consider pulling the trigger. His “America first” slogan is straight out of the 1930s. So if the optimistic scenario is that a president focused on posterity keeps reforming U.S. strategy for a viciously competitive era, the pessimistic scenario is that a president who now rules his party and administration will unleash the revolution with a purer, more radical version of “America first.”

This latter scenario would not mean a return to isolationism, since there is no such American tradition. Before World War I, the United States wasn't a Eurasian stabilizer, but it was a hemispheric hegemon with a long, sometimes bloody record of territorial expansion. Today, a nastier version of “America first” would be lethal to the liberal order not just because the United States would say goodbye to Eurasian security commitments but because it would become more predatory and illiberal to boot.

The outlines of this agenda are not a mystery; Trump talks about them all the time. He has long mused about quitting NATO and other alliances, which bother him precisely because they tie the fate of the United States—history's most physically secure country—to obscure disputes in distant regions. If U.S. allies cannot or will not hit higher spending targets, perhaps because Trump makes his demands too extreme, he might finally obtain his pretext to bring the legions home.

Likewise, if Trump tires of the travails of peacemaking in Ukraine, he might just walk away from that conflict and leave the Europeans to deal with the mess. If he sees Taiwan primarily as a high-tech rival, not a crucial security partner, he might slash U.S. support in exchange for economic benefits from Beijing. The United States would still maintain a mighty military, no doubt, but it would be one that is focused on fighting cartels in the New World rather than containing expansionists in the Old World. In the near term, this approach would insulate the United States from Eurasian quarrels and produce “wins” in trade concessions and dollars saved. Over time, however, it would dramatically raise the odds of key regions plunging into chaos or falling under the sway of aggressive states.

Rival powers might still suffer under this agenda. If Trump imposes the extreme 60 percent tariffs that he has threatened, he will hammer China’s export-dependent economy. If he wields tariffs mercilessly as tools of leverage, he will surely squeeze some concessions out of allies and adversaries alike. Yet harm to economic competitors might be outweighed by self-harm to the American system. Aggressive protectionism would reduce the collective prosperity that has long held the democratic world together and kill the cohesion needed to check a mercantilist China. Similarly, if Trump uses tariffs and sanctions, rather than global leadership and security commitments, to bolster the dollar’s primacy, he might make Washington look just as exploitative as the countries whose ambitions it means to thwart.

Meanwhile, the United States wouldn’t simply be de-emphasizing liberal norms and values; it would be casting a long, illiberal shadow. If Trump shutteres hostile media outlets or turns the military or law enforcement agencies against his enemies, he will weaken American democracy while offering political cover, and a playbook, to every aspiring autocrat who wishes to attack a free society from within. Trump might also set back democratic values by coercing Ukraine into a lousy peace or supporting Hungarian President Viktor Orbán and other rulers who seek to dismantle European liberalism. The balance of ideas reflects the balance of power. The democratic recession of recent years could become a rout if Washington quits the fight for the world’s ideological future—or, worse still, joins the other side.

Indeed, this version of “America first” wouldn’t just clear the way for Eurasia’s revisionists; it could well aid their cause. The revisionists aim to create an environment primed for expansion and plunder. Perhaps Trump gets along so well with Putin and Xi because he wants the same

thing. Trump has said that the United States must annex Greenland, make Canada the 51st state, and reclaim the Panama Canal. He seems to envision a world in which strong states and strong rulers can do more or less as they like. Maybe this is all clever diplomacy—or mere trolling. But the further Trump takes this expansionist agenda, the more he risks alienating Washington's closest allies and abetting the autocrats' spheres-of-influence game.

These possibilities constitute a nightmare scenario for those who rely on the American order, but nightmares don't always come true. Such a radical reengineering of U.S. strategy would face resistance from Democrats and some Republicans in Congress, and from the bureaucratic and international inertia that generations of American engagement have fostered. Stock markets would not react well to a protectionist onslaught. Yet the disquieting fact remains that a country with an extremely powerful executive branch has twice elected a president who seems deeply attracted to a slash-and-burn approach. Imagining an illiberal, renegade United States is only a matter of taking seriously what Trump says. The greatest risk of his second term, then, is not that he will abandon the liberal order. It is that he will make the United States actively complicit in its demise.

#### WHICH WAY IS UP?

The potential upside of Trump's presidency is substantial. The potential downside is an abyss. The existence of such extreme possibilities is a source of international instability in its own right. It is also a testament to the double-edged nature of the hard-line nationalism Trump represents. If applied with discipline and a constructive spirit, such an approach could plausibly help the United States hold the Eurasian aggressors at bay. In a more extreme, unmoderated form, it could prove fatal to a system that requires a broad view of U.S. interests, a commitment to liberal values, and an ability to wield unmatched power with the right blend of assertiveness and restraint.

Here, unfortunately, lies the real problem with the optimistic framing: it requires assuming that Trump, a man who assiduously nurses his personal and geopolitical grievances, will discover—at the very moment he feels most empowered—the best, most globally minded and most diplomatically savvy version of himself. All those in the United States and elsewhere with a stake in the survival of the liberal order should hope that Trump rises to this challenge. But they should probably brace for the prospect that Trump's world could become a very dark place. 🌑

# The Path to American Authoritarianism

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## What Comes After Democratic Breakdown

STEVEN LEVITSKY AND LUCAN A. WAY

**D**onald Trump's first election to the presidency in 2016 triggered an energetic defense of democracy from the American establishment. But his return to office has been met with striking indifference. Many of the politicians, pundits, media figures, and business leaders who viewed Trump as a threat to democracy eight years ago now treat those concerns as overblown—after all, democracy survived his first stint in office. In 2025, worrying about the fate of American democracy has become almost passé.

The timing of this mood shift could not be worse, for democracy is in greater peril today than at any time in modern U.S. history.

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America has been backsliding for a decade: between 2014 and 2021, Freedom House's annual global freedom index, which scores all countries on a scale of zero to 100, downgraded the United States from 92 (tied with France) to 83 (below Argentina and tied with Panama and Romania), where it remains.

The country's vaunted constitutional checks are failing. Trump violated the cardinal rule of democracy when he attempted to overturn the results of an election and block a peaceful transfer of power. Yet neither Congress nor the judiciary held him accountable, and the Republican Party—coup attempt notwithstanding—renominated him for president. Trump ran an openly authoritarian campaign in 2024, pledging to prosecute his rivals, punish critical media, and deploy the army to repress protest. He won, and thanks to an extraordinary Supreme Court decision, he will enjoy broad presidential immunity during his second term.

Democracy survived Trump's first term because he had no experience, plan, or team. He did not control the Republican Party when he took office in 2017, and most Republican leaders were still committed to democratic rules of the game. Trump governed with establishment Republicans and technocrats, and they largely constrained him. None of those things are true anymore. This time, Trump has made it clear that he intends to govern with loyalists. He now dominates the Republican Party, which, purged of its anti-Trump forces, now acquiesces to his authoritarian behavior.

U.S. democracy will likely break down during the second Trump administration, in the sense that it will cease to meet standard criteria for liberal democracy: full adult suffrage, free and fair elections, and broad protection of civil liberties.

The breakdown of democracy in the United States will not give rise to a classic dictatorship in which elections are a sham and the opposition is locked up, exiled, or killed. Even in a worst-case scenario, Trump will not be able to rewrite the Constitution or overturn the constitutional order. He will be constrained by independent judges, federalism, the country's professionalized military, and high barriers to constitutional reform. There will be elections in 2028, and Republicans could lose them.

But authoritarianism does not require the destruction of the constitutional order. What lies ahead is not fascist or single-party dictatorship but competitive authoritarianism—a system in which

parties compete in elections but the incumbent's abuse of power tilts the playing field against the opposition. Most autocracies that have emerged since the end of the Cold War fall into this category, including Alberto Fujimori's Peru, Hugo Chávez's Venezuela, and contemporary El Salvador, Hungary, India, Tunisia, and Turkey. Under competitive authoritarianism, the formal architecture of democracy, including multiparty elections, remains intact. Opposition forces are legal and aboveground, and they contest seriously for power. Elections are often fiercely contested battles in which incumbents have to sweat it out. And once in a while, incumbents lose, as they did in Malaysia in 2018 and in Poland in 2023. But the system is not democratic, because incumbents rig the game by deploying the machinery of government to attack opponents and co-opt critics. Competition is real but unfair.

Competitive authoritarianism will transform political life in the United States. As Trump's early flurry of dubiously constitutional executive orders made clear, the cost of public opposition will rise considerably: Democratic Party donors may be targeted by the IRS; businesses that fund civil rights groups may face heightened tax and legal scrutiny or find their ventures stymied by regulators. Critical media outlets will likely confront costly defamation suits or other legal actions as well as retaliatory policies against their parent companies. Americans will still be able to oppose the government, but opposition will be harder and riskier, leading many elites and citizens to decide that the fight is not worth it. A failure to resist, however, could pave the way for authoritarian entrenchment—with grave and enduring consequences for global democracy.

#### THE WEAPONIZED STATE

The second Trump administration may violate basic civil liberties in ways that unambiguously subvert democracy. The president, for example, could order the army to shoot protesters, as he reportedly wanted to do during his first term. He could also fulfill his campaign promise to launch the “largest deportation operation in American history,” targeting millions of people in an abuse-ridden process that would inevitably lead to the mistaken detention of thousands of U.S. citizens.

But much of the coming authoritarianism will take a less visible form: the politicization and weaponization of government bureaucracy.

Modern states are powerful entities. The U.S. federal government employs over two million people and has an annual budget of nearly \$7 trillion. Government officials serve as important arbiters of political, economic, and social life. They help determine who gets prosecuted for crimes, whose taxes are audited, when and how rules and regulations are enforced, which organizations receive tax-exempt status, which private agencies get contracts to accredit universities, and which companies obtain critical licenses, concessions, contracts,

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America is heading toward competitive authoritarianism, not single-party dictatorship.

subsidies, tariff waivers, and bailouts. Even in countries such as the United States that have relatively small, laissez-faire governments, this authority creates a plethora of opportunities for leaders to reward allies and punish opponents. No democracy is entirely free of such politicization. But when governments weaponize the state by using its power to systematically disadvantage and weaken the opposition, they undermine liberal democracy. Politics becomes like a soccer match in

which the referees, the groundskeepers, and the scorekeepers work for one team to sabotage its rival.

This is why all established democracies have elaborate sets of laws, rules, and norms to prevent the state's weaponization. These include independent judiciaries, central banks, and election authorities and civil services with employment protections. In the United States, the 1883 Pendleton Act created a professionalized civil service in which hiring is based on merit. Federal workers are barred from participating in political campaigns and cannot be fired or demoted for political reasons. The vast majority of the over two million federal employees have long enjoyed civil service protection. At the start of Trump's second term, only about 4,000 of these were political appointees.

The United States has also developed an extensive set of rules and norms to prevent the politicization of key state institutions. These include the Senate's confirmation of presidential appointees, lifetime tenure for Supreme Court justices, tenure security for the chair of the Federal Reserve, ten-year terms for FBI directors, and five-year terms for IRS directors. The armed forces are protected from politicization by what the legal scholar Zachary Price describes as "an unusually thick overlay of statutes" governing the appointment, promotion,



and removal of military officers. Although the Justice Department, the FBI, and the IRS remained somewhat politicized through the 1970s, a series of post-Watergate reforms effectively ended partisan weaponization of these institutions.

Professional civil servants often play a critical role in resisting government efforts to weaponize state agencies. They have served as democracy's frontline of defense in recent years in Brazil, India, Israel, Mexico, and Poland, as well as in the United States during the first Trump administration. For this reason, one of the first moves undertaken by elected autocrats such as Nayib Bukele in El Salvador, Chávez in Venezuela, Viktor Orbán in Hungary, Narendra Modi in India, and Recep Tayyip Erdoğan in Turkey has been to purge professional civil servants from public agencies responsible for things such as investigating and prosecuting wrongdoing, regulating the media and the economy, and overseeing elections—and replace them with loyalists. After Orbán became prime minister in 2010, his government stripped public employees of key civil service protections, fired thousands, and replaced them with loyal members of the ruling Fidesz party. Likewise, Poland's Law and Justice party weakened civil service laws by doing away with the competitive hiring process and filling the bureaucracy, the judiciary, and the military with partisan allies.

Trump and his allies have similar plans. For one, Trump has revived his first-term effort to weaken the civil service by reinstating Schedule F, an executive order that allows the president to exempt tens of thousands of government employees from civil service protections in jobs deemed to be “of a confidential, policy-determining, policy-making, or policy-advocating character.” If implemented, the decree will transform tens of thousands of civil servants into “at will” employees who can easily be replaced with political allies. The number of partisan appointees, already higher in the U.S. government than in most established democracies, could increase more than tenfold. The Heritage Foundation and other right-wing groups have spent millions of dollars recruiting and vetting an army of up to 54,000 loyalists to fill government positions. These changes could have a broader chilling effect across the government, discouraging public officials from questioning the president. Finally, Trump's declaration that he would fire the director of the FBI, Christopher Wray, and the director of the IRS, Danny Werfel, before the end of their

terms led both to resign, paving the way for their replacement by loyalists with little experience in their respective agencies.

Once key agencies such as the Justice Department, the FBI, and the IRS have been packed with loyalists, governments can harness them for three antidemocratic ends: investigating and prosecuting rivals, co-opting civil society, and shielding allies from prosecution.

#### SHOCK AND LAW

The most visible means of weaponizing the state is through targeted prosecution. Virtually all elected autocratic governments deploy justice ministries, public prosecutors' offices, and tax and intelligence agencies to investigate and prosecute rival politicians, media companies, editors, journalists, business leaders, universities, and other critics. In traditional dictatorships, critics are often charged with crimes such as sedition, treason, or plotting insurrection, but contemporary autocrats tend to prosecute critics for more mundane offenses, such as corruption, tax evasion, defamation, and even minor violations of arcane rules. If investigators look hard enough, they can usually find petty infractions such as unreported income on tax returns or noncompliance with rarely enforced regulations.

Trump has repeatedly declared his intention to prosecute his rivals, including former Republican Representative Liz Cheney and other lawmakers who served on the House committee that investigated the January 6, 2021, attack on the U.S. Capitol. In December 2024, House Republicans called for an FBI investigation into Cheney. The first Trump administration's efforts to weaponize the Justice Department were largely thwarted from within, so this time, Trump sought appointees who shared his goal of pursuing perceived enemies. His nominee for attorney general, Pam Bondi, has declared that Trump's "prosecutors will be prosecuted," and his choice for FBI director, Kash Patel, has repeatedly called for the prosecution of Trump's rivals. In 2023, Patel even published a book featuring an "enemies list" of public officials to be targeted.

Because the Trump administration will not control the courts, most targets of selective prosecution will not end up in prison. But the government need not jail its critics to inflict harm on them. Targets of investigation will be forced to devote considerable time, energy, and resources to defending themselves; they will spend their savings on lawyers, their lives will be disrupted, their professional



I alone can fix it: Trump at the White House, January 2025

careers will be sidetracked, and their reputations will be damaged. At a minimum, they and their families will suffer months or years of anxiety and sleepless nights.

Trump's efforts to use government agencies to harass his perceived adversaries will not be limited to the Justice Department and the FBI. A variety of other departments and agencies can be deployed against critics. Autocratic governments, for example, routinely use tax authorities to target opponents for politically motivated investigations. In Turkey, the Erdogan government gutted the Dogan Yayin media group, whose newspapers and TV networks were reporting on government corruption, by charging it with tax evasion and imposing a crippling \$2.5 billion fine that forced the Dogan family to sell its media empire to government cronies. Erdogan also used tax audits to pressure the Koc Group, Turkey's largest industrial conglomerate, to abandon its support for opposition parties.

The Trump administration could similarly deploy the tax authorities against critics. The Kennedy, Johnson, and Nixon administrations all politicized the IRS before the 1970s Watergate scandal led to reforms. An influx of political appointees would weaken those safeguards, potentially leaving Democratic donors in the cross hairs. Because all individual campaign donations are publicly

disclosed, it would be easy for the Trump administration to identify and target those donors; indeed, fear of such targeting could deter individuals from contributing to opposition politicians in the first place.

Tax-exempt status may also be politicized. As president, Richard Nixon worked to deny or delay tax-exempt status for organizations and think tanks he viewed as politically hostile. Under Trump, such efforts could be facilitated by antiterrorism legislation passed in November 2024 by the House of Representatives that empowers the Treasury Department to withdraw tax-exempt status from any organization it suspects of supporting terrorism without having to disclose evidence to justify such an act. Because “support for terrorism” can be defined very broadly, Trump could, in the words of Democratic Representative Lloyd Doggett, “use it as a sword against those he views as his political enemies.”

The Trump administration will almost certainly deploy the Department of Education against universities, which as centers of opposition activism are frequent targets of competitive authoritarian governments’ ire. The Department of Education hands out billions of dollars in federal funding for universities, oversees the agencies responsible for college accreditation, and enforces compliance with Title VI and Title IX, laws that prohibit educational institutions from discriminating based on race, color, national origin, or sex. These capacities have rarely been politicized in the past, but Republican leaders have called for their deployment against elite schools.

Elected autocrats also routinely use defamation suits and other forms of legal action to silence their critics in the media. In Ecuador in 2011, for example, President Rafael Correa won a \$40 million lawsuit against a columnist and three executives at a leading newspaper for publishing an editorial calling him a “dictator.” Although public figures rarely win such suits in the United States, Trump has made ample use of a variety of legal actions to wear down media outlets, targeting ABC News, CBS News, *The Des Moines Register*, and Simon & Schuster. His strategy has already borne fruit. In December 2024, ABC made the shocking decision to settle a defamation suit brought by Trump, paying him \$15 million to avoid a trial in which it probably would have prevailed. The owners of CBS are also reportedly considering settling a lawsuit by Trump, showing how spurious legal actions can prove politically effective.

The administration need not directly target all its critics to silence most dissent. Launching a few high-profile attacks may serve as an effective deterrent. A legal action against Cheney would be closely watched by other politicians; a suit against *The New York Times* or Harvard would have a chilling effect on dozens of other media outlets or universities.

#### HONEY TRAP

A weaponized state is not merely a tool to punish opponents. It can also be used to build support. Governments in competitive authoritarian regimes routinely use economic policy and regulatory decisions to reward politically friendly individuals, firms, and organizations. Business leaders, media companies, universities, and other organizations have as much to gain as they have to lose from government antitrust decisions, the issuing of permits and licenses, the awarding of government contracts and concessions, the waiving of regulations or tariffs, and the conferral of tax-exempt status. If they believe that these decisions are made on political rather than technical grounds, they have a strong incentive to align themselves with incumbents.

The potential for co-optation is clearest in the business sector. Major American companies have much at stake in the U.S. government's antitrust, tariff, and regulatory decisions and in the awarding of government contracts. (In 2023, the federal government spent more than \$750 billion, or nearly three percent of the United States' GDP, on awarding contracts.) For aspiring autocrats, policy and regulatory decisions can serve as powerful carrots and sticks to attract business support. This kind of patrimonial logic helped autocrats in Hungary, Russia, and Turkey secure private-sector cooperation. If Trump sends credible signals that he will behave in a similar manner, the political consequences will be far-reaching. If business leaders become convinced that it is more profitable to avoid financing opposition candidates or investing in independent media, they will change their behavior.

Indeed, their behavior has already begun to change. In what the *New York Times* columnist Michelle Goldberg termed "the Great Capitulation," powerful CEOs who had once criticized Trump's authoritarian behavior are now rushing to meet with him, praise him, and give him money. Amazon, Google, Meta, Microsoft, and Toyota each gave \$1 million to fund Trump's inauguration, more than

double their previous inaugural donations. In early January, Meta announced it was abandoning its fact-checking operations—a move that Trump bragged “probably” resulted from his threats to take legal action against Meta’s owner, Mark Zuckerberg. Trump himself has recognized that in his first term, “everyone was fighting me,” but now “everybody wants to be my friend.”

A similar pattern is emerging in the media sector. Nearly all major U.S. media outlets—ABC, CBS, CNN, NBC, *The Washington Post*—are owned and operated by larger parent corporations. Although Trump cannot carry out his threat to withhold licenses from national television networks because they are not licensed nationally, he can pressure media outlets by pressuring their corporate owners. *The Washington Post*, for instance, is controlled by Jeff Bezos, whose largest company, Amazon, competes for major federal contracts. Likewise, the owner of *The Los Angeles Times*, Patrick Soon-Shiong, sells medical products subject to review by the Food and Drug Administration. Ahead of the 2024 presidential election, both men overruled their papers’ planned endorsements of Kamala Harris.

#### PROTECTION RACKET

Finally, a weaponized state can serve as a legal shield to protect government officials or allies who engage in antidemocratic behavior. A loyalist Justice Department, for example, could turn a blind eye to acts of pro-Trump political violence, such as attacks on or threats against journalists, election officials, protesters, or opposition politicians and activists. It could also decline to investigate Trump supporters for efforts to intimidate voters or even manipulate the results of elections.

This has happened before in the United States. During and after Reconstruction, the Ku Klux Klan and other armed white supremacist groups with ties to the Democratic Party waged violent terror campaigns across the South, assassinating Black and Republican politicians, burning Black homes, businesses, and churches, committing election fraud, and threatening, beating, and killing Black citizens who attempted to vote. This wave of terror, which helped establish nearly a century of single-party rule across the South, was made possible by the collusion of state and local law enforcement authorities, who routinely turned a blind eye to the violence and systematically failed to hold its perpetrators accountable.

The United States experienced a marked rise in far-right violence during the first Trump administration. Threats against members of Congress increased more than tenfold. These threats had consequences: according to Republican Senator Mitt Romney, fear of Trump supporters' violence dissuaded some Republican senators from voting for Trump's impeachment after the January 6, 2021, attack.

By most measures, political violence subsided after January 2021, in part because hundreds of participants in the January 6 attack were convicted and imprisoned. But Trump's pardon of nearly all the January 6 insurrectionists on returning to office has sent a message that violent or antidemocratic actors will be protected under his administration. Such signals encourage violent extremism, which means that during Trump's second term, critics of the government and independent journalists will almost certainly face more frequent threats and even outright attacks.

None of this would be entirely new for the United States. Presidents have weaponized government agencies before. The FBI director J. Edgar Hoover deployed the agency as a political weapon for the six presidents he served. The Nixon administration wielded the Justice Department and other agencies against perceived enemies. But the contemporary period differs in important ways. For one, global democratic standards have risen considerably. By any contemporary measure, the United States was considerably less democratic in the 1950s than it is today. A return to mid-twentieth-century practices would, by itself, constitute significant democratic backsliding.

More important, the coming weaponization of government will likely go well beyond mid-twentieth-century practices. Fifty years ago, both major U.S. parties were internally heterogeneous, relatively moderate, and broadly committed to democratic rules of the game. Today, these parties are far more polarized, and a radicalized Republican Party has abandoned its long-standing commitment to basic democratic rules, including accepting electoral defeat and unambiguously rejecting violence.

Moreover, much of the Republican Party now embraces the idea that America's institutions—from the federal bureaucracy and public schools to the media and private universities—have been

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corrupted by left-wing ideologies. Authoritarian movements commonly embrace the notion that their country's institutions have been subverted by enemies; autocratic leaders including Erdogan, Orban, and Venezuela's Nicolás Maduro routinely push such claims. Such a worldview tends to justify—even motivate—the kind of purging and packing that Trump promises. Whereas Nixon worked surreptitiously to weaponize the state and faced Republican opposition when that behavior came to light, today's GOP now openly encourages such abuses. Weaponization of the state has become Republican strategy. The party that once embraced President Ronald Reagan's campaign dictum that the government was the problem now enthusiastically embraces the government as a political weapon.

Using executive power in this way is what Republicans learned from Orban. Orban taught a generation of conservatives that the state should not be dismantled but rather wielded in pursuit of right-wing causes and against opponents. This is why tiny Hungary has become a model for so many Trump supporters. Weaponizing the state is not some new feature of conservative philosophy—it is an age-old feature of authoritarianism.

#### NATURAL IMMUNITY?

The Trump administration may derail democracy, but it is unlikely to consolidate authoritarian rule. The United States possesses several potential sources of resilience. For one, American institutions are stronger than those in Hungary, Turkey, and other countries with competitive authoritarian regimes. An independent judiciary, federalism, bicameralism, and midterm elections—all absent in Hungary, for instance—will likely limit the scope of Trump's authoritarianism.

Trump is also weaker politically than many successful elected autocrats. Authoritarian leaders do the most damage when they enjoy broad public support: Bukele, Chávez, Fujimori, and Russia's Vladimir Putin all boasted approval ratings above 80 percent when they launched authoritarian power grabs. Such overwhelming public support helps leaders secure the legislative supermajorities or landslide plebiscite victories needed to impose reforms that entrench autocratic rule. It also helps deter challenges from intraparty rivals, judges, and even much of the opposition.

Less popular leaders, by contrast, face greater resistance from legislatures, courts, civil society, and even their own allies. Their power



grabs are thus more likely to fail. Peruvian President Pedro Castillo and South Korean President Yoon Suk-yeol each had approval ratings below 30 percent when they attempted to seize extraconstitutional power, and both failed. Brazilian President Jair Bolsonaro's approval rating was well below 50 percent when he tried to orchestrate a coup to overturn his country's 2022 presidential election. He, too, was defeated and forced out of office.

Trump's approval rating never surpassed 50 percent during his first term, and a combination of incompetence, overreach, unpopular policies, and partisan polarization will likely limit his support during his second. An elected autocrat with a 45 percent approval rating is dangerous, but less dangerous than one with 80 percent support.

Civil society is another potential source of democratic resilience. One major reason that rich democracies are more stable is that capitalist development disperses human, financial, and organizational resources away from the state, generating countervailing power in society. Wealth cannot wholly inoculate the private sector from the pressures imposed by a weaponized state. But the larger and richer a private sector is, the harder it is to fully capture or bully into submission. In addition, wealthier citizens have more time, skills, and resources to join or create civic or opposition organizations, and because they depend less on the state for their livelihoods than poor citizens do, they are in a better position to protest or vote against the government. Compared with those in other competitive authoritarian regimes, opposition forces in the United States are well-organized, well-financed, and electorally viable, which makes them harder to co-opt, repress, and defeat at the polls. American opposition will therefore be harder to sideline than it was in countries such as El Salvador, Hungary, and Turkey.

#### CHINKS IN THE ARMOR

But even a modest tilting of the playing field could cripple American democracy. Democracies require robust opposition, and robust oppositions must be able to draw on a large and replenishable pool of politicians, activists, lawyers, experts, donors, and journalists.

A weaponized state imperils such opposition. Although Trump's critics won't be jailed, exiled, or banned from politics, the heightened cost of public opposition will lead many of them to retreat to the political sidelines. In the face of FBI investigations, tax audits,

congressional hearings, lawsuits, online harassment, or the prospect of losing business opportunities, many people who would normally oppose the government may conclude that it simply is not worth the risk or effort.

This process of self-sidelining may not attract much public attention, but it can be highly consequential. Facing looming investigations, promising politicians—Republicans and Democrats alike—leave public life. CEOs seeking government contracts, tariff waivers,

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The Constitution  
alone cannot  
save American  
democracy.

or favorable antitrust rulings stop contributing to Democratic candidates, funding civil rights or democracy initiatives, and investing in independent media. News outlets whose owners worry about lawsuits or government harassment rein in their investigative teams and their most aggressive reporters. Editors engage in self-censorship, softening head-

lines and opting not to run stories critical of the government. And university leaders fearing government investigations, funding cuts, or punitive endowment taxes crack down on campus protest, remove or demote outspoken professors, and remain silent in the face of growing authoritarianism.

Weaponized states create a difficult collective action problem for establishment elites who, in theory, would prefer democracy to competitive authoritarianism. The politicians, CEOs, media owners, and university presidents who modify their behavior in the face of authoritarian threats are acting rationally, doing what they deem best for their organizations by protecting shareholders or avoiding debilitating lawsuits, tariffs, or taxes. But such acts of self-preservation have a collective cost. As individual actors retreat to the sidelines or censor themselves, societal opposition weakens. The media environment grows less critical. And pressure on the authoritarian government diminishes.

The depletion of societal opposition may be worse than it appears. We can observe when key players sideline themselves—when politicians retire, university presidents resign, or media outlets change their programming and personnel. But it is harder to see the opposition that might have materialized in a less threatening environment but never did—the young lawyers who decide not to run for office; the aspiring young writers who decide not to become journalists; the

potential whistleblowers who decide not to speak out; the countless citizens who decide not to join a protest or volunteer for a campaign.

HOLD THE LINE

America is on the cusp of competitive authoritarianism. The Trump administration has already begun to weaponize state institutions and deploy them against opponents. The Constitution alone cannot save U.S. democracy. Even the best-designed constitutions have ambiguities and gaps that can be exploited for antidemocratic ends. After all, the same constitutional order that undergirds America's contemporary liberal democracy permitted nearly a century of authoritarianism in the Jim Crow South, the mass internment of Japanese Americans, and McCarthyism. In 2025, the United States is governed nationally by a party with greater will and power to exploit constitutional and legal ambiguities for authoritarian ends than at any time in the past two centuries.

Trump will be vulnerable. The administration's limited public support and inevitable mistakes will create opportunities for democratic forces—in Congress, in courtrooms, and at the ballot box.

But the opposition can win only if it stays in the game. Opposition under competitive authoritarianism can be grueling. Worn down by harassment and threats, many of Trump's critics will be tempted to retreat to the sidelines. Such a retreat would be perilous. When fear, exhaustion, or resignation crowds out citizens' commitment to democracy, emergent authoritarianism begins to take root. 🌐

# The Fatal Flaw of the New Middle East

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## Gaza, Syria, and the Region's Next Crisis

MAHA YAHYA

Over the last 15 years, the Middle East has been racked by war, destruction, and displacement. Hundreds of thousands of people have died as fighting raged in Gaza, Lebanon, Libya, Sudan, Syria, and Yemen. Millions more have fled. The violence has rolled back gains in education, health, and income while laying waste to homes, schools, hospitals, roads, railways, and power grids. The war in Gaza has proved especially devastating, setting back the territory's socioeconomic indicators to 1955 levels. The World Bank and UN organizations have estimated that rebuilding the Middle East and providing enough humanitarian aid will cost between \$350 and \$650 billion. The UN Development Program has estimated that at least \$40 to \$50 billion is needed to rebuild Gaza alone.

Offering these shattered societies humanitarian and monetary assistance is critical for the survival of millions, especially in the near term. It is thus deeply concerning that multiple Western governments, including

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Washington, are curtailing foreign aid and humanitarian assistance. But ultimately, the main obstacle to the Arab world's reconstruction will not be the lack of funds. It will be political disputes and grievances. The region is filled with failing states. It features competing powers that work to leverage this chaos to their geopolitical advantage. Together, these problems make permanent peace impossible.

The region's most powerful actors know this. Iran, Israel, the United States, and the Arab Gulf countries have all spent decades trying to shape the region to their liking without addressing the root causes of conflict, and they have repeatedly failed. They have sought security over peace and ended up with neither. And yet their current plans are strikingly similar, at least in spirit, to past efforts. All these countries are committing again to visions of a new regional order in which reconstruction takes place without political settlements. They have put forth lofty proposals—Israeli-Saudi normalization, an economic pact between Iran and the Gulf states—without considering political realities, local dynamics, or other, broader consequences. As a result, their plans will not put an end to cyclical violence. If anything, they will fuel it.

To achieve stability, the war-torn Middle East must shift course. Its powers must stop papering over regional and local divisions and instead do the hard work of addressing them. They need to help fractured societies come together. They must create accountable political institutions and promote systems of transitional justice. They need to support a reconstruction that is part of a broader peace-building agenda. They must create a political framework that actually recognizes the right of Palestinians to self-determination. And they need to figure out how to resolve, or at least better manage, their own differences. Otherwise, it doesn't matter how much the world spends on reconstruction. The region will remain broken.

#### PROBLEM DODGING

In 1945, Europe lay in ruins. Tens of millions of people had been killed in six years of war. Millions more had been driven from their homes. Many of the continent's most prosperous cities had been demolished by bombs or shattered by artillery. Regional currencies had collapsed, reducing people to begging and bartering.

In response, the Truman administration called on Washington to dedicate itself to rebuilding the continent. Following the advice of U.S. Secretary of State George Marshall, Congress began passing massive aid

packages for Europe's peoples and communities, spending \$13.3 billion (over \$170 billion in today's dollars) on the region. But this money came with conditions. Recipients had to remove most barriers to trade with other European states. They had to adopt policies that increased their exports to the United States and made them take in more American goods. The goal was not merely to reconstruct Europe's homes, roads, and bridges. It was to bring the continent into the emerging U.S.-led liberal order.

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## The Middle East needs a Marshall Plan.

The strategy worked. The recipients of Marshall Plan funds joined the U.S.-led North Atlantic Treaty Organization, committing to collective defense. They enmeshed their economies, paving the way for the European Union. Thanks to these decisions, Europe not only economically recovered from the destruction of World War II but, after centuries of fighting, became one of the world's most peaceful and prosperous regions.

The scale of devastation across the Middle East today resembles that of Europe in 1945. The death tolls are staggering, if not quite as high. Entire economies have been wiped out. National currencies have lost most of their value: the Yemeni riyal has lost 80 percent of its value since 2014. The damage is most visible in Gaza, where, as of late January, the official death toll is over 47,000—likely an underestimate—and where Israeli bombardment reduced around 70 percent of its buildings to rubble in a little over a year. (The UN has projected that it will take more than a decade just to remove the wreckage.) But other countries have suffered similar losses. The 14-year Syrian civil war displaced 12 million people and killed over 600,000; over 90 percent of the country's residents now live below the international poverty line. In Yemen, more than half the population is now impoverished. Nearly 20 million people there need direct humanitarian assistance. Economic mismanagement and predatory practices have further contributed to economic decline, especially in Egypt, Iraq, and Lebanon.

The Middle East needs a Marshall Plan. But unlike in post-World War II Europe, no country is stepping up. There is no single champion for the region, and there is no consensus on how to bring the area out of its quagmire. On the contrary, the Middle East is plagued by disunity and rivalry. The only thing the various American, Iranian, Israeli, Turkish, and Gulf proposals have in common is that they neglect fundamental challenges.

Consider, first, the American approach. Washington believes the foundations of a better Middle East involve weakening Iran, the United States' primary regional rival, and normalizing relations between Israel and Saudi Arabia in the hope of unlocking new investments. Washington does want to contribute to the rebuilding of Gaza, although it believes the funds should largely come from Arab countries. But the American plan calls for reconstruction to take place without any horizon for a political solution for the Palestinians. Today, Washington's imaginary Gaza is either a space ethnically cleansed of Palestinians or an ungoverned political vacuum that would somehow remain stable.

The Israelis share this fantasy. But some of them want to be even more belligerent when it comes to Tehran and the Palestinians. Israelis are broadly supportive of the war in Gaza, and even after the January cease-fire, many want to return to bombing. The bellicosity of Israeli leaders has been boosted by their success in weakening Iran and Hezbollah—the Lebanese militia Tehran backs. Israel wants to reconstruct Gaza only after Palestinians have been, in the words of former Israeli security officials Amos Yadlin and Avner Golov, “deradicalized” and have demonstrated they are capable of “effective governance.” Some Israeli officials don't want to reconstruct it at all.

The Israeli vision is ethically wrong: the Palestinians have an unequivocal right to self-determination. It is also unworkable. Try as they might, Israel and the United States cannot bring about peace by sidestepping the Palestinians. In fact, attempting to do so is what got them here. During Donald Trump's first term as president, the United States coaxed Bahrain, Morocco, Sudan, and the United Arab Emirates (UAE) into normalizing relations with Israel as part of the Abraham Accords, creating what Trump hoped would be an Israeli-led security, trade, and investment compact. Israel, meanwhile, ramped up settlement construction, increased repression, and expanded its authority over the Palestinian territories. In response, Hamas launched its horrific October 7, 2023, attack. “All the normalization and recognition processes, all the agreements that have been signed [with Israel], can never put an end to this battle,” said the Hamas leader Ismail Haniyeh, in explaining the assault.

The attack sparked a furious Israeli response, which halted progress toward an Israeli-Saudi agreement and prompted Iran and its non-state partners to jump into the fray. Israel had prevented this “axis of resistance” from causing substantial damage, and the Israel Defense

Forces weakened Iran itself. But the Islamic Republic has responded with a peace proposal designed to undermine its nemesis, offering to join with its Arab neighbors in a nonaggression and economic pact aimed, in part, at isolating Israel.

It is true that many in the Arab world view the Islamic Republic as a regional force they need to engage with. And following the Israeli bombing campaigns in Gaza, Lebanon, Syria, and Yemen, the region's people now see Israel as the Middle East's most radical and destructive actor. But this does not make Iran's vision any more realistic. It papers over Iran's disruptive behavior across the region, including its sponsoring of violent nonstate actors and the resulting lawlessness and state failure. Iran's scheme does recognize the right to Palestinian self-determination. But Arab countries want an end to regional anarchy, not just an end to the Israeli-Palestinian conflict.

Then there is a vision put forward by the Arab Gulf states—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE—through the Gulf Cooperation Council. It is perhaps the most aspirational. The council's proposals involve the Gulf countries deepening their own economic integration, establishing joint defense mechanisms, and then somehow resolving the Israeli-Palestinian conflict through a now practically impossible two-state solution. The proposal, like the Iranian one, at least acknowledges that an end to that conflict is the key to achieving regional security. But it lays out no plausible mechanism for reaching a deal. The Gulf state plan also says very little about the other conflicts in the region or how to address them.

At best, these various visions will accomplish little. At worst, they will generate even more conflict, as did the Abraham Accords. By focusing so much on security, they have turned peace into a matter of economic development and force. The Middle East's powers seem to think that war-torn peoples will be satisfied with new construction—no need for justice, accountability, or good leadership. If people are not satisfied, they can be dealt with through violence: Israel, for example, can arrest and kill Palestinians who demand equal rights. Such assumptions are both dangerous and wrong.

#### CHAOS REIGNS

At the heart of the region's troubles are questions of governance. Many countries have fractured or collapsed, with competing centers of power often dominated by particular ethnic or political groups.





Build back better: destruction caused by Israeli bombardments, Rafah, Gaza, January 2025

Nowhere is this dynamic more evident than in Syria, where years of war have weakened relations between the country's center and its periphery and given rise to a variety of local rulers. Some places are controlled by Kurds. The places where Assad maintained the highest levels of backing were those populated by his community of Alawites. The south is controlled by the so-called Southern Operations Room, a coalition of rebel factions that emerged in 2011 and tend to be less Islamist than other groups. The organization that ultimately drove Assad from power, Hayat Tahrir al-Sham (HTS), is composed of Sunni former jihadists that include non-Syrian combatants. They claim that they will not discriminate against other groups. But since they took Damascus, the country has seen an uptick in revenge killings and mob violence targeting Alawites. Without an inclusive political process, Syria will remain riven by all kinds of divisions.

International involvement has hardened, and will continue to harden, such rifts. The Middle East's main powers perpetually compete for more regional influence, so when wars occur, those powers often back different groups. In Syria, for instance, Turkey supports HTS and other factions in the north. The United States is helping the Kurds. Jordan and the United Arab Emirates have considerable sway over Syria's Southern Operations Room. Israel is trying to bolster its

ties with Syria's Druze community and has used the power vacuum to occupy some 155 square miles of Syrian land.

For now, Syria's factions are keeping the peace. Indeed, in a January 29 meeting, key groups involved in the overthrow of Assad came together to appoint the HTS leader Ahmad al-Shara as the country's new president. But although Ahmed al-Awda, the leading figure in the Southern Operations Room, sent a representative to this meeting, Awda did not attend. The Kurd and Druze factions boycotted it altogether.

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## Reconstruction cannot fix broken institutions.

With their shared enemy gone, Syrian militias could turn on each other. If they do, Syria's future might look like Somalia's present, with different factions controlling various patches of territory. Or it might look like nearby Libya. Syria and Libya are very different countries, but Libya, too, experienced an Arab Spring

revolution that pitted multiple armed groups against a longtime dictator. These groups succeeded in toppling Muammar al-Qaddafi in 2011. But once Qaddafi was gone, they began fighting each other for dominance with the support of external actors, including Turkey, the UAE, and a number of European states. Today, rival authorities in eastern and western parts of the country are each backed by different patrons.

After more than ten years of civil war, Yemen, much like Libya, is politically divided between two main rival authorities: the Houthis in the north and the Presidential Leadership Council. (The Houthis control a third of the country's area and two-thirds of the population.) Here, too, competition between outsiders has furthered conflict. Iran supports the Houthis. Saudi Arabia hosts the Presidential Leadership Council. But the Presidential Leadership Council is itself factious, and external competition leads to contention within it. The UAE, for instance, backs a group that, although part of the council, wants the southern part of Yemen to secede. Emirati-Saudi tensions over the oil-rich Yemeni province of Hadramawt have created further schisms, with Saudi Arabia generally controlling the province's interior and the UAE dominating the coast. Proxies affiliated with both powers have clashed, and the conflict between them could turn more violent in the months ahead. This chaos has, in turn, enabled al Qaeda in the Arabian Peninsula and other terrorist groups to expand their operations in Yemen's east and south.

Foreign meddling in the Middle East's conflicts is clearly bad for peace. But there is a silver lining to all the external involvement.

Because the warring parties rely on international patrons, outside actors can push for resolutions. As a result, rapprochement between regional powers—such as the 2023 normalization agreement between Iran and Saudi Arabia—might help tamp down conflict.

But to be effective mediators, regional actors must more thoroughly settle their own differences. The escalating rivalry between Saudi Arabia and the UAE over which of them will be the Middle East's main Arab political and economic hub is one point of tension, especially when it comes to conflicts in Sudan, Syria, and Yemen. Qatar and Turkey's support for Islamist actors is creating problems with Egypt, Jordan, Saudi Arabia, and the UAE. And although the Iranian-Saudi rapprochement has softened sectarian divisions, it has not curtailed Iran's support for repressive nonstate actors. As a result, it can do little to promote regional tranquility.

Even if these countries could fully sort out their rivalries, they could not ensure peace. They would still need to get local powers to implement settlements that rebuild states, ensure the safe return of displaced peoples, and mend torn social fabrics. And there is no guarantee that these actors, hardened by years of war, would comply. The issue of transitional justice, in particular, will be tricky. After fighting, some degree of forgiveness is required for societies to heal. Yet there cannot be broad amnesty, particularly for those responsible for human rights atrocities. At the end of its civil war, Lebanon opted to issue a blanket pardon for all atrocities committed during the 15-year conflict. Doing so, leaders thought, would quickly secure peace and allow the country to rebuild. They also hoped to protect themselves from prosecution. Instead, Lebanon has experienced periodic civil unrest as grievances from the war continue to fester, sometimes at the behest of the conflict's old leaders. To avoid the same fate, Syria's new leaders will have to hold key Assad officials accountable for the horrors committed over 54 years of autocratic rule. Failing to do so will only further encourage individual acts of vengeance—which will, in turn, make it hard to secure a durable, peaceful resolution.

#### NO JUSTICE, NO PEACE

In the Middle East, there is no one-size-fits-all approach to ending conflicts or rebuilding what was lost. The wars plaguing the region share many characteristics, but because they have been going on for years, they have developed their own dynamics. In Lebanon, for example, the challenge

is not just rebuilding what was destroyed by the conflict with Israel. It is also about rebuilding a broken political system, trying to get Hezbollah to finally disarm, and strengthening weakened national institutions. Syria, totally ravaged by war, needs an entirely new political settlement. But Syria must not recentralize power, as it did during the Assad era. Whatever resolution emerges has to be supported across the country. It needs to account for local dynamics that materialized during the conflict.

For Gaza, the challenges are even more profound. There may be historical precedent for the scale and scope of the territory's destruction. Yet unlike other places reduced to ruin, Gaza is not a country. It does not control its borders. It is under siege, cut off from external markets. It lacks all kinds of basic resources, including water, food, and land for agricultural or industrial production. Under such conditions, it cannot be made habitable, let alone economically viable. And there is no clear plan for who will take the lead in rebuilding and then governing it. In the near term, Gaza may need to be administered by a transitional authority established by the UN Security Council: a mechanism that was used to help rebuild parts of the Balkans and Cambodia in the 1990s, when local governance capacity was destroyed. Eventually, it will need to be governed by Palestinians who command democratic support. But right now, no short- or long-term solutions are on offer.

Without political settlements, even doling out reconstruction funds will be difficult. In fact, the provision of assistance could create tension. Domestic and regional actors often manipulate aid deliveries, creating a skewed economy that leaves some people embittered and others emboldened. Political groups could also use aid to empower themselves at the expense of governments.

None of these challenges mean that humanitarian aid groups shouldn't flood the Middle East's many shattered places—particularly Gaza—with support. The region has millions of people who are homeless. It has millions more who are starving or require medical care. They need whatever help they can get, and they need it fast.

There is certainly a new Middle East in the making. Yet without a political solution, reconstruction will do little over the long term. It cannot fix the power imbalances, ethnic tensions, or broken institutions that cause ongoing bloodshed. It will not get foreign powers to work together, instead of at cross-purposes. It may help people literally rebuild their homes, stores, and schools. But until there's a durable peace, those buildings might just come crashing back down when conflict inevitably returns. 🌐

# Putin's Ukraine

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## The End of War and the Price of Russian Occupation

NATALIYA GUMENYUK

**F**rom afar, the situation Ukraine faces after three years of full-scale war with Russia seems clear. Over the past 12 months, Moscow has intensified its assault on civilian populations, sending drones, missiles, and bombs in almost daily attacks on cities across the country. Infrastructure and power stations have been relentlessly targeted. Millions of people have been displaced, and millions more who fled the country after 2022 have been unable to return. Even as Ukraine has struggled to hold the frontlines, its soldiers continue to be injured and killed.

Given these mounting costs, and that Ukraine has, against all odds, managed to defend 80 percent of its territory, one might expect its citizens to support any effort to end the war. That would be sensible in the eyes of many Western analysts. Just as Russia seems unlikely to

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make major new advances, it will also be very difficult for Ukrainian forces, contending with an enemy that is prepared to burn through huge quantities of ammunition and manpower, to recapture all the territory now controlled by Russia. In this view, securing a cease-fire and bringing relief to the bulk of the country should be a top priority.

Yet that is not how Ukrainians see it. With U.S. President Donald Trump's vow to quickly end the war—and even before that, the threat from the United States and its allies that they might reduce military aid in the future—Ukraine's government and population have had to take seriously the discussion of a cease-fire. But such a scenario diverges sharply from the victory plan that Ukrainian President Volodymyr Zelensky outlined in the fall of 2024. And many Ukrainians themselves are deeply skeptical of a settlement, saying that no deal is better than a bad deal. Indeed, in Western eyes, Kyiv's determination to keep fighting—sometimes in grueling months-long battles to defend ruined towns and villages—may seem irrational.

In part, Ukrainians' continued support for the war can be explained by the country's resilience. Despite intense pressure on civilian areas, Ukraine has managed to preserve and even rebuild a degree of normalcy in everyday life. Following the economic shock of the initial invasion, Western budgetary support, which now makes up 20 percent of Ukraine's GDP, has allowed the economy to grow by an average of 4.4 percent over the past two years; there has been real household income growth, and inflation remains fairly low. Since the middle of 2023, when Ukrainian drones had effectively neutralized Russia's Black Sea Fleet, maritime routes have been open again, with Ukrainian exports up by 15 percent over the past year. And according to the government in Kyiv, some 40 percent of the weapons Ukraine is using on the frontlines are now produced domestically, compared with hardly any in 2022. None of these changes take away from the extraordinary hardships of war, but they have helped give Ukrainian society a kind of adaptability and endurance that may not be fully visible to outsiders.

But even more central to Ukrainian thinking about the war are the powerful and complex effects of the Russian occupation. For Ukrainians, the occupation did not begin with the full-scale invasion in 2022 but has been an ongoing reality for more than a decade—ever since Moscow seized Crimea and parts of the Donbas region of eastern Ukraine in 2014. The horror of Russian military rule has been felt not only in areas of the south and east, where much of the war has been fought, but also

near Kyiv in the opening weeks of the 2022 invasion, when Russian forces committed widespread atrocities in the capital's suburbs. Just as important, Ukrainians understand that the threat goes well beyond the occupied areas themselves. In addition to the six million who are caught in these areas, it has affected millions of displaced people who had to move farther west, and many more, including members of the Ukrainian cabinet, who have relatives living under Russian domination.

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What observers in the West characterize as brutal excesses are a central part of Russia's war strategy.

As many Ukrainians recognize, what observers in the West have characterized as brutal excesses in occupied areas—human rights abuses, political repression, and war crimes—are in fact a central part of Russia's war strategy. The issue is not merely what happens to those under Russian rule but how Moscow has used its control of significant numbers of Ukrainians to undermine the stability of the whole country, even without taking more territory. Nor is this a hypothetical threat: as Ukrainians know too well, the Kremlin, while pretending to negotiate, used the eight years of so-called frozen conflict with Ukraine after 2014 to create a launch pad for the larger invasion. Put simply, Russian control over any part of Ukraine subverts and corrodes Ukrainian sovereignty everywhere.

The Trump administration's calls for a cease-fire have stoked speculation about negotiations to freeze the conflict along or near the current frontlines. Such a plan, of course, will need Russia's participation—and as of early 2025, there was little sign that Russian President Vladimir Putin was prepared to enter such talks. But whether or not a deal is reached, the assumption that a cease-fire will end Russia's primary threat to Ukrainians misunderstands the nature of the conflict. In the three years since the full-scale invasion, Ukrainians have overwhelmingly supported the Ukrainian army. They have done so out of a strong sense of patriotism but also because they know there is little chance of survival under Moscow's rule. Even now, most Ukrainians see continuing to fight as incomparably better than the terror of Russian occupation. For the West, failure to recognize how Russia is using Ukrainian territory to undermine and destabilize the whole country risks making a cease-fire even more costly than war.

THE HORRORS TO COME

With its seizures of land in 2014, Russia gained around seven percent of Ukrainian territory, containing some three million people. Since 2022, Russia has nearly tripled the Ukrainian land in its control. At the start of 2025, this included about 80 percent of the Donbas and nearly 75 percent of the Zaporizhzhia and Kherson regions. There are no reliable statistics, but it is estimated that around six million people—more than one-tenth of Ukraine's total population—are now living under Russian rule, among them 1.5 million children. And this is despite the fact that many more from these areas who were able have fled.

Within this large occupied territory are a variety of local situations. Areas of eastern Donbas that were occupied a decade ago have long been run by Moscow-controlled separatist militias and have been neglected and isolated. At the start of the 2022 invasion, local men from these areas were among the first to be mobilized by Russia, and they have suffered some of the highest casualty rates. Other areas close to the Russian border or to the southern coast, such as the Kherson, Luhansk, and Zaporizhzhia regions, were taken during the first weeks of the invasion almost without a fight, and Moscow was able to quickly establish military rule. People in these areas suffered less from bombings and mass destruction, but many of them have been physically and psychologically coerced. The Russian government also targeted these regions for large-scale resettlement by Russians, especially members of the military, their families, and construction workers, who have been brought to showcase Russian conquest. In turn, communities close to the frontlines have weathered the full brunt of the war. When Russian forces are unable to capture or occupy a town or village, they destroy it, forcing residents to flee and Ukrainian troops to withdraw, sometimes after months of brutal fighting. Thus, places such as Avdiivka and Bakhmut, which were the sites of devastating battles, are today under Russian rule, but they are ghost towns that have been largely reduced to rubble.

For Ukrainians, however, the main problem is not the amount of territory in Russian hands. Indeed, although Russia has made modest gains around the frontlines over the past year, the overall area under its domination has not changed much since late 2022. Instead, the threat comes from the way Russian forces and Russian authorities have imposed control over local populations and how they are using it to further Moscow's war aims. From the outset, Russia has imposed a reign



of terror on the towns and villages it has captured. In the aftermath of the initial invasion, in the south, in the east, and on the outskirts of Kyiv, residents in Russian-controlled areas were not allowed to leave their homes, and many of those who tried to flee were shot dead in their vehicles. Where there was active fighting, Russian forces often used Ukrainians as human shields, forcing civilians to stay in place so that the Ukrainian army wouldn't shoot back.

Once Russian forces established control, many local populations struggled to survive. Searching for medicine, water, and food or simply trying to avoid bombs, few could think about rebellion. The occupiers cut off Ukrainian Internet and cellular networks and replaced them with Russian ones; it is one of the fastest ways to prevent people in occupied territory from contacting and getting information from the rest of Ukraine. They also set up a so-called filtration process to "register" Ukrainians—a practice Russia had introduced in the first Chechen war 30 years ago. Officially, the purpose was to check documents, but in practice, Russian forces used the process to identify and detain, often in extremely harsh circumstances, potentially "disloyal" people—especially men of military age who had tried to flee. For much of the war, Russian forces have continued to use filtration in occupied towns and regions and along the Russian border. In many cases, they have detained Ukrainians based on nothing more than flimsy allegations about their allegiances or political views, their posts on social media, or a lack of data on their cellphones, accusing them of having deleted compromising information.

In areas whose population centers have remained more intact, residents have faced a different kind of coercion. In the early weeks of the invasion, Ukrainians heard reports that Russian officials had compiled lists of people who were to be detained and executed; Russian actions soon proved that the lists were real. Particularly targeted are Ukrainians who have served in the military and members of their families, as well as civil servants, volunteers, activists, patriotic businesspeople, and local journalists. Also at risk are mayors or community leaders, whom the occupiers see as key sources of local information. When mayors do not collaborate, which is often the case, the Russians have turned to possible collaborators or simply created a regime of fear. Take the village of Sofiivka and its surrounding area, an administrative district near the Sea of Azov that the Russians controlled for the first year and a half after the invasion. About 40 of its residents have been detained

## LAND GRAB

### Russia's strategy of occupation in Ukraine



Sources: *Institute for the Study of War and American Enterprise Institute's Critical Threats Project; OpenStreetMap.*  
Note: Location data as of January 21, 2025.

by the Russian occupying authorities; one was allegedly tortured to death, and three are still being held: two since November 2022 and the third since June 2023. The mayor of the district spent 34 days in a nearby Russian detention center before managing to flee.

But virtually any person suspected of having pro-Ukrainian views or even just past connections to Ukrainian institutions may be fair game. As of the beginning of 2025, the Prosecutor General's Office of Ukraine has registered more than 150,000 violations of the Geneva Conventions by Russian forces since 2022. The Reckoning Project, an initiative I co-founded that researches war crimes in Ukraine, has gathered more than 500 testimonies of such crimes since the war began, many of them describing the systematic practice of abduction, arbitrary detention, and torture, including beating and electrocution. These forms of violence have been documented in all areas seized by Russian troops from the initial phases of the war up to the past

year. The consistent pattern suggests these are not a result of excesses by particular Russian units but rather Russian state policy. In one detention center in Berdyansk, a city of some 100,000 people in the Zaporizhzhia region that was taken in the opening weeks of the war, Russian forces held a handyman, farmers, a retired police officer, the owner of a travel agency, teachers, and local councilors—all but a few were over 50, and half were women. Even the slightest past affiliation with the Ukrainian state can have extreme consequences.

These accumulating horrors are not just a problem for those who have fallen under Russian rule. They stand as a warning to the populations of the Ukrainian cities of Odesa and Kharkiv, Chernihiv and Sumy, Dnipro and Kyiv: it could happen to them, too. Although most of Ukraine's largest cities did not fall under Russian control, Russian forces were extremely close to the capital at the start of the war, and almost everyone has relatives, colleagues, or friends who were caught up in the occupation. Even in western Ukraine, after three years of fighting, during which more than 4.6 million people have been internally displaced, it is hard to find someone who does not have relatives or friends who experienced filtration or fled Russian-controlled areas. Given how visceral the experience of occupation is for the general population, it is unsurprising that many Ukrainians feel that fighting is still better than the kind of peace likely on offer in any negotiation with Russia.

#### THE CRIMEAN METHOD

Ukrainians also know that Russia's current war was in crucial ways enabled by its annexation of Crimea and occupation of eastern Ukraine in 2014. Reporting on life in Crimea after the Russian takeover, I observed how Moscow employed policies, rules, and laws to further much larger military and strategic aims. Ukrainians who refused to take a Russian passport were denied medical aid, and Russian authorities would not recognize their ownership of private property. To remain on the peninsula, residents needed to demonstrate a particular level of income, and they had to have authorized jobs, which often required Russian citizenship. People faced numerous penalties for minor infractions, such as failing to renew an identification document, parking in a prohibited spot, offending a public official, or drinking in the wrong place. In Russia, such administrative violations can be designated as criminal offenses and can lead to the revocation of residency

permits. The overall effect was to make anyone in Crimea who retained a Ukrainian passport suspicious, and many were forced to leave.

Meanwhile, a region that had for decades served as a subtropical tourist resort was, year by year, slowly transformed into a vast military base. Russia poured huge investments into “civilian” infrastructure but clearly had other purposes in mind. The highway from the administrative capital of Crimea, Simferopol, to the seashore was built without exits: it didn’t help the residents from nearby towns get to the beach, but it was well suited for moving military vehicles. The lavish, 12-mile Kerch Strait bridge, on which Moscow spent nearly \$4 billion, was ostensibly designed for civilians traveling between the newly annexed peninsula and Russia, but it was even more important as a way to send tanks, military units, and war materiel into Crimea. (It was for this reason that Ukraine’s attacks on the bridge since 2022 have been a crucial part of the war effort.)

Systematic efforts were also made to militarize the Crimean population. Education became increasingly controlled, and any references to the Ukrainian past were erased. Established in 2016, the All-Russian Military Patriotic Social Movement, known as “the Young Army,” became a way to indoctrinate Crimean youth and prepare them for military service. (Later, the movement was used to “reeducate” Ukrainian children who had been abducted and transferred to Russia after 2022—a process that led the International Criminal Court to issue an arrest warrant for Putin and a member of his government in 2023.) Although the Geneva Conventions forbid drafting an occupied population for military service, Russia mobilized the residents of Crimea, just as it did those of Donbas territories, at the time of the 2022 invasion. Crimean Tatars—members of an indigenous Muslim minority known for its resistance to Russian rule—were targeted disproportionately for obligatory military service.

Local people who spoke against this process were silenced. In Crimea, more than 220 people have been detained for political reasons since 2014, of which at least 130 were Crimean Tatars, who were charged with extremism following Moscow’s crackdown on Islamic fundamentalism. Among them is Nariman Dzhelyal, the deputy chairman of the Mejlis of the Crimean Tatar People, a representative body for Crimean Tatars

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that was officially outlawed by Moscow in 2016. Dzhelyal is known as a careful and law-abiding intellectual, but six months before Russia's full-scale invasion, he was arrested on trumped-up charges of being involved in a conspiracy to blow up a gas pipeline in a village near Simferopol. By February 2022, hardly anyone left in Crimea could oppose Russia's preparations for military invasion. Citizen activists, journalists, human rights defenders, and other independent members of civil society were all behind bars.

For years after 2014, the Russian government was equally adept at manipulating the outside world. By participating in the Minsk agreements, the negotiations that were supposedly aimed at a peace settlement for the Donbas after 2014, Russian officials could distract from Moscow's activities in Crimea and eastern Ukraine. Pavlo Klimkin, Ukraine's foreign minister at the time, who from 2014 to 2019 led the negotiations with Russia, recalls a meeting in which Russian Foreign Minister Sergei Lavrov, in the presence of French and German diplomats, said that, despite what was written in the agreement and what they were ostensibly negotiating, "Moscow would never allow having really open elections in the occupied territories, as Ukrainians would choose whom they want, and that's not what the Kremlin wants." In retrospect, Klimkin says, there was never a point when Putin truly wanted a peace deal. The diplomatic process was a trap.

#### RUSSIANS IN THE RUINS

Since the 2022 invasion, Russia has rapidly imposed the occupation strategies it perfected in Crimea, but this time, its rule is far more severe. In areas such as the Zaporizhzhia region, the Kremlin quickly drew on its Crimean toolkit, imposing rules governing access to health care and jobs and regulating taxes, private property, and education. Russia has even imposed Moscow time, despite the area's location in the Eastern European Time zone. By requiring occupied populations to accept Russian passports, the Kremlin has also exerted a form of psychological coercion: if they try to go back to Ukraine, residents are falsely warned, they may face criminal charges for working for Russian companies, studying in Russian schools, and getting Russian passports. (In fact, Ukraine may prosecute its citizens for serving an occupying administration or Russian militia but not for receiving services from occupation authorities. But the Kremlin has used disinformation to spread the fear of punishment.)



You can't go home again: an apartment building damaged by a Russian drone strike, Hlevakha, Ukraine, January 2025

In 2014, the Kremlin promised new prosperity for occupied lands: better wages and pensions and free health care and higher education. And Crimea at least, as the new jewel in Putin's crown, received billions of dollars of Russian subsidies to showcase the annexation. (In reality, much of the funding went to vast state projects and to people who were dispatched from Russia. Local businesses fared less well, and some were seized.) Since 2022, the Kremlin is no longer promising any wealth. If you are a Ukrainian under occupation, simply avoiding arrest or having your property expropriated is now considered lucky. In a situation in which the economy has been destroyed, banning the use of Ukrainian currency (and hence often cutting people off from the bulk of their savings) is another form of pressure. For many, the only thing they have left are their houses, and they may feel compelled to remain under occupation to keep them. In 2024, in the occupied Kher-son, Luhansk, and Zaporizhzhia regions, Russian authorities seized numerous apartments and houses of people who had fled.

Moscow has also sent tens of thousands of Russians to settle in occupied cities and towns, once again following the Crimean template. According to the Ukrainian government, between 2014 and the 2022 invasion, as many as 800,000 Russians were relocated to

Crimea, and these settlers now constitute a full third of the population there. Since 2022, this kind of relocation has been happening in numerous other areas, providing a glimpse of the future. As in Crimea, the purpose of sending in these settlers is not merely to provide resources for Russia's war effort but also to integrate these towns into Russia and erase any traces of Ukrainian identity.

Consider Sievierodonetsk, a city in the Luhansk region that was seized by Russian forces in the summer of 2022. A major twentieth-century

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Allowing  
Moscow to make  
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industrial center, it was founded in 1958 around one of the largest chemical plants in Europe and had a population of around 100,000 when the war began. In the weeks after Russia took control, just a few thousand residents remained. According to the Sievierodonetsk Media Crisis Center, however, the current population has risen again, to 30,000 or 40,000, although only about half the people are locals. Destroyed buildings have been demolished, but those that were less damaged have been repainted in bright colors. The energy grid, water supply, and

sewer system have been partially rebuilt; the fixed-up areas are now home mainly to Russian workers and members of the Russian military and their families. The city's privately owned real estate has been re-registered, and if no owners come forward, it is handed to Russian citizens.

Unlike the Crimean Peninsula, with its pleasant climate and attractive landscape, partially destroyed towns such as Sievierodonetsk offer comparatively few attractions. Local services are limited: the Russian authorities offer free Russian satellite TV, but after two and a half years of occupation, the Internet and cellular networks have not yet been restored, requiring residents to use street pay phones. The local hospital lacks doctors, and in the summer of 2024, the pinewoods surrounding the town burned down in a wildfire because of a shortage of firefighters. Although the authorities have talked about reopening the town's chemical plant, much of its equipment has been stripped and taken as scrap material or transferred to Russia. (The practice of harvesting metal from Ukrainian factories and equipment became common across the entire Donbas region after 2014.)

Even more bleak is the case of Mariupol, the once thriving port city on the Sea of Azov that until the invasion began boasted a population

of 540,000. From February to May 2022, Russian forces unleashed an exceptionally brutal siege on the city, surrounding it by land and sea, laying waste to apartment complexes, schools, hospitals, theaters, and other buildings, driving out anyone who could escape, and forcing all who remained into basements, often with almost no access to heat, food, or water. By the end of the ordeal, some 95 percent of the city had been destroyed and, according to an investigation by Human Rights Watch, more than 10,000 civilians killed. Ukrainian officials estimate that as few as 90,000 of the city's residents remained.

Yet over the past year, Moscow has heavily promoted the destroyed city to Russian settlers, claiming that the population has risen again to 240,000. In January 2024, clips from a Russian state television documentary about Mariupol's new real estate market went viral. Designed as a PR film to promote the Russian reconstruction of the city, the documentary shows a Russian journalist casually walking through a residential unit in a bombed-out building—what the documentary refers to as a *razrushka*, “little wrecked apartment”—and talking with local real estate agents, who offer her the chance to invest in the abandoned ruins. The film crew walks through the debris, stepping over the belongings left behind by fleeing Ukrainians, while a cheerful voice speaks about a marvelous view from the balcony.

VIP apartments that have already been repaired, the film announces, are being sold for up to \$50,000, and only people coming from “Greater Russia” can afford them. One agent complains that “there are not many survivors per square meter,” and those locals who have survived can't afford new housing, even with a mortgage. The compensation paid by Russia to a Mariupol resident for the destruction is \$350 per square meter. But people who lived downtown and whose houses were demolished won't have a chance to move back, even if a new building is being constructed on the same site.

As Ibrahim Olabi, a British international human rights lawyer who has testified before the UN Security Council on abuses in Syria and who serves as chief legal counsel for The Reckoning Project, has argued, Russian occupation practices follow a deliberate strategy. Russian rule is designed to instill fear among local residents, compelling them to either flee or support Moscow. In addition to indoctrination, the occupiers enforce policies that are aimed at altering the demographic and societal fabric of these regions, paving the way for more land grabs in the future. They also push forward Putin's larger project of progressively



eroding the foundations of Ukraine itself: not only by damaging the economy and blocking crucial supply chains but also by separating families, creating new social fractures, and continually destabilizing the rest of the country with the threat of new invasion.

#### WAR BY OTHER MEANS

In comments and social media posts during his campaign and in the run-up to his inauguration, Trump called for a rapid agreement between Russia and Ukraine to end the war. Western experts have also argued that Kyiv should agree to freeze the frontline and accept the loss of the territories and people now under Russian control. Ukraine's government and military leadership respond that if they were simply given more sophisticated weapons, including ones that would allow strikes against Russian command-and-control centers, Ukraine might not be able to restore its full territorial integrity, but it could push Russian forces farther away. Still, even many of those who view Ukraine's ambition to restore its full territorial integrity as a matter of upholding international law and principle see the goal as out of touch with reality.

Putin doesn't care about Mariupol, Sievierodonetsk, or the villages his forces have occupied in the Kherson and Zaporizhzhia regions. He doesn't see why the United States should care who controls such places; in his view, Russia is bigger and stronger than Ukraine, and that settles the matter. But just as annexing Crimea and invading eastern Ukraine in 2014 didn't prevent a further Russian invasion, nor will granting Moscow formal control of the territories it has gained since 2022. After the Soviet victory in World War II, Joseph Stalin made a speech hailing the "screws of the immense machine of the government." The screws were the Soviet people, which in Stalin's eyes were replaceable material at the state's disposal. For Putin, controlling the land, erasing the slightest traces of Ukrainian statehood, and indoctrinating the people through propaganda and terror are ways to create more "screws" for his permanent war.

Yet people are not things, empires are not invincible, and no one can control everything. In Crimea before 2022, almost any form of resistance was impossible because of the pervasive presence of agents of the FSB, Russia's internal security service. It seemed as if the local population had completely embraced annexation. Today, by contrast, activists regularly spread yellow ribbons, symbols of

Ukrainian resistance, in Yalta and Sevastopol. These remarkable acts of defiance show that the opposition is conditioned not only on the strength of Russia's security apparatus—in fact, the Russian state has become even more oppressive since the war began—but also on the extent to which people themselves believe that the current state of affairs is not permanent and that things might change. Although Russian forces occupied the Ukrainian city of Kherson for nine months, they were eventually forced to retreat, and it became clear that the occupying institutions they had set up had utterly failed to Russify the local population.

But many more Ukrainian areas remain firmly in Russian hands, and Ukraine has few positive messages to deliver to the people in these areas beyond hoping for the best. Ukraine, as well as its allies, must understand that allowing Russia to occupy and rule over a huge area of Ukraine that it has taken by force is not just a violation of every international norm but also dangerous to global stability. Allowing Moscow to make its occupation permanent as the price for stopping the current fighting would simply make the war even more violent in the future.

Polling by the Kyiv International Institute of Sociology found that between early October and December of last year, the share of Ukrainians who said they were ready to make some territorial concessions to end the war has increased from 32 to 38 percent. But 51 percent still opposed any such concessions, despite the relentless pressure of war. In fact, focusing on this question misses the point that for most Ukrainians, the amount of land that Putin controls matters less than the way Russia has turned the occupation into a weapon of war. The crucial issue is about the security guarantees that will be required to neutralize this weapon and preserve Ukrainian sovereignty.

Ukraine might be able to consider a deal to end the war if, for example, it were offered membership in NATO, given enough sophisticated weapons to defend itself in the future, joined the European Union, and received from the West all the financing it needed for reconstruction. But until Washington and its European allies provide those kinds of guarantees, and until the West recognizes that Russia's occupation is really aimed at the rest of Ukraine, Ukrainians are likely to stay committed to the war, however high the costs. And if a cease-fire is reached that does not address this continuing Russian threat, lasting peace and stability will remain elusive. 🌐

# The Real China Trump Card

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## The Hawk's Case Against Decoupling

STEPHEN G. BROOKS AND BEN A. VAGLE

**T**he geopolitical competition between China and the United States is the defining issue in international politics. It is a contest between the world's largest economies. It pits two dramatically different political systems—one democratic, the other authoritarian—against each other. And it is taking place in almost every region.

According to most American analysts, this competition will be close. Although the pace of China's rise has slowed, the conventional view in Washington is that China is already a peer, or at least a near peer, in economic power. "If we don't get moving, [the Chinese] are going to eat our lunch," quipped former U.S. President Joe Biden soon after

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This article is adapted from their forthcoming book *Command of Commerce: America's Enduring Economic Power Advantage Over China* (Oxford University Press, 2025).

his 2021 inauguration. In the same year, Elbridge Colby, whom current U.S. President Donald Trump nominated to be undersecretary of defense for policy, warned that “China’s economy is almost as large [as] or perhaps larger than America’s already.”

Yet the view that China is close to leveling the balance of economic power is incorrect. Chinese government statistics may indicate that the country is almost an equal of the United States. But if the economic power of the two countries is measured correctly, the United States still has a commanding and durable advantage. Its GDP is around twice as large as China’s. Its firms and the firms of its allies dominate global commerce and own or control much of China’s output, especially when it comes to advanced technologies. As a result, the United States has enormous leverage over Beijing. With that leverage, Washington could carry out a broad economic cutoff alongside its allies—in practice, a rapid decoupling—that would devastate China while doing far less short-term damage and almost no long-term damage to itself.

This fact has major strategic implications. The analysts who oppose a decoupling from China typically stress that doing so will impose massive, long-term economic disruptions on the United States. They are wrong. But it does not follow that decoupling now would be right. A peacetime decoupling would cost Washington one of the strongest tools it has to deter Chinese aggression. It might prompt China to lash out, starting conflicts that it would otherwise avoid. And it may fail to achieve its purpose: For an economic cutoff to cause disproportionate harm to China, the United States’ allies must participate; yet if Washington tries to move forward with a cutoff during peacetime, they will likely balk. U.S. policymakers must understand the United States’ real position in its competition with China—and keep its leverage intact for a crisis rather than undercutting one of the best weapons it has.

#### THE POTESKIN ECONOMIC SUPERPOWER

China’s economy has grown impressively over the past several decades. It is now unquestionably the world’s second largest, and it has become far more innovative than it once was. But it is not nearly as mighty as commonly purported in part because Beijing directly manipulates key economic metrics, including GDP.

According to official statistics, China’s gross domestic product is nearly \$20 trillion, or just shy of two-thirds of U.S. GDP. But metrics that have

not been artificially altered suggest it is far smaller. Consider nighttime satellite images of lights in the country—arguably the best approach for approximating Chinese GDP. Studies that look at such imaging reliably find less light concentration than one would expect if China’s official statistics were accurate. Indeed, an aggregation of the most rigorous of these studies indicates that China’s GDP is now overstated by around a third, which means the country’s GDP is only around half the size of that of the United States. By comparison, the Soviet Union reached a peak of 57 percent of U.S. GDP in 1975.

Experts in and outside China have long understood that China’s official GDP statistics are not credible. Li Keqiang, who served as China’s premier from 2013 to 2023, said in 2007 that he did not trust China’s “man-made” GDP figures, which were for “reference only.” Logan Wright and Daniel Rosen, China experts at the Rhodium Group, were even more damning. “In almost two decades of professional experience in this field,” they wrote in 2019, “we have never met a Chinese official who professed privately to actually believe the GDP data.”

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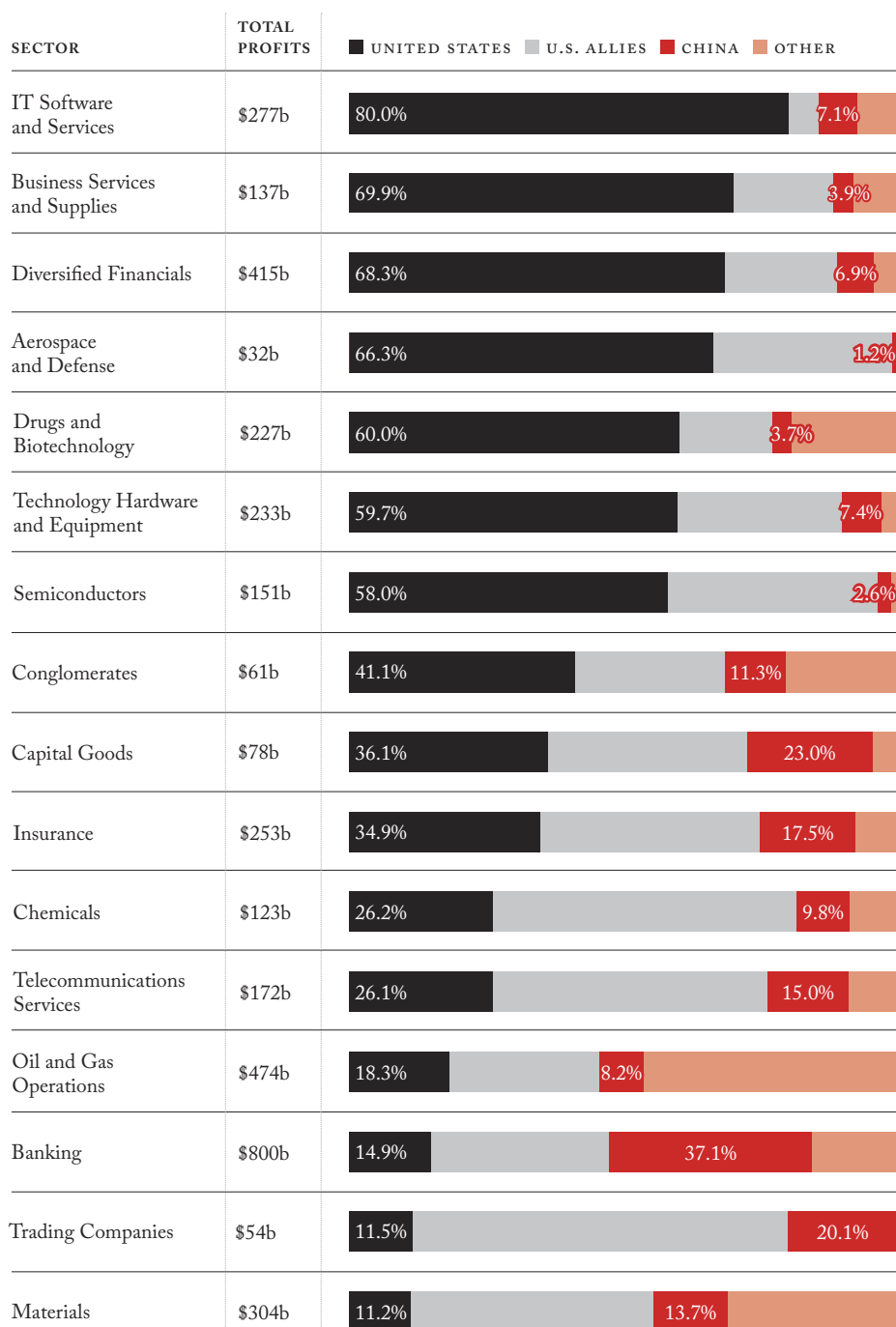
Beijing directly manipulates key economic metrics, including GDP.

Much of the inflation of China’s GDP is caused by the singular nature of its development model. The country is uniquely dependent on heavy investment to fuel growth; according to the economist Michael Pettis, such investment has averaged over 40 percent of China’s GDP for the past 30 years. But much of this spending has no productive effect. For example, China now has the highest housing vacancy rate in the world, at 20 percent. A huge proportion of China’s infrastructure projects will end up costing more to build than they will ever generate in economic returns. According to the *Wall Street Journal* reporter Brian Spegele, for example, Beijing’s 30,000-mile high-speed rail network (an amount that could encircle the globe) has generated more than \$1 trillion in debt and features many routes that are barely used. Such nonperforming investments, however, continue to buoy China’s GDP. In advanced economies, by contrast, if an investment cannot be paid off, it is frequently written off as a decrease in income, thus reducing GDP.

Even if Beijing’s GDP estimates were reliable, they would overstate China’s economic power. Many analysts are impressed by China’s vast economic output in manufacturing. But look beneath the surface, and much of this output is simple or not really under the country’s control.

## THE POWER OF PRIMACY

### Profit shares for the Forbes Global 2000, excluding consumer industries



Sources: *Forbes Global 2000, 2022*; authors' calculations. China data includes companies headquartered in Hong Kong.

Production is far more intricate and far more globalized than in previous eras, especially in complex industries such as semiconductors and jet aircraft. As a result, the large multinational corporations at the top of global production chains command outsized influence in the global economy. And these firms are overwhelmingly based in the United States and allied countries, not in China.

This fact is illustrated by looking at the profits generated by the 2022 Forbes 2000—the world's 2,000 largest companies. Profits are the preferred measure of economic power because if a firm in a sector is generating them, it likely means there are barriers preventing competitors from entering the market and cutting into that company's margins. They thus best capture the chokepoints of the world economy. And U.S. firms generated 38 percent of global profits, while firms headquartered in allied countries generated 35 percent. Chinese firms, including those in Hong Kong, generated just 16 percent.

A closer look at the 27 industries in the Forbes 2000 makes the U.S. lead over China even clearer. China leads in three of these industries. The United States, meanwhile, leads in 20 of them, almost always by double digits. In three of the seven industries in which the United States is not the leader, an American ally is. Together, the United States and its allies and partners make up all the top five countries in terms of profit share in five industries: aerospace and defense, drugs and biotechnology, media, semiconductors, and utilities.

The United States' edge is especially pronounced in high-technology sectors such as aerospace and defense, drugs and biotechnology, and semiconductors, in which U.S. firms generate 55 percent of profits, and the firms of American allies generate 29 percent. Chinese high-technology firms, by contrast, generate a mere six percent of profits worldwide—just slightly larger than the share generated by those of South Korea. Profits from Chinese firms are overwhelmingly concentrated in domestically focused sectors that lack geopolitical significance, notably banking, construction, and insurance.

U.S. companies and those of allied nations do, of course, make many of their products in China. But for Beijing, this is precisely the issue: much of China's advanced manufacturing consists of output that is created and designed by foreign firms, including Apple, Bosch, Panasonic, Samsung, and Volkswagen. When these firms do not set up their own factories in China, they often hire other foreign firms—such as Taiwan's Foxconn—to do so on their behalf. And regardless of who

owns the advanced manufacturing in China, the country's output is typically heavily dependent on technologies, expertise, and parts from the United States and its allies.

To see this dependence in action, consider the production of the iPhone 14, for which comprehensive manufacturing data is now available. The iPhone is assembled in China, so it counts as a Chinese export in official measurements and consequently adds many billions of dollars a year to the U.S. trade deficit (an estimated \$10 billion in 2018). But it makes no sense to count the iPhone as a Chinese export because Chinese firms constitute a relatively insignificant part of its production. The phone is designed in California. It is assembled in factories owned by a Taiwanese company. And Chinese firms contribute just four percent of the value of its components. Ahead of China's contribution are South Korea (25 percent), Japan (11 percent), and Taiwan (7 percent). Number one is the United States, which contributes 32 percent of the value of the iPhone's components.

From an economic welfare standpoint, whether China's production is owned or controlled by foreign firms does not matter. As long as it occurs in China, it contributes to the growth of China's economy and the well-being of its citizens. But from a geopolitical standpoint, this distinction is vital. Foreign companies are not obligated to operate in China if it is no longer in their interest or if their home governments force or incentivize them to leave. The same is true for foreign suppliers of parts. They, too, cannot be forced to continue selling their wares in China if they see it as disadvantageous or if their governments prevent them from doing so.

#### MEANS OF PRODUCTION

So far, Washington's attempts to cut off China have been highly targeted in nature, focusing on technology restrictions. But to determine what would happen if the United States and its allies imposed a broad economic cutoff, we carefully modeled the costs of decoupling, designing 12 hypothetical scenarios by varying three parameters: whether Taiwan was still part of the global economy or was taken out via Chinese conquest, blockade, or bombardment; the degree to which China's trade with the United States and its allies was cut off; and the extent of the damage these trade disruptions inflicted on global supply chains.

We tested these scenarios to estimate the damage of trade disruptions in the short run—the weeks and months following their onset.



In all 12, we found that China would suffer economic pain massively disproportionate to that of the United States. At the low end, the near-term economic disruptions to China would be around five times as large as the disruptions to the United States. At the high end, they would be around 11 times as large.

This translates to stomach-turning, Great Depression–like upfront costs for China, with its short-run economic disruptions affecting between 15 and 51 percent of the country’s GDP (depending on the

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China can be  
cut off only once.

scenario). In our baseline model in which all of China’s maritime trade is restricted via a distant naval blockade, for example, 39.9 percent of China’s GDP would be disrupted, but only 3.6 percent of U.S. GDP would be. Beijing, in other words, could sanction every single

American industry and person, and the damage to the U.S. economy would, at most, be a tiny fraction of the damage that Washington and its allies can inflict on China.

To determine the long-term consequences of reduced economic interchange, we also modeled how global trade would eventually settle after the initial shock of decoupling, and how this new equilibrium would shape each state’s growth trajectory. In doing so, we found that Washington’s position would become even more comparatively favorable. The United States and almost all of its allies would return to their baseline level of growth. China’s economic trajectory, however, would permanently decline.

The key reason for this enduring imbalance is simple. China’s economy greatly depends on foreign firms producing goods within its borders or subcontracting with Chinese firms that do. The cutoffs would rip that production away. American companies and the companies of U.S. allies, meanwhile, are not so reliant. U.S. and allied trade and production would face short-term logistical troubles after a decoupling, but they can be rerouted away from China as firms find alternative factories to make their wares and locate other sources for basic parts. (Although some of China’s lost production might one day return, much would remain elsewhere once foreign companies went through the trouble of creating new supply lines.)

In fact, American firms and the firms of U.S. allies operating in China are already pursuing diversification. If a broad wartime economic cutoff were imposed on China, many companies would simply

hasten this process. And because all Western firms would simultaneously face pressure to diversify from China, their concerns over being placed at a disadvantage by moving production before their competitors would be negated.

TIME, PLACE, AND MANNER

Former U.S. President Joe Biden's administration sought to pursue a "small yard, high fence" approach to its economic relationship with China: greatly curtailing interchange only in the sectors most critical to national security, such as semiconductors. This strategy was motivated by the desire to, in the words of Biden's National Security Adviser Jake Sullivan, "maintain as large a lead as possible" in the most crucial high-technology areas while otherwise benefiting from trade relations with China.

Yet this approach was not aggressive enough for many China hawks. To them, using a scalpel to "de-risk" supply chains will not adequately protect Americans from the dangers China poses; they believe the economies of the United States and China should instead be thoroughly decoupled. They claim that significant economic interchange with China presents intolerable risks—whether by strengthening Beijing, harming industrial communities within the United States, or causing generalized tension between the U.S. free-market system and the Chinese state-controlled one. These advocates now have a receptive audience in the White House. On the campaign trail, U.S. President Donald Trump proposed 60 percent tariffs on Chinese imports. He has suggested erecting even more drastic barriers, or even a complete shutdown if Beijing attacks Taiwan.

Undertaking a broad economic cutoff in response to Chinese territorial revisionism would be sensible. But using this approach in peacetime is altogether different and strategically unwise. China can be cut off only once, and doing so in the absence of conflict would squander vital leverage for constraining military aggression by Beijing. Unlike Russia, China is heavily integrated into global markets. It enjoys massive economic benefits from globalization that will be costly to forgo. With a substantial economic relationship left intact, Washington can signal to Beijing that it will benefit if it refrains from challenging the status quo but that China would incur massive economic retaliation should it tread the path of aggression. The United States should thus keep its economic powder dry until a moment of true crisis.

Decoupling preemptively could also cause exactly the U.S.-Chinese conflict policymakers want to avoid. If the United States initiates large-scale peacetime cutoffs, and China believes it cannot effectively replicate many of the goods and technologies it stands to lose, it may sense that its window of opportunity to attack Taiwan is closing. That may prompt it to decide to use force quickly—especially since it would have less at risk if its global economic access were already set to be curtailed.

Finally, a broad peacetime decoupling might fail. To inflict massive, disproportionate harm on China, Washington needs its allies to participate in cutoffs; if the United States decouples by itself, the short-term disruptions to China's GDP would be between just five and seven percent, only a hair above the four to five percent disruption to U.S. GDP under those circumstances. And in the absence of a crisis, Washington's partners will likely be reticent to join in. Although the United States may suffer relatively little from cutting off China, many of its partners would pay a hefty price. Germany, for instance, would see around twice the level of economic disruption as the United States, Japan would see around three times as much damage, Australia around five times, and South Korea around seven times.

The United States could, of course, try to force its allies to cooperate by deploying secondary sanctions or using its naval assets to restrict China's trade. But even if successful, such an effort would likely be penny-wise and pound-foolish, leading U.S. allies to turn away from Washington in the long term. The United States' alliances are an incredible power resource, and its actions should not undermine them.

Washington should therefore stick to a de-risking approach and deploy a broad economic cutoff against China only if Beijing makes a severe, economically costly breach of the status quo. If China blockades or invades Taiwan, the short-term economic disruptions to the United States and its allies would be large enough to rival the losses caused by a broad decoupling. The additional pain from cutting off China might then appear marginal and strategically worthwhile to U.S. allies, particularly if Washington is pushing them.

#### SAFETY IN NUMBERS

To be ready to meet such a moment, however, the United States and its allies need a shared economic strategy. And at present, their coordination on economic statecraft is essentially ad hoc. Washington and allied governments began extensively planning how to sanction Russia after

they learned, in October 2021, of its intent to invade Ukraine. But with China, they may not have as much notice, and whatever aggression they confront could be less blatant. Just as NATO undertakes preparatory actions over the long term—training, planning, allocating resources, and so on—to ensure effective military cooperation, Washington and its allies should now coordinate on how to wage economic war.

There are many ways to facilitate such collaboration. The best would be to create a formal economic alliance via a new intergovernmental organization. A vital function of this alliance would be to reduce uncertainty about whether its members would conduct a joint decoupling in response to Chinese territorial revisionism. Given that the costs of a broad cutoff vary greatly across countries, it is reasonable to wonder whether the most vulnerable ones would participate. Thoughtful planning within the alliance would reduce this uncertainty, in part by finding ways to assist the states that could suffer the most. For example, the alliance could plan for countries with large stockpiles of key resources to distribute them to more exposed members. To that end, Washington and its allies should strive to understand which of them can best disburse stockpiles or surge production of goods now supplied by China. They should plan how such a surge would occur and how such production would be distributed.

The alliance could also consider even more extensive forms of cooperation. It might, for example, plan how to coordinate fiscal and monetary policies during a crisis or how to seize and distribute the assets of countries (including China) that breach the territorial status quo. They could establish a collective financial reserve fund that members would draw on to mitigate the most severe damage of a cutoff. The reserve could even help resolve difficult questions about whether Washington's allies spend enough money on defense. U.S. officials could offer to treat such contributions to a reserve fund, for example, as an alternative to an increase in defense spending.

Washington's investment in a new economic alliance, however, cannot come at the expense of its existing security alliances, especially with Europe. An increasing number of politicians seem to think protecting Asia from China is mutually exclusive with protecting Europe from Russia. Vice President JD Vance, for example, has criticized the American military presence on the continent by arguing that resources invested there would be better used to constrain China's capacity for military aggression. But this reasoning falsely assumes

that constraining China is an objective achieved exclusively via military means. Shaping China's security behavior and capabilities also requires economic tools, which means the United States needs Europe. The continent is home to a large share of the world's leading firms, and any economic cutoff of China will be ineffective unless European countries participate.

The Biden administration's effort to deny China advanced semiconductors is a case in point. For this restrictive policy to be effective, Washington had to obtain the cooperation of the Dutch firm ASML, the only company that makes the extreme ultraviolet lithography machines essential for manufacturing advanced semiconductor chips. ASML eventually agreed to American demands that it cease exporting these machines to China. But in the absence of a strong U.S. security role in Europe, it is doubtful that Washington's intense lobbying campaign would have been successful.

Washington would therefore be wise to sustain its investment in NATO. It can even treat that commitment as the basis for a new understanding of the transatlantic bargain. In it, Europe would continue to receive needed military assistance from the United States concerning Russia, especially with respect to capabilities that would be too costly or politically difficult for the continent to develop on its own—such as a nuclear deterrent and cyberweapons. In exchange, Washington would receive Europe's help with respect to economic policies constraining revisionism by Beijing.

#### READY, SET, . . . GO?

Although Washington's allies would be far more exposed in an economic cutoff of China, the United States is hardly free of vulnerabilities. Certain American industries would be greatly harmed by a broad economic decoupling—most notably the agricultural sector, which exports a significant amount of goods to China. It would be wise for Washington to plan not just how to protect its partners' economies but also how to protect its own. This planning would be vital to the smooth provision of government assistance to vulnerable industries in the event of a cutoff, and it would reassure leaders in those industries that they can survive a decoupling.

One important way to protect U.S. industries is by stockpiling more natural resources. It is the key area in which China has major economic leverage over the United States. But that is only because Washington

has chosen to leave itself exposed, a problem it can and should rectify. The Department of Defense has a reserve of critical resources for use in national emergencies: the National Defense Stockpile. But this is intended to offset supply disruptions only in defense and vital civilian sectors—not in the economy overall. To protect the country more broadly, the United States needs to increase its natural resources stockpile to Cold War levels, roughly ten times as large as it is now. Such a step would have enormous strategic benefits and will cost relatively little, probably not much more than the price of a new aircraft carrier. At the same time, Washington needs to better incentivize the development of substitutes for natural resources now sourced from China, such as the rare-earth metals gallium and germanium. And where possible, the United States should augment the domestic extraction and processing of critical natural resources.

Washington would also be wise to identify additional areas in which the country is vulnerable to supply cutoffs from China and push forward with appropriate remediation steps—as it eventually did with respect to personal protective equipment during the COVID-19 pandemic. The U.S. government will need to hire more officials to examine their country’s ever-changing economic vulnerabilities. In fact, Washington should create a new institutional structure to foster more long-term planning and coordination regarding economic security issues. It could, for example, create new, dedicated economic security groups within the Treasury and Commerce Departments and the National Security Council that are each overseen by a political appointee—as has been suggested by Justin Muzinich, the former deputy secretary of the U.S. Treasury.

These new officials and institutions might finally recognize that China is far from leveling the balance of economic power with the United States and that Washington has vast economic leverage over Beijing. If the United States expends this leverage in peacetime, it could jolt China into acting on its territorial ambitions while costing Washington vital friendships. But if the United States holds this leverage in reserve, it could help keep Chinese revisionism in check. In doing so, it could narrow the range for catastrophic miscalculation between Beijing and Washington. 🌐

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Decoupling preemptively could cause exactly the war policymakers want to avoid.

# The Taiwan Fixation

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## American Strategy Shouldn't Hinge on an Unwinnable War

JENNIFER KAVANAGH AND STEPHEN WERTHEIM

**T**he fate of Taiwan keeps American policymakers up at night, and it should. A Chinese invasion of the island would confront the United States with one of its gravest foreign policy choices ever. Letting Taiwan fall to Beijing would dent Washington's credibility and create new challenges for U.S. military forces in Asia. But the benefits of keeping Taiwan free would have to be weighed against the costs of waging the first armed conflict between great powers since 1945. Even if the United States prevailed—and it might well lose—an outright war with China would likely kill more Americans and destroy more wealth than any conflict since the Vietnam War and perhaps since World War II. Nuclear and cyber weapons

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could make it worse, bringing destruction on the U.S. homeland. These would be catastrophic consequences for the United States.

As terrible as a U.S.-Chinese war would be, an American president would face immense pressure to fight for Taipei. Many U.S. policymakers are convinced that Taiwan, a prosperous democracy in a vital region, is worth protecting despite the daunting price of doing so. Political calculations may also push a U.S. president into war. By staying out, the president could expect to be blamed not

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U.S. politicians  
should speak  
frankly about  
the cost of a war  
with China.

only for permitting the economic meltdown that China's invasion would trigger but also for losing Taiwan after a decades-long battle of wills between Washington and Beijing over the island's future. That would doom a president's legacy. Against such a certainty, any chance of salvaging the situation could look like a better bet—and by opting to fight China to protect Taiwan, the president

would preserve the possibility of going down in history as a great wartime victor. In the 1960s, President Lyndon Johnson faced a choice between ramping up a U.S. military campaign in Vietnam and allowing the Communists to take over the country. He doubted that a war was necessary or winnable. But he sent American soldiers all the same.

U.S. leaders need a way to escape the ghastly decision to either wage World War III or watch Taiwan go down. They need a third option. Washington must make a plan that enables Taiwan to mount a viable self-defense, allows the United States to assist from a distance, and keeps the U.S. position in Asia intact regardless of how a cross-strait conflict concludes. This way, the United States could abstain from sending its military forces to defend Taiwan if China invades the island and does not attack U.S. bases or warships.

The Trump administration should launch an effort now to make this third option viable. Washington should condition its aid on defense spending and reforms in Taipei, pushing Taiwan into a position to better protect itself. It must also develop capabilities and plans to resupply the island if needed.

Yet U.S. policymakers must also accept that, without direct U.S. military intervention, Taiwan may manage only to stall a Chinese invasion, not repel one. The United States therefore needs to insulate



its regional interests from Taiwan's fate. Instead of clarifying its commitment to defend Taiwan, Washington should retain an ambiguous stance and downplay the importance of keeping the island out of Beijing's hands. It should, meanwhile, bolster the self-defenses of its other Asian allies and partners, blocking any path for China to convert a successful bid for Taiwan into regional dominance. At home, U.S. politicians and analysts should speak frankly about the cost of a war with China and push back against the misguided idea that the United States' survival and prosperity turn on Taiwan's political status. Through a policy of firm but limited support for Taiwan, the United States can avoid involvement in a world-rending war while putting China off a risky invasion—and safeguarding U.S. interests if an invasion comes anyway.

#### PRICING IN WORLD WAR III

The United States rightly expends considerable resources to dissuade China from using coercion to control Taiwan. If China were to seize Taiwan, the United States would suffer significant military, economic, and reputational setbacks. China would gain a new foothold from which to project power across East Asia, complicating U.S. military operations in the region. Beijing could disrupt trade routes in the western Pacific, rattling the global economy. U.S. allies would have a new reason to question Washington's commitment to their security. The repercussions would be greatest, of course, for the people of Taiwan, who would lose their vibrant democracy.

Nevertheless, for the foreseeable future, the benefits of preserving Taiwan's *de facto* self-rule do not warrant the enormous human and economic costs of a U.S.-Chinese war. The United States' vital interest lies in preventing China from attaining untrammelled regional hegemony in Asia. With such dominance, China could project large-scale military power into the Western Hemisphere or cut the United States off from Asia's dynamic economic markets. But controlling Taiwan would not, in itself, transform China into a hegemon. The United States would remain capable of rallying a counterbalancing coalition to impede any potential Chinese bid for political and military supremacy in Asia.

For one thing, the military advantages China would reap from taking Taiwan would not be that profound, and the United States and its allies would have time to adjust. Beijing could use control

of the island to expand the reach of its missiles, air defenses, radars, and maritime and air surveillance systems, allowing the People's Liberation Army to operate farther from China's coast and more easily hold at risk U.S. military assets, including bases in Guam and vessels near Japan and the Philippines. But the PLA's weapons can already reach these U.S. targets, so adding a few hundred more miles to their range would make only a marginal difference. China's undersea gains would be similarly modest and unlikely to offset U.S. advantages. Seizing Taiwan would allow China to dock submarines in the deepwater ports off Taiwan's eastern coast, which would extend their range and enable them to avoid some U.S. underwater sensors in the Miyako and Luzon Straits. They might not evade U.S. monitoring entirely, however, because satellites or sound surveillance in the region could probably detect them. Moreover, China may, in time, develop quieter submarines, and these could avoid U.S. detection without being launched from Taiwan.

Such limited operational gains would not give China the ability to bring about a dramatic regional expansion. Despite the fears of some in Tokyo and Manila, China would still face formidable obstacles to seizing outlying territories belonging to Japan or the Philippines—most of which are farther from Taiwan than Taiwan is from China—let alone more distant and populous islands, such as Okinawa or Kyushu in Japan or Luzon in the Philippines. Furthermore, it would take China years to build the infrastructure needed to use Taiwan as a base for military operations; the United States and its partners would have plenty of time to prepare additional defenses. In short, control of the island would hardly overturn the military balance in the region. Countries threatened by China's rise have to invest in security measures no matter what happens in and around Taiwan.

If military considerations do not necessitate the direct U.S. defense of Taiwan, neither do the economic stakes. National security officials who favor a strong U.S. commitment to Taiwan frequently cite their concern that China could commandeer high-tech assets on the island. Taiwan produces about 90 percent of the world's most advanced chips, largely through the Taiwan Semiconductor Manufacturing Company. They argue that if Beijing gains control of TSMC, it could leap ahead in the global technology race, and Washington would lose its most important source of semiconductors, constrain-

ing U.S. economic growth and military innovation. TSMC, however, cannot operate without Western components and intellectual property, both of which could be immediately cut off after a Chinese invasion. These steps, of course, would disrupt the United States' own chip supply chains. Fortunately, the United States is already preparing for the possibility of losing access to Taiwanese production by building semiconductor fabrication plants at home. Boston Consulting Group has estimated that the United States is on track to produce 28 percent of the world's advanced semiconductors by 2032.

The United States similarly has little reason to fear that it would lose access to East Asia's valuable economic markets if China controlled Taiwan. China likely already has the military capability to disrupt shipping through the narrow sea-lanes of the East China and South China Seas, yet it has not done so. Fully blocking traffic would be expensive and time-consuming for the PLA, even if China controlled Taiwan, and China's own economy would suffer, too. If necessary, commercial ships headed for Japan or South Korea could take new routes, bypassing the South China Sea by traveling through the Indonesian and Philippine archipelagoes or around Papua New Guinea through the Solomon Sea.

Some argue that the United States must fight for Taiwan because a failure to do so would undermine U.S. credibility, driving countries in the region closer to China. This seems unlikely. India and Japan, two of the United States' cornerstone partners in the Indo-Pacific, have a deep history of animosity toward Beijing and tend to respond forcefully to Chinese aggression. To prevent Asian countries from aligning with Beijing if it takes Taiwan, the United States should stop reinforcing the idea that its reputation hinges on the defense of Taiwan. Instead, it should focus on its larger objective—preventing Chinese regional dominance—and stake its credibility on that.

#### PLAYING PORCUPINE

Taiwan certainly matters to the United States—just not enough to justify a war with China. The U.S. government thus needs a new strategy to support the island's defense without having American troops engage in combat. Of course, if China were to target American forces first, keeping out of the fight would become impossible. But Beijing would have reason to refrain from attacking U.S. forces if it believed there was a good chance that Washington might abstain

from conflict. To make a Taiwan-led U.S.-supplied defense viable, the United States should adopt two policies over the next decade: insist that Taipei reorient and step up its defense efforts, and improve the Pentagon's ability to send military supplies to Taiwan during a conflict without putting Americans in harm's way.

Taiwan's current defense strategy leaves it unprepared for a Chinese attack. Taipei spends a significant share of its resources on advanced equipment, such as F-16 fighter jets, Abrams tanks, and submarines, intended to fight China head-on. Taiwan cannot defeat a Chinese invasion this way. China could easily find and destroy big assets, and its much larger military force would overwhelm any of these systems that survive an initial attack, leaving Taiwan without offensive firepower or sufficient defenses. At that point, Taiwan's survival would depend entirely on U.S. military warships and aircraft rapidly arriving and entering into the conflict—a massive gamble for Taipei and a devil's choice for the United States.

Instead, as many analysts have argued, the best way for Taiwan to protect itself is to become a “porcupine” whose sharp defenses—large numbers of antiship missiles, sea mines, and air defense systems, for instance—can thwart an invader's attempt to absorb the island. With this asymmetric denial defense, Taiwan's military could prevent China from quickly seizing the island, dragging the PLA into a long and costly war that paves the way for a political settlement. Under the first Trump and the Biden administrations, Washington encouraged Taiwan to embrace such an approach, and Taipei made some progress, for example by investing in antiship missiles and starting to build a fleet of small drones. But change has been halting and insufficient.

The United States can spur Taiwan to acquire the capabilities it needs to become more self-reliant. Washington should clearly convey to Taipei that it will increase or decrease aid depending on how much Taiwan spends on its military and whether it invests in the right kinds of weapons and personnel to mount a denial-focused strategy. To turn up the pressure, U.S. leaders should publicly state that, although the United States has an abiding interest in maintaining the cross-strait status quo and a legal obligation under the Taiwan Relations Act to equip the island with defensive weapons, Taiwan bears the primary responsibility for its own defense.

To receive the maximum U.S. assistance on offer, Taiwan should be required to increase its defense spending from the roughly two

and a half percent of GDP it spends today to at least four percent by 2030—a level of expenditure on par with that of other countries in precarious security environments. Israel spends about five percent of GDP on defense despite being far stronger than any of its adversaries. Poland and the Baltic states are working toward military spending of four percent of GDP even though they are protected by NATO's security guarantee.

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Just as important, the United States should condition military assistance on the extent to which Taiwan uses its expanded budget to prepare a denial defense. Taiwan will need to triple or quadruple its arsenal of antiship missiles to have a chance at disabling a significant number of the vessels China would use to move its forces onto Taiwan's shores. Taipei should increase and modernize its stockpiles of naval mines, which would, in the event of an invasion, allow it to wreak further havoc on approaching Chinese ships. Taiwan should, at a minimum, double its supply of shoulder-fired and mobile air defense systems and purchase or manufacture thousands of the munitions they need. It will also have to acquire tens of thousands of cheap drones that can harass PLA aircraft as they try to control the skies over the island. This would inhibit China from relentlessly bombing Taiwan's critical infrastructure or dropping paratroops inland. Finally, the United States should reject Taiwanese requests for big-ticket items such as aircraft and warships that would be easy targets for Chinese missiles and would be unlikely to withstand an initial Chinese attack. Washington should cancel unfilled Taiwanese orders for Abrams tanks and F-16 fighter jets and reallocate the funds to smaller, cheaper systems suited to a denial strategy.

In addition to setting spending targets, the United States should demand that Taiwan improve its military training so that it generates a large, reliable reserve force capable of holding off Chinese invaders. With enough skilled personnel, Taiwanese forces could occupy hardened positions along the island's coast to prevent the PLA from amassing the numbers needed to break out from their beachheads and seize and hold territory farther inland. Responding to internal and external pressure, Taiwan lengthened its conscription term in 2024 from four months to one year for all Taiwanese men born after 2005

and updated the curriculum for conscripts and reservists to include some live-fire drills. But much of this training remains divorced from the realities of warfighting. For example, it focuses on the most basic military skills rather than offering the advanced field exercises that would prepare soldiers to operate in a conflict. In addition, only six percent of eligible conscripts reported for training last year; the rest received deferments to complete their education. To get Taiwan's reserve force to its necessary size and readiness, the Trump administration should press Taipei to require two full years of more intense instruction and limit the use of deferments.

The United States, for its part, must do all it can to equip Taiwan with asymmetric capabilities. Washington should make the island a priority recipient of arms sales, filling Taipei's orders before those of other clients, just as the United States has done for Ukraine. U.S. suppliers can produce much of the materiel Taiwan needs most, such as antiship missiles, naval mines, and small air and sea drones, cheaply and in large quantities. The Biden administration transferred excess stocks of U.S. weapons to Taiwan, and the Trump administration should continue to do so. The United States should also invest in Taiwan's defense industrial base so Taipei can produce and distribute munitions, spare parts, and medical supplies around the island during a conflict. This would also alleviate the burden on the United States' own defense industrial base. Co-production arrangements and even joint ventures with U.S. firms could help Taiwan meet its needs.

Taiwan should become as self-reliant as possible, but the United States may still need the capability to replenish Taiwan's military stockpiles during a Chinese blockade or under Chinese fire—without bringing U.S. forces into the conflict. Washington's best option is to transport military supplies using uncrewed systems, including aircraft, surface vessels, and undersea vehicles, because even if the PLA fired on them, the United States would suffer no casualties and could avoid entering into a war. On the few occasions that adversaries have damaged U.S. drones, Washington has never retaliated with a direct military strike. During the war in Ukraine, for instance, a Russian fighter jet forced down a U.S. Reaper drone over the Black Sea, and the U.S. military did not respond.

Uncrewed vehicles tend to be smaller than crewed ones, but they can still carry essential items such as ammunition, shoulder-fired and other small missiles, and naval and antitank mines. Some uncrewed

systems already exist: the U.S. Marine Corps has developed an autonomous vessel, modeled on the boats of drug smugglers, that can be remotely operated from thousands of miles away. The Pentagon should accelerate efforts to develop other such systems, working with traditional defense contractors and smaller startups to produce autonomous air and sea craft that can carry cargo.

For now, the military infrastructure on Taiwan's eastern coast is limited, making it difficult to receive cargo during a war. Taiwan should build additional runways, reinforced aircraft hangars, shelters for ships and submarines, and more extensive roads leading to the rest of the island. At the same time, the United States should expand current plans to stockpile military equipment at facilities near Taiwan, including in Guam, Japan, the Marshall and Northern Mariana Islands, Palau, the Philippines, and South Korea. Where necessary, Washington should seek explicit permission from host countries for the U.S. military to conduct resupply missions there. So far, no country in the region has clearly and publicly pledged to provide this type of support in the event of a Taiwan contingency. Some may be leery of getting pulled into a conflict with China, but U.S. officials should make clear that Washington, too, is seeking to avoid direct intervention.

#### SELF-DEFENSE CLASS

In addition to reducing Taiwan's dependence on U.S. military assistance, the United States should insulate its regional strategy from developments in Taiwan. That way, Washington can minimize the fallout in case Beijing succeeds in taking the island. In recent years, the Pentagon has adopted a Chinese invasion of Taiwan as its "pacing scenario," the prospective future conflict on which U.S. budget and posture decisions are determined. Civilian leaders, meanwhile, speak more forcefully about their commitment to defend Taiwan than they did in previous decades. This approach has potential benefits. Demonstrating U.S. readiness and resolve over Taiwan may deter China from attempting an invasion by suggesting that the price would likely be direct war with the United States. But it also raises the risk of the worst outcome: that China is provoked into war and the United States is compelled to join that war out of fear that its credibility is on the line. To avoid such a calamity, Washington should change tack. The Trump administration should encourage countries in the

region to become ready to defend themselves, and it should signal a more modest and ambiguous U.S. military commitment to Taiwan.

The balance of power in Asia does not hinge on control of Taiwan. More important are the United States' ties to the major centers of economic and military power—Japan, India, and, to a lesser degree, South Korea—and countries such as Indonesia and the Philippines that are located on sea-lanes through which the United States gains commercial and military access to the region. Instead of planning to fight China in a war over Taiwan, the United States should prioritize shoring up the self-defense capabilities of these partners. Over the past few years, U.S. efforts to strengthen allied militaries have emphasized Taiwan-related scenarios. In the Philippines, the United States has concentrated investments in defense infrastructure in Luzon, the main territory closest to Taiwan, where the United States hopes to base missiles and personnel in a conflict. U.S. officials have likewise encouraged Japan to purchase cruise missiles that are capable of striking China. Yet Washington has paid insufficient attention to its allies' most immediate security requirements. Manila needs to better protect bases and airfields across the Philippine archipelago, and Tokyo should bolster its air defenses and build munitions stockpiles.

The United States has also erred by expanding its military bases close to China and Taiwan. Washington has tried to gain more military access along the so-called first island chain, which encompasses the seas closest to the east coast of mainland China. The United States has also pushed increasingly powerful military hardware in greater quantities close to Chinese shores. Washington would be better served, instead, by reinforcing existing infrastructure where it is most defensible. The U.S. military should enhance airfields and ports, logistics and supply hubs, and pre-positioned military equipment in northern rather than southern Japan, and along the so-called second island chain, including Guam, the Marshall and Northern Mariana Islands, Micronesia, and Palau. China has fewer of the longer-range missiles needed to hit these distant and dispersed locations, making them more secure. By helping partners develop their own asymmetric defenses and protecting the U.S. military presence at better-defended bases farther from mainland China, the United States can both deter Beijing from widening a conflict over Taiwan and prevent it from achieving regional hegemony in any scenario, including if it gained control of the island.



For similar reasons, the Trump administration should take a public stance on cross-strait issues that is less provocative than the Biden administration's. Over the last four years, the United States has effectively watered down its "one China" policy, which has long allowed Washington and Beijing to paper over their deep differences regarding Taiwan and avoid conflict. Under the policy, the United States acknowledges the Chinese position that Taiwan is part of China, agrees not to challenge that position, and maintains only unofficial relations with Taiwan. In the early months of the Biden administration, however, the State Department loosened restrictions on meetings between U.S. and Taiwanese officials. In 2022, House Speaker Nancy Pelosi met with Taiwan's president in Taipei, becoming the highest-ranking U.S. official to visit the island in 25 years. Biden himself said on four occasions that he would order U.S. forces to defend Taiwan if China were to attack the island, a departure from the usual stance of maintaining ambiguity over the U.S. response. Twice, he said it was up to the people of Taiwan to decide whether to declare independence, although he later returned to the customary position that the United States does not support Taiwan's independence.

Many Asian allies worried that Washington's actions provoked Beijing into cross-strait escalation, or at least handed Beijing a convenient justification for expanding its military activities around Taiwan. Trump and his team should be less assertive. If U.S. allies and partners deem the United States responsible for the outbreak of a Chinese-Taiwanese war—even if inciting a conflict is not Washington's intent—they will be less willing to assist U.S. resupply missions and less likely to view China as a threat to themselves. This perception would undermine the paramount U.S. objective of preventing Chinese hegemony in Asia. Moreover, when allies see the United States stake its credibility on Taiwan's political status, they, too, may come to see Taiwan's defense as the litmus test of Washington's commitment to the region. It would be much better for the United States to set realistic expectations with its allies and partners, not to mention for itself.

The United States should no longer let Taiwan policy come at the expense of regional strategy. Building on the assurances exchanged between Biden and Chinese leader Xi Jinping in November 2023, the new administration should make a determined effort to shore up the "one China" policy. Washington should remain ambiguous about whether it would defend Taiwan by force. It should consistently

discourage unilateral Taiwanese moves toward independence and restore limitations on official U.S.-Taiwanese contacts. The Trump administration should consider gradually removing the U.S. military trainers who have been working on Taiwan's outlying islands since at least 2020; similar missions have been largely unsuccessful at teaching partners to become self-sufficient. At the very least, the training could be carried out in a less sensitive place. The Trump administration could also offer new assurances, publicly or privately, that it will respect China's redlines. For example, the United States could announce that under no circumstances would it support Taiwan's independence, unless, perhaps, the island faces an armed attack initiated by Beijing. In addition, Washington could affirm that it would accept any resolution of cross-strait differences, including unification, that is reached peacefully, without coercion, and with the assent of the people of Taiwan.

These steps are best taken in return for corresponding Chinese actions, such as a reduction in military activities around Taiwan and a declaration that Beijing has no deadline for resolving the Taiwan question. Still, the United States would benefit from strengthening its "one China" policy regardless of Beijing's willingness to reciprocate. Doing so would show U.S. allies and partners in Asia that Taiwan is not the United States' overriding concern and that further escalation of cross-strait tensions would stem from Chinese aggression, not American provocations.

The main risk of this strategy is that it could weaken deterrence by suggesting to China that the United States might not defend Taiwan militarily. The United States can limit this risk by adhering to its traditional policy of "strategic ambiguity," which entails remaining purposely vague about how the United States would respond to a Chinese attack on Taiwan. Even if the United States does develop a viable option to aid the island without entering a war, Beijing should not discount the possibility that the United States might yet decide to fight. U.S. presidents will still face significant pressure to intervene in a conflict over Taiwan, from civilian and military advisers, Congress, and segments of the American public. And by increasing its assistance to Taiwan and investing in its regional military capabilities, Washington could even strengthen deterrence. Beijing may nonetheless conclude that the

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The military gains  
China would  
reap from taking  
Taiwan would not  
be that profound.

likelihood of U.S. military intervention has somewhat diminished, but this calculation could have a bright silver lining: believing it can keep U.S. forces out of a conflict, China would have less incentive to target American troops at the start if it did decide to invade Taiwan.

A different risk is that Taiwan could, in effect, arm itself too well: China, seeing that the possibility of ever unifying with the island is ending, might invade sooner to avoid losing the opportunity forever. But it seems unlikely that Taiwan would strengthen its defenses so robustly as to persuade China's leaders that the island had become irrevocably separate from the mainland. To be convinced to attack, Chinese leaders would have to conclude that Taiwan was about to outmatch China and would indefinitely sustain its military advantage. Realistically, even major investments will enable Taiwan only to make an invasion slow, long, and costly, not to render coercive unification impossible. Even if Taiwan turned itself into the ultimate porcupine, China would probably respond by improving its own capabilities—not by gambling on an invasion.

Furthermore, Beijing's concerns should be mitigated by U.S. efforts to quell its fears. Taiwan may become materially better prepared to counter a Chinese attack, but Chinese leaders should not perceive any new challenge to their political claim to Taiwan. On the contrary, they would see the threat subside as Washington takes greater care not to publicly challenge the legitimacy of Beijing's territorial claim and aspiration for eventual unification.

#### VIBE SHIFT

To preserve their latitude in a Taiwan conflict and stay out of war, American policymakers won't just need a new approach in the Indo-Pacific. They must also change the conversation at home so that U.S. presidents do not fear political retribution for doing what best serves U.S. interests: avoiding war with China. Since 2019, American politicians, especially those in Congress, have pushed for a flurry of antagonistic policies that have created an atmosphere of hostility toward China. In such a climate, the president and Congress may be more prone to taking up arms to defend Taiwan. As the political scientist Evan Medeiros has argued, developing a domestic consensus in favor of U.S.-Chinese coexistence is “not just a useful condition—but also a critical one—for avoiding conflict between these two geopolitical rivals.”

Before the moment of crisis arrives, political leaders should initiate a frank national dialogue about U.S. interests in the western Pacific. Americans must know the true costs of conflict with China: the deaths of tens and perhaps hundreds of thousands of U.S. soldiers, the possibility that nuclear weapons would be fired in desperation, an economic downturn dwarfing that of the Great Recession of 2008, and severe disruption to everyday life. It will take great effort for policymakers to communicate the scale of the potential devastation because a war with China would look nothing like the relatively small and contained wars that the United States has waged in recent decades.

In addition to making clear the costs of war with China, U.S. officials should stress the need to coexist with China as prominently as they discuss the need to compete with it. In the coming years, especially if Beijing's behavior improves, American policymakers should adopt "competitive coexistence" as an approach for U.S. relations with China. In doing so, they would convey Washington's willingness to establish stable patterns of interaction, limit security competition, and address global problems collaboratively. At a minimum, political leaders should avoid undue alarmism about Taiwan. The Biden administration was right to tamp down public speculation about the year by which China might intend to launch an invasion. The Trump administration should go further to discourage catastrophic thinking, including by communicating to the public that China would not pose an immeasurably greater challenge to the United States if Taiwan came under its control.

The U.S. government should not underestimate the China threat. A larger problem, however, is that the United States underestimates itself. Washington enjoys vast strengths and wide latitude in the Indo-Pacific and beyond. The United States has forces patrolling the seas near China, not the other way around; it is an island 100 miles from the Chinese mainland that is in dispute. Taiwan does hold value for the United States, but if U.S. policymakers overrate its importance, they will sacrifice the safety of the status quo for the perpetual risk of a devastating war. That would be an error that no amount of military strength could redress. Washington should not squander its advantages out of fear or zeal. Together with allies and partners, the United States can preserve an open and balanced Indo-Pacific, regardless of what happens in the Taiwan Strait—but it needs to prepare now. 🌐

# The Troubled Energy Transition

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## How to Find a Pragmatic Path Forward

DANIEL YERGIN, PETER ORSZAG, AND ATUL ARYA

**I**n 2024 global production of wind and solar energy reached record levels—levels that would have seemed unthinkable not long before. Over the past 15 years, wind and solar have grown from virtually zero to 15 percent of the world’s electricity generation, and solar panel prices have fallen by as much as 90 percent. Such developments represent a notable advance in what is called the energy transition—the shift from the current hydrocarbon-dominated energy mix to a low-carbon one dominated by renewable sources.

Yet 2024 was a record year in another regard, as well: the amount of energy derived from oil and coal also hit all-time highs. Over a longer period, the share of hydrocarbons in the global primary

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energy mix has hardly budged, from 85 percent in 1990 to about 80 percent today.

In other words, what has been unfolding is not so much an “energy transition” as an “energy addition.” Rather than replacing conventional energy sources, the growth of renewables is coming on top of that of conventional sources. And with Donald Trump’s return to the U.S. presidency, priorities will focus again on conventional energy production and what his administration calls “energy dominance.”

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The energy transition is about rewiring the entire global economy.

This was not how the energy transition was expected to proceed. Concern about climate change had raised expectations for a rapid shift away from carbon-based fuels. But the realities of the global energy system have confounded those expectations, making clear that the transition—from an energy system based largely on oil, gas, and

coal to one based mostly on wind, solar, batteries, hydrogen, and biofuels—will be much more difficult, costly, and complicated than was initially expected. What’s more, the history of past energy transitions suggests that this should not come as a surprise: those were also “energy additions,” with each adding to rather than eliminating prior sources.

As a result, the world is far from on track to achieve the often stated target of reaching, by 2050, “net-zero emissions”—a balance in which any residual emissions are offset by removals of emissions from the atmosphere. And there is no clear plan for getting on track or for delivering the magnitude of investment that would be required to do so. The International Energy Agency projected in 2021 that, for the world to meet 2050 targets, greenhouse gas emissions would need to decline from 33.9 gigatons in 2020 to 21.2 gigatons in 2030; thus far, emissions have gone in the other direction, reaching 37.4 gigatons in 2023 (and there’s no reason to think that a 40 percent decline in just seven years will be remotely feasible). Other facts similarly reflect the challenges of transition. The Biden administration set a goal of electric vehicles accounting for 50 percent of new cars sold in the United States by 2030; yet that number remains just ten percent, with automakers slashing investment in electric vehicles as they face multibillion-dollar losses. Offshore wind production in the United States was supposed to reach 30 gigawatts by 2030 but will struggle

to reach just 13 gigawatts by that date. And Trump administration policy changes will make these gaps even larger.

Part of the problem is sheer cost: many trillions of dollars, with great uncertainty as to who is to pay it. Part of the problem is the failure to appreciate that climate goals do not exist in a vacuum. They coexist with other objectives—from GDP growth and economic development to energy security and reducing local pollution—and are complicated by rising global tensions, both East-West and North-South. And part of the problem is how policymakers, business leaders, analysts, and activists expected the transition to go, and how plans were shaped accordingly.

What is becoming clear is that the shift in the global energy system will not unfold in a linear or steady manner. Rather, it will be multidimensional—unfolding differently in different parts of the world, at different rates, with different mixes of fuels and technologies, subject to competing priorities and shaped by governments and companies establishing their own paths. That requires rethinking policies and investment in light of the complicated realities. For the energy transition is not just about energy; it is about rewiring and reengineering the entire global economy. The first step in this rethinking is understanding why the key assumptions behind the transition have fallen short. That means grappling with the geopolitical, economic, political, and material tradeoffs and constraints rather than wishing them away.

#### A TRANSFORMATION WITHOUT PRECEDENT

Much of the current thinking about the energy transition took shape during the COVID-19 pandemic, when both energy demand and carbon emissions plummeted. These sharp declines sparked optimism that the energy system was flexible and could change quickly. That thinking was reflected in the International Energy Agency's May 2021 Net Zero Roadmap, which postulated that no investment in new oil and gas projects would be required on the road to 2050. Such thinking shaped the dominant theory of a linear transition, with emissions reaching net zero in many countries by 2050 (and later for some others, such as China, by 2060, and India, by 2070). This ambition, however, has collided with the magnitude and the practical constraints of completely overhauling the energy foundations of a \$115 trillion global economy in a quarter century.

The fundamental objective of the energy transition is to replace most of today's energy system with a completely different system. Yet throughout history, no energy source, including traditional biomass of wood and waste, has declined globally in absolute terms over an extended period.

The first energy transition began in 1709, when a metalworker named Abraham Darby figured out that coal provided "a more effective means of iron production" than wood. And the ensuing "transition" took place over at least a century. Although the nineteenth century has been called "the century of coal," the energy scholar Vaclav Smil has observed that coal did not overtake traditional biomass energy sources (such as wood and crop residues) until the beginning of the twentieth century. Oil, discovered in western Pennsylvania in 1859, would overtake coal as the world's top energy source in the 1960s. Yet that did not mean that the absolute amount of coal used globally was falling—in 2024, it was three times what it had been in the 1960s.

The same pattern is playing out today. About 30 percent of the world's population still depends on traditional biomass for cooking, and demand for hydrocarbons has yet to peak or even plateau. The portion of total energy usage represented by hydrocarbons has changed little since 1990, even with the massive growth in renewables. (In the same period, overall energy use has increased by 70 percent.) And the global population is expected to grow by approximately two billion in the coming decades, with much of that growth taking place in the global South. In Africa—a demographically young continent whose population has been projected to increase from 18 percent of the global population today to 25 percent by 2050—almost 600 million people live without electricity, and roughly one billion lack access to clean cooking fuel. Traditional biomass energy still fuels almost half the continent's total energy consumption. As Africa's population grows, more people will require food, water, shelter, heat, light, transportation, and jobs, creating further demand for secure and affordable energy. Without that economic development, migration will become an even greater problem.

#### IT'S THE ECONOMY

Past transitions, such as the shift from wood to coal, were motivated by improved functionality and lower costs, incentives that are not yet



present across much of the entire energy system. The scale of the transition means that it will also be very costly. Technological, policy, and geopolitical uncertainty makes it challenging to estimate the costs associated with achieving net zero by 2050. But one thing is certain: the costs will be substantial.

The most recent estimate comes from the Independent High-Level Expert Group on Climate Finance, whose numbers provided a framework for the COP29 meeting—the UN’s annual forum on climate change—in Azerbaijan. It projected that the investment requirement globally for climate action will be \$6.3 to \$6.7 trillion per year by 2030, rising to as much as \$8 trillion by 2035. It further estimated that the global South countries will account for almost 45 percent of the average incremental investment needs from now to 2030, and they have already been falling behind in meeting their financing needs, especially in sub-Saharan Africa.

Based on such estimates, the magnitude of energy-transition costs would average about five percent a year of global GDP between now and 2050. If global South countries are largely exempted from these financial burdens, global North countries would have to spend roughly ten percent of annual GDP—for the United States, over three times the share of GDP represented by defense spending and roughly equal to what the U.S. government spends on Medicare, Medicaid, and Social Security combined. These costs reflect the pervasiveness of fossil fuels in modern society—not just oil and gas, but also the production of cement, plastics, and steel—as well as what Bill Gates has called the “green premium,” with lower-emissions technologies being more expensive than those with higher emissions profiles.

In other words, achieving net zero will also require an unprecedented reorganization of capital flows from the global North to the global South, which will necessitate substantial investments in renewable-energy infrastructure at a time when, according to the International Monetary Fund, 56 percent of low-income countries are “at high levels of debt distress.” While innovative financing mechanisms (such as debt-for-climate and debt-for-nature swaps) will help, low sovereign-debt ratings throughout the developing world

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Three billion people annually use less electricity per capita than the average U.S. refrigerator does.

present a major obstacle to outside investment and raise capital costs. As a result, the bulk of the financial burden will be borne by advanced economies. But even there, debt has risen considerably—average public debt today is over 100 percent of GDP, a level not seen since World War II and a major constraint on governments' ability to finance the transition through public spending.

Financing by the private sector also faces challenges, and there is little indication that voluntary portfolio decisions will be adequate. Without a sufficient market incentive, either through some direct or implicit price on carbon or through regulatory requirements, expecting asset managers or investment advisers to voluntarily steer money toward transition-friendly investments will work only in limited circumstances. After all, asset managers have a fiduciary responsibility to follow the directions of the asset owner (such as a pension plan or insurance company), and ESG funds (those that invest in companies that consider environmental, social, and governance practices) in the United States have seen capital outflows in the last couple of years because of underwhelming returns.

#### ENERGY INSECURITY

The next challenge is energy security, which was underappreciated until relatively recently. Although COVID presented other, more pressing needs, Russia's invasion of Ukraine and the subsequent disruption to global energy markets put the issue back on the table. Even before the war, in November 2021, the U.S. government had tapped its Strategic Petroleum Reserve to address what President Joe Biden called "the problem of high gas prices." Since then, the United States has drawn down almost half the oil from that reserve to combat price shocks (although a modest refilling has begun).

European governments, suddenly caught off-guard, took steps of their own. After Russia cut off natural gas exports to Europe, German Chancellor Olaf Scholz flew to Canada to urge it to increase its flow of gas. Berlin is proposing billions of dollars of subsidies for new gas-fired electric generation to balance intermittent power from wind and solar and keep the lights on.

Governments simply cannot tolerate disruptions to, shortages of, or sharp price increases in energy supplies. Energy security and affordability are thus essential if governments want to make the transition acceptable to their constituencies. Otherwise, a political

backlash against energy and climate policies will occur—what in Europe is known as “greenlash”—the impact of which is showing up in elections. Assuring that citizens have access to timely supplies of energy and electricity is essential for the well-being of populations. That means recognizing that oil and gas will play a larger role in the energy mix for a longer time than was anticipated a few years ago, which will require continuing new investment in both hydrocarbon supplies and infrastructure.

#### THE NEW DIVIDE

The biggest emphasis on reliable and affordable energy is in the developing world, where 80 percent of the global population lives. Indeed, a new North-South divide has emerged on how to balance climate priorities with the need for economic development. This is a key factor behind rethinking the pace and shape of the energy transition. In the global South, the transition competes with immediate priorities for economic growth, poverty reduction, and improved health. The trilemma of energy security, affordability, and sustainability looks very different in Africa, Latin America, and developing Asia than it does in the United States and Europe. As Malaysia’s prime minister, Anwar Ibrahim, put it, “The need for transition” must be balanced against the “need to survive, to ensure that our present policies eliminating poverty in providing education, health and basic infrastructure” are not “frustrated because of the dictates of others that do not place adequate consideration on what we have to face.”

At the moment, almost half the population of the developing world—three billion people—annually uses less electricity per capita than the average American refrigerator does. As energy use grows, “carbonizing” will precede “decarbonizing.” Natural gas is a readily available option, and it’s a better alternative to coal, as well as to traditional biomass fuels that produce harmful indoor air pollution. Although global oil demand seems slated to plateau in the early 2030s, natural gas consumption is expected to continue to increase well into the 2040s. Production of liquefied natural gas is on track to increase by 65 percent by 2040, meeting energy security needs in Europe, replacing coal in Asia, and driving economic growth in the global South.

The preference for economic growth is evident, for example, in the most recent budget in India, which depends on coal for about 75 percent of its electricity. Indian Finance Minister Nirmala Sitharaman has

promised “energy transition pathways” that emphasize “the imperatives” of employment and economic growth in tandem with “environmental sustainability.” It is also evident in Uganda, with a per capita income of \$1,300, which aims to build a multibillion-dollar pipeline running from its Lake Albert oilfields to a port in Tanzania that would enable selling into global markets. The Ugandan government sees the overall project as a major engine to promote economic development, but it has been met with intense criticism and opposition from the developed world, including from the European Parliament.

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The energy transition is intertwined with great-power rivalry.

The clash of priorities between the North and the South is especially striking when it comes to carbon tariffs. Many global North governments have, as part of their efforts to reduce emissions, put up barriers preventing other countries from taking the same carbon-based economic development

path that they took to achieve prosperity. The European Union has launched the first phase of its Carbon Border Adjustment Mechanism. The CBAM is intended to support European climate objectives globally by initially imposing import tariffs on products such as steel, cement, aluminum, and fertilizer based on the carbon emissions embedded in their production and then expanding to more imports. Critics in the global North have argued that such measures would be ineffective because of the enormous complexity of supply chains and the associated difficulty of tracking embedded carbon in imports. Critics in the global South see the CBAM as a barrier to their economic growth. Ajay Seth, India’s economic affairs secretary, has argued that CBAM would force higher costs on the Indian economy: “With income levels which are one-twentieth of the income levels in Europe, can we afford a higher price? No, we can’t.” To many developing countries, the CBAM, and the complex and burdensome emissions reporting it mandates, looks more like a wealthy part of the world using a carbon tariff to impose its values and regulatory system on developing countries that need access to global markets to grow their economies.

Policy asymmetries are apparent in emissions targets: China, India, Saudi Arabia, and Nigeria account for almost 45 percent of energy-related greenhouse gas emissions. None of them has a 2050

target for net-zero emissions; their targets are 2060 or 2070. Similarly, while investment in new coal-fired power plants continues to decline globally, nearly all of the 75 gigawatts of new coal capacity construction that began in 2023 was in China. India has ambitiously set out to develop 500 gigawatts of renewable energy capacity by 2030, up from the 190 gigawatts installed capacity to date (and requiring a massive increase from the 18 gigawatts installed in 2023), but it is also committing \$67 billion to expand its domestic natural gas network between 2024 and 2030, and it plans to increase coal capacity by at least 54 gigawatts by 2032.

#### BIG SHOVELS

A global economy in transition depends on another transition—a shift from “big oil” to “big shovels.” That means much more mining and processing, driven by major new investments and resulting in much-expanded industrial activity. Yet the complexities surrounding mining and critical minerals represent another major constraint on the pace of the energy transition.

The International Energy Agency has projected that global demand for the minerals needed for “clean energy technologies” will quadruple by 2040. At the top of the list are such critical minerals as lithium, cobalt, nickel, and graphite, as well as copper. Between 2017 and 2023 alone, demand for lithium increased by 266 percent; demand for cobalt rose by 83 percent; and demand for nickel jumped by 46 percent. Between 2023 and 2035, S&P expects the demand for lithium to increase by another 286 percent; cobalt, by 96 percent; and nickel, by 91 percent. Electric vehicles require two and a half to three times more copper than an internal combustion engine car; battery storage, offshore and onshore wind systems, solar panels, and data centers all require significant amounts of copper. S&P’s analysis of future copper demand found that global copper supply will have to double by the middle of the 2030s to meet current policy ambitions for net-zero emissions by 2050. This is extremely unlikely, considering that, based on S&P data that tracked 127 mines that have come online globally since 2002, it takes more than 20 years to develop a major new mine; in the United States, it takes an average of 29 years.

There is another big obstacle: local environmental and social issues and resulting political opposition. Serbia, for example, in July 2024 signed an agreement with the European Union to develop the

Jadar Project, which is set to produce 90 percent of the lithium-ion capacity necessary for Europe's battery value chains and electric vehicles. In August 2024, however, the agreement brought tens of thousands of marchers to the streets of Belgrade; one of the leaders of the opposition called the project "the absolute merger between the green transition and authoritarianism," adding that it could open "new doors to neocolonialism." This opposition united environmentalists and ultranationalists, reinforced by the same kind of disinformation Russia is deploying in European elections. A year earlier, large protests led to the closure of an operating copper mine that represented five percent of Panama's GDP. One of the proponents of the protests celebrated the opposition for thwarting the "gargantuan beast of extractive capital" and pronounced it a role model for protest in other countries. In the United States, the Thacker Pass lithium project in Nevada had initially planned to start production by 2026, following the approval of a \$2.26 billion loan from the U.S. Department of Energy. The project, however, has faced significant opposition on the charge that it could damage water supplies and agricultural land and now is not expected to reach full capacity until 2028.

In short, the push for energy transition minerals is in tension with local environmental, political, cultural, and land-use concerns and permitting obstacles. The energy transition will need to find a way to come to grips with this inherent tension.

#### THE COMPLICATIONS OF COMPETITION

Geopolitical competition presents another complicating factor. The energy transition is increasingly intertwined with the great-power rivalry between the United States and China. That is true not just when it comes to implementing targets, but also when it comes to the "green supply chain."

China already has a dominant position in mining and a predominant position in the processing of minerals into metals essential for renewable energy infrastructure. It accounts for over 60 percent of the world's rare-earth mining production (compared with nine percent for the United States) and more than 90 percent of the processing and refining of rare earths. It produces 77 percent of the world's graphite, processes 98 percent of it, and processes over 70 percent of the world's lithium and cobalt and almost half the copper.

Beijing aims to extend this dominance to what it calls the “global new energy industrial chain,” with its commanding position in batteries, solar panels, and electric vehicles, as well as in deploying massive amounts of capital toward energy infrastructure in the developing world. With China’s huge scale and low costs, Beijing describes this effort as an extensive and integrated approach to developing and dominating the renewable energy sector. From 2000 to 2022, it issued \$225 billion in loans for energy projects in 65 strategically significant nations, with about 75 percent of that directed toward coal, oil, and gas development. Between 2016 and 2022, China provided more energy project financing around the world than any major Western-backed multilateral development bank, including the World Bank.

The United States, intent on protecting its own green supply chains, has responded with unprecedented industrial policy initiatives and large investments, as well as tariffs on imports of exactly the items for which China is the leading producer: electric vehicles, solar panels, and batteries. In December 2024, China retaliated against those restrictions and controls on semiconductors by banning the export of rare earths to the United States on the grounds of “dual use”—the same language the United States uses to justify export controls to China—because they are used in renewable technologies, as well as by defense industries. The Trump administration is likely planning further tariffs on China. The growing tensions will likely slow the deployment of clean energy technologies, add costs, and constrain the pace of the energy transition. Governments are now mobilizing to “diversify” and “de-risk” supply chains. But in practice this is proving very difficult because of costs, infrastructure constraints, time required, and the substantial roadblocks to getting projects permitted.

#### ELECTRICAL SURGE

Over the last year, a new challenge for the energy transition has emerged: assuring adequate electricity supplies in the face of dramatically increased worldwide demand. This is the result of a quadruple piling on: a coming surge in consumption arising from “energy transition demand” (for example, for electric vehicles); reshoring and advanced manufacturing (for example, of semiconductors); crypto mining and the insatiable energy appetite of data centers powering the AI revolution.

Some estimates have suggested that data centers alone could consume almost ten percent of U.S. electricity generation annually by 2030; one large tech company is opening a new data center every three days.

Electrification trends suggest that power demand in the United States will double between now and 2050. Electricity consumption is already outpacing recent demand forecasts. PJM, which manages electricity transmission from Illinois to New Jersey, almost doubled its growth projection between 2022 and 2023 and is warning of the danger of shortfalls in electricity before the end of the decade. All this means that the goal of achieving zero-carbon electricity in the United States by 2035 will be more challenging than it appeared during the slack years of the COVID shutdown.

Indeed, it has become apparent that, in addition to batteries, natural gas will play a larger role in electricity generation than was forecast even two or three years ago. Utility-scale electricity generation from natural gas emits about 60 percent less carbon dioxide than coal per kilowatt hour of electricity produced. And reliance on natural gas has grown rapidly. In 2008, coal represented 49 percent of U.S. electricity generation and natural gas 21 percent. Today, those figures have been reversed, with coal at 16 percent and natural gas at almost 45 percent. In California, which is at the forefront of efforts in the United States to promote renewable energy, wind and solar represent 27 percent of in-state electricity generation today, while 48 percent is generated with natural gas. Even as renewable energy generation grows, natural gas will play a larger role for a longer period to help meet the growing demand for electricity.

#### TRANSITION TRADEOFFS

In recent years, a number of major initiatives to advance the energy transition have taken shape—from the Inflation Reduction Act in the United States and the Green Deal in Europe to the COP28 Dubai Consensus, which called for “transitioning away from fossil fuels in a just, orderly, and equitable manner.” It is increasingly clear, however, that governments and the private sector will need to navigate the energy transition while balancing energy access, security, and affordability. Investors, decision-makers, and policymakers outside the United States will be doing so in an environment in which White House priorities have markedly changed, from renewables to conventional energy.



The first step is to be clear about the nature of the tradeoffs and the challenges and, as the economist John Maynard Keynes warned, not to “rebuke the lines for not keeping straight.” In this case, the line will not be straight, so better to recognize than to rebuke.

One of these tradeoffs relates to global trade at a time of rising protectionism and an effort by governments to “de-risk” supply chains by bringing them home or closer to home. The restructuring of energy demand and flows in the coming years creates difficult choices between lower costs, on the one hand, and diversification and the protection of domestic industries, on the other. Building the supply chains necessary to support both the energy transition and energy security will demand coordination among governments and with the private sector to improve logistics and infrastructure, permitting processes, technology flows, finance, and worker training.

As these supply chains are reconfigured in the future, it is important that they be diverse rather than geographically concentrated. For example, in addition to reshoring energy manufacturing domestically, the United States and the European Union should also partner with Asian allies. A major benefit of diversification will be the ability to support the ambitions of the global South, as developing countries can leverage the same supply chains domestically and embed themselves as critical hubs in these new global links.

Another tradeoff has to do with the mining and processing essential to clean-energy technologies. Today’s lengthy permitting and regulatory approval processes threaten the supply of minerals necessary for the energy transition. Investments in new mines often fail to meet the variety of ESG criteria used by private investors and multilateral development banks, thus curtailing capital flows and creating further bottlenecks. Consistent criteria must address environmental concerns while accelerating investments in new mines for needed minerals.

Any path to emissions reductions will have to go through the global South, because that is where substantial growth in energy demand will be. Yet its nations face particularly daunting challenges in attracting the capital necessary to move away from cheap, coal-based sources of energy (or from wood and waste) in large part because renewable energy projects often entail high upfront capital costs, long-term

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Any path to emissions reductions will have to go through the global South.

investment horizons, and policy and regulatory uncertainties while natural gas projects are rejected on ESG grounds. A combination of multilateral grant funding and more private investment is necessary to increase the flow of money to the global South.

Ever since Abraham Darby switched to coal from wood more than three centuries ago, technological innovation has been central to every evolution in energy production. Investments in and research, development, and deployment of clean energy technologies have driven significant declines in cost for solar and wind. Yet new low- and zero-emissions technologies are needed for end uses other than electricity. In the United States, the Bipartisan Infrastructure Law, the CHIPS and Science Act, and the Inflation Reduction Act together are intended to accelerate growth in renewables, electric vehicle deployment, and energy innovation, including making technologies such as carbon capture and sequestration, hydrogen, and large-scale electricity storage commercially viable. But it is still too early to ascertain to what degree those programs will be reduced and reshaped under the Trump administration. What is striking today is renewed support for the role of nuclear energy, for both existing and advanced technologies, as a necessity for transition strategies and reliability. That is reflected in the growth of public and private investments in nuclear fission and fusion technologies. But also required is investment in new technologies that today may be only a gleam in some researcher's eye.

Today's energy transition is meant to be fundamentally distinct from every previous energy transition: it is meant to be transformative rather than an additive. But so far it is "addition," not replacement. The scale and variety of the challenges associated with the transition mean that it will not proceed as many expect or in a linear way: it will be multidimensional, proceeding at different rates with a different mix of technologies and different priorities in different regions. That reflects the complexities of the energy system at the foundation of today's global economy. It also makes clear that the process will unfold over a long period and that continuing investment in conventional energy will be a necessary part of the energy transition. A linear transition is not possible; instead, the transition will involve significant tradeoffs. The importance of also addressing economic growth, energy security, and energy access underscores the need to pursue a more pragmatic path. 🌐

# The Broken Economic Order

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## How to Rewire the International System in the Age of Trump

MARIANA MAZZUCATO

**I**n many ways, Donald Trump's election to a second term as U.S. president is a story of economic dissatisfaction. For the first time in decades, the Democratic candidate received more support from the richest Americans than from the poorest. In 2020, most voters from households earning less than \$50,000 a year opted for the Democrat, Joe Biden; in 2024, they favored the Republican, Trump. Those making more than \$100,000 a year, meanwhile, were more likely to vote for Kamala Harris than for Trump. Declining support for the Democratic Party among working-class voters reflects a deep disenchantment with an economic system that, under administrations led by presidents of both parties, has concentrated wealth at the very top, enabled the growth of the financial sector at the expense of the rest of the economy, trapped people in cycles of debt, and deprioritized the well-being of millions of Americans.

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Although his promises of economic relief tapped into a real problem, Trump is offering the wrong solutions. The policies he supports will not meaningfully change the unpopular economic model that produced the wave of anger he rode to victory. Instead, his proposed tariffs are likely to increase the cost of living and deliver few benefits for the American working class. If his administration goes through with its plans to dramatically reduce the size of the public sector, the U.S. government will lose much of its ability to deliver on big projects for years to come. And his mercantilist policies could both incite economic instability abroad and shrink the United States' capacity for economic leadership.

But the revival of American economic nationalism need not spell the end of a global pursuit of more inclusive, sustainable growth. Countries such as Brazil, South Africa, and the United Kingdom are already experimenting with ambitious economic agendas at home, and proposals abound to make multilateral institutions more equitable and effective. A retreating United States may not be in any position to lead this reform effort. Yet its absence will leave a space that other countries could fill. New ideas could get a hearing, new trade relationships could emerge, and new power dynamics could create opportunities to build momentum toward broader change.

There is no guarantee that the coming rebalancing of the global order will lead to a more equitable and sustainable future. To move toward an economic system with affordable access to finance, fair governance of global trade, and support for all countries to invest in and benefit from the growth of green industries, governments must be willing to take bold steps. They must learn the right lessons from Trump's victory—that the current economic model is failing and that the incremental policies Biden and Harris offered would not have saved it. But neither will the protectionist agenda Trump has proposed. Transformative change requires an alternative vision, one that prioritizes the well-being of people and the health of the planet.

#### MISSED OPPORTUNITY

Harris's loss to Trump reflects Washington's inability to fix the serious flaws in the prevailing economic model. Decades of economic policies that weakened labor laws, underinvested in education and health care, and bolstered the financial services sector have perpetuated structural inequalities in the United States. Biden arguably did more than most of his recent predecessors to address stagnant wages and a

high cost of living, including bringing down inflation from 9.1 percent in June 2022 to 2.4 percent in September 2024 and signing an executive order to ensure a \$15 per hour minimum wage for federal government employees and contractors. But like those predecessors, he left unresolved many underlying problems: wealth and income inequality, high rates of personal debt, uneven access to high-quality education and health care, inadequate labor laws, and the financial sector's expanding share of and influence over the economy.

The issue is not poor economic performance. Average GDP growth under Biden was approximately the same as it was during Trump's first term, and the United States' pandemic recovery was the strongest in the G-7. The U.S. economy added almost 15 million jobs between January 2021 and January 2024; in the first three years of Trump's administration, by contrast, fewer than seven million jobs were added.

But critically, economic growth has not translated to improved circumstances for many Americans. According to the latest census data, 36.8 million people—11 percent of the U.S. population—lived in poverty in 2023. As of June 2023, 43.6 million Americans held an average student loan debt of approximately \$38,000 per borrower. Americans' economic frustrations have been compounded by inflation, which increased during the first two years of Biden's administration to a peak above nine percent in June 2022. When supply bottlenecks emerged because of the pandemic and Russia's invasion of Ukraine, companies jacked up prices for food, energy, and other goods, worsening inflation. And perhaps most important, wage growth has stagnated: average weekly earnings rose under Biden but not enough to keep up with inflation. Many working-class Americans therefore had little reason to think the Biden administration's policies left them better off—and much reason to doubt Harris's promises to create an economy that would work for them.

This disconnect between growth and material benefit for the working class is the product of decades of U.S. policy. For the past half century, Democrats have supported measures that increased the influence of the financial sector in the U.S. economy, weakened worker bargaining power, and suppressed wages. The Carter administration in the 1970s deregulated the trucking and airline industries, and President Bill Clinton

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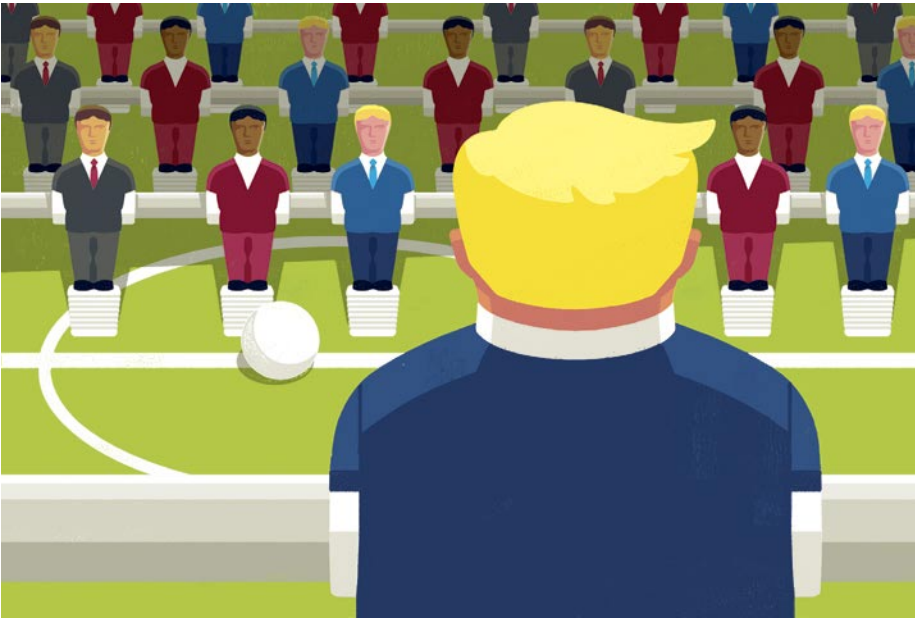
To build an economy that works for all, public investment is critical.

signed the 1999 Gramm-Leach-Bliley Act and the 2000 Commodities Futures Modernization Act, which, among other things, facilitated the concentration in and deregulation of the U.S. financial sector that contributed to the financial crisis of 2008. In the 1990s, the party backed U.S. entry to the North American Free Trade Agreement and granted China “permanent normal trade relations” status, both of which may have contributed to job loss and downward wage pressure.

Republican politicians supported these policies, too, and often took more direct aim at curtailing labor rights. They have opposed increases to the federal minimum wage, made budget cuts and appointments that weakened the National Labor Relations Board, sought to abolish collective bargaining rights for public employees at the state level, and pushed for so-called right-to-work laws at the state level that forbid contracts between labor unions and employers that require employees to join the union in their workplace. In part because of these pressures, union membership in the United States has steadily declined from more than 30 percent in the 1950s to around ten percent today. Yet according to a 2020 Gallup poll, 65 percent of Americans approve of labor unions, and according to a 2017 study, nearly 50 percent of non-union workers say they would join a union if given the choice.

Meanwhile, structural forces that put shareholder interests above the public interest have further disenfranchised working-class Americans. Share buybacks (in which firms repurchase their own stocks to inflate stock prices) have risen in the United States, totaling over \$4 trillion in the last decade and \$795 billion in 2023 alone. Pharmaceutical and manufacturing companies spend more on share buybacks than on worker training, infrastructure and technology upgrades, or research and development. Financial markets have become increasingly decoupled from the real economy, with investments often concentrated in financial, insurance, and real estate firms. Harris’s campaign was, if anything, more friendly to Wall Street than Biden’s had been: the 28 percent capital gains tax Harris proposed for Americans making more than \$1 million a year was far lower than the nearly 40 percent tax Biden proposed in 2020.

The Biden administration’s industrial policy did notch notable successes, but it was never going to be a panacea for the economic hardships of the majority of the American working population. The 2022 Inflation Reduction Act (IRA), for example, generated more than 330,000 clean energy jobs and more than \$265 billion in new



clean energy investments within just two years. Provisions for workers and communities were also embedded in Biden's strategy: the 2022 CHIPS and Science Act (for which I was an adviser) placed conditions on private-sector access to CHIPS funds, including wage requirements and guaranteed access to benefits such as affordable childcare. But the reach of these policies was limited. They were designed to boost production and create new jobs with better benefits only in certain sectors, not across the whole economy. By restricting the scope of its industrial agenda, the Biden administration missed opportunities to speed up the pace of change and to address structural economic weaknesses.

Even in the sectors covered by its policies, the Biden administration did not go far enough to support communities and labor. The minimum wage standards required of firms receiving CHIPS funding, for example, could have been applied to all categories of workers, not just to laborers and mechanics. Instead of asking only for commitments to community engagement and investment as part of the bid evaluation criteria, the government could have required recipient firms to enter agreements to give community stakeholders a seat at the bargaining table. It could also have required companies to give worker representatives positions on their boards and to sign deals protecting the right of workers to organize. Investment in state and local government capacity, too, could

have helped get money moving faster to new projects, such as the construction of new semiconductor fabrication plants and programs for training and hiring local workers.

An effective industrial strategy needs to be about shaping good job opportunities for workers as much as it is about shaping market opportunities for companies. The United Automobile Workers Union strikes in 2023 underscored the risks of focusing on the latter at the expense of the former. Ahead of the strike, the “big three” U.S. automobile companies all sought tax credits and low-interest loans under the IRA, in many cases for battery-producing facilities that would not be unionized and would pay wages well below industry standards. The legislation was creating new jobs, but as the strikers made clear, the quality of those jobs remained below what was acceptable to American workers. In the end, not enough people saw the Biden administration’s industrial strategy produce attractive job opportunities—or saw it advance other goals they cared about. In addition to assisting a green transition, for example, the strategy could have included measures to improve access to healthy and affordable food or to lower the costs of prescription drugs and other forms of health care. Part of the Democrats’ problem was their messaging, but they also failed to take bold enough steps to overhaul the underlying economic model that is failing to serve the interests of most Americans.

#### ONE STEP FORWARD, TWO STEPS BACK?

Trump, in his second term, is unlikely to resolve the problems that fueled voter dissatisfaction with the Biden administration and created a receptive audience for his populist appeals. His team has put forward not a comprehensive economic plan but a grab bag of proposals for tax cuts, tariffs, and financial deregulation. It has indicated no clear direction for the future of U.S. industrial strategy. And the economic nationalism Trump seems to favor could exacerbate problems at home and stir up economic trouble across the world.

If the new president pursues a strongly protectionist strategy based on tariffs, American consumers would likely suffer. The Biden administration hiked up certain tariffs, too, raising levies on Chinese goods, including electric vehicles, solar cells, and certain steel and aluminum products. But Trump’s more sweeping mercantilist policies include a proposed tariff of 60 percent on all Chinese goods, which make up over 16 percent of total goods imported to the United States, and



a tariff of ten to 20 percent on all other foreign goods. Such trade barriers could easily cause U.S. inflation and interest rates to shoot up. American consumers would bear the burden of rising prices: a Center for American Progress Action Fund study estimated that a universal ten percent tariff would lead to a cost increase of \$1,500 per person per year. Furthermore, there is, at best, only mixed evidence that tariffs would boost U.S. manufacturing jobs. If domestic alternatives to foreign-made production inputs are not readily available, U.S. companies may pass the increased costs of imported materials on to consumers.

A few members of the Trump camp—such as Secretary of State Marco Rubio and to a lesser degree Vice President JD Vance—have pushed for investment-led growth rather than simply building trade walls. Rubio, in particular, favors a strategy based on incentivizing domestic production. He has criticized the CHIPS Act and the IRA for being overly expensive, top-down, and likely to create market inefficiencies. But he has also advocated for government support across the entire supply chain, “from the mine to the factory.” If an approach like Rubio’s takes hold in the Trump administration, the result could be an industrial policy that, compared with its Democratic predecessor’s, places a similar emphasis on investment but more emphasis on deregulation and less on the role of the government in shaping the direction of growth.

On specific elements of Biden’s industrial strategy, some continuity is likely under Trump. The new administration may strip away elements such as clean energy tax incentives, but it is unlikely to repeal the IRA entirely because the act has benefited Republican districts. Continuing to prioritize domestic semiconductor development also fits in neatly with Trump’s “America first” agenda. And state intervention in the economy has long been a normal feature of both parties’ policy approaches. If Trump decides to commit to industrial strategy—a possibility that should not be overlooked—he should try to find ways to make the policy work for American workers. Linking industrial strategy to climate targets may be off the table, but the Trump administration could tie subsidies and other measures that benefit firms to goals that benefit people, such as ensuring a supply of well-paying jobs and making food and health care accessible and affordable across the country.

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The BRICS bloc is likely to gain influence.

Steps the Trump administration could take to reduce the size of the federal government, however, could undermine Washington's capacity to pursue ambitious objectives—not just over the next four years but for a long time after. Trump initially tapped the businessmen Elon Musk and Vivek Ramaswamy to lead a new body, the Department of Government Efficiency, that he says will aim to “dismantle government bureaucracy, slash excess regulations, cut wasteful expenditures, and restructure federal agencies.” This approach erroneously assumes that the government should be run like a business; it fails to recognize that the role of the state is not just to administer services and fix market failures but also to design and deploy policies that shape markets to deliver public benefits. The success of Musk's own companies is a result of state support: Tesla has received at least \$4.9 billion in government subsidies, and SpaceX relies heavily on NASA contracts and technology and staff that were developed and trained at NASA. Down the line, U.S. economic health and progress toward bold goals, such as the transition to clean energy, will require a highly agile state that can shape markets, direct growth, and make deals with the private sector that create public, not just private, value.

To build an economy that works for all, public investment is critical. Private investment in domestic production will not happen without government investment, and businesses left to their own devices will not necessarily invest in ways that benefit working people. Mission-oriented industrial policy can direct private investment toward resolving real problems, such as increasing access to healthy food and reducing greenhouse gas emissions, aligning social and environmental goals with domestic and global market opportunities. The government can spur investment and innovation across sectors, promoting growth that is inclusive and sustainable. This approach can yield far better outcomes than the typical industrial strategy, which is limited to picking certain sectors to support and is therefore more susceptible to capture by private interests and less likely to prompt economy-wide transformation. The Biden administration's strategy fell short in this regard, and although the Trump administration has an opportunity to do better, its early rhetoric suggests that it will likewise fall short.

#### LOOKING FOR LEADERS

Trump's economic nationalism could create trouble for the world, too. High U.S. tariffs could provoke price instability and trade wars as

other countries are hit hard in a global economy dependent on exports to the United States. Many countries are pursuing their own industrial strategies, motivated by protectionism, geostrategic interests, and a recognition that the low-carbon transition offers a first-mover advantage to those that build up their green industries now. If Trump rolls back measures to secure U.S. dominance in green technology markets, other countries may be able to build their own market share. But at least in the short term, U.S. tariffs and the retaliatory measures they will invite are likely to cause problems, including supply chain disruptions and higher prices for people both in the United States and across much of the world.

If Trump also pulls away from engagement with international institutions, the United States will leave a hole in global governance. During his first administration, Trump cut U.S. funding to the UN, which in 2023 accounted for 22 percent of the UN's budget. He pulled out of the UN Human Rights Council and UNESCO, too, and threatened to quit the World Health Organization and the World Trade Organization. The Biden administration did not have a stellar record on multilateralism, either: it remained behind on U.S. payments to the UN and has continued Trump's policy of blocking appointments to the WTO Appellate Body. And the United States' retreat has come amid a broader weakening of trust in international institutions to facilitate meaningful cooperation on key issues.

To address climate change, water scarcity, and global inequalities, that trend needs to turn around. But current multilateral institutions will require substantial retooling first. Reforms such as the Bridgetown Initiative, led by Barbados Prime Minister Mia Mottley, are needed to fix an international financial system that denies many countries access to affordable financing for green projects. The initiative includes measures to provide emergency liquidity, reduce debt burdens, and scale up development finance, all in service of sustainable growth and resilient societies. Existing environmental conventions, too, should treat critical natural resources as global common goods—in the case of water, for instance, by adopting measurable goals for stabilizing the water cycle.

Updated global governance structures are also necessary to enable all countries, not just wealthy ones, to pursue green industrial strategies, to coordinate their policies, and to resolve associated trade disputes. WTO rules, for example, must be reformed so that they do not inhibit member countries' green policies or disadvantage lower-income countries.

A new facility within the WTO could also help ensure that individual members' industrial strategies do not undermine shared policy goals. The EU's Carbon Border Adjustment Mechanism, for instance, is a valuable policy that levies a carbon tariff on imported goods in order to prevent carbon pricing within the EU from simply pushing carbon-intensive production to non-EU countries. But the tariff has also harmed the economies of countries that export to the EU. A dedicated WTO facility could have provided a forum for addressing those concerns. In this case, agree-

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This moment is a chance to finally retire a failed economic model.

ments for the EU to provide financial and technical support to help low- and middle-income countries improve production standards could have reduced the negative effects of EU policies on their economies.

Pushing these reforms past the finish line will require leadership. A United States that eschews multilateralism is unlikely to fill that role, and neither is the European Union. European growth and productivity are lagging, and populist leaders in Hungary, Italy, the Netherlands, and elsewhere are making collective EU action more difficult. Germany's economy shrank this year, and political infighting has prevented action to address the problem. Protests in France have shown that the country's working class—similar to that of the United States—is not seeing the transition to a green economy as an engine for better jobs. All this spells trouble for the EU's green industrial strategy, not to mention its global economic influence. In Latin America, for example, the EU is struggling to keep pace with China in the competition for trade and investment deals.

But as the United States' and the EU's international presence ebbs, the BRICS bloc—the grouping whose earliest members were Brazil, Russia, India, China, and South Africa and now include Egypt, Ethiopia, Indonesia, Iran, and the United Arab Emirates—is likely to gain influence. BRICS has already expanded in size and scope over the last two decades, now representing more than a third of the global economy and half the world's population, and it aims to serve as a counterweight to the West in global institutions. And G-20 leadership recently passed from one founding BRICS member, Brazil, to another, South Africa.

Even amid the economic instability that the Trump administration could bring, as the center of gravity of international governance shifts, opportunities to reshape global norms and build new forms of

collaboration could open up. South Africa, for example, has announced the theme of its G-20 presidency to be “solidarity, equality, and sustainability,” and in practice, it could use its term to push for more equitable financial policies and trade rules. With support from other G-20 and BRICS members, South Africa could advance reforms to global financial structures that make it possible to tackle the debt crisis that has engulfed many low- and middle-income countries. Without such reform, unmanageable debt will continue to impede these countries from investing in domestic green industrial strategies or in other measures to prevent and respond to climate, health, and other emergencies.

New trade relationships that are less dependent on the U.S. market may emerge, too. If countries with economic clout, including Brazil and South Africa, decide to treat Washington’s protectionist turn as an opportunity not only to secure market access and supply chain resilience but also to embed climate and worker protections in new deals, the proliferation of non-U.S.-centric trade activity could recalibrate the global trade system. This direction is far from assured, but neither is a planet-wide retreat into nationalistic trenches. The drive for novel forms of collaboration can end up serving social and environmental, as well as economic, interests.

One BRICS member, Brazil, is advancing an industrial strategy (which I contributed to) that takes a mission-driven approach and can offer lessons for other countries. Oriented around six goals related to food security, health, sustainable and livable cities, digital transformation, the energy transition, and defense, it aims to catalyze investment, stimulate productive and technological development, and increase global market access, all while improving people’s daily lives. This approach is an improvement on the traditional industrial strategy of providing sector-specific support, which is prone to capture by private interests. But it remains to be seen whether Brazil’s strategy, which was rolled out in January 2024 and is scheduled to run until 2033, will live up to its promise to transform the country’s economy, and succeed where the United States’ strategy failed in distributing benefits to the least advantaged segments of the population.

In addition to Luiz Inácio Lula da Silva in Brazil, leaders such as Keir Starmer in the United Kingdom, Pedro Sánchez in Spain, and Cyril Ramaphosa in South Africa have made promises to put people and the planet at the heart of their national economic policies. Such leaders now need to learn from the Biden administration’s shortcomings.

They should reject the false dichotomy between economic prosperity and environmental sustainability, develop strong policies to prevent inequality rather than relying on redistribution to fix problems after the fact, and form collaborative, reciprocal relationships with companies and trade unions to ensure that their economies grow in a way that is inclusive and equitable. If they succeed at home, they can then build momentum toward global financial and trade policies that enable other countries to follow a similar path.

#### A TIME FOR AMBITION

The current juncture carries great risk. It is all too easy to predict a scenario in which the mercantilist turn of a few major players pushes the world economy into a downward spiral of retaliatory trade measures, a rejection of multilateral institutions, and a retreat from global cooperation to tackle global crises. This outcome would produce very few winners, and it would put durable solutions to shared problems even further out of reach.

But this moment also provides a chance to finally retire the failed economic model that has privileged private over public value creation and replace it with a more sustainable and equitable global economic order. This recalibration may seem to rest on a set of slim hopes. Leaders must advance a bold vision to restructure international finance and trade and be willing to challenge vested interests in the process. They must form new domestic alliances—resetting the relationships among governments, companies, and unions—and foreign ones, seeking out like-minded countries to make planet-wide reform a viable prospect. And they must convince their constituents that this project will yield benefits for all. None of this will be simple, but it will not be impossible. In the current period of flux, the future is up for grabs.

As Brazil, South Africa, the United Kingdom, and other major economies consider how to proceed, Harris's loss to Trump is a warning. The U.S. example should not inspire a shift toward insular economic policies and away from government investment in social welfare and climate action; instead, it should clarify the danger of insufficient ambition. The current economic order neglects the interests of people and the planet, and the world needs a system that will serve both. Achieving that change will require more than tinkering at the margins—it demands a deep restructuring of how economies work and whom they benefit. 🌍

# The Post- Neoliberal Delusion

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## And the Tragedy of Bidenomics

JASON FURMAN

**A**lthough there are many explanations for Donald Trump's victory in the 2024 U.S. presidential election, voters' views of the U.S. economy may have been decisive. In polling shortly before the election, more than 60 percent of voters in swing states agreed with the idea that the economy was on the wrong track, and even higher numbers registered concern about the cost of living. In exit polls, 75 percent of voters agreed that inflation was a "hardship."

These views may seem surprising given various economic indicators at the time of the election. After all, unemployment was low, inflation had come down, GDP growth was strong, and wages were rising faster than prices. But these figures largely missed the lasting effects that dramatic price increases had on many Americans, which made it harder for them to pay for groceries, pay off credit cards, and buy homes. Not entirely unreasonably, they blamed that squarely on the Biden administration.

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Biden arrived in office in 2021 with what he understood as an economic mandate to “Build Back Better.” The United States had not yet fully reopened after nearly a year of restrictions necessitated by the COVID-19 pandemic, which had suppressed activity in the service sector. Biden set out to restructure the country’s post-pandemic economy based on a muscular new approach to governing. Since the 1990s, Democratic economic policy had largely been shaped by a technocratic approach, derided by its critics as “neoliberalism,” that

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Biden’s post-neoliberal turn fell short of his lofty goals.

included respect for markets, enthusiasm for trade liberalization and expanded social welfare protections, and an aversion to industrial policy. By contrast, the Biden team expressed much more ambition: to spend more, to do more to reshape particular industries, and to rely less on market mechanisms to deal with problems such as climate change. Thus, the

administration set out to bring back vigorous government involvement across the economy, including in such areas as public investment, anti-trust enforcement, and worker protections; revive large-scale industrial policy; and support enormous injections of direct economic stimulus, even if it entailed unprecedented deficits. The administration eventually came to dub this approach “Bidenomics.”

Biden’s advisers and some prominent economists proclaimed that the Build Back Better agenda would herald the beginning of a post-neoliberal era in which massive public investment in infrastructure and the domestic economy would better position the country for inclusive growth and the clean energy future. In their view, they were turning the page on the economic policies pursued by Presidents Bill Clinton and Barack Obama, which the Biden team implicitly argued were too focused on free trade, too timid on deficit spending, and too reliant on the welfare state to fix the gaps left as a result. Instead, in order to gain an edge in the competition with China, the United States needed a transformative agenda to revive domestic manufacturing and power the transition to green energy.

But the Biden administration’s post-neoliberal turn, the predicted economic transformations of which prompted comparisons to Franklin Roosevelt’s presidency, fell considerably short of its lofty goals. In some respects, the macroeconomic outcomes have been impressive. The U.S. economy has bounced back much faster than it did after



previous recessions, and its post-pandemic performance has also outpaced that of many peer countries in terms of economic growth. But the recovery has been uneven, frustrated by inflation at least partly induced by the administration's own policies. Inflation, unemployment, interest rates, and government debt were all higher in 2024 than they were in 2019. From 2019 to 2023, inflation-adjusted household income fell, and the poverty rate rose.

Even before inflation doomed Biden's chances for reelection, it undermined the administration's goals. Despite efforts to raise the child tax credit and the minimum wage, both were considerably lower in inflation-adjusted terms when Biden left office than when he entered. For all the emphasis he placed on American workers, Biden was the first Democratic president in a century who did not permanently expand the social safety net. And despite signing into law an infrastructure bill that committed over \$500 billion to rebuilding everything from bridges to broadband, skyrocketing costs of construction have left the United States building less than it was before the law's passage.

There have been important successes, especially considering the slim congressional majority with which Biden was forced to operate. Massive legislation that he pushed to address climate change is already reducing emissions and likely will continue to do so even in the face of hostility from the Trump administration. Domestic semiconductor production is being revived. But a hoped-for manufacturing renaissance has not materialized, at least not yet. The proportion of people working in manufacturing has been declining for decades and has not ticked back up, and overall domestic industrial production remains stagnant—in part because the fiscal expansion Biden oversaw led to higher costs, a stronger dollar, and higher interest rates, all of which have created headwinds for the manufacturing sectors that received no special subsidies from the legislation he championed.

The Biden administration failed to seriously reckon with budget constraints and to contend with the effects of “crowding out,” when a surge in public-sector spending causes the private sector to invest less. Both missteps reflected a broader unwillingness to contend with tradeoffs in economic policy and allowed Trump to ride a wave of discontent back into the White House. For Democrats, it would be a mistake to think their loss was due solely to a global backlash against incumbents—or worse, to conclude that American voters had simply been insufficiently appreciative of everything Biden did for them.

Truly building back better will require harnessing the Biden administration's ambitions for economic transformation without discarding conventional economic considerations of budget constraints, tradeoffs, and cost-benefit analysis—in other words, not giving in to the post-neoliberal delusion.

#### BIG SPENDERS

Biden entered the Oval Office at an especially uncertain time during the COVID-19 pandemic. Vaccines highly effective at preventing serious illness and death had become available in December 2020 and were being rolled out much more quickly than expected. But for the first few months of 2021, wait times for a jab remained long, and the virus was still wreaking havoc. Cases and deaths surged nationwide; January 2021 was the worst month for mortality of the entire pandemic. Nevertheless, the economy was holding up reasonably well. The unemployment rate was at around six percent and falling, well below its peak of roughly 15 percent earlier in the pandemic and much better than the dire forecasts of economists who had expected double-digit unemployment rates going into 2021. GDP growth remained strong even in the face of social-distancing measures that prevented in-person commerce.

The economy was also awash in pent-up demand from consumers, who had been unable to spend during the pandemic. In 2020, toward the end of the first Trump administration, Congress passed \$3.4 trillion in fiscal support; in December, \$900 billion was authorized to fund \$600 stimulus checks for most American adults. Despite the ravages of the pandemic on public health, many households had never been in better financial shape, with overall debt service payments representing the lowest share of disposable income in decades, delinquencies and defaults remaining low, and record amounts of money sitting in checking accounts across the income spectrum. Economists hoped that as the rollout of vaccines proceeded, so would the economic recovery. In fact, when Biden came to office, the \$1.5 trillion of excess savings that Americans had accumulated from the federal largess of 2020 and their suppressed spending was waiting to be unleashed by the reopening—perhaps obviating the macroeconomic need for yet another large stimulus bill. The economist and *New York Times* columnist Paul Krugman summed up this view in late 2020. “Once we’ve achieved widespread vaccination, the economy will bounce back,” he wrote. “On average

Americans have been saving like crazy, and will emerge from the pandemic with stronger balance sheets than they had before.”

Against these hopeful prognostications by many mainstream economists, however, the incoming Biden administration moved aggressively, proposing a \$1.9 trillion American Rescue Plan even before coming into office. With U.S. GDP three percent below pre-pandemic forecasts as of the fourth quarter of 2020, an additional \$650 billion in stimulus—about a third as much—would have been sufficient to fill the hole in the economy.

Money was needed for vaccination, testing, and other containment efforts. But the bulk of the spending was earmarked for items that clearly were not needed. Around \$900 billion, the single largest provision in the bill, was intended to support households through direct payments and other transfers. But by December 2020, monthly real compensation per capita was only about two percent below its pre-pandemic trend, and the gap was closing rapidly. (It returned to its pre-pandemic trend in April 2021.) Closing this gap would have cost less than \$100 billion—far less than the hundreds of billions in stimulus spending that Congress passed. Despite state and local revenue having fully recovered to pre-COVID levels by the end of 2020, state and local governments nevertheless received around \$500 billion more in the stimulus package.

There were several reasons for this supersized legislation. Uncertainty about the consequences of the January 2021 COVID surge was partly to blame. The bill was also an overcorrection of the Obama administration’s insufficient stimulus package in the wake of the global financial crisis in 2008, which contributed to the United States’ painfully slow recovery. In 2021, Biden administration officials failed to update their policies as the economic data turned out to be less dire than expected.

But economic ideas also played an important role. Policymakers decided to run the economy “hot”: that is, to support high demand to jump-start the economy even if it meant risking higher inflation. The Biden administration believed that the surfeit of demand this would produce would benefit a broad group of workers by increasing their bargaining power and, by extension, raising their inflation-adjusted wages. The administration dismissed dissenting voices who expressed skepticism about this approach, such as the economist Larry Summers, who warned that it would lead to high inflation.

The U.S. economy did continue to grow rapidly after the passage of the stimulus. The recovery was much faster than the long and difficult return from the 2008 financial crisis—a difference mostly attributable to the fact that financial crises tend to have persistent negative effects on output, whereas the pandemic produced only a temporary shutdown of the economy with fewer lasting effects. But the recovery began in mid-2020, and real GDP growth was a strong 5.6 percent in the first quarter of 2021, before much, if any, of the American Rescue Plan funds had worked their way through the economy. Most countries experienced quick recoveries after the initial shock of COVID, regardless of whether they passed large stimulus packages. Although Biden’s boosters argued that the economy’s growth was proof of the success of the stimulus (and thus, of the validity of the administration’s ideas), much of that growth can be explained by structural factors that predated the pandemic and the stimulus, including faster productivity growth and favorable demographic changes. Compared with other developed countries that are part of the Organization for Economic Cooperation and Development, the United States saw a post-pandemic recovery that was about average in terms of real GDP growth versus pre-pandemic forecasts.

#### PUMPED UP

Ultimately, the administration’s plans to transform the United States would be waylaid by a punishing bout of inflation. Beginning in 2021, the country experienced the most sustained inflation since the early 1980s. The rate of inflation soared from around two percent to a high of nine percent, with the price level—the average price of all goods and services—rising by about 20 percent over four years.

Biden’s defenders argued that the causes were external and not the result of the administration’s policies. The fact that rising inflation in the United States was mirrored in economies around the world was proof, they maintained, that Bidenomics was not to blame. They were partly right. Russia’s unprovoked invasion of Ukraine in 2022 dramatically raised energy and food prices, as did supply chain issues rooted in the pandemic. Indeed, the 2022 supply shocks were much worse outside the United States: the price of natural gas peaked at \$10 per million BTU in the United States but \$100 per million BTU in Europe because of European countries’ greater dependence on Russian energy supplies and the limited global trade in natural gas.

But the fact that inflation was a worldwide phenomenon does not let U.S. macroeconomic policy off the hook any more than the global nature of the Great Depression or the Great Recession exonerated U.S. policymakers then for their mistakes in managing the economy. The war in Ukraine and supply chain disruptions alone cannot explain what happened in the United States, where core inflation, which excludes food and energy, reached a peak of nearly seven percent in mid-2022. This was not simply the result of increases in energy and food prices being passed on to other goods, such as airline tickets. Energy prices do not necessarily lead to large increases in core inflation; when energy prices surged in 2005, core inflation stayed below two percent. Higher prices also proved more durable. By late 2022, oil prices had fallen back to where they were before Russia's invasion of Ukraine earlier that year, but overall price increases had not reversed, and, in fact, inflation remained elevated.

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A hoped-for manufacturing renaissance has not materialized, at least not yet.

Supply chains, meanwhile, were less a source of strain than an underappreciated success. Real consumer spending on durable goods in the United States rose nearly 30 percent above pre-COVID levels in 2021, with no equivalent bump in countries that did not provide continued stimulus checks. Global supply chains were mostly able to accommodate the U.S. increase in spending, in part through large increases in imports. U.S. ports processed 19 percent more cargo by volume in 2021 than they did before COVID, an unusually large uptick that was responsible for the lineup of ships at U.S. ports that many apologists incorrectly attributed to supply chain slowdowns. Ports simply could not keep up with American consumers' increased appetites for spending. These were not supply dislocations but a huge demand shock stemming in part from the Biden administration's decision to provide another round of stimulus checks.

The increase in support for the economy resulted in a huge increase in nominal GDP, as spending is bound to go up when households have more money. Real GDP could not have gone up much more than it did given the constraints on the productive capacity of the economy. The excess took the form of higher prices. Factors such as consumer tastes and supply chains determined where those price increases showed up in the economy, but they did not drive the overall average price

increase. Had it not been for the large infusion of cash and the Federal Reserve's delayed response to the emergence of inflation (it did not raise interest rates until March 2022), higher goods prices would have led to cutbacks in services and lower price growth without much of an increase in overall inflation. Economists and pundits who claimed that inflation would prove transitory correctly predicted that the price of goods would stop increasing but wrongly expected that would mean an end to inflation. Instead, inflation migrated from goods to services, where it remains elevated to this day.

The Biden administration was not alone in missing the risk of inflation. Some Republican economists also dismissed the idea that the fiscal stimulus would be inflationary, and financial markets suggested that investors believed that inflation would be transitory. Nevertheless, the same technocratic macroeconomic models that recommended, to no avail, a larger fiscal stimulus during the Great Recession of 2009–10 now recommended a much smaller one in the wake of the pandemic. But the administration's desire to avoid repeating the mistakes of 2008 and its infatuation with the hot economy hypothesis cost the economy dearly.

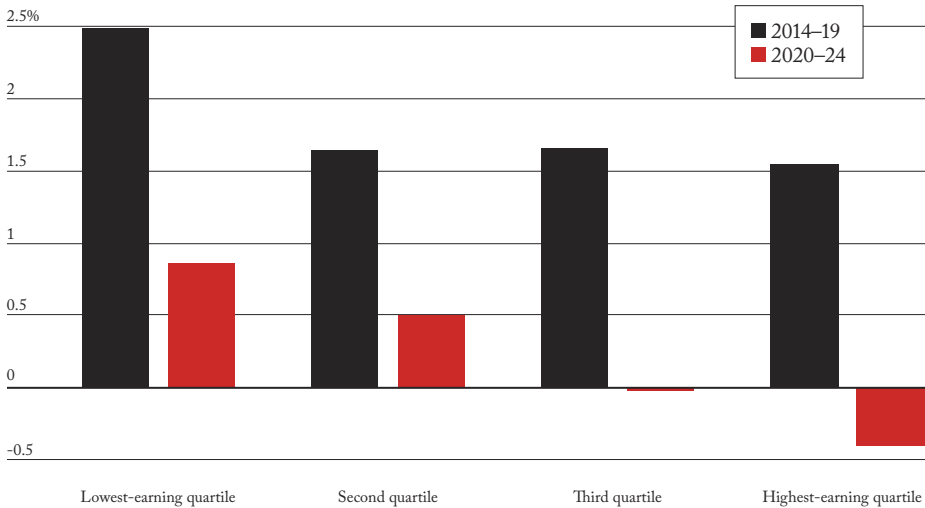
#### HARD HAT IN HAND

Biden hoped that a hot economy would benefit workers, especially those with low incomes, through higher employment and faster wage growth. This position found support beyond the left-wing advocacy groups that had long pushed for worker-friendly economic policies: officials at the Federal Reserve and even some right-of-center economists endorsed it, believing that experiences such as the wage boom of the late 1990s were evidence of its efficacy.

Unfortunately, the theory proved unsuccessful in practice. The overheating of the economy coincided with a second round of budget deficit increases—resulting from front-loaded spending tied to the infrastructure act, the CHIPS and Science Act, and climate bills, plus executive actions by Biden, such as student loan relief—that forced the Federal Reserve to dramatically increase interest rates. Although inflation was mostly brought under control by mid-2024, the effects were lasting. As of December 2024, the unemployment rate was roughly four percent, above the three and a half percent before COVID, and inflation remained slightly above target. More important, inflation-adjusted wages have barely increased above pre-pandemic

## THE BIDEN BUST

Average annual rate of real wage growth in the United States across income quartiles



Sources: U.S. Bureau of Labor Statistics via Federal Reserve Economic Database; Federal Reserve Bank of Atlanta; author's calculations.

levels, and the entire increase in real wages took place in 2020; on net, real wages have fallen since January 2021.

Meanwhile, from 2020 to 2024, average real wage growth for workers in every income group was slower than it was from 2014 to 2019. Rapid real wage growth, especially for low-income workers, began in 2014, when the unemployment rate was around six percent, but diminished dramatically when the unemployment rate fell below four percent in 2022. That makes it hard to argue that Biden's policies contributed much to real wage growth. And although by keeping unemployment down, heating the economy did give workers more leverage to demand higher nominal wages, it also gave businesses more leverage to raise prices, undercutting the gains of many ordinary Americans.

Adding to the trouble, the administration's laser-like focus on the demand side came at the expense of addressing impediments to supply, such as excessive obstacles to permitting processes related to building infrastructure. As a result, infrastructure suffered an even worse fate than real wages. More than half the funds in the Bipartisan Infrastructure Law dispersed to states through early 2024 went to highway and

bridge projects, prompting a spike in highway spending, which rose 36 percent from mid-2019 to mid-2024. But the costs associated with construction, including asphalt, concrete, and labor, increased even more, leaving real infrastructure spending down 17 percent over the same period. In fact, the amount of federal investment in highways during every year of the Biden administration was lower than in any year from 2003 through 2020. Biden's putative building boom was in reality a building bust.

The Bipartisan Infrastructure Law did little to address the root causes of the United States' long-standing infrastructure unaffordability problem—excessive environmental reviews, labyrinthine permitting processes, and laws requiring that workers are paid prevailing wages—and, in some respects, worsened the crisis by adding new requirements. The permitting reform that was supposed to pass in parallel with the climate bill never became law because of Republican recalcitrance and Democratic fears of incurring the wrath of environmentalists. Spending such a huge amount all at once without any steps to increase construction capacity led to even higher cost increases for building materials than was reflected in the overall inflation rate.

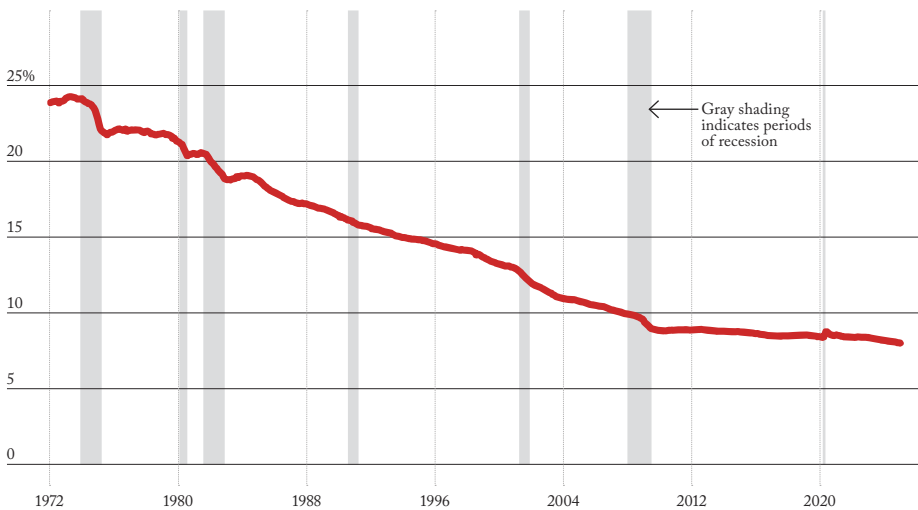
#### INDUSTRIAL DEVOLUTION

In January 2021, Biden declared that one of his administration's main goals was “rebuilding the backbone of America: manufacturing, unions, and the middle class.” This focus drew on the work of critics of the old economic orthodoxy, who charged that the neoliberal emphasis on free trade without any supports for workers had hollowed out once thriving manufacturing communities and led to discontent with the deindustrialization that fueled Trump's rise. Biden aimed to revive manufacturing, especially in sectors he viewed as critical for national security and climate progress. He built on Trump's policies by retaining, reformulating, or expanding restrictions on trade to promote domestic production. He strengthened and more rigorously enforced “Buy America” rules for government procurement, offered subsidies for companies sourcing clean energy domestically, and expanded U.S. production of electric vehicle batteries. The process used by the Committee on Foreign Investment in the United States, which reviews bids for foreign investment in U.S. companies, was beefed up, culminating in the administration blocking the acquisition of U.S. Steel by Japan's Nippon Steel. The government provided tens



## UNMADE IN AMERICA

Manufacturing as a share of total nonfarm employment



Sources: U.S. Bureau of Labor Statistics via Macrobond; author's calculations. Note: Adjusted for preliminary benchmark revisions for the period of March 2023 to March 2024.

of billions of dollars of direct support for manufacturing in an effort to boost private investment.

So far, however, this attempted revival of American manufacturing has achieved little success. Unionization rates fell below ten percent in 2024 for the first time on record. The share of workers in manufacturing has continued to fall at the same rate as it did during the Obama and first Trump presidencies. Manufacturing output has remained flat, as it has since 2014. It is possible that Biden's policies will start to work after a lag; one hopeful sign is an increase in factory construction, which has more than doubled in the last five years. But other indicators, such as investment in industrial equipment, have not risen, suggesting that manufacturing may continue to stagnate.

The manufacturing revival has run up against the problem of crowding out. By increasing subsidies for semiconductor fabrication and green technology innovation, for example, the government has encouraged their production. But these same policies, coupled with other fiscally expansionary policies, have driven up the prices of materials and equipment, wages for construction and factory workers, interest rates for entrepreneurs hoping to borrow, and the value of

the dollar, all of which have made it harder for nonsubsidized manufacturing to prosper.

Industrial policy has its merits, but it did not live up to Biden's hyperbolic claims that it would usher in a manufacturing renaissance along with millions of well-paying jobs. The CHIPS Act appears to be succeeding in its primary objective of shifting advanced chip production to the United States. And given that the national security benefits of domestic semiconductor production are not priced into markets, crowding out other industries with government subsidies for chip production is worthwhile. But industrial policy has not led to better or cheaper microchips or any net job creation. It has done little to revive manufacturing or create middle-class jobs. In fact, favoring some sectors while crowding out others likely increased the pace at which some companies have added jobs while others have shed them, leading to the very economic winners and losers that post-neoliberal critics complain result from expanded trade.

The administration also kept in place and even expanded tariffs, effectively pursuing foreign policy at the expense of the middle class by keeping the costs of imported goods high. Sometimes it is worth paying a cost for another goal; for example, sanctions on Russia ask Americans to pay a small cost for a worthwhile foreign policy objective. But policymakers should not fool themselves into thinking these policies are win-win, which the Biden administration seemed to do. Biden never did the hard work of explaining to the public, for example, that enforcing further limits on trade with China imposed real costs on Americans but that the national security gain was worth the economic pain.

#### IT AIN'T EASY BEING GREEN

Biden made climate policy central to his agenda, pushing a program grounded in industrial policy, regulation, and subsidies that proponents reasonably argued was more likely to pass through Congress than the carbon pricing preferred by many economists. But the rationale for this approach went beyond political feasibility; the administration and its defenders argued that a carbon tax could not curb emissions at the scale needed to blunt the effects of climate change and that their suite of policies could both address the climate crisis and create good-paying jobs by shifting the production of green technology to the United States.

Against all odds, the Inflation Reduction Act passed into law in August 2022, with extensive subsidies for renewable energy, electric vehicles, and the domestic production of green technologies. Government estimates have projected that U.S. emissions will be roughly 17 percent lower by 2050 than was forecast before the IRA was passed. Given the political constraints, Biden's administration could have done little more to fight climate change.

Supporters claimed that the industrial policy approach was the more progressive option, but it delivered large subsidies to corporations, whereas a carbon tax could provide rebates to households. Gross job gains are limited, and to an even greater degree than the CHIPS program, the IRA is likely to benefit certain industries at the expense of others. Shifting the focus of production from internal combustion engines to electric vehicles, for example, lends credence to the possibility that the U.S. economy will experience a "green shock" akin to the "China shock" that hit manufacturing sectors two decades ago.

More important, the IRA will not be any more effective at lowering emissions than the carbon taxes that post-neoliberals have criticized. Estimates vary, but one of the most sophisticated studies of the law, co-authored by two former Biden administration officials, concluded that a carbon tax of \$12 a ton would result in about the same emission reductions as the entire IRA.

The IRA's reliance on corporate subsidies should make it politically resilient. Lobbyists for the oil industry and the Chamber of Commerce have pressured the Trump administration to retain the law's key provisions even though Trump called for its repeal on the campaign trail. But that reliance on subsidies makes the law harder to scale up—subsidies cannot simply be made 20 times larger to address the full social costs of carbon, most recently estimated by the Biden administration at about \$200 per ton. In 2005, the European Union instituted a carbon pricing system starting at around \$10 per ton, but it has since risen to a little over \$80 as the EU tightened rules to rein in emissions. Biden's programs are promising, but it's doubtful they will be able to scale up as the need to restrict emissions becomes more urgent.

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Biden's putative building boom was in reality a building bust.

Claiming that turning away from traditional economic approaches is the only way to address climate change, as some proponents of the Biden strategy have, will hinder the United States' ability to transition its economy. Policymakers need every tool in the toolkit to fight climate change—including “neoliberal” ones.

#### NET BENEFITS

Climate policy was not the only bedrock liberal issue on which the Biden administration valorized its unorthodox approach. Post-neoliberal enthusiasm for industrial policy, as well as stricter antitrust enforcement and labor market regulation—so-called predistribution policies—have blinded progressives to the fact that Biden did little to permanently redistribute income by building a stronger social safety net. The Build Back Better agenda did include the American Jobs Plan for infrastructure and energy and the American Families Plan, which would have provided paid leave for new parents and support for children. The former passed, but the latter did not. Some supporters of Biden, such as his top antitrust official Tim Wu, embraced the view that the policies that passed would transform the economy such that more traditional Democratic social policies would become unnecessary.

All the Democratic presidents since Franklin Roosevelt put their stamp on the social safety net in ways that endure to this day: establishing and expanding Social Security, expanding access to health insurance, providing subsidies for food, and providing housing assistance. Biden expanded premium tax credits for health insurance under the Affordable Care Act through 2025. But two of his priorities—expanding the child tax credit and raising the minimum wage—were set back by inflation. The child tax credit was temporarily expanded in 2021, contributing to a significant reduction in child poverty that year. But Republicans blocked renewal of the expansion; after a year, it returned to its previous value of \$2,000 per child, which was never indexed to inflation. As a result, its real value has fallen by 20 percent over the last four years, which amounts to one of the largest real cuts to family support or the social safety net that the country has ever seen—dwarfing much of the legislation passed by previous presidents hostile to these programs. At the same time, Republicans opposed a minimum wage increase, preventing it from winning a filibuster-proof majority in the Senate. So the minimum wage, too, has fallen by 20 percent in real terms and is now effectively

meaningless, barely binding in a world in which competition forces almost all employers to pay more than \$7.25 an hour.

#### BACK TO BASICS

Trump's 2024 presidential election victory was in no small part a harsh rebuke to the Biden administration's economic policy. Proponents of the Build Back Better agenda, in convincing themselves that the hot economy was transformative for workers, appeared oblivious to the genuine concerns of the electorate. Biden's supporters and policymakers, especially those who have denied the effects of inflation, insisted that voters grossly misunderstood the economy or attributed Vice President Kamala Harris's loss in the 2024 presidential election solely to a global rejection of incumbents. It is possible that just the portion of inflation caused by global shocks would have been enough to doom any incumbent party's reelection chances. But adding to that inflation with unnecessary spending, minimizing the suffering it caused, and touting an imaginary boom in infrastructure and manufacturing surely did not help Democrats.

The new economic philosophy that dominated during the Biden years emphasized demand over supply. It considered concerns over budget constraints overstated and placed its faith in redistribution as a way to change the trajectory of the macroeconomy. It promised policies that could simultaneously transform industries, prioritize marginalized groups in procurement and hiring practices, and serve broad social goals. Ultimately, this post-neoliberal ideology and its adherents did not take tradeoffs seriously enough, laboring under an illusion that previous policymakers were too beholden to economic orthodoxy to make real progress for people.

Rather than merely resorting to conventional approaches, however, what the country needs now is a renewal of economic policy thinking. The post-neoliberals were not wrong about the problems they inherited. Largely free labor markets have failed to deliver high levels of employment for prime-age workers in the United States for decades. National security concerns now shadow every question regarding trade and technology. And the transition to green energy will require dramatic action. New ideas about these old problems will never yield successful policies, however, if they dismiss budget constraints, cost-benefit analysis, and tradeoffs. It's fine to question economic orthodoxy. But policymakers should never again ignore the basics in pursuit of fanciful heterodox solutions. 🍷

# Productivity Is Everything

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## Why Economic Policy Misses What Really Matters

MATTHEW J. SLAUGHTER AND DAVID WESSEL

**F**or the United States, these are trying times. Americans are overcome with an unshakable sense of economic malaise. The top-line indicators are good: unemployment is low, inflation is declining, and the country remains the richest in the world. Yet in poll after poll, most Americans say they are unhappy with the state of the economy today and its prospects for tomorrow. Only a quarter consider the economy good or excellent. Nearly 80 percent say they are not confident that their children will live better than they do.

Analysts have spent years discussing the country's particular challenges. They have talked about its aging population, which is widening federal budget deficits as entitlement spending collides with

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an antipathy to tax increases. They have looked at the growing threat of climate change, which requires an overhaul of the U.S. energy sector. They have noted the widening wealth and income gaps in our changing economy. And they have fretted over foreign autocrats who are menacing U.S. security.

But the public debate too often overlooks a common factor behind all these challenges, one that will shape whether the United States can address them: labor productivity. Commonly measured as the amount of goods and services generated per worker, productivity is the central determinant of a nation's average standard of living and its overall economic success. Growth over time in productivity is why Americans today can consume more goods and services than their grandparents—even as they work fewer hours. Productivity growth fuels rising wages and profits, which generates more fiscal revenue, allowing Washington to build formidable defense capabilities. And productivity growth bolsters the country's soft power, demonstrating the strengths of a democratic, market-oriented society.

From the end of World War II to 1973, U.S. business productivity (outside of farming) grew at a brisk annual rate of 2.8 percent. But over the past half-century, the United States' average annual productivity growth has been much slower. From 1973 to 1995, it slumped to a rate of just 1.4 percent. For the next decade, it rebounded to an average of 3.0 percent. But since 2005, labor productivity has increased only slightly from year to year, at an average of just over 1.5 percent. It bounced around during the pandemic, soaring in one year and falling in the next, and the most recent data is encouraging. But it is too soon to call that change in trend.

These seemingly small annual differences carry massive implications when compounded across decades. For example, the 2015 *Economic Report of the President* calculated that if productivity grew from 1973 to 2013 at the pace it had over the previous 25 years, incomes would have been 58 percent higher in 2013 than they actually were. If these gains were distributed proportionately, the median household would have earned an additional \$30,000 annually.

To be sure, almost all other high-income countries also experienced a post-1973 productivity slowdown. Many had more severe declines: from 2008 to 2024, for example, British productivity has cumulatively grown by just 6.1 percent, or an average of 0.4 percent per year. But the United States' comparative edge does not mean American productivity

is growing fast enough. And as productivity growth has decelerated in the United States, it has taken off in China. The growth there has driven China's transformation from an impoverished, isolated nation into Washington's primary economic and geopolitical competitor.

To fully address its domestic woes and global challenges, the United States will need to spark a productivity renaissance. Economists know what won't work. Any initiatives that build barriers to the flow of ideas, capital, and people (beyond what is essential to protect national security) are all doomed to fail. So is trampling on international alliances to fight climate change and pandemics and mindlessly cutting government investment in research to enable growth in entitlement spending. Crowding out private, productivity-enhancing investment by running up the federal debt will not succeed, either.

Knowing what will improve productivity is harder. But economists are aware of policies that tend to be effective: spending on basic research and development, investing in education and training, and engaging with the global economy through immigration and cross-border investment. Such policies will not improve productivity overnight, and the United States will need separate measures to make sure everyone can enjoy a boom—such as resources to support workers whose jobs might be destroyed by generative artificial intelligence. But if Washington recommits to this trifecta of tools, the United States will likely see faster productivity growth. It could then begin to solve many of the country's most intractable problems.

#### UPS AND DOWNS

Economists have long recognized the importance of productivity. The more productivity grows, the more income households receive and the higher the level of material well-being they can attain. "Productivity isn't everything," the Nobel economics laureate Paul Krugman wrote in 1990. "But in the long run, it is almost everything."

So how does a country raise productivity? Output per worker can increase in one of two basic ways. The first is by boosting the amount of capital available to each worker, such as property, plants, and equipment. The second is through innovation: the discovery both of new goods and services and of more efficient ways to produce existing goods and services. Innovation in turn is spurred by forces such as investments in education (which boosts workers' skills), spending on research and development, and exposure to global competition through international





trade, investment, and immigration. Both governments and companies can improve productivity through R & D spending, but scholars have consistently found that the social returns to such outlays exceed the private returns to those performing the R & D, thanks to positive externalities—such as new ideas in one industry sparking innovations in another. This means that markets alone will underinvest in R & D, a problem that can be remedied by government spending.

Academic research has clearly established that innovation has driven most of the United States' productivity growth over the past century. A seminal study by the Nobel economics laureate Robert Solow analyzed the rise in real gross domestic product per person in the United States from 1909 to 1949 and concluded that about one-eighth of the total increase came from increased capital per working hour, whereas the rest came from technological change. Another, more recent study that examined the period from 1948 to 2013 found that 80 percent of the growth in U.S. per capita GDP was created by the development of innovative ideas.

The economic history of the United States is in many ways the story of these productivity trends. In 1800, most Americans worked in agriculture, where long, grueling hours were the norm. In that year, for example, it took a farmer 344 hours to produce 100 bushels of corn. A century later, it took less than half as long—just 147 hours. By 1980, it took only three. The reasons for this accelerating efficiency were innovations and

fresh ideas, including new techniques for cultivating richer land, better machinery, and labor-saving practices. These gains quickly extended to the economy at large. As agriculture became less demanding, the sector required fewer workers, enabling erstwhile farmers to work in a spectrum of other trades, including the high-technology industries of each generation, such as textiles, telegraphs, and telecommunications.

The country also benefited greatly from improved education, high levels of immigration, influxes of foreign capital, and expanding market

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Innovation has driven most of the United States' productivity growth.

competition. Consider the first factor. The United States pioneered high school for the masses, thanks to a grassroots "high school movement," as it was called, that was largely funded by taxpayers. In 1910, a high school diploma was a rarity in the United States, the province of elites destined to be ministers, doctors, or lawyers. In 1910, barely nine percent of all American 18-year-olds graduated from high

school, and 19 percent of Americans between 15 and 18 were enrolled in high school. But by 1940, the median 18-year-old had a high school diploma, and nearly three-quarters of 14-to-17-year-olds were in high school. This concerted expansion of secondary education boosted productivity, which grew very rapidly over the 1920s and 1930s. It also helped narrow the earnings gap between the best-paid and worst-paid workers.

The growth in productivity hardly ended there. As the United States emerged as a global superpower at the end of World War II, American policymakers made a series of choices related to public R & D, education and training, and global engagement that together helped drive strong continued growth. In an effort to compete with the Soviet Union politically and economically, the U.S. government dramatically expanded direct spending on R & D in critical areas, including defense technologies, nuclear energy, medicine, and basic sciences. After the Soviets launched Sputnik in 1957, setting off the space race, U.S. spending on R & D surged even higher, peaking in 1965 at 11.7 percent of the federal budget and 2.2 percent of American GDP. The Servicemen's Readjustment Act of 1944, commonly known as the GI Bill, provided returning veterans with funds for college education and other training. In its first seven years, approximately eight million veterans received educational benefits. From 1940 to 1950, the number of degrees awarded by U.S. colleges and universities more than doubled. And the United States

helped design and launch three global institutions—the International Monetary Fund, the World Bank, and the General Agreement on Tariffs and Trade—to build stable, competitive, and open global commerce. The result was a golden era of American productivity.

And then, in the mid-1970s, U.S. productivity growth collapsed. Some reasons were external and unexpected, such as the unprecedented oil-price shocks of 1974 and 1979. But others were internal and predictable. By 1973, federal R & D spending had fallen to 6.9 percent of the federal budget; by 1995, it was down to 4.5 percent. By 2019, R & D constituted just 2.8 percent of all federal spending and just 0.6 percent of GDP, the lowest in over six decades. The United States continues to invest more in R & D than any other country, but the level of spending is still far below where it once was and where it should be.

Meanwhile, the United States' educational improvements slowed markedly as secondary schools struggled to boost performance and college tuition marched steadily higher. The global economy, for its part, became more fragmented as the post-World War II stability of fixed exchange rates fell apart. The U.S. government began cutting back on trade agreements and erecting barriers to outside commerce, such as the export restraints slapped on Japanese motor vehicles in the 1980s.

Productivity growth did begin to rebound in 1995, but this unexpected surge was largely the product of one industry: information technology. Research has documented that information technology firms' deepening global engagement through trade, investment, and immigration helped foster the sector's jump in productivity. These gains quickly spread throughout the economy at large as companies in other industries, such as retail, invested heavily in new and lower-cost IT products and reorganized to realize the benefits. The Information Technology Agreement, signed in 1996 by 29 countries, helped facilitate this takeoff by eliminating tariffs on IT. As a result, worker incomes grew quickly across all skill categories, temporarily halting the rise in inequality. Federal tax revenues surged—a major reason why, from 1998 to 2001, the United States ran its first budget surpluses in decades.

But after ten years, this productivity boom faded. This was, in part, because the tariff cuts of the Information Technology Agreement reached their planned end, and countries could not strike a fresh agreement that eliminated tariffs for newer IT inventions or products. In the nearly two decades since 2005, productivity growth has again slumped, to an annual average of slightly over 1.5 percent. The end of the boom

is part of why both income inequality and fiscal deficits have been rising. Pandemic innovations such as remote work have sparked hope for a productivity resurgence, with many companies reporting big gains from such new work arrangements. But many other businesses have reported slowed productivity from these very same practices—and are thus sharply curtailing them.

The collapse in productivity growth has hampered not only prosperity at home but also U.S. competitiveness internationally—especially against China, whose productivity explosion over the past two generations has transformed the nation's economic and military might. From the People's Republic of China's founding in 1949 until the death of its first chairman, Mao Zedong, in 1976, China experienced almost no growth in productivity because of the state's tight control over all economic decisions. But when Chinese leader Deng Xiaoping began to liberalize the economy in 1978, productivity spiked. The share of industrial output produced by state firms fell from 80 percent in 1978 to less than 30 percent by 2016. Foreign direct investment in China by Western multinational companies surged. So did China's exports in the other direction. At the same time, Beijing launched massive public investments in education and research, much as the United States had after World War II. China's total R & D expenditures rose from about \$9 billion in 2000 to \$293 billion in 2018—the second-largest national total in the world, after that of the United States.

The productivity effects of all these policy changes were profound. A recent World Bank study calculated that from 1979 to 2019, Chinese productivity grew at an annual average of nearly 7.5 percent. In 1980, China's total GDP was only \$191 billion, or 1.7 percent of total world output. Its GDP per person was only about \$195, one of the lowest in the world. Forty years later, however, Chinese GDP reached a remarkable \$14.7 trillion—17.4 percent of the world's total. GDP per capita rose to \$10,408, solidifying the country's middle-income status.

China's productivity growth has clearly slowed in recent years. One reason is the rapid aging of the country's population. Another is Chinese President Xi Jinping's broad reassertion of state control over the economy in key areas such as banking. But this year and next, China's productivity is forecast to grow by about four percent—more than double the rate forecast for the United States. The country continues to innovate and expand its productivity in many key sectors. In clean technology, Chinese companies dominate the global market for electric

vehicles, batteries, and solar power. And through its 2013 Belt and Road Initiative and its 2020 Regional Comprehensive Economic Partnership, Beijing has been pushing to build a new global framework for international trade and investment outside the U.S.-led system. Washington, meanwhile, continues to turn more protectionist.

#### A PRO-PRODUCTIVITY AGENDA

It is wishful thinking to expect that fast productivity growth will suddenly, and sustainably, return to the United States. Some have forecast faster productivity growth, based on the uptick in productivity in recent quarters, for reasons that may include the initial effects of generative AI. But other sensible forecasters also believe productivity will continue to grow slowly. For example, in its latest long-term budget outlook, the Congressional Budget Office projects annual U.S. productivity growth of just 1.4 percent from 2024 through 2054.

But Americans should not have to settle for that low figure. And they don't need to: countries can summon the will to invest in tomorrow even during their most difficult today's, and the United States can find new ways to raise productivity growth to address internal and external challenges. Rising labor productivity is the best way to generate the resources needed to reduce poverty, restore the vitality of the U.S. middle class, avoid intergenerational strife, and rejuvenate the world's belief in market democracies over autocracies. Washington must therefore make it a top priority to create the conditions for faster and more sustained productivity growth.

To begin, the United States should spend more on research and development—the heart of innovation and thus of productivity growth. Washington should at least triple public funding of basic R & D from today's total of 0.7 percent of GDP to the post-World War II high-water mark of 2.2 percent. This spending should be spread across agencies, including the National Science Foundation, which spans several economic sectors, and the National Institutes of Health, which focuses on health care, one of the United States' lowest-productivity industries. The CHIPS and Science Act of 2022 was a step in the right direction, insofar as it provided \$11 billion for new R & D related to semiconductors through both existing and newly created federal agencies and centers. But both this measure and the Inflation Reduction Act focused too much on existing technologies and companies rather than on foundational research at the frontiers of

science and engineering. And \$11 billion was far too little: 2.2 percent of 2023 GDP would have been \$609.9 billion.

The government should also spend more on early childhood education programs. Today, there are about 25 million children in the United States ages five and under. It should provide every one of them with \$4,000 worth of high-quality early childhood programming by making an additional annual \$100 billion investment. That price tag may seem high, but recent research shows that enormous private and social gains result from investing in children's potential. A series of studies by the Nobel economics laureate James Heckman and other researchers, for example, looked at two early childhood interventions in North Carolina and concluded that the benefits were seven times as large as the costs.

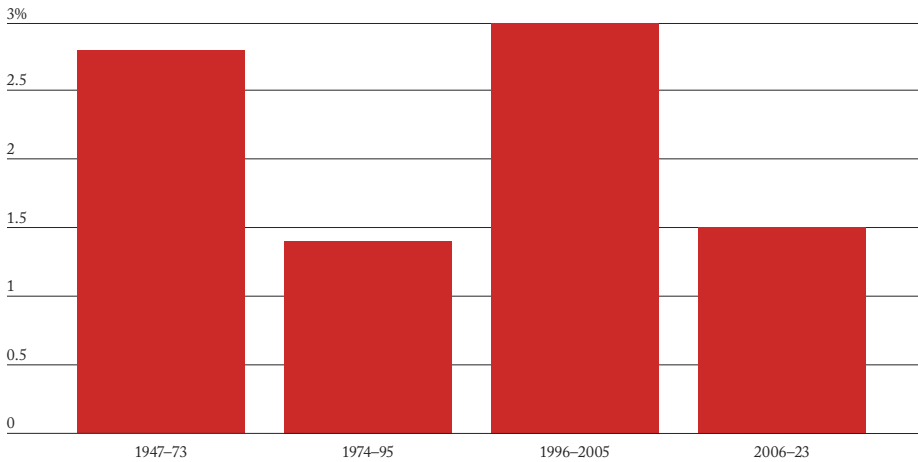
There is, however, a major economic obstacle to these new federal investments: the country's ballooning deficit. Despite near-full employment over much of 2024, that year's federal deficit hit \$1.8 trillion. Interest outlays in the current fiscal year are forecast to be at least as large as the total defense budget. Federal debt as a share of GDP stands at 98 percent—a near-historic high—and without a change in policy will rise inexorably. This is one of several reasons that interest rates on U.S. Treasury debt have surged to levels not seen in decades. To reduce the likelihood that rising interest rates will crowd out productivity-boosting investments, increased federal R & D spending must be fully paid for. The government could do so by reversing the 2017 tax cuts for individuals and households rather than extending them (as the White House and Congress seem poised to do). To be fiscally prudent, the government should not lighten taxes on capital as a means of trying to boost productivity.

To elevate productivity in fiscal discussions, the federal budget process should also require that the Congressional Budget Office and the White House Office of Management and Budget consistently assess productivity when evaluating major pieces of legislation. When the CBO and the OMB have evaluated productivity in the past, they have done so in suspect ways. They have, for example, bought into the idea that cuts in tax rates would generate surges in productivity and thus incomes so large that total tax revenues would rise. This proved not to be the case.

Today's legislative scoring should instead consider productivity effects that are well grounded in academic research. Neither the CBO nor the OMB, for example, properly accounts for how much highly

## WAXING AND WANING

Average annual rate of U.S. productivity growth



*Source: U.S. Bureau of Labor Statistics.*

talented immigrants boost innovation and thus productivity—which increases tax revenues. Policymakers should require both bodies to account for productivity effects that are well known from existing peer-reviewed research.

Once they do, every major piece of legislation should receive a productivity impact statement from the two offices. Any legislation that would slow productivity growth should be required to articulate a clear goal that offsets that cost. If Washington wants to force TikTok to sever its ties with China, for example, it must identify legitimate national security concerns that would outweigh how new cross-border restrictions might dull innovation. If it wants to subsidize certain clean energy companies, the goal must be to quicken the transition away from fossil fuels, which would offset the cost to free-market competition. And if Congress decides to provide better housing to low-income families, it should be in service of narrowing inequality, which would make it worth doing even if the process of building new housing is inefficient.

### MISSED CONNECTIONS

It will, of course, be difficult to score different bills and rules for productivity growth. The research into what specific decisions can

spur productivity is not always straightforward. Economists have long known, for example, that market competition spurs innovation, and the Biden administration was more aggressive in exerting its antitrust power. Yet the productivity effects of this attempt remain unclear.

But it is clear that increased global connections via trade, investment, and immigration boost the productivity of countries and their companies. And it is not hard to understand why. An economy behind walls must generate its own ideas, technologies, and techniques, whereas one that is open can tap into innovations developed around the world. A country that imposes significant barriers to trade with other parts of the world must rely more on its own investment in new ideas and opportunities, whereas globalized states can tap into savings abroad. And isolated countries must produce their own goods and services, including ones they are not well equipped to provide; connected countries can specialize in their strengths.

Traditionally, the United States has been a model of how globalization boosts productivity. Although the U.S. affiliates of foreign multinational enterprises make up less than one percent of U.S. companies, they accounted for 12 percent of the country's business spending on research and development, 16 percent of investment in plants and equipment, and 23 percent of total exports of goods in 2022. All these innovative activities contribute to the success of businesses and to high-productivity, high-paying jobs. In 2022, foreign companies employed over 8.3 million U.S. workers—of which 34 percent were in manufacturing, compared with 9.5 percent of all U.S. private-sector jobs today. Compensation at these companies averaged \$89,296 per worker, about 22 percent above the private-sector average.

The United States has also gained from letting in large numbers of immigrants, who have in turn made outsize contributions to innovation. Migrants, for example, make up only about 14 percent of the U.S. population, but they constitute roughly 38 percent of the country's resident Nobel Prize winners in chemistry, medicine, and physics and 36 percent of its resident Nobel winners in all categories over the past two decades. They make up 24 percent of all the U.S.-based MacArthur Foundation "genius" award winners since 2000. Jensen Huang, the co-founder of Nvidia, the company whose chips lie at the heart of the AI boom, was born in Taiwan and moved to the United States at age nine.

But now, the United States is turning its back on the world. It has taken existing walls to foreign investment and raised them higher,



expanding the breadth and intensity of reviews for outside investors looking to acquire U.S. companies. The country is also contemplating creating a committee that would oversee and potentially limit investments abroad by U.S. companies. And U.S. President Donald Trump has threatened a wide variety of new import restrictions, including a universal tariff of ten or 20 percent on all imported goods and 60 percent on all imports from China. Any such protections will dampen productivity, including by disrupting global supply networks and allowing U.S. companies to raise prices.

Washington is also pursuing more restrictive immigration policies. Trump has proposed mass deportations of less-skilled workers, which would wreak havoc in service industries such as hotels and restaurants. His plans for limiting the immigration of highly skilled workers could also do serious damage. During the 2024 campaign, he voiced support for providing work authorization to all foreign-born students who graduate from a U.S. college or university. Yet his first administration made it much more difficult for highly skilled immigrants to renew their visas.

These plans are particularly troubling given that current immigration limits are already depriving the United States of millions of talented workers. In April 2023 alone, the U.S. Customs and Immigration Service received a record 758,994 eligible applications for just 85,000 H-1B visas, the primary visas given to college-educated immigrants. The restrictions' effect is worsened by the growing efforts of other states to attract the world's talent. In July 2023, for example, the Canadian government created a program to provide work authorization to up to 10,000 H-1B visa holders in the United States who had recently been laid off. It was a wise maneuver: because H-1B visas are tied to employers, holders who lose their jobs face deportation. It took Canada less than two days to fill all the slots.

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The end of the boom is part of why income inequality and fiscal deficits have been rising.

#### STRUCTURAL ADJUSTMENT

U.S. protectionism, however, did not come from left field. It came about because for far too long, policymakers had failed to adequately address the reality that the benefits of globalization do not accrue to every American worker, company, and community. Some people and places in the United

States have instead lost jobs, income, and wealth as a result of globalization. Consequently, they have lost the sense of dignity and purpose that comes through work—and lost their trust and belief in the country.

Perhaps the biggest example of this phenomenon is what economists call “the China shock,” generated by China’s surge of labor-intensive exports into the global economy. Scholars have estimated that between 1997 and 2011, U.S. imports of Chinese goods destroyed as many as two million U.S. jobs across all industries,

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Washington has to ensure that the productivity gains of AI redound to the public at large.

nearly half of those in manufacturing. The federal government did too little to help these kinds of workers, their families, and their communities. The places most affected by these layoffs have been particularly likely to embrace protectionist candidates, even though, on the whole, protectionism makes for poor economic policy.

To stop the backlash, the United States must figure out a better way to aid workers and communities buffeted by the dynamic forces of globalization and innovation. In fact, doing so is becoming more urgent than ever. As serious as the China shock was in the early years of this century, it might end up being a rounding error in comparison with the scope and speed of job destruction that generative AI could unleash. One recent Goldman Sachs study estimated that two-thirds of all U.S. occupations are already vulnerable to some form of automation through AI. That estimate could prove too high, and not all these jobs might disappear completely. Many might survive and even become more productive and higher-paying as AI empowers workers to shift to higher-value tasks; in fact, generative AI could end up supercharging productivity growth across the American economy. But widespread, fast job destruction as part of accelerating productivity growth is very much a possibility. In April 2024, the CEO of the Indian-based IT powerhouse Tata Consultancy Services predicted that generative AI could kill off nearly all the world’s call centers in about one year.

For the United States, high rates of job destruction—even if accompanied by faster productivity growth—could be devastating politically. It is hubris to assume that Americans, who have grown quite wary of the risks and costs of economic churn, will embrace what generative AI might unleash. Large majorities of Americans are already voicing concerns about

the effects of AI on the labor market, including the effect of autonomous vehicles or having AI involved in health care. In the 2023 joint Hollywood strike by the Screen Actors Guild and the Writers Guild of America, the first such joint action since Ronald Reagan was the president of SAG in 1960, a central demand from union leaders was limits on studios' use of AI.

If millions of workers are laid off as the AI innovations widen, no one should be surprised if discontent emerges among American families and communities, as it did with the China shock. When too many Americans feel left out of economic dynamism, they lose trust, faith, and a sense of commitment to any sort of national good. Just as the Luddites resisted the use of new machinery in the early nineteenth century, Americans might refuse to use AI or clamor for restrictions on its deployment.

Washington will thus have to ensure that the productivity gains of artificial intelligence redound to the public at large and commit to ensuring that displaced workers can access new opportunities. One place to start might be giving a \$10,000 tax credit for workers displaced by generative AI that they can use to retrain for other jobs. U.S. officials might also slow the rate of generative AI adoption by implementing an automation tax on companies that replace jobs with algorithms. Such a tax would give workers and policymakers alike more time to plan and adjust, and it would provide new revenue for the retraining tax credit. At a minimum, policymakers should rework the current U.S. tax code so that it does not encourage automation by taxing labor at a markedly higher rate than capital investments in technology. Similarly, they could rebalance the mix of incentives between investments in machines, computers, and software and investments in human capital. The market forces for implementing and scaling AI may be dramatically stronger and faster than the ones that galvanized earlier productivity innovations, so policymakers need to respond in kind.

The recent uptick is no doubt encouraging. But it is too soon to say whether this is an actual trend, and no magic wand can conjure faster productivity growth. What is clear is that investments in R & D, in human beings, and in global engagement have a clear record of success. Policymakers should take heed because strong productivity growth will do more than anything else to address the daunting array of internal and external challenges facing the United States. Ultimately, it will allow Americans to live in a more vibrant country and a safer world. 🌍

REVIEW ESSAY

# Indispensable Nations

## The Fall and Rise of Nationalism

PRATAP BHANU MEHTA

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*Nationalism: A World History*

BY ERIC STORM. Princeton University Press, 2024, 512 pp.

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In 1852, the Black American writer and abolitionist Martin Delany lamented that “the claims of no people . . . are respected by any nation, until they are presented in a national capacity.” He was urging the emigration of Black people from the United States to Africa in the hope that their individual rights as people—and collective rights as a people—would be better respected across the ocean. By the middle of the nineteenth century, the nation had become the primary political form through which people could claim rights. Belonging to a nation was no guarantee that one’s rights would be respected, of course, but the absence of nationhood nearly guaranteed that one would be vulnerable to others. European imperialists of that

era often argued that the societies over which they exercised power were not nations. As the nineteenth-century British liberal philosopher John Stuart Mill wrote, “the sacred duties which civilized nations owed to the independence and nationality of each other are not binding towards those to whom nationality and independence are either a certain evil, or at best, a questionable good.” That supposed absence of nationality helped justify the colonization of Africa, India, and the Middle East.

The search for nationhood spread far and wide, becoming a central organizing principle of the world and one of its most potent political ideologies. Ernest Gellner, the twentieth-century theorist of nationalism, once wryly observed: “Marxists basically like to

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think the spirit of history or human consciousness made a terrible boob. The awakening message was intended for *classes*, but by some terrible postal error was delivered to *nations*.”

As Eric Storm shows in his impressive and erudite *Nationalism: A World History*, nationalism has singularly shaped the modern world. It drove the proliferation of nation-states across the globe, the most significant political transformation of recent centuries. It enabled democracy, breaking down hierarchies and social distinctions, turning subjects into citizens. For many people in the present, nationalism is the lens through which the past acquires meaning. It shapes culture and language. It can serve as a potent competitor to religion, a kind of secular creed, eliciting sacrifice and consecrating death. It turns physical spaces and monuments into hallowed ground. People might occasionally think outside the nation-state, but it is hard for them to live outside one; it orders their everyday existence.

And yet, for a brief period after the end of the Cold War, it seemed to many that the nation was on the way out. Globalization had promised to make the world “flat.” The Internet and social media augured a public sphere that transcended national boundaries. Nation-states and their parochial identities would give way to an interdependent and cosmopolitan future.

But the obituaries of the nation-state were written far too soon. The financial crisis of 2008–9 and the shocks that followed made globalization lose much of its luster in the West. In the past decade, the rise of majoritarian autocratic rulers, the

elections of President Donald Trump in the United States, and the leaping gains of the far right in Europe were all reminders of the abiding power of nationalism.

This resurgence points to its fundamental paradox. On the one hand, nationalism builds collective political agency that uniquely empowers citizens to act in the world. On the other hand, it defines citizens more deeply and extensively than any other political ideology and in the process opens constant struggles over who counts as a member of the nation.

These struggles are taking place almost everywhere. They define the political life of many countries. India is witnessing a remarkable resurgence of ethnonationalism under Prime Minister Narendra Modi and his Hindu nationalist Bharatiya Janata Party. Concerns about immigration and border control shape politics in the United States and Europe. Social media has fueled nationalist passions far more than it has undercut them. Nationalist wars over territory had come to be seen as a thing of the past; Russia’s war on Ukraine demonstrated otherwise. Efforts to address climate change, a planetary challenge that countries committed to tackling in the hopeful years after the Cold War, have foundered as governments raise barriers and evade shared responsibilities. Friedrich List, the nineteenth-century German theorist of economic nationalism, said that “between the individual and humanity stands the nation.” He was being optimistic. Two centuries later, it seems that both the individual and humanity stand under the nation.

THE PIRACY  
OF NATIONALISM

Storm's rich and engaging account traces how nationalism became inescapable in almost every part of the world. His history aligns very much with modernist theories that hold that nations are not primordial entities but rather socially constructed forms. In other words, there is nothing "natural" or obvious about being Greek or Turkish, for instance; such identities are fashioned by individuals, social forces, political circumstances, and policy choices that mold people into a nationality. A Dutch historian, Storm specialized in modern Spanish history and in regional histories of France and Germany. He is less interested in how nationalists perceived the world than he is in the general patterns revealed by the formation of nations.

In Storm's view, the power of nationalism lies not in its ideological appeal but in its omnipresence. There is almost no cultural activity that is not at least to some extent organized on national lines: think of art, literature, music, cuisine, dress, the standardization of languages, the collection of antiquities, the curation of museums. Popular novels and films often stoke nationalism. Sporting competitions, such as the World Cup and the Olympics, remind people of the thrill of vicarious identification with their community. Nationalism is so readily a part of everyday life that nationalist leaders, such as Modi and Trump, can easily tap into it. Storm uses a dazzling range of references from across the world to show how nationalism becomes a matter of fact more than an ideology—including in his delicious recounting of the

rise of gastrodiploacy, the drive to brand cuisine in national terms. That ubiquity is also why nationalism is so inescapable, and so powerful as a force for mobilization.

Storm places the birth and initial spread of nationalism in the crucible of the Atlantic revolutions of the eighteenth century. The ideals of the French Revolution and its emphasis on popular sovereignty disseminated quickly. Jacobin clubs popped up in places as far from Paris as Constantinople and Aleppo. The Napoleonic wars spurred the growth of nationalism, partly by inspiring state building and constitution writing. American ideas of sovereignty and popular participation were inspirational, as well, but the United States as a model proved harder to emulate. Acts of resistance also galvanized nationalism. In Europe, for instance, the notion of Polish national identity grew out of the experience of foreign domination; so, too, were many of the nationalisms of the colonized world forged in rebellion against empires. It was not just the Western model of the nation-state that spread; Storm also points to the influence of reformist authoritarian regimes in Asia, such as Japan, in positing an alternative model worthy of emulation.

From 1815 onward, a Romantic form of nationalism that imagined the nation as a cultural homeland took deep roots in German-speaking parts of Europe. In the nineteenth century, cultural nationalism had great allure in central Europe, where political institutions were less developed and unable to become the focal point of national identity; such cultural nationalism at once signaled pride in the past and fear

of the future. This was true in central Europe at that time, and it remains true of many German-inspired cultural nationalisms, such as contemporary Hindu nationalism in India. Storm also contests the old adage that nationalism required a commercialized middle class to take root—the idea that without a bourgeoisie, national consciousness could not spread. In fact, in Germany and Japan, for instance, nationalism was often a project undertaken by aristocratic or authoritarian elites. These nationalisms did not always share the civic and participatory character of revolutionary nationalisms.

Storm does follow the conventional narrative that holds that the geopolitical crisis of World War I followed by the decolonization after World War II consolidated the nation-state system around the world. The so-called neo-liberal turn in the late 1970s, with its emphasis on trade, global financial flows, and greater migration, might seem to have attenuated nationalism. But Storm argues that even in this period, countries were using the technologies of globalization to project their national cultures, not to do away with them.

Global histories, by dint of their ambition, can be risky. For one, they can overemphasize similarity and suppress difference. In Storm's account, the nation-state appears as a kind of technology, available for "pirating," in the words of the anthropologist and theorist of nationalism Benedict Anderson, whom Storm quotes. Certainly, there was a lot of emulation. All nation-states have flags, national museums, national languages, famous historical icons, and so forth. But

countries do not all pirate the same content. It is not especially helpful to think of nationalism as a force that spread through the power of imitation when considering countries as disparate as Brazil, China, France, Germany, India, Israel, Japan, Pakistan, Russia, Turkey, and the United States. These countries, after all, differ in so many ways. The Russian nationalism espoused by President Vladimir Putin, for instance, is the product of resentment, the experience of a perpetual gap between the country's self-image and its actual power. By contrast, American nationalism immediately after the end of the Cold War engaged the world with openness and confidence, projecting hope rather than fear. Some contemporary nationalisms, such as those in India, Russia, and Turkey, are animated by memories of territorial loss, while others have an uncompromising sense of the permanence and security of their borders. These distinctions matter for understanding how countries imagine the past, what cultural projects they might undertake, and how they might behave in geopolitics.

#### COLLECTIVE NARCISSISM

For as much as nationalism can define a country's orientation to the rest of the world, it is principally inward-facing. Delany, the nineteenth-century abolitionist, keenly understood a paradox that is central to nationalism: one group's nationalist project can represent bondage for another. Black, Native American, and other nonwhite people found themselves marginalized by the way the American nationalist project had been defined. Yet the only recourse

he could imagine was for Black Americans to find a space where they, too, could be dominant and advance a nationalist project of their own.

Nationalism has been a liberating force, but it has also been exploited to justify the abridgment of rights. In the twentieth century, conflicts over membership—who can belong to a nation—had the divisive force that religious conflicts had in the seventeenth century. Liberalism, in both the West and in non-Western countries, is struggling in part because although liberals have a theory of the state and even a theory of secular and religious power, they have never had a cogent theory of membership. They have muddled through on questions of immigration and national identity and have often ceded ground on these questions to the nationalist right. Civic notions of national belonging, which liberals prize, have come under huge strain in recent years in many countries. The costs of freer trade, immigration, and capital mobility have been unevenly distributed. Even the cultural anxieties produced by the need to confront a country's past wrongs can be felt differently across different groups within a nation. Publics increasingly do not trust liberals to govern in a way that genuinely addresses these fears. Instead, they turn to the simple solace of nationalism and the veneration of the nation.

The formation of nation-states almost everywhere was a story of conflict between cultural groups. Storm struggles to recognize this fact. "The invention of the nation-state during the age of revolutions," he writes, "was the consequence of a conflict about politi-

cal legitimacy in which ethnic, cultural, and language differences did not play a substantial role." As a description of the self-representation of the French and American Revolutions, this might be true. The French Revolution may have inaugurated inclusive citizenship by turning subjects into citizens. But the availability of the category of "the people" also made possible the crimes that could be done in the name of the people. The process of forming the people, creating the conditions for national homogeneity, was and still is accompanied by ethnic cleansing—or sometimes genocide. Even so-called civic nationalisms often rely on a cultural core more than they acknowledge. Think of the persistence of a Christian understanding of American identity. Even ostensibly civic nations must deal with ethnic contestation, as witnessed in Canada, India, the United States, and elsewhere.

Every nation-state that has ever been formed has for most of its history excluded some group or the other. The blood and drama of nationalism is not the demand for a state, the upswell of a people claiming their sovereignty; it is found more often in one group's achievement of dominance over territory and over other peoples. If ethnic or cultural issues did not seem to play much of a role in the French and American Revolutions and the birth of those nation-states, it is not because they were absent; some groups had already managed to establish enough dominance over others prior to the uprisings. In France, the Catholics were supreme; in the British colonies that became the United States, white people had sidelined nonwhite people.



The difference between France and the United States and the likes of India, Ireland, Turkey, and African countries is not that ethnic, cultural, or language issues did not play a substantial role in the eighteenth century. It is rather that those countries were born when specific religious, cultural, or linguistic groups had already cemented their dominance by subjugating or expelling minorities. The Protestant ascendancy in England, for example, was an established fact as English nationalism consolidated in the eighteenth century. In newer nations, the same process of one group's trying to establish its dominance has sparked numerous conflicts: the twentieth century offers many examples of such strife in postcolonial countries. But the formation of most nations has taken place under the shadow of majoritarian dominance at some point. That is what Delany was trying to remind Americans. While at one level, the story of nationalism is a story of deepening citizenship, it is also inescapably a story of exclusion.

Nationalism may have acquired an all-encompassing and sociological reality, as Storm argues. Its enduring power, however, is not just in its institutional forms but also in its psychological attractions. It offers a theodicy of sorts, an explanation for evil and woe. Societies can conclude that their collective struggles arise from the fact that they are not nationalist enough—or that some people in their ranks have let down the nation. Sarvepalli Radhakrishnan, a philosopher and eventual president of India, once warned about the dangers of nationalism. "Nations have become mysterious symbols to whose protection we

rally as savages to fetishes," he said in 1936 in a lecture at Oxford. The paradox of the modern age is that the rational emancipated individual is also the most vulnerable to a new form of collective narcissism.

One of the remarkable features of nationalism is that sustaining it requires constant political mobilization toward the achievement of a goal or the defeat of a threat. Nationalism relies on internal and external enemies to retain its evocative power. Whether in China, India, Russia, Turkey, or the United States, nationalism can be sustained only by reverting to this old playbook. All the major powers feel that other powers are out to undermine them: Russia is threatened by the West, China fears subversion by the United States, and the United States frets about "the China challenge." No nationalism can survive if it does not privilege its own interests over the interests of others. In principle, a nation could be energized by the higher goal of embodying universalist principles in the service of humanity. So hoped some intellectuals during the Enlightenment who saw the nation as a carrier of a universalist spirit. So, too, did anticolonial nationalists in the twentieth century conceive of their battles against Western empires in this way. But they soon discovered that the realities of global politics meant that one could be nationalist or universalist, but not both. Storm suggests hopefully that a planetary crisis, such as climate change, might attenuate nationalism. But it is a feature of nationalism that it cannot contemplate any goal higher than itself, no matter the cost. 🌐

REVIEW ESSAY

# What Iran Wants

## The Roots of the Islamic Republic's Conflict with the West

CHRISTOPHER DE BELLAIGUE

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*Iran's Grand Strategy: A Political History*

BY VALI NASR. Princeton University Press, 2025, 376 pp.

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Since October 7, 2023, the long arm of Iran has seemingly been everywhere in the crises that have beset the Middle East. With its eye on Hezbollah, Iran's heavily armed Shiite ally in Lebanon, Israel was wholly unprepared for the devastating ground assault launched from Gaza by Hamas, a Palestinian militant group that was also backed by the Islamic Republic. Nor had the West anticipated that the Houthis in Yemen, a supposedly ragtag militia that had received a large arsenal of missiles from Tehran, would be capable of bringing global shipping in the Red Sea to a near standstill.

The conflicts unleashed by these regional allies have not been particularly kind to the Iranian leadership. Among Iran's serial humiliations have been the July assassination, in a Tehran government guesthouse, of Ismail

Haniyeh, Hamas's political leader—a stark demonstration of the extent to which Israeli intelligence had penetrated the Iranian security forces—as well as the damage done to Hezbollah and the elimination of most of its senior ranks, including its formidable leader Hassan Nasrallah. In addition, Israel has carried out the largest airstrikes it has ever launched against Iran, reportedly weakening the country's air defenses, and the Islamic Republic has witnessed the rapid fall of its longtime close partner, Bashar al-Assad's regime in Syria.

In *Iran's Grand Strategy: A Political History*, Vali Nasr sets out to make sense of the international statecraft that, over many decades, has led Iran to its current precarious position. A veteran scholar of Iran and the Middle East, Nasr argues that the regime's

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strategic vision is informed less by a revolutionary intent to spread Islamist ideology than by a concept of national security rooted in regional rivalries, Iran's historical experience, and familiar anti-imperial and anti-colonial currents of the late twentieth century. "Islam remains the language of Iran's politics," Nasr writes, describing the state's religious underpinnings as a way for Iran to "realize political and economic interests at home and define national interests abroad." But, he adds, "those aims are now secular in nature."

Drawing on Nasr's close monitoring of generally overlooked Iranian sources, this informative and useful book comes at a potential turning point for the Islamic Republic. With U.S. President Donald Trump determined to revive the "maximum pressure" campaign of his first administration, Iran's 85-year-old supreme leader, Ayatollah Ali Khamenei, faces a dilemma: capitulate to Washington, which would bring sanctions relief but require a far more restrictive nuclear deal and the drastic curtailment of Iran's assertive foreign policy, or pursue a nuclear weapon, inviting preemptive—and this time, potentially catastrophic—Israeli and American strikes. Last October, one of Khamenei's senior advisers asserted that if Israel attacks Iran's nuclear sites, the supreme leader might reconsider his earlier decrees outlawing the development and use of weapons of mass destruction. In trying to fathom how Iran will react, it will be equally important for the West to abandon outmoded ways of seeing the regime in Tehran and to identify the true sources of its conduct and outlook, many of which lie in the past.

#### KARBALA COMPLEX

In 2001, Iran's elite Islamic Revolutionary Guard Corps (IRGC) asserted in one of its official histories that the eight-year war that the country fought against Saddam Hussein's Iraq in the 1980s would affect "every issue of internal and foreign policy of the Islamic Republic of Iran for at least the next several decades." It is a view that Khamenei has repeatedly endorsed, including as recently as 2022. Western analysts have often downplayed the significance of the Iran-Iraq War, in part because it ended in stalemate and in part because the United States and many of its allies, having supported Saddam's Baathist dictatorship, went on to make an embarrassing about-face and overthrow him 15 years later. For their part, exiled Iranian opposition figures see no profit in praising the heroic defiance of the Islamic Republic in the face of its tyrannical neighbor.

Nasr restores the war to its rightful place as the defining event of post-revolutionary Iran. He argues that this horrendous, drawn out, attritional conflict—as many as a million people were killed on both sides—engendered the strategic culture that has guided Iran's behavior over much of the subsequent three and a half decades, including in the present era. He describes that culture as rooted in a vision that blends "encirclement fears and outsized ambition"—a combination that has led Tehran to use proxy forces and clients across the Middle East, as well as asymmetric means, to hurt better-equipped enemies such as Israel and the United States.

For Saddam, the 1979 Iranian Revolution represented an opportunity. Having watched the overthrow of the

U.S.-backed shah of Iran, Mohammed Reza Pahlavi, and the diplomatic crisis that was triggered when followers of the country's new leader, Ayatollah Ruhollah Khomeini, overran the U.S. Embassy in Tehran and took more than 50 Americans hostage, the Iraqi leader saw a chance to seize territory, liberate Iran's Arab minority from the Persian yoke, and strangle the fledgling theocracy that had been urging Iraq's Shiites to overthrow his own Sunni-dominated government.

But the invasion that Saddam launched in September 1980 had the unintended effect of strengthening Iran's new clerical regime. It took the Iranians less than two years to recover the territory they had lost in the initial Iraqi attack and throw the enemy back across the Shatt al Arab, the two countries' riverine border. By this point, Khomeini had undertaken a purge of liberals and leftists; supplanted the army he had inherited from the shah with a militant new force, the IRGC; and situated himself at a contemptuous—and, to millions of Muslims across the greater Islamic world, inspiring—distance from both the Soviet Union and the United States. When a Pakistani journalist asked the ayatollah to explain the benefits of the revolution, he answered, "Now all decisions are made in Tehran."

Fearful that Khomeini's radicalism would prove contagious, the West, the Soviet bloc, and much of the Arab world rallied around Saddam. France sold him Mirage fighter jets, the Reagan administration gave him U.S. intelligence, and the Soviets supplied tanks and missiles. From Saudi Arabia, he received billions of dollars of loans and rations for his troops. Subjected to an almost watertight

international arms embargo, Iran was forced to rely mostly on self-sufficiency, religious zeal, and patriotism.

Interviewing veterans of the war in Iran two decades ago, I learned how powerful this zeal was. I heard about teenage members of the volunteer Basij militia putting on aftershave before a suicide mission in order to smell good for their maker. Young women deliberately chose husbands from among soldiers who had been terminally poisoned by the chemical weapons that Germany, the United Kingdom, and the United States had supplied to Saddam. The former fighters I spoke with in the central Iranian city of Isfahan would sometimes break off midsentence, coughing feebly, their faces red and their chests tightening as the gas they had inhaled more than a decade earlier slowly destroyed them.

In the summer of 1982, what the regime had dubbed "the sacred defense" became an offensive campaign when Iranian forces crossed the Shatt al Arab. In the end, nearly a decade of war against a vastly better-supplied foe cost Iran up to half a million lives, even as Iranian forces failed to topple Saddam or permanently gain any Iraqi territory. The new aims of the war, the leadership asserted, were to wipe out Israel and inspire the people of the mainly Sunni Gulf monarchies to rise against their Western-backed rulers. A popular slogan among Iranian volunteers was, "The path to Jerusalem runs through Karbala," the central Iraqi city that contains revered Shiite shrines.

In fact, the path ran through Lebanon, where Hezbollah, the Shiite militia that Iran had set up in 1982, battled Israel's occupying army and staged huge attacks against U.S. and French troops.



Boss man: IRGC personnel carrying portraits of Khamenei at a rally in Tehran, January 2025

It ran through Mecca, where, in 1987, a demonstration by Iranian pilgrims was suppressed by the Saudi authorities. Around 400 people died in the clash, including more than 200 Iranian pilgrims. Akbar Hashemi Rafsanjani, the speaker of the Iranian parliament and Khomeini's closest confidant at the time, responded by calling on the faithful to "uproot the Saudi rulers" and "remove the colossal and precious wealth belonging to the Islamic world . . . from the control of criminals." And long after the formal end of hostilities between Iran and Iraq, the path to Jerusalem ran through Buenos Aires, where Argentine authorities and international investigators accused Iran of masterminding the bombings of Israel's embassy in 1992 and of a Jewish cultural center two years later.

In July 1988, a U.S. warship shot down an Iranian airliner, Iran Air 655, over the Persian Gulf, killing all 290 people on board. The United States, which

was trying to contain Iranian airpower, claimed that it had misidentified the aircraft as an F-14 Tomcat fighter jet. (President Ronald Reagan expressed regret for the error, although without apologizing.) The downing of flight 655 broke Khomeini's resolve. He likened his subsequent acceptance of a UN-brokered cease-fire to drinking poison. He died in 1989 and was succeeded by his protégé, Khamenei, who has, in Nasr's words, "towered over Iran's politics" ever since.

Noted for his tenacity and cunning, Khamenei is also a man of conviction, and his hatred for the United States is deeply felt. "America is like a dog," Nasr reports him as saying at one meeting of Iran's National Security Council; "if you back off, it will lunge at you, but if you lunge at it, it will recoil and back off." From President Jimmy Carter's decision to admit the shah into the United States after his overthrow in 1979—the event that triggered the U.S.

embassy takeover—to President George W. Bush’s inclusion of Iran in his 2002 “axis of evil” speech, to Trump’s unilateral withdrawal, in 2018, from the nuclear deal that Iran had signed with world powers and his imposition of hundreds of fresh sanctions, the supreme leader can call on much evidence to support his contention that the United States has long sought regime change in Iran.

#### SOLEIMANI’S LABYRINTH

By the early years of this century, however, the prospect of peace and a flood of U.S. investment held much appeal to more pragmatic Iranian politicians, notably Rafsanjani, who had served as president in the 1990s and who, with supporters among the clerical establishment, was rumored to have pursued a “grand bargain” with “the Great Satan”—the United States. He was succeeded by Mohammad Khatami, a moderate who more overtly sought to improve relations with Washington. Drawing on his interviews with Khatami, Nasr reports that when, in 2003, Khatami showed Khamenei a letter that he had drafted to Bush offering to resolve all outstanding differences with the United States, the supreme leader advised him not to send it. “America will let you down and will construe the letter as weakness,” Khamenei warned. Khatami sent it anyway, but Bush didn’t reply, and the Iranian president was forced to acknowledge that the supreme leader had been proved correct.

In Khamenei’s view, what matters is the long term. The pursuit of ideals is more important than their attainment, setbacks will always turn out to be temporary, and it may take generations to achieve victory. Costly and inconclusive

as it was, the Iran-Iraq War taught Iran how to get around Western sanctions by using shell companies and middlemen. The war also gave the IRGC a taste for private enterprise, anticipating the economic dominance, notably in energy and infrastructure, that companies linked to the corps enjoy today. It also gave the regime, or at least its most ideological, committed parts, a belief in its resilience and Iran’s ability to rebound from setbacks.

Perhaps most significant of all, the war transformed Iran into a technological autarky capable of manufacturing the sophisticated roadside bombs that Iranian-backed Shiite militias used to kill hundreds of American soldiers following the 2003 U.S. invasion of Iraq, the drones and ballistic missiles that Iran fired at Israel last October, and, of course, the spinning centrifuges that have propelled the Islamic Republic, in the teeth of international opposition, to the brink of becoming a nuclear weapons state. Saddam’s attack on Iran also inspired Tehran’s strategic doctrine of “forward defense,” which it formally adopted in 2003. What Iran’s rivals and adversaries see as aggression that sows chaos through sectarianism and dirty tricks is, in the regime’s view, a defensive attempt to neutralize threats before they reach the country’s borders.

The Islamic Republic consolidated the power of its Shiite allies in Iraq at the expense of Sunni factions (including the zealots of the Islamic State, or ISIS), subordinated the Lebanese body politic to Hezbollah, and sent thousands of IRGC and foreign fighters—mostly Afghan Shiites—to help Assad fight the rebels who wished to oust him in Syria. For much of the second decade of

this century, these efforts were overseen by the man who became the leading exponent of forward defense: Iranian General Qasem Soleimani.

In his early twenties at the beginning of the Iran-Iraq War, Soleimani joined the IRGC and undertook acts of sabotage inside Iraq. He rose fast and in 1998 was given command of the IRGC's Quds Force—its “Jerusalem” brigade, as the corps calls its overseas operations arm. He was also no inflexible ideologue, and following the September 11 attacks, he gave the United States intelligence that helped it topple their shared enemy in Afghanistan, the Taliban. But Soleimani harbored no illusions about any “grand bargain.” He likened Washington's relationship with Iran to that of “a wolf and a sheep.” Nor was he impressed by the quality of the Syrian forces he was obliged to work with when directing Iran's military intervention in that country. “The Syrian Army is useless!” he told an Iraqi politician, according to a *New Yorker* profile of Soleimani that appeared in 2013. “Give me one brigade of the Basij and I could conquer the whole country.”

Regardless, Soleimani's achievements were significant. In 2015, he personally persuaded both Russian President Vladimir Putin and the Hezbollah leader, Nasrallah, to intervene in the Syrian conflict, in the process allowing the Assad regime to survive for nearly a decade. That same year, he also orchestrated the recapture, by Iraqi and IRGC forces, of the important Iraqi city of Tikrit from the Islamic State. He combined the bravado of a gladiator, the guile of a spymaster, and the imperiousness of a viceroy. A former senior Iraqi official described Soleimani

as “a shrewd, frighteningly intelligent strategist.” In one of the many revealing quotations that Nasr deploys, he reports that Soleimani told Khamenei, “We put the pill in Assad's mouth, but as soon as we turn our face, he spits out the pill.”

To preserve the spirit of the Iran-Iraq War, the Islamic Republic has built “sacred defense” museums around the country and sought to promote the values of fervor and self-sacrifice that were so central to that era through films, video games, and popular music. But these efforts have been largely unsuccessful. The 60 percent of Iranians who are under the age of 30 have no memory of the fighting. Many of them, confronted with economic isolation and eroding prospects at home, are incensed that the regime is diverting billions of dollars to the “axis of resistance,” which is what it calls its network of proxies and partners. Whenever Iran suffers one of its periodic spasms of unrest, as happened at the end of 2022 following the death of a young Iranian woman, Mahsa Amini, in police custody, protesters criticize Iran's overseas entanglements.

A recent video clip that was widely circulated on Iranian social media showed an Iranian boys' school whose headmaster was shouting, “Death to Israel!,” to which his pupils replied cheerfully, “Death to Palestine!” In 2022, Mir Hossein Mousavi, who was prime minister in the 1980s but turned against Khamenei in 2009 following a disputed election and who has been under house arrest ever since, lamented that the Islamic Republic was supporting Assad's “child-killing regime” and stirring up violence across the region. As evidence of what he called “the wickedness of this wrong path,” he cited the

“millions of refugees and hundreds of thousands of dead in Syria, [the] tarnishing [of] Hezbollah’s name, sectarian and ethnic wars in Yemen, the willingness of Arab states to join hands with Israel to confront the ‘Shia crescent.’”

#### THE NUCLEAR KNOT

In light of Iran’s recent missteps and the heavy blows that Israel has delivered to its regional prestige, it is tempting to regard Soleimani’s assassination in 2020 by a U.S. drone as a masterstroke by Trump, who authorized it near the end of his first term in office. If Soleimani had still been alive and able to influence events, it seems less likely that Hezbollah would have launched its ill-advised attack on Israel after Hamas’s October 7 atrocities—a decision that led to furious Israeli retribution that not only cost the life of Nasrallah and many of his senior commanders but also disrupted the flow of arms and money that it was receiving from Iran. And Iran might not have allowed Assad to fall so easily last December, which was a crushing blow to Khamenei: a senior IRGC commander once described Syria as “the key to the region; what we lose in losing Syria exceeds what we have at stake in Iraq, Lebanon, and Yemen.”

There is no straightforward way for Iran to recover from the setbacks of the last year. “Today, even if the Islamic Republic chose to abandon forward defense, it would not be easy to do so,” Nasr writes—and that was before Assad’s fall in December. The nuclear dilemma makes Tehran’s position all the more fraught, by likely forcing it into a headlong confrontation with the Trump White House. And unlike in the years after the Iran-Iraq War, when Iran had

the advantage of a comparatively youthful leadership, Khamenei and his inner circle have become a gerontocracy, and a new generation is increasingly impatient with clerical rule.

But it may not be the end yet. For all the Islamic Republic’s exhaustion and brittleness, and the readiness of millions of Iranians to take to the streets to express their disdain for it, the people are fiercely protective of their country, and outside attacks tend to bring them together. Increasing the uncertainty is the question of the Iranian succession. Khamenei’s preferred choice to follow him as supreme leader seems to be his second son, Mojtaba, who is 56 and whom Nasr describes as his “principal adviser.” In a recent interview, Abbas Palizdar, a close associate of Mojtaba, referred to widespread corruption in the “ruling circles” of the Islamic Republic and expressed his confidence that should Mojtaba take over from his father, he would not only “break the neck of the corrupt” but also increase social freedoms and release political prisoners. That would put him in the same category of reforming modernizer as Saudi Arabia’s crown prince, Mohammed bin Salman.

And yet Mojtaba spent the Iran-Iraq War serving in a battalion of the IRGC that was known for its ideological purity and, according to Nasr, wishes to “perpetuate the strategies of resistance and forward defense born during the war.” He has also shown no sign of being any less committed to the nuclear program than was his father. If Mojtaba does indeed become supreme leader, not only will the Islamic Republic come closer to becoming a hereditary monarchy, but the forward defense may get a second wind. 🌐



## Recent Books

### Political and Legal

G. JOHN IKENBERRY

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*The Assault on the State: How the Global Attack on Modern Government Endangers Our Future*

BY STEPHEN E. HANSON AND  
JEFFREY S. KOPSTEIN. Polity, 2024,  
182 pp.

*Ungoverning: The Attack on the Administrative State and the Politics of Chaos*

BY RUSSELL MUIRHEAD AND  
NANCY L. ROSENBLUM. Princeton  
University Press, 2024, 280 pp.

**T**hese two books present vivid accounts of right-wing movements that seek to undermine the modern regulatory state, or what conspiracists call “the deep state.” Until recently, a capable government bureaucracy had been widely seen as a triumph of enlightened political development, an essential tool for addressing public health, the environment, education, and much else. But in the last decade, the once fringe views of libertarians, religious nationalists, and champions of unfettered executive power have seeped

into mainstream discourse. Hanson and Kopstein persuasively argue that the long-term impact of this global backlash against “unelected bureaucrats” will lead not to freer societies but to ones marked by corrupt and personalistic authoritarian rule. Many countries, including the United States under President Donald Trump, are moving in this direction. The authors warn of a return to a premodern form of political rule, or what the German sociologist Max Weber called “patrimonialism,” whereby private interests overseen by a strongman leader appropriate state power for their own narrow ends.

Muirhead and Rosenblum, focusing on the United States, see the recent attacks on the legitimacy of government as part of a broad illiberal project of “deconstruction.” The conspiratorial right aims to degrade the state’s ability to collect taxes, conduct diplomacy, prosecute violations of civil rights, and otherwise carry out its duties. In explaining the sources of this assault, the authors point to, among other factors, a countercultural movement bent on restoring the primacy of what it sees as white Christian traditions. The message of both books is that a reckoning is coming. Antistatist political rebellion can lead only to bungled responses to pandemics,

crumbling infrastructure, unregulated banking, and the erosion of standards for water, food, and medicine. To avert this dystopian future, societies will have to reimagine capable governments responsive to the deep problems of modernity.

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*Climate Justice: What Rich Nations Owe the World—and the Future*

BY CASS R. SUNSTEIN. MIT Press, 2025, 216 pp.

In this tightly argued treatise on climate justice, Sunstein contends that rich countries, which have emitted most of the carbon in the atmosphere, have a moral imperative to aid poor countries, as well as future generations. He poses a thought experiment: if each person were equally counted, no matter where or when he or she lived, what policies would comprise a fair and just attempt

to deal with climate change and its implications? Drawing on utilitarian calculations of costs and benefits, the book develops a logic of obligations over space and time: wealthy countries owe much to poorer ones, just as the current generation owes much to future generations. Sunstein creatively wrestles with how to quantify gains and losses resulting from climate policies. The basic intuition underlying his redistribution proposal is that in terms of mitigating the harms of climate change, any given sum of money would have a bigger impact in the developing world than it would in the developed world.

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*Nations, States, and Empires*

BY JOHN A. HALL. Polity, 2024, 244 pp.

The modern era is often seen as a grand drama in which a world of empires

After 15 years of reviewing books on Asia for *Foreign Affairs*, ANDREW J. NATHAN is retiring from his post. Nathan reviewed hundreds of books in these pages with the easy precision and elegance that made his work a model of the craft. We remain so grateful for his sharp judgment, fine prose, and all the contributions he has made to the magazine in recent decades.

Nathan's position will be filled by not one but two eminent scholars. ELIZABETH ECONOMY begins this issue as our new reviewer of books on East Asia, while PRATAP BHANU MEHTA joins as our reviewer of books on South Asia.

Economy is co-director of the U.S., China, and the World Project at Stanford University's Hoover Institution. From 2021 to 2023, she was senior adviser for China at the U.S. Department of Commerce.

Mehta is the Laurance S. Rockefeller Visiting Professor for Distinguished Teaching at Princeton University and an honorary senior fellow at the Centre for Policy Research in New Delhi. He is a contributing editor at *The Indian Express*.

We are also pleased to announce that KEN OPALO will begin as our reviewer of books on Africa in our May/June 2025 issue. Opalo is an associate professor at Georgetown University's Walsh School of Foreign Service and the author of *Legislative Development in Africa: Politics and Postcolonial Legacies*.

gave way to a world of nation-states. In this impressive study, Hall argues that modern empires and nation-states are deeply entangled. Although independent countries now populate the globe, imperial projects have not disappeared. Before the rise of the West, most of humanity lived in or around what Hall calls “imperial worlds”—large, diverse, agrarian systems forged through conquest and ruled by military and political elites. Nationalism was both a cause and a consequence of European imperialism and war. Imperialists leveraged nationalist sentiment at home to manage the domestic tensions created by class politics and capitalist expansion, and their subjects abroad used it to rally support for independence. For Hall, China, Russia, the United States, and even India and Turkey still embody, in very different ways, imperial ideas, with Russian President Vladimir Putin’s invasion of Ukraine being the most extreme case in point.

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*Technology and the Rise of Great Powers: How Diffusion Shapes Economic Competition*

BY JEFFREY DING. Princeton University Press, 2024, 320 pp.

Ding explores how technological revolutions shape the rise and decline of great powers. Some states are better at taking advantage of breakthroughs than others. The United Kingdom did it in the First Industrial Revolution, in the eighteenth century. The United States pulled it off in the Second Industrial Revolution, in the nineteenth century, and again in the twentieth, leaping ahead of Japan in the information rev-

olution. Today, China is pursuing dominance in the Fourth Industrial Revolution by trying to position itself as the world’s primary center for science and technological innovation. Ding’s argument is that what matters at each of these technological turning points is not who originates the innovations but which countries are successful in adapting them at scale. Ordinary engineers matter more than heroic inventors. If he is right, China may be learning the wrong lessons from the past.

## Economic, Social, and Environmental

BARRY EICHENGREEN

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*Behind the Curve: Can Manufacturing Still Provide Inclusive Growth?*

ROBERT Z. LAWRENCE. Peterson Institute for International Economics, 2024, 360 pp.

Lawrence considers how government can create high-paying manufacturing jobs, a common goal of the Biden and Trump administrations. In seeking to increase the share of manufacturing in total employment, U.S. policy is pushing against the tide. Although the country’s manufacturing output continues to expand, manufacturing employment does not, reflecting mechanization and other factors that have boosted output per worker. Trade similarly limits manufacturing employment in the United States and other advanced economies since low-income countries have a comparative advantage in manufacturing activities that

use semiskilled labor. Advanced countries are more likely to hold on to manufacturing jobs involving specialized tasks, but since these require skilled labor, policies promoting them have the perverse effect of widening income inequality. Lawrence concludes that although industrial policies might aid certain workers and specific U.S. states, they are unlikely to benefit American workers overall. To address low pay and worker displacement, he recommends expanding trade adjustment assistance to workers in declining industries, retraining workers to fill high-wage service-sector jobs, providing federal wage insurance that compensates displaced workers for income losses, and creating a better-targeted tax and transfer system.

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*Richer and More Equal: A New History of Wealth in the West*

BY DANIEL WALDENSTROM. Polity, 2024, 256 pp.

Conventional wisdom, shaped by the economist Thomas Piketty, holds that changes in the concentration of wealth among the richest people in advanced economies followed a U-shaped pattern over the past century: high at the outset, declining as a result of the Great Depression and World War II, and then rising in recent decades, owing to deregulation and the dilution of progressive taxation. Waldenstrom dissents, arguing that a more comprehensive analysis, incorporating data on real estate holdings and pension wealth, tells a different story. The wealth-to-GDP ratio rose without interruption over the past century, while the share

of wealth held by those at the top of the income and wealth distribution showed a steady decline. Whereas the elites hold their assets mainly in stocks and bonds, the wealth of the masses lies mainly in their homes and pensions, which were neglected in earlier analyses. The property and pension wealth of the working class has grown faster over the last hundred years than the capital holdings of the elite. Waldenstrom insists that the century has been marked by the democratization of wealth, not spiraling inequality.

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*Left Behind: A New Economics for Neglected Places*

BY PAUL COLLIER. PublicAffairs, 2024, 304 pp.

Collier contemplates the fate of left-behind places, such as South Yorkshire in the United Kingdom, devastated by the loss of its steel industry, and the Colombian city of Barranquilla, whose entrepot trade evaporated when its estuary silted up. In these cases and others, he blames centralized decision-making and blind faith in the market for failing to stem persistent decline. But he also highlights exceptions to the rule: left-behind places that rose from economic ruins. Examples include formerly depressed but now vibrant cities, such as Pittsburgh, and once stagnant but now relatively successful developing countries, such as Bangladesh and Rwanda. Keys to economic rejuvenation in these left-behind places are the devolution of decision-making powers to local and regional authorities, as well as having sufficient financial resources to imple-

ment the resulting bottom-up decisions. Collier reserves his harshest criticism for his own country, the United Kingdom, which has been singularly unsuccessful in lifting up neglected cities and regions.

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*Visions of Financial Order: National Institutions and the Development of Banking Regulation*

BY KIM PERNELL. Princeton University Press, 2024, 320 pp.

Pernell draws insights from economics and sociology to analyze why the global financial crisis of 2008–9 played out differently in Canada, Spain, and the United States. Whereas regulatory policy was decentralized and permissive in the United States, it was centralized and strict in Canada and centralized but ineffective in Spain. To explain why, Pernell deploys the concept of “principles of order,” by which she means national understandings of the roots of economic prosperity and stability. U.S. regulators were influenced by their long-held belief in the merits of economic competition, which led them to have too much faith in the self-correcting and disciplining tendencies of the market. Canadian regulators, by contrast, believed that freedom for financial markets should be balanced against protection for vulnerable users of banking services. Spanish regulators followed a long-standing national tradition of vesting regulatory authority in a single all-powerful administrator, the Bank of Spain, which left the country with no mechanism for correcting policy mistakes. Each country’s distinctive approach was rooted

in its history and embedded in its economic and political institutions.

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*Europe’s Banking Union at Ten: Unfinished Yet Transformative*

BY NICOLAS VÉRON. Bruegel, 2024, 160 pp.

In 2012, responding to the eurozone debt and financial crisis, European leaders agreed to create a banking union. They transferred oversight of the EU’s big banks from national supervisors to a single European supervisor, the European Central Bank. Véron uses official reports, secondary sources, and participant interviews to describe the negotiations leading up to this decision. The crisis, he shows, underscored the problems of decentralized supervision. National supervisors encouraged banks to hold the bonds of their own governments, helping fund public debts and relieving pressure on politicians to correct excessive deficits. When their banks then experienced difficulties, governments felt compelled to bail them out, which created additional perverse incentives and financial difficulties for the governments themselves. Transferring supervision to a supranational entity finally severed this “diabolic loop,” as the dangerous symbiosis between banks and their governments came to be known. But Europe’s banking union is incomplete. Crises are still mostly managed at the national level. European banks continue to hold the bonds of their own governments, reflecting the reluctance of governments to allow revision of the regulations and procedures that have created a captive market for their own liabilities.

technology systems from what Washington expected would be a Russian cyberwar. But the United States was not quite prepared for the attack that actually arrived, which resembled the great wars of the previous century more than a futuristic techno-war.

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*The Infernal Machine: A True Story of Dynamite, Terror, and the Rise of the Modern Detective*

BY STEVEN JOHNSON. Crown, 2024, 368 pp.

This enthralling account of anarchists in the late nineteenth and early twentieth centuries shows how they valued dynamite (which newspapers dubbed “the infernal machine”) as the key to political change. The point was made dramatically in 1881 when People’s Will, a nihilist militant group in the Russian Empire, blew up Tsar Alexander II. Anarchists rivaled Marxists in their efforts to capture the radical imagination, offering visions of a society shorn of an overbearing state. Yet they helped defeat their own cause. Instead of undermining the state by killing off plutocrats and presidents, anarchists ended up strengthening it. Johnson shows how police forces, irked by the anarchist threat, developed new techniques of detection and surveillance. In exploring the turbulence of that era, he draws compelling portraits of the revolutionaries Emma Goldman and Alexander Berkman, both émigrés to the United States from tsarist Russia. Berkman unsuccessfully tried to assassinate an industrialist. The association of anarchism with bomb throwing, writes Johnson, was “arguably one

of the most disastrous branding strategies in political history.”

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*Threat Multiplier: Climate, Military Leadership, and the Fight for Global Security*

BY SHERRI GOODMAN. Island Press, 2024, 272 pp.

Goodman’s energetic book is less an analysis of the entanglement between climate change and national security than it is a personal story about how to bring about change in both policy and practice. In 1993, she was recruited by the Clinton administration to serve as a deputy undersecretary of defense for environmental security at the Pentagon, where she ensured that closing bases were cleaned up and encouraged energy efficiency to reduce emissions. After her stint in government, she continued her advocacy at think tanks. The term “threat multiplier” is used to give a hard edge to what might otherwise be seen as a soft concern. From the start, she faced skepticism as a young female academic trying to persuade hardened warfighters that they needed to take environmental issues seriously. She chronicles how they came to appreciate the relevance of her concerns: for instance, a submariner in the Arctic found on surfacing that the ice he could once walk on had now almost melted.

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*Spetsnaz: A History of the Soviet and Russian Special Forces*

BY TOR BUKKVOLL. University Press of Kansas, 2024, 306 pp.

*The Wagner Group: Inside Russia's Mercenary Army*

BY JACK MARGOLIN. Reaktion Books, 2024, 328 pp.

These meticulously researched books illuminate the history of two storied Russian military outfits. Bukkvoll, a Norwegian defense analyst, uses a vast range of sources to put together a comprehensive history of Soviet and Russian special forces, known as *spetsnaz*. He charts their trajectory from their formation early in the Cold War, when they were tasked with going behind enemy lines to neutralize short-range nuclear systems, on through to their development as elite units capable of operating with flexibility and initiative in a variety of settings. They supported the growing Soviet interest in the developing world through both training missions and active combat in Africa. They came into their own with the Soviet intervention in Afghanistan during the 1980s, which gave them the scope to demonstrate their effectiveness, albeit as part of a failing campaign. They have served since in various theaters in post-Soviet Russia, notably in Chechnya. And they have been deployed in Ukraine since 2014, although Bukkvoll suggests that here they have fared poorly along with the rest of the Russian army.

Margolin takes on the more recent rise and fall of Wagner, the private Russian military force. Yevgeny Prigozhin, a former petty crook and caterer in St. Petersburg, used his association with

President Vladimir Putin to create a web of companies dabbling in all sorts of dubious activities, including information warfare. Wagner, the military arm of Prigozhin's group, emerged in 2014 as the Kremlin searched for a way to support militias inside Ukraine without directly involving Russian troops. Subsequent Wagner operations in Syria and Africa built up the group's capacity and fostered a self-serving mythology. Wagner gained prominence after the full-scale invasion of Ukraine in 2022. Prigozhin no longer eschewed publicity but instead highlighted his unorthodox methods, which included recruiting from prisons. He insisted that his hardened soldiers were more accomplished than the Russian regulars and lamented the dim bureaucracy of the Ministry of Defense. Margolin's gripping narrative describes how this power struggle led to Wagner's aborted mutiny in June 2023, after which Prigozhin acted as if he could avoid the normal fate of traitors. In August 2023, his aircraft exploded in the sky.

## East Asia

ELIZABETH ECONOMY

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*House of Huawei: The Secret History of China's Most Powerful Company*

BY EVA DOU. Portfolio, 2025, 448 pp.

**D**ou offers a straightforward and compelling account of the rise of Huawei, the giant Chinese telecommunications company. Founded in Shenzhen as a collectively owned enterprise in 1987, Huawei now

operates in over 170 countries and rakes in annual revenues close to \$100 billion. In Dou's telling, much of the company's success derives from its founder, Ren Zhengfei, an innovative, fiercely competitive, and fearless entrepreneur who occasionally skirted the law—and perhaps even broke it. Also crucial to the company's growth was the mutual dependence it developed with the Chinese Communist Party. As Dou documents, the CCP provided the firm with capital and market opportunities at critical junctures, and Ren openly aligned the company with the party's political priorities. By 2007, almost 20 percent of Huawei's employees were CCP members—roughly three times the percentage of CCP members in China's population. Dou's finely detailed account of the 2018 detention of Ren's daughter Meng Wanzhou in Canada, and the evidentiary paper trail supporting accusations of fraud and conspiracy to commit fraud, is particularly vivid. It also underscores one of the many strengths of the book: Dou's commitment to withhold her judgment on a divisive issue and allow the facts to speak for themselves.

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*Everyday Democracy: Civil Society, Youth, and the Struggle Against Authoritarian Culture in China*  
BY ANTHONY J. SPIRES. Columbia University Press, 2024, 312 pp.

Spires tests the proposition that civil society organizations in authoritarian states, such as China, tend to emulate and reinforce the authoritarian norms of the government. Trained as a sociologist, Spires spent over a decade as a participant in and an observer of Chinese

civil society organizations. The result of his research is a fascinating book that complicates a simple view of Chinese civil society. He finds that nongovernmental organizations, university clubs, and professional associations that enjoy some form of government support often mimic the Chinese political system. They have hierarchical structures with authoritarian leadership styles, performance incentives, and an underlying norm of instrumentalism that encourages group members to participate to make political connections and secure future employment opportunities. By contrast, youth-based voluntary associations that do not receive government approval and support can serve as incubators for foundational democratic values and operational principles. Volunteers learn to value dissent, choose their own leaders, trust one another, share responsibility for decision-making and planning, and, in some cases, vote. Spires's work serves as an important reminder that even if they are not immediately evident, "democratic yearnings" are still being cultivated and expressed in China in meaningful ways.

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*North Korea: Survival of a Political Dynasty*  
BY RAMON PACHECO PARDO.  
Agenda, 2024, 152 pp.

Pacheco Pardo provides a short but fact-filled primer on North Korea. He swiftly traces the development of Korea from a unitary state in the seventh century BC to the division of the peninsula in the years after World War II. He explores in great detail the evolution of relations between North



Korea and South Korea, arguing that differences between the two countries are only increasing and that, as a result, the chances of reunification or even just reconciliation are quickly diminishing. The book devotes significant attention to how the Kim family dynasty has shaped North Korean domestic and foreign policy. Three generations of the Kim family have created a politically repressed and economically impoverished state that is nonetheless a pivotal actor on the global stage. Their relentless pursuit of nuclear weapons and advanced missiles has allowed North Korea to play on an equal footing with the world's most powerful countries, to provide arms and military training to emerging and middle-income economies, and to serve as a model for other authoritarian countries under dynastic rule. Pacheco Pardo concludes that North Korea presents a serious threat to the liberal international order in how it both governs itself and behaves on the global stage.

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*Private Revolutions: Four Women Face China's New Social Order*

BY YUAN YANG. Viking, 2024, 304 pp.

Yang offers an intimate look into the lives of four Chinese women who came of age in the early decades of this century. This was a period of reform and opening in China, yet these women, for the most part, did not immediately reap the benefits of economic liberalization. Instead, other forces shaped their lives, including Chinese society's low expectations for girls, the constraints of the *hukou* residency permit system that makes it hard for people

to move within China, and extreme financial vulnerability. One of Yang's protagonists, for example, became an itinerant factory worker at the age of 15 and endured six months of homelessness. Even when the women achieved success, political realities often intervened to upend their hard-won victories. One woman built a thriving private tutoring business only to watch it crumble when Chinese leader Xi Jinping cracked down on the industry. Another watched the funding for her community center dry up as the Chinese government placed new controls on foreign nongovernmental organizations and severely constrained philanthropy. Both these women were forced to painfully retool their enterprises to navigate the shifting political circumstances. Yang does not deliver happily-ever-after stories but powerful accounts of resilience in the face of adversity.

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*The Battle for Taiwan*

BY JONAS PARELLO-PLESNER.

Self-Published, 2023, 170 pp.

Through a series of long but engaging interviews with senior Taiwanese officials, military commanders, and business leaders, Parello-Plesner, a former Danish diplomat, explores Taiwan's resilience in the face of Chinese aggression. He assesses the island's civil and military preparedness, its domestic political unity, its cyber-capabilities, and its global manufacturing and trade dependencies. He also investigates how Taiwan's citizens are responding to rising cross-strait tensions: he reviews opinion polling, observes a popular

course that educates citizens on how to survive as internally displaced refugees, and interviews Taiwanese who have returned home after months spent in Ukraine supporting that country's fight for its democracy. Parello-Plesner appears heartened by Taiwan's efforts to protect its democracy but is nonetheless concerned that the measures adopted thus far are insufficient. Taiwan's ability to defend itself from China is, in his view, a matter of existential importance: at risk are the global economy, democracy, and the military balance of power. He reserves his final words for his fellow Europeans, calling on them to be ready to do their part to deter China and support Taiwan's democratic future.

## South Asia

PRATAP BHANU MEHTA

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*India's Near East: A New History*  
BY AVINASH PALIWAL. Hurst, 2024,  
480 pp.

Some of India's most consequential nation-building challenges have come in the eight diverse states that compose the northeastern part of the country. Since gaining its independence in 1947, India has had to wrestle with the intricate challenge of incorporating the many ethnic movements in the northeast into a new democracy. This was made more difficult by the fact that the region was fertile ground for meddling by China, Myanmar, and Pakistan. Paliwal uses the term "India's Near East" to tell a unified story of

New Delhi's domestic and geopolitical strategy for the region. India has used a mix of improvisation, co-optation, and coercion to control the northeast, often betraying its own constitutional values in the process. But this approach was profoundly shaped by hostile external security challenges, including Chinese and Pakistani support for militant groups in the northeast. Paliwal shows that despite several missteps, India has managed to establish a degree of stability in a region that could easily have slipped into greater chaos.

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*Chequered Past, Uncertain Future:  
The History of Pakistan*  
BY TAHIR KAMRAN. Reaktion  
Books, 2024, 568 pp.

This comprehensive history of Pakistan sets as its tragic and acute frame the tension between democracy and religious ideology in the country. Kamran candidly insists that "this paradoxical combination is pursued without any realization that it is bound to fail." The book boldly subverts the standard view of Pakistani politics as a contest of dueling binaries, religious and secular, military and civilian. Kamran ably describes how the centralization of the Pakistani state in the service of the military sidelined democracy. He dates the religious turn in Pakistan's politics to the founding, in 1950, of the Islamist social movement known as the Assembly to Safeguard the Finality of Prophethood, showing that the slide into religious politics began much earlier than its conventional attribution to the rise of the military dictator Zia-ul-Haq, who led a coup in 1977.

The book could have benefited from a sharper focus on the differences among Pakistan's regions, which are currently a source of stress for Islamabad, and a slightly less defensive stance on the creation of Bangladesh, in 1971. But it remains the best recent political history of the country, with a well-judged narrative of its crisis of legitimacy and sharp portraits of its major actors.

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*The Golden Road: How Ancient India Transformed the World*

BY WILLIAM DALRYMPLE. Bloomsbury, 2024, 432 pp.

This enchanting work of ancient history offers an important backdrop to understanding contemporary India. Dalrymple recovers a period that lasted from around 250 BC until roughly the eighth century, when India could plausibly be considered the center of the world. Indian goods flowed west; during much of this period, India was Rome's largest trading partner. The imprint of Indian art, architecture, and literary imagination shaped Southeast Asia. The grandest monuments of Hinduism can be found not in India but in Cambodia, notably at Angkor Wat. Buddhism, which originated in central India in the sixth century BC, transformed Asia. Even in the sciences and especially in mathematics, India was indispensable; the ten-digit numeral system spread west from there through the Middle East to Europe. More intriguingly, the shape of the modern university, organized around "quads," can be traced to the educational institution at Nalanda, which at its height between the fifth

and seventh centuries was probably the most significant university in the world. The book might be considered a riposte to both right-wing and left-wing historiography in India; right-wing historians make fantastic claims that cloak India's real and substantial achievements, while those on the left prioritize social history in a way that displaces intellectual achievement. Dalrymple finds another India in the past: open to trade, tolerant, scientific, creative, and universalist.

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*Spying in South Asia: Britain, the United States, and India's Secret Cold War*

BY PAUL M. MCGARR. Cambridge University Press, 2024, 358 pp.

This terrific book tracks the relationship between Western spying agencies and India. Indian leaders at the time of independence were anti-imperialist and suspicious of the West; India's foreign policy was (and remains) officially nonaligned. But this posture did not prevent extensive collaboration between Indian intelligence agencies and their Western counterparts. This engagement was rife with paradoxes and contradictions. Western agencies aided India in its scrutiny of domestic communists at home, even as India in its foreign policy maintained comfortable relations with communist countries. Jawaharlal Nehru, India's first prime minister, was deeply suspicious of the CIA's meddling, even as his government worked closely with the U.S. intelligence agency; they collaborated in placing spies in the Himalayas to keep track of events in

Chinese-occupied Tibet, a project that helped sow the seeds of enduring distrust between Beijing and New Delhi. When Prime Minister Indira Gandhi was in office in the 1970s, the paranoia about CIA interference reached its peak in India, and Daniel Patrick Moynihan, when he was U.S. ambassador to India, officially recommended that the agency withdraw from the country. Moynihan was flummoxed when India asked to deepen its collaboration. Rich in institutional history and memorable characters, this book is an incisive introduction to the politics of spying in South Asia.

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*Crosswinds: Nehru, Zhou, and the Anglo-American Competition Over China*

BY VIJAY GOKHALE. Vintage Books, 2024, 256 pp.

Gokhale, the preeminent Indian interpreter of China and a gifted historian, delivers a pithy contribution to understanding how India navigated its early relationship with communist China. The book's focus is unusual and interesting. It examines the ways in which India became entangled with a peculiar competition: the tensions between the United Kingdom and the United States on how to deal with China after the Communist takeover in 1949. They disagreed over formally recognizing the People's Republic of China, intervening in the Taiwan Strait crises in the 1950s, and how to resolve the war in Indochina. Prime Minister Jawaharlal Nehru had strategic clarity and a keen reading of domestic developments in China. But he made tactical

blunders driven by his deference to diplomatic procedure and his refusal to drive hard bargains. India's gifted but unmethodical diplomats tried to punch above their weight, even seeking a role in the Taiwan Strait crises, which they thought would trigger a global war. This is a little-known story, well told.

## Middle East

LISA ANDERSON

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*The Making of the Modern Muslim State: Islam and Governance in the Middle East and North Africa*

BY MALIKA ZEGHAL. Princeton University Press, 2024, 424 pp.

**I**n this erudite and intelligent book, Zeghal, a historian, aims to reframe debates about the relationship between religion and the state in the Muslim world. She argues that scholars and policy analysts typically have it backward: they imagine the contemporary state to be constant and treat attachment to Islam as variable, adjustable, and debatable. In truth, she contends, all states—however strong or weak, aristocratic or democratic, sovereign or unrecognized—throughout Islamic history had to insist that they served in the first instance as custodians of the faith. States come and go, in other words, and their techniques and instruments may vary, but the obligation to defend and uphold Islam is constant. The importance of that obligation remains visible today. Zeghal turns to the example of Tunisia

and its sequence of constitutions: the precolonial constitution of 1861, the post-independence charter of 1959, the post-uprising democratic constitution of 2014, and the 2022 revision that marked the return to autocratic rule. In all these iterations, defending Islam was a principal, defining obligation of the state in a country thought to be paradigmatically modern and secular. She also draws on a wide sampling of evidence elsewhere, including from Egypt, to buttress a novel and important argument about the often ignored role of religion in the foundation of modern states.

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*What Does Israel Fear From Palestine?*  
BY RAJA SHEHADEH. Other Press,  
2024, 128 pp.

In this short, pained meditation, Shehadeh, a renowned Palestinian writer and human rights advocate, puzzles over the conflict that has defined his life. He asks why the moment of hope at the end of the Cold War that occasioned the reunification of Germany and the end of apartheid in South Africa did not have a similarly inspiring reflection in Israel, motivating it to end the occupation of the Palestinian territories and usher in a lasting peace. Offering no simple answer to this question, he argues that Israel was able to avoid such a resolution because it thought of itself as an anticolonial state (owing to the Jewish nationalist struggle against the British), still imagined its administration of Palestinian territories to be temporary rather than permanent, and saw Palestinian leadership as corrupt and irresolute rather

than purposely divided and weakened by Israel's own policies. These narratives meant that Palestinians never gained the sort of global support for lasting change that the Germans and South Africans had enjoyed. Writing in the midst of the Gaza war, Shehadeh tries to dispel the misery and despair of the moment with hopes that a shift in global public opinion will at long last force change and achieve, as he puts it, his "unshakable certainty that the only future is for the two peoples to live together."

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*Capitalist Colonial: Thai Migrant Workers in Israeli Agriculture*  
BY MATAN KAMINER. Stanford  
University Press, 2024, 298 pp.

At least 32 Thai nationals were abducted by Hamas in its October 7, 2023, attack, thrusting around 35,000 Thai agricultural workers in Israel into an unaccustomed spotlight. This timely book traces the origins and significance of Thai labor in Israel. Kaminer, an anthropologist, lived on a moshav, or cooperative agricultural settlement, in southern Israel that employs Thai agricultural workers. He also traveled to northeastern Thailand, where many of those workers come from. He traces the changing face of agricultural production in Israel as early socialist commitments to fostering Jewish labor on the land—and displacing Palestinian Arabs from their farms—gave way to the imperatives of Israel's growing industrial and conventionally capitalist economy. Israel helped support paramilitary settlements in Thai border areas in the 1980s, a project that

eventually led to an intricate system of labor migration, initially through private brokers and eventually through a bilateral agreement that governs Thai laborers and their Israeli employers today. Kaminer's analysis of the political economy of international capital and labor regimes still allows space for a sensitive exploration of the culture clash that accompanies this arrangement. This small community encompasses much of the enormous complexity of modern globalization, and Kaminer renders it well.

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*Love Across Difference: Mixed Marriage in Lebanon*

BY LARA DEEB. Stanford University Press, 2024, 316 pp.

As Deeb observes, "Marriage is an act of hope," and conflict related to marriage proves to be a revealing vantage point from which to understand what people hope for. Marriages that cross religious boundaries (among Christians, Muslims, and Druze) and sectarian lines (between Maronites and Roman Catholics, for instance, or Sunnis and Shiites) are rare in Lebanon. In part, this is because there is no legal mechanism for such mixed marriages; personal status law, which governs marriage and inheritance, is the sole jurisdiction of the 18 recognized religious sects in the country. Couples can leave Lebanon to secure civil marriages, but such destination weddings, even in nearby Cyprus, are expensive. Online wedding officiants based in Europe and the United States are only beginning to make inroads in the Lebanese market. Also making inroads, however,

is the realization, among prospective newlyweds and their families, that sectarian identity is a political imposition and need not be an immutable feature of the future they hope to build.

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*I Remember Fallujah: A Novel*

BY FEURAT ALANI. TRANSLATED BY ADRIANA HUNTER. Other Press, 2024, 240 pp.

An elderly man, Rami, hospitalized in Paris with terminal cancer, suddenly loses his memory. To help him remember his childhood, his son begins to ask questions about a time in his life he has never discussed. In the process, the son begins to trace the story of modern Iraq, reconstructing Rami's childhood in Fallujah and weaving together stories of his own youth in Paris as a French-born Iraqi exile. Rami's unhappy family splinters over love and politics; an opponent of both the monarchy and Saddam Hussein in the 1950s and 1960s, Rami is imprisoned and tortured, eventually escaping to gain asylum in France. His son visits Baghdad and Fallujah during summer vacations, puzzled by his family's political reticence and by how his once prosperous cousins are impoverished by the sanctions regime of the 1990s. A visit the father and son take together in 2009, after Saddam's overthrow by the U.S. invasion, ends in dispiriting violence as the son sifts through the legacy his father's country bequeathed him. Alani, a French journalist, paints a haunting picture of modern Iraq through the eyes of its bewildered children.

## Eastern Europe and Former Soviet Republics

MARIA LIPMAN

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*Zero Sum: The Arc of International  
Business in Russia*

BY CHARLES HECKER. Hurst, 2024,  
352 pp.

**H**ecker speaks with dozens of Western business executives, bankers, and financiers who reaped immense profits in the Russian market after the collapse of the Soviet Union. The country suddenly opened to foreigners after decades of state planning and economic autarky, luring many “riskophile” Westerners. They recall those initial years as a wild period in which business “had a body count” and “violence was cheap, routine, and almost casual.” Russia stabilized under President Vladimir Putin in the early years of this century and offered unparalleled opportunities for those who had learned how to navigate its murky environment. Although some of the Westerners who engaged in lucrative business in Russia expressed concern over Putin’s unchallenged primacy in presiding over the arbitrary redistribution of property and the rapid consolidation of state ownership, the squeamish were far outnumbered by the opportunistic. The abrupt closure of the Russian market following the full-scale invasion of Ukraine in 2022 and the subsequent imposition of sweeping sanctions forced most Westerners to flee, often selling their

companies for a fraction of their value. Some regret looking “the other way” at the rampant corruption and lawlessness, while others admit that their enrichment in Russia was always destined to be short-lived.

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*Lost Souls: Soviet Displaced Persons  
and the Birth of the Cold War*

BY SHEILA FITZPATRICK. Princeton  
University Press, 2024, 352 pp.

Fitzpatrick, an eminent historian of the Soviet Union, conducted extensive archival research on the displaced persons who ended up in Germany and Austria at the conclusion of World War II. They included prisoners of war, forced laborers, and Jewish survivors of the Holocaust. A repatriation program organized by Allied countries stalled as more and more displaced people refused to go home. Jewish survivors sought to leave Europe altogether. Many from Baltic and Eastern European countries did not want to return to their homelands, now annexed or occupied by the Soviet Union. Those displaced from the Soviet Union feared being sent to the gulag if they returned. As World War II allies turned into Cold War adversaries, Western authorities obstructed the Kremlin’s efforts to repatriate Soviet citizens. By 1951, a program led and funded by the United States effectively resettled over one million displaced people in Australia, Canada, the United States, and Latin America. Fitzpatrick offers many memorable individual stories and a detailed depiction of life for those awaiting resettlement—far less grim than one might expect.

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*The Illegals: Russia's Most Audacious Spies and Their Century-Long Mission to Infiltrate the West*

BY SHAUN WALKER. Knopf, 2025, 448 pp.

Drawing on archival materials and hundreds of interviews, including with former spies, Walker crafts a fascinating account of Soviet and Russian agents planted in various countries under false names and identities. His narrative starts in the 1920s, when Bolsheviks excelled in espionage by drawing on their prior experience with clandestine activities in tsarist Russia—and on the abundance of communist sympathizers in European capitals. Among that period's most remarkable "illegals" was Dmitri Bystrolyotov, who posed as a Hungarian count, a Canadian painter, a Greek merchant, a Dutch artist, an Austrian traveler, and a British aristocrat. This early generation of Soviet spies was mostly exterminated during Stalin's purges of the 1930s. In the following decades, Soviet authorities remained committed to producing agents who could pass as Westerners, but, as Walker convincingly demonstrates, these operations became increasingly inefficient. In a recent illustration, ten agents from the Soviet era who had long lived in the United States produced very little, if any, valuable intelligence before they were exposed in 2010. According to the FBI, some of their moves were "comically inept."

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*Crucibles of Power: Smolensk Under Stalinist and Nazi Rule*

BY MICHAEL DAVID-FOX. Harvard University Press, 2025, 480 pp.

David-Fox provides a detailed examination of the tragic history of the western Soviet territories that swapped hands between the Soviet Union and Nazi Germany twice between 1941 and 1943. The prewar experience of Stalin's ruthless collectivization left the predominantly rural population in the region of Smolensk deeply resentful of the communist regime, and many locals hoped life under Hitler would be an improvement. The German occupiers, however, acted with barbaric brutality, exterminating local Jewish populations and starving to death approximately two million Soviet prisoners of war by March 1942. As the Germans waged a savage war against Soviet partisans, the partisans, in turn, established their own reign of terror over collaborators and seized scarce food supplies from local villagers. These circumstances forced people to make life-and-death decisions: to serve the Germans or join the partisans. Collaborators often became resisters, and vice versa. David-Fox explores this history in part through the autobiographies of a few survivors, including a Soviet defense lawyer who became a mayor under Nazi occupation, a young Soviet loyalist who joined the partisans, and a peasant teacher whose refusal to collaborate saw him deported to Germany and used as a forced laborer.



*Crimean Quagmire: Tolstoy, Russell, and the Birth of Modern Warfare*  
BY GREGORY CARLETON. Oxford University Press, 2024, 364 pp.

Carleton, a historian, explores the “revolution in war writing” that was pioneered by William Howard Russell, a trailblazing Irish reporter, and Russia’s greatest writer, Leo Tolstoy. Russell was “embedded” with the British Army during the Crimean War of 1854–56. Tolstoy served in that war on the other side, as an artillery officer. Russell’s dispatches and Tolstoy’s short stories marked a radical shift away from the traditional portrayal of war as a noble endeavor. Russell and Tolstoy did not spare their readers, depicting ghastly scenes replete with torn and bloodied bodies and decomposing animal carcasses. Russell reported how mismanagement left British soldiers exposed to the winter cold in their summer uniforms and makeshift shanties, their diet reduced to salted meat and biscuits. In summer, the heat led to outbreaks of cholera and dysentery. Of the more than 20,000 losses the United Kingdom suffered during the war, most were due to disease and exposure. Carleton argues that Russell and Tolstoy’s focus on the plight of the individual soldier amid the horror and senselessness of war shaped the public perception of later quagmires, such as World War I and the Vietnam War.

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## Western Europe

ANDREW MORAVCSIK

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*Freedom: Memoirs 1954–2021*

BY ANGELA MERKEL WITH BEATE BAUMANN. St. Martin's Press, 2024, 720 pp.

Merkel enjoyed an improbable rise from East German chemistry researcher to her reunited country's first female chancellor. For a time, she was the world's most respected head of state, at the center of events from the inaugural global climate congress in 1995, which she chaired, through the financial, immigration, and pandemic crises of the subsequent decades. But since retiring from public life, in 2021, she has faced criticism for having misjudged the ideological threat from Washington, the social threat from mass immigration, the geopolitical threat from Moscow, and the economic threat from Beijing. Unfortunately, in this memoir, she declines to respond to those critiques. The book resorts to boilerplate vignettes that do not go far beyond what is already in the public record. Even so, Merkel's admirably self-effacing personality shines through, as when she touchingly describes her feelings of wonder on her first night as chancellor. Just a few years after she left office, her spirit of practical, moderate, reasoned, and essentially decent governance already seems like a nostalgic memory in a world of politics ever more populated by scammers, blowhards, ideologues, and cranks.

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*Mellon vs. Churchill: The Untold Story of Treasury Titans at War*

BY JILL EICHER. Pegasus Books, 2025, 368 pp.

This book, written by a former U.S. Treasury financial analyst, revisits a seminal moment in modern world affairs—the debate between Washington and London over the latter's repayment of its World War I debts, which totaled 135 percent of the country's GDP in 1919. The author wears her expertise lightly, focusing less on the details of debt rescheduling and more on the personalities of her two protagonists: British Chancellor of the Exchequer Winston Churchill and U.S. Treasury Secretary Andrew Mellon. Publicly, both leaders took extreme stances calculated to satisfy their respective constituents. Churchill sought to maintain social stability by negotiating for near-total debt forgiveness, whereas Mellon favored full repayment to fund U.S. tax reductions. Privately, they both knew that in an interdependent global economy, both options were impractical. Instead, they limped through the 1920s and early 1930s with a series of destabilizing compromises. Neither Churchill nor Mellon could foresee that the main beneficiary of a tottering world economy would eventually be Hitler.

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*Warsaw Tales*

EDITED BY HELEN CONSTANTINE  
AND ANTONIA LLOYD-JONES.  
Oxford University Press, 2024, 256 pp.

This is the latest volume in a series of captivating books, each of which contains essays and works of short fiction that capture the essence of a European city. Such a humanistic approach particularly befits Warsaw, a city whose physical and architectural history was all but destroyed by the Nazis in World War II. Some of the stories are set in the past, others in the present, and still others in an imaginary future. These tales offer glimpses of many different Warsaws: prosperous seventeenth-century merchants celebrate in the town square, Jewish children cower in the ghetto as the Gestapo prowls the occupied city during World War II, a family outing to an iconic building unexpectedly reveals the hypocrisy of Stalinism, and a brief flash of love and violence illuminates drab suburban life.

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*The First Cold War: Anglo-Russian Relations in the Nineteenth Century*

BY BARBARA EMERSON. Hurst, 2024, 560 pp.

In this fascinating, fastidiously detailed work, a historian looks back to the first time that the United Kingdom and Russia competed on the world stage. In the nineteenth century, the British government was obsessed with checking perceived Russian expansion in Afghanistan, the Balkans, China, the Dardanelles, Persia, and Poland—

even if only Crimea generated a major war. For their part, Russian leaders observed, with both disquiet and envy, the brutally effective means by which the British maintained their empire. The smaller states over which the two empires competed were often the losers. In the end, the rivalry ended only with the rise in the late nineteenth century of a common enemy: imperial Germany.

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*Seven Children: Inequality and Britain's Next Generation*

BY DANNY DORLING. Hurst, 2024, 320 pp.

Not since the Great Depression has inequality in the United Kingdom been as high as it is today. In this regard, the country more closely resembles the United States than its European neighbors. No one has been hit harder than the young; the United Kingdom has the most steeply rising level of child poverty of all developed countries. This disturbing book, inspired by the famous television series *Seven Up!*, follows seven British children born in 2018. Their parents include a nurse, a trucker, and a shop owner. Touching portraits of the children set the stage for shocking statistics. Compared with two decades ago, a British child's chance of being homeless has more than doubled. The same is true for a child's chance of going without fresh food. Meanwhile, the likelihood of attending a private school or enjoying upward social mobility has halved. In the absence of comprehensive reforms, the future for British children looks even bleaker.

## Western Hemisphere

RICHARD FEINBERG

*Daughter, Mother, Grandmother, and Whore: The Story of a Woman Who Decided to Be a Puta*

BY GABRIELA LEITE. TRANSLATED BY MEG WEEKS. Duke University Press, 2024, 200 pp.

*The Rule of Dons: Criminal Leaders and Political Authority in Urban Jamaica*

BY RIVKE JAFFE. Duke University Press, 2024, 216 pp.

*The Buenos Aires Reader: History, Culture, Politics*

EDITED BY DIEGO ARMUS AND LISA UBELAKER ANDRADE. Duke University Press, 2024, 400 pp.

Delving beneath the disappointments and complexities of national politics, three new books illuminate the dynamism of urban life in the Americas. Leite's poignant, sometimes painful memoir opens a window into the world of Brazilian brothels. Jaffe, an intrepid ethnographer, offers a compelling, radical perspective on street gangs in Kingston, Jamaica. And a new anthology invites readers into the immigrant-rich neighborhoods of Buenos Aires.

In her engaging, candid book, Leite recounts her experience working as a prostitute in the brothels of São Paulo and Rio de Janeiro and her eventual transformation into a social activist. A light-skinned woman, Leite was born into a happy and comfortably middle-class home. Yet as a university

student, she chose prostitution over a white-collar career, relishing her freedom and the companionship of her fellow sex workers, as well as that of her male clients. As seen through Leite's hedonistic sensibilities, Brazil's red-light districts vibrated with intoxicating samba and bohemian camaraderie; shrewd madams kept the police at bay, and clients did not dare mistreat the women. Leite had little tolerance for bourgeois family values, and she disdained the social conservatism of the Brazilian left and the veiled puritanism of some modern feminists. Pointedly, Leite did not see herself as a victim; she embraced the label *puta*, or whore, as a term of proud self-identification. She moved on to become a successful serial entrepreneur, launching an off-beat clothing brand and nonprofits that advocate for the rights of sex workers.

In her ethnographic study of Jamaican gangs, Jaffe argues against seeing the neighborhood strongmen—or dons—as primarily violent, exploitative gangsters. Rather, the dons fill gaps left by inadequate official institutions. In their low-income neighborhoods, the dons perform state-like functions, including providing social assistance and ensuring public safety. The most successful dons build their political authority more through consent than coercion, and their business portfolios include legal ventures in entertainment, private security, and construction. Often, the dons mingle with official authorities in a kind of public-private partnership. Extending her analysis, Jaffe suggests that leaders such as U.S. President Donald Trump exhibit don-like behavior. Their style is at once personalistic, democratic, and autocratic. They pursue their own

narrow self-interests while advocating populist programs that voice the grievances of ordinary people. In the eyes of their supporters, they are disruptive outlaws “capable of crafting powerful affective atmospheres of shared excitement, resentment and anger.”

*The Buenos Aires Reader*, a comprehensive anthology enriched by its editors’ erudite commentaries, captures the Argentine capital’s evolution through contributions in art, food, music, soccer, and much else. Many of the selections underscore the social stresses and inequalities of the growing metropolis, the scars left by the harsh military dictatorship that ruled the country from 1976 to 1983, and the human costs of Argentina’s recurrent economic crises. Contributors clash in their interpretations of the city’s identity. Some suggest it is a fundamentally European city, the “Paris of the Americas,” whereas others imagine it as a sprawling, swirling product of Spanish, Italian, and Andean influences. Missing from the collection are well-informed reflections on the sources of the country’s paralyzing political divides and devastating monetary collapses.

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*Wild Chocolate: Across the Americas in Search of Cacao’s Soul*

BY ROWAN JACOBSEN. Bloomsbury, 2024, 288 pp.

As with wine and coffee, chocolate—once a homogeneous commodity—has become a highly differentiated delicacy. The chocolate cognoscenti now taste delicate aromas and obscure flavors and compete to identify the terroir, or natural environment, where a particular batch of cocoa beans originated.

Jacobsen, a science journalist and travel writer, profiles modern-day Indiana Joneses who trek deep into the rainforests of Mesoamerica and the Upper Amazon in search of shade-grown wild cacao trees. Working with indigenous communities, these intrepid entrepreneurs locate and harvest the heirloom pods, teach critical drying and fermentation techniques, and make connections with international markets. Fetching premium prices from wealthy consumers, the artisanal “bean to bar” chocolates offer sustainable livelihoods to the dwellers of tropical rainforests. With a gift for sensorial writing and a willingness to go the extra mile in search of his stories, Jacobsen breathes life into the global supply chains of farm-to-table tropical agriculture.

## The United States

JESSICA T. MATHEWS

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*Woodrow Wilson: The Light Withdrawn*

BY CHRISTOPHER COX. Simon & Schuster, 2024, 640 pp.

Cox, a former Republican member of Congress, has written a thoroughly researched, fast-paced, and sharply critical biography of U.S. President Woodrow Wilson. The Wilson revealed here is poles apart from the man who proposed the principled Fourteen Points, pushed through a progressive income tax and child labor reforms, named the progressive judge Louis Brandeis to the Supreme Court, and created the Federal Reserve system.

Cox shows Wilson to have been a thoroughgoing racist who resegregated the federal government and brought views of the Confederacy learned in his southern childhood to the White House. The president was also profoundly contemptuous of women, kept his true opposition to female suffrage carefully hidden, and allowed the suffragists who silently held banners outside the White House to be repeatedly attacked by mobs, beaten, and jailed. This Wilson is also a dishonest and lazy man who believed, on his way up, that he was entitled to whatever he could get away with, ostentatiously claiming a Ph.D. and a law degree he had not earned. Cox does not attempt to offer a balanced portrait but rather highlights what many histories of Wilson have left out.

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*Character Limit: How Elon Musk Destroyed Twitter*

BY KATE CONGER AND RYAN MAC.  
Penguin Press, 2024, 480 pp.

Conger and Mac, reporters at *The New York Times*, put their investigative skills and many years covering the tech sector to effective use in producing this astonishingly intimate, minute-by-minute account of Elon Musk's takeover of Twitter in 2022. The authors interviewed more than a hundred of Musk's employees and competitors and got access to recordings of taped meetings and previously unreported documents. The result is a hair-raising tale that will surely be the definitive account of how Musk "destroyed" the platform that is no longer Twitter "in both substance and spirit," erasing its commitment to be the "digital town square" and replacing

it with a platform devoted to one man's interests. The authors completed the book before Musk made massive contributions to the campaign of Donald Trump and won a major role in the new administration. But the similarities in character and behavior between the two men leap from nearly every page. Both are impulsive, have a desperate need for attention, are notably susceptible to flattery, demand absolute loyalty, are intolerant of criticism, and have little awareness of what they may not know.

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*Democracy in Power: A History of Electrification in the United States*

BY SANDEEP VAHEESAN. University of Chicago Press, 2024, 400 pp.

In the coming years, control of the U.S. electric power system will become a major public policy issue. After years of minimal growth, electricity demand is now soaring because certain industries are using electrification to decarbonize as a way to combat climate change and because of the advent of artificial intelligence, which requires massive amounts of power. Vaheesan traces the centurylong struggle over control of this capital-intensive sector between private utilities and publicly owned and cooperative entities subject to local control. He sees the latter as essential for democracy. After the government led two major restructurings of the industry—in the 1930s under the New Deal and in the 1980s and 1990s when New Deal reforms were largely reversed—new tax credits in President Joe Biden's Inflation Reduction Act offered strong incentives to public power companies to invest in clean energy. Recent legislative

and electoral battles in Maine, New York, and elsewhere may be the opening rounds of a third major transformation in which local control and public oversight of the industry could be reinstated.

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*Red Scare: Blacklists, McCarthyism, and the Making of Modern America*  
BY CLAY RISEN. Scribner's, 2025, 480 pp.

Risen, a historian and journalist, believes that the roots of today's political hard right are to be found in the Red Scare that lasted from the mid-1940s to 1957, when lawmakers tried to root out communist sympathizers from American public life. The MAGA movement that backs President Donald Trump is not identical to those that supported Senator Joseph McCarthy in the 1950s or animated the influential right-wing John Birch Society in the 1960s, but, according to Risen, they share enough common cultural DNA that "knowing where we are today requires understanding where we were then." Risen's fluent narrative describes the seemingly unending congressional investigations by the House Committee on Un-American Activities and the Senate committee led by McCarthy; the committees' blatant violations of law and civil rights; their blacklists, book bans, and loyalty tests; and the impossible choices faced by those touched by even the most groundless suspicion. His history goes beyond the familiar Hollywood blacklists to reveal how conspiracy stories touched educators and people in various civil rights movements and led to the "canceling" of individuals in business, government, and any sphere influential to the prevailing culture.

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*Money, Lies, and God: Inside the Movement to Destroy American Democracy*  
BY KATHERINE STEWART.  
Bloomsbury, 2025, 352 pp.

A combination of economic pain and cultural grievance over several decades has given rise, in Stewart's analysis, to a loosely organized, but concerted and generously funded, political movement, albeit one peopled by an uneasy mix of bedfellows, that propelled Donald Trump back to the White House. It "fundamentally does not believe in the American idea," but believes that the country should be dedicated to "a particular religion and culture" under which "certain kinds of Americans" (white, male, Christian, and conservative) have "a right to rule" and the rest "a duty to obey." Its social media features "rank misogyny" and its pastoral leaders call for female subordination to male "headship." The movement continuously provokes and exploits the country's racial and ethnic divisions. Yet, Stewart writes, its "darkest aspect" is the rejection of the primacy of reason. It does not have a policy program per se (though elements overlap with, for example, the plans detailed in the right-wing Project 2025 initiative). Rather, it is "best understood in terms of what it wishes to destroy." Stewart explores in depth the movement's members, funders, and ideologues. Among the dozens of books that have attempted to identify the forces that Trump rode to power, this is one of the most closely reported and cogent. 🌐

# Letters to the Editor

## “America First” vs. Primacy

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*To the Editor:*

In his recent essay, “The Price of American Retreat” (January/February 2025), Senator Mitch McConnell lamented the failures of the Biden administration’s foreign policy and warned that “the response to four years of weakness must not be four years of isolation.” McConnell fears that an American “retreat” would embolden adversaries to advance while forcing allies to cower. His remedy: restore industrial capacity to sustain U.S. military predominance indefinitely. But after two decades of fruitless wars that drained American resources and destabilized vital regions, political leadership requires prioritizing core national interests, not endlessly underwriting the security of dependents. A better strategy would shift burdens to capable allies and prioritize Washington’s fiscal solvency.

McConnell views hard power as the cornerstone of American leadership and favors increasing defense budgets to deter China and Russia. But unsustainable spending and spiraling debt weaken the foundations of economic power that underpin U.S. strength. And

although McConnell decries isolationism, he never acknowledges that over-extension invites decline. McConnell insists that revisionist powers can be contained only through American military supremacy. Fortunately, President Donald Trump recognizes that pairing a big stick with an occasional carrot can shape adversaries’ behavior more effectively than continual confrontation.

In the end, McConnell’s disquisition falls short in making the case for primacy. Instead, it exposes that strategy’s basic flaws.

REID SMITH

*Vice President of Foreign Policy  
at Stand Together*

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*McConnell replies:*

Spiraling debt does threaten the foundations of American strength. But annual defense spending doesn’t even exceed the annual interest payment on that debt. Cutting defense spending in a hunt for budget savings would strangle military readiness—and treating national defense as low-hanging fruit is as dishonest as it is dangerous.

The United States should encourage its allies and partners to do more. Trump has rightly encouraged NATO allies to spend five percent of GDP on defense. But Washington must not lead



from behind. In the face of unprecedented coordination among American adversaries, it is hardly too much to ask that the United States commit the same proportion of its budget to securing its global interests as President Jimmy Carter did at the nadir of Cold War defense spending.

Is the free flow of commerce through the Red Sea, for example, not a “core national interest”? It is, and an ad hoc exchange of million-dollar interceptors for thousand-dollar drones is not a sustainable alternative to credible deterrence. Is Europe not a “vital region” for U.S. security and economic interests? It is, and the United States can advance those interests by countering the Russian aggression that has destabilized that region. Those willing to cast aside primacy owe it to the American people to identify the risks they are willing to take and the global influence they are willing to cede.

## Who Pulled Down the Iron Curtain?

*To the Editor:*

In his article “How to Win the New Cold War” (January/February 2025), Niall Ferguson claims that although “it has become fashionable to credit the Soviet leader Mikhail Gorbachev with ending the Cold War, in truth it was the Reagan administration that forced Moscow down a path of reform that ultimately led to drastic disarmament and the end of the Soviet empire in eastern Europe.” This assertion is contradicted by the historical record.



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It is true that Gorbachev was a complex figure. But his “New Thinking”—a foreign policy approach that aimed to reduce the risk of war and open the Soviet empire to the world—and the sweeping reforms that went with it were driven by a personal quest to save the Soviet Union, as a result of which, in Gorbachev’s own words, he “gave” Poland back to the Poles, Hungary back to the Hungarians, and so on. He was not “forced” into those actions by U.S. President Ronald Reagan, as documents in Gorbachev’s archive make clear. Here is just one example, drawn from notes the Soviet leader made in preparation for his first meeting with Reagan, in Geneva in November 1985: “The most important thing is disarmament,” Gorbachev wrote. “This is a question of questions. Something substantial must be done, for this problem has become critical. . . . We must move toward each other. I am convinced that if we do not do it now, it will be even more difficult for others.”

In the end, Gorbachev couldn’t save the Soviet Union. But he did create a sense of a possible future for Russia, and thanks to his readiness to negotiate with Reagan, the fear of nuclear catastrophe largely disappeared. Today, such results in U.S.-Russian relations would be unattainable.

ANDREI KOLESNIKOV

*Scientific Advisory Council*

*Finnish Institute of International Affairs*

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*Ferguson replies:*

Kolesnikov’s view is fashionable but silly. What was it that made Gorbachev believe that “something substantial” had to be done about disarmament and that the “problem” had become “critical?” The

answer is that Reagan had increased U.S. defense spending as a percentage of GDP from 4.8 percent in 1980 to 5.9 percent in 1985. (It peaked at 6.1 percent the following year.) The Soviet share of GDP spent on the military during those years was around three times higher—an unsustainable burden. Of course, grave internal pathologies lay behind the stagnation of the economy and the overspending on the military that had characterized the Soviet Union since the 1970s. But Gorbachev would not have risked such drastic reforms as glasnost and perestroika had the Soviets not been competing with a country that, under Reagan, enjoyed both a strengthening economy and a technologically advancing military. As Chris Miller revealed in his book *Chip War*, the Soviets simply could not match the U.S. revolution in semiconductors, which were the key to advances in precision weaponry. The Soviet strategy was “copy it.” They couldn’t. It was the realization of what that failure implied that propelled Gorbachev’s ultimately doomed reforms.

## South Korea’s Nuclear Fallout

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*To the Editor:*

Robert Kelly and Min-hyung Kim’s article “Why South Korea Should Go Nuclear” (January/February 2025) is deeply flawed and irresponsible. If South Korea and the United States followed its recommendations, nuclear conflict would become more likely, not less.

The authors blithely dismiss the impact that South Korea’s nuclearization

would have on the Nuclear Nonproliferation Treaty. The NPT, which almost all countries have joined, has limited the spread of nuclear weapons over the past 55 years, even if it has not delivered disarmament. If a major economic player and G-20 member such as South Korea were to leave the treaty, which it would have to do to develop nuclear weapons, other countries would probably follow suit. The NPT would unravel, leading to more nuclear proliferation and thus increasing the risk that nuclear weapons will be used. Indeed, the only country to have left the NPT is North Korea—and when it did so, in 2006, it was rightly regarded as a rogue state, not as an example for others to follow.

This year marks the 80th anniversary of the invention of nuclear weapons and the U.S. atomic bombings of Hiroshima and Nagasaki. Many Koreans as well as Japanese people were killed or suffered lingering harm in those attacks. Last December, the Nobel Peace Prize was awarded to Nihon Hidankyo, an organization that represents the survivors of Hiroshima and Nagasaki. Instead of advocating for more countries to develop nuclear weapons, leaders everywhere should heed the calls of those survivors to join the UN Treaty on the Prohibition of Nuclear Weapons, which seeks to fully eliminate this grave threat to humanity.

DANIEL HÖGSTA

*Deputy Director at the International Campaign to Abolish Nuclear Weapons*

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*Kelly and Kim reply:*

Daniel Högsta suggests that South Korean nuclearization would lead other countries to nuclearize. This is unlikely. There is little evidence for such “cascades”; nukes have existed for 80 years, yet there are only nine nuclear powers. Countries do not decide on a course as controversial as nuclearization just because some faraway country did so first. Governments build nuclear weapons for the reason they do most things: to serve a particular national interest. South Korea’s nonnuclear neighbors have no such motivation because Seoul does not pose a threat to them.

Högsta fears the NPT would unravel if South Korea were to go nuclear. Yet if one middle power’s legal withdrawal for defensible reasons brought down the whole edifice, that would suggest the treaty was never strong enough to halt the spread of nuclear weapons to begin with. Högsta also makes no argument about why South Korea, specifically, does not need nukes. His generic case for disarmament is better directed at the largest nuclear powers—China, Russia, the United States—which are expanding their arsenals and keeping the threat of nuclear use alive. Nuclear parity between North Korea and South Korea would reduce, not increase, the chance that either country would use nuclear weapons. 🌐

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