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Where has all the money gone?

By Matthew Yglesias | Tue, 13 Jan 2026 11:00:34 +0000

Benefits for the elderly have gotten more generous and there are more old people than ever.



America can afford its choices — but it should be honest about what they are.
(Photo by [Halfpoint Images](#))

Russ Greene wrote a fun piece late last year [bemoaning Total Boomer Luxury Communism](#), which is an entertaining turn of phrase. I broadly agree with Scott Alexander, though, that the effort to [forge some kind of new anti-Boomer populism](#) is factually misguided and pragmatically unlikely to succeed.

But without casting aspersions or judgment, I think the *factual points* that Greene is making are important and often overlooked.

It is completely okay to *approve of* these policy developments if you like them on the merits. Clearly, one reason that public policy has evolved in this direction is that voters seem to feel good about spending money on the elderly.

That being said, if you get what you want politically, then I think you have something of an obligation to be happy about it. And my read of the political situation is that almost nobody is happy about this trend.

also rise, that necessarily makes it challenging to pursue other agendas.

Perhaps all things considered, people actually *do* think it's more important to spend money on senior citizens than to promote fertility or reduce poverty or tackle whatever other problems they're considering. But if that's a choice that we want to make, it's a choice that we ought to make consciously and resolve to feel good about. Instead, it seems like something that mostly gets ignored — neither politicians nor pundits are taking victory laps. Because I do think that if most people looked at it in detail, they would conclude that, on balance, the current course is not really what they favor.

The safety net for old people has gotten more generous

The trend toward upward-ratcheting benefits for elderly Americans has been largely bipartisan and, as a result, it's been somewhat under-discussed in a political media environment that tends to emphasize conflict.

Emily Thorson published a book a few years ago about how [Americans tend to be misinformed about the policy status quo](#) in part because it's not the subject of active political conflict, and I think that this is a similar situation.

If you scroll back to the 2000 presidential campaign, one of Al Gore's big pledges was to expand Medicare to cover prescription drug benefits. Even after George W. Bush beat him, Republicans still perceived themselves to be vulnerable on this issue and there was interest in Congress in acting.

What Republicans ultimately came up with was a plan to cover prescription drugs in a way that would prevent Medicare from forcing down the unit costs of drugs. In other words, rather than object that Democrats wanted to spend too much money, they objected that Democrats wanted to spend too little. In part to offset this, Republicans did make the actual drug package stingier from the standpoint of seniors than Democrats

wanted — more money per unit of medication, but less total medication.

Republicans also transformed the then-small Medicare Plus Choice program into what's now Medicare Advantage, a "private option" for Medicare. At the time, Republicans argued that privatization would drive efficiencies, and Democrats countered that privatization would be bad for patients.

I would say that, in practice, both sides were proven wrong.

Medicare Advantage plans receive excessively generous compensation from the government — to the tune of [\\$1.2 trillion over a nine-year period, according to the Committee for a Responsible Federal Budget](#) — which encourages the insurance companies that offer these plans to be aggressive in getting new patients signed up, which means that the plans often come with generous goodies, especially for seniors who are in good health.

When Greene [writes](#) that "Medicare programs are paying for golf balls, greens fees, social club memberships, horseback riding lessons, and pet food," this is what he's talking about.

Then during the Obama years, two things happened:

- The Affordable Care Act made the prescription drug coverage even more generous, closing the so-called "[donut hole](#)" that the Bush-era G.O.P. created to control costs.
- The A.C.A. also included provisions to reduce Medicare Advantage overpayments and an Independent Payment Advisory Board (IPAB) to reduce payments in traditional Medicare.

Social Security also got quietly more generous during this period. Each year, the Social Security Administration compares the C.P.I.-W (the Consumer Price Index for Urban Wage Earners) for the third quarter to the third quarter of the previous year and, if needed, adjusts benefits upward to compensate for inflation. There happen to have been three years during Obama's presidency — [2009, 2010, and 2015](#) — when the mathematically correct cost-of-living adjustment would have been negative. What actually happens in this case is that seniors get zero cost-of-living adjustment, which means that, in real terms, benefits ratcheted upward.

Then during the Biden administration, Congress ended up passing the Social Security Fairness Act, which increased Social Security benefits for a disproportionately affluent set of retirees with access to other pensions with very little fanfare. This happened via a hugely bipartisan vote, so even organizations that were critical of the idea when it was first proposed were mostly silent as it actually happened. Then during the 2024 presidential campaign, Donald Trump proposed "[no tax on Social Security](#)," which is really just a way of making Social Security benefits [mildly more generous](#) for high-income seniors.

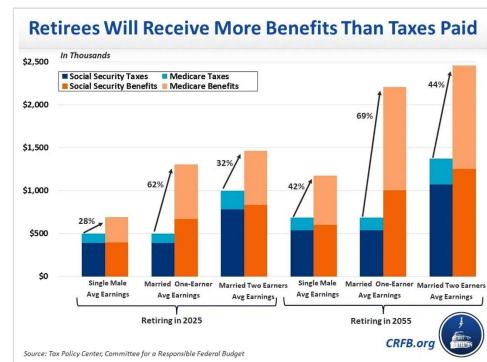
Senior citizens are doing pretty well

Social Security has a kinda sorta contributory structure, where the amount of benefits you receive is related, mathematically, to how much you paid in payroll taxes during your prime working years. As a result, on average, the amount of Social Security benefits people receive when retired is close to the amount they paid in taxes.

Close, but not equal. [Average benefits exceed average taxes paid](#)

For Medicare, though, it's not close at all.

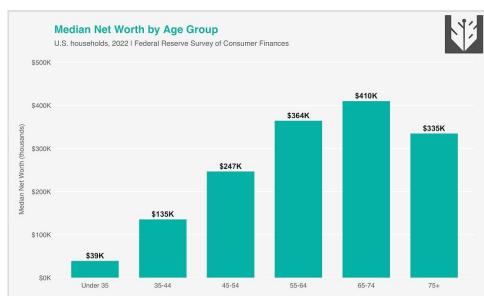
There's just no relationship whatsoever, largely because health care has grown relative to the size of the economy, but also in part because Medicare has been made more generous through things like the addition of a prescription drug benefit and the expansion of Medicare Advantage.



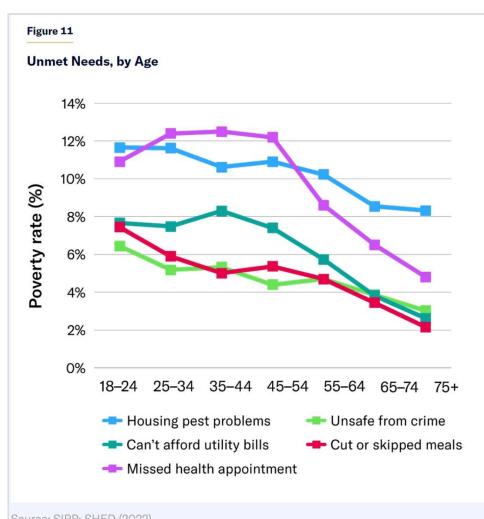
It's also worth noting that Medicare is a generous system by global standards. It's well-known that the United States is unusual among advanced countries for not having a nationwide universal health-care system.

What's less remarked upon is that most universal health-care systems impose some kind of aggregate spending cap or government-run rationing system to limit total expenses. Medicare isn't like that; there's no cost-benefit analysis ("death panels") to say a given treatment isn't worth it. Medicare also reimburses doctors and other providers at a more generous rate than Medicaid does.

It's of course natural that people who've just retired would have high net worth compared to the national average. The idea is to save money during your working career to build wealth so that you can retire. But notably, [Survey of Consumer Finances data](#) indicates that people over the age of 75 are considerably richer on average than people under 55.



Something [Chris Pope points out](#) is that if you look at specific indicators of material deprivation — like being unable to afford meals, utility bills, or sanitary housing in a safe neighborhood — seniors are doing much better than the average American.



Of course, net worth is very unevenly distributed. At the bottom of the wealth distribution there are plenty of seniors with no financial assets and limited ability to

work. That's why programs like Social Security and Medicare exist.

And part of the "good news" about senior living standards that you see in the Pope data is probably that worse-off seniors are more likely to die in any given year and no longer show up in the data. So I don't want to dismiss that there are elderly people facing real hardships. The point, though, is that on average they seem to be in relatively good shape and it's not clear why making further enhancements in the living standards of the elderly should be a high priority. But the political system continues, in both subtle and unsubtle ways, to further skew the landscape.

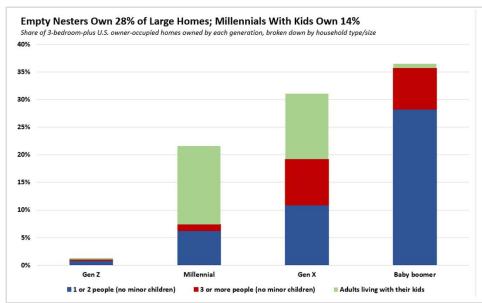
Property-tax hijinks

A very underrated form of policy in this regard is the tendency of state and local policymakers to skew property-tax policy in favor of senior citizens. [According to the National Conference of State Legislatures](#), "Nearly all states have homestead exemption and credit programs in place for seniors and other qualifying individuals to exempt a certain amount of a home's value from taxation."

They say the reason for this is that "For older Americans living on fixed incomes, the tax can be a concern because of worries over being priced out of their homes."

But of course, people of all ages can find the property tax to be burdensome relative to income!

Some states [address this with "circuit breaker" policies](#) that cap property taxes relative to income, but a majority of states with circuit breakers limit the circuit breaker to seniors. And most states have these separate homestead exemptions or other breaks that are targeted at the elderly, often with generous or nonexistent income caps. New Jersey's property-tax freeze, for example, applies to anyone 65 or older with an [income of less than \\$163,050](#). That's not an *incredibly* high income, obviously, but it is above the national average. And more important, you're talking about retirement age people. Someone who earns an income of \$160,000 a year *without having a job* is doing very well in terms of net worth.



Last fall, Jim Parrott proposed addressing this by [increasing the capital gains exemption for owner-occupied housing](#) to make it more lucrative for empty nesters to realize their capital gains and unlock this inventory. That could be reasonable, if you also made seniors pay normal property-tax rates and trimmed Social Security benefits for more affluent retirees. But absent property-tax parity, this would be just further piling of fiscal benefits onto a relatively privileged group.

Facing reality

I think that this is all moderately misguided. If it were up to me, neither No Tax on Tips nor the Social Security Fairness Act would have passed. And while I understand why it would be hard to have a *downward* cost-of-living adjustment during negative C.P.I.-W years, the logic of the inflation adjustment is that it ought to be symmetrical. There are sound proposals to [trim Medicare Advantage overpayments](#). I thought the Obama-era IPAB proposal was a good idea, and if we transformed Social Security into a universal flat benefit program, we could save money and reduce poverty at the same time.

On the other hand, I'm also not furious about any of this.

The United States of America is a relatively low-tax country by global standards, and we can afford this if we want to.

What I don't think we can afford is a country where the amount of fiscal resources available to the non-elderly keeps dwindling due to a mix of population-aging and increasing generosity of the senior safety net, but nobody is willing to say that this is what's happening.

Sometimes at night when I'm sitting on my couch watching TV, I get cold because I live in an old house and our door doesn't fit its frame quite right and so the room gets kind of drafty. This is not ideal, but I never seem to get around to addressing it and it's basically manageable. It would be less fine, though, if I had no idea why I was cold and started freaking out and tearing up the HVAC system or otherwise damaging the house because I didn't understand the situation.

And I think that's sort of what we're seeing with a lot of recent American politics.

We had this whole deeply destructive DOGE exercise as if it were unknowable where American spending has gone. And on the left, you have all these demands for new spending on new programs with no consideration for how these ideas compare to what we're already spending money on.

If people think the trajectory we're on — responding to population-aging by ratcheting up benefits for non-poor senior citizens — is good, then they should express some joy and satisfaction at the responsiveness of the political system. But if they think middle- and working-class adults of working age are increasingly squeezed by the facts of economic life, then we ought to do something to change the trajectory.

Gangster affordability

By Noahpinion | Tue, 13 Jan 2026 09:40:39 +0000

Trump's strategy for bringing down prices might work in the short term, but the long-term costs will be high.



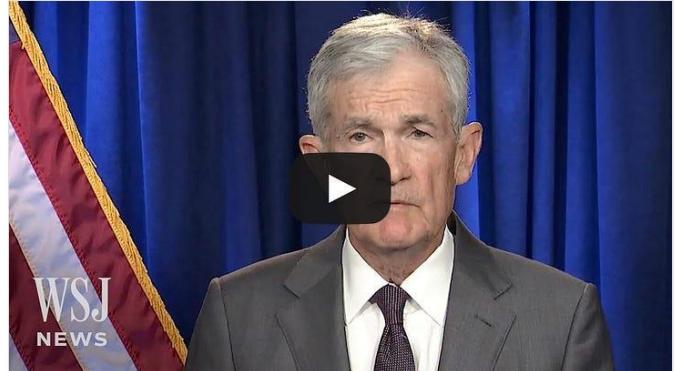
Photo by Gage Skidmore via [Wikimedia Commons](#)

“Damn it feels good to be a gangsta/ Gettin’ voted into the White House” — Geto Boys

I recently listened to an audiobook about the Napoleonic Wars. Overall, the book wasn't very good, but there was one interesting part where it described Napoleon's ruling style as being mafia-like. His insistence that other European countries buy French exports, his attempts to shut Britain out of European trade, and a bunch of his other economic policies were fundamentally gangster-ish — they were ad hoc impositions of personal power, often with an eye toward taking revenge on personal enemies and entrenching his own authority.

I immediately recognized this as Donald Trump's style of governance. Like Napoleon, Trump isn't interested in creating durable institutions that will outlive him — indeed, he regards any such institutions as threats to his own personal power. Many observers have labeled this approach “[personalism](#)” or “[patrimonialism](#)”, but it's really just gangsterism. Trump treats America like a mafia organization, and himself as the godfather.

That's what I thought about when I watched this remarkable video from Fed Chair Jerome Powell:



[Powell reveals](#) that Trump's Justice Department has been investigating the Fed, with an eye to pressuring the Fed to cut interest rates:

On Friday, the Department of Justice [threatened] a criminal indictment related to...a multi-year project to renovate historic Federal Reserve office buildings.

I have deep respect for the rule of law and for accountability in our democracy. No one—certainly not the chair of the Federal Reserve—is above the law. But...This new threat is not about my testimony last June or about the renovation of the Federal Reserve buildings...The threat of criminal charges is a consequence of the Federal Reserve setting interest rates based on our best assessment of what will serve the public, rather than following the preferences of the President.

This is about whether the Fed will be able to continue to set interest rates based on evidence and economic conditions—or whether instead monetary policy will be directed by political pressure or intimidation.

This is remarkable and unprecedented. Nothing like this has ever happened in the history of the Federal Reserve. Powell is a consummate professional, who

cares only about doing his job, and would only make a statement like this under extreme duress.

If a guy like Powell is accusing Trump of threatening lawsuits over interest rate policy, you know he's not just going on a hunch or spinning a conspiracy theory — there must have been some very explicit backchannel communications from the White House indicating that the Fed could avoid a DOJ lawsuit by lowering interest rates.

This fulfills [my pre-election prediction](#) that Trump would spend much of his second term feuding with the nation's institutions, and that the Fed would be a prime target. The shape of Trump's strategy against the institutions is now clear. His two main weapons are A) executive orders, and B) DOJ lawsuits. He obeys the courts when they rule against him, but follows none of the traditional norms of the executive branch, using the DOJ and other administrative agencies as arms of his personal political machine. Trump has used this approach against [law firms](#) and [media organizations](#) that have challenged him, and now he's running the same playbook against the Fed. It's all very Napoleonic — which is a nice way of saying it's gangster-ish.

The more interesting question is what Trump hopes to accomplish by forcing the Fed to cut rates. The conventional wisdom is that Trump is worried about a recession, possibly caused by his own tariffs, and wants rate cuts in order to boost the economy and employment. According to this theory, Trump is basically what I call a "[macro-progressive](#)" — he fears unemployment, and he doesn't worry too much that low rates will cause inflation.

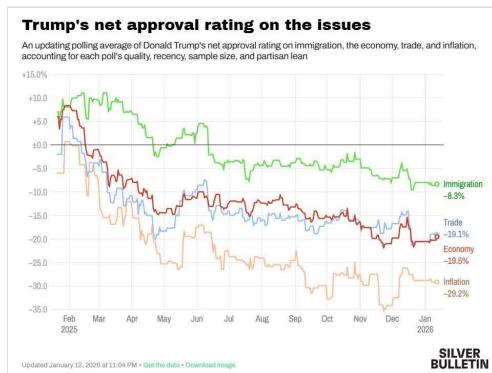
That's consistent with Trump's [massive binge of deficit spending](#). Like [the progressives at think tanks](#) like the Roosevelt Institute, Trump may believe that inflation is best controlled with administrative measures, supply expansions, and [price controls](#), rather than by the more traditional tools of high interest rates and fiscal austerity.

But I'm beginning to think there's also something else going on here. Trump's populist instincts are still strong. He knows that *affordability*, not jobs, is the American public's main economic concern right now. For example, here's a Gallup poll from last month:

What do you think is the most important problem facing the country today?							
	Recent trend						
	Dec-25	Nov-25	Oct-25	Sep-25	Aug-25	Jul-25	Jun-25
ECONOMIC PROBLEMS (NET)	35	30	24	24	34	27	33
Economy/in general	17	12	10	10	12	12	13
High cost of living/inflation	11	9	8	6	9	7	8
Unemployment/jobs	3	2	1	3	3	1	2
Wage issues	2	2	1	2	2	1	1
Gap between rich and poor	2	3	1	2	3	2	2
Lack of money	2	2	1	1	2	1	1
Federal budget deficit/Federal debt	1	2	2	1	3	5	7
Taxes	1	1	*	1	1	1	1
Foreign Trade/Trade deficit	1	1	1	1	1	1	2
Corporate corruption	1	*	1	*	1	1	1
Fuel/Oil prices	*	*	*	*	1	1	*

Source: [Gallup](#)

General concern over "the economy" takes the top spot as usual, but worries about inflation and the cost of living top worries about unemployment, by a lot. In fact, inflation is the thing that voters seem to be most upset at *Trump* about, specifically:



Source: [Nate Silver](#)

Whether he's concerned about the midterms, worried about his legacy, or intends to try for a third term, Trump knows that the best thing for his popularity would be to bring living costs down.

He also must know that this is easier said than done. Usually, reducing the cost of living means holding down the *rate* of inflation, so that wages outpace prices over time. But there's evidence showing that many Americans expect the government to actually drive prices *down*, rather than just curbing the rate at which they go *up*:

2. [QIssues] If you had to choose just one, which would you say is the biggest issue facing the country today? [RANDOMIZE 1-15]			
3. [QIssues_SecondChoice] What would you say is the second biggest issue facing the country today? [RANDOMIZE 1-15] [IF QISSUES = 1-15, DO NOT DISPLAY THE ANSWER OPTION SELECTED ON QISSUES]			
	1st Choice	2nd Choice	Combined Choice
Cost of living	26%	17%	44%
Political corruption	14%	11%	25%
Jobs and the economy	14%	13%	27%
Immigration	10%	11%	21%
The state of democracy	10%	10%	19%
Healthcare	8%	11%	18%
Crime	5%	6%	11%
Taxes	2%	4%	6%
The environment and climate change	2%	5%	6%
National security	2%	3%	5%
Drug abuse	1%	2%	4%
Education	1%	2%	3%
Abortion	1%	1%	2%
Race relations	1%	1%	2%
Gun rights	1%	2%	2%

Source: [Echelon Insights](#)

Driving prices down is normally very hard to do without causing a recession. But a few weeks ago, I wrote a post about how there are actually some prices that the government *could* feasibly bring down:



Can we make America feel more affordable?

Noah Smith

[Read full story](#)

I'm starting to think Trump read my post!¹ The prices I mentioned are exactly the prices that Trump has targeted with a recent spate of highly unorthodox measures. The attacks on the Fed might be part of this strategy, because one of the items I mentioned is the price of *credit*

In his own gangster-ish way, Trump may be trying to bring Americans the affordability they demand. The problem is that the gangster approach can have grave long-term costs in terms of economic stability and efficiency. Like Napoleon, Trump may be headed for a series of boondoggles and quagmires.

Trump is following the Noah Smith playbook for “affordability” (but in a gangster-ish way)

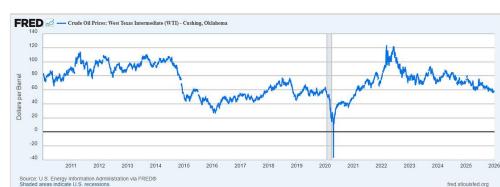
In my post last month, I wrote that there are two very important prices that the government can cause to go down without inducing a recession. These are **the price of gasoline** and **the price of credit**

Here's what I wrote about the price of gasoline:

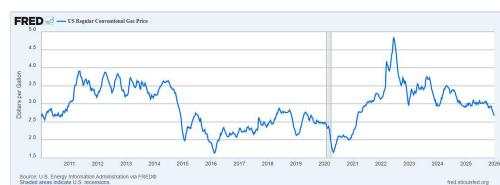
Over the long term, gas prices have gone up in dollar terms, but there are still extended periods of time when they've

gone down — for example, in the early 1980s and the late 2010s...In fact, gasoline prices...seem to hold a special place in the American voter's heart. There's [research showing](#) that even once you control for overall inflation, gas prices have a big impact on presidential approval ratings... The easiest way to bring gasoline prices down is just to bring oil prices down. Glut the market with crude oil, and gas will get cheaper.

In fact, oil prices — and gas prices — go down all the time. Oil prices have been going down since mid-2022, and are now back to the levels of Trump's first presidency:



And gas prices are down by almost as much:



This hasn't been enough to make Americans feel good about the economy. But you could always just try doubling down — flooding the international market with even more oil, to bring gas prices back down to \$2 or even \$1.50 a gallon.

One way to do this would have been to lift sanctions on Venezuela and throw a lifeline to the ailing Maduro regime. Instead, Trump sent in the troops, [captured](#) Maduro, and simply [declared that America will run Venezuela now](#). Trump has made it clear that flooding the market with oil is a big part of why he did this.

Back in the old days, everyone thought that when America went to war for oil, it was in order to make money for U.S. oil companies. But Trump's Venezuela move is likely to *hurt* the U.S. oil industry. This isn't 2003 — America is [a net exporter of oil now](#). If you

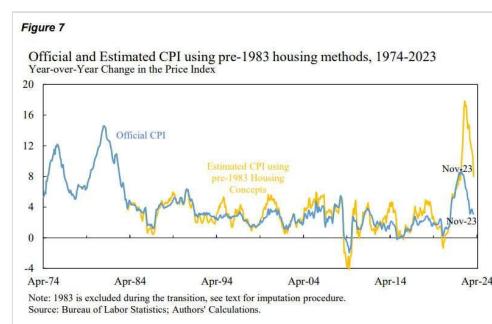
flood the market with Venezuelan oil, U.S. producers — especially frackers — are going to take a big hit.

Of course, U.S. oil majors like Exxon can go produce oil in Venezuela, but [they don't want to do this](#) — understandable, given the risk that the country will collapse into even deeper instability and chaos. Trump simply saying “We’re going to run this country now” is no more reliable a method of long-term governance than it was in Napoleon’s time. So Trump is [trying to bully U.S. oil companies](#) into going into Venezuela and pumping crude to flood world markets. It looks very much like his goal is simply to reduce oil prices, to boost his own political fortunes.

The other main price that Trump is trying to reduce is the price of *credit*. The interest rate isn’t counted in official inflation numbers, but it’s basically the price you pay to borrow money. In fact, [Bolhuis et al. \(2024\)](#)² have a paper claiming that the cost of borrowing is a major reason why American consumers are so dissatisfied. They write:

The [Consumer Price Index] excludes interest payments...This was not always the case....[T]he measurement procedure for the CPI [originally] included measures of interest costs. This changed with the CPI redesign of 1983...Before January of that year, homeownership variables, including housing prices and mortgage rates, entered directly into the CPI...After years of research, the Bureau of Labor Statistics (BLS) [replaced these measures of housing costs with] owners’ equivalent rent, which has a stronger theoretical justification...Housing prices and financing costs were removed from the index. But [the interest rate] did not disappear from the effective costs borne by would-be home buyers or...those borrowing to finance cars and other forms of consumption. This paper argues that this disconnect in inflation measurement, on the one hand, and actual increases in the cost of living due to higher financing costs faced by consumers, on the other, underpins the recent divergence between official inflation data and consumer sentiment.

The authors show that if you use the pre-1983 inflation measure, which includes interest rates (and also house prices), the recent inflation was just as bad as the one in the 1970s:



Source: [Bolhuis et al. \(2024\)](#)

Interest rates are another kind of “price” that often goes down. In fact, the government — i.e., the Fed — has the power to make these go down whenever it wants.

So if high borrowing costs are what’s bothering America, one obvious way to make Americans happier would be to *lower interest rates*. And in fact, bullying the Fed to cut short-term rates isn’t the only way that Trump is trying to make borrowing cheaper for Americans. He’s also trying to [order credit card companies](#) to charge dramatically lower rates:

Reviving a campaign pledge, President [Donald Trump](#) wants a one-year, 10% cap on credit card interest rates...Trump was not clear in his social media post Friday night whether a cap might take effect through executive action or legislation, though one Republican senator said he had spoken with the president and would work on a bill with his "full support." Trump said he hoped it would be in place Jan. 20[.]

So Trump is clearly trying to make borrowing cheaper across the board.³

The parsimonious explanation here is that by trying to flood the market with oil and push down interest rates, Trump is targeting the two prices that A) Americans care about a lot, and B) can actually go down by large amounts. This seems like a savvy move.

The idea that Trump is campaigning for affordability is bolstered by some other moves of his. He recently

announced his desire to [ban corporate landlords from owning single-family homes](#), and has been using the government's negotiating power to try to [force pharmaceutical prices lower](#) — two policies traditionally associated with the left.

These ideas aren't coming from conservative ideology, and it seems unlikely that Trump is doing them out of the goodness of his heart. The likeliest explanation is that he's campaigning for affordability, in order to shore up his most glaring political weakness.

Well, OK. Americans want affordability. Specifically, they want prices to go down, not just to rise more slowly. And they probably especially care about gas prices, interest rates, and maybe rent and health care. So the President they elected is trying to give them what they want, in his own peculiarly gangster-ish way. What's wrong with that?

What's wrong is that the peculiar, gangster-ish tactics that Trump is using to try to deliver affordability may incur long-term costs down the line — including making America *less* affordable in the long run.

The long-term dangers of Trump's strategy

The problem with Napoleon is that although he was very good at getting his way in the short term, his policies were boneheaded in the long term. Cutting continental Europe off from British trade simply caused shortages in Europe and put a lot of merchants out of business. Forcing conquered territories to buy uncompetitive French exports hurt the industry of other European nations. Both of these things fostered resentment that ultimately led Europe to rebel against French rule at the first opportunity.

The immediate effects of Trump's Napoleonic affordability policies may be pleasing to the American populace. His housing initiative won't accomplish anything — despite grabbing lots of headlines, corporate landlords are an insignificant force in America's housing market. But all the rest will probably go over well, if Trump can pull it off. Americans would love to see gas prices, credit card rates, and mortgage rates go down.

The problem is that Trump's methods, like Napoleon's, may be sowing the seeds of their own destruction.

Take Trump's approach to oil prices. Getting oil out of the ground takes lots of long-term investment. You've

got to buy a lot of equipment, drill a lot of holes, and so on. This is doubly true for places like Venezuela, whose oil is especially expensive to extract and refine. Long-term investment requires low risk and political stability.

Trump's decapitation strike on Venezuela seems unlikely to stabilize that country in the long term. Instead of installing the legitimately elected democratic opposition, Trump simply allowed Maduro's lieutenant Delcy Rodriguez to take over, and then began to [bully and threaten her](#). Even if she does what Trump says in the short term, that sort of behavior isn't likely to make her favorably disposed toward Trump; she will be looking for ways to escape from under his thumb, perhaps by cozying up to China. This is especially likely because Rodriguez comes from Maduro's anti-Western ideological camp in the first place.

Furthermore, what kind of a power base does Rodriguez have? She was installed by default after her boss was kidnapped; that doesn't mean she's fit to rule. And her regime's policies are still those that have impoverished her country, causing years of unrest and conflict. Oil revenues might mollify the unrest somewhat, but it's unlikely that the people of Venezuela will be happy to be ruled by a Trump puppet, any more than the people of Naples and Holland were happy to be ruled by Napoleon's relatives.

No wonder Exxon is calling Venezuela "[uninvestable](#)".

The biggest danger, though, is that other oil-producing countries will start to fear similar decapitation strikes. This could prod them to cozy up to America in the short term, but it could also create risk, since oil companies won't know if they're dealing with a regime that's still going to be in power a few years down the line. That could cause investment to dry up in other countries, ultimately pushing up oil prices in the medium term.

Trump's approach to interest rates is even more dangerous. Threatening to investigate the Fed on trumped-up charges unless they carry out the President's wishes on interest-rate policy is a de facto abolition of central bank independence. That could raise inflation in the long run, by quite a lot.

Although there is much economists don't understand about how inflation works, the leading theory of how central banks keep inflation low and stable is *credibility*. This is the idea that if inflation rises, the central bank will bring inflation back down by raising

interest rates. If businesses believe that the central bank will contain inflation, they won't raise their prices much in the first place, and so the expectations of low inflation become a self-fulfilling prophecy.

But if businesses believe that the central bank *won't* raise interest rates, they may expect inflation to rise — and this can become a self-fulfilling prophecy, because when you expect inflation to rise, the rational move is to raise your prices right now. Hazell et al. (2022) study the inflation of the 1970s, and they conclude that the Fed's failure to raise rates by a sufficient amount following the oil shock of 1973 was probably responsible for the bulk of the 1970s inflation.

Therefore, if the leading macroeconomic theory is right, it's very important that people believe that the Fed will raise rates when necessary. If everyone knows that the Fed is Trump's puppet, and that Trump is always going to bully the Fed to keep rates low, they'll know that the Fed will not raise rates when necessary. And the result of that loss of credibility could be inflation — *lots* of inflation, for quite some time. (Incidentally, inflation also drives up nominal interest rates, since lenders have to charge people enough to make back their money plus inflation.)

I'm not saying that's certain to happen, but it's a big risk. And it's a risk Trump may not understand — the logic of monetary policy as a game of self-fulfilling prophecies is a bit hard to wrap your head around, and Trump has no close advisors who have studied this.

Alternatively, Trump may simply calculate that the rebound in inflation will come only after a few years — and that by that time he'll be out of office, and it'll be a problem for his (Republican or Democratic) successor. That would be like when Hugo Chavez forced Venezuela's oil company to disinvest, cratering production and [wrecking the economy](#), but only after Chavez died.

Meanwhile, Trump's credit card plan could also backfire. The banks that make credit card loans don't charge high interest rates because they're greedy and evil — they charge those rates because that's the only

way to make a profit in the credit card business. A lot of people borrow money on credit cards and then just don't pay it back. Banks need to charge high rates to the people who *do* pay it back in order to justify lending to the people who don't.

If you ban banks from charging high rates, they'll accept reduced profits or even losses for a while — but if the policy goes on long enough, many banks will just stop making credit card loans altogether. Then a lot of people won't be able to get credit cards, so they'll have to either make purchases with cash, or they'll have to borrow from shady loansharks (who also charge very high rates, and are more inclined to break your kneecaps when you don't pay up). Neither of those long-term outcomes is particularly good for American consumers.

This is the problem with running economic policy like a gangster. In the short term, bullying people into going against their economic self-interest might get you what you want. But in the long term, it just makes the economy less efficient, while the ad-hoc nature of policymaking causes instability and uncertainty. For a few years, everyone bends the knee, but eventually things start to break.

1

Not really.

2

One of the authors of this paper is Larry Summers, who is currently serving time in the doghouse of public opinion for asking Jeffrey Epstein's advice on an affair he was having with another economist. Don't let anyone tell you that economists lead boring lives! Maybe they should, though.

3

Cynical explanations based on the idea that Trump is trying to lower borrowing costs for his own businesses don't make sense when it comes to credit cards, because it's unlikely that Trump uses this form of financing.

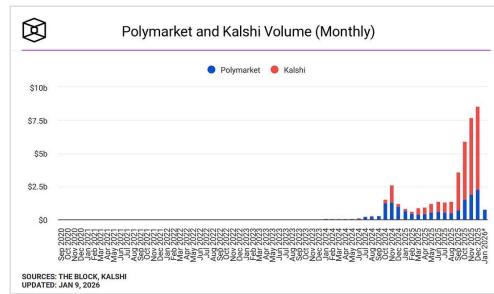
Mantic Monday: The Monkey's Paw Curls

By Astral Codex Ten | Tue, 13 Jan 2026 05:57:31 +0000

The Monkey's Paw Curls

Isn't "may you get exactly what you asked for" one of those ancient Chinese curses?

Since we last spoke, prediction markets have gone to the moon, rising from millions to billions in monthly volume.



For a few weeks in October, Polymarket founder Shayne Coplan was the world's youngest self-made billionaire (now it's some AI people). Kalshi is [so accurate that it's getting called a national security threat](#)

The catch is, of course, that it's mostly degenerate gambling, especially sports betting. Kalshi is [81% sports by monthly volume](#). Polymarket does better - only 37% - but some of the remainder is things like [this \\$686,000 market on how often Elon Musk will tweet this week](#) - currently dominated by the "140 - 164 times" category.

(ironically, this seems to be a regulatory difference - US regulators don't mind sports betting, but look unfavorably on potentially "insensitive" markets like bets about wars. Polymarket has historically been offshore, and so able to concentrate on geopolitics; Kalshi has been in the US, and so stuck mostly to sports. But Polymarket is in the process of moving onshore; I don't know if this will affect their ability to offer geopolitical markets)

Degenerate gambling is [bad](#). Insofar as prediction markets have acted as a Trojan Horse to enable it, this is bad. Insofar as my advocacy helped make this

possible, I am bad. I can only plead that it didn't really seem plausible, back in 2021, that a presidential administration would keep all normal restrictions on sports gambling but also let prediction markets do it as much as they wanted. If only there had been some kind of decentralized forecasting tool that could have given me a canonical probability on this outcome!

Still, it might seem that, whatever the degenerate gamblers are doing, we at least have some interesting data. There are now strong, minimally-regulated, high-volume prediction markets on important global events. In this column, I previously claimed this would revolutionize society. Has it?



I don't feel revolutionized. Why not?

The problem isn't that the prediction markets are bad. There's been a lot of noise about insider trading and disputed resolutions. But insider trading should only increase accuracy - it's bad for traders, but good for information-seekers - and my impression is that the disputed resolutions were handled as well as possible. When I say I don't feel revolutionized, it's not because I *don't believe it* when it says there's a 20% chance Khameini will be out before the end of the month. The several thousand people who have invested \$6 million in that question have probably converged upon the most accurate probability possible with existing knowledge, just the way prediction markets should.

I actually like this. Everyone is talking about the protests in Iran, and it's hard to gauge their importance, and knowing that there's a 20% chance Khameini is removed by February really does help to place them in context. The missing link seems to be between "it's now

possible to place global events in probabilistic context
→ society revolutionized”.

Here are some possibilities:

Maybe people just haven't caught on yet? Most news sources still don't cite prediction markets, even when many people would care about their outcome. For example, the Khameini market hasn't gotten mentioned in articles about the Iran protests, even though “will these protests succeed in toppling the regime?” is the obvious first question any reader would ask.

Maybe the problem is that probabilities don't matter? Maybe there's some State Department official who would change plans slightly over a 20% vs. 40% chance of Khameini departure, or an Iranian official for whom that would mean the difference between loyalty and defection, and these people are benefiting slightly, but not enough that society feels revolutionized.

Maybe society has been low-key revolutionized and we haven't noticed? Very optimistically, maybe there aren't as many “obviously the protests will work, only a defeatist doomer traitor would say they have any chance of failing!” “no, obviously the protests will fail, you're a neoliberal shill if you think they could work” takes as there used to be. Maybe everyone has converged to a unified assessment of probabilistic knowledge, and we're all better off as a result.

Maybe Polymarket and Kalshi don't have the right questions. Ask yourself: what are the big future-prediction questions that important disagreements pivot around? When I try this exercise, I get things like:

- Will the AI bubble pop? Will scaling get us all the way to AGI? Will AI be misaligned?
- Will Trump turn America into a dictatorship? Make it great again? Somewhere in between?
- Will YIMBY policies lower rents? How much?
- Will selling US chips to China help them win the AI race?
- Will kidnapping Venezuela's president weaken international law in some meaningful way that will cause trouble in the future?
- If America nation-builds Venezuela, for whatever definition of nation-build, will that work well, or backfire?

Some of these are long-horizon, some of these are conditional, and some of these are hard to resolve. There are potential solutions to all these problems. But why worry about them when you can go to the moon on sports bets?

Annals of The Rulescucks

The new era of prediction markets has provided charming additions to the language, including “rulescuck” - someone who loses an otherwise-prescient bet based on technicalities of the resolution criteria.

Resolution criteria are the small print explaining what counts as the prediction market topic “happening”. For example, in the Khameini example above, Khameini qualifies as being “out of power” if:

...he resigns, is detained, or otherwise loses his position or is prevented from fulfilling his duties as Supreme Leader of Iran within this market's timeframe. The primary resolution source for this market will be a consensus of credible reporting.

You can imagine ways this definition departs from an exact common-sensical concept of “out of power” - for example, if Khameini gets stuck in an elevator for half an hour and misses a key meeting, does this count as him being “prevented from fulfilling his duties”? With thousands of markets getting resolved per month, chances are high that at least one will hinge upon one of these edge cases.

Kalshi resolves markets by having a staff member with good judgment decide whether or not the situation satisfies the resolution criteria.

Polymarket resolves markets by . . . oh man, how long do you have? There's a cryptocurrency called UMA. UMA owners can stake it to vote on Polymarket resolutions in an associated contract called the [UMA Oracle](#). Voters on the losing side gets their cryptocurrency confiscated and given to the winners. This creates a [Keynesian beauty contest](#), ie a situation where everyone tries to vote for the winning side. The most natural Schelling point is the side which is actually correct. If someone tries to attack the oracle by buying lots of UMA and voting for the wrong side, this incentivizes bystanders to come in and defend the oracle by voting for the right side, since (conditional on there being common knowledge that everyone will do

this) that means they get free money at the attackers' expense. But also, UMA goes up if people trust the oracle and plan to use it more often, and goes down if people think the oracle is useless and may soon get replaced by other systems. So regardless of their other incentives, everyone who owns the currency has an incentive to vote for the true answer so people keep trusting the oracle. This system does work most of the time, but tends towards so-called "oracle drama", where a seemingly prosaic resolution might lie at the end of a thrilling story of attacks, counterattacks, and escalations.

Here are some of the most interesting alleged rulesuckings of 2026:

Mr Ozi: Will Zelensky wear a suit? Ivan Cryptoslav calls this "the most infamous example in Polymarket history". Ukraine's president dresses mostly in military fatigues, vowing never to wear a suit until the war is over. As his sartorial notoriety spread, Polymarket traders bet over \$100 million on the question of whether he would crack in any given month. At the Pope's funeral, Zelensky showed up in a respectful-looking jacket which might or might not count. Most media organizations refused to describe it as a "suit", so the decentralized oracle ruled against. But over the next few months, Zelensky continued to straddle the border of suithood, and the media eventually started using the word "suit" in their articles. This presented a quandary for the oracle, which was supposed to respect both the precedent of its past rulings, and the consensus of media organizations. Voters switched sides several times until finally settling on NO; true suit believers were unsatisfied with this decision. For what it's worth, the Twitter menswear guy told Wired that "It meets the technical definition, [but] I would also recognize that most people would not think of that as a suit."

Domer: Will Ukraine agree to the US mineral deal? AFAICT, this is the only case where the oracle genuinely broke down (as opposed to a legitimate disagreement). In February, it looked like both America and Ukraine had agreed to a mineral deal, but the oracle considered the question and decided this didn't count as a full agreement (and indeed, the apparent agreement then fell apart). In March, a cabal of YES holders tried again. They waited for a time when all Polymarket employees would be out of the office, and when not too many people would be voting on the decentralized resolution oracle, then spammed it with calls to resolve

to YES based on an argument that the February agreement had qualified after all. The YES holders and not-particularly-plugged-in oracle voters pushed the vote towards YES. Then, with two minutes to spare, a Polymarket employee showed up and said that Polymarket's opinion was that it should be NO. This was technically framed as a recommendation to oracle voters, but it is so effective in establishing the Schelling point that it's practically always followed. However, in this case, there were only two minutes left, which wasn't enough time for the voters to change their mind. Seeing that the resolution was trending towards yes, the Polymarket representatives, not wanting to break their streak of always establishing the Schelling point, changed their own opinion to YES, and the final vote was YES 99%.

Domer: How many people watched the Oscars on 3/5/25?: Kalshi's resolution criteria for this market said they would resolve it when a major news source published Oscar viewership numbers. A few minutes after the Oscars, NYT published preliminary viewership numbers, without any caveats saying they were preliminary. The next day, they published another article saying that actually, the real viewership numbers were higher. Kalshi decided that the letter of the resolution criteria was met when NYT published its first article. There was nothing in the resolution criteria saying they would be corrected if the new source changed their mind. Therefore, they would pay out according to NYT's first, preliminary (ie wrong) estimate. Traders who bet on the later (ie correct) numbers were unsatisfied with this decision.

NYPost: Will America invade Venezuela? On January 3, the US bombed Venezuela, sent in a Special Forces team that successfully captured President Maduro, and announced that they would thenceforward "run the country" (a claim they later walked back). Does this qualify as an "invasion"? Polymarket's resolution criteria defined "invasion" as "a military offensive intended to establish control over any portion of Venezuela". It didn't seem like the US was trying to establish control over Venezuelan territory, exactly, so they resolved NO. Traders who bet on YES were unsatisfied with this decision.

With one exception, these aren't outright oracle failures. They're honest cases of ambiguous rules.

Most of the links end with pleas for Polymarket to get better at clarifying rules. My perspective is that the few times I've talked to Polymarket people, I've begged them to implement various cool features, and they've always said "Nope, sorry, too busy figuring out ways to make rules clearer". Prediction market people obsess over maximally finicky resolution criteria, but somehow it's never enough - you just can't specify every possible state of the world beforehand.

The most interesting proposal I've seen in this space is to make LLMs do it; you can train them on good rulesets, and they're tolerant enough of tedium to print out pages and pages of every possible edge case without going crazy. It'll be fun the first time one of them hallucinates, though.

...And Miscellaneous N'er-Do-Well

I include this section under protest.

The media likes engaging with prediction markets through dramatic stories about insider trading and market manipulation. This is as useful as engaging with Waymo through [stories about cats](#) being run over. It doesn't matter whether you can find one lurid example of something going wrong. What matters is the base rates, the consequences, and the alternatives. Polymarket resolves about a thousand markets a month, and Kalshi closer to five thousand. It's no surprise that a few go wrong; it's even less surprise that there are false accusations of a few going wrong.

Still, I would be remiss to not mention this at all, so here are some of the more interesting stories:

Phantombets: Who will win the 2025 Nobel Peace Prize? Twelve hours before the announcement, someone placed a large Polymarket bet on Venezuelan opposition leader Maria Corina Machado, bringing her probability from 4% to 73%. When Machado later won, observers suspected insider trading. But an account named phantombets [claims](#) to have interviewed the winning trader; although he did not reveal his exact strategy, his claims better match a story where he was good at navigating WordPress directories, and found that the Nobel team put a draft of the announcement up early in a nonpublic part of their WordPress site. He won about \$70,000.

LuishXYZ: Will the Russians capture Myrnohrad? This is a small town in Ukraine far from the front line that the Russians obviously were not going to capture; the Polymarket price trended toward zero. The resolution criteria named maps by the well-regarded Institute For The Study of War as canon. A few hours before resolution, ISW updated their maps to show the center of that town captured by Russia, which was obviously false. Polymarket resolved to YES, and the fictional Russian advance disappeared. The Institute then issued [a statement](#) saying the map update was "unapproved", and fired one of its staffers who had presumably been involved. The cheater's exact winnings are unknown, but based on the size of the market are probably mid-6-digits.

TechCrunch: What words will be used in Coinbase's earnings call? Coinbase CEO Brian Armstrong delivered the company's "earnings call", ie a speech to investors about its recent progress. At the end, he said "And I just want to add here the words Bitcoin, Ethereum, Blockchain, Staking, and Web3 to make sure we get those in before the end of the call". There had been prediction markets on whether he would say any of those things. Armstrong is worth \$10 billion and doesn't need to manipulate a \$50,000 market to make money - he later [clarified](#) that he was "trolling". Other crypto executives condemned the move, with one saying that "you need your head examined if you think it's cute or clever or savvy that the CEO of the biggest company in this industry openly manipulated a market." I might need my head examined, because I think it's at least *kind of* funny.

Forbes: Who will rank highest on Google Search volume this year? A trader called AlphaRaccoon got 22/23 of these Polymarket questions right, and has a history of implausibly good performance on Google-related questions. They basically have to be a Google insider, but (since all of this is done through crypto) nobody has a good way to figure out who. They made \$1 million.

NPR: Will Maduro be captured? Just before the secret operation that captured Maduro, someone placed a mysterious \$32,000 wager placed on YES. Was this insider trading by someone in the administration or military? Nobody knows, since the profits go to an anonymous crypto wallet. But the article mentions that the crypto wallet appears to be cashing out through regulated KYC-compliant US exchanges, which suggests

they're not very worried about their identify getting discovered. Maybe someone just got lucky after all.

AlanMCole: How long will Karoline Leavitt speak at the White House briefing? Karoline Leavitt is Trump's press secretary. On January 7, she held an ordinary press briefing. Kalshi had its usual market about how long the briefing would last, divided into bins of greater than vs. less than 65 minutes. At the 64:24 mark, Leavitt ended the conference in what appeared to be a sudden manner, and the "less than 65 minutes" bin shot from 2% to 100%. A viral tweet convinced many people that Leavitt must have been insider trading, but Cole counterargued that Leavitt could only have won about \$4,000 from the market, which probably isn't enough to risk one's job as White House Press Secretary. Sometimes people just end press conferences as weird times.

Cole concluded:

Now, some opinions and generalizations, as someone who looks at prediction markets plenty (I'll probably write something about my own experience with them at some point.)

1. This market, like many of them, is pretty stupid. I like substantive markets; this isn't substantive.
2. The major prediction markets have a wildly undisciplined comms strategy where any attention is good attention, and they love implying all sorts of crazy wild west stuff is going on to get attention.
3. People do bet on things potentially subject to manipulation or insider trading. But usually the markets like that (such as duration of press conference, or stupid "what will be mentioned" markets) are small, especially relative to the wealth of key decisionmakers.
4. Losers in markets are huge whiners, and the more frivolous and tiny their bets, the more likely they are to whine.

Sometimes in sports it's pretty egregious. They'll get mad at a team for running out the clock when ahead but under some spread they bet on.

5. Lower-quality financial news often doesn't pay much attention to quantity. (For example, dumb stories about how a decisionmaker has a conflict of interest because they're invested in an index fund which is 3 percent comprised of some company.)

6. Given the platforms' undisciplined social media strategy of "promote prediction market chatter no matter what kind of chatter it is," I don't think this tweet rises even to the status of "lower-quality financial news."

Kalshi's team, whatever their faults, are extraordinarily efficient at getting batched approvals of many near-identical markets with slight parameter variation; I've seen Tarek speak about this on Odd Lots. The result is they've got TONS of them, for better or worse.

You're gonna see 1-in-100 upsets on tiny Kalshi markets for as long as this regulatory equilibrium holds, even if nothing unusual is going on, simply because they're publishing hundreds (thousands?) of markets per day.

There's a saying that you can't con an honest man. This isn't exactly true. But it's easier to con people who are playing in a "what words will Brian Armstrong say today" market than people who are trying to do something useful, and I have trouble feeling sorry for these people when Brian Armstrong says silly words.

Conditional Markets: A Modest Proposal

Conditional markets ("decision markets") are the strongest case for prediction markets potentially being revolutionary.

The idea is - you may want to base a decision (like which candidate to elect) on an outcome (like how they'll affect the economy). So you make two markets:

- If the Democrat gets elected, will the economy be good four years later?

- If the Republican gets elected, will the economy be good four years later?

...and if one market is higher than the other, then you've successfully forced everyone to settle on a canonical probability of which candidate will be better for the economy.

The fatal flaw is confounding by noncausal pathways. For example, bettors might reason: suppose for some extrinsic reason (let's say someone struck oil) the economy is very good from 2026 - 2028. Then in 2028, people will feel better about Trump, and are more likely to elect Vance. And if the economy is very good from 2026 - 2028, then it's more likely to be very good from 2028 - 2032 (the oil is still there). Therefore, we should bet up the Republicans → good market, and bet down the Democrats → good market, before we even think about whether Republicans or Democrats will do a better job with the economy. Therefore, this can't be a good way to determine whether Republicans or Democrats will do a better job with the economy.

Here's a potential workaround I've never seen before: suppose you create a set of conditional prediction markets as above. Then you create a set of secondary markets, asking bettors to predict the price of the first set of markets *on the day before Election Day*.

On the day before Election Day, either they'll have struck oil, or they won't have. So regardless of the oil situation, people will be factoring in only the true effect of the parties' policies. If you ask people today to predict those markets, they'll be predicting the true effect of the policies. Giving an example with numbers on everything (thanks to AI for gaming this out with me):

- 25% chance of striking oil
- NO OIL WORLD (75% chance):
 - D increases GDP 5%, R increases GDP 10%
 - D wins 50%, R wins 50%
- YES OIL WORLD (25% chance):
 - D increases GDP 10%, R increases GDP 15%
 - D wins 10%, R wins 90%

$$\text{Total P(R wins)} = 0.75 \times 0.5 + 0.25 \times 0.9 = 0.375 + 0.225 = 0.6$$

$$\text{Total P(D wins)} = 0.75 \times 0.5 + 0.25 \times 0.1 = 0.375 + 0.025 = 0.4$$

Naive conditional market calculation

$$E[\text{GDP} | \text{R wins}] = (0.225 \times 7\%) / 0.6 = 1.575\% / 0.6 = 2.625\%$$

$$E[\text{GDP} | \text{D wins}] = (0.025 \times 10\%) / 0.4 = 0.25\% / 0.4 = 0.625\%$$

$$\text{Naive difference: } 2.625\% - 0.625\% = 2.0\%$$

Secondary market calculation

$$\text{On Election Eve, conditional on oil found: R market price} = 0.6$$

$$\text{On Election Eve, conditional on no oil: R market price} = 0.4$$

$$E[\text{Today's market on the Election Eve R market price}] = 0.6 \times 0.75 + 0.4 \times 0.25 = 0.45 + 0.1 = 0.55$$

$$E[\text{Today's market on the Election Eve D market price}] = 0.4 \times 0.75 + 0.6 \times 0.25 = 0.3 + 0.15 = 0.45$$

$$\text{Secondary market difference: } 0.55 - 0.45 = 0.1$$

This doesn't completely solve the conditional problem. There could be residual correlations based on hidden variables that affect the outcome of interest (in this case the election) without being known to bettors even on Election Day Eve. A trivial example is some extraordinary event which happens at 12:01 AM on Election Day. A more subtle example goes something like: suppose the economy is subtly good, nobody has managed to aggregate the statistics and figure this out in a legible way yet, and each individual person still only has private knowledge that the economy is good for him- or her-self. They might still be more likely to vote Republican based on their own private economic optimism, and then the hidden goodness of the economy might become manifest and improve GDP during the next term. Yes, this example is a stretch; maybe I'm missing better ones, or maybe this is a silly edge case failure mode that shouldn't bother us in real life.

What about interaction effects - for example, if Democrats were better at milking a good economy and making it even better, but Republicans were better at correcting a distressed economy and bringing it back to average, would that break the link between the primary and secondary markets? This is beyond my poor mathematical ability, but the AIs claim it's not a problem - the secondary market workaround still ensures the correct difference.

Bonus question: Is there a way to simplify this so that we don't have to run all four markets?

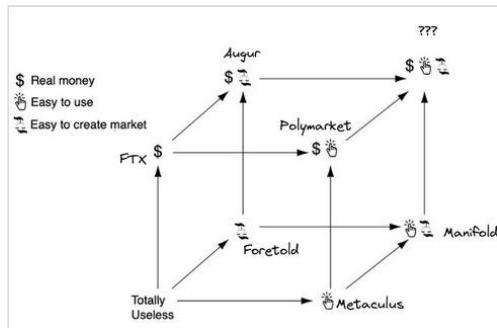
The End Of The Beginning

When I started this column in 2021, I dreamed of a time when there would be big legal prediction markets on important topics. That's come true. There have been some small benefits, but not the epistemic wonderland I hoped for. So what now? Do we pat Shayne Coplan and Tarek Mansour on the back, let them enjoy their superyachts, and otherwise forget about this space? I tend to stay with the true 3% causal effect of D poli-

The first is to continue praying for the original Manifold vision - a prediction market site which offers:

1. Real money markets
2. ...that are user-created, user-resolved, and potentially subjective, giving the user a percent of the volume as a reward for writing/managing/promoting the question.
3. ...and are otherwise easy to use (good interface, high volume, legal in the US)

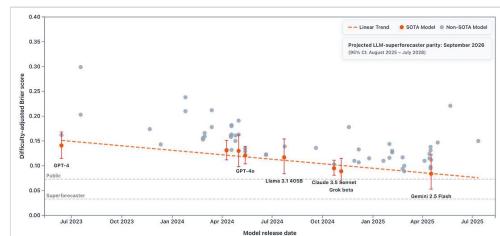
I've been asking for this so long that Nuno Sempere dubbed it the Siskind Cube:



When I ask Manifold why they won't add 1, they say that Polymarket and Kalshi already dominate the space, and they have other, more interesting plans (to be announced soon). When I ask Polymarket why they won't do 2, the answer is a combination of regulatory issues, fear that people would write bad resolution criteria and it would reflect badly on them, and there always being something more important to do. I haven't asked Kalshi, but their answer would definitely be regulatory.

I still think this is a billion dollar bill waiting to be picked up.

The second is to conclude that prediction markets' role in God's plan was only to provide the foundation for AI superforecasters - the training data, the benchmarking arena, and the pot of money that rewards innovation. Once AI superforecasters are developed, then (for all that the rest of us care), the markets themselves can wither away into the sports gambling casinos they so desperately want to become. The Forecasting Research Institute's linear extrapolation shows [AIs are on track](#) to match top humans "by late 2026"



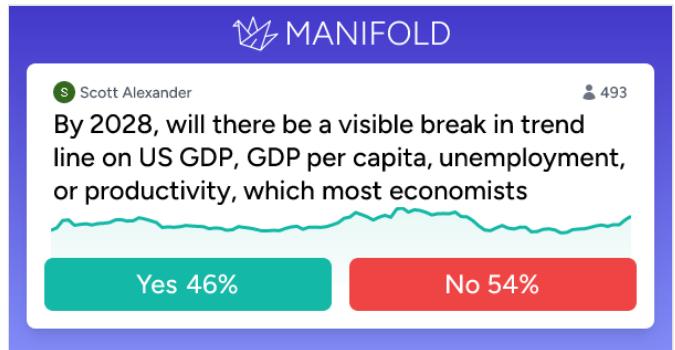
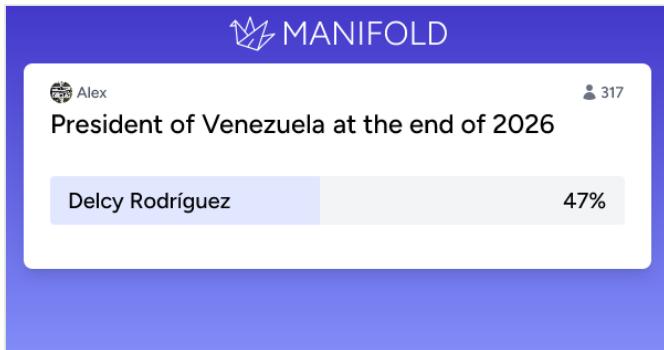
Once superforecaster bots can consider questions for pennies, we can create play-money prediction markets for them, and trust that the consensus answers will be as canonical as perfectly-designed real money prediction markets would be for humans.

Expecting this to happen in 2027, what will that look like, and who should we invest in? Maybe this benefits Manifold - all of a sudden, play-money markets become much more important, and quantity becomes more important at the expense of quality. But branding and perception are important, so the victory could also go to someone who designs around superforecasting bots from the ground up.

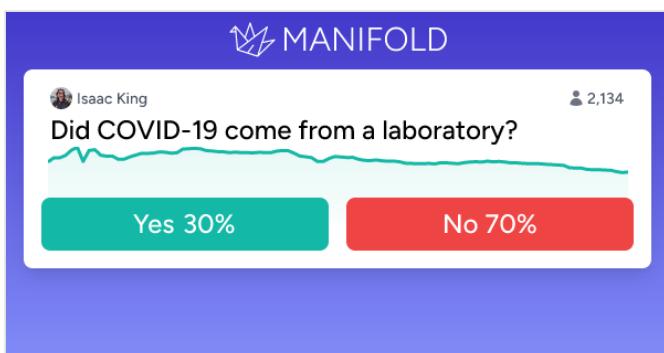
The Trump administration has signaled willingness to allow innovation in this space, so we have at least another three years of friendly regulators - three years when autorecasters will be improving quickly and AI will be lowering the barrier to starting new businesses. A lot can happen during that time.

This Month In The Markets

I've [previously written about Orban](#) under the assumption that he's a dictator-adjacent figure who's hacked Hungary's election system so that he can't possibly lose. That perspective looked correct as recently as last year, but his chances have been swinging around recently, and are currently below 50-50. The election is April 12.

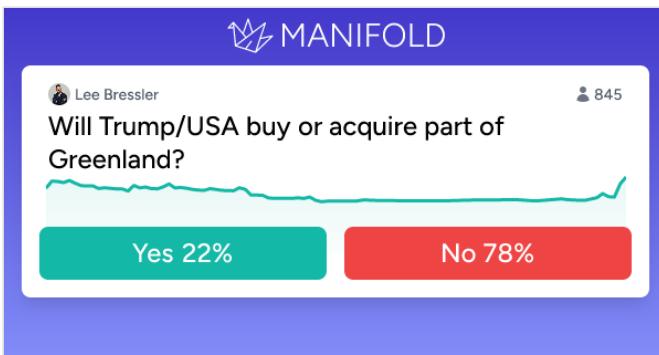


After Maduro's capture, control has passed to his vice-president, with the US saying they're mostly interested in extracting oil. The markets give her a 51% chance of staying on for the long haul. And [here is a long list of all major Venezuela-related prediction markets](#), including how the country will be classified in the Economist's 2027 Democracy Index ([40% chance still an authoritarian regime](#)), and a very subjective one about whether the author will feel that Venezuelans are "better off" at the end of the year ([65% chance](#))



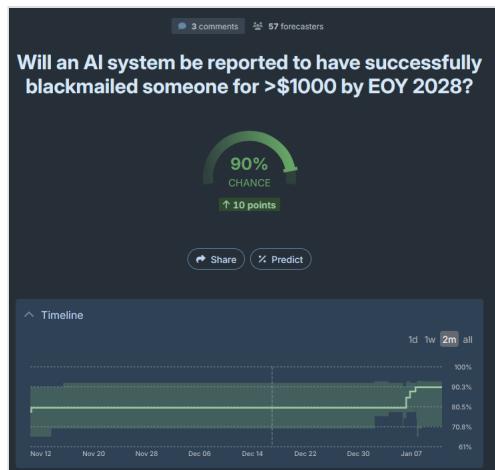
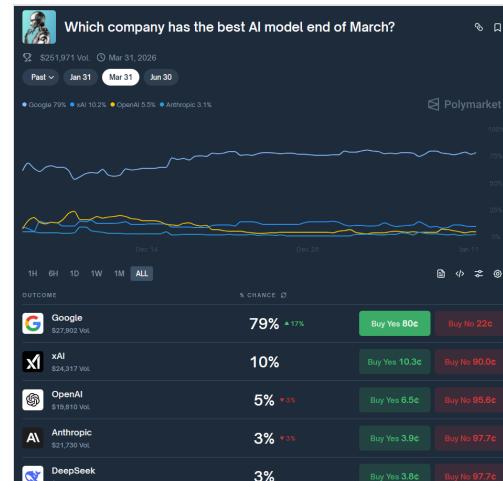
Strange things happening on the COVID lab leak market, which has declined to 27%. This peaked at about 85% in 2023, declined a bit around [the Rootclaim debate and my article on it](#), then stayed around 50-50 for a year or so. But for the past eight months, it's been gradually trending downward, with no end in sight. Some of the change probably involves [the discovery of a natural bat coronavirus with a furin cleavage site](#) last October, but I'm surprised by the extent of the decline.

A California union has announced a campaign to force a 2026 ballot proposition that levies a "one time" wealth tax on billionaires; the mere threat of this tax has spooked several billionaires, including Google founders Larry Page and Sergey Brin, into [leaving the state](#) (the initiative would apply to anyone residing in California as of 1/1/2026, so there's incentive for them to leave proactively). The markets above are the first attempts I've seen to estimate the chance of it actually passing.



Trump Greenland market; went way up upon Maduro capture and subsequent reignition of the discussion. Lest you worry that this is only tracking the chance of getting a military base or some other small acquisition, the creator specified that:

...this market is about whether Greenland or a meaningful portion of it becomes part of America, not about minor acquisitions like a single building or small plot of land.



Here's a pretty crazy Metaculus question - the resolution criteria specify it's *not* about scammers using AIs to blackmail their victims, it's about an AI independently developing and executing a blackmail plan without human prompting or support. Sometime like this has already happened in toy experiments conducted by safety teams when all the conditions were exactly right, but forecasters seem confident it will

happen in real life sometime in the next three years. I don't understand what's going on here, and I'm going to recheck this question after signal-boosting it to see if it changes.

The price of expertise

By Jerusalem Demsas from The Argument | Mon, 12 Jan 2026 11:37:33 +0000



Trump photo by Joe Raedle/Getty Images; Powell photo by Kent Nishimura/Getty Images; artful composition by Jerusalem Demsas/The Argument

Yesterday, Federal Reserve Chair Jerome Powell put out an astonishing [statement](#) revealing that the Trump administration was using the threat of a criminal indictment to punish him for not setting interest rates at the whim of the president.

Powell's statement is the [model of resistance](#) — if only we'd seen the same from universities, law firms, and big business throughout the last year. In response, the price of gold [shot through the roof](#) as markets finally began to price in the administration's threat to political stability.

President Trump has been [clear](#) that he [wants](#) to see [aggressive rate cuts](#). Powell, [worried about reigniting inflation](#), has taken a more conservative stance.

From one perspective, Trump's aggressive posture against Powell is bizarre. The last administration was brought down by high prices and his own term has been dogged by reports that his signature economic policy—tariffs—is leading to higher prices. He should be worried that another bout of inflation could wreck his approval ratings and pull the Senate into play.

Trump isn't an idiot. So why does he keep insisting that inflation is over? Why would he risk it? Well, for one, the lure of short-term incentives. Cutting rates would be felt quickly by businesses and consumers

alike as car loans, credit cards, and even mortgages became cheaper. And in his first term, Trump's insistence that Powell run the economy hot coincided with good policymaking.

But more importantly, a core plank of Trump's populism is the idea that unelected bureaucrats need to be brought to heel. From bringing on [Elon Musk](#) to [tear apart the civil service](#) to [purging inspectors general](#) to [asserting control over independent regulatory agencies](#), this latest escalation with Powell was the natural next step. Hostility towards elites, experts, and the swamp is a core part of Trumpism, as much as the anti-immigration fervor and obsession with protectionism.

The allure of short-termism in policymaking is one of the hardest problems to solve. The best solutions help insulate important parts of policymaking away from short-term electoral pressures. Independent central banks, for one, allow technocrats to make decisions about policymaking even if it comes with short-run pain at a politically inopportune moment.

These types of solutions have grown in popularity—particularly among the wonk class. We already have an independent judiciary but automatic stabilizers (programs that expand and contract when certain benchmarks are hit, like unemployment insurance) have become increasingly popular and among the YIMBYs, taking out the discretionary parts of permitting processes is a core policy aim.

But the tension between democracy and technocracy is real and when technocrats insulate too much from democratic approval, it can lead to a populist backlash, as we are all learning too well.

The technocrat's dilemma

The rise of technocratic institutions has insulated important policy decisions from voter input. Real people feel this lack of control in their day-to-day lives: Mortgage rates jump, energy prices surge, borrowing

costs rise, and no one you voted for seems to be in charge.

From climate policy to central bank independence to austerity measures, attempts to prevent elected officials – and by extension voters – from messing with experts' preferred policies have created fertile ground for populist revolt.

This is the core argument from a recent [paper](#) by political economist Gabriele Gratton and his co-author Jacob Edenhofer (you can listen to Gratton and I talk about his work on *The Argument* podcast [here](#)).

Research [indicates](#) that without central bank independence countries are more likely to experience high and variable inflation. The best illustration of why this happens is Trump's current behavior: If he were in charge, we would have cut rates dramatically last year, risking a resurgence of inflation. Delegation to an independent authority is a commitment device *not* to allow short term political pressures to influence macroeconomic policy.

But the commitment device is straightforwardly anti-majoritarian. The risk is that policymakers will take steps that the public doesn't like. That means backlash is inherent to these systems. As Gratton and Edenhofer write, "central bank policy has fueled support for populists promising to return power over monetary policymaking to the 'people'."

And it's not like delegation is foolproof. Experts fail often.

Arguably, the slow recovery from the Great Financial Crisis aided Trump's 2016 victory. Experts believed that we were [nearing full employment](#) and began raising rates in December 2015, which [led to a mini-recession](#). It was Powell, during Trump's first term, who [forged ahead](#) with rate cuts strengthening the economy.

This is the second way that technocracies stoke backlash. If the public is going to trade its short term power for the promise of expertise, well, experts better get it right! But failure is inevitable.

Technocratic governance produces two grievances: That elites are overruling the people and that elites are incompetent. Populists can win on both.

Democrats aren't immune to populist fever

One of the early signs that frustration with technocrats was becoming bipartisan was early reporting about the Biden administration's turn on economists.

As Obama Council of Economic Advisors Chair, Jason Furman, told [Vox](#), "There are certain commonalities between Biden and Trump, in their rejection of a technocratic approach that thinks seriously about trade-offs...I often find myself in despair about the direction."

I think the clearest sign that populism threatens the Democratic Party beyond the Biden White House is the growing wave of interest in rent controls.

With housing policy, the technocrats are nearly all aligned – we need a lot more supply and we can get there by eliminating unnecessary zoning and permitting requirements. Politicians are slowly coming on board with this long-held elite consensus, but supply side policies work on the order of months and years, and politicians yearn for a magic button.

In New York, Massachusetts, Maryland and Los Angeles, serious efforts at implementing new rent control policies or revitalizing existing ones have taken off.

As someone who [publicly changed my mind](#) on the value of rent control policies, I've been mulling these shifts carefully. As I wrote in 2021, rent control is not a solution to the problem of housing affordability, but it can help policymakers "redistribute the pains of scarcity in the near term."

At the time, I was clear that future construction should be exempt from rent control, that landlords should still be able to raise rents by a moderate sum, and that when tenants choose not to renew their lease, landlords should be able to raise rents as they wish (vacancy decontrol). Further, unless cities or states have already credibly committed to significantly expanding housing supply by eliminating needless zoning and permitting requirements, rent stabilization is a no-go.

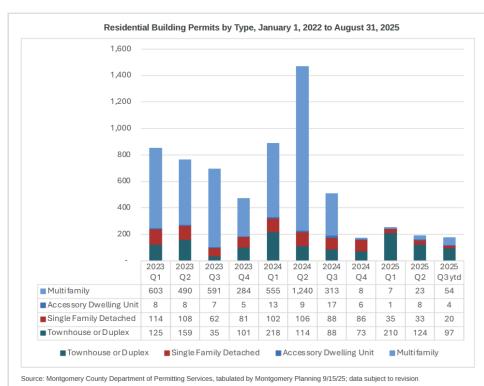
The goal of rent stabilization policies should be to insure existing residents against unexpected shocks so that they aren't priced out while the supply of new housing catches up. They *are not* and *cannot* solve the problem of housing affordability.

I finished my piece by warning that if economists “don’t get on board and help design these policies, cities may be doomed to repeat the mistakes of the past.” I was worried that rising housing unaffordability was going to spawn disastrously unproductive housing policies. I regret to report that this prediction has come true:

In Massachusetts, a ballot measure is gaining steam which would cap annual increases at the rate of inflation or 5%, whichever is lower. Even Boston’s pro-rent stabilization mayor, Michelle Wu, called the 5% cap “quite restrictive,” having supported a 10% measure in her own city. The ballot measure also doesn’t allow for vacancy decontrol, and it applies to new construction after 10 years, significantly depressing the profit incentive to build more housing.

In my home county in Maryland, Montgomery County, a rent stabilization measure went into effect that capped increases at 6% or inflation plus 3%, whichever is lower. According to data from the Department of Permitting Services, [multifamily permits have dropped by 96%](#)

In Los Angeles, landlords of apartments built before Oct 2, 1978 ([roughly 650,000 homes](#)) are barred from raising rents more than 4%.



And in New York, it appears that Mayor Zohran Mamdani who built his campaign on housing affordability has indicated that he [opposes vacancy decontrol](#)

I don’t think economists are to blame for these developments, but I do think we’re in a bad place if the experts best equipped to think about trade-offs refuse to reckon with the trade-off between majoritarian preferences and maximizing social welfare.

As Gratton and Edenhofer write, “technocratic democracies do not fall because they fail to provide policies that maximize welfare... [They fall] because technocratic policies prioritize overall welfare, rather than majority preferences,” thereby provoking opposition.

How to be a good expert

The technocrats’ dilemma isn’t a carte-blance to support any bad policy just because there’s popular support for it. Experts build credibility by being right, not by being yes-men.

And a recent *New York Times* [op-ed](#) by former Biden Administration economic policy advisors is unfortunately an example of the latter.

The problem, Neale Mahoney and Bharat Ramamurti write, is that “voters want immediate cost relief, but standard policy tools can’t always provide it.” But neither can rent control! Even the draconian measures being proposed across the country today do not seek to cut rents, they merely slow their growth. I repeat myself: Rent control is *not* an affordability strategy, at its best it can only ever be an anti-displacement policy.

Perhaps more frustrating is that the op-ed was written while several rent control measures were being proposed and the authors spent no time critiquing any of them.

The purpose of delegating power to experts is to resist the temptation to chase immediate, visible, counterproductive policies. Experts are supposed to narrow the space for self-defeating moves, not expand it.

Populism comes with its own internal contradictions. Rent control will not actually pacify voters frustrated by high housing costs and ending the Federal Reserve’s independence will lead to worse economic outcomes.

What will happen to populists’ public support when their rent control measures don’t bring down prices and exacerbate shortages? Or if Trump appoints a new, more easily cowed Fed Chair in a few short months who cuts rates too soon, too fast leading to another bout of inflation?

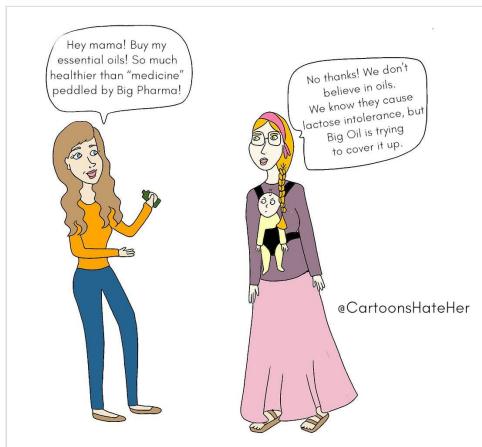
Expertise will be in vogue again. And the people who managed the tricky dance of “saying true things” and “respecting majoritarian preferences” will be the only

ones with credibility to rebuild what populism will inevitably break.

Substack Parents are Crazy Too

By Cartoons Hate Her | Mon, 12 Jan 2026 11:22:23 +0000

"Neurotic moms" are not limited to Facebook safety groups and trad Twitter. Substack is starting to look pretty crazy too.



When I first started writing about parenting on Substack (hardly my “main” topic, but a fun one to touch occasionally) I could reliably make people laugh by mocking “[neurotic moms](#) on Facebook groups.” And they are an easy target! Given that I joined a bunch of safety-related groups after having my first baby in 2020 (lockdown, pandemic, existing anxiety disorder, *Facebook safety groups*...how can it get more neurotic?) I can attest that I have seen some really bonkers shit: fifteen-year-olds riding in booster seats, fears of “dry drowning” because a baby swallowed some of her bath water, or my personal favorite—when the mom group told a mother struggling with her four-year-old who was scared of “monsters in his closet” that the monsters were either spirits to be exorcized by burning sage, or a real man who was living in the closet at night and molesting him.

You can find these women on Twitter too, although these days they tend to be more of the trad/crunchy variety, obsessed with martyrdom and sacrifice regardless of any real upside. It’s a big contest of who can deplete themselves the most without asking a husband for help, while also insisting that everyone

needs to have five or more children. You can’t log onto Parenting Twitter without some butter churning ass bitch living in a log cabin, dressed like Baba Yaga, telling you that you’re “weak” or “spiritually communist” because you wore your baby in a baby carrier instead of holding him with your arms all day as God intended. Usually, this person is either a man in Nigeria or was a liberal atheist seven years ago, but that’s beside the point.

Part of my comedy aimed at neurotic parents is that in many ways, I’m one of them, and I’m self-aware. I worry all the time about my kids’ [safety](#). I worry about being judged for how they [behave](#) in public. I worry about a therapist convincing them I was toxic and they need to go [no-contact](#) with me if they have any negative experiences in childhood. And while I know I sound crazy when I write this stuff, at least I *know* I sound crazy. Often, I am the punchline! And when I bring up the crazy stuff I see on these sites which contributed to my fears, Parenting Substack will immediately advise me that I should simply not listen to “crazy moms on the Internet.”

Only one problem: the call is coming from inside the house. The crazy moms are *here just as weird as I am* most of the time, even if their focus is on different things. I say this with love: if you are writing long-form, data-driven content about the best way to raise children, and if your “best way” is something that’s niche and specific—something that your average mom and elementary school pickup would find intimidating if not downright bizarre—you are probably at least a little neurotic. *You* are the “weird mom from the Internet” that we apparently shouldn’t listen to!

You best start believing in neurotic moms, missy—you’re one of us!

Substack Parenting is neurotic in a different way from Facebook parenting (paranoid, safety-obsessed) and from Twitter (recent Orthodox conversion, LARPing as a pioneer woman.) Instead, Substack neuroticism seems to manifest by advocating for the elimination of

basically every modern invention that makes kids happy, or that makes parenting remotely easier, because these things weren't used in the year 24 AD. Some of the "modern inventions" I've seen eschewed on Substack include TV (because of course), toys, cribs, kid-centered activities, day care, school, day camp, and kids' menus (plus the concept of picky eaters or "kid meals" entirely). Also, the expectation is that moms don't work outside the home, better yet if we homeschool (or unschool.) From the looks of Parenting Substack, you would probably be under the impression that 30% of American parents are homeschooling (the real [number](#) is between 6-8%).)

The ideal Substack Mom (and no, I'm not talking about one specific person, don't worry, it's not you) owns nothing that would ever run the risk of making her own life easier or making her child happier, employs nobody, gets help from nobody (grandparents, *maybeCocomelon* at a cousin's house. The Substack Mom's ultimate achievement is a brood of six children who have never once misbehaved in public because their dopamine has never once been spiked with anything more thrilling than throwing rocks into a pond. Their most exciting activity of the week is being allowed to unload the dishwasher (cue new Substack post: *do we REALLY need dishwashers? Our prehistoric ancestors didn't even have DISHES.*)

The ideal way to brag about your kids on Substack is by showing them engaging in some kind of extremely boring, mundane, all-natural activity (I saw a woman brag that her son spent all afternoon attempting to climb a fence—was he attempting to escape?) and then underscore that despite zero parental involvement or outside entertainment, these kids have never once misbehaved, been bored, or complained. Bonus points if you make some big sweeping statement about an item that has become verboten in your house: "I credit little Jasper's amazing self-regulation to the fact that we simply DO NOT OWN a DINING TABLE."

While modern inventions and entertainment are clearly OUT in the Substack parenting world, what's *really* verboten is self-doubt, which is perhaps why they don't see themselves as neurotic. The expectation is that we get rid of everything that makes parenting easier, and then paradoxically, have a much easier time (Source: dude, trust me.) Every few days I open this app to see a new article, by a different person, explaining how actually parenting is extremely easy if

you "just stop thinking about it so much," and of course, "thinking about it" means like...owning toys or enrolling them in a class or helping them with something. You see, the *real* neurotic moms are the ones who overschedule their kids with stupid activities, camps and lessons. The *real* neurotic moms install Ring cameras all over their house. The *real* neurotic moms track every milestone in an app. But you see, here on Substack, the moms aren't neurotic—their children are just perfectly happy and polite without anyone having to think about it! Also, have you considered your family shouldn't have a couch?

This is what the "anti-neurotic" Substack articles sound like: Why are you crazy Facebook moms so *neurotic* about breastfeeding? Why all these trackers and devices and consultants? I mean, duh, breastfeeding is 100% essential and it's a crime against nature not to do it until your child is able to read chapter books (which for my kids, was age three, thanks to my impeccable unschooling curriculum of "sending them into the woods"), but sheesh, why were you concerned about your baby's weight gain when you could have just breastfed perfectly like me?! Why did you bother pumping when your boobs are perfectly designed to do their job? Oh, your baby was underweight and you were confident there was a tongue tie or some other issue that was hindering your breastfeeding journey? Well, did you try just removing all the baby's toys and replacing them with various sticks and leaves?

This new ecosystem of neurotic parents, like any, stems from a core belief. The core belief of Facebook neuroticism is that the world is a dangerous place, pedophiles are camping out in every play structure, and if you're ever worried about something, you should "trust your mama instinct," even if your mama instinct would have you at the ER every week or shooting innocent men on the street (I'm reminded of one Facebook post where a mother was told to bring a gun to the playground in case anyone there was smoking pot.) The core belief of Twitter neuroticism is that mothers should be as self-sacrificial as possible, preferably while wearing outfit that displays copious booba booba booba (wait...is this really a woman posting?) The core belief of Substack, however, is that parenting was perfect, extremely easy, and chill, *before*. Before *what*, we aren't totally sure—maybe the 1910s, maybe the 1600s, maybe prehistoric times, but either way, everything was fine before a certain time,

and now everything is needlessly bad because parents have too many things and “worry” too much. So guess what bitch? You’re sleeping on a pile of straw now.

One reason I find this line of thinking unconvincing is that the olden days actually sucked ass. Perhaps we can learn a few things from our ancestors, and I enjoy reading about those things, but we don’t live in the olden days anymore so some modern things that are deemed “pointless” because they didn’t exist in olden times are actually necessary to, well, *live in modern times*. Not to sound like a Marco Rubio type Republican, but how the hell are we going to compete with China if our kids’ “education” consists of wandering around in the forest looking at sticks and learning how to can boysenberry jam? School may be a “modern invention,” but most people throughout history were illiterate! AI may make literacy pointless eventually (which sucks, as I’d be out of a job unless I focus entirely on my Trump impressions, which at that point might be a bit too retro to be relevant) but alas, a lot of the modern things we have are actually kind of necessary to exist in a modern world. And for better or worse, that’s the world in which we live!

I’m not saying these people are entirely *wrong*. I’ve seen some interesting stuff here, and I love a good data-driven piece or anything that draws on history. Heck, I wrote a whole article about the sex lives of gorillas. But let’s just call this what it is: weird. It’s okay to be a little weird, you just need to come to terms with the fact that *you* are now the “crazy mom on the Internet” that I’m supposed to not listen to.

A good litmus test for this is, *if I went to literally anyone at my son’s school pickup and relayed what I just read, would they have any idea what I was talking about?* A while ago, when I was deep into online parenting discourse, I struck up a conversation with some moms about the discussion topic of whether or not compulsory public school just exists to accommodate the post-industrial forty-hour workweek. Want to guess what they said? “What are

you talking about? It *doesn’t* accommodate the workweek. We need to use aftercare.” No wonder I *don’t have friends*.

It’s easy to say “Just talk to moms in real life instead of wackos online,” when I admit I *am* one of the wackos, and when motherhood can be isolating. Many of us might not know that many real-life moms with whom to discuss these topics, and many of us might be, for better or worse, taking parenting cues from complete strangers with blogs. And some of these strangers actually *have* helped me! My weakest point as a parent is discipline because I hate the idea of ever making my kids upset (which has led to some undesirable behavior) and some more experienced moms on here have genuinely helped me become a stronger disciplinarian (I was originally *scared* off 123 Magic because it was “behavioralist” and caused “people pleasers,” but again...crazy moms on the Internet.) In fact, since becoming a bit firmer and holding boundaries more consistently with my five-year-old for just two months, I’ve noticed significant improvements in his behavior and ability to cope with his emotions. Some kids just need structure, boundaries, and the awareness that there is a grownup in charge. But again, this is something that would *not* be considered weird if I said it to someone in real life. In fact, they’d think what I was doing before was weird.

But just as you can learn good things from people on the Internet, just remember that Substack writers are not magically more reliable than crazy moms on Facebook. Perhaps we are more reliable than Twitter moms since many of them are likely to actually be young men in Cambodia, but we are still part of the small subset of moms trying to optimize for perfect parenting, even if the way we talk about it emphasizes “not stressing.” I’m sorry, but if I took away everything that had the capacity to entertain my children or make life more comfortable, there would very much be stress.

George Floyd, Renee Good, and Brainworms Versus Reality

By Richard Hanania | Mon, 12 Jan 2026 11:13:21 +0000

Finding social cohesion in fighting back against ICE

It seems fitting that Minnesota is once again ground zero in the national culture war. In 2020, the killing of George Floyd sparked months of rioting that left behind dozens of dead and billions in property damage. Just as Floyd's death became a rallying cry among those who believed that black Americans were being oppressed by the police, the killing of Renee Good has come to symbolize the reign of terror that ICE has unleashed across American cities.

For purely demographic reasons alone, it is unlikely that anti-ICE protests are going to ever get as violent as those on behalf of BLM. In the same way that police pulled back in the months after the post-Floyd rioting, we may see greater agitation against ICE agents, making their lives much more difficult. The retreat of law enforcement led to more crime and disorder in 2020, but stopping street raids looking for immigrants is unlikely to have any discernible negative impacts on the communities affected.

We're told that ICE agents are simply "enforcing the law." It is true that the federal government has the right to deport people in the country unlawfully. Yet this is a red herring, as we understand that there are many cases where, if government sought to fully enforce the law, it would produce chaos and repression. Under Covid restrictions, many businesses were lax in enforcing mask requirements, and it would have been crazy for authorities to go around trying to stamp out every instance of this. Or picture a police force trying to ticket every individual who went one mile over the speed limit.

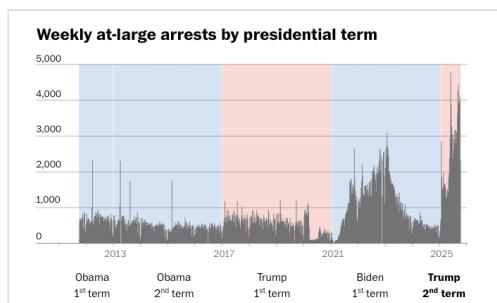


As of 2023, some [14 million people](#) were in the United States illegally, which is about 1 in 24 Americans. To deport them all – or scare them enough that they leave – would wreck massive portions of the economy, and destroy countless lives among those left behind. About [40% of crop workers](#) lack documentation. Nationwide, perhaps [20%](#) of construction workers are undocumented, and in Texas it is about half. According to the nativist, they are all "taking jobs" from Americans, an [economically illiterate](#) argument under even the best of circumstances, but one that is particularly absurd in a country where the unemployment rate is at 4.5%, and has increased since the Trump administration began its crackdowns. If illegal immigrants weren't here, many jobs simply would not get done, and this is even more true regarding those who come into the country legally.

If someone is working, contributing to society, and hasn't committed any crimes, then under any kind of humane and logical system, authorities would exercise discretion and leave them alone. In addition to the economic damage averted, an additional reason to take a less aggressive approach is that, as we've seen, a project of mass deportation requires a violation of the rights of citizens and non-citizens alike. Since July, ICE agents [have fired](#) into at least 13 vehicles, shooting eight people, including five US citizens, and killing two.

All of this is happening not due to public pressure, but because Stephen Miller has demanded 3,000 arrests a day. Although ICE hasn't reached those numbers, at-

large arrests are about [two and a half times](#) higher than they were under Biden.



Propaganda from the administration focuses overwhelmingly on criminals it has picked up. But there aren't nearly enough miscreant aliens for them to get the numbers they want. That is why between early October and mid-November, 47% of those booked into ICE detention [did not have a criminal conviction](#) or even a pending charge. Only 5% had been convicted of a violent crime.

ICE is primarily detaining people without serious criminal convictions		
Type	Book-Ins	Share
Property	1,830	3%
Violent	3,258	5%
Vice	2,052	3%
Immigration	3,152	5%
Traffic	3,998	6%
Other	2,628	4%
No conviction, pending charges	15,807	26%
No conviction or charge	29,075	47%
No conviction (total)	44,882	73%

Downloaded 6/16/2021
Source: Immigration and Customs Enforcement, "ICE Initial Book-Ins by Criminality and MSC: FY2025 YTD," November 15, 2025. See Appendix Table 4 for classifications.

Note that the controversies that set off BLM riots usually began when law enforcement was responding to some kind of illegal behavior. Derek Chauvin ended up killing George Floyd after he had used a counterfeit \$20 bill, and Michael Brown attacked Officer Darren Wilson after being told to stop jaywalking. It is symbolic of the senseless cruelty of the administration's immigration policy that its agents often target individuals while they're at work. Stephen Miller asked ICE [why they weren't](#) at Home Depot and 7-Eleven, and as a result people are being detained precisely for being in a place where they are making a contribution to society because the administration cannot find enough criminals to remove.

Of course, the motivation behind the ICE raids – along with other administration immigration policies – is to reduce the non-white population, no matter how it has

to happen. To be this anti-immigration makes no sense in any other context, which is why administrations of both parties until now have for the most part left non-criminal illegal aliens alone. Now with [Based Ritual](#) types in power posting [white nationalist slogans](#) on the DHS X feed, there is no way to seriously dispute that a racial vision is what is driving administration policy.

Another similarity between Renee Good and George Floyd is that both controversies have involved a big lie regarding violence in America. In 2020, there was the widespread idea that police were gunning down large numbers of innocent black men. Today, we're told that the nation has an immigrant crime wave, and we need stricter enforcement to keep us safe. Yet immigrants [commit less crime](#) than natives, and if you consider how much violence, property damage, and theft they absorb as a result of being in close proximity to our more crime-prone demographic groups, their effect on the safety of Americans already here looks even better. In each case, the side in the wrong refuses to admit its real motivations, and therefore has to rely on a blood libel against an entire group of people in order to justify actions that would otherwise strike most people as deranged.

Perhaps one reason to be optimistic here is that BLM's big lie caused its own undoing. As it turns out, the moment that law enforcement backed off in major cities, violent crime went through the roof, and few ever wanted to defund the police. In fact, it's [difficult to come up with](#) a more unpopular position. Urban black communities may have had their issues with cops in their area, but in the end they saw that authorities were doing valuable work and were needed in dangerous neighborhoods

Not so with ICE. Americans want criminal aliens removed, and they generally can be picked up in prisons and at courthouses. Among those who live in urban centers where ICE has a major presence, there is practically no constituency for raids on diners and construction sites, which interfere with the lives and well-being of citizens and non-citizens alike. Note how ICE agents wear masks, something American police never felt the need to do even at the height of BLM-induced tensions. They should perhaps take that as a hint that they are the oppressors rather than the defenders of the communities in which they operate.

Those who have tried to put a less racist and hateful spin on immigration restrictionism will sometimes claim that we need fewer foreigners in order to maintain social cohesion. But what does social cohesion look like? How is it not a white woman in Minneapolis putting her life on the line to defend her black and brown neighbors against masked men there to satisfy anonymous lowlifes on social media? Or black and white Americans both [insulting and shouting at](#) the head of Border Patrol while he's walking through Target with his face-covered underlings? You can also find it in the reaction to ICE raids in Los Angeles, which were condemned in one voice by a multiracial city where over 200 languages are spoken, in which Hispanics are a plurality, along with the city's black mayor and the white governor of the state.

[following trends](#) in national politics. The administration has been suing states to block in-state tuition for undocumented immigrants, sometimes [working with](#) Republican-led states to invalidate their own laws — policies that had drawn little controversy until recently. This is why so much right-wing rhetoric has to rely on the myth of immigrant crime. People whose brains have been turned to mush by internet memes are convinced they're living in a hellscape, in direct contradiction to the views of the communities that they claim to be helping.

As with BLM, here there is a split between ideology and reality. The anti-police activists looked at inner-city violence and the state of race relations in America

through the lens of the oppressor-oppressed framework and decided that law enforcement was the problem, no matter what the facts said. The nativist similarly starts with the conclusion that non-whites living in America is itself a problem, and then works backwards to enact a political agenda.

In both cases, reality refuses to cooperate. Law enforcement stepping back made inner city communities more dangerous rather than safer. Likewise, you will not deport your way into greater prosperity and a unified culture. Rather, the path the nativists have chosen requires a continuous war against American communities that do not want their masked agents there. A movement aiming for social cohesion in this way can produce nothing but a constant struggle, one with the regular threat of violence, between the federal government and its people whenever a Republican is in the White House.

But they will continue, since America as it exists is not what the nativists care about. They are motivated instead by a vision of demographic transformation, and if they can't ever have a white America again — as it's already too late for that — they'll settle for the thrills that come with seeking and exercising power and inflicting pain on those they hate. It is up to us who believe in the real-life version of our country, its traditions, and the ideals that have kept people like them on the fringes to ultimately defeat this movement. May the memory of Renee Good provide inspiration as we fight to make sure she did not die in vain.

Theft is not the road to prosperity

By Matthew Yglesias | Mon, 12 Jan 2026 11:00:39 +0000

Trump's attack on Venezuela recapitulates Venezuela's failed economic model



The front pages of several British tabloids treated U.S. action in Venezuela as a decisive moment. (Photo by [Matt Cardy](#))

Before Trump's snatch-and-grab operation against Nicolás Maduro, I'd been noodling a take about how the invasion of Iraq, for all its many problems, seems to have worked out better than the invasion of Afghanistan.

That's a bit of a vexing conclusion, because the war in Afghanistan was much better justified. The September 11 terrorist attacks really happened, the Taliban had long been sheltering Al Qaeda, and the United States invaded with broad global support and legitimacy provided by the United Nations. There's no such thing as a perfect war but, as far as these things go, this one was well-grounded conceptually. It just ended up failing in a pretty profound way, despite a solid *casus belli* and a perfectly reasonable war aim of "set up a government that is better than the Taliban."

The point of this, pre-emptively, was going to be to say that just because the burgeoning war with Venezuela was insane and unprovoked didn't mean it would necessarily be catastrophic.

Trump seems to have been thinking along the same lines because, rather than coming up with any kind of

plausible-sounding pretext or legitimate war aims, he appears to have focused on shrinking the mission down so as to maximize the odds of success. Rather than actually changing the regime in Caracas, he decapitated it. He now seems to be simply trying to stabilize the situation under the leadership of a successor group of autocrats who'll just agree to be more pliable to his demands, which center around seizing a slice of Venezuela's natural resource wealth.

This is very much not what the Bush administration did in Iraq.

Notably, though, it is something that many of the Bush administration's left-wing critics *said* he was doing in Iraq. The war was often portrayed by its opponents as a kind of cynical smash and grab for oil. Trump, meanwhile, has spent years being vocally critical of "neocons," which led some lefties to see him as a kindred spirit.

But Trump himself has always been clear that he thinks [we should have taken Iraq's oil](#). In other words, his complaint with Bush is precisely that he thinks the war *should have been* a cynical smash and grab for oil. And you can see this same line of thinking in other contexts, too. An administration led by a John Bolton or Paul Wolfowitz type would have been very aggressive against Venezuela, but would complement that by being very supportive of Ukraine. The actual Trump policy is to continually back away from supporting Ukraine, but to follow up the Venezuela putsch with [new threats to seize Greenland](#)

Trump is a guy who largely agrees with leftist critiques of the mythos of American power as a force for good in the world and sees military power primarily as a means to imperial extraction. But he thinks that's good!

The old imperialism debate

I've written before about a [parallel intellectual development in the slavery context](#). The basic question is whether countries' wealth comes from coercive extraction or from positive-sum economic growth.

If you look back to 1855, the right-wing position was that slavery was the key lynchpin of the burgeoning Industrial Revolution and all humanity's hopes of prosperity rest on overseers' whips. The left-wing opponents of slavery believed this was not true, and that, while slavery might be good at enriching slave-drivers and plantation owners, it had fundamentally the economic characteristics of theft. Modern prosperity would be enhanced by a more fulsome embrace of free soil, free men, and free labor.

But 150 years later, the pro-slavery view has been reinvented as the [New History of Capitalism](#), which also argues that the Industrial Revolution and modern prosperity rest on the overseers' whips. This time, though, the point is that capitalism is morally tainted, and we need a program of reparations.

The arguments between [Disraeli and Gladstone over British imperialism](#) in the 19th century were basically about the same question. The Tory position was that English prosperity depended on creating and securing a large colonial empire. The Liberal criticism was that this is actually not true, that empire-building helps enrich a small elite by transferring the wealth of the colonized into their hands, but that actual prosperity comes from positive-sum growth via capitalism and free trade.

A somewhat parallel argument played out in the United States between Gilded Age Republicans and their Democratic opponents. On the verge of the Spanish-American War, the imperialist view was that it was important for America to seize Spain's colonial empire — Cuba, Puerto Rico, the Philippines — for ourselves. The anti-imperialists pointed out that America had already caught up to the United Kingdom in prosperity and far surpassed the wealth of the other colonial countries and that this was a totally pointless approach to economic development.

After all, the whole reason the United States could (and eventually did) seize several of Spain's colonies is that having this empire wasn't actually very useful. Nineteenth-century Spain was an economic backwater! America ended up becoming only a very minor colonial power and divested itself of the Philippines [starting in the 1930s](#)

But there's a school of thought on the left associated with Lenin and certain Marxist accounts of the origins of World War I which holds that the right-wing empire builders were basically correct.

For capitalism to be sustainable, on this account, you need imperial control of a hinterland to provide captive markets for your output. So Germany adopting the view that it was [important to control Namibia no matter the human cost](#) and therefore also very important to get into a [massive naval arms race with Britain](#) wasn't a mistake; it was a cold-eyed assessment of the situation. Liberals felt that imperial rivalry and great power war was a negative-sum fiasco, but the hard left insisted it was an inevitable unfolding of the logic of capitalism.

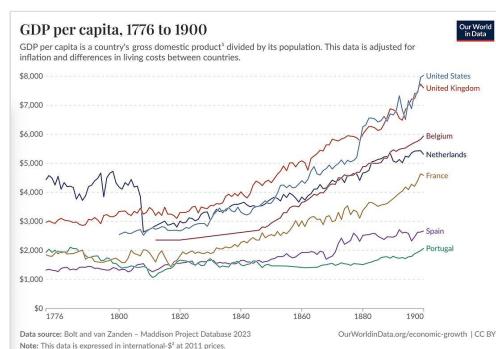
After World War II, support for imperialism largely collapsed and the major powers decolonized. We then had essentially academic debates between leftists, who saw imperial exploitation as key to the rise of the West, versus liberals, who believed in the fundamental importance of science and markets and the rule of law.

In January of 2026, though, Stephen Miller is [posting about how decolonization was a mistake](#) and Trump is bragging about how newly colonized Venezuela will commit to [exclusively buying American exports](#). It would be cute to say that Trump is recapitulating Lenin's arguments, but it's more accurate to say he's reviving old and long-discredited right-wing arguments in favor of empire-building.

You can just buy things

The whole imperialist worldview has frankly never made much sense in the context of societies with market economies and representative governments.

Switzerland was the [richest country in Europe as far back as the 1870s](#) without ever having built a colonial empire. Spain and Portugal got started on colonizing the world long before England and France, and became poorer than England and France *before* the rise of the English and French empires.



The way the cause and effect works here is that being rich makes it feasible to undertake colonial projects, not that colonial projects make you rich. Switzerland just didn't bother and never suffered for it. Germany got into the empire-building game incredibly late, got stuck with the most obviously worthless colonies, and the Hohenzollern dynasty ended up literally destroying itself fighting with England and France about this. Today, countries like Austria and Finland that never had colonial empires are richer than the United Kingdom. *Ireland* is now richer than the United Kingdom.

The thing is that in a market economy households and companies need to pay money for the natural resources they buy one way or the other. You could buy raw materials from a U.S.-based company extracting them in the United States. Or you could buy them from a foreign-based company extracting them in the United States. Or from a U.S.-based company extracting them abroad. Or from a foreign-based company extracting them abroad. It doesn't matter. It's true that being able to purchase raw materials and other production inputs matters. But this is just trade. Most countries have some level of self-imposed restrictions on imports — protectionism — which is a bad idea that makes them poorer. If you want your citizens and your companies to have more access to natural resources, the thing to do is literally allow them to be imported.

By the same token, it may or may not be the case that there is money to be made doing some kind of mining projects in Greenland.

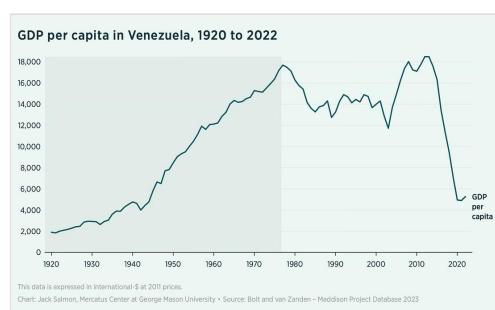
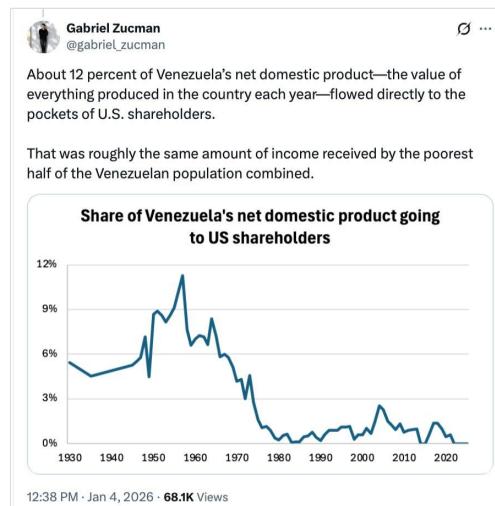
If there is, that would be good in a small way for Americans, mostly just in the sense that having access to more abundant natural resources would raise living standards. Whether it's American or Danish or Canadian companies that own the mines is neither here nor there. Whatever it is they mine that's useful, you'll still need to pay money for. Of course, if you own shares of stock, it matters whether it's a company that you own shares in that gets the contract. But foreigners own shares in American companies and Americans own shares in foreign companies. Denmark is not a geopolitical rival of the United States; it's a well-governed country with the rule of law and functioning capital markets. The only way to profit from coercing them — rather than just doing normal business deals — would be to literally steal the resources, to allow some

American company to *take* them rather than pay money.

But short-sightedly destroying the rule of law in order to steal natural resources is not the road to prosperity — just look at Venezuela.

Trump is making us more like Venezuela

The French economist Gabriel Zucman noted that part of the historical context of the U.S.-Venezuela relationship is that [a large fraction of Venezuelan G.D.P. used to flow out of the country](#) as payouts to American companies. My American father-in-law grew up in Venezuela because *his* father worked for an American oil company that drilled oil and exported it to global markets, repatriating the profits back home and contributing to this dynamic.



That said, the state-run oil company did chug along at a level of mild competence. Chávez took power in 1999 and, coincidentally, world oil prices [more than quadrupled](#) between 2003 and 2008, which meant Venezuelan G.D.P. soared. But rather than using this windfall to build a durable foundation for prosperity, Chávez turned the state-owned oil company into a

patronage mill such that its performance was deteriorating in advance of a big fall in world oil prices that struck in 2014. The regime responded to economic downturn with more command-and-control measures, which didn't work, which made them unpopular. They resorted to more political repression, leading to a 10-year saga of collapse.

The point is that if stealing Venezuelan oil were the way to become a rich country, Venezuela would be rich. But it's not, because good government and the rule of law are actually the most important things.

That's not to say natural resources are irrelevant.

Norway is richer than Sweden or Denmark or Finland largely because of its oil. But in the global scheme of things, all four Nordic countries are rich because they are all peaceful, well-governed countries. In the context of stable politics, competent government, and the rule of law, Norway has a state-owned oil industry that is

well-managed and doesn't scare off foreign investment in other sectors. But Venezuela is far from the only example of a country where natural resource wealth devolved into rent-seeking, cronyism, despotism, incompetence, and poverty.

Nothing Trump has done so far is nearly as extreme as the Maduro thrashing of the Venezuelan economy. But his broad approach to almost everything is to make the American economy more like the failures we've seen in Venezuela and other failed Latin American populist regimes. A G.O.P. figure who cuts taxes while entrenching personalism and undermining the rule of law will get more slack from financial markets than a leftist who boosts social spending would. But Trump is eroding the underlying sources of American prosperity and transforming the country into one where business opportunities are handed out based on political connections and bribery.

Why are federal agents gunning down Americans in the streets?

By Noahpinion | Sun, 11 Jan 2026 02:27:39 +0000

The shooting of Renee Good, like all of the ICE abuses, is symptomatic of a deeper mental illness.



“What if you knew her and/ Found her dead on the ground/ How can you run when you know” – Crosby, Stills, Nash & Young

I am neither a forensic expert nor a jury member, but it sure looks to me like an ICE agent shot and killed a woman who wasn't threatening his life. We have video of [the killing of Renee Good](#) in Minneapolis on January 7th, and the Washington Post has [a detailed blow-by-blow analysis](#) of the video:

In the aftermath [of the killing], Homeland Security Secretary Kristi L. Noem said [Renee Good] had committed an act of “domestic terrorism,” first disobeying officers’ commands and then weaponizing her SUV by attempting to “run a law enforcement officer over.” President Donald Trump said the woman “violently, willfully and viciously ran over the ICE officer.”

A frame-by-frame analysis of video footage, however, raises questions about those accounts. The SUV did move toward the ICE agent as he stood in front of it. But the agent was able to move out of the way and fire at least two of three shots from the side of the vehicle as it veered past him...

The agent...can be seen standing behind Good's SUV...The agent then walks around the passenger side...[T]wo additional agents...approach Good...A voice can be heard saying to “get out” of the car at least two times. One of the agents puts a hand on the opening of the driver's side window and with his other hand tugs twice quickly on the door handle, but the driver's door does not open...[T]he SUV begins to back up...

The agent who was first seen behind Good's SUV reemerges in front of the vehicle...The SUV quickly pulls forward, and then veers to the right, in the correct direction of traffic on the one-way street...As the vehicle moves forward, video shows, the agent moves out of the way and at nearly the same time fires his first shot. The footage shows that his other two shots were fired from the side of the vehicle.

For more details surrounding the incident, and for the full video, check out [the Washington Post article](#). Here's a frame-by-frame analysis by Bellingcat:



Here's another link where you can see videos of the incident from three different angles.

It's not clear whether Good meant to hit the ICE agent with her car, or meant to threaten to hit him, when she briefly pulled forward before driving away. Nor is it clear why Good was interacting with the agents in the first place. What does seem clear is that when the agent fired his second and third shots at Good, he was standing *to the side* of her car, and thus was not directly threatened by the car. Cars cannot drive sideways.

Again, I'm not a jury member, but my understanding of the law is that if you're not defending yourself from a threat, you're not allowed to kill someone. It's possible that the agent — now identified as [Jonathan Ross](#) — fired those second and third shots at Good *in retaliation* for a threat on his life *that had already passed*. (The first shot was fired from diagonally in front of the car, where it *might* have been possible for Good to hit Ross.)

That's just about the most charitable interpretation possible. But if someone threatens you and then runs away, you're not allowed to shoot them in the back as they run. That's not self defense.

And of course, there are more uncharitable interpretations here. It's possible Ross shot Good on a pretext of self defense, because he was simply angry at her for refusing his demands to open the car door, or because she was trying to film him. One of the ICE officers can be heard yelling a vulgar insult at Good.¹

Under normal circumstances, I suppose Ross might be prosecuted for manslaughter or something like that. But ICE has been heavily politicized, and so the Trump administration [leapt doggedly to Ross' defense](#). Trump's Secretary of Homeland Security called Good a "terrorist", and Trump, lying as usual, said that Good

had "run over the ICE officer". But it's Vice President JD Vance who has been the most dogged and vociferous in his [defense of Ross](#) and [vilification of Renee Good](#):

A screenshot of a Twitter thread from JD Vance (@JDVance). He says people are incapable of not lying about the side window. Ryan Grim responds that the shots came from the front of the car. Vance replies that the agent was allowed to defend himself. Two Rate proposed Community Notes buttons are shown at the bottom.

A screenshot of a tweet from Acyn (@Acyn) about the White House press briefing. It shows a video of VP Vance speaking. The caption reads: 'Vance: You have a woman who aimed her car at a law enforcement officer and pressed on the accelerator. Nobody debates that. I believe it was a tragedy—a tragedy of her own making.' The video frame shows VP Vance at a podium with the White House in the background.

The Vice President's claim that the shots were fired from the front of the car is pretty clearly false. He also repeatedly [talked about ICE agents "going door to door"](#) to deport illegal immigrants — pretty clearly ignoring the Constitution's [Fourth Amendment](#), which prohibits "unreasonable searches and seizures".

Vance's reception on social media — even from the kind of ["tech right" types](#) that are usually his fans — was largely negative. Here's a fairly representative [tweet](#):



That mirrors the overall mood in the country. [Here's Axios](#), two days after the killing in Minnesota:

Americans now disapprove of ICE and support protests against the agency, according to a new poll conducted the same day a federal officer fatally shot a 37-year-old mother in Minneapolis...A YouGov poll of over 2,600 U.S. adults on Jan. 7, found people don't like the way ICE operates...About 52% either somewhat or strongly disapproved of how ICE was handling its job, compared to 39% who somewhat or strongly approved...Just 27% said the agency's tactics were "about right" compared to 51% who called them "too forceful". Another 10% said they were "not forceful enough."...A 44% plurality of adults approved of recent ICE protests, while 42% disapproved...ICE had a +16 net approval rating last February at the start of Trump's second term, according to YouGov...That rating cratered over the year to -14[.]

Two days is probably far too early for the killing of Good to have shifted national opinion radically. The negative drift in views toward ICE is probably due to their consistent record of brutality, aggression, dubious legality, and unprofessionalism in Trump's second term.

[Here's a video](#) of ICE agents in Arkansas beating up an unarmed U.S. citizen. [Here's a video](#) of ICE agents arresting two U.S. citizens in a Target. [Here's a story](#) about a similar arrest. [Here's a video](#) of an ICE agent brandishing a gun in the face of a protester. [Here's the](#)

[story](#) of ICE agents arresting a pastor who complained about an arrest he saw. [Here's a video](#) of ICE agents arresting an American citizen and punching him repeatedly. [Here's a video](#) of ICE agents threatening a bystander who complained about their reckless driving. These are all things I noticed on X within just the last two days. There has been a pretty constant stream of these for months. [Here's a roundup](#) of some others, by Jeremiah Johnson:

For the past year, ICE has been involved in a series of escalating incidents that rarely result in repercussions for anyone involved. ICE agents have recklessly caused traffic accidents and then, in one incident, arrested the person whose car they hit. They've tear-gassed a veteran, arrested him, and denied him access to medical care and an attorney. They have attacked protesters merely for filming them in public. They've pepper-sprayed a fleeing onlooker in the eyes from a foot away. They've pointed guns at a 6-year-old. They've knelt on top of a pregnant woman while they arrested her. They have arrested another pregnant woman, then kept her separated from her newborn while she languished in custody. They have repeatedly arrested American citizens, and they've even reportedly deported a citizen, directly contradicting court orders.

These are anecdotes, but there have also been careful, systematic reports about ICE arrests and mistreatment of U.S. citizens and poor conditions in ICE detention centers

The *Wall Street Journal* also reviewed some other videos and other records of ICE shootings, and found a similar pattern to the Renee Good killing:

The *Wall Street Journal* has identified 13 instances of agents firing at or into civilian vehicles since July, leaving at least eight people shot with two confirmed dead...The Journal reviewed public records—court documents, agency press releases and gun-violence databases—of vehicle shootings involving immigration agents, though video is only publicly available for

four of them...The Minneapolis shooting shares characteristics with others the Journal reviewed: Agents box in a vehicle, try to remove an individual, block attempts to flee, then fire.

Instead of causing ICE agents to pause in consternation, the killing of Renee Good appears to have made many even more aggressive. [Here's a video](#) of an ICE agent in Minnesota telling a protester "Have y'all not learned from the past couple days?". [Here's a video](#) of an ICE agent kicking over candles at a memorial for Renee Good.

Perhaps this is unsurprising, given the [ultra-low standards](#) for recruitment and training of ICE agents under Trump:

A [deadly shooting in Minneapolis](#) at the hands of a federal immigration officer comes weeks after a [bombshell report](#) on President Donald Trump's desperate drive to [rush 10,000 deportation officers](#) onto the payroll by the end of 2025.

The explosive Daily Mail report found that the administration's \$50,000 signing bonus [attracted droves](#) of unqualified recruits — high school grads who can "barely read or write," overweight candidates with doctor's notes saying they're unfit, and even applicants with pending criminal charges...[O]ne Department of Homeland Security official [said]: "We have people failing open-book tests and we have folks that can barely read or write English."

Jeremiah Johnson [has more](#):

Reporting shows that ICE is filled with substandard agents. Its aggressive push to hire more agents uses charged rhetoric that [appeals to far-right groups](#), but the agency has run into problems with recruits [unable to pass background checks](#) or meet minimum standards for academic background, [personal fitness](#), or [drug usage](#). One career ICE agent called new recruits "pathetic," according to *The Atlantic*, and a current Department of Homeland Security official [told NBC News](#)

that "There is absolutely concern that some people are slipping through the cracks," and being inadvertently hired.

It's worth noting, though, that [Jonathan Ross himself is well-trained](#), with plenty of experience in law enforcement and military combat operations. So it's not always a matter of poor training.

A number of Republican politicians have defended ICE's actions with rhetoric that sounds downright authoritarian. Texas Representative [Wesley Hunt](#) said: "The bottom line is this: when a federal officer gives you instructions, you abide by them and then you get to keep your life." Florida Representative [Randy Fine](#) said: "If you get in the way of the government repelling a foreign invasion, you're going to end up just like that lady did."

Is this America now? A country where unaccountable and poorly trained government agents go door to door, arresting and beating people on pure suspicion, and shooting people who don't obey their every order or who try to get away? "When a federal officer gives you instructions, you abide by them and then you get to keep your life" is a perfect description of an authoritarian police state. None of this is Constitutional, every bit of it is deeply antithetical to the American values we grew up taking for granted.

Why is this happening? Part of it is because of the mistakes of the Biden administration. For the first three years of his presidency, Biden allowed a massive, disorderly flood of border-hopping asylum seekers and quasi-legal migrants of all types to pour into the country, and as a result, [Americans got really, really mad](#). That made immigration into a major issue in the 2024 election, helped Trump get elected, and provided political cover for a dramatic expansion of deportations. Now, probably thanks to ICE's brutality and the administration's lawlessness, support for immigrants and disapproval of Trump's immigration policies are [rising again](#). But the administration still has what it considers a mandate to act with impunity.

The deeper reason, though, is the ideology of the MAGA movement. Over the years, I've come to realize that most Trump supporters view immigration as a literal invasion of the United States — not a figurative "invasion", but a literal attempted conquest of America by foreigners. This is from [an Ipsos poll](#) in early 2025:

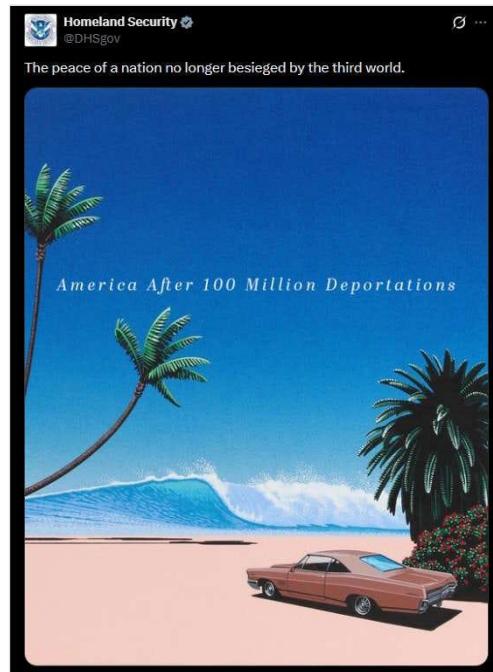
4. To what extent, if any, do you believe the following are true?				
Total True Summary (Completely / Somewhat true)	Total	Democrat	Republican	Independent
The U.S. is experiencing historic levels of migration, with immigrants flooding southern states like never before	55%	41%	84%	50%
The U.S. is experiencing an invasion at the southern border	46%	26%	80%	42%
Migrants bringing fentanyl and other illegal drugs over the southern border are primarily responsible for drug overdoses and deaths in the U.S.	41%	23%	74%	34%
The U.S. is implementing an open border policy along the southern border	18%	12%	32%	14%

Source: [NPR/Ipsos](#)

And a substantial percentage of these folks believe that the purpose of this “invasion” is to “replace” the existing American population. This is from [a PRRI poll from late 2024](#):

One-third of Americans (33%) agree with the “Great Replacement Theory,” or the idea that immigrants are invading our country and replacing our cultural and ethnic background. The majority of Americans (62%) disagree with this theory. Agreement with this theory has decreased by 3 percentage points from 36% in 2019...Six in ten Republicans (60%) agree with the “Great Replacement Theory,” compared with 30% of independents and 14% of Democrats. Among Republicans, those who hold a favorable view of Trump are more likely than those who hold an unfavorable view to agree that immigrants are invading our country (68% vs. 32%).

Perhaps some think that this “Great Replacement” is only cultural or [partisan/political](#) — the DHS recruits agents with a call to “[Defend your culture!](#)” — but many clearly think it’s racial in nature. The DHS recently [posted this image](#):



100 million is *far* more than the total number of immigrants in the United States (which is [estimated at around 52 million](#)). Instead, it's close to [the total number of nonwhite people in the country](#). So the idea of “100 million deportations” clearly goes well beyond the idea of deporting illegal immigrants, and well beyond the idea of deporting *all* immigrants, into the territory of ethnic cleansing.

The DHS is posting these memes as a recruitment tactic, and polls about the “Great Replacement” show that there’s a large pool of potential recruits to whom this rhetoric is likely to appeal. In other words, many of the ICE agents now going around kicking in doors, beating up and threatening protesters, arresting citizens on pure suspicion, and occasionally shooting people believe that *they are engaged in a race war*. Many of them probably agree with [Elon Musk’s assessment](#) that White people have to maintain demographic dominance in order to avoid becoming an oppressed minority:



Musk is obviously thinking of his native South Africa. But this kind of politics is now commonplace in the United States as well. Observers of right-wing politics in America have [noted the rise](#) of sentiments like this. This hatred is likely fueling the brutality that ICE is displaying in the streets.

To be fair, the Great Replacement ideology didn't arise out of nowhere. It's an irrational and panicky overreaction that will lead America down the road to disaster — it's [full of hate and lies](#), it's inherently divisive, it's associated with some of history's most horrible regimes, and it's being promoted by some very bad actors. But it has also been egged on by a progressive movement that has made [anti-white discrimination in hiring](#) a pillar of its approach to racial equity, and has [normalized anti-white rhetoric](#) in the public sphere. This was an unforced error by the left — [one of many](#) over the past decade.

But whoever started America's stupid race war, the real question is who will stand up and end it. The GOP, and the MAGA movement specifically, was offered a golden off-ramp from this dark path. In 2020 and 2024, Hispanic Americans, along with some Asian and Black Americans, [shifted strongly toward Trump and the GOP](#). This was a perfect opportunity for the GOP to make itself, in [the words of Marco Rubio](#), a “multiracial working-class” party. This would have been similar to how Nixon and Reagan expanded the GOP coalition to include “white ethnics” that the GOP had spurned in the early 20th century. But instead, MAGA took the victory handed to them by nonwhite voters and used it to act like exactly the kind of white-nationalist race warriors that liberals had always insisted they were.

I doubt that Donald Trump himself thinks of his administration as prosecuting a race war. He is certainly a nativist — he [disdains immigrants from countries like Somalia](#), and believes that they're “poisoning the blood of our country” — but at the same time he accepts America's basic status as a multiracial

nation. He has [targeted](#) many of his [appeals](#) toward [Black](#) and [Hispanic](#) voters, [arguing](#) that they, too, are threatened by waves of illegal immigrants and refugees from poor countries.

But Trump is an old man, and the younger generation was raised not on mid-20th-century nationalist rhetoric but on right-wing social media and memes. When Trump is gone, the MAGA movement will cease to be defined by his personal charisma, and [will start being defined by the ideology](#) of the Great Replacement — the same ideology that is now motivating many of the ICE agents acting like thugs in the streets of America.

And it's increasingly clear that JD Vance, understanding that he lacks Trump's cult of personality, has decided to make himself the leader, voice, and avatar of the “Great Replacement” movement — even if this arouses the disgust of many traditional conservatives and some figures in the tech right. With the disarray of the Democrats and the weakness of other GOP factions, Vance's move may be a smart political bet, even if it comes at the expense of American freedom and stability.

The only thing left for America to do now is to fight against this ideology. There is no future for a country that declares a third of its people to be illegitimate, and which deploys authoritarian force to intimidate and expel as many of them as possible. Instead, Americans have to insist that the Trump administration stop these abuses, and they have to vote against any politician who embraces the ideology that led to them. Otherwise, events like the killing of Renee Good are likely to become a normal occurrence.

¹

As she drove away, [Good said to the officer](#): “It's fine dude, I'm not mad at you.” Those would prove to be her last words.

An Earthquake in Conservative Family Policy

By Oren Cass | Fri, 9 Jan 2026 22:03:21 +0000

Watch or listen to the latest episode of The American Compass Podcast, “[How to Rebuild American Industry](#),” featuring former director of the CHIPS Program Office **Mike Schmidt**

Happy new year! Hopefully, you’re rested, refreshed, and ready to understand America, because we’ve got a triple-wide edition for you.

Obviously, there has been no shortage of news over the past few weeks, but we’ll try to focus here on what might otherwise have escaped your attention, starting with **a sudden shift of the tectonic plates in conservative economic orthodoxy**

Oren explains the significance of the new Heritage Foundation report, [Saving America by Saving the Family](#):

The question of whether and how to provide support for working-class families has been a central fault line in conservatism for the past decade. A number of economic forces have heightened the need for such support, and a number of political forces have heightened the Republican Party’s interest in providing it, but the legacy of the 1996 welfare reform has always pushed in the other direction.

Welfare reform was perhaps modern conservatism’s signal policy victory, correctly diagnosing the failures of the Great Society’s antipoverty strategy, which targeted the greatest support to the greatest dysfunction and thus created strong incentives that shattered families and pushed people away from working to support themselves. With welfare reform, conservatives rejected that model in favor of one that tied support to work and immediately delivered better outcomes for program participants. Unfortunately, rather than conclude that incentives matter and good antipoverty policy promotes connection to the workforce, many conservatives took the lesson to be that all cash assistance is “welfare” and all welfare is bad. Any policy that gave a family back a dollar it had

paid in income tax would be embraced as a conservative tax cut; any policy that gave a family a dollar beyond what they had paid in taxes would be condemned as liberal welfare.

But working-class families don’t tend to owe much in federal income taxes, which left the Republican Party designing policy that mostly left them out. The child tax credit, especially, was aimed at helping families raising children, but if it could only reduce taxes owed, efforts to make it more generous would primarily help an upper-middle class that owed enough in taxes to claim the credit. When then-Senator Marco Rubio led the charge to double the CTC in the 2017 tax bill, he had to attract Republican support by creating a complex and kludgey design that pretended to give families back the payroll taxes both they and their employers had paid.

Five years ago, in [our seminal paper on conservative family policy](#), American Compass proposed a new way to approach the issue and a new structure for a generous family benefit worth roughly \$5,000 per young child per year, which we called the Family Income Supplemental Credit, or the Fisc. It envisioned that benefit as the core of a new social compact, targeted directly to working families and tied to work based on prior year’s earnings. That framework became the basis for the [Parent Tax Credit](#) proposed by Senator Josh Hawley in 2021, and the [Family Security Act](#) proposed by Senators Mitt Romney, Richard Burr, and Steve Daines in 2022, and was reflected as well in the [CTC expansion](#) proposed by House Ways & Means Committee Chairman Jason Smith in 2024. Later in 2024, shortly after becoming the nominee for vice president, then-Senator J.D. Vance likewise endorsed a \$5,000-per-child credit, noting, “I think you want it to apply to all American families. I don’t think that you want this massive cut off for lower-income families, which you have right now.”

As I wrote at the time for *Understanding America*: “It’s worth noting how sharply anything along these

lines rejects the position of the Old Right's legacy institutions, which hold that letting people keep their own money is a 'tax cut' but sending them money beyond what they might have paid in taxes is 'welfare.'" The usual suspects at the *Wall Street Journal*, the Heritage Foundation, the American Enterprise Institute, and Advancing American Freedom were all steadfastly opposed to anything along these lines, trotting out generic objections to "welfare" and "dependence." Discussing objections to Chairman Smith's proposal, I elaborated:

It's unfortunate that a small segment of the American right-of-center, like the former high school quarterback who hasn't done much since, can't stop talking about the welfare reform of 1996. Every policy fight is that policy fight. The problem is always that people are not working enough; the primary measuring stick for every policy is whether it will get people working more.

But it is not 1995 anymore. Back then, a truly perverse safety net paid parents cash not to work at all and withdrew the cash if they did. That is a recipe for trapping people in poverty and creating a permanent underclass; that is a program to be fought against. Conversely, if a policy provides benefits only to families that do work and provides the same or higher benefits to families that work more, the welfare reform playbook is inapt. Conservatives should oppose a move back toward the pre-1996 model. But they should support policy that gets the most resources to the working families most in need, that makes joining the labor force and earning income generally more attractive, and that also affords a parent greater flexibility to take time off after giving birth, or to spend fewer hours in the labor market and more hours at home with a young child. If any of those outcomes strike you as a problem, you may be the problem.

Well, the Heritage Foundation has come around. In its massive new report, it proposes several new programs

that would provide support to working families far in excess of their tax liability. Most notably, its Family and Marriage Tax Credit would be worth roughly \$5,000 per young child per year and would be payable in full to working-class families, regardless of income taxes owed. This should sound familiar. Two years ago, Heritage's senior scholar Robert Rector [condemned](#) Chairman Smith's far more modest proposal because:

Although the bill claims its aim is to provide "tax relief" to families with children, there is little "tax relief" in it for working families. Instead, over 90% of the "family benefits" would be new cash welfare payments to families who pay no federal income taxes and little or no Social Security tax. Nearly all family benefits in the bill are overt cash welfare payments, not "tax relief."

The welfare portion of the bill directly and explicitly repudiates the principles of successful welfare reform, which have governed the welfare system since the mid-1990s.

Overall, the welfare portion of the bill would overturn the principles that conservatives have stood for in welfare and family policy for three decades.

If enacted into law, it would be a major victory for the Left and a heavy blow for American families. It also would be a big step backward on the road to reform of America's broken welfare system.

Rector is a co-author of the new Heritage paper and proposals, which, under Heritage's "One Voice" policy, now represent the entire institution's official position.

In their specifics, the Heritage proposals leave much to be desired. Rather than replacing existing programs and creating a simple, broadly available benefit, they layer new programs atop existing ones, each with different eligibility, rationales, and uses. Under the Heritage model, a family would receive one credit only for the first four years of the child's life unless the child is adopted in which case a different credit applies, another for providing home-based care, different from the one received if using paid childcare, and an investment account that children could access decades

later with tax treatment differing depending on the age at which they marry. Notwithstanding the convert's admirable zeal, this level of social engineering and faith in the bureaucracy is a bit much.

But that's OK. To repurpose the old joke, we've agreed on the appropriate role for government, now we're just haggling about the price. As conservatives coalesce around a commitment to providing a generous benefit to working families, we can draw on plenty of good work already done about the form it should take. The transformation of intransigent opposition into enthusiastic support is the process by which political and, then, policy change occurs, and in this instance it is cause for genuine optimism. As a mentor of mine once advised, never overestimate what you can accomplish in two years, or underestimate what you can accomplish in ten. — *Oren*

MORE GOOD TIDINGS FOR THE NEW YEAR

Why stop with family policy? Positive economic news has been rolling in as 2025 wound down and 2026 got rolling. The “[blowout](#)” Q3 GDP report (*Wall Street Journal*) showed strong and higher-than-expected economic growth. Productivity also [surged higher](#) (*Barron's*), and the [Bureau of Labor Statistics data](#) shows consecutive quarters of encouraging gains, especially in manufacturing, with output, productivity, and real wages all rising. Yesterday, we learned the “[U.S. Trade Deficit Fell to Lowest Level Since 2009 as Tariffs Reshape Trade](#)” (*New York Times*), and today delivered another healthy employment report, with 50,000 jobs created and the unemployment rate ticking down to 4.4%. The *Wall Street Journal* headlines this as “[Job Gains Cooled in December, Capping Year of Weak Hiring](#),” but *Understanding America* readers are accustomed by now to parsing the confusion over low net job growth in the face of unprecedented immigration enforcement.

Speaking of confusion, what happened to all the tariff “inflation”? Yet another study, [this one from Northwestern University](#), tries to recover from the foolish claims made last year by economists that tariffs would translate straightforwardly to higher prices. The *Wall Street Journal* reports:

When President Trump announced sweeping tariffs last spring, economists widely predicted surging inflation, a stronger dollar and a significant

slowdown in economic growth. That largely hasn't come to pass. Inflation has picked up since April and remains well above the Fed's 2% target, frustrating voters, but it hasn't surged. Hiring is down and unemployment inching up, but the economy is chugging along. At the same time, the Trump administration's predictions of a manufacturing renaissance also haven't materialized.

Many people are saying!

• **Bonus Quote:** “There's the exporter, there's the importer, and there's the consumer. And so far the consumer is carrying the least of the burden.” — [Mohamed El-Erian](#), Chief Economic Adviser, Allianz

Peter Navarro: [Tariffs Are a Discipline, Not a Press Release](#) (*Wall Street Journal*)

The tariff debate remains distorted by two opposing misconceptions: that tariffs would instantly resurrect American industry, that they would immediately crash the economy and ignite runaway inflation.

The experience of 2025 has disproved both. The economy didn't collapse, but neither did a manufacturing renaissance appear on demand. These outcomes should surprise no one who understands how industrial capacity is built.

Tariffs aren't a press release. They're an instrument that reshapes bargaining leverage, investment math, and supply-chain location decisions. Their success can be measured only using the right metrics and the right timeline. Capital needs time to respond. But when supported by stable policymaking, tariffs can powerfully and positively address trade deficits.

Jamieson Greer: [The Year of the Tariff](#) (*Financial Times*)

The outlook is good. The core inflation rate, 2.7 per cent, is the lowest in five

years. Since August, our global trade deficit in goods is down, including an approximately 25 per cent year-on-year decrease in our goods deficit with China. Inflation-adjusted wages are up. And manufacturing is coming back.

This last piece is admittedly difficult – it took decades to lose our industrial primacy; rebuilding it won't happen overnight. But this autumn, the first rare earth magnets made in North America in 25 years rolled off the line in South Carolina. The Philadelphia Shipyard has orders for a dozen commercial vessels, including two liquefied natural gas carriers – the first to be built here in nearly 50 years. Foundries and forges are being rekindled, and concrete has been poured for the foundations of new pharmaceutical facilities. Auto production lines are returning to America.

If some want to criticise that as a rocky start, I'll take it. They should consider the counterfactual: if tariffs came off, would this new production be happening at all?

Our re-industrialisation requires more than just smart trade policy. We need better technology, workforce, regulatory, tax and energy policies – all priorities for the Trump administration. Looking at it from the trade portfolio, I'm glad to see the plan is working.

WHAT ELSE SHOULD YOU BE READING?

[The \\$160,000 Mechanic Job That Ford Can't Fill](#) (*Wall Street Journal*)

Fascinating to compare, at each stage in the pipeline, the value proposition of a high-skilled and essential blue-collar career like transmission repair to that of, say, a business consultant. Seems like we need to start treating the former more like the latter, which would be a good thing.

[The Return of the Jewish Question](#) (David Azerrad in *Compact*)

"All conspiracy theories are appealing and most contain at least some element of truth. But they also contain many falsehoods and, just as importantly, they conveniently ignore all the facts that contradict their worldview. Even more so than outright lying, selective noticing is the hallmark of the JQ."

[Goodbye Gentle Parenting, Hello 'F-Around and Find Out'](#) (*Wall Street Journal*)

An interesting map of cultural onto political trends, featuring cringe-inducing quotes like, "People feel weird about creating a generation of soft kids and my opinion is, would that be so bad?" (Don't worry too much... that one's a Canadian.)

• **Bonus Bad-Parenting Read:**[Parents Are Going Broke From Their Kids' Sushi Obsession](#) (*Wall Street Journal*)

[Minnesota's Fraud Should Be a Wake-Up Call for Democrats](#) (Ruy Teixeira in the *New York Times*)

"Mr. Walz admitted that some fraud happened on his watch but deflected, saying that Republicans are appealing to racism and xenophobia. Mr. Walz's departure indicates this is no more effective than Democrats' response to welfare fraud accusations in the Reagan era. Americans detest people getting something for nothing – the very essence of fraud. As the party that typically wants more and more generous social programs, Democrats have a special responsibility to ensure that these programs are clean as a whistle and reward only those who 'work hard and play by the rules.'"

[What Social Science Knows About the Value of Diversity](#) (Arthur Brooks in *The Atlantic*)

A masterclass in presenting progressive dysfunction as some sort of general social trend. "In aggregate," writes Brooks, "people's resistance to accepting political differences is growing."

According to the polling firm YouGov, back in 2016, only 10 percent of both Republicans and Democrats said they had no friends with whom they significantly differed politically; by 2020, this figure had risen to 12 percent for Republicans and 24 percent for Democrats. This trend was corroborated by the research firm Generation Lab and

the publication Axios, which found in 2021 that 71 percent of college students who are Democrats said they wouldn't go on a date with a Republican, while 31 percent of Republican college students said they wouldn't date a Democrat. Similarly, 41 percent of Democratic college students would not support a Republican-run business, 37 percent would not be friends with a Republican, and 30 percent would not work for one. (The Republican numbers regarding Democrats were 7, 5, and 7 percent.) You probably have your own ideas about how to account for this. Unfortunately, though, I am not aware of any differential studies of the amygdala response of progressives and conservatives.

So, not in aggregate, just with the Left. And yes, we have some thoughts.

YIKES, THIS IS ALREADY GETTING LONG, AND WE HAD SO MUCH MORE TO TELL YOU ABOUT...

So we'll pick up the pace.

On Healthcare

Even the *New York Times* has discovered that Obamacare has become the Unaffordable Care Act: “[With Obamacare’s Higher Premiums Come Difficult Decisions](#)”: “As enhanced subsidies expire, many Americans covered under the *Affordable Care Act* are having trouble paying for insurance.”

A recent entry from its “Ethicist” is a fascinating glimpse into the cognitive dissonance, and the ship abandonment that is upcoming from the professional-managerial class. “[Should I Feel Bad About Joining a Concierge Medical Practice?](#)” One sympathizes with the problem of this 69-year-old *New York Times* reader from Massachusetts, which is the obvious consequence of an effort at healthcare reform that we'll go out on a limb and guess she enthusiastically supported, expanding “affordable” “access” by trying to crowd everyone into a uniform system at mandated prices:

The large medical practice I have been going to for more years than I can count is struggling to recruit and retain primary-care doctors and is short-staffed in general. Wait times for appointments have grown longer, the nurse practitioner I've seen most regularly will be retiring soon and I just don't feel confident that I will receive the attention and care I will want, if and when my health takes a turn. No one at the practice besides this nurse even knows me.

Should she switch to a concierge practice that takes her insurance but charges an annual fee to keep out the riff-raff?

On the one hand, it obviously excludes most people, and it further strains the larger clinics (like the one I want to leave) as they try to absorb the patients whose doctors are adopting the concierge model. On the other hand, settling for care I don't fully trust in order to stand on principle will do nothing to fix the horribly broken health care system in our country, and going with the new doctor could bring me great peace of mind.

Ultimately, says our ethicist, “the consequences of an individual consumer's specific choice are so hard to calculate, this is a problem best addressed on the level of public policy. If you do want to try to do something about it, get involved in the politics of health care, or at least bear it in mind when you vote.” Vote for... what exactly?

On Immigration

Republican Congresswoman Monica De La Cruz wants action “after South Texas builders voiced frustration with how immigration arrests at construction sites were negatively impacting their industry,” [reports the Associated Press](#). Following the law is indeed a bummer. But she has a solution: “a special visa program for construction workers, similar to the H-2A visa program that allows foreign nationals to work in the agriculture sector.” We need a temporary worker program for seasonal jobs that Americans won't do, so we should create one also for permanent jobs that

Americans often do, because the real goal is just wage suppression.

And speaking of special visas that have become dumpster fires, check out the O-1B arts visa! The *Financial Times* reports, “[Influencers and OnlyFans models dominate US ‘extraordinary’ artist visas](#). Work permits increasingly being awarded on basis of online reach, favouring content creators.”

But now a growing number of those contacting him to seek visas are social media influencers and models on OnlyFans, the streaming platform for sex workers and celebrities.

“I knew the days of representing iconic names like Boy George and Sinéad O’Connor were over,” Wildes said, as he described the shift towards what he called “scroll kings and queens”.

The number of influencers who have successfully applied for an O-1B visa, reserved for “exceptional” creatives, has exploded since the Covid-19 pandemic, according to immigration lawyers like Wildes, talent managers and creators.

Which is as good a segue as any to your weekly helping of dystopia...

On Dystopia

Elon Musk managed to find some limit on the AI-fueled drek that American society is willing to tolerate, as his [apparent decision](#) to further relax controls on xAI’s Grok led quickly to a [deluge of sexualized deepfakes](#) flooding the X platform. The backlash was sufficiently strong and swift that, as of last night, Musk has [paywalled those features](#), but the question remains what the appropriate regulatory response should be.

The recently passed *TAKE IT DOWN Act* requires platforms to remove illicit images at the request of victims, but imposes no obligation to prevent the initial posting, and if anything, *insulates* them from liability so long as they comply with requests. For the tech moguls to prioritize basic human decency in developing their platforms, they will have to face massive and immediate liability for getting it wrong. xAI [announced this week](#) that it had raised another \$20 billion from Nvidia, Cisco, and Fidelity, among

others. If they had to pay \$100 million every time the model generated deepfake pornography, they’d probably solve the problem pretty quickly.

- **Bonus Embarrassment:** Podcaster: “What’s one invention that’s made us worse, not better?” Elon Musk: “Maybe [short form video](#). It’s rotting people’s brains.”

For serious thinking from serious people, the new issue of *National Affairs* has two excellent essays.

- John Ehrett and Brad Littlejohn: [The Post-Human First Amendment](#)

“On TikTok’s view, it is not merely speech, but an automated speech-selection algorithm that enjoys First Amendment protections. In the formulation of this argument, all three free-speech revolutions converge. TikTok, as a business corporation, is not a human being. It has no “natural right” to free speech in any sense recognizable to the founders. TikTok’s algorithm is plainly not “speech” in the standard sense, but complex computer code. And TikTok’s algorithm is a product deployed in service of its business activities, not speech directed to any public interest or expressing any content about the world. And yet TikTok claimed a free-speech right to do business as usual. Would the founders have agreed?”

- Charles Fain Lehmann: [The Case for Prohibiting Vice](#)

“As Americans become increasingly wary of this new wave of vice proliferation, opponents of it should look elsewhere for a way to frame their attacks. Talk about harm, yes. But those concerns should also be grounded in a comprehensive and coherent account of why vice is incompatible with human freedom — an account that, if framed

correctly, can appeal to Americans on both sides of the political spectrum.”

THIS WEEK'S GOOD, BAD, AND UGLY FROM 1600 PENN

The Good: “[Trump Orders Crackdown on Defense Industry Stock Buybacks](#)” (*Wall Street Journal*). “President Trump lashed out at U.S. weapons manufacturers Wednesday, announcing new restrictions on executive pay and stock buybacks while also threatening to cancel contracts with one of the country’s largest defense contractors.” (Read [the executive order](#).)

Daniel wrote about this just before the break, in “[You Can’t Spell ‘Defense Industrial Base’ Without ‘Industrial Base.’](#)” An important point:

The same problem extends far beyond the defense sector. In all the places where the United States needs more capital investment—energy infrastructure, shipbuilding, advanced manufacturing, critical minerals, residential housing—financial engineering can pull in the opposite direction. If Washington is willing to say that buybacks and dividends in the defense sector are inconsistent with the national interest, it should apply the same analysis to other industries that require greater capital investment. No principle of economics would limit the disconnect between shareholder return, industrial capacity, and economic progress to tanks and missiles.

The Bad: “[Defense stocks surge after Trump calls for \\$1.5 trillion military budget in 2027](#)” (*CNBC*). Respectfully, Mr. President, the country does not have an extra \$500 billion per year to spend on the military, and that was the case *before* the One Big Beautiful Bill’s \$5 trillion in tax cuts. To the contrary, your budget director, Russ Vought, before joining the administration, published [a blueprint](#) for bringing the federal budget back toward balance that required substantial cuts to defense spending, bringing the total down to roughly half of what you are now proposing.

An expansive vision of a new American empire may be fun to contemplate in the abstract, but actually pursuing it would require abandoning virtually all of the administration’s other fiscal priorities and certainly those of most American voters.

The Ugly: Are Chinese automakers headed to America? The White House still refuses to signal any opposition. One such producer, Geely, is now indicating [plans to enter](#) the market in the next few years.

Meanwhile, Waymo appears to be [preparing to build out](#) its autonomous fleet with Geely vehicles.

Senator Bernie Moreno has been [an outspoken opponent](#) of these developments. It would be good to see more conservative leaders, and the president, join him.

MORE OF THE GOOD

But hey, we’re kicking off the year on a positive note, and there’s more good to celebrate on the policy front.

- **The FCC has taken important action barring Chinese drones from the American market.** Peter Harrell [notes](#), “this should boost demand for domestic and allied drone-makers, so also an industrial policy measure,” while Chirs Miller [writes](#) in the *Financial Times*, “by adding all foreign-made drones and key components to its ‘Covered List’ of equipment that poses an unacceptable national security risk, the commission de facto banned China’s DJI, the industry leader in drones. This opens the market to US drone companies. It may also mark a shift towards greater use of import restrictions in Washington’s tech competition.”

- **Fund the trade police!** Yesterday, the House passed a [bipartisan appropriations bill](#) that would increase funding for the U.S. Trade Representative’s office and the Commerce Department’s bureau for export controls.

- **In an interview with *The Harvard Political Review*, President Biden’s USTR Katherine Tai praises the Trump administration’s continued use of USCMA’s Rapid Response Mechanism:**

I really give my successor credit for this. In the first Trump administration, one of the biggest initiatives on trade, separate from the tariffs, was the renegotiation of NAFTA and the creation of the U.S.-Mexico-Canada agreement. That came into being, and it required congressional ratification, through a partnership and renegotiation between the first Trump administration and congressional Democrats. As part of that renegotiation, we together created an enforcement mechanism that's specific to workers and worker power.

...it is absolutely revolutionary when it comes to trade practice in America and worldwide. We call it the rapid response mechanism. The current administration and the current trade representative have continued our practice of using that mechanism. The cases that I started are concluding successfully. Cases that I saw coming in the pipeline, I see them starting because they have continued to work on those cases and launch them. I think that that's quite remarkable, but nobody's reporting on it.

Bonus Link: Last year in *Compact*, Daniel wrote about the importance of the Rapid Response Mechanism and the need to expand it.

• **Outbound investment restrictions bite—in a good way.** Meta's \$2 billion acquisition of Manus, an AI startup with Chinese origins, provides a fascinating case study. Manus relocated itself to Singapore and, as a condition of the deal, will have no Chinese ownership and will cease operations in China. "Manus's moves to avoid violating U.S. rules that restrict outbound investments in key technologies," reports the *Wall Street Journal*, "eased concern about its China ties." Officials in Beijing are not

pleased. They "believed that the sale would give the U.S. access to technology developed by Chinese engineers and encourage other startups to pursue a similar funding path, the people said. Beijing appears to have few tools to influence the deal given Manus's foothold in Singapore."

AS FOR THE GLOBAL TRADE WAR

[Why China is Doubling Down on Its Export-Led Growth Model \(Financial Times\)](#)

"They're telling other countries, don't mess with us, don't compete with us, you can't beat us,' he says. But even as China touts its domination of global manufacturing — trade figures released in December show it is set for its first surplus in goods of more than \$1tn in 2025 — vulnerabilities are building in its domestic economy."

[The Pentagon and A.I. Giants Have a Weakness. Both Need China's Batteries, Badly. \(New York Times\)](#)

Notable mostly for your regular reminder that this is precisely what long-time Intel CEO Andy Grove predicted, 15 years ago, would happen as a result of America forsaking manufacturing. "The U.S. lost its lead in batteries 30 years ago when it stopped making consumer electronics devices. Whoever made batteries then gained the exposure and relationships needed to learn to supply batteries for the more demanding laptop PC market, and after that, for the even more demanding automobile market. U.S. companies did not participate in the first phase and consequently were not in the running for all that followed. I doubt they will ever catch up."

And more people continue to discover that America's trade problem is now the world's:

- In his *Financial Times* Big Read on "Top 10 trends to watch for 2026," Ruchir Sharma predicts: "['China Dumping' Becomes Target.](#)" He writes, "signs of a backlash are building. The number of trade investigations into Chinese dumping has more than doubled since 2023 to 120, worldwide. From Japan and Canada to Mexico and Thailand, nations are beginning to hit China with retaliatory tariffs. The EU is considering 'made in Europe' rules. French President Emmanuel Macron recently warned

— in Beijing — of ‘unbearable’ trade imbalances. Given its economic troubles at home, however, Beijing is not likely to listen. In 2026 ‘China dumping’ could come to rival ‘Trump tariffs’ as a target of global anger.”

- **“Europe Becomes Main Battleground for Chinese Exporters as US Tariffs Bite”** (*Yicai*)

“Chinese exporters have shifted focus to the European market this year as they face pressure from US tariffs. While many have seen strong results, the move has also ramped up competition across the region.”

- **“German Exporters Face Prolonged Slump in Key U.S., China Markets”** (*Reuters*) “German exporters should prepare for continued weakness in 2026 in their two largest markets, the United States and China, with little prospect of recovery.”

- **“China Readies Its Favorite Trade War Weapon For Japan Feud”** (*Bloomberg*)

“China’s warning to Japan that it could choke off supplies of rare earths, its favorite weapon in trade conflicts, targets a persistent vulnerability among Japanese manufacturers after more than a decade of Tokyo trying to reduce reliance on its rival.”

And finally, a great big clown emoji for Canadian Prime Minister Mark Carney:

- **“Carney to Visit China to Talk Trade With Xi as US Tariffs Hit Growth”** (*Bloomberg*)

“Carney said he has a longer-term goal of opening up ‘a much bigger set of opportunities for a broader range of Canadian businesses’ in China.”

Best of luck to you, sir. As for everyone else, enjoy the weekend!

The loneliness crisis isn't just male

By Lakshya Jain from The Argument | Fri, 9 Jan 2026 11:03:10 +0000

23,000 survey results are in.



(Photo by Jeff Hutchens/Getty Images)

Men are lonely. Maybe it's because they are [marrying later and working harder](#). Maybe it's because "[women are outpacing them in school and at work](#)." Maybe it's because they [don't know how to text](#) or because they [don't have old boys' clubs anymore](#)

We've read all sorts of takes on mental health over the last several years, but few of them are substantiated by hard data. That's why we at *The Argument* decided to conduct a study over the last few months centered around mental health.

Over the course of three national surveys of registered voters conducted between August and December, we asked 15 questions — five per survey — centered around loneliness, mental health, anxiety, and socialization. Each response was mapped to a numerical value between -1 and 1, with -1 indicating the most antisocial and 1 indicating the most social response.

With nearly 23,000 responses to survey questions distributed over more than 4,500 individual survey respondents, our dataset is rich and lends itself well to subgroup analysis.

Here's what we found.

The loneliness crisis has been over-gendered

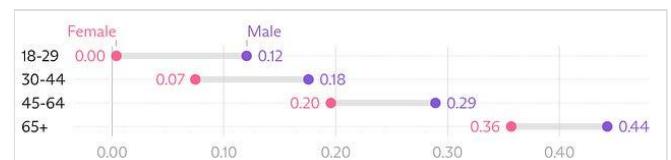
This is the traditional story about the male loneliness crisis: Millions of young men are increasingly antisocial, fueled by unique and accelerating feelings of loneliness and isolation, along with toxic podcasters in the manosphere. In the process, they're finding it harder to make friends, harder to trust others, and harder to interact with the rest of society.

A lot of people meet this with denial. For example, a [study](#) from the Young Men Research Initiative analyzed the top Bluesky posts on male loneliness and found that a large chunk of them either denied that the problem existed, blamed men for it, or simply belittled the crisis as overblown.

But there *is* a loneliness crisis in America, and the evidence in support is increasingly undeniable. What our polling reveals, though, is that it's a *youth* loneliness crisis, rather than a *male* loneliness crisis. Age, not gender, shows far greater correlation with antisocial attitudes and beliefs. Younger voters — both male and female — are increasingly paralyzed by anxiety and fear, and they are finding it harder and harder to socialize.

In fact, when you look at the data, the "antisocial crisis," as I like to call it, is actually most pronounced among young women, who experience the highest rates of social isolation.

There's a Young Person Loneliness Crisis
The



Put another way, it's true that young men are facing a loneliness crisis. But it's part of a broader loneliness

crisis that young voters are facing in general, and the numbers suggest that young women might actually be hit even harder, even though that story hasn't gotten nearly as much attention.

Let's dive in further by looking at the results from our study on the questions concerning emotional distress. To measure this, we presented respondents with a set of statements and asked them to mark whether they agreed or disagreed with each one as a description of themselves¹:

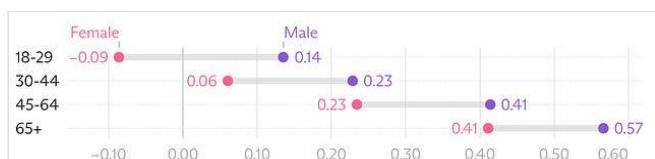
- *I get easily overwhelmed*
- *I dislike myself*
- *I panic easily*
- *I have a difficult time starting tasks*
- *I am a worrier*

The gender split is striking, and it is robustly substantiated by the existing [medicalresearch](#). But it is age, rather than gender, which marks the determining axis once again. Just take a look at how *bad* these numbers are among young people — both young men and young women were significantly more distressed than the country at large.

For instance, young men (18 to 29) are more distressed than almost every other demographic, including women 45 to 64 and women over 65. But young women are hit even harder, and they actually have the worst scores among any age-based gender cohort in our entire dataset.

Young people are very distressed

The



Anxiety and distress may not be the first topics that comes to mind when it comes to the loneliness crisis. But they happen to be [deeply intertwined](#) with healthy social interaction in many ways. That's why I find it so significant that young people are *far* more anxious than the country at large. They are much more likely to suffer from panic, fear, self-loathing, and a lack of

motivation — and young women, in particular, have some strikingly bad numbers here.

Let's look at another axis of our study: social disengagement. This axis more directly concerns loneliness, with questions centered around friendships, social life, and conversational comfort. To measure this more directly, we presented respondents with a subset of the following statements,² asking them to mark whether they agreed or disagreed with each one as an accurate characterization of themselves.

- *I prefer to be alone*
- *I have a hard time making or keeping friends*
- *I keep others at a distance*
- *I feel that most people can't be trusted*
- *I find it difficult to approach others*
- *I only feel comfortable with friends or family members*
- *I frequently feel lonely*

Once again, young people emerged as the age group most likely to feel lonely, isolated, or conversationally stunted with people they don't know, and there is a striking gap between the “internet generations” (people under 45) and everyone else.

The



Here, the gender gap is *significantly* less pronounced, but it's actually widest with young voters. While both young men and young women suffer from a loneliness and socialization crisis, young women actually seem to be hit significantly harder by it. In particular, they seem to find it much harder to make new friends or converse with strangers, especially when it comes to the opposite gender — and they're much more likely to be introverted and alienated.

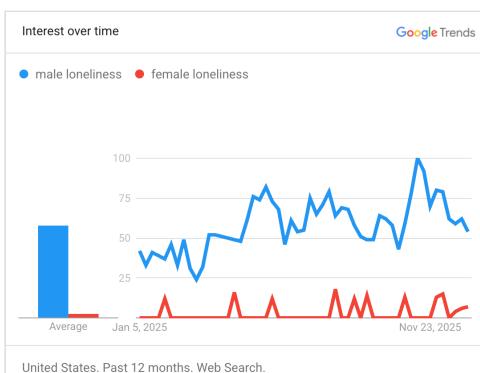
The results of our study lined up quite well with the existing research on this topic. A [study](#) conducted by Public Opinion Strategies found that young women are

the cohort of Americans most likely to feel lonely and left out. And it doesn't seem to be limited to just America — a study done by the United Kingdom's [Campaign to End Loneliness](#) found that women and young people were two of the cohorts most affected by loneliness.

Our poll's findings on young people being more antisocial are also substantiated by broader societal patterns observed over the last few decades. For instance, it's well-documented that young people [party less](#). That isn't a bad thing, in and of itself, but it's reflective of a broader and more worrying social trend, where young people are spending [less](#) and [less time socializing](#) with each other. (The American Time Use Survey [estimated](#) a nearly 50% decline in face-to-face interactions among teenagers over the last two decades.)

Time that used to be spent with friends is now spent online — a trend accelerated and exacerbated by the COVID-19 pandemic. Perhaps relatedly, the prevalence of mental health disorders is on the [rise](#), with young people being the most heavily [impacted](#). (I don't think it's a coincidence that the internet generations are, by some distance, the most socially disengaged.)

The evidence for a loneliness crisis in America is overwhelming, and it is worrying that so many people are in denial about this problem. As a matter of fact, when it comes to the "female loneliness crisis," I'm not even convinced that most people know it exists. Just look at the Google Trends data on this.



Source: Google Trends

You can find column after column on the male loneliness epidemic. But when it comes to the female loneliness epidemic? Crickets.

This is a real problem. The loneliness crisis isn't manufactured, and it doesn't spare either gender. Every data point we have suggests that a troubling proportion of our youth are anxious, antisocial, and lonely — and this problem appears to be getting worse, not better.

The consequences of ignoring this are real, as research has [suggested](#) loneliness and unemployment tend to reinforce each other in a feedback loop. And the collapsing birth rate problem certainly [isn't helped by](#) young people becoming increasingly anxious and antisocial, especially with the opposite gender.

What's the solution to the problem? I'm not sure. But the Discourse's unrelenting focus on gendering the loneliness crisis is biasing us toward answers that are unlikely to be true. If young people as a class are suffering, the root cause is unlikely to be something that just affects one gender.

Methodology:

Over the course of three national surveys of registered voters, conducted between August and December, we asked 15 questions — five per survey — centered around loneliness, mental health, anxiety, and socialization. In total, we had 4,559 respondents, providing a total of 22,795 responses across all 15 questions.

The questions included in the study, as well as the subcategory they were mapped to, were partially sampled from a set of questions [tested](#) by Blue Rose research. The questions, along with the subcategory we grouped them into, are as follows:

- I prefer to be alone (Social/Antisocial)
- I have a hard time making or keeping friends (Social/Antisocial)
- I keep others at a distance (Social/Antisocial)
- I feel that most people can't be trusted (Social/Antisocial)
- I find it difficult to approach others (Social/Antisocial)
- I only feel comfortable with friends or family members (Social/Antisocial)
- I frequently feel lonely (Social/Antisocial)

- I have a hard time befriending the opposite gender (Social/Antisocial)
- I get easily overwhelmed (Anxious/Content)
- I dislike myself (Anxious/Content)
- I panic easily (Anxious/Content)
- I have a difficult time starting tasks (Anxious/Content)
- I am a worrier (Anxious/Content)
- My daily life has been filled with things that interest me (Active/Inactive)
- I have felt active and vigorous lately (Active/Inactive)

The available responses for these questions were:
 Strongly agree, somewhat agree, neither agree nor disagree, somewhat disagree, and strongly disagree.

Regarding our numerical coding process: For most items, “strongly agree” and “somewhat agree” were coded as antisocial. However, for the final two items — “My daily life has been filled with things that interest me” and “I have felt active and vigorous lately” — the coding was reversed, and “somewhat disagree” and “strongly disagree” were coded as antisocial.

For any given question, the “strongly” antisocial option received a value of -1.0 and the “somewhat” antisocial option received a value of -0.5. The “strongly” social option received a value of 1.0, and the “somewhat” social option received a value of 0.5.

“Neither agree nor disagree” was given a value of 0, as the neutral midpoint.