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Iran's Toughest Battle Has Only Just Begun



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America Is Weakening the One Asset It Needs To Compete With China | Opinion

PUBLISHED

APR 16, 2026 AT 05:00 AM EDT



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the most consequential vulnerability facing the United States today is not military. It is institutional.

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The White House is seen behind bars from a fence in Washington, DC on April 19, 2025. (Photo by MANDEL NGAN / AFP) (Photo by MANDEL NGAN/AFP v [Read More](#)

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Modern geopolitical competition is being waged less on battlefields than inside finance ministries, regulatory agencies, export-control offices, industrial planning departments, and research institutions. Industrial policy is not a speech; it is a sustained administrative project. Semiconductor reshoring, rare earth supply security, clean-energy infrastructure, and export control enforcement require long-term coordination across government and with the private sector. Sanctions regimes demand alignment between Treasury, Commerce, State, intelligence agencies, and allied governments. Alliance management depends on predictability as much as military strength.

When governance systems function coherently, strategy compounds. When they fragment, even strong policies falter.

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For decades, American power rested not only on economic scale and military superiority but on institutional credibility. A professional civil service provided continuity across administrations. Independent regulatory bodies reassured markets. Universities anchored innovation ecosystems. Courts reinforced rule-of-law expectations. Predictable governance attracted capital and strengthened alliances.

Today, that institutional edge shows signs of strain. Comparative indicators suggest that while the United States remains strong in many areas, it no longer consistently outperforms peer democracies in governance effectiveness or institutional trust. On measures of rule of law and constraints on government authority, it ranks behind several advanced democracies.

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Over the past decade, institutional volatility has intensified. During the Trump administration, proposals such as “Schedule F” sought to expand political control over portions of the federal civil service, potentially weakening merit-based protections designed to preserve continuity across administrations. Public pressure on independent institutions, including the Federal Reserve, introduced signals of uncertainty into financial markets. Trade policy shifted abruptly, with tariffs imposed and lifted unpredictably, complicating long-term supply chain planning.

Subsequent administrations reversed many of these policies. But the oscillation itself carries strategic cost. Allies and investors evaluate not only present commitments but durability across electoral cycles. When core economic and regulatory frameworks swing sharply, planning horizons shrink. Volatility becomes the baseline.

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provide predictable regulatory environments attract long-term capital; those that do not lose ground.

Public health governance during the COVID-19 crisis offered another stress test. The United States spends more per capita on healthcare than any other advanced democracy, yet its outcomes during the pandemic were uneven relative to peer nations. Debates over vaccine credibility, regulatory authority, and research funding exposed strain between scientific institutions and political leadership. Crisis response depends not only on resources but on institutional trust and coherence. When expertise is politicized, execution suffers.

Democratic erosion is often framed as a moral or constitutional concern. It is also a strategic liability. When political leaders question the neutrality of the civil service, challenge the legitimacy of independent institutions, or cast professional expertise as partisan, institutional credibility erodes. Competitors do not need to defeat the United States militarily if domestic fragmentation weakens its ability to execute strategy consistently.

Income inequality and declining social mobility intensify political polarization, complicating long-term policy continuity. High incarceration rates—far exceeding those of comparable democracies—reflect structural imbalances that carry fiscal and social costs. Resources allocated to reactive systems limit investment in forward-looking administrative capacity. Fragmented societies struggle to sustain multiyear strategic commitments.

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remains dominant, but reserve currency status ultimately rests on confidence in institutional discipline.

These developments span administrations and reflect deeper polarization. The point is not that one party alone is responsible for institutional strain. It is that sustained volatility—especially when it involves pressure on independent institutions and the politicization of professional governance—imposes strategic cost regardless of its source.

China's centralized system carries its own structural risks, including demographic decline and constrained feedback mechanisms. Yet Beijing has demonstrated sustained alignment of industrial subsidies, infrastructure finance, export controls, and diplomatic outreach. Policy initiatives endure across years rather than election cycles. Operational coherence enables speed and scale.

This does not validate authoritarian governance. It highlights the strategic value of execution capacity.

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Meanwhile, several middle powers have invested in bureaucratic modernization and digital governance. These states increasingly arbitrate between major powers and extract concessions from both. In a world where middle powers hedge and industrial competition intensifies, predictability becomes strategic capital.

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face sustained pressure or defunding, innovation ecosystems lose ground. If foreign policy commitments swing dramatically across administrations, allies hedge.

State capacity is not bureaucratic ornamentation. It is infrastructure for power.

Great-power competition in the 21st century will reward states that can govern effectively under stress. Execution capacity—not rhetorical commitment to democracy or autocracy—will determine whose standards prevail and whose alliances endure.

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The United States still possesses the foundations of such capacity. But resilience should not be mistaken for invulnerability. Institutional degradation is incremental. Volatility, once normalized, becomes embedded.

America's most important strategic asset is not a weapons platform. It is the ability of its governing institutions to function predictably, professionally, and coherently over time.

If that capacity erodes, no amount of defense spending will compensate.

Steven E. Hendrix is a former senior U.S. diplomat who served in leadership roles across Latin America, Africa, and the Middle East under both Republican and Democratic administrations. He previously served as USAID's Senior Coordinator for Foreign Assistance at the U.S. Department of State and as Acting USAID Mission Director in multiple countries. He is currently a Wisconsin-

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