

Micro-Bite of 2025-2026 Holiday Happenings

Analysis and Interpretation of 5 Major Events in 2025
End of Year Holiday Period

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Grey THEOREM

Outline

5 Major Events from the Holidays (*that aren't Venezuela*)

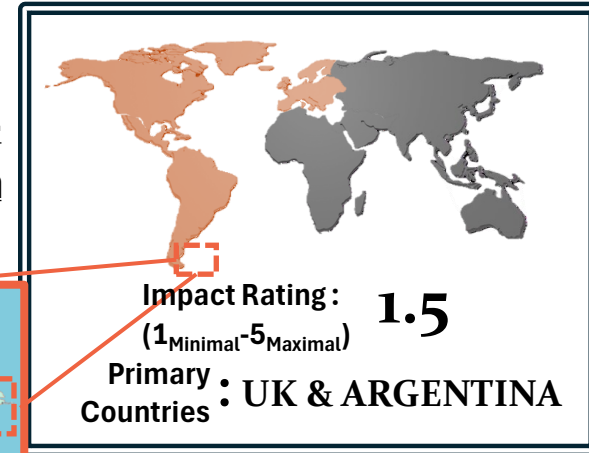
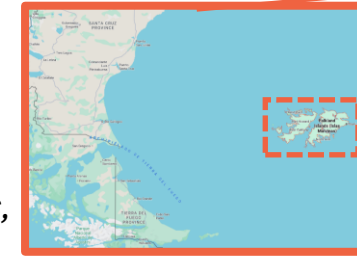
- ∞ UK-Falkland Islands Operation Southern Sovereignty
- ∞ China VATs Contraceptives
- ∞ Iranian Supreme Leader Khamenei plans to flee if protests grow
- ∞ Russia-Ukraine Peace talks stall in fake attack on Putin's house
- ∞ US House Judiciary GOP release full Jack Smith Jan. 6th Testimony

Falk-about & Found Out

UK Armed Forces conducted Operation SOUTHERN SOVEREIGNTY Dec. 18, a small-scale military exercise as show of force over Falkland Islands, and Milei's Argentina

Falkland Islands (Islas Malvinas) are two small islands and 776 smaller islands, totaling 4700 square miles, with little economic value other than offshore oil deposits. Laying 300 miles from Argentina's border, the Falklands were first colonized by the French in 1764, changing hands with the Spanish, then finally the British. In 1982, Argentina invaded the Falklands to which the British responded. After 2+ months of fighting, Argentina surrendered.

Argentina's President Milei has consistently stated a desire and pressure to reclaim the Falklands, but that military options were not a solution. A 2013 Island Referendum saw 99.8% of residents desire to stay a UK-sovereign island, and regimes of UK government have maintained the same stance.



Neutral Scenario 45%

End result is nothing. This is a small military exercise, and Argentina already recognizes it cannot pursue military strategies. The UK had a couple of assets in the area, and PM Starmer wanted a headline more than a headache. Milei has waning US support, and US has other regional issues.

∞ **Nothing notable**

- ∞ Argentina/Milei will repeat claims of wanting island
- ∞ UK will repeat statement of sovereignty

Most Probable Scenario 50%

In support of US actions against Venezuela, President Trump cited the Monroe Doctrine, which clearly states European intervention in the Western Hemisphere is an act against the US. This could be a button topic for Trump to press against UK & Europe reprise to US actions.

∞ **Political volatility, pull-away behaviors**

- ∞ Milei + Trump will amp up rhetoric against UK & Europe
- ∞ UK will position against Argentina, pull away from US

Worst Case Scenario 5%

US Armada travels southward, conducts joint military exercises with Argentina, supports Argentinian declaration of sovereignty over Falklands and gives UK ultimatum to leave.

∞ **New Cold War**

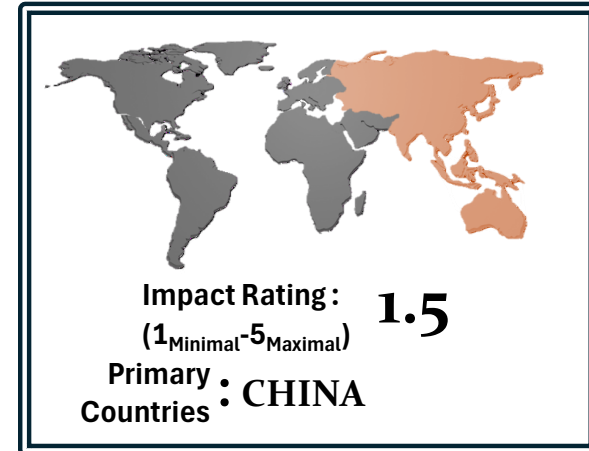
- ∞ Argentina claims Falklands with US support, US completes Monroe Doctrine and positions to take Greenland
- ∞ Europe attempts to halt US, invariably "Berlin Wall" the Atlantic

One-Child Condom-nation

China removed a three-decade tax exemption for all contraceptives, incurring a 13% VAT (value-added tax), while adding childcare subsidies and tax exemptions

China's infamous One-Child policy correlates with a significant falloff in births since enactment in 1979, a falloff that hasn't stopped since its abolition in 2015. Slated as one of the most significant population crises, China has taken drastic steps to boost birth rates with a major "fertility-friendly" campaign in 2025. This contraceptive tax came into effect on Jan. 1st, and follows significant restructuring of tax exemptions and a ~\$513 USD annual subsidy for each child under the age of 3.

While the expected increase in birth rates from a contraceptive VAT is low, the policy and application underscores a historically-fraught process of amplifying births at the lower income groups. This is a strong lagging driver of depressive economic cycles and geopolitical instability.



Neutral Scenario 33%

End result is nothing. Chinese regulations around the childcare subsidy, and the VAT are largely unimpactful. The One-Child policy is a major causal factor of a slowing population, but it's a global phenomenon.

∞ **Nothing notable**

- ∞ China already pursuing robotics and AI for aging population management
- ∞ Birth rates cyclically connected to holistic environment

Most Probable Scenario 65%

Mimicking the Neutral Scenario, birth rates will largely be unimpacted. However, the continued trajectory of middle-class births will continue downwards, while those most impacted by government subsidies will make the difference. Increasing income inequality likely.

∞ **Strain on social nets, lower economic classes**

- ∞ Accidental births likely to increase; youth, poorer economic classes
- ∞ Potential "Rural China" resurgence

Worst Case Scenario 2%

China's economic crisis is consumer spending, not birth rate. Government censorship limits social outlets, usually towards Taiwan or against regional competitors. China's birthrate models with economic cycles, attempts to shift economic force can upset internal and external balance.

∞ **Chinese unrest & regional spillover**

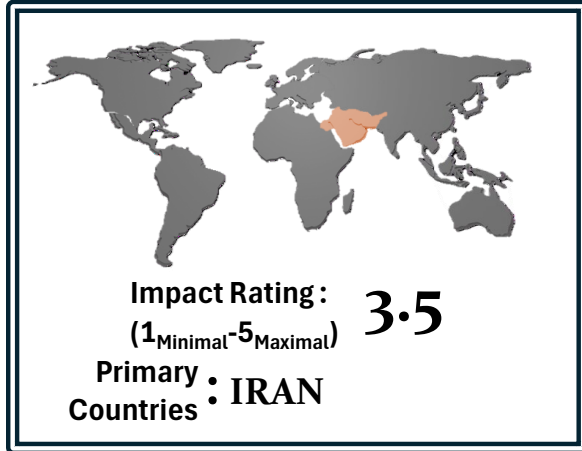
- ∞ Increased internal social unrest leads to strong government response inwards and outwards

I-bravely-RAN Away

Iranian Leader Khamenei's plans to flee with family to Russia if protests starting Dec 28 continue to escalate, amid economic crisis, drought, and war scars

The Ayatollah (Supreme Leader of Iran) Khamenei rose to power during the Iranian Revolution in the 1970's, elected to President in 1981 before consolidating power to Supreme Leader in 1989. Khamenei has held a powerful grip over the country, isolating itself against American and Western countries, and neighbors who do not. Before a 1953 coup, Tehran was the jewel of a democratic and modern-leaning nation. Khamenei's Iranian Revolutionary Guard has had to quell many protests through the years; recent weaknesses and external pressures have limited attempts to stop unrest.

Economic sanctions have crushed many Iranian industries, while devaluing currency and raising inflation. Severe droughts have led to water crises in the capital, with a plan to move said capital. The September 2025 conflict with Israel and US has left Khamenei's regime and health fragile.



Neutral Scenario 30%

End result is nothing. Despite US President Trump's threat to intervene if Iranian protests are met with violence, operations in Latin America hinder abilities. Protests quelled with some violence, capital moves and solidifies Khamenei's administration.

∞ **Nothing notable**

- ∞ Protests stop
- ∞ Iranian capital moved to more fortified city for administrative hold

Most Probable Scenario 45%

Iran social unrest is likely to be or become paired with external operations for regime change. Israel, US, and Middle Eastern neighbors desire a more amicable regime. Current ally Russia has limited ability to help.

∞ **Potential Revolution**

- ∞ If Khamenei flees and protests can stabilize, current government loses full control over state
- ∞ Medium-term destabilization, fighting, leading to regime change

Best Case Scenario 5%

Reports of Khamenei's deteriorated health have spread in and out of Iran, while his need for authoritative control has left little in line of succession, or those willing to follow it. Khamenei leaves within the month, assembly of regional partners allow for democratically elected government.

∞ **New Democracy**

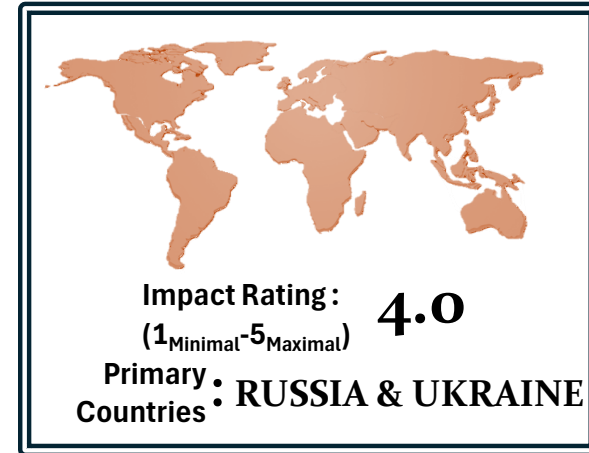
- ∞ Khamenei leaves, democratic opposition takes hold
- ∞ Iran & Middle Eastern affairs calm

PUTIN on a Show

Putin's Russia claims Ukrainian assassination attempt at Putin compound - rest of world jumps to prove not; Putin itching to launch second wave of war

Officially the Russo-Ukrainian war, Russia invaded Ukraine February 24th 2022. Russian and International intelligence suggested Russian tanks on the streets of Kyiv within days, with capitulation soon after. The first half came and went; Ukraine has held on with international support for nearly four years.

Numerous times throughout the conflict, Putin and senior Russian administrators have made threats of nuclear strikes against Kyiv, Ukraine, and any allies of Ukraine. Russian strikes on the retired nuclear Chernobyl reactor, and online Zaporizhzhia plant belie these threats. Russia has violated numerous conventions during this war, but have maintained a (blurred) line on targets and munitions. Russia and Ukraine met over the holiday period to discuss a treaty to end this war, until Russia accused Ukraine of an attempted attack on Putin's life at his personal residence. International intelligence communities, including residents of the town in question, instantly refuted Russian claims.



Neutral Scenario 25%

End result is nothing. This is another exaggerated claim in an endless regime of unsubstantiated and exaggerated claims. Putin's Russia is propped by psychological warfare, where their conventional methods have substantially failed.

∞ **Nothing notable**

- ∞ Putin's Russia continues to make false claims in hopes of disrupting international support for Ukraine

Most Probable Scenario 60%

Russia has become increasingly emboldened in assassination attempts on Ukraine's Zelenskyy, and the US-Venezuela crisis is the setup Putin has been waiting for to increase hostilities and direct actions against Ukraine and Europe. Russia's military economy is the only functioning part of economy.

∞ **Increased Violence & Active Targets**

- ∞ Russia amps collateral damage and government targets in Ukraine
- ∞ Increased aggression on European borders

Worst Case Scenario 2.5%

There are munitions bigger than those being used, and smaller than nuclear. Putin has stated often his desire to reunite the Russian empire, and to see NATO led to ruin. There are few elements within the Russian sphere to curb Putin, except China's Pres.

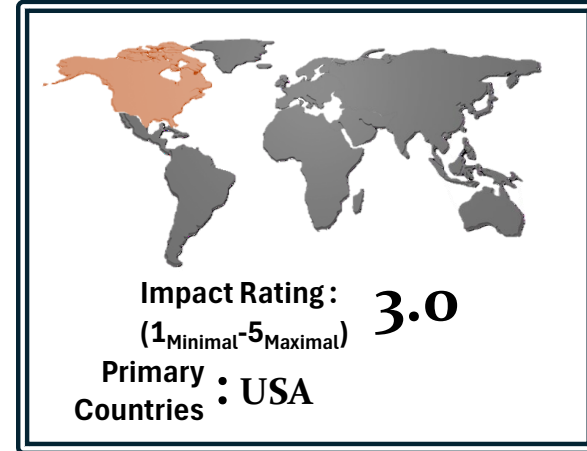
∞ **New Hot War**

- ∞ Russia launches next stage of hot war against Ukraine, active war against former USSR-Baltic states
- ∞ Increased aggression and isolation against NATO

D.C. Classifieds

US Republicans in House of Representatives, Committee on Judiciary release 8-hour deposition of former DOJ Attorney Jack Smith on his Jan. 6th Investigation

On January 6th 2021, enraged protestors were brought to the nation's capital and incited to overthrow the government of the United States. US Department of Justice conducted an investigation, led by attorney Jack Smith. This DOJ investigation ultimately led to numerous search-and-seizures, including phone records of multiple US Republican congressmembers, and a raid on President Trump's Mar-a-Lago office that led to seizure of many classified documents. Jack Smith stated several times, under oath, that his investigation yielded concrete evidence that would factually prove US President Trump's direct intent to and involvement in organizing and inciting the crowd, while coordinating with members of Congress to overthrow the US Government on Jan 6th 2021. House Judiciary GOP released the full deposition video and transcript on December 31st, where Jack Smith consistently defends his investigation and findings.



Neutral Scenario 30%

End result is nothing. The full release does not contain actual evidence, only claims of evidence; while transparent publication suggests “no harm”. Meanwhile, political shock and awe limits pressure on administration.

∞ **Nothing notable**

- ∞ Jack Smith's evidence is classified and sealed
- ∞ Other news dominates

Most Probable Scenario 31%

This comes on the back of a historically-significant number of Republican retirements in Congress. What may seem innocuous has the chance to polarize opposition against Trump and second term actions.

∞ **Internal GOP volatility, bipartisanship**

- ∞ Moderate Republican's seek path forward with Democrats
- ∞ US House Speaker Johnson removal, political “revolt”

Worst Case Scenario 30%

Insurrection specifically carries the constitutional disqualification from public office. If Jack Smith's evidence exists, it would be the impetus for impeachment AND removal. This, with other scandals, could lead to a “gloves off” admin.

∞ **Project 2026 & 2027**

- ∞ With over half of Heritage Foundation's Project 2025 completed, 2026 calls for more authoritarian condensation of US government

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See more at Greytheorem.com

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