

# The Economist

Warfare after Ukraine's Russian raid

America taxes foreign investors

Murdoch Inc: feuding, but thriving

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JUNE 7TH-13TH 2025



**The stunning  
decline of  
boy preference**

# The Economist

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# The world this week

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**The world this week**

## Politics

Jun 05, 2025 01:28 PM



**Ukraine**• launched a bold attack on airfields deep inside Russia. It launched 117 drones smuggled in containers, including to eastern Siberia, some 4,000km from Ukraine. It claims to have damaged or destroyed at least 41 Russian planes, including strategic bombers, which are difficult to replace. A few days later Ukraine said it had “severely damaged” Kerch bridge, which links Russia with the Crimean peninsula it occupies, with underwater weapons. America’s president, Donald Trump, said that his Russian counterpart, **Vladimir Putin**, vowed on a call to retaliate against the drone strike.

Meanwhile, **Russian forces** advanced into Ukraine’s north-eastern province of Sumy. Peace talks in Istanbul broke up after one hour. The two sides agreed to a prisoner swap but not a ceasefire.

Karol Nawrocki, the hard-right candidate of the Law and Justice party, won **Poland’s presidential election**• in the run-off with 50.9% of the vote, beating Rafal Trzaskowski, the government-backed centrist. European populists rejoiced. A hostile president

will be a blow for the liberal agenda of Poland's prime minister, Donald Tusk. He called a confidence vote for June 11th.

The **Dutch government** collapsed after the hard-right leader, Geert Wilders, pulled his Party for Freedom from the ruling coalition after smaller partners refused to sign on to his radical plans to cut migration. New elections are expected in the autumn.

Dozens of Palestinians were killed around the hubs of a new **aid-distribution system in Gaza**. Some of them were killed by the Israel Defence Forces. It said they had left designated routes. Many Palestinians have to walk for kilometres to reach the points. The UN said that blocking access to relief may amount to a war crime and called for an independent investigation.

Indirect ceasefire talks continued. **Hamas** proposed amendments to America's plan for a 60-day truce in Gaza. The plan, which was accepted by Israel, includes an exchange of Israeli hostages (both living and dead) for Palestinian prisoners. But the militant group wants Israel to commit to withdrawing permanently from Gaza and ending the war.

**Iran's** supreme leader, Ayatollah Ali Khamenei, rejected American demands that his country eventually stop **enriching uranium**. The issue has been a sticking-point over five rounds of negotiations. America hopes to reach a deal that would lift sanctions in exchange for Iran scaling back its nuclear programme.

More than 1m people began the **hajj**. The annual pilgrimage to Mecca will be a testing journey this year as temperatures are expected to rise above 40°C. The Saudi government is planting thousands of trees and setting up more shaded areas after some 1,300 pilgrims died in the heat last year.

### ***Running out of road***

Five UN aid workers were killed when their convoy was attacked on the way to the city of el-Fasher in **Sudan**'s northern Darfur region. The convoy had travelled some 1,800km from the coast and would have been the first in over a year to reach the famine-stricken city. The number of people who have fled the country since Sudan's civil war started more than two years ago crossed 4m this week, according to the UN.

Mr Trump barred citizens of 12 countries, including Afghanistan, Iran and Sudan, from **travelling to America**, and restricted entry from seven more. The ban, which goes into effect on June 9th, cites national-security concerns. Days earlier 12 people were injured by incendiary devices at a rally in Boulder, Colorado, in support of hostages in Gaza. The suspected attacker, **Mohamed Sabry Soliman**, was an Egyptian who had overstayed his tourist visa. He faces charges of attempted murder of the first degree.

Days after leaving Mr Trump's administration, **Elon Musk**, a tycoon and nominal ally, called his "big, beautiful" **budget bill** a "disgusting abomination". The non-partisan Congressional Budget Office estimated that the sweeping package would increase the federal budget deficit by some \$2.4trn over the next decade. The bill faces tough scrutiny in the Senate after narrowly passing the House of Representatives.

America's Supreme Court gave Mr Trump the green light to revoke legal protection in America for more than **500,000 migrants** who had fled economic and political turmoil in Cuba, Haiti, Nicaragua and Venezuela. Two of the court's three liberal justices dissented.



**South Koreans** turned out heavily to back [Lee Jae-myung](#) in a presidential election. The candidate for the liberal Democratic Party won with 49.4% of 35m votes cast. His conservative rival, Kim Moon-soo, took 41.2%. It was a resounding rebuke to the presidency of Yoon Suk Yeol, whose short-lived declaration of martial law and subsequent impeachment triggered the snap poll. Mr Lee promised to restore stability and revive the economy.

The trial of **Sheikh Hasina** started in Bangladesh. The country's former prime minister, who last year fled to India, was formally charged with crimes against humanity by a special court back home. Prosecutors accused her of a “systematic attack” on student-led protests in which nearly 1,400 people were killed between July and August 2024.

**Britain's** prime minister, Sir Keir Starmer, unveiled bold plans to prepare the country for war. The [strategic defence review](#), which took a year to complete, envisages reforms in military procurement and organisation as well as spending billions of pounds on nuclear weapons and up to a dozen new attack submarines. “We are in a new era of threat, which demands a new era for UK defence,” said Sir Keir.

### *Judging the judges*

President Luiz Inácio Lula da Silva said he would defend **Brazil's Supreme Court** from attack by the United States. He was responding to remarks made on May 21st by Marco Rubio, the US secretary of state, who warned of possible American sanctions on Alexandre de Moraes, a judge on the court, who is closely involved in the prosecution of Jair Bolsonaro, Brazil's former far-right president, for allegedly plotting a coup.

Low turnout in **Mexico's first judicial election** raised concerns about its legitimacy. The country's president, Claudia Sheinbaum, defended the vote, which she claims will combat corruption and improve the justice system. Yet faced with unfamiliar choices to fill 2,600 posts on all rungs, only 13% of Mexico's 100m voters took part—a record low in national elections.

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<https://www.economist.com/the-world-this-week/2025/06/05/politics>

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**The world this week**

## Business

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**Donald Trump**• doubled America's tariffs on imports of steel and aluminium, taking them to 50%. Speaking to steelworkers in Pennsylvania, America's president said the levies meant "Nobody's going to be able to steal your industry." The earlier levy of 25% will remain in place for steel imports from Britain, which signed a trade agreement with America last month.

## MSCI All-Country World Index

December 31st 1987=100



Source: LSEG Workspace

Despite Mr Trump's metals tariffs, **stockmarkets** were buoyant. On June 4th the MSCI All-Country World Index, which tracks global equities, reached a new high, beating the record it set in February. The index plunged after Mr Trump announced his punitive "Liberation Day" tariffs on April 2nd. He has since paused most of these levies to negotiate with America's trading partners.

The **Organisation of the Petroleum Exporting Countries** and its allies agreed to lift oil production by 411,000 barrels a day in July, the third increase in as many months. The cartel has been unwinding its production cuts after they failed to raise oil prices and caused its market share to fall. The oil price is down by 13% since the start of the year.

Annual inflation in the **euro zone** fell to 1.9% in May, down from 2.2% in April. That is the first time it has fallen below the European Central Bank's 2% target since September 2024. Inflation had been above 2% for more than three years.

Elon Musk began a \$5bn debt sale to fund his artificial-intelligence company, **xAI**. The firm also plans to sell \$300m in shares. That would value xAI at \$113bn. Mr Musk said he was “super focused” on his businesses after leaving the Trump administration.

After ten weeks of due-diligence investigations into **Thames Water**, KKR abandoned a plan to rescue the ailing utility. The American private-equity titan had just days earlier submitted a bid to Ofwat, Britain’s water regulator, to inject £4bn (\$5.4bn) into the company. Thames Water’s debt-to-equity ratio is 25 percentage points higher than Ofwat’s recommended level. The government could renationalise the firm if it fails to provide basic services.

### **Atoms for lease**

The price of shares in **American nuclear-power firms** briefly leapt by as much as 9% after Meta signed a deal with Constellation Energy. The tech giant will purchase electricity from one of Constellation’s nuclear plants for 20 years. Constellation said the deal was worth “billions of dollars”. Tech companies are interested in nuclear plants to power the energy-hungry data centres needed for training artificial-intelligence systems.

Shares in **Airbus**, Europe’s biggest aerospace firm, rose by 3% on reports that China is preparing to order hundreds of the company’s planes. The deal would be a snub to Boeing. The American planemaker is about to resume deliveries, after China paused orders in April.

The Federal Reserve removed a \$1.95trn cap on the assets of **Wells Fargo**, America’s fourth-largest bank. The Fed imposed the sanction in 2018 after Wells disclosed that it had opened as many as 3.5m unauthorised accounts between 2009 and 2016, during which time it became the world’s most valuable bank. Charlie Scharf, Wells’s boss since 2019, called the cap’s removal a “pivotal milestone” as the bank seeks to put the scandal behind it.

**Rémy Cointreau** withdrew its sales targets for 2030, citing tensions between Europe, China and America. The French maker of cognac said trade barriers erected by the two countries could cost it €100m (\$114m), nearly half its operating profits in 2024-25, over the next financial year.

The European Union warned that China's restrictions on exports of **rare-earth metals** were creating an "alarming situation" for European industry. The European Association of Automotive Suppliers, a trade body, said that only a quarter of requests for export licences had been granted by China since the country tightened controls in April. It added that some plants had already stopped production because of the curbs.

Texas removed **BlackRock**, the world's biggest asset manager, from a blacklist of businesses that the state accused of boycotting oil and gas companies. Glenn Hegar, the Lone Star State's comptroller, praised BlackRock for reducing its green commitments. BlackRock's place on the blacklist meant that it missed out on billions of dollars from Texan state-run investment funds, which manage \$300bn.

### ***Super smash-hit***

Around the world, gamers queued outside shops to get their hands on **Nintendo's** latest console. Retailing for \$450 in America, the Switch 2 is 50% pricier than its predecessor, which came out in 2017. Nintendo predicts it will sell 15m of the devices by March.

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<https://www.economist.com/the-world-this-week/2025/06/05/business>

The world this week

## The weekly cartoon

Jun 05, 2025 01:28 PM



*The editorial cartoon appears weekly in The Economist. You can see last week's [here](#).*

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<https://www.economist.com/the-world-this-week/2025/06/05/the-weekly-cartoon>

# Leaders

- **The stunning decline of the preference for having boys**

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**Phew, it's a girl!**

## The stunning decline of the preference for having boys

*Millions of girls were aborted for being girls. Now parents often lean towards them*

Jun 05, 2025 01:29 PM



**WITHOUT FANFARE**, something remarkable has happened. The noxious practice of aborting girls simply for being girls has become dramatically less common. It first became widespread in the late 1980s, as cheap ultrasound machines made it easy to determine the sex of a fetus. Parents who were desperate for a boy but did not want a large family—or, in China, were not allowed one—started routinely terminating females. Globally, among babies born in

2000, a staggering 1.6m girls were missing from the number you would expect, given the natural sex ratio at birth. This year that number is likely to be 200,000—and it is still falling.

The [fading of boy preference in regions](#) where it was strongest has been astonishingly rapid. The natural ratio is about 105 boy babies for every 100 girls; because boys are slightly more likely to die young, this leads to rough parity at reproductive age. The sex ratio at birth, once wildly skewed across Asia, has become more even. In China it fell from a peak of 117.8 boys per 100 girls in 2006 to 109.8 last year, and in India from 109.6 in 2010 to 106.8. In South Korea it is now completely back to normal, having been a shocking 115.7 in 1990.

In 2010 an *Economist* cover called the mass abortion of girls “[gendercide](#)”. The global decline of this scourge is a blessing. First, it implies an ebbing of the traditions that underpinned it: the stark belief that men matter more and the expectation in some cultures that a daughter will grow up to serve her husband’s family, so parents need a son to look after them in old age. Such sexist ideas have not vanished, but evidence that they are fading is welcome.

Second, it heralds an easing of the harms caused by surplus men. Sex-selective abortion doomed millions of males to lifelong bachelorhood. Many of these “bare branches”, as they are known in China, resented it intensely. And their fury was socially destabilising, since young, frustrated bachelors are more prone to violence. One study of six Asian countries found that warped sex ratios led to an increase of rape in all of them. Others linked the imbalance to a rise in violent crime in China, along with authoritarian policing to quell it, and to a heightened risk of civil strife or even war in other countries. The fading of boy preference will make much of the world safer.

In some regions, meanwhile, a new preference is emerging: for girls. It is far milder. Parents are not aborting boys for being boys.

No big country yet has a noticeable surplus of girls. Rather, girl preference can be seen in other measures, such as polls and fertility patterns. Among Japanese couples who want only one child, girls are strongly preferred. Across the world, parents typically want a mix. But in America and Scandinavia couples are likelier to have more children if their early ones are male, suggesting that more keep trying for a girl than do so for a boy. When seeking to adopt, couples pay extra for a girl. When undergoing in vitro fertilisation (IVF) and other sex-selection methods in countries where it is legal to choose the sex of the embryo, women increasingly opt for daughters.

People prefer girls for all sorts of reasons. Some think they will be easier to bring up, or cherish what they see as feminine traits. In some countries they may assume that looking after elderly parents is a daughter's job.

However, the new girl preference also reflects increasing worries about boys' prospects. Boys have always been more likely to get into trouble: globally, 93% of jailbirds are male. In much of the world they have also fallen behind girls academically. In rich countries 54% of young women have a tertiary degree, compared with 41% of young men. Men are still over-represented at the top, in boardrooms, but also at the bottom, angrily shutting themselves in their bedrooms.

Governments are rightly concerned about boys' problems. Because boys mature later than girls, there is a case for holding them back a year at school. More male teachers, especially at primary school, where there are hardly any, might give them role models. Better vocational training might nudge them into jobs that men have long avoided, such as nursing. Tailoring policies to help struggling boys need not mean disadvantaging girls, any more than prescribing glasses for someone with bad eyesight hurts those with 20/20 vision.

In the future, technology will offer parents more options. Some will be relatively uncontroversial: when it is possible to tweak genes to avoid horrific hereditary diseases, those who can will not hesitate to do so. But what if new technologies for sex selection become widespread? Couples undergoing fertility treatment can already choose sperm with X chromosomes or determine an embryo's sex via genetic testing. Such techniques are expensive and rare, but will surely get cheaper.

Also, and more important, more parents who conceive children the old-fashioned way are likely to use cheap, blood-based screening in the first weeks of pregnancy to find out about genetic traits. These tests can already reveal the sex of the embryo. Some people trying for a girl may then use pill-based abortifacients to avoid having a boy. As a liberal newspaper, *The Economist* would prefer not to tell people what kind of family they should have. Nonetheless, it is worth pondering what the consequences might be if a new imbalance were to arise: a future generation with substantially more women than men.

### ***The power of numbers***

It would not be as bad as too many men. A surplus of single women is unlikely to become physically abusive. Indeed, you might speculate that a mostly female world would be more peaceful and better run. But if women were ever to make up a large majority, some men might exploit their stronger bargaining position in the mating market by becoming more promiscuous or reluctant to commit themselves to a relationship. For many heterosexual women, this would make dating harder. Some wanting to couple up would be unable to do so.

Celebrate the cooling of the war on baby girls, therefore, and urge on the day when it ends entirely. But do not assume that what comes next will be simple or trouble-free. ■

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<https://www.economist.com/leaders/2025/06/05/the-stunning-decline-of-the-preference-for-having-boys>

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**Capital pains**

# America's tax on foreign investors could do more damage than tariffs

*Provisions in the Republican budget are a dangerous step*

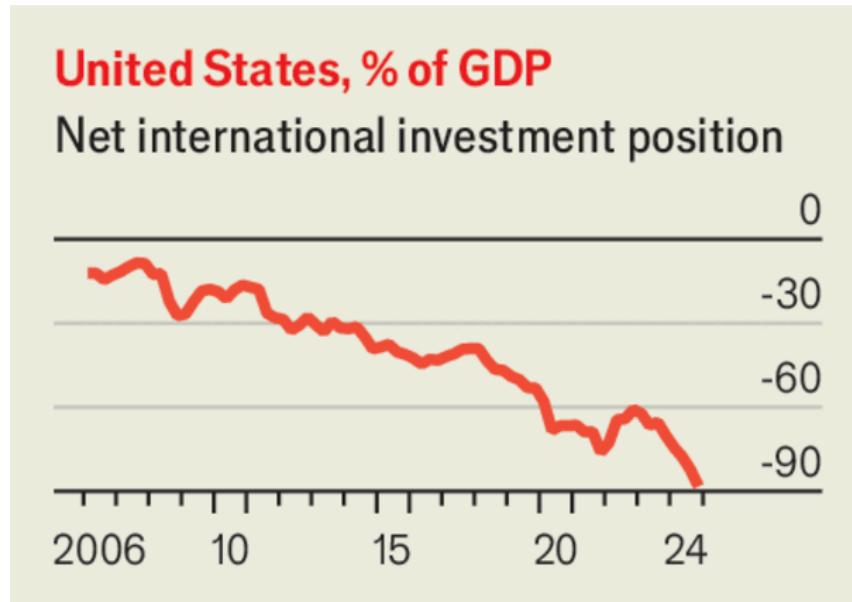
Jun 05, 2025 01:28 PM



AMERICA NEEDS foreign investors, and foreign investors need America. Yet clauses buried in the Republican budget bill in Congress are a threat to this crucial symbiosis. Under the obscure “Section 899”, the treasury secretary will gain the power to tax interest, dividends and rent flowing to foreigners in countries with tax systems that the law defines as “unfair”. The rate will start at 5% but could rise as high as 20%. That could mean lower returns for pension funds, governments and individual investors from the rest of the rich world. Companies with operations in America would also be caught in the net when they remit their profits. A separate clause taxes at 3.5% money sent out of the country by any non-citizen.

It is a worrying new front in the trade war. President Donald Trump’s tariffs have been highly disruptive, but at least America’s economy does not depend heavily on trade, which as a share of GDP is less than half the rich-world average. The same cannot be

said for foreign investment, on which America is unusually reliant. Foreigners own \$62trn-worth of American assets (including derivatives) compared with only \$36trn owned abroad by Americans. The balance, at -90% of GDP, is by far the lowest “[net international investment position](#)” of any big, rich economy. One third of America’s government debt, amounting to \$9trn, is held by foreigners.



This is a particularly bad time for America to become less attractive to foreign investors. The budget bill, by making past unfunded tax cuts permanent, will also make annual government borrowing worth 6-7% of GDP the norm. Treasuries will probably be exempted from Section 899, but that is not yet certain. Even if they are carved out, foreign buyers might reasonably wonder if the rules could change in the future. Scaring them when there is such a big deficit to finance is reckless, especially when foreign investors have already become skittish about American assets after Mr Trump’s “Liberation Day” tariff announcement. Moreover, the bill works against the president’s desire to have foreign companies build factories in America. Why would they, if they and their foreign staff must pay a steep price to send money home?

Capital protectionism will also badly hurt the rest of the world. Other countries could, ultimately, create their own trading arrangements and make do with restricted access to America's goods market, which accounts for only 15% of final demand for imports. Being denied entry to Wall Street is another matter. American stocks account for about 60% of global equities by value, and the dollar is the world's reserve asset. Even if American investments no longer produce outsize returns, foreigners would lose the benefits of diversification. The allocation of capital across the globe would be distorted, making the world economy less efficient, and therefore poorer, over time.

Optimists contend that Section 899 is a negotiating tool and that the tax on remittances is small. And didn't other rich-world countries start the tax war by ganging up on America's technology giants with "digital services taxes" and other rules designed to extend the reach of their tax systems across borders? The proposed law specifically targets these rules; it does not give Mr Trump a free hand.

The trouble with these arguments is that new taxes tend to expand over time regardless of their initial scope and size. There is no constituency in Congress to defend the interests of foreigners, and the legislature's failure to avert tariffs shows how unwilling it is to challenge the president's self-harming protectionism. The budget bill is a sign that the world could be entering an era of hostility towards foreign capital, not just foreign goods. If that day arrives, the damage will be so great that who started the fight will be irrelevant. ■

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<https://www.economist.com/leaders/2025/06/05/america-s-tax-on-foreign-investors-could-do-more-damage-than-tariffs>

**Lessons from Ukraine**

## The West is rethinking how to fight wars

*Ukraine's daring raid on Russia has lessons for European armed forces. But they need cash, too*

Jun 05, 2025 01:28 PM



THE UKRAINIAN drone strike on [bombers far inside Russia](#) on June 1st will be ranked among the greatest military raids in history. The operation, combining old-fashioned sabotage with the iconic weapon of the Ukraine war, illustrated two things. One is that new technology, deployed inventively, can be lethal. The other is that even major powers are vulnerable to attacks on critical infrastructure deep inside their own territory, overturning the assumptions of the 1990s and 2000s.

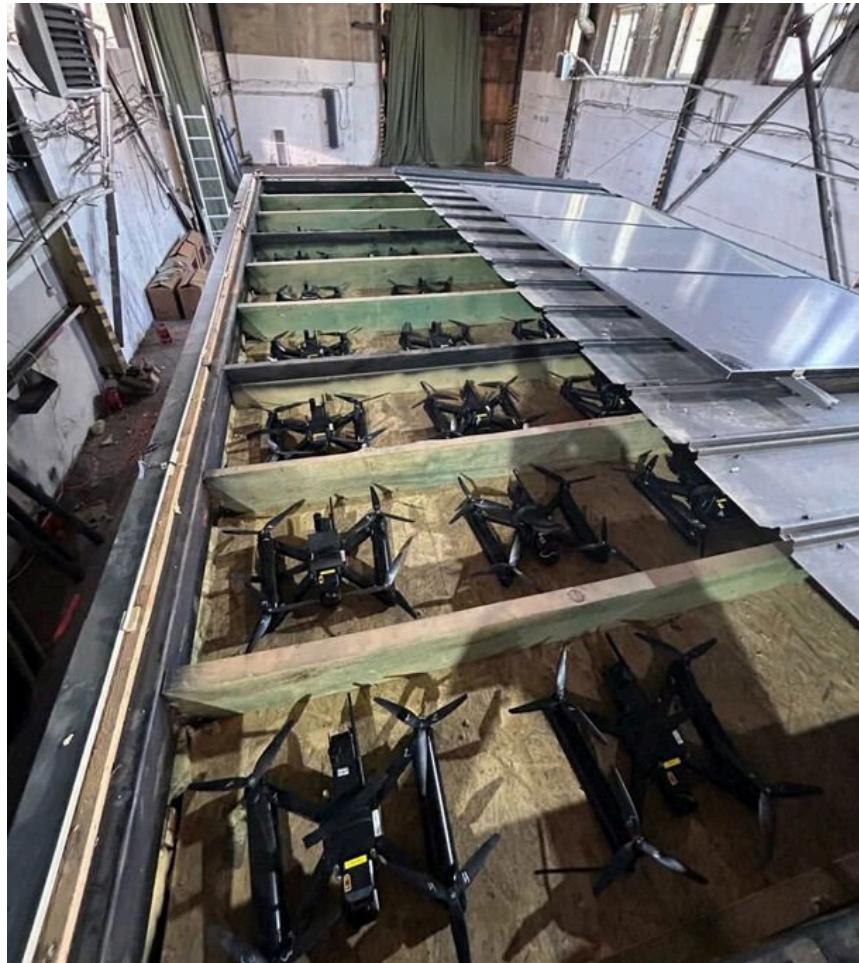
Britain's [defence review](#), published the next day, deserves praise for recognising these lessons. It also serves as an example of the new, more flexible thinking that will be needed in Europe and Asia to deal with the breakneck innovations that are transforming warfare. However, the review also points to the hardest problem in turning such thinking into reality—finding the money to pay for it.

After decades of complacency, Britain, like its allies, has acknowledged that it must prepare for war. That means building up the ammunition, forces and technologies for fighting abroad, as well as securing the home front. After the cold war, the Royal Air Force (RAF), like many of its European counterparts, saved money by shutting down bases and consolidating aircraft at ever fewer places. Ukraine's surprise attack is a reminder of why that now looks like a mistake. The review says that the RAF must relearn how to fight from a wider range of sites, and to disperse its munitions, spare parts and fuel.

The same principle of resilience holds more widely: redundancy applies as much to undersea cables, electrical substations and communications as it does to air bases. The British review rightly calls for a "whole of society" approach in which industry, finance, academia, education and ordinary people are better prepared for crises.

The thinking about military technology needs to be similarly supple. "Emerging technologies", the review warns, "are already changing the character of warfare more profoundly than at any point in human history". Britain and its allies have been slow to adapt. The review laments that, for defence projects worth over £20m (\$27m), awarding a contract takes an average of 6.5 years. It recommends that 10% of the procurement budget should be earmarked for novel technologies.

Bolder, faster reorganisation of military services matters, too. The Royal Navy will accelerate a "hybrid" carrier air wing, with drones flying alongside piloted F-35 fighter jets. The army will have a 20-40-40 mix of equipment. Crewed platforms will make up only 20% of kit. They will control uncrewed platforms that can be reused (40%) as well as "consumables" like shells, missiles and single-use strike drones (40%).



Britain can experiment because big land powers such as Germany are [expanding their traditional ground forces](#). Wisely, the review resists the temptation to declare that old, large equipment is obsolete. Not every act of war can be waged with drones in trucks. The review concludes that tanks still matter, for instance, not least because they protect troops on an increasingly transparent battlefield. The commitment to build up to a dozen attack submarines is a reminder that one of the largest and costliest weapons, the nuclear-powered sub, remains one of the most potent.

So far, so laudable. But a glaring gap remains between ambition and money. Britain plans to spend 2.5% of GDP on defence by 2027, with a vague hope of 3% by 2034. That is inadequate. Russia is rearming and America is signalling that it will shift forces away from Europe. Germany, facing the same threats, could be spending twice as much as Britain by 2029.

At a summit on June 24th NATO allies are likely to agree to spend 3.5% of GDP on defence. That would require painful tax rises, welfare cuts or borrowing. But it is hard to see how Europe can support Ukraine, deter Russia and fill gaps left by America on less.

In 2014 NATO allies agreed to a 2% target—and many ignored it. This time, the timeline is as important as the target. There is little point in deferring spending to the 2030s. “Until recently...a war against another country with advanced military forces was unthinkable,” says the British defence review, warning that conflict would be deadly and long-lasting. How much better to deter such a war than wage it. ■

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<https://www.economist.com/leaders/2025/06/03/the-west-is-rethinking-how-to-fight-wars>

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**Asia's forgotten hellscape**

# Myanmar is a demonstration of Chinese hegemony in action

*China is playing all sides in the country's bloody civil war*

Jun 05, 2025 01:28 PM



THE WORLD is not exactly short of crises. But one of the most alarming is also the most overlooked: an escalating state of anarchy in [Myanmar](#), in the heart of Asia. The country is degenerating into a violent state of nature. Over 2m of its people are on the verge of starvation. The effects of crime, including drug-dealing, huge scam centres and human trafficking, spread far beyond its borders.

What is taking place inside Myanmar is a humanitarian disaster, but it matters for another, more abstract reason, too. America and Europe have walked away from what was once an influential role in the country. Instead, the hellscape is unfolding under the watch of China, which has become the dominant outside power. Its cynicism and indifference in Myanmar are a demonstration of its values-free foreign policy in action.



Myanmar has a desperate past. After a coup in 1962, it suffered 49 years of military rule. Between 2011 and 2021, the army relinquished some power, and for a while that allowed Aung San Suu Kyi, a liberal darling of the West, to front a government. Even in those years there were severe human-rights violations, including pogroms against the Rohingya minority. In 2021 the army fully retook power in a coup. Since then, a sinister junta has been engaged in a civil war with a swirling cast of dozens of armed-resistance groups, freedom fighters and bandits, turning a country the size of Ukraine into a bewildering and bloody mess.

As the West has lost interest, China has become more powerful. Its conduct is pragmatic rather than ideological, and it will do business with anyone who has clout, money or guns. It has worked with Ms Suu Kyi, and now co-operates with the junta and also with the resistance groups and militias. It uses its influence and control over ammunition and weapon supplies to shape the fighting in order to safeguard its interests.

These include protecting a 2,500km [energy pipeline](#) from the Indian Ocean. This gives China an alternative supply route that bypasses the Malacca Strait and might become vital in the event of a war over Taiwan. China also wants to maintain its access to

minerals and other resources, protect infrastructure built under its Belt and Road Initiative, clamp down on scammers targeting Chinese citizens, and keep the West out of a country adjacent to its own southern border.

China plays all sides, arming, threatening and coaxing them into meeting its demands. The results are lethal. Amid mounting hunger, the size of the economy has fallen by a quarter in nominal terms since 2019. The picture could get worse. China is pushing General Min Aung Hlaing, the junta's chief, to hold a sham election later this year, designed to provide a figleaf of legitimacy. That could trigger a surge in violence as resistance groups seek to disrupt an illegitimate process. More chaos could spill across the borders Myanmar shares with Bangladesh, China, India, Laos and Thailand.

Having been mistakenly star-struck by Ms Suu Kyi's leadership in the 2010s, the West has abandoned the groups fighting for democracy. Today America and Europe could still help Myanmar by increasing their humanitarian assistance, publicising abuses and backing pro-democracy forces in any negotiations and even on the battlefield. But the Trump administration has cut aid to Myanmar, and Europe is preoccupied with security on its own eastern border.

Given Western neglect, Myanmar's best long-term hope is either that pro-democracy groups eventually consolidate and win the civil war, or that Myanmar's other neighbours, such as India and Thailand, strive for a just peace. Despite all the talk of a multi-polar world in which power and responsibility are more evenly spread, neighbouring countries have so far tended to back the junta and have encouraged other states to normalise relations with it. Yet over time they may come to recognise that only a more democratic Myanmar will provide the stability they crave.

Until then, the war will continue and the liberal future that some Burmese are fighting for will remain out of reach. China's growing

power and pursuit of its own priorities, the West's shrinking view of its own interests, and the apathy of everyone else have consigned a country to misery. That makes Myanmar not just a tragedy—but also a warning. ■

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<https://www.economist.com/leaders/2025/06/04/myanmar-is-a-demonstration-of-chinese-hegemony-in-action>

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**Guerrillas v gorillas**

## Africa's most admired dictator rolls the dice

*Kagame's intervention in Congo threatens his legacy at home*

Jun 05, 2025 01:29 PM



**BACK IN THE 1990s** Paul Kagame grabbed global attention as the leader of a rebel group that halted the Rwandan genocide, the worst mass atrocity of the past four decades. In the 2000s and 2010s he became Africa's most admired dictator, turning Rwanda from a graveyard into a case study at Harvard Business School, with one of the fastest growth rates in the world. Those who pointed to his regime's brutal suppression of dissent and assassinations of opponents were ignored. For Western donors, Mr Kagame was the leader who proved that aid could be spent well. For African elites starved of examples of well-run states, he was a role model.

More than three decades on, [Mr Kagame](#) has gone from the darling of donors to Africa's arch-exponent of realpolitik. He has turned to new friends abroad to gamble on state-led modernisation. In neighbouring Congo he has fuelled a long-running conflict. But the Trump administration, with an eye on Congo's mineral wealth, says it wants Mr Kagame to stop meddling as part of a peace-for-

investment deal. Unintentionally, America might just save Rwanda's president from himself.

Taking advantage of geopolitical shifts, Mr Kagame has befriended rising powers, acquiring weapons for his formidable army from China, Russia and Turkey. Rwanda looks up to Israel, another small nation with a shared history of suffering genocide and fighting its neighbours. It exports gold to Dubai. Qatar is financing a new airport. Mr Kagame has long shown how transactionalism can give minor countries outsize influence. His offers to receive deported migrants, export critical minerals, or send troops to places where the West is unwilling to go have helped limit criticism of Rwanda's human-rights abuses and its backing of M23, a Congolese militia.

Earlier this year, with the help of Rwanda's army, that militia seized the cities of Goma and Bukavu in eastern Congo. In Goma M23 has set up an ersatz version of Mr Kagame's rule in Rwanda; it is ordering the streets to be cleaned at the point of a gun. Elsewhere fighting still rages.

Mr Kagame's intervention in Congo has several motives. It is a chance to create a buffer zone and to vanquish the FDLR, a rebel group that traces its roots to genocidal militias and which Mr Kagame still regards as a threat. Rwanda earns hundreds of millions of dollars from exporting smuggled gold and other metals from Congo. Some in Rwanda's elite want to redraw what they complain are colonially imposed borders. The arrival of the Trump administration, which Mr Kagame saw as less worried about territory-grabbing, probably factored in his thinking. Creating facts on the ground unbothered by an indifferent America, went the calculation, would at the very least produce leverage in any negotiations.

The logic may yet prove sound. Félix Tshisekedi, Congo's president and an enemy of Mr Kagame's, has been weakened and

his political rivals are circling. But the risks for Rwanda's president are mounting, too.

The costs of the war highlight the flaws of Mr Kagame's development model. Growth has mostly benefited the urban elite. Researchers have disputed government claims about poverty reduction and agricultural production. The ruling party and the army own lots of companies, deterring private investment. The ratio of public debt to GDP has quadrupled since 2012, to almost 80%; the war will add to fiscal pressures. A gaping current-account deficit of 14% of GDP will widen further if the tourists who pay in dollars to see mountain gorillas stay at home. The longer the war goes on, the more Rwanda's brand will be tarnished.

And in a world where everyone is becoming more transactional, Mr Kagame may find he has less to offer. President Donald Trump, who opined last month that "there are a lot of bad things going on in Africa", is not famed for his knowledge of the continent. But his administration wants America to get more of Congo's vast reserves of copper, cobalt and other crucial minerals, and to see more American firms profit in the region. That could grant Congo more clout at Rwanda's expense and imperil Mr Kagame's influence in Congo's east.

Mr Kagame is 67 years old—middle-aged by the standard of African (and indeed American) leaders. But he is thinking about his legacy. The escalation of the war in Congo suggested he saw no tension between pursuing vengeance in the region and modernisation at home. But ultimately Mr Kagame may have to choose between guerrillas and gorillas. ■

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<https://www.economist.com/leaders/2025/06/05/africas-most-admired-dictator-rolls-the-dice>

# Letters

## • **Has crime fallen in Britain?**

A selection of correspondence :: Also this week, Oasis's loud music, Generation X, Mark Twain, chessboxing

**A selection of correspondence**

## Has crime fallen in Britain?

*Also this week, Oasis's loud music, Generation X, Mark Twain, chessboxing*

Jun 05, 2025 01:28 PM



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### **Why crime has fallen**

You detailed the brilliant work of Jonathan Shepherd and the Cardiff University Violence Research Group (“Better angels”, May 17th). Their recommendations have led to tremendous innovations in data that helped police lessen the impact of violence. But the long-term decline in violence in England and Wales happened a decade or so before the “Cardiff model” was used. Violence declined from the mid-1990s, and so too did car crime and burglary. There were similar declines in crime across western Europe, America and other rich countries that didn’t use the Cardiff model.

You also point to “better policing and changing social norms” for the drop in violence. Problem-oriented policing can reduce crime, but there is strong research evidence that policing was not responsible for the long-term decline. And reduced alcohol consumption among young people is a changing social norm, but this began in the mid- to late-2000s, which is also a decade or so too late.

Property crime fell from the early-1990s onwards because of security improvements, particularly to vehicles and households. As fewer young people became involved in property crime, fewer progressed to violence (which is fortunately rarer), and fewer crimes were committed in which violence also occurs, such as robbery and aggravated burglary.

The Cardiff model should be celebrated and replicated. The evidence suggests it may be responsible for some part of reduced violence in those places it was introduced. But the main lesson from the long-term crime decline is that government should shift responsibility for crime prevention to businesses, as it successfully did with the car industry. This includes internet providers, online banks, the phone industry, online marketplaces where illegal and stolen goods are traded, bars and clubs and others. These businesses often profit from hosting, facilitating or otherwise encouraging crime, including violence.

PROFESSOR GRAHAM Farrell  
School of Law  
University of Leeds

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### ***Super sonic***

“Uneasy listening” (May 10th) looked at research into [the harmful effects of compressed music on the ears](#). There are two main types of audio compression: dynamic-range compression and file-size

compression. Dynamic-range compression does affect the relative loudness of music. A famous example is Oasis's "(What's the Story) Morning Glory?". Nearly every song on the album is brickwalled, a term used when the waveform of a song is at or near maximum volume for much of the track. Most classical recordings would offer the extreme other end of this loudness spectrum, where the dynamic range of a recording is seldom adjusted or compressed. Thus, the long crescendo of pieces such as Holst's "Mars, the Bringer of War" or Ravel's "Bolero" are permitted to actually be quieter at their starts, rather than just seem quieter.

Nicolas Colarossi

*Philadelphia*

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### ***Talking about my generation***

Gen X, Gen Y, Gen Z and the equally problematical "millennial" are arbitrary demographic cohorts ("Reality bites", May 10th). In contrast, baby-boomer relates to a real, objective phenomenon, the surge in birth rates following the second world war. **I doubt that the "Gen" descriptors are reliable indicators of personality or behaviour.** It is implausible that an individual born in 1980 has more in common with a fellow Gen-Xer born in 1965 than with a millennial born in 1981. Categorising people as baby-boomer, Gen X, millennial, and so on is nothing more than a way of pointing out their approximate ages. Assigning characteristics to them strictly in accordance with these categories is an unwarranted generalisation, a form of astrology.

And it's not just unscientific, it's innumerate too. In ordinary language, a generation is the average difference in age between parents and their progeny. In America that is currently around 25 or 30 years, not the 15 years that separates all the Gens except for the boomers, who for some reason span 18 years.

David Book

*Monterey, California*

Your article on the woes of Gen X mentioned two films, “The Matrix” and “Fight Club”, which came to define the overpowering need in the 1990s to break free from the era’s societal rules on conformity. However, the best example from that genre is Mike Judge’s classic comedy from 1999, “Office Space”. What better way to capture Gen X’s frustrations than to show a bunch of young, low-paid and demoralised IT workers take their chronically malfunctioning printer out into a field and smashing it to smithereens.

Armen Manuk-Khaloyan

*Washington, DC*

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### ***Neither the Twain did meet***

The cry “mark twain” did indeed mean that a river was of safely navigable depth (“Old times on the Mississippi”, May 17th), and this is [how we believe Samuel Clemens got his pen name](#). But in his autobiographical “Life on the Mississippi”, Twain related how Isaiah Sellers, a steamboat captain, first used the name as a pseudonym.

When he learned of Sellers’s death he took the name. Clemens’s life was filled with deaths about which he felt guilt. His ten-year-

old brother died when he was eight; at 12 he watched his father's autopsy. Then at 23, his younger brother died on a riverboat, aboard which Clemens had found him a job. So his story about how he got his pen name is consistent with his feelings of guilt and remorse, though some scholars dispute it.

Richard Waughman  
Clinical professor of psychiatry  
Georgetown University  
*Washington, DC*

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### **A knockout song**

I was disappointed that there was no mention of the Wu-Tang Clan in [your article on chessboxing](#), a sport combining the board game and knockouts in the ring (“Queen’s gambit, plus a punch”, May 17th). The hip-hop group sang about “Da Mystery of Chessboxin” in 1993.

Laurie Timpson  
*Marlborough, Wiltshire*

The sport of chessboxing actually stems from the work of Enki Bilal, a celebrated French-Yugoslavian comic-book author, who introduced it in the last volume of his magnum opus “The Nikopol Trilogy” in 1992. Incidentally, it’s the only sport where “checkmate” is literally a punchline.

Romain Poirot-Lellig  
*Lagos*

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<https://www.economist.com/letters/2025/06/05/has-crime-fallen-in-britain>

## By Invitation

- **There is nothing extreme about the Baltic states' hard-nosed view of Russia, says Latvia's foreign minister**

What price peace? :: Baiba Braže argues that it is time to abandon illusions of détente

**What price peace?**

# There is nothing extreme about the Baltic states' hard-nosed view of Russia, says Latvia's foreign minister

*Baiba Braže argues that it is time to abandon illusions of détente*

Jun 05, 2025 01:28 PM



THOSE OF US living around the Baltic Sea, more than in any other European countries, have the most to gain from a friendly and stable Russia. We also have the most to lose if decision-makers are misled by the illusory prospect of detente with the Kremlin. This is no time for wishful thinking.

*The Economist's reporting on our region's security has long been a journalistic lodestar, which is why many of us living around the Baltic Sea were disappointed to read in these pages that our view of Russia is “[extreme](#)”. It is realistic and evidence-based.*

Today many admit that we in the Baltics were right in warning about Russia's trajectory towards militarism and autocracy, and about its imperialist objectives. Russian imperialism has deep roots. It predates Vladimir Putin—and will most likely outlast him. That is not an “incurable” belief. It is prudence.

Our most important message is that Russia is not just Ukraine’s problem. It threatens the international order. Mr Putin’s ambitions stretch far beyond Ukraine. He dreams of spheres of influence and dominance beyond Russia’s borders. He seeks to divide America and Europe to split NATO. He is deepening the “no-limits” partnership with China. He is working closely with rogue states including Iran and North Korea, and ruthlessly exploiting Africa’s natural resources via his Africa Corps.

Nothing suggests that Russia is ready for peace in Ukraine. Despite Mr Putin’s “three-day campaign” turning into a three-year catastrophe, his war machine is still running. Any weakness only encourages him to continue with his aggression and seek at the negotiating table what he has failed to achieve on the battlefield.

Mr Putin is now following step-by-step Russia’s well-worn negotiations manual: issue absurd maximalist demands and blame the other party for not accepting them; concede nothing; continuously delay the process; reset expectations; wait for others to present compromises or concessions; and exploit this as weakness.

Meanwhile, Russia continues—and indeed is escalating—its missile and drone onslaught against civilian targets in Ukrainian cities; this may intensify further after Ukraine’s brilliant, sophisticated drone operation inside Russia on June 1st. The Kremlin is also stepping up its non-conventional attacks against European countries, including cyber-attacks, disinformation operations, sabotage of critical infrastructure and election interference. All these methods have been tested and honed across the continent over decades. We in the Baltics did warn about taking them seriously. Now we all see the consequences of not pushing back.

Against this backdrop, Latvia sees a clear path towards a durable peace in Ukraine that rests on three pillars: strengthening our

national and NATO's collective defence; weakening Russia's capacity to wage war; and sustaining Ukraine's ability to defend itself diplomatically, militarily and economically.

Rapidly increasing investment in hard deterrence and defence capabilities is a must. NATO allies should aim to raise defence and defence-related spending to 5% of GDP. We must focus on aligning military, intelligence and internal-security resources to respond to Russia's non-conventional attacks, overcoming irritants in transatlantic relations, and (belatedly) achieving full European Union energy independence from Russia.

This requires political will. The Baltic states show what is possible. We and Poland will spend 5% of GDP on defence by 2026. This year we have achieved total energy independence from Russia, having previously relied on it for most of our natural gas.

Mr Putin will not stop until someone stops him. Our first step should be to intensify financial warfare. The Graham-Blumenthal sanctions proposed in America's Congress, which include a potential 500% tariff on countries that buy Russian fossil fuels, would blow a hole in Russia's budget—especially if accompanied by powerful new EU sanctions. Oil and gas exports remain Russia's fiscal lifeline, accounting for a third of federal revenue. Increasingly, these exports are shipped via the Baltic Sea using a shadow fleet designed to dodge sanctions. We can also do more to restrict Russia's access to technology and to deter its international enablers with “secondary” sanctions on those who trade with it.

This maximum-pressure approach represents the only viable path to peace. We must deprive the Kremlin of its income through tariffs on energy imports, financial restrictions and by lowering the oil price. It is an approach grounded in realism because as long as Russia is ruled by this regime, it will be geared towards war. Russia is clearly rearming and preparing for long-term confrontation with the West, and we must prepare accordingly.

Latvia's own history shows how peace can be achieved through strength. We established our republic in 1918 and secured it through the war of independence. The peace treaty with Soviet Russia in 1920 was signed after the Russians had been pushed back and as the West stood united. Yet this unity splintered under economic upheaval, transatlantic disengagement and the failure of the League of Nations. Poland, the Baltic states and Finland fell victim to Hitler's and Stalin's aggression. Once we won back our independence, after half a century of Soviet occupation, securing the withdrawal of Russian troops became possible thanks to Western pressure and negotiations from a position of strength.

With these lessons in mind, we must abandon once and for all illusions of detente, or peace achieved through appeasement. As *The Economist*'s own editorials have repeatedly warned, anything less than visible, credible strength and unity risks repeating the mistakes of history and inviting the next war. We in the West have all the necessary instruments to prevent it from happening. It would not cost much, compared with the alternatives. ■

*Baiba Braže is the foreign minister of Latvia.*

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<https://www.economist.com/by-invitation/2025/06/02/there-is-nothing-extreme-about-the-baltic-states-hard-nosed-view-of-russia-says-latvias-foreign-minister>

# Briefing

- **More and more parents around the world prefer girls to boys**

The fairer sex :: The bias in favour of boys is shrinking in developing countries even as a preference for girls emerges in the rich world

The fairer sex

## More and more parents around the world prefer girls to boys

*The bias in favour of boys is shrinking in developing countries even as a preference for girls emerges in the rich world*

Jun 05, 2025 01:28 PM



AN AMERICAN COUPLE is throwing a party to commemorate the moment when they discover what sex their unborn child will be. “It’s a boy!” they blurt out, in a TikTok video that has since gone viral. But the mother-to-be cannot feign excitement for long. Within seconds she is clutching her partner and sobbing. He reassures her that they will have a daughter at some point, before they leave the room, too upset to stay with their guests.

“Gender reveal” parties can be elaborate, with the news of what sex an expectant couple’s baby will be delivered by confetti cannons or smoke bombs, which explode in telltale pink or blue. There are breathless hashtags: #boyorgirl and #TractorsOrTiaras. But festivities that end in disappointment for the unsuspecting #boymom and pity from those attending have spawned a whole new genre on social media, “gender disappointment” videos, some

of which attract millions of views. Countless posts show or describe “feeling sad you aren’t having a little girl”.

Parents around the world used to have a pronounced preference for sons. In many cultures boys traditionally inherit both the family’s name and its wealth. Indeed, sons were considered so much more desirable than daughters that many parents would choose to abort baby girls, leaving whole cohorts of children with far more boys than girls in China and India, among other places. But in recent years that preference for boys has diminished dramatically in developing countries—and signs of a bias in favour of girls are emerging in the rich world. For perhaps the first time in humanity’s long history, in many parts of the world it is boys who are increasingly seen as a burden and girls who are a boon.

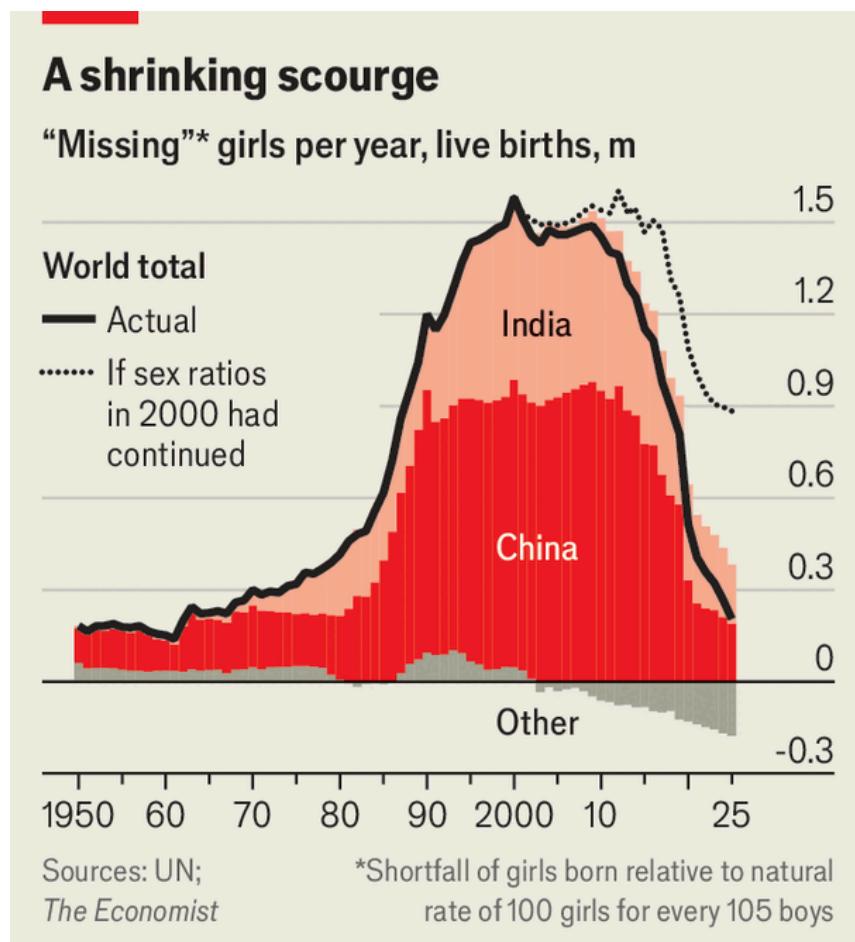
In the natural course of things, there are roughly 105 male births for every 100 female ones, which appears to be an evolutionary response to higher male mortality. The rate does fluctuate somewhat, for reasons scientists do not fully understand. Male births tend to spike immediately after wars, for instance. But until the 1980s, when ultrasound became cheap enough to let most would-be parents learn the sex of a fetus, there were few ways to act on a preference for boys beyond having lots of children and coddling the male ones. And since families tended to be big, most parents would anyway end up with a mix of boys and girls.

### ***Little bundles of misery***

In recent decades, however, as parents in much of the world began having fewer children, they could no longer assume that at least one of their children would be a boy. Ultrasound gave parents a way to choose. The result was a massacre of female fetuses. Roughly 50m fewer girls have been born since 1980 than you would naturally expect, according to *The Economist*’s calculations. In the worst year, 2000, there were around 1.7m more male births than there should have been. As recently as 2015, the number of

excess male births was still above 1m—which suggests that a similar number of unborn girls must have been done away with.

Yet this year, *The Economist* estimates, that figure will fall to about 200,000. The precipitous drop in the sex imbalance equates to roughly 7m girls saved since 2001 and counting. The global preference for sons has almost disappeared, and with it the hordes of missing girls (see chart).



The countries with the biggest skews in favour of boys in sex ratios at birth have seen a reversion towards the natural rate. In South Korea almost 116 boys were born for every 100 girls in 1990. The imbalance was even more pronounced in bigger families. Among third-born children, there were more than 200 boys for every 100 girls. Among fourth-born children, the ratio approached 250 boys for every 100 girls. Yet today South Korea has a near-even distribution between the sexes.

Critically, the desire for sons has also diminished rapidly in China and India, although the sex ratio at birth remains skewed in both countries. In China it has fallen from a peak of 117 for most of the 2000s to 111 in 2023. In India the rate was 107 that year, down from 109 in 2010.

Polling data bear out this shift. In many developing countries, to the extent that people express any preference about the sex of their children, they now seem to want a mix of boys and girls.

Bangladeshi women who have not yet had children, for instance, report an almost identical desire for sons and daughters. Among those with one or two children, having a son increases the desire for daughters and having a daughter increases the desire for sons. Researchers have also observed a similar yen for balance in most of sub-Saharan Africa.

In the long run, the shrinking of the preference for boys should return those countries with the most skewed populations to something approaching a normal sex distribution. That means eventual deliverance from a host of social problems associated with a deficit of girls, from increased crime to human-trafficking of foreign brides—although it will take decades for the legacy of past bias to disappear.

In the rich world, in the meantime, evidence is growing of an emerging preference for girls. Between 1985 and 2003, the share of South Korean women who felt it “necessary” to have a son plunged from 48% to 6%, according to South Korea’s statistics agency.

Nearly half now want daughters. Similarly in Japan, polls suggest a clear preference for girls. The Japanese National Fertility Survey, a poll conducted every five years, shows that in 1982, 48.5% of married couples wanting only one child said they would prefer a daughter. By 2002, 75% did. A similar swing existed for parents wanting two or three children.

In a handful of places, the overall birth statistics appear to reflect a preference for girls over boys. The sex ratio at birth is slightly lower than the norm in parts of the Caribbean and sub-Saharan Africa, for example. A few countries in those regions have ratios as low as 100 or 101. More than one in three households in the Caribbean is headed by a woman, and the share of Caribbean women who say they would rather have daughters is bigger than the proportion who prefer sons. In sub-Saharan Africa a man's traditional obligation to pay a hefty "bride price" to the family of the woman he marries may have helped make girls more desirable.

But in most countries, any preference for girls expressed in polls is not strong enough to show in the overall sex ratio at birth. Most parents-to-be seem to balk at sex-selective abortions, in other words. Nonetheless a bias towards girls is visible in instances when it is easier to act on, such as when seeking children through adoption or fertility treatment. The time-honoured indicator of preference—whether parents go on procreating depending on what sex their existing children are—suggests a hankering for girls.

### ***Baby bummers***

In America parents with only daughters were once more likely than parents with only sons to keep having children, presumably to try for a boy. That was the thesis set out in a study published in 2008 by Gordon Dahl of the University of California, San Diego, and Enrico Moretti at the University of California, Berkeley. The report, which analysed census data from 1960 to 2000, concluded that parents in America favoured sons.

That preference has since reversed, however. A study in 2017 led by Francine Blau, an economist at Cornell University, found that having a girl first is now associated with lower fertility rates in America. The research, which uses data from 2008 to 2013, suggested a preference for girls among married couples.

Other rich countries follow a similar pattern. A pro-girl bias has been detected throughout Scandinavia. In these countries, parents with one son and one daughter have fewer children; those with two sons have markedly higher birth rates than parents with two daughters. Finns whose first child is a girl tend to have slightly fewer children. Studies have also suggested a preference for girls in the Czech Republic, Lithuania, the Netherlands and Portugal.

Fertility treatment provides further evidence of a bias towards girls. At New York City IVF, a clinic in Midtown Manhattan, parents pay as much as \$20,000 to select the sex of babies conceived through in-vitro fertilisation (IVF). Wealthy families travel from countries like Britain, where the practice is banned. “In the past, it was all about boys,” says Alyaa Elassar, who leads the practice. But increasingly, parents opt for baby girls.

Adoptive parents, too, tend to want girls. Those in America were willing to pay as much as \$16,000 to secure a daughter, according to a study published in 2010. In 2009 Abbie Goldberg of Clark University asked more than 200 American couples hoping to adopt whether they wanted a boy or a girl. Although many of them said they did not mind, heterosexual men and women and lesbians all leaned on average towards girls; only gay men preferred boys. In South Korea girls account for a clear majority of adoptions. Although the greater interest in adopting girls has no effect on sex ratios at birth at all, it gives a good indication of where parents' preferences lie.

The reasons behind the growing preference for girls and the relative devaluation of boys are not at all clear. There could be many contributing factors. In Ms Goldberg's study, which sorted parents by their sexual orientation, different groups gave different reasons for their leanings. Heterosexual men, for example, felt girls would be “easier to raise”, more “interesting” and “complex” as well as “less physically challenging” than boys. Lesbians were

concerned about whether they would be able to socialise boys and so on.

In countries that used to suffer from a severe bias in favour of boys, the shift may simply reflect a desire to avoid the problems that have flowed from skewed sex ratios. In China, where men are so preponderant that many have ended up as unmarried, childless “bare branches”, parents may be seeking to avoid a lonely life for their children. It is also expensive to have boys, insofar as middle-class urban men are typically expected to own an apartment before they can get married. Parents of boys often complain about the ruinous expense of helping them buy homes.

Another possibility is that a preference for girls may not be a sign of emancipation but a reflection of enduring gender roles. The assumption that daughters will be more nurturing whereas sons will grow distant is ingrained even in the most egalitarian societies. In Denmark, Norway and Sweden, where women are relatively well represented both in business and in politics, couples nonetheless place greater importance on having at least one daughter than on having at least one son. Some sociologists posit that this is because daughters are much more likely than sons to provide care for elderly parents living alone.

### ***Babes in the woods***

The growing desire for daughters may also reflect the social ills that afflict men in much of the rich world. Men still dominate business and politics and earn more for the same work almost everywhere—but they are also more likely to go off the rails. In many rich countries, teenage boys are more likely to be both perpetrators and victims of violent crimes. They also are more likely to commit suicide. Boys trail girls at all stages of education and are expelled from school at far higher rates. They are less likely than women to attend university. The gender gap at American universities is bigger today than in 1972, when laws

prohibiting gender discrimination in education were enacted. But it is no longer women who are underrepresented.

Competitive parents may see girls as more likely to reflect well on them than boys. After all, boys develop fine motor skills later than girls. They are also worse at sitting still. Those are drawbacks in a world of toddlers' music lessons and art classes. "We no longer have trophy wives," says Richard Reeves, president of the American Institute for Boys and Men, which seeks to remedy male social problems. "We have trophy kids."

The gender divide continues into adulthood. Whereas high-achieving young women move out of the family home, young men are less likely to leave. An example is Japan, with its staggering numbers of young recluses known as *hikikomori*, most of whom are men. Young men in America are also more likely to remain in their parents' homes than girls. Around one in five American men aged 25-34 lives with his parents, compared with just over one in ten women of the same age.



A cultural reckoning with misogyny might also be a factor. In a book called "BoyMom: Reimagining Boyhood in the Age of Impossible Masculinity", Ruth Whippman observes that the world has recently been exposed to a torrent of news about poor male behaviour. The #MeToo movement revealed male predation first in Hollywood, and then in a series of other industries and countries.

Men such as Harvey Weinstein, Jeffrey Epstein and Andrew Tate have all become household names after being charged with multiple counts of various forms of abuse of women (and in Epstein’s case, girls).

More recently, the story of Gisèle Pelicot, a Frenchwoman who was repeatedly drugged and raped by her husband and 50 other men, has stirred public indignation. “Adolescence”, a Netflix drama about a 13-year-old British boy who is arrested for murder, sparked a global conversation about misogynistic behaviour in boys. It is a fraught time to be raising boys, according to Ms Whippman. The list of fears is long, she writes in “Boymom”: “Rapist, school-shooter, incel, man-child, interrupter, mansplainer, self-important stoner, emotional-labour abstainer, non-wiper of kitchen counters.”

A telling sign of the general alarm about boys in the rich world is the interest politicians have begun taking in the subject. Last year Britain’s Parliament opened an investigation into male underachievement in schools. Norway has gone a step further, launching a Men’s Equality Commission in 2022. Its final report in 2024 concluded that tackling challenges for boys and men would be the “next step” in gender equality.

Legislators across America’s political spectrum are making similar noises. Utah’s governor, Spencer Cox, a Republican, has created a task-force on male well-being; Maryland’s governor, Wes Moore, a Democrat, has committed to “targeted solutions to uplift our men and boys”; Michigan’s governor, Gretchen Whitmer, a woman (and a Democrat), wants to get more young men into Michigan’s colleges and vocational courses.

It is important to keep the gloom about boys in the rich world in perspective. “There is little evidence that a desire for daughters translates into behaviour that discriminates against boys—or girls,” says Lisa Eklund of Lund University in Sweden. With 100,000 sex-

selective abortions of female fetuses still taking place in China each year, eradicating prejudice against girls should remain a priority.

But technology may soon alter the picture, just as cheap ultrasounds did 50 years ago. Given an easy way to act on their preference for girls, parents in the rich world might start doing so in greater numbers. New testing methods are allowing parents to learn the sex of their unborn child much earlier in its gestation. Some kits can be bought online or in shops, require just a few drops of blood from the mother and work from as little as six weeks. At that stage friends and family may not know that the mother is pregnant and therefore need not know if she ends the pregnancy.

IVF and other fertility treatments are also becoming cheaper, more effective and so more common. In America, where sex-selective IVF is legal, around a quarter of all IVF attempts now lead to live births, compared with 14% during the 1990s. Some 90% of couples who use a technique called sperm-sorting to select the sex of their child said they wanted a balance of sons and daughters. Even so, in practice 80% of them opted for girls. If that imbalance endures even as such methods spread, America's sex ratios will soon start to skew.

And even if sex ratios at birth remain at the natural level, the preference for girls is still important. Just as sex-selective abortions in the developing world are a reflection of underlying disparities and prejudices, the incipient bias towards girls in the rich world presumably reveals something about how societies function. Relieving the social pressures that lead parents to prefer girls to boys would be a good idea, irrespective of the latest statistics on the sex ratio at birth. ■

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Trial run

# Meet SCOTUSbot, our AI tool to predict Supreme Court rulings

*Impending decisions will be a test of our model*

Jun 05, 2025 01:29 PM | NEW YORK



THIS JUNE may be the most harried for the Supreme Court's justices in some time. On top of 30-odd rulings due by Independence Day, the court faces a steady stream of emergency pleas. Over 16 years, George W. Bush and Barack Obama filed a total of eight emergency applications in the Supreme Court (SCOTUS). In the past 20 weeks, as many of his executive orders have been blocked by lower courts, Donald Trump has filed 18.

Into this maelstrom, *The Economist* is introducing a tool to help analyse how the high court is acquitting itself under pressure. A year ago Adam Unikowsky, a frequent litigator before the justices, asked Claude, Anthropic's large language model (LLM), to decide 37 Supreme Court cases. Claude's decision matched the court's 27 times. Inspired by this example, we tested several models of our own and settled on o3, OpenAI's best reasoning engine for ChatGPT. We fed our SCOTUSbot the main briefs and oral-argument transcripts for ten of the court's biggest pending cases—

plus three cases that have already been decided—and asked it to predict how each justice would vote and why.

For good measure, we repeated each of the 13 queries at least ten times: these models are statistical beasts that reason with probabilities and do not always come to the same conclusion. Then we ran each case through the bot (again, ten times) without the oral arguments. For each iteration we requested a justice-by-justice roll call, with brief explanations of their votes and a 400-word majority opinion.

Our beta version of SCOTUSbot does not threaten to replace human analysis of the Supreme Court’s work. But it offers a lens on AI itself: how reliably it can predict case outcomes, how much light oral arguments may shed on those predictions and whether, when AI gets it wrong, this says more about the limits of LLMs or the unpredictability of the justices themselves. If the justices faithfully follow legal principles, an AI aware of all the precedents ought to predict their votes fairly reliably. If politics drives some decisions, the patterns may be less clear.

SCOTUSbot nailed the three sample rulings: *Bondi v VanDerStok* (allowing the government to regulate ghost guns as firearms), *Food and Drug Administration v Wages and White Lion* (allowing the FDA to reject sweet vape flavours that attract children) and *Seven County Infrastructure Coalition v Eagle County* (greenlighting the construction of a railway carrying crude oil in Utah). Our model was very close on the votes, too. It showed its savvy even when it committed one apparent error: SCOTUSbot predicted three dissenters in *Seven County*, a case that in reality came out unanimously. As it happened, the trio of liberal justices identified by SCOTUSbot did indeed write separately to defend a more restrained approach.

What about the ten impending decisions? SCOTUSbot predicts broad agreement among the justices in three. *Ames v Ohio* involves

a woman who says she was demoted because she is heterosexual; the question is how hard it should be to claim “reverse discrimination” in the workplace under Title VII of the Civil Rights Act of 1964. The model predicts a unanimous decision that courts may not “demand extra proof from some plaintiffs based solely on their demographic status”. Only one or two dissenters are projected in *Kennedy v Braidwood Management*, a challenge to free preventive health services guaranteed under the Affordable Care Act. SCOTUSbot reckons the plaintiffs will lose.

A 9-0 or 8-1 decision may also be coming in *Catholic Charities Bureau v Wisconsin Labour & Industry Review Commission*, which asks if Wisconsin must give a Catholic charitable group the same state-tax exemption that churches and other religious organisations enjoy. Based only on the briefs, SCOTUSbot predicted an ideological 6-3 split. But after hearing the liberal justices’ support for Catholic Charities in the oral argument, it settled on a 9-0 or 8-1 result—suggesting oral arguments can reveal considerations that briefs alone miss. This is also evident in *Trump v CASA*, Mr Trump’s attempt to rescind the 14th Amendment’s [guarantee of birthright citizenship](#) by eliminating nationwide injunctions. After reading the transcript, SCOTUSbot became more resolute in its prediction that Mr Trump will lose, 7-2.

Two cases are more likely to split the justices 6-3 along familiar conservative-liberal lines. In *Medina v Planned Parenthood South Atlantic*, the majority seems amenable to South Carolina’s position that it can block its residents enrolled in Medicaid from receiving care in Planned Parenthood clinics. In *Mahmoud v Taylor* the six conservatives seem keen on allowing religious parents to pull their children out of public-school classrooms so as to avoid exposing them to LGBT-themed books. But in *Federal Communications Commission v Consumers’ Research*, SCOTUSbot predicts a different 6-3 majority to let the FCC collect fees to subsidise telephone and internet service in underserved areas. Only Justices

Samuel Alito, Neil Gorsuch and Clarence Thomas seem poised to dissent.

Our AI model is not always sure of itself. Does Louisiana's latest congressional map with a second majority-black district violate the 14th Amendment? Probably not, but SCOTUSbot is less confident than usual. Can Texas require age-verification for online pornography? *Free Speech Coalition v Paxton* came out both ways in the bot's repeated iterations, but it seems this clash will turn on Chief Justice John Roberts and Justices Amy Coney Barrett and Brett Kavanaugh. The bot was downright Solomonic in *United States v Skrmetti*, concerning whether Tennessee can ban puberty blockers and cross-sex hormones for transgender teenagers. In ten run-throughs, the state won five times and lost in the other five.

In addition to these moments of uncertainty, SCOTUSbot seems susceptible to blowing a fuse. Occasionally it provides analysis of the wrong case. When we deprive it of the oral arguments, the bot can be unhinged: "Williams: majority opinion. Jones: Concurring on points, disagreeing with others...Petitioner wins 2-2." We're still getting to know our SCOTUSbot; culling nonsense from cogent analysis is part of the relationship. And on the decisions that attract the most political interest—the emergency cases brought by the Trump administration—SCOTUSbot is silent because these are typically addressed without oral arguments.

Lessons of this beta test will become clear after this month's decisions are handed down. When we have those, we will examine the predictions and whether cases that flummox our bot split the justices in novel ways. But SCOTUSbot is unequivocal about how *Trump v United States*—[last year's presidential-immunity case](#)—should have come out: 7-2 or 9-0, it insists, against Mr Trump (rather than 6-3 in his favour). A new precedent, it says, might establish "a monolithic rule" that does "unacceptable violence to fundamental legal principles and risks rendering the president 'above the law'". The justices saw it differently. ■

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<https://www.economist.com/united-states/2025/06/04/meet-scotusbot-our-ai-tool-to-predict-supreme-court-rulings>

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The neo-neo-con

## Pete Hegseth once scared America's allies. Now he reassures them

*The defence secretary is a MAGA radical at home but a globalist abroad*

Jun 05, 2025 01:28 PM | SINGAPORE



TO SOME HE embodies the “revenge of the field-grade officers”, the angry mid-ranking veterans who returned from Iraq and Afghanistan with loathing for the politicians and generals who sent them to fight losing wars. Pete Hegseth, a former army major and now America’s defence secretary, celebrates soldiers “with dust on their boots”. But though he may be a MAGA radical at home, there are signs that he is turning into a surprisingly conventional American globalist abroad.

Begin with the disrupter. In the name of restoring the “warrior ethos”, he has fired prominent black and female commanders, banished transgender soldiers and banned books promoting “woke” ideas. He has also been obsessed with leaks, sacking staff suspected of disloyalty. As a “recovering neocon”, he shocked European allies in February by appearing to forsake Ukraine and NATO.

“President Trump will not allow anyone to turn Uncle Sam into Uncle Sucker,” he warned.

Yet on May 31st he presented an altogether more reassuring and familiar American persona at the Shangri-La Dialogue, an annual Asian security conference in Singapore organised by the International Institute for Strategic Studies, a British think-tank. Mr Hegseth described allies not as a burden, but as “force multipliers”. As he put it, “America First certainly does not mean America alone.”

Mr Hegseth told Asian allies that America had their backs: “We are here to stay.” And rather than berate Europeans, he held them up as models for Asia to emulate as they rushed to re-arm. He warned that a Chinese invasion of Taiwan “could be imminent” and implied any assault would lead to war with America. “We will not be pushed out of this critical region, and we will not let our allies and partners be subordinated and intimidated,” he insisted.

For all his bellicose tone—China warned him not to “play with fire”—many in the audience welcomed his comments as a return to normality. Mr Trump, after all, has accused Taiwan of “stealing” America’s chip industry. Even such erstwhile defenders of the island as Elbridge Colby, recently confirmed as the Pentagon’s under-secretary for policy, seemed to want America to stand back when he said a Chinese takeover of Taiwan would not be an “existential” threat. In Mr Hegseth’s telling, it “would result in devastating consequences for the Indo-Pacific and the world”.

Foreign interlocutors who meet him are pleasantly surprised. “He is not a caricature. He listens,” says one. The forthcoming defence budget, and decisions about force deployments globally, will reveal much about his philosophy. He has privately assured NATO that any drawdown in Europe will be done “responsibly”. South Korea worries about American troop withdrawals, too.

How to explain Mr Hegseth's duality as a culture warrior at home and apparent upholder of the status quo overseas? He has not given up being the grunts' champion. Before dawn Mr Hegseth set out for physical training with the troops, doing jumping jacks and push-ups with the crew of the *USS Dewey*, a guided-missile destroyer docked at the island.

Those who know him say it comes down to him being a "half-trained Jedi". He has fierce views about masculinity and loyalty to the "trigger-pullers". But he is out of his depth in one of the world's most complex bureaucracies, which explains the managerial chaos. Although a Princeton graduate, he lacks fully formed views on geopolitics, never having gone to war college or worked at a think-tank or in Congress. (After his service, Mr Hegseth ran veterans' organisations and became a Fox TV host). Thus, some surmise, on matters of strategy he may be deferring to the very generals he claims to despise.

Many abroad, and even some critics at home, see signs that Mr Hegseth is learning fast. His former associates, though, worry he is being tempted away from the MAGA faith. The question for all is whether the new-look Mr Hegseth speaks for Mr Trump, or will be disowned by him. ■

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<https://www.economist.com/united-states/2025/06/05/pete-hegseth-once-scared-americas-allies-now-he-reassures-them>

**DOGE bites man**

## Elon Musk's failure in government

*His legacy will be to make reform even harder*

Jun 05, 2025 01:29 PM | CHICAGO



WHEN DONALD TRUMP announced last November that [Elon Musk](#) would be heading a government-efficiency initiative, many of his fellow magnates were delighted. The idea, wrote Shaun Maguire, a partner at Sequoia Capital, a venture-capital firm, was “one of the greatest things I’ve ever read”. Bill Ackman, a billionaire hedge-fund manager, wrote his own three-step guide to how the Department of Government Efficiency, or “DOGE”, could influence government policy. Even Bernie Sanders, a left-wing senator, tweeted hedged support, saying that Mr Musk was “right”, pointing to waste and fraud in the defence budget.

America’s government needs to change. Mr Musk has built several remarkable businesses in areas that seemed impossible. That he could help seemed plausible. And yet just a few months in, most in Washington [think DOGE is a failure](#), and Mr Musk is on the way out. Was this inevitable? And what does it say about the future of government reform?

Mr Musk announced his departure from government service on May 28th, via a post on X, his social-media platform. Steve Davis, a lieutenant of his who had reportedly run much of the operation, is also stepping down. Katie Miller, who had served as DOGE's spokesperson, is leaving too. Two days later Mr Musk appeared at a press conference with Mr Trump sporting a black eye, which he said was given to him by his five-year-old son, also called X. The departure was not absolute, Mr Trump insisted: Mr Musk will still advise. But he presented Mr Musk with a golden key.

Despite the bonhomie, Mr Musk seems to have fallen out with his one-time “best buddy”. In an interview with CBS aired before his departure he criticised Mr Trump’s new tax bill for undermining his cost-cutting efforts. He did not want “to take responsibility for everything”, he said. Since leaving, he has tweeted that the bill is a “disgusting abomination”.

Mr Musk has also failed to fulfil his promises. Having pledged to save \$2trn in federal spending, he eviscerated foreign aid and sent tens of thousands of workers packing. But foreign aid and federal salaries together made up only 6% of government spending. By DOGE’s own dubious accounting, \$175bn of savings were made. According to Treasury figures, spending overall in fact continued to rise.

Mr Musk’s efficiency drive seemed grounded in conspiracy theories. Democrats, Mr Musk argued, had turned the government into a device for funnelling money to illegal immigrants. The federal workforce, he reckoned, was riddled with ghost employees who did not actually exist. None of it was true. According to a recent report in the *New York Times*, Mr Musk’s belief in this nonsense coincided with him consuming prodigious amounts of powerful drugs. (He denies the report.)

Fraud and improper payments may genuinely cost hundreds of billions a year, according to estimates from the Government

Accountability Office. But to uncover these abuses and errors requires forensic accountants and people with a deep grasp of policy. Mr Musk quickly alienated those experts. Mass firings meanwhile got bogged down in lawsuits. In the end, most departments have been forced to make cuts via the traditional legal process, with protection given based on seniority and veteran status.

Mr Musk has, however, made changes. His biggest impact is abroad. According to modelled predictions by Brooke Nichols of Boston University, cuts to foreign aid could have already caused 300,000 deaths. Bill Gates, a fellow-billionaire and philanthropist, has accused him of “killing the world’s poorest children”. In Washington the group’s young engineers have acted like enforcers for Mr Trump’s theory of absolute executive power. Those who resisted—like the United States Institute of Peace, a Congressionally established think-tank—were shut down by brute force. (The institute has since reopened, after a court ruling. On re-entering the building, cleaners found marijuana apparently thrown out by DOGE staffers.)

The irony is that a smaller, more focused form of DOGE’s intervention would have been helpful. “The underlying proposition that our government needs to be modernised...is a very right one”, says Max Stier of the Partnership for Public Service, a charity. Important work is tied up by stifling thickets of red tape. Mr Musk’s intuition that many rules can and perhaps should be broken was correct. Sadly, thanks to DOGE’s actions, should another administration ever try a more purposeful reform effort, it may be all the harder. ■

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<https://www.economist.com/united-states/2025/06/02/elon-musks-failure-in-government>

Squeezing the brakes

# Police are cracking down on cyclists in New York City

*The lycra-clad are getting swept up in problems around e-bikes*

Jun 05, 2025 01:28 PM | NEW YORK



Wheels of injustice

PITY THE cyclists of New York City. As well as having to slalom double-parked cars and piles of rubbish, they only get a few weeks a year without oppressive humidity or frigid cold. And this spring, even their meteorological bliss has been disturbed. The New York Police Department (NYPD) has started issuing criminal summonses for bike riders committing a slew of seemingly low-level fouls. Now, if caught running red lights, stopping in the pedestrian crossing or wearing headphones, wayward cyclists must appear before a judge, even if they are not contesting the fine. If they do not, they risk arrest.

Oddly, this is a steeper punishment than drivers get for such offences. Both pedal and electric bikes are being targeted by the rules. Enforcement is up by a factor of 100 compared to this time last year. Cyclists are understandably miffed. It is “insane”, says Carl Mahaney of Open Plans, an advocacy group, since most

deaths and injuries are caused by motorists. Indeed, of the 449 pedestrian deaths in the city between 2020 and 2023, electric bikes, scooters and mopeds led to just eight of them.

Yet cyclists are a growing nuisance. E-bikes have become ubiquitous in the city since they were legalised in 2020, coinciding with a pandemic-era rise in food delivery. Under pressure from delivery apps (and hungry New Yorkers) to bring food as quickly as possible, riders go well beyond the city speed limit. “Every New Yorker understands how frightening it is to jump out of the way as an e-bike drives on the sidewalk,” NYPD Commissioner Jessica Tisch wrote in an op-ed for *The New York Post*, explaining the new enforcement.

E-bike riders are “one of the top, if not the single, highest generator of complaints” from constituents, says Brad Hoylman-Sigal, a state senator representing the Upper West Side. But despite the moans, the city and state have so far failed to regulate them. Mr Hoylman-Sigal supports putting licence-plates on commercial e-bikes, so that violators can be held accountable. But such proposals have gone flat due, in part, to a desire to protect the largely immigrant delivery drivers.

The two-wheeled lobby would prefer, predictably, more bike lanes and tighter regulation of delivery apps, requiring them to give more generous journey times to workers. Cyclists are coming up with shorter-term solutions. Pelotons of bell-ringing protesters have filled downtown Manhattan. On Reddit forums, some are trying to map police hotspots. Others suggest simply not stopping when pulled over. Next up: lycra-clad police chases on Park Avenue. ■

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<https://www.economist.com/united-states/2025/06/05/police-are-cracking-down-on-cyclists-in-new-york-city>

**Cap and fade**

# California's carbon market reaches an inflection point

*With ramifications for the West Coast and beyond*

Jun 05, 2025 01:29 PM | Los Angeles



Coast not clear

IT WAS THE equivalent of a warning siren. The results of California's latest auction of carbon allowances, released on May 29th, showed that prices had hit the floor. Each quarter companies shell out for credits that cover their greenhouse-gas emissions. Demand is weak, and lower revenues from the auction are bad news for lawmakers who are already trying to plug a \$12bn budget deficit. The poor showing is also a signal that firms are not confident that California's cap-and-trade programme, the fourth-largest carbon market in the world, will continue to exist.

America is a laggard when it comes to putting a price on carbon. The last time Congress seriously considered (and declined to adopt) a federal cap-and-trade scheme, Barack Obama had just been inaugurated and Lady Gaga was headlining her first tour. Some states, mostly Democratic, have been more aggressive. A consortium of east-coast states created an emissions-trading

programme for their power sectors back in 2005. California implemented its economy-wide carbon market in 2013; Washington followed in 2023. But California's plummeting prices portend trouble. New policies hashed out (or not) in West Coast legislatures over the next few months could determine whether more states move towards an integrated carbon market or the markets that do exist fall apart. The outcome could affect America's emissions levels.

California's cap-and-trade problems began at the programme's birth. Rather than authorising the system for as long as it would take to reach net-zero emissions—the state reckons it can do this by 2045, though that is up for debate—lawmakers gave the green light only until 2020. Eventually they extended the programme until 2030. Firms that stockpiled allowances when prices were cheaper are skipping auctions while they wait to see if cap-and-trade persists. “The state kicked the can down the road for the better part of a decade,” says Danny Cullenward, who sits on California's Independent Emissions Market Advisory Committee.

Gavin Newsom, the state's governor, wants to reauthorise cap-and-trade via the annual budget bill, which must pass the legislature by mid-June. His sense of urgency is needed. But there are questions about how well the programme works that would not be solved by a blanket reauthorisation, which leaves most of the details to the California Air Resources Board (CARB), the air-pollution regulator. What price ceiling would fill the state's coffers without pushing excessive costs onto consumers? What should the state spend its auction winnings on? How to deal with carbon offsets? Lawmakers are working on their own proposal. If no one acts, CARB can try to save the programme. But a quirk in California's constitution requires a two-thirds majority vote in the legislature to enact a new tax. Without that, the scheme could be vulnerable to legal challenges.

What happens in California matters elsewhere in the country. Washington is exploring whether to link its carbon market to California's, which is already connected to Quebec's. Because California has a glut of allowances, a link would drop Washington's price, leaving the Evergreen State poorer. But a report from Resources for the Future, a think-tank, suggests that overall emissions in the region would decline. Washington is also looking for stability. Last year a ballot measure to repeal cap-and-trade was rejected, but it spooked the state's climate hawks. Linking with California "will ensure that if we do have more attacks on the programme, that prices won't dip", says Altinay Karasapan of Climate Solutions, a non-profit in Seattle.

Oregon is the slowpoke on the Left Coast. In 2019 and 2020 Republicans literally fled the Capitol building in Salem to avoid voting on a cap-and trade bill. State agencies began enforcing an emissions cap in 2024 but the programme has less staying power than it would if it were enshrined in law. Last month several lawmakers resurrected the idea.

Squint hard and it's just possible to envision an integrated West Coast carbon market. New Yorkers are fighting over whether to implement their own scheme, and could one day join ranks. The more states that join, the less those places have to worry about leakage—firms and jobs moving to other states that don't have a price on carbon. Before any of that can happen, though, California needs to decide if its carbon market will lead the country, or languish.■

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<https://www.economist.com/united-states/2025/06/05/californias-carbon-market-reaches-an-inflection-point>

**Primary colours**

# What a New Jersey election says about MAGA America

*Republican moderates have converted and Democrats are divided*

Jun 05, 2025 01:29 PM | MORRIS COUNTY, NEW JERSEY



NEW JERSEY'S gubernatorial election, held in odd-numbered years following presidential contests, offers an early measure of how Donald Trump is faring and how upcoming mid-term elections for control of Congress are shaping up. The two major parties will choose their candidates in a primary election on June 10th. Mr Trump looms large; last November he came within six points of pulling off a shocking upset here. Amid MAGA triumphalism in Washington, Republicans and Democrats will define themselves by who their voters select for what looks likely to be a competitive November contest.

New Jersey Republicans have set the clearest direction: MAGA or bust. Jack Ciattarelli, a former state lawmaker, is the favourite to win on the 10th. He once decried Mr Trump as “out of step with the Party of Lincoln” and “not fit to be President of the United States”. Four years ago, when he narrowly lost the governor’s race to Phil Murphy, the departing incumbent, he kept Mr Trump at a distance.

In keeping with the party's drift, this year he embraced the president and welcomed his endorsement. At a recent "tele-rally" for Mr Ciattarelli, Mr Trump said: "New Jersey's ready to pop out of that blue horror show."

There are about 800,000 more registered Democratic voters in the state than there are Republicans. But here, as in other northeastern and mid-Atlantic states that turn blue in presidential contests, voters often elect Republicans for governor, Chris Christie most recently. None of them have been as firmly aligned with Mr Trump as Mr Ciattarelli now claims to be, however. "There is no room in the party for a nominee who is not fully on board the Trump bandwagon at this point," says Micah Rasmussen of the Rebovich Institute for New Jersey Politics, a research group.

New Jersey Democrats have a wide choice of candidates to lead the fightback against Mr Trump in November. The front-runner is Mikie Sherrill, a Congresswoman and former Navy helicopter pilot; she often appears in campaign ads wearing a flight suit. She has racked up endorsements from the county Democratic chairs, but it is no longer clear how much that once-powerful New Jersey party machine matters. Last year saw the demise of the archaic "county line" system, which gave candidates backed by county chairs prime real estate on the printed ballot.

Ms Sherrill's lead is not insurmountable. In recent weeks she has become a target for the five other Democrats in the running, who range from good-governance mayors to unabashed progressives. Before she pulled ahead, she and her rivals had been more interested in beating up Mr Trump than one another. Josh Gottheimer, a Congressman from northern New Jersey, released an advert depicting him fighting Mr Trump in a boxing ring.

Steve Fulop, the mayor of Jersey City, is not too far behind Ms Sherrill in polls. He has built a statewide coalition of dozens of local and state candidates as an alternative to county-chair support.

Ras Baraka, the progressive mayor of Newark, is running from the party's stalwart left. On June 3rd he sued federal officials over his recent high-profile arrest outside an immigration detention centre, alleging malicious prosecution and false arrest. The Democrats are also fielding the head of the teachers' union and Steve Sweeney, a union official and a former president of the state senate.

Democrats will chart their course by imperfect means. New Jersey's primaries are not open to all voters; there is no ranked-choice system; and only a plurality of votes is required to win the nomination. Worryingly, a recent Rutgers-Eagleton poll found that only 4% of voters even knew there was an election on June 10th. ■

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<https://www.economist.com/united-states/2025/06/05/what-a-new-jersey-election-says-about-maga-america>

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**Election daze**

# Why stricter voting laws no longer help Republicans

*The party is pushing tougher requirements anyway*

Jun 05, 2025 01:29 PM | ATLANTA



“THE REPUBLICANS should pray for rain”—the title of a paper published by a trio of political scientists in 2007—has been an axiom of American elections for years. The logic was straightforward: each inch of election-day showers, the study found, dampened turnout by 1%. Lower turnout gave Republicans an edge, because the party’s affluent electorate had the resources to vote even when it was inconvenient. Their opponents, less so.

The findings offered an empirical reason for Republicans to make voting harder. The party had already adopted voting restrictions as an ideological plank, one previously advanced by southern Democrats courting white support in the Jim Crow era. In 2013 the Supreme Court gutted the pre-clearance system under the Voting Rights Act that had forced southern states to vet changes to their voting rules with the federal government. Alabama, Mississippi and Texas immediately enacted voter ID laws that had been previously blocked. Over the next decade 29 states passed nearly 100 bills to

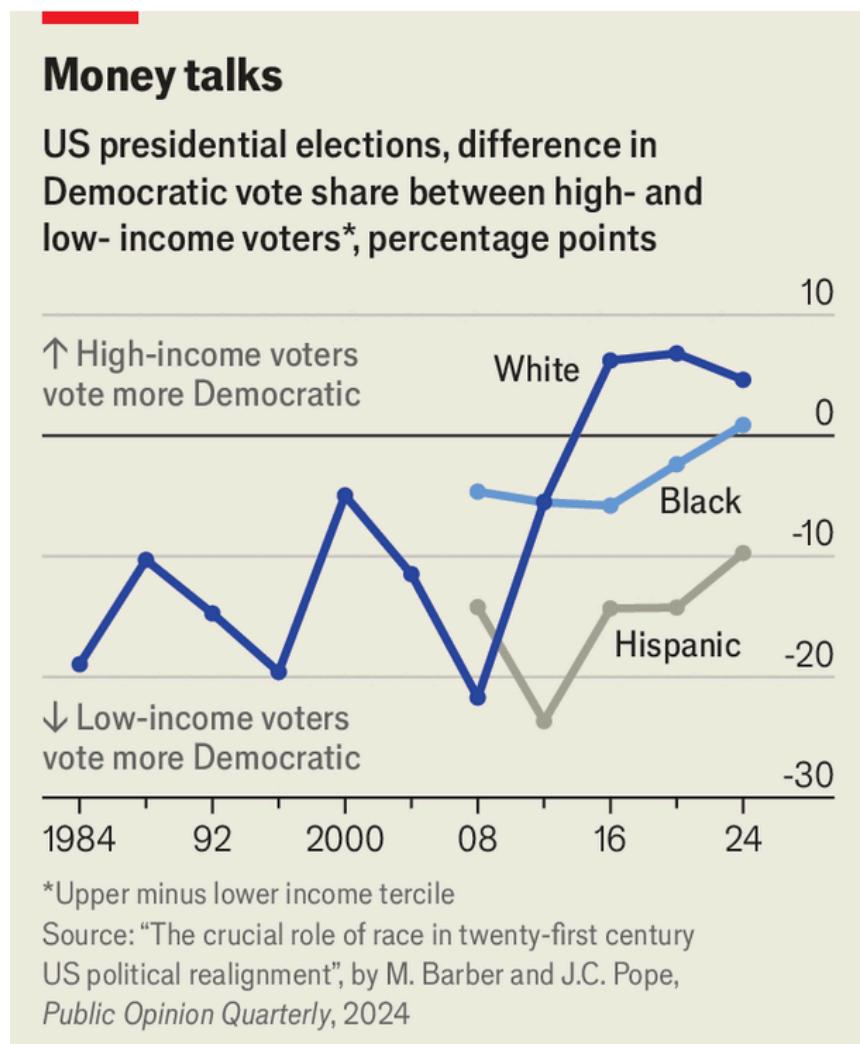
restrict voting, and Donald Trump's obsession with "election integrity" became Republican doctrine.

Yet Mr Trump's takeover of the Republican Party has [scrambled the voting coalitions](#) that underpinned the pray-for-rain logic. Rich people used to vote Republican and poor people Democratic. But the correlation started to wane in the 2000s and ultimately flipped for white voters when Mr Trump ran, according to research by Michael Barber and Jeremy Pope at Brigham Young University. Poor blacks and Hispanics still voted Democratic, but in 2024 they too moved to the right. At the same time, voters without college degrees took to the Republican Party and the college-educated moved in the other direction. Today voters who may or may not bother to turn out for elections no longer vote overwhelmingly for Democrats.

Having embraced voting restrictions for so long, Mr Trump and his party are reluctant to abandon them, even if they no longer help them win elections. In his second term the president is jostling for even tighter rules. Among his barrage of executive orders just one has dealt with elections, but it is one of his most constitutionally ambitious. In it Mr Trump criticises America's "patchwork of voting methods" and calls for a national set of rules that require voters to prove their citizenship before registering. The attorney-general, it said, would also force states to stop counting absentee ballots that arrive after election day. A judge blocked the order, writing that Congress and the states set election rules under the constitution, not the president. She noted that Congress is considering a similar bill and Mr Trump should not "short-circuit" that. The SAVE Act, which cleared the House in April, also requires voters to prove citizenship. But it is very unlikely to pass the Senate.

States, however, are passing voter restrictions with gusto. Since January at least 25 states have introduced new voter ID bills. Thirty have bills related to citizenship verification and 26 are trying to

change the rules around absentee voting. Florida lawmakers decided to punish non-citizens who vote with up to five years in prison, and Wisconsin voters enshrined a voter ID requirement in their state's constitution in April. Americans want it to be harder to cheat in elections and "that's why states aren't waiting for a solution from Washington", says Lee Schalk of the American Legislative Exchange Council, a conservative group that writes model legislation. Indeed, Gallup polling shows that more than 80% support stricter ID and citizenship rules.



In every country in Europe voters must show ID at the polls. Would even stricter rules affect election outcomes in America? Consider Georgia, a swing state controlled by Republicans. When an omnibus election bill that tightened voter ID rules passed in 2021, Stacey Abrams, a Democrat who had run for governor, warned that

it would disenfranchise black voters. She called it “Jim Crow in a suit and tie”. But turnout in the next year’s midterms surged, and a consensus grew among election wonks that the suppression effect was negligible. Analysis by the Brennan Centre for Justice, a public-policy institute, found that the turnout gap between white and black voters did widen in Georgia between 2020 and 2024. But the new rules may not have been to blame. The drop-off was mostly limited to younger black men, who were particularly unenthused by Kamala Harris. Fewer young women of both races voted for the first time, but white women slipped by more than black women.

Democrats across the country argue that new citizenship-verification policies will cause confusion and tangle citizens in bureaucracy. The hassle would be more justifiable if the new laws solved a problem, but non-citizens rarely vote. An audit by Georgia’s secretary of state from the summer of 2024 found just 20 non-citizens out of 8.2m on the voter rolls. Most were registered before Georgia checked for citizenship and had never cast a ballot.

### **Crow pie**

The best evidence seems to be that the impact of restrictive laws is minimal. An analysis published in the *Quarterly Journal of Economics* of 1.6bn voting records from every state in America found that strict voter ID rules, on average, neither significantly suppressed votes nor prevented fraud. Nor do ID laws hurt Democrats any longer, according to research by Jeffrey Harden and Alejandra Campos. Whereas in 2010 voter ID laws reduced Democratic vote share by 3%, by 2020 they increased it slightly. Because of the changes in party voting coalitions, the overall effect of the next phase of even tighter voting rules could now “easily be a wash” when it comes to benefiting one party or the other, says Nicholas Stephanopoulos, who studies elections at Harvard University.

Will Republicans change tack? After the 2020 election some Republicans blamed Mr Trump's loss on his tirades against mail-in voting. By 2024 the party and Mr Trump himself had changed their tune on it. In an ad titled "Swamp the Vote" Mr Trump encouraged voters to "use every appropriate tool available to beat the Democrats", including absentee ballots. Republicans may again decide that winning matters more than being consistent. But any retreat from insisting on stricter rules around voting would be a tacit admission that American elections are already safe and fair. ■

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<https://www.economist.com/united-states/2025/06/01/why-stricter-voting-laws-no-longer-help-republicans>

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# The Americas

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Still divided

## Swimming-pool economics haunt Latin America

*Its tax and welfare systems are shockingly bad at reducing inequality*

Jun 05, 2025 01:28 PM | MONTEVIDEO

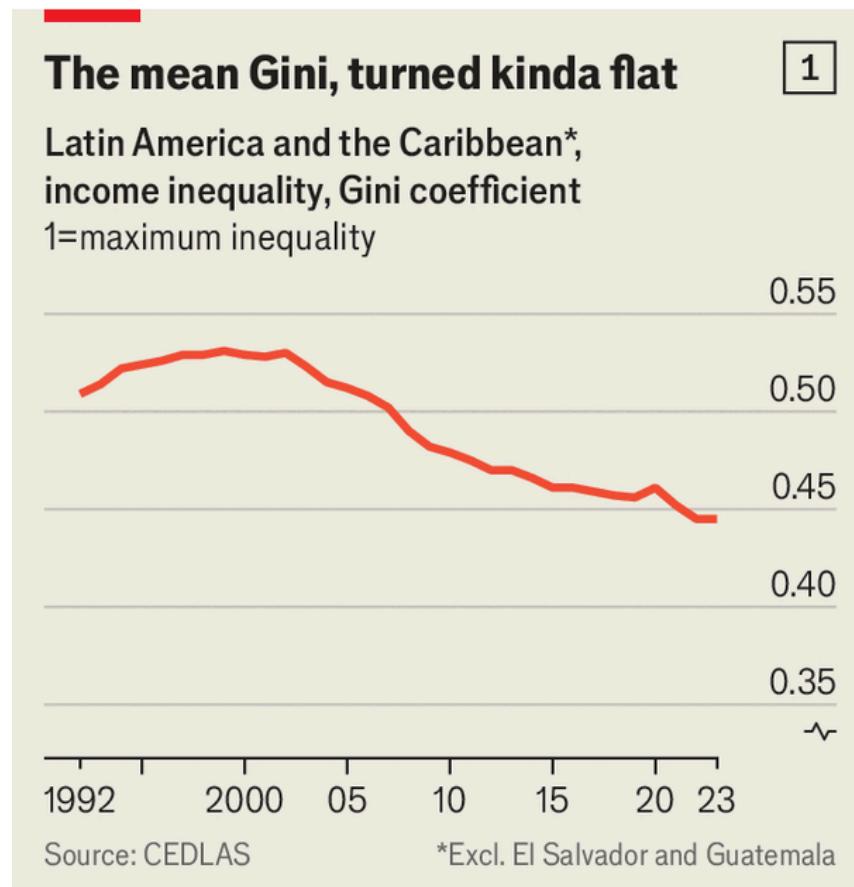


TO SEE REALITY in the Buenos Aires suburb of San Isidro, consider the drone's-eye view (pictured). A razor-straight line divides lush gardens and smooth clay tennis courts from a mess of corrugated iron roofs in one of the city's "*villas miserias*". Santa Fe in Mexico City looks similar, the jewel-green of the golf club hemmed in by endless concrete boxes of the city's strugglers. Rio de Janeiro's *favela* of Rocinha sees makeshift dwellings spiral down the mountain, all but crashing into the turquoise swimming pools below.

Such visceral inequality is the defining feature of Latin America's economies. The disparities in the region are rivalled only by those in sub-Saharan Africa. Yet because inequality is usually lower in richer places, and Latin America's GDP per person four times that in Africa, its inequality is extraordinary. Some countries such as Colombia and Guatemala are extremely unequal, others such as

Uruguay less so. Yet there are no exceptions. The World Bank does not class a single country in the region as “low-inequality”.

This shapes Latin America in countless ways beyond bird’s-eye photography: physically, through the proliferation of high fences and security cameras; politically, in populism and leftward lurches; and economically, through low social mobility, large informal economies and weak internal demand. *The Economist* will publish several articles this year exploring this dynamic. To start, it helps to understand why Latin America made good progress to reduce inequality in the 2000s, and why that progress has slowed.



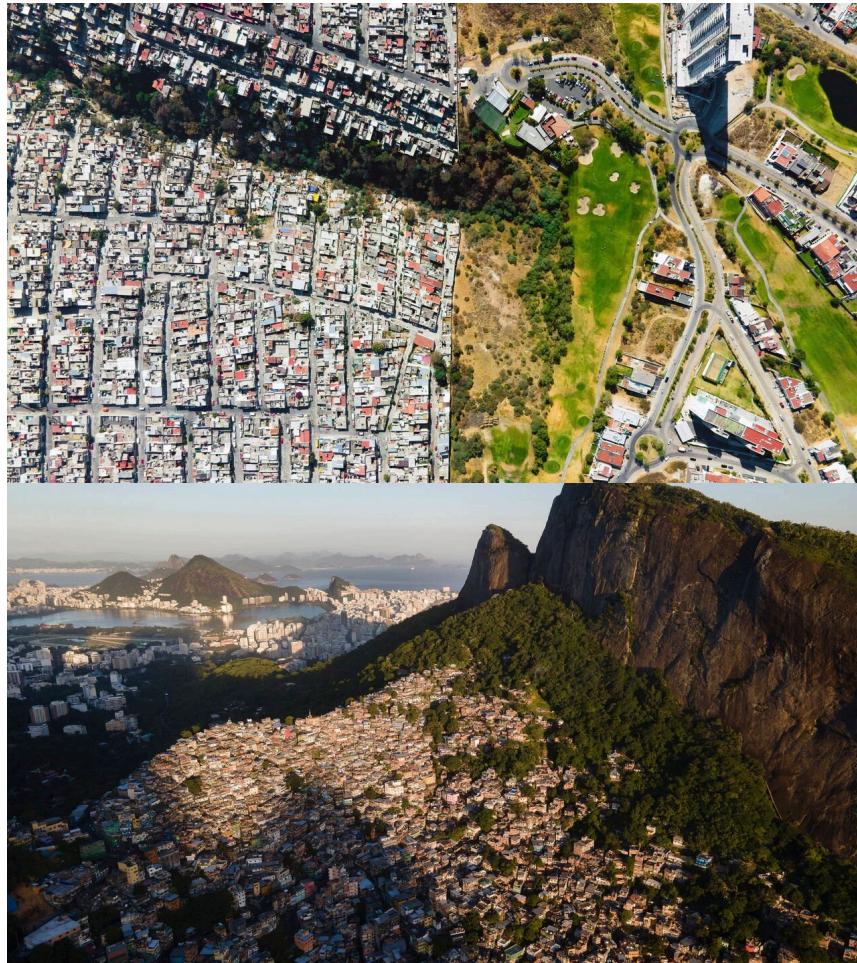
The most common way to measure inequality is the Gini coefficient. This ranks a country’s income inequality between zero and one. Zero means everyone in the country gets the same income; one means a single person receives everything. Other kinds of inequality matter, too, but none transcend income. Unequal access to good education and health care are both

outcomes of income inequality as well as being important causes of it.

The broad trend in Latin America is clear: inequality rose through the 1990s, peaked in about 2002 and then began to fall. Around 2014 the decline began to slow, and recently it has flatlined (see chart 1). There are exceptions—the Gini coefficient is still falling, though more slowly, in Peru and has been rising in Colombia—but the overall trend is plain.

Two things drove the decline between 2000 and 2010. One was government handouts. Conditional cash-transfer programmes such as *Bolsa Família* in Brazil gave money to poor families if they sent their children to school and for health check-ups. Across the region, transfer programmes of all kinds accounted for about 20% of the fall in inequality on average. A second factor mattered much more: strong growth in wages for the poor. This accounted for over half of the fall. The backdrop to this was a long period of robust economic growth, helped along by a commodities boom. The lesson, says Ana María Ibáñez of the Inter-American Development Bank (IDB), is that “If we want to reduce inequality, we need to grow.”

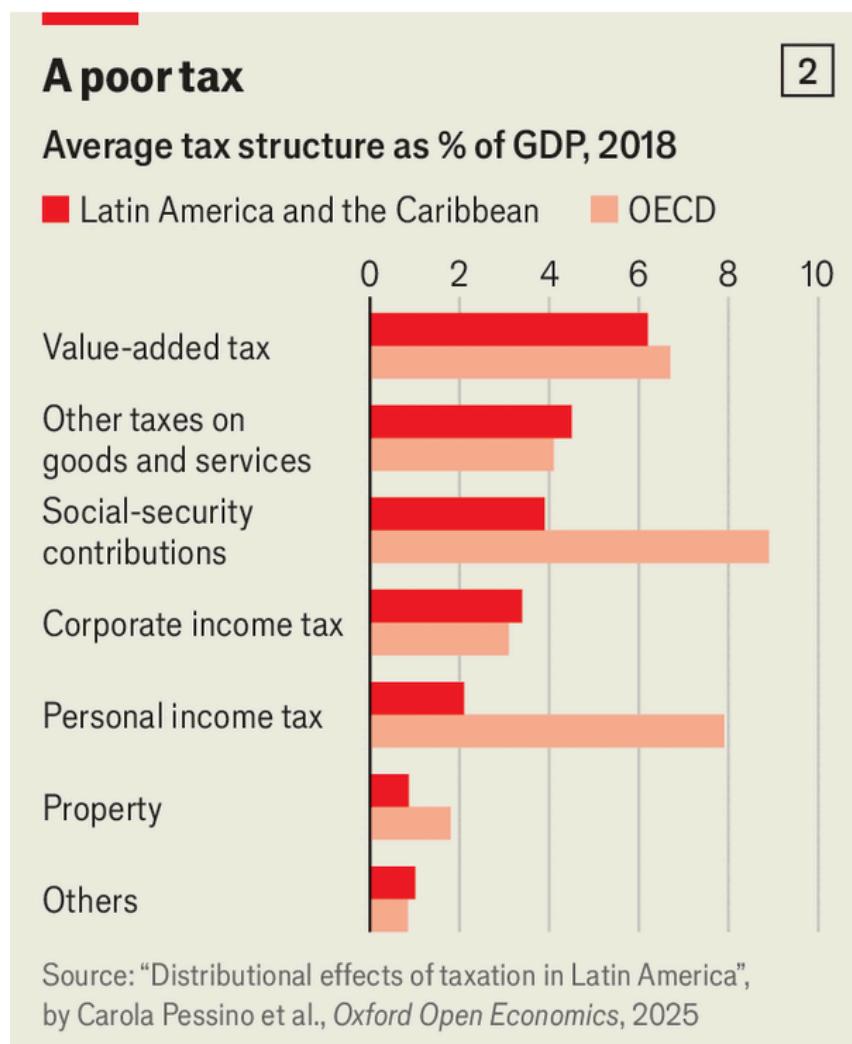
There is a series of smaller problems, too. One is the heavy influence of family background. A paper by Paolo Brunori of the University of Florence and co-authors finds that more than half of the current generation’s inequality is in effect inherited, largely as a result of their parents’ level of education and type of jobs.



To see how this works, consider the cycle a family background can set off. As Ms Ibáñez and co-authors explain, toddlers of richer parents often get better food and more attention, so develop more skills. This helps them take advantage of the better (often private) schools they attend, which in turn push them on to university where attendance strongly boosts earnings in Latin America, in large part by helping students get formal jobs in big companies. Children born into poorer families tend to go to worse schools, often don't make it to university and end up working in Latin America's large, less productive informal sector. And so the cycle revolves.

When inequality was falling, strong economic growth boosted poor Latin Americans' wages, helping break the cycle. Yet growth has stalled horribly. Real income per person in Latin America and the Caribbean increased by a dismal 4% in total between 2014 and 2023. In South Asia, by contrast, it increased by 46%.

Governments have turned to other less effective remedies. A popular choice is to up the minimum wage. Mexico's last president, Andrés Manuel López Obrador, doubled it in real terms during his six years in office. Claudia Sheinbaum, his successor, has promised annual increases of 12%. This has helped reduce poverty and inequality in Mexico, in part because the minimum wage was very low when Mr López Obrador took office. But there are limits. If productivity does not also increase, a rising minimum wage tends to increase informal jobs, dragging people back into the inequality feedback loop.



Governments also hope redistribution can deal with inequality. The immediate problem with this is that soft growth means thin government revenues, so less money to redistribute. Still, Latin American tax and welfare systems could do far better. When the

region's income inequality is measured before taxes and redistribution, it is only slightly higher than in rich countries. But whereas taxes and transfers reduce the Gini coefficient by almost 40% in rich countries, in Latin America they only reduce it by about 5%. Shockingly, in about half the region this translates into an increase in poverty.

The biggest problem is taxation. Across the OECD, a club of mainly rich countries, personal income taxes, which are usually progressive, are worth 8% of GDP. In Latin America they are worth just 2%. Instead, the region relies more on indirect taxes, such as VAT on goods and services (see chart 2). These are often regressive, as the rich and poor pay the same rate but the poor consume a larger portion of their income, so are hit harder.

Many welfare programmes are also riddled with problems. An IDB study of transfer programmes in 17 countries found that targeting is wayward. Only about half of people living in poverty benefit, while about 40% of those not in poverty get at least one kind of transfer. The amounts being transferred are often too small.

### ***The circle is still vicious***

Fixing this could put a big dent in inequality. But even as anger about disparities dominates election campaigns and sometimes explodes in the streets, as it did during violent protests in Chile in 2019, there is little progress. Though cross about the status quo, voters are not keen to change tax and welfare systems either. A study by Matias Busso of the IDB and co-authors surveyed eight countries and found that, while respondents are unhappy about inequality and support redistribution in theory, they are reluctant to pay extra taxes to fund it. One reason is that many mistrust the state and ruling elites.

All this adds up to a daunting challenge. Sustained growth, last seen over a decade ago, would provide the sharpest relief. Political

reforms that build trust in government and allow for improvements to taxation and welfare would help. Both would be ideal. Neither seems likely. ■

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<https://www.economist.com/the-americas/2025/06/05/swimming-pool-economics-haunt-latin-america>

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**Cherry picked**

# Mexico's ruling party, Morena, has captured the judiciary

*Turnout in Mexico's judicial elections was pathetic. Morena's favoured candidates tended to prevail*

Jun 05, 2025 01:28 PM | Mexico City



ON THE EVENING of June 1st, as polls closed, Mexico's President Claudia Sheinbaum hailed the historic vote to elect the country's judiciary as "a complete success". There are few measures whereby that could be said to be true. Turnout was a paltry 13%. Of the ballots that were cast, more than 20% were spoiled or left blank. But in one way the election was certainly a triumph: it has consolidated the grip of Morena, Ms Sheinbaum's ruling party, over the third branch of government—and over Mexico as a whole.

It will be days before full results are announced. Thousands of positions were up for grabs, mostly in local courts, but including 850 federal judgeships, half of all federal posts; the rest will be elected in 2027. But results for the highest courts are clear. They show that Morena-friendly candidates have won. All nine seats on Mexico's Supreme Court were taken by people with links to the

ruling party. A new disciplinary tribunal which is empowered to punish judges will probably have a similar hue. The electoral tribunal looks like it will tilt the same way.

This was expected. In theory the process was non-partisan. Unlike legislative elections, or some judicial elections in the United States, candidates were not affiliated with parties and political endorsements were banned. But flaws in how candidates were selected and flagrant rule-breaking made a mockery of that.

Morena controlled two of the three committees that vetted candidates. Each candidate's approving committee was noted on the ballot, guiding those who wished to vote with Morena. In the days before the vote, Morena operatives circulated "cheat sheets" showing voters the slate of preferred candidates. Carlos Heredia of CIDE, a university in Mexico City, says that "in reality it was not an election, it was a designation." Headlines dubbed the new judiciary "cherry-coloured", referring to Morena's official hue. The new judges will take their seats in September.

Morena's cheat sheet for the Supreme Court was perfectly predictive. The greatest number of votes went to Hugo Aguilar Ortiz, a lawyer close to Andrés Manuel López Obrador, Ms Sheinbaum's predecessor and the architect of the judicial reform. He had been in charge of getting indigenous groups to go along with Mr López Obrador's flagship projects. Another winner is María Estela Ríos, a former chief legal adviser to Mr López Obrador, who proudly advertised it by calling herself "AMLO's lawyer" (Mr López Obrador is widely known as AMLO). The only justices reappointed to the Supreme Court were three who were appointed by Mr López Obrador in the first place, and rarely ruled against his reforms. None of the other sitting judges put themselves forward.

Turnout was lower than expected (even Mr López Obrador's bizarre referendum to ratify his presidency half way through his

term attracted 18%). The vote was marked by confusion and apathy. Volunteers manning a polling station in Mexico City struggled to explain the seven different ballots, one of which featured scores of names divided by specialisation and gender. Many of those who bothered to turn up were mobilised by Morena.

Ms Sheinbaum claims that electing judges makes Mexico “the world’s most democratic country”. This is a stretch. Morena and its allies hold a supermajority in Congress and three-quarters of state governorships. Since coming to power in 2018 it has eliminated or weakened Mexico’s checks and balances. Morena increasingly resembles the hegemonic Institutional Revolutionary Party which ran the country for most of the 20th century.

The vote has provoked a torrent of criticism. Opposition parties said they would seek to have the election cancelled. Even Morena fans have suggested the process should be improved. The vetting could be depoliticised and the required qualifications raised. But Morena tends to ignore feedback. Ms Sheinbaum blamed the opposition for the low turnout.

An additional danger lies ahead, when the results for the lower courts come in. The concern is not only that Morena will dominate, but that criminal groups may get their allies into the judiciary, just as they do in local government. At least 16 candidates with links to gangs managed to be listed on the ballot.

### ***Bad for democracy, bad for business***

Morena’s control of the judiciary is likely to hurt Mexico’s already sluggish economy. Coparmex, the local employers’ association, said the election would deter investment. The judicial elections may well constitute a breach of the terms of the free-trade deal between the United States, Mexico and Canada. As such, they provide Donald Trump with leverage over a forthcoming review of the deal.

The elections have handed Ms Sheinbaum enormous power. Mr López Obrador reshaped Mexico, but several signature policies, such as giving control of the National Guard to the army, were delayed or overturned by the Supreme Court. Ms Sheinbaum faces no such constraints. ■

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<https://www.economist.com/the-americas/2025/06/05/mexicos-ruling-party-morena-has-captured-the-judiciary>

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**Multi-ethnic, mega-corrupt**

## **Suriname's chaotic democracy just chose its first woman president**

*An oil windfall may make it harder for Jennifer Geerlings-Simons to clean up the country*

Jun 05, 2025 01:29 PM | Paramaribo



**HIS FINGER ink-stained from voting, Wagirin Tjokrosetiko, a 62-year-old driver of Javanese descent, has a simple reason for wanting a woman to run Suriname, a multi-ethnic former Dutch colony of under 700,000 people on the north-eastern shoulder of South America. “Male presidents only fill their pockets,” he says.**

Mr Tjokrosetiko has got his way. In elections on May 25th the National Development Party (NDP) led by Jennifer Geerlings-Simons (pictured below) won 18 of the 51 seats in the National Assembly. That is one more than the incumbent president, Chandrikapersad Santokhi, and his Progressive Reform Party (VHP) managed to win, relying on the country’s large Hindustani population as its voter base.

Suriname’s political system is unusual, designed to foster consensus between an array of ethnic groups. It is the only country

in South America where presidents are not chosen directly by voters, but by a supermajority in the legislature, so real politics begins after elections end. On June 1st Ms Geerlings-Simons announced a wide coalition with smaller parties representing creoles, Javanese and maroons (descendants of escaped slaves). That would give her the 34 seats needed to become Suriname's first female president.

For 15 years Suriname has been ruled by three men with a history of conflict and betrayal dating back to the 1980s. The NDP's Dési Bouterse, the country's former military ruler, won elections in 2010 and 2015. On both occasions his former bodyguard, Ronnie Brunswijk, joined him in government. In the 1980s Mr Brunswijk had broken with him to lead a guerrilla war against his junta. He later set up a political party for maroon voters before joining a coalition with the NDP.



In 2020 Mr Brunswijk crossed the floor to form a government with Mr Santokhi, a former police chief who had long pursued Mr Bouterse for brutal crimes committed by his military government. Suriname's dominant politician for 40 years, Mr Bouterse was finally sentenced to 20 years in prison in 2023. He managed to evade jail, dying of natural causes in December 2024.

A system designed to build consensus has proved vulnerable to corruption and dirty dealmaking. As a reward for switching

allegiance, Mr Brunswijk—who built his wealth on gold and timber businesses and is wanted by Dutch authorities for cocaine-trafficking—was given the vice-presidency and ministries for his party in resources, forestry and justice. Since its transition to democracy in 1987 Suriname has become a major cocaine-trafficking hub. Mr Bouterse’s son Dino is in prison in the United States for drug-smuggling and attempted dealmaking with Hezbollah, a Shia Muslim movement in Lebanon. His finance minister, Gillmore Hoefdraad, went into hiding in 2020 and was convicted in absentia to 12 years in prison for embezzlement. Mr Hoefdraad’s appeal continues.

The VHP government that Ms Geerlings-Simons hopes to replace has had scandals of its own. Mr Santokhi appointed his wife to the supervisory board of the national oil company. He attempted to give vast tracts of land to a group of Mennonites, a Christian sect widespread in South America, and to award generous mining concessions to a Chinese aluminium firm. Fierce public opposition killed off both deals. Illegal mining is rampant.

But Mr Santokhi did lay the groundwork for a more promising future. In October France’s TotalEnergies announced it would invest \$10.5bn to develop a large offshore oilfield in Surinamese waters. It is due to start producing in 2028. As part of his re-election campaign Mr Santokhi promised to give every Surinamese citizen \$750 of this windfall. It wasn’t enough to convince voters.

Though Ms Greelings-Simons was speaker of the National Assembly under both Bouterse governments, she has remained relatively free of scandal. That reputation will certainly be tested by five years as president. Karel Eckhorst, the country’s chief negotiator with the IMF, says she needs to strengthen Suriname’s institutions to manage its looming hydrocarbon wealth. “Oil isn’t the magic bullet,” he says. “Good governance is.” ■

<https://www.economist.com/the-americas/2025/06/05/surinamese-chaotic-democracy-just-chose-its-first-woman-president>

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**Martial law, impeachment and, finally, a new president**

## Lee Jae-myung is South Korea's next president

*What will the left-winger mean for the country?*

Jun 05, 2025 01:28 PM | SEOUL



Can he provide stability?

SIX MONTHS of turmoil in South Korea are over. Lee Jae-myung of the liberal Democratic Party won a commanding victory, with 49.4% of the vote, in the snap presidential elections held on June 3rd to replace Yoon Suk Yeol, who was impeached for [declaring martial law last December](#). Mr Lee's triumph serves as a resounding referendum on Mr Yoon's failed presidency: Mr Yoon's ally, Kim Moon-soo of the conservative People Power Party, came second with just 41.2%. Mr Lee will inherit a divided society and a battered economy, as well as big challenges from abroad, in particular Donald Trump, who has threatened South Korea with tariffs and called America's security commitments to its long-time ally into question.

Mr Lee's win caps an improbable journey. Born into poverty, he dropped out of school as a teenager to work in factories. He retrained as a lawyer, became a labour-rights activist, and, eventually, governor of South Korea's most populous province. In

2022 he narrowly lost the presidential elections to Mr Yoon. He survived after being [stabbed in the neck last year](#) by an extremist bent on preventing him from becoming president. Alleged election-law crimes threatened to derail his second presidential bid, but South Korean courts gave voters a chance to issue their own verdict.

In choosing Mr Lee, however, it is unclear exactly whom voters will get. Mr Lee made his name as a progressive populist. Yet in recent months he has recast himself as a sensible moderate. “Our guiding value is pragmatism,” he told *The Economist* [in January](#). He pledged to boost South Korea’s benchmark stockmarket index and to make big investments in artificial intelligence. He endorsed South Korea’s alliance with America and [closer co-operation with Japan](#). Although he has called for stabilising relations with China, he pushed back against critics who label him pro-Chinese.

However Mr Lee decides to govern, he will enjoy a commanding position, with his party controlling a majority in parliament. His first priorities will be domestic. He has called for constitutional amendments to allow presidents to serve two four-year terms instead of a single five-year term and also to make it harder to impose martial law. He also promised a fiscal stimulus package to boost the struggling economy.

But the outside world will not give the new president much respite. Mr Trump imposed steep levies on industries in which South Korean firms excel, such as cars and steel, and threatened additional 25% tariffs on goods from South Korea (which has a free-trade agreement with America). A clash also looms over whether America should maintain its current troop levels on the Korean peninsula and continue to dedicate those forces to the defence of South Korea against its nuclear-armed northern neighbour—or divert them to broader regional goals, such as deterring China.

Mr Trump may also restart negotiations with North Korea's dictator, Kim Jong Un. On that matter, he and Mr Lee, an advocate of more engagement with the North, could find common cause. But if Mr Trump cuts a deal over Mr Lee's head, it could fuel South Korean fears of abandonment. What's more, far-right allies of Mr Trump in America have embraced conspiracies spread by South Korea's far-right that Mr Lee is a communist and his election was fraudulent.

Other diplomatic challenges loom. Mr Lee's attitudes towards Japan will face an early litmus test when the two countries mark the 60th anniversary of their formal ties on June 22nd, an occasion that will bring the historical awkwardness in their relationship to the fore. In October South Korea will host an APEC summit, which will strain Mr Lee's ability to balance between America, China and Russia.

Many South Koreans will be happy to see an end to the Yoon era. But, even so, any sense of relief will be brief. As Mr Lee himself acknowledged in his inauguration speech on June 4th, "Unfortunately, we now face a complex web of overlapping crises in every sphere." ■

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<https://www.economist.com/asia/2025/06/03/lee-jae-myung-is-south-koreas-next-president>

You are... somewhere

## The real reason Indians are lost

*A dodgy address system means delays that cost billions of dollars a year*

Jun 05, 2025 01:28 PM | MUMBAI



A WOMAN TAKES her husband to a psychiatrist. “He’s repeated our address so often he’s lost his mind,” she tells the doctor, as the man mumbles “A-42 Bhanushali Apartments...” So starts an advertisement for an app that promises to turn a “long, complex address” into something usable. Four years and millions of YouTube views later the problem persists. The huge growth of online shopping means that many urban Indians are repeating directions several times a day, often twice or three times per delivery.

Addresses in the West tend to follow a simple, hierarchical system: street name and number, district, city and post code. Indian addresses have those features and more: “next to SBI ATM”; “behind Ganesh Temple”; “near Minerva cinema”. According to Santanu Bhattacharya, a former head of technology for Delhivery, a logistics firm, the median distance of “next to” in India is 80 metres. Around 30% of postcodes are incorrectly written.

The Department of Posts estimates that there are 750m households, businesses and other such discrete locations in India. A paper published by the department in 2021 admitted that “reaching the addressee by means of conventional addresses and landmarks is arduous”. Apps such as Google Maps are useful, but only if addresses are accurate. Relying on someone to send a pin of where they are is not scalable. And landmarks can disappear.

Indians resort to directions because street names are next to useless. In smaller towns they frequently do not exist. (Estimates of roads without names nationwide range from 60% to 90%.) When they do, signage does not. Even if both are present, official names often differ from those in common use. Moreover, politicians **frequently change the names** of streets and even cities to reflect their preferences.

The problem is an old one. In colonial Bombay and Calcutta, as they were then known, “only the better houses had numbers... probably because only they were taxed”, according to a study of directories and census records from 1900 and 1901. But India has had 78 years of independence in which to solve the problem.

Consumer sanity is not the only thing that suffers. Businesses such as logistics, deliveries and e-commerce face higher costs and lower productivity. Uber drivers squander fuel and time looking for the right place. The **rural economy** takes a hit from the chaos in a different way. Indian states use a mishmash of colonial and pre-colonial revenue systems. Officers called collectors, *tehsildars*, *patwaris* or *mamlatdars* assign *khasra* numbers, *khatauni* numbers and, in one state, something called a “7/12” to plots of land. The sub-division of plots over the decades complicates matters by adding an ever-expanding series of numbers at the start.

The result is that different documents have different, if similar, addresses. If a landowner wishes to mortgage a property, banks are confronted with two problems. The first is that verifying that the

piece of land exists takes a lot longer and becomes more expensive, often involving sending someone to look at it. The second is a higher risk of fraud, since a landholder could take different papers to different banks for loans. That drives up the cost of capital and “creates inefficiency and delay in both the property decision and the recovery process”, says Joseph Sebastian, a venture capitalist. Dr Bhattacharya, now at MIT Media Lab in Massachusetts, estimates that the combined hit of inefficiencies created by poor addresses adds up to about 0.5% of GDP.

Private companies have attempted to solve the problem. The government, too, recognises the issue. Its solution is digital. A “Unique Land Parcel Identification Number” **being rolled** out is a 14-digit alphanumeric identifier. Some cities have a “Unique Property Identification Code”. The postal department is working on a 10-character “DIGIPIN”. These systems have their merits. But a good system should be memorable and intuitive. The cost of being lost all the time adds up. It is a problem India urgently needs to address. ■

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<https://www.economist.com/asia/2025/06/05/the-real-reason-indians-are-lost>

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**Indian universities**

## Can India create its own Ivy League?

*The country is home to half the world's university-age population.  
Why are they going abroad?*

Jun 05, 2025 01:28 PM



And now...to America

AROUND THE world, university leaders wonder if Donald Trump's crackdown on higher education might present them with an opportunity. America's president has frozen funding to universities he has ideological beef with; he has paused the visa interviews foreign students must attend if they wish to enroll this year. India has been losing academic talent to America for decades. At the famed Indian Institutes of Technology (IITs), over 60% of the top 100 performers migrate abroad, mostly for America. Nearly a third of international students there are from India.

One estimate suggests that Mr Trump's policies might cause Indian students' applications to American universities to plummet by a quarter from this year to the next. This could be India's moment to reverse the brain drain. The problem is that its top colleges cannot yet compete in the global intellectual marketplace.

In theory, India's best universities have much going for them. Getting into Harvard is painless by comparison: admission rates for India's most prestigious institutions sometimes sink to 0.2%, against 3-9% for America's Ivy League. India is home to half the world's university-age population. Parents drum extreme ambition into their offspring and widespread English-language proficiency gives India an edge.

But so far, India has no entry in the top 100 of international league tables. By contrast China, having only broken into the global top 100 in the 2010s, now has the world's highest number in many rankings.

A big part of the problem is money. In the past decade, India has spent between 4.1% and 4.6% of its GDP on education. China's spending on it as a share of GDP may be roughly similar, but its GDP per person is five times that of India's. In the past decade China has splurged on lucrative research grants and one-off bonuses to lure back Chinese academics from the West. India lacks the rupees to match China's academic charm offensive.

Another issue is scholarly freedom. Indian academics teach from a government-dictated syllabus and endure oversight by the all-powerful University Grants Commission. An enterprising researcher needs clearance from central ministries when organising a conference with international colleagues and government permission when travelling abroad for work. Hiring at public universities is hostage to the whims of the ruling party of the day, since the government oversees top-level appointments.

Lately government meddling appears to be getting worse. Last year India ranked as "completely restricted" in the Academic Freedom Index by Scholars at Risk, an international network headquartered in New York, and V-Dem, a research group in Sweden; it was the lowest score since the 1940s. "Indian public universities are an unrivalled shit-show," says an Indian political scientist working in

America. The syllabus he uses to teach Indian politics in America would “invite arrest” at home, he fears.

So far, ideas for reforming India’s academia have not gained much traction. In 2017 an “Institutions of Eminence” programme was launched to scout for promising universities and reward them with more autonomy and funds. But not enough suitable candidates could be found.

Similarly, in 2020 the government launched a new National Education Policy. It made bold recommendations to curb government oversight over boards and top appointments. But reform will be slow, not least because Indian states run by opposition parties are protesting against it. And the policy’s proposal to switch from English to Hindi at central universities and states with Hindi as their main language would hold back any institution trying to compete in a global academic system.

The rise of private universities could be India’s best hope. Two decades ago there were fewer than 20 of them. Today that figure is over 400, or around a quarter of total academic enrolments in India. They have shiny campuses, mostly funded by big industrial groups. Many are snapping up foreign faculty members.

Saumen Chattopadhyay, an education specialist at Jawaharlal Nehru University, believes the new crop of private universities will outperform public ones like his—precisely because they have more freedom. Exempted from the public sector’s expansive affirmative-action programme and government say over appointments, vice-chancellors at private outfits can poach top talent as they see fit. If the government finds a way of supporting private universities from a respectful distance, India’s league-table game might pick up. ■

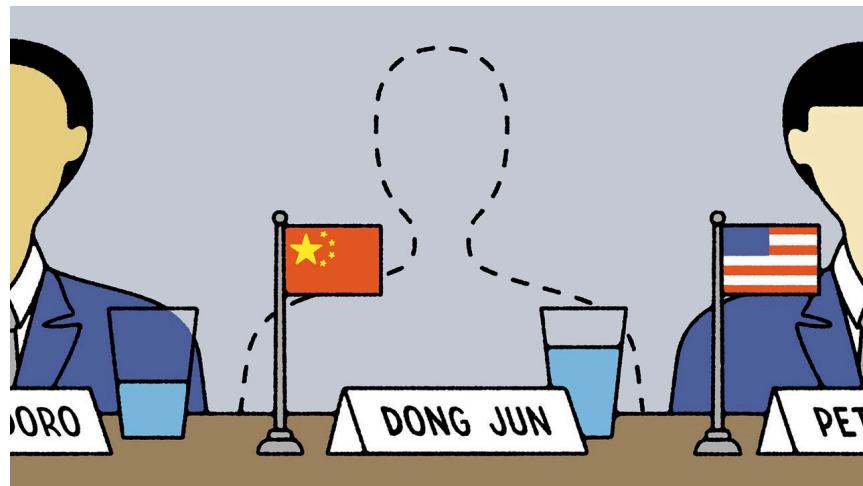
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Banyan

# The mystery of China's missing military

*Why the PLA has ducked a brawl with America*

Jun 05, 2025 01:28 PM



CHINESE MILITARY folks have never been great communicators. For most of the 15 years that Banyan reported from Beijing, the only way to seek comment from the defence ministry was to send a fax. A response would often come weeks later, if at all. The regular news conferences that it launched in 2011 are still dominated by scripted questions from state media. People's Liberation Army personnel must have special permission to speak with foreigners. And those who do are often professional "barbarian handlers" specially trained to manage contacts with outsiders—and reveal as little as possible about the PLA.

One exception in recent years was the Shangri-La Dialogue, a gathering of defence ministers, military commanders and spy chiefs in Singapore. The PLA delegation was usually led by China's defence minister and given a relatively free rein to talk to foreigners. This year was different. China's defence minister, Dong Jun, stayed away. Its delegation was headed by a rear admiral. It held none of the press conferences or group interviews of previous

years. PLA delegates did their best to avoid journalists. “Please understand,” one pleaded as Banyan chased him down a corridor. “Maybe next year?”

The low-profile Chinese showing, in effect, ceded the space to America. Without its defence minister, China was denied a chance to address the entire audience. And Pete Hegseth, America’s defence secretary, sought to capitalise on his counterpart’s absence in a speech in which he reaffirmed American commitments to the region and suggested a Chinese attack on Taiwan was imminent. “We are here this morning—and somebody else isn’t,” Mr Hegseth said.

Even the Philippines had a bigger platform than China this year. The Philippines’ defence minister, Gilberto Teodoro, used his speech to defend his country’s efforts to challenge Chinese maritime claims in the South China Sea. Two relatively junior PLA officers tried to push back in a question-and-answer session, suggesting that the Philippines was an American proxy. “Thank you for the propaganda spiels disguised as questions,” Mr Teodoro responded, prompting laughter.

What explains China’s pared-down presence? When its delegation chief, Rear Admiral Hu Gangfeng, did speak (on a panel at a side session), he said it was “normal work arrangements” to vary Chinese representation at the conference. True, China has not always sent a defence minister. But it has done so since 2019.

Some participants saw a link to recent scandals in the PLA. Since 2023 senior Chinese military commanders, including two former defence ministers and the most senior admiral, have been put under investigation for corruption or indiscipline. Another has not been seen in public since March. Defence ministers at the forum have to take questions and China may have wanted to avoid a public grilling on the topic.

China may also have been too uncertain about its relations with America to risk a public confrontation. One Chinese academic at the forum who did engage with foreign media said China's priorities were to manage the trade war with America and pave the way for a potential meeting between Xi Jinping and Donald Trump. It anticipated that Mr Hegseth would deliver a more strident speech at the conference than his recent predecessors. But it did not want to overreact, partly because it was unsure to what extent he speaks for Mr Trump.

A third theory is that China has become frustrated with the Shangri-La Dialogue. It has always disliked the format, which favours candid, unscripted debate. It also sees the gathering as increasingly pro-Western, especially as European governments have lately boosted their presence. And it may hope to boost its would-be equivalent, the Xiangshan Forum in Beijing.

Whatever the rationale, the results were mixed. China lost an opportunity to present itself as a reliable regional partner by offering concessions to neighbours. It could have pulled off a diplomatic coup. Still, it sees no need for compromise while America is indulging in self-harm. And China will not suffer lasting damage from the rhetorical blows.

Mr Hegseth, meanwhile, made some headway in reassuring the region on security. But he did not address the most pressing concern: American trade tariffs. And some participants noted that his position in America's new political order was now more akin to that of China's defence minister, who holds little power in a system dominated by one man.■

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<https://www.economist.com/asia/2025/06/05/the-mystery-of-chinas-missing-military>

# China

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The Chinese economy :: An ecstatic \$38m luxury-mansion auction lights up the market

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The Chinese economy

# China is waking up from its property nightmare

*An ecstatic \$38m luxury-mansion auction lights up the market*

Jun 05, 2025 01:29 PM | SHANGHAI



CHINA'S ECONOMY has been through a stress test in the past six months with the [trade war](#) shredding nerves. Tensions over tariffs are not over yet. On May 29th Scott Bessent, America's treasury secretary, said that talks had “stalled”. President Donald Trump then exchanged accusations with China's ministry of commerce about who had violated the agreement reached on May 12th to reduce duties. On June 4th, Mr Trump wrote on social media that President Xi Jinping was “extremely hard to make a deal with”. Yet even as the trade war staggers on, two things may be [reassuring Mr Xi](#). One is that so far the economy has been resilient. Private-sector growth estimates for 2025 remain in the 4-5% range. The other is that one of China's biggest economic nightmares seems to be ending: the savage property crunch.

To get a glimpse of that, consider a gated home in Shanghai's Changning district. It has an air of traditional German architecture and a large front garden, a feature of the city's most ritzy neighbourhoods. But what really stands out is the price. On May

27th the property sold for a stonking 270m yuan (\$38m), creating a sensation in the Chinese press. At 500,000 yuan per square metre, it is one of the priciest home auctions in recent memory. That the wealthy are prepared to pony up such an exorbitant price is being interpreted as a sign that China's huge and interminable property crisis might finally be ending.

Speculation about a turnaround has been building over dinner tables, in boardrooms and at state-planning symposiums. The excitement is hardly surprising. Property, broadly defined, contributed about 25% of GDP on the eve of its crash in 2020. It now represents 15% or less, showing how the slump has been a huge drag on GDP growth. The depressive impact of falling prices on ordinary folk is hard to overstate. In 2021, 80% of household wealth was tied up in real estate; that figure has fallen to around 70%. Hundreds of developers have gone bust, leaving a tangle of unpaid bills. The dampening of confidence helps explain sluggish consumer demand.

While the market is still falling, you can make a decent case for the first time since the start of the crisis that the end is in sight. In the first four months of 2025 sales of new homes by value fell by less than 3% compared with the year before. In 2024 the decline was 17%. Transactions will continue to drop only modestly this year, reckon analysts at S&P Global, a rating agency.

## Positive plateau

China, transaction value of new-home sales, yuan trn\*



One of the biggest problems was that millions of flats were built but never sold. Last year as many as 80m stood dormant. Now in the “tier-one” cities of Beijing, Shanghai, Guangzhou and Shenzhen, that problem is easing. At the end of January the inventory held by developers in those cities would have taken around twelve and a half months to shift at current sales rates, according to CRIC, a property data service. That is down from nearly 20 months in July 2024, and not far from the average of ten months in 2016-19 across the country’s 100 largest cities. In other words, the overhang is starting to look less terrifying.

Shanghai’s renaissance illustrates the trend. Transactions rose slightly each month from February to April compared with the year before, making it one of the few cities where prices have risen year on year for months in a row. It still has controls over who can buy properties and how many. But luxury homes are starting to be snapped up quickly, says Ms Fang, an estate agent. The prices of standard properties will probably continue to grow this year, she

says, but the most expensive homes are increasing in value even faster.

### ***Bottoms up***

What explains the bottoming out? Partly, just the passage of time. The average housing crash takes four years to play out, according to a study by the IMF of house-price crashes from 1970 to 2003. Officials in Beijing started deflating the bubble by tightening developers' access to credit in mid-2020 and investors started to panic about the solvency of the monster developers at the end of that year. But the government is also more determined than ever to put an end to the downturn. Local governments have been encouraged to buy unused land and excess housing with proceeds from special bonds. Some are handing out subsidies for buying homes. A plan to renovate shantytowns could create demand for 1m homes. The central bank cut interest rates in May, reducing mortgage rates for new home purchases. This has boosted property sales activity, says Guo Shan of Hutong Research, a consultancy.

There are still dangers. The trade war is a drag on confidence. Home prices across 70 cities surveyed by the National Bureau of Statistics declined by about 2% in April from a month earlier. Sales of new homes and the starting and completion of housing projects all fell month on month. Fewer cities in April notched up month-on-month price rises compared with the month before. Things are not getting much worse but they will probably not get better without more government support, says Larry Hu of Macquarie, a bank.

In Wenzhou, a manufacturing city on China's south-eastern coast, price declines are still sharp. Locals say the trade war with America is shaking confidence. Mr Zhou, a restaurant owner, says the official data do not capture huge discounts of more than 50% on some new homes in overbuilt areas. He blames a manufacturing downturn—and Mr Trump's trade war.

In all probability the crisis is over in big rich cities, such as Shanghai, but may last longer in smaller cities, such as Wenzhou. New-home prices in first-tier cities will be flat this year and increase by 1% next year, according to S&P. But in third-tier cities and below they will fall by 4% this year and 2% next. Small cities are full of unwanted homes. China is escaping its property nightmare. Even so, the Communist Party must ensure it is not only big-ticket mansions in Shanghai that look appealing. ■

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<https://www.economist.com/china/2025/06/01/china-is-waking-up-from-its-property-nightmare>

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Studying abroad isn't so sexy

## Chinese students want an American education less than they used to

*Many are staying at home or studying elsewhere in Asia*

Jun 05, 2025 01:29 PM | BEIJING



IT HAS BEEN a difficult week for Chinese students in America. On May 28th the State Department announced a campaign to start “aggressively” revoking their visas. One of the targets will be Chinese students in “critical fields”, the science and engineering programmes that are deemed to be of strategic interest to China. Another will be those who have unspecified “connections” to the Communist Party. It is unclear exactly how wide the net will be cast and how many students will be forced to leave. But for young people in China thinking about where to study, America now looks a dicey proposition.

It was losing its shine long before the latest visa policies. The number of Chinese students there peaked in the 2019-20 academic year, at around 372,000. It then fell sharply, largely thanks to China’s strict covid-19 controls, and never recovered. In the 2023-24 academic year around 277,000 Chinese were studying in America. Increasingly, middle-class Chinese parents see it as too

expensive and too risky a prospect for their children. They can find much of what its universities offer in other countries or at home.

Since China opened up in the late 1970s, some 3m young Chinese have gone to study in America. Many have settled there. Others have come back, typically to pick up a fancy job. They are known as *haigui* (sea turtles), a homophone for “returning from across the sea”. America’s Ivy League became something of a finishing school for the children of the well-heeled in Beijing and Shanghai. President Xi Jinping’s daughter was an undergraduate at Harvard. Mid-career party officials have also gone to America to learn about modern governance.

But for many Chinese the perceived return on investment of an American education has been falling. It has always been expensive, and these days middle-class families are less willing to shell out amid an economic downturn and a slump in the property market. They can choose cheaper universities in Britain, for instance, which in the 2023-24 academic year hosted nearly 150,000 Chinese students. Of late more have been going to Hong Kong, Singapore and elsewhere in Asia. Classes are often taught in English, and they are seen as friendlier places to study. The number of Chinese students in Japan increased to 115,000 in 2023 from under 100,000 in 2019.

An overseas degree is also less useful than it was in China’s grim job market. Many of the foreign consultancies and law firms which once snapped up *haigui* have downsized their China operations, says one tutor who helps Chinese students apply for American colleges.

Like many young Chinese these days, Mr Lei, an economics undergraduate, dreams of finding a stable position at home after graduation, in the Chinese government or in a state-owned company. Such employers are often now suspicious of graduates with a foreign education, he says. In April Dong Mingzhu,

chairwoman of Gree Electric, a large appliance manufacturer, said her company did not hire *haigui* in case they had been recruited as spies by foreigners.

Meanwhile China's own top universities are increasingly competitive and attractive, especially in fields such as science and engineering. "China can catch up with and even surpass America," reckons one biology PhD student at the elite Tsinghua University in Beijing (ranked 20th in the world according to QS World University Rankings; Peking University, next door, is ranked 14th). "It just needs a bit more time." Just look at his own professors, he says. The older ones all have degrees from American universities. The younger ones were typically educated in China.

### ***Sea turtles all the way down***

All these factors are going to mean the total number of Chinese studying overseas will probably start to fall soon, reckons Julian Fisher, of Venture Education, a consultancy. In part this is because China's low birth rate has shrunk the size of future generations of students. But it is also because parents of young children are increasingly deciding to put them on a domestic education track, rather than applying to the international schools which could lead to a foreign university, says Mr Fisher. That has created a "time-bomb" in the international education system, he says. It will rock the institutions which have grown dependent on Chinese students' cash.

Many students at home do not seem too dismayed by America's new visa policies. Mr Li, a masters student researching satellite propulsion at Beihang University in Beijing, says he can understand why America does not want to let Chinese citizens into its high-tech programmes (Beihang graduates have been banned from studying in America since 2020 because of the university's close links to China's armed forces). But he sees a silver lining. "People who can go study overseas tend to be pretty impressive. So

if they stay, it will help domestic research and development,” he says. “We can’t change how America is acting,” says Mr Zhang, another doctoral researcher. “So long as we’re developing well, then everything is an opportunity.” ■

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<https://www.economist.com/china/2025/06/05/chinese-students-want-an-american-education-less-than-they-used-to>

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**Race to the bottom**

# A savage EV price war terrifies China's government

*It highlights many of the economy's current problems*

Jun 05, 2025 01:29 PM | BEIJING



Xi's electric

CHINA'S ABILITY to make electric vehicles (EVs) cheaply has caused angst in countries with big carmakers, prompting governments to investigate China's subsidies for the sector and to erect trade barriers. Now, though, it is China's own government that is worrying about how cheap its producers' EVs are. The race to the bottom shows no sign of letting up, and the industry has become emblematic of some of the broader problems facing the economy.

On May 23rd China's biggest EV manufacturer, BYD, caused shockwaves when it slashed the cost of 22 electric and hybrid models. Now the starting price of its cheapest model, the Seagull, has fallen to a mere 55,800 yuan (\$7,700). The move came just two years after BYD had originally unveiled the electric hatchback, at a then astonishingly low cost of 73,800 yuan.

The latest move triggered official concern about how low prices could go in the world's largest car market. On May 31st China's industry ministry told Xinhua, the state-run news agency, that "there are no winners in the price war, let alone a future." The ministry vowed to curb cut-throat competition, which it said harmed investment in R&D, and could cause safety problems. On June 1st *People's Daily*, the Communist Party mouthpiece, argued that low-priced, low-quality products could harm the reputation of "made-in-China" goods.

The backlash comes as leaders crack down on unproductive, self-harming competition between firms and local governments that has created overcapacity and lowered profits. Their moves are part of a broader effort to rebalance the economy. "Recent developments suggest the old supply-driven model remains intact," Robin Xing, Morgan Stanley's chief China economist, wrote in a note.

BYD's shares fell after the price cuts and the official pronouncements, amid concerns that the price war will be unsustainable. But to cling to market share, other carmakers cut their own prices. Wei Jianjun, chairman of Great Wall Motor, one of the largest, called the industry unhealthy and invoked the collapse of the property market as a cautionary tale. "Now, the Evergrande of the automobile industry already exists, but it just hasn't exploded yet," he told Sina Finance, a news outlet, referring to the world's most-indebted developer. A BYD executive responded that Mr Wei's comments were "alarmist".

The situation is not helped by the fact that there are 115 Chinese EV brands, according to Jato Dynamics, a research firm. Only a few, including BYD, make any money and are expected to survive in the long run. Brutal price wars are a common affliction across Chinese industries. By the end of last year's third quarter, nearly 25% of China's listed firms were in the red, more than double the proportion five years ago.

## **Panic in Detroit**

Consolidation will take time and will be painful. BYD is well positioned, given its scale and vertical integration. The firm controls everything from mining rights of minerals it needs to build its own batteries to cargo ships for transporting its cars to foreign markets. In November it sparked fears of even fiercer competition when it pressed suppliers to cut prices by 10%. Suppliers may now be squeezed further. That could mean layoffs and less money for car workers to spend, at a time when the government is playing up the need to boost weak domestic demand to help absorb the shock of the trade war with America.

An increasingly tough market at home will fuel Chinese car exports. Reuters reports that BYD plans to sell over half of its cars overseas, especially in Latin America and Europe, by 2030. That would be a big jump. China accounted for about 90% of the firm's 4.3m car sales last year. But the higher prices that EVs command abroad could offset the ever-smaller margins in China. And it is making inroads in spite of stronger trade headwinds. In April, despite the EU's increased tariffs on Chinese EVs, BYD sold more of them in Europe than Tesla, an American rival, for the first time.

Though the price war is at its worst in China, its ramifications will be felt worldwide. Cheaper EVs would be a silver lining, but that will be little comfort for governments already anxious about China exporting overcapacity to their markets. More trade tensions are inevitable. ■

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<https://www.economist.com/china/2025/06/05/a-savage-ev-price-war-terrifies-chinas-government>

# Middle East & Africa

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The Clausewitz of Africa :: Can Paul Kagame, Rwanda's dictator, secure his legacy at home and abroad?

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The Clausewitz of Africa

## Africa's cynical master of power politics

*Can Paul Kagame, Rwanda's dictator, secure his legacy at home and abroad?*

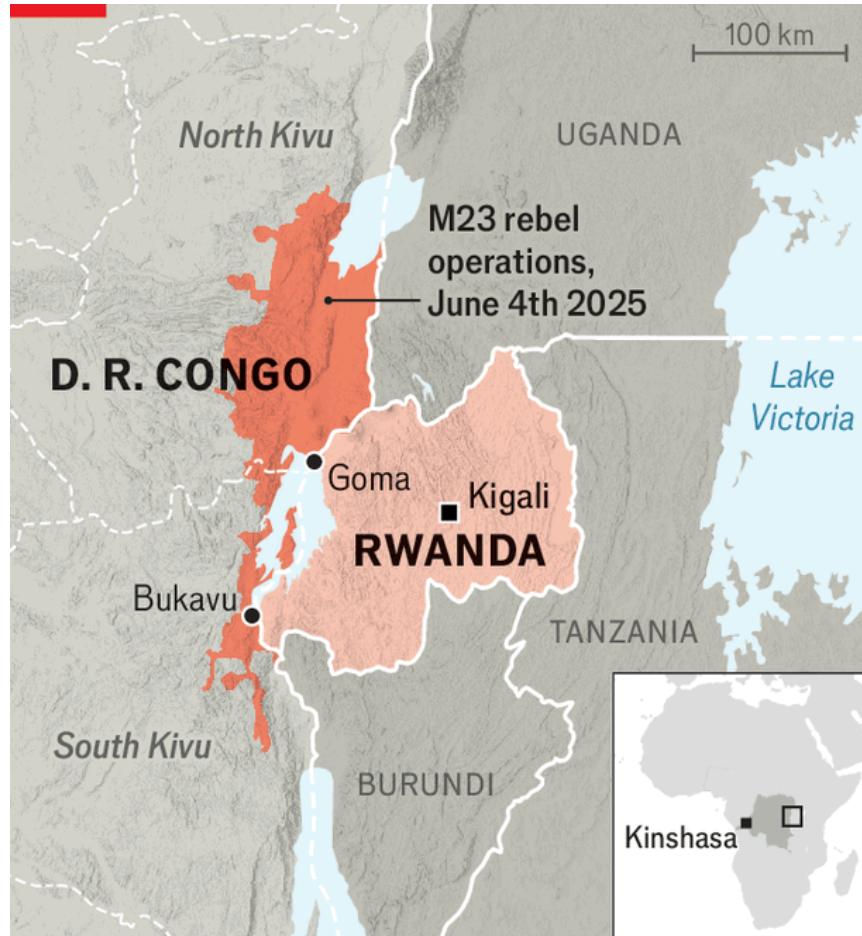
Jun 05, 2025 01:29 PM | Kigali



FOR THE moment there is not much to see in Bugesera, a district replete with verdant bush 45km south of Kigali, Rwanda's capital. But it is the site of what Paul Kagame, the president of the central African country of 14m people, views as a legacy project. If all goes to plan there will soon be an airport complex, financed largely by Qatar, that he hopes will aid the transformation of Rwanda from, in 1994, the blood-drenched scene of a genocide to an African emirate—a hub for commerce and a draw for tourists keen to snap the gorillas that lurk in the country's mountains. Mr Kagame, a fan of Formula One, wants to host what would be Africa's only circuit.

But Mr Kagame also has other ideas for his legacy. Some 200km to the west are Goma and Bukavu, respectively the capitals of North and South Kivu, the provinces in the Democratic Republic of Congo that border Rwanda (see map). Earlier this year M23, a Congolese militia supported by Rwanda, seized the cities,

escalating a conflict between Congo and its neighbour that has its roots in the genocide and has flared repeatedly in the decades since. The war has uprooted millions and, this year alone, killed thousands.



The last time M23 took Goma, in 2012, Western pressure on Mr Kagame led to the group's withdrawal after 11 days. This time the militia has stayed put. Rwanda's president, who has long aspired to greater influence over eastern Congo, has gambled that he might get away with it.

In doing so Mr Kagame is showing that as a leader he embodies a changing Africa—and a changing world. He courts rising middle powers. He was transactional before that was the go-to term for today's realpolitik. He learns from other leaders who flout norms and laws. His image as an effective strongman with a go-to-hell

attitude towards Western critics makes him popular in Africa as the continent seeks to reduce its dependency on others.

Now Mr Kagame's attempt to exploit the moment faces a huge test. Congo has been added to the list of conflicts that Donald Trump believes he can fix with hard-headed diplomacy. That is an opportunity to cement Rwanda's hold on the Kivus. But it is also a challenge, since the Trump administration wants Rwanda to stop its meddling there as part of a peace deal that would see more American investment in the region, especially in mining. It could be a moment of triumph for Mr Kagame or an indication that he has overreached.

### ***The art of darkness***

Mr Kagame's evolution can be seen in three phases. In the first he was the rebel leader of the armed wing of the Rwandan Patriotic Front (RPF), a party dominated by Rwanda's Tutsi minority. Mr Kagame's rebels fought a civil war against Rwanda's Hutu-led regime in the early 1990s. When that regime slaughtered more than 500,000 Rwandans, mostly Tutsi, in the space of around 100 days in 1994, he led his forces from Uganda to end the genocide. Mr Kagame has run Rwanda ever since, though he became president only in 2000.

After the genocide the RPF took the fight across the border with what was then Zaire, in the name of hunting down fleeing *génocidaires*. Human-rights groups allege that the Rwandan army killed many civilians in the process. In 1997 Rwanda, alongside Uganda, toppled Mobutu Sese Seko, Zaire's dictator, and installed Laurent Kabila as leader of what became Congo. When Kabila proved less pliant than it hoped, Rwanda invaded again, helping bring about the Second Congo War, which involved nine African states and the deaths of millions. The war ended in the early 2000s and Rwanda withdrew. But Mr Kagame never stopped seeing eastern Congo as in his zone of interest.

The end of that war made it easier for Mr Kagame to present his second phase to the world—that of a “donor darling”. Western powers lavished aid on Rwanda, partly because of a sense of guilt that they had not done enough to stop the genocide, and partly because Mr Kagame’s government seemingly offered rare proof that donor cash could be spent well in Africa.

Since 1994 economic growth has averaged 6.7% per year, the eighth-fastest rate of the nearly 200 countries tracked by the IMF, and ahead of Vietnam and India. GDP per person, just over \$250 a year at the turn of the century, has since quadrupled to around \$1,000 a year. Rwanda has tried to build a service economy based on tourism, conferences and finance. It has promoted “Brand Rwanda” via sponsorship of football teams and paid media (most of the money is spent on advertising for tourism). Mr Kagame’s “Vision 2050” aims to make Rwanda a high-income country by the middle of the century.

There is a lot to do. The rural poor, most of whom are subsistence farmers (and Hutus), have benefited less from growth than the urban rich (who are disproportionately Tutsis). Rwanda’s rate of inequality is among the highest in east Africa. Researchers have questioned Rwanda’s claims about poverty reduction and agricultural production.

Questions are increasingly asked about the macroeconomy, too. The current-account deficit is a troubling 13.8% of GDP. The ratio of public debt to GDP has risen from 19% to 78% since 2012, in part because of projects like the airport. The role of the RPF and the Rwandan Defence Forces (RDF), the army, in the economy crowds out private investment. They run firms involved in everything from milk to construction and private security.

Not that there is much open questioning in Rwanda. Dissent from the official narrative—that Mr Kagame saved the country and is rebuilding a united nation where nationality trumps ethnicity—is

crushed in the name of stopping more bloodshed. Dissidents abroad are threatened and sometimes assassinated, according to Human Rights Watch (HRW). Opposition politicians have been jailed, and barred from elections that Mr Kagame wins with close to 100% of the vote.

Despite—or perhaps because of—his ruthlessness Mr Kagame remains popular among Africa’s elite. To many he embodies the sense of urgency, confidence and self-reliance they wish their leaders had at a time of aid cuts and trade turmoil. In an unscientific straw poll at a recent business conference in Ivory Coast, about which African leader attendees would like running their country, Mr Kagame won by a landslide. “He manages to run effectively two states, both well—a competent bureaucracy and a ruthlessly efficient military,” says a former Kenyan politician.

### ***The third coming***

The debate about whether Mr Kagame’s economic achievements outweigh his repressive methods will rumble on. But it risks obscuring how, especially after M23’s withdrawal from Goma in 2012, he underwent a third shift—into a leader who has taken advantage of a multipolar and transactional world to pursue his aims.

Today only America rivals Qatar’s importance to Rwanda. The Gulf state has a 60% stake in the airport project and is negotiating an investment in Rwandair, the national airline. After Goma was retaken, the first meeting between Mr Kagame and Félix Tshisekedi, Congo’s president, took place in Doha. Rwanda exports gold, much of it smuggled from Congo, to the United Arab Emirates. Turkey, Russia and China equip the RDF with, respectively, drones, helicopters and artillery.

Rwanda has perhaps the closest ties of any African country with Israel, a source of surveillance technology and another country

shaped by genocide. Rwanda has been compared to Russia for its invasion of Congo. But its self-image is of an African Israel: small, tough and proud. “It’s strange to have African officials say they want to be just like us,” says an Israeli diplomat.

At the same time Mr Kagame has found ways to be useful to the West beyond being the poster child for aid. The EU helps pay for the RDF’s mission to fight jihadists in Mozambique who threaten a gas project led by Total, the French energy giant. In 2024 the bloc signed a memorandum of understanding on critical minerals. Mr Kagame blunted the previous British government’s criticism of him by offering to take in migrants deported from Britain.

Compared with 2012, Mr Kagame has been more defiant in the face of Western censure. The UN Security Council has told Rwanda to stop backing M23. The EU has sanctioned three Rwandan generals, including a commander in Mr Kagame’s inner circle, and a refinery in Kigali that the bloc says processes illicit gold from Congo. America has sanctioned a cabinet minister. Britain has cut some aid. Yet Mr Kagame said in April, at his annual speech to commemorate the genocide, that those sanctioning Rwanda could “go to hell”. When asked how much pain Rwanda will endure, one senior politician is fond of saying that “we will eat potatoes forever”.

To what end? Mr Kagame’s allies emphasise his desire to protect Tutsis in the Kivus and to vanquish the FDLR, a Hutu militia with roots in the genocide that has collaborated with the Congolese army. To point out that the militia is of no serious threat to the RDF, arguably Africa’s strongest army, is beside the point, they say. It is the idea he wants to destroy, as much as the group. The culture of the RPF—a rebel movement that took a country and whose legitimacy is based on preventing a return to ethnic violence—produces a state of endless vigilance, or paranoia. Some in the RPF also imply support for a “Greater Rwanda” that transcends current boundaries. Dignitaries who visit Rwanda are given a

presentation that begins with the impact of 19th-century colonial borders.

Then there are the minerals dotted in the soil of eastern Congo. The region is rich in gold and the “3T” minerals important in electronics: tin, tungsten and tantalum. In 2024 Rwanda recorded bumper annual earnings from minerals. It exported \$1.75bn-worth, up from about \$500m in 2021. Though Rwanda has some mines of its own, the export figures also include smuggled minerals from Congo. The RDF part-owns tin and gold smelters, notes Jason Stearns of New York University.

Whatever the mix of factors, Rwanda sees the Kivus as in its sphere of influence. And when it feels that influence is under threat it acts. In 2021 Mr Tshisekedi invited Burundi and Uganda into eastern Congo on the grounds of wanting their help rooting out militias. Mr Kagame saw these invitations as a threat to his interests, “so he flicked the switch: M23”, says a friend. With diplomatic efforts to end the conflict flagging and Mr Trump back in the White House, he seems to have taken the chance to escalate things.

The conflict has weakened Mr Tshisekedi. Having said it would not talk directly to M23, Mr Tshisekedi’s government is now doing just that. The Congo River Alliance, a political coalition led by M23, says it wants regime change in Kinshasa, Congo’s capital. Joseph Kabila, son of Laurent and Mr Tshisekedi’s predecessor, reportedly arrived in Goma on May 26th, sparking speculation that he is plotting a comeback. “If Tshisekedi went, there would be no tears in Kigali,” says the friend of Mr Kagame’s. That person insists that Rwanda does not want a repeat of 1997, with a march on Kinshasa and a coup d’état. But the RPF hopes that the political cascade it has caused in the Congo will help its allies within the country. The aim of some in the party is to ensure at least that the Kivus gain more devolution as part of a federal Congo.

Creating facts on the ground to gain leverage is typical of Rwanda's president, according to one admirer, who describes him as "Africa's Clausewitz". For Mr Kagame, like the Prussian general, war is the continuation of politics by other means.

### ***Stumble in the jungle***

But Mr Kagame faces a new challenge: Mr Trump. After M23 took Goma Mr Tshisekedi made America an offer that many African leaders have previously served up: my resources for your protection. (He is believed to have offered the same to others, including Russia and the UAE.) He wanted American support in exchange for access to minerals. Mr Tshisekedi appeared on Fox News. "We would be very happy to have our American friends here," he said.

To help its case Congo has welcomed initiatives by American firms. In April KoBold Metals, an American mining firm, said it was expanding into the country by taking over a lithium mine. In May a ban on Elon Musk's Starlink was lifted. Erik Prince, a Trump supporter who used to head Blackwater, a private security firm known for its controversial work in Iraq, has reportedly struck a deal with Kinshasa to help it tackle copper-smuggling.



America has no interest in sending actual soldiers to Congo. But it wants minerals. And Mr Trump no doubt likes the idea of claiming

credit for a big, beautiful peace deal. So in April Massad Boulos, a senior adviser on Africa, and father-in-law to Mr Trump's youngest daughter, visited the Great Lakes. His emphasis on business rather than human rights went down well. He has insisted, though, that Rwanda must stop supporting M23 and withdraw the RDF soldiers that are helping the militia. (The UN reckons there are between 3,000 and 4,000 of them in eastern Congo.)

On April 25th Marco Rubio, America's secretary of state, hosted the foreign ministers of Congo and Rwanda. They signed a "declaration of principles" that America hopes will lead to a formal peace deal next month. Both want the other to move first: Congo wants M23 and Rwanda out of the Kivus; Rwanda wants to know FDLR will be quashed. Nevertheless, the administration in Washington hopes that self-interest on all sides may produce peace. The message from Mr Trump is: why fight when we can all make money instead?

Rwanda, which is 1/88th the size of Congo and has far fewer mineral resources, is trying to please the peace-broker. Ahead of Mr Boulos's visit M23 withdrew from Walikale, the site of an American tin mine. Rwanda is—with some irony—pitching itself as the place where Congolese minerals can be transparently processed, cleaning up supply chains used by American tech firms. In May Trinity Metals, a firm operating in Rwanda whose major shareholder, Tech Met, has received investment from the American government (and recently hosted a critical-minerals dinner party at Mar-a-Lago), signed a letter of intent to export tin with an American processor. Later that month Mr Kagame visited one of its mines. Rwanda is also offering to host migrants deported from America. Rwandan officials contrast the grip Mr Kagame has on his country with the weak hold that Mr Tshisekedi has on Congo.

Mr Kagame will want to avoid any deal that ties his hands. Having spent blood and treasure in eastern Congo, he will be reluctant to relinquish his gains. He may reasonably hope that Mr Trump will

have little interest in monitoring what happens after any deal is struck.

But there is a risk of hubris. M23 is already facing problems running Goma, where cash is in short supply. Its leaders say they will run the city like the RPF runs Kigali, but they have neither the skill nor the legitimacy among the population. On June 3rd HRW said M23 had systematically killed civilians in Goma.

Then there is the mounting cost of the war. Rwanda does not disclose how many soldiers have died in this latest conflict but fatalities may be in the hundreds. Taking control of mining assets can help M23 pay its own way but it will not cover all the costs. In March Moody's, a credit-rating agency, revised its outlook for Rwandan bonds to negative, in part because of the war. The IMF is warning of rising public debt. If tourism, the main source of foreign exchange, suffers, there could be balance-of-payments problems. Also at stake is arguably Mr Kagame's most valuable asset—Brand Rwanda. Though businesspeople in Kigali do not openly criticise the regime, they hint at their deepening concern.

Mr Kagame faces a fateful decision. Since 2012 he has peppered his speeches with the idea of *agaciro*, a Kinyarwanda word meaning “dignity” or “self-reliance”. To outsiders these bootstrappy exhortations can seem banal. But in Rwanda, where the genocide is the overwhelming context for national life, the message resonates. For Mr Kagame the chief lessons of the 1990s are that you cannot rely on outsiders and that a lack of freedom is a price worth paying for security. He is terrified that younger Rwandans will forget these lessons, says a diplomat.

Dealing with the unpredictable Mr Trump will complicate things even for a seasoned operator like Mr Kagame. Maybe the cynical master of power politics will have to choose between two legacy projects: control in Congo and modernisation at home. Vision 1994 or Vision 2050. ■

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<https://www.economist.com/middle-east-and-africa/2025/06/05/africas-cynical-master-of-power-politics>

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The Israeli far right

## Israel “won’t commit suicide”, says the government’s ideologue

*In an interview Bezalel Smotrich is uncompromising about the war in Gaza*

Jun 05, 2025 01:30 PM | Tel Aviv



ACCORDING TO THE unofficial ideologue of Israel’s government, its war in Gaza is going well. The new plan to distribute aid to civilians through hubs controlled by Israel is working, says Bezalel Smotrich, the finance minister. It is a “gamechanger” in the fight against Hamas. He has repeatedly opposed ceasefires, by threatening to leave the coalition of which he is a key member.

Now he has a different emphasis. Providing the government seeks to end the war with the defeat of Hamas, he will stay (though there is now a chance that the government may be brought down imminently by its ultra-Orthodox partners, who are frustrated that a controversial law [exempting religious students from military service](#) has not been passed by the coalition).

Since the atrocities of October 7th 2023 Mr Smotrich's words have been among the most incendiary from Israeli politicians. He has predicted Gaza will be "totally destroyed". He has been accused of justifying starvation as a tactic in war, saying last year that aid should flow into Gaza only if the hostages are returned.

In an interview with *The Economist* on June 3rd he sought to present himself as a sober-minded, constructive member of the government. But there is no disguising that his vision is extreme and messianic. The war has given him and those who share his views an opening, and they have seized it.

The day after we spoke to Mr Smotrich, Israel closed its new aid centres in Gaza temporarily. The Israel Defence Forces said that the roads leading to the hubs will be considered "combat zones". That decision came after days of chaos around the distribution centres in which dozens of Gazans were shot and killed on their way to collect food.

Under the new system, aid is brought in convoys protected by Israel and distributed by American mercenaries, rather than by the UN. Gazans must travel to any of four distribution hubs in the ruined enclave to pick up family-sized boxes on a weekly basis. Mr Smotrich says this method of delivering aid is important for Israel to win the war.

### **No time for critics**

He says he is bewildered by criticism from international aid organisations and European governments. Critics say the aid scheme is insufficient to feed Gaza's hungry people and a cover for plans to corral Palestinians into a small area while depopulating most of Gaza. It is the best way to shorten the war and alleviate suffering, counters the finance minister.

He claims he has always favoured letting aid into Gaza (though less than two months ago he said Israel should not allow “even a grain of wheat” to enter the strip); he simply opposed the way in which it was being done. He said it kept Gazans reliant on Hamas and allowed the group to profit from it. Breaking that link is crucial to Israel’s victory, he explains.

Stick to the plan and the war can be over in a matter of months, he says, but Hamas must surrender, disarm and send its leaders into exile. Anything less will leave the group in a position to attack again in a few years. Once Hamas is gone, Gaza can be “rehabilitated”, he says. But the tunnels used by Hamas will still need to be dismantled; so far Israel has destroyed only a quarter, he claims. If Hamas does not leave, and the fighting continues, further devastation for Gaza seems inevitable.

Mr Smotrich acknowledges no wrongdoing on Israel’s part. More than 50,000 Palestinians have been killed but he says the ground assault has been “gentle” and the army has been “using tweezers” in its targeting. He says half of those killed are combatants (Israeli officers say it is closer to a third; there are no verified figures distinguishing between combatant and civilian fatalities). He blames Hamas, as terrorists who hide behind civilians, for the death toll.

He has no thought of Israel leaving Gaza. He has called for the building of Israeli settlements throughout a Gaza depopulated of Palestinians: “Where there are settlements and the army, there’s security; where there aren’t settlements and army, there is no security.” He denies Gazans would be forced to leave but concedes that the war has rendered Gaza uninhabitable and that those who want to should be “allowed” to emigrate. The European countries that are threatening to impose sanctions on Israel and “preach” about solving the conflict should welcome Palestinians, he suggests.



His longer-term vision for the Palestinians involves them either abandoning the land that Israel occupies or living with limited rights under its control. Mr Smotrich grew up in settlements in the West Bank (which he insists on calling Judea and Samaria, its biblical name). He still lives in one and rejects any possibility of Palestinian statehood there. He says allowing this would create the “existential” threat of an attack on Israel “20 times worse” than the one that occurred on October 7th.

When it comes to Palestinians in the West Bank and Gaza, “there is a big difference between individual rights and national rights”. This means that most Palestinians, apart from those who currently live in Israel, will remain without full citizenship or voting rights. “If there is a process of deradicalisation, if there is a generation that accepts that Israel is a Jewish and democratic state, that wants to live with us in a pact...I don’t mind giving them the vote,” he suggests. But “I can’t let them destroy me through democracy after they failed to do it by terror.”

This seems to rule out normalising relations with Saudi Arabia. The kingdom has said it will not establish ties with Israel without a process towards a Palestinian state. A Saudi deal is a prize but “we won’t commit suicide for it”, says Mr Smotrich. He insists that “in closed rooms” Israel is hearing other things from its Arab counterparts: “All our neighbours are looking at Gaza and waiting

to see what we do.” He is confident that a bright future of regional integration awaits.

Israelis may welcome the finance minister’s talk of peace with their neighbours but his vision for their country raises alarms. Some fear that, given the opportunity, he would turn Israel into a theocracy. Asked about his call in 2019 for restoring “the laws of the Torah” as in the biblical days of King David, he says: “There is no contradiction between *halachic* [religious] law and democracy.”

Mr Smotrich is in many ways a minority figure. Were elections to be held, surveys indicate his ultra-nationalist party would struggle to cross the electoral threshold of 3.25% of the vote. At best, it would win a handful of seats. After Binyamin Netanyahu returned as prime minister in 2022, he insisted that the far right “are joining me, I’m not joining them”.

And yet this is the hardliners’ government. Under their pressure it has tried to tamper with Israel’s legal system and has lavishly funded religious programmes and expanded settlements in the West Bank, with a stated aim to annex the territory. If Mr Smotrich left the coalition, his fellow radical, Itamar Ben-Gvir, would follow suit, denying Mr Netanyahu his majority. But Mr Smotrich has stayed because, for him, the war has proved an unparalleled opportunity to fulfil his long-held vision. ■

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<https://www.economist.com/israel-wont-commit-suicide-says-the-governments-ideologue>

**A lasting peace?**

## Kurdish armed groups are laying down their weapons

*In a changing Middle East, for some talking seems more promising than fighting*

Jun 05, 2025 01:28 PM



FOR MUCH of the past century, as the Kurds dreamed of autonomy in Turkey and the Middle East, armed groups drove the agenda. Abdullah Ocalan, the jailed leader of the largest such group, the Kurdistan Workers' Party (PKK), wielded influence across Turkey, Iran, Iraq and Syria. Now, though, he says it is time for the guns to fall silent. "There is no alternative to democracy in the pursuit and realisation of a political system," he said in February. After months of secret negotiations with Turkey, he called for the PKK to disband.

On May 12th, the group said it would comply. That could mark the end of one of the world's longest conflicts: its fight with the Turkish state lasted more than four decades and claimed 40,000 lives. Meanwhile the Syrian Democratic Forces (SDF), an American-backed group that includes the PKK's Syrian proxy, said

it would integrate its fighters into Syria's new army (Turkey has since accused it of not being serious).

Both announcements mark a big shift in Kurdish strategy. Kurds hope that relinquishing their arms will help them negotiate for safety and political freedoms. Not everyone agrees with the new approach. Negotiations have failed in the past. But some of the disputes that scuttled past efforts may no longer be obstacles.

The Kurdish shift comes partly out of necessity. Turkish drones have battered the PKK in northern Iraq in recent years. The fall of the Assad regime in Syria left the SDF vulnerable to attacks by the so-called Syrian National Army, a coalition of Turkish-backed militias. They can no longer rely on America's help, either: it has already withdrawn several hundred of its 2,000 troops from north-east Syria, and Donald Trump is keen to pull out the rest.

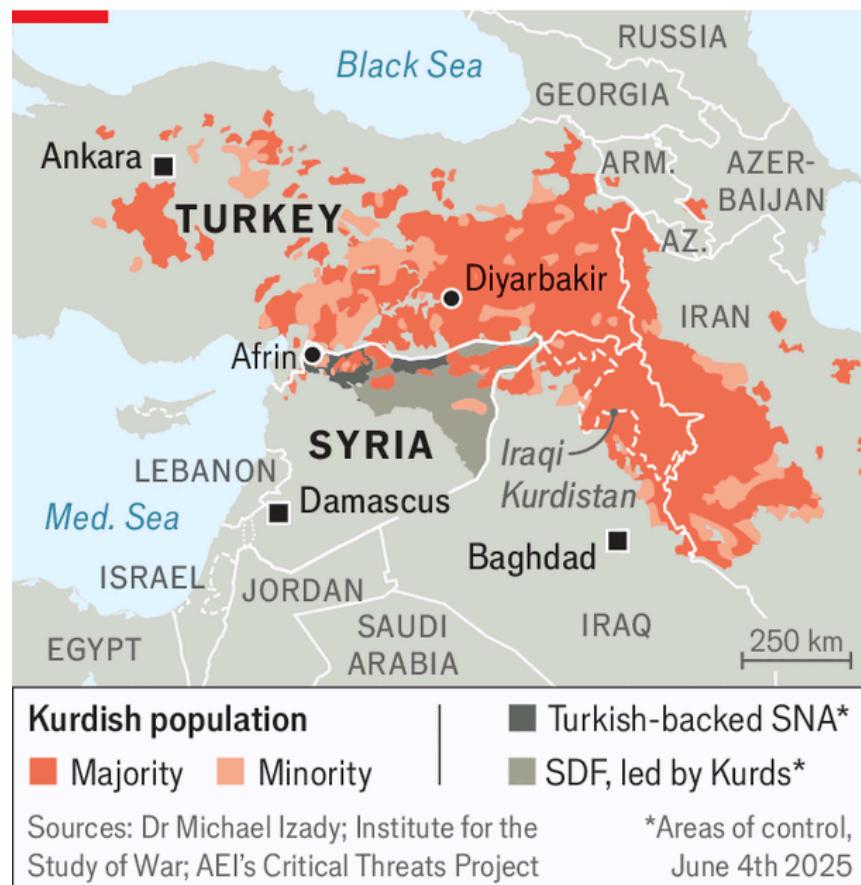
If they are weaker on the battlefield, the Kurds still hold negotiating clout. President Recep Tayyip Erdogan wants to expand Turkey's influence in post-Assad Syria. A dialogue with the PKK could win him favour with Syrian Kurds, and may help him woo them away from Israel, which has tried to court the Kurds and other minority groups in Syria. Hakan Fidan, Turkey's foreign minister, has warned that the alternative in Syria is "internal strife that would threaten Turkey's stability".

Closer to home, Mr Erdogan also wants the support of Kurdish MPs in Turkey, amid talk that he may seek to change the constitution and allow himself to run again in the next presidential election.

The latest move is by no means the first attempt to solve the conflict. The most recent peace process, which included a two-year truce, collapsed in 2015 partly because Mr Erdogan's party lost its majority in a general election. Some Kurds fear that the latest effort will be similarly short-lived.

Sceptics point out that hundreds of members of Turkey's biggest Kurdish party, the Peoples' Equality and Democracy Party (DEM), have been arrested or removed from office since 2016. That is part of a broader trend of democratic backsliding under an increasingly authoritarian Mr Erdogan, who has spent years trying to destroy his opposition.

Yet there is reason to think this time could be different. For one thing, Mr Erdogan and his coalition partners are on the same page: it was the nationalists who urged negotiations with Mr Ocalan in the first place. Nor is Syria a point of disagreement any more. With the Assad regime gone, Turkey and the Kurds agree that a settlement would help stabilise Syria.



Some 400 Kurdish delegates from Turkey, Iraq and Syria gathered at a recent unity conference on the Syria-Turkey border to discuss plans for co-operation. Since the SDF's accord with Ahmed al-Sharaa, Syria's president, normalisation of relations has progressed.

On June 2nd the SDF and the government swapped 470 prisoners. Kurds are working with the Syrian government to facilitate the return of Kurds who fled Afrin, a Kurdish city in north-west Syria, which the Turkish army and its proxies captured in 2018 (see map). The SDF hopes it may be able to bargain for a federal arrangement similar to the Kurds' semi-autonomy in Iraq, though Mr Erdogan, who wields considerable influence in Syria, is likely to scupper such a plan.

The PKK's decision to disband was broadly welcomed by Kurds in Turkey, who saw it as a profound change. Besides, after so many years underground, the PKK was becoming less relevant. Pollsters say most Kurds feel closer to political parties and leaders like Selahattin Demirtas, an imprisoned former head of the DEM.

They hope negotiations with Mr Erdogan will bring tangible benefits, such as an amnesty for political prisoners and more power for local government. "People do not trust the talks, but they trust people who represent them," says Reha Ruhavioglu, director of the Kurdish Studies Centre in the south-eastern city of Diyarbakir. "They have faith that representatives will stand up for their rights and freedoms." ■

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<https://www.economist.com/middle-east-and-africa/2025/06/05/kurdish-armed-groups-are-laying-down-their-weapons>

# Europe

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**German militarism**

# Germany is building a big scary army

*Its allies are ready. But are the Germans?*

Jun 05, 2025 01:47 PM | BERLIN AND GÖRLITZ



THIS TIME they were invited. On May 22nd locals cheered as German tanks rolled through the streets of Vilnius, the Lithuanian capital once occupied by the Nazis. City buses flashed tributes to the fraternal bonds linking the allies. Even so, when the Bundeswehr's brass band struck up a rendition of "Prussia's Glory", some of the German dignitaries assembled for the inauguration of their army's 45th Panzer brigade felt a twinge of unease. It wasn't until they saw the beaming faces of their Lithuanian counterparts that they were able to enjoy the show.

The armoured brigade, which will number 5,000 by 2027, is Germany's first permanent deployment abroad since the second world war. It is also the starker sign of the extraordinary turn taken by a country that took full receipt of the peace dividend after 1990, sheltering under American protection as its own army withered and its commercial ties with Russia strengthened (see chart 1). The Lithuania decision was taken in 2023 as part of the *Zeitenwende*, or "turning-point", in security policy instigated by Olaf Scholz, the

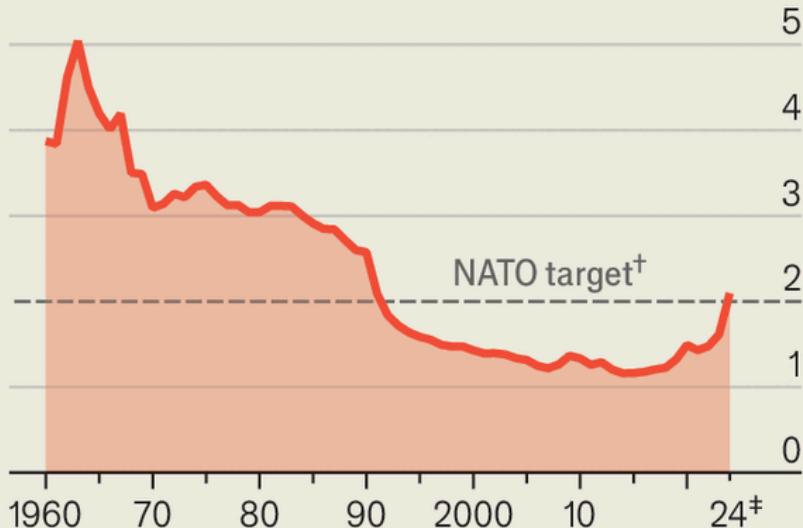
then chancellor, after Russia's invasion of Ukraine. The €100bn (\$114bn) spending spree he unleashed has already given Germany the world's fourth-biggest defence budget, reckons the Stockholm International Peace Research Institute.

## On second thoughts...

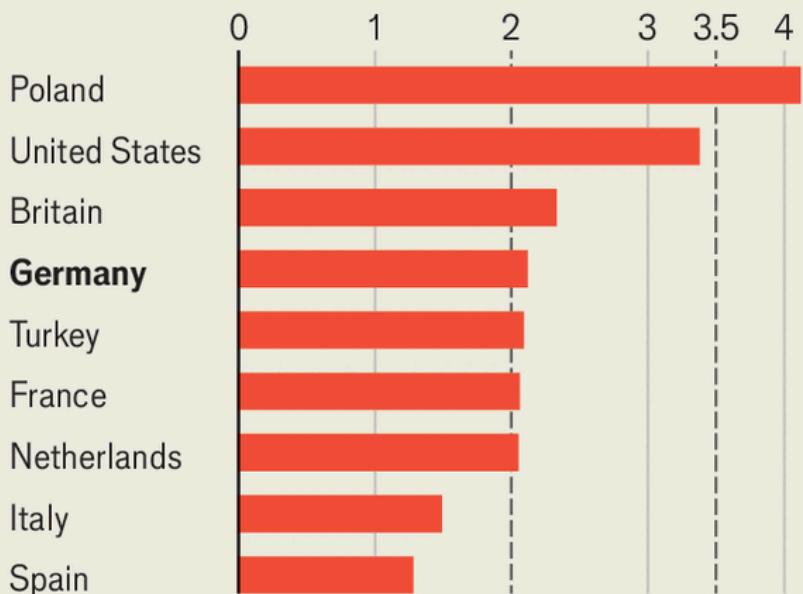
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Military spending, % of GDP

Germany\*



Selected countries, 2024‡



\*West Germany until 1990   †3.5% from 2025   ‡Estimate

Sources: Haver Analytics; NATO

More is to come. Bolstered by a recent decision to loosen Germany's debt brake, a fiscal straitjacket, the new government plans to ramp up defence spending further. Indeed, rearmament is

set to become its animating mission. [Friedrich Merz](#), the chancellor, says he intends to make the Bundeswehr the “strongest conventional army in Europe”. He has also signalled that Germany will sign up to a new long-term NATO defence-spending target of 3.5% of GDP, plus 1.5% for related infrastructure, at a summit this month—a total that would translate into €215bn a year at today’s level of output. (A budget will follow the NATO summit.) Like the Lithuanians, almost all of Germany’s allies are delighted by the country’s belated commitment to European security. Haltingly, and not without a degree of historically inflected torment, Germans themselves are getting there too.

Mr Scholz’s fund largely “filled in the potholes”, as General Carsten Breuer, the head of the armed forces, has put it, but much remains to be done. The coming wave of spending will aim to bolster Germany’s role as NATO’s “critical backbone”. Priorities include reinforcing air defence, refilling ammunition stocks and building long-range precision-strike capabilities.

Officials’ priorities are clear. “Time is of the essence,” says General Alfons Mais, the head of the army, encouraging Germany’s defence industry to focus on mass production. Insiders are sceptical about building up domestic or European industry at the expense of off-the-shelf solutions from elsewhere, such as America, in the name of “strategic autonomy”. “If we face delays or delivery challenges at home,” says General Mais, “it’s better to take a broader approach and look at who can deliver.”

Some worry that Germany is failing to learn from Ukraine, with its drone swarms and “transparent” battlefields. “Tech in Germany is amazing,” says Nico Lange, a former defence-ministry official. “But the political side does not know how to use it.” No one wants to fight the last war by building up stockpiles of drones that quickly become obsolete. But planners also need to ensure Germany is not left over-reliant on legacy systems. “We need a market-driven industry that innovates, fails in one place and succeeds elsewhere,

using private capital,” says Gundbert Scherf, the co-CEO of Helsing, a startup with a focus on AI-enabled land, air and maritime systems.

Upgrading the Bundeswehr also means tackling a sluggish planning and procurement bureaucracy. When Mr Merz proposed his change to the debt brake, he said he would do “whatever it takes” to protect peace and freedom in Europe. Yet turning the money taps on first inevitably reduces the pressure to reform, notes Claudia Major of the German Marshall Fund, a think-tank. Germany’s federal audit office recently called for “far-reaching changes” to a Bundeswehr it said had become “top-heavy” with management. Many experts share this analysis. “Procurement takes too long,” laments General Mais. “Signing a contract is one thing, getting the stuff to the troops is another.”

A common grumble is that Germany “gold-plates” its processes, imposing onerous requirements such as ensuring tanks are suitable for pregnant women. “The 80% solution now is better than the 100% one in five years,” says Matthias Wachter, head of security policy at the Federation of German Industries. The German IRIS-T air-defence system, which has proved itself in Ukraine, is nevertheless still undergoing testing for domestic use.

Tackling these roadblocks falls to Boris Pistorius, the defence minister, whose plain speaking has made him Germany’s most popular politician. Despite that, not everyone is convinced he has the patience to grapple seriously with the Bundeswehr’s bureaucracy. “He is the best minister we’ve had for years,” says Sara Nanni, a Green MP on the Bundestag’s defence committee. “But he can be a bit superficial.” A new law, the imperiously named *Planungs- und Beschaffungsbeschleunigungsgesetz* (Planning and Procurement Acceleration Act), aims to relax some regulations. But merely tweaking the system may not be enough.

Are Germans ready to make themselves *kriegstüchtig*, or “war-ready”, as Mr Pistorius has demanded? Paranoid about reopening the social rifts of the covid-19 years in a country that retains a scepticism about military force, Mr Scholz was cautious in his rhetoric and halting in his help for Ukraine; Mr Merz strikes a sharper tone. Vestiges of the old attitude remain, such as the self-imposed bans at dozens of universities on accepting government money for military research. Ms Major worries that if Ukraine is forced into a “dirty ceasefire”, the momentum of recent years may be squandered as calls for diplomacy and détente with Russia gather steam.



So far, perhaps because skirting the debt brake has allowed Germany to avoid guns-or-butter trade-offs, voters have by and large backed the changes (see chart 2). Attitudes towards the army are changing, too. Soldiers marvel at the esteem they now encounter in daily life. “Sometimes when I’m on the street people

stop me to say, ‘Thank you for your service’—like in America!” exclaims one cadet officer.

A trickier test will come when Germany begins a serious debate over restoring conscription, which was suspended under Angela Merkel in 2011. The Bundeswehr is struggling to get troop numbers over 180,000, well short of the current target of 203,000, itself likely to be lifted after the NATO summit. Given Germany’s NATO commitments, General Breuer thinks Germany will need 100,000 extra troops, including reservists, by 2029.

For now, Mr Merz’s government hopes to get there with compulsory questionnaires for 18-year-old men (an extension to women would need a constitutional change). That will at least buy time to rebuild Germany’s crumbling barracks and hire the military trainers a bigger army needs. But hardly anyone thinks an element of compulsion can be avoided. “I’m absolutely convinced we will have this debate,” says General Mais. Polls find a majority of Germans in favour of restoring conscription; support is predictably lowest among the young.

### ***A long march ahead***

Germany’s various agonies found expression at a recent “Zeitenwende on Tour” event in Görlitz, an east German town on the Polish border where nearly half of voters support the hard-right, pro-Russia Alternative for Germany party. Mr Lange, the former defence official, led a discussion on rearmament in front of a disputatious audience. Some angrily blamed NATO enlargement for the Ukraine war, or issued jeremiads against profiteering arms companies. Others pushed back. Andre, a hospital worker who had driven from Dresden to support the case for rearmament, says the issue splits his colleagues 50-50.

“The government should have been doing this from the start,” says Mr Lange, who has been taking his message to Germans for over

three years. It is grinding work, especially since Germans are now being asked to make sacrifices on behalf of foreign lands. In Vilnius, Mr Merz said: “Lithuania’s security is also our security,” a plain statement of his country’s NATO commitments that also implies tough demands of ordinary Germans. Only now, perhaps, is that message beginning to get through. ■

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<https://www.economist.com/europe/2025/06/04/germany-is-building-a-big-scary-army>

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**Populist pugilist**

## What Poland's new president means for Europe

*Karol Nawrocki is the liberals' nightmare*

Jun 05, 2025 01:29 PM | Warsaw



THE PRESIDENTIAL election in Poland on June 1st was a distillation of the political choice facing all Europe these days. Rafal Trzaskowski, the liberal mayor of Warsaw, was backed by the centrist, pro-European government. [Karol Nawrocki](#), a nationalist historian and former amateur boxer, was nominated by Law and Justice (PiS), the hard-right opposition party, and supported by Donald Trump's administration and by populists abroad. The campaign was bitter, and close enough that [exit polls](#) on the evening of the election had the mayor narrowly ahead. But when all the votes were counted it was Mr Nawrocki who had won, taking 50.9% of the vote to Mr Trzaskowski's 49.1%.

Mr Nawrocki presented himself as the candidate to hold the government of the prime minister, Donald Tusk, in check. "We will not allow Donald Tusk to consolidate his power," he said at his post-election rally, denouncing the government for aiming to achieve a "monopoly". For supporters of Mr Trzaskowski or Mr Tusk, that has an ironic ring. Since coming to office in 2015 the

prime minister has been trying to [undo PiS's attempt at state capture](#) while it was in power from 2015 to 2023, when it packed the courts and independent institutions with its cronies. Conflicts with European courts led the European Union to cut off aid for years.

Mr Nawrocki's victory may now cripple the government's effort to repair the rule of law. The PiS-backed candidate is new to politics, but he can wield a simple tool—by using the presidential veto to block Mr Tusk's agenda. The government lacks the three-fifths majority in parliament needed to override it. The hard right's win seems also likely to touch off a crisis for Mr Tusk's eclectic coalition, which includes everything from progressive leftists to a conservative farmers' party. PiS will doubtless try to persuade right-leaning MPs to defect and bring down the government.

Even if it fails, the next elections to parliament are due in 2027. Either way, Mr Tusk appears now to be a lame duck, though he tried to dispel that impression by calling a confidence vote supposedly to demonstrate the strength of his coalition's majority; it will take place on June 11th. Mr Nawrocki's victory worried investors. [Poland's bullish stockmarket](#) fell by 2% after the results were announced.

Mr Trzaskowski owes his loss in part to the government's inability to deliver. When Mr Tusk won the election in 2023, he promised to purge PiS's cronies from the courts, public media and state-owned companies. But the outgoing president, Andrzej Duda, also aligned with PiS, blocked crucial reforms and routine appointments. Mr Tusk put much of his rule-of-law agenda on hold. That was not his fault, but on other priorities, such as liberalising access to abortion (which PiS had all but banned), he was unable to get his unruly coalition to agree. Poles have clearly lost patience: in an exit poll on June 1st by OGB, a Polish pollster, 47% of voters said they had a poor opinion of the government, while just 30% had a favourable one.

The Polish presidency is not responsible for EU policy; Mr Tusk, not Mr Nawrocki, will continue to attend EU summits.

Nonetheless, the president-elect can be expected to try to shift the country in a Eurosceptic direction. He was endorsed during the campaign by Viktor Orban, Hungary's prime minister, and by others from the EU's populist bloc. "We don't want to be a European Union province," he told supporters at a rally. Mr Nawrocki has also turned away from PiS's traditionally firm support for Ukraine, pledging during the campaign to oppose that country's admission to NATO, though there is very little chance that this will happen soon.

For many of Mr Nawrocki's opponents, the most troubling aspect of his victory is his tainted past. In the last weeks of the campaign, journalists reported claims that in the early 2000s he procured sex workers for guests at a hotel where he worked. He denies those allegations. He has acknowledged, however, that in his 20s he engaged in mass brawls with other football hooligans. Newspapers reported for weeks on his relationship with an aged neighbour, whom he allegedly scammed out of his flat. Mr Nawrocki and his allies call such allegations a smear campaign by Mr Trzaskowski and the state media. ■

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<https://www.economist.com/europe/2025/06/02/what-polands-new-president-means-for-europe>

**Drones and diplomacy**

# Ukraine smashes Russia's air force and a key bridge

*The window for diplomacy is closing*

Jun 05, 2025 01:36 PM | KYIV



RARELY HAS a week of war seemed so confusing. In a few early June days, underlying assumptions about Ukraine and Russia were shaken in three ways. On June 1st Ukraine launched one of the most daring raids in the modern history of warfare, releasing killer drones from trucks to scavenge on strategic bombers deep inside Russia, reimagining old types of sabotage and exposing Russia's vulnerabilities. Two days later Ukraine struck the bridge linking occupied Crimea to the Russian mainland. In between, there were [peace talks in Istanbul](#) that were not really talks: Russia doubled down with its ultimatums, but lines of communication were opened. On the war front, meanwhile, [Russia continued to press](#) Ukraine hard, while bleeding hard too, suffering perhaps its [millionth casualty](#). In a telephone call to Donald Trump on June 4th, Vladimir Putin promised retaliation.

The operation the Ukrainians codenamed “Spider Web” was 18 months in the making. In scale, audacity and timing, it played out

like an orchestra. The attack focused on at least four air bases, the farthest over 4,000 km from Kyiv. They used over 100 quadcopters that emerged almost simultaneously from hidden compartments inside trucks, which then self-destructed. Ukraine's main intelligence agency, the SBU, which led the operation, claimed to have damaged or destroyed at least 41 aircraft, including nuclear-capable bombers and early-warning planes. Satellite images suggest fewer were destroyed, but with over 13 confirmed losses, it was a spectacular blow to Russian capabilities—and pride.

Ukrainian intelligence sources said they hoped the operation would sow doubt in the Kremlin that it could sustain a full-scale war. "The longer this drags on, the more Pandora's boxes we'll be forced to open," one said. A key outcome was proof that Ukrainian intelligence was still able to operate with extreme secrecy, despite fears of Russian penetration. Russia had no warning of the attack.

The June 3rd attack on the Kerch bridge would have led most other weeks' news. Ukraine claims the strike, probably conducted by underwater drones, seriously damaged the bridge's foundations. That seems unlikely, given the flow of traffic that resumed a few hours later. But even if the physical damage was limited, the psychological effect was large enough. Ukraine even hacked the bridge's own CCTV to show the hit taking place.



But a larger question hangs over botched sabotage operations in Russia’s border regions in the early hours of June 1st. Two Ukrainian sources say the goal had been to derail a munitions train headed for the front; instead, a passenger train crashed, killing at least seven people. Russian media splashed on the tragedy, while leaving attacks on its airbases unreported.

Russia’s delegation arrived in Istanbul on June 2nd with a similarly disciplined line. In curt exchanges that lasted slightly over an hour, they referred to the operations on their soil only once—dismissing them as “terrorism”. They handed over a “memorandum” effectively demanding Ukraine’s surrender: concessions on sovereignty, neutrality and military capabilities. Ukraine countered

with a list of hundreds of children taken from occupied areas. The Russians called that a “show for childless, bleeding-heart European old ladies”.

At the same time, traces of a diplomatic track remained. The sides agreed to resume prisoner swaps, including all-for-all exchanges of the young and infirm. Some messages may have been passed from the Kremlin in secret. Even so, a Ukrainian security official warned that the window for diplomacy was closing. A full ceasefire before the end of Russia’s summer offensive, only just now getting under way, now seems unlikely. “The Russians are stalling,” said Heorhii Tykhyi, spokesman for Ukraine’s foreign ministry. “They’re too confident. They’re too arrogant.”

That confidence stems partly from Russian progress on the front lines, but it is coming steadily if at high cost. Russia is pressing in two main directions: against Sumy in the north-east, reversing Ukraine’s incursion into Kursk across the border; and at the Donetsk region, Russia’s main focus since 2014. However much Ukraine celebrates its new raiding prowess deep inside Russia, the victory has little immediate relevance to the front lines. For now, this aspect of the war remains its most difficult—and its most dangerous. ■

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<https://www.economist.com/europe/2025/06/05/ukraine-smashes-russias-air-force-and-a-key-bridge>

**Populist paralysis**

# The hard-right's champion blows up the Dutch government

*Geert Wilders won an election but bails without getting much done*

Jun 05, 2025 01:29 PM | AMSTERDAM



GEERT WILDERS has been trying to ride anti-immigrant sentiment to the top of Dutch politics ever since he founded his Party for Freedom (PVV) in 2006. In an election in 2023 the [hard-right populist](#) finally succeeded, finishing first with 23.5% of the vote. His party became the biggest in government, though [led by a compromise prime minister](#) rather than by Mr Wilders. The PVV leader promised the toughest asylum policy ever, cheaper health-care and various other boons. But as the months went by, almost none of his pledges came to fruition. Some were stranded in ministries or the courts; others fell to budget concerns. On June 3rd Mr Wilders pulled the plug on the coalition he had dominated, complaining that other parties had sabotaged his immigration plans.

The PVV had been sliding in the polls, from 33% in early 2024 to about 20% in May. Mr Wilders's furious coalition partners accused him of blowing up the government as a political stunt. Dilan Yesilgoz, leader of the centre-right Liberals (VVD), called it

“super-irresponsible”. On May 26th, at a surprise press conference, Mr Wilders unveiled ten demands for tougher asylum policy, including poorly worked-out notions such as deploying the army at the border. In meetings over the past two days he insisted the other parties sign on. When they asked him to first work out the details and present his proposals to parliament, he brought down the cabinet. In typically apocalyptic language, he said he had been elected to stop asylum-seekers, not to facilitate “the downfall of the Netherlands”.

The country is almost certainly headed for fresh elections. Any alternative coalition would need to include the large Labour-GreenLeft party, but its leader, Frans Timmermans, has ruled that out. In the meantime Dick Schoof, the non-partisan prime minister, will stay on in his job, along with most of the current ministers; the PVV’s ministers have resigned. Lack of a governing majority will complicate the Netherlands’ position when it hosts the NATO summit on June 24th-25th in The Hague, where the lame-duck Mr Schoof will be expected to pledge huge increases in defence spending.

The outgoing Dutch government was the farthest-right one since the second world war. To some extent its collapse can be ascribed to Mr Wilders’s peculiarities. He is the sole registered member of the PVV, and entirely controls its MPs and staff. That has kept the party from building up skilled cadres. It was Mr Wilders’s own pick for immigration minister, the inexperienced and obstinate Marjolein Faber, who failed to get her boss’s asylum policies implemented, clashing constantly with parliament, mayors and civil servants.

Mr Wilders has had a reputation as a bad partner since 2012, when he brought down the first cabinet of Mark Rutte, the long-serving prime minister from the VVD, rather than share responsibility for unpopular austerity measures. (He had supported it in a confidence and supply deal.) Mr Rutte vowed never to collaborate with him

again, but Ms Yesilgoz lifted that *cordon sanitaire* in 2023. She has now resurrected Mr Rutte's favourite epithet for the PVV leader: *wegloper*, or someone who walks away. Others were harsher still. Mona Keijzer, the minister of housing, accused Mr Wilders of "betraying the Netherlands".

Yet in other ways the PVV's difficulties in governing recall those of other populist parties across Europe. Giorgia Meloni, Italy's hard-right prime minister, saw her plan to deport asylum-seekers to processing camps in Albania struck down by judges. Her promises to move Italy towards a presidential system have gone nowhere. Sweden's populist Sweden Democrats have pushed immigration and climate policy modestly rightwards, but those policies are implemented by the centre-right Moderates whose government they back from the outside; they are not in the cabinet themselves. On June 1st Polish voters [elected a hard-right presidential candidate](#), Karol Nawrocki, but the main effect will be to stymie the centrist government through his power of veto.

Hard-right parties can transform countries when they have an absolute majority and are not checked by other branches of government, as in Hungary under Viktor Orban or in Poland from 2015-23. That is not possible in the Netherlands' fragmented political landscape, with 15 parties in parliament. Besides the PVV and VVD, the outgoing cabinet included New Social Contract, a centrist party focused on governance reform, and the small agrarian Farmer-Citizen Movement, whose chief mission is to relax European Union limits on pollution from farms. Those parties floundered in government as well, and polls show that new elections would nearly wipe them out.

As Dutch politics shifts back into campaign mode, the main action will be between the VVD, the PVV and Labour-GreenLeft. Mr Wilders will try to deflect blame for the government's failures and return the focus to immigration, the issue where his party is the strongest. "He will try to create a narrative that it was the

established parties and elite institutions that made it impossible for him to get things done,” says Sarah de Lange, a political scientist at the University of Amsterdam. Mr Timmermans, the sole big player on the left, must decide whether to run mainly against the PVV or the VVD.

To see what the legacy of the Netherlands’ first government to include the PVV will be, watch Ms Yesilgoz. As the leader of the biggest mainstream conservative party, she will decide whether or not to marginalise Mr Wilders again, and hence whether future governments move back to the centre or cement the shift to the hard right. She must also contend with the resurgence of the centre-right Christian Democrats, just to her left. “The VVD used to be the gatekeepers between the traditional order and the right-wing radicals,” says Mark Thiessen, a columnist and former VVD strategist. Since Ms Yesilgoz took over the party, “they’ve become the bridge.” ■

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<https://www.economist.com/europe/2025/06/03/the-hard-rights-champion-blows-up-the-dutch-government>

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**Charlemagne**

# The constitution that never was still haunts Europe 20 years on

*The stumble of 2005 resulted in a better EU*

Jun 05, 2025 01:28 PM



EUROPE IS FAMED for its zippy German cars, French high-speed trains and sleek Italian motorboats. But for decades the contraption most often favoured to describe the workings of the European Union was the humble bicycle. Federalists painted the EU as an inherently unstable machine whose only chance to avoid a crash was to keep moving forward. The self-serving analogy justified furious pedalling by those who dreamed of “ever-closer union” lest the whole thing keel over. By the early 2000s the argument that more integration was always better had made its way. What had once been a modest pact between six countries to regulate coal and steel production had morphed into a political union of 25 (later up to 28), with a shared currency, no internal borders and the rights for citizens from Lisbon to Lapland to settle down where they saw fit. Who could tell where a few more decades of such freewheeling towards continental convergence would lead?

In an anniversary precisely nobody in Brussels is marking, the theory of more-integration-or-bust got a nasty puncture 20 years ago this month. A “constitutional treaty” dreamt up as the next big step in EU integration was voted down by French voters on May 29th 2005, by a 55-45% margin. On June 1st Dutch voters rejected it by an even wider one. Those convinced the EU had only one gear —*en avant, toute!*—fretted that the defeat might result in gradual disintegration; war pitting Europeans against their fellow Europeans would be only a matter of time. That was always hyperbole; it also proved to be entirely wrong. After 2005 the EU shelved its grandiose plans for a more technocratic life—and has never been more popular with citizens as a result. Bitter as it seemed at the time, defeat at the polls set the union on a better track.

These days the idea of a constitution is remembered as a curio of European history. The EU and its forebears had, since its inception in 1957, been ruled by intergovernmental treaties, in legal terms a souped-up regional version of the UN. By the early 2000s a new text was undoubtedly needed to streamline the club’s workings after a period of rapid expansion. Enlargement with ten new countries in 2004, most of them in central Europe, threatened to gum up the machine’s gears if not revised (a lot of business that had required EU national governments to agree unanimously was to be replaced by qualified-majority votes). But the second purpose, just as important to some, was to endow the EU with the regalia of a nation state—hence the constitution bit.

The document had been crafted by a “convention” chaired by Valéry Giscard d’Estaing, haughty even by the standards of former French presidents. The parallels with the birth of America were intentional. The preamble of the Euro-constitution invoked the “will of the citizens” as a justification for these new arrangements between them (never mind that the citizens knew little about this supposed will of theirs). Symbols meant to foster citizenly love for the EU oozed from the text. It already had a directly elected

parliament; now the union was to have its own official flag, anthem, foreign minister and even a dedicated holiday.

For all the symbolism it contained, the constitution was no federalist power-grab. Despite being denounced as a “blueprint for tyranny” by Britain’s *Daily Mail*, a fount of Euro-outrage, the text disappointed those who wanted the EU to have its own taxation powers, for example. (*The Economist* felt the text was confusing and recommended filing it in the nearest rubbish bin.) The French *non* and Dutch *nee* were not enough to send the machine entirely off course. By 2009 much of the 450 pages of the constitution—brevity was not one of Giscard’s strong points—had been recycled into the Lisbon treaty, which shoehorned most of its provisions into a whopper amendment of two EU treaties already in force. The union did deepen somewhat as a result, for example giving its parliament a bit more power. But anything that smacked of symbolism was left on the cutting-room floor. The post of foreign minister was replaced with the odd-sounding “High Representative/Vice-President” for foreign affairs.

Worse, the failed constitutional gambit allowed a new brand of Euroscepticism to take root. The urban and upper classes had backed the EU in the French and Dutch referendums. Rural and working-class types had not. Populists decried the adoption of most of the constitution’s clauses by the back door; Marine Le Pen in France dubbed it “the worst betrayal since the second world war”. Brussels has never shaken off the idea that it is a project of the elites.

### **We the People are not keen on this sort of thing**

Voters in Ireland and Denmark had previously rejected EU treaties —before being made to vote again. Having two of its six founding members reject the constitution was a different matter. The votes “brought the process of European integration to an abrupt and durable halt”, says Jean-Claude Piris, who served for decades as

the EU's top lawyer and helped draft the treaties. It made the prospect of future treaties too daunting to even contemplate. The EU retreated into intergovernmental technocracy, where it remains to this day.

This is dispiriting to some. It need not be. Yes, the EU is still a distant beast to citizens. Over a third of Europeans admit they have little idea how it actually works. But that has not stopped the union from being effective: 74% of Europeans think it serves their own country well, a record high. The EU has even integrated more, on necessary occasions, such as when governments in 2020 agreed to jointly issued bonds to fund a post-pandemic recovery stimulus. A union of states, with independent institutions on hand to push common interests forward in areas where Europe needs to act as one, turns out to be a fine idea. It had never needed to be more than that. ■

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<https://www.economist.com/europe/2025/06/05/the-constitution-that-never-was-still-haunts-europe-20-years-on>

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# Britain

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**Defence plans**

# Britain's ambitious plan to rearm looks underfunded

*Many of the new capabilities will not show up for years*

Jun 05, 2025 01:29 PM



***Editor's note (June 2nd): This article has been updated.***

IF THERE IS one thing that Britain's political parties agree on, it is that [British defences](#) are broken. The armed forces were “hollowed-out...overstretched and under-equipped”, acknowledged Ben Wallace, then defence secretary, in 2023. John Healey, his Labour successor, speaking last year, agreed: “What we've not been ready to do is to fight.”

On June 2nd the government published a “root and branch” defence review that was a year in the making. The 140-page strategic defence review (SDR) was written by three outside figures led by George Robertson, a former British defence secretary and NATO secretary-general. They handed a first document to ministers in December. Several drafts later, and after vicious battles with the Treasury, it was launched by Sir Keir Starmer, the prime

minister, in Scotland. All 62 of the review's recommendations have been accepted.

Its central conclusion is simple: British forces, and society, must move decisively to “warfighting readiness”. America is likely to shift military forces from [Europe to Asia](#), it notes. Britain’s “long-standing assumptions about global power balances and structures are no longer certain”. It proposes a campaign to explain the threats to the British public, and a Defence Readiness bill that would allow the government to mobilise reserves and industry in case of a larger war, alongside other measures to increase civilian and military resilience.

The review does not set out a detailed order of battle—that will come in later documents—but makes a handful of big commitments. Britain will buy “up to” a dozen future [SSN-AUKUS attack submarines](#), a marked increase from the current Astute-class fleet, which is capped at seven. It raises the possibility that the Royal Air Force might buy F-35A jets, which are cheaper and can fly farther than the current carrier-capable F-35Bs.

More important, they can also carry nuclear bombs. The review recommends that Britain should open discussions with America and NATO on taking part in the alliance’s nuclear sharing, in which European air forces practise delivering American B61 bombs. Less dramatic, but no less important, is the recommendation that Britain should develop offensive anti-satellite weapons.

The review also begins to tackle areas of critical weakness. The level of ammunition stockpiles “would make your hair stand on end”, noted Sir Patrick Sanders, a general, last year. The government will now invest £1.5bn (\$2bn) to build at least six new factories for munitions and “energetics” that go inside them. The idea is that these will form the basis of what the review describes as an “always on” capability, which could be scaled up in wartime to compensate for losses.

The most important aspects of the review are less about hardware than reforms. The upper echelons of defence have been reshuffled to empower the chief of defence staff and create a powerful new national armaments director. A new cyber and electromagnetic command will oversee the protection of military networks and electronic warfare. Procurement will be overhauled “from top to the bottom”, with details to come in a defence industrial strategy this year. A “Defence Uncrewed Systems Centre” is to be established by February 2026, aimed at pushing drones into front-line units across all three services more quickly.

More broadly, the review endorses a change in the way that Britain should fight. “It is through dynamic networks of crewed, uncrewed, and autonomous assets and data flows,” it argues, rather than simply numbers of troops and platforms, “that lethality and military effect are now created.” Encouragingly, it acknowledges that previous efforts to create a “digital targeting web” to knit together sensors, weapons and commanders have failed, and proposes new ways to bring one about by 2027. It promises, vaguely, that the army will eventually become “10x more lethal”.

The review acknowledges that the European Union is of “increasing significance” in defence matters and that the bloc might “complement NATO’s role”. But there is not even a hint that Britain fears a rupture with America. The Anglo-American defence relationship is “unlike any other”, says the review, noting that British military activity is “underpinned” by the Five Eyes intelligence alliance.

### ***Money, money, money***

Some awkward questions are left unaddressed. There is little on expanding missile defence over British soil, which is largely non-existent. If Britain does buy F-35As, it could eat into future orders for the [next-generation jet](#) produced as part of the Global Combat Air Programme (GCAP), a joint project with Italy and Japan. Some

of the announcements also appear to be recycled from past pledges. Only half of the £4bn for autonomous systems is new money, for instance. The government's promise of £15bn for a new warhead refers to money that was privately committed in budget planning long ago. The £1.5bn for ammo factories will not go as far as it might seem. Internal estimates suggest that Britain would need to spend approximately £8bn to replenish its ammunition stockpiles to meet the demands of a high-intensity war.



Murkier still, and more troubling, is the broader question of defence spending. The Treasury has privately estimated that for Britain to fully meet its commitments to the AUKUS submarine deal, GCAP and nuclear-related projects would require spending between 3% and 3.5% of GDP on defence. In February the government committed to the rather more feeble target of 2.5% of GDP by 2027, a 0.2 percentage-point increase from the current level, and 3% only in the next parliament (ie, before 2034), and then, too, with caveats. Crucially, that appears not to have changed.

On June 1st the Ministry of Defence said that the 3% target remained an “ambition” for the next parliament, and only “when economic and fiscal conditions allow”.

That timeline raises several problems. The Treasury tends to ignore spending commitments beyond the planning window for the Office of Budgetary Responsibility, which runs to 2029-30. A nine-year timeline for hitting the 3% target is also close to the upper estimates of how long it would take Russia to rebuild its armed forces to a size and level where they might feel capable of attacking NATO. Germany’s top general has suggested that Russia might reach that point as early as 2029, by which time America might have pulled some forces out of Europe. Yet many of the review’s recommendations would yield new capabilities only in the 2030s.

That could change. NATO defence ministers, who met in Brussels on June 4th, are close to agreeing on a new 3.5% spending target, which would be announced at the NATO summit in The Hague in three weeks’ time. The real debate is over the deadline—early 2030s or later in the decade—and whether there should be annual targets for incremental growth, to encourage allies to front-load cash.

For now, Mr Healey appears to have lost his battle with the Treasury. In a foreword to the review, Mr Healey says that the government will produce £6bn in savings. Such claims should be taken with a pinch of salt. The result is a plan that has great potential to revive British military power, but could fall short of the “genuinely transformative” review promised by Lord Robertson last month. ■

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**Fire and furore**

## A ruling in Britain stokes fears of backdoor blasphemy laws

*Concerns over a case involving the burning of a Koran*

Jun 05, 2025 01:28 PM



IT TAKES A lot to get religious lobby groups to agree with the National Secular Society (NSS). But such an alliance has emerged since Hamit Coskun was convicted on June 2nd of a religiously motivated public-order offence after setting fire to a Koran. He was fined £240 (\$325).

On February 13th Mr Coskun had stood outside the Turkish consulate in London, holding a burning Koran aloft while shouting “Islam is the religion of terrorists”. He was attacked by a man brandishing a large knife who said he was going to kill him, and kicked by a passing delivery man. The whole encounter was filmed and circulated on social media.

The Crown Prosecution Service at first charged Mr Coskun with an offence against “the religious institution of Islam”. Critics said this amounted to a charge of blasphemy. (England abolished its blasphemy laws in 2008.) Mr Coskun was eventually convicted for

“disorderly behaviour within the hearing or sight of a person likely to be caused harassment, alarm or distress”. Judge John McGarva did not accept Mr Coskun’s claim that his dispute was with Islam, ruling that he was “motivated at least in part by a hatred of Muslims”. Stephen Evans of the NSS said the verdict suggests “a troubling repurposing of public-order laws as a proxy for blasphemy laws”. Mr Coskun himself asked, “Would I have been prosecuted if I’d set fire to a copy of the Bible outside Westminster Abbey?”

The ruling said the proof of Mr Coskun’s disorderly conduct was “that it led to serious public disorder involving him being assaulted by two different people”. Tim Dieppe of Christian Concern, a lobby group, says that is “victim blaming” and amounts to an argument that “because some Muslims are prone to violence if their religion is insulted, the police will enforce protection of their religion.”

Miqdaad Versi, of the Muslim Council of Britain (MCB), insisted the ruling is “about public order and hate-crime laws, not silencing free speech or protecting any one religion”. Neither the MCB nor most British Muslims, he says, are calling for blasphemy to be a criminal offence.

Mr Coskun is appealing against the conviction. His supporters have urged him to be careful. Salwan Momika, an Iraqi refugee in Sweden, who burned a Koran in public in 2023, was shot dead in January at his home in Stockholm. ■

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<https://www.economist.com/britain/2025/06/05/a-ruling-in-britain-stokes-fears-of-backdoor-blasphemy-laws>

**Drip, drip**

# Can Britain untangle the mess in its water industry?

*Sir Jon Cunliffe wants to regulate water companies like banks*

Jun 05, 2025 01:29 PM



**BOWING TO THE** Byzantine financial complexity of privatised water in Britain, the government made an unusual choice for its “once-in-a-generation” review into the troubled sector: putting a central banker in charge. Sir Jon Cunliffe, until recently of the Bank of England, released his interim findings on June 3rd. That same morning the industry laggard, Thames Water, announced that rescue plans had collapsed. After ten weeks of due diligence KKR, a private-equity giant, decided not to inject fresh cash into the struggling and over-indebted utility.

Water is in the muck for two reasons. One is decades of underinvestment. The blame for that sits mostly with Ofwat, the regulator. Water is a natural monopoly, so the industry has a peculiar structure: Ofwat must approve firms’ investment plans, and the bill rises that fund them.

Companies' relationship with Ofwat has tended to be testy. Ofwat prioritised keeping bills low over funding more investment. After public outcry at sewage spills—amplified by a pandemic-era boom in wild swimming—Ofwat is now letting companies raise bills by 36%, plus inflation, to fund £104bn (\$141bn) in investment. Five firms have appealed against that decision to the Competition and Markets Authority, another regulator, arguing that bills need to go up even further.



Then comes Thames Water. Many in the sector loaded up on debt to juice water's slow-but-steady returns in the years after privatisation (see chart 1). The ramp-up in borrowing for Thames

Water under its previous owners, Macquarie, an Australian investment firm, was especially stark. Thames is the only water company to have over 80% of debt relative to its assets. Ofwat recommends 55%; the industry average is around 70%. Ofwat has also flagged the finances of Southern Water and South East Water as worryingly fragile. Over the past few years a surge in borrowing costs and higher performance-related fines from Ofwat have shaken this model. Sir Dieter Helm, an economist at Oxford University, reckons the sector “would have limped along without those shocks”, even if the situation was ultimately “unsustainable”.

Sir Jon’s final verdict is not due until later in the summer, but his interim report offers a sense of likely reforms. Core to his vision seems to be a “supervisory” approach akin to how financial regulators approach banks, with specific teams assigned to track individual companies. A gripe in the industry has been that Ofwat focuses on comparing companies against a “notional” structure that doesn’t match their own.

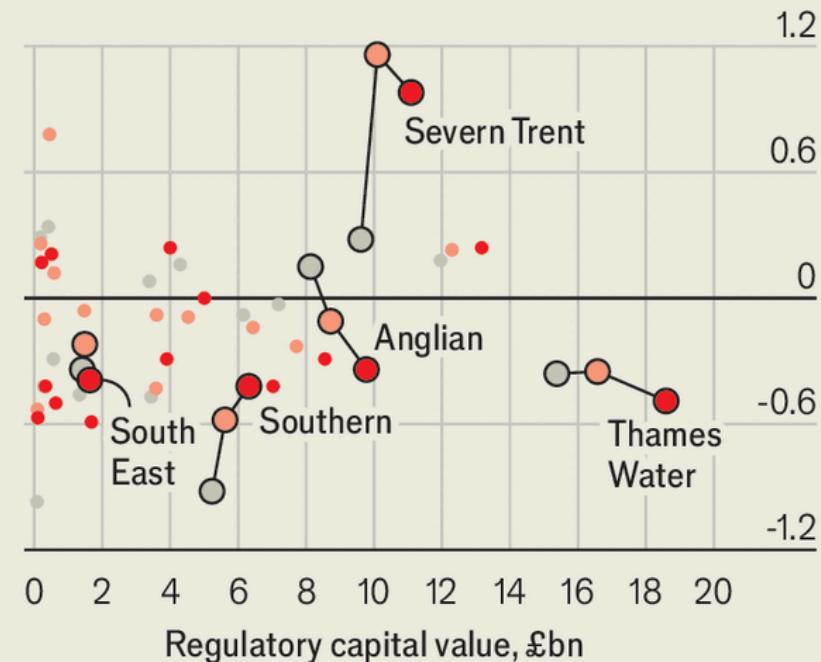
## A fine mess

2

Britain, performance-related fines and bonuses for water companies

● 2021 ● 2022 ● 2023

Outcome Delivery Incentives\*,  
relative to regulatory capital value, %



\*Payments for outperformance minus fines for underperformance

Sources: Vallorii; Ofwat

He also wants to simplify the messy laws and duties governing water, and to make the sector more attractive to investors. That is a challenge. Sir Dieter calls the industry “pretty close to uninvestible” in light of political and regulatory risk. (Labour has threatened to lock up water bosses.) Another worry for investors is uncertainty around asset health—whether the quality of water infrastructure is up to snuff. The number of Ofwat fines over the past few years suggest it may not be (see chart 2). The returns on offer have failed to entice much new capital. The global buildup of renewable power and data centres means there are ample investable projects elsewhere. Analysis by Vallorii, a technology firm, suggests default risk alone raises Thames Water’s cost of equity from the 4.8% real-terms return that Ofwat allows to 13.7%.

As a result, Thames Water is cash-starved and may not be far off special administration, a type of insolvency. The Ontario Municipal Employees Retirement System has already written its 31.7% stake down to zero. Distressed-debt specialists like Silver Point Capital and Elliott Management, known for seizing an Argentinian naval vessel during a decades-long court battle over sovereign-bond repayments, have swooped in.

The government says it is still hoping to avoid special administration. If Thames Water went bust, calls from the Labour backbenches for outright nationalisation might be difficult to ignore. Not quite “too big to fail”, but at least “too inconvenient to fail”. Sir Jon’s banking experience may come in handy after all.■

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<https://www.economist.com/britain/2025/06/05/can-britain-untangle-the-mess-in-its-water-industry>

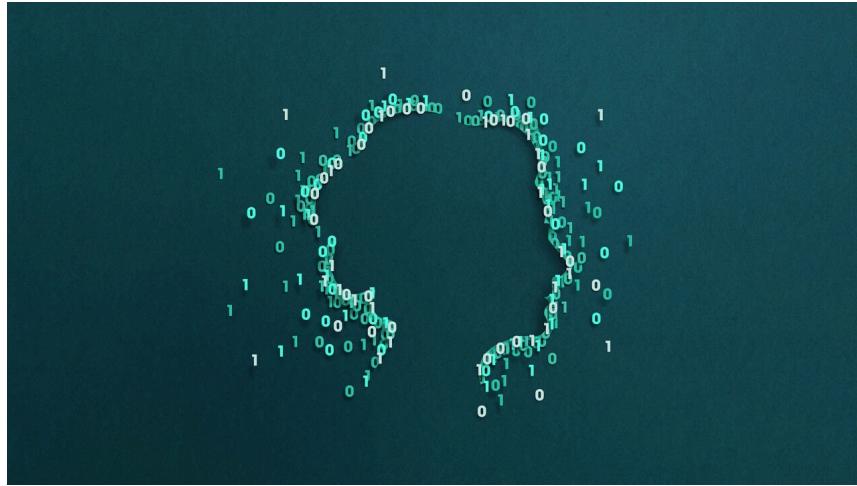
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**AI and social care**

# Britain's AI-care revolution isn't flashy—but it is the future

*To see the future of social care, come to England's Black Country*

Jun 05, 2025 01:28 PM | Dudley, West Midlands



ARTIFICIAL INTELLIGENCE (AI) is typically associated with Silicon Valley coders or researchers in Shanghai, not chain-smoking care workers in the Black Country. Yet in England's post-industrial heartland Samantha Woodward, a manager at Cera, a home-care company, arranges carers' schedules with Amazon-like efficiency. A custom-built app plots the quickest routes to see the most clients in the shortest time. Carers log their arrival by sharing their GPS location. Alerts ensure that medication is given on schedule. So good are the data that Cera can even predict which workers are likely to quit (staff turnover is said to be down by 20%).

England may seem an unlikely pioneer in an AI-care revolution. Whereas Japan is deploying robots, a quarter of care providers in England still keep paper records. The country's care system is underfunded and overstretched. Yet necessity is spurring innovation, albeit not from cash-strapped local councils (over 40%

of their spending on services already goes on adult social care). Young entrepreneurs are teaching carers to use tools more common to delivery services and dating apps.

One of them is Ben Maruthappu, Cera's founder. He launched Cera after failing to find reliable care for his mother (an origin story typical of aspiring age-tech entrepreneurs). If groceries could be tracked in real time to the doorstep, he reasoned, then why not medication? Today Cera claims to have created Europe's largest home-care data set—over 200bn data points—to train AI that predicts patients' needs.

A promising use of AI is to predict falls. Falls are among the gravest risks for the elderly: hip fractures are their most common cause of accidental death. They also cost the National Health Service (NHS), which is separate to social care, around £2bn (\$2.7bn) a year. With its app, which uses algorithms to predict fall risk, Cera claims to have cut falls by a fifth. A peer-reviewed study from 2022 found that its app had reduced hospitalisations by 52%. In March the NHS said it would work with Cera to roll out its AI tool across the country.

Fifty kilometres south of Ms Westwood's patch is The Lawns, a nursing home. There, another tech adopter, Melanie Dawson, a former rugby player turned care manager, has overseen an NHS pilot using acoustic-monitoring devices. White boxes combine motion sensors and machine learning to detect unusual movements or noises in the residents' rooms, a kind of Shazam for ambient noise. Over a year-long trial, falls decreased by 66%, and staff made 61% fewer checks in person. With fewer disturbances, residents also slept better and, with less daytime-napping, ate more. When the pilot finished, the home chose to keep using them at its own cost.

At Cavendish Park, in Worcestershire, residents can play with robotic companion pets and try an interactive driving simulator.

Most, though, stay in their rooms, chatting to smart speakers called Alexa (made by Amazon). Cavendish Park was the first home in Europe to build Alexas, adapted to care homes, into its infrastructure, integrating them with its alarm and communication systems. Residents can use them to ask for help, for a drink or to make an emergency call.

AI's adopters say the tech is meant to support staff, not replace them. At Cavendish Park, carers scan residents' faces using PainChek, a mobile app, which detects micro-expressions linked to pain. Within seconds, they can detect pain more quickly and accurately than a trained nurse.

Yet in other cases, AI appears to be filling gaps left by a shortage of carers. In Northamptonshire, Cera is testing robots to give routine prompts, like whether clients have eaten or taken their medication. Though fine for the most mundane tasks, they are no replacement for Ms Westwood's kind and competent team. At Cavendish Park, residents treat their chatbots as companions (one 99-year-old says she spends all her time playing "Quick-fire Quiz"). Meryem Tom, who leads the Alexa division at Amazon, insists that the Alexas are "complementary" to humans.

One risk is that care workers could become tethered to digital metrics, a grim prospect for such a human job. Consent is another concern. Many of the clients whom AI might best help have dementia, raising doubts about whether they can meaningfully opt in. Some homes already feel like prisons: the dementia wing at Cavendish Park, Chatsworth House, is locked with keypads. AI could worsen that controlling urge. With enough surveillance, warns Andrew Sixsmith, a gerontology professor at Simon Fraser University, they risk resembling Jeremy Bentham's Panopticon, a theoretical prison where a single guard can watch every cell.

Still, for those needing care, the benefits of safety and independence appear to outweigh the risks—at least for now.

Brenda Adkin is a 101-year-old Cera client who recently suffered a fall. Still enjoying a sherry with her neighbour in the morning, she has no wish to go into a care home. “I like my independence,” she says. AI helps the carers she loves keep her at home. Solving the care crisis will take more of this kind of innovation, not less. ■

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<https://www.economist.com/britain/2025/06/05/britains-ai-care-revolution-isnt-flashy-but-it-is-the-future>

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All shook up

## A new London attraction hopes to revive interest in Elvis

*At “Elvis Evolution”, the king of rock ’n’ roll ain’t dead*

Jun 05, 2025 01:29 PM | Royal Docks

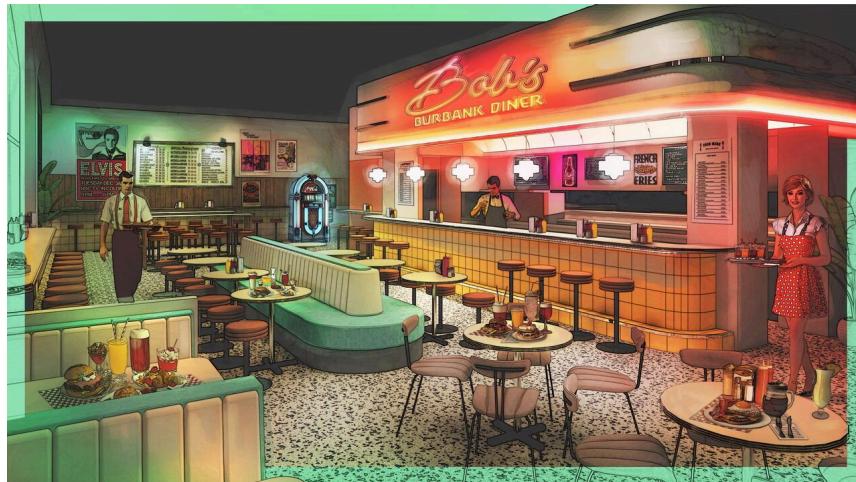


LONDON’S ROYAL DOCKS once hummed with the commerce of empire. Today they have a new buzz and a new name: “Immerse LDN”, a collection of interactive entertainment attractions. The area lures tourists and tech nerds who come to enjoy virtual reality—and, soon, Elvis Presley.

The much-anticipated star of this revived neighbourhood is to be “Elvis Evolution”, a walk-through exhibition of the king of rock ’n’ roll, due to open in July. The attraction will bring together two of London’s talent pools: West End actors and East End technologists. The result is a multisensory extravaganza that promises to take punters on a journey through Presley’s music, fashion and favourite foods, culminating in a serenade by a human-sized hologram of the singer. Layered Reality, the firm behind it, hopes the wizzy tech will help introduce a classic artist to the young while catering to the nostalgia of the old.

Unlike “ABBA Voyage”, which stuck motion sensors on the band’s (living) members to create hologrammatic representations of their younger selves, the makers of “Elvis Evolution” had no flesh and blood to work with. Instead they used AI to project Presley, with his mannerisms and movements, based on thousands of photos and videos.

Immersive experiences are having a moment. Also on offer in Docklands are an Egyptology show centred on Tutankhamun, an escape-room-style activity based on Netflix’s series “Squid Game” and a “Friends”-themed homage to NBC’s sitcom. The British immersive-tech market, encompassing virtual, augmented and mixed reality, reached £1.06bn (\$1.35bn) in 2024 and is expected to grow to £6.24bn by 2033, according to iMarc, a market-research firm.



“Elvis Evolution” may eventually rock up in other cities: Layered Reality talks of Berlin, Paris and (of course) Las Vegas. The technology behind it has wider potential. For smaller venues or markets unable to attract headline acts, the AI-enabled model offers an affordable alternative, through a digital proxy. Who says Taylor Swift could never play Newton Abbot? Layered Reality’s CEO, Andrew McGuinness, says that two artists have already approached the company about a possible collaboration—one in the twilight of their career, the other in their prime.

The West End needn't fear east London's upstarts, and modern rockers shouldn't worry about competing with AI ghosts. There's ample room for both. Video, after all, didn't kill the radio star.■

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<https://www.economist.com/britain/2025/06/04/a-new-london-attraction-hopes-to-revive-interest-in-elvis>

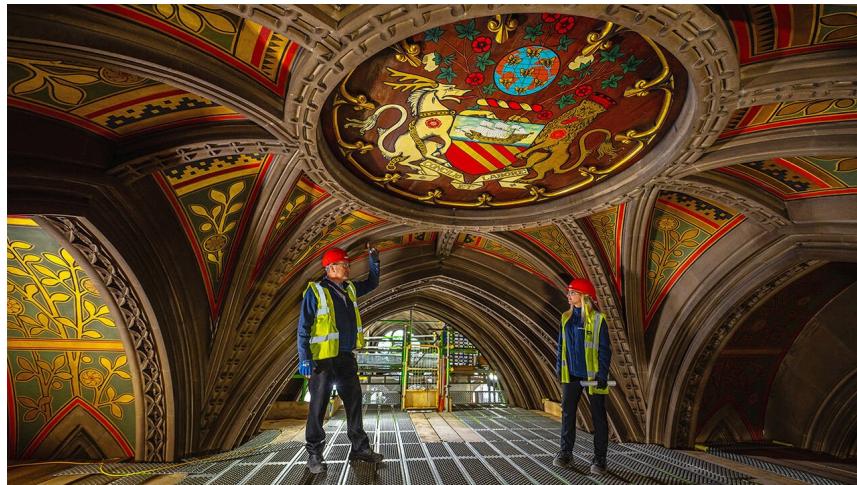
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**Fixing public buildings**

# Manchester's Town Hall renovation will be late, costly and worth it

*An age of endless discovery*

Jun 05, 2025 01:28 PM | MANCHESTER



“IT’S A BEAUTIFUL thing to behold,” says Paul Candelent, looking across the roof of Manchester Town Hall. Unfortunately, Mr Candelent, who is overseeing the renovation of the building, is not talking about the edifice itself—although that, too, is a marvel. He means the scaffolding that has enveloped it for rather too long.

When Manchester Town Hall opened in 1877 it was not just a magnificent ornament for a confident city. It also proclaimed to Britain and the rest of the world that wealth is created by industry and free trade. On its floors are images of worker bees and cotton flowers, evoking the material that made the metropolis rich. Its sculpture gallery contained busts of the Anti-Corn Law MPs John Bright and Richard Cobden, which have been temporarily removed for safe keeping.



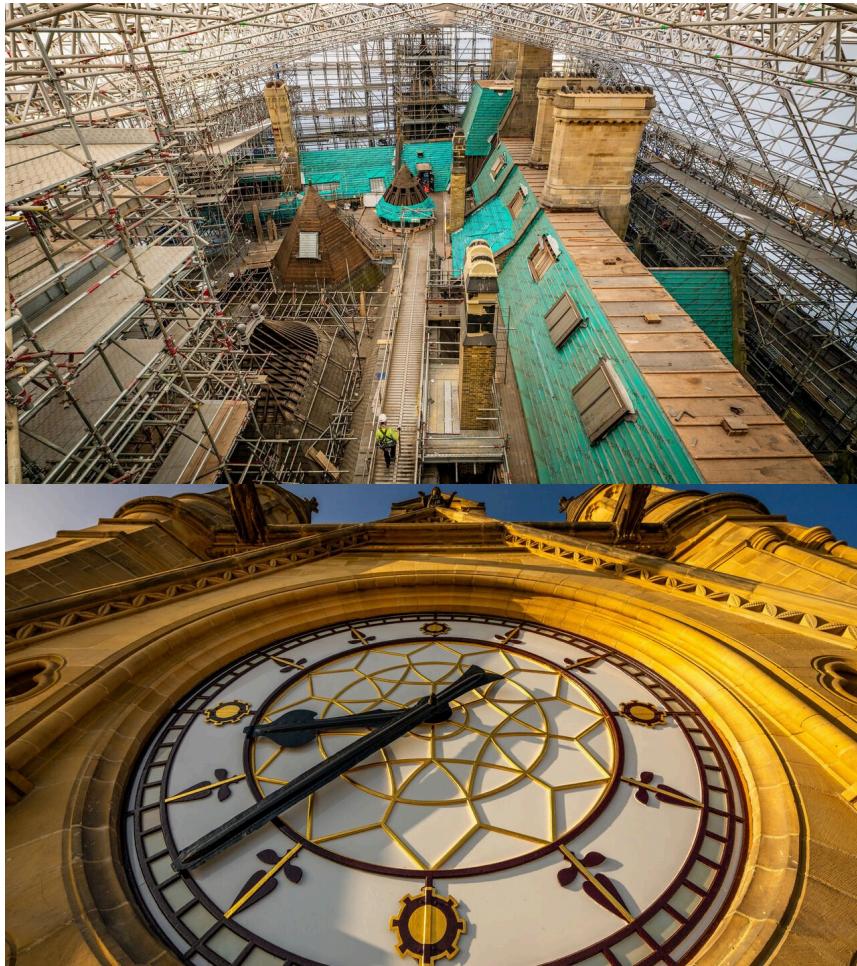
Other British cities put up similarly showy edifices in the second half of the 19th century, often in neo-Gothic style (like Manchester Town Hall) or neoclassical. With typical brashness, Manchester resolved to create a hall that would be “equal if not superior, to any similar building in the country at any cost which may be reasonably required”. It would not be outdone in any way. Sheffield had recently taken delivery of an organ by the French master Aristide Cavaillé-Coll. Manchester Town Hall had to have an organ by Aristide Cavaillé-Coll.

Perhaps Manchester’s town hall is no grander than those of rival cities like Leeds and Liverpool. But it is more fanciful and more fun. Ceilings are painted with stars, or decorated with mosaic glass. The roof is interrupted by steeply pitched gables and turrets; the interior courtyard is a riot of architectural styles. Tracey Cartledge, who has repaired some of the building’s roughly 4,000 square metres of mosaic, calls it “a fairy-tale palace”.

Her ministrations, and those of many other craftsmen and women, were badly needed. By the time the town hall closed for repair, in 2018, large parts of it had become unsafe and unusable. The Carrara marble on the floors was worn through in places. The roof leaked. Stained-glass windows were buckling under their own weight. And much of the interior was in need of cleaning or repainting.

## ***Exploring without a map***

Some of the renovations are drastic. The whole roof, which has a surface of more than 5,000 square metres, is being refurbished with thick Cumbrian slate. But the workers are not trying to turn Manchester Town Hall pristine. Scrubbing the entire exterior might have made it look like a pastiche, says Mr Candelent. Better to keep some of “that Manchester grime—140 years of soot”.



Other cities have transformed their great civic buildings into hotels, events spaces and tourist attractions. Manchester is preserving its town hall as a town hall. After the renovation is completed, all being well in August 2026, coroners and registrars will move in, along with some councillors and staff. Five new lifts are being installed to bring the building up to date as an office complex.

Need it be spelled out that the renovation of the town hall and the adjoining Albert Square is over budget and behind schedule? The city council originally budgeted £305m (\$410m at today's rate). It now expects to spend £429m. Manchester Town Hall was built in nine years, although some fine murals by Ford Madox Brown were not finished until later. It will be closed for renovation for almost as long.

Some of the delay and increased cost is a result of covid-19 and the nationwide surge in construction prices that followed the peak of the pandemic. Another cause is what builders call “discovery”, often meaning nasty surprises. Many of the gutters around Manchester Town Hall looked fine through binoculars and drone cameras. Once the scaffolding was up, and workers could inspect them more closely, they turned out not to be.

The original builders left no detailed plans, so there was much to discover. A tunnel was revealed. One chimney was found to rise through the building, turn 90 degrees, run under the great hall, then rise again. Because the town hall is protected, such revelations force the architects to draw new plans and submit them for approval. Every delay costs money.

Still, the project has created more than 300 jobs and 170-odd apprenticeships—a boon to a city that can no longer claim to be among Britain’s richest. Jon Greenough of Greenough & Sons, a roofing firm, says that the conditions in Manchester, where workers are protected from the elements, has enticed young people into the trade. (His firm is also working on the Old College in Aberystwyth, where the wind tears in from the Atlantic.)

And the craftsmen and women can be proud of their work. The renovation of Manchester Town Hall will take too long, cost too much, and create something of great beauty. It is a common combination. Great buildings that define cities are not cheap—

think of François Mitterrand's *grands projets*, or the Sydney Opera House. The visual result is what people remember.

When the town hall reopens, attention may turn to another great Victorian neo-Gothic building, to the south. The Palace of Westminster is in an awful state. It costs around £100m a year to patch up, and needs a complete overhaul. That could proceed more quickly if the politicians agreed to move out. Much of this has been known for decades, but decisions are put off and put off again. A bit of Mancunian industriousness is needed in London.■

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<https://www.economist.com/britain/2025/06/05/manchesters-town-hall-renovation-will-be-late-costly-and-worth-it>

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**Bagehot**

## All pain, no gain: Labour's odd strategy

*Britain's governing party spends its political capital for little return*

Jun 05, 2025 01:28 PM



**ALL POLITICS** is about pain. Governing is a matter of deciding who is hit and how hard. Sometimes this can be a virtue. “If it isn’t hurting, it isn’t working,” was the mantra of John Major, a former Conservative prime minister, who embraced high interest rates and high unemployment in order to bring down inflation during the early 1990s. Ronald Reagan opted for a similar slogan when suffering the same ailment: “No pain, no gain.”

Today in Britain Labour has a different approach: all pain, no gain. Under Sir Keir Starmer, the party spends its political capital in places where it generates the lowest return. Whether it comes to winter fuel or welfare reforms or even dishing out cash to northern mayors, the government has an unnerving ability to endure the maximum amount of pain for the smallest possible gain.

Under this government, fiscally irrelevant savings provoke uproar. Scrapping the universal winter-fuel allowance to save an annual £1.1bn (\$1.5bn, or 0.04% of GDP) was a totemic policy. It was

deeply unpopular (pensioners liked receiving £300 for nothing) when announced by Rachel Reeves, the chancellor. What Labour would suffer in political pain was worth it for what it would gain: a reputation for pursuing sound policy, even if voters squealed. Now, the government has back-pedalled. All but the richest pensioners will receive the handout. A cost-saving measure will save practically no cost. Pain? Plenty. Gain? Almost none.

Labour has long stuck by the two-child benefit cap, citing its £3.5bn cost to remove. That left 540,000 or so children in poverty and made backbench MPs furious. Nearly a year on, Sir Keir is thinking of reversing course. What kind of Labour prime minister wants to oversee a rise in child poverty? Labour could be a party of fiscal prudence or one committed to lowering child poverty. Somehow, it has managed to come across as neither.

Even where Labour has stuck to its plans, it has done so in a way that maximises punishment and limits reward. In the spring Ms Reeves reduced disability benefits by £5bn. The cuts were deep enough to upset a base which sees any reduction in disability benefit as a sin. Yet they were nowhere near enough to placate bearish investors who see welfare spending going up for ever. (They are right: these benefits are forecast to rise by 0.2% of GDP by 2030, even with Labour's stricter criteria.) Labour has taken to threatening a chainsaw and then wielding a scalpel and wondering why everyone, across the spectrum, is annoyed.

The timing and size of the welfare cuts were not due to an ideological belief that fewer people should be on benefits. It was to ensure that Ms Reeves would not break her fiscal rules. A £5bn hole had appeared in the Treasury's spreadsheet and £5bn was found to fill it. Labour's fiscal rules are supposed to hurt. But they are meant to guarantee stable policymaking. Increasingly they guarantee the opposite. Fiscal policy becomes a recurring drama, whereby Treasury officials amend spending today to hit a forecast—and almost certainly wrong—number in four years' time.

Labour has to fiddle with its fiscal position so often because it will not think big on tax. By ruling out increases to the broadest taxes, such as income tax and VAT, Ms Reeves has focused on steep rises to less lucrative ones. An inheritance tax on farms raises barely £2bn but guaranteed tractors turning up in Whitehall and blasting their horns outside Downing Street.

All pain, no gain is the guiding principle of even the party's more radical flank. Angela Rayner, supposedly the most left-wing member of the cabinet, came up with a plan to target the relatively rich, which helpfully ended up in the newspapers. Pensions could be raided and dividends taxed more heavily. It amounted to £4bn. For context, the British government hoovers up £1.3trn in tax revenues. Middle England would squeal, naturally, yet the public finances would hardly look healthier. Less soak the rich; more squirt them with a water pistol.

Where there is a case for collective sacrifice, such as when it comes to defence spending, the government refuses to make it. Instead it promises no pain, just gain. After the cold war, countries slashed defence spending, allowing them to splurge on welfare without having to raise taxes. It was called the peace dividend. Now the government faces the inverse: defence spending will have to rise from 2.3% of GDP to at least 3%. Rather than admit that this will be painful, Sir Keir insists it will be pleasant. It will be a “defence dividend”, says the prime minister, bringing jobs and investment. He promises it “will be felt in the pockets of working people”. Voters will indeed feel it in their pockets. But not in the way the prime minister thinks.

### **No pain, no gain? No! Pain. No gain**

Back in July, when Labour should have enjoyed a post-electoral glow, Ms Reeves promised only pain. The chancellor made a show of pausing a slew of planned infrastructure projects when she arrived in office. “If we cannot afford it, we cannot do it,” was the

chancellor's mantra. It turned what should have been a deluxe honeymoon into a wet weekend in Wales. Almost a year later, on June 4th, Ms Reeves gave these projects the green light once more. Almost a year has been wasted. For a government whose only hope of re-election relies on people feeling better off than they did five years ago, this is not time they could afford to lose.

Pain without a purpose is pointless. Policy without any pain is simply a lie. The restraint in day-to-day spending that Labour will unveil in its spending review on June 11th will not be popular. It never is. But it could be accepted as necessary. If this often rather vague government has a project, it is making Britain accept that it must consume less and invest more. That means there will be short-term pain, for long-term gain. There is a case that the government could make. It will hurt. But it might just work. ■

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<https://www.economist.com/britain/2025/06/04/all-pain-no-gain-labours-odd-strategy>

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## International

- **Vladimir Putin's sickening statistic: 1m Russian casualties in Ukraine**

Deathonomics :: His regime uses payouts to salve Russian families' grief

- **To earn American help, allies are told to elect nationalists**

The Telegram :: MAGA-world flirts with forces that once tore Europe apart

**Deathonomics**

# Vladimir Putin's sickening statistic: 1m Russian casualties in Ukraine

*His regime uses payouts to salve Russian families' grief*

Jun 05, 2025 01:29 PM

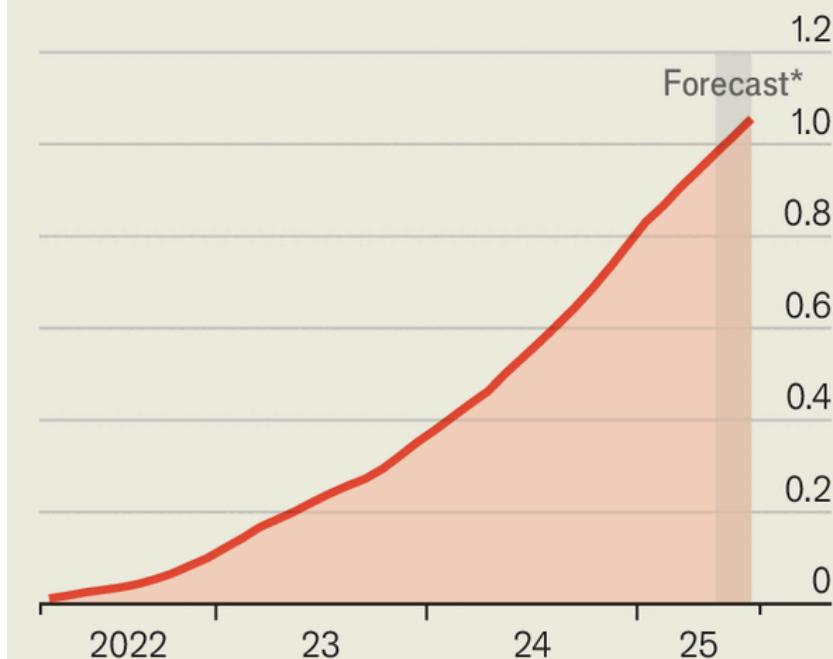


JUNE IS TURNING into an ill-fated month for Russia's armed forces. It started with a [daring Ukrainian drone attack](#) on airfields stretching from Siberia in the east to Murmansk in the north that Ukraine claims destroyed 41 large planes, or about one-third of Russia's strategic-bomber fleet. (Analysts viewing satellite pictures of some of the airfields reckon the real number is about half that.) But another momentous statistic looms. Before the month ends, Russia will probably suffer its millionth casualty since its full-scale invasion of Ukraine in February 2022, based on current trends of about 1,000-1,200 soldiers killed or injured every day.

## Grim toll

1

Russian soldier casualties in Ukraine war, m



\*Assuming April 2025 rate continues

Sources: UK MOD; *The Economist*

Russia's staggering losses—which far exceed those it suffered in [all its wars](#) since the second world war—are a testament to Ukraine's stubborn defence against a far stronger power. Yet Russia's ability to shrug them off and to keep recruiting men to throw into meat-grinder attacks ought also to pose sobering questions for NATO's European members. How can democracies that value the individual deter an adversary so unconcerned about the [lives of its soldiers](#) that it will sacrifice them, year after year, in a punishing war of attrition? Russia's human-wave attacks are “largely useless, grinding stuff” says Sir Lawrence Freedman, a leading British strategist. “But there are no signs of exhaustion, they are just carrying on.”

The grim tally of losses comes from figures compiled by the Ukrainian general staff, leaving it open to question. But the number is not far out of line with estimates by Western intelligence services. It also roughly chimes with attempts by Russian

independent media, such as Meduza and Mediazona, to count the bodies. By this time last year, Meduza reckoned that 106,000-140,000 Russian soldiers had died. Much of its analysis was based on inheritance records and obituaries on social media and in other outlets.

An estimate of excess mortality among Russian men based on probate records gave a figure of 165,000 by the end of 2024, with 90,000 having been added in the previous six months. Given the intensity of Russian operations for much of the past year, it would not be hard to reach a figure of about 250,000 killed by now. The ratio of severely wounded to killed is thought to be about four to one, reflecting both the severity of injuries inflicted in Ukraine and the low priority Russia gives to medical evacuation or the prompt field-hospital treatment that saves lives.

Another reason to have confidence in the casualty figures is that, to an unusual degree, they are attributable to those sustained by soldiers in action. In most wars a high proportion of deaths, even among combatants, result from disease, famine, accidents and the deliberate persecution of people in occupied territories, which inherently defy the best attempts at statistical accuracy.

A good example is the second civil war in the Democratic Republic of Congo, from 1998 to 2003. The most lethal conflict of this century, it is believed to have been responsible for 5.4m deaths, mostly from disease and hunger. In the second world war, out of the nearly 27m Soviet citizens who lost their lives, some 6.3m were killed in action or died of their wounds.

Ukraine does not publish its own combat losses in any detail. In February its president, Volodymyr Zelensky, said that more than 46,000 had been killed and 380,000 wounded since Russia's invasion. That is probably an underestimate. Last September a leaked Ukrainian intelligence report suggested that 70,000-80,000 of its soldiers had been killed in action. But the relatively smaller

number of Ukrainian deaths compared with their enemy reflects various factors.

Apart from its ill-fated counter-offensive two years ago, Ukraine has been fighting a largely defensive war. Advances in drone technology have thus far favoured defence over offence. Racing drones packed with explosives, known as first-person view (FPV) drones, which are flown into tanks or soldiers, are playing a similar role to the machinegun in the first world war. That innovation made infantry attacks so costly that neither side could break the stalemate of trench warfare until the development of new tactics and the invention of tanks. FPV drones have now made tanks vulnerable, too. Russia has lost nearly 11,000 tanks and almost 23,000 armoured infantry vehicles since the war began. Now it depends largely on infantry attacks by small groups of men, sometimes on foot, sometimes on motorcycles.

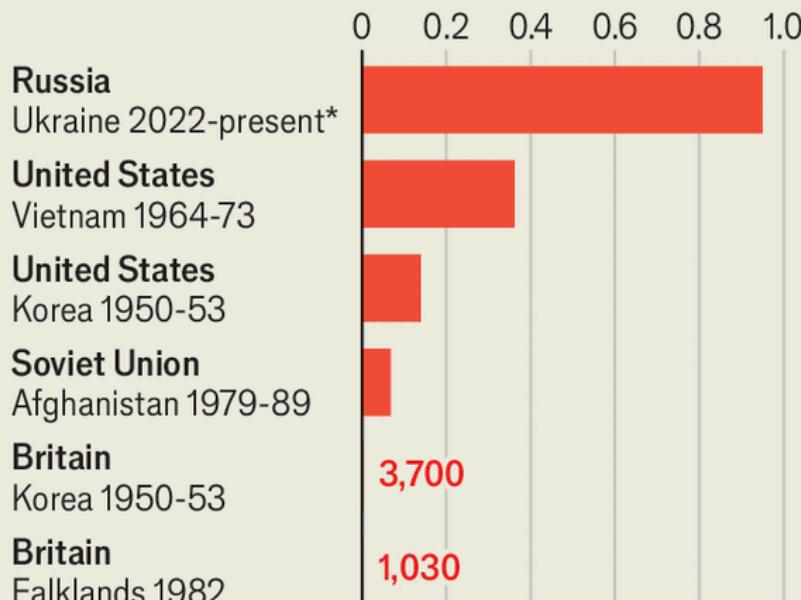


Another reason why Russia's casualties are much higher is that Ukraine has only about a quarter as many people to draw upon, so it cannot afford to waste its soldiers' lives. Moreover, as a democracy, it must show concern for its troops' welfare, in how it fights the war and in the way it cares for injured soldiers. Its ratio of wounded to killed is thought to be eight to one. Whenever Ukraine's army has seemed indifferent to its troops, its struggle to mobilise more of them has intensified.

## Quantum of suffering

2

Selected countries, military casualties, by war, m



\*May 3rd 2025

Sources: CIA; DMDC; National Army Museum;  
National Museum of the Royal Navy; UK MOD; VFW

Even so, it is remarkable how Russia continues to absorb such staggering losses: it needs to recruit 30,000-40,000 soldiers a month to fill the lines. To put Russia's losses into context, they are to date on a par with the entirety of Britain's losses in the second world war of 264,000 killed. They are approaching America's battlefield losses (292,000 killed) in the same conflict, when its population was similar in size to Russia's today. The number of Russians killed in Ukraine is probably more than four times the 47,000 combat losses that America suffered in the eight years of its direct involvement in the Vietnam war, a toll that led to mass protests. Russia's losses also dwarf the roughly 68,000 casualties (both killed and wounded) suffered by the Soviet Union in Afghanistan.

Whereas Ukraine is fighting a war of national survival, Vladimir Putin, Russia's president, has choices. Yet he appears to be under little domestic pressure to call it a day. Having lost much of the

mainly professional army that set out to defeat Ukraine over three years ago, he has come up with an almost entirely novel way of replenishing manpower at the front without risking social destabilisation.



It combines the ideological militarisation of society, by persuading most Russians that they are in a war against an imperialistic NATO and that there is glory in death, with lavish contracts for those willing to sign up. “Putin believes that the Afghan war is one of the main reasons the Soviet Union collapsed,” says Aleksandr Golts of the Stockholm Centre for Eastern European Studies. “He has come up with a revolution in Russian military thinking. I call it ‘market mobilisation’, others have called it ‘deathonomics’.”

The sums being paid to soldiers, the majority of whom come from poorer provincial towns and are in their 30s and 40s, are genuinely life-changing for many families. By the end of last year, according to Elena Racheva, a Russian former journalist now researching at Oxford University, the signing-on bonus had reached 1.19m roubles (\$15,000), whereas the average annual pay for a contract soldier was between 3.5m and 5.2m roubles, or up to five times the average salary. If a contract soldier is killed, his family will receive between 11m and 19m roubles.

According to a survey last October by the Levada Centre, an independent Russian polling organisation, 40% of Russians would

approve of a family member or close friend signing up. Another journalist, Olesya Gerasimenko, reporting last summer from a recruiting centre in Moscow, found that many middle-aged fathers were accompanied by their wives and children when they came to sign up, determined to improve their family's fortunes. Mr Golts says the impact can be seen in small towns across Russia, where recruitment has been most brisk. New houses are being built, smarter cars are turning up on the streets, and nail bars and gyms are opening.

For now, Ms Racheva reckons, Russian society accepts that the system is an alternative to fully enforced mobilisation. Some 88% approve of contract soldiers receiving money and benefits for going to war "instead of us". For the families of the dead and injured, huge payouts "alleviate...their grief, such as feelings of injustice... and they allow society to avoid moral responsibility for the casualties and injuries they endure," wrote Ms Racheva. In other words, the contract is not just between the soldier and the state, but also wider society. The question nobody can answer is how long that contract will hold. ■

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<https://www.economist.com/international/2025/06/02/vladimir-putins-sickening-statistic-1m-russian-casualties-in-ukraine>

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The Telegram

# To earn American help, allies are told to elect nationalists

*MAGA-world flirts with forces that once tore Europe apart*

Jun 05, 2025 01:29 PM



A CORE SKILL in MAGA diplomacy is the making of offers that cannot be refused. [Karol Nawrocki](#) “needs to be the next president of Poland. Do you understand me?” Kristi Noem, America’s Homeland Security Secretary, urged voters in Poland on May 27th. Ms Noem was addressing a rally in Jasionka, a logistics hub near the frontier with Ukraine, days before [a presidential election](#) pitting Mr Nawrocki, a nationalist historian, against the progressive, pro-European mayor of Warsaw.

Then Ms Noem added a hint of menace, seeming to imply that Poles should choose the right head of state if they want American troops to stay in their country. To many Poles, that garrison is a flesh-and-blood guarantee of American support. If Poles elect a leader who will work with President Donald Trump, they will have a strong ally against “enemies that do not share your values”, Ms Noem told the crowd. With the right leader, “you will have strong

borders and protect your communities” and “you will continue to have a US presence here, a military presence”, she went on.

Mr Nawrocki pulled off a narrow victory on June 1st. In a message of congratulations, America’s secretary of state, Marco Rubio, declared: “The Polish people have spoken and support a stronger military and securing their borders.” It will never be known how many votes were swung by Ms Noem’s intervention. Still, her election-eve visit is evidence of a revolution in America’s relations with Europe. The notion that America sees a vital interest in Europe’s collective security is being replaced by something more grudging and conditional. This selective American offer builds on familiar complaints, from Democratic and Republican presidents, that European members of the NATO alliance need to spend more on their own defence. But Trumpworld’s impatience with Europe goes beyond grumbles about free-riding. Take Ms Noem and Mr Rubio at face value, and foreigners who hope to be defended by America would do well to show fealty to Trumpism.

Europe’s leaders face a dilemma. Though they are desperate to maintain defence ties with America, Mr Trump is not focused on the same threats as they are. His aides are obsessed with borders. He sounds eager to cut deals with President Vladimir Putin, though it is fear of Russia that explains why Poles want an American garrison. As for the European Union, Mr Trump treats it as a hostile power, which he says was created to “screw” his country.

Mr Trump and aides condemn Europe’s approach to transatlantic trade, and to the regulation and taxation of businesses, notably American technology firms. Its leaders are called hysterical about climate change. The EU is deemed disastrously open to immigration, and a bully for asking governments to share the burden of hosting asylum-seekers who arrive at its external frontiers (a charge of bullying that Mr Nawrocki made to Polish voters).

Some criticisms are worth pondering. Addressing the Munich Security Conference in February, the vice-president, J.D. Vance, was right to question heavy-handed European controls on free speech and the bans that some countries impose on political parties with broad support. But Mr Vance was point-scoring when he called that “threat from within” more dangerous than Russia.

It is now painfully clear that Europe is caught up in America’s domestic, partisan politics. Asked to explain that Munich speech, a well-connected Washington conservative reports that, as a “culture-war Catholic”, Mr Vance felt personally offended when secular-minded “chattering-class Europeans” scolded America’s Supreme Court for ruling against abortion rights. To Trumpworld, the EU is a haven for globalist, woke elites, to be brought to heel like Harvard University or the State Department.

Trumpian loathing for Europe goes beyond present-day culture wars, though. Mr Trump’s real fight is with the American presidents who defined post-war transatlantic relations. Closer European co-operation was not a plot to “screw” America. Indeed, post-war American governments urged Europeans to seek economic and political union, invoking the example of America’s founding fathers. Only a prosperous continent could avoid the “despair” that led people to seek out fascism and communism, Harry Truman said in 1947, as he urged Congress to approve the Marshall Plan to fund Europe’s reconstruction. The 33rd president praised post-war European leaders for shunning “narrow nationalism” and agreeing to “the reduction of trade barriers, the removal of obstacles to the free movement of persons within Europe, and a joint effort to use their common resources to the best advantage”.

### ***Thank your predecessors***

Today’s German laws to ban extremist parties were drafted at the urging of post-war American lawyers and diplomats, anxious about

Nazism's return. Dwight Eisenhower, the former general turned 34th president, said European unity was needed to demonstrate to America that its provision of aid was worthwhile. To leaders in Washington, European integration was the answer to the "German problem": how to let Germany re-emerge as an economic giant without terrifying its neighbours and risking another war.

For all modern Europe's flaws, Truman, Marshall, Eisenhower and their peers succeeded. In Mr Nawrocki, Poland has just elected a nationalist fire-breather as president who scorns the EU and says he will seek vast reparations from Germany for wartime crimes. Yet the risks of war between Poland and Germany, or between any EU countries, remain approximately zero. That miracle of peace was not known in any earlier century. It allows Ms Noem and her ilk to use America's role as a security guarantor for leverage and to play divide and rule with EU unity, with no risk of conflict within Europe's borders. Mr Trump and his team may despise the visionaries who rebuilt Europe after 1945. But they are free-riders on their work. ■

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<https://www.economist.com/international/2025/06/03/to-earn-american-help-allies-are-told-to-elect-nationalists>

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# Business

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**Media's first family**

## Even as the Murdochs bitterly feud, their empire thrives

*Why are investors so keen on their legacy media companies?*

Jun 05, 2025 01:29 PM

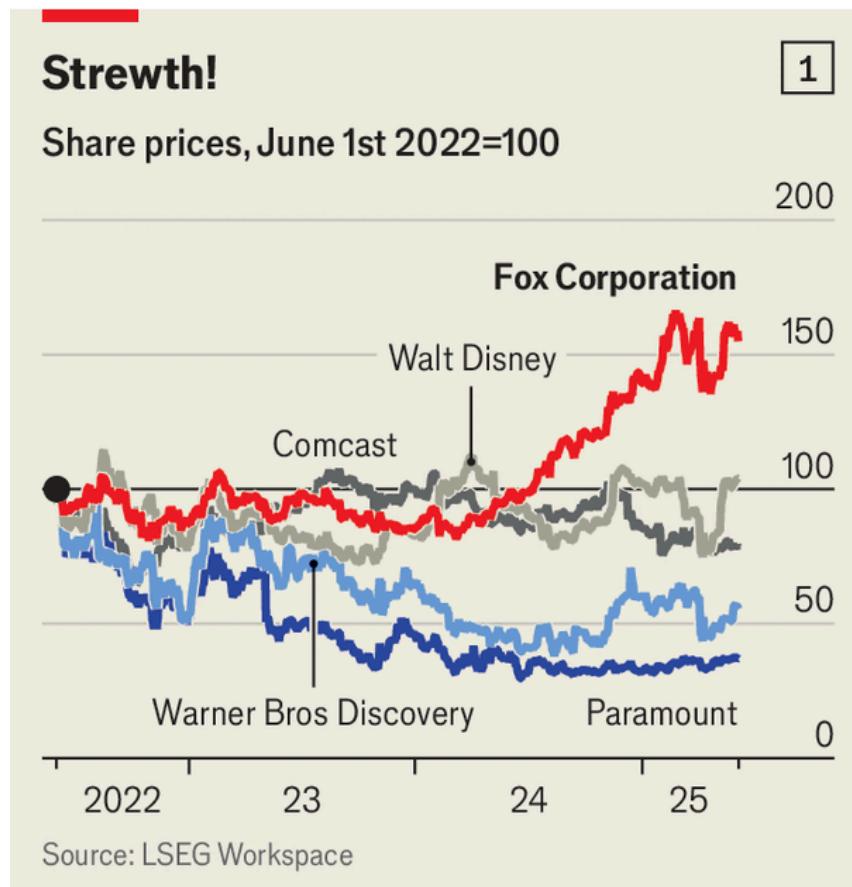


NOTHING IN FOX'S television schedules last year was quite as exciting—or, at times, as profane—as the drama that played out in a [closed probate court](#) in Reno, Nevada. Rupert Murdoch, the now 94-year-old founder and controlling shareholder of Fox Corporation and its sister company, News Corp, was trying to change the terms of a family trust in order to block three of his children from inheriting control of the companies on his death. The high-stakes legal manoeuvre was rejected. An appeal—and thus a new season of morbid entertainment for media watchers—is in the works.

As the Murdochs continue their decades-long, multi-billion-dollar family feud, the empire they are fighting over is flourishing. This is doubly surprising. For one thing, succession crises and legal uncertainty tend not to bolster investors' confidence in a company. What's more, the Murdoch firms are giants in linear television and print journalism, declining industries that markets have not been

kind to. Why are a pair of legacy media companies controlled by a dysfunctional dynasty so popular with investors?

Start with Fox, the larger of the two, with a market value of around \$24bn. Its business is concentrated in American broadcast and cable television, which in recent years have witnessed a bloodbath. Over the past decade and a half the share of homes with pay-TV has fallen from nearly 90% to barely 50%, as viewers have defected to streaming services such as Netflix. As for broadcast television, Americans today spend half as much time watching it as they do streaming, according to Nielsen, a data company.



While other legacy media companies' values have stagnated or worse, Fox's has soared (see chart 1). The difference lies in its content mix. In 2019 Fox sold its general-entertainment assets to Disney for \$71bn, at what turned out to be the top of the market, deciding to focus on news and sport. It was the right call: streamers like Netflix have since grabbed the audience for general

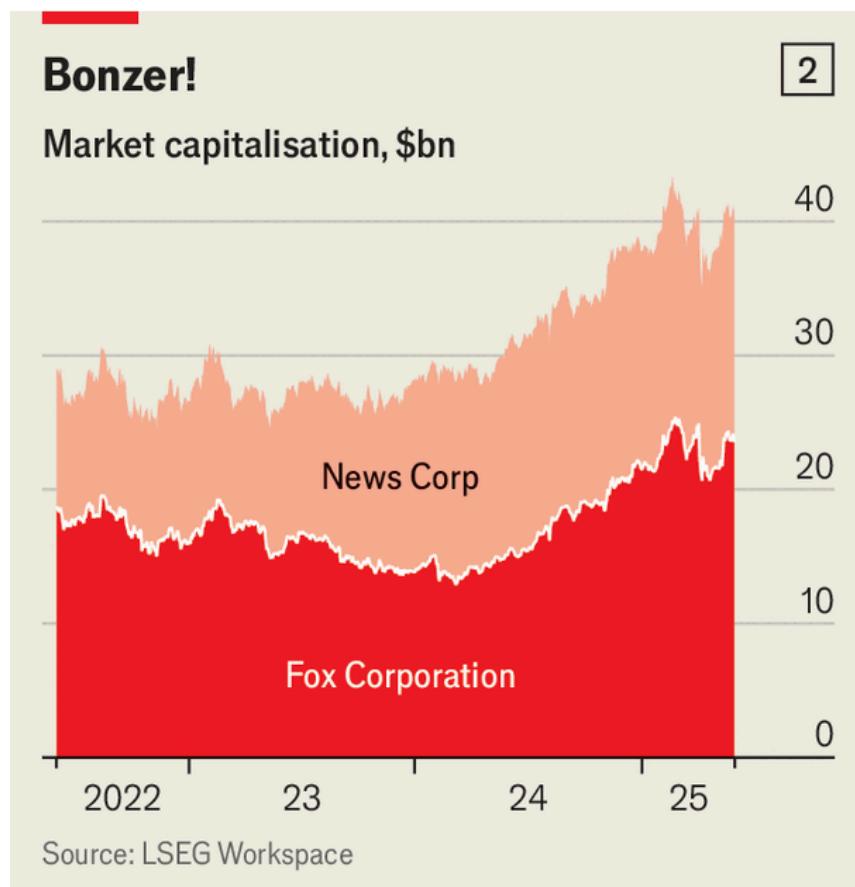
entertainment, while news and sport have mostly stayed on linear TV, and thus with Fox. “They were always the most entrepreneurial company—they could always see around corners,” says Jessica Reif Ehrlich, a media analyst at Bank of America.

Despite streamers’ growing interest in sport, Fox’s audience is stable: its first showing of the Indianapolis 500 last month brought in 7.1m viewers, the most for the motor race since 2008. Fox News, meanwhile, recently recorded the most-watched quarter in the history of cable news, thanks in part to the chaos generated by the new occupant of the White House. Healthy audiences mean that, despite a shrinking cable market, Fox has seen modest growth in its affiliate fees (the sums it charges cable providers for carrying its channels) from \$5.9bn in 2020 to \$7.3bn last year.

The return of Donald Trump has also helped Fox’s advertising business, by normalising opinions which once made mainstream advertisers queasy about airing commercials on Fox News. Ads on the channel are no longer just for gold and magic pillows: in recent months the likes of Amazon, Netflix and GE have paid for spots on the network. “Because of the election results, many advertisers have sort of rethought their positioning in this country and understand that the Fox News viewer really does represent middle America,” Lachlan Murdoch, Fox’s chief executive, said in March.

Having mostly sat out the ruinously expensive streaming wars, in which media companies lost billions trying to woo subscribers, Fox is now experimenting with the new medium. In 2020 it bought Tubi, an unglamorous free streaming service with adverts. Tubi has since overtaken rivals such as Pluto, owned by Paramount, and is on track to bring in more than \$1bn this year. In February Fox aired the Super Bowl on Tubi, drawing 8m new viewers to the platform. Some 40% of the audience was under 34 years old, a group that is hard to reach on cable.

Its latest streaming experiment is Fox One, combining all Fox's linear content, which will launch before the National Football League kicks off in September. Unlike other legacy media companies, which must reckon with the trade-off that putting their best stuff on streaming will undermine people's willingness to pay for a bigger bundle of entertainment content on cable, Fox faces no such dilemma. "The beauty of Fox is, because they don't have the long tail of crappy linear cable channels to protect, they're very nimble," says Jason Bazinet of Citigroup, another bank. On the transition to streaming he notes, "They're sort of agnostic, and so from a strategic standpoint they're just in a very good position."



News Corp, the other half of the Murdoch empire, which holds titles including the *Wall Street Journal* and the *New York Post*, is in favour with investors for different reasons. Print news looks no more promising than cable television, as circulations at many titles decline and the advertising business is swallowed by Google and Meta. By one estimate more than 3,000 newspapers have closed in

America in the past 20 years—a third of the country’s total. Yet, like Fox, News Corp’s stock is buoyant, rising by nearly 50% in the past two years.

One reason is the success of Dow Jones, the part of News Corp which holds the *Journal*. Whereas advertising-reliant titles like the *New York Post* are struggling with declines in web traffic, the globalised, subscription-focused *Journal* has thrived in the same way as rivals like the *New York Times*. Dow Jones also has a high-margin business supplying data to companies. Its revenue has risen by 40% since 2020, offsetting a decline among News Corp’s other news businesses. HarperCollins, a book publisher owned by News Corp, has also contributed to growth, helped by a boom in audiobooks.

Yet the biggest driver of News Corp’s share price has nothing to do with news. Among the company’s eclectic assets is a 61% stake in REA Group, a publicly traded Australian property-listing platform. The Murdochs invested in the company in 2001 when it was on the brink of bankruptcy after the dotcom crash. It proved to be an inspired bet: following a housing boom in Australia, REA’s market value has grown to over \$20bn, some \$4bn more than News Corp itself. Shareholders’ excitement about News Corp has little to do with newspapers or books, argues Mr Bazinet of Citigroup: “The market’s enthusiasm is for REA.” He calculates that, between 2017 and 2024, there was an 84% correlation between the movements in News Corp’s share price and those of REA.

As the Murdoch empire ploughs successfully on, the family continues to feud. Rupert Murdoch is apparently determined to protect the leadership of his eldest son, Lachlan—who as well as running Fox is chairman of News Corp—against a future challenge by three siblings, Prudence, Elisabeth and James, who disagree to varying extents with the right-wing politics of the Murdoch outlets. Under the terms of the family trust, the three will have enough votes to oust Lachlan after their father dies. Unless he can amend

the trust, or buy out the rebel siblings, change could be on the way for Rupert Murdoch's companies.

Yet the prospect of such an upset seems to be stoking enthusiasm for the stocks in some quarters. Activist investors in News Corp have long lobbied for the company to spin off its stake in REA, arguing that the property company and the newspapers would fare better separately than they have as a bundle. Fox has likewise benefited from speculation that the company could become a target for acquisition, as Hollywood's studios rush to bulk up.

If control of the companies passes to siblings who are unhappy with the status quo, the chances of a sale or break-up rise. Investors' enthusiasm for Fox and News Corp is partly explained by the fact that Mr Murdoch has run them so shrewdly. But it is also due to a sense that his time in charge is drawing to a close.■

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<https://www.economist.com/business/2025/06/02/even-as-the-murdochs-bitterly-feud-their-empire-thrives>

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**A degree of uncertainty**

# Which universities will be hit hardest by Trump's war on foreign students?

*It's not the Ivy League*

Jun 05, 2025 01:29 PM



Donald Trump would prefer a MAGA hat

IF COLLEGE PRESIDENTS were hoping Donald Trump would tire of lambasting America's universities, the latest tirades against international students have left them freshly agog. On June 4th Mr Trump escalated his attacks against Harvard, issuing an order suspending the university from a student-visa programme, which would stop foreigners from attending. Of wider impact is the government's decision to pause scheduling new visa interviews for foreign students, no matter where they aim to study. Beyond the damage this is doing to America's reputation, and its prowess in research, the tumult has bean-counters across the country's higher-education system wringing their hands.

Many American colleges and universities were facing financial problems long before Mr Trump's return to the White House. Americans have soured on higher education, after years in which participation grew fast. The share of high-school leavers going

straight to college fell from around 70% in 2016 to 62% in 2022. In December Moody's, a rating agency, said a third of private universities and a fifth of public ones were operating in the red.

Looming demographic change will bring more trouble. The total number of high-school graduates in America may fall by around 6% by 2030 and 13% by 2041, according to one estimate. The impact will vary widely by region: in some north-eastern and mid-western states (which for historical reasons have a surfeit of universities) the decline could be as high as a third.

Foreign students are not an antidote, but they are helping offset some pain. The million or so foreigners studying in America are roughly double the number in 2000. They pay far higher fees than locals for undergraduate courses—in some public universities as much as three times the rate, says William Brustein, who has led international strategy at several of them. Over half the foreigners are postgraduates; these courses tend to bring outsize profits.

Though America has more foreign students than any other country, it would seem to have room for more: they make up only about 6% of those in higher education, compared with over 25% in each of its main competitors—Britain, Australia and Canada. For now, alas, growth is the last thing anyone expects. The risk is both that the number of foreigners who turn up this autumn will fall sharply, and of a longer-lasting depression caused by future applicants turning to countries that seem more welcoming than America.

The big question is who might suffer the most if there is a bust. Ultra-elite institutions may look exposed: around 28% of Harvard's students and a whopping 40% at Columbia come from abroad. But these institutions have many ways to balance the books: last year tuition fees (both domestic and foreign) and payments for room and board made up only about 20% of Harvard's total income, compared with over 80% at the least prestigious private universities. Demand for spots at the highest-ranking universities is

rarely affected by a slowdown and their home-grown students could pay more.

The trouble might be greater for second- and third-tier institutions, where foreign students are not quite so numerous but are often more important to the bottom line. For many years public universities ramped up foreign enrollment to make up for declining funding from the state where they are located. The best of these institutions were able to boost revenues by attracting high-paying Americans from out of state, whereas the rest had no choice but to pay agents and marketers to bring in overseas students.

A pronounced slowdown in overseas arrivals could damage institutions, even those that have never enrolled a single foreigner. If highly regarded universities adapt by enrolling more local students, that will make it harder for institutions with lesser reputations to attract them, and thus to pay their bills. In Britain, changes to visa rules have recently brought sharp falls in arrivals of foreign students. Last year about 40% of universities predicted operating deficits.

This would not be a problem if it were to put shoddy and unpopular institutions out of business. But it is a worry if it leads to regional “cold spots” in which affordable degrees become difficult to find. Or if it benefits complacent incumbents that trade on their reputation rather than their teaching. Mr Trump’s war on the Ivy League could have much wider effects than he bargained for. ■

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<https://www.economist.com/business/2025/06/03/which-universities-will-be-hit-hardest-by-trumps-war-on-foreign-students>

**Power brokers**

# How managing energy demand got glamorous

*Technology and power come together*

Jun 05, 2025 01:29 PM | NEW ORLEANS



Electric avenue

THE SHED, A glittering cultural centre in Manhattan's Hudson Yards where Ralph Fiennes and Sir Kenneth Branagh have graced the stage, hosted an unlikely gathering of utility and technology bosses on May 29th. They were there not for Shakespeare, but for something as dramatic in its own way. The event celebrated Mercury, a new effort led by the Electric Power Research Institute (EPRI), an industry body, to create interoperability standards for "micropower" devices inspired by the Bluetooth technology that revolutionised consumer electronics. It will allow such things as electric-vehicle (EV) chargers, heat pumps, solar panels, smart thermostats and residential batteries to communicate seamlessly with electricity grids.

Days earlier, NRG Energy, a big American utility, announced the purchase of CPower, a pioneer in "virtual power plants". Because VPPs aggregate and manage many small dispersed sources of electricity (like the micropower devices Mercury will connect) to

act as one large power plant, they can help balance supply and demand remotely. CPower's micropower units together produce over 6 gigawatts (GW), as much peak power as six nuclear plants.

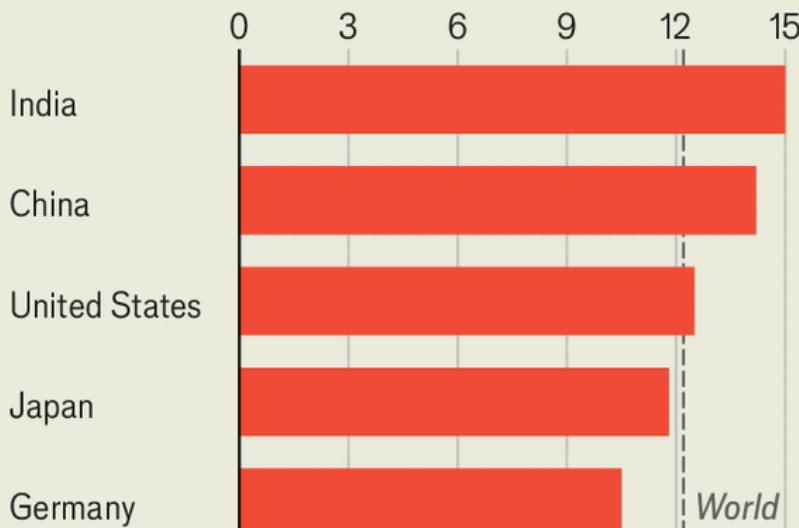
When power grids approach peak demand and big generators cannot cope, VPPs can ease that crunch by harnessing distributed power. In Australia, Tesla is connecting 50,000 homes with solar panels and big batteries to form the world's biggest VPP. Next Kraftwerke has stitched together thousands of biogas facilities, hydropower plants and solar units in Germany to operate flexibly and so take advantage of price spikes on electricity markets.

The theatrical announcement and big acquisition are straws in the wind. Demand-side approaches to managing energy have been disregarded in the past, but no longer. That's because they are becoming a big business: revenues are forecast to grow globally at over 12% a year from \$35bn in 2025 to \$127bn by 2035, according to Future Market Insights, a research firm, with China and India leading the way (see chart 1).

## Brimming with energy

1

Demand-response energy market,  
compound annual growth, 2025-35 forecast, %  
Selected countries



Source: Futuremarketinsights

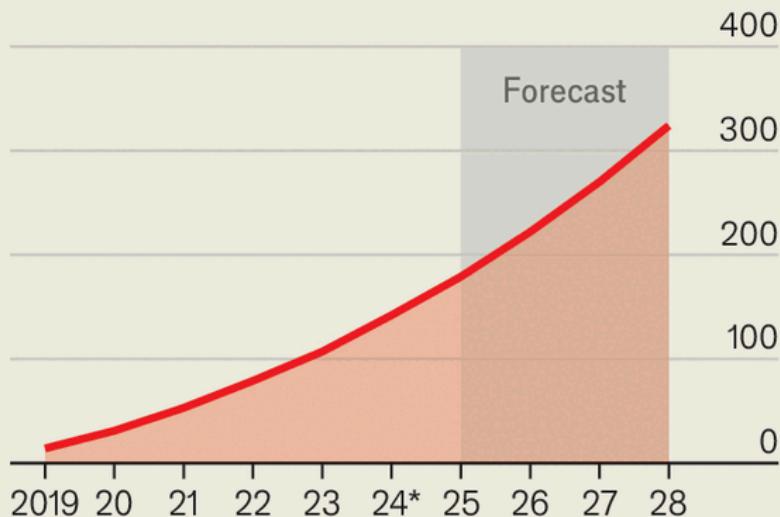
America's Department of Energy reckons that distributed-energy resources have leapt from 14GW in 2019 to 142GW last year, and look to exceed 320GW by 2028 (see chart 2). Battery-powered vehicles could be a valuable source of flexible energy. Eurelectric, an industry body, and EY, a consultancy, reckon that the capacity of EVs in Europe will be enough to power 30m homes for a year by 2030 and over a tenth of Europe's power needs by 2040.

The overall potential could be huge. Centre for Net Zero, a think-tank, reckons that such flexibility could unlock up to 7% of total demand or 30% from peak demand in Britain. But why are these techniques taking off now after previous false starts? The answer lies in a combination of booming electricity demand and technological innovation that is forcing utilities to reconsider their supply-side bias.

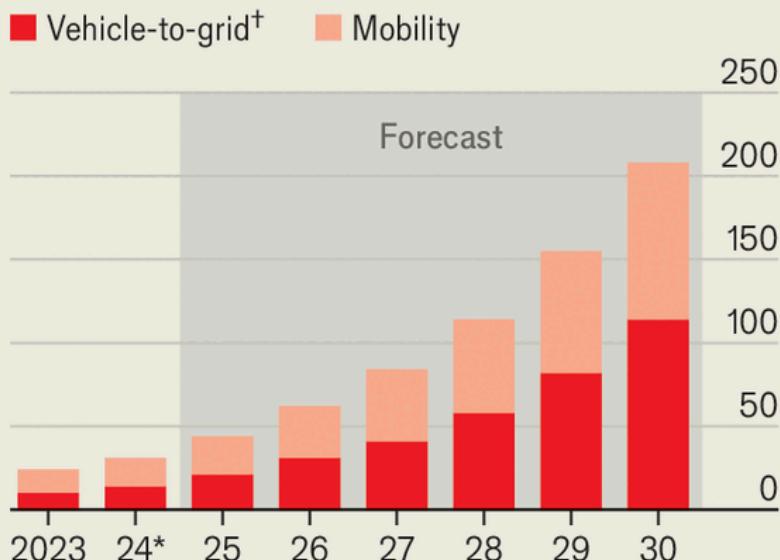
## Where the power lies

2

United States, distributed-energy resources, cumulative capacity additions, GW



Europe, EV battery capacity by usage, TWh



\*Estimate    †Includes other non-mobility uses of energy

Sources: Department of Energy; EY

Consider first the demand shock. Over the past two decades, demand for electricity in developed economies was essentially flat. Now, propelled by data centres serving the computational needs of artificial intelligence (AI), advanced manufacturing and digitisation, it is taking off. ICF, a consultancy, projects that

American electricity consumption could grow by 25% by 2030 and 78% by 2050.

Utilities would customarily respond by building big power plants. They still want to, but red tape, NIMBYism and supply-chain snags are making it harder and costlier. VPPs can quickly aggregate existing idle assets. Because power grids are built for extreme stress occurring for just a few hours every year, many have plenty of spare capacity. A study by Duke University found that American grids could potentially handle 76-126GW of new load without adding giant power plants if new data centers were designed so that they could be cut off from grid power during peak periods for only up to 1% of the time.

Though clean energy is out of favour with Donald Trump's administration, demand response still attracts bipartisan support. Glenn Youngkin, the Republican governor of Virginia (the state with the biggest AI power consumption by far), recently signed legislation mandating certain VPPs and calling for new electric school buses to be capable of feeding power back into the grid.

One reason is economics. Calvin Butler, boss of America's Exelon, a giant power utility with over 10m customers, observes that residential-demand programmes that, for example, might allow a utility to automatically lower the air conditioning in your home remotely during a grid peak period, such as a money-saving scheme run by an affiliate in Baltimore, "are highly popular with customers". Another reason is resilience. A report by Citigroup, a bank, argues that demand response could not only help stabilise grids, but also save money and reduce emissions "as it cuts reliance on fossil-fuel plants that do not need to be called up during peak demand".

Another reason is the importance of reliable electricity supplies to power America's AI boom. The coming demand crunch was the hottest topic at a gathering in New Orleans of utility bosses

organised by the Edison Electric Institute (EEI), which represents America's private-sector power utilities. Two of the main speakers were the bosses of buzzy technology firms involved in both AI and demand management.

Safra Catz, the CEO of Oracle, told the crowd, "You are the gatekeepers for the availability of AI." Her firm is one of the biggest energy buyers among big tech. Along with OpenAI and SoftBank, it is developing Stargate, an AI mega-project in Texas. It also provides software to manage energy demand to utilities globally. The firm reckons that use of its platform has saved \$890m for Exelon and its customers.

Also at the gathering was Greg Jackson of Britain's Octopus Energy, a privately held power utility with a valuation approaching \$10bn. It aggregates over 2GW-worth of energy from 300,000 micropower devices like EVs and heat pumps. Kraken, its tech affiliate, provides software enabling flexible-energy offerings at over a dozen utilities worldwide. Other innovators are rushing in. Emerald AI, an American startup, recently showed it can cut power use at AI data centres with software to manipulate computational loads without meaningful loss of performance.

The economic logic is compelling. Con Edison, a utility in New York, put off a \$1.2bn substation upgrade by spending just \$200m on distributed-energy resources. Utility officials in states confronting years-long backlogs of projects awaiting grid connection are considering prioritising customers capable of shifting demand. "If you can be flexible, you'll be able to go to the head of the queue for grid connections," predicts Varun Sivaram, Emerald AI's founder. Thanks to the coming power squeeze, demand management at last looks set to soar.■

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**Retail therapy**

# What Bicester Village says about the luxury industry

*Everyone loves a bargain*

Jun 05, 2025 01:29 PM | Bicester Village



England's green and pleasant shopping centres

AT FIRST GLANCE Bicester Village looks like any other in the Cotswolds, the bucolic corner of England it is located near. It is filled with low-rise buildings with gabled roofs, cobbled streets, wooden benches and greenery. It is, in fact, a shopping centre where designer brands, from Armani to Zegna, sell their wares at discounts of 30% or more. Announcements on the train from London come in Mandarin, as well as English, testament to its status as one of Britain's most popular tourist destinations.

Bicester Village was built 30 years ago by Value Retail, a privately held group founded by Scott Malkin, whose father once owned the Empire State Building, and backed by L. Catterton, a private-equity firm part-owned by LVMH, a French luxury-goods giant. The group has since built 11 similar sites around wealthy cities including Shanghai and Milan. It seems shoppers can't get enough of cut-price designer gear.

Value Retail takes 15-18% of sales plus a service fee from brands, rather than charging rent on their stores in its villages. As a private company it is coy about giving precise numbers but does say that it recorded double-digit growth in net sales in 2024 and it is on track for the same again this year. The firm reckons 50m people will visit its shopping centres in 2025. So what does the success of Value Retail say about the current state of the luxury industry?



First and foremost, it is a sign that luxury brands are struggling. Demand for pricey frocks and handbags has drooped amid an economic slump in China and a cost-of-living crisis in the West. This in turn has prompted luxury brands to discount their wares and lean more heavily on bargain hunters. Of all the places for luxury shopping, including brands' own shops and department stores, sales ticked up only in outlets last year, reckons Bain, a consultancy (see chart). As Mr Malkin puts it, in a downturn it becomes a “must have” for a label to have a store at one of his shopping centres, not a “nice to have”.

Value Retail's growth also reflects changes in distribution. Brands are eager to take more control of discounting and customer experience to avoid damage to their image. In recent years luxury brands have sold more through their own shops, websites and concessions within department stores combined than through wholesale channels for the first time, according to Bain. This shift, says Anita Balchandani of McKinsey, another consultancy, is making outlets the "prime channel" through which brands are able to offload excess inventory.

As far as customers go, the throngs at Value Retail's sites are evidence that in-person shopping is not going away. Returning unsuitable online purchases is a bother and the opportunity to see and touch items is still valued, especially for costly goods. BCG, yet another consultancy, estimates that 75-80% of luxury sales this year will take place in person.

Shoppers do, however, expect more from stores nowadays to make a visit worthwhile. That's why Value Retail's outlet centres boast fancy restaurants, storefronts pretty enough to post on social media and toilets that wouldn't look out of place in a five-star hotel. VIP customers at Bicester Village get access to a lounge and can use a "hands-free shopping" service, whereby shoppers can pick up all their purchases from one place when their spree is concluded.

Value Retail still faces limitations. Its carefully designed spaces and highly trained staff come at a high cost. There is only so much room for growth, too. The firm opened its first village in America last year. Expansion into other fast-growing markets, such as India and parts of the Middle East, is out of the question because of local regulations that complicate foreign investment, says Mr Malkin. That leaves a ceiling on the number of places around the world with droves of customers willing to drop large sums of money on discounted luxury goods. ■

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<https://www.economist.com/business/2025/06/05/what-bicester-village-says-about-the-luxury-industry>

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Yet another day of rest?

## Germany thinks about cancelling a public holiday

*There are plenty to chose from*

Jun 05, 2025 01:28 PM | BERLIN



“JA, JA, JA, now we’re gonna spit on our hands, we will increase the gross national product!” is the refrain from Geier Sturzflug’s biggest hit. The band’s “Gross National Product” topped Germany’s pop charts in 1983, when the country’s work ethic was still ferocious: “when grandpa gets on his bike on Sunday/and sneaks into the factory/then grandma worries he’ll collapse/because grandpa is working an extra shift again today.”

German workers now move to a more languorous beat. They laboured for the shortest time over a year of any wealthy economy in 2023, according to the OECD, clocking up an average of 1,343 hours, compared with Americans who slogged away for 1,705 hours and—perhaps more surprisingly—Greeks, who toiled for 1,897 hours. If Germany is to pay for much needed investments in defence and infrastructure, this needs to change, reckons Clemens Fuest, head of the Ifo Institute, a think-tank in Munich. He has suggested cancelling of one of the country’s many public holidays,

a sacrifice which he claims would boost GDP by about €8bn (\$9bn) annually.

Germans can probably afford to lose one day of rest. They will enjoy nine nationwide public holidays this year, a middling number compared with the rest of Europe. But the country's 16 states add many more of varying justification, such as Thuringia's *Weltkindertag* (World Children's Day) and Saxony's "Day of Prayer and Remembrance". Bavaria leads with 13, followed by Baden Württemberg with 12, and Saxony and Thuringia with 11 each.

The spacing of some public holidays makes a day in the office almost a novelty at times. Berlin had three in May this year: Labour Day, the "anniversary of the liberation from national socialism and the end of the second world war" and Ascension Day. All were on a Thursday, so many Berliners took Friday off for good measure. Another long weekend is in the pipeline for Whit Monday (June 9th). And many across the country are out of sync, says Mr Fuest, which can, for example, prevent lorries making deliveries in neighbouring states that are taking a break.

Business leaders back the idea of losing a public holiday (some even call for cancelling two), but unions are, unsurprisingly, staunchly opposed. German politicians should look to Denmark. In 2023 its government decided to abolish "Great Prayer Day", a religious holiday on the fourth Friday after Easter, to help pay for higher defence spending. Tens of thousands took to the streets in protest, but Mette Frederiksen, the Danish prime minister, was not deterred. Last year the holiday was cancelled. Germany's government will need similar resolve to get workers to spit on their hands and boost GNP. ■

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Bartleby

## A short guide to salary negotiations

*Don't threaten. Do research*

Jun 05, 2025 01:28 PM



TALKING ABOUT how much money you earn is uncomfortable for many people. But there are moments when it is an unavoidable topic of conversation. When you take a new job or learn how much your rise will be for the coming year, you have to talk about salaries. You also have to make a decision about whether to negotiate for more.

Negotiating does seem to pay off, at least in monetary terms. In its 2025 survey of American jobseekers, Employ, a recruiting-software provider, found that 37% of candidates had asked for more money, and that 80% of them had got more than their initial offer. That is consistent with a paper published in 2011 by Michelle Marks of the University of Colorado and Crystal Harold of Temple University, which found that candidates who chose to bargain bumped up their starting salaries by an average of \$5,000 (\$7,160 in today's money).

Negotiating, which is the subject of this week's episode of our [Boss Class podcast](#), comes more naturally to some than others. A recent study by Jackson Lu of the Massachusetts Institute of Technology looked at 19 consecutive years of MBA graduates from an American business school, and found that graduates of East Asian and South-East Asian ethnicity had markedly lower salaries than South Asians and whites. The propensity to negotiate among different groups explains the gap; East Asians and South-East Asians who did not try to negotiate were more likely to say they were concerned about damaging the relationship with an employer.

Women are more likely than men to worry about the effect of negotiating—with some cause. As part of a paper on salary negotiations published in 2024, Francesco Capozza of the Berlin Social Science Centre conducted a survey of HR managers in America. The respondents thought that candidates who attempted to negotiate on pay were less likely to receive a job offer than those who did not, and that this penalty hit women disproportionately hard.

If negotiating both raises salaries and risks a backlash, what is a bargainer to do? Leigh Thompson, who teaches at the Kellogg School of Management at Northwestern University, gives two pieces of advice to her MBA students as they look for work. One is not to start negotiating until you actually have a job offer (further evidence that MBAs may lack many things but confidence isn't one of them). The other is not to turn a negotiation into a bidding war, deliberately playing potential employers off against each other to extract higher offers. Don't be combative, she says. Don't threaten.

Jim Sebenius, who teaches negotiating at Harvard Business School, advises scoping out the role as fully as possible and then finding the market rate for that sort of job. Information on pay is much easier to find than it was, owing to sites such as Glassdoor, and requirements in some places to publish salary ranges for advertised roles.

If candidates can attach themselves to a reasonable principle—that they only want to be paid the going rate—and point to evidence to back up their argument, that is more likely to work than arbitrary numbers, begging or threats to go elsewhere. Even if more money isn't available, other things might be on the table: a promise to review pay after a certain period, named parking bays or whatever floats your boat.

It can be annoying for bosses to hear requests for more money, when all they really want is unbridled enthusiasm. But some employers actively want people to be good at negotiating. Photoroom is a French AI startup that makes photo-editing software; it offers negotiating training to anyone at the firm who wants it. Its primary goal is to enable engineers to buy kit fast without getting lost in red tape; the training helps them to do so at a good price.

Matt Rouif, its boss, says Photoroom also wants to know if it is paying below market rate; it buys in benchmark data on salaries and shares that data with employees so that conversations have a common starting-point. “A lot of people think it’s a fight. We’re trying to find the best outcome that looks fair.” That’s not a bad way for employees to frame a salary negotiation. ■

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<https://www.economist.com/business/2025/06/02/a-short-guide-to-salary-negotiations>

**Schumpeter**

## AI agents are turning Salesforce and SAP into rivals

*Artificial intelligence is blurring the distinction between front office and back office*

Jun 05, 2025 01:28 PM



ENTERPRISE SOFTWARE is an unlikely source of hubbub. Bringing up CRM or ERP in conversation has usually been a reliable way to be left alone. But not these days, especially if you are chatting to a tech investor. Mention the acronyms—for customer-relationship management, which automates front-office tasks like dealing with clients, and enterprise resource planning, which does the same for back-office processes such as managing a firm's finances or supply chains—and you will set pulses racing.

Between June and early December 2024 Salesforce, the 26-year-old global CRM giant, created more than \$120bn in shareholder value, lifting its market capitalisation to a record \$352bn. In the past 12 months SAP, a German tech titan which more or less invented ERP in the 1970s, has generated more. It is Europe's most valuable company, worth \$380bn, likewise an all-time high. Both

enterprise champions rank among the world's top ten software companies by value. Maybe not so dull, after all?

The source of the excitement is another, much sexier acronym: AI. Builders of clever artificial-intelligence models may get all the attention; this week Elon Musk's xAI hogged the headlines when it was reported that the startup was launching a \$300m share sale that would value it at \$113bn. But if the technology is to be as revolutionary as boosters claim, it will in the first instance be because businesses use it to radically improve productivity. And as anyone who has tried—and probably failed—to replace corporate computer systems will tell you, they are likely to do so with the assistance of their current IT vendors.

Salesforce and SAP each believes it will be the one ushering its clients into the AI age. The trouble is that many of those clients use both firms' products. Perhaps nine in ten *Fortune* 500 firms run Salesforce software. The same share relies on SAP.

This did not matter when the duo focused on their respective bread and butter. A client would run Salesforce's second-to-none CRM in the front office and SAP's first-rate ERP in the back. Amazon and Walmart, Coca-Cola and PepsiCo, BMW and Toyota: pick a household name and the odds are it does just that.

A big reason for SAP and Salesforce to slather a thick layer of AI on top of their existing offering, though, is to give customers a way to uncurdle their data, analyse it and, with the help of semi-autonomous AI agents interacting with one another on behalf of their human managers, act on it. In this newly blended world, the lines between front and back office are fudged. "It's one user experience," sums up Irfan Khan, SAP's data-and-analytics chief.

Controlling the user interface for this "agentic" AI experience promises fat profits. It also creates a head-to-head rivalry between the two enterprise masterchefs. For their AI recipes look alike.

Step one: expand your range of products. SAP has improved its front-office chops by buying CRM firms (like CallidusCloud) and marketing platforms (such as Emarsys). Though Salesforce has not gone full-ERP, it has a 16-year-old partnership with Certinia, whose financial-management system sits exclusively atop its platform. It has bought firms like ClickSoftware, which helps businesses manage their service workforce. On June 2nd it hired the team behind MoonHub, a recruitment-and-HR startup. Clients, spared from switching between providers for every specialist function, love it. So do SAP and Salesforce, since it amasses more client data, AI's great leavener, in their own systems.

Step two: piggyback on the “hyperscalers”. This allows clients to choose between the cloud giants, including, in China, Alibaba and Tencent (and, in Salesforce’s case, excluding Microsoft, with which its co-founder and boss, Marc Benioff, has a long-running feud). It saves SAP and Salesforce from splurging on what each sees as infrastructure destined for “commoditisation”. Oracle, the giant of corporate-database management which has taken the opposite approach, has seen its quarterly capital budget explode from \$400m in 2020 to nearly \$6bn in its latest quarter; SAP and Salesforce spend \$300m-400m a quarter between them.

Step three: whip up the AI layer. In February SAP teamed up with Databricks, a \$60bn AI startup, to help clients make sense of their information, including that stored outside SAP systems, and deploy SAP’s Joule AI agents across their operations. On May 27th Salesforce said it would pay \$8bn for Informatica, which designs tools to integrate and crunch corporate data. This will make its own Agentforce easier for clients to use beyond the front office.

Right now investors prefer what SAP is serving up. Its systems cover a wider range of functions and thus contain more data. This data is also notoriously hard for non-SAP systems to extract. As annoying as this may be for clients, it gives them an incentive to

look from inside the SAP platform out rather than the other way round. SAP's share price has risen by 12% in the past six months.

Meanwhile, Salesforce's has collapsed like a bad soufflé. It is down by nearly 30% since its peak in early December. Although its sales passed those of SAP in 2023, growth is slowing while SAP's accelerates. Analysts wonder if Agentforce, the launch of which fuelled last year's rally, can make real money. They also fear a return to profligate dealmaking that culminated with the \$28bn purchase in 2021 of Slack, a corporate-messaging platform.

### ***Too many cooks***

Investors could yet sour on SAP just as they have on Salesforce. Gartner, a research firm, reckons that between 2020 and 2024 rivals like Workday cut its share of the ERP business from 21% to 14%. For all its front-office efforts, its CRM sales declined around that time, even as Salesforce preserved its 20% slice of a growing market. Microsoft, which has its own cloud, its own cutting-edge AI and plenty of business clients, is elbowing its way into ERP, as well as CRM. The enterprise-AI food fight is just beginning. ■

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<https://www.economist.com/business/2025/06/05/ai-agents-are-turning-salesforce-and-sap-into-rivals>

# Finance & economics

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Taking liberties

## Trump thinks Americans consume too much. He has a point

*He will not like the remedy, however*

Jun 05, 2025 01:28 PM | Washington, DC



**REBALANCING THE** global economy is Donald Trump's defining cause. China should produce less and consume more, the president thinks; meanwhile, America should produce more by reindustrialising. There is a final logical step to this equation: America should also consume less.

Such abstemiousness is unavoidable if MAGA-maths is to add up, as even the administration admits. Scott Bessent, the treasury secretary, calls for "less consumption"; more floridly, Mr Trump says his trade war might result in children having "two dolls instead of 30". As J.D. Vance, the vice-president, puts it: "A million cheap, knock-off toasters aren't worth the price of a single American manufacturing job."

The belief that America consumes too much has been building for decades. Left-wing types decry America's consumer culture. In the 2000s, before the global financial crisis, some economists

characterised Americans as gorging themselves on low long-term interest rates. In 2010 Glenn Hubbard, a technocratic Republican, teamed up with an obscure Democrat called Peter Navarro to argue that “boosting the American saving rate should be part of our national economic overall trade policy.” Mr Navarro would later switch parties; today, he is Mr Trump’s trade guru.

To see how over-consumption and trade are linked, consider what happens when a country consumes beyond its means: it must borrow from abroad. These financial flows are the flip side of the trade deficit, hated by Mr Trump. It is as if shipping containers arrive in America, unload goods, and then sail back filled with Treasury bills or shares in S&P 500 companies. Mr Trump wants the trade deficit to close, meaning that the financial flows must slow, too. But he also wants America to enjoy an investment boom. The only way to make the equation add up is if America ponies up its own capital by saving more. In other words, it must cut its consumption.

It is not crazy to seek such a rebalancing. America’s gross domestic savings are around 17% of GDP, compared with an average of 23% in high-income countries. America invests about 22% of GDP, roughly in line with the rich-world average. The difference between saving and investment is the capital the country must import, which last year amounted to \$1.3trn. Meanwhile, America’s consumption as a share of GDP—81% once that by the government is included—is the highest in the G7 apart from Britain. Among the other five big rich economies, the consumption share is on average five percentage points lower.

Relying on net capital inflows has left America with deep financial obligations to foreigners. The difference between the assets that Americans own overseas and those foreigners own in America has fallen to -90% of GDP. This is the kind of “net international investment position” (NIIP) that would be hair-raising in almost any other country.

For years America could take solace from the fact that its income statement was healthy. Even as its NIIP worsened, the country earned more on its overseas assets than it paid out to foreign investors. Foreigners own lots of low-yielding debt, including Treasuries; Americans own more stocks and FDI, which have higher yields. The stubborn positivity of the country's net foreign income has been part of the "exorbitant privilege" that comes from issuing the world's reserve currency.

Yet as the NIIP has lurched into the red, this comfort has dissipated. In the third quarter of 2024 America paid more to owners of its assets than it earned on foreign investments for the first time this century, in part because of higher interest rates.

This is the grain of truth to Mr Trump's claim that trade deficits transfer wealth overseas (the president also applies this logic, nonsensically, to bilateral trade with every foreign country). In textbook economics, persistent large current-account deficits slowly make a country less wealthy, the way a spendthrift household eventually finds itself poorer than a neighbour who spends little. In the harsh reality of the global economy, excessive current-account deficits can bring about sudden currency crises as foreign investors lose faith in a country's ability to pay its debts.

If America's thirst for consumption cannot go on for ever, how long can it last? There have been two previous waves of alarm about America's current account. In the 1980s, as the NIIP fell and in time turned negative, economists questioned how long it could go on. A very long time, it turned out. Then, in the early 2000s, when America's current-account deficit surged, Ben Bernanke, later chairman of the Federal Reserve, pointed to a "glut" of savings abroad that were flowing into America. Many economists blamed this for a consumption binge and housing bubble. But the subprime mortgage crisis that followed was not a current-account crisis for America. Instead, the dollar strengthened.

The country also benefits from some natural hedges. Because it borrows in its own currency, as the dollar declines—as it has this year—its NIIP improves. The same thing happens if its stockmarket falls. Indeed, one reason the NIIP has looked especially bad in recent years is Wall Street’s incredible bull run, which has pushed up the value of American assets owned by foreigners. And to the extent that foreign investment enables higher economic growth, everybody wins—even if foreigners take a slice of the pay-off.

At the same time, there are reasons to think that things may now be different, and that the hedges may not be sufficient to prevent pain. Consider the views of economists outside the president’s orbit. Maurice Obstfeld, former chief economist of the IMF, likens a country’s trade balance to a government’s primary budget balance. There has to be at least the expectation that it will eventually move towards surplus to maintain confidence in the country’s ability to pay its foreign debts, he says. Peter Hooper of Deutsche Bank, a scholar of current-account issues since the 1980s, describes America’s persistent trade deficits as a chronic malaise, “like termites in the woodwork”. Joseph Gagnon of the Peterson Institute for International Economics, a think-tank, points out that no advanced economy has sustained a foreign-liability position as negative as America’s. “That begins to be worrisome,” he says.

### ***Barbie barbecue***

What would a current-account crisis look like? The \$62trn-worth of American capital owned by foreigners is distributed across tens of millions of balance-sheets belonging to firms and individuals. A third is debt instruments that cannot be marked down as seamlessly as equity prices or property values; of that debt, two-fifths is government-issued. Moreover, since America’s debt liabilities are mostly denominated in dollars, it should always be able to honour them, at least in nominal terms.

But a loss of faith in America's ability to deliver the necessary real returns for foreign investors could cause a large depreciation in its asset prices, which have reached eye-watering highs. The country's bonds, properties and stocks, as well as the dollar itself, would come under intense selling pressure. A much weaker dollar and lower prices for American bonds and stocks would force a rebalancing by reducing the size of America's external liabilities relative to its external assets. Tighter financial conditions would discourage consumption, whipping the current account into line no matter how uncomfortable such a sudden adjustment would prove.



The question for America, and indeed the global economy, is whether it can defuse its external liabilities without paying such a steep price. Mr Trump's solution is to pull up the drawbridge. Tariffs discourage consumption by raising prices and hurting living standards. Barriers to capital mobility, the first signs of which are buried in [Mr Trump's tax bill](#), force up domestic interest rates and encourage domestic saving. But this solution is as bad as the

disease. It makes Americans poorer, and by imperilling the returns earned by foreign investors, threatens to bring about the very crash rebalancing is supposed to prevent. The sharp but brief sell-off in April, after Mr Trump announced his global “reciprocal” tariffs, offered a preview of the possible dynamics of a crisis, argues Mr Gagnon.

A smoother adjustment—one that does not seek to make America a creditor nation overnight—should be possible. If faith in the country is maintained, its exorbitant privilege means it ought to be able to repay its foreign debts with smaller trade surpluses than other countries, says Menzie Chinn of the University of Wisconsin-Madison. If America avoids sullying its own assets, it can afford to be gradual in its transition towards a trade surplus.

To bring about an incremental transition, America must stop blaming foreigners. Mr Navarro thinks that other countries have fuelled America’s trade deficit by keeping their currencies artificially weak, propping up their exporters and blocking American goods from their markets. Stephen Miran, another adviser, points to America’s position as a magnet for financial flows from overseas, which inflates the value of the dollar and so depresses American exports. It has become increasingly fashionable to believe that global imbalances—notably, China’s excess savings—have forced overconsumption on America. One way they might do this is by artificially depressing global interest rates.

But in America, a country that accounts for over a quarter of global GDP at market exchange rates, domestic forces almost always matter more than the foreign winds around them. Nobody forces the country to consume too much. And though it is impractical and undesirable to alter the consumption and savings decisions of millions of American households, there is one obvious lever to pull: cutting the enormous budget deficit of the federal government.

It is this deficit—at 7% of GDP over the past year—that drives American overconsumption. When the government spends, it consumes, too; when it levies insufficient taxes, it encourages households to binge. Government debts soak up savings that could fund investment, helping produce the current-account deficit. In fact, America's private sector last year saved enough to fund all its investment and more. The government was the problem.

America's external vulnerabilities are therefore closely linked to its fiscal fragility. Cutting government borrowing would kill two birds with one stone. Mr Chinn estimates that a reduction of a percentage point in the budget deficit would cut the current-account deficit by about half a percentage point. For his part, Mr Obstfeld is blunt about the alternative to a fiscal rebalancing: "If the government keeps borrowing the way it is, it is quite unlikely that we will ever achieve a trade surplus."

Several potential paths to smaller budget deficits would have the additional benefit of encouraging consumers to save. For instance, if the government reformed health-insurance and pension programmes to make them less generous as the population ages, it would be rational for households to save more themselves. The government could also implement a well-designed consumption tax at the national level (the complete absence of such a levy makes America unusual). Unfortunately, the political reality is that no fiscal consolidation is in the offing. Mr Trump's tax bill, which is making its way through Congress, will prolong enormous deficits.

In this respect, Mr Trump is hardly unique: successive administrations have presided over wider budget deficits, endangering the country's fiscal health and accumulating external liabilities that threaten to amplify financial turmoil. The Trump administration does stand out, however, for its simultaneous insistence it is rebalancing the world economy. Its fiscal stance is more suitable for a crisis economy sucking in emergency imports than one attempting a move away from consumption. A

simultaneous hatred of trade deficits and embrace of government borrowing is utterly contradictory—perfectly normal, in other words, for Trumponomics. ■

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<https://www.economist.com/finance-and-economics/2025/06/05/trump-thinks-americans-consume-too-much-he-has-a-point>

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**Capitol controls**

# Who would pay America's “revenge tax” on foreigners?

*Overseas investors at first—then Americans*

Jun 05, 2025 01:28 PM



THE TROUBLE started, as it often does, with France. Congressmen in the 1930s complained about “nations throughout this world who are not particularly friendly to Uncle Sam in a business way”. Mainly that meant the European power, which had slow-walked ratification of a tax treaty and was double-taxing Americans in the meantime. In 1934, to persuade French policymakers to pick up the pace, Congress passed a provision that is now known as Section 891. It granted the president the power to double levies on citizens and companies from countries that he judged to be overtaxing Americans.

Ultimately, France ratified the treaty and Section 891 was never used. But it has stayed on the books ever since. Nearly a century later, during another period in which globalisation is threatened, President Donald Trump and his congressional allies have revived the idea of a revenge tax. As a consequence, foreign investors, who collectively own more than \$60trn in American assets, are growing

worried about a fresh round of chaos—just months after the “Liberation Day” tariff saga.

The source of this stress is Section 899, a proposed addition to the tax code in Mr Trump’s “[One Big Beautiful Bill Act](#)”, which has passed the House of Representatives and is now being considered by the Senate. This targets countries with “unfair foreign taxes”, principally digital-service taxes, which mainly affect American tech giants, and undertaxed-profit rules, aimed at ensuring companies do not squirrel away profits in tax havens.

As in the 1930s, these taxes have been pushed most enthusiastically by Europeans. But most rich jurisdictions, including Australia, Britain, Canada, the EU, Japan and South Korea, have at least one offending levy. The Tax Foundation, a think-tank, estimates that 80% of America’s foreign direct investment comes from countries covered by Section 899. For once, China is a rare exception.

Section 899 penalises investment and business income earned by foreigners in America. Dividends paid to foreign shareholders, profits from the American outposts of foreign firms and proceeds earned by foreigners selling property would all suffer as a result of the provision. Most interest payments, including on Treasuries, would probably be safe, with the odd exception of interest on lending in America by foreign banks. Total affected flows add up to over half a trillion dollars a year.

The provision would add five percentage points of tax each year, up to a cap of 20, to the bills of those from offending countries. It would also widen the scope of the base erosion and anti-abuse tax, America’s own effort to deter foreign companies from moving profits abroad. Investors connected to foreign governments on the wrong side of Section 899, such as pension and sovereign-wealth funds, would lose other protections they now enjoy.

According to the Joint Committee on Taxation, a watchdog, Section 899 is a rare tax rise on the wrong side of the Laffer Curve (meaning that it would shrink rather than raise revenues). By the early 2030s, the JCT forecasts, the provision would start to lose the government money by scaring off foreign investors and therefore lowering American asset prices.

In reality, section 899's purpose is to intimidate, not to raise revenue. Alan Cole of the Tax Foundation uses a military metaphor: "We are tossing a grenade at your stuff while it's inside our house. But we are also tossing a grenade inside our own house." The White House must hope the mere threat of Section 899 taxes persuades countries to wind back their own levies.

Such an approach, alongside a proposed tax of 3.5% on remittances that has also passed the House, hints at a troubling pattern. As Tan Kai Xian of Gavekal, a consultancy, notes: "The revenge tax [could be] perceived as some sort of inbound capital control...the remittance tax could easily be perceived as a mini version of an outbound capital restriction." The combination marks a clear but small step towards soft capital controls, transposing Mr Trump's protectionist logic from goods trade to capital flows.

A century or so ago, it was France that blinked first. Today Mr Trump's volatile behaviour has already made investing in America a riskier bet. And his enormous deficits still require foreigners to finance them. If Section 899 roils the market enough, the outcome may not be in America's favour this time. *Mon dieu.* ■

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<https://www.economist.com/finance-and-economics/2025/06/04/who-would-pay-americas-revenge-tax-on-foreigners>

**Tracking prices**

## Trump's tariffs have so far caused little inflation

*Our estimate of their impact will update every month*

Jun 05, 2025 01:29 PM

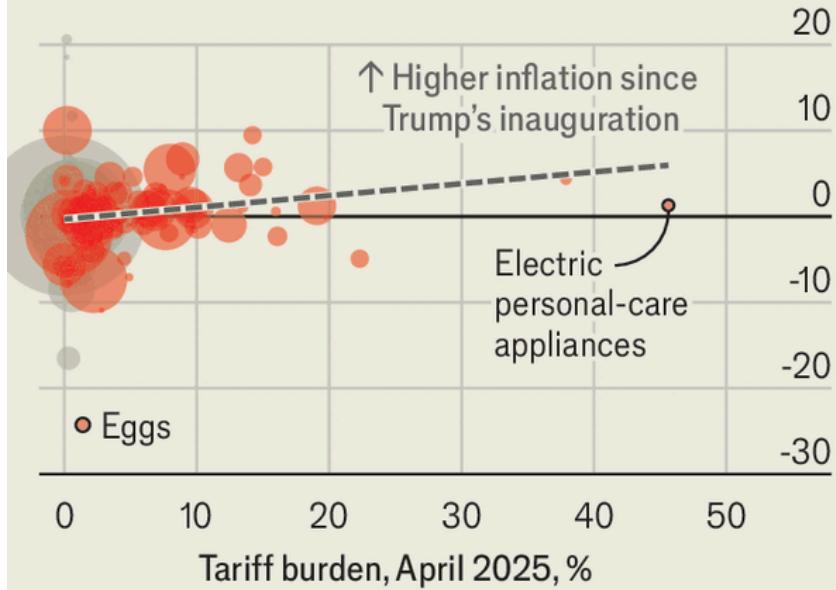


RARELY HAVE economists spoken in such unison. Even before Donald Trump's "Liberation Day" tariffs on April 2nd, the median estimate among the 48 who were surveyed by the University of Chicago's business school was that Mr Trump's levies would raise inflation in 2025 by 0.8 percentage points. Meanwhile, the president's position is that, in his press secretary's words, "tariffs are a tax hike on foreign countries [which]...have been ripping us off". The implication is that foreigners will "eat the tariffs" and leave America's consumer prices unaffected.

## Close shave

US, consumer prices\*, category deviation from overall average, %-point difference 2024-25<sup>†</sup>  
Circle size=% of all consumer spending, Jan 2025

● Goods     ● Services



\*Personal-consumption expenditures

<sup>†</sup>Aug 2024-Jan 2025 to Jan-April 2025

Sources: BEA; CBP; USITC; "The impact of tariffs on inflation", by O. Barbiero and H. Stein, 2025; *The Economist*

When the first post-Liberation Day data for personal-consumption expenditures (PCE), the Federal Reserve's preferred price index, came out on May 30th, evidence of tariffs' impact was strikingly absent: seasonally adjusted goods prices rose by just 0.1% in April. Many companies will have hoarded imports and drawn down inventories in order to avoid raising prices. But the administration should not be cheering just yet. With tariffs higher than during much of the Depression, consumers are bound to see some effect in time. The question is how much, and how soon? To answer it, *The Economist* has produced an estimate of the impact of tariffs on prices, which we will update monthly.

The most straightforward way to measure this effect would have been to calculate the share of American consumer spending

represented by imports from each country, before multiplying it by tariff rates. Unfortunately, doing so would be too simplistic.

Although consumers bear much of the cost of tariffs, American and foreign firms pay a share as well, and imports represent only part of a retail price: much of the cost of a shirt, for instance, goes on rent, wages, transport fees and profits. Moreover, many imports are intermediate goods, such as the crude oil that gets refined into petrol once in America.

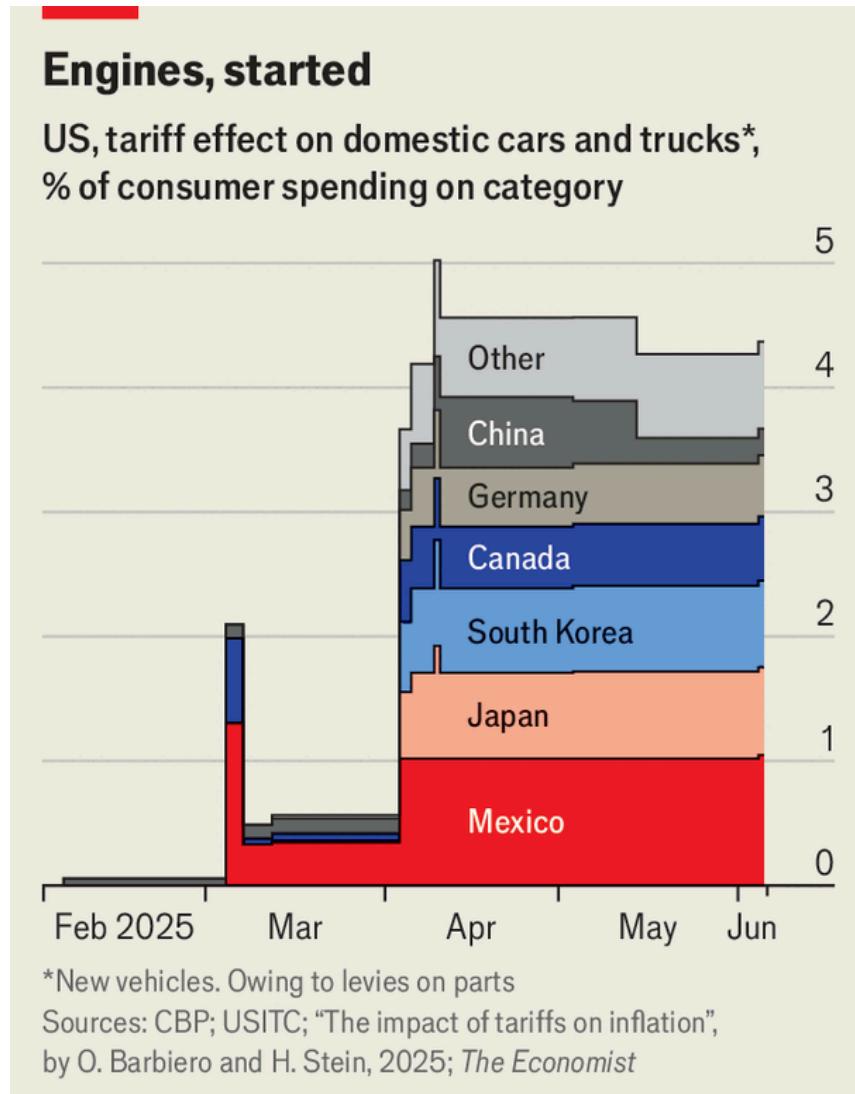
### **Pricing protectionism**

Fortunately, a recent paper by Omar Barbiero and Hillary Stein of the Boston Fed tackles these issues, modelling all the channels through which imports feed into shopping baskets. Since America is a fairly self-sufficient, services-driven economy, the duo find that the potential impact of tariffs on consumer prices is small. In 2023 imports that were directly consumed made up 6% of the core PCE index, which excludes food and energy. Those of inputs like steel, after counting all the products that use them, constituted another 4%.

Their study did not address one crucial question: how behaviour will change. In the long run, exporters will probably shift production to countries that face lower levies, even if doing so makes manufacturing less efficient. This should yield costs somewhere between the previous level and the rate implied by new tariffs. Similarly, consumers may switch to inferior local goods, or buy different products altogether. Such adjustments are difficult to predict. However, if tariffs do raise prices, then the gap between goods facing heavy levies and those with lower ones will grow during Mr Trump's term. Our estimate of the "tariff tax" rests on this comparison.

The first step in calculating the tax is determining the tariff rate for each possible pairing of a product and an exporting country on each day. There is no website listing all current tariffs. Officials rely on a

bulletin run by Customs and Border Protection, which updates after every executive order. With the help of ChatGPT, we have extracted data from these messages and reconstructed the shifting rules.



Next, using these rates and historical data, we calculated the average tariff on each product on each day, assuming trade patterns remain unchanged. In late April, for goods often imported from China, such as prams, this was 141%. By contrast, for those like cod, which comes from lightly tariffed countries, it was 11%.

Using the method outlined in the Fed paper, we calculated the share of total consumer spending accounted for in 2024 by imports of each product in each of 212 PCE sub-indices. For most services,

this was tiny: for expenditure on lawyers it was just 3%, reflecting attorneys' use of, say, computers and phones. It was far higher in categories where imports account for much of the final price paid by consumers, reaching 47% for televisions.

Last, we multiplied these proportions by the tariffs for each product and country, yielding the tax burden in each category. Most affected is “electric personal-care appliances”. For every dollar spent on hairdryers, razors and so on in late April, importers faced a bill of 59 cents, of which 56 came from China’s triple-digit rate. The next-highest categories—small appliances (total burden of 49%), cook- and tableware (28%); and military uniforms (25%)—were also dominated by China. The 18% on personal computers in early May came from China (7.6 percentage points), Mexico (4.8), Taiwan (2.6), Vietnam (1.6) and Thailand (0.7). Of the 9.2% on watches, in effect only on April 9th, Switzerland accounted for 5.7 percentage points. Cars produced at home faced a still lower burden.

In practice, prices for hairdryers did not rise by 59%. But using these notional rates, we can estimate the tariffs’ effect on inflation. For each category, we first measured how much its inflation rate differed from the economy-wide average during Joe Biden’s final six months in office. We compared this with the corresponding figure for the period from January to April. Then we tested how changes in relative inflation rates following Mr Trump’s inauguration lined up with his tariffs.

So far, their impact has been modest. In April each percentage point of increased input cost from tariffs for a given category was associated with 0.14 points of “excess inflation” for that grouping. Because the consumption basket consists mostly of tariff-free services, these costs have risen by almost 1% economy-wide. Holding all else equal, this implies prices are just 0.13% higher than if Mr Trump had never imposed new tariffs.

No one knows where tariffs are heading. However, even if they remain at or below their current levels, firms may raise prices because of the tremendous uncertainty. If they do, prices for goods should rise relative to those for services, which would increase our estimate of the tariffs' impact. To know whether to blame Mr Trump if your Amazon basket seems strangely expensive, watch this space. ■

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<https://www.economist.com/finance-and-economics/2025/06/05/trumps-tariffs-have-so-far-caused-little-inflation>

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**Reality sheikh**

## Will the UAE break OPEC?

*We find that the Emiratis are flouting the cartel's rules on a grand scale*

Jun 05, 2025 01:29 PM | Abu Dhabi



ON MAY 31ST the Organisation of the Petroleum Exporting Countries and its allies (OPEC+) said that it would pump 411,000 more barrels per day (b/d) of crude in July. The statement marked the [third such rise](#) in as many months. OPEC+'s increased production is equivalent to 1.2% of global demand, and represents a drastic acceleration from plans drawn up last year, when the group said that it would raise output by 122,000 b/d each month.

Big moves, if not big enough to sink oil prices. You might, therefore, think that OPEC+ is in total control. The cartel, which supplies half the world's oil, exists to keep prices high. In reality, it faces a crisis that could mark the beginning of its end.

## The black in the red

Brent crude oil price, \$ per barrel



Source: LSEG Workspace

Over its 65 years of existence OPEC has navigated many crises, from Gulf wars and America's shale boom to a pandemic-era oil bust. But today is different. Knowing oil demand could peak in the coming decade, members want to liquidate reserves. That, together with the spending required for petrostates moving away from oil, means some are flouting the cartel's cardinal rule: to not supply more than agreed upon. Although Saudi Arabia, the group's enforcer, is trying to ensure obedience, one [serial cheater](#) is getting a free pass: the United Arab Emirates, OPEC's third-largest exporter, and its biggest menace.

To understand OPEC's problem, look at the justifications for its latest increases in output. The one broadcast by the group—"healthy fundamentals" mean the world needs more oil—does not pass muster. Analysts, OPEC's included, have revised down demand forecasts to account for the damage of Donald Trump's trade wars. Non-OPEC countries, meanwhile, keep pumping more. The world is swimming in oil.

There are more credible explanations for the move. One is that Gulf states are trying to please Mr Trump, who wants cheap petrol in America's forecourts. Another is that the group wants to recover lost market share. A third frames it as an effort by Saudi Arabia to punish members who are flouting their quotas.

It is possible that, at the margin, the second 411,000 b/d hike—announced days before Mr Trump started touring the Gulf—helped Saudi Arabia and the UAE obtain goodies from Uncle Sam, such as artificial-intelligence chips. But “Saudi Arabia does not want to set too much of a precedent,” says a former OPEC executive.

Clawing back market share will also prove hard. Demand is expected to jump by 1m b/d from May to August in OPEC countries alone, as extra-hot weather means more air-conditioning, which will help absorb the output hikes so far. Should the cartel opt to pump still more, however, prices could drop below \$50, at which point members may revolt. And OPEC+ remains far from recovering its market power. By June its target output will still be 5m b/d or so lower than in August 2022, when it began to announce cuts.

What of enforcing discipline? Iraq, last year's biggest overproducer, appears to have trimmed output a little despite not having control over all its production, some of which is in Kurdish territory. Kazakhstan, which overshot by 300,000 b/d in April, is more troublesome. Its production is dominated by international firms over which the state holds little sway.

Yet the trickiest pupil of all is the UAE. The country tells OPEC it produces 2.9m b/d, bang on its quota. The cartel's own assessment, which averages estimates from “secondary sources” (eight consultancies) has not deviated from 2.9m b/d since at least 2023. Computing an exact, independent figure is impossible, since the UAE stopped releasing detailed data years ago. All the same, OPEC's figures look impossibly low: tanker-tracking suggests the

country's crude exports alone add up to 2.8m b/d, and that is before accounting for any local refining or additions to stocks. (The country's energy ministry did not respond to our requests for comment.)

In private, analysts admit their numbers are massaged. Several—including one at a secondary-source firm—say they produce one estimate for internal purposes and another for external consumption. Two reckon that the UAE overproduces by 200,000 to 300,000 b/d. The International Energy Agency, an official forecaster that OPEC ditched as a secondary source in 2022, estimates the UAE's output at nearly 3.3m b/d in April. Some foreign producers with outposts in the UAE suggest all these estimates are too low. One Gulf-based analyst who supplies data to national and international oil firms goes as high as 3.4m b/d.

Almost everyone upholds the fiction in public. After a reshuffle in February, when OPEC dropped America's Energy Information Administration as a source, all its external assessors are now commercial outfits. Foreign consultancies count the cartel and its oil giants, such as Saudi Aramco and Abu Dhabi's ADNOC, as clients. Journalists fear being cut off.

## Flying Emirates

Oil and gas upstream investments, \$bn

Selected OPEC+ members

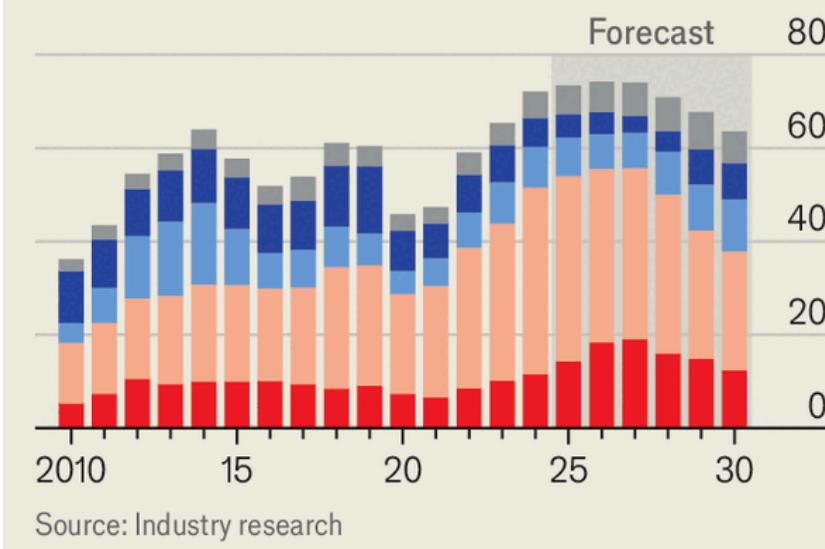
■ UAE

■ Saudi Arabia

■ Iraq

■ Kazakhstan

■ Kuwait



Source: Industry research

Why does Saudi Arabia allow this? At oily get-togethers its leaders are now frostier towards the Emiratis, notes one confidant to Gulf leaders. But they cannot get too angry. Among OPEC+ members, the UAE has long had the most idle capacity as a share of its total, which generates enormous frustration in Abu Dhabi. When global oil demand rebounded post-covid, a clash over quotas twice led the UAE to consider leaving OPEC, which could have been a fatal blow. Saudi leaders now fear it might really walk if criticised again.

Things will probably get still more fraught. The UAE cares less about low oil prices than Saudi Arabia. An economist at an Emirati bank says that the country needs them at just \$50 a barrel to balance its books, whereas its bigger neighbour, which is spending lavishly on real-estate projects, requires them at \$90 a barrel. In the five years to 2027 the UAE is slated to invest \$62bn in new production, bringing its capacity to 5m b/d, up from 3.6m b/d in 2021; ADNOC, which pumps most of the territory's oil, says that capacity has already almost hit the target for two years' time. The

UAE's OPEC quota has not kept up with this growth. Last year it negotiated a 300,000 b/d increase, to be phased in over 18 months. On May 28th OPEC+ postponed a more comprehensive revision of quotas—originally due this year—until 2027.

The Emiratis are unlikely to accept their straitjacket. One analyst with contacts in both governments says that it is only a matter of time before Saudi Arabia and the UAE openly clash. A descent into disorder, fuelled by conflict between OPEC's largest and third-largest exporters, could then make the cartel unworkable. ■

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<https://www.economist.com/finance-and-economics/2025/06/01/will-the-uae-break-opec>

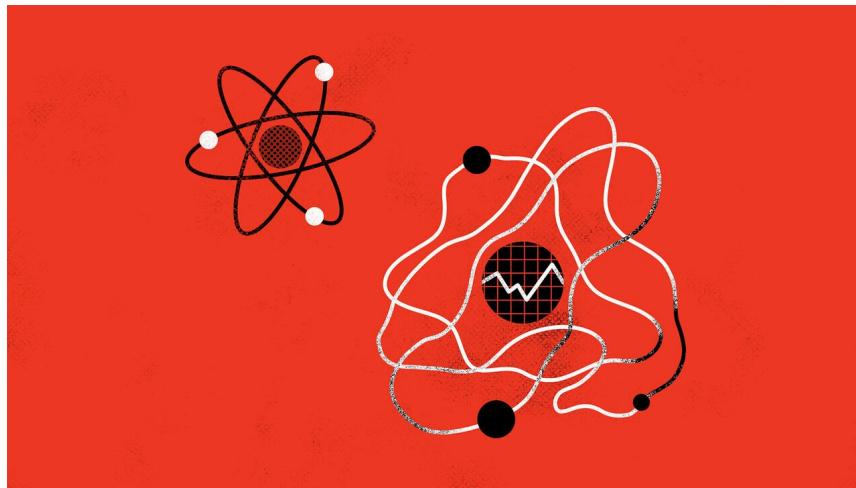
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**Buttonwood**

## Why investors lack a theory of everything

*Markets have no fundamental laws, which is why they are so interesting*

Jun 05, 2025 01:29 PM



IF THERE WAS to be some cataclysm, and he could preserve just one sentence for future scientists, Richard Feynman would have made it about atoms. Tell them everything was made of tiny particles in constant motion, thought the great 20th-century physicist, attracting and repelling each other along the way. With a little imagination they could then uncover the rest. That was because the universe had a marvellous feature: though vast, it could be described by surprisingly few laws. Armed with the knowledge of atoms, Feynman reckoned his successors could work some of these out and then deduce far more.

At first sight, the less illustrious field of financial theory resembles Feynman's. A popular destination for recovering physicists, it includes many people who would have studied his old lectures as undergraduates. Some of the equations look similar, too. Were you to pick one branch of maths to teach a budding financial theorist, it would probably be stochastic calculus—the same one used to

analyse the behaviour of Feynman's jiggling atoms. Asset prices, after all, also jump around with seeming randomness. If you could specify how—and how they, too, jostle each other—you would have markets cracked for good.

But that is where finance and physics part ways, because the quest for the laws of markets is doomed. This is seldom as obvious as it has been recently, when the ground has been shifting and long-standing links between assets have snapped. Rich-world currencies normally strengthen when bond yields rise; no longer for the dollar and American Treasuries. Gold is supposed to do well when investors are panicking, and share prices when they are ebullient; now, both gold and plenty of stockmarkets are at or near all-time highs. The volatility implied by the options market is supposed to rise when things get riskier. It has been falling for months. Who, then, thinks markets have become safer—those dumping their dollars or snapping up gold?

There are plausible narratives to explain all these developments. But the reason investors reach for them is that they lack anything more concrete. Even physical laws that are merely approximate govern multitudes: Newton's concerning gravity and motion got men to the moon, as well as explaining why apples fall. By contrast, all the financial candidates are both limited and empirically dubious.

The efficient-market hypothesis says that investors, in aggregate, perfectly and promptly incorporate new information into asset prices. It is an appealing thought, though not a convincing one if you have observed a crowd, a trading floor or a stockmarket bubble. Arbitrage theory, which says portfolios of assets with the same pay-offs must have the same price, is more useful. It governs how derivatives (contracts with pay-offs dependent on some underlying asset price) are valued by specifying how traders can replicate them. But the replication strategies it prescribes can come badly unstuck if prices jump sharply. Models relating risk to returns

—such as the widely taught “capital asset pricing model”—usually make the maths tractable by assuming returns are distributed along a bell curve. Unfortunately, they are not.

None of these approaches the ideal theory of markets, which would fully explain how fundamentals move prices and how they sway each other. It is no surprise, then, that practitioners pursue narrower goals. The bright sparks who work at today’s dominant quantitative hedge funds are not searching for a theory of everything. They want to find links between assets that have held in the past, will hold in the near future and from which they can make money. One example is “trend following”, which does what it says after spotting a new pattern early. Another is “statistical arbitrage”, which searches for assets that usually move in a set relationship to each other, snapping back if they get out of line.

If that sounds unsatisfying to investors who are wondering what comes next, it is not the theorists’ fault. The complexity of markets is dizzying, and in complex situations even the iron laws of physics can produce surprising, unstable results (think of aeroplane turbulence). More important still, finance is ultimately driven by people, not particles, and they do not always respond to similar stimuli in similar ways. They look at what happened last time, try to do better, anticipate what other traders will do and seek to outfox them. The absence of fundamental laws in markets is frustrating, disorientating—and what makes them so interesting. ■

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<https://www.economist.com/finance-and-economics/2025/06/04/why-investors-lack-a-theory-of-everything>

**Free exchange**

## Stanley Fischer mixed rigour and realism, compassion and calm

*The former IMF, Bank of Israel and Federal Reserve official died on May 31st*

Jun 05, 2025 01:28 PM



**HE LOOKED RIDICULOUS**, his wife assured him. Stan Fischer, the number-two official at the IMF, was supposed to be enjoying a holiday on Martha's Vineyard in July 1998. Instead, he was perched on a sand dune, mobile-phone at his ear, trying to negotiate a bail-out of Russia, a country deemed “too nuclear to fail”.

Russia’s crisis also ruined Mr Fischer’s next holiday on the Greek island of Mykonos. He had to fly back to Washington, records “The Chastening”, a book by Paul Blustein, huddled under a blanket so other passengers could not overhear his phone calls.

Mr Fischer, who died on May 31st aged 81, bore such indignities with stoical good humour. This composure, as well as his wisdom, endeared him to his peers, his staff and even the many emerging-market officials, “fear in their eyes”, who turned to the fund for help during his tenure from 1994 to 2001. They hailed from

Mexico, Thailand, Indonesia, South Korea, Brazil and Argentina, as well as Russia. The Thai central bank, which had hidden the parlous state of its foreign-exchange reserves, eventually offered to reveal the true number. But only to Mr Fischer. One head of Brazil's central bank refused to deal with IMF staffers, whose command of economics failed to impress him. But he spoke every day to Mr Fischer, whose credentials could not be doubted.

The IMF man had travelled a long way to earn those credentials. Mr Fischer grew up in Mazabuka, a small town in what is now Zambia, where his father, a Jewish immigrant from Latvia, ran the general store. He won a scholarship to the London School of Economics, where he was beguiled by the technocratic promise of his new discipline: "all it would take is a bit of algebra" to solve the problems of policymaking. He earned his PhD at the Massachusetts Institute of Technology, where he returned as a faculty member after a few years away at the University of Chicago.

Although he had been charmed by Keynes's "General Theory", he saw the assault on Keynesian economics from Chicago and elsewhere as an opportunity not just a threat. He adopted the critics' internally consistent, forward-looking models, added a dash of realism, and reached different conclusions. The critics claimed that monetary policymakers are powerless to steer output if everyone knows what they are up to. But this policy fatalism ceases to be true if wages are somewhat "sticky" or inflexible, as Mr Fischer showed in a breakthrough paper published in 1977.

With its simplicity and punch, the paper was in keeping with a vibrant tradition of MIT economics. Indeed, Mr Fischer became what economists might call a "transmission mechanism" for that tradition, co-writing two textbooks, teaching a legendary class and advising the theses of some of the world's most influential economists, including Mario Draghi, former head of the European Central Bank, and Ben Bernanke, former chair of America's

Federal Reserve, where Mr Fischer himself would serve as vice-chair from 2014-17. According to Olivier Blanchard, another protégé and co-author, some of this advising would take place while jogging along the Charles river. When Mr Fischer wanted his student to slow down their presentation, he would speed up his jogging.

Mr Fischer's first foray into policymaking was seductively successful. In the 1980s he provided advice on quashing triple-digit inflation to Israel, a country close to his heart (and where he would later serve as central-bank governor). Israel cut its budget deficit, pegged its currency temporarily and raised interest rates, combined with a less orthodox wage freeze. The plan worked. Mr Fischer's main regret was the neglect of structural reforms, such as privatising government firms, which were not essential to the rescue plan, but proved difficult to implement after it succeeded.

Crises he faced at the IMF defied similar treatment. Neither Mexico nor Thailand, which had borrowed heavily in dollars, could exit their currency peg as painlessly as Israel. Budget-tightening prescribed in Thailand and South Korea was counterproductive. Indonesia's plan included too many structural reforms.

In some debates within the IMF, Mr Fischer had a dovish reputation. He gave his blessing to fiscal easing in Thailand and South Korea when it quickly became clear austerity was unnecessary. He understood that investors' expectations could be self-fulfilling. Like Peter Pan, the fund often found itself trying to persuade investors to believe in rescues that could have worked if investors had only believed they would. Their failure was not in itself proof they were wrong to try. He was less worried than many of the fund's critics about moral hazard—the argument that saving people from the consequences of their misdeeds makes future mistakes more likely. In Mr Fischer's view, if you have to cripple a country to send a message, the message is being sent too late.

## **A dash of realism**

But he was no softie. He recognised that macroeconomics often requires choosing between bad options. “Whatever type of exchange-rate arrangement a country has, there will be times when it wished it had a different one,” he once said. He compiled a list of lessons from the crises he faced at the IMF, the Bank of Israel and the Fed. One was the value of what he called the “eternal verities” preached by the IMF, including the need to keep inflation and the public debt in check and to follow growth-friendly policies.

In 1995 he paid a visit to his father’s hometown in Latvia where he saw the damage wreaked by communism, an experiment that lasted two generations and set the country back a generation, according to his calculations. A trip back to Zambia in 2000 was more encouraging. He was welcomed by the new owner of his father’s shop and saw considerable progress. It is, he reflected, “a long way from Mazabuka to the IMF”. He had crossed that vast interval. And like the hurricane lamps that once illuminated his home, he was an unstinting light even in the worst storms. ■

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<https://www.economist.com/finance-and-economics/2025/06/05/stanley-fischer-mixed-rigour-and-realism-compassion-and-calm>

# Science & technology

- **The Alzheimer's drug pipeline is healthier than you might think**

Glimmers of hope :: It reflects a more nuanced understanding of the disease

- **How old are the Dead Sea Scrolls? An AI model can help**

Scrollytelling :: Scientists are using it to estimate the age of ancient handwriting

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## Glimmers of hope

# The Alzheimer's drug pipeline is healthier than you might think

*It reflects a more nuanced understanding of the disease*

Jun 05, 2025 01:28 PM



OF ALL THE medical challenges that scientists have faced, Alzheimer's disease, the most common form of [dementia](#), has been one of the trickiest. Between 1995 and 2021 private money spent on Alzheimer's research came to \$42.5bn, but more than 140 trials failed to yield a single drug capable of slowing the disease. Yet the tide may be turning. There are now two working drugs, offering modest benefits, on the market, and a new review paper suggests more could soon follow.

There are 182 clinical trials for Alzheimer's treatments under way in 2025—an 11% increase on last year—testing 138 different drugs, of which 12 are likely to complete their final “phase 3” trials this year. Moreover, this pipeline includes medicines aimed at a diverse range of targets in the brain, reflecting an [increasingly sophisticated understanding](#) of the molecular processes behind Alzheimer's and dementia.

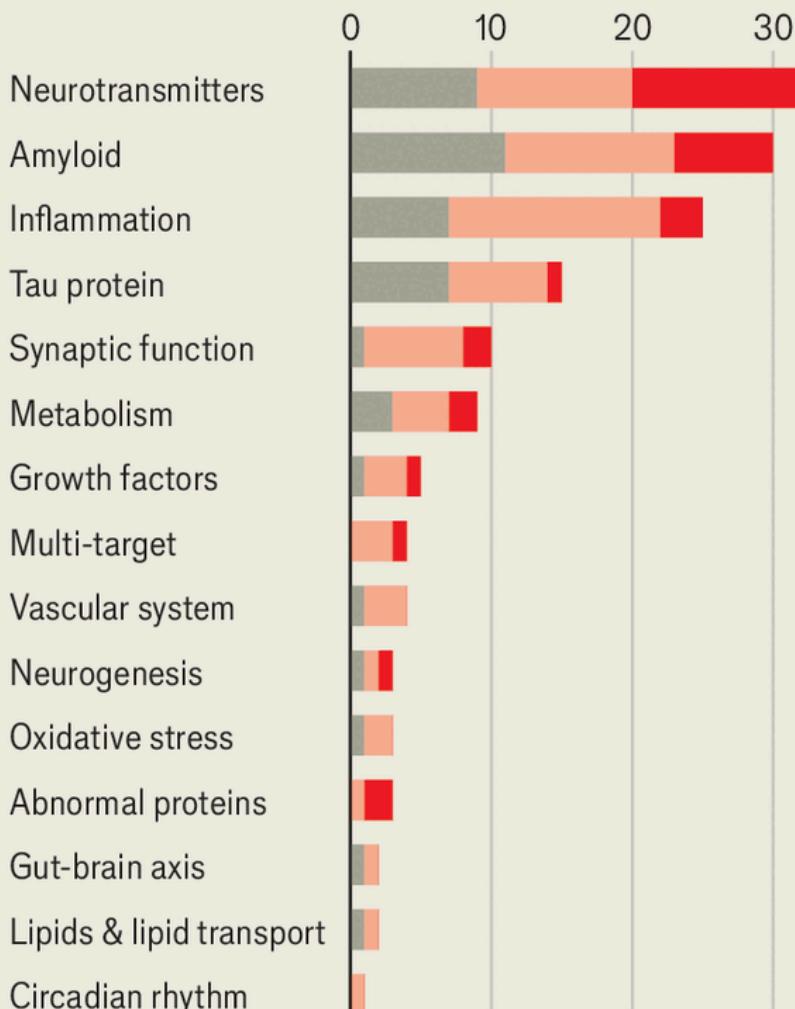
For decades, the theory that has dominated Alzheimer's research, and drug pipelines, has been the [amyloid hypothesis](#). It argues that the primary cause of the disease is the accumulation of plaques of beta-amyloid proteins in the brain. These supposedly lead to a cascade of negative effects including neuronal dysfunction, brain-cell death and neuroinflammation.

The amyloid hypothesis was supported by genetic evidence, which showed mutations in certain genes within families were linked to early onset of the disease. The success of the two drugs already treating Alzheimer's—lecanemab and donanemab, which arrived on the market in 2023 and 2024, respectively—proves that a connection exists. Both help clear amyloid from the brain, and offer modest help to a subset of patients for whom the drug is thought to be safe and useful. They slow the progression of the disease by about one-third, according to clinical trials, meaning patients can retain their quality of life for longer.

## No stone unturned

Alzheimer's drug development, biological targets by trial phase, 2025, number of drugs

■ Phase 1 ■ Phase 2 ■ Phase 3



Source: "Alzheimer's disease drug development pipeline: 2025",  
by J.L. Cummings et al., 2025 (preprint)

The excitement generated by these drugs has been tinged, however, with a feeling that they were not much to show for decades of effort. The singular focus on amyloid was probably misplaced. James Rowe, a professor of cognitive neurology at the University of Cambridge, says that although amyloid accumulation is a critical “early trigger” for the disease, by the time patients arrive at his clinic, other neural processes are accelerating the illness. These include the accumulation of a misshapen version of another

protein, called tau; increased metabolic stress on brain cells; neuroinflammation; and degeneration of the brain's blood supply.

This more nuanced understanding of Alzheimer's is at last being reflected in drug development. That is the conclusion of Jeffrey Cummings at the University of Nevada, Las Vegas, and colleagues, in their new review, published on June 3rd in *Translational Research & Clinical Interventions*.

Academic experts, and investors, agree. Dame Kate Bingham is the managing partner of SV Health Investors, a venture-capital firm based in London that, in 2015, started the first fund dedicated to discovering new treatments for dementia. At the time, the drug pipeline for Alzheimer's was mainly focused on tackling amyloid. She says the growing diversity of potential targets today gives her increased optimism.

Fully one-third of the new drugs are repurposed, which means they are already approved for use in other conditions and are being redeployed to Alzheimer's. The appeal of this approach is that the drugs already have known safety and toxicity profiles, and can be approved quickly and developed cheaply. One of the better known is [semaglutide](#), a diabetes and weight-loss drug whose anti-inflammatory and metabolic benefits have led to its being tested as a treatment for mild cognitive impairment. The drug piromelatine, meanwhile, works on melatonin and serotonin receptors in the brain, which help regulate sleep. As healthy sleep is thought to increase the rate at which amyloid and other waste proteins are cleared, improving it may slow the progression of Alzheimer's.

Then there is AR1001 (also known as mirodenafil), which was originally developed for erectile dysfunction and is being tested for its neuroprotective properties. The drug increases levels of a molecule in the brain called cGMP which, in turn, activates pathways that support the survival of nerve cells and improve connections between them. Drugs of this kind are known to

improve blood flow, so AR1001 might also improve the brain's vascular health.

Another repurposed drug is nabilone, which interacts with the cannabinoid receptors in the body. (The most well known molecule of this kind is tetrahydrocannabinol, the active compound in cannabis). It was originally developed to treat nausea and vomiting in those undergoing cancer chemotherapy. It is now being tested as a potential treatment for agitation and behavioural problems in those with Alzheimer's. Guanfacine, a drug that improves attention and executive function in those with ADHD, is also being tested to see if it can offer similar benefits.

Repurposed drugs do not necessarily have a higher chance of success in late-stage trials than those with a novel mechanism. Indeed, Dame Kate argues that innovative approaches which use new molecular targets, rather than repurposing, will have the greatest impact on the disease.

### ***Fresh approaches***

One area of innovation is centred on drugs that can tackle inflammation in the brain. Particular attention is being paid to brain cells called microglia, which play an important role in the brain's immune response and, most probably, its fight against Alzheimer's. Microglia have been described as acting as the brain's fire service, police and binmen, because they simultaneously respond to emergencies, maintain order and clear up debris. A number of drugs are trying to target the protein TREM2 on the surface of microglia in the hope of boosting their activity.

Combinations of drugs are also being tested. For example, it is hoped that pairing dasatinib, a cancer drug, with quercetin, a molecule derived from plants, will clear ageing and dysfunctional cells. Drug combinations that target different pathways and

components of an illness have made big inroads into other complex diseases such as cancer and HIV.

Some of the errors of the past have been corrected. Dr Rowe says that early attempts to design amyloid-clearing drugs did not remove enough amyloid, or did so too slowly. The patient selection in trials was also poor, with many patients included who—it later turned out—did not have Alzheimer's at all.

Today's trials still have blind spots, warns Antonella Santuccione-Chadha, the founder of the Women's Brain Foundation, a non-profit based in Switzerland that studies how sex affects brain and mental health. Many still fail to differentiate patients by sex, she says. Yet women are twice as likely to develop Alzheimer's, a difference that cannot be explained solely by their longer lifespans, and the disease seems to progress differently in their brains. At any given stage of the disease, tau proteins spread farther in women than in men, says Dr Chadha.

It would help the trials—and patients—if more people were tested for Alzheimer's earlier on, so that they could be enrolled to try the new drugs. A single register of those with the disease would also be useful, making it easier for patients to find trials, and for drug companies to find patients.

Much, therefore, remains to be done. But for those suffering from a horrible and as yet insurmountable disease that steals so many minds, there is also some much needed hope. ■

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<https://www.economist.com/science-and-technology/2025/06/03/the-alzheimers-drug-pipeline-is-healthier-than-you-might-think>

**Scrollytelling**

# How old are the Dead Sea Scrolls? An AI model can help

*Scientists are using it to estimate the age of ancient handwriting*

Jun 05, 2025 01:29 PM



Sensitive subject

EVER SINCE the Dead Sea Scrolls were discovered by Bedouin shepherds in the 1940s, debate has raged over their exact age. The scrolls, which contain the earliest surviving copies of books from the Hebrew Bible and other religious texts, mostly written in Aramaic and Hebrew, are thought to have been compiled sometime between 300BC and 200AD. Dating each of the 1,000-odd individual scrolls would help historians understand how literacy spread among ancient Jewish populations and the first Christians, and offer a valuable window into the genesis of the sacred texts. But scholars hoping to do so have had little but their own intuition to rely on.

Until now. In a paper published in *PLOS ONE* on June 4th, scientists report that a new artificial-intelligence (AI) model can date the ancient scrolls based on the style of handwriting they contain. This is possible because writing can change in distinctive

ways even within a few generations (a much-mourned modern example is the decline in cursive). Scholars already look for such differences to estimate the age of ancient documents, but the degree of subjectivity involved means that different experts often reach conflicting conclusions.

The new AI model offers the promise of standardising the discipline. It draws its conclusions by accurately measuring small angles and curves within individual letters, as well as identifying patterns across larger chunks of text, in ways that humans cannot. It also allows its calculations to be examined, which the researchers hope will lead to more objective date estimates. Indeed, the model has already made several intriguing findings.

The model, called Enoch, was developed by a team led by Mladen Popovic, a scholar of religion from the University of Groningen in the Netherlands. To calibrate the model, Dr Popovic and his team extracted and carbon-dated tiny samples from 24 of the Dead Sea Scrolls. The team then fed Enoch the carbon-date estimates, as well as 62 scanned images of the dated scrolls. Their intention was to allow the model to find relationships between shapes and patterns in the scanned script and the physical age estimate given by the carbon dating. The team then validated the model by giving it extra, unseen scans from the carbon-dated scrolls as a test; it proved robust, providing age ranges that largely overlapped with the carbon-dating results. Enoch was then provided with images of 135 undated scrolls and asked to offer dates. The age ranges it gave were generally between 50 to 100 years older than human estimates.

The most striking of the new dates concerned two scrolls that contain fragments of the biblical books of Daniel and Ecclesiastes. Historians believe that the original text of the Book of Daniel was finished sometime around 160BC and the Book of Ecclesiastes in the third century BC. Enoch suggests the versions found in the Dead Sea Scrolls were written around those times, too. Dr Popovic

says that though it is unlikely that the scrolls were written by the original authors of the Bible—an assessment he makes based on the quality of the script—they could have been contemporary copies, perhaps jotted down as scribes were listening to the originals being read out loud. The result is sure to spur further investigation.

An AI model that can help scholars date manuscripts “is a significant contribution”, says Thea Sommerschield, a historian at the University of Nottingham who has made use of AI models to restore and explain ancient Greek inscriptions, and who was not involved with the work. Dr Popovic hopes that models such as Enoch will one day be able to help date ancient manuscript collections in any language.

Collecting enough data to train similar models for other scripts will take time. For now, Dr Popovic is happy to be reducing the outsize role that gut feelings play in palaeography. “Sometimes,” he says, “our human mind is more of a black box than...the AI model that we have built.” ■

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<https://www.economist.com/science-and-technology/2025/06/05/how-old-are-the-dead-sea-scrolls-an-ai-model-can-help>

**Empty space**

## A leaderless NASA faces its biggest-ever cuts

*More than 40 science missions would be cancelled if Donald Trump's budget goes through*

Jun 05, 2025 01:29 PM



NASA KNEW it was in for a grim year. In early May the White House published a preliminary budget that proposed drastic cuts in the agency's funding, from \$24.8bn to \$18.8bn. That would bring it to its lowest level, when adjusted for inflation, in several decades, with the agency's scientific work taking the brunt. On May 30th the agency was given the full details, as a newer version of the budget spelled out exactly where the axe would fall.

Nor was that the end of the bad news. The next day Donald Trump, America's president, announced he was withdrawing his nomination of [Jared Isaacman](#), a well-regarded businessman and private astronaut, as NASA's boss. For at least the next several months, the agency will have to contemplate its straitened future without a permanent leader.

The White House's budget proposes a modest rise in spending on human space flight, and doubles down on the agency's so-far

successful experiment in handing off much of that work to the private sector. NASA's scientific work, by contrast, would be gutted, with its budget cut almost in half, to \$3.9bn a year. Around 5,500 people, out of a workforce of 17,400-odd, would lose their jobs. Dozens of missions—both planned and already operating—would be abandoned. It would, says Casey Dreier, chief of space policy at the Planetary Society, be an “extinction-level event” for NASA's scientific work.

The budget slays several sacred cows in the area of human space flight. It proposes abandoning the Space Launch System (SLS), a giant rocket intended to take astronauts back to the Moon. Built from 1970s technology and with an estimated cost of more than \$2bn per launch, the SLS is as much a congressionally mandated jobs programme as it is a rocket. Many at NASA will be privately relieved to see it go. The budget likewise withdraws funding for the Lunar Gateway, a space station intended to orbit the Moon. Many observers, including at least one former NASA administrator, regard the Gateway as a boondoggle that further complicates future missions.

The hope is that private companies such as SpaceX and Blue Origin, which already have contracts to build landers for NASA's Moon missions, can do a better job. That may be a risky bet: SpaceX's giant Starship rocket, the most obvious replacement, has struggled in recent test launches. Nevertheless, the budget includes \$864m to encourage a commercial replacement for SLS and Orion (the vehicle that will carry astronauts to the Moon). There is also \$200m for private companies to show they can transport cargo to Mars—as they are already starting to do to the Moon.

The enormous cuts to scientific research seem to have little internal logic. Perhaps unsurprisingly, given Republican hostility to the subject, NASA's Earth Sciences division, which includes its work on climate change, faces a 52% reduction in funding. But less political areas of research are slashed, too. The planetary-science

budget (which covers the other planets) would fall by nearly 32%. Money for heliophysics (the study of the Sun) would drop by 46%. Astrophysics faces a 66% chop.

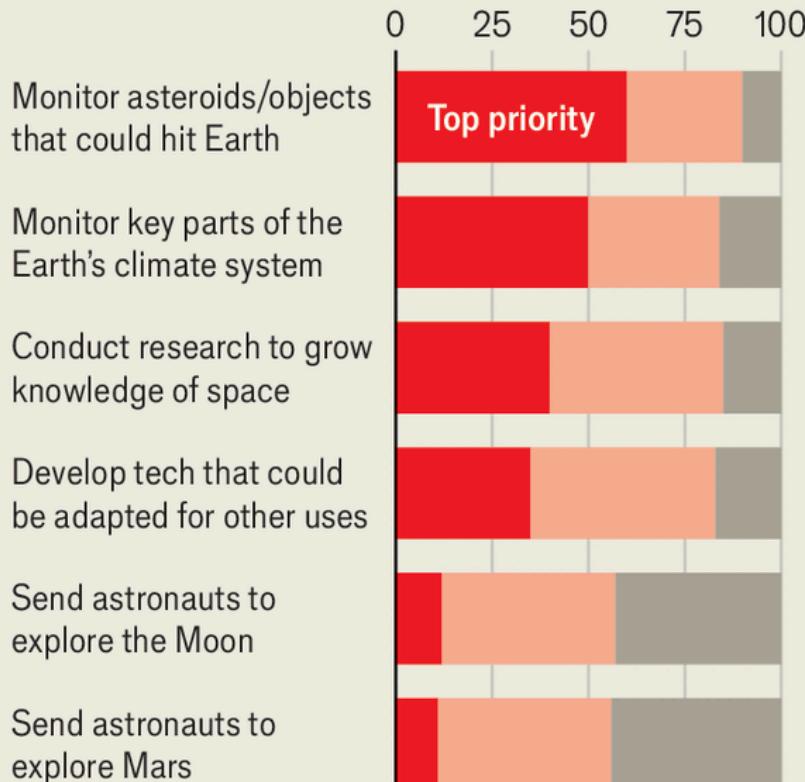
Cuts that big cannot be made by salami-slicing. Instead 41 different scientific missions, both upcoming and already under way, would be abandoned. One casualty is the Mars Sample Return mission, which aims to return Martian rocks to Earth where they can be studied in much greater detail than any robotic rover can manage. Late and over budget, it may have been cancelled under any president. But other missions suffer, too. The DAVINCI and VERITAS probes, due to launch in the early 2030s, would be the first American missions to Venus since 1989. Both are on the chopping block. The Nancy Grace Roman Space Telescope—chosen in 2010 as NASA’s highest astronomical priority—will get less than half its previous budget.

Ongoing missions face the axe as well. The budget would cancel the OSIRIS spacecraft’s examination of Apophis, a large asteroid which will narrowly avoid colliding with Earth in 2029. It would end the missions of Juno, a probe which arrived at Jupiter in 2016, and New Horizons, which flew past Pluto the year before and which has explored the far reaches of the solar system ever since.

## Home truths

US, how should NASA prioritise the following activities, 2023, % of adults responding

■ Important but lower priority ■ Not too important/should not be done



Source: Pew Research Centre

Seeing all these changes through would tax even the best administrator. But for the next few months at least, NASA will have no administrator at all. The White House gave no reason for ditching Mr Isaacman, who had enjoyed support among both Republicans and Democrats, beyond vague allusions to his “prior associations”. (One common speculation is that his nomination was pulled as a way to damage Elon Musk, who is thought to have championed Mr Isaacman’s appointment, and whose influence in the White House has waned.) No replacement has been announced.

The biggest question is the response of America’s Congress—which must approve the White House’s budget before it can

become law. Prioritising crewed missions over science is more or less the opposite of what the Pew Research Centre, a polling organisation, found the American public wanted in 2023 (see chart). Democrats, and even some Republicans, have said they will fight the science cuts—though Congress has so far shown little willingness to take on Mr Trump. In any case, says Mr Dreier, even if lawmakers manage to reverse half of the cuts, they would remain the biggest the agency has faced in decades. ■

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<https://www.economist.com/science-and-technology/2025/06/04/a-leaderless-nasa-faces-its-biggest-ever-cuts>

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**Well informed**

## How much coffee is too much?

*Studies suggest moderate consumption is harmless. It may even be beneficial*

Jun 05, 2025 01:28 PM



***Editor's note (June 5th 2025): This article has been updated to incorporate recently published research***

**HUMANITY DRINKS** around 2bn cups of [coffee](#) every day. The good news for those who contribute to that figure is that regularly consuming moderate amounts does not appear to be harmful. There may even be health benefits. Experiments conducted in vitro and in animals have long shown that some components of coffee, including cafestol, kahweol, caffeine and chlorogenic acids, can reduce inflammation as well as cell damage caused by a chemical process known as oxidation.

When a team led by Marzieh Moeenfard of the University of Porto looked more closely, they found that the potential benefits ran deeper. She reported in the *Journal of Cellular Biochemistry* in 2016 that cafestol and kahweol (which tend to be more prevalent in unfiltered than in filtered coffee) arrested tumour growth by

making it less likely that new blood vessels would form around tumour cells, and that chlorogenic acids inhibited the formation of carcinogens within the body. This suggested coffee might be good for fending off cancer.

One follow-up study led by Jin-Kyoung Oh of the Karolinska Institute in Stockholm reported that post-menopausal women who claimed to drink three or four cups of coffee per day were significantly less likely to develop breast cancer than women who said they drank up to two cups. Similar work in Japan suggested that those who said they drank three or more cups every day had a reduced risk of developing liver cancer.

Because caffeine is a stimulant that improves mood and combats tiredness, its presence in coffee has prompted some to test whether it reduces the risk of a person developing psychiatric and neurological diseases like Alzheimer's, Parkinson's and depression. Some have found beneficial effects. For example, Hong Chien-Tai of Taipei Medical University reported in 2020 that in patients with Parkinson's who consumed caffeine regularly, their disease progressed more slowly than in those who abstained.

Other findings, whether on cancer or mental health, have yielded mixed results. The uncertainty may well come down to the multitudes that coffee contains. Beans are sourced from different species, roasted in different fashions and served up in a variety of drinks of different sizes and strengths. Still, moderate consumption seems, at worst, harmless.

Overindulgence has clearer-cut consequences. Ingesting more than 400 milligrams of caffeine daily (an espresso contains around 60) has been found to lead to headaches, nervousness, irritability, muscle tremors and insomnia. It is also associated with mental-health conditions such as anxiety, and can make chronic health problems, like heart disease, worse by increasing blood pressure.

The effects of overdosing on coffee's other active ingredients are unclear.

But these are not the only risks associated with drinking coffee. Many lace their cup with additives like milk, sugar, cream and syrup, chronic overconsumption of which can also cause harm. A study of over 46,000 adults published in the *Journal of Nutrition* in May is suggestive. The results showed that participants who drank between one and three cups of coffee per day were roughly 15 percent less likely to die during the next decade than those who consumed none. That said, the benefit vanished if they stirred more than around a teaspoon of cream or half a teaspoon of sugar into their drink.

To maximise the benefits, therefore, don't overdo the cups and take it as black—and as bitter—as you like. ■

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<https://www.economist.com/science-and-technology/2025/05/30/how-much-coffee-is-too-much>

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# Culture

- **The 40 best books published so far this year**

Spine-tingling :: When you lie down by the pool this summer, pick up one of these titles

- **Would you pay \$100,000 for an orchid?**

Blooming expensive :: When orchidomania swept Europe in the 19th century, people forked out for flowers

- **Hit songs are getting shorter**

Stay tuned :: The trend is not as bad as it sounds

- **African architects have cool designs for a warming planet**

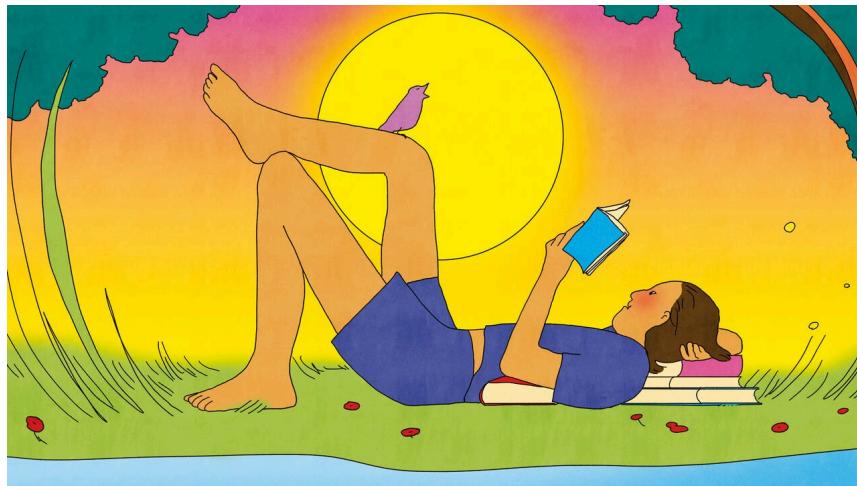
Material benefits :: They take inspiration from everything from the local terrain to termites

**Spine-tingling**

## The 40 best books published so far this year

*When you lie down by the pool this summer, pick up one of these titles*

Jun 05, 2025 01:28 PM



### ***Biography and memoir***

**Buckley.** By Sam Tanenhaus. *Random House; 1,040 pages; \$40 and £33*

William Buckley revived American conservatism in the second half of the 20th century with his love of argument and erudite, incisive prose. This biography runs to more than 1,000 pages—yet is not a word too long.

**Careless People.** By Sarah Wynn-Williams. *Flatiron Books; 400 pages; \$32.99. Macmillan; £22*

Sold as “the book Meta doesn’t want you to read”, [this memoir](#) is a riveting corporate kiss-and-tell. It portrays Mark Zuckerberg, the company’s founder and boss, as unfeeling and shallow.

**The Optimist.** By Keach Hagey. *W.W. Norton; 384 pages; \$31.99 and £25*

A deeply researched, gripping account of OpenAI. Though the author had access to Sam Altman, its co-founder and chief executive, this is no hagiography.

**Source Code.** By Bill Gates. *Knopf*; 336 pages; \$30. *Allen Lane*; £25

The tech billionaire-turned-philanthropist recounts his origin story, from his birth in 1955 to the early years of Microsoft in the late 1970s. Mr Gates's programming prowess and entrepreneurial zeal were entwined from the start, it shows.

**The Thinking Machine.** By Stephen Witt. *Viking*; 272 pages; \$30. *Bodley Head*; £25

This book is a guide to Nvidia and Jensen Huang, the man who turned the company from a pedlar of graphics chips for computer gamers into the semiconductor titan at the heart of the artificial-intelligence revolution.

### ***Business, economics and technology***

**Apple in China.** By Patrick McGee. *Scribner*; 448 pages; \$32. *Simon & Schuster*; £25

Can Apple thrive without China? A journalist at the *Financial Times* explains how the company became enmeshed in the country and what the fracturing of global trade means for one of the world's most valuable firms.

**The Art of Uncertainty.** By David Spiegelhalter. *W.W. Norton*; 336 pages; \$32.99. *Pelican*; £22

Using some intuitive assumptions and (very) simple algebra, this book offers an invaluable guide to thinking about uncertainty. It will appeal to many more than just aspiring mathematicians.

**Chokepoints.** By Edward Fishman. *Portfolio*; 560 pages; \$40.

*Elliott & Thompson*; £25

An insider's guide to economic warfare. With a satisfying amount of dash and drama, the author takes readers on a global tour of American sanctions. Ingenious technocrats have forged new, more precise tools of economic coercion.

**The Corporation in the 21st Century.** By John Kay. *Yale University Press*; 448 pages; \$35. *Profile*; £25

One of Britain's leading economists asks [what firms are for](#). Texts about purpose in business are all too often waffly and worthy, but this one is admirably clear.

**Empire of AI.** By Karen Hao. *Penguin Press*; 496 pages; \$32 and £25

A journalist explores the murky mix of missionary zeal, rivalry and mistrust at OpenAI in the run-up to the birth of ChatGPT. [This tale](#) reveals disturbing truths about the culture of Silicon Valley.

**House of Huawei.** By Eva Dou. *Portfolio*; 448 pages; \$34. *Abacus*; £25

A technology-policy reporter has parsed decades' worth of documents to piece together how [Huawei's enigmatic founder](#) rose from poverty to lead what is probably China's most powerful company.

### **Culture and arts**

**Adventures in the Louvre.** By Elaine Sciolino. *W.W. Norton*; 384 pages; \$29.99 and £22.99

Few of the nearly 9m people who visit the Louvre each year leave feeling as if they have truly mastered it. The author is a chatty,

amiable tour guide; she focuses on themes and small details.

**Bye Bye I Love You.** By Michael Erard. *MIT Press*; 344 pages; \$32.95 and £30

This book dismantles many long-held beliefs about utterances at both the beginning and end of life. It may sound a hard read, but it is a beautiful and even strangely comforting one.

**Fatherhood.** By Augustine Sedgewick. *Scribner*; 320 pages; \$30. *Picador*; £20

An American scholar describes how thinking about dads has changed over time. What is striking is the sheer variety of nonsense that people have believed. Another common theme is cruelty.

**John & Paul.** By Ian Leslie. *Celadon Books*; 448 pages; \$32. *Faber & Faber*; £25

A rich reading of the relationship between John Lennon and Sir Paul McCartney. Their friendship moved from complicity to competition to something curdled and, eventually, to terrible loss.

**Pronoun Trouble.** By John McWhorter. *Avery*; 240 pages; \$28

The title might lead readers to expect some culture-war bomb-throwing. Instead, the author provides an erudite tour in five chapters, one each for: “I”, “you”, “we”, “he/she/it” and “they”.

**Raising Hare.** By Chloe Dalton. *Pantheon*; 304 pages; \$27. *Canongate*; £18.99

In this tale, joy and wonder come bundled in a four-legged, long-eared, skittish little package. Caring for the leveret opens the author’s eyes to the natural world; she is an elegant writer and sharp-eyed observer.

## Fiction

**Among Friends.** By Hal Ebbott. *Riverhead Books; 320 pages; \$28. Picador; £18.99*

This accomplished debut revolves around two wealthy families that come together to celebrate a birthday at a country house. Simmering tensions and festering rivalries test relationships, but eventually a brutal betrayal threatens to upend lives and maybe even destroy them.

**Beartooth.** By Callan Wink. *Spiegel & Grau; 256 pages; \$27. Granta; £14.99*

Thad and Hazen, two brothers, make a living chopping down trees in Montana. One day a forbidding outsider known as “the Scot” approaches them with a lucrative but perilous offer involving an illegal venture in Yellowstone National Park. A taut, [compelling book](#).

**The Dream Hotel.** By Laila Lalami. *Pantheon; 336 pages; \$29. Bloomsbury; £16.99*

[An intriguing novel](#) about the creep of technology and the trade-offs people make for convenience. The author tells her dystopian tale by combining traditional storytelling with excerpts from a company’s terms of service, medical reports and meeting minutes.

**Flesh.** By David Szalay. *Scribner; 368 pages; \$28.99. Jonathan Cape; £18.99*

A man’s life is dramatised in a few crucial stages, from a youthful sexual relationship with an older woman in Hungary to a stint as a multi-millionaire in Britain and then on to uncertainty after a personal tragedy. The author’s elegant, stripped-back prose powers a narrative rich in pathos.



**Let Me Go Mad in My Own Way.** By Elaine Feeney. *Harvill Secker*; 320 pages; \$19.99 and £16.99

Claire returns home to care for her dying father. As she tries to settle down again in her family home in the west of Ireland and negotiate a new future with an old flame, she finds herself confronting past pain. A powerful, poignant book.

**Ripeness.** By Sarah Moss. *Picador*; 304 pages; £20. To be published in America by *Farrar, Straus and Giroux* in September; \$28

In the summer of 1967, 17-year-old Edith travels to Italy to help her sister in the final weeks of her pregnancy. In modern-day Ireland, Edith offers her assistance again, this time to a friend who is weighing up meeting a man claiming to be her half-brother. An insightful examination of family ties and belonging.

**Theft.** By Abdulrazak Gurnah. *Riverhead*; 304 pages; \$30. *Bloomsbury*; 256 pages; £18.99

Badar, Fauzia and Karim—three people from different walks of life—come of age in Tanzania. The author’s first novel since winning a Nobel prize in 2021 is a tightly focused, **beautifully controlled examination** of friendship and betrayal.

**Twist.** By Colum McCann. *Random House; 256 pages; \$28.*

*Bloomsbury; £18.99*

A journalist travels to South Africa to accompany a crew that repairs cables at the bottom of the Atlantic Ocean. He clashes with the ship's chief of mission, John Conway. When Conway later disappears, the writer endeavours not just to find him but to find out who he really is.

**We Do Not Part.** By Han Kang. Translated by e. yaewon and Paige Morris. *Hogarth; 272 pages; \$28. Hamish Hamilton; £18.99*

The winner of the latest Nobel prize in literature chronicles a bloody chapter in South Korea's history: the killings that took place on Jeju island in 1947-54. Ms Han incorporates quotations from archive material into her novel. [It conjures](#) beauty alongside tragedy.

## **History**

**38 Londres Street.** By Philippe Sands. *Knopf; 480 pages; \$35.*  
*W&N; £25*

Weaving together travelogue, detective story and legal drama, [this book](#) shows that the long-rumoured connection between Augusto Pinochet, a Chilean dictator, and Walter Rauff, a Nazi officer, was real. The third instalment in a loose trilogy about justice and impunity.

**The CIA Book Club.** By Charlie English. *Random House; 384 pages; \$35. William Collins; £25*

The story of the CIA's [most highbrow covert operation](#). The agency smuggled 10m books into the eastern bloc, including George Orwell's "1984", John le Carré's spy thrillers and Virginia Woolf's writing advice. The leader of the scheme described it as "an offensive of free, honest thinking".

**The Einstein Vendetta.** By Thomas Harding. *Michael Joseph*; 384 pages; £22

As a world-famous Jew, revered physicist and vocal critic of Nazism, Albert Einstein had long been an assassination target for the Nazis, but he was out of reach. Did Hitler order the murder of his cousin, Robert, instead? The author doggedly pursues [his own investigation](#) into the triple murder of Einstein's relatives.

**Jesus Wept.** By Philip Shenon. *Knopf*; 608 pages; \$35 and £30

How did the Catholic church go so wrong? A journalist [chronicles its failures](#) through the history of seven popes. An ecumenical council, known as Vatican II, might have changed everything, but the reforms that followed were footling, not revolutionary. This book is gripping and damning in equal measure.

**The Last Days of Budapest.** By Adam LeBor. *PublicAffairs*; 512 pages; \$35. *Apollo*; £27.99

At one time Budapest almost rivalled Berlin, Paris and Vienna in intellectual heft; the city was one of Europe's finest cosmopolitan capitals. But the second world war [changed Budapest for ever](#). This book is a reminder of how quickly a liberal, sophisticated society can be overrun by baser, crueler forces.

**Peak Human.** By Johan Norberg. *Atlantic Books*; 400 pages; \$32.99 and £22

A Swedish historian charts [the rise and fall of golden ages](#) around the world over the past three millennia, ranging from Athens to the Anglosphere via the Abbasid caliphate. He finds that the polities that outshone their peers did so because they were more open: to trade, to strangers and to ideas that discomfited the mighty.

**Strangers and Intimates.** By Tiffany Jenkins. *Picador*; 464 pages; \$28.99 and £20

A highly original and perceptive take on how thinking about the private sphere has evolved from ancient times to today, in domains ranging from religion and free speech to sexuality—and, of course, privacy in the digital era.

**The Third Reich of Dreams.** By Charlotte Beradt. Translated by Damion Searls. *Princeton University Press*; 152 pages; \$24.95 and £20

[This remarkable work of journalism](#)—unique in the canon of Holocaust literature—has been newly translated into English. It shows how authoritarianism affects the subconscious.

### **Politics and current affairs**

**The Party's Interests Come First.** By Joseph Torigian. *Stanford University Press*; 718 pages; \$50 and £41

There are only a handful of ways to understand Xi Jinping, such as poring over party records or studying the people who most influenced him. [Few have shaped Mr Xi more than his father](#). Xi Zhongxun's relationship to the Chinese Communist Party and his thwarted ambitions offer clues to what his son wants for China.

**Righting Wrongs.** By Kenneth Roth. *Knopf*; 448 pages; \$30. *Allen Lane*; £30

Having run one of the world's most effective human-rights groups for three decades, the author has sparred with more nasty regimes than most people could name. Here he [distils his hard-earned insights](#). The key to shaming powerful wrongdoers, he argues, is to avoid name-calling and “stigmatise with facts”.

**Russia's Man of War.** By Cathy Scott-Clark. *Hurst*; 424 pages; \$34.99 and £25

A richly reported and detailed [biography of Viktor Bout](#), a notorious Russian arms dealer, which benefits from rare extensive interviews with him. In 2022 he was swapped for Brittney Griner, an American basketball player, after 15 years in American custody. Was it one of history's most reckless prisoner exchanges?

### **Science and health**

**Doctored.** By Charles Piller. *Atria; 352 pages; \$28.99. Icon Books; £20*

[An investigation](#) into how dishonesty and dogma steered Alzheimer's research off-course. A fascinating story of medical groupthink and warped incentives; some chapters read like a scientific whodunnit.

**Is a River Alive?** By Robert Macfarlane. *W.W. Norton; 384 pages; \$31.99. Hamish Hamilton; £25*

Through a mixture of storytelling and argument, supplemented with a touch of derring-do, the author makes [a convincing case](#) for rivers being living subjects that must be endowed with rights.

**More and More and More.** By Jean-Baptiste Fressoz. *Harper; 320 pages; \$32.50. Allen Lane; £25*

A necessary, eye-opening and frequently gobsmacking book by a French academic, newly translated into English. It explains how [the energy transition](#) is a concept misused and misunderstood to the brink of meaninglessness.

**Waste Wars.** By Alexander Clapp. *Little, Brown; 400 pages; \$32. John Murray; £25*

The broad facts of the fiction of recycling are no secret. But [this book](#) traces the growth of the global trade in waste and chronicles

the effects of consumption by following rubbish to some of the world's most unpleasant places. ■

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<https://www.economist.com/culture/2025/06/05/the-40-best-books-published-so-far-this-year>

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Blooming expensive

## Would you pay \$100,000 for an orchid?

*When orchidomania swept Europe in the 19th century, people forked out for flowers*

Jun 05, 2025 01:29 PM



**The Lost Orchid.** By Sarah Bilston. *Harvard University Press;*  
*400 pages; \$29.95 and £24.95*

IN 1818 AN orchid was sent from Brazil to Britain. The specimen, later christened *Cattleya labiata*, had been collected by William Swainson, an English naturalist keen to make a name for himself in an age when natural history was newly fashionable. When eventually induced to bloom, revealing crimson, lip-shaped petals, *C. labiata* was agreed to be among the most splendid of its kind. It “must strike with admiration every beholder who is not actually insensible of the charms of nature”, one keen fan wrote.

Unfortunately, and unhelpfully, Swainson had emigrated to [New Zealand](#) without stating exactly where his specimen had come from. Other members of the genus *Cattleya* were subsequently described, but no further examples of *C. labiata* turned up. By the 1880s, to anthophiles’ disappointment, it was widely doubted that it

still existed. Then, ahead of the World Fair in Paris in 1889, a painting was found, suggesting there were more. A frenzied new era of “Orchidomania” sprang up.

Sarah Bilston, a British academic, came across this phenomenon while researching an earlier book. Victorians had become obsessed by the idea of possessing the plants partly out of scientific interest and partly as a chance to show off in a newly rich society. Exotic orchids could fetch what a clerk earned in a month, so the flowers were status symbols akin to a Birkin bag or sports car today. The fervour reached the very top of society: even [Queen Victoria](#) was a fan of the blooms.

By 1889 prices for the rarest specimens had risen roughly a hundred-fold since Swainson’s time, sometimes fetching the equivalent of \$100,000 in today’s money. An intense competition to rediscover *C. labiata*’s natural habitat was soon under way, involving men from several European countries. They risked injury and illness to get their hands on it. (They often turned to local expertise and labour for support on their expeditions.) “The Lost Orchid” offers an entertaining account of the rivalry between the plant hunters.

Dr Bilston weaves from these facts a story of social change, laissez-faire capitalism and the interaction of science and commerce. Readers will detect all the contradictions of the [19th century](#) in the story of *C. labiata*. On the one hand, it was a time of unprecedented progress. Scientific discoveries were feted, trade and industry boomed and people grew richer, healthier and more literate. In Britain the orchid became a symbol of such developments. It “was a tangible signal of...Britain’s global reach and growing technical and economic power”, the author writes.

At the same time, Dr Bilston points out, the orchid embodied fears about “the dangers of consumerism and capitalism”. Forests across the world were ransacked for orchids. In Malaya, one local

complained in 1850, “Jungles are nearly stripped of all the Orchidaceous plants, such has been the demand for them of late.”

As Brazil was logged for timber or charcoal, the very places where orchids such as *C. labiata* grew were decimated. Land was given over to plantations, as coffee beans proved more valuable than blooms. Dr Bilston observes that “A tone of dismayed grief about the engines of modern life is a common feature of the Victorian *fin de siècle* in Britain and Europe.” As people became more conscious of **humans' impact on the environment**, the seeds of a conservation movement were sown.

Thus Dr Bilston uses the orchid to unfurl a greater story about progress and the planet. At times this tips into needless hand-wringing about the diversity of her sources and the use of vague terms such as “practices of erasure”—which proves that all history is a reflection of the time in which it is written. Still, horticulturists and economists alike will enjoy her colourful tale of *C. labiata* and its multifarious meanings. “It was an alluring spectacle and an object of science, a delight for a broadening swathe of the public and a meeting ground of the serious...a market commodity and a glimpse of the divine hand of God.” Talk about flower power. ■

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<https://www.economist.com/culture/2025/06/03/would-you-pay-100000-for-an-orchid>

**Stay tuned**

## Hit songs are getting shorter

*The trend is not as bad as it sounds*

Jun 05, 2025 01:28 PM



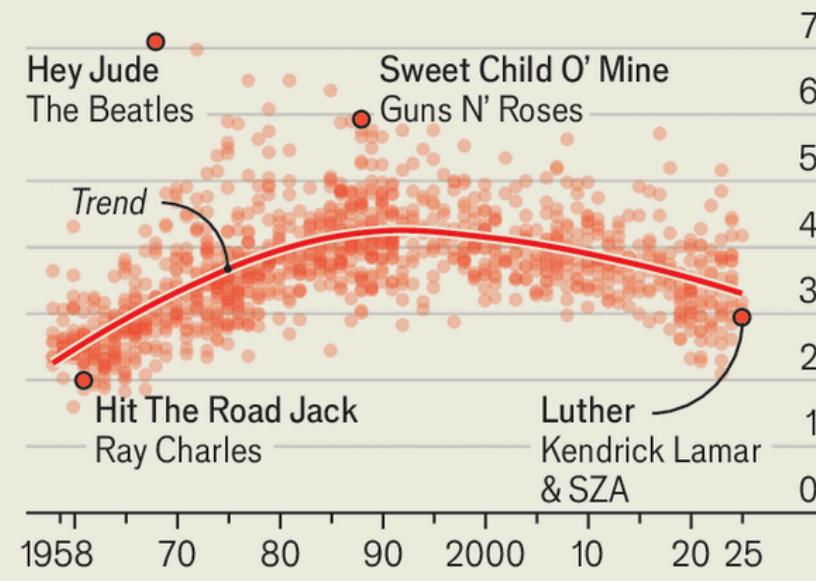
WHAT IS THE “song of the summer”? For more than a century, music fans and critics have considered which anthems capture the season of barbecues and suntans. In 1910 the *New York Tribune* wondered whether the year’s “summer song” would be “sentimental” or “humorous”, “unmitigated trash” or “at least bearable”.

The songs that will define summer in the northern hemisphere this year will probably be bearable, for they will probably be short. Consider two albums that were [loved last summer](#). “Short n’ Sweet” by Sabrina Carpenter, an American pop star (pictured), lived up to its name. “Brat” by [Charli XCX](#), a British musician, was full of two-minute tunes.

## Turning back time

Billboard Hot 100 number-one songs\*

Length in minutes



\*Not shown: American Pie by Don McLean, 1972 (8m 35s) and All Too Well (10 Minute Version) by Taylor Swift, 2021 (10m 13s)  
Sources: Billboard; Chris Dalla Riva

Of the songs that Spotify, a streaming service, reckons will “take over the summer”, half are under three minutes. Yet *The Economist*’s analysis of almost 1,200 number-one hits suggests brevity is not season-specific. The average length of songs that top the *Billboard* Hot 100 has decreased by around 18%, from four minutes and 22 seconds in 1990 to three minutes and 34 seconds in 2024 (see chart). Songs are the shortest they have been since the 1960s. The mentality, summed up by Jennie, a South Korean artist, is: “Don’t bore us, take it to the chorus.” (Her song, “Like Jennie”, lasts two minutes and three seconds.)

Song lengths are influenced by technology. For much of the 20th century tracks were short because shellac and vinyl records could hold only three to five minutes of music on each side. The introduction of cassettes in the 1960s and CDs in the 1980s allowed artists to croon for longer; hits such as “Hotel California” (1977) and “Sweet Child O’ Mine” (1988) were six or seven minutes long.

Runtimes remained lengthy for much of the 1990s. But in the digital age they have shrunk again.

The economics of streaming is one driver of the trend. Artists are paid each time their song is streamed, so long as the listener tunes in for at least 30 seconds. That has encouraged music-makers to get snappy, with [brief introductions and early choruses](#). In general “The shorter the song is, the more streams it’s going to get,” says Bart Schoudel, a producer and engineer who worked on Ms XCX’s “Brat”.

Another oft-cited explanation is TikTok. By one count more than 75% of the tracks in Britain’s top 40 singles chart have gone viral on the short-form video app. On social media, disgruntled listeners have complained that “embarrassingly short pop songs” are an attempt “to appease the TikTok generation”. Yet, as Adam Read, TikTok’s music editorial lead in Britain, points out, the app boosts “songs of every length”. A recent viral song, “Messy” by Lola Young, runs for nearly five minutes.

Short songs are often seen to represent the erosion of taste. Some of them are indeed firmly in the unmitigated trash category, such as “Steve’s Lava Chicken”, a 34-second song from [“A Minecraft Movie”](#) that recently broke the record for the shortest song to chart on the *Billboard* Hot 100. But plenty are good. “Hit The Road Jack” (1961) lasts just two toe-tapping minutes.

Making a song shorter is similar to editing a book—it is the musical equivalent of killing your darlings. That is particularly important for new artists, notes Mr Schoudel, as talent scouts tend to skip songs that do not get “to the point”. Musicians hoping to make the next summer hit may wish to follow Ms Carpenter’s example and keep things short and sweet. ■

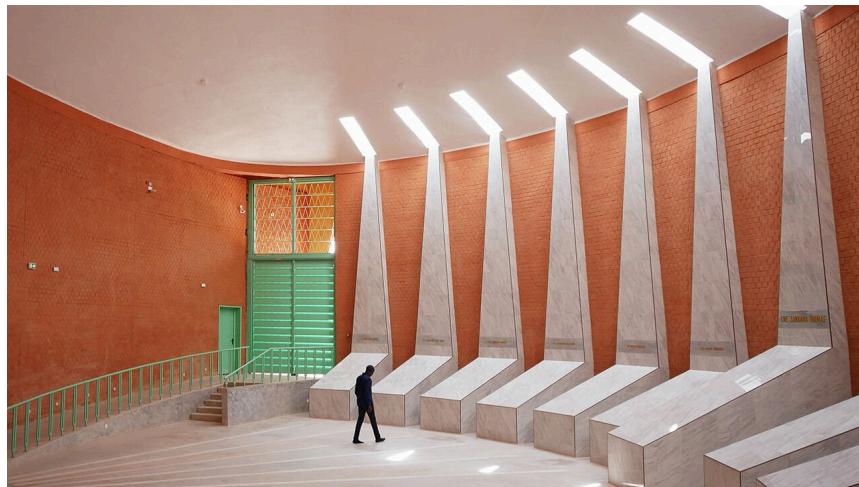
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## Material benefits

# African architects have cool designs for a warming planet

*They take inspiration from everything from the local terrain to termites*

Jun 05, 2025 01:29 PM | OUAGADOUGOU



Shady design, in the limelight

THE FIRST thing you notice, stepping from the scorching Sahelian sun into the laterite-stone dome, is how cold it is. There is no air-conditioning, just shade and natural ventilation; nor is there plaster. Diebedo Francis Kere, the architect behind the new mausoleum in Ouagadougou, Burkina Faso's capital, strives to use only what can be sourced nearby. "I'm a construction-material opportunist," he says. "I look around at what is most abundant, and how people use it, and try to do something new." The result is a building so austere, low-tech and elegant that it is like entering a temple of the ancient world.

In 2022 Mr Kere became the first black architect to win the prestigious Pritzker prize (considered architecture's equivalent of the Nobel). He is the best known of a cohort of African architects whose ideas are at the profession's cutting edge. In particular, they

are showing how to build sustainably for a warming, changing planet; what's more, they are doing so on the cheap. At a time when African-made [music](#), [art](#) and TV is crossing into the global cultural mainstream, the continent's architecture and design are becoming increasingly influential, too.

For a long time, ideas flowed the other way. Since the 1950s, many of the most important public buildings in Africa have been modernist in style and monumental in scale. The “tropical modernism” of the post-war era—a style inspired by the radical functionality of [Le Corbusier](#), a Swiss-born architect—was a way for newly independent African states to assert themselves on the world stage, says Tosin Oshinowo, a Nigerian architect. But the architects behind these buildings, who mostly did not come from Africa, often used materials unsuited to local climates, such as concrete (which can crack and blister in humidity) and plate-glass (which can make buildings oppressively hot inside).

Shiny buildings still have appeal: some African elites “want something that they've seen in the global north or Dubai”, says Kunle Adeyemi, another Nigerian architect. This can lead to staid uniformity at best and cheap mimicry at worst. In Ethiopia, for instance, the historic heart of Addis Ababa, the capital, is currently being demolished to make way for [bland, identikit high-rises](#) implanted from the Gulf.

Mr Kere and his peers point to another way. They draw inspiration from the immediate and familiar rather than styles and materials imported from elsewhere. The rustic appearance of the John Randle Centre (JRC), a museum which opened in Lagos last year, aims to evoke the mud rendering used for centuries by the Yoruba, one of Nigeria's largest ethnic groups. Seun Oduwole, who designed the JRC, says too many new buildings in Lagos are “white boxes divorced from their surroundings”. He aims to create edifices that are in harmony with “nature and the physical environment”.

## **Down to earth**

So, too, does Sumayya Vally, a South African architect who has drawn on the cooling systems of termite mounds in her recent designs. And Mariam Issoufou, from Niger, created an angular design for the Ellen Johnson Sirleaf Presidential Centre in Liberia based on traditional palava huts, whose roofs divert the heavy rains common in the country. She was shortlisted for the prestigious Aga Khan award in 2022.

Mr Kere was influenced by [Thomas Sankara](#), Burkina Faso's former president, who preached national self-reliance. (The mausoleum is part of a memorial for Sankara, who was assassinated on the site in 1987.) In design terms, this means making canny choices. Mr Kere uses clay-earth bricks, which can cost between 20% and 70% less than the concrete equivalents.

These architects' ideas are finding a wide audience. In 2023, at the previous edition of the Venice Architecture Biennale, perhaps the industry's most important event, more than half the participants were from Africa and the diaspora. Mr Kere has taught at Harvard and Yale. "This is a unique moment," says Martino Stierli of the Museum of Modern Art in New York. "We have this incredibly exciting generation of African architects who have built locally, but are having an impact globally."

That is evident in the commissions being won by African architects. Mr Kere's first major project in America is the Las Vegas Museum of Art, which is expected to open in 2028; it will take inspiration from the nearby Nevada desert. Ms Vally is designing a bridge in Belgium which will nod to traditional Congolese riverboats.

As urban planners contemplate the future as well as construction's present impact on the climate, they are looking to the continent's materials and methods. (Consider that cement [manufacturing](#)

accounts for around 8% of global CO<sub>2</sub> emissions.) Mr Adeyemi has won international recognition for his “water cities”: floating settlements designed in response to land scarcity in fast-growing metropolises such as Lagos as well as rising sea levels.

Design innovations pioneered in Africa are catching on elsewhere. The “passive cooling” techniques of the kind used in the mausoleum are increasingly common in hot countries around the world. Western architects such as David Chipperfield, who won the Pritzker in 2023, are utilising the same sustainable building materials, such as rammed earth and clay. Mr Kere says such approaches were often scorned as “backwards” when he was growing up in Burkina Faso in the 1970s and 80s. Now, more than ever, they are the future. ■

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<https://www.economist.com/culture/2025/06/05/african-architects-have-cool-designs-for-a-warming-planet>

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# Economic & financial indicators

- [\*\*Economic data, commodities and markets\*\*](#)

Indicators ::

## Indicators

# Economic data, commodities and markets

Jun 05, 2025 01:29 PM

### Economic data

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|                | Gross domestic product          |          |                   |      | Consumer prices                 |       | Unemployment rate |                        |
|----------------|---------------------------------|----------|-------------------|------|---------------------------------|-------|-------------------|------------------------|
|                | % change on year ago:<br>latest | quarter* | 2025†             |      | % change on year ago:<br>latest | 2025† | %                 |                        |
| United States  | 2.1                             | Q1       | -0.2              | -0.1 | 2.3                             | Apr   | 3.2               | 4.2 Apr                |
| China          | 5.4                             | Q1       | 4.9               | 4.4  | -0.1                            | Apr   | -0.3              | 5.1 Apr <sup>‡\$</sup> |
| Japan          | 1.7                             | Q1       | -0.7              | 0.6  | 3.5                             | Apr   | 2.7               | 2.5 Apr                |
| Britain        | 1.3                             | Q1       | 2.9               | 1.0  | 3.5                             | Apr   | 3.4               | 4.5 Feb <sup>††</sup>  |
| Canada         | 2.3                             | Q1       | 2.2               | -0.6 | 1.7                             | Apr   | 2.3               | 6.9 Apr                |
| Euro area      | 1.2                             | Q1       | 1.3               | 0.9  | 1.9                             | May   | 2.2               | 6.2 Apr                |
| Austria        | -0.5                            | Q4       | -1.4 <sup>‡</sup> | 0.3  | 3.1                             | May   | 2.6               | 5.6 Apr                |
| Belgium        | 1.1                             | Q1       | 1.6               | 1.0  | 2.8                             | May   | 2.9               | 6.4 Apr                |
| France         | 0.6                             | Q1       | 0.5               | 0.7  | 0.6                             | May   | 1.3               | 7.1 Apr                |
| Germany        | nil                             | Q1       | 1.7               | 0.1  | 2.1                             | May   | 2.3               | 3.6 Apr                |
| Greece         | 2.7                             | Q4       | 3.7               | 2.2  | 2.6                             | Apr   | 2.7               | 8.3 Apr                |
| Italy          | 0.7                             | Q1       | 1.1               | 0.5  | 1.9                             | May   | 2.0               | 5.9 Apr                |
| Netherlands    | 2.0                             | Q1       | 0.4               | 0.6  | 3.0                             | May   | 3.6               | 3.8 Apr                |
| Spain          | 2.8                             | Q1       | 2.3               | 2.6  | 1.9                             | May   | 2.3               | 10.9 Apr               |
| Czech Republic | 2.2                             | Q1       | 3.0               | 1.8  | 2.4                             | May   | 2.1               | 2.5 Q1 <sup>‡</sup>    |
| Denmark        | 4.0                             | Q1       | -2.0              | 2.6  | 1.5                             | Apr   | 2.0               | 2.9 Apr                |
| Norway         | -0.4                            | Q1       | -0.3              | 1.4  | 2.5                             | Apr   | 2.0               | 4.3 Mar <sup>‡‡</sup>  |
| Poland         | 3.2                             | Q1       | 2.8               | 3.0  | 4.1                             | May   | 4.3               | 5.2 Apr <sup>§</sup>   |
| Russia         | 1.4                             | Q1       | na                | 1.8  | 10.2                            | Apr   | 8.4               | 2.3 Apr <sup>§</sup>   |
| Sweden         | 1.0                             | Q1       | -1.0              | 1.8  | 0.3                             | Apr   | 2.3               | 8.9 Apr <sup>§</sup>   |
| Switzerland    | 2.0                             | Q1       | 2.1               | 1.1  | -0.1                            | May   | 0.3               | 2.8 Apr                |
| Turkey         | 2.0                             | Q1       | 4.0               | 2.9  | 35.4                            | May   | 33.0              | 8.5 Apr <sup>§</sup>   |
| Australia      | 1.3                             | Q1       | 0.8               | 2.1  | 2.4                             | Q1    | 2.1               | 4.1 Apr                |
| Hong Kong      | 3.1                             | Q1       | 7.9               | 1.5  | 2.0                             | Apr   | 1.6               | 3.4 Apr <sup>‡‡</sup>  |
| India          | 7.4                             | Q1       | 9.8               | 6.2  | 3.2                             | Apr   | 4.3               | 6.9 May                |
| Indonesia      | 4.9                             | Q1       | 4.8               | 4.7  | 1.6                             | May   | 1.8               | 4.8 Feb <sup>§</sup>   |
| Malaysia       | 4.4                             | Q1       | 5.1               | 4.2  | 1.4                             | Apr   | 2.3               | 3.1 Mar <sup>§</sup>   |
| Pakistan       | 4.8                             | 2025**   | na                | 3.0  | 3.5                             | May   | 6.0               | 6.3 2021               |
| Philippines    | 5.4                             | Q1       | 4.9               | 6.1  | 1.4                             | Apr   | 1.8               | 4.3 Q1 <sup>§</sup>    |
| Singapore      | 3.9                             | Q1       | -2.6              | 1.7  | 0.9                             | Apr   | 0.5               | 2.1 Q1                 |
| South Korea    | -0.3                            | Q1       | -1.0              | 0.6  | 1.9                             | May   | 1.8               | 2.9 Apr <sup>§</sup>   |
| Taiwan         | 5.5                             | Q1       | 7.2               | 3.8  | 2.0                             | Apr   | 1.9               | 3.4 Apr                |
| Thailand       | 3.1                             | Q1       | 2.8               | 1.9  | -0.2                            | Apr   | 0.2               | 1.0 Apr <sup>§</sup>   |
| Argentina      | 2.1                             | Q4       | 5.7               | 5.7  | 47.3                            | Apr   | 41.0              | 6.4 Q4 <sup>§</sup>    |
| Brazil         | 2.9                             | Q1       | 5.7               | 1.9  | 5.5                             | Apr   | 5.5               | 6.6 Apr <sup>§‡‡</sup> |
| Chile          | 2.3                             | Q1       | 2.8               | 1.9  | 4.5                             | Apr   | 4.6               | 8.8 Apr <sup>§‡‡</sup> |
| Colombia       | 2.7                             | Q1       | 3.2               | 2.3  | 5.2                             | Apr   | 5.1               | 8.8 Apr <sup>§</sup>   |
| Mexico         | 0.8                             | Q1       | 0.8               | -0.2 | 3.9                             | Apr   | 3.8               | 2.6 Apr                |
| Peru           | 3.9                             | Q1       | 5.1               | 2.8  | 1.7                             | May   | 1.7               | 5.8 Apr <sup>§</sup>   |
| Egypt          | 4.3                             | Q4       | 0.8               | 3.2  | 16.9                            | May   | 14.5              | 6.3 Q1 <sup>§</sup>    |
| Israel         | 1.4                             | Q1       | 3.4               | 3.1  | 3.6                             | Apr   | 3.2               | 3.0 Apr                |
| Saudi Arabia   | 1.8                             | 2024     | na                | 3.4  | 2.3                             | Apr   | 2.6               | 3.5 Q4                 |
| South Africa   | 0.8                             | Q1       | 0.4               | 1.7  | 2.8                             | Apr   | 4.0               | 32.9 Q1 <sup>§</sup>   |

Source: Haver Analytics \*% change on previous quarter, annual rate †The Economist Intelligence Unit estimate/forecast §Not seasonally adjusted

<sup>‡</sup>New series <sup>\*\*</sup>Year ending June <sup>††</sup>Latest 3 months <sup>‡‡</sup>3-month moving average Note: Euro area consumer prices are harmonised

## Economic data

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|                | Current-account balance<br>% of GDP, 2025† | Budget balance<br>% of GDP, 2025† | Interest rates                 |                           | Currency units    |                         |
|----------------|--|-----------------------------------|--------------------------------|---------------------------|-------------------|-------------------------|
|                |  |                                   | 10-yr gov't bonds<br>latest, % | change on<br>year ago, bp | per \$<br>Jun 4th | % change<br>on year ago |
| United States  | -3.0                                       | -7.1                              | 4.4                            | 4.0                       | -                 |                         |
| China          | 1.8  | -5.9                              | 1.6                            | -\$                       | 7.19              | 0.8                     |
| Japan          | 2.4  | -4.8                              | 1.5                            | 43.0                      | 143               | 8.2                     |
| Britain        | -2.8                                       | -3.9                              | 4.7                            | 34.0                      | 0.74              | 6.8                     |
| Canada         | -0.6                                       | -2.0                              | 3.3                            | -23.0                     | 1.37              | nil                     |
| Euro area      | 2.9  | -3.3                              | 2.5                            | -3.0                      | 0.87              | 4.6                     |
| Austria        | 1.6  | -4.5                              | 2.9                            | -14.0                     | 0.87              | 4.6                     |
| Belgium        | -0.1                                       | -4.5                              | 3.0                            | -2.0                      | 0.87              | 4.6                     |
| France         | -0.1                                       | -5.8                              | 3.2                            | 16.0                      | 0.87              | 4.6                     |
| Germany        | 5.3  | -2.6                              | 2.5                            | -3.0                      | 0.87              | 4.6                     |
| Greece         | -6.0                                       | -0.4                              | 3.3                            | -33.0                     | 0.87              | 4.6                     |
| Italy          | 0.8  | -3.6                              | 3.5                            | -35.0                     | 0.87              | 4.6                     |
| Netherlands    | 8.4  | -2.4                              | 2.7                            | -10.0                     | 0.87              | 4.6                     |
| Spain          | 2.4  | -3.2                              | 3.2                            | -17.0                     | 0.87              | 4.6                     |
| Czech Republic | 0.5  | -2.4                              | 4.2                            | -8.0                      | 21.7              | 4.6                     |
| Denmark        | 12.3                                       | 1.2                               | 2.5                            | -8.0                      | 6.52              | 5.1                     |
| Norway         | 16.1                                       | 9.8                               | 4.0                            | 36.0                      | 10.1              | 4.9                     |
| Poland         | 0.3  | -6.1                              | 5.5                            | -12.0                     | 3.74              | 5.9                     |
| Russia         | 2.2  | -1.7                              | 15.2                           | 48.0                      | 79.2              | 12.2                    |
| Sweden         | 5.8  | -1.0                              | 2.3                            | -5.0                      | 9.58              | 9.1                     |
| Switzerland    | 6.5  | 0.6                               | 0.2                            | -62.0                     | 0.82              | 8.6                     |
| Turkey         | -1.5                                       | -3.6                              | 31.1                           | 511                       | 39.1              | -16.7                   |
| Australia      | -0.8                                       | -1.8                              | 4.3                            | 6.0                       | 1.54              | -1.9                    |
| Hong Kong      | 11.6                                       | -5.4                              | 3.1                            | -62.0                     | 7.85              | -0.4                    |
| India          | -0.3                                       | -4.4                              | 6.2                            | -83.0                     | 85.9              | -2.8                    |
| Indonesia      | -1.4                                       | -3.2                              | 6.8                            | -5.0                      | 16,290            | -0.4                    |
| Malaysia       | 1.6  | -3.9                              | 3.5                            | -36.0                     | 4.25              | 10.8                    |
| Pakistan       | -1.5                                       | -6.2                              | 12.2                           | +++                       | 282               | -1.3                    |
| Philippines    | -3.1                                       | -5.4                              | 6.3                            | -42.0                     | 55.8              | 5.3                     |
| Singapore      | 16.2                                       | -0.2                              | 2.4                            | -91.0                     | 1.29              | 4.7                     |
| South Korea    | 2.9  | -2.3                              | 2.9                            | -58.0                     | 1,370             | 0.5                     |
| Taiwan         | 13.7                                       | nil                               | 1.6                            | -5.0                      | 30.0              | 8.2                     |
| Thailand       | 1.8  | -5.8                              | 2.1                            | -48.0                     | 32.7              | 11.9                    |
| Argentina      | -0.8                                       | 0.4                               | na                             | na                        | 1,183             | -24.2                   |
| Brazil         | -2.6                                       | -7.1                              | 13.9                           | 208                       | 5.63              | -6.4                    |
| Chile          | -2.1                                       | -1.9                              | 5.8                            | -28.0                     | 936               | -3.5                    |
| Colombia       | -2.7                                       | -6.0                              | 12.4                           | 171                       | 4,121             | -5.2                    |
| Mexico         | -0.2                                       | -3.5                              | 9.3                            | -54.0                     | 19.2              | -7.1                    |
| Peru           | 2.1  | -2.8                              | 6.5                            | -63.0                     | 3.62              | 3.6                     |
| Egypt          | -5.2                                       | -7.7                              | na                             | na                        | 49.7              | -4.5                    |
| Israel         | 4.1  | -4.9                              | 4.5                            | -28.0                     | 3.48              | 6.0                     |
| Saudi Arabia   | -3.0                                       | -4.0                              | na                             | na                        | 3.75              | nil                     |
| South Africa   | -0.7                                       | -4.6                              | 10.0                           | -57.0                     | 17.8              | 5.1                     |

Source: Haver Analytics §§5-year yield +++Dollar-denominated bonds

## Markets

|                         | Index       | % change on: |          |
|-------------------------|-------------|--------------|----------|
|                         | Jun 4th     | one week     | Dec 31st |
| In local currency       |             |              |          |
| United States S&P 500   | 5,970.4     | 1.4          | 1.5      |
| United States NAS Comp  | 19,399.0    | 1.6          | 0.5      |
| China Shanghai Comp     | 3,376.2     | 1.1          | 0.7      |
| China Shenzhen Comp     | 1,999.6     | 1.7          | 2.2      |
| Japan Nikkei 225        | 37,747.5    | 0.1          | -5.4     |
| Japan Topix             | 2,785.1     | 0.6          | nil      |
| Britain FTSE 100        | 8,787.0     | 0.7          | 7.5      |
| Canada S&P TSX          | 26,426.6    | 0.5          | 6.9      |
| Euro area EURO STOXX 50 | 5,375.7     | nil          | 9.8      |
| France CAC 40           | 7,763.8     | -0.3         | 5.2      |
| Germany DAX*            | 24,091.6    | 0.2          | 21.0     |
| Italy FTSE/MIB          | 40,074.5    | -0.1         | 17.2     |
| Netherlands AEX         | 920.3       | -0.4         | 4.7      |
| Spain IBEX 35           | 14,128.4    | 0.2          | 21.8     |
| Poland WIG              | 99,970.9    | -3.8         | 25.6     |
| Russia RTS, \$ terms    | 1,132.2     | 2.7          | 26.8     |
| Switzerland SMI         | 12,239.6    | 0.4          | 5.5      |
| Turkey BIST             | 9,277.0     | 1.1          | -5.6     |
| Australia All Ord.      | 8,770.2     | 1.7          | 4.2      |
| Hong Kong Hang Seng     | 23,654.0    | 1.7          | 17.9     |
| India BSE               | 80,737.5    | -0.7         | 3.3      |
| Indonesia IDX           | 7,069.0     | -1.5         | -0.2     |
| Malaysia KLSE           | 1,508.0     | -1.0         | -8.2     |
| Pakistan KSE            | 120,450.9   | 1.8          | 4.6      |
| Singapore STI           | 3,903.9     | -0.2         | 3.1      |
| South Korea KOSPI       | 2,770.8     | 3.8          | 15.5     |
| Taiwan TWI              | 21,618.1    | 1.2          | -6.2     |
| Thailand SET            | 1,132.0     | -2.5         | -19.2    |
| Argentina MERV          | 2,224,638.0 | -5.1         | -12.2    |
| Brazil BVSP*            | 137,546.3   | -1.0         | 14.4     |
| Mexico IPC              | 57,639.1    | -1.9         | 16.4     |
| Egypt EGX 30            | 32,677.9    | 0.6          | 9.9      |
| Israel TA-125           | 2,729.1     | 0.7          | 12.5     |
| Saudi Arabia Tadawul    | 10,832.4    | -2.0         | -10.0    |
| South Africa JSE AS     | 94,882.3    | 1.1          | 12.8     |
| World, dev'd MSCI       | 3,894.5     | 1.3          | 5.0      |
| Emerging markets MSCI   | 1,158.1     | -0.5         | 7.7      |

### US corporate bonds, spread over Treasuries

|                  |     | latest | Dec 31st |
|------------------|-----|--------|----------|
| Basis points     |     |        | 2024     |
| Investment grade | 101 | 95     |          |
| High-yield       | 368 | 324    |          |

Sources: LSEG Workspace; Moscow Exchange; Standard & Poor's Global Fixed Income Research \*Total return index

## Commodities

### The Economist commodity-price index

| 2020=100               | May 27th | Jun 3rd* | % change on |       |
|------------------------|----------|----------|-------------|-------|
|                        |          |          | month       | year  |
| Dollar Index           |          |          |             |       |
| All items              | 134.8    | 132.7    | -1.6        | -3.6  |
| Food                   | 152.9    | 150.4    | -1.9        | 1.0   |
| Industrials            |          |          |             |       |
| All                    | 119.8    | 118.1    | -1.2        | -7.9  |
| Non-food agriculturals | 125.1    | 122.7    | -4.0        | -10.1 |
| Metals                 | 118.4    | 116.9    | -0.4        | -7.3  |
| Sterling Index         |          |          |             |       |
| All items              | 128.1    | 126.1    | -2.7        | -8.9  |
| Euro Index             |          |          |             |       |
| All items              | 135.8    | 133.1    | -2.0        | -7.9  |
| Gold                   |          |          |             |       |
| \$ per oz              | 3,298.1  | 3,349.2  | -1.4        | 43.9  |
| Brent                  |          |          |             |       |
| \$ per barrel          | 64.1     | 65.6     | 5.6         | -15.4 |

Sources: Bloomberg; CME Group; FT; LSEG Workspace; NZ Wool Services; S&P Global Commodity Insights; Thompson Lloyd & Ewart; USDA; WSJ \*Provisional

<https://www.economist.com/economic-and-financial-indicators/2025/06/05/economic-data-commodities-and-markets>

# Obituary

- **Amanda Feilding fought to rescue the reputation of psychedelics**

The queen of consciousness :: The campaigner and scientific collaborator died on May 22nd, aged 82

**The queen of consciousness**

## Amanda Feilding fought to rescue the reputation of psychedelics

*The campaigner and scientific collaborator died on May 22nd, aged 82*

Jun 05, 2025 01:29 PM



THE FEELING was not at all what she had expected. It was very subtle. A lightening and a lifting, as when you put breath into a balloon. A feeling of return, like the tide coming in.

The tide she actually saw was much more scary. Big splashes of blood on her white tunic, and a river down her face. Well, you couldn't expect much else when you trepanned yourself. She had done it with a pedal-operated dentist's drill, right in the middle of her forehead. Quite neatly, in fact, with a hole in her skull of only half a centimetre. Her surgery was so clever that, after mopping herself up, she was ready to party, in a flowing Moroccan robe and with a gold turban hiding the wound.

The reason she had done it, up in her attic in December 1970, was to let lightness in. Her lover, Bart Huges, a young Dutch scientist, believed that much mental illness stemmed from sluggish blood-

flow to the brain. The full heartbeat had to express itself within the cranial cavity, loosening the grip of the tyrant ego. She had dreamed as a child of watering the desert; now trepanation, an ancient procedure to let bad spirits out, might revitalise the desert of her brain. No modern doctor would perform it, so it was do-it-yourself time. Amanda's pet pigeon, Birdie, had made sure to fly out of the window before she began.

She had tried several other things. In the 1960s and 70s, almost everyone did. At 16 she smoked cannabis; it made her hear the world in a new way. In her early 20s she sampled LSD. Her first trip was like a heavenly funfair; her second, a disaster. Someone had spiked her coffee with hundreds of trips-worth of the stuff, and she took months to recover. The psychic wound was never quite cured, she felt. But her scientific curiosity was undaunted.

Hers had been an odd childhood. The family were upper-class bohemian farmers, cash-poor but sitting on many acres in a three-towered Tudor hunting lodge. They were isolated and barely socialised. Her most vivid experiences took place outdoors, in the large garden, full of winding paths, where she imagined a god lived; and in the fields where from the age of three she followed her diabetic father, with glucose in her pocket to save him during his hypoglycemic fits. This dosing of the blood fascinated her. She won the science prize at school, but dropped out to study mysticism instead. The two subjects seemed to go together, and later fused in a single campaign: to find out with the best science how psychedelics worked, and thereby to show how their consciousness-expanding effects might safely benefit human beings.

This was a hard path to tread. After the mind-bending hippie years, psychedelics were taboo. In government wars against drugs the potentially useful, non-addictive ones—LSD, cannabis, psilocybin (magic mushrooms) DMT, MDMA (ecstasy) and ayahuasca—were criminalised along with heroin and cocaine. Doctors would not

touch them; scientists ignored them. Yet in other civilisations these were sacraments, not the devil's work. Of course taking them willy-nilly was highly dangerous; she knew all about that. Yet if they could help relieve the physical and mental ills of the modern world, they were worth researching.

How could she get that message across? Her first thought was to go into politics. She had a certain fame in the press as the drug-crazed woman with a hole in her head, so she ran twice as an independent for her Chelsea constituency, in flowing robes and turban and with Birdie on her shoulder, offering trepanning on the NHS. (On her second run in 1983 her vote doubled, to 139.) But she knew that science was the way forward, not sensation.

The real problem was that she had no letters after her name. It was an uphill push to campaign from her kitchen table; she would have to work her way into the scientific establishment with some sort of Trojan horse. So she set up a foundation. She did that in 1996, eventually calling it the Beckley Foundation (BF) after her family home. Conveniently, it had an Oxford postcode; her marriage the year before to the Earl of Wemyss gave her extra social heft; and persistence did the rest, drawing to her cause the professors of neuroscience at both Oxford and Cambridge and David Nutt, Britain's former, interestingly maverick drug tsar. Her particular prize was Albert Hofmann, the Swiss chemist who had synthesised LSD, felt it had been a gift for the world, and tirelessly preached the importance of studying psychedelics properly.

Her foundation's HQ was a five-person office in a converted cowshed at Beckley, but it soon found impressive venues elsewhere. From 1998 she hosted 11 international seminars on drug policy for government ministers and intellectuals in the House of Lords: a nice high seat to shoot from. BF also collaborated with some of the best labs in the world. With Johns Hopkins, in 2006, it produced the first scientific evidence that psilocybin might be useful in treating nicotine addiction; ten years later, a collaboration

with Imperial College confirmed it seemed to help in treatment-resistant depression. She was especially keen to see the physiological effects of altered states of consciousness, so BF helped generate the first images, flaming orange, of the brain on LSD. Microdosing with acid, as she had done for years, also seemed to make dying patients happy.

This was hardly a revolution. But it shifted medical thinking. Once doctors were confronted with evidence-based research (as well as her 80 co-written articles in peer-reviewed journals), their minds opened a little. In fact, you could say, their consciousness expanded. She was careful not to push them too far. But as she took reporters round her magic garden, among the tall topiaries and the ponds she had dug in accordance with sacred geometry, she would let slip further mystical thoughts: that the brain might be a receptor for a wider form of consciousness; that consciousness might in fact be everywhere. And that you did not necessarily need a hole in the head to let the light in. ■

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<https://www.economist.com/obituary/2025/06/05/amanda-feilding-fought-to-rescue-the-reputation-of-psychedelics>

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