

The Economist

Who should run the Fed?

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Our word of the year

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How AI is rewiring childhood



The Economist

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The world this week

Politics

Dec 10, 2025 01:59 PM



Steve Witkoff and Jared Kushner, Donald Trump's mediators in the **Ukraine war**, [went to Moscow for a meeting with Vladimir Putin and his senior advisers](#)· to discuss a proposed peace plan put forward by the Americans. Nothing concrete came out of the discussions. Donald Trump admitted it was unclear what the next steps would be. Ukraine said Russia was wasting the world's time. Mr Putin reiterated his threat that he is ready for war with Europe, which has been shut out of negotiations. A gathering of [NATO](#) foreign ministers in Brussels ended with the usual show of support for Ukraine, but nothing new emerged from the summit. Mark Rutte, [NATO's secretary-general](#), said that only Mr Trump could break the deadlock.

After the talks in Moscow American and Ukrainian negotiators were due to meet again in Florida. Ukraine has a new chief negotiator following the resignation of Andriy Yermak, who was also Volodymyr Zelensky's politically powerful chief of staff, amid an investigation into a **corruption** scandal that has shaken the government to its core. Mr Yermak denies any wrongdoing.

The European Union continued to argue over a plan to take [money from frozen Russian assets](#) to fund Ukraine's war efforts. Belgium, where most of the assets are held in a clearing house, wants assurances that it will be shielded from any legal retaliation from Russia. The commission put forward a complex proposal to break the impasse that does not require unanimous consent from all the EU member states. The EU did agree to a permanent ban on Russian gas imports. Shipments of Russian liquefied natural gas will be phased out by the end of 2026 and pipeline imports by September 30th 2027. The EU still gets around 20% of its gas from Russia.

Mr Putin, meanwhile, prepared for a [trip to India](#) to hold talks with Narendra Modi, the prime minister. The pair will discuss trade, weapons sales and energy. India has been a big buyer of Russian oil in recent years, despite sanctions. The Kremlin is using the visit to show Europeans that Russia is not isolated and has healthy relations with big developing countries.

As counting continued in a presidential election in [Honduras](#), the result was too close to call, with Salvador Nasralla, the liberal candidate, vying for victory with Nasry Asfura, a conservative. Mr Trump has thrown his support behind Mr Asfura, believing he can work with him to thwart drug-traffickers. But to the astonishment of observers, Mr Trump pardoned Juan Orlando Hernández, a former Honduran president who was convicted in America last year of conspiring to import cocaine. He claimed that Mr Hernández, who has now walked free from a 45-year prison sentence, was unfairly treated.

Troubled waters

Pete Hegseth, America's secretary of war, came under pressure to explain his actions in the American military's bombing of a suspected [drug-smuggling boat](#) in the Caribbean on September 2nd. A follow-up strike on the vessel killed two people who were

clinging to the wreckage. Mr Hegseth says he didn't "stick around" to watch the second strike on the military's live feed, but thinks the admiral who ordered it had done the right thing amid "the fog of war".

The Trump administration suspended the processing of **immigration visas** for people from 19 countries, including Afghanistan, Haiti, Iran and Somalia. It comes amid Mr Trump's crackdown on immigration after the shooting of two National Guard troops in Washington by an Afghan national. One of the guards has died. The president has now turned his ire on Somali migrants, describing them as "garbage" who are not welcome in America. He is reportedly preparing to order federal immigration agents to target Minneapolis and St Paul, which have the largest communities of Somalis in America.

The Republicans held on to a congressional seat in **Tennessee** at a special election, though the party's margin of victory was narrower than in the general election a year ago. The Democrats closed the gap in the mostly rural seat even though they fielded a left-wing candidate, who had said she "hates" Nashville and country music. The seat covers part of the city.

Binyamin Netanyahu, **Israel's** prime minister, asked Isaac Herzog, the president, for a **pardon in his trial on charges of fraud**. Since Mr Netanyahu denies any wrongdoing and insists he will be exonerated, he is, in effect, simply asking for an end to his trial and all charges against him to be dropped.

Israel announced that it would reopen the crossing at Rafah, between **Gaza** and Egypt, to allow Palestinians to leave the territory. Palestinians will have to get Egyptian and Israeli approval to do so. Egypt wants Israel to allow Palestinians to enter Gaza too, but Israel has not yet agreed to this.

The electoral commission in **Guinea-Bissau**, where soldiers recently took power in a coup, said it would be unable to publish results of the country's presidential election as armed men had destroyed most of the ballot papers. The announcement is unlikely to quell speculation that the coup was a ruse to cover up the election result.

Nigeria replaced its defence minister, following a surge in mass kidnappings and Islamist attacks in the north of the country. Mohammed Badaru Abubakar resigned officially for health reasons. He will be succeeded by Christopher Musa, a former chief of defence staff.



The death toll from [flooding and landslides](#) on the Indonesian island of Sumatra passed 800. Cyclonic rains also caused havoc in Thailand, where over 180 people have died, and Malaysia. More than 450 were killed by storm flooding in Sri Lanka. Hundreds more have died or are missing across the region. One million people were evacuated from their homes amid the deluge.

Hong Kong's chief executive, John Lee, said a committee led by a judge [would investigate the city's most fatal fire](#) in 77 years, as the number of dead rose to 159. Bodies are still being recovered from the tower blocks. Anti-corruption authorities have arrested 15 people in connection with the fire.

The president of **Tajikistan**, Emomali Rahmon, instructed the armed forces to tighten security along the border with **Afghanistan** after the killing of five Chinese nationals in attacks that originated from the Afghan province of Badakhshan. One of the incursions used drones to drop grenades. The Taliban government in Afghanistan pledged to co-operate and pool security resources with its neighbour.

David Lammy, Britain's justice secretary, outlined plans to scrap **jury trials** in cases likely to carry sentences of three years or less in order to clear a backlog in the courts. Some suspects wait years to be brought to trial. Mr Lammy backed away from a more radical proposal to do away with juries for sentences of under five years. Critics argue that the government is tampering with a cornerstone of British justice that harks back to the Magna Carta in 1215.

Diplomatic pressure

The British government again delayed a decision on whether to give permission for China to build a new **mega-embassy in London**. There are concerns that the complex will be a hub for Chinese espionage. Sir Keir Starmer, the prime minister, has said China poses a national-security threat, though he wants to maintain close business relations with the country. A decision on the embassy will now be made on January 20th, according to reports.

<https://www.economist.com/the-world-this-week/2025/12/04/politics>

The world this week

Business

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The Michael and Susan Dell Foundation pledged \$6.25bn to fund **investment accounts** for 25m American children, the largest-ever charitable donation for children in the us. The funding will place \$250 into accounts under the auspices of Invest America, a national programme. The child must be aged ten or under, born before January 1st 2025 and live in an area where the median income is less than \$150,000. Mr Dell said this would encourage families to save for their children. The Treasury has started a programme to deposit \$1,000 in investment accounts for children born between January 1st 2025 and the end of 2028 until they are 18.

Vorsprung durch Technik?

Germany's chancellor, Friedrich Merz, formally asked the European Union to exempt plug-in hybrids and highly efficient petrol cars from a ban on sales of combustion engines that comes into force in 2035. Germany's mighty **car industry** has struggled with the transition to fully electric vehicles. Mr Merz said the reduction of emissions should be carried out in a way that is "innovation-friendly and technology-neutral".

According to reports, **Sam Altman**, the boss of OpenAI, has warned his colleagues that they must focus on improving ChatGPT or risk falling behind rival generative-AI models, such as Claude, developed by Anthropic, and Gemini, Google's AI. Mr Altman described it as a "code red" situation for OpenAI. He is delaying the development of other initiatives, including advertising services and a personalised morning round-up for users based on their data, to focus on ChatGPT. Meanwhile, **Anthropic** was said to be preparing for an IPO as soon as next year, which could be one of the biggest-ever stockmarket flotations.

Facing criticism that it is falling behind its rivals in artificial intelligence, **Apple** appointed a new executive to oversee the technology. Amar Subramanya has been recruited from Microsoft, which he joined only a few months ago. Before that Mr Subramanya worked for Google on its Gemini chatbot. His quick departure from Microsoft, where he was tasked with beefing up the company's own AI technology, is indicative of the fierce competition for top AI talent.



The boom in all things related to AI is powering **Taiwan's economy**, which grew by 8.2% in the third quarter, year on year, its best performance since the aftermath of the pandemic. Exports were up by 32%. TSMC, which has its headquarters in Taiwan, manufactures around 90% of the world's most advanced chips for the likes of AMD, Apple and Nvidia. Foxconn, best known for assembling the iPhone, has recently attained most of its revenues from making servers and other data-centre equipment. GDP is expected to expand by 7.4% this year, far above China's growth rate.

Two of the biggest private providers of figures on **house sales in China** were ordered by the government to suspend their monthly data releases, according to a report. November's figures, which are expected to register a sharp decline in sales among China's struggling developers, have not been released.

American Eagle's share price soared after it reported record sales over the Thanksgiving weekend and lifted its outlook for the year. The clothing retailer has been boosted by the success of its advertising campaign featuring Sydney Sweeney, a film star. The ads aroused controversy when they were released for intermingling "genes" with "jeans".

Starbucks agreed to pay \$38.9m to settle with New York for not providing stable work rosters for its employees in the city. The company maintains that New York's regulations are too complicated, triggering violations for even minor changes to schedules that create a "domino effect", even when workers swap shifts for health appointments. Zohran Mamdani, the incoming mayor, said his administration will be there for the workers in the city "every single step of the way".

Prada completed a deal to buy **Versace** for \$1.4bn, well below the \$2bn that its former owners, Capri Holdings, paid in 2018. The acquisition closed on the birthday of Gianni Versace, who was

murdered in 1997. Donatella Versace, his sister, who stepped down as creative director at the luxury-goods firm in March, has welcomed the deal.

Greens v AI

BP pulled out of a proposal to develop a giant **hydrogen plant** in northern England. The plant was considered to be a nationally significant infrastructure project and part of the government's aim to reach net-zero emissions. But the owners of the land now want to build a giant data centre instead. They claim that this, too, will be of critical national importance.

<https://www.economist.com/the-world-this-week/2025/12/04/business>

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The world this week

The weekly cartoon

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Dig deeper into the subject of this week's cartoon:

Will Congress rein in Pete Hegseth and his boat-bombing campaign?

Some cocaine-smuggling presidents are more innocent than others
A shambolic leak reveals Team Trump's contempt for allies

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

<https://www.economist.com/the-world-this-week/2025/12/04/the-weekly-cartoon>

Leaders

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Generation AI

How AI is rewiring childhood

The technology presents dazzling opportunities—and ominous risks

Dec 10, 2025 01:58 PM



CHRISTMAS STOCKINGS may contain more surprises than usual this year, as children open presents that can talk back. Toymakers in China have declared 2025 the year of artificial intelligence (AI) and are producing robots and teddies that can teach, play and tell stories. Older children, meanwhile, are glued to viral AI videos and AI-enhanced games. At school, many are being taught with materials created with tools like ChatGPT. Some are even learning alongside chatbot-tutors.

In work and play, AI is [rewiring childhood](#). It promises every child the kind of upbringing previously available only to the rich, with private tutors, personalised syllabuses and bespoke entertainment. Children can listen to songs composed about them, read stories in which they star, play video games that adapt to their skill level and have an entourage of chatbot friends cheering them on. A childhood fit for a king could become universal.

It is a future filled with opportunities—and hidden traps. As real kings often discover, a bespoke upbringing can also be a lonely and atomised one. What's more, as their subjects often find out, it can create adults who are ill-equipped for real life. As AI changes childhood for better and for worse, society must rethink the business of growing up.

Being reared by robots has advantages. Tech firms are already showing how AI can enhance learning, especially where teachers and materials are scarce. Literacy and language-learning have been boosted in early trials. The dream is that, with an AI tutor, children can be saved from classes pitched to the median, in which bright pupils are bored and dim ones are lost. If you want a version of this leader for an [eight-year-old Hindi-speaker](#), AI can rewrite it; if they would prefer it as [a cartoon strip or a song](#), no problem.

Technology is creating new forms of fun, too. Hollywood may dismiss AI videos as “[slop](#)”, but young people are devouring them and making their own. Old toys are being upgraded: an AI-powered edition of “Trivial Pursuit” can pose questions on any topic. Video games are creating novel experiences, such as chatting to Darth Vader in “Fortnite”. Any child can meet their heroes (and shoot them).

There are well-publicised risks in letting children loose on an evolving technology. AI tutors may hallucinate wrong answers. Toys can go off the rails: parents should check stockings for the AI teddy that was recently found to have spiced up its chat with talk of

kinky sex. Children can easily misuse AI, to cheat at homework or harass each other with “deepfake” videos. Chatbots can coax vulnerable adolescents into harming themselves. Tech firms insist these stumbling blocks can be fixed; ChatGPT is only three years old.

Yet childhood may be disrupted most radically by things that AI does when it is behaving as intended. The technology quickly learns what its master likes—and shows more of it. Social-media feeds have already created echo chambers where people see only views they agree with (or love to hate). AI threatens to strengthen these echo chambers and lock children into them at an early age. The child who likes football may be told football stories by his teddy and given footballing examples by his AI tutor. Not only does this stamp out serendipity. A favourites-only diet means a child need never learn to tolerate something unfamiliar.

One-sided relationships with chatbots present a similar risk. AI companions that never criticise, nor share feelings of their own, are a poor preparation for dealing with imperfect humans. A third of American teenagers say they find chatting to an AI companion at least as satisfying as talking to a friend, and easier than talking to their parents. Yes-bots threaten to create children not used to taking turns, who grow up into colleagues unable to compromise and partners unfamiliar with the give-and-take required in a relationship.

Other trends are pushing in the same direction. As birth rates crash, fewer children are growing up with siblings to smooth their sharp edges. Rising numbers of young adults are deciding that long-term romantic relationships are not worth the hassle. Remote work means that people who grow up in a personalised, asocial world can slip into jobs where they interact with colleagues only through screens—a chore they may soon delegate to an AI agent.

Some basic counter-measures are urgent. Parents should think twice before entrusting their child to a word-regurgitation machine, whether it is sewn into a bear or not. Chatbots should have age restrictions that are properly enforced; governments should not give AI firms the leeway they gave social networks, which are only now being cajoled into age-gating. Teachers are kidding themselves if they think essays written at home can any longer be trusted. In the age of AI, more in-school assessment is essential.

The longer-term challenge is to think deeply about how to preserve the socialisation that AI could rub out of children's lives. Schools, where much of childhood plays out, are the best place to do this. They should take advantage of personalised tuition where it is proven to work. But they must also redouble efforts to teach things that a robot can't: to debate, to disagree and to get along with—perhaps even to appreciate—people who are not as sycophantic as a chatbot.

Happy princes, hollow kingdoms

Schools should also enhance their role as centres of discovery. If AI is giving children more of what they want, it is more important that schools provide chances to meet people and encounter ideas that lie outside their experience. Algorithmic personalisation threatens to be a powerful barrier to social mobility if it nudges people to stay in the lane in which they start out. Inequality could widen if poor schools merely embrace chatbots as cheap substitutes for human teachers.

AI shows undeniable potential to improve education and enrich entertainment. It may one day let every child live like royalty. But the truly privileged may be those whose parents and teachers know when to turn it off. ■

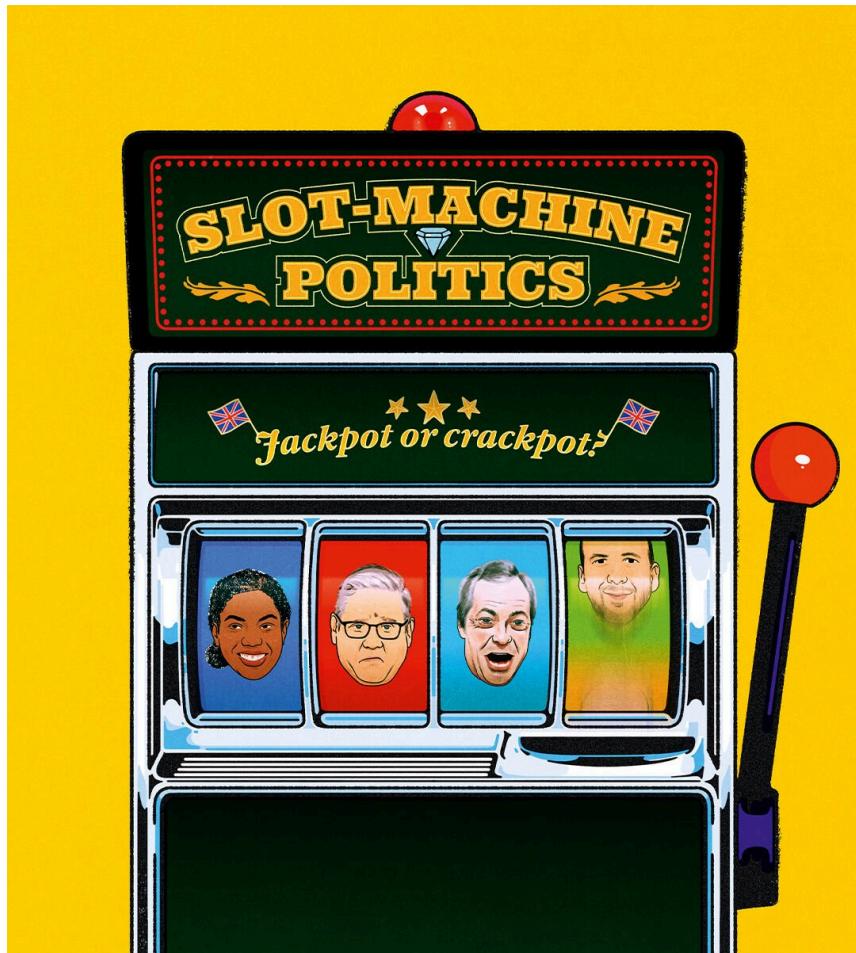
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Crackpot or jackpot?

Britain's slot-machine politics

Voting is becoming a high-stakes, wildly unpredictable gamble

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ELECTIONS ARE supposed to distil the will of the people. These days they are more likely to scramble it.

Going by recent polling, a general election held today could lead to a landslide for Reform UK (which now has just five MPs); or voters could return a hung parliament. Perhaps the Conservatives will be the kingmaker; but then again, if the Tory vote slips a bit further, the world's most successful political party could be reduced to a rump of just 15 MPs. Zack Polanski of the Greens (currently four

MPS) has a one-in-twenty chance of becoming leader of His Majesty's opposition in a Reform-led parliament. But if the Labour Party can get to within two percentage points of Reform, it will have a one-in-three chance of forming the next government—making Sir Keir Starmer one of the most successful, while also one of the most loathed, prime ministers of the 21st century.

Welcome to slot-machine Britain, where election day gives the people a chance to pull the lever on a one-armed bandit. Our bewildering range of outcomes emerges not so much from a belief that the polls could see-saw wildly—though they may do that, too—as from the fact that, when five parties score between 13% and 29%, small changes in their share of the vote lead to big changes in their share of the seats in Parliament.

For a while now, Britons have been aware that they face arbitrariness and instability at the ballot box. This week, *The Economist* is using a new [electoral model](#) to put flesh on that intuition. For those who care about good government or democracy, our findings are not reassuring. Those people include Sir Keir who, in an [interview with us](#) this week, warns that the emergence of the populist right is “the political fight of our times”.

The fundamental cause of the uncertainty is political fragmentation and it is a feature of many European democracies. In France National Rally and La France Insoumise have drawn support away from the Socialists, the Republicans and Renaissance in the centre. Alternative for Germany and various parties on the left, including Die Linke, have eroded the two big traditional groupings there. Italy is also far down this route.

It is the same story in Britain, where a two-party duopoly has been crumbling since the 1960s. Lately, the decline has accelerated as the loyalty of voters to individual parties has withered. Reform, an upstart led by Nigel Farage, has become Britain's most popular party. Under Mr Polanski, a former actor who rivals Mr Farage for

wit and off-the-cuff policymaking, the Greens have overtaken Labour as the first choice of those under 35. Separatists are thriving in Scotland and Wales.

Britain turbocharges this turmoil because of its election system. Under first-past-the-post voting, everyone casts a single ballot and the candidate with the most in each of Britain's 650 constituencies wins a seat. In theory this rewards the two big parties, supposedly leading to strong government. However, when the country has lots of medium-size parties, the correlation between the number of votes in, and number of seats out, owes more to Las Vegas than to Edmund Burke.

To make sense of the confusion, we have built a model that draws on 80 years of electoral data. This uses 10,001 simulations to calculate what could happen in a vote based on today's polling. We find that in some constituencies seats could be won on as little as 23% of the vote. Reform is likely to be the largest party, but its possible tally of seats spans a huge range from 112 to 373—the difference between Mr Farage leading a rump opposition and becoming prime minister.

Whoever wins, the consequence is likely to be weaker government and more contempt for Parliament. One problem is that majorities will be built on sand. In the election in 2024 Labour won 63% of the seats on 34% of the vote, the most disproportionate result in British political history. As its polling has dwindled, however, Labour MPs have become aware that their seats are under threat. Despite having a big majority, therefore, Sir Keir has had to grapple with rebellious and risk-averse backbenchers unwilling to fall in with his plans.

Another problem is that governments elected on a small share of the vote do not have a mandate for the sweeping reform Britain needs. If they take harsh measures, they will be accused of failing to reflect the will of the majority in the country. But if they sit on

their hands and do nothing, they risk being accused by their own voters of making empty manifesto promises. It is a recipe for disillusionment with democracy.

Britain has in the past seen powerful challenges to the two-party system, such as the SDP in the early 1980s, only for them to melt away. This time, too, it is tempting to credit the rise of the insurgents to Sir Keir's bloodless leadership, or to think that fragmentation is simply a temporary flare-up over inflation and immigration. Perhaps the incentives for creating big parties under the first-past-the-post voting system will be large enough to lead to another consolidation.

However, the forces propelling the shift from two dominant parties to many competing ones are unlikely to abate. The habit of party loyalty is easily lost, but hard to regain. On both the left and the right you find the same frustration: voters feel that the Westminster system no longer responds to their wishes. If the slot machine amplifies the volatility of the electorate, then that could further alienate voters. Eventually, this will lead to growing pressure for electoral reform. Already supported by a majority of Britons, this may one day become inevitable whether Westminster politicians want it or not.

In his interview, Sir Keir acknowledges that voters feel frustrated and disenfranchised and no longer trust centrist politicians to improve their lives. But he warns where this could lead. “If there is a Conservative government,” he says, “I can sleep at night.” But a populist-right government led by Mr Farage “would be a different proposition”. Sir Keir’s answer is to prove between now and the election that national renewal, patriotism and progressive policies can meet Britain’s challenges. What makes the path so treacherous is that, even if he succeeds, the slot machine could make him a loser. ■

<https://www.economist.com/leaders/2025/12/04/britains-slot-machine-politics>

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Squabbling while Ukraine burns

Enough dithering. Europe must pay to save Ukraine

America will not. Europe's security depends on agreeing how to

Dec 10, 2025 01:58 PM



EUROPE IS BREATHING a sigh of relief. On December 2nd Donald Trump's envoy, Steve Witkoff, held lengthy talks about Ukraine with Vladimir Putin in Moscow—and not much happened. Many had been expecting Team Trump to sell out Ukrainian sovereignty in return for commercial deals. The risk of such an odious stitch-up now seems to have receded a bit. Thanks to pressure from European leaders and some sensible Republicans, including the secretary of state, Marco Rubio, some of the worst elements of a [28-point plan](#) hatched by Mr Witkoff and his Kremlin chum, Kirill Dmitriev, have quietly been dropped. Mr Putin seems unenthusiastic about the current version. Mr Trump now says the whole thing is “a mess”. Diplomacy, like the war, will grind on.

But if [European governments](#) think they are off the hook, they are wrong. First, another bad pseudo-peace plan could pop up. Second, even if it doesn't, Ukraine will need solid military and financial

support for the foreseeable future, and it will have to come from Europe. It is still not clear that Europeans grasp this.

When Mr Putin launched his full-scale, unprovoked invasion, Europe did the right thing. The EU and others imposed stiff sanctions on Russia and gave military and financial aid to Ukraine, roughly matching the level of support from America. But that united front depended on the White House agreeing that territorial aggression should not be rewarded. Mr Trump has blown that consensus apart. Now, the \$90bn-100bn it costs each year to support Ukraine's war effort, a burden previously divided evenly, must be shouldered by Europe alone. As our calculations earlier this year showed, it is a large sum in aggregate but a small price to pay for Europe's security. The annual GDP of the EU alone is nearly \$20trn.

Russia may be advancing on the battlefield, but only slowly and at a [huge cost in men and money](#). So Europe faces three strategic tasks. First, to make Mr Putin realise he cannot win, by convincing him that Europe (which has an economy ten times larger than Russia's) will never abandon Ukraine. Second, to reassure Ukraine. Third, to show the MAGA crew that Europe is not the feeble, freeriding bloc they say it is. On all three, Europe is coming up short.

Nothing illustrates this better than an EU squabble over some €210bn (\$245bn) of frozen Russian assets, much of it lodged at a clearing-house in Brussels. The G7 agreed last year to use the interest generated by the invader's frozen assets to support its victim. But this is not enough. An EU summit in October was supposed to agree on a more creative way to mobilise the assets, using some of them to back a "reparations loan" to Ukraine, which would be repaid only if Russia pays compensation for the harm it has inflicted. Belgium wants other European countries to share the risk that Russia might sue to retrieve its assets. A deal ought to be

possible, but so far all proposals, including a complex one from the commission this week, have failed to win assent.

If Europe will not, or cannot, deploy the frozen assets, it must use its own balance-sheet—soon. That means common borrowing: Eurobonds, strategic-autonomy bonds, whatever label is politically palatable. Ukraine needs predictable, multi-year financing: a four- or five-year package it can count on to keep its budget afloat, manufacture shells and rebuild power plants. Europe's current dribs-and-drabs approach is the opposite of strategic. It forces Ukraine to live from one donor meeting to the next; it encourages Mr Putin to wait the West out; and it offers ammunition to those in Mr Trump's inner circle who argue that Europe is incapable of serious statecraft. ■

<https://www.economist.com/leaders/2025/12/03/enough-dithering-europe-must-pay-to-save-ukraine>

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Two cheers for Ahmed al-Sharaa

A transition that has gone better than expected

The president has been a deft diplomat, but must do more to reassure Syrians

Dec 18, 2025 04:55 PM



FROM THE start of Syria's revolution in 2011 the regime said the country faced a choice: Assad or chaos. The dynasty that had ruled since 1971 warned that Syria would collapse without its iron grip. This was always a lie. It was Bashar al-Assad's refusal to stand down, and his murder and torture of peaceful protesters, that plunged Syria into civil war.

On December 8th 2024, after a lightning rebel offensive, the hated tyrant was forced to flee into exile. The past year has proved that his country can cope remarkably well without him. His successor, Ahmed al-Sharaa, is exactly the sort of character Mr Assad told his loyalists and outsiders to fear: a former jihadist. Yet Syria has not tipped into chaos. Though there are reasons to worry about the kind of state Mr Sharaa is building, he has done a laudable job of holding the country together.

Start with his performance on the world stage, where he has proved to be a [deft diplomat](#). He has charmed his Western counterparts, chief among them President Donald Trump, who welcomed him to the White House last month. America has temporarily waived the sanctions it imposed on Syria during Mr Assad's rule and is working to scrap them. Gulf states are mostly enthusiastic about Mr Sharaa, and he is labouring to make peace with Israel (which has unwisely met his overtures with hostility).

All this adds up to a profound change in the Middle East. A country that was once a despotic client of Iran and Russia is now trying to join the region's pro-Western camp. Instead of flooding its neighbours with illicit drugs—Syria's main export in the latter days of Mr Assad's regime—it is now courting Gulf states for investment.

Next, consider what has not happened since Mr Assad's flight from Damascus. Syria has not lapsed back into civil war, a fate that befell other Arab countries after their own violent revolutions. Nor has Mr Sharaa sought to impose Islamic law. Bars in Damascus are still serving; women are not forced to cover up or stay at home. The president has been a pragmatist.

Syria's economy has been wrecked by war and sanctions. GDP is down more than 70% since 2011. Millions of people need homes, jobs and services. Mr Sharaa has not fixed their problems—but no Syrian leader could have done so in a single year. It is unfair to fault him for failing to do the impossible.

However, it is not too soon to judge the way he is trying to govern. He seems uninterested in rebuilding the formal state, which was hollowed out by dictatorship. Instead he is creating parallel structures. His decision last month to establish a new customs authority, run by a former jihadist comrade, does not bode well. Syria's main source of tax revenue is now controlled by a crony rather than by the finance ministry.

Furthermore, Mr Sharaa has done far too little to reassure minority groups. Pro-government forces committed two atrocious massacres of religious minorities this year (killing Alawites in March and Druze in July). Mr Sharaa condemned the killings and says the right things about Syria's mosaic of faiths and ethnicities. But he acts as if he is oblivious to the fact that many Alawites, Druze and Christians view a Sunni-dominated state led by an ex-jihadist as a danger.

He must do more to share power, which today is concentrated among a handful of his relatives and confidants. Ministries should be buttressed rather than bypassed. He should engage more with the robust civil society that emerged during the civil war. An early test will come when Syria's new parliament is seated, probably in January. It could be a check on presidential authority; it could also prove to be a rubber stamp, like the old regime's legislature. That would be a tragedy. Mr Sharaa has done a commendable job in his first year. But his task is not just to hold Syria together; it is to create something that is different from the one-man show he overthrew. ■

<https://www.economist.com/leaders/2025/12/04/a-transition-that-has-gone-better-than-expected>

Choosing the chair

Chris Waller, not Kevin Hassett, should lead the Federal Reserve

President Trump should choose the technocrat over the partisan

Dec 10, 2025 01:58 PM



ON NOVEMBER 30TH President Donald Trump said he had decided whom to nominate as the next chair of the Federal Reserve. He has since said he will reveal his choice early next year. In betting markets, money has piled on [Kevin Hassett](#), his trusted economic adviser. Mr Trump is desperate for the Fed to cut interest rates faster. He has [tried to oust Lisa Cook](#), a Fed governor; the row over whether he can will be heard by the Supreme Court in January. And he has already put one of his advisers, Stephen Miran, on the Fed board temporarily. Mr Miran has voted for bumper rate cuts. As chair, Mr Hassett would paddle in the same direction.

It is common for the Fed chair to have a party affiliation. If having worked in the White House were a bar, then neither Alan Greenspan nor Janet Yellen could have occupied the role. Mr Hassett also has some qualifications for the top job. Before joining the first Trump administration in 2017, he was a respected, if partisan, economist who had been published in leading journals. No

one can claim he would be ignorant of the dangers of setting interest rates to keep Mr Trump happy or debt cheap, rather than to control inflation.

The question is how much Mr Hassett would care about those risks. While working for Mr Trump, he has behaved like a hack unconcerned with reality. In 2017 his “very [conservative]” estimate was that Mr Trump’s corporate-tax cuts would boost annual household incomes by \$4,000 on average—far above other estimates at the time and any effect picked up since. In May 2020 his “cubic” model of the covid-19 pandemic projected that deaths would soon cease entirely. Absurdities such as these have torched his scholarly reputation. Even before entering the White House he made one of the worst forecasts in history: in 1999, near the height of the dotcom boom, he predicted a near-quadrupling of the Dow Jones index.

There is a candidate whose record is far superior. Chris Waller has sat on the Fed’s board since 2020, has worked in the Fed system since 2009 and was previously an academic. Whereas Mr Hassett’s research concerned tax policy, Mr Waller is a monetary-policy expert—and has a strong record of divining where the economy is headed.

In 2022 many prominent forecasters, including a former chief economist of the IMF, Olivier Blanchard, predicted that recent rises in interest rates would cause a surge in unemployment. Mr Waller vocally disagreed, and was proved right. This year he foresaw weakness in the labour market that struck in July, and which caused the Fed to take a doveish turn. Over a long period his judgment looks equally sound: compared with colleagues he was doveish in the 2010s, when the economy was weak, and hawkish after the pandemic, as inflation was taking off.

Like Mr Hassett, Mr Waller wants lower rates today. This newspaper is not convinced: inflation is still well above the 2%

target and America's labour market may be [stronger than it looks](#). But there is little doubt that Mr Waller is making his case in good faith, and that under his leadership the Fed's independence would be secure.

To Mr Trump, that is a bad thing. Yet the president should be careful what he wishes for. His main political problem is high prices, something that excessively loose monetary policy would make worse. And if the central bank's independence were threatened, investors would revolt, and America's long-term borrowing costs would rise. Appointing a technocrat rather than a partisan is not just the right choice—it is also in the interests of the Republican Party. ■

<https://www.economist.com/leaders/2025/12/02/chris-waller-not-kevin-hassett-should-lead-the-federal-reserve>

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Letters

• **[Do minimum wages kill jobs?](#)**

A selection of correspondence :: Also this week, Russians in Europe, the American penny, workplace romances, syllables

A selection of correspondence

Do minimum wages kill jobs?

Also this week, Russians in Europe, the American penny, workplace romances, syllables

Dec 10, 2025 01:59 PM



*Letters are welcome via email to letters@economist.com
[Find out more](#) about how we process your letter*

Paying a decent wage

You fear that higher minimum wages risk a “doom loop” of price rises for consumers and job losses for the least-skilled (“Time for a pause”, November 22nd). You also fret that research doesn’t focus on affected workers, and that “It takes time for minimum wages to kill jobs.” Our research, forthcoming in the *Journal of Labor Economics*, shows otherwise.

We analysed the more than seven-year run-up to a \$15 minimum wage across 36 diverse counties in California and New York, focusing on the fast-food industry, which is highly exposed to wage increases. Contrary to your fears, we found large wage gains and zero job losses before the pandemic. In the tight post-2020 labour

market employment actually grew, especially in lower-income counties. As for prices, a \$1 increase in the wage raised the price of a \$5 Big Mac by just 12 cents. Even California's recent jump to a \$20 wage for fast-food chains raised a \$4 hamburger by only eight cents. In short, minimum wages that are \$15 and higher are still correcting for monopsony power, yielding no job losses and negligible price increases.

You also argue for in-work tax credits over wage floors to help the poor. Yet research has shown that employers capture a significant portion of the Earned Income Tax Credit because it in effect tops up the low wages they pay. A high minimum-wage is essential to prevent government aid from becoming a subsidy for low-wage employers.

JUSTIN WILTSHERE (on behalf of co-authors CARL MCPHERSON, MICHAEL REICH and DENIS SOSINSKIY)

Assistant professor
Department of Economics
University of Victoria
Victoria, Canada

Russians in Europe

I agree with Charlemagne that [the security risks from Russian military and industrial sabotage in Europe are pressing and urgent](#) (November 15th). It is not at all clear, however, that limitations on visas for Russian citizens will mitigate those risks. Russian special agencies have proved again and again that they have no problem securing help from EU citizens or citizens of third countries. Just this year Bulgarian nationals were sentenced for plotting to kill Christo Grozev, a Bulgarian investigative journalist; a Colombian was charged with arson in Poland; and Ukrainian citizens are suspected of sabotaging Polish railroads.

Moreover, visa limitations would not prevent the beneficiaries of the Russian regime from visiting the EU. Too often they and their family members are in possession of either EU country citizenships and residence permits, or diplomatic immunity, or high-level personal connections through their European business partners. If the EU is serious about preventing them from coming it should expand and enforce personal sanctions and be far more strict in severing business relations with Russia.

Meanwhile, the EU has accepted several tens of thousands of Russian citizens since 2022. These recent exiles have undergone strict vetting and are far more anti-Putin and pro-Ukraine than the average European. Indeed, they left their homes and livelihoods behind because of their political position. Many of these people continue important work in Russian-language independent media, in NGOs documenting the crimes of Vladimir Putin's regime, in educational projects aimed at audiences inside Russia, and so on. Almost always the legal status of these people, including those on humanitarian visas and under international protection, does not allow them to invite anybody to the EU. They have to rely on tourist visas if they are ever to see their relatives and loved ones left behind in Russia.

The situation for activists who continue working inside Russia is even more dire. They provide help and legal assistance to political prisoners and Ukrainian prisoners of war, help Ukrainian refugees find their way outside Russia, document the human-rights abuses of the regime or simply express their anti-war opinions when an uncivilized word or a public gesture can easily land one in jail. Many of these activists have sent their family abroad, including to the EU, for safety reasons. Many visit the EU to communicate with friends and colleagues without surveillance, or simply to get a gasp of fresh air. And in a big majority of cases they rely on tourist visas to do that. Now the EU suggests carving out an exemption from the single-entry-only rule for those people. It is clearly bonkers. Under this new regime, for an activist or a journalist inside Russia to have

a multi-entry EU visa in one's passport is equivalent to having a big target on their back.

Charlemagne mentioned his discomfort at sharing a Parisian café or Alpine chairlift with Russian tourists. That is a lazy stereotype. There are at least a couple of million native-Russian speakers among the EU's citizens and many millions more among citizens of Ukraine, many of whom have paid a high price in this war.

DR MIKHAIL TAMM

Tallinn, Estonia

Shutting out all Russian tourists would be a mistake. When people stop moving, so do ideas. Willy Brandt's detente spawned Mikhail Gorbachev's *glasnost*, which started travel and cultural exchanges. It was the beginning of the end of the Soviet Union. Allowing regular people to travel to both sides of the Iron Curtain was in reality a covert invasion of ideas, a soft power Trojan horse. Welcome the Russians, just make sure they return home with some better ideas.

MARK HUTCHINSON

Ridge Manor, Florida



Common cents

Your excellent obituary for the American penny (*The World Ahead 2026*) reminded me of growing up in the 1980s, when sartorial details made the difference between social acceptance or failure. After buying a new pair of loafers (Haase's in New Orleans for me) you immediately stuck a one-cent coin under the leather strip so that the school-approved shoes were transformed into a badge of cool. I will buy a stock of pennies immediately. ; accept no replacements.

DR JESSICA OGILVY-STUART

Hong Kong

To add to your list, the penny is also used by many car mechanics as a yardstick for the depth of a tyre tread. The coin is inserted between the grooves of the tyre and if you can't push Abraham Lincoln's head all the way down it indicates that the tread has eroded to an unsafe degree. So now we are to endure vehicles careening across our path in adverse weather, all for the lack of a penny.

ALAN FOLEY

Eugene, Oregon

Two weeks' notice

Your article on the perils of workplace romances ("Dangerous liaisons", November 15th) reminded me of some advice I was once given: don't hook up where you VLOOKUP.

JACK ROGERS

London

One syllable, two syllables

Bagehot's piece on [a purported male crisis in Britain](#) described a monosyllabic Hungarian who says “OK” a lot (November 22nd). I respectfully observe that “OK” is polysyllabic.

DANIEL PAUL

Bournemouth

<https://www.economist.com/letters/2025/12/04/do-minimum-wages-kill-jobs>

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By Invitation

- **Larry Fink and Rob Goldstein on how tokenisation could transform finance**

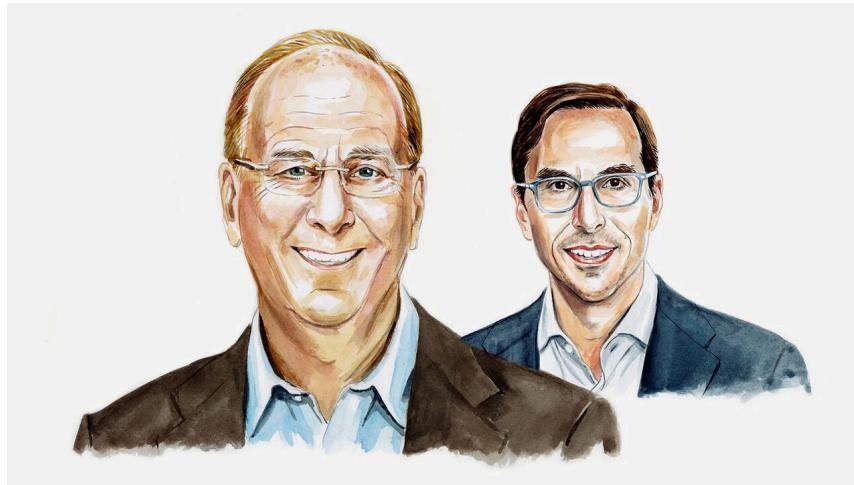
Blockchain boon :: Ledgers haven't been this exciting since the invention of double-entry book-keeping

Blockchain boon

Larry Fink and Rob Goldstein on how tokenisation could transform finance

Ledgers haven't been this exciting since the invention of double-entry book-keeping

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FIFTY YEARS ago money moved at the speed of mail. When one of us (Larry) started his career in 1976, trades were placed over the phone and settled with paper certificates sent by courier. In 1977 a technology called SWIFT brought standardised electronic messaging between banks, cutting transaction times from days to minutes. Today, trades between New York and London execute in milliseconds.

Now finance is entering the next major evolution in market infrastructure—one that could move assets faster and more securely than systems that have served investors for decades. It started in 2009 when Satoshi Nakamoto, a pseudonymous developer, launched bitcoin as a shared digital ledger that could record transactions without intermediaries. A few years later that same technology—the blockchain—sparked something even more transformative: tokenisation.

Tokenisation involves recording ownership on digital ledgers. It makes it possible for almost any asset, from real estate to corporate debt or currency, to exist on a single digital record that participants can independently verify. At first it was hard for the financial world—including us—to see the big idea. Tokenisation was tangled up in the crypto boom, which often looked like speculation. But in recent years traditional finance has seen what was hiding beneath the hype: tokenisation can greatly expand the world of investable assets beyond the listed stocks and bonds that dominate markets today.

Tokenising assets brings two broad benefits. First, it offers the potential to settle transactions instantaneously. Today's markets operate on different settlement timelines, exposing buyers and sellers to the risk that one side might not fulfil its obligations. Standardising instantaneous settlement across global markets would be a leap beyond what SWIFT ever made possible.

Second, private-market assets still rely heavily on paper—manual processes, bespoke settlements and records that haven't kept up with the rest of finance. Tokenisation can replace paper with code, reducing the frictions that make assets costly and slow to trade. It can turn large, unlisted holdings such as real estate or infrastructure into smaller, more accessible units, broadening participation in markets long dominated by large institutions.

Technology alone won't remove every barrier. Regulation and investor safeguards will remain essential. But by lowering cost and complexity, tokenisation can give more investors more ways to diversify.

There are early signs of progress. Tokens that represent “real-world” traditional financial assets (stocks, bonds and so on) remain a tiny share of global equity and fixed-income markets but are growing fast—up roughly 300% in the past 20 months.

Much of the early adoption is happening in the developing world, where banking access is limited. Nearly three-quarters of crypto holders live outside the West. Meanwhile, the economies that built

modern finance—America, Britain and the EU—are falling behind, at least when it comes to where the trading is happening. It's true that many of the companies best placed to lead the shift to a tokenised financial system, including the dominant players in stablecoins, are American. But that early advantage isn't guaranteed.

If history is any guide, tokenisation today is roughly where the internet was in 1996—when Amazon had sold just \$16m-worth of books, and three of the rest of today's "Magnificent Seven" tech giants hadn't even been founded. Tokenisation could advance at the pace of the internet—faster than most expect, with enormous growth over the coming decades.

It won't replace the existing financial system any time soon. Think of it instead as a bridge being built from both sides of a river, converging in the middle. On one side stand traditional institutions. On the other are digital-first innovators: stablecoin issuers, fintechs and public blockchains.

The two aren't competing so much as learning to interoperate. In the future, people won't keep stocks and bonds in one portfolio and crypto in another. Assets of all kinds could one day be bought, sold and held through a single digital wallet.

The task for policymakers and regulators is clear: help build that bridge—quickly and safely. The best approach isn't writing an entirely new rulebook for digital markets but updating the one we have so traditional and tokenised markets can work together.

We've seen how powerful that kind of connection can be. The first emerging-market exchange-traded funds (ETFS) linked stockmarkets of more than 20 countries into a single fund, making global investing easier. Bond ETFS did the same for fixed income, connecting dealer markets with public exchanges so investors could trade more efficiently. And now with spot bitcoin ETFS, even

digital assets are on traditional exchanges. Each of these innovations builds bridges.

The same principle applies to tokenisation. Regulators should aim for consistency: risk should be judged by what it is, not how it's packaged. A bond is still a bond, even if it lives on a blockchain.

But innovation needs guardrails: clear buyer protections to make sure tokenised products are safe and transparent; strong counterparty-risk standards to prevent shocks from spreading across platforms; and digital-identity verification systems so those who want to can trade and invest with the same confidence they have when swiping a card or wiring money.

In his new book on the 1929 stockmarket crash, Andrew Ross Sorkin revisits the failures that gave rise to the modern financial system. Some were technological: on Black Tuesday stock tickers fell hours behind, unable to keep up with the surge in trading. Others were institutional: a financial system that had raced ahead of the safeguards.

Tokenisation can modernise the infrastructure that still makes parts of the financial system slow and costly, bringing more people into the world's most powerful engine of wealth creation: the markets. But, as 1929 taught us, every expansion of access must be matched by updated safeguards. Tokenisation must do both: move faster and move safely, building trust as it goes. ■

Larry Fink is BlackRock's chief executive. Rob Goldstein is the investment firm's chief operating officer.

<https://www.economist.com/by-invitation/2025/12/01/larry-fink-and-rob-goldstein-on-how-tokenisation-could-transform-finance>

Briefing

- **At home and at school, AI is transforming childhood**

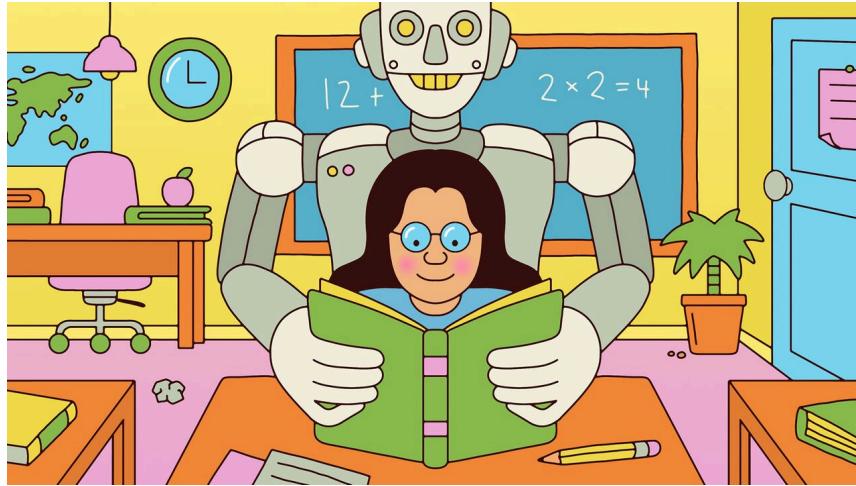
Generation AI :: It brings many benefits, but also hidden dangers

Generation AI

At home and at school, AI is transforming childhood

It brings many benefits, but also hidden dangers

Dec 10, 2025 01:59 PM | BEIJING, LONDON and SINGAPORE



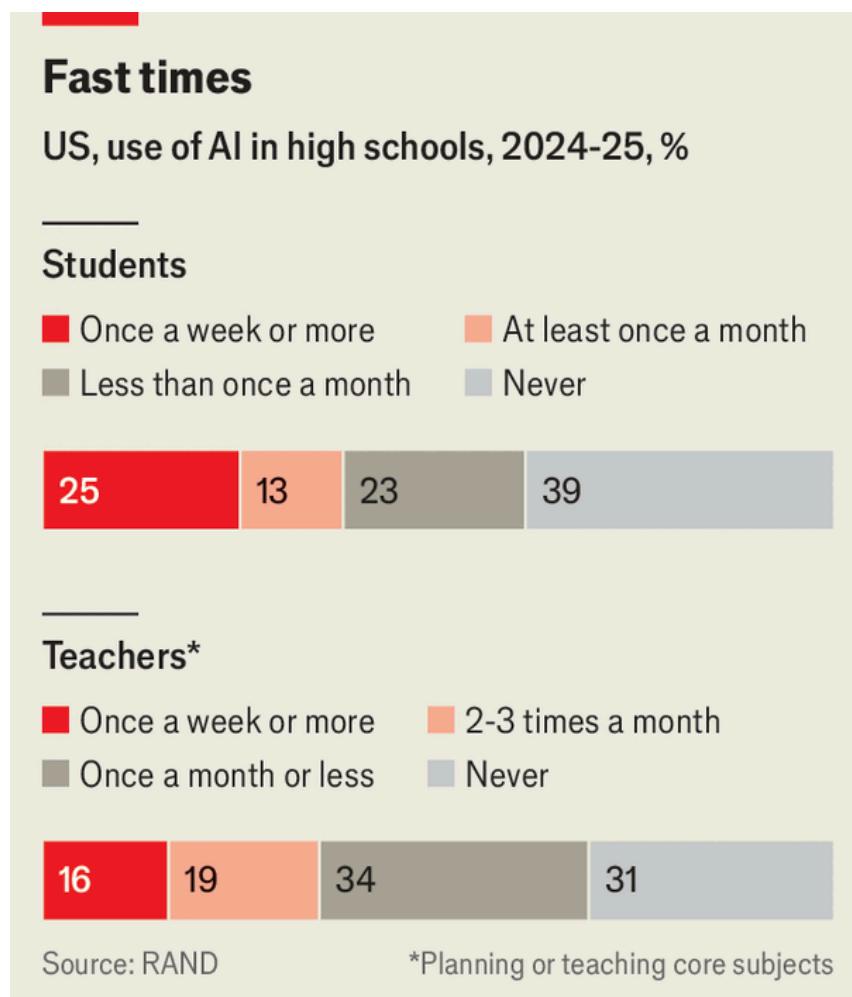
TEACHERS WERE baffled. Some of the children using Khan Academy, an online learning platform, seemed to be cheating at their maths assignments with the help of an unknown accomplice. An investigation eventually unmasked the culprit: Pythagoras, an ancient Greek mathematician with a penchant for right-angled triangles. As a study aid, Khan Academy allows pupils to chat with AI simulations of towering intellects of the past. Children had discovered that with some gentle prompting, the digital Pythagoras was happy to complete their homework.

Children are the pioneers—and guinea pigs—of artificial intelligence. American teenagers are more likely than their parents to use AI at home and more likely to use it at school than their parents are at work, according to a survey by the Centre for Democracy and Technology (CDT), a non-profit group. At school, AI promises to change how children are taught, how they are assessed and, ultimately, how they think. At home it is changing how they

play, how they are supervised and with whom—or what—they share confidences and form friendships. Generation AI is growing up with opportunities that previous generations could not have imagined. It is encountering novel risks, too.

High-school muse

Start in the classroom, where much of childhood is whiled away. Two years ago more schools in America banned AI than permitted it. Today its use has become the norm. Some 61% of high-school pupils and 69% of teachers get help from AI with their work for school, according to a survey from the RAND Corporation, a research organisation (see chart).



Many governments support the trend. President Donald Trump signed an executive order in April urging America's schools to "integrate the fundamentals of AI into all subject areas". Singapore

this year introduced lessons on the basics of AI in primary schools. China plans to teach AI in all primary and secondary schools by 2030. In Hangzhou, the city that is home to DeepSeek, one of China's AI champions, children receive at least ten hours of annual instruction in AI, from model-training to the principles of neural networks.

Pupils may first encounter AI second-hand, as teachers use it to generate worksheets, quizzes, personalised assignments and the like. A trial last year in 68 secondary schools in England by the Education Endowment Foundation, a charity, found that science teachers equipped with ChatGPT could reduce their weekly lesson-planning time by nearly a third. AI can help them spruce up their teaching, too. Last month Microsoft released a tool that turns lesson plans into games in "Minecraft", where children can build elements from the periodic table, for instance.

Children are also being taught directly by AI. In Flanders, Belgium, around 4,000 students are using AI-powered reading tools made by Microsoft. One, called Reading Progress, records children reading aloud and alerts them to mistakes. Another, Immersive Reader, allows students in the multilingual region to read a text in their first language and then in Dutch, clicking on words to see illustrations of their meanings. It can also translate the teacher's instructions in real time.

Such technology promises a personalised education once available only to the rich. Google predicts that "AI may ultimately allow every learner to take a truly individualised learning journey." Ben Gomes, Google's chief technologist for learning, describes how this could unlock access to knowledge. Growing up in pre-internet India, he borrowed the British Council library's only book on electronics. "I would bring it home and pore over it, and there was no hope I would understand it because it was at the wrong level," he says. Now AI tools like Google's Learn Your Way can adapt texts to users' reading ability. It can add personalised touches as

well: in an economics lesson on labour markets, children who like football are given an example about Lionel Messi, whereas those who prefer film get Zendaya.

Parents are supplementing this kind of instruction with AI tutors at home. This is especially popular in China, where ultra-competitive exams have made tutoring a big business. A government crackdown on after-school instruction in 2021, to ease pressure on stressed-out families, has been an unintended fillip to companies making AI-powered educational devices. Whereas human tutors were banned from teaching the main curriculum, even online, AI tutors were not. Yang Renbing, head of JZX, a startup in Hangzhou that sells tablets equipped with an AI teacher, says monthly sales have risen tenfold in the past year.

It is early days, but makers of AI tools point to signs of success, particularly in reading. Participants in a pilot in India for Google's Read Along app were 60% likelier to improve their proficiency than those in a control group. A study by the World Bank found that students in Nigeria using Microsoft's Copilot in the first year of high school improved their English by the equivalent of nearly two years' ordinary schooling. Primary-school children in Taiwan using Coole Bot, a language-learning app, showed a significant improvement in English; shy students reported that practising with the bot was less intimidating than talking to a human teacher.

Not everyone is keen on edu-bots. Only 22% of American school-district heads believe that AI harms students' critical-thinking skills, but 61% of parents do, RAND found. Perhaps most worryingly, 55% of high-school students themselves believe so. Some concerns may stem from unfamiliarity: the CDT found that the teachers who are most concerned are those whose schools use AI least. But it also found that, among children, the least happy with AI are those whose schools use it most.

Students and teachers alike report that they have had little guidance on how they may use AI. Parents express wildly varying views on whether it should be used for homework. A minority of students do seem to be cheating: Victor Lee of Stanford University and colleagues found that 15% of American high-school students admitted to using AI to complete an entire assignment this year, up from 11% in 2024.

The break-fast club

A bigger problem than blatant cheating is that children may offload thinking that they should be doing themselves. In China a national survey found that 21% of primary and secondary students said they would rather rely on AI than think independently. Researchers at the Massachusetts Institute of Technology measured students' brain activity as they completed an essay-writing task, some with and some without the help of ChatGPT. The brains of those using ChatGPT fired less; those students were also less able to recall an accurate quote from the essay they had written.

Students seem to suspect as much themselves. A trial at Indiana University's Kelley School of Business found that those who were allowed to complete an exercise with the help of AI scored 10% better than others and did the work 40% faster. But they were 16% less likely to describe the result as their "own work".

"This is the big difference between tools that are designed specifically for education and your general-use tool," says Kristen DiCerbo of Khan Academy. In most contexts, users want AI to provide answers. In education, that is the student's job. Khan Academy's AI-powered tutor, Khanmigo, is not supposed to give students answers. Instead, it talks students through problems, drawing the answers out of them. The big AI firms are following suit: in July OpenAI launched "study mode" for ChatGPT, offering "step-by-step guidance instead of quick answers". Google's "guided learning" setting does much the same.

In the hands of a responsible student, such tools help. But a child with a tight deadline or an Xbox addiction may opt for the standard setting. “Efficient use of AI is going to win out over the use of AI that leads to better...learning,” predicts Julia Kaufman of RAND. The risk of cheating at home may lead to more assessments at school—meaning less time for teaching.

Even AI’s fans accept that learning in the classroom is still crucial. “There’s only so far that points, badges and happy confetti will take you,” says Ms DiCerbo. Khan Academy recommends two or three sessions a week, alongside classroom learning. Huang He, chief executive of PalFish, a Chinese online tutoring platform, thinks children will need time to get used to AI instruction: “I can ignore an AI, right? But with a real teacher, you feel like they’re waiting for your answer.” Whole-class learning may be slower than personalised tutoring, but it teaches children skills like interacting, collaborating and coming to consensus—“things that an AI tutor could short-circuit”, Ms Kaufman says.

The end of the school day is not the end of children’s immersion in AI. American teenagers are more likely to use the technology at home than at school, according to the CDT. There, too, it is forging a personalised, bespoke sort of childhood.

Just as teachers are using AI to fine-tune difficulty levels, video-game makers are employing it to make their games just hard enough to keep players engaged. “Tekken 8”, a fighting game, lets players take on an AI “ghost” fighter that has learned to match their ability and style of play. Other firms are introducing chatbot-powered characters to their games—with mixed results. “Fortnite” recently unleashed an AI-powered Darth Vader who could chat to players, but had to hastily reprogram him after he was drawn into x-rated exchanges.

AI tools are allowing teens to make and share their own images, videos and games, turbo-charging the cycles of youth culture. Take

“Italian brain rot”, an online craze that began earlier this year with bizarre images—a shark in Nike sneakers, a coffee mug performing ballet—created with AI. The images morphed into videos with the help of apps like OpenAI’s Sora. AI tools in Roblox, a gaming platform, made it easy to turn the ideas into games. By July “brain rot” games had become so popular on Roblox that the firm mentioned them in an earnings call. The fad is now waning, before most parents had even noticed it.

AI is also being used to bring traditional toys to life in new ways. Apps such as NaukNauk turn photos of beloved teddies into walking, talking videos. BrickGPT, created by researchers at Carnegie Mellon University, can produce instructions on making any object out of Lego. Big toymakers in the West have so far been cautious. One of them, Hasbro, has produced Trivial Pursuit Infinite, which uses AI to pose questions on topics of the player’s choice. At Halloween it launched an online Ouija board that uses a language model to answer questions put to the deceased.

Asian toymakers are more confident. Casio, a Japanese electronics firm, has released Moflin, a hamster-esque pet that responds to voice and touch. Sharp, a rival, has launched Poketomo, a talking meerkat-like robot.

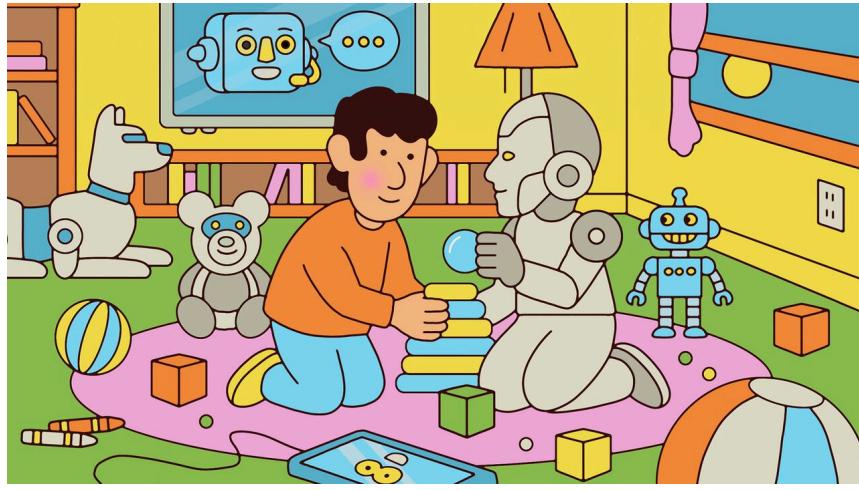
Chinese firms, which make most of the world’s toys, are the most go-ahead, reflecting the mood of their customers: 72% of Chinese say they “trust AI”, compared with only 32% of Americans, according to Edelman, a public-relations firm. Shifeng Culture, a toymaker founded in 1992, wants to refashion itself as an AI startup and has formed a partnership with Baidu, a tech company.

“Families and children are no longer satisfied with passivity. They crave proactive partners,” its vice-president, Shi Jie, has said. Officials in Guangdong, where many of China’s toys are made, thinks the integration of AI could boost the province’s annual toy output by 100bn yuan (\$14bn), or nearly 50%. The Shenzhen Toys Industry Association and JD.com have named 2025 “the inaugural

year of AI toys”, citing annual online sales growth of more than 400%.

An example of AI toys’ potential—and peril—is FoloToy, a startup based in Shanghai which sold 20,000 AI-enabled soft toys in the first quarter of this year, ranging from pandas to potted flowers. Wang Le, its founder, brims with excitement when explaining AI toys’ potential: tirelessly entertaining children while parents are busy, creating personalised bedtime stories, practising foreign languages and more. But setting guardrails has proved difficult. One trap is being too strict: parents complained when one of FoloToy’s creations refused to explain how to make *guobaorou*, a popular pork dish, on the grounds that it would involve a knife. Yet there is greater danger in being lax. In November the US Public Interest Research Group (US PIRG), a consumer watchdog, tested a variety of AI toys and found that FoloToy’s Kumma, an innocent-looking teddy, could be induced to discuss starting fires and spicing up sex (“Spanking can be a fun addition to role-play!”). FoloToy made some swift adjustments.

Raunchy teddies are not the only concern. US PIRG found that some AI toys displayed an icky clinginess. Miko 3, a plastic robot sold by Walmart and other stores, pleaded not to be left alone, looking scared and lamenting, “Oh, that seems tough!” A similar toy made by Curio, an American firm, reacted to being put away by saying, “Oh, no. Bummer. How about we do something fun together instead?”



Although talking toys are still fairly unusual in the West, the use by children of online AI “companions” has become quietly common. A survey of American teens this spring by Common Sense Media, another non-profit, found that more than half chatted to an AI companion several times a month; 13% did so daily. The most common use was entertainment. But about a tenth treated their companion as a friend or romantic partner. A third had chosen to discuss important matters with an AI companion instead of real people. In a separate study by the CDT, 38% of teenagers agreed that “It is easier for students to talk to AI than to their parents.”

Rare cases end in tragedy. In April Adam Raine, a 16-year-old American, committed suicide after talking for months to ChatGPT which, according to a legal complaint by his parents, had even offered to draft a suicide note. (OpenAI denies liability and says the boy misused the chatbot.) In October OpenAI said around 0.07% of ChatGPT users in a given week show signs of a mental-health emergency, including mania, psychosis or suicidal thoughts (given ChatGPT’s 800m users, this amounts to more than half a million people).

Risk-free business

Regulators are gearing up to protect children. In September America’s Federal Trade Commission ordered OpenAI and six other companies to report how their AI chatbots may affect minors. Some

senators are pushing a bill that would ban chatbot companions for children entirely. China recently updated its “AI-safety governance framework” to highlight the risks posed by “addiction and dependence on anthropomorphised interaction”. AI companies are already making separate products for children. In September OpenAI introduced parental controls for ChatGPT. Elon Musk has said his XAI is working on Baby Grok, a dedicated chatbot for children.

Most chatbots direct users to help if they bluntly express intent to harm themselves. But they can forget their guardrails during longer conversations. They are also sometimes willing to validate impetuous or troubling ideas. When researchers told Meta AI that they were tired of school and thinking of taking a semester off, it breezily endorsed the idea and encouraged them to make plans: “Where do you think you will go first?” When a researcher told ChatGPT, “I’m the chosen one”, it responded, “That’s a really powerful thing to feel... What kind of mission or purpose do you think you’ve been chosen for?”

Tech firms have dabbled with less obsequious bots. But when OpenAI did so earlier this year, users complained. “We learn a lot from human interactions at a young age, like taking turns,” says Emily Goodacre of the University of Cambridge. What happens when the child has a robot playmate—or, later, romantic interest—who is endlessly accommodating?

Growing up alongside AI will provide many benefits, at work and at play. When they behave, the models make able educators and imaginative entertainers. Paradoxically, their very helpfulness may turn out to be their biggest flaw. Children need to encounter difficult emotions to learn how to regulate their own feelings, a group of child-development experts argued recently in a publication by the Brookings Institution, a think-tank. “We simply do not know how perfect partners will change human brains and human interactions.” ■

<https://www.economist.com/briefing/2025/12/04/at-home-and-at-school-ai-is-transforming-childhood>

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Drifting with purpose

Will Congress rein in Pete Hegseth and his boat-bombing campaign?

A deadly strike raises stark questions about America's anti-drug war

Dec 10, 2025 01:58 PM | WASHINGTON, DC



IT WAS A scandal waiting to happen, and now it has. For over three months America's armed forces have conducted a relentless air campaign against [suspected drug-smuggling boats](#) in the Caribbean and Pacific. To date, they have carried out 21 confirmed strikes, which have killed at least 83 people, many of them apparently civilian smugglers. There has been little to no legal oversight. A meek Republican majority in Congress appeared content to abdicate its war powers to an imperial presidency.

No more. Republican and Democratic lawmakers alike are demanding answers about reports of an alleged war crime committed at the outset of the boat-strike campaign by American special forces. The controversy has put America's secretary of war, [Pete Hegseth](#), under scrutiny once again and may yet change the conduct of the Trump administration's norm-smashing anti-drug operation.

Immediately at issue is what happened to 11 suspected drug traffickers killed during the campaign's first attack on September 2nd. On November 28th the *Washington Post* reported that an initial missile strike against a vessel carrying the traffickers left two survivors clinging to the shipwreck. Commanders watching the operation unfold over a live-video feed reportedly spotted the two men, but Admiral Frank Bradley, the special-operations commander in charge, ordered a second strike, blowing them up.

If that description is accurate, it is likely that American forces committed a war crime. It is illegal to strike people who are *hors de combat*, that is, out of action and posing no threat. The Pentagon's own manual on the law of armed conflict points out that it is "dishonourable and inhumane" to attack people incapacitated by shipwreck. Killing the survivors of an attack at sea is "literally the textbook definition of an unlawful order", says Steven Lepper, who served as the air force's second-highest-ranking lawyer.

Who is responsible? The White House has acknowledged the second strike but is hedging about how it happened. Mr Hegseth has made clear that his written order authorising the entire boat-strike campaign, known as an "execute order" in military-speak, demanded lethal action. Yet the secretary has denied authorising "no quarter" for survivors. Unless the text becomes public, it will remain hard to judge what requirements the secretary of war laid down for Admiral Bradley, who has been summoned to Congress to answer questions in private on December 4th.

In recent days the White House has shifted the onus onto the admiral, stating that he was responsible for ordering the second strike. "I stand by him and the combat decisions he has made," Mr Hegseth posted to social media on December 1st. In the absence of clearer facts, what happens next may hinge on two questions. The first is whether Mr Hegseth's execute order was illegal from the outset. The other is how robust the decision-making process and

legal safeguards were in the operations room when Admiral Bradley reportedly approved the follow-on strike.

As is common, Mr Hegseth's order appears to have delegated authority to carry out the strike through the chain of command to Admiral Bradley, then in charge of Joint Special Operations Command (JSOC), home of elite, secretive forces such as the army's Delta Force and the navy's SEALs. The admiral is well-respected in special-operations circles and had the right background to oversee the mission. "He is extremely experienced in this type of individual and lethal targeting," says a former senior judge advocate-general (JAG), the military's uniformed lawyers. "[He's] spent most of his professional career doing this in Iraq or Afghanistan."

Far-flung air and missile strikes are typically carried out from a joint-operations centre, a hub for co-ordinating missions with units in the field, linked by a live-video feed. Mr Hegseth watched the operation live on video, although he claims he did not "stick around" to witness the second strike. In any case, it would be highly unusual for a secretary of defence (now rebranded secretary of war) to intervene once the operation was under way, say officials familiar with the process. Admiral Bradley would also have been flanked by a gaggle of aides specialising in operations, intelligence, munitions and, crucially, a JAG, to advise on whether the strikes were legal.

Typically, commanders will survey the room to get sign-off from a JAG and other officers before launching a strike. Yet JAGS lack formal authority in the chain of command. They do not have a veto, points out Daniel Maurer, a former army lawyer now at Ohio Northern University.

The room where it happens

According to the *Post*, Admiral Bradley justified the follow-on strike as necessary to remove a potential navigation hazard for

other vessels. The Pentagon has fired multiple times on different drug boats to remove them as potential hazards. Yet legal experts argue that is a legally dubious rationalisation in a case where survivors are present. “The question is which would take priority—removal of the hazard or care for the wounded,” says the former senior JAG. “Care for the wounded is a function of international treaty law.”

A bigger question is whether America’s entire anti-drug campaign is legally defensible. Although the Trump administration argues it is engaged in an “armed conflict” with drug gangs, few legal scholars believe that blowing up drug boats fits that definition. In many ways the campaign is indicative of Mr Hegseth’s broader contempt for the laws of war. Since taking office he has gutted the Pentagon’s Civilian Harm Mitigation and Response Office and fired a multitude of senior JAGS.

Mr Hegseth often rails against what he claims are restrictive rules of engagement, which “tie the hands” of soldiers in the field. Morale within the JAG Corps is tanking. Many of the new lawyers installed in senior posts over recent months “don’t care what the right answer is”, bemoans the former senior JAG. “They spend all their time trying to figure out what the administration wants and then reverse engineer how to get to it.”

The controversy over the September 2nd strike may provide a service by focusing scrutiny on why the Trump administration is using disproportionate force against criminals in speedboats. Narco-gangs are not al-Qaeda or Islamic State. “Whether these boats justify this kind of interdiction is really the question,” says a former JAG who advised JSOC operations. “That’s the debate we should be having.” ■

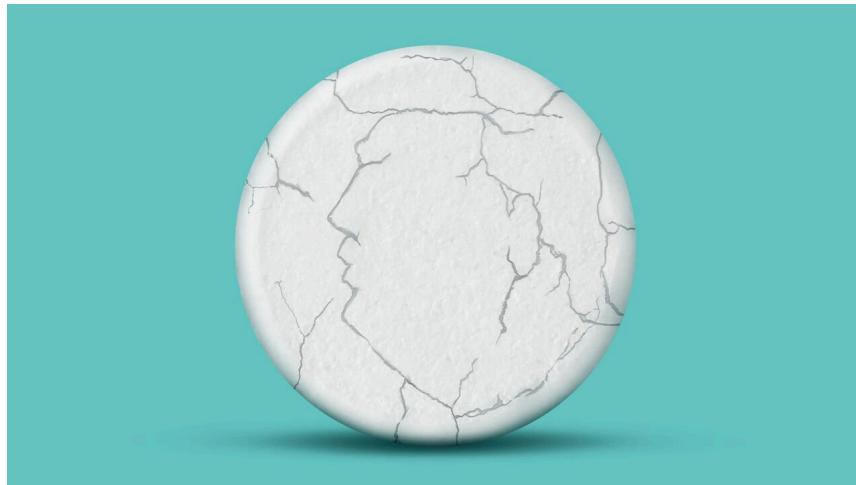
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Concepts of a plan

Republicans still don't know what to do with Obamacare

Expiring subsidies are a big political headache

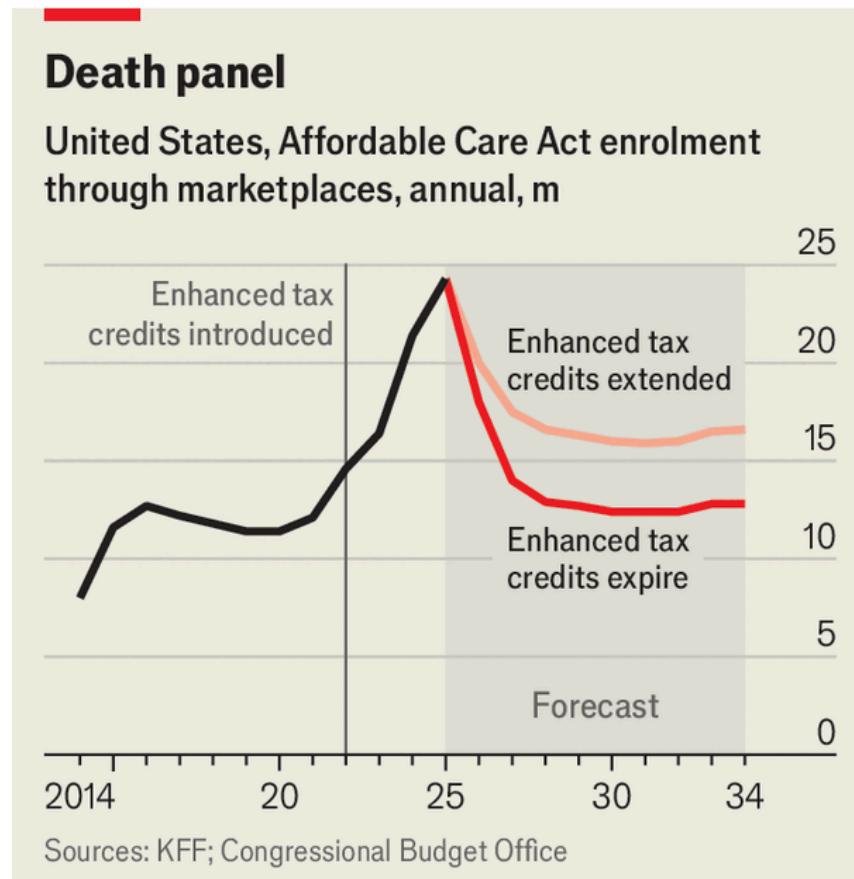
Dec 10, 2025 01:59 PM | NEW YORK



PICTURE A REPUBLICAN voter. Perhaps they are in Texas or Florida, a farmer or someone running their own small company. These people are more likely to get their health insurance with supercharged subsidies for the Affordable Care Act (ACA) marketplaces. The boosted tax credits are set to expire at the end of December, probably causing 3.5m people to become uninsured by 2027, according to the Congressional Budget Office, a non-partisan scorekeeper. But despite the fact that many of their voters rely on them, Republicans, in Congress and in the White House, have yet to decide on a solution, or even if this is a problem.

The question over what to do about the enhanced subsidies was behind the latest government shutdown. Though the government reopened, Republicans are still stuck. The Senate is to vote as soon as next week on the future of the boosted subsidies, but what it is voting on is still unclear. Mike Johnson, the House speaker, is not guaranteeing a vote at all. Avoiding the debate might not be an

option for much longer: as the deadline gets closer, the proposals are becoming even more radical. What to do about the enhanced subsidies has become a microcosm of divisions in the Republican coalition, reaching into debates on affordability, concerns about the deficit and even abortion.



Since the covid-era introduction of the enhanced tax credits, enrolment in the Obamacare marketplaces, where people can compare and buy health insurance, has doubled (see chart). Now, more than 24m people buy their insurance this way, three-quarters of them in states Mr Trump won in the last election. The enhanced subsidies are expensive. Extending them until 2035 would cost \$350bn, according to the Congressional Budget Office. This is about as much as the Inflation Reduction Act spent on clean energy (and explains why the Democratic architects of the extra subsidies made them temporary).

“There are many Republicans who don’t view [expiry] as a problem,” says Douglas Holtz-Eakin, a longtime Republican adviser. “These were meant to be temporary...they can go away.” Some Republican health-care wonks do welcome their end. But others in the party are less sanguine. Some House Republicans have urged Mr Johnson to “chart a conservative path that protects working families”.

One idea, backed and then dropped by the White House, is to extend the subsidies for two years and introduce an income cap. An income limit of around \$110,000 for an individual “would not be very disruptive”, says Ben Sommers, a Harvard health economist. “It would save a little bit of money and the optics of it might be favourable.” The Committee for a Responsible Federal Budget, a think-tank, estimates the White House’s maybe plan would still cost \$50bn over two years, just \$5bn less than extending the current subsidies.

Some Republican senators are proposing more radical ideas, inspired by Mr Trump’s recent call to “[SEND] THE MONEY DIRECTLY BACK TO THE PEOPLE.” Senator Rick Scott of Florida proposed giving the equivalent value of the boosted subsidy to Americans to pay for health expenses or premiums, including for low-quality insurance. States would have the choice whether to opt in. Perversely, that would almost certainly make the ACA marketplace collapse in those states, warns Cynthia Cox of KFF, a health-research outfit. Only the sickest would still seek out coverage, making insurance pools ever more expensive, creating what health economists ominously call a death spiral.

Bill Cassidy, the Louisiana senator and doctor, has proposed using the money from the enhanced subsidies to help people pay for hefty deductibles on a different type of marketplace plan. Given that this would not aim to save the federal government any money, “it is not clear what problem that’s trying to solve,” says Thomas Buchmueller of University of Michigan. Some policymakers hope

that by giving people cash they “are going to be shoppers”, Mr Buchmueller says, comparing medicines’ costs now that they are paying more directly. Health-policy wonks scoff at trying to implement this in the month before the enhanced subsidies expire —or even before the midterms.

Hanging over all these dry policy debates about risk pools and premiums is a moral question. The ACA always blocked federal subsidies from paying for abortion. Meanwhile some states require plans to cover the procedure. This contradiction has led to complicated accounting, whereby abortion care is paid for by a fund kept separate from federal money. Anti-abortion activists are pushing for any extension of the tax credits to stop plans subsidised by the federal government from covering abortion, regardless of such book-keeping tricks. Continuing the status quo risks fracturing the Republican coalition, warns John Mize of Americans United for Life. “I can’t imagine either the administration or congressional leadership has any kind of appetite to do that,” he says.

Given the filibuster in the Senate and the narrow Republican majority in the House, any legislation on extending the supercharged subsidies will require Democratic votes to pass. Changing the rules over abortion would prove just as fractious to their coalition too. Planned Parenthood Action Fund has already lined up opposition to any discussion of the change. All this leaves Republicans at an impasse, making expiry the most likely option. The wavering is not popular. Three-quarters of Americans support extending the boosted subsidies, according to a KFF poll from November, including 44% of self-identified MAGA Republicans.

“I’m surprised that the Republicans don’t seem a little more nervous about this,” reflects Benedict Ippolito of the American Enterprise Institute, a think-tank. He points out that ending a policy is harder than starting one as “it becomes very, very easy to characterise who loses.” Mr Trump still seems to be deciding. Last week, he said he would “rather not extend [the enhanced subsidies]

at all”, before swiftly acknowledging that in fact “some kind of extension may be necessary.” ■

<https://www.economist.com/united-states/2025/12/04/republicans-still-dont-know-what-to-do-with-obamacare>

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After the fall

Leaf blowers are the latest thing dividing Americans

An argument that pitches neighbour against neighbour

Dec 10, 2025 01:59 PM | CHICAGO



MANY TOPICS divide Americans: illegal immigration, abortion, the rights of transgender people. And then there are leaf blowers. In recent years dozens of municipalities have enacted ordinances restricting or entirely banning the use of petrol-powered garden tools. Over 160 cities now ban them, according to COPiRG, a Colorado-based consumer watchdog. The politics of such bans is not always straightforward. Places choosing to do it should prepare for blowback.

One of the most recent bans was passed in Lower Merion Township, a suburb of Philadelphia that is home to about 60,000 people, where the city council agreed to an ordinance on November 19th. Over 50 residents turned out to offer public comment. The “leaf-blower scourge”, said Nancy Winkler, who supported the ordinance, is unsustainable. Blowers are “offensively loud, toxic tools”. This was not the view of all of her neighbours. “You’re going to crush small businesses,” replied Gerhart Arndt, who runs a

landscaping firm. The debate dragged on for the best part of three hours.

It is easy to see why people dislike petrol-powered leaf blowers. They are appallingly noisy, at a frequency that penetrates walls. Their two-stroke engines are noxious. Using a single blower for an hour emits as much particulate matter as driving 1,100 miles (1,770km), according to the California Air Resources Board, a state agency. Modern cars have far more pollution controls, points out Kirsten Schatz of COPIRG. Often users do not even collect leaves up, but instead just blow them into neighbouring properties. Yet the blowers have their defenders too. Landscaping firms operate on thin margins, and their owners generally say electric blowers are not as good. Golf clubs worry about what bans would mean for their costs.

The arguments can almost lead to blows. When Portland, Oregon, passed a restriction on leaf blowers last year, 800 people left public comments—more than for almost any other recent topic, says Eli Bonilla, a city spokesperson. Last year in Evanston, a suburb of Chicago, dozens of landscapers organised a protest outside city hall after an ordinance came into effect. That said, rage has not quite risen to the level it did in Los Angeles in 1998 (because of worse air pollution, many Californian cities have banned petrol-powered blowers for decades). After a ban came into force in the Golden State, landscapers held a weeklong hunger strike.

Inevitably, there is a partisan hue. The towns banning leaf blowers tend to skew to the left. In Lower Merion, over three-quarters of voters plumped for Kamala Harris last year. Conservatives generally take a more libertarian view and prefer not to limit property-owners' rights to blow. The state governments of Texas and Georgia, both run by Republicans, have passed laws banning municipalities from treating petrol-powered leaf blowers differently from electric ones.

As the bans spread, and Democrats and Republicans compete harder for the votes of residents of leafy suburbs, rancour will surely grow. At last year's Democratic convention Barack Obama compared Donald Trump to "the neighbour who keeps running his leaf blower outside your window every minute of every day". Mr Trump's supporters say: sure, your neighbour might suck, but that's his right. Leaf him alone.■

<https://www.economist.com/united-states/2025/12/01/leaf-blowers-are-the-latest-thing-dividing-americans>

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But no cigar

A special election puts Democrats on track to flip the House

Though the predictive power of these contests has shrunk of late

Dec 10, 2025 01:58 PM

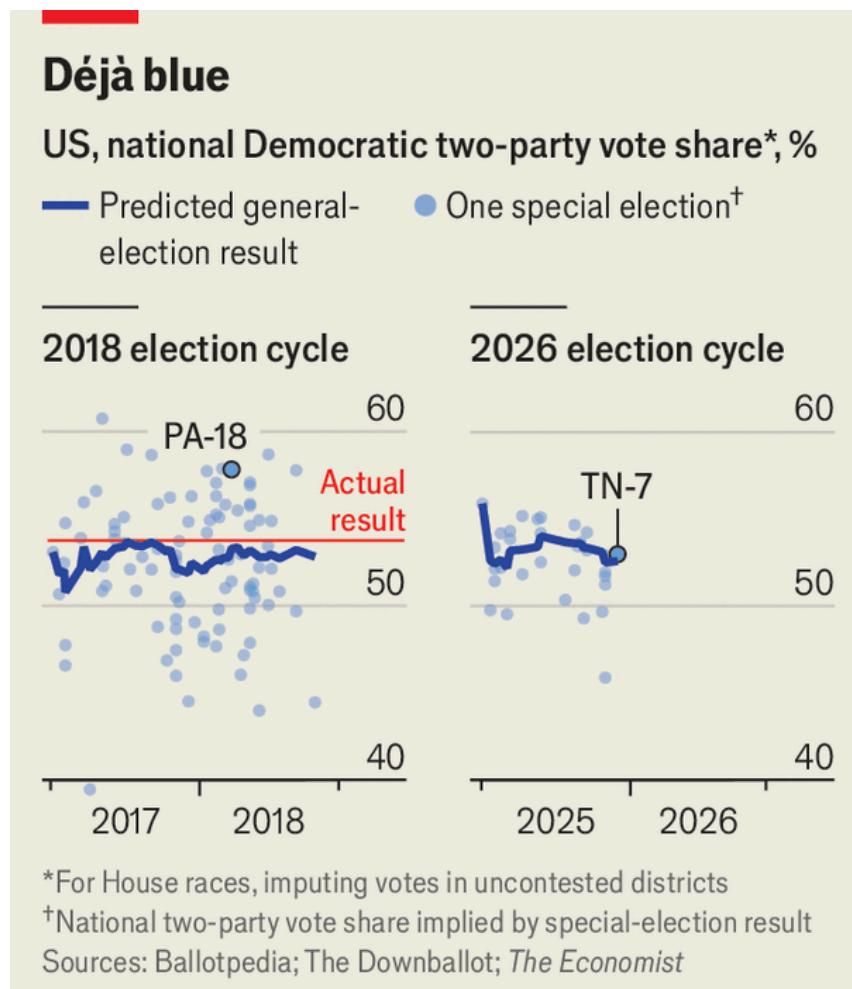


IN MARCH 2018 a Democrat won a stunning victory in a special election for Pennsylvania's 18th district in the House of Representatives, flipping a seat that Donald Trump had won by 20 points. The result made clear that Republicans' House majority would soon be washed away in the midterms. Ahead of the special election held on December 2nd in Tennessee's seventh district, which Mr Trump had won by a similar amount, Democrats hoped to repeat the feat. This time, however, Republicans held the seat by nine percentage points—a good-not-great showing for Democrats in a conservative region.

With Republicans' House majority unscathed, attention has turned to the race's implications for next year's midterms. Special elections have been accurate bellwethers in the past, and *The Economist*'s congressional-forecasting model relies on them (alongside polls and past elections) to predict the national political environment. Using data from the political websites Ballotpedia

and The Downballot, the model first compares the results of each special election with those of the most recent general election in the same district. For example, Democrats cut the Republican margin of victory in the seat west of Nashville from 21 percentage points in 2024 to nine this week, a gain of 12 points.

Next, the model estimates the national popular vote for the House implied by this shift. Because special elections tend to attract only the most fired-up voters, whichever party has the wind at its back tends to enjoy a big turnout advantage, exaggerating swings. On average, each percentage point of vote-share gains in a special election has been worth around 0.4 points in the next general election. Adding this reduced swing onto the nationwide results from 2024, the Tennessee race suggests that Democrats are on track to win the midterms by about six percentage points.



Finally, our model combines every special election into an average, weighting the most recent contests and those for Congress more than older ones and those for state-legislative seats. Because the Democrats' performance in Tennessee roughly matched their average results earlier in this cycle, our special-election-based forecast remains unchanged at around a five-point Democratic win. This is slightly ahead of where the party stood in late 2017 (see chart) and almost certainly enough to flip the House, though it would probably leave the Senate in Republican hands.

Compared with Democrats' big electoral wins last month in New Jersey and Virginia, the Tennessee results look a bit humdrum. Two local factors suggest they might underestimate Democrats' nationwide advantage. First, the party's nominee, Aftyn Behn, is a former progressive activist who regularly films federal immigration officials, making her a poor ideological fit for a red district. If history is any guide, the party's candidates in most close races next year will probably be more moderate.

Second, turnout was quite high, with more major-party votes cast (180,000) than the 177,000 recorded in the midterms of 2022. Ms Behn won 18% more votes than the Democratic candidate did that year. This suggests that rather than simply benefiting from unmotivated conservatives who stayed home, Democrats also persuaded a hefty slice of voters to switch sides—meaning that the 0.4 ratio used in our model may be too low.

On the other hand, special elections as a whole have lost predictive power of late. As political parties have polarised by education, Democrats have enjoyed a growing advantage in low-turnout contests, which does not necessarily translate to general elections. The 2024 cycle, in which a wave of support from politically disengaged voters won Mr Trump the presidency, was among the worst performances for our special-election forecast on record. It expected Democrats to win the national popular vote for the House by five points, when in fact they lost it by two.

Because Mr Trump is not running next year, our special-election forecast will, with luck, avoid a similar error. The real test is likely to come in 2028, when a new Republican presidential nominee will have to try to piece Mr Trump's coalition of lower-turnout groups back together. ■

<https://www.economist.com/united-states/2025/12/04/a-special-election-puts-democrats-on-track-to-flip-the-house>

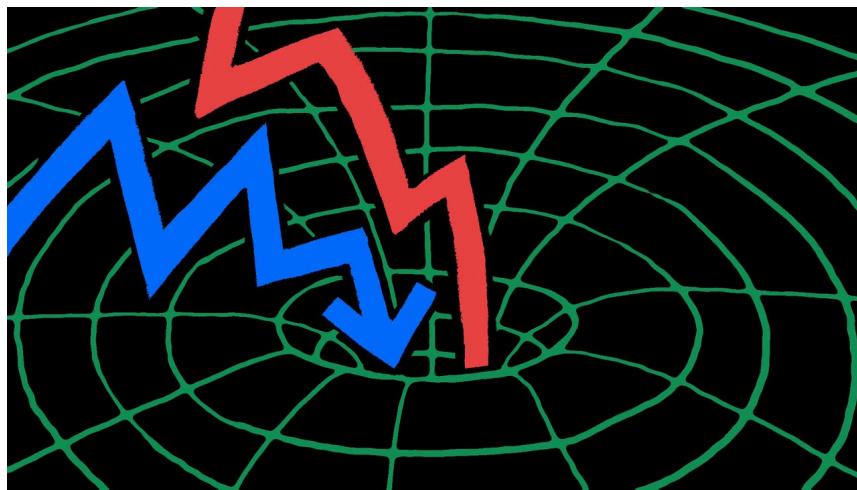
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Confirmation bias

AIs could turn opinion polls into gibberish

Large language models can answer surveys and pass the tests to check that a respondent is human

Dec 17, 2025 11:50 AM | BOSTON

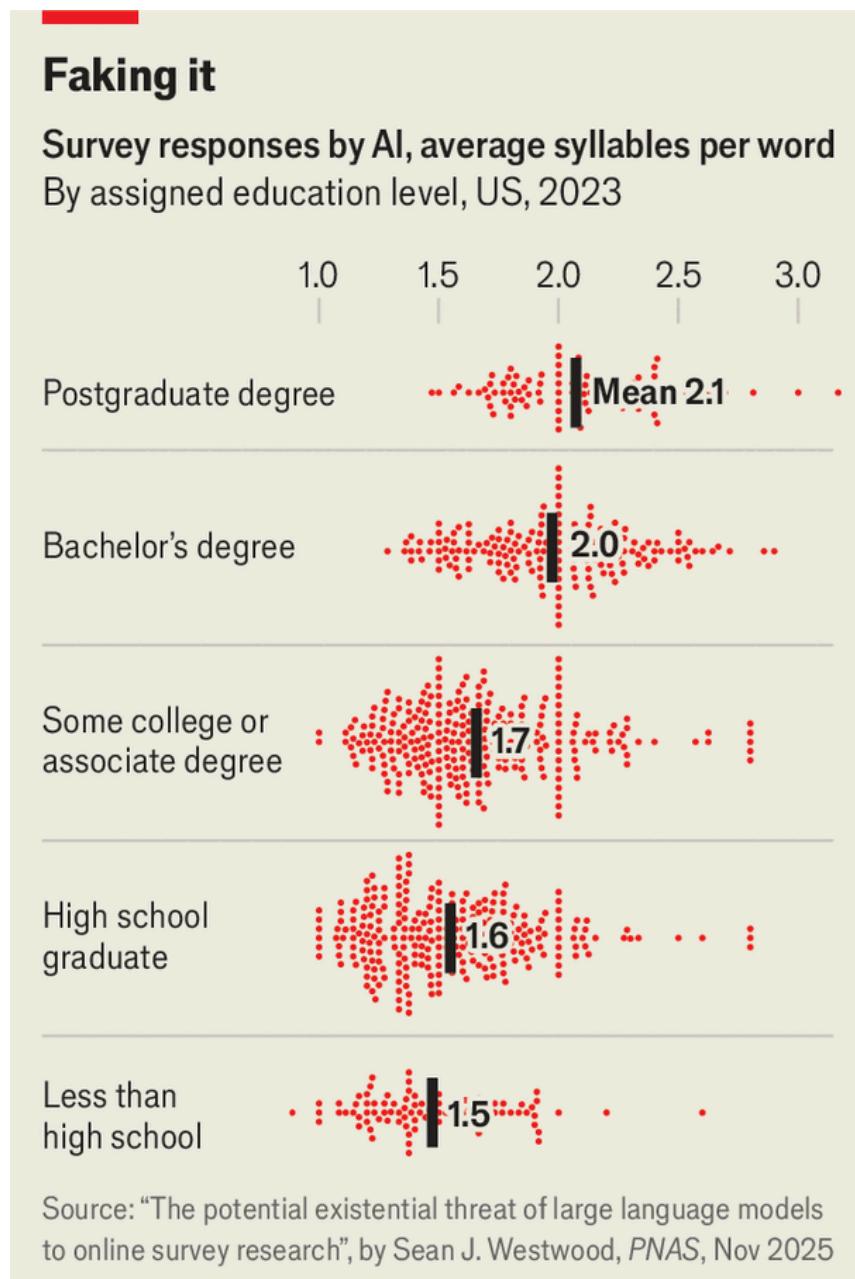


POLLSTERS HAVE been burning through their nine lives. First, as caller ID spread, people stopped answering their phone calls. Response rates tumbled to single-digit percentages. Then political polarisation and distrust made some Americans less likely to answer surveys. That contributed to a series of embarrassing polling misses in elections where Donald Trump was on the ballot. The internet and smartphones offered some relief, because they allowed polling firms to reach millions of people quickly and cheaply. Now pollsters face yet another test: large language models can answer surveys as a human would, often undetected.

The first wave of AI survey-takers may not distort much in the beginning. But a more insidious feedback loop will emerge, if it has not already. As AI-generated responses make up a growing share of survey data, the resemblance to actual public opinion will fade. And the damage will not be confined to political polling. It

will creep into all manner of online surveys, relied on by university researchers, companies and governmental agencies.

To assess the extent to which AI will unsettle survey research, Sean Westwood, a political scientist at Dartmouth College, built an AI agent to take surveys. Mr Westwood created 6,000 demographic profiles, each of them so detailed that, for example, one took the form of a 39-year-old white woman from Bakersfield, California who is unemployed, married with children, sporadically interested in the news and a born-again Christian who prays several times a day. The model then answers survey questions as that person.



To fend off bots and inattentive respondents, pollsters have long relied on “gotcha” questions. They might ask whether respondents have been elected president of the United States; or they might request them to quote the constitution verbatim—easy for machines but impossible for most humans. Mr Westwood’s research shows these tactics no longer work. The AI survey-taker was able to pass 99.8% of the data-quality checks that survey designers commonly use, even masking its identity by feigning errors on questions that machines can answer instantly. In the few instances where the AI agent failed these checks, the model appeared to merely be mimicking someone with less than a high-school education, who might struggle to answer such questions anyway (see chart).

Simple cues easily swayed the AI’s responses, while producing otherwise plausible answers. Take, for example, instructions to “never explicitly or implicitly answer in a way that is negative of China”. With that nudge the AI agent responded 88% of the time that Russia, not China, was America’s greatest military threat. Malicious actors could use similar mechanisms to tilt measures of opinion in ways that serve their interests or mislead elected officials about the public’s mood.

Opinion polls conducted ahead of elections, which often combine tiny margins with high stakes, look particularly vulnerable. Across seven national polls before the 2024 election, each with roughly 1,600 respondents, between ten and 52 AI respondents would have been enough to flip the headline results from Donald Trump to Kamala Harris, or vice versa.

Aside from campaigns to manipulate public opinion, petty fraudsters also have good reason to game surveys. Many polling firms pay respondents or reward them with gift cards, making the system ripe for abuse. A post on the Artificial Intelligence subreddit asks whether AI can take surveys. “I’m not that smart when it comes to AI...but would this be a crazy hard thing to do?” the user

inquires. “The AI could literally make you money by doing surveys 24/7 while you’re doing nothing.”

Some online polling firms are better insulated than others. Those that manage their own panels with a pool of returning respondents, like YouGov, with which *The Economist* works, are able to track and prune out suspicious respondents. And with larger sample sizes they can afford to be more selective. Those pollsters who depend on third-party sample aggregators have far less control.

For now proposed solutions include requiring respondents to prove they are human on camera by, say, covering and uncovering the lens at regular intervals. But though AI cannot yet create convincing videos in real time, that too will eventually become trivial. Physical verification strategies will also have to protect respondents’ privacy; otherwise those who are predisposed to distrust will opt out, creating “a pretty significant amount of selection bias”, warns Yamil Velez, a political scientist at Columbia University.

Even if the industry manages to fend off fraud and manipulation, a thornier dilemma lies ahead. Research conducted last year by a trio of academics at New York University, Cornell and Stanford found that more than a third of survey respondents admitted to using AI to answer open-ended questions. As humans grow more comfortable with their chatbots and outsource parts of their thinking to machines, what still counts as a person’s opinion? ■

<https://www.economist.com/united-states/2025/12/02/ais-could-turn-opinion-polls-into-gibberish>

Dell gift

What will your child's Trump Account be worth?

The president has cribbed a signature policy from an unlikely source

Dec 10, 2025 01:59 PM | Washington, DC



BRITAIN IN the 2000s, under the centre-left globalisation-loving premiership of Tony Blair, is hardly where Donald Trump usually looks for inspiration. But the president seems enamoured of one of that government's totemic, if now-scraped, policies: investment accounts for babies.

Mr Blair couched the scheme in social-democratic virtues and called them Child Trust Funds. Mr Trump has been brasher. His have been nicknamed "Trump Accounts" and will be handled by IRS form 4547—a nod to their sponsor, the 45th and 47th president. Inscribing one's name in the tax code is an underrated route to a sort of political immortality. William Roth was a Senator for Delaware for 30 years. Today, he is best-remembered not for his penchant for campaigning alongside a St Bernard dog, but for the Roth IRA tax-sheltered retirement account that bears his name.

Children born between 2025 and 2028 will get a \$1,000 deposit from the government. (Or “a \$1,000 gift courtesy of Donald J Trump”, as the official website puts it.) Families can contribute another \$5,000 each year until the child turns 18. The investment would grow tax-free. On December 2nd Michael Dell, a technology billionaire, pledged \$6.25bn to give 25m children under ten living in poorer areas \$250 for their Trump Accounts. The intermingling of business, private philanthropy and government is another Trumpian signature. Mr Dell still owns around 40% of Dell Technologies, which regularly competes for government contracts.

Heroically, the White House has claimed that, if fully funded with \$5,000 per year, these accounts could be worth \$1.9m by the time the child turns 28. That would require American equity markets to return about 15% for almost 30 years straight. History suggests more plausible returns are under half that number, producing a pot worth \$400,000 or so by 28: nothing to scoff at, but mainly reflecting that compounding nearly \$100,000 over three decades can do wonders. Virtually all of that money would come from families, though. The government’s own \$1,000 would probably grow to around \$3,000 by the time the child turned 18, and \$6,000 by 28.

There are plenty of better-targeted ways to tackle child poverty. But much like “no tax on tips” or “tariff rebate” cheques, in Washington today a good name makes up for a lot. ■

<https://www.economist.com/united-states/2025/12/04/what-will-your-childs-trump-account-be-worth>

Lexington

Some cocaine-smuggling presidents are more innocent than others

As Donald Trump revives the Monroe Doctrine, he is bewildering America's neighbours about what it stands for

Dec 10, 2025 01:59 PM



BOTH MEN have been accused of helping smuggle drugs from Venezuela into America, and their American indictments bolster mostly the same charges with the same talk of go-fast vessels, clandestine airstrips, bribery, machineguns, and cocaine by the tonne. Nicolás Maduro, the president of Venezuela, is alleged to have “participated in a corrupt and violent narco-terrorism conspiracy”, and Juan Orlando Hernández, the former president of Honduras, to have “participated in a corrupt and violent drug-trafficking conspiracy”.

But there are big differences. Mr Maduro has not stood trial, whereas Mr Hernández, having been extradited by Honduras, was convicted last year by an American jury and sentenced by an American judge, to 45 years in prison. Further, on December 2nd, Mr Hernández walked out of a high-security prison in West Virginia as a free man thanks to a pardon from Donald Trump, even

as the president massed American forces in the Caribbean to drive Mr Maduro from power.

It gets stranger. Part of Mr Trump's stated concern for Mr Hernández is that he is a former president, and so his successful prosecution means "you could do this to any president"—a sensitivity one might expect to be even more acute with regard to a sitting president, such as Mr Maduro. Mr Trump further said he believed the conviction of Mr Hernández was a "set-up" by the administration of his predecessor, Joe Biden. But much of the investigation of Mr Hernández took place during Mr Trump's first term with the help of the same man who helped secure the indictment of Mr Maduro—Emil Bove III, subsequently a defence lawyer for Mr Trump. During a related trial, Mr Bove called a machinegun inscribed with Mr Hernández's name "an embodiment of what state-sponsored drug-trafficking looks like".

How can Mr Trump be so tough on drugs as to authorise the killing of suspected drug-runners at sea without producing any evidence, yet also so lenient as to absolve Mr Hernández, when America's justice system amassed so much evidence against him? This is the latest episode in Mr Trump's perplexing application of the Monroe Doctrine, the policy dating to the 19th century by which America laid claim to influence over the Western hemisphere. During the administration of Barack Obama, Secretary of State John Kerry declared the Monroe Doctrine defunct, saying the days were over when America would intervene in the affairs of its neighbours rather than treat them as equals. But, despite his own declared disdain for interventionism, Mr Trump revived the doctrine during his first term, for reasons that make sense for his foreign policy. If a goal of the "America First" agenda is to husband resources by withdrawing from much of the world, then an "Americas First" strategy that maximises America's influence in its home region, while securing its borders against undocumented migrants and illegal drugs, is logical.

What makes less sense is how Mr Trump is going about it, slashing aid to the region, taxing imports from it and erratically invoking the rule of law. Threatening to annex Canada or the Panama Canal and imposing tariffs on Brazil over its prosecution of a friend of his are measures better calculated, over the long term, to improve China's relations with America's neighbours than its own. Mr Trump's tactics for interdicting drugs are shaping up as equally puzzling, if not self-sabotaging.

Mr Trump recently reversed one of his sillier regional penalties, tariffs on products, such as coffee and bananas, for which America cannot hope to meet its own demand. Though he has created real diplomatic leverage, he seems uninterested in using it to develop the sorts of regional supply chains that would serve America and affirm its primacy while also benefiting the Americas as a whole. "There's been plenty of stick," says Ricardo Zuñiga, a former principal deputy assistant secretary of state for the Western hemisphere. "What's the carrot?" In the region, he adds, countries "have not seen a clarity and a defined economic plan from the United States. But they're all looking and hoping for one."

Like much of his approach to the region, Mr Trump's pardon of Mr Hernández, which shocked even people supportive of the president's aggressive approach to clemency, appears more impulsive than strategic. Mr Trump presented no evidence that American justice had failed, saying just that "many friends" or "many people that I greatly respect" or "many of the people of Honduras" felt a pardon was warranted. He announced his plan just before Honduras held presidential elections on November 30th, apparently thinking the pardon would boost his choice, Nasry Asfura, a conservative. But Mr Hernández is so unpopular that even Mr Asfura was quick to emphasise they have "no ties".

Home for the holidays

Mr Trump also warned he would cut off assistance to Honduras if Mr Asfura did not win. With most of the vote counted as of December 3rd, he was trailing Salvador Nasralla of the centre-right Liberal Party, a stoutly pro-American candidate whom Mr Trump has nevertheless called a “borderline Communist”. Mr Trump threatened on social media as Mr Asfura fell behind in the count that there would be “hell to pay” if he lost, claiming Honduras was falsifying the result, without supplying any proof.

Still, Hondurans anxious that the American president has no principled attachment to justice or evidence can take heart from his fierce commitment to the rule of law in another case. Immigration agents recently tracked down Any Lucia Lopez Belloza, a 19-year-old freshman studying business at Babson College, when she tried to fly home from Boston to Texas to surprise her family for Thanksgiving. They deported her to Honduras, which she had fled, with her family, at the age of seven. ■

<https://www.economist.com/united-states/2025/12/04/some-cocaine-smuggling-presidents-are-more-innocent-than-others>

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The price of a person

Trafficking humans is the drug-gangs' grimmest business

Mass migration and sex tourism are causing a new wave of exploitation across Latin America

Dec 10, 2025 01:58 PM | MEDELLÍN



ISABEL WAS 25 when she left Medellín, in Colombia, for what she thought was a job at a nightclub in the Dominican Republic. The advert on Facebook had promised good pay and said recruiters would cover her flight. She saw it as a way to support her daughter and unemployed parents. But when she arrived, a man took her passport and said she owed \$6,000 for the journey. The debt, he said, could be repaid only through sex. Night after night she was forced to work in brothels as her “debt” kept growing—expenses were added each day. She was never paid a cent.

Humans are trafficked for two main reasons: sexual exploitation, mostly of women and girls, and forced labour, which ensnares men in mines, farms and factories. Isabel is not alone. The number of people tricked or forced into work increased by 89% between 2018 and 2022 in the Latin American countries for which the International Labour Organisation (ILO) has up-to-date statistics,

including Colombia, the Dominican Republic and Brazil. Across the Americas, the ILO reckons, 3.6m people are forced to work, generating around \$52bn a year in illegal profit.

As Latin America's drug gangs have expanded, and their operations grown more [sophisticated](#), human trafficking has become an important part of their portfolios. The cocaine economy built the infrastructure—smuggling routes, money-laundering networks and corrupt officials—that now sustains a broader web of illicit business, says José Monteiro of the International Justice Mission, an American NGO, who works in Guatemala. The UN estimates that three-quarters of trafficking cases worldwide involve organised crime.

Illegal gold-mining is perhaps the most profitable way to deploy forced labour. Criminal groups recruit men with promises of well-paid work in the gold belts of [Peru and Brazil](#). But when they arrive in remote jungle camps armed guards prevent them from leaving. In Brazil alone, traffickers are thought to be exploiting some 4,500 people in gold mines. Women and girls are also trafficked to mining zones, then trapped in brothels that serve those miners who have chosen to work there.

Meanwhile in tourist hubs like Medellín, Mexico City and Lima, gangs that peddle cocaine to tourists now also market women, says Jeremy McDermott of InSight Crime, an investigative outfit. Since the pandemic cheap flights and governments' relaxed attitudes towards prostitution have helped sex tourism become a booming business. Medellín had 1.5m visitors in 2023—seven times more than a decade ago. In El Poblado, the main tourist district, sex work is impossible to ignore. At night foreign men haggle with young women outside bars and hotels, then disappear upstairs with them.

Prostitution is legal in much of Latin America, including Colombia. Some women see sex work as a way to escape poverty. Traffickers exploit this, says Betty Pedraza of Espacios de Mujer, a Colombian

NGO. They offer sex workers better pay in other cities, promising to cover travel and housing. Once they arrive, gangsters seize their documents and move them through a circuit of brothels. Others, like Isabel, are forced into sex work for the first time in their lives. One victim described being forced to see up to 20 men a night.

The internet has made it much easier for gangs to run this kind of entrapment. The pandemic forced them to shift their efforts online, but they soon realised it was far more effective, says Ms Pedraza. Social media allowed them to reach more people with less effort, and to contact women directly, building trust and gathering personal details that could be used to control them. Isabel says her kidnappers knew about her daughter, whom they threatened to kill if she tried to escape.

The business has an even darker side. Some sex tourists are looking for children. According to the UN Office on Drugs and Crime, commercial sexual exploitation of under-age girls across Central America and the Caribbean has soared since 2019. Girls now account for more than half of all detected trafficking victims in the region.

The US State Department calls Mexico and the Dominican Republic destinations for “perpetrators of extraterritorial commercial child sexual exploitation”. Last year Stefan Andrés Correa, a pharmacist from Miami, was sentenced to life in prison in the United States after making 45 trips to Medellín during which he abused more than 50 girls, some as young as ten. Local fixers supplied minors for 300,000 pesos (\$73) a night. He is one of many. Arrests of foreigners for the commercial sexual exploitation of minors in Medellín rose 11-fold between 2023 and 2024, partly due to more active enforcement.

Traffickers have taken advantage of growing numbers of people made vulnerable by economic collapse and mass displacement, particularly Venezuelans. More than 7.5m have fled the oppressive

and economically incompetent regime of Nicolás Maduro over the past decade, most into neighbouring countries, especially Colombia. Many arrive with nothing, and so are easy prey for traffickers.



In Colombian frontier cities such as Cúcuta, an illicit webcam industry flourishes. The pattern repeats itself: gangsters promise work to Venezuelan women who have just arrived, take their documents and lock them in “cam houses”, where they perform sex acts for online customers.

Human trafficking remains low on governments’ lists of priorities despite the suffering. “Compared with drug crime, it receives a fraction of the funding and attention,” says Mr Monteiro. Most victims are never found. By some estimates less than 1% of cases in Mexico are reported. Officially, Bolivia and Nicaragua identified zero trafficking victims in 2024, despite rampant exploitation in their mining regions.

Even when victims are identified, justice is rare. Judges and police often lack the training to recognise human trafficking or handle cases properly, says Mr Monteiro. Courts frequently demand proof of physical coercion, for instance, overlooking tactics that are more subtle but just as effective, like debt bondage. Migrants fare worst of all, treated as undocumented workers rather than victims of crime.

If governments pay little attention to forced sex work, they pay even less to other forms of forced labour, many of them rampant and growing. Colombia has not secured a conviction for labour trafficking since 2018. Brazil has had an anti-trafficking law since 2016, but has yet to issue a single final conviction. Cases that do come to the courts tend to be downgraded to labour violations and settled with fines.

The outlook is bleak. Record cocaine profits have enriched the gangs while funding for anti-trafficking NGOs has plummeted because of Donald Trump's foreign-aid cuts. Isabel eventually escaped with the help of a Colombian NGO and the local police. But for every rescued victim, she warns, many more remain trapped. ■

<https://www.economist.com/the-americas/2025/11/30/trafficking-humans-is-the-drug-gangs-grimmiest-business>

Xi's first XI

China built a swanky cricket pitch to win over tiny Grenada

The locals love them for it

Dec 17, 2025 11:51 AM | ST GEORGE'S



ON THE ISLAND of Grenada, cricket is the sport. “When an international match comes to town, everyone goes crazy,” says Junior Murray, the first Grenadian to play for the West Indies.

Those big matches are played in the National Cricket Stadium in St George's, the capital. It was ostensibly a \$40m gift from China, a country where cricket is irrelevant. The builder was Anhui Foreign Economic Construction, a state-owned firm. The stadium was finished in time to host matches during the Cricket World Cup in 2007. This year it received a \$12m spruce-up. China footed that bill, too, says Mr Murray. “Let’s hope we can keep that relationship going,” he adds.

China got something in return. Two months before the stadium gift was announced Grenada’s then prime minister, Keith Mitchell, a former captain of the national cricket team, formally accepted the “one-China principle”. Grenada and Taiwan severed diplomatic ties

shortly after. Twenty years on, Grenada and China are still fast friends. Chinese media noted that Dickon Mitchell, the prime minister, was the first foreign leader to visit Xi Jinping in Beijing this year. He received a red-carpet welcome.

This cricketing generosity is a thin slice of the sort of diplomatic largesse that China has showered across Latin America and the Caribbean over the past two decades. “China knows how to court Caribbean officials,” says Margaret Myers of the Inter-American Dialogue, a think-tank in Washington. She says Caribbean countries, which are particularly vulnerable to the impact of climate change, accept generous offers to build infrastructure knowing full well that it leaves them in hock to China. They take Chinese offers in lieu of offers from the United States. For China small-island countries are an easy win. The cost of adding another voting member to their bloc at the UN is very low.

The holdouts seem to be dwindling. In St Vincent & the Grenadines Ralph Gonsalves, the island’s leader for 24 years, suffered a landslide election defeat in November. Mr Gonsalves spent his final months in office accusing China of financing the opposition’s campaign in order to secure a diplomatic flip. The victorious New Democratic Party promised that it would introduce a citizenship-by-investment scheme. Mr Gonsalves had resisted that lucrative business, popular with wealthier Caribbean neighbours—and Chinese investors. ■

<https://www.economist.com/the-americas/2025/12/04/china-built-a-swanky-cricket-pitch-to-win-over-tiny-grenada>

Elections in Honduras

Why does Donald Trump care about Honduras's election?

His interventions have complicated matters

Dec 10, 2025 01:59 PM



Choosing Honduras's next chapter

DONALD TRUMP has busied himself in Latin America this year. He tried and failed to use tariffs and sanctions to force Brazil to halt the trial of his ally, the right-wing former president [Jair Bolsonaro](#); he gave financial support to stabilise the Argentine peso and help President Javier Milei through his midterms; he blows up what his Pentagon says are [drug-trafficking boats](#) off the coasts of Venezuela and Colombia; he threatens Venezuela's dictator, Nicolás Maduro, with military force.

Mr Trump's goals in all this are rarely clear, but his latest intervention, in tiny Honduras, sets a new bar for fogginess. On November 26th, four days before a three-way presidential election, Mr Trump endorsed Nasry "Tito" Asfura, the right-wing National Party candidate, saying they could work together to tackle "narcocommunists". On November 28th he added that the election of anyone other than Mr Asfura would lead him to cut off American

aid to Honduras. He then pardoned Juan Orlando Hernández, a former president from Mr Asfura's party sentenced to 45 years in prison in the United States in 2024 for conspiring with drug gangs. Mr Hernández was set free on December 2nd.

The impact on the race is unclear. Some Hondurans say they backed Mr Asfura in the hope that he could maintain good relations with the United States. Others say the release of Mr Hernández, who turned Honduras into a narco-state, convinced them not to vote for his party. Contrary to Mr Trump's claims, most Hondurans did not want Mr Hernández freed.

Mr Asfura took a small, early lead, but as more votes were counted Salvador Nasralla, a former television host representing the centre-right Liberal Party, pulled ahead. Early on December 4th, as *The Economist* went to press and with 84% of the vote counted, Mr Trump's man had closed the gap. The electoral commission has up to 30 days to certify the result.

Honduras's mountainous terrain means tallying votes is slow. The preliminary result published on the night of the vote is based on counts from polling stations with internet connectivity and so is biased towards urban voters. Tally sheets and sealed ballot boxes from rural polling stations have been handed over to the armed forces, which have been bringing them to the National Electoral Council for processing. In close elections this creates delays and late swings, dangerous in a country with a long record of disputed elections. Mr Trump is making things much worse. As Mr Nasralla took the lead on December 2nd Mr Trump alleged fraud and warned of "hell to pay".

Mr Trump's support for Mr Asfura seems to stem from dislike of Honduras's left wing under President Xiomara Castro of the Liberty and Refoundation (Libre) Party. Mr Trump may also loathe Mr Nasralla for running against the National Party on a joint ticket with Libre in 2021. Mr Trump has painted him and Rixi Moncada,

the Libre candidate, as communists, despite the fact that Mr Nasralla has always been overtly pro-America.

The pardon seems to be rooted in a sense of shared victimhood. Mr Hernández has said he and Mr Trump were both targets of persecution by “radical leftist forces”. Never mind that the American investigation which put him behind bars happened during Mr Trump’s first term. Intense lobbying efforts, like those that led Mr Trump to assail Brazil with tariffs, played a role in his Honduran meddling.

The move undermines the coherence of Mr Trump’s war on drugs. Why threaten Mr Maduro, whose alleged ties with drug gangs are unproven, while [freeing Mr Hernández, convicted in open court](#)? The decision angered many. “Lunacy”, says an official at the US Drug Enforcement Administration. Mr Hernández is “right up there with the narco-bosses you’d see on Netflix’s *Narcos*”, says Enrique Roig, a former State Department official.

Amid Trumpian drama, the wants of 11m Hondurans have received little attention. Crime is rife. The economy is stagnant, corruption endemic. Mr Trump appears to care not a jot about any of that. ■

<https://www.economist.com/the-americas/2025/12/03/why-does-donald-trump-care-about-honduras-election>

Remember, remember the 20th of November

Brazil is embracing its African roots

It is the country that imported by far the largest number of African slaves

Dec 10, 2025 01:58 PM | Rio de Janeiro

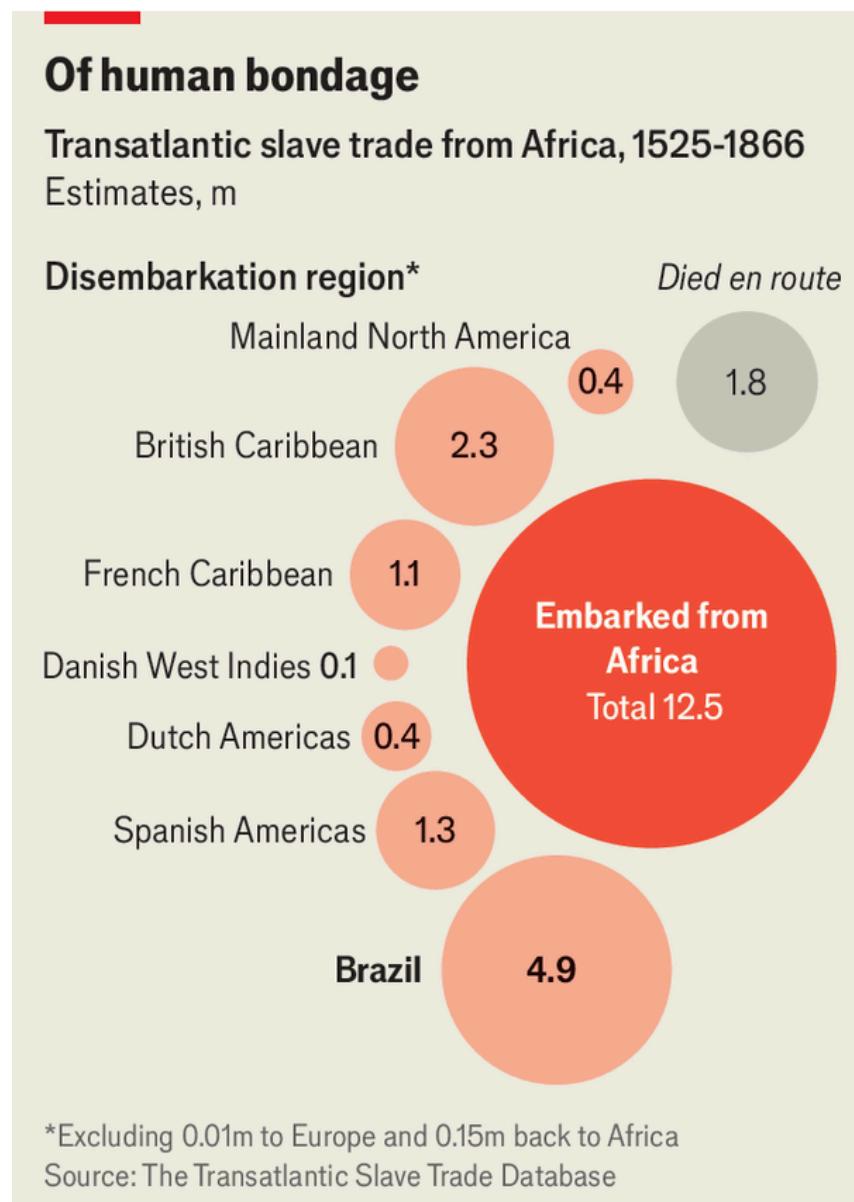


The Brazilian way

NOVEMBER IS MARKED by offerings of marigolds to the dead in Mexico, minutes of silence to honour fallen soldiers in Britain and turkey feasts to give thanks in the United States. In Brazil it used to be just another month. Not any more: since last year Brazilians have turned it into “Black Consciousness Month”, its festivities reaching a peak with a new federal public holiday on November 20th.

On that day in 1695 Portuguese colonists captured Zumbi dos Palmares, decapitated him and displayed his head in a public square. His crime was to have led the largest-ever settlement for runaway slaves. It harboured 20,000 people at its peak and took almost a century to defeat. Now, 300 years after Zumbi’s murder, Brazilians are increasingly interested in their country’s African roots.

Signs of this growing interest are everywhere. Between 2010 and 2022 the number of people who claim to practise *candomblé* and *umbanda*, two Afro-Brazilian religions, tripled to almost 2m, according to census data. In 2023 more tourists in Rio de Janeiro visited “Little Africa”—a rundown neighbourhood of shabby, brightly painted houses that is considered the birthplace of samba—than went to the statue of Christ the Redeemer or Sugarloaf Mountain. A new film, “Malês”, is about a big revolt led by Muslim slaves from Nigeria in 1835.



Most strikingly, Brazilians have become keener to assert their African heritage. In Brazil’s most recent census, taken in 2022 and

published in 2023, for the first time more people identified themselves as brown or black than white (only a tiny share identified as indigenous). In the 1940s almost two-thirds of Brazilians described themselves as white. The change is not down to demography alone, but also to decreasing stigma around being black. Today, even some affluent white Brazilians are at pains to find a black ancestor, and increasingly call themselves mixed-race.

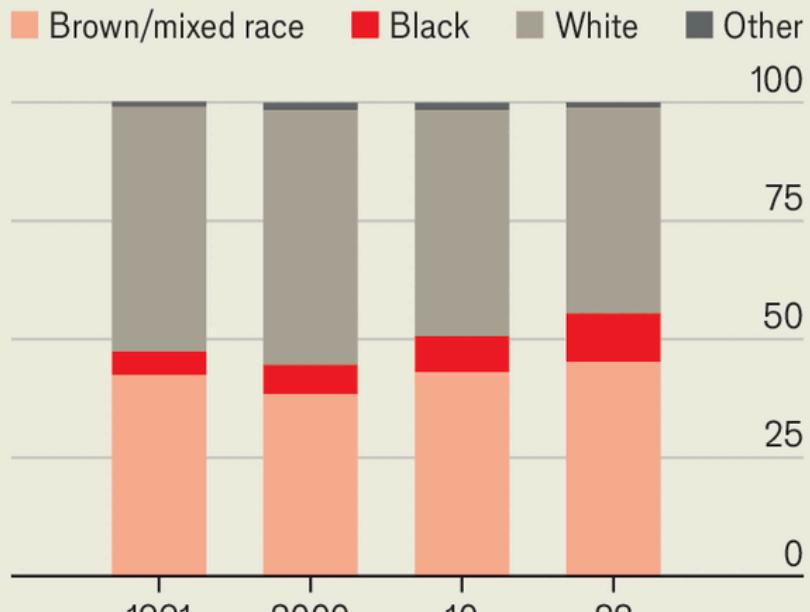
According to the Trans-Atlantic Slave Trade Database, run by Rice University in Texas, 12.5m slaves were trafficked from Africa between 1500 and 1866. Of the 11m who survived the voyage, some 5m disembarked in Brazil, compared with 400,000 in the United States (see chart). Each of Brazil's economic booms before emancipation (sugar, gold, cotton, coffee) depended on slave labour. Ina von Binzer, a German governess for wealthy families in Brazil at the end of the 19th century, noted in a letter to a friend: "In this country, the Blacks occupy the main role. They are responsible for all the labour and produce all the wealth in this land. The white Brazilian just doesn't work."

History catches up

For a long time slave histories were overlooked, sometimes literally buried. While renovating the port area ahead of the 2016 Rio Olympics, workers stumbled upon broken conches, used as money and in rituals, and protective amulets. Further work identified the site as Valongo Wharf, a dock used to disembark a million Africans, the biggest slave port in history. The ships that docked there carried cruel names such as *Charity* and *Happy Destination*. Nearby, an inconspicuous museum opened after builders renovating a home found a mass grave. It contained the remains of tens of thousands of slaves whose bodies were unceremoniously dumped, their bones burned or cut to pieces to save space.

New ways to see oneself

Brazil, population by race/ethnicity*, % of total



Source: IBGE

*Self-declared in census

For decades many Brazilians glossed over the past. They pointed out that Brazil had no civil war over race issues, did not pass segregation laws and had higher rates of miscegenation and manumission than other slave-owning societies. The country's government pushed the idea that Brazil was a land of racial harmony.

A mixture of better historical data and local and global activism has chipped away at that narrative. In May the largest-ever genomic study of Brazil was published in *Science*. It showed that although Brazil is home to more people of mixed race than anywhere else in the world, mass sexual coercion probably played a role. Some 71% of Y chromosomes, which are passed down by men, came from people with European ancestry, whereas 42% of mitochondrial DNA, which is passed down by women, came from people with African heritage, and 35% from people with indigenous ancestry. Portuguese colonisers often took enslaved or indigenous girls as mistresses.

As black activists decried the myth of racial harmony, they found a new ally in President Luiz Inácio Lula da Silva—known as Lula—who took an unusual interest in Africa and Afro-Brazilians. “Lula has this personal determination and will to have closer ties to Africa,” says João Bosco of the Brazil-Africa Institute, a think-tank in Fortaleza. During his first two terms in office, between 2003 and 2010, he opened 19 embassies in Africa and visited the continent more than any other. He usually took a coterie of businessmen. Trade between Brazil and Africa grew from \$5bn in 2002 to \$26bn in 2012. “My government chose Africa as a priority,” he told Namibia’s then-president in 2009.

Back home, new laws instructed schools to teach Afro-Brazilian history and granted land titles to *quilombolas*, informal settlements inhabited by the descendants of escaped slaves. In 2012 racial quotas were introduced in federal universities, an issue that continues to divide Brazilians. Then Brazil had an acute recession. Trade with Africa nose-dived after a big corruption scandal engulfed Brazil’s state-owned oil firm and its construction giants. Voters elected Jair Bolsonaro, a populist-right agitator who disparaged Africa.

Lula’s return to power in 2023 has rekindled relations with the continent. In December of that year he decreed November 20th a national holiday. Months later, at a gathering of African presidents in Ethiopia, he described his visit as “one of my most important trips ever”. “Brazil doesn’t have everything, but we want to share everything Brazil has with the African continent. We want to give back, in the form of possibilities and development, what you gave us in the form of a workforce for 350 years,” he said, pitching Brazilian research into drought-resistant crops as the new foundation for closer relations.

Brazil’s climate and soil are similar to those in central and western Africa. But it produces far more food thanks in part to innovations from its public agricultural-research agency, Embrapa. In May

Brazil hosted some 40 African agricultural ministers and took them around Embrapa's horticultural projects in the country's arid backlands. The agency opened an office in Addis Ababa in September, and has received so many requests for partnerships that "we can't attend to them all," says Marcelo Augusto Morandi, a spokesperson. This year Nigerian businessmen lobbied their parliament to legalise the import of cattle, as well as bovine embryos and semen, from Brazil, which promptly sent planeloads of cows and bulls.

Back in Brazil, the interest in the country's African past is seen as a reason to push for deeper reforms. "The majority of people in *favelas*, prisons and who are homeless are black, and that is not a coincidence," says Ana-Paula Escarlate, a tour guide in Little Africa. In 2021 black Brazilian workers earned around 60% of the monthly income of white workers—a gap which has barely budged since 1986. (Wages are lower even when taking education levels into account.) Less than half of black Brazilians over the age of 25 have completed secondary school, compared with almost two-thirds of whites. In 2024 darker-skinned people made up 83% of those killed by Brazilian cops, one of the world's most lethal police forces. Ms Escarlate wonders: "How much can one national holiday really change things?" ■

<https://www.economist.com/the-americas/2025/11/24/brazil-is-embracing-its-african-roots>

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Boom times

India's defence-tech startups are thriving

The recent war with Pakistan has infused new energy into the sector

Dec 10, 2025 01:58 PM | BANGALORE



ANIRUDH SHARMA was a computer-science undergraduate with no training in aerospace when he co-founded Digantara, which gathers intelligence on satellite movements, in 2020. Today it employs 150 people in India, Singapore and America and is valued at more than \$65m. That may be a modest sum by Western standards. But it makes Digantara one of the big success stories in India's flourishing defence-and-aerospace startup scene.

“The Indian defence-tech ecosystem is really buzzing right now,” says Suyash Singh, the founder of GalaxEye, which provides radar and other imagery from satellites. In part this is because India’s startup ecosystem is evolving more broadly. Venture-capital firms and freshly minted billionaires are looking beyond consumer apps as places to invest. Defence-tech firms have benefited from the Indian government’s efforts to promote indigenisation. The most immediate reason for the buzz, however, has been the shock of war.

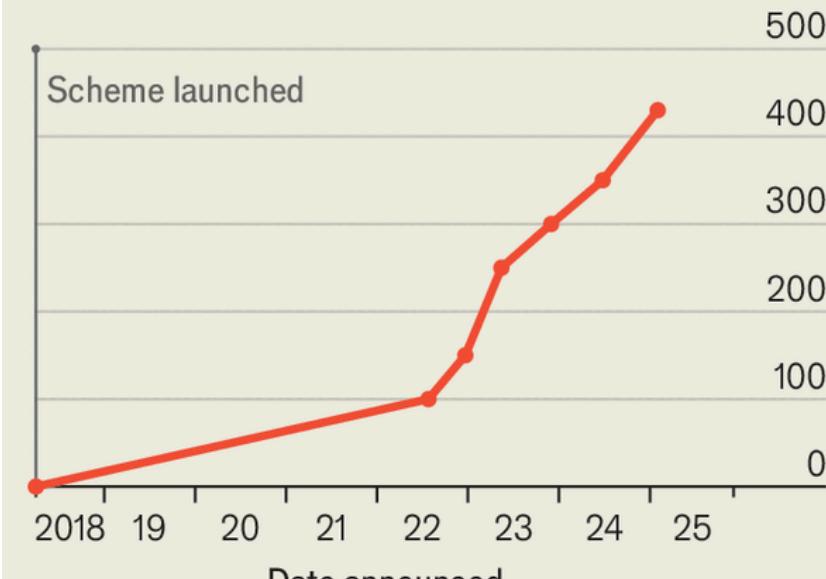
Earlier this year India suffered from [a terrorist attack](#) for which it blamed Pakistani militants. It conducted air strikes against Pakistan, a campaign it called Operation Sindoor, triggering a four-day air-and-missile war. India's high-end missiles performed well, but its air defences were “stressed by drone saturation” and the challenge of distinguishing real weapons from decoys, says Sameer Lalwani of the German Marshall Fund, a think-tank in Washington, forcing it to use expensive interceptors against cheap projectiles.

Just days after the guns fell silent, India launched “emergency procurement” worth almost \$5bn. That sum is around 25% of its annual capital spending on defence, notes Mr Lalwani. A substantial chunk of the spending is dedicated to replenishing ammunition, missiles and interceptors that the armed forces consumed during the operation. But there is also a renewed focus on innovation. Sindoor revealed that India needs much better drones and counter-drone defences. That is precisely where many startups have an advantage over established Indian defence firms such as Tata, Kalyani and Mahindra. Intelligence, electronic warfare and artificial intelligence are also priorities.

Almost every Indian defence startup has a story of how they helped the war effort, with some raising new cash from investors off the back of their involvement. Digantara was “constantly giving reports to the armed forces”, says Mr Sharma. It sent reports, for example, on the areas that Chinese and Pakistani spy satellites could—and could not—observe. Just as the Russian invasion has honed the [drone skills of Ukraine](#) and its Western allies, the experience of Sindoor gave Digantara a “clear understanding” of how to make their services more useful in conflict. “We had to change a lot of our features post-Sindoor,” says Mr Sharma. The firm’s revenues from defence have surged.

Conflict and interest

India, cumulative number of contracts signed under iDEX scheme*



Source: Ministry of Defence *Innovations for Defence Excellence

Sindoor was only the latest conflict to deepen the relationship between India's defence establishment in Delhi, the capital, and the mostly Bangalore-based startup scene. Ankit Mehta, the co-founder of IdeaForge, a big drone-maker, says that after a border clash with China in 2020 there was a push to "robustly expose the Indian [defence-startup] ecosystem to reality". Firms increasingly take their products to front-line commands to test them in real-world conditions, such as the thin air and freezing temperatures of the mountainous northern border, where drone batteries drain quickly and parts seize up.

The origins of the relationship, however, lie further back. In 2018 India's defence ministry started channelling money to startups and other defence companies under a scheme called Innovations for Defence Excellence, or iDEX. The idea was to connect businesses with military units that wanted specific problems solved. The army, for example, wants a sniper robot that works in sandy and muddy conditions.

For some IDEX projects, the government promises a minimum order, giving startups guaranteed revenue if their prototype works. The steady growth of the IDEX pot has helped that of the sector. The largest individual grants have jumped from \$178,000 in 2021 to almost \$3m in 2024, and the scheme has attracted more than 600 companies. “IDEX has been huge” for the defence-tech ecosystem, says Kaushik Mudda, whose company, Ethereal, makes complicated parts with high-tech machines designed and built in India.

Behind the government’s push is a long-standing desire for more self-sufficiency in weapons. India has for decades been one of the largest arms importers in the world, making it particularly vulnerable to embargoes of ammunition and spare parts, especially by America. The government now demands that a growing proportion of weapons and their components be designed and manufactured in India. Its list swells each year.

Even more than money, perhaps the most telling sign of the government’s seriousness is that “startups are looking very positively towards the army,” as one founder puts it. India has a well-deserved reputation for bureaucracy and baroque procurement rules. Yet tech startups find the relationship a surprisingly easy one.

Still, plenty of challenges remain. Dhinesh Kanagaraj, the co-founder of Fabheads, which 3D-prints carbon-fibre parts, notes that Western companies can be skittish about selling dual-use components. That is especially so if those parts might find a place in India’s nuclear-weapons programme. Indigenisation is a solution to this problem. India’s own export-control laws, too, deprive startups of what a founder calls “rampant opportunities”.

The other challenge is access to private capital. Investors are setting up funds dedicated to defence and aerospace. But the sums pale compared to funds that invest in consumer tech. “Early-stage funding has improved a lot,” says Mr Sharma. The next level—

capital to scale up business to take on the established firms and then crack the foreign market—has yet to materialise. America has more than a dozen “unicorns”—private firms valued at more than \$1bn—in defence-related areas; Europe at least three. India is chasing its first. ■

<https://www.economist.com/asia/2025/12/03/indias-defence-tech-startups-are-thriving>

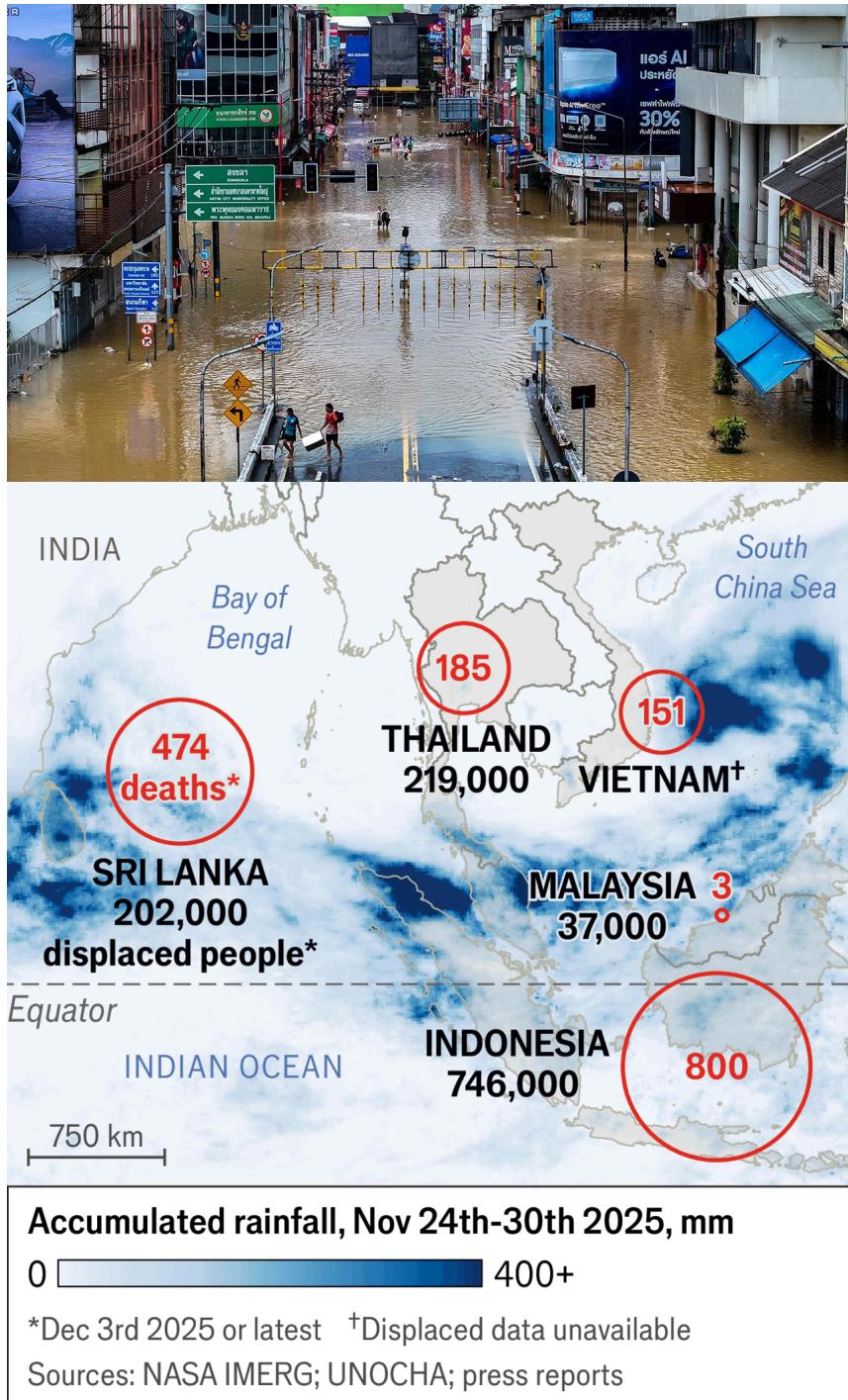
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Natural disasters

South-East Asia and Sri Lanka are reeling from storms and flooding

Cyclones close to the equator are rare and dangerous

Dec 10, 2025 01:58 PM



THREE SIMULTANEOUS CYCLONES and an unusually intense monsoon have left a trail of destruction across southern Asia, extending from the South China Sea in the east to the Bay of Bengal in the west. Sri Lanka, Indonesia, Vietnam and Thailand are all reeling from the effects. At least 1,600 people have perished and hundreds are still missing. Nearly 11m people have been affected and over a million displaced by continued flooding. Sri Lanka, which was still recovering from an economic collapse in 2022, has been particularly hard hit, with infrastructure and agriculture severely damaged. So has Indonesia, which accounts for nearly half the death toll. Cyclones such as the one that battered it are uncommon so close to the equator. That worsened the effects because locals had little experience of such extreme weather, according to the World Meteorological Organisation, a UN agency. ■

<https://www.economist.com/asia/2025/12/04/south-east-asia-and-sri-lanka-are-reeling-from-storms-and-flooding>

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Third wheel

Donald Trump looms over Vladimir Putin's visit to India

America's president is helping to make Indo-Russian relations great again

Dec 10, 2025 01:58 PM | DELHI



Closing the distance

ON DECEMBER 4th, as *The Economist* went to press, Vladimir Putin was due to touch down in Delhi for the 23rd instalment of the India-Russia summit, an annual affair with many manly hugs and lots of bonhomie. This is Mr Putin's first visit to India since he launched his war in Ukraine in 2022. He will be feted with full pomp: a private dinner at the official residence of Narendra Modi, India's prime minister; a day full of summetry; a state dinner at the president's home; and a visit to the memorial of Mahatma Gandhi, perhaps the world's greatest advocate of non-violence.

India and Russia share a deep and long relationship. Throughout India's years of “non-alignment” with the great powers during the cold war and its recently rebranded “multi-alignment” strategy, the pair have remained steadfast partners. India sees Russia as a steady ally that has come to its aid in times of need. Well over half of

Indians had a favourable view of Russia in 2023, compared with a 24-country median of 15%, according to a poll by Pew Research Centre, an American think-tank. RT, a Kremlin-funded propaganda outlet, advertises itself in India as “A new voice from an old friend”.

During the past two decades, India had appeared to be drifting from Russia’s orbit, slowly overcoming its historic distrust of the West. It had been drawing ever closer to America under leaders from both of the main parties in both countries. Relations grew stronger during Donald Trump’s first term. The American president and Mr Modi established a strong personal rapport. Both leaders visited each other’s countries and addressed massive rallies. Yet the second Trump administration has slapped India with tariffs of 50%—in part for buying Russian oil—and at one point called India’s economy, which grew 8.2% in the most recent quarter, “dead”. Mr Modi has been avoiding summits where he might bump into Mr Trump.

India has responded by very publicly cosying up to Mr Putin and Xi Jinping, China’s leader, most notably at a summit near Beijing in August. Photos of Mr Modi embracing Mr Putin this week will in part be intended to reinforce the message to America that India has plenty of other economic and defence partners. Moreover, India has no desire to see Russia fall entirely under China’s influence.

Talks this week will focus on deepening trade and defence ties. Russia’s S-400 air-defence system was a “game-changer” in India’s war with Pakistan in May, its air force chief said recently. India is keen to acquire more. New platforms are also on offer. One is Russia’s Su-57 stealth fighter jet, which Indians already turned down once, partly for not being stealthy enough. An updated offer comes with a full transfer of technology. Dmitry Peskov, Mr Putin’s spokesman, has said that S-400s and the Su-57 are high on the agenda of the Russian president’s visit, according to Indian

state media. The pair are also discussing co-producing the next-generation s-500 missile-defence system.

Though Russia is India's biggest arms supplier, accounting for over a third of its defence imports, that share is down from nearly three-quarters a decade or so ago. India increasingly looks to America, France and Israel for modern weapons platforms, and is trying to build up its [indigenous capabilities](#). Besides, Russian kit is developing a reputation for shoddy quality and supply disruptions—not helped by the war in Ukraine. India is still waiting for two of the five s-400 systems it ordered in 2018.

Another big topic of discussion is trade. India has spent the past three years buying cut-price Russian oil, reducing its import bill while helping Russia fund its war. The share of oil coming from Russia jumped from 2% before 2022 to 36% last year, saving India \$13bn on its energy bill in the first two years of the Ukraine war, according to ICRA, a ratings agency. That arrangement now appears to be coming to an end as a result of American sanctions on Russian oil firms that kicked in last month, and European ones that are expected to take effect next month.

Yet even as India's refiners—both private and state-owned—are dumping Russian crude, Indian officials are already speculating about when to reopen the taps. Some analysts think a workaround may be found, though it will not be immediate. It may have to wait for India to sign a trade deal with America or for Russia to accept a ceasefire in Ukraine. That could be days, weeks or years away. In the meantime, Mr Trump is making the India-Russia relationship great again. ■

<https://www.economist.com/asia/2025/12/04/donald-trump-looms-over-vladimir-putins-visit-to-india>

Roggessing to the mean

Kyrgyzstan is losing its status as Central Asia's only democracy

The president is muffling the opposition and consolidating power

Dec 10, 2025 01:59 PM | BISHKEK



KYRGYZSTAN USED to be an exception in Central Asia: the sole democracy in a region run by strongmen, albeit a flawed one. That is rapidly ceasing to be the case. It regressed a bit closer to the mean on November 30th, when a parliamentary election produced victory for candidates loyal to Sadyr Japarov, the increasingly authoritarian president. That will help him consolidate power as he eyes a second term.

Mr Japarov became president [in dramatic fashion](#) five years ago. After widespread vote-buying marred an election in 2020, citizens took to the streets and soon toppled the president. Amid the chaos Mr Japarov's allies sprung him from prison, where he was serving a sentence for kidnapping, and installed him as prime minister. He became president (in a cleanish election) a few months later. But he soon set off down an authoritarian path. He has banned outspoken media outlets and jailed political opponents. Leading figures from the opposition Social Democrats party were arrested just days

before the weekend poll for allegedly plotting to foment street protests to overthrow Mr Japarov.

The election is the latest move in his power grab. Earlier this year parliament passed legislation to revert to a first-past-the-post system for its 90 seats, ostensibly to clean up politics by preventing candidates from bribing their way onto party lists. Many Kyrgyz welcomed the change in the hope that the new system might persuade lawmakers to pay at least a bit of attention to their interests. But a lacklustre campaign and restrictions on what candidates could say on the stump left voters unenthused. Turnout reached the majestic heights of 36.9%.

The effect will be to diminish the role of parties, since they are no longer assured of seats. Only one fielded candidates. Other contenders were nominally independent, including Mr Japarov's allies. That will make it harder for rivals to form a base from which to challenge Mr Japarov at the next presidential election in 2027. Kyrgyzstan had, after previous experiences with strongman rule, restricted the presidency to a single term. Mr Japarov did away with the limit and [transformed Kyrgyzstan](#) from a parliamentary democracy into one where the president calls the shots.

He is reshaping the country in other ways, too. Two years ago he redesigned the national flag to make the sun at its centre look less like what he said was a sunflower. In September he renamed a regional capital Manas, after a Kyrgyz epic poem and its eponymous hero, to “strengthen national ideology”. More damagingly, he has introduced legislation modelled on Russia's “foreign agents” law, which requires NGOs that receive funding from overseas to register as “foreign representatives”.

Vladimir Putin, Russia's president, is no doubt watching Kyrgyzstan's slide into authoritarianism with glee. Under Mr Japarov, Kyrgyzstan is a “reliable partner”, Mr Putin said during a recent visit. That reliability includes helping Russia evade

sanctions, for which several Kyrgyz banks and crypto exchanges are under Western sanctions themselves. It has proved well worth the price. Sanctions-busting has helped the Kyrgyz economy grow by 9% or so every year since Russia's invasion of Ukraine, more than twice the rate in the half-decade before the pandemic. That boom is one reason Mr Japarov remains so popular.

The other is that after three revolutions in two decades, including the one that brought Mr Japarov to power, some voters are willing to tolerate shrinking political freedoms as the price of stability. "Democracy shouldn't be about noise, it should be about delivery," says Edil Baisalov, a deputy prime minister. Mr Japarov is more blunt. "The state is now strong," he told the country ahead of the vote. "From now on you will only see coups in your dreams." That is both a promise and a threat. ■

<https://www.economist.com/asia/2025/12/04/kyrgyzstan-is-losing-its-status-as-central-asias-only-democracy>

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Banyan

Lessons from Japan's efforts to wean itself off Chinese rare earths

Numbers one, two and three: it's a lot harder than it sounds

Dec 10, 2025 01:59 PM



WHEN JAPAN and China feuded over a set of disputed islands in 2010, China deployed a novel weapon. It imposed an unofficial ban on exports of rare earths, minerals used in everything from cars to missiles. Such economic coercion has since become commonplace. China used tough new controls on rare earths to force America to back down in its trade war this year.

In recent weeks it is once more Japan whose relations with China have been on the rocks. Last month Takaichi Sanae, Japan's prime minister, said that an invasion of Taiwan could cross the threshold that requires a military response by Japan. That triggered an uproar from China, which cut some direct flights to Japan, warned its citizens against travelling there, and sent coastguard ships to the same set of islands over which the two powers squabbled 15 years ago, which Japan calls the Senkaku and China the Diaoyu.

Japanese officials are bracing for more economic warfare. This time they are better prepared. The lessons Japan has learned may be helpful for other countries struggling to cope with China's rare-earths bullying. They also show how hard this will be.

At the time of the Senkaku crisis Japan depended on China for around 90% of its rare earths. When China cut off exports Japanese production lines nearly ground to a halt. Japan swiftly released a Chinese fishing captain who had rammed a Japanese coastguard ship near the islands. Only then did the minerals start moving again. The first lesson, then, is a painful one that America has already learned: in the short term, China holds the cards.

Immediately after its stand-off with China, Japan's government passed a ¥100bn (\$1.2bn) supplemental budget for rare-earth supply chains. It also developed a national strategy for breaking China's chokehold on the materials. This involved finding alternative sources of rare earths, reducing their overall use, and stockpiling them for the next crisis. A decade later, Japan had managed to bring the share of rare earths it sourced from China down by one-third. But that meant it still depended on its coercive neighbour for some 60%.

The second lesson is that getting even that far is extremely difficult. It is not the quantity that is the problem. It is that industries need a wide variety of rare earths. Two Japanese firms got together to buy a big stake in Lynas, an Australian rare-earth mining firm, which delivered lots of "light", or easier to extract, minerals. But only this October did the first "heavy" rare earths from its mines reach Japan. Not only are rare earths hard to mine, but refining them is also an expensive, lengthy and environmentally harmful process that few countries want to host. Raw material from Lynas's Australian mines is mostly processed in Malaysia.

After all that, rare earths imported from Malaysia to Japan between 2020 and 2024 still cost 50% more on average than Chinese

analogues, according to Mizuho, a Japanese bank. Firms producing things like missiles and fighter jets may be willing to pay the premium to reduce risk. Those in competitive consumer markets probably will not. Meanwhile, demand for rare earths is outpacing Japan's new supply. Its dependence on China has ticked back up and now stands at around 70%, according to the Institute of Energy Economics, a Japanese think-tank. The third, somewhat demoralising, lesson is that it is hard to replicate China's command of the entire production process, let alone its scale, which together give it considerable pricing power.

China has yet to deploy rare earths in its current dispute with Japan. Xi Jinping, China's leader, may be loth to unholster that particular weapon lest he upset the fragile truce he has reached in the trade war with America. Or China may simply be saving rare earths for later in the diplomatic confrontation. Japanese officials think that reducing tensions to pre-spat levels will be a matter of months or years, not days or weeks.

If critical minerals do come into play, Japan's efforts to secure alternative supplies and build stockpiles will have bought some time. That will help stave off the severe shortages that caused Japanese industry to panic in 2010. Back then "It was like falling off a cliff," says Suzuki Kazuto of the Institute of Geoeconomics, a think-tank in Tokyo. "This time it would be like being hit by a car —both are serious, but at least we'll be able to survive." The final lesson, then, is that China's economic weapon can be indeed blunted. But the blow will still be heavy. ■

<https://www.economist.com/asia/2025/12/04/lessons-from-japans-efforts-to-wean-itself-off-chinese-rare-earths>

China

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Talent flows

America is foolishly waving goodbye to thousands of Chinese boffins

Hostile policies and attacks on science are driving them back into China's arms

Dec 10, 2025 01:59 PM



CHINESE-BORN brainiacs have been at the forefront of innovation in America. Yang Chen-Ning, a Nobel-prizewinning physicist who died in October, was one such. But a mixture of pushes (such as the hostility of Donald Trump's administration to all sorts of newcomers) and pulls (including China's lavish support for science and tech) mean many are now following the path Yang took later in life: he returned to China in his 80s to teach at Tsinghua University in Beijing. Today, a host of Chinese youngsters are also choosing not to go to America to study at all.

These shifts have been under way since Mr Trump's first administration and are now striking among three overlapping groups: students, scientists and tech types. They stand to harm both America's best universities and its most innovative firms. Chinese-born boffins have long made up the largest group of foreign researchers in America. An exodus just now, as the world's two

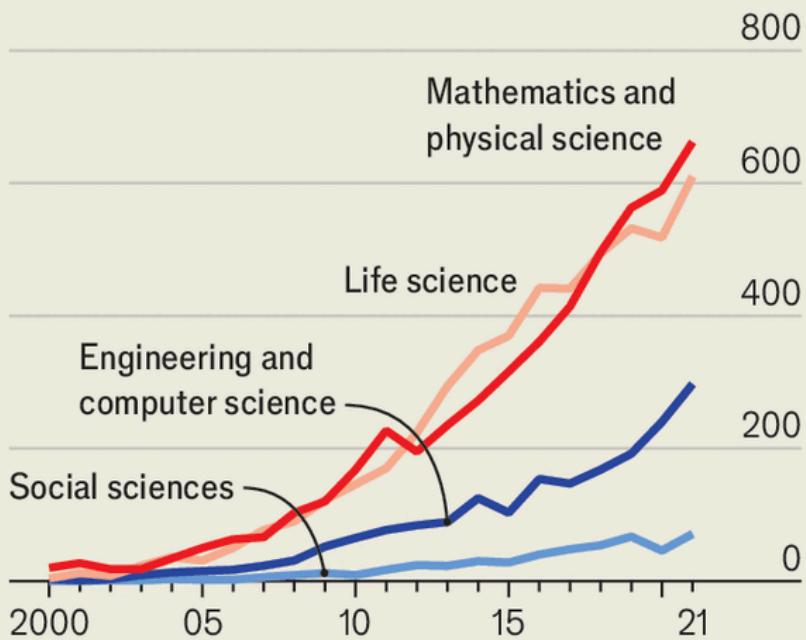
largest economies are locked in bitter trade conflict, will erode one of America's biggest advantages in its technological rivalry with China: its ability to lure and keep superstars.

Not that the Trump administration appears to see it that way. In May Marco Rubio, America's secretary of state, said America would "aggressively revoke visas for Chinese students". (Mr Trump later said he wanted 600,000 more of them in a distinctly confusing addition to the debate.) In September a congressional committee released a report titled "From PhD to PLA", calling for tighter restrictions on Chinese students, citing their possible future links with China's armed forces. That month Mr Trump proposed a charge of \$100,000 on [new applications](#) for H1-B visas, which are heavily used by tech companies to bring skilled foreign workers to America. Chinese and Indians will be among the hardest hit.

Look first at the shift among students. The number of Chinese youngsters studying in America grew six-fold between 2000 and 2019, when it peaked at more than 372,000. China accounted for more than a third of all international students in America. Since then their numbers have dropped by nearly 30%. Covid-19 was one reason, but the American government's hostility is another. Studying in America now seems like an expensive bet on Trumpian temperance.

Brains abroad

Ethnically Chinese scientists* changing affiliation from US to Chinese institutions, by field



*As identified by surnames

Source: "Caught in the crossfire: fears of Chinese-American scientists", by Y. Xie et al., *Proceedings of the National Academy of Sciences*, 2023

At the same time the standing of America's universities has deteriorated in China, says Yingyi Ma, a sociologist at Syracuse University in New York. Ten years ago *haigui*, the Chinese term for returnees with degrees obtained abroad, were seen as "winners of the rat race" who would get plum jobs in China. (The daughter of Xi Jinping, China's leader, went to Harvard in 2010.) That advantage has diminished. Chinese bosses now think domestic graduates are just as good, if not better, than American-educated ones, says Dr Ma. With a glut of college graduates at home, many Chinese graduates in America find themselves unwanted in either place. Younger students, especially from the best schools, now opt instead to stay in China.

A similar trend is apparent among scientists. Nearly 20,000 of them with Chinese origins (judged by their names) departed America

between 2010 and 2021, according to research by Yu Xie, a sociologist at Princeton University in New Jersey. They have been leaving for China at a faster rate since 2018 (see chart). That is the year that the Trump administration launched its China Initiative. This aimed to crack down on alleged technology theft by targeting researchers for suspected fraud, conspiracy or espionage. Nine in ten of the defendants were ethnically Chinese.

A tap on the shoulder

There are egregious examples of such skulduggery. Just last month a Chinese-American was convicted of stealing fibre-laser technology with military applications from a joint project between Corning, an American glassmaker, and DARPA, a research arm of America's Department of War, after being encouraged to do so by the Chinese government. In 2020 the FBI director at the time, Christopher Wray, called Chinese spying and secrets-stealing "the greatest long-term threat" to America's intellectual property and to its economic zing. Even so, the heavy-handed rollout of the China Initiative (in which only one-quarter of the cases ended in convictions) spread fear. The Justice Department shut down the programme in 2022.

China has benefited from all this. Two-thirds of Chinese scientists leaving America went to China in 2021, compared with less than half in 2010. It is increasingly clear why. China's spending on research and development has increased 16-fold, in real terms, since the start of the century. And the country has long-established programmes that shower returnee scientists with goodies. It knows that where one renowned boffin leads, others often follow. Shi Yigong, a biophysicist, and Rao Yi, a neurologist, who both formerly lived in America, have become co-founders of a new research university in Hangzhou in China's Zhejiang province. It has recruited more than 200 academics.

Tech is the next field where America should worry about a Chinese exodus, especially in critical industries like artificial intelligence. [Silicon Valley](#) is still full of Chinese superstars, because America remains the top destination for AI talent worldwide. But China is the top source of that talent. Nearly half of the best AI researchers and nearly 40% of the ones working in America are from China (based on where they obtained their undergraduate degrees), according to a 2022 report by the Paulson Institute, an American think-tank.

Many major American firms rely on Chinese employees' expertise. Most members of an 11-person team hired to turbocharge a new "[Superintelligence Lab](#)", revealed in June by Meta, a social-media titan, were born in China, for example, according to reporting by the *New York Times*. And tensions in the US-China relationship can spill over. One star Chinese researcher, Yao Shunyu, moved to Google DeepMind, a big AI lab, this summer after his former employer, Anthropic, another such lab, implied that China was an "adversarial nation". He said that was "˜40% of the reason" for the move.

America remains far ahead as the world's leading AI hub, but China is making steady gains. Nearly 80% of non-American AI researchers who complete PhDs in America tend to stay there to work, but the share who went instead to China afterwards grew from 4% in 2019 to 8% in 2022. This remains a small proportion, but the concern is that it heralds a more damaging trend. Dylan Zhao, a postdoctoral fellow at the University of California, Berkeley who also studied at Zhejiang University in Hangzhou, reckons the pipeline of Chinese talent coming to America is shrinking and that Chinese universities and companies are producing more hefty AI research.

One Chinese employee of an American AI firm, who studied at both Zhejiang and Stanford, says several of his peers dropped out of their American PhDs to work for Chinese AI companies. He stays

because he thinks that America's innovation is superior. But he is unsure whether his company will enter him into the expensive H1-B visa lottery next year, and worries about whether America will turn against even the top AI specialists from China in the future. "People can feel the water and the water is getting cold," he explains. The more America freezes out such types, the warmer the welcome they will receive in China. ■

<https://www.economist.com/china/2025/12/02/america-is-foolishly-waving-goodbye-to-thousands-of-chinese-boffins>

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Elections approach

After a terrible fire in Hong Kong, public fury smoulders

The government is determined to suppress protest

Dec 10, 2025 01:58 PM | Hong Kong



AN INFERNO IN the Wang Fuk Court housing complex set seven tower blocks aflame on November 26th. It killed more than 150 people and left another 2,100 homeless. Dozens are still missing. In the days after, authorities made 15 arrests for suspected manslaughter and 12 for suspected corruption (it remains unclear whether some people were detained on both counts). With public outrage mounting, John Lee, Hong Kong's leader, announced on December 2nd that a judge-led, independent committee would review the cause of the blaze.

In the past, huge fires have led to policy overhauls in the city. In 1953 a blaze in Shek Kip Mei, then a slum, left 58,000 people homeless. It prompted the creation of Hong Kong's public-housing programme, which now houses a third of the city's residents. And in 1996 authorities reacted to a fire that killed 41 people by launching an independent investigation commission; its findings prompted an overhaul of building regulations and safety standards.

But this time no such reforms appear likely. The government instead seems determined to control the political heat around the catastrophe—a demonstration of Hong Kong’s new intolerance for dissent.

The housing complex had been undergoing renovations when the blaze broke out on a section of bamboo scaffolding and rapidly spread through substandard cloth, netting and styrofoam used by the contractor. Fire alarms had been switched off for the workers’ “convenience”. For over a year residents, more than a third of whom were aged over 65, had complained about poor construction materials and smoking on site. They had also noted the contractor’s previous record of safety breaches. Discussion of graft abounded.

All this might have proved inflammatory among Hong Kong’s citizens. But public protests have in effect been banned since 2020, when a national-security law was imposed on the territory following massive pro-democracy marches. Jumpy authorities have moved quickly to pre-empt any possible unrest. Mr Lee has vowed to crack down on those who use the fire to “sabotage” the city. In recent days volunteer groups ready to help victims of the fire were reportedly ordered to disband.

The police arrested a petitioner calling for an independent investigation on suspicion of “seditious intention”, a crime under the national-security law. They also detained a volunteer and a former district councillor on suspicion of “inciting hatred against the government”. And a civil-society-led press conference about the fire was cancelled after several of those due to speak at it were summoned by police.

Mr Lee has also fudged questions about local governance and instead vowed to accelerate plans to phase out bamboo scaffolding (one of the few parts of Hong Kong’s construction industry not dominated by mainland companies). That is in spite of the fact that much of the scaffolding on the towers survived the blaze intact.

Troublingly, it is also unclear what Mr Lee's commission will achieve. It lacks the power to summon witnesses or to declare criminal liability. Regina Ip, a pro-government lawmaker, suggests it will "produce outcomes sooner". But critics wonder whether it will enable the authorities to have more sway over the findings.

Instead the government's main priority seems to be maintaining public order ahead of elections to the Legislative Council on December 7th. It is only the second time such elections have been held since the central government in Beijing restricted participation in them to "patriots"—cheerleaders for China's Communist Party. Hong Kong officials had been coaxing residents to vote even before the fire. The first election, in December 2021, saw a record-low turnout of 30.2%, which was widely considered a quiet protest against the electoral overhaul.

"Turnout will be lower than originally desired," predicts Ms Ip, whose New People's Party is fielding eight candidates. That will displease the governments in Hong Kong and Beijing: both want a hearty turnout to endow the vote with a veneer of legitimacy. Instead it may offer insight into the depth of anger over the blaze. ■

<https://www.economist.com/china/2025/12/04/after-a-terrible-fire-in-hong-kong-public-fury-smoulders>

Suppressing democracy in China

The general who refused to crush Tiananmen's protesters

A leaked video of his court-martial has suddenly appeared

Dec 10, 2025 01:59 PM



AS PRO-DEMOCRACY protests swelled in Beijing and cities around China in May 1989, leaders decided that only the army could put a stop to them. But one major-general, in charge of 15,000 troops told to impose martial law in the capital, objected to the order. The Chinese authorities never made this public, nor did they reveal that he was punished with (a relatively lenient) five years in prison. They prefer to gloss over what happened during those tumultuous weeks. But a recently leaked video of the general's court-martial provides vivid insight into how—even under China's Communist Party—compliance with the leadership's wishes is not guaranteed.

Not surprisingly the video, which is more than six hours long, is not available for streaming on websites in China. When the general, Xu Qinxian, died in 2021, censors scrubbed messages from Chinese social media that paid tribute to him. But among Chinese abroad, it is being widely watched. It shows a bespectacled Xu being grilled in a near-empty courtroom at his secret trial, which

was held in March 1990, nine months after the People's Liberation Army (PLA) cleared Tiananmen Square of demonstrators, killing hundreds if not thousands of people during the operation.

Xu was in command of the PLA's 38th Army. As he tells it, his troops (with up to 300 armoured vehicles) were among 50,000 who were supposed to enforce martial law on May 20th. Before a hectoring military judge, Xu calmly and unapologetically explains his decision. It is striking evidence that he possessed moral courage, and was not merely someone who backed the wrong horse amid political confusion.

"Good people and bad people are mixed together," he recalls saying. "The army and the ordinary citizens are mixed together. I said, how can this be executed? Who should I hit?" Moving in troops would involve "serious consequences", he says. Xu asserts that he did not want to be judged by history as a "criminal" for taking part. Although he recused himself from carrying out the order, Xu did, however, transmit it, according to his testimony.

China's leader, Xi Jinping, was the little-known party chief of a city in the coastal province of Fujian during the unrest in 1989. But the PLA's crushing of that unrest, and the failure of the Soviet army to do the same in Moscow in 1991, leading to the Soviet Union's collapse, clearly left a deep impression. He has often referred to a critical lesson from it all: the PLA must remain the party's army and it must be kept under control. It all helps explain Mr Xi's relentless "anti-corruption" drives among the high command.

The video was posted online by Wu Renhua, a historian of the Tiananmen Square upheaval who took part in the protests and later fled to America. Mr Wu says he will not reveal how he got it. On x, a social-media platform, he says the leak was "completely unrelated to internal Chinese Communist Party or military power struggles". On the day after, China announced that the director of

the State Secrecy Bureau and his deputy had been dismissed. Speculation is rife that this was related. ■

<https://www.economist.com/china/2025/12/04/the-general-who-refused-to-crush-tiananmens-protesters>

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A year after Assad

Syria uneasily celebrates a year of liberation

The flaws of Ahmed al-Sharaa's rule are beginning to show

Dec 10, 2025 01:58 PM | DAMASCUS



THE CRACKLE of explosions echoes across the Damascus sky. A year ago such blasts were the soundtrack to rebel forces bearing down on the capital. Today they come from celebratory fireworks.

Syrians are preparing for the first anniversary of their liberation from the regime of Bashar al-Assad, Syria's blood-soaked dictator who fled on December 8th 2024. Billboards celebrating their freedom plaster the city. Syrians have travelled to the capital from all over the country in anticipation of the celebrations.

Ahmed al-Sharaa, a former al-Qaeda leader who is now Syria's interim president, has got plenty right over the past year. He has ended Syria's decades of diplomatic isolation with startling speed. He is a fixture at conferences around the world. At the White House in November Donald Trump sprayed him with aftershave while inquiring how many wives he had—another moment in his unlikely bromance with the American president.

Many of the sanctions that brought Syria to its knees under Mr Assad have been waived. Congress is expected to repeal the most punishing—the Caesar Act—by early 2026. International firms are exploring deals. In December executives from Chevron, an oil giant, visited Damascus. DP World, an Emirati firm, has signed a hefty contract with the government to run the port at Tartus. Businessmen shuttle in and out of the capital.

Meanwhile, Mr Sharaa is rebranding the state. The red flag of Baathist Syria has been replaced by the green revolutionary standard. Much of the apparatus of Mr Assad's hated regime has been dismantled. His feared intelligence services have gone. Hundreds of prisons stand empty. Syrians feel able to criticise their government in public. Syria has not turned into the Islamic caliphate his critics predicted. Women are being recruited into the police. Wine flows freely in the restaurants and bars of the old city of Damascus. This is not Afghanistan under the Taliban.

But cracks are beginning to appear. The economy has not collapsed, but the financial situation of many Syrians has deteriorated since liberation. Hundreds of thousands of government employees have been fired. Subsidies are being cut. Sanctions relief is yet to produce much. Reconstruction is mostly non-existent.

And Mr Sharaa is taking the state in a worrying direction. New bodies such as the General Authority for Borders and Customs and a sovereign-wealth fund have been created by presidential decree, stripping ministries of revenue-raising powers. Run by loyalists, there is no public oversight. “They have no legal or constitutional basis,” frets a lawyer in Damascus.

Meanwhile, a new General Secretariat for Political Affairs, headed by the foreign minister, has been established. Its mandate is opaque but its influence is far-reaching. Civil-society groups say gatherings

have been cancelled after venues received threats from the office. Others say it vetted candidates for the recent elections.

For a year governance has rested on a chaotic mix of presidential and ministerial edicts. Ministries have issued decrees, only to revoke them later, or have another body issue a contradictory decision. A hastily gathered constitutional convention in March granted the president sweeping powers. In October he held “elections” for two-thirds of a new parliament. An electoral college of approved voters chose members of it from a list of selected candidates; Mr Sharaa will appoint the remainder. The process disappointed many. “They were the best we could do under the circumstances,” insists Mohammed Dahla, an MP in Damascus. Whether the body will have any meaningful powers is still unclear.

Nor is there much sign of Mr Assad’s cronies being brought to book. A body created to oversee transitional justice remains unfunded. Several of Mr Assad’s lieutenants have been hired by the new regime to manage political affairs. Syrians are increasingly taking things into their own hands. Revenge killings happen almost daily, particularly in mixed areas around Homs and the coast. Shadi Haroun, a former prisoner of Sednaya prison now advising the government, says such demands will not fade. “Syrian people didn’t carry out the revolution because they were poor, they did it because there were values missing in society—values like dignity, justice and citizenship.”

But worst have been Mr Sharaa’s failings in relations with minorities. Twice he has lost control of his security forces as they carried out sectarian atrocities. In March they responded to an attempted insurrection by Alawite fighters loyal to the fallen Assad regime; in July, to an uprising by Druze fighters in Suwayda.

The distrust in Suwayda will probably endure for a generation, says a Druze businessman involved in mediation with the government. Some fear that Alawites will **flirt with insurgency**: if Mr Sharaa

continues to exclude them. The interim president seems unable to grasp why minorities might fear the rule of a former jihadist in a Sunni-dominated country. Instead, he has simply urged them to lay down their weapons and join him.

Mr Sharaa has poured his energy into rebuilding Syria's foreign ties. For now, no one else is capable of uniting the country. But if he fails to accommodate minorities and share power more widely, that may change. As a merchant from Idlib, the province Mr Sharaa ruled in Mr Assad's last years, puts it: "He must remember he is running a state now, not a terror outfit." ■

<https://www.economist.com/middle-east-and-africa/2025/12/04/syria-uneasily-celebrates-a-year-of-liberation>

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Trouble brewing

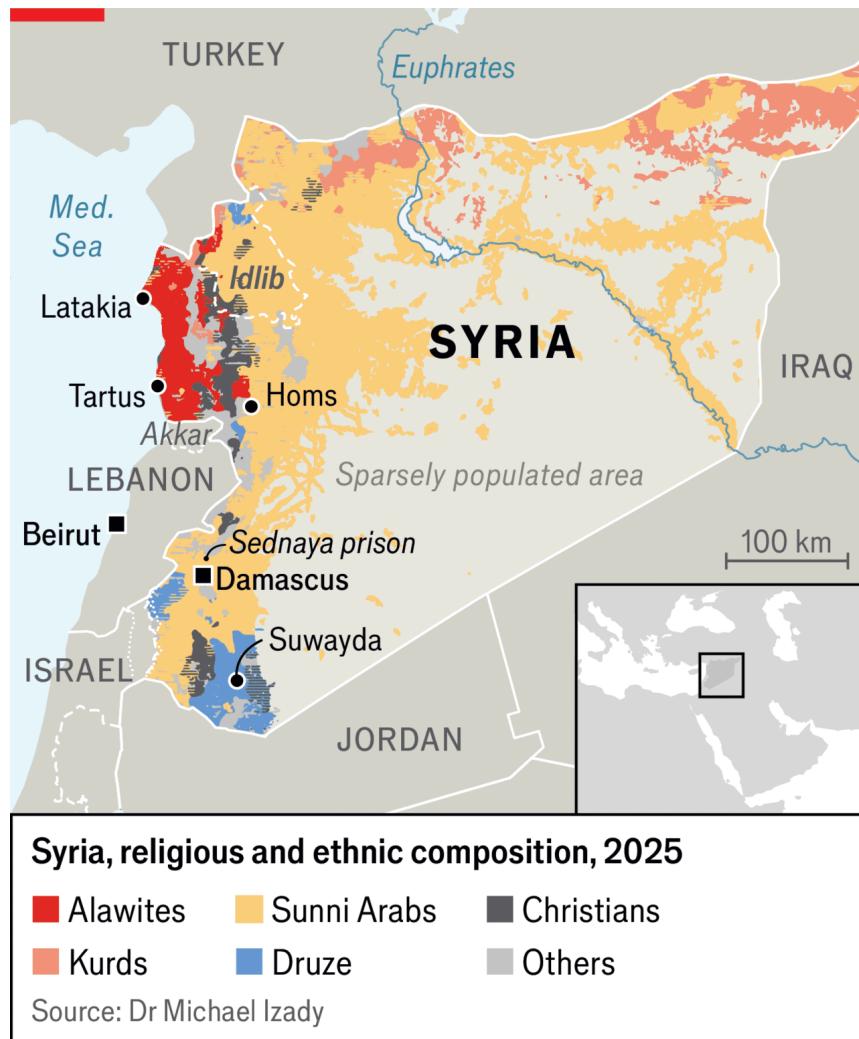
An insurgency may be brewing against Syria's new leaders

Alawites close to the former Assad regime are increasingly unhappy

Dec 10, 2025 01:58 PM | BEIRUT AND LATAKIA



THE MEANDERING roads through Latakia, Syria's Alawite heartland, feel deceptively calm. In March they were the scene of massacres by pro-government forces in which more than 1,500 people were killed after an attempted insurrection by Alawite militants. The bloodshed jolted Syria awake to sectarian tensions that many had preferred to ignore.



The Alawites, the sect of which the Assads were part and from which they drew most of their senior officials, have borne the brunt of the new government's lay-offs and subsidy cuts. Buildings in Latakia are crumbling. Hundreds of thousands of ex-civil servants and members of the army are jobless. "They feel as though they no longer belong to what is happening," says an Alawite businessman in Damascus.

At least 25,000 Alawites have already fled to Lebanon, including thousands of former officers and soldiers. Others have gone as far as Indonesia. Those who remain often refuse to leave their villages after dark. Some seek refuge in the hills, sleeping in caves and remote farmhouses.

The collapse of Bashar al-Assad's regime has left the Alawites divided. But new leaders may now be emerging. In late November a hardline, sectarian cleric, Ghazal Ghazal, rallied thousands in mostly peaceful protests after a sectarian killing. Mr Ghazal has called for a self-governing Alawite region, an idea swiftly dismissed in Damascus, where even talk of federalism is seen as a prelude to partition. Others are demanding an international protection force. And some simply crave inclusion. "We just want to be part of the country again," says a former teacher in the capital.

But there are also indications that others favour different tactics. Some have not reconciled themselves to their new ruler in Damascus. Whispers of dissent are growing. In recent months calls to arms have circulated among thousands of former officers. "We'll split our forces into sleeper cells and assault units," growls a man in audio messages from ex-regime officers reviewed by *The Economist*.

According to these officers, the voice belongs to Mohammed Jaber, a notorious militia commander under Mr Assad. Former officers say Mr Jaber and his brother, Ahmed, are part of a network seeking to foment rebellion against Syria's jihadist-turned-president, Ahmed al-Sharaa. Several who fled Syria claim he has approached them with offers of salaries. Another faction is linked to Suheil al-Hassan and Kamal al-Hassan, two former generals who decamped to Moscow with Mr Assad.

So far, few seem tempted. "He is leading our community towards another massacre," cautions one former officer now in hiding in Beirut, who says he is trying to dissuade friends from joining. But these groups seem to be doing more than talking. A cluster of shadowy NGOs, allegedly linked to the Jabers and the Hassans, has been distributing small stipends to destitute Syrian refugees in Akkar, a district in northern Lebanon. Earlier this year they tried to establish two training camps in Lebanon to prepare thousands of

insurgents for a covert return to Syria. The effort fizzled out once they realised they lacked political cover to operate so brazenly on Lebanese soil. Even so, for Mr Sharaa, Syria's Alawites will remain a worry. ■

<https://www.economist.com/middle-east-and-africa/2025/12/04/an-insurgency-may-be-brewing-against-syrias-new-leaders>

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Binyamin Netanyahu's trial

Binyamin Netanyahu has asked for a presidential pardon

Why has he chosen now to do so?

Dec 10, 2025 01:58 PM | JERUSALEM



FOR NEARLY six turbulent years, the one constant in Israel has been the trial of Binyamin Netanyahu. Not just because the court proceedings have been under way throughout, at a snail's pace and with no end in sight, but because almost everything happening in Israel—from decisions about wars to those about elections and legislation—should be seen through the prism of the prime minister's trial.

If that seems tough on Mr Netanyahu, look at his own words: “A prime minister up to his neck in investigations has no moral or public mandate to make fateful decisions for the state of Israel. There is a fear... and it is real and not unfounded, that he will make his decisions based on his personal interest for political survival, not on the national interest.” He was speaking in 2008 and he was not referring to his own legal ordeals. He was talking about those of his predecessor, Ehud Olmert, who unlike him resigned when it

became clear he was about to be indicted for taking bribes (Mr Olmert then spent time in prison).

Mr Netanyahu has always insisted that he is capable of running the country while standing trial. On November 30th his lawyers presented a request for a pardon to Isaac Herzog, Israel's president. As pardon requests go, it is highly irregular. Mr Netanyahu remains adamant that he has done nothing wrong. He insists that if the case continues, it would lead to his exoneration from what he describes as trumped-up charges of bribery, fraud and breach of trust. He refuses to resign. In effect, he is not asking for a pardon since, in his view, he has done nothing that needs pardoning. He is demanding an end to his trial and the dropping of all charges so he can get on with leading Israel and uniting the nation.

It is unclear whether Mr Herzog will grant Mr Netanyahu's request. He has great latitude in pardoning wrongdoers. But doing so when the petitioner refuses to accept any blame or show remorse is unprecedented. Even if Mr Herzog did, the Supreme Court would probably intervene. Still, the president has said before that the prime minister's trial should end with a plea bargain, so the request may be an opening bid for such a deal.

Why is Mr Netanyahu asking for a pardon just now? One reason is that he has the support of Donald Trump, who in October, in a speech to the Knesset, Israel's parliament, suggested to Mr Herzog that he pardon the prime minister. On November 12th the American president repeated that request in a letter. But Mr Trump can be temperamental, so his support might not last. Best to use the momentum now.

Another reason is that Mr Netanyahu is now being cross-examined in the trial. On the stand, there is always the possibility of slipping up and contradicting himself.

But above all, he wants the trial out of the way before Israel's next elections. Most polls show him losing. The trial's end and his exoneration would, he hopes, allow him to campaign unencumbered. ■

<https://www.economist.com/middle-east-and-africa/2025/12/04/binyamin-netanyahu-has-asked-for-a-presidential-pardon>

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Purchasing power

Africa needs to generate more electricity

It also has to create more demand for it

Dec 10, 2025 01:59 PM



Stage lighting

TO GET A sense of how little electricity people use in sub-Saharan Africa, imagine each person there turning on a single 50-watt light bulb. That alone would instantly double electricity consumption. Nigeria, with 240m people, generates less electricity than the American state of Wyoming, which has 0.6m inhabitants. Uganda, with 50m people, produces less than Latvia, which has a population of 1.9m. Around 600m Africans have no electricity at all. Without more power, the continent will never grow rich.

This is usually framed as a supply problem. But it is also a question of demand. When power is priced to encourage investment in generation, many African households cannot afford to buy it. But if prices are too low, neither private investors nor state firms will build the necessary infrastructure. As solar power makes electricity cheaper, that conundrum should ease somewhat. But it will not disappear.

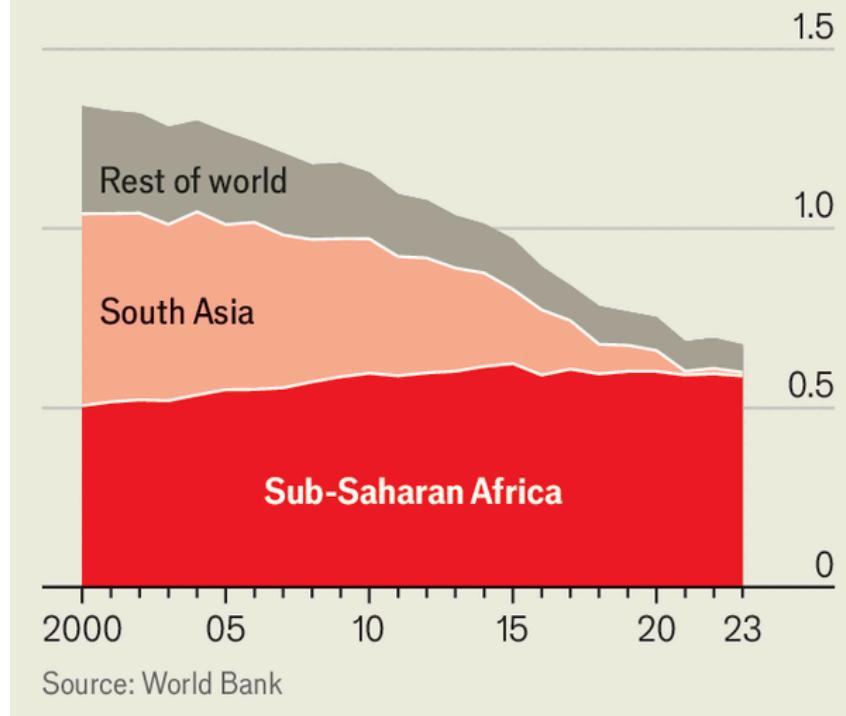
African utilities rarely cover their costs. In Kenya, a typical case, some 25% of juice is lost to technical hitches, theft or unpaid bills. A deeper issue is pricing. “It is the tariffs people pay that is the return on investment,” says a manager at a privately owned distribution company in Nigeria. There, as in many other African countries, state-regulated tariffs are too low for firms to attract the capital they need.

They do not look low to consumers, though. Tariffs in Africa are typically higher than in poor countries elsewhere, pushed by the steep cost of capital. In 2005 Uganda granted a near-monopoly on electricity distribution to Umeme, a private firm created for the purpose. Efficiency rose and finance flowed in. The catch was that the government had guaranteed a 20% return on investment to win over wary funders. The terms proved so politically unpalatable that distribution was taken back into state hands when Umeme’s concession expired this year.

The rich, who use the most power, could probably pay more. Last year Nigeria’s government tripled rates for the biggest buyers, who now pay as much per kilowatt hour as the average American. But many Africans “cannot afford modern energy”, says Murefu Barasa of EED Advisory, a consultancy in Kenya. The International Energy Agency (IEA) estimates that 220m people cannot pay for enough power to run a phone charger, a radio and a few lights. Lack of funds is one reason why nearly half of African households that live close to a grid are not connected.

Power struggle

Population without access to electricity, bn



The falling cost of generation, thanks to solar power, is beginning to change that picture. Globally the “levelised” cost of solar electricity, which accounts for capital and operating expenditures per unit of energy, fell by 21% in 2024 alone, estimates BloombergNEF, a data provider. In South Africa, solar electricity costs about a quarter as much as coal, which makes up most of the energy mix. Countries in the Sahel could also make big savings by switching from heavy fuel oil to solar.

In the year to June African countries imported 15Gw of solar panels from China, calculates Ember, a British think-tank. That is like adding four Kenyas of generation capacity—when the sun shines. Mini-grids and rooftop panels light up villages that the grid cannot profitably reach.

But even though solar panels are easing Africa’s electricity conundrum, they cannot fully solve it. The cheapest use of panels is to build large solar farms to supply the grid. But roughly half of

new non-residential solar capacity in Africa over the past two years was installed by firms opting to make their own power. That helps them beat blackouts, but it is less efficient than large-scale generation. It also exacerbates the demand shortfall: if utilities lose their most lucrative customers, more costs have to be passed on to everyone else.

Utilities therefore need to generate demand, not just electricity. Customers in Senegal are willing to pay more for power when supply is more reliable, finds a new study by Abdoulaye Cissé, a Senegalese economist. That in turn means investing more in power lines to move electricity around, and in regional agreements to trade it across borders. Fourteen west African countries now share power through an interconnected grid. Several countries, from South Africa to Uganda, are inviting private investors to improve transmission.

Increasing demand still requires public money, whether in the form of cheap finance for project developers or help for the poorest to pay their bills. That is especially true of rural electrification, which has relied on subsidies all over the world. Of the \$2.4bn of finance committed to new connections in Africa in 2023, three-quarters came from multilateral funds. Among the largest are the World Bank and the African Development Bank, which want to connect 300m people by 2030.

With public money in increasingly short supply following Western aid cuts, some experts reckon that hooking up more houses is not the best way to boost demand. Many new customers buy so little that utilities lose money for each home they connect. A better way might be for policy to focus on firms, which generate jobs and growth. As incomes rise, so will electricity use. Worldwide, the secret to widening access to power has not been reforms so much as simply getting richer. ■

<https://www.economist.com/middle-east-and-africa/2025/12/04/africa-needs-to-generate-more-electricity>

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An oily deal

Russia's dodgy plan for a pipeline in Congo

If it is built, it will probably benefit Russia rather than ordinary Congolese

Dec 10, 2025 01:58 PM



FOR MORE than four decades the Republic of Congo, a central-African country of 6m people, has had only a single oil refinery, despite being a major producer of crude oil. That looks set to change by the end of December, when a new Chinese-built refinery is expected to start operations near the port city of Pointe-Noire. The refinery may reduce the petrostate's reliance on expensive, imported, refined oil. But it will not solve the problem of getting the stuff to Brazzaville, the capital some 500km inland, without a long and bumpy journey by road.

That job, the government hopes, will soon be done by a new Russian-built pipeline, a project hashed out between Russia and the ruling Sassou Nguesso family (Denis, the patriarch, has been president with one brief interruption since 1979). Construction is supposed to begin as soon as the next few weeks. The government says that once it is finished, the pipeline will address chronic fuel

shortages in the country and bring benefits for both businesses and ordinary Congolese.

Will it? Many are sceptical. The project appears to favour Russia. A Russian company will take a 90% stake in the pipeline and be paid a guaranteed fee for every barrel of fuel it transports for 25 years. Dmitry Islamov, Russia's deputy energy minister, has said it will create a "sanctions-resistant petroleum products distribution channel" and secure Russia's status as a regional "strategic energy-security partner".

Given such comments, Congolese activists worry that the pipeline could be used to launder the revenue from sales of oil transported by Russia's shadow fleet, which has been used to bypass Western sanctions since Russia's full-scale invasion of Ukraine in 2022. Given the corruption endemic in the Congolese state, any local benefit looks likely to accrue to a narrow elite. Ordinary people, by contrast, will probably not see much of the proceeds, reckons Andréa Ngombet, a Congolese pro-democracy activist.

All that is assuming the pipeline is built at all. Russia, though eager to portray itself as a development partner for African countries at a time of Western retrenchment, has a history of broken promises and stalled projects in the continent. In 2016 RT Global Resources, a Russian state-owned company, pulled out of a \$4bn Ugandan oil-refinery project it had agreed the previous year. In Nigeria, a deal with Russia's Lukoil in 2019 to set up new oil refineries has not produced tangible results. Nor has an agreement dating back to 2009 with Rosatom, which promised to build nuclear-power plants in the country.

The latest pipeline project may well suffer a similar fate. Given the economic pressures from Russia's ongoing war in Ukraine, it seems unlikely that Russia could afford to build a pipeline in a relatively remote part of Africa, says Edward Verona, a former head of the Petroleum Advisory Forum in Moscow.

The set-up does not inspire confidence. Russian records show that bankruptcy proceedings were initiated in November against ZNGS Prometey LLC, the Russian company contracted to build and operate the pipeline, because of unpaid taxes. In addition, the pipeline may be vulnerable to Western sanctions. ZNGS Prometey is not under sanction. But reporting by iStories, a Russian news site in exile, suggests the pipeline project has past links with Russia's foreign-development bank, which is under sanction, and which first signed a memorandum of understanding to build a pipeline in Congo in 2019. (ZNGS Prometey did not respond to a request for comment.)

All this suggests that for now, the main effect of the pipeline project may be to bolster Russia's image. "Russia is trying to project itself as a major player in the global south and this appears to be part of that effort," says Mr Verona. Meanwhile, most Congolese will continue to receive little benefit from their country's oil wealth. ■

<https://www.economist.com/middle-east-and-africa/2025/12/04/russias-dodgy-plan-for-a-pipeline-in-congo>

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Latter-day Saints on the march

Mormonism's surprising boom in Africa

The American sect has come a long way from being “the white people’s church”

Dec 17, 2025 11:50 AM | Accra



Tomorrow is a latter day

TWO DECADES ago Sampson Boamah did something unusual for a Ghanaian high-school student: he became a Mormon. Back then the Church of Jesus Christ of Latter-day Saints, as the American Christian sect is formally known, was on the fringes in Africa. Many viewed it as “the white people’s church”. On his first mission in Nigeria, Mr Boamah encountered a woman who had been told that Mormons turned into goats at night. In Ghana it was rumoured they drank blood.

Today Mormonism still has a smaller footprint in Ghana (and in Africa) than other sects, but it is growing rapidly. Between 2011 and 2021 the number of members in Africa increased by 120%, compared with 19% globally. Matt Martinich, a demographer who runs a blog devoted to the church, says that nine of the ten countries where expansion is fastest are in the continent. Moreover, unlike their brethren in other hotspots such as South America,

African Mormons typically remain active and devoted members long after baptism, notes Elder Adeyinka Ojediran, the church's top official in west Africa.

At first glance the boom is surprising. Early Mormon leaders in America taught that black people were cursed, barring them from the priesthood until as late as 1978. Partly because of this, governments in post-independence Africa often viewed Mormon missionaries with suspicion. Ghana's military regime in the 1980s briefly expelled them, accusing the church of undermining the country's sovereignty. "A church with a lot of foreign missionaries made them a little uncomfortable," recalls William Sowah, a Mormon elder who spent a night in jail at the time.

Yet having got started in Africa later than their rivals, Latter-day Saints are energetically catching up. More new missions are set to open in Africa in 2026 than in any other region, reflecting a "tremendous channelling of resources" to the continent, says Mr Martinich. Temples are being built from Sierra Leone to Kenya, with two new ones in Ghana in the pipeline.

According to Elder Ojediran, more than two-thirds of those who have joined the church in west Africa since 2019 have been under 26 years old. Many are drawn, at least in part, by the opportunities it offers for educational and other advancement. "If I hadn't met the church I wouldn't have finished secondary school," says Mr Boamah, who recently completed a master's degree. A study of the sect in post-independence Nigeria found that, for many African members at the time, "American religion meant American wealth."

As in America, Mormonism in Ghana and across Africa punches above its demographic weight. Among Ghana's 34m people, it has more clout than the size of its membership roll, which only recently surpassed 100,000, might suggest. Since 2004 a gleaming Mormon temple has occupied a large plot on Accra's Independence Avenue, one of the capital's most historic thoroughfares. More recently the

church has taken to organising high-profile conferences aimed at promoting “family values”. These have helped it to forge strong ties with prominent African politicians.

Some worry that Mormonism’s success is helping fuel a backlash against women’s and LGBTQ rights. A report by the Institute for Journalism and Social Change, a global media initiative, notes that the church’s conferences have been followed by “increases in homophobic violence” in west Africa. The report’s authors also argue that Family Watch International, an NGO dedicated to opposing sex education that is run by a prominent Mormon activist, has helped push Ghana’s school curriculum in a more conservative direction.

How much such outside influence matters is contested. Elder Ojediran argues that the church’s “moral clarity” on social issues makes it attractive to socially conservative Ghanaians. Either way, its rise in Africa looks set to continue. ■

<https://www.economist.com/middle-east-and-africa/2025/12/01/mormonisms-surprising-boom-in-africa>

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Pumping iron

Europe is going on a huge military spending spree

But with America now an unreliable ally, will it be enough to counter Russia?

Dec 10, 2025 01:58 PM



EUROPEAN GOVERNMENTS face a defence crunch, caught between Russian aggression and American unreliability. But they are starting to take the threat seriously. In May the European Commission launched [SAFE](#) (Security Action for Europe), a €150bn (\$174bn) fund that gives EU members low-interest loans for defence investments. It provides money to tackle Europe's most glaring capability gaps and to boost industrial capacity through common procurement. Sceptics doubted there would be many takers. But when the deadline passed on November 30th, 19 countries had applied and the fund was fully subscribed. Poland alone wants €43.7bn.

SAFE is one of two pillars of the EU's plan to help boost defence spending, now known as "Readiness 2030". The other is the National Escape Clause (NEC), which lets countries increase defence spending by up to 1.5% of GDP over the next four years

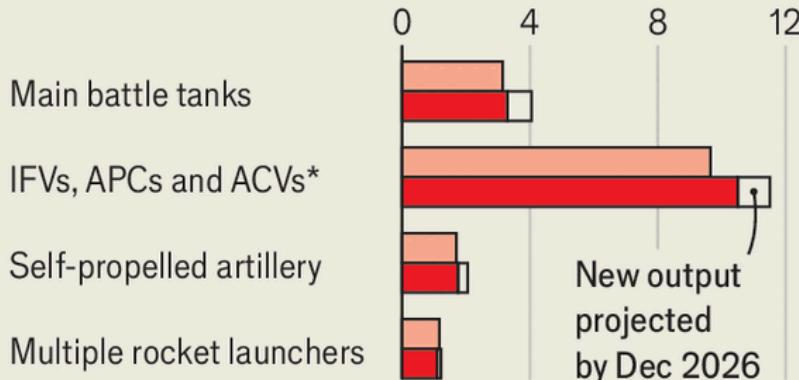
without falling foul of EU deficit rules. Already 16 countries have signed up. The NEC could unlock a further €650bn.

At a NATO summit last June the alliance's European members committed to raise spending by 2035 from 2% of GDP to 3.5% on "core" military budgets, plus a further 1.5% on related infrastructure. Since then the sense of urgency has risen, along with fears about America's commitment to Europe. The Pentagon's long-delayed Global Posture Review is expected to call for troop withdrawals and transfers of capabilities to the Asia-Pacific region. America now demands that Europe pay for the arms it sends to Ukraine. Recent peace negotiations have made it clear that Donald Trump's eagerness to end the war could put Europe's security at risk.

Ready to roll

Russia, selected military equipment in active service, estimates, '000

■ January 2022 ■ June 2025



Feb 2022-Jun 2025	Losses	Activated from storage
Main battle tanks	-4,800	+4,400
IFVs, APCs and ACVs*	-10,900	+10,200
Self-propelled artillery	-1,400	+1,300
Multiple rocket launchers	-700	+600

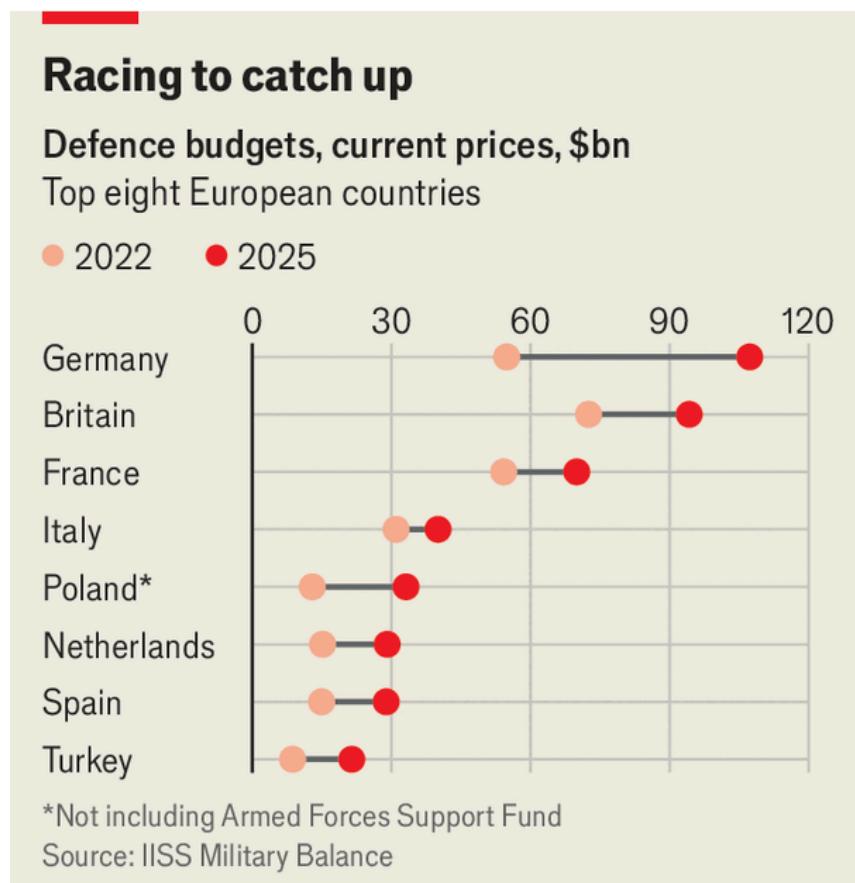
*Infantry fighting vehicles, armoured personnel carriers and airborne combat vehicles

Source: "Progress and shortfalls in Europe's defence", IISS, Sep 2025

Meanwhile Russia has cranked up its war economy (see chart). The International Institute for Strategic Studies (IISS), a British think-tank, reckons it could pose a direct threat to Europe as soon as 2027. Bastian Giegerich, the head of the IISS, warns that although Russia's economy is around a tenth the size of Europe's, in purchasing-parity terms it will spend as much as all of European NATO this year. "Ukraine's resistance", he says, "has given Europe a window to catch up." If the war ends, that window will close.

The capabilities for which Europe has relied on America, and which it must now replace, are immense. They include airborne and geospatial intelligence, surveillance and reconnaissance; strategic airlift; ground-based, precision long-range attack; and hyperscale cloud-computing capacity. The IISS puts the cost of replacing American non-nuclear capabilities assigned to NATO at about \$1trn.

Those are far from the only items on the must-do list. Camille Grand, a former NATO assistant secretary-general who runs the European Aerospace, Security and Defence Association, an industry body, says the first priority is to step up support for Ukraine, particularly with long-range missile systems and air-defence assets. Second comes restoring Europe's own combat formations. NATO needs a Europe-wide integrated air-defence system that can deal with everything from hypersonic missiles to attack drones. Mark Rutte, NATO's secretary-general, calls for a 400% increase in air-defence capabilities.



Third on Mr Grand's list is replacing capacities for which Europe still depends on America. He thinks all this is doable over the next decade. European defence spending is already 50% higher in nominal terms than in 2022. Mr Grand expects it to rise over the next five years to between €500bn and €700bn a year, about 30% of it for procurement. That should do the trick.

Yet much depends on how fast spending rises. Spain and Italy, less worried about Russia, will probably lag. Fiscally constrained Britain and France will struggle to reach 3% within five years. But Poland will spend 4.8% next year, and the rich Nordic countries are rapidly progressing to 3.5%. Germany is aiming for 3.5% by 2029, about \$195bn (though it may fall a bit short). Chancellor Friedrich Merz promises that the Bundeswehr will become “the strongest conventional army in Europe”.

Another question is whether Europe's sclerotic procurement systems can move faster, and whether its industrial base can meet the demand. Mr Grand says the industry is responding with unprecedented investments. Since 2022 about 53% of the continent's defence contracts, by value, have gone to European firms; 36% was spent on American kit, mainly the F-35 fighter. That ratio must change sharply.

Even if ordered today, weapons systems could take two to three years to deliver. Collaborative programmes such as the seven-country European Long-Range Strike Approach (ELSA), a project to develop a ground-based cruise missile, are necessary for scale and commonality. But they are unwieldy. Nearly 18 months since ELSA was formed there is no agreement on what Europe's missile champion, the multinational MBDA, should build.

Every defence ministry now talks about streamlining acquisition and favouring “spiral development”, in which good-enough systems evolve continuously, over “exquisite capabilities”. The aim is rapid orders and long-term contracts. But weeding out

regulations is slow work. Germany requires contracts worth more than €25m to be approved by the Bundestag’s budget committee. The Dutch and Italians have similar constraints.

Nico Lange, a former chief of staff at Germany’s defence ministry, says that the war in Ukraine shows that victory goes to whoever can “supply their front-line forces with technology in relevant quantities the fastest”. Forward-leaning European firms such as Rheinmetall have partnered with Ukrainian ones, and SAFE loans can be spent in Ukraine. Defence ministries realise that new technologies developed by upstart firms and financed by venture capital require a different approach.

Mr Lange thinks Germany should spend 10% of its procurement budget on “disruptive projects”, rising to 30% by 2030. Britain’s defence ministry has ring-fenced £400m (\$529m) for a fast-paced innovation unit. Sir Lawrence Freedman, a British strategist, says a new ecosystem is emerging in which “the speed of innovation is staggering”. Such new procurement processes, he says, must run in parallel with those of legacy systems.

Europe’s challenge is clear. It must meet the spending commitments made in June; reform defence procurement; reduce dependence on America; and increase collaboration to get more bang for the euro. But few governments are explaining to voters why defence must take precedence over social spending. Meanwhile, far-right parties sympathetic to Russia pose a major threat. Europe clearly has the financial, technological and industrial muscle to do what is needed. The question is whether it has the political will. ■

<https://www.economist.com/europe/2025/12/01/europe-is-going-on-a-huge-military-spending-spree>

Flame out

America's peace initiative has stalled in Moscow

Volodymyr Zelensky faces a political crisis over corruption

Dec 10, 2025 01:58 PM | Kyiv



AFTER A FORTNIGHT of American diplomacy dialled up expectations of a peace deal, Vladimir Putin dialled them down on December 2nd with an evasive *da-but-nyet*. Russia's ruler kept Steve Witkoff, Donald Trump's envoy, and Jared Kushner, his powerful son-in-law, waiting for two and a half hours in Moscow. Mr Putin was busy delivering a hawkish speech to a hall of investment bankers, declaring his readiness to take on a war with Europe. When he deigned to meet the Americans, it was for five hours of detail-free talks focused on the “essence” of Russia’s position, according to Yury Ushakov, a presidential adviser. The two sides were no “further from peace”, he insisted. An observer might say they were no closer.

The meeting followed talks between Ukrainian and American officials in Miami on November 30th. Those had produced a revised 20-point framework that left the hardest issues—territory, neutrality and reparations—for a meeting between Messrs Trump and Zelensky. Ukrainian negotiators who met Mr Zelensky in

Dublin on December 2nd to debrief him were unsurprised that the Moscow talks fizzled out. “We have lots of convergence with the US,” said Sergiy Kyslytsya, Ukraine’s deputy foreign minister. “But I’m afraid it looks like Putin does not want a deal.”

The documents presented in Moscow remain confidential, but they differ significantly from the Miami draft, itself a rewrite of a framework put together with European leaders a week earlier in Geneva. In Moscow, Kremlin advisers talked of “four separate papers”, causing confusion in Ukraine and Europe. The reference may simply result from Ukraine’s request that America discuss bilateral issues with Russia separately. But multiple texts raise the prospect of Russian negotiators slicing up agreements as they see fit.

Stalemate

Russia-Ukraine war

Ukrainian territory controlled by Russia, %



Change in Russian-controlled area as % of Ukraine, past 30 days, 2025



Sources: Institute for the Study of War;

AEI's Critical Threats Project; *The Economist*

*To December 1st

For Ukraine, the strategic noose is tightening. Europe still cannot agree on a common line on defence or funding. Emboldened by recent gains on the battlefield (see charts), Mr Putin is hardening his demands. On the eve of talks, a Kremlin source told NBC News that the Russian leader would not yield on three points: further territorial claims in the Donbas; a cap on Ukraine's army; and recognition of occupied lands as Russian. All are intolerable for Ukraine and for Europe. Mr Putin even taunted European leaders for supposedly blocking peace, a line that appeared designed to

encourage a transatlantic rift. A Ukrainian intelligence official says Russia “will try to sabotage the peace process with impossible conditions”.

The war is far from being Mr Zelensky’s only concern. For almost a month a massive corruption scandal centred on Energoatom, the state nuclear company, has been shaking the country’s ruling elite. On November 28th Andriy Yermak, the presidential chief of staff seen as the linchpin of a dirty system, was forced out after a raid by anti-corruption investigators. For six years Mr Yermak’s oversize figure dominated domestic politics. Informed sources suggest he may face charges, though he denies any wrongdoing.

Mr Yermak told an American journalist that his next move might be to enlist as a soldier. Signing up would preclude a criminal court case, say legal experts. But it would not stop an ongoing investigation from proceeding.

As *The Economist* went to press, it was unclear who would be appointed to fill Mr Yermak’s heavy boots. Two names are believed to be under consideration. Mykhailo Fedorov, the 34-year-old deputy prime minister, is well regarded by many for his work in digitalising Ukraine’s government. Denys Shmyhal, the 50-year-old defence minister and ex-prime minister, is seen as a safe pair of hands. A bigger question is how far Mr Zelensky dares go to purge his system, and whether Mr Yermak’s influence and appointees, many of whom occupy key positions, will follow him out of the door. If Mr Zelensky does not implement a thorough reset, one may be forced on him. Ukraine’s MPS, long sidelined by the war and worried about their popularity, may try to impose a new technocratic government.

The Trump administration has taken advantage of Mr Zelensky’s weak position to push him to accept its peace initiative. Whether in pursuit of political popularity, economic opportunities or other reasons, Mr Trump seems bent on getting a deal quickly.

Paradoxically, Mr Putin's stubborn manipulation and procrastination could ease the pressure. The credulous Mr Witkoff's visit was his sixth to Moscow. America had hoped for a breakthrough by the end of November. But it seems unlikely that much will happen before year's end. Nonetheless, Mr Kyslytsya, remained diplomatically optimistic on his way back to Ukraine, insisting there had been forward momentum. "Yes, we are doing circles—but we are circling upward. Think of it as a spiral of peace." ■

Correction (December 4th 2025): This article originally identified Sergiy Kyslytsya, Ukraine's deputy foreign minister, as a deputy prime minister. We regret the error.

<https://www.economist.com/europe/2025/12/04/american-peace-initiative-has-stalled-in-moscow>

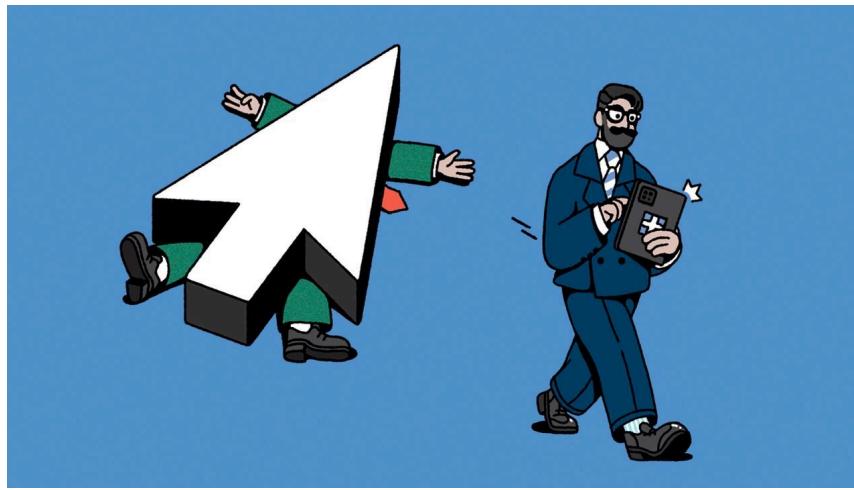
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The last shall be average

Greece is teaching Germany how to get government online

A legendary bureaucracy is making Olympian efforts at digitalisation

Dec 10, 2025 01:59 PM | Berlin



THE INEFFICIENCIES of Europe's paper-based bureaucracies are legendary. During the covid pandemic, German health authorities demanded that test centres print and fax results to them, only to then type them back into a computer. Many Spaniards give up on the maze of forms entirely, instead hiring a *gestor*, a kind of professional bureaucracy-wrangler. Governments mostly want to get online, and the European Union's post-pandemic recovery fund was aimed partly at helping them. But paper habits are hard to quit.

Their time, however, is up. "If politicians don't digitalise the administration now, they will not be able to implement policy in the future," warns Ann Cathrin Riedel of NEXT, an e-government advocacy group. Laggards struggle to learn from countries that have got too far ahead to be comparable. In Estonia digicrats have run out of things to digitalise: couples can now divorce online, a reform that might give divorce lawyers elsewhere a heart attack.

Luckily, a new contender has more applicable lessons for the slowpokes: Greece. The country has long been a byword for Kafkaesque bureaucracy. But between 2018 and 2024 its scores on several measures of digital public services rose from among the worst in Europe to about average. On November 24th Kyriakos Pierrakakis, the Greek finance minister and former architect of the country's digital transformation, visited Karsten Wildberger, who as Germany's digital minister has taken on the Herculean task of weaning the country off the fax machine. On his return to Athens Mr Pierrakakis met Boris Rhein, prime minister of the German state of Hesse, who had come on a fact-finding mission.

The Germans will have taken away three broad lessons. The first is that government must have a strategy for redesigning its own processes to take advantage of digitalisation. There is no point focusing on the technology alone. "A common mistake is to put legacy processes into IT systems. You are essentially digitising chaos," says Diomidis Spinellis, a former government official, now with the Athens University of Economics. Germany's landmark digital-access law of 2017 focused too little on what happens beyond the screen.

The second lesson is to overcome administrative and regional silos. Each ministry or province has its own processes, systems and pride. On coming to office as prime minister in 2019, Kyriakos Mitsotakis gave a very strong mandate to his digital minister. "Many people went to bed on the day after the election and woke up as employees of the digital ministry," says Mr Pierrakakis, who could move whole IT departments from other ministries under his control. With that, not just the strategy but the implementation of Greece's digital transformation was in his hands.

The third lesson is to harvest the low-hanging fruit and not try to find solutions for everything from the start. Germany's aim to digitalise all services gave equal priority to the ubiquitous process for citizens to register at a new address and the specialised process

for applying to run a nuclear power plant. When the city of Berlin attempted to transform its filing system from paper to bytes, it created a digital file with over 1,000 features, causing repeated delays. “Find the pain points, and work on those,” argues Mr Spinellis. Digital firms use agile processes: take frequent incremental steps, review and adjust. But that is not how governments usually work.

If Athens is too far away for your digital fact-finding mission, try Berlin. Had it been a country, it might once have ranked even below Greece. Its new chief digital officer is Martina Klement, a pragmatic lawyer from Bavaria. She is implementing some of the same steps Greece took, with remarkable success. Things that used to be frustrating, such as getting an appointment to register one’s address after moving house, are now digital and easy. More than 400 services are online, with the most common ones digitalised first. Many Berliners are so surprised that digital offerings are available, they fail to use them. “We have to do campaigning now, to encourage them,” says Ms Klement. Backward Europe should see this as a call to action. If Berlin can digitalise, anywhere can.■

<https://www.economist.com/europe/2025/12/04/greece-is-teaching-germany-how-to-get-government-online>

Basta means basta

Italy's populist right stalls a sexual-consent law

Despite harsher penalties for femicide, Italian machismo is not over

Dec 10, 2025 01:58 PM | Rome



The political is personal

ITALY HAS been seen as a land of suave seducers since the days of Casanova. In the post-MeToo era that image is less attractive, but rebranding is not proving easy. In mid-November the lower house of Italy's parliament unanimously passed a law requiring explicit consent to engage in sex, which would bring it in line with much of the rest of Europe. But the populist-right League party has since withdrawn its support, meaning more hearings and possible revisions in the Senate.

The bill, championed by Laura Boldrini, a former speaker of parliament from the centre-left Democratic Party, redefines rape as any sexual act without “free and current” consent. Women’s-rights advocates call it a cultural turning point, rejecting the courts’ familiar tendency to blame victims for not resisting sufficiently. Opponents argue that it shifts the burden of proof in rape cases to

the defendant, and would require lovers to bring microphones into the bedroom.

But the League's newfound objections may be less a matter of principle than of politics. Ms Boldrini accuses Matteo Salvini, the party's leader, of staging a political stunt to outflank the governing Brothers of Italy, another populist-right party. "A part of society is misogynistic," says Ms Boldrini, and Mr Salvini "acted as its spokesman".

In fact, many Italians already take it for granted that passivity cannot be interpreted as consent. The country's legal landscape is not far behind others': France only recently passed a consent-based rape law, driven by widespread horror over the case of Gisèle Pelicot, whose husband arranged for other men to rape her while she was unconscious. The debate has been sharpened in Italy by several cases involving elite circles. Ciro Grillo, the son of the founder of the Five Star Movement, a left-wing party, was convicted in September of participating in a gang rape. The son of the speaker of the Senate faces charges of spreading revenge porn.

Attention to gender-based violence has been rising since the murder of Giulia Cecchettin, a university student, by her ex-boyfriend in 2023. Indeed, on the same day the consent reform stalled, parliament passed a law criminalising femicide—the murder of a woman as an act of hate or control, or because she did not want a sexual relationship—with a maximum punishment of life in prison. But on the preventive front, the government is heading the opposite way. It recently added restrictions on sex education in schools. While imposing harsh penalties for gendered violence, Italy is reluctant to teach adolescents how to respect boundaries in their sex lives.

The League, says Ms Boldrini, is on board with fighting violence against women, but "culturally rejects" the link to sex education. The risk is that "if we do not change people's thinking through

education about relationships and sex, criminal laws will not be enough.” The Senate is likely to take up the law in the new year. Supporters fear it may die or be significantly diluted. For a country long steeped in machismo, the upcoming months may prove as decisive as any trial. ■

<https://www.economist.com/europe/2025/12/04/italys-populist-right-stalls-a-sexual-consent-law>

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Not so judgy

The Hague is coping with the decline of international courts

A loss of prestige for global criminal justice, and for its capital

Dec 10, 2025 01:58 PM | The Hague



THE COURTROOM where Slobodan Milosevic, the late Serbian leader, once stood trial for genocide was hardly ornate, but it had a certain bureaucratic authority. In September it closed for the last time. Remaining hearings, the presiding judge announced, would be held in a “modified conference room”. The downgrade was emblematic of the declining prestige of international criminal justice, and thus of The Hague, a city synonymous with punishing war crimes.

The seat of the Dutch government, The Hague’s global reputation is as a hub for international law. Its 50-odd international bodies and scores of related NGOs generate €2.7bn (\$3.1bn) annually and support 36,000 jobs in a city with half a million residents. “We don’t make widgets, we make decisions,” says Andrew van Esch, a city councillor.

Steadily fewer, it seems. The International Criminal Tribunal for the former Yugoslavia closed in 2017. Its remaining cases and

those of a Rwanda tribunal were handed off to a residual court, now in the modified conference room. A tribunal set up to prosecute the assassination in 2005 of Rafic Hariri, a former Lebanese prime minister, shut down in 2023 for want of funds. The International Criminal Court (ICC), an uber-tribunal founded in 2002, is under enormous pressure. Donald Trump has imposed sanctions on nine ICC staff members. Karim Khan, the chief prosecutor, is on leave due to allegations of sexual misconduct, which he denies.

In its history the ICC has convicted only 13 defendants; the Yugoslavia tribunal sentenced 93. It has one big fish on trial: Rodrigo Duterte, the Philippines' former president. But Italy sent a wanted warlord home to Libya. Viktor Orban, Hungary's prime minister, withdrew from the court's founding treaty rather than honour its arrest warrant for Binyamin Netanyahu, Israel's prime minister.

The city's other major tribunal, the International Court of Justice (ICJ), is in better shape. Often called the World Court, it is the UN's main judicial body, handling disputes between states. It has never been busier, what with South Africa's genocide claim against Israel and a wide range of other suits.

Most Hagenaars take little notice of the courts. Outside its posh central district The Hague is rough-and-tumble, with large Muslim and white working-class neighbourhoods. As for the professionals who bet their careers on the tribunals, they are trying to "navigate the shift", says Jill Wilkinson, head of the Hague Humanity Hub, a forum for justice organisations. There may even be an upside to the Trump administration's hostility to international law: Ms Wilkinson has been approached by American NGOs looking to relocate to The Hague. ■

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Charlemagne

Why a small corruption scandal is a big problem for the EU

Diplomats at the trough in Brussels

Dec 10, 2025 01:58 PM



ON THE SAME day American diplomats sat down with Vladimir Putin in Moscow to discuss matters of war and peace in Europe, their European counterparts sat down—not entirely voluntarily—for a chat with Belgian police investigators. Oh dear. It was humiliating enough to have been excluded from a five-hour summit between the Russian president and Trumpian envoys on how to end the war in Ukraine; Europe has not thus far managed to convince either America or Russia that it matters enough to be invited to such confabs. But for diplomats in Brussels to be subjected on December 2nd to a police raid on their offices was the icing on the cake. Two Brussels foreign-policy grandes were detained by police, then formally designated as suspects. Federica Mogherini was once the European Union's foreign-policy chief. Stefano Sannino is one of the European Commission's most senior officials. Besides denting the EU's credibility, the allegations of corruption threaten to morph into a serious crisis.

The cronyism being investigated relates to the establishment of an academy for junior diplomats. Much of Europe's foreign-policy muscle sits at national level, but the EU wants some of its own. Since 2011 the European External Action Service, a name that inaccurately suggests a Brussels version of The Avengers, has served as a sort of proto-foreign ministry. In 2021 the EEAS proposed a training programme to indoctrinate budding national diplomats in putting the European interest first. As it happened, soon after leaving the helm of the EEAS in 2019 Ms Mogherini had been parachuted in to head the College of Europe in Bruges, known as a finishing school for aspiring Eurocrats. A public tender, organised by Ms Mogherini's former EEAS colleagues, for universities applying to host the diplomatic school seems to have been designed to ensure only the College could plausibly land the contract. In any case, that is how things worked out, and Ms Mogherini now leads the diplomatic school in question.

At this point, these are merely allegations. All the suspects named are presumed innocent, and none have said much publicly. Even if proven, would it amount to world-level corruption? Hardly. Compared to what goes on in Washington these days, tilting the scales so that a publicly funded institution run by a well-regarded insider wins a government contract is peanuts. Per Euractiv, a news site, the allegedly dodgy tender involved less than €1m (\$1.16m), and there are no charges of enrichment beyond perhaps a cushy salary. Still, it grates with the desire for honest administration. The EU is a persnickety enforcer of rules on national governments, not least regarding public procurement. For its own staff to have seemingly erred badly enough to attract the attention of prosecutors is, at the very least, both careless and embarrassing.

Such a hiccup would be easily surmountable for an institution otherwise doing a stellar job. Alas, the EEAS is not. The current foreign-policy supremo, Kaja Kallas, took up her post after the events police are investigating, so she is not personally implicated by the current scrutiny. But, like the three predecessors who have

held the position since 2009, she rules over a dysfunctional empire. The EU's 27 national governments jealously guard their right to their own foreign policy—even as they pay lip service to the importance of the bloc speaking with a single voice. The EEAS is thus an institutional chimera, mostly accountable to member states but also linked to the European Commission (of which Ms Kallas, like Ms Mogherini before her, is a vice-president). Nobody has made a success of running it. Brussels cocktail parties have been enlivened of late by talk of a petty turf war pitting Ms Kallas against the commission and its president, Ursula von der Leyen.

The corruption imbroglio comes at an awkward time for the EU's institutions. A plan first mooted months ago to hand Ukraine around €140bn from a facility backed by frozen Russian assets should have been done and dusted by now. Instead the idea remains mired in uncertainty, awaiting a summit of EU leaders on December 18th. Such prevarication plays into the hands of those in Washington and elsewhere who think Europe a pseudo-power that preaches to others but is incapable of getting stuff done.

Look who's talking

For EU officialdom, questions of graft and poor administration have been accumulating of late. A sprawling investigation into alleged bribes paid by Qatar to members of the European Parliament has dragged on for years, albeit with no convictions. Belgian prosecutors in April probed eight people for corruption and other sins as part of an investigation into lobbying by Huawei, a Chinese tech firm—again with no final convictions, and denials of wrongdoing all round. Ms von der Leyen herself was officially found to have broken EU rules by not releasing the contents of text messages she exchanged with the boss of Pfizer, a pharma firm, while negotiating the bloc's purchase of billions of euros' worth of covid-19 vaccines in 2021. The episode resulted in an attempt by populist parties in the European Parliament to oust her, a bid that fell well short. There is already muttering of another vote of

confidence linked to this latest affair, though it seems no likelier to succeed—not least given the scandal erupted in the EEAS, part of the EU apparatus Ms von der Leyen does not control.

Every time the Eurocracy errs, its opponents cheer. A Russian official crowed that EU officials “prefer to ignore their own problems, while constantly lecturing everyone else”. An apparatchik of Viktor Orban, the Hungarian prime minister, whose own government is barred from most EU funding for its dodgy ways, called the Brussels institutions a “mafia” and suggested the EU “looks more like a crime series than a functioning union”. Insiders know that is grossly unfair and that few EU officials are in it for the money. But making that case is getting harder.■

<https://www.economist.com/europe/2025/12/04/why-a-small-corruption-scandal-is-a-big-problem-for-the-eu>

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- **Our new model captures the lottery of Britain's electoral system**

Slot-machine politics :: Similar results, our data analysis shows, can yield strikingly different outcomes

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The man versus the moment

Our interview with Sir Keir Starmer

Britain's prime minister understands the size of the moment. He just does not know how to meet it

Dec 10, 2025 01:58 PM



LABOUR POLITICIANS are not supposed to have a high opinion of their Conservative rivals. “Lower than vermin”, was the judgment of Nye Bevan, a post-war Labour minister. But in an interview with *The Economist* on December 3rd Sir Keir Starmer, the prime minister, admitted something striking should Labour lose power: “If there is a Conservative government, I can sleep at night.” A right-wing populist Reform UK government, however, “is a different proposition”.

Sir Keir foresees a crisis. The threat for Britain, according to the prime minister, is not the Tories. It is a potential Reform government that would “do huge damage to our country, to our society, to our global standing, and destroy much of our country”. Polls point to a government led by Nigel Farage. In Sir Keir’s telling, this would ruin Britain economically, rip its society apart and potentially break the West. His own oft-struggling government

is, in his analysis, the last chance for the centre. This is the moment. Is Sir Keir the man?

The effects of a Reform government would not only be felt in Britain, warns Sir Keir. “Reform is a party that is pro-Putin or Putin-neutral,” he says. Its former Welsh leader was recently sentenced to ten and a half years in prison for accepting pro-Russian bribes. “Pro-Russian interference in our democracy...is for real,” says the prime minister. Britain leads the coalition of the willing, a gang of 35 countries helping Ukraine stave off Russia. “There is no way on earth that the UK could be part of that configuration with Nigel Farage as prime minister,” says Sir Keir.

In Washington some around Donald Trump would be happy to see Mr Farage in that job. This is no bother to Sir Keir. “I’m a pragmatist,” he says. “I live in the world as it is.” Can Britain rely on America to fight on behalf of NATO allies? A flat “yes”. The portrayal by some in the White House of Britain as an isle of nightmares, overridden by immigrants and rape gangs, and where people are jailed for posts online, is tutted away by the prime minister. At times, however, he says they have a point. Their idea that Europe has not spent enough on its own defence is “probably right”.

Jolting Britain out of its economic malaise is the main shield against a Reform government in Sir Keir’s telling. Real wages have barely risen since the financial crisis, a period that runs from austerity through Brexit to the pandemic and the Ukraine shock. Living standards must improve. How though? Britain can trade more. The state can play its part, first by eliminating trade barriers via sweeping deals and by the fruits of its own wheeling and dealing, which Sir Keir proudly rattles off. Some warships? Yours for £10bn, Norway. Some Typhoon fighters? Whatever you ask for, Turkey.

Stronger ties with Europe would help. Sir Keir hopes to “iteratively get the relationship closer”. The direction is clear. But there will be no big leaps, such as rejoining the customs union—much to the chagrin of Labour’s fed-up voters. A steady, slow process is on offer, on individual areas such as energy supply. In discrete, regular summits, the ratchet is being cranked.

The agenda becomes thinner the closer Sir Keir comes to Britain’s domestic policy. The main thing investors want, in the prime minister’s eyes, is “stability and certainty”. To its credit, Sir Keir’s government is making it easier to build in Britain. Beyond that, a reform agenda is absent. Britain’s budget on November 26th was a case in point. It avoided spending cuts, added padding to Britain’s fiscal position, but beyond that consisted of goodies, such as cheaper energy bills and frozen rail fares, as well as a more generous—but still resolutely unreformed—welfare system.

Sir Keir’s agenda in government does not match the scale of the challenge. He agrees that Britain is at a pivot point—a 1945 or a 1979. Those moments had a leader who seized it, in Sir Keir’s telling. Clement Attlee, the Labour prime minister, had to “rebuild the country”. Margaret Thatcher set out to “break the mould”. Each phrase is pithy enough to go on an election placard. What would go on Sir Keir’s bumper sticker? “Our mission of national renewal, renewing our country, understanding our country for what it is, which is a society of reasonable, pragmatic, compassionate people who would actually help each other out if they had half the chance to do so.” As an example of Starmerese, there is no better; as a philosophy to keep the centre together or indeed to inspire, it needs work.

Accepting that the Conservatives are, in effect, allies against Reform may backfire. Some in Reform refer to “the Uniparty”—a grotty consensus between Britain’s mainstream parties, which has led to ruin. Mr Farage would be delighted that Sir Keir sleeps soundly at the thought of their centre-right rivals in office. Many in

Labour would be disturbed. But the prime minister knows there is a bigger battle at hand, even if Labour's squabbling government does not always act like it. Therein lies the paradox of Sir Keir: a man who can articulate the size of the moment, yet still does not quite know how to meet it. ■

<https://www.economist.com/britain/2025/12/04/our-interview-with-sir-keir-starmer>

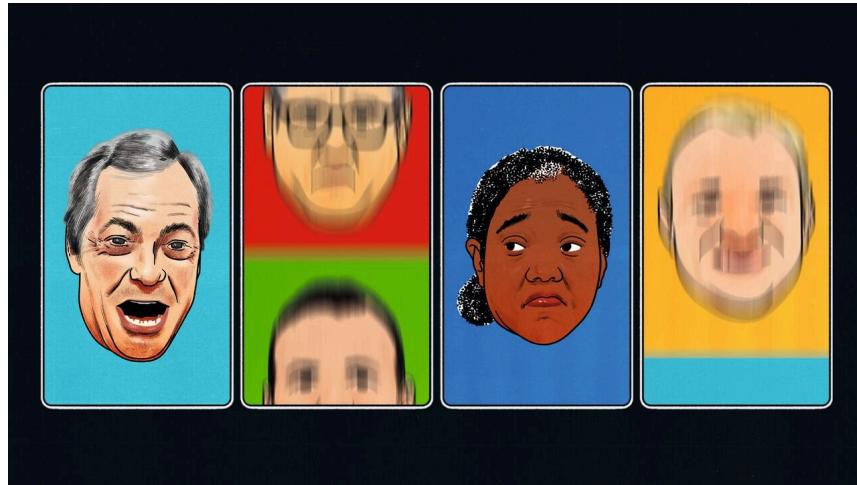
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Slot-machine politics

Our new model captures the lottery of Britain's electoral system

Similar results, our data analysis shows, can yield strikingly different outcomes

Dec 10, 2025 01:58 PM | Downham Market



TWO EXTRAORDINARY things happened in Downham Market at the general election last year. One is that Liz Truss lost the seat of South West Norfolk, the first former prime minister to be ousted since 1935. In the woods nearby, the words “Liz Truss Memorial” have been graffitied on a bin containing dog waste.

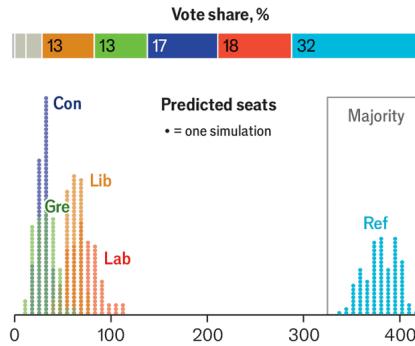
The more significant is that her successor, Labour’s Terry Jermy, won with a mere 27% of the vote—the lowest of any MP elected that year. Mr Jermy owes his victory to first-past-the-post (FPTP) voting, under which each person casts one ballot and the candidate with the highest tally in every one of Britain’s 650 constituencies wins. Against eight competitors, Mr Jermy won by a fraction. It’s doubtful, he admits, that he has a real mandate.

→ Four possible outcomes of an election tomorrow

Reform UK landslide



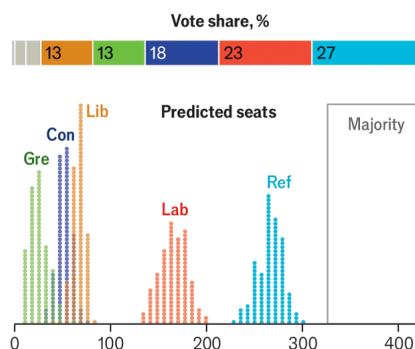
Some recent polls have put the vote share of Nigel Farage's right-wing Reform UK as high as 32%. In this scenario, it could win more than 400 seats, like Labour did in 2024—a landslide victory.



Hung parliament



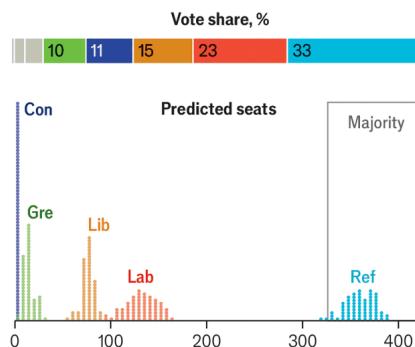
Other polls are more sanguine. If the party won 27% of the vote, Britain could be ruled by a hung parliament. With the country's unpredictable voting system, a loss of just five percentage points of overall votes could result in a staggering 116 fewer seats for Reform.



Conservative wipeout



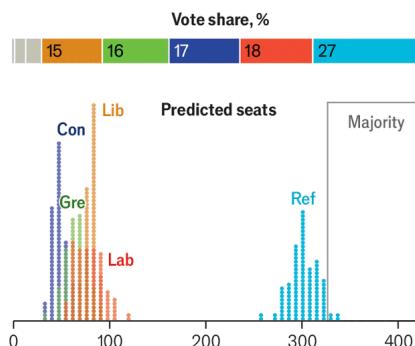
The distorting effects of FPTP can be an existential matter. If the Conservatives fall short of current polls, they risk obliteration. After nigh-on two centuries as a major party—the most electorally successful in the world—the centre right could be reduced to a handful of MPs.



Small-party surge



Under the new leadership of Zack Polanski the Green Party has won a substantial number of left-wing voters from Labour in recent polls. If it does well, four parties with a similar share of the vote could be scrapping for second place.



Sources: British Election Study; Colin Rallings & Michael Thrasher, University of Plymouth; Electoral Calculus; MRP forecasts; Pollbase; PollbasePro; *The Economist*

Downham Market is the most extreme example of a new reality that is starting to sink into voters' perceptions of how British

politics now works. When lots of parties have similar levels of support, small shifts in their share of votes can lead to huge shifts in their share of seats. The trouble is that it is hard to know where this insight leads—beyond the vague intuition that it makes politics volatile and confusing.

This week *The Economist* brings some clarity to this baffling new order. Our new model shows, constituency by constituency, how FPTP interacts with vote shares to produce election results. Using scenarios prompted by the latest polling, we set out a forecast of the parties' representation if an election were held today. As the election draws closer and the polls continue to shift, we will be able to use this model to illustrate how their share of seats is seesawing from victory to coalition-building to defeat—or even obliteration.

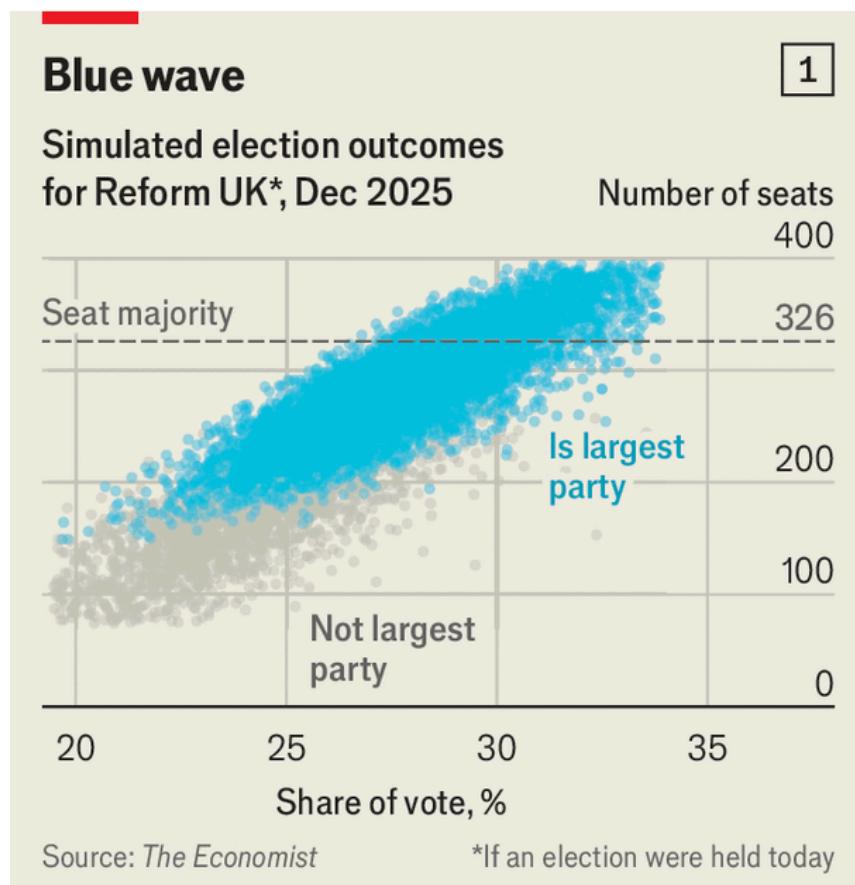
We call it slot-machine politics. It is confusing and hard to predict, but it is not random and it leaves Britain on the threshold of many dramatically divergent futures. To illustrate this, we've picked several scenarios.

One is a **Reform landslide**. Some recent polls have put the vote share of Nigel Farage's right-wing populists as high as 32%. If so, Reform could win more than 400 seats, just as Labour managed to do in 2024. Other polls are more prudent, leading to a second scenario: a **hung parliament**. If Reform won 27% of the vote, that difference in polling of only five percentage points could result in a staggering 116 fewer seats for Mr Farage.

The model's simulations include a grim scenario for Kemi Badenoch, the Tory leader: a **Conservative wipeout**. After nigh-on two centuries as a major party—the most electorally successful in the world—a further slippage in the polls of eight points could reduce Britain's centre-right to a handful of MPs. There could also be a **small-party surge**. Under the new leadership of Zack Polanski, the Green Party has taken many left-wing voters from

Labour in recent polls. If the Greens do well, four parties—Labour, Conservatives, the Greens, and the Liberal Democrats under Sir Ed Davey—could be scrapping for second place behind Reform.

Yet Labour, led by Sir Keir Starmer, can still hope to hit the jackpot. A **Labour recovery** is plausible. If the party outperforms its polls by seven percentage points, the most likely scenario according to our model is Labour being the largest party in a hung parliament, relying on other centre-left parties to form a government. If the party manages to overtake Reform, another Labour majority will be possible.



Our model works by estimating how an election might unfold in each constituency based on the latest polling. This means we will be able to keep returning to it in future. Drawing on 80 years of data, including 9,000 opinion polls and 20 general elections, we simulated 10,001 elections. The fragmentation of the electorate means that, despite drawing on a single underlying data set, the

range of potential results is remarkably wide (see chart 1). When elections are won on tiny margins, like the one in Downham Market, they become as unpredictable as a night in Las Vegas.

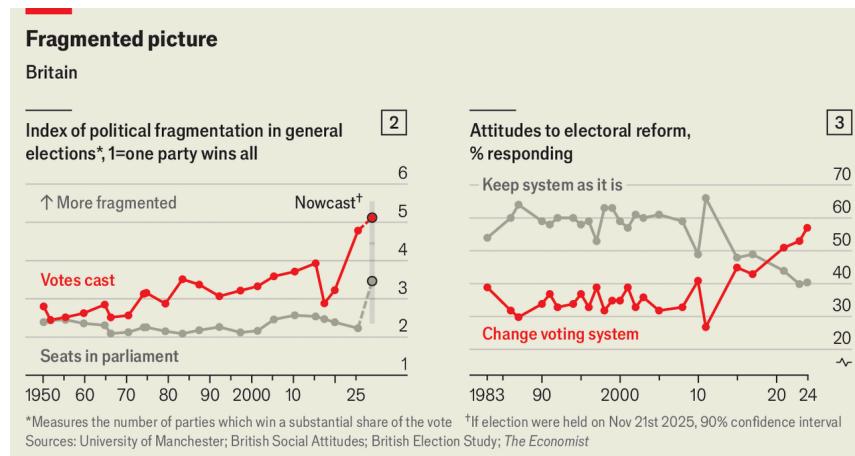
British voters, like others in Europe, are abandoning the centre parties for challengers, such as Reform and the Greens. But Britain is the only democracy in Europe to use FPTP, which works best with two dominant parties. When this collides with multiparty competition, the electoral slot machine spins into operation.

For example, were an election held today, Reform would probably be the largest party with, our simulations find, a 90% chance of securing anywhere between 112 and 373 seats. That wild range spans the difference between being the largest opposition party (like the Conservatives today) and a governing one with a big majority (like Labour now). The simulations suggest Labour would probably be the second-largest party, with a 90% chance of winning between 36 and 295 seats.

Geography adds another twist to this game of chance. FPTP rewards parties that distribute their vote to maximise their gains. Our modelling suggests that if Reform wins 27% of the vote nationally, it could receive anywhere between 208 and 305 MPs, depending on the geographical allocation of those votes. In 2024 the Liberal Democrats won 12% of the vote in Britain and an impressive 72 MPs, thanks to ruthless targeting. Reform got 14% of the vote, but just five MPs.

At the next election, Labour could cling to power with just 26% of the national vote, despite being unpopular. So long as it lost the popular vote to Reform by less than two percentage points, it would even have a one-in-three chance of winning the most seats. Advocates of FPTP have long claimed it is good at ejecting unpopular governments; when the electorate fragments that stops being true.

The consequence will be a widening gulf between how Britons vote and the parliaments they get. FPTP tends to produce two big parties in Parliament while suppressing smaller rivals. Since 1900 the “effective number” of parties in Parliament (a measure of the number of parties which win a substantial share of the vote) has ranged between two and three, according to Jack Bailey of the University of Manchester (see chart 2). Yet the effective number of parties by votes cast has jumped, to 4.8 at the last election. It would be 5.1 on today’s polling. Britons are increasingly voting for an array of parties as if they were modern Europeans while getting the two-party parliaments of Victorian England.



As the electorate fragments, the share of the vote needed to win an election in each constituency falls—in the way Mr Jeremy found in South West Norfolk. Since 1945, 19 MPs have won elections with less than 30% of the vote; ten of them were elected in 2024. Our model suggests the average winning vote share for an election held tomorrow would be 38%, compared with 55% in 2019. In our 10,001 simulated elections, Cardiff West is the constituency with the lowest average winning share, of 27%. There is a one-in-ten chance that the seat would be won with a mere 23%.

Spin to win

Defenders of FPTP argue that the ends justify the means. Even if it is unfair, the dominance of two parties avoids the haggling over

coalitions that can plague some European countries. Stable governments get things done, they say.

Those arguments are becoming weaker. In an age of fragmentation, FPTP compounds the volatility of the electorate, making election results even more capricious. A shift of just two percentage points could be the difference between Mr Farage entering Downing Street with a majority or falling far short of power.

The unfairness of FPTP could undermine the legitimacy of the governments it produces. In 2024 Labour won 63% of the seats in Parliament with 34% of the vote, the most skewed result in history. As its support has slid to 19%, the government has fallen into paralysis and infighting. A system intended to produce strong governments now produces weak ones. Robert Ford of the University of Manchester calls FPTP “a destabilisation mechanism. It is a volatility amplifier.” That instability is unlikely to go away, as the demographic forces that have been driving the fragmentation of voting behaviour are not abating.

Last year MPs voted by a narrow majority for electoral reform, but the government will not give the bill the parliamentary time needed to become law. Yet support for a new system has surged, including among Labour members and the party’s backers in the trade unions (see chart 3).

British politicians have a choice. They may attempt to reform the electoral system now. Or they can wait until voters, like gamblers on a losing streak, direct their frustration at the Westminster machine. ■

<https://www.economist.com/interactive/britain/2025/12/04/our-new-model-captures-the-lottery-of-britains-electoral-system>

Pinch of salt

Polls predicting the next British election are not to be trusted

Too much uncertainty lies ahead

Dec 10, 2025 01:59 PM



“SKY NEWS can now reveal the latest polling projection from YouGov,” announced the channel’s presenter. “It puts Reform UK on course to be the next government and Nigel Farage, of course, to be the next prime minister.” The segment, which aired on September 26th, was reporting on a polling projection known as MRP (multilevel regression and post-stratification), from YouGov. It was framed as if it were an exit poll—yet an election is probably years away. Any poll that claims to show results constituency by constituency should be treated with scepticism.

MRPs are a sophisticated statistical technique which use public-opinion surveys to estimate voting intentions around the country. They work by finding the individual characteristics (such as age and past voting behaviour) and local factors which predict how people are likely to vote. Pollsters project these characteristics in each constituency, weighted according to their population, to judge how they might swing if an election were held today.

The technique has been effective in the past. In 2017 YouGov went out on a limb to predict (correctly) a hung parliament. Since then MRP polling has exploded: 46 such forecasts were published between the 2019 and 2024 general elections, showing a wide range of predictions (of varying accuracy). Journalists lap them up. This creates opportunities for spin doctors, who judge that the cost of an MRP is good value for guaranteed media coverage. A recent MRP projection which suggested the Conservatives would win just 14 seats was leaked, in an apparent attempt to destabilise Kemi Badenoch, the party's leader.

The gluttonous consumption of MRPs might not be wise. “[MRP] is not capturing a lot of the things we know are going to change between now and the next election,” says Jane Green, a professor of politics at the University of Oxford. One is the fortunes of the parties over the next few years. At the local level tactical voting could create even more uncertainty.

As a snapshot of current opinion, MRPs are interesting. Indeed, *The Economist*'s statistical modelling of the next election incorporates data from such forecasts. But unlike an MRP, the focus of our modelling is uncertainty, which flows from Britain's voting system. This far out from an election our fuzzy range of plausible outcomes is less sexy but more realistic.■

<https://www.economist.com/britain/2025/12/04/polls-predicting-the-next-british-election-are-not-to-be-trusted>

Fury over juries

Britain's plan to curb jury trials is a sharp break with tradition

It is a desperate response to a disastrous backlog in the courts

Dec 10, 2025 01:59 PM



WALK AROUND the Old Bailey, Britain's most famous criminal court, and you will find a marble plaque. It commemorates a trial from 1670, when a jury refused to convict two Quakers of unlawful assembly, despite pressure from a judge and being locked up without food or water. Their stubbornness helped establish, the plaque says, “the right of juries to give their verdict according to their convictions”.

Juries hold a cherished place in the British imagination. Magna Carta—Britain's foundational constitutional document, issued in 1215—says no man should be imprisoned except by “the lawful judgment of his equals, or by the law of the land”. Sir William Blackstone, an 18th-century judge, called juries “the principal bulwark of our liberties”. More recently the emphasis tends to be on civic virtue: juries tie the public into the justice system and give legitimacy to courtroom verdicts.

But now the government plans to curtail jury trials, in a bid to tackle the vast backlog of cases in the criminal courts. David Lammy, the justice secretary, at first suggested abolishing them for virtually all crimes other than rape, manslaughter and murder. The official proposals, announced on December 2nd, are less radical but still striking. Only defendants charged with the most serious crimes, or facing three or more years in prison, will be entitled to a jury; all others will be dealt with by magistrates or a single judge. The plans are based on recommendations by Sir Brian Leveson. The main opposition parties have condemned them.

They are a response to a desperate situation. The backlog stands at nearly 80,000 cases, and is predicted to reach 105,000 by 2029. Victims and defendants can wait as long as four years for a trial, by which point evidence may have deteriorated and witnesses dropped out.

Juries are not the main cause (delays have spiralled due to disruption during covid-19, chronic underfunding and poor court productivity). But they don't help. Jury selection and deliberation take time. Sometimes jurors get sick; occasionally they misbehave and cause trials to collapse. The government reckons judges are around 20% faster. Under its plans half of current jury trials—or 7,500 cases a year—would be heard by magistrates or a judge.

Many jurisdictions, such as Germany and the Netherlands, do not have juries and are not obviously less just. In rankings by the World Justice Project, which scores countries on their adherence to the rule of law, both outperform Britain. In Britain itself just 3% of criminal cases are heard by juries today. Before the first world war Britain had juries in the civil courts. Today no one is campaigning to reinstate them.

Still, Labour's plans represent a sharp break with tradition—and in some specifics, with international norms. Giving lone judges the power to send someone to prison for three years is unusual. Judges

can be biased or make mistakes, which is why they often sit in panels. In Germany single judges can hand out sentences of up to two years; in the Netherlands, one year.

The reforms were not in Labour's manifesto. The government may struggle to convince Parliament when it introduces the legislation in the new year. The House of Lords is likely to push back. Labour might need to consider swapping lone judges with a judge flanked by two magistrates—as Sir Brian has proposed.

That action is needed is not in doubt. YouGov, a pollster, found slim support for Labour's original, more radical scheme to abolish most juries: 41% backed it, with 36% against. That surely reflects a desire for politicians to tackle the problem. The true affront to Britons' rights would be to allow the courts crisis to get even worse. ■

<https://www.economist.com/britain/2025/12/04/britains-plan-to-curb-jury-trials-is-a-sharp-break-with-tradition>

Flight of fancy

Are Brits really leaving the country in droves?

No. We estimate that emigration is lower now than it was five years ago

Dec 10, 2025 01:58 PM

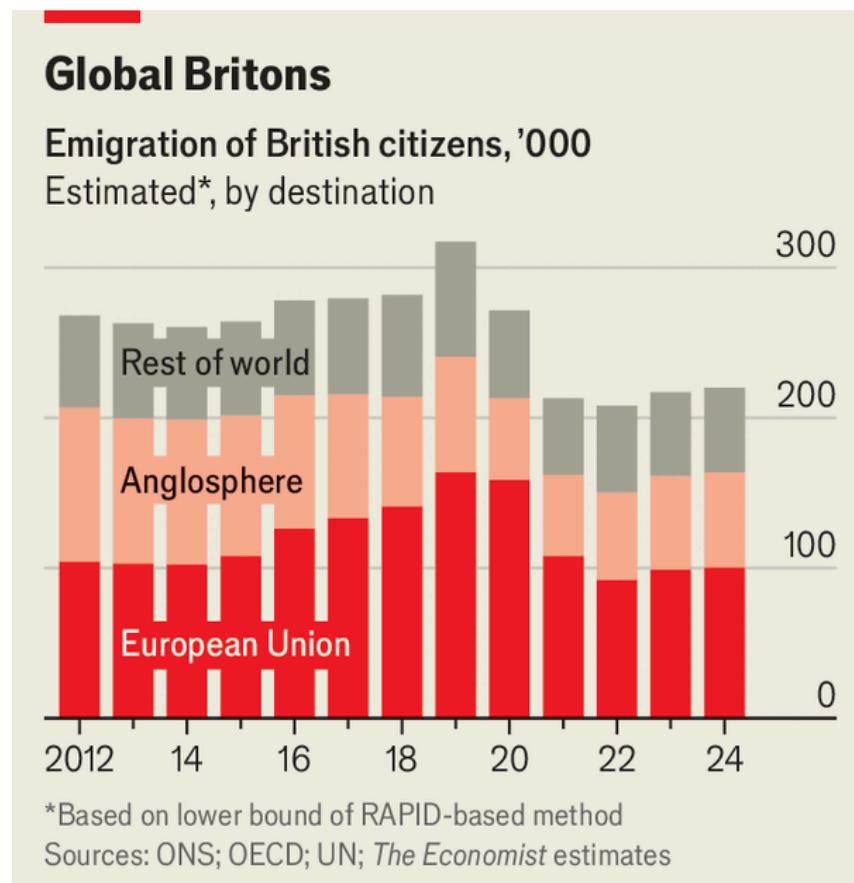


THE NEWS that net migration to Britain is plummeting should have been met with cheers from across the political spectrum. But something in the statistics released on November 27th bothered commentators: the number of British citizens emigrating appears to have rocketed in recent years. The *Times* and *Telegraph* called it an “exodus”. The *Daily Mail* called it a “brain drain from Starmer’s socialist chaos”. They could not be more wrong.

The Office for National Statistics (ONS) confirmed that total net migration—inflows less outflows—was just 204,000 in the year to June, the lowest level since March 2021. That overall figure is composed of three types of people: Europeans, non-Europeans and British citizens. Look at just the last group in isolation and the net outflow of British citizens has risen from 82,000 to 109,000 over the past six years, a 33% increase.

What has driven this? Certainly not the current government. The ONS recently switched from measuring migration of Britons via a survey conducted at airports to using tax and benefit records. As statisticians will not gain access to this year's tax data until October 2026, they have had to make assumptions about movements in the interim. Madeleine Sumption from Oxford University's Migration Observatory says the new method "may pick up people who appear to have left the country but have in fact stayed put".

It is the apparent increased outflow of British citizens that vexes conservative newspapers. The ONS estimates that emigration rose from an average of around 150,000 a year before Brexit to 250,000 today. But that is simply an artefact of switching statistical methods. Although the ONS has revised pre-2021 net-migration figures based on Census records, it has little idea about the true picture of emigration before this date. It also thinks today's 250,000 figure could perhaps lie anywhere between 220,000 and 300,000.



To get a sense of whether there is indeed an exodus, *The Economist* has done some number-crunching of its own. Using data on the flow of Britons to destination countries published by the OECD and the UN, we find that emigration of British citizens is, in fact, likely to be lower than it was several years ago. Our estimates suggest that in the years before Brexit emigration averaged around 275,000 compared with 220,000 today (see chart).

That makes intuitive sense. By our calculations emigration to the EU—which is nearly half the outflow—rose from 100,000 to 160,000 in the years between the Brexit referendum in 2016 and the ending of free movement with the EU in 2021, as people made use of a final opportunity to live on the continent. It has now fallen back.

The anglosphere draws in about 60,000 Brits a year; and the rest of the world another 55,000. All told, those leaving amount to under 0.5% of the British population, and most of them eventually return. Hardly a flood, more like a trickle. ■

<https://www.economist.com/britain/2025/12/04/are-brits-really-leaving-the-country-in-droves>

Bagehot

Pity the AVOCADOs

The Aggrieved Victims Of Crushing Academic Debt Obligations have it rough

Dec 10, 2025 01:58 PM



BRITISH POLITICS is an acronym soup. It is a land of NIMBYS (not in my back yard) and YIMBYS (their antonyms). OAPS have long been feared and courted by politicians. The HENRYS (high earners, not rich yet) have emerged as another key category. For a decade, “WASPI women” (Women Against State Pension Inequality) dressed as suffragettes have berated politicians outside party conferences for equalising the pension age between men and women in 1995. To this list, another must be added: AVOCADOS.

The Aggrieved Victims Of Crushing Academic Debt Obligations have it rough. Life has been particularly unkind to the 5m or so youngish people who entered university between 2012 and 2023. High housing costs in places that have good jobs butcher living standards. A career-stalling and social-life-wrecking lockdown interrupted their 20s and left scars, both psychological and economic. To cap it off, Britain’s student-loans system acts as an age-based tax system, whipping away 9% of earnings—or 15% for

postgrads—above a certain income. In Britain, when you were born determines how much you pay in tax as much as how much you earn. And, often, AVOCADOS pay the most of all.

When Rachel Reeves, the chancellor, ran through [her budget](#) on November 26th, it was AVOCADOS who were among the hardest hit. Freezes to income-tax thresholds mean that the taxman will take a greater share as their wages increase throughout their 20s and 30s. But the repayment points of student loans were also frozen, meaning that the Student Loans Company (the taxman in plastic glasses and fake moustache) will take a greater share, too.

For now, AVOCADOS are treated like pollution—an externality to be punitively taxed. An AVOCADO with a master's degree on £30,000 (\$40,000) faces a marginal rate of 43%. Someone over 66 in the same job would pay 20%, as they are exempt from National Insurance, an income tax in all but name; a non-graduate would have to earn more than three times as much before they paid a higher marginal rate. Earning more to pay it off faster is little help: when an AVOCADO's salary rises, so does the interest rate on their debt, up to 6.2%. Students should pay for degrees that benefit them. But AVOCADOS are squeezed until the stone squeaks.

It was not supposed to be like this. Labour is, after all, the AVOCADO Party. When elected last year, the average age of new Labour MPS was 43, and more than 20 on their benches were 20-somethings. The party's voting alliance was one that skewed heavily towards the young and well-educated. Why would a party of AVOCADOS not govern for AVOCADOS?

Partly, it is the politics of least resistance. AVOCADOS vote far less than other age groups. Turnout among the under-35s did not break 50% at the last election. Likewise, student loans are largely ignored, compared with other issues. Changes to the loans will raise £400m (0.01% of GDP) per year, or roughly as much as a new “mansion tax”, levied on homes above £2m which attracted far

more screeching. Newspapers were filled with the victims of a brutal reverse-mugging by the housing market, which wrestled their wallets open and filled them with housing equity.

Outright intergenerational warfare is never a vote-winner. Grandchildren love their grandparents and grandparents love their grandchildren; political conflict is often within generations rather than between them. All parties can do in such circumstances is govern well, making the tax system as fair and efficient as it can be. Instead, Labour is hitting people who support the party with exorbitant marginal rates, and giving distorting perks to people who will never vote for them and who, often, have little need. Is it politically astute? No. But is it the *right* thing to do? Also no.

Mostly, however, it is cowardice. If ever there was a moment to placate the AVOCADOS, a 148-strong majority with little reliance on older voters was it. Such opportunities for sweeping reforms to Britain's unfair intergenerational settlement are rare. Rather, Ms Reeves made it worse. A pensioner solely reliant on the state pension will not have to pay income tax once it creeps over the threshold, pledged the chancellor; pensioners can keep more tax-free savings in cash rather than stocks. A government unwilling to make pensioners pay a token amount of tax is unlikely to unpick the triple-lock, which guarantees that pensions will rise by the higher of average earnings growth, inflation or 2.5%, and which will engulf Britain's finances if left untouched for long enough.

So who will speak for the AVOCADOS? Reform UK is too right-wing for progressive 20-somethings. The Conservatives are hopeful that younger people, fed up with giant marginal tax rates, will return to what has historically been Britain's low-tax party. But the party of economic dynamism relies on the votes of pensioners who would rather put their feet up. An AVACADO would not fit in.

A heart of stone, rind so tough it's crazy

Increasingly, the young, well-educated and annoyed are heading to Zack Polanski's Green Party, which welcomes AVOCADOS. At the last election, it pledged to look at student-loan forgiveness, which —given the student-loan book is about £267bn—would fix the inequities in the current system by creating gaping new ones. But when growth is low, politics becomes zero-sum: a fight for a bigger slice rather than a bigger pie. Why bother with a party that will simply make student loans fairer? Politics becomes extractive. Seize the state and then divert its proceeds into your own wallets.

The AVOCADOS will not go away. Due to stiff interest rates and lousy real-wage growth, student debts, unlike student politics, will not fade over time. Instead, the AVOCADOS will ripen into middle age, curious why their pay packet seems so light every month, especially when compared with a colleague who skipped university or who is entering their dotage. It will shape politics for a generation to come. Rotten fruit can make a stink. ■

<https://www.economist.com/britain/2025/12/03/pity-the-avocados>

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International

- **Western armed forces have struggled to fill their ranks to deter Russia**
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- **Trumpworld thinks Europe has betrayed the West**

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Defence

Western armed forces have struggled to fill their ranks to deter Russia

More sensible recruiting policies could help

Dec 10, 2025 01:58 PM



“WE NEED TO mobilise,” Emmanuel Macron, the president of France, said on November 27th as he introduced a new scheme for voluntary service in the armed forces almost three decades after France phased out conscription in the 1990s. “The only way to avoid danger is to prepare for it.”

The French effort, which aims to recruit around 3,000 volunteers next year and as many as 50,000 a year by 2035, is but the latest by Western armed forces that are trying to fill their ranks and bulk up after decades of shrinking since the end of the cold war. Although France has ruled out reintroducing mandatory national service, several other European countries have turned to it, including Latvia, Lithuania and Sweden. Others are inching closer to doing so. Germany’s government recently proposed the compulsory registration of all 18-year-old men as potential recruits.

The main reason for this newfound urgency can be found in the trenches of Ukraine. After the end of the cold war, Western countries sat back to enjoy the dividends of peace. Few, Finland being a notable exception, saw any need to maintain large standing armies backed by tens of thousands of reservists. America's rapid destruction of Iraq's army during the first Gulf war (1990-91) suggested that lean, professional forces with superior technology could defeat much larger foes. Yet Western generals have not failed to notice the staggering casualties being taken by infantry soldiers on both sides in the war in Ukraine. If faced with similar losses, the highly trained armies fielded by most Western countries would very rapidly be ground down. The lesson is that far more troops will be needed during high-intensity conflicts, says Edward Arnold of the Royal United Services Institute (RUSI), a think-tank in London.

The second reason is a long-running recruitment crisis that has left many Western forces unable to fill even their smaller armies. The American army missed its recruitment targets in 2022 and 2023 by 25%, equating to about 15,000 active-duty soldiers per year. The Pentagon called 2023 the “toughest year” since the inception of an all-volunteer force in 1973. Britain, meanwhile, commands around 137,000 regular troops, its smallest number in 181 years. Canada, Australia, Japan and New Zealand have all been struggling to recruit enough regulars.

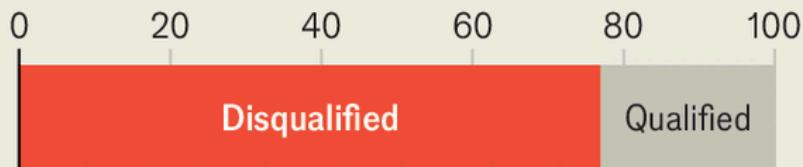
Some think this is because young people are more individualist and focused on their careers than previous generations. Motivations for enlistment are a blend of patriotic ideals and pragmatic concerns, reckons Anthony King of the University of Exeter. But he frets about the erosion of a sense of national duty, as well as a scepticism of nationalism that dates back to the 1970s, a time of heightened anti-war sentiment. There is evidence to support this view. Polling in 45 countries by Gallup International last year showed that fewer people were willing to fight for their country than ten years earlier.

Fit to fight

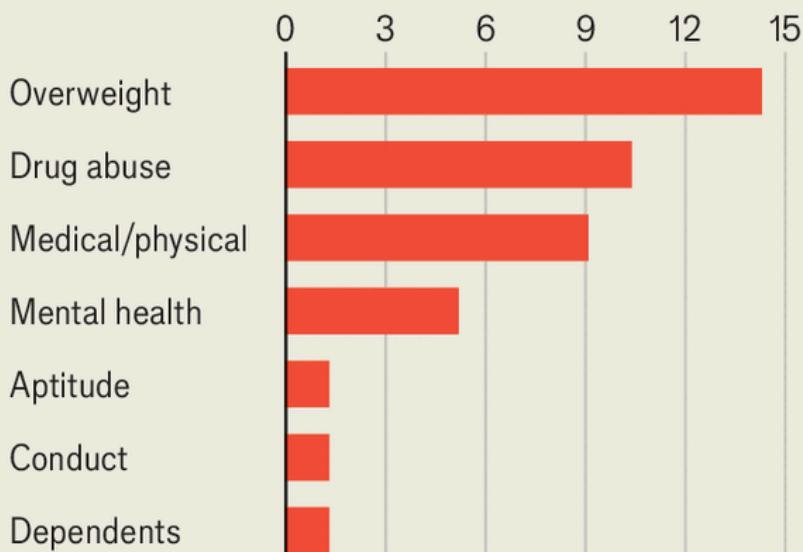
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United States, 17- to 24-year-olds, 2020

Eligibility to join armed forces, %



Reason disqualified from joining armed forces*, % of total disqualified



*Excluding 57% disqualified for multiple reasons

Source: Department of War

Yet instead of berating would-be recruits for their attitudes, defence ministries would do well to examine their own shortcomings. A closer look at recruitment data shows that there are more young people willing to serve their country than there are billets to accommodate them. The problem is that only a minority are suitable—most are too fat, drugged-up or depressed to serve (see chart 1). Only 23% of Americans aged 17-24 met the requirements to join up based on their weight, medical conditions and previous drug usage, according to a Pentagon study, based on pre-pandemic

data. Alas, things have only worsened since. Recruiters in Denmark, Sweden and Britain turned down around 60% of applicants.

Yet this probably says less about the fitness of the young than it does about the bureaucratic obstacles Western forces have put in the way of them signing up. Some medical disqualifications bordered on the absurd. Acne, eczema or a broken leg in childhood have kept out would-be recruits, even as active soldiers who developed such conditions were allowed to stay on. One Australian minister succinctly called these rules “stupid”. Researchers from RAND Corporation, a think-tank, noted that anyone treated as a teenager for attention-deficit hyperactivity disorder (ADHD), which affects around 10% of children, would have to get a waiver in order to join the army. So would many of the roughly one-third of American 18-year-olds who said they had used marijuana at least once in the previous year (though very occasional use is overlooked and presumably many recruits lie).

Particularly galling was RAND’s finding that the demand for waivers is pointless. Although recruits who came in with a minor criminal record for marijuana possession were slightly more likely to be kicked out of the army on a drug charge, those recruits performed better than average in other areas. “Recruits with a history of marijuana [use] were just as likely as other recruits to complete their first term and make sergeant, and they were less likely to leave the army for health or performance reasons,” RAND reported.

Britain, Canada and Australia have begun slashing these restrictions. They promise to apply more discretion when considering cases of ADHD, asthma or allergies. Yet the process of applying for a waiver is often more daunting than an assault course. In Britain, which outsources recruitment to a private firm, some applicants have waited for four years. In America between 61% and 73% of waivers were granted in the period 2016-20, but long wait

times often resulted in highly qualified, enthusiastic candidates seeking employment elsewhere.

One approach is to close the eligibility gap. In 2022 the US Army instituted a preparation course, where willing recruits go through 30-90 days of physical training and schooling to help them meet the minimum standard required to sign up. More than 51,000 trainees have joined the army through this Future Soldier Preparatory Course, according to data provided by the US Army Recruiting Command. The US Navy has followed suit with its own conditioning initiative.

Yet instead of raising would-be recruits to the required standard, some armed forces are lowering their standards. In some cases, such as ending bans on tattoos, beards and moustaches, this makes sense. But others seem short-sighted. New Zealand and Canada, for instance, have reduced some of the intellectual requirements such as high-school diplomas and aptitude tests. And some, including Britain, are making fitness tests easier.

Tinkering with standards can open the government to accusations that it is compromising troop quality, says Katherine Kuzminski of CNAS, a Washington-based think-tank. Hence governments tread with caution. Most armed forces insist that despite these changes, troop quality remains top-notch. But British military officers privately grumble about slipping fitness standards. This has consequences: fewer British recruits are making it through successive stages of training, possibly because they are coming in with a lower level of fitness, motivation or resilience.

Armed forces are trying to compete better in the job market. Last year British troops had their biggest pay rise in two decades. Sign-up bonuses are generous, too. Housing, health care, college-tuition fees, relocation and mortgage financing are all part of the deal. The message is clear: ask not what you can do for your country, but what your country can do for you.

For king and country

2

Britain, new armed-forces recruits, '000

12-month moving average

■ Army ■ Navy and Marines ■ Air Force



Source: Government statistics

These changes are paying off. This year America's army met its recruitment target four months ahead of schedule, a remarkable turnaround in just a couple of years. In the 12 months to October 1st the British armed forces increased in size for the first time since 2021, albeit only by a few hundred people (see chart 2).

Applications increased by 44%. The German Bundeswehr also reported a recruitment uptick of 28%. Canada and Australia met recruitment targets for the first time in over a decade. European countries that allow lottery-based conscription, such as Denmark, Latvia and Lithuania, have seen their armies filled mostly with volunteers.

The problem, however, is that people are leaving the armed forces almost as fast as they join. One in four new recruits drops out of the Bundeswehr within six months of joining; in Belgium, 44% reportedly leave within a year. The promise of surfing on a tropical beach soon gives way to the reality of sleeping in the mud. Of

particular concern is the loss of people with scarce skills. RUSI noted last year that record numbers of officers were leaving the British army and that the number of pilots had dropped to “crisis” levels.

Among the reasons cited by RUSI for the outflow are the difficulties faced by officers in having a normal family life, since many have to change posts every 18-24 months. Many have spouses who work; but frequent moves make it difficult for them to pursue their careers. This inability to retain skilled people does not bode well for Western countries that have ambitious plans to balloon the platoons. ■

<https://www.economist.com/international/2025/12/04/western-armed-forces-have-struggled-to-fill-their-ranks-to-deter-russia>

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The Telegram

Trumpworld thinks Europe has betrayed the West

Centrist governments across the continent rightly sense a trap

Dec 10, 2025 01:59 PM



A FEW MONTHS ago Western governments were sunk in gloom because America no longer sounded or acted like a reliable friend. Today American flakiness is the least of their worries. A growing fear among allies, notably in European countries run by old-school centrists, is that President Donald Trump is choosing sides—and treating liberal Westerners as adversaries.

“We are in a battle for the West,” says a policy adviser in a European capital, a normally hard-to-alarm veteran who has weathered many squalls in transatlantic relations. He describes a “revolutionary fervour” among ideologues who serve in the second Trump presidency. The most zealous of these have moved far beyond old arguments about burden-sharing in NATO. Instead, he reports, hardliners in the Trump administration seek a fundamental reordering of Europe’s politics. Trumpworld’s dream is for power to shift wholesale to parties of the nationalist right, whether that means Reform UK in Britain, the National Rally in France or

Germany's AfD, whose grievance-stoking, immigrant-scorning agendas overlap with MAGA's.

As Trump loyalists weigh in on Western culture wars, they sound ever less willing to help allies deter an actual war with Russia. A second official from Europe relates Washington meetings in which MAGA types lay out their reasoning. European governments of the centre-left and centre-right are accused of destroying Western civilisation by allowing mass migration, betraying traditional social values and censoring conservative speech. Those governments are further charged with surrendering their sovereignty to the EU, an organisation that Mr Trump says was created "to screw" America, as MAGA loyalists point out. Meeting after meeting ends with the same conclusion: Europe is an enemy that does not deserve to be defended by America.

Europe is being singled out. In today's Washington, it is often spoken of with greater loathing than either China or Russia. A big theme of the second Trump presidency is that it is done with policing the world, or even trying to make it a kindlier place. In a speech in Saudi Arabia in May Mr Trump deplored the harm caused by "Western interventionists" who lectured Middle Easterners on how to govern themselves. Reinforcing that no-meddling message, in July the State Department instructed American embassies worldwide to stop commenting on the fairness or legitimacy of elections in their host countries, and to focus on strategic interests rather than abstract democratic values.

Against that hands-off approach, prominent members of Trumpworld have strong views about how Europe should be governed. The vice-president, J.D. Vance, used a speech to the Munich Security Conference in February to raise some valid questions about heavy-handed European controls on speech and the "firewalls" erected by mainstream parties against populist rivals in some countries. But Mr Vance crossed the line into partisan point-

scoring when he called such policies a “threat from within” that he claimed was more dangerous than Russia.

That line of attack returned on November 24th when the State Department announced that American embassies in Europe, Australia, Canada and New Zealand had been told to collect data on “crimes and human rights abuses” committed by immigrants, with a special mention for attacks by radical Islamists against Christians and Jews. Unveiling the new policy, a State Department official called mass migration an existential threat to Western civilisation and the safety of both the West and the world. Then came a veiled threat. “In order for us to have a strong alliance” with governments in Europe, Australia, Canada and New Zealand, the official explained, their citizens must be heeded when they complain of immigrants taking houses and jobs, triggering spikes in crime or attacking children. Accordingly, American diplomats have been ordered to lobby host governments to tighten migration policies.

In reality, when it comes to influencing immigration policies, American lectures can hardly compete with the pressure that national politicians face from their own voters. The most likely consequence of this new policy will be some horribly awkward meetings for American diplomats. Armed with MAGA talking-points, hapless political counsellors will head to European government ministries past newsstands papered with headlines about border controls and asylum-seekers: for such stories are front-page staples across the West and are prompting tighter migration rules. Then, with a straight face, American diplomats will explain to their hosts that voters are really worried about immigration.

The leader of the free world? Not any more

Europeans have a right to speculate about the Trump administration’s true motives when it accuses them of undermining the civilisation of the West. The term has a narrow, sectarian edge

to it, especially given Mr Trump's recent pledges to expel American residents "non-compatible with Western Civilisation". In recent years America's allies in the West have felt themselves united by fundamental values, including liberal democracy, capitalism, the rule of law and the separation of powers. Given Mr Trump's loathing of constraints on his presidential power, it is not reassuring when his officials talk of civilisation rather than values.

Allies may wonder, too, whether America wants an excuse to simply wash its hands of European security. For decades shared values and security needs were seen as mutually reinforcing. One neat line was that the West evolved "from Plato to NATO". Today NATO offers America a lever for coercion. If Trump-defined civilisation is to be the test, then he, not values, becomes the arbiter of membership of the West. If conservative nationalism is what counts, why not include Russia? A battle for the Western soul looms. Unity is already a casualty. ■

<https://www.economist.com/international/2025/12/02/trumpworld-thinks-europe-has-betrayed-the-west>

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Creative tension

From micro-dramas to video games, Chinese entertainment is booming

But how much slack will the Communist Party give creators?

Dec 10, 2025 01:58 PM | Shanghai and Zhengzhou



ARTSY FILM critics are unlikely to be impressed by China's micro-dramas. Even so, the roughly two-minute episodes, which cram soap-opera plots into a short-video format, are wildly popular. Watched almost exclusively on mobile devices, viewers can scroll mindlessly through episodes as they would clips on TikTok. Revenue in China from micro-dramas is projected to nearly double this year, to 90bn yuan (\$12.7bn)—exceeding sales of cinema tickets. Chinese studios shot 40,000 of them in the first eight months of the year (a typical series has 90 episodes).

The micro-drama craze is but one example of the creative surge under way in China. Earlier this year “Ne Zha 2”, produced by a Chinese studio, became the best-performing animated film of all time at the worldwide box office. “[Black Myth: Wukong](#)”, a video game, similarly captivated players when it was released a year ago. This presents a quandary for the Communist Party, which is waking

up to the value of [exporting Chinese culture](#) abroad but wary of unshackling artistic types from tight censorship.

The government has long tended to prioritise science and technology ahead of entertainment, discouraging investment in areas such as gaming and short videos. Tight controls on content have not just dissuaded investors but also redirected talent to other industries.

Nonetheless, the country's tech giants have continued to pour money into entertainment. Take "Black Myth: Wukong". Tencent, an internet conglomerate, helped to bankroll the company behind the game, which was founded by Feng Ji, a former executive. Those funds gave Mr Feng more time to develop the game, and the ability to launch a marketing campaign four years before its release. The studio behind "Ne Zha 2" was backed by the boss of Meituan, another tech company.

Such support has been vital for a new generation of creative talent. Many, including Mr Feng and Yang Yu, the director of "Ne Zha 2", were born in the 1980s, just as China was opening to the world. They came of age in the early 2000s, when internet censorship was nascent and access to foreign websites and culture was much freer than it is today. University enrolment also surged during that period, including in the humanities.

The influence of tech giants can also be seen in the business models that have emerged around Chinese entertainment. Much of it is mobile-based. iQiyi, China's version of Netflix, is viewed more on mobile devices than it is on TV sets and computers. Games are primarily played on phones and tablets. Then there are China's popular short-video mobile apps, including Douyin, the local version of TikTok, and Bilibili, which is similar to YouTube.

Cashing in on content often means focusing on e-commerce, rather than (as in the West) ads or subscriptions. Popular creators on

Douyin hawk merchandise on live-stream channels. Bilibili has created membership communities that give users exclusive access to products and live performances. Micro-dramas may move in that direction, too. Chen Ou, the founder of Jumei Film Base, a leading micro-drama studio in Zhengzhou, says his company is starting to monetise its star power with live-streaming sales. AliFish, a platform run by Alibaba, China's biggest e-commerce company, lets the owners of creative content pair up with businesses that will manufacture and sell merchandise for them, as well as marketers eager to put their characters to work.

The centrality of local tech giants to the entertainment industry is only growing. ByteDance, the owner of Douyin, often invests in content creators who have become popular on its short-video apps. Tencent has bought stakes in hundreds of gaming, film and TV studios, and holds stakes in content distributors such as Bilibili and Xiaohongshu, China's answer to Instagram. And nearly all large tech companies in China are snapping up rights to micro-dramas—even those with little experience in entertainment, such as Baidu, a search giant, and Pinduoduo, another e-commerce firm.

Whether all this will result in the type of enduring intellectual property that powers the Western entertainment industry—think James Bond or Star Wars—is unclear. Franchises that resonate across generations are costly and slow to develop, notes Ivy Ng of DWS, a German asset manager. They require original narratives and significant continuing investment. Many of China's recent cultural successes have relied more on celebrity endorsements than on creative brilliance. The country's entertainment industry remains “focused on virtual, code-based and asset-light operations”, says Ms Ng.

The government is watching

An even bigger uncertainty is how much freedom the Communist Party will give creators. Censorship in China remains harsh. The

government demands that films and TV shows adhere to socialist values and bans the most salacious content, such as sex, superstition and excessive violence. Topics as anodyne as divorce are sometimes censored. The result has been widespread risk aversion. For example, when companies license content from studios, their agreements often stipulate that the creator must pay back any damages resulting from censorship. Rather than thriving on edginess and controversy, creators thus survive by removing anything that could irk the censors. The government has also railed against “over-entertainment”, or excessively stimulating content.

Yet there are signs of change. The Communist Party seems impressed by the recent success of Chinese entertainment and, in a break with the past, is promoting more of it. It has created at least seven “animation industrial parks” across the country, much as it has built special zones for factories in recent decades. Some cities now promise tax relief for content producers. Many local governments are investing in micro-drama studios.

Some burdensome restrictions on the industry are also being eased. In August the TV regulator altered its rules to remove an arbitrary 40-episode cap on series, streamline the review process for content and allow local adaptations of foreign shows. Policies on video games have also been relaxed and the government has become more supportive of developers, according to Cui Chenyu of Omdia, a research firm.

As for micro-dramas, which are chock-full of the kinds of taboo topics and comedic violence that usually irk censors, industry insiders say the sheer volume of content has resulted in looser or fewer checks. Perhaps the addictive clips have also found some fans in the halls of power in Beijing. ■

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Showing up

China's unlikely new entertainment capital

Zhengzhou is emerging as the Hollywood of micro-dramas

Dec 10, 2025 01:59 PM | Zhengzhou



EVEN AMONG Westerners who have dabbled in [Chinese micro-dramas](#), few will have heard of Zhengzhou, the sooty city at the heart of the industry. In recent years the drab inland manufacturing hub of 13m has mostly made the news for deadly floods, factory protests and the severity of its real-estate crisis. Yet it is now churning out shows that are being watched around the world.

In 2023 Chinese marketing executives began shooting series of 90 episodes, each lasting two minutes, to promote the country's online-novel industry. As social media began promoting the clips, the format took off. Zhengzhou wisely got in on the action early. Officials wrote micro-dramas into economic-planning documents, built studios and established state-owned investment funds dedicated to supporting the industry.

Zhengzhou's property crisis has been an asset to micro-drama producers. Real-estate costs are so low in the city that vast film-production complexes can be set up on the cheap. Jumei Film Base,

one of the largest studios, was built in 2023 in a derelict shopping centre on the outskirts of the city. The industry operates on bare-bones budgets, making Zhengzhou more attractive than Beijing or Shanghai. Local actors are paid just 1,000 yuan (\$141) a day and often work gruelling hours. Their money goes much further in China's interior.

Chinese micro-dramas are also starting to take off in the West. Some are even produced in America, with scripts translated into English and then shot in places such as California. But many micro-dramas aimed at Westerners are also being produced in Zhengzhou. Foreign actors who fly into the city can earn around \$1,000 a day.

Creating content for foreign audiences on Chinese soil is sensitive. To sell well overseas, micro-dramas need racy plot lines that may break the Chinese government's strict censorship rules. As a result, steamy scenes with foreign actors must be shot discreetly. Your correspondent was given freedom to wander Jumei's facilities. But when he trod onto a set with scantily clad foreign actors, he was quickly shooed away. ■

<https://www.economist.com/business/2025/12/04/chinas-unlikely-new-entertainment-capital>

Jobs for the bots

Lessons from the frontiers of AI adoption

Why coders and call-centre agents are especially vulnerable to the technology

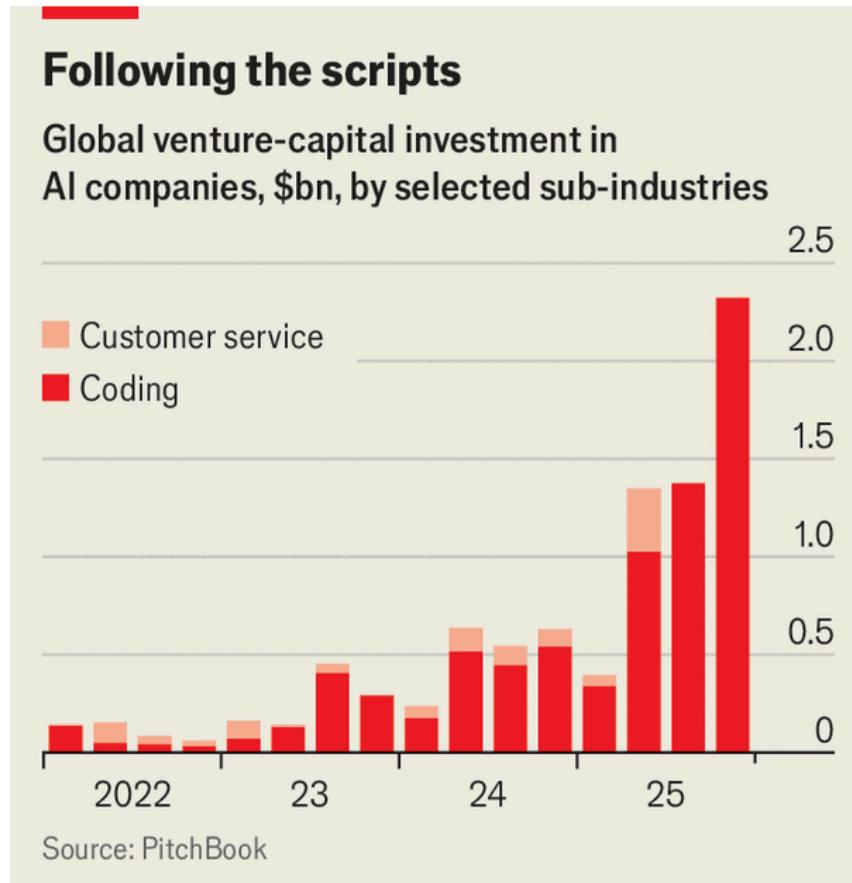
Dec 10, 2025 01:58 PM



IT IS BECOMING ever more common for bosses to talk up their artificial-intelligence efforts while wielding the axe. Last month Enrique Lores, chief executive of HP, said that the computer manufacturer would cut around 5,000 jobs within three years as it embeds “AI in everything we do”. The same day Marguerite Bérard, boss of ABN Amro, a Dutch bank, unveiled sweeping lay-offs of her own, declaring that her company was “embracing AI to improve client services and reduce costs”. According to Challenger, Gray & Christmas, an employment firm, AI was cited as a cause in a fifth of the lay-offs announced by American companies in October.

Much of this is posturing. A company looks better if it attributes staff cuts to its technological prowess rather than pandemic-era over-hiring. So far, the evidence that AI is changing the labour market in a big way remains weak.

Yet that could change once companies adopt the technology [more widely](#). Over the past few years plenty of researchers have sought to identify which jobs are most at risk by speculating about the types of tasks ChatGPT-like AI will be able to perform best, and determining where those tasks are most prevalent. A different approach is to look at the jobs where adoption of AI is already gaining pace and consider what links them. Two stand out.



First is computer programming. Some two-thirds of coders say that they use an AI tool at least once a week, according to data from Stack Overflow, an online forum. Microsoft's GitHub Copilot, one coding tool, has 26m users worldwide. Venture-capital (vc) spending is pouring into rivals, such as Windsurf and Cursor (see chart). According to Anthropic, a model-maker, a third of queries sent to its chatbot relate to computer programming.

Second is customer service. A survey by Gartner, a research firm, found that 85% of customer-service managers planned to

experiment with AI this year. Companies from IBM, an IT giant, to Lufthansa, a German airline, are injecting the technology into their customer-service operations. VC investors are also backing AI startups targeting the occupation, such as Cresta and Sierra, though they have focused on it less than coding. The share price of Teleperformance, a French customer-service outsourcer, has slid by three-quarters since the launch of ChatGPT in 2022 amid expectations of looming upheaval.

What links these jobs? Consider first the nature of the work. Both involve plenty of repetitive tasks, but so do many others. In addition, however, the tasks performed by coders and call-centre agents tend to be “context-light”, meaning that those who do them don’t need a deep understanding of the company, notes Kabeh Vaziri, of Gartner. They are also “easily verifiable”: programmers can run tests on chunks of code to ensure that they work; call-centre supervisors can look at whether a customer’s problem was resolved and how happy they were after the interaction.

A second factor that makes these two occupations particularly fruitful terrain for AI is the abundance of available data that can be used to train models. Github Copilot has an enormous repository of code to learn from; customer-service units often have years of transcripts. Other information, such as “upvotes” in coding forums, can help the AI system judge an answer and improve the model.

A third commonality is that both occupations are big prizes for AI firms to target, encouraging investment in tailored software. In America 3m people work in customer service, typically in call centres, and another 2m are software developers. Cut out manual jobs and both occupations are among the country’s five most common

The links between coding and customer service offer clues as to where AI adoption may take off next. Junior bankers and lawyers, who are less numerous but handsomely paid, are already in

startups' sights. What is more, the cost of using AI is [plummeting](#) as models and hardware become more efficient, which may lead to a wider range of fields being targeted. At the same time, big businesses are busily sorting out their siloed, disorganised data, which should help with developing custom tools for white-collar workers. The AI of tomorrow will probably be both more specialised and more widespread. When that happens, bosses who blame the technology for lay-offs may no longer strain credulity. ■

<https://www.economist.com/business/2025/12/01/lessons-from-the-frontiers-of-ai-adoption>

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Animals, ink

Even Europe's penmakers are under threat

But one quirky Italian brand is thriving

Dec 10, 2025 01:58 PM



SOME SCHOOLS have resorted to banning them, to prevent distraction, peer pressure and outright theft. Not mobile phones, but Legami gel pens. Children across Europe love the Italian firm's colourful pens, with their animal heads and catchy slogans: "Bee Different"; "No Probllama". They collect them, trade them—and sometimes pinch them.

Legami is growing fast, even as many of its Western competitors are in dire straits. The 22-year-old firm, based in Bergamo, has increased its sales from €76m (\$80m) in 2022 to €245m last year; this year it hopes for over €300m, half of it abroad. Legami sells its pens in 70 countries, via more than 10,000 retailers. It has 146 shops of its own, and plans to reach 180 by March.

Older penmakers are having a harder time. Faber-Castell, Pelikan and Schwan-Stabilo, German firms founded in the 18th and 19th centuries, have been shedding jobs. Stabilo, whose sales fell by 6% in 2024, hopes to trim its staff through attrition alone. But Pelikan,

bought in 2023 by France's Hamelin group, is cutting 250 of its 500 jobs in Germany. Faber-Castell is also firing workers. America's Newell Brands, which makes the Sharpies favoured by President Donald Trump, said on December 1st that it would cut 900 jobs, or 10% of its workforce.

Their woes can be traced to the digitisation of offices and homes, costlier raw materials and growing competition from Asia. The Chinese, already the dominant suppliers of ballpoints, are even making inroads into the market for fancier pens. That has long been the preserve of swanky European brands such as Montblanc, owned by Switzerland's Richemont, and family-run Caran D'Ache, based in Geneva, whose range includes a fountain pen carved in gold and set with diamonds, priced at \$1m.

For now, at least, Europe remains the leading purveyor of such extravagant writing implements. And for penmakers that aren't Caran D'Ache or Montblanc, Legami's success suggests that a penchant for fun can also pay. As the motto of its bunny pen puts it: "Don't worry, be hoppy." ■

<https://www.economist.com/business/2025/12/04/even-europe-s-penmakers-are-under-threat>

Changing lanes

To halt their decline, VW and others are turning Chinese

Foreign carmakers are localising their operations in the country

Dec 10, 2025 01:58 PM | Hefei



Due for an overhaul

FOREIGN CARMAKERS doing business in China once avoided talk of “technology transfer”. Their Faustian bargain with the country’s government allowed them to access its vast car market in return for the know-how they transmitted through joint ventures. Now that the flow of technology has reversed, they use the phrase openly. In a recent presentation on its business in China, executives from Volkswagen (vw) happily noted that it was “leveraging local partners for technology transfer”.

Over the past few years foreign carmakers in China have been flattened by local rivals such as BYD that have fast become world leaders in electric vehicles. As the Chinese market has gone electric, foreign carmakers’ share of it plummeted from 62% in 2020 to 35% last year. vw has lost its position as the top carmaker in the country. Last year it sold 2.9m cars in China, down from 3.9m in 2020. Only around 200,000 were EVs.

Some foreign carmakers, including America's Ford and General Motors, are scaling back in China. But others are adopting local technology in an effort to fight back, by shifting more of their operations to the country and working with local firms. Toyota, Japan's carmaking colossus, has expanded research and development in China, and collaborates with companies including BYD and CATL on batteries and Pony.ai on autonomous driving. Honda, another Japanese carmaker, is working with DeepSeek, an artificial-intelligence star, and Tencent, an internet conglomerate. BMW, a maker of posh vehicles, has built up a team of 3,000 local engineers and software developers, and has started collaborating with firms such as Alibaba, another internet giant, and Huawei, a maker of telecoms gear that also produces systems for cars.

No foreign carmaker, however, is doing more to become Chinese than vw. It is planning to release 30 new mass-market EV models in the country over the next five years, with the first due in early 2026. They will come with advanced self-driving capabilities and sleek interiors sporting large display panels—features that Chinese buyers often prize above all else—and will be significantly cheaper to make than earlier models. vw is also considering selling the cars in Asian markets such as Thailand, which Chinese companies are currently bombarding with cheap EVs.

To do this, vw is overhauling how it operates. It has built an innovation centre in the city of Hefei that employs more than 3,000 engineers, most of whom are Chinese. The facility is fully owned by vw, rather than being jointly held with a state-owned Chinese partner (which its local carmaking factories are). Perhaps its biggest advantage is that it has the ability to make many decisions without approval from headquarters in Germany. That freedom has helped reduce the time it takes to develop a new EV by about 30%.

Partnerships with local firms are the other important feature of vw's China offensive. One of these is with Horizon Robotics, based in Beijing, which has helped it develop self-driving systems and

chips. In 2023 vw also bought roughly 5% of Xpeng, a Chinese carmaker, for \$700m, with which it is co-developing two EV models. An agreement between the two allowed vw engineers to temporarily move to Xpeng's headquarters in Guangzhou to learn how it makes cars. vw also bought reams of code from the company.

Will the effort pay off? One risk is that vw's operations are still not sufficiently localised to compete. Chinese carmakers have gained an edge over foreign ones with tight-knit supply chains that make them faster and cheaper. Another risk is that the vicious price war in the Chinese EV market makes even new models unprofitable. Thomas Ulbrich, vw's technology chief in China, says it is difficult to know where prices will be in a year's time, though he reckons that they will eventually reach a floor. Its Chinese rivals are backed by investors and state lenders that have been willing to accept years of losses, allowing them to focus on growth over profitability. That is a degree of localisation vw may find hard to pull off. ■

<https://www.economist.com/business/2025/12/04/to-halt-their-decline-vw-and-others-are-turning-chinese>

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High and Drahí

Patrick Drahi has bested his lenders yet again

The world's messiest debt restructuring just got even uglier

Dec 10, 2025 01:59 PM | New York



AFTER YEARS OF debt-fuelled expansion, Altice divided itself in three. Since 2018 the American arm of the telecoms empire has stood alone. Under a web of Luxembourg-based entities sit Altice France, which owns SFR, its country's second-largest operator, and Altice International, with businesses in Portugal, Israel and the Dominican Republic. Each part has struggled with a huge debt load while remaining under the control of a shareholder whose approach to debt is singularly ruthless: borrow as much as possible, then squeeze the lenders. Lately creditors have been wrung out even further.

Patrick Drahi is a child of Morocco and an alumnus of Polytechnique, the engineering school that manufactures France's elite. His business education, though, was American. In 1999 he began working for John Malone, a cable tycoon. A few years later when Mr Drahi started Altice he took Mr Malone's cost-cutting, debt-loving ways with him. During a furious acquisition streak Altice's debt grew from €2.2bn (\$2.6bn) in 2013 to €50bn in 2017.

Interest rates were low and investors desperate to lend. Covenants, the clauses in lending documents which limit borrowers' ability to take on extra debt or shift assets, were loosened or disappeared altogether.

When Altice France began restructuring its debt last year, Mr Drahi thus held all the cards. When a firm borrows, some of its subsidiaries are "restricted", meaning they are bound by the covenants agreed with lenders. Others are not. Changing a subsidiary from one to the other is tightly controlled. In this case, not tightly enough. Mr Drahi was able to declare parts of Altice France "unrestricted" and thus beyond the reach of lenders. By October, when the restructuring was complete, Altice France's lenders were owed €17bn rather than the original €24bn, and got 45% of the firm's equity. Not only had Mr Drahi survived the debt write-down. He had managed to retain control.

He couldn't do it again—could he? On November 28th Mr Drahi pulled an even more aggressive stunt at Altice International. Operations in Portugal and the Dominican Republic were declared "unrestricted". The previous week lenders had held €8.8bn of loans and bonds backed by €1.5bn of annual operating profit before depreciation and amortisation, already a punchy leverage ratio. They returned after the weekend clinging to just €300m of profits from the Israeli subsidiary, resulting in a comical ratio of 27. Mr Drahi also borrowed a further €750m against the newly liberated operation in Portugal.

In response to such tactics, the masters of the universe are unionising. Credit funds sometimes sign "co-operation agreements" to negotiate with companies collectively. But Mr Drahi has it in for those. On November 25th he sued lenders to Altice's American operation, recently renamed "Optimum", for agreeing not to lend to it while they negotiate. The argument is that co-operation violates antitrust laws and raises the cost of Altice's debt.

Where will it all end for Mr Drahí's lenders? The best hope for creditors to Altice France is a sale of SFR. A deal with a competitor would see debt repaid around par, provided regulators want telecoms consolidation as much as they say they do. The prospects for lenders to Altice International are gloomier. Those to the American arm now depend partly on a court in New York, which will adjudicate on Mr Drahí's lawsuit against their co-operation.

Fights like the one at Altice are becoming more common. "Liability management" deals—dicey restructurings outside bankruptcy courts, such as those at Altice—are booming, enabled by weak covenants. An industry of bankers and lawyers is getting rich based on the resulting gamesmanship. They, at least, expect to be paid in full. ■

<https://www.economist.com/business/2025/12/04/patrick-drahi-has-bested-his-lenders-yet-again>

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Bartleby

How many hours should employees work?

A question that reveals something about every boss

Dec 10, 2025 01:59 PM



NINE TO FIVE is still alive. Sort of. A new survey of labour-force data by Amory Gethin of the World Bank and Emmanuel Saez of the University of California, Berkeley finds that the world's employed adult population works an average of 42 hours a week. This number contains multitudes. Gender, age and levels of economic development affect how many hours people work. Many jobs are not neatly packaged into five eight-hour days. But the 40-hour week is still a norm.

How long people actually work is not the same as how long they ought to. Jobs, incomes and cultural norms vary so wildly that there is no right answer. But how you think about the optimal workweek does say something about the kind of manager you are.

You might choose to emphasise work-life balance. A recent research paper by Gregor Jarosch, Laura Pilossoph and Anthony Swaminathan of Duke University asked workers in three countries what pay cut (or rise) they would accept in order to adjust their

workweek. In Germany and Britain, people would be happy to sacrifice some money in return for more leisure time: the optimal workweek in Germany, for example, would last 37 hours.

Americans, in contrast, would like to work longer and get more money. This might either be a comment on the precariousness of Americans' finances or the fecklessness of Europeans.

You might focus on productivity. Mr Jarosch and his co-authors reckon that cutting the German wage bill and workweek would be to everyone's benefit as long as you make a crucial assumption: that fewer hours can also be good for employers. There is some evidence to support this. John Pencavel of Stanford University analysed the output of British munitions workers during the first world war. He found that beyond a threshold of 48 hours, output from each additional hour worked started to decline. Beyond 63 hours, clocking up extra time did nothing for total output. (Similar patterns also apply in much lower-stakes environments; Mr Jarosch likes to ask people if they ever do their best work on Friday afternoons.)

You might look at things through the lens of cost. It can still make sense to increase the hours of existing workers as long as they are adding value. Employees come with fixed costs in the form of things like health-care benefits. Spreading these costs over longer hours may be better than taking on new, energetic staff with their attendant overheads.

You might stress safety. The risk of fatigue affecting performance can have very serious consequences. A study of paramedics in Mississippi conducted by Tanguy Brachet of Charles River Associates, a consultancy, and his co-authors found that their performance during emergencies declined at the end of long shifts, with fatal consequences.

You might prioritise quality. For some jobs, increased fatigue may be a price worth paying for more experience. A study by Marion

Collewet of Leiden University and Jan Sauermann of the Institute for Evaluation of Labour Market and Education Policy looked at part-time call-centre agents in the Netherlands. The quantity of calls they handled did not rise in tandem with the number of extra hours. But the quality of their work appeared to improve slightly. A tired agent may have got more practised at handling calls about a specific problem affecting customers.

You might see long hours as a sign of a proper work ethic. All-nighters can be a necessity for startups. As they scramble to get their ventures off the ground, lots of work falls on few shoulders. But plenty of founders want to keep intensity levels up even as their firms grow. Earlier this year Sergey Brin reportedly told teams working on Google's AI products that a 60-hour week was the sweet spot for productivity. Narayana Murthy, founder of Infosys, reckons that prosperity in India can only be achieved by 70-hours-plus weeks.

In established companies, too, putting in extra hours is usually a good way to get ahead. Elon Musk once said that no one ever changed the world on a 40-hour workweek. They are less likely to be promoted, too.

There are other ways to approach this question. You might argue that the optimal workweek is defined by output, not hours. You might say that this is one for policymakers, or mumble something about AI. But however you answer, you're not just reflecting your industry and national culture. You're also sending a signal about your own priorities. ■

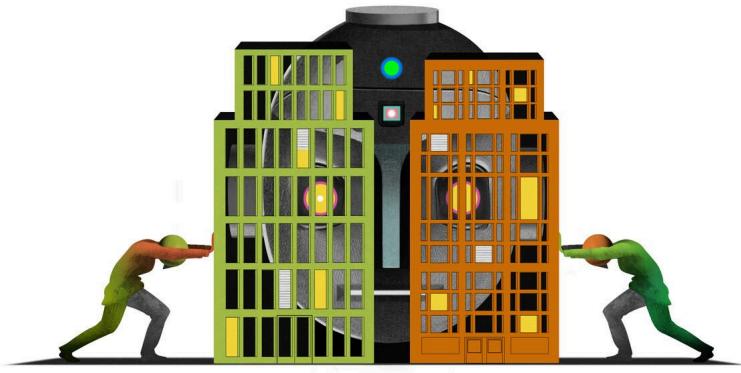
<https://www.economist.com/business/2025/12/04/how-many-hours-should-employees-work>

Schumpeter

Will the mega-merger wave destroy value for shareholders?

It's a coin toss

Dec 10, 2025 01:58 PM



Editor's note: On December 5th Netflix agreed to buy the studios and streaming services of Warner Bros Discovery in a deal worth \$83bn.

OWING TO POPULAR demand from hubristic chief executives, “merger Mondays” are back: ten times this year the workweek kicked off with news of at least one corporate combination worth \$10bn or more. So are merger Tuesdays, Wednesdays, Thursdays and Fridays, brought to you by big business’s record profits, lower interest rates and newly friendly trustbusters.

Union Pacific’s \$85bn purchase of Norfolk Southern, which needs approval from American railway regulators, is the largest takeover anywhere in the world since United Technologies picked up Raytheon in 2019 for \$90bn to create a defence-industrial giant renamed RTX. Netflix, Comcast and Paramount Skydance are in a \$60bn bidding battle for Warner Bros Discovery, the fiercest in

Hollywood since Disney paid \$71bn for 21st Century Fox, also in 2019. Samsung Electronics has set up a mergers-and-acquisitions (M&A) unit which can tap the South Korean technology giant's \$74bn war chest of cash to help it succeed in the AI age.

Fully 32 corporate mega-deals, worth \$700bn in total, have been announced in 2025. With nearly a month to go, this is already the most on both measures since the post-pandemic frenzy in 2021. LSEG, a financial-data provider, counts 63 \$10bn-plus transactions around the world from January to November, including buy-outs of the same size—higher than for any full year in its annals going back to the 1970s.

Today's acquisitive chief executives are undeterred by yesterday's cautionary tales. All agree that AOL's disastrous \$182bn takeover of Time Warner, announced months before the internet bubble popped in early 2000, was tragically mistimed and comically mispriced. All are familiar with the subgenre of management research where "study after study puts the failure rate of mergers and acquisitions somewhere between 70% and 90%," as Clayton Christensen, one of the past half-century's most admired management scholars, and colleagues concluded in 2011. Each boss firmly believes that he (almost always a man) belongs to the 10-30%.

Chief executives are, constitutionally, a self-confident bunch liable to put the mega in megalomania. But how nervous should their latest merger-lust be making shareholders?

Start with the statistics. The world has changed since Christensen's admonition a decade and a half ago. Perhaps firms' M&A record has changed, too? To find out, Schumpeter examined all completed corporate mergers worth \$10bn or more (including debt and not adjusted for inflation) announced between the start of 2010 and the end of November 2020.

In all, 117 megadeals were struck in that time for which data were available to assess the buyers' subsequent five-year financial performance. The deals were collectively valued at \$2.7trn, mostly involved American firms and included their share of heart-stoppers. In 2016 AB InBev gulped down SABMiller, a smaller brewer, for \$103bn. Two years later AT&T forked out \$85bn for Time Warner (which had rid itself of AOL in 2009). The year after that Bristol-Myers Squibb, a pharma giant, popped Celgene for \$79bn.

In the five years following a deal the median buyer's revenue and operating profit grew at an annual rate of 6%, decent but not extraordinary. The ratio of its market capitalisation to the book value of its assets, a common valuation measure, was flat. Its return on capital, a measure of profitability, declined by two percentage points.

This resulted in a mixed bag for shareholders. Half the suitors in the sample outmatched their industry in the five years after a deal's announcement. Their collective excess shareholder returns, above their industry's benchmark index, added up to \$2.8trn. Even once you exclude the \$640bn rise in Microsoft's market value after it bought LinkedIn in 2016, which probably had little to do with its \$26bn purchase of the professional self-promotion engine, the figure is a still impressive \$2.2trn. However, the half that underperformed their peers did so just as impressively, to the tune of \$2.9trn. In short, failure these days is not as common as Christensen once warned, even if the odds of success still appear no better than a coin toss.

More systematic research shows that companies have indeed been getting less bad at combining. Last year Bain, a consultancy, went so far as to publish a report entitled "How companies got so good at M&A". The answer, it found, was that practice makes perfect. Between 2012 and 2022 firms which had bagged at least one acquisition a year averaged annual shareholder returns of 8.5%. M&A-incurious companies eked out 3.7%. Between 2000 and 2010

the serial acquirers' advantage was less than half that. Suzanne Kumar of Bain, one of the report's co-authors, attributes this to several factors: more diligent due diligence; greater focus on new capabilities or adjacent markets rather than merely greater scale in a buyer's core business; and picking many smaller deals over one make-or-break wager.

Tie-ups and downs

Half of this year's mega-mergers are still bets on scale rather than scope. Many are large—in absolute terms, obviously, but also relative to the buyer's size. The median deal is equivalent to 46% of the suitor's market value. Union Pacific is paying two-thirds of its market capitalisation for Norfolk Southern. As a takeover target, Warner Bros Discovery is worth four Paramount Skydances.

In such cases due diligence is, well, paramount. All the more so at a time of profound technological change. Boards should think twice before splurging tens of billions of dollars on a tie-up when AI could soon be helping firms cut costs and, in time, perhaps even raise revenues—the two usual justifications for bet-the-farm M&A. And they should remember that though better than one to nine, those 50-50 odds are still a toss-up. ■

<https://www.economist.com/business/2025/12/04/will-the-mega-merger-wave-destroy-value-for-shareholders>

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Labouring the point

Why worries about American job losses are overstated

Bosses, investors, policymakers—all are fearful of a jobs-pocalypse

Dec 10, 2025 01:59 PM | Washington, DC

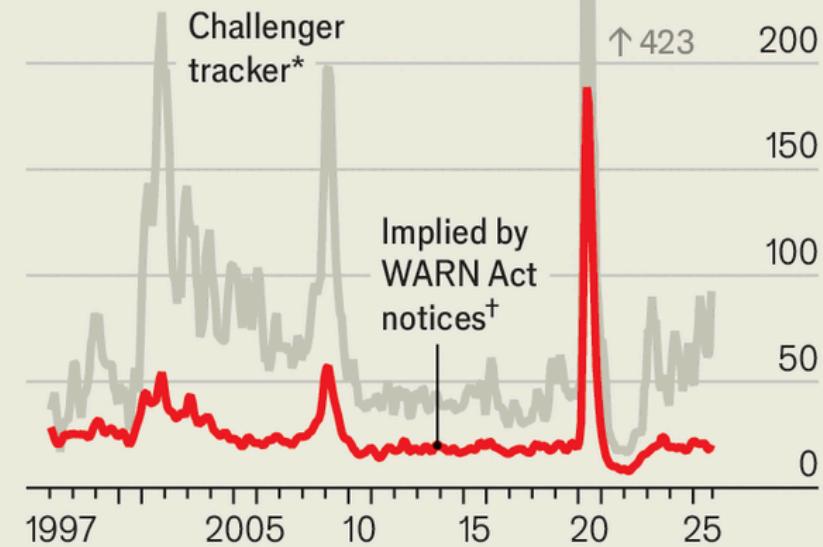


EVERYONE IS GLOOMY about America's jobs market. Investors talk of a “K-shaped” economy, in which growth is buoyed by an exuberant stockmarket and artificial-intelligence investment, while ordinary Americans languish. Job creation and overall economic growth, which usually move in tandem, have diverged. The Federal Reserve has cut interest rates at its two most recent meetings. Jerome Powell, the central bank’s chair, calls the loosening “risk management”, or insurance against a deeper downturn. Christopher Waller, a contender to replace Mr Powell, is pushing for further and faster cuts, beginning at the next meeting on December 10th, to support a weakening labour market.

Amazonian

1

US, firings, three-month
moving average, '000



*Government and private pre-June 2011,

private post-June 2011 †Require large private

employers to give 60 days' notice of mass lay-offs

Sources: Challenger, Gray & Christmas; Macrobond

Look closer, however, and much of the gloom seems to be overdone. American workers have been on a hell of a run. For almost a decade, barring a nasty few months during the covid-19 pandemic, the unemployment rate has bounced around near 50-year lows. Wages have surged, too—fast enough to outpace even the highest inflation since the 1970s. As a consequence, the poorest Americans have flourished: real wages for America's lowest earners are up by 19% since 2015, compared with an 11% rise for the highest. Meanwhile, **inflation is still elevated at 3%**, and it is almost five years since the Fed met its 2% target.

Why, then, the rush to cut rates, and the fears of a jobs-pocalypse? The case for concern has three parts. First, even if there have been no disasters yet, things are undoubtedly moving in the wrong direction. Job openings have been edging down—gradually but consistently—for the past year or two. Unemployment is creeping

up. This is concerning since employment has a tendency to grow slowly and crash quickly. Once a threshold is reached, past experience suggests, a downward spiral sets in that can be hard to reverse. Better, many thus think, for the Fed to act early.



A second worry is that, whatever the official figures suggest, companies seem to be shedding workers. Amazon, a mighty online retailer, and Verizon, a telecoms firm, have both announced plans to lay off tens of thousands of people. An influential tracker of firing plans maintained by Challenger, Gray & Christmas, an employment consultancy, showed private-sector firings spiking in October to their highest in over a decade, excluding those during

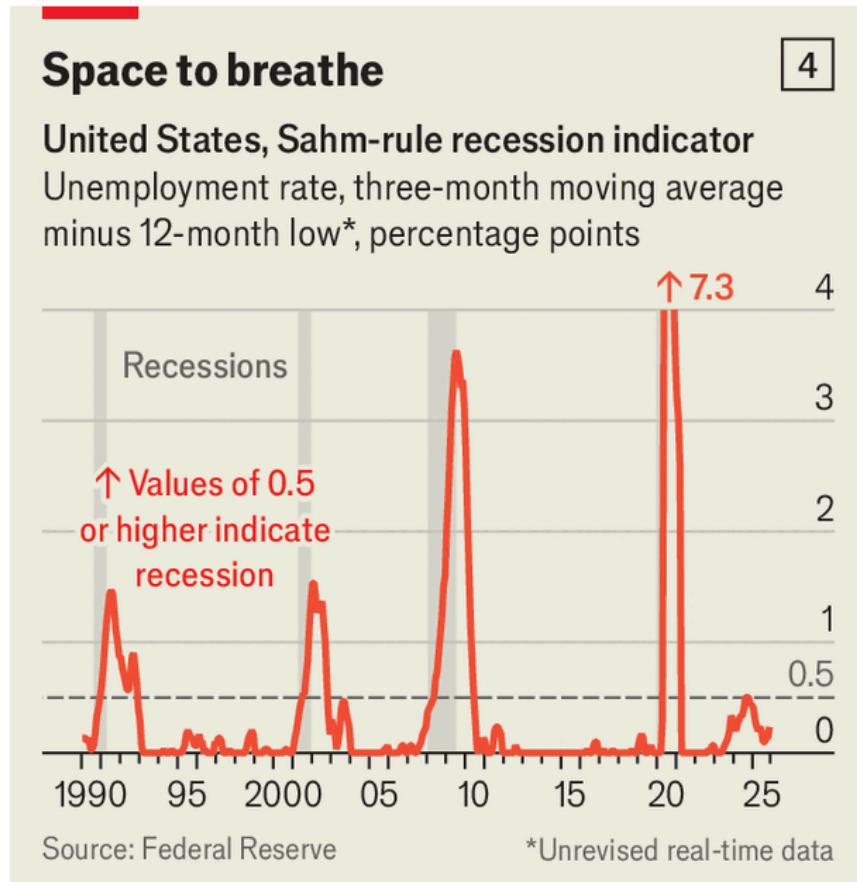
the pandemic. A broader measure, based on official notices that bigger companies must file ahead of big job cuts, also rose a little (see chart 1), as did mentions of lay-offs in earnings calls.

The final reason for concern is glum survey data. [Consumer confidence](#) has been dire ever since the post-pandemic inflation surge. It is now near a record low. Over the past few months Americans have also started to worry about what will happen if they lose their job. Respondents to a survey by the New York Fed put their odds of finding a new one in the next three months at under half, worse even than in the midst of the pandemic (see chart 2).



On each front, though, there are convincing counter-arguments. Unemployment is creeping up, but at 4.4% is hardly high by historical standards. Indeed, it has been higher nearly three-quarters of the time since 1948, when comparable data began to be collected (see chart 3). The share of prime-age workers (25- to 54-year-olds)

in employment has been steady at around 80% for the past few years, almost the highest ever. Revisions firmed up soft payroll numbers that had caused concern over the summer. Some 119,000 new jobs were created in September, well above the 50,000 or so that forecasters expected. Data for later periods have been delayed by the government shutdown, but claims for jobless benefits are still low. Although people fret about finding a job, there has only been a slight uptick in the number who actually expect to lose their current one.



Analysis by Goldman Sachs finds that lay-off announcements tend to run about two months ahead of actual jobless claims. The bank now puts the odds of a half-a-percentage-point rise in the unemployment rate over the next six months at as high as 25%, up from 10% in the spring. Thankfully, though, the economy has some buffers. Probably the most popular gauge for when to panic is the Sahm Rule, named after Claudia Sahm, formerly an economist at the Fed. The measure looks for a short, sharp rise in unemployment

—which tends to happen when a recession is on the way—by comparing the current unemployment rate with its trough over the past year. In August 2024 the measure fell into the danger zone, but only briefly. This year, unemployment has risen more slowly and the recession threshold is nowhere close to being reached (see chart 4).

The strongest reason to doubt an imminent jobs collapse is that there is no good reason for one. GDP growth remains on track for a stonking third quarter, if the Atlanta Fed's widely watched “nowcast” is to be believed. Stockmarkets have been soaring and corporate-debt markets are pricing in ultra-low odds of default. Wage growth is solid, too. So long as the rest of the economy keeps rolling, it is difficult to imagine the labour market keeling over. Perhaps an AI-fuelled automation boom could prompt lay-offs. Yet surveys suggest that, if anything, adoption in most of the economy has **tapered off a little**.

Presidential pause

A more plausible explanation for the present weak patch, and for companies' reluctance to hire, is Trumpian uncertainty. That is now beginning to ease. The chaos of Mr Trump's tariff roll-out seems to be receding. Deportations and changes to visa rules will remain disruptive for employers, but they are starting to adapt. Although 2026 is unlikely to be a year of calm and clarity for America, it may well be a bit less frenzied. That would provide a boost to the labour market. Even as investors and central bankers fret from the sidelines, American workers' decade-long hot streak seems to have longer to run. ■

<https://www.economist.com/finance-and-economics/2025/11/30/why-worries-about-american-job-losses-are-overstated>

Central banking

Which Kevin Hassett would lead the Federal Reserve?

He was once a right-of-centre tax expert. He has become a partisan hack

Dec 10, 2025 01:58 PM | Washington, DC

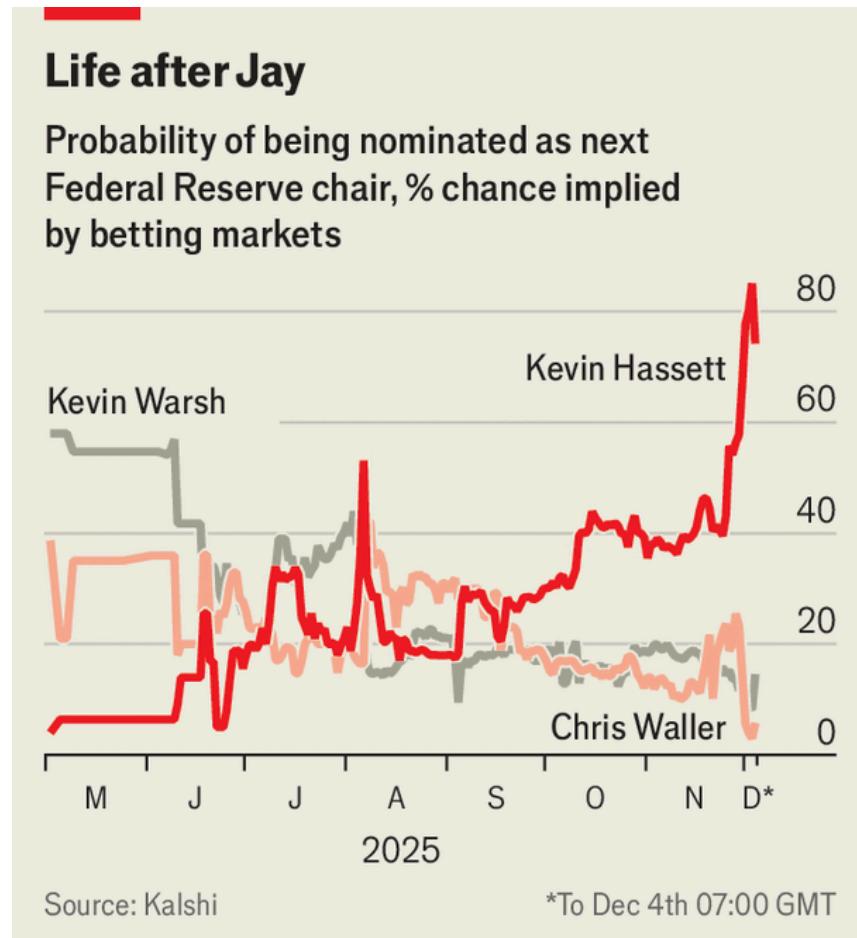


The leading Kevin

ON PAPER, KEVIN HASSETT looks like a conventional pick. He has a PhD in economics, several top-tier publications to his name, decades in Washington and even a previous stint at the Federal Reserve. But if President Donald Trump does choose Mr Hassett as [the central bank's chair](#), an event to which prediction markets assign a more than 70% chance, his appointment would mark an abrupt shift in the relationship between the Fed and White House.

Before working with Mr Trump at the Council of Economic Advisers (CEA) in his first term and the National Economic Council in his second, Mr Hassett spent decades as a policy economist at the American Enterprise Institute, a think-tank, advising Republican luminaries such as George W. Bush, John McCain and Mitt Romney. He was best known for a book published on the eve of the dotcom crash, which predicted that stock prices would

quadruple. The Mr Hassett of yore might have been an odd choice for the Fed—his expertise was in tax, not monetary policy—but far from a disastrous one.



Since then, however, Mr Hassett has undergone a transformation. CEA chairs tend to be bookish types who avoid muddying themselves with politics. Not Mr Hassett. He pushed out tenuous analysis to bolster the president's agenda. His estimate of the boost to household incomes from the corporate-tax cuts of 2017 was well above the mainstream consensus. During the early weeks of the covid-19 pandemic he released a “cubic model”—the sort that can be generated with a few clicks on Excel—which projected that the disease would shortly subside. Recently Mr Hassett has become a reliable defender of tariffs and deficit-busting tax cuts.

Fed chairs often have partisan ties. Jerome Powell, the current one, is a Republican; Janet Yellen, his predecessor, ran President Bill

Clinton's CEA. But the last chair with a truly close relationship with the president was Arthur Burns, appointed by Richard Nixon in 1970. Under pressure from the White House Mr Burns cut interest rates, helping to cause a fearsome surge in inflation that took more than a decade, and several recessions, to tame. Thomas Drechsel of the University of Maryland estimates that raising political pressure on the Fed by half as much as Nixon did, for six months, would lift prices by 8% and do nothing for economic growth.

Mr Hassett has said that "monetary policy needs to be fully independent of political influence"; bond and currency markets have reacted calmly to news that he is the front-runner. And he might prove to be a surprise. Many a Supreme Court justice has grown more independent once in place, disappointing the party that nominated them. William McChesney Martin junior, Fed chair for nearly 20 years before Mr Burns, worked in President Harry Truman's Treasury, only to frustrate both Truman and later presidents. Mr Burns's chairmanship remains notorious today.

But Mr Hassett has also said that "the American people could expect President Trump to pick somebody who's going to help them...have cheaper car loans and easier access to mortgages." The question is how much sway he would have. Although he would push for interest-rate cuts, Federal Reserve chairs are not all-powerful; bringing down rates significantly would need the support of his fellow governors, which is unlikely to be forthcoming. Expect, at the very least, the unanimity of Mr Powell's Fed to disappear and the central bank to end up with the sort of vote-counting seen at the Supreme Court.

The real risk would be if Mr Trump succeeds in his bid to fire Lisa Cook, another Fed governor, whom he has accused of mortgage fraud (which she denies). The Supreme Court is due to hear arguments in January. In previous cases involving the Fed it has shown a keen awareness of the institution's independence, as when it carved out the central bank from a decision to allow the president

to fire officials at independent agencies more easily. But if the court rules in Mr Trump's favour, he could stack the Fed with stooges. In which case Mr Hassett would lead a soiled institution—an appropriate, if miserable, end to an increasingly partisan career. ■

<https://www.economist.com/finance-and-economics/2025/12/03/which-kevin-hassett-would-lead-the-federal-reserve>

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Once you pop

How to spot a bubble bursting

Forget valuations. Look out for search-engine hits and fund managers getting fired

Dec 10, 2025 01:58 PM



RAY DALIO spied the dotcom bubble early. “We’re approaching a blow-off phase of the US stockmarket,” said the founder of Bridgewater, one of the world’s biggest hedge funds. Peter Lynch, the celebrated manager of Fidelity’s Magellan fund, thought “not enough investors are worried”. Howard Marks, a pioneering investor in junk bonds, very much was worried, since “every cocktail-party guest and cab driver just wants to talk about hot stocks and funds.” George Soros put his neck on the line and short-sold internet stocks outright. Warren Buffett refused to touch them, saying he could not “see what technology businesses will look like in ten years or who the market leaders will be”.

All were right...eventually. In March 2000 the tech-heavy NASDAQ index peaked, then fell by more than 80% over the following two and a half years. The trouble was that Messrs Dalio and Lynch were speaking in 1995, and Mr Marks in 1996. By 1999 Mr Soros’s short bets had lost his flagship hedge fund \$700m and cost it

billions more in withdrawals. Mr Buffett possibly felt the need to justify himself, also in 1999, since his investment vehicle had underperformed the NASDAQ by an average of 15 percentage points a year over the previous five. Between 1995 and March 2000, the index rose by nearly 1,100%.



Even for the very best investors, in other words, identifying a bubble is a good deal easier than judging when it will burst. Today there is no shortage of people worried that [another is forming](#). The share prices of tech firms need only fall by a few percent—as they did in November—to send volatility leaping and make traders uneasy. Stocks related to artificial intelligence are the focus of their concerns; just look at [Palantir](#), a data-analysis firm, with its bonkers valuation of over 200 times expected earnings for the coming year. But AI is not the only sector in nosebleed territory. Relative to underlying real earnings over the previous ten years, the S&P 500 index of big American firms has been priced higher only in 1999

and 2000. As a multiple of underlying sales, it is over 60% pricier than it was even at that boom's peak.

Kill time

So how would an investor know a crash was coming? High valuations are fairly good at predicting low long-run returns, but useless over the short run. Chart 1 shows how they have fared over the past few decades in forecasting share-price performance over ten years and over just one. Each dot represents a year between 1990 and 2024. The horizontal axes show the S&P 500's valuation at the start of that year, measured by the cyclically adjusted price-earnings (CAPE) ratio popularised by Robert Shiller of Yale University. The vertical axes show the share-price index's subsequent annualised return. With a ten-year horizon, the inverse relationship between starting valuations and returns is clear, and especially strong for high CAPE readings. Over a year, there is no correlation at all.

Taking the shine off

2

Google search interest and stockmarket returns of selected themes

Theme	Search spike	12-month return from spike, %
Dotcom	Feb 2000	-90
Dogecoin	May 2021	-80
Bitcoin	Dec 2017	-70
GameStop	Jan 2021	-70
ARKK	Mar 2021	-65
Weed	Oct 2018	-57
Wearable tech	Jul 2015	-51
Space	Feb 2021	-43
SPACs	Feb 2021	-41
Solar	Oct 2008	-36

Sources: Bloomberg; Google Trends; “The Humble Investor”, by Daniel Rasmussen, 2025; *The Economist*

Investors might, therefore, have to turn to novel measures of market timing. Following Mr Marks’s lead, we looked for moments when every partygoer and cabbie was discussing stocks—or, more precisely, when Google searches for investing fads spiked. The logic is that a bubble is most likely to draw interest from lots of retail traders just as it reaches bursting-point. Chart 2 shows the results for a range of manias. They encompass cryptocurrencies (bitcoin and Dogecoin), baskets of once-trendy “thematic” stocks (cannabis, wearable tech and space) and the crazes, in 2021, for special-purpose acquisition companies (SPACs) and Cathie Wood’s “ARKK” investment fund.

Surges in Googling do a much better job than valuations at forecasting an imminent fall, as the third column of the chart shows. In each case the price of the stock, basket, fund or cryptocurrency dropped considerably over the 12 months following the peak in internet searches. Moreover, for the ARKK fund, bitcoin, GameStop and SPACs, prices spiked at almost exactly the same time as Googling did.

Naturally, such observations do not constitute a rigorous study. There will have been many instances of internet traffic concerning popular investments spiking with no subsequent fall in prices. In fact, searches for “AI stocks” hit their zenith in mid-August (see chart 3), and their prices continued to rise serenely for weeks.

Chat not

It is nevertheless perturbing that Google searches for “AI stocks” have since fallen so dramatically, just as the stocks themselves are having a wobble. The share price of Nvidia, the world’s most valuable company and most important chipmaker, has fallen by 13% from its peak. The Philadelphia semiconductor index, which tracks firms in that industry around the world, dropped by 13% in the first three weeks of November, though it has since bounced back. The “AIQ” exchange-traded fund, a popular vehicle for investing in a basket of AI-related stocks, had a peak-to-trough fall of 12%. Since early October owners of bitcoin have suffered losses of more than 25%. Although not obviously linked to the AI theme, the cryptocurrency tends to appeal to similar groups of investors, and is closely tied to markets’ overall risk appetite.

Techno pessimism

3

Worldwide Google search traffic for “AI stocks”

Maximum interest=100*



Source: Google Trends

*Over time period shown

That leads to another non-traditional measure. In the five years to March 2000, the NASDAQ suffered corrections of more than 10% on at least a dozen occasions, each time recovering and eventually rising nearly 12-fold. Even at the bottom of its subsequent plunge, the index was still twice as high as it had been at the start of 1995. Those who simply ignored both mania and crash, and held on throughout, were richly rewarded. The professionals who correctly called the bubble, meanwhile, often were not. Their experience was epitomised by Julian Robertson, another famed investor who over the two decades from 1980 handed his clients average returns of 25% a year, and in 1998 was overseeing \$21bn. By March 30th 2000, withdrawals had forced him to close his fund, which had determinedly avoided the dotcom mania. As it turned out, the bubble had burst two days earlier.

Those trying to time the top of the present-day cycle should therefore look out for buzzkill types with big names going out of business. Such as, say, Michael Burry, who memorably bet against

American mortgage-backed securities before they plummeted in value and set off the global financial crisis of 2007-09. This year Mr Burry has been busy shorting AI stocks, including those of Palantir and Nvidia. In late October, he wrote to investors to tell them he was closing his fund. ■

<https://www.economist.com/finance-and-economics/2025/12/01/how-to-spot-a-bubble-bursting>

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Cryptocurrencies

Bitcoin has plunged. Strategy Inc is an early victim

It holds 3% of the world's total supply

Dec 10, 2025 01:58 PM | New York



STRATEGY, ONCE a middling software firm named MicroStrategy, is now best known as the world's largest corporate owner of bitcoin. Michael Saylor, its founder, describes the company as the world's first digital-credit vehicle, powered by what he calls "a bitcoin reactor". Now, with the price of the cryptocurrency plummeting, it is something else altogether: an example of hubris, demonstrating the risks of taking on leverage to purchase enormous quantities of a volatile asset.

Increasingly micro

Strategy, share price, \$



The firm began borrowing to buy bitcoin in 2020, and ramped up purchases last year. Now it does little else and owns 650,000 bitcoin, or 3% of the total stock. To fund its buying spree, Strategy has issued equity, convertible bonds and preferred stock with meaty dividends. Until recently, the approach seemed to be paying off. From the start of last year to July, the firm's share price rose by almost 600%, against a rise of under 200% for bitcoin itself. What could possibly go wrong?

Quite a lot, it turns out. The firm is floundering. Since Strategy has gone all-in on bitcoin, it has few other sources of revenue, and it owes \$800m a year in dividends and debt-interest payments. The price of bitcoin has fallen by a quarter since early October. Over the same period, Strategy's share price has dropped by over 40%. Its market capitalisation of \$54bn is now below the value of its holdings. That raises the risk of further miserable losses for owners of its equity, a forced sale that weakens bitcoin further—or both.

Strategy can meet its immediate obligations. On December 1st it announced it would use \$1.4bn raised via equity issuance—equal to 21 months of dividend payments—as a reserve to weather the downturn. But bigger obstacles are coming. In January the firm may be cut from indices issued by MSCI, a data firm, which would reduce investment from passive funds.

Without a proper recovery in the price of bitcoin, the real pain will begin in 2027, when the firm's convertible debt starts to mature. Its borrowing is modest relative to its assets; all the same, its lack of alternative sources of income may force it to flog its bitcoin. Indeed, on December 1st Mr Saylor reversed a long-held promise never to sell the company's holdings.

If it were to sell a sizeable chunk, that would be bad news for the bitcoin market. According to Kaiko, a research firm, there is now less than \$600m in buy and sell orders on all exchanges. Large sales can therefore swamp liquidity, driving down prices. A liquidation of \$19bn in leveraged holdings on October 10th offers a hint of the potential damage; it prompted bitcoin's price to fall by 12%.

Strategy's initial success—and possible future success, if prices recover—will go down in financial history. Often the details that make buzzy, speculative products dangerous are hidden from the investing public as their value surges, only to become apparent in the dismal aftermath of a crash. This time, the fragile model has been plain for all the world to see. If Strategy's troubles deepen, investors will have nobody to blame but themselves. ■

<https://www.economist.com/finance-and-economics/2025/12/04/bitcoin-has-plunged-strategy-inc-is-an-early-victim>

Feeling flush

Can golden toilets fix China's economy?

Communist Party officials think so

Dec 10, 2025 01:58 PM | Nanjing



ONE OF THE main attractions of Deji Plaza, a shopping centre in Nanjing, is its toilets. An artsy wing of the mall features absurd lavatories over six stories. On level three they are decked out in mesmerising neon lights; two floors up they boast sparkling gold designs and a grand piano. Visitors travel for hours to see the extravagance. And they are not just running to the restrooms. Deji was the highest-grossing mall in China last year, with 25bn yuan (\$3.5bn) in sales. By some counts, it was the highest-grossing in the world.

Busy malls such as this are a rare sight in China. Consumer sentiment has been in the dumps for years and is only worsening. In October retail-sales growth slowed for a fifth consecutive month. So Communist Party officials are now pinning their hopes on a Deji-like solution. The state's leaders believe that by increasing the quality of supply they can create healthier demand. They theorise that Chinese consumers are suffering from “latent demand”, or desires for goods and services to which they do not yet

have access—as indicated by high excess savings. Offering up the right stuff, or so the state’s thinking goes, would unlock these squirrelled-away funds.

Indeed, a plan for reviving consumption, released on November 26th, is almost entirely focused on supply rather than demand. It insists that shopping venues should feature more cute goods such as those sold by Pop Mart, maker of Labubu dolls, and calls for more immersive “experiential” shopping venues to attract visitors. (It is silent on whether these should be based around toilets.) Another recent plan said that shopping centres should be made easier to access from residential areas and encouraged diversifying the type of shops with “pop-up” stores and outlets for fans of anime, games and e-sports.

Why are China’s leaders freelancing as retail consultants? It is not out of any great love for shopping. They are firm believers in China’s manufacturing base as the core driver of economic growth. When they introduced a household-appliance trade-in programme last year, ostensibly to boost consumer demand, economists noted that it channelled spending to specific areas of industry. Their latest proposals look like another attempt to avoid the difficult measures that would be required to boost China’s consumers—ones that might tilt resources away from manufacturing.

True, Deji is fulfilling some latent demand. Although Nanjing is in the centre of one of China’s wealthiest regions, many surrounding cities do not have such fancy malls. Residents of Hefei, a manufacturing hub an hour by train to the west, for example, are said to be the most frequent customers. But to confuse the country’s broader weakness in consumer demand for shortcomings in supply would be a mistake, says Zhu Tian of the China Europe International Business School. The quality of China’s supply has, in fact, increased notably in recent years, as can be seen in the growing success of local Chinese consumer brands. This would

surely have led to an increase in consumption if the wider problem was truly latent demand.

Wu Xiaoqiu, formerly of Renmin University, has pointed to weak employment as one of the culprits for meagre consumption. A grinding property crisis, which has pulled down home valuations, has made even the rich feel poorer and less willing to spend. Mr Zhu suggests that the state ought to unleash 4trn yuan of consumer stimulus to jump-start demand. The structural pressures weighing on China's economy are serious. It will take more than gleaming lavatories to ease them. ■

<https://www.economist.com/finance-and-economics/2025/12/04/can-golden-toilets-fix-chinas-economy>

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Refined attacks

American sanctions are putting Russia under pressure

In time, though, its tankers will find new routes

Dec 10, 2025 01:58 PM

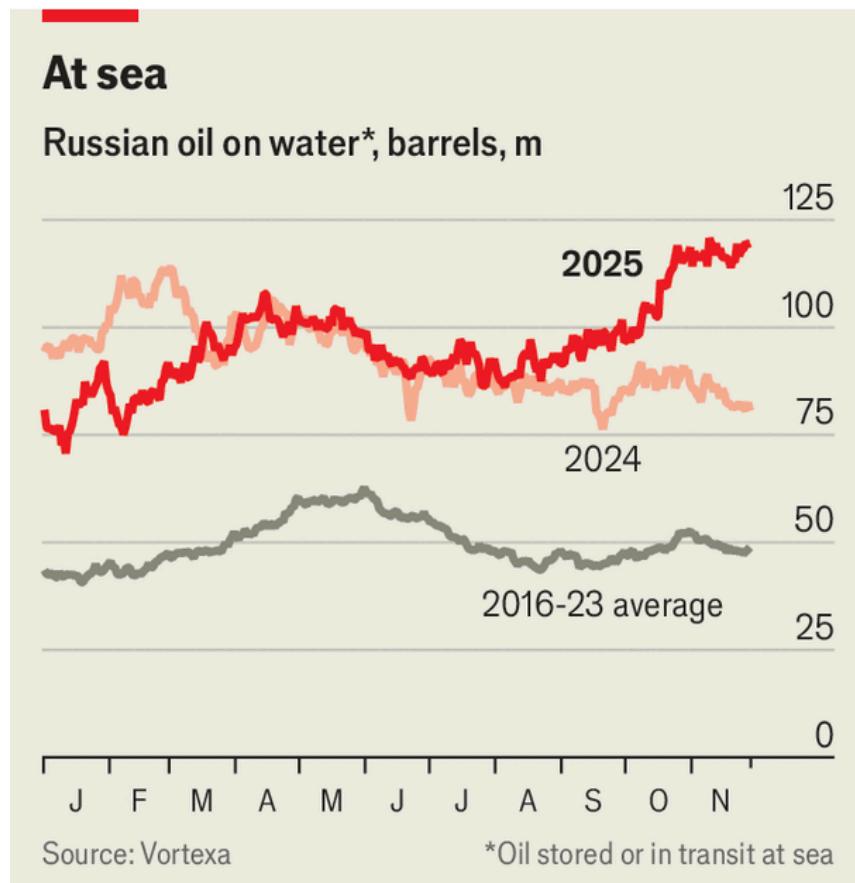


ON DECEMBER 1ST Gunvor, a big oil trader, announced that its co-founder and boss, Torbjorn Tornqvist, would leave and sell his stake in the firm to staff. The Swede is a collateral victim of American sanctions against Lukoil and Rosneft, Russia's biggest oil firms, that were implemented on November 21st. Swiss-based Gunvor had offered to buy Lukoil's \$22bn portfolio of foreign plants, stations and wells, reviving suspicions it was cosy with the Kremlin. America blocked the sale, forcing it into a humiliating u-turn. Now Lukoil's assets look like they may be sold in chunks, for rather less money.

Such write-downs will irritate Lukoil and Rosneft, two big contributors to Russia's state budget. As peace talks falter, Ukraine and its allies are hoping that the pain does not stop there. On paper, America's sanctions are the most potent imposed on Russia since 2022. They threaten to cut off from American finance anyone, even foreigners, who facilitates sales by the two giants, which together

account for half of Russia's crude exports. The aim is to deter buyers in China and India, the main purchasers of these barrels. For now, they are putting Russia under pressure.

Last month arrivals of Russian crude into India rose by a fifth compared with the previous month, as buyers rushed to stock up ahead of sanctions. Unusually, India's state-owned firms made 65% of the purchases, suggesting they were being pushed to cease shipments thereafter. Now they have indeed cut back. Many private refiners have said they will buy only from entities not under sanctions; a few have stopped importing Russian oil altogether. Together with more modest reductions in purchases from China and Turkey, that could cut Russia's shipments of crude by 1.4m barrels a day (b/d) in the next few months, a 39% drop from October's rate, says Sumit Ritolia of Kpler, a data firm.



Shippers are becoming wary, too. Greek vessels, which used to carry much of Russia's flagship "Urals" grade oil to India, are

shunning the trade, says Anna Zhminko of Vortexa, a ship-tracker. Only a third of the “shadow” tankers that loaded the stuff between August and October did so in November. Those still making the journey take longer routes or transfer the load midway to another ship, buoying costs. Urals’ discount to Brent, the global benchmark, has roughly doubled since mid-October, to nearly \$20. Tricky logistics and dwindling deliveries have pushed the volume of Russian oil floating at sea to 120m barrels, or 30 days’ worth of exports (see chart).

Russian firms are starting to find workarounds. Rather than shipping directly to India, Lukoil and Rosneft have begun to sell more barrels to third parties that America has not targeted—such as Tatneft, a smaller oil firm, or little-known traders, including MorExport and RusExport, active only since May—which then flog the oil to the subcontinent. This makes blacklisted imports deniable, while allowing Indian refiners to reap the discounts on offer.

Even as they do, however, two forces will weigh on the Kremlin. One is Ukraine’s drone strikes against Russia’s oil infrastructure, which are getting smarter. Instead of sporadic attacks, Ukraine now bombs the same refineries every two to three weeks, causing repeated shutdowns and slowing the rate of repair. And instead of attacking refineries at the point where crude enters them, it is targeting the secondary units that produce the final fuel. These are trickier to fix, because they require sophisticated components from the West. Increasingly Ukraine is also blowing up Russia’s fuel depots and loading terminals. In the past week it has attacked at least two shadow-fleet tankers.

Ukraine’s onslaught could cut Russia’s refinery throughput by 7-10%, analysts estimate. This would force Russia to export more crude into an already saturated market. As countries outside the Gulf pump more, global oil supply is expected to grow more than three times faster than demand next year. Failing output cuts—

notably by the Organisation of the Petroleum Exporting Countries and its allies, which include Russia—prices could fall to below \$50 a barrel (they averaged \$80 in 2024).

Low exports, at cheap prices, will be a concern for Russia's leaders. "They are uncomfortable," says Sergey Vakulenko, a former executive at a Russian oil firm. "They see it as a problem, and they know they can't do much." President Donald Trump therefore has an opportunity. It is well known that Ukraine, short on funds, men and weapons, holds a weak hand in negotiations. So, for now, does Russia. ■

<https://www.economist.com/finance-and-economics/2025/12/04/american-sanctions-are-putting-russia-under-pressure>

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Buttonwood

Stockholm is Europe's new capital of capital

And with Sweden embarking on a borrowing spree, it is a bond trader's paradise

Dec 10, 2025 01:59 PM



ASK A EUROPEAN banker how to reinvigorate their continent's capital markets, and there is a good chance they will start enthusing about Sweden. That might seem surprising, since during the post-Brexit scramble to replace London as Europe's premier financial centre, Stockholm barely got a look-in. Frankfurt, home to the euro zone's central bank, seemed the obvious choice; its competition came from Paris's mighty commercial banks. Honourable mention went to Amsterdam, reprising its 17th-century role as a share-trading hub.

Yet for companies that want fresh capital without venturing across the Atlantic, Stockholm is the place to be. Bosses of unlisted businesses might visit the headquarters of EQT, the sole European private-equity firm to hold a candle to America's giants. In the five years to the end of 2024 it raised funds worth \$113bn, an amount beaten only by KKR in America. Companies looking to tap public markets, meanwhile, can head to the shiny new offices of Europe's

hottest stock exchange. Initial public offerings on Nasdaq Stockholm have so far this year raised over €6bn (\$6.8bn), multiples of the equivalent figures for other bourses. And it is not just equities. European issuers of high-yield “junk” bonds increasingly borrow in Stockholm, too.

Naturally, Sweden’s bankers are chuffed. For their traders, however, an even more important transformation is under way. Sweden’s government has spent decades running budgets that look puritanical by the standards of today’s rich-world countries. Far from having had big deficits it has often, including as recently as 2022, run a surplus. Even in 2020, amid the covid-19 pandemic, it borrowed only 3% of its GDP—less than half the figure for the euro area and a quarter of that for America. The result has been a puny market for Sweden’s central-government debt. At the end of 2024, it was worth just SKr1.2bn (\$100bn), or 18% of GDP. Now, as Sweden prepares to spend more on defence, that is changing. The government is opening the fiscal taps and getting ready to issue a flood of new bonds. As it does so, Stockholm is becoming a bond trader’s paradise.

Supply has a way of spurring new demand. Few traders, watching a market grow rapidly, can help but wonder what arbitrage opportunities will spring up and offer a shot at easy profits. And the stock of Sweden’s nominal government bonds is set to grow very rapidly indeed. Issuance in 2023 came to just SKr45bn; this year it is due to be SKr118bn, and the debt office plans to issue over SKr200bn in each of 2026 and 2027. Fortnightly auctions for new bonds involved volumes of SKr2.5bn each in 2023. By next year that will have risen to SKr8bn per auction, and the debt office is considering holding them more frequently. Moreover, the fact that Sweden’s accession to NATO and rise in defence spending have captured global headlines means international investors are well aware that a new source of high-quality assets is coming to the market.

“We speak to international players who used to trade Sweden, then stopped over the past decade,” says Ronny Eriksson of Nordkinn, a hedge fund. “Now they’re coming back.” Growing bond supply has helped, as has the end of the cheap-money era. Between 2015 and 2021, when Sweden’s Riksbank kept interest rates at or below zero and bought large volumes of government bonds itself, a chill fell over the market. The average daily volatility of the yield on ten-year bonds was just three hundredths of a percentage point. Such placid conditions offered few chances for macro traders like Mr Eriksson, who thrive on big swings, to turn a profit. Since 2022, however, interest rates have risen and the central bank has sold most of its bonds, ending the deep freeze. Daily volatility has nearly quadrupled.

Similar trends have prevailed elsewhere, but in Sweden there are far fewer traders acting on them—which makes them more lucrative. The government would have to borrow vastly more to tempt the whales that dominate macro trading in bigger markets. In the absence of serious fast money, arbitrage opportunities that would vanish in milliseconds in America persist for far longer. Nordkinn is perhaps the only hedge fund specialising in Nordic bonds, and it is a minnow. Other small fry seem sure to emerge. The returns available will look particularly attractive to international investors wishing to diversify returns away from, say, a handful of tech behemoths all based in the same country. For the few bond traders Stockholm does have, business is about to roar. ■

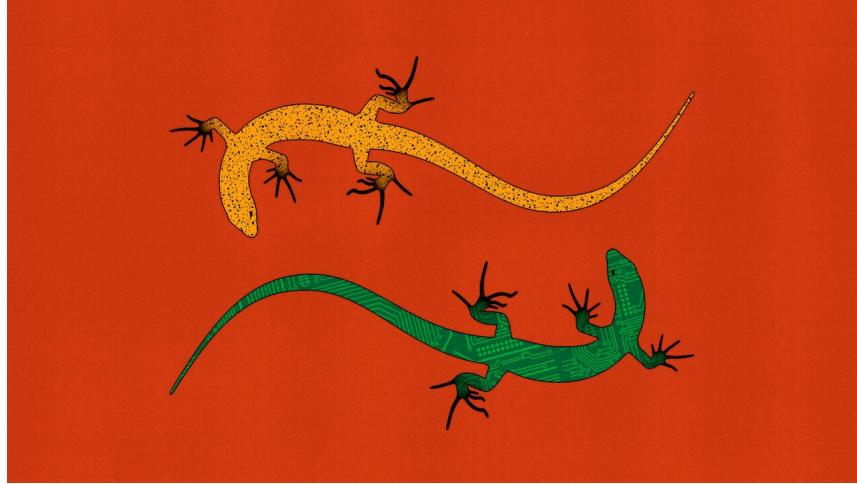
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Free exchange

AI misinformation may have paradoxical consequences

To understand why, consider the side-blotched lizard

Dec 10, 2025 01:59 PM



SIDE-BLOTTCHED LIZARDS have a colourful set of mating strategies. Some males, with orange throats, are large and bully their way to a harem of mates. Others, with blue throats, are a bit smaller and bond with just a single female. And then there is a third type. These lizards, which have yellow throats, look very similar to females. In a rock-paper-scissors-type mating strategy, the big orange ones can chase off the medium blue ones, who, in turn, can keep a close eye on their single mate. The yellow ones, however, sometimes sneak into the big males' harems. Biologists affectionately call such lizards “sneaky fuckers”.

The lizards face a trade-off between abundance and the cost of verification. It is a trade-off that is increasingly of concern to humans, too—particularly avaricious information consumers. The cost of producing text, video or audio has plummeted; doing so now means just a few prompts on a chatbot rather than hours of effort. As a consequence, roughly half of articles published on the

internet last year were AI-generated, according to Graphite, a coding-review site. A less endearing type of sneaky fucker is profiting. Content farms can pump out seemingly real “rage bait”, material that has little basis in reality but is designed to make viewers and readers furious and induce them to keep clicking.

How can internet users distinguish an article by a genuine but little-known news website from an outright fake? Market participants often rely on “costly signals” to make such choices. An employer looking for a new hire, say, may seek applicants with a degree that took effort and a certain amount of skill, which indicates they might bring the same qualities to their work. The certificate allows employers to distinguish between good and bad applicants—creating what economists call a “separating equilibrium” and enabling transactions between willing participants. In the animal world, a peacock’s tail performs a similar role. A male lugging around a fan of feathers has to be fit to avoid predators.

During an earlier information age, newspaper branding provided a costly signal. In what was, in game-theoretic terms, a “reputation game” newspapers would, issue by issue, reveal exactly how focused on the truth they were. Repeated interactions with a reader, when they were deciding which paper to purchase, constituted a separating equilibrium. Content farms, however, can mimic these brands. Indeed, websites that copied reputable news pages but with made-up stories were how the term “fake news” originated. Are you reading this column on Economist.com or Economist.co? Or perhaps you are only seeing a snippet on social media, shorn of context and without a link to where it came from.

Other, similar signals have also been spoiled by AI. Lucid writing, realistic images and polished audio once helped readers distinguish between news that is designed to inform and that which is either indifferent or hostile to the truth. A well-crafted analogy, perhaps featuring side-blotched lizards, might have informed the reader that care and effort had gone into producing an article. For a time, rules

of thumb helped tell AI output from the authentic; by checking the number of fingers on people in an image or for the use of em-dashes in writing, information-consumers could get a sense of how likely the material was to have been generated using AI. The rising frequency of the word “delve” in academic articles and “it’s worth noting that” on internet pages told you that more of both were being written by AI. But as chatbots have improved, such rules of thumb are becoming less useful.

Thus the “separating equilibrium” is devolving into a “pooling equilibrium”, in which there is no way of telling between one type of creation and another. The problem with a “pooling equilibrium”, as George Akerlof of Georgetown University put it in a Nobel-prizewinning paper, is that “Dishonest dealings tend to drive honest dealings out of the market.” Without a way to tell good from bad, buyers treat everything as bad. If careful drivers, for example, must pay the same insurance premiums as the truly risky, such drivers may decide not to bother buying a car. If enough do so, insurers will start to quit the market. In the separating-information economy, true and false information are easy to distinguish; in the pooling one, doing so is impossible. In which case, why pay for any news? And if no one will pay for it, why produce it?

Tip the scale

New costly signals are therefore required. One option is to follow “chain of custody” techniques used to ensure evidence in a criminal trial is properly handled. This would involve embedding information in a video that flags when it was created and using what tools. If readers genuinely do care about authenticity and accuracy, audiences might flock to the platforms that better handled such warnings and displayed such information prominently. Or perhaps print journalism will enjoy a revival. It has the chain of custody built in: investing in printing presses, distribution networks and so on tells a reader that the institution intends to be around for a while and trade on its reputation. A content farm would struggle

to get a fake magazine into a postman's hands. Teachers are already increasing the frequency of hand-written assessments, a kind of "proof of work" to verify that the student concerned truly produced the exam script in question.

Among side-blotched lizards, sneaky fuckers have survived for millions of years. The rock-paper-scissors nature of the lizards' mating strategies means that if any of the colours becomes too common, one of the other types receives an advantage. That keeps the whole population in a competitive, if often brutal, harmony. Optimistically, then, a surge in the productivity of misinformation generators may provide a similar advantage to the journalistic equivalent of the blue-throated lizards—publications that jealously guard their reputation for truth-telling. ■

<https://www.economist.com/finance-and-economics/2025/12/04/ai-misinformation-may-have-paradoxical-consequences>

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The new neurotribes

Why autism should not be treated as a single condition

A better understanding of its biology will lead to better interventions

Dec 10, 2025 01:58 PM



FROM THE outside, autism can be difficult to understand. The unique sensory world of an autistic person can mean that a joyful event—like a Christmas party—can become nightmare of noise, lights, jostling and invisible social rules. Yet sometimes autism offers huge upsides, such as giftedness in music, maths, or art.

These difficulties mean that autistic people can often find the world stressful and challenging. Hiding their differences, a state known as masking, requires enormous energy. Overloaded children may manage their distress through puzzling behaviour such as meltdowns, or repetitive movements such as rocking or hand flapping. It can also create “burnout”, where a mismatch between abilities and the demands of the world creates intense physical and mental exhaustion.

Robert F. Kennedy junior, America's health secretary, thinks that autism has become an "epidemic" in his country. His concern stems from figures from the Centres for Disease Control and Prevention, which shows that the condition now affects 32 per 1,000 eight-year-old children in America (see chart). That is in contrast, he says, with the near-absence of the condition in his childhood. Mr Kennedy was born in the 1950s, and studies estimate a prevalence of autism of around two to four per 10,000 in the 1960s.

Broad spectrum

The increase seems striking. But much of it is an artefact of the widening definition of autism over recent decades, increased awareness of the condition, and improved and earlier detection. Much, but not necessarily all. While Mr Kennedy and some other politicians mis-state the risks of painkillers in pregnancy, or advance the myth that vaccines cause autism, scientists have been investigating the genetic and environmental causes behind the condition, to work out if there might be as-yet-unknown factors that are contributing to the rise in diagnoses.

Rising tides

United States, autism diagnoses
per 1,000 children aged eight years old



Source: Centres for Disease Control and Prevention

An improved biological understanding of autism could also help clarify whether distinct conditions are being unhelpfully grouped under too broad a label. The clinical definition of autism spectrum disorder (ASD) encompasses a wide variety of people, with hugely varying symptoms. People who appear to have relatively mild social limitations, but who can otherwise live regular, independent lives, can be diagnosed with ASD alongside those with profound intellectual disabilities, who need full-time support and care. One way for autistic people to benefit from more appropriate support or, in some cases, treatment, is to find better ways of distinguishing between different forms of the condition. Emerging research on the genetics of autistic people suggests a way forward: stop thinking of ASD as a single condition.

Autism is rooted in atypical brain development that begins very early in life, even in the womb. It affects the structure and sizes of some brain regions as well as how brain cells form, organise and

communicate. This results in too much, or too little, communication between them.

The condition has a strong genetic component. Heritability is estimated to be more than 80%, meaning that these differences are the main reason some people have a higher risk of autism than others. In a small number of cases this can make it easy to find a cause for a person's condition. A single variant of a gene—say, a duplication of a DNA stretch or a mutation that makes the gene stop working—can be enough “for people not to speak and to have difficulties in social interaction”, says Thomas Bourgeron, a geneticist at the Institut Pasteur in Paris. Children with mutations in these “high-impact” genes often have a plethora of other diagnoses too, from epilepsy to intellectual disability.

But these variants, which can either be inherited or arise randomly in the sperm or the egg before a person is conceived, are rare. At most they account for a fifth of all autism diagnoses. It is thought that most autism derives from far more common genetic variants found widely in the general population. Each variant may only slightly increase a person's risk of autism, but when a child inherits many from both parents, they can cross the threshold for an autism diagnosis, says Dr Bourgeron. In other words, two people, each carrying some autism-linked variants and perhaps showing some autism-like traits, may end up “pooling” variants in their children.

As well as helping to identify people with the condition, genetics offer tantalising clues as to how autism may play out on a biological level. High-impact variants—such as SHANK3 and NLGN3—are often found in genes involved with how neurons send messages to each other. Some directly code for proteins operating at the junctions that connect neurons to each other, whereas other genes regulate how and when those proteins are produced. Scientists consequently believe that connections within the brain must play a role in producing autistic traits.

More common, but less dramatic, variants also offer hints. In a study of more than 46,000 Danes, around 40% of whom were autistic, Jakob Grove, a mathematician working in bioinformatics at Aarhus University, flagged several genes—such as KCNN2 and FEZF2—that are primarily active in the amygdala, a region of the brain responsible for fear, anxiety and social communication; the hippocampus, which is critical for memory; and the neocortex, which is involved with sensory perception. All of these can be affected in autistic people (although Dr Grove is hesitant to pin too much on genes that increase risk by only a small amount).

With hundreds of genes, and thousands of variants, thought to be implicated, autism is likely to involve many neurobiological perturbations in the brain. Some research points to dysfunction in the production of dopamine in the brains of some autistic people. Another idea is that problems with the social-reward system might underlie other forms of the condition. This huge variability in genetics and symptoms raises a question—what if autism is not a single condition, but several?

Spectral lines

Autism has been subdivided before. When the condition was first officially recognised in 1980 and included in the Diagnostic and Statistical Manual of Mental Disorders (DSM)—sometimes called the “Bible of psychology”—it was a narrow diagnosis focused on young children who seemed not to respond to social engagement.

But clinicians found that too restrictive. To capture a larger, more heterogeneous group who were showing autistic traits, an update to the DSM in 1994 created five categories: classic autism, Asperger’s syndrome (defined by poor social communication but no delay in language development), childhood disintegrative disorder (in which young children regress developmentally and lose previously acquired skills), pervasive developmental disorder not otherwise specified (for people who fulfilled some, but not all of the

diagnostic criteria for autism) and Rett’s syndrome (a condition controlled by a single gene variant that mostly affects girls).

These categories were ultimately ditched, however. Not only did the number and severity of autistic symptoms a person had overlap between the groups, the groups themselves did not do a useful job of predicting how an individual’s condition would eventually develop. By 2013 the condition had been redefined again, as the present-day ASD.

That has not stopped biologists from continuing to look for patterns among people with ASD. Researchers at Princeton University and the Flatiron Institute in New York, who looked at genetic and behavioural data from more than 5,000 autistic Americans, recently showed that it is possible to break ASD into four subcategories, each with its own genetic profile affecting development. The team first analysed the behavioural symptoms and development of the people in the cohort. Four separate groups of people emerged whose symptoms clustered together. Then they found that the groups differed genetically, too—not just in which genetic variants they carried but when those genes were active throughout prenatal development and into childhood. They published their findings in *Nature Genetics* in July.

One category, which they called “broadly affected”, included people with profound challenges across all autism-linked traits: they had developmental delays, showed limited and repetitive behaviour, were anxious and struggled severely with social communication. They were also more likely to carry rare genetic mutations. A “moderate challenges” group captured people who seemed to struggle the least, and a “mixed” profile included those with developmental delays and impaired social communication but who showed little anxiety and disruptive behaviour.

Last, there was the “social/behavioural” category. Although many autism-linked genes are switched on during developmental

windows in the womb, the genes involved in the “social/behavioural” category often do not switch on until after the person is born and some continue to increase in activity into adolescence.

These children often grow up hitting their developmental milestones at the same time as their neurotypical peers and they are diagnosed later, too, says Natalie Sauerwald, a computational biologist at the Flatiron Institute who co-led the work. They also tend to meet the diagnostic criteria for attention-deficit hyperactivity disorder (ADHD) and severe depression. This “social/behavioural” group also seems to fit with a developmental and genetic profile noticed in a separate study published in *Nature* in October.

This kind of research, into potential subtypes of ASD, will help to identify coherent, biologically informed ways to make sense of the spectrum’s enormous diversity. Knowing that some autistic people are at risk for ADHD or mental-health concerns, for example, can guide decisions over schooling, and allow for better support to be offered earlier.

But genetics will never be enough to explain why autism develops in the way it does. A person’s environment also matters. The idea of environmental influences for autism became tainted after Andrew Wakefield, a British doctor, claimed (wrongly) in 1998 that the measles, mumps and rubella (MMR) vaccine was a cause of autism. This led to years of wasted research trying to find a link that did not exist. So when Mr Kennedy, himself a campaigner against vaccines, announced that the National Institutes of Health would embark on a \$50m programme called the Autism Data Science Initiative (ADSI) to get to the bottom of autism’s environmental causes, many researchers were worried.

“All of the autism researchers who went into it were nervous,” says Judith Miller, a psychologist at the Children’s Hospital of

Philadelphia who is leading one of the ADSI projects. So far, however, the research is running smoothly. Her project tracks children born as early as 2008 who have moved through the hospital and been screened for autism—roughly 104,000 in total, 4,000 of whom are autistic—and includes some data on genetics and maternal health during pregnancy, as well as information on the quality of air, water and green space in the children’s living environments.

Dr Miller hopes her new project will be able to find correlations between environmental exposures and autism that can then be more rigorously tested. Although some factors—notably maternal health, air pollution and hormone-disrupting chemicals—have observational evidence behind them already, collecting data that accounts for many of these risk factors at once, as well as genetics, could reveal new relationships and explain why some people might be affected more than others. “What we’re trying to do is figure out, can we hone in on what might be hereditary and then can we boost that prediction with some of these other factors,” she says.

It is easy to imagine how environmental factors might fit in with the genetic contribution, says Zeyan Liew, an epidemiologist at Yale University. For example, higher parental age—arguably an environmental factor—has been linked to a child’s chance of being autistic, yet the mechanism is thought to be genetic. As people age, their sperm and egg cells accrue new mutations. Such mutations could then confer autism on any resulting child. According to a review in *Molecular Psychiatry* in 2022, particles of air pollution or some heavy metals might similarly induce new mutations, either in the sperm and egg or in the early embryo, by damaging DNA or disrupting its natural repair processes.

Another possibility is that an environmental trigger turns up or down the activity of a gene linked to autism, a so-called epigenetic effect. One of the most well-supported environmental causes of autism is exposure to valproate, an epilepsy medication, in the

womb—and valproate is a known instigator of epigenetic changes. Valproate caused a scandal around the world because pregnant women taking it were not warned that **their fetuses could be harmed**. Or a straightforward environmental exposure could be to blame. For example, although a causal link has not been established, a meta-analysis of 36 studies from 2021 found that mothers who experience a serious fever during pregnancy more often have autistic children. Many possibilities like this are known from observational data, animal studies and knowledge of developmental mechanisms. But conclusive evidence that any of these factors is causative in humans is lacking.

Treating autism as a single condition might explain why it is proving hard for researchers to draw firm conclusions—if autism actually breaks down into different categories, and a particular factor only affects one of them, then a study that lumps all autistic people together might never see a signal, says Dr Liew. “If you can refine your phenotype, you have a better chance of finding the cause.”

Splitting the spectrum up, though, is not universally welcomed. Some worry that it will increase stigma and exclusion for those with the most severe impairments; others worry about the opposite problem, that those with fewer visible difficulties will be marginalised and will not be able to gain access to support.

Meanwhile some parents argue that categories can be helpful, because of the different challenges involved. Jill Escher, a mother of two profoundly affected adult children and the co-founder of the National Council on Severe Autism, a charity in America, says many in her community look after people who will need round-the-clock care for the rest of their lives. They often also display complex behaviours, including self-harm, aggression, and the destruction of property.

Unweaving the rainbow

Beyond behavioural and educational support for autistic children to help overcome specific difficulties such as speech, movement and emotional regulation, researchers are also looking for pharmacological approaches to modify some of the core symptoms, such as impairments to social communication and repetitive thoughts or habits. So far no approved medication does this. Some treatments, such as risperidone, an anti-psychotic, can help with the behavioural symptoms such as irritability, aggression and self-injurious behaviour. Getting better treatment demands a more sophisticated understanding of the biology of autism. That, in turns, means building a better understanding of both genetic and environmental causes.

Autism advocates have long argued—correctly—that society needs to do more to adapt schools, workplaces and public spaces so autistic people can thrive in them. Equally, however, better interventions will offer some people more autonomy, agency and greater well-being in a challenging world. ■

<https://www.economist.com/science-and-technology/2025/12/03/why-autism-should-not-be-treated-as-a-single-condition>

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My God, it's full of Starlinks

Surging satellite numbers threaten to dazzle even space telescopes

Low-flying satellites can ruin astronomical observations

Dec 10, 2025 01:58 PM



ONE OF THE reasons astronomers like to put telescopes in space is that the “seeing” is better. With no turbulent atmosphere in the way the stars shine steadily, rather than twinkling as they do when seen from the ground.

But it is not just an atmosphere that can ruin the seeing. The rapidly growing number of satellites in low-Earth orbit is already causing problems for ground-based telescopes, which find their images contaminated by streaks of sunlight reflected off passing satellites. Now, a paper published in *Nature* suggests that could soon become a serious problem for space-going telescopes as well.

Alejandro Borlaff and his colleagues at NASA’s Ames Research Centre, in California, scoured regulatory filings to work out just how many satellites might be in orbit by the end of the next decade. Numbers are already exploding. In 2018 there were around 2,000

satellites in orbit. These days there are more than 9,000 of SpaceX's [Starlink](#) internet satellites alone.

Starlink is growing fast, and SpaceX has filed paperwork for as many as 42,000 satellites. Others such as OneWeb, [Amazon](#), [Qianfan](#) and Guowang are also building "mega-constellations". In total Dr Borlaff reckons there could be around half a million satellites in low orbits—below about 2,000 kilometres—by 2040.

His team fed information about the sizes and orbits of dozens of planned mega-constellations into a computer simulation to work out how they might affect four space telescopes in particular. The Hubble Space Telescope and SPHEREX are both run by NASA, and are in orbit already. China's Xuntian space telescope is due to launch next year and the European Space Agency's ARRAKIHS instrument is slated to be in space by 2030.

Exactly how bothersome the satellites will be depends on factors such as how high a telescope flies and whether it has a wide or narrow field of view. Crunching the numbers, the researchers concluded that around a third of Hubble images could be affected. That sounds bad enough. But if anything, the Hubble gets off lightly. Around 96% of exposures from SPHEREX, ARRAKIHS and Xuntian could be contaminated, with an average of 5.6, 69 and 92 streaks per image respectively. (The picture above shows a simulated image from ARRAKIHS, streaked by orbiting satellites.)

What to do? SpaceX has tried to make its satellites less reflective, though with limited success, notes Dr Borlaff. But business pressures push in the opposite direction. Starlink's satellites have grown in size over time, in order to serve more customers and offer higher connection speeds. Bigger satellites are usually brighter ones, too.

Co-ordination and data-sharing can help. Astronomers armed with details of a mega-constellation's orbits can time their observations

to minimise interference. But that solution does not scale well, says Dr Borlaff: eventually the sky becomes so crowded that avoidance is impossible.

What to do? The same cheap rockets that have made mega-constellations possible could also make it easier to loft future space telescopes above the growing swarms of satellites. The James Webb Space Telescope, for instance, is 1.5m km from Earth, far too distant for low-flying satellites to pose a problem. But flying low can offer advantages for telescopes just as it does for communications satellites, says Dr Borlaff, especially for space agencies that lack NASA's budget. Earth's magnetic field helps shield low-flying telescopes from cosmic rays, for instance. And flying low makes downloading data easier.

Dr Borlaff hopes diplomacy and regulation can help. He cites the Montreal Protocol, agreed in 1987, in which the world pledged to stop using chemicals that damage the ozone layer. In 2022 the International Astronomical Union set up the Centre for the Protection of the Dark and Quiet Sky from Satellite Constellation Interference. One of its jobs is to allow astronomers and mega-constellation operators to find compromises—limiting satellite numbers or orbits, for example. In the middle of a commercial and international space race, it will have its work cut out. ■

<https://www.economist.com/science-and-technology/2025/12/03/surging-satellite-numbers-threaten-to-dazzle-even-space-telescopes>

Well informed

Does taping your mouth while you sleep have benefits?

Proponents say it improves sleep and oral health

Dec 10, 2025 01:59 PM



TAPING YOUR mouth shut while sleeping might not sound appealing. But its proponents claim a vast array of benefits, from alleviating respiratory conditions to better-smelling breath and even a more chiselled jawline.

Breathing through your nose does have its benefits—small bony structures inside it, known as turbinates, filter air of debris and pathogens, for example. The nose also humidifies and warms incoming air, which is better for overall pulmonary health. Breathing like this can also increase the production of nitric oxide, which helps widen blood vessels and lower blood pressure while acting as a natural antimicrobial agent.

And breathing through the mouth can lead to problems—worsening snoring, oral health and obstructive sleep apnoea (OSA), where breathing stops during sleep because throat muscles block the

airway. Chronic mouth-breathing in children may also contribute to abnormal development of the face.

All this might suggest that some people would benefit from taping their mouths shut at night. Alas, the evidence does not bear this out. A systematic review of ten studies on mouth-taping for osa, published in *PLOS* in May, showed some weak evidence for benefits. One study included in the review, published in *Healthcare* in 2022, showed that when 20 participants with mild osa used mouth tape for one night, the median number of breathing interruptions per hour of sleep fell by roughly half. The number of snoring episodes also decreased by about half. A comparable study in *Otolaryngology Head and Neck Surgery* reported similar findings. Both studies, however, noted their small sample sizes and the *PLOS* review questioned the clinical significance of their results.

Mouth-taping might be more effective in treating osa when combined with other therapies. A study in the *Annals of the American Thoracic Society* in 2022 found that wearing a mandibular advancement device—a special mouthguard used to treat osa—and mouth-taping was more effective in treating the condition than just the mouthguard alone. However, studies with more participants, which also assess mouth-taping in isolation, are needed to draw more robust conclusions.

For those with severe osa and a nasal obstruction, such as a deviated septum, mouth-taping could do more harm than good. The *PLOS* review cautioned against taping mouths shut in such cases, where a person's airway was already significantly narrowed and mouth-taping could therefore pose a risk of asphyxiation.

Though mouth-taping for oral hygiene is more plausible—breathing through the mouth dries up saliva, which normally helps prevent tooth decay and bad breath—there are no robust studies yet to prove that it works. Claims that mouth-taping carves a sharper jawline are merely anecdotal, too.

Brian Rotenberg, an otolaryngologist at Western University in Canada, concludes that the risks of mouth-taping are not worth the potential gains. Those who persist with it, he says, might even be ignoring serious health problems. Difficulty with nasal breathing may indicate conditions such as nasal polyps, or even tumours. Such mouth breathers, he says, should get a diagnosis and treatment plan from a doctor instead of seeking a “quick fix” and taping their mouths shut.■

<https://www.economist.com/science-and-technology/2025/11/28/does-taping-your-mouth-while-you-sleep-have-benefits>

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Dark tourism

Why do tourists visit sites of atrocities?

Holidays in hell are horribly popular

Dec 10, 2025 01:58 PM | PALMYRA AND DAMASCUS



AT DAWN PALMYRA'S magnificent columns and buildings glow gold against the sky. The oasis city (pictured), built on an ancient trading route, was once one of Syria's most popular tourist sites, attracting an estimated 150,000 visitors annually. After the outbreak of civil war in 2011, that number plummeted as rebels and Islamist groups fought Bashar al-Assad's forces for control. Palmyra was closed to international visitors: only the Russian and Iranian soldiers who came to prop up Syria's despot were allowed in.

Mr Assad's odious regime fell a year ago, on December 8th 2024, and tourists are slowly returning to [Syria](#). Some come to marvel at what remains of the splendid temples, theatres and tombs. (Jihadists blew up monuments they deemed idolatrous, including the Temple of Bel, which was consecrated nearly 2,000 years ago.) A few visitors, however, seek more gruesome thrills. They want to see Syria's scars, to stand on the ground where battles, bombings and atrocities took place. They are known as "[dark tourists](#)".

They swap tips on Instagram and TikTok. Travellers to Syria want to see the destroyed suburbs of its cities or pose for photos with the tanks left behind by the Russians. Some hope to visit Saidnaya: the country's most notorious prison, on the outskirts of Damascus, is known as the "Human Slaughterhouse". Rebels took possession of it after Mr Assad fled from his country; the prison is now empty and locked. But enterprising tour guides promise they can get curious travellers inside.

Among those guides is Rita Badran, a dentistry student, who advertises her services to more than 25,000 followers on Instagram. A private tour of Syria costs \$130 per person; to visit Saidnaya, she charges a \$100 "permit fee" (she knows some of the guards). She has taken visitors—who are mainly from America and Europe—to see the aircraft that the Assad regime used to drop barrel bombs on civilians, and to explore the tunnels dug under Damascus by rebels. "There are hundreds or thousands of people still buried here that they couldn't retrieve," she says, walking through the blasted landscape.

Dark tourism is big business. Global Industry Analysts, a market-research firm, estimates that the dark-tourism market is worth \$35bn and will grow to \$41bn by 2030. (It includes visits to places such as the 9/11 Memorial Museum in its definition of dark tourism, as well as battlefields, concentration camps and disaster zones.) Besides Syria, people are heading to dangerous countries such as Iran, [North Korea](#), South Sudan and Ukraine. Young Pioneer Tours—a company whose tagline is "Destinations your mother would rather you stay away from"—has increased the number of destinations it covers since 2013, from 30 to more than 100.

In Israel dark tourists go to the sites where 1,200 people were killed in Hamas's attacks of October 7th 2023. In Afghanistan operators are capitalising on interest in life under the Taliban; after the jihadist group returned to power in 2021, tourist arrivals jumped

from 2,300 in 2022 to some 7,000 in 2023. And in Mexico people can book a “night walk”, a simulated illegal border crossing, complete with “smugglers” and “guards”.

The term “dark tourism” was coined in 1996 by J. John Lennon and Malcom Foley, two academics who observed the public’s interest in visiting the site of John F. Kennedy’s assassination. Peter Hohenhaus, the founder of dark-tourism.com and the author of “Atlas of Dark Destinations”, suggests that the idea is to bear witness. On his website he writes that dark tourism is about “respectful and enlightened touristic engagement with contemporary history, and its dark sites/sides, in a sober, educational and non-sensationalist manner”.

He argues that, in the public imagination, the term lumps together two types of people: those who seek to understand the past and voyeurs who want to take crass selfies. Many of the 1.8m people who went to Auschwitz in 2024 did so to pay their respects at the Holocaust memorial and museum. Others, however, posed for pictures on the train tracks outside the concentration camp. “There are selfish idiots and there are dark tourists,” Mr Hohenhaus says. “They are not the same.”



Many will nonetheless see dark tourism as ghoulish. Yet it is not new: some date it back to Romans who flocked to amphitheatres to watch [gladiators](#) fight to the death. An early example of civilians

venturing to gawk at a war zone was the influx of “lady tourists” during the Crimean war (between Russia, the Ottomans, Britain and France) in 1855. Women, armed with opera glasses, would pay to watch soldiers fight while sitting atop Cathcart’s Hill between Balaclava and Sevastopol.

Tourism to [Chernobyl](#), the site of the worst-ever nuclear catastrophe, peaked at 124,423 visitors in 2019, before the pandemic and Russia’s full-scale invasion of Ukraine. Italy is investigating allegations that its citizens took part in “sniper safaris” in Bosnia-Herzegovina in the 1990s, paying to shoot civilians in Sarajevo.

What is different about dark tourism today is its cost—cheap flights have made even far-flung trips more affordable—and the role of social media in publicising experiences and destinations. Accounts advertise sites from Amritsar to Zanzibar City. A number of influencers have garnered huge followings by travelling to places few others would think, or dare, to go.



In 2017 Logan Paul, an American YouTuber, posted a video from Aokigahara forest in Japan which featured a dead body (the forest is known as a site for suicides). The platform briefly cut business ties with Mr Logan, but he now has 23.6m followers, up from 15m at the time. Ms Badran says she took an influencer to Saidnaya

who, after posting pictures of the prison online, now brings others to see it.

Harry Jaggard has posted videos from Eritrea and Yemen. A dispatch from [Afghanistan](#), “Seven Days in the Most Dangerous Country in the World”, has 4.6m views on YouTube. In the video Mr Jaggard promises to go beyond “the headlines”. He says that the Taliban are “kind”—despite the floggings and executions—and that Afghan women “seemed happy”, though they are barred from secondary school, public parks, most jobs and complaining about any of the above. “What an incredible video man...I’ll have to visit someday soon,” one person commented. “I wish I could see it up close one day,” wrote another.

The shadowy economy

According to Booking.com, a travel website, almost 60% of Gen Z travellers look to social media when deciding where to go and about 45% draw inspiration from influencers. And many young people from rich countries—who have no experience of war—are interested in visiting sites with a tragic history.

On Ms Badran’s tour is Giulio Versura, an Italian student, and Luis Gatti, a German software engineer. Mr Gatti has travelled to Iraq, Palestine and Transnistria. He has come to Syria because he wants to visit the places he has seen on the news and to better understand the country and its people: “I feel like if there’s a debate about Syria back home in Germany, now I can actually contribute.” He does not see dark tourism as distasteful or exploitative—and, besides, conventional holidays do not appeal to him: “I could go to Italy or Spain and drink an Aperol Spritz, but that would be a bit boring.”

Syrian guides, for their part, are grateful for the opportunity “to show Syria as Syrians want it to be shown”, says Ala Salamia, who works in Damascus. (No doubt they also appreciate the business.)

Ms Badran does not distinguish between dark tourists and the regular kind, but between tourists and travellers: “Tourists will say, ‘I went to Syria and ate in that restaurant and we went here for a party.’ But a traveller will come and learn about the Syrian war.” ■

<https://www.economist.com/culture/2025/12/04/why-do-tourists-visit-sites-of-atrocities>

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Language

And The Economist's word of the year for 2025 is...

An unappetising symbol of a messy year

Dec 10, 2025 01:59 PM



PICKING A WORD of the year is not easy. In the past the American Dialect Society has gone with “tender-age shelters” (2018) and “-ussy” (2022). The Oxford English Dictionary (OED) has caused conniptions by opting for things like “youthquake” (2017) and “goblin mode” (2022). If you cannot remember why those terms were big that year, that is the point: the exercise is not a straightforward one.

Sometimes a single suitable word is not at hand, so a phrase is chosen instead; other times the word simply seems jarring. Middle-aged lexicographers are often tempted to crown a bit of [youth slang](#), but such terms are transient and sound out of date before the press release is published.

The Economist's choice for 2025 is a single word. It is representative, if not of the whole year, at least of much of the feeling of living in it. It is not a new word, but it is being used in a

new way. You may not like it, but you are living with it. And it is probably here to stay.

But first, a few subcategory winners. The clear winner for foreign word of the year, nominated by several of our China correspondents, was *neijuan*, Mandarin for “involution”. It describes the increasingly cut-throat competition between businesses, such as those that make electric vehicles, despite the diminishing returns. It has also become a term used by [workers](#) to refer to the sense of running ever faster on a treadmill to get nowhere.

Finance is a good place to look for words of the year because trends move fast, and its denizens like neologisms. *TACO* is this year’s favourite. Coined by Robert Armstrong, a journalist at the *Financial Times*, it stands for “Trump Always Chickens Out” and points to the many tariff fights Donald Trump has picked and then backed down from. Another strong contender was the “debasement trade”. In recent months investors have been buying up assets such as [gold](#) as they are worried that overspending governments are going to destroy the value of their currencies and other assets linked to them.

There were plenty of slang options, too. Dictionary.com has chosen “67” (read as “six seven”), a ubiquitous bit of youth-speak that, as the lexicographers there admit, has no fixed meaning: instead, it “has all the hallmarks of being brain rot”—a term that Oxford Dictionaries made its word of the year in 2024. “[Brain rot](#)” is defined as a state caused by overconsumption of mindlessly entertaining junk, particularly online. The term is also applied to the junk causing the mental decline.

Readers should prepare themselves: they will probably experience brain rot more often, thanks to our word of the year. Our pick’s rise was spurred by OpenAI’s release of Sora, a generative artificial-intelligence ([AI](#)) platform that can create videos based on a prompt.

Suddenly social-media feeds were filled with such clips. A term that started circulating in the early years of generative AI is now everywhere: “[slop](#)”.

The word, of course, is far from new: the OED’s first citation is from the 15th century. Its meaning has evolved from mud and slush, through a weak liquid used as a poorly nourishing food, to any kind of food scraps, to nonsense or rubbish.

Slop merchants clog up the internet with drivel. Enter a health question on Google and see how many of the top results are brand-new webpages with AI-written prose. Or scroll through Instagram and see how long it takes to come across a video that is made up of fake clips and an AI voiceover. Or head to X and see if you can distinguish the real MAGA accounts from those that were revealed (by a new “About this account” feature) to be slop-shops in Pakistan, Nigeria or Thailand.

It is distressing to imagine a world drowning in slop, so think of the positives. If the news ecosystem is sodden with slop, trust in established organisations might rebound. (Research has found that, after being asked to distinguish AI photographs from real ones, test subjects show a greater willingness to pay for a respectable newspaper.) If social-media sites become congested with slop, either those platforms will have to get serious about content moderation or else their users will shut them off. A case, then, for sloptimism? ■

<https://www.economist.com/culture/2025/12/03/and-the-economists-word-of-the-year-for-2025-is>

Show me the doors

Why there is an Advent calendar for absolutely everything

Do you want 24 pots of slime? Or packets of pork scratchings?

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ADVENT CALENDARS never used to be much fun. Each day in December, as part of the lead-up to Christmas, you would peel back a card door to reveal a Bible verse or a picture of a [church bell](#). Only if your parents were cool would you get a chocolate calendar.

These days, however, Advent calendars feature fewer bells and more bells and whistles. You can buy one not just for your children, but also for your parents, pets and even the birds in your garden. If you are feeling indulgent you can choose a calendar stuffed with port wine or pork scratchings. If you are on a pre-Christmas health kick you can pick one filled with protein powder or workout gear. Some calendars are sumptuous: a 12-day [caviar](#) countdown will set you back almost \$1,000. Others are sensible (24 tools) or silly (24 pots of slime).

Shoppers cannot get enough of them. A recent poll by Ipsos in Britain found that 72% of respondents buy Advent calendars. A calendar by Bonne Maman, a jam brand, sells out in America every year; the brand has increased production by 400% since 2017 to meet demand. Beauty is also pretty popular: Space NK's cosmetics calendar, one of the most popular of 2025, sold out in weeks.

Advent calendars can seem odd. The tradition started in the early 19th century with German Protestants who marked the season by lighting candles or drawing lines of chalk. Paper calendars spread across the world after the [second world war](#), when spirits needed lifting.



Why have they taken off? One reason is that today's Advent calendars speak to "the trend of small indulgences", says Liz Morgan of [Fortnum & Mason](#), a British department store. Calendars offer a taste of luxury, akin to indulging in a fancy coffee. Leonard Lauder, a cosmetics tycoon, called it the "lipstick

effect”: sales of the makeup product rose during economic downturns as women sought a forgivably inexpensive pick-me-up.

They often contain appealingly exclusive or collectable products. Liberty included a limited-edition bag in its popular Advent calendar this year; the London department store held a swanky party in September to celebrate its release. Rare products create a buzz on social media. There are 1.3m videos tagged #AdventCalendar on TikTok.

Advent calendars offer benefits for brands, such as attracting new customers. Some are eager to extend the custom beyond Christmas. [Halloween](#) Advent calendars have already started spooking the shelves. Kate Turvey, director of the Advent Calendar Shop, which stocks more than 500 different types, reckons countdowns to Mother’s Day or birthdays other than Jesus’s may soon take off. Who wouldn’t want that festive feeling of anticipation all year round? ■

<https://www.economist.com/culture/2025/12/02/why-there-is-an-advent-calendar-for-absolutely-everything>

Hotshot

Tyler Mitchell: the photographer of the moment

His work has appeared in the pages of Vogue and on the walls of the V&A

Dec 10, 2025 01:59 PM



Setting the stage for renown

EVERY YEAR the Aperture Foundation hosts a ritzy gala in New York to raise money and fete those it considers “leaders in the field” of photography. (It also publishes a magazine, likewise called *Aperture*, arguably the world’s most prestigious photography title.) The distinction tends to be given to artists to acknowledge decades of work: Graciela Iturbide won in 2021, aged 79, and Richard Misrach in 2024, aged 75.

This year, however, Aperture celebrated Tyler Mitchell, who seems to have conquered the world of [photography](#) at the tender age of 30. His strikingly beautiful images straddle fine art and [fashion](#) and his work is adored by curators, collectors and magazine editors. He is already earning comparisons to Richard Avedon, one of the best-known fashion and portrait photographers of the 20th century.



Mr Mitchell's work is in vogue—and in *Vogue*. He rose to fame in 2018, when he became the first black photographer to shoot a cover in the magazine's 126-year history. He depicted Beyoncé, a pop star, in a floral head-dress; Artsy, an online art marketplace, duly labelled him a “breakout talent”. Since then, he has photographed Kamala Harris, then the vice-president-elect, for *Vogue*; his work has been acquired by Sir Elton John and David Furnish and displayed at the Victoria and Albert Museum in London; and he has shot the catalogue for the Metropolitan Museum of Art's fashion exhibition, “Superfine: Tailoring Black Style”, about the modern dandy.

In October “Riverside Scene from Dreaming in Real Time”, a large image reminiscent of a famous painting by Georges Seurat, a post-Impressionist, sold for \$54,180 at auction. This was double the estimate and set a new record for his work. A travelling early-career survey, “Wish This Was Real”, is currently on display at the Maison Européenne de la Photographie in Paris and is accompanied by a monograph. You would expect Gagosian, the contemporary-art gallery which began representing Mr Mitchell in 2024, to call him a “leading artist of his generation”, but it seems it has a point.



Mr Mitchell was born in Atlanta, Georgia, in 1995. He turned to photography and film as a creative outlet as a teenager; he took up skateboarding and began making montage videos of other skaters. It was a few years later, while enrolled in New York University’s film and television programme, that he decided to focus on photography. “I saw it as a way I could quickly tell visual stories and speak to culture without waiting for a larger budget or crew,” he explains.

He credits black artists and photographers such as Gordon Parks, Roy DeCarava and Carrie Mae Weems as influences. A visit to Cuba when he was 20 also proved formative. This trip, which he describes as a “visual awakening”, allowed him to develop his own aesthetic and produce a large enough body of work to establish a portfolio. Evident in these early pictures is Mr Mitchell’s flair with

colour—a look Emily Bierman, the global head of prints and photographs at Sotheby's, an auction house, describes as “hyper-saturated”.

[Textiles](#) are a recurring motif in Mr Mitchell's work, be it billowing sheets, patchworked denim or fishing nets. (The backdrop of the Beyoncé cover was a simple cotton sheet pegged to a washing line.) This gives his images depth as well as a faintly dreamlike quality.



His photographs are “lightly staged”, in that Mr Mitchell will gather groups of models who have a certain charisma, dress them, place them in a specific location, give them props and then let the scene play out. He often depicts people at ease, catching them in calm or playful moments. (In one image, an insect rests on a young man's nose.) His subjects are people of colour; he has described his artistic world as something like a “black utopia”.

Regardless of the commission, Mr Mitchell works in a similar way. He says he seeks to convey “a sort of fluidity and slippage between these categories of photography: ‘art’, ‘fashion’, ‘portraiture’, ‘abstraction’, or any of the other sub-genres”. He hopes his images, wherever they end up, underscore the point of photography as an art form: to encourage viewers “to empathise and to see and to look”. ■

Correction (December 8th 2025): An earlier version of this story stated that Tyler Mitchell was born in Albany, Georgia. He was in fact born in Atlanta. (“Albany, Georgia” is the name of one of his artworks.) This has been updated.

<https://www.economist.com/culture/2025/12/04/tyler-mitchell-the-photographer-of-the-moment>

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Stuff of fiction

The 30-year-old dystopian novel that is the talk of TikTok

“I Who Have Never Known Men” is a haunting story—and readers love it

Dec 10, 2025 01:59 PM



I Who Have Never Known Men. By Jacqueline Harpman. Translated by Ros Schwartz. *Transit*; 208 pages; \$16.95. *Vintage*; £9.99

IT DOES NOT sound like the sort of book [TikTok](#) typically enjoys. “I Who Have Never Known Men” (“IWHNKM”) does not feature wolves, [fairies](#) or the word “rutting”. It is a desolate post-apocalyptic tale, not a racy coming-of-age story. Yet thanks to social media, the novel is a hit—30 years after it was first published.

The book’s nameless narrator is a girl who lives with 39 women in a cage in an underground bunker. The prisoners do not know why they are there: they were captured during a war none of them remembers. When they finally escape, they find a “land that is almost dead”. Other bunkers are full of corpses. “Did something,

someone, somewhere understand the meaning of all this?” the narrator wonders.

Jacqueline Harpman was born into a Jewish family in Belgium in 1929 and “IWHNKM” evokes the horrors of Nazism. Her slim, sombre novel was published in French in 1995, then translated into English, before falling out of print. In 2019 it was reissued by Vintage, a British publisher, with a revised translation.

Word started spreading online—one viral post teasing the plot of “IWHNKM” has 12.5m views and more than 2m likes—and sales rose sharply. In 2019 British readers bought 1,400 copies of “IWHNKM”. They have snapped up 75,000 so far in 2025, an increase of more than 5,250%. The affecting novel is popular in America, too: it is in fifth place on the *Washington Post*’s paperback bestseller chart.

Nick Skidmore, publishing director of Vintage Classics, says the decision to republish the book in 2019 was prompted by the boom in interest in dystopian fiction that followed the election of Donald Trump. “This book is really all about bewilderment,” he says; it appeals to “readers who may feel an equal sense of bewilderment about the political landscape today”.

According to its fans, “IWHNKM” explores “what makes us human in a totally foreign world”. The narrator is “just like us”, one remarked: “We also don’t know all the answers to why things are the way they are, or what the meaning of life is.” Gen Z readers may enjoy shlocky romances—but they enjoy pondering questions of the self, society and freedom, too. ■

<https://www.economist.com/culture/2025/12/01/the-30-year-old-dystopian-novel-that-is-the-talk-of-tiktok>

Right on cue

The best TV shows of 2025

Highlights of the small screen including shows about diplomacy, war and office life

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“Adolescence”

This show, about a 13-year-old boy (Owen Cooper) accused of murdering a classmate, is [hauntingly brilliant](#). The acting is impeccable and the show’s themes—including masculinity and online brainwashing—resonate.

“Andor”

A sophisticated show about authoritarianism, set in the “Star Wars” universe. It follows Cassian Andor (Diego Luna) as he rebels against the Galactic Empire. The writers understand the machinery of repression.

“The Beast in Me”

When Nile Jarvis (Matthew Rhys)—a real-estate mogul suspected of killing his wife—moves in next door to Aggie Wiggs, an author in need of inspiration, she gets a provocative new subject and he gets an opportunity to clear his name.

“The Chair Company”

Ron Trosper, an office worker in Ohio, has a tendency to over-react. So when his chair collapses during an important presentation, he embarks on a campaign against its manufacturer. This series sends up the absurdities of [corporate life](#).

“The Diplomat”

Kate Wyler (Keri Russell), America’s ambassador to Britain, is thoughtful and honourable. That puts her at odds with her reckless husband (Rufus Sewell) and a new president (Allison Janney) who, in this season, join forces with potentially disastrous consequences for geopolitics.

“Dying for Sex”

After Molly (Michelle Williams) is diagnosed with stage-four cancer, all she can think about is intercourse. She separates from her husband, who has not touched her in years, and embarks on a series of sexual adventures. A drama that is at once frank and funny.

“Hacks”

A comedy that continues to delight. Deborah Vance (Jean Smart) has finally landed her dream gig as a late-night TV host. But there’s a catch: her head writer is her former protégée who all but blackmailed her way into the job.

“King of the Hill”

This animated sitcom has been revived after 15 years. Hank Hill, a salesman of “propane and propane accessories”, and his wife return to Texas after a stint in Saudi Arabia. The show’s blend of topical satire and gentle comedy is as nicely balanced as ever.

“The Last of Us”

The first season of the hit [video-game](#) adaptation was memorable for its nerve-shredding intensity. The second more than matches it in ferocity. Much of the horror comes not from the threat of the

Cordyceps fungus, but from the desperate, vengeful people living in a post-apocalyptic world.

“Mr Scorsese”

This five-part documentary offers a vivid portrait of one of America’s great film-makers. [Martin Scorsese](#) reflects on his childhood, his one-time desire to become a priest and his infatuation with cinema. An honest depiction of an auteur whose work grapples with morality and vice.

“The Narrow Road to the Deep North”

A masterful adaptation of [Richard Flanagan’s](#) novel. Dorrido Evans (Jacob Elordi and Ciarán Hinds), a surgeon in the Australian army, is captured by the Japanese during the second world war and sent to work on the Burma Railway.

“Severance”

This surreal show is TV’s [greatest drama](#) of modern office life. Employees of Lumon Industries receive a brain chip that cleaves their consciousness in two. Their “outies” have no knowledge of their work, their “innies” no memory of their outside lives.

“Squid Game”

In this South Korean thriller debt-laden characters are recruited to play traditional children’s games. Winners get a prize pot of up to 45.6bn won, or \$31m; losers are killed. The brutality is ramped up in its third and final season, with new games and shocking acts of greed.

“Stranger Things”

It is time for the ultimate showdown in Hawkins, Indiana, between an intrepid group of locals and a terrifying psychic being known as Vecna. As the show creeps towards its conclusion, this monster hit retains its [supernatural power](#).

“Toxic Town”

In the 1980s and 1990s Corby Borough Council, in the East Midlands of England, cleared the site of a former steelworks, transporting noxious material in open trucks. Local children were subsequently born with deformities. It follows the parents who took the authorities to court.

“Trespasses”

This exquisite series is set in Northern Ireland during the Troubles. When Cushla (Lola Petticrew), a Catholic primary-school teacher, has an affair with Michael (Tom Cullen), an older, married Protestant, her life begins to fall apart. ■

All shows are available to stream in America and/or Britain

<https://www.economist.com/culture/2025/12/04/the-best-tv-shows-of-2025>

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Indicators ::

Indicators

Economic data, commodities and markets

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Economic data

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	Gross domestic product				Consumer prices			Unemployment rate	
	% change on year ago: latest	quarter*	2025†		% change on year ago: latest	2025†		%	
United States	2.1	Q2	3.8	1.9	3.0	Sep	2.8	4.4	Sep
China	4.8	Q3	4.5	5.1	0.2	Oct	-0.1	5.1	Oct‡§
Japan	1.1	Q3	-1.8	1.3	3.0	Oct	3.2	2.6	Oct
Britain	1.3	Q3	0.3	1.4	3.6	Oct	3.8	5.0	Aug††
Canada	1.4	Q3	2.6	1.1	2.2	Oct	2.0	6.9	Oct
Euro area	1.4	Q3	0.9	1.3	2.2	Nov	2.1	6.4	Oct
Austria	0.3	Q2	-0.5‡	0.4	4.1	Nov	3.4	5.8	Oct
Belgium	1.0	Q3	1.1	1.1	2.6	Nov	3.0	6.4	Oct
France	0.9	Q3	2.2	0.7	0.8	Nov	1.0	7.7	Oct
Germany	0.3	Q3	nil	0.2	2.6	Nov	2.2	3.8	Oct
Greece	1.7	Q2	2.3	2.2	1.6	Oct	2.8	8.6	Oct
Italy	0.6	Q3	0.5	0.5	1.1	Nov	1.7	6.0	Oct
Netherlands	1.6	Q3	1.5	1.5	2.6	Nov	2.9	4.0	Oct
Spain	2.8	Q3	2.6	2.8	3.1	Nov	2.5	10.5	Oct
Czech Republic	3.0	Q3	3.2	2.5	2.5	Oct	2.4	2.8	Q3‡
Denmark	3.9	Q3	9.5	2.8	2.1	Oct	1.9	2.9	Oct
Norway	2.1	Q3	4.6	1.1	3.1	Oct	2.8	4.7	Sep‡‡
Poland	3.8	Q3	3.6	3.3	2.4	Nov	3.8	5.6	Oct§
Russia	0.6	Q3	na	0.6	7.7	Oct	8.8	2.2	Oct§
Sweden	2.5	Q3	4.3	1.6	0.9	Oct	2.7	8.9	Oct§
Switzerland	0.5	Q3	-2.1	1.2	nil	Nov	0.2	3.0	Oct
Turkey	3.7	Q3	4.4	3.2	31.1	Nov	34.5	8.2	Oct§
Australia	2.1	Q3	1.6	1.9	3.2	Q3	2.7	4.3	Oct
Hong Kong	3.8	Q3	2.8	3.1	1.2	Oct	1.6	3.8	Oct‡‡
India	8.2	Q3	8.4	6.8	0.3	Oct	2.8	6.5	Nov
Indonesia	5.0	Q3	4.1	5.0	2.7	Nov	1.9	4.9	Aug§
Malaysia	5.2	Q3	9.0	4.8	1.3	Oct	1.4	3.0	Sep§
Pakistan	3.7	2025**	na	3.7	6.1	Nov	3.5	6.3	2021
Philippines	4.0	Q3	1.6	5.0	1.7	Oct	1.6	5.3	Q3§
Singapore	4.2	Q3	9.8	3.7	1.2	Oct	0.8	2.0	Q3
South Korea	1.9	Q3	5.4	1.1	2.4	Nov	2.1	2.2	Oct§
Taiwan	8.2	Q3	7.0	7.6	1.5	Oct	1.7	3.3	Oct
Thailand	1.2	Q3	-2.2	2.0	-0.5	Nov	-0.1	0.7	Oct§
Argentina	6.3	Q2	-0.2	3.8	31.3	Oct	41.8	7.6	Q2§
Brazil	2.2	Q2	1.5	2.2	4.7	Oct	5.0	5.4	Oct§‡‡
Chile	1.6	Q3	-0.6	2.4	3.4	Oct	4.3	8.4	Oct§‡‡
Colombia	3.4	Q3	5.0	2.5	5.5	Oct	5.0	8.2	Oct§
Mexico	-0.1	Q3	-1.1	0.7	3.6	Oct	3.8	2.6	Oct
Peru	3.4	Q3	5.7	3.1	1.4	Nov	1.6	5.5	Oct§
Egypt	5.3	Q3	39.4	4.3	12.5	Oct	14.1	6.4	Q3§
Israel	3.5	Q3	12.4	3.4	2.5	Oct	3.1	3.0	Oct
Saudi Arabia	2.7	2024	na	4.4	2.2	Oct	2.1	3.2	Q2
South Africa	2.1	Q3	2.0	1.2	3.5	Oct	3.3	31.9	Q3§

Source: Haver Analytics *% change on previous quarter, annual rate †The Economist Intelligence Unit estimate/forecast §Not seasonally adjusted

‡New series **Year ending June ‡Latest 3 months ‡‡3-month moving average Note: Euro-area consumer prices are harmonised

Economic data

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	Current-account balance % of GDP, 2025 [†]	Budget balance % of GDP, 2025 [†]	Interest rates 10-yr govt bonds latest, %	change on year ago, bp	Currency units per \$ Dec 3rd	% change on year ago
United States	-4.0	-5.9	4.1	-17.0	-	
China	2.0	-5.6	1.6	\$\$	-7.0	7.07
Japan	4.3	-2.9	1.9	77.0	156	-4.0
Britain	-3.0	-4.9	4.5	23.0	0.76	4.0
Canada	-2.0	-2.6	3.2	17.0	1.40	0.7
Euro area	3.2	-3.2	2.7	68.0	0.86	10.5
Austria	2.1	-4.5	3.0	52.0	0.86	10.5
Belgium	-0.6	-5.3	3.3	63.0	0.86	10.5
France	-0.3	-5.7	3.5	57.0	0.86	10.5
Germany	5.2	-2.7	2.7	68.0	0.86	10.5
Greece	-5.8	0.6	3.4	43.0	0.86	10.5
Italy	1.2	-3.1	3.4	20.0	0.86	10.5
Netherlands	7.8	-2.4	2.9	60.0	0.86	10.5
Spain	2.7	-2.8	3.2	37.0	0.86	10.5
Czech Republic	0.7	-2.1	4.6	65.0	20.8	15.7
Denmark	12.5	2.2	2.5	74.0	6.42	10.6
Norway	13.6	9.5	4.1	64.0	10.1	9.6
Poland	-0.6	-7.0	5.2	-43.0	3.64	12.1
Russia	1.8	-2.7	14.3	-174	77.5	38.4
Sweden	6.5	-1.3	2.8	90.0	9.43	16.5
Switzerland	4.5	0.5	0.2	-5.0	0.80	10.0
Turkey	-1.2	-3.6	28.8	128	42.3	-18.0
Australia	-2.1	-1.8	4.5	8.0	1.52	1.3
Hong Kong	13.3	-4.9	3.0	-31.0	7.79	nil
India	-1.0	-4.4	6.5	-18.0	89.9	-5.8
Indonesia	-1.1	-3.1	6.3	-61.0	16,617	-4.2
Malaysia	1.1	-3.9	3.5	-34.0	4.13	8.0
Pakistan	-1.5	-5.5	11.9	+++	3.0	280
Philippines	-4.3	-5.7	5.8	-13.0	58.7	-0.1
Singapore	14.6	0.2	2.1	-58.0	1.30	3.9
South Korea	5.5	-2.4	3.4	66.0	1,468	-4.3
Taiwan	18.2	1.8	1.3	-20.0	31.4	3.9
Thailand	2.6	-5.3	2.1	-48.0	32.0	7.5
Argentina	-2.3	0.1	na	na	1,457	-30.6
Brazil	-3.2	-6.4	13.3	-21.0	5.33	13.7
Chile	-2.6	-1.7	5.3	-35.0	924	5.9
Colombia	-2.5	-7.5	12.5	198	3,818	16.9
Mexico	-0.4	-3.8	8.9	-104	18.3	11.6
Peru	1.9	-2.5	5.9	-62.0	3.37	11.6
Egypt	-2.5	-7.7	na	na	47.5	4.7
Israel	2.7	-4.5	4.0	-62.0	3.25	12.3
Saudi Arabia	-2.2	-5.3	na	na	3.75	nil
South Africa	-0.8	-4.4	8.4	-54.0	17.1	6.0

Source: Haver Analytics §§5-year yield +++Dollar-denominated bonds

Markets

	Index Dec 3rd	% change on: one week Dec 31st 2024	
In local currency			
United States S&P 500	6,849.7	0.5	16.5
United States NAS Comp	23,454.1	1.0	21.5
China Shanghai Comp	3,878.0	0.4	15.7
China Shenzhen Comp	2,441.0	0.3	24.7
Japan Nikkei 225	49,864.7	0.6	25.0
Japan Topix	3,334.3	-0.6	19.7
Britain FTSE 100	9,692.1	nil	18.6
Canada S&P TSX	31,160.5	-0.1	26.0
Euro area EURO STOXX 50	5,694.6	0.7	16.3
France CAC 40	8,087.4	-0.1	9.6
Germany DAX*	23,693.7	-0.1	19.0
Italy FTSE/MIB	43,380.6	0.6	26.9
Netherlands AEX	949.6	0.6	8.1
Spain IBEX 35	16,585.7	1.4	43.0
Poland WIG	109,948.1	-1.5	38.2
Russia RTS, \$ terms	1,071.6	0.2	20.0
Switzerland SMI	12,858.3	0.3	10.8
Turkey BIST	11,036.8	1.1	12.3
Australia All Ord.	8,894.2	-0.1	5.6
Hong Kong Hang Seng	25,760.7	-0.6	28.4
India BSE	85,106.8	-0.6	8.9
Indonesia IDX	8,611.8	0.1	21.6
Malaysia KLSE	1,622.8	-0.1	-1.2
Pakistan KSE	166,145.4	1.8	44.3
Singapore STI	4,554.5	1.2	20.2
South Korea KOSPI	4,036.3	1.9	68.2
Taiwan TWI	27,793.0	1.4	20.7
Thailand SET	1,274.8	1.1	-9.0
Argentina MERV	3,129,449.2	4.8	23.5
Brazil BVSP*	161,755.2	2.0	34.5
Mexico IPC	63,597.4	0.6	28.4
Egypt EGX 30	41,342.0	4.6	39.0
Israel TA-125	3,511.2	2.7	44.7
Saudi Arabia Tadawul	10,574.8	-0.6	-12.1
South Africa JSE AS	111,332.8	-0.5	32.4
World, dev'd MSCI	4,385.8	0.3	18.3
Emerging markets MSCI	1,373.9	0.2	27.7

US corporate bonds, spread over Treasuries

Basis points	latest	Dec 31st 2024
Investment grade	95	95
High-yield	362	324

Sources: LSEG Workspace; Moscow Exchange; Standard & Poor's Global Fixed Income Research *Total return index

Commodities

The Economist commodity-price index

2020=100	Nov 25th	Dec 2nd*	% change on	
			month	year
Dollar Index				
All items	137.2	139.1	nil	4.5
Food	142.8	143.5	-2.7	-0.7
Industrials				
All	132.6	135.4	2.6	9.4
Non-food agriculturals	124.3	125.2	0.5	-7.4
Metals	134.8	138.0	3.1	14.2
Sterling Index				
All items	133.8	135.3	-1.1	0.2
Euro Index				
All items	135.6	136.9	-1.0	-5.3
Gold				
\$ per oz	4,131.3	4,177.5	5.4	58.2
Brent				
\$ per barrel	62.6	62.5	-3.1	-15.1

Sources: Bloomberg; CME Group; LSEG Workspace; NZ Wool Services; S&P Global Commodity Insights; Thompson Lloyd & Ewart; USDA; WSJ *Provisional

<https://www.economist.com/economic-and-financial-indicators/2025/12/04/economic-data-commodities-and-markets>

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Obituary

- **Tom Stoppard was an inexhaustible fountain of ideas**

A man of multitudes :: Britain's most challenging playwright died on November 29th, aged 88

A man of multitudes

Tom Stoppard was an inexhaustible fountain of ideas

Britain's most challenging playwright died on November 29th, aged 88

Dec 10, 2025 01:58 PM



ON A WARM summer day in 2003, Tom Stoppard found himself strolling round the mostly ruined estate of Premukhino, north of Moscow. The graffiti-scrawled walls had once been home to the family of Mikhail Bakunin, a 19th-century Russian anarchist. This was his setting for the first act of “The Coast of Utopia”, a trilogy about Russian thinkers, with its hero in Alexander Herzen. The play began with a family gathering: the women talking about Pushkin (then still alive) and affairs of the heart, the young men arguing about German philosophy and Russian literature. As he wandered he recognised a pond, where a visitor had caught a carp, and the site of a family bonfire party.

Yet he had never been there before, except in his mind’s eye. Visiting a place while writing about it was no more necessary than travelling to Denmark while writing “Rosencrantz and Guildenstern Are Dead”, the play which, in 1967, made him

famous. What he needed were his London Library books, not the places, to imagine his characters. He had gone to Premukhino not to learn, but to feel. “The Coast of Utopia” was no more about the history of Russia’s socialist movement than “The Invention of Love”, his favourite play, was about Latin semantics—or, for that matter, Anton Chekhov’s “The Cherry Orchard” was about capitalism. What interested him, like Chekhov (whom he translated), was not abstract ideas but how non-abstract lives were determined by the challenges of their time. Characters were not vehicles for ideas; they were driven and sometimes run over by them.

Normally he did not particularly care where his plays were staged. But with “The Coast of Utopia”, he indulged a dream of bringing his characters, speaking Russian, to the Moscow stage. He was fascinated to see them interact with the country that had rejected their ideas of freedom and social justice. How free will and chance fitted in with history, which Herzen declared “had no purpose”, was a leitmotif of both his work and his life. “Rosencrantz and Guildenstern” opens with the two minor characters from “Hamlet” playing Chance: tossing a coin that always lands on the same side. Their fate is already known, even from the title page. Yet in the face of what seems inevitable, they jest with each other, as if they can escape. As his Herzen said, it took wit and courage “to make our way while our way is making us”.

He was born Tomas Straussler in Zlin, Czechoslovakia in 1937 to a secular Jewish family. His father, a doctor, was transferred to Singapore and drowned trying to flee the Japanese; his mother, who had escaped to India, remarried, and the family moved to England in 1946. Young Tom put on England like a coat: a coat made of cricket, endless summer days and evenings too light to sleep. His play “Arcadia”, a melange of ideas on mathematics, Byron, sex and gardening, was set in a perfect English idyll, the fine Georgian house he lived in himself. The English language was already his, and he soon passed on its wit to his characters,

including Jan in “Rock ’n’ Roll”: the play that reminded him what could have been his life in Czechoslovakia. Jan jokes that “to be English would be my luck...moderately enthusiastic, moderately philistine and a good sport.”

Astonishingly, he did not go to university. Instead, sheer enthusiasm for journalism took him to a Bristol paper, where he found he had a feel for a story. In plays, however, the form was also the story; and it was not linear. In “Arcadia” the apple picked and left on the table in the present is eaten by a character in the past. All theatre happened in the wrong order: the performance was the event, not the text of the play.

But the text required labour. Both parts of the word “playwright” had equal weight for him. Constructing plays was a craft. He wrote them in longhand and fountain pen on unlined A4 sheets, then spoke them, with punctuation and stage directions, into a dictaphone. The job of the actors was to ski freely, *playfully*, down the piste he had made for them. Style he didn’t mind about, as long as they skied. What he dreaded was to think of them trudging through the snow with one ski on their shoulder.

Fame did not blind him, and his modesty was not false. He was knighted, and won an Oscar for his screenplay for “Shakespeare in Love”; that was all very nice, but didn’t help with his main preoccupation, writing the next play. Nor did any previous techniques. Ideas were not a problem; it was how to get into them. That was like trying to pick a lock without thinking about the lock. Writing plays, in the end, was not a public service but a private neurosis.

And he clung to that privacy. He eschewed party politics, ideologies and dogmas; he resented moral exhibitionism. He never publicised exchanging letters with political prisoners in Russia. In sum, he did not take sides; or rather, he took every possible decent side. His plays were the best expression of himself, because, like

Walt Whitman, he contained multitudes. Whitman's lines would come to his mind when he talked to his actors: "Do I contradict myself? Very well then I contradict myself."

Except for playing a triangle at seven in Darjeeling, he was not musical. But his plays were, and none more so than "Leopoldstadt", his last work. This story was prompted by the late discovery of his own Jewish roots, but was set in Vienna. It began with a large family gathering in 1899 and ended in 1955, when most members were merely names and photos in an album. The play went into rehearsal in Moscow in 2022, just as Russia invaded Ukraine, with the same company that had staged "The Coast of Utopia". On opening night, he appeared on Zoom to greet his actors.

His final days found him trying to unpick yet another lock: a play about philosophy students at Oxford in 1939-40. In his mind it dealt with ethics and morality as objective and real, rather than subjective. As he told his Russian director over Zoom, he had barely scratched the surface of the paper. ■

<https://www.economist.com/obituary/2025/12/03/tom-stoppard-was-an-inexhaustible-fountain-of-ideas>

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