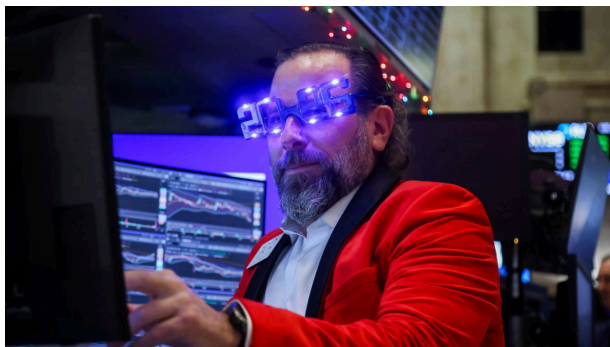


The world in brief

Catch up quickly on the global stories that matter



Photograph: Bloomberg via Getty Images

American stock indices closed 2025 higher than they did a year ago, despite volatility induced by [Donald Trump's tariffs](#) and concerns of a [possible AI bubble](#). The s&p 500 posted annual gains of 16%, while the tech-heavy NASDAQ was up by 20%. **Silver futures** rose by around 150% annually, as investors [piled into precious metals](#) in anticipation of rate cuts.

Iran appointed a new central-bank governor and announced a public holiday as anger over living standards prompted the largest anti-government demonstrations in years. The protests, which began on Sunday, have been fuelled by the country's [ailing economy](#). Iran's currency, the rial, has plunged to record lows against the dollar and the annual inflation rate has risen above 40%.

China announced it had “successfully” completed two days of military exercises around **Taiwan**. The [self-governing island](#) kept its forces on high alert and condemned the Chinese drills, which involved firing rockets into the sea close by as well as deploying warships and jets. During his New Year's Eve address, [Xi Jinping](#), China's president, said that “reunification” was “unstoppable”.

Thailand released 18 **Cambodian** soldiers it had held for 155 days. The repatriation was part of a renewed ceasefire deal the

South-East Asian countries struck over the weekend, although it was delayed by one day after Thailand accused Cambodia of violating the truce. The neighbouring countries have been [fighting on and off](#) after a ceasefire negotiated in July broke down.

The **United Nations** slashed its budget for 2026 by 7%, to \$3.45bn, and cut 2,900 jobs. The organisation is [grappling](#) with a funding shortfall of nearly \$1.6bn driven primarily by America, which owes more than \$1.4bn in arrears. The Trump administration has accused the UN of wasting taxpayer dollars.

India extended a tariff on **steel imports** for three years as it tries to protect its producers from international oversupply, [particularly from China](#). The tariff rate will start at 12% before gradually decreasing to 11% over the three-year period. Certain products, such as stainless steel, are exempt. Shares in Indian steelmakers, including Tata Steel and JSW Steel, rallied on the news.

Warren Buffett steps down as chief executive of [Berkshire Hathaway](#), America's ninth-most-valuable company, on Wednesday, ending his 60-year tenure at the helm. Mr Buffett, who is 95, will remain chairman of Berkshire's board. Greg Abel, who is currently vice chair of non-insurance operations, will succeed him on January 1st.

Figure of the day: 16,000, the approximate number of buildings destroyed in the fires that tore across Los Angeles County nearly a year ago. [Read the full story](#).



Photograph: Getty Images

The Democratic Party tries to step up

Until January 2nd we are looking ahead to next year's big stories. Today, what will shape American politics?

Donald Trump's return to the presidency left Democrats in disarray. They lacked leadership and direction. Still, the party notched some impressive wins in state elections in November. And in 2026 its fight back could gain strength. In the midterm elections, Democrats will probably retake the House of Representatives. That would grant the Democrats subpoena power and the ability to go on the offensive. It would end Republicans' lock on Congress and could set the stage for Mr Trump's third impeachment.

A welcome turn of events for the Democrats, then. But the out-of-power party usually gains in the midterms. Democrats' longer-term fortunes will depend on who becomes their standard-bearer and eventual candidate in the 2028 presidential contest. Potential frontrunners include governors such as [J.B. Pritzker in Illinois](#) or [Gavin Newsom in California](#). To succeed, the party will need to work out why voters still trust Republicans more on some of the most salient issues, including crime, immigration and the economy.

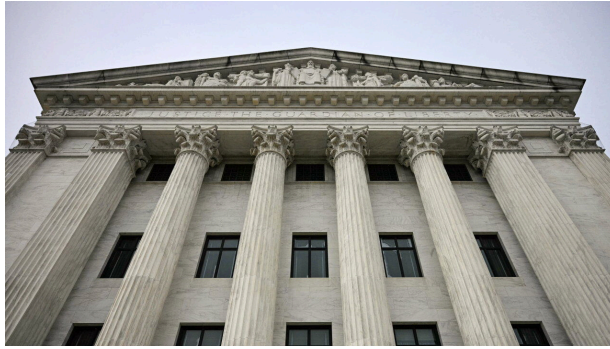


Photograph: Getty Images

America's mass deportation campaign intensifies

Mass deportation was never going to be achieved in one year. The money and manpower required to round up thousands, let alone millions, of illegal immigrants would take time to secure. But Donald Trump's first year in office has [laid the groundwork](#). And in 2026 a dollop of cash from the One Big Beautiful Bill Act will fund more immigration agents, detention centres and surveillance technology.

That means the deportation campaign will probably accelerate. But two factors could yet convince the president to ease up. First is potential pressure from businesses. Bosses in industries such as farming or tourism fear a labour shock. Second is public opinion. Approval for Mr Trump's handling of immigration has plunged since he took office. Americans favour deporting criminals, but do not like to see masked agents shoving people into unmarked vans. Republicans up for re-election in November's midterm elections might campaign less relentlessly for deportations than before.



Photograph: Getty Images

The president and the Supreme Court

Since Donald Trump returned to office, the Supreme Court has largely—with the significant exceptions of [a National Guard deployment](#) and a deportation case—blessed his agenda. It has let him ban transgender soldiers from the armed forces, gut the Department of Education and rescind protections for more than 1m migrants. But these judgments have come on the court’s “emergency” or “shadow” docket that produces interim rulings. Several weighty questions are returning as slower-moving “merits” cases, which result in a final judgment.

When the court issues rulings in 2026, the president will find reasons to cheer—and a few to jeer. His biggest wins could include the court formally blessing many of his attempts to sack government officials and employees. As for the losses, the court will probably uphold the 14th Amendment’s [guarantee of birthright citizenship](#), which Mr Trump tried to rescind in an executive order. Meanwhile a ruling on his tariffs is expected in early 2026: a majority of justices expressed scepticism about their legality in oral arguments in November.



Photograph: Getty Images

America's big birthday

In July America will celebrate its 250th birthday. The coming year will feature parades, fireworks and, curiously, an Ultimate Fighting Championship bout at the White House. The celebrations will be a sign of America's political divisions. Two rival commissions are planning events. The "America250 Commission" was created by Congress in 2016 and aspires to a nonpartisan representation of the American story. "Task Force 250" was established by Donald Trump to "honour the history of our great nation".

The past has become a partisan battleground. To Mr Trump, it is the left that struck first, toppling statues of historical figures such as Confederate generals. In March he signed an executive order that complained of a "concerted" effort to "rewrite" America's history to foster "a sense of national shame". It called on officials to audit how the American story is told at federal historical sites and museums. Big anniversaries once provided moments of unity. Now that looks less likely.



Illustration: The Economist

Daily quiz

We will serve you a new question each weekday. On Friday your challenge is to give us all five answers and tell us the theme. Email your responses (and your home city and country) by 1700 GMT on Friday to [\[email protected\]](#). We'll pick three winners at random and crown them on Saturday.

Wednesday: What title is used by both the supervisor of a team of workers in a factory and the spokesman of a jury?

Tuesday: What pen-name was assumed by Charles Lutwidge Dodgson, author of a children's classic?

Rules have no existence outside of individuals.

Henri Matisse