

## Catch up: Britain's tax-raising budget; America's booming economy



Rachel Reeves, **Britain's** finance minister, delivered the Labour party's **first budget** in 14 years. Ms Reeves announced £40bn (\$52bn) in tax increases, including raising employers' national insurance contributions by 1.2 percentage points to 15%. Britain's government will boost public investment by more than £100bn over the next five years, increasing spending on transport, schools and hospitals.

**America's** economy grew by an annualised rate of 2.8% in the three months to September, just shy of analysts' expectations of 3%. America's Bureau of Economic Analysis said that strong consumer spending and exports boosted growth. Data published on Thursday is expected to show that inflation has eased, too. America's economy has vastly **outperformed other rich countries**.

**Flash floods** killed at least 72 people in Valencia and Castilla-La Mancha, two regions in **Spain**. More than 1,000 troops have been deployed to support rescue operations. In some areas in the south-

east of Spain a year's worth of rain fell in just eight hours. Spain's prime minister, [Pedro Sanchez](#), declared three days of mourning.

The **euro zone's economy** grew by 0.4% in the three months to September, exceeding the 0.2% expected by analysts. GDP growth in the bloc has been sluggish this year, particularly hampered by a lagging German economy. But [Europe's largest economy](#) unexpectedly grew by 0.2% in the third quarter, following a decline of 0.3% in the second quarter.

**Kamala Harris's** probability of victory rose by six percentage points in *The Economist's* [election forecast](#). Donald Trump had briefly surged ahead, but the race is once again a dead heat. Her gains were mostly in states in the rust belt, including Michigan and Wisconsin. She also improved her chances of winning North Carolina, a swing state.

**Canadian** officials alleged that Amit Shah, **India's** minister of home affairs and an ally of Narendra Modi, the prime minister, masterminded plots targeting Sikh separatists on Canadian soil. Canada expelled Indian diplomats earlier this month after linking them to [the assassination](#) of Hardeep Singh Nijjar, a Canadian citizen, in Vancouver in 2023. India's government has denied involvement.

**Animals** in the wild get [drunk](#). A new study found that many guzzle ethanol, an alcohol that forms from fruit and grain sugars. For a small animal or bird, drinks containing 1-2% alcohol by volume are enough to get them tipsy. That could be lethal for climbing animals, but researchers reckon that a tippie could help them to relax, too.

**Figure of the day:** 3%, the proportion of people in Michigan, a swing state, who claim Middle Eastern or North African origins. [Read the full story.](#)

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# America's pre-election economic bounce



An oft-cited quip about American elections is that “it’s the economy, stupid”. If that were so, Kamala Harris would be in a strong position. Figures due on Wednesday are expected to show that the economy grew at an annual pace of about 3.2% in the third quarter. That is above America’s long-term trend and **far better** than most analysts had thought likely at this point. A short while ago many were predicting a recession.

Even better, inflation has continued to recede. The Federal Reserve’s preferred gauge of inflation is forecast to have slowed to 2.1%, basically at its target, in data due on Thursday. Unfortunately for Ms Harris, however, economic news does not directly translate into political outcomes. Many Americans are still smarting from hefty price increases in 2022 and 2023. Moreover, political polarisation means that roughly half the country is primed to think the worst of her policies, whatever their actual impact.

# Tight elections in Botswana



Botswana has long been a diamond in the rough. Unlike many African countries it has never had a coup or military rule; Wednesday's elections will be the 12th since independence in 1966. The southern African country has managed its natural resources relatively well: the world's largest diamond producer by value has re-invested the dividends in schools and other sensible things. Its GDP per person, adjusted for inflation, is the highest on the sub-Saharan mainland.

Yet many Botswanans feel that the country is in a slump—and that its [gem-dependent model](#) needs refreshing. Unemployment, the most important issue for voters, and inequality are almost as high as in South Africa. So although the Botswana Democratic Party, which has governed since independence, is the favourite to win the most seats, the party of President Mokgweetsi Masisi could still be in for a tight race.

Voters are souring on many incumbents across Africa, so Botswana may not be so exceptional, after all.

# Georgia in deadlock



On Wednesday the European Union published its annual update on negotiations with would-be members. Georgia was in the spotlight; it is the first year that it featured as a candidate country. But its westward aspirations have been shaken by a rancorous election on Saturday, in which the Russia-friendly ruling party, Georgian Dream, claimed victory. The opposition disputes the result, alleging intimidation and vote-buying by the government. On Monday tens of thousands of people protested in Tbilisi, the capital, and on Tuesday the country's electoral commission announced it would undertake a partial recount.

The EU had harsh words for Georgia. It emphasised that the ruling party's growing authoritarianism is incompatible with the country's ambitions to join the bloc. After pausing accession talks with the country in July, the bloc reiterated that the government's "course of action jeopardises Georgia's European path and de facto halts the accession process". For many pro-EU Georgians, despondent after last week's bitter election, those words will come as another blow.



# Labour's tax-raising budget



Rachel Reeves, Britain's finance minister, unveiled her first budget on Wednesday. After winning the election in July on a manifesto proposing only minimal economic changes, once in power the Labour Party had signalled the need for more dramatic measures to fill a “black hole” in the [public finances](#).

Thus Ms Reeves rewrote Britain's fiscal rules, relaxing the limits on borrowing for investment by tens of billions of pounds. Despite pledging not to increase any of Britain's main taxes: national insurance, income tax or VAT, Ms Reeves still announced £40bn (\$52bn) worth of tax rises. Charging VAT on private schools was confirmed. But her biggest revenue-raiser will be a 1.2% increase in employers' national-insurance contributions, to 15%.

Ms Reeves expects this to rake in £25bn. The government insists its pre-election promise only covered NICs directly paid by employees. Nonetheless, over time workers will be hit through lower pay. Rishi Sunak, leader of the opposition Conservative Party, said the budget had delivered “a tidal wave” of anti-business measures.

# Murder at the Ballet



Ballet is dense with death. Dancers have long acted out the moving demise of lovers Siegfried and Odette in Tchaikovsky's "Swan Lake", and the mutual suicides of Prokofiev's "Romeo and Juliet". But murder is rare.

The American Ballet Theatre's new production of "Crime and Punishment", adapted from Fyodor Dostoevsky's novel by its choreographer, Helen Pickett, and set to a score by Isobel Waller-Bridge, is set in motion by a killing. The dance opens on Wednesday, and is the company's first full-length ballet choreographed, or scored, by a woman. It focuses on Raskolnikov, a desperately poor and morally confused student who kills a pawnbroker and his sister. The act is shown in flashback, via video, to keep the focus on Raskolnikov's inner turmoil, which eventually pushes him to confess his crimes. The costumes and sets are minimalist, and Raskolnikov is played by dancers of different genders, to emphasise the universality of his predicament.



## Daily quiz



*The Economist*

We will serve you a new question each day this week. On Friday your challenge is to give us all five answers and, as important, tell us the connecting theme. Email your responses (and include mention of your home city and country) by 1700 GMT on Friday to [QuizEspresso@economist.com](mailto:QuizEspresso@economist.com). We'll pick randomly from those with the right answers and crown three winners on Saturday.

**Wednesday:** Which member of the Beatles was the youngest?

**Tuesday:** Steven Tallarico is the real name of which American rock singer, the lead vocalist of Aerosmith?

**3%**

*The proportion of people in Michigan, a swing state, who claim Middle Eastern or North African origins.*

*Read the full story.*

**At the worst, a house unkept cannot be so distressing as a life unlived.**

*Rose Macauley*