Catch up: Trump vows to proceed with tariffs; Bundestag rejects CDU migration law

Donald Trump repeated his threat to impose **tariffs** on goods from Canada, Mexico and China from Saturday, and added that he would also tax goods from the **European Union**. He insisted that the levies were not merely "a negotiating tool", and said he would "eventually" put tariffs on goods ranging from semiconductors to aluminium. Earlier the White House press secretary denied a report by Reuters that the president would delay the tariffs.

Germany's Bundestag voted against a draft law to curb irregular immigration proposed by the opposition Christian Democrats (CDU). On Wednesday a separate, non-binding CDU motion on the topic passed with the backing of the hard-right Alternative for Germany (AfD). Other mainstream parties accused the CDU's leader, Friedrich Merz, of weakening the "firewall" that binds them against working with the AfD. Mr Merz's party leads polls ahead of elections on February 23rd.

Five political parties in **Belgium** struck a deal to form a new right-leaning government after nearly eight months of negotiations. Bart De Wever, a Flemish nationalist leader, is expected to become the prime minister. Talks had dragged on as parties could not agree on budget-related issues. Mr De Wever has vowed to improve Belgium's public finances.

A former adviser to **America's** Federal Reserve was arrested for sharing economic secrets with **China**. John Rogers worked in the Fed's international finance division between 2010-21. In 2018 Mr Rogers allegedly began supplying sensitive information to Chinese officials under the "guise of teaching" in his role as part-time professor at Fudan University in China. The Chinese embassy in Washington said it was "not familiar" with the case.

Colombia's president, Gustavo Petro, said Colombians living in America without documentation should leave their jobs "immediately" and return home. He added his government would provide loans to help returnees. Last week Mr Petro briefly refused to accept Colombians deported from America, before relenting after Mr Trump threatened tariffs and other measures.

A Swiss court found **Trafigura** and one of its former executives guilty of **bribery charges**. It sentenced Mike Wainwright, the commodity conglomerate's former chief operating officer, to 32 months in prison (with 20 suspended) for paying bribes in Angola. The court ruled the company's anti-bribery safeguards were insufficient and told it to pay fines and compensation worth almost $149m.

Russian missiles damaged several historic buildings, including a concert hall and a luxury hotel, in the Ukrainian port city of **Odessa**. Volodymyr Zelensky, Ukraine's president, called the attack "a deliberate strike" on the district, which the UN has classified as a world heritage site. At least seven people were injured.

Word of the week: *wu nu,* or "housing slave", slang for young Taiwanese homebuyers who feel trapped by their expensive mortgages. Read the full story.

The countdown to Trump's tariffs

Donald Trump vowed to impose 25% tariffs on Mexico and Canada on his first day in power. But that day came and went. Eyes now turn to Saturday, when he has said the tariffs on America's neighbours will take effect. Will they? On Friday, Reuters reported that he may yet again delay. But hours later Mr Trump's press secretary insisted that the taxes would begin on February 1st.

If Mr Trump is in fact having second thoughts, that is for good reason. Production networks in North America are deeply integrated, and import levies would drive up prices in America on everything from autos to avocados. Yet having repeatedly threatened to crank up tariffs, Mr Trump cannot totally back down or he will lose credibility. He may seek to use the extended deadline to put pressure on Mexico and Canada to do more to control the flow of immigrants and drugs across their borders.

India's challenging budget

Nirmala Sitharaman, India's finance minister, has faced a daunting task preparing the government's annual budget, which will be presented to parliament on Saturday. Pressure is mounting on her Bharatiya Janata Party to increase spending to boost economic growth, which has faltered in recent months. GDP expanded by 5.4% year on year in the three months to September, the smallest annual increase in seven quarters. Other economic indicators are also concerning: the rupee has depreciated to record lows against the dollar. Job growth and foreign investment remain sluggish.

But in recent years the BJP has tended to favour fiscal prudence. Data released on Saturday is expected to show that India's estimated fiscal deficit fell to under 5% of GDP in 2024, a target that Ms Sitharaman had promised to meet last year. Populist spending promises could jeopardise that progress and spook foreign investors. That is why few analysts are expecting a big stimulus package.

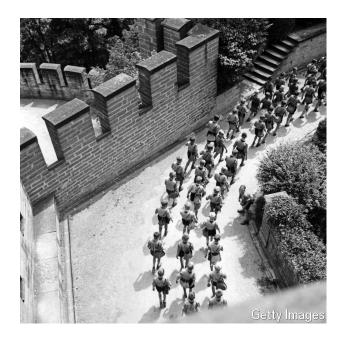# The Democrats pick a strategist

Getty Images

Members of the Democratic National Committee, the Democratic Party's main leadership group, will vote on Saturday to pick a new chair. The election will take place by the Potomac river at National Harbor in Maryland, but it is really a Great Lakes affair. The two candidates most favoured to win are both from the Midwest: Minnesota's state party chairman, Ken Martin, and Wisconsin's Ben Wikler (pictured).

Mr Martin built his reputation working on presidential campaigns (going all the way back to Bill Clinton's run in 1992) and with various national Democratic organisations. Mr Wikler, meanwhile, has most recently focused on Wisconsin. He is respected for his work in that tightest of swing states—and credited with helping to keep it competitive.

With Donald Trump in the White House, and Republicans now in control of the Senate and (narrowly) the House of Representatives, Democrats are in disarray and lack a clear strategy. The next DNC chair will hope to guide the party out of exile.

How German royals wooed the Nazis

Getty Images

In recent years the Hohenzollerns, the family of Germany's last Kaiser, have tried to rehabilitate their image. A book released in English this weekend (and already popular in German) will not help their efforts. "The Hohenzollerns and the Nazis: A History of Collaboration" by Stephan Malinowski, a Berlin-born historian who teaches at Edinburgh University, shows how and why members of Germany's imperial family became Hitler's stooges.

The loser of the first world war, Kaiser Wilhelm II, saw his throne eliminated in 1918. Exiled to the Netherlands, the aggrieved Hohenzollerns tried to use the Nazis to return to Germany. Mr Malinowski focuses on Prince Wilhelm, the eldest son of the deposed emperor, who endorsed Hitler in the presidential election in 1932 (which Hitler lost against Hindenburg) and wore an armband with a swastika in public. In the end, argues Mr Malinowski, the prince's support didn't matter much to Hitler—but has tarred the Hohenzollerns since.

Weekend profile: Liang Wenfeng, DeepSeek's founder

With the release of its latest artificial-intelligence model, DeepSeek, an obscure Chinese firm, has laid waste to several years of American policy meant to hold back Chinese innovation—and, in the process, blown a hole in the valuations of companies such as Nvidia.

The man at the centre of it all is Liang Wenfeng, the firm's 40-year-old founder. Playfully mocked on Chinese social media for his skinny, pale appearance, Mr Liang remains a mystery to most people. Born into a family of teachers in an impoverished village near the southern city of Zhanjiang, he was a gifted student. He supposedly mastered university-level maths in middle school, according to a former instructor. In 2002 he started an electronic-information degree at the prestigious Zhejiang University in the eastern city of Hangzhou. A master's degree there exposed him to AI.

At the time, Hangzhou was a bustling hub for internet technology and home to rising companies such as Alibaba. Mr Liang and

several classmates remained in the city and began experimenting with quantitative investing models, which do not rely on company fundamentals but on crunching reams of data. In 2015 Mr Liang co-founded High-Flyer, a quantitative hedge fund. In 2021 it claimed to be managing as much as 100bn yuan ($14bn), though it appeared to have rapidly shrunk in size in the latter half of that year.

DeepSeek's origins lie in an effort to improve High-Flyer's algorithms. In 2019 the firm invested 200m yuan to set up a separate unit to develop its own deep-learning platform, called "Fire-Flyer 1". The fund spent 1bn yuan in 2021 to launch a second iteration, armed with 10,000 of Nvidia's A100 graphics-processing units. This made High-Flyer an outlier: at the time just four other firms in China held such large arsenals of powerful chips, and all of them were tech giants, such as Alibaba. DeepSeek was made a standalone company in 2023.

It delivered its first jolt to the market in May last year, when it released an ultra-cheap chatbot based on its V2 model. That kicked off a price war in China's AI industry. For Mr Liang, developing models using less computing power is an essential step in pursuit of his longer-term objective: achieving human-like artificial general intelligence. DeepSeek's new R1 model, which has shocked the West, suggests it is making progress. The company says it cost less than $6m to train, a tiny fraction of the money spent on comparable models from firms such as OpenAI, maker of ChatGPT.

Mr Liang views China's role over the past 30 years as that of a technological "follower", building on foundations developed in the West. China's efforts to imitate Western computing power have fallen short, in his view, because there is not the same level of technological collaboration between companies as there is in the West, despite a capital-intensive state-led effort to create one. DeepSeek's emergence may not be a wake-up call only for Silicon Valley, but also for China's leaders in Beijing.

Weekly crossword

The Economist

Our crossword has two sets of clues, one for seasoned cruciverbalists and the other for less experienced solvers. Both give the same answers, all of which feature in articles in this week's edition of *The Economist*:

Cryptic clues

1 down Megastar is, confusingly, a flirty swot (6,5)

1 across Announcement: match earnings for capital! (6)

2 across Pliny, for example, is included in retro manuscript (5)

3 across Car mat strewn about surface of a road (6)

Factual clues

1 down Who has recently toured football stadiums from Liverpool's Anfield to Real's Santiago Bernabeu (6,5)

1 across Where median house prices are now 16 times the median income (6)

2 across One way to describe Giorgia Meloni (5)

3 across The A57 includes the most dangerous stretch of this in Britain (6)

Email all four answers, along with your home city and country, by 9am GMT on Monday to crossword@economist.com. We will pick randomly from those with the right answers and crown three winners in next week's edition.

The winners of this week's quiz

Thank you to everyone who took part in this week's quiz. The winners, chosen at random, were:

Budge Gierke, Bettendorf, Iowa, America
Borislav Stefanov, Sofia, Bulgaria
Patricia Osoko, Stratford, Canada

They all gave the correct answers of the tramp, sleeping sickness, lion, Notre Dame and 101. The theme is Disney animated movies: Lady and the Tramp, Sleeping Beauty, The Lion King, The Hunchback of Notre Dame and One Hundred and One Dalmatians.

The questions were:

Monday: Which on-screen character was the most regular alter ego of Charlie Chaplin?

Tuesday: African trypanosomiasis is a disease that is commonly known by what name?

Wednesday: *Panthera leo* is the name of which large cat?

Thursday: What name is shared by a university in Indiana and a French cathedral?

Friday: Which number is commonly used to denote an introductory course at an American university?

Wu nu

Or "housing slave", slang for young Taiwanese homebuyers who feel trapped by their expensive mortgages.
Read the full story.

Ridicule is the only honourable weapon we have left.

Muriel Spark