

## Catch up: USAID to cut most staff; Musk's buyout deadline delayed



**Donald Trump's** administration will reportedly slash the workforce of USAID, America's main [development agency](#), from 10,000 to less than 300. The news of the expected cuts comes a day before most of the agency's employees are to be placed on administrative leave. Marco Rubio, the secretary of state who on Monday assumed the title of USAID's acting director, said "rank insubordination" within the agency necessitated the takeover.

A judge delayed the deadline for American federal workers to respond to a **buyout offer** from Thursday to at least Monday. The "[deferred resignation](#)" [scheme](#), devised by **Elon Musk** and his Department of Government Efficiency, would allow employees who quit to be paid until September. The *Washington Post* reported that less than 2% of the federal workforce, despite being pressured to accept the deal, had done so as of Wednesday.

The **Bank of England** cut interest rates by 0.25 percentage points to 4.5%, its third reduction since August 2024. Gilt yields fell on the news. The FTSE 100 hit a record high ahead of the decision,

driven by expectations of lower [borrowing costs](#). Strong corporate earnings also lifted stocks, with AstraZeneca's share price rising nearly 5% after posting better-than-expected results.

**Donald Trump** wrote on Truth Social, his social-media site, that **Israel** would hand [Gaza to America](#) after the war, days after floating the idea. He claimed Palestinians would be “resettled in far safer and more beautiful communities”, with Gaza rebuilt into a luxury development. Earlier, Israel's defence minister ordered the army to plan for the “voluntary departure” of Gaza's residents.

**Honeywell**, one of the last remaining big industrial conglomerates in America, said it would break into three independent companies by splitting its aerospace and automation divisions and proceeding with a plan to spin off its advanced materials business. In November Elliott Management, an activist investor, took a [\\$5bn stake in Honeywell](#) and called for the company to split into separate businesses.

This January was the warmest on record and the third-hottest month globally, with surface air temperatures reaching 13.23°C—1.75°C above pre-industrial levels—according to the EU's Copernicus Climate Change Service. The [record heat](#) defied expectations of a slowdown in **global warming** due to the cooling La Niña phenomenon. Scientists warned of a dangerous [climate breakdown](#).

**Greece** declared a state of emergency in Santorini after a 5.2-magnitude earthquake struck on Wednesday, the strongest in days of near-constant tremors. The emergency decree, in place until March 3rd, will allow authorities to mobilise resources more quickly. Around 11,000 people have fled the island, but evacuation efforts have been disrupted by strong winds. Authorities fear further quakes in the coming days.

**Figure of the day:** \$180bn, the amount Meta, Alphabet, Amazon and Microsoft spent on data-centre infrastructure last year. [Read the full story.](#)

## Ishiba goes to Washington



Japan's prime minister, Ishiba Shigeru, will visit Donald Trump at the White House on Friday. The two leaders' first meeting will be closely watched for signs of [personal chemistry](#). One of Mr Ishiba's predecessors, Abe Shinzo, employed flattery and a shared love of golf to charm Mr Trump during the American president's first term. The more bookish Mr Ishiba may struggle to replicate the bromance. But he will try to keep Mr Trump's ire—and his tariffs—trained away from Japan.

Mr Ishiba will stress Japan's plan to raise defence spending to 2% of GDP by 2027 (from around 1.6% now). He will remind Mr Trump that Japan has the biggest stock of foreign direct investment in America and that Japanese companies directly provide around 1m American jobs. He may suggest that Japan buy more American liquefied natural gas. Even if the pair do not hit it off, Japanese officials are counting on a shared wariness of China to keep their countries close.

# A slower jobs market in America



The American labour market may have cooled a little at the start of 2025. Data due on Friday are expected to show that employers added 170,000 jobs in January, down from 200,000-plus in each of the previous two months. Normally, a jobs slowdown would raise questions about whether the broader economy is weakening. Not this time: there were unusual conditions last month, notably the [Los Angeles wildfires](#) that kept many people out of work.

Investors would be glad to see some softening in the economy. The Federal Reserve started cutting interest rates last year but had to pause its easing cycle last month because of stubborn inflation. All eyes will be on wage figures, also due on Friday, to see whether slower hiring is translating into more tepid pay growth. The Fed will want more evidence that inflation is waning before resuming rate cuts. A quieter labour market would be a good start.



# The threat of a regional war in Congo



Leaders from the East African Community and the Southern Africa Development Community, two regional blocs, are due to meet in Tanzania from Friday to try to resolve the crisis in the Democratic Republic of Congo. Last week M23 rebels backed by Rwandan troops captured [Goma](#), the largest city in Congo's mineral-rich east. Some 3,000 people were killed, according to initial estimates.

Besides the brutal violence, the conflict's regional implications are profound. The four African states that sent troops to help Congo in Goma took heavy losses. South Africa alone lost 14 soldiers, leading the country's president, Cyril Ramaphosa, to trade barbs with Rwanda's Paul Kagame. Mr Kagame declared himself ready for confrontation—just one reason why the summit is unlikely to make meaningful progress. Peace talks over the years have led nowhere, and negotiations between Congo and Rwanda collapsed in December. It is not even clear whether Congo's president, Felix Tshisekedi, will turn up.

# Trump's officials cool on the Gazan riviera



In the days after Donald Trump's [astonishing proposal](#) on Tuesday to remove over 2m people from Gaza and transform the strip into "the riviera of the Middle East," his own officials were walking back the plan. Mr Trump spoke of "long-term ownership" and, in another version, claimed: "No soldiers by the U.S. would be needed!". But his spokesperson said Gazans' eviction would be only "temporary". His national security adviser explained it was just the "concepts of a plan" aimed at getting regional players "to come with their own solution."

Israelis, however, were only too keen. The prime minister, Binyamin Netanyahu, said it "should be really pursued, examined, pursued and done". His defence minister directed the army to prepare plans to allow Gazans "to exit and emigrate". But unlike Mr Trump, who had suggested they go to Arab countries, Mr Katz has other destinations in mind, including Spain and Ireland, whose governments have criticised Israel's conduct of the Gazan war.

# India vs Pakistan on Netflix



By sheer numbers, the cricketing rivalry between India and Pakistan—together home to 1.6bn people—may well be the biggest in sport. It is also arguably the most feverish. “The Greatest Rivalry”, a new Netflix series that debuts on Friday, tells the story of fierce [cricketing duels](#) between the neighbours. It also delves into the rivalry’s geopolitical and historical roots.

For both sets of fans, it will be welcome nostalgia—because India-Pakistan showdowns have become rarer. Under the Bharatiya Janata Party, India has taken a harder stance against its neighbours. The Indian team has not travelled to Pakistan since 2008. Last year Indian officials infuriated their Pakistani counterparts by refusing to send a team to the Champions Trophy, an upcoming international tournament hosted by Pakistan. As a result, all of India’s matches, including one against Pakistan on February 23rd, will take place in Dubai. That will give an already fiery contest an extra edge.



## 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 BST 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.

**Friday:** Which famous writer has also used the pen name Richard Bachman?

**Thursday:** Which comedian was the fifth member of the rat pack, alongside Frank Sinatra, Sammy Davis junior, Dean Martin and Peter Lawford?

# The winners of last week's crossword



Thank you to everyone who took part in our weekly crossword, published in the weekend edition of Espresso. The winners, chosen at random, were:

**Valentina Diakova**, Moscow, Russia

**Anne Pappenheim**, Wantage, Britain

**Carlos Sangil**, Madrid, Spain

They all gave the correct answers of [Taylor Swift](#), [Taipei](#), [Roman](#) and [tarmac](#). Check back tomorrow for this week's crossword.

**An absolutely new idea is one of the rarest things known to man**

*Thomas More*