

Catch up: House committee releases Gaetz report; new French cabinet



An ethics committee in America’s House of Representatives found that **Matt Gaetz** paid for sex with several women, including a 17-year-old, between 2017 and 2020. The outgoing congressman often asked women to procure drugs, according to the [long-awaited report](#), which concluded that he had probably broken laws around prostitution and drug use. Mr Gaetz [withdrew his nomination](#) to be Donald Trump’s attorney-general and has long denied the accusations.

Emmanuel Macron named a new cabinet after the previous **French government** collapsed amid failed budget negotiations. Eric Lombard, of the state bank Caisse des Depots, will be finance minister. The previous defence and foreign ministers kept their jobs. François Bayrou—the [fourth prime minister in a year](#)—must soon attempt to pass a budget that contains yawning deficits. Moody’s recently downgraded France’s sovereign debt.

The Biden administration launched a trade investigation into **China’s** production of “legacy” semiconductor chips, which power

cars, telecoms equipment and some appliances. The inquiry will be handed over to the incoming Trump administration, which has touted potential [tariff hikes](#) on Chinese technology. America has restricted shipments of China's advanced technology on the basis of national security, prompting retaliatory restrictions on mineral exports.

El Salvador's legislature overturned a seven-year ban on metals mining in a bid to boost economic growth. Environmentalists and the Roman Catholic church had supported the ban. But [Nayib Bukele](#), the country's authoritarian president, called it "absurd" and said gold reserves could "transform" the country. El Salvador's economy is expected to grow by 3% this year, according to the International Monetary Fund.

Luigi Mangione, the 26-year-old suspected of [killing the boss of UnitedHealthcare](#), an insurance company, pleaded not guilty to 11 state charges, including murder and terrorism. The charges carry a maximum sentence of life in prison without parole. Mr Mangione also faces several federal charges. The next hearing in the state trial is set for February 21st.

Honda and **Nissan** said they would begin merger talks, with the aim of completing the tie-up by 2026. It would make [the world's third-biggest carmaker by sales](#), after Toyota, another Japanese firm, and Germany's Volkswagen, and would have a market capitalisation of \$54bn at current prices. Nissan and Honda, which have struggled to keep up with Chinese firms offering [cheap electric vehicles](#), will hope pooling resources can help them to compete.

A spacecraft operated by **NASA** is expected to soon make a record-setting approach to the **Sun**. At its closest point, the Parker Solar Probe will fly 3.8m miles (6.1m km) from the [Sun's surface](#). That moment—known as the perihelion—should happen shortly before

noon GMT on Christmas Eve. The uncrewed vehicle, which was launched in 2018, was built to endure extreme heat and radiation.

Figure of the day: 90%, the reduction in emissions that China has achieved over the last 20 years by reducing the sulphur produced by its smokestacks. [Read the full story.](#)

Bosses brace for Trump 2.0



Corporate America steeled itself for Donald Trump's return to the White House. Trump 2.0 offers business mixed prospects. The stockmarket jumped after the election, as investors were buoyed by the [promise of lower taxes](#) and a bonfire of red tape, especially for big oil and Wall Street. Yet Mr Trump's vow to impose tariffs on all imports risks raising input costs and sparking retaliatory levies.

In contrast to Joe Biden's administration, often criticised as being out of touch with business, Mr Trump's first term featured industry heavyweights such as Gary Cohn, his economic adviser, formerly of Goldman Sachs. This time, however, some executives have been more cautious in their embrace of Mr Trump. His team is dominated by controversial allies like Elon Musk and Howard Lutnick, the [billionaire boss of Cantor Fitzgerald](#), an investment firm. Meanwhile J.D. Vance's rhetoric against Wall Street has alarmed corporate leaders. As economic populism engulfs Capitol Hill, businesses will have to tread carefully.

The weight-loss revolution

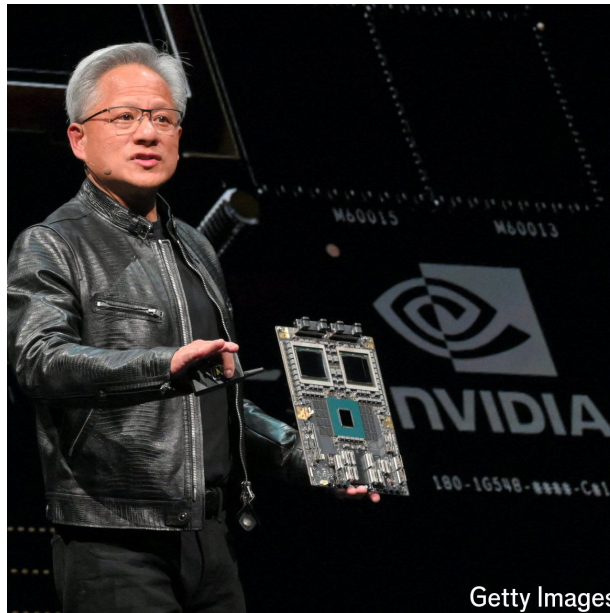


Obesity drugs cemented their status as some of the most transformative pharmaceuticals of the past decade. Demand for drugs like Wegovy and Zepbound soared, driving the combined value of their makers, Novo Nordisk and Eli Lilly, to \$1.1trn. Researchers revealed that these drugs treat more than obesity—showing promise for heart disease, kidney disease and even Alzheimer's.

Competition **heated up**. Pills to replace injections and cheaper substitutes are in development, with over 300 candidates in trials. Developing countries, home to two-thirds of the world's obese adults, are becoming battlegrounds for affordability and access. Prices began to fall; Eli Lilly halved the cost of its treatments.

But barriers remain. In America many insurers and government programmes, including Medicare, refuse to cover these drugs for weight loss (though they do for diabetes). Side-effects, such as nausea and muscle loss, deter some patients; around a third discontinue use within three months.

AI: boom or bubble?



The artificial-intelligence industry was caught between euphoria and caution. Alphabet, Amazon, Meta and Microsoft raced to invest, spending nearly \$200bn on AI infrastructure. Nvidia, the [leader in AI-chip production](#), reaped gigantic rewards. Sales of such chips are expected to have doubled in 2024, driving its valuation to nearly \$3.4trn. Demand for AI servers surged: firms such as Dell and HPE reportedly doubled their sales.

But cracks began to show. The soaring energy costs of training and running generative AI models raise questions about long-term economic viability. Server manufacturers and energy suppliers are scrambling to meet surging demand for data centres. Competition also intensified. Upstart rivals developed specialised chips and smaller, more efficient AI models to compete with dominant players. Shareholders worried about overinvestment, with some fearing an AI bubble. As the AI race accelerates, tech giants face mounting pressure to justify their spending.

Trade tensions shake the EV industry



Carmakers had a testing year, as they contended with [growing trade tensions](#) between China and the West. The EU and America imposed tariffs on Chinese electric vehicles, accusing Beijing of handing out unfair subsidies to local firms. The move caused concern among European manufacturers such as Volkswagen and BMW, which feared Chinese retaliation and disruptions to their operations in the country.

Meanwhile, China's export restrictions on critical minerals like gallium and germanium squeezed carmakers' profit margins. BYD, a Chinese firm, overtook Tesla as the world's largest manufacturer of EVs. For startups, the landscape was even bleaker. Investor fatigue and missed production targets slashed the combined valuations of three American challengers, Rivian, Lucid, and Fisker, from \$250bn in 2021 to \$19bn. Many now face extinction, unable to compete with established automakers or the rapid global expansion of Chinese firms.

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. We'll pick randomly from those with the right answers and crown three winners on Saturday.

Tuesday: Which newspaper title is shared by publications in Miami and Scotland?

Monday: Which Charles Dickens novel features the long-running court case Jarndyce v Jarndyce?

**When one tugs at a single thing in nature,
he finds it attached to the rest of the world.**

John Muir