

## Catch up: Trump's federal grants freeze rescinded; Alibaba's AI model



The **Trump administration** rescinded an order to freeze **federal aid funding**. A judge temporarily blocked the pause on Tuesday, shortly before it was due to come into effect. The order sparked confusion among those relying on federal grants, including non-profit organisations, schools, and people receiving direct benefits from Medicaid, America's health insurance for the poor.

**Alibaba**, a Chinese e-commerce giant, unveiled an AI model it claims outperforms DeepSeek's, the Chinese startup which triggered a market rout on Monday. Stockmarkets in Asia and Europe recovered on Wednesday, boosted by strong earnings from ASML, a Dutch chipmaker. [American tech stocks](#), meanwhile, continued to post losses, with Nvidia's share price falling by 4%.

America's **Federal Reserve** held its benchmark **interest rate** at a range of 4.25-4.5%. In a statement the central bank said inflation remained "somewhat elevated". Its chair, Jerome Powell, said he had not had any contact with Donald Trump; last week [Mr Trump](#) insisted he would "demand" that the Fed lowers rates.

Dozens were killed during a **stampede** at the Maha Kumbh Mela festival in **India**. Tens of millions of Hindus have flocked to Prayagraj, a city in the northern state of Uttar Pradesh, for a holy dip in the confluence of the Ganges and Yamuna rivers. [Narendra Modi](#), India's prime minister, reportedly called for "immediate support measures" for the victims.

**Germany's** parliament narrowly approved a non-binding motion to restrict immigration at the border. The motion was proposed by opposition leader [Friedrich Merz](#) of the Christian Democratic Union, after two people in Bavaria were killed by an Afghan man whose request for asylum had been rejected. Alice Weidel, the leader of the hard-right [Alternative for Germany](#), called the result "a historic day".

**Rachel Reeves**, Britain's finance minister, backed the construction of a third runway at [Heathrow airport](#), stating that delays had hurt investment and exports. Arguing for faster [economic growth](#), she also vowed to remove barriers to offshore wind projects, accelerate home-building and develop the Oxford-Cambridge corridor—a planned hub for tech and science—with better transport links and expanded housing.

Ahmad al-Sharaa, **Syria's** de facto leader, will become the country's president during a "transitional phase" according to state media. Mr Sharaa is the head of [Hayat Tahrir al-Sham](#), an Islamist group which led a coalition of rebels to topple Syria's dictator, [Bashar al-Assad](#), last month. A government spokesman said the country's constitution had been suspended and its former parliament dissolved.

**Figure of the day:** 49%, the share of Republicans who trust the Centres for Disease Control and Prevention, compared with 88% of Democrats. [Read the full story.](#)

## Trump's national-security picks face scrutiny



On Thursday two of Donald Trump's national-security nominees will have their confirmation hearings in the Senate: [Tulsi Gabbard](#), for director of national intelligence, and Kash Patel, to lead the FBI. Both are inexperienced, intensely partisan and openly scornful of the national-security establishment. In Mr Trump's upend-everything presidency, this counts as qualified.

Ms Gabbard, a Democrat-turned-Republican, would oversee America's 18 spy agencies if confirmed. Disillusionment caused by her service in Iraq radicalised her against "regime-change" wars. Yet non-interventionism according to Ms Gabbard means cosying up to strongmen. Her trip in 2017 to see [Bashar al-Assad](#), Syria's now-deposed dictator, will dominate her hearing.

Mr Patel was an obscure congressional aide until his efforts to discredit an FBI probe into Russian meddling in the 2016 election endeared him to Mr Trump. If the president wants to retaliate against his enemies, Mr Patel will be in position to carry out his

orders. Nothing suggests he would say no. Which is probably why he was chosen.

# The ECB to aid Europe's economy



Donald Trump did not immediately hammer Europe with tariffs after the election, as some had expected. Could Europe's economy fare better than feared under Trump 2.0? The European Central Bank must hope so, but is unlikely to take any risks. To support [Europe's economy](#), it is expected to cut interest rates by 0.25 percentage points to 2.75%, the fifth rate cut since June, on Thursday.

The data paint an unfavourable picture for the euro area. The economy is stagnant, and business surveys signal little momentum. Firms are finding it harder to borrow. At the same time, inflation remains slightly above 2%, the ECB's target, while services inflation is stubborn at 4%. But the ECB is prioritising growth, wary that restrictive monetary policy could deepen the slowdown. The risks are substantial—especially if Mr Trump, once he loses interest in the Panama Canal, turns his attention back to Europe's trade surplus with America.

# Electric cars go the distance



In 2013 George Clooney, an American actor, whined that his then-futuristic Tesla [electric car](#) was always stuck on the side of the road. In the decade since EVs have become less novel, but as with any new technology worries about reliability and longevity are obstacles to their adoption. A new study by Viet Nguyen-Tien of the London School of Economics and colleagues analysing 300m British MOTs (annual roadworthiness tests of vehicles) suggests buyers have little to fret about. EVs are now longer-lasting than some of their more polluting alternatives.

The researchers, who combined the test results with a commonly used method for modeling potential failures, find that the average EV will drive for around 124,000 miles, and last 18.4 years. Teslas are ahead of the pack: the average car can drive 204,000 miles and last 20.3 years. Meanwhile, petrol-powered vehicles conk out after just 116,000 miles, and 18.7 years on average.



# Spain's inflation edges up



On Thursday Spain releases inflation data for January. In December annual price growth rose to 2.8%, up from 2.4% in November and the fourth consecutive monthly increase. The rise was driven by fuel and services costs. Core inflation, which excludes volatile energy and food costs, climbed to 2.6% from 2.4%.

Sticky inflation may in part be a consequence of [Spain's strong growth](#). Fourth-quarter GDP data, released this week, showed the economy expanded by 0.8% from the previous quarter—outpacing expectations and the eurozone average. In 2024 overall growth was 3.2%, driven by record tourism, new professional service exports, strong job creation and fiscal stimulus. Unemployment has fallen to 10.6%, the lowest figure since 2008. The government thinks higher consumption and public investment will keep the growth going. Spain's resilience has set it apart from the stagnation gripping much of Europe. But inflation means that not all Spaniards feel much better off.

# The race to lead the IOC



On Thursday seven candidates present their cases to succeed Thomas Bach as president of the International Olympic Committee. The election, set for March, will determine one of the most powerful figures in global sport. The IOC provides funding to many sports that rely on it for survival.

There are three favourites. Sebastian Coe, a Briton, won two Olympic golds in the 1,500-metre race and now heads the governing body of world athletics. Juan Antonio Samaranch, a Spaniard, is the current vice-president and son of a former IOC chief. Kirsty Coventry, Zimbabwe's sports minister and a gold-medal-winning swimmer, would be the first woman and first African to hold the post. She is widely seen as Mr Bach's preferred successor. The candidates must win over their 110 fellow IOC members, who include Prince Albert of Monaco (who competed five times in the bobsleigh) and Britain's Princess Anne (once, in equestrian eventing), as well as less aristocratic sporting bigwigs and former Olympians.



## 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.

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

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

**A man is but the product of his thoughts.  
What he thinks, he becomes.**

*Mahatma Gandhi*