

Catch up: Trump's warning at Davos; Ireland's new PM



Donald Trump offered international companies “among the lowest taxes of any nation” if they produce their goods in America—and warned that he would impose [tariffs](#) if they do not. In a remote address to the World Economic Forum Mr Trump also called on [Saudi Arabia](#) and OPEC to bring down [oil prices](#), before demanding that the world’s central banks then lower [interest rates](#) “immediately”.

Ireland’s lawmakers elected Micheál Martin as prime minister after one day of deadlock. The centre-right coalition government is bracing for trade tensions with America. Mr Trump is threatening higher corporate taxes and tariffs on Ireland, which hosts several multinational companies. Mr Martin, who [returns to office](#), has pledged to fend off the fallout to protect the [country’s economic model](#).

A judge temporarily blocked [Mr Trump’s effort to end birthright citizenship](#), a practice guaranteed in America by the 14th Amendment. The judge, agreeing with the four Democrat-led states

that brought the legal challenge, called Mr Trump's executive order "blatantly unconstitutional". It would restrict automatic citizenship to newborns with a parent who is either an American citizen or permanent resident.

Purdue Pharma, the maker of OxyContin, and the **Sackler** family, which owns it, offered to settle litigation related to their role in [spawning America's opioid epidemic](#) for \$7.4bn. The Sacklers would contribute \$6.5bn; \$800m of that would be put aside for their legal defences. The Supreme Court [rejected](#) a previous deal, which would have granted the family immunity from all future civil lawsuits.

[Karim Khan](#), the chief prosecutor of the **International Criminal Court**, said he had filed an application to issue arrest warrants for two **Taliban** leaders in Afghanistan. Mr Khan accused Haibatullah Akhundzada, the Taliban's supreme leader, and Abdul Hakim Haqqani, its chief justice, of crimes against humanity, specifically "[persecuting Afghan girls and women](#)" since the jihadists [seized control](#) of Afghanistan in 2021.

People with **ADHD** live shorter, according to a paper published in the *British Journal of Psychiatry*. [Researchers studied](#) the health records of more than 300,000 people in Britain, and found the average life expectancy was 6.8 years shorter for men with the [neurological condition](#), and 8.6 years for women. People with ADHD tend to binge eat, smoke and undertake risky activities more, which could explain the difference in longevity.

Iceland's new government is crowd-sourcing ideas on how to [save public money](#). Consecutive governments have grappled with budget deficits. High inflation has made that gap more expensive—Iceland has western Europe's highest borrowing costs, at a rate of 8.5%. So far some 3,500 people have submitted suggestions to the government's online portal, representing almost 1% of the country's population.

Figure of the day: 27%, the extension of wildfire seasons around the world between 1979 and 2019. [Read the full story.](#)

Trump's rough start in California



Donald Trump's first trip of his second term will include a visit to Los Angeles on Friday. He will survey the damage from the [deadly wildfires](#) that have torn through California this month. Fires are still spreading near LA, and another disaster now looms. Rain is coming, which could help quell the fires, but might also lead to mudslides.

Local officials hope Mr Trump will rethink his suggestion, endorsed by some Republicans in the House of Representatives, to withhold federal recovery funds from California. It is an acrimonious start to his administration's relationship with America's most-populous state. In an executive order mockingly named "Putting People over Fish", Mr Trump has directed his agencies to change California's environmental-protection rules to send more water to the south of the state. Meanwhile California joined 21 other Democratic states in suing the new administration over its attempt to [end birthright citizenship](#). The quarrel between Mr Trump and the Golden State is just getting started.

The Bank of Japan makes a move



Since [lifting interest rates in July](#), the Bank of Japan has been cautious. In December it held rates steady despite market speculation about another increase. But on Friday, when it concludes a two-day meeting, the central bank looks ready to raise its policy rate from 0.25 to 0.5%. Two big uncertainties have been resolved. Markets have stayed calm since the inauguration of Donald Trump, as America's president did not immediately impose tariffs.

Meanwhile Japan's wage outlook has brightened. The *shunto*, or spring wage negotiations, could raise pay more than 5.1%, the biggest increase in 34 years. This matters tremendously for a country trying to escape decades of low inflation and deflation. Companies are at last raising prices and workers are getting higher wages. Inflation, excluding volatile food prices, has already topped the bank's target of 2% for 32 straight months. As Himino Ryoza, the BoJ's deputy governor, declared last week, inflation in a "sustainable and stable manner" is now within reach.

Europe's ailing economy



European leaders were relieved that Donald Trump did not target the continent with tariffs and other economic nastiness immediately after his inauguration. But the [euro zone is still stagnating](#), and growth is unlikely to pick up soon. Nor is Mr Trump likely to leave Europe alone for long. The euro zone's purchasing-managers index for January, released on Friday, will offer a first hint at how the year has started.

In December the index rose slightly, from 48.3 to 49.6—but still below the threshold of 50 that signals growth. The mild improvement was largely due to the strong performance of the service sector and robust growth in countries like Spain. Germany and France dragged the index down. Such weakness in the heart of Europe is a liability when negotiating with a strongman like Mr Trump. Unfortunately, neither country has a stable government to implement the necessary reforms to boost growth. Stagnation may last a while longer.

Is the luxury slump over?



Burberry reports third-quarter earnings on Friday. Investors will be watching closely for signs that the British luxury group's turnaround is succeeding. Most [luxury firms](#) have struggled in recent years, as demand from China has slowed and consumers reined in spending after the pandemic. But Burberry has also made mistakes, including an ill-fated push to sell more upmarket goods; steep price increases put customers off. Sales have slumped across all regions.

Joshua Schulman, who became Burberry's boss in July, has sought to refocus the brand on its core products, particularly outerwear. In November he announced a £40m (\$50m) cost-cutting programme to stem losses. Burberry's earnings will also be a guide to the broader sector's resilience. Recent strong results from Richemont, which owns Cartier, suggest that the rich remain willing to spend. Burberry's shares rallied after that report, raising hopes that its own sales may have stabilised. Investors are betting that profits are back in fashion.

A British rap star takes America



Already popular in its home country, British rap has at last **emerged from the shadow** of its American counterpart. Its figurehead is Central Cee, a rapper from London. At 26, he is a veteran. Ten years after his debut on a track featuring J Hus, another rapper, his first studio album, “Can’t Rush Greatness”, will be released on Friday. Central Cee is already the first British rapper with 1bn streams in one year on Spotify. The two most played British rap tracks of all, along with the highest-charting British rap song in America, are his.

“GBP”, the album’s newest single, emphasises the artist’s Britishness and his sense of independence. On the cover, he wears a beanie showing the union flag. Central Cee’s success is testimony to British rap’s do-it-yourself ethos. He began by releasing his music himself and booking his own shows. For all their genre’s success, British rappers still have to come up the hard way.

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.

Friday: The Egyptian deity Mut was sometimes depicted as which animal, a species that was frequently buried alongside humans in that culture?

Thursday: The Neon tetra, Harlequin Rasbora and Pea Puffer are all types of which animal?

The winners of this 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:

Dena McCallum, Mustique, Saint Vincent and the Grenadines

Aliaksandr Fedarovich, Wroclaw, Poland

Huan-Lin Chang, San Jose, United States

They all gave the correct answers of [Panama Canal](#), [public](#), [Assad](#) and [London](#). Check back tomorrow for this week's crossword.

If you don't want to be replaced by a machine, don't try to act like one!

Arno Allan Penzias