

## Catch up: House committee releases Gaetz report; Biden commutes death sentences



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.

**President Joe Biden** commuted the sentences of 37 people on federal death row. The men, all of whom were convicted of murder,

will instead serve life sentences without the possibility of parole. Donald Trump, the president-elect, has promised to restart federal executions, [which Mr Biden had paused](#). Mr Biden said he could not “let a new administration resume executions that I halted”.

**North Korea** is planning to [send more soldiers](#) to support Russia in Ukraine, according to South Korea’s armed forces. North Korea is also believed to be developing military equipment, including drones, with which to supply Russia. South Korea estimates that some 11,000 North Korean soldiers have already been sent to Ukraine, of whom around 1,100 have been killed or wounded.

**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.

**Britain’s economy** did not [grow](#) in the third quarter of 2024, according to revised figures from the Office for National Statistics. The ONS previously estimated a 0.1% expansion. A fall in production offset a rise in construction output. The figures pile more pressure on the Labour government. Rachel Reeves, the chancellor, said it faced a “huge” challenge.

**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

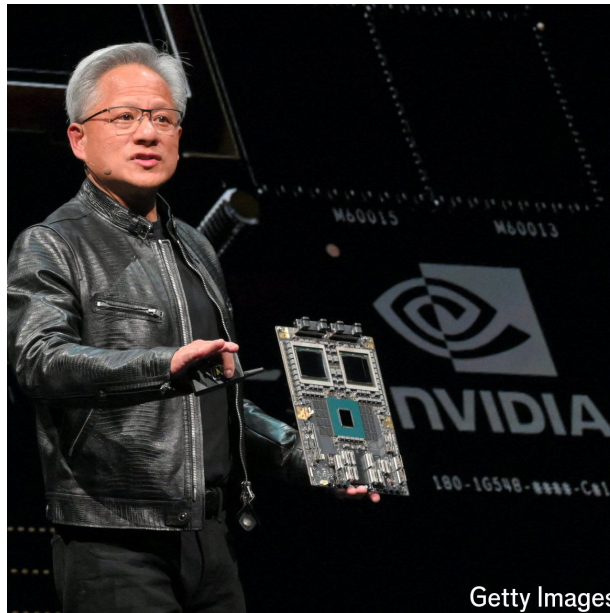


**Obesity drugs** cemented their status as some of the most transformative pharmaceuticals of the past decade. Demand for drugs like Wegovy and Zepbound soared, driving the combined value of their makers, Novo Nordisk and Eli Lilly, to \$1.1trn. Researchers revealed that these drugs treat more than obesity—showing 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](mailto: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*