The Economist

Milei's peso pain

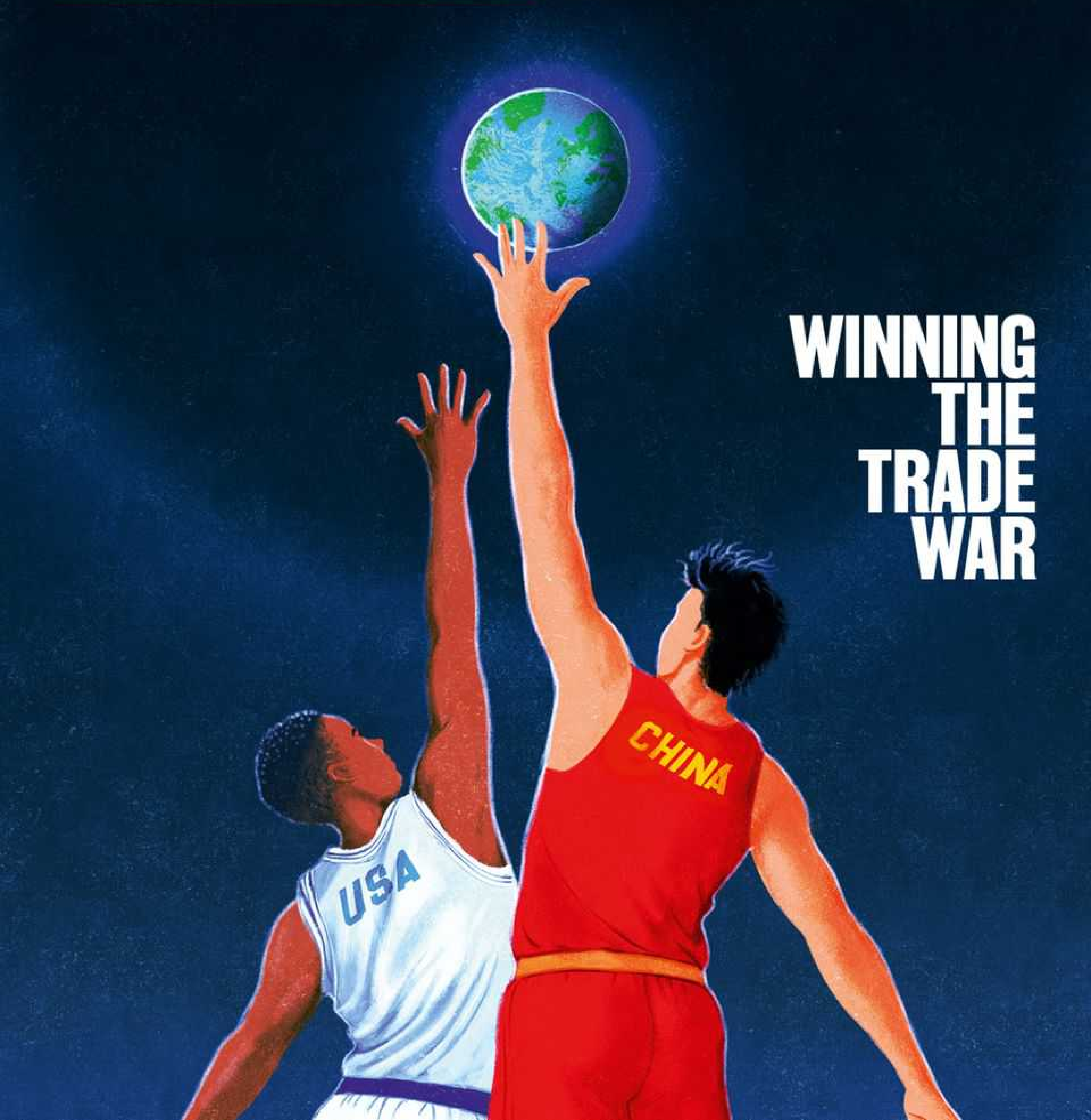
Taiwan's plan B

Why American women are quitting work

Screen-addicted seniors

OCTOBER 25TH–31ST 2025

WINNING THE TRADE WAR



October 25th 2025

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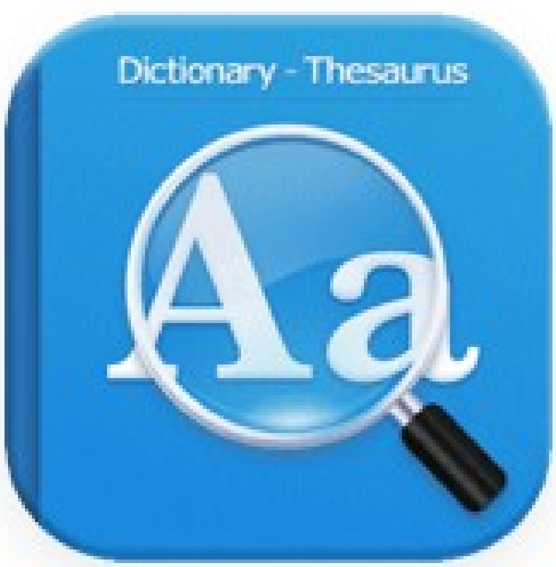

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The world this week

The world this week

Politics

October 23rd 2025

Bolivia's presidential election was won by Rodrigo Paz, a centrist, defeating a conservative candidate in the run-off. Luis Arce, the left-wing president, decided not to run owing to a schism in the ruling Movement to Socialism, which had held the presidency for 20 years. The left has been booted out amid the country's worst economic crisis in years. Mr Paz promises to allow the private sector to expand in order to boost growth, but also to protect welfare programmes.

Argentina's central bank signed a $20bn currency-swap deal with the US Treasury just days ahead of midterm elections in Argentina that are seen as a referendum on the austerity policies of Javier Milei, the president. Scott Bessent, America's treasury secretary, said the agreement would bring economic stability to Argentina, and that the US did not want to see another

Latin American state fail. Details of the plan were not immediately available. American banks are reportedly hesitant to back it.

America's relations with Colombia deteriorated to a new low when Donald Trump said he would raise tariffs on Colombian goods and suspend aid, and accused its leftist president, Gustavo Petro, of being "an illegal drug leader". This came after Mr Petro described America's military strike on an alleged drug-running boat last month in Colombian waters as "murder". After news emerged that America had struck alleged smugglers in the eastern Pacific for the first time, Mr Petro said that attack was also "murder".

Meanwhile, a court in Bogotá overturned the conviction of Álvaro Uribe on charges of attempting to bribe witnesses. The court found that a key witness who testified against the former conservative president was not credible, and that wiretaps used to justify the investigation had been illegal. Mr Uribe had been sentenced to 12 years' detention. Mr Petro denounced the turnaround.

America repatriated two men who survived a military strike on a submersible vessel that was allegedly trafficking drugs in the Caribbean. Two other people were killed in the attack. The men were returned to Colombia and Ecuador with the intent that they be prosecuted. But Ecuador released its citizen, saying it had not received a formal report of a crime being committed.

J.D. Vance, America's vice-president, Steve Witkoff, Mr Trump's Middle East envoy, and Jared Kushner, who has been influential in brokering peace deals, visited Israel to bolster support for the ceasefire agreement with Hamas. Militants had earlier fired rockets into an area behind Israel's line of control in Gaza, killing two soldiers. Israel struck back and briefly suspended aid. Palestinian officials said dozens of people had been killed in the skirmish, without noting how many were combatants or civilians. The American delegation was focused on getting Hamas to disarm, the next stage of the peace plan.

America imposed sanctions on Rosneft and Lukoil, Russia's two biggest oil companies, after the Kremlin made it clear that Vladimir Putin was not interested in another summit with Mr Trump about Ukraine because its war aims hadn't changed. The US Treasury said the sanctions, the first by the

Trump administration to target Russian energy directly, were intended to stop the use of oil revenues to buy weapons. Oil prices rose sharply. It was another volte face by Mr Trump. A few days earlier at the White House he had reportedly told Volodymyr Zelensky to surrender parts of occupied Ukraine to Russia. European leaders gathered in London for a summit to discuss using frozen Russian assets to aid Ukraine, among other things.

Nicolas Sarkozy began his five-year prison term, a month after the sentence was handed down for conspiring to use illicit Libyan campaign money. He is the first former French head of state to be jailed since Marshal Pétain, a Nazi collaborator. Questions have been raised across France about why Mr Sarkozy was sent to prison while he appeals against his conviction. His lawyer has requested his release.

Emmanuel Macron said that France’s controversial pension reform, which raised the minimum retirement age from 62 years to 64 and was passed in 2023, had been “necessary” but that it was now up to parliament to decide what to do with it. These were the French president’s first comments following the promise by his newly reinstalled prime minister, Sébastien Lecornu, to “suspend” the new rules until after the next presidential election in 2027. Mr Lecornu won a narrow vote of confidence in the assembly after winning opposition Socialist support with his announcement.

Portugal's parliament approved legislation that would stop women wearing face veils, such as the burqa and niqab, in public places (except for planes, places of worship and diplomatic functions). Anyone forcing a woman to cover her face could be sent to prison. The bill was proposed by the hard-right Chega party and supported by the centre-right. The president could yet veto it.

Northern Cyprus, which proclaimed itself a state after Turkey's invasion of Cyprus in 1974, held a presidential election that was won by Tufan Erhurman, who supports the reunification of the island. He got 63% of the vote. Turkey is the only country to recognise Northern Cyprus. In response to the result Turkey's vice-president, Cevdet Yilmaz, said the "motherland" stood by Turkish Cypriots.

A commission that has been created to investigate the grooming-gangs scandal in Britain suffered another blow when four survivors of sexual abuse quit the victims' panel. The four women raised concerns about the inquiry's transparency, and that its remit was being expanded to look at all child abuse, rather than the specific crimes committed by gangs of mostly South Asian origin. They also don't want the inquiry's chairman to come from social care or the police, the very institutions that have failed the victims. Shabana Mahmood, the home secretary, insisted the inquiry would not be "watered down".

Takaichi Sanae took office as Japan's new prime minister. Ms Takaichi is reportedly preparing a big economic package that will tackle inflation, invest in industries such as AI and chipmaking, and bolster national security. To ease inflationary pressures, the government plans to abolish a "temporary" tax on fuel that has been in place since the 1970s. Stockmarkets rose, but the yen fell; Ms Takaichi has said the government should hold more sway over the central bank and "co-ordinate" policy.

Business

October 23rd 2025

Donald Trump signed an agreement with the Australian prime minister, Anthony Albanese, that gives America access to Australia's deposits of critical minerals and rare earths. The American government is searching for deals to expand its reserves of the raw materials and wean its supply chain off a reliance on China, which dominates global production. China recently tightened its export controls on rare earths, prompting Mr Trump to say he would impose 100% tariffs on Chinese goods in retaliation.

China's economy was 4.8% bigger in the third quarter compared with the same three months in 2024. It was the slowest pace of GDP growth in a year. Although China's export industry is thriving, domestic demand remains weak.

Britain's annual rate of inflation remained at 3.8% in September. Markets had expected it to hit 4%, but food prices did not rise as much as predicted. It was the third consecutive month where inflation stood at 3.8%. Although that is stubbornly higher than the Bank of England's 2% target, the betting now is that interest rates will be cut before the year's end.

A jury in New York found BNP Paribas liable to pay damages to three Sudanese refugees for its provision of financial services to Omar al-Bashir, Sudan's former president. The refugees have accused the French bank of aiding the Bashir regime's genocidal campaign in the late 1990s and 2000s by giving it access to American financial markets. The jury awarded them $21m in damages. Thousands of other Sudanese have joined a class-action lawsuit. BNP Paribas said it was not allowed to introduce crucial evidence at the trial and was confident the verdict would be overturned on appeal.

The chairman of Novo Nordisk and six independent directors are to step down from their roles amid a disagreement with its largest investor, the Novo Nordisk Foundation, over its strategic direction. The company, which makes Wegovy and Ozempic, has fallen behind Eli Lilly in the market for weight-loss treatments.

Despite its record sales in the third quarter, driven by a rush from buyers to claim a now-expired tax credit, Tesla's net profit fell by 29%, year on year, as it spent more on AI. Meanwhile, ISS, which guides shareholders on how they should vote at company meetings, advised Tesla's investors to reject a proposed pay package of up to $1trn for Elon Musk. Although it is linked to future performance, the package is no guarantee that Mr Musk will not be distracted by his other ventures, said ISS.

General Motors raised its forecast of annual profit and said the costs it expects to incur from tariffs will come in a bit lower at up to $4.5bn, rather than the $5bn it had previously projected. The carmaker's stock surged by almost 15% to a record high. That was despite GM booking a $1.6bn charge because it is reducing its capacity to make electric vehicles amid a slowdown in demand.

Netflix's share price plunged after its quarterly operating-margin came in below guidance (it had booked charges from a tax dispute in Brazil). It also gave little detail about ad sales, other than saying it had been a record quarter. Netflix has stopped issuing subscriber numbers but revenue grew by a healthy 17%, year on year. The fall in the stock underlines investors' skittishness about future profits at tech firms.

Netflix is said to be one of several companies interested in making a bid for Warner Bros Discovery. Warner has noted the "unsolicited interest" from "multiple parties" and reportedly rejected a nearly $60bn offer from Paramount. It reiterated its previously announced plan to separate its film studio and cable broadcast businesses, but said it would consider other alternatives, such as a "transaction" for the whole company or separate deals for Warner Bros and Discovery.

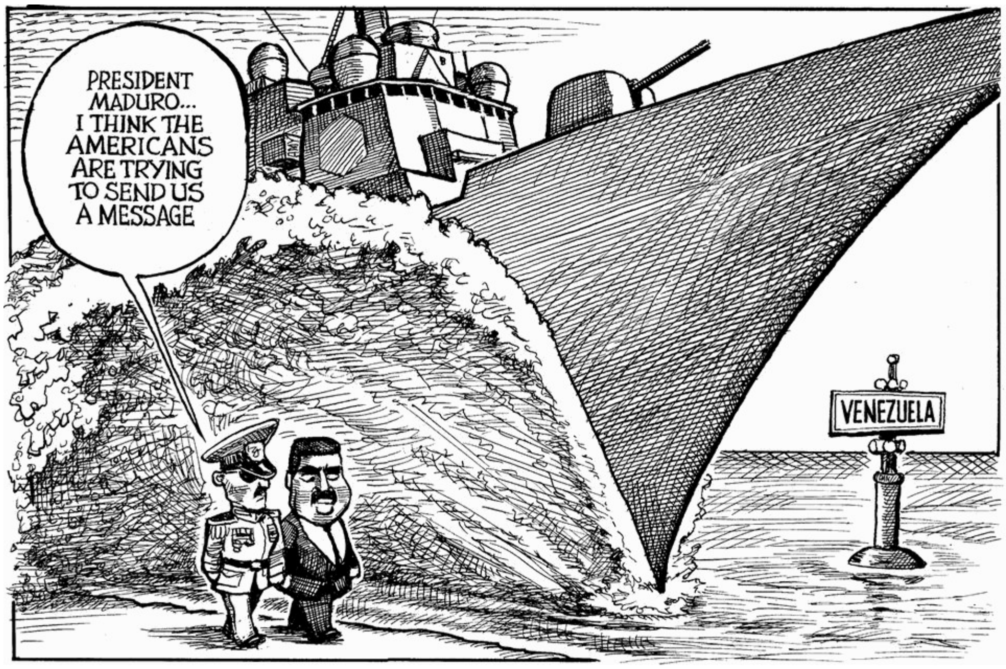
The government shutdown in America has forced Unilever to delay the demerger of its ice-cream business. The company said the Securities and Exchange Commission had been unable to process the documents to allow shares in the business to trade in a secondary listing in New York. The stock was supposed to start trading in the main listing in Amsterdam on November 10th. The SEC has had to put most of its staff on furlough, delaying other share offerings.

Amazon was reported to be planning to expand its use of robotics, which could mean it employs 600,000 fewer workers than it would otherwise need by 2033. That would be despite selling twice as many products as it currently does by then. Amazon said the reports were misleading. The reports also said Amazon was expecting a backlash and training executives not to use terms such as “automation” or “AI”.

The world this week

The weekly cartoon

October 23rd 2025



Dig deeper into the subject of this week's cartoon:

Donald Trump has turned the war on drugs into a real warThe new war on drugsBrute force is no match for today's high-tech drug-runners

The editorial cartoon appears weekly in The Economist. You can see last week's here.

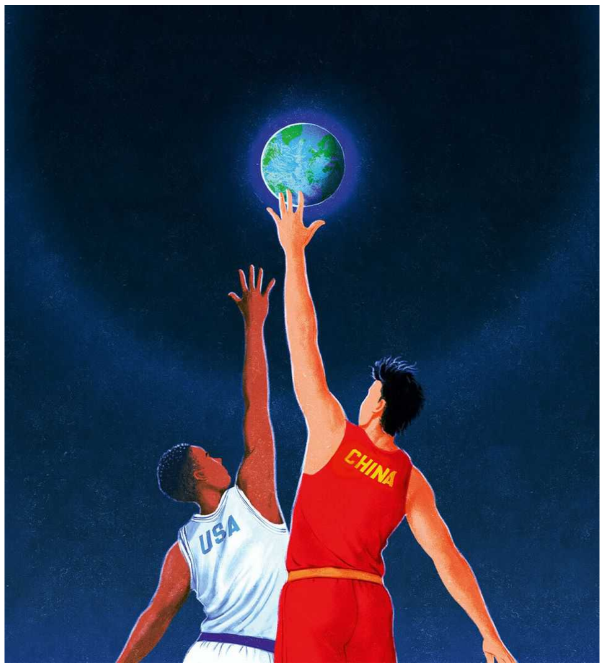
Leaders

Leaders | Sino-US relations

Why China is winning the trade war

It has rebuffed America and rewritten the norms of global commerce

October 23rd 2025



Donald Trump and Xi Jinping are due to meet in South Korea next week. However, it is uncertain whether they actually will. Such is the shocking state of the world's most important relationship. For weeks, America and China have been lashing out at each other. America has tightened tech-export restrictions and threatened higher tariffs; China has wielded sanctions and restrictions on rare earths. The two sides communicate poorly. In the White House there is a belief that America has the upper hand in this test of nerves and pain-tolerance. Scott Bessent, the treasury secretary, says China is "weak". But the reality is different.

China is winning the trade war. It has learned to escalate and retaliate as effectively as America. And it is experimenting with its own extraterritorial trade rules, thus changing the path of the world economy.

When Mr Trump re-entered the Oval Office, the defence component of his China policy was ambiguous: was he prepared to defend Taiwan and American allies from Chinese military threats or not? The answer is still worryingly hazy. But his stance on trade with China was clear. He would ramp up the pressure campaign that he began in his first term. That meant more tariffs, more controls on high-tech trade and the enthusiastic use of sanctions. The administration's aim was to hobble China's manufacturing juggernaut, extract financial and commercial concessions and slow China's technological development. Some in Team Trump even dreamed of a "grand bargain" in which China would pledge to reform state capitalism in return for America taking its foot off its throat.

After six months China is breathing more easily than America, for three reasons. First, it has proved able to withstand American coercion and deft at retaliating, achieving what is known in the jargon as "escalatory dominance". Some of Mr Trump's critics attribute this to TACO (Trump Always Chickens Out). It also reflects China's underlying power, preparation and skill. The "Liberation Day" tariffs imposed by Mr Trump on China in April were reversed after Wall Street slumped. Recently, after China imposed limits on exports of the rare earths used in high-tech manufacturing, Mr Trump threatened 100% tariffs, only to back down again. His threats to cripple China through a near-total embargo are not credible because doing so would damage America, too. Those who assert that China is in crisis should note that this year its stockmarket has risen by 34% in dollar terms, double the rise for the S&P 500 index.

China has learned to retaliate skilfully. After Mr Trump imposed a levy on Chinese container ships arriving at American ports, it responded with its own port charges. China has threatened antitrust investigations to put pressure on American firms such as DuPont, Google, Nvidia and Qualcomm. Its refusal to buy American soyabeans—a $12bn market for midwestern farmers last year and America's largest export to China—is beggaring a bloc of voters Mr Trump values. Although some American chokeholds on China remain, for example with aircraft engines, Mr Xi has pushed hard to rid Chinese supply chains of foreign inputs while making the country indispensable to the supply chains of others. On paper Mr Trump could up the ante by cutting China's access to the dollar banking system. But he probably won't; the resulting turmoil in financial markets would hurt America badly.

Amid all the tit-for-tat, China is developing, by trial and error, a new set of global trading norms. This is its second area of success. It wants to build a Chinese-led system on the ruins of the old liberal trading order, one which will rival Mr Trump's empire of tariffs. Already China has shifted the geography of its trade: in the year to September its goods exports grew by over 8%, even as those to America fell by 27%. China's threats to limit rare-earth exports inspire fear because it dominates the market and could cripple Western manufacturing supply chains. But they are also remarkable because they show China trying to impose a system of global licensing. That is a fiercer version of the playbook America has used to control the semiconductor industry. Expect more examples of China recasting the rules of trade as it exploits its position as a sophisticated manufacturer and the largest trading partner of 70-odd countries.

The final reason why China is winning is that the trade war has made Mr Xi and the Communist Party stronger, not weaker. Outsiders point to China's huge problems, including its property hellscape, timid consumers, cowed entrepreneurs and the overcapacity and capital misallocation that its industrial policy creates. Yet to many Chinese Mr Trump's bullying has vindicated Mr Xi's 12-year project to prepare China for a hostile world by becoming a techno-industrial superpower. This week the Communist Party's leadership met to discuss a new five-year plan. It is expected to double down on Mr Xi's techno-nationalist approach.

Much could still go wrong for China. Redirecting exports away from America may prompt more countries to put up tariffs. Its nascent licensing regime could create a bureaucratic nightmare for itself and others. Just as America is discovering, using economic power as a cudgel is risky. The incentive quickly grows for other countries to diversify and innovate to reduce their dependence on you.

If Mr Trump and Mr Xi do meet in South Korea, it may be convenient for both to put on a show of de-escalation. There could be a pause in American tariffs in return for a delay in imposing the rare-earth controls, with some soyabean purchases thrown in and blessings for the proposed deal to sell

TikTok, a Chinese-controlled social-media platform, to American owners. Yet make no mistake: the prospect unfolding is not of two countries overcoming their differences, but of belligerent giants weaponising their economic power. And even as China is winning Mr Trump's trade war, the retreat from open commerce ultimately makes everyone a loser. ■

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Leaders | Peso peril

Javier Milei faces his most dangerous moment yet

He could still survive a currency run and knife-edge election

October 23rd 2025

For Argentina's president, Javier Milei, congressional elections on October 26th are a make-or-break moment. They could spell disaster for his radical reform programme. The Argentine peso is overvalued and under strain. Despite generous offers of help from America, it threatens to crash out of the band set for it by Mr Milei's government. Blowing any more cash defending it is pointless. Yet there is still a pathway for Mr Milei to continue his effort to tame Argentina's bloated state and end its decades of decline.

He has had big successes. Monthly inflation has fallen from 13% when he took office to about 2%. The country's poverty rate is at its lowest since 2018. He has taken an axe to Argentina's out-of-control public spending and culture of patronage. Mr Milei's great weakness is that, to stop prices from spiralling in a country where few trust the government or the central bank, he relied on keeping the peso strong.

Instead of being a temporary tool, managing the currency has become a trap. Even after he partially floated the peso in April alongside an IMF bail-out, Mr Milei has sought to maintain its artificial strength. Defending the exchange rate has cost billions and pushed interest rates sky-high, slowing growth. Voters now fret about jobs more than inflation.

President Donald Trump views Mr Milei as an ideological soulmate and has offered unprecedented financial support. On October 21st Scott Bessent, America's treasury secretary, said he had signed an "economic stabilisation" agreement with Argentina. Already the Trump administration has offered Argentina a $20bn swap line, spent nearly $1bn buying Argentine pesos and tried to corral Wall Street banks into putting together a $20bn support package. Markets remain unconvinced, however. The peso has continued to weaken; Argentina's ten-year dollar bonds trade below 60 cents on the dollar.

Two nightmare scenarios are possible. One is that Mr Milei's party performs badly in the elections, and he is unable to veto legislation in the lower house even as Argentina is forced into a chaotic devaluation. That would mean financial mayhem and political strife. The other is that the government clings to the strong-peso policy, blowing more scarce dollars to prop up the currency, and keeping interest rates exorbitantly high, damaging growth. Either way, reform would die.

Yet there is a third way. If Mr Milei's party wins a third of the seats in the lower house, it will be able to defend his presidential veto. Polls suggest this is possible. Mr Milei should then float the peso. To avoid chaos he should announce a new framework for setting domestic interest rates to control inflation, providing the economy with an anchor. Argentina has tried something like this many times before, but alongside Mr Milei's fiscal discipline it could be enough to ride out a temporary inflation spike. American support could help the central bank to reduce volatility as the peso finds a new level, at far less risk of loss for American taxpayers than the interventions being made by the Treasury now. A floating peso would also boost competitiveness and growth.

At the same time as this financial reset, Mr Milei must announce a political reset on election night, making clear he will seek to build a broader coalition. Laws passed by a majority in Congress have more weight than the decrees that he has largely relied on so far. For Argentina the script sounds familiar: an exchange-rate crisis suffered by a government that is unable to marshal adequate public support. For decades this story has always led to disaster. Yet there is still a chance for Mr Milei's project to have a different ending. ■

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Leaders | Silva’s logging playbook

To save the world’s tropical forests, learn from Brazil

Last year it lost more rainforest than any other country. Yet there is hope

October 23rd 2025

Chopping down rainforests is daft. The social costs of clearing a typical patch of Brazilian Amazon are perhaps 30 times the benefits of rearing cows on it, by one estimate from 2023. The problem is, those costs, which include aggravating climate change, are spread across the entire world’s population, whereas the profits from cutting down the trees go to the men commanding the chainsaws. Somehow, the world has to find a way to make conservation pay.

Its failure to do so is visible from space. Some 67,000km2 of virgin rainforest were destroyed last year, an area roughly the size of Ireland and nearly twice as much as was cleared in 2023. A pledge made by world leaders at the COP climate conference in 2021 to halt deforestation by 2030 is nowhere close to being fulfilled: despite fluctuations, the pace of global deforestation is roughly the same as it was at the beginning of the decade.

Last year's losses across the tropics added 3.1bn tonnes of greenhouse gases to the atmosphere, more than India added by burning fossil fuels. What is more, deforestation can trigger a vicious feedback loop. Emissions raise temperatures, which parches vegetation, which leads to wildfires (which were the biggest driver of deforestation in 2024), which cause yet more emissions. The harm can be local as well as global. Rainforests create their own weather systems: evaporation from the canopy forms "flying rivers" that water farmland thousands of kilometres away. Conservationists fear that the Amazon is close to a tipping point, where this water-recycling system breaks down, accelerating the destruction of the forest. This year's COP, which will be held in Brazil next month, will be fraught.

Yet there is hope. Though Brazil lost more rainforest than any other country last year, due to to wildfires, it also shows how better policy can make a difference. Under Jair Bolsonaro, a right-winger who was president from 2019 to 2023, little effort was made to halt the chainsaws. By contrast his successor, Luiz Inácio Lula da Silva, and a flinty environment minister, Marina Silva, wield a judicious mix of stick and carrot. Heavily armed federal agents arrest illicit loggers and blow up illegal mines. Properties on which unlawful deforestation occurs are blacklisted for subsidised credit. The pace of deforestation fell by 80% during Lula's first terms (2003-11), and fell again when he returned in 2023, before the wildfires set things back.

The political picture in Brazil is still positive. Whereas Mr Bolsonaro saw environmentalism as an obstacle to development, Lula's government knows that destroying the rainforest would cripple Brazilian agriculture. It is trying harder to protect indigenous reserves, the inhabitants of which are usually good stewards of the forest, and to clarify property rights in the Amazon, which are a mess of overlapping and poorly documented claims. If you know who owns a piece of land, you know whom to punish for despoiling it or reward for conserving it. Happily, as digital-imaging technology advances, transgressions can be detected and reported within days, allowing authorities to react quickly.

All these lessons should be applied in other countries with rainforests. Unfortunately, many are far worse-governed than Brazil. The Democratic Republic of Congo introduced a land-use law this year that aims to protect indigenous groups, but Congo's government has only shaky control over its own territory. Some local cash-for-conservation schemes show promise. However, the main thing protecting Congo's vast forests is its dire lack of roads. If these improve faster than the rule of law, loggers may run amok.

Since preserving rainforests is a global public good, the world should help pay for it. But again, this is easier said than done. Rich countries have soured on aid. Markets for carbon credits have failed to take off, partly because it is hard to tell whether money given to conservation projects actually conserves trees. The simplest method would be payments to governments of countries (or provinces) where deforestation stops, as verified by satellite images. Brazil is striving to drum up interest in this idea. However, if the governments in question are corrupt or repressive, donors may have qualms. The struggle to save the world's lungs will require creativity, diplomacy and clear-sightedness.■

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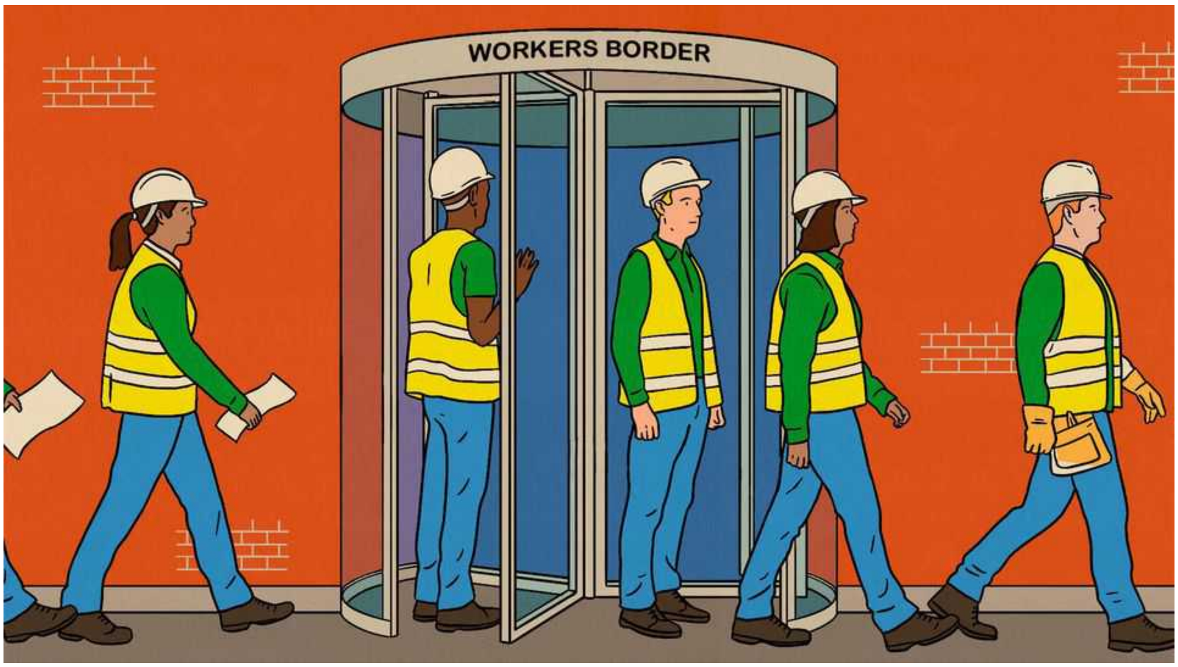
Leaders | Cross-border temping

The migration schemes even populists love

Why temporary workers bring great benefits

October 23rd 2025



Across the rich world, temporary migration is on the rise. The number of short-term visas offered to working migrants rose by nearly 1m between 2014 and 2023, to 2.5m, with no sign of slowing. The increase is not limited to places that are generally more open to migrants; even populist Hungary and Italy, and traditionally migration-averse Japan and South Korea, are embracing them.

The idea of short-term migration makes many observers in the West queasy. For some, it conjures up images of workers toiling for long hours in grim conditions for paltry wages. Horror stories of bosses seizing passports, or migrant maids being preyed on by employers, periodically make headlines. In fact, well-designed temporary worker schemes offer great benefits to all parties. And as the political tide turns against migration, they may be the only feasible way to admit low-skilled workers.

Populist parties from America and Britain to France and Italy have stoked anti-immigration sentiment, and benefited at the ballot box. But with local populations ageing, firms are desperate for workers. Short-term visas offer a way to thread the needle, which is why Italy has issued large numbers of temporary visas to migrants in less skilled occupations. Although Japan, South Korea and Taiwan offer few routes to permanent residency, they have brought in hundreds of thousands of such workers each year.

At the same time, worries about whether low-skilled migrants impose a burden on welfare states are rising. The fiscal impact of migration depends on the skills of the migrants and the rules governing their access to public benefits. In most Western countries, low-skilled migrants who stay long enough receive a pension and health care as they grow old, while paying far less in tax than highly skilled migrants do. Governments can avoid such costs by restricting migrants' access to welfare, as Gulf states do, or by insisting that they go home before they retire. Many are choosing the latter. Hence the popularity of guest-worker schemes.

Temporary migration offers big benefits to migrants and source countries, too. Lant Pritchett of the London School of Economics notes that low-skilled work in America offers migrants from the 11 largest developing countries a chance to quintuple their wages, even after accounting for lower prices back home. If two-thirds of the demographic shortfall in the labour force of the rich world was offset by a rise in the number of temporary workers, it would raise global wages by $6trn in today's prices by 2050. Source countries benefit when migrants send money home, seeding businesses and putting relatives through school. Last year low-income and lower-middle-income economies received in remittances a sum worth a hefty 5.4% of their combined GDP.

To make temporary migration schemes more politically acceptable, however, they must be improved. Many of them lack flexibility. In parts of the Middle East, the kafala system binds a migrant to a single employer, so that to be sacked is to be sent home. This is a recipe for abuse. Countries that have reformed kafala, such as Saudi Arabia, have made their labour markets more dynamic, allowing workers to switch to higher-paying and more productive employers.

Portable visas, which allow migrants to switch jobs, are better for migrants and hosts alike. Last year Australia extended the amount of time workers have to find a new employer after leaving their first sponsor from 60 days to 180. Such flexibility boosts efficiency and curbs the power of cruel bosses.

Another change concerns the rule of law. If migration sceptics fear that guest workers will slip away into the shadows, then their support for temporary migration will wane. But there are ways to discourage this. New Zealand's seasonal farm workers are notably less likely than their peers in Australia to overstay their visas, for instance, for two reasons. The first is that businesses are fined when workers abscond, giving employers a strong motive to screen and monitor employees. The second is that there is no mechanism for workers to lodge asylum claims which allow them to remain in the country more or less indefinitely, blunting their incentive to try to do so.

There are limits to the benefits of guest work, especially compared with permanent migration. Short-term visas make it hard for migrants to become entrepreneurs, limiting innovation. Portable visas are better, but still less flexible than free movement. Skilled migrants bring such great benefits that countries should be striving to keep them, rather than repelling them with $100,000 visa fees, as America now does.

When voters are suspicious of permanent migration, guest workers are better than having no migration at all. Well-designed schemes can be safer for the people taking them up, bring more benefits to the host country, and strike a balance between migration scepticism and liberal principles. ■

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Leaders | Square-eyed elders

Never mind your children's screen time. Worry about your parents'

A new generation of pensioners are glued to their smartphones

October 23rd 2025

Few things delight children, or irritate their minders, as much as screen time. Parents nag their offspring to put down their digital devices and pick up a book or a football. Academics such as Jonathan Haidt worry that phones and social media are creating an "anxious generation" of indoorsy introverts. Some countries are banning social media for under-16s.

The worry may be focused on the wrong age group. For all the fears around teens and screens, the most square-eyed generation is the elderly. Older people have long been champion tv-viewers. Now a new generation of pensioners are adding to their screen time with smartphones, iPads and game consoles. The result is epic screen sessions, which take up more than half of pensioners' waking hours.

The digitisation of old age is a good thing. The elderly have perhaps more to gain from smart devices than any other age group. Facebook and WhatsApp bring daily updates from old friends and faraway grandchildren. Zoom transports church, book clubs and doctors' appointments into the home for people who cannot attend in person. E-commerce removes the need to trek around shops. Hours of entertainment from any era are available on demand. A connected retirement is more fulfilling and fun than an offline one.

Older people are also insulated from some of the on-screen risks that threaten teenagers. They have already formed their key real-life relationships, and so are less in danger of the "social stunting" that screen-obsessed children supposedly suffer. Their worldview is less open to manipulation by online weirdos who encourage misogyny or body dysmorphia among young folk. Above all, the elderly usually have oodles of free time. For a teenager facing exams, the opportunity cost of a five-hour-a-day TikTok habit is high. For a pensioner it is a case of swapping one leisure pursuit for another. Parents and policymakers have a right to interfere with how children spend their time. Adults should be free to waste it as they like.

Yet as retirement moves online there will be costs that society must reckon with. Older folks' devices, unlike those of teenagers, are usually connected to credit cards. Door-to-door conmen, who have long preyed on the elderly, can now go iPad-to-iPad. Governments rightly strive to protect children from online predators. They must recognise that there is another, fast-growing vulnerable group to look after.

A second cost is misinformation. Pensioners are twice as likely as under-25s to use news apps or websites. Older people also appear to be more susceptible than others to online hoaxes (which artificial intelligence promises to make still more convincing). As older generations shift from spending their time in front of Fox or the BBC to spending it on YouTube or TikTok, they are entering a Wild West of information. And when the elderly are misled it is everyone's problem, because they are the most likely to vote.

Screen time has a mixed impact on loneliness. Screens are companions for the isolated. But they can also be a substitute for real life. E-commerce removes the hassle of the weekly shopping trip—but also the social interactions that come with it. Consumers are free to make such choices. But for the infirm, the siren song of the sofa is especially strong. Balancing the pros and cons of screen use is easier for teenagers, whose time online is curbed by teachers during the day and parents in the evening. Older folk lack these informal mediators.

Old people's rocketing screen time should at least make for a more measured debate on digital matters. Generations do not always understand each other well. There is a long history of policymakers calling for bans on youth crazes, from rock 'n' roll to violent video games. When the craze catches on more widely, the panic tends to die down. Universal use of smartphones and social media should make it easier to have sensible conversations about their trade-offs. And when children are told for the umpteenth time to get off their phones, they can cast a meaningful glance at grandpa in the corner, chuckling at the latest memes on WhatsApp. ■

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Letters

Letters | A selection of correspondence

Should investors buy into shares of European companies?

Also this week, Muhammad Ali, culture wars and cyclists, John Singer Sargent, George Orwell and pubs

October 23rd 2025

Letters are welcome via email to letters@economist.comFind out more about how we process your letter

Shares in European companies are drawing attention from global investors, as valuation dynamics and the risk of concentration in American markets come into sharper focus. Buttonwood (September 20th) highlighted the growing appeal of Europe, particularly beyond the core markets. But the story is not only about Europe's resilience; it is also about structural shifts in the American equity landscape.

Nearly 40% of the S&P 500's value is now concentrated in just ten companies, leaving investors with an exposure that is broader in name than in substance. This imbalance is prompting a search for diversification and investors are increasingly looking at European firms, from industrial leaders in Italy to plucky regional banks in Greece, where valuations are more modest and market leadership more evenly distributed.

Although these companies may not scale the heights promised by a Wall Street initial public offering, they need not relocate to access American capital. A domestic listing paired with cross-trading offers a grounded path to visibility and liquidity, without abandoning home markets. Shares in Europe's companies, long trading at a discount, are priced for rediscovery.

Jason PaltrowitzDirector and executive vice-presidentOTC Markets GroupNew York

History repeats itself. Those who propose to "delayer" organisations by getting rid of middle managers ("Unbossing it", October 11th) should take a look at the damage that Michael Hammer's theories wreaked on businesses in the early 1990s. That was when middle managers were laid off by the truckload in the name of "business process re-engineering", Hammer's strategy for root-and-branch redesigns of companies' operations. It did a lot of damage and the reason was profoundly simple. It is the middle managers who know how organisations really work, not the procedural manuals that say what is supposed to happen.

Brian KilcourseGrass Valley, California

Regarding "Why the war on drug pricing will fail" in America (October 4th), pharmaceutical companies spend vast sums of money to create brand-name drugs that treat chronic diseases because they are more likely than other medications to gain regulatory approval, to be regularly used, and to command high prices. In contrast, inexpensive, life-saving concepts such as the cardiovascular polypill, a British invention that could prevent large numbers of heart attacks and strokes, are ignored because companies and their investors can't reap large monetary returns.

Is early access to blockbuster drugs worth it? No. Although America spends far more per head on health care than other rich countries it dramatically underperforms them in outcomes. You are right to note that reducing waste and profit-taking by powerful middlemen could save money. But more must be done. RAND has proposed ten policies to incentivise the development and adoption of high-value, cost-lowering health-care technologies. If they were implemented, American ingenuity and free enterprise would do the rest.

Dr Art KellermannRichmond, Virginia

It is indeed true that left-handed athletes seem to have an innate edge in some sports ("A sinister advantage", September 27th). One example of this is the boxing match in 1966 between Muhammad Ali and Karl Mildenberger, a German and the first southpaw to fight for the world heavyweight title. The champ was frustrated by the sinister difficulty imposed by Mildenberger and the fight went to 12 rounds. Ali won by a technical knockout, but Mildenberger was able to hammer and hurt Ali's liver area with body punches, which was remarkable given his legendary invulnerability in the midsection.

Stan KowalskiConcord, New Hampshire

Your article on how cycling is "revolutionising transport" mentioned that Montreal is North America's leading cycling city ("Four wheels good, two wheels better", October 11th). You reported from there during the summer months. Large snowfalls make cycling hazardous at many other times of the year. When bike lanes are added to already narrow streets and resources are diverted to clearing them of snow instead of car lanes then traffic becomes impeded for the sake of a few diehard cyclists.

Richard JohnstonEdmonton, Canada

You presented the city-transport issue as a choice between bicycles and cars. Yet what if the new cyclists are not switching from cars, but are former pedestrians or public-transport users? New bike lanes come at the expense of road space, adding to congestion, and deepen the financial woes of public-transport operators faced with declining ridership.

Javier AsensioBarcelona

The bicycle that I used in place of a car cost me $5,000 to own and operate. By contrast, the average cost of car ownership in the United States is about $1,000 per month, according to the AAA), which is $300,000 over 25 years, or 60 times what I spent. This matters for the economy. Widespread bicycle adoption would cause a non-cyclical contraction in GDP. In all seriousness, if we save the planet and ourselves by learning to do more with less, how do we pay down the public debts incurred under the presumption of infinite GDP growth?

David PaetkauNelson, Canada

One important perspective in the culture wars over bike lanes was missing from your article: cyclists who pervasively ride on sidewalks. Scarcely a week passes without a near collision with a cyclist when I walk the streets of Washington, DC. Apparently unaware that riding on the sidewalk is illegal, the police ignore it. Cyclists seem unbothered as they dangerously barrel past pedestrians. I have no ideological gripe over cycling to work or sharing the road with cyclists. If only they would stay in their lane.

Adam HuftalenReston, Virginia

Your article on the resurgence of interest in John Singer Sargent focused, like recent exhibitions, on the painter's lavish portraits of deep-pocketed patrons ("Paint me a plutocrat", October 4th). The fresh enthusiasm is welcome, but Sargent's most ambitious work cannot be seen at an exhibition. It is at the Boston Public Library. There, on the high walls and ceilings of the otherwise unvisited top floor, live the sprawling, and in places gilded, murals that he laboured over until his death in 1925. They paint a portrait not of luxury, but of the chaotic history of religion, as Sargent saw it, from Astarte to the New Testament. Interspersed with graphic digressions on the horrors of war, the murals' relevance to the present arguably outstrip the straps of "Madame X", Sargent's portrait of a young socialite in 1884.

BENJAMIN MERICLIBoston

Another paean to Wetherspoon, a cheap-but-cheerful British pub chain ("Orwell's idyll", October 11th). But what would George Orwell, who "distilled the essence of the British pub" in 1946, really have thought? Wetherspoon's use of Orwell's "The Moon Under Water" for the name of several of its establishments feels like a type of theft. Read the essay and go to a Spoon. You'll see what I mean.

Matt MorrisDinas Powys, Vale of Glamorgan

By Invitation

- Donald Trump is copying the wrong things from China, writes Dan Wang

By Invitation | Copywrong

Donald Trump is copying the wrong things from China, writes Dan Wang

America is getting authoritarianism without the good stuff

October 23rd 2025

Donald Trump rarely passes up an opportunity to praise Xi Jinping. Over the years, Mr Trump has regularly buttered up China's leader, calling him "brilliant", "perfect" and "fierce", and averring that "there's nobody in Hollywood like this guy."

During his second term Mr Trump has gone further, directly copying elements of Mr Xi's China. When the American president announced his tariffs in April, his choice of "Liberation Day" sounded, to my ears, after working for years in China, more like Beijing's terminology than that of a capitalist superpower. While Americans speak in terms of freedom and liberty, it is the Communist Party that describes its victory over the

Kuomintang as the “war of liberation”, delivered by the People’s Liberation Army.

In economic matters, Mr Trump has turned no less a corporate icon than Intel into something akin to a state-owned enterprise with American characteristics. He demanded a “golden share” in US Steel: a moniker with a long history in the West, but especially well known these days as the name for the legal stake that certain Chinese entrepreneurial firms have offered to the state. By firing the head of the Bureau of Labour Statistics after a disappointing jobs report in August, Mr Trump has undermined America’s commitment to data probity, long a complaint that observers have had about China’s economic statistics.

Then there’s the pageantry. Summoning so many generals and admirals into an auditorium, as Pete Hegseth, Mr Trump’s secretary of war, did on September 30th, brings visual echoes of officers who sit neatly inside the Great Hall of the People during important party gatherings. (Beijing, however, delivered a much more impressive military parade than Mr Trump’s lame affair in June.) Mr Trump expects that all his policies must be exalted—and their reversals, too—and both leaders can count on a cadre of tenacious loyalists to be vocal in their defence. Neither leader hesitates to publicly berate corporate executives, though even Mr Xi would probably blush at convening tech leaders around himself to televise their praise for him.

There’s a more worrying drift in Mr Trump’s emulation of China: a broad cruelty towards people the regime judges to be weak. Both leaders have targeted particular groups who have a hard time resisting the state. It is the already downtrodden in America and China who feel the brunt of their state’s fury. And every crisis is blamed on foreigners or traitors.

But Mr Trump is copying Mr Xi’s methods without achieving the Chinese leader’s broader aims. What America is getting is authoritarianism without the good stuff.

There are plenty of useful things that Mr Trump could have picked up from China. Part of the Communist Party’s political resilience stems from its ability to deliver goods that people need. Over the past four decades the

Chinese people have enjoyed a staggering increase in material benefits, even if the methods of producing them have often been brutish.

Residents of Shanghai are able to access new parks, more than 140 of which were opened last year alone, and traverse the city with ease via an ever-expanding network of subway stations. Even poor, rural areas like Guizhou in the south-west have gleaming high-speed rail, a service America's richest states are unable to provide. Over the past 40 years China has built a vast network of ports, railways, power stations and highways. Its cities grow ever more pleasant. Shanghainese are right to complain that flying into JFK feels like stepping into the decrepit past.

Meanwhile, China has also taken a huge lead in deployment of clean technology, with around five times as much utility-scale wind and solar capacity as America. Mr Trump has never loved renewables, heaping contempt on wind turbines and cancelling new solar developments while praising coal as "clean" and "beautiful".

Mr Xi has enacted a long-standing commitment by the Communist Party to achieve technological sovereignty. China's manufacturing base goes from strength to strength. Whereas its carmakers and other industrial companies find new export markets, American manufacturers continue to gather rust. Intel, Boeing and Detroit's automotive groups have all suffered from strategic missteps. And that was before Mr Trump's tariffs threw the broader American manufacturing sector into deep uncertainty, with the loss of 40,000 factory jobs since Liberation Day.

China has displayed a sophisticated approach to attracting foreign investment. Its leaders have enthusiastically welcomed companies like Apple and Tesla to build their products in China, where they train workers to produce some of the most cutting-edge electronics components in the world. The Trump administration, by contrast, unleashed immigration-enforcement officers to round up hundreds of South Korean workers in an electric-vehicle battery plant in Georgia. Foreign engineers will think twice before they accept a posting to the land of the free when they see images of deportees in chains.

China's approach to governance comes with social costs, namely all that authoritarianism. Americans would find that intolerable and rightly so. But China has also produced orderly cities, smooth logistics and manufacturing dynamism that Americans would be right to envy. Mr Trump's policies are likely to stoke inflation while failing to deliver the material improvements that many Americans need, such as more homes and better mass transit—a failure made even worse by the vindictive cancelling of funding for Democratic states. What we get out of his flirtation with authoritarianism are gilded ballrooms, detention centres and profound stress on the foundations of American institutions. ■

Dan Wang is a research fellow at Stanford's Hoover Institution and the author of "Breakneck: China's Quest to Engineer the Future".

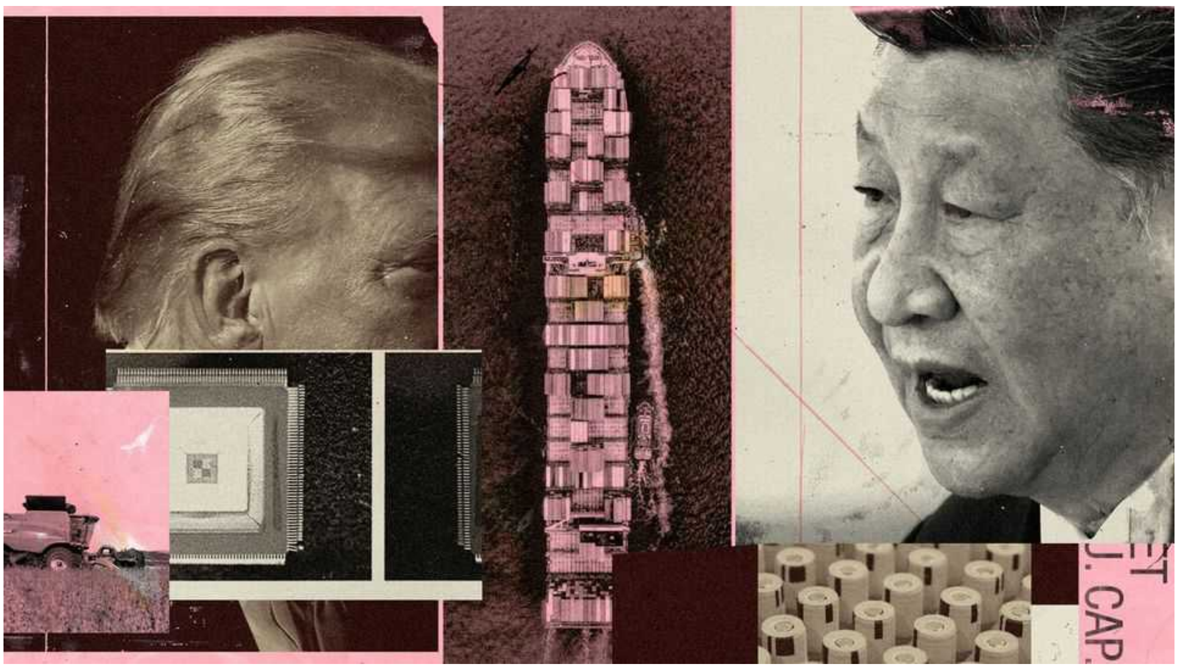
Briefing

Briefing | Fighting fit

China is using America’s own trade weapons to beat it

It has spent years pinpointing America’s weaknesses and mitigating its own

October 23rd 2025



SEVEN YEARS ago, when America’s trade war with China was just getting started, the Chinese science and technology ministry did something unusual. Its official newspaper, which usually confines itself to puff pieces about China’s accomplishments, instead published 35 articles over three months detailing the country’s weaknesses. Each one examined a specific “chokepoint”—a technology critical to the economy that China could not produce, forcing it to rely on foreign imports.

The series, entitled “What is choking us?”, was a remarkable exercise in self-criticism. It also marked a turning-point, little noticed beyond Beijing at the time. China had grasped that the trade war was about vulnerabilities as much as tariffs. It catalogued its own weaknesses and then set about identifying America's. Seven years later, this foresight is paying off.

Donald Trump is expected to meet Xi Jinping, his Chinese counterpart, in South Korea next week—the first meeting between the two leaders since Mr Trump returned to the White House. Until recently it was predicted to be a mild affair, reinforcing a tariff ceasefire in place since the summer and paving the way for a more ambitious trade deal next year.

Then, two weeks ago, to the surprise of Mr Trump and just about everyone else, China unveiled its most ferocious export controls yet, giving itself the power to disrupt American supply chains. Cue furious counter-threats by Mr Trump and an ugly blame game. Was China, as its officials claimed, merely responding to America's provocations? Or was it unleashing chaos on the global economy, as the Trump administration maintained?

In fact, China's confidence reflects a startling fact: it is winning the trade war with America. It has devised forms of economic coercion inspired by, but more effective than, America's own; it is dissuading third countries from siding with America and it is reinforcing Mr Xi's standing at home. But victories in trade wars are rarely absolute or permanent. China has to be careful not to press its advantage too far, lest its successes rebound on it.

Ever since Mr Trump's first small tranche of tariffs back in 2018, Chinese officials have repeated the same dictum. "If you want to fight, we'll fight you to the end. If you want to talk, our door is wide open." In practice China's emphasis is shifting unmistakably towards fighting.

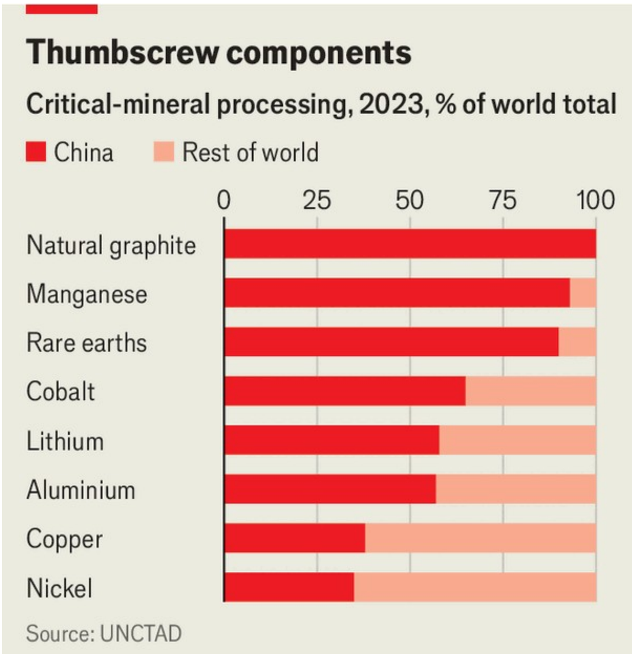
Talking got it only so far: the trade deal negotiated during the first Trump presidency was implausible from the outset. Moreover America, under both Mr Trump and Joe Biden, imposed ever-tighter export controls on it. China concluded, not unreasonably, that America did not plan to make peace. It has also come to believe that Mr Trump is more likely to respond to pressure than to flattery and forbearance.

Were the fight purely about tariffs, China might well have lost. America exported $140bn of goods to China in 2024; China sent $440bn back. That gives America three times as many targets. But China has found other ways to fight.

China's political system gives its officials more levers to pull. Take soyabeans, until recently its biggest import from America. The government appears to have ordered Chinese buyers to shift all purchases to other countries, mainly Brazil and Argentina, leaving American crops to rot in the field—an "economically hostile act", Mr Trump says. Antitrust probes into big American firms such as Google, DuPont, Nvidia and Qualcomm have multiplied over the past year, too, as tensions have flared.

But China's most effective weapon has been to mimic America's export controls. A telling demonstration came in December, in the waning days of the Biden presidency. Barely 24 hours after America had announced fresh restrictions on exports of computer chips to China, China banned exports to America of gallium, germanium and antimony—all used in high-tech manufacturing. If Mr Trump had been paying attention, he would have seen this episode as a warning.

In April, after Mr Trump announced swingeing tariffs on "Liberation Day", China and America engaged in an almost comical tit-for-tat that left both countries charging rates of more than 100% on each other's products. That escalation dominated the headlines. But more important in the long run was China's decision to restrict exports of seven rare-earth elements and related magnets that are used in weapons, cars and electronics. Exporters needed licences to ship rare earths abroad, and American buyers were frozen out. "We just won't tolerate the US hitting us anymore, and we believe we have the capability to fight back," says Tu Xinquan of the University of International Business and Economics in Beijing.



China had identified a chokepoint that caused severe pain in America. Rare earths appear in nearly every high-tech product. Although they are quite common in geological terms, China dominates mining and has a near-monopoly on refining (see chart). As inventories outside China dwindled, firms warned that their factories would soon come to a standstill. America blinked. It agreed to lower tariffs on Chinese goods to 30% as part of a 90-day truce, which has since been extended. China cut its tariffs on American goods to 10%, and started to let rare earths flow again.

The past few weeks have seen another flare-up in hostilities. In late September America's sanctions bureau expanded its blacklist to include majority-owned subsidiaries of banned firms. American officials said they were just closing a loophole, but China considered the move a big escalation since it affected thousands of companies. America was also going ahead with new fees on Chinese-made ships at American ports, despite Chinese objections.

On October 9th China took its export controls to a new level, establishing a global licensing regime for virtually all rare earths as well as for rare-earth production technologies and lithium-ion batteries. If implemented rigidly, China could almost dictate which high-tech goods got made beyond its borders and by whom. Sean Stein of the US-China Business Council says that China was effectively "trolling" America. America's restrictions on semiconductor exports had been designed to stop China making chips smaller than 14 nanometres. China's new rare-earth controls impose extra scrutiny on exports of rare earths to be used in such chips. "They are sending a message that it's time for payback," Mr Stein says.

What makes export controls so powerful for China is its industrial heft. Its manufacturing output—35% of the global total—is threefold America's and exceeds that of the next eight countries combined. Until the early 2000s Chinese manufacturers were more reliant on inputs from America than American firms were on Chinese inputs. By 2020 that had flipped, and then some: American manufacturers are three times more reliant than Chinese ones on inputs from the other, according to Richard Baldwin, a trade economist.

America now leads in only a handful of critical domains, of which high-end semiconductors are the most important. But China is pouring money into chips and making progress, gradually dulling the bite of America's controls. On rare earths, the picture is the reverse. America has only one active mine and virtually no refining capacity. A $3bn partnership with Australia signed on October 20th aims to change that, but new mining and processing facilities could take half a decade to come online. China sees this "as a near-term leverage asymmetry in its favour", says Feng Chucheng of Hutong Research, a Chinese research firm. Put bluntly, America's chip controls are headaches for China, but China's rare-earth controls threaten to paralyse America.

Such power comes with risks. It is easy to make the case that China has overreached. Its licensing regimes apply worldwide, not just to America. That has alarmed third countries. By September China had approved just 19 of 141 European licence requests, apparently a deliberate squeeze. Scott Bessent, America's treasury secretary, talks of rallying other countries to break China's grip.

China is gambling that the Trump administration will not make much headway. Its attempts to co-ordinate with Australia, Canada, Europe and India look hypocritical after months of bashing them with tariffs. "Some countries have followed US instructions because of US long-arm jurisdiction," says Wu Xinbo of Fudan University. "When it comes to China in the future, they may be more cautious." An early test is a dispute over control of Nexperia, a Chinese-owned, Dutch-headquartered chipmaker. China's goal, ultimately, is to make countries as wary of crossing it as they are of defying America.

Calibrating this policy is hard. Moving too aggressively might prompt a backlash while hobbling Chinese exporters. Already the G7 group of rich countries is working on a plan to create alternatives to China for critical materials. Yet China will not be quaking in its boots. As recently as 2023 the G7 agreed on a "five-point plan" to dent China's rare-earth dominance, but has little to show for it.

Some of China's delays in granting licences reflect the difficulty of building up a complex new system from scratch. But bureaucrats have also been demanding intrusive information about end-users. It has asked some overseas buyers to upload photos of their factories, for instance, to prove they have no connection to the defence industry.

The system, if enforced as written, would be an onerous addition to global trade rules. America's export-control regime presumes companies are innocent unless identified as wrongdoers. In China's case, every company must prove its innocence. "If you read China's controls literally, they are an order of magnitude more aggressive than anything the US has ever done," says Gerard DiPippo of RAND Corporation, a think-tank.

In the lead-up to the summit in South Korea, American officials have indicated that they want China to scrap its licensing system entirely. But having just launched it with great fanfare, China is unlikely to dismantle it. Instead, it may mollify critics by granting big exemptions.

Even if it backs down in this way, China has already proved that it can inflict serious pain on the American economy. A striking element of its new export controls is the inclusion of lithium-ion batteries, which are essential both to electric vehicles and to power grids. If China wants to weaponise its industrial clout, it can go further than rare earths.

China's success in the trade war is also reinforcing the Communist Party's domestic authority. The Trump administration's decision to whack China with tariffs was, in part, grounded in the belief that its economy was in terrible shape and external pressure would leave it begging for mercy. Just this month Mr Bessent said that China's decision to opt for export controls was "a sign of how weak their economy is". Both he and Mr Trump have said that China is either already in a depression or could soon land itself in one if it does not back down.

They are mistaken. The Chinese economy, though mired in a property crash and suffering from deflation, has areas of vigour. Much like America itself, it is in the midst of a boom in artificial intelligence, with spending on all things AI soaring. An index of the 300 biggest Chinese stocks is up nearly 20% this year, a sharp contrast with the start of the trade war in 2018, when it sank. There is more to the economy than the stockmarket, but its performance belies talk of a deep recession.

More fundamentally, the way the trade war has played out so far is a validation of Mr Xi's obsession with trying to shore up China's defence and strengthen its offence against America. "Instead of coming running for negotiations, Xi is the one that is making moves and the United States is struggling to keep up," says Jon Czin of the Brookings Institution, a think-tank. "It doesn't feel like Trump is the one in control now, and that is the goal for China. Xi is driving the dynamic."

A common criticism of Mr Xi is that his rule has been bad for the economy. Private businesses have resented his statist approach and have suffered from his various crackdowns on finance, property and tech. But standing up to America's economic bullying appears to be extremely popular, judging by a surge in patriotic posts and short videos on social-media platforms. Ren Yi, a pro-government blogger with a sizeable following, captured this spirit in a widely shared article. "Clear-eyed observers know that America has played almost all its cards and is itching to slam them all on the table at once," he wrote. "But China has only just begun playing its cards and is still reluctant to show them."

What might victory look like for China? It must tread carefully. "If China keeps these rare-earth controls, and if they throttle supply to American manufacturers whenever they like, that is a gun to the American economy's head. No American president can accept that," says Rush Doshi, a national-security official in the Biden administration. China still has vulnerabilities: America could block shipments of aircraft engines or, as Mr Trump has hinted, restrict exports of the advanced software that China needs for designing semiconductors. Most ominously for China, it has no answer to America's power over global finance. America could severely disrupt China's international trade and investment flows by stopping big Chinese banks from trading dollars.

Success will come from demonstrating resolve without humiliating Mr Trump. Ahead of the meeting in South Korea, Chinese advisers have signalled that they are in no rush to sign a trade pact. Instead, they want to see the restoration of calmer dialogue between the two superpowers. Optimists had hoped that the two countries might eventually strike a "grand bargain", with big reductions in tariffs and pledges by China to invest many billions in America. That was always dubious and now seems especially far-fetched. Instead, China's main goal is "conflict management", says Mr Tu.

Any deal reached when Messrs Trump and Xi meet at the end of October is likely to be modest. Tariffs will not go away but at least should not go higher, an assurance that would be welcomed by businesses on both sides.

Both governments may also agree to water down their export controls. As a sweetener, China would resume soyabean purchases, which Mr Trump wants and is easy enough for China to do. The threats, counter-threats and escalations of the past year would mercifully come to an end, at least for a time.

An extended truce would give both countries time to prepare for the next phase of their trade war, which will eventually come. American officials now have a better measure of their vulnerabilities, which include batteries, pharmaceutical ingredients and more. Diminishing them will take years and cost vast sums. Mr Doshi talks of the need for "allied scale": if America works with other countries, from the G7 to India, they could easily surpass China's industrial muscle. But that requires a White House intent on co-operating with allies—not Mr Trump's forte.

China also faces a long road. As well as trying to conquer semiconductors, it is also battling for supremacy in AI. In addition, it will have to overcome two challenges of its own making. One is domestic. The push for self-reliance requires vast capital outlays that have diverted resources from consumption. The trade war has exacerbated this. Building extra capacity, subsidising chip factories, stockpiling critical materials—all of this costs money that could have been used to boost pensions or improve health care. At some point, Mr Xi may need to choose between prioritising self-sufficiency and promoting consumer spending in a way that could stabilise growth. The trade war may be winnable but it is not cheap.

The second challenge concerns international relations. Seven years ago, China feared being backed into a corner by America. Today, it faces a different problem: how to wield its newfound leverage without making other countries feel cornered and pushing them into America's arms. That China is grappling with this concern, rather than buckling under an American trade assault, shows how far the balance has shifted. But overconfidence brings dangers of its own. ■

United States

- America’s gerrymander war is heating up
- A Supreme Court case could help entrench Republican power
- How the Trump administration could make sensible rules for drones
- America’s government shutdown is its weirdest yet
- Golf simulators and gyms are luring Americans back to the office
- In the race for Virginia governor, Democrats see boring as a plus
- Donald Trump has turned the war on drugs into a real war

United States | California scheming

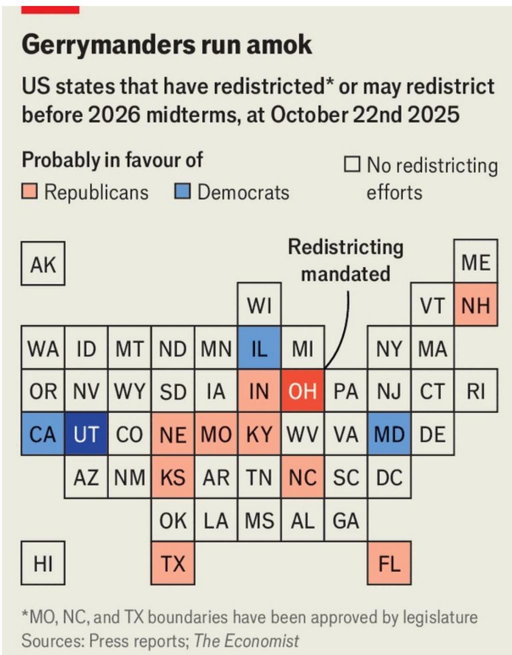
America's gerrymander war is heating up

Democrats' hopes to regain power in Congress may turn on a vote in California on November 4th

October 23rd 2025

ROD GUICE is not shy about sharing his political opinions. While greeting people outside a lodge in Bakersfield, a big city in California's agricultural middle, he says he does not believe in climate change and insists that Gavin Newsom, the state's Democratic governor, must be recalled. But a different issue brought him out early this morning: a rally to oppose Proposition 50, a ballot measure that will allow California's legislature to implement a new congressional map that favours Democrats. "Prop 50 is going to destroy what's left of California," he says.

In normal circumstances, redistricting happens once a decade after the census to adjust for population changes. But in July President Donald Trump began to pressure Republicans in Texas to carve up their congressional map to deliver five more seats in the House of Representatives to their party. The move kicked off a national redistricting war without modern precedent that could eventually involve more than a dozen states (see map). The ballot measure in California started as a bluff by Mr Newsom to get Texas Republicans to back down. “Maybe we’ll do it here in California as well”, the governor mused on his podcast the same month.



When Texas passed its new map in August, Mr Newsom’s cheeky threat morphed into an organised statewide campaign. As America’s most populous state, California is the only place Democrats can find enough seats before the midterms to counter Texas’s partisan gerrymander. But because the Golden State has an independent redistricting commission, the legislature needed voters to approve their plan. If Prop 50 passes, lawmakers will be able to redraw districts through 2030. Election day is November 4th but millions of Californians are already voting early.

Usually the president’s party loses seats in midterm elections. Mr Trump’s approval rating is sinking, but with Democrats floundering, a blue wave seems less likely than in 2018, when the party took back the lower chamber. In a close contest, marginal gains from gerrymandering could decide the House and, therefore, whether Mr Trump will have to reckon with losing dominance over Congress. (Republican prospects in the Senate are much better than in the House; in any event, gerrymandering is irrelevant in those statewide votes.) Yet how the redistricting war will shake out is far from certain.

Polling suggests California voters narrowly back Prop 50. Their support increases slightly when the election is framed as an attempt to counteract Mr Trump's meddling in Texas. Because of Democrats' voter registration advantage in California, Mr Newsom does not need to change the minds of independent and Republican voters; he just needs to make sure more Democrats are angry at Mr Trump than want to preserve California's independent commission. The governor may be succeeding. Roughly 13% of voters had already cast their ballots by October 22nd. Democrats make up about 45% of the state's registered voters but are so far responsible for 51% of early returns.

The opposition admits it is behind. "I think Prop 50 is going to be hard to beat", says Carl DeMaio, a Republican state lawmaker campaigning against the measure. Prop 50 is on its way to becoming one of the most expensive ballot measures of all time. With two weeks to go, spending is nearing $150m, and Democrats are outraising Republicans and good-governance groups two to one.

Gerrymandering sometimes produces district shapes almost comical in their inventiveness (see maps). The crowd in Bakersfield audibly gasped when they heard that the redrawn 2nd district would include lots of Republicans along the Oregon border, and a dangling arm that hugs the coast and scoops up Democrats in the Bay Area. In addition to making five more seats winnable for Democrats in 2026, the new map would shore up support for Democratic incumbents in vulnerable districts.

House Democrats probably cannot win the redistricting wars nationally, no matter what happens with Prop 50. They are talking to lawmakers in Maryland and Illinois about redrawing maps there. "Our hope is that every elected Democrat steps up to the plate," says Pete Aguilar, the chair of the House Democratic caucus. Redistricting before 2026 is also possible in Oregon, but it would be hard to draw another Democratic seat there without endangering the re-election of current members.

There are simply more Republican-run states willing and able to redraw their maps. Missouri Republicans found another seat for their party by splitting Kansas City—though litigation and a potential referendum could block the new map there. This week North Carolina added another Republican seat to the tally. The president is finding new ways to exert leverage over politicians who would resist him. Indiana's Republican governor suggested on a local radio show that he was worried his state would lose out on federal funds if it chooses not to redistrict.

Kelly Ayotte, the Republican governor of New Hampshire, could face a primary challenge from a Trump ally if she opposes gerrymandering. If the Supreme Court undermines part of the Voting Rights Act in time to affect the 2026 midterms, and Republicans go on a gerrymandering spree, then a Democratic-led House gets harder to envision.

Redrawing maps to favour a certain party does not assure victory. Republicans can feel confident about their two new districts in south Texas only if Latinos who voted for Mr Trump remain steadfast in their support. Yet Mr Trump's popularity among young and Latino voters has slipped since he took office. California Democrats tweaked the borders of the 22nd district, a majority-Latino area that includes Bakersfield, in the hope that they could finally wrest this swingy seat from Republicans. But it could still be a toss-up. "I think that the Democrats are making very bad assumptions in the same way that Texas Republicans are making very bad assumptions," says Mike Madrid, a Republican strategist who studies Latino voters. The result of all this tit-for-tat may be that neither party gains a big advantage.

There could be other costs from a national wave of gerrymandering. Studies show that voter turnout suffers in less competitive districts. Both parties have embraced the idea that losing power could be cataclysmic for America. That could make other kinds of election-meddling more likely. Border Patrol agents showed up at the launch of Mr Newsom's Prop 50 campaign. He alleges that the Trump administration sent them to intimidate Californians rallying to thwart the president.

How will the redistricting war end? Recent history offers few clues. The last time mid-decade gerrymandering swept the country was during the Gilded Age and back then things cooled down only when Republicans handily won, says Nicholas Stephanopoulos of Harvard University. In modern times, though, the courts and popular referendums can be a check on cheating. Mr Aguilar insists that his party would be happy to disarm. “I believe that independent redistricting is good, it’s right and it’s fair”, he says. “But not if it’s only done by six or seven states.” ■

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United States | Redistricting

A Supreme Court case could help entrench Republican power

The justices are weighing whether to gut the Voting Rights Act

October 23rd 2025

Section two of the Voting Rights Act, the landmark civil-rights law enacted in 1965, prohibits any state election rule that "results in a denial or abridgement" of a citizen's right to vote because of their race. For decades courts have used section two to protect the voting power of racial minorities when legislatures draw electoral-district maps. That era may soon end, however, and if it does, the change may offer Republicans new and potent possibilities for partisan gerrymandering to entrench party power.

At issue is a pending Supreme Court case, Louisiana v Callais, concerning Louisiana's congressional map. At oral arguments on October 15th Chief Justice John Roberts and his five fellow conservative justices gave every indication that they may bar race as a consideration when such maps are drawn, usually by state legislatures. The court will issue its decision by next summer, but the justices could decide to act sooner.

In practice, applying section two has constrained Republican partisan gerrymanders. If it is gutted, a number of Republican-controlled states are likely to attempt ambitious remappings. One estimate suggests Republicans could eliminate as many as 19 Democrat-held districts in the House of Representatives, or 9% of the party's current caucus. More realistic estimates suggest the number is between six and 12, assuming Republicans take an aggressive approach, as they have recently in Texas, Missouri and Utah.

These numbers would not guarantee Republicans a perpetual majority in the lower house. If Democrats won the popular vote by a similar margin to the so-called "blue wave" midterms of 2018 (nine percentage points), they would almost certainly overcome such gerrymandering. But the possible Republican advantage could be substantial, around five or six points—larger than the Democrats' current polling lead. Such a skewed electoral system would be akin to those adopted by dominant parties in illiberal democracies like Hungary and Singapore. America would be alone among its rich democratic peers. ■

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United States | Whirring forward

How the Trump administration could make sensible rules for drones

Safety and innovation need to be balanced

October 23rd 2025

Soon, shoplifters in America may not just have to watch behind them, but above their heads, too. Flock Safety, a company that builds drones, has developed systems to pursue thieves bolting from retail stores or intruders at factory sites. With a press of a button at an offsite security hub, says Rahul Sidhu, Flock's vice-president for aviation, a retailer's officers could instruct drones to leave their docks and follow suspects until police arrive.

To many Americans, this may sound like more drone hype. More than a decade has passed since Amazon unveiled Prime Air, stoking expectations of unmanned flying vehicles zipping packages to homes. But the company only last year got a federal special regulatory waiver permitting it to operate drones beyond the operators' line of sight. Though the retailer boasts that it now delivers packages weighing up to 5lb (2.3kg) to customers in two cities and is expanding in several others, its ubiquitous blue-grey electric vans and cargo bikes remain much more noticeable in most American cities.

Despite years of promises, America's "low-altitude economy" is still largely theoretical, even as China's advances. China's regulators have been more permissive; those in America must worry more about public backlash and the demands of the many private aircraft pilots operating in low-altitude airspace. The Federal Aviation Administration (FAA) is still mulling how to relax restrictions on drone flights that extend beyond the operators' view, as the most tantalising applications require.

President Donald Trump issued an executive order in June ordering them to speed up. The faa responded in August with new proposed rules on flights beyond an operator's line of sight. To date, companies such as Amazon seeking to fly drones beyond their visual range have had to get bespoke waivers from the federal government. Under the new regime, they would still need federal approvals, but the government wants its standards to be clear, uniform and feasible.

Drone flights would be forbidden over outdoor public gatherings and above 400 feet (122 metres) in most cases. Operators would have to buy drones capable of flying without visual supervision, but, as long as it met spec, each drone leaving a production line would need only testing, not a federal airworthiness certification.

More cheap drones that are allowed to travel far could do much good. Clinics could dispatch patients' blood for rapid lab testing. Farmers could engage in precision agriculture, in which drones spray specific amounts of pesticide and fertiliser in different parts of a field. Bridge, power-line and railway maintenance could become easier and safer.

Enabling such uses is the government's intention, but everyone from drone-builders to hot-air balloonists has complained about its plan. Conflict is especially fierce over how to prevent mid-air crashes in low-altitude airspace. The final shape of these rules, after regulators have absorbed all the comments, will decide the pace and scale of drone activity in America.

Pilots of helicopters and other aircraft say that drones should always give way to manned vehicles, as is the practice now. A "drone carrying a burrito" is nimbler than a crewed hot-air balloon, says Bailey Wood of Vertical Aviation International, an industry group. Yet when manned aircraft do not have "conspicuity" electronics that broadcast their presence—not all of them must—simple drones might not know they should avoid them.

Drone-industry representatives warn that requiring lots of safety hardware, such as multiple types of aircraft-avoidance technology, would make drones more complex to build and operate, reducing their usefulness. Perhaps all aircraft in low-altitude airspace should be obliged to broadcast a location signal that warns off drones and anything else, as some industry advocates suggest.

"Just make it a requirement that drones have to give right-of-way to all conspicuous aircraft, and all aircraft operating below 500 feet need to be conspicuous," says Liz Forro, policy director of the Commercial Drone Alliance, an industry group. Doing this would, indeed, be simpler than the government's current plan, and requiring conspicuity kit on manned aircraft seems a small price to pay to ensure that the drone business takes off and the skies remain safe. If American regulators get their rules right—they have until early next year to refine their proposal—a new era of American commerce may yet arrive to the faint whirr of overhead drones. ■

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United States | Awkward silence

America’s government shutdown is its weirdest yet

It is oddly tolerable for Democrats and Republicans, at least for now

October 23rd 2025

America’s government shutdown is now the second-longest on record. On October 22nd it overtook the 21-day shutdown of 1995-96, which turned government funding into the hostage-taking mechanism it is today. At the time Republicans, led by Newt Gingrich, produced a spending bill with deep cuts to social-welfare programmes that were anathema to President Bill Clinton. Mr Clinton refused to sign it. Late-night negotiations eventually yielded a compromise. “We ought to end this,” pleaded Bob Dole, the Republican Senate leader. “It has gotten to the point where it is a little ridiculous.”

There is little such urgency this time around. House Republicans have not been in session on Capitol Hill since mid-September, well before the shutdown began on October 1st. Mike Johnson, the Republican speaker of the House, says his party has done its job by passing a stop-gap bill that keeps spending at current levels. Democrats have now rejected that bill 12 times in the Senate. They continue to demand an extension to health-care subsidies which are due to expire at the end of the year. Overall, Americans still blame Republicans for the shutdown, according to YouGov polling on behalf of The Economist. But the public is increasingly displeased with both sides.

Yet neither Democrats nor Republicans look likely to budge anytime soon. Despite initial hand-wringing over the potential economic damage, the shutdown has proven oddly tolerable, at least for now. Donald Trump has engaged in budgetary chicanery, some say illegally, to minimise the pain. The Department of War, for example, repurposed around $8bn in funds to pay 1.3m members of the armed forces. Some agents from ice, the fbi and Homeland Security also seem to be receiving their pay cheques. Elsewhere, the president pledged to use tariff revenues to fund a food-aid programme for low-income mothers and their children. He also said he would resume $3bn in farm-aid payments. “Trump is doing everything to make the shutdown as manageable as possible,” says a Republican congressional aide.

Meanwhile, the administration is trying to hurt Democrats. It has frozen or cancelled around $28bn reserved for projects primarily located in Democrat-run areas. Russell Vought, the director of the Office of Management and Budget (omb), has tried to fire 4,100 federal workers and plans to slash at least 10,000 government jobs overall. But Democrats seem unfazed. If anything, it has strengthened their resolve. Many see the threats as hollow, not least because they argue the omb wants to carry out federal lay-offs regardless of a deal. “They were firing people right and left before the government shutdown,” noted Dick Durbin, a senior Democratic senator.

Most Americans are yet to feel the pain. Less than 2% of the country’s jobs are in the federal government. The usual shutdown irritations seem to have been softened. People are, for example, still going to the country’s national parks, which the administration has decided to keep open.

How does this all end? The economic costs will pile up the longer the shutdown drags on. Between 0.1 and 0.2 percentage points could be trimmed from annual gdp for each week the shutdown lasts, reckons Oxford Economics, a consultancy. More pressingly, funding for the Supplemental Nutrition Assistance Programme, more commonly known as food stamps, that provides tens of millions of people with food aid, will start to run out in several states by November 1st. That may be enough to focus the minds on Capitol Hill, say congressional aides.

There are some efforts under way to reach a compromise. John Thune, the Republican Senate leader, has offered to hold a vote on health-care subsidies, but only after Democrats reopen the government. Yet few Democrats trust Republicans to keep their word. Mr Trump's repeated moves to rescind congressionally appropriated funds have left many lawmakers wondering why they would sign up to a budget that may simply be ignored by the president, or undone by a pliant Republican majority. That is not only ridiculous; it is Washington's new reality. ■

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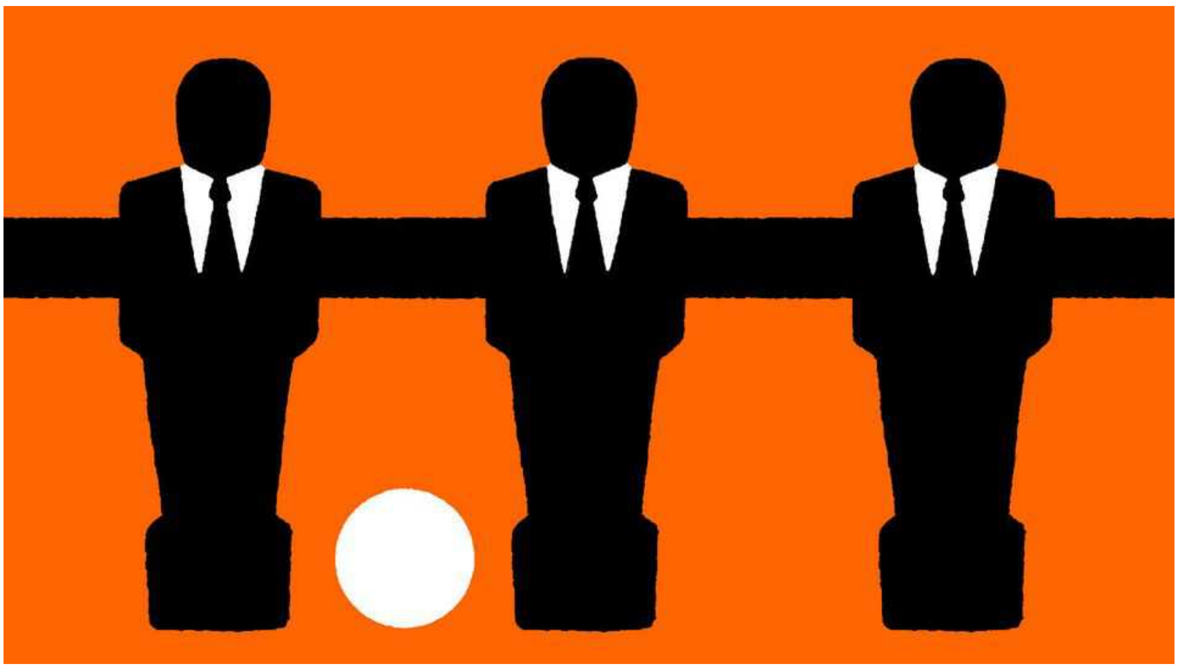
United States | What, no pickleball?

Golf simulators and gyms are luring Americans back to the office

Landlords are using "amenity buildings" to appeal to remote workers

October 23rd 2025



Almost three decades ago, the American white-collar experience was captured—or at least parodied—by the film "Office Space". In it, workers at a software firm struggle through thick traffic to get to a suburban box, where they toil in cubicles in a windowless expanse of badly carpeted grey. The printers don't work, the corner offices are occupied by arrogant bosses, and everyone dreams of escape at 5pm.

Nowadays, the work may be no less grinding, but the spaces are far fancier. Visit Hudson's, a new building in Detroit, and you get a sense of what firms feel they must offer. In the centre of the building a grand atrium, filled with natural light, is a spot where people can grab lunch. Adjoining is a sort of club room lined with bookshelves and plush armchairs. And next to that is perhaps the silliest perk of all: an indoor pickleball court. The tenants will also have access to a fully equipped gym and a golf simulator that cost at least $10,000.

Such amenities are far from rare in new buildings these days. An office development in Houston, Wells Fargo Plaza, has an arcade with table football, air hockey and vintage video games. In New York City, 1333 Broadway, in Midtown, has a rooftop bar with cabanas and "stunning, unobstructed views of the iconic Empire State Building". Other buildings come with full-service food courts, yoga studios and even—somewhat more practically, at least for working parents—day-care centres.

According to Jeff Eckert, of JLL, a consultancy, demand for this sort of "amenity space" has been growing for ten years. But it accelerated during the pandemic. He cites a building in Denver he recently visited that had a grand roof terrace with firepits and a view of the Rocky Mountains, as well as a half-sized basketball court. "You walk in and you're like, 'Am I in a five-star hotel?'" he says. The goal is to get employees who got used to working from home in their pyjamas to come into the office.

Will the boom fade as more and more employers order their staff to come back into work, whether or not they fancy a game of pickleball? For now, Mr Eckert says not. Though a fifth of office space in America remains vacant, according to JLL's estimates, vacancy rates in the fanciest buildings are far smaller, he says. This year, for the first time since 2019, more office space has filled up than emptied across the country. In some markets, such as New York City and San Francisco, offices are quickly filling up again. Not every firm wants amenities. Smaller companies with smaller budgets are returning to older "b-class offices". The pickleball courts are in but if the economy slows sharply, the grey cubicles may yet return. ■

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United States | Wonk appeal

In the race for Virginia governor, Democrats see boring as a plus

Abigail Spanberger's campaign has been strikingly substantive

October 23rd 2025

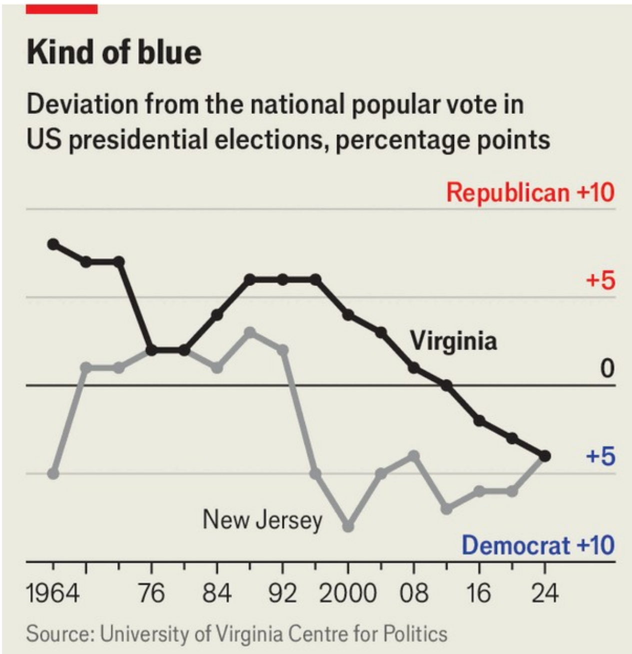
When bill nye the Science Guy took the stage at the Jefferson Theatre in Charlottesville, the crowd roared. The presenter of a science-education television programme was there to stump for Abigail Spanberger, the Democrat running for governor of Virginia in the election on November 4th. The pair first bonded over conversations about science and space policy, he explained. "Some call her a moderate. I call her someone who's paying attention."

Ms Spanberger has embraced her inner wonk on the campaign trail and, if the polls are accurate, it seems to be working. A former narcotics cop and CIA officer, she now leads Winsome Earle-Sears, the state's Republican lieutenant-governor, by around nine points in polling averages. Her stump speech is about Virginia's economy.

The campaign has recently been disrupted by an imbroglio involving loathsome texts fantasising about killing the speaker of the Virginia House that were sent in 2022 by Jay Jones, the Democrat running for attorney-general, who campaigned alongside Ms Spanberger. Ms Spanberger called the messages "abhorrent" but hasn't asked Mr Jones to withdraw. Her handling of the matter has been awkward at times, and Republicans have sought to use the resonant issue of political violence to slow her momentum.

For a flap like that to upend the race, though, a lot would have to go wrong for the Democrats. Virginia is the only state where an incumbent governor cannot seek re-election. Open races held in the year after a presidential election mean the national mood matters more. In the past ten contests, the party in the White House has won the Virginia governorship just once.

This year the electorate may be particularly keen to punish Donald Trump's party. The state has a higher share of federal workers than almost any other and the Trump administration has fired swathes of them. The government shutdown is now dragging into its fourth week. That is hurting well-educated commuters in northern Virginia and working-class defence contractors in Hampton Roads, a military hub on the state's southern coast.



Unlike New Jersey, the other state choosing a governor in November, Virginia has been steadily moving to the left. Its voters have become more Democratic than the rest of America's with each presidential vote since 2012 (see chart). In 2016 and 2024 Virginia was the only southern state to reject Mr Trump, although he did better in November than in 2020. Demography helps explain the Democrats' resilience in the state. "We are America's capital of white suburban women," says Ben Tribbett, a Democratic strategist in Reston, "and that is one of the only groups of voters that Kamala Harris gained with."

Ms Spanberger, the mother of three school-age girls, is using her centrist credentials to run a big-tent campaign. In 2018 she flipped a House of Representatives seat long held by Republicans. In Congress she rebuked the Democrats for calling to "defund the police" and said that Joe Biden's New Deal-inspired ambitions went too far. Months later Mr Biden greeted her on a phone call saying: "Hello Abigail, it's President Roosevelt."

Since setting her sights on Richmond, Ms Spanberger has styled herself as "vanilla, but in a thoughtful way", says J. Miles Coleman of the Centre for Politics at the University of Virginia. Her campaign is almost mockably substantive, churning out weekly position papers on health care, housing and tariffs. That may explain why her opponent's effort to paint her as a radical leftist has seemed to sputter. Mimicking Mr Trump's best taunt of Ms Harris, Ms Earle-Sears claimed that "Spanberger is for they/them, not us". But the most incendiary footage of Ms Spanberger shows her saying that lgbtq people deserve "the same legal rights as anyone else".

Ms Earle-Sears has a stellar biography. An immigrant from Jamaica, she served in the Marines before she became the first black woman elected statewide in the former capital of the Confederacy. But her gubernatorial campaign has been "void of any kind of message", says a Republican operative. She has raised less than half as much money as Ms Spanberger, has skipped typical meetings with business groups and has been frosty with the local press. Mr Trump has not endorsed her.

That distance from the president may give Ms Earle-Sears some freedom to match Ms Spanberger's pragmatic campaign down the final stretch. She argues that Virginia should diversify its economy to protect itself from actions by the federal government. "They sneeze and we catch the cold," she says. But it may be coming too late. A win for Ms Spanberger would suggest that, with a disrupter like Mr Trump in the White House, plenty of people are craving someone a bit boring. ■

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United States | Lexington

Donald Trump has turned the war on drugs into a real war

And Congress needs to block the metaphor before it kills again

October 23rd 2025

Of all the failures by Congress this year to fulfil its role under the constitution—to insist upon its authority over spending and tariffs or upon the continued existence of agencies it voted into being—nothing is as dangerous as its reluctance to scrutinise the Trump administration's killings of people it says are smuggling drugs by sea. Even those members of Congress who accept at face value all of Donald Trump's claims should be worried that a future president will exploit this precedent to invoke sweeping powers to kill based on his word alone—not to mention that other countries, including America's adversaries, will seize upon his creative reading of international law.

The killings, of at least 34 people in eight strikes since September 2nd, are also a case study in how cannily Mr Trump is choosing where and how to test the limits of presidential power. Maybe your own attention is already beginning to wander: after all, who can afford to spare much concern for accused drug smugglers? And who can prove the president wrong? The dead, and the drugs, if any, have vanished beneath the waves.

Well, most of them: two people survived an American strike on October 16th, and the American navy plucked them from the water. That their survival was inconvenient was demonstrated by how the administration dealt with them. It immediately sent them home. Once dunked in the soothing waters of the southern Caribbean, men whom America had deemed too dangerous to live were rendered harmless enough to be spared American custody. That development also happily spared the administration the risk of a habeas corpus petition that could have opened the missile strikes to judicial review.

Mr Trump posted on social media that “the two surviving terrorists” were being sent back, one to Ecuador and the other to Colombia, for “detention and prosecution”. His confidence that justice would be done was particularly surprising in the case of Colombia, since his administration had previously accused that country of coddling “narco-terrorist groups”. The following day, Mr Trump called Colombia’s president, Gustavo Petro, an “illegal drug leader”—not the kind of man, you’d think, in whose hands an American president would entrust a lethal enemy, however wet.

Lawyers who worked in past administrations to develop a legal framework for the war on terror have been stunned by the Trump administration’s own feat of smuggling. Having transposed the vocabulary of that war to anti-drug enforcement, it is now using that language, along with the terminology of international law, to package and deliver the same lethal military tactics. The State Department designated drug cartels as “foreign terrorist organisations” in February, a move that in itself did not authorise the use of force. After the administration began its strikes, it said in a notice to Congress that America was in a “non-international armed conflict” against “non-state armed groups” engaged in “an armed attack against the United States”—all signifiers of obeisance to international law meant to prevent state murder by governing the use of lethal force as a first resort.

But consider just the foundational assertion. Is a drug smuggled for profit really equivalent to the weapon of an invader attacking America? “You’re just using metaphors to turn something into what it isn’t,” says Stephen Pomper, the chief of policy at the International Crisis Group, a non-profit, who was a senior director of the National Security Council under Barack Obama.

The administration has so far persuaded Congress and the public, numbed to such tactics by the war on terror, to settle for the metaphor. It has released no evidence to support the president’s claims the ships carried fentanyl, which comes mainly by land from Mexico. It has not told Congress what “armed groups” are responsible. It has simply dismissed claims that fishermen from Colombia and Trinidad have been among those killed.

And, unlike the lawyers who struggled to define when the Obama administration could use drones to kill certain accused terrorists, it has not specified what lawyers call a “limiting principle” to a president’s exercise of lethal force against drug cartels. If drug smugglers can be labelled terrorists, deemed to be waging war against America, and then slain at presidential command, then other people he identifies as terrorists could be just as vulnerable. “It isn’t so easy, if you take the kinds of leaps that he’s taken with regard to these strikes and run roughshod over the law, to figure out what would stop him from using the same kind of actions against another deemed threat, whether from outside the United States or even from inside,” Mr Pomper says.

The limits, if any, that Mr Trump has in mind for his exercise of lethal force is the kind of matter one would expect Congress to be curious about. One might also expect Congress to show some curiosity about the abrupt announcement, on October 16th, that the admiral leading American forces in Latin America has decided to step down in December, two years ahead of schedule.

Past presidents have also stretched their powers to wage wars and even to start them. Indeed, Mr Trump is gesturing at precedents they set. But “This administration is going further, and going further with less public, detailed defence of what they’re doing,” says Peter Feaver, a political scientist at Duke University. “I think the biggest difference is that Congress is not holding this administration to account in the way that they did even to Trump 1.0, let alone to Biden and to Bush."

Just because Mr Trump has labelled some migrants and even leftist opponents as "terrorists" does not mean he will use the armed forces against them. But right now it's not clear what, besides his own inclinations, might prevent him. ■

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The Americas

The Americas | Argentina’s future

Javier Milei’s fate turns on an upcoming election. Can he win?

It is a battle to be the least disliked

October 23rd 2025

Never before have midterm elections in Argentina grabbed so much global attention. The Trump administration has thrown the financial might of the United States behind both President Javier Milei and the Argentine peso, turning the vote on October 26th into a political football in Washington and front-page news in the rest of the world. Bond markets scrutinise every poll. Yet one crucial group seems uninterested: the Argentines.

In Buenos Aires, the capital, billboards are rare, rallies are modest and apathy is widespread, even at campaign events. “I’m obliged to be here,” says Emiliano, who is walking in a small march for Peronism downtown. The distant Peronist-run municipality that he works for as a street cleaner brought him there. Who will he vote for? "I don't know." Every major political leader, including Mr Milei, is viewed negatively by a majority of Argentines. "In New York there is much more interest in the election than here," says Gala Díaz Langou of CIPPEC, an Argentine think-tank, who recently visited Wall Street.

Mr Milei won office in 2023 by exciting voters with radical plans and furious condemnation of "la casta", the political class. Since then, huge cuts to spending have pulled monthly inflation down from 13% to about 2%. Poverty has fallen to its lowest level since 2018. Mr Milei has slashed red tape, improving everything from internet access to airlines. At the start of the year it looked as if he had a good shot at a thumping win in the midterms, where half the seats in the lower chamber and a third of those in the Senate are up for grabs. Now, Mr Milei's project is at risk of unravelling.

The slide began in February, when he promoted a dodgy cryptocurrency which soon collapsed in value. In August his sister was accused of taking a cut of the disability agency's spending on medicines. They both deny any wrongdoing. Mr Milei has also made political boobs. Overconfident, he decided to run rival candidates in the provinces of powerful governors rather than seeking to build coalitions. They punched back hard. One group formed a party to run against him nationwide; many more backed rebellions in Congress that repeatedly defeated his government.

Mr Milei also relied heavily on a strong peso to pull down inflation, even after floating it within bands in April as part of an IMF bail-out. He assumed that low inflation would win the election. Yet keeping the peso high made it hard to build up reserves, left the country vulnerable to exchange-rate crises and became a drag on growth and jobs. Worse, voters now care more about jobs than inflation.

All this came to a head on September 7th with legislative elections in Buenos Aires province, home to 40% of the population. Mr Milei's party, Liberty Advances (LLA), lost to the incumbent Peronists by 14 percentage points. Markets panicked and ditched pesos. That prompted the central bank to spend over $1bn in two days to stop the peso crashing out of its band, draining Argentina's dollar reserves to the dregs. Desperate, Mr Milei called the Trump administration, which sees him as a kindred spirit. It stumped up in extraordinary fashion: a $20bn swap line, almost $1bn in peso purchases and an effort to corral another $20bn from private banks. Yet, as The Economist went to press, the peso was still under heavy strain.

Still, LLA should perform much better in national midterms than it did in September. For one thing, the pummelling the government received may well scare centrist voters into turning out rather than staying home, as many did then. They may be unenthusiastic about Mr Milei, but they loathe the Peronists. Mr Milei is also more popular in the interior of the country than in the province of Buenos Aires. Many voters will still reward him for reducing inflation. Had the peso crashed out of the band he would have been in deep trouble, and Mr Trump's intervention appears to have avoided that.

Yet he still faces several problems. The ballot papers show photos of the candidates leading the party lists. Many LLA candidates are unknown compared with their more established rivals. Some are just odd. "I don't know the candidates really, I'm voting for Milei," says Ezequiel Salazar, a young interior designer. LLA will need lots of voters to focus similarly on Mr Milei rather than his candidates.

That will be particularly tested in Buenos Aires province. The head of the LLA list there, José Luis Espert, was accused of having received $200,000 from a man indicted in the United States for drug-trafficking, money he insists was for legitimate consultancy work. He stood down nonetheless, but too late to remove his photo from the ballot. Mr Milei's outsider, anti-corruption brand may have been broken by these repeated scandals, says a well-connected political consultant.

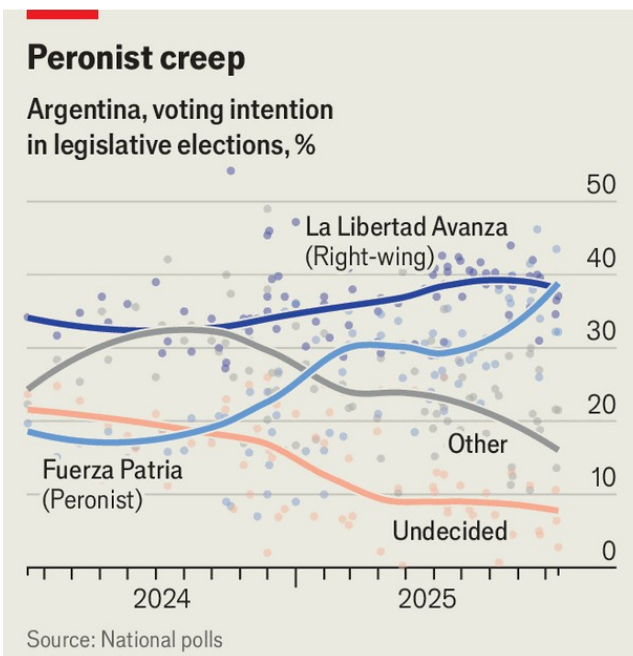
Mr Trump's efforts to help Mr Milei win could also backfire. The perceived assault on Argentine sovereignty may fire up the Peronist base. "We don't have a president, we have a guy receiving orders," fumes Óscar Rubén from La Matanza, a Peronist bastion in the outskirts of the capital.

The biggest issue is the weight of Argentines' wallets. "What good are falling prices if people haven't got work," says Mr Rubén. Even for those with an income, purchasing power is weak. Equilibra, an Argentine consultancy, has studied the average real income of 14.5m Argentines, including private and public employees as well as pensioners, since Mr

Milei took office. It found that it fell sharply, recovered somewhat, then since March has stagnated at around 6% below pre-Milei levels. People are focused on keeping their heads above water, says María Jimena López, a leading Peronist candidate in the province of Buenos Aires. “They see that every day the water keeps rising.”

This leaves an unusually wide range of possible outcomes. Markets will tumble if, together with his allies, Mr Milei fails to marshall the third of the seats in the lower chamber that he needs to prevent his vetoes being overturned. If his party polls below 30%, then chaos will ensue, especially because Mr Trump hints that he may walk away if Mr Milei loses.

The government dismisses such gloomy talk. It says that Mr Milei is guaranteed to pick up quite a lot of seats because he has so few at the moment, and that this should reassure markets. “Whatever the outcome, the instability disappears,” says Federico Sturzenegger, the minister for deregulation. Yet even with more seats, if Mr Milei’s approval rating is low he will struggle to control Congress.



A good scenario for Mr Milei is a five-point win, with his party securing enough seats to defend his vetoes. Any serious reforms on tax, labour or pensions would still require serious coalition-building to get through

Congress. Even a narrow win that forces Mr Milei to rely on somewhat friendly parties to defend his veto may suffice to prevent initial market panic. Pollsters suggest that is the most likely result (see chart), though they were badly over-optimistic about his chances in the Buenos Aires provincial election.

The days immediately after the election will be crucial. "All the discussion about the percentages [of the vote] is less relevant, relative to whether we show we can generate a working coalition in Congress," says Mr Sturzenegger. That won't be easy. The most obvious ally will remain the PRO, the right-wing party of a former president, Mauricio Macri. But it will not roll over. "The conditions will be onerous," says Fernando de Andreis, who was Mr Macri's chief of staff, "even more than those of the last year and a half." A fiendishly difficult two years beckons. ■

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The Americas | War of words

Colombia has finally drawn Donald Trump’s ire

Gustavo Petro claims to be assailed by a right-wing conspiracy

October 23rd 2025

“President Gustavo Petro, of Columbia [sic], is an illegal-drug leader,” Donald Trump declared on social media on October 19th. He promised to end all aid to Colombia and to impose tariffs on the country’s exports. Mr Trump also threatened to take military action on Colombia’s “killing fields”, referring to the 253,000 hectares of coca-leaf plantation, much of which is used to make cocaine.

The outburst against Mr Petro (who is not an “illegal-drug leader”) seems to have been triggered by his accusation, a day earlier, that an American military strike on a small boat in the Caribbean on September 15th had killed an innocent Colombian fisherman. The United States has bombed at least nine small boats since September as part of a campaign against drugtraffickers, killing at least 37 people in a series of strikes that are almost certainly illegal. On October 17th the United States struck a boat which it claimed was affiliated with ELN, a Colombian rebel group that traffics serious amounts of cocaine and has been designated as a terrorist organisation by the United States. On October 21st it struck a boat in the Pacific, off Colombia's coast. Until then the Trump administration had claimed that its targets were moving drugs out of Venezuela, which has no Pacific coast.

As long as it remains only verbal, the fight with Mr Trump may well help Mr Petro at home, turning voters away from right-wing pro-Trump candidates in the presidential election next year. Mr Petro often claims that the right is in league with Mr Trump to topple his government. This came into focus on October 21st, when the conviction of a right-wing former president, Álvaro Uribe, for bribery and witness tampering was overturned. Mr Petro immediately said that Mr Trump, "allied with these politicians and with Uribe", would seek sanctions against him.

Mr Trump may find it tricky to fulfil his social-media promises on tariffs and aid cuts. Colombia has long been America's closest ally in the region. Without the country's co-operation, Mr Trump's new war on drugs would get even harder. ■

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The Americas | The gigantic green world

The obvious economics of preserving the Amazon

It provides Brazil's world-beating farmers with water, and keeps carbon locked up for the rest of us

October 23rd 2025

Delegates to the UN's annual COP climate-change conference, to be held this November in the city of Belém at the mouth of the Amazon, will not need to travel far to see the void where the rainforest used to be. Heading south on the BR-010 highway into the interior of the state of Pará, they will soon reach vast open spaces cut out of dense tropical forest. White zebu cattle with curved horns and humped backs huddle for shade under the few remaining trees, or forage in the scrubland.

In theory, stopping the deforestation of the Amazon is among the cheapest ways of curbing global warming. Brazil's "Legal Amazon" region, which encompasses nine states and 60% of the entire forest (which also spreads into Peru, Colombia and other neighbouring countries), emitted warming gases in 2018 equivalent to 33 tonnes of carbon dioxide for each of the 28m people in the region. Almost all of the emissions came from clearing rainforest for farming. They are about as high per person as those in Qatar, a country made rich by producing vast amounts of oil and gas, belching out carbon dioxide in the process.

Residents of the Legal Amazon benefit little from emitting carbon on the scale of a petrostate: the region's GDP per person is $5,900. The figure in Qatar is about $76,000. "No single country has emitted so much [per person] and created so little wealth," points out Beto Veríssimo of Imazon, a think-tank in Bélem. Destroying the Amazon is not just environmentally devastating, it is also economically unrewarding.

That suggests a trade. People in the Legal Amazon extract only a meagre living from the forest, but it provides an invaluable service to the rest of the world, storing roughly five years' worth of global carbon dioxide emissions. It also serves Brazil. Trees pull water up through their roots, use it to circulate nutrients, then allow some of it to evaporate through their leaves into the atmosphere. Combined with a prevailing southwesterly, the 400bn trees in the Amazon create moisture-laden winds which, after they eventually hit the Andes, turn south and dump rain on Brazil's farming heartland. Without this water-transport mechanism, much of the best farmland in Brazil and South America would be arid.

If the forest were destroyed, any chance of meeting the goals of the Paris COP agreement of 2015 to limit global warming to well below 2°C above pre-industrial average temperatures would disappear. Brazil's agribusiness, easily the main chunk of the country's export-led economy, would also wither without its free atmospheric aqueduct. Whether the forest will disappear, and if so when, cannot be determined merely by extrapolating current rates of deforestation over time. About a fifth of the Amazon has been destroyed in the past half-century, but scientists worry that it is now approaching a tipping point beyond which its water-transport system will no longer sustain it, let alone Brazil's farmers.

Valuing the forest as if it were an economic asset—treating its carbon storage, water regulation and biodiversity as services rendered, rather than free gifts—would make its preservation economically rational and could make its residents richer. Its services are immensely valuable. One study suggests the Amazon provides around $40,000 of value per square kilometre of standing forest each year, giving it a fair asset value of around $3trn, about 50% more than the retailer that shares its name. Keeping it intact costs far less. Juliano Assunção and José Alexandre Scheinkman, economists at Pontifical Catholic University of Rio de Janeiro and Princeton University respectively, reckon that a carbon price of $25 per tonne would squeeze out cattle ranchers, since landowners could make more money by allowing reforesting. That is a bargain compared with rich countries' own efforts to mitigate climate change: for instance, the EU's emissions-trading system charges €80 ($93) for a permit to emit a tonne of carbon.

Brazil will promote a version of this trade at the COP. Its government is keen to inaugurate the Tropical Forests Forever Facility (TFFF) to endow rainforests. Governments, sovereign-wealth funds and philanthropic outfits are to capitalise the fund with a mooted $25bn; Brazil has announced it will provide $1bn. This will then be leveraged by borrowing in international markets and investing the proceeds into higher-yielding emerging-market and corporate bonds, creating a pot worth some $125bn. The fund will then pay governments that limit deforestation to 0.5% per year, verified by satellite imagery. If forest cover goes down faster, they get nothing. A fifth of the payments must go to indigenous people or "traditional communities". Brazil reckons that if all goes well, this will pay around $400 per square kilometre of standing forest per year.

Brazil's numbers are probably optimistic. Rich countries are cutting back aid budgets and running scared of anti-green populists. Climate summits have a track record of launching new funds that become bogged down in questions of governance and implementation; promises are made but money does not follow. The income for the TFFF ultimately comes from taking investment risk. There will be defaults on the bonds in its portfolio. And even if it is a wild success, the TFFF alone will not cover the cost of preserving the Amazon. The region needs an economic model that can both protect the forest and deliver prosperity to the people who live there.

From space, deforestation looks like a fish skeleton. Motorways are the spine. Before the Trans-Amazonian highway opened in 1972, less than 1% of the Amazon had been cut down. The road was part of the military dictatorship's strategy to change that. General Emilio Medici, president at the time, attended the road's opening, at which a Brazil nut tree was ceremonially chopped down. A plaque next to its stump describes the road as a "historical launchpad towards the conquest of this gigantic green world".

The dictatorship saw the Amazon as both an insecure frontier and an unproductive wasteland. Opening it up was meant to make Brazil safer and richer. The slogan of the time was "a land without people for people without land". Settlers were encouraged to move in and offered tax breaks, subsidies and other incentives to set up cattle ranches. Indigenous people already in the forest were often murdered or kidnapped to get them out of the way.

The ribs that branch off from the spine often come from perverse incentives. They are the work of land-grabbers, known as grileiros (crickets), named after the practice of putting insects in a box with fraudulent land deeds to age the papers and legitimise claims over the territory. Putting cattle on seized land has a similar effect. Brazil's constitution includes special protection for "productive property". Farming is just a ruse. A typical cattle ranch in Pará, the historic frontier for deforestation, produces less than 100 animal units, a standard measure of meat from livestock, per square kilometre. That is agriculturally backward. Brazil's best farms boast around 400.

Economists talk about the "extensive" and "intensive" margins of production. Think of this in terms of labour: a company can hire more workers, thus increasing production along the extensive margin. Or they could try to get more output from workers they already have, expanding the intensive margin. It is the same with land. The method of cattle-ranching in the Amazon is extensive. It uses a lot of land, but not very intensively. That was encouraged by a military dictatorship that wished to occupy as much of the forest as possible, as well as by economists who believed that Brazil's comparative advantage in trade came primarily from its huge landmass rather than technology or skill.

Yet since the 1970s and the founding of the research agency Embrapa (under the same General Medici), Brazil has become one of the world's leading agricultural exporters by applying scientific know-how to raise the intensive margin of its agribusinesses. The agency's technicians developed varieties of soy, maize and cotton that were better suited to tropical climates. They came up with a way to farm the acidic lands of the cerrado, a savannah-like ecosystem that abuts the Amazon, by putting limestone into the soil. Most Brazilian economists now conclude that the country's eight-fold rise in agricultural output since the 1970s has overall been "land sparing". The majority of the gains came from reducing the area of land used per unit of agricultural production.

Intensifying cattle-ranching by using modern farm techniques to improve yields in deforested land in the Amazon would let Brazil increase its exports while still leaving enough land to let the forest grow back. A more intensive model also requires more labour, suggests Flávio Carminati, a rancher and soyabean farmer in Pará. He boasts that his cattle farm, which uses the latest genetically engineered grass from the Netherlands to fatten more cows faster, is both more efficient and employs far more people than his neighbours who are less keen on whizzy technology. Because agricultural expansion was so unproductive in the past, and cleared so much forest, there is now little trade-off between development and nature in the Legal Amazon.

Of the land that has been cleared, around half is now classed as "degraded pasture", a wasteland left when the nutrients have been stripped from the soil. Another 28% is used for typically inefficient cattle ranching, with the remainder left to other kinds of farming. Adopting the best techniques for raising cattle on the worn-out pasture would let the country export more meat, while also leaving land over for reforesting. For instance, Mombak, a carbon-credits company whose customers include Microsoft and Google, restores the nutrient profile of soil in degraded pasture. This speeds up regrowth and increases the amount of carbon sequestered.

Yet improved agricultural productivity does not necessarily lead to saving the land. While technological advances mean that less land can be used to produce more food, the forces of supply and demand sometimes mean that increased efficiency simply leads to more consumption. If you can produce more with less, why not produce even more with more? Higher output per square kilometre provides an incentive to deforest a larger area of rainforest. Intensification spares land only if people value that land as standing forest.

Property rights and their enforcement help with this. “Where there is a void, that creates an opportunity,” says Jair Schmitt, director of environmental protection at Ibama, Brazil’s environmental police. Because of the size and remoteness of the Legal Amazon, the Brazilian state cannot be physically present throughout it. Mr Schmitt compares it to the American West in days of yore. So to enforce the law, Ibama relies not only on lawmen but on satellite imagery. It cross-references information on land ownership, forestry licences and so on to work out if a patch of forest has been deforested illegally. If it determines that an environmental crime has been committed, it issues an “embargo”, meaning that the area is no longer eligible for rural-credit schemes that provide cheap loans to farmers. More legitimate businesses, such as soyabean traders, are supposed to check on these embargoes.

Imazon estimates that there is no ownership information for 28% of the Brazilian Amazon. Between 2008 and 2012, 40% of the deforestation in the region occurred within these unregistered areas. They usually sit under the jurisdiction of state governments rather than the federal one, for which Ibama is responsible. (Other federal agencies enforce the law in indigenous and environmental reserves.) And state and municipal police have their own priorities. Embargoed areas can launder cattle, selling them to middlemen who disguise ownership before moving them on to fattening farms. Slaughterhouses struggle to assess the whole cattle supply chain, which often goes several farms deep.

But while it is imperfect, Brazil's model of enforcement does work. Between 2004 and 2012, during the first two terms of Luiz Inácio Lula da Silva, Brazil's current president (known as Lula), deforestation fell by 80%. As politicians eased up (or, in the case of Jair Bolsonaro, the far-right former president, encouraged deforestation), it rose again, but never to the levels of destruction seen in the late 1990s. That is partly thanks to the proliferation of protected areas and to an increase in the amount of forest handed over to its indigenous residents.

The World Resources Institute (WRI), a pressure group based in Washington, calculates that the area of land controlled by indigenous people in Brazil grew from 75,000 square kilometres in 1985 to 1.1m in 2017, or from less than 1% of Brazil's land to almost 13% of it. Protected areas rose from 130,000 square kilometres to 1.3m over the same period. In combination that means an area the size of the Democratic Republic of Congo now has clear ownership rights, cutting through the ambiguity that facilitated land-grabbing.

With more of the Amazon in the hands of the people who live there, the next step is to free them to use their land profitably. In the jargon of environmental economics this is "monetising the ecosystem services", a term used to refer to the economic benefits that humanity gets free of charge from nature. For the Amazon these fall into three categories: the storage of billions of tonnes of carbon; the regulation of vast flows of water; and acting as a reservoir of biodiversity, providing a home for millions of species that exist nowhere else on Earth.

Getting the rest of the world to pay for carbon-storage services in the Amazon is a tough job. Although not explicitly about paying for carbon, the TFFF is the most promising effort for some time. In contrast, monetising the Amazon's hydrological services would chiefly involve payments within Brazil. The flow of water through the Amazon generates hydroelectricity that meets around two-thirds of the country's needs. That saves Brazilians some $660m a year in electricity costs, according to a forthcoming paper by Rafael Araujo, an economist. It also helps irrigate Brazil's agricultural heartland, saving farmers a fortune on mechanical irrigation. Properly pricing these indirect benefits to farmers elsewhere in Brazil would fund transfer payments to areas that protect the forest. The cost could be passed along to the final consumers of Brazilian soyabeans, many of whom are in China.

"We are focusing on the bioeconomy," says Marina Silva, the environment minister. The term refers to the sustainable harvesting of the forest's biodiversity, combining modern science and traditional knowledge. Profits from products such as açaí berries, a palm-tree fruit used in trendy breakfast dishes, depend on preserving the forest. Other trees provide nutrients and a home for pollinators.

Alex Atala, a fine-dining chef in São Paulo, notes that the Amazon is twice the size of the EU and holds a much wider array of species. Variations between French vineyards produce flavours much valued by connoisseurs, as do its pastures, via its cheesemakers. The Amazon, he suggests, could do the same. At his restaurant he serves a species of ant that delivers a burst of lemongrass to the palate. The rainforest gave the world chocolate and latex: what other pleasures might it contain?

Embrapa, which has hitherto focused on squeezing more from each unit of land, now packages sustainability along with productivity. Its researchers promote new kinds of agroforestry as well as new models for cattle-ranching that keep more trees and preserve and restore the soil. Its new forestry systems mimic the primary rainforest, mixing açaí, cacao, black pepper and timber species so that shade-tolerant crops thrive beneath taller canopies, adding organic matter and deeper roots. These can be planted on degraded pasture, raising output and biodiversity, and storing far more carbon than cattle ranches. But they carry upfront costs, which makes them tricky to implement for small farmers working in a country with high interest rates. They can take decades to bed in.

The forest has two economies, says Eduardo Amaral Haddad of the University of São Paolo. One involves producing goods such as açaí. The other is producing services that benefit the whole world. The value of the bioeconomy will only ever be small compared with these global services. While the delegates to the COP will munch on tropical fruits between meetings or enjoy açaí stout at a hipster bar in the regenerated docks, the rest of the world is mainly interested in the Amazon's role as a vast sink for carbon emissions. The WRI estimated that the Amazon's bioeconomy was worth roughly $2bn in 2020, a pittance relative to the $120bn a year in value the forest generates from its role as a carbon sink. Both can coexist, however, and the profits from açaí may help bridge the gap between the needed carbon price of $25 and the income that the forest will receive from the TFFF, which will probably be lower.

Messrs Assunção and Scheinkman reckon that historically Brazil valued the real forest at the equivalent of about $6 per tonne of carbon stored every year. That is based on the fact that the country did not deforest as much as it could have done before 2008, when Norway and Germany started paying it not to do so via the Amazon Fund. The value Brazilians now put on the Amazon is probably higher. Brazil's current government has said it will bring deforestation down to zero by 2030.

Liberal Brazilians worry that Lula and Ms Silva are getting old, and that they rely on a Congress dominated by their opponents. Brazil will elect a new president next year. No other combination of president and environment minister has succeeded in reducing deforestation to the extent that they have (Ms Silva was also Lula's environment minister during his first two terms). Whether or not the rest of the world stumps up to protect the Amazon, only Brazilians have the power to preserve their gigantic green world. ■

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Asia

Asia | Doomsday designs

What is Taiwan’s plan B?

It is starting to hedge against the risk that America abandons it

October 23rd 2025

Officials in Taiwan were quietly optimistic when Donald Trump was re-elected. Among his advisers were several diehard China hawks determined that America stand by its vow to help Taiwan defend itself against any attack from the Chinese mainland. Taiwanese diplomats and military commanders also recalled Mr Trump’s first term, when he increased arms sales and official contacts with the island. Besides, Taiwan has a “silicon shield”: it is home to the world’s biggest producer of the semiconductors that are used by America’s AI industry.

Less than a year later, Taiwan is confronting one of its deepest fears: what happens if America abandons it? Officially, American policy has not changed. But Mr Trump is preoccupied with negotiating a trade deal with

China that could also encompass Taiwan. He hinted at that in May by suggesting that such a deal would be "great for unification and peace". Although American officials later walked that back, Mr Trump jangled nerves in Taiwan again on October 19th by saying that he expected to discuss the island in a planned meeting with his Chinese counterpart, Xi Jinping, in South Korea at the end of October.

And these are not the only shocks. Mr Trump has hit Taiwan with steeper trade tariffs than those he has imposed on Japan and South Korea; demanded that the island increase defence spending to 10% of GDP (from 2.5% last year); and asked TSMC, its chipmaking giant, to move much of its production to America. Other troubling signs include his putting off planned stopovers in America by Taiwan's president, Lai Ching-te, and failing to approve new arms sales to the island.

Meanwhile, most of the China hawks have been purged from his administration, giving way to isolationist officials who want to secure the American homeland at all cost. And Chinese officials have been pressing long-standing demands for America to water down its commitment to Taiwan, possibly by explicitly opposing any move to declare formal independence.

Taiwan's government says its relationship with America remains strong. In recent weeks, however, Taiwanese officials have been scrambling to adjust their public messaging, private diplomacy, economic policy and defence planning in response to these developments. Their primary aim is to convince Mr Trump to sustain America's commitment to Taiwan. But they are also starting to hedge against the risk that he makes a strategic "grand bargain" with Mr Xi at the island's expense.

The shift was evident in President Lai's national-day address on October 10th. His remarks on mainland China were notably restrained. Since Mr Lai took office in 2024 he has made a series of public comments that have angered China and unnerved some American officials, including in last year's national-day address. China has staged large military exercises in response, accusing Mr Lai of separatism and warning that he was "playing with fire". This time, Mr Lai trod gingerly, apparently to avoid disrupting Mr Trump's trade talks.

Another contrast with last year's address was Mr Lai's pledge to boost defence spending. He vowed to increase it to more than 3% of GDP in 2026 and to 5% by 2030. He also unveiled plans to build an air-defence system called "T-Dome" over Taiwan. And he pledged to supplement regular defence spending with a "special defence budget" later this year. Although that may struggle to get through parliament, officials say it could be worth as much as $33bn and that a lot of it could be spent on American weapons.

Those plans are part of an effort to convince Mr Trump that Taiwan is investing in its own defence. And the way they were presented reflects a recognition that previous lobbying in America was too geared towards China hawks whose influence is fading. Even the branding of "T-Dome" was meant to get Mr Trump's attention by encouraging comparisons to his "Golden Dome" missile-defence system.

Mr Lai also took the unusual step of appearing on a popular American right-wing radio show on October 7th. Not only did he tout his defence plans: he said Mr Trump should win a Nobel peace prize if he got Mr Xi to abandon the use of force against Taiwan. Shortly afterwards, Mr Lai met Matt Schlapp, a right-wing American political activist (Taiwan's top military think-tank had invited him to visit Taipei).

While this charm offensive plays out, Mr Lai has been quietly boosting defence ties with partners other than America. In his national-day address he said his government would "collaborate with the military industries of advanced nations". Taiwanese officials are reluctant to be more specific, citing the risk that China penalises countries involved. But the focus is on drones and such "asymmetric" capabilities. And the outreach appears to have focused on Europe of late, as countries there increase their own defence spending in response to Russia's invasion of Ukraine.

European governments and companies were somewhat better represented than usual at Taiwan's biggest defence show in September. Germany's trade office in Taipei took part for the first time; it set up a pavilion showcasing four German firms. Airbus turned up, too; it showed off a tactical aerial drone. In Poland that same month, a Taiwanese defence-industry delegation agreed with Polish and Ukrainian counterparts to co-operate in manufacturing aerial drones.

European and other non-American partners are unlikely to provide Taiwan with big-ticket weapons, given the risk of Chinese recriminations. But there is scope for discreet co-operation between defence companies. Taiwan is an alternative supplier of high-tech electronic components for countries trying to become less reliant on China, including in the defence sector, says Lai Chun-kuei of the Taiwanese government's Research Institute for Democracy, Society and Emerging Technology. In exchange, Taiwan wants technology and expertise to help build its own capabilities.

Some critics say all this is too little, too late. Even if Mr Trump and his supporters approve of Taiwan's defence spending, they have deeper differences with the island's ruling Democratic Progressive Party on issues such as gender, green energy and the death penalty, says Alexander Huang, a former envoy in Washington for the main opposition party, the Kuomintang (KMT). Mr Lai's defence-spending plans could also face resistance between now and the island's next presidential election in 2028. Cheng Li-wun, who was chosen as the KMT's new leader on October 18th, is opposed to boosting the defence budget.

Certainly none of these plans is sufficient to compensate should American security guarantees vanish. The hope in Taiwan, though, is not that it can find a substitute for America. It is that it can bolster its own capabilities just enough to keep Mr Xi convinced that the costs of an invasion, even if successful, outweigh the benefits. Without America, that may not be achievable. But there is no other good plan B. ■

Asia | Breaking the mould

Takaichi Sanae becomes Japan's first female prime minister

Hawkish on security policy, dovish on fiscal policy and traditionalist on social policy, she will move her country to the right

October 23rd 2025

TAKAICHI SANAE, a conservative hardliner, has become Japan's 104th prime minister, and the first woman to hold the job. Japan's Diet voted to approve her nomination on October 21st, following her election as head of the ruling Liberal Democratic Party (LDP) earlier this month. Her confirmation marks a big step forward for gender equality in one of the world's most patriarchal democracies. Yet Ms Takaichi, a security hawk, fiscal dove and arch social conservative, promises to shift Japan's politics to the right.

The daughter of a police officer and a salaryman, Ms Takaichi grew up in the ancient capital of Nara, in western Japan, where she rode a motorcycle and played drums in a heavy metal band. She entered parliament in 1993 after a short stint in television news; she became known as both a detail-oriented policy wonk and a traditionalist culture warrior. With her everywoman background, polarising views and nationalistic flair, she is of the global political zeitgeist. But her brand of conservatism is older-school. She calls Britain's Iron Lady, Margaret Thatcher, a role model and positions herself as the political heir to the late Abe Shinzo, another Japanese prime minister.

The LDP hopes Ms Takaichi will help the party re-establish its grip on Japanese politics. The party lost large chunks of seats in both houses during elections over the past year, leaving it leading a minority government. Ms Takaichi wants to win back right-wing voters who have been drawn to younger, populist outfits. So she kicked off her campaign with a screed against misbehaving foreigners. And she opposes reform on bellwether social issues, such as whether to allow married couples to keep separate surnames or whether to allow female succession in the imperial family.

Yet by installing a female prime minister, Japan has nonetheless struck a blow for gender equality. The country's women have long been underrepresented in both business and politics: it comes 27th of 29 OECD countries in The Economist's glass ceiling index. Ms Takaichi promised to bring more women into her cabinet; her team will include the first-ever female minister of finance. She has also spoken publicly about her own health struggles related to menopause and has pledged to expand access to women's health services.

Ms Takaichi stumbled early on her road to the premiership. Komeito, the LDP's longtime ally, left the ruling coalition following her election as party leader; for a while there was an outside chance that opposition parties would rig up an agreement that kept her out of the top job. In the end Ms Takaichi managed to shore up support by forming a new partnership with the Japan Innovation Party (Ishin), a centre-right outfit based in Osaka, the country's second city. But the LDP and Ishin will still hold only a minority of seats in both houses of parliament, meaning that they will need support from lawmakers outside the coalition to carry out their agenda.

In many ways Ishin is a more natural partner for the LDP than Komeito. The two parties share a vision of a prouder, more muscular Japan. By contrast, Komeito often acted as a brake on the LDP's more hawkish plans. The new coalition will be able to move faster on security policy: it aims to loosen restrictions on Japan's arms exports and expand its intelligence-gathering apparatus; it may push to raise defence spending beyond the 2% of GDP the country currently plans to reach by 2027.

Yet there will be new tensions as well. Both parties want to help households struggling with rising living costs, but they do not entirely agree on how to do it. Ms Takaichi favours government stimulus; Ishin is a small-government party that calls for "deep-cutting reforms". As conditions for its support, Ishin demanded that the LDP come up with a plan for cutting the number of seats in the Diet and that it establish a "government efficiency bureau" focussed on trimming fat from the public sector.

Very soon foreign affairs will also start demanding Ms Takaichi's attention. As Japan's leader she is due to attend two big summits at the end of this month: a meeting of ASEAN leaders in Malaysia and a gathering in South Korea of the leaders of the Asia-Pacific Economic Co-operation (APEC) countries, a regional grouping that includes America and China. Her revisionist views on Japan's wartime history may make it difficult to maintain recent progress in relations with South Korea and to stabilise relations with China.

The biggest challenge will be forging a connection with Donald Trump. Ms Takaichi may regret the $550bn tariff and investment deal that her predecessor struck with America's president, but she knows Japan cannot afford to alienate its sole security ally. Her cabinet includes the chief negotiator of that pact, a sign that Japan intends to see it through. Mr Trump is expected to visit Japan on his way to the APEC meeting. Ms Takaichi will have little time to prepare for her debut on the international stage. ■

Asia | Trump in South-East Asia

How to win prizes and lose influence

America's president pushes for a peace conference in Malaysia

October 23rd 2025

Donald Trump seems to want one thing in particular from his imminent trip to South-East Asia. He is one of more than a dozen national leaders currently expected to fly into Kuala Lumpur, Malaysia's capital, for a clutch of regional meetings taking place from October 26th-28th. The main reason Mr Trump is planning to join them, whisper diplomats from the region, is not to discuss big security issues such as tensions around Taiwan or in the South China Sea. Instead, they say, he wants to preside in person over the signing of a peace agreement between Cambodia and Thailand.

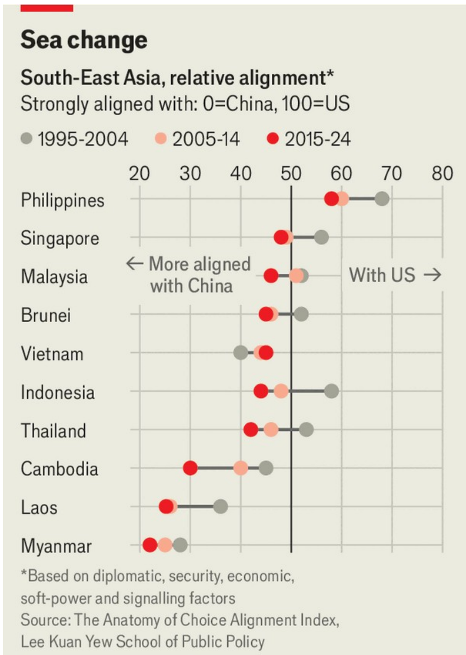
The roots of this lie in a conflict in July, when the two neighbours engaged in five days of skirmishes in areas of their shared border that are subject to a long-running territorial dispute. Forty-three people died in the latest bout of fighting; hundreds of thousands were displaced. The old enemies looked as though they might keep on firing missiles at each other, until Mr Trump threatened to shove up American tariffs on products from both countries. That unorthodox intervention does appear to have accelerated a ceasefire.

Yet the dispute smoulders on, even if not at quite the same intensity. Both Thailand and Cambodia agreed they would pull troops back from positions on the border; they have yet to do so. Thailand is refusing to return 18 Cambodians captured during the conflict; observers from the Association of South-East Asian Nations (ASEAN) have not yet been permitted to visit the disputed regions. Cambodia's irascible strongman, Hun Sen, who supposedly retired in 2023, continues to mouth off about Thailand on Facebook. As for Thailand's newish prime minister, Anutin Charnvirakul, he promised to take a hard line on the border dispute when he came into office last month.

What Mr Trump knows of all this is unclear. What he wants, say diplomats involved in the negotiations, is a ceremony that shows him bringing the prime ministers of the two countries together—thus bolstering a reputation as a great peacemaker. In theory he could try to use that moment to force Cambodia and Thailand, an American ally, to make painful concessions that would ensure a more lasting peace. It is more likely, say those same diplomats, that he will settle for the two sides signing an agreement that largely restates the terms of the ceasefire they backed in July (this time with flashbulbs popping).

That this risks becoming the primary focus of Mr Trump's trip to Malaysia seems suboptimal, given how rarely American presidents succeed in jamming trips to South-East Asia into their schedules. American allies who will attend the East Asia Summit—one of the big meetings that is taking place in Kuala Lumpur—are planning to call out China's sabre-rattling on Taiwan and its aggressive manoeuvres in the South China Sea.

Yet Mr Trump's schedule suggests he will leave Malaysia before that event even begins. Takaichi Sanae, Japan's new prime minister, will also leave early; she is expected to head home in order to welcome Mr Trump to Japan, where he is going next. This may well permit China (represented at the events by Li Qiang, the prime minister) to become the dominant voice on the final day of the summit. It plans to sign an upgrade to its free-trade agreement with ASEAN that will ease the sale of digital services and climate tech.



Mr Trump is hardly the first American leader to pay South-East Asia's summits short shrift. Joe Biden skipped all but one of the regional meetings that took place during his tenure; Mr Trump himself attended only one during his first term. Aides to both men argue that they improved relations with a few key South-East Asian countries, despite this. But a recent study published by the Lee Kuan Yew School of Public Policy in Singapore offers empirical backing to those who argue that America is losing influence in the region. It finds that nine out of ten South-East Asian countries have become more "aligned" with China in recent years (see chart).

China's influence stems primarily from its economic ties with the region, but "it backs this with consistent diplomacy," according to a report by the Lowy Institute, a think-tank in Sydney. America by contrast "is a more peripheral presence", particularly for the South-East Asian countries that lie closest to China's borders. Mr Trump's quixotic intervention in the region's most recent conflict will do little to change that. Indeed, a fleeting and distracted trip to the neighbourhood could speed up America's diminution in the region. ■

Asia | Banyan

America and Britain target Asia's sprawling scam industry

That alone will not halt the rise of online fraud

October 23rd 2025

The haul was staggering: approximately $15bn in cryptocurrency, the most America has ever seized. On October 14th America's government said that it had grabbed this from Chen Zhi, the Cambodian chairman of Prince Group—a conglomerate that the Department of Justice (DOJ) alleges has become "one of Asia's largest transnational criminal organisations". America and Britain also announced that they were placing sanctions on the Cambodian company. It is the biggest strike of its kind to date on people whom authorities accuse of involvement in Asia's sprawling online scam industry.

America's DOJ alleges that Prince Group has made enormous profits operating compounds from which people carry out so-called "pig-butchering scams” (in which criminals build trust with a victim by phone or online before stealing their money, often through fake cryptocurrency investments). The sanctions announced this month bar the company, its subsidiaries and seven individuals linked to the firm from doing business in America or Britain, and from using those countries’ financial institutions. Britain also froze 19 properties in London linked to its investigations, including an office building worth £100m ($133m). The Prince Group has previously denied involvement in scam operations, reports the Associated Press.

Joint action by America and Britain implies a new determination to curb online fraud. Globally the industry is thought to make more than $500bn a year; if this figure is even close to correct, it would make online scamming one of the world’s biggest illicit industries, on a par with the illegal drug trade. Its participants run a wide variety of wheezes, including sophisticated cons that involve tricking people into believing that they are participating in romantic relationships, only to end up separated from their cash. Americans are losing billions every year “with life savings wiped out in minutes”, said Scott Bessent, America’s Treasury secretary.

Cambodia has become the industry’s epicentre, according to Jacob Sims, an expert on transnational crime in South-East Asia. The United Nations thinks Cambodia’s scam businesses are making around $12.5bn a year. That is more than the country’s garment sector, its largest formal industry. Some 200,000 people from various countries are believed to work in Cambodia’s scam factories. The compounds they toil in are surrounded by barbed wire and security cameras; some have armed guards. Some of those involved take part voluntarily. Others have been enslaved.

Western action follows growing firmness by Asian governments. In recent years China has arrested hundreds of thousands of its own citizens for their involvement in scamming. On September 29th China sentenced to death 16 people who ran scam operations in northern Myanmar. It has also been putting pressure on the governments of Myanmar, Thailand, Cambodia and Laos to do more. Singapore has passed new laws against money-laundering and the misuse of sim cards for crime. Some see grounds for hope. “If the West cuts off the criminals’ financial flows and China goes after individual kingpins, we have a chance of stopping this industry,” says one Asian diplomat.

Not everyone is so optimistic. The riches to be made from online fraud give scammers every incentive to find new ways to keep their businesses running. Lately scam centres have been popping up in remote places such as Oecusse, an exclave belonging to Timor-Leste, as well as in Papua New Guinea and other Pacific Islands, according to the United Nations Office on Drugs and Crime. Now that Western cops and lawmakers are paying closer attention, scam bosses in Cambodia are considering moving their operations to countries including the UAE and Georgia, says a person who works in Cambodia's scam industry.

They can probably afford not to hurry: Cambodia's government has shown no immediate sign of cracking down. More than a week after the American and British sanctions were announced, compounds that have been linked to the scam industry appeared untouched by Cambodian police.

Investigations in the West are a big step forward. Yet action against one alleged player can only ever make modest ripples in a business as massive as online fraud. Efforts to quash an industry that is lucrative, adaptable and extremely well-protected still have a very long way to go. ■

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China

China | Channel hopping

Why America and China can't escape their toxic cycle of trade talks

The sides lack seasoned interlocutors and it shows

October 23rd 2025

NAME-CALLING, gaslighting, stonewalling, over-generalising: talks between China and America bear the hallmarks of a toxically dysfunctional relationship. For months, negotiations have veered between temporary truces and explosive escalations. The latest flare-ups might scupper plans for a meeting between Donald Trump and Xi Jinping at a multilateral summit in South Korea at the end of October. For now it seems to be on: preparatory talks are due in Malaysia around October 25th. Still, hopes for more than another fragile truce are slim. And one big reason is the poverty of communication lines.

In Mr Trump's first term, the two sides dealt with communication problems by using the "Kushner channel". To the frustration of American trade and security officials, Mr Trump often negotiated via a back channel between his son-in-law, Jared Kushner, and Cui Tiankai, China's ambassador to Washington, DC at the time. China hawks fumed that it frustrated their plans. But other White House insiders say that it helped lay the ground for the first two Trump-Xi summits and, ultimately, for the "phase one" trade deal signed in 2020.

This time, there are no reliable back channels. And official talks, led by Scott Bessent, America's treasury secretary, and by Chinese vice premier He Lifeng, appear deadlocked after four rounds since May. So far, they have struggled to agree on the outcome of those previous talks, let alone hatch a trade deal and set a date for a bilateral summit in Beijing. Mr Bessent even lashed out publicly against Mr He's top aide recently, calling him "unhinged".

Messrs Bessent and He are no slouches. The former used to run a big hedge fund; the latter is a seasoned administrator. Both are trusted by their respective bosses. But they have relatively little experience of negotiating with the opposite side and lack a sophisticated understanding of each other's political and economic systems. Nor do they have the kind of professional rapport that Robert Lighthizer, America's trade representative in Mr Trump's first term, developed with Liu He, China's top economic adviser at the time.

With Mr Kushner preoccupied by the Middle East, there have been efforts to find other go-betweens. Some of the world's most powerful business leaders have been touted as potential intermediaries, including Elon Musk of Tesla, Jensen Huang of Nvidia and Stephen Schwarzman of Blackstone. Some may be able to pass messages between the two leaders. None, however, is sufficiently close to either to be a reliable conduit for broader negotiations. American politics makes it hard to play that role, as advocates of better relations with China are often denounced as traitors or communists. Politics complicates things on China's side, too.

Friction with America and Mr Xi's concentration of power have made Chinese officials more reluctant to show initiative and paranoid about appearing weak in bilateral talks. The recent purge of two top Chinese diplomats with good contacts in Washington, Qin Gang and Liu Jianchao, has added to their worries. Mr Qin succeeded Mr Cui as ambassador to America in 2021 and was foreign minister for seven months before being ousted. The current Chinese ambassador is not nearly as well connected in America. Nor is he thought to have much clout with Mr Xi. And the retirement of Wang Qishan as China's vice-president in 2023 closed down, or narrowed substantially, another potential channel: a former banker, he had close relations with Wall Street titans including Hank Paulson and John Thornton.

Further muddling the picture on the American side is Mr Trump's gutting of the National Security Council (NSC). A dearth of China expertise has made it harder to co-ordinate between the multiple agencies involved in China policy. And Mr Trump has shown no inclination to replicate the communication channel that existed between President Joe Biden's national security adviser, Jake Sullivan, and China's foreign minister, Wang Yi, in 2023-24.

The administration's "contradictory impulses" were recently exemplified by the commerce department imposing tough new measures on China, even as the White House lobbied it to buy more soyabeans and passenger jets, says Sarah Beran, a former NSC China director now at Macro Advisory Partners, a consultancy. She adds that apparent differences over outcomes of earlier talks suggested that participants had not pinned down the language of public statements or sufficient detail for lower-level officials to build on between rounds.

Deep divisions have also emerged within the Trump camp, especially between security hawks and tech-industry leaders. One potential intermediary caught in the crossfire was Mr Huang, boss of Nvidia. He has met Mr Trump several times this year and accompanied him on foreign trips. He is well connected in China, too, travelling there at least three times since January and meeting officials including Mr He, the vice-premier. His lobbying seemed to pay off over the summer when Mr Trump lifted restrictions on the sale of some of Nvidia's AI chips to China.

But China was spooked by White House officials' suggestions that they wanted to make it dependent on American technology. So in September it banned its major tech companies from buying Nvidia's AI chips. And Mr Huang has since provoked a backlash after suggesting in an interview that the term "China hawk" was a "badge of shame". Steve Bannon, a former adviser to Mr Trump, said Mr Huang should go to prison.

Chinese officials are confused about whom to speak to. "The Trump 2.0 team is more of a club of loyalists than a cohesive unit, unlike the 1.0 team that housed some strong-minded and veteran bureaucrats," said Da Wei, an expert on China-America relations at Tsinghua University, at a recent conference. He said it was even tricky to tell who spoke for Mr Trump among security hawks.

Not that China has stopped trying to find back channels. It has recently reactivated Mr Cui, who retired in 2021, to try to make contact with the president's close allies or family members. Mr Cui has visited Washington at least twice this year for meetings with business leaders and think-tanks. He has also sought meetings with administration officials (although it is unclear how much success he has had).

Progress is possible in discrete areas: in September Messrs Bessent and He helped to negotiate a deal to put the American operations of TikTok, a short-video app, in domestic hands. Nor is it such a bad idea to want direct communication between the two countries' leaders. The problem is their completely different approaches to diplomacy. Mr Trump is relying on his own "magnetism and negotiating skills" to make a deal with Mr Xi in person, says Chris Johnson, a former CIA China analyst who runs China Strategies Group, a consultancy. That is "just not how the Chinese operate," he says. Mr Xi believes in procedure and is unlikely to do anything without a clear agenda laid out in advance.

One alternative approach would be to bring in Mr Kushner or another person close enough to Mr Trump to act as a reliable back channel. Another would be for Mr Bessent to rely more heavily on the vast expertise within the Treasury and other departments. But without overhauling communication lines, progress appears limited to smaller, transactional issues. And even if a broader agreement is somehow reached, the risk is that it quickly unravels. ■

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China | Expensive goodbyes

China has a grave problem

Forget huge tombs—why not scatter your loved one's ashes at sea?

October 23rd 2025

Those hoping to pay their respects to Jiang Zemin, a deceased former president of China, will not find a tombstone. As befits a leader of the Communist Party, he was a "thoroughgoing materialist" (read: unsentimental), according to official media. So after he died in 2022 he was cremated and his ashes scattered into the ocean off Shanghai. The city is now hoping more people will follow Jiang's example. This month it said it would give 3,000 yuan ($420) to residents who agree to give their deceased relatives a "sea burial".

Until recently, such a thing would have been taboo. Chinese families have often spent grandly on tombs that honour dead relatives. Every year they return to clean the tomb and burn offerings. In rural China some farmers still prepare their own coffins and gravesites well in advance. In Chinese, the phrase “to die without a burial spot” is used as a curse (and is often the fate of villains in novels). But a change in attitudes is under way.

The party has long seen elaborate tombs as a backward tradition and, worse, a waste of good land—which is in short supply in cities. In rural areas it could otherwise be used to plant crops. The party has banned tombs outside authorised cemeteries. In built-up areas it has (in theory) made cremations compulsory. Officials think ashes are then best disposed of in nature, or efficiently packed into a niche in a columbarium. Government regulations on the funeral industry have railed against “superstition, vulgarity, and extravagance”. But attitudes towards death have proved fairly hard to shift. China’s cremation rate rose to about 50% by the 2000s and then flattened out. And even in places where cremation rates are very high, many families still think the best place to store urns containing their relatives’ ashes is under a large, ornate tombstone.

Lately, the party seems to have been having more success. China’s cremation rate started rising again in 2017. It reached 59% in 2021, the last year for which there are official data. And Chinese people also appear to be spending strikingly less on tombs. Fu Shou Yuan, a high-end undertaker, saw revenues decline by 44% in the first half of 2025 year on year, mainly because its tombs were selling for much less per plot. That was the first time it had posted a loss since it listed 12 years ago. China’s other listed funeral companies also saw sales slump in this period.

What is hurting demand? China is ageing rapidly, and so has no shortage of deaths. But its economy is stumbling amid a property crisis that has slashed the value of many people’s assets. That may be shifting priorities. Shelling out for a fancy tomb can cost as much as 200,000 yuan ($28,000) in Beijing for just the first 20 years. After that it takes further payments to hang on to the spot. Increasingly, families are opting for their relatives’ ashes to be buried under smaller tombs, in a columbarium, or even under a collective gravestone that is inscribed with the names of dozens of other people.

For those who are willing to go without any marker at all, many parts of China now offer cash incentives for what officials call “ecological” burials. This encompasses practices such as scattering ashes under a tree or in a bamboo grove, as well as the sea burials that are being promoted by Shanghai. Nationwide the total number of such burials last year was 194,700. That is still only 3.2% of the total, but it is 67% more than in 2019.

A worker at Taiziyu cemetery, located in south-west Beijing, says that saving money is not the only reason Chinese people are growing more willing to go without a tomb. She says many of China's elderly want to spare their children the duty of visiting their grave. Her cemetery once had plans to expand into the nearby countryside. Now that may not happen, she says. After all, when burials are "ecological" the same areas of land (or sea) can be used again and again.

Not everyone seems completely comfortable with the new way of doing things. Outside the cemetery's walls is a sign insisting that all spare land must be used for agriculture; it calls for all violators of this rule to be reported. A few metres away, half-hidden behind a patch of brush and guarded by stone lions, someone has erected a big white tombstone. ■

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China | Piling into uncertainty

Why Hong Kong is going for gold

It wants to become a trading hub for the precious metal

October 23rd 2025

A MOMENTOUS VAULT lies hidden within Hong Kong's bustling airport. Inside sits almost 150 tonnes of gleaming gold worth more than $20bn at current prices. Over the next three years the plan is for this depository to expand to hold almost seven times as much. That would be twice the amount held in a reserve near rival Singapore's Changi airport.

Gold prices have climbed by 60% in the past year and went above $4,380 per troy ounce this month. Prices then fell by 5.3% on October 21st—the steepest one-day drop in five years—as hopes rose that global trade tensions might ease. Yet despite the uncertainties, Hong Kong's government wants to enter a new golden age.

For decades the bullion market has run mostly through London and New York. Although those cities dominate global price-setting and futures-trading, respectively, Hong Kong hopes to position itself as a trusted gateway to China, the world's biggest producer and consumer of gold. In June the Shanghai Gold Exchange opened its first offshore vault in Hong Kong and launched two new yuan-denominated gold contracts tailored to global investors.

Officials hope that the city's bid to become a global gold hub will enhance it as a financial centre, according to Christopher Hui, a secretary for financial services and the treasury. Last month John Lee, the city's leader, said storage capacity would be expanded from 200 to 2,000 tonnes within three years and that a central clearing system for gold transactions will be created. The government also wants more related investment products, such as tokenised assets. It hopes to form a union for gold traders.

The plans are turning heads. MKS Pamp, a gold trader and refiner, decided to open regional headquarters in Hong Kong this year. "The government's initiative really was very attractive," says James Emmett, the company's boss. Central banks and other big investors diversifying away from the dollar may also boost demand for a non-Western gold-trading hub. Dig a little deeper, however, and it is clear that not all glitters. Hiring gold aficionados is hard in Hong Kong. The city has inferior warehousing facilities compared with Singapore. Some traders may also fret about Beijing's influence in the city.

The question is not whether Hong Kong can outperform other global hubs, it is whether it can offer something complementary, argues Mr Emmett. Hong Kong's time zone helps in that regard. And many will be familiar with its British-style common-law system. Its status as a freeport with no foreign-exchange controls on the movement of precious metals is also attractive. Even so, the city still needs to prove its worth. ■

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Middle East & Africa

Middle East & Africa | Save a tree, make a mint

How to preserve Africa's natural riches for everyone

Conservationists want to make the world pay to look after its rainforests and wildlife

October 23rd 2025

For a dose of hope about the future of rainforests, go to Inganda in the Democratic Republic of Congo. A nine-hour drive from the nearest town, this village deep in the Congo basin is home to a mix of Bantu and Pygmy peoples living in clay huts along a dusty track. Soaring trees blot out the sun. But after a short trek into the forest, the sky opens and shimmering cassava fields appear in the clearing. The largest trees have been left standing, a boon for the snakes and chimpanzees that have been returning to the area. The animals' numbers are rising because the villagers no longer hunt them for meat, says a guide.

The idyll is being helped along by the Norwegian-backed Community Fund for Forests (CFF), which doles out cash to villagers in return for a pledge to shield a portion of their land from development. The idea is that the payments will reduce reliance on the slash-and-burn farming common in the region and help protect the forest from encroachment by logging companies. Similar efforts are under way across Africa in a bid to stop the continent's rainforest from going the way of the Amazon, which has lost some 20% of its tree cover since the 1970s. Their advocates hope that such schemes will protect African biodiversity and help the world mitigate climate change without compromising economic development.

Can they? African nature is in focus ahead of COP30, the UN climate summit, in Brazil in November. The continent is home to more than a quarter of the earth's intact ecosystems and "iconic" species of special ecological significance. The Congo basin is the largest carbon sink on earth, bar the world's oceans (see map). To arrest global warming, UN member states have vowed to protect 30% of the planet's land and seas by 2030, and to halt and reverse deforestation by the end of this decade. Little progress has been made on these goals. To get anywhere near attaining them, protecting Africa's vast natural riches is crucial.

Past models of conservation have not always done this well. National parks, many of which were fenced off during the colonial era, bring in tourists bearing dollars for government coffers. But their benefit for local people has been much less obvious. Earlier this year African Parks, a charity which manages parks on behalf of governments across Africa, admitted that its rangers had carried out abuses against members of the Baka tribe in Congo-Brazzaville. Even where national parks are well run, their presence does little to help preserve semi-protected areas such as conservancies, where wildlife, livestock and their owners live side by side and which contain much of Africa's richest flora and fauna.

The CFF is one example of an alternative approach. A growing body of research suggests that, given the right incentives, indigenous populations are often the best custodians of the land on which they live. But that requires making the protection of African nature financially viable for them as well as for national governments. In Inganda a mix of cash injections, concessions for development and assistance for indigenous groups to secure legal tenure over their land is supposed to incentivise residents to limit farming and other business to government-approved areas, while leaving most of the forest intact. Similar efforts are afoot across the continent.

Aligning incentives is crucial. For now, people in Inganda welcome the money from the CFF. But if using or selling parts of the forest that are supposed to be off-limits proves more profitable than the fund's cash, there is little to stop them ditching it. In a nearby village that is not part of the programme, residents have sold their land to a Chinese logging firm that has built wide roads to transport trees to Kinshasa, the capital. Even if people do not want to sell, enforcing property rights is difficult. The Congolese state is weak and corrupt and has been accused of complicity in illegal logging.

Across the continent Kitengela-Kipeto, a savannah area near Nairobi, Kenya's capital, faces a related problem. A long-running programme of donor-funded payments, which locals receive for protecting their land from development, is "totally inadequate", says Nickson Ole Parmisa, a local leader. The price is not "equal to the value of the land", he says. Where landowners have sold up, Kitengela's wild open pastures are interrupted by stone quarries and strips of farmland.

To address this, EarthAcre, a Kenyan startup, has developed a payment platform that allows participants to receive multiple streams of income. These will include new biodiversity credits, or “nature assets”. They are designed to one day be sold to investors and companies hoping to offset their impact on the environment by paying landowners in Africa to shield their own plots from degradation. Another layer of financing is expected from carbon credits, a market that William Ruto, Kenya’s president, has described as his country’s “next significant export”. The point is to maximise the income landowners can earn from protecting their plots and thereby discourage them from selling it, explains Patita Nkamunu, the group’s co-founder.

Phillis Nkapapa, a 67-year-old Maasai widow, says her first biodiversity payment of 18,000 Kenyan shillings ($140) helped pay for her grandchildren’s schooling. In exchange, she is encouraging her family to grow trees, maintain grass banks (to sequester carbon) and keep their land free of fences so that lions and other wildlife can roam. She also promises not to make or burn charcoal. To ensure that such promises are kept and the underlying ecosystem remains healthy and intact, EarthAcre uses a variety of technologies that can measure biodiversity down to “each leaf, each blade of grass”, claims Viraj Sikand, another co-founder. This, it hopes, will help put a price on preserving nature and convince investors keen to boost their green credentials to pour money into the effort.

To work on a large scale, such programmes must eventually attract billions of dollars in funding. That looks far off. The global market for biodiversity credits was estimated to be worth less than $10m in 2024. Funding commitments for the UN's targets to preserve biodiversity and stop deforestation are some $700bn short of the estimated annual need. For its part, the carbon market has taken a reputational hit in recent years. Doubts linger over the carbon-saving potential of credit schemes, especially those linked to forests. Allegations of "greenwashing" abound. Even rich countries that have not turned actively hostile to climate-mitigation policies are cutting financing. That hardly bodes well for the creation of new markets.

Can these problems be overcome? Lee White used to think so. As Gabon's environment minister until 2023, he has done more than most to champion the idea that countries with large rainforests could earn billions by keeping their trees standing. Gabon, where the wild-elephant population has rebounded by some 60% since the 1990s thanks to sustainable logging practices, served as a glowing example. The military junta that ousted Mr White's government has largely kept up its environmental policies. Yet as rich countries waver in their green commitments and markets for natural capital struggle to take off, he is more pessimistic than he used to be. "What we were trying to do in Gabon was develop without losing the forest," he says. Conservationists across Africa remain determined to prove that possible. ■

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Middle East & Africa | Predictable outcomes

Two flawed elections show the dangers of one-party rule

Rulers in Tanzania and Ivory Coast may be overestimating their countries' stability

October 23rd 2025

They are the emerging stars of their respective neighbourhoods. In west Africa, Ivory Coast is experiencing an economic renaissance. In the east, Tanzania has achieved annual GDP growth of 6% on average for the past two decades. Both have relatively low inflation and, compared with some of their neighbours, manageable public debts. As voters in both countries head to the polls this month, their rulers can trumpet one strength: stability.

For Alassane Ouattara, Ivory Coast's president, and Samia Suluhu Hassan, his counterpart in Tanzania, stability is the elixir of growth. This is one reason why the 83-year-old Mr Ouattara, who claims "experience" is needed to tackle the economic and security challenges facing his country, is running for an unconstitutional fourth term on October 25th. The ruling CCM party in Tanzania, which has held power since independence in 1961, makes similar arguments. Mrs Samia, who took office after the death of her predecessor in 2021, is leaving nothing to chance as she prepares to face voters for the first time on October 29th. Though the outcome of neither election is in doubt, the drive to eliminate competition may prove self-defeating.

The upcoming polls share several similarities. Both Tanzania and Ivory Coast have presidential systems where enormous power is concentrated in the executive. This increases the political stakes, and thus the possibility of violence. But the ruling parties in both countries wield influence—or, in the CCM's case, outright control—over key institutions such as the judiciary and the electoral commission. Both incumbents are running for re-election against little-known candidates.

Lawfare of this sort is most brazen in Tanzania, where the electoral commission (whose members are picked by the president) has simply barred the main opposition party, Chadema, from taking part. The party's leader, Tundu Lissu, is on trial for treason; the verdict is scheduled, conveniently, for two weeks after the election. "The whole thing is cooked up," says Vincent Mughwai, Mr Lissu's brother. The leader of Tanzania's second-biggest opposition party, ACT-Wazalendo, has also been disqualified on procedural grounds.

Similar tactics are on display in Ivory Coast. As many as 55 presidential candidates have been barred from competing in the election. This includes the two who would have posed the most serious challenge: Tidjane Thiam, a former boss of Credit Suisse, and Laurent Gbagbo, a former president who refused to concede to Mr Ouattara in the election in 2010, sparking a brief civil war. Mr Thiam's exclusion is ostensibly due to a legal technicality outside Mr Outtara's control (a court deemed Mr Thiam ineligible to run on the grounds that he was not an Ivorian citizen when he announced his candidacy). However, in Ivory Coast such institutional outcomes "tend to work in the favour of the ruling party", notes Beverly Ochieng of Control Risks, a consultancy.

Mr Ouattara is popular, especially in the country's north and centre where he is credited with a strong economic recovery after the civil wars of the 2000s and early 2010s. Even so, his government is resorting to repression. On October 17th it announced a two-month ban on political rallies. Around 700 people were arrested in one week this month, according to the public prosecutor, who claimed the suspects had been planning "acts of terrorism" against state institutions. Some 44,000 police and soldiers are said to have been deployed to prevent unrest.

But this is nothing compared with the state brutality on display in Tanzania. Perhaps because it fears a "Gen Z" uprising similar to those that have recently rocked Madagascar and neighbouring Kenya, the government has unleashed repression unlike anything the country has seen since the return of multiparty politics in the 1990s, says Erick Kabendera, an exiled journalist. Scores of young people and opposition figures have disappeared in recent months. On October 6th a former CCM bigwig who had recently spoken out against the regime was abducted from his home. Chadema's deputy chairman was arrested on October 22nd when he arrived at court to attend his boss's trial.

Tanzania's much-lauded stability may not last. Despite solid growth, the CCM has too little to show for its decades of uncontested rule. Poverty remains stubbornly high and inequality is rising. Earlier this month riots broke out in Dar es Salaam, the commercial capital. Dissidents are calling for mass protests on election day. Far from being a model for the continent, Tanzania may prove a warning. ■

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Middle East & Africa | Redefining Doha

Qatar is a crossroads at a crossroads

After Gaza it needs to protect itself from attacks and rev up an overbuilt economy

October 23rd 2025

QATAR can feel like a place defined by who passes through. It has carved out a geopolitical niche by hosting regional rebels and politicians for peace talks. It relies on an American air base for security. After 2010, when it was chosen to host the 2022 football World Cup, its economy was based on getting ready for the tournament. Its best-known company is an airline.

For the past few years, that model has looked wobbly. Qatar was attacked twice this summer: Iran bombed the American air base in June; three months later Israel tried to assassinate leaders of Hamas, a Palestinian militant group, who were in Doha discussing a Gaza ceasefire. The economy, meanwhile, is still smarting from the end of the World Cup. There are too many businesses and not enough visitors to patronise them all.

With the Gaza war finally over, the tiny Gulf emirate is at a turning-point. It needs to adjust its foreign policy to shield it from future attack. It also needs to turn its attention back to the economy—which even some officials admit was overlooked amid two years of chaos in the Middle East.

Qatar says it is still bent on mediating regional disputes. In September, for example, it helped negotiate the release of Elizabeth Tsurkov, an Israeli-Russian researcher held captive for two years by an Iraqi militia. But its efforts are increasingly focused elsewhere. It brokered talks between Rwanda and the Democratic Republic of the Congo, which culminated in a peace deal in June. It is also mediating between the Colombian government and the Clan del Golfo, a drug gang.

Officials in Doha say they have turned their attention further afield because there are simply fewer conflicts worth trying to arbitrate in the Middle East. Doing so also carries less risk: Colombia, after all, seems unlikely to bomb Doha if the gang proves intransigent. The Hamas leaders were in Doha at America's behest, so that it could negotiate with them. But Qatar has long been a sponsor of Islamists across the region. The Israeli strike was not the first time its patronage invited trouble. When four Arab states imposed an embargo on Qatar in 2017, the emirate's support for the Muslim Brotherhood was high on their list of grievances.

Will it now loosen its links with the Islamists? Some diplomats speak of a long-running power struggle between advisers loyal to the previous emir, who abdicated in 2013, and those appointed by his successor. The old guard is said to push a more ideological foreign policy. "He needs to get rid of these guys," says one diplomat from a Gulf country, referring to the current emir. Easier said than done: his predecessor is also his father.

A bellwether will be the tone on Al Jazeera, the state-owned satellite-news channel. Its Arabic service took a staunchly pro-Hamas line throughout the war. Last month the government shuffled its management. The new boss is a member of the royal family.

At the same time, Qatar is looking for a more formal guarantee that America will protect it. On September 29th Donald Trump issued an executive order declaring that attacks on Qatar would be treated as “a threat to the peace and security of the United States”. It was not quite the ironclad security guarantee of the NATO charter, but officials hope it will be a useful deterrent. They aim to finalise a more detailed defence pact next month.

That would help reassure a business community unnerved by the summer’s attacks. Qatar’s economy is fuelled by its vast natural-gas reserves. The World Cup set off an incomparable building boom: the government ploughed more than $200bn into building stadiums, hotels, a metro and other infrastructure. A post-tournament hangover was inevitable, though it may have eased. The economy grew by 2.8% in 2024, up from 1.2% in 2023.

Still, signs of a glut are everywhere. At 69%, last year’s hotel-occupancy rate was nine percentage points behind Dubai and ten behind Abu Dhabi. The property market looks saturated, too. Rental prices for villas fell by 7% over the past year. Apartments were down by 5%. Around 20% of the shop fronts in Doha’s malls are thought to be vacant and rents are at a ten-year low.

There is still plenty of life around West Bay, the high-rise diplomatic district, or the downtown souq. Yet Lusail, a sleek new city north of Doha that hosted the World Cup final, feels like a ghost town. Restaurants and cafés are empty. Elsewhere, labourers complain of unpaid salaries.

While Saudi Arabia pours enormous sums into diversifying its economy, and the United Arab Emirates enjoys a boom driven by rich expats, Qatar can feel like a throwback to an earlier model of the Gulf: one that depends on hydrocarbons, state-run firms and a smattering of tourists.

Perhaps that does not matter yet. Most Gulf states rely on oil exports, and demand for the black stuff may soon peak. Qatar’s gas will enjoy growing demand for years to come. It also has a mere 400,000 citizens, far fewer than any of its neighbours. Diversification is less urgent than in Saudi Arabia, with its 20m citizens.

For now, then, Qatar is waiting for change. A visitor driving to town from the airport passes a series of bright red signs for the World Cup stadiums, one of which was meant to be dismantled and donated to a poor country (it is still intact). They feel like vestiges of a livelier era. But there will be more people passing through soon. In December Qatar will host the Arab Cup, the second time in a row it has done so. ■

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Middle East & Africa | Crisis rekindled

After Gaza, Israeli politics are even less predictable

The trauma of the war may affect next year's election in surprising ways

October 23rd 2025

THE SHAKY ceasefire in Gaza had lasted for barely a week, but the Knesset, Israel's parliament, which opened its winter session on October 20th, was back to its pre-war crisis. Yariv Levin, the ruling Likud party's justice minister, announced plans to resume legislation limiting the powers of the supreme court and the attorney-general. His colleague the Knesset Speaker refused to dignify the court's president with his title. In response, Yair Lapid, leader of the opposition, called him "Speaker of half the Knesset". Isaac Herzog, the president, deviated from his planned speech, chiding the politicians "for sheer discourtesy, disrespect for human dignity, disrespect toward institutions".

With the war over, at least for now, attention is turning back to domestic politics. A parliamentary election must be held by the end of October 2026. Less than a third of Israelis still back Binyamin Netanyahu, the prime minister. His bloc of hard-right and ultra-religious parties is predicted to fall well short of a majority. But the opposition ranges from secular nationalists to Islamic conservatives and Arab communists. With little in common besides their desire to replace Mr Netanyahu, they will find it hard to coalesce around a candidate for prime minister and form a new majority coalition, leaving the field wide open.

Israeli politics were fractious before the war. Between 2019 and 2022 Israel held five elections, in which voters remained split down the middle over whether or not Mr Netanyahu should be returned to office. Back then the opposition fought the long-serving prime minister over his government's plans to eviscerate the supreme court and over the corruption charges against him (he denies wrongdoing).

Since then, the country has suffered Hamas's surprise attack of October 7th 2023, and in response fought the longest war in its history. All Israelis have been personally affected by the war. More than half a million served in the Israel Defence Forces (IDF) in the past two years, most of them reservists who were away from their families and jobs for months. Every part of the country has come under fire from missiles and drones fired from Gaza, Iran, Lebanon, Syria and Yemen.

That has affected Mr Netanyahu's standing. Many blame the prime minister both for his government's failure to predict the attack, and for not ending the war sooner. "There is a very strong feeling that the basic contract, that the government's role is to provide security, has been blatantly breached," says Dahlia Scheindlin, a political strategist and pollster. "It's hard to predict how that feeling of betrayal will be reflected in the election."

The war has stoked resentment at the ultra-Orthodox community, some 14% of Israel's 10m people, whose members refuse to enlist in the IDF for religious reasons. The supreme court has ruled their exemption from military service unconstitutional. But because ultra-Orthodox parties are a key part of Mr Netanyahu's coalition, the government has not heeded the court ruling.

The community has also enjoyed increased public funding. The anger at Mr Netanyahu's partners could create new political alliances.

That is especially true because the war has changed Israelis' political identity in unexpected ways. According to a long-term public-opinion survey by AGAM Labs, a think-tank, 65% of Israelis now consider themselves right-wing (up from 56% three years ago). Only 13% identify as left-wing. Yet 79% were in favour of ending the war in Gaza. When asked whether they prefer "normalisation" agreements with Saudi Arabia and other Arab states or annexing the occupied West Bank, only 32% chose annexation. And though more Israelis than three years ago consider their religion central to their identity, only slightly more than a quarter want to see the country governed by religious law.

That puts them at odds with Mr Netanyahu's government, says Gayil Talshir, a political scientist at Hebrew University who is part of the team that conducted the survey: "The election is going to be about how Israelis define their identity and the kind of Israel they want to live in." ■

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Europe

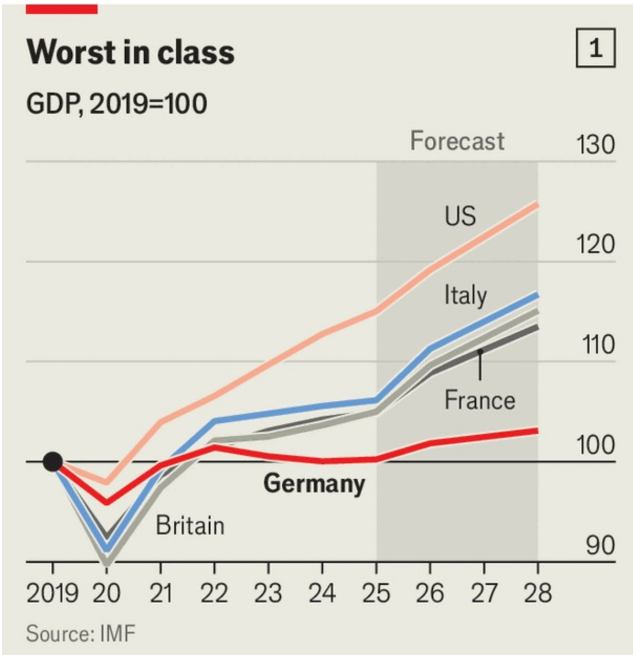
Europe | Of coalitions, commissions and compromises

Germany’s much-ballyhooed “autumn of reforms” is a damp squib

Friedrich Merz’s government is drifting as the economy stagnates

October 23rd 2025

ASK ANA PAULA BÜSSE, who oversees job centres in Hannover, about the tangled web of Germany’s benefits system and you receive a reply that blends Proustian complexity with Kafkaesque absurdity. Is the recipient’s income low enough for housing benefit? If so, he must apply in one place. If he has a child these benefits will be paid from another; the systems ask similar questions but apply varying definitions and income thresholds. Eligibility for one benefit may mean another is withdrawn, though they are assessed at different times. And so on. The Munich-based Ifo Institute enlisted the help of ai to tot up the total number of benefits in Germany. It reached over 500 before giving up.



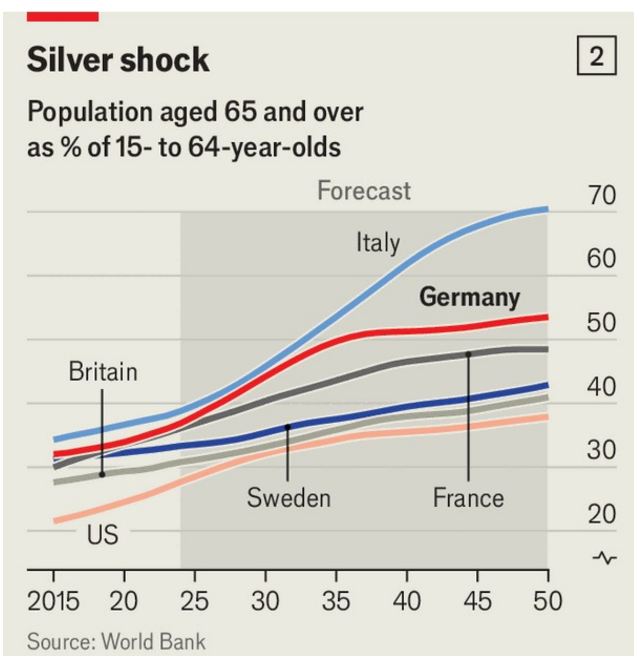
Getting a grip on the welfare system was meant to sit at the heart of Friedrich Merz's promised "autumn of reforms". Germany must "dare to try new things", the conservative chancellor said this month. After a whirlwind first few months in office focused on diplomacy and security Mr Merz vowed to return his focus to the country's economy, now in its sixth year of stagnation (see chart 1), and its sprawling Sozialstaat, which gobbles up close to a third of gdp. Companies are sounding the alarm, and capital is fleeing. But so far the reform results are meagre.

Witness the Sturm und Drang over a tweak to Bürgergeld, an income-support programme claimed by 5.5m that has acquired a significance for conservatives far beyond the 3.5% of welfare spending it represents. After weeks of shadowboxing, this month the coalition of Mr Merz's Christian Democrats (cdu), its Bavarian ally, the Christian Social Union (csu), and the Social Democrats (spd) agreed to tighten sanctions for Bürgergeld recipients who miss appointments or refuse job offers. "The debate has been quite populist at times," says Dagmar Schmidt, an spd mp involved in the talks. Jessica, a single mother in Berlin, says she fears the reform because she struggles to find work as it is.

Mr Merz, a habitual overpromiser, has said Bürgergeld reforms could yield a tidy €5bn ($5.8bn) in annual savings by nudging people into work, but the government's own figures promise a fraction of that. Officials accept that the political impact of the change overshadows the fiscal. Ms Büsse, whose job centres administer Bürgergeld, would prefer a sharper focus on digitising the creaking welfare system, unifying benefits and cutting red tape.

The system creates not only bureaucratic headaches but perverse incentives. At some income levels, marginal tax rates can exceed 100% as benefits are withdrawn more quickly than wages rise; hardly ideal in a country with the lowest working hours in the oecd, a club of rich countries. Ifo reckons combining some benefits and improving incentives could increase working hours by the equivalent of 150,000 full-time jobs. A government commission will propose fixes early next year.

A bigger challenge resides in Germany's clunky health and elderly-care insurance systems, where inefficiencies have led to spiralling costs borne by companies and workers (as well as middling outcomes, to judge by life-expectancy figures). Including pensions, social-security costs now amount to over 42% of total salaries, shrinking pay packets and discouraging hiring. Officials say tackling these costs is next on the to-do list. But for now two more commissions will ponder reforms.



Germany's pension system is the gravest test. It is not yet on its knees, thanks to a decision in 2007 to slowly raise the retirement age to 67. (Compare that with France, which has suspended an increase from 62 to 64.) But Germany's demographic structure means the next decade will be rough, as millions of baby-boomers retire (see chart 2). Despite immigration, by 2035 there will be barely two working-age Germans for each pensioner, down from three in 2022. "This problem was made in Germany and must be fixed in Germany," says Katherina Reiche, the economy minister. "We lost the last 15 years."

Mr Merz has promised a "major" pension reform before the next election in 2029. But meanwhile his government has, in the words of Ifo's Andreas Peichl, "agreed on the wish-list of a six-year-old writing to Santa at Christmas". The coalition agreement continues to link pensions to wage growth until 2031, which under Germany's pay-as-you-go system will further squeeze workers and taxpayers. The government rejects calls to link the retirement age to life expectancy, as in Sweden and elsewhere. New tax incentives to encourage workers to toil for longer clash with rules that allow many to retire early on full pensions, a benefit that often accrues to the perfectly healthy. And at the csu's behest the coalition has approved an annual €5bn pension boondoggle for some older mothers. For deeper reforms, including extending private pensions, the work has been handed to yet another commission. It will not report until the end of next year.

Talk to officials and you do not get the sense of a government sticking its head in the sand. The trouble is finding compromise inside the coalition. Mr Merz's conservatives happily take potshots at the spd, though believe they have an ally in its co-leader Lars Klingbeil, the vice-chancellor and finance minister. He has told his party to recapture the spirit of "Agenda 2010", a controversial set of welfare and labour reforms passed by an spd-led government over two decades ago. Mr Klingbeil hopes to bolster those among his colleagues who fear that clinging too tightly to outdated welfare rules risks earning them a reputation as a party for the unemployed. Self-identified workers already vote for the hard-right Alternative for Germany in greater numbers than for the spd.

The jury remains out on Mr Merz's reforming zeal; his government is not yet half a year old. The leaders of the three ruling parties have established a rapport that optimists think may culminate in a grand reform bargain next year: perhaps higher taxes on the rich in exchange for deeper social cuts (savings must anyway be found to fill fiscal holes from 2027). There is no shortage of ideas, from targeted education and labour-market policies to adjusting tax rules that discourage women from full-time work. Ms Reiche insists Germans will be receptive to arguments that they need to work longer if politicians are clear.

But it will not be easy. Economic recovery remains elusive, the government is unpopular and neither Mr Merz nor Mr Klingbeil has a strong grip on their respective party. With a majority of 12 the coalition cannot afford even minor rebellions; 18 young cdu/csu mps are already threatening to torpedo the new pension law without greater provisions to rein in costs after 2031. Mr Merz likes to say his government represents Germany's "last chance" before it succumbs to the extremes. He is not yet acting as if he believes it. ■

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Europe | Treacherous waters

Poland refuses to extradite a Nord Stream suspect

Relations with Germany take a turn for the worse

October 23rd 2025

On September 26th, 2022 someone blew up the Nord Stream 1 and 2 pipelines, built to carry natural gas from Russia to Germany. Whether Volodymyr Zhuravlev was responsible may never be known. Mr Zhuravlev, a Ukrainian diving instructor, was arrested last month at his home in Warsaw on a warrant issued by German prosecutors, who said he was part of a seven-person team that carried out the attack. But on October 17th a Warsaw court refused to extradite Mr Zhuravlev, who denies the charges. Three days later Polish prosecutors said they would not appeal, leaving him a free man.

The decision stemmed partly from patchy spots in international law. The explosions took place outside any country's territorial waters. Under maritime law, trying crimes on ships in international waters is the responsibility of the country whose flag they carry. But pipelines have no flag, and jurisdiction over them is surprisingly fuzzy. Furthermore, the majority owner of the Nord Stream tubes is not a German entity but Gazprom, a Russian state-owned gas company. The prosecution says the demolition team rented their yacht on Rügen, a German island. But the judge said that connection was insufficient to prove that a German court had jurisdiction.

At another level, the ruling underscored the difficult relationship between Germany and Poland. Polish leaders have long castigated Germany over Nord Stream, which made Europe more dependent on Russian gas. On October 7th Donald Tusk, Poland's prime minister, wrote on X, a messaging platform, that "The problem with North Stream 2 is not that it was blown up. The problem is that it was built." Such chest-thumping plays well in domestic politics, where Mr Tusk, a centrist liberal, is battling over legal reforms with the hard-right president, Karol Nawrocki.

Yet it undermines efforts to improve relations with Germany, which had collapsed under Poland's preceding government, led by the nationalist Law and Justice party. When Friedrich Merz became Germany's chancellor in May there were high hopes for a new partnership between the two big powers. But "it was a sort of reset that never took place," says Kai-Olaf Lang of the German Institute for International and Security Affairs. Germany soon instituted immigration controls, including on its Polish border. Poland responded with checks of its own.

Germany has accepted the Polish decision, but history furnishes endless sources of resentment for nationalists to exploit. Mr Nawrocki has resurrected demands for reparations for the second world war, an issue Germany insists was settled decades ago. Some Poles worry that Germany may return to its habit of Ostpolitik, or placating Russia. To lay such suspicions to rest, says Tomasz Sawczuk of Polityka Insight, a think-tank in Warsaw, Poles expect Germany to recognise that "even if blowing up Nord Stream is not nice, they should not make a lot of fuss about it." ■

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Europe | Battle conditions

Western drones are underwhelming on the Ukrainian battlefield

Most are too expensive, and irrelevant to the kind of war Russia is waging

October 23rd 2025

AMERICAN SWITCHBLADE drones were once cutting-edge. Fast, clever and precise, they were essential kit for special forces in Iraq and Afghanistan. But when a batch of Switchblade-300s reached Ukraine in 2022, high hopes were quickly shattered. The drones were too expensive. They struggled against Russian electronic warfare. They caused minimal damage when they hit their targets. “When we tested them, they glitched under jamming conditions,” says Valery Borovyk, a military-drone developer. “When one hit the rear window of a minibus, the front windows didn’t even shatter.”

Since then various Western companies have sought to showcase their drones on what has become the world's best testing ground. But they have largely fallen flat. Ukrainian companies that once looked to emulate Western tech heroes like Anduril and Helsing now find themselves plotting a path for those multi-billion euro companies to follow. Mr Borovyk, whose drones have been linked to those used in Operation Spiderweb, a brazen Ukrainian raid that destroyed strategic bombers deep inside Russia, reckons "no more than 20-30%" of the battleground technology is Western. "Ukraine now outpaces almost every country in the world," he says.

Cost is part of the explanation, but performance is increasingly as important. Ukrainian drone companies are producing products that are more relevant to the fight. They are more agile and have a keener understanding of the front, its big data, and the fast-changing needs. Not every Western defence giant is testing its wares in the Ukrainian crucible. But "If you haven't seen the sea, how can you make a good boat?" asks Vadym Yunyk, who heads Tech Force in UA, a consortium of Ukraine's defence companies.

A clash of doctrines is at the heart of the issue. Until recently, Western countries concentrated on exquisite wares that worked well in limited battles against lesser opponents. The Ukrainian-Russian battlefield is different: total, balanced, and highly democratised. The cheap FPV drones that were pioneered by Ukraine in 2023, then copied by Russia, now destroy high-value targets in a way that previously required the most cutting-edge weapons. Russia's main innovation has meanwhile been to adopt a "spam" strategy, massing drones to overwhelm defences.

All this makes disposability crucial. The average ground drone (UGV) in Ukraine, for example, has a life expectancy of just one week, says Viktor Dolgopiatov, who heads Burevii, a design bureau pioneering this emergent class of weapon. When you multiply such losses along 2,000km of front line, the scale of the challenge is clear. It makes no sense to send a few Western ground systems costing hundreds of thousands of dollars into battle when Ukrainian near-equivalents can be manufactured for $10,000-20,000. Yet that is where Western companies and their governments have often placed their bets. "It's like choosing between BMWs and Skoda Octavias," says Eduard Lysenko, an officer with Brave-1, the government's defence-tech arm. "A BMW is faster and more comfortable, but it really doesn't help you if your task is to give everyone cars."

One drone that embodies Ukraine's own Skoda-style response to Russia's spam war is the Blyskavka ("lightning"), a fixed-wing craft reverse-engineered from the Russian Molniya (also "lightning", but in Russian). The Blyskavka, which recently entered serial production, is built from the cheapest materials available. It's no looker, but it hits a sweet spot for front-line troops, lifting 8kg of explosives over 40km with a tiny price tag of $800. The drone's lead engineer is scathing about Western competitors who, he says, are focused on over-designed items with huge margins to justify small volumes and high R&D costs.

The companies that have succeeded in establishing a demand in Ukraine tend to be those that established a significant early local presence: releasing systems for testing, and then iterating rapidly. Examples include companies backed by Google's former CEO Eric Schmidt and Quantum Systems, a German company producing reconnaissance UAVs. Quantum Systems' Vector drone is among the more expensive being used by Ukraine, but it has been well reviewed by commanders. Oleksandr Berezhny, who heads the company's Ukraine office, says embedding locally and early was a deliberate choice to keep up with the speed of change.

Ukraine's innovation has not yet impacted where the serious money flows. NATO countries are in the process of ramping up spending to 5 % of GDP, of which 3.5 % is "hard" defence. There are signs priorities are changing, but much of the new investment will probably still fund European companies producing technology ill-suited to the challenges of Russia's war. Meanwhile, Ukrainian companies with battle-tested achievements are in critical need of money. Perhaps 40% of the country's overall drone-making capacity lies idle. At a recent Brave-1 event in Lviv, Ukrainian firms raised $100m in a round of new private investment. That was four times more than last year, but trivial when compared to the tens of billions being spent abroad.

For sure, any investment in Ukraine's drone industry faces obvious hurdles. The country has weak IP protections, a shaky rule of law, and is restricting export of weapons during wartime. Doubts also linger over the long-term business case too. Ukraine has essentially reversed the normal lucrative route of military-to-civilian technology transfer by refashioning civilian technology for the frontlines. Much of it, unfortunately, is easily replicable. Even so, it is hard not to conclude Western companies, armies, and governments would gain by leaning harder into Ukraine's drone expertise.

Western companies may well be holding back the best kit from the Ukrainian battlefield, for all the reasons above and more. But the example of the Switchblade-300s shows technology has a limited shelf life, and needs continuous updating. (A newer Switchblade, for example, is being used to reasonable effect in conditions of limited Russian jamming.) Cutting edge weapons should always be in the mix. But war in Ukraine has opened a Pandora's box of cheap, "spam" technology, and it threatens to overwhelm any military that is unprepared for it. "No one in this world understands what threats will exist tomorrow—not a single analyst, not a single general," Says Mr Borovyk: "My advice to defence firms is if you are not deeply involved in the war in Ukraine today, you are on the road to bankruptcy tomorrow." ■

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Europe | From palace to prison

France puts a former president, Nicolas Sarkozy, behind bars

The first French ex-head of state to be jailed since Marshal Pétain

October 23rd 2025

Apart from the wartime collaborationist leader, Marshal Pétain, the last French head of state to be sent to prison after leaving office was Louis XVI in 1792. On October 21st, for the first time in modern France, a former president—Nicolas Sarkozy—was put behind bars. Driven from his home and escorted by police outriders, Mr Sarkozy is now in jail at the Prison de la Santé, in southern Paris.

A judge on September 25th found Mr Sarkozy guilty of "criminal conspiracy" in a trial over the illicit financing of his 2007 presidential campaign by Muammar Qaddafi, the former Libyan dictator. The former president, said the judge, had "allowed his close aides" to solicit funds, although she could not “establish proof” that money was ultimately used to finance the campaign. Mr Sarkozy was acquitted of three other, more serious, charges, including corruption and embezzlement. The judge sentenced him to five years in prison with immediate effect, meaning that he is now serving time even while he appeals.

Mr Sarkozy has repeatedly said that he is innocent. “I am not afraid of prison,” the 70-year-old told a French newspaper before his incarceration; “I will hold my head high, including in front of the gates.” For his safety, Mr Sarkozy is being held in a solitary unit, in a cell about ten square metres in size. Mr Sarkozy’s lawyers immediately lodged a request with the appeals court for conditional release.

The fact that a former president, in office from 2007 to 2012, is serving time, let alone while on appeal, has shaken France—and divided it. The left broadly applauded the ruling, judging that he has been treated like any other citizen. Many of Mr Sarkozy’s political friends on the right, by contrast, think that the judges are politically motivated and have long been out to get him. President Emmanuel Macron, who has urged people to respect judicial independence, suggested this week that a political debate about the immediate application of sentences before an appeal has been heard would be “legitimate”.

It is quite a turnaround from the days when French politicians were seen as the beneficiaries of a culture of impunity. Criminal cases against politicians often failed to reach court, or were dropped because of the statute-of-limitations rule. Jacques Chirac became the first former president in modern times to be tried in court, in a case over “fake jobs” at the Paris town hall during his stint as mayor. In 2011 he was found guilty and given a suspended sentence. Since then a steady procession of politicians has filed in and out of the courtroom. Mr Sarkozy himself has this year worn an electronic tag after a conviction for corruption and influence-peddling in a separate case. A handful of politicians have also served time behind bars.

By the standards of other Western democracies, Mr Sarkozy’s incarceration stands out for the severity of the ruling in his case. But it also fits a pattern under which politicians in France are increasingly being held to account by the judiciary. The country, it seems, no longer tolerates the practices to which it once turned a blind eye. ■

Editor's note (Oct 21st): This article has been updated.

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Europe | Worse for wear

Turkey’s fabled textile industry is coming apart at the seams

Inflation, China and an exodus of Syrian workers are among its problems

October 23rd 2025

SULTAN BAYEZID II knew what he was doing when he ordered the construction of a large caravanserai for silk merchants and their goods in Bursa, the former Ottoman capital, in the late 15th century. The empire over which he presided was already a textile superpower, and Bursa a key stop on the Silk Road. Better was to come. Textile trade and production shaped the Ottoman economy for three centuries, before the Industrial Revolution came knocking. Bursa and the caravanserai Bayezid built, named Koza Han after the cocoon of the silkworm, became its main hub.

The han survives to this day, its courtyard home to visitors snacking on semolina halva with ice cream, its galleries thick with shops offering silk scarves. But the sector it helped define is in a deep funk. Turkey remains one of the world’s top textile suppliers. But its share of the global market has dwindled to below 3%, the lowest in more than three decades. Garment exports from Bangladesh and Vietnam, some of Turkey's biggest competitors, grew by double digits in the first half of 2025, compared with the same period last year. Turkey's dipped by 6.9%.

Exports have now fallen for three consecutive years, from a peak of $22bn in 2022 to a projected $17bn this year, a drop of 23%. More than 310,000 textile and apparel workers have been laid off, according to estimates. Some 6,000 businesses have closed. Hundreds more have relocated, mostly to Egypt.

The obvious culprit is the overall state of the Turkish economy. Prohibitively high borrowing rates and an overvalued currency have brought inflation, which neared triple digits three years ago, down to a still-high 33%. The combination has also pushed up labour and production costs, severely dulling the textile sector's competitive edge. Between the start of 2022 and today, Turkey's minimum wage has risen from $383 to $620 in dollar terms, an increase of more than 60%. Exporters, who once feasted on low interest rates, are now feeling the squeeze.

Turkish garments were traditionally pricier than those from China or India, says Mustafa Gultepe, head of the Turkish Exporters Assembly, but could make up for this with superior quality. That formula no longer fits. "European customers chose us over the others when we were 15% or 20% more expensive," says Mr Gultepe. "But not today, when the difference is 50%."

Foreign orders are shifting to Asia as a result. Exports to the EU from China, already the bloc's top textile and clothing supplier, surged by 20% in the first half of the year, also in large part due to trade diversion because of higher American tariffs.

Over the past decade, parts of the sector have come to rely on migrant and refugee labour. But here too changes are afoot. Between 250,000 and 400,000 Syrians, many of them underpaid, are thought to have found work in Turkish workshops and factories. Since the end of Syria's murderous civil war and the collapse of the Assad regime last December, as many as 20% of them have returned home, estimates Muzaffer Cevizli, head of Giyimkent, a hub for Turkish wholesalers.

The crisis is more than a bump in the road. Even once Turkey comes to grips with the chaos wreaked by years of inflation and economic mismanagement, the industry will struggle to return to its former state. Labour is becoming expensive, and will probably remain so. But it is also becoming increasingly scarce. Turkish textile companies are struggling to find workers, even at competitive rates, says Mr Cevizli. "Understandably, young people prefer desk jobs to factory work," he says.

Mass production may have to become a thing of the past, replaced by a focus on branding, design, fast delivery and niche products. (As an industry insider recently put it, Turkey needs to stop trying to become the "China of Europe".) Offshoring may be another solution. Some of Turkey's top brands, including Eroglu and LC Waikiki, have already moved some production abroad, to Egypt. Others may need to follow suit. The sector has what it takes to thrive once again. But it may have to reinvent itself first. ■

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Europe | Charlemagne

Can Ukraine get past the bouncer on the EU door?

Its friends are already inside, honest

October 23rd 2025

Few queues move slower than the one to join the European Union—as those looking to be let in well know. Like eagerly primped teenagers loitering at the doors of a trendy nightclub hoping the velvet rope will finally be pulled back, the union’s wannabe members cling to their place in the queue convinced that persistence will one day be rewarded. Ukraine is the biggest of those still shivering on the fringes of a club whose warmth it can feel but not yet share. Will it soon be its turn to be invited in? The party looks fun and Ukraine can claim, as generations of revellers have tried, that “Honest, my mates are already inside!” Many ensconced within Club Europe are indeed keen for this new member to be waved through the accession process. Yet for now the thick-necked bouncer is impassive, muttering something about judicial reforms and absorption capacity. Should the wait get much longer, tempers may start to fray. “Wait, is this queue even moving?”

Ukraine’s pining for Brussels is as old as its modern statehood. The country had barely recovered its independence when in 1993 it declared it wanted to join the EU, then a club of a mere dozen members. For many years the pleas to join were merely performative: Ukraine was too poor, too agrarian and too oligarch-ridden to be a credible member of the EU. In any case the doors of the club seemed bolted shut. Somewhat more credible aspirants, including six in the western Balkans, had made little progress in their own decades-long bids for accession; nobody has been let in since Croatia in 2013. The full-scale invasion of Ukraine by Russia in February 2022 rebooted the rationale for enlargement. Leaving countries near the EU but outside it made them ready targets to be courted (if not actually invaded) by geopolitical rivals, whether China or Russia. Giving Ukraine a shot at joining hinted at a brighter, more Western future worth fighting for.

Ukraine remains poor, agrarian and prone to oligarchic excess—and is at war, to boot. Nonetheless, it has made surprisingly steady headway through the EU’s demanding accession process, alongside some in the Balkans as well as Moldova. Having put in its application four days after Russia’s invasion, it was granted candidate status a few months later. In June 2024 the authorities in Kyiv formally opened negotiations to join, a process that requires any aspiring member to adopt decades-worth of EU law—a bureaucratic clobbering not even countries at peace manage easily. Civil servants at the European Commission, the bloc’s executive arm gauging Ukraine’s progress, praised the reformist zeal they found in Kyiv. They gushed at how quickly it was jumping through the hoops, reforming its bent judiciary or stemming widespread corruption. A mooted deadline of 2030 seemed ambitious but not entirely outlandish.

Alas, momentum towards accession has flagged of late. Both Ukraine and the EU are to blame. On the Ukrainian side, some of the reformist fervour that once dazzled Eurocrats seems to have waned, as even government officials in Kyiv admit. Transformation continues, but at a less impressive pace. Vested interests—the beneficiaries of weak courts and dodgy public procurement, say—are pushing back against reforms. A clumsy attempt by President Volodymyr Zelensky to hobble two anti-corruption agencies in

July was greeted with horror in EU circles (and in Ukraine, where rare wartime protests ensued). Though the damage has been contained, the episode has highlighted how easily progress can be reversed, especially when reforms start to bite.

But the EU is also stuck. Any country advancing through the accession process requires the repeated agreement of every national government currently in the club. Hungary is vetoing Ukraine moving to the next stage of talks. Viktor Orban, its prime minister and the EU leader most resembling an unco-operative doorman, faces an election next April and thinks Ukraine-bashing will help his cause. Ukrainians are being asked to display "strategic patience" as a fix is crafted. At least the path to accession seems open for some: the likes of Albania and Montenegro are making steady progress, and might manage to join by 2030.

One of the EU's founding principles poses an intractable problem for both the union and those looking to join it. Unlike rowdy revellers at a nightclub, those let into the EU cannot be kicked out. Many of the bloc's most important decisions, such as on foreign policy and sanctions, must be taken unanimously. So letting in a single party-pooper (like Mr Orban, say) could spoil the club's ambience. That makes many even beyond Budapest anxious to ensure Ukrainian adherence to the rule of law is enduring. What if Ukraine or Moldova is let in and the "wrong" party comes to power one day, leaving a Kremlin toady at the EU's top table?

Hence the talk in Brussels is of "creative solutions" to help move past the thickening stalemate. One proposal is old-hat: to let Ukraine and others be closely associated with the EU, benefiting from its single market and free movement for citizens, but still remaining outside the club itself. Yet such second-tier status would be considered a betrayal for Ukraine. More promisingly, there is muttering of Ukraine formally joining the club, but with caveats. In a big wave of enlargement in 2004, Poland and others had to accept their citizens gaining access to most richer European countries' labour markets only after seven years of membership. This latest batch of joiners might have to agree to transition periods during which they might not have the same veto powers as existing members, for example. Some even moot the idea of a transition period during which new member states falling short of EU standards could be booted out entirely. That would twist the club’s laws in ways that many would think harsh. But might it persuade the bouncer to finally lift the rope? ■

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Britain

Britain | Britain’s capital

Labour is treating London shabbily

Londoners are partly to blame

October 23rd 2025

“A virtue-signalling lawyer from north London.” So Rishi Sunak, then Britain’s prime minister, described the man who would oust him in the 2024 general election. Bashing London and Londoners is an ancient political sport. But the attempt to paint Sir Keir Starmer as a creature of the capital was misguided as well as cynical. The prime minister was indeed born in London (as was the chancellor, Rachel Reeves). He represents a constituency in (north) London. He has not been a prime minister for London.

The Labour government that won power in July 2024 has pursued policies that are inimical to the capital’s interests. This is more the result of thoughtlessness than malice. The government has set out to do reasonable things such as closing tax loopholes, rationalising local-government finances and cutting immigration. In doing so, though, it is disproportionately harming the most productive part of Britain. Worse, some of the blame for its policies must fall on ordinary Londoners.

Previous regimes were truly malicious in their treatment of the capital. Boris Johnson, who had served as mayor of London, bashed the city when he became prime minister. He rowed with his Labour successor as mayor, Sir Sadiq Khan, and forced him to beg for transport funds during the worst of the covid-19 pandemic. Under the Tories, the mayor and the London Assembly left a blobby building that had been built for them in the heart of the metropolis because they struggled to pay the rent. The English National Opera company was pushed from London to Manchester on pain of losing its funding.

The noisiest assaults on the capital have ceased, not least because Sir Sadiq belongs to the same party as the prime minister. Local politicians appreciate the changed mood. “It’s nice not to have London being constantly attacked,” says Adam Hug, the leader of Westminster Council. They have plenty of gripes nonetheless.

What most exercises Mr Hug and other London politicians is a proposed change to local-government financing. Many services in London are provided by 33 local authorities. They derive much of their income from three sources: council taxes, levied on homes; a portion of rates paid by local businesses; and grants from central government. The last of these sources is about to be cut.

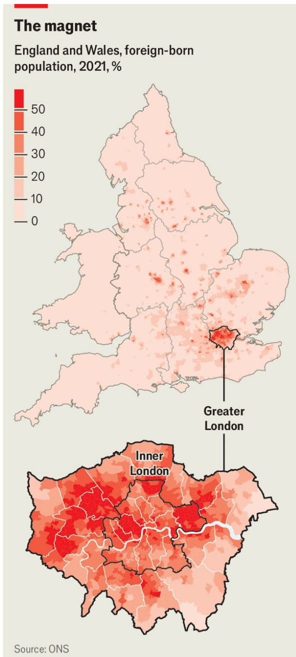
The government is revising the formula that is used to calculate how needy places are and how much cash they should receive. Its proposals are bad for London. Not only does the formula measure poverty without adequately accounting for housing costs, which are high in the capital. It also contains a new “remoteness adjustment” that favours rural districts. The Institute for Fiscal Studies, a think-tank, calculates that if the new formula were applied instantly, the boroughs of inner London would see a 19% cut in funding.

Many of the things that London’s local authorities do, such as caring for the old and rescuing people from homelessness, are legal obligations. So they will probably fill their fiscal holes by raising taxes. Londoners have for years paid council taxes that are rather low, considering the hefty values of their homes. A standard “band d” home in the capital will pay an average tax of £1,982 ($2,660) this year, compared with £2,280 in England as a whole. That disparity is unlikely to last.

Businesses can expect a sharp increase in taxes, too. Business rates, levied on commercial property, are being revised to reflect changes in rental values—something that happens every three years. The government also plans to introduce a higher rate for commercial properties worth more than £500,000. The aim is to hit the huge warehouses used by e-commerce firms, which are hard to tax otherwise. An unfortunate side-effect will be higher rates for businesses occupying offices in central London. Colliers International, a commercial estate agent, estimates that rates in Farringdon, a district served by the new Elizabeth railway line, will jump from £316 per square foot to £437.

Another tax will be imposed on universities. In May Sir Keir’s government suggested that it would add a 6% levy to the tuition fees paid by international students. Few details have been released, but the plan will surely be enacted, because the government has already announced how it will spend the proceeds. The policy will hit many universities, but especially those in London. In Britain as a whole, 39% of tuition fees are paid by foreign students. In the capital 58% are.

The foreign-student levy is one of many government policies that are designed to cut immigration to Britain. Graduate visas will be made shorter, work visas will be harder to obtain, companies will have to pay more for the privilege of employing foreigners, and some migrants will have to wait ten years to be granted permanent residency, rather than the present five.



The consequences for a city of immigrants (see map) could be profound. London is a net exporter of people to the rest of Britain: in the year to June 2024, 128,000 more domestic migrants departed than arrived. Without international migration, which boosted the capital's population by 163,000, it would have shrunk.

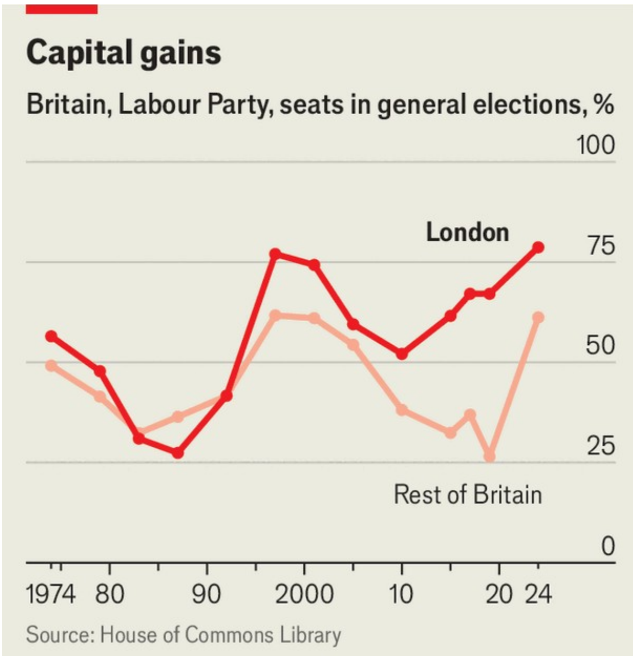
London's foreign-born residents are highly accomplished. Of the ten local authorities in England and Wales where immigrants are most likely to have higher-education qualifications, nine are in the capital. In the 2022-23 tax year London also contained 58% of Britain's "non-doms", a wealthy group of people who were domiciled in another country for tax purposes. They were taxed lightly, but in April this year the government abolished the non-dom regime and replaced it with a less hospitable system, scaring at least some people away.

Combined with Brexit, which ended free movement between Britain and the rest of Europe, the immigration reforms and the new non-dom regulations have tarnished London. Antoine Forterre, the chief financial officer of Man Group, an investment-management firm, says it was unusual to start building a finance career in Paris when he did so two decades ago (he eventually moved to London). Today that would be unremarkable. Mr Forterre says that London is still a hugely appealing city, where it is easy to feel at home as a non-Briton. But those who are determined to minimise their taxes are drawn to Italy or the Middle East.

Londoners do get some good things, not least a superb public-transport system, out of the taxes that they pay. But they may not get as much in future. The Treasury has changed its guidance for appraising projects, known as the Green Book, in ways that are likely to suit the rest of Britain more than the capital. “I love London, I’m from London,” said Ms Reeves at the Labour Party conference on September 30th. But, she added, the city of Leeds lacks a mass-transit system. She wants to see one built before London gets another Tube or railway line.

The old Conservative practice of using strange formulae to avoid giving money to the capital continues. In September the government launched a scheme called “pride in place”, which will sprinkle £20m each on 169 poor neighbourhoods. To identify deserving places, it uses the Community Needs Index, among other measures. That index counts things such as volunteering and the density of pubs and nightclubs. Perhaps not surprisingly, only two of Britain’s neediest places turn out to be in London. Birmingham has eight.

Labour politicians might not be doing what London voters want, but they are doing what London voters deserve. Before the late 1990s the city’s inhabitants voted much like Britons as a whole, points out Tony Travers of the London School of Economics. In 1987 the Conservative Party under Margaret Thatcher (mp for Finchley in north London) did better in the capital than elsewhere. These days London is solidly Labour (see chart). Last year the Tories won just nine seats out of 75 in the capital.



Since the Brexit referendum of 2016, people in parts of Britain have lurched from party to party. The people of Yorkshire and the Humber cast most votes for Labour in 2017, the Conservatives in 2019 and Labour again in 2024; they now favour Reform uk, a populist right-wing party. Such fickle voters draw political attention, whereas the residents of the capital are easy to overlook. Londoners seeking someone to blame for the disregard of their city might check in a mirror.■

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Britain | Political football

What locals think of Birmingham's ban on Israeli football fans

Refreshingly, they are disappointed

October 23rd 2025

Health-and-safety managers are not often a source of national controversy. But on October 17th the Safety Advisory Group, under Birmingham City Council, banned fans of Maccabi Tel Aviv, an Israeli football team, from a game against Aston Villa scheduled for November 6th in the UEFA Europa League competition. The group said Birmingham does not have enough police to provide protection. The ban has reignited concerns about ethnic tensions and antisemitism in Britain.

The idea that fans of an Israeli club, many of them Jewish, might not be able to safely attend a match in Britain has rightly disturbed politicians. Opponents of the ban believe that it also exaggerates the danger. Local officials, for their part, cited clashes when Maccabi played in Amsterdam in November 2024. There were anti-Arab chants by Maccabi fans and an assault on a taxi driver before the game, and violent attacks on Maccabi supporters in the city centre after it. (A year earlier Aston Villa, on police advice, had allowed no away supporters into a game against Legia Warsaw, after “large-scale disorder” by Polish fans outside the stadium.)

Maccabi have since played in Greece and Hungary without such violence, though a game in Turkey was moved to Hungary and played behind closed doors. On October 19th a match against another Israeli team was cancelled after prematch riots stoked fears of further violence.

More than half the population of Aston, one of Birmingham’s most ethnically diverse neighbourhoods, is Muslim. Ayoub Khan, the local MP, is a pro-Palestinian independent. Given the plans for protests, two police officers told The Economist, Birmingham’s force wouldn’t be able to cope if things escalated. Jack Angelides, Maccabi’s boss, said he feared for his fans’ safety.

The government could have provided a way out. It was told about the need for extra police a week before the ban was announced. And, though Sir Keir Starmer, the prime minister, called the ban an unacceptable surrender to antisemitism on the streets, at the time his government did not offer extra resources. On October 20th Maccabi said its fans would not attend the match, even if the ban was lifted.

A couple of streets over from Aston Villa’s stadium, in a café nestled amid terraced housing on Endicott Road, residents and Aston Villa supporters are surprisingly disappointed. Most disagree with Israel’s war in Gaza. Many believe that the British government should boycott Israeli sports teams and artists. But they are also convinced that there would not have been trouble if the Israeli fans had been allowed to attend. In March Robert Jenrick, a Tory MP, visited a nearby part of town and bemoaned the absence of “another white face”. Something, he said, was wrong with Britain. “This was our chance”, says Ahmed, a postman, “to prove him wrong.” ■

Britain | Heavyweight diplomacy

How sumo wrestling became a hit in Britain

The ancient Japanese sport finds some unlikely fans

October 23rd 2025

Usually, visitors to the Royal Albert Hall come to savour the Proms or other concerts. For five days in mid-October the grand Victorian venue in south-west London hosted a rather different kind of spectacle. In a raised clay ring large men clapped to summon Shinto deities and scattered graceful arcs of purifying salt. When they stomped to crush evil spirits they balanced their vast bellies on one leg with the poise of ballet dancers. Sumo wrestling had come to London—and that was just the warm-up.

Sumo, which has been practised for over 1,500 years, rarely leaves Japan. Yet when it does, Britain holds a peculiar appeal. This was only the second five-day sumo tournament ever held abroad; the first, in 1991, also took place in London. Britain was not chosen for its thriving sumo scene. The

British Sumo Federation (BSF) knows of only a handful of clubs, and the sport is no longer broadcast on British television. Rather, its return owed much to nostalgia. Hakkaku Nobuyoshi, winner of the 1991 event, is now chairman of the Japan Sumo Association and lobbied to bring it back.

His enthusiasm was reciprocated. The event sold out within minutes. Photographs of three wrestlers cycling in kimonos through London on Lime bikes quickly went viral. The British press delighted in reporting that to keep the 40 competitors fed, the Royal Albert Hall had ordered 700kg of rice, 1,000 sachets of instant miso soup and 750 packs of noodles. For a few days the wrestlers, many on their first trip abroad, became the country's most distinctive tourists: grinning beside Big Ben, posing at Stonehenge and next to a red double-decker bus.

Some fans knew what to expect. Neil, who first watched sumo on television in the 1990s, came with his daughter Emily, who discovered it as a student in Japan. Others were new to the sport and its rituals. In the hall a bouncy commentator explained why aides wearing pristine white gloves were dressing the yokozuna, the highest-ranking wrestlers, in a twist of white cord (symbolising the sacred ropes at Shinto shrines), and why the referee carried a dagger (symbolising that he would be willing to kill himself if he erred). After the ref made a dubious decision four robed judges jumped into the ring to overturn it rather than deferring to VAR, to the delight of the crowd.

The real spectacle was the fighting. Most bouts were over within seconds, a blur of slapping palms and brute force as one giant tried to wrench another from the ring. A Ukrainian fighter, Aonishiki Arata, was a crowd favourite. “He pulled off a worldie of a technique with an inside thigh grab,” gushed Richard Riggs, vice-president of the BSF, and a rare sumo expert among the spectators. Those sitting on cushions in the front row had the best views but the highest risk of being squashed by falling wrestlers. All the while the Asahi beer flowed.

Both sumo and the Royal Albert Hall are trying to broaden their appeal. Once fiercely insular, sumo now has an international air: the tournament was won by a Mongolian yokozuna who posed for photographs with his prizes—a giant bottle of soy sauce and a Hello Kitty plush toy (according to her back-story, Kitty is British). The Royal Albert Hall, for its part, has widened its repertoire. Recent bookings range from Westlife (once a boy band, now a nostalgia-inducing quartet belting out ballads), to an orchestral performance of the Disney film "How to Train Your Dragon". Sumo has attracted the greatest attention.

For Japan, the week was about more than a one-off show. Suzuki Hiroshi, the country's ambassador, had already endeared himself to Britons on social media by posing with Paddington Bear, singing the Welsh national anthem and downing pints of bitter. He says he was delighted to see Britons flock to the capital for sumo and matcha tea. During the tournament he posted enthusiastic commentary on social media; visitors to the Japanese embassy were treated to a sumo exhibition. Behind it lies shrewd diplomacy. "If British people come to love Japanese culture," he smiles, "then Japan will be your partner for life."■

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Britain | A royal mess

Britain’s Parliament goes after Prince Andrew

MPs want to question the disgraced prince. The prime minister seems unenthused

October 23rd 2025

The question was simple. Should Prince Andrew be hauled before a parliamentary select committee? The prime minister’s answer was delivered in a mumble so fast the precise words were revealed only some hours later in Hansard, the official transcript. “It is important, in relation to all Crown properties, that there is proper scrutiny,” he told the House of Commons. British history has been forged in the titanic struggles between monarch and Parliament. Yet Sir Keir Starmer is treating the matter with the haste of an insurance salesman reading out the small print.

On October 17th Prince Andrew, the eldest brother of King Charles III, had agreed to no longer use his titles (among them the Duke of York and the Earl of Inverness), prompted by the publication of a posthumous book by Virginia Giuffre, who had accused him of sexual abuse when she was 17 years old. The Mail on Sunday, a newspaper, also alleged that he had asked his police bodyguard to dig up dirt on his accuser; the Metropolitan Police is "actively looking into the claims". Andrew has always denied any wrongdoing.

Amid all this muck, MPs want to know why the prince should continue to live in Royal Lodge, a mansion in Windsor Great Park, on which he pays a peppercorn rent. The scandal of the prince's relationship with Jeffrey Epstein, a convicted paedophile, has dogged the monarchy for over a decade. Time, some MPs conclude, for Parliament to step in.

Sir Keir would like nothing less. Here lies the contradiction in his government. He promised to govern as an insurgent, upending failing institutions on behalf of a public itching for change. Prince Andrew looks like just another rotten public body, ripe for abolition. Yet Labour's path to power required it to show an unusual veneration for the royals, in order to demonstrate that it could be trusted with one of Britons' most treasured institutions after the tenure of Jeremy Corbyn, a republican socialist. But Sir Keir's mute approach to the Andrew affair has left his colleagues fuming.

“Everyone thinks he should be castrated by elected politicians,” says one frustrated minister about the prince.

Walter Bagehot, an editor of this newspaper in the 19th century, would recognise Sir Keir’s predicament. While Britons thought of the crown as the “head of our morality”, the royals were a sleazy lot, he wrote in “The English Constitution”. George IV was a “model of family demerit” and few princes, he said, “have ever felt the anomalous impulse for real work”. But it was better if politicians kept their distance. “When there is a select committee on the Queen, the charm of royalty will be gone.”

In reality there is not much that MPs can easily do. Parliament can argue over whether Andrew should be stripped of his princeship, but that requires a “letters patent” from the king or an act of Parliament. Politicians have no power over royal rent-setting: the Crown Estate is independent. The ultimate sanction would be for Parliament to pass an act, removing Andrew from the line of succession. (He sits eighth.) But to tinker with the hereditary principle would be to fiddle with the idea of monarchy itself. ■

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Britain | The cost of compassion

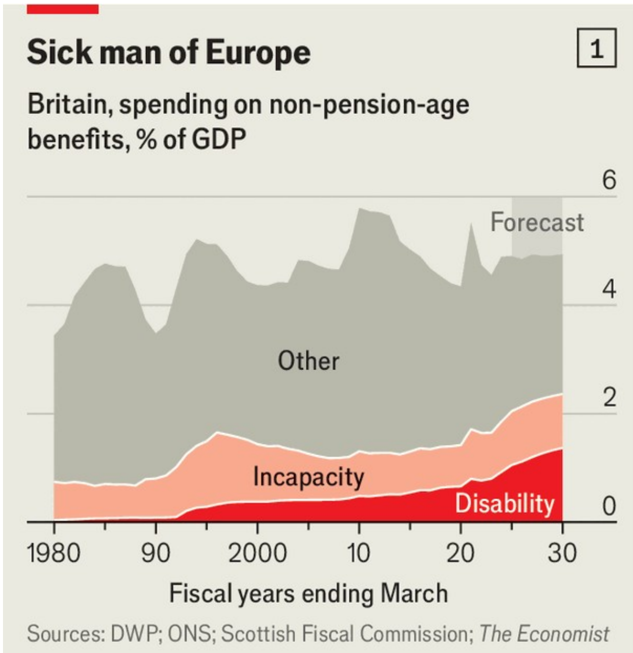
Britain's welfare system has grown sicker

And something's got to give

October 23rd 2025

"When I try to cook, I get anxious and confused. I've left things on the stove before. I need someone nearby to stay safe." These are not the words of a frail pensioner but advice from a TikTok influencer telling viewers what to write on disability-benefit forms. The content-creator is part of a growing breed of "sickfluencers" coaching people how to squeeze money from Britain's welfare system.

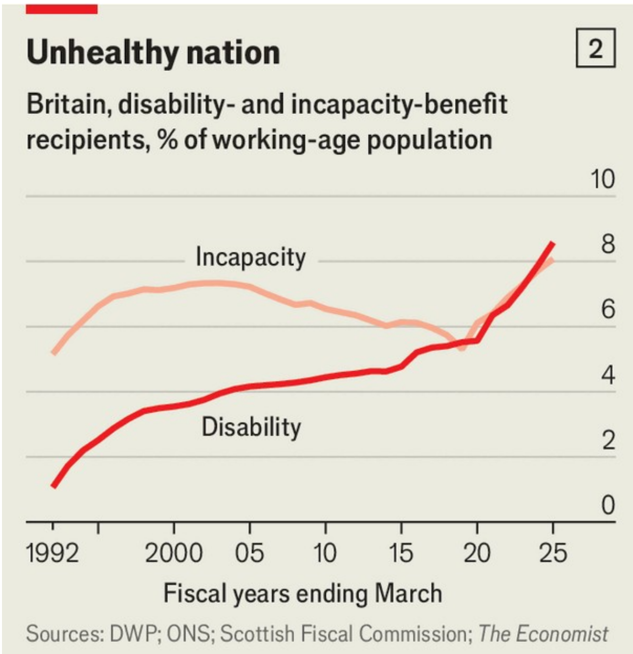
Many followers have genuine conditions that make life harder. The problem is that health-related benefit claims have surged, helped by changing attitudes to mental health. One in ten working-age adults in England and Wales claims at least one disability-related benefit. That's 4m people, up from 2.8m in 2019. This is tricky for the Labour government, whose MPs entered politics to protect the vulnerable, not cut their support.



Some politicians argue that the overall welfare system is out of control. Kemi Badenoch, the Conservative opposition leader, says Britain risks becoming a "welfare state, with an economy attached". These claims are overblown. Britain's non-pensioner benefits bill this year is 4.8% of GDP (£145bn, or $195bn), according to calculations by The Economist. This is roughly in line with the 30-year average. Spending is forecast to stay at a similar level throughout the decade (see chart 1).

Beneath that calm surface lie two opposing currents. The first is a retrenchment in spending not tied to health, like unemployment and housing. Such outlays have fallen from 3.5% of GDP in 2005-06 to 2.7% in 2025-26. Successive governments pared back the system's generosity. Benefit levels were frozen, housing allowances reduced and a two-child limit on payments for children introduced.

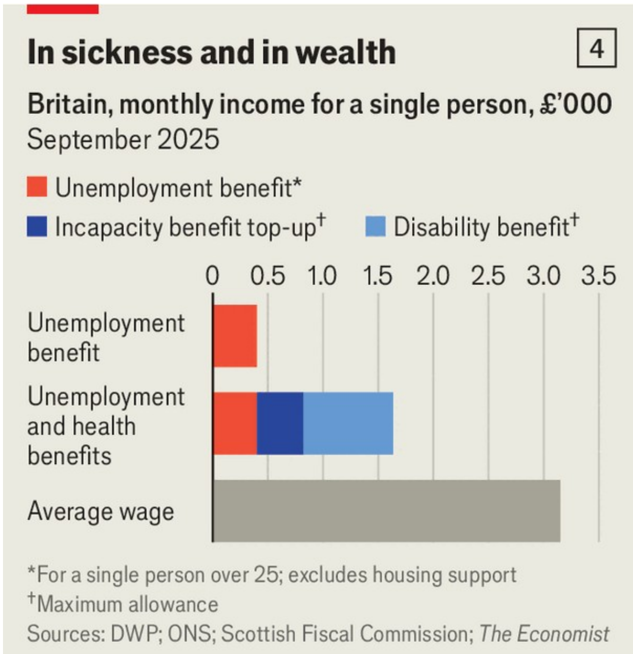
These cuts have been offset by a steep rise in spending on disability and incapacity benefits. Disability benefits, such as Personal Independence Payments (PIP), are cash payments to cover the extra costs of being disabled: higher heating or travel expenses, for example. They're available to workers and non-workers and are not means-tested. Incapacity benefits are for those too ill to work.



Claims for both have boomed since 2019 (see chart 2). Britain is an outlier; similar European countries have seen caseloads stagnate or fall since 2019. A swell of sick Britons has pushed spending on disability and incapacity to 2.1% of GDP (£64bn) this year—almost double the share two decades ago. Disability benefits account for most of the rise.

Soaring caseloads reflect broadening definitions of disability, compounded by a welfare system that distorts incentives. Around one in seven working-age Britons now reports having a long-term mental or behavioural disorder, up by 50% over the past decade. In the disability-benefits system, 44% of claims cite such illnesses as their main condition, up from 25% in 2002. The sharpest rises have been among women, under-40s and children (see chart 3).

Government assessments of benefit eligibility have struggled to keep pace. These test how a person's conditions affect daily tasks like cooking or washing—straightforward for physical ailments but far harder to judge for mental ones. Success often hinges on presenting the right narrative. A whole ecosystem of advice on how best to do this has emerged, including from charities, TikTok and, increasingly, AI. The Mr PIP Hero Chat Bot is particularly popular: feed it your condition and it will write your application. Savvier applicants win from this system while less articulate, more vulnerable claimants lose out.



A flawed assessment is worsened by miserliness elsewhere. Britain's unemployment benefits are among the stingiest in the rich world: a single person gets less than 13% of the average wage. Yet those on the maximum health-related benefits can quadruple their income (see chart 4). Such a feast-or-famine choice drives people towards sickness claims and disincentivises work.

In March the government unveiled reforms. It will raise the main unemployment benefit rate by £7 a week while halving the incapacity top-up for new claimants to £50. It will scrap the assessment requiring people to prove they cannot work and guarantee that trying employment won't lead to benefit cuts. Together, these changes should sharpen work incentives.

Yet the reforms don't touch disability benefits, where the bulk of the spending surge lies. A clumsy attempt to tighten eligibility and save £5bn a year was abandoned in July after uproar from Labour MPs. Ministers now pin their hopes on a review of the PIP assessment process led by Sir Stephen Timms, the minister for disability, which will report in autumn 2026. But few expect it to identify major savings.

Ms Badenoch has floated cutting disability benefits to avoid tax rises in November's budget. That is wishful thinking. Capital Economics, a consultancy, estimates the government needs to find as much as £27bn in savings or tax hikes in 2029-30 to meet its fiscal rules. Given that £5bn of disability-benefit cuts was too much to stomach in the summer, deeper ones are unlikely—and bond markets will not trust rushed proposals.

Still, something must give. Spending on non-pensioner disability benefits is forecast to grow roughly twice as quickly as health spending over the next five years. Bond markets are watching closely, treating the government's handling of disability benefits as a fiscal-credibility test.

The government's first step should be to make cost cutting an explicit goal of the Timms review, focusing it on saving money while protecting the most vulnerable. This entails tackling difficult questions: should Labour follow the Tory plan to cut cash payments for some mental-health claimants, providing extra treatment instead? Should disability benefits be means-tested? Exact answers can wait until after the budget. But if the government wants to signal seriousness, it can't wait long.■

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Britain | Bagehot

Buckaroo! The British government's favourite game

Heaping burdens on business works. Until business begins to buck

October 23rd 2025

"Buckaroo!", the children's game where players stack cowboy gear onto a mule until it bucks, turns 55 this year. Although aimed at four-year-olds, it is surprisingly popular among British ministers, who see it as a policy guide rather than a pastime. Once politicians find a certain sector to act as a beast of burden—whether housing, energy or pharma—they load it with as much as they can. It works for a while. But eventually the pieces end up scattered.

The game has been played for years in the housing sector. Due to the peculiarities of Britain's rules on building, developers have found themselves responsible for everything from spending 1% of their building costs on public art to providing councils with social housing, points out Paul

Smith, a planning expert. These obligations, when coupled with higher interest rates, have made it remarkably unprofitable to build in parts of the country, and particularly in London. In the first half of this year construction was started on 2,158 homes in London. It is well short of the 88,000 the capital is expected to build each year. A supply dip has become a drought. The mule can bear no more.

Sometimes the mule asks not to play. Energy companies have been laden with green levies, tariffs and obligations, which now account for about a fifth of annual bills for the typical household. The costs of decarbonising Britain must be borne somewhere. But where? This question was put to energy executives at a recent select committee, which wanted to hear straight from the mule's mouth. Chris O'Shea, the well-remunerated chief executive of Centrica, an energy company, said: "They should be on general taxation because that is more progressive." Bill Esterson, an mp from Labour, Britain's biggest progressive party, replied: "That's not gonna happen." And so the meeting started umming and ahhing over whether to add a shovel or a canteen to the horse.

Being kicked by a mule hurts. Britain's government has a testy relationship with pharmaceutical companies over the state's stinginess when it comes to paying for drugs. When a "voluntary" rebate—which in effect caps how much the National Health Service will pay each year for drugs—hit 23% this year, the industry whinnied. Wes Streeting, the health secretary, refused to budge. Shortly after Mr Streeting's defiance, high-profile pharma investments in Britain started being cancelled, in the same way Russian dissidents started falling out of windows after the country's invasion of Ukraine. The industry bucked, Mr Streeting received a plastic hoof to the head and a retreat is now likely.

Sometimes the mule has yet to buck. Visa fees have become a money-spinner. It can cost almost £6,000 ($8,020) up front to bring in a scientist, according to the Royal Society, a scientific academy. Other visas cost as much as £12,500. Such fees have jumped by 79% in real terms since 2019 and now bring in nearly £3bn a year (0.1% of gdp). But a policy aimed at raising a little cash may start to deter people the country wants. Immigration is already falling sharply. Soon enough the question will shift from "Where did everybody come from?" to "Where did everybody go?" and "Why is that plastic cowboy hat flying through the air?"

Part of the problem is "everythingism". This is the government's tendency to make every decision a "means for promoting every national objective, all at the same time", according to Re:State, a think-tank. The result is often sweeping obligations balanced haphazardly on projects. A recent government tender for designing small modular nuclear reactors (smrs) demanded that half of employees working on the project should be women, according to Britain Remade, another think-tank. Building smrs is already tricky and expensive. Why make it harder? Buckaroo policy combines the left's love for fussy obligations with the right's blind faith in the market to fix endemic social problems.

Business is treated as a beast able to carry whatever government heaps on its back. It has been able to bear heavy loads, such as leaving the eu or an ever-increasing minimum wage, with little complaint. Smaller inconveniences have been hitherto largely ignored. After all, global companies do not pay much attention to whatever "social-value" scheme a junior minister has cooked up in, say, their eighth-biggest market. Since business did not bridle, government piled on more. When judged on the past decade, Britain's corporate lobbyists have a good claim to be the least effective in the rich world. It has, however, reached a point where existing burdens mean a light addition can trigger a wild kick from even the most pliant beast.

British business is seen as a dependable workhorse. Voters, however, are treated as skittish foals that will rear up at the slightest burden, even by a Labour government. For all the whining about Britain enduring the highest tax burden in the post-war era, income taxes on median earners are the lowest they have been in half a century. The basic rate of income tax has not increased since 1975. Labour has pledged not to break that trend. It is a fight that successive governments have been unwilling to have.

And so inside the Treasury a particularly consequential game of "Buckaroo!" is afoot ahead of the budget on November 26th. Officials, advisers and ministers are working out how to fill a funding gap of nearly £30bn, gingerly placing a plastic rope on a red saddle. Maybe partners at law firms and accounting firms should pay more. Perhaps a mansion tax is the best way of keeping Labour's promise on tax (which it arguably broke at the last budget when it increased taxes on, naturally, employers). "Buckaroo!" is, however, a silly game. Bold, broad taxes are best, rather than placing yet more narrow ones on already strained sectors. When it comes to "Buckaroo!", the way to avoid defeat is not to play. ■

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International

- Meet the real screen addicts: the elderly
- Brussels feels like a city preparing for war

International | Age and technology

Meet the real screen addicts: the elderly

The digital habits that defined youth are transforming old age

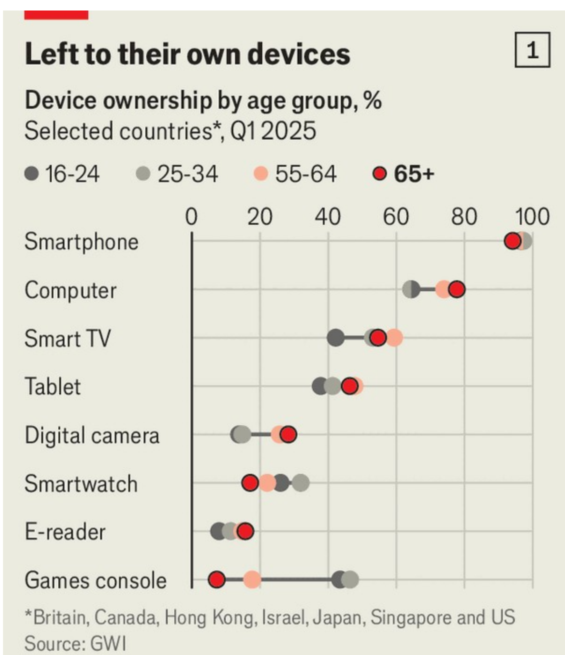
October 23rd 2025

HUNDREDS OF TEENAGERS, sometimes strong-armed by their parents, have trooped through the doors of Britain's National Centre for Gaming Disorders since it opened in 2019. Yet lately the publicly funded clinic has admitted a steady trickle of rather different patients. Its specialists in video-game addiction have so far treated 67 people over the age of 40. The oldest, with an obsession for games on her smartphone, was 72.

Something approaching a moral panic has taken hold in many countries over the impact of digital technology on young people. Jonathan Haidt, a social psychologist and author, speaks of an "anxious generation" of youngsters whose childhood is being stolen by smartphones and social apps. Schools increasingly demand that phones are kept in lockers or at home. Parent-run groups such as “Smartphone Free Childhood” preach abstinence. In December Australia will ban under-16s from using social media.

Yet a less-noticed explosion in screen time is happening within a different generation. As today’s 60-somethings, already familiar with digital technology, enter retirement, time spent on smart devices is shooting up among the elderly. Some older adults “are increasingly living their lives through their phones, the way teenagers or adolescents sometimes do”, says Ipsit Vahia, head of the Technology and Ageing Laboratory at McLean Hospital, part of Harvard Medical School. The digital habits that have transformed the teenage years are now coming to old age.

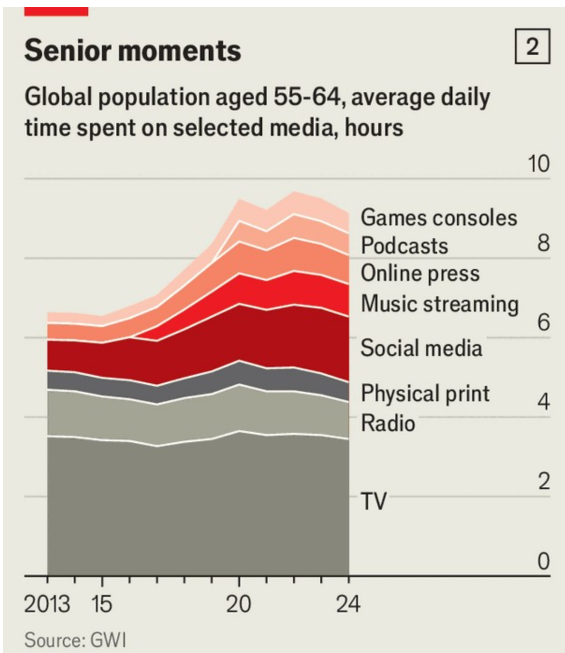
The elderly have long been champion television-watchers. Free time, immobility and isolation are a recipe for spending hours in front of the box: last year over-75s in Britain spent more than five-and-a-half hours a day watching broadcast TV, a good five hours more than those aged 16-24, according to the media regulator, Ofcom.



Older people have traditionally lagged behind when it comes to digital technology. A decade ago only a fifth of Americans over 65 owned a smartphone. That is changing. The newly retired, most of whom have been online since middle age, are among the most enthusiastic adopters of digital gadgets. Over-65s are more likely than under-25s to own tablets, smart TVs, e-readers, and desktop and laptop computers, according to a seven-country survey by GWI, a research firm (see chart one).

Tech companies have identified oldies as a growing market. Apple makes earphones that double as hearing aids and watches that can carry out electrocardiograms or call an ambulance if the wearer falls. (Partly as a result of this, 17% of over-65s now own a smartwatch.)

The next generation of pensioners looks as if it will be even keener on digital gadgets: nearly a fifth of 55- to 64-year-olds own a games console. Retirement is starting to look a lot less about golf and more about "Grand Theft Auto".



As ownership of digital devices becomes more common, older people's screen time is growing. Rather than replacing time spent on other media, phones and tablets seem to be adding to the daily total. Over the past decade, TV and radio consumption among people in their 50s and 60s has held steady, while time spent on social media, gaming and audio streaming have all increased (see second chart). Ofcom found that last year Britons over 65 spent more than three hours a day online on smartphones, computers and tablets. That is half as much as those aged 18-24. But, combining TV and smart devices, those of retirement age clock up more daily screen time than do young adults.

In countries where the trend is most advanced, people are starting to worry about elderly smartphone users in the same way that they worry about teens. A study in 2022 in South Korea, which has among the highest rates of smartphone usage in the world, estimated that 15% of those aged 60-69 were at risk of phone addiction (based on whether they agreed with statements such as: “Every time I try to reduce my smartphone-usage time, I fail”). Research from Japan found that screen time was associated with less physical activity among the elderly. A survey of over-60s in China linked it to worse sleep.

Establishing causation is difficult. Screens may tempt seniors to be more sedentary—or it may be that they spend more time on their phones precisely because they are sofa-bound. Pete Etchells, a professor of psychology at Bath Spa University, points out that his own screen time recently spiked after he was laid up in hospital for a couple of weeks. “If you’d taken my iPad away, I can tell you that I would still have been as immobile—and orders of magnitude more miserable,” he says.

Older people face some online risks that other vulnerable groups do not. Unlike most teenagers, their phones and tablets are often linked to their bank accounts. “Microtransactions” within games—so-called loot boxes and the like—can drain wallets. So can fraudsters, who are able to contact and rob their victims within the same app. In poor and middle-income countries especially, older people have embraced WhatsApp for everything from communications to shopping, says Dr Vahia—“and WhatsApp is also the platform of choice for scammers as a result.”

The elderly also lack the social guardrails that regulate teenagers’ screen time. During the day teachers police teens’ phone usage, while parents do the nagging in the evening. By contrast, elderly people are their own bosses; they may not have someone to steer them towards help if they need it. “With older people, sometimes there is no one around, or if there is then no one really notices what they’re up to on their computer,” says Henrietta Bowden-Jones, who runs Britain’s gaming clinic.

Elderly people are much less likely than the young to complain to their doctor of phone addiction, says Dr Vahia. But in some cases, screen time is what lies behind other, more obvious problems in older patients, he says. His clinic has treated some elderly people whose insomnia turned out to be rooted in a fear of online scams; in others, anxiety turned out to be caused by doom-scrolling on social media.

Alarming and misleading news may be a particular threat to the elderly, who are twice as likely as under-25s to use news apps or websites. A recent paper by Hunt Allcott of Stanford University, and colleagues, found that giving up Facebook led to modest improvements in mental health for users of all ages. The beneficially effect was more than twice as large in the older half of their volunteer group than it was among the younger ones.

Yet a boom in screen time among the elderly is by no means all bad. From Zoom-powered church services to online yoga classes and remote book clubs, the connective power of the internet is especially valuable to those who struggle to get out. Professor Bowden-Jones believes that for people forced to stay at home, because they feel unable to get out or because they can no longer drive, the ability to follow pursuits online "is just so wonderful". Messaging apps bring family closer. Gaming passes the time. Spotify and YouTube are nostalgia machines that bring childhood music and video rushing back.

Screen-mad elderly people also have some advantages over teens. Whereas smartphones can come between young people and real-life relationships, older people have already made the key social connections in their life. "They have well-formed behaviours, well-formed relationships, well-formed ways of communication. Smartphones can often enhance them," says Dr Vahia.

For those who end up overdoing it, the consequences are probably less severe than they would be for a teenager. Unlike alcohol or gambling addictions, in which the person risks losing their health or their house, the main danger of screen addiction is simply losing hours of time. For a young person, that could mean failed exams or lost jobs. For someone in retirement, spare time is abundant.

There is even some fresh evidence that digital devices may help older people to stay mentally fit. Past research has suggested that excessive screen time impairs concentration and memory, leading to what some have dubbed “digital dementia”. Yet in April a meta-analysis of studies on more than 400,000 older adults found that over-50s who regularly used digital devices had lower rates of cognitive decline than those who did not. (Though causation remains elusive: it may simply be that those who are mentally alert use their devices more often than those who are losing it.)

Older people’s enthusiasm for digital technology shows no sign of slowing down. The next frontier may be virtual reality (VR), which allows the housebound to enjoy immersive excursions to whatever place or time they want to visit. Dr Vahia recently arranged for an 85-year-old patient with depression to be given a VR walk-through that started at her childhood home and took her to her elementary school. It rekindled dormant memories that helped to resolve decades-old conflicts. For better or worse, seniors’ screen time has much further to grow. ■

International | The Telegram

Brussels feels like a city preparing for war

Europe readies itself to survive in a world of hostile strongmen

October 23rd 2025

THOUGH IT IS outlandish even to type the words, Brussels the international capital—the home of the European Union and seat of the NATO alliance—feels like a city bracing for combat. “Europe is in a fight,” declared Ursula von der Leyen, the president of the European Commission, the EU’s executive and civil service, in a state-of-the-union address on September 10th. “Battle lines for a new world order based on power are being drawn right now.” Europe must fight for its values and for the right to choose its destiny, she said. Mrs von der Leyen described a world in which “dependencies are ruthlessly weaponised,” and in which “many major powers are either ambivalent or openly hostile to Europe.”

To be sure, the old flaws of pan-European governance—vapid oratory, bureaucratic turf wars and expensive something-for-everyone compromises—persist. For all that, in the headquarters of the EU and of NATO, very different institutions at opposite ends of the city, recent months have seen a stark change of mood.

Europeans "only start organising ourselves when we are threatened", says an official. The threats are clear now. The most urgent involve three strongmen who view Europe with either disdain or hostility: Presidents Donald Trump, Vladimir Putin and Xi Jinping. Brussels has come to a grim realisation. War is raging on the European continent, in Ukraine, and none of those strongmen is guided by anything resembling European values.

Europe's deep state is sounding the alarm that war could come even closer. On October 13th the head of Germany's foreign-intelligence agency told his parliament that Russia is bent on expanding its influence into Europe, notably Germany, and "will not shy away from direct military confrontation with NATO if necessary".

Serious times are being met with hard-headed politics. Over the past 30 years, Europe mostly enjoyed increasing security and prosperity. As new members joined the EU and NATO, and memories of war and dictatorship in Europe faded, life resembled a stately progress up the "hierarchy of needs" described in the 1940s by Abraham Maslow, an American psychologist. Few EU citizens must worry about the bottom tier, dealing with such basics as food and shelter for survival. Above that comes "safety and security", whether that means an absence of war, a clean environment or freedom from acute want. As governments built welfare states and controlled pollution, progressives called for Europe to tackle problems that align with Maslow's higher needs. Those include "love and belonging", "esteem" and "self-actualisation", or the pursuit of a life of purpose and joy.

European voters seem focused on more basic needs. They have elected a string of conservative national governments, who have sent correspondingly flinty politicians to run EU institutions. After years spent passing onerous environmental and social regulations, the bloc now spends much of its time repealing job-killing rules. New Euro-laws that can secure a majority, whether in the European Commission or European Parliament, often involve get-tough policies, like the removal of asylum-seekers.

There is less naivety about other great powers. Early this year some European politicians sought closer ties with China as a hedge against American bullying. Today dependency on China is a greater concern, as that giant uses its chokeholds over rare-earth minerals and other critical inputs to win its trade war with Mr Trump, and treats European businesses as collateral damage.

Trade policy is marked by pragmatism. In interviews, officials in Brussels dismiss the griping over the EU's "summer of humiliation" via one-sided trade talks with America. It would be unrealistic to hope to protect the EU's self-esteem, given America's clout and willingness to impose pain on trade partners. "There is no use complaining about" Mr Trump, an official says flatly.

And there is painful clarity about Europe's defence alliance with America. In the wake of Mr Trump's latest about-turn on Ukraine, there is exasperation over the time and energy European leaders spend on Trump "damage control". But grief and denial about America's unreliability have given way to resignation. It is now a planning assumption that America will give no more aid to Ukraine, and that even its willingness to sell advanced weapons to Europeans for donation to Ukraine will not last.

As for the broader defence of Europe, Plan A is to work with America for as long as possible. Europe still relies on America for "critical enablers" including intelligence from satellites, long-range weapons, air defences, heavy transport planes and the digital systems that glue different weapons together. There is much talk of building up Europe's arms industry, but also agreement that it cannot entirely replace America as a supplier for ten years or more, which is too slow for a continent rearming to deter Russia from attacking it. Fear of Russia makes officials wary of even engaging with the most sensitive question of all, whether Europe needs a Plan B for its security, if America walks away one day. Some fear that to discuss American abandonment is to invite a Russian attack. Others seek to identify investments that work with both Plan A and Plan B: either making Europe a better partner for America, or helping it go alone.

European unity remains a goal. It is no longer dogma. If holding out for unanimity gives a veto to Moscow-friendly EU and NATO members, such as Hungary, coalitions of the willing are a practical way to co-ordinate European defence and support for Ukraine. It is deemed inevitable that countries closer to Russia will take a lead on deterring Mr Putin.

Europe's seriousness is welcome, but change takes time. Alas, big players, starting with Britain and France, are financially broke. Europe sees the dangers it faces. With luck, it is not too late. ■

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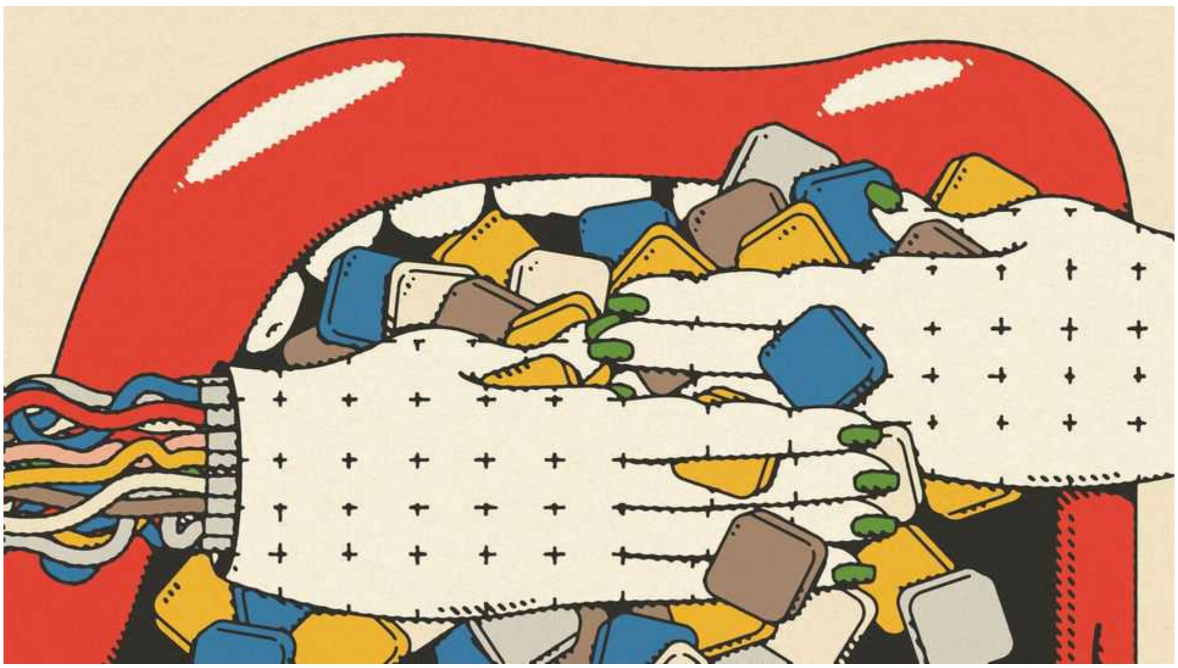
Business

Business | AI’s balance of power

OpenAI and Anthropic v app developers: tech’s Cronos syndrome

Will the labs devour the apps that run on their models?

October 23rd 2025



IN THE USUALLY gossipy world of Silicon Valley, something strange is happening. It is hard to find a generative artificial-intelligence entrepreneur with a bad word to say about anyone. This may be an age thing. Many of those launching AI startups were born after sci-fi dystopias like “The Matrix” (né 1999) and are young enough to still believe AI will be a force for good for everyone. To them, even the word “frenemy” sounds too red in tooth and claw.

Bonhomie aside, though, a competitive dynamic is emerging that will only grow fiercer. Take AI startups like Anysphere, whose Cursor app helps software developers write code, Harvey, which provides AI to law firms, and

OpenEvidence, which does the same for doctors (and on October 20th raised $200m at a valuation of $6bn). These apps are growing rapidly by making use of large language models (LLMs) provided by the likes of OpenAI, maker of ChatGPT, and Anthropic, maker of Claude. They pay to use the models, but unlike the AI labs, they do not burn through billions in a quest for superintelligence. That makes their path to profitability easier.

Meanwhile valuations for the cash-incinerating AI labs—$500bn for OpenAI and $183bn for Anthropic—are stratospheric, indicating that as their models become more capable, investors believe they will someday usurp the profits of the startups that rely on them. Think of the labs as Cronos, a titan in Greek mythology, trying to devour his children (or as Amazon, a titan of e-commerce, making products to undercut those that sell well on its platform). The question, as with Cronos, is: can the little ones survive and fight back?

The infanticide may have already started. The startups are far too nice to sound the alarm. But Ed Zitron, author of an acerbic newsletter about AI, reported on October 20th that Anthropic had spent a big chunk of its revenues this year and last on Amazon Web Services, one of its cloud providers. As a result, he said, it introduced service tiers that pushed up costs for big customers like Cursor to help fill the hole. Anthropic says service tiers are standard practice across the industry.

The threat goes beyond pricing. The big AI labs are striving to achieve artificial general intelligence, or AGI, which would make their models able to do most tasks that humans can do—including matching and potentially surpassing the appmakers' capabilities. For now, there may still be room for everyone. But the writing is on the wall. Just look at coding, where generative-AI apps have been quickest to take off. Both Anthropic and OpenAI have developed coding tools that rival, with nuanced differences, the likes of Cursor.

The startups' founders remain remarkably chipper. They believe that the balance of power will remain firmly in their favour for the foreseeable future. Tellingly, many are sceptical of AGI, albeit sotto voce (one asked The Economist not to name him as a doubter, lest he be blacklisted from the San Francisco party scene). They argue that rather than AGI, the capability that businesses actually need to spur deeper adoption of generative AI is "artificial specialised intelligence", ie, AI that is specific to a particular field, such as law or medicine. That is where they hope to retain the competitive edge.

Sierra, which makes AI "agents" that act alongside humans in customer service, uses a picture to illustrate the dynamic. It shows the tip of an iceberg: this is the market served by LLMs. Below is a plethora of more complex business processes that present much greater challenges and opportunities. None of them is generalisable. Value is to be found in "the most boring, mundane thing…hidden in the back of a company [that is] slow, expensive and consequential," says Bret Taylor, Sierra's co-founder (and also chairman of OpenAI).

To undergird themselves, the app developers are experimenting with new revenue models. They acknowledge that unlike in previous waves of software development, the bigger they become, and the more they use LLMs, the higher their marginal costs will be. To offset these rising costs, they need new techniques. One is to use a variety of models, including open-source ones, in order to route the simplest queries to where processing is cheapest. Another is to charge customers according to outcomes, rather than usage. Harvey, for instance, can afford to opt for the largest models because law firms are willing to pay for perfect accuracy.

Moreover, the app developers argue that the longer they remain in business, the more specialised data their agents will acquire, improving their performance—rather as self-driving cars become more reliable the more miles they travel. This is likely to make them "stickier" with customers, creating a competitive moat that the AI labs will struggle to cross. Cursor, for instance, uses real-time data to update its own LLM every two hours, which it believes improves its customers' coding experience. Harvey looks beyond boilerplate stuff like AI-generated non-disclosure agreements. Its sights are set on far more complex tasks, like helping co-ordinate several law firms in a mega-merger, that will be harder for general-purpose models to replicate.

The appmakers still have disadvantages. Specialisation may make it harder to move beyond a particular field, such as law, medicine or customer service, limiting the size of their potential market. General models may be able to go broader. Then there is recruitment. Being much smaller than the AI labs, appmakers will struggle to compete in the costly war for AI talent. But all will need top AI developers to build the best agents.

Yet even as the AI labs become more predatory, they too have a problem. There is so little difference between them, and it is so easy for software companies to switch from one LLM provider to another, that they are at risk of being commoditised. This has led HSBC, a bank, to estimate in a recent report that by 2030 LLM providers would reach only a 30% share of the $1.3trn global market for AI-enhanced IT services. The rest will belong to software vendors using the LLMs.

Such is the Cronos syndrome. In Greek mythology, Zeus, Cronos's youngest son, survived and rescued his siblings. After a long battle, their father was cast into the underworld. That is not necessarily the fate that awaits OpenAI and Anthropic. But the AI labs' omnipotence is not preordained either. ■

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Business | Half empty v half full

Despite abstemious Gen Zs, the booze industry is going strong

It’s too soon to declare the death of drinking

October 23rd 2025

The Lucky Saint in central London looks like any other pub. Big wooden barrels double as tables. Bartenders pull pints. But this isn’t a regular watering-hole. Though booze is on offer, about 15% of sales are of Lucky Saint, the non-alcoholic beer brand that owns the place. Other patrons merrily sip alcohol-free cocktails and sparkling wine. “Go back a couple of years and people used to cleanse in January,” says Nate Roberts, one of the managers, “but now we see this 365 days per year.”

For the drinks industry, these seem to be difficult times. Policymakers in America, Britain and elsewhere are pushing the idea that there is “no safe level” of alcohol intake. Consumers worry that booze is bad for their wallets as well as their health—especially young ones, who drink less than earlier generations. No wonder investors speak of a “tobacco moment”: judged by the ratios of share prices to earnings, Diageo, Pernod Ricard and Rémy Cointreau, three leading makers of spirits, are less highly valued than British American Tobacco. The list of sorrows is certainly long. But the glass is fuller than you may think.

Start with rising concerns about health. Last year the World Health Organisation grouped alcohol with tobacco, fossil fuels and ultra-processed foods as leading causes of non-communicable disease in Europe. Then America’s surgeon-general issued advice pointing out the links between alcohol consumption and cancer. Consumers seem to be paying heed: in a recent Gallup poll of American adults, only 54% of respondents said they drank, the lowest share the firm has recorded in nearly 90 years of asking. Most said even a drink or two per day was bad for health.

Economic factors have helped take the fizz out of booze’s two biggest markets. In sluggish China, people are spending less on many things, from fancy handbags to nights out. In America, President Donald Trump’s tariffs have made cognac and Guinness dearer to import. Diageo (which brews Guinness) reckons new tariffs will cost it $200m a year, and has scrapped its sales-growth target partly because of uncertainty about trade policy. Rémy Cointreau, its smaller competitor, expects a €30m ($35m) hit from new tariffs and Chinese anti-dumping measures combined.

Data from IWSR, a research firm, show that the volume of alcohol consumed globally has dipped since covid-19 lockdowns, when many indulged to kill time (see chart 1). Beer-drinking has been roughly flat for five years; that of wine and spirits has flagged.

But the industry is far from drying up. Spending on drink has kept rising. Prices have risen more slowly than general inflation, but people have shifted to dearer tipples. According to IWSR around $1.2trn will be spent this year. And although Western consumers are more abstemious, those in emerging markets are getting thirstier. Some analysts now see a buying opportunity in alcohol shares.

The assumption that the trend in America and elsewhere for sobering up will go global looks questionable. Estimates from Deutsche Bank suggest alcohol intake is rising in several emerging markets, including India, South Africa and Brazil (see chart 2). These are populous places with growing, freer-spending middle classes. Trevor Stirling of Bernstein, a broker, says that at AB InBev and Carlsberg, two big brewers, emerging markets contributed over 65% of earnings before interest and tax in the last financial year. In 2025 AB InBev's share price is up by 11% and Carlsberg's by 16%.

In the West, the industry has been fretting that the young are drinking less than previous generations. That, says Marcel Marcondes, AB InBev's chief marketing officer, was a short-term effect of lockdowns, which made it hard to socialise, and a weak job market, which left young people broke. In an IWSR survey, the share of Gen Z respondents above the legal drinking age saying they had consumed alcohol in the past six months jumped to 73% this March, from 66% two years earlier. Mr Marcondes reckons that generation is doing a lot of growing up a few years later than their parents did: "25 is the new 21," he adds.

Rather than turning teetotal, people are drinking differently. Premixed cocktails are flying off supermarket shelves. Analysis by Deutsche Bank suggests per-person consumption of spirits has declined in most markets in the past five years, but in ready-mixed options (often blends of spirits and sugary mixers) the opposite is true. Julian Braithwaite, boss of the International Alliance for Responsible Drinking, a non-profit group financed by the industry, believes some people are “drinking less but better”. Think young hipsters sipping pricey craft beer or natural wine.

There is money to be made from abstainers too. Big brands have poured money into alcohol-free varieties; Heineken 0.0 has sponsored Formula 1 motor-racing and Guinness 0.0 backs Six Nations rugby. Global sales of no- and low-alcohol beer will come to $28.6bn this year, forecasts Euromonitor, a research firm, up by more than 11% from 2024. And at the Lucky Saint in London, punters hand over £6.70 ($9) for an alcohol-free pint—about the same as for the conventional stuff. ■

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Business | Soldiers of fortune

The mercenary business is on the brink of another boom

Private military companies come in many different stripes

October 23rd 2025

THE MERCENARY, wrote Niccolò Machiavelli, was "useless and dangerous". He was "unfaithful, valiant before friends, cowardly before enemies". A private soldier would turn and flee when trouble arrived. "They have no other attraction or reason for keeping the field than a trifle of stipend, which is not sufficient to make them willing to die for you." Yet, 500 years later, the business of private military companies (PMCs), to deploy the modern euphemism, is thriving.

Conflict brings misery, but also fuels demand. When the Gaza Humanitarian Foundation (GHF) was hired to distribute aid in Gaza earlier this year, it brought in UG Solutions, an American company, to help with armed security. When Russia needed men for its war in Ukraine and for operations in Africa, it turned to the Wagner Group, a Kremlin-backed outfit staffed by former Russian special forces. Colombian mercenaries (pictured) are among those fighting for Ukraine. In the West, the American government is PMCs' biggest customer, says Dominick Donald, an analyst who once worked for Aegis, a British security firm.

The security business spans everything from pudgy rent-a-cops in shopping centres and armed guards hired by companies in dangerous places to soldiers of fortune who fight in wars. Many are drawn from the same pool: ex-soldiers, often special forces. And all parts of the industry have expanded in recent decades, as governments have trimmed their armed forces and private demand has grown. Now insiders are excited by a potential end to the war in Ukraine, hoping that reconstruction there will be as good for their business as it was in Iraq.

The early 2000s were a "real boom", says Tim Spicer, a former British Army officer who founded both Aegis and Sandline International, another PMC. Iraq was home to tens of thousands of contractors, the vast majority in non-combat roles.

At the end of the war in Iraq, "cowboys" rushed in, Lieutenant Colonel Spicer says. But there are now half a dozen large private-security firms with "corporate structures", including departments for legal advice, contracting and personnel. PMC-type work is only a sliver of their business. They include America's Constellis (which had revenue of $1.4bn last year and employs over 12,700 people) and Canada's GardaWorld (which operates in dozens of countries). Mr Donald says the market is divided between well-capitalised firms, backed by venture capital and private wealth, and more precarious outfits that lie "dormant" until a big contract turns up, at which point they are often bought by one of the big beasts.

The industry is "atomised" in other ways, too, says Sean McFate of the National Defence University in Washington, DC, an ex-paratrooper (who, he says, "raised small armies in Africa for US interests"). He divides PMCs into three "command languages", according to the tongue in which orders are given, each with its own culture: an English-speaking cluster, drawn mostly from America, Europe and other Anglophone countries; Russianspeakers; and a Spanish-speaking group of former special-forces operatives from Latin America, Colombia in particular, often trained by America's elite Green Berets.

With governments struggling to recruit soldiers, PMCs provide an inexpensive substitute, in part because they do not require the same training, pensions and benefits. Colonel Spicer says his colleagues once calculated that one American contractor was about seven times cheaper than a regular soldier, and that a British mercenary was ten times cheaper. Colombian fighters are also a bargain. "They're about a quarter of the price of me when I was in the industry," says Mr McFate.

To those signing up, though, the pay can look appealing. Colombian hired guns earn far more than they would in government service and often live in cushier surroundings. Russian mercenaries in Ukraine were said to be paid twice as much as regular soldiers at one point. But money is not the only motivation. "A lot of the guys like I met in the industry went in not because the money was good, but because you can have control over your life," says Mr McFate. "You can actually say no to a deployment. And that was very attractive."

PMCs mostly do not engage in serious fighting. But in the past decade or so more have offered what Ulrich Petersohn of the University of Liverpool calls "combat solutions". At one time, he says, there were more than 50,000 commercial operators in Ukraine, mostly low-skilled and on the Russian side, largely to obviate the need for a formal draft.

Colonel Spicer laments the pejorative connotations of the word "mercenary". He complains that the rise of Wagner-like rogues, protected by authoritarian states, has tarnished more rule-abiding operators. Mr Petersohn finds that, from 1980 to 2016, the presence of mercenaries was associated with a 39% lower rate of civilian "victimisation". PMCs based in democratic countries were associated with a 66% lower rate than firms from non-democracies. (A possible explanation is that, at least among more "corporate" outfits, a bad reputation is bad for business.) "Perceiving the industry as a collection of aggressive cowboys is misguided," he concluded.

Yet Western firms have had their share of controversies. In Gaza the now-defunct GHF also used armed mercenaries from the Infidels Motorcycle Club, an anti-Islam American biker gang—though most deaths around aid-distribution points are thought to have been caused by Israeli regular forces. The Frontier Services Group, set up by Erik Prince, a notorious executive whose company, Blackwater, killed 17 Iraqi civilians in 2007, was subject to American sanctions in 2023 for training Chinese military pilots.

Many believe that the industry is set for another wave of expansion. "I think there'll be another boom," says Colonel Spicer. "I think the problems that one encountered in the reconstruction in Iraq will be hugely magnified in Ukraine."

To meet demand, there is likely to be a ready supply of men. The Ukraine war will produce thousands of hardened soldiers versed in the latest technology, such as strike drones. Volodymyr Zelensky, Ukraine's president, has said his country is considering establishing its own PMCs. Many elite American soldiers are also just emerging from "rest and recovery" after the fall of Kabul in 2021, says a person involved in the field. They are ready for America's aggressive campaign against Latin American drug cartels, say, or the protection of critical-minerals mining in fragile states.

"The privatisation of warfare is well under way," argues Mr McFate. "Those who understand it are embracing it, like Russia, and those who don't, like the West, are going to have some challenges." ■

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Business | Value proposition

In South Korea a corporate-governance revolution is under way

But the investor-friendly overhaul the government wants will take time

October 23rd 2025

In a year when most stockmarkets have impressed, South Korea's has dropped jaws. In 2025 the KOSPI 200 index has risen by 69% (in won) to a record high, trouncing the 15% notched by America's S&P 500. Artificial-intelligence hype has helped, especially for big chipmakers such as Samsung Electronics and SK Hynix. But the main reason is a state-backed effort to "value up" the country's firms—ie, improve their wretched corporate governance and eradicate the "Korea discount" on their stocks.

Lately the value-up drive, begun in early 2024, has got new impetus. Since Lee Jae-myung became president in June, parliament has twice amended the Commercial Act, which regulates public companies. Managers now have a fiduciary duty to shareholders (previously their duty was to their firms alone). The law shifts power towards minority investors and away from the families that dominate companies, for instance by mandating electronic shareholder meetings and tweaking voting procedures. Another wave is expected by year's end. Firms will probably be obliged to retire "treasury shares", hoards of stock that dilute external shareholders and can be used to fend off activist investors.

Hundreds of firms have already said they will nix such shares. Listed firms have more than doubled share buy-backs since 2023. Activists are newly emboldened. For over a decade Infovine, a software-maker, had shrugged off criticism of its skimpy dividends and hoarding of treasury shares. But an activist campaign started in 2024 has borne fruit. Infovine has bought back shares and upped its dividend by a third—and its share price has tripled this year. Investors have encouraged KB Financial, the parent of South Korea's biggest bank, to cut back on foreign acquisitions and return cash to shareholders, says Ben Preston of Orbis, an investment firm with shares in KB Financial. The stock has more than doubled since the start of 2024.

The transformation is far from complete. Convoluted ownership structures that favour majority shareholders (usually families) are still widespread. The management of Samsung C&T, the de facto holding company for South Korea's biggest conglomerate, last year squelched an activist-led proposal for higher dividends. (The family of Samsung's chairman holds sway over two-fifths of Samsung C&T's shares.) Unlike in Japan, where companies' stakes in one another are being steadily unwound, in South Korea progress has been scant.

Despite this year's momentum, the Korea discount is intact. Over half the members of the KOSPI 200 trade below the book value of their assets, against 31% in Japan's Nikkei 225 and 4% in the S&P 500 (see chart). And the broader market is still nearly 25% short of the president's arbitrary "KOSPI 5,000" target. Much work remains. Will Mr Lee take on the country's mighty families, or settle for what he has? ■

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Business | If you can’t beat ’em, use ’em

Sports leagues find that streaming pirates have their purposes

There are ways of monetising their viewers

October 23rd 2025

Broadcasters still crave live sport. Take America’s National Basketball Association (NBA), whose new season, with a new rights deal, began on October 21st. ESPN, NBC and Amazon are paying a combined $76bn over 11 years to screen the league, smashing the old per-season rate. At that price (passed on to subscribers) the deal is also sure to maintain demand for pirated broadcasts. A study in 2021 suggested that the world’s sports leagues might bring in an extra $28bn a year if pirate sites were shut down. But data analysis and the rise of content creators are providing ways for leagues to hit back.

The contest between leagues and pirates resembles whack-a-mole more than hoops. In August Egyptian police arrested two people suspected of running Streameast, widely considered the world's biggest sports-piracy operation. Now shut, it was supposedly visited 1.6bn times last year. Last month the operators of Calcio, a site popular in Italy, were apprehended in Moldova. But no one believes that illegal broadcasts can be halted altogether.

Fans are blasé about piracy. When LeBron James, the NBA's biggest star, was spotted watching Streameast, fans were furious with him—not for illicit viewing, but for risking the site's closure. A survey of 16 countries last year by Ampere Analysis, a research firm, found that 64% of fans had watched pirated content in the past month. Ampere's Daniel Monaghan says this is partly because leagues are dividing rights into packages for different broadcasters, so that fans wanting to watch all their teams' matches must buy several subscriptions. Sportico, a sports-business website, puts the price of seeing all 82 of an NBA team's games this season at $650.

But sports leagues' approach to piracy is evolving. They no longer just track and close unauthorised streams, but seek to capture detailed data on how many people are watching them. They can use this information, which gives a fuller picture of their fan bases, in negotiations with commercial partners. Some of the revenue lost to piracy is then won back through higher fees from sponsors.

A more liberal view of what constitutes piracy is also emerging. Leagues have hitherto sought to shut down anyone rebroadcasting their footage. But the rise of content creators with large audiences on social-media platforms has forced a rethink. The NBA has signed up a group of them as league ambassadors. A select few are now granted tens of thousands of hours of official footage each year. ■

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Business | Bartleby

Beware the “romance of leadership”

When it comes to bosses, one size does not fit all

October 23rd 2025

Zohran Mamdani is a very good campaigner. At a rally in Washington Heights this month, the Democratic nominee to become mayor of New York City conducts a call-back of his main policy pledges. “We’re going…freeze the…,” he begins. “Rent!” shouts the enthusiastic crowd. “Buses should be fast and…” “Free!” “All shall have…” “Prizes!” (This last one is made up.)

A clear political offer is likely to propel Mr Mamdani to victory in the mayoral election in November. But leading a campaign is one thing. Making the sums add up in office is quite another. The context will require something different from him.

Spend time among the artificial-intelligence pioneers of San Francisco, and you'll also hear the word "context" a lot. Frontier models are great at providing generic answers, but specific expertise is often needed to make them useful. "General foundation models are trained on mostly internet data originally," says Sarah Guo, the founder of Conviction, a venture-capital firm. "When I consult with my doctor about a medical case for myself or my child, I don't want them getting information that includes Reddit."

To yield the best results inside organisations, AI applications need to be trained on relevant data, embedded in actual workflows and checked by people with experience. To be effective they need to fit the context.

What is true of politicians and AI models is true of bosses, too. The importance of context to managers may sound obvious but it is often ignored. Gary Johns of Concordia University in Montreal attributes this blind spot to the "romance of leadership", the idea that the innate qualities of individuals at the top determine success or failure far more than the environment in which they operate. In fact, reality is as likely to distort you as the other way round.

Crises change the way people manage, for example. A study by Janka Stoker of the University of Groningen and her colleagues used subordinates' assessments of their managers to see the effect of the financial crisis of 2007-09 on 20,000 bosses across 36 countries. They found that leaders became more directive, even though this is not necessarily the best response. Another form of context, national culture, helped determine just how bossy they became. They were more hands-on in countries that are used to hierarchy, less so in consultative places.

The external environment shapes managers in more subtle ways, too. A study by Daniel Keum and Stephan Meier of Columbia Business School found that expansions in unemployment-insurance schemes in America were correlated with more lay-offs. A more generous welfare state apparently gave bosses greater licence to dismiss people.

Leadership qualities are often context-dependent. Caring for others is a generally desirable attribute in a boss, for instance, but sometimes a harder edge is needed. In their study of lay-offs, Messrs Keum and Meier also analysed the preferences of the chief executives wielding the knife. Kinder-hearted CEOs let more people go when such schemes became more generous, suggesting that they had been putting off necessary restructuring.

The value of charisma is also contingent. It undoubtedly has the capacity to rouse people to greater effort. In an experiment conducted by John Antonakis of the University of Lausanne and his co-authors, people who heard a motivational speech before starting out on a task increased their output by 17% compared with people who got a bog-standard, low-wattage address. This effect was roughly the same as that of being offered performance-related pay.

But research suggests that charisma can be unnecessary among people who like to work autonomously. Another study co-written by Ms Stoker found that when senior leadership teams are adept at directing themselves, an inspirational boss has far less impact. Sometimes the soapbox is superfluous.

Good bosses do not bend with the wind. But they do adapt to their environments. A multinational workforce means multiple cultural norms: some nationalities are happier to speak truth to power, and others need to be encouraged. Projects ebb and flow: sometimes a leader needs to step in and sometimes they need to step back. When Mr Mamdani won the Democratic nomination in June, he got a call from Barack Obama. The two spoke about the transition to governing. Congratulations—and context. ■

Business | Schumpeter

American big business faces a $1trn capex question

Looking under the bonnet of the non-AI economy

October 23rd 2025

CAN ANYTHING stop America Inc? As the biggest companies in the world's biggest economy start rolling out their latest results, the answer appears to be an emphatic "Get out of the way!" Analysts reckon that big businesses' net profits grew for the ninth straight quarter. Short-sellers who had bet that President Donald Trump's seemingly anti-growth and pro-inflation policies on trade and immigration would cause America Inc to careen into a ditch are instead themselves resembling roadkill. The S&P 500 index of blue-chip stocks has risen by 14% this year, creating nearly $8trn in shareholder value. Vroom!

The foot-down frenzy is not confined to artificial intelligence. Yes, America's ten mightiest tech titans—Nvidia, Apple, Microsoft, Alphabet, Amazon, Meta, Broadcom, Tesla, Oracle and Palantir—account for three-fifths of the S&P 500's gains since January. But the remaining 490 firms in the index have added $3.3trn, or a respectable 10%, in collective market capitalisation. On October 20th better-than-expected earnings propelled the share prices of Coca-Cola, 3M and General Motors up by 4%, 8% and 15%, respectively. All three have risen by double digits in 2025. Investors don't need AI to get excited. Soda, Post-Its and pickups suffice.

The generalised joyride is fuelled by falling interest rates, courtesy of the Federal Reserve, and by the business-friendliness of Mr Trump's other policies: the extension of his tax cuts for firms, his deregulatory zeal (especially in finance, crypto and drilling) and hands-off approach to corporate dealmaking (so long as the dealmakers stay in his good graces).

Pop the bonnet of the non-AI economy, though, and you can detect signs of strain. Bankers point to the blow-ups of First Brands, which makes car parts, and Tricolor, an auto lender, as early evidence of a turning credit cycle. Coke may be a-fizz, but as a group, large producers of food and household basics have in recent months had the second-worst run since 1988, gauged by their stockmarket performance relative to the rest of big business, calculates Jefferies, an investment bank. GM's share price jumped because its adjusted operating profit slumped by 18% in the third quarter, year on year, which was less dismal than anticipated. The carmaker says tariffs will cut its net profit by at least $2.3bn this year. Ford, its Detroit rival, expects a similar hit.

The problem is less the size of the tariff bill than its inconstancy—and that of Mr Trump's policymaking more broadly. Will he really slap a 100% levy on China? Will more firms get the state as shareholder, as Intel did, or saviour, as farmers might? The limited impact on current earnings conceals a potentially lasting effect on future growth. For when it comes to investments in that growth, America's non-AI businesses look as paralysed by the uncertainty as deer in the headlights.

Companies make costly investments when they feel confident these will generate a return. As a whole, members of the S&P 500 look as self-assured as ever, preparing to splurge more than $1trn this year on capital expenditure. In the first half of 2025, 405 of its constituents collectively spent $554bn on facilities and equipment (excluding the financial industry and around 50 companies for which data were unavailable in S&P Capital IQ). That is $96bn more than in the same period last year, equivalent to a 21% increase in capital expenditure.

This robust net figure is deceptive, however. In one sense, it understates the capex binge. The firms that actually increased their spending year on year ratcheted it up by $123bn. That was a whopping 42% more than these same businesses laid out a year earlier. Yet the net result also overstates the bonanza. Fully 186 companies in our sample, or nearly one in two, cut their capital spending—by a collective $27.6bn. More than half of them are forecast to reduce their spending again in the next financial year.

These are no S&P 500 small fry. They include cruise lines (Carnival and Royal Caribbean, down by a combined $3.1bn), big auto (GM, Tesla and Ford, by $2.9bn), big pharma (Pfizer, by $777m) and big oil (Chevron, by $416m). All told, the capex-cutters account for 24% of the group's total capital spending, 26% of its market value, 35% of its revenues and 37% of its global workforce.

Sectors that rely on imports, and are thus exposed to Mr Trump's trade-warmongering, have been understandably stingy: the car industry cut spending by 20% in the first half of 2025, year on year; makers of food, drinks and smokes by 15%; producers of capital goods by 4%. Consumer-services firms reduced theirs by 14%, probably in response to American consumers' dour mood throughout much of 2025. Producers of renewable energy such as AES and NextEra have put spending into reverse, too, owing to Mr Trump's distaste for wind turbines and solar farms.

As notable as all the capex-cutting is the extreme concentration of capex growth. Most of the gross increase of $123bn was the result of big tech's faith in AI's moneymaking potential. Alphabet, Amazon, Meta, Microsoft and Oracle, whose data-centre building spree makes them the capex-happiest five of the AI terrific ten, were responsible for $73bn of the extra expenditure. Electric utilities (not counting the put-upon renewables firms) would not have added the $9bn that they did were it not for those data centres' power-hunger. Many other big spenders are also AI-adjacent.

If these AI bets pay off, non-AI business may benefit. In an artificially intelligent world, corporate AI users may generate higher revenues and profits without needing to plough their own cash into capital spending. That may be what the capex-shy are hoping for. Or they may be waiting until Mr Trump makes up his mind. Both prospects seem distant. The longer the wait, the likelier it will be that America Inc's profit engines start to sputter. ■

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Finance & economics

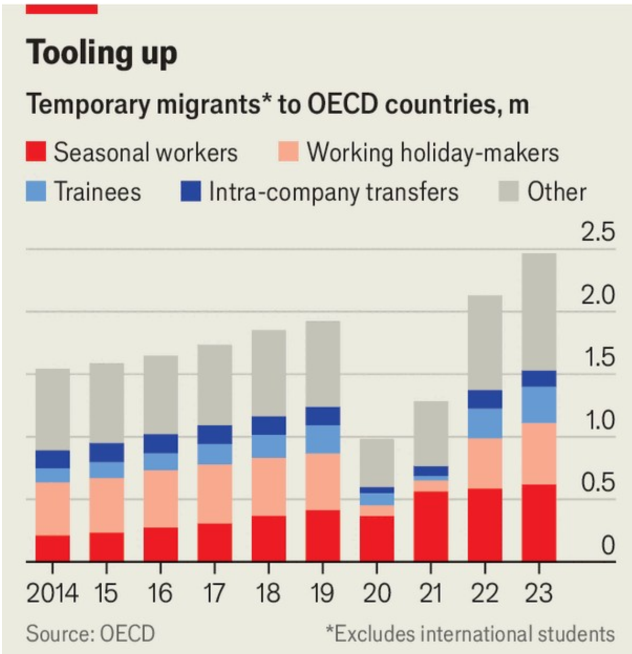
Finance & economics | Welcome labour

How to make immigration palatable in a populist age

Guest-worker schemes are booming. They offer vast benefits to both host countries and the workers themselves

October 23rd 2025

Businesses hiring migrants have a surprising new idol. The inspirational figure is neither a liberal nor a devotee of globalisation. It is Giorgia Meloni, Italy’s prime minister, who in 2022 climbed to power on a hard-right platform. She intends to issue 165,000 low-skilled work visas next year, up from 30,000 five years ago. Italy has also signed a labour-mobility deal with India that a recruiter praises as “one of the [world’s] most progressive”.



Ms Meloni is not the only hard-right leader learning to love immigration—or, at least, a certain sort of immigration. Although Viktor Orban, Hungary's prime minister, once said that his country did not require a single migrant for its economy to function, he has quietly embraced guest-worker schemes. In 2024 around 78,000 non-EU migrants worked in Hungary, some 92% more than in 2019. Even as the Trump administration cracks down on illegal migration and squeezes routes for high-skilled immigrants, it is promising to speed up visas for farmers hiring short-term workers. Across the OECD, a club of mostly rich countries, some 2.5m trainees, seasonal and other temporary workers arrived in 2023, up from 1.5m in 2014 (see chart). France, Japan and Spain have experienced especially sharp rises. A model of migration associated with oil-rich Gulf states and the city-state of Singapore is taking over the world.

Its success reflects a clash between demography and politics. The rich world needs young workers, but even technocrats worry that bringing in less educated and less productive workers on a permanent basis is a false economy, especially in European countries with generous welfare states. Moreover, after an enormous post-pandemic surge in arrivals, anti-immigration populism is ascendant across the rich world. The hard right leads governments in America and Italy, and polls in Britain and France. Centrist leaders under threat are busy curtailing paths to citizenship. This month the German government abolished a fast-track route that had enabled citizenship after three years; the British government is in the process of demanding ten years' residence, up from five.

Temporary migration is a pretty good alternative to the permanent sort. Almost everywhere in the rich world, native-born workforces are shrinking, with industries such as child care, construction and farming facing staff shortages. Worse may be to come. For instance, forecasts suggest that South Korea's GDP will start to shrink in the late 2040s because of its collapsing birth rate. Yet Michael Clemens of George Mason University points out that, if South Korea brought its temporary-migrant population to the same share as Australia's (up from 3% to 15% of the total), it could offset most of the slump. Benefits for the migrants themselves can be vast, too. Lant Pritchett of the London School of Economics, an advocate for temporary migration, estimates that workers in the 11 largest developing countries could lift their wages by an average of 424% were they able to take low-skilled jobs in America.

Guest-worker visas are nonetheless a source of bien pensant squeamishness, with two worries taking precedence. The first has to do with integration. Perhaps the most famous scheme in European history is West Germany's Gastarbeiter programme, which ran from 1955 to 1973 and brought in around 14m working migrants, including lots of Turks. Many stayed for decades without a path to citizenship; they often spoke little German and struggled to build good lives. As late as 1982, Helmut Kohl, then chancellor, mused about sending them back to their country of origin.

The second concerns abuse and exploitation, stoked by reports of harsh conditions in the Gulf. Many visas are tied to an employer, making it hard for the migrant to quit. In 2022 Japan's health ministry found that 74% of firms employing guest workers were in breach of labour laws, including failing to meet safety standards and demanding unpaid overtime. In Europe, rule-skirting adds to the risk. Because some countries such as the Netherlands issue few non-EU permits each year, employers use a workaround. They recruit in, say, Poland or Slovenia, and then take advantage of the EU's free-movement rules to bring the worker to the Netherlands. On paper, he or she is employed in the visa-issuing country; in practice, many recruiters run little more than shell offices. Migrants do not know which country's laws apply, leaving them dependent on middlemen.

Despite the risks for their citizens, developing countries—eager for remittances and a solution to domestic unemployment—are enthusiastic about guest-worker schemes. The result has been a barrage of bilateral agreements. Uzbekistan, for instance, has signed deals across Europe in a strategy that is bearing fruit. The country's central bank recorded $8.2bn in remittances in the first half of the year, up from $6.5bn in the same period last year. That is sizeable, given Uzbekistan has a GDP of $132bn. Similarly, India has signed deals loosening restrictions on temporary migration with Britain, France, Italy, Japan and others. Some come with a sweetener for migration-sceptical Western politicians, being bundled with promises from the Indian government to help repatriate anyone who overstays their visas. So keen is the Vietnamese government that it sets targets for "labour exports". This year it aims to send 130,000 workers abroad.

The benefits for the developing world may also go beyond cash inflows. Laurent Bossavie of the World Bank and co-authors find that returning migrants are far more likely to start their own companies, using money made abroad. Based on data on the employment and earnings of 5,000 Bangladeshi migrants, they suggest that a 50% drop in the cost of migration for workers heading overseas raises the country's rate of business creation by 8%.

Growing appetite for temporary migration has led to a boom for businesses that pair workers and firms across borders. Margaret Mugwanja of Silver RayHR, a Nairobi-based company, was once a migrant herself. After working in South Africa as a nurse, and receiving an offer to do so in Britain, she instead established her own recruitment firm. Once it mostly hired support staff for American military bases in Afghanistan and Iraq. Now it sends Kenyans to rich countries, including Germany, Italy and Japan, to work in a variety of jobs, including as electricians, IT professionals, nurses and plumbers. Recruits have usually trained in their line of work already, but learn the language of their host country in Kenya before making the journey.

How should temporary-migration schemes operate? Despite their upsides, existing programmes have limitations. Looking at Denmark, Andrei Gorshkov of IFAU, a Swedish research institute, calculates that short-term migrants enjoy slower productivity gains than their permanent peers, reducing the benefits of migration for themselves, their employer and the host country. Employers, expecting high turnover, are often reluctant to invest in training, says Giovanni Peri of the University of California, Davis. Moreover, much of the improvement in the productivity of permanent migrant workers comes from their ability to switch between companies.

Economists who study migration therefore argue in favour of portable visas that enable job-switching. Such flexibility would increase the dynamism of labour markets, and help curb abuse. Companies that hire migrants are likely to resist this, since they often face a steep upfront cost and want to make a return: a British farmer, for instance, can spend £20,000 ($27,000) in fees when bringing in a worker. Yet change is nevertheless on the way. Last year Australia extended the amount of time migrant workers have to find a new employer after leaving their sponsor from 60 to 180 days. Canada and Japan are also making it easier for migrant workers to move jobs within industries. And even Texan Republicans are pushing for a portable visa for the state's agricultural labourers.

In many countries, new political realities have made old forms of migration untenable, at the same time as the need for workers is becoming ever more pressing. Governments from across the political spectrum have little choice but to find forms of migration they and their voters can live with, as well as ways to improve and expand the paths for short-term work that already exist. Over time, that is likely to make migration look less like a ladder—taking migrants towards permanent settlement and citizenship with each step—and more like a revolving door. ■

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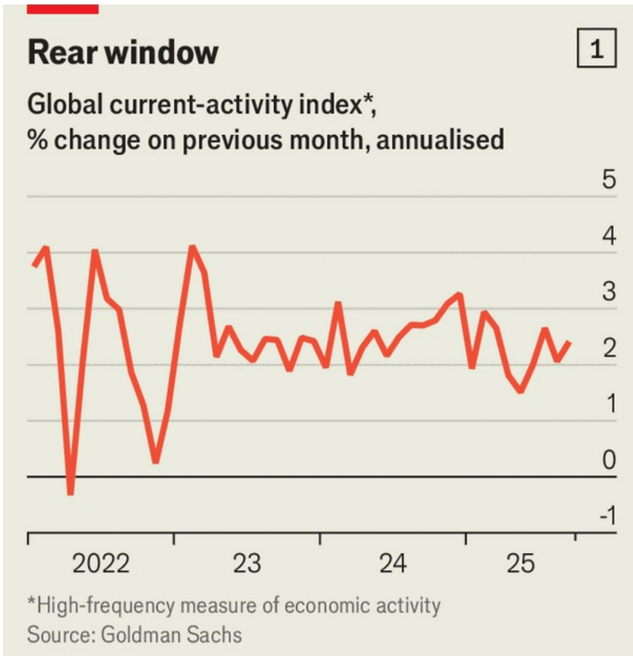
Finance & economics | Liberated

The world economy shrugs off both the trade war and AI fears

Can anything bring it down?

October 23rd 2025

SIX MONTHS ago, as President Donald Trump announced a trade war of unprecedented ferocity, firms and investors braced for a slump. Movements in financial markets pointed to a recession. American consumers' confidence nosedived. So did some real-time measures of economic growth. Yet today, even as America and China trade bitter barbs, there are fewer "Liberation Day" effects than expected.



A "current-activity" indicator produced by Goldman Sachs, a bank, finds that after slumping in the spring, the global economy is growing nearly as fast as before Mr Trump got going (see chart 1). The JPMorgan global composite PMI, a high-frequency gauge of activity, looks strong: in August it hit a 14-month high. A real-time measure from the Federal Reserve Bank of Atlanta suggests that in the third quarter of 2025 America's GDP grew by 3.9% at an annualised rate—a strong performance, though almost everyone expects the fourth quarter to be weaker. Just one OECD country, Finland, is in recession, compared with eight in early 2023. In April economists downgraded their forecasts for global economic growth in 2025 to 2.2%; now the consensus is 2.6%, where it was at the beginning of the year.

The global economy is doing well in part because Mr Trump's tariff war is turning out to be less brutal than expected. His policies in April had implied an effective American duty as high as 28%. Following a series of climbdowns, imports currently face a tax of a little over 10%. Meanwhile, gung-ho fiscal policy, especially in America, is stoking demand. These favourable conditions may come to an end: Mr Trump could slap on fresh tariffs at any moment; at some point governments may find a way to reduce budget deficits. For now, however, financial markets believe that the economic momentum will last.

Investors expect a decent corporate-earnings season for the third quarter of this year, after a second quarter in which global company profits grew by 7% year on year—above the historical average. The MSCI ACWI, an index of global stocks, is at all-time highs. During economic expansions “cyclical” firms—those supplying discretionary items such as cars and construction equipment—typically outperform “defensive” firms, with products that people need whatever the weather. In sharp contrast to April, the share prices of global cyclical firms are on a tear.

On top of this, common economic worries are less fearsome than they first sound. One concern is that artificial-intelligence investment spending, especially on data centres, is the only thing keeping the party going, spelling disaster if investors cool on the tech. This argument is strongest in America, where investment in information-processing equipment and software (IPES) accounted for 40% or so of growth in real GDP over the past year. Yet, at a minimum, two-thirds of IPES has nothing to do with AI. The data include, for instance, a business buying a computer. In addition, outside America there is no evidence whatsoever that IT is driving growth.

A second concern relates to jobs. Employment growth in America has slowed, raising fears of AI-induced unemployment. Not so fast. A new study by the Yale Budget Lab finds that “the broader labour market has not experienced a discernible disruption since ChatGPT’s release.” Outside America there is little evidence of an employment slowdown. In the first half of the year other OECD countries added 3m jobs, in line with the norm before the covid-19 pandemic. To the extent that America’s labour market is weak, particular factors such as the Trump administration’s crackdown on immigration may be to blame.

A third worry relates to consumer confidence. Although in America it has risen from lows in April and May, it remains far below its pre-covid level (see chart 2). The situation is only a little better elsewhere. A global measure of economic-policy uncertainty remains high, as do Google searches for "tariffs", suggesting Mr Trump's policies still weigh on people. Others fear that an AI stockmarket bust would make people even more miserable. Economists typically argue that gloominess portends an economic slowdown. Yet, six months on from Liberation Day, if high uncertainty were to have such an effect, it surely should have done so by now. The global economy has become remarkably resilient to "crises". ■

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Finance & economics | Bump in bumpin'

Why are American women leaving the labour force?

Maybe they are becoming tradwives. Or maybe there is a more straightforward explanation

October 23rd 2025

FOR ALMOST 80 years, since America's Bureau of Labour Statistics began splitting data by gender, at least one story has been true: women have been gaining on men. In 1948 just 32% of women were employed or seeking work, against 87% of their male peers. By the end of the 1990s, some 60% of women were in the workforce, alongside 75% of men. During the 2000s and 2010s, the gap continued to shrink, albeit because male employment was falling. Then the covid-19 pandemic pushed workers out—but women recovered faster, narrowing the gap between the sexes to just 10.1 percentage points by early 2025, the smallest on record.

Now something has changed. Although men's participation is steady, women are leaving the workforce. From a post-covid high of 57.7% in August 2024, their participation rate has fallen by almost a full percentage point, to 56.9%—implying over 600,000 women have absconded. Labour-force data can jump about, and there is lots to explain volatility at present, from federal firings to a sharp fall in immigration. Still, the male-female participation gap has seen its biggest rise since the 1950s.

What might lie behind the trend? The obvious explanation would be a change in the nature of the American economy. Men and women work in different industries—maybe female-dominated ones are struggling. Yet the data suggest otherwise. According to surveys by the Census Bureau, the sectors that have lost the most jobs in the past year are retail, manufacturing and transportation, which are relatively balanced or skew male. Meanwhile, education and health care, which are dominated by women, have added workers.

Perhaps, then, the explanation is a social shift. "Tradwives", who sing the praises of old-fashioned gender roles, are ascendant on TikTok—maybe they are in real life, too. Or it could be that mothers are leaving work because of soaring child-care costs. At first glance, the idea of a maternal retreat from work seems to be corroborated by the Census Bureau's data: the participation rate for "prime-age" women (25- to 54-year-olds) with children under five has fallen from a post-pandemic high.

But that may not be because prime-age women are leaving the workforce permanently. There were 7.8m women with young children in work two years ago; there are 7.9m working now. Instead, the fall seems to reflect a rise in the number of young mothers. Many couples postponed weddings during the pandemic, leading to a surge in vows in 2022. And it is common for couples to have children a year or two after they tie the knot. Although official data on births come with a lag, surveys from the Census Bureau indicate America may be experiencing a mini post-pandemic baby boom, which could be sufficient to pull women from the workforce.

In some senses, this is good news: many will return to work after maternity leave. But the question is how the trend will interact with rules around working from home. Misty Heggeness of the University of Kansas has shown that women who were pregnant in March 2020, and could not have known what was about to occur, have higher participation rates than those who had children a year earlier, perhaps because remote work made their dual role easier.

Now return-to-the-office mandates are becoming more common among many employers. Will mothers who are part of the mini baby boom thus return to work at lower rates? Your correspondent's experience provides some reason for optimism. She married in 2022 and late last year became the proud mother of a bouncing, babbling baby boy. You can deduce, from the existence of this article, that she has since returned to the workforce. ■

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Finance & economics | Red flag

Trumponomics is warping the world’s copper markets

It may not end well

October 23rd 2025

A dinner hosted by the London Metals Exchange every October is where “base” metals meet the West End. In a glitzy ballroom, 1,500 black-tied guests talk beneath chandeliers, take selfies on balustrades and clap at rusty jokes. At the VIP table, miners and ministers craft deals while sipping chardonnay. Bets are placed on how long the post-dinner show will last—a 20-minute rendition of “Mamma Mia!” featuring LME bosses, it turns out. Award winners go home with a bottle of fizz.

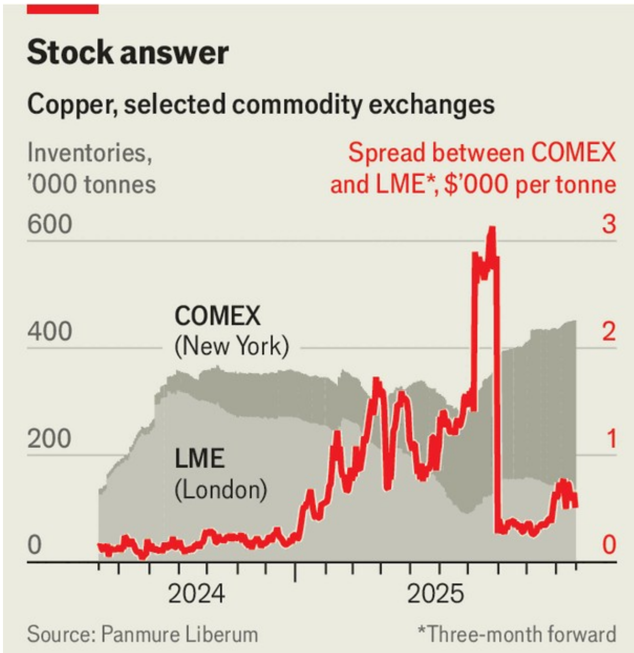
Metal traders have reason to feel bubbly. The tariffs President Donald Trump has imposed on America’s aluminium, copper and steel imports have created vast arbitrage opportunities that they are busy exploiting. Copper, in particular, has been on a tear; it is now priced above $10,600 a tonne in London, an 18-month high. Elevated prices have sparked a $50bn merger between Anglo American and Teck Resources, two giant miners. BHP, the world's biggest, is considering reopening defunct mines. Even Saudi Aramco, an oilier firm, is hiring copper traders.

Yet the copper craze is strangely timed. The metal, long known as "Dr Copper" for its ability to diagnose economic conditions, should not be so perky at a time when the world's economy, though resilient, is hardly surging. What is going on?

Three possible explanations stand out: prices could be buoyed by strong demand, scarce supply or economic policy beyond copper "fundamentals". Start with demand. Investors who are bullish about copper draw attention to its role in the energy transition and the artificial-intelligence boom. An electric car needs two to four times more copper than a petrol one; the metal is also required in grids and wind turbines. This year new data centres are expected to eat up perhaps 300,000 tonnes of refined copper, or 1% of global output.

This case has been made for a while, however. At the party, analysts joked that the great copper crunch is always four or five years away. As new technologies mature, they often become more frugal: an electric car made in 2025 needs about 10% less copper than one built in 2020. Meanwhile, the usual engines of copper demand are stalling. China's troubled economy is becoming less reliant on construction, which used to devour the stuff. That could free up 2m tonnes a year, reckons Tom Price of Panmure Liberum, a bank. He expects the world's overall appetite to shrink, not surge, in what remains of this year.

Another possible reason for the price surge could be elusive supply. On September 8th a mudslide hit Indonesia's Grasberg mine, the world's second-largest. The facility remains shut; Freeport, its operator, does not expect full production to resume before 2027. The outage, together with disruptions in Chile and the Democratic Republic of Congo, could remove 400,000 tonnes of refined copper supply in 2025. Indeed, the copper price jumped by 4% when Freeport declared force majeure at Grasberg, on September 24th. Even so, this year's accidents are not enough to tip the world into deficit. Their combined effects are easily absorbed by the industry's typical "disruption allowance". And that is before accounting for Chile's Escondida mine, the world's largest, which is producing unexpectedly large amounts.



That leaves economic policy as the only credible explanation for the price surge. Mr Trump's trade barbs have warped copper markets. In July, having toyed with the idea for months, America set a 50% tariff on imports of the metal. Copper prices, which had since January been rising far more rapidly in New York than in London, jumped even higher on the news, hitting records on the American bourse. They fell in August, when Mr Trump exempted refined copper from the duties, but are rising again, amid speculation about new tariffs. The arbitrage opportunity has caused an exodus of stock to New York (see chart). Some 340,000 tonnes are now stranded in the city, up from 80,000 in January.

Such distortions are mostly neutral for copper prices in London, which are the global benchmark. A moderation in America's economy has led the Federal Reserve to lower interest rates, and the dollar has fallen this year. That makes commodities, priced in dollars and bearing no yield, more attractive to big, generalist investment funds, which have swarmed the copper market since 2020.

The influx of “tourist” buyers, for whom copper is only a tiny chunk of diverse portfolios, appear to pay little attention to the nitty-gritty of supply and demand. Their obsession with interest rates makes metal prices stickier. Yet at some point gravity may assert itself. Macro funds may lose their poise if, say, China’s economic slump worsens or triple-digit tariffs cause copper demand to crash. The metal’s big party could end with a fearsome hangover. ■

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Finance & economics | Leaps and limits

Can AI make the poor world richer?

It promises a level playing field. So have past technologies

October 23rd 2025

Elly Ntonde was revising for his chemistry exams in Budondo, Uganda. The village has unpaved roads, no running water and flickering electricity. Yet when the 18-year-old was struggling with how metals react to acid, the world's most advanced tutor was only a few taps away. He walked to a shop, bought 100mb of data and loaded it onto his phone. In seconds, ChatGPT had explained the answers.

Mr Ntonde's experience captures the promise of artificial intelligence. Less than three years after ChatGPT's launch, some 800m people—a seventh of the world's adults—use it each week. Many are in the developing world, where populations are young and tech-savvy. After America, India and Brazil are the biggest markets. A UN survey finds confidence in AI is higher in countries where human-development scores are lower. And, according to GWI, a consumer-research firm, Ghanaians and Nigerians are among the keenest users.

Can AI democratise knowledge—putting a tutor, doctor or adviser in every pocket? Early studies hint at the promise. In Nairobi, OpenAI and Penda Health, a chain of primary-care clinics, tested a tool that advised doctors during consultations. In a randomised trial covering nearly 40,000 patient visits across 15 clinics, doctors with the assistant cut diagnostic errors by 16% and treatment errors by 13%. In Nigeria, a six-week after-school scheme using Microsoft Copilot—in which pupils interacted with the chatbot twice a week—boosted English scores by the equivalent of nearly two years' extra schooling.

The hope is that, like mobile phones before it, AI might bypass old bottlenecks. In the 1990s most African countries had fewer than one telephone line per 100 people. By skipping the wire stage and going straight to mobile, they reached near-universal phone access within two decades. AI could spread through cheap smartphones and local models. To do so, three hurdles must be cleared: connectivity, users' abilities and institutional capacity.

Begin with connectivity. AI requires internet access. Although nine in ten people in rich countries were online in 2024, only one in four were in poor countries. Nearly 85% of Africans live within reach of a mobile-broadband signal. But data, even in pay-as-you-go form, is often too pricey.

The good news is that, from the user's point of view, AI is relatively cheap. A single search-results page, laden with images and ads, uses 3,000 times more data than a text-based AI query. Owing to falling inference costs, sending a prompt to ChatGPT was already 90% cheaper in 2024 than loading search results. That could make access to information more affordable. Yet users still have to be online; efforts to deliver AI services via SMS remain prohibitively expensive, as mobile operators impose hefty mark-ups. Until data becomes cheaper and connectivity expands, the AI revolution risks missing the poorest.

Even where people are connected, many lack the skills to use AI productively—the ability hurdle. The World Bank estimates that 70% of ten-year-olds in low- and middle-income countries cannot read a simple text. For new users, opening a chatbot, typing a prompt or interpreting its response can be daunting. Getting value from such tools also requires knowing what to ask. Nicholas Otis of the University of California, Berkeley, and co-authors found that stronger Kenyan entrepreneurs raised their profits by more than 15% with an AI assistant, while weaker ones saw profits fall after following generic advice. In Budondo, Mr Ntonde sees a similar divide. Roughly half of young people own basic smartphones and experiment with AI, he says, but most use it primarily for entertainment—such as creating Ghibli-style portraits of themselves to post on social media—rather than to study or work.

Language magnifies the problem. Most AI systems are trained mainly on English and other rich-country tongues, leaving hundreds of African languages barely represented. The result is a gulf between what AI can say and what many can understand. A small but growing group of researchers is trying to close the gap. Projects such as Masakhane, Ghana NLP and Kencorpus—community-led initiatives that build open datasets for African languages—are laying the groundwork. Open-source and voice-based tools now complement these efforts, hinting at a future where people can speak to machines in their own languages.

But the highest hurdle is not access to technology. Iqbal Dhaliwal of the Abdul Latif Jameel Poverty Action Lab, a research centre, notes a history of "silver-bullet" technologies that failed since they were not integrated into existing institutions. Massive open online courses, hailed as the future of education, barely lifted learning outcomes in poor countries as they operated outside schools—offering content without the teachers or exams to make it stick. AI could now follow a similar path. Taha Barwahwala of Columbia University and co-authors studied a model used in one Indian state to detect fake firms. Although the algorithm successfully flagged thousands of non-existent companies, enforcement failed to improve as officials lacked incentives to act on its findings.

Ultimately, the success of AI will depend on whether it can lift productivity across entire economies, not just improve individual services. As Lant Pritchett of the London School of Economics notes, no country has achieved mass education or good health without first becoming richer. Broad-based growth, driven by rising worker productivity, is what underpins lasting gains in human capital.

And technologies raise productivity only if businesses reorganise to exploit them. When factories first replaced gas lamps with light bulbs, little changed; when they redesigned production around electric machinery, output soared. Research by Diego Comin of Dartmouth College and Martí Mestieri, then of Northwestern University, looked at 25 general-purpose technologies over two centuries and found that newer inventions such as PCs and the internet reached poor countries faster, yet their use remained shallow. AI adoption may be still more demanding. Even in rich countries, firms struggle: in America only about one in ten report using the tech in production. For poorer economies, the challenge is steeper still. ■

Finance & economics | Buttonwood

Why investors still don’t believe in Argentina

Despite the best efforts of Donald Trump and Scott Bessent

October 23rd 2025

A bail-out from America can stop a financial crisis in its tracks. In 1995 President Bill Clinton lent Mexico $20bn as its currency collapsed. Two days later, sniffing a bargain, investors were willing to buy the country’s bonds. On September 22nd Scott Bessent must have hoped for a similar reaction. The Argentine peso was sliding in the build-up to make-or-break midterms on October 26th. So America’s treasury secretary announced that he would support the currency unconditionally. “All options”, said Mr Bessent, “are on the table”.

It did not have a Clintonian impact. After briefly rising against the dollar, the peso has fallen below where it was before Mr Bessent made his move. Yields on Argentina’s ten-year dollar debt are creeping up. Why are investors unconvinced? Javier Milei, Argentina's president and an ally of President Donald Trump, has ended many of the habits that led his country to the brink, such as running vast deficits and printing cash. The peso, in theory, now also has a rock-solid backstop from America.

That might seem like enough to reassure investors. But for Mr Bessent's manoeuvre to work, he would have to be willing to take responsibility for the very worst that could emerge from Argentina's political and financial mess. And despite Mr Bessent's stated intention to do whatever is needed, the bail-out offered suggests something rather less.

So far, Mr Bessent has bought pesos worth $750m and confirmed a swap line with Argentina's central bank that is worth $20bn. The dollars will help Mr Milei, who is fighting to keep the currency within a band system he established in April—but only up to a point. Together America and Argentina are burning through dollars at an extraordinary pace in their attempt to bolster the peso. On October 6th alone, Argentina is reported to have sold $480m.

Worse, Argentina has an onslaught of dollar debts due in the coming months. Repayments will require at least $18bn in 2026. If the government is unable to find the dollars required, it risks a nightmare. Out of firepower, Mr Milei would be able only to watch as capital fled the country and the peso tanked further, making debt repayments still less affordable. The government would be unable to borrow from anyone; the peso could be worthless.

Argentina's own reserves are too depleted to cover the bill. On September 26th the government had just $2.2bn readily available. By October 7th traders reckoned that its usable reserves might have fallen to $700m. Even these are borrowed, since Argentina has long struggled either to export much or attract foreign investment. The country has all but exhausted the IMF, its biggest creditor. The fund's officials plan to lend just $1.5bn to Argentina in 2026 (though they have agreed to bring forward payouts). In order to avoid a run on the peso, Argentina needs more dollars from elsewhere.

Exactly how many it will need depends on how long Mr Milei intends to prop up exchange rates. He has promised for a while that the peso will eventually float. That, too, will require reserves. Argentina still places capital controls on its banks and businesses, meaning that a rush for dollars in the event of full liberalisation could leave some short.

Never floating the peso would be more dangerous. But freeing the currency from its guardrails would be unpopular: its value would plummet, raising the price of imports, including food and fuel, and therefore inflation. Mr Milei has so far shied away from the pain. Especially if he loses the coming elections, he may never take the plunge. He must face voters himself in 2027.

If he does not take the plunge, would America supply tens of billions more dollars? Mr Bessent serves a president who makes decisions on the fly, and has himself described America's intervention as only a "bridge to the election". On October 14th Mr Trump said that Argentina's bail-out was conditional on Mr Milei's victory; he is sceptical of foreign spending, even when it goes to friends. There is also a limit to the funds available without consulting other arms of the government, which are unlikely to indulge Mr Trump. The Emergency Stabilisation Fund, an instrument Mr Bessent plans to use, can lend for only six months without Congress's say-so.

Before bailing out Mexico in 1995, Mr Clinton's advisers cautioned him. "If you send that money", one said, "and it doesn't come back before 1996, you won't be coming back". Thirty years on, Mr Trump is not immune from such considerations. And investors know it. ■

Finance & economics | Free exchange

China is being fuelled by inspiration, not perspiration

So long as its leaders are not lying

October 23rd 2025

When China's leaders talk of the country's economy, they often speak in Communist Party jargon, citing terms such as "dual circulation", "new productive forces" and "involution". Recent commentary has also featured a bit of jargon drawn straight from mainstream economics: "total factor productivity", or TFP. A rise in TFP is the "hallmark" of new productive forces, Xi Jinping, China's leader, said last year. On October 21st the People's Daily, a party newspaper, urged China to pull "the bull's nose of innovation and strive to improve total factor productivity".

Stirring stuff. But what exactly is this prize for which China must strive? TFP is best defined by what it is not. Some economic growth comes from mobilising more workers and giving them more machinery and infrastructure with which to work. TFP growth captures everything else. It is the name economists give to increases in output that cannot be explained by increased inputs, such as capital, labour and other "factors" of production.

There are "at least 1,001 ways" to improve TFP, according to Arnold Harberger of the University of California, Los Angeles. One of his favourite examples is a clothing boss who got 20% more out of his seamstresses by playing background music in his factory. TFP is often associated with technology and efficiency, as opposed to effort or expense. Paul Krugman, a Nobel-prizewinning economist, once described it as "inspiration", not "perspiration".

China's leaders, who met this week to review the country's new five-year plan, want its progress to be less sweaty and more inspired. They have little choice. China will not be adding labour in the years ahead: its workforce has already fallen by over 20m since 2016. And China's rapid rate of capital accumulation will become harder to sustain as its population ages and its saving rate declines. When China's leaders reimagine the country's growth model, they see TFP as an important yardstick for success.

China does not, however, often publish an official measure of TFP growth. The most widely cited estimate comes from the Penn World Table, begun by economists at the University of Pennsylvania in the 1970s and now overseen by Robert Feenstra of the University of California, Davis, as well as Robert Inklaar and Marcel Timmer of the University of Groningen. The project calculates comparable estimates of GDP and factors of production, holding prices constant across time and space. By one estimate, two-thirds of empirical work on growth across countries draws on it.

Recent editions suggest China's growth has been bereft of inspiration. According to the tenth version, released in 2021, TFP actually shrank between 2009 and 2019 (the last year in the data). China's economy, in other words, grew by less than you would expect given the extra inputs it amassed. Out of 118 countries with data, China's TFP growth ranked 83rd. Figures like these have contributed to a pessimistic view of China. A similar calculation appeared in the book "Danger Zone" by Hal Brands of Johns Hopkins University and Michael Beckley of Tufts University, who coined the term “Peak China”. They concluded that China is trapped in a “quagmire” reminiscent of the Soviet Union.

But the latest edition of the Penn World Table, released this month, paints a different picture. It reports that China’s TFP grew by 2.3% a year from 2009-19, ranking sixth in the world. Over the most recent decade in the data (to 2023) it ranked third. What explains the transformation? TFP performance reflects the gap between GDP growth and input growth. Although China’s input growth is largely unchanged, the new table has chosen a different measure of GDP. It has adopted China’s official figures, unlike earlier editions, which relied on numbers calculated by Harry Wu of Peking University. Since China’s official growth is faster than Mr Wu’s alternative estimates, its TFP numbers look better, too.

The switch was motivated by several concerns. Mr Inklaar worried that departing from the more familiar, official numbers might confuse researchers. “If we make too many of these...adjustments, people stop using the database because they can’t trace [its figures] to what others are reporting,” he says. Mr Inklaar is also wary of singling out China. Yes, its data has raised doubts. Yet so has that of other emerging economies.

Moreover, Mr Inklaar argues that not all of Mr Wu’s assumptions are as compelling today as they were when he first made them. To estimate industrial growth, Mr Wu starts with physical measures of the output of more than a hundred commodities, such as tonnes of coal, litres of liquor and metres of cloth. He then combines their growth rates into an index, carefully weighted to reflect the changing structure of China’s economy. For certain services such as education, finance, government and health care, Mr Wu takes a simpler approach. He assumes they grow only as fast as their workforces (ie, by 0% a year per worker). That contrasts with the 5-6% growth implied by the official figures.

His approach serves as a useful check on the official figures. But as Chinese industry has become more sophisticated, its output is harder to capture with physical measures. Services have also become a bigger part of the economy. Thus more rests on his assumption of 0% growth in output per worker. Although such a pace is in line with international experience, there are exceptions. By Mr Inklaar's count, growth has exceeded 2% per worker in at least seven economies, including India and Malaysia.

If anyone knows whether China's figures are more realistic, it is presumably China's leadership. If they are confident, they can look with satisfaction at the economy's performance over the past decade. If they secretly believe that Mr Wu's figures are better, they have work to do. There are 1,001 ways to improve TFP. China's leaders might start by improving their statistics. ■

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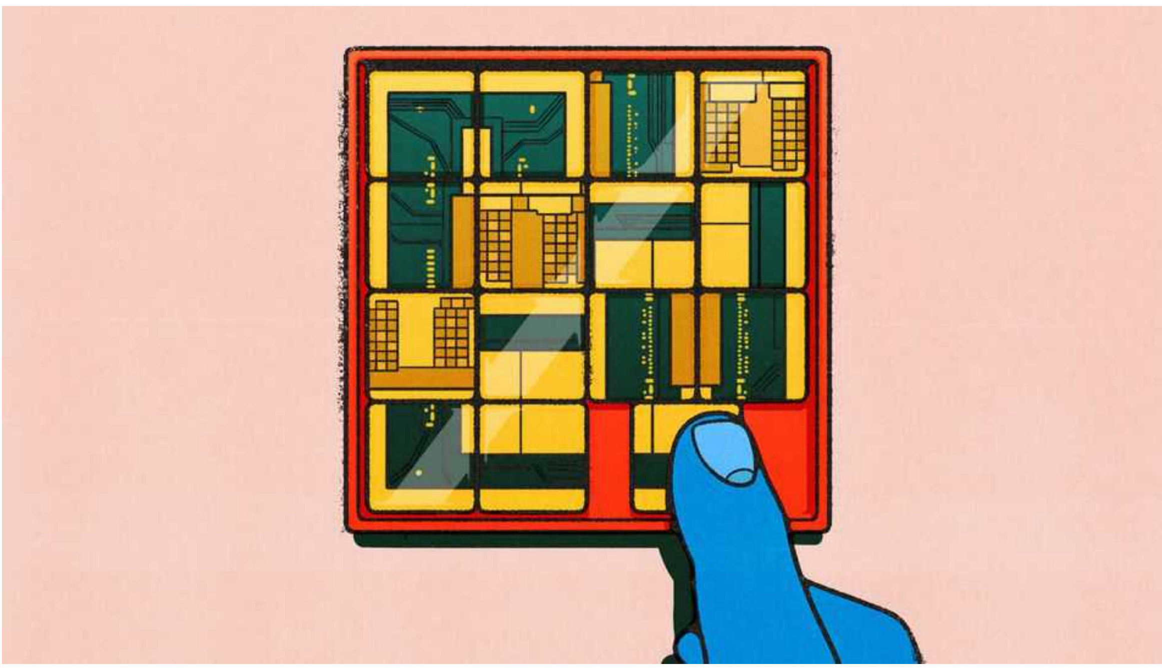
Science & technology

Science & technology | The mother of invention

China’s chipmakers are cleverly innovating around America’s limits

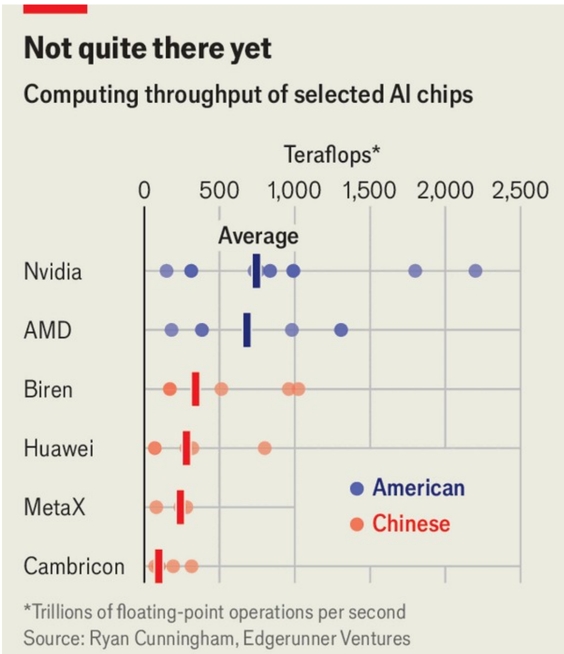
They are pushing tools to the edge, scaling up and relying on fuzzy maths

October 23rd 2025



THE MICROCHIP wars have been running since 2018. That was when America under Donald Trump (and later Joe Biden and Mr Trump again) began imposing increasingly onerous export restrictions on semiconductor firms hoping to sell their wares in China. This high-tech embargo was intended to frustrate China’s ambitions to build an advanced chipmaking industry of its own.

Instead, it has spurred them. China’s government is hoping that its firms can do with hardware what they have already done with software, and innovate around America’s limits. In January DeepSeek, a Chinese software firm, surprised the world by releasing an artificial-intelligence (AI) model that was competitive with Western rivals despite having been trained using a fraction of the computing power. China's chipmakers are trying to perform a similar trick. They are stretching tools to their limits, building big clusters of processors to offset slower chips and fusing hardware and software to wring out every drop of performance. The question is whether China can connect these components—chips, systems and code—into a self-sufficient, competitive AI "technology stack".



Start with the chips themselves. Data collected by Ryan Cunningham of Edgerunner Ventures, a venture-capital firm, suggests the median performance of Chinese AI chips is 114 teraflops (a trillion calculations a second), putting them significantly behind their American competitors (see chart). Huawei's flagship AI chip, the Ascend 910C, delivers 800 teraflops compared with 2,500 teraflops for the B200, a high-end Nvidia product.

A big reason for the gap is that these chips are hard to make. For the past half-century the most reliable way to speed up a microchip has been to shrink its transistors, the tiny electrical switches whose on or off states represent the 1s and 0s of binary arithmetic. The B200 sports 208bn transistors divided into thousands of individual cores, all crammed into a sliver of silicon a few dozen millimetres across.

Only three firms—Samsung Semiconductor, a Korean company; TSMC, a Taiwanese one; and (to a degree) Intel, an American firm—can make chips with the very tiniest transistors. TSMC dominates the market, but American pressure means its most advanced factories are closed to Chinese customers. They must make do instead with local chipmakers such as SMIC, a partially state-owned firm, and Huawei, a tech giant that operates fabrication plants of its own.

But SMIC and Huawei face restrictions too. Chipmaking factories use advanced machine tools made by yet another set of companies. Lithography machines, for instance, use light to etch the circuit patterns that make up a microchip onto wafers of silicon. In the same way that a calligraphy pen can draw more precisely than a crayon, shorter wavelengths of light allow finer details to be etched. The most advanced machines use extreme-ultraviolet (EUV) light with a wavelength of 13.5 nanometres (nm; billionths of a metre). They are made only by ASML, a Dutch company, which spent decades perfecting the technology.

Thanks once again to American pressure, ASML will not sell EUV machines to Chinese chipmakers, whose only option is therefore to push their older "deep ultra-violet" (DUV) systems, which use 193nm light, to their limits. One tactic is "multi-patterning". Instead of exposing a wafer to the light source once, engineers repeat the process several times, building up smaller features that would be impossible to produce in a single pass.

Multi-patterning also adds cost, slows production and reduces yield (the proportion of chips on each wafer that are free from defects). For China, self-sufficiency probably matters more than efficiency. But there are physical limits to how far DUV can be pushed. Most analysts reckon that, unless China can secure a supply of ASML's EUV machines, large-scale production of the most advanced chips is still years away.

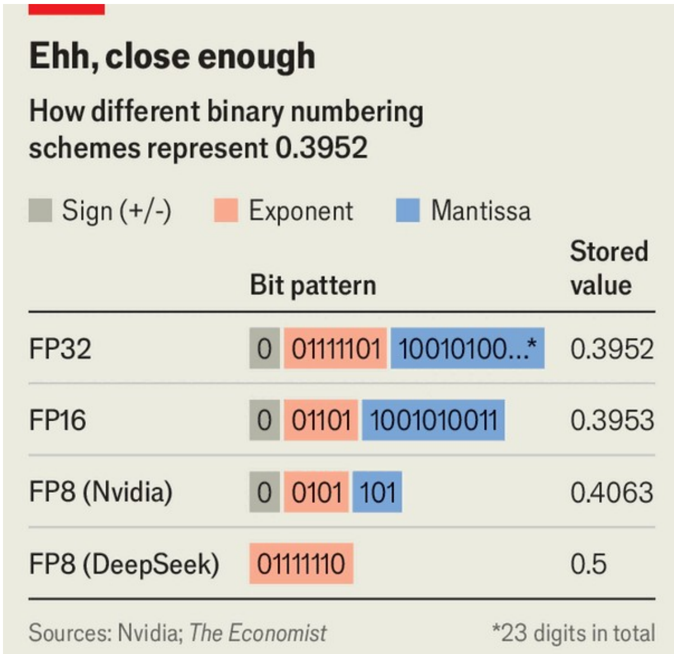
If China is still behind on quality, another option is to go for quantity. The mathematics of AI lends itself well to "parallelisation", in which a task is chopped into smaller chunks to be worked on by many chips at once. In April Huawei announced the CloudMatrix 384, an AI system designed to slot into data-centre racks. It links 384 of the firm's Ascend 910C chips together, and is designed to compete with Nvidia's GB200 NVL72 system, which sports 72 of that firm's B200 chips.

SemiAnalysis, a consultancy, reckons each Ascend chip has about a third of the performance of a B200. Using five times as many thus gives Huawei's system a bit less than twice the performance of Nvidia's offering. The trade-off is power consumption: the Huawei system uses 600kW of electricity, more than four times more than Nvidia's machine. But Mr Cunningham reckons that is a sensible trade-off. Energy, he notes, "is not a problem in China".

Connecting lots of chips in this way also plays to Huawei's strengths. The company built its reputation in computer networking. The CloudMatrix 384 shuffles data around as pulses of light rather than electricity. Optical networking, as that approach is called, uses less power and produces less waste heat than the electrical sort. It was once found mainly in long-distance fibre-optic cables, but is now moving into data centres. Qingyuan Lin, a chip analyst at Bernstein, an investment firm, says Huawei's approach is "fundamentally changing" how AI infrastructure is built.

The final leg of China's strategy is to closely tailor its hardware to the software that will run on it. One example is the way in which chips handle numbers internally. Most general-purpose processors represent numbers with 32 or 64 bits, or binary digits. As with decimal counting, the more digits you have available, the bigger the range of numbers you can represent. More digits also allow a better approximation of numbers that cannot be represented exactly, such as 2/3 in decimal, or 1/5 in binary—both of which will produce an infinitely repeating pattern of digits. But each bit—each 1 or 0—requires a transistor to represent it, and every extra transistor consumes more electrical power.

AI models, though, can tolerate some fuzziness in their maths. Many modern AI chips therefore make do with representing numbers with just 16, 8 or even 4 bits. Rakesh Kumar, an electrical engineer at the University of Illinois at Urbana-Champaign, calls this a "simple but very effective" way to optimise hardware. In August DeepSeek, which is rapidly becoming a standard-setter for Chinese AI, released a new numbering format. It stores numbers in eight bits, does not distinguish between positive or negative numbers, and lacks a fractional component entirely.



Such a scheme cannot represent a big range of numbers, and lacks precision. But it should also be much more efficient. Shares in Cambricon Technologies, a Chinese chip designer, surged after DeepSeek's announcement; its processors already support the company's format. Huawei's do not yet, but probably will soon.

China's attempt to build a domestic AI stack, then, is off to a promising start. But there is far to go. Nvidia's CUDA AI-programming tools remain dominant. Chinese designers still rely on American programs, made by firms such as Synopsys or Cadence, to design their chips in the first place. (America banned both firms from exporting to China in May, before relenting in July.) And though Chinese chips are closing the gap in inference—where AI models respond to user queries—they remain weaker in the training phase used to create those models in the first place. Training models requires huge amounts of data to be shuttled in and out of memory—and advanced memory chips are another component to which America has sought to restrict China's access.

But if computing and AI are considered vital for national security, China's industry does not need to be the world's best to be useful. Hardware that is merely competitive could go a long way. Officially, at least, China is projecting confidence. In April America restricted sales of Nvidia's H20 chip, a made-for-China product deliberately hobbled to meet export rules. But when the White House relented a few months later the Chinese government responded not with relief, but by urging its tech firms to double down. They should ditch Nvidia's products entirely, it said, and use domestic alternatives instead. ■

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Science & technology | Sparrowcide in China

How the persecution of sparrows killed 2m people

The birds were almost wiped out during China's Great Leap Forward

October 23rd 2025

IN 1958, UNDER the rule of Mao Zedong, China began the Great Leap Forward, a four-year attempt to transform the country from an agrarian society into a modern industrialised one. It was a disaster: the industrialisation was stillborn, and the collectivisation of farming caused one of the biggest famines ever recorded. Somewhere between 15m and 50m people are thought to have died.

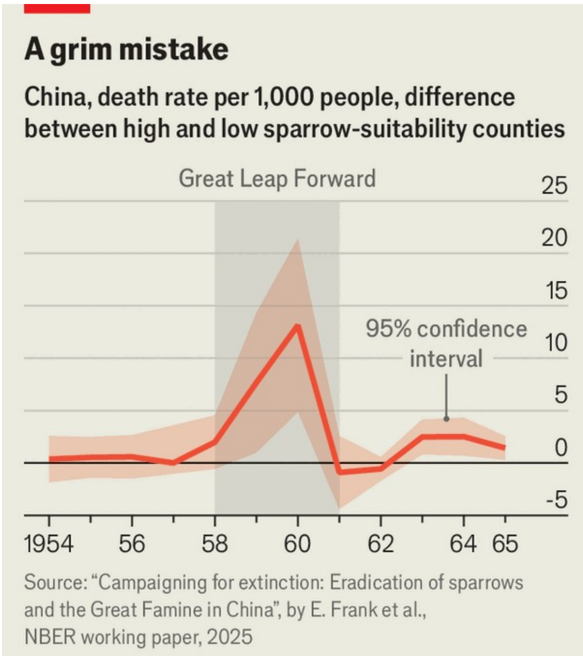
In a working paper for the National Bureau of Economic Research, an American organisation, Eyal Frank, an environmental economist at the University of Chicago, and his colleagues examine one of the Great Leap Forward's grimmer quirks. The "Four Pests" campaign aimed to rid China of flies, mosquitoes, rats—and sparrows. There was no great controversy about the campaign's first three targets. But sparrows were singled out for destruction because Mao had heard complaints from farmers about the birds eating their grain and damaging crop production.

Scientists cautioned against the plan. Zhu Xi, a well-known biologist, cited a previous attempt at sparrowcide in Prussia in the 18th century, which resulted in an outbreak of other pests. But Mao did not listen, and the Four Pests campaign was taken up with zeal. People destroyed any sparrow nests they could find, and banged pots and pans to scare the birds away from any that were out of reach. Within two years, somewhere in the region of 2bn birds had been killed. Dr Frank's paper suggests that the consequences of that policy would kill some 2m people, too.

Though it is true that sparrows eat grain, especially in the winter when other food is scarce, they also eat insects such as locusts and rice borers, which likewise attack crops. In the summer such insects make up most of a sparrow's diet. As an ecologist might have predicted, once the sparrows had gone the population of those pests exploded, with many parts of the country experiencing severe infestations.

The policy of centrally redistributing crops made things even worse. Since the government was convinced that killing sparrows would mean more grain, it felt justified in taking more crops from the places that had exterminated the most birds. These two forces combined severely squeezed the food supply in certain regions, including Anhui province in the east and Guizhou in the south.

Dr Frank and his colleagues used climatic data, such as temperature and rainfall, to calculate how suitable each of China's thousand-plus counties—an administrative division below a province—were for sparrows to live in. The more habitable a county was, they reasoned, the bigger the local sparrow population probably had been, and the more were killed during the Four Pests campaign. The researchers then compared agricultural production, population fertility and death rates in counties where sparrow habitability was high against those in which it was low.



The results make for grim reading. In highly habitable counties, grain output and fertility rates decreased and death rates rose (see chart) compared with less habitable ones. In total, Dr Frank and his colleagues estimate that the anti-sparrow campaign by itself accounted for nearly 20% of the fall in crop production during the famine. They reckon that loss, amplified by the effects of the redistribution system, killed about 2m people directly. Food shortages may have prevented another 400,000 from being born.

Eventually word reached the upper ranks of the Party that the sparrow massacre had done grave damage. In 1960 Mao decided to remove sparrows from the ranks of the "Four Pests", replacing them with bedbugs. By this point sparrows were almost extinct, and China had to import 250,000 from the Soviet Union to try to restore their numbers. China in effect abandoned communism in the 1980s, and has never again experienced a famine on anything like that scale. As for the sparrows, their population eventually recovered. These days the birds are once again a common sight flitting around both the cities and the countryside. ■

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Science & technology | Meteorologic rise

AI models ace their predictions of India's monsoon rains

Some weather forecasts can now be done on a laptop

October 23rd 2025

The Indian monsoon, which usually begins its slow northward sweep around the start of June, brings three-quarters of the country's annual rainfall. That makes it essential for agriculture, on which almost half of Indians depend. But the monsoon is notoriously hard to predict. It is driven by differences in temperature between land and sea, the amount of snow cover on the Himalayas, soil moisture and many other far-flung influences. And climate change is making the guessing game even harder.

The India Meteorological Department (IMD) does its best, using the numerical weather prediction (NWP) models that have been a staple of meteorology for decades. Run on supercomputers, these divide the world into a three-dimensional grid, populate each box with variables representing temperature, pressure, wind speed and so on, and then crunch through zillions of calculations to try to simulate how things will evolve over time. Those models allow the IMD to offer broad guidance—such as whether to expect more rain than usual, or less—a month or so ahead. But detailed information about what the rains will do day-by-day is not considered reliable more than about five days out.

This year, though, the Indian government tried something new. About 38m farmers received forecasts generated not by an NWP model, but by ones powered by artificial intelligence (AI) instead. These work in a different way: rather than going to the trouble of trying to simulate, equation by equation, exactly what is going on in the atmosphere, they mostly make their predictions by comparing the patterns they see in weather data with previous, similar patterns in the historical weather records on which they have been trained.

The models aced their test. In some regions, they predicted when the rain would arrive 30 days ahead. They also forecast that rainfall would stall in the middle of the season—as it did, for 20 days—despite this not appearing in the NWP forecasts. Almost half of the farmers who paid attention to the messages later said that the information influenced their decisions on what to plant and when—though it is still too early to assess whether this will influence their eventual earnings.

None of this would have been possible even five years ago. But in 2022 Nvidia, an American chip designer, published the first results from FourCastNet, an AI weather program trained on decades of weather data. The company claimed that it accurately predicted hurricanes and rainfall a week in advance with just two seconds of computing time—thousands of times less than what an NWP model needs. Tech firms and weather agencies began racing to build their own.

It quickly became apparent that relying solely on AI came with problems of its own. Unconstrained by the laws of physics, forecasts could become worryingly unrealistic. Fed only past data, the models often struggled to predict rare or extreme events—the same “edge case” problem that has dogged driverless cars.

So the focus switched to trying to combine the best of the old and the new. One of the two models used to forecast this year's monsoon was developed by the European Centre for Medium-Range Weather Forecasts (ECMWF), an institute widely considered the world's best, for use alongside its existing NWP software. The other was a version of Google's NeuralGCM, which still grinds through calculations to represent big atmospheric processes, but then uses AI to fill in the details.

Pedram Hassanzadeh, an AI and extreme-weather researcher at the University of Chicago, thinks AI models could lead to a "democratisation of weather forecasting". Numerical forecasts demand supercomputers and plenty of weather-observing stations to supply them with numbers. Poor countries often lack both.

The Human-Centered Weather Forecasts Initiative (HCF), which Dr Hassanzadeh helps lead, encourages governments to use AI to overcome both barriers. India's monsoon project, which was co-ordinated by the HCFI, used models that, once trained, could run on a high-end laptop. They could also be tweaked to focus on the best-quality data that were available. In India's case, that meant a long-running set of readings from rain gauges.

The HCF has funding (from the Gates Foundation, a big charity, and the United Arab Emirates) for similar work in east and west Africa. Like India, both regions experience distinct rainy seasons. It is teaching meteorological and agricultural officials from Bangladesh, Chile, Ethiopia, Kenya and Nigeria how to use AI weather models for their own particular needs.

Other bottlenecks are easing too. Like numerical models, AI models still depend on data assimilation—the process of converting messy observations from satellites and weather stations into a well-ordered snapshot of the atmosphere. That work remains concentrated among rich-country agencies with the resources to do it.

Hence the excitement when the ECMWF announced in October that it would make both its most up-to-date forecasts and its assimilated data freely available (it has already opened its historical archive). Some of that will be used by private companies employing AI weather forecasts to anticipate disruptions to their supply chains or make trading decisions. But it will also help many who previously struggled to get good forecasts at all. ■

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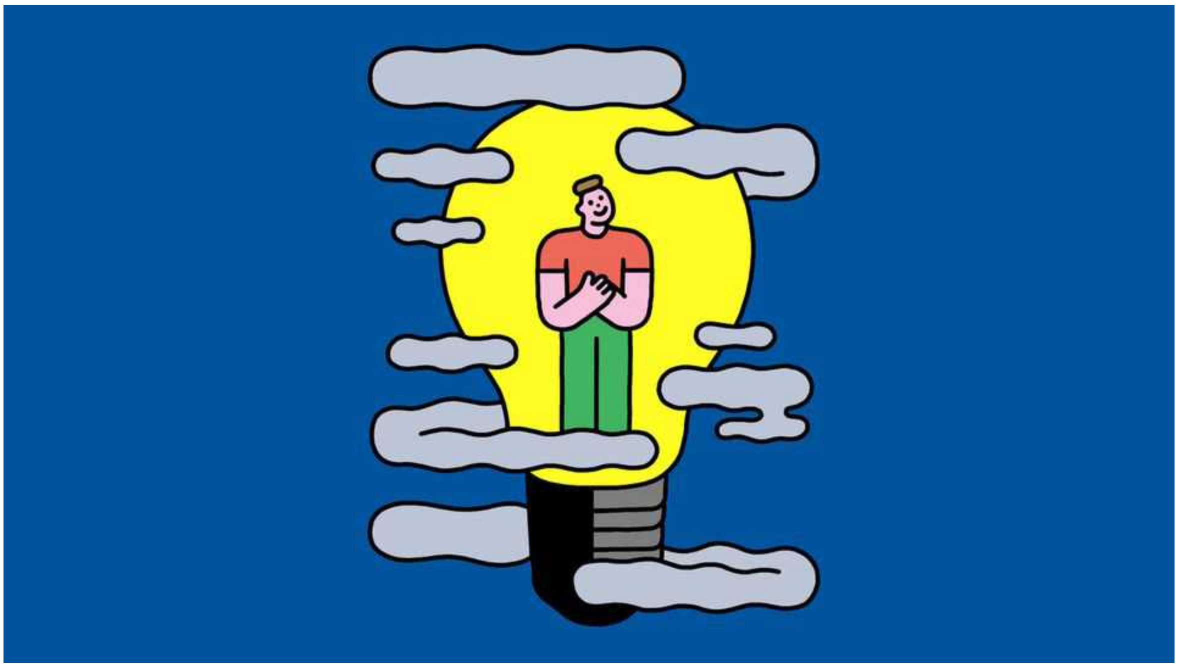
Science & technology | Well informed

Can bright light banish winter depression?

It seems so. And it might work for other kinds of depression, too

October 23rd 2025



FEW PEOPLE enjoy the gloom that comes with winter in the world's higher latitudes. In up to a tenth of the population, the long nights can trigger a type of depression known as seasonal affective disorder (SAD). The exact physiological underpinnings of the disorder are not clear. Possible culprits include lower levels of melatonin, a hormone that regulates sleeping patterns; a drop in levels of serotonin, a neurotransmitter; and disruption to the body's internal circadian clock, which controls all sorts of bodily processes.

Antidepressants may help. But those often come with side-effects. Many people prefer to treat the root cause by buying gadgets designed to emit bright light, in the hope of banishing the gloom that causes SAD in the first place. All sorts are available, from devices that look like ordinary desk lamps to ones that resemble a tablet or smartphone on a stand. Many doctors recommend them as a first-line treatment for the disorder.

How well they actually work is tricky to test. In a drug trial, for instance, it is relatively straightforward to give some patients the real thing and others a placebo sugar pill. But running that sort of trial with light therapy would mean preventing a large group of people from being exposed to anything resembling daylight for long periods of time. Even if you can find the volunteers, doing so is only really feasible in big institutions such as hospitals and care homes. A few studies have been done along these lines. Most, though, have to make do with less rigorous control.

With those caveats in mind, the evidence looks good. Last year a review of 21 studies, led by Tu Zhe-Ming at the Jingzhou Mental Health Centre in China, concluded that light therapy does indeed seem to work. Another review was published in March by Mihaela Bucuta, a psychologist at the Lucian Blaga University of Sibiu, in Romania, and her colleagues. It concluded that between 60% and 90% of patients see “symptom remission” with daily use.

As for which devices are the most effective, those that emit predominantly blue, green or white light all seem to have a similar impact. And intensity may be less important than the claims made in lamp advertising would have you believe. Many boast that they can reach brightnesses of around 10,000 lux—far brighter than standard indoor lighting, and closer to the outdoors on a reasonably nice day. But less intense light seems to work, too, though the lamp may need to be on for longer.

Nor do there seem to be many drawbacks. Although a few users report experiencing headaches, eye irritation and blurred vision, such complaints are rare.

The benefits appear to be significant enough that a good deal of research has been done into whether light therapy can help patients with other, non-SAD forms of depression. Here, again, the findings seem promising. Dr Bucuta’s review concluded that light therapy by itself can help with depression in 44% of cases. When it is combined with antidepressants, that number rises to 76%. Observations such as this have led researchers to run experiments comparing the results of drug or light therapy on their own with a combination of the two. The results again suggest that doing both together seems to produce better results than taking drugs alone.

All that makes for a cheerful thought as the autumnal nights draw in. For those who suffer from winter depression, the light at the end of the tunnel may shine out of a lamp. ■

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Culture

- Idi Amin, a pioneer of mass deportation
- In Vienna, the waltz is keeping in step with the times
- Philip Pullman's magisterial fantasy series has come to an end
- The new Fondation Cartier is helping reshape central Paris
- The lessons from the brazen heist at the Louvre
- A comely "Frankenstein" for the Instagram age

Culture | Idiocracy

Idi Amin, a pioneer of mass deportation

Expelling Asians from Uganda was popular. How did it work out?

October 23rd 2025

In 1976 Madame Tussauds, a waxwork museum in London, asked visitors to name the most hated figure in its collection. Idi Amin came second, after Adolf Hitler. Stories of the Ugandan dictator's fiendish exploits filled British newspapers at the time. Some were true: he really was a mass murderer. Others were dubious—he probably didn't keep heads in his fridge.

Those who dismissed him as an evil buffoon could cite plenty of evidence, from his boastful speeches to his claim to be the "last king of Scotland". Yet views of him in the West were also tinged by racism: Henry Kissinger once described him as an "ape without education".

Two new books make the case for taking him seriously. He was a pioneer of populism. He styled himself as a straight-talking man of the people, thumbing his nose at the old imperial overlords and thwarting foreign saboteurs. He identified enemies who were supposedly holding Uganda back, such as its Asian population, and offered simple, dramatic solutions, such as deporting them all. He convinced his supporters that he was making Uganda strong, yet after eight years as president he left it poorer, nastier and more lawless.

Amin was a man from the margins. Born a Kakwa, an ethnicity slighted by other Ugandans, he found purpose as a boxing champion and soldier in the colonial army. According to family legend, he once dragged an English waiter over the bar by his collar after being refused service in the white officers' mess. Apocryphal or not, the story shows the man that Amin thought himself to be. After independence he rose to be army commander. When he seized power in a coup in 1971, crowds celebrated in the streets.

The next year he announced that the 50,000 or so people of south Asian origin in Uganda would have to leave within 90 days. This cruel policy was popular, as Amin deftly fanned racial grievance. "The Africans have been regarded by these foreigners as second-class citizens in their own country," he said. Many Asians had been in Uganda for generations, but they had sat above black Africans in colonialism’s racial hierarchy and their economic success was resented. Amin declared their departure to be a “day of salvation”.

It was also the start of what he called an “economic war” to purge Uganda of all vestiges of colonialism. In his zero-sum mind, immigrants from Asia were taking opportunities away from the real Ugandans. He confiscated their businesses and gave them to his supporters, who ran them into the ground. It turned out the Asians had valuable skills, from book-keeping to running factories to dentistry.

Amin vowed to “make Uganda move once again” by acting at “supersonic speed”. This involved such things as micromanaging commerce by diktat. He accused African small traders of smuggling and price-gouging. Many were shot.

None of this was good for the economy, which collapsed. But it was exciting. Amin’s regime transformed “the boring, technical work of government into a thrilling battle for racial and political liberation”, writes Derek Peterson, an American historian. Campaigns to grow cotton or build roads were animated by patriotism.

The same was true of international relations. Many Ugandans loved the way Amin pricked Westerners' pomposity. He offered to broker peace in Northern Ireland and set up a Save Britain Fund to send aid in a recession. To Richard Nixon he wrote of America's "endless racial conflicts" and "the unfortunate Watergate affair".

Trevor Noah, a South African comedian, once juxtaposed clips of Amin boasting about his brains and popularity with clips of Donald Trump doing the same. For Mr Peterson, the resemblance runs deeper. "It is not only the braggadocio," he writes, but also "the demonisation of social and racial minorities, the targeting of immigrants, the sidelining of expert[s]". Via the radio, Amin issued a barrage of decrees. No more teenage dances! Stop wearing wigs! Mr Peterson likens his scattershot bossiness to Mr Trump's social-media posts.

This comparison should not be taken too far. Amin was vastly more brutal. Uganda's chief justice was dragged from his chambers and murdered; an archbishop given a show trial and shot. On one occasion, Amin ordered a group of herders to be massacred simply because they refused to wear clothes. Estimates of the death toll range from 12,000 to 500,000. But the horror was not systematic, contrary to the myth of an "African Hitler". Soldiers had been given free rein. They used it.

Amin's rule of fear sent ripples far and wide. Of the Asians he deported, the largest contingent went to Britain. Among them was Mahmood Mamdani, now a professor of government at Columbia University (and the father of Zohran Mamdani, the probable next mayor of New York). He writes movingly of how those expelled felt like strangers wherever they went, guests even in their own homes. Though Britain rewrote its laws to try to keep out non-white former imperial subjects, the Ugandan Asians who got there prospered.

In 1979 Amin was toppled by the Tanzanian army, having foolishly invaded Tanzania. Seven years later a rebel called Yoweri Museveni fought his way to the Ugandan presidency, and has yet to leave. Mr Museveni, who is seeking re-election in January, boasts that he has restored stability. Though no democrat, he is nowhere near as bad as Amin was. But Mr Mamdani is outraged that he is a "grateful stooge" of the West, and chides him for overseeing the “slow poison” of a nation by corruption, political violence and ethnic division. Many of the biggest businesses in Uganda today are foreign-owned. The frustrations that Amin exploited are still there.

History rhymes. Mr Museveni’s son and would-be heir, Muhoozi Kainerugaba, has adopted a persona on social media that borrows from Amin and Mr Trump: mocking his critics and boasting about torturing opposition activists in his basement. Meanwhile taxi drivers in Kampala stick pictures of Amin in their windows, nostalgic for a golden age that never was. ■

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Culture | The power of three

In Vienna, the waltz is keeping in step with the times

Young and old like to dance to Johann Strauss II's tunes

October 23rd 2025

Once a year the Vienna State Opera hosts a lavish ball. When you enter the magnificent auditorium, you feel as though you have stepped back in time: champagne flows as hundreds of women in gowns and men in tailcoats sweep across the floor. No one leaves without dancing a waltz, usually one composed by Johann Strauss II, the "Waltz King".

On October 25th Vienna will celebrate Strauss's 200th birthday with a ceremony and performances. He was probably the closest thing 19th-century Austria had to a pop star: he produced operas, ballets and symphonic works, but is best remembered for his waltzes (he wrote more than 150). The Viennese waltz began as a simple peasant dance; Strauss gave it an aristocratic air. The city's winter balls recapture a sense of ritual and elegance.

All these years later, the waltz is flourishing. Along with Wiener schnitzel and psychoanalysis, it is one of Vienna's most prized cultural exports. (In 2017 UNESCO added the Viennese waltz to Austria's list of intangible cultural heritage.) The lilting melody of Strauss's "The Blue Danube" remains one of the most recognisable tunes in the world and has been featured in television shows from "The Simpsons" to "Squid Game". Pop stars such as Alicia Keys have borrowed the waltz's simple triple metre. And millions tune in to watch celebrities master the Viennese waltz on shows such as "Strictly Come Dancing" and "Dancing with the Stars".

Part of the reason for its longevity is its clarity. Easy-to-follow, repetitive melodies and a strong emphasis on the first beat make the music easy to dance to. That is probably why the waltz remains a popular choice for newlyweds' first dance (though the Viennese version is fast and requires continuous turns). "When you see the simplicity of a beautiful waltz, it takes your breath away," says Jason Gilkison, the creative director of "Strictly Come Dancing". "It's like a hot knife through butter."

Vienna has played a key role in keeping the waltz tradition alive. The Vienna Philharmonic performs Strauss's waltzes every New Year's Day: tickets for the concert, allocated by lottery, can cost up to €1,200 ($1,400). Children learn to dance the waltz at studios across the city. Locals and tourists alike can attend one of the more than 400 balls that are hosted each year. Standard admission to the Vienna Opera Ball, considered the most prestigious, costs more than €400, and yet demand for tickets has soared in recent years.

Some waltz-lovers are doing away with the strict dress codes in favour of something more laidback and modern. New events have been added to the roster in recent years, such as the Rainbow Ball for LGBT+ people. "The youngsters are crazy for it," avers Norbert Kettner, chief executive of Vienna's tourism board. For people seeking a connection, waltzing is "a glamorous alternative to dating apps". On a recent Friday night, young people in dresses and jeans gathered at a rooftop bar to drink cocktails and chat. As they swayed to Strauss's waltzes, played by a string quartet, perhaps some wished finding the one was as easy as one-two-three. ■

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Culture | Dust to dust

Philip Pullman’s magisterial fantasy series has come to an end

After 30 years and six novels, Lyra Belacqua reaches her final destination in “The Rose Field”

October 23rd 2025

SHE IS ONE of modern literature’s great heroines. Readers first met Lyra Belacqua, a gutsy, clever 11-year-old, in “Northern Lights” (1995) as she sneaked around Jordan College, Oxford, with her best friend Roger. She embarked on a quest that spanned six books and took her to the Arctic and Smyrna, into parallel worlds and the Land of the Dead. Lyra’s otherworldly adventures have proved captivating: the “His Dark Materials” and “The Book of Dust” trilogies have sold some 50m copies worldwide and have been adapted for the stage and the screen (see pictures). But now, after 30 years, Sir Philip Pullman has announced that Lyra’s journey will come to an end with “The Rose Field”.

The series sets epic battles in a richly imagined universe. It is a polemic against organised religion in much the same way that C.S. Lewis's "The Chronicles of Narnia" was a pro-Christian allegory. In the "Dark Materials" trilogy, Lyra and her allies travel through realms fighting the Magisterium, a religious institution bent on repression and control.

Sir Philip blends fantasy and reality throughout. Lyra's home world has much in common with the real one. Jordan College is fictional, but Oxford is vividly described. The Magisterium is based in Geneva, a city crucial to the Protestant Reformation, but takes its name from a Catholic term for liturgical authority.

Lyra's allies include angels, witches, talking bears and tiny humanoids. In her world, people have daemons: animal companions that represent their interior selves. Technology has a magical bent. Lyra proves an adept reader of a truth-telling machine called an alethiometer. One of her companions wields a knife that can create openings into other worlds; another invents a sort of telescope that can see "dust", physical evidence of consciousness.

The second trilogy seemed to promise more of the same gripping stuff. The action mostly takes place in Lyra's world. "La Belle Sauvage" (2017) begins before "His Dark Materials" and explains how Lyra came to Jordan College.

The second ("The Secret Commonwealth", 2019) and third volumes take place afterwards, when Lyra is a young woman. She grows alienated from her daemon and parts from him—something few people in her world can do.

In "The Rose Field" Lyra and her daemon set out separately for a building in the desert said to contain a secret pertaining to dust. The Magisterium, which associates dust with original sin, seeks to find the same place for malevolent reasons. Lyra also hopes to reconnect with her daemon, rediscover her imagination and recover an intellectual openness that she had lost in late adolescence.

The "Book of Dust" trilogy has had its high points. Unfortunately this instalment's combination of quest and bildungsroman never quite coheres into something convincing. Part of the problem is that Sir Philip has not chosen the most subtle of allegories for maturing. Many people, as they grow up, too vehemently reject childhood habits and opinions: most people correct themselves eventually. Not for nothing did Friedrich Nietzsche believe that maturity meant regaining the seriousness of a child at play.

In the first trilogy, readers cared about Lyra because she was brave, her instincts were correct and her enemies detestable. In this one, Sir Philip depends on readers retaining that affection, but too often “The Rose Field” descends into an episodic slog.

Sir Philip seems to have grown tired of creating. At best his characters are two-dimensional; some feel pushed around for the sake of the plot rather than discovered. Lyra’s enemies can be cartoonishly odious. Often, as in the case of the book’s putative antagonist, Olivier Bonneville, they test the reader’s credulity.

In the early novels, each step revealed something about Lyra’s world. Here that world is less profuse: instead of diverse species with their own array of characters, “The Rose Field” has gryphons, all of whom are avaricious warriors. When Lyra argues with an angel—the only one in the book, who seems to appear just to have this conversation—about the nature of imagination, the reader can feel Sir Philip’s hands working their mouths. Part of Lyra’s task is to find the alkahest, a universal solvent. It gives little away to say that this is a metaphor. Anyone who has heard Sir Philip interviewed about society can probably guess what it pertains to.

The book’s main points—that life is a gift; this world is full of riches waiting to be discovered; and compassion, curiosity and kindness are the cardinal virtues—are fundamentally the same as in the first trilogy, but less artfully expressed. It is true that six long novels is a lot to draw from one well. But a lacklustre ending for such a magnificent series and its swashbuckling heroine is a bitter disappointment. ■

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Culture | Bring the bling

The new Fondation Cartier is helping reshape central Paris

But will tourists like it?

October 23rd 2025

For much of its history the building opposite the Louvre, on the bustling Rue de Rivoli, was a popular department store. It even featured in a novel by Emile Zola, who liked to pen panegyrics about the poor; he described it as “a temple, with its blazing altars of temptation”. Now the building will tempt a different sort of devotee: art enthusiasts. On October 25th the Fondation Cartier, a museum backed by the French jeweller, is moving there after a years-long renovation.

The building may look classically Haussmannian on the outside, but inside it feels very 2025—heavy on glass, concrete and steel. The inaugural show, on view until August, boasts works by around 100 artists who have taken part in shows during the Fondation's 41-year history, including Joan Mitchell, James Turrell and other less famous names. (The museum's previous site was several kilometres away.)

The show is eclectic. Over here is a marble cat sculpture on a pedestal; over there are tens of thousands of feathers in the shape of a tree. Upstairs is a "hyperreal" sculpture of a desolate woman carrying plastic bags, not far from a self-portrait showing the map of the world upside down in glitter. Some wonder whether the museum is designed more for avant-garde French taste than that of the global tourist. It will not be everyone's cup of thé.

Still, the opening is significant for three reasons. First, it is part of a broader trend of French luxury firms putting their mark on the arts through private museums, with the theory that associations with artists reflect well on their brands. Fondation Cartier pioneered this trend decades ago by funding living artists to create original works. Today people's consumerism (and the resulting profits spun by firms) have changed the way visitors to Paris consume art. Fondation Louis Vuitton and the Pinault Collection mount shows that rival and sometimes exceed those put on by the state-run museums.

Second, Fondation Cartier shows how central Paris is entrenching its position as a “cultural hub”, observes Aurelie Cauchy, co-founder of the Twentieth, an art-advisory firm. Only a few minutes’ walk away is the Pinault Collection, which opened in the Bourse du Commerce in 2021, not to mention the Louvre, the Musée des Arts Décoratifs and Jeu de Paume.

Last, Fondation Cartier is a fascinating experiment in how a modern museum might look. Jean Nouvel, the architect, designed the space with five movable platforms ranging from 200 to around 360 square metres (2,150 to 3,875 square feet). “Every time the visitor comes back to the Fondation the architecture will look completely different” inside, explains Béatrice Grenier, the exhibition’s curator. The huge pulleys that move the floors are visible: almost works of art in their own right as well as reminders of the investment that this new museum required. Its pricetag has been estimated at hundreds of millions of euros. “The cost is ridiculous—and confidential,” said Alain Dominique Perrin, president of Fondation Cartier, sounding an awful lot like someone who has just splurged on a shiny new jewel. ■

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Culture | Art of the steal

The lessons from the brazen heist at the Louvre

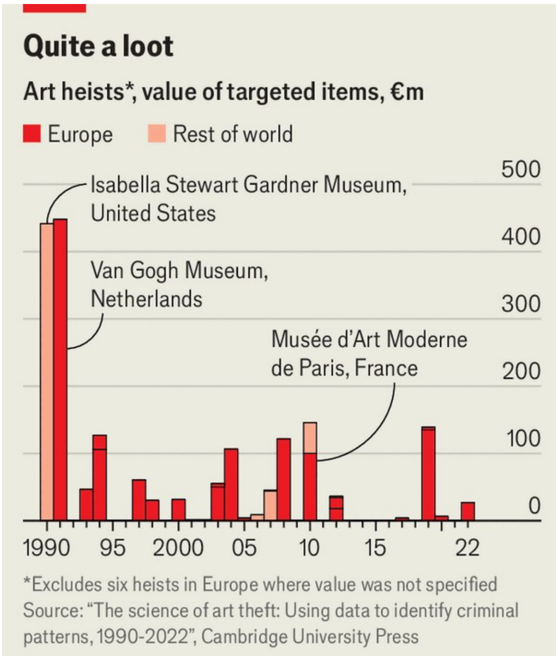
Museum thefts are surprisingly common

October 23rd 2025

It took two masked thieves just seven minutes to slip through the window of the Galerie d'Apollon, pierce the security glass of two display cabinets using disc-cutters, and make off with nine items of Napoleonic and royal jewellery. At 9.30am on October 19th the pair used a truck-mounted ladder to break in to the Louvre; they left the same way, before escaping on scooters with two accomplices. In their haste they dropped one looted piece.

The raid strikes at the heart of the French state—and of the art world. With nearly 9m visitors in 2024, the Louvre is the most popular museum anywhere. A former royal palace in the historic centre of Paris, it is made up of over 400 galleries, displaying 35,000 works of art. Spanning civilisations from Mesopotamia to Europe, the collection also links France's royal and imperial past with its republican present. President Emmanuel Macron called the heist an attack on “our history”.

The eight items seized, worth €88m ($102m) according to French officials, were part of the national collection of crown jewels. Kept in the museum’s most sumptuous gallery, they include the emerald-studded necklace and earrings given by Napoleon to Marie-Louise on their wedding in 1810, and a tiara made up of 212 pearls, 1,998 diamonds and 992 rose-cut diamonds belonging to the Empress Eugénie, Napoleon III’s wife. The thieves bagged an earring, necklace and tiara from the sapphire collection.



The Louvre has been targeted before—most famously in 1911, when the "Mona Lisa" was stolen—but not on this scale. Arthur Brand, a Dutch specialist in art theft, compares the heist to the snatching of 13 works of art, including Vermeer's "The Concert" and Rembrandt's "Christ in the Storm on the Sea of Galilee", from the Isabella Stewart Gardner Museum in Boston in 1990. The following year an even more audacious attempt was made in Amsterdam. Criminals made off with 20 paintings, including Van Gogh's "The Potato Eaters", though the artworks were soon recovered. But "The Louvre is the ultimate heist," says Mr Brand. "Nobody thought anybody would dare to steal from the Louvre." The brazenness is worthy of a Hollywood script. Indeed in "Lupin", a hit French crime series, the protagonist pinches from the museum a diamond necklace once owned by Marie Antoinette.

In reality, museum theft is surprisingly common. France has seen a number of recent heists from smaller museums. An analysis of 40 cases between 1990 and 2022 by Sandra Clopés and Marc Balcells, published in April, classifies five main types of raid. The most common, accounting for 15 of the heists, is a stealth raid: thieves make off with artworks without alerting security agents. "Smash-and-grab" raids are the second-most common, accounting for 11 of those analysed. Over half the items taken are paintings; only 4% are jewellery. Less than half are recovered. The Louvre thieves, says an art valuer in Paris, will try to dismantle the pieces, sell the gold and recut the precious stones. There is no market, he says, for the items themselves.

In Paris, minds are now focusing on what went wrong and how to stop it happening again. Gérald Darmanin, the justice minister, said the raid had given France “a dreadful image”. That a truck could be parked outside the Louvre on a busy street on a Sunday morning without raising suspicion is worrying enough; that the thieves could decamp with crown jewels despite setting off alarms poses serious questions about the museum’s security.

The “trick is to slow thieves down”, says Mr Brand. In most cases, note Ms Clopés and Mr Balcells, “Thieves were faster stealing the pieces than the sensors alerting security forces.” In a leaked report, France’s national auditor points to “persistent” delays in deploying modern security equipment in the Louvre. Laurence des Cars, the museum’s director, raised the problem when she took over in 2021. But, as in all public museums, budgets are tight. Rachida Dati, France’s culture minister, talked this week of “40 years of neglect”. Nobody wants to accept responsibility, but the political pressure is rising for a head to roll. ■

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Culture | Back Story

A comely “Frankenstein” for the Instagram age

In Guillermo del Toro’s film, everything—including the monster—looks gorgeous

October 23rd 2025

He has watery eyes, flowing hair, yellow skin and black lips. He is eight feet tall. The creature dreamed up by a teenage Mary Shelley in “Frankenstein” is vividly corporeal. But, for film-makers, he is also an inviting outline. The story she hoped would “speak to the mysterious fears of our nature” offers a palette of mighty themes: God and science, nature and nurture, neglect and delinquency, fate and free will. Directors pick and mix these shades to craft a monster for their times.

The latest to resurrect him is Guillermo del Toro, whose “Frankenstein” is out in cinemas now and on Netflix on November 7th. In his umpteen screen outings, the creature has appeared in every guise you can imagine, plus some you probably can’t. He has been crossbred with Westerns, space adventures, spoofs, musicals and (like many new technologies) erotica; he has spawned highbrow riffs such as “Poor Things” and lower-brow ones like “Weird Science”. Even so, Mr del Toro’s colouring of the mythic yarn is distinctive and telling.

It looks gorgeous. Unfolding in the mid-19th century, decades after the book was published, the movie is a carnival of Byronic hairdos and velvet frock-coats. In a tweak to Shelley’s framing device, Victor Frankenstein (played by Oscar Isaac) recounts his lurid history to a Danish sea captain who rescues him from the polar ice. He assembles his humanoid in a gothic tower, the camera lingering gorily on his skill with eyeballs, bone saws and retracted skin.

This “Frankenstein” itself seems partly made up of cinema scraps. The protagonist harnesses lightning à la “Back to the Future”. Reviled by his maker and holed up in a barn, the creature (Jacob Elordi, pictured) befriends some rats like a hulking Snow White. He biffs people and (for some reason) wolves on Ramboesque rampages. Doctor and monster appear together in a mirror, a nod to a shot in the first screen adaptation, Thomas Edison’s silent version of 1910.

But this one has fresh touches too. It is unusually interested in where the funding—and body parts—for Frankenstein’s experiments come from. An arms dealer bankrolls them; the cadavers are harvested from hangings and battlefields. This is a fantasy with a modern conscience, embedded in a wider economy of death.

As for the sum of those scavenged parts: both morally and physically, he is much less hideous than Shelley's ghastly original and many of his film predecessors. In the novel he murders Frankenstein's brother, fiancée and best friend. Here the blood on his hands mostly belongs to extras. Compared with Boris Karloff's neck-bolted ghoul from 1931, he is a dishy bit of rough, with a chiselled physique and comely brow; a body-conscious monster for the Instagram age.

And for the era of helicopter parenting. For of those abundant themes, Mr del Toro emphasises fatherhood. Whereas in the text Frankenstein's father is loving, here he is distant and harsh. At first the doctor himself is enraptured by his own miraculous progeny, but, sleepless and frazzled, he is soon cranky and cruel—a deadbeat dad as well as a dead-meat dad. For heaven's sake, you wind up thinking, get his creature a therapist.

Meanwhile there is a shift in Frankenstein's underlying mission. In the book his main, hubristic aim is to discover "the elixir of life". He wants to do that in the new film too, but his ultimate goal is at the other end of the life cycle: to use his unkillable creation to "conquer death". In this he resembles less the necromancers of yore than the billionaires and scientists pursuing immortality today.

So Mr del Toro's is a very contemporary "Frankenstein". Yet there are doubtless many more revamps to come (starting with "The Bride!", out next year, in which Maggie Gyllenhaal moves the action to Chicago in the 1930s). The science itself is due for a reboot. After all, the quest to engender life is no longer confined to laboratories which, like Frankenstein's, run on organic tissue and cells. These days hopes and squeamish fears focus on artificial intelligence (AI). In the darkest prophecies, AI will enhance itself in a self-perpetuating cycle that renders humans obsolete.

In the novel, Frankenstein and his monster have a lot in common: obsession, a hunger for revenge, a longing for oblivion and searing loneliness. Perhaps in a future iteration of Shelley's deathless fable, they may share something else. In a truly cutting-edge take, the creature would not be a human frame clad in flesh and blood but an AI model made of chips. So would the doctor. ■

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Economic & financial indicators

Economic data, commodities and markets

October 23rd 2025

Economic data

1 of 2

	Gross domestic product % change on year ago: latest		quarter*	2025†	Consumer prices % change on year ago: latest		2025†	Unemployment rate %	
United States	2.1	Q2	3.8	1.7	2.9	Aug	3.0	4.3	Aug
China	4.8	Q3	4.5	4.9	-0.3	Sep	-0.1	5.2	Sep‡§
Japan	1.7	Q2	2.2	0.9	2.7	Aug	3.2	2.6	Aug
Britain	1.4	Q2	1.1	1.3	3.8	Sep	3.7	4.8	Jul††
Canada	1.2	Q2	-1.6	0.9	2.4	Sep	1.9	7.1	Sep
Euro area	1.5	Q2	0.5	1.2	2.2	Sep	2.1	6.3	Aug
Austria	0.3	Q2	-0.5‡	0.3	3.9	Sep	3.4	5.8	Aug
Belgium	1.0	Q2	0.9	1.0	2.7	Sep	3.0	5.8	Aug
France	0.8	Q2	1.3	0.7	1.1	Sep	1.0	7.5	Aug
Germany	0.2	Q2	-1.1	0.2	2.4	Sep	2.2	3.7	Aug
Greece	1.7	Q2	2.3	2.2	1.8	Sep	2.8	8.1	Aug
Italy	0.4	Q2	-0.2	0.5	1.8	Sep	1.8	6.0	Aug
Netherlands	1.7	Q2	0.8	1.1	3.0	Sep	3.0	4.0	Sep
Spain	3.1	Q2	3.3	2.8	3.0	Sep	2.4	10.3	Aug
Czech Republic	2.3	Q2	1.8	2.2	2.3	Sep	2.3	2.8	Q2‡
Denmark	0.9	Q2	4.2	2.5	2.3	Sep	1.8	2.9	Aug
Norway	-2.1	Q2	3.4	1.1	3.6	Sep	2.8	4.7	Aug‡‡
Poland	3.3	Q2	3.2	3.3	2.9	Sep	3.9	5.6	Sep§
Russia	1.1	Q2	1.5	0.9	8.0	Sep	8.8	2.1	Aug§
Sweden	1.6	Q2	1.9	1.5	0.9	Sep	2.3	8.3	Sep§
Switzerland	1.3	Q2	0.6	1.2	0.2	Sep	0.1	3.0	Sep
Turkey	4.8	Q2	6.6	3.3	33.3	Sep	34.2	8.5	Aug§
Australia	1.8	Q2	2.4	1.9	2.1	Q2	2.5	4.5	Sep
Hong Kong	3.1	Q2	1.8	2.7	1.1	Aug	1.7	3.9	Sep‡‡
India	7.8	Q2	7.4	6.5	1.5	Sep	3.2	6.4	Sep
Indonesia	5.1	Q2	5.9	4.7	2.7	Sep	1.8	4.8	Feb§
Malaysia	5.2	Q3	9.3	4.1	1.5	Sep	1.4	3.0	Aug§
Pakistan	3.7	2025**	na	3.7	5.6	Sep	3.5	6.3	2021
Philippines	5.5	Q2	6.1	5.5	1.7	Sep	1.7	5.3	Q3§
Singapore	2.9	Q3	5.4	3.5	0.7	Sep	0.8	2.0	Q2
South Korea	0.6	Q2	2.7	0.8	2.1	Sep	1.9	2.1	Sep§
Taiwan	8.0	Q2	12.8	5.1	1.3	Sep	1.8	3.4	Aug
Thailand	2.8	Q2	2.4	1.8	-0.7	Sep	nil	0.8	Sep§
Argentina	6.3	Q2	-0.2	3.8	31.8	Sep	41.2	7.6	Q2§
Brazil	2.2	Q2	1.5	2.1	5.2	Sep	5.1	5.6	Aug§‡‡
Chile	3.1	Q2	1.4	2.4	4.4	Sep	4.2	8.6	Aug§‡‡
Colombia	2.5	Q2	2.0	2.5	5.2	Sep	4.9	8.6	Aug§
Mexico	nil	Q2	2.6	0.7	3.8	Sep	3.8	2.6	Aug
Peru	2.8	Q2	1.8	3.1	1.4	Sep	1.8	6.9	Sep§
Egypt	5.0	Q2	13.7	4.1	11.7	Sep	14.1	6.1	Q2§
Israel	2.3	Q2	-3.9	2.6	2.5	Sep	3.3	2.9	Aug
Saudi Arabia	2.0	2024	na	4.4	2.2	Sep	2.1	3.2	Q2
South Africa	0.6	Q2	3.4	1.2	3.4	Sep	3.0	33.2	Q2§

Source: Haver Analytics *% change on previous quarter, annual rate †The Economist Intelligence Unit estimate/forecast §Not seasonally adjusted ‡New series **Year ending June ††Latest 3 months ‡‡3-month moving average Note: Euro-area consumer prices are harmonised

Economic data

2 of 2

	Current-account balance % of GDP, 2025†	Budget balance % of GDP, 2025†	Interest rates 10-yr gov't bonds latest, %		change on year ago, bp	Currency units per $ Oct 23rd	% change on year ago
United States	-4.0	-5.9	4.0		-23.0	-	
China	2.0	-5.6	1.6	§§	-11.0	7.13	nil
Japan	4.3	-3.4	1.7		68.0	152	-0.6
Britain	-3.0	-4.9	4.5		44.0	0.75	2.7
Canada	-2.0	-2.2	3.1		-17.0	1.40	-1.4
Euro area	3.2	-3.2	2.6		25.0	0.86	7.0
Austria	2.1	-4.5	2.9		8.0	0.86	7.0
Belgium	-0.6	-5.1	3.1		23.0	0.86	7.0
France	-0.3	-5.6	3.4		31.0	0.86	7.0
Germany	5.4	-2.7	2.6		25.0	0.86	7.0
Greece	-5.8	0.6	3.3		3.0	0.86	7.0
Italy	1.3	-3.3	3.3		-22.0	0.86	7.0
Netherlands	7.8	-2.4	2.7		14.0	0.86	7.0
Spain	2.7	-2.8	3.1		18.0	0.86	7.0
Czech Republic	0.5	-2.1	4.3		27.0	20.9	11.6
Denmark	12.2	2.1	2.5		26.0	6.43	7.3
Norway	13.6	9.5	4.0		36.0	10.0	9.0
Poland	0.1	-6.7	5.3		-42.0	3.65	9.9
Russia	1.8	-2.7	14.8		-132	81.7	18.3
Sweden	6.5	-1.3	2.5		44.0	9.41	12.1
Switzerland	7.4	0.5	0.2		-31.0	0.80	8.8
Turkey	-1.1	-3.4	29.8		181	42.0	-18.4
Australia	-2.1	-1.8	4.2		-4.0	1.54	-2.6
Hong Kong	11.1	-4.9	2.8		-36.0	7.77	nil
India	-1.0	-4.4	6.5		-31.0	87.7	-4.2
Indonesia	-1.1	-3.1	6.0		-74.0	16,603	-6.2
Malaysia	0.8	-4.0	3.5		-39.0	4.23	2.4
Pakistan	-1.5	-5.5	11.9	†††	-37.0	283	-1.6
Philippines	-3.6	-5.4	5.9		2.0	58.4	-1.1
Singapore	14.6	0.2	1.8		-116	1.30	1.5
South Korea	3.8	-2.4	2.9		-25.0	1,432	-3.6
Taiwan	15.3	0.6	1.2		-28.0	30.8	4.2
Thailand	2.0	-5.8	2.1		-48.0	32.8	2.2
Argentina	-2.3	-0.2	na		na	1,488	-33.9
Brazil	-3.2	-8.1	13.8		101	5.40	5.4
Chile	-1.7	-1.9	5.6		-3.0	950	-0.2
Colombia	-2.5	-7.5	11.6		131	3,877	10.6
Mexico	-0.4	-3.8	8.7		-137	18.4	8.2
Peru	2.0	-2.5	5.8		-78.0	3.39	11.2
Egypt	-2.6	-7.7	na		na	47.6	2.4
Israel	2.3	-5.1	3.9		-107	3.30	14.2
Saudi Arabia	-2.0	-5.5	na		na	3.75	nil
South Africa	-0.8	-4.7	8.9		-38.0	17.4	0.9

Source: Haver Analytics §§5-year yield †††Dollar-denominated bonds

Markets

In local currency	Index Oct 22nd	% change on: one week	Dec 31st 2024
United States S&P 500	6,699.4	0.4	13.9
United States NAS Comp	22,740.4	0.3	17.8
China Shanghai Comp	3,913.8	nil	16.8
China Shenzhen Comp	2,452.5	-1.0	25.3
Japan Nikkei 225	49,307.8	3.4	23.6
Japan Topix	3,266.4	2.6	17.3
Britain FTSE 100	9,515.0	1.0	16.4
Canada S&P TSX	29,983.0	-2.1	21.3
Euro area EURO STOXX 50	5,639.2	0.6	15.2
France CAC 40	8,206.9	1.6	11.2
Germany DAX*	24,151.1	-0.1	21.3
Italy FTSE/MIB	42,209.6	0.7	23.5
Netherlands AEX	966.0	1.1	9.9
Spain IBEX 35	15,781.6	1.4	36.1
Poland WIG	110,937.6	2.0	39.4
Russia RTS, $ terms	1,023.3	2.3	14.6
Switzerland SMI	12,614.4	0.7	8.7
Turkey BIST	10,551.3	0.8	7.3
Australia All Ord.	9,321.1	0.2	10.7
Hong Kong Hang Seng	25,781.8	-0.5	28.5
India BSE	84,426.3	2.2	8.0
Indonesia IDX	8,152.6	1.3	15.2
Malaysia KLSE	1,602.7	-0.5	-2.4
Pakistan KSE	166,553.3	0.5	44.7
Singapore STI	4,393.9	0.6	16.0
South Korea KOSPI	3,883.7	6.2	61.9
Taiwan TWI	27,648.9	1.4	20.0
Thailand SET	1,302.4	1.2	-7.0
Argentina MERV	2,018,811.0	5.5	-20.3
Brazil BVSP*	144,872.8	1.6	20.4
Mexico IPC	61,308.2	-0.5	23.8
Egypt EGX 30	37,576.6	-0.2	26.3
Israel TA-125	3,254.6	-2.1	34.1
Saudi Arabia Tadawul	11,585.9	-0.8	-3.7
South Africa JSE AS	108,837.1	-2.5	29.4
World, dev'd MSCI	4,322.9	0.5	16.6
Emerging markets MSCI	1,380.1	1.1	28.3

US corporate bonds, spread over Treasuries

Basis points	latest	Dec 31st 2024
Investment grade	93	95
High-yield	367	324

Sources: LSEG Workspace; Moscow Exchange; Standard & Poor's Global Fixed Income Research *Total return index

Commodities

The Economist **commodity-price index**

2020=100	Oct 14th	Oct 21st*	% change on month	% change on year
Dollar Index				
All items	136.8	136.8	0.8	5.0
Food	141.3	143.3	-1.3	4.4
Industrials				
All	133.2	131.4	2.8	5.5
Non-food agriculturals	126.7	126.9	1.0	-4.5
Metals	134.8	132.6	3.2	8.3
Sterling Index				
All items	132.2	131.4	1.9	1.9
Euro Index				
All items	134.9	134.7	2.4	-2.2
Gold				
$ per oz	4,141.2	4,142.5	9.6	51.0
Brent				
$ per barrel	62.5	61.4	-9.3	-19.3

Sources: Bloomberg; CME Group; FT; LSEG Workspace; NZ Wool Services; S&P Global Commodity Insights; Thompson Lloyd & Ewart; USDA; WSJ *Provisional

Obituary

- Kanchha Sherpa had mixed emotions about Everest

Obituary | Goddess or cash cow?

Kanchha Sherpa had mixed emotions about Everest

The last surviving member of the Hillary expedition died on October 16th, aged 92 or 93

October 23rd 2025

When Edmund Hillary and Tenzing Norgay reached the top of Everest on May 29th 1953, Kanchha Sherpa, then 19, was at the camp below. Two other Sherpas were with him, picked like him because they could manage, without supplementary oxygen, to climb to 27,000 feet. And not just climb, in a freezing wind that seeped into their bones and ex-army boots that hurt their feet. They also had to carry on their backs sleeping bags, ropes, spare oxygen cylinders and all the other gear the mountaineers needed for their last lap. At the South Summit they put up the tent in which Hillary and Tenzing stayed overnight; and it was not until the two men came down to them, jubilant, that they heard the news. After that moment of pure joy, hugging and a bit of dancing, they got the stuff together to carry it to base camp again.

His primary duty all through the expedition, once the ascent was too steep for yaks, was to carry the kerosene and the stoves. It was on these that the mountaineers cooked their strange Western food, all in cans. He had tried it, and the powdered orangeade was all he could take. Sherpas and porters like him just ate their usual tsampa, barley porridge, hot or cold and mixed with melted snow. That was as good as oxygen to him.

Besides porterage, he had had to help with scores of other Sherpas to build six camps and lay a path up the mountain. At one point, Khumba Icefall, recent snowfall had opened up a huge crevasse that blocked their way. Without ladders to scale almost 3,000 feet they could not go on, so ten of them hiked back to his home village, Namche Bazaar, and cut down ten tall trees to make a bridge. Each Sherpa then carried a tree to the icefall. The advantage of living in that part of Nepal, the gateway to Everest, was that it had plenty of trees. His grandfather, who had helped to found the settlement, had also survived by raiding the forest, in his case for tubers and nettles.

That said, however, Namche was not an easy place to live. There was little to do but grow potatoes, which were traded for almost everything else: salt, sugar, even the corn and millet Kanchha's family grew on their smallholding. His job from boyhood (having never gone to school) was to trade whatever the family had, walking for days through the vast mountains to India or Tibet. His first trip was to take 30 kilos of Nepalese paper to Tibet to make prayer-wheels. Later, with his keen teenage eye for opportunities, he sold surplus Himalayan sheepdogs, strays rounded up in the village, to eager buyers in India for eight rupees each. The mountains were his marketplace.

Yet he was still not prospering as he wanted to. Men in other villages had better clothes and more money. Fairly soon he realised that their secret lay in Darjeeling, where they found jobs guiding climbers. His father, himself a mountaineer, knew Tenzing, so Kanchha set off for Darjeeling (a walk of five days) to see him; and Tenzing hired him as a porter for the Hillary expedition. The job was for 90 days at eight rupees a day, enormous money. He was also given crampons, up-to-date climbing gear and extra-thick clothes, all of which he sold later to feed his six children. It was therefore not surprising that, for two decades more, he worked as a high-altitude helper for mountaineers while his whole village grew rich round him.

Yet there was another side to all this that troubled him. As a child he was taught that Everest was the holiest of mountains: Chomolungma, Mother Goddess of the World. He never saw her close, but heard the tales from older folk. In those days no villager would dream of setting foot there. When he first did, on the expedition, he was careful to say his Buddhist puja, his commitment to the right path, and to climb with respect. As he gained height he increasingly marvelled at the pristine beauty of the mountain and the number of glaciers he could see. But when Chomolungma was "conquered", that path he had laid soon drew dozens, then hundreds of people towards the peak. They left behind tents, mattresses, food wrappings, cigarette butts and their own filth, dirtying the goddess. This was terrible.

The mountains were also changing. Around Base Camp there was once lush grass, with yaks grazing. Gradually, it became packed earth and rocks. Peaks once white with snow turned black; glaciers melted almost before his eyes. He did not think this was global warming, though he had heard about that. The reason was simpler, that the goddess and the gods had been stepped on; and they were angry.

His answer was to have just one climbing season a year. But he could not pretend he was sorry that visitors had flooded into Namche. Without them, what would people do? It would be back to sitting around and living off potatoes; back to being poor, or trading illegally. For a while he sold Swiss watches, bought for 300 rupees in Kolkata, for 3,000 rupees to Chinese soldiers stationed in Tibet. Those handy profits landed him in jail.

Eventually he ran a hotel in Namche, Nirvana Lodge, where the specialities were Sherpa vegetable stew and a chance for visitors to talk to him, while his wife served milky sweet tea. (The trekkers had taught him to drink alcohol, but he had stopped that.) His children were not mountaineers; two sons ran hotels, on his firm advice. Yet when visitors called to hear his memories, as many did, he would quietly keep fingering his prayer-beads. When he took his morning walk, as a very old man, through streets full of cafés and climbing-gear emporiums, he slowly spun his prayer-wheel.

Several times a day he went to the four local monasteries to pray that climbers and trekkers would be kept safe from avalanches.

He never reached the summit of Everest himself. His best climb still fell 327 feet short. Seven times he asked for a government permit to go higher, but was turned down. Perhaps, after all, it was better he had not committed that ultimate trespass. ■


The Economist
Milei's peso pain
Taiwan's plan B
Why American women are quitting work
Screen-addicted seniors
OCTOBER 25TH–31ST 2025
WINNING THE TRADE WAR
USA
CHINA

Table of Contents