The Economist

Putin's forever war

RoboBop: China's dancing robots

When insider trading makes sense

Jesse Jackson, trailblazer

FEBRUARY 21ST–27TH 2026

THE ROBIN HOOD STATE

The Economist

February 21st 2026

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The world this week

The world this week

Politics

February 19th 2026

Tarique Rahman was sworn in as Bangladesh's new prime minister, after his Bangladesh Nationalist Party won two-thirds of the seats at a general election, the first since Sheikh Hasina was ousted from power in 2024. The Islamist Jamaat-e-Islami took 68 seats in the 300-member parliament, its most ever. Mr Rahman, the son of a former prime minister, now faces the task of restoring economic credibility and political stability. Voters also backed a series of constitutional reforms in a referendum held the same day as the election.

The Taliban government in Afghanistan released three soldiers from Pakistan who had been captured during last October's border clashes. Their release was brokered by Saudi Arabia. Meanwhile, 11 security personnel and a child were killed by a car bomb in north-west Pakistan. The Pakistani

Taliban claimed responsibility. The Pakistani government claims that Afghanistan shelters the militant group.

In South Korea Yoon Suk Yeol, who was impeached as president after imposing martial law in 2024, was sentenced to life in prison after being found guilty of insurrection. Prosecutors had wanted the death penalty.

Sara Duterte, the vice-president of the Philippines, confirmed that she will stand for president in 2028. Ms Duterte has been at odds with the president, Ferdinand Marcos junior, ever since their election in 2022 (the president and vice-president are elected separately and Mr Marcos cannot run again).

The Indonesian army said 1,000 troops will be sent to Gaza in early April as part of the International Stabilisation Force. It plans to deploy 8,000 in total by June. The foreign ministry reiterated the government's position that the Indonesian contingent will not be involved in disarming militants, and will provide humanitarian assistance only.

Palestinian officials claimed that Israeli air strikes killed 12 people in Gaza, which Israel said were a response to Hamas violating the ceasefire. Meanwhile, Israel approved a plan to designate areas of the occupied West Bank as "state property", which has been criticised as de facto annexation. And Donald Trump prepared to host the first meeting of his Board of Peace in Washington.

Iran and America held a second round of talks in Geneva. Abbas Araghchi, Iran's foreign minister, suggested the two sides had reached an understanding on the principles. But as America's military build-up in the region continued, Iran temporarily shut parts of the Strait of Hormuz so that the Islamic Revolutionary Guard Corps could conduct naval drills. Satellite imagery suggested that Iran has been fortifying an underground complex at one of its nuclear sites.

A British husband and wife were sentenced to ten years in prison in Iran for spying. Lindsay and Craig Foreman were detained in January 2025 and sent to different wings of Evin prison, notorious for the torture of inmates and filthy living conditions. Iran has arrested dozens of people with foreign passports in recent years, usually on trumped-up charges of espionage, and held them as bargaining chips during talks with their governments.

Lebanon's cabinet backed a four-month time frame for the army to implement the second phase of a plan to disarm Hizbullah, a Shia militia. Hizbullah rejected the decision, complaining that it served Israel.

The African Union refused to recognise a parallel government in Sudan led by the Rapid Support Forces, a paramilitary group that is fighting Sudan's army in a civil war. Mr Trump's chief envoy in Africa, Massad Boulos, has hinted that an American-led peace plan may be close, though neither side looks ready to make peace.

Russia rejected an intelligence report compiled by Britain, France, Germany, the Netherlands and Sweden, which found that Alexei Navalny had been killed by toxin from poison dart frogs in 2024. Navalny, the most prominent critic of the Putin regime at the time, was found dead at the Arctic penal colony he had been sent to following a sham trial. The report said samples taken from his body proved "conclusively" that he had been poisoned, and that Russia had the means to carry out the attack. The Russian foreign ministry called for the test results to be published.

With the fourth anniversary looming of Russia's invasion of Ukraine, both sides held another round of peace talks in Geneva. No progress was made on the conflict's substantive issues, though the Russian negotiator said more talks would take place, without giving a date.

A former energy minister in Ukraine was charged with corruption at the state nuclear-energy company, the first big development for months in the Midas bribery scandal that has rocked the Ukrainian government. German Galushchenko was detained as he tried to leave the country. He denies any wrongdoing.

In France 11 people were arrested in connection with the beating to death of a right-wing student in Lyon. The student was helping to provide security for an anti-immigration feminist group at a protest. A parliamentary assistant for the left-wing France Unbowed party was one of those arrested.

Andrew Mountbatten-Windsor, formerly Prince Andrew, was arrested by police in Britain on suspicion of misconduct in public office. The latest release of Jeffrey Epstein documents appeared to show that during his time as a British trade envoy, Mr Mountbatten-Windsor shared sensitive details with the sex offender. For many years he has denied allegations of wrongdoing linked with Epstein.

Sir Keir Starmer, Britain's embattled prime minister, was forced into another U-turn. His Labour government withdrew a proposal to postpone 30 local council elections ahead of a court challenge by Reform UK, a populist-right party. Labour is anticipating heavy losses at the elections. Reform, meanwhile, promoted Robert Jenrick, a prominent defector from the Conservatives, to the job of finance spokesman.

Another Conservative MP defected to the Liberals in Canada, taking the party closer to a governing majority in Parliament. Matt Jeneroux said he had been inspired by the performance of Mark Carney as prime minister. The Liberals haven't held a governing majority since 2019.

General Francis Donovan, who heads the United States' military operations in South America and the Caribbean, visited Venezuela for a meeting with Delcy Rodríguez, the interim president. They discussed security and the implementation of Mr Trump's three-point plan for the country.

José Jerí, Peru's president, was voted out of office by the country's Congress amid a scandal over his furtive meetings with a Chinese businessman. Mr Jerí was in the job for only four months, replacing Dina Boluarte following her impeachment. A presidential election is due in April.

The acting head of America's Immigration and Customs Enforcement agency said that two of its officers had been placed on leave for apparently lying about the shooting and wounding of a Venezuelan man in Minneapolis in January. The government has now dropped charges against the man for allegedly assaulting officers. Meanwhile, Minnesota's state investigation agency expressed concern about the "unprecedented" lack of co-operation from the FBI into the fatal shooting of Alex Pretti by border agents during protests against immigration raids.

Eight skiers were killed in an avalanche near Lake Tahoe in California and one was missing. It was one of the deadliest avalanches ever in America.

Tributes were paid to Jesse Jackson, who died aged 84. The civil-rights icon ran to be the Democrats' nominee for president in 1984 and 1988 and won several state primaries, the first black candidate from the two big parties to do so. Donald Trump praised him as a good man with "lots of personality, grit and street smarts". Barack Obama credited Mr Jackson with paving the way for his own successful presidential campaign. "We stood on his shoulders," he said.

The world this week

Business

February 19th 2026

Mark Zuckerberg took the stand at a trial in Los Angeles that could determine whether social-media companies create algorithms to make teenagers addicted to their content. The boss of Meta was questioned about whether he was doing enough to stop under-13s from using Instagram, which he admitted was "challenging". He also said that Meta gets just 1% of its revenues from teens.

Warner Bros Discovery gave Paramount a week to come up with its "best and final offer" for the business, and at the same time recommended that Warner's shareholders accept Netflix's takeover deal for most of the company. It set March 20th for a shareholders' meeting to vote on Netflix's proposal. Warner has come under pressure from some investors to engage with Paramount about its higher bid, and is giving it one last chance to overcome the "deficiencies" in its offer.

Bayer proposed a $7.25bn settlement to resolve claims in America that Roundup weedkiller caused users to develop non-Hodgkin lymphoma. Roundup was made by Monsanto, which Bayer acquired in 2016, exposing it to the claims. The conglomerate has already paid out billions after various court cases. Its proposed settlement covers present and future claimants, with funding for up to 21 years.

Japan's GDP grew by just 0.2% at an annualised rate in the last three months of 2025, far below economists' estimates. The economy barely avoided recession, having shrunk by 2.3% in the previous quarter. Takaichi Sanae, the prime minister, held a meeting with Ueda Kazuo, the governor of the Bank of Japan, amid speculation that the central bank will soon raise interest rates again to bolster the yen. The weak currency has caused prices to rise for imported goods, pushing up the cost of living. Mr Ueda refused to divulge the details of his discussion with Ms Takaichi.

The first Japanese investments in America, under last year's trade agreement, were announced. The three deals will see Japan provide funding for a natural-gas plant in Ohio, an oil-export facility along the Gulf coast and a synthetic-diamond factory in Georgia. The investments are worth $36bn, $33bn of which is for the plant in Ohio. Japan has pledged to spend $550bn on American projects by 2029.

Consumer prices in Britain rose in January at an annual rate of 3%, down from 3.4% in December and the slowest pace in ten months. The Bank of England has said it expects the inflation rate to drop to near its 2% target after April. Meanwhile, the unemployment rate reached 5.2%, the highest level in five years. Unemployment among 16- 24-year-olds stood at 16.1%, and is now above the EU average. Critics of the government contend that higher minimum wages are stopping employers from hiring unskilled youngsters.

Speculation mounted about who the next president of the European Central Bank might be, amid reports that Christine Lagarde is considering stepping down before her term ends in October 2027. Ms Lagarde wants a successor to be announced before the French presidential election in April 2027, for which the populist-right National Rally is currently the front-runner.

Boosted by increased spending by governments on defence, BAE Systems reported that its order backlog grew to a record £83.6bn ($113bn) in 2025, its best-ever year for sales. An agreement to build 20 Typhoon aircraft for Turkey and a contract to provide the US Space Force with space-based missile-tracking capabilities were among the deals highlighted by the defence company. Others in the industry, including Lockheed Martin, Northrop Grumman and RTX, have also produced stellar earnings reports recently.

The chief executive of InterContinental Hotels Group said that this year's World Cup should lead to a rise in tourism to the United States. IHG, which operates 4,000 hotels in the US, including under the Holiday Inn brand, cited lower tourism as a factor behind a drop in revenue per room in the latter months of 2025. International visitors to the US fell by 4.2% in 2025, according to the government.

India hosted the first global summit on AI to take place in the developing world. The government pitched the summit's theme as democratising AI, with an emphasis on open-source technology. AI should be "inclusive, distributed and development-focused", said the minister for technology, though others noted India's focus on hoovering up investments for data centres. One Indian university was booted out of the exhibition after a professor showed off a robotic dog, which subsequently turned out to have been made in China.

The weekly cartoon

February 19th 2026

Dig deeper into the subjects of this week’s cartoon:

Vladimir Putin is caught in a vice of his own making

How four years of war have changed Russia

How a four-year onslaught has changed Ukraine

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

Leaders

Leaders | The Robin Hood state

Don’t go after the rich to fix broken budgets

It will not work, and is wrong in principle

February 19th 2026

America’s top 1% enjoy a fifth of the economy’s income and pay nearly a third of its federal taxes. Many politicians think they should cough up much more. Zohran Mamdani, New York’s mayor, wants a new 2% city levy on incomes over $1m. Virginia, Rhode Island and Washington state are weighing up similar measures; Californians are likely this year to vote on a “one time” 5% levy on billionaires’ wealth. In Europe, too, there is a similar clamour to target the wealthy. France has seen a popular campaign for a wealth tax. And with Sir Keir Starmer weakened or doomed as prime minister, the left wing of Britain’s Labour Party may implement one of its own.

The “Robin Hood” state, which takes from the rich to give to the poor, has obvious appeal. Governments across the developed world are strapped for cash. Budgets are burdened by legacy debts, ageing populations and the need to spend more on defence. But few politicians will countenance raising broad-based taxes at a time when voters, scarred by the high inflation of the early 2020s, are worried about affordability. Booming stockmarkets, meanwhile, have reinforced the idea that inequality is too high. And it always sounds good to say someone else will foot the bill.

Yet plans to fill budgetary gaps by raising levies on the rich are flawed. Taxes are one way governments can redistribute income from the rich to the poor. But that is not their only function: they must also raise revenue without distorting the economy. The system today is failing on all counts. Arguments that high earners do not pay their fair share are mostly empty. And squeezing the rich further will raise trifling sums of money, while causing real economic damage.

Consider revenues first. There are simply not enough fat cats to fund welfare states by themselves. The proposed wealth tax in California would raise about 2% of the state's annual output—not much for a swingeing one-time levy in the place with one of the world's greatest concentrations of billionaires. The figure for Mr Mamdani's proposal is around 0.25% of output annually. The limited revenue-raising power of the rich is why European governments have to fund their big spending with broad-based levies, such as taxes on consumption. By contrast, America, with its low overall tax burden, can get by with one of the world's most progressive tax systems.

Loopholes benefiting the very wealthy should certainly be closed. The biggest problem in the American tax system is at the very top. The resetting of the basis for capital-gains tax upon death allows billionaires who hold on to assets, borrowing against them to fund spending, to avoid the levy entirely. The dodge is outrageous. Yet ending it would yield only a tiny amount of money, probably less than 0.1% of GDP annually. The same goes for raising inheritance tax, a good tax that has never generated much money.

Another problem with increasing taxes on the rich is that it damages the economy. True, it would take a lot to stop bankers and lawyers turning up for work. Yet in New York they already face a combined federal, state and local top tax rate of 52%. And the cumulative impact of such levies on risk-taking, enterprise and innovation—the lifeblood of economic growth—may cause real harm. Recent research finds that facing a one-percentage-point higher income-tax rate reduces the likelihood that someone will file a patent in the following three years by 0.6 percentage points. This loss of entrepreneurial effort hurts society more than it hurts innovators, who by one estimate capture just 2% of the value they generate.

You might think that the one unassailable argument for taxing the rich would be fairness. But even that idea is dubious. The presumption that governments have failed to ensure taxes on the rich keep up with their income is mostly wrong. The rich world does more redistribution than ever. In Britain, France and Japan income inequality has fallen after taxes and spending. Since 1990, America has offset much of the rise in pre-tax inequality with more redistribution. Taxes on the top 1% are higher, and spending on the poor, such as on health care, has grown. Besides, fairness is not just about making incomes equal. A fair system would also respect property rights, be reasonably predictable and allow people to reap the rewards of their efforts and risk-taking.

Of all the proposals, California's most dramatically fails these tests. It looks more like the arbitrary seizure of property than progressive taxation. No one should expect the promise that it is a one-off levy to be honoured. It is a safe bet that the left will raid the same billionaires again the next time they have a programme to fund.

Broad-based taxes do not only raise much more money. They are also politically healthier. A society where the many pay tax and benefit from spending is stronger than one where the few have to pay for the many. If progress on artificial intelligence concentrates incomes at the top, as almost everyone in Silicon Valley expects, then the tax system will require fresh thinking. But that world, if it comes at all, is some way off.

Today, polls and experiments show that voters pay woefully little attention to the nasty side-effects taxes have on the economy. Without a personal stake in keeping taxes low, they are less likely to keep hare-brained public schemes in check. Only by exposing voters to both sides of the ledger can you expect them to pay heed to the benefits and costs of government spending, rather than always favouring more handouts.

At a time of rising public spending, it is dangerous to suppose that the rich can always just pay a little bit more. Yet most left-wing governments would gladly embrace their inner Robin Hood and raid away. When pressures on the public purse are great, it is tempting for leaders to reach for ways to raise revenue that, in the short term at least, impose the least political cost. Taxing the rich will wreak economic and political damage in the long term, however—and will fail even to bring in the revenue that governments need. Emulating Robin Hood and his merry men might look tempting. But it is a trap. ■

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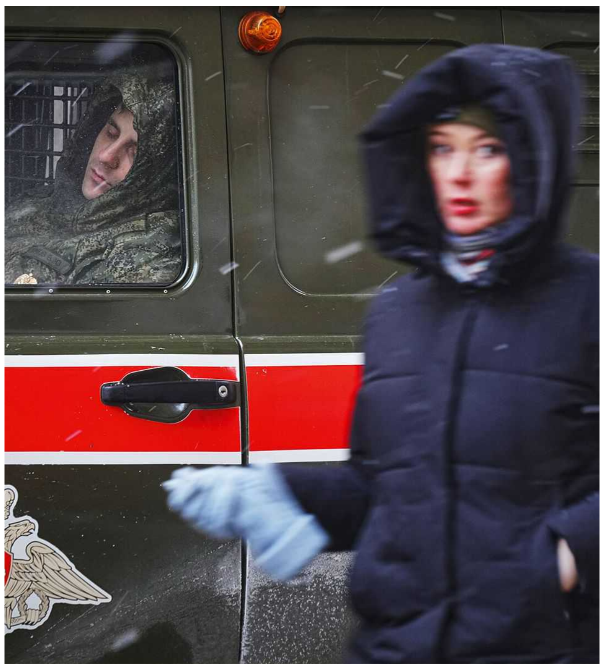
Leaders | Conflict in Ukraine

Vladimir Putin is caught in a vice of his own making

Russia's president cannot win the war, but fears peace

February 19th 2026



YOU WOULD have thought that, after four bloody years, a war which neither side can win would have burnt itself out. But not the war in Ukraine. And the blame lies with one man.

Vladimir Putin is caught in a vice of his own making. The chances are waning that his armies in Ukraine will produce something he can call victory. Many people expect peace talks, continuing in Geneva this week, to give him a way out because President Donald Trump will force Ukraine to cede territory. In fact, that escape route is becoming less likely. And even if a peace deal were concluded, the aftershocks inside Russia would risk economic and political instability, wrecking Mr Putin's plans of being ranked among history's greatest tsars.

The first problem for Russia's president is the battlefield. In the Great Patriotic War, from June 1941 to May 1945, the Red Army advanced 1,600km from Moscow to Berlin. In this longer war, Russian forces in Donetsk, the main focus, have advanced just 60km—the distance from Washington to Baltimore.

Russia has been unable to generate enough combat strength to break through Ukrainian lines. In the 10-30km "kill zone" around the front line, vulnerable to drones and their all-seeing operators, soldiers and equipment cannot mass without becoming targets. Even if Russian forces breach Ukrainian lines they struggle to exploit their success.

On today's trajectory Mr Putin will not be able to change this. In the first three years, Russia was building up its army. By the end of last year, it was losing more men than it could recruit. They are poorly trained, morale is low and desertion rates are higher than ever. Starlink has cut off Russian forces from the smuggled terminals on which they depended for targeting. Their own government has cut off Telegram, which they used to communicate on the front lines.

Mr Putin will struggle to increase the number and quality of recruits. Russia relies on money, not patriotism, to enlist soldiers. The probability of death or injury, the neglect of veterans and the state's attempt to wriggle out of paying "coffin money" to the families of fallen soldiers are all raising the cost of recruitment. Since June 2025, according to Re: Russia, a think-tank, the average sign-on bonus has increased by 0.5m roubles, to 2.43m roubles ($32,000). Money is getting harder to find. The 5.1trn-rouble-a-year bill for all this is equivalent to 90% of the federal budget deficit. The rest of the economy is shrinking. Debt payments are increasing. The outlook for oil revenues is poor.

Russia's war effort is not about to collapse. Mr Putin can strike Ukrainian cities and power grids to destroy morale and the economy. But aerial attacks alone are unlikely to lead to capitulation. He may believe that Europe will desert Ukraine, but European support increased last year. His greatest hope may be that Ukraine, suffering grave manpower and equipment shortages of its own, will undergo a political crisis or begin to run out of fighters and weapons before Russia does. Yet Mr Putin's bet on a Ukrainian collapse has been a losing one for the past four years—and the odds are lengthening.

Why then does he not agree to peace? If Mr Putin could bank Russia's gains and regroup, he could always attack Ukraine again at some point in the future.

In fact, any peace plan is unlikely to satisfy Russia. The talks have a Potemkin quality, illustrated by the preposterous promise of a $12trn peace dividend, much of it to be shared between Russia and America. They are also unlikely to give Mr Putin the territory he has been unable to take by force and which he wants in order to declare victory.

For Ukraine to surrender its best-defended ground would be a strategic disaster. And although Mr Trump still has leverage, his ability to bounce Volodymyr Zelensky, Ukraine's president, into a bad deal has passed its peak. True, America still sells vital weapons to Europe, which passes them to Ukraine. But Ukraine is now less dependent on American intelligence than it was, and America has reduced its financing of the war by 99%. If, as seems likely, any peace deal involves American security guarantees to Ukraine that are enshrined in a treaty, the Senate will have to ratify it. That will also help protect against a one-sided settlement.

Another reason for Mr Putin to be cautious about a deal is that peace itself could trigger a crisis in Russia. As our guest column explains, Russia has diverted so many resources to defence, which now accounts for 8% of GDP, that the rest of the economy is ailing. The regime's lawlessness and the prospect of renewed hostilities will deter new investors. The challenge of redeploying resources from warmaking to peace, including finding work for soldiers returning from the front, could induce a deep recession.

The politics would be ugly, too. Disgruntled veterans destabilise regimes, especially in Russia, as before the revolution in 1917 and after its war in Afghanistan in the 1980s. Polls suggest that Russians would initially welcome the end of the fighting. But questions would surely follow: over the bungled campaign, the squandering of lives and treasure, and Russia's humiliating dependence on China for financial and military support in the name of saving its own civilisation. That might limit Mr Putin’s ability to restart the war. It could even pose a threat to his power.

Mr Putin cannot give up the war, but the cost of carrying it on is rising. If his attempts to generate more combat strength only hollow out Russia further, that could lead to a crisis. If it doesn’t, Ukraine and Russia will be trapped in conflict. Can anything be done to end it? Pursuing Russia’s shadow fleet and activating a Senate plan to punish buyers of its oil could limit export revenues. Countering Mr Putin’s propaganda that America and Europe are bent on destroying Russia would help. So would correcting his claims of an inevitable Russian victory: no one, least of all Mr Trump, likes to back a loser.

It is hard to force a dictator to act. Ultimately, Mr Putin’s readiness to carry on fighting depends on the pain he is willing to inflict. But the more pain there is, the clearer it will be to Russians that he is bringing ruin upon them. ■

For subscribers only: to see how we design each week’s cover, sign up to our weekly Cover Story newsletter.

Leaders | The next Gulf crisis

Saudi Arabia and the Emirates must resolve their own differences

America's neglect is allowing an unwelcome tension to fester between two of its allies

February 19th 2026

MANY OUTSIDERS would put Saudi Arabia and the United Arab Emirates (UAE) in the same category. Both monarchies have grown fabulously wealthy thanks to oil and gas. Both are close American allies. And as the most powerful members of the six-state Gulf Co-operation Council, the two should be natural collaborators. Instead a rift between them, based on personal, political and economic rivalry, is deepening. Its consequences could stretch far beyond the Gulf.

As in business, healthy competition is no bad thing in international relations. Governments in Riyadh and Abu Dhabi may naturally pursue divergent goals. But the foreign policy conducted by each side today is troubling. Some in Saudi Arabia talk of the UAE being a handmaiden for Israeli interests. Emirati commentators retort that Muhammad bin Salman, the Saudi crown prince, has fallen in thrall to Islamists. The UAE strives to fight them back. Where the two once co-operated in Yemen, battling together against Iran-backed Houthis, their interests have sharply diverged. In December the Saudis bombed an Emirati weapons shipment there. Divisions are growing elsewhere.

One problem is that too much policy, in both countries, is determined in secret by a handful of people. Opaque policies help spread uncertainty and suspicion. A second problem is a tendency to conduct policy through proxies. The UAE, unlike Saudi Arabia, often teams up with separatists. This has fuelled the civil war in Sudan. Trouble may follow in shaky places elsewhere in the Horn of Africa, in Gaza or in Syria.

The Gulf has witnessed such tensions before. In 2017 Saudi Arabia and the UAE joined others in imposing a blockade on Qatar—the most serious clash in decades. This time no one is severing economic or diplomatic ties, but a quarrel between the Arab world's largest economies and most influential diplomatic actors could prove more consequential.

Much is at stake. Both the Saudis and the Emiratis benefit from calm in the Gulf. The UAE sells itself to the rest of the world as a stable hub where anyone can do good business. The Saudis would like to be able to make the same claim. Diversifying away from extractive economies and developing tourism and services investment require stability. Trade between the pair is also substantial, with a value of around $31bn a year. But investors fret over even small signs of politically motivated disruption: difficulties in getting visas, say, or seeing borders closed to traders.

The two sides should remember it is easier to de-escalate early on. To do so they should, most urgently, stop fuelling others' wars. The Saudis have some noxious partners. Even more deplorable is the Emiratis' support for militias, including one accused of genocide (a charge the UAE denies), which has prolonged and worsened conflicts and weakened fragile states. Proxies are rarely under the full control of their backers.

Ideally, the Saudis and the Emiratis would use their leverage to promote ceasefires. They are all the more obliged to find a way of getting along, given neglect from a superpower that would once have knocked heads together. President Donald Trump may brag that he could "easily" end tensions in the Gulf, but given his close personal, and business, ties to the families that run both Gulf monarchies, and the transactional view he has of foreign affairs, he has been unwilling to act.

This means a dangerous rivalry is a likelier outcome than co-operation. The responsibility to prevent the next Gulf crisis lies squarely with Saudi Arabia and the Emirates.■

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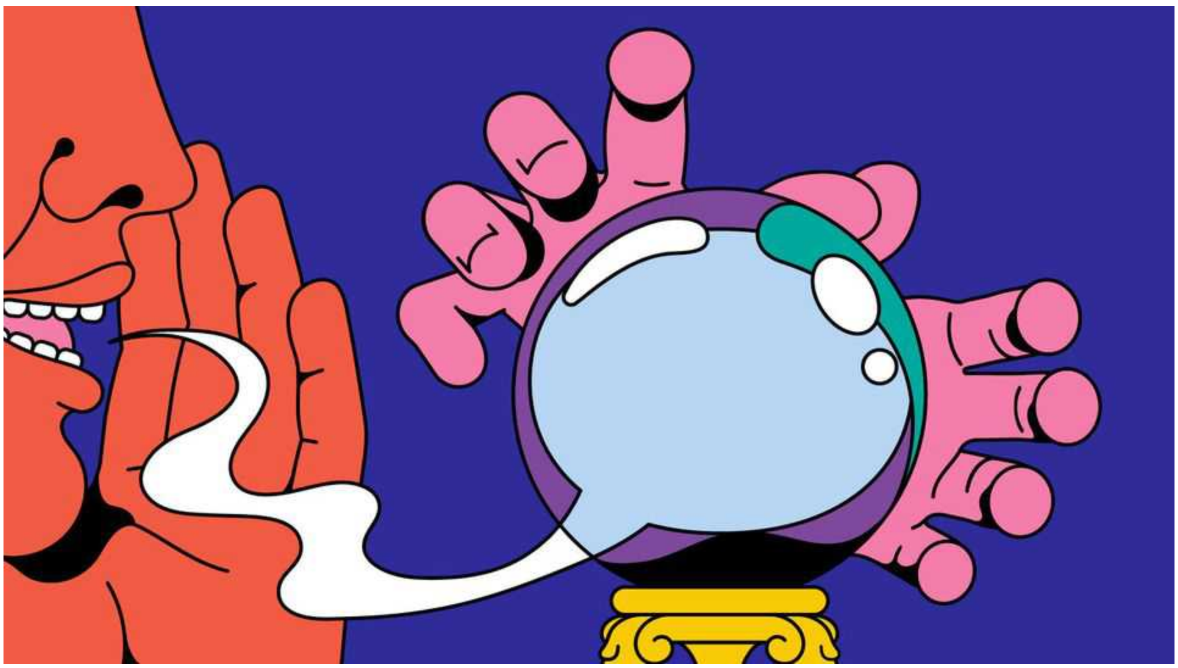
Leaders | The case for informed trading

Why insider trading isn't always bad

At least on prediction markets

February 19th 2026



Long a curiosity beloved mainly by economists, prediction markets—peer-to-peer platforms where people bet on elections, sports, the weather and more—have entered the financial mainstream. On Kalshi, the biggest American site, total trading volume last year rose 12-fold, to $24bn.

Such growth means theoretical concerns about these markets are becoming real. Chief among them is informed trading, in which some participants know something about an event that the public does not. After several examples in which the prices of correct outcomes surged above 90% just before official news broke—implying that some traders already knew the result—one case has turned criminal. On February 12th Israel said it had arrested two men accused of using classified information to make about $150,000 betting on the timing of its attack on Iran.

Such cases look like notorious insider-trading scandals, such as those of Ivan Boesky and Raj Rajaratnam. But that is a flawed comparison. In prediction markets, informed trading is not a crime or an injustice—it is a valuable service.

There are big differences between stocks and futures. Equity markets exist for the public to provide savings to companies. If insiders can trade on material non-public information (mnpi), ordinary investors lacking such knowledge will stay out of the market, depriving firms of capital. Because society benefits from this financing, most countries ban such activity.

Futures, by contrast, are built for industry members such as wheat farmers or oil drillers to hedge their exposure to market prices. There is little broader benefit from mass participation, and thus no reason to ban trading on mnpi. As a result, American law permits informed trading of futures—including on prediction markets. The exception is violation of another duty, as when employees front-run their firms' transactions.

Moreover, prediction markets are beneficial because everyone else gains from their price discovery without having to pay. Cinemas can check which films are likely to win Oscars and reap a surge in attendance; American importers might delay shipments upon seeing the chances that courts will throw out President Donald Trump's tariffs. After the September 11th attacks, America tried to set up a prediction market on political events in the Middle East, including coups and assassinations.

Nonetheless, in two circumstances regulators should worry about informed trading. One is contracts where disclosure is harmful. This is most apparent with looming military action, but occurs more often in markets involving publicly traded firms, such as the current contract on whether Paramount or Netflix will acquire Warner Bros Discovery. If mnpi leaks into such markets, the ban on insider trading of shares would become a dead letter. The other case is when traders can affect the outcomes on which they bet. Polymarket recently withdrew a market on the Artemis II crewed moon rocket exploding, because it created a financial reward for sabotage.

Laws already prohibit this type of activity. And although prediction markets may create new incentives to commit such offences, transparency could both deter criminals and help bring to light wrongdoing that would happen anyway.

Regulators already require prediction markets to verify users' identities, and to maintain market-surveillance systems that hunt for suspicious activity. They could make investigators' jobs easier by compelling verification of sources of funds and traders' employers, to make those who misuse MNPI easy to spot. Disclaimers noting that some traders may know the outcome would ensure that everyone understands the risks.

Regulators cannot control offshore sites. But platforms that accept oversight can take bank transfers, partner with brokers and lure institutional capital. Over time, such sites should attract the bulk of trading, yielding better forecasts for all. ■

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Leaders | Putting the House in order

How to improve American legislators' lot

Doing so would be good for members of Congress, and for democracy

February 19th 2026

Voters view their lawmakers in Washington with disdain. According to Gallup polling, 80% of Americans disapprove of the way Congress is doing its job; 25 years ago approval ratings were typically above 50%. For honesty and ethics, just 8% of Americans rate members of Congress highly—on a par with advertisers and above only lobbyists and car salesmen. This Congress has cheerfully ceded its powers to the president, and passed fewer laws than any since the mid-19th century. When it acts, it is often to stop things working, via government shutdowns (or, as now, a partial shutdown).

Yet it is worth taking a closer look at the life of a lawmaker. You may be surprised to see quite what a miserable job it has become. And who knows—you may even experience an unexpected tinge of sympathy.

Legislators’ lives involve not just endless fundraising and weekly flights between the capital and their home district. With committees weak, individual members snarl and vamp for the cameras, hoping for social-media virality. Then there are the threats to members’ physical safety, which have risen starkly—in contrast to their pay, which has not risen for 17 years. No wonder congressmen are quitting in droves. So far, 60 have said they are stepping down after the midterm elections, the largest-ever number at this stage of the cycle.

Many of the trends that have made the job so dreadful are long-term and deep-seated. The partisanship that helps create gridlock is ever more entrenched. The relentless demands of social media will only grow. The fundraising frenzy will go on. There is no quick or easy fix for any of this.

Who cares? Many Americans will have little time for lawmakers’ laments, reckoning (not unreasonably) that members of Congress have only themselves to blame for standing in the first place. But voters should spare a thought for the state of their democracy. A constant refrain is that Congress is no longer fulfilling its role as the third coequal branch of government. It is not passing laws or guarding the public purse.

Instead of indulging in Schadenfreude, Americans should think about how to make life in their legislature less awful. One hope is that the incoming batch will have a livelier time of it. If, as many pundits expect, the Democrats win back control of the House of Representatives in November, the Capitol will become an energised place. Once again subpoenas will multiply. Committees will seek to hold the administration to account. There could be an effort to impeach Donald Trump for the third time. The job could even seem to matter again.

Yet this will not bring about lasting change. For that, congressmen should help themselves. If Congress is organised, it already has the power to take back responsibilities from the executive and make itself relevant. It should do so. For propriety's sake, Congress should bar members from buying or trading individual stocks. Members profiting from policies they shape damages public trust in their institution.

Ultimately, however, success will also require citizens to understand that they get the House they vote for—not just who represents them, but how. Lawmakers need better pay and working conditions, including more generous provision for staffers. But voters need to remember that when they fill out their ballots, they are hiring legislators, not cheerleaders. If members want to be influencers and pundits, those jobs are available elsewhere. Members of Congress are supposed to pass laws. Voters should not confuse the two. ■

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Letters

Letters | A selection of correspondence

Will AI wipe out white-collar jobs?

Also this week, Admiral Sam Paparo, French electricity, marriage, passive investments, HS2, sad songs, management doublespeak

February 19th 2026

"The cyborg workplace" (January 31st) looked into the reasons why artificial intelligence won't wipe out white-collar jobs and rightly concluded that AI is reshaping professional work rather than erasing it. This reflects what we have found. AI is amplifying human capability, not replacing it. However, your article, like much of the broader AI debate, focused on white-collar workers, who make up only a minority of the global labour force. That framing risks missing the more consequential implications of this new technology in the workplace.

Across advanced economies, employers are already struggling to fill blue-collar and skilled-trade roles. In America's manufacturing industry alone, an estimated 1.9m roles could go unfilled by 2033 as skill gaps widen. Yet AI investment remains skewed towards knowledge work; 75% of IT-services companies invested in AI in the past year, compared with just 37% of health-care firms. This imbalance means AI is being underused precisely where it could relieve the greatest pressure.

If the AI debate stays focused on optimising white-collar productivity, it will miss the more urgent opportunity: using AI to support, sustain and elevate the people that our economies need and increasingly can't find.

Sander van 't NoordendeChief executive officerRandstadDiemen, Netherlands

I think your optimism about the future for white-collar jobs is wrong. You lean on the idea that AI has to match the full complexity of a role before it threatens that job. But jobs are bundles of tasks, and you don't have to automate the whole bundle to wreck the economics. I run a business. The last time I wrote code was in high school sometime around 2000. And yet in the past few months, puttering around in my spare time, I have used Claude to build software that replaced a contractor we had been paying to produce our advertising media. The work is done and looks good, and I didn't need a computer degree to get there.

Then my home air-conditioning broke. I used ChatGPT to go through the diagnostics, figured out the problem and fixed it myself for $35 in parts. A repair man would have charged me around $500. So he didn't get the work.

I'm even using Claude right now to help me write this letter. And that's sort of the whole point. I am not a programmer, I am not a writer and I am not an appliance repairman. But with these tools I was able to do passable work in all three areas, in my spare time. If a guy like me can do all this while barely trying, I genuinely wonder what someone with real skill and more free time is pulling off. That should unsettle people more than you think.

Ilya Zaritskiy Tarzana, California

I was very glad to read Banyan's profile (February 7th) of [Admiral Sam Paparo, commander of America's Indo-Pacific Command](). I had the pleasure of serving with Admiral Paparo during my career as a naval aviator. He is a skilled and highly intelligent leader, at the tactical level he is a man of action who clearly sets expectations, and aggressively holds those accountable who do not meet or exceed those expectations. At the strategic level, Americans and their allies should be thankful he is in charge of the effort in the Pacific. As you pointed out, he is a master of quiet diplomacy. He simultaneously prioritises warfighting readiness while being a fierce proponent of the importance and necessity of carrier-based aviation, despite its many detractors in Washington and the other American armed services who unwisely call for its drawdown.

Put simply, Admiral Paparo is an excellent example of leadership that is thoughtful, yet aggressive. If there is a person who can keep American strategy steady in the Pacific, he is it.

Mark SwingerCCommander US Navy (retired) Springfield, Virginia

Banyan's assertion that an admiral has always been in charge of the US Indo-Pacific Command is not strictly correct. Air-force Lieutenant General Daniel "Fig" Leaf was the acting commander of what was then known as Pacific Command for two weeks in March 2007, following the departure of Admiral William "Fox" Fallon and before the arrival of Admiral Timothy Keating.

During the two weeks that General Leaf was in charge no American warplanes or ships were lost in the Pacific, relations between the United States and its allies in the region remained harmonious, China did not undertake any aggressive actions in the South China Sea or around Taiwan, and North Korea conducted no missile launches or nuclear tests, thus making Fig's tenure arguably one of the most successful of any regional commander before or since.

Emil SkodonFormer foreign-policy adviser to the US Air Force chief of staffWashington, DC

Charlemagne (February 7th) suggested that France is "scuppering electric interconnectors" to shield its state-owned utility. France is in fact the second-most interconnected country in Europe, with 37 links, and posted a record 92.3TWh net export balance in 2025, a big contribution to Europe's grid stability. Not exactly the behaviour of a country shielding itself from the single market.

The Spanish border is often invoked as a case in point. Yet the Bay of Biscay interconnector will double capacity to over 5GW by 2028 and is designed to avoid more than 7TWh of low-carbon electricity losses annually. As for the next trans-Pyrenean link, the challenge is not French reluctance, but the massive grid reinforcements required on both sides of the border. Experts from both our transmission-system operators are currently performing a peer review of respective constraints to ensure that the final schedule balances ambition with operational realism.

France will continue to support deeper market integration, as it always has. France is also happy to host "energy highways" for the transit of Spanish electricity to the rest of Europe, as proposed in the European Commission's "grid package". It is worth recalling, however, that in France, highways charge tolls.

Laurent KuenyDirector of energyFrench Ministry for the Economy, Finance and Industrial and Digital SovereigntyParis

I was astonished to learn that researchers are still studying marriage data about the age difference of spouses ("To have and too old", January 31st). I had a letter published in your newspaper more than 40 years ago (February 2nd 1985) on the same topic. The equation in that letter, as set out below, appears to be as compelling as the laws of supply and demand or the law of comparative advantage in economics.

$B=G/2+7$, where B and G correspond to the age of the bride and groom, respectively, at the time of marriage.

To highlight the predictive power of this law I employed a random sample of one using the ages of the current occupants of the White House when they married in January 2005. At that time Donald Trump was 58 so the law's predicted value was 36 for Melania Knauss (as she was then). The future first lady was 34, almost perfectly aligned with the predicted age.

Ira SohnNew York

You mentioned a reality TV star and his wife who is 18 years younger. This gap would not have surprised Aristotle. In Book VII of Politics he suggests the optimum age of marriage is 37 for men and 18 for women. Ever the empiricist, Aristotle based this, among other factors, on his observation that such couples tended to produce the healthiest children.

Animesh GhoshalDurham, North Carolina

We share Buttonwood's concerns about whether passive investment is inflating a stockmarket bubble (January 17th). The shift towards passive investing has had profound market implications, none more important than muting active management in public markets. With an increasing percentage of buy and sell decisions dictated solely by fund flows, earnings and other market signals have been muffled, stifling the market's response mechanism.

Also, by overweighting the same securities through passive vehicles, investors' holdings look like a sea of sameness, heightening systematic risk and limiting diversification. The rise of private credit, having grown fivefold since 2009 to $1.34trn in America alone, is a direct response to the passive coup d'état, providing investors an active management offset. In form, there is no passive approach to private-market investments like overhauling jet engines, manufacturing capital structure solutions or asset-based lending (entailing the double underwrite of the assets as well as the health of the borrower).

Despite frequently being depicted as a nefarious corner of shadow banking, private markets contribute to the long-term health of the global economy by seeking the highest and best use of capital, a discipline increasingly lost in the passive wave.

Ted GoldthopeChief executiveBC Partners CreditNew York

Bagehot's claim that billions were spent digging 16km (ten miles) of tunnels through the Chiltern Hills to hide the worst effects of the HS2 rail line may be factually correct, but misses the reality on the ground (January 24th). Much of the landscape has been visually scarred since this project took off, causing irreparable damage to the countryside.

The impact is easily visible on a train from London Marylebone to Oxford. Mini cities have sprung up along the line where rolling hills once dominated, the ugly reality of this government folly. In any case, the money the then Conservative government spent on "hiding" the worst impact of HS2 from Tory voters wasn't well spent. Sarah Green, a Liberal Democrat, took the local seat in 2021 after nearly 50 years of Conservative dominance, a protest vote against Brexit and HS2.

James GardChalfont Saint Peter, Buckinghamshire

Please don't feel blue about pop songs becoming increasingly gloomy ("Whistle an (un)happy tune", January 24th). In America the first-ever number one on the Billboard Hot 100 was "Poor Little Fool" by Ricky Nelson in 1958, a song of sadness from being messed around by a girl. The first-ever number one in Britain was "Here in my Heart" by Al Martino, a song from 1952 of yearning for someone's love. Thus, sad songs have been popular from the start or, to misquote Sir Elton John, sad songs have always sold so much.

Adam GuyDurham

Regarding Bartleby's column on management mantras (February 7th), at the first company I worked for the staff talked about "insurmountable opportunities". I later discovered that this came about after the following, possibly apocryphal, conversation:

Employee: "We have a problem."Chief executive: "Don't consider it a problem, consider it an opportunity!"Employee: "We have an insurmountable opportunity!"

Steve ChengLondon

By Invitation

- Dizzyingly high CEO pay is fine. It just needs to be earned

By Invitation | The trillion-dollar question

Dizzyingly high CEO pay is fine. It just needs to be earned

What's changed is not the level of talent but its importance, writes Alex Edmans

February 19th 2026

The 2026 proxy season is about to begin. Proxy statements are already landing in shareholders' inboxes, and boards are bracing themselves for the most awkward item on the ballot: the say-on-pay vote. Last year a quarter of large American firms faced meaningful opposition to their remuneration reports—a reminder that unease over executive pay is no longer confined to fringe activists.

This disquiet reached operatic levels towards the end of 2025, when Tesla asked its shareholders to approve a pay package for Elon Musk that could be worth $1trn. The backlash was swift. The Norwegian sovereign wealth fund, Calpers and New York City's retirement systems all announced that they would vote against it. The controversy spilled out beyond corporate circles: Pope Leo XIV lamented that "We're in big trouble."

Reluctant as this humble academic is to disagree with the pontiff, the episode signals no such thing. But it does add urgency to a question that sparks heated debate: how much is a chief executive really worth?

This question extends well beyond Mr Musk. The average ceo of an s&p 500 company takes home $19m a year—285 times the pay of the average worker. By 6.44am on January 2nd he has already earned what a typical employee makes in an entire year. Such statistics are arresting, but they also invite confusion. And confusion can, as any good Catholic will tell you, be forgiven.

So why is ceo pay so high? The first reason is to attract a great boss. Critics often argue that no individual could possibly be worth $19m a year. They also note, correctly, that ceo pay has not always been this elevated. In 1992 it averaged $4m for s&p 500 bosses. ceo pay has nearly quintupled since then, vastly outstripping the one-third rise in average worker pay. Are corporate leaders that much more talented than their predecessors of a generation ago?

What has changed is not the level of talent but its importance. Companies are vastly larger than they used to be. The median s&p 500 firm was worth $3bn in 1992; today it is $40bn. If the ceo improves his firm's value by just 1%, that was worth $30m then and $400m now. Seen in that light, a $19m pay package no longer looks so excessive.

The key idea here is scalability. A ceo's decisions—restructuring a company, improving corporate culture, launching an innovation—affect the entire organisation. The bigger the firm, the larger the impact. By contrast, an engineer who can service ten machines creates the same value whether the firm owns 100 machines or 1,000. Indeed, rising pay linked to scalability is not unique to ceos. Anyone with scalable talent—athletes, actors, musicians, influencers—is paid far more today relative to the average wage than in the past.

The second role of executive pay is to spur strong performance. Public debate focuses on how much ceos are paid, but what really matters is how. A $19m guaranteed salary is very different from $19m in shares. To receive the full payout, Mr Musk needs to lift Tesla's market capitalisation to $8.5trn, six times its current level. These and other conditions mean that his expected payout is far less than the $1trn maximum.

A common objection to lavish pay is that good ceos should be intrinsically motivated. If a boss needs to be bribed with bonuses to work hard, the board has hired the wrong person.

Relying on professional pride sounds appealing, but it is unrealistic. Even intrinsically motivated people behave differently when they are owners. Homeowners take better care of a property than even the most conscientious tenant. A salaried executive may cling to the status quo to protect their job; a co-owner is more likely to swing for the fences.

This matters particularly for someone like Mr Musk, whose time is also claimed by X, xAI, SpaceX—and politics. Incentives help determine where effort is allocated. Research shows that ceos who own a substantial fraction of their firm's shares deliver 4-10 percentage points higher annual shareholder returns than poorly incentivised peers—and this is causation, not just correlation.

That said, not everything about Mr Musk's package is exemplary. It relies on discrete performance thresholds: bonuses are paid if Tesla's value crosses $2trn, then $2.5trn, and so on. But shareholders do not suddenly cheer when the market value edges up from $2.49trn to $2.51trn. Such thresholds create perverse incentives, encouraging executives to manipulate short-term performance to clear an arbitrary hurdle.

This problem is widespread. Executive-pay packages are notoriously complex, stuffed with performance measures and all-or-nothing targets. Such contracts can lead bosses to focus on what is measurable rather than what matters. For example, incentives to promote diversity, equity and inclusion often end up rewarding demographic box-ticking rather than genuine cognitive diversity or inclusion.

A simpler solution would be to pay ceos primarily in shares that they cannot sell for five to ten years. That would align them fully with long-term shareholders and encourage them to think like owners rather than like employees optimising a bonus formula.

The final purpose of ceo pay is to communicate what an organisation values. Some firms cultivate a performance culture by using incentives, such as sales commissions, throughout the workforce. Tying the ceo's pay to performance reinforces that culture, signalling that exceptional effort can be exceptionally rewarded. Public debate often frames a high ratio between ceo and average-worker pay as unfair. But fairness is not the same as equality. Firms that prize performance see it differently: fairness lies in rewarding results, and failing to do so risks being viewed as unjust.

That sort of performance culture is not for every organisation. Academia, for example, largely eschews bonuses, which is why deans are not paid according to the donations they raise. Such behavioural and cultural considerations are often neglected in debates that focus narrowly on economic incentives, yet they matter in practice.

The real question, ultimately, is not whether ceo pay is large. It is whether it is earned.■

Alex Edmans is a finance professor at London Business School and the author of "Grow the Pie: How Great Companies Deliver Both Purpose and Profit".

Briefing

Briefing | No escape

How four years of war have changed Russia

The fighting in Ukraine has reshaped everyday life

February 19th 2026

A middle-aged man in camouflage gets on a bus in central Moscow. He is holding a plastic bag that contains a bottle of vodka and a can of beer. Slightly swaying, his eyes blurred, he sips alternately from each container. He surveys the other passengers and says to no one in particular, "Keeping up the defence. Keeping up the defence." The passengers look away. They are keen to avoid eye contact with a protagonist of Russia's "special military operation" in Ukraine.

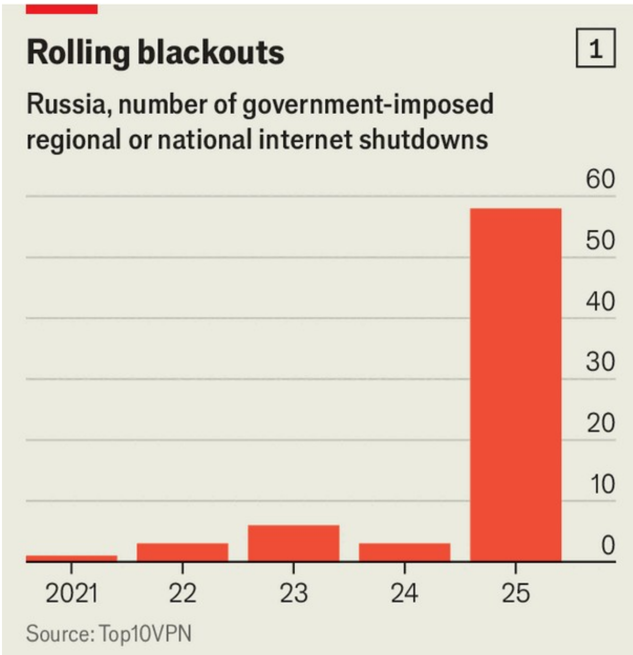
Many Russians try to ignore the war, which began four years ago this week—but that is getting harder. There is no sign of an impending breakdown, political or economic. But even Vladimir Putin's repressive regime cannot paper over the many ways in which the war impinges on everyday life.

Simply moving about the country, the reminders are frequent. Defence systems intended to foil Ukrainian drone attacks also confuse the satnavs of cars in Moscow and other cities. This "spoofing" can make GPS devices think they are 50 kilometres from their actual location. Drivers must study routes in advance, use paper maps or ask for directions.

Air travel is another headache. Fears of drones and other military concerns prompted more than 500 airport closures last year. Sanctions prevent the import of spare parts for planes made by Airbus and Boeing, which account for 90% of passenger flights. Last year there were 800 breakdowns—more than triple the tally of the year before. Some airlines are refurbishing old Russian-made jets, although these also often suffer breakdowns.

Even moving from street level to the upper stories of buildings can be a challenge, for similar reasons. Many lifts are made abroad, and spare parts are hard to find. When some Muscovites, angered by frequent breakdowns in their apartment block, recently started interrogating the lift repairmen about the shoddiness of their work, they retort by looking up as if towards an invisible overseer and saying, "You're asking the wrong people." The implication was that lasting repairs are impossible while the authorities prioritise the war over more quotidian concerns.

Communications are becoming harder by the day. After months of restrictions, YouTube and WhatsApp are now completely blocked. Telegram, a message app and one of the main sources of information not controlled by the state, is being throttled—prompting complaints even from members of the Duma, Russia's supine parliament. People are being pushed to use a state-backed rival, Max, which comes preinstalled on all new smartphones and tablets and is presumed to facilitate government surveillance. In theory, access to many Western websites remains possible, but in practice internet service providers allow only a useless sliver of their data to load. Top10VPN, a VPN-review service, counted 58 regional or national suspensions of the internet last year, with an average duration of 25 days (see chart 1).



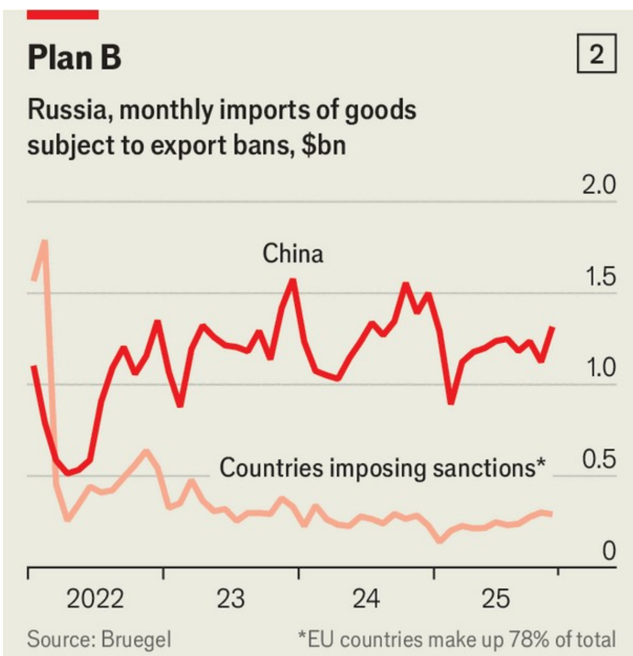
The economy has held up surprisingly well. In late 2021, before the war began, economists reckoned that Russia would grow by about 2% a year in 2022-24. In the event, it grew slightly faster than this, despite the conflict and severe Western sanctions, as oil exports boomed and the government opened the fiscal taps. In 2025 growth slowed sharply, to perhaps 0.6%. Yet unemployment remains extremely low, at 2%. Consumer confidence, meanwhile, remains near an all-time high, according to data from Levada, an independent pollster.

The aggregate numbers, however, obscure the fact that the economy has fundamentally changed. Joblessness is so low in large part because Russia's war machine has sucked up manpower, and hundreds of thousands of Russians have fled the country. Growth in 2023 and 2024 was heavily reliant on largesse from the state, not only in terms of spending on the military but also on infrastructure and welfare.

Cities like Izhevsk, in the Ural Mountains, home to the Kalashnikov Group, a big arms manufacturer, are booming. Property prices are rising and new restaurants are opening up. Other parts of the economy are doing less well. Russia, filled with brainy nerds, had hoped to compete in the ai race between America and China. In practice it is nowhere to be seen. Sanctions have restricted access to cutting-edge chips, while many of the country's best scientists have left. Who has heard of GigaChat, an AI chatbot developed by Sberbank, Russia's largest bank?

The civilian economy shows signs of malaise. The number of new businesses registered last year was the lowest in 14 years, and fully 20% lower than in 2024. Wage arrears have doubled over the past year to 2.2bn roubles ($29m), much of them in the construction industry. Samolet, a giant property developer, is struggling to service its debt and has asked the government for a rescue. Avtovaz, Russia's biggest carmaker, is operating its factories only four days a week.

Even those with means are not immune to the economic upheaval. Because of sanctions, goods that used to be imported from the European Union, or made by Russian joint-ventures with Western firms, have been replaced by Chinese substitutes (see chart 2). The result is shuttered factories and less choice for consumers.



There are plenty of drags on the private sector, such as a big rise in corporate tax last year. But a big disincentive to invest has been a wave of expropriations that has gathered strength as the war has dragged on. It started with foreign firms that left Russia at the start of the war. Their assets were quickly seized and redistributed. For example, the Russian operations of Danone, a French yogurt maker, were sold for a song to a nephew of Ramzan Kadyrov, a militia leader and Kremlin crony.

The asset grab soon expanded to Russian business. The latest case is Moscow's Domodedovo airport, which was once valued at $5bn. The authorities confiscated it from its owner and sold it at auction for less than $1bn—half the asking price—to a subsidiary of Sheremetyevo airport, which is linked to Arkady Rotenberg, one of Mr Putin's cronies. Even unluckier is Vadim Moshkovich, one of Russia's richest men and owner of Rusagro, an agricultural conglomerate that is a tempting target for kleptocrats. Russian court rulings forced him to redomicile the firm from Cyprus to Russia. Last year he was jailed for fraud. The company is being eyed by an entity headed by Dmitry Patrushev, the minister of agriculture and son of Nikolai Patrushev, a former intelligence chief and member of Mr Putin's inner circle. "Why would I invest and expand if it will be taken from me tomorrow?" an entrepreneur asks.

In the 2010s Russian prosecutors filed no more than one expropriation petition a year. Since the start of the war more than 500 firms had been expropriated, most of them Russian-owned. They include hotels, shopping centres, pasta factories and distilleries. A year ago Igor Krasnov, the prosecutor-general, boasted to Mr Putin that he had recovered 2.4trn roubles "for the benefit of the state". A few months later Mr Krasnov was appointed the chief justice of Russia's Supreme Court.

The war has deformed the legal system in many ways. People who join the army are routinely cleared of past crimes, no matter how depraved. Verstka, an online media outlet, has counted 1,112 court cases, including prosecutions for murder and rape, that have been suspended or dropped because the accused have signed military contracts. As part of the standard benefits package for new recruits, Mr Putin has granted soldiers immunity from prosecution while in service for relatively serious crimes, including theft and battery.

Some soldiers remain violent after returning home. Over the past four years around 1,000 people have been killed or injured by participants in the war, according to Verstka. Half of the murders were committed by ex-convicts recruited to the army from prisons. Although such offenders are usually tried and returned to prison, they often receive lenient sentences.

More than 150 men from Revda, a 60,000-person suburb of the city of Yekaterinburg in the Urals, have died in the war. Last year two sisters, aged nine and seven, were run over and killed outside a supermarket after a car skidded off a slippery road and ploughed into the store. The driver was a 37-year-old corporal, drunk and on drugs, who had recently returned home from the front. He had had his licence revoked three times in the past, but all the associated penalties had been annulled owing to his participation in the war.

Killing has also been sanctified by the Russian Orthodox Church, which has proclaimed the invasion of Ukraine a holy war and sent thousands of priests to the front, both to rally the troops and, in some cases, to fight themselves. At least 300 priests are believed to have signed a contract with the Ministry of Defence, receiving the same privileges as veterans.

From the start of the war Kirill, the church's patriarch, has promised that sacrificing one's life in it will wash away all sin, even for the unrepentant. (In contrast, an anti-war protester who displayed a sign reading "Thou shall not kill" was detained and fined for "discrediting the Russian army".) Alexei Uminsky, a parish priest who left Russia after being defrocked for praying for peace instead of victory, told the media, "The patriarch has removed responsibility for killing in the war."

In spite of the church's enthusiasm, enlisting new recruits is getting ever harder. Many are men in their late 30s and 40s from small towns or villages in remote parts of the country with few skills or prospects. "They saw the special military operation as a way to catch up with their more socially advanced compatriots in terms of living standards," explains Vladimir Zvonovsky, a sociologist from Samara. A signing-up bonus that reached 2.5m roubles in 2024 in some parts of the country (regions competed to please Mr Putin by providing lots of recruits) could be used as a deposit for a mortgage. Wages of 200,000 roubles a month was five times their average salary. It seemed a rational choice, often made together by a family.

Yet this calculus is looking ever less appealing. For one thing, many soldiers say they signed a contract for a year without realising that Mr Putin had approved a decree giving the army the authority to extend such contracts until the end of the war. They also did not expect to fight on the front line. Meanwhile, their income has been less bountiful than they had hoped, both because of years of high inflation and because survival often involves paying officers hefty bribes to avoid the most hazardous operations. If they are lucky enough to return home, they are shunned, not feted as the propaganda had promised. “I’ve been screwed” is a common refrain.

Resentment is also building among relatives of new recruits. “While our men are being destroyed there, we’re being squeezed here,” a woman says. “Every day brings new fines, bans, taxes and laws voiding property rights. Prices go up constantly. We collect humanitarian aid for the front, while officials throw parties.” The apparent ineptitude of Russia’s generals does not help: “A country with a normal army would have wrapped this up in one or three months, not dragged it out for three and a half years. He [Mr Putin] fucked everything up completely.”

The result is a shortage of recruits despite huge spending. According to Re:Russia, a network of analysts with its headquarters in Vienna, the army’s bill for manpower has gone up from 3trn roubles in 2024 to more than 4trn in 2025—around 2% of GDP. Nearly 40% of that is payments for deaths in service. Yet Russian casualties, thought to be some 1,000 men a day, may exceed the army’s intake.

It is hard to be sure about the death toll and the labour market, since the government has become extremely secretive about demographic data—a sure indicator of grim news it is determined to conceal. In 2024 Mr Putin suspended official government population surveys until 2029. Alexei Raksha, a demographer who raised the alarm about the blackout, has been declared a “foreign agent”.

Presumably, the death of many Russian men in Ukraine and the flight of many others abroad to escape military service has exacerbated the decades-long shrinkage of the workforce. At any rate, the government is recruiting foreign workers to alleviate Russia’s labour shortage. It has made this task harder for itself by dragooning lots of existing migrant workers from former Soviet states such as Tajikistan to fight in Ukraine. An attack by Tajik terrorists on a shopping centre in Moscow in 2024, and the harassment of migrants that followed, has further deterred flows from Russia’s near-abroad. Instead the authorities are importing labour from Cuba, India, North Korea and Sri Lanka. Last year it issued 240,000 work permits to foreigners.

The war is also likely to be accelerating the decline in Russia’s birth rate. In 2023, before Mr Putin halted the release of data, the fertility rate (meaning the number of children a typical woman would have over her lifetime) fell to 1.3—the lowest level since 2006. According to a survey by Russia’s Higher

School of Economics conducted that year, nearly a third of Russians have decided to postpone or completely abandon plans to have a baby because of the war in Ukraine and the worsening economic situation.

To help sustain the birth rate, the Duma in 2024 banned the promotion of childlessness. A zealous regional governor, eager to satisfy Mr Putin's call for more babies, offered money to school-age girls if they got pregnant. Several regions are restricting abortions in private clinics. School-sponsored public forums on VK, Russia's main social-media network, are being flooded with natalist slogans like "Want to start a new life? Just have a baby!" and "Student years are a window for reproduction". Just as the Russian Orthodox Church has blessed the war, its priests have been enjoined, along with bureaucrats, to denounce abortion and promote pregnancy.

Ordinary Russians are not passive in the face of this onslaught. Many have downloaded VPNs, for instance, to escape digital censorship. But they are getting gloomier: some 60% expect this year to be harder than last, pollsters say. According to Russia's official statistics, diagnosed cases of anxiety and depression rose 21% from 2020 to 2024. Prescriptions of antidepressants were up 18% year-on-year in January.

Last year many Russians had hoped that Donald Trump's return to office would bring the war to a swift end. People started to think about what they would do when the war stopped, says Elena Panfilova, a columnist for Novaya Gazeta, a much harassed online media outlet. That optimism has ebbed away: "Everything has frozen and turned into a grey, viscous paste consisting of bombing and shooting, bargaining and lying, restrictions and repressions." As another woman puts it, "I feel like an insect stuck in amber. Life goes on outside but your own lifetime is frozen."

"People now realise that even if the war were to stop, things would not get back to how they were before the war and worry they will get worse," Mr Zvonovsky says. If nothing else, when the war machine grinds to a halt, the upheaval caused by the wholesale reallocation of labour and capital will be brutal. Pollsters routinely find that the vast majority of Russians want the war to end. In December a majority also told Levada that they paid little or no attention to how the war was progressing. Like passengers on a Moscow bus, they are trying not to think about the men in camouflage. ■

Briefing | The logic of persistence

Russia’s economy has entered the death zone

Alexandra Prokopenko wonders how much longer it can go on metabolising its own muscle tissue

February 19th 2026

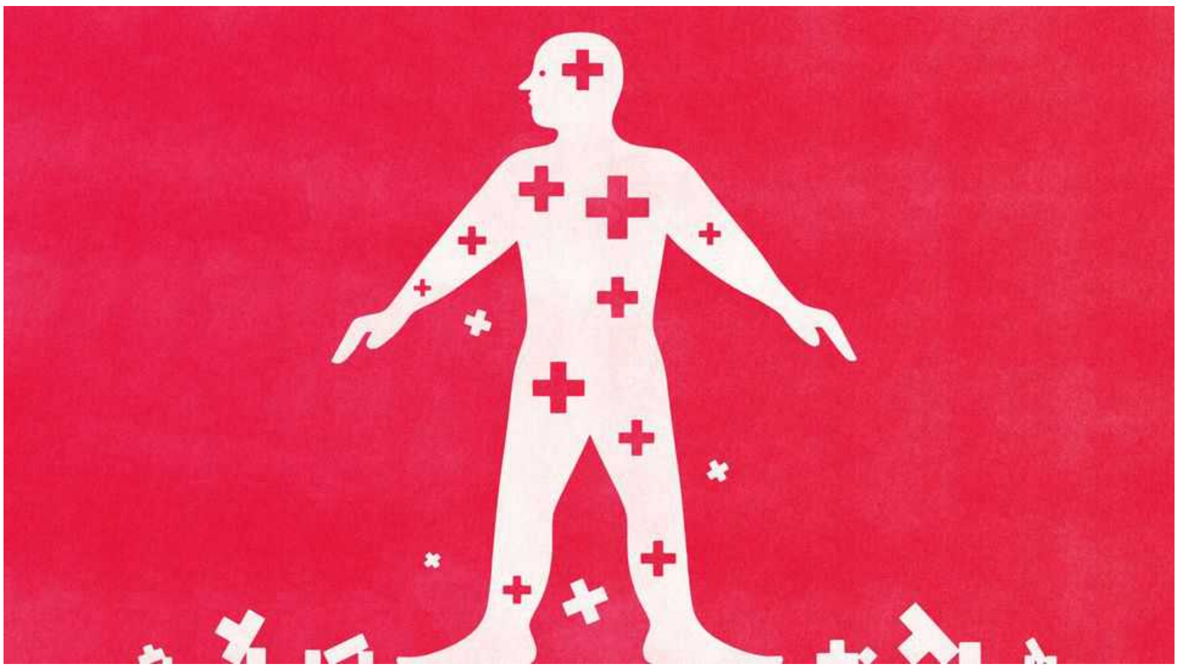
United States

United States | Trumpcare

Donald Trump’s policies are reshaping American health care

And the consequences will ripple through both health and politics

February 19th 2026

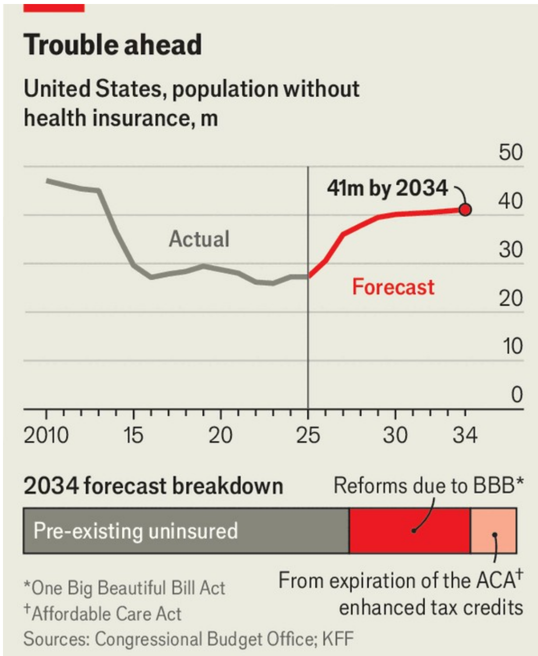


Care Resource in Midtown Miami exudes the city’s vibe. The nonprofit clinic is bright and adorned with street art. Staff discuss the difference between Cuban and Colombian Spanish; a Bentley is parked on the street outside. But for all its glamour, it is a safety-net doctors’ office. Keeping it open requires “put[ting] together a quilt” of grants, insurance and pharmacy income, says Karin Sabey, the clinic’s boss. In 2024 over half of patients did not have health insurance. That is set to grow. Last year about a third of nearby Miamians bought insurance through the Affordable Care Act (ACA) marketplace. With the end of pandemic-era subsidies, many will be priced out. “Any change in the system could be catastrophic”, Ms Sabey says. “It’s a house of cards.”

Donald Trump's second term has roiled medical care in America. With cuts to Medicaid, drug-pricing deals, the sudden ubiquity of "Make America Healthy Again" and the end of extra marketplace subsidies, few areas of health care will be left untouched. The result will be a lasting impact on Americans' health.

The greatest change is coming to Medicaid, the government health programme for the poor, which covers almost 77m Americans. To help pay for tax cuts in the One Big Beautiful Bill Act (BBB), over $900bn will be cut from the insurance scheme over the next decade, estimates the Congressional Budget Office (CBO), a non-partisan scorekeeper. Although this is a small slice of the $8trn of federal spending to come by 2035, the cuts will "inflict a staggering amount of harm on individuals", says Zack Cooper, a health economist at Yale University. The administration calls the introduction of work requirements to qualify for Medicaid "common-sense" for "able-bodied individuals". Only 8% of Medicaid enrollees do not work or have an exemption. More are likely to lose their coverage in a morass of paperwork.

The end of extra subsidies for the insurance marketplace has led to a rise of 114% in the average premium, estimates KFF, a health-research outfit. Defenders of Trumpcare point out that so far just 5% fewer people have signed up for health insurance—a far smaller drop-off than many expected. But the number will probably rise in the short term, as auto-enrollees notice bigger bills, and in the long term, as healthier people opt out, worsening the risk pool. Brian Blase, who has advised Donald Trump on health care, calls the changes "fiscally responsible" and a welcome respite "from the Biden-era of profligacy". Extending the gassed-up ACA subsidies until 2035 would have cost $350bn, according to the CBO.



But these savings are not cost-free. The CBO reckons that, as a result of all this, as many as 14m people could become uninsured by 2034 (see chart). Researchers at the University of Pennsylvania and Yale have calculated that this many people losing coverage (plus other changes in the BBB) could mean an additional 51,000 deaths a year; officials call such claims "deranged". There will be ripple effects as hospitals and clinics, such as Care Resource, absorb the cost of unpaid care.

Beyond insurance, Mr Trump has taken a keen interest in medicine prices. The push for deals with pharmaceutical companies comes "directly from the president", says one White House official. "That is why you've seen such a primary focus on that…He clearly thinks about it quite a bit." The result is a prescription-drug website called "TrumpRx", where several dozen medicines are listed at low prices. Mr Trump hails it as "one of the most transformative health-care initiatives of all time".

Analysts scoff. "It sounds really impactful for patients," says Stacie Dusetzina, a health-policy professor at Vanderbilt University. In reality, it will help "only a very small number of people". The site is useful only for patients paying cash, and often generic medicines are available elsewhere for less. "The banner on the website is "the world's lowest prices", she says. "In fact, it's not even the US's lowest."

Robert F. Kennedy junior, Mr Trump's health secretary, has overseen rapid public-health reforms across his Health and Human Services (HHS) department. The clearest impact has been on vaccines, where he has altered recommendations. Mr Kennedy has also upended the food pyramid. Some changes are sensible, like an emphasis on avoiding processed foods, and some odder, like an embrace of artery-clogging saturated fats.

Other ideas are outlined in the Great Healthcare Plan, a one-page grab bag of reforms. It includes sending subsidies "directly to eligible people" (to whom or how much is unclear). The effort, which is unlikely to go far in Congress, is an attempt to wrest back some momentum on health care from Democrats, who have long held a polling advantage on the issue. According to a KFF poll in January, two-thirds of Americans say they worry about paying for health care, more than worry about paying for utilities, food or housing. Cutting costs for patients is the "North Star" for health-care policy, says the White House official.

Nevertheless, those going uninsured will still feel the pain. Republicans cling to the view that "Medicaid doesn't really have political effects for them", says Yuval Levin of the American Enterprise Institute, a conservative think-tank. Republicans in Congress "know as a matter of fact that that's not true, but they still operate…as if it were." Their voters will notice their cuts in benefits, he argues.

This disconnect between the party elite and voters' concerns is not dissimilar to Democrats' focus on issues such as democracy rather than the economy. It remains to be seen whether this will be less politically damaging for Republicans. Just in case, though, the BBB backloaded the Medicaid cuts until after the midterms. A Democratic Congress might reverse the worst of them. As Mr Trump reflected in his first term, "Nobody knew health care could be so complicated."■

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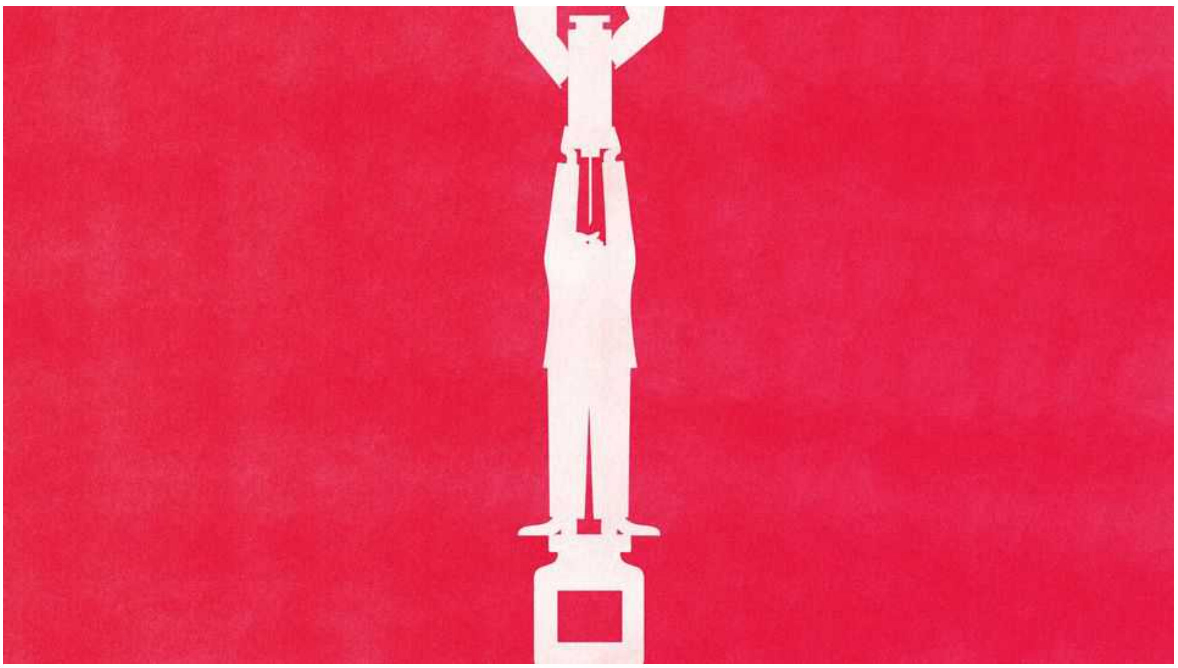
United States | Revealing Wheeling

The front line in America's child-vaccine battle

How far can RFK junior push state policies? West Virginia will provide an answer

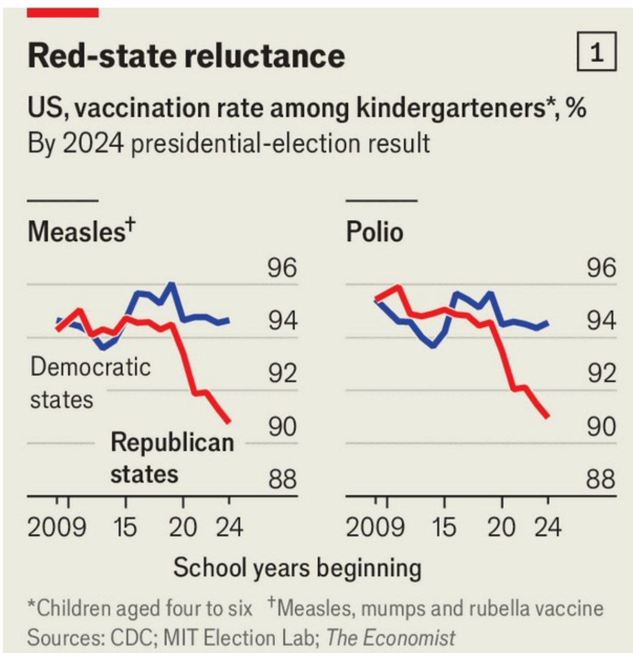
February 19th 2026



On a highway that cuts through Wheeling, West Virginia, an old coal-mining town on the Ohio River, a billboard advertises a black-lung clinic. It is a reminder of the damage wrought on Appalachian men from years underground. This is the familiar story of West Virginia: back-breaking labour, rural poverty and one of the sickest populations in the country.

But on one health measure Wheeling, and West Virginia more broadly, stand apart for the better. Across the river in neighbouring Ohio counties, childhood-vaccination rates against measles, mumps and rubella (MMR) hover around 93%, just below the threshold needed for herd immunity against the highly contagious viruses. By contrast in West Virginia vaccination is nearly universal. In 2025, as measles crept through each of its bordering states, it reported no cases.

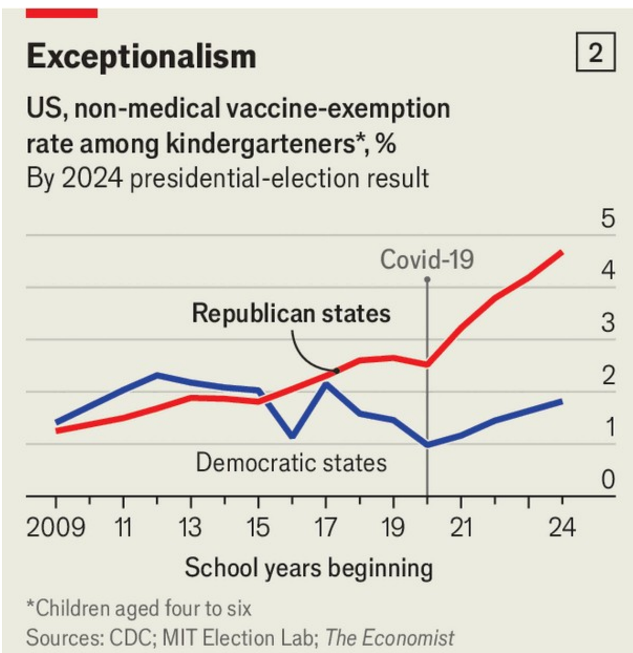
The reason is simple. West Virginia has one of the strictest childhood-vaccine mandates in the country. It is one of just five states (and the lone Republican-led one) that permit only medical exemptions to school-vaccine requirements. That distinction is now in jeopardy. This summer the state's supreme court will probably rule on whether the Republican governor's executive order expanding exemptions to include religious objections to vaccines can stand. Robert F. Kennedy junior, the health secretary, has thrown his weight behind the effort, turning West Virginia into an early test of how the administration might influence states' vaccine policies.



A decade ago anti-vaccine beliefs were held fairly evenly across the political spectrum. That is no longer the case. Since the pandemic vaccine hesitancy has surged among Republicans (see chart 1). Exemptions to public-school vaccination requirements based on religious or philosophical objections have roughly doubled (see chart 2). The increase has been 2.6 times steeper in states that voted for Mr Trump in 2024 than in those that voted for Kamala Harris.

The effort to bring West Virginia into that fold intensified last year. On his second day in office the Republican governor, Patrick Morrissey, signed an executive order directing state health officials and school administrators to recognise religious exemptions to vaccines under the state's religious-freedom statute. Many parents seized the moment. Requests for non-medical exemptions rose from none to a chunky 697 by the 2025-26 school year, according to data provided to The Economist by the state's health department.

The governor's directive was swiftly challenged. The state supreme court issued a stay on religious exemptions while it hears a case that pits the state's board of education and school officials against three mothers seeking exemptions for their children. The fate of West Virginia's vaccine mandate now rests with five justices.



What distinguishes this fight is the federal government's intervention. Over the summer the federal health department sent a letter to West Virginia's public-health authorities endorsing the governor's order and warning that restricting religious exemptions could jeopardise the state's funding under the Vaccines for Children programme (VFC), which provides free immunisations to poor children. In West Virginia roughly half of children are eligible.

"It's unprecedented for the federal government to sanction states based on federal interpretation of state law," says Dorit Reiss, a law professor at the University of California. In September the health department expanded this effort. Its Office for Civil Rights dispatched letters to the states, echoing the warning sent to West Virginia about how VFC funding could hinge on permitting religious exemptions.

Aaron Siri, a lawyer specialising in anti-vaccine cases, is both a lead counsel in the case before the West Virginia supreme court and was an adviser to Mr Kennedy's presidential campaign as well his personal lawyer. In December he appeared before a federal vaccine-advisory committee, which Mr Kennedy had earlier reconstituted, replacing its members with vaccine-sceptics. Mr Siri said that to depoliticise vaccines "you have to end mandates".

The consequences in West Virginia would be swift. Its vaccination rates are among the country's lowest for children under five. By 13 months of age, roughly half of children in West Virginia have received their first dose of the MMR vaccine, compared with three-quarters in Massachusetts. Yet by kindergarten West Virginia's vaccination rates rank among the highest in the country, suggesting that the mandate compels many hesitant parents.

Though vaccines are still broadly popular with the public, Mr Kennedy's "Make America Healthy Again" agenda has found an audience, too. Recent Pew polling shows his net approval at minus 4, compared with minus 14 for the vice-president and minus 18 for Mr Trump. That makes him an effective messenger for anti-vaccine views—not least in Wheeling. ■

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United States | Greenhouse gases

How dangerous is Donald Trump's "endangerment" decision?

It removes a cornerstone of climate regulation

February 19th 2026

It was the "single largest deregulatory action in us history", claimed Lee Zeldin, the head of America's Environmental Protection Agency (epa). The decision is "now endangering…all of us", lamented the Environmental Defence Fund (edf), a green ngo. On February 12th President Donald Trump announced the termination of the "endangerment finding", a piece of legalese that underpins American greenhouse-gas regulation.

Adopted in 2009, the epa's endangerment finding concluded that emissions of six greenhouse gases, including carbon dioxide, methane and hfcs, posed a threat to human health and well-being. Backed by reams and years of scientific evidence, the finding became the keystone on which many of

America’s federal climate regulations rest. This is because the Clean Air Act requires the epa to regulate pollutants that pose a threat to human health.

Thus, the endangerment finding compelled the agency to introduce vehicle-emissions standards and limits on greenhouse-gas emissions from oil and gas infrastructure. By denying the threat to human health—hey presto!—Mr Trump has made the mandate to regulate greenhouse gases disappear.

Lawsuits may block the change temporarily. The case could reach the Supreme Court, where two previous rulings may come into tension. In 2022, in West Virginia v epa, the court struck down President Barack Obama’s Clean Power Plan, reasoning that a federal agency cannot claim sweeping powers without clear authorisation from Congress. This principle, the “major questions doctrine”, is often cited by those, such as the Trump administration, who think the EPA has exceeded its legal powers in its efforts to fight climate change.

However, the Supreme Court has also ruled, in 2007, that greenhouse gases are pollutants that fall under the epa’s regulatory mandate. This ruling, Massachusetts v epa, set the wheels in motion for the endangerment finding. Having been told that greenhouse gases fell within its purview, the agency then had to determine whether they posed a threat to human health.

The epa says repealing the endangerment finding will save Americans more than $1.3trn (without specifying over what period), by easing the burden on fossil-fuel-burning industries and reducing Americans’ need to buy electric cars. Critics object that the epa fails to take proper account of the costs, such as more spent on petrol for cars and trucks—as much as $1.7trn more by 2035, by one estimate.

American lungs will also suffer. Greenhouse gases raise air pollution by fostering more frequent and intense wildfires and by accelerating the formation of ground-level ozone. The edf estimates that repealing the endangerment finding will result in tens of thousands of extra premature deaths by mid-century.

American carmakers began shifting their portfolios back to combustion-engine vehicles in the second half of last year, in anticipation of the repeal.

“There is no longer a support system for electric vehicles” in America, says Philippe Houchois, an analyst with Jefferies, an investment firm. He notes that ev sales in America began dropping in September 2025. Some worry that American carmakers will lose ground to those in China and Europe, which are electrifying fast. Others say they can catch up later, perhaps after the next administration changes the rules again.

It is far from clear that scrapping the endangerment finding will be popular. Mr Trump called it “a disastrous Obama-era policy”. But a Yale poll found that three-quarters of registered American voters think the government should regulate carbon dioxide as a pollutant. ■

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United States | Anti-antifa

The Trump administration wants to put antifa on trial

A case in Texas offers an opportunity to do so

February 19th 2026

Precisely what happened outside the Prairieland immigrant-detention facility in Alvarado, Texas, on the night of July 4th 2025 is still hazy. No one disputes the violence: that a protester shot and injured a police officer. Everything else—why he did it and, crucially, whether he had help—is contested. The other protesters that night maintain they came to light fireworks and yell nice things into a megaphone in Spanish to cheer up the detainees. The government accuses them of a co-ordinated, premeditated ambush. On February 23rd it will put nine of them on trial for, among other charges, supporting terrorism.

Elsewhere Donald Trump's effort to tar protesters as guerrilla agitators has flopped. The two shot dead by federal agents in Minneapolis were a mother and a nurse. That officials in the administration rushed to label them terrorists was galling and it backfired. Across the country prosecutors have downgraded or dropped charges against protesters accused of impeding immigration agents. In one case in Chicago they charged a woman with assault, only to recant after footage showed Border Patrol ramming her with a car and shooting her five times. What were once rare and embarrassing setbacks for prosecutors are now commonplace.

The trial in Fort Worth will be different. The nine defendants deny the charges. But they may well stick—a cop was shot and government property was vandalised. The Trump administration wants to extract as much political juice from the case as it can. The Department of Justice (DoJ) contends that the protesters belong to an "antifa cell", part of a larger "militant enterprise".

Though only one person fired a gun at Prairieland, at least 19 were arrested, some of whom did not attend the protest at all. One defendant is charged with evidence tampering for moving a box of anarchist zines out from under the eyes of police. The initial complaint in July alleged crimes such as attempted murder, but made no mention of antifa or terrorism. Then Charlie Kirk was assassinated in September and Mr Trump, vowing retribution, ordered law enforcement to train its might at antifa.

Terrorism charges against the Prairieland defendants followed in October. Kash Patel, head of the FBI, went on Fox News to argue that antifa is a terrorist organisation, not an amorphous social movement, which is how practically everyone else understands it. He cited the DoJ's own charging document. "We are treating them as terrorists just as we do ISIS or al-Qaeda."

Thomas Brzozowski, an ex-DoJ hand, calls this "breathing life into a construct that they've created". To secure convictions on the terrorism charges, prosecutors will need to prove that even the defendants who didn't shoot intended to help murder an officer or vandalise property. "This is not the type of folks we're talking about," says Patrick McClain, a lawyer for one of them; they are "people who want to stand up for people they have empathy for".

Defence lawyers will have to square that with some of the evidence. Two defendants allegedly scoped out the facility before the protest to log security cameras and police presence; others packed guns and body armour in their cars. The protesters allegedly communicated on messaging apps with an auto-delete feature for "opsec" purposes.

The trial may not end the argument. "If this was a group of people that sat around and talked about how violence is necessary to influence the government, and if there's evidence of those conversations, it's not extreme to call that group a terrorist cell," says Francesca Laguardia of Montclair State University. "That doesn't make antifa a terrorist organisation. That doesn't make antifa an organisation at all." ■

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United States | Food for thoughtlessness

Americans are unleashing their anger on food-delivery robots

The machines don't deserve it

February 19th 2026

ON THE pavement of a busy Atlanta street Deja, Jiwon, Mu, Niska and Pelin stand at attention. Their eyes blink slowly as they look straight ahead. Inside Gusto, the salads-and-wraps restaurant they face, workers take notice. "It feels like we're being watched," says one. At any moment the platoon will break into action—trundling away to pick up and deliver late-night munchies to college kids studying in dorms or sushi dinners to finance bros. These are no ordinary couriers. They are machines.

Thousands of cooler-sized food-delivery robots now roam American streets. At the start of last year Serve Robotics, the maker of Deja's posse, had only 100 bots. It has since deployed 2,000 to 20 cities. Coco has a fleet of 1,000 and Starship Technologies has 2,000. The machines map their surroundings using the same cameras and sensors as self-driving cars. Artificial intelligence then helps them decide how to cross the road, dodge runners and scale snowbanks. Thanks to contracts with Uber Eats, DoorDash and Grubhub, they are among the most visible examples of AI taking human jobs.

The bots promise efficiency. “Moving a two-pound burrito in a two-tonne car doesn’t make a lot of sense,” says Ali Kashani, the boss of Serve. Roughly a quarter of American car trips, he notes, are “last-mile” errands and shopping runs. These journeys not only clog streets but are pricey: why should moving a good from Chinatown cost $10 when shipping it from China might cost $2? Small robots ferrying more takeaways could also help lift local economies. And Thunder Said Energy, a consultancy, found that a Starship bot is 100-times more energy-efficient than a motorcycle.

The only snag? People seem to hate them. Social-media videos of pedestrians assaulting them have gone viral. Some seem to be shaking them down for pad thai; others are releasing rage by tipping the poor things over. In one clip a Miami man tries to chuck a bot off a bridge. The anger is translating into activism. In Chicago 3,300 residents have signed a petition asking their city to ban the bots. The editorial board at the University of Notre Dame called on students to boycott them: “Why should we tolerate mechanised Grubhub robots terrorising our walkways?”

This disdain for robots is not new—especially in America. In 2014-15 HitchBOT, a full-body robot, successfully hitchhiked across Canada, Germany and the Netherlands. Two weeks into its American trek, however, it was found stripped, dismembered and decapitated in Philadelphia. Years later a security robot patrolling San Francisco’s Mission District was discovered “besmirched by bar-b-que sauce” and “befouled by faeces”, according to a news report. A recent survey by Pew Research Centre found that Americans are far more concerned about AI intruding on daily life than people in other rich countries.

To mitigate the backlash, Serve has given its machines names and puppy-dog eyes. The company trains the bots to be “courteous” and “delightful”—to slow down near pedestrians and swivel their wheels to signal where they intend to go before taking off. Mr Kashani says the online angst is overblown: 99.8% of his robots successfully complete their trips. He hopes to widen their remit to picking up pharmaceuticals and doing shopping returns. To do so the robots will have to continue to cope with the real world, he says with a laugh. "And the real world is a tough place." ■

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United States | Bleak House

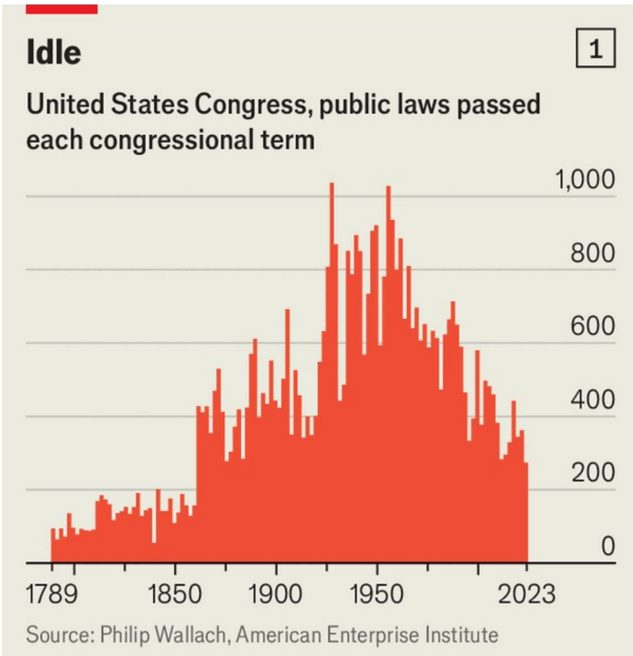
The crummiest job in Washington—congressman—is getting worse

Longer hours, lower pay, more threats and less power

February 19th 2026

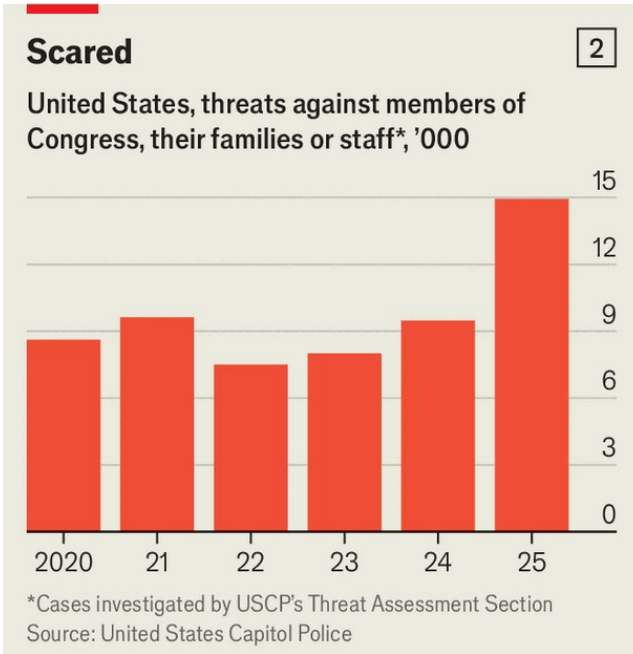
"I just felt ground down," sighs Don Bacon, a Republican congressman from Nebraska. "I'm tired of doing elections every two years. I'm tired of raising six to seven million every two years…It's a 12- to 14-hour daily grind." Mr Bacon is one of 60 members of Congress who say they will step down after the midterms, a record number so early in an election year.

Some are old; some genuinely want to spend more time with their families. Many, however, have grown frustrated with a job that involves longer hours, lower pay, more danger and less power than in the past.



A typical week for a lawmaker starts with a red-eye flight to Washington, just in time for a vote on a bill you have not had time to read. Party leaders whip you to back or oppose it. Between 15 and 25 hours a week are spent with a minder in a dingy building phoning donors to fund your re-election campaign. Then you must attend several committee hearings, all scheduled at the same time; so you appear before each just long enough to craft a video clip. On Thursday after your final vote you dash to make your flight home for your weekend duties: a series of ribbon-cuttings and listening to constituents whinge.

This grind might be easier to tolerate if it yielded results. But in its most recent full term, from 2023 to 2025, Congress passed just 274 laws, fewer than in any other Congress since the civil war (see chart 1). Many were trivial, from renaming post offices to mandating that American flags be American-made. More substantial bills are gridlocked. Small wonder that, according to Gallup, just 17% of Americans approve of how Congress is doing its job.



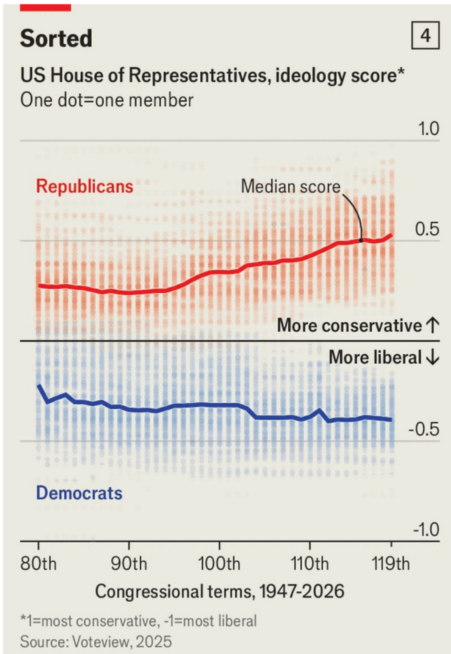
Despite their dwindling relevance, lawmakers are not safe. Last year the Capitol police investigated 14,938 threats directed at members of Congress, their families and staff—a 58% rise from 2024 (see chart 2). In 2022 the then speaker's husband was bludgeoned with a hammer. On January 6th 2021 a mob ransacked the Capitol while lawmakers cowered under desks. The rioters were later pardoned by the president.

Lawmakers are better-paid than nurses, but the gap is shrinking. The salary of $174,000 has not changed in 17 years. After inflation, it has slid by a third (see chart 3). Dozens camp in their offices to save rent.

How did it become such a crummy job? One reason is that partisanship has stripped lawmakers of much of their agency. Another is that they have divested themselves of the resources needed to do the job properly.

Begin with partisanship. The parties in Congress are more ideologically distant than at any point in the past 80 years. Data from DW-NOMINATE, a computer program that analyses voting records, shows that today there is no overlap between Republican and Democratic lawmakers (see chart 4). Anyone who bucks the party line risks ejection by their own party in a primary. "I think it's the worst it's probably ever been," says Julia Brownley, a congresswoman from California who is stepping down this year.

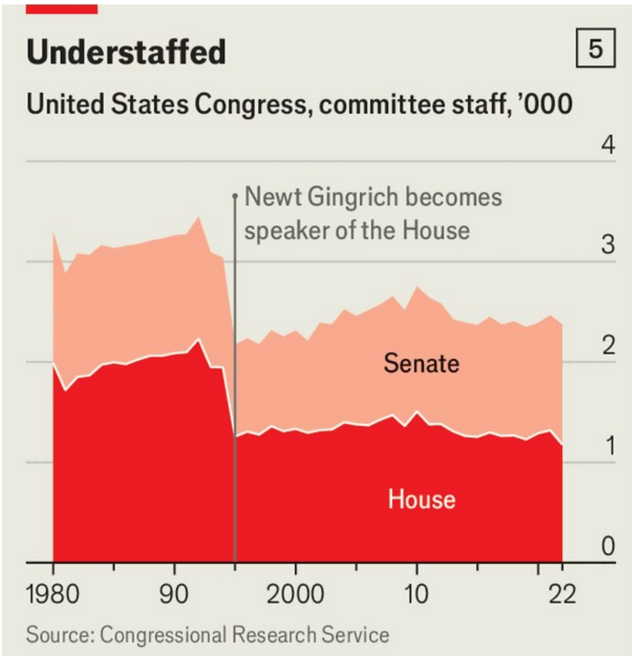
In the past, lawmakers might get onto an interesting committee, where members on both sides haggled over new laws. But since the mid-1990s power has been hoarded in the offices of the speaker of the House and the Senate leader. To get around partisan gridlock, congressional leaders try to cram all their priorities into a single "omnibus" budget bill, which is negotiated in secret and passed, largely unread, by their rank and file. "[Committee] power has been pulled away," complains a recently retired Democratic congressman. "And you say to yourself, what am I doing here if I can't make my own decisions?"



Hearings have become marbled sets for brand-building. For the ambitious, "it's all about getting that viral moment," says the ex-congressman. "Members want to land their attack, and then package it up into a 30-second viral [clip] for social media."

As the scope of government has expanded, the machinery of Congress has failed to keep up. The House has fewer committee staff than in the 1980s (see chart 5). A typical lawmaker's office on Capitol Hill employs just three or four haggard 20-somethings to work on policy. If they are good, they often quit to earn more in the private sector. Congressional staffers left in near-record numbers last year, according to LegiStorm, a congressional database. Many congressmen, too pressed to think for themselves, end up relying on lobbyists. "Congress no longer has [the] expertise to do its job," warns Michael Thorning of the Bipartisan Policy Centre, a think-tank.

Andrew Hall of Stanford University warns that the toxic environment deters moderates from running for office. In their place, partisans who enjoy politics as a blood sport have filled the ranks.



Things could improve. Historically, when enough lawmakers found Congress to be a miserable place to work, they supported reforms that made serving more meaningful. That was the case in the 1970s after Watergate. There are plenty of ways Congress could be made less crummy. Committees could be more empowered; campaign-finance reform might cut the hours spent dialling for dollars; members and staff could be paid a bit more. Yet all this would require the two sides to agree to act. For now, that seems unlikely. ■

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United States | Lexington

Different ideas about faith are dividing Republicans over Israel

The Republicans' internal fight could prove more toxic than the Democrats'

February 19th 2026

Donald Trump's MAGA movement has a way of combining superficial wackiness with the backhoe excavation of old, combustible ideas and grievances. So it was that a right-wing social-media influencer and former Miss California, named by Mr Trump to a commission on religious liberty, chose to pin an ornament of the Palestinian and American flags to her lapel, and then up-end the commission's most recent hearing.

The meeting, on February 9th, was meant to spotlight antisemitism, with testimony in part about leftist protests against Israel. But in confronting a panel of Jewish leaders and activists, the commissioner, Carrie Prejean

Boller, rejected any connection between opposition to Zionism and antisemitism, arguing that America must not “make loyalty to a particular theology about Israel a litmus test for protected speech or moral legitimacy”. When a panellist argued that anti-Zionism was, indeed, antisemitism, she shot back, “I’m a Catholic, and Catholics do not embrace Zionism, just so you know. So are all Catholics antisemites, according to you?”

Ms Boller became a Catholic less than a year ago, which may explain her weak grasp of theology: the Catholic church supports Israel’s right to exist, the essence of Zionism (it also supports a state for Palestinians); and Catholics, like other people, have a range of views. But Ms Boller clearly understands politics, or, what matters more, political theatre performed via social media. After the commission’s chairman tried to remove her on February 11th, she called him a “Zionist supremacist” on X, where her follower count rapidly rose. Insisting that only Mr Trump could dismiss her, she said she would attend the commission’s next meeting. She demanded support from three “Catholics who want to be president in 2028”, Vice-president J.D. Vance, Marco Rubio, the secretary of state, and Ron DeSantis, the governor of Florida. “Are they Israel first or America first?” she wrote, a question she also asked about Mr Trump. None has commented on her dismissal.

The left is having its own reckoning over Israel, replete with claims of complicity in genocide and apartheid, and counteraccusations of antisemitism. On the right, as Mr Trump’s grip on the party loosens in the months and years ahead, the reckoning may prove even more toxic, because Republican support for Israel has across decades braided together not just cold-war ideology and power politics but Christian faith. While theology remains a reason for many on the Christian right to embrace Israel, it is also becoming, for some, a rallying cry to reject Israel’s right to exist.

William F. Buckley, the impresario of modern conservatism and, as it happens, a Catholic, was initially no supporter of Israel. He was raised in the isolationist, America-first Republicanism of the 1930s, by a father who “despised Jews with an intensity he made no effort to conceal”, wrote Mr Buckley’s biographer, Sam Tanenhaus. In 1956 Buckley’s magazine, National Review, called Israel “the first racist state in modern history”, in line with the left’s harshest criticism today. The six-day war in 1967, when

Israel defeated Arab states backed by the Soviet Union, changed Buckley's mind. In the 1980s, as Ronald Reagan integrated the Evangelical movement into the Republican Party, "a particular theology", to borrow Ms Boller's words, became a pillar of Republican support for Israel: Christian Zionists held that the return of Jews to Palestine was required for the second coming of Christ.

Republican support for Israel became rock-solid. When a Republican presidential candidate, Pat Buchanan, also a Catholic, revived the America-first message in the 1990s and combined it with a pro-labour politics, previewing Mr Trump's own populism, Buckley wrote that Mr Buchanan's anti-Israel fulminations "amounted to antisemitism". And when in the 2000s President George W. Bush proposed a "road map for peace" that involved Israel yielding land for an eventual Palestinian state, Evangelicals joined with right-wing Israelis to resist him.

Mr Trump has often cast himself as Israel's best friend ever in the White House. But his own revival of America-first politics has prompted many in his movement to question America's commitment to the Jewish state, and amid that debate ancient tropes are resurfacing. At this month's hearing of the religious-liberty commission Seth Dillon, who runs a conservative Christian satirical news site, the Babylon Bee, testified that "antisemitic agitators" were persuading young men on the right that "hidden Jewish power" was subjugating them. When he named the commentators Tucker Carlson and Candace Owens, Ms Boller objected, saying that Ms Owens "just doesn't support Zionism".

"I don't know why you keep bringing her up, and Tucker," Ms Boller said. "Well," Mr Dillon replied calmly, "because they're the two most famous antisemites." Ms Boller later reposted an emission from Ms Owens, another recent convert to Catholicism, which claimed that "Zionists are naturally hostile to Catholics because we refuse to…support the mass slaughter and rape of innocent children for occult Baal worshippers." Mr Trump and Mr Vance, usually not shy to denounce those they disagree with, have yet to display Mr Dillon's forthrightness about such commentary.

At Benedictine College in Atchison, Kansas, Matthew Ramage, a theology professor, has been surprised in the past year to find students coming to him "with questions that suggest the Jewish people might no longer be God's people". He adds, "They were genuinely confused. I think they heard it on the internet." When Dr Ramage explains church doctrine rejecting antisemitism, as clarified in 1965 in the Second Vatican Council, he finds students are quick to accept the truth. Wouldn't it be nice if the American president and vice-president would provide such leadership? ■

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The Americas

- Nicaragua has so far dodged the fate of Cuba and Venezuela
- Peru ousts a president under the shadow of Chinese meddling
- The battle to save South America's skull-crushing big cat

The Americas | The third regime

Nicaragua has so far dodged the fate of Cuba and Venezuela

Latin America's other leftist autocracy has not yet come under sustained pressure from the United States

February 19th 2026

Nicaragua is sometimes called the "tropical North Korea". Even by the standards of Latin American autocracies, it feels tense in Managua, the capital. Any political talk is hushed for fear that informers may be hovering. Television stations spout propaganda, religion or bland entertainment. Church sermons are hollow. Rubbish lines the road, the smell of its incineration hanging in the air. "This is a ship sinking more every year because there is no change—just [the regime's] twisted ideas," says a resident. In 2025 the United Nations estimated that nearly a fifth of the population was hungry. The regime expelled UN representatives in response.

Daniel Ortega became president in 2007 after winning an election. The former Marxist-Leninist guerrilla had ruled from 1979 to 1990, after overthrowing the dynasty that had run Nicaragua for four decades. He soon turned to repression. In 2018 the government used lethal force to put down widespread anti-government protests, killing at least 355 people. By 2021 he had locked up the main opposition candidates and secured re-election through a sham vote. In 2024 he overhauled the constitution, elevating his wife, Rosario Murillo, to "co-president". That paved the way for Ms Murillo, who is 74 and had previously been his vice-president, to succeed her husband, who is 80. The new constitution reduced the courts and legislature to mere "organs of the state". The pair increased their control of the army and the police. Their sons took important posts in government.

Cultural life has been squashed unless it celebrates Rubén Darío, a long-dead poet, or Ms Murillo herself, who has published multiple volumes of poetry. Take Granada, once a cultural hub, which used to host an annual poetry festival. It was cancelled after 2018, when police fired on protesters at the festival. The regime has also smothered civil society, shutting more than 5,500 NGOs. Almost 300 journalists have fled the country since 2018. University independence has been eliminated. In a devout country, even the Catholic church has come under attack. Since 2022 more than 200 clergy have been jailed or forced to leave Nicaragua, including 18 nuns from Mother Teresa's charity.

Some 800,000 Nicaraguans have left since 2019, says Manuel Orozco of the Inter-American Dialogue, a think-tank in Washington, more than 10% of the 7m population. In 2023 the government began stripping critics of citizenship and confiscating their property. Some emigrants discover they cannot return or renew their passports. "Their entire life is systematically dismantled," notes a UN report. Even out of the country, Nicaraguans are not safe. In June Roberto Samcam, a retired army major and outspoken critic, was shot dead at his home in San José, Costa Rica's capital. NGOs have linked his killing to the Ortega regime. "They came to our door; the repression has no borders," says Claudia Vargas, his widow. At least six others have suffered a similar fate since 2018.

The regime has shifted away from the Cuban model of an authoritarian system cloaked in revolutionary rhetoric to a still authoritarian one focused on the welfare of the Ortega-Murillo clan. Its sole objective is for the family to stay in power, says Eliseo Núñez, a former opposition legislator. There is little effort to inspire. Limp posters that bear an unflattering photograph of the pair along with the slogan "Avanzando la revolución" are the only visible propaganda on the streets.

The clan now dominates the economy, too. Allies control ports, energy and telecommunications. Growth has been solid at 3-4% a year since 2022, but rests on narrow foundations. Remittances, mostly from the United States, account for 30% of GDP, among the highest shares in the world. Exports, another big source of income, are also dependent on the United States.

The regime has drawn closer to China in an effort to reduce this dependence. Huge Chinese-built shopping centres are everywhere. After the United States put sanctions on the state mining company, Eniminas, the government rewrote concession rules. Chinese firms displaced Western ones and now hold concessions covering about 8% of the country's land. That has boosted gold exports, generating dollars and helping to evade sanctions.

Ms Murillo has taken control of the ruling duo. Repression has increased. In 2025 the regime turned on fellow Sandinistas, the Marxist-Leninist-inspired guerrillas with whom Mr Ortega overthrew the previous dictatorship. Among them was Bayardo Arce, a former Sandinista commander and longtime economic adviser, who was placed under house arrest before being convicted of money-laundering and fraud. "If you'd told me a year ago they would do this, I would never have believed it," says Oscar René Vargas, a Sandinista intellectual who once saved Mr Ortega's life.

Despite increasing repression and cosying up to China, even as the United States takes a closer interest in the left-wing autocracies in its region, the consequences for the Ortega-Murillo regime have been limited. That may be because Nicaragua lacks both oil and strategic value. Yet Donald Trump's rhetoric about American control of the western hemisphere has increased uncertainty. Marco Rubio, his secretary of state, has repeatedly denounced the Nicaraguan regime alongside those in Venezuela and Cuba.

The United States has the power to depose Mr Ortega, as it did Nicolás Maduro, Venezuela's dictator, in January. By leaving Mr Maduro's deputy in charge, says Mr Vargas, Mr Trump showed Nicaraguan regime insiders that "there is political life for them" after the first family is forced out. Ricardo Zúñiga, who oversaw Central America policy under President Joe Biden, says this chimes with his aim at the time, to make clear that the United States would work with anyone but Ms Murillo.

The United States has increased diplomatic pressure. On January 30th the State Department called Ms Murillo's position "illegitimate". Yet it has stopped short of harsher measures, such as curbing American oil exports to the regime, or severing banking ties. In January it declined to expel Nicaragua from the Central American Free-Trade Agreement, though it will gradually impose tariffs on Nicaraguan exports not covered by the agreement, reaching rates of 15% by 2028.

The regime has long proved adept at conceding just enough to ease pressure, says Mr Zúñiga. On February 8th it ended visa-free entry for Cubans, which had facilitated migration northward towards the United States. That followed the limited release of some political prisoners in January—even as others were detained.

Mr Nuñez argues that succession also poses a risk to the regime. Ms Murillo lacks her husband's revolutionary credentials. She is widely disliked and seen as divisive within the regime, in part because she is an eccentric (her belief in mysticism is well documented) and has a vengeful streak. Many were appalled after she sided with her husband when her daughter from a previous marriage accused him of raping her. Mr Ortega denies the accusation.

Yet Ms Murillo has amassed great power. Nicaraguans at home are too frightened to resist. The opposition is fractured. "Nicaraguans have already paid too dearly," says Ms Vargas, the widow. Mr Ortega and Ms Murillo seem indifferent to their hollowing-out of the state. For now, so too does Mr Trump. ■

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The Americas | Happy new year

Peru ousts a president under the shadow of Chinese meddling

José Jerí was the country’s eighth president in a decade.

February 19th 2026

The Chinese “Year of the Fire Horse” ostensibly heralds disruptive change. Peru could not wait to get started. On February 17th, as dragon dancers performed in the Chinatown district of Lima, the capital, Peru’s Congress voted to impeach interim president José Jerí, the country’s eighth president in a decade.

Mr Jerí held office for just four months after presiding over his predecessor’s impeachment. The 39-year-old styled himself as tough on crime. He enjoyed some legislative support, but that evaporated after clandestine meetings with a Chinese businessman became public. Questions about conflicts of interest followed. He left the presidential palace to shouts of “thief”. He denies wrongdoing.

The ramifications run beyond domestic politics. Chifagate, as the scandal became known—after chifa, the local term for a Chinese restaurant, in one of which the meetings took place—was drawing new levels of scrutiny to Chinese influence in Peru at a time when Donald Trump is eager to assert the dominance of the United States over the region.

Mr Jerí had been trying to outrun that scrutiny. He had ditched plans for a Chinese naval vessel to visit Peru. In February his government backed away from a decision to buy 24 Gripen jets from Sweden’s Saab, signalling its intention to buy much more expensive F-16s from the United States instead. Last week, Mr Jerí dined on cheeseburgers with the new American ambassador to Peru, Bernie Navarro, who shared a selfie of the pair declaring a change of “menu”.

Mr Jerí’s replacement is a far-left 83-year-old, José María Balcázar, chosen by Congress on February 18th. He will run Peru until July before yielding to the victor of elections on April 12th. Meanwhile, the United States has the Chinese-controlled megaport of Chancay, just north of Lima, in its sights. A Peruvian judge had ruled to restrict transport regulations at the port. The Americans called that a loss of Peruvian sovereignty. The notion that Peru cannot handle its affairs bothers Peruvians. Mr Balcázar should be careful.■

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The Americas | Connected cats

The battle to save South America’s skull-crushing big cat

Farmers and villagers realise that jaguars are worth more alive than dead

February 19th 2026

The jeep is squelching through the marsh when the guide calls for a hush. A gentle beep emanates from his hand-held receiver, which he sweeps around him to pinpoint the signal. “Nine o’clock!” he whispers, and the car creeps off through the long, paludal grass. There, squatting by an island of wild cashew trees, is a pair of jaguars, mother and son, feasting on the carcass of a nine-banded armadillo. They briefly raise their heads, find the jeep uninteresting, and resume munching.

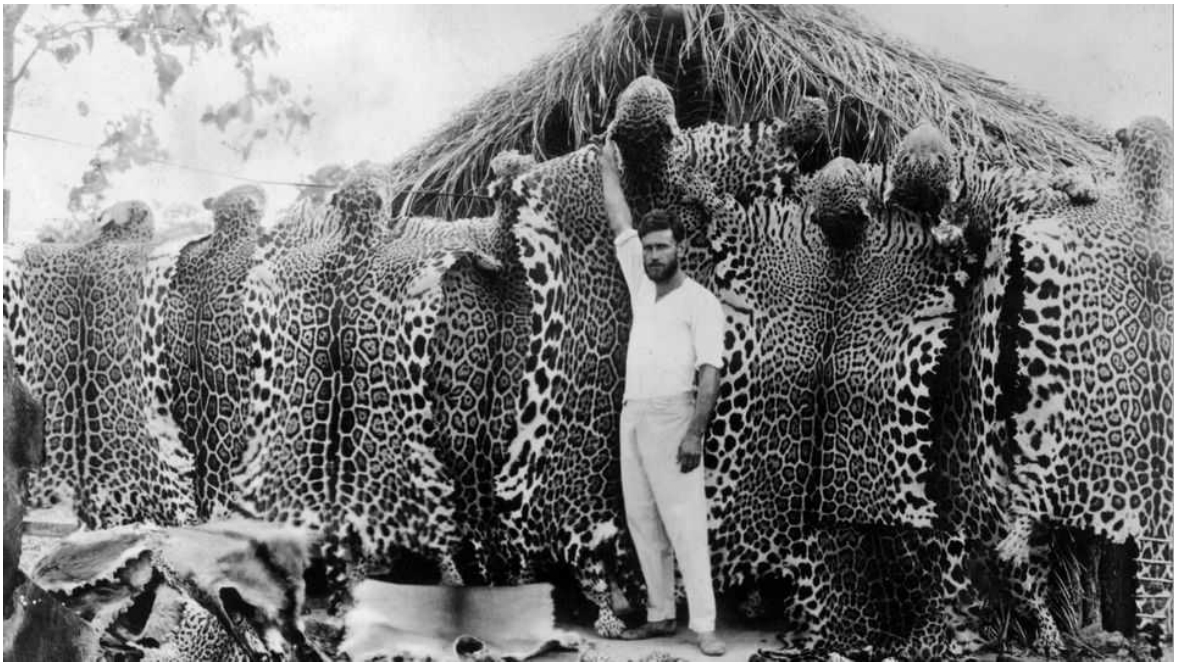
The scene, at the Caiman reserve in Brazil’s Pantanal, an area of tropical wetlands, offers hope. After years of indifference, governments and some landowners across the Americas are trying to preserve the region’s biggest cat. They face wildlife traffickers and farmers who torch tracts of pristine forest where the jaguars live. But they have an ally: the growing masses of tourists who want to see the wild beasts, and will pay great sums to do so.

Before the Americas were densely inhabited by humans, the hemisphere was the jaguars' playground. Where leopards, their distant cousins, had to compete with tigers and lions in Asia and Africa, jaguars were the undisputed apex predator. Indigenous people considered them sacred and mostly left them alone. The abundance of prey in lush jungles helped them to grow large heads, muscly bodies and powerful legs. They developed the strongest bite of all cats. Unlike most felines, which asphyxiate their prey by latching onto the throat, jaguars kill by sinking their teeth through their victims' skulls.

Deforestation has more than halved the jaguar's original range(see map). What remains is disappearing fast. At around 9m square kilometres (3.5m square miles) it is a quarter smaller than it was in 2000. The cats are considered extinct in Uruguay, El Salvador and the United States, where they used to pad through the woods of New Mexico and Arizona. They are threatened in Bolivia and Suriname, where traffickers poach them for their fangs, which are used as a substitute for tiger in traditional Chinese medicine. About half of the world's remaining jaguars are in Brazil, mostly deep in the Amazon. The rest are often isolated in patches of undisturbed forest that are surrounded by degraded land.

This fragmentation is a problem because of the jaguars' "Game of Thrones lifestyle", says Lucas Morgado, a biologist at Onçafari, the jaguar-research group at the Caiman reserve. Inbreeding is the norm. As a result, evolution has instilled male jaguars with an instinct to leave their family territory after adolescence to search for new land hundreds of kilometres away. Human expansion prevents jaguars from roaming, increasing genetic diseases and eventually prompting population collapse.

So international organisations and governments want to create corridors across Latin America to connect cats that live in fragmented territories. This effort started in 2018, when organisations such as the World Wide Fund for Nature and the UN Development Programme began looking for suitable land. Sixteen Latin American countries have signed up. In September they launched a regional plan, which involves adopting standardised methodologies to monitor jaguar populations and defuse conflict with landowners.



Yara Barros, who runs jaguar conservation in one of the national park that houses the Iguazú Falls—the vast system of waterfalls on the borders of Argentina, Brazil and Paraguay—says conflict can be mitigated. In 1990 the parks held perhaps 800 jaguars. By 2005 there were only 40. Surrounding towns had expanded, building roads and razing forest. Landowners shot jaguars when they preyed on their cattle. Ms Barros's organisation visited thousands of farms, as well as schools, to teach locals how to deal with jaguars. Her team put electric fences around farmland, helped make chicken coops secure, and advised ranchers not to leave cow carcasses lying around. Jaguar shootings plummeted. Today more than 100 roam the park.

Other efforts in Brazil show that coexistence is possible. The Mamirauá Institute, a charity, teamed up with the government to create two reserves that straddle 35,000 square kilometres of land in the Amazon. People living in villages inside the reserve still occasionally kill jaguars out of fear, for sport or even for food. Yet the jaguar population is stable, at around 1,000. "Conservation is not about not touching nature," says Emiliano Ramalho of the institute. "It's about protecting it so that even if you use natural resources, those resources will be able to replenish themselves."

Tourism can help foot the bill. Cowboys in the Pantanal used to slaughter jaguars. But in the mid-2000s tourists began paying guides to take them out in boats to spot the elusive cats, who like frolicking in water. Wildlife charities taught locals how to collect data for scientists. “The sons of the cowboys started realising there was more value in keeping a jaguar alive than dead,” says Rogério Cunha de Paula, of the Chico Mendes Institute for Biodiversity Conservation in Brasília. In 2017 researchers found that jaguar tourism netted the area’s guesthouses almost $7m in annual revenues, while attacks on cattle cost just $120,000 every year.

Roberto Klabin, who owns the cattle ranch in which the Caiman reserve sits, says jaguars take about 3% of his herd every year. The loss is tiny compared to the money the farm makes from ecotourism. The reserve tracks four of its 70 jaguars with GPS collars, which makes it easier to find the retiring creatures. Humans used to be jaguars’ biggest menace. Now benign curiosity may be their salvation. ■

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Asia

- The flaws in India’s AI plans
- Can Bangladesh’s old guard build a new democracy?
- South Korea is still haunted by its disgraced ex-president
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Asia | Artificially Inflated

The flaws in India’s AI plans

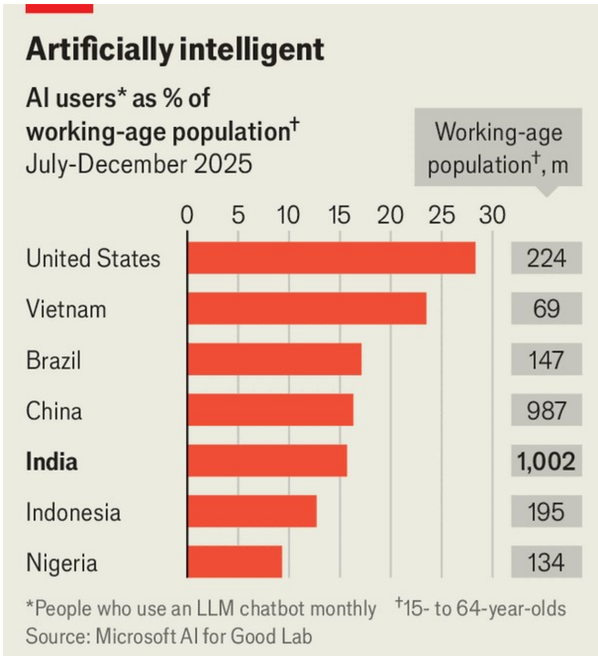
Despite hosting a global summit, it is a bystander in the race to develop frontier models

February 19th 2026

SMALL SLIGHTS matter when you want to be a big power. Take a recent exchange on a panel at Davos, an elite salon, in which the boss of the IMF appeared to dismiss India as a second-rate AI power. A few seats along Ashwini Vaishnaw, the country’s IT minister, bristled. Then he launched a salvo citing Indian prowess, from chips to apps. In patriotic, tech-mad India, the clip went viral.

There was lots of such talk this week, as world leaders and AI barons gathered in Delhi. India is the first developing country to host the annual summit, following Britain, South Korea and France. What began as an earnest discussion of risks has morphed into something like a giant trade show; “safety” has been replaced with “impact” in its title. The backdrop this time is buzz about the new models released by OpenAI and Anthropic, two American companies. Even so, India is using the event to hype itself as an emerging AI superpower, alongside America and China.

In many ways that is fanciful. India has little aptitude in advanced manufacturing and cannot produce the chips on which AI depends. Although a government-backed semiconductor mission has made some progress, success in the coming years would at the most mean India being able to produce some lower-grade chips, while continuing to import whizzier ones. On compute it lags, too, though that is starting to change thanks to a data-centre boom. Like the rest of the world, it is a bystander in the two-horse race to develop frontier models.



Mr Vaishnaw cited a Stanford study that puts India third in the imaginative category of "AI vibrancy"—behind America and China but ahead of the likes of Britain and Japan. That ranking gives weight to India's large tech workforce, growing number of startups and digital infrastructure. Yet other measures do not even put it in the top ten. In private, insiders admit that India's AI ecosystem remains small. A partner at a venture-capital firm says the country has lots of engineers but fewer than 300 skilled AI researchers, far fewer than Britain or France. The government spends a paltry 0.7% of GDP on research and development. Risk capital remains scarce.

The summit aimed to show off India's abilities as a global convener. Things got off to a bad start, with delegates complaining about long queues and poor Wi-Fi. But India did draw in the industry's biggest names. On February 19th Narendra Modi, the prime minister, stood on stage with Sam Altman and Dario Amodei, the bosses of OpenAI and Anthropic (who declined to link arms). The summit declaration is likely to focus on ensuring affordable access to AI, a priority for developing countries.

Despite its weaknesses, India does have attributes that will give it an important role in shaping AI adoption. For starters it has 900m internet users, who spend on average seven hours a day online. That makes it an unignorable market for AI companies looking to hoover up data on which to train models. OpenAI, Anthropic and Google are all competing for Indian custom. On February 16th Anthropic, whose second-biggest market is India, opened an office in Bangalore. And when India played Pakistan a day earlier in the T20 cricket world cup—South Asia's nearest equivalent to the Super Bowl, with an audience of 450m—the prime advertising slots were taken by ChatGPT.

Indian companies and consumers are also embracing the technology enthusiastically. One survey found that almost 90% of Indian firms are using AI, versus 62% globally. The country is genuinely world-leading in voice-driven AI, which is how most Indians use the technology. One company that delegates will hear much about is Sarvam AI, which has adapted open-source models by training them on local voice and language data. There had been scepticism about whether it would outperform general-purpose models. But recent benchmark data shows it now does so for certain (albeit niche) tasks, such as reading documents in Indian languages.

At the summit, India's political and tech leaders will promote this distinctive approach. "We are not trying to burn millions of GPUs building artificial general intelligence," says Abhishek Singh, the boss of IndiaAI, a government agency. To become the world's "adoption capital" is India's goal. "We think it's not just about LLMs and four companies running the world," says Rudra Chaudhuri of ORF, a think-tank, which is a "very expensive" approach to building AI. "India's approach is bottom up. It's not the model, it's the use case that you have to build around."

That leads towards a focus on applications. Several Indian startups have attracted global interest and investment, in areas such as cloud computing and customer service. Others focus on applying AI to problems that are urgent in the developing world. Supernova, which aims to make English tuition affordable to all Indians, many of whom lack access to decent schools, has a million monthly users and is growing at a clip. Telemedicine and AI-triage chatbots are expanding in a country in which health care remains limited.

One question—given the way in which frontier models are galloping along—is whether such indigenous apps will prove most effective in the long run. Another is cost. Many uses will not require expensive "bleeding-edge models”, argues Mr Chaudhuri. A positive spin on limited capital and revenue streams is that Indian companies will be forced to work out how to apply AI frugally. Rajan Anandan of Peak XV, a venture capital firm, thinks the country will be a pioneer of “ultra-affordability” (he predicts a mini “DeepSeek moment” at the summit, with an Indian company set to launch a video-generation model that costs a fifth as much to build as its nearest Chinese competitor).

The biggest challenge for India may be holding on to talent. It has a huge tech workforce and engineers already skilled in the messy plumbing involved in helping companies adopt new technology, notes Shruti Rajagopalan of the Mercatus Centre, a think-tank. But it struggles to offer the salaries demanded by AI stars. And many founders feel compelled to leave in search of funding; it is increasingly common to see companies with engineers in India and management in California. The government is set to announce investment in AI labs and PhD programmes, designed to make staying put more attractive. Perhaps a bit of hype won’t hurt, either. ■

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Asia | Rahman’s return

Can Bangladesh’s old guard build a new democracy?

The first real election since 2008 is won by a prodigal son

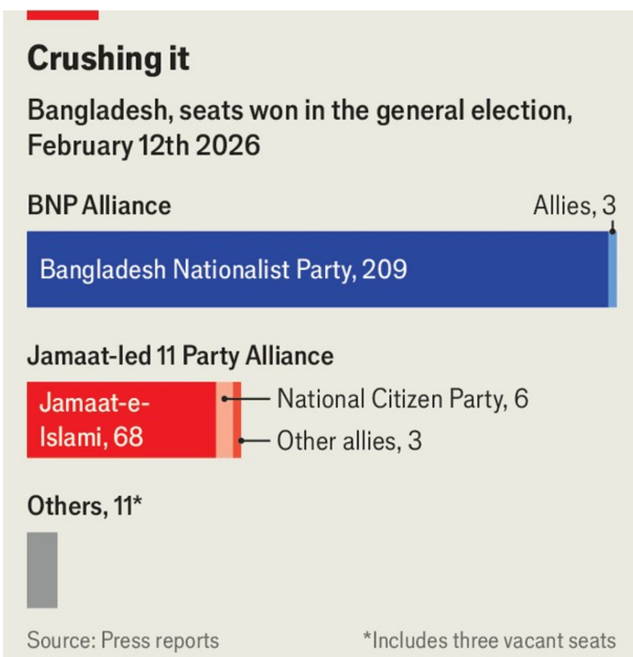
February 19th 2026

“Like in America!” beamed one freshly minted minister. His new boss, Tarique Rahman, had just been sworn in as prime minister of Bangladesh in an open-air ceremony. This new gesture of transparency came five days after an election on February 12th, when the centre-right Bangladesh Nationalist Party (BNP) mopped up over two-thirds of the 300-seat parliament. Bangladesh had voted in its first competitive election since 2008. It did so mostly peacefully—despite earlier fears of mass violence. To future-proof a fragile democracy, close to 70% of voters also backed “yes” in a constitutional referendum that arms the country with sturdier checks and balances.

For 15 years, the former prime minister Sheikh Hasina Wajed's Awami League (AL) orchestrated sham elections, jailed and killed its opponents, and stacked state institutions with sycophants. Then came the student-led "monsoon revolution", which in August 2024 toppled the regime at the cost of 1,400 lives. For the past 18 months, an interim government has answered to Muhammad Yunus, an octogenarian Nobel-peace-prize laureate.

But for all the talk of new beginnings, voters put their faith in a party of the old guard. Old habits may die hard from the BNP's last stint in office, in the early 2000s. For five years in a row, Bangladesh then had the dubious honour of being ranked the world's most corrupt country by Transparency International, a non-profit organisation. Mr Rahman, scion of a political dynasty, was no stranger to allegations of corruption, which he denies.

Mr Rahman must now prove that he heads a more honest party. He has had a 17-year self-exile in London's suburbs to think about it. Ahead of the vote, the BNP's headquarters was teeming with returnees from Britain, and the prodigal son waxed eloquent on anti-corruption matters. But the true test now begins.



The first part is democratic renewal. For that to work, everyone must somehow be brought along—from the disheartened Gen-Z protesters who only won six seats to the Islamists who have made their debut as the main opposition. And what of AL supporters? A middling turnout rate of about 60% suggests that many took the interim government's ban on their party as an invitation to stay at home. The BNP insists, unpersuasively, that courts alone can decide when and under what conditions the AL might return.

The referendum set out much-needed democratic guardrails, from prime-ministerial term limits to the creation of a new upper house, with powers to check the lower one. But the BNP is all too aware that as the party in power, these checks and balances would now constrain itself. Little wonder that it quietly dispatched operatives to campaign for a "no" and that it is already finding excuses to cherry-pick.

The second challenge is economic. Bangladesh is set to leave the group of "least developed countries" in November. This means losing many trade and loan privileges just as the government is busy chasing down the fortunes smuggled out of the country by cronies—to the tune of $16bn annually, according to the interim government. The new finance minister, Amir Khasru Mahmud Chowdhury, says his to-do list includes trimming red tape, upping the country's abysmal 7% tax-to-GDP ratio, working on the cost and ease of doing business and charming fund managers from Hong Kong to New York.

Finally, Bangladesh wants a reset with India, its mighty neighbour. Its diplomats have a new go-to word: "dignity" must return to the relationship. "Until August 2024, Bangladesh was almost like a client of India," complains one retired ambassador. Sheikh Hasina, sentenced to death in absentia, is still sheltering as India's guest in a Delhi bungalow.

The BNP strikes a more pragmatic tone than the sometimes prickly interim government. But on water-sharing, border security and shady business deals brokered under Sheikh Hasina, it wants to renegotiate terms. In his first press conference after the vote Mr Rahman felt inspired by another American import: "Bangladesh first!" he declared, to great applause. ■

Asia | Martial law on trial

South Korea is still haunted by its disgraced ex-president

A guilty verdict will not settle Yoon Suk Yeol's toxic legacy

February 19th 2026

YOON SUK YEOL'S imposition of martial law in late 2024 lasted only a few hours. Those implicated in the South Korean ex-president's plot will pay the price over many years. His prime minister received a 23-year prison sentence for his role in the debacle last month. On February 19th a court sentenced Mr Yoon to life imprisonment for leading an insurrection. While opting against the prosecutors' request for the death penalty, the presiding judge still chastised Mr Yoon for resorting to "violent means" to "undermine democratic norms".

The case against Mr Yoon appears to be clear-cut. Yet his actions created deep cleavages on the South Korean right. His former right-of-centre party, the People Power Party (PPP), has split into two warring factions. Defenders of the disgraced standard-bearer insist that, given obstructionism by the opposition in parliament, he was within his rights to impose martial law and send troops to seize the National Assembly and raid the election commission. These self-proclaimed "Yoon Again" forces seek to make such beliefs a litmus test for PPP leaders. Others argue that martial law is fundamentally unacceptable in a rich democracy with a painful history of military dictatorships. This faction—one might call them the "Yoon Never Again" group—wants to cut off all ties with the former president.

The divide amounts to an identity crisis within the country's conservative movement, and the fissures within it appeared from the start of the episode. On the night of the martial-law declaration, the then-leader of the PPP, Han Dong-hoon, broke with the president and rushed to parliament to help block him. "I thought this was anti-democratic and must be stopped," Mr Han recalls. Yet most PPP parliamentarians boycotted a vote to overturn martial law and refused to impeach the president. When it came time to select a candidate for snap presidential elections last June, the PPP opted not for Mr Han, but for Kim Moon-soo, a minister in Mr Yoon's government who had refused to apologise for martial law. Mr Kim lost decisively to Lee Jae Myung of the left-leaning Democratic Party (DP). Following the defeat, the PPP's leader in parliament resigned, calling for a reset of the party.

The Yoon Again faction has nonetheless maintained the upper hand. The PPP's current leader, Jang Dong-hyuk, has been a staunch defender of the ex-president, even as the party's standing with the public has plummeted, with its support wallowing below 25%. Leaders of the Yoon Never Again wing have come under attack as traitors. Mr Han was recently expelled from the party. "Many people are trapped in partisan frameworks, prioritising political battles over safeguarding democracy," he told The Economist before his expulsion.

Far-right online commentators have fuelled the Yoon Again movement. Jeon Han-gil, a former history teacher, exploited his massive YouTube following to become a conservative kingmaker. After Mr Jang hinted at changing course slightly, Mr Jeon issued an ultimatum; the party leader felt obliged to back down. Such figures blend conspiracy theories about election fraud, anti-communist rhetoric aimed at China and North Korea, and evangelical

Christianity. Their followers, who gather for regular protests in downtown Seoul, have adopted the iconography of Donald Trump's MAGA movement, donning hats emblazoned with "Make Korea Great Again" and chanting "Stop the Steal".

Yoon Never Again conservatives see pandering to an ever more extreme base as a sure-fire way to alienate the broader public. "How could Yoon Again be the future?" Mr Han laments. More than 60% of South Koreans believe the declaration of martial law amounted to insurrection. Continuing to stand by the disgraced president after the court ruling will not help: a similar share of the electorate thinks the PPP should not embrace supporters of Mr Yoon. Renaming itself, as the PPP plans to next month, is unlikely to hoodwink voters. The first electoral verdict will come during local elections in June, when the country chooses its governors, mayors and municipal legislators.

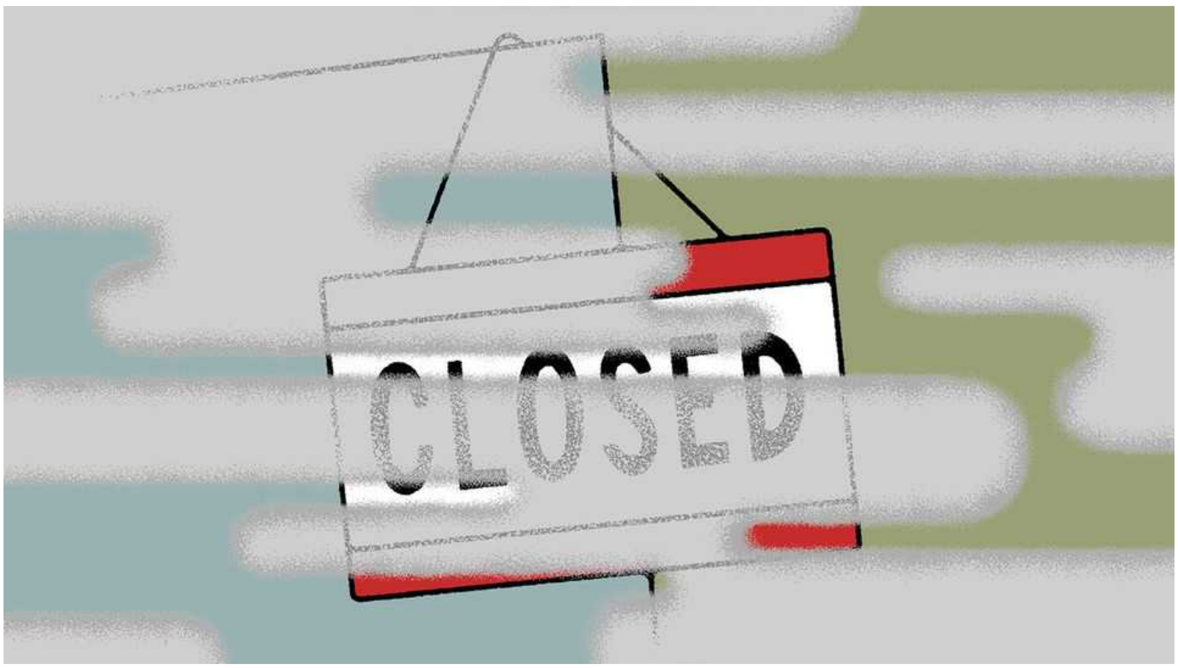
Until the two factions resolve their strife, the right will remain weak and divided. A hapless opposition will, in turn, mean a freer hand for Mr Lee and the DP. When the PPP criticises the current president, "the public doesn't seem to care," says Kim Yong-tae, a PPP member of parliament in the anti-Yoon camp. "They seem to perceive it as a party that championed martial law." That is not healthy for democracy either. Mr Yoon's corrosive legacy will last far longer than his truncated presidency. ■

Asia | Smoke and mirrors

India’s pollution is becoming an economic roadblock

The government’s inaction runs counter to its own goals

February 19th 2026



AROUND THIS time each year Delhi experiences a brief but magical spell. Spring arrives, gardens erupt in blossom, and for a week or two the sky even turns blue. The city’s 30m people stop obsessing over the toxic pollution, believing that the air is breathable(ish) once more.

It is not. Delhi’s air pollution is a year-round problem. In 2024, the last year for which official data are available, the city did not record a single day in the “good” air category and just 65 in what the government calls “satisfactory”.

The problem is expanding geographically, too. Indians outside the north may soothe themselves with the notion that "at least the air is not as bad as in Delhi". But that is like taking Afghanistan as a baseline for women's rights. In Kolkata, in the east, the famed Howrah Bridge is often invisible. In Mumbai, on the western coast, the skyline vanishes behind the haze. Even in the south, where the air is typically cleaner, particulate matter blocks the sun and, quite literally, clogs the arteries.

The reasons for India's widening air-pollution crisis are many. A big one is the growing ownership of motor vehicles. Poor traffic management causes stop-and-start gridlock, exacerbating emissions. Never-ending road-building and a nationwide construction boom produce enormous quantities of dust. Brick kilns feeding this boom from the edges of cities add to the smoke.

The costs are adding up. Some 1.7m people in India die annually from causes related to bad air, according to the Lancet—an appalling figure. At Davos last month Gita Gopinath of Harvard noted that the economic impact of pollution is "far more consequential" than that of American tariffs. She is right. In 2019 a report by Dalberg, a consultancy, estimated the annual economic loss attributable to air pollution at 3% of GDP. Donald Trump's tariffs of 50%, briefly imposed but now relaxed, in contrast lowered India's GDP by 0.6%, according to Goldman Sachs, a bank. Yet tariffs spark immediate policy responses; pollution does not.

Instead, the government plays down the problem. A junior health minister recently told parliament that there is "no conclusive data" linking pollution to death and disease, instead suggesting that the "health effects of air pollution are [a] synergistic manifestation of factors". The latest budget, delivered on February 1st, cut funding for pollution control.

Smoking provides a useful analogy. Smokers know about long-term health risks. They know, too, that it is an expensive habit. But these are abstract concerns. Unseen economic losses are likewise easy to ignore. Fixing the pollution problem is too difficult, its advantages too far in the future, its electoral benefit too amorphous.

Yet there are plenty of signs that abstract economic concerns are becoming concrete business ones. In a recent filing Shoppers Stop, a chain of department stores, blamed pollution for "reduced consumer mobility and discretionary spending" in the last quarter of 2025. The CEO of Vishal Mega Mart, a supermarket chain, said in an earnings call that "the air-quality issue in north India" had affected consumption growth in the same quarter. Many countries now issue travel advisories warning their citizens about the hazard of pollution in India, which is affecting tourist arrivals. Hundreds of flights are cancelled across north India each winter as pollution causes visibility to plummet.

Businesses are finding it harder to attract and keep talent. In December an Indian executive at a pharmaceutical firm resigned because of Delhi's pollution. Foreign executives decline jobs in India for the same reason. Last year Bryan Johnson, a visiting venture capitalist, walked out of a podcast recording citing poor air quality.

It is all getting embarrassing. In December a cricket match between India and South Africa was called off because smog made it impossible to see the ball. In January one of the world's top badminton players pulled out of the India Open in Delhi, citing the bad air (getting a $5,000 fine). Those who did play sent an official complaint to the International Olympic Committee.

What eventually causes a smoker to quit? In many cases, it takes a health scare. The chronic needs to become terrifyingly acute. Something similar is now happening to India's economy. Pollution is having a direct effect on consumption, growth and thus on Narenda Modi's often-stated ambition to make India a rich country by 2047. If that doesn't convince India's leaders to take action, nothing will. ■

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Asia | Australia opposition politics

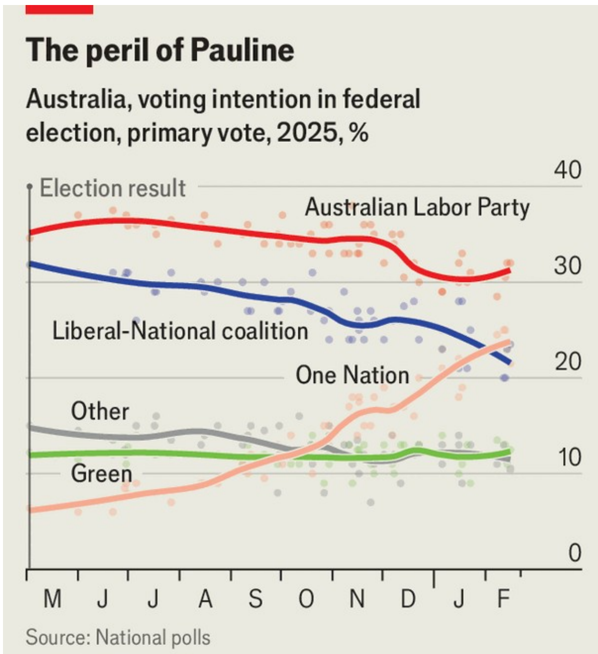
Could One Nation soon become Australia's most popular party?

The anti-immigrant party is dragging the Liberals rightward as well

February 19th 2026

AUSTRALIA ONCE seemed immune to the rise, seen in much of the rest of the democratic world, of right-wing populism. No longer. In late January polls showed One Nation, the movement of the anti-immigration firebrand Pauline Hanson, had overtaken the parties in Australia's centre-right opposition coalition for the first time. Now attracting over 20% support, One Nation is running not far behind the incumbent Labor party, and if current trends continue could yet overtake it.

One Nation's rise has engendered panic among traditional conservative parties. On February 13th the Liberal Party, which leads the coalition, ousted its leader, Sussan Ley (pictured), after less than nine months in the job. In pushing her out, her successor, Angus Taylor, warned that the Liberal Party is now in its “worst position” in its history. That is no hyperbole. At the most recent election, in May, the party suffered its deepest rout since it first ran, in 1946. Polls suggest it will fall even further at the next election, due by mid-2028.



What is under threat is the coalition that the Liberals have led since the end of the second world war. The Liberals have scored best in the cities and suburbs while the National Party has held rural Australia. Liberal voters have tended to be more affluent and more centrist on social issues, while National voters favour a bigger state and cultural conservatism. That long produced a successful arrangement. The two parties have governed together for nearly two-thirds of the period since the war, and worked together in opposition for the rest.

The Nationals are most threatened by One Nation. Both vie for the same rural voters, and polls now suggest the Nationals could be wiped out. Feeling dragged down by the Liberals’ more centrist brand, they have twice quit the coalition since last year’s election. Each time, they rejoined it days later. But these attempts at distancing seem not to have worked: the Nationals are still dropping in the polls.

Mr Taylor, the Liberal Party's new leader, who hails from its conservative wing, is signalling a forthcoming shift to the right on immigration. This, his supporters hope, will ease tensions in the coalition and slow the bleeding of supporters to One Nation. But the Liberals will run a different risk by lurching to the right, as they are shedding more progressive supporters in the cities. Since 2018 they have been defeated in eight of their one-time urban strongholds by independent candidates, mostly espousing traditional Liberal policies on the economy. While the Liberals' colour is blue, these independents have become known for their use of the colour teal.

The teal rebellion has presented a shocking challenge to the Liberals' identity. The tony suburbs overlooking Sydney Harbour have been held by Liberals, almost uninterruptedly, for generations. They have produced two of the party's most recent prime ministers

Malcolm Turnbull, a former Liberal prime minister whose Sydney electorate is now represented in Parliament by a teal, says that Australian elections are won and lost in the centre. "You cannot out-Hanson Pauline Hanson," Mr Turnbull told The Economist at his harbourside home, a reference to the One Nation leader's 30-year opposition to immigration. "And if you then say, this is the big issue, people will say, 'Oh, I'd rather vote for the real deal'."

It is hard to see how the Liberals can get out of this rut. Some strategists close to the Labor government of Anthony Albanese, the prime minister, gloat that it will not happen this decade. Although Mr Albanese's approval ratings took a hit following the terrorist attack on a Hanukah celebration in Bondi Beach, Labor remains on track to win the next election.

But an administration without a viable opposition is bad for Australia. Mr Albanese has not done a bad job; but on deregulation, fiscal retrenchment and upping defence spending, Labor—too prone these days to spend money on benefits not investment—could do better. The party needs a convincing reform-minded alternative government to prod it. Right-wingers more interested in culture wars and immigrant-bashing will not do that job. ■

Asia | Biting back

A nasty spate of shark attacks in the Sydney area

Is global warming to blame?

February 19th 2026

Nico Antic, a 12-year-old boy, was jumping off rocks into Sydney Harbour last month when he was attacked, sustaining injuries to both legs that later led to his death in hospital. Officials said the injuries were consistent with the bites of a bull shark. It was one of four attacks in and around Sydney over 48 hours last month, leading to the mass closure of beaches in the area. Tony Abbott, a former prime minister who is also an enthusiastic swimmer and surfer known for his trademark red Speedos, argued there are too many sharks. “It’s way past time to reintroduce the shark fishery,” he declared.

Australia’s reputation for shark attacks is well-deserved. The creatures thrive in the continent’s warm, nutrient-rich waters. It has the second-highest number of shark bites globally, after America, with an average of 22 per year between 2010 and 2022. Most attacks are not fatal, but a record eight people died at the jaws of Australian sharks in 2020. Yet unlike Mr Abbott, not many scientists reckon that putting more shark meat on menus is the solution.

This year, so far, has been a particularly bad one. "I've never seen a cluster that was so close together in location and so close together in time—and I've been doing this research for 20 years," says Chris Pepin-Neff, an expert on shark-bite policy at the University of Sydney.

Shortly before the January attacks, Sydney experienced its wettest day since 1988. Rain washes nutrients, sewage and other debris into waterways, both attracting prey (bait fish) and creating murky conditions in which it is more difficult for hungry sharks to identify food. Shark nets can be and often are installed at "low energy" beaches across Australia, such as those in Sydney Harbour. But that approach is not foolproof, and does not work for "high energy" beaches, where nets are moved or destroyed by ocean currents, or in places where heavy rain can move them. There is no silver bullet. Research suggests nets can, in fact, attract sharks by trapping turtles, dolphins and other prey.

Ultimately, experts say Australian beachgoers need to better understand the risks of swimming in a shark's natural habitat, which are only intensifying as climate change warms the oceans and creates more frequent extreme weather events. The advice is simple: before and after storms, cool down elsewhere. ■

China

China | Step aside, Singapore

Dubai's crazy rich Chinese

Scrutinised at home and in the West, Chinese money is moving into the Gulf

February 19th 2026

Lee hsien loong, Singapore's former prime minister, recently gave some advice to foreigners in the city-state: "Please keep the bling down." Mr Lee counselled rich incomers not to go popping expensive champagne or driving Ferraris loudly at night. Such excess may grate on locals. Happily, social mores are different in Dubai, reckons Li Guo, a transplant to the Gulf city and owner of an Italian sportscar.

Mr Li is one of many wealthy Chinese who are moving, with their cash, to Dubai. A stagnant economy at home and America's use of financial sanctions is pushing some to diversify their holdings. Many private investors are looking beyond Singapore, long favoured by China's rich-listers, in search of another sunny, safe and low-tax jurisdiction. Chinese firms facing low-spending consumers at home also seek rich, growing markets beyond America and Europe. For both groups, Dubai holds promise.

By China’s own estimates, 370,000 of its citizens live in the uae, while 15,000 of its firms operate there. Both figures have roughly doubled since 2019. Chinese investors are part of a larger migration of private wealth to the uae, according to Henley & Partners, an advisory firm that tracks the minted and mobile. It reckons that the uae saw a net inflow of nearly 10,000 dollar-millionaires in 2025. Singapore, on the other hand, saw its annual net intake halve to around 1,600. More than 1,250 private-investment vehicles, including family offices, now operate in Dubai’s offshore financial centre, up from 800 at the end of 2024. Though Emirati authorities do not provide details of the nationalities of family offices, wealth advisers say Chinese capital explains a disproportionately large share of recent growth.

China’s expats in Dubai can live much as they would at home. The city offers not just a scattering of Chinese restaurants but entire supply chains tailored to their tastes: shoppers browse familiar brands at wemart, the main Chinese supermarket there, while leafy greens are grown in desert greenhouses. Since 2020, children have been able to attend the Chinese School Dubai, a state-run institution that teaches China’s curriculum with affordable fees. There is even a Chinese hospital. The Chinese community is mostly self-contained, one arrival from China explains.

The investment wave includes more than just familial wealth. Chinese businesses are planting the flag. The Dubai Multi Commodities Centre, a free-trade zone, has more than 1,000 Chinese firms, says Feryal Ahmadi, its deputy chief executive. They are just 4% of the zone's total enterprises. But their overall number has grown each year, by as much as a quarter, for the past three years. Across Dubai, Chinese firms range from all four of the big state banks and the biggest state oil company to tech startups, such as WeRide, a self-driving car company.

Hong Kong and Singapore remain the largest hubs for Chinese cash, helped by shared languages and those cities' access to sophisticated capital markets, says Cameron Harvey of Landmark Family Office, a Hong Kong-based advisory firm which is expanding to Dubai. The Gulf city's appeal is growing for three main reasons: its neutrality, its openness and the opportunities it presents Chinese newcomers to enrich themselves further.

Dubai's main advantage is its pragmatic approach to foreign affairs. The city's expat population has grown in response to geopolitical events. In 2022 Western sanctions pushed rich Russians out of the world's financial capitals. Many had their assets abroad frozen, but Dubai welcomed those who had been shown the door elsewhere, including in Singapore. Some were dismayed when Switzerland, for example, excluded those who were under sanctions from its banks, says a property investor from Hangzhou now in Dubai. For globetrotting Chinese the lesson is clear: nowhere is entirely safe from Western sanctions, but Dubai is a safer place than most.

The UAE's ecumenical approach to global politics is reflected at home. It takes wealthy foreigners of all sorts. Whereas Switzerland and Singapore can make it difficult for outsiders to obtain residency, in Dubai it is more straightforward. For an investment of 2m dirhams ($545,000)—in, say, a waterfront flat—newcomers can qualify for a long-term visa. Dubai issued 158,000 such residency permits in 2023 (the last year for which data are available), double the tally in 2022. That figure may have grown since.

Getting money out of China can require street smarts, given strict capital controls. But getting cash into Dubai is easier than in many other places. Singapore's authorities, for example, have been combing over the books of foreign investors after a series of scandals in recent years related to family offices. They have also been reining in the crypto sector, which is often used to move illicit funds across borders. The mood is more laid-back in Dubai; many crypto firms are heading there, says Lewin Li, an entrepreneur in the city.

Socially, Dubai's permissiveness appeals to China's rich. "In China, even if you are super rich, you cannot drive a Lamborghini," says Li Guo. In keeping with the Communist Party's expectations, businessmen like him these days keep it "low key" at home, he says. "But in Dubai, you can drive anything. No one will touch you." For those who want to fly the flag, Hongqi, which produces limousines for the party's bigwigs, has a showroom near the downtown area. Richard Zhang, a luxury-watch dealer near Dubai's Grand Souk, says people from all over the world favour the entrepot as a place where they can enjoy their wealth without bother.

Dubai also offers opportunities to make more money. Chinese have piled into Dubai's property market, one of the world's hottest. Residential property prices in Dubai grew by 12% in 2025 (albeit slower than the 16.5% increase in 2024). That contrasts with China's depressed property sector, where sales have slowed sharply. Alice Liu imports Chinese solar panels to Dubai, then exports them to the region. But sensing interest from Chinese buyers, Ms Liu has qualified as an estate agent. She markets properties to investors from China; her clients "are more interested in rental yields than hot tubs", she says.

Chinese startups see gold in the desert. Like China, Dubai's regulators welcome experiments in new technologies, such as artificial intelligence and autonomous robots. But Dubai also has an abundance of patient capital and rich customers. As The Economist and Eric Dong, WeRide's capital-markets boss, glide through Dubai in one of the firm's self-driving taxis one February morning, he says his business is far more profitable in Dubai than it would be in China. At home users pay about 30 cents per kilometre for a taxi; in Dubai riders fork over roughly three times as much. All three of China's big autonomous-taxi firms are on Dubai's roads.

Will the city stay so welcoming? The arrival of bad actors is one complication. For example, after China began cracking down on scam centres run by its nationals in South-East Asia, some cashed-up cyber-criminals shifted to Dubai. They brought along hundreds of indentured workers, many of whom lived, before a crackdown, in a run-down Chinese community on Dubai's outskirts. Several expats report being questioned by authorities when leaving China about their businesses in Dubai, which seemed to be an attempt to stop human-trafficking.

Two other risks exist. First, Chinese authorities may grow tired of seeing their richest nationals moving money abroad and flaunting it there. If so, more clampdowns on shifting capital overseas and on trips by Chinese citizens could follow. The bigger worry would be conflict between America and China, which could perhaps see entities in Dubai, such as banks, targeted through secondary sanctions for their Chinese dealings. Until such a time the city's Chinese expats will continue to floor it in their gleaming Ferraris. ■

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China | Playing the referee

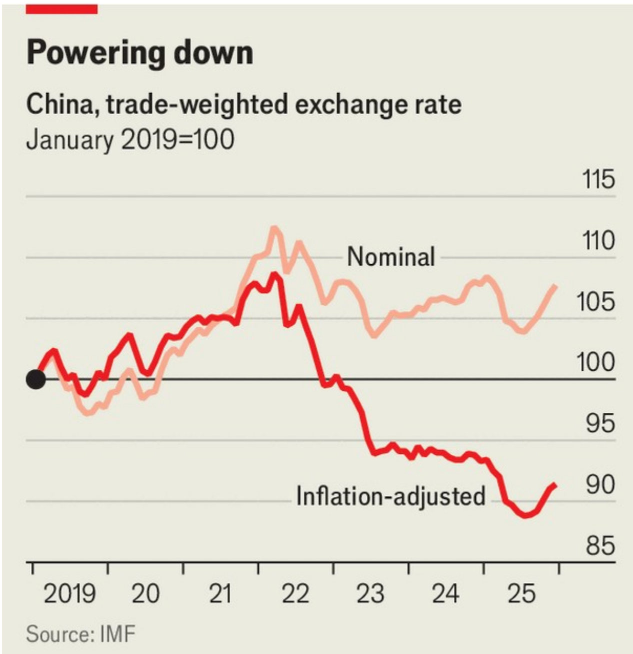
Why the IMF's newest report finds that the yuan is undervalued

It says the currency is 16% cheaper than it should be

February 19th 2026

THE YUAN is China's currency but the world's problem. It is troublesome not just because it is difficult to pronounce (you-en is closer to the mark than you-an, but if you say you-en, no one will know what you-re talking about). Nor is it because Xi Jinping, China's leader, wants the yuan to become a "powerful" currency that could eventually offer an alternative to the dollar. The problem is more immediate: the exchange rate that would stabilise China's economy is out of whack with the rate that would balance the world economy.

That is the verdict of the IMF's annual health check for China's economy, released on February 18th. In currency disputes, the fund is the closest thing the world has to a referee. Its new report concludes that the yuan is undervalued by about 16%. That is the biggest misalignment since 2011, when a similar calculation suggested an undervaluation of 23%.



The root of the problem lies in China's property bust over four years ago. The economy's weak recovery since has left its firms scrambling. Industrial prices paid to producers have declined for 40 months in a row. Wage growth is weak and inflation is "uncomfortably low", points out Sonali Jain-Chandra of the IMF. Falling prices at home have made Chinese goods fiercely competitive abroad. This edge is reflected in China's "real" exchange rate, which is adjusted for international differences in inflation. On this measure, the yuan was 15% cheaper at the end of last year than it was four years before (see chart).

The cheap yuan has contributed to China's export boom, cushioning its economy. But it has also unbalanced global commerce and alarmed China's trading partners. China is monitored by America's Treasury Department for evidence of currency manipulation. The European Union also complains of "unfair competition". In July it will impose a levy of €3 ($3.54) on parcels worth less than €150, many of which originate from Chinese e-commerce sites. This trade tension poses a threat to China's future growth.

One obvious sign that the yuan is too cheap is the size of China's current-account surplus, which includes its trade balance as well as the income it earns on its foreign assets. A country like China with a middle-aged population would be expected to run a modest surplus of 0.9% of GDP, according to the IMF's models. But China's surplus last year was 3.7% of GDP. Part of the gap reflects the cyclical weakness of the economy. But the rest is evidence of a misaligned currency. The country's surplus was also bigger than the fund expected when it finalised its report. Had it known the true figure, it would probably have judged the currency to be undervalued by about 19% not 16%.

Some economists think China's true surplus is even bigger than official figures suggest. The income China earns on its vast holdings of foreign assets, including government bonds, loans and foreign-direct investments, has stagnated since 2021, despite the rise in global interest rates since then. That looks odd. The implied yield on China's foreign assets has fallen, even as it has risen for every other big economy. China is either understating its earnings or revealing itself to be a hapless overseas investor, according to Brad Setser of the Council on Foreign Relations, an American think-tank. China's government says it will soon report the income from direct investments (such as large ownership stakes in foreign companies) separately. That "will help us verify or not some of the hypotheses we had about what could be driving this apparent inconsistency", says Ms Jain-Chandra.

As things stand, China's exchange rate, adjusted for inflation, would have to move a lot to correct its undervaluation. But if the yuan were to rise too much too soon on the currency markets, the loss of competitiveness would jeopardise China's economic recovery and deepen deflationary trends. The IMF proposes an alternative way out. It argues that China's government should spend less on industrial subsidies and more on rural pensions, health care, poverty alleviation and shoring up the property market. This extra spending would help stimulate the economy directly. And by improving confidence in China's social-safety net, it might also help indirectly, by unlocking some of its high household savings. "We are calling for an urgent and significant fiscal package," says Ms Jain-Chandra, "because we are worried about deflation getting entrenched."

China's government may not share that urgency. It has talked a lot about boosting consumption, and introduced a variety of helpful schemes, but it has not put enough money where its mouth is. It seems willing to tolerate deflation as long as growth remains on target.

The stimulus the IMF proposes would strengthen China's economy. Coupled with a delay in the retirement age, it would add half a percentage point to the annual growth rate on average over the next five years. The policy package would also reverse deflation and put upward pressure on prices. That would make Chinese goods a little less competitive abroad, narrowing the country's trade surplus by over 1% of GDP. The world economy would be better balanced and trading partners would gain some relief. In its policy proposals, the IMF is that rare thing: a referee whose prescriptions could make both sides happy. ■

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China | In good taste

China now fills the world's luxury hampers

It is a leading producer of caviar, foie gras and truffles

February 19th 2026

"MADE IN CHINA" might soon be a label that gets taste buds tingling. The country is eating into the market for fancy foods traditionally associated with Western gastronomy. Already the world's largest exporter of sturgeon caviar and truffles, it is rapidly expanding into the production of foie gras, olive oil, matcha and fine wines. Domestic appetites for such delicacies are growing alongside international ones.

Caviar is a case study in how innovation at scale can improve efficiency. China began farming sturgeon at the turn of the century, and now makes more than two-fifths of global caviar output. Kaluga Queen, a big Chinese firm, began production in 2006 in an artificial lake nearly twice the size of Malta. It keeps the water temperature below 5°C, allowing it to produce caviar year-round. A network of pipes delivers feed to roughly 200,000 sturgeon every day; drones keep count of them. Traditional methods required three years to determine the gender of fish; Kaluga knows how to do it in six months. The company supplied 150 tonnes of roe in 2015, making it the world's single largest producer. In 2024 its output reached 260 tonnes.

Another reason for China's rapid success is its varied geography. Sunny Gansu province is home to a glistening olive-oil industry, and the mountainous Ningxia region next door makes impressive wines. Meanwhile Guizhou, in the south-west, uses its combination of altitude, humidity and limited sunlight to plant tea for matcha. This challenges Japan, the world's largest producer of the green-tea powder.

Traditional purveyors of luxury foods are fighting to keep their share of a market worth almost $500bn globally according to Mordor Intelligence, a market-research firm. French producers have lobbied for the "olfactory qualities" of their truffles to be better codified. Japan has promoted an official wagyu "mark" to counter foreign production of the marbled beef. Such moves make it more difficult for China to overcome the perception that it is peddling knock-offs.

Yet attitudes are changing. Top chefs, such as Alain Ducasse, use Chinese-produced treats in their dishes. And China is introducing fancy new products of its own to a list of geographically protected foods and drinks as agreed with the European Union. These include "Lincang nuts", which are a hybrid related to Australia's sun-loving macadamias; as well as Fuzhou jasmine tea; Pu'er tea and coffee; and Jinhua pork. A delicious development for foodies everywhere. ■

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China | Chaguan

Why American allies are flocking to see Xi Jinping in Beijing

China isn't using its considerable leverage over them—yet

February 19th 2026

One of the first things that impressed Richard Nixon on his historic trip to Beijing in 1972 was the honour guard of tall soldiers. "Each man turned his head slowly as I passed, creating an almost hypnotic sense of movement in the massed ranks," he later recalled. It was a projection of power and co-ordination—one that remains identical for visiting foreign leaders today, though the soldiers are now even taller and include women in their ranks. Recent months have been especially busy for China's honour guard.

Since December's start, Emmanuel Macron, Mark Carney, Sir Keir Starmer and at least five other foreign leaders have trooped to Beijing. This month Friedrich Merz, Germany's chancellor, will follow. Most remarkable about this parade of leaders is not their quantity but their identity. China, a diplomatic omnivore, rolls out the red carpet for the head of any country, no matter how big or small, rich or poor. But six recent visitors—from France, Canada, Britain, Finland, South Korea and Germany—share one crucial trait: they all lead formal allies of America.

The significance scarcely needs spelling out. In a world roiled by Donald Trump, America's partners are tending to other relationships, including with China, America's chief rival. To them this looks like eminently sensible diversification. From Beijing's vantage it is a bigger breakthrough. For most of the past decade discussions from Seoul to Ottawa were about decoupling or, at least, de-risking from China. Now this drive is losing momentum. Chinese officials are "jubilant", says a Western executive who recently met several of them.

Inevitably, this re-engagement has caused a backlash. Leaders have returned home from Beijing to critics who say their visits yielded precious few gains, while only deepening reliance on China. Nevertheless, for all the accusations of capitulation, the actual substance of the various bilateral meetings has been thin.

Consider the trade deal between Canada and China—one that Mr Trump warns will destroy Canada. The main Canadian concession was a sharp reduction in tariffs on Chinese electric vehicles. But a quota will strictly limit the number of Chinese cars at the lower rate. Britain's big "kowtow", as opponents there call it, was to allow China to build a giant new embassy. But British security services are sanguine about the threat. As for European countries, they are standing firm, more or less. China had floated the idea of resuming negotiations on a trade deal. Instead, as one Chinese adviser puts it, China is getting nowhere with the European Commission and not much further with national governments.

It is also striking how the bonhomie in Beijing can swiftly revert to sniping. A few days after returning from China, Mr Macron warned that, if China fails to rein in its huge trade surplus, the European Union might hit it with fresh tariffs. There has also been some discord between Britain and China. Barely a week after Sir Keir's visit, China sentenced Jimmy Lai, a British-Hong Kong business tycoon, to 20 years in jail for his pro-democracy activities. Britain, in turn, created an easier pathway to visas for thousands in Hong Kong, which Chinese officials called “despicable”.

Meanwhile, diplomats who attended leaders’ meetings in Bei-jing say that China has emphasised what it brands as Japan’s return to the “evil path of militarism”. But that message is falling flat—not only in Western capitals but also in Asian countries that suffered under Japan during the second world war. Days after visiting Beijing, South Korea’s President Lee Jae Myung was jamming on the drums with the woman who is currently China’s public enemy number one: Takaichi Sanae, Japan’s prime minister.

If China has a strong geopolitical hand to play now, why is it not demanding more concessions from visiting leaders? In part it is because symbolism is enough. The bilateral visits send a powerful message, at home and abroad, about China’s great-power status and America’s diminished reliability. Just stabilising relations with countries that previously hoped to cut out Chinese products from supply chains is also a material improvement. It affords China space and time to develop its technological capabilities, which will give it more leverage in the future. At the same time China’s world-class green-tech companies, among others, hope to build assembly sites in the West as a hedge against tariff wars. Many Chinese thinkers are also almost touching in their faith that China, if patient, will eventually persuade the rest of the world that, unlike America, it offers them stability and prosperity.

Yet consider how long China’s relative restraint will last. Chinese leaders are now well aware of their tremendous economic clout; they forced Mr Trump to back down from his most extreme trade-war tactics. They know, too, how to make life difficult for smaller countries that misbehave.

Some Chinese voices, especially at the hawkish end of the spectrum, suggest China should be pushing harder for what it wants. A recent editorial by China’s ambassador to Australia has caught the attention of diplomats in Beijing. He warned that it was “unacceptable” to seek benefits from China while disregarding its core interests. Read literally, this sounds like a new kind of threat, telling foreign leaders to support China’s position on unification with Taiwan or face economic consequences.

It is, in other words, possible to imagine a more assertive turn in how China uses its trading leverage. So far the government in Beijing has mainly punished countries that have stepped out of line and offended it. In the future it may set out to change their policies. That would be a risky move by China, since overt coercion could backfire by pushing targeted countries together. For now, thankfully, China is satisfied with the "hypnotic sense of movement" created by the stream of visitors to its capital. ■

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Middle East & Africa

Middle East & Africa | The Saudis v the Emiratis

Why the Gulf's most powerful countries are at odds

A feud between Saudi Arabia and the UAE will have far-reaching consequences

February 19th 2026

The language of diplomats is polite. That is especially true for those who speak Arabic, a tongue inclined towards courtesies and honorifics. In December the Saudi foreign ministry issued a five-paragraph statement that used the term shaqiqa ("brotherly") four times in reference to the United Arab Emirates (uae). The fraternal tone was rather at odds with the subject matter: the kingdom had just bombed an Emirati weapons shipment in Yemen and was accusing the uae of threatening its national security.

Almost two months later, no one is bothering with such niceties. The Gulf's biggest powers are mired in a worsening spat. Top officials barely speak.

State-backed propagandists have been unleashed to attack each other. The feud has reshaped the war in Yemen and complicated cross-border business. Diplomats and executives are nervous about what comes next. Some fear an echo of the Qatar crisis in 2017, when Gulf countries (including Saudi Arabia and the uae) imposed an embargo on the tiny emirate over its support for Islamists. Things are unlikely to deteriorate that far—but even a lesser quarrel may have far-reaching consequences.

Saudi Arabia and the uae have been close allies for decades. Both are leading members of the Gulf Co-operation Council (gcc), a club of petro-monarchies, and of the opec cartel. They fought together for years in Yemen against the Houthis, an Iran-backed militia that seized much of the country in 2014. The uae is Saudi Arabia's fifth-largest export market for goods; Saudi Arabia ranks ninth for the uae. Bilateral trade is worth $31bn a year. Flights between Dubai and Riyadh are the world's seventh-busiest international route.

Like all allies they have had their troubles. Their interests in Yemen began to diverge in 2018; a dispute over oil-production quotas paralysed opec for several months in 2021. But their leaders saw their partnership as the bedrock of Gulf security and tried to limit disagreements.

A turning point came in 2023, when Sudan tipped into civil war. The Saudis backed Sudan's army. The uae sent money and arms to the Rapid Support Forces, a militia accused of genocide (the UAE acknowledges providing some early support but denies it is still doing so). The Saudis saw this as dangerous meddling in a war just 200km across the Red Sea. The Emiratis said the army was dominated by Islamists. Then came the quarrel in Yemen in December, when the Southern Transitional Council (stc), Emirati-backed secessionists, unexpectedly seized a large chunk of territory from Saudi-backed forces. The Saudis forced the stc to retreat and expelled the uae from Yemen.

As ever in the Gulf, the feud is a mix of the political and the personal. Saudi Arabia resents the uae's support for separatists and rebels in Somalia, Sudan, Yemen and elsewhere, which it sees as destabilising. Emirati officials counter that many of these are states in name only: better to ally with strong separatists than a failed central government. The Emiratis despise political Islam, while the Saudis are willing to tolerate Islamist groups. They also disagree when it comes to Israel, which the uae recognised in 2020.

Saudi Arabia has the gcc's largest population by far, with 20m citizens to the uae's 1m. A g20 economy and the home of Islam's holiest sites, it sees itself as primus inter pares in the Gulf. Last month a commentator close to the royals described the uae as a rebellious "younger sibling". Such talk annoys the Emiratis, whose economy is more diversified and army more capable (if smaller). They no longer want to follow the kingdom on foreign policy.

Their dispute has turned into a battle of narratives. Commentators in Saudi Arabia accuse the uae of being a handmaiden for Israeli interests, while their opposite numbers allege that Muhammad bin Salman, the Saudi crown prince, has fallen in thrall to Islamists. A few months ago anyone posting such comments might have earned a summons from the police: in normal times, Gulf monarchs do not tolerate criticism of one another. Today both governments seem to be encouraging the vitriol.

Diplomats from four Western countries have heard complaints from uae-based firms who say they are facing new bureaucratic obstacles in the kingdom. Lorries have been held up at the border; employees cannot get Saudi business visas. Meanwhile, Emirati firms pulled out of a big defence expo in Riyadh this month. Bosses are drawing up contingency plans. Few expect a Qatar-style embargo: economic ties are probably too deep. But they still worry.

Business is not the only concern. Another anxiety is that competition between Saudi Arabia and the uae will exacerbate other conflicts. That could happen in the Horn of Africa, where Ethiopia (an Emirati ally) and Eritrea (a Saudi partner) seem close to war. The Saudis are also concerned about Syria, where the Emiratis remain sceptical of Ahmed al-Sharaa, the ex-jihadist who took power in 2024 after Bashar al-Assad's regime collapsed.

Saudi officials say the feud will end if the uae stops backing regional rebels. It is less clear what the Emiratis want—they did not respond to multiple requests for comment—but they are unlikely to yield to the kingdom's demands. In an amusing twist, Qatar is now trying to mediate between its former blockaders. On February 4th its emir met with Khalid bin Salman, the Saudi defence minister and the crown prince's brother. Ten days later he flew to Abu Dhabi to see Muhammad bin Zayed, the uae's president. Bahrain, Egypt and Turkey are also trying to help with diplomacy.

So far, though, these meetings seem to have made little progress. A nudge from America might help. Never doubtful of himself, Donald Trump thinks he could end the crisis: "I can settle it very easily," he told reporters on February 16th. Yet diplomats in the region say the president is trying not to wade into a dispute between two allies who have enriched his family. The uae has stepped up its lobbying in Washington, where its alignment with Israel is a source of support. "Knock it off, Saudi Arabia," said Lindsey Graham, a Republican senator, on February 13th.

The Saudis, meanwhile, are trying to stir up trouble across the border. In recent days Saudi-linked social-media accounts have spread unsubstantiated rumours about the health of Sheikh Muhammad. Commentators in the kingdom have tried to drive a wedge between Abu Dhabi, the uae's capital, and the leaders of its other six emirates—not all of whom agree with Sheikh Muhammad's hard-edged foreign policy. This latest crisis has been years in the making; it shows no signs of ending. ■

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Middle East & Africa | What's next for Libya?

Libya has no good options for leaders

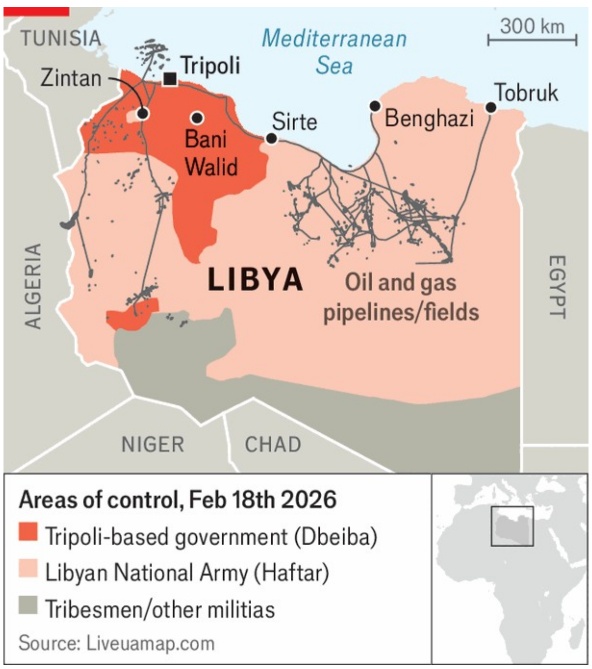
Mourning at the death of a man indicted for crimes against humanity highlights Libya's bleakness

February 19th 2026

No other libyan funeral could have drawn such crowds. From every part of the country, they travelled to Bani Walid, in the north-west, to bury Saif al-Islam Qaddafi, a son of Libya's late dictator, Muammar Qaddafi. Many wore green—the colour of the fallen regime—and waved its flags. Some vowed revenge for Saif's killing on February 3rd, when gunmen reportedly shot him at his home in the mountain town of Zintan. "It will only strengthen our determination to liberate Libya," said one mourner, wrapped in an emerald scarf.

Libya's threadbare opinion polls suggest that Saif was the country's most popular public figure. For many he embodied nostalgia for a time when

Libya was united, its state apparatus working, its sovereign-wealth fund flush and its welfare system intact. Today predatory militias roam, rival governments squabble and public services decay. His calls for elections resonated with millions weary of the warlords and kleptocrats who have pillaged what ought to be Africa's richest country. That some should mourn a man indicted by the International Criminal Court for crimes against humanity speaks less to his virtues than to the bleakness of post-2011 Libya. It is 15 years since the uprising that toppled his father, but the anniversary on February 17th passed in silent remorse.



The Greens, as Libyans call them, still have many government jobs, particularly in the security forces in the east where Khalifa Haftar, the head of the Haftar clan and a strongman, dominates. Students in green hoodies stage sit-ins at universities. Some brides even bedeck their wedding cars with green ribbons.

Yet popularity without power is of scant consequence. For all his talk of a "third way", Saif commanded none of the instruments required to seize power. He was released from captivity a decade ago. But he never secured territory, money, arms or loyal fighters. He could not have marched on Tripoli to dislodge Abdulhamid Dbeiba, the prime minister, still less challenged the Haftars. Neither seemed overly upset by the killing. Mr

Dbeiba expressed dutiful sorrow and ordered his attorney-general to investigate Saif's death. Saddam Haftar, the strongman's son, whose security forces have been known to bump off his foes, barred the burial in Sirte, the Qaddafis' hometown. Some say they see Saddam's hallmarks in the killing. Four masked men are said to have disabled security cameras before shooting Saif 19 times. An associate of the purported assailant surfaced online, claiming he acted on Saddam's orders.

Nor do obvious successors exist. Four of Muammar Qaddafi's biological sons are dead; several surviving offspring prefer the safety of exile. (Saadi is probably in Istanbul, Hannibal just emerged from a Lebanese prison, Muhammad was never political, and Aisha has retreated to Oman.) No other contender has the family's name recognition, nor, in the vast, thinly populated country, more than a local or tribal base. For nearly a decade Mr Dbeiba and the Haftars have obstructed elections and muzzled civil society that might have opened the field.

Meanwhile the state withers. On paper, oil production in 2025 was steady. Yet analysts say that last year \$8bn of more than \$30bn in expected oil revenues vanished. The country's two power-brokers have captured oilfields, eroding the National Oil Corporation's monopoly on production and sales. And they have cajoled the central bank to release the diminishing revenues as letters of credit. Liquidity is scarce. Banks restrict withdrawals. The dinar slides on the black market and the cost of staples climbs.

The Dbeibas and Haftars are the beneficiaries of Libya's disorder. They failed to reconcile formally after the Haftars' abortive siege of Tripoli in 2020. But today the Dbeibas and Haftars remain "joined at the hip" as Jalel Harchaoui, a Libya-watcher, puts it. In January their representatives in Paris met a senior American intermediary and pledged to keep splitting the spoils. Soon after, they announced the first new bidding round for oil concessions since 2007. Western majors, led by Chevron, Eni and Repsol, were among the winners.

But exploration and investment require stability and legitimacy. Both are dwindling. America recently advised its citizens to leave after a "severe" terror threat. Some 30 jihadist groups still lurk in the country's ungoverned spaces, says an American former spook. Without better governance, chaos will flourish as well as nostalgia. ■

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Middle East & Africa | Of books and freedom

A book fair in Damascus is a window on the new Syria

But many worry it will not stay open for long

February 19th 2026

It is hard to know if the presence of copies in English of Charles Darwin's "On the Origin of Species" at the Damascus International Book Fair this month was an oversight by the country's new authorities, or evidence of a genuine spirit of tolerance. Either way, they sat alongside titles by Stephen Hawking, a British cosmologist, and treatises on the failures of Islamist governance. Books by Sally Rooney, an Irish writer of steamy literary fiction, shared shelf-space with tomes by Sayyid Qutb, a leading ideologue of the Muslim Brotherhood.

For the thousands gathered at Damascus's International Convention Centre, the fair suggested Syria's new rulers are keen—or at least willing—to create intellectual space that did not exist under Bashar al-Assad. Ministers did the rounds; Jordanian and Saudi publishers set out their stalls. There was a dearth of big Western publishers. But that may change next year.

Under Mr Assad, publishing houses were regularly forced to pull books from their shelves; intelligence agencies would rifle through new collections. Unflattering biographies of Bashar were not permitted. Strangely, George Orwell's "1984" never made the banned list. "They were too thick to understand it," joked one dissident author.

Among the crowds was Asser Khattab, a former journalist who returned to Damascus after the fall of the Assad regime and is preparing to open a bookshop in the capital's old city. He recalls the frustration of growing up between Aleppo and Damascus and finding only Baathist propaganda, religious instruction and self-help volumes in bookshops. He hopes that Al-Manhal, the shop he plans to open in April, will "provoke critical thinking".

Like any true bibliophile, his weakness was buying far more books than he had planned. He left the fair with more than 200. But sourcing books at the scale and breadth an independent bookshop requires is still not easy in Syria. Sanctions remain an impediment; local publishing houses steer clear of controversial subjects. "I'm having to mobilise dozens of people to bring me books," says Mr Khattab. Despite offers of donations from London, New York and Paris, "I have no way to have them sent to me."

Mr Khattab found the book fair had "something for everyone". Organisers looked on, bemused, as some groups of visitors broke into religious songs. Those attending, and civil-society groups elsewhere in Damascus, worry that the current window for free expression will close once the new government has consolidated its grip. They see it as their job to ensure it stays open.■

Middle East & Africa | A more common thread

The global triumph of Nigerian fashion

Its flamboyant styles are gracing red carpets and going viral on TikTok

February 19th 2026

The soundbite went viral before the full track had been released. “I’m gonna marry a Nigerian and you’re gonna wear gele to my wedding,” goes the line from Keys the Prince, a British-Nigerian rapper and producer. For the past few months, it has been used on TikTok to accompany videos of women, Nigerians and non-Nigerians alike, getting cinched into flamboyant outfits, complete with a perfectly pleated gele, or headtie.

Nigeria’s population is among the most fashion-forward in Africa. Its 230m people may spend as much as $6bn a year on apparel (mostly imports), according to one investment firm. For a long time, local styles did not travel beyond the country’s shores. But thanks to its large and growing diaspora, Nigerian fashion has lately begun to spread around the world. Pop-up events in cities such as London and Houston, the appearance of Nigerian brands in the world's biggest department stores and the burgeoning international interest in the fashion scene in Lagos, Nigeria's commercial capital, are all putting Nigerian styles on the map.

In one sense, Nigerian fashion has always been global. For centuries local artisans imported foreign techniques and materials and fused them with their own work. The colonial era brought British-mediated imports of silky threads used in woven fabrics like aso oke (pronounced "asho-okay") by the Yoruba people in the south-west. Akwete, another woven fabric made by the Igbo people in the south-east, shows signs of Indian influences. The damask used in women's headties was originally Austrian (the priciest fabric still is). Delicate lace was usually French and Swiss, or more recently Chinese and Korean. But in the past few years the direction of travel has shifted. From beadwork by southern coastal communities to adire, cotton that is resistance-dyed with cassava starch and indigo by the Yorubas, Nigerian techniques and textiles are finding new markets in unlikely corners of the world.

One reason is technology. Social media has made marketing easier, improving the visibility of once-niche cultural practices. Innovation in textiles and styles has made them easier to sell. Damasks used to be stiff, perfect for the corset of a 16th-century Habsburg bride but heavy on the head when tied in a gele. Today's versions are softer and more flexible. They have also changed shape, thanks to a certain Dupe Sagoe, who became known for importing longer, narrower rectangular sheets from the Austrians, which are easier to tie than the traditional square yard. (Many damask headties are called "Sagoe" in her honour.) "Autogele", a pre-tied version quickly fastened on the head, and pre-made wrappers, help those who struggle. Chinese-made machines can mass-produce the illusion of resistance-dye on fabrics and mimic beadwork once only done by hand.

The result is more eyes on Nigeria's vibrant fashion scene. More people fly in for the fashion week in Lagos, which welcomed thousands of people last October. American celebrities who have never visited Nigeria are sporting clothes from the country's top designers on the red carpet. Teenagers are wearing Nigerian designers to prom. A single designer in the south-western city of Ibadan claims to have had 1,500 prom-dress orders from America last year. At least one Nigerian tannery says it sells hides and skins from the country’s north to suppliers of luxury brands such as Gucci and Ferragamo.

Nigerian-based commercial brands increasingly focus on enticing foreigners. Some shun local fashion weeks for foreign ones to amplify their exposure. Adebayo Oke-Lawal, for example, has showcased his Orange Culture label in Berlin for two years running. Many host pop-up shops in America, Britain and elsewhere where there are large, wealthy diasporas, in order to expand their reach and profit from stronger currencies. Kanyinsola Onalaja, an Italian-trained designer, says she finishes all the pieces from her Yoruba- and Edo-inspired brand in Britain before stocking at Saks and Zalando.

Internationalisation has limits. The market for Nigerian fashion is still mostly other Nigerians, even if it now includes those outside the country. Aso ebi, a term for the matching fabrics guests wear to Nigerian weddings, is Yoruba for “cloth of the kin”. It was always designed for close friends and family. Many Nigerians working in textiles and fashion are small-scale artisans who have no interest in scaling up.

For some fabrics, the scale needed for mass production is hard to achieve. Aso oke, for example, is not very durable in its original form. “Vintage aso oke is alive. You will see it mildew because it’s made from silkworm, which is very expensive now. Even if you have the farm, you still need people's hands," says Ayotola Ayodeji, a fashion enthusiast and descendant of two generations of fabric merchants. Natural dyes run. Holes form as fabrics age.

That may explain why the trend has not yet translated into serious economic gains for Nigerians. By one estimate, textiles and apparel make up a measly 0.5% of Nigeria's GDP. The government offers small grants to designers whom it hopes will stimulate growth, but it may take more than that. Neighbouring Benin is spending $1.4bn of public and private funds on an industrial zone dedicated to its cotton and textile industry, which already accounts for 80% of its export earnings. In Nigeria, hopes of manufacturing at scale are held back by an ailing power industry and logistical challenges. Nigerians have found that their fashion makes them cool. It will be a while before it makes them rich. ■

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Europe

Europe | Against all odds

How a four-year onslaught has changed Ukraine

The border guards who faced Russia's tanks were changed for ever, like their country

February 19th 2026

THE BOMBARDMENT began just after 4am on February 24th 2022. For the half-dozen border guards at the Vilcha checkpoint, 150km north of Kyiv, the odds of surviving were not good. Rockets smashed their corrugated-iron booths to pieces in an instant. Only quick thinking from Senior Lieutenant Sashko "Buddy" Suprun saved the men from annihilation. Hearing the incoming whirr he shouted to drop back, and they watched from dugouts a few metres away. Armed with little more than assault rifles, rocket-propelled grenades and a machinegun, they braced for the next attack: the 700-vehicle-strong armoured column heading their way.

The guards were a close-knit family. For years the men and women of the unit lived side by side in the village, on the edge of the Chernobyl exclusion zone. They were friends, spouses, godparents to each others' children. "Baloo", the 23-year-old unit commander, had just celebrated the birth of his first child. Lieutenant Suprun, then 31, was a passionate cook who dreamed of opening a restaurant. "Hassid", 35, who drove the armoured personnel carrier, had fought the Russians in several tours in occupied Donbas since 2014. Signalman "Koshyk," 33, the most seasoned, had served at Vilcha on and off since 2010.

That winter morning changed their lives for ever. "Life turned upside down," says Baloo. "Before, I had plans, I had hopes." Across the country, Ukraine's border service paid the initial price of Russia's invasion. On the first day 20 guards were killed, 59 injured and 85 taken prisoner. At the time, it was unclear what sort of country would survive Russia's aggression. That question remains, even if Vladimir Putin is far from his main objective of destroying Ukrainian statehood.

In Vilcha the tension had been building for weeks. The guards knew what was happening on the other side of the border thanks to Ukrainian and Belarusian lorry drivers, who passed on dashcam footage showing the Russian build-up. They knew almost immediately when the first transporters with tanks arrived in January, and where they were hiding in the Belarusian forest. Initially they dared to hope that the armed forces would leave after completing exercises, but by February 23rd they had few illusions. In the morning they got intelligence that the Russians were painting tactical markings on vehicles and guns. In the evening Ukraine's cabinet ordered the border crossings closed at 8pm. The guards drank tea and began a sleepless night. "All you can do is think about your family," says Signalman Koshyk.

Commander Baloo knew his unit could not stop the enormous Russian column. Instead he planned to slow it enough to be engaged by army units 20km down the road: "We knew the terrain better than they did." Bridges were mined and ambushes laid. On the morning of February 24th, during a break in the shelling, the border guards retreated to higher positions near the river Uzh. It was like a slow-motion movie, says Hassid, the last to leave in his armoured personnel carrier, two shells exploding "right in front of my bonnet". As the Russians drove onto the bridge over the Uzh, Ukrainian forces blew it up. That stopped the column—for a while. The Vilcha guards scampered out on small side roads. Miraculously, all emerged alive.

Today, the unit members are scattered across the country. Most of the guards are deployed in the hottest zones of Donetsk, Kharkiv and Sumy regions. Commander Baloo is part of an elite counter-espionage unit. "I can't say much more about my work, other than that I'm now all about hunting enemies close to home," he says. Koshyk, who transferred to another secret unit, is operating "somewhere on the Ukrainian-Belarusian border". Hassid, who took part in several campaigns in eastern Ukraine, is now part of the garrison defending Kramatorsk in Donbas.

As the war nears its fifth year, Ukraine is in a stronger position than many thought possible in those first days. Russia no longer risks conquering Kyiv. Its assault was driven out by a patchwork of guerrilla-like defenders, including the Vilcha guards. Later in 2022 Ukraine pushed the Russians back in the Kharkiv and Kherson regions. Hopes for a decisive victory ended with a failed counter-offensive in 2023. But Ukraine has stayed alive against an adversary with far more resources—and in a new high-tech war nobody planned for. "Back in 2022 the scary thing was artillery," says Baloo. "By the end of 2023 we'd made it all about drones." Drone operators are front and centre in Ukraine's armed forces. In December and January they claimed to have killed or seriously wounded a staggering 65,000 Russian soldiers.

Ukraine has its own problems. Conscripting soldiers is getting harder and requires more compulsion. The desertion rate among new recruits is above 30%. Those serving are kept on longer without rotation. They are exhausted, and resent being kept from their families. “My kid is now three years old, but I’ve seen only a few months of that,” says Hassid.

Meanwhile, Russia’s aerial attacks on energy infrastructure have crippled the economy. A vast corruption scandal, and the impossibility of elections during wartime, are fracturing political unity. President Volodymyr Zelensky, whose brave decision to stay in Kyiv helped give Ukraine its chance, is no longer the unassailable leader he once was. Valery Zaluzhny, a popular former top general, now ambassador to Britain, waits in the wings. On February 18th he spoke publicly for the first time of the disagreements that led to his dismissal in 2024.

A peace process is under way and might yet stop the fighting, at least for a while. But it is steered by an unreliable, often hostile American president. Any settlement will include territorial concessions that Ukraine would once have rejected; that risks weakening national unity. “I don’t want to give up our territory,” says Commander Baloo, but “Russia is simply much bigger than us.” He does not envy the politicians who have to make such choices.

As for American or European promises to protect Ukraine should Russia violate a deal, the border guards say February 24th taught them a lesson: the only security guarantee worth anything is your own guns. “God forbid you ever face what we did,” says Koshyk. “But if you do, remember it’s on you. Save yourself. Save your family. And save your colleagues. Because no one else will do it for you.”

For the Vilcha guards, staying in touch is hard, though they manage phone calls and the occasional meeting. After exchanging news of spouses and children, the talk invariably returns to “Buddy” Suprun, whose quick thinking kept his men alive. Suprun went on to fight in various theatres in eastern Ukraine. His journey ended near Vovchansk in the Kharkiv region, killed by an enemy mine on July 29th 2024, as the Ukrainians attempted to expel yet another Russian incursion. His widow Maria, now also a border guard, says she keeps his memory alive for their son, four months old when his father died. At bedtime “I try to fill in the gaps,” she says. “I tell him his daddy is still protecting him up there, from the sky.” ■

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Europe | Made in Beijing, feared in Berlin

How Germany fell out of love with China

Chinese industry is beating Germany at its own game. Cue panic

February 19th 2026

WHEN FRIEDRICH MERZ, Germany's chancellor, takes off for Beijing on February 24th with 30 business chiefs in tow, the sight may seem familiar. On her frequent visits to China, Angela Merkel stuffed her planes with armadas of businessfolk; Olaf Scholz did the same during his brief stint in charge. Yet the fact that it has taken the chancellor nearly ten months to visit Germany's biggest trading partner—a delay that has been noticed in Beijing—is a sign that his approach will differ from his predecessors'. For not only has China's market begun to dry up for Germany, big chunks of German industry now regard China as a direct threat to their interests. They will want the chancellor to voice their concerns.

Mr Merz will head to Beijing (as well as Hangzhou, a tech hotspot) acknowledging that China has taken its place among the world's great powers. But his visit will be shaped by the darkening mood at home. His government believes Vladimir Putin would be unable to prosecute his war in Ukraine without China's help. Spooks increasingly speak out over Chinese cyber-attacks and acts of espionage in Germany.

The chancellor will raise these topics with Xi Jinping, but does not expect to change minds. He will instead focus on "derisking" Germany from dependencies on China. This starts with China's exploitation of choke-points that hurt German manufacturers. Its imposition last year of controls on exports of rare earths and chips threatened to halt production lines. The subsequent drip-feed of supplies has turned German importers into nervous wrecks. Expect Mr Merz to push back.

Then there is a trading relationship that, in German eyes, has grown wildly unbalanced. A "motif" of Mr Merz's trip, says an aide, will be "fair competition". Exports of German cars and other goods to China have fallen off a cliff, and surging imports from Chinese companies facing price pressure at home have driven the trade deficit to €90bn ($105bn), a head-spinning 2% of German gdp. With domestic demand subdued, Chinese exporters of cars and other goods are seizing market share from German rivals in third countries (see chart 1). Parts of German industry are crying foul over Chinese subsidies and a grossly undervalued yuan. "Our companies are competing not only with Chinese rivals, but with the Chinese state budget," says Oliver Richtberg, head of foreign trade at the vdma, an association of mainly German machinery firms.

Those sectors most exposed to Chinese competition have suffered especially (see chart 2). But "everyone from cars to chemicals to pharma is feeling the competitive pressure," says Ferdinand Schaff at the Federation of German Industries. Family-owned Mittelstand firms that have ploughed the same industrial furrow for decades are seeing their business models upended. What many Germans call the "China shock 2.0" plays into fears that the country's industrial heart is being hollowed out. In Baden-Württemberg, a rich state that holds an election on March 8th, candidates are issuing dire prophecies about becoming the "Detroit of Europe".

Still, industry does not speak with one voice. Some multinationals, like basf, a chemicals giant, have doubled down on their investments in China. A growing number of German firms are "localising": using Chinese supply chains, developing products with local workers and reinvesting profits in China. Volkswagen, among others, is accelerating its plans to use China as an export hub to the rest of the world. Meanwhile it is slashing jobs in Germany.

For some, this "in China, for China" strategy is about avoiding tariffs, navigating Chinese regulation or just maximising market share. Others seek to hone their edge in the cut-throat Chinese market, staying close to the innovation action and relying on Chinese r&d. "This is a completely new game," says Mikko Huotari of merics, a Berlin-based China research outfit. On a recent visit Mr Huotari heard Chinese subsidiaries complain about being shackled to dozy German headquarters. Many wonder why the German government should look out for the interests of Chinese branches of German firms.

The bosses on the chancellor's plane have been selected to represent this split in German industry. But the government is also divided. Liberals hope to keep trade barriers low; officials eyeing Germany's climate goals want Chinese green tech; securocrats wish to foreground China's support for Europe's adversaries. Mr Merz has not made his own stance clear. As a result, says Sander Tordoir of the Centre for European Reform, a think-tank, "Germany's China policy is neither here nor there."

Mr Merz's China jaunt will make news. But "the central front of our China policy is at home in Europe," says Thorsten Benner, head of the Global Public Policy Institute, another think-tank. Tougher investment screening is one element: last year a German wind project ditched Mingyang, a Chinese turbine-maker, in favour of Siemens Gamesa after the defence ministry raised security concerns (the company said its choice was made on commercial grounds). Mr Merz vows to bar Chinese firms from Germany's 6g mobile network.

Inside the eu, Germany has warmed to "buy Europe" content requirements in procurement and subsidy programmes, albeit not to the degree pushed by French protectionists. Some fear too restrictive a stance would lock out partners such as South Korea and Canada that could help the eu decarbonise. The European Commission is navigating bitter disagreements between governments as it drafts legislation. But the rows are over details, not principle.

Officials acknowledge that a tougher approach to China risks blowback. As a big exporter Germany is exposed; the rare-earth episode was a sharp reminder that it has left itself vulnerable to blackmail. “Going tit-for-tat with a Leninist one-party state is hard,” sighs an official.

But some think Germany and Europe underestimate their own leverage. With America erecting tariffs, “forgoing the eu market would carry big costs for China,” says Arthur Tarnowski, head of the Beijing office of the Heinrich Böll Foundation, an outfit linked to Germany’s Greens. Shrinking exports means fewer German jobs rely on the Chinese market, and China wants the EU to lift tariffs on its electric cars. Dependencies can run both ways. “German industry would welcome Mr Merz showing some spine in Beijing,” says Mr Schaff. ■

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Europe | The exasperated ally

Poles have split and soured on America

Donald Trump is exhausting goodwill in Europe's most pro-American country

February 19th 2026

TO JUDGE BY the video that Thomas Rose, America's ambassador to Poland, shared on X on February 13th, the partnership between the two countries has never been stronger. The clip featured Donald Trump atop a memorial in Krakow to Tadeusz Kosciuszko, a Polish nobleman who fought in America's war of independence. America's president waved and shook hands with Karol Nawrocki, his Polish counterpart, as fighter jets streaked overhead. It was a deepfake, and the message was misleading.

Poles were for decades America's loudest cheerleaders in Europe. But that was before Mr Trump's second term. Last April CBOS, a research organisation, found that just 31% of Poles think the countries' relations are good—the lowest share measured since 1988, when Poland was a communist ally of the Soviet Union (see chart). Unusually for Europeans, Poles still think relations with America are more important than European autonomy, according to surveys by YouGov. But this month SW, another pollster, found only 30% of them consider America a reliable ally.

Mr Rose is not helping. On February 5th he said that America was suspending contact with the speaker of Poland's parliament, Wlodzimierz Czarzasty, over his "outrageous and unprovoked insults" against Mr Trump. Mr Czarzasty's offence was to have stated that Mr Trump did not deserve the Nobel peace prize. Some thought the speaker had picked a fight to boost his image; his New Left party has just 18 of the 460 seats in parliament. But it is part of the governing coalition, and Donald Tusk, the centre-right prime minister, rallied to his defence.

For the most part, Mr Tusk maintains good relations with Mr Trump. American officials celebrate Poland as a model ally, especially after the country ramped up defence spending to 4.5% of GDP last year, the highest level in NATO. Poland has mainly bought American kit: F-35s, tanks, attack helicopters, HIMARS rocket launchers and air-defence systems.

But cracks are increasingly showing, in part because of internal polarisation. Mr Tusk is a liberal ex-head of the European Council who feels more at home in Brussels than Washington. Mr Nawrocki is backed by Law and Justice (PiS), the MAGA-friendly populist-right party that governed Poland in 2015-23. When Mr Trump invited Poland to join his Board of Peace, Mr Nawrocki wanted to take up the offer. On February 11th Mr Tusk said no, adding that although Poland is an American ally, "we will not be anyone's vassal."

A confrontation between the president and prime minister looms in March, when a law enabling Poland to tap €43.7bn ($51.5bn) in European Union defence loans lands on Mr Nawrocki's desk. PiS wants the president to veto the bill, claiming the programme, known as SAFE, could limit the scope for arms purchases from America. Mr Nawrocki and PiS seem to think the strength of America's security guarantees depends on devotion to Mr Trump. "We don't have the luxury of giving in to public emotions," says Radoslaw Fogiel, a PiS member of parliament. "We need to prioritise Poland's security."

The stand-off between Mr Tusk and Mr Nawrocki has paralysed Polish politics. In his first six months in office, the new president has vetoed more bills (25) than his predecessor, also a PiS man, did in a decade. Fearing a veto and squabbles with coalition partners, Mr Tusk has shelved plans to relax a draconian abortion ban imposed under PiS. Attempts to clean up the judiciary, including the Constitutional Tribunal, which PiS packed with loyalists, have stalled as well.

Mr Tusk's fight with Mr Nawrocki seems to be helping him politically. His Civic Coalition has opened up a healthy lead over PiS in the polls. The government has the economy to thank, too. GDP grew by 3.6% last year, and unemployment remains the second-lowest in the EU at 3.2%.

PiS is calling on Mr Czarzasty to resign, hoping to split the government, which includes both social democrats like New Left and conservatives to Mr Tusk's right. Supporters of the government worry that the Trump administration, which has declared its backing for populist-right parties in Europe, might like to see Mr Tusk fall. Support for America used to be a consensus issue in Poland. These days, it is becoming yet another source of division.■

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Europe | Stamina contest

Serbia’s protesters learn it’s hard to topple a president

President Aleksandar Vucic is trying to outlast fury over corruption

February 19th 2026

“Pumpaj, Pumpaj,” chants the crowd of several thousand: “Keep the pressure up.” Serbia’s student-led movement has been demonstrating against Aleksandar Vucic, the president, for 15 months, and it is becoming ever more difficult for them to maintain momentum and numbers. A year ago many Serbs thought Mr Vucic would soon fall. Instead the country is set for a “political war of attrition”, says Ivan Vejvoda, a political analyst.

The movement started in November 2024, when a canopy collapsed at a newly refurbished train station in Novi Sad, Serbia’s second city, killing 16 people. Many blamed the substandard construction on corruption, and protests morphed into widespread opposition to Mr Vucic. Universities were closed, and hundreds of thousands joined the marchers.

The latest demonstration on February 15th in Kragujevac, 115km south of Belgrade, was much smaller. It marked the anniversary of the adoption of Serbia's first constitution there in 1835. Slobodan, a 67-year-old, carried a Ferrari flag, which for cryptic reasons became a symbol of the protests in the 1990s that ousted Slobodan Milosevic, then Serbia's leader. "My son said that when we protested against [Milosevic], I carried him on my shoulders. Now he says 'I should carry you on mine!'"

From Kragujevac a convoy of cars went to nearby Orasac to continue the demonstration. Kristina Draganovic, an activist, said the students were not worried by falling numbers; they are focusing on elections. Ten local ones are scheduled this year, and Mr Vucic says there will be an early general election as well. But the students spurn collaboration with established opposition parties. They are discussing forming an electoral list of their own.

Little unites protesters beyond opposition to Mr Vucic. Some are pro-European, some pro-Russian. Religious flags are common, as are banners demanding the return of Serbian rule to Kosovo, a mostly ethnic-Albanian former province. Divisions in the movement, once insignificant, seem increasingly important.

Mr Vucic has many advantages. Most of the media is under his sway. Universities have reopened and protests are less frequent, though students still clash with police and supporters of Mr Vucic. Several academics, schoolteachers and officials have been fired for supporting the movement.

Yet the president's system is starting to show cracks. A large proportion of Serbia's academic, cultural and sports elite have come out against him, including Novak Djokovic, Serbia's champion tennis player. Mr Vucic recently appointed "super-loyalists" to key positions in the security services, perhaps fearing his control is slipping.

Protesters are cheered by the trial of Nikola Selakovic, the culture minister, which began on February 4th. He and three others are accused of illegally changing the historical-preservation status of Belgrade's former army headquarters, empty since 1999, when it was bombed during Serbia's war with NATO. The redesignation would have permitted its development as a luxury hotel. (Jared Kushner, Donald Trump's son-in-law, was an investor in the project, but pulled out in December.) The defendants deny the charges. Slobodan Markovic, a historian, says the very fact that the case was brought is a striking change: "Pockets of fearlessness are appearing everywhere."

Ana Brnabic, the speaker of Serbia's parliament, says the protests may be a "colour revolution"—by which she means one instigated by outsiders. Both Western countries and Russia might be funding it, she thinks, for different reasons. "The strong powers want to have smaller countries with leaders following their orders," she says, and Mr Vucic is too independent for them. Nonsense, says Ms Draganovic; the students are "constantly" falsely attacked for being in the pay of foreigners.

The president could be in trouble. In areas that once staunchly backed him, local elections last November gave his coalition much lower majorities. Mr Markovic thinks this is the "calm before the storm". But in Serbia protests often swirl up only to blow over. Mr Vucic may weather them yet. ■

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Europe | Charlemagne

That irritating feeling that France was right

Donald Trump's America makes Gaullism respectable again

February 19th 2026

European leaders who gathered at the Munich Security Conference last weekend found some solace in the less caustic note struck by America. Whereas last year J.D. Vance, its vice-president, had wounded and dismayed, this year Marco Rubio, its secretary of state, was a more gracious critic. But a critic he was, and the Europeans left with the sense that, in Trumpworld, they are on their own. This is disconcerting enough. But while Donald Trump's capriciousness inspires deep anxiety among Europeans, they are also troubled by another uncomfortable idea: a scratchy sense that perhaps France was right after all.

No other European country has been so consistently sceptical about the dependability of its transatlantic ally nor displayed such a pesky determination to go it alone. Shortly after Charles de Gaulle became France's leader in 1958 he warned Konrad Adenauer, then German chancellor, that the Americans were "not reliable, not very solid and understand nothing about history or Europe". Musing about the shifting balance of world power, le général told an adviser: "Any day the most extraordinary events could happen…America could…become a threat to peace." By 1966 de Gaulle had built a bomb, pulled out of NATO's integrated military command and booted American soldiers off French soil.

Emmanuel Macron misses no occasion to channel his inner de Gaulle. For nearly a decade the president has badgered European leaders with his call for "strategic autonomy". They have responded with eye-rolling or indifference. When Mr Macron told The Economist in 2019 that NATO was experiencing "brain death", his friends accused him of an attempt to shatter the transatlantic alliance. Last week he declared that Europe faces an "openly hostile" America that wants nothing less than its "dismemberment", and that the moment is "a profound geopolitical rupture".

In more Atlantic-leaning European capitals, the prospect of standing alone without America has prompted distress. In Paris—which maintains a fully independent nuclear deterrent, sends its own satellites into space, supplies itself with nuclear energy and builds its own fighter jets—it feels like vindication. Yet if France has had a point all along about greater European strategic independence, why did it not happen? The answers might loosely be grouped into three: France was right, but too soon; it was right, but not credible; and it was right, but got on everyone's nerves.

If France made the call too early for its friends, it was because they correctly viewed the post-war Pax Americana not as a risk or an indignity, but as the guarantee that bound the West together. De Gaulle concluded, particularly after the Suez crisis in 1956, that America could not be fully trusted. Britain, France's ally during Suez, drew the opposite conclusion: judging it could not act without the Americans' backing, it hugged them closer still. Distrust of America pushed France to diversify its alliances long before Mark Carney made it fashionable. But Britain saw America as an extension of itself, while Germany was unable to assert its own power after the war. They and other Europeans were most at ease snuggling under the American wing, and treated France's bid for independence as not only misguided but dangerous: a move that could hasten American disengagement.

Had France fully followed its own logic, it might have pre-empted some scepticism. Yet for decades France (like others in Europe) pursued social policies that weakened its ability to build up strategic muscle. Even today it spends over six times more on pensions each year than on defence—and borrows heavily to do so. How is it possible, critics ask, to assert strategic autonomy if you depend on the bond markets to pay your pensioners? Moreover, France's "Buy European" strategy has long been regarded by its American-equipped friends as a sales pitch for French kit. When France calls for more joint borrowing to rearm Europe, its friends hear: get somebody else to pay. When France urges more spending on European defence, its friends hear: more contracts for French makers of fighter jets, missiles and engines.

And then there is—how to put it?—the tone. France considers itself a serious ally in Europe and NATO, and does not understand why its ideas meet such resistance. Others find the haughty manner in which it tries to impose them insupportable. De Gaulle left his European chair in Brussels empty for six months, boycotting meetings in order to get his way in a spat over decision-making rules. Central and eastern Europeans have not forgotten how Jacques Chirac, then president, told them that in backing America's war in Iraq they had "missed a good opportunity to shut up". When Mr Macron donned aviator shades for a speech in Davos, to mask a bloody eye, it was vintage France: defiant, chic, perhaps ridiculous, indisputably show-stopping. Some loved it. Some didn't.

France has made its share of mistakes, for sure. De Gaulle's grandstanding towards America was in part an attempt to preserve the country's great-power status despite its often brutal mishandling of the retreat from empire. Its pretensions to post-imperial influence can go awry, as in the Sahel, where Russia has exploited resentment of France. France happily backs strengthening Europe when it suits, and breezily opposes it (on the Mercosur trade deal, for example) when it does not.

Prickly, proud, exasperating, it is so often the country that maddens others. France, wrote the general, "cannot be France without grandeur". As

European leaders grapple with the implications of the transatlantic rift, a few still hope this is a passing moment. Others are daunted by the costs of going it alone. Mocked, dismissed, disparaged, France has long thought differently about the world, and seldom been afraid to say so. Do not expect fellow Europeans to give it credit, even when they agree. ■

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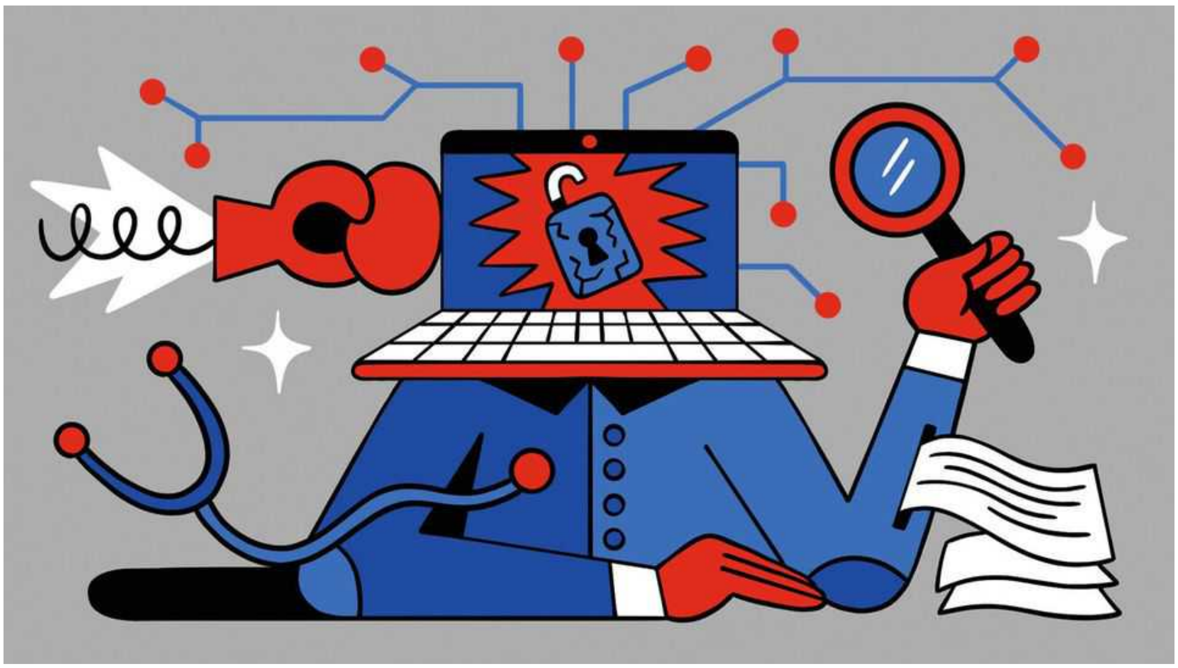
Britain

Britain | AISI does it

Britain is the closest the world has to an AI safety inspector

But having the first (and best) AI security institute is no excuse for the country to rest on its laurels

February 19th 2026



Governments are getting plenty of reminders of the Janus face of artificial intelligence. On January 28th DeepMind, Google's London-based AI arm, published a paper in Nature on AlphaGenome, a model that could transform understanding of DNA. That same week Dario Amodei, the boss of Anthropic, an AI lab, published an essay urging humanity to "wake up" to AI's risks. This month his lead safety researcher quit to study poetry, warning that the world was "in peril".

Britain was first to grapple with this tension. In 2023 its then prime minister, Rishi Sunak (always a techno-optimist, now an adviser to Anthropic and

Microsoft), convened the world's first major AI safety summit at Bletchley Park. It brought together America and China alongside experts; a successor summit began in India on February 16th. Out of Bletchley came the world's first AI safety institute, now the AI Security Institute (AISI): a government body designed to understand the capabilities and impacts of advanced AI.

It became a template for similar outfits in America, Japan, Singapore and elsewhere. William Isaac, a principal scientist at DeepMind, has called Britain's AISI "the crown jewel of all of the safety institutes". It reflects the strengths of Britain's AI strategy: talent, technical skill and diplomacy. It also exposes the country's limits.

AISI is an example of governance done right. It was modelled on the pandemic-era vaccine task force, which helped Britain become the first country to approve a clinically tested covid-19 jab. Just as that task force was led by an outsider investor, Dame Kate Bingham, AISI brought in a venture capitalist, Ian Hogarth, as its chair, pairing a startup mentality with £100m ($135m) of upfront funding from the government. The institute moved quickly, poaching top talent from DeepMind and from OpenAI, the firm behind ChatGPT.

Today some of the world's smartest nerds, a mix of ex-tech employees and academics, work at the institute in London. They test what models can do in dangerous domains such as cyber-security, biology and chemistry. Drawing on military war-gaming, they also deploy "red teams" which pose as adversaries to see whether real rogues could bypass safety controls. In 2025 OpenAI reported that AISI had uncovered more than a dozen vulnerabilities that could have enabled users to develop biological weapons; these were fixed before the model's launch. In some ways AISI understands risks better than firms do, one reason why it has secured access agreements with Anthropic, Google and OpenAI to test their models before release.

Some commentators suggest AISI is the closest thing the AI industry has to a weapons inspector. This is an imperfect analogy, not least because this is only part of what it does. The institute instead sees itself as a "technical-research body", offering insights into fast-evolving systems whose capabilities are poorly understood.

One recent AISI study found that conversations with an AI chatbot were around 50% more persuasive at shifting political opinions than reading a static, AI-generated message, highlighting the potential risks of "AI propaganda". Another found that a third of British adults had used AI for emotional needs. The institute's open-source platform, Inspect, allows firms, academics and governments to run standardised safety tests, making it easier to assess risks against a common yardstick.

For a modest £66m or so a year, AISI gives the government vital knowledge, most obviously on national security. (Its interim director, Adam Beaumont, comes from GCHQ, Britain's signals-intelligence agency.) In a speech last October Ken McCallum, the head of MI5, the country's domestic intelligence agency, praised AISI's "ground-breaking" work, noting that it was helping the security service plan for the risk that humans could lose control of autonomous AI systems. It also helps project soft power. Britain chairs a global network of AI safety institutes. Other governments come to learn what it got right. By working with labs pursuing artificial general intelligence, the institute helps shape their internal practices.

Yet if AISI shows how Britain can influence the world on AI, it also risks becoming a totem. It is no substitute for broader AI governance. It was never meant to be a regulator. Its work depends on voluntary access from frontier labs. Because leading AI labs such as OpenAI refuse to grant AISI access to their models' "weights", the numerical parameters that define them, its teams mostly evaluate models by asking them questions and seeing how they reply.

But the need to regulate AI's harms is growing: witness a recent furore over Grok, Elon Musk's AI chatbot, which spewed out nude deepfakes. Michael Birtwistle of the Ada Lovelace Institute, an AI-research body, argues that the British government has made a "series of retreats" on AI legislation, abandoning a manifesto pledge to enact "binding regulation" to ensure the safe development and use of AI models. Officials point out that risks must be understood before they are constrained; some harms, such as posting sexualised deepfakes of children or building a biological weapon, are covered by existing laws. Still, Britain may have built one of the world's fanciest smoke alarms: able to detect danger, but powerless to act once it sounds.

For all its pioneering work, Britain remains a junior partner to America. That was clear at last year's AI summit, in Paris. America's vice-president, J.D. Vance, dismissed safety concerns as "hand-wringing", framing it as focused on "woke" social and ethical issues (like bias, discrimination and privacy) rather than on hard security (like biorisks, cyber-attacks and autonomous weapons).

Within hours AISI removed references on its website to "societal impacts" and to risks such as inequality and harm to welfare. Within days a minister announced that the institute would be renamed, the "S" no longer denoting "safety" but "security". The changes were largely cosmetic, argues Professor Seán Ó hÉigeartaigh of the University of Cambridge; AISI's core focus had always been on security. Even so, the optics were poor. And the reality is that Britain lacks the capital and cheap energy needed to build its own frontier models: its leading lab, DeepMind, had to sell itself to Google in 2014 to fund its research.

In short, being a leader in AI safety doesn't make you a leader in AI, says Joshua Tan, an AI researcher at Public AI, a coalition which builds shared AI infrastructure. It's "like calling yourself a major oil producer without producing any oil".

Whatever AISI's merits, on its own it clearly doesn't turn Britain into an AI powerhouse. Unable to build the foremost AI models, it is world-leading in testing them, an expertise it still hopes will lead to growth. Now it wants to become among the best at using AI models, too.

The aim is to be a "country that actually makes AI useful for people", says Jade Leung, AISI's chief technical officer and, more pertinently, the government's AI adviser. This means adopting AI at scale. In a speech on January 28th the secretary of state for science, innovation and technology, Liz Kendall, announced plans to open public datasets to researchers and firms; to pilot more AI tutors in schools; and to put millions of workers through AI training. A new "future of work" unit will monitor whether AI is displacing workers.

Ms Kendall also spoke of a turbulent world where AI supply chains are weaponised. "We must not be over-reliant on other countries for access to technologies that underpin our future prosperity," she said. Yet if Britain wants to treat AI capacity as critical infrastructure, the sums behind the government rhetoric are small: so far, £100m for "advanced market commitments" under which the government would act as a first customer for domestic AI-hardware startups, and £500m for a "sovereign AI" unit to invest in Britain-based AI firms. Signals from the market are more promising: this week David Silver, one of Britain's top AI researchers, announced he was raising $1bn for a new AI lab in London.

AISI is one of the few hard assets Britain has in AI. But it is not enough. ■

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Britain | Don’t look under the kilt

The Scottish government’s new bonds will waste taxpayers’ money

And undermine the case for independence

February 19th 2026

As wedding season approaches, Scotsmen face a choice: splash out on a kilt or wear a suit and risk being mistaken for a Sassenach. A kilt can get expensive—over £1,000 ($1,350) for a tailored version in the family tartan. But for many, it is a price worth paying to assert national identity. The pro-independence Scottish National Party (SNP), which runs Scotland’s government, agrees. If re-elected in May, it plans to begin borrowing directly in the private market, issuing bonds dubbed “kilts”—a nod to British government “gilts”.

These kilts will cost a pretty penny. Analysts reckon the bond market will charge 0.3 percentage points more for them than for gilts. The SNP argues that the costs are outweighed by the benefits, from greater borrowing flexibility to increased investor interest in Scotland. Look closer, though, and these benefits appear threadbare.

The Scottish government has a rather peculiar fiscal set-up. Most of its budget (roughly £60bn a year) comes via a block grant from Westminster. This redistributive system greatly benefits Scotland, giving it a quarter more funding per person than it gives England. The Scottish government can then use its tax and borrowing powers to adjust its budget, though Westminster imposes a total cap on debt of £3bn. So far it has borrowed only from the British government, which lends at a rate 0.11 percentage points above the gilt yield at any one time.

The SNP claims that the British government's loans are too restrictive. It can secure loan lengths only of 10-25 years and must repay part of the principal each year, rather than at the loan's end as happens with most bonds. The SNP is right that issuing bonds directly would enable it to borrow for shorter or longer durations and allow for repayment to be deferred. But Mairi Spowage, the director of the Fraser of Allander Institute, a Scottish think-tank, calls these "short-termist" benefits. "In the end you are going to have to repay the bonds," she adds.

On financial grounds alone, the Scottish government's own analysis shows that these benefits are probably outweighed by the costs. The SNP wants to raise £1.5bn over five years, starting in 2026-27. In the median scenario, this will cost £90m more in 2024-25 prices than borrowing from the British government. These costs are driven by administration fees and the likely premium on kilts over gilts. As Nicholas Chatters of Aberdeen Investments notes, avoiding a kilt premium is "very unlikely if not impossible". The market would be new and less liquid than the vast £2.8trn gilt market, prompting investors to demand higher returns as compensation.

The SNP also argues that kilts will boost investment in Scotland's wider economy by raising the country's profile. When Moody's and S&P Global gave the Scottish government the same credit ratings for its kilts as for gilts in 2025, the SNP argued that this demonstrated the strength of Scotland's institutions and creditworthiness. But this is wishful thinking. Both agencies explicitly based their ratings on the government having Westminster's backing; S&P cited Scotland's "uninterrupted access to funding from HM Treasury". Strip that away and the ratings would tumble. In any case, decisions about investing in Scotland will mostly depend on its economic fundamentals, not tweaks to government borrowing arrangements.

Beneath the bluster, the SNP's real aim is political. The party thinks that issuing bonds will demonstrate Scotland's readiness for independence. But it should be careful what it wishes for. If independence becomes likely, bond investors will start fretting. They will worry about Scotland's fiscal sustainability once Westminster subsidies disappear. S&P has already said that it could lower Scotland's rating if the country "took material steps towards independence". This would in turn see the spread between kilts and gilts widen substantially, a clear signal to the Scottish public of the risks and costs of independence.

In Caledonian culture, a "true Scotsman" is one who doesn't wear any underwear beneath his kilt. If the kilt spread over gilts gets too wide, perhaps even the most ardent nationalist will blush. ■

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Britain | Rules for regicide

How to oust a prime minister

History offers useful lessons for those still plotting to oust Sir Keir Starmer

February 19th 2026

It is haunting season in Westminster. As ever when the mood is mutinous, its denizens are on the lookout for a posse of phantom ministers, sometimes known as the men in grey suits. Rumour holds that in the coming months they may glide into Number 10 and tell Sir Keir Starmer that his time is up. If the past is a guide, though, this ghostly group will not materialise.

History offers lessons for Labour MPs still hoping to oust Sir Keir. They apply across parties and time, from the deferential era of yore to today, when British political leaders have the shelf-life of smartphone models. A big takeaway for plotters concerns those men (or women) in grey suits. It is no use waiting for some spectral figure to do the dirty work discreetly. You have to grip the axe, openly and together.

The first lesson for mutineers is: pick the right moment. The wake of a chastening by-election—like that in Gorton and Denton on February 26th—could be propitious; more so a humbling for the ruling party in local or regional elections, such as those on May 7th. But plotters must have an eye on the wider chronology. Deposing a leader in the middle of a parliament invites pressure to hold a general election, which a party in the doldrums may lose. Wait much longer, and it can seem too late to change the public's mind.

This "goldilocks problem", as Philip Cowley of Queen Mary University of London, terms it, applies to the state of the nation too. It makes no sense to ditch a leader if everything is tickety-boo. But assailing one in an emergency may look self-indulgent (unless, like Liz Truss, she obviously caused it). "No time for a novice," proclaimed Gordon Brown, the embattled Labour prime minister during the financial crisis of 2007-09—a gibe partly directed at pretenders on his own side. Today the jittery bond market discourages upheaval.

Time their ambush wisely, and insurgents enjoy natural advantages. For starters, prime ministers are distracted by the need to keep running the country: facing a leadership challenge in 1990, Margaret Thatcher flew off to a summit that marked the end of the cold war. Next, as both she and (in

2022) Boris Johnson learned, leaders can be too cocooned or aloof to grasp their peril. “They’re hard-headed enough to know that their colleagues would all kill them if they could,” says Sir Vernon Bogdanor of King’s College London. “But they tend to think they’re invulnerable, and that’s what gets them in the end.”

As in other walks of life, only more so, every enmity a leader has aroused, each intended or inadvertent slight, comes back to bite them in a showdown. All the MPs sacked from government jobs, demoted or overlooked can avenge themselves. The older the government, the more has-beens and no-hopers it collects. Conservative MPs who loathed Mr Johnson’s loucheness and lies got the chance to punish them in 2022. Thatcher’s imperiousness had irked lots of ministers. Conversely, like Mr Brown—but unlike Sir Keir—she could count on a praetorian guard of acolytes.

Helpfully for regicides, the fight isn’t fair. Even if they scrape a majority, prime ministers can be mortally wounded by a leadership contest or confidence vote. As Sir Anthony Seldon, a historian, puts it, “You can be dead in the water even if, technically, you win.” Thatcher beat her challenger, Michael Heseltine, in the Tories’ first ballot in 1990, but not conclusively. Neville Chamberlain won the parliamentary vote in 1940 that led to his removal, but too many MPs deserted him. (“I have friends in the House!” Chamberlain rashly proclaimed, raising the stakes of that pivotal debate: when their strength is in doubt, shrewd leaders avoid testing it.)

The trigger for a crisis tends to be a high-level resignation, like that of Geoffrey Howe, a bigwig under Thatcher, in 1990, or Rishi Sunak, who quit as chancellor in 2022. The nerviest day in Mr Brown’s plot-strewn tenure, says someone who used to work in Downing Street, was when James Purnell, the welfare secretary, resigned in 2009 and told Mr Brown to go too.

Crucially, though, one walkout is unlikely to be enough. Like Anas Sarwar, the Scottish Labour leader who suggested Sir Keir pack it in, Mr Purnell went over the top, only to find no one behind him. Then as now, others sympathised but declined to strike; the men in grey suits proved elusive. By contrast, a stampede of resignations did for Mr Johnson. Thatcher gave up after a mass of senior ministers told her she was finished. “I had lost the cabinet’s support,” she later wrote. “It was the end.”

Meanwhile, cornered leaders have advantages of their own. As another veteran says, the prime minister retains “control of the board”; ie, the Number 10 machine, the bully pulpit and the lure of patronage, which lets him dangle fancy titles like “deputy prime minister”. When Mr Purnell walked, the first thought in Downing Street was “Where is David Miliband? Get him on the line!” (The then-foreign secretary was perceived as Mr Brown’s likeliest challenger.) As Sir Keir’s team did on February 9th, Brownites hit the phones to shore up support. In extremis, minders can be dispatched to keep tags on waverers.

Urgency can also help besieged leaders. Cabinet colleagues may have only minutes to choose between swearing allegiance and rebelling. Would-be assassins must instantly weigh the chance of success against the costs of failing. “He who wields the knife”, lamented Lord Heseltine after he lost out in 1990, “never wears the crown.” That is not quite right—both Mr Johnson and Mr Sunak were handy with a dagger—but swinging and missing is a bad look. Loyalty can pay off better in the long term, or even the short one. Winston Churchill defended Chamberlain’s government in 1940, but in doing so, observed an mp, showed “by his brilliance that he really has nothing to do with this confused and timid gang”. He took over two days later.

A leader's main weapon is uncertainty. Say Sir Keir is dislodged by his rivals; none can know who will succeed him. They or an ally may triumph, but so might a foe. Crucially, notes Sir Vernon, both Labour and the Tories now choose leaders in a two-stage process: MPs narrow the field but party members crown the winner. The resulting unpredictability heightens the jeopardy and cuts the incentive to act. And in an anti-political age, the public may be no fonder of a new overlord than of the old.

"No one can be sure what happens next," counsels Graham Brady, who, when he was chairman of the 1922 committee of Tory MPs, helped persuade a string of prime ministers that the game was up. "You may be heading for an iceberg," Lord Brady says, but generally "it's hard to see how throwing the captain overboard will lead to a better outcome." A party commits regicide, says this political angel of death, when it "can't imagine any other way".

History's final lesson is that, in this scenario—when dread of defeat, or of Nigel Farage, outweighs fear of the unknown; when a party decides it still has a chance but its leader doesn't—the end for prime ministers can come in a rush. Howe resigned on November 1st 1990; Thatcher announced her own resignation three weeks later. Two days after Mr Sunak jumped, Mr Johnson bowed out, too.

"One minute you're up there giving a speech," says Mr Cowley, "and later that day you're up against the wall." The coup de grâce for Sir Keir—if or when it comes—may be as swift and brutal as other kinds of revolutionary violence. In place of a tumbrel and farewell from the scaffold, the condemned prime minister says their final words in Downing Street, then rides up the Mall to bid adieu to the monarch. The rest is memoirs and regrets. ■

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Britain | Measles

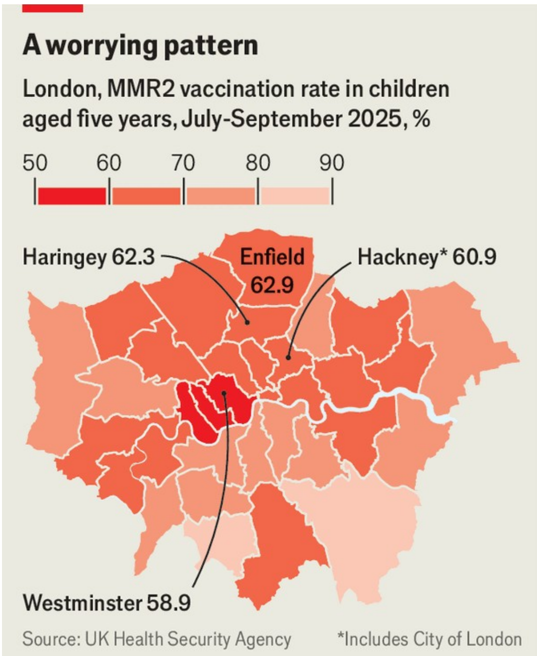
North London is suffering a measles outbreak

Why are MMR vaccination rates in the capital so low?

February 19th 2026

Measles is one of the world's most contagious diseases, hence an outbreak in London with 61 cases so far this year is causing alarm. Vaccination rates across England have been falling for years but coverage is particularly bad in London. Only 69% of five-year-olds are fully vaccinated against measles—well below the 84% nationwide and 95% recommended.

Misinformation is often blamed. But a report by the Royal College of Paediatrics in 2025 found that the impact of vaccine attitudes is often overstated and that access to services plays a bigger role. Many parents cite practical barriers like travel costs and limited availability of appointments.



Such issues are compounded in poorer areas, which have lower immunisation rates. The London outbreak seems to follow this pattern, with flare-ups in Enfield and Haringey concentrated in areas of deprivation, housing insecurity, and among some minorities. In a study of over 1m children, in 2021 just 65% of those born to mothers with a Caribbean background had got both MMR doses, compared with 93% whose mothers were "White British" (the group with the highest rate). Westminster, one of London's more diverse boroughs, has the second-lowest vaccination rate (see map).

In January the WHO stripped Britain of its status as a measles-free country, an embarrassment for a rich country. The UK Health Security Agency in 2023 warned that an outbreak in London of 40,000-160,000 cases and many deaths could occur. An entirely preventable tragedy. ■

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Britain | Know Iorwerth

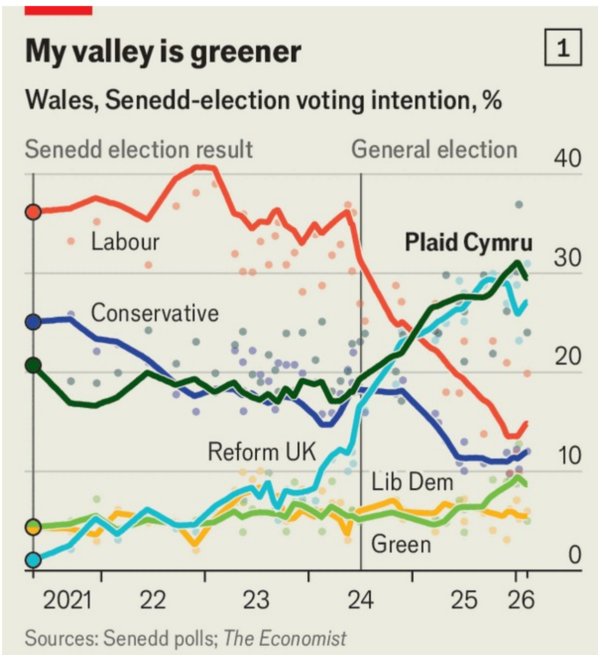
Plaid Cymru is on the cusp of power

The rise of the Welsh nationalists is about identity as much as Labour's failures

February 19th 2026

Black and white footage from Carmarthen's Guildhall Square, on the night of July 14th 1966, shows a thronging crowd singing, dancing and chanting. They were not, of course, celebrating England's progress towards its only football World Cup, but rather the election of Plaid Cymru's first MP, Gwynfor Evans.

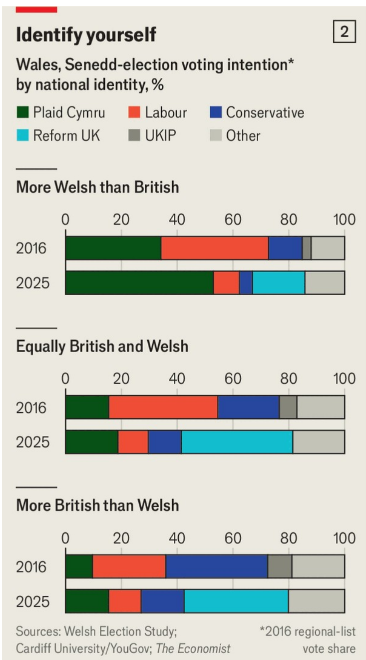
Sixty years later the Welsh nationalists are favourites to take control of the country's devolved government when voters cast their ballots on May 7th. Rhun ap Iorwerth, the party's leader, would become first minister—a position Labour has held since its creation 27 years ago. The rise of Plaid is about more than Welsh voters' dissatisfaction with the Labour government in Westminster. Recent polls suggest the party is competing with Reform UK to be the largest in the Senedd, Wales's parliament (see chart 1). Under the country's system of proportional representation, Plaid would probably form a coalition with Labour, the Greens or the Liberal Democrats, making a Reform first minister unlikely even if the right-wing populists win the most votes.



"I do think that Wales is still treated as somewhere where we're all a bit thick, with tall hats," says Bobbi, a retired teacher, standing in front of the bust of Evans, in Guildhall Square. She plans to vote for Plaid. The sentiment that English people look down on Wales is common in the market town some 90km north-west of Cardiff. Rylind, an elderly shopper, bemoans that Welsh Labour is "subservient to Westminster" and launches into a tirade about journalists' inability to pronounce Welsh place names. Another passer-by asks "ydych chi'n siarad Cymraeg?" ("do you speak Welsh?"), before declining to be interviewed in English.

Plaid has long had a solid base of support among the country's half a million Welsh speakers but the party is now also converting voters who identify primarily as Welsh. Just as in England and Scotland, national identity increasingly aligns with broader cultural and political values. At the time of the 2016 Senedd election, 31% of voters in Wales said they had a stronger

Welsh identity than a British one, according to the Welsh Election Study. Of that group, 34% voted for Plaid. By 2025 these figures had grown to 41% of voters, 53% of whom planned to vote for Plaid (see chart 2). According to Jac Larner of Cardiff University, voters have split into a progressive, Welsh-identifying bloc, and a conservative, British-identifying one. Plaid has wrested leadership of the progressive bloc from Labour.



In the past, Labour has navigated the politics of national identity by offering a distinctively Welsh version of its politics. In the early 2000s the first minister, Rhodri Morgan, adopted a strategy of "clear red water" between Labour in Cardiff Bay and Tony Blair's Labour in Westminster. The party has argued for further devolution and embraced the Welsh language. But the unpopular Labour government in Downing Street has made this identity harder to maintain. And voters are increasingly attuned to the relevance of devolved policymaking to their lives: Wales continues to lag behind England on several economic metrics, and Welsh Labour's record on public services remains woeful.

So, how would Mr ap Iorwerth govern? "Health, cost of living, child care and poverty, the economy, creating better jobs and education", the former journalist lists his priorities. He says he will not legislate for an independence referendum as first minister. "I'm not shying away from independence," he emphasises. "What I'm doing is shying away from pushing for it, because I'm a pragmatist." Still, it could pose a challenge for Westminster if after May all three first ministers—in Northern Ireland, Scotland and Wales—want their territories to leave the union.

Among the party's headline policies are free child care, the establishment of a national development agency and investment in preventative medicine—to tackle waiting lists. But despite the ambitious rhetoric, much of Plaid's policy platform rests on going cap in hand to Westminster for more funding and powers. The party believes that the British government owes the Welsh government £4bn ($5bn), to make up for spending on the HS2 high-speed rail project in England. It wants to renegotiate the Treasury's block grants—despite the current settlement resulting in large fiscal transfers to Wales.

Zero-sum nationalist thinking seeps into much of the party's economic policy. "Too much of the wealth created in Wales flows out of Wales. It's been our history," says Mr ap Iorwerth. In reality, the problem is that too little wealth is created in Wales. The country's GDP per person is only three-quarters of Britain's. Until that changes, Welsh governments of any colour will be managing a nation in decline. ■

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International

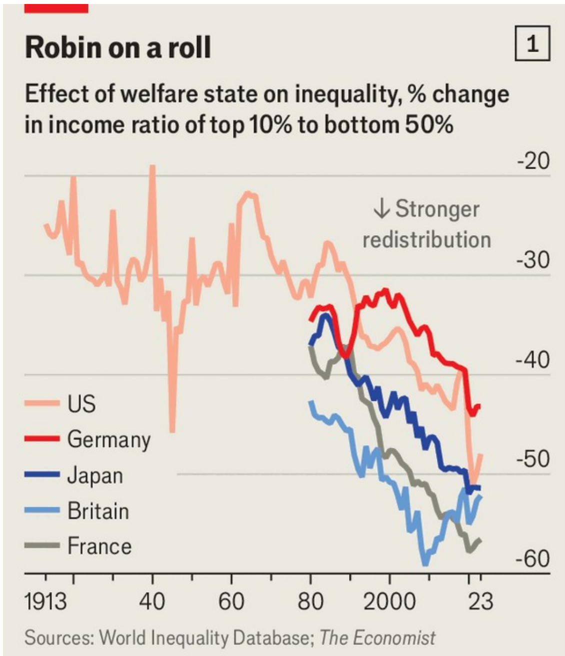
International | Soaked

The Robin Hood state is coming for the rich

Tax systems are more progressive than you think

February 19th 2026

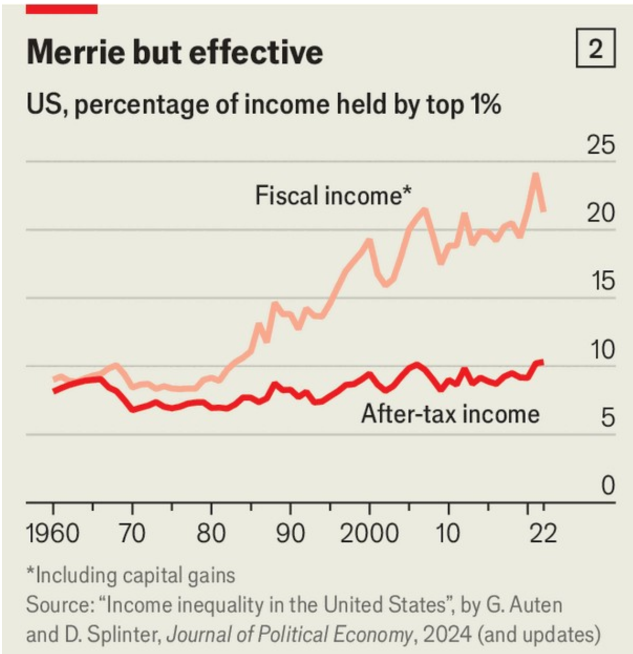
IT IS NO secret that inequality grew in much of the rich world in the 1980s and 1990s and has remained relatively high since. In 1980 the top 1% of Americans commanded 9% of pre-tax income, rising to 16% by 2022. Over the same period Europe’s top 1% increased their share from 8% to 12%. In fact, the increase in earnings inequality and its corollary, the stagnation of middle-class incomes, has been so noticeable and so widespread that it is often posited as a possible explanation for the rise of populism around the world.



Yet there is a much less noticed, countervailing trend: as pre-tax incomes have become more unequal, tax codes have become more progressive. The effect has more than outweighed the growth in inequality in much of the rich world, and almost kept pace with it even in America. Today's taxman, it turns out, is less like the Sheriff of Nottingham and more like Robin Hood. He has largely stopped the rich getting richer and the poor getting poorer. But redistribution on such a scale is an inefficient process, which generates lots of economic and political friction. And the further it proceeds, the greater the likelihood that the merry taxmen will run out of palanquins and carriages to rob.

A simple measure of progressivity involves comparing the distribution of income both before and after tax. By this measure America redistributes about twice as much today as in the 1960s (see chart 1). Germany and Japan, the next biggest rich economies, also redistribute a lot more than they used to. So do Britain and Canada. Indeed by our estimate, seven in ten countries have more progressive tax-and-benefit systems than in 1990. The ones that have become less progressive tend to be dysfunctional (Belarus, Eritrea, Haiti) or were exceptionally redistributive to begin with (Norway, Sweden).

Most of the increase in inequality within rich countries associated with the late 20th century occurred in the 1980s. Since then, governments have become much more interested in alleviating disparities. From 1990 to 2023 the average Gini coefficient (a measure of inequality) in the G7 increased by on average four percentage points. Yet, thanks to more redistribution, the average Gini coefficient of post-tax income across the G7 has fallen slightly.



The vigour of the Robin Hood state varies across countries. In America more redistribution has merely offset rising pre-tax inequality. According to the Congressional Budget Office, for example, 2022—the most recent year for which detailed data are available—was the fourth-most unequal year on record, as measured by the Gini coefficient of taxable income, behind only 2021, 2020 and 2012. But inequality after taxes and transfers was lower than in 2000, 2005-07, 2012, 2014, and 2017-18 and 2021. It was also only a shade higher than in 1986. Even as the share of America's taxable income going to the top 1% of earners has soared, their share of post-tax income has risen only slightly (see chart 2).

Elsewhere in the G7, Robin Hood is even more energetic. In Britain, France and Japan the top 1% have seen little growth in post-tax income since the 2000s, even as the bottom 50% have benefited from hefty gains. In Britain post-tax inequality, as measured by the Gini coefficient, has fallen by three percentage points since 1990. In France it is down by four points. In Canada the 1% have done terribly in recent years. In Italy both plutocrats and average Joes have done pretty badly. Only in Germany have the rich clearly pulled away.

It is hard to reconcile these trends with the popular history of tax policy. This says that the rise of “neoliberalism” destroyed the post-war settlement, in which marginal tax rates on the very rich were exceptionally high. There is a grain of truth to the story. For years Britain’s top income-tax rate was 83%, and 98% on “unearned income” such as dividends. From 1951 to 1963 America’s top income-tax rate was at least 91%. In Sweden in the 1970s the marginal rate in effect exceeded 100% for some people. And across the rich world, inheritance and estate taxes were high. That sounds more Robin Hoodish than what exists today.

In those days, however, the rich found ways not to pay. For instance, many billed personal expenses, such as food and transport, to their company, lowering their taxable income. This is why the protagonists of “Mad Men”, a television show about advertising executives in America in the 1960s, spend lavishly on the company card. During the “progressive” 1950s the effective federal income-tax rate on the top 1% of taxpayers (meaning the rate they actually paid) was around 20%, and fell as low as 13.8% in the 1960s.

Today, avoiding tax is much harder. The effective tax rate on high earners has risen markedly. In Britain, for the top 1%, it is now nearly 40%, up from 34% in the 2000s. “Whisper it quietly,” wrote the Institute for Fiscal Studies (IFS), a British think-tank, at the tail-end of the Conservative government in 2024, “but this Tory government has taken a serious chunk out of the incomes of the 1%”. Trends are similar in Canada, where the top 1% now have an effective income-tax rate (including provincial ones) of 39%. In Spain over the past 20 years, the effective income-tax rate levied on the 1% has risen from 30% to 34%. Italy and Japan levy a higher average effective tax rate on high earners (defined as earning 250% of their country’s average wage) than they did a decade ago.

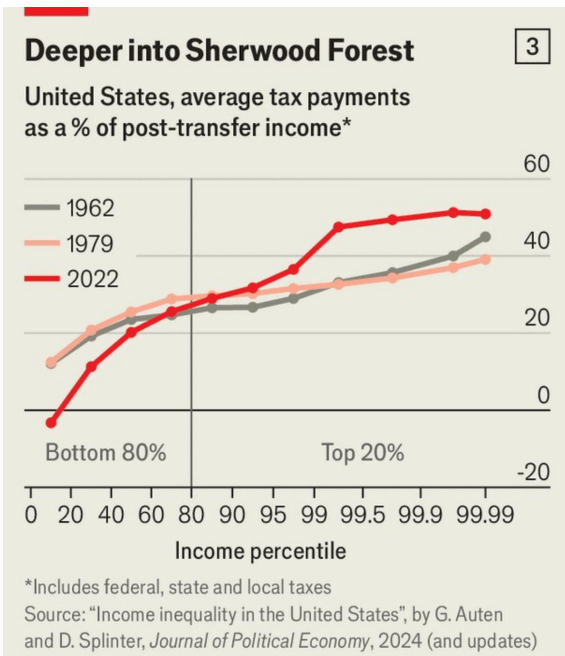
Under Presidents Ronald Reagan, George W. Bush and Donald Trump, America has passed tax reforms that are widely seen as having benefited the rich. Yet the average federal income-tax rate paid by the top 1% today, 27.6%, is not far off the historical high, in 2000, of 28.9%. Far more dramatic has been the fall in corporate taxes. The benefit of such cuts is notoriously difficult to apportion between (rich) shareholders and (poorer) workers. Democrats say that it is company-owners who benefit when taxes on companies fall; Republicans say that it is workers, because investment and wages both rise. Wonks tend to side with the Democrats on the matter, meaning that corporate-tax cuts have acted as a big counter to the Robin Hood state in America.

All the same, a study in 2023 by Thomas Coleman and David Weisbach, both from the University of Chicago, found that America's tax system "has become more progressive and more redistributive over the last several decades, with much of that change occurring in recent years". Another study, by Thomas Piketty of the Paris School of Economics and his colleagues, found that the "reduction of inequality implied by redistribution is significant in France and the US and increased throughout the entire 20th century".

Even the reduction, and in some cases abolition, of inheritance taxes has made less difference to inequality than you might think. Economists argue over the extent to which bequests increase or reduce inequality—sometimes, after all, poor people inherit a lot of money. In addition, at no point in recent history have wealth transfers been sufficiently large to have much impact on income inequality. In 1990, the earliest year for which comparable data is available for the members of the OECD, a club mostly of rich countries, they raised 100 times more in income taxes than in estate, inheritance and gift taxes combined. We estimate that if America had kept the estate tax as high as it was in 1960 (a rate of 77% on inheritances over $10m), the overall tax burden on the 1% today would be 46.0%, not 45.3%.

It is possible that the extremely rich—not the 1%, or even the 0.1%, but the 0.01%—have escaped Robin Hood's ambush. Vastly wealthy people often earn a large fraction of their income as capital gains, which many governments tax at a lower rate than income. Some rich people borrow against their assets to fund consumption. This "buy, borrow, die" wheeze reduces tax bills because loans are not taxable as income. Others classify their earnings as profits rather than wages to take advantage of lower corporation-tax rates. And those stretching the rules to minimise their tax are especially likely to get away with it at the moment in America, at least, since the current administration has made swingeing cuts to the enforcement division of the Internal Revenue Service.

A paper by Arun Advani of Warwick University and others suggests that in 2018 the very richest British people (those earning many millions of pounds a year) paid around 25% tax when income is measured broadly, compared with about 35% for the merely very wealthy. In other research Akcan Balkir of the University of California, Berkeley, and his colleagues find similarly low effective tax rates for the 400 or so richest households in America. Shigeki Kunieda of Chuo University looks at very wealthy Japanese people, finding that beyond an annual salary of about ¥100m (roughly $650,000-700,000 a year), effective tax rates decline.



Yet the literature on plutocrats' tax tricks is small and contested. In America "buy, borrow, die" is a minority pursuit, find Edward Fox of the University of Michigan and Zachary Liscow of Yale University in a recent paper. Gerald Auten of the Treasury Department and David Splinter of the Joint Committee on Taxation, a non-partisan arm of Congress, recently published a study in the Journal of Political Economy that analysed the effective tax rates of different parts of the income distribution through a very broad lens that encompasses taxes on wages, profits, capital gains and bequests. In this work and updates to it, they find that the very richest Americans tend to pay the very highest shares of their income to the taxman (see chart 3). Someone in the top 0.01% pays about 50% tax overall, they conclude. In addition, the very richest people face higher effective tax rates today than did their counterparts in the 1960s or 1970s.

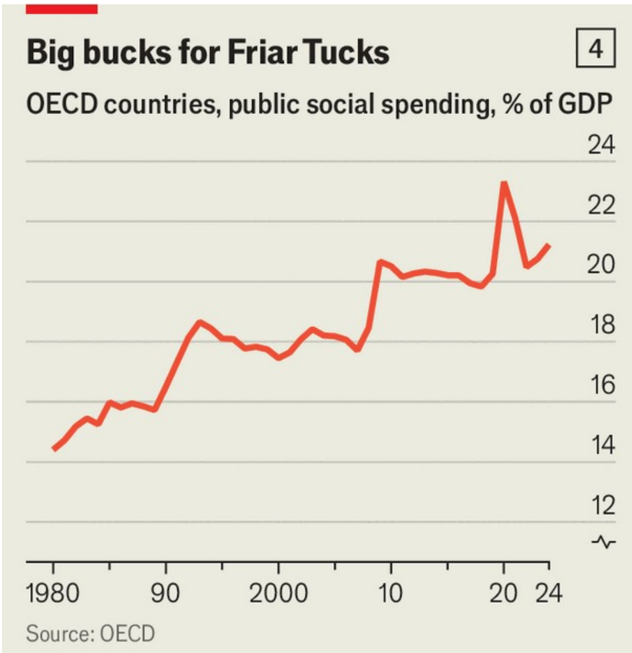
This result chimes with another finding in Mr Advani's paper, which rather than focusing on effective tax rates in 2018 instead calculates an average from 2014 to 2018. Over this longer period, Britons earning many millions of pounds a year paid a similar rate to the merely rich. Their apparent windfall in 2018 stemmed from the difficulty of reflecting the complicated tax system for those selling business assets.

In other work Mr Splinter makes a number of adjustments to Mr Balkir's methodology. He cites research that finds that the wealth of the "top 400" earners is actually distributed among more than 2,000 adults, since the extremely rich tend to support several family members. Analyses that do not capture the tax paid by these relatives and instead look at only the main beneficiary of a family fortune tend to yield unrealistically low effective tax rates. Mr Splinter finds that in America the effective tax rate for the 400-odd richest taxpayers is in fact closer to 40%.

Whether the rich are paying a reasonable rate or not, today's combination of higher pre-tax inequality and higher tax rates on top earners has left governments astonishingly dependent on the wealthiest for their revenue. Britain's 1% account for nearly 27% of the income-tax take, up from 22% in 2000. In Australia the 1% account for 17-20% of income tax, up from 16% in the early 2010s. A recent official report in South Korea created a stir when it revealed that the top 1% of taxpayers account for 40% of income tax, up slightly in recent years. In America, too, the 1% paid 40% of income tax in 2022, up from 33% in 2001.

Governments are using the rich's riches to do a number of things. One is to cut taxes on everyone else. "The average earner in the UK now has the lowest effective personal tax rate since 1975," boasted Jeremy Hunt, Britain's then-chancellor (finance minister), in 2024. The trends are similar elsewhere. The tax burden on America's bottom, second, third and fourth quintiles—80% of the population—is far lower today than it was in the

1960s or 1970s. In particular, the expansion of the earned-income tax credit for low earners in the 1990s made the system more progressive.



At the same time, benefit payments to low- and middle-earners have boomed. Across the rich world social transfers now account for about 22% of GDP, up from 18% of GDP in the mid-1990s (see chart 4). A lot of this is pensions. State support for the elderly is more generous than it was, even as the number of old people has increased. In the EU, for instance, the median state pension is now worth 60% of the earnings of a 50-something, up from 55% in 2010 (when the data begin).

Payments for working-age folk have grown too. More than half of working-age people in Britain now receive more in state spending (defined to include such perks as health care from the National Health Service) than they pay in tax, up from about a third in the 1990s, according to the official statistics office.

In America subsidies for health insurance were expanded during reforms under Presidents Bill Clinton, Barack Obama and Joe Biden. The subsidies offered by the Affordable Care Act were greatly expanded during the covid-19 pandemic. Although that expansion, always intended to be temporary, has lapsed, Democrats last year forced a government shutdown in a failed attempt to extend it. They can be expected to try again, in keeping with Milton Friedman's dictum, "Nothing is so permanent as a temporary government programme." These days an American in the bottom income quintile receives means-tested benefits worth 100% of their earned income, up from 50% in the late 1970s.

Is the tax system now too progressive? As the pre-tax incomes of the rich grew, they were always going to pay a higher share of overall taxes. Keeping post-tax inequality steady—assuming that this is a legitimate goal—typically also requires governments to increase the effective tax rates that the rich pay, too.

Plenty of politicians are campaigning to raise taxes on the rich yet higher. Zohran Mamdani, New York's new mayor, wants a 2% additional tax on those earning more than $1m a year. Rhode Island and Washington state are considering a similar tax. Britain recently changed the rules for wealthy foreigners, meaning that many now have to pay British tax on their worldwide income. Last year a furious public debate ensued in France about a proposed wealth tax. And the citizens of California may soon vote on the introduction of a "one-off" 5% tax on the assets of billionaires who are resident in the state. Squillionaires such as Sergey Brin and Peter Thiel have moved business out of the Golden State in protest. On February 7th opponents held a "march for billionaires" in San Francisco to oppose the tax. "Vilifying billionaires is popular. Losing them is expensive," the organisers said.

The big question is whether, in the pursuit of equality, governments are raising taxes on the rich so high that they are becoming counter-productive. At some point swingeing levies will start to discourage work and so harm the economy. Some see the exodus of billionaires from California as proof that it has gone too far. Others argue the same of the small number of wealthy foreigners who have left Britain in response to its tax changes.

Yet in many places there are few signs of high earners slacking, even as effective tax rates have risen. The working hours of high-earning professionals have grown in recent decades, not shrunk. Even with an effective tax rate of 50% or so, millionaires and centimillionaires in California seem to be working harder than ever. Some rich people, from

Mark Cuban (an American businessman) and J.K. Rowling (a British author) even take a grim pleasure in how much tax they pay.

Some economists therefore argue that rich countries should tax the rich even more heavily than they do now. In a world where pre-tax inequality rises, perhaps as AI takes over the jobs of humbler workers, the rich will have to shoulder an even bigger share of the burden. A paper by Mr Piketty, Emmanuel Saez of the University of California, Berkeley, and Stefanie Stantcheva of Harvard University concludes that the optimal tax rate on the rich could be over 80%. Are Mr Piketty and his band of merry men correct? On current trends, the world may soon find out. ■

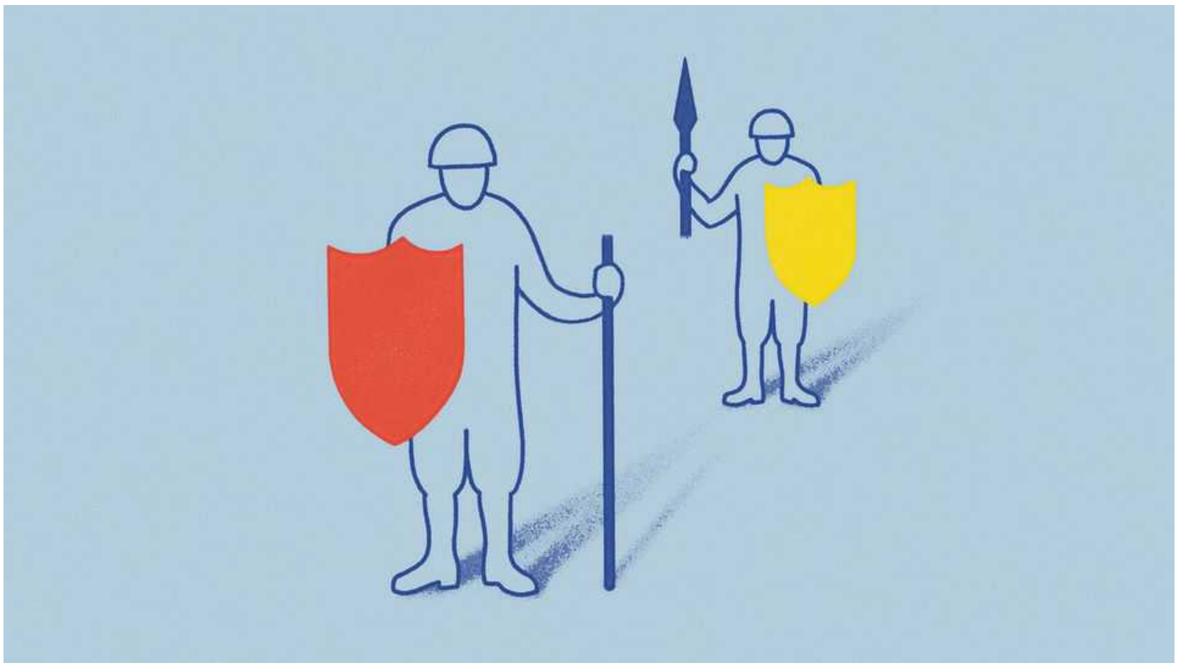
Correction (February 17th): A previous version of this story got the date of California's "march for billionaires" wrong. Sorry.

International | The Telegram

Donald Trump's envoys failed to reassure Europe

A gathering of world leaders in Munich shows how trust has collapsed

February 19th 2026



AS A STRATEGY for managing allies, the message "You're on your own, suckers, but do as America tells you", has a number of flaws. More rational members of the Trump administration know this. That helps explain why the secretary of state, Marco Rubio, and the Pentagon's undersecretary for policy, Elbridge Colby, headed to Europe this month to assure allies that America is not leaving them entirely alone, as some of them fear.

Mr Rubio addressed the Munich Security Conference, an annual gathering for political leaders, generals and spy chiefs. He earned a standing ovation for nodding to historic bonds between America and Europe. Mr Rubio's speech was well-marinated in MAGA values. He urged Europe to protect its Christian heritage and avoid "civilisational erasure" by curbing mass migration. He dismissed those concerned about climate change as beholden to a "cult". But because Mr Rubio recalled his Spanish and Italian ancestry and thanked Europeans for sending troops to fight alongside America in many wars, his tone offered relief, after the scornful criticisms directed towards Europe by America's vice-president, J.D. Vance, at the Munich conference last year.

For his part, Mr Colby urged European allies to worry less about transatlantic differences over values and to focus more on interests and the work of building armed forces capable of deterring Russia. Mr Colby credited President Donald Trump with giving allies a salutary shock that would make NATO stronger. He outlined a businesslike bargain. America will continue to extend its nuclear umbrella over NATO partners, if Europeans take responsibility for the conventional defence of their continent. In return for staying around, America will continue to take the lead on such grave questions as the use and spread of nuclear weapons. Nodding to growing debate in some European countries about acquiring nuclear arms, Mr Colby stated that America's government opposes so-called "friendly proliferation" by allies.

This columnist was in Munich and heard the private responses of national leaders and officials from Europe and beyond. They did not buy Trumpworld's messages of reassurance. Trust is a big problem. Something broke inside the transatlantic alliance when Mr Trump declared in January that he needs to own the vast, Danish-governed island of Greenland as payback for America's longtime defence of Europe. Huddled in Munich coffee lounges and meeting rooms, politicians and diplomats offered metaphors for that attempted territory-grab. Some compared Mr Trump to a mafia boss. Others described the West as resembling an extended family thrown into crisis by lecherous demands from an old, powerful patriarch. Mr Trump has backed down for now, cowed by direct warnings of economic reprisals from a handful of European leaders, by private appeals from Republicans in Congress, and by jitters in financial markets. But high-ranking figures in Munich worry, understandably, that his Greenland obsession will return.

The Trump administration's muddled logic is another concern. America is pushing allies to take responsibility for conventional defence and the deterrence of Russia, including by investing in long-range weapons and the kit needed to project power far from home. In Munich Mr Colby talked of restoring a culture of burden-sharing that operated during the cold war, when many European allies spent hefty sums on defence. Mr Colby called the years after the fall of the Soviet bloc an aberration, when Europeans drastically shrank their armies, navies and air forces and American governments foolishly let them. This is selectively remembered history. With the exception of British and especially French nuclear weapons, which were in theory under the sole command of the French president, cold-war America jealously guarded its control of weapons that could hit Soviet territory, in case it was dragged into conflicts started by hot-headed allies. Indeed, Mr Colby is known to worry privately about precisely this risk.

Delegates in Munich included Vipin Narang of the Massachusetts Institute of Technology, a former head of nuclear, space and missile-defence strategy in the Biden-era Pentagon. To Professor Narang, it is hardly America First to push Europeans to buy potent conventional weapons that could be fired at Moscow against America's wishes. He called it a false distinction to say that America will handle nuclear strategy while allies do conventional defence. Once missiles start flying, America would be dragged in. "There is not a war between NATO and Russia that does not touch on US vital national interests," said the professor. Should an ally attack Russia, America may find it has written "escalation cheques" that it has to honour.

If America risks losing control of European escalation against Russia, the opposite problem is caused by Mr Trump's embrace of hard-right political parties that want to appease Russia's president, Vladimir Putin. After leaving Munich, Mr Rubio travelled to Slovakia and Hungary. Both countries are run by Trump-admiring, Putin-friendly conservative nationalists. In Hungary Mr Rubio endorsed the prime minister, Viktor Orban, who faces a tough re-election fight, despite years of efforts to crush the democratic opposition and independent news media. Mr Rubio said Mr Orban's success was "essential" to America's national interests. That fits oddly with Mr Trump's demands for Europe to buy less Russian energy, and with his administration's calls for Europeans to do more to deter Russia. Mr Orban is a Putin apologist who secured a waiver from Mr Trump for Hungary to keep buying Russian oil.

Anxious NATO officials say it would take ten years to build armies that could fight with less or no American help. With America still indispensable, allies fear being left alone, for now. But with trust crumbling, they are resolved to be suckers no more. ■

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1843

- He was a Texan dad who had never left America. Then he got deported to Laos

1843 | Immigration

He was a Texan dad who had never left America. Then he got deported to Laos

Trump's crackdown is sending people to a homeland they've never seen before

February 19th 2026

In May last year, somewhere over the Pacific, Khamphat Paneboun became a man without a country. Paneboun, a 43-year-old from Amarillo, Texas, was an involuntary passenger on a charter flight as it headed westwards from Guam. It was the first time he had been outside America since arriving in Sacramento, California, as a child refugee in 1990. His hands and feet were shackled together. He was about to be dumped in Laos, a country he had never been to.

Paneboun's old life ended abruptly on February 21st 2025, a Friday. He had taken the day off work for a family trip to Dallas Zoo to celebrate his son Kendrick's tenth birthday. His wife, Jasmine, knew that their four children would beg for stuffed animals at the gift shop, and that Paneboun would give in. He loved to spoil his kids. There were huge hauls at Christmas, and whenever the fair rolled into Amarillo he would splurge on rides and deep-fried confections.

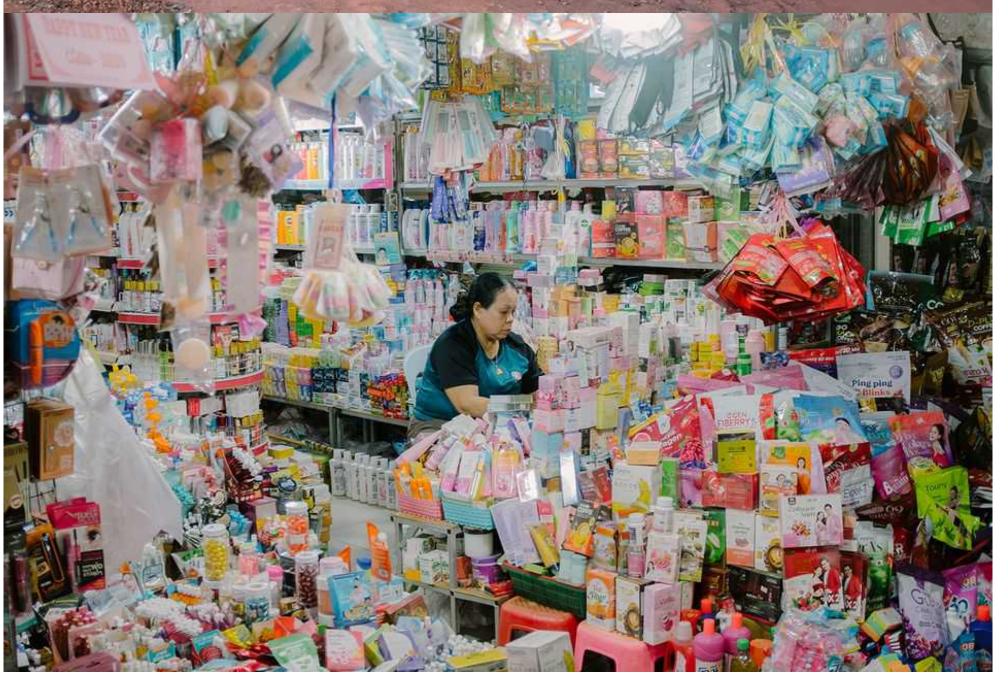
It was a six-hour drive from their home to Dallas; the Panebouns had set off the evening before and stayed in a budget hotel. On the morning of the 21st they all piled into the family's Toyota truck—Kendrick rode up front on the bench seat. But before they could go and see the elephants Paneboun needed to make a quick stop at Dallas's immigration office for his annual check-in, a procedure that for the past 17 years had been entirely routine.

Until that day Paneboun's life had been a classic American story, with a redemptive arc at its centre. Many years before he had shot and injured a man in a fight. One consequence of this was that, though he lived and worked legally in Texas, he was technically liable for deportation.

Deporting people convicted of violent crimes enjoys broad public support in America. The policy has been adopted by previous presidents, including Barack Obama. But within this category individual circumstances can vary hugely. "The worst of the worst" includes those who turned their lives around long ago and became valued members of their communities.

Paneboun's parents had fled Laos in 1976 after a communist army took over in the wake of America's catastrophic intervention in South-East Asia. When Paneboun was born in 1982 his family were living in rural Thailand. Later they moved to a refugee camp.

When he was eight they were approved for resettlement in Sacramento, where the pastor who sponsored their application lived. After a tough start with a new baby in a crime-ridden neighbourhood they moved to Amarillo, where they had relatives. Paneboun's parents got jobs at a beef-packing plant and gradually built the foundations of a middle-class American life. They made sure Paneboun and his three siblings didn't completely forget their Laotian origins, occasionally taking them out to catch locusts, a popular delicacy in South-East Asia. But the kids wanted to be as American as possible. Paneboun's older brother enlisted in the US Army, where he went on to have a decorated career. Paneboun was drawn to other aspects of American culture: gangsta rap, Tex-Mex food and fast cars.



He had a sweet disposition, his sister Mindy recalls, but a short temper. He was picked on at school for his name and accent, and was always getting into fights. After graduating from high school he hung around Amarillo smoking weed and getting drunk with a group of friends Mindy called “wannabe gangsters”. He began to dabble in meth, and accumulated a rap sheet. He even started carrying a gun. Then one day in 2004 he did something that would have profound implications for the rest of his life.

It started as a drunken argument between Paneboun’s friend and his acquaintances over what music to play. Beer was spilled, and Paneboun’s friend decided he was owed compensation. The next week he asked Paneboun and some others to visit his antagonists with him to demand the money. A fight ensued, and Paneboun shot a man in the hip. He pleaded guilty to aggravated assault with a deadly weapon, and was sent to a medium-security state prison.

The two years he spent there changed him. A fellow inmate passed him a book by Napoleon Hill, a self-help guru from the 1920s, called “Think and Grow Rich”. Paneboun was enraptured by Hill’s account of rising from Appalachian poverty to the heights of the business elite. He resolved to better himself, and adopted a line attributed to Hill—“Whatever the mind can conceive and believe, it can achieve"—as his mantra. He took anger-management classes, and learned to play chess.

In 2008 he was released from prison, but wasn't able to go home straight away. Although the rest of his family had become American citizens (and his youngest brother was born one), Paneboun hadn't bothered to do the paperwork, so remained a green-card holder. Committing crimes like aggravated assault can result in someone's right to permanent residence being revoked. Paneboun was placed in detention while immigration officials worked out what to do with him. The family's lawyer told Paneboun he should mount a legal challenge to keep his green-card status. But that would take time, and he was desperate to crack on with his life, so in order to get out he signed a document agreeing to be deported. He knew Laos didn't accept deportees, so it seemed a meaningless concession. He would be allowed to live and work legally in America. Many other Lao-Americans in similar circumstances did the same thing.

As a condition of being released Paneboun had to check in once a year with immigration officials, which he did without fail. He set about making up for lost time, marrying Jasmine, a naturalised American citizen originally from Myanmar, and having four kids in quick succession. He got a warehouse job at Ben E. Keith, a food and drinks distributor, at which he excelled. Co-workers nicknamed him "The Beast" for his relentless productivity; bosses praised him in company newsletters. He won enough employee awards to fill a trophy case. "There was never a day he wasn't busting his ass," said a former colleague.


万象鼎鑫水泥房

He earned enough money for Jasmine to stay at home with their kids. He bought a house, paid taxes and grumbled about paying them. On the side he did a bit of crypto trading and retail investing, hoping to make enough money to take the plunge into entrepreneurship. He came to look back on the “wannabe gangster” period of his life with deep shame.

At the immigration office in Dallas, a two-storey building just off Route 35, Paneboun told Jasmine and the kids to stay in the car. The process was usually over in about 15 minutes. So they waited.

After Paneboun had been in the centre for two hours, a pair of agents asked to speak to him in a back room. They patted him down and questioned him about his tattoos. Then they informed him that he was being detained. Under Donald Trump’s new administration, one of the agents explained, Paneboun would be sent to Laos.

He was transferred to the Prairieland detention centre in Alvarado, Texas. His bosses at Ben E. Keith were so concerned for their “Beast” that they hired a lawyer to help him. The lawyer reassured Paneboun that he was unlikely to be sent to Laos.

Jasmine was allowed to visit, and slipped him another Napoleon Hill book. He was naturally quick to make friends and bonded with the other inmates, then watched with deepening gloom as more and more of them were taken away for deportation.

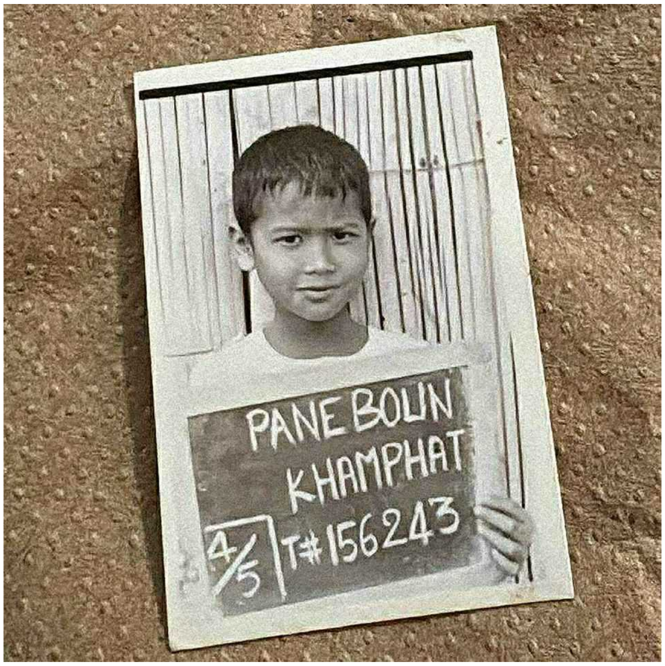
Across the country, other Lao-Americans were having similar experiences. In March 2025 Khamphong Kesone drove to an immigration office in Fort Smith, Arkansas, to check in about a work permit. He didn't think it would take long, so he left his dogs, Piper and Duke, in the car. Only when an officer offered to crack open the windows for them did Kesone realise he wouldn't be going home any time soon.

A month later Soulinthone Chanthaphanh attended an appointment at the Dallas immigration office. He never came back—both men ended up being deported. Some Lao-Americans skipped immigration appointments altogether and went into hiding. Many of the people affected had, like Paneboun, never even been to Laos.

One day in late May, Paneboun was told to pack up his belongings. He thought he was finally going home. But when he stepped into the forecourt of the detention centre he saw that a number of South-East Asian detainees had been corralled together, surrounded by immigration officers. "Oh shit," he remembers thinking. "It don't look good."

Paneboun's parents spoke very little about their life in Laos. But his grandparents, who had also been resettled in America, would sometimes tell him stories. They left him with a dim impression of a violent communist dictatorship.

Laos, like its neighbours, was scarred by centuries of meddling by foreign powers. The kingdom had been colonised by the French in the 19th century but won independence in 1953. By then, communist forces were on the rise in South-East Asia. North Vietnam had already been taken over, and the Americans were worried about the rest of the region "going red", so they secretly trained armies in Laos to fight the North Vietnamese and the Pathet Lao, Laos's own communist forces, relying heavily on the Hmong ethnic group for soldiers.



Paneboun's maternal grandfather fought with the American-backed anti-communist forces. He told Paneboun that he had narrowly escaped being killed by a Pathet Lao bullet. He was spared, he said, because of a Sak Yant, a sacred tattoo that is believed to provide protection. (It didn't stop another bullet from hitting him in the arm.)

As the American military presence in South Vietnam grew, Laos was increasingly drawn into the war. The Americans expanded covert operations in Laos, and in 1964 started bombing the Ho Chi Minh Trail, a jungle supply line used by the Viet Cong which ran through the country. The bombing of Laos would continue until 1973, unleashing more ordnance than the Allies dropped on Germany throughout the second world war. "Villager after villager described seeing relatives and friends burned and buried alive," wrote Fred Branfman, an American aid worker in Laos, after visiting the areas under bombardment. "Their livestock killed, their homes and pagodas demolished, living in holes for months on end."

The deluge of American munitions failed to defeat communist forces in South-East Asia, instead giving them a huge propaganda victory. Phnom Penh, the Cambodian capital, and Saigon, the Vietnamese capital, both fell to communist armies in April 1975. Eight months later the Pathet Lao conquered Laos. The king was forced to abdicate and thousands of people were sent to prison camps for indoctrination.

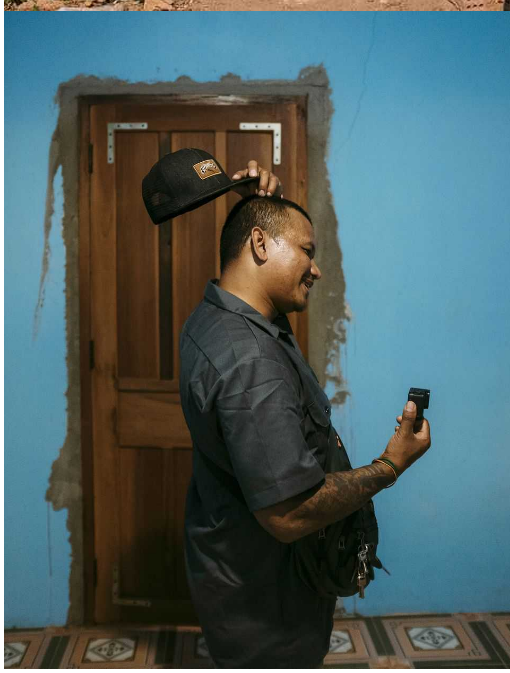
Hundreds of thousands of Laotians fled to Thailand, among them Paneboun’s parents and grandparents. Similar exoduses were happening from Cambodia and Vietnam. In 1979 President Jimmy Carter called the scenes of desperate flight a “challenge to the conscience of the world”. Between 1975 and 2000 America accepted more than a million South-East Asian refugees, about a fifth of them from Laos.

It was the largest effort of this kind in American history, and created the country’s modern refugee resettlement framework. Though some families struggled in unfamiliar and unwelcoming cities, it was, broadly speaking, a success. Many arrived with nothing and, within a relatively short time, learned English, became economically self-sufficient and started businesses. Pho became part of the American lexicon.

A few of the refugees went on to get criminal records, but the Laotian government had no desire to accept deportees. Presumably it wasn’t keen to embrace those whose families had opposed communist rule.

For a long time, the White House didn’t press the subject. Diplomatic relations focused on other topics: Laos wanted help clearing out unexploded bombs from the countryside, whereas the American government was keen to get its co-operation in finding the remains of missing American soldiers.

Everything changed in Trump’s first term. Days after the new president took office in January 2017 Homeland Security officials visited the American embassy in Vientiane, Laos’s capital, and asked diplomats to encourage the Laotian government to accept deportees, according to a former State Department official. But Laos refused to change its stance, and Trump restricted Laotians from visiting America.



This policy was reversed by the Biden administration but introduced again when Trump returned to office in 2025, along with a 40% tariff. This time Laos folded. Nearly 5,000 Lao-Americans who had signed deportation orders at some point suddenly faced the very real prospect of being removed to Laos. Democrats in Congress have been trying to introduce legislation to protect South-East Asian refugees from deportation because of the special historical circumstances involved. They are not expected to succeed.

Paneboun's flight landed in Vientiane on the afternoon of May 27th. A minibus took him and 60 or so other deportees to a holding facility. When he craned to look out of the window, the low-rise buildings reminded him of photographs of America in the 1950s. "Wow," he thought to himself. "We are going back in time."

Laos is better off than it was before market reforms were introduced in the 1980s, but remains relatively poor. It is heavily indebted, mostly to China, and its currency has weakened badly since the pandemic, making imports more expensive.

At the holding facility a man in uniform, whom Paneboun took to be an officer of some kind, addressed the deportees. Paneboun was scared at first—this was the regime his family had fought and fled from. What would happen now he was in its clutches? But the officer welcomed them. Speaking in Lao, which Paneboun could understand, he said that Laos was a developing nation and they could all help it. He also warned them not to talk about politics, and said that no one visiting the men could take photographs of the facility.

There was no chance of Paneboun getting a visitor—nobody knew where he was. He had a few dollars on him which he'd drawn from the account he'd been allowed to use in immigration detention, and used them to bribe one of the guards into lending him his phone. He logged on to Facebook and sent messages to Jasmine and his sister telling them he was in Laos.

The facility was passable; it reminded Paneboun of a cheap hotel. It was also an army training centre. Paneboun could often hear the snap of bullets, and thought about his grandfather's near-miss. He passed the time playing chess on a board he had made out of paper. He faced stiff competition from his regular opponent—a man whose 25-year sentence in a California prison had given him plenty of time to practise.

There were a wide range of backstories at the holding facility. Some, like Paneboun's chess partner, had served long sentences for crimes that he didn't want to ask about. Others were there because of non-violent infractions like car theft. One had even received a pardon from the Republican governor of Arkansas, for all the good it did him.

The men were interviewed by Lao officials, who asked them questions about where they were born, their parents' names, their occupations and criminal records. Eventually the deportees were issued with bright yellow "non-national" identification cards, with shirts and ties photoshopped onto their headshots so they looked smarter. They were told they needed sponsors to be let out of the facility. Paneboun's father and sister scrambled to track down relatives in Laos who might come to his aid.

Most of the Panebouns' extended family lived in Paske, hundreds of miles south of Vientiane. Eventually, they found a cousin in the capital who agreed to help. Paneboun met her for the first time when she arrived at the holding facility with instant coffee, noodles and toothpaste.

At the end of June she was allowed to pick him up. It was the first time he had been free to walk around since his detention in February.

They drove for about 20 minutes to the small farm where she lived. It boasted a cow, some chickens and a pond stocked with fish. Paneboun was to stay in a small outhouse. His family in America were sending the cousin money for his food, so this, for now, was home.

With little else to do, Paneboun began to explore Vientiane. Everything about the city seemed dangerous. Gaping holes ravaged the pavements. High above the ground construction workers teetered on steel bars wearing nothing more sturdy than flip-flops. Drivers zigged and zagged on their motorbikes, rarely paying attention to red lights; he couldn't even work out how to cross the road.

Back in America Paneboun had always felt that if he were hit by a car, people would come to help him. He wasn't sure if that was the case here. Life in Laos often seemed chillingly transactional. He was disturbed by stories of families selling off their daughters as brides to Chinese men. “In the States, we learn how to love. That’s the main thing. They don’t have that,” he said. “It’s more like survival.”

In those first few weeks in Laos Paneboun felt like a ghost: life as he had known it was over, yet somehow he was still alive. He worried about his family all the time; it tortured him to think that they were being punished for his misdeeds. “As a father, as a human being, I failed my family,” he said. Jasmine raised nearly $3,000 from a GoFundMe she launched after Paneboun’s detention, but without his income it was impossible to keep up with bills and mortgage payments.

She got a job with Ben E. Keith, Paneboun’s old employer, working night shifts. This meant she no longer had as much time and energy to help with the children’s schoolwork. Paneboun worried about their grades slipping, and woke up at around 5am to call them after they got back from school (there is a 13-hour time difference between Vientiane and Amarillo). The four children took turns going through their homework with him.

He tried to find a way of earning money. Some of the deportees wandered around Vientiane in a state of permanent confusion. But Paneboun could speak Lao, even if he couldn’t read it. He bought a phone with money sent by his family and used it to translate signs and notices. It didn’t bring him closer to a job, though.

“The only thing you have right now is your phone,” Mindy told him in one of their calls. “So make use of it.” Napoleon Hill’s words came back to him: “Whatever the mind can conceive and believe, it can achieve.” He decided to start a video diary of his experiences. He uploaded the first entry on Facebook in mid-July. The response was startling: it racked up thousands of views and more than 1,200 comments. Many of them were notes of encouragement.

Paneboun started filming himself walking around Vientiane: taking the bus, visiting the market, checking out a new shopping mall. His Facebook viewers, many of them in America, watched him in real time, peppering him with questions about what was on the Starbucks menu. He had begun teaching some local children basic English, and decided to post videos of their reactions to trying French fries for the first time. Some of his followers donated money for the Laotian kids, which Paneboun used to buy them snacks and school supplies. On Facebook he updated his status to "Deported but not defeated".

I first came across Paneboun through his videos. By the time I visited him in Laos in early September he had moved into his own place on a small marshy plot on the outskirts of Vientiane. It belonged to an acquaintance of his cousin who was renting it to him for just under $30 a month.

It wasn't easy to find. There was no address, just a set of detailed directions. After we'd driven out of the capital for about 35 minutes my driver turned off the main road and onto a dirt track pitted with giant potholes. He winced as the bottom of his car scraped the road. I motioned for him to stop and carried on by foot, walking past a few rake-thin cows before cutting across a drainage canal and through a cluster of ramshackle houses. Then I heard someone shouting my name and looked up to see Paneboun smiling at me from his porch. He was short and muscular, wearing a Hawaiian shirt that made him look a bit like a dad on holiday. I joked that we were a long way from Texas. “A very long way, man,” he replied, his syrupy Southern drawl containing a hint of the singsong tones of Lao.

He took me inside, explaining that the place had been abandoned for a long time before he moved in. A few cobwebs still hung from the ceiling. He had whitewashed his bedroom walls, installed an air-conditioning unit and strung up a pink mosquito net over the small bed. His kitchen consisted of a hot plate on a folding table. The bathroom had only a bucket shower. A goat kept shitting on his porch.

He kept toiletries in plastic bags hung from nails on the wall. Among his few possessions were photos of Jasmine and the kids, and a card from his colleagues at Ben E. Keith, saying how much they missed him. He also had the copy of the Napoleon Hill book that Jasmine had given him in detention, now filled with his annotations. He had highlighted words that he didn’t know—“hypocrisy”, “manuscripts”, “charitable institution”—and scrawled definitions in the margins. On the inside cover he had jotted down useful email addresses and phone numbers.

Not long before I arrived Paneboun had landed a job at a car-repair shop owned by a Lao-American, who’d enjoyed some of his Facebook videos. The pay was equivalent to $200 a month, which wasn’t bad for Laos. He worried about getting hurt at work, though; safety standards in Vientiane were a long way from those in Texas. He had heard about a car-wash employee dying after getting electrocuted from shoddy wiring. He also hated the fact that he was now working during the few hours when the time difference allowed him to speak to his family.

In his videos Paneboun projected unflappable positivity, so I was surprised to find him rather downbeat. Jasmine was fed up with him, he told me. She complained that he was playing at being a tourist while she was stuck in Texas struggling to pay the bills. Recently she had stopped speaking to him.

He recounted the story of his deportation in subdued tones, occasionally stopping to ask if what he was saying was even interesting. At times he tailed off, as if he was just starting to process what had happened. “We were treated like criminals," he said, before adding, "I mean, we are criminals, but…my case was 20 years ago. I still don't understand."

Paneboun had some sympathy for the Department of Homeland Security. He mentioned Jocelyn Nungaray, a girl who had been sexually assaulted and murdered in Houston, allegedly by Venezuelan immigrants who were in America illegally. They deserved to be deported, he told me. Some people he met in detention probably did, too. But he didn't think it was fair that people like him had been lumped together with them. "I feel like they are just kidnapping us," he said.

The following morning I went back down the track to Paneboun's house, walking behind a row of bare-footed monks with bowls slung over their shoulders as they collected morning alms. Paneboun was preparing to do a livestream about his experience through a Facebook group set up to help other Laotians facing deportation orders. He was nervous, and the cup of instant coffee he drank only made his jitters worse. He had written down an introduction, and asked me to look over it as he struggled to load the webpage.

Nearly 150 people tuned in. Paneboun greeted them warmly as they logged on from across America: "Clarksville! Go say hi to my brother over there!" He gave a brief rundown of his experience then patiently fielded questions from the audience. Anxious relatives of those under deportation orders asked how they should prepare for being taken to Laos (bring insect-repellent lotion, he advised; immigration officials will confiscate spray). When the event ended Paneboun was concerned about the way he had come across, and asked me over and over again how I thought it had gone. Next time, he told me, he would do better.

After he'd been in Laos a while Paneboun started posting his diary pieces on YouTube as well as Facebook. The videos often began with a Lao greeting infused with a bit of Texan affability: "Sa bai dee, y'all!" They proved popular, attracting thousands of subscribers to his account. Some were directly affected by the deportations, but many were just part of the Lao diaspora. He was recognised recently at the market in Vientiane by a group of French holidaymakers of Lao origins. "Oh my god, I'm so happy to see you," one of the women said. "You are famous, you are! You are! For my family anyway."

He wasn't just in it for the fame, though. When I visited he told me he hoped to generate enough ad revenue from the videos to give up shifts at the garage so that he could talk to his children more often. He'd already filmed at many of the conventional tourist sites so I suggested he try the Lao People's Army History Museum, a massive complex in Vientiane celebrating the triumph of the communist revolution.

When we arrived the grounds were largely empty. We wandered among some aircraft and tanks that the Pathet Lao had captured in the war. Plaques in front of them decried the “imperialist Americans”. Paneboun made sure not to linger on these in case they offended older Lao-Americans among his followers. Inside the museum two women sat with toddlers on their laps watching a film about how the Pathet Lao had outlasted the American bombings. Beneath the screen was a large diorama of the Ho Chi Minh Trail that lit up and gave off little puffs of smoke as the narrator recounted the attacks.

Paneboun called me over to a display case containing the old flag of the Kingdom of Laos, which the communists had abolished in 1975. In the middle of it were three elephants. Then he showed me a tattoo of the emblem on his arm. He’d done it as a teenager, he explained, partly out of national pride and partly because it looked cool. Some of his relatives worried it would get him into trouble now.

After we left the museum, we walked to a Western Union branch so that Paneboun could collect donations he had received from his followers. Sometimes this was possible, sometimes it wasn’t. He handed over his Texas driver’s licence and his “non-national” id card to the woman behind the counter. She consulted a colleague, then handed the cards back. Neither counted as identification.

To the other stateless deportees, Paneboun has become a mentor. He makes a point of going to visit new arrivals after they're released from the detention facility. He tries to be encouraging and offer tips, including how to run a YouTube account. New videos of deportees narrating their everyday life in Laos seem to surface in my social-media feeds all the time.

Paneboun tells some of their stories on his own account too. Recently he posted a conversation with John, a member of the Hmong ethnic group. John was deported from Minnesota, and doesn't speak Lao. His first days in Vientiane were bleak. Now he's working at a brick factory, where the interview took place. "When I followed you on the channel, brother, that's what inspired me," he tells Paneboun in the clip. "Makes the whole picture look a little bit brighter."

Some of the deportees still seem to think they have a chance of going back to America, and asked me not to write down their stories in case it created problems for them. Other than a hazy sense that the next American president might be less hostile to immigrants, Paneboun didn't harbour such hopes. He did think about bringing his family over to Laos, but worried about the quality of the schools. He has no idea when or how he will see his children again. When asked about Paneboun's case, a spokesman for the Department for Homeland Security said: "He received full due process," adding that "under President Trump and Secretary Noem, if you break the law, you will face the consequences. Criminal illegal aliens are not welcome in the US."

In January Paneboun filmed himself making a video call to his eight-year-old daughter, and posted a clip of it online. You can see her on his phone pulling her leg up in front of the camera and asking excitedly, "Do you like my new shoe?" Then she turns the mic off, apparently listening to instructions from another room. Paneboun waits, and seems to wipe a tear from his eye. "Daddy can't hear you, princess," he says softly. Eventually she comes back on again. "I have to do some stuff," she says apologetically. "But I could still talk to you for a little bit." ■

Timothy McLaughlin is a freelance journalist based in Singapore.

Photographs Adam Birkan

Business

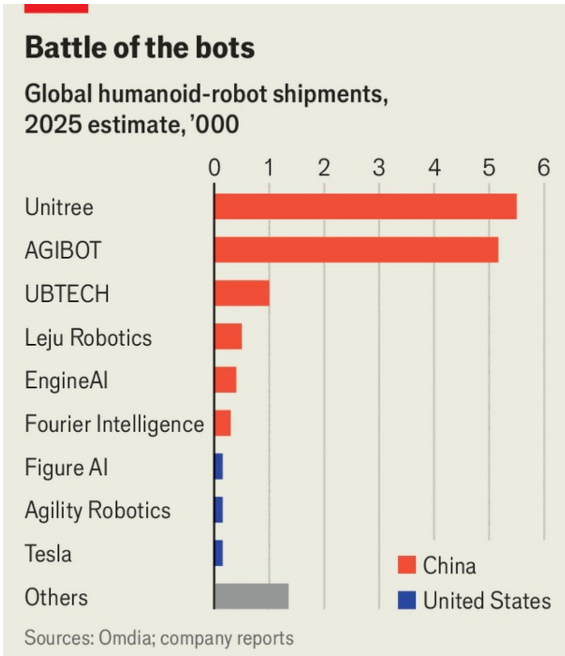
Business | Year of the droid

China’s humanoids are dazzling the world. Who will buy them?

The market for robot dancers, alas, is limited

February 19th 2026

The Spring Festival Gala is a showcase both of China’s cultural riches and its technological might. The four-hour state television programme, staged in Beijing on the eve of each Lunar New Year, often features goose-stepping phalanxes of singing soldiers. On February 16th the centrepiece was a troupe of sword-brandishing humanoid robots performing an elaborate martial-arts routine. It was one of four humanoid-embellished acts that wowed viewers around the world.



China's humanoid robotics industry is bustling. More than 14,500 automatons were delivered last year globally, up from around 3,000 in 2024, according to company reports and estimates from Omdia, a research firm. Nearly all came from China (see chart). Agibot and Unitree, the country's two leading humanoid-makers, accounted for around three-quarters of the total; Elon Musk's Tesla shipped just 150 of its Optimus bots. What is more, China is also home to the world's deepest supply chain for humanoids.

This worries some in the West who believe that humanoids will eventually become one of the largest industries in the world. Morgan Stanley, an investment bank, reckons that 1bn could be wandering about by 2050, with annual spending in excess of $7.5trn. For now, however, the path from back-flipping bots to a viable business is unclear. Most humanoids being purchased are, like those at the gala, purely for show. Few do any real work.

China's state will probably remain the biggest source of demand for some time. Without local governments buying the machines, it would be difficult to keep the more than 100 Chinese humanoid-makers alive—along with the thousands of suppliers that increasingly rely on them. It is not the first time China has lavished money on a new technology before there is much of a market for it. But doing so in the case of humanoids could prove a costly waste.

Behind China's dancing robots is a rapidly expanding supply chain. Consider the Wujin district in the city of Changzhou. Its businessmen brag that around 90% of the parts needed to assemble a humanoid can be sourced there. Several known suppliers for Tesla's Optimus hail from the district. RealMan, one of China's largest makers of robot arms, quadrupled its production capacity in February when it opened a new factory in the area. At the sprawling facility a manager notes how the supply of land has tightened in the past year owing to new robotics plants opening up.

Wujin is just one node in a vast supply cluster for humanoid robots that stretches from Shanghai on the coast inwards to the lower parts of Jiangsu province (including Changzhou) and the upper parts of Zheijang province (including its capital Hangzhou). The region, known as the Yangtze River Delta, is home to Agibot, Unitree and many other humanoid-makers. Of the top 30 listed Chinese suppliers of parts used in robots, three-quarters by market capitalisation are based in the area (see map). The cluster is also home to artificial-intelligence labs such as DeepSeek, which is located in Hangzhou. Based in that city, too, is Alibaba, a tech giant which this month released RynnBrain, an advanced AI model for powering robots.

The region's success reflects its role as an electric-vehicle (EV) hub, accounting for two-fifths of China's production. High-torque motors, inverters, batteries, lidar sensors and other components are used in both EVs and humanoids, though their size often differs. In the past few years many suppliers to the EV industry, which is awash in overcapacity, have shifted at least in part to serving robot-makers. The region's suppliers have also been investing in technologies once dominated by foreign firms. Fine Motion Technology, a maker of gearboxes, raised its share of the Chinese market for the rotating-vector reducers used in robots from a tenth in 2021 to a quarter in 2024, squeezing overseas rivals such as Japan's Nippon Gear.

Visit the Yangtze River Delta and you will not have to look particularly hard to find a robot. One stands at a kiosk in downtown Hangzhou, serving coffee and other beverages. Botshare, a humanoid-rental service launched in Shanghai in December, supplies automatons to retailers who station them at their entrances to wave at guests as they enter. An Agibot costs more than 100,000 yuan ($14,500) but can be rented for as little as 2,200 yuan.

The trouble is that, to become more than novel entertainment, robots need to be regularly deployed in settings where they do the same jobs as humans, allowing them to gather data on which they can be trained. That is why finding situations where humanoids can perform real work is so important for the industry, notes Alicia Veneziani of Sharpa, a Singaporean maker of robot hands that manufactures in Shanghai. A tiny fraction of the humanoids sold today end up in factories, where they often carry boxes—and are about 30-40% as efficient as a human at doing so.

China's state is eager to help. Local governments have been setting up centres that allow companies to put their robots to work on various tasks and collect data. Some is then pooled and shared. Shanghai has set up one such centre that can accommodate 100 humanoids. The state's role is so pivotal that venture investors are picking robotics companies based not just on their technological capabilities but also on the local-government resources available to them, says one investor in Hangzhou.

The state has also given subsidies to the industry. Robotics has become a priority for local officials across the country, who hope to get a share of the industry within their tax jurisdiction. But the government's most important role by far is as a buyer. It was the biggest purchaser of humanoids last year, according to industry insiders, and will probably remain so this year and next. Most are being used as frivolous showpieces. Agibots have lately become a staple of government parties in Shanghai.

China's strategy carries risks. Accompanying the robotics buzz is a sense among executives and investors that the industry is getting ahead of itself. Wang Zhongyuan of the Beijing Academy of Artificial Intelligence, a state-backed research lab, said in a speech last year that if mass production is not underpinned by real-world demand, public enthusiasm will be short-lived. If robots become widespread before they become useful, he explained, the humanoid bubble will burst. ■

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Business | Downshift

Beware China's shrinking car market

The resulting flood of exports will be good news for consumers. Less so for the world's carmakers

February 19th 2026

Back in 2018, when Donald Trump was first menacing the global trade system, the world's largest car market suddenly went into reverse. After decades of uninterrupted growth, car sales in China began to backslide as its economy sputtered. Foreign carmakers, which then controlled around three-fifths of the market, were hit hard. Now forecasters are expecting China's car market to once again go backwards. Local carmakers, which dominate the market today thanks to their prowess in electric vehicles (EVs), may bear the brunt this time. Even so, foreign producers will not be spared, as Chinese rivals accelerate their expansion abroad.

The scale of the current reversal in China is still uncertain, but the hazard lights are flashing. Having returned to growth in 2021, annual sales of cars hit 23.8m last year, around 4% more than in 2024, according to the China Passenger Car Association (cpca), a government-backed trade body. Yet in the final quarter sales fell every month compared with the year before. The ever-hopeful cpca thinks that sales will remain flat this year, but others are far more pessimistic. Bernstein, a broker, predicts a decline of 5-9%.

There are other signs of trouble. Last month the China Association of Automobile Manufacturers, another state-backed trade group, appears to have deferred the publication of its weekly sales data—a sure sign of growing anxiety over weakening numbers. Moreover, after years of bumper growth, even the sales of EVs may dip this year, thinks Gavekal, a research firm.

The slump has several causes. One, according to Gavekal, is that purchases of evs by companies and government bodies have run out of charge after a surge beginning in late 2024, when a subsidy was introduced for scrapping older cars, bringing sales forward. The scaling back of the subsidies this year will weigh on demand, as will the imposition of a new 5-10% purchase tax on evs. The industry will also suffer because of tighter restrictions on dealers registering new cars themselves, in order to boost their sales numbers, and then exporting them as second-hand vehicles with "zero miles".

As China's car market shrinks, its long-running price war, fuelled by excess production capacity, will only intensify. That explains the government's latest effort to rein in discounting. On February 12th China's antitrust watchdog published rules banning the sale of cars for less than the cost of manufacturing them. It is unclear how strictly this will be enforced, and less formal efforts to curb the price war have failed in the past. Executives at foreign carmakers, whose combined market share has fallen by half since 2018, say they hope the initiative succeeds. They cannot compete with Chinese rivals on price.

Unfortunately for carmakers outside China, a slowing domestic market will lead to even greater vehicle exports from the country, says Tu Le of Sino Auto Insights, a consultancy. These have surged in recent years as Chinese carmakers have sought more profitable markets abroad. Bernstein expects a further expansion in 2026 of 10-15%, reaching a total of 6.5m-7m vehicles, compared with around 750,000 in 2018. That will heap even more pressure on incumbent carmakers elsewhere, a number of which have recently been hit by vast write-downs on ev investments that were intended to help them keep pace with Chinese rivals.

For now, it remains unclear how long China's car market will remain stalled for. Even so, the reversal is yet another reminder to the world's carmakers that what happens in the country steers the industry everywhere. ■

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Business | The king is dead, long live the king

Giorgio Armani’s bizarre will has caused a rift at his fashion label

The choices its new leaders make could shape the future of Italian luxury

February 19th 2026

When Giorgio Armani died in September, the will left by the Italian fashion mogul offered a glimpse into the glamour of one of the world’s leading luxury houses—and the dysfunction. It featured apartments stuffed with curiosities, from elephant tusks to Japanese rugs, and surprising beneficiaries, including an aide granted millions in securities and access to the entrepreneur’s yacht.

The strangest thing of all, however, was Armani’s succession plan. The designer, nicknamed “King Giorgio”, died at 91 without children. He left the company to which he gave his name, and owned in its entirety, to his foundation, family members and long-time collaborator, Leo Dell’Orco—

and ordered them to sell a 15% stake, specifying both the timing (within 18 months of his death) and the preferred buyers (EssilorLuxottica, an eyewear-maker, L'Oreal, a beauty giant, or LVMH, the world's biggest luxury conglomerate). An additional stake of 30-55% was to be sold to the same buyer within three to five years.

That has saddled the new leadership of Armani with the unenviable task of reviving a fading luxury brand amid a market downturn while securing a respectable valuation in a sale. A split on the board has emerged, with some determined to execute the designer's will to the letter and others wanting to focus on fixing the business. The choices they make could shape the future of Italian luxury.

Founded in 1975, Armani transformed high fashion with its relaxed tailoring and clean silhouettes. The brand's sales rose from $14,000 in its first year to $100m a decade later. Expansion followed—into homeware, hotels and even floristry—boosted by a wave of demand around the world for luxury.

In recent years, however, things have changed. Armani's core fashion business has struggled, with constant discounting eroding the interest of well-heeled shoppers. The firm is increasingly reliant on royalties from cosmetics and other products made by others under its label. Figures for 2024, published shortly before Armani's death, showed revenue was down by 6% and operating profit (before depreciation and amortisation) by 24%. "The power of the brand will fade if nothing is done," warns Flavio Cereda-Parini of GAM, an asset manager. "The clock is ticking."

Giuseppe Marsocci, one of the designer's lieutenants, has taken on the task of transforming Armani as its new chief executive. Luca Solca of Bernstein, a broker, points to an American rival, Ralph Lauren—which has recently enjoyed a surge in sales—as a potential blueprint for resurrecting Armani: trim supply, refresh designs, splash out on marketing and take control of pricing by selling more through the brand's own stores and websites. Much of that might have been difficult while Giorgio Armani was still around; one person close to the firm says he was a "control freak" and a "dictator".

As for a sale, the timing could not be worse. After a post-pandemic boom, sales of personal luxury goods fell by 2% in 2025, the second consecutive year of decline, according to Bain, a consultancy. Economic uncertainty and price hikes have weighed on demand. By listing his preferred buyers and setting a deadline, the late founder has weakened his company's negotiating position. Analysts reckon it can expect a valuation of $5bn-8bn.

The named suitors are not ideal candidates, either. Start with LVMH. It has acquired Italian trophy brands in the past, including Fendi, Loro Piana and Emilio Pucci. But the conglomerate is increasingly focused on high-margin accessories such as handbags, rather than clothing, which Armani has focused on. The Italian label's operating margins were just over 17% in 2024, compared with around 40% for LVMH's fashion and leather-goods division. Moreover, Bernard Arnault, LVMH's boss, typically seeks full control of brands, but Armani's will stipulates that his foundation retain at least a 30% stake and some decision-making powers.

L'Oréal and EssilorLuxottica, which hold licences for Armani beauty products and eyewear, respectively, might be a more natural fit. Buying a stake in the Italian label would save them shelling out on royalties. Armani, as the fourth-largest fragrance franchise in the world, is crucial to L'Oréal. But buying into a fashion house would be out of character for a business that insists it is "all beauty but only beauty". EssilorLuxottica has closer ties still. It has sold Armani eyewear since 1988, and the Italian designer also owned a 2% stake in the eyewear-maker before his death. Its acquisition of Supreme, a streetwear label, in 2024 hints at a willingness to stray beyond spectacles.

If a deal is not agreed, Giorgio Armani's will instructs that his firm instead be publicly listed. Many in Italy's luxury industry would rather that over a sale to LVMH (French), L'Oreal (French) or EssilorLuxottica (French-Italian). Some on Armani's board would prefer to extend the 18-month deadline and then make a choice based on how the turnaround is progressing.

Italy's designer-led brands struggle to compete against France's conglomerates. The "mythical Italian luxury conglomerate" never emerged because many founders "preferred being kings in their own castles", says Mr Solca of Bernstein. Prada Group, the closest thing in Italy, is barely a twentieth of the size of LVMH by sales. Armani may have been happy to cede control of his realm after his death. But others may fight for it yet. ■

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Business | Bartleby

The case for workplace inefficiency

Stop optimising. Start pronking

February 19th 2026

Imagine for a moment that you are not a human with discerning media habits. Instead you have been turned into a gazelle and have just spotted a predator. Your first instinct would be to quickly get back into the car, until you remember that you are a gazelle and cannot drive. Your second instinct would be to run away as fast as possible.

You would probably not choose to bounce up and down with all four legs extended, using up energy while making yourself visible to the thing that wants to eat you. And yet "stotting"—or, even more delightfully, "pronking"—is a behaviour that gazelles and other prey animals routinely exhibit.

Why they do so is a matter of debate among biologists. It may well be a useful signal to the predator: that an animal is sufficiently fit and healthy that it's not going to be easy to catch, or that the source of danger has been seen. It might be for a different audience: a signal that a specimen with this much energy is going to make another gazelle very happy. But it entails risks, too: gazelles tend to skip stotting and start scarpering when a predator gets sufficiently close.

The idea of costly signalling—incurring a penalty of some kind in order to send a message—is not just of interest to evolutionary biologists. The human equivalents of pronking are important in workplaces, too.

If a manager wants to thank a team member for their work, for example, there are various options. They can send a quick text or email. Or they can use an employee-engagement platform to send an industrialised message of appreciation. These options are a lot better than silence, and they have the advantage of being quick. But nothing beats a handwritten note for the very reason that it is inconvenient. Someone has taken the time and trouble to do something wildly countercultural: find a pen and paper, write a note, perhaps even put it in an envelope. The costs that handwriting impose on the sender produce a clear signal that they really are grateful.

Meetings are another example. It is normal for large numbers of participants to be paying absolutely no attention to what is happening in a meeting because they are working on other tasks. Some get-togethers are worse than others: research conducted by Hancheng Cao, now of Emory University, and his co-authors found that multitasking goes up when meetings are remote, when more people attend and when they drag on. But people routinely check phones, send messages and monitor emails in almost every gathering. Paying full attention to a meeting, especially a pointless one, may be a waste of time. But it signals commitment. It is white-collar pronking.

What you say can also be stotting. Candour carries risks in hierarchical organisations: every boss says they want honest feedback until you make the mistake of giving it. But saying what you think is also a way of earning trust and standing out. The willingness to say something distinctive, even if it risks giving offence, may become more valuable as artificial-intelligence tools make everyone sound amiably alike.

AI will change the calculus behind other signals, too. Ethan Mollick of the Wharton School of the University of Pennsylvania says that if he asks his students whether they would want him to pen a letter of recommendation for them or have an AI produce a better reference, they all plump for the AI version. However logical that choice may be, Mr Mollick says there is a point to writing his recommendation letters by hand. "The whole point is it takes 45 minutes. I'm setting my time on fire as a signal that I care about a student."

Recruitment in general is a process infested by bots. AI tools send in applications on behalf of candidates; AI tools screen them on behalf of employers. The costs of having humans read through every application or conduct every interview are obvious, but there are benefits, too. A paper published last year by Agata Mirowska of NEOMA Business School and Jbid Arsenyan of Rennes School of Business examined people's reactions to different types of screening technologies. Using AI to evaluate pre-recorded video interviews is seen as a signal that an employer is not that bothered about its people; having humans analyse these video interviews seems to be better for an organisation's image.

Using up human time on a task that could be done better by a machine may seem inefficient, but it can be worthwhile. Optimisation usually makes sense. But sometimes it pays to pronk.■

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Business | Right off the money

Why MAGA brands have been a flop

Conservatives are better at trashing businesses than building them

February 19th 2026

Founded in 2021, PublicSquare began life as an online platform selling sunglasses emblazoned with scripture and "the only pro-life diaper brand". It has not had an easy ride. Since its shares began trading in July 2023, they have lost more than 90% of their value. Last year the business announced it would pivot away from conservative e-commerce towards financial technology.

It is not the only company catering to the MAGA faithful that has struggled. The price of shares in Rumble, a video platform aimed at the anti-woke, briefly surged after Donald Trump's re-election as president, only to plunge again as users, revenue and profit fell away.

Over the past few years MAGA types, aggrieved at the supposed hostility of mainstream businesses towards conservative values, have set about building a "parallel economy". The movement's adherents now have their own beer (Ultra Right Beer), pillows (MyPillow), razors (Jeremy's Razors), telecoms providers (Patriot Mobile) and more. Many advertise on right-wing podcasts, radio and television. In 2024 PublicSquare hosted an event in the style of the television show "Shark Tank" where would-be MAGA tycoons could pitch their wares. Yet building right-wing brands into thriving businesses has proved difficult. Most remain tiny. Many are unprofitable. It seems conservative consumers would rather press mainstream brands to hew to their views than buy politically charged coffee beans or SIM cards.

The trouble for MAGA brands is that, although there are plenty of conservative consumers, "a much smaller share want politics embedded in everyday purchases", explains Jura Liaukonyte, a marketing professor at Cornell University. Price, quality and convenience still shape most buying decisions. And although political positioning may help attract attention, it can spook the suppliers and distributors on which businesses rely.

Where the Maga movement has been more successful is in causing trouble for existing brands. Companies have become increasingly wary of finding themselves on the receiving end of a conservative backlash. Cracker Barrel, a Southern-themed restaurant chain, suffered a slump in traffic last summer after it removed a bucolic old man from its logo, drawing MAGA ire. It swiftly rolled back the change. "We deeply value the strong emotional connection our guests have not just to the old-timer logo or vintage Americana decor, but to the sense of tradition and nostalgia those represent," Julie Masino, its boss, said at the time. Its share price is yet to recover.

Boycotts sting most when conservatives make up a large proportion of a brand's customers. The campaign in 2023 against Bud Light, a beer brand, after it sponsored a transgender influencer is a case in point. Ms Liaukonyte and her colleagues constructed an index of where various beer brands' customers fell along the political spectrum. Left-wingers drink Modelo and Corona; right-wingers opt for Yuengling and Busch Light. Bud Light fell to the right of centre, making it vulnerable because more than half its devotees were conservatives. In the three months after the transgender influencer's post, 15% of regular buyers switched brands. A year later Bud Light's owner, AB InBev, said the controversy had cost it an estimated $1.4bn in sales. The beer ceded its spot as America's best-selling and has continued to lose share over the past year, according to Nielsen, a research firm.

Yet appeasing conservatives can also cause trouble. In 2023 right-wing activists led a campaign against Target, an American big-box retailer, after it sold a Pride Month collection. The following year the company reportedly limited its Pride-themed product launches to half its stores—which led to complaints from gay-rights groups. The episode has contributed to a year-on-year decline in sales in each of Target's past four quarters.

For most brands, then, the safest path may be to stay out of politics. As Larry Chiagouris, an advertising expert, puts it: "The biggest consumer segment in the world is the one in the middle." ■

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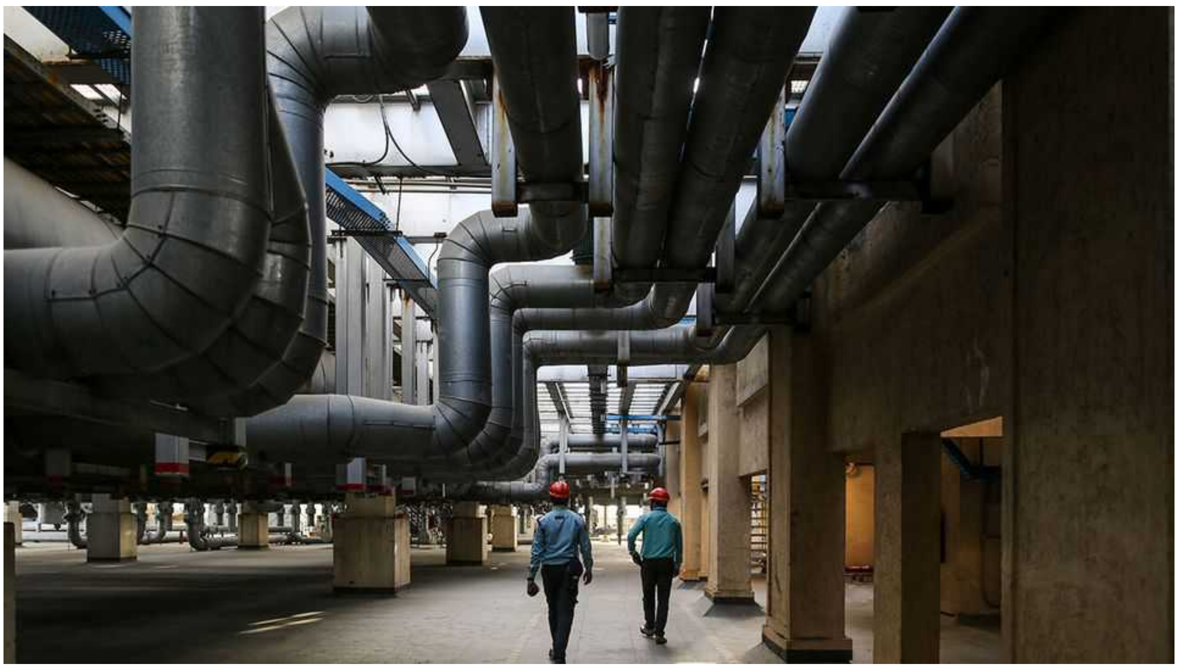
Business | Data juggernaut

India is in the midst of a data-centre investment boom

Money is flowing into the country, but the benefits may prove temporary

February 19th 2026



Tour around Navi Mumbai, the younger and less glamorous eastern sibling of India's financial capital, and among the chemical plants, oil refineries and industrial parks you will spot a handful of gleaming new buildings. Few people enter through their carefully monitored security gates, and little traffic passes by outside. These vast sheds are data centres, the infrastructure intended to underpin India's goal of becoming an artificial-intelligence superpower.

Data centres are rapidly appearing across the country. Its installed capacity reached 1.3 gigawatts (GW) last year, according to JLL, a property firm. That may be small compared with America (38.7GW) or China (9.5GW), but is nearly triple the figure from 2020. And the growth is set to continue. During a global AI summit held in Delhi this week, the Adani Group, an Indian conglomerate, announced it would pour $100bn into data centres by 2035. Others such as NTT DATA, a Japanese IT giant that is currently the largest owner of data centres in India, also have big investment plans, as do America's hyperscalers. India will struggle to rival America and China in the development of cutting-edge AI. But it is fast becoming an important hub for data centres.

That is down to three things. The first is a government push to localise data. In 2024 India, with its vast population, produced by some estimates around a fifth of the world's digital information—but had only 3% of its data-centre capacity. Since 2018 the Reserve Bank of India has mandated that financial institutions retain clients' data within the country. A law set to come into force next year may require that certain kinds of personal data, including some of the many social-media messages sent in the country, also remain there.

Government incentives are also fuelling the data-centre boom. When unveiling the budget earlier this month, Nirmala Sitharaman, the finance minister, announced that foreign owners of data centres located in the country will enjoy a tax holiday until 2047—the centenary of India's independence and the target for the government's goal of becoming a developed country.

Much of the effort comes from outside the central government. "There is a bit of competition between states," says Rachit Mohan, of JLL. In Maharashtra, the state which is home to Navi Mumbai and over half of India's existing capacity, data centres benefit from a favourable classification that allows them to pay 40% lower electricity prices than other commercial users. Karnataka, home to the city of Bangalore, India's tech hub, offers cheaper power for data centres that rely at least in part on renewable energy. Tamil Nadu and Telangana, two other southern states with thriving IT industries, also offer incentives. Local investment-promotion authorities in a number of states help foreign businesses clear India's bureaucratic hurdles and fast-track the acquisition of land.

The third reason for India's data-centre surge is cost. Although Indian electricity prices are high relative to local incomes, they are cheap in dollar terms. Kotak Research, a firm of analysts, estimates that the cost of electricity is about a fifth lower than in America, where the electricity grid is already under strain. The costs of land and construction are lower in India than many other countries, too. That is luring in America's hyperscalers, who increasingly treat India as a hub for training and running AI models. Alphabet is spending $15bn on a data-centre cluster for AI in southern India. Microsoft has said it will invest some $20bn in AI infrastructure in the country over the next few years.

Whether Indians will benefit from all this is unclear. Data centres themselves only generate a significant number of jobs while they are being built. Jensen Huang of Nvidia, the leading seller of AI chips, has argued that the data-centre boom could be as good for India's economy as the internet. That is optimistic. India's data centres, once erected, become ghostly presences. Still, the country can reassure itself that it will soon control much more of the plumbing through which its enormous volume of data passes. ■

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Business | Rolling the dice

Could the next big gambling destination be in the Gulf?

The UAE hopes to emulate Las Vegas and Macau

February 19th 2026

With its well-preserved fishing village and hilltop fort, the emirate of Ras al-Khaimah, an hour's drive north of Dubai, provides a glimpse of bygone days in the United Arab Emirates (uae). It now offers a view of the future, too. On its otherwise barren coast, a 350-metre-tall casino is under construction (pictured). When it opens next year, it will be one of the world's largest.

Over the past few decades the UAE, in a bid to diversify its economy away from oil and gas, has built a thriving tourism industry and positioned itself as a hub for wealthy expats. Now its rulers are looking to another source of business: gambling. Last month the country's civil code was amended to ease restrictions on the practice. That followed the issuance in November of the first online betting licence by the two-year-old gaming regulator, which has since approved lottery operators and sports-wagering platforms.

It may seem like an odd choice, given that betting is prohibited under Islam. The change in policy might also seem inconsistent for a country that is trying to shake its reputation as a hub for dirty money. Yet it is in keeping with the UAE's role as a place for those with cash to burn, be they from the east or west. Can it become the next Las Vegas or Macau?

There are plenty of punters to go after. The Emirates may lack the historical sites or local cuisine that draw tourists to Europe and East Asia, but it attracts plenty of visitors nonetheless. A record 19.5m tourists passed through Dubai last year, up by about 5% from the year before. Ras al-Khaimah, which welcomed 1.4m visitors, expects that figure to reach 5.3m by the end of the decade. And many of them spend big. The average tourist drops $1,414 per visit to the uae—higher than for Las Vegas or Macau. Fancy resorts, high-end restaurants and extravagant shows are available in abundance.

Then there is the UAE's growing number of foreign residents, who account for 90% of its population of 11m. Many of those are household staff, construction workers and the like. But the UAE, with its low taxes, also attracts lots of millionaires. Nearly 10,000 of them—with a total wealth of $63bn—migrated there last year, more than to any other country, according to Henley & Partners, a relocation consultancy for the rich.

This explains why casino operators such as America's Wynn Resorts, owner of the new site in Ras al-Khaimah, are betting big on the UAE. Wynn estimates that its casino will bring in gross gaming revenue (GGR, the difference between wagers and winnings) of $1.7bn annually—a third of its estimate of the potential market. It reckons the number of high-rollers betting at its tables will only grow. In an earnings call on February 12th Wynn's boss, Craig Billings, pointed to the "extremely aggressive" investment by the UAE in infrastructure for artificial intelligence and its potential to draw in wealthy techies.

The UAE is not just opening casinos. It is also tiptoeing into the fast-growing—and potentially even larger—market for sports wagers and online betting. In America these brought in just under half the GGR of traditional gambling last year, and are quickly gaining share. The UAE has already granted one licence, to Play971, a local online-gambling platform.

Yet building a gambling industry also presents various dilemmas for the UAE. The new industry regulator is run by former executives from Las Vegas who understand how the business works. But they are treading carefully. Gambling companies looking to set up shop face stringent rules and high capital requirements, and are required to provide five-year business plans. A lawyer describes the licensing process as “sensitive and strict”.

The country’s rulers are particularly concerned about money-laundering. It is a touchy subject. In 2022 the Financial Action Task Force, a global watchdog based in Paris, added the UAE to the “grey list” of countries that it deems to have insufficient control over illicit flows of money. After introducing various measures to tighten oversight—and an extensive lobbying effort—the UAE was removed from the list in 2024. Following the episode, it has been trying to rebuild its credibility as a trusted financial hub.

Emirati rulers, then, face a choice. Either they can keep a tight rein on the nascent gambling industry, constraining its potential size but reducing the risk of malfeasance. Or they can roll the dice—and hope for the best. ■

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Business | Schumpeter

Welcome to the era of anarchic antitrust

Competition enforcement in America has descended into chaos

February 19th 2026

"It's no secret," Robert Ritchie told senators, "this industry is full of greedy snakes and scoundrels." In January Mr Ritchie, better known by his stage name, Kid Rock, told a congressional committee that Live Nation should probably be broken up. Behind the scenes the company, which owns Ticketmaster, America's dominant ticketing system, was contending with another God-fearing, 50-something from the populist right. Her name: Gail Slater.

In March last year Ms Slater took the helm of the antitrust division at the Department of Justice (DOJ), one of two top positions tasked with policing competition in American markets. (The other is chairing the Federal Trade Commission.) After getting the job Ms Slater talked about antitrust as a scalpel, apt to remove "the cancer of collusion and monopoly". Bosses preferred the image to the sickle wielded by her predecessors under Joe Biden, but still worried she would block their deals. Ms Slater, after all, had advised J.D. Vance on economic policy before high office dulled his anti-capitalist instincts.

In the event, dealmakers need not have worried. By the autumn Ms Slater's authority at the DOJ had been diminished as the free-market faction of the MAGA movement gained the whip-hand over the populist one that is more worried about corporate power. Her top advisers were fired. On February 12th, after months of speculation over her future, Ms Slater resigned. Shares in Live Nation jumped—a bet that her replacement will be more willing to settle an antitrust case against the firm before it goes to trial in March. The rest of corporate America is busily shaking hands in one of its biggest ever merger waves.

After Ms Slater's exit, many rushed to pronounce the end of the "populist antitrust" movement she and, to a greater degree, her Biden-era predecessors represented. One challenge for the movement's obituarists is working out what it was about in the first place. Populists criticise their predecessors from the "Chicago School" for focusing too narrowly on economic efficiency: the mantra that deals which increase consumer welfare are always good, they say, is a paltry response to concerns about excessive corporate power. Yet the movement's efforts to construct its own framework for measuring or judging that power have been unsuccessful. "Big is bad" is a workable slogan for politicians and protesters, but an impossible one to build predictable rules around.

Populist antitrust may be gone. But those hoping for a return to an orderly, technocratic and generally permissive regime should not kid themselves. A new era of competition enforcement has arrived in America. Call it anarchic antitrust.

Its locus is the White House. Donald Trump has liberally marshalled America's antitrust apparatus to pursue a number of his policies. At the president's direction the DOJ and FTC are investigating everything from the price of meat to companies' diversity policies. In December Mr Trump signed an order urging an investigation into ISS and Glass Lewis, the proxy advisers which are both a duopoly and ESG-mad. House-builders are thought to be next. He has even weighed in on the country's biggest takeover saga, opining in December that the purchase of Warner Bros Discovery, a media giant, by Netflix, the world's biggest streamer, "could be a problem".

Well-connected lobbyists are more powerful than ever. In 2025 Hewlett Packard Enterprise (HPE), a maker of IT gear, bought Juniper, a rival, for $14bn. Ostensibly, national-security arguments trumped the antitrust ones made by Ms Slater's department: letting the pair merge would allow them to better compete with China's Huawei abroad, ran the logic. But Roger Alford, Ms Slater's deputy, who was fired weeks after the deal closed, later said its approval reflected the "rule of lobbyists". Another merger whose approval raised eyebrows was the purchase of Anywhere Real Estate, America's second-biggest property broker, by Compass, its biggest. In both cases the buyers reportedly sought counsel from Mike Davis, an influential MAGA adviser. Live Nation has also consulted him (though a person close to the firm says he plays no role negotiating with the DOJ). After Ms Slater resigned, Mr Davis responded in a social-media post on X: "Good riddance".

At the same time, states have been building their own antitrust regimes to replace what they see as soft-touch federal oversight, adding to the chaos. Last year Washington and Colorado became the first states to require firms to notify them before consummating a deal. Events leading up to the approval of the HPE deal are being scrutinised as part of a lawsuit involving a group of state attorneys-general who were unhappy with the perceived influence of lobbyists. Even if Live Nation settles its case with the government, some states are reportedly planning to continue the fight.

A system where authority over the world's most important companies is divided between groups of MAGA insiders and a patchwork of local attorneys-general is certain to prove an arbitrary and costly mess. But a less obvious consequence of the revolution under way in American antitrust is that it puts the country on a collision course with its allies.

The idea that Britain might hold up a deal between two big American firms, as it did in 2023 before Microsoft eventually acquired Activision Blizzard, is implausible today. But the European Union might. In 2001 it killed the merger of General Electric and Honeywell, two American manufacturing giants. A rerun of that episode feels inevitable as American firms strike increasingly big deals and its trustbusting system becomes less predictable. Might the sale of Warner Bros inspire such a scrap? That would be an antitrust blockbuster worth watching. ■

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Finance & economics

Finance & economics | Chequebook diplomacy

How big is the prize of reopening Russia?

The Kremlin is promising $12trn-worth of deals to Donald Trump's administration

February 19th 2026

Over the past year two parallel sets of talks have been held about ending the war in Ukraine. American-led negotiations with Russia have produced proposal after proposal but no agreement on territory or security guarantees. Meanwhile, other envoys from the Kremlin and the White House have been discussing business. Volodymyr Zelensky, citing Ukrainian intelligence, says Russia has promised deals worth $12trn to America in return for sanctions relief; one insider reckons a package has already been agreed on. In Europe fears are rising that President Donald Trump could force Ukraine into crippling concessions by June—his latest deadline for peace—to chase gold in Russia.

Promises of enrichment have long lain at the heart of Vladimir Putin's strategy. Before the Russian president met Mr Trump in August, The Economist understands, a note was drafted for Russia's National Security Council explaining how to sell "the Greatest Deal" to Mr Trump. Since last April Kirill Dmitriev, who runs a Russian state fund, has met Steve Witkoff, Mr Trump's special envoy, at least nine times. Individuals close to the Trump family have been in talks to acquire stakes in Russian energy assets. America has been offered deals for Arctic oil and gas, rare-earth mines, a nuclear-powered data centre and a tunnel under the Bering Strait. Both sides stand to benefit. Russia is suffering from low oil prices and stricter sanctions. America's president wants results before the November midterm elections.

The idea of America winning a $12trn prize—equivalent to six times Russia's annual economic output—is plainly hyperbole designed to please Mr Trump. What might the real reward for peacemaking be? To distinguish the treasure from the trap, we spoke to dozens of former officials, intelligence professionals, energy executives and corporate confidants. Optimists argue that Russia's cheap energy, vital minerals and 145m consumers could be a huge boon to Western firms. Our analysis, however, suggests that the available riches are a small fraction of what the Kremlin is touting. Worse, China is already beating America to those prizes that are on offer.

Sanctions might appear to have curbed Western firms' enthusiasm for Russia, but look closely and plenty are still interested. Insiders say that Western oil majors met with their former Russian partners during ADIPEC, an energy conference in Abu Dhabi in November. Many American lawyers worked overtime last summer, after Mr Trump pressed Ukraine into a new set of negotiations, to study possible scenarios in which sanctions were lifted, says Patrick Lord of Risk Advisory, a consultancy. Much preparatory work, in other words, has already been carried out.

The Russian branch of the American Chamber of Commerce still holds regular events, on topics ranging from food and consumer goods to taxes and human resources. At least five American firms that had left Russia, including Apple and McDonald's, have recently registered new Russian trademarks. The Economist understands that, when Mr Putin met Mr Trump last year, he offered to return $5bn-worth of assets that Russia seized from ExxonMobil, an oil major, in 2022. "Kirill Dmitriev has been largely successful in his efforts to whet the appetite of the American business community," says Charles Hecker of RUSI, a think-tank in London.

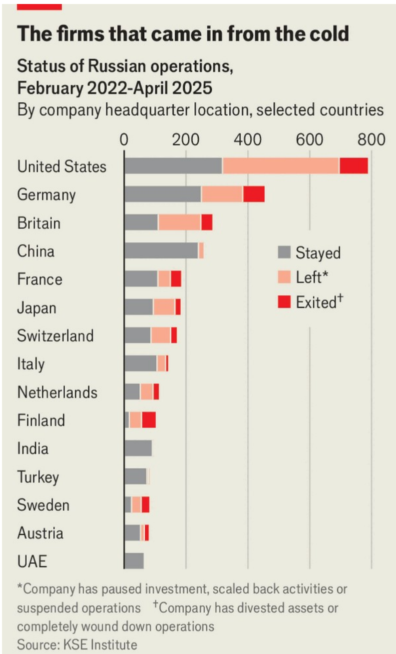
Before 2022, the Western firms that did business in Russia were largely European rather than American. Now, America hopes that by bringing Russia in from the cold its companies can reap the benefits. Three prizes might be on offer: a boom in trade, access to stranded assets and the chance to extract natural resources.

Start with trade. In 2021, when the European Union was still doing business with Russia, its sales of goods there came to €90bn ($106bn). Those included €40bn-worth of machinery and transport equipment, much of it to serve Russia's mining, oil and gas industries. Other big categories were chemicals (€20bn) and manufactured goods (€9bn), such as consumer appliances and scientific kit. Russia's goods imports from America, by contrast, were just $6bn—though if Mr Trump and Mr Putin now strike a peace deal, American firms might well grab a bigger share of Russia's business.

Commodity traders could also win from a reopening. Russian exports of energy, food and metals are now being handled by obscure brokers, "shadow" tankers and state-backed insurers that evade sanctions. But that system is expensive to run and Russia would relish the financing Western merchants can offer. Once sanctions fall, they might be invited to skim logistics fees, financing charges and trading profits from these sales, which amount to some $300bn annually. "Russia is the world's biggest wheat exporter," says an American trader. "We would like to be involved."

Another prize may await American firms that operated in Russia before the war—and those that can capture niches once occupied by Europeans. Some never left. The Kyiv School of Economics (KSE) estimates that 324 American companies, ranging from Allied Mineral Products, which makes ceramics, to Zoetis, a drugmaker for animals, remain up and running in Russia. Their combined profits, however, are small, stretching to only a few billion dollars in 2023. This cash has nevertheless been accumulating in

Russian accounts, and might be repatriated if capital controls and sanctions were lifted.



Meanwhile, Western firms that left might return. The KSE counts more than 1,500 of them, with many in finance, electronics and consumer goods. Plenty sold their Russian assets at steep discounts to local partners; some sales contracts gave Western firms the option to repurchase assets after the war. In discussions with America, Russian officials have suggested that firms without such contracts may nevertheless be given the chance to buy them back. Those assets, though, have last been valued at a total of just $60bn.

Moreover, American companies can hope to sell only so much to Russians. The country's annual economic output is $2.2trn—less than Italy's—and its middle class is shrinking. The KSE estimates that, in 2021, the total annual profits made by the 1,500 foreign firms operating in Russia for which it tracks earnings were a mere $18bn, from revenues of around $300bn.

What most excites Mr Trump's envoys, therefore, is the potential for American firms to take stakes in mega-projects that could transform the world's commodity markets. Russia's National Security Council document describes its "treasure trove of Arctic and northern resources" that "a dozen sovereign and private funds from the USA and other currently hostile countries" would rush to exploit. "Everyone", it adds, "will earn a lot of money." Naturally, "Presidents Putin and Trump could potentially receive Nobel Prizes."

*Proved and probable. Approximate locations
Sources: S&P Capital IQ; Global Energy Monitor

The prizes on offer could indeed be large. Most of Russia's oilfields are old and significantly depleted; to prevent production from declining, the country needs vast injections of foreign technology, workers and capital. This might foster a shale revolution in West Siberia, which may have 12bn barrels of recoverable oil and gas, estimates Artem Abramov of Rystad Energy, a consultancy. That is about seven years' worth of crude production from the Permian, America's main shale basin.

Arctic Russia has even more untapped potential. With enough investment and an oil price near $100 a barrel, reckons Rystad, the region might yield nearly 50bn exploitable barrels, starting in the 2030s. Central to this ambition is Vostok Oil, a project run by Rosneft, Russia's largest energy firm, which requires 15 new towns, three airports and 3,500km of power lines, at a projected cost of $160bn. The venture has been delayed by sanctions but Rosneft claims it could produce up to 2m barrels of oil per day by the 2030s—equivalent to 2% of the world's current production.

What is more, Russia's far north is thought to harbour 29m tonnes of rare earths, equivalent to 74 years of global output. To exploit them, the country is developing the Angara-Yenisei Valley, a $9bn Siberian processing hub overseen by Sergei Shoigu, who runs Russia's Security Council. Russia hopes that a special economic zone, new infrastructure links and tax breaks will lift its share of global rare-earth mining from 1.3% today to 10% by 2030. This might include "heavy" rare earths, which are the scarcest and most valuable.

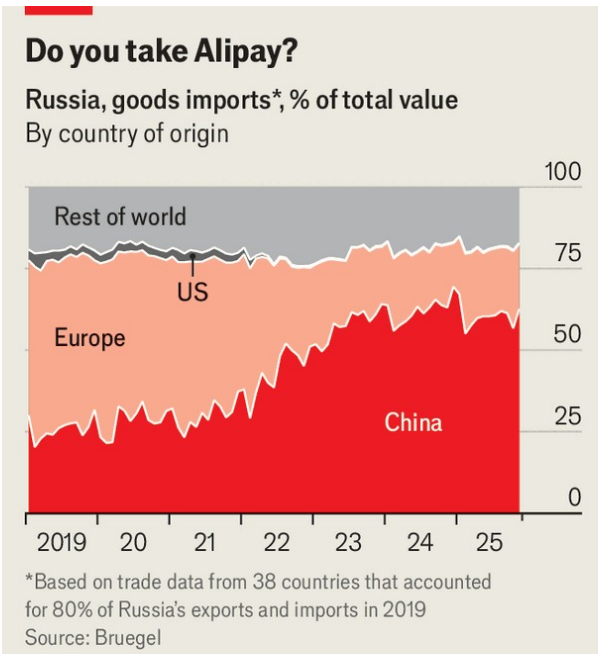
A White House that is eager to end the war in Ukraine and enrich Americans could hardly fail to see the attractions of this prospectus. But how big would the peace dividend actually be?

Releasing the Russian economy from sanctions is easier said than done. Western countries have imposed nearly 23,000 penalties on it in recent years. Mr Trump's pen can strike out some. But lifting many others, including on most banks and energy projects, would entail consulting a Congress that numbers many Russia hawks. Spooks and diplomats think that Europe will be very reluctant to lift its own sanctions. And history suggests that lingering uncertainty would put off multinationals. Very few returned to Iran after key sanctions on it were suspended in 2016, despite prodding from European governments.

Perhaps Mr Trump would succeed in convincing others to give Russia a chance. But he has little control over how it runs its own affairs. Even pre-war, foreign firms in Russia were often one wrong move away from politically motivated punishment. The situation is even dicier now, says John Kennedy, a former British trade official currently at RAND Europe, a think-tank. The taxman is rapacious; the courts are corrupt; contracts are worthless. The Economist understands that the Russian firm that bought the local franchise of McDonald's, which retained an option to repurchase, will demand extra money before considering the request.

Moreover, a peace deal that leaves Ukraine demoralised and defenceless would encourage Mr Putin to invade again—which would mean sanctions snapping back. Capital controls would return and the military-industrial complex would crowd out other sectors. Western firms would be back to square one, or worse.

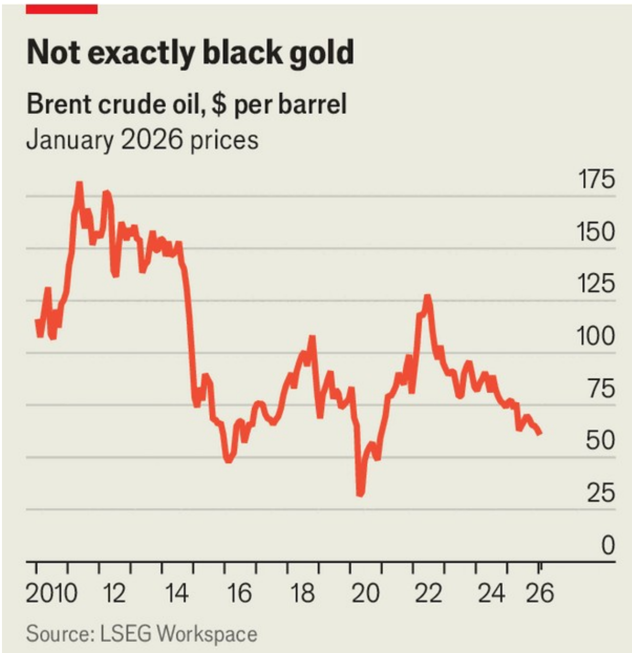
Another complication is that many niches that were abandoned by Westerners in 2022 have since been occupied by firms from Asia, Turkey and elsewhere. China supplied 62% of Russia's goods imports in 2024, up from 25% before the war. The highway linking Moscow's main airport to the city, once bordered by European and Japanese car dealers, is now lined with Chinese ones. Russia's "unlimited friendship" with China, which is as unequal as it is unlimited, has seen 30% of Russia's trade denominated in yuan.



Russia is also flooded with "parallel" imports of Western goods, illegally resold from the Gulf or China, that would undercut new sellers. iPhones cost less in Moscow than in London, notes Nabi Abdullaev of Control Risks, a consultancy. As inflation and unemployment surged after the war, the Kremlin would have little incentive to discourage black markets.

In science and technology the Russian government is calling for more autonomy, not openness. Native lawyers, accountants and admen—often graduates of American or British universities—have replaced Westerners, says Thane Gustafson of Georgetown University. Even in resource extraction, state giants may prove reluctant to share shrinking spoils. An oil "superglut" this year and next may depress the global crude price to near $55 a barrel, a third of its level when joint ventures between Russian and

Western firms peaked in the early 2010s. Another glut, of liquid natural gas, will also cut exporters' profits.



Those mega-projects for which Russia needs Western help are fraught with difficulty. Most surveys of the Arctic's mineral wealth date back to Soviet times; how much can be profitably extracted is unknown. "To an extent, all we have is Rosneft's word," says John Gawthrop of Argus Media, a price-reporting agency. Building roads, railways and ports is costly and precarious, especially in the far north. Shipping oil from Vostok would require some 50 ice-class tankers, yet it has only one, notes Craig Kennedy of Harvard University. Some oil blocks included in the projects overlap with licences held by other Russian firms or state agencies, creating thickets of legal and political risks. Before BP, a British oil major, sold its stake in a local joint venture to Rosneft in 2013, it spent years wrangling with its Russian partners.

Could Exxon Mobil, which sealed tie-ups with Rosneft in the early 2010s to invest $500bn in Russia's Arctic, Black Sea and shale basins, be open to talking to its former partner again? (Exxon wound down its Russian operations after 2014, when Russia's seizure of Crimea triggered Western sanctions.) If so, it is unlikely to bet too much. The risks of committing huge sums to Russia for decades—when no one knows if a ceasefire might last a month—have ballooned. And the rewards are smaller, at a time when big offshore drilling opportunities exist elsewhere.

Russia's rare-earth dream faces the same practical difficulties as other Arctic ventures, plus one more. China, which has a near-monopoly on rare-earth mining and processing worldwide, keeps a tight grip on the know-how required to extract and refine such ores. It has so far proved reluctant to share it with Russia, lest it become a rival or leak secrets.

All this suggests that, for as long as Mr Putin is in power, there is little potential for a new El Dorado in Russia. Suppose Russian imports returned to the levels of 2021, with America supplying an improbable 50% of that (or $190bn a year). Then suppose the total revenues of all foreign firms in Russia recovered similarly, and American ones grabbed half of that, too ($150bn). The two would still only amount to annual flows (not profits) of $340bn a year. It is extraordinarily unlikely that even these flows could last, uninterrupted, for the decades they would take to amount to anything near the Kremlin's $12trn promise. That American firms might extract trillions of dollars' worth of resources from the Russian Arctic similarly looks wildly unlikely.

Individuals close to the White House might nevertheless secure lucrative deals for themselves. One Washington insider says some have talked with Kremlin envoys about board seats at Russian companies. New property developments, and the rents from utility assets such as pipelines, could line a few more pockets. Mr Dmitriev has form in such attempts to sway American officials. A report on Russian espionage, prepared in 2020 by the American Senate's intelligence committee, counts 152 references to him, mostly concerning efforts to co-opt people close to Mr Trump.

Should the White House take the bait, the rest of America will wait in vain for a windfall as political costs mount. Congressional hawks would loathe it if a reopened Russia started rewarding its allies, particularly China. More trade, finance and investment would soon allow Russia's economy to recover, paving the way for the next war. A president with America's interests at heart would look at Mr Putin's $12trn offer with a gimlet eye—and walk away. ■

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Finance & economics | Markets and muscle

The EU is thrashing out a more muscular set of economic policies

The bloc is done playing nicely

February 19th 2026

Times are desperate. That was one message from an informal meeting of eu leaders in Alden Biesen, a castle in Belgium, on February 12th. Geopolitical threats from Russia, China and lately America have convinced many in Europe that business as usual will not do. Economic reform needs to be sped up.

After the meeting Ursula von der Leyen, the head of the European Commission, promised to present a plan ("One Europe, One Market") by March 20th, when leaders next meet formally. It will prove controversial. Already a proposal by Stéphane Séjourné, the industry commissioner, on how to support European industry looks likely to be delayed, not for the first time, after nine departments in the commission voiced objections. The stakes are probably high enough to force EU leaders to find a compromise. If not, a subset of members may well press ahead.

Any compromise is likely to combine the EU's traditional liberal approach with more muscular protective measures. First, in the liberal vein, is a push to lighten the burden of regulation on European firms. The EU has already passed laws that simplify existing rules. The longer-term goal is to cleanse the whole body of EU law of hundreds of thousands of pages of unnecessary "gold-plating" added by national governments. This would mean further centralisation of rulemaking, and might also make European enforcement easier.

Second is a quest for more trade agreements. Lately the EU has struck deals with Mercosur, a bloc of South American countries, and with India. More are in the making. Including such deals in a broader economic package is an attempt to win over countries that are sceptical of more open trade, such as France and Poland.

The third part sounds familiar: a more complete single market. But some ideas look unambitious, while some novel additions have an illiberal tinge. Deeper integration of capital markets, aided by common supervision, has long been on the agenda, but national governments' lack of enthusiasm has limited progress. The commission hopes for a bolder mandate, but details remain vague. A European "28th" regime of corporate law, alongside the 27 national ones, could make it easier for firms to operate across the bloc. This, too, is an old idea kept in check by member states unwilling to cede sovereignty.

The commission seems to intend to use competition law to promote larger firms—or "European champions", as they are now unapologetically called. The idea is that continental champions might be better placed to compete with American and Chinese giants. But it could undermine competition within the EU, and in any case rests on shaky empirical foundations.

Fourth is a new element: "Buy European" clauses in public procurement and government subsidies. These were the most controversial part of Mr Séjourné's scheme. Some already exist. Requirements that weapons be mainly bought from EU firms were included in a €90bn ($106bn) support package for Ukraine in December and the EU's internal defence funding scheme, worth €150bn. But they face fierce resistance. Smaller and more liberal member states fear that they will increase costs by excluding cheaper suppliers (and risk alienating allies, too). Populist opposition parties in Poland and Romania read "Buy European" in defence as "Buy German or French", at poorer countries' expense. Such clauses are likely to be limited to cases where economic or national security is at stake, or where states want to support the development of nascent technologies.

The settlement therefore looks like a mix of the useful, the potentially harmful and the inconsequential. But EU leaders may have less to worry about than they suppose. Industrial production has edged up, after a bad couple of years, and is a fair bit higher than a decade ago. Euro-area manufacturers are more optimistic than they have been for four years. Some countries, such as Poland and Spain, are thriving within the current framework. Sweden's shrewd policies on innovation, capital markets and taxation have helped 48 of its startups to achieve valuations over $1bn. Instead of panicking, leaders would do well to stick with the liberal economic model that made Europe strong. ■

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Finance & economics | Superforecasters

Prediction markets are rife with insider betting

That does not mean regulators should stamp it out

February 19th 2026

Last summer one "ricosuave666" won more than $150,000 on Polymarket, a betting platform. Their true identity was not clear, but the source of the winnings was: ricosuave666 had bet, with suspicious accuracy, on the precise timing of Israel's attacks on Iran. Now Israel's government might have pierced the veil of anonymity. On February 12th it said it had arrested two men, one of whom had recently been an army reservist, for placing bets using classified information. They have been charged with bribery, obstruction of justice and "serious security offences".

The incident is a particularly dramatic example of a much broader trend. Prediction markets, which allow people to bet on anything from the outcome of a sports match to the timing of a missile strike, have ballooned in recent years. So, too, have worries that they are hotbeds of sharp dealing, with some punters using privileged information to fleece others.

Several wagers on Polymarket have raised eyebrows. In January a user placed profitable bets on the toppling of Nicolás Maduro shortly before Donald Trump, America's president, ordered the capture of the Venezuelan dictator. Last year the odds on María Corina Machado winning the Nobel peace prize shot up hours before she learned that she had. And it is not just Polymarket. Kalshi, another platform, faced grumbling from traders about seemingly informed betting on Spotify's most-streamed song in December.

Informed betting can be perfectly legal. Polymarket operates an offshore platform not subject to American regulation. Kalshi and Polymarket's American platforms are regulated by the Commodity Futures Trading Commission, but the rules on insider trading for "commodities" (a category which includes bets on prediction markets) are much less stringent than those for "securities" (such as shares or bonds).

Yet if the platforms—regulated and unregulated—cannot convince people that their markets are fair, plenty will be put off from using them at all. Sometimes they are alerted to potential bad actors by savvy and concerned users. Know-your-customer (KYC) checks, such as requiring users to prove their identities, can help as well. They allow platforms to monitor suspicious trades and freeze accounts that seem dubious. Subsequent investigations can uncover the user's employer, affiliated companies and even their location at the time they placed their bets. If they want their account unfrozen, they have little choice but to co-operate.

Why do regulators not simply ban betting on privileged information? The cost of doing so would be to banish highly informed traders, whose activity brings the betting odds on events (such as the outcome of an election) closer to the probability of those events occurring. Accurate estimates of such probabilities are a positive externality: useful even to people who do not bet. In stockmarkets insider trading is prohibited because, if ordinary savers thought the market was rigged, they might be discouraged from buying stocks and providing companies with growth capital. Prediction markets have no such capital-raising function. A ban on insider betting might therefore do more harm than good.

It is suggestive, however, that in securities markets one group faces special scrutiny. The Stock Act of 2012 takes care to emphasise that government officials, in particular, must not trade on insider information that they obtain in the course of their jobs. There is perhaps a case for banning officials from insider betting, too. Plenty of wagers are made concerning everything from military action to decisions by central banks or courts. Incentives for government employees to misuse privileged information about such matters are hardly likely to boost the public's trust in them. And as the Israeli case illustrates, governments do not want accurate probabilities for every event to be broadcast. ■

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Finance & economics | Buttonwood

The financialisation of AI is just beginning

Get ready for a new wave of securities, hedges and collateral

February 19th 2026

This year just five American tech giants are set to make $700bn-worth of capital expenditure, as investment in the data centres needed for artificial intelligence surges. Investors have long quipped that “data is the new oil”; now they are backing firms to spend far more to process it. By comparison, the oil and gas industry invested just $570bn in exploration and production last year.

Yet in another sense, data—or at least the chips on which it is stored and manipulated—still lags far behind oil. Graphics processing units (GPUs) play a tiny role in financial markets. True, some loans use them as collateral, but they remain hard to price and to sell on. There is practically no market for GPU derivatives, which allow traders to parcel up and offload risks (such as that of a price crash). Chips and the processing power they generate (or "compute") are therefore ripe to be financialised by Wall Street—just like oil, housing and myriad other assets before them. A wave of new innovators hopes to do just that.

Take OneChronos, a fintech firm established in 2016 to make share-trading more efficient. The company aims to launch a market for compute, on which bundles of goods can be auctioned, by June. It has paired up with Auctionomics, co-founded by Paul Milgrom, who won the Nobel prize for economics in 2020. Then there is Ornn, which has launched an index tracking the prices of chips, including Nvidia's popular H100. The startup also plans to sell put options—derivative contracts that pay out if prices fall sharply—on physical GPUs.

Eventually, the combination of trusted benchmarks and liquid derivatives markets could support bonds collateralised by baskets of GPUs, much like those backed by bundles of individual loans. Few investors possess detailed knowledge of Californian consumers or Ohio's office market. Many nevertheless snap up bonds collateralised by credit-card debt and commercial mortgages.

To build such a market, some fearsome obstacles must be overcome. Perhaps the biggest one is that the most advanced chips tend to lose their value fast, as even whizzier ones come to market. Morgan Stanley estimates that this could prompt Alphabet, Microsoft, Meta and Oracle to record depreciations worth $680bn over the next four years. Any estimate like this is subject to huge uncertainty, since no one can know for sure how the technology will progress. This represents a big risk to buyers of loans collateralised by GPUs that might unexpectedly tumble in price. Even now, for the biggest buyers of chips, comparing the most recent models to those of a decade ago is like comparing a supersonic jet to a horse and cart.

Then there are the difficulties with trading compute. Users need to be fairly close to their data centres, which, unlike fuel, cannot be shuttled from one place to another. And so prices vary a lot from region to region, since it is not easy for trade flows to match supply to demand.

If such obstacles could be overcome, however, the prize of more sophisticated financial instruments would be a hugely valuable one. Derivative contracts could help allocate risks—that particular types of chip suddenly become worthless, for instance—to traders who actually want to take them, in exchange for a premium. That might allow companies with business models which depend on GPUs to worry less that their assets might rapidly become obsolete and focus more on improving their operations. Conversely, compute-hungry startups would find it easier to borrow if their loans could be collateralised with chips, then bundled together with others and sold as bonds.

Perhaps the frenzy of innovation in GPUs, and hence their risk of unexpected depreciation, will have to cool a little before financialisation can proceed at full throttle. But American executives eyeing its potential benefits have good cause for optimism. Plenty of them worry that competitors, especially in China, could emulate their scientific and technological achievements. They can probably afford to fret less about threats to America's exceptionalism in the field of financial engineering.

In an era of hardware and hard power, it is easy to forget the importance of the financial architecture that can join up fragmented markets. The ability to price, bundle and transfer risk is an enormous advantage. It can unlock capital, lower borrowing costs and thereby speed the development of entire industries. And financial engineers, especially in the West, have become very good at doing so. If chips can be financialised, Wall Street will do it. ■

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Finance & economics | Untaxing

Donald Trump’s schemes to juice the economy

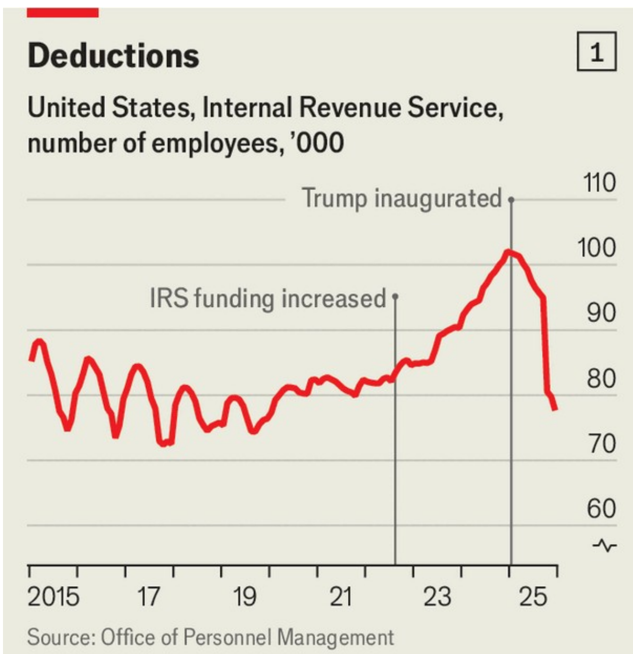
Watch out for sneaky stimulus

February 19th 2026

Donald Trump knows well that American voters tend not to reward subtlety. But in one respect the president, during his first term in office, managed to hide his light under a bushel. Republicans often gripe that the bumper tax cuts they implemented then did little to prevent an electoral drubbing at the midterms in 2018. This was because, though cumulatively large, the tax cuts arrived in dribs and drabs, and voters barely seemed to notice. Again and again, Republicans insisted that “the proof is in the paycheque”, to little avail. Even Paul Ryan, then speaker of the House of Representatives and a chief architect of the cuts, failed to communicate their scale: he found himself pointing to piddling tweaks that would barely have covered a year’s membership at Costco, a popular superstore.

Republicans are determined not to repeat this mistake. With the president's approval ratings looking dismal and unpopular cuts to health-care and welfare spending on their way, they face an uphill battle to retain control of the House of Representatives in November's midterm elections. On the other side of the ledger, however, they can point to a series of tax cuts set to arrive not gradually, but in one giant slug.

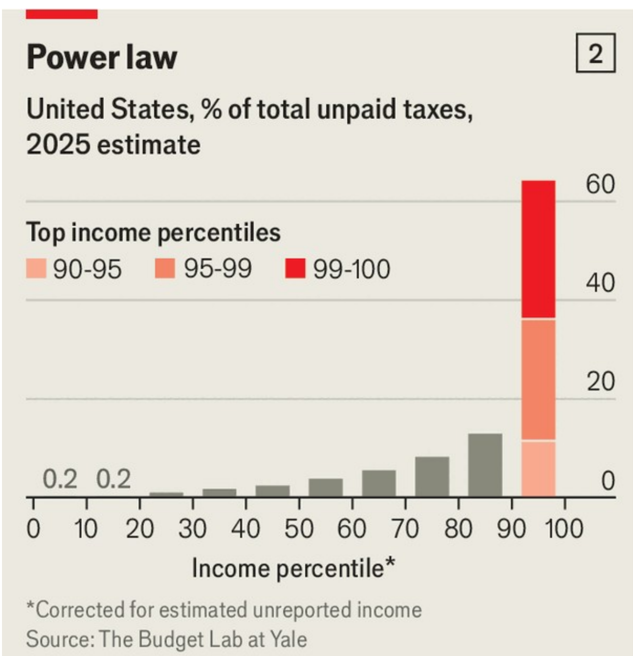
Americans can expect jumbo-sized refund cheques after the tax-filing season wraps up in April. The average taxpayer in 2026 will get $3,800 back from the government, compared with $3,000 over the past two filing seasons, estimates the Tax Foundation, a think-tank. On top of that will be plenty of headline-grabbers such as "no tax on tips" and "no tax on overtime".



Even these are just the most visible side of the White House's efforts to juice the economy and make Americans feel richer. Beyond the bazooka of the One Big Beautiful Bill Act, Mr Trump has an array of subtler weapons. They are not conventional stimulus measures, and are certainly not targeted at the neediest. Instead, these backdoor efforts to dump more cash into the economy will reward a handful of Mr Trump's favoured constituencies.

Most dramatic is the decision to gut the tax-enforcing powers of the Internal Revenue Service (IRS). Joe Biden increased the agency's staff by 20,000 during his presidency, which almost certainly helped swell tax revenues. Mr Trump has now reversed that (see chart 1). As a result, those who attempt to fiddle their taxes are more likely to get away with it. In a paper published in 2025, Nathaniel Hendren of the Massachusetts Institute of Technology and his co-authors estimated that $1 spent improving the IRS's capacity to audit richer taxpayers yielded $12 in extra tax revenue.

The additional revenue that Mr Biden's hiring spree might have gathered has now been forfeited. And chaos at the IRS might harm collections even more. A recent report by the inspector-general painted a hair-raising picture: lay-offs and the government shutdown in October and November had disrupted the agency, leaving it severely behind with preparations for the 2026 filing season. Backlogs of unprocessed tax returns have worsened. Hiring for filing season is well behind schedule. Research by the Yale Budget Lab estimates that the effect of 22,000 lay-offs at the IRS will be to lower revenues by around $10bn this year and $20bn by 2029.



In a roundabout way, the shake-up at the IRS will put more money in Americans' pockets—or at least those of people who are unscrupulous in their tax affairs. The members of this group tend to be wealthy, with the sorts of complicated tax returns that enable chicanery and the resources to exploit lax enforcement. The richest 5% of people are responsible for about half of all unpaid taxes, estimates the Yale Budget Lab (see chart 2).

Mr Trump's administration is also taking aim at the regulations which determine how taxes are applied. In doing so it has given companies plenty of opportunities to pay less tax. The scope of levies on share buy-backs has been narrowed, and attempts to crack down on the use of complicated (and tax-avoiding) partnership structures have been rolled back. The Treasury Department has also nullified the Corporate Transparency Act, a law intended to make the workings of shell corporations more visible. Collectively, these changes could result in companies paying, at minimum, tens of billions of dollars less in tax over the next decade. Many of the biggest beneficiaries will be firms that already strain against legal boundaries in order to lower their tax bills.

The money they save will hit the economy, in a fashion. Lower tax revenues will mean a wider government deficit, and therefore more net spending being ploughed into America's economy, even if tax breaks for firms and wealthy individuals do not raise aggregate spending as much as giveaways to less well-off taxpayers. That might contribute to a pre-election sugar rush and, eventually, a nasty inflationary hangover. With some of Mr Trump's other policies—such as raising trade barriers and choking off immigration—constraining the economy's supply side, stoking demand at the same time is especially dangerous. It will be all the more so if Kevin Warsh, Mr Trump's nominee for chair of the Federal Reserve, persuades his fellow rate-setters to ease monetary policy.

A final boost to Mr Trump's stimulus efforts might come from an unexpected quarter. The Supreme Court will soon rule on whether the "reciprocal" tariffs imposed on other countries by Mr Trump, using emergency economic powers, were unlawful. If the court rules against the president, it is possible that the bulk of the past year's new tariff revenues, amounting to more than $100bn (0.3% of GDP), will have to be refunded. That cash would again land in the bank accounts of companies, rather than people, and so probably raise spending only gradually. Still, it would be a welcome silver lining for the president—even if it did involve his signature policy being struck down. ■

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Finance & economics | Free exchange

Did America's war on poverty fail?

Deprivation has fallen dramatically—but not necessarily because of the welfare state

February 19th 2026

In the mid-1960s President Lyndon Johnson declared "unconditional war on poverty" and created the modern American welfare state. A nationwide programme of food stamps began in 1964. Two big public health-insurance schemes, Medicare (for the old) and Medicaid (for the poor) started in 1965. Over the following decade, welfare payments grew at an annualised rate of more than 15%. Today, one in eight Americans receives food stamps. All in, America's welfare state offers help worth about 15% of gdp a year.

Conservatives have long argued that Johnson's programmes were a failure. Funnelling money to the poor, in their telling, blunted the incentive to work, ultimately trapping people in penury. In 1988 President Ronald Reagan argued that “the federal government declared a war on poverty, and poverty won”. Thomas Sowell, a 95-year-old economist at the Hoover Institution and social-media sensation, has argued that programmes created in the name of compassion ended up rewarding behaviour that kept people poor. For a long time most economists dismissed Mr Sowell’s arguments as the ravings of a right-wing ideologue. But on certain points, Mr Sowell is right.

A new paper by Richard Burkhauser, of Cornell University, and Kevin Corinth of the American Enterprise Institute, a free-market think-tank, presents remarkable evidence on trends in poverty since the 1930s. It is the result of dedicated scholarship using data from old censuses to estimate family incomes. Some of the number-crunching is dizzyingly complicated, with the authors totting up monetary values for everything from farm labourers’ room-and-board in 1939 to veterans’ payments in 1959. The paper has two messages—one encouraging and one troubling.

The good news is that America has many fewer poor people than it used to. This overturns the conventional wisdom, derived from the official poverty measure (opm), which in 2024 counted an individual as poor if their income was less than about $16,000 a year. The opm has been more or less constant for 50 years, at around 12% of the population. Right-wing types hold this up as proof that the welfare state creates behavioural pathologies. Left-wingers think it shows that America’s welfare system is insufficiently redistributive. In truth the OPM is flawed: it fails to account for taxes, non-cash handouts and much else.

Messrs Burkhauser and Corinth use a different measure for poverty that accounts for taxes, transfers and some perks. Someone counts as poor if their real income would have ranked them among the poorest 20% of Americans in 1963. Today that would mean earning less than around $12,000 a year. By this standard, 49% of Americans were poor in 1939; by 2023 only 4% were. Include health insurance in the calculation and progress looks even more impressive, with poverty having fallen from an even higher rate in 1939 to just 1.6%.

Perhaps the most heartening figures in the paper concern black children. Going by the authors’ measure, the poverty rate for this group has fallen from more than 90% in 1939 to less than 10% today. A depressing notion often believed on the left—that America is a rich country full of poor people —is simply incorrect.

Johnson's war on poverty might therefore look like a success. But the second part of the paper questions this conclusion. Was his welfare state necessary, or would poverty have fallen anyway? Mr Sowell has repeatedly argued that the drop began before the mid-1960s. In other words, all that is needed to reduce deprivation is the magic of free-market capitalism.

The paper's authors show that Mr Sowell is correct on the data, finding that "the pace of poverty reduction was no faster after the War on Poverty was declared than before". That may be an understatement: from 1939 to 1963 the poverty rate fell by about 29 percentage points. Over the following 60 years it only dropped by around 16 more. Moreover, the authors go on to examine the causes of America's shrinking cohort of poor people. Before the 1960s, they find, poverty fell because people earned more money, while few got more from the state. None of this is slam-dunk proof that welfare was unnecessary, but it is suggestive.

From the mid-1960s onwards, things changed. Poverty continued to fall, but only because government benefits became more generous. Improvements in market income were far less important. And welfare dependency rose. By the 1970s close to 30% of black Americans were dependent on the government for at least half of their income, for instance. A country that had once enabled its citizens to escape poverty by working hard turned into one that reduced poverty by writing them cheques.

It is possible that growth in market incomes would have stalled after the 1960s regardless of Johnson's actions. After all, the post-war boom was never going to last for ever. Perhaps, too, some people would never have earned enough to escape poverty, owing to low educational attainment or disability. If so, then a bigger welfare state might have been the only way to keep poverty falling. This conclusion, however, seems too defeatist. After the welfare reforms of the 1990s, both poverty and welfare dependency dropped, with growth in market incomes taking up the slack.

Ultimately, it is impossible to know the counterfactual: what would have happened to poverty if Johnson had never been president. What seems likely, though, is that the war on poverty involved a gigantic trade-off. Trillions of dollars of federal money may have reduced deprivation while also blunting individuals' incentives to better their own lot. The funds could also have been spent elsewhere—on medical research, for instance. Reasonable people can differ over whether the risks and opportunity cost were worth it. Happily, they will now have many more facts to hand. ■

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Science & technology

Science & technology | Frontier AI

How ICE's new software tools could speed up deportations

The risk of overreach is high

February 19th 2026

GOVERNMENT NOTICES on software contracts rarely make for intriguing reading. Yet one published on April 17th 2025 by America's Immigration and Customs Enforcement (ICE), the muscle behind President Donald Trump's crackdown on undocumented immigrants, stood out. The agency was urgently seeking a powerful new artificial-intelligence model to find and prioritise individuals eligible for deportation—ranging from those who overstayed their visas to violent criminals. A prototype of the "streamlined end-to-end immigration lifecycle" software, called ImmigrationOS, was to be delivered by Palantir, an American data-analysis giant, by the end of September.

The White House seeks a million deportations annually, so ICE is under pressure to get people out. But such technological moves to speed up immigration enforcement have troubled many observers. A lawsuit filed on January 15th by the American Civil Liberties Union described ICE's recent operations in Minnesota as a "crude dragnet" that had led to scores of unlawful detentions, many carried out with excessive force. Recent rulings suggest judicial discontent is growing.

"I understand why people would be scared to death of these tools," says John Sandweg, an acting director of ICE during Barack Obama's second term. He fears they will sweep up large numbers of undocumented but otherwise law-abiding people, who leave brighter paper trails than hardened criminals. Some are disturbed that AI models contributing to what ICE agents call "targeting packages" have their origins in military and intelligence software developed to fight terrorism. Courts have begun to question the legality of domestic mass surveillance. If ImmigrationOS proves to work as intended, these tensions will only grow.

ImmigrationOS was made possible by the White House's willingness to spend. In the 13 months since Mr Trump's second term began (and before a congressional stand-off over enforcement operations triggered a partial government shutdown on February 14th), ICE's parent Department of Homeland Security (DHS) had awarded, by one tally, $1.2bn in IT contracts. Of that, more than $81m went to Palantir. Officials are tight-lipped about the technology, as is Palantir. But Patrick Lechleitner, who led ICE in the final stretch of Joe Biden's administration, says ImmigrationOS will make information collected for criminal cases also "usable and useful" for civil immigration cases.

ICE has been adding to the types of data it crunches for years. Information on vehicle, phone and utilities usage is now hoovered up, as are data from local police, jails, courts and commercial databases, not to mention social media. But navigating several computer systems—what one former senior ICE official who requested anonymity calls "swivel-chair analytics"—has slowed things down. AI, he believes, will paint a unified picture on a single screen.

One priority is weeding out falsehoods in visa applications. Simon Hankinson, a former State Department official in charge of technology for vetting visas, says such fraud was still rampant when he left in 2022. Fishy claims for asylum can also be spotted. Mr Hankinson, now an immigration researcher at the Heritage Foundation, a conservative think-tank in Washington, DC, says applicants have often "recycled" stories of political persecution. That will be harder to pull off with AI vetting.

Fed enough data, algorithms could also match names across hitherto-disconnected data sets. In November the Social Security Administration, America's pensions body, said it would comply with DHS requests for data to "identify and locate aliens". Records kept by departments of motor vehicles have also been useful, in part because many states issue drivers' licences regardless of immigration status. Suspicious-activity reports, in which banks flag potential signs of financial crime, offer clues, too. So do records from organisations, like welfare programmes, that interact with people on society's margins.

How well all this works, however, is unclear. Emily Tucker, director of Georgetown Law's Centre on Privacy & Technology and a co-author of reports on ICE, believes accuracy is poor. Last month in St Paul, Minnesota, ICE pulled a man in shorts from his home in freezing weather only to learn that the sex offender they were seeking was in prison. Officials have kept quiet on rates of false positives from AI. A related problem, says Steven Hubbard, a data scientist at the American Immigration Council, an advocacy group, is that the inner workings of Palantir's AI are so opaque no one seems to know exactly how assessments are made. Palantir did not reply to requests for comment.

Opposition to ICE's methods is, therefore, growing. Courts have restricted access to some data. On February 5th a federal judge ruled that the Internal Revenue Service had illegally shared taxpayer data with DHS, and barred further access. Many government bodies, especially in blue states and "sanctuary" cities opposed to aggressive immigration sweeps, are not sharing. ICE is using two main tactics to get the data anyway.

One is to obtain records via subpoenas and court orders. Preparing the paperwork for a judicial warrant can take an investigator two or three days.

With AI, many now get the job done in less than an hour, says Doug Gilmer, a former senior ICE officer who periodically advises DHS on the use of AI for combating human trafficking and other serious crime. The time savings will probably result in more requests for warrants. According to Mr Lechleitner, ImmigrationOS is even being configured to alert agents to the existence and location of potentially helpful information that privacy rules have kept off-limits. The idea is for the software to then advise agents on steps to obtain lawful access.

Another option is to purchase data. Some government bodies that refuse to share records with ICE nevertheless sell them to data aggregators that do. In Illinois, Cook County, home to Chicago, has disallowed data sharing for civil immigration enforcement, for example. But the county's jails sell records, via intermediaries, to Lexis-Nexis Risk Solutions, which does have a contract with ICE. Hannah Lucal of Just Futures Law, a non-profit that files lawsuits to restrict immigration enforcement, says such arrangements are often murky enough for local officials to be unaware of ICE's "backdoor" access.

Other data sources abound. ICE already buys data from ad firms that track consumer behaviour. Automated licence-plate readers provide additional information. ICE can also request footage from the more than 2,000 local police and fire departments in America that have partnered with Amazon's Ring video-doorbell service, though users can opt out.

ICE agents in the field can also snap and upload pictures for facial recognition. One system developed by Clearview AI, an American firm, contains more than 70bn pictures of people scraped from the public internet. Clearview's chief technologist, Amos Kyler, says ICE's Homeland Security Investigations (HSI) unit uses the database to find matches of priority suspects. Another firm, which has signed a secret contract with HSI, uses images from CCTV or body cams to find other pictures of the same objects, be they online or in other surveillance footage. The system, says the firm's chief technologist, does this by matching distinctive marks, like a dented bumper or a tear in clothing.

Such capabilities may invite mission creep. ICE has already begun to process images and social-media details of activists attempting to hinder arrests. But the effort has also sucked in data on law-abiding protesters, potentially chilling political speech. Moreover, critics fear that these protesters are being targeted by a Trump administration that has called opponents of ICE operations “domestic terrorists”.

Thus far, this administration has been largely uninterested in engaging with its critics. The courts have also struggled to keep up with the rapid development of these technologies, says Georgetown Law’s Ms Tucker. The resulting lack of legal clarity has been taken, she believes, as a green light for their use. This also means, however, that legal challenges have plenty of scope to push back. Those in the cross-hairs will hope she is right. ■

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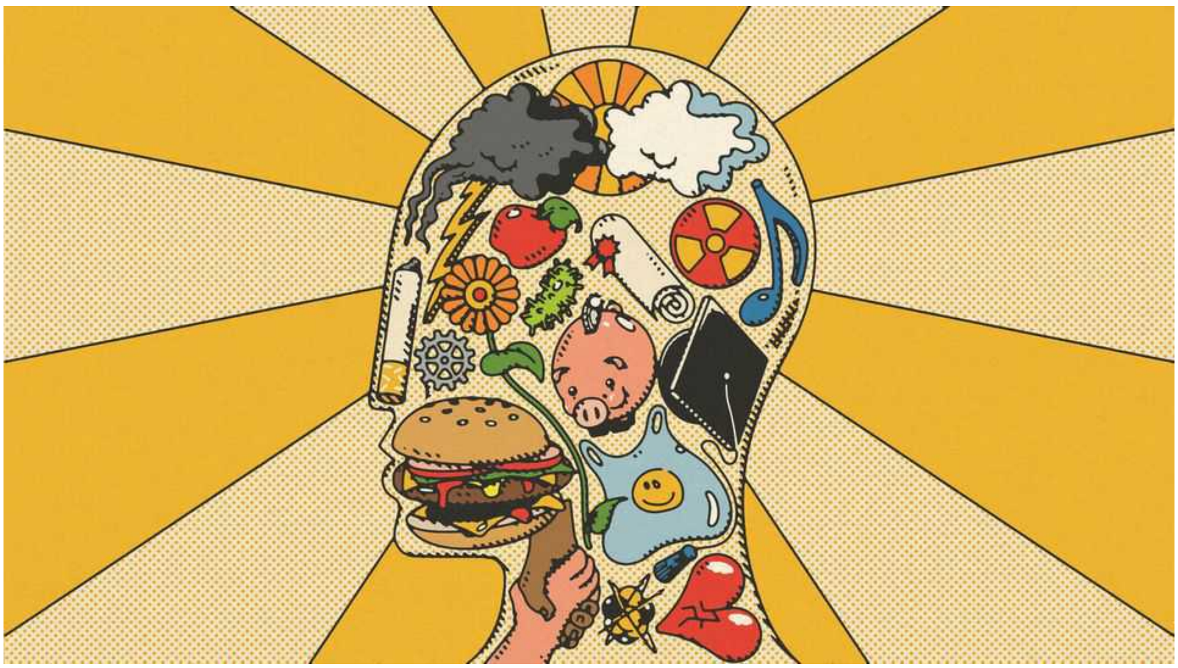
Science & technology | The nature of nurture

The Human Exposome Project will map how environmental factors shape health

It makes the Human Genome Project look easy

February 19th 2026



IF TIMING IS everything, then Thomas Hartung picked a bad moment to make his move. Dr Hartung is an environmental toxicologist at Johns Hopkins University, in Baltimore, who has spent his career trying to replace animal testing with specialised tissue cultures called organoids and, more recently, with artificial intelligence. Last May, he announced his most ambitious endeavour yet—to create a Human Exposome Project. It is ambitious because it aims to do for environmental influences on the body what the Human Genome Project did for genetic ones. And it was badly timed because it came shortly after the election of an American administration that is the most hostile to environmental matters in living memory.

Nil desperandum. At the moment Dr Hartung's proposal, which he discussed at this year's meeting of the American Association for the Advancement of Science, in Phoenix, Arizona, consists mainly of good intentions and a secretariat of enthusiastic researchers from around the world that is co-ordinated from Johns Hopkins. But it remains an interesting idea. Several studies suggest that the causes of disease are about 20% genetic and 80% environmental—numbers certainly not reflected in the relative effort put into investigating them. With the exception of infectious diseases, examination of the environmental causes of illness has been piecemeal.

Gary Miller, a toxicologist at Columbia University who also addressed the meeting, compared the current state of affairs with genomics' early days, when genes of strong effect, such as those which encourage cancer, had been found, but the intricate system of feedback loops which runs the genome was still a black box. What he, Dr Hartung and others are attempting is the creation of an entirely new discipline—exposomics. This would look at all types of environmental exposures—physical, biological, psychological and social, as well as chemical—systematically, and from conception to grave.

That will be far harder than the genome project. Gene-sequencing labs are just factories that repeat the same task. Exposomics will require collecting vast amounts of data about a huge variety of things from specific, local concentrations of chemicals to the strength of people's friendship networks in both the physical and virtual worlds, and then working out how these interact with each other and with the genome to cause illness.

That means shifting mindsets, co-ordinating the efforts of existing organisations, establishing new ones and encouraging the creation of new tools that will make the study of environmental exposures systematic rather than piecemeal. In particular, it means making extensive use of AI to process the huge and disparate amounts of data involved. It will also mean raising cash. The genome project had, from the beginning, a small number of reliable and well-heeled funders whereas its exposomics counterpart is a hand-to-mouth operation.

Exposomicists hope AI will help them get going. They believe models analogous to large language models could make sense of multiple different environmental factors and how they interact, as well as correlating these with disease states, thus linking cause and effect more precisely. By studying blood chemistry, for example, such a model could search not only for pollutants that might have been absorbed, but also for metabolic chemicals which reflect other types of environmental influence.

AI may help with another problem, too. Over the decades a lot of relevant data have been collected, but by inconsistent methods and in inconsistent formats. This makes them hard to integrate and interpret. In a reversal of the old computing saw, “garbage in, garbage out”, however, AI can now digest such studies in large numbers and derive new conclusions and novel hypotheses from them. It has already identified risk factors for cardiovascular disease beyond the well-known ones of smoking, air pollution and lead.

And this is only the beginning. AI will also have an important role in assessing the magnitude of potential threats. Dr Hartung has, for several years, been modelling the toxic properties of novel molecules using AI trained on the known effects of existing ones. His ability to do this is increasing by leaps and bounds. In 2015 predictions made by the model he was using at the time were 65% correct. Last year’s version was 91% correct.

If exposomics is to work, this ability to absorb data and make associations will need to be fed with new data as well as recycled studies from the past. That will require better tech and political will.

Though data-collection technology is not improving as fast as AI, it is improving. The sensitivity of mass spectroscopes, which are crucial tools for identifying and measuring chemical pollutants, is doubling every three to four years. Similarly, sensors designed to detect specific, known pollutants are getting smaller, cheaper and easier to link wirelessly. These can either be scattered into the environment or made into wearable devices that track an individual’s exposure. And, on the psychosocial side, if companies and individuals prove willing to give permission (which has yet to be tested at scale), social-media sites could be invaluable data sources.

Large research projects called biobanks are also proliferating. These collect relevant non-medical data about participants along with their medical histories, tissue samples and genomes, and the consent of the sampled is there from the get-go. Both the UK Biobank and the China Kadoorie Biobank, to take two examples, are tracking more than 500,000 people.

Politically, Europe is leading the way. Though America's National Institutes of Health has backed Dr Miller and some colleagues to create an organisation called NEXUS (Network for Exposomics in the US), this has had only a few million dollars of funding. On the other side of the Atlantic, by contrast, as Jana Klanova of Masaryk University, in Brno, in the Czech Republic, explained to the meeting, the European Union is creating two new projects to the same ends. These are follow-ups to EHEN (the European Human Exposome Network), a pilot which was backed by the EU in 2020 to the tune of €105m ($115m).

None of this, of course, guarantees success for the hard-core-integrationist approach to studying the exposome. And whether the scientific establishment will accept exposomics as a subject in its own right, rather than a cut-and-shut of pre-existing fields, will depend on whether the result is a Rolls Royce or a Lada. But it does at least look promising. And even if they fail to achieve their most ambitious goals, in the very act of trying to bring a unified approach to the "nurture" side of the eternal debate about the relative effects of nurture and nature, the exposomicists are performing a valuable function. ■

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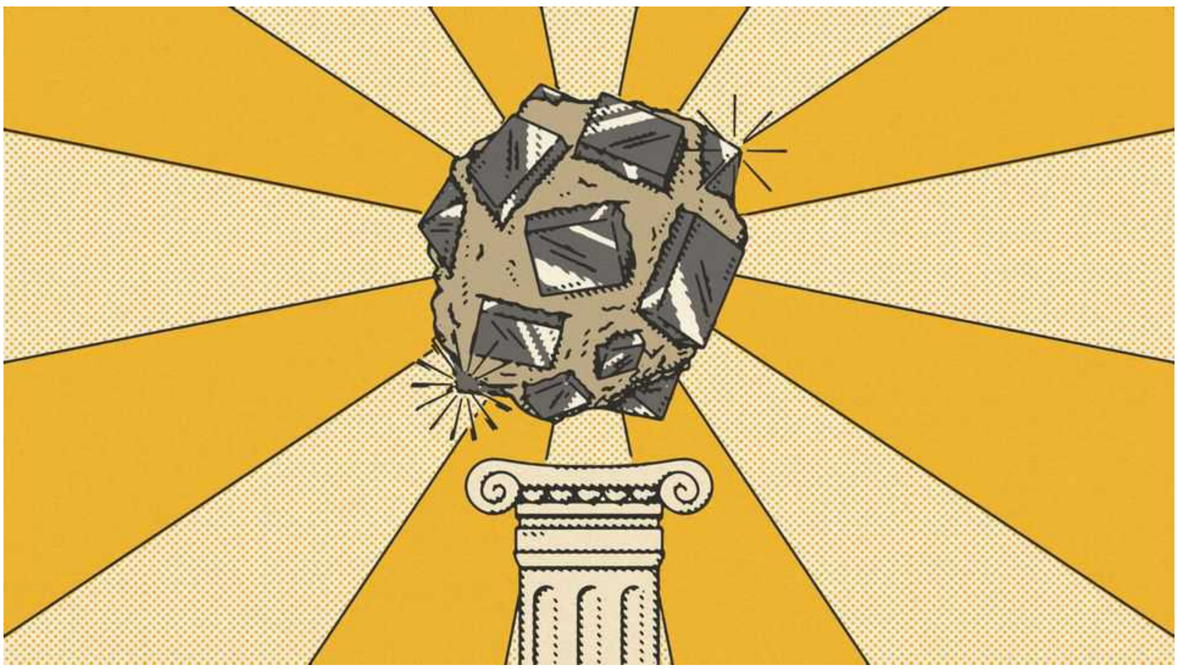
Science & technology | Time to shine

Brain-like computers could be built out of perovskites

The long-hyped materials may have found their niche

February 19th 2026



The unusual electronic and optical properties of perovskites have long been touted as useful for improving solar cells and television screens, but these materials have never quite hit the big time. Existing approaches have hoovered up all the investment and attention, and perovskites remain confined to specialist applications.

A niche is now opening, however, in which there are no incumbents. For, as a session at this year's annual meeting of the American Association for the Advancement of Science, in Phoenix, Arizona, heard, perovskites could be just the thing for making so-called neuromorphic computers, which would process information in a similar way to brains.

Conventional computers have separate memory and processor units, between which data have to shuttle in a time- and energy-consuming fashion. Neuromorphic computers would eliminate this by processing data and storing them in the same piece of hardware, as happens in a brain. In this organ neurons and the synaptic junctions between them contrive to do both jobs simultaneously.

Perovskites, named after a mineral discovered in the Urals in the 19th century, are compounds with the chemical formula ABX3, where A and B are positively charged metal ions and X is a negatively charged non-metallic ion. In a perovskite crystal lattice these ions are arranged into octahedra that have large spaces between them.

Depending on the identities of A, B and X—and particularly on whether X is a halide (a group that includes chloride, bromide and iodide)—this arrangement permits other atoms to enter the crystal structure and thereby change the perovskite's properties. Including, as Wolfgang Tress, of Zurich University of Applied Sciences, explained to the meeting, its electrical ones. Choosing the right ions can allow a halide perovskite to have an electrical resistance that switches between high and low when a current is passed through it, making it what is known as a memristor. As memristors can stand in for both neurons and synapses, they could be used to build a neuromorphic computer.

Dr Tress works on the synapse side of things. Real synapses become more effective with use and dwindle with neglect. Dr Tress's artificial ones mimic this by changing how readily they pass current. Using silver electrodes encourages silver atoms to leak into the perovskite. Here they form highly conductive but fragile filaments. As long as these filaments remain intact, the memristor has low resistance. When they break, its resistance rises. Applying a current to a memristor can either make or break the filaments, depending on its voltage. Crucially, once filaments are broken or repaired they stay that way until actively changed by the application of an appropriate voltage. These changes, by altering how current flows through a network of memristors, act both to store data and to permit its processing.

To replicate a neuron, as Bruno Ehrler, of AMOLF, a physics-research institute in Amsterdam, explained, you need to combine a memristor with a capacitor. Real neurons work by combining the signals they receive from other neurons and, if and when the result exceeds a particular threshold, generating an electrical spike of their own. Capacitors are temporary stores of electric charge, so can act as adding machines for incoming current. Once the amount of charge in such a capacitor exceeds a pre-ordained threshold, it discharges through the memristor, altering its resistance and permitting it to pass an electrical spike on to the wider network.

As with a conventional computer, which employs transistors and capacitors as its basic components, building a neuromorphic equivalent involves connecting memristors and capacitors. Dr Ehrler reckons a prototype network might be put together as soon as next year. Whether the neuromorphic upstarts will win their place in the spotlight remains to be seen. ■

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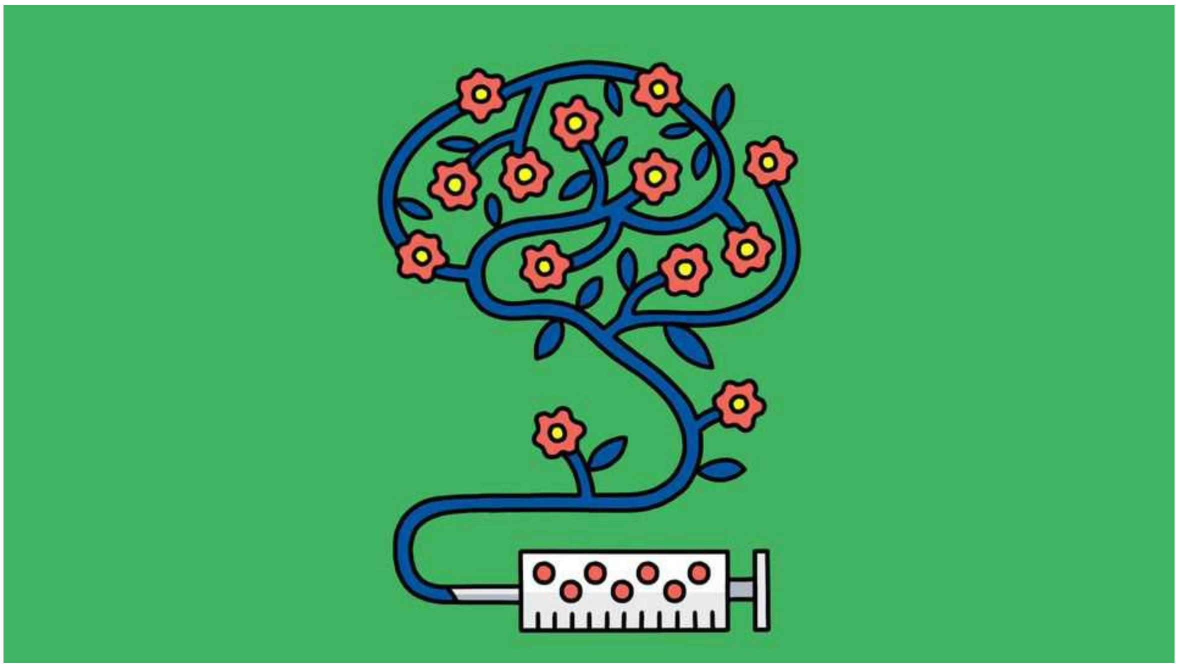
Science & technology | Well Informed

Can the shingles vaccine slow ageing?

The evidence is surprisingly strong

February 19th 2026



DEMENTIA IS tragically common among the elderly. In 2021 57m people worldwide were thought to have the condition. Ageing is a risk factor for many other ailments too, ranging from chronic inflammation to a decline in organ function. A growing body of work, however, suggests that simply taking a course of the shingles vaccine can meaningfully slow the decline. New data suggest that it cut dementia risk, for example, by 20%.

Shingles is a painful skin condition caused when the chickenpox virus—which can lie dormant in the body for decades—is reactivated. Although older versions of the vaccine included a live version of the virus, these have largely been replaced. Shingrix, the shingles vaccine most commonly used in America and Britain today, contains small amounts of proteins taken from the virus's surface in order to stimulate the immune system to fight the real thing.

Many public-health authorities recommend the shingles vaccine for people between 65 and 80 (although the range varies by region). The sharp age cut-offs used in the roll-out in each country or region, combined with the large number of people vaccinated, has set up an ideal natural experiment for researchers keen to study their effects.

In recent years Pascal Geldsetzer, a researcher at Stanford University, has used this technique to examine dementia-prevalence data for populations in Australia, New Zealand and Wales. In a paper published in the Lancet Neurology this month, he and his colleagues also looked at 464,000 residents of the Canadian province of Ontario. The findings across all four regions point to the shingles vaccine reducing the number of people who develop either dementia or mild cognitive decline later in life. "Our best guess is that shingles vaccination averts one in five new dementia diagnoses over a seven-year period," says Dr Geldsetzer.

A study published in the Journals of Gerontology: Series A in January suggests that the encouraging results are not limited to dementia. Researchers assigned a healthy-ageing score to 3,800 adults above the age of 70, based on seven measures including inflammation and accumulated changes to DNA. The researchers concluded that those who had previously received the vaccine had significantly lower levels of inflammation as well as a better overall score.

Why exactly this might be remains unclear. One possibility, says Dr Geldsetzer, is that the seemingly dormant chickenpox virus may continuously damage the body until such time as the vaccine helps fight it off. (The inflammation it causes may even play a role in the onset of dementia.) The other possibility is that the shingles vaccine provides a broader boost to the immune system—by encouraging the production of white blood cells, for example—in which case other vaccines may yield similar benefits.

Many important questions need to be answered before public-health authorities recommend the vaccine to younger adults. Researchers still do not know how long the protective effect lasts, for one thing, or whether this effect grows with age. And, although the risk of serious side-effects of the vaccine in younger people is thought to be low, more data are needed.

To answer some of these questions, Dr Geldsetzer hopes to run a clinical trial soon. For now, he has found the evidence strong enough to get the jab himself. “If you’re going to talk the talk,” he says, “You’ve got to walk the walk.” ■

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Culture

Culture | A nightmare on Main Street

Gisèle Pelicot’s horrifying rape case changed the law—and minds

How a French woman has become a global symbol of strength and survival

February 19th 2026

Do you know your husband well? Do you trust that he would never hide anything from you? Gisèle Pelicot’s ordeal began with questions. A police investigator was interviewing her in southern France, after her husband of nearly 50 years, Dominique, had been caught taking photos up women’s skirts at a local supermarket. She thought that was the extent of his crimes. Instead, she learned that for at least nine years her husband had been drugging and raping her while she was unconscious—and finding strangers on the internet to do so, too. He kept recordings of these acts on a hard drive in a folder called “abuse”.

In 2024 Mr Pelicot and 50 other men stood trial and were found guilty of rape and assault; an additional 30 men could not be identified or brought to justice. In choosing to make the case public and not insisting on her right to privacy, Ms Pelicot (pictured) argued that "shame has to change sides" from victims to the accused. The horrific case captured global attention and led to a change in the law in France, expanding the definition of rape from penetration using violence and coercion to sexual acts committed without consent.

Ms Pelicot has become a feminist Joan of Arc, emerging from humble origins to battle not only her violators but also misheld beliefs about sexual assault. She was awarded France's highest honour, the Légion d'honneur, and named one of Time magazine's most influential people.

How did Ms Pelicot become a crusader? In her stirring new memoir, "A Hymn to Life", she portrays herself as an accidental heroine. She is the grand-daughter of peasants and grew up amid poverty and heartache, losing her mother to a brain tumour when she was only nine years old. Women's issues were never her priority: she was focused on escape. "I listened to the talk of the times, the fight for birth control, for legal abortion; I understood, but these were not my battles. My victory was building the kind of family life I had never had," she writes.

She and Mr Pelicot had different, but dire, family circumstances. They met when they were young, married and moved in together near Paris. (Their childhoods were "straight out of a Zola novel", their children later remarked.) It was a love story—until, of course, it was not. Even in retrospect, Ms Pelicot is not sure when her husband became a man she did not know. She had an extramarital affair soon after the birth of their third child, and remembers feeling overcome with guilt. There were money problems, too, so much so that nearly all their belongings were repossessed. But there was no hint of a lurking monster.

It was when they retired to southern Provence that Mr Pelicot's dosing and co-ordinating of abuse happened more frequently, perhaps because she was isolated from her children and grandchildren. Her memory lapses from the medications became so severe that she started to wonder if she might have a brain tumour, like her mother. More two-faced than Janus, Mr Pelicot expressed concern and chauffeured her to medical appointments.

The scale of Ms Pelicot's suffering is extraordinary, but the emotions she has grappled with feel familiar. Ms Pelicot writes about how being made aware of her husband's crimes blasts apart her life. Take the question of memories: how should she categorise the joyful ones?

There was nowhere to take refuge—not the past, not her home (suddenly "full of shadows, hiding places, nooks and crannies and poison"), not even among family. One of the book's sombre threads is how her husband's violations distanced her from two of her three children, who all coped with his crimes differently. (Her daughter, who discovered her father had taken lewd photos of her, feared she had also been raped and found it an additional betrayal that her mother was unwilling to confirm incest had taken place.)

Part of the reason Ms Pelicot's trial captivated so many people was that it laid bare the myth that sexual aggressors are always strangers. Since Ms Pelicot's trial ended in December 2024, there have been other instances, including in Germany and Britain, of men charged with drugging and raping their wives. It also evoked more universal anxieties about fidelity and truth in marriage. "You know, whenever my husband brings me a croissant from the boulangerie in the morning, I always wonder what he's trying to hide," a forensic pathologist confessed to Ms Pelicot, not very helpfully.

Unlike the powerful perpetrators who were part of Jeffrey Epstein's network, Ms Pelicot's abusers were everymen. There was a firefighter, a nurse, lorry drivers; most lived within a 50km radius. They were tried together, a battalion of them, so Ms Pelicot had to face them each day in court. "They did share one thing: a sense of entitlement," she writes. "An attitude of complete indifference to whatever anyone said or thought, because power had always been on their side." In the defence lawyers' combative questioning and the men's judgmental stares, she was made to feel—as so many victims of sexual assault have before her—that she was the one who was not to be believed, that she was the one on trial.

Ms Pelicot's book, which has been published in 22 languages, is arriving as women's painful stories are attracting legions of riveted readers. Two of the top five non-fiction books on the New York Times's bestseller list are tales of either marital betrayal ("Strangers" by Belle Burden, whose husband cheated and abandoned her) or sex abuse ("Nobody's Girl" by Virginia Giuffre, a late accuser of Epstein). Ms Pelicot's memoir splices together both themes. Yet what could be a dark and depressing chronicle propels forward with the force of Ms Pelicot's quiet courage and instinct for self-reflection. (The literary flourishes of Judith Perrignon, a writer and collaborator on the book, help, too.)

Ultimately, Ms Pelicot offers a cautiously hopeful message about how people can overcome trauma to forge a new life. It is also a detective story, as she seeks clues and a final judgment about what motivated her husband. She tracks down a former best friend, who had spoken ill of Mr Pelicot decades earlier. She pores over memories of Mr Pelicot's abusive father. She thinks back to Mr Pelicot's story of a male nurse forcing oral sex on him as an eight-year-old in hospital. Later, in court, Mr Pelicot also said he was forced to participate in a gang rape as a young teen.

Her ordeal began with questions—yet it ends with unresolved questions, too. Even the most worthwhile stories do not always offer satisfying answers. But they can provide a memorable and commendable heroine. ■

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Culture | A concrete solution

Addicted to your phone? Try "bricking" it

New devices are cementing youngsters' desire for digital detoxes

February 19th 2026

YOU WANT to spend less time on your phone. But what is the best way to slash your screen time? The internet (ironically) has some ideas: chain your mobile to the wall; print out your Instagram feed on dozens of pieces of paper; or practise "appstinence" by ditching the device for long stretches. The latest method to go viral promises a more concrete solution: youngsters are turning to the Brick, an app-blocking device.

Reviewers declare that "the Brick changed my life" and "I won the war against my phone." The grey cube, which costs $59 and is about the size of an AirPods case, claims to reduce screen time by three hours a day on average. To use the device, you choose the apps you would like to disable and touch your phone to the “brick”. When you are ready, you can tap your phone against it to “unbrick”.

The Brick has built up a following, especially among people aged 20-35. Downloads of the Brick app in January were up nearly 600% year on year, to 170,000, estimates Sensor Tower, a research firm.

And the device is part of a broader trend: the rise of anti-tech tech. There are a plethora of tools designed to remove digital temptations. Opal—an app that does the same thing as the Brick—claims it has kept users off their phones for over 200m hours since its creation in 2020. Others offer incentives or gamified experiences: on Forest, another app, the longer you stay off your phone the more virtual trees grow; nurture enough and the firm will plant a real sapling in Africa in your honour. Some people are forgoing flashy phones entirely: “dumb” phones without touchscreens, once a symbol of elderly tech ignoramuses, are now seen as a cool, wise choice.

There is a “big urge to disconnect”, says Ilya Kneppelhout of the Offline Club, a group that hosts hangouts and getaways where phones are forbidden. (The club has spread to 19 European cities and Bali since launching in Amsterdam in 2024.) Devices are also locked away at “unplugged” restaurants and cocktail bars, and on “digital detox” retreats. Anti-screentime influencers are packing #AnalogueBags (otherwise known as purses and backpacks) with pens, notepads, cameras and other curiosities from a bygone age. There are even rehab programmes for social media, which pledge to help phone-addled clients “engage more with the physical world”. It may sound a bit like Alcoholics Anonymous. Or better yet, Internet and Technology Addicts Anonymous, which is a real thing.

You do not need to google to understand the reasons why people are trying to get off their phones. Many are experiencing what researchers call “digital overload”. There is a feeling that you must “always be reachable, always be connected”, says Zeena Feldman of King’s College London. Most American adults under 30 say their phone is the first and last thing they look at every day, according to a recent YouGov poll; nearly 40% sleep with it next to them in bed. Even internet lingo captures how bad this feels: phone addicts are said to “doomscroll” and suffer from “brainrot”.

Concerns about data privacy and misinformation are also becoming more common. According to a study by EY, a consultancy, those seeking digital detoxes are worried about data leaks and rampant harmful content. Instead of juice cleanses, people are opting for data detoxes to get rid of "data bloat" (unwanted information about them online).

There is a paradox at the heart of the current trend, however. Gen Z may have declared 2026 "the year of analogue", but they have done this on TikTok. The Brick has gone viral on social media; the Offline Club communicates largely through social media and email; and anti-screentime influencers make their money (you guessed it) on screens.

Perhaps that is why most digital detoxes fail: people are quickly drawn back to screens and apps. However, many say the Brick is the best tool they have tried yet. The secret is to place "distractions out of reach", says Thomas Driver, the company's co-founder: "Temptation is sidelined until you physically return to the Brick." In a digital world, this bricks-and-mortar approach has merits. ■

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Culture | Back Story

As “How to Make a Killing” shows, the inheritance plot is back

In a new era of inheritors and inherit-nots, an old fictional theme is in vogue

February 19th 2026

Money drives people nuts. So can families. Together they are combustible, need and greed mixing with primal resentments and rivalries. This is why, like the “marriage plot”, the inheritance plot is sometimes a staple of fiction. Today’s tetchily unequal age is one of those times: witness “How to Make a Killing”, a droll film out in America on February 20th and elsewhere soon.

On the eve of his execution, Becket Redfellow confesses his crimes. Played by Glen Powell (pictured), charming even as a serial killer, Becket is an outcast from a minted Long Island family. Disdained for his poverty by a teenage crush, he is nevertheless a distant heir to the Redfellow fortune. He just has to bump off the relatives ahead of him in the queue—which he proceeds to do in amusingly elaborate ways, crossing a name off his family tree with each hit.

This mordant romp is a loving remake of “Kind Hearts and Coronets”—an Ealing Studios classic released in 1949 and set in Edwardian England—in which an outcast from a noble family schemes to inherit its title. “How to Make a Killing” mimics some of its predecessor’s murder methods (such as an explosion in a photographic dark room) and adapts others (a victim drowns off a yacht, not a punt). No hot-air balloons are shot down by bow-and-arrow, but another use is found for that weapon.

There are other telling updates. The original is sleazier: the producers of the new movie evidently felt a killing spree was more forgivable in a modern hero than adulterous hanky-panky. In “Kind Hearts”, the childhood sweetheart sports extravagant hats; played, just as scene-stealingly, by Margaret Qualley, now she goes in for Chanel miniskirts.

What is most striking, though, is how perfectly the story fits the current economic mood. For like the Gilded Age, this is a plutocratic era. Once again the lifestyles of the 0.001% set an impossible standard of luxury; then it was mansions, these days it is jaunts in space and berserk weddings. Some folk fantasise about an elevator ride to the summit. “It’s scary to dream small,” says Ruth (Jessica Henwick), a teacher who is the moral centre of the new film. “They all want to be millionaires,” she observes of her pupils, “but none of them want to have an actual job.”

The super-rich are different—but, in the split between inheritors and inherit-nots, less different than they were. The West is experiencing what is often called “the great wealth transfer”, whereby expiring baby-boomers pass on their assets, to the tune of tens of trillions of dollars. Many people still get little or nothing. Yet surges in the housing and stockmarkets mean quite a few are inheriting rather a lot. The opulence in “How to Make a Killing” is otherworldly (and murder is an extreme reaction). But the grating sense that some lives are unfairly smoothed by dumb luck is becoming widespread.

In time this trend may influence social and fiscal policy. It is already colouring art. Stories about contested estates and devious legatees are in vogue: from “The Perfect Couple” (about inheritance-related antics in a rich clan in Nantucket) to “I, Jack Wright” (ditto, but in Britain); from “The Inheritance” (a drama about squabbling Irish siblings) to the confusable “Inheritance” (a reality-TV show). In “Saltburn” another outsider connives to swindle a posh family by means foul and fouler.

These stories turn on wills and trusts, much like some of Jane Austen’s and Anthony Trollope’s novels, or “Bleak House”, “The Hound of the Baskervilles” and several Agatha Christie mysteries. The concerns of those books and periods seem closer than in past decades. Like many of those earlier inheritance plots, “How to Make a Killing” lampoons the mania that lucre (and families) can generate. “Money does buy happiness,” Becket insists—from death row, which somewhat undercuts his judgment.

Despite the satire, however, the film’s sympathies are squarely on rapacious Becket’s side, and it wants yours to be too. Villainy is often seductive; watching an audacious heist come together is fun. But those are not the only reasons audiences may cheer each crossing-off on the Redfellow family tree.

For in a comically twisted way, Becket personifies a meritocratic ideal in a world of nepo-babies. His victims include an obnoxious hedonist and a bogus artist who calls himself “the white Basquiat”. Compared with them, Becket deserves his jackpot. Yes, he earns it through homicide and skulduggery, but in today’s fiction, at least, that seems to be preferable to not earning it at all. ■

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Culture | The show must go on

Why understudies are seeing their wages rise

Understudies are an insurance policy. Their premiums are rising

February 19th 2026

“The bedrock of Broadway”: that is how Hugh Jackman, an Australian film star, described understudies during a curtain call of “The Music Man” in 2021. Beside him stood Kathy Voytko, an understudy who had stepped in to play the leading lady with a few hours’ notice and one hasty rehearsal. Rewarded with a standing ovation from the audience, she cried.

It was a reminder of just how reliant Broadway and West End productions are on understudies, the invisible men and women of the theatre world. These stand-ins come in many different guises. For a play, they are often the familiar figure you might picture: a talented whippersnapper waiting in the dressing room for their chance to dazzle (and suppressing temptations to spike the star’s drink). For a musical, understudies are usually part of the all-singing, all-dancing ensemble who have learned the lead's parts, too. If they are called upon, there are "swings", understudies' understudies, who fill in. Swings regularly cover up to ten different roles; some cover as many as 20.

Understudies make up about a quarter of a big show's cast. In some cases, there are as many performers offstage as on it. But despite weeks of rehearsals and pay, understudies may never see action. They are considered an insurance policy for a theatre producer hedging against the risk of a show being cancelled. Refunding just one night of "The Lion King" on the West End or Broadway could cost up to £200,000 ($275,000) in lost revenue. When you consider that fees for an understudy covering two roles are around £1,000 a week in London, or $2,900 in New York, it is a small price to pay for "hakuna matata".

Understudies' rates are rising faster than those of standard performers. In October Actors' Equity, an American union, announced its latest agreement with Broadway producers, providing a 3% increase for the base rate paid to all actors and a 30% increase for additional swing responsibilities. Swings now earn an extra 6% over a standard performer on the minimum pay rate. In Britain they earn nearly 15% more. Equity, the British performing-arts union, is seeking an increase of around 50% for those additional responsibilities across their main collective agreements.

Why are understudies coming out on top? "It is an incredibly difficult job," says Charlotte Bence of Equity. "We want that essential contribution to be properly recognised." Learning the vocals, moves and lines of up to ten actors—some of which might be lead roles—is no easy feat. They have less rehearsal time, so their memories must be better and vocal ranges wider, all the while being ready to perform a role with little warning.

Long accustomed to waiting in the wings, understudies are now being showered with more attention. One social-media account celebrates the West End debuts of understudies. A video of Hannah Lowther in an emergency rehearsal just four hours before a performance of "Heathers"—to cover a leading role she was not officially an understudy for—garnered nearly 60m views and made her a TikTok star.

"You're On Tonight", a new podcast, offers understudies a chance to soliloquise about their unique job. One episode features David Tarkenter, who was the cover for a one-man show starring and directed by Ralph Fiennes. "You're not paid to go on," he has said. "You're paid to be ready to go on." (He never went on.) Another features Clive Marlowe, who is the longest-serving understudy of all time, having been caught up in Agatha Christie's "The Mousetrap" for 15 years. (He has performed 75 times, about five times per year.)

Theatre's bedrock deserves more recognition. For lots of theatregoers, a blockbuster star is the draw. Refunds are sometimes demanded if an understudy plays the lead. But that attitude is short-sighted. Shirley MacLaine and Catherine Zeta-Jones, two Oscar-winning actresses, got their breaks as understudies. Ms Zeta-Jones was performing in "42nd Street"—a show that, aptly enough, follows an understudy's hit turn. Given the opportunity, understudies can go above and beyond. ■

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Culture | Playing the tuber

The world’s most common vegetable is enjoying a great year

Like chips and pancakes? Lucky you

February 19th 2026

THEy are calling it the Kartoffel-Flut: the potato flood. Germany, the largest producer of spuds in the European Union, is enjoying the biggest harvest in a generation, owing to optimal growing conditions and increased tuber cultivation. Last year’s yield was 17% higher than the long-term average. Belgium, France and the Netherlands have also had a bounty.

In fact, there are so many potatoes—one farm near Leipzig had a surplus of 4,000 tonnes—that they are being given away. Some 200 distribution points have been set up across Berlin. Gasthaus Mutter Hoppe, a restaurant, had a tonne of taters to dish out; a waitress says they “ran out within days”. The

Berliner Tafel, a food bank, took 22 tonnes. Schools, homeless shelters and even the zoo have stocked up.

If you were to have an abundance of any crop, you would pick the potato. Not only does it store well, but it is filling and calorie-dense relative to other vegetables. It also lends itself to an extraordinary variety of meals. Germans are making potato dumplings and pancakes. The organisers of the giveaway have launched a recipe challenge to inspire Kartoffel cooks, sharing tips for soups, salads and plenty more. As Sam memorably says in "The Lord of the Rings", you can "boil 'em, mash 'em, stick 'em in a stew!"

The spud's role in human history is no small potatoes. After the discovery by Spanish conquistadors of cultivation in the Andes, the potato became a staple food worldwide. (Potatoes now feed over 1bn people in more than 150 countries.) Crop failure can have disastrous consequences. After the harvest in Ireland was blighted in 1845, 1m people died and almost 3m emigrated.

To avoid famine, in 1756 Frederick the Great of Prussia issued a "potato decree" that obliged farmers to plant potatoes on at least a tenth of their land. Local lore has it that his royal guards protected potato fields so farmers would think it a precious crop. Visitors sweet on potatoes leave them on Frederick's tomb at Sanssouci Palace in Potsdam. At the moment they can offer tributes by the armful. ■

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Culture | An alternative history of Russia and the world

Was Vladimir Putin's tyranny inevitable?

A new book about Boris Nemtsov, a Putin critic, makes you wonder

February 19th 2026

FORMALLY, THE successor to Russia's first post-Soviet president, Boris Yeltsin, was Vladimir Putin. In every other sense—ideologically, morally, temperamentally—Yeltsin's successor was a liberal politician, Boris Nemtsov (pictured). Yet instead of governing Russia, Nemtsov became a champion of Russia's increasingly beleaguered opposition, before being gunned down in 2015 near the Kremlin, the victim of a Chechen hit squad.

Reading "The Successor", a chronicle of Russia's emergence from Soviet communism and its subsequent collapse into dictatorship, you cannot escape an unsettling question. Yeltsin had once wanted the presidency to go to Nemtsov, a preternaturally gifted statesman and a committed, pro-Western believer in capitalism and liberal democracy. Where would Russia and the world be today if only the old man had stuck with him, instead of shifting to the former KGB officer from St Petersburg?

Nemtsov is still a hero to plenty of Russians. "The Successor" was published in Russia soon after the war with Ukraine began in 2022 and became a bestseller. (Mikhail Fishman, one of Russia's leading independent journalists, wrote his book after he made a popular documentary about Nemtsov.) Born in 1957 in Sochi, on the Black Sea, Nemtsov grew up in Nizhny Novgorod, 400km east of Moscow. He trained as a physicist and became interested in politics almost by accident, after his mother started to protest against the city's plans for a nuclear-powered heating plant. Fearing that she would be arrested, he joined the movement so that he would be able to protect her.

Nemtsov was a natural. By 1990 he was standing for national office against the communist establishment. While they rode about in official cars, he sometimes arrived at meetings in a cheap Moskvich. In a television debate, instead of wearing a suit, he borrowed a friend's sweater. In answer to other candidates' overblown promises, he declared: "I won't promise anything, except one thing. I won't lie."

Nemtsov caught Yeltsin's eye as a legislator. He won his affection by standing with him against an attempted coup in 1991. The Kremlin appointed him governor of Nizhny Novgorod, where he launched Russia's first privatisations. He built roads, invested in phone networks and took on "red directors", who ran their companies as fiefs. He even fostered a free press. Nizhny Novgorod became a showcase for how post-Soviet Russia could prosper—and its governor, reaffirmed by a popular vote, became an international star. In 1994 Yeltsin suggested that he could be the next president of Russia.

However, after Yeltsin lured Nemtsov to serve in Moscow, everything turned to ashes. His stunts irritated the political classes and blew up in his face. He sponsored a presidential decree that officials should surrender their foreign-made limousines for Russian Volgas, which just happened to be made in his home town. But the Volgas were unreliable. His own car supposedly broke down on the way to a cabinet colleague's party—and he was left marooned at the side of the road as officials passed by, hooting with laughter.

The graver problem was that Yeltsin's administration descended into chaos. Miners went on strike. Oil prices fell. The government could not finance its budget, and foreign investors fled. After a default in August 1998, Nemtsov resigned. And that cleared the way for a very different sort of operator.

Mr Putin is Nemtsov in the negative. One man was charismatic, attractive, flamboyant, open, tall and impulsive. The other grey, cold, cautious, private, short and calculating. One wanted to be loved; the other to be feared. One chose democracy; the other yearned for power. Although some of Yeltsin's people were nervous about Mr Putin and his KGB past, few saw his potential to dominate Russia. One reason he succeeded was luck. The price of Urals crude oil rocketed from $18 a barrel in August 1999, when he became prime minister, to $130 a barrel in the summer of 2008. For the first time, Russians felt rich.

Mr Putin was also competent. He reined in regional barons. He proved his loyalty by using kompromat (compromising information) to see off a zealous prosecutor who was pursuing the Yeltsin family. During the second Chechen war, he delighted ordinary Russians by talking tough. People had had enough of chaos, and he was someone with whom different interest groups thought they could live.

That explains how Mr Putin outmanoeuvred Russia's oligarchs. In the late 1990s Boris Berezovsky and Vladimir Gusinsky, two media barons, used their networks to wreck the reputation of Nemtsov for refusing to grant them influence and assets. By contrast, Mr Putin accepted Berezovsky's help to get him into power—and, when the oligarch presumed to claim a kingmaker's privileges, he destroyed him.

Like Yeltsin, the oligarchs believed the tyranny of one-man rule was over. Filthy rich and puffed up by hubris, they thought they could pull strings in the Kremlin. In fact, once they had brought down Nemtsov and democratic politicians like him, there was nobody left to stop the forced march towards despotism.

By the time of his assassination, Nemtsov was back in office, elected to the regional parliament of Yaroslavl, a city north-east of Moscow. Russians were becoming unhappy at Mr Putin's endless, repressive rule. Nemtsov had a purpose again—and an important part to play, too.

It was not to be. A few months after Putin annexed Crimea and fanned conflict in eastern Ukraine in 2014, Nemtsov let rip on live television, calling Mr Putin "fucked in the head". Chechen leaders, who had also been criticised by Nemtsov, saw a chance to prove their absolute loyalty to the tsar. Ten months later they struck.

Russia produces plenty of tyrants and henchmen who do their bidding. It also produces gifted men and women of extraordinary courage. Nemtsov lost, but he could have triumphed. Indeed, like Alexei Navalny, who built a movement by campaigning against corruption, he was murdered because he was dangerous. ■

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Economic & financial indicators

Economic data, commodities and markets

February 19th 2026

Economic data

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	Gross domestic product, % change on year ago: latest		quarter*	2026†	Consumer prices, % change on year ago: latest		2026†	Unemployment rate, %	
United States	2.3	Q3	4.4	2.3	2.4	Jan	3.0	4.3	Jan
China	4.5	Q4	4.9	4.6	0.2	Jan	0.9	5.1	Dec‡§
Japan	0.1	Q4	0.2	0.8	2.1	Dec	1.7	2.6	Dec
Britain	1.0	Q4	0.2	1.2	3.0	Jan	2.5	5.2	Nov††
Canada	1.4	Q3	2.6	1.4	2.3	Jan	2.4	6.5	Jan
Euro area	1.3	Q4	1.4	1.2	1.7	Jan	2.0	6.2	Dec
Austria	0.9	Q3	1.7‡	1.0	2.0	Jan	2.3	5.8	Dec
Belgium	1.1	Q4	0.8	1.2	2.2	Dec	2.2	6.4	Dec
France	1.1	Q4	0.7	1.1	0.4	Jan	1.4	7.7	Dec
Germany	0.4	Q4	1.3	1.0	2.1	Jan	2.2	3.8	Dec
Greece	2.0	Q3	2.4	2.3	2.9	Jan	2.5	7.5	Dec
Italy	0.8	Q4	1.3	0.8	1.0	Jan	1.5	5.6	Dec
Netherlands	1.8	Q4	2.1	1.0	2.2	Jan	2.6	4.0	Jan
Spain	2.6	Q4	3.1	2.0	2.4	Jan	2.2	10.0	Dec
Czech Republic	3.0	Q3	3.2	2.5	1.6	Jan	2.0	3.0	Q4‡
Denmark	4.0	Q3	9.2	1.9	0.7	Jan	1.5	2.9	Dec
Norway	2.2	Q4	-1.3	1.4	3.6	Jan	2.8	4.4	Nov‡‡
Poland	4.0	Q4	4.1	3.5	2.2	Jan	2.4	6.0	Jan§
Russia	0.6	Q3	0.4	0.6	6.0	Jan	4.9	2.2	Dec§
Sweden	1.9	Q4	0.8	2.4	0.4	Jan	1.3	8.6	Jan§
Switzerland	0.5	Q3	-2.1	1.1	0.1	Jan	0.5	2.9	Jan
Turkey	3.7	Q3	4.4	3.6	30.7	Jan	25.4	7.8	Dec§
Australia	2.1	Q3	1.6	2.4	3.8	Dec	2.6	4.1	Jan
Hong Kong	3.8	Q4	4.1	2.5	1.5	Dec	1.8	3.8	Dec‡‡
India	8.2	Q3	8.4	7.2	2.7	Jan	3.5	6.9	Jan
Indonesia	5.4	Q4	6.7	5.2	3.5	Jan	2.8	4.9	Aug§
Malaysia	6.3	Q4	3.8	5.1	1.6	Jan	2.0	2.9	Dec§
Pakistan	3.7	2025**	na	3.5	5.8	Jan	5.0	6.9	2025
Philippines	3.0	Q4	2.4	4.5	2.0	Jan	2.2	5.0	Q4§
Singapore	6.9	Q4	8.7	2.9	1.2	Dec	1.4	2.0	Q4
South Korea	1.5	Q4	-1.1	2.5	2.0	Jan	1.8	4.1	Jan§
Taiwan	12.7	Q4	23.6	6.9	0.7	Jan	1.5	3.4	Dec
Thailand	2.5	Q4	7.8	1.7	-0.7	Jan	0.6	0.7	Dec§
Argentina	3.3	Q3	1.1	3.0	32.4	Jan	27.2	6.6	Q3§
Brazil	1.8	Q3	0.4	1.8	4.4	Jan	4.0	5.1	Dec§‡‡
Chile	1.6	Q3	-0.6	2.2	2.8	Jan	3.0	8.1	Dec§‡‡
Colombia	2.2	Q4	0.5	2.8	5.4	Jan	5.7	8.0	Dec§
Mexico	1.6	Q4	3.2	1.4	3.8	Jan	3.7	2.6	Dec
Peru	3.4	Q3	5.7	2.7	1.7	Jan	1.6	9.7	Jan§
Egypt	5.3	Q3	39.4	5.3	11.9	Jan	10.8	6.2	Q4§
Israel	3.7	Q4	4.0	4.8	1.8	Jan	1.9	3.1	Dec
Saudi Arabia	4.5	2025	na	4.5	1.8	Jan	1.9	3.4	Q3
South Africa	2.1	Q3	2.0	2.0	3.4	Jan	3.4	31.4	Q4§

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

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	Current-account balance, % of GDP, 2026†	Budget balance, % of GDP, 2026†	Interest rates, 10-yr gov't bonds latest, %		Interest rates, change on year ago, bp	Currency units, per $ Feb 18th	Currency units, % change on year ago
United States	-3.5	-6.5	4.1		-46.0	-	
China	2.7	-5.7	1.6	§§	12.0	6.91	5.2
Japan	4.3	-3.3	2.1		75.0	153	-1.2
Britain	-2.6	-5.0	4.4		-12.0	0.74	8.1
Canada	-1.0	-2.2	3.2		12.0	1.36	3.7
Euro area	2.5	-3.4	2.7		23.0	0.84	13.0
Austria	1.0	-4.2	3.0		12.0	0.84	13.0
Belgium	-1.6	-4.5	3.2		19.0	0.84	13.0
France	-0.3	-5.2	3.3		15.0	0.84	13.0
Germany	4.6	-3.8	2.7		23.0	0.84	13.0
Greece	-5.1	nil	3.4		-3.0	0.84	13.0
Italy	1.4	-2.9	3.4		-22.0	0.84	13.0
Netherlands	7.1	-2.9	2.8		12.0	0.84	13.0
Spain	2.3	-2.6	3.1		7.0	0.84	13.0
Czech Republic	0.8	-2.5	4.4		41.0	20.5	16.6
Denmark	11.5	1.3	2.6		35.0	6.30	12.8
Norway	12.2	8.9	4.2		26.0	9.53	16.5
Poland	-1.0	-6.6	4.9		-96.0	3.56	11.5
Russia	1.4	-2.5	14.2		-157	76.7	19.2
Sweden	5.5	-1.9	2.6		28.0	8.97	19.3
Switzerland	3.3	0.2	0.2		-24.0	0.77	16.9
Turkey	-1.2	-3.4	28.1		204	43.7	-17.1
Australia	-1.4	-1.7	4.7		35.0	1.41	11.3
Hong Kong	11.8	-3.4	2.9		-87.0	7.82	-0.5
India	-1.0	-4.1	6.7		nil	90.6	-4.2
Indonesia	-0.2	-3.1	6.4		-32.0	16,851	-3.7
Malaysia	2.3	-3.5	3.5		-29.0	3.90	13.6
Pakistan	-0.8	-4.4	11.3	†††	-91.0	279	nil
Philippines	-2.9	-5.8	5.9		-25.0	57.8	0.3
Singapore	14.9	0.2	1.9		-95.0	1.26	6.3
South Korea	4.9	-2.4	3.6		68.0	1,445	-0.2
Taiwan	23.3	0.7	1.4		-17.0	31.4	4.3
Thailand	2.6	-4.7	1.8		-53.0	31.3	7.7
Argentina	-1.6	0.4	na		na	1,393	-24.0
Brazil	-2.8	-7.1	13.5		-148	5.22	9.4
Chile	-2.0	-1.7	5.3		-72.0	866	9.4
Colombia	-2.6	-6.4	12.9		162	3,664	11.9
Mexico	-0.5	-3.8	8.8		-104	17.1	18.5
Peru	1.4	-2.5	5.8		-70.0	3.35	10.5
Egypt	-1.8	-6.2	23.1		-163	46.9	7.9
Israel	2.1	-3.9	3.7		-58.0	3.10	14.8
Saudi Arabia	-3.4	-4.2	na		na	3.75	nil
South Africa	-0.1	-4.4	7.9		-258	16.0	14.8

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

Markets

In local currency	Index Feb 11th	% change on: one week	% change on: Dec 31st 2025
United States S&P 500	6,941.5	0.9	1.4
United States NAS Comp	23,066.5	0.7	-0.8
China Shanghai Comp	4,132.0	0.7	4.1
China Shenzhen Comp	2,695.2	0.4	6.5
Japan Nikkei 225	57,650.5	6.2	14.5
Japan Topix	3,855.3	5.5	13.1
Britain FTSE 100	10,472.1	0.7	5.4
Canada S&P TSX	33,254.2	2.1	4.9
Euro area EURO STOXX 50	6,035.6	1.1	4.2
France CAC 40	8,313.2	0.6	2.0
Germany DAX*	24,856.2	1.0	1.5
Italy FTSE/MIB	46,510.8	-0.3	3.5
Netherlands AEX	1,009.0	1.9	6.1
Spain IBEX 35	18,044.5	-0.3	4.3
Poland WIG	126,500.5	-0.8	7.9
Russia RTS, $ terms	1,121.5	-1.4	1.2
Switzerland SMI	13,547.1	0.3	2.1
Turkey BIST	13,787.8	-0.7	22.4
Australia All Ord.	9,281.8	0.8	2.9
Hong Kong Hang Seng	27,266.4	1.6	6.4
India BSE	84,233.6	0.5	-1.2
Indonesia IDX	8,291.0	1.8	-4.1
Malaysia KLSE	1,756.4	0.8	4.5
Pakistan KSE	183,049.8	-2.5	5.2
Singapore STI	4,984.6	0.4	7.3
South Korea KOSPI	5,354.5	-0.3	27.1
Taiwan TWI	33,605.7	4.1	16.0
Thailand SET	1,411.7	4.8	12.1
Argentina MERV	3,017,641.0	0.1	-1.1
Brazil BVSP*	189,699.1	4.4	17.7
Mexico IPC	71,601.4	4.2	11.3
Egypt EGX 30	49,700.2	0.1	18.8
Israel TA-125	4,136.0	0.9	12.9
Saudi Arabia Tadawul	11,167.5	-1.5	6.5
South Africa JSE AS	121,752.9	0.8	5.1
World, dev'd MSCI	4,568.9	1.4	3.1
Emerging markets MSCI	1,564.5	2.1	11.4

US corporate bonds, spread over Treasuries

Basis points	latest	Dec 31st 2025
Investment grade	91	93
High-yield	348	354

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

Commodities

The Economist commodity-price index

2020=100	Feb 10th	Feb 17th*	% change on month	% change on year
Dollar Index				
All items	144.9	142.3	-3.4	-0.6
Food	138.4	137.4	-0.6	-15.7
Industrials				
All	150.3	146.4	-5.5	15.5
Non-food agriculturals	136.3	136.9	3.7	-1.9
Metals	153.9	148.8	-7.4	20.5
Sterling Index				
All items	136.2	135.4	-3.7	-7.1
Euro Index				
All items	139.0	137.7	-4.1	-11.9
Gold				
$ per oz	5,018.7	4,885.9	3.0	66.9
Brent				
$ per barrel	68.9	67.5	3.9	-11.5

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

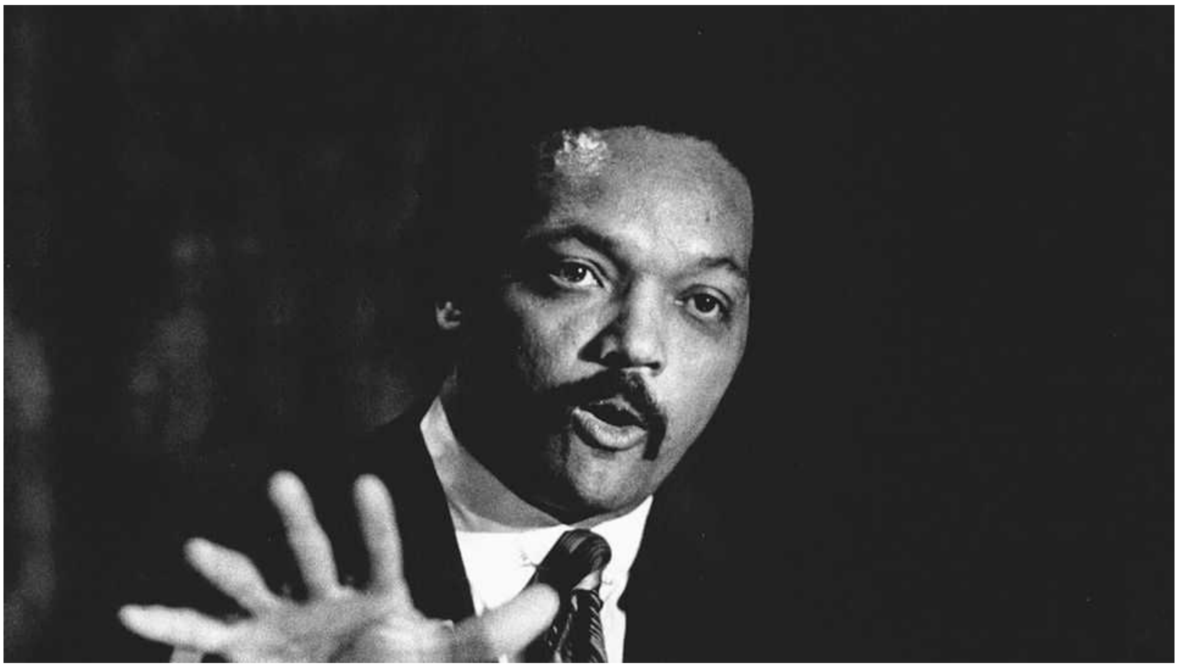
Obituary

Obituary | The trail-blazer

Jesse Jackson made a black president possible

The activist and civil-rights leader died on February 17th, aged 84

February 19th 2026



He heard the crack of the gun. Then saw the impact: blood gushing from the neck and jaw, the tie blown off. The date was April 4th 1968; the place was Memphis, Tennessee. Immediately he raced upstairs, to the balcony of the motel where Martin Luther King lay dying. As he told it, he cried out to him, cradling his head, letting his mentor's blood pour over his clothes.

All King's closest aides had rushed to help him, but it was he, Jesse Jackson, burning with grief and righteous anger, who flew back to his base in Chicago to appear on the "Today" show with King's blood still on him. He told the audience that there had been a crucifixion: the man of love killed by hate, the man of peace killed by violence. He had been there. And for a certainty he would also be there when resurrection came.

Other witnesses remembered King's end differently. It hardly mattered. He knew he was the man with the energy, electricity and sublime preacher's oratory to carry on where King had left the civil-rights cause. Fired by this persuasion, he carried on for half a century campaigning, protesting, motivating and getting under the skin of those who thought he was mostly serving himself. He was adamant that he was not. It needed a leader—someone with intelligence and courage, will, discipline, divine inspiration—to make King's long arc of moral justice bend just that bit faster.

Twice, in 1984 and 1988, he ran for president, the first African-American man to do so for a major party. His platform was partly classic left liberalism: taxing the rich, cutting defence and using the savings for social programmes. But he also had a glorious vision of an America where the disinherited and disrespected, the despised and rejected, were taken up, cared for and placed at the centre of national politics; where there was true equality of education and opportunity and abundant jobs; where the priority of government was to feed the hungry, clothe the naked and choose not the nuclear race, but the human race. Jesus's Sermon on the Mount showed how the Democratic Party could revive itself this way, block by block, precinct by precinct. Vote by vote.

Broader still was his mission to transform the American mind, from conflict and self-interest to co-operation, with all colours, trades and professions working together to find common ground for the common good. From finger-pointing to clasped hands. His political vehicles, eventually combined, were the National Rainbow Coalition and People United to Save Humanity (PUSH); their names said it all. America's great diversity put him in mind of the quilts his grandmother used to make, using every scrap and patch of wool, silk, gaberdine and crockersack. Sewn together, they made a thing of beauty. They also made the perfect metaphor for an expanding, all-embracing Democratic Party.

Those quilts told a story of personal poverty he loved to emphasise. It was not untrue. Born to a teenage mother with runs in her stockings, abandoned by his father, he was largely raised by his grandmother in a shotgun shack with a slop-jar by the bed. A boy good for nothing, probably. Yet he was clever, loved words and naturally took charge. As a star quarterback, he learned to think tactically and motivate people.

Until he went to college in Illinois, he was in the segregated South; an early memory was being led, by his mother, to the back of the bus. It did not take him long—just to the moment he was turned away from a public library in his hometown, Greenville, South Carolina—to start organising protests. His future as a minister was put on hold then, though he later resumed it. In 1965 he met King, by chance, and felt his whole body tremble as his hero greeted him by name. His activism had been noted. They did not always agree, but he, at least, knew he was the heir apparent.

When he ran for president, though, the nation as a whole turned its back on his dreams. The sight of him winning primaries sent establishment Democrats scuttling to find a candidate safer, whiter and (they vainly hoped) properly electable. In 1988 he was overlooked even for vice-president. But the quarterback played a long game. His drive to get African-Americans to register had increased the total vote in the 1984 Democratic primaries in Georgia and Alabama by almost 80%. PUSH made itself felt at ground level in long-neglected places, not only organising boycotts of prejudiced businesses but also paying for college scholarships and saving poor homeowners from foreclosure. (Teach the illiterate, house the homeless.) He led children of all colours in chants of "I am somebody!" and urged adults to "Keep hope alive!" Their time would come. In 2008 came that highest of high moments, when his party produced the first African-American president. With his oratory, his slogan "Yes We Can!" and his deliberate pitch to those disrespected ones, Barack Obama followed the very path Mr Jackson had mapped out in 1984.

That remained the way he saw himself. He offered leadership, but he was truly a trailblazer, a freewheeling public servant whose place was ministry, not elected office. He preferred to be, like King, a moral force. He was not much impressed with the groups, such as Black Lives Matter, that were trying to provoke the whole system from outside. By his later years, he had learned to work with a boundless loving heart both with capitalism and with institutions that were still doggedly white. Anger should be turned into votes. The rainbow vision persisted.

So too did his memories of the events of April 4th 1968. To think of them was like tearing the scab from a sore. On Mr Obama's victory night, he wept that King had not lived to see it. After describing his death in later years he would sometimes pause and pant for breath, as though he was exhausted. In truth he had never stopped campaigning from that moment, and the resurrection had still not fully come to pass. But as he had promised, and as he firmly believed, God was not finished with him yet. ■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