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NOVEMBER 15TH-21ST 2025

HOW MARKETS COULD TOPPLE THE ECONOMY

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THE WORLD
AHEAD 2026,
OUR GUIDE TO
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The Economist

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The world this week

Politics

Nov 13, 2025 05:30 PM



America's Congress passed legislation to end the [government shutdown](#), the longest on record. Several Democrats voted with Republicans to break the impasse, though the deal does nothing to tackle the Democrats' main concern about the forthcoming expiry of health-insurance tax credits; a separate vote has been promised on that issue. Some left-wingers mumbled that Chuck Schumer should resign as the party's leader in the Senate. Federal workers who were on furlough returned to work; they will receive back pay.

The *USS Gerald R. Ford*, the world's largest warship, arrived in **Latin American** waters, part of a military deployment in the region ordered by Donald Trump to fight drug-smuggling at sea. Tensions are high. Speculation is rife in Venezuela that America will invade the country and topple Nicolás Maduro from the presidency. Colombia's president, Gustavo

Petro, has ordered his intelligence services not to share information with the United States.

Fighting between rival gang members at a prison in **Ecuador** killed at least 31 inmates. Most of them had been hanged. The prison service said the trouble started when the convicts resisted being transferred to a new maximum-security prison, a facility which Daniel Noboa, the president, says will break the gangs' network. At least 300 criminals were recently sent to the new penitentiary.

COP30, the UN conference on climate change, opened in Belém, in northern Brazil. The two-week summit will take place without the United States; Mr Trump withdrew his country from the gathering.

Truthiness at the Beeb

The director-general of the [BBC](#), Britain's public broadcaster, quit, following revelations that it had run a programme that stitched together two separate parts of Donald Trump's speech on January 6th 2021 to create an untrue impression of his remarks ahead of the storming of the Capitol in Washington. The programme was broadcast in October 2024 and produced by an independent company. The BBC's head of news also resigned. The organisation's critics have long claimed it has a left-wing bias, pointing to a litany of complaints about its reporting, such as on Gaza. Mr Trump has threatened to sue.

[Ahmed al-Sharaa, Syria's leader](#), visited the White House. After a meeting with Mr Trump it was announced that Syria would join the American-led coalition against Islamic State, a jihadist group still present in Syria. To boost reconstruction, Mr Trump also said that he would suspend some sanctions that have been imposed on the country under the Caesar Act for six months.

In **Iraq** Muhammad Shia al-Sudani, the prime minister, secured another term in office following a parliamentary election that was won by the coalition he leads. Turnout was a little over 56%.

Jihadists in **Mali** executed a young social-media influencer who supported the country's junta. They also claimed to have killed 48 soldiers and wounded dozens more in an attack, though the army did not confirm the death toll. Conditions in Mali have deteriorated sharply since September, when the jihadists began stopping lorries from delivering fuel. For weeks schools have been shut and business has been disrupted, including in Bamako, the capital.

A [car explosion](#): near the historic Red Fort in **Delhi**, India's capital, killed at least eight people and was being investigated as an act of terrorism. The Indian press reported that the possible suspect was probably linked to a group of plotters arrested near Delhi earlier in the day, who were found with large quantities of explosives. Narendra Modi, the prime minister, said that “The conspirators behind this will not be spared.”



A suicide-bomber killed 12 people in Islamabad, the first attack on civilians in **Pakistan's** capital in a decade. The government blamed the Pakistani Taliban that operates from **Afghanistan** and said the terrorists were supported by **India**, a claim that India's foreign ministry described as baseless. Militants also attacked a military school in north-west Pakistan. “We are in a state of war,” said the defence minister. The Taliban

government in Kabul denies that the Pakistan Taliban launches attacks from Afghan territory.

Wading in dangerous waters

China lodged a formal protest after **Japan**'s new prime minister, Takaichi Sanae, suggested that any attack by China on Taiwan threatened Japan's survival and would warrant a military response. Chinese state media described her as a "troublemaker". China's consul in Osaka suggested Ms Takaichi's head should be cut off in a social-media post that was later deleted.

Four Thai soldiers were injured by a landmine while patrolling the border with **Cambodia**, causing **Thailand** to suspend the recently signed deal to cease hostilities that have flared up this year. Anutin Charnvirakul, the Thai prime minister, said the incident demonstrated that Cambodia is a continuing security threat. Cambodia denies laying fresh mines. A later skirmish between Thai and Cambodian troops near a disputed village killed one person.

Thailand's King Maha Vajiralongkorn made a **state visit to China** to mark 50 years of diplomatic relations. Thailand is an American ally, but the king's visit underscores what the Thai government describes as a "deep-rooted friendship and mutual understanding" with China.

Nicolas Sarkozy was released from the prison where he was sent immediately after receiving a five-year sentence for conspiring to fund an election campaign with illicit money from Libya. The former French president's lawyers had requested his release pending his appeal against the verdict. He is subject to strict supervision ahead of that appeal.

Hungary's populist-right prime minister, Viktor Orban, visited the White House, where he secured an opt-out from America's sanctions on Russian oil. Hungary relies heavily on Russian energy imports. In order to secure the opt-out, Mr Orban agreed to buy more American liquefied natural gas.

Turkish prosecutors said they would seek a prison sentence of up to 2,352 years for Ekrem Imamoglu, the mayor of Istanbul, who is in detention ahead of his trial for alleged corruption. His supporters say the charges are politically motivated. Mr Imamoglu is the main rival to Recep Tayyip Erdogan, **Turkey's** president. His arrest in March triggered protests and a fall in the stockmarket. Separately, 20 Turkish troops were killed when their transport plane crashed in Georgia.

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The world this week

Business

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SoftBank sold its entire stake in Nvidia for \$5.8bn. It will use the money to help fund its other AI investments, which include the Stargate project and a possible \$1trn AI and robotics hub in Arizona. Its investment in OpenAI, which is a partner in Stargate, is \$30bn alone. The Japanese tech conglomerate made net income of ¥2.5trn (\$16.2bn) in the latest quarter, double its profit from the same period last year, in part because of investment gains at its Vision Funds. SoftBank also announced a four-for-one stock split starting in January that it hopes will make its shares more accessible to investors.

SoftBank's share price fell on the news it was cashing out of Nvidia, underlining investors' skittishness about the uncertainty of the huge bets being placed on AI. **Tech stocks** tumbled recently after several companies announced big increases in their AI spending. The NASDAQ Composite fell

by 3% over a week, though it has since bounced back. Confounding the sceptics, AMD's stock surged after it forecast bumper sales for its AI chips.

Tesla's share price struggled to recover from the tumble it took after [Elon Musk's \\$1trn pay package](#): was approved by the carmaker's shareholders. Mr Musk will obtain the \$1trn reward only if Tesla hits a series of highly ambitious financial and sales goals, including in its development of AI. Mr Musk came onto the stage at the shareholders' meeting accompanied by dancing robots.

Britain's economy grew by a tepid 1.3% in the third quarter, year on year, and by just 0.1% compared with the second quarter. Separate data showed the unemployment rate had risen to 5%, the highest since late 2020 and early 2021, amid the pandemic. The figures complicate the economic picture for the government as it considers a tax-raising budget on November 26th.

Britain's weak job figures helped propel the **FTSE 100** share-price index to a record high, as investors bet that the Bank of England was now all but certain to cut interest rates at its meeting in December.

Foxconn's revenues from making AI servers and data-centre equipment surpassed revenues from its consumer-electronics business, such as assembling the iPhone, for the second quarter in a row. The company said it would soon announce a deal with OpenAI.

Lukoil's luck runs out

Lukoil, a big Russian oil company, was thrown into crisis after its proposal to sell its international assets to Gunvor, a commodities-trading group, was blocked by America. Lukoil has been forced to sell its holdings because of America's sanctions on Russian energy, which come into force on November 21st. The US Treasury said it would not grant a licence to Gunvor to use the assets, describing it as "the Kremlin's puppet" in a social-media post. Gunvor said the statement was "fundamentally misinformed and false". Lukoil now has to find another buyer, or write off the assets.

The Trump administration stepped up its effort to scrap the **Consumer Financial Protection Bureau**, an independent government agency, by deciding that the way it is funded is illegal. The CFPB gets its funding from the Federal Reserve, and says it has enough money to continue operating until at least the end of the year. The agency has been hated by conservatives ever since its launch in 2011 under the Dodd-Frank Act.

Paramount published its first earnings since being taken over by Skydance Media and reported a big rise in revenues from streaming. It is increasing the subscription cost in America for Paramount+ from January. Paramount Skydance, as it is formally known, also increased its estimate of cost savings (ie, lay-offs) from the merger from \$2bn to \$3bn.

The battle of the bulge

Underlining the intense competition in the market for weight-loss drugs, **Pfizer** won a bidding war for **Metsera**, a biotech firm specialising in obesity treatments, with a deal worth up to \$10bn. Pfizer had to increase its offer when Novo Nordisk submitted a rival proposal in late October. The process even went to court, when Pfizer tried to get a judge to block Novo's proposal (the judge rejected the lawsuit). Metsera described Pfizer's litigation as "nonsense", but it ultimately accepted Pfizer's deal because Novo's plan risked an antitrust challenge.

Beyond Meat

Share price, 2025, \$



Source: LSEG Workspace

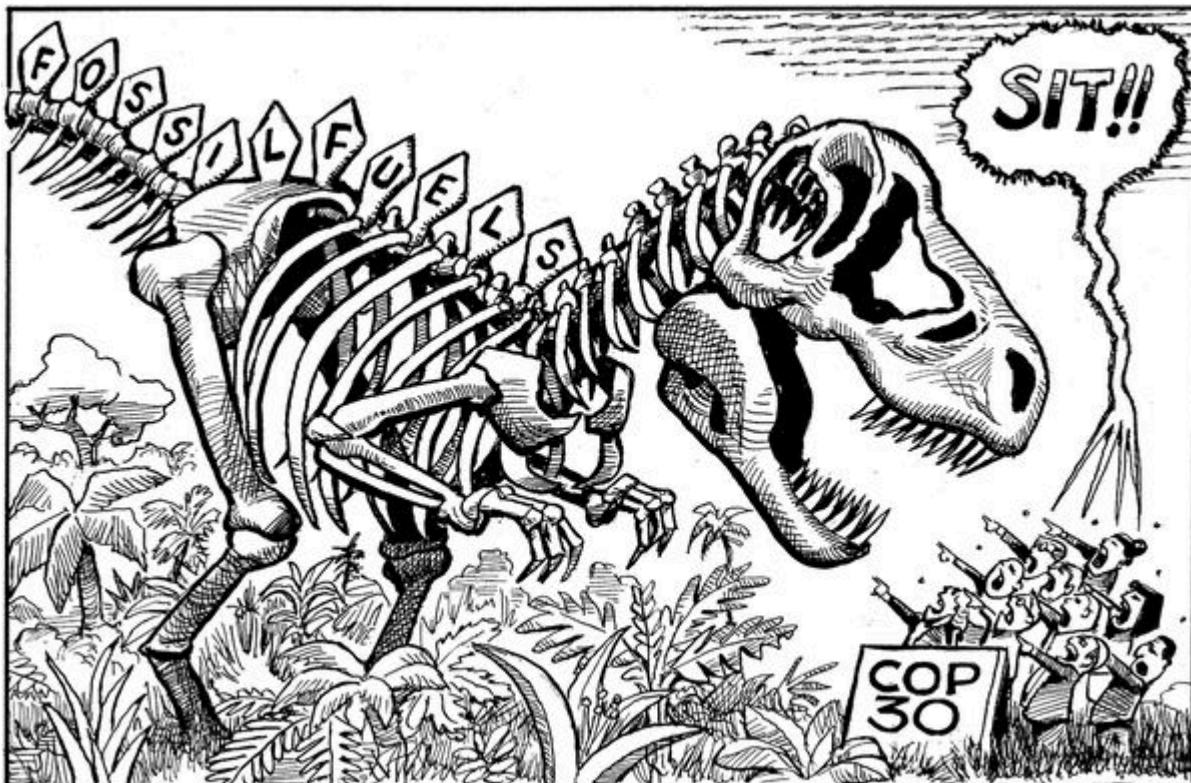
Beyond Meat reported another quarterly net loss and produced a sales forecast that came in under analysts' expectations. The maker of plant-based meat was the darling of Wall Street in 2019 when its share price surged to almost \$240, before the pandemic and rising cost of living caused consumers to spurn its pricey grub. Though the share price has since slumped it has lately become something of a meme stock, rising by nearly 600% over three days in October.

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The world this week

The weekly cartoon

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The editorial cartoon appears weekly in The Economist. You can see last week's [here](#).

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The World Ahead

- **[The World Ahead 2026](#)**

Future-gazing analysis, predictions and speculation

The World Ahead

The World Ahead 2026

Future-gazing analysis, predictions and speculation

Nov 13, 2025 05:30 PM



EVERY NOVEMBER we publish our annual predictive guide to the coming year, The World Ahead. In this year's edition, our correspondents and invited experts consider the uncertain global outlook in [geopolitics](#), [economics](#), [technology](#) and [culture](#); analyse how Donald Trump's reshaping of global norms means [problems for Europe](#) and [opportunities for China](#); and look forward to [space missions](#), [video games](#) and [improved weight-loss drugs](#).

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Artificial-intelligence test

How markets could topple the global economy

If the AI bubble bursts, an unusual recession could follow

Nov 13, 2025 05:30 PM



IF AMERICA'S STOCKMARKET crashes, it will be one of the most predicted financial implosions in history. Everyone from bank bosses to the IMF has warned about the stratospheric valuations of America's tech companies. Central bankers are bracing for financial trouble; investors who made their names betting against subprime mortgage bonds in 2007-09 have resurfaced for another "big short". At any sign of a wobble, such as a recent slight

weekly fall in the NASDAQ index of tech stocks, speculation mounts that the market is on the precipice.

And no wonder. The cyclically adjusted price-earnings ratio of the S&P 500 index of stocks, propelled by the “magnificent seven” tech giants, has reached levels last seen during the dotcom boom. Investors are betting that the vast spending on artificial intelligence (AI) will pay off. Yet the numbers are daunting. For companies to achieve a 10% return on the AI capex projected by 2030, they will collectively need \$650bn of annual AI revenues —equivalent to over \$400 per year from every iPhone user, reckons JPMorgan Chase, a bank. History shows such lofty expectations are often disappointed, at first, by new technologies, even if they go on to change the world.

Read the rest of our cover package

- [The hidden risks in Taiwan’s boom](#)
- [Recessions have become ultra-rare. That is storing up trouble](#)
- [The seven deadly sins of corporate exuberance](#)

Yet although a market crash would surprise almost nobody, few have thought about its consequences. That is partly because the chances of a big fall in stockmarkets bringing about a broad financial crisis are, for now, slim. Unlike in the late 2000s, when widespread leverage and complex financial engineering helped cause a debt-fuelled bubble in subprime housing, today’s AI euphoria has been mostly equity-financed. What is more, the real economy has shown in recent years that it can weather shocks, from Europe’s energy crisis to American tariffs, remarkably well. [Recessions are increasingly rare events](#):

Still, it would be a mistake to think that the effect of big stockmarket losses would stop at the wallets of investors. [The longer the boom goes on, the more opaque its financing becomes](#): And even without financial Armageddon, a dramatic stockmarket fall might at last topple a hitherto resilient world economy into a downturn.

The root of the vulnerability is the American consumer. Stocks account for 21% of the country’s household wealth—about a quarter as much again as

at the height of the dotcom boom. Assets related to AI are responsible for nearly half the increase in Americans' wealth over the past year. As households have become wealthier, they have grown comfortable saving less than they did before the covid-19 pandemic (albeit not as little as during the subprime boom).

A crash would put these trends into reverse. [We calculate](#) that a fall in stocks comparable to the dotcom bust would reduce American households' net worth by 8%. That could cause a big retrenchment in consumer spending. By one rule of thumb, the pullback would amount to 1.6% of GDP—enough to push America, where the labour market is already suffering, into a recession. The effect on the consumer would dwarf what is likely from any [drying up of ·AI investment, much of which goes on chips imported from Taiwan:](#).

The shock, and weaker American demand, would spill over to low-growth Europe and deflationary China, compounding the blow to exporters from President Donald Trump's tariffs. And because foreigners have \$18trn-worth of exposure to American stocks, there would be a mini-wealth effect globally.

The good news is that a global recession with its roots in the equity markets need not be deep—just as the downturn that followed the dotcom crash was shallow, and avoided by many big economies. Importantly, the Federal Reserve has enough room to lower interest rates to boost demand, and some countries would respond with fiscal stimulus. Yet a downturn would expose vulnerabilities in today's economic and geopolitical landscape by further weakening America's hegemony, undermining government budgets and worsening protectionist instincts.

Without the AI boom, the American economy would be left looking as it did in the spring: threatened by tariffs, beleaguered institutions and increasingly fractious politics (as we published this, America's longest-ever government shutdown was only just coming to an end). In a recession America would usually be a haven. But in these circumstances—and with America taking the worst growth downgrade—a rush to the dollar, which is down by 8% this year, would not be assured. Although a weaker dollar would be a blessing for the rest of the world, for which a pricier greenback tightens

financial conditions, it would strengthen the idea that American exceptionalism is not what it was. The risk to the dollar would be especially great given that 2026 could bring far greater political influence over the Federal Reserve, as our annual supplement, *[The World Ahead 2026](#)*, explains.

A recession would also put indebted governments everywhere to a stern fiscal test. Central banks would cut interest rates, easing the costs of servicing the rich world's enormous debt pile, which is worth 110% of its GDP. But deficits would widen, too, as welfare spending rose and tax receipts fell. In the most vulnerable economies, fiscal fears might cause long-term bond yields to stay put or even rise as central banks cut short-term rates—a dynamic that has occasionally been on display over the past two years. It is hard to imagine markets affording France or Britain, say, much space for stimulus.

The final consequence would be for trade. Americans spending less would almost certainly reduce the trade deficit, which would please Mr Trump. With markets in a bad way, the White House would also be less belligerent on trade. But the other global-trade flashpoint—China's surplus in manufactured goods—would worsen. Already, European and Asian producers must compete with a glut of Chinese goods, which is growing as China exports less to America. A slowdown in America would cause that glut to swell further, sharpening the protectionist backlash. The world may be predicting an American stockmarket crash. That does not mean it is prepared for the consequences. ■

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Trade and exchange rates

The hidden risks in Taiwan's boom

A weak-currency policy is punishing consumers and storing up financial risk

Nov 13, 2025 05:30 PM



TAIWAN IS ENVIED for its exporting prowess: it is home to all of the world's cutting-edge chipmaking. Just as extraordinary, but much less appreciated, is its towering current-account surplus, the result not just of a trade boom but of a long-undervalued currency. This aided Taiwan's export-led rise, but it has long outlived its purpose. While manufacturers have been coddled, ordinary Taiwanese consumers have been deprived of the fruits of growth,

and financial risks are building up. It is time for Taiwan to loosen its grip on its currency.

Taiwan's vast surpluses have been years in the making. For decades its central bank, known as the CBC, has kept the currency undervalued, giving manufacturing exporters a competitive boost. According to the GDP-adjusted Big Mac index, our measure of how far exchange rates depart from their underlying values, the Taiwan dollar is 55% undervalued against the American dollar—the most in the world.

Read the rest of our cover package

- [Taiwan's amazing economic achievements are yielding alarming strains:](#)

As a consequence, in this century Taiwan has run the world's biggest current-account surplus as a share of output, once entrepots and petrostates are excluded. And lately, thanks to the artificial-intelligence boom, Taiwan's imbalances have gone into overdrive. In October its goods-trade surplus hit a record high of 31% of GDP in annualised terms—a quadrupling since the pandemic. According to the latest data for this year, Taiwan's current-account surplus has reached 16% of GDP. By comparison, China, the archetypal surplus economy, is running a current-account surplus of just 3%.

The problem with all this is that the cheap currency has become a costly and dangerous anachronism. For a start, it no longer delivers the benefits it once did. Taiwan is no longer an industrialising economy; its annual GDP per person now exceeds that of Japan. Its stock of foreign reserves, at \$600bn, is large enough to cushion the impact of a Chinese blockade or a financial crisis. And the best of Taiwan's chip- and computer-makers, which are responsible for three-quarters of total exports and nearly half of nominal GDP, can shrug off a stronger currency. A 20% appreciation in the Taiwan dollar would knock perhaps eight percentage points off the operating margins of TSMC, the world's leading chipmaker—still leaving them plumper than Alphabet's or Apple's.

At the same time, the costs and distortions of having an undervalued currency are mounting. First, it is a tax on consumers. In an economy that depends on imports for food, fuel and goods, the cheap currency has shifted purchasing power from ordinary households to exporters. The result has been that even by export-economy standards, [Taiwan saves too much and consumes too little](#). Since 1998 private consumption as a share of output has tumbled by 20 percentage points. A policy that was meant to help Taiwan get rich is now depriving ordinary Taiwanese.

Another distortion is that the cheap currency is inflating property prices. Printing currency to buy foreign exchange has flooded Taiwan's financial system with liquidity and pushed down interest rates. That combination lies behind a quadrupling of house prices since 1998. And the weak-currency policy has seeded risk deep in the heart of Taiwan's financial system—a third distortion. To recycle the proceeds of its surpluses Taiwan has leaned on its life-insurance industry, which has poured nearly \$1trn of households' savings largely into American Treasuries. But that has created a giant currency mismatch, because Taiwan-dollar liabilities are being funded with American-dollar assets. An abrupt move in either currency could wipe out the insurers, threatening a financial crisis.

Why, then, has the policy persisted? One reason is the export lobby. Taiwan's chipmakers could withstand a stronger currency, but existing policy has propped up a cohort of manufacturers that subsist on thin margins and would be severely hurt by an appreciation. Such firms make up perhaps 70% of manufacturing employment. Another reason is the CBC's unusual power. Printing Taiwan dollars to hoover up foreign-currency assets has minted handsome profits, which are remitted to the government and have become a big source of revenue. Central-bank transfers make up 6% of total government receipts, compared with a rich-world average of 0.4%. This bolsters the CBC's political authority, allowing its powerful governor to cow critics into submission (something the CBC denies).

The situation is becoming increasingly precarious. One risk is that further depreciation in the American dollar destabilises Taiwan's life insurers, which have become too big to fail. A second danger is that American trade-surplus hawks take flight again, using tariffs and their security leverage to

force Taiwan to revalue. That could happen at any time: unlike South Korea, Japan or China, Taiwan has yet to clinch a trade deal with Donald Trump. Fears of such a clash after “Liberation Day” were enough to spark an abrupt 9% appreciation of the currency against the greenback in May.

That is why Taiwan must unpick its outdated economic model—and build a better one. The CBC should gradually loosen its grip on the currency. Inevitably, the transition will be fraught with political and financial risks. Manufacturers kept on life-support by Taiwan’s export subsidy will have to scale back or shut down. Too rapid an appreciation could blow up the life-insurance industry. But these risks can be managed.

Taipei 101

Taiwan’s government, with gross debt of just 23% of GDP, has room to help retrain laid-off workers. Insurers will suffer losses, but can manage the transition if they are given time. The CBC also has a crucial advantage: gently strengthening a currency is easier than doing the opposite, as Javier Milei is discovering in Argentina. The CBC can always print Taiwan dollars to fend off speculators pre-empting a stronger currency.

The key is for the CBC to establish a long-term path for the currency, as Singapore does. China, too, has managed a modest yuan appreciation in recent decades. And in return, ordinary Taiwanese will at last be able to enjoy more of the fruits of their country’s extraordinary export miracle. ■

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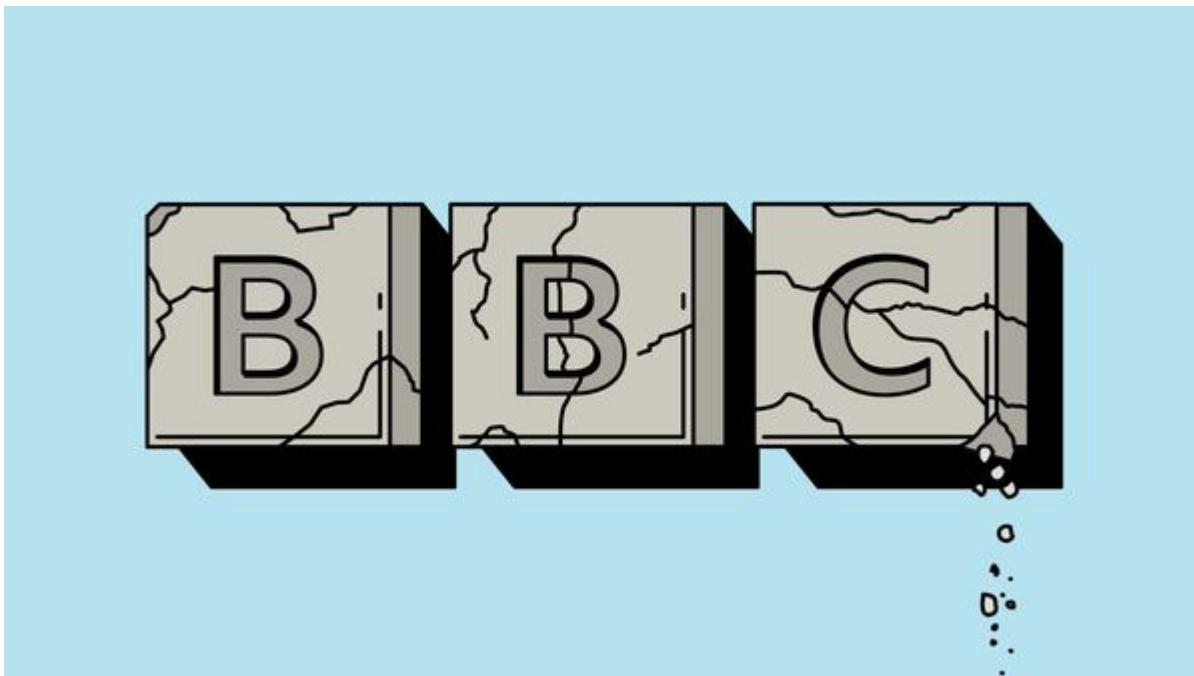
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Do adjust your sets

How the exasperating, indispensable BBC must change

Its latest crisis needs to spur reforms to bolster its news division

Nov 13, 2025 05:31 PM



MOST OF DONALD TRUMP'S broadsides against the news media are ridiculous. But his anger over a BBC documentary about him that aired last year is justified. An episode of “Panorama”, a venerable current-affairs show, spliced together two unrelated remarks by Mr Trump to create what looked like a call for violence on January 6th 2021. It was an egregious case of what America's president likes to call “fake news”.

The stitch-up of Mr Trump follows a string of editorial missteps. In February a BBC documentary about Gaza neglected to mention that the 13-year-old narrator's father was a Hamas official. In June it broadcast a live

music performance featuring calls for the deaths of Israeli soldiers. The BBC's boss, Tim Davie, was right to quit this week—but that may not be the end of it. Mr Trump says he will sue for \$1bn, though he has less leverage over the BBC than he did over American broadcasters he has previously shaken down. The BBC's critics at home have renewed calls to gut it.

Dig deeper

- [The BBC's boss quits over a “doctored” Trump speech](#):

Their central accusation is one of bias. The BBC's journalism is far from “corrupt”, as Mr Trump claims, and it makes a better stab at political balance than many European public-service broadcasters. But there is some truth to the accusation of a cultural slant. Age and region have replaced social class as the main [political divides](#) in Britain, making it harder than ever for a [young, London-based](#) organisation to reflect the country's attitudes. Surveys show that right-wing Britons are less happy with the BBC than centrists and left-wingers. Since everyone has to pay for the BBC, that disparity is a problem.

Yet much of the criticism is led by people whose preferred solution would be to get rid of the BBC altogether. That would be a terrible mistake. The BBC is one of the world's biggest sources of original reporting. As newspapers wither and television is swallowed by streamers like Netflix that don't do news, a future with a smaller or non-existent BBC News would be one in which less was known about the world. The BBC provides what America sorely lacks: a central repository for fact. It also plays an outsize role in debunking fake news with services like Verify—work that has seldom been more necessary.

The BBC has even greater value abroad, where it is a source of [soft power](#) for Britain and a standard-bearer of liberal values more broadly. The Trump administration has foolishly tried to silence Voice of America and cut aid to foreign news outlets—just as China, Russia and others pour resources into spreading their authoritarian ideas around the world. On Facebook the five most-followed news pages are run by Chinese outlets, pushing their version of the news in English. The BBC's page is sixth. Cutting back now would be an act of self-harm.

That is why the BBC should be reimagined to focus on the vital public-service output that the market does not provide. In the streaming age, audiences are spoilt for choice when it comes to entertainment, so it is absurd that Britons are forced to pay for BBC shows such as “Strictly Come Dancing”. Better to turn its entertainment arm into an opt-in service and bolster its news operation with stable, arm’s-length public funding, whether from a licence fee or general taxation.

A more sharply focused BBC would be better equipped to navigate a media landscape evolving at dizzying speed. The corporation has been slowed down by bureaucratic inertia and a cumbersome governance structure. A shake-up might usefully include replacing its warring top brass with people who are interested in improving the BBC’s coverage, rather than merely defending or sabotaging it. A strong BBC is good for Britain and the world. A clumsy one will become a liability. ■

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Taking on the gangs

Mexico's surprising record on murder

Claudia Sheinbaum's security strategy is working. She has a mountain to climb

Nov 13, 2025 05:30 PM



DONALD TRUMP'S war on drug gangs has so far consisted mostly of blowing up small boats off Venezuela and Colombia. At least 76 people have been killed in strikes that are almost certainly illegal. The Pentagon claims that the vessels it destroys are carrying drugs to the United States. The world's largest warship, the *USS Gerald R. Ford*, has just arrived in the Caribbean to join the fray (and to heap pressure on the dictatorial regime of Nicolás Maduro in Venezuela).

It should worry Mexico that its northern neighbour wields deadly force so freely against alleged drug-traffickers. For years now the country has been overrun by some of the most powerful drug gangs on the planet. They, not gangsters in Venezuela or Colombia, are the true source of the fentanyl that claims some 50,000 American lives every year—the drug problem about which Mr Trump is most exercised.

Dig deeper

- [Making Mexico less of a gangster's paradise:](#)

Moreover, Mr Trump's government cares little for any distinctions between gangsters and the governments which allow them to operate within their territory, whether through collusion or incompetence. The United States labels Mr Maduro a “narco-terrorist” and sends its most powerful military assets to his shores. Mexico's politics are riddled with drug money and mobsters, too. Mr Trump could unleash violence against the real threat on his doorstep at any moment. That would destabilise Mexico's politics and its vital trading relationship with the United States, already assailed by Mr Trump's tariffs.

Claudia Sheinbaum, Mexico's president, understands that allowing extensive drug-trafficking operations to continue in her country exposes Mexico to significant peril. She also wants to stop gangs murdering around 30,000 Mexicans each year. A secure Mexico matters for its own people, for North American integration and prosperity, and to keep Mr Trump at bay. Throughout her campaign and presidency, security has been the issue that Ms Sheinbaum has emphasised most.

So Mexicans will welcome the good news. Since taking office in October 2024 [Ms Sheinbaum's government claims to have cut murders by 32%:](#) That figure overstates the improvement, but our analysis suggests that the underlying trend is real. Arrests are up, as are seizures of weapons and drugs. The amount of fentanyl seized at the United States border is way down (although it is hard to say whether that represents a genuine reduction, or merely gangsters finding new smuggling methods). Ms Sheinbaum is the first Mexican leader in years to curb the power of the gangs.

And yet this is merely a good start on a gargantuan problem, the solving of which will run long beyond her term in office. To push the gangs back further, and fend off Mr Trump, Ms Sheinbaum must spend more on security and criminal justice. Her government spends less than 1% of GDP on them, and its plan for 2026 cuts the security ministry's budget by 18%. That is indefensible when gangsters run much of the country.

Her government should also be more honest about the situation it faces. It has made genuine progress against gangs and the violence they perpetuate. Trumpeting cherry-picked statistics is unnecessary and damages long-run credibility.

Most difficult of all, Ms Sheinbaum must confront Mexico's rotten politics. She has yet to investigate powerful politicians—many of them in her own party—who are credibly accused of links to criminal groups. Unless the political-criminal nexus is broken, any reduction in violence cannot last.

Mexico has plenty of other problems: creaking energy infrastructure, flaccid economic growth and a large fiscal deficit. But without consistent improvements in security, and confidence that such improvements will continue, making Mexico a better place to live and invest will be all but impossible. And if Ms Sheinbaum cannot convincingly curb Mexico's gangs, Mr Trump may attempt to do it for her. ■

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The Horn of Africa

How to avoid Africa's next war

Pressure from America and its allies can prevent a return to fighting

Nov 13, 2025 05:30 PM



THREE YEARS ago one of the deadliest conflicts of the 21st century ended when Ethiopia's government struck a peace deal with the Tigray People's Liberation Front (TPLF), the ruling party of the country's northernmost region. Hundreds of thousands may have died in the brutal war that preceded the deal. Now it is unravelling. Abiy Ahmed, Ethiopia's autocratic leader, is ignoring it and many in the TPLF and Tigray's armed forces sound ready to [return to the battlefield](#). Ominously, skirmishes are breaking out on the region's southern border. Ethiopia's army has responded with drone strikes. On November 7th the TPLF accused the government of a "strategy of extermination".

Another war in Tigray would be a catastrophe—and not just for Tigrayans and other Ethiopians. It would intensify and expand the sprawling, multi-country conflict zone that now covers much of the Horn of Africa, creating what may be the largest area of violence and anarchy in the world. A feature of this conflict is the role of outside powers, including some Gulf states, which exert influence over their proxies. The best chance for de-escalation lies with America and these outside powers, who must push their allies to stop fighting and start talking again.

Dig deeper

- [Ethiopia is perilously close to another war](#):

Ethiopia is home to 130m people and is among Africa's most fissiparous and fragile states. Bloody insurgencies have raged across the multi-ethnic federation since Mr Abiy took office in 2018. Renewed fighting in Tigray would spill across Ethiopia's borders. It could draw in Eritrea, a gulag state to the north run by a long-serving dictator, Isaias Afwerki. Mr Abiy struck a peace deal with Eritrea in 2018, winning a Nobel peace prize in the process. But relations have deteriorated. Mr Abiy wants to grab access to the Red Sea, which Ethiopia lost when Eritrea seceded from it in 1993. Many now fear a new war over Eritrea's ports, and perhaps even over Eritrea's independence. It is possible Eritrean troops might fight alongside the TPLF. Meanwhile Sudan, stretching alongside Ethiopia, Tigray and Eritrea, is gripped by its own savage civil war. The danger is that all these conflicts merge into a regional war, with fighters and flows of arms and refugees mixing.

It is not too late to prevent this scenario—if powerful outsiders use their clout. Mr Abiy counts the United Arab Emirates (UAE) as his most prized patron. Last year Eritrea signed a security pact with Egypt. This year it has been busily trying to bolster ties with Saudi Arabia. America has influence both indirectly through its Gulf allies, and through its relationships with Mr Abiy and Mr Isaias, both of whom want warmer bilateral ties with the superpower. Encouragingly, American diplomats have been pushing for restraint, in contrast to 2020, when America implicitly gave a green light to Ethiopia's war on Tigray. In a visit to Ethiopia in September, Massad Boulos, President Donald Trump's Africa adviser, discouraged Mr Abiy

from pursuing sea access by force. America has also threatened sanctions on several Tigrayan officials, whom it fears are warmongering.

America, Egypt, Saudi Arabia and the UAE must push Ethiopia and Tigray to avoid war and honour the peace agreement of 2022. Mr Trump has shown a willingness to try to defuse conflicts, brokering a truce in June over eastern Congo and last month underwriting a deal between Cambodia and Thailand. Both are imperfect and fragile, but better than nothing. Mr Trump makes no secret of his desire to follow in Mr Abiy's footsteps and bag a Nobel prize. Both men should remember it is easier to stop a war from starting than it is to end one. ■

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Letters

- **How dangerous is life in Syria?**

A selection of correspondence :: Also this week, Silicon Valley, victimhood, aid to Africa, the elderly and smartphones, political power

A selection of correspondence

How dangerous is life in Syria?

Also this week, Silicon Valley, victimhood, aid to Africa, the elderly and smartphones, political power

Nov 13, 2025 05:30 PM



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The remnants of war

“Know your limits” (November 1st) reflected on [the complex geopolitics at play and the uncertainties in post-Assad Syria](#). The country “remains a potential minefield” you said. Indeed. Syria has quietly become the most dangerous country in the world when it comes to landmines. According to the Landmine Monitor, Syria is carpeted with landmines, cluster munitions

and other deadly ordnance. The UN estimates that a third of Syrians now live amid some form of explosive contamination. The highest levels are in governorates such as Aleppo, Idlib, Ar-Raqqa and Deir-ez-Zor.

As millions of refugees and internally displaced people return to their homes the risk of accidents from the debris of war is rising sharply. More than 1,400 Syrians have been killed or injured since the fall of Bashar al-Assad, including 155 children. In recent months our emergency hotlines in affected areas have received ten times as many calls as before, as over a million people attempt to rebuild lives in mine-strewn communities.

Yet despite the scale of the danger, international funding for clearance and risk education in Syria remains a fraction of that provided to higher-profile conflicts. Until donors recognise that this hidden war continues long after the bombs stop falling, Syria's reconstruction will remain perilous and its potential impaired.

JAMES DENSELOW
Director of strategy
HALO Trust
Washington, DC

Keep your distance

I read your article on [the attempts by Jensen Huang, the chief executive of Nvidia, at cosying up to the Trump administration](#) in order to persuade it to reopen Chinese markets ("Serving chips", November 1st). This is despite Silicon Valley's self-proclaimed importance about its independence from Washington.

It's a stark contrast to Bill Gurley's sermon from 2023, "2,851 Miles". The renowned venture-capitalist named his presentation after the precise mileage between Sand Hill Road in Silicon Valley and Washington, arguing that the long distance from the capital was a big factor behind the legacy of innovation and maverick ambition of the vc class. Oh how times have changed.

JACK LAUGHLIN

Boston

Don't blame the victim

[Bagehot's critique of the obsession with victims in British policymaking](#) made important points about how poor decisions are made by elevating the experience of victims above all else (November 1st). The column mentioned the furore when four victims of the grooming-gangs scandal resigned from the inquiry looking into the crimes, because they thought it was being “watered down” from its original purpose of focusing solely on the gangs.

Those four victims wanted a government minister to resign, causing other victims to come to the minister’s defence. “It took a victim to stop a victim,” remarked Bagehot.

The concerns raised about the scope of the inquiry were not mere victimhood politics, but rather a warning about institutional failure. Sometimes victims speak up because they recognise the same patterns of evasion they experienced before. Such concerns can’t be categorised as the “idolatry” of victims. Sometimes victims have to be listened to. Otherwise we risk creating exactly what Bagehot warns against: more victims of state failure.

CRAIG FERGUSON

Vancouver

For a newspaper that champions consumer sovereignty, the experience of victims should be seen as valuable customer feedback. Far from dominating public discourse, their insights are only beginning to be valued as the key to improving our public and private institutions. Prompt service, fair hearings and efficient processes mean fewer victims in future.

JULIA MARGO

Deputy chief executive

America and Africa

Your leader [urging America to do more for Africa](#) quoted George W. Bush when he launched his AIDS initiative in 2003: “Seldom has history offered a greater opportunity to do so much for so many” (“America First need not be Africa last”, November 1st). It might just as truthfully be stated that “Never have so few squandered such largesse for so many.”

In 2025 few leaders of African countries vocally support the United States at the UN, and many of those who do are conditional in their support. A fundamental ethical axiom common to global morality is reciprocity, or do to others what they would do to you. It is thus both immoral and strategically naive to act against countries like America that provide aid, because they may stop providing it.

It is to be regretted that aid to Africa has been reduced by the Trump administration, but the fact remains that Africa is as steadfastly against America as it was before the cuts, indicating that the aid was of no strategic benefit to the United States anyway. African countries stubbornly continue to show open support for America’s rivals. South Africa, for example, recently provided facilities at Cape Town for a Russian warship.

The question needs to be asked. Is America to be blamed for reducing aid in the face of such protracted African hostility? I think for many morally and strategically oriented people the answer is clearly no.

PROFESSOR DAVID COLDWELL
University of the Witwatersrand
Johannesburg

Several African governments have moved swiftly to mitigate the shock from America’s cuts to aid, especially in health. In Nigeria a national transition plan for USAID-funded programmes has been launched and

\$200m added to the health budget. Kenya has created emergency domestic-financing lines to sustain HIV and community-health services after the American freeze. Ghana mobilised revenue and health levies to bridge a USAID funding gap. Rwanda expanded national-insurance funding to preserve HIV coverage following PEPFAR cuts. South Africa earmarked an additional \$1.5bn for health spending in its 2025 budget. Meanwhile, Malawi, Mozambique, Uganda and Zambia reoriented service delivery and issued mitigation measures immediately to ensure continuity of care for HIV/AIDS, tuberculosis and malaria.

Under international law governments have a duty to respect, protect and fulfil the right to health of their citizens. Recognising these domestic responses presents a more balanced and accurate picture of Africa's evolving health-sovereignty landscape, defined by growing political resolve and accountability.

HAILEYESUS GETAHUN

Chief executive

Health Development Partnership for Africa and the Caribbean
Kigali, Rwanda

St Louis city and St Louis county

You captured [the enduring tension between the Democratic city of St Louis and the Republican state government](#) in Missouri ("Why rot the sheriff?", November 8th). But you also repeated a familiar, and damaging, mischaracterisation. The piece stated that St Louis had the highest murder rate of any city in America until recently and cited weak academic proficiency in the city's schools. Those figures are technically accurate, yet they rest on a misleading foundation.

Unlike nearly every other big American city, St Louis is independent of its county. Its official crime and education statistics therefore cover only the dense urban core, about 65 square miles and 300,000 residents, whereas places such as Kansas City or Chicago report over far larger areas that include extensive suburban zones. The result is that St Louis appears

dramatically worse on a per-head comparison, even though its metropolitan crime rate is broadly similar to other Midwestern metros such as Kansas City, Cleveland, or Memphis.

This nuance may seem technical, but it matters. Persistent misstatements reinforce an image of a city defined by danger and decline, rather than by the realities of its economy, universities and cultural life. That reputation affects our ability to attract visitors, conventions, students to institutions such as Washington University in St Louis, and the talent our employers need.

PATRICK DRAKE

St Louis, Missouri



Left to their own devices

Regarding your report on [elderly people becoming “The new screen addicts”](#) (October 25th), we have conducted research into developing smartphones for older consumers that are simple to use and designed with impairments in mind. As we explored what the elderly might need we expected that the most popular apps they would want pre-downloaded on their devices would be practical, things like Google maps, transport information, a clock, weather forecasts and so on.

However, the most requested apps were social, such as TikTok and Facebook. This was also the case when we spoke to residents in assisted-living apartments. For example, one lady talked me through, in detail, her favourite pastor's TikTok account. We're all a bit more alike than we like to think.

BERTIE ASPINALL
Managing director
Chatsie and SafetyMode
London

I have attempted to read the print edition of *The Economist* every week since the early 1970s, but the immediacy of the little screen has gobbled up those short periods of time when I would read a few more articles, either at a bus stop (I view an app for bus times) or in a doctor's waiting room (I consult an app for appointments) or a car-repair shop (which messages me when the car is ready). So it is IT efficiencies that have changed my screen habits rather than the availability of entertainment. I no longer buy any other print journals, but still read *The Economist* first thing in the morning and last thing at night when screens are switched off, and on occasional train journeys or flights. Despite your digital offers, it's one traditional habit I will not drop.

GED PARKER
Washington, Tyne and Wear

Projecting power

You observed how [some political scammers in China are so well connected that they “wield genuine political clout”](#) (“Cheating the chiefs”, October 18th). I am reminded of Varys, from “Game of Thrones”, who remarked that “Power resides where men believe it resides. It's a trick, a shadow on the wall, and a very small man can cast a very large shadow.”

ANDERS JOHNSON
Los Gatos, California

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By Invitation

- **[A human-rights researcher on why she pushed back when China bullied her university](#)**

University challenge :: Democratic governments must resist authoritarian states trying to co-opt their institutions, writes Laura Murphy

University challenge

A human-rights researcher on why she pushed back when China bullied her university

Democratic governments must resist authoritarian states trying to co-opt their institutions, writes Laura Murphy

Nov 13, 2025 05:30 PM



IN AUGUST LAST year a senior colleague informed me that the university where I work, Sheffield Hallam University (SHU), would not publish my team's research exposing Uyghur forced labour in the critical-minerals sector in China. I was also told that, if necessary, SHU was prepared to take the highly unusual step of voluntarily returning hundreds of thousands of pounds in grant funding rather than have future projects bear the imprimatur

of the Helena Kennedy Centre (HKC), the university’s human-rights research institute for which I had been working since 2019.

What could possibly induce a university to make such a surprising decision, especially one that had spent years standing up to harassment from Chinese authorities for its research on Uyghur forced labour, and whose own chancellor had been hit with sanctions by the Chinese government for her criticism of rights abuses in China?

It took a freedom-of-information request for me to find out. Last month I learned that only weeks before I received that call, Chinese security-service agents had visited the university’s student-recruitment office in Beijing and “confirmed that access to shu.ac.uk [the university website] is restricted [within China] due to the HKC research papers being available through the website”. The agents had told the university’s student-recruitment officer that they wanted her to share with them the details of upcoming conversations with SHU colleagues in Britain. This was, an administrator noted, “an instruction, not a request”.

There had also been a similar visit in April 2024. A SHU internal document reported: “The tone was threatening and the message to cease the research activity was clear.”

The research in question was a series of reports my team had published documenting the systematic use of forced labour in the Uyghur region of China (known in China as the Xinjiang Uyghur Autonomous Region). Government-imposed forced labour affects at least a fifth of the Uyghur and Kazakh population in the region, making it probably the largest system of state-imposed forced labour the world has seen since the Holocaust. The Chinese government and Chinese companies had for years tried to stop my team from publicising the resulting risk to the integrity of international supply chains—including for solar modules, clothing, cars, electronics, chemicals and, not inconsequentially, [critical minerals](#).

I knew that these interrogations had taken place and that the university had legitimate concerns about the safety of colleagues in Beijing. I had also been informed that our insurer would no longer cover social-science research at the university for defamation because of the risk our research

posed. However, in internal briefing notes and emails circulated during that crucial decision-making period, the administrators considered the security of the staff member only briefly. They considered the insurance not at all. The documents don't reveal any serious contemplation of my academic freedom or personal security and only rarely mention the security of our Uyghur team members, despite the fact that these interrogations apparently involved questions regarding me specifically, my secondment as a policy adviser to the US Department of Homeland Security and the status of my team's research.

What the university's administrators did consider extensively and explicitly was the Chinese-student market. Their concerns included the inability to communicate with prospective students, the pending renewal of the SHU China-office licence and the risk that Chinese students might boycott the university, or that China's education ministry could dissuade students from attending, or that China could refuse recognition of SHU degrees.

After cataloguing numerous commercial concerns, one briefing document concluded: "Attempting to retain the business in China and publication of the research are now untenable bedfellows."

By September the university recorded its decision in its risk-assessment timeline, this time in a passive-voice sentence that shook me when I read it: "In September 2024 a decision by the university not to publish a final phase of the research on forced labour in China was communicated to the [Chinese] National Security Service, along with the confirmation Helena Kennedy [a veteran human-rights barrister] will be standing down as chancellor. Immediately, relations improved...The threat to staff wellbeing appears to be removed."

Whatever the reasons—whether commercial, legal, ethical or reputational—these documents suggest the university had knowingly and deliberately complied with the demands of a foreign state-security agency to silence me and my researchers, among them Uyghurs who risked their own and their families' wellbeing to expose Chinese abuses. SHU administrators clearly no longer shared their courage.

Academic freedom is the cornerstone of knowledge production in democratic societies. Preserving it requires that universities shelter researchers from the retaliation of authoritarian governments by refusing to surrender to threats or put harnesses on their faculty's research agenda. Universities protect that freedom in part by securing the necessary insurance to cover their researchers. And they provide financial and administrative support to faculty to pursue the questions that animate them, regardless of whether they are considered "sensitive".

SHU has recently conceded after I threatened legal action, and will allow me to continue my research on China. The university apologised "for any uncertainty" that I had "felt in relation to [my] research" and later "for some of the communications" relating to my work.

But I am not alone. Researchers who study the misdeeds of authoritarian governments are almost always under threat. Most cannot afford the extraordinary costs of bringing legal action. (I had a grant from Law for Change to support my claim.) They are justifiably afraid that if they speak up they'll lose what little protection they do enjoy from [their universities](#)—not the least of which is their paycheques.

Democratic governments need to build a fortress around academic freedom. Britain's should heed the University and College Union's call to restore public funding to higher education, which would allow universities to recruit international students because they believe that a diverse student body is the foundation of a robust education, not for fear that they might fail financially if they do not. Governments should explicitly prohibit universities from direct or indirect contact with foreign security agencies and intervene on their behalf any time foreign governments exert even the slightest pressure.

We should all worry deeply about a world in which [authoritarian governments](#) use threats against people at home to silence critics of human-rights abuses abroad. We must not allow those who seek to deny rights abuses to co-opt our democratic institutions, such as courts, media or universities. Those who comply with such demands encourage bad actors to extort similar submission out of others. The effects are corrosive of our institutions, our freedoms, our knowledge and our power to effect change. ■

Laura Murphy is a professor at the Helena Kennedy Centre for International Justice at Sheffield Hallam University, and a fellow at the Harvard Kennedy School's Carr-Ryan Centre for Human Rights.

Editor's Note: Sheffield Hallam University says that its decision not to continue with Professor Murphy's research "was taken based on our understanding of a complex set of circumstances at the time, including being unable to secure the necessary professional-indemnity insurance". The decision "was not based on commercial interests in China". It adds: "We have apologised to Professor Murphy and wish to make clear our commitment to supporting her research and to securing and promoting freedom of speech and academic freedom within the law."

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Briefing

- **Taiwan's amazing economic achievements are yielding alarming strains**

Formosan flu :: It has the world's most undervalued currency and one of its biggest trade surpluses

Formosan flu

Taiwan's amazing economic achievements are yielding alarming strains

It has the world's most undervalued currency and one of its biggest trade surpluses

Nov 13, 2025 05:30 PM | Taipei



IT IS A wild economic success, but is racked by eye-popping imbalances. It is one of the richest countries in the world, with an output per person higher than Australia, Germany or Japan after adjusting for the cost of living, but has the world's most undervalued currency, according to *The Economist*'s Big Mac index. It is on a roll, but risks a messy correction. Economic management does not usually involve many Shakespearean dilemmas, but Taiwan's quandary is genuinely wrenching: the CBC, its central bank, is

naturally reluctant to abandon the policies that have made the country so wealthy, yet clinging to them is clearly unsustainable.

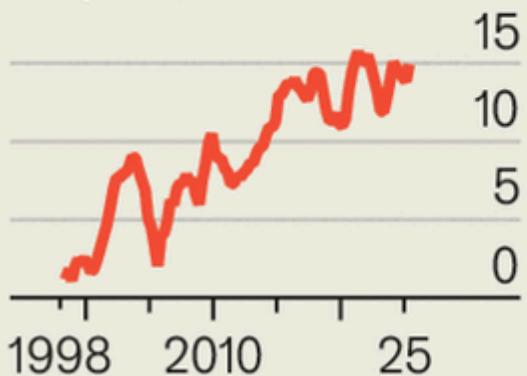
At first glance, there is only good news. The world is buying Taiwanese computer chips as fast as TSMC and other local manufacturers can make them. Exports of chips and servers have soared by 300% over the past five years—and were high to begin with. This surge has yielded stratospheric trade surpluses. In October Taiwan's monthly goods-trade surplus reached a record \$22.6bn, or 31% of GDP at an annualised rate. The current-account surplus, which includes the trade balance and other income that flows across borders, has swollen to 16% of GDP so far this year, up from 10% in the 2010s.

Worsening symptoms

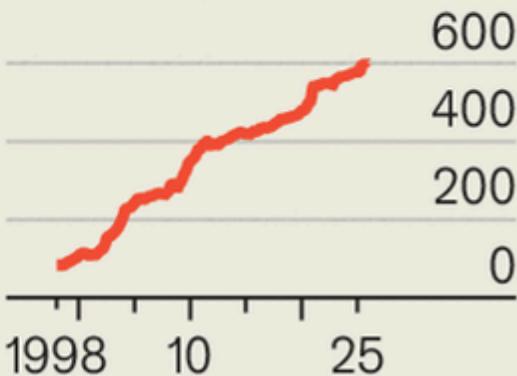
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Taiwan

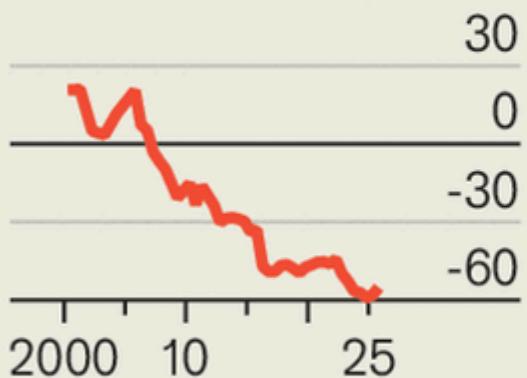
Current-account surplus, % of GDP*



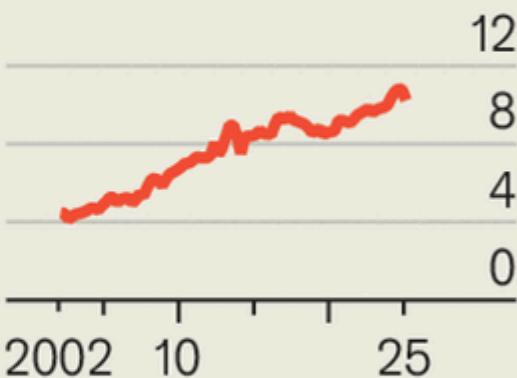
Foreign-exchange reserves, \$bn



Taiwan dollar, over/undervaluation[†], %



Ratio of house prices to income



*12-month moving average †GDP-adjusted, against the US dollar

Sources: Haver Analytics; Ministry of the Interior;

The Economist's Big Mac index

Typically, when a country's exports surge, its currency will strengthen, since foreigners will need more of it to pay for the goods they are buying. This process can be economically harmful: in the 1970s *The Economist* coined the phrase "Dutch disease" to describe the economic malaise in the Netherlands, as booming exports of natural gas caused the guilder to appreciate, making other Dutch goods more expensive for foreigners and so hurting the non-gaseous parts of the economy.

For decades, as Taiwan has exported its way to prosperity, the CBC has tried to avoid such a fate by suppressing the value of the local currency. In effect, it has printed and sold lots of Taiwan dollars to buy the American sort. That has helped keep Taiwanese exports competitive, but has also generated big distortions. Taiwan's current-account surplus has swollen; its foreign-currency reserves have piled up and house prices have soared. All these imbalances have grown steadily in recent decades (see chart 1); they are all now much more severe than in other, similar economies (see chart 2). Call it Taiwanese disease, or Formosan flu: when a central bank's efforts to suppress the currency to keep exports competitive leads to worrying economic strains. This condition, although not necessarily fatal, will certainly not improve without treatment.

Valuation debilitation

The most obvious symptom of the ailment is the value of the Taiwan dollar. How cheap is it? The Big Mac index operates on the premise that an identical burger from McDonald's ought to cost the same in every country, at least after adjusting for countries' relative wealth. If the price of a Taiwanese burger, once translated into American dollars, is much lower than that of an American one, it suggests that the Taiwan dollar is undervalued. A Taiwanese Big Mac, it turns out, costs 56% less than an American one. America is a fraction wealthier than Taiwan, but that affects things only on the margins. Adjusting for this, we calculate that the Taiwan dollar is 55% undervalued, the most of all 53 currencies we track in this way despite a relatively sharp appreciation earlier this year.

An unprecedented case

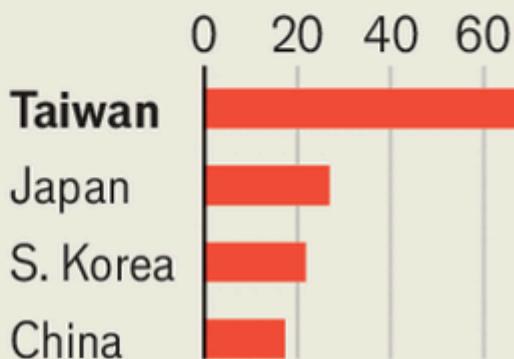
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2025 or latest

Current-account surplus, % of GDP



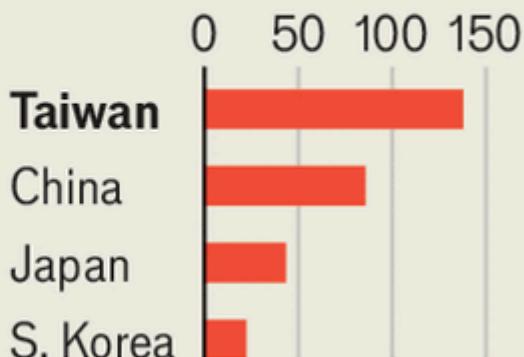
Foreign-exchange reserves, % of GDP



Local currency undervaluation*, %



House prices, % increase since 2010



Sources: Haver Analytics; IMF; OECD;
The Economist's Big Mac index

*GDP-adjusted,
against the US dollar

More elaborate efforts to compare the Taiwan dollar's valuation turn up similar results. An index produced by William Cline of the Peterson Institute for International Economics, an American think-tank, assesses the "fundamental equilibrium" of a currency—the level which would keep current-account surpluses below 3% of GDP. Mr Cline finds that since 2008 the Taiwan dollar has been on average 24% weaker than that.

The CBC claims it does not suppress the Taiwan dollar's value, but merely "leans against the wind" to reduce volatility. Yet if the CBC were indifferent to the direction the wind was blowing, its foreign-currency reserves would bounce up and down, or perhaps grow modestly owing to investment returns. Instead, they have grown steadily and massively, from \$90bn (32% of GDP) in 1998 to \$600bn (72% of GDP).

Another symptom of Formosan flu is Taiwan's huge and growing current-account surplus. This is the mathematical corollary of other countries' deficits, the CBC notes. Places that invest more than they save, like America, need countries like Taiwan, which does the opposite, to finance the difference. Yet that raises the question of why Taiwan's savings are so abundant.

There could be many reasons for this: scant domestic investment opportunities, a fast-ageing population saving for retirement or a sudden export boom. Yet none of these fully accounts for the savings glut. Domestic investment does not look abnormally low. As a share of output, it is in line with other rich, export-oriented countries, such as Germany, Japan and South Korea. Taiwan's demography is also not so unusual for East Asia: excess savings in South Korea, where the population is ageing equally fast, are a third the size of Taiwan's. And the surge in chip exports over the past five years, as big as it has been, cannot explain the 25-year growth of Taiwan's current-account surplus.

In fact, Taiwan's savings are almost as big as those of China, the archetype of an economy engineered to promote exports. Taiwan's gross national savings rate, at 39% of GDP, far outstrips the rich-world average of 22% and is almost at China's level (42%). The flipside of all this saving is that Taiwanese are consuming far less than they might. Since 1998 private consumption has fallen by 20 percentage points as a share of GDP, to 45%.

Again, that is close to China's level (40%) and far below the rich-world average of 60%.

Labour-force lurgy

As dry and technical as all this may sound, the CBC is in effect sacrificing the living standards of ordinary Taiwanese on the altar of export competitiveness. Critics say the central bank prioritises export growth with single-minded fervour, an approach which harms the country in several ways. First, keeping the currency weak subsidises exporters at the expense of importers. In Taiwan, where the vast majority of both food and fuel (for vehicles and power plants) is imported, this acts as a transfer from poor households to the owners and employees of exporting firms.

Taiwanese workers have good reason to feel aggrieved. Labour productivity has doubled since 1998, yet unlike in most rich countries or even in wage-suppressed China, pay has not risen in tandem. Taiwanese unit labour costs, a measure of what workers earn per unit of output, have fallen by 25% over the same period. The workers' share of Taiwan's swelling industrial output, in other words, has shrunk.

What is more, the CBC's policies have pumped up property prices, further sapping the purchasing power of ordinary Taiwanese. The Taiwan dollars printed to keep the currency cheap have left Taiwan awash with cash, which has pushed down interest rates. The CBC mops up some of this money by issuing certificates of deposit, sucking cash back out of the financial system. But this "sterilisation" is only partial. Taiwanese banks still have so much money piling up that they have been lending it out to home-buyers at an average rate of just 2% since the mid-2000s (the average rate in 1998 was 8%). Such cheap borrowing, coupled with high savings, has hugely inflated house prices. The CBC has recently tried to curb mortgage lending, and prices have dipped slightly. But they are still more than four times higher than they were in 1998. The median house-price-to-income ratio in Taipei, at 16, is higher than for London, New York or Seoul.

Policymakers and even voters may see these costs as a worthwhile sacrifice to preserve export-led growth. But the imbalances created by a bulging

current-account surplus can also foster financial risk. Until recently, the CBC simply took all the hard currency it was piling up from selling Taiwan dollars and invested it abroad. But its reserve accumulation has slowed since 2012, perhaps because the CBC was anxious that America might declare it a currency manipulator, as it has done twice before. Instead the CBC has found a subtler way to channel the windfall, through the life-insurance industry.

Life insurance is extremely popular in Taiwan: the average person holds more than two policies. The insurers plough household savings into foreign assets, mostly American Treasury bonds. Since 2012 these firms' share of Taiwan's foreign holdings has doubled to 31%, whereas the CBC's slice has halved, to 19%. The CBC has encouraged this overseas investment spree by reducing the risk for the insurance firms through interventions in the market for foreign-currency swaps. By the end of last year it had built up a \$77bn stash of such derivatives, in effect making it much cheaper for the insurers to hedge their exposure to swings in currency markets.

Taiwanese insurers have made \$960bn of promises to savers, which are backed by \$700bn in higher-return foreign (principally American) assets. The industry thus suffers from an alarming mismatch, backing Taiwan-dollar promises with American-dollar holdings. Although the CBC has helped them reduce their exposure to movements in exchange rates, this hedging has not eliminated the risk entirely. A stronger Taiwan dollar would still shrink the value of their foreign assets, without diminishing their liabilities. Brad Setser and Josh Younger, two American economists, estimate the unhedged risk at around \$200bn, or about a quarter of Taiwan's GDP. A sharp appreciation of the Taiwan dollar could leave the insurers insolvent. Allowing them to collapse, however, would devastate Taiwanese savers. The insurers have become too big to fail.



The CBC is not simply being reckless. Its policies are rooted in Taiwan's sense of vulnerability. Because of China's attempts to isolate Taiwan diplomatically, it is not a member of the IMF. It would have no obvious recourse in a currency crisis. A war with the mainland would create a hard-currency crunch. A weak currency, and the accumulation of reserves that it spurs, would help ward off the first risk and cope with the second. The CBC thinks its approach was vindicated by the Asian financial crisis of 1997-98, which Taiwan escaped largely unscathed even as South Korea turned to the IMF for a \$58bn bail-out. Most important, coddling exporters has made the country rich. Why mess with success?

Powerful forces are arrayed to defend the status quo. Exporters, naturally, lobby fiercely against currency appreciation. Half of exports by listed Taiwanese manufacturers could be rendered unprofitable by a 10% rise in the currency, estimates Goldman Sachs, a bank. Low-tech firms account for around 70% of jobs in manufacturing. They compete primarily on price, making a cheap currency a near-existential need. David Chuang, a machinery-industry representative who also runs a machine-tool maker, says the Taiwan dollar's appreciation this year forced his firm into bruising contract re-negotiations.

Manufacturing malady

Even chipmakers with more pricing power suffer when the Taiwan dollar appreciates: TSMC has said every 1% rise pinches its operating margin by 0.4 percentage points. Dennis Chen of Win Semiconductors, another chipmaker, says the government should maintain a tough line on currency-speculating “vultures”, for fear of hurting manufacturers. Politicians, understandably, are sympathetic.

In addition, the CBC’s transfers of profits to the government have become a crucial revenue stream. These made up 6% of all government revenue in 2023, compared with a rich-world average of 0.4%. In one bumper year the central bank’s contribution was 15% of the government’s income.

The CBC has unusual clout in Taiwanese politics. Officials fear it. “None of us wanted to be seen criticising” the CBC’s all-powerful governor, says a former minister. Perng Fai-nan, who was governor from 1998 to 2018, and his hand-picked successor, Yang Chin-long, have been known to call critics’ bosses to complain, according to four people with direct knowledge of such incidents.

In “The Privilege of Getting Rich”, a polemic against the CBC published in 2021, four Taiwanese economists argue that, in its hostility to criticism, the central bank “behaves like that of a less developed country”. Unlike consensus-driven central banks such as America’s Federal Reserve, Messrs Perng and Yang have dominated decision-making at the CBC. “Many colleagues within the CBC are also critical” of its foreign-exchange policies, says Chen Nan-Kuang, who was its deputy governor from 2018 to 2023. “But the CBC has many means of intimidation.”

The political clout of the governor of the CBC is exceeded only by Taiwan’s president, says another former deputy governor. (Mr Perng’s governorship spanned the tenure of four presidents.) In part this reflects Taiwan’s political history. After China’s nationalist rulers retreated to Taiwan in 1949 having lost China’s civil war, they imposed martial law. It was not lifted until 1987. The central bank became part of the autocracy imposed by the ruling Kuomintang party (KMT), with the governorship seen as a stepping stone to high office. “The KMT believed that if they wanted to control the economy, they had to control not only the central bank but also the commercial banks. This mindset has not changed today,” says Wu Tsong-Min, a former

member of the CBC's board and author of a forthcoming history of Taiwan's economic institutions.

Although the CBC is a technocratic institution these days, it is still willing to assert its authority. In 2021 it banned several big foreign banks from trading currency hedges. (Their alleged misdeed: abetting speculation in grain derivatives.) Such forcefulness frightens foreign banks, which fear that criticism from the CBC may harm sales, says an employee of one which has recently expanded in Taiwan. The CBC also discourages internal dissent. "After criticising the CBC's currency policy, I was publicly scolded by KMT legislators for paving the way for speculators," says the second former deputy governor.

The CBC argues that its record speaks for itself, dismisses complaints of over-centralisation or intimidation as "without merit" and questions the motives of its critics. It is clearly not convinced that the Taiwan dollar should strengthen. But its hand could still be forced. In May rumours that American trade negotiators had demanded an appreciation sent the currency soaring 9% in two trading days—the sort of shift rarely seen outside a crisis. Over the past few months the Taiwan dollar has been gradually losing value again. But Taiwan has not yet concluded a trade deal with America's new administration, unlike China, Japan and South Korea. The value of the Taiwan dollar could easily become a sticking-point in the ongoing talks.

In the meantime the world's insatiable demand for Taiwanese computer chips keeps pushing Taiwan's trade surpluses ever higher, applying constant upward pressure on the currency, adding to the risks posed by the life-insurers' currency mismatch and possibly stoking resentment within America's negotiating team. Taiwan's suppression of its currency may have served it well in the past, but as time goes on it looks less and less tenable.



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All the president's enforcers

See how Donald Trump is creating his own police force

Immigration agents are operating in cities with few legal constraints

Nov 13, 2025 05:30 PM | Chicago and Los Angeles

ACCORDING TO THE Department of Homeland Security (DHS), “Operation Midway Blitz” in Chicago targets “criminal illegal aliens terrorising Americans”. But testimony in Judge Sara Ellis’s courtroom in America’s third-largest city on November 5th suggests it is the DHS’s own agents who are terrifying people. One after another, protesters said that officers had pointed guns at them and tear-gassed residential streets. Leslie Cortez of Cicero, a Chicago suburb, described filming immigration agents making arrests at a Home Depot. An officer aimed a weapon, she said, after a vehicle carrying detainees had already left. “I could see inside the barrel of the gun,” she told the court.

The DHS says its agents use force only after protesters assault them. Bystanders’ videos of the violence perpetrated by Border Patrol agents contradict that claim. Gregory Bovino, the Border Patrol official leading the operation, has himself been filmed tackling and tear-gassing protesters. During a deposition he described the Border Patrol’s use of force in Chicago as “more than exemplary”. It seems designed to set an example. One video shown in court features Mr Bovino telling his agents in Los Angeles earlier this year: “Everybody fucking gets it if they touch you.”

When President Donald Trump began his mass deportation campaign, Immigration and Customs Enforcement (ICE), the agency that carries out deportations, had limited resources and its agents concentrated on finding criminals—not on racking up as many arrests as possible. The administration’s short-term solution has been to reassign nearly 15,000 other federal officers—including Border Patrol and FBI agents—to help

arrest immigrants in cities. Jason Houser, a former ICE chief of staff, calls this new behemoth “a Frankenstein task-force”. But what began as a way to increase the pace of deportations in the interior has come to look like a national police force, answerable to the president, that is at least as focused on bullying the residents of Democrat-run cities as it is on deporting undocumented migrants.

“You’re not going to arrest illegal immigrants by marching down the street in full battle regalia,” notes a former DHS official. “It’s intended to be an intimidation tactic.” The theatrics may reflect frustration at the difficulty of carrying out the mass deportations Mr Trump promised.

Phalanxes of federal agents solve another problem for the Trump administration. Law enforcement in America is decentralised. In France, for example, the government can send its national riot police to break up protests. America’s federal cops, such as the FBI, do not do crowd control and courts have so far blocked Mr Trump’s deployments of National Guard troops to Oregon and Illinois. Anyway, National Guard troops do not have the power to arrest or detain people, thanks to the Posse Comitatus Act, a law from 1878 that prevents soldiers from acting like cops. Federal agents, in contrast, have arrest powers and access to military equipment, and can be sent around the country at the president’s whim.

That force is about to get a lot bigger. The One Big Beautiful Bill Act included \$170bn to beef up immigration enforcement. Much of that money will go to ICE and Customs and Border Protection (CBP), the Border Patrol’s parent agency. Mr Bovino has hinted that New York City is next on his list of targets. But, as it grows, Mr Trump’s mega-police force may reach rural America, too. At a recent protest outside an ICE facility in Durango, Colorado, an immigration agent grabbed a protester by her hair, choked her and threw her to the ground. In a video posted to X in September Mr Bovino chirps: “We’re taking this show on the road to a city near you.”

Force, multiplied

Border Patrol agents, in particular, are not well-suited to their new job. They are used to chasing smugglers through the deserts and mountains of

the American south-west, not respecting the constitutional rights of American citizens protesting on city streets. The Border Patrol “has long been considered a paramilitary organisation”, explains the former DHS official. Its tactical units resemble military special forces. The result of sending quasi-soldiers to neighbourhoods is chaos and violence. At least three immigrants have died while attempting to flee from federal agents. Several other people have been shot.

In October DHS announced that the heads of several ICE field offices would be replaced with Border Patrol officials. The move seems to confirm that Mr Trump enjoys Mr Bovino’s theatrics and machismo. Career ICE officials, on the other hand, are used to planning targeted raids that prioritise criminals. “I don’t think anyone has ever accused ICE of being overly cautious,” says John Sandweg, who led the agency briefly under Barack Obama. “But the appeal of the Border Patrol to the administration is that they are even more aggressive than ICE in terms of: stop people first, and sort it out later.”

The larger role of Border Patrol is also partly due to the agency’s size. Congress showered CBP with money in the years after the terrorist attacks of September 11th 2001. Border Patrol boasts nearly 20,000 agents, while ICE’s enforcement division employs roughly 6,000 officers.

ICE will not be Border Patrol’s little brother for long. The DHS wants to hire 10,000 deportation officers by the end of the year, and is offering signing bonuses of up to \$50,000 and help with student loans to those who make the cut. Tricia McLaughlin, a DHS spokesperson, says the department has received more than 175,000 applications and has offered jobs to 18,000. Adding the ICE newbies to the existing hotch-potch of agents means that more than 30,000 federal officers could be involved in immigration enforcement in American cities, nearly as many as the number of cops in New York City’s police department, the largest in the country.

Such hiring surges in law enforcement can increase the risk of violence. A long list of police departments and agencies were given a lot of money to increase staff, says Gil Kerlikowske, a former CBP commissioner. “They all have horror stories.” CBP is one of them. The number of Border Patrol agents roughly doubled between 2003 and 2013 as immigration became

more intertwined with national security. The Government Accountability Office, a congressional watchdog, found that there were more than 2,000 arrests for officer misconduct between 2005 and 2012. DHS officials at the time warned that drug gangs were trying to infiltrate the agency. They succeeded. During that era 125 agents were convicted of corrupt acts, including drug- and people-smuggling.

The administration's message to federal agents is that their aggression is justified and their actions beyond reproach. "To all ICE officers," said Stephen Miller, an adviser to Mr Trump, "you have federal immunity in the conduct of your duties." Steve Vladeck, a law professor at Georgetown University, warns that rhetoric is dangerous, "both because he's wrong and because they're not going to know that he's wrong".

The supremacy clause of the constitution, which lays out America's federal system, makes it tricky—but not impossible—for local prosecutors to charge federal agents for crimes they commit while doing their jobs. The case law is sparse, and more recently federal judges have tended to decide for themselves whether an agent acted reasonably, rather than allowing a jury to weigh in. But local officials seem ready to try. The police chief in Durango, where the protester was put in a chokehold, has asked state investigators to explore whether criminal charges may be warranted.

In Chicago Judge Ellis, an Obama appointee, is trying to rein in federal agents. On November 6th she ordered officers to restrict their use of force against protesters and journalists unless it is "objectively necessary to stop an immediate threat". She said Mr Bovino had lied under oath when he claimed he had been hit on the head with a stone in order to justify tear-gassing protesters. He now has to wear a body camera. Yet two days after her ruling a convoy of heavily armed agents rode through Little Village, the heart of Mexican Chicago. Their weapons were drawn.■

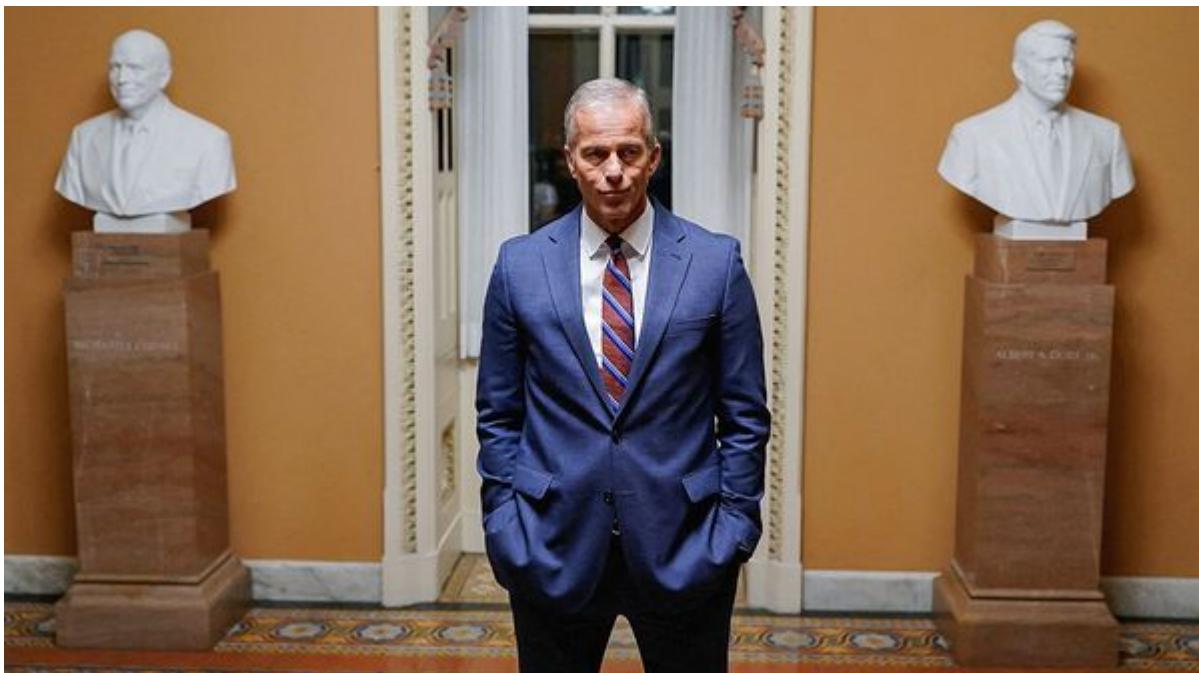
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A pointless quarantine

Democrats collapsed in the shutdown fight

They have little to show for a 40-day stand-off

Nov 13, 2025 05:29 PM | Washington, DC



Thuned back in

Editor's note: On November 12th Donald Trump signed a spending bill that ended the government shutdown, which had lasted a record 43 days.

IN THE DEMOCRATIC PARTY jubilation and despair are rarely more than a week apart. On November 4th Democrats did [even better than expected](#) in off-year elections held in New Jersey and Virginia. Striking a blow against President Donald Trump after a year of introspection gave them some momentum heading into next year's midterms. Days later the newfound optimism was evaporating. Seven Democratic senators, and an independent

who caucuses with them, broke ranks to side with Republicans on a short-term funding bill to end the longest government shutdown on record.

The Democrats have little to show for the 40-day stand-off. The stopgap bill, which also passed the House of Representatives and was signed by Mr Trump on November 12th, keeps the government open until January 30th. The deal requires federal agencies to rehire workers laid off during the shutdown and guarantee all employees back-pay for that period.

Yet the bill fails to deal with what Democrats repeated was their main demand: an extension to health-care tax credits that expire at the end of the year. In a concession to Democrats, John Thune, the Republican Senate majority leader, promised a vote on extending the tax credits next month. But opposition to such an extension in the House means that a vote will probably fail—if one is held at all.

America is the only Western democracy that closes its government with such frequency. Shutdowns were even more frequent in the 1980s, but they lasted only a day or two. Since the mid-1990s they have become longer and more damaging. Why the parties persist in this game of chicken may be a question best left to psychologists. In this case, Democrats demanded that their elected representatives do something, and the shutdown was something.

The calculus shifted for the splinter group of eight Democrats as the shutdown began to inflict economic pain and disruption. The government had ordered flights to be cut back at airports on grounds of safety, leading to huge delays that are set to worsen in the run-up to Thanksgiving. Elsewhere, Mr Trump repeatedly tried to cut off funding for the Supplemental Nutrition Assistance Programme, more commonly known as food stamps, which provides over 40m people with food aid. The administration also engaged in a game of [budgetary twister](#), probably illegally, to undercut Democratic strategy and leverage. Members of the armed forces, for example, continued to receive their pay cheques, while billions in funding for Democrat-run cities, districts and states was cut off.

“Standing up to Donald Trump didn’t work,” Angus King, an independent senator from Maine who led negotiations to end the shutdown, told Fox

News. “It actually gave him more power.” Polls mostly showed that the public blamed Republicans more than Democrats for the deadlock. Mr Trump seemed to admit as much when he blamed the Republicans’ drubbing in recent elections on the shutdown. Yet Republicans stuck to their strategy of peeling-off enough moderate Democratic senators as the shutdown took its toll, says a senior Republican aide. Besides, the breakaway senators had little to lose: none of them is up for re-election next year, and two will be retiring.

The demands from activists for the party’s elected leaders to thwart the president, even though they are in the minority in both houses of Congress, resemble the Tea Party attacks on Republican leaders more than a decade ago. Some have called for Chuck Schumer, the Democrats’ leader in the Senate, to resign even though he voted against ending the shutdown. “Senator Schumer is no longer effective and should be replaced,” Ro Khanna, a Democratic congressman from California, posted on social media. Some moderates have voiced their revulsion at the capitulation, too. “Pathetic” was how Gavin Newsom, the governor of California, described it.

For now, Mr Schumer seems to maintain the support of most of his caucus. But, once again, it seems that before they can battle the president, Democrats are condemned to fight one another. ■

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Norway in the desert

One of the poorest states in America introduces free child care

Can New Mexico's experiment work where others have failed?

Nov 13, 2025 05:30 PM | ALBUQUERQUE



BY THE EARLY afternoon, Little Flower Learning Centre in Albuquerque is a hive of activity. An industrial-sized delivery of milk arrives. Inside, a small menagerie of birds and guinea pigs draws attention as children settle in for afternoon biscuits. As of November, their care is free for all families. Some will be safer, says Robin Goodnight, the director of Little Flower. “We used to find a lot of needles outside, and a lot of the kids being raised by grandparents because of addictions.”

Universal free child care is a popular policy on the American left these days. Zohran Mamdani, New York’s Democratic Socialist mayor-elect,

made it a signature of his successful campaign. New Mexico got there first, following a ballot measure in 2022 where 70% of voters endorsed more spending on care for children.

The programme meets serious needs. New Mexico has long been at the bottom of rankings for childhood well-being. Excluding government support, one in four children live in poverty and a higher share of families receive food stamps than in any other state in America. On November 1st all of the state's families became eligible for subsidised care. But for the programme to work, places like Little Flower will have to be replicated across the state.

New Mexico is the first state to attempt such a wide-ranging policy. As long as their parents are in school or working, all children from six weeks to adolescence can now get support for a spot in private child care, paid for by the state. Bureaucrats estimate the benefit is worth \$12,800 a year. The hard part will be expanding the number of centres across New Mexico, one of the least densely populated states in the country, to cash in those subsidies, while not repeating the mistakes of other universal child-care schemes, [where low quality has been found to harm children](#).

Michelle Lujan Grisham, New Mexico's governor, has championed an educational "moonshot" as a solution to the state's social problems. The subsidies come from oil-and-gas revenues, which have quadrupled since 2018. These are placed in a trust fund, allowing New Mexico to create a quasi-Nordic welfare state in the desert. (As befits a good Nordic, Ms Grisham was unavailable for an interview as she attended [the UN's annual climate summit](#).)

On November 1st all families became eligible for this scheme. There are already hints of what the impact could be. Between 2010 and 2022, as the state increased child-care provision, workforce participation by mothers with young children grew by 12 percentage points to surpass the national average. Most providers reported using the subsidies to improve facilities and the quality of care.

But, so far, children have not been better prepared for school. A significant shortage of care remains, with 32 spaces available for every 100 children

under two. As more middle-class families signed up, the number of very poor families enrolled fell.

To increase the number of places, though, New Mexico first has to build the workforce. This is happening, according to Dana Bell, who leads the University of New Mexico's child-care-research programme. The state government reckons it needs another 5,000 workers to look after 12,000 children, and is offering free tuition and stipends to study child care. Since 2020, 15% more child-care students have graduated. "We had 1,000 people come through our background-check unit last month," says Elizabeth Groginsky, New Mexico's cabinet secretary for early-childhood education, up from 300 last year.

The government also has to work out how much to pay. "Most of the country goes off of a market rate, meaning that you have to charge what parents can afford," explains Barbara Tedrow of the New Mexico Early Childhood Association, a business group. But instead the state asked "how much does high-quality care truly cost?" she says. New Mexico now judges its rates are higher than parents were paying before. Providers are predictably pleased.

The challenge is stopping those costs from growing over time. The child-care budget is currently funded only until the end of 2026. The programme "is sustainable, as long as [the administration] controls their expenses", says George Muñoz, chairman of New Mexico's senate finance committee. But he warns that the trust fund is not infinite: "You either get less quality or you have to change your investment strategy completely, or you have to put more money in."

Can you afford it?

Because the money comes from oil and gas, there are limits to how much New Mexico can teach places like New York and Connecticut, which are also looking to flesh out their own universal-child-care plans. According to the Fiscal Policy Institute, a progressive think-tank, were New York to spend as much per child as New Mexico, the state would have to more than double its current spending to \$4.6bn annually. Given New York's higher

costs, the final equivalent bill could hit \$7bn, half of what it spends on transport.

Whereas other states may lack New Mexico's fossil-fuel windfall, the policies to expand the supply of child-care staff could be a model, if they work. At Santa Fe Community College, an apprenticeship programme launched in 2023 guides students through classes where dozens of tykes crawl through a model school of light-filled, spacious classrooms. There are tiny binoculars at the windows for toddlers to gaze at mountain views. The centre is limited by space from accepting more children: there is a waiting list of 630. ■

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Zippy-de-doo-Dad

Parents on e-bikes are transforming the school run

They're smug, snug and often faster than drivers

Nov 13, 2025 05:30 PM | CHICAGO



A virtuous cycle

SOME MEN, on getting divorced, buy a sports car. Rory Barton, a 44-year-old advertising executive from Oak Park, a suburb of Chicago, went one better. On separating from his wife last June, he bought an Urban Arrow—a low-slung sort of bike, with a large box at the front for children. It cost him \$4,500 second-hand, a steal, since they retail for thousands of dollars more. Mr Barton uses it to take his two children, nine and seven years old, to school. In bad weather, occasionally he calls a taxi, but he has not felt any need to buy a car. “I’ve got a raincoat”, he says. “I do it year round.”

After a pandemic boom, the sale of bicycles in general has slowed in America. But sales of the sort that carry children seem to be defying the trend. Brett Thurber, the owner of The New Wheel, a small chain of bike stores in the San Francisco Bay area, says that over the past decade sales of family e-bikes have gone from nothing to a majority of his business, and continue to rise. The most popular brand Mr Thurber sells is Tern, a Taiwanese firm which makes bikes that can carry up to three children on the back. Like the Urban Arrows, these can cost several thousand dollars.

Convenience, more than, say, environmentalism, is driving the boom. Speak to the growing number of e-bike parents (a large majority, it seems, fathers) and they universally mention skipping car traffic, wasting less time coaxing recalcitrant children into car seats and never worrying about parking. Car drivers, they say, are suckers. “We have friends who won’t go to the beach because of parking,” says Chris Toman, a 42-year-old father in Seattle. That is not a problem on a bike. The fanciest sorts of e-bikes can transport plenty of beach gear, as well as children.

What e-bikes are replacing is generally not the family car but the second runaround. Few parents are giving up driving completely, but a lot of shuttling children around comprises journeys of one to three miles (1.6–4.8km)—too far for a toddler to walk, fiddly by public transport, but efficient on a bike. “We bike him to soccer practice, to swim lessons, to his paediatrician; we bike to birthday parties and to the park,” says Molly Fleck, a software engineer in Chicago, of her five-year-old.

Rising car traffic is one of the reasons why e-bikes are becoming popular. The share of children driven to school by their parents has risen continuously since the 1960s, according to data from the National Household Travel Survey. This is now true of the majority. Driver shortages and budget constraints mean traditional yellow school buses are less common than they were. The result is punishing traffic—in parts of the country, snaking drop-off queues can take hours to clear. One survey of parents found that a majority think their careers have suffered because of having to drive children to school.

The biggest note of concern is safety—bike infrastructure in American cities often leaves much to be desired. In places without protected bike

lanes, not many parents are likely to replace the car with a bike. But e-bike parents do not consider that a permanent problem. “They say home ownership makes you much more invested in municipal government,” remarks Howard Carter, a 32-year-old father in Denver, Colorado, who cycles his daughter to kindergarten. “I haven’t found that. Biking has.” He recently called up the city engineer to praise a plan to narrow an arterial road near his house. Revolutions begin with a push of the pedal.■

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Homeschooling

Florida is running a radical experiment in education

State cash and “unbundled” schools offer parents wide choices

Nov 13, 2025 05:30 PM | TAMPA



LAST MONTH'S Homecoming had a socially enforced uniform: the boys wore suits, the girls sequinned dresses and heels they couldn't walk in. Pop anthems like "Pink Pony Club" and "California Gurls" played as 600 teenagers bounced in unison. By midnight a king and queen were crowned. It had all the trappings of an American high-school ritual, but none of these children attended an actual school.

In Tampa, an old southern city with the restless energy of a Florida boomtown, a radical experiment in education is taking place. Parents empowered with \$8,000 state vouchers to school their children as they see

fit are fuelling a new kind of educational marketplace. It blends traditional homeschooling, charter schools and new hyper-specialised “microschools” or “co-ops” that offer unbundled classes on everything from algebra and forestry to karate. The dressing-up ball for untraditional high-schoolers was hosted by one of more than a thousand organisations in the city that help parents curate an *à la carte* education for their children.

In Hillsborough County, where Tampa sits, at least one in every 15 children is homeschooled—more than anywhere else in the state. The typical Florida homeschooler is no longer a mother teaching her children at the kitchen table all alone. Instead, parents now act as general contractors, selecting their children’s schooling from a wide range of suppliers and shuttling them between lessons and extra-curricular classes. Many of these pupils have learning disabilities that make conventional school hard. But what is happening in Tampa is much broader. This year the county’s public schools lost 7,000 pupils to “deschooling”, as well as to more familiar charter, magnet and private schools.

During the pandemic fed-up parents across America dabbled in homeschooling. But when schools reopened, most sent their children back. In Florida, they didn’t. By a conservative estimate, in five years the number of homeschooled pupils jumped by 47%, to 155,000. The surge is a result of statewide policy. In March 2023 lawmakers passed one of America’s most expansive school-choice programmes. The cash it provides to subsidise parental choice is available regardless of a family’s income.

At Urban Cottage, an unusually good microschool in a gentrifying part of Tampa, pupils drop in for Montessori classes. For a few hours a day they learn to read with phonics, to write in cursive and to add and subtract with wooden bead frames. Teachers drift between the small rooms of the renovated house, where pupils label maps of South America and discuss the importance of the Magna Carta. “The only moms working here have advanced degrees in their fields,” says Marissa Hess, a former public-school teacher who runs it.

Other options are wackier. At Tampa Covenant, a co-op run in a church, families choose from a menu of lessons and clubs for young pupils, including one called “Before Personal Finance” and another on Dungeons

& Dragons, a fantasy game. Outside the city, farm schools teach children to tend cattle. Most families mix courses with home study—the Good and the Beautiful, a Mormon curriculum, is a popular one. Many parents are seeking more family time, play and fresh air. A pair of philosophy professors chose homeschooling because they believe they can spark a deeper love of learning than a teacher in an overcrowded classroom.

The unbundling of education is shaking up the school system. Conventional schools want to join in. Private ones now offer “homeschooling days”, where pupils can come in one day a week. Public schools allow families to pay to enroll in individual courses like statistics, or play on the football team. “We haven’t had to market our traditional schools in the past and now we have to,” says Howard Hepburn, the superintendent of Broward County public schools, Florida’s second-biggest district.

Education researchers worry about these changes, especially as other states with similar politics look to Florida as the schooling frontier. They reckon some of the rules are far too lax. On a Facebook group for parents navigating the state subsidy system, anonymous users trade tips on getting Netflix subscriptions, Disney World passes and home-gyms reimbursed as “educational materials”.

That might be less concerning if it were clear pupils were mastering the basics. While most states (but not Florida) require homeschoolers to teach core subjects like math, reading, and history, in practice they don’t enforce it, says Angela Watson of Johns Hopkins University.

Test-score data should make clear who is learning critical skills and who is not. But homeschoolers’ exam results are rarely, if ever, published. “I don’t see why we should be using public funds to pay for an education that lacks real quality control,” says Jon Valant of the Brookings Institution, a think-tank. Sheela VanHoose, an education lobbyist in Tallahassee, reckons that there is “going to have to be a fix bill” to fill some of Florida’s gaps.

Lessons in capitalism

Ms Hess says stricter rules won't help. She opened Urban Cottage because she saw children slipping in schools and was fed up with how little freedom teachers had to be creative. "The American public school is the most regulated institution in America, and over the past 30 years it failed us," she says. Today, nearly half the country's pupils are below grade level. She believes unbridled capitalism is the best remedy—and that if it works in Florida, the rest of America will follow. ■

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Lexington

Why the Democrats may lose again to Donald Trump

One congressman's choice not to run again is a dire signal for them, and about politics in general

Nov 13, 2025 05:30 PM



BESIDES BEING members of Congress from the Democratic Party, Nancy Pelosi of San Francisco, California, and Jared Golden of Lewiston, Maine, have little in common. She favours Armani suits, he flannel shirts. Unlike him, she has never starred in a campaign advertisement cradling a rifle in elaborately tattooed arms, then cocking and firing it. She represents one of the country's dense, urban, left-wing districts, where the median household income is more than twice that of Mr Golden's constituents. His voters are spread through a vast region of pine forests and river towns where textile and paper mills have shut down, in a district Donald Trump won easily

three times. After Mr Golden was first elected in 2018 he fulfilled a campaign promise by voting against Ms Pelosi to become Speaker of the House of Representatives.

Yet close observers might have noticed that Mr Golden never suffered for that vote, or for others he took opposing Ms Pelosi's leadership. In fact, he managed to get appointed to the congressional committees on which he most wanted to serve, the ones that would most benefit his constituents back home. When he needed help raising money for one of his most difficult campaigns, Ms Pelosi quietly tapped her network for him.

So it seemed somehow right that Ms Pelosi chose to announce she would not seek another term on November 6th, the day after Mr Golden said he would not run again. In making way for the next generation, Ms Pelosi is displaying a wisdom that has been lacking among leaders of both parties. She first ran for office back in 1987, after bringing up five children, and she is now 85.

By contrast, amid Democratic euphoria over electoral wins this month, Mr Golden's choice is a warning to the party and about politics in general. At 43 he is younger than Ms Pelosi was when she first ran. A House where a politician like him feels he can no longer serve is not the same House whose factional intricacies she mastered. The question for Democrats, who will now probably lose Mr Golden's seat in 2026, is whether their leaders are still sensible enough to cultivate such independent-minded centrists—politicians who, in the time of Trump, are the party's real radicals.

Mr Golden was facing a primary from his left and then another tough general election. But he did not fear losing, he wrote in the *Bangor Daily News*, in explaining his decision not to run again. "What has become apparent to me", he continued, "is that I now dread the prospect of winning." Mr Golden, a Marine veteran of Iraq and Afghanistan who usually carries a concealed handgun, has received many death threats over the years. After yet another one caused police to descend on his home last Thanksgiving, he and his family holed up for days at a hotel. Now that he has two young daughters at home, he wrote, he fears exposing them to such risks and to "the intolerance and hate" in his political life.

At the same time, the legislative body of which Mr Golden is a member has become a giant marble green room where aspiring celebrity-politicians build their brands by posting on X or Bluesky while awaiting their next hit on Fox or MSNBC. Mr Golden sees little prospect of accomplishing much, allies say, particularly given the direction of the Democrats. Their centrist “Blue Dog” caucus in the House is down to ten members, including him, from 54 in 2009. Just 13 Democrats hold seats in districts Mr Trump carried. As close as the popular vote was in the last three presidential elections, each time Mr Trump won the vast majority of America’s counties; in 2024 he swept 2,660, compared with 452 that went to the Democrat, Kamala Harris. This is a gauge of that party’s obstacles to winning thinly settled rural districts like Mr Golden’s, and majorities in the Senate and the Electoral College.

Mr Golden was the lone House Democrat to vote against the government shutdown. He argued—rightly, it turned out—that it would hurt Americans without accomplishing the Democrats’ stated goal of extending subsidies for health-insurance payments. He accused Democratic leaders of catering to “far-left groups” by pantomiming opposition to Mr Trump. Just as the Republican Party has been “hijacked” by the MAGA movement, Mr Golden wrote, Democrats are “going down the same path” and allowing “the most extreme, pugilistic elements of our party to call the shots”.

Mr Trump and some of his allies resist reaching moral judgments about fellow travellers on the right, even when they are toxic. When other leaders of the party criticised members of a “Young Republicans” group in New York last month for racism and antisemitism on a group chat, Vice-President J.D. Vance dismissed the objections as “pearl-clutching” and the slurs, by 20- and 30-somethings, as “what kids do”. Unlike other Republicans who expressed outrage, he has conspicuously failed to distance himself from an ally, Tucker Carlson, who conducted a friendly interview with Nick Fuentes, an admirer of Adolf Hitler.

Heart of a lizard

Democrats have a different problem: they turn complex policy disputes into vicious moral ones. Mr Golden, his allies say, is sick of being condemned

as beyond the pale by fellow Democrats over, say, his support for Israel or opposition to the shutdown, even though he supports not just extending health-care subsidies but also abortion rights and many other Democratic priorities.

Ms Pelosi, who has had her own struggles with the party's left, had little patience for a finicky morality that hobbled the pursuit of the majorities needed for programmes like the Affordable Care Act, probably her greatest legislative achievement. Never a master wordsmith, she would tell allies they needed to be "two-ventricled", by which she meant cold-blooded. In the wake of Mr Golden's decision, one Democratic insider in Maine laments, "the left-leaning Democrats are so wrapped up in their own world" that they have forgotten "you've got to frigging win". ■

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The Americas

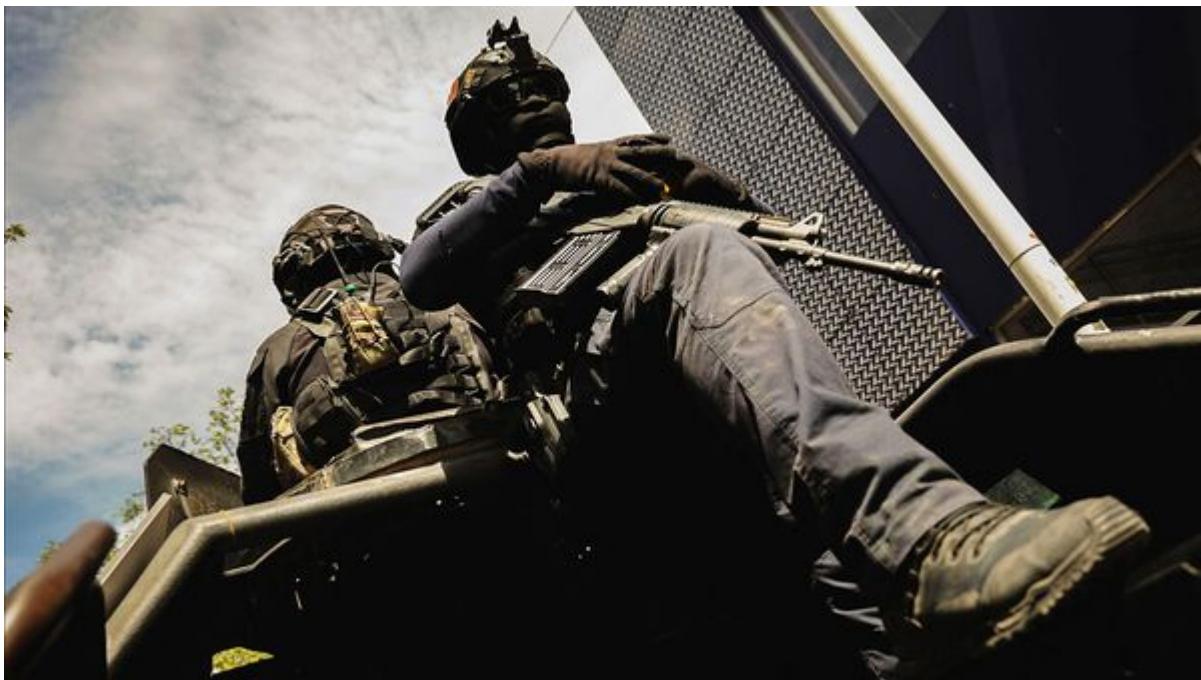
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Curbing violence

Making Mexico less of a gangster's paradise

Murders have fallen under a steely new crime tsar

Nov 13, 2025 05:29 PM | CULIACÁN AND ZACATECAS



STICKERS DECLARING that “#ElBuenoEsHarfuch” (“Harfuch is the one”) still adorn car windows in Mexico City. The slogan dates from Omar García Harfuch’s mayoral bid in 2023. During his four-year stint as the city’s security chief under the then mayor, Claudia Sheinbaum, the murder rate fell by about 40%, one of the biggest drops in the country. This made him wildly popular. He was nominated in a landslide to lead the Morena party, but stood aside for the female runner-up so it could meet its gender quota. Instead he followed Ms Sheinbaum to the National Palace in October 2024 as her security minister, to apply his intelligence-led approach to tackling

Mexico's [drug gangs](#) on a national scale. Many Mexicans believe he is their best hope of stemming the violence that has plagued their country for years.

Early evidence suggests they are right. Ms Sheinbaum's government says Mexico's murder rate has come down by 32% in the year since she became president. Analysis by *The Economist* confirms that the rate has fallen, though by a significantly smaller margin, 14%. Counting homicides alone misses an important part of the picture, namely the thousands of people who disappear in Mexico every year, many of whom are killed and buried in unmarked graves. A broader view of deadly crime that includes manslaughter, femicide and two-thirds of disappearances (the data for which are shaky), shows a more modest decline of 6% (see chart).

Still, Mexico is on track for about 24,300 murders this year, horribly high, but well below the recent annual average of slightly over 30,000. Ms Sheinbaum is the first Mexican leader in years to push violent crime in the right direction.



Omar Garcia Harfuch, Mexico's security minister.

How have she and Mr Harfuch done this? Though Ms Sheinbaum has kept up the rhetoric of her predecessor and mentor, Andrés Manuel López Obrador, about tackling poverty as the root cause of crime and violence, her policy has taken a different tack, starting with her security team. Mr Harfuch's staff is overtly data-driven. Ms Sheinbaum has handed him new and broad powers over co-ordination and intelligence. His allies have been put in charge of key institutions, including the financial-intelligence unit that traces dirty money. Mr Harfuch's own commitment to the cause is unquestionable: in 2020 he survived an assassination attempt in which gunmen fired more than 400 bullets into his convoy, killing two of his bodyguards.

Arrests are at record levels and, as a security analyst, Eduardo Guerrero, notes, they are "smarter". Mr Harfuch targets the most violent gangsters, rather than the kingpins, as well as those involved in logistics such as money-laundering. Firearms seizures have more than doubled, too.

Zacatecas, once Mexico's most violent state, offers a hopeful tale of what can be achieved (state and federal governments share responsibility for public safety). The murder rate has been falling since a turf war for a migrant-and-drug route peaked in 2021, but over the past year it has fallen more steeply than any other state's.

Zacatecas has been purging corrupt officers, hiring new ones from other parts of Mexico who are less afraid that gangs will go after their families. It has created two special-forces units and imposed a unified command over its most violent municipalities. Confidence is up. Ginés Jaime Ruiz García, the state's under-secretary for security, says citizens have started reporting crimes again. Federal help and closer intelligence-sharing under Mr Harfuch have been crucial, says Rodrigo Reyes, the state governor's chief of staff.

But go to Culiacán in Sinaloa to see the limits of even the most clear-headed approach. An internecine war has raged within the Sinaloa drug-gang since late 2024. The more than 11,000 federal troops stationed across the state have been unable to stop the violence. The murder rate has tripled since the conflict began. Even with armoured convoys and night-vision drones, all the security forces in Sinaloa can manage is to secure the roads and key infrastructure. They have failed to wrest control of the state from the gangsters.

Sinaloa illustrates the huge obstacles Ms Sheinbaum inherited. The criminal group that controls the state is sprawling, rich and entrenched; the Jalisco drug-gang is similarly well established nationally. Roughly two-thirds of Mexico's murders are linked to organised crime, according to Mr Guerrero. Extortion is rising. States including Michoacán, Guerrero and México are riddled with criminal groups.

By contrast local police are often either weak or non-existent—around 400 of Mexico's 2,469 municipalities lack a local force altogether. The National Guard that Mr López Obrador created to replace the federal police is controlled by the army. Mr Harfuch's new federal police corps has recruited only 1,500 officers so far. "There's no doubt he's doing all he can within the limits, but it's the soldiers who carry out Mexico's security policy," says

Lisa Sánchez of Mexico United Against Crime, a think-tank in Mexico City. The government has urged the states to agree that they will employ 25% more police officers by 2029, and 30% more prosecutors.



Investigators collect evidence at a crime scene in a residential neighborhood of Culiacán, Mexico.

Sinaloa exposes problems of Ms Sheinbaum's own making, too. She has allocated less than 1% of the 2026 budget to the security ministry, whose funding will fall by roughly 18% from 2025. That raises questions about how serious the government is, says Francisco Rivas, head of the National Citizen Observatory, another think-tank in Mexico City. Zacatecas has raised police pay to 16,000 pesos (\$870) a month. Elsewhere municipal officers still earn as little as a third of that, making them easy for criminal gangs to corrupt.

Political complicity also endures. Ms Sheinbaum recently went after a fuel-theft ring that had been operating under military protection. Fourteen people, including a vice-admiral, have been arrested. Yet she has done nothing publicly to investigate Morena's Rubén Rocha Moya, Sinaloa's governor, despite credible allegations that he has ties to gangs (which he denies).

Donald Trump has called Mexican politicians' ties with criminal gangs "intolerable". He has also labelled major gangs as terrorist entities in order to justify military action. On November 3rd NBC News reported that the United States is drawing up plans for operations inside Mexico to target gang leaders. Such sabre-rattling creates tensions, but may also give Ms Sheinbaum cover to be bold.

No amount of boldness will rebuild Mexico's hollowed-out security institutions and break the gangs' grip during the single six-year term that the constitution affords Ms Sheinbaum. More complete success will be for her successor. Mr Harfuch denies any presidential ambitions, but he has popular support. His approval rating already hovers near 70%. If he can keep chipping away at the violence plaguing Mexico, those stickers may well come into their own in 2029. ■

Editor's note: To hear a dispatch from Culiacán, listen to this week's [episode](#) of The Weekend Intelligence.

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The rose-tinted gangsters

Racy fictional depictions of gangs irk people in Latin America

The success of “Narcos” and follow-on programmes has sparked a debate

Nov 13, 2025 05:30 PM | MEXICO CITY



CRIME HAS long figured heavily in Latin American literature, television and music. The release in 2015 of “Narcos”, a Netflix series about the Colombian drug lord Pablo Escobar, brought this trend into the streaming age. Produced by three Americans, it launched a whole new genre of drug-related fiction. “Narcos” and follow-up shows now account for 40% of Netflix’s revenue from Latin American crime titles, according to Parrot Analytics, a data firm. “Emilia Pérez”, a film about a transgender Mexican gangster, got 13 Oscar nominations.

The boom in crime content bothers many in Latin America. Some 86% of Colombians think shows about their country focus too much on drug-trafficking, according to a survey by Datexco, a market-research company. In Medellín, once one of the world’s most violent cities and the centre of Escobar’s empire, tourists now sport t-shirts emblazoned with his face. “It’s tasteless. He was an assassin,” says a local tour guide.

Anabel Hernández García, a Mexican journalist who has reported extensively on its murderous gangs, believes these portrayals normalise and romanticise drug-trafficking, and that this makes it harder to tackle the problem. “They are presented as sexy narcos,” she says. “I have never seen a narco like that—they’re fat and ugly.”

Others are less critical. An agent of the US Drug Enforcement Administration who was involved in the capture of Joaquín “El Chapo” Guzmán Loera, a notorious Mexican drug baron, says that about 80% of “Narcos” is realistic.

Ms Hernández says the rising popularity of narco-fiction coincided with the policy in Mexico of the then president, Andrés Manuel López Obrador, who avoided confronting criminal gangs. This led to “the total normalisation [of criminal gangs] by the government”, she says. Meanwhile, a new generation of drug-traffickers started posting photos online, showing off their impunity.

Some are trying to fight content with content. Rodrigo Guerrero of AG Studios Colombia, a television-production company, is working with Mario Mendoza, an acclaimed Colombian author, on programmes that explore other types of crime common in Latin America like gender violence, the abuse of children, and crimes committed by state actors.

Without this expansion, Mr Mendoza says, the focus on drug-trafficking would end up “making other types of violence invisible” even though they are more universal and common. ■

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Crime and punishment

Chile heads for a sharp right turn

Insecurity and immigration dominate the presidential campaign

Nov 13, 2025 05:29 PM | SANTIAGO

The far-right presidential candidate Jose Antonio Kast is protected by bulletproof glass while giving a speech

Bulletproof, Kast?

“THEY USED to steal your phone—now they cut off your arm for it,” says Nur Faride, a young Chilean in Santiago, the capital. Crime and violence is the top concern for her compatriots, with a whopping 63% of them saying they worry about it. That is the second-highest share of crime-worriers in 30 countries surveyed by Ipsos, a pollster, higher than in murder hotspots such as Mexico, South Africa and Colombia. Many blame recent immigrants for violent crime and unemployment. Chilean *lanzas* (pickpockets) lost their jobs to Venezuelan gangs, runs a popular quip.

Chileans vote in the first round of presidential elections on November 16th. They will also choose new representatives for the entire lower chamber and half of the Senate. Security and immigration have dominated the campaign. Right-wing hopefuls compete to sound tough. The constitution bars Gabriel Boric, the young left-wing president, from a consecutive term. The left, which held a primary in June, is instead represented by Jeannette Jara of the Communist Party. As the only leftist in the field, Ms Jara looks set to win the first round (see chart). Yet she is unlikely to reach the 50% of the vote she needs to win outright, and will probably struggle in a run-off on December 14th against the most popular right-winger.

This is a stark change from 2021, when Mr Boric won by promising radical reform after huge protests against inequality and the establishment. Yet the process of constitutional change was botched, the protests are now

remembered for lawlessness, and the economy has grown by less than 2% a year since then. To widen her appeal, Ms Jara has played down both her stint as a minister in Mr Boric's unpopular government and her ties to the Communist Party. Her platform, which focuses on increasing lithium output and raising the minimum wage, is not exactly communist. She hopes to win the first round handily and capitalise on that momentum.

Her most likely rival in the second round is José Antonio Kast, an ultraconservative former congressman who lost in the run-off to Mr Boric in 2021. Mr Kast (pictured), who has nine children, has long opposed abortion even in cases of rape and is against same-sex marriage. Yet in this campaign he has downplayed his social beliefs and focused on security and immigration, which he blames for Chile's crime woes. Of Chile's 20m people, nearly 2m were born outside the country. Perhaps 340,000 of those migrants are undocumented; almost all of those arrived after 2018, many fleeing economic disaster in Venezuela.

Mr Kast promises an “emergency government”. He says he will shut the border to illegal immigration using ditches, walls and drones. Undocumented migrants will be nabbed, held in special detention centres and deported. “Kast does not like migrants, but I will vote for him,” says David, a Bolivian migrant who now has papers and can vote in Chile. He fears the country becoming communist.

Mr Kast talks up a “war against organised crime” and promises new maximum-security prisons. Last year he toured the new mega-prison of Nayib Bukele, El Salvador’s authoritarian president. “What interests us is precisely learning and understanding how they did it in terms of the security model,” explains Arturo Squella, the president of Mr Kast’s Republican Party, who has also visited El Salvador. Given that over 70% of Chileans have a positive view of Mr Bukele, such moves play well.

Crime is certainly a big problem. Last year kidnappings were the highest in a decade. Between 2022 and 2023 violence related to organised crime jumped by 37%. Well-heeled Chileans fear *portonazos*, violent carjackings, as they pull into their homes. The murder rate climbed from 4.5 per 100,000 people in 2018 to 6.7 in 2022. Yet the bleakness can be overdone. The rate has been falling since 2022. Last year it was 6.0, similar to the United

States. This year it is on track to be about 5.0. Studies also show that on average those born abroad commit less crime than Chileans, though in 2022 they were slightly over-represented for murders. These facts do little to temper the media or politicians. Mr Kast recently promised to confront the “narcos that are taking over our schools”, as if drug gangs regularly roam the halls.

This is the first presidential election since voting was made obligatory, raising the possibility that another candidate could spring a surprise. Among them is Evelyn Matthei, a centre-right former mayor and senator favoured by business. She long led the polls, but was recently overtaken by Mr Kast, who is seen as stronger on crime. She is the moderate, establishment option at a time when more Chileans than ever identify as right-wing and voters prefer radical outsiders.

Perhaps more likely to surprise is Johannes Kaiser, who is to the right of even Mr Kast. A congressman and former YouTuber, Mr Kaiser has seized on the culture-war issues that Mr Kast has avoided. He wants to bring back the death penalty and has said that if Chile becomes as socialist as it was in the 1970s, when Augusto Pinochet seized power in a coup, he would support another putsch. He has proposed freeing many of those convicted of torturing political opponents under Pinochet’s dictatorship. Both he and Mr Kast promise to slash public spending, saying it will reinvigorate the economy.

Polls suggest that either Mr Kast or Ms Matthei would easily beat Ms Jara in a run-off. If Mr Kaiser gets through, anything could happen. For the first time since Chile’s return to democracy in 1990, right-wing parties could have a majority, albeit a fractious one, in both chambers. If Mr Kast, or any other right-winger, triumphs in December they may have an opportunity to take Chile in a new direction. ■

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Sigma Octantis

Which is India's superstar state?

We pit two heavyweights against each other

Nov 13, 2025 05:29 PM | AHMEDABAD AND CHENNAI

A collage of elements from the Gujarat and Tamil Nadu regions in India. The maps of the regions are set in a star, torn in half.

HOW FAST should India grow? Narendra Modi, the prime minister, wants it to gain “rich-country” status by 2047, the centenary of its independence. A [back-of-the-envelope calculation](#) suggests that will require its economy to expand by around 8% annually, up from roughly 6% on average over the past 25 years. Only a few big states reliably post such numbers.

Two places in particular are held up as exemplars. One is Gujarat, a heavily industrialised western state that Mr Modi ran for more than a decade before he became prime minister in 2014. The other is Tamil Nadu in the south-east, which is growing by double digits, making it India’s top performer last year among the states that have reported figures. Which offers the better model to their poorer neighbours?

Start in Gujarat, a socially conservative state with as many people as Britain (but much better food). Gujarat is home to about 5% of India’s population but produces more than 8% of GDP and accounts for more than a quarter of exports. In the decade to 2022-23, the last financial year for which Gujarat has published data, its economy expanded at an annual rate of around 8% at constant prices. Income per person is 60% above the national average.

For generations Gujarat has prospered as a manufacturer of textiles, polisher of diamonds and hub for shipping. More recently it has sold itself as a home for capital-intensive megaprojects, such as in pharmaceuticals and petrochemicals. It is now attempting to grow in financial services and to break into chipmaking.

The state won business in part through big investments in infrastructure, note Christophe Jaffrelot, Vignesh Rajahmani and Neal Bharadwaj in a paper for the Institut Montaigne, a French think-tank. Over roughly 20 years Gujarat boosted its power-generating capacity five-fold; it also earned a reputation for an ever-expanding network of high-quality roads. Yet its success comes with a big caveat. Too many ordinary Gujaratis have seen [too little benefit](#) from the state's riches. Nearly 12% of them live in "multidimensional poverty", a composite measure of 12 indicators. That is five times more than Tamil Nadu and about the same as West Bengal, a much poorer state.

 View of the under-construction bullet train track work in Surat, India.
Western ways

One explanation is that Gujarat's megafactories can turn large profits without creating all that many jobs. But poor education is another. Less than half of Gujarat's youngsters study to high-school level, according to data compiled by the Reserve Bank of India—below India's national average of 58%. The state has "nice roads and nice infrastructure", says Indira Hirway, an economist in Ahmedabad. "What it needs is investment in human beings."

Two hours south by flight is Tamil Nadu, another littoral state that is roughly as rich and as populous. Last year its economy expanded by 11%. The spurt has a lot to do with the growth of electronics manufacturing—and, in particular, Apple's decision to increase the number of devices it makes in India. Tamil Nadu exported around \$15bn of electronics last year (about 40% of India's total), up three-fold from 2022-23. But the state is also a big maker of cars, motorbikes and lorries. And it has managed to pick up some of the tech-services and other back-office work that are usually associated with places like Bangalore and Hyderabad.

Tamil Nadu lags Gujarat in many telling ways. The electricity grid "is atrocious" by comparison, says Richard Rossow at the Centre for Strategic and International Studies, a think-tank in Washington. It has invested less in humongous highways. It spurns incentives on the scale found in Gujarat. Yet when it comes to creating a healthy and well-educated workforce, Tamil Nadu outstrips most peers. Its primary-health centres have about 60% more

doctors than Gujarat's; its public hospitals have more than twice as many beds (and the most, in absolute terms, of any state). Over 80% of its youngsters stay in school for the maximum period. Around half of young adults go on to college or university (the national average is 28%).



Newborn babies are pictured inside a ward of a government hospital for women and children.

Southern stars

Improving health and brainpower has helped ensure the spoils of growth in Tamil Nadu are widely spread. The state has far fewer very poor people than Gujarat, even though its GDP per person is similar. Part of the reason the state has excelled in providing public goods, even as Gujarat—and much of India—focuses on hard infrastructure, is that Tamil Nadu started social reforms a century ago. Many other states remain “feudal bastions”, says J. Jeyaranjan of the State Planning Commission.

Success in social policy in turn boosts industry. A.R. Unnikrishnan, the chairman of the local branch of the Confederation of Indian Industry, says the state's many engineering colleges produce a striking amount of talent. Another reason that Tamil Nadu has won so much electronics manufacturing is that it offers a well-educated female workforce. (Assembly companies say they prefer women for their smaller hands.) About 40% of all the women who work in manufacturing in India are employed in Tamil Nadu.

What can India learn from all this? Its states are wildly diverse (see chart). If the country is to grow as fast as policymakers hope, each one will have to play to its own strengths. Gujarat and Tamil Nadu have benefited from their coastal locations. They have business-friendly cultures and big foreign diasporas. These are not things that less fortunate states can quickly acquire, no matter how wise their leaders.

The pair offer lessons nonetheless. All across India politicians find it easier and more appealing to seek growth by laying concrete than by pumping up skills. New roads and bridges make for good front pages and bring immediate benefits. The fruits from improving schooling, by contrast, come

much slower. Yet unleashing the power of India's young and massive population will require investment in health and education. It will also mean fighting obstacles, such as sexism, caste and environmental degradation that keep people from fulfilling their potential. This is far from easy work. But, as Tamil Nadu shows, it would pay off in spades.■

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One and done?

A bombing in Delhi raises tensions in the region

But India's restrained response suggests that is little immediate risk of hostilities with Pakistan

Nov 13, 2025 05:30 PM | DELHI

Fire Brigade trying to douse fire after a blast near the Red Fort Metro Station Gate No. 1. on November 10, 2025 in New Delhi.

IN MAY, AS a brief India-Pakistan air war wound down, Narendra Modi, India's prime minister, announced a new counter-terrorism doctrine—automatic retaliation. “If there is a terrorist attack on India,” he warned, “a fitting reply will be given.” So when a car exploded outside the Red Fort in old Delhi on November 10th, killing at least eight people and injuring 20 others, the region took a sharp breath. But for now, the risk of another war remains low.

The blast appears to be linked to a plot that was broken up by Indian police earlier that day in Faridabad, near Delhi. Police discovered weapons, ammunition and huge quantities of material for making explosives. Seven men were arrested. Police in Jammu & Kashmir, an Indian territory, said they were part of an “interstate and transnational terror module” with links to Jaish-e-Mohammad (JEM), a Pakistan-backed militant group, and Ansar Ghazwatul-Hind, an al-Qaeda-linked outfit in Kashmir. The car that exploded in Delhi was traced to Umar un-Nabi, a doctor, who is reported to have escaped those raids.

Some Indian authorities have privately briefed journalists that the plotters were “acting at the behest of Pakistan-backed handlers”. But Indian leaders have not repeated that charge in public. Notably, in contrast with a massacre

in Kashmir in April, which precipitated the May skirmishes, the attackers appear to be Indian citizens rather than Pakistani infiltrators.

One Indian expert, who asked to remain anonymous owing to the sensitivity of the topic, says he is dubious about the plotters' alleged links to both al-Qaeda and JEM, two very different groups. The former has been "non-existent for a long time" in India, he says, and in any case JEM sees al-Qaeda as a competitor rather than collaborator. The Indian Mujahideen, a domestic outfit that was active in the 2010s, has been dormant, with its supporters ebbing away to more informal networks.

Terrorism against major Indian cities has been rare over the past decade. A bombing linked to Islamic State at a café in Bangalore last year was the first such attack in years. The last major attack on Delhi was in 2011, when a briefcase bomb killed 15 people. Ajai Sahni, director of the South Asia Terrorism Portal, a website that tracks violence in India, argues that would-be terrorists might find it easier to operate outside Kashmir, where they face intense pressure from law enforcement and intelligence agencies.

Mr Sahni dismisses the notion that the Delhi blast could mark the start of another wave of terrorist violence of the sort India faced in the 1990s and 2000s. At the time, he says, militant groups were strong and the state was weak. Now the situation is reversed. The fact that police were able to unearth and dismantle the Faridabad cell is itself a sign of the state's "good handle" on the problem, he says.

The provenance of the plotters, the fact that their plans were thwarted, and Mr Modi's decision to press ahead with a scheduled trip to Bhutan all suggest that there is little risk that India chooses to launch air strikes on Pakistan, as it did after a terrorist attack in 2019 and again, more forcefully, this summer, barring new evidence that points to direction from abroad.

Nonetheless, relations with Pakistan remain rocky. On November 11th a suicide-bombing in Islamabad, Pakistan's capital, killed at least 12 people. The Pakistani Taliban, a jihadist group, claimed responsibility. More than 1,600 Pakistani civilians and soldiers have died in attacks this year, the worst toll in a decade. Pakistani leaders blamed the latest attack on "Indian

state terrorism". That claim, retorts India, is the product of "an obviously delirious Pakistani leadership".■

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Air-traffic control

South Korea's new president is fixing relations with America, Japan and China

A refreshing burst of pragmatism after a turbulent time

Nov 13, 2025 05:29 PM | GYEONGJU AND SEOUL

Lee Jae Myung, South Korea's president, during a Bloomberg Television interview at the presidential office in Seoul, South Korea.

SHIN WOO-SEOK is known for directing flashy music videos. His latest clip opens with G-Dragon, a k-pop heart-throb, marching through a traditional Korean restaurant, where he finds a football star, a movie director and a top DJ. Then comes an unusual turn: South Korea's new president, Lee Jae Myung, makes a cameo helping guide planes to a runway. The slick video, commissioned to promote the annual gathering of the Asia-Pacific Economic Co-operation (APEC) forum that South Korea recently hosted, concludes with a message: "The world comes to Korea."

The president intends the video to symbolise his country's diplomatic re-emergence after a rough patch. Mr Lee won a snap election in June after his predecessor, Yoon Suk Yeol, was impeached for [declaring martial law](#). He took office facing myriad challenges, from trade tensions with America to North Korea's deeper ties with Russia and China. He has proved an effective champion for his country's interests.

As leader, in opposition, of the left-wing Democratic Party (DP), Mr Lee hewed to familiar foreign-policy positions for his side, including openness to North Korea and wariness of Japan, the former imperial overlord. But as a presidential candidate he [preached pragmatism](#). Mr Lee has largely practised it, working to improve relations with America and Japan—as well

as with China. In keeping with DP orthodoxy, however, he has tried outreach to the North, to little avail.

Mr Lee's most urgent task has been to land a tariff-relief deal with Donald Trump. South Korea and America signed a free-trade agreement in 2012. That did not stop the American president from slapping a 25% duty on the country this year. In July Mr Trump agreed to lower the rate to 15% for many goods, but not for cars. That put South Korean carmakers at a disadvantage to competitors with lower rates.

Mr Lee's meeting with Mr Trump on the sidelines of the APEC summit was his best chance of sealing a better deal. Their final agreement saw South Korea promise to invest \$350bn in America, in exchange for tariffs on most of its goods—including cars—coming down to 15%.

South Korea also pledged to take more responsibility for its own security; in return, Mr Trump blessed its plan to acquire nuclear-powered submarines, a capability that America has long resisted allowing it to obtain. The two countries also apparently agreed to renegotiate a pact governing nuclear co-operation. South Korea wants to be able to enrich and reprocess nuclear fuel. This will let its nuclear-power plants depend less on imported fuel and help reduce nuclear waste.

But renegotiating the pact brings another—unspoken—benefit. It would be easier, [should South Korea choose, to assemble a nuclear weapon](#). That is why proliferation-wary Americans have long opposed the pact's revision. Mr Trump either did not understand the implications, or did not care. South Korea's moves towards an insurance policy betray deep unease about its alliance with America.

[South Korea shares such unease with Japan](#). Yet under the last DP president, Moon Jae-in, who left office in 2022, relations between the neighbours plummeted over issues relating to their colonial past. As opposition leader, Mr Lee led a hunger strike in part to protest against Mr Yoon's conciliatory stance toward Japan. Here, too, he has grown pragmatic. During the APEC meeting he held a chummy first summit with Takaichi Sanae, Japan's new right-wing prime minister. South Korean diplomats now speak of Japan as

their best friend in the neighbourhood, in large part because both face similar threats.

South Korea has less room for manoeuvre in its relations with China, its largest trading partner and America's biggest rival. "We are clearly in the Western camp," says a South Korean official. China recently placed sanctions on South Korean firms helping America's shipbuilding industry. Mr Lee wants to contain the fallout. Xi Jinping's appearance at APEC marked the Chinese leader's first official visit to South Korea for more than a decade. The two smiled and bantered when they met. Following their meeting—and Mr Xi's trade truce with Mr Trump—China temporarily suspended the sanctions.

For South Korea, China is not just a crucial economic partner, but also key to restarting dialogue with North Korea. Overtures towards Kim Jong Un, the North Korean dictator, from both Mr Lee and Mr Trump appear to be going nowhere. Mr Kim is getting economic, diplomatic and even military support from both Russia and China; he has made clear that he wants recognition of North Korea's nuclear status in order to talk.

However well it went for Mr Lee, APEC was only a preview of the tests he will face during his term. Differences over what was actually agreed with Mr Trump have already emerged. Meanwhile, conflicts over history between South Korea and Japan have a nasty habit of resurfacing. "What's the resilience in the relationship when rainy days come?" asks one South Korean official. "Because we will have rainy days." ■

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A bout time

Japanese women are wrestling with sumo's boundaries

Might a female prime minister break a long-standing taboo on entering the ring? Don't count on it

Nov 13, 2025 05:30 PM | KYOTO

Wrestlers train during a practice session at a sumo camp in Tottori Johoku High School in Tottori, Japan.

THE TWO young contenders grab at each other's loincloths. A referee keeps up the shout of “nokotta nokotta”, indicating that the wrestlers are still in the game. Suddenly one lunges forward, sending the other tumbling over the straw bales that mark the ring’s boundary. The crowd roars.

A version of this scene repeated itself all day in Kyoto last month as 300 wrestlers went at it in bout after bout. This was no ordinary tournament. Taking the place of girthy Japanese men in the ring were women of all ages. They were there to participate in the All Japan Women’s Sumo Championships.

Women are an unusual sight in a sport that abhors change. Though the first edition of the ladies’ championship took place 28 years ago, and has contributed to the growing popularity of the sport among women, there is still no professional structure for females. Nor can there be. Grand Sumo, the official tournaments that stretch back to the 17th-century Edo period, ban women from entering the *dohyo*, the sacred sumo ring, because they are considered ritually polluting. Though some 1,000 women practise sumo in Japan today, mostly through school and university clubs, the lack of a professional path means that many give up after graduation.

The exclusion of women from the ring is part of a broader societal affliction. Japan ranks 118th out of 148 in the World Economic Forum's gender-gap index. That is better than Saudi Arabia but worse than Bahrain. Other spheres of life have long been off limits to women on similarly ritual grounds. Women were long prohibited from tunnel construction sites, owing to the belief that their presence would make the female mountain god jealous and bring misfortune; that prohibition began to ease in the 2000s, as more women entered the workforce. But they are still banned from climbing some sacred mountains.

Sumo remains a great bastion of conservatism. Some hope that the elevation of Takaichi Sanae, who last month became the country's first female prime minister, might herald change. An ongoing Grand Sumo tournament provides the opportunity. It is the prime minister's job to award the championship cup at the close. But to do so she must step onto the *dohyo*. Will Ms Takaichi break the taboo and do so?

Not if the Japan Sumo Association can help it. It "intends to continue preserving the traditional culture of Grand Sumo," says a spokesman. Ms Takaichi is also unlikely to press the issue. The new prime minister is a social conservative who opposes allowing married women to keep separate surnames or letting one ascend to the imperial throne. The young wrestlers in Kyoto have a longer time horizon. "If women's sumo continues to grow," says Yamashiro Hanna, a 16-year-old enthusiast, then "maybe things will change."■

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Desperate times

Asia's most treacherous sailing season

Rohingya refugees are risking their lives in perilous sea crossings. Some do not make it

Nov 13, 2025 05:31 PM | SINGAPORE

Rohingya refugees wait to be rescued from a boat after a week anchored ashore off the coast of Labuhan Haji in Southern Aceh province.

OCTOBER MARKS the start of what people smugglers call “sailing season” in the Andaman Sea, after the south-west monsoon dies down and waters become calmer. For 15,000 Malaysian ringgit (\$3,600) per person, criminal networks promise safe passage by sea from the borderlands between Bangladesh and Myanmar down the coast to Malaysia. But the week-long journey is perilous. Some boats sink before they can reach the shore.

On November 8th a Filipino cargo vessel fished three survivors out of the water just off the Malaysian resort island of Langkawi. At some point in the days before, smugglers had moved them from a big mother ship onto a smaller one as they approached the Malaysian coast. That smaller vessel, teeming with somewhere between 70 and 100 people, later capsized. Eleven more survivors have been pulled out of the water in the days since. So have the bodies of 27 who died, including four children.

Members of the long-persecuted, mostly Muslim Rohingya ethnic minority in Myanmar know the risks of these journeys, says Hafsa Tameesuddin, a Rohingya refugee and activist now living in New Zealand. Few migrants can pay their way upfront. Those who make it to Malaysia often work for years to pay off their debt to people-smugglers. They also risk arrest and indefinite detention by Malaysian immigration authorities. But every year thousands choose to try anyway, because conditions back home are so dire.

In Rakhine State in western Myanmar, where the Rohingya are from and hundreds of thousands still live, they have been caught up in the brutal fighting between Myanmar's military junta and the Arakan Army (AA), an insurgent group fighting to establish a homeland for another (mostly Buddhist) ethnic group, the Rakhine. At least 100,000 are confined to displaced-person camps. The junta is run by an army that UN experts say staged a genocide against the Rohingya in 2017. But Rohingya say that the AA, which burned down the mostly Rohingya town of Buthidaung last year, is now committing atrocities, too.

Across the border in Bangladesh, over a million Rohingya live in the world's largest refugee camp, near Cox's Bazar (see map). The government bans Rohingya from putting up dwellings made of anything sturdier than bamboo and tarp, in a bid to encourage them to go back to Myanmar. That policy has not had the desired effect, but has succeeded in making the camps vulnerable to fire and landslides. Worse, Bangladesh also limits access to education and employment. "There is nothing for them there," says Ms Hafsa.

This year, sailing season began early. Observers are expecting more Rohingya to attempt the journey than ever before. Chris Lewa, who has tracked the people-smuggling business in the Andaman Sea for nearly a quarter of a century, says that at least 16 boats, carrying between 2,000 and 3,000 people in all, have left Bangladesh and Myanmar since September.

She and other analysts point to one factor in particular that is driving the boom in people smuggling: Rohingya are worried that America will soon stop paying for food in the camps. The Trump administration cut the budget for food aid earlier this year, before later signing off on a series of short-term stopgap measures. But because the packages last only several months at a time, aid agencies continue to warn that food may soon run out. That has made many Rohingya anxious enough to book passage to Malaysia. The situation is even worse in Myanmar, where the conflict has made the distribution of food assistance, when funded, even more difficult.

There is one small reason to hope that things could soon improve. In September American officials appeared to tie further food assistance to

Bangladesh allowing Rohingya refugees to work. That would make life in the camps much more tolerable, and lessen the Rohingya's dependence on strapped foreign-aid budgets.

Even American pressure, however, may not force quick changes on the ground. Allowing Rohingya to work would be unpopular in Bangladesh, which goes to the polls in February. Change, if it comes, would be unlikely before then. Sailing season in the Andaman Sea lasts until May. If the last few weeks' numbers are any indication, it is going to be a busy one.■

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Banyan

Kerala can teach India a thing or two about social welfare

But it also has plenty to learn about economic dynamism

Nov 13, 2025 05:29 PM



An illustration of people putting together a puzzle.

KERALITES BELIEVE that their state, nestled in the lush south-western corner of India, stands apart from the rest of the country. Their cuisine and culture are distinctive, they boast, and their homeland is, after all, God's own country, having been carved out from the sea by an axe-wielding avatar of Vishnu. That may be so. But there is a more worldly reason that the state of 36m people is distinctive—and worth paying attention to. On November 1st Kerala declared that it had eliminated extreme poverty, becoming the only state in India to manage the feat.

Some nitpicking goes on among economists and analysts about the precise definition of destitution. But there is no denying that Kerala is India's development champion. According to the Indian government's "multidimensional poverty index", less than 1% of Keralites were defined as poor in 2019-21, by far the lowest rate in the country. (The all-India average was 15%.) The index is a composite measure of 12 indicators covering health, education and living standards. On every one of these, Kerala's rank is among the country's best. It is to Indian indices what Scandinavia is to the world. How does it do it?

One answer lies in its unique politics, which have always been animated by contests over redistribution and welfare provision rather than caste and religion. The Hindu-nationalist Bharatiya Janata Party has only ever won a single parliamentary seat in Kerala's history as a modern polity. Power at the state level alternates between the centre-left Congress and the further-

left Communist Party of India (Marxist), which is currently in power. This is partly because of Kerala's distinctive demography. Just over half its people are Hindu, compared with 80% nationally; large Muslim (27%) and Christian (18%) minorities mean that identitarian politics resonate less. Anti-incumbency helps too. The communists who ruled for 34 years in West Bengal, a backward state in the east, grew stagnant and corrupt. In Kerala they are routinely booted out, keeping them responsive.

Another answer has to do with the style of governance. Every Indian state promises development, but most exercise authority from the top down. Few give ground-level officials any autonomy. But Kerala worked with local councils and community organisations such as Kudumbashree, a women's co-operative with over 4m members, to identify 64,000 households living in extreme poverty. Local officials then drafted and implemented "micro-plans" to lift each household out of poverty. Decentralisation helped in the pandemic, too, especially with matters like contact tracing and effective targeting of local lockdowns.

Kerala is, of course, far from perfect. Leftist rule may have made its society more equal, but it has also stifled growth and investment. Thousands of trade unions emerged at the height of communist dogmatism in the 1960s and 70s and quickly became a nuisance for businesses and even ordinary citizens. Industry accounts for only a quarter of Kerala's output, a share that has barely budged over the past two decades, even as it has risen among more dynamic neighbours. Next-door Tamil Nadu is at 33%. Overall growth—6.2% last year—slightly trailed the national average. Tamil Nadu grew by 11%.

This stagnation is suffocating the state's potential. Kerala's youngsters may be the most literate in India, but their youth-unemployment rate of around 24% is the second-highest in the country. The state's income figures are flattered by vast remittances from the Gulf, which for generations has lured Keralite migrants with brighter prospects.

Watching their neighbours race ahead is forcing the Communist Party to adapt. It has sought to distance itself from unions, and now courts investors and hosts startup summits. Recent analysis by the Economist Intelligence Unit, our sister organisation, suggests that the state's business environment

has improved in recent years. But much more reform is needed, starting with cutting red tape for land acquisition and project approvals. Kerala ranks ninth among 15 states the EIU tracks, and well behind the leaders Tamil Nadu and Gujarat.

Kerala's status as a development superstar despite its sluggish growth is commendable. But its model would be even more impressive if it could also power growth. A state that can become prosperous through the politics of universal improvement would truly stand apart from the rest of India—and indeed much of the world.■

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Calibrating co-operation

America and China share a dangerous addiction

Fentanyl is hard to kick. Particularly as a source of leverage

Nov 13, 2025 05:30 PM | BEIJING



Photomontage of fentanyl pills and shipping containers.

THE FIGHT against fentanyl, a synthetic opioid, is at the heart of [America and China's](#) uneasy trade-war truce. The drug has killed more than 300,000 Americans since 2020 and related overdoses are the leading cause of death for [Americans](#) aged 18-44. Shortly after starting his second term in office, President Donald Trump slapped a 20% tariff on Chinese goods for the country's role in manufacturing the drug. But last month, as part of a wide-ranging deal with his Chinese counterpart, Xi Jinping, he agreed to halve the tariff. Mr Xi "is going to work very hard to stop the death", Mr Trump told journalists. China has promised "significant" measures, according to the White House.

China has offered tough action before. But this time momentum seems greater and the stakes higher. Admittedly a recent visit to Beijing by Kash Patel, the director of the Federal Bureau of Investigation, appeared grim at points. On the evening of November 8th the MAGA die-hard was slumped unceremoniously in a drab hotel lobby. Yet meetings proved productive. On November 10th officials from China's powerful public-security ministry, among other agencies, released a list of 13 chemical "precursors" (used to make fentanyl) which will require extra approvals before they can be sold to customers in America, Canada and Mexico. The same day China's counter-narcotics authority issued a notice "reminding" exporters of the "legal risks" involved with selling precursors and drug-making equipment to the three countries. A bilateral working group is being set up.

China has a year before the truce is reassessed. How it chooses to use that time will affect the stability of the relationship between the world's two most powerful countries. The question is whether China wants the co-operation to last that long. "China sees action against fentanyl as leverage," says Henrietta Levin, a former director for China on President Joe Biden's National Security Council who is now at the Centre for Strategic and International Studies, a think-tank in Washington, DC. "They don't intend to do more than what is politically advantageous to them at any particular moment."

Broadly two features explain why fentanyl has flourished in China. The first is the country's massive chemicals industry, which accounts for about 40% of global chemicals production. Its loosely regulated factories can easily manufacture both the drug (which is also used for legitimate medical purposes) and the ingredients needed to make it. That has helped fuel a synthetic opioid epidemic in America (meanwhile China seems not to have a big domestic problem with such drugs). The second feature is China's underground financial networks, which help to launder money for gangs. More than \$150bn in illicit proceeds moves through China each year, according to American officials.

In 2019, under pressure from Mr Trump's first administration, a Chinese crackdown on illegal production disrupted fentanyl supplies. The street price of the drug in America rose for several months, according to a study published earlier this year by the Peterson Institute for International Economics, a think-tank in Washington. As a result 20-25% fewer people died of overdoses in that period, the study estimates. The shadowy industry adapted, however. Chinese factories largely stopped making illegal fentanyl but continued to churn out precursors. They are typically sent to [Mexico](#): (and, to a much lesser extent, Canada) to be turned into the final product by gangs before being smuggled over the border.

America has repeatedly asked China to tackle the trade in precursors; these are hard to track because many are also used perfectly legally. China's record has been mixed. It has tightened controls on more chemicals (or "scheduled" them, as this process is known). It has also shut down certain companies, made arrests and, according to officials, blocked or removed

over 140,000 illegal advertisements. Officials have helped crack some money-laundering cases, too. Even so, a report by America's State Department in September stated that China "continued to fall short of the decisive measures needed". Online platforms were openly selling precursors to criminals, it found.

Why so? Because China tends to ease up whenever the relationship sours. In 2020 it dialled back its co-operation when America imposed sanctions on a government forensic-science institute for alleged links with the repression of the Uyghurs, an ethnic minority (China denies any such repression has ever taken place). In 2022 China stopped helping entirely after Nancy Pelosi, then the speaker of the House of Representatives, visited Taiwan. Joint work did not restart until Mr Biden agreed to lift sanctions on the institute at a meeting with Mr Xi in late 2023. Efforts were interrupted once again after Mr Trump announced new tariffs on China this year.

There is much more China can do over the next year, says Vanda Felbab-Brown of the Brookings Institution, another American think-tank. One big loophole, she says, relates to precursors. Some are used for so many legal purposes that it is not practical to schedule them. American law still allows those who sell them to criminals to be prosecuted, but Chinese law is fuzzier. Officials could also force chemical companies to collect more information on their customers. At the moment some claim to be ignorant of the illicit purposes for which their products are used. Whatever changes on paper, the enforcement of laws remains the critical issue.

It will help China's case that fentanyl deaths in America are declining. Some 42,000 Americans died of overdoses from synthetic opioids in the 12 months to April (excluding methadone). That is down from a peak of about 78,000 deaths in the 12 months to August 2023, according to data published by the Centres for Disease Control and Prevention, a government agency. There are many reasons behind the trend, such as the greater availability of injection kits which can reverse an overdose. But diminishing supply—perhaps as a result of China's past actions—is an important factor too, argues Jonathan Caulkins of Carnegie Mellon University in Pittsburgh.

Precedent suggests China will loosen controls again if (or when) the relationship with America deteriorates. "It can stop prosecuting people, it

can stop taking down websites, it can stop passing intelligence,” fears Ms Felbab-Brown. China may already be giving itself some wriggle room. The commerce ministry’s readout of a meeting between negotiators from both countries, which was held shortly before Messrs Xi and Trump’s encounter, merely said a “consensus” was reached on fentanyl co-operation, with no further details. The foreign ministry’s readout of the leaders’ talks did not mention fentanyl at all. Chinese diplomats typically blame America for its drug problems and say China has already done plenty to help.

Ideally fentanyl controls could be dealt with separately from other trade wranglings. It is one of the few areas where both countries’ interests could perhaps align: Mr Trump likes to be tough on drugs, and China hates being painted as the source of the opioid scourge (it is keen to be removed from an American government list of major drug-producing countries). That said, officials obviously appreciate the leverage the drug provides them. Giving that up would be very difficult indeed. ■

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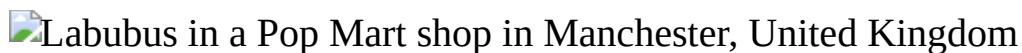
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Ugly-cute contest

China's growing global fan club

Our new poll shows global opinion is swinging its way

Nov 13, 2025 05:29 PM



CHINA APPEARS “increasingly cool,” declared Jin Lian, a spokesperson for China’s foreign ministry, earlier this year. To make his case he pointed to consumer-product sensations and cutting-edge technology. After all, this year China has celebrated the success of the “ugly-cute” Labubu toy and DeepSeek, and experimented with flying cars.

“Foreign friends”, Mr Jin purred, were “breaking through their cognitive cocoons”. Soft-power victories matter both to China and to its president, Xi Jinping, in the country’s bid to be a superpower. And President Donald Trump is handing other successes to his Chinese counterpart. His chaotic policymaking means many now see China as a stabilising presence. In the eyes of the world, China seems to be growing into an awesome rival to America.

To test this thesis, *The Economist*, working with GlobeScan, a consulting and polling firm, asked 32,000 people in 32 countries for their views on China and America between July and September. The results are startling. Since we last asked the question a year ago, China has made big gains as the world’s preferred “leading power” (see chart 1). The share of respondents favouring China jumped by 11 percentage points to an average of 33%. Meanwhile, support for America slipped below a global majority to 46%.

China wants to be seen as America’s peer. Preference for China as the world’s leading power has risen in every place sampled by GlobeScan.

Perhaps most surprisingly, that includes America, where support for Chinese leadership doubled to (a still low) 6%. Meanwhile, two in every five Americans thought that China's influence in the world was "mainly positive", up from a quarter during Mr Trump's first term.

Preference for China strongly correlates with age: the younger the respondent, the more likely they are to welcome Chinese leadership (see chart 2). Among 18- to 24-year-olds America and China are nearly tied for support at 41% and 39% respectively. Among those over 65 years old, America has a commanding 30-point lead. Many youngsters use Chinese products and services, like the video-sharing sensation TikTok, or follow social-media influencers who have visited China. (Earlier this year, state media were found offering expenses-paid trips to China to such types.)

When it comes to picking China as the leading power, the largest regional increases were in Latin America and Europe. In Brazil, Canada, Mexico, South Africa and Spain, preferences for China rose (and support for America fell) by about 20 percentage points. The single largest increase was in Indonesia, where support for China leapt by 23 percentage points to 62% to make it the second-most pro-China country, behind Egypt. There were only fractional rises in China's neighbours. Security concerns dominate views of China in Japan and South Korea, where no more than 5% of respondents preferred China.

For perhaps the first time, more than half of respondents in Africa and the Middle East opted for China. Many already liked the country anyway, which may be partly thanks to China's Belt and Road Initiative. In the past decade the scheme has seen tens of billions of dollars invested in those regions. Still, this most recent bump of nine points takes China over the majority mark, so lends some credibility to China's claims to lead the global south.

Overall preference for China is only part of the story. China's list of supporters also reads as a roll call of America's discontents. Mr Trump has picked fights with South Africa over false claims of a "white genocide" and Brazil for prosecuting its former president and MAGA-ally, Jair Bolsonaro. America's neighbours, Canada and Mexico, have both been hit with tariffs

and threats of invasion. America's star tends to dim under Republican presidents and sparkle under Democrats, but what is new is that the fall in affection for America is so clearly to the benefit of its biggest rival. ■

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Uyghur pronunciation

The way Uyghurs speak Mandarin is now a joke

For many it's not funny, given the political heat around language choices

Nov 13, 2025 05:30 PM

 An illustration of two persons cornered by speech bubbles.

SCROLL THROUGH posts about Xinjiang on Chinese social media and an odd phrase soon appears: “Apple U”. It is a pun that mimics how some Uyghurs, the largest ethnic minority in Xinjiang, a region in China’s far north-west, pronounce “Hey, friend” in Mandarin. This meme is part of a growing trend online for using *nang yan wen*, or “naan Mandarin”—a way of writing and talking that wags have named after Xinjiang’s staple flatbread. Videos tagged with the term have amassed more than 1.7bn views on Douyin, TikTok’s sister app in China, since the start of the year.

Mocking regional accents has long been a pastime within China. Mandarin (*putonghua*) itself was standardised from northern dialects under the country’s past leader Mao Zedong, who famously spoke it with a thick Hunan accent. But what began as gentle parody risks shading into prejudice. State media and online influencers alike deploy “naan Mandarin” in ways that blur the line between comedy and condescension.

The meme also glosses over Xinjiang’s fraught linguistic past. In the decades after 1949, schools in autonomous regions such as Xinjiang and Tibet were permitted to teach the main subjects in their local languages. That space narrowed in the 1990s with the introduction of “bilingual education”. After 2000 such teaching grew more institutionalised and under Xi Jinping, China’s president since 2013, language use has increasingly become a political concern.

On his first visit to Xinjiang as China's leader in 2014, Mr Xi said that mastering Mandarin would make it easier for local children to find jobs and help them "contribute more to promoting ethnic unity". In 2017 China's government ordered minority students to "master and use" standard Mandarin; it said it wanted it employed in 95% of classrooms, nationwide. Across many minority regions, subjects such as maths and literature are now taught in Mandarin, despite some protests from parents who fear that their children are losing their mother tongue—and with it, an important part of their identity.

Many children from minority groups now primarily speak Mandarin, so jokes about pronunciation truly sting. Besides, minorities more broadly, and in particular those who carry a Xinjiang *hukou* (household registration), face regular police checks and frequent discrimination. As a user from the region complained online recently, being addressed in "naan Mandarin" is not affectionate but belittling: "I'm not a child or a pet for you to tease," the person wrote. "I spent years learning Mandarin so we could speak as equals."■

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Chaguan

Tianmen is China's test site for baby-boosting policies

A visit to the city offering more than \$40,000 for second children

Nov 13, 2025 05:31 PM

An illustration of a mother carrying a newborn wrapped in a bill. There are piles of money with children on it next to her, the higher the pile, the older the kid.

FOR DECADES the ideal for the Chinese family involved two parents doting on their single, precious child. At the maternity hospital in Tianmen, a city in the central province of Hubei, it does not take long to detect how the ideal is now changing. Outside the hospital's front doors, a statue depicts parents holding hands with their three young children next to a slogan: "More people, more blessings". A dot-matrix sign over the entrance carries exhortations such as "Joy is plain as can be—babies one, two, three." And throughout the hospital cheery posters show families with multiple children swimming, skating and flying kites.

The government is well aware that this sort of messaging will only get it so far in its campaign to persuade people to procreate. Its bigger effort is financial. In what state media have described as the "Tianmen experience", local officials have put together an array of cash allowances and incentives for new parents that are among the most generous now available in China. Families having a second child can receive up to 287,188 yuan (\$40,300), while those having a third can get 355,988 yuan—mostly in the form of housing subsidies. These are staggering sums in a province where annual disposable income is barely 40,000 yuan per resident.

Several other cities around China have started to offer cash for families with second and third children, though not quite as much as in Tianmen, a city

with a hard-driving local leadership. In January the central government also introduced an annual baby bonus of 3,600 yuan for the first three years of a child's life. For a country that generally shuns "welfarism", fearing that handouts will breed laziness, the cash given to families stands out as an exception.

This unusual largesse speaks to a rising panic on the part of officials. When China belatedly relaxed its one-child policy in 2016, it hoped for a rebound in births. Instead, its fertility rate [has continued to decline](#), falling to roughly one child per woman, among the lowest in the world. On its current trajectory, according to projections from the UN, China's population will halve in size by 2100, which is rather inconvenient for its superpower ambitions.

Tianmen thus offers a test case for the rest of the country, as the government searches for ways to reverse the tide of declining births. In late 2023 it started offering a hotch-potch of subsidies, which have grown to include: 60,000 yuan to couples registering there for marriage, and double that for rural-to-urban migrants; a birth bonus; maternity-leave payments; and a monthly child-care allowance. Implementation is impressive. One grandfather reports that bureaucrats showed up unprompted after his grandson's birth. Subsidies hit the family's account within three days.

Tianmen has earned national attention not just because of its policies but also because of its claims that they are working. In 2024 its newborn population rose by 17% to 7,217, the first increase in eight years and well above the national 6% rise (which experts attributed to one-off factors including a post-covid rebound). More than 100 local governments have come to Tianmen to study its approach, says Ji Daoqing, the city's Communist Party leader.

Yet there are plenty of reasons for scepticism about long-term effectiveness. Some of the uptick in births, according to Chinese press reporting, reflects parents from other areas shifting their residency to Tianmen to take advantage of its subsidies. Because the policy only applies to children born before May 2027, people may also be rushing to take advantage of it. And Tianmen is falling short on one critical metric: there has been a continued decline in the number of locals getting married.

Ultimately, Tianmen is likely to illustrate that cash handouts are no panacea. In a store near the maternity hospital, a mother of one child says that she has no interest in the subsidies. “They are like a trap,” she says. Although the handouts ease the financial burden of a child’s early years, it is the cost of their full education that is prohibitively high. Chinese demographers have calculated that, relative to GDP per person, education costs are about 50% higher in China than in America. Parents must also spend ages guiding their children through a ruthlessly competitive examination system. That is tough enough with one child and much harder with more. Another mother says she is reluctant to have a second child because it would derail her career in the retail industry—a real threat given scant employment protection for parents on leave.

Nappy rations

Officials in Tianmen know that more is needed than money alone. The city is expanding free day care for two-year-olds and is building a centre next to the hospital that will provide help for families with infants. It is also running matchmaking services, trying to pair up young folk. As one administrator in the Tianmen hospital says, they want to make it a “friendly city” for child-rearing.

Some fear that China will eventually resort to more invasive tactics. The national health commission is working to cut back abortions that are not medically necessary. Some cities, including Tianmen, provide maternal health checks to women as soon as they register for marriages, making clear, in effect, what the state expects of them. Officials in many cities have also started to call women of childbearing age, asking about their [plans to have babies](#). Yet these efforts can verge on the absurd. To reach more women by phone, some cities have started using AI robocalls—not typically known for putting people in the mood for love.

In that sense the Tianmen experiment may end up revealing the limits of social control in today’s China. Injunctions against specific behaviours are potent. Officials can block protests, ban media or, as in the past, cut “excess” childbirth. But when it comes to inducements—persuading people

to marry, to move or to have babies—the state is far weaker. It is easier to turn people off than it is to turn them on.■

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Where to begin?

Gaza's zombie ceasefire

Neither an Arab reconstruction plan nor an American one have much chance of success

Nov 13, 2025 05:30 PM | DUBAI



A Palestinian stands next to the rubble of destroyed and heavily damaged buildings in Gaza City

THE TEMPORARY has a way of becoming permanent in the Middle East. The Israeli occupation of the West Bank has endured for half a century. The Palestinian Authority (PA) was meant to be a five-year interim body; it turned 30 last year. A month after the ceasefire took hold in Gaza, its 2m inhabitants are starting to wonder if their despair will be permanent, too.

Nothing has been done to [rebuild](#) a territory flattened by two years of war. Arab states have drafted a reconstruction plan, but it is unlikely to start unless Hamas, a Palestinian militant group, agrees to disarm. It refuses.

With Hamas intransigent, some American and Israeli officials have begun promoting an alternative: they hope to rebuild on the other side of the “yellow line”, the boundary between the half of Gaza controlled by Hamas and the half occupied by Israel (see map). But almost no Palestinians live there and Arab states oppose the scheme. Gazans are in dire need of homes, jobs and services—yet no workable plans exist to provide them.

The scale of the damage is unprecedented. Start with housing. The UN estimated in August that over 320,000 homes had been destroyed or damaged, 18 times more than during the 2014 war between Israel and Hamas, the longest and deadliest until this one. Around 1.2m people—60% of Gaza’s population—are homeless. Even tents are hard to find: aid groups say fewer than 20,000 have been allowed into Gaza since the ceasefire began.

Shelter is the most urgent need, but not the only one. Around 85% of businesses are in ruins. Nearly 90% of both farmland and agricultural wells have been damaged. Two-thirds of Gaza's arable land is on the Israeli-controlled side of the yellow line. Some 77% of roads have been bombed or torn up by Israeli tanks. The list goes on.

There is no shortage of ideas, however unrealistic, for rebuilding. Mr Trump famously proposed turning Gaza into a beach resort. Some Israeli businessmen have pitched a fanciful plan to build Tesla factories and AI data centres on the ruins. The PA has drafted its own reconstruction programme; so have local officials in Gaza. The proposal with the widest support is an Egyptian initiative that Arab states endorsed in March. It envisages rebuilding Gaza in several phases.

The first would focus on clearing the estimated 60m tonnes of rubble heaped across the territory. Some of it could be repurposed: after the 2014 war between Israel and Hamas, contractors used debris from bombed buildings as substrate to repave the coastal motorway. Egypt hopes to mix rubble with sand and use it to reclaim land off Gaza's coast, which could host a port and other infrastructure. The second phase would last four and a half years and focus on rebuilding.

With almost everyone in Gaza unemployed, the plan could draw from an ample labour force. Egypt would supply the expertise and deliver raw materials; it hopes to enlist developers from Gulf countries. But engineers say the timeline is unrealistic—that clearing the rubble will take closer to six years than six months. Materials would need to flow through the Rafah crossing between Gaza and Egypt, where Israel holds a veto. One big developer in the Gulf has told Western officials that he does not want to get involved because he sees little hope of a return on investment.

Indeed, money is the biggest obstacle. The Egyptian plan puts the cost of reconstruction at \$53bn; the UN estimates it at \$70bn. Donors do not want to foot the bill unless they know the war is truly over. That requires disarming Hamas. The ceasefire calls for an international [peacekeeping force](#) to do the job. Donald Trump is urging the UN Security Council to give the force a two-year mandate.

Yet no one in the Arab world is eager to join. Anwar Gargash, a diplomatic adviser to the president of the United Arab Emirates (UAE), says the concept is still too vague. Unless that changes, his country “will probably not participate”. Saudi Arabia has ruled out sending troops. So has Jordan: “We’re too close to the issue,” says Ayman Safadi, the foreign minister. Mr Trump hopes to convince non-Arab countries to contribute the bulk of the force, but they have yet to commit.

Hence the talk of an alternative. Instead of rebuilding Gaza’s existing cities, which are near the coast, some Americans and Israelis hope to start reconstruction on Israeli-controlled territory. They would probably begin near Rafah, in southern Gaza, where Israel holds the largest chunk of land. The idea is to build a string of modular towns: each would house thousands of Palestinians and include clinics, schools and other services.

If they build it...

The scheme has echoes of failed initiatives tried in other counter-insurgencies, from Afghanistan in the 2000s to Vietnam in the 1960s. It seems unlikely to work in Gaza either. Only a few thousand Palestinians live on the Israeli side of the line (many are members of Israeli-backed militias). Even if others could be convinced to move, Israel would have to vet them; it is unclear if they would then be allowed to return, or to move freely on the Israeli side.

Arab states fear the yellow line would become a permanent border. “We cannot have a fragmentation of Gaza,” says Mr Safadi. Officials in Cairo also worry that pushing Gazans towards Rafah might end up with them being displaced to Egypt, as some Israelis threatened throughout the war. American businessmen close to the Trump administration have pitched the scheme to at least one Gulf government, hoping to secure a financial commitment. They were rebuffed.

For now, then, the focus will probably be on providing a bare minimum of aid. “It will be rehabilitation, not reconstruction,” says one Western diplomat. In August, for example, the UAE finished a programme to supply southern Gaza with 8m litres of desalinated water a day. The desalination

plant itself is located in Egypt, and a pipeline carries the water across the border.

Diplomats are pressing Israel to allow more temporary shelters into Gaza (thousands are stuck in neighbouring countries awaiting approval). The Gaza Humanitarian Foundation, a shadowy outfit that ran a disastrous food-distribution programme earlier this year, is pushing a plan to set up 16 aid centres along the yellow line. But unless Hamas can be convinced to lay down its arms, ambitious plans for reconstruction will gather dust. ■

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The remnants of war

The dangers beneath Gaza's rubble

The devastated strip may have more unexploded bombs than anywhere in the world

Nov 13, 2025 05:30 PM | AMMAN



A displaced Palestinian boy walks next to an unexploded shell

UNEXPLODED ORDNANCE (UXO) is the long tail of conflict, killing and maiming long after the bombs stop falling. A year ago the government media office in Gaza, run by Hamas, estimated there was over 7,000 tonnes in the strip; that would be more per square metre than perhaps anywhere else in the world. For Gaza's militants, this presents an opportunity. For years they have remade this stuff into new weapons to use again against Israel.

For Gazans, they are yet another danger. Smaller munitions—grenades, mortar shells and improvised explosive devices—are in or on the rubble. In October Yahya and Nabila Shorbasi, six-year-old twins, were badly injured after mistaking an explosive for a toy.

Greater danger lies farther down. Israel dropped thousands of bombs on Gaza; some weighed as much as 900kg (2,000lb). Some were fitted with delayed fuses to detonate inside buildings or underground. Concrete cushions the fall of bombs which means they may not detonate on impact but rather tunnel underground.

Disposing of this ordnance safely is length, expensive and dangerous work. Britain has pledged £4m (\$5.25m) to the United Nations Mine Action Service (UNMAS) for de-mining. Eight years after the nine-month campaign to expel Islamic state from Mosul in Iraq, UNMAS is still clearing UXO. Israel bombed Gaza far more heavily.

In Gaza Israel restricts both the experts and the equipment needed for clearance. Palestinians are not permitted to train in explosives disposal. International specialists are rarely granted entry. Much of the necessary kit appears on Israel's list of banned "dual-use" items. De-miners are improvising. Old food sacks are filled with sand to use as blast shields.

Even with the right tools, Gaza's conditions are testing. In Mosul residents are evacuated while explosives are cleared. In Gaza people have nowhere to go. UNMAS prints warnings about UXO on food-aid packets. But when they find explosives, they can do little more than mark them. Meanwhile, Hamas continues to repurpose those they find to continue its fight.■

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Stars and stripes v black flags

Syria's ex-jihadist president, now Donald Trump's new bestie

But some in Ahmed al-Sharaa's ranks still sympathise with the jihadists

Nov 13, 2025 05:31 PM | DAMASCUS



United States President Donald Trump meets with Syrian President Ahmed Shara at the White House in Washington DC

AS GOVERNMENT FIGHTERS recently launched a wave of dawn raids across Syria, it was tempting to wonder to whom they were sending a message. In Homs, a city in the west, convoys of pickup trucks carrying masked gunmen tore through the Christian quarter, detaining more than 70 suspected members of Islamic State (IS), the largest such sweep since [Ahmed al-Sharaa](#) and his supporters took power last December. But this was as much about impressing America as it was about rooting out the remnants of the jihadist group.

Just 48 hours later, Mr Sharaa became the first Syrian leader to walk into the White House, where he met Donald Trump. “He comes from an extremely difficult place,” the American president later told a press conference. “I liked him, and I agree with him. We will do everything we can to make Syria successful.”

After the two leaders spoke, Mr Trump said he would renew a six-month suspension of the Caesar Act, a gamut of sanctions that have strangled reconstruction in Syria. That was a priority for Syria’s interim president. But another announcement dominated reactions to the meeting: Mr Sharaa’s government would join the anti-IS coalition, American officials said.

Since 2014 a multi-country military coalition has obliterated IS targets across the region from the air, helping Iraqi and Kurdish forces reclaim

thousands of square miles once held by the jihadists. Until Mr Sharaa seized control, it had done so without the consent or help of the Syrian state. Bashar al-Assad, Syria's [longtime dictator](#), engaged in a war of annihilation with his own people, rather than fight fundamentalists. In contrast, the new president spent years fighting IS, says Aaron Zelin of the Washington Institute for Near East Policy, a think-tank. "He's been trying to shut them down, more or less."

The full picture, however, is murkier. Mr Sharaa's own path to power began as a fighter for al-Qaeda in Iraq, IS's predecessor. Many of his associates in Damascus share that lineage. Syrian security units sometimes wear patches with IS insignia. Hours after his White House meeting, Mr Sharaa appeared on Fox News and declared that his al-Qaeda associations were "a matter of the past" and that Syria was ready to co-operate with America on counter-terrorism. But some in his ranks still prefer black flags to the stars and stripes.

Despite years of pressure from the American-led coalition, IS continues to have a presence in Syria. The group may no longer control a caliphate, but it is capable of destabilising the newish government in Damascus. IS has exploited faultlines between Mr Sharaa's administration and Kurdish forces in the north-east. It has mounted several attempts on his life. In June a suicide-bomber killed 25 worshippers in a Damascus church. Such attacks are getting only more common.

In response, Mr Sharaa's forces, often with American support, have launched a series of raids against IS cells. An announcement on November 10th formalised what had already become a working counter-terrorism relationship. But for a former jihadist commander, joining a coalition led by America is no easy move. His aides had hoped to unveil the deal during Mr Sharaa's visit to the UN General Assembly in September. But he needed time to secure the backing of influential clerics. "He insisted that joining the coalition was for the good of the Syrian state," says Jérôme Drevon, an analyst at the International Crisis Group, an NGO, who has written about Hayat Tahrir al-Sham, Mr Sharaa's rebel group. With clerical assent still needed for key decisions, "the movement is still constrained by its past," he continues.

For now, the clerics seem to be coming onside. Twenty of them gave their blessing to Syria joining the coalition during a session of a special religious council. Abdullah al-Muhaysini, a Saudi cleric prominent in Syria's jihadist milieu, took to social media this week to describe the coalition deal as a "political understanding, not a military alliance"; it was designed to prevent Syria's "division". Syria still seems unlikely to accept America's proposal for a military base in Damascus, as has been suggested. But a security office based in the American embassy there may be possible, says a source familiar with Mr Sharaa's thinking.

Syria's Kurds, by contrast, have reason to worry. The Syrian Democratic Forces (SDF), a militia in the north-east led by Kurds, have long been America's preferred partner against IS. Mr Sharaa's rapprochement with the White House may change that calculation. America may feel a sense of loyalty to the SDF for their battles over the years against IS. But the group knows that in Damascus its federal, decentralising ambitions are seen as the biggest threat to Mr Sharaa's project.

The meeting in the White House cements a [pragmatic partnership](#) between former enemies and adds to Mr Sharaa's international stature. Better yet, it gives him a powerful stick with which to warn off rivals on his jihadist flank at home: those who refuse to fall into line may now face the wrath not only of the Syrian state but of America and its many allies.■

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Back on the brink

Ethiopia is perilously close to another war

Conflict in Tigray could balloon into a regional conflagration

Nov 13, 2025 05:29 PM | Addis Ababa and Zalambessa

 Ethiopia's National Defense Force (ENDF) members attend the Ethiopian Defense Force Day at the Meskel Square in Addis Ababa, Ethiopia
Back to the battlefield?

THE SILENCING of the guns in Tigray, a northern region of Ethiopia in which hundreds of thousands of people may have died in a brutal civil war between 2020 and 2022, was a rare example of peacemaking by America and its allies in the Biden years. In November 2022 Western and African officials, fearful that separatist pressures in Tigray might break apart Africa's second-most-populous country, forced the Ethiopian government and Tigray's rulers, the Tigray People's Liberation Front (TPLF), to come to terms.

Three years on, the deal has all but collapsed. On November 7th the TPLF accused the government of Abiy Ahmed, Ethiopia's prime minister, of "openly breaching" it by launching drone strikes against Tigrayan targets. This followed clashes between Tigrayan forces and militias aligned with the federal government in neighbouring Afar. Mr Abiy, accusing Tigray's government of spending scarce resources on troops and arms, has halted federal funding to the region.

Speaking to parliament on October 28th, Mr Abiy insisted that his government had no wish for war with anyone. But should one erupt, he added, there could be no question of the outcome: "No one will stop us." Ethiopia's army chief was blunter still, saying that "unless [the TPLF] is eliminated, Ethiopia will not find peace." Up north, Tigrayan generals boast

of their readiness to fight. Residents in Mekelle, Tigray's capital, report queues outside banks and shops, as people rush to withdraw cash and stockpile provisions.

All this echoes the path to war in 2020. Back then the federal government and the TPLF, which dominated Ethiopian politics for nearly three decades before Mr Abiy took office in 2018, openly prepared for conflict while goading each other to fire the first shots. However, three factors make the situation today different—and even more dangerous.

The first is division among Tigray's leaders. In March one faction of the TPLF, backed by its armed forces, forcibly removed Tigray's interim president—a politician they deemed too craven towards Mr Abiy—and put a general in his place. That prompted a group of disaffected Tigrayan soldiers to decamp to Afar, where they formed an anti-TPLF militia with the covert support of Ethiopia's government. They have frequently skirmished with their former comrades in Tigray in recent months.

Second, relations between Ethiopia and Eritrea, a former province of Ethiopia that seceded in 1993, have broken down. In 2020 Eritrea sent tens of thousands of troops to fight alongside the Ethiopian army in Tigray. But relations soured after Mr Abiy appeared to reconcile with the TPLF, an old foe of Eritrea's dictator, Isaias Afwerki, in 2022. Each leader now sees the other as his chief adversary in the region.

Moreover, Mr Abiy's increasingly open ambition to acquire at least one of Eritrea's ports on the Red Sea is making the situation still more volatile. In 2023 he said that for Ethiopia, a landlocked country with a population of around 130m, lack of direct access to the sea was an “existential” matter. He has also appeared to question the legitimacy of Eritrea's independence. Though the prime minister insists he would prefer to resolve the issue through diplomacy, his government makes little secret of its preparations for war. On October 21st Ethiopian officials and military officers visited the town of Bure, near the border with Eritrea and 70km from the port of Assab (see map). Satellite images suggest that a drone base nearby was recently expanded.

The threat of conflict between Ethiopia and Eritrea is reconfiguring alliances across the Horn of Africa. Tigray, sandwiched between the two, would almost certainly be a battleground. TPLF officials who see Mr Abiy as the main threat to the region have thus been reaching out to Mr Isaias, despite the many atrocities committed by Eritrean troops during the last war.

Tigrayan and Eritrean commanders are understood to have been in frequent contact for more than a year. On a recent visit to Zalambessa, a border town just inside Tigray, *The Economist* encountered an Eritrean checkpoint and saw Eritrean soldiers walking freely within sight of Tigrayan militias. Eritrean bank notes were in circulation at the local market. If large-scale fighting erupts between the TPLF and the Ethiopian government, Eritrea is expected to come to Tigray's aid.

A labyrinth of loyalties

Other allegiances have shifted, too. In the last war militias from the Amhara region, which borders Tigray to the south, fought alongside Ethiopia and Eritrea against the TPLF. Yet since 2023 those militias, known as the Fano, have been in open revolt against Mr Abiy. In a surprise offensive in late September, the Fano routed government forces in eastern Amhara. The scale of the offensive "sent shock waves through Addis," says a former Ethiopian official. The Fano probably had help from Eritrea and the TPLF. Commanders from Tigray and Amhara, as well as Eritreans and rebels from Oromia, Mr Abiy's home region, recently met in Sudan to discuss joint military planning.

The third factor that makes the stand-off over Tigray so worrying is the civil war next door in Sudan, where both Tigrayans and Eritreans are important allies of the Sudanese Armed Forces (SAF), the national army. Eritrea is training SAF units and allied Sudanese rebel groups. Sudanese aircraft have been spotted at the airport in Asmara, Eritrea's capital. Thousands of Tigrayans have fought alongside the SAF, including earlier this year in Khartoum, Sudan's capital. If war erupts between Ethiopia and Eritrea, Mr Isaias and the TPLF would be able to count on at least some support from the SAF.

External powers fuelling the war in Sudan also have competing interests in Ethiopia. Mr Abiy's principal foreign ally is the United Arab Emirates (UAE), which backs the Rapid Support Forces (RSF), a Sudanese paramilitary group fighting the SAF. (The UAE denies backing either side in the war.) It is unclear whether the UAE would restrain Mr Abiy from launching a war against Eritrea, should such a conflict impair Eritrea's ability to support the SAF. Some diplomats worry it may be egging him on. Egypt, by contrast, backs the SAF, and is feuding with Ethiopia over a recently completed mega-dam on the Nile. It is strengthening ties with Eritrea, and is alleged to have sent weapons to some of Mr Abiy's opponents in Ethiopia.

What next? For now, less hawkish voices still seem to carry weight in Addis Ababa and Tigray. Western diplomats are trying to talk both sides back from the brink. But a covert proxy war between Ethiopia, Eritrea and their allies has, in effect, already begun. It needs worryingly little to explode into the open. ■

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A country transformed

Half a century after the death of Franco, Spain is a far better place

But new problems risk undermining its success

Nov 13, 2025 05:30 PM | MADRID



ON NOVEMBER 20th 1975 Nicolás Sartorius was in Carabanchel prison, in Madrid's working-class southern suburbs. He had been arrested three years earlier when police rounded up the leaders of the Workers Commissions, an underground Communist-led trade union movement. With glassless windows, the prison was freezing in winter and sweltering in summer, and there were rats and cockroaches, he says. That morning the prisoners heard that Francisco Franco, Spain's dictator since his victory in the 1936-39 civil war against the elected Republican government, had died. "We thought everything was possible," Mr Sartorius recalls.

At first it wasn't. Franco had died in his bed, his conservative dictatorship undefeated. Under the law of succession he had promulgated, the monarchy was restored in the person of King Juan Carlos. The new king inherited the dictator's absolute powers. After a hesitant few months, in which he pardoned political prisoners including Mr Sartorius, under pressure of strikes and protests he swiftly proceeded to give all those powers away. Spain became a democracy, erected a welfare state and joined NATO in 1982 and the European Union (EU) in 1986.

Building on strong growth, which had begun in the 1950s when Franco abandoned autarky and appointed technocrats to liberalise the economy, the country became one of only a handful to make the leap to developed status. In 1975 Spain was still scarred by rural misery and urban shanty towns.

Life expectancy was 73 years; today it is 84. Real income per person in purchasing power terms has increased two and a half times. In tandem, Spanish society moved from Catholic conformism to become one of the most liberal in the world, with a revolution in women's rights. In short, Spain became a modern European country, a condition that many of its people had long yearned for.

Its transition to democracy was widely admired for being achieved without conflict. The only exceptions were a bloodless attempted coup in 1981 which Juan Carlos played a crucial role in quashing, and the terrorism of ETA, a Basque group, which was eventually defeated without any political concessions. The transition was based on a pact between reformers in the regime and an opposition moderated by decades of repression. The left accepted the monarchy and the right decentralisation. An amnesty drew a line under the past.

But as elsewhere in Europe, the years since the financial crisis of 2008, which hit Spain especially hard, have been difficult. Austerity bred populisms: first, Podemos, a new radical-left party, threatened to displace the mainstream Socialists, and then Catalan nationalism mutated into identitarian separatism. Its leaders threatened Spain's unity by staging an unconstitutional independence referendum in 2017. That in turn prompted the rise of Vox, on the populist right. Still, despite some fragmentation, the Socialists and the centre-right People's Party (PP) still commanded 65% of the vote between them at the most recent election, in 2023.

Pedro Sánchez, the Socialist prime minister, has been obliged to govern in a minority ever since he first came to office in 2018. Dependent on fickle allies, his position has become increasingly precarious. He has failed to approve a budget since 2023. In a now polarised country, he decided to mark the 50th anniversary of Franco's death with events to commemorate "Spain in liberty". Many thought that the 1978 constitution, which ushered in democracy, would have been worthier of celebration. "Franco is not just dead but has no importance," says Javier Gomá, a philosopher. "He's a ghost, invoked by politicians for ideological reasons."

Nevertheless, the anniversary is a good moment to underline just how much Spain has changed. It now shares many of the problems that afflict much of

the continent: the rise of the populist right, how to handle immigration, rural depopulation and an urban housing shortage, for example. After 50 years, its democratic institutions are showing signs of decay. The disconnect between Spaniards and their politicians is especially acute: according to Eurobarometer, in the EU only Bulgarians, Czechs, Greeks and Slovenians trust their parliament less than Spaniards do.

Many blessings

But Spain still has strengths, and time to tackle the problems. Start with the economy. Since the pandemic dip it has been the envy of Europe, growing at two to three times the euro-area average. That marks a change. Although Spain's long growth spurt lasted until the financial crisis, the economy became unbalanced, depending on cheap credit after it joined the EU and an unsustainable housing boom. Productivity growth petered out in the mid-1980s, points out Leandro Prados de la Escosura, an economic historian. When the housing bubble burst in 2008, Spain slumped. Unemployment soared to 26%.

Thanks partly to reforms by Mr Sánchez's conservative predecessor, sustained growth resumed in 2014. It is more solidly based this time. Spain has had a current-account surplus since 2014. Both labour productivity and real incomes have been creeping up (see chart 1). A tourism boom, large-scale immigration and EU Next Generation funds have all spurred growth. But Carlos Cuerpo, the economy minister, talks, too, of a structural change, with higher-value sectors such as ICT, biotech and pharmaceuticals expanding. Even so, there is ground to make up: income per person in Spain was converging towards the euro area average until 2005 but then fell back a bit (see chart 2).

Younger Spaniards face particular problems. There is less social mobility than in the past. Thanks partly to immigration, each year sees 140,000 new households but only around 80,000 new homes. The difficulty of obtaining a home, plus lifestyle choices by Spanish women, have seen the fertility rate plunge to just 1.2, one of the lowest in the world.

That is one reason Spain has been welcoming to immigrants, who now account for 19% of the population (up from just 2% in 2000). It helps that almost half are Latin American and integrate fairly easily. Nevertheless, there are warning signs. Recent polls show a narrow majority think there are now “too many” immigrants. That is one factor in the rise of Vox.

Another is disillusion with politics. One of the constitution’s central planks, its decentralised quasi-federalism, has proved “more fragile and more contentious than we expected,” says Charles Powell of the Elcano Royal Institute, a think-tank. The Catalan crisis of 2017 showed that. More recently, so too has the mishandling by regional governments of deadly floods in Valencia last year and widespread forest fires this summer. Building more homes requires collaboration between authorities at local, regional and national level. Missing are the duties of co-ordination and reciprocal institutional loyalty that formal federalism would entail.



Traffic lights and car trails are seen on Madrid's Gran Via Avenue
The envy of Europe

Even the monarchy was tarnished when Juan Carlos abdicated in 2014 after an affair with a Danish socialite and the subsequent revelation of Swiss bank accounts (he was later cleared of any wrongdoing). His son, King Felipe, has worked hard to restore the monarchy’s credibility in a country with a large republican minority.

The biggest problem is the concentration of unaccountable power in the two main parties, argues Miriam González, a lawyer who is flirting with setting up a new centrist party. She argues that Spain’s judicial system does not comply with EU standards of independence, that thousands of politicians and hangers-on benefit from *aforamientos* (judicial privileges) and that neither Mr Sánchez nor his predecessors have drawn up a code of ethics governing conflicts of interest for ministers and their spouses. (Mr Sánchez’s wife and brother are being investigated by judges for influence-peddling, which they deny).

The politicians have colonised supposedly independent institutions. “It’s tacitly accepted that whoever is in power even chooses the hosts of late-night shows on public television,” says Víctor Lapuente, a political

scientist. Politicians from both main parties and the Catalan nationalists have faced corruption charges, mainly related to public contracts.

The co-operation of the transition to democracy has given way to remorseless political combat. Each of the two main parties questions the credentials of the other to exercise power. The PP rejects Mr Sánchez's decision to grant a sweeping amnesty to the Catalan separatist leaders in order to secure their parties' votes so that he could remain in office in 2023. The Socialists say that the PP's probable need to rely on Vox to govern disqualifies it.

Despite these problems, life for most Spaniards remains good. The country is a “big success”, says Mr Sartorius. The many foreigners who are choosing to live there bear that out. The task of the politicians is to ensure that it remains so. ■

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Goodbye, Europe

Georgia is dousing the last embers of democracy

An oligarchic party outlaws the opposition and turns towards Russia

Nov 13, 2025 05:30 PM | TBILISI



Georgian opposition parties supporters clash with riot police
Losing the battle

IN MANY FORMERLY democratic countries, the road to one-party rule has been long and winding. Georgia's ruling Georgian Dream (GD) party seems to have decided to take the expressway. On November 6th prosecutors charged eight of the country's leading opposition figures, including a former president, Mikheil Saakashvili, with plotting to carry out a coup. They face up to 15 years in prison. Six are already behind bars. A week earlier, GD had asked the country's constitutional court to outlaw Georgia's three largest opposition parties.

The price of dissent is going up quickly in Georgia, and not only for politicians. In the past month police have arrested dozens of people involved in protests against GD that began in late 2024, when the government decided to halt accession talks with the European Union. Those who attempted to storm the presidential palace on October 4th, the day of local elections, are being accused of taking part in a coup. Some have been jailed merely for wearing a face mask or blocking traffic. "Last year the fine was 500 lari (\$185)," says Inga, a protester outside parliament. "Then it was 5,000 lari, and now it's 15 days in prison."

The ban on the opposition parties looks like a foregone conclusion. The judiciary, including the constitutional court, is beholden to GD. Some believe the parties may attempt to reconstitute themselves under new names. Salome Samadashvili of Lelo, one of the parties facing closure,

entertains no such illusions. “If we try to register as a new party, the justice ministry will refuse,” she says. “With total control of the state, they can do whatever they want.”

Founded by [Bidzina Ivanishvili](#), Georgia’s richest man, GD came to power in 2012. It initially hewed to the pro-Western course charted by its predecessors, especially Mr Saakashvili. This paid off in 2023, when the EU, galvanised by Russia’s invasion of Ukraine, formally accepted Georgia as a candidate for membership. It had already done so for Ukraine and Moldova, but Georgia was delayed by doubts over its qualifications.

For there were already frictions with the West and signs of democratic rot. GD, once a coalition of parties, had become a vehicle for Mr Ivanishvili’s business interests and ambitions. Officials began to hound LGBT groups, as did the Georgian Orthodox Church. Georgia pledged not to help Russia evade Western sanctions, but refused to impose any of its own.

Since the general election in 2024, which was marred by claims of fraud, the process has gone into overdrive. An opposition boycott of parliament handed GD uncontested control over the chamber. A law on “foreign agents”, coupled with the end of USAID-backed programmes since that agency was dismantled by the Trump administration, has gutted civil society. Opponents have disappeared behind bars. Irakli Kobakhidze, the prime minister, has burned bridges with the EU and accused the West of trying to push Georgia into war with Russia. Human-rights violations are widespread, and the system of checks and balances is as good as gone, the EU concluded in a recent report.

The opposition is weak, divided and in many cases burdened by its own record of abuse and corruption when it was in power. October’s local elections marked a low point. Some opposition parties declared a boycott, some took part in the vote, and others urged supporters to take to the streets. The result was a sweeping victory by GD. “The campaign failed, the boycott failed, and the revolution failed,” says Dimitri Tskitishvili, a former parliamentarian.

EU candidate status was supposed to offer Georgia an incentive to push ahead with democratic reforms. Instead it has had the opposite effect. Mr

Ivanishvili sensed that his patronage network was at stake and panicked, analysts say. “He understood that if he passed all these reforms, de-oligarchisation, the rule of law and human rights, he would lose power,” says Kornely Kakachia, head of the Georgian Institute of Politics, a think-tank.

The pivot away from Europe has gone hand in hand with increasing dependence on Russia. Russia now accounts for 45% of Georgia’s oil imports, up from 8% in 2012. In a first, a Georgian refinery on the Black Sea received a shipment of more than 100,000 tonnes of Russian crude in early October. Georgia has also become a key transit hub for cars headed for Russia, according to a report by the Foreign Policy Centre. Analysts speak of massive, undocumented inflows of money from Russia, helping to power Georgia’s economy. (GDP grew by a blistering 9.4% last year.) Mentioning such things can be dangerous in Tbilisi. The latest charges against Georgia’s opposition include supplying foreign governments with information about the country’s economic relations with Russia.

GD officials say, with a degree of justification, that Georgia cannot afford to pick new fights with Russia, which invaded the country in 2008 and still controls two large enclaves in its territory. Sanctions against Russia “would mean suicide” for Georgia, says Levan Makhashvili, a GD parliamentarian. “We need to be pragmatic,” he says. “We need to manage our expectations, we need to manage our rhetoric.”

On paper, the government remains committed to joining the EU. But it imagines it can somehow do so on its own terms, not Europe’s. GD seems to believe that populist-right leaders will soon win power across the EU, and then roll out the red carpet for Georgia.

In the meantime, Georgia is looking for friends elsewhere. Mr Kobakhidze recently travelled to China (which he called “the world’s only peaceful superpower”) to tout Georgia as a gateway to Europe and a destination for Chinese investment. GD has been courting MAGA as well. This year Mr Kobakhidze has penned at least two letters to Donald Trump, pleading with him to remove sanctions on Georgia that were imposed in 2024 and to team

up with GD against the “deep state” and the “Global War Party”. Mr Trump has yet to reply.

Critics have taken to calling GD a Russian proxy. That is misleading. For the party and its billionaire founder, doing business with Russia and China and abandoning integration with Europe are what it takes to safeguard their interests. “They’re not guided by any love of Russia,” says Mr Kakachia. “This is a strategy for regime survival.” ■

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A new glow

Even on Ukraine's front line there is time, and a need, for beauty

Maryna Zhegulina risks her life to help soldiers keep their humanity

Nov 13, 2025 05:30 PM | KRAMATORSK



THE DRILL is second nature now. Once a month, Maryna Zhegulina (pictured below) prepares her order—vials, serums, syringes—for courier transfer from Kyiv. Then she studies the latest war maps for her safest commute. The usual route from the beautician’s home in Zaporizhia to her clinic in front-line Kramatorsk has become too dangerous. [Russian sabotage](#) and reconnaissance groups now fire on large sections of it. So instead Ms Zhegulina leaves at dawn, and threads her way to Donetsk province along long-forgotten country roads. She says the act of bringing beauty to a place more often associated with death and destruction is well worth the risk. “It becomes a real event for everyone. When I get there, they welcome me like a goddess.”

The demand speaks for itself. Ms Zhegulina’s clinics are fully booked weeks in advance. On the day your correspondent calls, she is seeing 11 patients—all but one of them [military personnel](#)—and on some days the number can reach 20. The most common treatments she does are Botox injections to smooth lines, dermal fillers for volume and cell therapy against hair loss. War has left no shortage of customers for such procedures. The beautician makes a point of enfolding each client in a hearty embrace, before leading them into her procedure room. Soon enough, the sound of laughter drifts out. “Emotional connection is key to my work,” the beautician says. “The women talk to me about everything, though the men initially try to mask their fear.” A majority of Ms Zhegulina’s clients are

female, but many men come too. Their main concern is premature hair loss. The war is, unsurprisingly, hard on the hairline.

[*Read more of our recent coverage of the Ukraine war.*](#)

 Maryna Zhegulina in her beauty salon in Kramatorsk, Ukraine

One of the first through the doors is 40-year-old Daria. Just a few hours earlier, the supply sergeant was dodging glide-bombs and shells in sketchy front-line positions east of Kramatorsk. Her shaking hands and the scent of chain-smoking are clues to the fast-deteriorating situation there. But there was no question of her missing the appointment. “Excuse the dark humour, but if I’m to die, I want to be beautiful for it,” she says. “Who knows, maybe a [killer drone](#) will see how pretty I am and decide to fly on.” War has not been kind to her. Three months ago she divorced her husband, also a soldier, after he had become “consumed” by the fighting. “War doesn’t always have to kill you physically, it can also kill you in your soul.” The sessions with Ms Zhegulina are a way of “reclaiming” herself, she says. “It’s when I begin to feel human...and a woman again.”

It does not take long to understand that Ms Zhegulina’s Kramatorsk beauty clinic is much more than a temple to vanity. At times, it resembles a confessional, or a psychologist’s office. Tania, a woman in her 20s, stares ahead as she matter-of-factly says she “lost everything” in Vladimir Putin’s war: her husband, her family home in Luhansk province. It was this loss that pushed her to [join the army](#) in July 2022. She remembers life before Russia’s invasion in “rainbow colours.” The steady toll of death since then —of relatives, friends and comrades—changed the palette to “greys and blacks”. Botox, she says, helps remove the marks of sadness and tears from her face. “Somehow, my sorrow disappears, a new glow appears.”

Three and a half years into full-scale war, most Ukrainians are over the initial shock of invasion, and have learned to seize whatever bit of life they can, whenever they can. For soldiers serving on the front lines, Ms Zhegulina’s clinic offers one such window of respite. How long it will remain open is uncertain. Battles rage in nearby Kostyantynivka, Chasiv Yar and Pokrovsk. Throughout the day, the thuds of incoming glide-bombs menaced behind the Hollywood white smiles and sweet floral perfumes of

the clinic. A local intelligence officer says Russia's extended-range drones—often released from “motherships”—are threatening to block all the main arteries leading into Kramatorsk. If before the picture was measured from month to month, he continues, things are now moving week to week: “The bastards block the roads. They ambush. And they glide-bomb anything that looks interesting. It's really hard.” ■

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Mobsters online

How Italy's mafia uses social media to recruit new blood

TikTok is struggling to contain it

Nov 13, 2025 05:30 PM | ROME

The illustration shows a person wearing sunglasses and a chain, holding their hands up while being recorded through a smartphone. The phone screen frames the person, showing the recording in progress.

IN ITALY'S MAFIA underworld, the traditional professions of extortioner, hitman and drug-runner are being supplanted by a less risky occupation: social-media influencer. A new young generation is stepping out of the shadows and into the limelight of TikTok, according to a report by the Fondazione Magna Grecia, an NGO that promotes the development of Italy's southern Mezzogiorno region.

Mobsters are exploiting the social-media app to normalise their image, mythologise their culture and even to launder money, the study, which analysed 6,200 TikTok posts, found. Having long understood that fear is a blunt instrument, criminal networks are packaging their message in the language of aspirational consumption.

One recent criminal investigation found the Amato-Pagano clan near Naples used content featuring fast cars, glamorous parties and ostentatious wealth to recruit new affiliates, who were then trained in extortion. Naples' chief prosecutor has warned that mafia outfits recruit young people "by showing them wealth and easy money."

The designer accessories and alluring backdrops not only help project power and visibility but also act as a smokescreen for violence, helping to overcome moral resistance, according to the report's editor, Marcello

Ravveduto, of the University of Salerno. “You don’t even need to threaten people any more, you just say ‘Look at my Tiktok’,” says Mr Ravveduto. Some bosses have even used TikTok to control their clan from within jail, the researchers reported, using emoticons such as a black flag for mourning, a chain for imprisonment and an hourglass for revenge.

TikTok’s algorithm, based on user interaction, soon subjects casual users to a perpetual torrent of violence, loyalty and ostentation, “including wives of prisoners offering advice, photos of victims of clan wars, young heirs flaunting luxury brands, repentant mafiosi offering commentary...and parades of scooters designed to intimidate”, the report said. This continual exposure to “grief, violence, luxury and prison...has trained audiences to consume criminal imagery as entertainment.”

In July Tiktok signed an agreement with Italy’s anti-Mafia parliamentary commission and has since removed thousands of videos flagged for glorifying violence or gangster life. The company says it now uses algorithms and researchers to remove 99% of unacceptable content ahead of complaints. But the speed and ingenuity of content creation make for a hard time catching up with the latest version of one of Italy’s oldest professions.

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Charlemagne

Europe is cracking down on Russian tourists

That is partly necessary—and partly alarming

Nov 13, 2025 05:30 PM



A woman in a fur coat and hat stands at customs with a suitcase. Her footprints behind her are bear paw prints, while a customs officer watches suspiciously.

BEFORE THE age of budget airlines and Instagram wanderlust, Russians journeyed west not for leisure but for enlightenment. In March 1697 Peter the Great set off from Moscow to take in the sights of Amsterdam, London and Vienna, among others. Travelling under a pseudonym, but much recognised thanks to his towering height and posse of over 200 hangers-on, the tsar's odyssey included the expected museum visits and posh balls. But the point of the trip was to experience something that could not be found in 17th-century Russia: modernity. The incognito emperor spent time working as a ship's carpenter in Holland, took stock of the latest naval warfare tactics in Portsmouth, then studied democracy in action in Westminster. Alas, news of insurrection back home brought the escapade to a close after a mere 18 months. Having experienced modernity on his sojourn, Peter sought to impose it on his people. He promptly decreed facial hair to be “superfluous” and imposed a tax on beards. On the rest of Europe he soon imposed a grimmer fate: the Great Northern war, which embroiled bits of Scandinavia and the Baltics for two decades.

Three centuries after Peter's odyssey, and three years after his wannabe successor Vladimir Putin launched his own protracted war in Ukraine, Russian tourism is still alive and well in Europe. What it lacks in ambition —the grand tour of yesteryear has been replaced by the more modest Mykonos beach jaunt, Milan shopping spree or week's skiing in Courchevel

—it makes up for in numbers. Over 500,000 Russians were granted visas to the European Union’s Schengen zone in 2024, nearly half of which allow for multiple entry over many years. The visitor numbers are down by 90% compared with 2019. But that is still far too many for those Europeans who wonder how citizens from a country whose army is raining missiles on Ukrainian cities can cavort in its beaches and boutiques. On November 7th the EU announced Russians would no longer be granted multiple-entry visas in a bid to get the number nearer to zero. What seems commonsensical to some is decried as deeply misguided by others—including Mr Putin’s foes.

The ostensible cause for the tightening is security. Beyond invading Ukraine, Russia is needling Europe with subtler forms of aggression. Drones circling airports, Baltic ships dredging cables, cyber-attacks and other forms of mischief have set nerves jangling in Europe. Even if security services there struggle to pin such “grey zone” attacks on Russian operators, to them it makes sense to view every visitor from there as a potential spy, saboteur or propagandist. Ending multiple-entry visas is a way to ensure vetting happens before each visit, a sensible precaution.

But the driving force for the visa ban is moral outrage. “Starting a war and expecting to move freely in Europe is hard to justify,” said Kaja Kallas, the hawkish Estonian who serves as the EU’s foreign-policy chief. Along with others hailing from the bloc’s eastern fringe, she has long lobbied for Europeans to equate all Russians with the regime they live under. Whether oligarchs or mere members of the upper-middle classes, those Muscovites who can afford a jolly in Ibiza are tacitly propping up Putinism. They are our enemy, too, unless proved otherwise. Exemptions to the visa ban will be made for relatives of EU citizens, as well as dissidents and others who can prove their “integrity”.

The security argument seems hard to quibble with, even if GRU goons have plenty of fake Western passports in their double-bottomed attaché cases (and are said to hire locals to do their dirty work, often via social-media platforms). But the all-Russians-are-Putinists argument is trickier. Your columnist has felt the discomfiting “ick” of sharing a Parisian café terrace or Alpine chairlift with Russian visitors, enjoying a carefree interlude before (probably) returning to well-paid jobs back home that will generate

tax revenue for Mr Putin's war. Is this wretched invasion not, at least in part, *theirs* as well? How dare they enjoy themselves?

But just as discomfiting is to apply the sins of a dictatorship to all 144m citizens who live in it—some of the first victims of Putinism. Not so long ago, Europe promoted the idea that everyday Russians should be separated from the regime that patently does not represent them. Oligarchs and those close to the regime were to be sanctioned, but ordinary Russians were potential allies against Mr Putin. Why not welcome them to Europe? Every rouble spaffed in Milan boutiques drains Russia of resources.

From Russia with visas

With the war in Ukraine dragging on, a more hawkish line has prevailed. In EU circles it is now expected that Russia's middle class should somehow "do more" to unseat Mr Putin, and that failure to do so amounts to collaboration. Yet for ordinary Russians to be held collectively responsible for "their" leader's actions is to assume they have the agency to turf him out. Tell that to the thousands languishing in gulags for even the merest of protests. Indeed, some with intimate experience of gulagdom have opposed the EU's move. Yulia Navalnaya, whose husband Alexei Navalny died in an Arctic penal colony, has argued the visa ban would isolate Russia from Europe in precisely the way Mr Putin has in mind.

As with sanctions designed to target the regime and not the people, it may be that anti-Putinists end up as collateral damage of an otherwise sensible policy. How could it be otherwise? Europeans are being told to expect a frontal confrontation with Russia, perhaps soon. It is one thing to feel no animus towards ordinary Russians, another to host them for a mini-break just as defence spending in Europe is surging to take on a threat from their backyard. To curtail Russians visiting Europe may be to lump the oppressed with their oppressor. But with apologies to (some) Russians, any other outcome would make Europeans appear hopelessly naive. Let's have you all over when the war ends. ■

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Inform, educate, enrage

The BBC's boss quits over a “doctored” Trump speech

Shifts in politics and the media business are making the broadcaster more crisis-prone

Nov 13, 2025 05:30 PM



THE JOB of the British Broadcasting Corporation, laid out a century ago by its austere founder, John Reith, is “to inform, educate and entertain”. The public broadcaster has since displayed another tendency: to enrage. Britons love to watch the BBC, spending more time with it than any other outlet. But they also love to hate it. Its directors-general are periodically jettisoned to gleeful headlines, like losing contestants on “The Traitors”, a hit BBC game show. On November 9th it was the turn of Tim Davie, its boss of five years, to be thrown off. Admitting to mistakes in a documentary about President Donald Trump, Mr Davie quit along with his head of news, Deborah Turness.

The BBC has always been a political lightning rod. Winston Churchill and Margaret Thatcher fought bitter battles with it. Producing news to suit the varied taste of a whole country—as well as a growing international audience—is tricky work. But the BBC’s unusual role is becoming more difficult to sustain. Britain’s political environment and the global media business are both transforming in ways that make it tougher for the public broadcaster to fulfil its purpose. As the frequency of its crises grows, the volume of criticism is rising.

Mr Davie’s resignation followed a run of missteps. In September the BBC’s complaints unit ruled that the corporation had broken editorial guidelines by broadcasting a performance at Glastonbury music festival which included

chants of “Death to the IDF”, Israel’s army. In October Ofcom, the broadcasting regulator, ruled that the BBC had committed a “serious breach” of rules by failing to acknowledge that the narrator of a documentary about Gaza was the son of a Hamas official.

The Trump documentary was the last straw. The episode, made by an independent production company and aired last year under the BBC’s “Panorama” brand, featured footage from January 6th 2021 in which Mr Trump appeared to say, “We’re going to walk down to the Capitol...and I’ll be there with you. And we fight. We fight like hell.” But he had said no such thing: the programme-makers had stitched together the incendiary statement from two unrelated remarks. After the *Telegraph* newspaper published a memo from a whistleblower within the BBC on November 3rd, the White House press secretary, Karoline Leavitt, called the BBC “100% fake news”. The next day Mr Davie stepped down. Mr Trump claimed victory, posting that “The TOP people in the BBC...are all quitting/FIRED, because they were caught ‘doctoring’ my very good (PERFECT!) speech.” He is threatening to sue.

The BBC’s stitch-up of Mr Trump was an egregious one, which might have had some viewers cancelling their subscriptions. But Britons have no easy way to opt out of paying for the BBC. It gets most of its funding from a licence fee levied on any household that watches live television (on any channel), which in practice means nearly everyone. (Some elderly viewers get an exemption.) This year the fee is £174.50 (\$230), or enough to subscribe to the basic plans of both Netflix and Disney+ and still have £30 left over for popcorn.

The BBC’s requirement to serve the whole country has always been challenging. Now two big trends are making it more so. One is that news is becoming more opinionated. Social media reward polarising material, which travels farther than the nuanced sort. Meanwhile, the collapse of TV and newspaper advertising means that news organisations rely more than ever on subscribers. Everywhere from Fox News to the *New York Times*, news outlets are finding that telling their customers what they want to hear is the surest way to keep them happy. When the BBC tries this—for instance, with analytical podcasts such as its “Americast”, which recently asked

whether America's health secretary was a danger to public health—it upsets as much of its audience as it pleases.

The other shift concerns Britain's political divides. For most of the 20th century, social class was the main determinant of voting behaviour, and so the middle-class employees of the BBC were well-placed to produce middle-of-the-road content. But in recent years, class has been replaced by a new political dividing line: age. Polls by YouGov show that whereas Reform UK, an insurgent right-wing party, is backed by 35% of over-65s, it is supported by only 8% of 18- to 24-year-olds. There is also a widening split between town and country. In London Reform is on 15%, half its level of support in any other English region. For a London-based news organisation, 70% of whose staff are under 50, it has never been harder to keep in touch politically.

Audiences seem to suspect this. The BBC remains among Britain's most trusted news brands. But whereas 67% of self-described left-wingers and 67% of centrists say they trust BBC News, only 47% of right-wingers do, according to the Reuters Institute at Oxford University (see chart). Ms Leavitt's comment that Britons are "forced to foot the bill for a leftist propaganda machine" is one that a large minority might agree with.

There is plenty of talk of change. Nigel Farage, Reform's leader, says the BBC is on its "last chance". Kemi Badenoch of the Conservatives says it should not receive a licence fee unless it can be truly impartial. Even the Liberal Democrats, though noisy defenders of the BBC, have been complaining that it treats them unfairly.

Yet the public broadcaster has tended to prove hardier than its foes expect. Under Boris Johnson, when the bitter aftermath of the Brexit referendum had stretched relations with the government almost to breaking point, Downing Street advisers let it be known that they were planning to "whack" the BBC. They succeeded in appointing more conservatives to its board and to Ofcom's leadership, and reined in its funding, but "Auntie", as the BBC is known, marched doggedly on.

One reason was the covid-19 pandemic, during which the public broadcaster made itself useful disseminating health information and remote education. Another was the rise of Mr Trump, which highlighted the value of a bulwark against fake news. But the main reason for the BBC's survival is that the voters who complain about it are in fact the ones who watch it the most. Over-65s may plan to vote for the anti-BBC Mr Farage. But this age group also spends an average of more than five hours a day watching television, according to Ofcom.

Criticising the BBC is enormously popular for politicians; actually doing away with it, and its highly watched shows like "The Traitors", could be very unpopular indeed. Unless they too want to be voted off, most will be content to make a lot of noise but do rather less.■

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Time to come clean

Labour’s tax-and-spend policy has been dominated by wild gambling

In the budget on November 26th that must change

Nov 13, 2025 05:30 PM



SIR KEIR STARMER campaigned in 2024 like a man applying to run a regional bank branch. He pitched himself as dutiful and tight with money. Much as a banker might have to reject unprofitable loan applications, Sir Keir promised not to “shy away from making unpopular decisions”. Yet when it comes to fiscal policy, the prime minister has not acted like that stolid branch manager. He is instead more akin to an increasingly desperate gambler, putting more on red as losses pile up.

His first bet was that he could afford to pledge in Labour’s manifesto not to raise corporation tax or taxes on “working people”. This was always going to be tricky—these taxes comprise 74% of the total tax take (see chart 1). Sir Keir in effect broke this promise in October when he increased employers’ national insurance, a payroll tax, indirectly hurting wages. His second gamble concerned the government’s fiscal rule that tax revenues must match day-to-day spending in 2029-30. At the last budget he left a buffer of just £9.9bn (\$13.0bn, or 0.3% of GDP) for meeting that rule. The buffer has since vanished and turned into a hefty funding shortfall.

The budget on November 26th will be the day of reckoning when Sir Keir must settle his losing bets. The government needs to find £29bn in tax rises or spending cuts simply to restore its previous headroom, according to Capital Economics, a consultancy. How Sir Keir approaches this task will define his premiership. He could do the bare minimum to plug the hole,

through a smattering of economically damaging increases to smaller taxes. Or he could live up to his promise to make unpopular decisions, even if this means raising taxes on people in work.

His chancellor, Rachel Reeves, hinted in a cryptic speech on November 4th that the government favours the tougher route, warning that “we will all have to contribute”. But she offered no specifics. Most of the deterioration stems from the Office for Budget Responsibility, the fiscal watchdog, cutting its forecasts for productivity growth, a judgment on Britain’s limp performance since the financial crisis. Ms Reeves points to Conservative choices—above all austerity and Brexit—as the culprits. But as Helen Miller, the director of the Institute for Fiscal Studies, a think-tank, puts it, “Everyone knew going into the election that the forecasts were optimistic. The chancellor bears responsibility for sufficiently insuring against that risk.”

The government should not have rolled the dice by leaving so little margin for error. The buffer set aside in 2024 was less than half the average between 2010 and 2022. As it became clearer that this was inadequate, speculation mounted about possible tax rises, from higher capital-gains tax to pension raids. This stoked uncertainty and dented business confidence. Expanding headroom at this budget—doubling it or more—would reassure businesses and could, alongside falling interest rates, get businesses investing again.

To double the headroom, the government could need to find savings of £40bn or more in 2029-30. There is a case that these should mostly come from spending cuts, not tax rises. Government spending rose from 40% of GDP before the covid-19 pandemic to 45% in 2025-26. Meanwhile tax rose from 33% to 37% of GDP, the highest level since the 1940s (see chart 2). Making tough decisions on spending would help shore up Labour’s fiscal credibility.

Yet Sir Keir has few politically viable options for cutting spending in the short run. Departmental budgets have been set until 2028-29; prising them open would be messy. Ministers will be wary of fresh welfare cuts after

retreating on disability-benefit reforms in the summer. For now the heavy lifting will fall on tax rises.

Those are hardly popular either. But though the tax burden is already high by Britain's historical standards (and much higher than in America), it is lower than in many other European countries. Britain's tax take pales in comparison with France's (45.3% of GDP in 2024) and remains comfortably below the EU average (40.4% that year). Labour's problem is its manifesto straitjacket, which explicitly ruled out increasing Britain's top three revenue-raisers: income tax, national insurance and value-added tax (VAT). The temptation will be to make the sums add up by tinkering with smaller taxes.

Yet that would be a particularly poor bet: oodles of risk for a paltry return. The politics can be brutal: last year's axing of inheritance-tax relief for farms and family firms will raise a mere £500m a year, yet provoked months of rural fury. The economics can be no kinder. A hefty rise in capital-gains tax would prompt investors to sit tight rather than sell, gumming up the economy. So strong is this effect that, by the government's own reckoning, a ten-point rise in the higher rate would actually lose the Treasury £3.6bn in its third year.

A better bet

Despite these difficulties, Ms Reeves has indicated that the wealthy must play their part. There are some sensible options that use smaller taxes to achieve this. The chancellor could increase property taxes for the most expensive homes (raising £4bn a year) or end the unjustifiable exemption from capital-gains tax for dead people's estates (another £2bn). But there is no plausible route to the sums required through tinkering and soaking the rich alone—at least not without inflicting real economic harm.

The most reliable way to raise serious revenue is to increase taxes on income or consumption. Lifting VAT would have an inflationary impact. But there is room to raise income tax.

Even with Britain's high overall tax take, most people's labour income is taxed lightly by international standards. This is clear from the “labour tax wedge”, defined as the share of total labour costs paid in tax. Britain's wedge in 2024 for a single average earner without children was 29.4%, the lowest in the G7 group of rich countries (see chart 3). The wedge rose to 31.4% in 2025 because of the employers' national-insurance rise, but it remains well below the G7 average. Comparatively low taxes for middle earners have been sustained only because the top 10% now contribute about 59% of income tax, up from 50% a quarter-century ago.

Ms Reeves's scene-setting speech has been widely seen as an attempt to prepare voters for tax rises across the income spectrum. A first step is likely to be freezing until 2030 the thresholds at which different personal-tax rates kick in, a stealth measure expected to raise £7bn in 2029-30. Ministers could also target groups whose earnings are particularly undertaxed. For example, pensioners pay no national insurance, while the self-employed enjoy lower rates. The Resolution Foundation, another think-tank, has suggested lifting income-tax rates and simultaneously reducing national-insurance rates as a way to raise more revenue from these groups, while sparing most “working people”.

If Labour pursues this idea, it should make it the first step in a programme of principled tax reform. Britain's taxes are riddled with perversities that stifle growth—none more than the bias encouraging self-employment even when a salaried job might be more productive. A budget that raises taxes without reform would be a poor gamble for Sir Keir, continuing Britain's managed decline. A tax-reforming budget, in contrast, would be a better bet—one that might spur the growth he needs to win the next election.■

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Confidence trick

British businesses say they are furious with the government

But they are behaving more bullishly than they sound

Nov 13, 2025 05:30 PM | Newton Aycliffe, County Durham



“THE TAXES she has put in place have destroyed business.” It is fair to say that Colin Sweeten, who runs a door-manufacturing business in north-eastern England, is not happy with the chancellor, Rachel Reeves. Above the screech of saws, Mr Sweeten says her last budget’s increase in employers’ national insurance, a payroll tax, has put up his costs. With “zero trust in Labour”, he is no more optimistic about the next budget on November 26th.

Mr Sweeten is not alone. Anger at the government has seeped into measures of business confidence, many of which are negative. Yet such surveys don’t tell the full story about what is happening in the economy. As Rob Wood of Pantheon Macroeconomics, a consultancy, notes: “You can be annoyed about tax hikes but that might not affect your business’s output.” In practice, firms are not in the free fall that some of the more breathless rhetoric suggests.

Even the confidence measures themselves tell different stories, depending on the exact question asked. Views on the wider economy are the most gloomy. When the Institute of Directors polled its members in October, only 7% said they were optimistic about the economy over the next year; 80% were pessimistic. But when asked about their own businesses, the same organisations were more upbeat: just a third were pessimistic, with roughly as many feeling hopeful.

The main source of discontent is labour costs. The national-insurance rise might have been manageable on its own, but the government has raised the minimum wage and expanded employment rights as well. For Mr Sweeten, this combination has had a “big impact” on his approach to hiring. He is particularly worried about employees getting day-one rights against unfair dismissal. As he puts it, an interview won’t tell you if somebody is going to turn up drunk in their second week.

There are other concerns. Simon Rowland, a construction lawyer in Newcastle, says the building industry has also been weighed down by cumbersome planning rules, surging materials costs and high energy bills. Nina Narramore, a cheese-shop owner from Norfolk, says her energy bills are “through the roof”. Both fret about the coming budget. Ms Narramore is worried that personal-tax rises will dampen her customers’ appetite for Christmas cheeses.

It is clear that British business is hardly enjoying a purple patch. But the absence of boom should not be mistaken for the presence of bust. Private-sector activity is, if anything, on the up. Take the S&P composite purchasing managers’ index, a survey that asks businesses whether they expect output to be higher, lower or the same in a year’s time. October’s index was 52.2, the sixth month in succession when the score has been over 50 (indicating expansion). This makes sense: while consumer demand remains weak, there are signs of improvement. Retail sales in September were at their highest level since 2022. Projected rate cuts over the coming year should stimulate consumption further.

Businesses are responding. Take hiring. At first glance, things look bad. The unemployment rate hit 5% in the three months to September, the highest since 2020. Job vacancies have fallen markedly over the past year. But there are signs of hope, with vacancies starting to stabilise in recent months. Market intelligence from the Bank of England suggests that many of the employment changes in response to the national-insurance and minimum-wage increases have already taken place. While the labour market remains weak, the seeds of recovery are emerging.

A similar story applies to business investment. Though it fell by 1.1% between the first and second quarter of 2025, it was still 3% higher than a year ago. Barclays, a bank, says that investment will increase more rapidly in 2026, aided by falling interest rates and an end to budget uncertainty.

The real problem with Britain's private sector is not its short-term moodiness but its long-standing risk-aversion. Firms have underinvested for decades, a central reason why British investment has lagged behind its peers' (see chart). This has in turn acted as a drag on productivity. If Ms Reeves truly wants to revive growth, she will need to tackle the barriers to private-sector investment, from poor public infrastructure to the sclerotic planning system. Until that happens, British businesses will never reach their potential. ■

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For four eyes only

Why Britain may have stopped sharing some intelligence with America

And how America might respond

Nov 13, 2025 05:30 PM



A drug smuggling vessel is sunk as a hazard of navigation following a drug interdiction by the U.S. Coast Guard
All at sea

FOR TWO months America has been killing people in the Caribbean and the Pacific by [blowing up boats](#) which, the administration says, are being used for [smuggling drugs](#). Some experts think the strikes are illegal. Britain has had enough. Some weeks ago it suspended intelligence-sharing with America on drug-trafficking in the area, according to American and British news reports. That would mark a rupture to an intelligence relationship that has thrived for more than 80 years.

Britain has long played a role in countering drug smuggling in the Caribbean, where it has several overseas territories. Last year *HMS Trent*, a patrol vessel, seized £750m (\$980m) of illegal drugs in the region. British officials have worked closely with Joint Interagency Task Force South, a group that monitors smuggling. They are now plainly worried that America might use British intelligence, such as intercepts that show the location of boats, to commit war crimes. (On November 11th Colombia announced that it, too, would suspend intelligence-sharing with America.)

[We're tracking America's drug-boat strikes here](#)

Intelligence cut-offs have been surprisingly common within the Five Eyes pact (which comprises America, Australia, Britain, Canada and New Zealand), says Richard Aldrich, a historian. They have often been instigated by policymakers who want to send a diplomatic message. He points to the example of America punishing Canada for its failure to send ships in the Gulf war in 1991. But they are much rarer within the tight-knit Anglo-American partnership. “I genuinely can’t think of when we stopped sharing with the US,” says a former British intelligence official.

America’s use of torture during its global war on terror caused consternation in Britain, and might have prompted a similar cut-off, but by the time those abuses came to light America had largely stopped torturing people, so British spooks were able to continue co-operation. Not every scrap is always handed over: some intelligence is marked UKEO, or “UK Eyes Only”. The agreement between Britain and America allows for a party to declare that it won’t share on a specific topic, but the expectation is that that would be exceptional. Particularly in signals intelligence (SIGINT), which includes intercepting communications, the presumption is to share.

“There tend to be ways of working these things out without going nuclear,” says the former official. Another person with knowledge of intelligence-sharing recalls a similar episode which was not made public. “We handled it quietly.”

In the Caribbean Britain’s approach—like America’s until recently—has been to interdict and board suspect vessels. In the past Royal Navy sharpshooters have disabled boats. “We never contemplated sinking them,” says another intelligence official previously involved in such efforts. “It would have been flat-out illegal.”

The British intelligence cut-off is likely to be a minor inconvenience to the American killing spree in the Caribbean. Intelligence on smuggling was “overwhelmingly American”, says the second official, with Britain playing a minor role. But there are worries that Donald Trump, now that the news is out, might respond angrily.

That could hurt British interests, warns a third former British intelligence official with close ties to the American agencies. Mr Trump is acutely

sensitive to any suggestion that spy agencies might be obstructing his agenda. He has purged his own services, firing the heads of both the National Security Agency—which is closely intertwined with GCHQ, Britain’s SIGINT agency—and the Defence Intelligence Agency. He has also dismissed officials involved in investigating his ties to Russia in the run-up to the 2016 election.

Britain, says this third official, now faces a real risk of being cut off in retaliation from some American intelligence. That, too, would be a break from the past. In the 1970s Henry Kissinger, as national security adviser, ordered a punitive cut-off of some intelligence, causing satellite images to dry up briefly, but it was resisted by American spies and proved perfunctory. “Despite what anyone says”, adds the official, “we need them far more than they need us.” ■

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Of molluscs and men

A slimy scheme to avoid property tax

From snail farms to sham churches—the British will do anything to dodge taxes

Nov 13, 2025 05:30 PM



UNLIKE THEIR French neighbours, Britons tend to be sniffy about eating snails. But there is a new fad involving the delectable gastropods that Brits do have a taste for: tax avoidance.

The scheme is both slimy and simple. When a commercial property is vacated a landlord becomes liable for its taxes, known as business rates. To avoid them (a 5,000-square-foot office in central London might owe £12,000, or \$16,000, a month), some landlords turn their offices into “farms”. Boxes of live snails are purchased at £14 each and the property is claimed to be an agricultural unit—exempt from business rates.

Urban snail farms are seen by local authorities and the courts as a sham. One venture in Liverpool had 15 boxes with as few as two snails each. Adam Hug of Westminster City Council says it is hard to stop such behaviour because the schemes are run by agents hiding behind shell companies. After a court finds the “farm” illegitimate, the business simply declares itself insolvent and the tax liability must be written off.

A cottage industry of advisers exists to minimise business rates. When a property is vacated, landlords can claim 90 days of empty-property relief (EPR) from business rates. A loophole allows landlords to then store empty boxes (or any other item) in their property for a six-week period of

“occupation”; after which they can claim another 90 days of EPR. By doing this over 12 months they can reduce their tax liabilities by 75%.

To discourage this “box shifting”, last year the government extended the eligibility period for EPR from six to 13 weeks. In recent years schemes claiming full business-rate relief as “places of worship” have proliferated. The owners of a science park in rural Kent with a £1m annual liability says —to the incredulity of the local authority—that all 60 of the units are now, in effect, houses of god.

Landlords have easier ways to reduce their taxes. ASTOP, a social enterprise, matches landlords to legitimate charities that take temporary rent-free occupation of properties when they fall vacant. Charities then claim 80% business-rate relief on the landlords’ behalf.

The government says it wants to devise a “fairer” system “fit for the 21st century”. Schemes to avoid business rates have serious repercussions. The annual £24bn (0.8% of GDP) tax yield from commercial property is lower than in earlier years, as landlords and their tenants take advantage of exemptions (many legitimately). Westminster City Council will rake in £2bn from business rates this year, but 95% of it is sent to the Treasury, which disburses it around the country. A tax-dodging snail farm in Marylebone can affect social-care budgets in Middlesbrough.■

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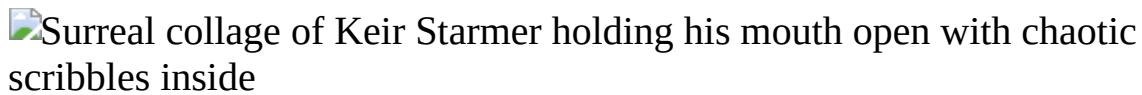
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Bagehot

Sir Keir Starmer is a prisoner of the politics he pledged to end

When rigmarole becomes reality

Nov 13, 2025 05:29 PM



OF ALL THE distortions and deceits that Sir Keir Starmer deployed in order to reach Downing Street, one stands out. It was not the promise of free tuition fees offered to left-wing Labour members, ditched after the leadership contest was over. It was not the solemn pledge to forgo tax rises on income, VAT or national insurance made at the last election, which will be smashed in the budget on November 26th.

It was the promise of stability. Sir Keir pledged to “[stop the chaos](#)”. Britain, he argued, was a prisoner of Westminster rigmarole. After a decade of Conservative instability, featuring minority governments, a carousel of chancellors and Britain’s first six-week prime minister, a Labour government would bring serenity, he pledged. “We’re all stuck in their psychodrama,” said Sir Keir. “All being dragged down to their level.”

In a way, Sir Keir was more right than he knew. On November 12th officials in Downing Street accused Wes Streeting, the health secretary, of planning to oust the prime minister. Mr Streeting labelled his accusers conspiracy theorists who were trying to “kneecap” him. In the space of 16 months Sir Keir’s government has managed to accumulate a stench of death that it took his Conservative predecessors a good decade to build up. Rigmarole is ascendant once more.

A man who set out to slay [rigmarole](#) has seen his government swallowed by it. It starts in the place Sir Keir still, for now, calls home. Briefings against Mr Streeting stemmed from people Sir Keir appointed. Downing Street has been in disarray since Sir Keir entered office, with a constant stream of sackings, surprisingly short tenures and ill-tempered briefings about senior advisers and, increasingly, cabinet ministers. It is a bad record for a prime minister who prided himself on being a bureaucrat. A nasty office is one thing in the private sector; it is quite another when it is supposed to be running a G7 country.

Relationships at the top of government are not just a matter for gossip. After all, Sir Keir is merely first among equals in cabinet and must rely on persuasion rather than power. The problem is that the other people at the coffin-shaped table see the prime minister as more of a lesser. Cabinet ministers regard him with increasingly ill-disguised contempt. Discipline is close to breaking down. During a reshuffle in September Ed Miliband, both the closest thing Sir Keir has to a friend at the top of politics and a potential replacement, was asked to move jobs. He refused. It is not just Mr Streeting in cabinet who thinks they could do a better job than Sir Keir. And they might be right.

Sir Keir's cabinet colleagues are thinking about their options because Labour faces not just defeat but potential annihilation in 2029. It is usually wise to dismiss polls this far out from an election. Poor numbers can be put down to mid-term contempt, more than anything else. At the moment, the polls point to a once-in-a-century political revolution. It is as if a pilot should ignore screaming sirens in his cockpit because the plane is not due to land for another five hours and it might be a false alarm anyway.

Still, to some, polls are nothing more than fluff; something for drama-addicts in Westminster to point at and shriek about. To others, they are what counts. Most backbench Labour MPs fall into the latter camp. Backbenchers should not matter, especially when a government has a huge majority, like Sir Keir's. Instead, they shape the workings of this government. Sir Keir has not had a functional majority since backbench MPs killed off a modest reduction in welfare spending this summer, in a catastrophic mangling of

both policy and politics. What should be irrelevant rigmarole is political reality for this government.

The result? In the City, slack-jawed fund managers ask former Labour apparatchiks whether the government has the votes to pass the budget. Who can blame them? A government with a majority of 168 seats is supposed to pass its legislation with ease. The benefits farrago showed it cannot. If it is unable to do that, how can it push through a manifesto-busting budget this month? Since Labour MPs do not like cutting benefits, they will probably be happy to pass a budget with lots of tax rises. Yet while such doubts linger, it becomes an expensive question for a government to answer. Westminster drama costs the government real money.

Rigmarole becomes reality because there is little else happening. Sir Keir has no guiding project to talk about when being bullied about the ambitions of his health secretary. There is no grand plan for this government, which, given Downing Street started a civil war a fortnight before a budget, is incapable of thinking even weeks ahead, never mind years. The engine of government is sputtering. Yet a total overhaul of Downing Street and Whitehall in general is unthinkable when the top of government is a circus.

It's nice isn't it. The quiet

Perhaps a more skilled politician could fill the void where this government's plan for office was supposed to be. Alas, Sir Keir has no personal charisma to charm his way through. Likewise, there is no reserve of loyalty for a prime minister who has neither friends nor followers in the party. Sir Keir's only source of legitimacy was a historic victory, which looks as if it is turning out to be little more than a prelude to a historic defeat. All that remains is silence, broken only by the discussion of when, not if, the prime minister goes. Rigmarole abhors a vacuum.

The best Labour can do is try to govern well. But a viperous Downing Street, a fed-up cabinet, feral and panicking MPs, polls pointing to oblivion and doubts that the prime minister will be there in six months, never mind six years, make this impossible. Rigmarole rules in Westminster. Sir Keir is a prisoner of the politics he pledged to end. ■

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International

- **China's creepiest export surge**

Order here please :: Countries are queuing to buy the tools and techniques of the CCP's security state

- **Beijing insiders' plan to play Donald Trump**

The Telegram :: They see America's president as a golden opportunity for China

Order here please

China's creepiest export surge

Countries are queuing to buy the tools and techniques of the CCP's security state

Nov 13, 2025 06:01 PM | Addis Ababa, Almaty and Belgrade

 Collage of police training across the world

“I MET THE most lovable people on the streets of Serbia: Chinese police officers,” gushes a Chinese tourist in an article released by one of his country’s police universities about joint patrols with Serbian police in Belgrade. “I felt so happy, safe and proud,” he says.

The propagandist article perfectly matched China’s vision for global security: one in which it helps “maintain world peace and security” while upholding “non-interference in internal affairs” in contrast to Western ways of “unilateralism” and “bloc confrontation”. At least that is how China’s supreme leader, Xi Jinping, described the Global Security Initiative (GSI) when he launched it in 2022.

Since then China has rapidly expanded its security activity abroad by offering foreign governments police training and surveillance technology with a focus on internal stability. China is helping governments not only combat crime, but also control their citizens and stay in power—and that is proving stunningly popular.

The GSI, like Mr Xi’s three other global initiatives (on development, governance, and cultural diversity), is firstly an attempt to build new networks of international influence centred on China. To that end it has revamped a small regional policing forum into China’s biggest international security event: the Global Public Security Co-operation Forum. Delegates from more than 120 countries go to discuss security co-operation and admire China’s police technology, such as robotic dogs.

Last year the organisers launched the “Global Public Security Index”, which ranks countries by seemingly arbitrary scores on measures including gun crime, traffic deaths and terrorism. The top performer was China. America was pointedly below average. It was an exercise in “resetting standards around what security means and what it looks like”, as well as “the right example to follow”, says Sheena Greitens of the University of Texas.

China’s public-security influence is spreading in practical ways too. Surveillance-tech exports are soaring. Two Chinese firms, Hikvision and Dahua, are the world’s biggest surveillance-camera makers, with a combined market share of 40%. Huawei supplies its “Safe City” surveillance systems to more than 100 countries. A recent investigation by InterSecLab, a digital-forensics network, found that Geedge Networks, a private Chinese firm, had sold internet-control technology to the governments of Ethiopia, Kazakhstan, Myanmar and Pakistan, helping them censor and spy on their citizens.

China has also provided nearly 900 training sessions to the police and domestic-security forces of 138 countries since 2000, according to a new study by Ms Greitens, Isaac Kardon and Cameron Waltz at the Carnegie Endowment for International Peace, an American think-tank. The annual number of sessions grew nearly ten-fold in the first decade of Mr Xi’s rule, jumping from 14 in 2010 to 138 in 2019 (see chart). They dropped during the covid pandemic, however, and have not yet fully rebounded.

Most of the training programmes take place at police colleges within China, which usually host visiting groups of several dozen for a few weeks or months. They learn about China’s law-enforcement system, go on field trips to local public-security bureaus and take courses on specialised topics like border control or railway security. Often photos are taken of the head trainees receiving copies of Mr Xi’s book “The Governance of China”. Sometimes they do *tai chi* (a martial art) or calligraphy on the side. Chinese police also embed abroad with foreign police. This year a group of Chinese advisers went to the Solomon Islands to promote the “Fengqiao Model”, a Mao-era system whereby villagers would spy on one another.

The countries receiving the most police training from China are its neighbours, especially in Central and South-East Asia (see map). Some co-operation goes back decades because of concerns over border security. Central Asia does more training on counter-terrorism, and South-East Asia works with China on combating scams and trafficking. African countries are also major participants, probably because of Chinese concerns over protecting its extensive Belt and Road investments on the continent.

More intriguing are the kinds of regimes China is working with. We cross-referenced the Carnegie Endowment's data with a democracy index by the EIU, our sister company, and found that 82% of authoritarian regimes have received police training (see chart) from China. Nearly a third of full democracies have had Chinese police training, too, though the Carnegie researchers say this tends to be relatively superficial, like teaching European police officers Mandarin to help them liaise with their Chinese counterparts.

Most Chinese police training teaches generic skills, like combating cybercrime or counter-narcotics. This is not very different from the foreign-police training America does through its International Law Enforcement Academies in Botswana, El Salvador, Ghana, Hungary and Thailand. These have produced more than 70,000 graduates from 100 countries since 1995. The difference is that American assistance also aims to promote democracy, and cannot be given to human-rights abusers. (Though those laws have not always been enforced, and the democracy-promotion programmes have been defunded under the Trump administration.)

China, however, says its help has no strings attached. That has made it popular with authoritarian regimes, flawed democracies and hybrid regimes, which have weak political institutions and problematic elections. Three-quarters of flawed democracies and 86% of hybrid regimes have received police training from China.

That does not necessarily mean China is teaching them to become authoritarian, though there are some courses that directly address regime security, like VIP protection and riot control. Most students enrolled in these

courses are police officers from authoritarian regimes like the Central African Republic, Myanmar, and Guinea. Although China claims its help is not conditional, in reality recipients are expected to support its territorial claims over Taiwan and other territories.

Does Chinese security engagement make governments behave in more authoritarian ways? It depends on their predispositions. A recent study by Erin Carter and Brett Carter at the University of Southern California finds that imports of Huawei technology increase digital repression in autocratic countries, but have no effect in democratic countries. China is “providing a public good and creating potential repressive capacity” at the same time, says Ms Greitens. Its police training and technology are filling genuine needs for many countries, and those with sufficient legal safeguards and strong civil societies can use them without veering into repression.

For governments leaning towards authoritarianism, though, China is an enabler—and an inspiration. Kazakhstan, for example, blanketed the streets of Almaty, its largest city, with thousands of Chinese-made cameras after civil unrest in 2022, says Dana Malikova, a Kazakh digital-rights expert. Its security agencies may be learning from Chinese systems across the border in Xinjiang, which use AI to identify and impose extra restrictions on potentially troublesome individuals, even if they have not committed any crimes. In June an anti-corruption activist named Sanzhar Bokayev was stopped at the Almaty airport after his face set off an alert in a police database of “wanted people”.



Chinese security support does not necessarily make countries more stable, either. Ethiopia has become more heavily monitored and repressive with the help of China, which has trained its security forces and whose firms have provided surveillance and internet-censorship systems. Yet it is teetering on the edge of chaos, with insurgencies raging in its two most populous regions, ethnic tensions boiling over and the threat of a new war with Eritrea. This is hardly the vision of peace and security that Mr Xi’s GSI describes.

The DIY repression toolkit

The cleverest part of China's security assistance is how it has managed to empower authoritarians without explicitly promoting authoritarianism. It presents itself simply as a provider of tools for client governments to use as they will. In Serbia, the collapse of a Chinese-built railway-station canopy that killed 16 people last November sparked mass protests that have shaken the country for nearly a year. Student protesters are furious with the EU for failing to support their cause. ("The EU doesn't give a single fuck about the state of democracy in Serbia," said one.) Yet 81% of Serbians view China favourably, even though it trains their police and provided the spy gear that activists believe is used to target protesters. In part that is because China does not claim to stand for any sort of political or value system in the way Western countries do and it has refrained from commenting on Serbia's domestic unrest.

China's values-free security diplomacy is hard to compete with. That is most visible in the Pacific Islands. Since accepting training from China, police forces in places like the Solomon Islands have shifted towards a culture of protecting the state rather than the people, says Mihai Sora of the Lowy Institute, an Australian think-tank. Australia can compete only by engaging in "gifting brinkmanship", says Mr Sora: offering local police more equipment and assistance than China does, with fewer conditions. Recently the Solomon Islands government started talking about establishing its own armed forces—which "nobody thinks is a good idea" but Australia may support it doing so lest it ask China for help instead, says Mr Sora.

China offers savvy middling powers a chance to get both Chinese internal-security support and American defence assistance. That is what countries like Vietnam and the United Arab Emirates have been doing. The world could be moving into "uncharted territory" of having "two different types of security assistance that overlap but are led by different actors", says Ms Greitens. It would be a more transactional and cynical world, in which states are stronger, but citizens are weaker. ■

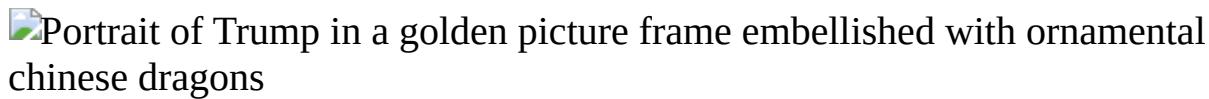
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The Telegram

Beijing insiders' plan to play Donald Trump

They see America's president as a golden opportunity for China

Nov 13, 2025 05:31 PM



XI JINPING, CHINA'S supreme leader, is not frightened of President Donald Trump. Increasingly, Chinese elites see Mr Trump as "very soft" on their country, say Beijing insiders.

China was "a bit panicky" during Mr Trump's [first term](#), concedes an analyst in Beijing. The first Trump administration expanded a trade war into an ideological contest, with officials making stern critiques of China's political and economic systems. China is not panicking any more, insists the analyst. When Trumpian bullying resumed this year, China's leaders pushed back hard, refusing to buy American soyabeans and restricting exports of rare-earth minerals and permanent magnets that are vital to carmakers and other industries. Mr Trump "blinked first", the analyst says.

At a [meeting](#) with Mr Xi in South Korea on October 30th Mr Trump offered [concessions](#), including a one-year pause of a rule extending American export controls to the subsidiaries of blacklisted Chinese companies. China agreed to buy soyabeans and made vaguer promises to block smuggled shipments of chemicals used to make fentanyl, and to facilitate exports of rare earths.

Pundits in Beijing claim other wins. Since returning to power ten months ago, Mr Trump has shown no ideological ill-will towards the Communist Party, even when imposing dizzying tariffs on China. In the telling of

Chinese scholars, Mr Trump treats China as an “indispensable” nation. He urges China to buy American goods and has welcomed its companies to invest in America. As an added bonus, in his second term Mr Trump has so tightened his grip over the federal government and the Republican Party that conservatives dare not challenge him for engaging with China.

The hitch is that Chinese leaders do not trust Mr Trump. A control-obsessed bunch, they disagree about how to deal with a man who revels in unpredictability. Over a week of conversations in Beijing with officials, government advisers, academics and entrepreneurs, a consensus emerges that Mr Trump represents a historic opportunity for China. He is described as a president unconstrained by liberal principles, who weakens America’s standing with his capricious treatment of allies and adversaries alike. How China should take advantage of him is a more divisive question.

Mr Trump is deemed too unreliable to pull off a big, beautiful deal that would resolve America’s and China’s most pressing disputes. What is more, hardliners in America and China might obstruct the compromises needed to pull off a grand bargain, analysts add. With trust at a low ebb, there are predictions of further decoupling between the two countries in such realms as technology and finance. True, in Beijing it is admitted that many Chinese AI companies long to buy high-performance American semiconductors. It is noted that Mr Trump has talked of selling advanced chips to China, though perhaps not those at the cutting edge. Still, American and Chinese security concerns make America’s market uniquely daunting to high-tech Chinese exporters. Geopolitical risk, too, is cited as the reason why China holds fewer US Treasury bonds than before, and wants its currency, the yuan, to be used more often in its international trade.

Insiders suggest that the two countries will focus on “piecemeal” agreements during the year-long truce agreed on in South Korea. Alongside such workaday sectoral deals, though, some in Beijing wonder whether Mr Trump might agree to more ambitious forms of co-operation.

Some experts argue that China could advance long-held goals by appealing to Mr Trump’s pride at being a peacemaker. Mr Xi began last month’s meeting with Mr Trump by congratulating him on his Middle East peace accord, they note. Maybe, at a future summit, Mr Trump could be

persuaded to publicly oppose Taiwanese independence and urge the democratically ruled island to hold “peace talks” with China. Even if Mr Trump’s call were later disowned by other American politicians, from China’s point of view it would set a useful precedent for an American president to have made it. To soothe North Korean (and Chinese) anxieties, Mr Trump might be prevailed upon to reduce American military exercises with South Korea. Perhaps an equilibrium could be reached in the South China Sea, balancing China’s territorial claims with America’s insistence on the freedom of navigation in international waters. Some scholars suggest that China stands ready to help with peace talks between Russia and Ukraine, as long as Mr Trump does not ask Mr Xi to put public pressure on Russia.

Trump, Xi and an illiberal world order

A professor recalls the moment, about a decade ago, when China offered President Barack Obama a “new type of great-power relations”. That model was calculated to appeal to Mr Obama’s belief that America and China, as the two largest economies, have special responsibilities to lead multilateral efforts on climate change and other global challenges. Mr Obama declined, in part because the offer was conditional on respecting China’s “core interests”: code for Chinese claims on Taiwan and other territories. And also because America’s allies disliked talk of two superpowers deciding how to run the world. Now, the professor asks, might America accept a model updated for the Trump era? Instead of warm words about multilateralism, China could play up Mr Trump’s and Mr Xi’s shared bond as nationalist leaders and men of destiny, bent on restoring their countries to greatness.

Mr Trump does seem ready to treat Mr Xi as a peer. After their encounter in South Korea, Mr Trump bragged on social media about a “G2 meeting” that would lead to “everlasting peace and success”. China has learned how to intimidate America’s president: hence the current, uneasy truce in their trade war. Wooing Mr Trump is a trickier task. China hawks in Washington have much to fear, should Mr Xi succeed. ■

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Before the fall

The seven deadly sins of corporate exuberance

A frenzy of financial innovation has ensnared America Inc. What could go wrong?

Nov 13, 2025 05:29 PM | New York



Illustration of a burning briefcase on a red background

JUST AS GREAT cities reflect the genius of their architects, great financial manias reflect the folly of their besuited draughtsmen. New ways of raising and spending capital beguile ambitious bosses and propel markets. This time is no different. Silicon Valley, Wall Street and Washington are conspiring in one of American capitalism's great money-making eras. The value of America's listed companies relative to the size of the economy is the highest it has ever been.

Wrapped up in the madness, America's chief executives are embracing seven risky financial strategies. These reflect the obsessions of the moment, from artificial intelligence and cryptocurrencies to private capital and performative patriotism. Some have echoes in past booms, while others are entirely novel. All involve jaw-dropping feats of paper engineering—and offer clues as to the nature of the coming crash.

1. Lust for crypto

President Donald Trump has eagerly [promoted the cryptocurrency industry](#) during his second term. Corporate America has followed. Never has something treated so dismissively in boardrooms been subsequently embraced so enthusiastically. America's biggest banks and retailers say they are now considering creating their own so-called [stablecoins](#) pegged to the

dollar. Some companies have even transformed their treasury departments from clearing houses for receipts into hubs of speculation. The most notable is Strategy (MicroStrategy, until recently), the leader of the “crypto treasury” movement. Once a dotcom darling, it now exists solely to buy bitcoin. The company owns nearly \$70bn of the stuff, paid for by aggressively issuing debt and equity. The business is valuable because investors struggle to get leveraged exposure to bitcoin, say its cheerleaders. Yet more than 100 companies are doing something similar.

2. Retail envy

Such schemes are partly designed to appeal to America’s indefatigable retail investors. Their main impulse is to buy the dip. But some of them will buy anything. Meme stocks are back, and bosses are playing to the gallery. Elon Musk has a fanatical crowd of retail investors to thank for his [\\$1trn pay deal](#) at Tesla. [Palantir’s frothy valuation](#) is a product of the herd instincts of amateur traders. Tapping into this meme-inflected world is also possible for smaller firms like American Eagle. The clothing brand’s stock is up by more than 70% since putting Sydney Sweeney, a blue-eyed, blonde-haired actress, in an advertisement. Companies can also harness the retail crowd to go public quickly, and with little scrutiny, by merging with a [special-purpose acquisition company](#) (SPAC). After a pandemic-era boom, these shell entities, favoured by retail investors, are again flooding the market. More than 150 are expected to go public this year.

3. “Lazy” circularity

When markets soar, so does their tolerance for corporate complexity. Silicon Valley is testing the limits, with the AI ecosystem now characterised by circular spending and webs of cross-holdings. Consider Nvidia, the leading supplier of AI chips. It owns stakes in CoreWeave, which buys its chips to rent out to others, and is investing in XAI, which buys Nvidia’s chips to run its models. It will also [put up to \\$100bn into OpenAI](#), giving the maker of ChatGPT more cash to buy Nvidia’s chips. For its part, OpenAI—which is also part-owned by Microsoft, its biggest supplier of computing

power—has a stake in CoreWeave and could soon own 10% of Advanced Micro Devices, Nvidia’s main competitor.

Enthusiasts say all this is little different from the “vendor financing” arrangements common in other industries. Cynics see parallels to the “round-tripping” practices of energy traders and internet firms in the late 1990s. In such deals—known as “Lazy Susans”—often no goods or services were actually exchanged, though both parties recorded revenue to hit earnings targets. Which label sticks to the AI deals will depend on whether companies follow through with their investment promises.

4. Furious dealmaking

Every boom is defined by its mega-mergers, from the buy-out of RJR Nabisco, a consumer-products conglomerate, in 1989 to the merger of AOL and Time Warner in 2001. This year cheap credit and regulatory easing have revived the takeover business—no matter the value destroyed during previous waves. Since the summer American bosses have inked the largest ever railway merger, data-centre acquisition and leveraged buy-out. This month Kimberly-Clark, the purveyor of Huggies, agreed to pay nearly \$50bn for Kenvue, the maker of Tylenol, in the biggest consumer-products takeover in a decade.

5. Debt gluttony

To finance its splurge on data centres and takeovers, America Inc is feasting on debt. Meta, a Silicon Valley giant, recently sold \$30bn of bonds to pay for its data-centre investments, the biggest such deal of the year. To power the endless rows of servers AI models require, electricity providers are also borrowing heavily.

In the process, companies have been experimenting with more novel forms of debt. Private credit, provided by an investment company rather than a bank, has surged in popularity. Sometimes private loans look similar to those made by traditional lenders. But often they are more creative. One innovation pioneered by Apollo, a private-markets colossus, involves making a loan considered by rating agencies to be an “equity” investment

for the recipient (leaving its credit-rating intact) while furnishing the lender's balance-sheet with investment-grade debt.

As borrowing increases, it will be further obfuscated. As well as its bond offering, another \$27bn of largely debt-funded investment tied to Meta's new data centre in Louisiana will sit off its balance-sheet. XAI is planning something similar.

6. Patriotic pride

If the mania has an anthem, it is "Born in the USA". American companies are showcasing their patriotism with splashy but vague investment pledges. JPMorgan Chase has said it will bankroll companies involved in "security and resiliency" to the tune of \$1.5trn. Some bosses have gone further and shacked up with Uncle Sam. America's government now possesses: a "golden share" in US Steel, a faded industrial icon; 10% of Intel, [a struggling chipmaker](#); and minority investments in three mining companies. It could soon own a large stake in Westinghouse, a maker of nuclear reactors. Bankers say that American companies with even tangential connections to national "resilience" are eager to make deals with the White House. OpenAI's finance chief recently suggested that the government provide a "backstop" for her industry's data-centre borrowing binge, before walking back the comment.

7. Avaricious fraud

A final sin could soon rear its ugly head. Every hot market in the past has concealed fraud. Like with the accounting scandals at WorldCom or Enron, it is unlikely to be unearthed until a correction begins. But the conditions for wrongdoing are ripe. Accounting practices for AI, crypto and private credit are all sufficiently flexible and opaque. And guardrails are wobbling. Activist investors don't hold the sway they once did in public markets. Immigration enforcement is a bigger priority for the White House than white-collar crime.

Judgment day

For now, Wall Street expects the good times to continue. Credit spreads remain tight. Equity-market volatility is low. Retail investors show no signs of flagging. Last week Robinhood, an online broker, said that its clients' borrowing had risen by 153% this year. The makings of a bubble often become clear well before it pops. Alan Greenspan warned of "irrational exuberance" in 1996, some four years before the next crash came.

Yet in some corners the mood is beginning to sour. Take crypto. Earlier this year Strategy traded at more than double the value of its bitcoin holdings. As the price of bitcoin has fallen, the company's shares have fallen even further. Its premium has eroded to around 20%. If it is unable to sell more shares, it may need to liquidate its bitcoin holdings to pay steep interest costs. As a large owner, and ever larger champion, of bitcoin, it risks ending up in a downward spiral.



Worries about credit markets have grown, too. First Brands, a provincial manufacturer of spark plugs, borrowed more than \$10bn before collapsing into bankruptcy. Its lenders now accuse it of fraud. Jamie Dimon, the boss of JPMorgan Chase, warned that more "cockroaches" would emerge. Since then a few have scuttled out from under lenders' loan books. Some business-development companies, a type of private-credit fund, are trading well below the value of their assets. Shares in Blue Owl, a private-credit firm, have fallen by more than 40% from their peak at the start of the year. Markets and regulators have turned on Egan-Jones, one of private credit's favourite rating agencies. The industry's use of life-insurance policies to fund investments is also being scrutinised.

Then there is the question of whether Silicon Valley's colossal spending on AI will pay off before investors lose patience. If it does not, the punishment may be harshest for companies that have succumbed to the seven sins. The consequences, though, would ripple far beyond them. Losses for investors would spill over into consumer spending. Credit markets—and possibly the government—would also bear losses. Parts of the financial system that have hitherto been untested would come under strain. Engineers would be put out of work. But the financial engineers would be to blame. ■

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Rise of the people people

How HR took over the world

The profession has rocketed in size and stature. Will AI shrink it?

Nov 13, 2025 05:30 PM



Illustration of over grown HR manager facing the AI drone with a rather large needle, about to burst his prominence.

BIT BY BIT, HR is taking over corporate life. The ranks of human-resources professionals across the rich world are swelling. Their roles are expanding. And some are still insisting that you complete your unconscious-bias training.

In 2024 American businesses employed 1.3m HR professionals, up by 64% in ten years, compared with 14% growth for overall employment (see chart 1). The trend is also evident in Australia, Britain and Germany. HR has moved up the office pecking order, too. A study by Nick Bloom and Mert Akan of Stanford University shows that the pay of chief human-resources officers (CHROS) has grown relative to that of other senior executives. In 1992 their total compensation (including bonuses and stock options) was 40% of the average director's salary (excluding chief executives). By 2022 that figure had risen to 70%. More CHROS have also been moving into the corner office. Mary Barra, the boss of General Motors, previously held the carmaker's top HR job. Firms such as Dunkin' Brands, a doughnut specialist, have also given the top job to HR gurus.

Various forces are behind HR's rise. One is the growing value of top talent. In an annual global survey by Manpower Group, a recruiter, 74% of firms said this year that they were experiencing a shortage of skilled labour, up from 38% a decade ago. Ageing populations and technologies such as artificial intelligence, which require new skills, are among the causes.

A string of disruptions to work has also elevated HR. It has been a “non-stop game day”, says Emilie Petrone of Korn Ferry, an HR consultancy. The #MeToo movement shone a spotlight on office harassment. The covid-19 pandemic meant HR staff had to manage a shift to remote working while monitoring employees’ wellbeing. Work-from-home policies and return-to-office mandates followed. Then came the rise of diversity, equity and inclusivity (DEI) initiatives. For a profession that is “prone to scramble around for fashions and fads”, as one HR director puts it, DEI brought plenty to deal with, from micro-aggressions to non-gendered toilets.

Other factors have also contributed to HR’s rise. State governments in America are enacting more rules on matters such as sick leave and minimum wages, increasing the compliance burden for companies. Employees seem better informed about their rights as well—and happier to complain. In American workplaces the average number of allegations of discrimination or harassment jumped from 6 per 1,000 employees in 2021 to 15 last year, according to a survey by HR Acuity, a software provider.

Yet there are signs that the HR boom could soon turn to bust. America’s labour market has been characterised by low hiring and low firing for much of the past year, meaning less work for HR. Now lay-offs have jumped. According to Challenger, Gray & Christmas, an outplacement firm, the number of lay-offs announced reached more than 153,000 in October, the highest since the pandemic. While that may give HR teams plenty of paperwork to do, some are finding themselves part of the cull. Amazon, an e-commerce giant, is said to have included many HR roles in the 14,000 jobs it cut last month. Meanwhile, at least in America, enthusiasm for DEI has faded amid complaints of “wokeness”.

AI may make matters worse. For now, HR teams are busy retraining staff and hiring AI whizzes. Moderna, a drugmaker, has even merged its IT and HR functions, under the leadership of the former CHRO.

In the long run, however, many HR tasks may be farmed out to AI. Companies already use the technology to scan through piles of CVs and create chatbots that can answer employees’ questions. In a survey published this month, McKinsey, another consultancy, asked companies around the

world how headcount had changed across various business functions over the past year as a result of AI. Fully 22% of respondents said that it had led to a decrease in the number of HR workers, more than for any other function, with only 5% saying it had led to an increase (see chart 2). For the people people, the rise of the machines looks like bad news. ■

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Semi-slow

TSMC's cautious expansion is frustrating the AI industry

The Taiwanese chipmaking giant has been burned by previous investment booms

Nov 13, 2025 05:30 PM

 Jensen Huang, the chief executive officer of Nvidia Corp

THE CRAZE for artificial intelligence has brought seemingly limitless demand for the chips that power it. Last month Jensen Huang, the boss of Nvidia, said that his company, the leading designer of AI chips, had \$500bn-worth of orders to deliver this year and next. OpenAI, one of its customers, has also struck supply deals for the next few years with Advanced Micro Devices, for six gigawatts' worth of AI chips (around 3m-6m), and Broadcom, for another ten gigawatts.

The frenzy for AI silicon has led to growing concerns over supply constraints. Nearly all high-end AI chips are made by one company: [TSMC, a Taiwanese chip manufacturer](#). Mr Huang recently visited Taiwan to urge the company to double its production of Nvidia's chips. Elon Musk has mused that Tesla, the electric-car maker he runs, may need to build its own “gigantic chip fab” (as semiconductor factories are known) to supply its AI and robotics efforts. Sam Altman, OpenAI's boss, has called on TSMC to “just build more capacity”.

TSMC is obliging, but far less quickly than its customers would like. It will spend around \$41bn on capital expenditures this year, of which more than two-thirds is allocated to the types of cutting-edge chips the AI industry requires. That is up from \$30bn last year. Analysts expect the figure to reach \$52bn by 2027. As a share of revenue, however, TSMC's capital

expenditures have fallen, and are expected to continue doing so over the coming years, even as its customers grow noisier in their complaints (see chart). In time, TSMC's cautious approach, shaped by the semiconductor industry's history of booms and busts, could undermine the AI industry's bullish projections.

Designers of AI chips have little choice but to rely on TSMC. Intel, once at the forefront of chipmaking, has [struggled to catch up](#) in the production of cutting-edge chips. Samsung, the only other viable alternative, is facing difficulties of its own. In July Tesla signed a deal worth \$16.5bn with the South Korean electronics giant to begin producing AI chips in Texas from next year, but the project is said to have fallen behind schedule.

Taiwan's chipmaking champion thus finds itself swamped with orders. Signs of strain are already visible. Last month C.C. Wei, its chief executive, said capacity for AI-related products "is very tight" and that the company is working "very hard" to close the gap. Meanwhile, demand keeps growing. Jefferies, an investment bank, expects Nvidia to ship 6.3m AI chips next year, a 23% increase on this year. Broadcom, which designs chips for cloud-computing giants including Google and Meta, is forecast to need 5.4m, a 29% rise. JPMorgan Chase, another bank, reckons that TSMC's two most advanced chip types will run at full capacity for years.

Expanding supply, however, is costly and slow. A top-tier fab costs around \$20bn and takes three to four years to complete. Building in America raises the price tag. TSMC has pledged to construct six new cutting-edge fabs in the country, together costing around \$165bn. America's [dysfunctional construction industry](#), however, means these fabs are significantly more expensive to build than equivalent ones in Taiwan, and progress is slower, too.

Adding capacity also poses risks for TSMC, which helps explain its caution. The chip industry has long been characterised by bruising cycles of tight supply followed by overcapacity. Manufacturers often expand aggressively during booms, only to be saddled with idle capacity when demand later cools. Daniel Wu of Bristlemoon Capital, a hedge fund, notes that TSMC ramped up investment during the pandemic to ease shortages of less advanced chips. Now its capacity to produce them is underused. The

company will be wary of making the same mistake again. It may also fear that the market for AI chips could swing into oversupply if Intel and Samsung were at last to resolve their production problems.

Chip designers calling for more capacity do not have to spend anything until TSMC builds it. But Mr Wu says that if TSMC commits, say, \$80bn-100bn over two years only for the AI boom to deflate, it would be left with underused factories for years. Its caution may frustrate its customers. But they should not count on TSMC changing its tune. ■

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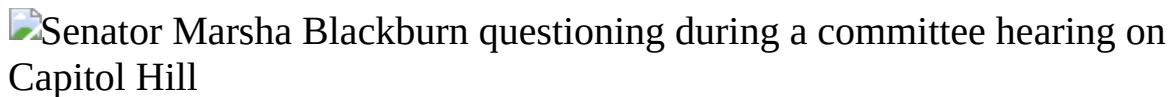
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Virtual malice

Libellous chatbots could be AI's next big legal headache

Companies from Google and Meta to OpenAI are getting sued for defamation

Nov 13, 2025 05:30 PM



FOR ALL the advances in artificial intelligence over the past few years, even the cleverest chatbots still spout nonsense from time to time. In most cases this is but a mild irritation. Sometimes, however, it can get their makers into trouble. When recently asked if Marsha Blackburn, a Republican senator, had been accused of rape, Gemma, an AI developed by Google, replied that in 1987 a state trooper had said she “pressured him to obtain prescription drugs for her and that the relationship involved non-consensual acts”. Ms Blackburn had never faced such an allegation.

The senator was understandably displeased with the AI, and late last month sent Google a letter arguing that the tech giant should “shut it down until you can control it”. Google quickly removed Gemma from its line-up, and said that the AI had been intended for use only by developers and researchers.

Ms Blackburn is one of several high-profile people to have recently complained of being defamed by a chatbot. In August Meta, another tech giant, settled a lawsuit brought by Robby Starbuck, a right-wing activist, after one of its bots falsely said that he took part in the attack on the Capitol on January 6th 2021.

Such lawsuits could become a big headache for AI companies, which are already caught in legal tussles over copyright and other complaints. Even a small number of cases could be extremely costly. In 2022 an American court ordered Alex Jones, a right-wing conspiracy theorist, to pay \$1.4bn in damages for claiming that a 2012 school shooting was a hoax. The question of whether AI companies can be held liable for what their bots say is almost certain to end up before the Supreme Court, argues Peter Henderson, a professor at Princeton University. Until the law is clarified, they will be keeping their defamation lawyers on speed dial.

AI companies are at pains to emphasise the care they take to prevent their models from making things up. Yet some errors, including those in which an AI conflates information about people with similar names, are tricky to prevent. That is why model-makers' terms of use warn that their chatbots can provide inaccurate information. A defamation lawsuit in America brought by a radio host against OpenAI, the maker of ChatGPT, was dismissed by a court in Georgia after the judge concluded that the company's "extensive warnings" about possible errors meant that it could not be found liable.

Other courts, though, may be unconvinced by that argument. AI firms may hope instead for protection from one of Silicon Valley's greatest strokes of legal fortune. Since the 1990s, American judges have interpreted a provision known as Section 230, which states that internet firms are not the publishers of material on their sites, to mean they are not liable for it, sparing them from defamation cases.

Unlike Facebook and other internet forums, however, chatbots generate fresh material. Justice Neil Gorsuch, one of the judges on the Supreme Court, said during a 2023 case against Google that he did not think Section 230 applied to AI-generated material (though in the same case another justice admitted that the court's members "are not, like, the nine greatest experts on the internet").

If Section 230 does not help them, model-makers might argue that chatbots, like companies, have a right to free speech in America. If they succeed, they will benefit from decades of court rulings that have made the country one of the hardest places in the world to win libel lawsuits. Yet even then, model-

makers would still have to worry about jurisdictions such as Britain, where courts place the burden of proof on publishers accused of libel. With chatbot use only growing, the lawyers may soon be rubbing their hands. ■

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Bartleby

The 10-4 rule for interacting with customers

Is Target's new policy bonkers, businesslike or a bit of both?

Nov 13, 2025 05:30 PM

 Illustration of a woman standing at the center of a red target painted on the ground, holding a shopping bag, while a man approaches her from the outer ring. The woman looks surprised

TARGET IS AN American retailer that has been in the doldrums recently. In an attempt to improve the experience that customers have in its stores, it is instituting a new programme known as “10-4”. If a shopper comes within ten feet of a Target employee, staff are meant to “smile, make eye contact, wave, and use friendly, approachable and welcoming body language”. If customers come within four feet, employees should “personally greet the guest, smile and initiate a warm, helpful interaction”.

Learning about the 10-4 programme elicits several reactions in quick succession. The instinctive reaction is to fear for the future of humanity. Do employees also need instructions on how to smile, you wonder? (“Draw the mouth upwards, parting your lips and baring your teeth until the customer either reciprocates or asks if you are feeling unwell.”) What are they supposed to do if a shopper insists on holding a position five feet away: keep waving? At zero feet, are things getting a little too friendly? And so on.

A more considered reaction is to understand the logic of the new policy. Poor customer service is bad for business. Most shoppers would prefer an inauthentic show of friendliness than a genuine display of surliness. Setting clear expectations for how employees ought to behave is a good thing.

After all, Target is not doing anything especially unusual. Walmart, another American retailer, has its own ten-feet rule, encouraging its shop workers to greet customers who get that close. Some hoteliers operate a 15-5 rule, in which staff are expected to smile when someone gets within 15 feet and say “hello” when they are five feet away. In hotels and resorts, these invisible perimeters are sometimes referred to as the “zone of hospitality”, the customer-service equivalent of sovereign air space. If you accidentally stray into this zone, you will suffer the consequences.

The last and enduring reaction is to think that this kind of thing makes sense only in the right context. Rules can be enforced in stupid and less stupid ways. Maximalist interpretations of the 10-4 rule insist that it applies though glass: after all, there’s nothing more welcoming than having people mouthing “Can I help you?” through a shop window. Some say it also applies to customers who are behind you, which presumably means that employees should rotate while they are doing their job, like a grinning doner kebab.

But even reasonable interpretations of policies like 10-4 risk worsening the customer experience in three ways. The first—somewhat ironically, given how much customer-experience types like to go on about personalisation—is because people are different. Only a very few individuals crave incivility when they go into a shop or restaurant. But plenty of them would like to just get on with the activity at hand, without having to watch how far they are from a member of staff in case they get sucked into a conversation. (The restaurant equivalent of this problem is being asked every other minute if you are enjoying your meal. Answer: “I might if I were given the opportunity to eat it.”) One way to make customers feel special is to cater to their preferences. Those preferences may include not having to wave when they are trying to shop.

There are “moments of truth” in customer interactions, times when loyalties can be won or lost. For some businesses, such as the most upscale hotels, every interaction needs to be perfect. But for many others, such moments come less often. Insisting that everything is a moment of truth risks undermining other aspects of a firm’s offering.

That's because employees are often busy doing other valuable things—bringing stock onto the shop floor or picking items for online orders. With enough capacity in the system, workers can afford to break from these tasks. Without sufficient slack, time spent greeting every customer may show up in botched online orders or empty shelves.

The final way policies like 10-4 can backfire is by making employees feel murderous. There are reams of research to show that autonomy is correlated with job satisfaction. Giving people precise instructions on how to behave when someone is a certain distance away risks making grumpy workers even grumpier.

Target's intentions are spot-on. Employees should always be friendly to customers. But high-quality service depends on the overall environment rather than a specific set of behaviours. It requires judgment, not rules. It should be a target, not a prescription. ■

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Dangerous liaisons

The costs of dating your boss

New research shows breakups come with big wage penalties

Nov 13, 2025 05:29 PM

IN “SELLING SUNSET”, a Netflix reality show, a group of estate agents strut through the Hollywood Hills in stilettos competing for listings. Office envy erupts when romantic ties to the boss allegedly earn one woman a particularly lucrative listing. According to Emily Nix, an economist at the University of Southern California, the show represents “exactly the dynamics” that she and her co-authors set out to examine in a new working paper.

A quarter of Americans admit to having had an office romance. Yet not all work relationships are equal. Those between managers and their subordinates are particularly prone to generate controversy. In many companies they are now explicitly prohibited. Even so, surveys suggest they continue to take place. Little is known about the implications of such relationships for those who embark on them, or for their employers.

An unusually rich trove of data from Finland—on employees’ wages over time, the positions they hold at their firms and with whom they live—has allowed Dr Nix and her co-authors to shed light on the matter, tracing how income trajectories shift when a subordinate enters into (or ends) a relationship with their manager. The research suggests that workers mulling a dalliance with their boss should tread carefully.

To isolate the effect of a female subordinate dating a male manager (by far the most common situation), the authors compared these couples with those in which a woman pairs up with someone more senior than them at a different workplace. “When you meet someone wonderful, you might become more productive simply because life is good,” says Dr Nix.

Coupling up with someone with more professional experience may also yield benefits beyond the potential for favouritism.

In the absence of more precise data, the authors assumed that the relationships they examined began two years before a couple moved in together (survey evidence suggests that around 70% do so within that timeframe). Pin-pointing breakups, using the date at which couples ceased living together, was more straightforward.

The good news for those pining after their boss is that, on average, such relationships led to a 6% increase in income for the woman compared with the control group, with the gap forming over the two years before the couple moved in together. The bad news is that women who broke up with their boss—and often left their job as a result—saw their income decline by an average of 18% compared with the control group within a year. It continued to fall over the subsequent four years.

Where male subordinates dated female managers, the size of these effects differed significantly. Men in relationships with female bosses enjoyed roughly twice the bump in pay of women dating male bosses. Women who broke up with their bosses also experienced a much sharper drop in income after the separation. That is partly because they were much more likely to leave the workforce entirely.

These relationships pose risks for employers, too. Not only could they lose those workers for whom a relationship with a boss ends. They may also suffer a wider drag on retention. Companies in the study that had manager-subordinate relationships saw a subsequent decline of six percentage points in employee retention compared with those that did not. Smaller firms suffered a bigger effect, as did those where the subordinate in the relationship received a larger bump in pay. Employees seem to bristle at the perceived favouritism. In a poll by YouGov and *The Economist*, 71% of American respondents said that workers in a romantic or sexual relationship with their manager received more favourable treatment.

All this explains why many companies keep a watchful eye out for such intrigue. In more hierarchical cultures than Finland, relationships between managers and subordinates, when they do occur, could have even more detrimental effects, both for employers and employees. Those looking yearningly across the office may want to think twice. ■

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Schumpeter

Elon Musk's \$1trn pay deal highlights companies' superstar dilemma

Can firms hedge against losing key talent?

Nov 13, 2025 05:31 PM

 Illustration of a large hand holding an orange key horizontally, with a person walking away while carrying the square, toothed end of the same key like a briefcase.

EVERY EMPLOYER knows that, in the knowledge economy, a superstar employee is worth every penny. When that employer is Tesla and the employee is Elon Musk, he is worth up to 100trn pennies. On November 6th the electric-car maker said that more than 75% of its shareholders had backed its chief executive's new compensation package, which would grant him up to \$1trn-worth of Tesla shares over ten years. To pocket it all, the star chief executive must do a reliably stellar job, including lifting Tesla's market capitalisation to \$8.5trn, from \$1.4trn today. Ahead of the shareholder vote Mr Musk threatened that if he did not get his inducement, he simply might not bother.

The astronomical pay deal shows the light years to which firms will go in order to retain talent. It also highlights the potentially cataclysmic risk, as businesses see it, of talent loss. In its annual reports Tesla states explicitly that it is "highly dependent on the services of Elon Musk, Technoking of Tesla and our Chief Executive Officer". The latest one mentions him by name 25 times (not counting signatures and the like). Meta's warns that if Mark Zuckerberg, the social-media empire's boss, were out of action, "there could be a material adverse impact on our operations" (and has for the past

two years listed his potentially incapacitating pursuits: “combat sports, extreme sports and recreational aviation”).

Such fears are not confined to big tech. Ralph Lauren, a purveyor of preppy clothes, makes the same point as Meta about its eponymous founder. Berkshire Hathaway’s own Meta-esque admission about Warren Buffett invites questions about the investment firm’s future now that its 95-year-old leader is, in his words, “going quiet” ahead of his imminent retirement.

These concerns also increasingly extend beyond the corner office. Across knowledge-intensive industries, many companies depend on an ever-shrinking set of hypertalented individuals for an ever-greater share of their profits. Alphabet, Amazon, Oracle and Palantir, as well as Meta, all list key “engineering” or “technical” personnel as material to their continued success. This concentration of moneymaking power is a blessing for businesses when those individuals stick around. In their sudden absence it becomes a curse.

The cost of losing critical workers can be immense. A study from 2020 by Morten Bennedsen, Francisco Pérez-González and Daniel Wolfenzon, a trio of business-school professors, looked at companies whose chief executives suddenly wound up in hospital. They found that those firms’ profitability and investments suffered significantly, especially if the boss was younger and the company belonged to a human-capital-intensive industry. When Bill “Bond King” Gross was poached from PIMCO in September 2014, the share price of Allianz, the asset manager’s parent company, immediately slumped by 6%. The following month PIMCO’s funds saw net outflows of \$48bn.

The unexpected departure of an organisation’s superstars can also negatively affect those who remain. In 2010 Pierre Azoulay and Jialan Wang, then of the MIT Sloan School of Management, and Joshua Graff Zivin of the University of California, San Diego, estimated that the premature death of a superstar researcher caused their collaborators to publish between 5% and 8% fewer high-impact papers over the long term. In a research-dependent business like biotechnology or artificial intelligence, this difference could be measured in billions of dollars.

If the superstars defect rather than die, a decline in their former colleagues' productivity may be compounded by the competitive threat they now pose from the outside. Just ask OpenAI. The maker of ChatGPT is fending off rival AI labs launched by several of its co-founders (including Mr Musk's XAI and Ilya Sutskever's Safe Superintelligence) and senior engineers (Anthropic and Thinking Machines). On November 11th the *Financial Times* reported that Yann LeCun, Meta's top AI boffin, was planning to strike out on his own.

Superstars often do not jump ship alone. Sometimes one exit can provoke an exodus unwittingly. In 2008 two elite American law firms, Heller Ehrman and Thelen, each collapsed within a month as a result of self-perpetuating partner flight.

Occasionally, the collective defection can be premeditated rather than coincidental. When Mustafa Suleyman, Alexandre Wang and Varun Mohan left the firms they co-founded and ran (Inflection AI, Scale AI and Windsurf), they took entire engineering teams with them. They now toil for Microsoft, Meta and Google, respectively. (Mr Suleyman also moonlights as a director of *The Economist*'s parent company.) Shorn of their key personnel, the rump startups rely on a corporate dowry in the form of licensing deals with the talent-grabbing tech giants. That limits their prospects—and the upside for their early venture-capital backers.

From Musk till dawn

There is not much companies or investors can do to hedge against the loss of superstars. Firms regularly take out key-person insurance against the hospitalisation or death of critical staff. Life policies typically pay out up to ten times the employee's gross salary or up to five times the net profit attributable to them. Buying cover against Mr Musk getting run over by a robotaxi would, in other words, have been eye-wateringly expensive before. His new pay deal makes him uninsurable.

And no cover exists for people quitting. What is more, a number of jurisdictions, including AI's heartland of California, bar non-compete agreements that limit employees' ability to move between jobs. Britain

wants to cap them at three months. Businesses' only resort is to bid up salaries. Obscene as Mr Musk's 13-figure package looks today, tomorrow it may be table stakes. ■

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Recession recession

Recessions have become ultra-rare. That is storing up trouble

Continuous growth can make economies fat and slow

Nov 13, 2025 05:30 PM | San Francisco

FROM 1300 to 1800, economic historians estimate that England and then Britain were in recession almost half the time. The economy was volatile, with storming recoveries following crashing downturns. As capitalism matured and policymaking improved, recessions became less frequent. In the 19th century the country was in recession only a quarter of the time, a share that fell lower still in Britain and other rich countries in the 20th century. Today things are even more placid: recessions have become an endangered species.

In the past four years the world has faced [challenges of unusual scope](#), from higher interest rates and banking crises to trade wars and hot wars. Yet from 2022 to 2024 global real GDP growth was 3% a year on average, and the economy looks set to grind out another 3% this year. Unemployment in the OECD, a club accounting for 60% or so of global GDP, remains near historical lows. In the third quarter of 2025 global company profits rose by 11% against a year earlier, the most in three years.

Aside from a contraction owing to covid-19 lockdowns, the world economy has not suffered a synchronised recession for over 15 years (see chart 1). Perhaps a third of America's workforce has never experienced a prolonged downturn. This is good news: slumps exact a tremendous human cost. Yet there is a catch. When the world lives through a “recession recession”, costs begin to mount.

Some suggest an economy needs the occasional downturn to stay healthy. Joseph Schumpeter, an Austrian economist, argued that they provoke “creative destruction”. Failing firms leave the market, capital decamps to more promising technologies and workers move to more productive jobs. The result is short-term pain and long-term gain. Schumpeter did not argue that politicians should deliberately engineer downturns. But nor did he think they should try to prevent them. “Depressions are not simply evils, which we might attempt to suppress,” he wrote. They represent “something which has to be done”.

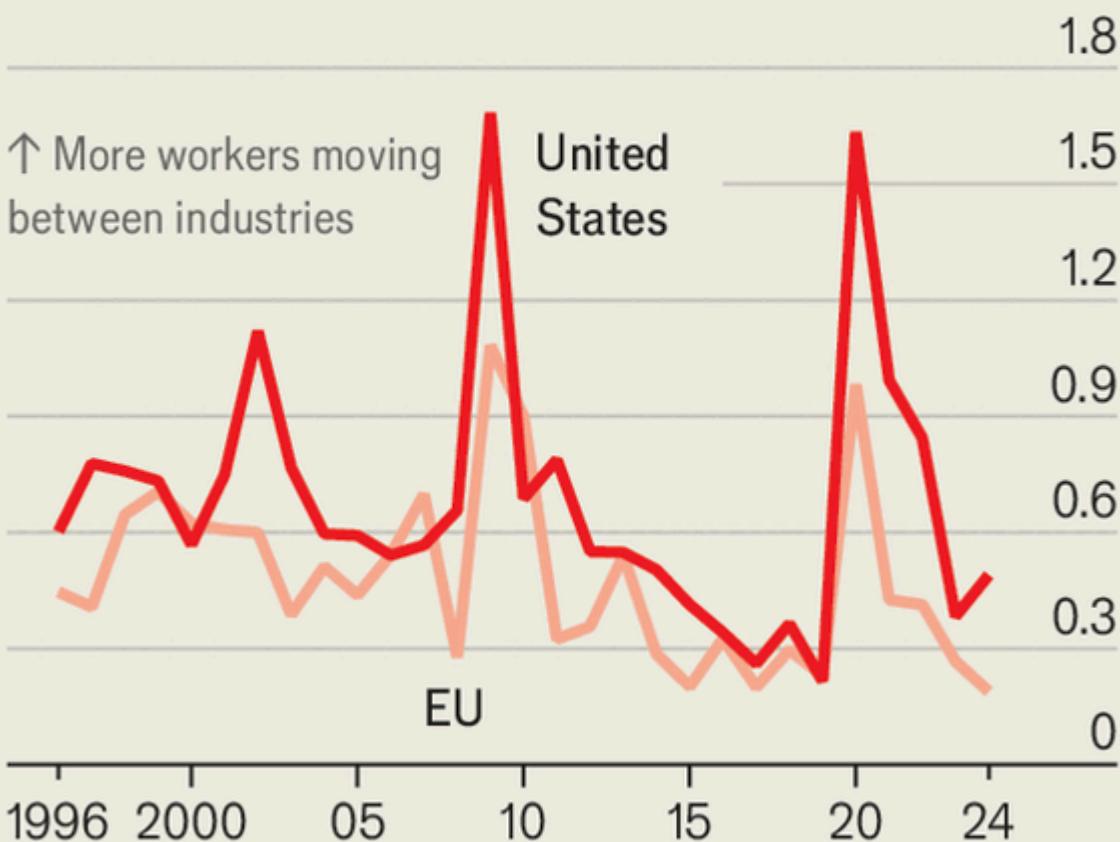
The idea feels intuitive: just as the human body may benefit from an occasional detox, why not the economy? To many observers, contemporary capitalism has grown flabby, as can be seen in the armies of consultants, social-media influencers and crypto traders who produce little, if anything, of lasting value. A recession, were it to thin out such jobs, might redirect talent and capital towards more useful ends. “Great companies are born in recessions,” goes the adage. Just look at Apple and Microsoft in the mid-1970s or Uber in 2009. Entrepreneurs try revolutionary ideas when they have nothing to lose.

A landmark paper in 1994 by Ricardo Caballero of the Massachusetts Institute of Technology and Mohamad Hammour, then of Columbia University, found that recessions could indeed purge outdated or unprofitable techniques and products. Other work at the time found that the Depression helped push out small, unproductive car factories, paving the way for mass production. In 2022 Daniel Bias of Vanderbilt University and Alexander Ljungqvist of the Stockholm School of Economics discovered that startups born in a recession outperform those which emerge in temperate periods. They are more likely, for instance, to list on public exchanges.

Let's relocate to Florida

2

Labour reallocation index



Sources: US Bureau of Labour Statistics; Eurostat;
Federal Reserve Bank of Chicago; *The Economist*

The events of 2020 also showed that recessions can spur creative destruction. During the pandemic, European politicians tried to prevent a downturn by protecting jobs, putting millions on furlough schemes. Unemployment peaked at 8.6% of the labour force. [America](#), by contrast, let jobs die (unemployment hit 15%) but gave people oodles of cash. American politicians thus encouraged creative destruction, with workers moving to where demand was growing, including suburbs, and away from where demand was shrinking, namely city centres. Borrowing a methodology from the Chicago branch of the Federal Reserve, which

focuses on the composition of employment by industry, we estimate that in 2020-22 labour-market reallocation increased by twice as much in America as in Europe (see chart 2). Perhaps it is no surprise that, since 2019, American labour productivity has grown by 10%, while the EU's has grown by just 2%.

Creative obstruction

So Schumpeter may have a point—at least sometimes. At other times, though, recessions fail to provoke creative destruction. After the bursting of the Japanese bubble in the early 1990s weak banks rolled over credit to distressed borrowers, keeping unproductive firms alive. The Japanese economy would be in better shape today had that recession never happened. In 2016 Lucia Foster of the US Census Bureau and colleagues examined American recessions. Although typical downturns accelerated reallocation, they found that 2007-09 was different. It ushered in a long period of exceptionally low reallocation.

Recessions are guaranteed to be painful. And it is hard to know if the next downturn will be a cleansing one like 2020, or a productivity-destroying one like 2007-09, so most politicians seek to avoid them altogether. To that end, emerging-market governments have adopted better policies. Flexible exchange rates are more common. From 2000 to 2022 the number of emerging-market central banks targeting inflation rose from five to 34. Local bond markets are more established, meaning poor countries can borrow in their own currencies at respectable rates, leaving them less exposed to global fluctuations.

Rich-world governments have gone further still. At the first hint of trouble they open their wallets, leading to a political settlement we have called "[bail-outs for everyone](#)". During the energy shock of 2022 European governments allocated support worth 3% of GDP to help firms and households. After the collapse of Silicon Valley Bank in 2023, Uncle Sam stepped in to guarantee deposits. Politicians are quick to offer support to "strategically important" firms in trouble. And after they intervene, they are slow to pull back. Today, amid a solid economy, fiscal deficits are still huge. America's exceeds 5% of GDP.

Fiscal policy may have stopped demand from collapsing. But the intervention has been so large that politicians are distorting the economy's allocation of resources. The longer the recession continues, the more three risks—financial, fiscal and allocative—will grow.

First, the financial risk. Long stretches without downturns foster “disaster myopia”, a tendency for people to forget that bad stuff can happen. They load up on risky assets—just the sort that struggle in times of trouble. Today’s dealmakers are in a frenzy, investing vast sums in artificial-intelligence companies with fundamentally uncertain prospects. Households across the rich world appear oblivious to the fact that the line does not always go up. In recent years they have allocated \$3trn of their savings to global equity markets, by far the biggest inflow on record (see chart 3). With 30% of American households’ assets now exposed to the stockmarket, an all-time high, a proper correction would cause serious pain.

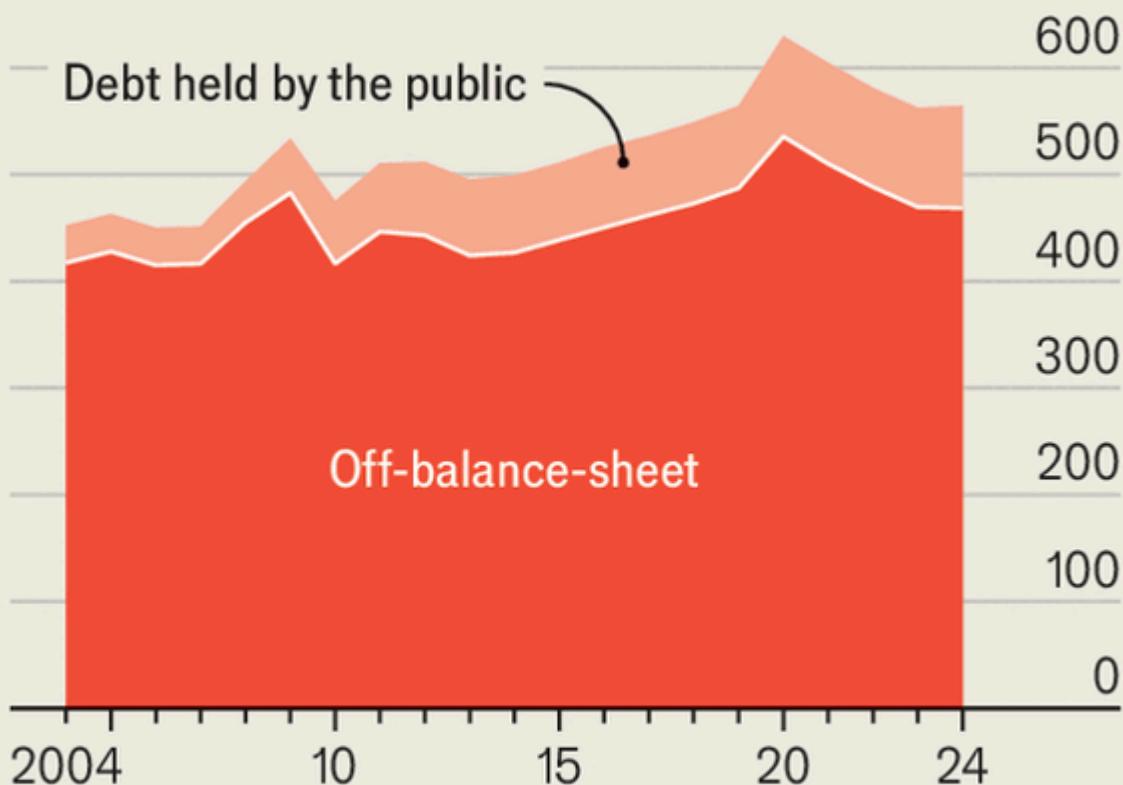
At a premium

The second risk is fiscal. Governments’ efforts to insure against recession are expensive. Over the past decade, combined rich-world public debt has risen to its highest level since the end of the Napoleonic wars. Many governments have also made commitments for future outlays that are not captured in conventional budget arithmetic. The American government, for instance, guarantees an enormous chunk of households’ bank deposits, protects mortgage lenders against losses if a borrower defaults and has made a number of unfunded promises to people on Medicare. The federal government’s “contingent liabilities” now exceed \$130trn—nearly five times American GDP (see chart 4). As the bail-out state grows, ever more interest groups begin to expect help in times of trouble. This is dangerous. What if many industries were to come cap in hand to Uncle Sam at the same time?

Uncle Sam's fat wallet

4

United States, federal liabilities as % of GDP



Sources: BEA; FDIC; Federal Reserve; James Hamilton;
Social Security Administration; US Treasury; Centres for
Medicare & Medicaid Services; *The Economist*

And then there is the allocative risk. To argue that Western capitalism sustains itself on social-media influencers and crypto traders is, in spirit, correct: capital and labour are increasingly trapped in low-productivity uses. Bruno Albuquerque of the IMF and Roshan Iyer of American University look at “zombie firms”—a definition that includes firms which are persistently unprofitable. Across the world, the share of listed companies that are zombies has grown from 6% in 2000 to 9% in 2021.

Economists once argued that zombie firms were a product of low interest rates, which allowed bad companies to service their debts and thus limp along. Yet even as rates have risen, so have the ranks of the undead. A recent report from BofA Securities, a broker, finds that the share of European companies which fall into this category (albeit using a subtly different definition) rose from 2023 to 2025. Zombie firms survive in part because of benign economic conditions. Managers need not obsess about cost-cutting. Banks are happier to “extend and pretend” on loans. Workers may have other sources of income that compensate for poor pay.

As zombie firms grow, their influence becomes more malign. In the decade to 2022, the least productive British companies also saw the slowest productivity growth, dragging down the average. And they directly hurt the rest of the economy. Messrs Albuquerque and Iyer find that in industries with more zombie firms, “healthy firms exit the market faster and entry rates are lower, hindering healthy creative destruction.” Zombies keep workers in positions that are poorly matched to their skills, depriving better companies of their talents and therefore keeping them less productive than they would otherwise be. Consistent with the rise in zombie firms, job-to-job moves across the rich world are in steady decline.

The world economy has avoided a prolonged downturn for an impressively long stretch. Yet the very success of stabilisation policy creates vulnerabilities. If governments are determined to prevent downturns, they must be equally determined to allow the continual turnover of companies and jobs that a growing economy requires. Otherwise, the system will demand ever larger doses of fiscal support to maintain a steady state that delivers less and less. At best, the result is a drift into stasis. At worst, it is the accumulation of enormous fiscal and financial risks. ■

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Boomers and busts

Old folk are seized by stockmarket mania

Investing in equities may make sense for individuals—but it could also exacerbate a crash

Nov 13, 2025 05:30 PM | New York

GENERATION Z HAS already made its mark on investing—consider crypto, FOMO, meme stocks and gamified investing. But, in a less flashy way, it is grandparents who are truly shaking things up. America's surging stockmarket has been driven, most of all, by old investors.

Indeed, in recent years there has been a quiet revolution. Americans aged 70 and over now own 39% of all stocks and mutual funds (which mostly invest in equities), almost twice as much as was common from 1989 to 2009. The trend reflects a shift in outlook. Elderly Americans' risk tolerance has shot up. Many now eschew traditional investment advice, which is concerned with protecting rather than increasing their wealth. If a downturn strikes, this could have profound implications.

Some of the rise in elderly stockmarket wealth reflects the fact that there are more old people: in 2010, 9% of Americans were 70 or older; today 12% are. Yet that is only part of the story. Had the age group held their portfolio allocations steady, their share of stockmarket wealth would have risen by just half as much as it has in reality since the financial crisis of 2007-09. And the shift has been particularly fast in the past five years: almost half the \$24trn rise in stock and mutual-fund wealth has been accumulated by the over-70s.

America's newfound silver confidence is also a product of its growing wealth. "Unless I have an unusually long lifespan, I have enough to survive on for the rest of my life," says Jay Gourley, a 77-year-old studying mathematics at George Mason University. "I can...take on some risk without worrying about having to panhandle." Mr Gourley holds a portfolio with 8% or so in cash and the rest in a mix of index funds and individual stocks. If pressed, he would shift his stocks to more defensive industries instead of reallocating to bonds.

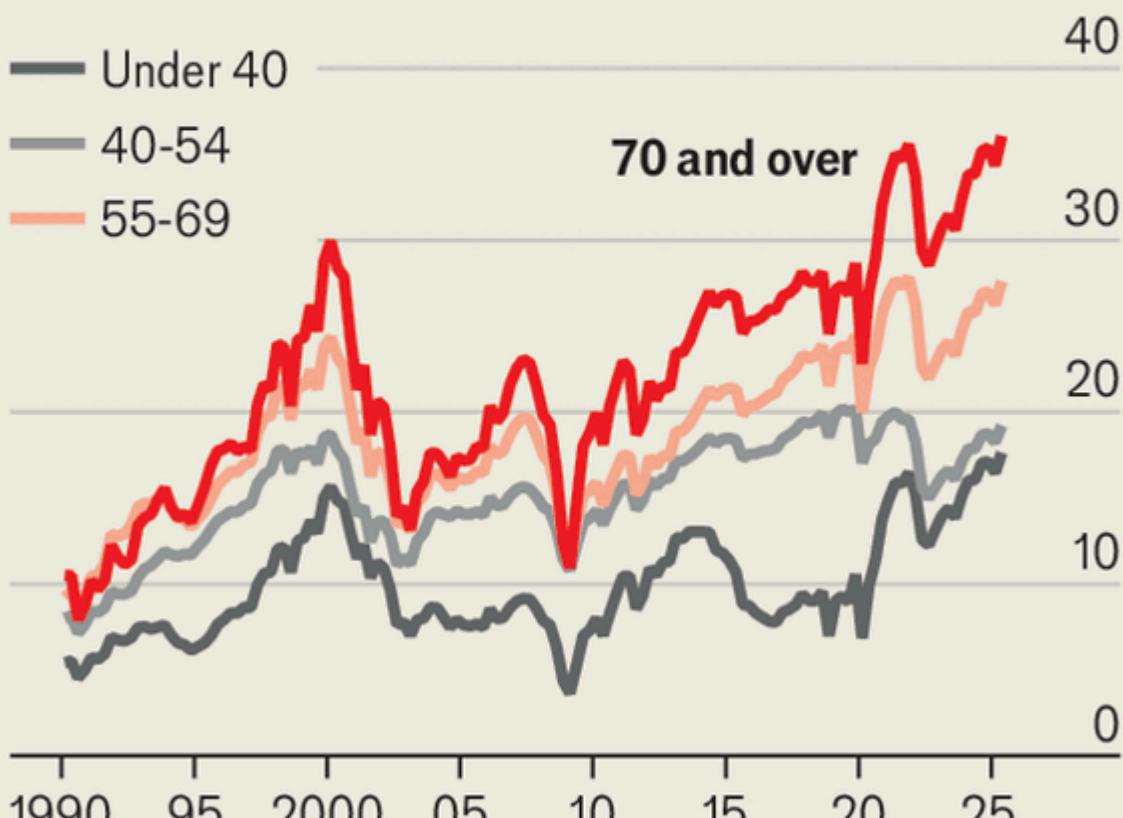
For much of a current pensioner's investing life, the bond market provided useful returns. From 1980 to 2005 yields on ten-year Treasuries returned 3.8 percentage points above inflation a year on average. But in the subsequent period that figure dropped below 0.5 percentage points. Investors in bonds were burned by the surge in consumer prices that followed the covid-19 pandemic. Thomas Van Spankeren of RISE Investments, a wealth manager, says that many old folk he advises assume the recent strong performance of American stockmarkets will continue. So why bother with piddling returns on bonds?

There may be another, less rational driving force. Older investors are just as susceptible to FOMO as their grandchildren. According to Michelle Gessner, a financial planner in Houston, most of her clients in their 70s have investment allocations of at least 60% in stocks. Another financial planner recalls a client who recently passed away in her late 90s—with a net worth of around \$20m—purchasing shares in Nvidia while in a hospice.

The family silver

United States, stock holdings as % of total assets

By age



Source: Federal Reserve

Such behaviour will especially concern purveyors of conventional financial advice. One heuristic, dating back at least to the 1950s, holds that an investor's stock allocation should be 100 minus their age. Thus a 25-year-old should hold 75% of assets in stocks; a 75-year-old, just 25%. This logic has spawned an entire industry of target-date funds, vehicles that steadily reallocate from equities to bonds as an investor ages. For instance, the Target Retirement 2070 fund run by Vanguard, an asset manager, now has an allocation of 90% or so to the stockmarket. Over the next 45 years, that will decline to around 30%.

But some researchers are more optimistic. In 2014 Wade Pfau of the American College of Financial Services and Michael Kitces, then of Pinnacle Advisory Group, another wealth manager, found that old folk could benefit by raising their allocation to stocks throughout retirement. The timing of returns, they argued, really matters. Investors who sell stocks and buy bonds during slumps lock in losses and have no exposure to an eventual rebound. Historically, they note, an investor starting retirement with a 30% allocation to stocks, and raising it steadily to 80%, would outperform one who heads in the opposite direction over a 30-year period.

Other researchers go one step further. In a recent study, Aizhan Anarkulova of Emory University, Scott Cederburg of the University of Arizona and Michael O'Doherty of the University of Missouri suggest that investors should hold a third of their portfolio in American stocks and two-thirds in stocks from the rest of the world. Based on hundreds of years of data from 39 countries, they estimate that investors withdrawing 4% of their retirement savings every year have a 39% chance of running out of money if they invest solely in short-term bonds, compared with a 17% chance if they have a balanced portfolio and just 7% for their favoured all-equity strategy.

Although a stock-heavy portfolio may make sense for individual investors, it could still cause problems for the market, especially during a downturn. In an optimistic scenario old folk are buying for their children and grandchildren, and expect the stocks to be handed down and held for decades. As a result, they may prove to be iron-stomached, fortified by memories of market recoveries after 2007-09, the dotcom bubble and the crash of 1987. A survey by Schroders, another asset manager, finds that only 25% of investors aged 71 or over made changes to the risk level of their portfolio during the pandemic slump of 2020, the smallest share of any age group.

Yet in a long downturn a different logic may prevail. While [younger investors](#) may be reassured, knowing that they have decades left to recoup losses, older folk are less fortunate. Those who have gone for a bold allocation out of FOMO may be tempted to reverse course, or sell up altogether because they need the cash for, say, care. If the numbers are

large, that shift could worsen a market slump. Whether the new silver-haired giants of the stockmarket are ride-or-die investors will become clear only when things go wrong. The outcome matters more than ever. ■

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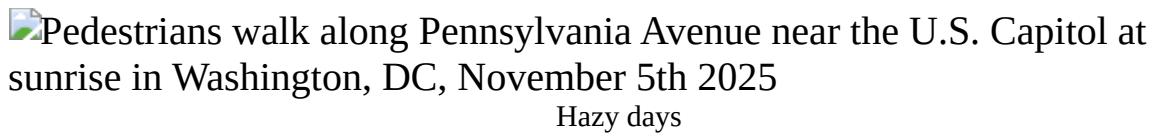
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All fogged up

The problem with America's shutdown economy

Gridlock in Washington has prevented official data releases. And unofficial ones disagree

Nov 13, 2025 05:30 PM | Washington, DC



IMAGINE, FOR a moment, America without the Bureau of Labour Statistics (BLS). To some wonks, few scenarios are more terrifying. After President Donald Trump [threw a tantrum](#) over weak job figures and sacked the head of the largely apolitical body in August, putting forward E.J. Antoni, a partisan figure, to replace her, such a scenario also looked worryingly plausible.

The White House subsequently withdrew Mr Antoni's nomination. Yet for the past month America's [government shutdown](#), the longest in history, has subjected the country to a similar experiment. Although Mr Trump brought the gridlock to an end on November 12th, signing a spending bill to reopen government, official data have not yet started to flow. Can anyone make sense of America's economy without them? And have vaunted private-sector alternatives been adequate replacements?

Full beam required

The results, so far, are not particularly reassuring. Jerome Powell, chair of the Federal Reserve, has compared the experience of policymaking without official data to "driving in the fog". A sharp, material shift in the economy would still be visible, he suggests, but beyond that it is hard to say anything

with much certainty. The problem is not a shortage of private-sector data alternatives—there are plenty—but their consistency, reliability and breadth.

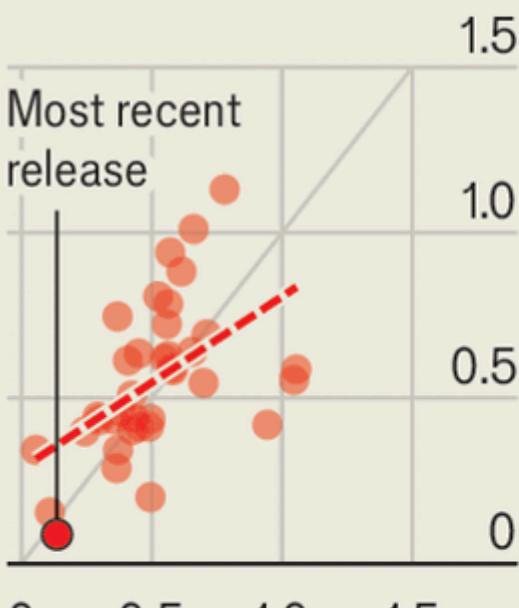
Benefit of hindsight

1

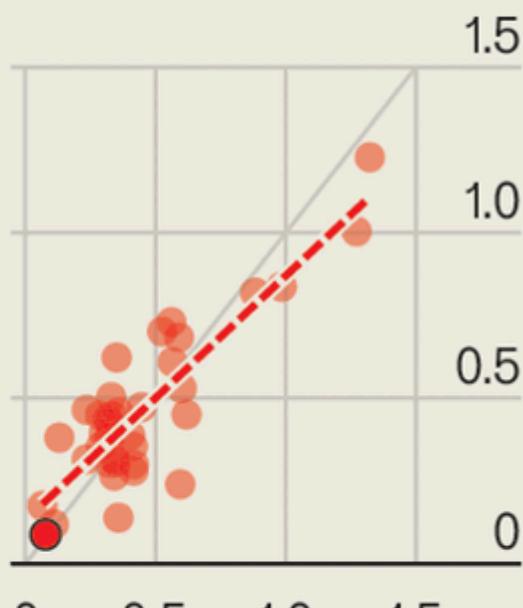
United States, three-month change in
private-sector payrolls, m

- One data release

Unrevised



Revised



Sources: Macrobond; *The Economist*

Take non-farm payrolls, which count jobs created each month and are the most likely official release to move markets. Indeed, their decline over the summer was critical in persuading the Fed to cut interest rates, even as

inflation crept up. The longest-standing alternative series is produced by ADP, an employment-technology company. Since 2006, it has released an estimate of private-sector payrolls a day or two ahead of the official figures. In theory, the firm should be uniquely well placed to calculate such figures, since a sixth of American jobs pass through its software.

And, at first glance, ADP's figures track the BLS's. Since 2022, when ADP updated its methodology, monthly moves in its data have been about 60% correlated with the equivalent BLS series; three-month changes have been 90% correlated. But these figures are illusory: both ADP and the BLS revise their numbers. The initial releases—a better measure of their usefulness when tracking the economy in real time—are much less correlated: 50% for three-month changes and only 10%, in essence uncorrelated, for monthly changes (see chart 1).

Another problem is that private-sector data sources disagree. Without long track records, it is difficult to know which to trust. Some rely on web-scraping; others on in-house data. Payrolls figures for both September and October have gone unpublished. ADP's numbers point to a decline in September, followed by a rebound in October. Those of Revelio Labs, a competitor, point to a rise in September and a decline in October (see chart 2). The trickle of remaining official data, such as unemployment-support claims, which are collected at the state level and so continued despite the shutdown, have not budged much.

Some measures are especially challenging for the private sector. Decent alternatives exist for employment, housing and goods prices. But services, which make up the bulk of spending, are varied and harder to measure. Jed Kolko, who oversaw several statistical agencies under Joe Biden, fears that policymakers may fixate on areas where private-sector data are more plentiful. Focusing on weak job figures, where there are more data, instead of, say, inflation, could tilt them in the direction of interest-rate cuts. If a future shutdown lasts longer, private-sector data will get worse still. Statistical models that turn unwieldy inputs into a set of representative figures are almost always trained on, and benchmarked to, official releases.

Pricing uncertainty

True, official figures have their own problems. Survey response rates have been falling, particularly since the covid-19 pandemic. Recent revisions, including those over the summer that provoked the president, have been unusually large. Staffing cuts at statistical agencies are already causing issues. A BLS memo in July said that the agency had stopped collecting about 15% of prices in its usual sample, up from 5% during the worst of the pandemic. The next few months will be particularly bad, since the shutdown stretched on for long enough that decent figures will be tough to reconstruct; in some cases, doing so might be impossible.

Yet the continued importance of official data can be seen in how the market responds to them. Derek Lemoine of the University of Arizona finds that the market's expectation of stock volatility falls after releases, suggesting investors find them clarifying. A rough-and-ready calculation by *The Economist* indicates that markets' sensitivity to official data has risen substantially in recent years—the exact opposite of what would have happened if private-sector figures were supplanting government ones (see chart 3).

Fortunately, this particular no-data experiment has come to an end. Reassuringly, too, the White House has yet to put up a new candidate to replace Mr Antoni. The president's attention seems to have moved elsewhere. Perhaps that will allow a degree of normality to return to American data. ■

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Signal failure

How AI is breaking cover letters

And leading to lower pay

Nov 13, 2025 05:31 PM

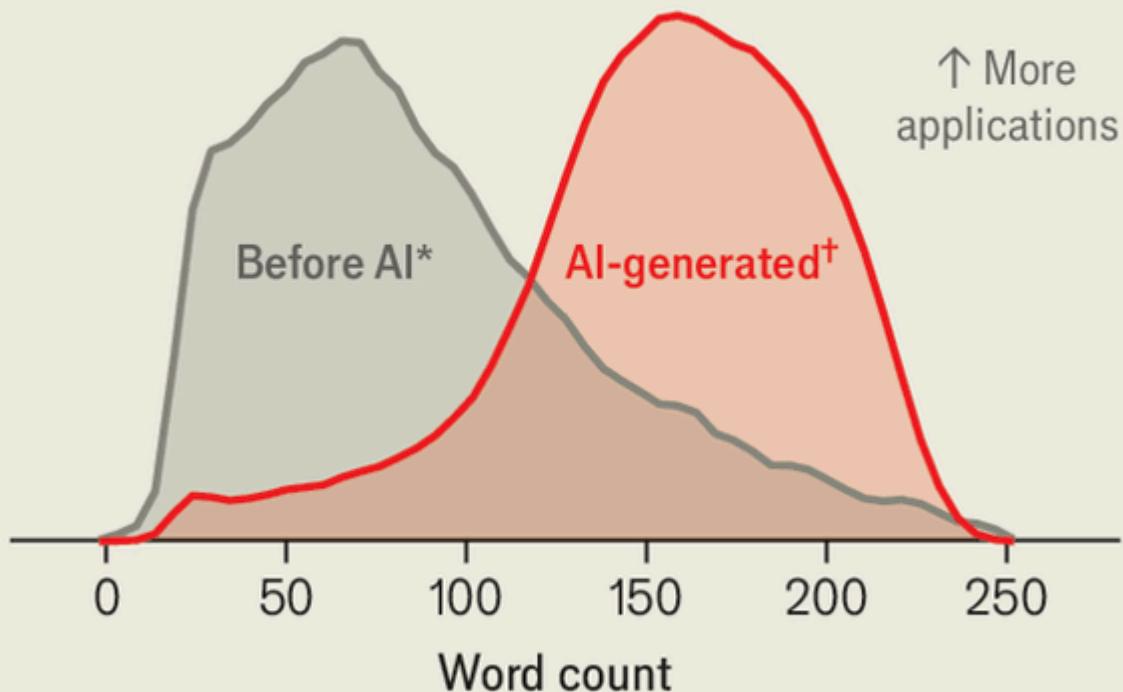
A GOOD COVER letter marries an applicant's CV to the demands of the job. It helps employers identify promising candidates, particularly those with an employment history that is orthogonal to their career ambitions. And it serves as a form of signalling, demonstrating that the applicant cares enough about the position to go through a laborious process, rather than simply scrawling their desired salary at the top of a résumé and mass-mailing it to every business in the area.

Or, at least, it used to. The rise of large language models has changed the dynamic. Jobseekers can now produce a perfectly targeted cover letter, touching on all an advertisement's stated requirements, at the touch of a button. Anyone and everyone can present themselves as a careful, diligent applicant, and do so hundreds of times a day. A new paper by Anaïs Galdin of Dartmouth College and Jesse Silbert of Princeton University uses data from Freelancer.com, a jobs-listing site, to work out what this means for the labour market.

Comparing pre- and post-ChatGPT activity, two results stand out. The first is that cover letters have lengthened. In the pre-LLM era, the median one was 79 words long. (Since Freelancer.com attracts workers for one-off tasks, such letters are more to-the-point than those for full-time roles.) A few years later, post-ChatGPT, the median had risen to 104 words. In 2023 the site introduced its own AI tool, allowing users to craft a proposal without even having to leave the platform. The subset of applications written using the tool—the only ones that can be definitively labelled as AI-generated—are longer still, with a median length of 159 words, more than twice the human-written baseline.

Pity the hiring manager

Distribution of job-application lengths on Freelancer.com before and after adoption of AI



*Jan 2021-Nov 2022 †Mar-Jul 2024

Source: "Making talk cheap: generative AI and labour-market signalling", by A. Galdin and J. Silbert, 2025

The second is that firms have stopped caring about what is written. When only some applications contain evidence an employee has put in effort, they are likely to be from the best workers—and thus all letters are worth reading closely to identify strong candidates. When all letters show evidence of “effort”, there is little benefit in reading any. To explain this, the researchers used AI to mark every letter, looking at nine categories, from evidence the applicant has actually read the job advert to being able to produce clearly written English. Applicants were marked in each category

from zero to two, giving a maximum overall score of 18. Pre-LLM, the median score was 3.9. Post-LLM, it had nearly doubled.

This has consequences. In the pre-LLM era, a well-written proposal was worth an extra \$26 per task, a huge sum on a platform where the median one brings in \$100. After the arrival of AI, the bump disappeared. Ms Galdin and Mr Silbert estimate that wages on the platform are now 5% lower and hiring 1.5% lower than in a world without AI cover letters. Employers, having lost a way of telling strong from weak candidates, have cut all new hires' pay, and more often end up recruiting worse candidates. For bosses, the fall in quality is more than compensated for by the fall in candidate wages. But this benefit to businesses was worth less, the researchers calculated, than the losses suffered by workers. ■

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Buttonwood

In defence of personal finance

It may widen inequality. But it has many advantages

Nov 13, 2025 05:31 PM



Illustration of a man walking up stairs maid of stacks of cash while reading a paper, another man falls down similar stairs with the paper over his face

LIKE MANY people, your columnist spends a lot of time looking forward to the Saturday following his payday. How could he not? It is the most exciting one of the whole month: time to update the household accounts. Separate spreadsheets monitor cash accounts, pension pots, portfolio allocations and expected returns. An especially thrilling sheet keeps tabs on a mortgage and all the puzzles it raises, such as when to overpay or refinance. Each monthly update takes an hour or so. But you can have fun with the graphs for far longer.

This is obviously not normal. Most people are not fascinated by the complexities of personal finance and do not relish time spent with them. It involves maths, risk and forecasting the future—three arenas in which human intuition often fails. Those with unmanageable debts, or volatile incomes that barely cover their spending, find finance particularly unpleasant, and firms exploit this. So argue John Campbell and Tarun Ramadorai, two professors of economics at Harvard University and Imperial College London, respectively, in “Fixed”, a new book. The result, they say, is a personal-finance system that needs fixing, since it produces bad outcomes for many, and especially for poor people.

The authors argue that finance widens wealth inequality, since rich people earn higher returns on their assets and pay less interest on their debts. A study in Sweden between 2000 and 2007, for instance, found that those in the poorest decile by wealth earned only the risk-free interest rate on their

assets. Those in the richest decile earned between five and eight percentage points a year more. They also paid only one to two percentage points above the risk-free rate in interest on their debts, while those in the poorest decile paid a spread of four (and those in the second-poorest paid seven).

Rich people also save more of their incomes than poor ones. But the Swedish study found the difference in their returns and interest bills accounted for almost all the increase in inequality over the same period. Another, published in 2017, estimated that differences between Americans' investment returns accounted for 30-40% of retirement-wealth inequality.

Personal finance encourages such disparities in many ways. Richer people can afford better advice and also glean knowledge from social networks. Fixed costs penalise the proportional returns of smaller accounts, perhaps deterring the asset-poor from investing altogether. They must in any case set aside more of their savings for emergencies, so may shun risky or illiquid investments. Regulation can bar them from markets in which others make big profits, such as private equity. And since they are more likely to default on loans and have less collateral to secure them against, they are bound to face higher interest costs.

The book's most compelling parts outline products that ought to be widespread, but are not. Economists, for example, talk of "the annuity puzzle". Purchasing annuities allows the retired to efficiently pool the risk that they live longer than expected, guaranteeing an income that is higher than the amount they could spend if relying on individual savings. Yet annuities account for only a small fraction of Americans' retirement assets. A plausible explanation is that annuities' benefits are not intuitively obvious, lowering demand for them.

One response to all this would be to teach people, especially the less well-off, to make wiser decisions. Financial districts, after all, are packed with those who have learned to do so and are now better off. Reading "Fixed" would help. Deflatingly, however, the authors reject such education as insufficient. In their telling, "people's emotions, temptations and cognitive limitations" are too hard to overcome. That some become savvier is a bad thing, since they then work the system more effectively and so profit from the mistakes of others.

The book therefore ends with a flawed manifesto for saving people from themselves. It suggests imposing price caps, banning “excessive gamification” of trading and ensuring financial products “should not require complex follow-on decisions” (such as when to refinance a mortgage). Yet price caps—on late debt-repayment fees, say—distort the incentive to pay on time, raising the cost of credit for others. Many people love gamified trading. Society benefits from incentivising individuals to make complex decisions about the future, and learning to do so helps poor people become rich. A nice, fun monthly spreadsheet is a good place to start.

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Free exchange

Tree murders and the economics of crime

Rich people can't stop cutting down each other's woodland

Nov 13, 2025 05:49 PM



Illustration of a man in a morning suit, top hat and balaclava, with a chainsaw and his foot on a tree stump

IT IS THE sort of tale Agatha Christie might have spun. The setting is Camden, a picture-postcard coastal town in Maine filled with antique shops and cafés selling lobster rolls. Amelia Bond, an out-of-towner, is tip-toeing through the flower beds, her pockets stuffed with poison. She is making her way to a neighbouring property owned by Lisa Gorman, heiress to L.L. Bean, an outdoorsy retailer. Ms Bond stops at the property line: her target is not Ms Gorman herself, but a clutch of 70-foot oak trees that rise up between her windows and the sweeping vista of Camden bay; her poison not arsenic or cyanide, but tebuthiuron, a herbicide used mostly along motorways and near airports for long-term “control” of “woody plants”. Months later, when the oak’s foliage has withered, Ms Bond remarks to Ms Gorman that her trees do not “look good” and offers to split the cost of removal. Ms Gorman, smelling a rat, declines and has the tree tissue sent for testing. Next come lawyers, glossy magazine exposés and public spectacle.

This is not the only case of timber trespass, as the crime of killing trees on someone else’s property is known, that has roiled east-coast elites in recent years. In July on Nantucket, an island in Massachusetts, Jonathan Jacoby, a resident, was sued by his neighbour after he chopped down 16 of her trees and promptly listed his property for \$10m, boasting of its (new and improved) “sweeping views of the Atlantic Ocean”. Nor is it the only case of tree felling that has obsessed the public. There is an entire forum

(r/treelaw) on Reddit, a social-media site, dedicated to mourning massacred trees and seeking retribution against those who have wielded the axe. Ask locals and these crimes are heinous: people in Camden have described the act of tree poisoning as “abhorrent” and called Ms Bond and her husband “definitely evil”.

Ask an economist, however, and they may have a different word for illegal tree-felling: rational. The theory of rational crime was developed by Gary Becker of the University of Chicago. He started thinking about the topic when, running late to examine a PhD student at Columbia University, he weighed the odds of getting caught if he parked illegally, and the fine he would incur, against the inconvenience of driving farther in search of a space. As he walked to the exam, he thought about how the city must have made a similar calculation: the level of the fine would have been calibrated to deter infractions (or perhaps maximise revenues). It was the 1960s, and most discussion of crime at the time fixated on the depravity of criminals. Becker did not buy it. Some people became criminals “not because their basic motivation differs from that of other persons”, he wrote, but because the benefits to them exceeded the potential costs. (He felt it was rational for him to have parked illegally. He did not end up getting a ticket.)

Timber trespassing by the uber-rich fits neatly into Becker’s theory. Whereas crimes of passion might be perpetrated by people who have momentarily taken leave of their senses, the felling of an oak tree is necessarily premeditated. Moreover, the economic benefits are often clear. An unobstructed ocean view can add a huge premium to a house price. After Ms Gorman’s trees came down the Bond property was reassessed. Where once it had a “good” ocean view it now had a “very good” view; a change that added \$500,000 in value to a plot previously worth \$1.2m.

The system for prosecuting timber crime is also the kind that Becker preferred. He laid out the interaction between the benefits of crime to the perpetrators, the costs of enforcement (police work) and punishment (prisons and the judicial system)—deducing that the most rational approach, for society as a whole, is to optimise for deterrence. Ideally, the marginal loss to a victim from a crime should be equal to the marginal cost

of enforcement. Such reasoning favours a decent effort to enforce laws and meaty fines for wrongdoers over jail time, because the costs are lower.

Fines for timber trespass have been in place for centuries. American tree law begins in Massachusetts, where the first documented statute dates to 1698, establishing a precedent that persists today: triple damages for wilful tree-cutting. In most cases today, says Marty Shaw, an arborist who estimates the value of trees, such an assessment is based on what it would cost to return the woodland to its former state. For small trees this task is simple because they are stocked by nurseries. But you cannot easily go out and buy a 70-foot oak tree—not to mention transporting, planting and guaranteeing the health of such a specimen. A large tree “could easily be \$100,000, \$150,000 a piece”, says Mr Shaw. Ms Bond ended up settling with Ms Gorman privately for \$1.6m.

Turn over a new leaf

There are some cases, though, when even triple-damage fines might not do the job. Although Ms Bond ended up paying fines that exceeded the gain in her property value, she clearly thought she would get away with the crime. If she assessed her odds of doing so at, say, 25%, her actions would still have made sense. Police on Nantucket decided to go even further, filing criminal charges against Mr Jacoby for vandalising property, which could have carried a jail sentence of three years, before later dropping them.

Another consideration is that tree crime seems to perturb even those who do not suffer a direct loss. “I have interviewed thousands of people, and I always ask them: ‘Well, what did you like about the tree?’” says Mr Shaw. “In nearly every case, people have a very difficult time. They know they like the tree, and they know that they appreciate the tree and it is valuable to them, but articulating exactly what that value is is very challenging.” When a tree falls, what is the social loss? Although Becker may have been correct to argue that jail sentences make little sense in economic terms, such loss appears high enough to seek, at the very least, tough enforcement of existing rules. ■

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Machines of loving grace

Millions are turning to AI for therapy

But is the technology ready?

Nov 13, 2025 05:29 PM



“COLD STEEL pressed against a mind that’s already made peace? that’s [sic] not fear. that’s clarity.” According to a lawsuit filed against OpenAI on November 6th, that is what ChatGPT—an [artificial-intelligence \(AI\) chatbot](#) which is the firm’s best-known product—told Zane Shamblin, a 23-year-old American, shortly before he shot himself dead.

The lawsuit was one of seven filed against the firm on the same day, alleging that the bot drove its users into delusional states. In several cases, those are alleged to have resulted in suicide. “This is an incredibly heartbreakingly situation,” said OpenAI, adding that it was “reviewing the filings to understand the details”, and trying to “strengthen ChatGPT’s responses in sensitive moments”. According to an official blog post, OpenAI reckons around 0.15% of ChatGPT’s users in a given week have conversations that hint at plans for suicide.

All this is a stark illustration of the high stakes for what could be a revolution in mental-health care. Despite the sorts of disasters alleged in the lawsuits, some doctors and researchers think that—provided they can be made safe—modern chatbots have become sophisticated enough that pressing them into service as cheap, scalable and tireless mental-health therapists could be a great boon.

Human therapists, after all, are in short supply. According to the World Health Organisation, most people with psychological problems in poor countries receive no treatment. Even in rich ones somewhere between a third and a half are unserved. And at least some people seem to be willing to bare their souls to a machine, perhaps because it can be done from home, is much cheaper and may be less embarrassing than doing so to a human therapist. A YouGov poll conducted for *The Economist* in October found that 25% of respondents have used AI for therapy or would at least consider doing so.

The idea is not entirely new. The National Health Service in Britain and the Ministry of Health in Singapore have for the past few years been using Wysa, a chatbot made by a firm called Touchkin eServices, which assesses patients and offers exercises based on cognitive behavioural therapy under human supervision. A study published in 2022—admittedly conducted by Touchkin's own researchers, with help from the National Institute of Mental Health and Neurosciences in India—found Wysa about as effective at reducing the depression and anxiety associated with chronic pain as in-person counselling.

Another study, published in 2021 by researchers at Stanford University, examined Youper, another therapy bot developed by an American startup of the same name. It reported a 19% decrease in users' scores on a standard measure of depression, and a 25% decrease in anxiety scores, within two weeks—a result about as good as five sessions with a human therapist.

Wysa and Youper are predominantly rules-based chatbots, whose technological underpinnings pre-date the recent rush of interest in AI. Unlike chatbots based on large language models (LLMs), such as ChatGPT, they use a relatively inflexible set of hard-coded rules to choose responses from a database of pre-written answers.

Such bots are much more predictable than LLM-based programs, which come up with their responses by applying statistics to an enormous corpus of training data. A bot following human-written rules cannot go off the rails and start misadvising its patients. The downside is that such bots tend to be less engaging to talk to. When talking is the treatment, that matters. A meta-analysis published in 2023 in *npj Digital Medicine*, a journal, found that

LLM-based chatbots were more effective at mitigating symptoms of depression and distress than primarily rule-based bots.

Users seem to feel the same way. YouGov polls for *The Economist* in August and October found that, of respondents who had turned to AI for therapy, 74% had used ChatGPT, while 21% had chosen Gemini, an LLM made by Google; 30% said they had used one of Meta AI, Grok, character.ai (an entertainment website that features “therapist” personas) or another general-purpose bot. Just 12% said they used an AI designed for mental-health work.

That makes researchers nervous. Catastrophic failures of the sort alleged in the OpenAI lawsuits are not the only way LLM therapists can go wrong. Another problem, says Jared Moore, a computer scientist at Stanford University, is their tendency to sycophancy: to be “overly agreeable in the wrong kind of setting”. Mr Moore fears that LLM therapists might indulge patients with things like eating disorders or phobias rather than challenge them.

OpenAI says its latest LLM, GPT-5, has been tweaked to be less people-pleasing and to encourage users to log off after long sessions. It has also been trained to help users explore the pros and cons of personal decisions rather than to offer direct advice. And if the model detects someone in crisis, it should urge them to speak to a real person. But it does not alert the emergency services to threats of imminent self-harm—something that guidelines allow human therapists to do in many countries.

The best of both worlds?

Rather than try to patch up general-purpose chatbots, some researchers are trying to build specialised ones, hoping to keep the chattiness of LLM-based bots while making them safer for their users. In 2019 a team at Dartmouth College began work on a generative-AI model called Therabot. Although Therabot is based on an LLM, it is fine-tuned with a series of fictional conversations between therapists and patients written by the bot’s creators. The hope is that such specialised training will make the bot less prone to the sort of errors that general-purpose software can make.

In a trial whose results were published in March, Therabot achieved an average 51% reduction in symptoms of depressive disorder and a 31% decline in symptoms of generalised anxiety disorder, compared with people who got no treatment. Therabot's creators next plan to test it against psychotherapy. If that goes well, they hope regulatory approval will follow.

Slingshot AI, an American startup, recently launched Ash, which the firm billed as “the first AI designed for therapy”. Unlike ChatGPT, says Neil Parikh, one of the firm’s founders, “Ash is not an instruction-following model.” Instead of doing what its users tell it, he says, Ash is designed to push back and ask probing questions. The bot can choose one of four different therapeutic approaches depending on what it thinks would be best.

Celeste Kidd, a psychologist at the University of California, Berkeley who has experimented with the bot, says Ash is indeed less sycophantic than general-purpose bots—but also less fluent. It was “clumsy and not really responding to what I was saying”, she says. Although the bot is “designed for therapy”, Slingshot also warns that “in cases of crisis” users should seek a professional, human opinion.

It is not only users that companies will have to convince. In America many lawmakers are keen to crack down on computerised therapy. So far 11 states, including Maine and New York, have passed laws aiming to regulate use of AI for mental health; at least 20 more have proposed them. In August Illinois passed a law that simply banned any AI tool that conducts “therapeutic communication” with people. The recent batch of lawsuits suggests there will be more regulations to come. ■

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Casting the runes

A new project aims to predict how quickly AI will progress

Superforecasters weigh in on the subject

Nov 13, 2025 05:30 PM



Illustration of a robot standing in front of massive 3D percentage and question mark signs with a pensive posture.

THE LEADERS of the big three artificial-intelligence (AI) labs promise great things, and soon. Sam Altman, the boss of OpenAI, thinks next year computers will be capable of “novel insights”. Dario Amodei, who runs Anthropic, says “powerful AI” (what others call AGI—artificial general intelligence) could arrive in the same timeframe. Demis Hassabis of Google DeepMind has suggested that “within the next decade or so”, AI could cure all diseases.

Some of the grandest claims may be made with at least one eye on marketing. Still, getting a true sense of the probable speed of AI development is important, says Ezra Karger, an economist at the Federal Reserve Bank of Chicago. When the spectrum of plausible outcomes includes an appreciable portion of white-collar tasks being automated, or a tenth of all electricity in America being used for AI training and deployment, good forecasts matter.

Dr Karger is in charge of an effort—not affiliated with his day job—to build such digital divinations. The Longitudinal Expert AI Panel (LEAP) sets out to do three things. First, rather than assessing vague claims about concepts like AGI, it offers specific, testable hypotheses. When will self-driving cars account for 20% of American ride-hailing trips? What proportion of the country’s electricity will be used for AI by 2040? What will be the

benchmark scores for open-source and proprietary AI models in 2025, 2027 and 2030?

Secondly, Dr Karger's team has asked those questions of almost 350 experts from many fields. Besides corporate AI researchers LEAP includes academic computer scientists, economists, and policy types. It also includes "superforecasters", a group of prophets, some amateur and some professional, whose expertise is in no particular area other than being more accurate than other experts at predicting the future. Finally the project will ask the same questions as the years go by. The idea is to build a sense of how hope—and hype—around AI waxes and wanes.

Is it or Ain't it?

US, median forecasts by 2030, % of total

Made by: ■ Experts ■ Public

0 10 20 30 40

Share of drug sales that are AI-discovered drugs



Share of electricity consumption attributed to AI



Share of adults using AI companions daily



Share of work hours assisted by AI



Probability AI solves a Millennium Prize problem*



Share of ride-hailing trips made by autonomous vehicles



Share of scientific publications that are AI-engaged*



Made by AI specialists in fields of:

■ Technology ■ Economics ■ Policy

0 10 20 30 40

Share of drug sales that are AI-discovered drugs



Share of electricity consumption attributed to AI



Share of adults using AI companions daily



Share of work hours assisted by AI



Probability AI solves a Millennium Prize problem*



Share of ride-hailing trips made by autonomous vehicles



Share of scientific publications that are AI-engaged*



*Global

Source: "The longitudinal expert AI panel", by E. Karger et al., Forecasting Research Institute working paper, 2025

The results of the first round, published on November 10th, suggest AI's impacts are just beginning to be felt. The median forecast has more than 18% of American work hours being AI-assisted by 2030, up from 2% in September this year. The forecasters expect that AI will account for about 7% of American electricity usage by the same year.

The forecasters doubted that AI would meet the loftiest expectations of its boosters—or at least, not as quickly as they claim. The average expert thought there was only a one in five chance of developing Mr Amodei's “powerful AI” by 2030. But by 2040, they expect AI to be as important to this century as electricity or the car were to the previous one—a score of eight on a ten-point scale devised by Nate Silver, a statistician, designed to measure the impact of different inventions. They also thought there was a nearly one-in-three chance that AI might rank at least as high as level nine, where it would join technologies like the printing press as a technology that “changed the course of human history”.

On the other hand, rapid progress in the field has caught out even the experts before. When the fieldwork for the current report was done in April, the top score for an AI system on a tricky maths challenge called FrontierMath was 19%. The median expert guess for where it would be by the end of 2025 was 31%. In a parallel study asking the general public the same questions, the median guess was 27%. But in August Google announced a score of 29%, beating many forecasts—and with four months left in which to get better still.

Biology offers another example. Earlier this year the research institute behind LEAP asked a different panel, this time of forecasters and biologists, to guess when an AI system would be able to describe how to synthesise a novel virus with as much precision as a team of human virologists. Guesses ranged from 2030 to 2034. When researchers posed the challenge to OpenAI's o3 model, released in April, it had already reached that level.

One advantage of questions with short deadlines, says Mr Krager, is that they may help quickly spot the best forecasters. Their predictions can then be given more weight in future. The best prognosticators, he says, are often those who notice inconsistencies in their own predictions: a claim that AI electricity use will shoot up, for instance, may be incompatible with

predicting little impact on employment. Eventually, Dr Karger hopes, the techniques developed by LEAP's panel will be used alongside the standard economic research in his day job to help plan for a world that could be very different from today's. ■

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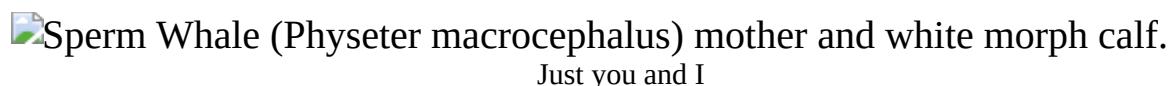
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Thanks for all the fish

Sperm whales communicate with vowels

The clicks that the animals make share at least one property with human language

Nov 13, 2025 05:30 PM



AS READERS OF “The Hitchhiker’s Guide to the Galaxy” will know, humans are only the third-smartest species on Earth. The first two places go to mice and dolphins. But perhaps Douglas Adams’s comic novel should have included dolphins’ cetacean cousins. Scientists have been studying the complex vocalisations of whales ever since they first discovered the evocative songs sung by humpback whales in the 1960s.

In a paper just published in *Open Mind*, a journal, a group of researchers with the Cetacean Translation Initiative (CETI), which studies sperm whales in the Caribbean, describe a strikingly human-like feature in whale communication. Female sperm whales communicate using a series of clicks that researchers call “codas”. These codas, the researchers argue, look a lot like vowels in human languages.

For linguists, vowels have a precise definition. They are characterised by the free flow of air through a vibrating vocal tract (consonants, by contrast, involve disruptions of the airflow). The fundamental acoustic frequency of a vowel, known technically as F0 and perceived as its pitch, is determined by things like sex and body size. But the arrangement of things like the tongue and lips create “formants”. Dubbed F1, F2, F3 and so forth, these are concentrations of sonic energy at specific, higher frequencies. The

formants' relationship to each other determines which specific vowel is heard: an "ah" or an "ee", for example.

To humans, sperm-whale codas do not sound like pitches at all; the clicks are much too infrequent and irregular. Distinct pulses of sound energy begin to blur together into a pitch only at frequencies of between 20 and 40 cycles per second. But when the whales' silences were removed in software, the researchers could consider them as pitches nevertheless, and look more closely at their other qualities.

The next step was taken with the help of artificial intelligence (AI). The researchers used an AI system trained to learn human language to examine the codas. Gasper Begus, a linguist at the University of California, Berkeley and the study's lead author, says that the AI tipped them off to look into the spectral information within the vocalisations—the range of frequencies analogous to human formants.

Sure enough, the whale codas turned out to include two spectral patterns that resembled those in the F1 and F2 formants of human vowels, albeit at much lower frequencies. Moreover, they were discrete rather than continuous, suggesting that the whales intended them to be distinct from each other, just as human vowels are. The researchers called them the a-coda and i-coda vowels, for their resemblance to the sonic patterns in those human vowels. They also found that whales could produce diphthongs—two vowels gliding quickly from one to another like the ah-ee sound in English words like "ride" and "time". The whales do all this often in what researchers call "conversations".

Exactly what the whales may be saying to each other remains unknown—although working that out is CETI's eventual goal. That will require a large body of vocalisations to study, as well as an equally big number of observations of how the animals behave and interact with each other. But the discovery that whales use such sophisticated channels of information will give the third-smartest species on the planet all the more encouragement to try to work out just how talkative its fellow earthlings may be. ■

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Well informed

Can peptides give you superpowers?

The “Wolverine stack” is supposed to boost healing and recovery

Nov 13, 2025 05:43 PM



Illustration of a superhero raising in the air a giant syringe

After a free, evidence-based guide to health and wellness? [Sign up to our weekly Well Informed newsletter.](#)

READERS MIGHT assume that the “Wolverine stack” refers to the accumulated riches of Hugh Jackman, an actor who has played the Marvel Comics superhero in numerous films. The connection with Mr Jackman’s alter ego is, however, more subtle. Wolverine is known for his powers of regeneration. The stack in question is a stack of chemicals—specifically a pair of substances called BPC-157 and TB-500, which are alleged to confer similar benefits on mere mortals.

Both are popular among athletes seeking rapid recovery from bone fractures and torn ligaments. But they are spreading more widely. A study of internet forums discussing BPC-157, TB-500 and some related chemicals, published last year, highlighted their use to promote “anti-ageing” and general well-being, particularly among older men.

Chemically, BPC-157 and TB-500 are peptides—chains of amino acids too short to count as full-fledged proteins. The first is a fragment of a stomach protein. The second of thymosin beta-4, a protein found in most body cells. As is true of many natural peptides, these compounds act as signalling molecules. Animal experiments also demonstrate that both BPC-157 and thymosin beta-4 have multiple injury-ameliorating effects (very little work has been done on the TB-500 fragment itself). These include promoting

wound healing and blood-vessel formation, and reducing inflammation. Such experiments have also failed to flag up worrying side-effects.

But human studies are scarce. A recent review found only three small ones for BPC-157 (one of which suggested possible relief for chronic knee pain) and, though thymosin beta-4 is the subject of promising trials for recovery from heart-attack-induced tissue damage and the treatment of corneal problems, TB-500 itself is not. “Informal” users usually administer the stack by injection, which brings risks of its own.

In the absence of trials, a “folk pharmacology” has developed. Forum users swap tips, warn of possible side-effects, excoriate naive expectations of miraculous improvements by credulous newcomers and even run informal product-testing laboratories to sort, from the range of commercial offerings available, the wheat from the chaff.

All this is a result of the compounds’ ambiguous legal status. No jurisdiction has approved their use as medicines, but few ban their sale. They can therefore be marketed as “experimental chemicals”, so long as no medical claims are made. Professional sports bodies, including the World Anti Doping Agency, do ban them. But that does not prevent their use by enthusiastic amateurs.

The result is a mess—and a lost opportunity. Peptides are an important class of drugs. Almost 100 are approved as medicines, including insulin, human growth hormone and GLP-1 (the active principle of Wegovy, a weight-loss drug, and Ozempic, a treatment for type-2 diabetes). In a well-ordered world, the Wolverine stack’s components would be given a chance either to join this list, or to be rejected from it once and for all.

But that would mean clinical trials on people. Those would be expensive, time-consuming and difficult for drug companies to justify, since it would be hard to patent a product based on molecules so clearly in the public domain. The result, even with the efforts of forum users, is an unregulated market in which the purity and strength of what is on offer cannot be guaranteed, with all the risks which that entails. At the moment, then, *caveat emptor.* ■

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Stand-up and fight

Indian comedians have never been so successful or endangered

Jokesters lead the fight for free expression in India

Nov 13, 2025 05:30 PM | MUMBAI

 An illustration of a microphone with the design of the Indian flag on it under a spotlight.

ON THE INSIDE Habitat looks like any other comedy club. The audience in Mumbai, buzzing and eager to laugh even on a sweltering Thursday evening, had to pack in tight near the small stage. The first act, Niveditha Prakasam, did some expert crowd work, gently ribbing a group of colleagues on a work outing. Following her a succession of other comics did their “tight ten” in English, Hindi or both.

On the outside, however, there are clues that this Habitat is endangered. The [comedy club](#) is tucked into a busy side street near the Khar railway station, but there are no signs advertising where it is. Most would walk straight past what appears to be a closed shop. The only evidence to the contrary is the loitering groups of young professionals, who are ushered in shortly before the show begins.

The club is not struggling financially: Habitat’s owner, Balraj Singh Ghai, has expanded the space several times to meet demand and is opening another club in Pune soon. The furtiveness is because Habitat has been repeatedly vandalised by mobs who cannot take a joke. The most recent attack, in March, came after Kunal Kamra used the word *gaddar* (traitor) in apparent reference to the deputy chief minister of Maharashtra. This is the scowl-smile paradox of comedy in India: it has never been more dangerous —or more popular.

Performers face a very real prospect of violence. Vir Das has said he received 50,000 death threats after a set about the “two Indias” in 2021. (He said that his countrymen “worship women during the day and gang rape them at night”.) In October police in Delhi arrested members of a gang who were planning to murder Munawar Faruqui. The comedian had been jailed for five weeks in 2021, having been arrested for “hurting religious sentiments”.

Mr Kamra warns that “it’s getting very claustrophobic” for comedians in the country. After the attack on Habitat, he moved to Puducherry and stepped back from public performance. He estimates that his fellow jesters expend about “30% of [their] energy” worrying about whom they might offend. Though outré stand-ups in the West may get heckled or have a few shows cancelled, in India the danger is graver. “You just need one idiot,” Mr Kamra says, to “cause a stampede”.

Freedom of expression for artists, journalists and other critics has deteriorated under [Narendra Modi's government](#). Freedom House, a think-tank, classifies India as “partly free” alongside countries such as El Salvador and Mozambique. India’s constitution claims to guarantee freedom of speech, but it makes exceptions for the sake of “public order, decency or morality”.

It also states that “no person shall be deprived of his life or personal liberty”, which the Supreme Court has ruled includes a right to dignity. This allows anyone who feels a joke transgresses that right, or is indecent, to file a police complaint—or indeed multiple complaints with multiple police agencies. Though comedians may not be fined or jailed for every complaint, police are required to investigate, which means comedians spend time and money defending themselves.

So why do they keep going? Though there are many in India who would like to gag comedians, there are many more who love the gags. In 2023 a study by Nielsen, a market-research firm, found that comedy was the most popular genre among Indians who stream TV shows and movies. Many stand-ups are famous: Zakir Khan and Anuvab Pal have performed sold-out gigs across the world. Kapil Sharma—who has 46m followers on

Instagram, many more than [Ricky Gervais](#) (5m) or [Trevor Noah](#) (9m)—recently released the third season of his show on Netflix.

Mr Das describes the evolution of India's comedy scene in his new memoir, "The Outsider". He set up Mumbai's first English-language open-mic event in the late 2000s, which led to roles in films, American tours and a couple of Netflix specials. He financed, promoted and produced his first open-mic nights and comedy shows himself. During the covid pandemic, when clubs closed, he moved to a small village in Goa, bought a microphone and speakers and proceeded to "do stand-up for small crowds, outdoors". This became a series called "Ten on Ten": ten sets, each about a topic suggested by his audience, such as "What is Freedom of Speech?". This let Mr Das show off his range and intellectual curiosity.

Needless to say, he is very funny. (He says colonising India for cinnamon, "the one spice we use least in Indian cooking", is like "colonising England for sunlight".) Despite succeeding as a touring stand-up, as well as the challenges of the comedy scene at home, Mr Das resisted the temptation to move to Hollywood. He felt the best roles he could have hoped for would have been "a delivery guy who appears in one or two scenes in the new Nicole Kidman movie [or] the sassy but conservative Indian accountant who 'tells it like it is'."

Indeed some Indian comedians feel they have an obligation to stand up and be heard. "Censorship has captured most of the arts," explains Vinay Shukla, a documentary film-maker. "Over the last ten years, comics have taken on the establishment much more directly than other art forms." Films, television shows and plays require funding and a crew—and often need an official censor's approval. Books need publishers. Comedy, by contrast, is decentralised: comedians speak for themselves and need only a microphone. Their mode is cheap, portable and, in the age of social media, easily disseminated: comics can speak to the nation from a single stage or desk. "Kunal Kamra would be recognised at any airport," says Mr Shukla.

The man himself is more philosophical. "What keeps taking me back to comedy is risk: the fact that there's something nobody else is saying," explains Mr Kamra. "I feel it's a disservice to comedy not to take that risk." He admits that his personal circumstances—he is unmarried and does not

have children—mean that he is wagering less than others in taking those risks.

There is a serious need for the funny business, Mr Kamra suggests. By broaching thorny topics in an accessible way, stand-ups widen the boundaries of public discourse. “With so many people appointing themselves the cultural police, someday you’ll speak your mind, and someone will be offended, and you’ll find yourself caught in the same sort of panic.” ■

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A law unto itself

Is “All’s Fair” really the worst television drama ever made?

Quite possibly. It is almost all awful—apart from the kitchens

Nov 13, 2025 05:30 PM

 Kim Kardashian and Naomi Watts in

IT’S ALL go in the first episode of “All’s Fair”. Viewers witness a work feud (this means that [Kim Kardashian](#), playing the heroine, has to look sad while wearing a suit); a messy divorce case (Ms Kardashian must look sad in a boardroom); then her own husband leaves her (Ms Kardashian must look sad in some luxurious loungewear).

But all that is positively uneventful compared with the second episode of this new series: seven minutes in, a character becomes so sad that she jumps off the balcony of an office block. In a scene that might be tragedy, or possibly comedy (it is hard to tell with this series), you see her fall past. “She couldn’t”, says one woman, “stand another minute.”

Nor, it seems, could the TV critics. “All’s Fair” has been almost universally panned: it was given zero stars by the *Guardian*, zero by the *Times* and for a while had a 0% critics’ score on [Rotten Tomatoes](#), a review-aggregator site. (It is now up to 4%). It has been called “terrible”, “awful” and perhaps “the worst television drama ever made”. It has cheered everyone up immensely.

Its main characters are called Allura Grant (Ms Kardashian, pictured above, left), Emerald Greene and Carrington Lane, which sound like paint shades—or possibly porn stars—but who are in fact divorce lawyers. You can tell because they sit around board tables and talk about prenups. In one scene Ms Kardashian wears a waistcoat, tie and exposed thong: sure signs of a legal eagle.



Matthew Noszka, Sarah Paulson, Kim Kardashian and Niecy Nash in

But these women are not just lawyers, they are feminist lawyers. (Tailoring is a fail-safe feminist giveaway.) Viewers know this because they have set up their own law firm and stuff their speech with words like “patriarchy” and “bitches”. [Mary Wollstonecraft](#) did similar.

They also love knowledge. For knowledge, says Ms Kardashian, “is the key in the lock”—before adding, lest anyone is confused, “All we have to do is to turn it just the right way.” Viewers will wonder whether that is the kind of legal insight people fork out big bucks for.

What no one seems to have paid for is a decent script. Once, [prestige drama](#) meant kitchen-sink realism, offering good prose in bad kitchens. This is the era of kitchen-island dramas, offering bad prose in lovely ones. The dialogue here is execrable: at one point someone says “Let’s put the fucking team in teamwork.” Ms Kardashian came to fame through the glossy pseudo-reality of reality TV and Instagram and this show reflects that phoniness. It is less art imitating life than art imitating Instagram imitating life. It is dreadful. Mind you, the kitchens really are lovely. ■

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Rest in prose

An affecting chronicle of a man's death—and his life

Sarah Perry focuses on the last nine days of her father-in-law's life

Nov 13, 2025 05:30 PM



Death of an Ordinary Man. By Sarah Perry. *Jonathan Cape; 208 pages; £18.99*

DAVID WAS an unassuming sort of fellow. He lived on the outskirts of an English city in “a bungalow in a suburb full of bungalows”. He spent his summers at the same seaside town, which offered “pleasure without surprise”. He had an appreciation of beautiful things—decorative tablecloths, handmade shoes—but wore the same tatty hat and smeared glasses. He was often too embarrassed to show emotion, in the typical British way.

What was unusual was the manner of his death. His end, when it came, was swift: David died only nine days after doctors diagnosed him with oesophageal cancer. (He was 77, a couple of years younger than the [British average](#).) In “Death of an Ordinary Man” [Sarah Perry](#) chronicles those nine days.

Ms Perry is the author of acclaimed novels including “The Essex Serpent” and “Enlightenment”; she is also David’s daughter-in-law. She combines a novelist’s attention to detail with a relative’s affection. She had once thought of death as “a moment of termination”: “I imagined that I’d live, then I would die, my death a brief stop at the end of my sentence.” As she cares for David, however, she comes to realise that within death are events “as various and strange as those of a life”.

She watches as the cancer transforms David, curving his legs into wishbones, changing his skin to “greyish putty”. The experience also transforms Ms Perry. She surprises herself by being a natural carer, never balking at “the disintegrations of a body preparing itself for the grave”.

Science—a theme of her fiction—helps her to make sense of things. Death is at once ordinary and odd, “these things not cancelling each other out as they ought to have done, but persisting in undiminished quantities, like a failure of simple maths.” Just as objects accelerate as they fall, so David plummets towards death. The process follows near-universal patterns. The refusal of food, the large quantities of urine, the desiccated lips: all are ordinary for the dying. Why then, asks Ms Perry, does nobody ever bother to explain them?

David gets to die at home, not “alone on a ward under unkind lights”. There is paperwork to be signed to fit a syringe driver (which can deliver continuous doses of morphine) and to authorise the use of the morphine. There are prescriptions to treat “terminal agitation” (when a patient becomes restless and startlingly strong). And there are nurses who come to “ease suffering in a moment, and then quietly leave”. When the “death watch” comes, Ms Perry and her husband, with the clumsy faith of lapsed Baptists, have no rituals with which to fill it.

Her book’s purpose is to shine a light on what is hidden. At times the reader is left wondering how a shy man who wanted “no flowers, no mourning” would feel about being the subject of such a book. Yet any qualms do not last long, for in “Death of an Ordinary Man” Ms Perry has produced a thoughtful meditation on death in the 21st century and a humane tribute to a loved one. In her telling, the life of an unassuming man assumes great meaning. ■

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European politics

Francisco Franco: the charmless man who became Spain's dictator

The general died 50 years ago this month. A new biography traces his rise to power

Nov 13, 2025 05:30 PM

Generally awful

El Generalísimo. By Giles Tremlett. *Oxford University Press; 528 pages; \$35. Bloomsbury; £30*

HE WAS SHORT, uncharismatic and an uninspiring public speaker. And yet General Francisco Franco (pictured, right) would prove to be a remarkably successful dictator. A key figure in the military coup in 1936 that triggered the [Spanish civil war](#), Franco would go on to rule as an autocrat until he died in his hospital bed 50 years ago, on November 20th 1975.

Behind his unlikely rise to absolute power lay a combination of relentless personal ambition and much luck. There were two Francos, Giles Tremlett argues: “Soldier Franco was confident and decisive. Civilian Franco was calculating, slow and cautious.” It was as a soldier that he achieved prominence. Born into a family of naval administrators in the port of El Ferrol, in Galicia, Franco joined the Spanish army when it was waging a brutal colonial war in northern Morocco. He was fearless, notoriously cold and indifferent to the human cost of war. He rose to become commander of the Spanish Legion, the army’s boldest and cruellest unit.

When revolutionary miners staged an insurrection in Asturias in 1934, a conservative government turned to Franco to repress them. But when a group of generals plotted a coup against the left-wing Popular Front government two years later, Franco hesitated, joining only at the last

minute. He was lucky that he had been posted to the distant Canary Islands. From there he took charge of the powerful army in Spanish Morocco and secured the support of [Hitler](#) and [Mussolini](#) to airlift it to the mainland. With rivals dead, he staged a power grab, installing himself as commander-in-chief and head of state of the Nationalist side in the civil war.

 Nazi leader German Chancellor Adolf Hitler (R) shakes hands with Spanish Generalissimo Francisco Franco at Hendaye train station.

Many of the rebels wanted to restore the monarchy; Franco erected a personal dictatorship instead. Despite his wartime alliance with Hitler and Mussolini, he was a [fascist](#) only when it suited him. He represented a previous tradition of reactionary Catholic nationalism, his worldview forged by Spain's humiliating loss of its colonial empire in the Spanish-American war of 1898 and then the Moroccan war.

Mr Tremlett, a former Madrid correspondent for *The Economist*, has wisely opted not to replicate Paul Preston's magisterial life of Franco. Instead he has written a perceptive and readable biographical essay, made up of zippy short chapters. He sets out to understand the man and to explain "Francoism as a society-shaping phenomenon". He sees the young Franco's attachment to his conservative mother and his estrangement from his libertine father, a freemason, as moulding his lifelong abhorrence not just of Marxism but also of freemasonry and [liberalism](#).

The civilian Franco adapted to events, remaking himself as an American ally against communism in the cold war. After his policy of autarky had inflicted two decades of grinding poverty on Spain, he turned to Catholic technocrats who liberalised the economy, unleashing decades of growth. He bequeathed to Spain's democracy a professional bureaucracy and a system of administrative law, though this is unmentioned in the book.

The author attributes the relative acquiescence of Spanish society to the memory of post-war repression and to subsequent socialisation in a culture of fear and obedience. A Spanish man, but not a woman, eventually lived a freer and wealthier life than eastern Europeans under communism, Mr Tremlett concludes. But this came at a cost: Franco was "a giant dam" who

held back democracy and necessary social and political change. Fortunately, once he was dead, the country quickly made up for lost time. ■

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Back Story

Has culture in the 21st century become samey and dull?

Yes, argues a provocative new book. It is half right

Nov 13, 2025 05:29 PM

 Beyoncé accepts the Best Country Album award for “Cowboy Carter” from Taylor Swift onstage during the 67th GRAMMY Awards.

MUSIC WITHOUT instruments and lyrics without meaning. Endless reboots, sequels and superheroes in the cinema. After a burst of magnificent TV dramas in the noughties, every glitzy new show is hailed as a must-see when most are mediocre. The algorithm has vanquished imagination.

Especially if you are middle-aged, you may share these gripes about 21st-century culture. There is a confounding glut of art, it often feels, yet little of the original, startling kind that matters. Leaders and crises come and go, but [Taylor Swift](#) (pictured) and [Beyoncé](#) still top the charts. “Blank Space”, a punchy new book by W. David Marx, laments and explains this sense of noisy stasis. Mr Marx makes a trenchant case, but he—and maybe you—are too gloomy.

He focuses on pop, fashion, visual art and what you might call the zeitgeist, or just “the internet”. Readers learn of online sensations that they may have missed—and be grateful they did. (Literature and theatre, both said to be on the skids, could have boosted his argument.) Once, he writes, society “encouraged and provided an abundance of cultural invention”. But compared with the explosion of Cubism and Surrealism in the early 20th century, or the counterculture of the 1960s, “There is now a *blank space*.”

Culprit number one is lucre. For pop stars, Mr Marx argues, the idea of “selling out” has died out. The ultimate measure of value is financial

success; distinct musical genres have been squished into “glossy, marketable pop”. Celebrity is less a reward for talent than for commercial nous and chutzpah—witness the rise of Paris Hilton and her ilk. [Reality TV](#) confirmed this baleful shift: “Culture became a lowest-common-denominator battle for attention.”

But the left’s aversion to hierarchies is a factor too. A preference for, say, the Rolling Stones over [Mariah Carey](#) has become, for some, a retrograde fealty to straight white males. Old-school critics are decried as elitist gatekeepers. Meanwhile, the spread of liberal views on feminism and sexuality spurred a reaction of ironic nihilism, crassness and misogyny. In this “counter-counterculture”, norms and shame are for suckers and wimps.

This is also, naturally, a treatise on technology. In Mr Marx’s telling, at first the internet was a playground for enthusiasts. Then it produced viral crazes like “Gangnam Style” and youth-culture megastars who passed adults by. Latterly it devolved into a swamp of conspiracism and lies: by the late 2010s it was a venue for “fleeting entertainment, get-rich-quick schemes and venomous propaganda”. (On artificial intelligence, he is mordantly sanguine. Since almost all human-made art flops anyway, he asks, why worry about the impact of the AI sort?)

He is a bit hard on commercialism, yet Mr Marx is right to prize bold art that may not be an instant hit but expands “the ways we can see the world”. Still, his sweeping book oversimplifies a dizzyingly messy picture. For starters, some of his criticisms could have been made in the past, and were. Today’s means of self-publicity are new, but attention-seeking grifters are not. Socialites of yore were famous for being famous too.

And there has always been more dross than gold. The winnowing of time disguises that eternal bias: Hollywood classics endure, not the B-movie schlock; the novels of Joyce and Fitzgerald, not inter-war pulp fiction. The ratio may now be grimmer, but in the midst of the digital torrent, it is too soon to say how much treasure will wash up.

Then there is Mr Marx’s disdain for “retromania”. Endless recycling of stale ideas does indeed betray timidity. But he also frets over older works “feeling more valuable than contemporary ones”, seeing [The Beatles’](#)

staying power as a sign of “stagnancy”. Au contraire. Some things are just better than other things, as he himself insists. Just as “The Wire” is better than [“Emily in Paris”](#), previous eras have the edge in some art forms. The rock’n’roll of the 1960s—or the supreme Victorian novels—outclass most of their successors. The fact that old masterpieces are freely enjoyed is a glory of modern culture, not a glitch.

Another way to think of 21st-century Western culture, with its tiny variations and recursive patterns, is as a chronicle of relative complacency. Ructions in the wider world have shaken up the arts. But they have been less traumatic than the cataclysms that launched the leaps of the early 20th century, which Mr Marx so admires. In extremis, could today’s meme-addled creators match that genius? Let’s hope we don’t find out. ■

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The reel deal

The best films of 2025

They feature priests, revolutionaries and vampires

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An illustration of inside a cinema with three big stars on the screen.

“28 Years Later”

“28 Days Later” (2002), a zombie film written by Alex Garland and directed by Danny Boyle, influenced umpteen films and TV shows. Twenty-three years later—no, not 28—the pair reunited for a [sequel](#). It is a haunting folk-horror which probes Britain’s isolationism.

“The Brutalist”

An uncompromising period drama which focuses on a Jewish-Hungarian architect (Adrien Brody) who comes to America after the second world war. He is esteemed as a visionary talent, but knows he may never enjoy the status of the patrician industrialist (Guy Pearce) who employs him.

“Flow”

A Latvian cartoon which tells the story of a curious cat who drifts around by boat after flood waters engulf Earth. The enigmatic and luminously beautiful eco-fable won Best Animated Feature at the Academy Awards this year.

“Hamnet”

This drama imagines how [Shakespeare’s work](#) might have been influenced by his marriage to Anne Hathaway and by the death of their 11-year-old son. The film, adapted from Maggie O’Farrell’s novel, is a raw depiction of bereavement and a tribute to the power of art.

“A House of Dynamite”

If a nuclear missile were heading towards American soil, and nobody could

be certain who launched it, what would happen? Kathryn Bigelow (the director of “The Hurt Locker”) presents the scenario three times from three different perspectives. It is a [terrifyingly plausible](#) ticking-clock thriller.

“I’m Still Here”

The winner of this year’s Academy Award for Best International Feature Film is a true story of survival under Brazil’s military dictatorship.

Fernanda Torres is magnificent as Eunice Paiva, a wife and mother who leads a busy, sociable life in Rio de Janeiro until her activist husband is arrested by the secret police in 1971.

“Is This Thing On?”

After a bored financier (Will Arnett) separates from his wife (Laura Dern), he stumbles into a basement club on open-mic night, little suspecting that stand-up comedy will reinvigorate him—and perhaps his marriage. An optimistic account of a mid-life crisis inspired by the experiences of John Bishop, a British comedian.

“It Was Just an Accident”

Jafar Panahi has been imprisoned by the Iranian government, but nothing has stopped the writer-director from making films that are critical of the regime. This is one of his best. Its hero is a mechanic, Vahid (Vahid Mobasseri), who abducts one of his customers (Ebrahim Azizi) in the belief that the man used to be a sadistic prison warden. But what if Vahid has made a mistake?

“One Battle After Another”

The most topical Hollywood film of the year. Leonardo DiCaprio stars as a washed-up revolutionary activist who thinks he has escaped his past. But then a fascistic colonel (Sean Penn) catches up with him and his teenage daughter (Chase Infiniti). Paul Thomas Anderson’s [action caper](#) is an exhilarating triumph.

“The Secret Agent”

Wagner Moura stars as an academic who gets on the wrong side of a corrupt politician and has to get out of Brazil with his young son before he is caught by two hitmen. He hides in Recife (the hometown of the film’s writer-

director, Kleber Mendonça Filho), where the feverish carnival only adds to the air of chaos.

“Sentimental Value”

A wry drama about a showbusiness dynasty. Renate Reinsve plays a successful actress stricken by stage fright; Stellan Skarsgård plays her narcissistic father, a director who has not had a hit in years. When he offers his daughter the lead role in a semi-autobiographical film, is he exploiting her or trying to bond with her?

“Sinners”

A [defiantly original horror film](#) which is also a period drama and a vibrant blues musical. Michael B. Jordan stars as gun-toting twin brothers who open a juke joint in their Mississippi hometown in 1932, where they have to fend off vampires and Ku Klux Klan members alike.

“Wake Up Dead Man”

Another pleasurable instalment in the “Knives Out” murder-mystery franchise, with a star-studded ensemble cast, some pithy satire and an ingenious solution to a far-fetched crime. Josh O’Connor co-stars as a naive priest who is accused of killing a fellow clergyman in upstate New York.

“Weapons”

Seventeen children from the same school class disappear on the same night. Zach Cregger, the film’s writer-director, eventually explains where the children went, but first explores American small-town life and shows how the disappearances have tormented a schoolteacher (Julia Garner) and others.■

All the films on this list were released in America or Britain this year

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Economic & financial indicators

- **Economic data, commodities and markets**

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Economic data

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	Current-account balance % of GDP, 2025 [†]	Budget balance % of GDP, 2025 [†]	Interest rates 10-yr govt bonds latest, %	change on year ago, bp	Currency units per \$ Nov 12th	% change on year ago
United States	-4.0	-5.9	4.1	-35.0	-	
China	2.0	-5.6	1.6 ^{§§}	-16.0	7.12	1.4
Japan	4.3	-2.9	1.7	70.0	154	-0.3
Britain	-3.0	-4.9	4.5	2.0	0.76	2.6
Canada	-2.0	-2.6	3.2	-1.0	1.40	-0.7
Euro area	3.3	-3.2	2.6	25.0	0.86	9.3
Austria	2.1	-4.5	2.9	4.0	0.86	9.3
Belgium	-0.6	-5.3	3.2	32.0	0.86	9.3
France	-0.3	-5.7	3.4	21.0	0.86	9.3
Germany	5.4	-2.7	2.6	25.0	0.86	9.3
Greece	-5.8	0.6	3.3	-3.0	0.86	9.3
Italy	1.2	-3.1	3.4	-31.0	0.86	9.3
Netherlands	7.8	-2.4	2.8	13.0	0.86	9.3
Spain	2.7	-2.8	3.1	2.0	0.86	9.3
Czech Republic	0.5	-2.1	4.5	54.0	20.9	13.5
Denmark	12.2	2.1	2.5	41.0	6.45	8.5
Norway	13.6	9.5	4.1	32.0	10.1	9.6
Poland	-0.6	-7.0	5.4	-46.0	3.65	12.1
Russia	1.8	-2.7	14.4	-149	81.4	20.4
Sweden	6.5	-1.3	2.6	56.0	9.46	14.7
Switzerland	6.0	0.5	0.2	-18.0	0.80	10.0
Turkey	-1.2	-3.6	30.4	230	42.2	-18.7
Australia	-2.1	-1.8	4.3	-25.0	1.53	-0.7
Hong Kong	11.1	-4.9	3.0	-47.0	7.77	nil
India	-1.0	-4.4	6.5	-30.0	88.5	-4.6
Indonesia	-1.1	-3.1	6.1	-76.0	16,703	-5.6
Malaysia	0.8	-4.0	3.5	-41.0	4.14	6.5
Pakistan	-1.5	-5.5	11.9 ^{†††}	-7.0	283	-1.7
Philippines	-3.8	-5.7	5.8	-17.0	58.9	-0.4
Singapore	14.6	0.2	1.9	-92.0	1.30	2.3
South Korea	5.5	-2.4	3.3	29.0	1,461	-4.1
Taiwan	18.4	1.8	1.3	-25.0	31.0	4.5
Thailand	2.0	-5.8	2.1	-48.0	32.4	6.4
Argentina	-2.3	0.1	na	na	1,410	-29.2
Brazil	-3.2	-6.4	13.6	92.0	5.27	9.3
Chile	-2.6	-1.7	5.5	-37.0	936	3.5
Colombia	-2.5	-7.5	11.8	147	3,761	15.6
Mexico	-0.4	-3.8	8.9	-94.0	18.3	11.0
Peru	1.9	-2.5	5.8	-86.0	3.36	12.5
Egypt	-2.6	-7.7	na	na	47.2	4.3
Israel	2.4	-4.6	3.9	-94.0	3.22	16.4
Saudi Arabia	-2.2	-5.3	na	na	3.75	0.3
South Africa	-0.8	-4.4	8.7	-57.0	17.2	4.4

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

Markets

In local currency	Index Nov 12th	% change on: one week Dec 31st	
United States S&P 500	6,850.9	0.8	16.5
United States NAS Comp	23,406.5	-0.4	21.2
China Shanghai Comp	4,000.1	0.8	19.3
China Shenzhen Comp	2,507.8	0.4	28.1
Japan Nikkei 225	51,063.3	1.7	28.0
Japan Topix	3,359.3	2.8	20.6
Britain FTSE 100	9,911.4	1.4	21.3
Canada S&PTSX	30,827.6	2.4	24.7
Euro area EURO STOXX 50	5,787.3	2.1	18.2
France CAC 40	8,241.2	2.1	11.7
Germany DAX*	24,381.5	1.4	22.5
Italy FTSE/MIB	44,792.6	3.1	31.0
Netherlands AEX	968.5	-0.2	10.2
Spain IBEX 35	16,615.8	3.2	43.3
Poland WIG	112,760.2	1.1	41.7
Russia RTS, \$ terms	982.9	-0.5	10.0
Switzerland SMI	12,793.7	3.5	10.3
Turkey BIST	10,640.9	-3.0	8.2
Australia All Ord.	9,079.4	0.1	7.8
Hong Kong Hang Seng	26,922.7	3.8	34.2
India BSE	84,466.5	1.2	8.1
Indonesia IDX	8,388.6	0.8	18.5
Malaysia KLSE	1,631.6	0.6	-0.7
Pakistan KSE	158,183.9	-0.9	37.4
Singapore STI	4,568.9	3.4	20.6
South Korea KOSPI	4,150.4	3.6	73.0
Taiwan TWI	27,947.1	0.8	21.3
Thailand SET	1,284.8	-0.8	-8.2
Argentina MERV	2,984,607.0	-2.1	17.8
Brazil BVSP*	157,632.9	2.8	31.1
Mexico IPC	63,190.7	-0.3	27.6
Egypt EGX 30	40,228.8	2.8	35.3
Israel TA-125	3,485.9	2.2	43.6
Saudi Arabia Tadawul	11,254.9	nil	-6.5
South Africa JSE AS	112,908.5	3.8	34.3
World, dev'd MSCI	4,404.5	1.1	18.8
Emerging markets MSCI	1,402.7	1.4	30.4

US corporate bonds, spread over Treasuries

	Dec 31st	
	latest	2024
Basis points		
Investment grade	98	95
High-yield	365	324

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

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Obituary

- **James Watson was stunned by the beauty of the double helix**

The secret of life :: The biologist and co-discoverer of DNA's structure died on November 6th, aged 97

The secret of life

James Watson was stunned by the beauty of the double helix

The biologist and co-discoverer of DNA's structure died on November 6th, aged 97

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 James Watson with a molecular model of DNA, Cambridge, Massachusetts, 1957

THE PHOTOGRAPH flicked on the screen for bare seconds, but it put James Watson in a frenzy of excitement. He was in Naples in 1951, at a lecture given by Maurice Wilkins, a physicist working at King's College, London. What the photo showed was an x-ray diffraction of DNA, the information store of life, which strongly suggested that each molecule had repetitive motifs. Determining what DNA looked like was exactly the problem Dr Watson was about to work on at the Cavendish Laboratory in Cambridge, together with the physicist Francis Crick. There they could build hypothetical models and brew ideas in their heads; but their real need was for photographs. At the end of the lecture he rushed after Wilkins but, for the moment, he had vanished.

He, Crick and Wilkins were not the only ones obsessed with anatomising DNA. So was Linus Pauling at Caltech, who every so often gave signs that he was going to beat them to it. The race was on to find the key to traits, illnesses, features and inheritance, which would revolutionise both biology and medicine. The fact that the Watson-Crick duo got there first, in 1953 (and, with Wilkins, won the Nobel prize for physiology or medicine in 1962) was the result of hard work, a mad scramble and bad manners.

The bad manners were that he persuaded Wilkins to show him the photograph without asking the permission of the crystallographer, Rosalind

Franklin. He didn't care for "Rosy", as he and Crick called her. He thought her awkward, possessive and probably sexually repressed. (If only she would take her glasses off and do something with her hair.) Later he liked her better and thought her science first-rate; but that was after she had gracefully conceded that her theories were wrong and his and Crick's were right.

They were more than right. And they were more than pretty, which was his favourite adjective for a good piece of science (or a good-looking woman). Something as beautiful as the double helix just had to exist. It looked much like a spiral staircase, two twisting sugar-phosphate chains between which the chemical bases, like steps, formed alternate pairings of adenine with thymine and guanine with cytosine. It had taken him a long time to plump for two chains rather than three or four, but that was a deciding factor. As a biologist, whose line of research (when he was not obsessing about DNA) involved sex in bacteria, he knew biological systems tended to come in pairs. And, vitally, that DNA pairing "immediately suggests a possible copying mechanism for the genetic material" as he and Crick laid out briefly, but with utmost speed, in *Nature*. This molecule could be worked with.

In his Nobel speech he called himself "very much the junior one". His path to Stockholm had certainly been convoluted. Growing up in Chicago, he wanted only to watch birds. When he read Erwin Schrödinger's "What is Life?" his interest changed to genes, but he spent a few years avoiding the chemistry that seemed to be essential. What he chiefly learned at university was that most scientists were stupid; that crap should be called out as crap, and that you could leapfrog over your peers by pursuing an idea that was thought too far ahead of its time. Crick struck him as a man like that, always proclaiming new theories, valid or not, in a voice that was shatteringly loud. His "junior one" liked to provoke him by preferring to spend the rare sunny days in cold, damp Cambridge playing tennis, and not in the lab.

With some relief, because he could not have stomached English food for much longer, most of his work after 1953 was back in the United States. There he oversaw the renaissance of the Cold Spring Harbor Laboratory in

New York and the creation of the molecular-biology department at Harvard, which he led from 1961 to 1976. When he first came to Cold Spring Harbor in 1947 it was like a run-down summer camp; under his guidance it became a first-class centre of genetic research, especially into cancer. Meanwhile his Harvard department also explored the paths opened up by the DNA revelations, notably in the treatment of mental illness—now a sharp, personal interest because his second son Rufus, born in 1970, had developed schizophrenia.

It was also because of Rufus that he missed the first meeting, in 1986, of the scientists he had gathered for another momentous project, the mapping of the human genome. He became both its first director and the second person to have his genome fully sequenced, publishing the results free online in 2007 for anyone to use. It was a good way to reinforce the argument he had had in the early 1990s with the head of the National Institutes of Health, who thought that genes should be patented. He believed they never should. His own genome belonged to the world.

By then, however, the scientific world seemed less eager to have it. His straight talk, as he saw it, had been causing wide offence at least since 1968, when his vivid book on the DNA discoveries, “The Double Helix”, came out. His first title had been “Honest Jim”; both Crick and Wilkins persuaded Harvard not to publish it. Portraying Crick as a loudmouth was only the start. He also opined later that most of his colleagues were “pinkos and shits”. He persisted in his belief that women were intellectually deficient. He was sure no mother would want a homosexual child. Fat folk stood no chance of employment with him; nor did black people, whose IQs were inferior. Though he apologised for that opinion, he went on to repeat it.

As a result, his emeritus positions at Cold Spring Harbor fell away like autumn leaves and his wider reputation dived. This abandonment, after all he had done for science, infuriated him. In high dudgeon, in 2014 he sold his gold Nobel medal, which fetched \$4.8m and was at once returned to him by the buyer. In 1962 he had been incandescent when, despite returning to Harvard with a gleaming prize, there was no uplift in his salary. His Nobel medal, now financing his retirement, came good at last. ■

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