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**A NEW
BEGINNING**

The Economist

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The world this week

Politics

Oct 09, 2025 01:08 PM



After talks in Egypt, [Israel and ·Hamas agreed to a ceasefire deal](#): that will release the remaining Israeli hostages still being held in Gaza, both living and dead. The deal is the first phase of Donald Trump's 20-point plan to end the conflict and bring peace to Gaza. The first phase also entails Israel releasing large numbers of Palestinian prisoners and pulling its troops back to a "yellow line" in Gaza. There will be a surge of humanitarian aid into the strip to help desperate civilians. Mr Trump will visit the region in the coming days. The next stages of his plan include Hamas agreeing to disarm and the creation of a technocratic government in Gaza. The deal was announced soon after the second anniversary of Hamas's massacre of almost 1,200 people in Israel.

It's a start

Syria held its first election since the fall of Bashar al-Assad last December. There was no popular direct vote. Local committees in effect voted for two-thirds of the representatives in the People's Assembly, which will be responsible for legislation during a transitional period. Only 13% of those selected were women or from ethnic minorities. A government spokesman said that Ahmed al-Sharaa, the interim president, might "compensate" for those shortfalls when he chooses the remaining one-third of representatives.

Protesters in **Madagascar** demanded the resignation of Andry Rajoelina as president, after he appointed an army general as prime minister following the dissolution of the government. Since late September the country has been shaken by protests against poverty and corruption.

Burkina Faso's junta arrested eight employees of a Dutch NGO for espionage. The International NGO Safety Organisation, which provides aid workers with security information, categorically rejected the allegations and said it was working towards the safe release of its workers. The government began a crackdown on foreign organisations and companies earlier this year.

France was thrown into a fresh crisis: when Sébastien Lecornu resigned as prime minister after less than a month in the job. The opposition in the National Assembly had threatened to hold a vote of no confidence after Mr Lecornu named a team of ministers that was essentially unchanged from the previous government that fell in early September. After resigning Mr Lecornu held talks with the opposition and said a consensus had emerged for Emmanuel Macron to name a new prime minister, his fifth in little over a year, and thus avoid fresh elections.

A parliamentary election in the Czech Republic was won by the populist ANO party, heralding the probable return of its leader, Andrej Babis, as prime minister. Mr Babis previously held the office from 2017 to 2021. To do so again he needs the support of two smaller parties, the anti-green Motorists for Themselves and the fractious Freedom and Direct Democracy party, which wants to curtail mass migration.

Police used water cannon and pepper spray to disperse protesters who tried to storm the presidential palace in Tbilisi, the capital of **Georgia**.

Demonstrations against the pro-Russian Georgian Dream government have intensified in recent weeks.

Dame Sarah Mullally, currently the bishop of London, was named the new **archbishop of Canterbury**. She will take up the position in March 2026, the 106th person and the first woman to hold the role. The archbishop is the most senior bishop in the Church of England and “first among equals” of the heads of the various churches that make up the worldwide Anglican communion. Although attendance at CofE services has plummeted over the past 40 years, there has been a revival of interest lately, notably among young people.

At its annual conference, Britain's opposition **Conservative Party** made withdrawal from the European Convention on Human Rights its official policy, appealing to its core supporters, and, it hopes, its many lost voters who have turned to Reform UK. Kemi Badenoch, the Tory leader, gave a keynote speech in which she pledged to abolish stamp duty, a transaction tax on homeowners, if her party is elected.

National Guard troops were poised to enter **Chicago** to support federal immigration agents on the order of Donald Trump. Around 300 of the troops are from Illinois and 200 from Texas, causing Democrats to describe the deployment as an “invasion”. Illinois and Chicago have launched a legal challenge to the president's order. Mr Trump is threatening to use his powers under the Insurrection Act to override the courts if he doesn't get his way. He also called for the governor of Illinois and the mayor of Chicago, both Democrats, to be jailed for not protecting immigration agents.

James Comey, the director of the FBI at the time of its investigation into Mr Trump's alleged links to Russia, pleaded not guilty of lying to Congress. The president in effect ordered the prosecution of Mr Comey, who intends to get the case dismissed for being purely vindictive.

The **shutdown of America's government** ended its first week with little sign that Republicans and Democrats were willing to compromise on a spending bill to end the impasse. The White House piled on the pressure by suggesting that federal employees who cannot work because of the shutdown will not be paid.



Takaichi Sanae: was elected leader of **Japan's** ruling Liberal Democratic Party and is poised to become prime minister, the first woman to hold the job. Ms Takaichi is often described as Japan's Margaret Thatcher. A hardliner on immigration, which is becoming a salient issue in Japan, she is likely to return to a more muscular version of the economic policies introduced by her mentor, the late Abe Shinzo, and take a tougher approach with America over trade. Japanese stockmarkets soared in response to her victory.

Reports emerged from **Myanmar** that 24 people were killed when the army dropped two bombs from a paraglider on protesters who were demonstrating against the governing junta. The incident happened in Sagaing region, large areas of which are under the control of local militias who are fighting the army in the country's civil war.

The death toll from the recent collapse of a school building in **Indonesia** rose to 67. The foundations of the building in a suburb of Surabaya, Indonesia's second-biggest city, caved in as the mostly male pupils at the Islamic boarding school were at prayer.

Australia strengthened its military alliance with **Papua New Guinea**; the agreement includes giving up to 10,000 Papua New Guineans an option of

serving in the Australian armed forces and becoming Australian citizens. The main purpose of the deal is to shore up support for PNG in the face of China's thrust for influence in the South Pacific.

The American military struck another **Venezuelan boat** that was allegedly trafficking drugs, killing four men. Earlier, Colombia's national police force announced the capture of the alleged head of the armed wing of Tren de Aragua, a Venezuelan criminal gang that has expanded throughout Latin America and the United States, where it is designated as a terrorist organisation. The Colombian police were reportedly assisted by America and Britain in the arrest.

Climb every mountain

Kilian Jornet became the first man to climb 72 **mountains** in the contiguous United States that are at least 14,000 feet (4,267 metres) high within a month. The Spanish endurance athlete cycled 2,568 miles (4,133km) and ran 629 miles between the mountains over 31 days. He started in Colorado, where 56 of the “fourteeners” are clustered, moved on to California and finished at Mount Rainier in Washington state. Mr Jornet has said he is interested in how humans “can optimise our performance”.

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The world this week

Business

Oct 09, 2025 01:09 PM



OpenAI was at the centre of another big deal, agreeing to buy chips worth tens of billions of dollars from **AMD** and potentially take a 10% stake in the company; AMD's share price surged by over 40%. The transaction will see OpenAI deploy AMD's graphics-processing units to expand its data-centre capacity, starting with AMD's forthcoming MI450 chips in late 2026.

SoftBank agreed to buy the **robotics** business of ABB, a Swedish-Swiss engineering company, for \$5.4bn. A long-time believer in the future of robots, Masayoshi Son, SoftBank's boss, said its "next frontier is physical AI".

With stocks soaring in anything related to AI, the Bank of England warned that "the risk of a sharp **market correction** has increased". The central bank noted that the appreciation in the share prices of America's big

technology companies has augmented concentration within stockmarket indices, with just the top five members of the S&P 500 accounting for nearly 30% of its market share. This suggests that an AI bubble could burst if the future profits that are predicted for the technology do not materialise.

Fifth Third, an American bank with a strong presence in the Midwest, struck a \$10.9bn deal to acquire **Comerica**, which operates throughout the Sunbelt, creating the country's ninth-largest lender by assets. Comerica had been under pressure from an activist investor to put itself up for sale.

The **Net-Zero Banking Alliance** made it official and decided to disband. The alliance was created with great fanfare four years ago to align the banking industry with climate-change targets and counted some of the biggest American and European lenders among its members. But many of the firms eventually withdrew amid a backlash against environmental, social and governance (ESG) policies.

Gold price \$ per troy ounce



Source: LSEG Workspace

The **price of gold** rose above \$4,000 an ounce for the first time. With little economic data being released in America because of the government shutdown to inform their decisions, investors are piling into the traditional haven amid speculation that the Federal Reserve will make more cuts to interest rates. Worries about fiscal policy in America, Britain, France and Japan are also making gold more attractive.

Despite Donald Trump...

The International Energy Agency forecast that the world's global **renewable power** capacity will more than double by 2030, increasing by

4,600 gigawatts. That is roughly the equivalent of adding the combined power-generation capacity of China, the European Union and Japan. Solar will account for 80% of the increase. America is now expected to add 250GW of renewable capacity, 50% less than in the IEA's previous forecast.

Launched in the 1980s, Airbus's A320 has become the **world's most-delivered aeroplane**, according to reports based on data from Cirium, an aviation-data firm. Boeing's 737, which debuted in the 1960s, had held the record for decades. Between them Airbus and Boeing have delivered 25,000 of both narrow-bodied jets.

Industrial production in Germany shrank by 4.3% in August compared with July, driven by an 18.5% contraction in car manufacturing. That was in part because of factories' holiday dates, though the industry faces many challenges, including tariffs. Car production in Germany is now at its lowest level in more than 20 years, bar the financial crisis in 2007-09 and covid-19.

Jaguar Land Rover re-started some production for the first time since being hit by a cyber-attack on August 31st. Some concerns have been voiced about the £1.5bn (\$2bn) loan for the carmaker backed by the British government. Critics point out that JLR was reportedly uninsured against the attack and that the loan creates a moral hazard.

Tariff talks

[Mark Carney, Canada's prime minister](#), met Donald Trump in the White House to discuss trade. Canadian officials described the talks as "positive". Mr Trump went further, talking of the pair's "mutual love". The American president also held a phone call with Luiz Inácio Lula da Silva, his **Brazilian** counterpart, which both sides said was friendly. Lula also pressed Mr Trump about trade.

Paramount agreed to buy the **Free Press**, a news and analysis website, for \$150m and appointed its founder, Bari Weiss, as editor-in-chief of CBS News, which is owned by Paramount. It is the media conglomerate's first big acquisition under its new owner, David Ellison, who merged it with his

Skydance production company. The deal is sweet revenge for Ms Weiss. She resigned from the *New York Times* in 2020 amid a spectacular falling out over the newspaper's internal politics.

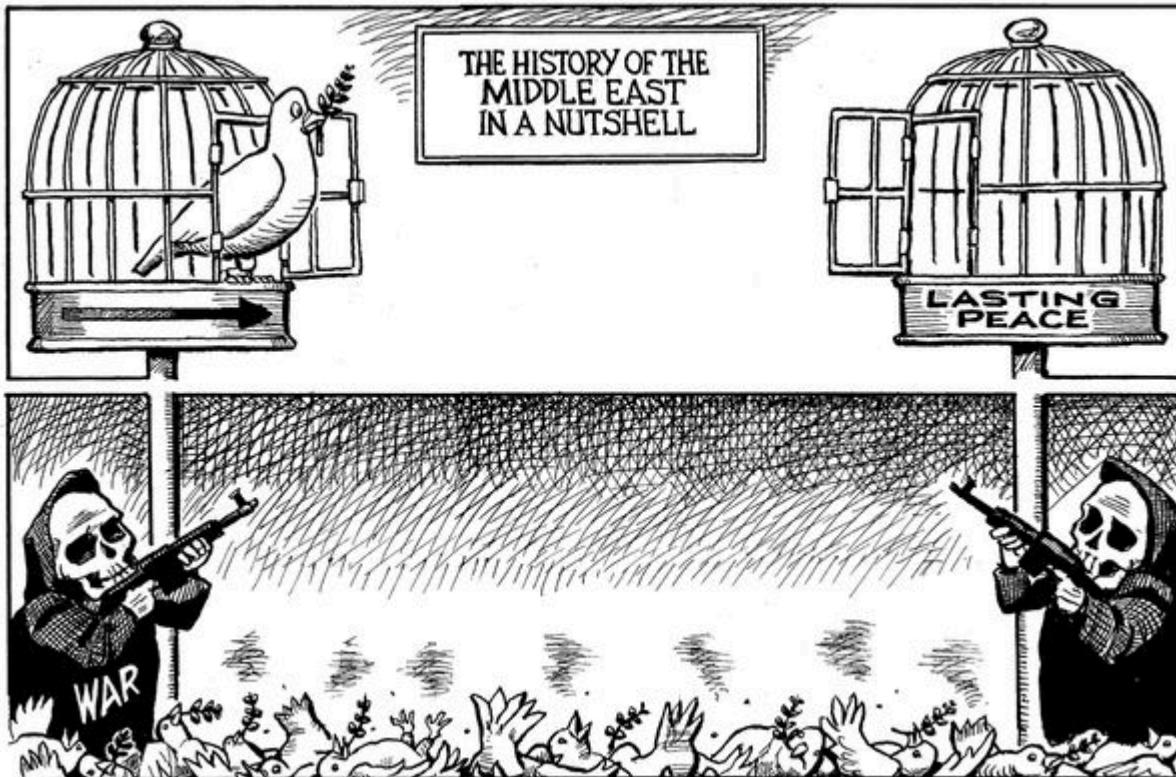
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The world this week

The weekly cartoon

Oct 09, 2025 01:42 PM



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

[A new beginning for the Middle East:](#)

[Israel and Hamas agree to the first phase of Donald Trump's peace plan:](#)

[Maps and data tell the story of two bloody years in Israel and Gaza](#)

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

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Leaders

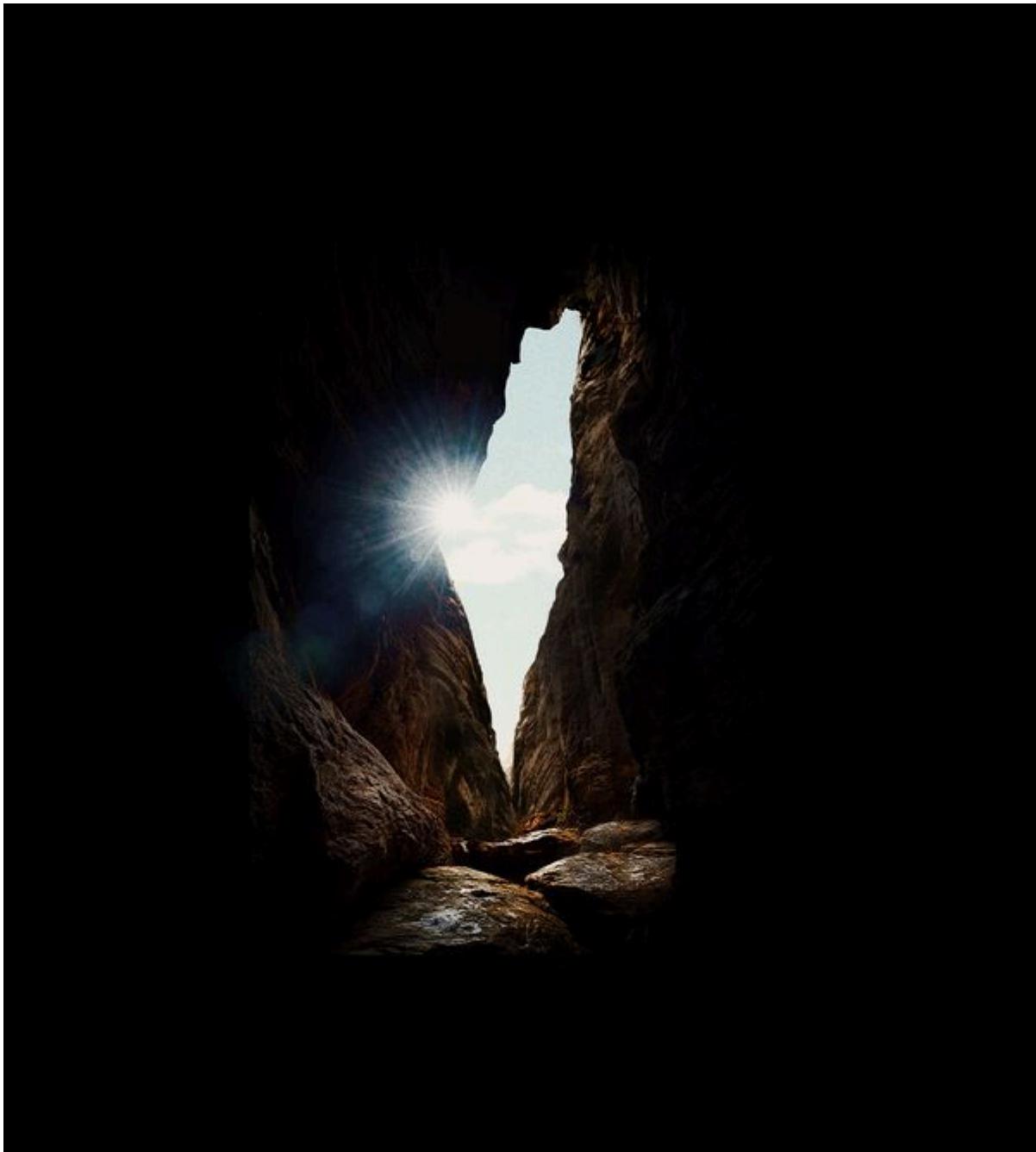
- **A new beginning for the Middle East**
The deal over Gaza :: The breakthrough in Gaza could open up a new approach to peace
- **Donald Trump's fortress economy is starting to hurt America**
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Big men mean big trouble :: The longer autocrats stay in power, the worse they become

The deal over Gaza

A new beginning for the Middle East

The breakthrough in Gaza could open up a new approach to peace

Oct 10, 2025 11:53 AM



PLENTY OF AMERICAN presidents have sought a breakthrough in the bitter conflict between Israel and the Palestinians. Now, two years after the atrocities of October 7th and after endless rounds of killing in Gaza, Donald Trump has joined the tiny list of those who have succeeded. The tentative agreement between Israel and Hamas to stop the shooting and release the hostages opens up a new vision for the Middle East. The path is narrow, but

it is the best chance of creating lasting peace since the Oslo accords in 1993 and 1995.

This new vision is radically different from the moribund approach under Oslo. It offers a shift from endless, abstract negotiations over maps and the hypothetical constitutional arrangements of two states. Instead, it promises a practical approach in which, as Gaza is governed and rebuilt, rid of the terrorists who once dominated it, Israelis and Palestinians come to believe that they have more to gain from coexisting than from destroying each other. Success looks less like a ceremony in the White House and more like a decade of cement mixers spinning in Gaza, as violent settlers in the West Bank are curbed, the threat of missiles fades and ordinary people embrace a slowly rising belief in a safer, more prosperous future.

[The peace deal is a triumph for Mr Trump's transactional, bullying style of diplomacy](#): It came after both sides were holed up in Sharm el-Sheikh, in Egypt, with negotiators from America, Egypt, Qatar and Turkey available to apply pressure. The details are not yet public, but Hamas is due to release the 20 Israeli hostages who are still alive, alongside a parallel release of Palestinian prisoners by Israel, a flood of aid and a partial pullback by the Israeli army from Gaza's main cities, to what Mr Trump called "an agreed upon line". In Israel and what remains of Gaza there was euphoria. Mr Trump may fly to the region to mark the deal.

Read the rest of our cover package

- [Israel and Hamas agree to the first phase of Donald Trump's peace plan](#):

Under Mr Trump's 20-point plan, the next phase would create a technocratic government that rebuilds Gaza while excluding Hamas from power. Hamas would be disarmed and security provided by an international force. Mr Trump would chair an oversight board until Palestinians took responsibility, possibly under a reformed Palestinian Authority. The grander, ultimate objective is what Mr Trump calls "everlasting peace" between Israel and all of the Palestinian territories.

Of course, the obstacles to further progress are immense—how could they not be? Negotiators on both sides still have to iron out their differences over, say, Hamas's disarmament. They could sign up, while cynically intending to sabotage progress later. With an estimated 78% of Gaza's buildings damaged and little industry left, reconstruction could become bogged down. Most important, ordinary Israelis and Palestinians have lost faith in the possibility of peace.

Thirty years on from Oslo, and after the trauma of October 7th, most Israeli Jews see the Palestinian territories as a failed quasi-state with a record of corruption, terrorism and Jew-hatred. In 2012, 61% of Israelis supported two states. Now perhaps a quarter do and many display a chilling indifference to the loss of Palestinian life. For their part, Palestinians see Israel as a rogue state committed to occupying their land and routinely unleashing violence. Polled in May, 50% of them supported the October 7th attacks, 87% denied that Hamas had committed atrocities and 41% supported armed resistance.

And yet there are grounds for hope. The end of the war could trigger a change of leadership on both sides, with the remnants of Hamas being persuaded or forced to relinquish any formal role in Gaza's government. Israel must hold an election within 12 months which polls suggest could result in the prime minister, Binyamin Netanyahu, leaving office and the end of his coalition with extremist hard-right parties.

Abroad, the prospects have improved, too. Around the world, the public focus is on peace, after years of looking away. In Mr Trump, America has a president who is unafraid to push Israel hard. The humbling of Iran's regime and its violent proxies has greatly reduced its threat to the region. The willingness of the Gulf Arab states not only to pay for Gaza's reconstruction, but also to underwrite a peace process and, potentially, help provide security, is a big step forward.

That is just as well, because outsiders will have to restrain destructive impulses on both sides. Having pressed Israel to end the war on Iran, rebuked it for striking Qatar and pushed it into a hostage deal, Mr Trump must strive to get Mr Netanyahu or his successor to curb the expansion of Jewish settlements. He must bolster Palestinian institutions by stopping

Israel from depriving them of customs revenue and from facilitating vigilante violence by settlers and soldiers. The Arab states must use all their influence to insist the Palestinians reject violence and to get the Palestinian Authority to reform and help it find new leaders.

They must also sell a broader vision. For Israelis this is the prospect of a new regional security order that makes them safer by deepening co-operation with Arab states, building on the Abraham accords struck in 2020. This could also forge new links with Syria, and perhaps Lebanon, both of which have escaped Iran's malign grip. For Palestinians it is the prospect of reconstruction at home and new economic links with the Gulf creating a path to trade and jobs.

Gaza is the key. Palestinians everywhere will want to see if Israel can commit itself to allowing a technocratic government in the strip to emerge with international backing. For their part, Israelis will be watching whether the Palestinians in Gaza can govern themselves better, dismantling terrorist infrastructure and reforming the institutions Hamas captured.

Nobody should imagine any of this will be easy. The qualities that enabled Mr Trump to get a ceasefire—his willingness to bully, escalate and create a burning sense of urgency—are different from the sustained commitment over many years that will be required in his role as chair of the reconstruction authority. Nonetheless, in a region that has known little other than decades of conflict, this is an extraordinary moment: a slender but real chance at a new beginning. ■

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The costs of confinement

Donald Trump's fortress economy is starting to hurt America

The pain from trade and immigration restrictions cannot be postponed forever

Oct 09, 2025 02:33 PM



BRICK BY BRICK, President Donald Trump is building a wall around the world's largest economy. As America's tariff barriers on everyone else have gone up, so has the drawbridge, making it harder for migrants to enter the country. The president wants to turn America into a fortress that keeps out foreign incursions. In fact, he is cutting America off from the very goods and talent that helped make its economy the envy of the world. Already the damage is starting to show; once wreaked, it will not easily be reversed.

That is not how investors see it. In the six months since “Liberation Day”, when Mr Trump slapped tariffs on America’s trading partners, financial markets have swung from panic to euphoria. Elsewhere the picture is mixed. Inflation has risen only a little, as America’s importing businesses have absorbed much of the tariff pain. Although employment has stagnated as migration flows have stopped, America’s economy will probably grow by 1.5-2% in 2025.

Dig deeper

- [The stockmarket is fuelling America’s economy:](#)
- [Welcome to Zero Migration America:](#)
- [Why Donald Trump’s tariffs are failing to break global trade:](#)

Some of the explanation for this resilience is that average tariffs are not as high as was feared, in part because of rollbacks and in part because trade flows are adapting fast. In April analysts were warning of America’s average tariff rate reaching 28%. By August, however, customs revenue raised at the border pointed to a rate of only 11%. It also helps that few countries other than China have retaliated at scale against American duties. Big economies including Britain, Japan and the European Union have struck deals that reduce Mr Trump’s proposed tariffs, without levying their own.

The president is fortunate, too, that America is in the middle of an astonishing stockmarket boom, fuelled by optimism about artificial intelligence (AI). Since a trough in April, the S&P 500 has risen by 40%; valuations now exceed 40 times cyclically adjusted earnings, not far off the record set during the dotcom years. [Wealthier investors are in turn spending more:](#) and propping up growth.

Yet the economy cannot dodge the costs of isolation—and these will only mount over time. For a start, the stockmarket cannot go on rising this fast for ever; and the higher it soars, the greater the danger of a crash, putting the wealth effect into reverse. The damage from the tariffs that are in place is starting to be felt. And the [collapse in migration is an enormous and underappreciated shock to the economy:](#) Between 2000 and 2020 annual net migration into America was 1m, on average; under President Joe Biden

it reached 2.5m a year. In 2025 net migration could be zero or negative for the first recorded time since the Depression.

The biggest immediate problem will be higher inflation. Our tracker suggests that Mr Trump's tariffs are currently boosting consumer prices by 0.3 percentage points. This will probably rise over the next few months, and peak around the turn of the year. Economists at Goldman Sachs have found that the more long-standing the tariff, the more it has been passed on to prices. This may be because of the president's volatile policymaking, which encourages companies to wait to raise prices until they know they must. When they do, domestic producers, shielded from competition, follow suit.

These effects will soon push underlying consumer-price inflation close to 3.5%. Already the prices of imported items such as clothes, electronics and household appliances have surged above trend. And people have noticed, especially in poorer households. Our latest polling with YouGov says that Americans disapprove of Mr Trump's handling of inflation by a margin of 28 percentage points, compared with a net approval of six points in January. Higher inflation might also dissuade the Federal Reserve from cutting rates further, threatening those ultra-high stockmarket valuations.

The real damage will be in the longer term. America accounts for only 15% of global final demand for goods imports. If its drawbridge remains up, the world will gradually integrate without it. [Mark Carney](#), the prime minister of Canada, hopes for closer ties between the CPTPP, a mostly Asian trade bloc that includes Canada, and the EU. America is a big enough economy that it can step back from global trade without suffering an economic cataclysm. However, in time tariffs will erode its competitiveness and its economic power—especially if its allies integrate more deeply with China. Global investors have already become more wary of the dollar, which is down by 9% against a basket of currencies this year.

Lower migration will do damage, too. The administration's assault extends to high-skilled workers, some of whom face a \$100,000 fee for visas. Rationing entry by price rather than lottery has its merits. But not all the visas are allocated by chance. Combined with his no-holds-barred deportation programme and attacks on universities, Mr Trump is signalling to the world's best minds that they are not welcome in America.

That will hurt America most of all, because the benefits of skilled migration are enormous. The average migrant with a graduate degree boosts the Treasury's coffers by a net \$1.8m over their lifetime, which helps explain why skilled migrants account for 5% of the labour force but 10% of labour earnings. Once the impact of migrant innovators such as Elon Musk are accounted for, the benefits are larger still. One study attributes 30-50% of American productivity gains between 1990 and 2010 to skilled migrants. When it shuts the door to mobile talent, America is giving up one of the main ingredients of its success.

A gloomy city behind a wall

The battlements around America's economy will not be easy to dismantle. Because other countries have not raised tariffs, America would have to unilaterally lower its duties. But domestic firms, used to protection, will lobby for them to remain. Migrants' faith in the country as a place where they can thrive will not be rekindled overnight. America once thought of itself as a shining city on a hill. As the walls go up, it will seem more like an isolated fortress. The longer this lasts the more likely the world is to move on without it. ■

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Metallic maiden

Japanese politics enters its heavy-metal phase

Takaichi Sanae is a refreshing change—but problems loom

Oct 09, 2025 03:33 PM



IF JAPANESE POLITICS had a soundtrack, it would long have been quiet, calm, ambient music. But with [the selection of Takaichi Sanae as leader](#) of the ruling Liberal Democratic Party (LDP) on October 4th, Japan has entered a heavy-metal phase. Ms Takaichi, a one-time drummer in a heavy-metal band, is poised to become prime minister next week. She will be the first woman to lead modern Japan. Brash, nationalistic and polarising, she fits the trend of politics globally.

Yet Ms Takaichi is no anti-establishment firebrand. She is a long-serving, Margaret Thatcher-admiring parliamentarian. She won over the LDP's

lawmakers and rank-and-file members because they think she has the best chance of preserving its slipping grip on power. The party, which has dominated politics for 70 years, faces challenges from upstarts on the hard right, such as Sanseito, which pushes a “Japan First” agenda.

Dig deeper

- [Meet Japan’s “Fireball”, Takaichi Sanae, its polarising new leader:](#)

To fend off such forces Ms Takaichi proposes a harder-edged version of the politics of her mentor, Abe Shinzo, a prime minister who was murdered in 2022, after he had retired. The question is whether she will be more like Abe in his short, unsuccessful first term, when he was too ideological, or more like Abe in his record-long second term, when he was a deft, pragmatic political operator.

Ms Takaichi’s ascent brings big risks. Her economic policy is, in essence, Abenomics, with its three arrows of fiscal expansionism, monetary accommodation and structural reform. Yet Abenomics was designed for a country struggling with deflation; it [now faces inflation](#) persistently above the Bank of Japan’s 2% target. Ms Takaichi’s proposals would create more inflationary pressure, further strain the budget and undermine the yen. That might please equity investors, who are happy to see fiscal stimulus and a weaker yen. But it will rattle bond markets and, without structural reform—to the labour market, for example—it will not boost Japan’s potential growth rate.

On the international stage, [Ms Takaichi shares Abe’s revisionist views on wartime history:](#). That appeals to Japan’s nationalist right, but if she is not careful she could upset the recent rapprochement with South Korea and sour relations with China. With America she will resent the coercive \$550bn tariff and investment deal that her predecessor struck with President Donald Trump, but she cannot afford to provoke the ire of Japan’s security provider by obstructing it.

At home Ms Takaichi is a divisive culture warrior. She opposes allowing married couples to keep separate surnames—a bellwether for feminists. She

has pandered to growing fears of foreigners. That might bring some conservative voters back to the LDP fold in the short run, but in the long term stoking populism is risky. It could end, like many a heavy-metal concert, in flames.

Yet that is not inevitable. In many respects Ms Takaichi stands for a refreshing change. Unlike the hereditary politicians who dominate politics, she is self-made. She is a keen student of policy. Her plain-speaking style endears her to voters. Though not a feminist, she is breaking an important glass ceiling—the last woman to rule Japan lived more than a thousand years ago.

And structural forces should constrain the new prime minister. China's growing assertiveness and North Korea's new alliance with Russia mean Japan does not have the luxury of squabbling with South Korea over the past. The LDP leads a minority government and will need to broaden the coalition or work with the opposition to make policy. To have a lasting effect on this lofty stage, Ms Takaichi will need to learn how to blend in with the band. ■

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Crime shouldn't pay

Cybercrime is afflicting big business. How to lessen the pain

Banning the payment of ransoms would be a start

Oct 09, 2025 03:33 PM



MORE THAN a month for Jaguar Land Rover (JLR), an Indian-owned carmaker. A week for Asahi, a Japanese brewing giant. Six weeks for Marks and Spencer (M&S), a British retailer. That is how long each of those firms has needed to recover after being hacked. For JLR, the disruption has extended far beyond the firm. Last month the government in Britain, where it is based, said it would underwrite a £1.5bn (\$2bn) loan in an attempt to keep the carmaker's suppliers afloat.

Cybercrime has long been dominated by thieves who set out to steal information for profit. Now they're being joined by thugs, who aim to use

the threat of damage to a firm's operations to extort higher payments.

Cryptocurrency has enabled ransomware, an attack in which hackers seize and encrypt vital data, then promise to unscramble it after a ransom is paid. (Sometimes they even keep their word.) As long as criminals focus attacks on firms in the West, countries such as China and Russia, in which many hacking gangs are based, see little need to crack down.

Dig deeper

- [Businesses are grappling with a wave of cybercrime](#):

[Companies cannot prevent this, but they are not powerless](#): As we report, the recent attacks can teach other firms how to lessen the chance they will suffer a similar fate—and to lessen the damage should they do so.

One message is to be aware of which parts of an attack will prove to be the most expensive in the long run. As cyber-attacks have become more common, firms have begun buying specialist insurance to mitigate the risk. That is a good thing: insurance incentivises companies to take security more seriously, since those that don't take care face higher premiums.

Even so, plenty of companies still do not take out enough cyber insurance, either because of a lack of awareness, or because it is costly. JLR is reckoned to have lost £50m for every week after the attack. M&S is thought to have missed out on around £300m of business in the weeks it spent fixing its website, yet its resilience insurance underwrote just a third of that. Buying insurance that protects against such losses would encourage firms not just to try to stop attackers getting in, but also to ensure their computer systems can recover quickly.

A second idea is to be aware of the risks of outsourcing. Handing off parts of a business to specialist suppliers makes sense. But IT outsourcers hold the keys to many different kingdoms. Front-line employees are usually told to follow a predictable script whenever an IT-support call comes in. These things make outsourcers especially attractive to hackers.

Sure enough, several recent attacks appear to have been carried out after hackers gained a foothold using outsourcing firms. Businesses that elect to outsource should vet their contractors carefully, and decide on risk-sharing arrangements before they sign. Outsourcers themselves may find that beefing up security could differentiate themselves from their rivals.

Governments can help, too, starting with tightening the rules around disclosure. Firms can be reluctant to admit they have been attacked. That reticence makes it harder for the authorities to spot patterns and learn about vulnerabilities, which puts others at risk. America until recently ran forums in which firms could share information confidentially without worrying about falling foul of rules on collusion. They should be revived, and other countries could copy that model.

Governments could go further and ban the payment of ransoms altogether. Some American states already forbid public bodies from making payments. (Britain is planning something similar.) In some places payments may violate rules against shelling out money to organised crime. Elsewhere, police often advise against it. A full ban may sound extreme, but it is in everyone's interest to have less ransomware. The industry persists because it is more strongly in an individual's interest to pay off extortionists. If hacking does not pay, it will wither. ■

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Big men mean big trouble

Africa's leaders-for-life offer a warning to the world

The longer autocrats stay in power, the worse they become

Oct 09, 2025 03:33 PM



THESE ARE bad times for democracy. Strongmen, from Vladimir Putin in Russia to Recep Tayyip Erdogan in Turkey, are flexing their muscles. In America and India democratically elected leaders are flirting with more personalised leadership, if not openly pursuing it. In Europe voters fed up with sluggish growth and social division are tempted by the promises of charismatic authoritarian populists.

That temptation is dangerous—especially if power is being seized by a single person, rather than in the name of a system, as in China or Vietnam. To understand why, look to the part of the world where strongman rule is

most common: Africa. For a time in the 1990s the African “big man” seemed a relic of the cold war. Back then, many African countries adopted democratic institutions, introducing term limits and regular elections. Unfortunately, the democratic heyday was short-lived.

Dig deeper

- [The new age of the African Big Man:](#)

In the coming months, several leaders who have been in power for decades will run in dodgy elections. These include Paul Biya, the 92-year-old president of Cameroon, and Yoweri Museveni, the 81-year-old leader of Uganda. Seven of the ten longest-serving leaders in the world, barring monarchs, are in Africa. Teodoro Obiang of Equatorial Guinea holds the record, with more than 46 years in power. Typically, they stay 50% longer than leaders elsewhere.

Big men are unequivocally bad for political rights. They harass their opponents, imprison them, drive them into exile or have them killed. Free speech is tightly curtailed. Corruption is rampant. Yet defenders of big-man rule tend to argue that, despite all these costs to political freedom, such leaders are needed to bind poor, fragile and divided societies together. Pointing to places like Rwanda, under Paul Kagame, [they say that strongmen can provide a degree of stability:](#) and economic growth that eludes many messy democracies.

New research suggests that this is wrong. Even if strongmen start out relatively competent, they tend to become worse over time. Particularly once they breach term limits, governance deteriorates. Patronage networks become narrower, with more goodies dished out to a shrinking inner circle. Corruption increases. Leaders become more likely to rig elections and then use violence to suppress protests against the inevitable result.

However long autocrats stay in power, countries dominated by a single leader, in Africa or elsewhere, tend to produce poor economic outcomes. Democracies and “institutionalised autocracies” with single parties operate according to an implicit social contract. By contrast, personalised regimes

suffer from more conflict, less private investment and a worse provision of public goods by the government, all of which hurts economic growth.

Alas strongman rule has become entrenched across Africa. The generation of leaders for life, now in their 80s and 90s, is being replaced by younger ones intent on ruling as autocratically, as rapaciously and for just as long. Across the Sahel, leaders of military juntas in their 30s, 40s and 60s, have grabbed power and then reneged on promises to hold elections. In the Democratic Republic of Congo, Félix Tshisekedi, the 62-year-old president, has suggested scrapping a constitutional two-term limit. In Ethiopia Abiy Ahmed, aged 49, is said to see himself as a messiah—and messiahs don't retire.

Across the world strongmen are gaining in power and prominence. The African experience offers a warning. However promising charismatic leaders may look at the start, big men eventually lead to big trouble. ■

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Letters

- **Is Morocco practising a strange sort of colonialism?**

A selection of correspondence :: Also this week, nuclear waste, Finland, free speech, humour, ChatGPT, debt

A selection of correspondence

Is Morocco practising a strange sort of colonialism?

Also this week, nuclear waste, Finland, free speech, humour, ChatGPT, debt

Oct 09, 2025 05:43 PM



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Western Sahara

Contrary to your claim, [the Moroccan Sahara is neither “occupied” nor labelled “contested” by the United Nations](#) (“An odd sort of colonialism,” September 20th). Since 2007, the UN Security Council has consistently recognised Morocco’s Autonomy Plan as a “serious and credible” basis for

resolving the dispute, most recently in Resolution 2756 (2024). Over 100 countries now support this initiative, and more than 30 have opened consulates general in Laayoune and Dakhla. In June, Britain joined this consensus, calling the plan the “most credible” and “pragmatic” way forward.

Equally misleading is the suggestion that Morocco’s investments in the region are tools of control. The New Development Model for the Southern Provinces, launched in 2015 with an \$8.8bn budget, aims to deliver 120,000 jobs, 1,000km (620 miles) of expressways, universal access to electricity and drinking water, and transformative projects such as the \$1.2bn Atlantic Port in Dakhla and pioneering green-hydrogen initiatives. Human development indicators bear this out. Literacy in Laayoune-Sakia El Hamra now exceeds 84%, and life expectancy stands at 76 years. UNDP and World Bank data confirm the Sahara as one of Morocco’s most advanced regions.

Morocco has a plural national fabric. The kingdom has always united Arabs, Amazighs, Sahraouis, Muslims and Jews. Far from being marginalised, Sahraouis hold leadership positions at every level, as ministers, governors, parliamentarians, mayors and regional presidents. In the 2021 elections, voter turnout in the Southern Provinces was significantly above the national average, underscoring the population’s strong civic engagement and sense of belonging to Morocco. Finally, your reference to phosphates is factually inaccurate: reserves in the Sahara account for less than 2% of Morocco’s total.

The true colonial anachronism is not Morocco’s presence in its Sahara, but the perpetuation of an externally backed separatist project. This is while populations in the Tindouf camps remain unregistered by the UNHCR, in breach of its mandate, and deprived of their most basic rights.

AMBASSADOR HAKIM HAJOUI
Embassy of Morocco
London

Having spent much time in Morocco over the past 30 years, including in Dakhla and its Southern Provinces, I was surprised by the tone of your article. By invoking the tired vocabulary of empire, it obscured what is

actually taking place on the ground, a story of reunification, investment, and shared prosperity, firmly looking forwards, not backwards.

Morocco's autonomy plan for Western Sahara is the only credible solution to a long-running conflict. Furthermore, it aligned Britain with its allies in America, France, Spain, the Netherlands, Saudi Arabia, the United Arab Emirates and many others who also endorse the autonomy plan.

Morocco's initiative, advanced under its sovereignty, offers local populations the means to govern themselves democratically while benefiting from the opportunities of a united Morocco. What I see in Morocco is a coherent strategy for investment in projects including roads, ports, renewable-energy projects, schools and hospitals, and most importantly, country-wide growth. The path forward lies not in recrimination but in confidence, that political solutions and economic opportunity can converge to create lasting peace.

Dakhla and the Southern Provinces are booming, because they are opening up to the world. Seeing this as a form of colonialism does nothing to benefit Morocco, the people of the Southern Provinces, or the relationship between Morocco and Britain.

SIR LIAM FOX
Chairman
UK Abraham Accords Group
London

Where to bury nuclear waste

After trying for 40 years [Britain has still not decided on a deep nuclear-waste repository site](#) ("The spoils of nuclear waste", September 27th). But this is not because of strict local-planning regulations. Rather, it is Britain's policy of prioritising consent from voluntary communities that means we may never identify a site. Finland, France, Sweden and Switzerland have selected their sites without first consulting volunteer communities. Instead,

they identified areas where technical considerations were suitable and only then began engaging with locals. Britain needs a radical re-think.

JONATHAN TURNER
Former chief geologist
Nuclear Waste Services
Birmingham

Stoic Finns

Unmentioned in your analysis of [what Finland can teach Ukraine](#) (“From Helsinki with love”, September 6th) is that Finland is the only country to have paid its reparations fully after the second world war. Given Finland was a “devastated, dirt-poor country” at the time, this serves as another example of Finnish grit. Or, as my Finnish-American grandfather would say, *sisu*.

T. MICHAEL SPENCER
Washington, DC

The internet can be censored

[You asked whether Donald Trump can muzzle America’s press](#) (“Making media great again”, September 27th). The piece noted that Mr Trump could be constrained by technological shifts and fast-moving online news, a situation where keeping a lid on free speech is “like trying to nail jello to the wall”. But the context of that quote matters. Bill Clinton said it in 2000 regarding China’s difficulty in cracking down on speech in the early internet era. Two decades later, Beijing has shown that with technology, online speech can indeed be tightly managed. Might Mr Trump try to draw lessons from that experience?

STEVEN ZHOU
Hangzhou, China

The psychology of humour

I enjoyed the perspective on [the Jimmy Kimmel affair](#) in “First, they come for the comedians” (Back Story, September 27th). In “The Joke and Its Relation to the Unconscious” Freud wrote this about humour: “By making our enemy small, inferior, despicable or comic, we achieve in a roundabout way the enjoyment of overcoming him, to which the third person, who has made no efforts, bears witness by his laughter.” No wonder we all love a good joke. It costs the listener nothing while boldly capturing what he or she secretly agrees with.

KURT ELA
Clinical associate professor of psychiatry
Georgetown University *Washington, DC*



Faceless AI

Your leader on [“The lethal trifecta” in artificial intelligence](#) (September 27th) mentioned how Victorian engineers overbuilt as they were unsure of the materials they were using. Yet Isambard Kingdom Brunel, perhaps the era’s greatest engineer, took a different tack. His broad-gauge trains

outpaced their brakes, his atmospheric railway ran on optimism rather than practicality, and his bridges sometimes failed spectacularly. His genius was matched by blind spots.

Fittingly, when I asked ChatGPT about IsambardAI it didn't recognise Isambard-AI, Britain's new flagship supercomputer. One missing hyphen erased the whole reference. It's a small slip, but it echoes the Victorian pattern: dazzling systems, under-mined by overlooked details. If today's AI coders are to learn from Brunel, they should pair ambition with the engineer's gift for redundancy and safety, and double-check the hyphens.

Malcolm Harker
Seattle

Avoid unnecessary debt

Buttonwood's observation (September 27th) that [well-to-do younger people are borrowing money to improve their stockmarket returns](#) reminded me of a comment by Warren Buffett. In 2018 the investor related how Charlie Munger, his then vice-chairman, thought there were only three ways a smart person could go broke: liquor, ladies and leverage. Munger added the first two because they started with L, quipped Mr Buffett; the truth is it's always leverage that will break a smart person.

J.W. ARMSTRONG
Sierra Madre, California

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By Invitation

- **Rising antisemitism reflects wider social ills, says Britain's former counter-terrorism co-ordinator**

After the Manchester synagogue attack :: Sir David Omand on why social cohesion in the face of extremism is a security imperative

After the Manchester synagogue attack

Rising antisemitism reflects wider social ills, says Britain's former counter-terrorism co-ordinator

Sir David Omand on why social cohesion in the face of extremism is a security imperative

Oct 09, 2025 01:08 PM



THE ATTACK on worshippers at the [Heaton Park synagogue in Manchester](#) on Yom Kippur, Judaism's holiest day, provided another grim reminder that the struggle with hate-fuelled extremism continues. Yes, within seven minutes armed police had arrived and shot the terrorist dead. But the potential damage to community confidence—and to the wider social fabric—lingers.

When antisemitic tropes proliferate online, when conspiracy theories about Jewish power gain traction, it creates an environment in which society becomes inured to the likelihood of violence. Between January and July this year alone, over 1,500 antisemitic incidents were recorded in Britain—the second-highest total ever reported in the first half of any year. This reflects a global pattern. In Britain last year 201 of these attacks were violent, the highest in Europe, followed by Germany with 148 and France with 106. In America antisemitic incidents reached well over 9,000 in 2024, the highest level recorded in the 46-year history of tracking such data. For the first time, the majority of these incidents included elements related to Israel or Zionism, showing how righteous anger over geopolitical conflict thousands of miles away inflames passions, and in the process revives antisemitic tropes.

Yet threats to a healthy society extend well beyond antisemitism. When feelings against illegal immigrants lead to violence in the street, when the “great replacement” conspiracy circulates on social media, and when the ills of the nation are projected onto the “other”, those not like us, we witness a broader assault on social harmony. In my book [“Securing the State”](#), I argued 15 years ago that social cohesion in the face of extremist violence is not only a noble aspiration but a security imperative. If communities feel unsafe in their own neighbourhoods, if children have to hide in synagogues or mosques in terror, if worshippers are murdered at prayer, the social contract is seen to fracture. The very possibility of living together in mutual respect is called into question.

The Manchester attack fits a pattern: a British citizen of Syrian descent radicalised and thus feeling justified in setting out to slaughter members of a vulnerable community, and choosing to do so on its most sacred day in order to double down on the horror of the moment. Across Western democracies, such attacks with vehicles and knives have become a dominant form of terrorism.

Some responses to the Manchester attack already demonstrate the inflammatory potential of incendiary speech. Research consistently shows how often violent extremists broadcast their intentions beforehand—through social-media posts, statements to peers and family, or online

manifestos. The workings of the digital ecosystem that emboldens individuals to justify political violence must be exposed as a matter of urgency. We must learn to pause and reflect on the possible consequences before posting comments that may add fuel to the flames or hitting the like button on the extreme opinions of others.

This is particularly true for young people. Nearly two-thirds of arrests linked to the Islamic State terror group in Europe in 2024 involved teenagers. In Britain, one in five terror suspects is now under 18. These disaffected young people are being radicalised by extremist propaganda that offers them a sense of identity and purpose. Traditional counter-terrorism tools, designed to detect and disrupt organised networks, struggle against individuals who leave fewer digital traces and operate without command and control. The timespan between initial exposure to extremist material and carrying out an attack has shortened considerably, making early prevention increasingly difficult but all the more necessary.

Keeping our balance on the high wire between free expression and public safety also requires strong nerves. Countering hate speech is not about criminalising offensive opinions but about openly challenging the narratives that dehumanise entire communities. When political leaders or social-media influencers subtly pander to the demons of violent instincts, they must be called out. Civil society, educational institutions and religious leaders all have roles to play in building resilience to violent ideologies.

The challenge for responsible leaders in democracies is to hold their nerve. The strategic objective I drafted after the attacks of September 11th 2001 for the British government's counter-terrorism strategy, CONTEST, remains as relevant today as it was then: to reduce the risk from terrorism so that people can go about their normal lives. That involves holding fast to our sense of normality, while quietly and intensively gathering intelligence on those who mean us harm and unobtrusively strengthening protective security for vulnerable communities.

Since the very means of terrorism is putting people in fear, if we can show we are not going to be cowed then civilised society will be stronger and the terrorists weaker. We must not fall for the extremists' tactic of tempting us into overreaction, rushing to add repressive laws to the statute book,

suspending legal rights or compromising on the rule of law. Often, unglamorous but determined and sustained effort is the right course.

Finally, we must recommit to the project of social harmony itself. This means firmly rejecting violence as a means of expression while addressing the legitimate grievances that extremists exploit, such as the shortages of aid in Gaza and Sudan. This means encouraging those who foster dialogue between communities to ensure all feel they have a stake in society. The goal articulated two decades ago remains the right one: working to reduce the risk from terrorism and political violence so that people feel able to make the most of their lives, freely and with confidence. ■

Sir David Omand is a visiting professor in the Department of War Studies at King's College London. He was formerly UK Security and Intelligence Co-ordinator, responsible for counter-terrorism strategy.

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Briefing

- **[Israel and Hamas agree to the first phase of Donald Trump's peace plan](#)**

Deliverance :: But neither side is fully reconciled to what is supposed to come next

Deliverance

Israel and Hamas agree to the first phase of Donald Trump's peace plan

But neither side is fully reconciled to what is supposed to come next

Oct 10, 2025 02:50 PM | Gaza and Jerusalem



IT WAS A surreal end to a horrific war. On October 8th, in the middle of a White House event about the supposed threat of left-wing radicals in America, Marco Rubio suddenly dashed over to his boss. The secretary of state gave Donald Trump a handwritten note, the text of which was visible to eagle-eyed photographers in the room. Negotiators in Egypt, it said, were “very close” to a [ceasefire agreement](#) to end the war in Gaza. Mr Trump was urgently needed in order to approve a social-media post that would announce the deal.

Sleepless souls across the Middle East spent the next hour refreshing Truth Social, Mr Trump's social-media site. His missive finally came just before 2am in Israel and Gaza. The deal was done, Mr Trump wrote: "Israel and Hamas have both signed off on the first phase of our peace plan." They were scheduled to accept the ceasefire formally at noon in Egypt on October 9th.

[Read all our coverage of the war in the Middle East](#)

The fighting is supposed to stop as soon as the ink is dry. Mr Trump said the 20 living Israeli hostages in Gaza could return home on October 13th, after 737 days in captivity. The Israel Defence Forces (IDF) would pull back from cities in Gaza and allow a flood of humanitarian aid to enter.

For the 2m Gazans, who have endured [two years](#) of death, destruction and famine, the deal is a mercy. It will bring catharsis to Israelis, most of whom had long since come to despair for the hostages and the endless fighting. It is a diplomatic triumph for Mr Trump after months of failed negotiations. And it is a relief to the wider world, where the plight of the Palestinians has stirred anguish.

When news of Mr Trump's announcement arrived in "Hostages Square" in central Tel Aviv, where relatives of the Israelis held in Gaza have gathered for the past two years, there was muted cheering and gasps of disbelief, followed by tears. "That's it, our family will be whole again," sobbed and laughed Einav Zangauker, a single mother of three, whose son, Matan, is one of the 20 hostages still believed to be alive in Gaza.

In Gaza the euphoria was tempered by exhaustion. "We got used to war—it's all we've known for two years—how to run from one place to another," says Hisham Mater, a civil engineer and father of four in Khan Younis, a city in the southern part of the Strip. A mother in Deir al-Balah, in the centre, hopes that she can at last show her three-year-old his first egg.

Step by step

Yet as Mr Trump acknowledged, it is only a first step. The 20-point peace plan he unveiled on September 29th outlines a far-reaching vision for post-war governance, security and reconstruction in Gaza. It is a mile wide and an inch deep: he left the details vague, and the negotiators in the Egyptian resort of Sharm el-Sheikh did not even try to clarify them. Instead they deferred the fine print to future talks.

For now, there will be much to celebrate. Gazans will be safe at last from bombs and hunger. Israeli hostages will be reunited with their families. A war that started with the massacre of nearly 1,200 people in southern Israel on October 7th 2023, and went on to kill 67,000 people in Gaza, will come to a long-overdue end. But much still needs to be done to prevent it from restarting—and to put Gaza on the path to a better future.

The hostage release will be the centrepiece of the deal's first phase. Mr Trump's plan gives Hamas 72 hours to release them after the agreement is signed. The group told negotiators it may need more time to gather them (some are held by other militant groups). Both Israeli and Palestinian sources, though, expect they will be freed within days. It is less certain that Hamas will meet the deadline to turn over the bodies of 28 hostages who died in captivity. The group admitted to mediators that it does not know where all of them are.

In parallel, Israel will release 1,950 Palestinians from its jails. Most are prisoners detained since the massacre (some have been held without charge). But 250 of them are serving life sentences for taking part in deadly attacks. Their names are likely to be negotiated until the last minute.

Hamas, for example, wants Israel to release Marwan Barghouti, a politician and militant convicted of complicity in an attack that killed five people. He is more popular with Palestinians than any other politician; polls suggest he would win a presidential election. Israel is determined to veto his release.



Once the hostage release is complete, the IDF will conduct its first partial withdrawal from Gaza, although it would continue to occupy around half of the enclave (see map). It will also open five border crossings for aid deliveries. The quantity of supplies is meant to be at least equal to that during a previous ceasefire in January, a time when the UN and aid groups said Gaza had enough food and medicine.

This first phase is, in theory, the more straightforward part of Mr Trump's plan. The second stretches far into the future. It involves the disarmament of Hamas; the creation of a transitional authority to govern Gaza; and the deployment of a multinational peacekeeping force to provide security. Mr Trump would chair a "board of peace" to oversee all this. The IDF would carry out further withdrawals, eventually pulling back to a narrow buffer on Gaza's periphery. At the end, if all goes well, Israel and the Palestinians would resume talks about Palestinian statehood—the "two-state solution", in the jargon.

Negotiators decided to reach a deal on the first phase while leaving the details of the second fuzzy. But the plan was not so easily cleaved in two. Even during the narrow talks of the past few days, the pace and scale of Israel's future withdrawals became an issue. In public, some Hamas officials demanded that it pull out entirely once the last hostage was released—a big change to the Trump plan and a non-starter for Israel.

That turns out to have been a negotiating ploy. In the end, Hamas settled for assurances from Mr Trump that he would hold Israel to the plan. Yet its woolliness leaves lots of room for misunderstanding. It talks, for instance, of the IDF pulling out "based on standards, milestones, and timeframes linked to demilitarisation". That language is vague enough to generate fear that future withdrawals might never happen. It does not help that Binyamin Netanyahu, Israel's prime minister, says Israel will remain "deep inside the Strip" for the foreseeable future.



Where to begin?

It took enormous pressure from foreign powers to convince the warring parties to agree. For once, an American president got tough with Mr Netanyahu. The lobbying of Hamas was no less intense. In July the entire Arab League called on the group to disarm. Officials from numerous Arab countries told Hamas that it had no choice but to accept the Trump plan. If it refused, the consequences would not just fall on civilians in Gaza: the political leaders of Hamas themselves also risked exile from Qatar, and it was unclear who else might take them in.

Even as Arab leaders tried to end the war, though, they were quietly nervous about their role in what comes next. Reconstruction is one worry. Rich Gulf states will be on the hook to help pay for the rebuilding of Gaza, which the World Bank estimated in February would cost \$53bn. They have endorsed an Egyptian plan to clear the rubble, build new homes and repair Gaza's wrecked infrastructure. But they are reluctant to invest in Gaza if their investment might be blown up in a future war, a real concern if Hamas or other militant groups keep their weapons.

Still wary

A peacekeeping force might help alleviate that fear, but assembling one is itself another difficulty. Turkey this week said it would be willing to participate; there are rumours that Azerbaijan and Indonesia are also prepared to send troops. But so far, no Arab countries have signed up. Much of the Middle East thinks Israel has committed genocide in Gaza. Arab leaders worry that, in the eyes of their subjects, they may look as if they are helping the IDF heap further violence and misery on Palestinians.

For Hamas, the fact that they were involved in any sort of negotiation at all was something of a relief. Mr Trump's original 20 points had sounded like an ultimatum, and not only because of its strict deadline on releasing the hostages. It also decreed that Hamas would have to disarm and disavow any role in government. If it did not accept, Israel would be free to "finish the job" of obliterating it.

The group tried to turn this order to capitulate into a blueprint for a comeback. It hesitated for longer than the stipulated time before agreeing to the plan, and then did so with sweeping qualifications: it refused to disarm and insisted that it would play a role in Gaza's future. Mr Trump nonetheless praised Hamas's half-hearted acceptance as proof that "they are ready for a lasting PEACE" and reposted a Hamas statement defending the inalienable rights of the Palestinian people.



A whisper two years in the making

Behind the scenes, Hamas's leadership was having a hard time deciding what it was ready for. Unlike its rival, the Palestinian Authority (PA), whose president has the final say on everything, Hamas operates by consensus. The diverging interests of its many arms—its fighters, its exiled leaders, its West Bank contingent, those on the ground in Gaza and those in prison in Israel—are accentuated by the rivalries of its patrons in Iran, Qatar and Turkey. Messages can take weeks to travel from tunnels in Gaza to office-blocks in Doha and Istanbul. Wrangling follows.

Israel's decapitation of Hamas's senior ranks, both in Gaza and abroad, further complicated decision-making. The head of its delegation in Sharm el-Sheikh, Khalil al-Hayya, narrowly escaped an Israeli missile strike in September that killed his son, an aide and three bodyguards. The group's 15-man politburo has no leader after the assassination of the two previous incumbents. The membership of its Shura Council is a secret.

All elements of Hamas, however, were feeling the heat. For the exiles, as well as the risk of assassination, there was the prospect of being left with no friends except Iran, which itself is isolated and cowed. Inside Gaza, too, the pressure was building. Intelligence sources think Hamas's military wing, the Qassam Brigades, can still muster perhaps 10,000 fighters. Some 2,000 of its crack Nukhba force are said to be hiding in Gaza city. But that means more than half of Hamas's footsoldiers have been killed. A recent change of Israeli tactics skewed the odds even further against the remainder: as well as warplanes and drones, the IDF made growing use of driverless vehicles. Remote-controlled armoured cars packed with explosives careened around Gaza city.

Meanwhile, ordinary Gazans were bridling at the price they have paid for Hamas's *tahawur*, or recklessness. Powerful clan networks grew increasingly defiant. "There's huge pressure from Gaza," says a Palestinian diplomat. "People don't care about Hamas. They just want the war and displacement to stop."

All this helps explain why Hamas accepted the idea of releasing the hostages. Indeed, some of its leaders may have wondered if they had played

into Mr Netanyahu's hands by keeping them so long, given his seeming reluctance to end the war. That is why the group was so keen to secure promises from Mr Trump: it does not want to repeat the experience of the previous ceasefire, when Mr Netanyahu refused to negotiate over its second phase and ultimately resumed the war.

Beyond the hostage release, however, consensus within Hamas quickly evaporates. Some in its politburo are minded to accept a handover of power to a foreign governing body, as Mr Trump's plan dictates. Yet Hamas's statement on the plan undertook "to entrust the administration of the Gaza Strip to an independent Palestinian administration" without mentioning Mr Trump and his "board of peace".

Weapons introspection

Above all, Hamas is divided about surrendering its weapons. Some want to postpone disarmament until Israel has fully withdrawn, or even until Palestine has a functioning state. Others suggest handing over its rockets, but keeping its guns, which Hamas fighters might need to defend themselves against vengeful clans. The Trump plan itself goes even further, calling not just for disarmament but for the destruction of military infrastructure such as the movement's tunnel network.

Behind the disagreement about disarmament lies a broader rift over Hamas's future. Its formal name is the Islamic Resistance Movement. Its armed wing holds two seats on its politburo. This faction continues to see the horrors of October 7th as a victory, which proved Hamas's mettle and drew the world's attention back to the Palestinians' plight, whatever the human cost on both sides. But others wish to put politics above arms. A former leader speaks of abandoning the armed struggle and creating a new political movement, Justice and Development (echoing the name of Morocco's and Turkey's ruling Islamist parties), to prepare for statehood and peace with Israel.

Israel's leadership has been wrestling with similar dilemmas. Despite the devastating force with which the IDF has pummelled Gaza for the past two years, Hamas has not been wiped out. A recent Israeli operation in Gaza city

involved pumping thousands of gallons of cement into a narrow shaft beside a hospital compound, to seal the entrance to an underground factory in which the army says Hamas was building rockets. As he watched his troops secure the area, a senior officer admitted, “There are other strategic assets like this we need to take out. Hamas are proving they can still operate.” Another senior soldier complained, “I have to keep planning on parallel timelines. We have our mission here but at the same time at any moment they may tell me there’s a ceasefire and we’re pulling back.”

Most of the upper ranks of the IDF are in favour of Mr Trump’s plan. In part, they simply reflect Israeli public opinion, which is overwhelmingly enthusiastic: a recent poll found that 72% of Israelis approve of it, with only 8% opposed. The top brass also want to give their forces some breathing space—especially the tens of thousands of reservists who have spent hundreds of days in uniform, away from their families and their civilian jobs. “We can’t wait to give the order to fall back and leave Gaza,” the first officer said.

But that view is not universal. A subordinate passing by the command-post in the blitzed neighbourhood wears a patch on his helmet which says “Gush Katif”—the name of an area of Israeli settlements in Gaza that the Israeli government forcibly evacuated in 2005 as part of its complete withdrawal from the enclave. Others also wear such patches, an expression of their hope to see the settlements rebuilt and a permanent occupation resume.

That hope is shared by a faction within Mr Netanyahu’s government, which does not see any peace deal with Hamas as reliable or desirable and instead wants to occupy Gaza. They champion an earlier plan of Mr Trump’s, first aired in February, in which he seemed to envisage the expulsion of the local population to make way for a ritzy seaside development that he called “the Riviera of the Middle East”.

The president’s new plan still emphasises economic development. He wants Gaza to be a “special economic zone” with “preferred tariff and access rates”. But he now specifies that “no one will be forced to leave”. Quite the opposite, in fact: he calls for “jobs, opportunity and hope” for Gazans and “will encourage people to stay”. In the long run, he wants Israel to agree to “a credible pathway to Palestinian self-determination and statehood”.

It is not just the hard right that rejects this idea. Despite Israelis' enthusiasm for Mr Trump's plan, a recent poll by Gallup found that 63% of them would not support a two-state solution and that only 21% thought a lasting peace would ever come about. They are aware that most Gazans are descendants of refugees who fled the war which led to Israel's creation in 1948. They have now been displaced again, within the tiny territory in which they have been trapped for generations.

Long before the attacks of October 7th, Israelis had feared that Gazans would strike back. In a speech in 1956, the chief of staff of the IDF at the time, Moshe Dayan, claimed that, on the other side of Israel's fortifications, "crowd hundreds of thousands of eyes and hands praying for our moment of weakness, so that they can tear us apart". Such views of Gaza remain commonplace, and Israelis assume the misery they have inflicted over the past two years has only made things worse.

What is more, few imagine that barring Hamas from Gazan politics, as the Trump plan requires, will do much good. Hamas was founded in 1987, but its origins lie in charities and social movements operating in Gaza's teeming refugee camps. Even if Hamas does disarm and disband, the conditions that underpinned its rise have only intensified over the past two years. "Hamas's social networks will remain deep in the strip's fabric," says an Israeli intelligence analyst. "It's pointless to think they can be removed." Anyway, few Israelis have much faith in the obvious alternative, the PA: only 12% supported its return to Gaza in a survey carried out in July.

Israelis have learned to be sceptical of plans that appear to resolve Gaza's status once and for all. The first stage of the Oslo accords, in 1994, saw the PA take over the administration of the territory. But Hamas overthrew the PA there in a bloody coup in 2007. Neither repeated military incursions, nor the high-tech system of surveillance and fences the IDF constructed, succeeded in insulating Israel from Gaza.

Mr Netanyahu appears to be pandering to the Israeli public's ambivalence when he says that he accepts the Trump plan and then says things that are manifestly counter to it, including that he will resist a two-state solution and that "the IDF will continue to hold all of the controlling areas deep inside

the Strip". He also pointedly ignored Mr Trump's request to stop bombing Gaza while talks were under way.



On his way home

Gaza will almost certainly be the main issue in Israel's next election, which must be held by next October. The opposition parties will hold Mr Netanyahu responsible not only for failing to prevent the October 7th attack, but for prolonging the war when an agreement similar to the Trump plan could have been reached much earlier. His current hard-right coalition partners will accuse him of ending the war prematurely, before Hamas was destroyed and full control over Gaza established.

But none of the sides in Israeli politics has a coherent plan for Gaza's future or Israel's relationship with it. Few politicians support a two-state solution or see any future in collaborating with the PA, even though the Trump plan calls for both. In other words, even if Mr Netanyahu and his hard-right allies lose power, there is little prospect of a government eager to implement the Trump plan in full.

The strategy of deferring negotiations over the longer-term elements of the Trump plan and focusing instead on the most immediate problems was understandable. The prospect of bringing home all of the hostages at once

proved a powerful inducement for Israel. Pressure from Mr Trump should ensure Israel does not renege on the ceasefire.

Half-settled

Yet signing a half-done deal carries risks. One is that Mr Trump fails to apply the needed pressure, as he did earlier this year. His attention might wander or Mr Netanyahu might convince him to relent.

The other is that the phase-two talks flounder. They are full of issues that are not only thorny but intertwined. Israel wants Hamas to disarm before its next withdrawal, but many in Hamas see the armed struggle as the only way to achieve Palestinian statehood. Yet Palestinian statehood is unpalatable to Mr Netanyahu and his likeliest successors, especially if Hamas plays any part in its genesis. Negotiators focused their efforts on the first few days after a two-year war—but the Israeli-Palestinian conflict has lasted for the better part of a century in part because it is so difficult to disentangle its many strands.

The ceasefire will bring great relief and optimism, but the dire conditions in Gaza will be hard to rectify. Reconstruction will be slow. Armed gangs will proliferate. The thriving economy that is supposed to underpin a broader peace will take deal years to build, if it ever materialises. The challenge for Mr Trump will be to make sure that his plan does not simply end one round of fighting while sowing the seeds for the next. ■

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United States

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All quiet on the southern front

Donald Trump is victorious at the southern border

Will it stay closed to migrants?

Oct 09, 2025 01:09 PM | SAN DIEGO and TIJUANA



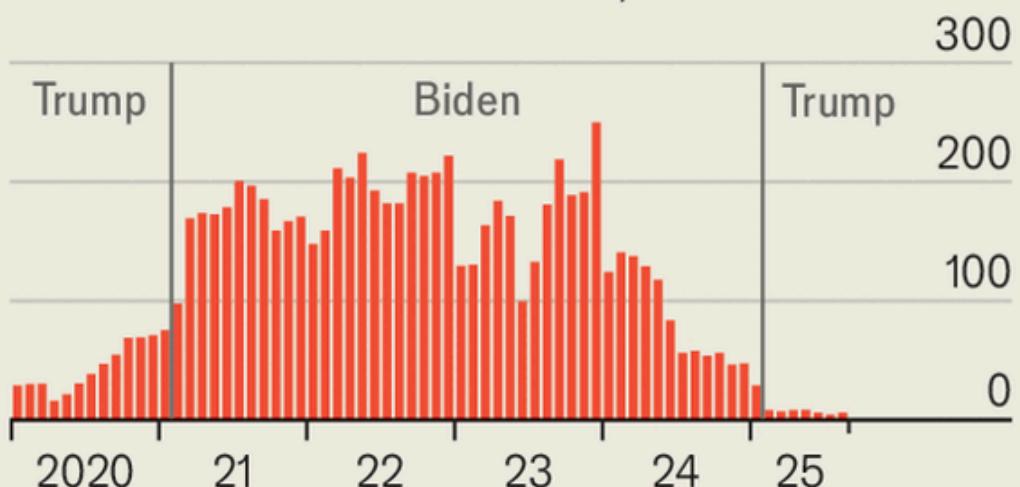
IN 1971 THE barrier that separated San Diego from Tijuana was a bit of chicken wire. Even that was too much for Pat Nixon, who was First Lady at the time. When she visited the beach at the very south-western edge of California she decided she wanted to meet the Mexicans queuing to greet her. So she asked the mayor of Tijuana to tear down the fence. “I do hope that this will be a common beach,” she said. “Because we’re such good friends with Mexico, I don’t think we need a border.”

That spot eventually became known as Friendship Park. Families that could not reunite legally in either country would meet at the fence. John Fanestil,

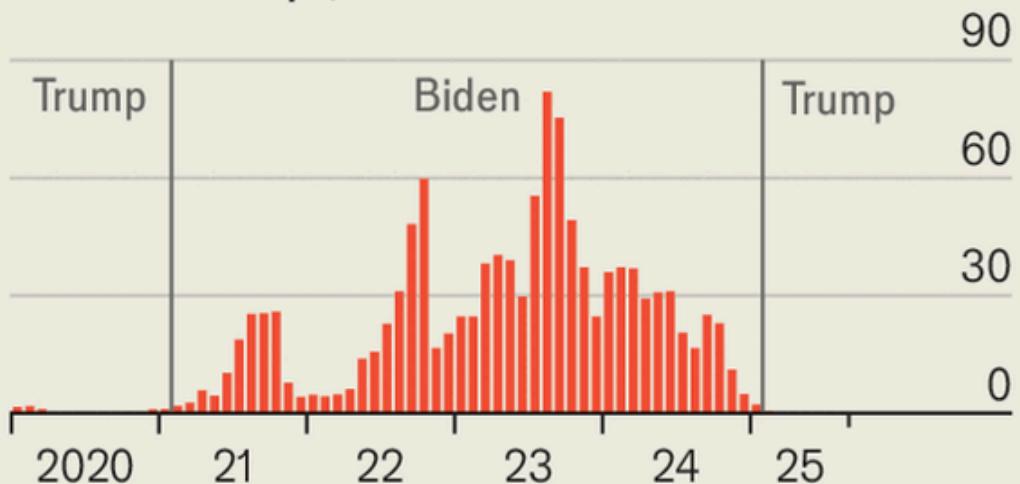
a Methodist pastor living on the California side, visited every Sunday. “You could buy a taco through the wall,” he recalls. In 2011 he started regularly holding “border church”. Parishioners shared tortillas and grape juice. But, little by little, access to the park was restricted. The wall became two walls, and they grew taller. Visiting hours diminished. Today the two halves of Friendship Park are a study in contrasts. The Mexican side is buzzing. Vibrant murals adorn the wall and vendors sell churros to beachgoers. The American side is empty; it is a militarised zone. Mr Fanestil used to trespass occasionally to protest against the separation. “I don’t anticipate doing that,” he says, with Donald Trump in office.

Border order

United States, migrant apprehensions
at the south-west land border*, '000



Irregular crossings through
the Darién Gap[†], '000



*Only encounters between ports of entry shown

[†]Into Panama from Colombia

Sources: US Customs and Border Protection; Migración Panamá

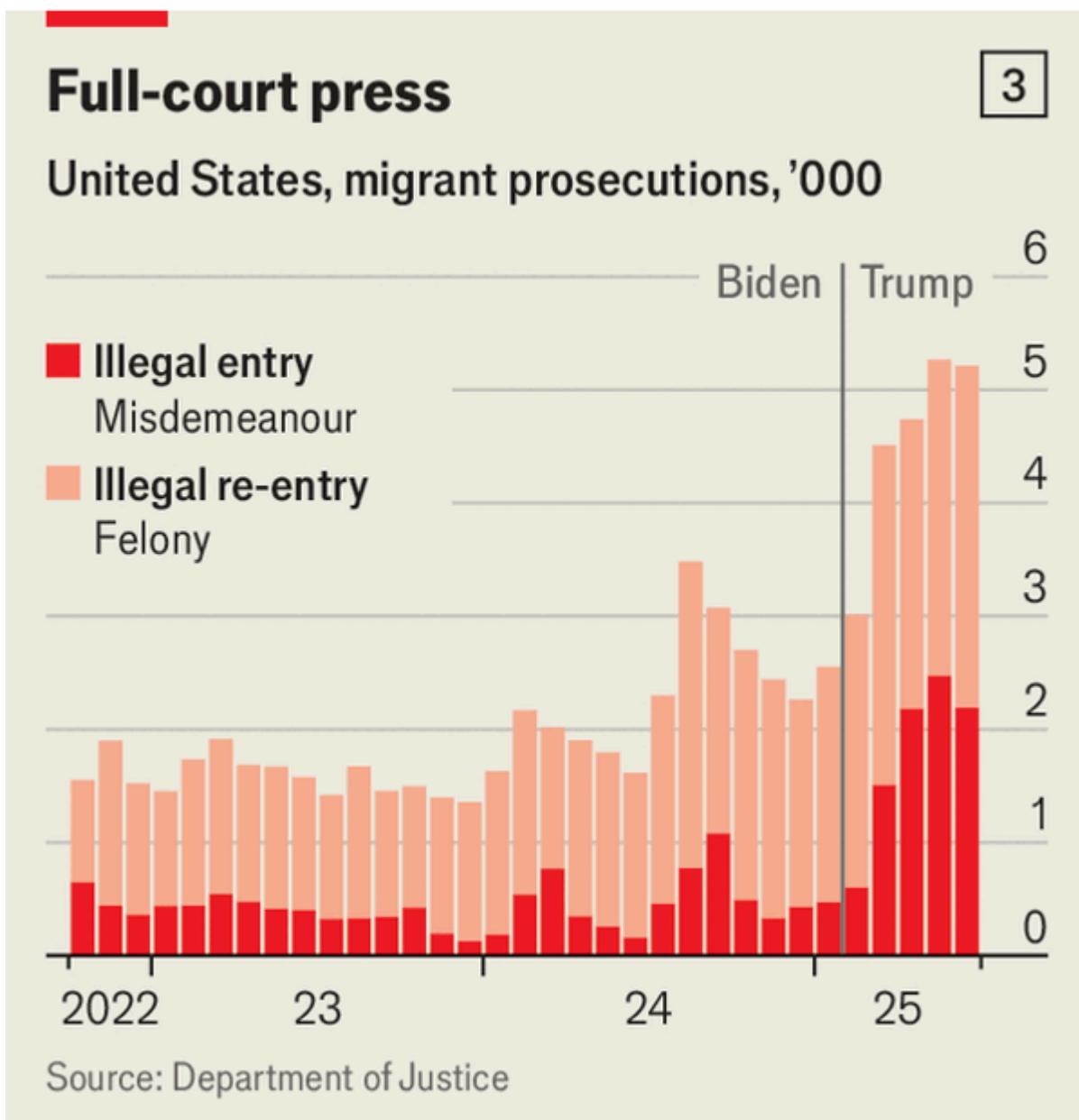
Few others are trying to cross either. “Encounters” of migrants by Border Patrol agents at the frontier began to fall during the final year of Joe Biden’s presidency. After Mr Trump took office they plummeted to the lowest level in decades (see chart 1). In Tijuana aid workers say migrant shelters, once overflowing, are mostly empty aside from Mexicans fleeing violence in their hometowns. This does not seem like a short lull. Almost no one is travelling north through the Darién Gap, a jungle on the Colombia-Panama border that became a thoroughfare for migrants from all over the world intending to claim asylum in America (see chart 2). A small reverse [migration](#) has even begun. At least 15,000 people, mostly Venezuelans, have returned to South America since January.

Mr Trump is claiming victory on the issue that launched his political career a decade ago. “On our southern border, we have successfully repelled a colossal invasion,” he told the UN last month. Many border wonks are sceptical of the effectiveness of enforcement alone. They contend that the US-Mexico frontier is so long (1,950 miles or 3,145km) and the *coyotes* (people-smugglers) so wily, that people will always find new ways to cross. That argument has held up—until now.

The Trump administration has thrown the entire might of the federal government behind stopping illegal [immigration](#). Their approach “is layered, like an onion”, says Adam Isacson, of the Washington Office on Latin America, a think-tank. Soldiers, harsher penalties for border-crossers, the performative cruelty of deportations without trial to prison in El Salvador and a ban on asylum reinforce each other. The UN’s migration body interviewed migrants in Mexico who had set out for America and then changed their minds. Most cited border restrictions, policy changes and fears of deportation as their reasons for not crossing. The administration’s approach can be summarised by a message it posted to an official WhatsApp channel: “*Ni lo intentes*” (Don’t even try it).

First, consider the military might deployed to deter the alleged invasion. It is not unusual for presidents of either party to send troops to help Border Patrol with logistics or surveillance. This administration has gone further. The president directed the Department of War (as it is newly known) to annex some border land and attach those parcels to nearby (and sometimes

not so nearby) military bases. The Posse Comitatus Act prevents soldiers from arresting people, a duty reserved for cops. But the idea is that if a migrant crosses the border and walks onto these annexed pieces of land, soldiers can detain them for trespassing on military property.

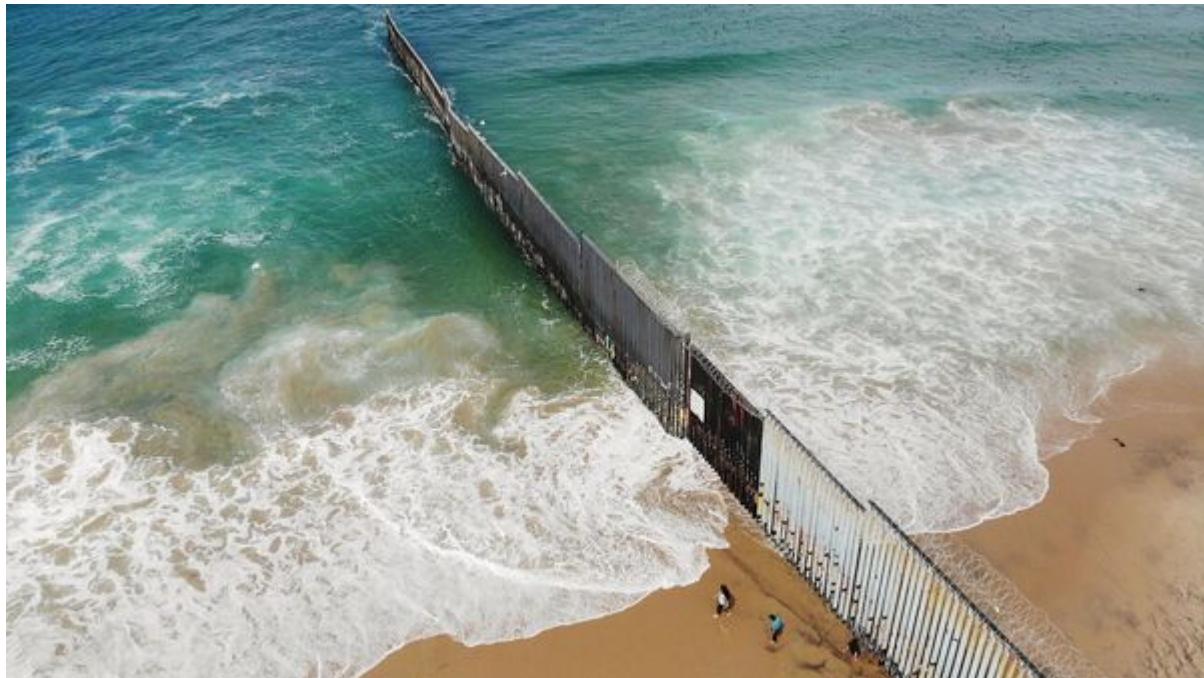


This is not the only military deterrent. Stryker armoured vehicles and anti-submarine surveillance planes are now features of the borderlands. The One Big Beautiful Bill, passed in July, includes nearly \$47bn to keep building the wall and equip it with cameras and sensors. Mike Banks, the chief of

Border Patrol, suggests that the military presence won't be permanent. "We will get back to a point where we will control the border without the assistance of all of this support," he said recently. But a full withdrawal seems unlikely.

Second, the administration is getting tougher on those who still dare to cross. Encounters at the border have dwindled, but federal prosecutors are charging ever more migrants with illegal entry (see chart 3). There is some evidence that the threat of criminal charges reduced the likelihood that migrants would try to cross the border multiple times during the Obama administration. Back then, Border Patrol called it "consequence delivery".





The third tenet of Mr Trump's layered border strategy veers from delivering consequences into demonstrations of cruelty. In this administration the routine process of deporting someone—a normal part of immigration enforcement under any government—has changed. Masked agents grab people from street corners, detain them (often in squalid conditions), and sometimes remove them to a country they have never set foot in. Migrants in Baja California tell aid workers they are scared of being jailed indefinitely in America or sent to a Salvadoran prison. Why risk your life to cross the border just to live in fear?

Underpinning the whole border strategy is Mr Trump's asylum ban. Migrants might dodge soldiers and risk prosecution if it meant that they could secure a hearing date and a work permit. That pathway no longer exists. In an executive order signed on his first day in office, Mr Trump alleged that the “invasion” of America by migrants allowed him to ban asylum. In the order he admits that most presidents have used the statutory authority he is claiming to bar small groups of people from entering the country, but argues that his power extends to restricting access to entire parts of the country's immigration system.

This is being challenged in the courts. A three-judge panel of the federal appeals court in Washington recently ruled that the administration cannot

deport people to a country where they would face torture, but allowed the asylum ban to remain in place while the case is being litigated. The judges cited *Trump v Hawaii*, a 2018 case that upheld a ban on travel to America from a list of countries, as precedent for judicial deference to the president where immigration policy and national security are intertwined. “The courts certainly seem inclined to find compromise outcomes where they don’t have to completely declare unlawful Trump actions,” says Denise Gilman, an expert on refugee law at the University of Texas at Austin.

Other factors are in play, too. Mexico also got tough on migrants in order to stay on America’s good side. Migrants within Mexico began travelling less to avoid being detained and sent to southern cities near Guatemala. Just getting to Tijuana these days is a feat.

Will it last? “If the courts were to strike down the asylum ban, I think it’s very possible you would see lots more people coming,” says Andrew Selee of the Migration Policy Institute. In the meantime migrants in Mexico are hunkering down and leaving shelters to rent a room. But the allure of America is strong. Many Haitians who put down roots in Mexicali, on the border, left for America when Mr Biden opened a pathway for them in 2023. Migrants may not be able to beat Mr Trump right now, but they can try to wait him out. ■

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Forcing mechanism

Blame, strategising and America's government shutdown

Is using the hiatus to shrink the federal workforce an empty threat?

Oct 09, 2025 01:09 PM | WASHINGTON, DC



“THIS IS LIKE a kamikaze attack. They have nothing to lose.” Such was the exasperated way in which Donald Trump described the Democrats’ approach to the government shutdown as it dragged into its second week. Democrats have repeatedly refused to back a short-term funding bill that would reopen the government until Republicans make concessions on funding tax credits that have expanded health-care coverage. Republicans are looking for new ways to cudgel them into caving. One weapon is Russell Vought, the director of the Office of Management and Budget (OMB). It is hard to know if Mr Trump is just using Mr Vought as a threat, or

if Mr Vought is using Mr Trump as an opportunity. It may be both; either way the ideas are worth taking seriously.

Mr Vought has urged the government to use the shutdown as an opportunity to fire thousands of federal workers and gut federal programmes. “He’s getting ready to cut things,” the president told reporters on October 7th. “We have a lot of things that we’re going to eliminate.” Democrats have dismissed such threats as bluster, designed to pressure them into voting for a budget. But as the shutdown grinds on some Democrats worry that they may be walking into a trap set by Mr Vought. “Russ was always going to exploit the shutdown,” says a former OMB official who worked with Mr Vought during the president’s first term. “He knows his job is to provide ammunition to the president to get a deal.” So what exactly is in Mr Vought’s arsenal?

The OMB director can use his powers during a shutdown to decide which agencies close and what spending to prioritise. So far Mr Vought has made a show of retaliating against Democrats by going after infrastructure projects in states they govern. That includes freezing \$18bn allocated for transit programmes in New York, the home state of Chuck Schumer and Hakeem Jeffries, the two top Democrats in Congress. Mr Vought also cancelled \$8bn in green energy projects, nearly all of which were located in states that plumped for the Democrats during the last presidential election. So far the administration has frozen at least \$28bn in funds earmarked for Democratic cities and states. Democrats have argued that these moves are illegal, given that funding was already appropriated by Congress.

The next rung on Mr Vought’s ladder of escalation is his threat to lay off federal workers (“reductions in force” in federal government speak). He has asked heads of federal departments to file plans to the OMB detailing how they would get rid of employees working on parts of the budget covered by discretionary spending, and which do not align with the president’s priorities. The law is uncertain on this point, but it is not clearly hostile to Mr Vought.

Government workers, traumatised by Elon Musk’s DOGE woodchipper, have lawyered-up: two of the biggest federal labour unions have already filed a lawsuit seeking to block any layoffs during a shutdown. Undeterred, Mr

Vought has upped the ante. On October 7th a leaked OMB memo claimed that the 750,000 furloughed federal workers may not be entitled to automatic back pay once the government shutdown ends, unless Congress passes a new law that explicitly funds it.

The strategy of maximum pain alone may not break the impasse. But a precondition for reopening the government is usually that one party concludes it is losing. Polling by YouGov for *The Economist* suggests, unsurprisingly, that blame for the shutdown breaks along the usual partisan lines. But self-identified independents blame Republicans more, and the longer the shutdown goes on the wider the margin grows on this question.

Some Republicans are uneasy about the threats of mass firings, recalling the unpopularity of DOGE's swingeing cuts earlier this year back in their home districts. And though Mr Vought has aimed these cuts at Democrats, Republicans in competitive districts in states with Democratic governors are beginning to feel the pain, too. "We don't control what he's going to do," said John Thune, the Republican Senate leader, when asked about Mr Vought's plans. It did not sound like a battle cry. ■

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Farmageddon

Agriculture faces a MAGA reckoning

Tariffs, higher costs and Chinese retaliation hit hard

Oct 09, 2025 03:33 PM | AUGUSTA, ILLINOIS



Jefferson v Hamilton, again

DRIVE DOWN any rural road around Augusta, a small town in western Illinois, on an evening in October, and it seems as if the fields are wrapped in a low mist. In fact, it is dust flung up by combine harvesters. October is harvest season and they are hauling in billions of bushels of maize and soyabeans. Yet all is not well. Sitting in the cab of his combine harvester, Brady Holst, a 32-year-old who farms soya and maize (corn to Americans) on 3,500 acres around Augusta, explains the problem. “It used to be that farmers had to worry about the weather,” he says. “It seems like now it’s

more policies or global events. Things like that change quickly and make things tough.”

The global event worrying farmers right now is that [China has stopped buying soyabeans](#). Last year Chinese buyers bought \$13bn-worth, representing around half of exports, or almost a quarter of the entire crop. By mid-September last year Chinese buyers had ordered 6.5m tonnes of American soya. By that date this year, with the buying season just getting started, and a 20% retaliatory tariff imposed by China, they have not made a single order. If China does not start buying soon it is going to be “very, very challenging”, says Todd Main of the Illinois Soybean Association, which represents farmers.

Mr Holst’s farm is, in its way, a marvel of modern American industry. The combine harvesters, which are worth several hundred thousand dollars, are so efficient that he, his brother and his father can bring in the entire harvest on their own. A fleet of autonomous drones spray pesticides. Both the maize and the soya have undergone decades of research and genetic engineering to improve yield and quality. Once the harvest comes in, lorries carry it to the Mississippi, 20 miles away, and from there barges carry it down the river to Louisiana, to be loaded onto cargo ships.

But this efficiency also makes farms vulnerable. American farmers are not diversified. And the president has delivered quite a shock. China’s retaliatory tariffs are just the start of the problem. While commodity prices are falling, input costs are rising, in part thanks to import tariffs. In more labour-intensive sectors, such as dairy, fresh produce and cattle farming, [ICE raids](#) are disrupting the supply of workers.

Conditions are not yet as bad as they were during the 1980s farm crisis, says Beth Ford, the CEO of Land O’Lakes, a large farm co-operative. Bankruptcies have risen sharply this year, but remain below pre-pandemic levels. Land prices are high, so farmers can get loans. But things could get worse quickly, she says. “When farmers approach lenders for financing the next crop year, that’s when the real stress will show.” Younger people are struggling to enter the industry—more farmers are older than 75 than younger than 35.

The bigger risk even than bankruptcy, Ms Ford says, is that America loses its comparative advantage. In the past few years, the land used for soya and corn cultivation in Brazil has expanded by 40%. Chinese investment in new railways and ports means it is cheaper to get to market. And in Brazil's climate farmers can grow two crops a year. A trade war would only cause this competition to grow. Mr Main suggests hopefully that new markets can be found, and domestic uses for soya, such as making biofuels, will provide new demand. But that is all rather speculative.

What does this mean politically? In June Mr Trump said that he is “never going to do anything to hurt our farmers”. Scott Bessent, the Treasury secretary, is expected to announce a bail-out shortly. What farmers want, however, is a deal with China, not a handout. One thing that has particularly outraged them is that even as he promises help, Mr Bessent has supported the government of Javier Milei in Argentina with a \$20bn swap line. In gratitude, Mr Milei removed the country’s export tax on soyabeans, and China immediately bought 20 shiploads from Argentina. ■

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Best served hot

What American voters really think of the revenge agenda

A third of Republicans support deporting citizens who disagree with Donald Trump

Oct 09, 2025 01:09 PM | BOSTON



You get what you get

MOST PRESIDENTIAL hopefuls make hokey promises to fix the economy, heal divisions or restore America's promise. Donald Trump offered something different. "For those who have been wronged and betrayed, I am your retribution," he promised the crowd at the 2023 Conservative Political Action Conference. Since his inauguration in January that vengeance has come relentlessly.

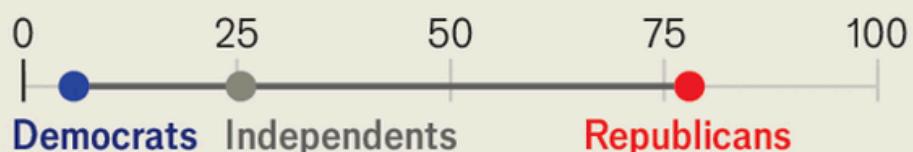
The administration has ordered investigations into former Biden aides, bullied some of the country's most powerful law firms and cut federal funding for universities. Two weeks ago [James Comey](#), the onetime FBI director who was fired by Mr Trump in 2017 for investigating Russia's election interference, became the latest and most high-profile casualty in this campaign of retribution. "One of the worst human beings this Country has ever been exposed to," Mr Trump wrote about Mr Comey hours after he was indicted on charges of making false statements to a Senate committee (he denies those charges). Few transgressions are too small to warrant punishment. Reports suggest that an FBI agent who refused to stage a perp walk of the former director was suspended.

How do those who voted for the president feel about all this? Polling by YouGov for *The Economist* shows that most Republicans are largely in favour of the revenge agenda, while independents, whose votes helped tip the election in Mr Trump's favour, overwhelmingly dislike it.

Who wants revenge

United States, % supporting Donald Trump's actions, September 30th-October 2nd 2025

Sending troops to cities governed by his opponents



Ending Secret Service protection for certain members of the previous presidential administration



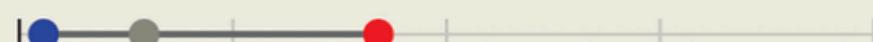
Directing the Department of Justice to investigate his opponents



Directing federal funding away from states or cities governed by his opponents



Directing federally funded museums to remove exhibits he disapproves of



Threatening to deport US citizens who have been critical of him



Source: YouGov/The Economist

YouGov asked respondents about 25 items in Mr Trump's revenge agenda. Only one drew more opposition than support from Republicans: deporting American citizens who disagree with the president. Yet, strikingly, over a third of Republicans still backed an idea that is unconstitutional, impractical (deport them to where?) and criminalises political disagreement. Two other policies divided Republicans almost evenly: cutting federal funding to cities led by mayors who oppose Mr Trump and directing federally funded museums to remove exhibits the president disapproves of. The remaining 22 policies were comfortably in positive territory with Republicans. A 65-point margin supported sending the National Guard into cities that defy Mr Trump and a 45-point margin endorsed the Department of Justice's investigations of his political opponents.

By contrast, all 25 of these proposals are unpopular with independents. The most even split is on whether Mr Trump should revoke Secret Service protection for officials in the previous administration, though 52% of these voters still oppose this. Deporting American citizens who disagree with the president is the least popular of the lot: independents rejected it by a 69-point margin. A majority of respondents who say they voted for Joe Biden in 2020 but switched to Mr Trump in 2024 oppose the revenge agenda on every question asked by YouGov, although the number in the sample is small.

Who are the Trump voters uneasy with the politics of punishment? Our analysis says they are more likely to be women and older voters, as well as those with higher levels of education and those who say they attend church regularly. Respondents who pay less attention to day-to-day politics are also more likely to recoil. The most enthusiastic supporters are men, those who live in rural areas, those with at most a high-school diploma and those who tell pollsters they are very interested in politics. This is a faction that is especially likely to see the Trump administration's vengeance not as excess but as justice delayed.

Republicans polled by YouGov are three times as likely as Democrats to say they are "not sure" how they feel about elements of the revenge agenda. When the share of such responses is so high, it can reflect respondents' reluctance to express an opinion that is unpopular in their social circle. In

this case, some Republicans may be uneasy with the revenge agenda, but are reluctant to criticise their party's leader. Others may quietly want vengeance yet know that more punitive views are socially unacceptable, even in an anonymous poll.

That said, in the same poll Mr Trump's overall approval rating among Republicans stood at plus 77 points. They may not all like his revenge agenda, but they still love the president. ■

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Tail risk

A data-rich look at New York's battle against rats

It has become a model for the rest of the country

Oct 11, 2025 06:29 PM | NEW YORK



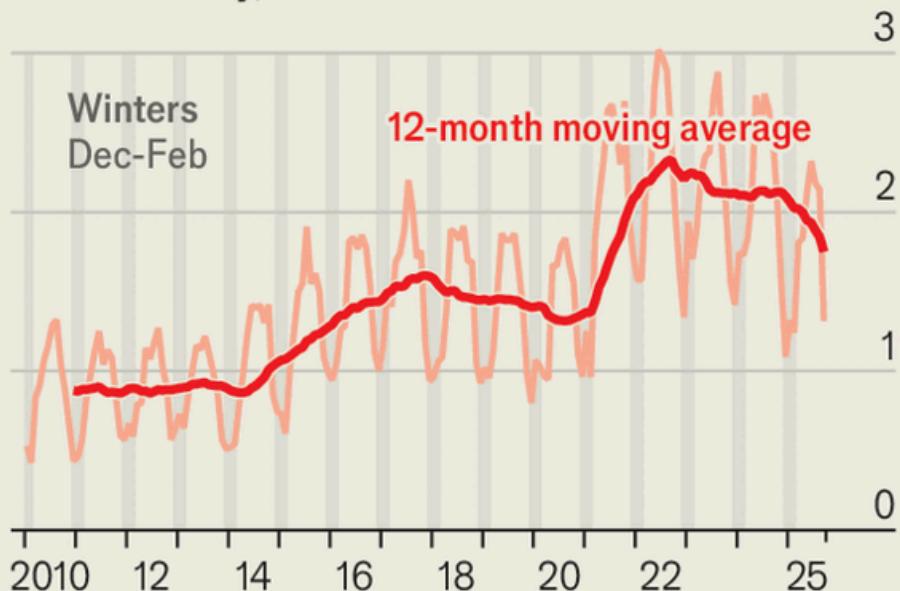
FOR DECADES, New York sidewalks were awash in piled-up black plastic rubbish bags, some of which doubled as housing projects for the city's other inhabitants. "I've kicked bags of garbage in New York as part of a rat safari and you just watch rats go flying," says Kaylee Byers, an expert on urban rats at the University of British Columbia. "A rat runs across your foot. You think about it every time you're on the block for the rest of your life," says Joshua Goodman, a deputy commissioner of sanitation in New York. A study conducted in 2023 by MMPC, a pest-control company, suggested there were 3m rats in the city, up from 2m a decade earlier.

This is not only revolting. The externalities of supplying rats with an all-you-can-eat buffet are hard to price, but one study that attempted to do so put the damage across America at \$27bn a year. Much of that was accounted for by rural rats nibbling crops. But city rats are more of a menace. They “urinate and defecate kind of constantly”, says Bobby Corrigan, an urban rodentologist. Rats transmit *E. coli*, salmonella, and more than 50 pathogens and parasites that cause diseases like typhus and leptospirosis.

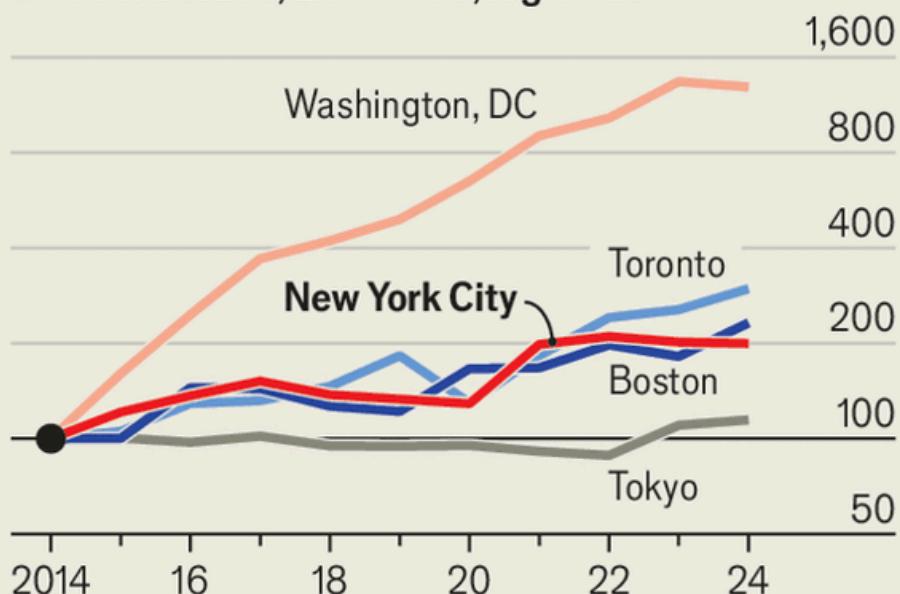
Ratlines

Reported rat sightings

New York City, '000



Selected cities, 2014=100, log scale



Sources: Municipal data portals; Tokyo Metropolitan Government

The rat problem is worsening in many cities, and not just in America. This is linked to climate change, according to an analysis of 16 cities led by Jonathan Richardson, a biologist at the University of Richmond in Virginia, who has studied rat population dynamics and control for 15 years. Food abundance or scarcity affects the rate at which rats reproduce, as do milder winters. Global warming is beyond the remit of mayors, but stopping feeding time in cities is not.

New York pioneered a misguided turn from metal containers to plastic bags after a sanitation strike in 1968. It is now leading the way back out of the rat race. Early evidence suggests that the city's experiment with "containerisation" (or bins with lids) is tipping the scales against *rattus norvegicus*. While New York is winning, rat populations have been rising in Washington, DC, and Boston. That puts New York City in the unfamiliar position of being a model for the rest of America to imitate.

In May 2023 Jessica Tisch, now the NYPD's top cop, [spearheaded a strict, data-driven programme](#) to manage and contain rubbish. Now 70% of buildings in the city—including all smaller ones and commercial premises—are obliged to use rat-resistant bins with lids. A pilot in Hamilton Heights, in West Harlem, yielded good results. A larger pilot scheme, also in West Harlem, is currently evaluating an approach for larger residential buildings to keep rats away from the remaining 30% of buildings. Reported monthly rat sightings have been dropping (see chart).

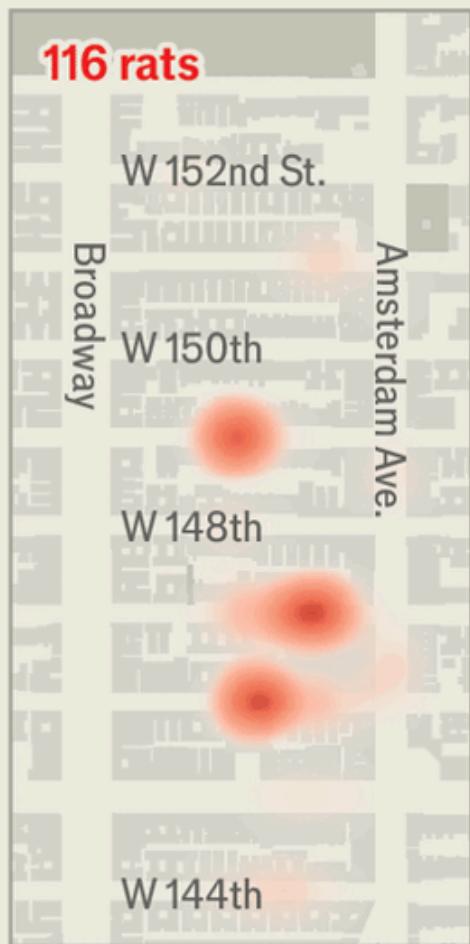
Ratted out

Reported rat sightings before and
after trash-container programme
Hamilton Heights, New York City



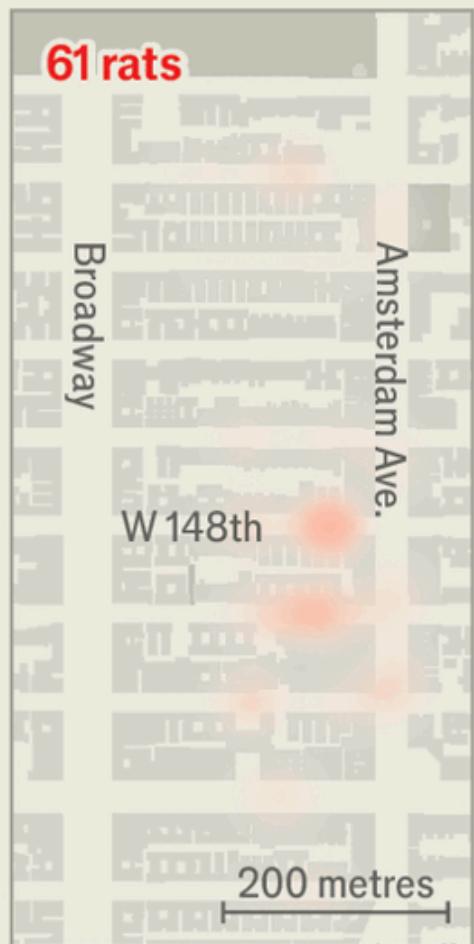
Before

Sep 2022-Sep 2023



After

Sep 2023-Sep 2024



→ Higher density

Sources: J. Richardson and N. Parlavecchio,
University of Richmond; NYC Open Data

In Washington, DC, by contrast, rat complaints rose nearly 13-fold from 2014 to 2024. In Boston complaints more than doubled and in Toronto they nearly tripled, suggesting the rats are not singling out the United States for special favours. In Washington the city government does not always provide or mandate that private contractors use ratproof bins. “A lot of times people get the cheapest possible bin from Home Depot that rats can just chew right through, or leave drain holes or lids open,” says Dr Richardson, disapprovingly. In some neighbourhoods in Boston residents still put out plastic bags and rubbish can be out on the street four days a week.

“Cities have been tackling the wrong part of the problem,” says Dr Byers, the occasional kicker of rubbish bags for research purposes. Their focus has been on killing with traps and anticoagulant rodenticides (which can also kill other wildlife). Chicago is experimenting with rodent contraception. Instead of enforced family planning for the creatures, which after all have four legs and are mobile, cities would do better to just cut off their food supply. “Why eat the bait when you’ve got a piece of pizza nearby?” asks Dr Byers.

This seems obvious. Yet while New York has a “rat tsar”—or had until she resigned recently with no explanation—“a huge proportion of cities in the US don’t really have any planned response, which just leaves these massive gaps in management,” says Niamh Quinn, who specialises in interactions between man and wildlife at the University of California.

Boston is a rare other big American city that is making itself less welcoming to rodents. Rats are “one of the top concerns that we hear for quality of life across Boston”, says Michelle Wu, the mayor. The city has launched assessment programmes and installed several hundred remote sensors to track rats as they commute from home to lunch. Mayor Wu says the city plans to improve the frequency of rubbish collection and expand containerisation over the next three years. Though only after “community engagement to make sure that everybody would be on the same page”. Why wait? New York has already shown rats can be sent packing. ■

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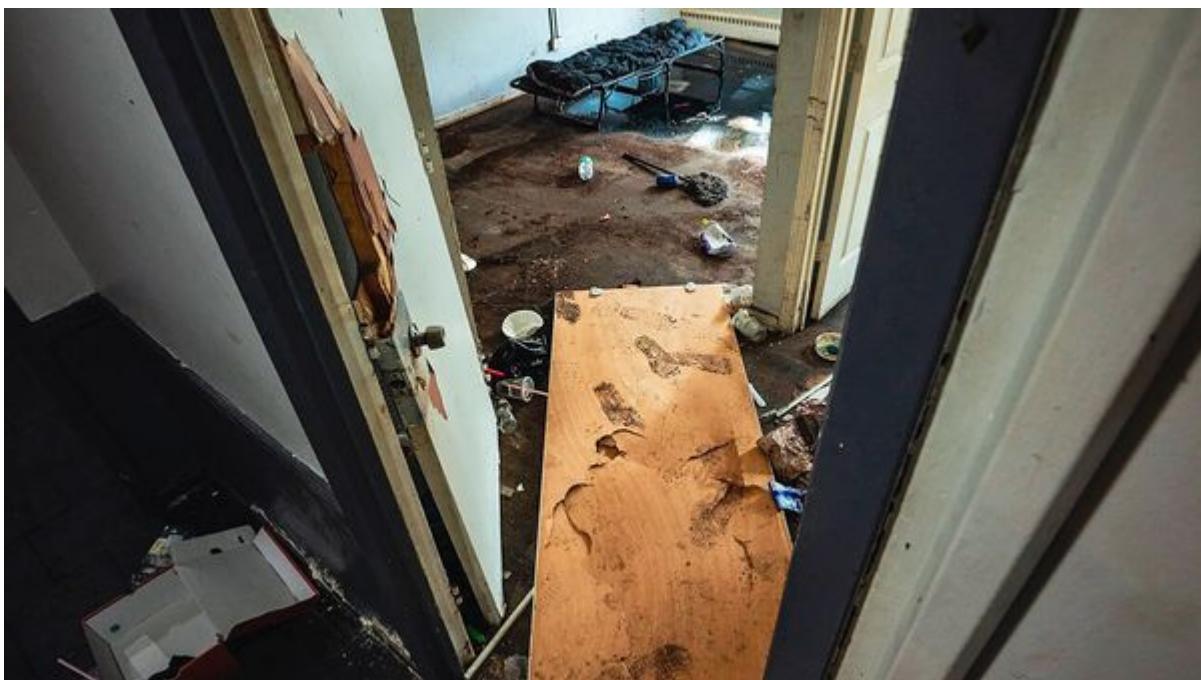
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Smash doors, smash subscribe

What a Chicago immigration raid says about Trumpism

The worst excesses seem designed to produce content

Oct 09, 2025 01:09 PM | Chicago



AT 7500 South Shore Drive, an apartment complex in Chicago, the front gate and door are wide open. Walk inside and you find an almost abandoned building. Though a few apartments have sturdy gates and double bolts, most lack doors and are closed by plywood. A few are open to the world. Inside one a bunch of balloons and a bouquet of roses suggest a recent celebration. A pushchair sits in one corner. A copy of the New Testament, in Spanish, lies on the floor. There is no sign of the occupants. Most likely they are in an immigration detention centre somewhere.

Back on September 6th [President Donald Trump posted a picture](#) on his Truth Social page referencing “Apocalypse Now”, a war film, with the caption “Chicago about to find out why it’s called the Department of WAR.” On September 30th a raid on 7500 South Shore Drive showed he meant it. At around 1am, at least 300 masked federal agents, [mostly from border patrol](#), some rappelling from helicopters, others using breaching ladders, stormed into the building. They threw flashbang grenades into the corridors, smashed in doors and then marched everyone, including children, into the street in their pyjamas. Some 37 Venezuelan immigrants were taken away.

One of the residents who remains is Alicia Brooks, a 33-year-old American citizen. By her account, when the raid started, she heard a helicopter right outside her window on the fifth floor. “I started to get my key, and I was grabbed,” she says. “I was zip-tied in front of me and escorted outside the building.” Dozens of men in military-style uniforms carrying assault rifles evacuated the complex “like it was on fire”, she says. They lined up the inhabitants outside, zip-tying the hands of the adults, and put them on buses.

By law, to question somebody, immigration officers must have reason to think they could be an illegal immigrant. To arrest somebody, they need probable cause. Ms Brooks, who is black, with an American accent, says she repeatedly asked officers why she was being arrested, and pointed out her citizenship. Nobody asked her any questions. When she continued to object to her arrest, an officer knocked her to the ground, removed the zip-ties and replaced them with handcuffs, locked as tightly as they would go. By the time she was released, together with several other citizens, she says the sun was coming up.

According to the Department of Homeland Security (DHS), the raid was ordered to target members of “Tren de Aragua”, a loose Venezuelan [crime group](#) that Mr Trump says is a state-backed terrorist organisation at war with the United States. At the scene Greg Bovino, the chief patrol officer at the border agency, said that overwhelming force was needed because “we know there’s weapons” and because gang members had taken over the building, where they were trafficking in sex and drugs. He said this to

NewsNation, a right-wing news channel, which was invited along for the raid.

DHS has so far produced no evidence to support their allegations. Though the building had many Venezuelan migrants living there, remaining residents say the idea that they were gang members is ludicrous. Ms Brooks says that in some ways the Venezuelans could be bad tenants—leaving rubbish outside their doors and playing loud music. But, she adds, they also fixed up broken lights in the buildings' corridors. Another resident says that the Venezuelans were mostly quiet and decent people.

What is clear is that the building was troubled even before it was the site of an airborne assault. Last October Wells Fargo, a bank, filed in Cook County court to put the building into foreclosure, alleging that the owner was behind on mortgage payments. A receiver was appointed last month. Court filings claim the building had problems with crime. City inspectors visited in April and found multiple code violations, such as lifts not working. One window was blown out even before the raid, and it is unclear whether anyone was actively managing the 100 or so units. Some of them appear to have housed squatters. None of that amounts to a gang takeover. But many Chicagoans are wondering who tipped off DHS.

South Shore, which is about nine miles south of the Chicago Loop, was 92% black and 96% native-born according to Census Data gathered from 2019 to 2023. The neighbourhood is not rich, but neither is it among Chicago's roughest: the survey data showed around 16% of households had incomes higher than \$100,000. From 2022 to 2024 though some 50,000 asylum seekers came to Chicago, mostly bussed to the city by the state of Texas. As they settled in, they drifted to parts of the city with cheap housing. For immigrants with no credit history, little cash and at best informal employment, even buildings as badly maintained as the one at South Shore Drive can be a lifeline. But the flood of impoverished new arrivals created tension with other residents.

What happens now? For DHS, the raid seemed to achieve its goal. Not long after, the agency published a short video of the raid, with Hollywood-style visuals of young Hispanic men being led away in cuffs. As with much of “Operation Midway Blitz”, as the immigration crackdown in Chicago is

officially called, the production of video content seems to be a priority. On September 25th border-patrol boats made a show of prowling the Chicago River downtown, perhaps looking for migrants on an architecture cruise. Professional videographers have been spotted filming Kristi Noem, the homeland-security secretary, at an immigration facility in Broadview, a western suburb of the city.

Since the operation launched in early September, over a thousand immigrants have been detained. Yet the president promised domination—tricky to achieve in a metropolis of 9m people. The videos give a sense that feds are everywhere. “We are here, Chicago, and we are not going anywhere,” said Mr Bovino on September 27th. On October 5th the administration confirmed the National Guard had been called out to the city. A day later Illinois sued Mr Trump, seeking to block the deployment. If judges allow it, there will be plenty more opportunities to create video content. ■

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The Americas

- **Mark Carney's radical vision for handling Trumpian America**

The Player of Games :: Liberalise at home and lead a new free-trade revolution

- **The Argentine peso, and Javier Milei, are in trouble**

Currency chaos :: The president's economic team has decamped to Washington, trying desperately to confirm American support

- **American soya farmers are miserable. Brazil's are ebullient**

Soy boys :: Donald Trump's trade war has cemented Brazil's place as the soyabean superpower

The Player of Games

Mark Carney's radical vision for handling Trumpian America

Liberalise at home and lead a new free-trade revolution

Oct 09, 2025 01:08 PM | OTTAWA



Editor's note: Our full interview with Mark Carney will air on Thursday October 9th, when we launch our new video offering: *The Economist Insider*. You can browse all of our upcoming shows—and send questions to our editors—on the [Insider hub](#). For a short preview of the interview, click [here](#).

ON OCTOBER 7th Mark Carney met Donald Trump. It was Mr Carney's second visit to the White House in his [six months as Canada's prime minister](#). He went seeking a deal to end, or at least temper, Mr Trump's [barrage of tariffs](#). The stakes are high. Duties on Canadian exports of steel,

cars and aluminium have started to damage its economy. Mr Carney's government enjoys a high approval rating compared with those in other Western countries, but it is starting to slip. A deal on trade would remove the shackles of uncertainty that are currently hobbling Canada's economy.

Nothing had been announced by the time Mr Carney left Washington on October 8th, after a relatively warm public exchange with Mr Trump in the Oval Office. But his negotiators stayed in town, hammering away. There is talk of a deal to be announced within days, perhaps on steel, energy and aluminium.

Speaking to *The Economist* in Ottawa on September 29th, Mr Carney said that a deal would benefit both Canada and the United States, particularly in sectors [that are deeply integrated](#) between the two economies, such as carmaking, steel, aluminium and wood for building houses. "It makes sense to maintain that degree of integration, in some cases, even to deepen it," he said. Canada is not alone in suffering from the tariffs. They are also hurting American businesses that depend on Canadian supply, particularly of aluminium.

But tariff relief is just Mr Carney's most immediate concern. In the longer run he faces a much bigger challenge: building a Canadian economy and trading system that is adapted to a United States which he believes to have changed permanently, one which will maintain barriers to its market even after Mr Trump leaves office. "We went through a multi-decade period of steadily increasing integration with the United States," says Mr Carney. "And that process is over. That's a rupture."

When it comes to the bilateral relationship, Mr Carney acknowledges Mr Trump's oft-repeated claim that the United States "has the cards". But he insists that there is "not just one game" and that Canada is "going to play other games with other players". He has cut taxes and simplified regulation to foster an infrastructure boom at home; he says he will double Canada's rate of home-building; he is working to eliminate the significant trade barriers between Canada's provinces. The other players are Europe and Asia, with which Mr Carney wants to expand trade dramatically. "We can give ourselves far more than the United States can take away," says Mr Carney.

Internal trade liberalisation has already begun. Federal restrictions on trade between the provinces were removed soon after he took office, and negotiations between the provinces themselves are continuing. Mr Carney talks of building “One Canadian market”. He says that doing so would offset the economic damage caused by the worst-case scenario in which the United States suddenly applies its average tariff to all Canadian exports, 85% of which are currently tariff-free. “It’s worth almost a quarter of a trillion dollars to the Canadian economy,” he says.

Mr Carney also wants to get Canada “building infrastructure at a pace and a scale that we haven’t done for generations”. That includes oil pipelines, port expansion, electricity transmission lines, critical-mineral mines and, of course, housing. He has cancelled a planned rise in capital-gains tax and is “changing the way we do regulation in this economy so there’s much greater certainty”, in the hope of stimulating investment. This is an attempt to reduce the high levels of unpredictability prompted by Mr Trump’s trade policy, which Mr Carney says is causing businesses to “hold back” on some investment.

Plans for diversifying international trade are even more dramatic. Europe, Japan and South Korea may currently be prepared to pay Mr Trump’s tithe for market access, but for how long? When they tire of tariffs, Mr Carney believes they will ask themselves a different question: “Where are the big trading blocs that have the potential to establish a form of rules that’s broadly consistent, away from the United States, away from China?”

The European Union is obvious, he says, as the world’s second-largest free-trade bloc. The other is CPTPP, the world’s fourth-largest trade bloc, made up of 12 countries including Canada that together represent 14% of global GDP. “One of the opportunities which we’ve begun discussing with the European Union, with many of the countries in CPTPP, is bringing them together or bringing a bridge between the two,” says Mr Carney.

In aggregate, he says, all these measures “will more than swamp the scale of the trade shock”. But it will take years for investment and trade to build, and the trade shock is here today. Exports to the United States are down sharply compared with 2014, according to Statistics Canada. Two-thirds of Canadian manufacturers say they are experiencing tariff pain.

Unemployment hit 7.1% in August. In cities dependent on car manufacturing, such as Windsor, Ontario, it is running as high as 11.1%. In the second quarter of 2025 Canada's GDP fell by 0.4% as exports to the United States collapsed. Any deal that Mr Carney's negotiators can strike in Washington to ease this pain will be welcomed.

Pressure at home is starting to build. A survey released on October 5th by Abacus Data, a pollster, suggests that 46% of Canadians support his government, a four-point drop from the previous poll in September, seven points lower than the peak of support in June. That is still high when compared with the doldrums in which other Western leaders find themselves. But the rising cost of living is now Canadians' dominant concern, while dealing with the threat posed by Mr Trump has been slowly slipping down their list of priorities.

That may soon begin testing Mr Carney's approach to politics. He has taken the Liberal Party sharply to the right, scrapping a consumer-facing carbon tax, reducing the number of migrants who are allowed into Canada and cutting taxes. He says his government has stayed relatively popular because it has acted decisively to carry out campaign promises at a "scale that makes a difference". He suggests that the focus on infrastructure and housing—his government's slogan is "Build Canada Strong"—is popular too.

Questions about Carneyism

It is true that his government has moved quickly. But it is quite possible that it remains popular to date not because of decisive action, but because Mr Carney has been standing up to Mr Trump. If so, doing a deal with Mr Trump may prove unpopular, no matter whether it objectively strengthens Canada. If tariffs keep hammering Canada's economy, and the pain pushes Trumpian bombast further down Canadians' list of priorities, Mr Carney's role as a Trump-battler will help him less.

In any case, Mr Carney has no choice but to try and work with Mr Trump, even as the American president reiterates his desire for Canada to become part of the United States (he raised it jokingly during their meeting). Mr

Carney says that he and the president have been texting and talking more frequently of late (and that he finds Mr Trump to be “very sharp” and “decisive”). Mr Carney may well succeed in “Building Canada Strong”. But strong or not, Canada will be stuck with the United States for many years to come. ■

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Currency chaos

The Argentine peso, and Javier Milei, are in trouble

The president's economic team has decamped to Washington, trying desperately to confirm American support

Oct 09, 2025 03:33 PM | Montevideo



ON OCTOBER 6TH, in the middle of his most difficult period as president, Javier Milei donned a long leather jacket, strode into a packed arena in Buenos Aires and jumped around like a rock star, belting out Argentine rock classics. The idea was to revitalise his party's campaign for the midterms on October 26th and to remind his supporters, and perhaps himself, that his presidency was once exciting, even fun.

Lately, running Argentina has been quite a slog. On September 22nd Scott Bessent, the US Treasury secretary, promised that America is ready to “do

what is needed” to steady Argentina’s currency. That intervention was prompted by the Argentine central bank being forced to sell over \$1bn in two days to prop up the peso. Mr Bessent’s promises stopped the slide, but details are scant and even Republicans are questioning the bail-out. The situation is again fraught.

Your words, my bonds

Argentina, ten-year government-bond price, 2025
Cents on the dollar



- 1 Milei's party loses the Buenos Aires provincial election
- 2 Central bank executes its largest daily dollar sale since April
- 3 Bessent posts on X that US Treasury stands with Argentina
- 4 Bessent posts about \$20bn swap line
- 5 Bessent posts about "very positive call" with Argentina's economy minister

Sources: Bloomberg; *The Economist*

With every social-media post by Mr Bessent, the peso and Argentine bonds lurch (see chart). By some estimates the Argentine treasury has sold more than \$2bn over the past six days to support the currency. Mr Milei's economic team is in Washington, trying to hash out the [details of the bail-](#)

[out](#) and buy some calm. Yet even if they can navigate American politics, the Argentine variety may swamp them. A serious loss in the midterms would all but end Mr Milei's radical economic reform programme.

The coming weeks will be tough. Voters consider [Mr Milei's success in pulling down inflation](#) to be old news. Corruption allegations and the gyrations of the peso dominate the headlines. It is still—just—possible that Mr Milei could emerge after the elections with markets calmed and his political hand strengthened. But he needs to make it to October 26th without more exchange-rate chaos, and then win enough seats in Congress to convince markets that his reform project is still alive.

Invecq, an Argentine consultancy, reckons the government may need to spend almost \$8bn in advance of the midterms to keep the exchange rate within its permitted band. Blowing such an eye-watering sum, especially when it is widely expected that the peso will be allowed to float more freely after the election anyway, would horrify foreign creditors who want dollars to be available for paying them back in the future. The government might therefore restrict foreign-exchange trading in the run-up to the vote. Mr Milei still hopes that concrete details of the United States' backing will make this unnecessary. Maybe. But the markets' sceptical message to Mr Bessent is now: "Show me the money."

Then Mr Milei needs to win, or at least take enough seats to allow him to defend his presidential veto. But his electoral strategy is in trouble. His dogmatism has alienated powerful provincial governors. He came to power in 2023 raging against "*la casta*", the corrupt political elite. "I'm hungry for the whole caste," he roared again during his concert. And yet he has been hit by three big corruption scandals this year.

The first was [over his promotion of a dodgy cryptocurrency](#) that soon collapsed in value. Then, in August, leaked audio messages led to allegations that his sister was taking kickbacks from purchases of medicine by the state disability agency. The latest blow was on October 5th, when José Luis Espert, the leading candidate of Mr Milei's party in Buenos Aires, whose face is already on the ballot papers, stood down. He admitted to receiving \$200,000 from a man indicted in the United States for drug-

trafficking, but says it was for legitimate consulting work. In all three cases those involved deny wrongdoing.

Curbing rampant inflation is the other pillar of Mr Milei's pitch. Fast-rising prices used to be voters' biggest worry, but unfortunately for him they have moved on, and now corruption tops the list. That inflation concerns have ebbed is a testimony to Mr Milei's success, but he has failed to pivot to other issues. An overvalued peso helped to curb price growth, but propping it up has both hurt employment and exacerbated the exchange-rate crisis. Now more voters worry about jobs than inflation.

Polling suggests Mr Milei's party still has a chance. But momentum is against it. He will need more than rock concerts to turn things around. ■

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Soy boys

American soya farmers are miserable. Brazil's are ebullient

Donald Trump's trade war has cemented Brazil's place as the soyabean superpower

Oct 09, 2025 01:08 PM | São Paulo



THEY SAY no one wins a trade war. Certainly, [there are few bigger losers than soyabean farmers in the United States](#). Since May China, by far their biggest customer, has refused to buy a single bushel in retaliation for Donald Trump's tariffs. The spat is ruining farmers in Illinois; Mr Trump is set to announce a \$10bn agricultural-relief package. It is also raising costs for crushers in China's Shandong province, who press beans into animal feed and cooking oil. But there has been one big winner: soyabean producers in Brazil. The rift between American farmers and their Chinese clients has let Brazil cement its place as the world's soyabean superpower.

It is not the first time Brazil has profited from Trumpian trade conflict. The same thing happened when Mr Trump yanked up tariffs on China in his first term. The proportion of China's vast market for soyabeans supplied by Brazil leapt from about half in 2017 to three-quarters in 2018.

The gift horse

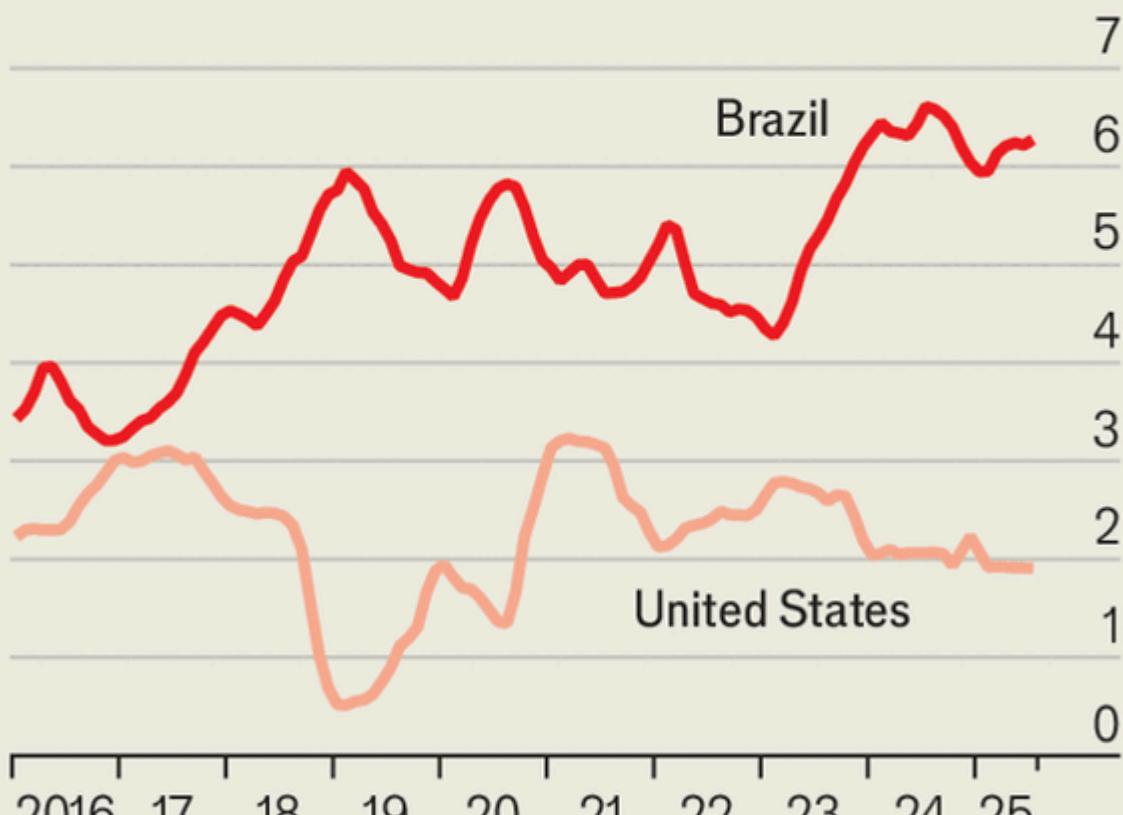
Prices drooped after that, but in the aftermath of Russia's invasion of Ukraine they soared back close to record highs. Brazilian farmers frantically snapped up land and planted soya, pushing shipments to Asia and Europe in 2023 past 100m tonnes, a record. That investment binge caused "a bit of a hangover", says Marcela Marini of Rabobank, a Dutch bank that specialises in financing agriculture.

Mr Trump's second trade war is the perfect antidote. China's embargo on American beans has created a seller's market in South America. What would have been a glut from a bumper harvest has become a stockpile. Brazil's soyabean exports are on track to touch 110m tonnes in 2025. According to Brazilian-government data, that completely offsets the exports lost due to Mr Trump's 50% tariff on Brazilian goods such as beef and coffee.

Yielding the market

Soyabean exports to China, m tonnes

12-month moving average



Sources: Comex Stat; USITC

It is possible that Brazil's luck will peter out in late October, when Mr Trump and China's President Xi Jinping are expected to meet on the sidelines of the APEC summit in South Korea. Mr Trump has promised that "Soyabeans will be a major topic of discussion." If the embargo is lifted, those exporting soyabeans from the United States to China will probably still have to pay a high tariff; on American beans it is currently 23%, compared with 3% on those from Brazil. But American soyabean prices have been dropping so sharply that they will soon be competitive with South America ones, even with higher tariffs. A deal that even partially

reduces China's tariff would reduce Brazil's advantage, at least until American prices rose again.

Brazilian farmers appear unfazed. They could hedge against lower prices by forward-selling more of the autumn harvest, but most of them are sitting tight, suggesting they are confident. The timing of their growing season works to their advantage. American grain bins are currently overflowing, especially after a record yield of maize, which is harvested right after soyabean. The gigantic soyabean harvest currently being planted in Brazil will be reaped only in January, when the current American crop will have been spent.

The longer-term case for Brazilian soyabean boosterism is clear. Having been burnt twice, American farmers and Chinese buyers will probably seek to reduce their mutual dependence. American suppliers are scouting for alternative buyers in west Africa and South-East Asia, as they did in 2018. All the same, replacing Chinese demand is a huge challenge. That is partly why the planted area in the United States has declined 8% since 2017 to 34m hectares (88m acres). Farmers have been switching to maize and sorghum.

Trump-induced shocks are not the only reason for the victory of Brazilian soya, says Daniel Furlan Amaral of Abiove, a soya-trading lobby. Brazil's soyabbeans have a higher protein content than those grown in the United States. Its agricultural sector is more productive. At 49m hectares, it is also much bigger. Unlike the Midwest, Brazil's hinterland offers ample space for further expansion. And with Brazil needing huge quantities of soya oil for its biofuels industry, there is a plenty of domestic demand for soyabbeans anyway.

The grand ports and railways in the United States are its only remaining edge. The infrastructure boom taking place in Brazil could eventually put paid to that, too. ■

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Drum roll

Meet Japan’s “Fireball”, Takaichi Sanae, its polarising new leader

The heavy metal aficionado is a fan of Margaret Thatcher

Oct 09, 2025 01:09 PM | Tokyo



AS A YOUNG woman, Takaichi Sanae played drums in a heavy-metal band. When she began working in politics, she kept drumsticks in her bag, taking breaks to play to let off steam. As she rose in Japan’s ruling Liberal Democratic Party (LDP), she turned to “Burn”, by Deep Purple, a British rock band, to relieve stress. “The town’s on fire, the woman’s flames are reaching higher,” goes one verse.

Ms Takaichi, herself a flame-throwing conservative, has reached the top. On October 4th the LDP [selected her as its leader](#). She is poised to become Japan’s prime minister, the first woman to hold the position. Her rise signals

an end to the staidness long characteristic of Japanese politics. “This is the end of a long era, Japan is entering a different kind of politics,” says Gerald Curtis of Columbia University.

[Call it Japan’s heavy-metal era:](#) Ms Takaichi offers a blend of muscular patriotism and culture-warrior traditionalism. Her polarising, plain-speaking style fits the global zeitgeist, energising her conservative fans and dismaying her more liberal critics. Yet Ms Takaichi, a fan of Margaret Thatcher, differs from other right-wing insurgents. “[Donald] Trump and other conservative populists in Europe are status quo changers,” says Miyake Kunihiro, a former diplomat. “Takaichi is not—she’s a real conservative, a status quo maintainer.”

The LDP, which has ruled with only two brief interruptions since its founding 70 years ago, chose Ms Takaichi to fend off the true disrupters: upstart parties that have made recent inroads with xenophobic rhetoric and populistic spending pledges. Ishiba Shigeru, the outgoing prime minister, stepped down after less than a year in office, after elections that left the LDP and its coalition partner ruling with a minority in both chambers for the first time in its history. Ms Takaichi launched her leadership bid with a diatribe against misbehaving foreigners that shocked many lawmakers within her own party, but won over the LDP rank-and-file. Their support, as well as that of key party elders, helped her win a run-off against Koizumi Shinjiro, the charismatic son of a former prime minister.

Woman (not) from Tokyo

In contrast to Mr Koizumi and many other LDP bigwigs, Ms Takaichi is no political blue-blood. The motorcycle-riding daughter of a police officer and a salaryman, she entered politics after a spell in television news. She worked briefly in Washington for Patricia Schroeder, a feminist congresswoman from the Democratic Party. In parliament in Japan, she found common cause with Abe Shinzo, the late prime minister, on the LDP’s right wing. She developed a reputation as studious, serving in several ministerial posts. She is a “policy wonk”, says a former ambassador to Japan.

In terms of her vision for Japan, she is “an heir to Abe”, says Taniguchi Tomohiko, a former adviser to Abe. That begins with a hawkish belief in the need to strengthen Japan’s defences by investing lots more in security and, ultimately, revising its pacifist constitution. While supporting Japan’s alliance with America, Ms Takaichi has been open about the implications of its growing isolationism. “We absolutely cannot have the mindset of depending on America for everything,” she told Sakurai Yoshiko, a journalist, in “The Lies of the Doves”, a recent book. During the campaign, she was the only candidate to suggest Japan try to renegotiate the terms of a coercive \$550bn tariff and investment deal that her predecessor struck with Mr Trump. Though she walked such talk back, Mr Trump’s planned visit to Japan later this month presents an early test.

Soldier of fortune

Ms Takaichi also shares Abe’s controversial views on Japan’s history. She has been a regular visitor to the Yasukuni Shrine, home to the souls of Japan’s war dead, including its imperial leaders. She is a fan of “Till We Meet Again on the Lily Hill”, a recent movie about a girl who travels back in time and falls for a kamikaze pilot. She sees Japan’s aggression as defence against Western colonialism.

Such ideas horrify those who suffered under Japanese colonialism. “She has not been repentant about the past,” says Shin Kak-soo, a former South Korean ambassador to Japan. “That makes us wary.” If she continues to openly express her views as prime minister, it will endanger Japan’s recent rapprochement with South Korea and cause friction with China. She may, however, feel constrained from doing so: faced with neighbours like China, Russia and North Korea, it makes strategic sense for Japan to co-operate with South Korea.

Ms Takaichi’s economic policy also owes much to her mentor’s Abenomics, with its “three arrows” of fiscal expansionism, monetary easing and structural reform. She forcefully embraces the first two arrows. But Ms Takaichi’s “third arrow” focuses less on the structural changes that made Abe a darling of global financial markets, such as corporate-governance reform. Instead, she calls for “crisis management and growth investments”,

which amounts to new-age industrial policy. To this quiver, she adds a fourth arrow, meant to target voter frustrations: tax cuts.

The logic is less clear than when Abenomics began in 2012. “Abe fought deflation, but Takaichi, whether she likes it or not, has to fight inflation,” notes Jesper Koll, a Tokyo-based economist. Japan’s consumer price index has been above the Bank of Japan’s 2% target for three years. Ms Takaichi’s victory has already led the yen to slide. Along with more stimulus, that will only add inflationary pressures.

Her vision for Japanese society is also a throwback. She opposes allowing married couples to keep separate surnames, a bellwether issue for gender equality in Japan (polls show a majority of the public supports such a change). Her harsh rhetoric about foreign workers and tourists may be intended to win back voters who have recently abandoned the LDP, but risks further inflaming debates over immigration.

She will face big obstacles to making her vision a reality. Unlike Abe, who enjoyed large majorities in parliament and a strong grip on the LDP, Ms Takaichi leads a shaky minority government and has a weaker hold on her party. Komeito, the LDP’s more dovish long-time coalition partner, is skittish. Her early appointments draw heavily on a close circle of allies, exacerbating already deep rifts with the more moderate wing of the LDP.

If she pursues her ideological goals too stubbornly, she risks ending up like Abe in his short-lived first term. In order to last, she will need to demonstrate the pragmatism and flexibility he displayed in his second term. “I hope she draws upon Mr Abe’s shrewd, realist side,” says Ohshita Eiji, the author of a recent biography of her. In any case, Ms Takaichi will need to keep her drumsticks and headphones close at hand—lots of stress surely lies ahead. ■

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Critical minerals in South Asia

The global gold boom's \$150bn final frontier: Pakistan

But a mining project is fraught with risks

Oct 10, 2025 01:56 PM



IN LATE SEPTEMBER Shehzad Sharif, Pakistan's prime minister, and Field Marshal Asim Munir, its military head, had a meeting with President Donald Trump in the Oval Office. It was an unusual gathering. No media were present, nor was a statement issued. The only evidence are pictures released by the White House. In one, Field Marshal Munir shows a casket of mineral samples to the president. It was the latest sign of the unexpected bonhomie between Mr Trump and the field marshal. They also had a private lunch together at the White House in June, a month after a four-day military spat between Pakistan and India. But can a burgeoning relationship between the two leaders really rest on the promise of Pakistani minerals?

At first glance, the future looks bright for Pakistan's reserves. The main source of the minerals in question—the Reko Diq mine in Balochistan province—may be one of the world's largest untapped reserves of copper and gold, minerals critical for the energy transition. Once operational, the mine is estimated to generate about \$150bn in revenue over four decades. Since 1993 various international companies have tried to make the mine work. Financial, legal and political concerns stopped them.



But now Barrick, a Canadian mining company, is in a consortium with three Pakistani state-owned enterprises and the Balochistan provincial government. It is due to break ground this year. The World Bank and the Asian Development Bank recently approved money for the project; Mr Trump also wants in. America's development-finance institutions are mulling one-off loans of up to \$1bn to the mine.

Dig a little deeper, however, and it becomes clear the project is laden with risks. It is close to Afghanistan and Iran, two unreliable neighbours. The project could be disrupted by the activities of Baloch separatist terrorists in eastern Balochistan. The Institute of Economics & Peace, an Australian think-tank, ranks Pakistan the second country in the world most afflicted by terrorism, after Burkina Faso.

Another problem concerns how the copper and gold concentrates will be shipped out of Pakistan after extraction. There appears to be an implicit agreement between Pakistan, Barrick and their prospective lenders to keep the mine beyond Chinese influence. At the moment, the plan is to use a faraway port near Karachi, not the nearby Chinese-built Gwadar port. But the journey to Karachi is a long one. The minerals would have to travel 1,330km (820 miles) by rail, much of which is in a dreadful condition.

For years, China had promised a financing package of \$7bn to upgrade the railway. But its government has quietly pulled back in recent years. To make up the shortfall, Pakistan's government recently approved a financing package of \$390m, without specifying where the money will come from. Similarly the Asian Development Bank is in advanced talks to provide a one-off loan of \$2bn to the government (in addition to one of \$410m for the mine). And according to a recent report in the *Financial Times*, unofficial plans apparently shared before the meeting last month would create a new port costing \$1.2bn, next to Gwadar, with some American financial support. (Trump officials say that they did not discuss the proposal.)

And it is unclear how Pakistan's move to help the West diversify away from China would sit with the government in Beijing. But even were it to be displeased, China has few levers to pull. For years it followed a playbook of stabilisation through construction under the China-Pakistan Economic Corridor (CPEC), a flagship of the Belt and Road Initiative, a global

infrastructure programme. But it is slowly backing away from doling out largesse on big projects such as roads, mines and ports. It now talks of CPEC 2.0, focused on knowledge, sustainability and technology.

Meanwhile Pakistan is running out of time. The mine is not due to begin production until 2028, which is the last year of Mr Trump's presidency. The window of opportunity created by a global frenzy for minerals, the renaissance of America-Pakistan relations and an upsurge of commercial opportunism is narrow. If the mine does not materialise now, the promise of economic development in Pakistan may remain buried—along with the gold. ■

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In a state

Will this experiment fix India's Silicon Valley?

Bangalore's example of local governance could be copied by other Indian cities

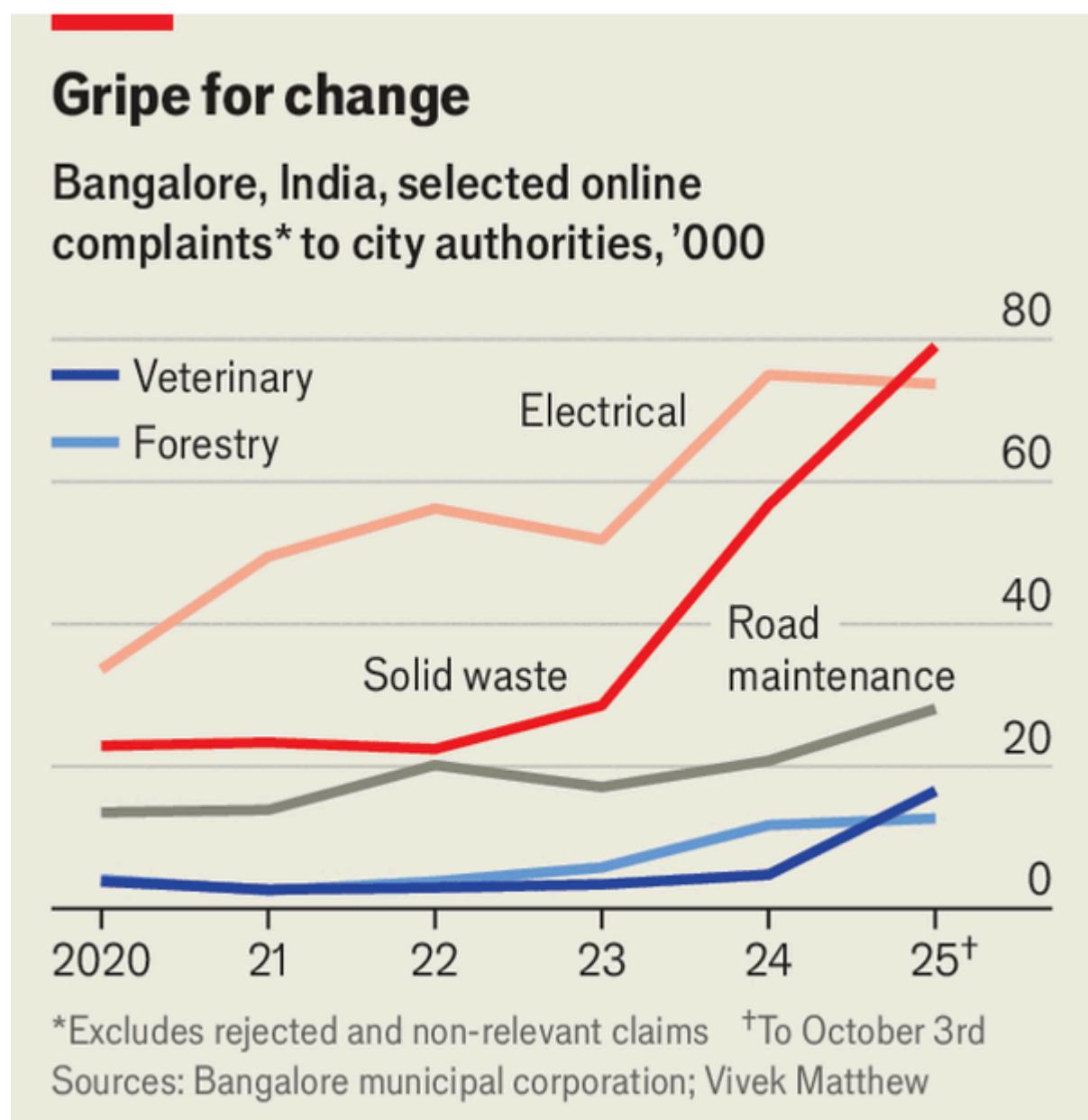
Oct 09, 2025 01:09 PM | BANGALORE



Worth the wait?

BANGALORE HAS a good claim to be India's most pleasant city. The weather is agreeable nearly year-round. World-class restaurants, a huge variety of pubs and a rash of new coffee shops provide ample sustenance. New cultural institutions are coming up, funded by a first-generation billionaire class created by the city's tech boom. Rents are more affordable than in the megacities of Delhi and Mumbai.

But administratively Bangalore is a disaster. For visitors, it is the legendary gridlock that is most visible. The city ranks third-worst globally in a traffic index compiled by TomTom, a navigation service. Locals get around this by living near work and shrinking their social lives to their neighbourhoods. But there is no escaping the city's other failings. Garbage festers uncollected. Street lights do not work. Potholes are everywhere. Five years ago the authorities received under 75,000 complaints in these three categories. In the first nine months of this year they received over 180,000 (see chart).



These problems are not unique to Bangalore (which is formally known as Bengaluru, though many residents use the old name). Most Indian cities, especially the big ones, are gridlocked, filthy and maladministered. But Bangalore is unique in trying to do something about it. Earlier this year the state of Karnataka, of which Bangalore is the capital, abolished the city's municipal corporation and replaced it with five smaller corporations (see map) overseen by a new Greater Bengaluru Authority (GBA). The transition will be complete once local elections are held early next year. The new design has the potential to transform the city. If it succeeds, it could serve as a blueprint for other metropolises.

About a third of India's people lived in its cities at the last census, in 2011, a share that is now closer to half. Cities contribute the vast majority of direct taxes and at least 60% of GDP, according to the government. Yet they account for just 15% of public employees and a negligible 3% of government spending. By contrast, America's cities command over a quarter of spending while in China it is more than half, according to a paper by Devesh Kapur of Johns Hopkins University.



The reason is what V. Ravichandar, one of the architects of the GBA, calls a “defect at birth in the context of urban India”. The constitution demarcates powers and functions between the central and state governments (with some overlap), but barely mentions cities. In 1992 parliament amended the constitution to allow the devolution of power from states to cities. But it did not make it mandatory; most states ignored it. The amendment, says Mr Ravichandar, “has not worked anywhere in the country”.

This gets at the core reason for urban India's ills. Cities are run by their states. Metropolitan revenue-raising powers are minimal, mostly from property taxes. Funding comes largely from the state or central government, or via grants for special schemes. Executive power is in the hands of bureaucrats appointed by the state. Political power, too, lies with the state. Mayors are figureheads. Elections for corporators—as councillors are known—are frequently delayed or simply abandoned. Bangalore has not had any elected officials for five years. Mumbai last held local elections in 2017. State politicians, meanwhile, tend to focus more on rural areas, where most of their voters live. In 2011 Bangalore's population of 8.4m made up just 14% of Karnataka's 61m.

Another big reason for urban dysfunction is that cities lack powers. In Bangalore, a raft of authorities with unwieldy acronyms runs things like planning and zoning (BDA and BMRDA), water supply and sewerage (BWSSB), transport (BMTC and BMRCL) and housing (KHB and KSDB). Turf wars and internal politicking impede co-ordination even at the state level. Many big cities suffer from similar problems. “The principal challenge in India is that the city is not a unit of economy or governance,” says Srikanth Viswanathan of Janaagraha, a non-profit in Bangalore. This leads to a “severe fragmentation” of governance.

Unreal city

This is where the GBA comes in. Its promise is three-fold. The first is decentralisation. By splitting a large corporation into five, the new system should make a city that has grown dramatically—the population is estimated to have expanded to 14m—more accountable to its citizens. Some Bangaloreans say they already find it easier to reach their new corporations.

The second, counterintuitively, is centralisation. The GBA is intended to resolve, or at least lessen, the chaos of an alphabet soup of authorities each doing its own thing. It will co-ordinate between corporations and also between them and the agencies. The hope is that this will help the city better plan its services and development.

Yet it is the third function of the GBA that is most telling. The chairman of the body is the chief minister of Karnataka. The vice-chair is the minister for Bangalore. “De facto the state is in control of the city. It’s a reality,” says Mr Ravichandar. “Now in a sense we have smoked them out and brought it out into the open. Isn’t it better that the state has no place to hide and to take overt ownership?” For the first time, political power and political responsibility for a city will rest in the same place.

Not everyone is convinced. Ashwin Mahesh, a former urban adviser to the Karnataka government, says that smaller corporations are not a panacea. He argues that better co-ordination could have been achieved by empowering the old municipal body. But his biggest objection, echoed by other critics, is that the GBA violates parts of the 1992 constitutional amendment, opening the door to lawsuits that could result in it being struck down. Ramanath Jha of the Observer Research Foundation, a think-tank, writes that the body is a “nail in the coffin of [urban] empowerment”.

The critics are not wrong. India’s cities urgently need power over their own fate. Yet the likelihood of any state voluntarily handing over power, or creating a new class of political challengers, is remote. The GBA is a grand experiment in whether India can improve its cities within the constraints of its imperfect system.■

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Banyan

What rich Indians fear

And what should really scare them

Oct 09, 2025 01:09 PM



IT IS NOT just naive tourists who ask the question. It is common, too, among highly educated Indians who live in nice homes and employ maids, cooks and drivers. It goes something like this: how, in a country so transparently unequal, does social peace largely prevail? Why are India's cities—where the gulf between rich and poor is most readily visible—not more like Rio de Janeiro or Johannesburg? Manu Joseph, a contrarian newspaper columnist, attempts some answers in a new book, "Why the Poor Don't Kill Us". It is the talk of living rooms across the country.

Mr Joseph offers several reasons. The very ugliness of India's cities protects the rich, he says, because it reassures the poor that they have not been left behind. Police brutality, dismal prisons and extrajudicial killings cow the

poor into behaving. Politicians distribute goodies to keep the poor quiet. A belief in education and English-language skills provides hope of betterment. Even flashy displays of wealth play a part by showing the poor what they can aspire to. And besides, the “miserable are not as miserable as we think”.

As Mr Joseph expands on these theories, he is consistently entertaining, occasionally insightful and frequently incoherent. If the book is a hit among India’s chattering classes, that is because it reassures them that their worst sin is merely to have good intentions.

Start with the premise: that the poor do not rise up against India’s rich. This may come as a surprise to the Naxalite movement, the world’s longest-running Maoist insurgency. Arundhati Roy, an author, recalls in her recent memoir the day in 1969 when Naxals in her state tied a plantation owner to a pole and chopped off his head. As recently as 2009 Naxals held sway in what the government of the day called “vast swathes” of India. The movement has now nearly vanished, not because Naxals feared state brutality but because they were its targets.

But rural violence is not the concern of the book. The fear that animates it—and many wealthy Indian homes—is that “the Indian servant is not as submissive as they were” even though “the middle class … want to be nice to [them]”. (This dread also lay at the heart of “The White Tiger”, a novel about a driver who kills his master, which won the Booker prize in 2008.) Mr Joseph, too, frets at length about maids, drivers and waiters.

This is a category error. Urban India’s service workers may not make much money by global standards but they are solidly middle-class by local ones. Their employers sit atop the income distribution. “Why is there peace between the classes in one of the most unequal regions on Earth?” Mr Joseph asks in an author’s note at the start of the book. Despite the expansiveness of the question, the focus is a narrow one: why are the urban elites—the “us” of the title—so unthreatened by those who work in their homes?

That is not the question the book answers, focusing instead on “the very poor”, though never quite making up its mind who they are. Mr Joseph’s most convincing argument is that “the poor are the worst enemies of the

poor”, pointing to discrimination among Dalits, the underclass formerly known as untouchables. A better exploration of the dynamic can be found in “Behind the Beautiful Forevers”, a deeply reported book written in 2012 by Katherine Boo, an American journalist. She, too, wondered why India’s cities did not look “like the insurrectionist video game Metal Slug 3”. Based on over three years of observing and interviewing residents of a miserable slum in Mumbai, her book laid out in detail how the poor sabotage each other as they quarrel over scraps, leaving the rich unmolested.

What was the right question for 2012 is not necessarily so in 2025. India’s economy has more than doubled in size in real terms since Ms Boo’s book. The country has fewer poor people and a much larger middle class. Its people have been promised more opportunity and harbour greater expectations.

This can be dangerous. Over the past week Indians have taken to social media to share stories about corruption after one firm’s allegations against customs officials went viral. Meanwhile, resentment over shoddy infrastructure and poor public services is becoming more apparent. So is anger about the shortage of jobs for the millions of young people who graduate each year. The real worry for India’s elite, then, should not be violence by the underclass. They should fear the bitterness of those who expect a better future—and do not get it.■

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China

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Industrial strategy :: Wonks are falling over themselves to offer suggestions for spurring growth
- **[China's industrial largesse may cost it \\$370bn a year in lost output](#)**
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Industrial strategy

Xi Jinping is personally involved in China's new five-year plan

Wonks are falling over themselves to offer suggestions for spurring growth

Oct 09, 2025 01:54 PM | Beijing

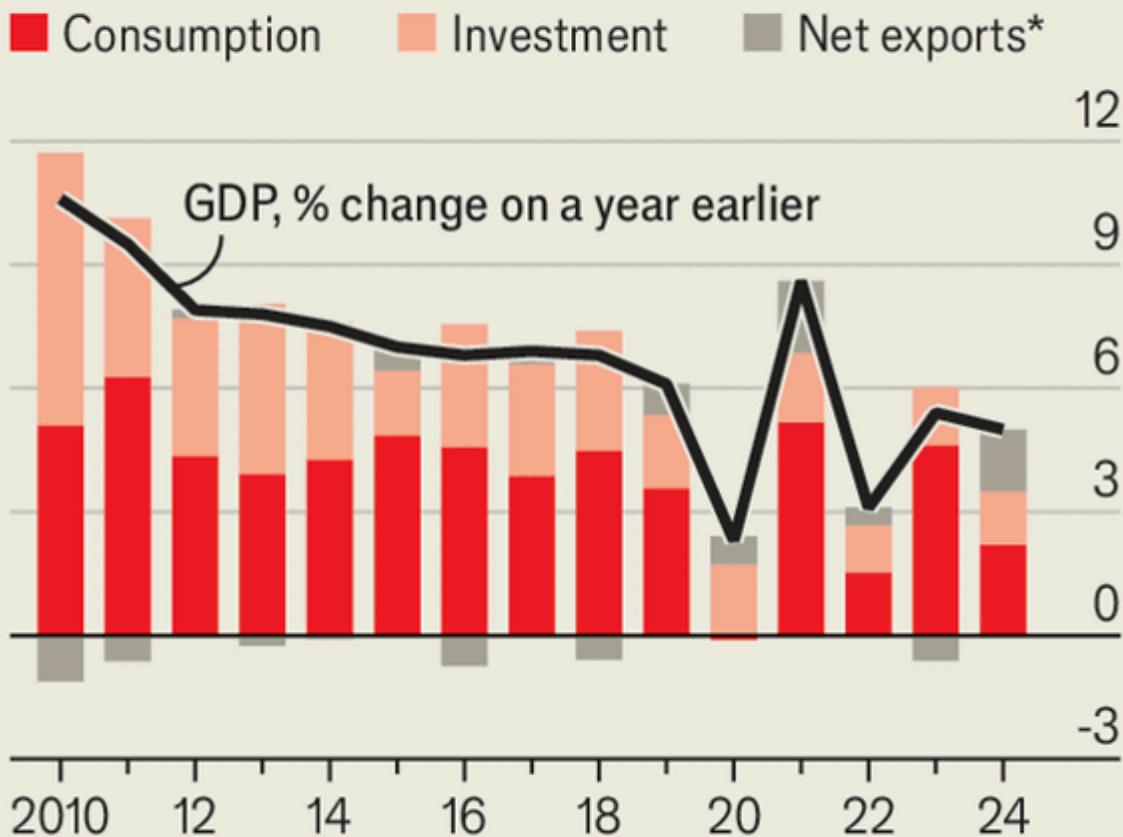


THE JINGXI hotel will contain all the intrigue, as usual. From October 20th to 23rd some 370 of the Communist Party's top officials will congregate in Beijing to map out the country's economic course to 2030. The five-year plan they eventually release in March will be the 15th since the party gained power in 1949. Titanic in size, as befits the world's second-largest economy, it will touch on everything from advanced manufacturing to green development and beyond. Xi Jinping, China's president, is helping to shape it himself.

The bigwigs meet in tricky circumstances (see chart). China's GDP grew by 5.3% year on year over the first half of 2025, helped by manufacturing investment and resilient exports. But consumption is weak. Many Chinese tend to save, and they have become more cautious amid an uncertain job market and a savage property downturn. Weak domestic demand is causing deflation—consumer prices fell by 0.4% in August from the same period a year before. It is also adding to trade tensions. China produces some 30% of the world's manufactured goods but accounts for just 18% of global consumption. A protectionist backlash is building in other countries. And an uneasy truce in the trade war depends upon the mood of Donald Trump, America's president.

Not going entirely to plan

China, contributions to GDP growth, percentage points



*Goods and services

Sources: National Bureau of Statistics; Wind

The size of five-year plans, and the opacity of the related planning processes, can make them easy to dismiss. But each offers a precious glimpse into the machinery of China's top political bodies. Input is sought from academics, economists and other wonks. On this occasion state media have reported that Mr Xi is also considering the opinions of online commenters.

Foreigners have plenty of suggestions, too. Scott Bessent, America's treasury secretary, has offered his thoughts on how to rebalance the economy towards consumption. Citigroup, an American bank, has outlined measures worth more than 11trn yuan (\$1.6trn) over the next five years to support household spending, including broadening access to free pre-schools and more generous health insurance. UBS, another bank, considers how the plan could give a needed boost to services, from caring for the old to getting Chinese people more into sports.

Five-year plans once focused squarely on GDP growth and all the material inputs that entails. Lately, though, they have become more sprawling (the last plan dropped the five-year growth target entirely, though annual GDP targets are still meted out). With so much material, officials tend to focus on the goals that are specific, quantified, or given precedence at the very top of the plan.

What is clear is that China will double down on high-end manufacturing as 2030 approaches. Mr Xi remains enthusiastic about "new-quality productive forces", as he calls them (although lately he has warned local governments not to champion exactly the same industries so as to avoid duplicative investment). Having conquered electric cars, China has its sights on other futuristic sectors such as humanoid robots and quantum computing. To this end, the plan may lay out goals for everything from spending on industrial research and development to automation in factories. It will probably include a target China has already set to integrate artificial intelligence into 90% of manufacturing by 2030, in the hope of making China's factories even more productive.

A particular focus is likely to be on ending technological "strangleholds". Chinese companies are working to reduce their reliance on foreign suppliers for advanced semiconductors. They are also trying to eliminate other dependencies, such as for aircraft engines. Officials see them as a vulnerability (America has banned the export of its high-end chips to China since 2022). A report released last month by a group of high-ranking Chinese officials lays out that becoming a sci-tech power is therefore not only economically necessary, but also "the fundamental way" to respond to "containment and suppression by the US and other Western countries".

Opening their wallets

Efforts to spur consumption will also feature prominently in the plan. The last one vaguely called for “more reliance on the strong domestic market”. The one before that said consumption’s contribution to economic growth should increase but also called for society to embrace “frugality”. This time around, a chorus of establishment economists is calling for stronger stuff, including a numerical target in the plan for consumption as a share of China’s GDP. At the moment that figure is 57% (including state spending on things like running hospitals) compared with 73% for the world. Lu Feng, an economist at Peking University, has called for the plan to raise it by 5-10 percentage points by 2030. Peng Sen, a retired state planner, has suggested a similar hike which could put the share of consumption over 70% by 2035.

This year officials have already tried to boost spending in various ways, from subsidising consumer credit to rolling out trade-in schemes that encourage households to swap their old appliances for new ones. In July the government also started to give parents 3,600 yuan a year for each child under the age of three. But to really boost consumption, the five-year plan would need something more ambitious—a big injection of fiscal resources into China’s social-safety net, say, so that people, especially poorer ones, would worry less about saving for their old age or a prolonged bout of sickness.

Embracing such measures will be more difficult for the party than piling into scientific and technological industries. China’s local governments, which manage its pensions, are already short of cash. The central government has been letting them issue extra bonds to replace their riskiest “hidden” debts, but is reluctant to help further. More important, Mr Xi and much of the party elite dislike what he calls “welfarism”. Overly generous governments create “lazy people” and “inevitably bring about serious economic and political problems”, he warned in 2021. The solution will probably be a compromise of sorts. The plan could call for consumption to rise as a share of GDP but not specify by how much exactly. It may also demand that disposable incomes rise “faster” than GDP growth (rather than “in line with” it, as previous plans have stated).

“Within the realm of politically realistic policies, there’s just not a tonne of tools that they have available,” explains Christopher Beddor of Gavekal Dragonomics, a consultancy. Whatever the sage advice offered by external experts then, the attitudes of the leadership will decide the most important goals of the next five-year plan. And to protect themselves, and the progression of their careers, officials will not include targets that they are not sure of hitting. The main targets of recent five-year plans have almost all been completed, according to research by Mr Beddor, who finds that they also contain fewer “hard” economic targets than in the 1990s. The government puts that down to the plans’ more “scientific and standardised formulation of implementation”. Simultaneously anachronistic and futuristic, they still remain a useful guide to China’s priorities. ■

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Hey, big spenders!

China's industrial largesse may cost it \$370bn a year in lost output

A new study points out the pitfalls of economic planning

Oct 09, 2025 01:09 PM



CHINA'S INDUSTRIAL policies have propelled it to the shiny edge of technological development. It boasts world-beating electric-vehicle (EV) production and top-notch robotics, and though it still lags behind in semiconductors, it is fast catching up. At a party plenum later this month officials will gather to [discuss how to keep economic momentum going](#): through to 2030. Reports so far suggest that they will renew China's commitment to becoming a "science and technology powerhouse". But a new paper by researchers at the IMF suggests that the scale—and the associated costs—of related efforts are far bigger than previously estimated.

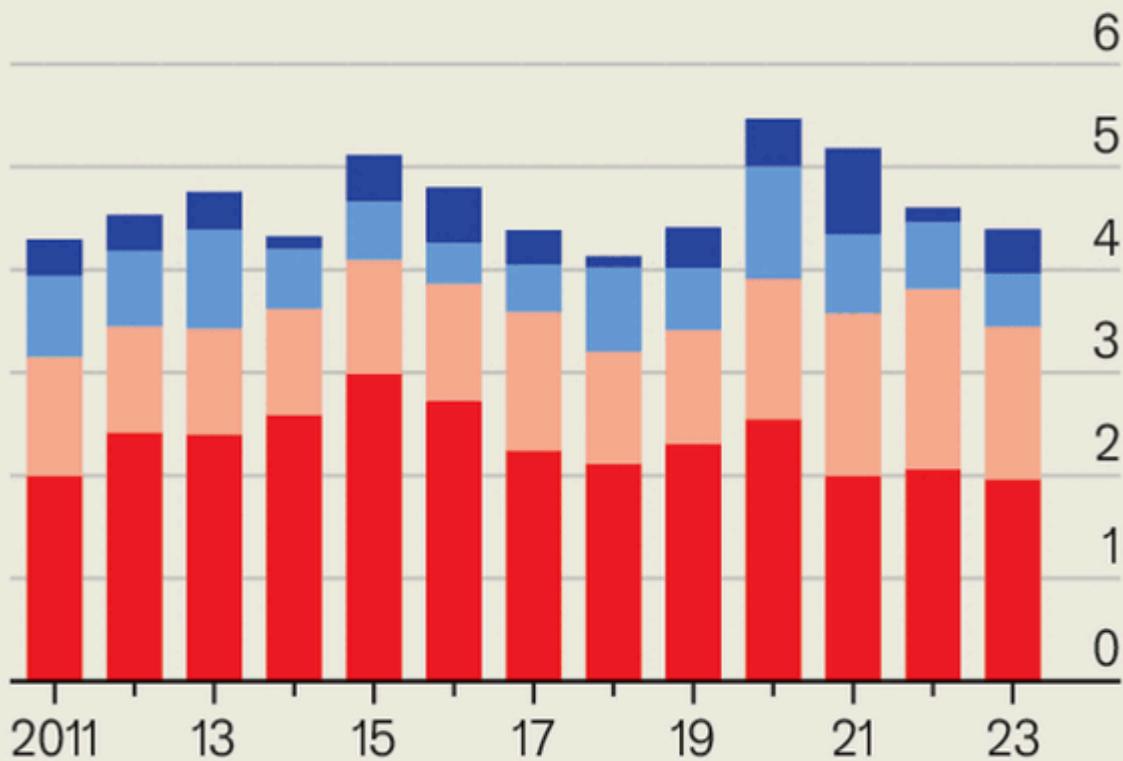
Despite famed initiatives like “Made in China 2025”, the country’s industrial policies are generally not well understood. Part of the reason is that there are so many of them. Of the 100,000 policy documents the government puts out each year, over a fifth relate to industrial policy in some way, reckons a study by Hanming Fang of the University of Pennsylvania and others. Industrial policies are introduced willy-nilly by city, provincial and central governments, span sectors from automobiles to pharmaceuticals and use a broad array of different instruments.

A new paper by Daniel Garcia-Macia, Siddharth Kothari and Yifan Tao of the IMF tries to put a fiscal price tag on four of the main types: cash subsidies, tax breaks, cheaper borrowing and discounted land purchases. They obtain the first from financial statements of listed firms (both private and state-owned); calculate tax cuts from the difference between the 25% corporation-tax rate and what listed firms actually paid; and measure subsidised credit and land purchases as the difference, in interest or prices paid, between the manufacturing sector and non-manufacturing ones. The researchers extrapolate their results to non-listed firms, for which there are no data, by assuming that they got the same perks as listed ones.

It all stacks up

China, industrial policies,
by selected instrument, as % of GDP

■ Cash subsidies ■ Tax breaks
■ Land purchases ■ Subsidised credit



Source: "Industrial policy in China: quantification and impact on misallocation", by D. Garcia-Macia et al., IMF working paper, 2025

All this amounted to 4.4% of China's GDP in 2023, and has hovered between 4% and 6% since 2011, the researchers found (see chart). That is much higher than the share the Centre for Strategic and International Studies (CSIS), an American think-tank, estimated previously. It put China's industrial-policy spending at 1.7% of GDP in 2019, far above other countries' (the next-highest was South Korea, at 0.7%, while America spent

0.4%). One reason for the difference appears to have been that the CSIS did not extend its results to cover non-listed firms. Messrs Garcia-Macia and his team found that industrial policies favoured sectors such as semiconductors and technology hardware over agriculture and construction, among others. That chimes with China's drive to control the industries that will allow it to stand up to America.

One unintended consequence of industrial policies concerns their distorting effects on the allocation of resources in the economy. Subsidised firms and sectors over-produce at inefficient levels, while firms protected by trade and regulatory barriers under-produce, both leading to lower productivity. Thanks to this kind of misallocation, after a decade of industrial policy China's "total factor productivity" (a measure of the overall efficiency with which capital and workers are used) was 1.2% lower than it would have been. That in turn meant that China's GDP was 2% lower a year. (At the current size of China's economy, that translates to a loss of about \$370bn a year.) Moreover, even in propped-up sectors, there was little evidence that support actually improved productivity: overcrowding has led to "involution", or relentless and meaningless competition, resulting in vicious price wars between EV-makers, for example.

For all that, China's leaders may not overly fret that industrial policies are creating vast amounts of waste. In their eyes, leadership and self-sufficiency in vaunted sectors are incredibly important globally. But as Messrs Garcia-Macia, Kothari and Tao show, the price paid for this in lost output is very great indeed. And over-production has also meant falling factory-gate prices for almost three years in a row. The concern for the plenum is that officials sense the value of their industrial policy but not its true cost. ■

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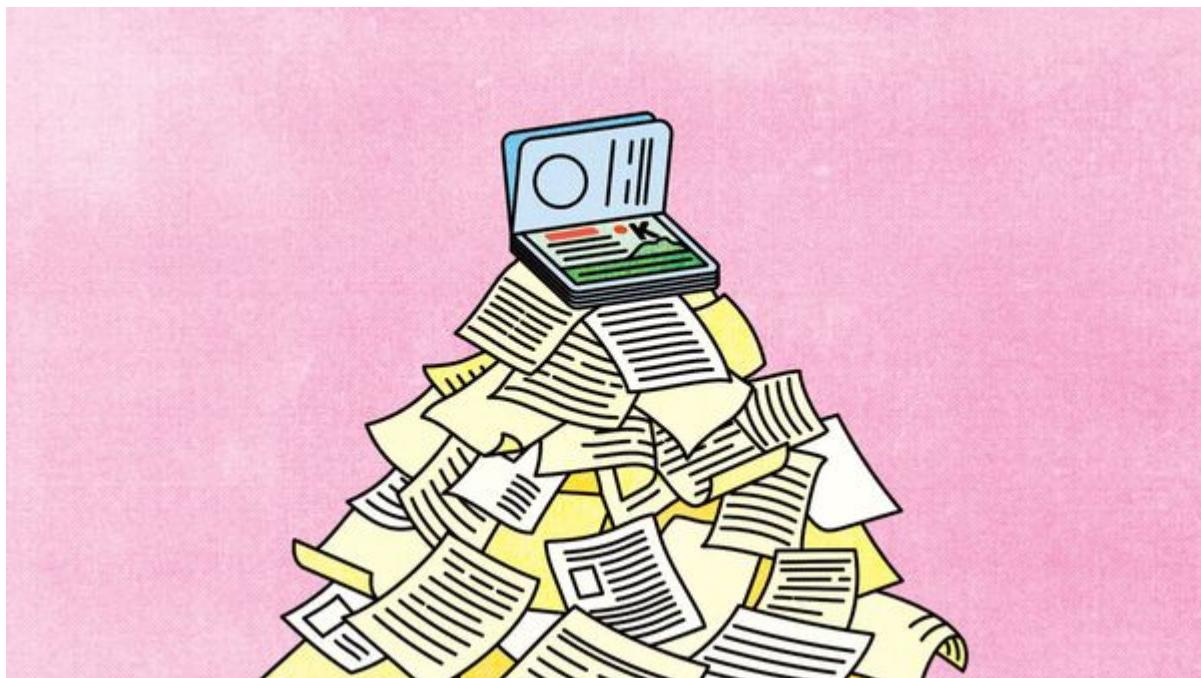
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China's new K-visa

China's H-1B-visa alternative excites interest abroad—but fury at home

America's loss could be China's gain in the war for tech talent

Oct 09, 2025 03:33 PM



ACCORDING TO THE last census in 2020, less than 0.1% of China's 1.4bn people are immigrants (in America the share is 15%). Historically the country has not welcomed many newcomers, but its leaders want to seize the geopolitical moment. This month China opened its doors to bright young things via a new visa—bold in vision but scant in detail—in a bid for global tech talent.

As America, the magnet for the world's top engineers, developers and researchers, slashes university funding and hikes the fee to \$100,000 for H-1B visas (often used to hire foreign tech workers), China is positioning itself as an alternative. Compared with China's existing visa categories, the new "K visa" offers holders longer durations of stay, more entries and a simplified application process. In contrast to the H-1B, the Chinese scheme does not require employer sponsorship, giving young STEM graduates free rein to study, research or start businesses.

The scheme has played well abroad. But at home the backlash has been furious. That is partly because of high anxiety among young Chinese struggling to find jobs. They see the prospect of more foreign workers as yet more competition in the labour market. This summer 12.2m graduates flooded out of China's universities, many armed with engineering degrees, hunting for white-collar jobs.

A sluggish economy means firms are struggling to accommodate them. August saw youth unemployment climb to its highest level since 2023 (when the way it is calculated was changed). Now 18.9% of those aged 16 to 24 in China lack a job (excluding students). "We can't even use up our own country's talent. Is foreign talent so great?" bemoans one online commenter.

Another, more ugly, source of opposition stems from racism. In late September, an Indian news anchor described the K visa as China's H-1B: "Beijing's pitch is clear: skip the drama, pack your bags and we'll give you ample opportunities." Many Chinese cited that segment when bashing the visa online. Indians received more than 70% of H-1B visas last year, and many Chinese seem to fear some kind of influx into their country.

The world is their oyster

Such a scenario is hardly likely. After five tense years, relations between India and China are only just starting to warm. Besides, the first K-visa holders will mostly come from Europe and America, where much top talent is currently working, reckons Dan Wang of Eurasia Group. "Beijing will keep the programme tightly controlled in small numbers and strict criteria

so it looks like targeted recruitment,” she says. China “is more hungry for talent than ever before,” declared *People’s Daily*, the Communist Party mouthpiece, on September 30th. It emphasises that the target is young scientists and engineers from renowned institutions, not the “low-quality workforce” that citizens seem to rant about online. The policy will probably help China attract more *haigui*, or sea turtles, the overseas Chinese who return after studying and working abroad.

For all these lofty aims, the details around the new visa scheme remain sparse. There will be “age, educational background and work experience” requirements. More intricate policies will be hashed out over the coming months, Lu Xiang of the Chinese Academy of Social Sciences told state media. K visas will probably be “flexibly” handled by the foreign ministry in the meantime—whatever that means. The episode offers lessons for the future, when China will need more immigrants to help care for its ageing population. An opened door is not the same as an organised welcome. ■

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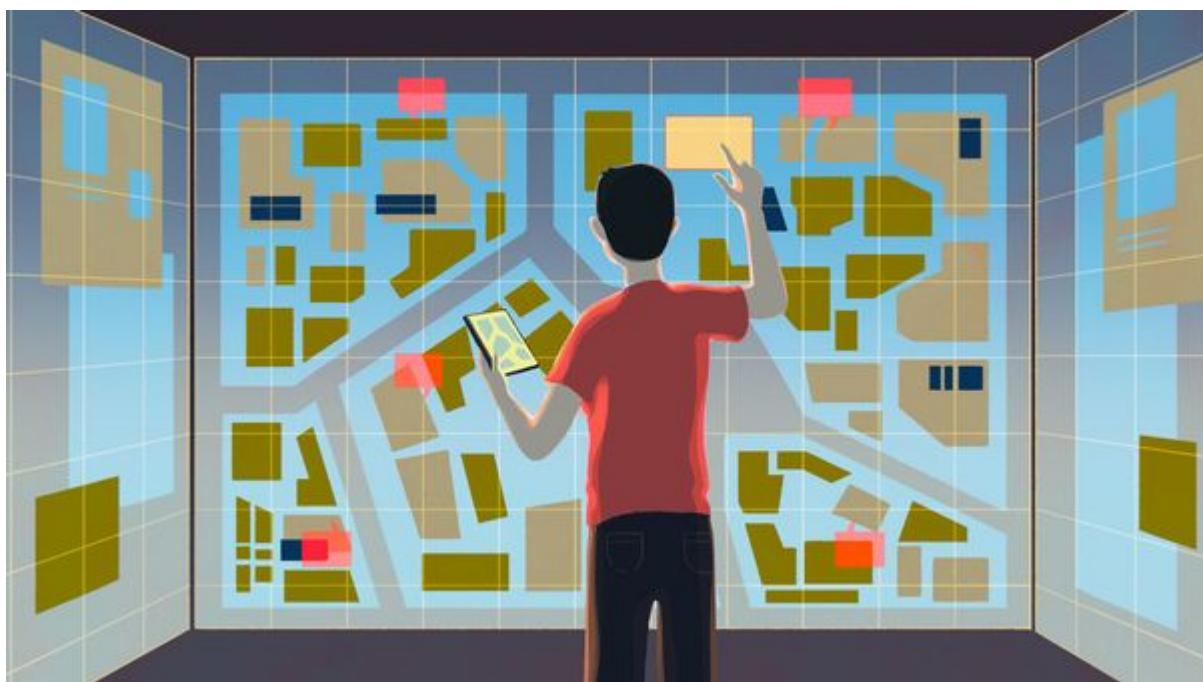
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Chaguan

Chinese officials boast a god's-eye view of towns from above

Digital surveillance grids are meant to help solve local problems quickly. But they also track potential troublemakers

Oct 09, 2025 01:08 PM



A ONE-STORY Communist Party office sits down a quiet street in a village of 15,000 people. Inside, a digital screen covers an entire wall as if every resident were a cell in a complex organism that must be tracked. The village is broken into a grid composed of a dozen different units. Within each, maps pinpoint individuals who need extra attention, including the destitute and the mentally ill. Another section shows known drug users: 58 in all.

These are people whom the party wants to help—and whom it worries could endanger China's social stability if left to their own devices. The

maps record when a “grid attendant” last checked on them. “We try to understand their needs,” says a bureaucrat, a soft-spoken young man in a Spider-Man t-shirt who is chomping on a takeaway lunch as he monitors the screen.

The digital system is part of a tech-driven approach to make Chinese grassroots governance more efficient—but also more pervasive. The bureaucrat, speaking on condition of anonymity, says that it stems from an instruction by President Xi Jinping that “small problems shouldn’t leave the village and big problems shouldn’t leave the town.” In other words, local officials should resolve—and, if necessary, suppress—issues by themselves rather than just sending them up the chain of command.

Another part of the digital system, a reporting platform for grid attendants, catalogues the kinds of problems they encounter. Most are mundane, such as complaints about construction debris. Disputes over unpaid wages are among the thorniest, says the bureaucrat. Recently, a typhoon blew through the village, which is administered by Shanwei, a southern city of 3m people. A grid attendant uploaded a photo of a fallen tree, followed by a photo of a newly planted one. Problem reported, problem solved. “For the police it’s about focusing on people who are threats or potential threats. For us it is about serving people,” he says.

Grid management, first piloted in 2004, has been expanded to cover most of China over the past decade. Minxin Pei, a scholar of Chinese politics, says the goal is to divide the country into more than 1m separate grids, each containing roughly 1,000 residents and each served by a couple of grid attendants. The system represents a modern extension of the neighbourhood committees—vigilant and often invasive monitors of daily life—that have existed since the founding of the People’s Republic of China in 1949 but that had been fading in relevance until Mr Xi came to power.

Determined to bolster the party’s presence at every level of society, Mr Xi is using grid management as a way to extend control all the way down to individual street corners. “Now it is about getting this new governance structure to work, to get deeper into the fine capillaries of society,” says Nis Grünberg of the Mercator Institute for China Studies, a German think-tank. Technology is essential to this penetration. In China’s wealthier cities,

ubiquitous surveillance cameras help grid attendants oversee their areas. Additional sensors can also alert them to risks such as overcrowded public spaces. The attendants, in turn, upload reports about what they see as they make their rounds.

Chinese media carry glowing accounts of how grid managers foster social harmony. Local authorities publish data that show stunning—indeed, improbable—success. In Xiajin, a county in Shandong province, officials reported that grid attendants dealt with 63,000 separate issues last year, resolving more than 98% of them on the spot. Not bad, though they might want to study the example of their fellow cadres in Jindong, a northern county, who claimed a satisfaction rate of more than 99%.

The concern about grid management is clear: it adds yet another layer to China's formidable system of surveillance and control. Officials prefer to tout the role of grid attendants in providing social services, a praiseworthy aim. But that is coupled with their mandate to keep a closer eye on potential troublemakers. The bureaucrat in the Shanwei village says grid attendants there must check on at-risk individuals every month. “We reduce pressure on the police,” he says.

Other parts of the country are more extreme. In Ningxia, a north-western region, one town has asked grid attendants to visit petitioners (ie, people who have formally raised complaints about government officials or institutions) once a day. The objective of solving problems can, in practice, mean silencing or cordoning off anyone judged to be a threat rather than actually helping them. For years local governments have used goons to intercept petitioners who manage to make it to Beijing to voice their complaints. Grid attendants are meant to help stop them at the source.

Gridlock

Still, as is often the case in China, there is a gap between the most fearsome possibilities of its high-tech mechanisms for social control and the messier implementation. Grid attendants, depending on the day, attend to the elderly and infirm, monitor the environment, mediate labour disputes and suppress potential protests. It is easy for them to end up overstretched. Harried grid

attendants have an incentive to mainly report issues that they can easily resolve, in order to achieve higher completion scores.

And for all their supposed slickness, the various tech platforms also breed new headaches. Uploading reports can take several hours per day. Grid attendants often have multiple apps into which they feed information, connected to different departments. Officials can end up more consumed by managing apps than by serving people, a phenomenon known as “fingertip formalism”. China’s surveillance state is sometimes encumbered by the same technology that powers it. The party’s fingers may reach into every corner of society, but those fingertips spend an awful lot of time typing and swiping on screens. ■

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Leaders for life

The new age of the African Big Man

Ageing autocrats are not a relic of a bygone age. They are a template for the future

Oct 10, 2025 11:33 AM | Abidjan, Douala, Kampala and Oyo



THE FIRST leaders of independent African countries were often known as fathers of their nations. Today Paul Biya, Cameroon's president, is old enough to be the great-great-grandfather of some voters heading to the polls on October 12th. At 92, he is the oldest head of state in the world and runs a country with a median age of 18. His 43 years in power put him second on the global list of longest-serving leaders (excluding monarchs), behind Equatorial Guinea's dictator, Teodoro Obiang. Africa accounts for seven in the top ten (see chart 1), including Uganda's Yoweri Museveni, who seeks re-election in January.

Africa's "leaders for life" are easy to mock. Mr Biya sometimes runs his country from the Intercontinental Hotel in Geneva. Mr Obiang has appointed as vice-president his son, a money-launderer with a fondness for houses, yachts, luxury cars and Michael Jackson memorabilia.

Go, me?

1

World's longest-serving country leaders*

October 2025

■ Africa ■ Europe ■ Asia

Leader	Country	Years in power
T. Obiang	Eq. Guinea	46.2
P. Biya	Cameroon	43.0
Y. Museveni	Uganda	39.7
I. Afwerki	Eritrea	32.4
A. Lukashenko	Belarus	31.2
E. Rahmon	Tajikistan	30.9
D. Sassou Nguesso	Congo-Brazzaville	28.0
I.O. Guelleh	Djibouti	26.4
P. Kagame	Rwanda	25.6
R.T. Erdogan	Turkey	22.6

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R.T. Erdogan	Turkey	22.6

*Excludes monarchs

Sources: Zárate's Political Collections; *The Economist*

But at a time when authoritarianism is on the rise, there is much to learn from sub-Saharan Africa, where the average leader has been in office for over nine years, 50% more than the global equivalent. At the turn of the century the African “big man” looked like a cold-war relic. Today a new generation of leaders is intent on ruling for long stints. Their aims are helped by the Trump administration’s lack of interest in African democracy. Even when the Biya generation of big men dies, their template for power will live on.

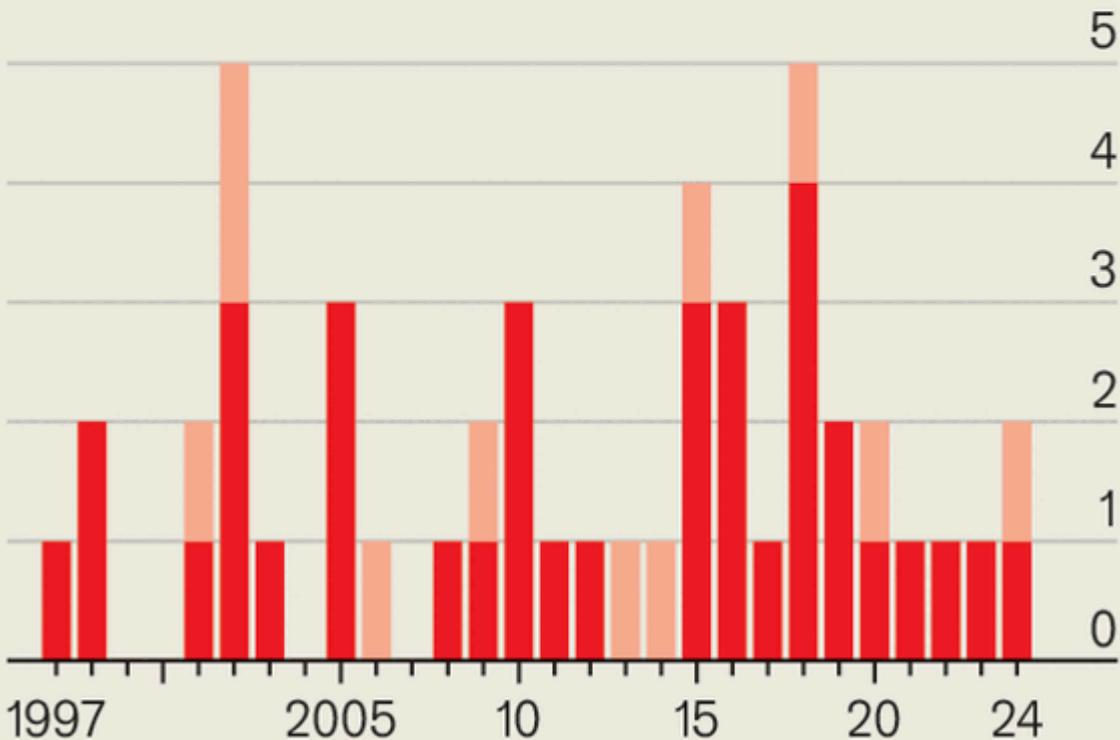
In the heady 1990s African countries embraced at least the pageantry of democracy. Most adopted term limits. In that decade there were just three attempts to bypass those self-imposed constraints. Yet since 2000 there have been 44 efforts, most in the past 15 years (see chart 2), notes a forthcoming paper by Nic Cheeseman of the University of Birmingham and Marie-Eve Desrosiers of the University of Ottawa. Of those, more than three-quarters were successful.

My country, my rules

2

African leaders, number of attempted term-limit evasions

■ Successful ■ Unsuccessful



Source: ISPI Africa Leadership Change Project

Over the past 35 years, term limits have typically been evaded by amendments to national constitutions. Mr Biya and Mr Museveni used this method. So did Togo's Faure Gnassingb  , who has ruled for 20 years (succeeding his father, who chalked up nearly 38 years). In May he stood down as president but had himself appointed by parliament as the head of a new body, thus allowing him to pay lip service to relinquishing power while doing nothing of the sort. In Ivory Coast Alassane Ouattara, the 83-year-old president, claims he is entitled to run for a fourth term in elections on

October 25th, despite a two-term limit. He says that a new constitution passed in 2016 reset the clock on the length of time he can spend in office.

More brazen still are the younger generation of autocrats who have taken power after a wave of coups earlier this decade. In Guinea, Mali and Burkina Faso, military leaders have all changed the rules to cling to power in spite of earlier promises to make way for civilians.

The autocrats' toolkit also includes repression, manipulation, populism and powerful friends. It is hard to be an opposition politician in these countries. In Rwanda, where Paul Kagame has been president since 2000, opponents are imprisoned and intimidated. Dozens of Cameroonians who protested against Mr Biya in 2020 remain in jail. Last year a Ugandan opposition leader was kidnapped in Kenya and smuggled across the border to face treason charges. Doreen Nyanjura, a fellow opposition leader, reflects on her own time in jail, including solitary confinement: "My children do not get the time they expect from their mother." Across the Sahel human-rights abuses have worsened under the new juntas.

Yet for the longest-serving leaders violence is not mindless. In Uganda, notes Angelo Izama, a local analyst, ordinary people are largely free to go about their business so long as they do not challenge Mr Museveni. "The bargain is that he keeps soldiers away from us, and us away from the soldiers." Many autocrats' legitimacy stems from their ostensible role in preventing a return to bloodshed, whether genocide in Rwanda or civil war in Uganda and Ivory Coast. "They've done a good job of making themselves seem indispensable," says Ken Opalo, a Kenyan academic.

Autocrats also benefit from international support. In the Republic of Congo Denis Sassou Nguesso, who has presided since 1979 with a five-year interval after 1992, has ties to China and Russia. France has helped prop up Mr Biya, Mr Ouattara and others. America and Britain long saw Mr Museveni and Mr Kagame as sources of stability in the Great Lakes, despite their records on human rights and invading neighbouring Congo.

Leaders for life are not just brutes. "Sticks and carrots—but mostly carrots," says a confidant of Mr Museveni, citing how he wooed the King of the Baganda, the country's largest ethnic group, through patronage. "[Biya] is a

political genius,” concedes a human-rights activist in Cameroon. Especially in his earlier days the president deftly spread jobs among elites from different tribes and parties.

Many African leaders carefully cultivate business elites. They need their money for political campaigns but they do not want tycoons getting so powerful that they can challenge their rule. So-called “middlemen minorities” in business, such as those of Lebanese origin in west Africa and those with south Asian roots in east Africa, are prominent in part because they pose less of a political threat. Patronage of elites is coupled with populism. Targeted handouts—particularly at election time—in rural areas and for disaffected young people in cities are common.

It is not all cassava and circuses. The economies of Ivory Coast, Rwanda and Uganda have all grown faster than the sub-Saharan African average since their current leaders took office. Hippo Twebaze, a veteran of Uganda’s ruling party, says that “40 years ago in my village there was one bicycle. Now there are 100 motorcycles. Things have gotten better.” Mr Ouattara, a former economist at the IMF, has overseen an impressive annual growth rate of over 6%.

Yet there are diminishing returns to African autocracy. Mr Cheeseman and Ms Desrosiers argue that countries do worse after leaders bypass term limits. The rule of law is undermined and presidents have fewer incentives to do a decent job. Longer tenures are associated with more corruption and election-rigging. As presidents stick around they dish out patronage to narrower groups, often to their own kith and kin. In the Republic of Congo, the bumpy ten-hour drive from Brazzaville, the capital, to Oyo, Mr Sassou Nguesso’s home town, passes through village after village without electricity. The street lights start some ten kilometres from Oyo.

The longer presidents stick around the more personal their rule is likely to get. This is bad for economic growth, suggests a paper published in July by Christopher Blattman of the University of Chicago and co-authors. Looking at 176 countries from 1960 to 2010 they found no statistical difference in economic growth rates between democracies and “institutionalised autocracies” (like China, Singapore and, at times, Mexico). But “personalist autocracies” (like Zaire under Mobutu Sese Seko or Iraq under Saddam

Hussein) performed worse. When power is concentrated in a single person, private investment and provision of public goods are lower.

When leaders spend decades in power they make the eventual transition even more perilous. “After 42 years you can’t expect a smooth transition,” says a Cameroonian businessman. Though several leaders, including those in Togo, Equatorial Guinea, Republic of Congo and possibly Uganda, seem keen on their sons taking over, they often lack their fathers’ legitimacy.

Elsewhere a younger generation of autocrats is already in place. Of the 37 African countries that have seen new leaders in the past decade, a little more than half are led by politicians who have already evaded term limits or are flirting with doing so. These include the Sahelian junta leaders as well as Emmerson Mnangagwa in Zimbabwe and Félix Tshisekedi in the Democratic Republic of Congo.

“We are in a new era when it looks like new big men are emerging,” says Mr Cheeseman. After the cold war America inconsistently backed African democracy. Under Mr Trump it will be consistently unbothered by African strongmen’s ways. In July the State Department told diplomats to stop commenting on the integrity of elections. African autocrats will probably take inspiration from the way America’s president has wielded executive power.

There are benefits to reining in autocrats. No African president has managed to avert term limits in countries where previous presidents have either respected them or failed to evade them, notes Andrea Cassani of the University of Milan. That includes Kenya, Malawi, Zambia, Senegal and Benin, where Patrice Talon, the president, confirmed last month that he would step down when his second term ends next year. Though these countries are all flawed democracies, they are diverging from the continent’s autocracies.

Ordinary Africans seem to grasp the importance of their leaders accepting their dispensability. Though satisfaction with democracy has declined on the continent in recent years, according to polls by Afrobarometer, a research group, some 72% of Africans surveyed in 35 countries say they like term limits. Unfortunately many will have to get used to the leaders

they have. Africa's big men will die eventually. But their ways will live on.

■

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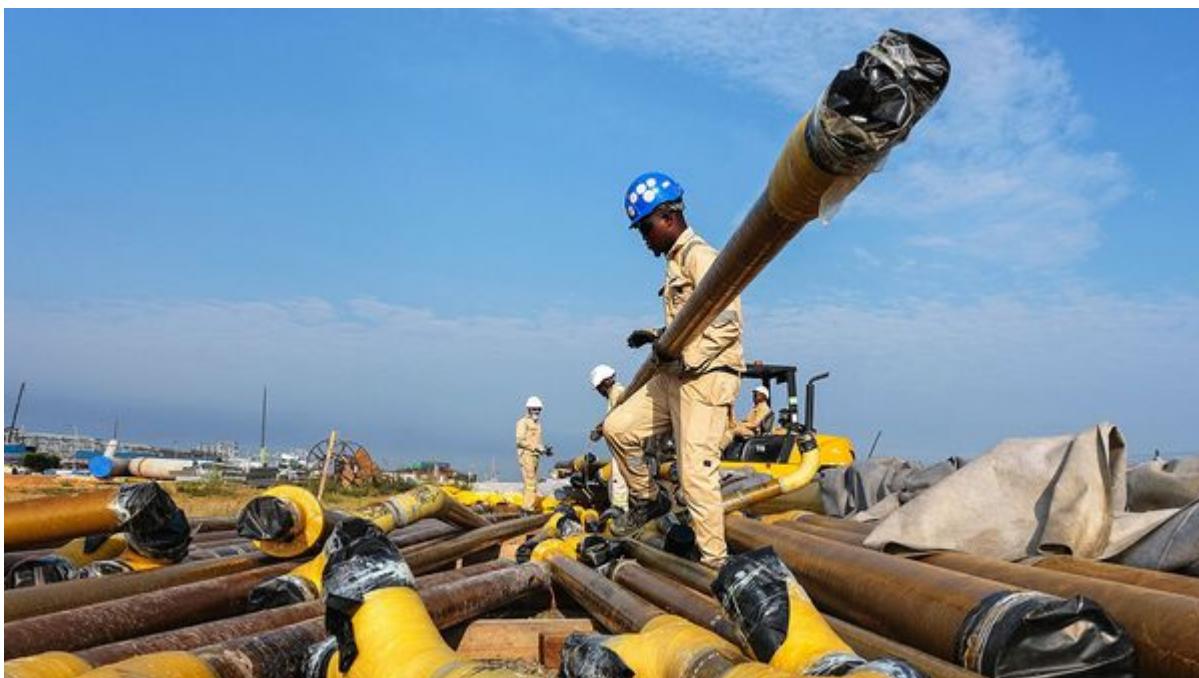
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Mobilising in Mozambique

TotalEnergies leads the dash for Africa's new oil and gas

It is about to restart a controversial gas project

Oct 09, 2025 02:13 PM



TO GRASP THE ambition behind Africa's new oil and gas exploration, consider three projects under way at TotalEnergies, a French supermajor. In Uganda it is building the world's longest heated pipeline. In Namibia it hopes to drill in waters 3km deep. And in Mozambique it is preparing to lift a declaration of force majeure on a gas project, four years after pausing work because of jihadist attacks. The \$20bn development, in which it owns a 26.5% stake, will be one of the largest foreign investments ever made on the continent.

These projects are a small part of TotalEnergies' portfolio, but pivotal for the countries concerned. In all three a single political party has ruled for decades and young people are impatient for change. If you are an embattled president, the most important contact in your phone book might be Patrick Pouyanné, the French firm's chief executive. His critics raise concerns about the climate and human rights. But he is determined to push ahead.

The stamps on Mr Pouyanné's passport show the changing geography of oil and gas, as Western firms sell off ageing African assets. Since 2019 the output of the five supermajors in sub-Saharan Africa has fallen by a third, calculates Energy Intelligence, an industry publisher. But they are also developing new reserves in countries that have never produced oil or gas before. TotalEnergies already gets the equivalent of 450,000 barrels a day from the region, almost a fifth of its hydrocarbon production and more than any other big firm. Its current plans would add another 374,000 barrels, estimates Rystad Energy, a consultancy. Only the Italian firm Eni, which also has gas fields in Mozambique, is more ambitious (see chart).

A new drill

Africa, projected peak oil and gas production from new projects, top five, September 2025

Company	Headquarters	'000 barrels per day*
Eni	Italy	390
TotalEnergies	France	374
NNPC	Nigeria	197
Sonatrach	Algeria	180
ExxonMobil	United States	139

Sources: Rystad Energy; UCube

*Equivalent for gas

That means navigating some chaotic politics. In 2021 jihadists from the local franchise of Islamic State overran the town of Palma, in northern Mozambique, near where TotalEnergies and its partners were building a facility to liquefy offshore gas. At least 800 people were killed. French prosecutors are investigating whether the firm committed involuntary manslaughter by not doing enough to rescue its subcontractors. TotalEnergies denies the allegations and says that all its staff, contractors and subcontractors were evacuated.

Since then the jihadists' numbers have dwindled to perhaps 300-400 men, too few to present a "huge threat" to the project, says Tomás Queface of Mozambique Conflict Monitor. But they remain unpredictable, he says. In August they attacked villages just 40km away. The area is patrolled by Rwandan soldiers, invited by the government and funded by the European

Union. The site itself is on a fortified peninsula. “Everything is ready” to resume the project, Mr Pouyanné said last month.

Ugandan oil is also controversial. A 1,443km pipeline to the sea has become a flashpoint for campaigners trying to “stop Total”, as well as for their critics, who say that climate politics should not trump growth. Ugandan officials grumble about noisy European NGOs but prefer not to mention the local activists who have been bullied into silence. Scores of Ugandans have been arrested for protesting against the pipeline. Others report threatening phone calls or mysterious break-ins.

As Western banks have declined to finance the pipeline, African lenders have filled some of the gap. Yet it is unclear who will finance the substantial shortfall, with China one possibility. TotalEnergies declined to comment on the financing. Still, engineering is mostly done, with the first oil expected to flow next year.

Politics is fairly free in Namibia, where oil drilling will happen 300km offshore. Mr Pouyanné hopes to decide soon on whether to make a \$10bn investment there, with the start of production targeted for 2029. Other firms are also exploring. But the gassiness of the field and the low permeability of the rock mean extraction could be slow.

What will these new projects mean for Africa? For finance ministers grappling with aid cuts and costly debts, TotalEnergies is a *deus ex machina*. The IMF thinks that annual growth in Mozambique could soar to 10% by the end of the decade, when the gas project is due to come on stream. Namibia’s reserves will go far in a country of 3m people. In Uganda oil revenues might add \$1bn-2bn a year to government coffers. That is “not substantial”, given GDP of about \$60bn, claims Adam Mugume, director of research at the central bank. But it is more than it used to get in American aid.

Spent well, the money could fund infrastructure or public services, helping to create jobs. All three countries have established funds for fossil-fuel revenues. But in Mozambique and Uganda the money will start to flow just as those authoritarian regimes are looking shaky. Last year Mozambican security forces shot dead hundreds of protesters. In Uganda biology is

catching up with Yoweri Museveni, the octogenarian president, and a messy succession looms. Oil money could grease the wheels of patronage, or the barrels of guns. ■

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A problem from hell

The forgotten horror of Western Tigray

Three years after the end of Ethiopia's civil war, abuses in the region continue

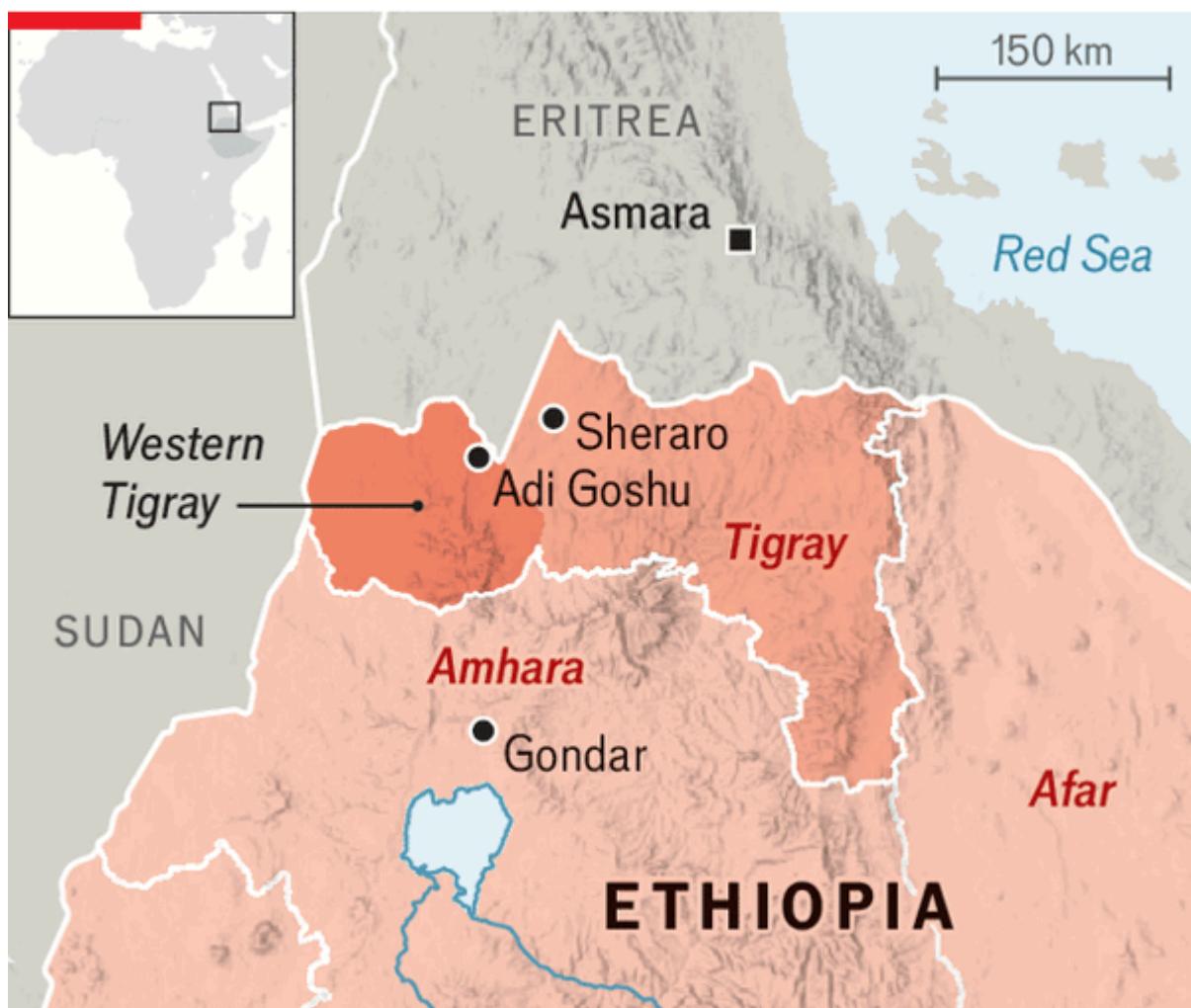
Oct 09, 2025 01:09 PM | Sheraro



Nowhere to hide

THE MILITIAMEN first arrived in Mehret's hometown of Adi Goshu in Ethiopia's Western Tigray region in late 2020. This was now Amhara land, they declared; Tigrayans would have to leave. Over the next few months many of the region's Tigrayan men would be rounded up and massacred or deported. Tens of thousands of other Tigrayans fled. But many, including Ms Mehret and her five children, found themselves trapped. "They said anyone with Tigray blood should disappear, leave our land," she recalls. "But if you tell them you are going to Tigray, they will kill you."

The new authorities issued identification cards to Amharas, but not to Tigrayans. Travelling outside the town without one was forbidden, on pain of imprisonment or death. For more than four years Ms Mehret worked as a day-labourer on a farm expropriated by the invaders, who sometimes paid her a meagre wage but often made her toil for nothing. After leering militiamen began to threaten her 18-year-old daughter, Ms Mehret paid a series of human-traffickers to help the family escape. In January they arrived in Sheraro, a town in northern Tigray that hosts thousands of other refugees from the western zone (see map).



For nearly five years, ethnic cleansing has been unfolding in Western Tigray on a scale reminiscent of the Balkan wars of the 1990s. Yet many people will never have heard of the place. The Ethiopian government bars journalists from visiting. Aid workers are rarely granted access. The army

blocks all roads into the area. Its only airport has been shut down. The government did not respond to multiple requests for comment on this story.

The only way to glean what is happening is by speaking to people who have recently fled. *The Economist* interviewed Ms Mehret (to protect her safety, we are using only her first name) at a refugee camp in Sheraro earlier this year. Many refugees shared similar stories; so did others interviewed separately by foreign researchers.

Their plight is a legacy of Ethiopia's civil war, in which Abiy Ahmed, Ethiopia's prime minister, joined forces with militias from the Amhara region and the government of neighbouring Eritrea in an attempt to crush the Tigray People's Liberation Front (TPLF), the ruling party in Tigray. The Amhara militias who arrived in Ms Mehret's town back in 2020 claimed that Western Tigray had been stolen from their people by the TPLF, which largely called the shots in Ethiopia before Mr Abiy came to power in 2018. During the war the militias seized control of the area and expelled some 750,000 Tigrayans, raping, murdering and torturing countless others in the process. A peace deal signed in November 2022 ended the worst of the fighting, but did not resolve the status of Western Tigray. The area is still occupied by Amhara militias, some of which are backed by the Ethiopian army.

Tigrayans continue to suffer. The vast majority of those who were forced to leave Western Tigray remain in squalid camps beyond its borders. For those still in the area, the situation is arguably worse. As the region has some of Ethiopia's most fertile land, including lucrative sesame fields, Western Tigray has descended into low-level anarchy as several armed groups fight over its riches.

Tigrayans, who are prohibited from owning land, can do little as militiamen take their property before driving them out or setting them to work in the fields. With no authority to turn to, the Tigrayans are rarely paid; refugees report conditions bordering on serfdom. Murder, rape and forced marriage also appear to be common. "There are many women and girls we know who were forced to marry Amhara men," says Ms Mehret. "It's not like marriage in a church—it's forced captivity."

Because it pays to exploit Tigrayans, the definition of who counts as Tigrayan is expanding. Before the civil war, intermarriage with other ethnic groups was fairly common. These days the discovery of a Tigrayan grandparent can mean your property is suddenly plunderable. One refugee in Sheraro reports that militias have started to conduct ethnic-purity tests. Another says that a militiaman from her area killed his own half-Tigrayan cousin in order to take his land.

Further violence seems likely. The TPLF has vowed to ensure refugees can return to their homes and seems willing to use force to do so. Mr Abiy and his allies are reluctant to cede control. Western Tigray's border with Sudan makes it a vital supply corridor that they worry the TPLF could use to bring in weapons. Army 70, an armed group in Sudan formed of exiled Tigrayans, recently helped Sudan's army retake Khartoum, the capital, in that country's civil war. Supplied with Sudanese weapons and newly battle-hardened, they are spoiling for another fight. "While we are saving other countries," says one fighter, "why don't we save our homeland?" ■

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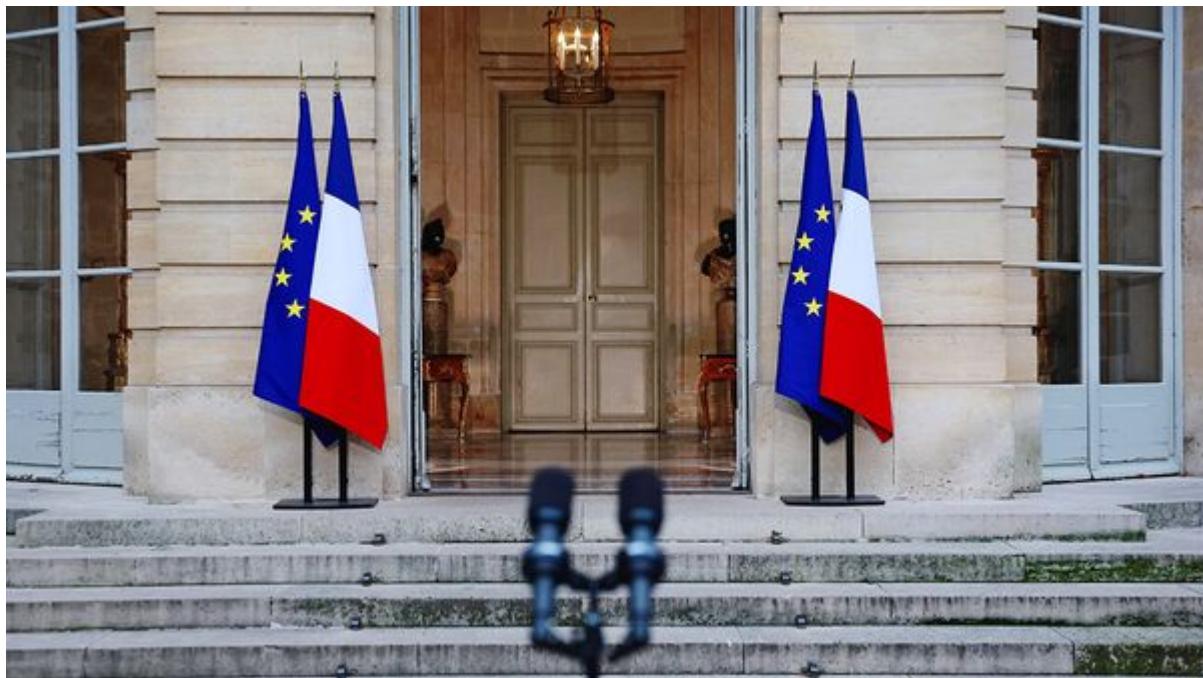
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Chaos and confusion after Lecornu quits

Oct 10, 2025 10:11 AM | PARIS



FRANCE IS no stranger to popular rebellion, street revolt or political theatre. But seldom in modern times has the country experienced a week of politics as chaotic, farcical and unseemly. In the space of 24 hours, from October 5th, France gained a new government, [lost a new prime minister](#), lost a new defence minister, then found itself with the same prime minister back at work (in a caretaker role) trying to break the political deadlock in the country's divided parliament. Almost overnight, the messy politics of the past year morphed into a full-blown political crisis, unnerving markets and threatening to leave France without a budget for 2026.

Faced with this carnival, President Emmanuel Macron on October 6th asked Sébastien Lecornu, a close centrist confidant whom he appointed prime minister last month only to see him resign less than four weeks later, to stay on. He gave him 48 hours to try to find a way to bring about some stability, and report back. For two days, the caretaker prime minister held talks with leaders from the Socialists, Greens, Communists, centrist parties and centre-right Republicans, in a last-ditch effort to resolve the impasse. (Marine Le Pen's hard right and Jean-Luc Mélenchon's hard left refused to take part.) On October 8th Mr Lecornu reported back. He sensed that "a path is possible" to a political compromise, and that a parliamentary majority was against holding fresh elections. Mr Macron, he declared, would instead name a new prime minister within 48 hours.

The basis for Mr Lecornu's conclusions was left vague. On one totemic demand from the left—the suspension of Mr Macron's pension reform from 2023, which raised the minimum retirement age from 62 years to 64—Mr Lecornu spied yet another "path", this one to a parliamentary debate on the matter. On another—the introduction of a new tax on the super-rich—he also suggested that it would be up to parliament to decide. Both would imply a heavy price for political stability. But such vagueness was no doubt deliberate. Most Republicans and centrists are against making concessions on either demand. The Socialists will not co-operate without something. Mr Lecornu, in effect, was saying that it was up to his successor to work it out, just that he thought it possible.

Any new prime minister will need to move fast. The budget is due to go to the lower house by October 13th. The previous government, under François Bayrou, had vowed to curb the budget deficit from 5.4% of GDP this year to 4.6% in 2026, thanks to €44bn (\$51bn) of budget savings. Mr Lecornu conceded that this deficit target will not now be met. If a new government really does suspend the pension reform, a flagship part of Mr Macron's pro-growth agenda, this will need financing. The national audit body calculates that freezing the retirement age at 63 years would cost an annual €13bn by 2035.

France is already under close market surveillance. After Mr Lecornu resigned, the yield on the country's ten-year government bond rose nearly

eight basis points to 3.6%, close to its highest level since 2011. Shares of France's two biggest banks fell by over 4%. Since then markets have calmed. Ludovic Subran, chief economist at Allianz, an insurer, argues that even with [borrowing costs at the same level as Italy's](#) France can comfortably afford its debt-servicing costs, which he forecasts will be worth 2.4% of GDP in 2026. But there is little space for error. When Fitch, a rating agency, downgraded France's credit rating on September 12th from AA- to A+ it pointed to worries that "instability weakens the political system's capacity to deliver substantial fiscal consolidation."

Above all, neither the president nor the country can afford a repeat of this week's shenanigans. These were triggered by the unveiling on October 5th of Mr Lecornu's new centrist government. Having promised a "rupture" with the previous government, which was toppled by parliament on September 8th over its deficit-cutting budget, Mr Lecornu named a new team, which looked decidedly like the old one. The opposition Socialists, who hold 69 seats in the 577-seat lower house, cried foul. Even the centre's coalition friends, the Republicans, threatened to walk out. By jumping before he was pushed, Mr Lecornu became the fourth prime minister whom Mr Macron has lost in little over a year, and the shortest-serving under the Fifth Republic.

Opposition leaders took turns to mock the mayhem. Mr Mélenchon described Mr Lecornu's new team as a "procession of revenants". Ms Le Pen, the feline-friendly leader of the National Rally (RN), posted a presidential-style video of herself at her desk, before a French *tricolore* flag (with the European Union one notably absent) and a portrait of a cat. The only solutions to the crisis, Ms Le Pen declared, were either the resignation of Mr Macron, or fresh parliamentary elections.

More painful for Mr Macron, two of his own former prime ministers—doubtless with their eyes on the next presidential election, due in 2027—also lashed out. Gabriel Attal, whom he named prime minister last year at the age of 34 and who now heads Mr Macron's party, declared bluntly: "I no longer understand the president's decisions." Edouard Philippe went further, dropping a political bombshell. Mr Macron, he suggested, should

get a budget through parliament and then resign. Until now, such calls for the president to quit have been the drumbeat for the extremes.

Mr Macron has repeatedly said that he will serve his full term. If yet another prime minister fails, he will probably have no choice but to dissolve parliament, though. That would bring a fresh set of worries. A new poll of first-round voting intentions puts the RN on top, at 33-34%, the combined left on 24%, and the centrists on just 14-16%. Some analysts think the RN and friends, who currently hold 138 seats, could secure as many as 240-270 —short of an outright majority, which needs 289, but not far off. One of Mr Macron’s team says the centrists might get as few as 50.

As this week’s events unfolded, the mood in the centrist camp veered between consternation and sorrow. “It’s all very sad,” says one long-term Macron ally. “Such a waste”, says another. In 1958 Charles de Gaulle brought in a new constitution to put an end to the chronic instability of the Fourth Republic. As Mr Macron seeks his sixth prime minister since he was re-elected in 2022, the rate of turnover now feels as dizzying as it was under the republic whose instability de Gaulle designed the modern constitution to fix. ■

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The war over energy

Ukraine's hellfire is intensifying the Kremlin's fuel crisis

Almost half of Russia's refineries have been hit by drones and missiles

Oct 09, 2025 01:08 PM



Maxar satellite imagery shows a burned out portion of the Lukoil's Volgorad refinery complex following a Ukrainian drone strike

Greetings from the UAF

UKRAINE CONTINUES to inflict deadly damage on Russia's energy infrastructure, and the tempo is accelerating. The concerted drone attacks on oil refineries and other parts of Russia's fuel-distribution system began in August, and the number of strikes is rising from two or three a week to four or five. Soon they will be daily.

At the end of August, Reuters reported that about 17% of Russia's oil-refining capacity had been at least temporarily taken out. That figure now is certainly higher. Some unconfirmed reports suggest that as much as 40% of it has been affected, with about 20% down at any one time. Sergey Vakulenko of the Carnegie Russia Eurasia Centre cautions that the numbers ebb and flow because most facilities can be repaired. However, he acknowledges that what is happening now is on a different scale from previous campaigns.

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

Benedict George, head of European oil-product pricing at Argus Media, an energy-market intelligence firm, says that Ukraine has hit 16 out of Russia's 38 refineries and that although repairs are possible, damage becomes lasting when refineries are subjected to repeated attacks. Some, he says, have been hit up to three times. They include one of Russia's biggest fuel-processing

plants at Ryazan, which is 200km from Moscow and can normally produce 340,000 barrels a day. The destruction of the cracking units that break down crude oil into petrol, diesel and aviation fuel is a major headache for Russia because they are very costly and the sanctions regime makes them extremely hard to replace.

Seasonally adjusted, Russian diesel exports are at their lowest level since 2017 and wholesale prices have been climbing sharply. The impact is also being felt across a widening number of regions in Russia, with long queues of a kilometre and more at filling stations from Vladivostok in the far east to Volga near Moscow. Some authorities are introducing rationing. Russian-occupied Crimea has been especially hard hit, with motorists limited to buying 30 litres of fuel. Domestic fuel prices are at record highs. In response to the growing crisis, on September 25th a Russian deputy prime minister, Alexander Novak, announced a partial ban on diesel exports and extended an earlier ban on petrol exports to the end of the year.

Oil-pumping stations and storage depots have also been hit by Ukrainian strikes, including a massive attack in mid-September on Primorsk, Russia's largest oil-loading port on the Baltic Sea. However, says Mr Vakulenko, such facilities are harder to damage permanently and in fact crude exports have increased, as less is being refined. But crude exports are a much lower-margin business for Russia than selling refined products.

“The Ukrainians are on a roll,” says Sir Lawrence Freedman, a British strategist. “The Russians have a problem. They can’t stop this and the Ukrainians have no reason to let up.” Russia’s issue is the sheer number of targets that are available, the size of the area over which they are dispersed and the erosion of Russian air-defence capabilities after more than three years of war. Although the one-way attack drones the Ukrainians are using fly relatively slowly and carry warheads of only 60-120kg, they have the range and the accuracy to do serious damage.

About 60% of the deep strikes on Russian territory are carried out by Ukrainian Fire Point FP-1 drones, which with a smaller payload can reach targets 1,500km within Russia and have sophisticated software that can fend off intense electronic-warfare jamming. But critically, notes Olena

Kryzhanivska, an expert on Ukrainian weapons systems, the FP-1s cost only about \$55,000 each and are now being churned out at a rate of more than 100 a day. Ukraine is also using the heavier and more expensive Lyutyi drone, which has a range of 2,000km, and a machine-vision system to guide it to its target.

There are reports that FP-5 “Flamingo” cruise missiles have begun to be used, too. They are much faster than the drones, flying just 50 metres above the ground, with a range of over 3,000km and packing a huge punch thanks to a 1,150kg warhead. If the FP-5 proves capable of penetrating Russian air defences it will bring a new level of destructiveness to Ukraine’s campaign. Its range allows it to fool defences by flying on constantly changing vectors towards its target. To make the FP-5, Fire Point uses repurposed Soviet-era turbofan engines, and its carbon-fibre fuselage takes just six hours to produce. Fire Point is currently making two or three of the FP-5s a day, but that number is expected to rise to seven later this month. Each cruise missile costs about \$500,000. By contrast, an American Tomahawk missile costs four times that, has a shorter range and carries a much lighter payload, though it is probably more accurate and harder to shoot down.

While Russia’s strategic air campaign is primarily focused on terrorising cities, Ukraine’s is aimed directly at Russia’s ability to sustain the war. As Mr Vakulenko notes, it is not about to bring Russia’s economy “to a screeching halt”. But the damage to the foreign-exchange earnings that Russia depends on to fuel its war is only going to get worse. And ordinary Russians increasingly feel that the war is coming home to them. ■

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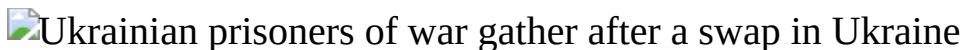
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Systemic and widespread

Russia is torturing its Ukrainian captives

“Worse than the worst horror film” says the former mayor of Kherson

Oct 10, 2025 10:36 AM | KYIV



VOLODYMYR MYKOLAYENKO is 65, but looks ten years older. A former mayor of [the Ukrainian city of Kherson](#), he was detained by Russian forces during their eight-month occupation in 2022. Freed at the end of August, he is now giving interviews from a hospital in Kyiv. And that is refocusing attention on what the UN’s human-rights mission in the capital calls Russia’s “systematic and widespread” torture and ill-treatment of its prisoners.

Civilian and military detainees are treated equally badly. According to a UN report last month, of 216 released civilians it interviewed 92% gave accounts of abuse. The methods included beatings, electric shocks, stress positions, ritual humiliation and rape. For soldiers the percentage is even higher. Mr Mykolayenko describes being beaten several times a day, and particularly severe “welcome beatings” each time he was transferred to a new facility. Food was so poor that he and his fellow prisoners lost drastic amounts of weight, and sanitary conditions so bad that many caught scabies. The only dental treatment he saw, once in the three years, was a tooth-pulling without anaesthetic. One guard, he says, made a practice of beating prisoners’ hands with a mallet. “Once I asked him ‘Why are you doing this?’ For a reply, I got a beating on the head.”

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

Singled out for particularly brutal treatment are members of one of Ukraine’s most prestigious military units, the Azov Corps. A 26-year-old

junior lieutenant in the corps, Yan Danylko, was released earlier this year. Halfway through a masters degree in law when Russia launched its invasion, he signed up and took part in the battle for Mariupol, surrendering when the city fell after a three-month siege. During his three years in Russian captivity he lost a third of his weight. Standard abuses were beatings and being made to stand for 12 hours at a stretch; more elaborate positions included “the motorcycle” and “the starfish”, both unendurable for more than 20 minutes. For those who signed confessions or turned informer he has no blame: “You’ll do what they want you to do, sign what they want you to sign.”

A new development is the prosecution of Azov prisoners for membership of a terrorist organisation, Russia having so designated the unit in 2022. Nestor Barchuk, a human-rights lawyer with the corps, says at least 130 men have been given sentences of ten years or more, and that dozens more are under investigation.

Can anything be done? Russia is immune to shaming, and its own internal checks are a joke. Lieutenant Danylko describes a visit by a Russian ombudsman, when he and his fellow prisoners were given new uniforms, and better food on ceramic instead of aluminium plates. A TV crew filmed handouts of biscuits and warm clothes. “That evening they took everything away again. It was a one-day Potemkin show.” If anything, detainees’ treatment is worsening as they are dispersed to distant regions. (The UN has identified new detention sites in Siberia and Karelia.) Loudly as the outside world protests against Russia’s flouting of human-rights law, Ukraine’s only lever is prisoner exchanges. Swaps are proceeding in dribs and drabs, but Ukraine is on the defensive, so large-scale captures are unlikely soon.

Today, Lieutenant Danylko is getting used to a prosthetic leg. Still painfully thin, Mr Mykolayenko says he is trying to blot out his three years in captivity. Thinking about them is “worse than the worst horror film”. He is nonetheless giving interviews because “it’s important that people understand what they are dealing with. The biggest lesson I have learned is that you can’t negotiate with evil. And Russia is evil.” It is hard to find a Ukrainian who disagrees. ■

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Czechs voted

The comeback of Andrej Babis

A populist oligarch returns to power

Oct 09, 2025 01:08 PM | PRAGUE

 Leader of the ANO movement, Andrej Babis holds a press conference at ANO headquarters after the polling stations of Czech elections closed in Prague, Czech Republic

Back in the driver's seat

ANDREJ BABIS is often called the [Czech Donald Trump](#). Like the American president, he is a billionaire with a penchant for populist stunts: after Petr Fiala, the incumbent prime minister, complained that Nutella costs less in Germany, Mr Babis handed him a jar of the stuff during a televised debate. Like Mr Trump, he has been accused by prosecutors of financial wrongdoing, though he denies the charges. And like Mr Trump, [he has now been re-elected](#) to run his country again after a term out of power.

In a general election on October 3rd and 4th Mr Babis's party, ANO (the acronym, which stands for Action of Dissatisfied Citizens, also means "yes" in Czech) got 35% of the votes. SPOLU (Together), an alliance of three parties led by Mr Fiala, came a distant second with 23%. Third was STAN, a liberal-conservative alliance with 11%. The hard-right Freedom and Direct Democracy party (SPD) scored 8%, while the liberal Pirate Party got 9%. Motorists for Themselves, a populist car-owners' party, received around 7%, much better than forecast. Stacilo (Enough), a pro-Russian hard-left alliance, failed to meet the 5% threshold to get into parliament.

Mr Babis's victory means populists have won the latest national elections in each of the four Visegrad countries. Viktor Orban, Hungary's longtime prime minister, is a global model for populist nationalists, and Slovakia's Robert Fico has imitated his quasi-authoritarian methods and pro-Russian

tilt since returning to power in 2023. Poland elected a hard-right populist as president in June, though the government remains centrist.

This has caused concern over potential shifts in Czech policy towards Ukraine and Europe. Mr Babis is no ideologue, but ANO does not have a majority in parliament, and centrist parties have refused to join it in a coalition. Instead Mr Babis is seeking an alliance with the SPD and the Motorists, which would give him 108 of the 200 seats in the lower house. They are more mercurial and right-wing.

Coalition talks began shortly after the election, after Mr Babis paid a visit to Petr Pavel, the president. The Motorists are asking for at least three ministries (culture, environment and foreign), while the SPD is gunning for the speaker's post and the interior ministry. A second option, which Mr Babis reportedly prefers, would be a minority government of ANO alone, with confidence-and-supply backing from the Motorists and the SPD. Yet that would probably be even more fragile than a three-way coalition. The Motorists, in particular, are keen to have ministers exercising power.

Mr Babis is optimistic over forming a government soon. But in 2017 it took him eight months to cobble together a coalition with the Social Democrats. This time it will be harder still. He is dealing with two parties rather than one, and the SPD has far more radical positions, in particular on foreign policy, than ANO.

The SPD is led by Tomio Okamura, who despite having a Japanese father has made a political career as a Czech nationalist. Mr Okamura has called for years for the Czech Republic to leave the EU and NATO, and wants a referendum on the question. The Motorists are similarly attention-grabbing: their honorary president is a former racing driver who collects Nazi memorabilia. He hopes to become foreign minister. Like ANO they are members of Patriots for Europe, a new populist group in the European Parliament co-founded by Mr Babis. It opposes many of the measures of the Green Deal, the EU's strategy to achieve carbon neutrality by 2050, as well as the bloc's policies on migration and asylum.

Both Mr Babis and his potential partners question the generous help the Czech Republic has provided to Ukraine. The Czech economy has been

lacklustre in recent years; with wages 10% lower than in 2019, many of the country's 11m citizens are struggling to make ends meet. Meanwhile the country has taken in almost 400,000 Ukrainian refugees, putting stress on housing, hospitals and social services. The Czech Republic also administers a secretive programme that sources ammunition for Ukraine around the world, delivering 1.5m artillery shells last year. Mr Babis wants to end the Czech role and hand it over to NATO.

Pray for pragmatism

Yet Mr Babis's return may not be as dramatic as many fear. The billionaire is a pragmatic politician, argues Petra Vodova of the University of Hradec Kralove, and will probably not substantially change his country's pro-European course; most of his own companies and assets are in the EU. The election was in some ways a demonstration of democratic vigour, she notes: voter participation was high, at nearly 70%. The new parliament is younger, and 33% of MPs are women, compared with 25% in the old one. And the hard left (Stacilo) and hard right (SPD) did worse than expected, presumably because they lost voters to ANO.

Moreover, Mr Pavel, a former general, is a staunch defender of the EU and NATO. He has the power to refuse ministerial nominations, as his predecessor Milos Zeman, a pro-Russian populist, did last decade. He can even refuse to nominate a candidate for prime minister, though this has not happened in the country's 35-year history. He hinted on October 6th that he will appoint Mr Babis. The comeback of the Czech Trump is unlikely to prove as radical as that of the American one. ■

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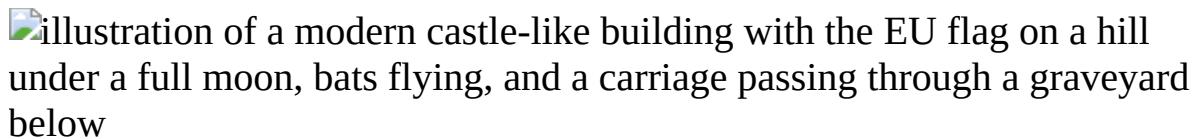
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Charlemagne

“Brussels” is the phantom menace Europe loves to blame

Why bashing the EU is likely to become ever more popular

Oct 09, 2025 01:08 PM

An illustration depicting a dark, gothic scene. In the foreground, a carriage with several people is moving through a graveyard, with tombstones visible. Above the carriage, several bats are flying in the air. In the background, there is a large, modern-looking castle or building with multiple towers and a prominent EU flag flying from one of its towers. The sky is dark, and a full moon is visible in the upper left corner.

IF THERE’S SOMETHING strange in your polity, who you gonna blame? The long answer—perhaps very long indeed for anyone visiting Paris this week—might entail summoning the ghosts of national governments past, present and even future (if a new French one is ever formed). Or you could invoke the traditional spectre: “Brussels”. The ritual scapegoating of the European Union, a foggy realm of incomprehensible acronyms, is the oldest trick in modern continental politics. Aren’t “Brussels” the unaccountable lot who regulate industry into an early grave, badger governments about their debt levels, then give Trumpians whatever they want on trade? Treating the EU as a ghoulish bogeyman has been somewhat in abeyance ever since Britain overdosed on the idea, much to its cost. But the old spirit is haunting Europe once again. A look at the upcoming political agenda suggests that a lot more Brussels-bashing may soon be upon us. Boo!

Anyone who missed British prime ministers’ barbs whenever they set foot on the continent would have enjoyed the rhetoric of Friedrich Merz ahead of a meeting of EU leaders on October 1st. The German chancellor said it was time to “put a stick in the wheels” of the Eurocracy lest it keep spewing out more regulation, much as a vampire can be neutralised with a stake through the heart. That the EU is currently busy repealing existing regulatory texts, not writing new ones, is both well known to Mr Merz and somehow beside the point. Like a revenant Boris Johnson, the chancellor

decried that the EU “increasingly intervenes in people’s everyday lives” beyond its remit. Coming from a leader otherwise well disposed towards the European project, the effect was eerie.

The German shriek comes as “Brussels” deals with the fallout of a horror-show summer. The European Commission, the EU’s executive arm, negotiates trade deals on behalf of the bloc’s 27 member states. In July its boss, Ursula von der Leyen, became the unwitting face of Europe having to accept Donald Trump’s America imposing tariffs on its firms while agreeing not to reciprocate. Gracious national politicians might have pointed out that Mrs von der Leyen had signed the deal they had implicitly demanded the commission negotiate—a bad outcome that was nonetheless better than infuriating Mr Trump into nixing American security guarantees for Europe even as the war in Ukraine rages on. Instead, many have been happy to let Mrs von der Leyen take much of the flak, subtly suggesting they could have secured a better deal. Why recognise that decades of underinvestment in defence by national governments had left Europe few options but to submit, when “Brussels” can be blamed instead?

More euro-bashing may be in store. On October 4th Andrej Babis, a fan of the genre, won elections in the Czech Republic. Other populists of his ilk are waiting in the wings, including in France and Germany. Admittedly, few on the hard right want to leave the bloc these days. In the vein of Hungary’s Viktor Orban, many loudly proclaim they would like the EU to be more intergovernmental, with the major decisions taken by national leaders with the commission as their implementing arm. They seem to have missed that this has been the club’s modus operandi for some years now. Never mind, bash away.

Beyond the usual trolling by populists, the EU will face plenty of criticism in coming years. A decade of near-uninterrupted crises befalling the bloc—from Brexit to climate-related woes, covid-19, the war in Ukraine and periodic spasms over migration—has resulted in a multitude of EU-level schemes. The Brussels machinery having splurged its political capital to handle them, often quite sensibly, the costs are now becoming apparent. One of the upshots of the pandemic, for example, was €750bn (\$873bn) in stimulus funded by money borrowed at EU level. This wedge of cash was

passed on to national governments to spend on vote-winning goodies, a popular move. But the spending will soon come to an end and by 2028 it will be time to start repaying the loan. That will either involve a new set of taxes flowing to EU coffers, for example on cigarettes (unpopular), cutting back on EU schemes such as farming subsidies (also unpopular) or national governments having to send bigger cheques to Brussels (even more unpopular).

A long-term budget unveiled by the commission in July (the haggling over which will last for two more years) was greeted by a chorus of harrumphs in capitals. It matters little that some complain the EU plans to spend too little, others too much. There are brewing fights beyond money, too. A ban on selling cars powered by internal combustion engines by 2035 seemed like a virtuous policy when it was agreed three years ago. Now the deadline is that much closer, some are having second thoughts. In 2024 a surge in migration was defused by means of a new “migration pact”. That deal will soon result in asylum-seekers being relocated from one EU country to another. Expect national governments to soon fume at “Brussels”—without mentioning that their ministers signed off on the deal while it was being negotiated.

Rise of the boo-reaucrats

For that is the really spooky thing about Brussels-bashing. Politicians decry decisions made by the EU as if they were edicts handed down by some foreign power. But given that national governments form the backbone of the EU, “blaming Brussels” is akin to a ventriloquist haranguing his own puppet for being foul-mouthed. In truth many of the continent’s thorniest challenges, from succouring Ukraine to cutting carbon emissions and dealing with Mr Trump, can now only be handled at the level of 27 countries at least trying to act as one. That is a scary thought for many politicians. Heaping blame on the ghosts found in a drizzly Belgian city is more comfortable than looking closer to home. ■

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Kemi Badenoch's Milei model

The stricken Tories reach for the chainsaw

A wise move for a party in a dire position

Oct 09, 2025 01:08 PM | Manchester



THE MPS, ambitious activists and corporate lobbyists who normally pack out the Conservative Party's annual conference had stayed away, leaving the vast exhibition hall in Manchester half-empty. But one stall-holder, Hugh Beattie, an oil painter in tweeds selling portraits of Tory leaders, was on chipper form. Nestled between Kemi Badenoch, the current Tory leader, and Margaret Thatcher, a more successful predecessor, was a rendering—in Italian futurist style—of Javier Milei, Argentina's president, wielding a chainsaw. It was a hit with delegates, says Mr Beattie, who also sold packs of Milei postcards.

What was left of the Tory party at its gathering on October 5th-8th was in a Milei-esque mood. Never mind that the Argentinian president's libertarian experiment is wobbling, prompting America to underwrite the peso. “Does Britain need its own Milei?” asked a fringe event hosted by the Centre for Policy Studies, a centre-right think-tank. Ms Badenoch, who calls Mr Milei “the template”, declared in a speech on October 8th that Britain was locked in a “borrowing and tax doom loop”. The Conservatives, she said, were the last defenders of fiscal discipline in a field of profligate rivals.

Hearing the Conservatives rhapsodise about cutting taxes and slashing spending may seem as unremarkable as hearing Labour be nice to nurses and teachers. But it is a break with the recent past. Since Brexit the Tories have practised big-government conservatism, due to a combination of electoral opportunism and, during the covid-19 pandemic, necessity. It is

also a break with Ms Badenoch's first year in office, in which she has fixated on immigration and woke culture.

In her speech, Ms Badenoch unveiled a "golden rule" under which at least half of any government savings would be set aside for deficit reduction. She is not wrong to call for an intervention. Tax revenue is on course to reach 38% of GDP this decade, a level not seen since the 1940s. Despite this, an annual deficit of 4% of GDP is adding to a debt of nearly 100% of GDP which continues to creep up. Britain's interest rate on borrowing is higher than any other G7 country. Ms Badenoch also promised to abolish stamp duty, a hated transaction tax which gums up the housing market.

Sir Mel Stride, the shadow chancellor, outlined spending cuts of £47bn a year (1.6% of GDP) in the next parliament. Tory officials talk in solemn tones of respecting the Office for Budget Responsibility, a fiscal watchdog. These first steps, said Richard Fuller, Sir Mel's deputy, are intended to test the public appetite for "the rather tough medicine of saying, 'we are living beyond our means, and that means we've got to start making reductions'."

The chainsaw roars; alas, the blade is puny. Ms Badenoch's "golden rule" seems like a gimmick: the scale of deficit reduction and how it is achieved should not be arbitrarily pre-determined but be decided based on the wider fiscal position at any given budget. And the targets on Sir Mel's hit list are things Tory voters dislike anyway: the civil service, green-energy subsidies and young welfare claimants. Whereas Mr Milei provoked protests by vetoing increases in the state pension, the Tories promise to uphold the "triple lock", an expensive escalator which benefits its elderly electorate. Sir Mel's austerity is a weight-loss plan of no broccoli, no spinach and ice cream for breakfast.

Sir Mel is unlikely to get to implement it: the Tories are polling at 17% and face being annihilated at the next general election. But for a party in a dire position, fiscal responsibility is a good card to play. Public attitudes to the size of the state tend to be thermostatic, with voters saying they want spending to rise after a period of retrenchment and to fall once taxes go up. Britons are on the turn of the cycle: the share wanting both tax and

spending cuts last year reached the highest level since 1983, according to the British Social Attitudes survey, a long-running study.

There is plenty of bloat to take aim at: at Labour's conference in Liverpool last month, Rachel Reeves, the chancellor, boasted of a long list of interventions in stricken carmakers, steel plants and dockyards. At the budget on November 26th she will attempt to cover a shortfall in public finances in the region of £18bn-28bn, largely through tax hikes. That will not be popular: Britons would rather she pick spending cuts over taxation by a margin of 64% to 23% (only 13% would favour more public borrowing), according to polling by More in Common for *The Economist*.

In theory, the Tories stand to benefit. They are trusted over Labour and Reform UK on reducing national debt, cutting taxes, attracting foreign investment and general economic management.

Yet Ms Badenoch is unlikely to capitalise on those strengths. In her first year she refused to directly repudiate the tenure of Liz Truss, the prime minister whose deficit-funded tax cuts in 2022 precipitated a run on British government bonds. Indeed, until this week she showed only the shallowest interest in the economy. In an act of quintessential Badenochism, on the eve of conference her name appeared on a think-tank report denouncing the work of Frantz Fanon, a French post-colonial theorist who died in 1961 and whom she blames for radicalising students. It is a lofty, self-indulgent approach to leadership. Long before they get a chance to chainsaw any budgets, the Tories are almost sure to say "Afuera!" to their leader. ■

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Leadership stakes

Who might be Britain's next prime minister?

What the political betting market says

Oct 09, 2025 01:09 PM



ONLY 13% OF Britons recently surveyed by Ipsos, a polling firm, said they were “satisfied” with Sir Keir Starmer—the lowest rating for any prime minister since it started asking the question in 1977. Sir Keir has a big majority in Parliament and a general election does not need to take place until the summer of 2029 (though in theory he could call one sooner). But people are already placing bets on who might succeed him.

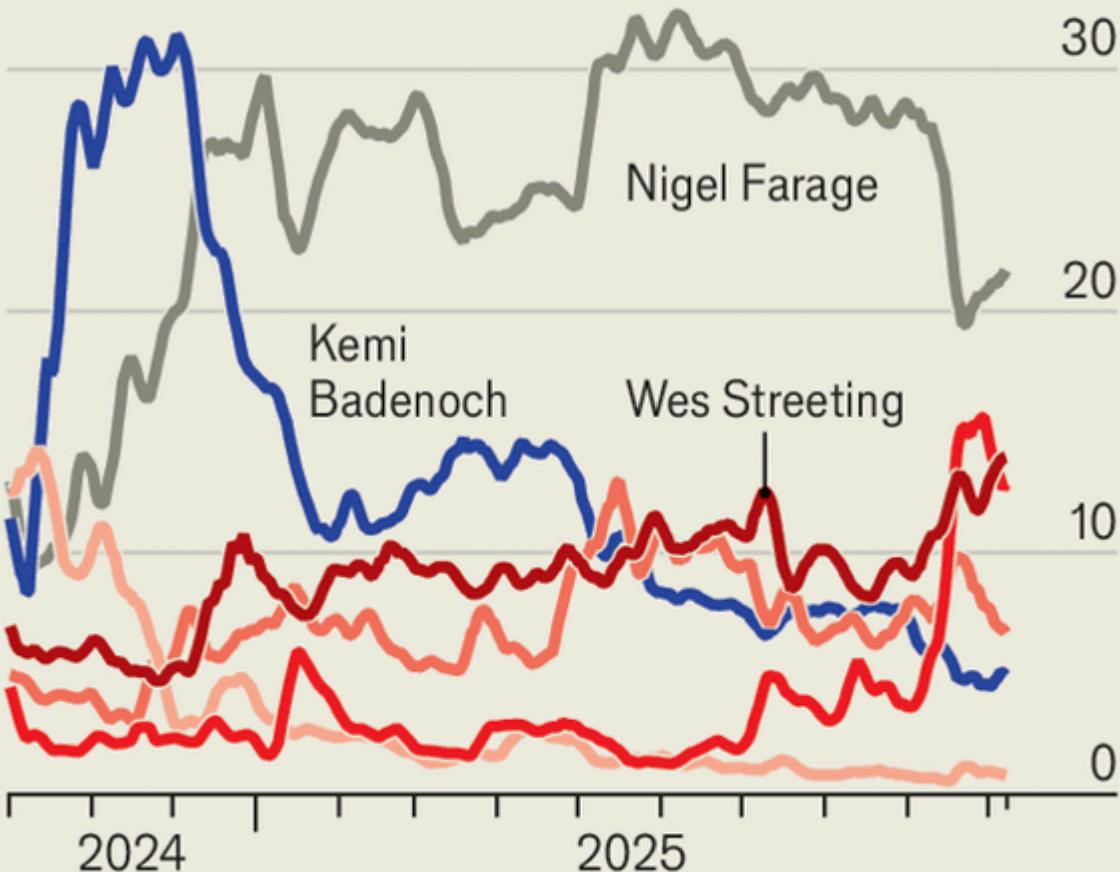
A general-election defeat is not the only way Sir Keir might exit office. He could decide he’s had enough and resign. Or he could be ousted by a coup within his own Labour Party: recent rumblings suggested that Andy Burnham, the mayor of Greater Manchester, was plotting one. Some 53% of adults recently surveyed by YouGov said they did not think Sir Keir would be Labour leader at the next general election.

Rivals

Chance of becoming the next British prime minister, implied betting market probability, %*

Andy Burnham Yvette Cooper

Rachel Reeves



Sources: Betfair; *The Economist*

*Seven-day moving average

Betfair, a gambling exchange, has attracted £300,000 (\$400,000) of bets, averaging £5 each, speculating on the next prime minister. Almost half of the money has backed Nigel Farage, Reform UK's leader: the betting market gives him a one-in-four chance of being the occupant of 10 Downing Street.

Mr Burnham's prospects have dropped since his mooted coup failed to gain momentum. Wes Streeting, the health secretary, is now the betting market's most-favoured Labour successor, with a one-in-seven chance. The odds for Yvette Cooper (the foreign secretary) and Shabana Mahmood (the home secretary), Mr Streeting's closest rivals in the cabinet, are twice as long. Few believe that Rachel Reeves, the chancellor, or Kemi Badenoch, the Conservatives' leader, stands much chance.

Our own poll tracker puts Labour ten points behind Reform. But there is still a 50:50 chance, according to both polls and betting markets, that a general election results in a hung Parliament. At which point the next occupant of Downing Street is anybody's guess. ■

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Jolly sad

Britain mourns its bonkbuster queen

Jilly Cooper, the author who gave the world sex, horses—and joy—has died

Oct 09, 2025 03:33 PM



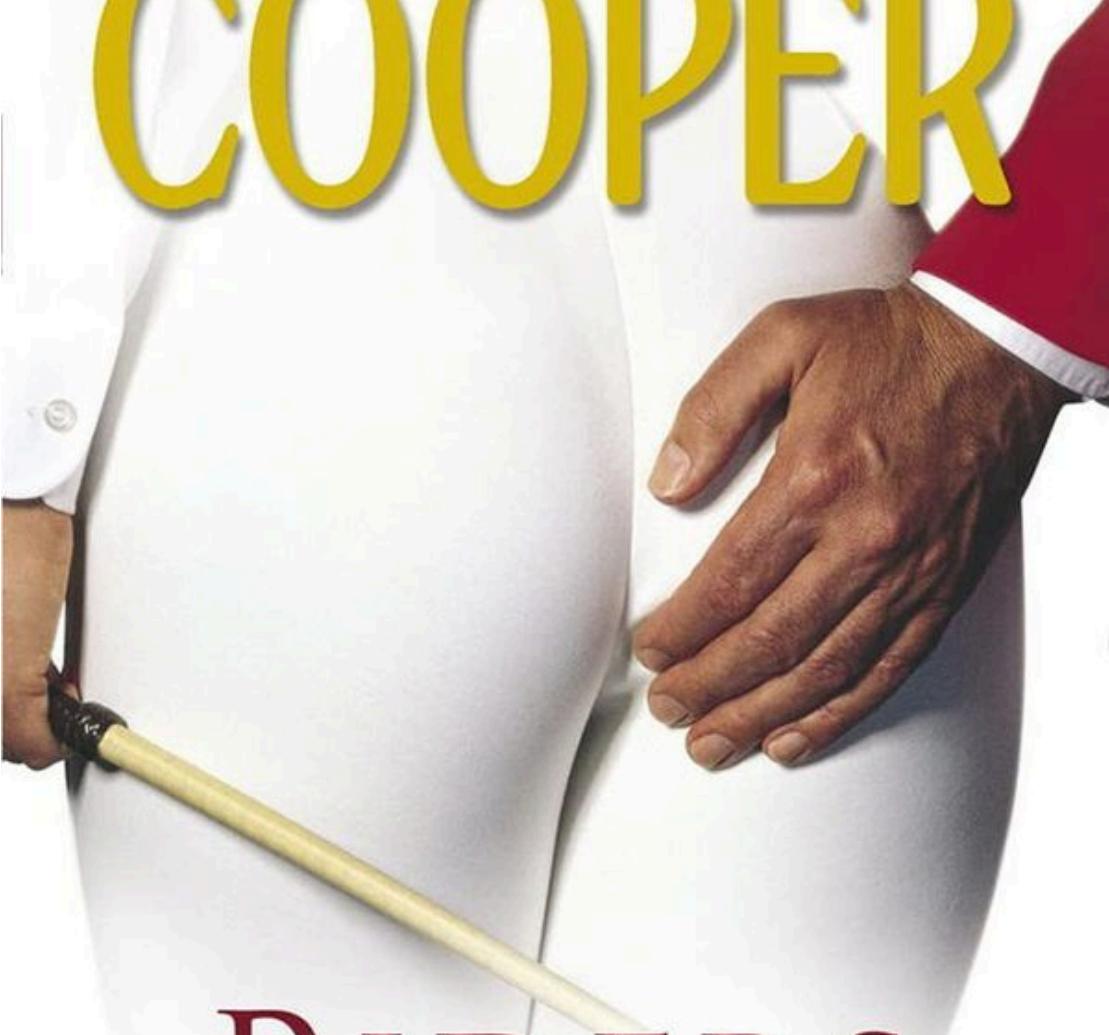
Unrivalled

IT BECAME KNOWN as “The Great Bottom Controversy”. It was 2015, a book called “Riders” had just been reprinted—and it was suddenly noticed that its cover had been changed. Where once the cover had shown a man’s hand clasping a girl’s bottom, now his hand was, almost chastely, on her lower back. The change was small, the outcry was not. The removal of the “buttock-cupping hand” was called “prudish”, “totally unsexy” and “a scandal”.

The bottom mattered because the book's author, Jilly Cooper, did. For 50 years until her death this week, aged 88, Dame Jilly offered Britain fine social distinctions, finer bottoms and the chance to use words like "buttocks" in an otherwise bleak world. And Britain loved her for it. Her "dirty little books", as one critic called them, would go on to sell 11m copies in Britain, [gain their own literary category](#) ("bonkbusters") and even earn literary approval: the *London Review of Books* called her "Dickensian".

Others were warmer yet. Less read than revered, Dame Jilly was called a "cult", the bonkbuster "queen" and, last year, became an actual dame. The woman who had begun as a national scandal never quite became a national treasure—any author whose work contains phrases like "his cock [was] rising like some grotesque Italian pepper-grinder" could not be cuddled quite so close. Nonetheless her death was felt as a national tragedy: Queen Camilla paid tribute to a "legend".

JILLY COOPER



RIDERS

THE CLASSIC BESTSELLER

Dame Jilly herself was more modest. When interviewed recently about her future she said that she would “like to write a good book”. Partly this was pure self-deprecation. She had been born in 1937 into upper-middle-class England, a world in which people pronounced “forehead” to rhyme with “horrid”, and she saw any sort of boasting as very horrid indeed. Even after selling all those books she described herself as “very stupid”, “slow” and her first drafts as “very boring”.

Her later drafts were not. She became known as a chronicler of sex and horses—with reason. Her cast lists featured such characters as “LOVE RAT” (a stallion); “RUPERT CAMPBELL-BLACK” (the “handsomest man in England”, and a different kind of stallion) and “BETHANY” (a “nymphomaniac”). Literary snobs sniffed. The literary world, she retorted, is “divided into two sets: people like me who long for a kind word in the *Guardian* and people in the *Guardian* who long for my sales.”

Not everyone was so sniffy. Generations of schoolgirls read her books less as novels than as manuals, learning what sort of men are attractive (cads with long legs); what sort of women are unattractive (feminists with hairy ones); how to spot a socialist (beard, bad breath); and that no woman is so unattractive that she can’t be improved by washing her hair and the liberal application of green foundation. It was, in many ways, an odd manual.

But then in those days there was no other. Dame Jilly had been born into a world of debutantes’ balls and Debrett’s etiquette guide. By the time she was in her 20s there had been a social revolution and a sexual one, but not a domestic one. Women had a toe in the workplace but still had to be the angel in the house, with often hellish consequences. Her big break came in 1969 when an editor asked her to write an article about married life. She wrote about dirty sinks and dusting under the bed. It was not a noted piece of erotica. It became a sensation.

Women, she realised, were less “having it all” than doing it all. As a new wife she felt “on trial: sexually, domestically...socially” and “aware that I was inadequate on every count”. In her books women are reduced to tears by ravishing men—but also by feeling fat, cooking supper and by piles of laundry. Like the best lovers, she made women feel seen. And, as with the best lovers, women responded, passionately.

Though “Jolly Jilly” didn’t dwell on the dull. She came from a class where one of the greatest sins was to bleat or be a “bore”. She described herself as “lucky, lucky, lucky”. When asked about her husband, who had an affair with another woman for six years, she simply said, “I had a lovely husband.” She couldn’t understand modern women who “never stop grumbling”. She wrote as she did because “life is quite short of joy...And sex is heaven.”

If her youth saw the beginning of one revolution, her death saw the end of another. In 2024 Disney adapted her novel “Rivals” for tv. A woke-weary world tuned in, found it was smutty, sexist and full of gratuitous sex—and was smitten. Life, everyone suddenly remembered, is quite short of joy. When asked how she hoped to be remembered she said: “I hope I cheer people up.” The day after she died, the *Sun*, a British newspaper, put her on the front page. Its headline read: “Romp in Peace, Jilly”. ■

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Steel tariffs

A dangerous post-Brexit world

Britain risks being an unwitting victim of EU-US trade wars

Oct 09, 2025 01:08 PM



Wicked!

THIS WEEK'S announcement that the European Union plans to impose harsh tariffs on steel imports was particularly painful for Britain. Donald Trump had already slapped 25% tariffs on British steel exports to America, despite earlier hopes that he might be persuaded to reduce the rate to zero. But the European market matters far more than the American one, accounting for as much as 80% of British steel exports. Nearly half of the 4m tonnes of steel produced in Britain every year goes to the bloc. If the EU sticks to its guns, it will cut its tariff-free quota of imports by half and impose a 50% tariff on the rest.

The industry reacted with predictable gloom. Gareth Stace, the director of UK Steel, a trade body, said the EU proposal constituted “the biggest crisis the UK steel industry has ever faced”. Steel is indeed in trouble in Britain, as it is in most Western countries. Overcapacity and subsidy have become the norm everywhere. Western steelmakers face a triple whammy of subsidised Chinese competition, high energy costs and the need to invest heavily in green production methods.

Steel has huge political clout. It is seen as strategically important, not least for defence, and steel foundries are often in areas of high unemployment. Earlier this year the government passed emergency legislation to keep Britain’s last blast furnaces in Scunthorpe open. Responding to this week’s announcement, Sir Keir Starmer, the prime minister, cited help for Scunthorpe and Port Talbot, a steel-producing area in Wales, as evidence of his determination to support British steel.

The problem is that steel has political clout elsewhere too. Mr Trump’s insistence on imposing tariffs demonstrates this. The EU itself talked this week of the need to act decisively to defend its interests in steel, despite its broader hopes for a friendlier trade relationship with Britain. As Sam Lowe of Flint Global, a consultancy, puts it: although Britain may not be the prime target in a transatlantic trade war, it can easily become collateral damage.

Worse still, the steel saga shows how, in a world of rising protectionism, Britain is in danger of being left outside all of the big trade blocks. Norway will not suffer from the EU’s planned steel tariffs as it (along with Iceland and Liechtenstein) is part of the wider European Economic Area. Ukraine will likely be given preferential access for geopolitical reasons. But for now, at least, post-Brexit Britain is seen as too much of a rival to EU producers to be afforded generous special treatment.

Brexit’s supporters like to claim that, contrary to doomsters’ forecasts, there is little indication of Britain’s departure from the EU having caused serious economic damage. Exports of services, a particular British strength, have grown significantly. Yet exports of goods (including steel) have not held up well. Anton Spisak of the Centre for European Reform, a think-tank, observes that, after Brexit took effect at the end of 2020, Britain’s goods

exports have grown less than those of any other economy in the G7 club of rich countries.

Indeed, a more persuasive analysis might conclude not that Brexit has caused little damage but that it was uniquely ill-timed. A mix of rising Chinese competition, the after-effects of covid-19 and a broad shift away from multilateral free trade has left post-Brexit Britain peculiarly vulnerable. The recent trouble for its steel industry is the latest evidence of this. ■

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Shocking, but not surprising

British Jews and police work closely together to prevent attacks

But in Manchester on Yom Kippur an attacker got through

Oct 09, 2025 01:08 PM



“UN-BRITISH” IS HOW Sir Keir Starmer, the prime minister, described protests in London and other cities on October 7th, the anniversary of Hamas’s murderous attack on Israel two years ago. Many British Jews see it as simply another sign of [growing antisemitism in the country](#). More than 1,500 hate incidents against Jews—from verbal abuse on the street and online to red paint daubed on Jewish schools and businesses—were reported in the first six months of the year, fewer than over the same period last year but a three-fold increase in a decade.

The attack on a synagogue in Manchester on October 2nd, in which two Jews were killed on Yom Kippur, the most solemn day on the Jewish calendar, was a shock for a community which, according to the Institute for Jewish Policy Research, numbers just over 350,000 (0.5% of the population). But it was not a surprise. Most British Jews can't remember a previous antisemitic murder in their lifetime. Even so, an awareness of threat is pervasive.

"I've spent the last 30 years doing security briefings and drills," says one veteran organiser. "Each time we were told 'it's not a matter of if, but of when.' Now it's happened." Whereas in recent decades Jewish institutions were attacked and Jews murdered on the continent, in Britain similar attempts were successfully detected and prevented. Until now. The challenge is to make sure this remains an isolated case.

"There were others who planned such attacks in the past and are now sitting in prison," says Dave Rich, head of policy at the Community Security Trust (CST), which co-ordinates protection of Jewish life in Britain (and is one of the best of its kind in the Jewish diaspora). "This is the classic case of the one who got through."

The CST estimates that there are around 650 Jewish communal buildings in Britain, including mainstream synagogues, schools and care homes. In addition there are hundreds of smaller private synagogues, study groups, kosher groceries and restaurants, and summer camps. They attest to the variety of Jewish life in Britain but are also a security headache. It is far beyond the capacity of the police to protect all of them, and blanket protection would anyway stifle communal life.

It has meant Jews relying mainly on themselves, with the CST training volunteers to serve as guards and hiring professional security companies, funded in part by an annual £18m (\$24m) grant from the government and the rest by fundraising. The police provide backup.

On Yom Kippur the system mostly worked. Outside the Heaton Park Synagogue were both a volunteer and a hired security guard. Together they managed to delay the attacker long enough for the worshippers inside to barricade themselves in, though the volunteer guard was killed in the

process. An armed police unit, which was on alert nearby, arrived and shot the attacker, Jihad al-Shamie, within minutes. Police appear to have also shot one of the victims by accident.

The CST and the police and security services have been working together for years to prevent attacks. The CST has a team of open-source intelligence analysts who search for online incitement and potential threats and pass on their findings to the police. The police and security services have far greater resources and powers, including for surveillance, but also need to focus on all types of threats to the British public. In this case they missed Shamie, who seems to have not been active on social media and to have no known connections to any like-minded groups.

Where British Jews do criticise the police and other authorities is in their policy towards the more ambient forms of antisemitism which they fear could inspire such “lone wolf” attacks. This is rife on several university campuses, for example, and has gone largely unchecked in the National Health Service. It has been most visible among some at the mass rallies across the country against Israel’s attacks on Gaza. And while most Jewish communal leaders have been careful not to join the right-wing politicians calling to ban these marches, there is growing frustration over what they see as reluctance by the police to intervene against some of the marchers’ more menacing slogans and banners that could incite violence.

“Terrorism is political violence and it doesn’t happen in a vacuum. It’s a radical manifestation of incitement and the political environment,” declares Mr Rich. “The pro-Palestinian movement organising these marches is legitimate, but it provides a very comfortable environment for hate and extremism,” he says.

Few Jews are under any illusion that cracking down on the marchers would alone prevent another attack. “Sadly, security is the very first thing on our minds when planning every single event and it’s a huge part of our operating budget,” says Raymond Simonson, CEO of JW3, a Jewish cultural centre in north London. “But there’s no question of cancelling anything. Terrorism is not just about killing people—it’s about causing fear. Terrorism wins if we stop living Jewish lives in Britain.” ■

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Selling beer

What J D Wetherspoon understands about the British pub

It is more than a bargain boozier

Oct 09, 2025 10:23 PM | Oxted



J D WETHERSPOON IS one of Britain’s most popular pub chains. And with its solid, grained woodwork the Oxted Inn, in Surrey, is a typical Wetherspoon’s pub. Even at lunchtime on a recent Monday it pulls in a crowd: pensioners enjoying an early pint and parents dragged in for a Pepsi. Like most “Spoons”, it leans into local history. Above the bar is a row of clocks, each set to the time of a different world city: Oxted sits on the Greenwich meridian.

The pub is among Britain’s most successful cultural exports. British-style boozers can be found from New York to Mumbai. Tourists cross oceans to

visit an authentic British pub. What that means is not obvious. Country pubs, sports bars, gastropubs and microbreweries each have their own take on what it is to be a pub—from dingy bars to overpriced restaurants.

Nor is Britain the boozer's paradise it once was. In the Middle Ages alehouses were so abundant that one Anglo-Saxon king sought to place a limit on the number any one village could have. By 1870 Britain had some 115,000 pubs. But last year that number had fallen to 45,000, a new low. Rising costs, changing tastes and the covid-19 pandemic have accelerated closures.

No venue is immune to these pressures, not even J D Wetherspoon. In its preliminary earnings announcement on October 3rd it said that its energy bill was up by 58% over 2019; wage costs had risen by 35%. And since its 2015 peak, when it owned 955 pubs, it has closed more than 160. “We had a tactical retreat,” says Tim Martin, the chain’s founder and chairman.

Now it is back on the offensive. Since 2015 sales per pub are up by more than 50%. With 794 pubs, it is Britain’s ninth-biggest chain. Last year it was one of only three with revenues of over £2bn (\$2.7bn); the other two, Greene King and Mitchells & Butlers, own more than 3,600 pubs between them. And after posting record sales of £2.12bn in 2025, it plans to open 20 new pubs by the end of the financial year.

Spoons owes much of this success to Mr Martin’s economic populism. Across Britain the average price of a pint has increased from £0.46 since the firm opened its first pub in 1979 (or £2.30 in today’s prices) to £5.17. But even in London, where prices often approach £7, Wetherspoon will sell you a pint for as little as £2.10.

High-end gastropubs can pass on rising costs to wealthy customers. Value chains like Wetherspoon, with their economies of scale, can keep prices down. Your average pub is caught in the middle. Some accuse the chains of undercutting them.

Wetherspoon has also kept up with [changing tastes](#). Since 2000 bar sales have fallen from 76% to 57% of total revenue. Food has gone from 18% to 38%. And free refills have made coffee and tea the top two sellers. “At one

point, we were the biggest coffee shop in the country!" Mr Martin says. As for draughts, Pepsi sells most.

Many see Wetherspoon as a mere bargain boozer. Its image was not helped by Mr Martin's foray into politics. He donated £200,000 to the Vote Leave campaign and spoke publicly in favour of Brexit in the run-up to the 2016 referendum. Wetherspoon adopted pro-Leave beer mats and in 2019 removed several European drinks from its menu. Jägerbombs briefly became "Brexit bombs". This dented the chain's popularity among liberal, middle-class types. "I'm a secret fan," says one Spoons lover. "You have to keep it under your hat because of their reputation."

Yet Spoons is often ahead of the times. The chain pioneered non-smoking areas before these were mandated. It had on-app table service three years before the pandemic made such things banal. And it is always quick to exploit a fad, be it smashed avocado or flavoured gin. "I used to be a surfer," says Mr Martin. "If a wave comes along you're happy to jump on it."





Wetherspoon strikes a delicate balance between trendiness and tradition. Many of its pubs are housed in grand old buildings, with grandfatherly objects adorning the walls and, on the floor, a bespoke carpet designed to reflect the history of the area. This would have pleased George Orwell, whose 1946 essay on the qualities of the perfect pub demands that they be “uncompromisingly Victorian” in their design. “Orwell wasn’t stupid,” says Mr Martin. “He distilled the essence of the British pub.”

Michael Erridge of MBE Pub Consultants points to what he calls Spoons’ “ruthless consistency”. Every Wetherspoon’s pub has the same decor, the same cheap and cheerful menu. Wherever the venue, “it’s all very familiar,” says Mr Erridge.

Spoons and Moons

The balance between character and conformity sets Spoons apart. The dinner plates and menus may be the same but the plaques on local history are unique. As are the carpets, which have their own appreciation society. In

Maltby, a former mining town, the carpet is a combination of pit ponies, mining equipment and motifs of the molecular structure of coal. In Durham the carpet's many worm-like creatures are a reference to the Lambton Worm, a local legend about a giant worm that terrorises nearby villages. Each pub is a corporate approximation of "the local".



This idealised species of pub is a family gathering place. Go at 8pm on a Saturday, and a Wetherspoon may edge towards the boozing-shop end of the spectrum. But during the week gossiping grandparents, grandchildren and pram-pushing mothers make up much of the clientele.

Orwell's utopian pub, "The Moon Under Water", did not actually exist when he wrote his treatise. It does now. Several Wetherspoons bear that name. ■

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Bagehot

Meet the real opposition

From ambulance chaser to ministerial Range Rover chaser

Oct 10, 2025 09:53 AM



TO SEE THE loyal opposition in action, do not go to Parliament. Instead nip two miles north-east to a nondescript office in Clerkenwell in central London, which is home to Leigh Day, a law firm. The firm itself is not a household name, but its cases are. Birmingham City Council is near bankrupt due to a series of equal-pay claims led by Leigh Day, with courts deciding that cleaners should earn the same as binmen. It has harried the government over pollution in the River Wye and, when that failed, charged after the polluters instead, launching the biggest environmental class action in British history on October 8th. When ministers complain about legal challenges delaying infrastructure projects, such as a new nuclear-power station in Suffolk, they are often pointing the finger at Leigh Day.

The law firm has come to play an almost constitutional role: when the government acts, Leigh Day is happy to oppose. Founded in 1987 by Sarah Leigh and Martyn Day, a self-described “bolshie bastard”, the firm emerged just as a wave of legal activism began to swell. After the second world war people still required permission from the attorney-general to sue the government. By the end of the century lawyers could chase the government through the courts on everything from asylum to the environment. The Human Rights Act opened practically all government action to challenge. And the rise of “no win, no fee” meant people could do so without a big legal bill at the start.

Partly Leigh Day’s prominence is just a question of scale. It is a big beast in its world of right-on claims. Most smaller firms do not have the capacity to represent 4,500 people, seeking up to six years’ back pay from Birmingham City Council, for example. Partly it comes down to attitude. Leigh Day has an aggressive reputation for a bunch of *Guardian* readers. By all accounts it is a delight to work for and a nightmare to come up against. Critics see the firm as a glorified ambulance chaser. A reliance on “no win, no fee” cases means it eats only what it kills. It has skin in the game and it loves to play. Incidentally, it is one of the few major legal firms in Britain not to be a limited partnership, meaning if it all goes wrong, the partners are on the hook.

And things can go wrong. Ask a Tory MP about Leigh Day and steam comes out of their ears. The firm represented Iraqi civilians claiming abuse by the British army; the civilians turned out to be members of a militia. The firm was dubbed “tank-chasers” in the press. Mr Day was dragged before regulators, but cleared of any wrongdoing. It was a bruising few years. Has that deterred the firm? Far from it. Leigh Day is now representing the families of Afghans allegedly killed by British special forces, a topic which is currently subject to an inquiry causing palpitations among defence wallahs.

If Leigh Day is always up for a fight, the government is much less bellicose. Civil servants must read a guide titled “The Judge Over Your Shoulder” on how to avoid a challenge from Leigh Day and its ilk. Caution has become ingrained. Sometimes the likes of Leigh Day win without even

having to set foot on the pitch. It is not fear of a big payout. The British state is, oddly, happy to wave its chequebook when it comes to legal claims. Rather, the process is the punishment. Court cases take time, delaying decisions by years. Forget the ambulance. What civil servants fear is Leigh Day lawyers sprinting after a ministerial Range Rover.

In this way, law becomes politics by other means. Leigh Day, after all, is full of true believers. Mr Day is a former chairman of Greenpeace UK. When the firm takes on the British state over, say, granting planning permission for an oil well in Surrey, it is not because its lawyers particularly care about rolling hills in the Weald. It wants oil to stay in the ground and now, thanks to the ruling, more will. Litigation is strategic. Judges do not make big leaps, says Mr Day. But they can take small steps on a route plotted out by Leigh Day's lawyers.

Isn't there someone you forgot to ask?

A government led by a former barrister is trying to make things a little more difficult for firms such as Leigh Day, particularly when it comes to building infrastructure. Sir Keir Starmer, previously a human-rights lawyer, emerged from the same legal milieu as Leigh Day. Richard Hermer, now Labour's attorney-general, was Leigh Day's go-to barrister for years. In government, the duo are attempting to reform a world they helped build. If they do not, others will. Both main parties on the right have now pledged to rip Britain out of the [European Convention on Human Rights](#). The Conservatives and Reform UK have promised a sledgehammer where Labour has opted for a scalpel.

Every government ends up grumbling about lawyers, even if it is led by them. Perhaps a sometimes intrusive legal sector is simply the price of a successful one. Governments huff and yet are happy to take a slice of the 1.6% of GDP it generates each year. Undermining one part of it risks undermining all of it. Or as Kanye West, an economist of sorts, put it: "I'm tryin' to right my wrongs/But it's funny them same wrongs helped me write this song."

Lawmakers are called lawmakers for a reason. Britain can change its equal-pay laws if it wants wages to be settled by the market rather than a tribunal. Politicians can make it harder for people to gum up infrastructure projects with insincere environmental legal challenges. A government that wishes to shield its special forces from human-rights legislation can do that.

Cowardice rather than incompetence is the vice of Britain's current crop of politicians. Politicians can draw the boundary between law and politics more clearly, if they wish. If they do not, firms like Leigh Day will. Are they happy to be called the real opposition? Mr Day laughs. "Be nice to feel it was true," he says. "We just do our bit." ■

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Four wheels good, two wheels better :: Pedal power is booming, spinning up a new culture war

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The Telegram :: Years of expeditionary operations leave it vulnerable if America abandons the continent

Four wheels good, two wheels better

Forget EVs. Cycling is revolutionising transport

Pedal power is booming, spinning up a new culture war

Oct 09, 2025 01:36 PM | Montreal



TO UNDERSTAND WHY urban planners like bicycles, stand on a section of Saint Denis Street in Montreal and count the vehicles going by. On a sunny Thursday over a ten-minute period at rush hour, your correspondent counted 132 bicycles (at least a half dozen of which had children on the back) flowing one way. In the adjacent—and much wider—automobile lane 82 cars (almost all carrying just their driver) and one city bus moved by in a bumper-to-bumper crawl.

Any more cars would jam it. Yet there is still plenty of space in the bike lane, which on a single day in June was used by more than 14,000 cyclists.

Over the past decade or so, and particularly under Valérie Plante, the mayor since 2017, Montreal has become North America's leading cycling city.

In the Plateau neighbourhood, bicycles account for a fifth of all journeys, only slightly less than cars. Across the city more than a third of the population cycles at least once a week. Use of the city's bike-share scheme, Bixi, has doubled since 2019, to 13m trips last year.

Montreal's bike boom is just one example of how a new disruptive transport technology is rapidly changing cities across the rich world. It is highly energy-efficient, costs almost nothing, reduces congestion and pollution, and obviates the need for huge car parks. Yet it is not the self-driving electric car, as tech moguls and car industry executives imagined. Rather, it is the humble bicycle. And as with any disruptive technology, as the use of bicycles rises, and cities do more to make riding them pleasant, bikes are polarising people and setting off culture wars.

Though robotaxis have notched up impressive growth, they look ploddingly pedestrian compared with far zippier pedal-powered rivals. Waymo, Alphabet's self-driving taxi firm, proudly proclaims that its cars do around 250,000 trips a week. Yet in New York alone that number of trips is made every three days using the city's bike-share scheme.

In London cyclists now outnumber cars in the City, the financial district, by two to one. Paris, where they now outnumber motorists across the whole city, is catching up with Europe's traditional bike capitals, Amsterdam and Copenhagen, though cycling is still growing in those cities, too. In Copenhagen, the Danish capital, bikes account for almost half of commuter journeys to work and school.



Even in Beijing, just 30 years after most cyclists were pushed off the city's roads to make way for cars, the number of cyclists is rising again. Only these days they are more likely to be riding a fancy Brompton bike than a black Flying Pigeon, the ubiquitous pedal-powered ride in the years after the communist revolution.

E-bikes (of a sort) are booming in the developing world, too. In Dhaka, the capital of Bangladesh, electric rickshaws are rapidly replacing petrol-powered ones. Electric-motorbike taxis are also growing rapidly in many east African cities.

The first reason for this two-wheeled renaissance was covid-19. After the pandemic struck, sales of bikes soared as commuters tried to avoid public transport and governments introduced pop-up bike lanes to encourage social distancing. In one American survey 18% of respondents said they had bought a bike, many of them for the first time ever, contributing to a 16% increase in the average weekly number of bike trips between the summers of 2019 and 2020. In Tokyo 23% of businessmen switched to cycling to work to avoid crowds on the train.

The second reason was the advance in battery and e-bike technologies, which made them cheaper and more fun to ride. By giving cyclists a pedal

assist, these open up riding to people who cannot comfortably squeeze themselves into slim-fit Lycra. Workers can turn up at a meeting without breaking a sweat or needing to change. They are especially useful for transporting children and groceries, which is hard going if done by pedal power alone. E-bikes have also massively accelerated the use of local bike-share schemes, and made them profitable. With Chicago's "Divvy" bike scheme for example, e-bikes are now ridden 70% more than "classic" bikes, despite being a lot pricier.

I want to ride my bicycle

The third reason is a spread of bike-friendly infrastructure. Bicycles mostly died out as a form of transport in the mid-20th century not only because cars were faster and cushier, but also because cars made cycling catastrophically dangerous. In 1950 no fewer than 805 cyclists were killed on the roads in Britain—ten times the number killed last year. In 1987 P.J. O'Rourke, an American satirist, gleefully predicted that cyclists would "go extinct" as they were run over by lorries. Alas for bike-hating motorists (though happily for everyone else), he had not anticipated the invention of the separated bike lane.

Bike lanes create cyclists because they largely eliminate the risk of being crushed by careless or aggressive SUV drivers. Surveys show that rates of cycling are higher in countries where cyclists feel safest. And there are few things that make riders safer than lanes that separate them from cars. These are a lot cheaper to build than new subways, allowing cities to reduce traffic and save money by encouraging people to switch from four wheels to two. "If you build bike lanes well, and have a bike system that can compete with the car, then bikes can go a long way to mitigate congestion," says Brent Toderian, a former Vancouver chief planner.

In Montreal, Madeleine Giey, a 37-year-old mother of three, is a good example of how this can actually work. "I never, ever biked as an adult in the city or as a kid," she says. But since the city started building bike lanes, she and her husband sold their second car. Now Ms Giey rides her bike each day to drop off her children at school. Then she cycles to work.

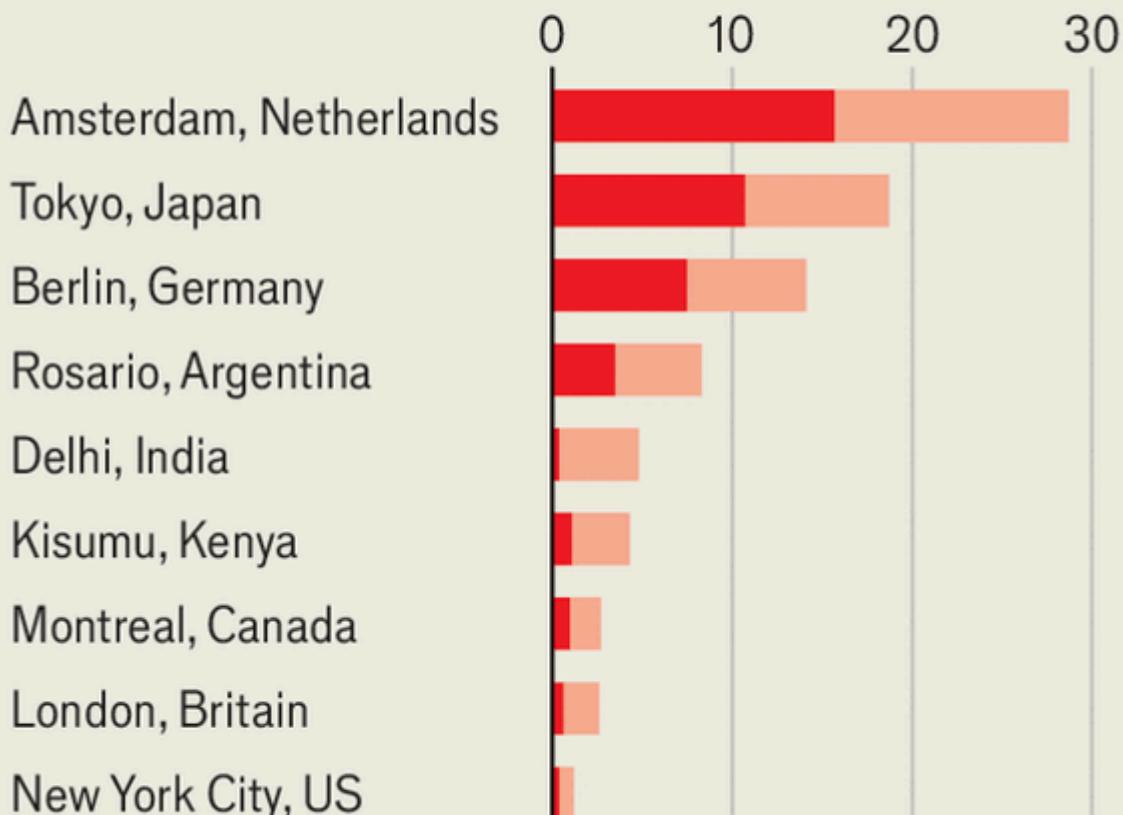
Under Ms Plante, Montreal has also started closing whole streets to cars over the summer, narrowed others and removed parking spaces. The idea, says Ms Plante, is not to stop drivers altogether, but to slow them down, making streets safer for all users including pedestrians. This, she insists, is good for businesses (though many businesses still hate bike lanes). Since the bike lane on Saint Denis Street opened, vacant storefronts have fallen by half.

Yet safer bike lanes are often pitted in opposition to cars in a zero-sum fight for road space and parking places, putting cyclists and motorists on opposite sides of an increasingly acrimonious culture war. Though bike lanes take up less than 2% of road space in Montreal (cars get 80% and pedestrians the balance), they are a hot issue in its mayoral election on November 2nd. Soraya Martinez Ferrada, the leading opposition candidate, wants to pause new bike lanes and remove those that make business owners anxious.

Wind in their hair

Selected cities, trips made by bike,
2019 or latest available, % of total

■ By women ■ By men



Source: "Cycling behaviour in 17 countries
across 6 continents", by R. Goel et al., 2022

More than a decade ago Rob Ford, then the crack-cocaine-smoking mayor of Toronto, popularised the phrase “the war on cars”, promising to cut funding for light rail and to remove bike lanes. The battle cry has been keenly taken up by populist and right-leaning politicians elsewhere. Nigel Farage, the leader of Britain’s hard-right Reform Party, sees low speed limits and bike lanes as evidence of woke “anti-car fanaticism”. Richard

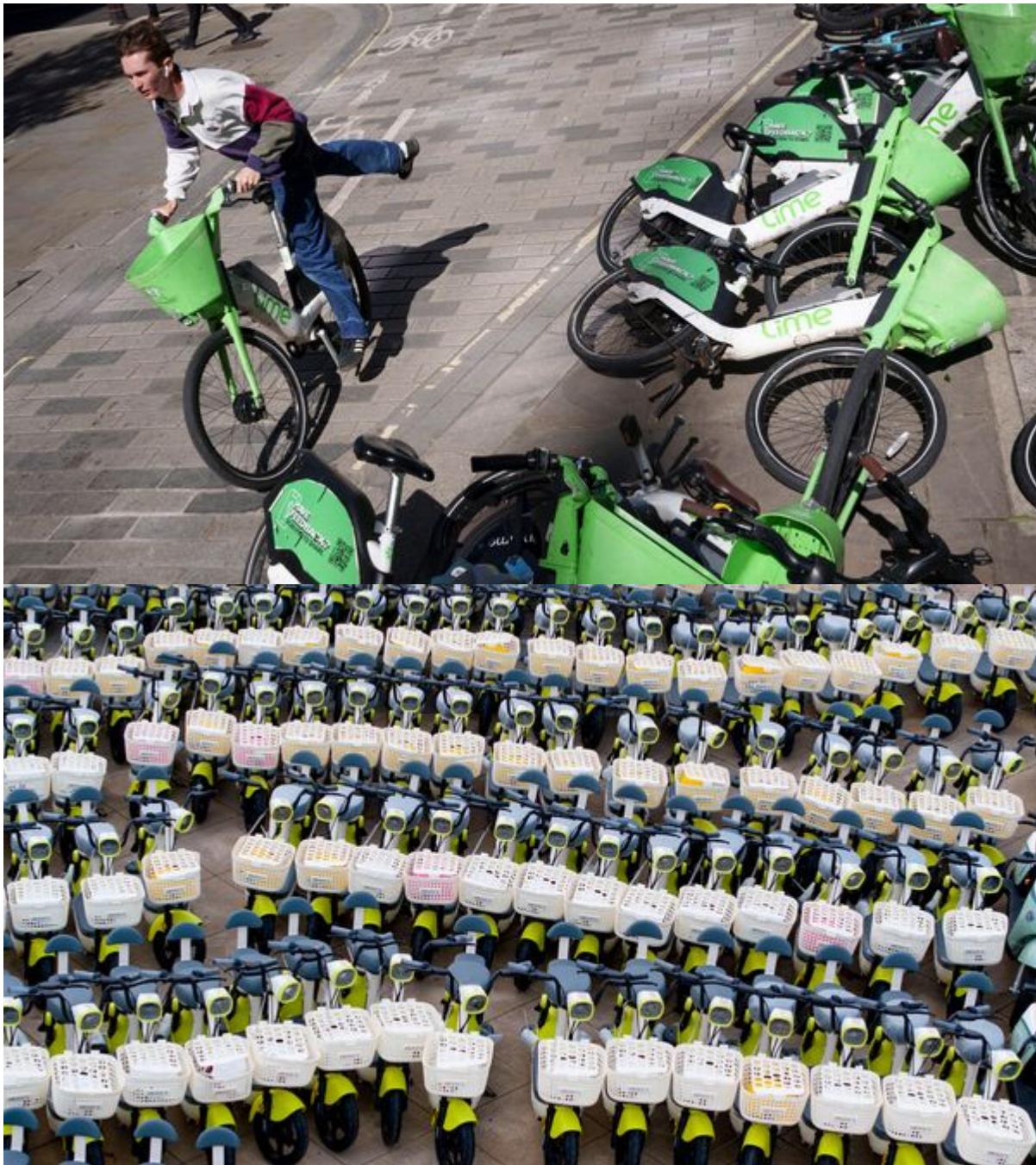
Holden, Britain's shadow transport secretary, accuses the government of waging a "war on motorists".

Sir Sadiq Khan, the left-wing mayor of London, says one of his trickiest policy choices was to extend the city's clean-air zone, because he received so many death threats over the plan. In Berlin in 2023, when the conservative Christian Democratic Union came to power, it immediately suspended new bike lanes planned by the party's more left-wing predecessors.

That the most cycle-friendly areas tend to be home to the sorts of wealthy young things who vote for more left-leaning parties helps to rile up populists. In America, after Donald Trump took office, the Department of Transportation ordered a review of all federal funding for projects like bike lanes intended to reduce fossil-fuel use. Increasingly, car ownership and use is the dividing line in European and American politics. In New York City's recent Democratic primary, Zohran Mamdani, the winner, a socialist who does not own a car and boasts of a CitiBike record of thousands of rides, performed best by far in precincts where few drive. Motorists voted for Andrew Cuomo.

Races are coming your way

E-bikes do raise some genuine problems. Because they are heavier and go faster (and are often ridden by novices) accidents can be worse than on traditional bikes. Lime's bikes in London have been blamed by doctors for a surge in broken legs. In the Netherlands deaths of cyclists hit a record high in 2022. E-bike riders face death rates that are sharply higher than for riders of normal bikes. Worries about teenagers getting injured have led dozens of suburbs in America to ban electric bikes.



Adding to this problem is the rise of illegal, fast e-bikes—the sort that can accelerate via a throttle, not just pedals. In London and New York City these have become favourites of food-delivery riders, who make more money the faster they can go. In most cities in the United States only bikes with pedals and a maximum speed of 20mph (32kph) are allowed in bike lanes. In Europe the equivalent speed limit is 25kph. But many Chinese

manufacturers sell bikes or motors that can be modified to go far faster. These scare pedestrians and risk poisoning the boom.

In New York City the police under its mayor, Eric Adams, who has recently declined to take on Mr Mamdani in November, have responded to the fast e-bike surge with a spree of arrests. Astonishing cycle-safety advocates, cyclists are facing criminal charges, whereas car drivers who break the law usually get tickets.

These challenges will slow the readoption of the bicycle. Still, in cities that have made them mainstream, the idea of going back to car-clogged streets is considered ridiculous. In the Netherlands a former prime minister, Mark Rutte, made a point of riding to work. In Denmark last year King Frederik arrived at a charity event with his two sons in the front box of an electric cargo bike. In Paris there is a new complaint: bicycle traffic jams. Montreal is reaching that point now too, at least in summer. On yer bike. ■

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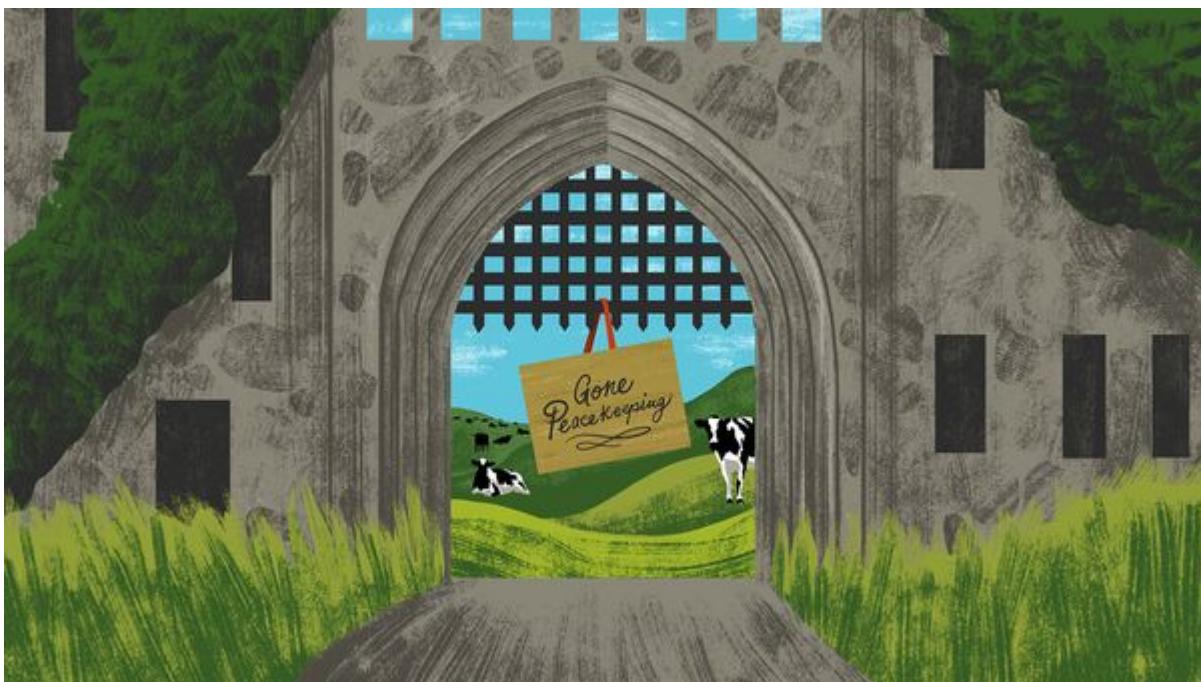
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The Telegram

Europe struggles to put homeland defence first

Years of expeditionary operations leave it vulnerable if America abandons the continent

Oct 09, 2025 01:08 PM



NOT LONG ago, important Europeans would wave away questions about America's armed forces leaving the continent. The idea was too catastrophic and outlandish to merit discussion. Today, abandonment by America is a planning scenario.

If American forces pull back rapidly, Europe will not be ready. A defenceless Old World should expect little sympathy. To hear Trump administration officials tell it, European governments outsourced their security to America, while splurging on lavish welfare states. As a result, if

their armies are too weak to deter Russia and other rogues, Europeans have only themselves to blame. “We’re going to defend the homeland first,” [Pete Hegseth](#), America’s secretary of war, told Fox News on October 5th. Rather than nation-building abroad, America will defend its borders, deter China and ensure that Europe “shoulders more of the burden”.

To be sure, most European governments have spent too little on defence. But puniness is not Europe’s only problem. Many countries have the wrong sorts of forces. In recent decades governments invested in light, expeditionary units designed to fight insurgents in American-led campaigns far from home, or to serve as peacekeepers under a UN or other multinational flag. Those were political decisions, and were driven by factors more complex than guns-versus-butter debates about spending priorities.

After the September 11th attacks in 2001, America urged NATO members to provide expeditionary forces to fight with it in Iraq and Afghanistan, far from its usual transatlantic territory. A former American official recalls lecturing Europeans in 2011 that NATO had a choice: to be “out of area, or out of business”. A couple of years earlier a senior official in Brussels told this columnist that no European government could explain why it was in Afghanistan. All were there for the sake of good relations with America.

Defence is becoming an election issue, including in Ireland, where voters will choose a president on October 24th. Though most Irish want to preserve the country’s neutrality and the presidency is largely ceremonial, the two candidates disagree about how to avoid war. Heather Humphreys, an unexciting former minister from the centre-right party, Fine Gael, supports a rise in Ireland’s (pitiful) defence budget. She would also reform the “triple lock”, a law that requires overseas troop deployments to be approved by the government, the lower house of parliament and the UN Security Council. That formula was crafted in 1960 to allow war-wary Ireland to send peacekeepers abroad, and later amended to clarify that, should the European Union ever form an army, Ireland could not be forced to provide troops. Ireland’s faith in the UN as a moral arbiter has run into great-power politics, with Russia obstructing peacekeeping missions and

America threatening to veto the renewal of a UN mission in Lebanon. The government plans a new law, ending the UN's say over Irish deployments.

Her opponent is Catherine Connolly, a hard-left member of parliament whose uncompromising brand of pacifism has not stopped her taking a lead in the polls. Ms Connolly has called America an “imperial power” and said that Germany’s plans to buy more arms via its “military-industrial complex” remind her of the 1930s. Canvassing in a suburban Dublin teashop, Ms Connolly reports that neutrality and foreign policy are “top of the list” for voters. People want to hear Ireland “using our voice for peace”, whether in Ukraine or in Gaza, she says.

In interviews, some Connolly supporters echo their candidate’s dark warnings about profiteering arms-makers. Others take a more nuanced view. The triple lock must be preserved, declares a retired woman, explaining: “We don’t want to be dragged into other people’s wars.” But she also says it is “very scary” that Russian naval ships have been prowling off the coast. Alas, Ireland can do nothing because of its “very small army”. Ireland has done “nothing” to beef up defences, her husband adds. “It’s ridiculous.”

Seen from Washington, Ireland is a caricature of free-riding. Even after planned increases, it will still devote less than 1% of its GDP to defence. By contrast, most NATO members have pledged to spend 3.5% of their GDP on defence and a further 1.5% on broader security measures. Though the northern hemisphere’s most important sub-sea cables run through waters under Irish control, its navy has since 2023 maintained just two operational patrol ships at any time. Its air force has no fighter jets.

Lessons for Europe

But the broad strokes of a caricature can be revealing. Ireland’s defence debate, though extreme, shares elements with others around Europe. Ireland’s neutrality is a response to its blood-soaked history, including a civil war after British colonial rule ended in 1922. The EU is a post-war project designed to make it unthinkable for European states to settle disputes by arms, after centuries of blood-letting. Unfortunately, this 21st-

century miracle of peace-through-bureaucracy borders Russia, a thoroughly 19th-century power. That explains why two other neutral EU members, Finland and Sweden, joined NATO after the invasion of Ukraine.

Far from obvious external threats on Europe's western fringes, Ireland was able to neglect its defence. It turned neutrality into a "treasured piety", casting itself as a benign power that sends peacekeepers to help other decolonised nations, says Edward Burke, a lecturer in war studies at University College Dublin.

That was a trap. For years the Irish public was told that its troops can be armed humanitarians on a tiny budget. That makes it hard for Ireland's centrist coalition to start a debate now about how much real national defence might cost. Ireland needs to define which countries are adversaries and which it would fight alongside. Such grown-up conversations are difficult all around Europe. They cannot be evaded any longer. ■

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1843

- **The Kremlin put her on trial. She stole the show**

Russia :: Why did the Russian state go after an experimental theatre director?

Russia

The Kremlin put her on trial. She stole the show

Why did the Russian state go after an experimental theatre director?

Oct 10, 2025 08:17 PM



EXTERIOR: A neo-classical building in Moscow's old German quarter. A plaque on the wall reads, "Western District Military Court No 2". A group of actors and journalists mill around on the lawn.

INTERIOR: A large hall with a grand staircase. Through the frame of a metal detector stands a statue of Lady Justice in her blindfold, holding scales in one hand and a sword in the other.

A commotion. Several portly guards in flak jackets, with a dog on a leash, escort two handcuffed women through the hall. One, about 5ft tall with big eyes and curly hair, is Yevgenia Berkovich, a 39-year-old poet and theatre director. She is dressed in a white shirt and black trouser-suit. The other, slightly taller, wearing jeans, a white t-shirt and large owlish glasses, is Svetlana Petriychuk, a 44-year-old playwright.

The two women are led into a courtroom and placed in a cage of bullet-proof glass. A bailiff lets in the spectators, who sit down on the upholstered, green benches. Berkovich mischievously sticks out her tongue as photographers' cameras flash and click. Yuri Massin, the judge, looks towards Berkovich.

MASSIN: Are you ready for the proceedings?

BERKOVICH: Well, it depends on what will happen.

What happened was a show trial that revealed the radicalisation of the Russian state in the past few years. By the time proceedings began on May 20th 2024, Berkovich and Petriychuk had already been in detention for more than a year, having been charged with “propaganda and the justification of terrorism”. In the eyes of the regime, they had committed a crime by writing and staging a play called “Finist, the Bright Falcon”. Part docu-drama, part fable, “Finist” tells the story of the thousands of Russian women who, from 2015, were seduced online by professional recruiters from Islamic State (IS), and travelled to Syria to marry jihadists. Many of these women received lengthy sentences on their return home. The play premiered in 2020 to critical acclaim and was performed across the country.

As with any show trial, this one’s outcome was preordained, and its purpose was to justify the existing system and demarcate the ideological limits of the state. In doing so, it elucidated the ultra-conservative, anti-Western belief system that has expanded across public life since the full-scale invasion of Ukraine in February 2022. Berkovich and Petriychuk were the first artists to be jailed since Soviet times for the content of their work—or,

more precisely, the thoughts of their characters. But as theatrical professionals, they managed to turn the trial into their show.

You can find a dramatised version of this story on our podcast, [Next Year in Moscow](#)

The prosecution's conduct was surprisingly inept. The main witnesses were ill-prepared and forgetful. Much of the testimony indicated that "Finist" offered a compelling repudiation of terrorism—not a justification for it. The courtroom performance seemed designed to show that the state was so dominant it need only go through the motions.

"I'm just a girl—I want to go home. Not to be on a banner! Don't turn me into Joan of Arc!"

One thing was not in doubt: the prime target was Berkovich. There was disagreement at the highest levels of state over whether to prosecute her. The case was brought to the attention of Vladimir Putin himself and he gave the green light to proceed. (Petriychuk, the play's author, was collateral damage.) But why her? Few people outside the theatre world had heard of Berkovich. Her productions were performed in fringe theatres. She was better known as a poet, but contemporary poetry is also a rarified calling.

Berkovich did not have the stature of writers, such as Boris Pasternak or Joseph Brodsky, who were persecuted by the Soviet regime. She was not a politician, unlike Alexei Navalny, the opposition leader, or a provocateur, unlike the members of Pussy Riot, a feminist punk group.

She regarded herself as a feminist, but she rejected any form of radicalism, artistic or political. And she did not wish to be a hero or a martyr. "I'm just a girl—I want to go home, I want prosecco, and a big, thick steak. Not to be on a banner!" she wrote to her friends after she was arrested, adding: "Don't turn me into Joan of Arc!" But in the eyes of the Russian state, Berkovich was a heretic who undermined its most sacred myths.

Theatre has played an outsized role in Russian history, both as a tool of power and a place for free thinking. Alexander Herzen, a 19th-century liberal thinker, said that the theatre served instead of a parliament.

Russians treated productions as events both in their own lives and in the life of the nation. In 1920 in the midst of Russia's civil war following the October revolution, Konstantin Stanislavsky, an actor and the inventor of modern theatre directing, genuinely believed that his staging of Byron's "Cain" could stop the fratricide. Other directors, such as Vsevolod Meyerhold, harnessed revolutionary energies to smash the formality of the classical stage.

The Bolsheviks were quick to nationalise the theatres and impose their control. Culture became a vehicle for ideology—they ensured that any town of significance had a library, a concert hall and a theatre. In the 1930s they declared that all plays must conform to the tenets of "socialist realism", in order to engineer new Soviet men and women. The avant-garde was banished. Meyerhold was tortured and killed.

What creativity remained before the second world war was all but extinguished during the last seven years of Stalin's life—one of the darkest periods of Russian history. The optimism following the defeat of fascism gave way to ideological suffocation and resentment of the country's erstwhile allies. Stalin launched a campaign against "rootless cosmopolitans"—a codeword for Jews. In an editorial in *Pravda*, "cosmopolitan" theatre critics were charged with "an attempt to poison Soviet consciousness with a worldview hostile to Soviet society".

The post-Stalinist thaw of the 1960s loosened the strictures of socialist realism. Sincerity and simple human emotions returned to the stage. Anatoly Smelyansky, the dramaturg of the Moscow Art Theatre, wrote that "the theatre took the place of both the sham parliament and the half-strangled church". People went "not to be entertained, but to take communion. The theatre became virtually the only place where people could have free, live contact with one another."

The collapse of the Soviet Union released theatre from censorship, but it also stripped it of its utopian mission. In the 1990s theatres continued to be subsidised by the state but many hosted casinos or foreign-currency exchanges on their premises to make money. The best theatre directors staged classics, but commercial productions of little artistic value dominated. Almost no modern plays of note were performed.



In the 2000s, just as Berkovich began to learn her craft, a new generation of directors and playwrights arrived on the scene. At times, they used video and art installations, and staged plays based on verbatim transcripts that re-enacted true events. Often these took the form of trials, real or imaginary—a noteworthy example was a play that staged the trial of those responsible for the death in custody of Sergei Magnitsky, a lawyer who exposed corruption. Theatre once again became politically charged.

Yevgenia Berkovich, known as Zhenya, was born on April 29th 1985 into the Leningrad intelligentsia. “My family consists of journalists, human-

rights defenders, writers, teachers and dissidents,” she told an interviewer. Her grandmother, Nina Katerli, was a dissident writer, who played a large part in Berkovich’s upbringing. She gave her Soviet romance and adventure novels to read, which extolled friendship, justice and duty. “I am made up of this,” Berkovich said. She was also made up of the sensibility of her Jewish grandfathers. The historic memory of being part of a discriminated minority stayed with her. “Not exactly the main part, but inescapable...It’s a specific Soviet Jewishness.”

Like many artists of her generation, Berkovich resented the secrecy which she considered part of the Soviet legacy. She believed in transparency and sincerity. She posted on Facebook about everything from politics to the drinking problem that she managed to overcome—and her poetic reflections on the times. Her theatre was shaped by her poetry and together they made an art form suited to public discussion of the most important matters.

From the age of 11 she wanted to be a director “to compensate for being an ugly girl with a fiery temper”. In 2008 she arrived in Moscow ready to learn her craft. At the time, the city was flourishing. “Modernisation” was the slogan of the day, touted by Dmitry Medvedev, the new president. Moscow imagined itself a European capital on a par with Berlin and Paris, with fashionable bars and loft conversions and performance art. One of the main beneficiaries of this cultural openness was Kirill Serebrennikov, a rebellious theatre director who was in vogue with both the elite and young liberals. Berkovich became his favourite student.

“She had a heightened sense of empathy,” Serebrennikov recalled. As a student she came up with an idea of atoning for one’s failures, such as getting drunk or failing a test, by volunteering in a hospice. This spirit of social action had spread across Moscow at the same time as the city got glitzier. Charities, shelters and environmental projects sprang up. They were supported by young, socially mobile artists, journalists and professionals who wanted to make the country warmer and more humane. The Kremlin didn’t mind these non-political volunteers who took care of problems it had no interest in.

The cohabitation between the liberal intelligentsia and the state ended in 2012, when mass protests erupted as Putin returned to the presidency. But

Berkovich's rift with the regime was not along cultural or even political lines, but ethical ones. That year, following Magnitsky's death, America imposed visa bans and asset freezes on Russian officials who violated human rights. Putin retaliated by banning the adoption of Russian children by American couples. Some of these children had already met their adoptive parents and were denied a chance of a better life. The measure was dubbed "Herod's law". "This was my watershed moment," Berkovich told an interviewer. "In life, in work...everything is quite closely connected."

"It was supposed to be temporary, then temporary, again"...until it was not

Berkovich staged plays in Serebrennikov's trendy theatre. She also ran workshops with teenagers in orphanages. She and her colleagues did not want simply to be "volunteers with cakes", so they set up a camp where they and the children lived together for weeks, and organised a festival. As a result several children gained foster parents.

Berkovich did not intend to become one of them—at least not yet. She was enjoying her career and her independence. She drank and partied. She was ambitious too, rehearsing in her mind her Oscars acceptance speech. Then she received a call. The foster mother of two of the girls she was close to had been diagnosed with cancer. This meant the girls would have to go back to a state institution unless someone took over the guardianship. She took them in. "It was supposed to be temporary, then temporary, again"...until it was not.

In 2018 Berkovich, with a group of female actors, founded an independent company. "Being independent has nothing to do with any ideology. It simply means it is private—not dependent on state funding." It was private in another way, too. Her productions were staged in intimate spaces. The characters in her plays—children, women, elderly people—were at home in the domestic sphere, even when they found themselves caught up in conflicts waged by men possessed by dogma. Her theatre became a sanctuary. She sought to reveal humans in all their fallibility. She had the word "fragile" tattooed on her left wrist next to the image of a fractured glass.

The theme of life shattered by war ran through her production of “Finist”. Berkovich wanted to understand what drove thousands of women into the arms of a totalitarian sect. The title of the play comes from a folk tale. Maryushka, a merchant’s youngest daughter, goes on a quest in search of her falcon-prince. Aided by witches and forest animals she overcomes obstacles and eventually finds him. The play is a modern retelling set in a courtroom, where the women—all of whom are called Maryushka—explain to the judge how they fell into the arms of is. Berkovich’s production moves freely through the metaphysical landscape of a fairy tale, as well as incorporating song, stand-up and documentary material.

“On the appointed day”, one of the Maryushkas says, “I got a message with my airline ticket attached, and they told me to go. I texted my mother I was going to the campus and put an extra skirt in my bag. Together with some lacy lingerie from Intimissimi. I bought it for a special occasion. And off I went in search of my Finist, the Bright Falcon.”

The play deals humorously and compassionately with the tragic predicament of the women who fled their depressing lives and callous partners for a promise of love that turned out to be criminal. It does not justify or condemn them but was—as Nikolay Pesochinsky, a jury member of the Golden Mask, Russia’s main theatre award, said—a moving and prescient warning against the draw of terrorist cults. “Finist” won the awards for best play and best costumes.



But the celebrations were muted. Three months earlier, Putin had invaded Ukraine. Serebrennikov, Berkovich's mentor, left the country. Berkovich stayed. "Finist" continued to be performed. And Russia was falling into the grip of its own death cult.

The police came for Berkovich in the early hours of May 4th 2023. She was taken away as she was trying to soothe one of her teenage children who was having a tantrum, and stop the other one from throwing herself out of the window. But the process that led to her arrest had begun six months earlier.

On October 11th 2022 “Finist” was supposed to be performed at a theatre festival in Nizhny Novgorod, a city 250 miles east of Moscow. On the eve of the performance an actor and director called Vladimir Karpuk wrote a denunciation on VK, Russia’s largest social-media platform. He connected the production to a Ukrainian attack that took place on Putin’s birthday, a few days earlier, on the Kerch bridge, which links occupied Crimea to the Russian mainland. Karpuk compared Berkovich to the saboteurs.

The post was larded with phrases from the late 1940s such as “pustules of the fifth column”. It called on the authorities to cancel the performance in Nizhny Novgorod and deal with the “cultural saboteurs”. Karpuk also attached highly personal photographs of Berkovich that had been stolen from her phone and leaked on a sleazy Telegram channel, which showed, according to him, “rabid propaganda of militant feminism, unconventional relationships, unconcealed sympathy for Ukraine and hatred for the current government”. Karpuk used language from the criminal code with which Berkovich would later be charged. “All we need is propaganda and the justification of terrorism!...Coincidence?”

Karpuk was not a stereotypical Stalinist. He posted online photos of himself in swimming trunks to advertise his theatre course, claiming he could “boost creative libido” with “Kama Sutra poses”. It is unclear whether he denounced Berkovich on his own initiative or was put up to it. But informants of his type have been emboldened since the beginning of the war.

The authorities needed more substantive evidence than a single post on social media. So they commissioned an analysis of “Finist” from a man who advertised himself as an expert in a “discipline” called destructology. Roman Silantyev, a shaven-headed, bull-necked man in his mid-40s, began his career as an expert on Russia’s Muslims and was a vituperative critic of radical Islam. He became a member of World Russian People’s Council—a right-wing project headed by the patriarch of the Russian Orthodox church. It was politically extreme even by the church’s standards. The council had been one of the main advocates for the incursion into eastern Ukraine and Crimea in 2014, and hailed Putin’s full-scale invasion as a “holy war” against Western satanism.

In 2018 Silantyev announced the invention of an “applied science” he named “destructology”, which he regarded as a prophylactic against ideas that came from the West and threatened to destroy Russia’s security and identity. These ranged from wellness culture and new-age spirituality to feminism and LGBT rights to Islamist terrorism. Destructology purported to show how seemingly incompatible alien ideologies are able to work in concert with each other against the values of Russian civilisation.

Silantyev likened himself to a therapist in the field of “spiritual security”, whose job was to diagnose dangerous ideas. There was an undercurrent of anti-Semitism in his approach. He gave courses to operatives of the FSB, Russia’s security service, on destructology and provided expert opinion in cases it initiated.

The police came for Berkovich in the early hours of May 4th 2023

On the eve of Berkovich’s arrest, he filed a report on “Finist, the Bright Falcon”. The play, he said, simultaneously managed to promote radical feminism and radical Islamism. “Decolonisation of women’s feminism may be directed into a destructological course,” he wrote. This may sound absurd, but that was the whole point.

Stalin’s show trials were grandiose affairs, staged in the vast ceremonial hall of the House of the Union and illuminated by bright lights so they could be filmed and broadcast in cinemas around the country. The main role was played by the accused, who would abjectly confess their crimes—usually after torture or threats to family members—in the hope that the performance would save their lives. Putin’s trials are not a spectator sport but they also make a mockery of logic and argument, to demonstrate that the state has power over objective reality.

On the first day of Berkovich’s and Petriychuk’s trial, Ekaterina Denisova, the young, suntanned state prosecutor, read out the indictment at a rapid clip. It was almost comically slapdash. “At a time not precisely established by the investigation...at a place not established by the investigation, Yevgenia Berkovich, holding ideological beliefs related to the justification and promotion of terrorism...read the text of the theatrical play ‘Finist, the

Bright Falcon'." Certain words were repeated like a refrain: "Islam", "terrorists", "crime", "knowingly", "extremist".

MASSIN: "Do you understand the charge?"

BERKOVICH: "I don't understand the question about whether I understand the charge. The meaning of the words is clear. I know Russian perfectly well. It is completely unclear what this set of words has to do with me...I have never shared any form of Islam, either radical, nor any other...I have never worn a hijab. I am in a secular marriage to a non-religious man. I eat pork, I take pictures on the beach...I never published or disseminated anything. I staged the performance with the aim of preventing terrorism...I consider this indictment illegal."

Denisova proceeded to list her evidence. This included documents related to the defendant's property, her marriage, her car ("none"), the physical dimensions of her phone and her computer, and screenshots of a playbill.

"What does any of it have to do with the case?" the defence counsel wondered aloud. "The prosecutor has not read the play. Not a word of it has been cited," she insisted.

"The prosecution does not find it necessary to examine the material evidence," Denisova replied. Astonishingly, for the duration of the trial the judge refused to read the play or watch a recording of the performance that was the subject of the case.

Karpuk, the actor who denounced Berkovich, gave evidence. He wore an electric-blue jacket and white jeans, and seemed ill-prepared. He was unable to describe the play or even explain how he got a ticket. It was clear that he had never seen a performance, though he condemned it as "destructive and destabilising", waving his hand demonstratively. It was also apparent that his main issue with the play was that the Russian women prefer Middle Eastern men to Slavic ones. "What is it saying—that Russian guys are bad, right?...We still have a state, thank God, of traditional values...We have a man at the head. It's just the way it is." According to those in court, the judge cringed at his performance.



Berkovich had an advantage that many defendants lacked. She knew how to command the stage. Despite being locked in the dock, she retained not only her sanity and mischief, but her vocation as a director. “After each hearing we had this feeling as though we had taken a breath of incredible freedom, because despite sitting inside that cage, Zhenya, as a director, seemed in charge of the space and the space obeyed her,” said Yevgeny Gindilis, a documentary film producer, who attended the trial.

Since the prosecution refused to admit the play as evidence, the defence brought it into the court. The actresses who played the Maryushkas were

put on the stand. One of them, Yulia Vitkovskaya, read a monologue from “Finist” about how her character ended up in Syria. “I never imagined war, those hardships, fear. All the bloodshed. All the bombings. All the videos ISIS publish about a perfect life...It’s all aimed at people in Russia.”

From the dock, Berkovich assumed the role of director, using the right of the defendant to cross-examine witnesses.

BERKOVICH: Who are you talking to at that moment?

VITKOVSKAYA: I am talking to the judge.

Massin seemed engrossed—and the prosecution was making a hash of the case. At the last minute, Denisova introduced a trump card: a secret witness who appeared by video link. “Every contemporary play must have a video installation,” one of the actresses quipped. Berkovich’s defence protested: the secret witness had not been mentioned in the indictment. No convincing reason was given as to why his identity had to be concealed. The defence presumed that he was an FSB operative. He was placed in a separate room, his voice electronically altered and his face obscured. Massin went to verify his identity and dubbed him Nikita. Whatever he saw or was told made him curt and intemperate. There were no more displays of interest in the art of theatre.

The witness began to give evidence. All anyone could hear were snippets of speech against a roar of static. A murmur spread through the court.

MASSIN, snappily: If anyone present starts to protest, sigh or groan, I will remove them.

KARPINSKAYA, the defence lawyer: I cannot conduct a defence in this case because I do not hear what this witness is saying.

MASSIN: This is your subjective perception of what is happening.

BERKOVICH: Your Honour, we have a similar subjective perception.

The sound cleared up slightly, the reasons for concealing Nikita’s identity did not. One moment he said he was concerned about his physical safety. The next, he was worried about his reputation and career.

He claimed to work in theatre and to have heard the play at the public reading in 2019. At the time, he had “conflicted” feelings but said nothing. “There was a risk I would look like a fool,” he said. He went to see the performance in December 2022 and recorded it on his phone “to show a friend”, but it took him four months to feel a bout of “civic responsibility” and walk into the police headquarters in Moscow to report a crime.

Like Karpuk, Nikita could not remember much about the production itself. But he delivered his complaint succinctly. The women were “terrorists” but “portrayed as victims, and the blame is placed on the Russian state”. Marriage to members of IS is “a positive example of a happy relationship”. Berkovich suggested this was a gross misinterpretation.

“The prosecution does not find it necessary to examine the material evidence,” Denisova replied

BERKOVICH: Witness Nikita, tell me, do you recall in the play a woman in Syria being sexually assaulted. Is that told in the play?

NIKITA: I don’t remember, to be honest. We’ve been with you for how long? Two hours? My head is spinning. I’m having trouble remembering right now.

Nikita was the last of the prosecution witnesses to be questioned in open court. After his shambolic performance, Denisova asked for proceedings to be conducted behind closed doors. Massin agreed—not because the court had anything to conceal, but because it had nothing else to show.

On July 8th 2024 journalists and supporters of Berkovich were allowed back into the courtroom to hear the verdict. Massin found Berkovich and Petriychuk guilty of “inciting hostility and hatred towards the authorities through the dissemination of ideologies that deny the Russian state system and the Russian social order”. He relied almost entirely on Silantyev’s report, even though the defence lawyers had managed to obtain a letter from the ministry of justice which declared that destructology “does not draw on any scientific or practical data and therefore cannot be verified and therefore could not be admitted as evidence”. Massin gave Berkovich and Petriychuk each a six-year sentence, as the prosecution requested. It was a triumph of ideology over reason.

The question of whether Putin's regime is ideological or opportunistic has been circulating for years. Few people in Russia or the West described Putin during the 2000s as an ideologue; most considered the government to be a cynical kleptocracy.

The mounting number of bodies following the full-scale invasion of Ukraine made an ideological grounding for Russian society more urgent than ever. On November 9th 2022 Putin signed his first purely ideological document—an executive order directed at strengthening “traditional Russian spiritual and moral values”. It rejected “destructive ideology”, such as a “fostering of egoism, permissiveness and immorality, rejection of the ideals of patriotism, service to the Fatherland...and the values of a strong family”. Unlike the ideologies of the 20th century, Putin's ersatz version offers no vision of the future and cannot mobilise masses. It may not be convincing, but it is effective at determining who has a place in the system.

In April 2025 Alexander Kharichev, Putin's ideologist who monitors social trends in the presidential administration, published a manifesto that described Russia not as a country or a nation, but as a unique state-civilisation, unconstrained by any borders. According to Kharichev, Russia opposes Western individualism, decadence and “the cult of consumerism” with the idea of sacrificial devotion. “Spiritual values matter more than material comforts,” he wrote.

In heavily ideological times, culture becomes a matter of import to the state, and theatre, once again, a target. As Putin said in a recent meeting with artists and writers, Russia does not only have an army and navy to project power but “many forms of art”. Culture transmits the “civilisational code”—so it had to be cleansed of people like Berkovich. She was dangerous not because she was an ideological opponent of the regime, but because she denied the supremacy of ideology as such.

In the eyes of the state, Berkovich's humanism was deviant. She embraced weakness and fragility in a world where rulers cultivate violence. Most important of all, she represented ordinary life and recognisable emotions. When violence becomes the norm, the display of normality is a crime. At her trial Berkovich addressed the essence of the case against her. What she

regarded as “compassion, empathy, mercy”, the prosecution judged to be “propaganda or justification of terrorism”.



“Have I personally felt compassion for the heroines of the play and their prototypes? Mostly yes. Compassion for those who have fallen, and mercy towards people with broken lives, even those partially or fully responsible —this is one of our main traditional values. At least, that’s how Tolstoy, Dostoevsky and Pushkin understood it...It’s impossible to judge or imprison someone for showing compassion. First, it contradicts the law; secondly, it destroys not only individual lives but society itself.”

Berkovich stayed in Russia not because she was fearless. When *The Economist* asked her to appear on a podcast in December 2022, she said, “Let’s be honest: after every post with poems or interviews, I wake up in the middle of the night because I think the police are breaking in, and I need to get the children dressed quickly and gather the cats. And I’ve had my bag packed for a long time now. I appear so brave and cheerful on the outside, but in reality I am grey-haired and stutter a little.”

She did have an elderly grandmother to look after as well as her daughters. But, as she told an interviewer at the same time, “The truth is that if I really wanted to leave, I would have found a way to deal with those reasons.”

Instead she remained because she felt it was necessary. “In all these months, I’ve never articulated why I’m still here. I think I’m needed here,” she said in the interview. “I don’t exaggerate my importance. But someone has to be here. After all in 20, 40, 60 years we will have to speak to the world and someone needs to be here to be able to say, ‘We’ve been with you.’” In her head, she no longer composed an Oscars speech but her “last words in court”.

But she did not want to go to prison; she simply wanted to live in her own home without being a hero. Her friends tried to persuade her to flee. One of them was Chulpan Khamatova, a well-known Russian actress who has lived in Latvia since the war began. “Berkovich almost got angry. She told me that we [who have left] don’t understand what it is like there.”

The feeling that Putin’s war against Ukraine was a catastrophe for Russia was near universal in Berkovich’s circle. People who remained found it hard to breathe, let alone speak. In the first weeks and months of the war, many of her friends fell silent not because they were afraid—one could talk safely in private—but because they did not have the words to express their experience.

Against the advice of her friends, Berkovich continued to publish her poetry on Facebook, the main forum of discussion among the intelligentsia. Her poems provided oxygen for those who were gasping for words. “Suddenly we could breathe,” said Khamatova.

“I appear so brave and cheerful on the outside, but in reality I am grey-haired and stutter a little”

One of her poems in particular hit a nerve. It was published on May 11th 2022. Two days earlier, the Kremlin had staged its annual military parade to mark the Soviet victory in the second world war, the commemoration of which Putin had turned into a cult. The poem was in the form of a dialogue between the ghost of a dead veteran of the Great Patriotic war, as it's known, and his grandson.

Grandpa sat down on the Ikea stool, so that his broad back would block

The view from the window. He said: Seryozha, we need to talk.

Can you please, my dearest grandson, whom I adore,

Not post anything about me on Facebook, never, no more?

Not in any context, whether with or without the letter “zed” or the letter “zee”.

Just don't do it, says grandpa. Don't post anything about me.

Don't claim any victory in my name

No victory.

[...]

We've lived our one and only life.

It was hard. Now, I implore:

Can we please stop serving you

As poster boys for war?

We're done here, kids.

We've gone down into the ground.

The poem went viral. It was set to music and actors read it out on YouTube. It may also have sealed Berkovich's fate. Two sources told me that it was brought to the attention of Alexander Bastrykin, the country's most senior policeman. The prosecutor could have indicted Berkovich for her poetry, but that might have turned her into a martyr. Instead, they decided to brand her a terrorist.

Berkovich staged her last production in late December 2022—a particularly dark time in Russia. It was a modern nativity play that moved between Bethlehem and contemporary Moscow. In it she included another one of her

poems: a meditation on the birth of Christ that rejected the idea of sacrifice. It read, “Every boy you’re serving as cannon fodder/Once used to be a tiny, soft, little son.”

In her book, “Men in Dark Times”, Hannah Arendt wrote that, “Even in the darkest of times...illumination may come less from theories and concepts than from the uncertain, flickering, and often weak light that some men and women, in their lives and works, will kindle under almost all circumstances and shed over the time-span that was given them on Earth.”

She might have been writing about Berkovich. “I see nothing more important right now than reminding myself and everyone around of the value and fragility of human life,” she wrote in the introduction to the nativity play. “Not in a metaphysical sense, but in the most horrifyingly real way. There was a person, then suddenly—Herod made some decision—and the person is gone.”

Yevgenia Berkovich and Svetlana Petriychuk are currently being held in a penal colony, where their work assignment is sewing clothes. Berkovich is forbidden from making theatre but continues to write poetry. ■

Arkady Ostrovsky is Russia editor of *The Economist*. A dramatised version of this story was [broadcast on our podcast](#), Next Year in Moscow.

Poem translated by Anna Krushelnitskaya

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China's missing bosses

The sinister disappearance of China's bosses

Detentions, public shaming and suicides intensify the country's corporate gloom

Oct 09, 2025 03:33 PM | Shanghai



UNTIL RECENTLY Yu Faxin was best known as a leading scientist and entrepreneur, specialising in advanced semiconductors for military applications. But on September 22nd he made headlines for another reason. His company, Shanghai-listed Great Microwave Technology, disclosed that Mr Yu had been taken away by China's anti-corruption agency. Mr Yu is in *liuzhi*, an extra-judicial form of detention in which increasing numbers of Chinese businessmen are being snared.

The country's entrepreneurs must contend with a lengthening list of worries. Foremost is the economy, which has never fully recovered from the pandemic. Consumer sentiment is tepid at best; overproduction and ruthless competition are rife. Retail sales have shrivelled. The number of lossmaking industrial firms has been hovering at a record high.

But a further set of concerns is growing in prominence. As the economic outlook darkens, China's institutional shortcomings are making the business elite even more miserable. Official investigations into company leaders are on the rise. So are court rulings that limit their freedom to travel around the country. A spate of suicides among bosses this year is widely seen as evidence of intensifying pressure.

Liuzhi detentions are perhaps the clearest source of unease. When the system was created in 2018 it was aimed mainly at Communist Party members and government officials, part of the anti-corruption crackdown begun by Xi Jinping, China's supreme leader, five years earlier. It is now frequently directed at businesspeople too.

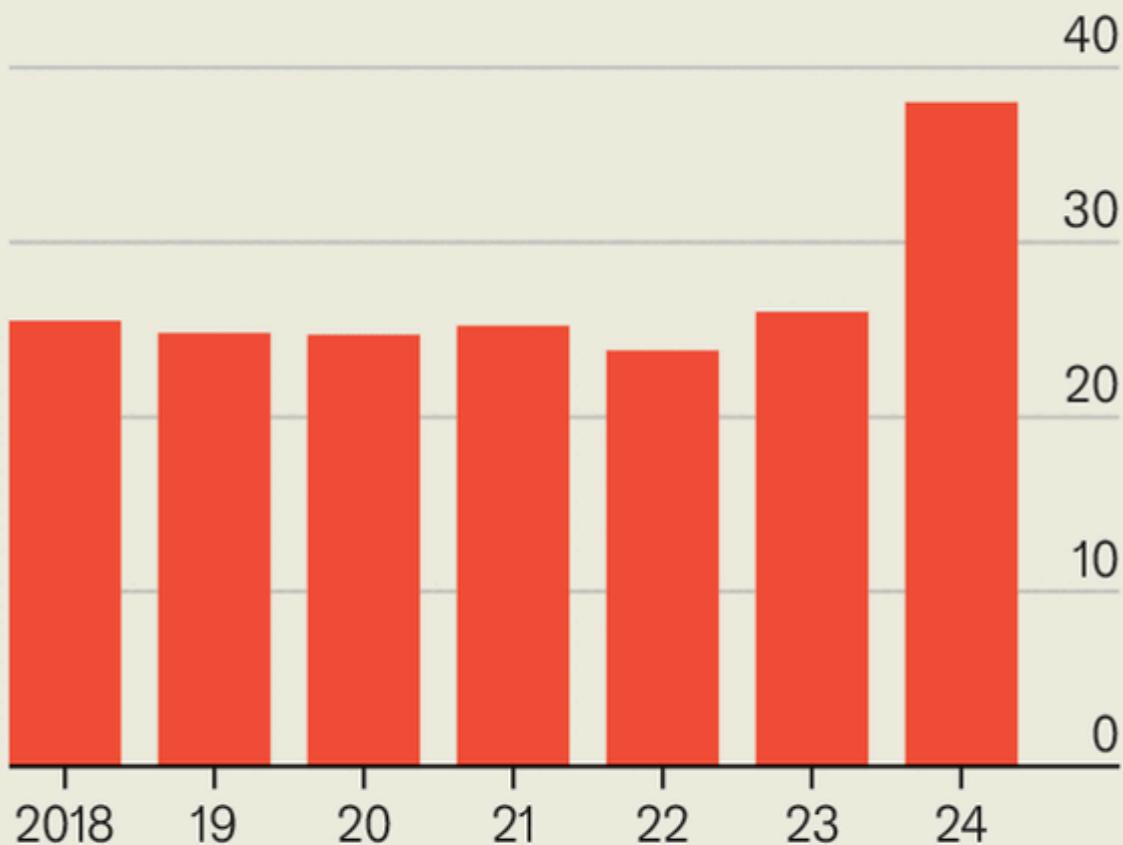
The system runs parallel to normal policing. Detentions do not require court approval. Detainees are denied the standard services of lawyers. Changes to regulations in June allow agents to hold people for up to eight months, to reset the clock if a new crime is suspected and to interrogate prisoners endlessly. Cells typically have no windows, lights are always on and detainees are often supervised 24 hours a day, even when using the toilet.

This year bosses at listed companies have been vanishing into this grim system at a staggering rate: *The Economist* counted 39 such cases by the end of September, or about one a week, in stock-exchange filings. That already exceeds last year's record tally. But it is just a fraction of the broader picture. Most corporate *liuzhi* targets work for unlisted companies, which are not obliged to explain to investors why their chief executives have disappeared.

Into the dark

1

China, *liuzhi** detainees[†], '000



*An extra-judicial detention system operated by the Central Commission for Discipline Inspection (CCDI)

†4% of total cases filed by CCDI used as estimate for 2018-22

Source: CCDI

Total detentions, including those of both officials and businesspeople, soared by nearly 50% in 2024, to around 38,000, according to statements by the Central Commission for Discipline Inspection (CCDI), the party body authorised to carry them out (see chart 1). The corporate side of the crackdown appears to be extensive. The CCDI has said it took some form of disciplinary action (including *liuzhi*) against more than 60,000 people in the pharmaceutical sector and 17,000 in finance last year.

One explanation of why so many bosses have been detained is the rapid expansion of Mr Xi's corruption crackdown. The number of cases filed is on track to hit a record 1m this year, reckons Gavekal Dragonomics, a consultancy. When an official is investigated, their entire business network can come under scrutiny, leading to a ballooning in corporate cases. Some of the industries facing deepening anti-corruption probes, such as computing hardware and green technology, are tightly connected to local governments through procurement and contracting, notes Zhu Jiangnan of the University of Hong Kong. This puts executives in these fields at greater risk.

Flagging economic growth may also help to account for the rise in detentions. Local governments are short on cash; many have enormous debts. Some CCDI investigations have been characterised as "deep-sea fishing" expeditions, in which an executive is held on flimsy grounds in the hope that the harsh conditions of *liuzhi* will yield a confession of wrongdoing or the accusation of another wealthy person. The investigators can then seize that person's (and their company's) assets.

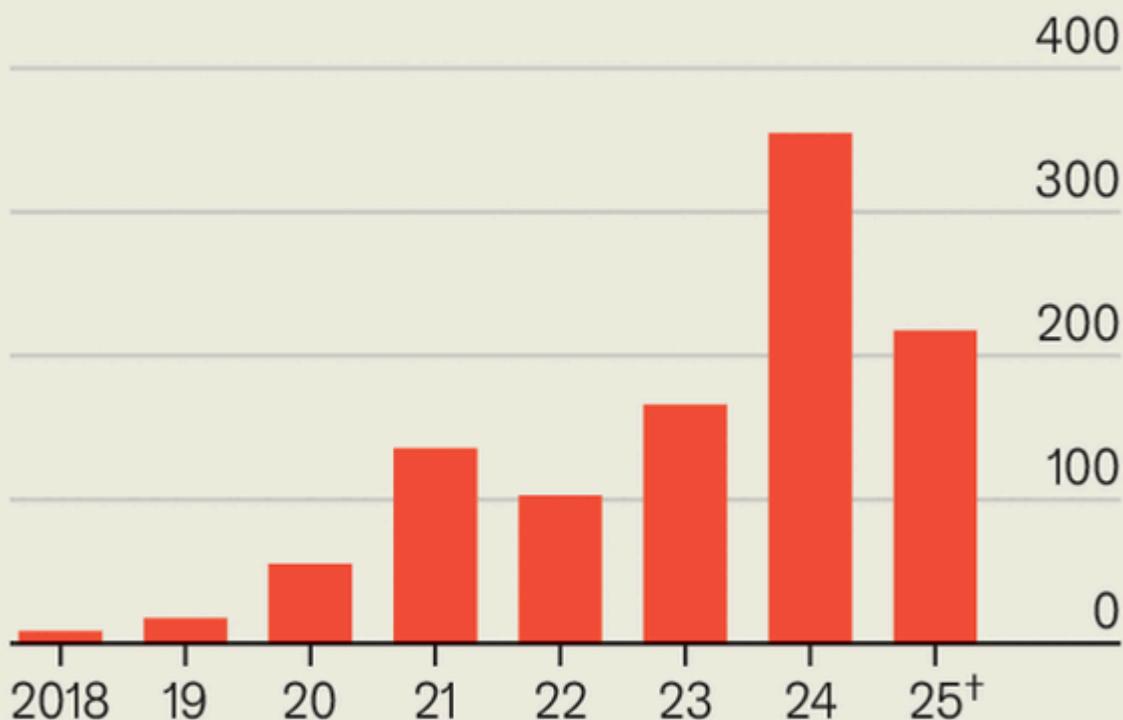
Of the 39 executives of listed firms lifted this year, more than half were detained by CCDI departments far from their companies' headquarters. A Chinese lawyer specialising in such cases says this is a sign that one local government is fishing in another's jurisdiction in search of funds. (The lawyer has asked to remain anonymous.)

Another cause of bosses' distress is a notorious credit blacklist, to which the names of some of the country's richest tycoons have recently been added. China's bankruptcy laws are not fully developed and courts often reach for quick fixes to put pressure on debtors to pay up. One method is to publicly add their names to the list, which bans them from "high consumption". Those on it may no longer fly, ride on high-speed trains or stay in fancy hotels, among other things.

Wings clipped

2

China, high-consumption restrictions
ordered by courts*, '000



*Based on publicised cases. Including flights,
high-speed rail journeys and luxury hotels [†]To September 30th
Source: China Judgments Online

This credit list may originally have been intended to force people to repay small debts, but entrepreneurs have been herded onto it in recent years as their ventures struggle. A court database shows that by the end of September some 200,000 people had been added this year, up from around 17,400 in the whole of 2019, before the economic rupture of the pandemic (see chart 2). About 46% of this year's blacklistings were owing to contractual disputes, indicating that business-related activities led to the court rulings.

The fear of falling onto the list is real and may lead companies to take fewer risks. It is thus another “dangerous drag on business sentiment”, says Lizzi Lee of the Asia Society Policy Institute’s Centre for China Analysis, a think-tank. At a time when the economy is badly short of dynamism, “the signal from the current system is that if you fail, you don’t just lose your business; you may lose your basic ability to function,” she says.

The central government has tried to improve conditions for entrepreneurs. In February Mr Xi met a handful of China’s top company bosses in the hope of signalling a reset. A new “private-sector promotion” law was put in place to help spur growth.

But the dominant mood among entrepreneurs has instead stayed gloomy. On September 28th it was revealed that Wang Jianlin, a property tycoon who was once China’s richest man, had been added to the debtors’ blacklist because of a contractual dispute. This ban was lifted a day later but not without igniting a discussion on the dire situation facing some leading business figures. Mr Yu’s detention has had a similar effect. If senior military scientists can be swept into *liuzhi*, no one is out of the corruption agency’s reach.

The suicides have made matters darker still. Between April and July at least five prominent bosses leapt to their deaths from high buildings, leading to anguished public discussion about the burden on entrepreneurs. The suicide of Wang Linpeng caused particular shock. The founder of a successful department-store chain, Wang was once the richest man in Hubei, his home province. In April he was put into *liuzhi*. He was freed in late July, but kept on a watch list. His suicide, days after his release, is just one of the few “that float to the surface”, says the lawyer. “There are many more that no one knows about.” ■

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No small beer

Businesses are grappling with a wave of cybercrime

Blame sharper and more ruthless criminals, and digital currencies

Oct 09, 2025 07:01 PM | LONDON AND TOKYO



Super Dry, running dry

ON A RECENT evening in Bier Reise '98, a beer hall in Shimbashi, a lively district in Tokyo, Matsuo Kohei poured one of his last glasses of Maruefu. Unlike its sibling, Super Dry, the lager is rarely seen outside Japan. Thanks to a cyber-attack on Asahi, the brewer of both, Maruefu is becoming rare at home, too. Mr Matsuo said he would run out that night. Without a delivery, a drought of Super Dry would follow within days. The attack, confirmed by Asahi on September 29th, brought most of the company's 30 factories, as well as call centres and shipments, to a halt.

A similar story has been playing out in northern and central England, as production lines at Jaguar Land Rover (JLR), a carmaker, fell silent after a hack. Work is resuming, but the stoppage is thought to have cost JLR £50m (\$67m) a week and has strangled suppliers. Britain's government is underwriting a £1.5bn loan to the firm to help preserve the supply chain, which employs some 100,000 people. In the spring two British retailers, Co-op and Marks & Spencer (M&S), were also attacked. On October 7th Salesforce, a software giant, said it would not pay hackers demanding a ransom for customer data stolen this year.

Firms are frantically working out how to defend themselves against a wave of cybercrime. Different groups have been behind the attacks. JLR's was claimed by "Scattered Lapsus\$ Hunters", a name suggesting a team-up of three outfits, overlapping with those implicated in the grocery hacks. Qilin, a Russian group, supposedly carried out the attack on Asahi.

Pay up or shut down

Worldwide reported ransomware compromises

Top ten industries, January-March 2025



Source: Palo Alto Networks

But many attacks have a common feature: hackers are mostly using “ransomware”, malign programs that encrypt or exfiltrate data from a compromised system and demand payment for its return. According to Verizon, a telecoms firm, in 2025 ransomware has been at the heart of 44%

of breaches, up from 10% in 2021. Manufacturers and retailers are favourite targets (see chart), possibly because hackers think their thin margins give them an incentive to pay up fast.

One reason for the ransomware surge is digital currencies. Such attacks were barely known before bitcoin enabled anonymous payments over the internet. Cryptolocker, created in 2013, is widely considered to be the first modern ransomware. It charged up to ten bitcoin (then merely around \$2,000) to restore access to a victim's files.

Another is that barriers to cybercrime are falling. On the dark web, small criminal groups can buy advanced services from specialised ransomware suppliers. Artificial intelligence (AI) makes it easier to stage a big attack, for instance by churning out masses of phishing emails. That means it is easier for a novice to wreak havoc.

Cybercriminals are also getting nastier. Ciaran Martin, the former head of Britain's National Cyber Security Centre, contrasts "thieves" and "thugs". Thieves may be content with sneakily lifting data and demanding money. Thugs break into systems noisily and demand payment to avoid further damage—and have learned how to maximise the amounts they can extort. Thugs, alas, are becoming more common.

Worse still, companies typically have ever more weak spots. They are connecting ever more devices, such as phones and laptops, to their networks, a trend accelerated by remote working. And they outsource ever more of their functions, including IT. An in-house helpdesk may raise the alarm if 80 consecutive callers try to blag a password reset; the scam is less likely to be spotted if each call goes to a different call-centre worker. Tata Consultancy Services (TCS), an Indian contractor, was the "means of access" in the M&S hack in April, according to Reuters. It also works with the Co-op, as well as with JLR, with which it shares a corporate parent. *The Economist* contacted TCS for comment, but we had had no reply before going to press. In June, after the M&S attack, Keki Mistry, a director, told shareholders that "no TCS systems or users were compromised".

Hacks cost victims more than the ransom. Business must be put on hold while the network is re-secured. Connected computers must be verified as

clean, which usually means wiping them. Credentials need to be reset, which may mean no one can work until they go to the office. More esoteric difficulties may arise. At one firm, screens displaying meeting-room bookings had to be ripped out, lest they harbour a re-infection. Last year, estimates Chainalysys, a firm of analysts, ransomware brought hackers less than \$1bn. The loan to JLR alone comfortably exceeds that.

Companies are scrambling to defend themselves. Gartner, a research firm, expects their spending on cyber-security to rise to \$207bn this year, from \$165bn in 2023, faster than IT spending overall. More of them are using AI tools. A survey by IBM, a tech firm, shows that firms using a lot of AI can spot and contain a breach 30% faster than those not using the technology.

More human fixes are also being used, such as phishing-awareness training. Toby Lewis of Darktrace, a cyber-security firm, notes that after the attack on M&S, in which crooks called the IT helpdesk pretending to be employees in need of new passwords, some companies have been insisting that staff with high levels of clearance have their passwords reset in person.

More are also turning to cyber-insurance. Munich Re, a reinsurer, says that in 2024 global cybercrime premiums amounted to \$15bn, a tiny sliver of the insurance market, but a sum expected to double by 2030. A policy often comes with other help, such as an instant-response team or cheaper security software.

Even so, take-up is low, especially by small firms. A cyber-insurance expert reckons that just one in ten small- to medium-sized businesses have a policy, against around six in ten big firms. Tiddlers may slowly become better protected as larger firms require suppliers to get insured. That said, the expert expects the price of policies to rise in the next 12 months, reflecting the growing risk.

All this suggests that, as well as buying more insurance and security software, some firms may want to follow Asahi's lead and build in a little redundancy. As fears spread that taps might run dry, Asahi reassured drinkers that it had quickly restarted six breweries. "System-based ordering and shipping remain suspended, but product supply to customers is our top

priority,” the brewer said. It is now taking delivery orders the old-fashioned way—by fax. ■

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Posh holidays

Luxury goods are out, but luxury travel is in

Can hospitality firms avoid the mistakes fashion firms made?

Oct 09, 2025 01:09 PM



OUTSIDE BROWN'S HOTEL in London, a doorman in a smart coat and top hat escorts guests to their taxis. Inside, the fanciest suite goes for over £6,000 (\$8,100) per night. The bar serves delicious cocktails for £26. Judging by the crowded lobby, there is no shortage of visitors happy to pay for that sort of pampering.

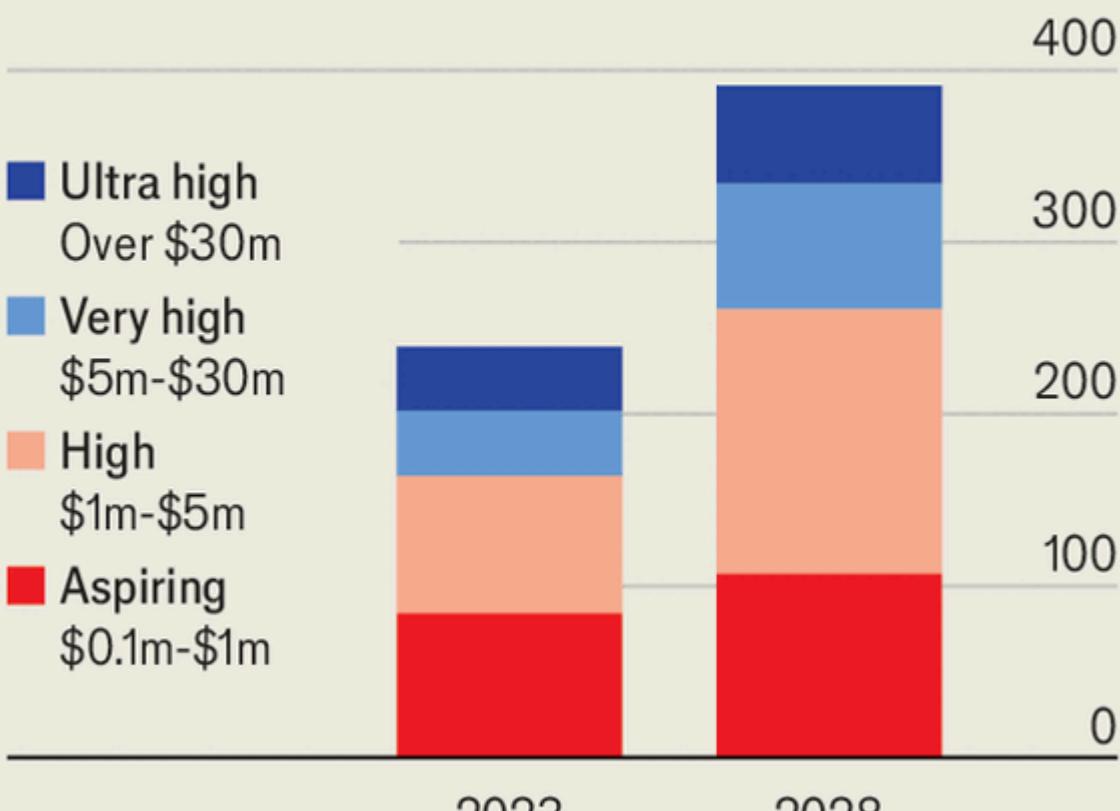
There is a divide in the luxury industry today. Economic uncertainty has [people spending less on fancy things](#), like high heels and handbags. Bain, a consultancy, reckons sales of personal luxury goods will fall by 2-5% this year.

Middle class goes first class

1

Global luxury-leisure hospitality spending, \$bn

By net worth of traveller



Source: McKinsey

Yet the well-off continue to splash out on luxury travel: posh hotels, first-class air fares and once-in-a-lifetime experiences. Global spending on luxury hospitality will exceed \$390bn in 2028, up from \$239bn in 2023, reckons McKinsey, another consultancy (see chart 1). At the Accor Group, which owns the smart Sofitel chain as well as cut-price Ibis, Sébastien Bazin, the chief executive, aims to expand the share of cashflow coming from the luxury segment from around 35% today to 50% in 2030. Can the boom last?

Analysts expected 2025 to be a terrible year across the travel industry as tighter immigration rules in America, trade wars and geopolitical flux left consumers jittery. But luxury travellers have propped up the market. Revenues per available luxury hotel room have been higher every month than in 2024, according to CoStar, a real-estate data firm; for cheaper rooms they have mostly declined (see chart 2). At Chase Travel, part of JPMorgan Chase, America's biggest bank, first-class flight bookings jumped by over 20% year on year between June and August. Some 820 private jets will be delivered in 2025, a rise of 7.3%, forecasts IBA, which provides aviation data.

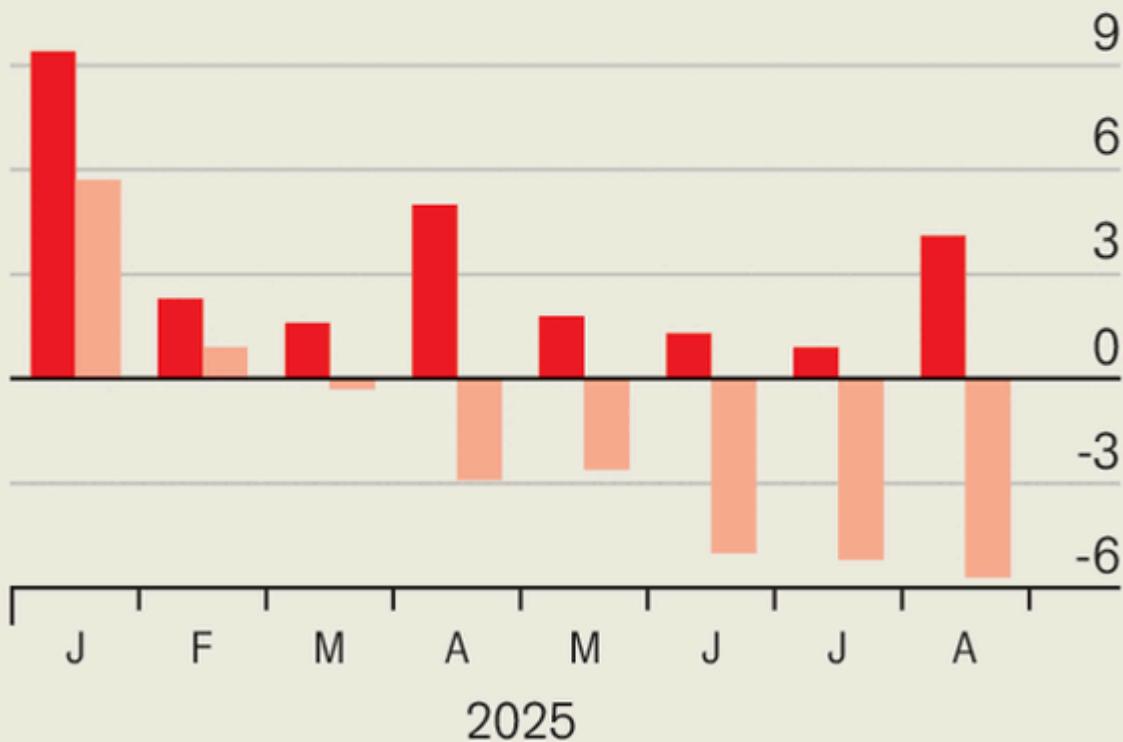
Some luxury-goods firms have caught the trend. Labels including Bulgari and Armani have opened branded hotels. [LVMH, which owns Louis Vuitton and Fendi](#), launched a fancy Belmond sleeper train in Britain a few months ago. Its 230-metre, 54-suite Orient Express yacht, built in partnership with Accor, is due to set sail from France next year. Dolce & Gabbana and Burberry have paired with hotel groups to open pop-up stores and beach clubs.

Suite dreams

2

United States, revenue per available hotel room, % change on a year earlier

■ Luxury ■ Economy



Source: CoStar

According to Richard Clarke of Bernstein, a broker, the trend is explained by a broader shift in spending from goods to experiences. Designer clothes and bags are now available worldwide; they are toted by the well-off middle class as well as by the super-rich. But once-in-a-lifetime holidays, which can cost thousands of pounds per person per day, still feel exclusive. Social media can be used to show off enviable trips as easily as new outfits.

The risk is that luxury-travel firms make the same mistakes as luxury-goods firms did in the past. Around the turn of the millennium, fashion houses

began wooing “aspirational” shoppers (ie, the rich but not filthy rich). That left them vulnerable when the economy turned.

Now luxury-travel firms are at a similar juncture. The share of luxury-hospitality spending coming from the super-rich, worth \$30m-plus, is ticking down, finds McKinsey. In a sign that more holiday-makers want to feel fancy, this month EasyJet Holidays, a package-holiday firm linked to a budget airline, launched a luxury offering that includes posh hotels, speedy boarding at airports and “elevated extras” such as Michelin-star dining.





Turn left, tuck in, take off

In pursuit of growth, fashion brands began mass-producing their wares, which polluted their air of exclusivity. Similarly, analysts are warning of a glut in top-notch hotels. CoStar forecasts the global tally of luxury hotel rooms will climb from 1.8m now to almost 2.2m by 2030, outpacing other segments. In London, Rosewood, Six Senses and Auberge, three leading high-end hospitality firms, are all opening new sites this year. Savills, an estate agent, estimates there are 18,750 luxury hotel rooms in the city and 1,618 in development.

Then there is pricing. After the pandemic, luxury-fashion houses tried to exploit the rush of “revenge spending” by lifting prices. Fancy hotels are trying something similar. In fact, by CoStar’s estimates in some recent months occupancy rates for luxury rooms were a bit lower than in 2024, but higher rates have kept revenues rising. Federico Marchetti, the former boss of Yoox Net-a-Porter, a luxury e-merchant, has a word of advice for anyone selling to the rich: they don’t like to feel ripped off.

Luxury-travel firms can learn not just from what luxury-goods firms got wrong, but what they have done right. [One brand has bucked the recent slump](#) in goods sales: Hermès. The Parisian firm, which is still run by its founder’s family, maintains a long-term perspective. It produces at

relatively small scale, keeps price rises modest and maintains an air of exclusivity.

Some fit that description. Take Rocco Forte Group, which owns Brown's. It too is still family-run and has just 15 hotels. It has raised room rates of late, but roughly in line with costs. Staff are trained to make guests feel special. The doorman at Brown's, for example, greets guests by name. At a time when many are questioning what exactly "luxury" is, the personal touch may be the answer. ■

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Liquid assets

Bottled water is going upmarket

Nestlé and Danone are doubling down on premium brands

Oct 09, 2025 06:58 PM



Classic, but so last season

STROLLING THROUGH a villa in the south of France, Lily Collins sips from a sleek pastel can. Shot by Damien Chazelle, the director of “La La Land”, this might be a trailer for a romantic comedy. It is, in fact, an ad for flavoured water.

The ad for Maison Perrier, launched last year by Nestlé, reflects the direction of the \$300bn-odd bottled-water industry. The Swiss food company has sold many of its mass-market brands and is heading upmarket with labels such as Maison Perrier. Danone, its French rival, is also doubling down on premium brands like Mizone, a vitamin-enriched drink sold in Asia.

Two forces are behind the shift: environmental stress and changing tastes. Climate change is making mineral water harder to source. Torrential rains let polluted surface water seep into aquifers. Last year Nestlé destroyed 2m bottles of classic Perrier after faecal bacteria were found in a spring. Prolonged droughts in southern Europe have caused supply shortages.

Pesticides, fertilisers and microplastics often taint even remote springs. But under EU law, “natural mineral water” must be bottled untreated. Some brands have reportedly resorted to banned purification methods. Critics add that extracting water from Alpine sources and flying it around the world in plastic is unsustainable—and that bottled water can cost 1,000 times more than tap water, often with no added benefit. More than 1m plastic bottles are sold every minute. The EU has taken measures to reduce plastic waste and promote recycling. Selling glass bottles or cans may do less damage—and, with the right branding, fetch higher prices.

Meanwhile the young, especially, are drinking less alcohol. Spying opportunity, Nestlé, Danone, Coca-Cola and others are pushing flavoured and “functional” waters (with added herbs, minerals and so forth). These are not regulated as mineral water and so can be treated and branded more freely. In the first half of 2025, sales in Nestlé’s water and premium beverages division rose by 4.7% year on year, thanks to flavoured products. Maison Perrier came close to matching Perrier’s classic mineral water in sales (though supply issues held back the original). Danone’s sales of water in China, north Asia and Oceania surged by 7.7%, led by growth in Mizone.

Whether the strategy will pay off in the long term is unclear, says Kai Lehmann of Flossbach von Storch, an asset manager. Nestlé has spent heavily on automated bottling lines and infrastructure for its flavoured range. Its water division’s operating margin was 9.3% in the first half, against the group’s 16.5%. A decade ago water margins were around 12%. Competition is intensifying. And with famous actors and directors, marketing doesn’t come cheap. ■

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Unbossing it

Bonfire of the middle managers

Why firms are “delayering”

Oct 09, 2025 01:08 PM



MIDDLE MANAGERS never have it easy. Subordinates resent them for climbing the corporate ladder. The top brass blame them when company strategy fails. In the popular mind they personify corporate bloat; they are the stuff of satire rather than respect. Stress and burn-out are their lot.

But lately they have had an especially hard time. Lots of them are losing their jobs. In August Google said it had cut 35% of its managers overseeing teams of fewer than three. In September Fiverr, a freelancing marketplace, said it would shed managers to focus more on artificial intelligence (AI). Amazon has been trimming all year in its effort to improve efficiency—most recently in July, at its cloud-computing arm. Meta's Mark Zuckerberg has been complaining about “managers managing managers” since 2023.

And that's just in tech. So far this year phrases relating to "reducing management layers" have been mentioned 98 times on the earning calls of companies in S&P's global stockmarket index, twice as often as in the whole of 2022. The list includes UBS, a Swiss bank; Reckitt Benckiser, a British consumer-goods company; and Air Liquide, a French maker of industrial gases. What is behind this bout of "unbossing"?

One explanation is simply that in an uncertain economic environment, companies are cutting costs. Surveys of executives (for example, by the Atlanta Fed and the Bank of England) suggest that many of them plan to lower hiring overall and invest less. Among other causes, they are struggling to fathom President Donald Trump's ever-changing tariff regime.

Another reason has its roots in the pandemic. When covid-19 first struck, companies furloughed staff. That was followed by a hiring spree as firms, particularly in tech, raced to meet demand for e-commerce and digital services. New managers were needed to supervise the new staff. At the same time, firms were overpromoting people. In a bid to hold on to good employees, companies gave them management positions, even if they were in charge of only one or two subordinates, notes Bryan Hancock of McKinsey, a consultancy. Managers' ranks swelled. America's Bureau of Labour Statistics tracks 425 broad categories of occupation. Between 2019 and 2024 five of the ten fastest-growing were management roles.

Now companies are shedding the excess. Figures from Live Data Technologies, a research firm, show that since November 2022, when the covid hiring-binge peaked, listed American firms have cut middle-management positions by around 3% on average. Numbers of non-managerial staff have fallen similarly. But tech and health-care companies, which stepped up hiring during the pandemic, have cut middle managers faster than they have cut other staff. Other sectors struck hard by covid, such as retail, have shed a large share of the rank and file as well as their supervisors.

What about the supposed new job-eater, AI? Plenty of firms, including Amazon and Walmart, are both talking up their use of the technology and firing managers. But the cull seems to have little connection to ChatGPT. *The Economist* compared Live Data Technologies' headcount figures by

sector with data from the Business Trends and Outlook Survey, a poll by the Census Bureau, an American government agency. The poll asks firms, among other things, whether they have used AI in the past two weeks. The analysis did not reveal any relationship between AI use and delayering.

That may eventually change. For a long time technology has been taking over some management tasks, from disseminating information to monitoring workers. According to a survey by McKinsey, managers spend about a quarter of their time on administrative tasks. These too seem open to disruption.

But in the interim AI may be the middle manager's friend. Raffaella Sadun of Harvard Business School notes that effective middle managers can boost the uptake of corporate training, notably at companies trying to persuade staff to use the new technology. If companies want workers to swot up on AI, they may be well advised to hold on to their middle managers for just a little longer.■

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Bartleby

A short guide to white-collar warfare

How office rows escalate

Oct 09, 2025 01:08 PM



MILITARY TYPES are familiar with the idea of gradually ratcheting up the intensity of a conflict. Herman Kahn, an American nuclear strategist of the 1960s, identified no fewer than 44 rungs on the escalation ladder. The lower rungs on Kahn's ladder include things like "Solemn and Formal Declarations"; the topmost is called "Spasm", which doesn't sound good at all.

Escalation in the office follows a similar logic: more and more damage is threatened or inflicted until someone backs down or suffers Termination. The initial rungs that workers climb towards white-collar warfare are not

codified. But they bear a clear resemblance to some of the steps that Kahn identified when he thought about conflict among states.

1. Point of Difference. This could be anything: a battle over resources, an argument over strategy or suspicion over a missing phone charger. But for these purposes, imagine that you have twice asked a colleague in another department to write a report on something, and not received an answer. You strongly suspect that they regard the report as a complete waste of their time.

2. Formal Language. The first escalatory step is the use of more formal language to make your request again. You use the word “Dear” at the start of your email, instead of your customary “Hi”. You thank them in advance for their help, the “in advance” underlining how little has happened already. You “look forward to receiving the report”, which is a complete lie. You are no longer making a friendly request of a colleague. You have become distant, ambassadorial; you can imagine yourself in a sash.

3. Weirdly Formal Language. If no response is forthcoming, you suddenly start using phrases that never pass your lips in real life. You say “with regard to” and lob in an “aforementioned”. “As per my last email” is the clearest sign of trouble ahead. No one ever speaks the words “as per”; it’s only slightly less archaic than saying “prithee” or “doth”. In the office, this kind of formulation is fighting talk. You are now testing the enemy’s willingness to engage.

4. Hardening of Positions. Your adversary responds with some exaggerated politeness of their own, explaining why there is no need for them to produce a report. You spot the words “hereby” and “appertaining”, and realise they have escalated to match you.

At around this point, one or both of you blind-copies your boss into this increasingly Dickensian correspondence. This is not strictly speaking an escalation, because it is not visible to the adversary. But it is not a step to take lightly. For one thing, no one really knows how bcc works, so quite a lot of time has to be spent researching who can see a reply from a bcc’ed recipient. For another, it means that forces are now being enlisted on your behalf if conflict does erupt.

5. Show of Force. With no sign of the report, and increasingly baroque language now peppering your correspondence, it's time to show your willingness to cause real damage. You cc your own boss on your next email. This is the office equivalent of a military parade, the awesome might of your departmental head displayed as a warning. The message you are sending could not be clearer: you're not an individual but a representative of a great power.

6. Even Greater Show of Force. Your enemy responds, and you can see that their boss has been cc'ed. So far, so predictable. But then, shockingly, you notice that their boss's boss has also been copied. Their military parade is twice the size of yours! Your adversary understands the idea of escalation dominance, and the stakes have become dangerously high. You could continue to ask for the damned report, but what was once a localised conflict is threatening to become a general war.

7. Breaking Off Relations. The fight over the report has reached a stalemate. Your own boss is asking why you need it, and by this stage you cannot really remember yourself. Your opponent has clearly not only read von Clausewitz and Sun Tzu, but seems to have had extensive military training. You cannot escalate further without copying the chief executive into the email or making a formal complaint to HR, but neither seems likely to end well. You send a private email to your opponent to say that you regret their lack of co-operation and will be asking another colleague for assistance instead. They have won this battle but you have not climbed all the way down the ladder. The conflict is frozen, not over.■

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Schumpeter

What if OpenAI went belly-up?

To gauge the centrality of the AI superstar, we conduct a thought experiment

Oct 09, 2025 05:24 PM



LOOK AROUND the world of artificial intelligence and OpenAI is everywhere. In early September ChatGPT's creator reportedly struck a deal to buy perhaps \$10bn-worth of custom AI chips from Broadcom. A fortnight later the startup revealed that [Nvidia](#), Broadcom's larger rival, would invest up to \$100bn in it over several years while selling it graphics-processing units (GPUs) worth that amount. On October 6th OpenAI announced a deal with AMD, a third chipmaker, of similar size and circularity. This time it is OpenAI that may take a stake in AMD, which would sell it silicon worth an estimated \$90bn or so between 2026 and 2030.

This is the past month alone—and just chips. In that time OpenAI also agreed to buy \$300bn in computing power from Oracle, a data-centre giant; plugged popular apps such as Booking.com, Spotify and Zillow into ChatGPT, letting users search for hotels, songs and flats via the chatbot; and gave Hollywood a jump scare with Sora 2, its new video-generating app. Along the way it became the world's most valuable startup, rocketing past SpaceX, after raising \$6.6bn at a price tag of \$500bn.

OpenAI may be a way off attaining its goal of creating superintelligence. But Sam Altman, its boss, already wields God-like power over markets. The Broadcom, Nvidia and AMD announcements added almost \$200bn, \$160bn and over \$60bn—or 13%, 4% and 24%—to the respective chipmakers' market values. Oracle's shot up by more than \$250bn when its OpenAI contract came to light, climbing above \$900bn.

The ubiquity of Mr Altman and his startup, plus its convoluted links to other AI firms, is raising eyebrows. An awful lot seems to hinge on a firm forecast to lose \$10bn this year on revenues of little more than that amount. D.A. Davidson, a broker, calls OpenAI “the biggest case yet of Silicon Valley’s vaunted ‘fake it ’till you make it’ ethos”. Only Nvidia is more central to the AI boom, going by the scale of the industry’s incestuous relationships. To understand the model-maker’s centrality to the whole AI enterprise, consider a thought experiment. What if OpenAI went bust?

Such an outcome is unlikely but not inconceivable. The firm will probably not turn a profit for years. Lawyers predict that Sora could provoke a flood of costly lawsuits from copyright-owners whose intellectual properties, from SpongeBob SquarePants to Ronald McDonald, are already popping up in user-generated clips. Mr Altman would not be the first boss whose knack for getting investors to part with cash looked preternatural until it didn’t. Even if it does not come to that, a thought experiment to test how the AI edifice holds up if you remove the keystone can be instructive; it lets you evaluate what you might call key-firm risk.

The immediate casualties of ClosedAI would be the shareholders. Since its founding ten years ago the startup has raised a total of \$35bn from 149 investors. Most would smart but survive; 45 of them also back Anthropic, OpenAI’s model-making rival, according to data from PitchBook, a deal-

tracker. Mr Altman's 4,500 brainy employees would see the value of their stock options go to zero but find other work without breaking a sweat.

The impact on OpenAI's counterparties would be more mixed. Oracle's \$300bn in contractual commitments from OpenAI would evaporate—so would the related shareholder gains. AMD, which certain analysts now think will be supplying Oracle with most of the GPUs required to fulfil the contract, may also see sales drop. But the hit to its owners would be alleviated by OpenAI not being around to exercise its warrants and thus dilute their stakes.

For other chipmakers the result may be close to a wash. Companies other than OpenAI are lining up to get their hands on AI chips. Nvidia's three largest customers, which accounted for 34% of sales last year, are believed to be Microsoft, Amazon and Meta. Broadcom sells lots of chips to Alphabet, Google's \$3trn parent company and OpenAI's other big competitor in model-building.

The problem for the chip firms is not lack of demand but constrained supply. Nvidia and Broadcom, as well as AMD and other designers of AI processors such as Marvell, which makes them for Amazon's cloud, outsource virtually all their manufacturing to TSMC. The Taiwanese firm is raising capital spending by 15% a year. Between the last quarter of 2022, when ChatGPT began turning heads, and the second quarter of this year its fixed assets expanded by 30%. That looks like a lot—until you realise that the combined quarterly sales of Nvidia, Broadcom and AMD more than tripled in that period.

Alt-ernative history

TSMC's share price thus shrugs off most OpenAI news. Other companies suffer when Mr Altman presents his latest partnership. Four of OpenAI's six big deal announcements this year were followed by a total combined net gain of \$1.7trn among the 49 big companies in Bloomberg's broad AI index plus Intel, Samsung and SoftBank (whose fate is also tied to the technology). However, the gains for most concealed losses for some—to the tune of \$435bn in gross terms if you add them all up.

Some of these may be unrelated to OpenAI. Of those that were related, some might owe to the losers being seen as missing out on Mr Altman's business: on October 6th, for example, Nvidia's market value dipped by nearly as much in dollar terms as AMD's rose. But sometimes what was good for OpenAI was bad for others: when Oracle soared by \$250bn a month ago, Alphabet and Meta, which compete with OpenAI more directly, slumped by \$40bn between them. So what is bad for it may be good for them.

In all, then, key-firm risk looks manageable. Unless, that is, OpenAI were to fail not as a result of its own shortcomings but because the technology itself proved less transformational than promised. But that is another thought experiment. ■

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Finance & economics

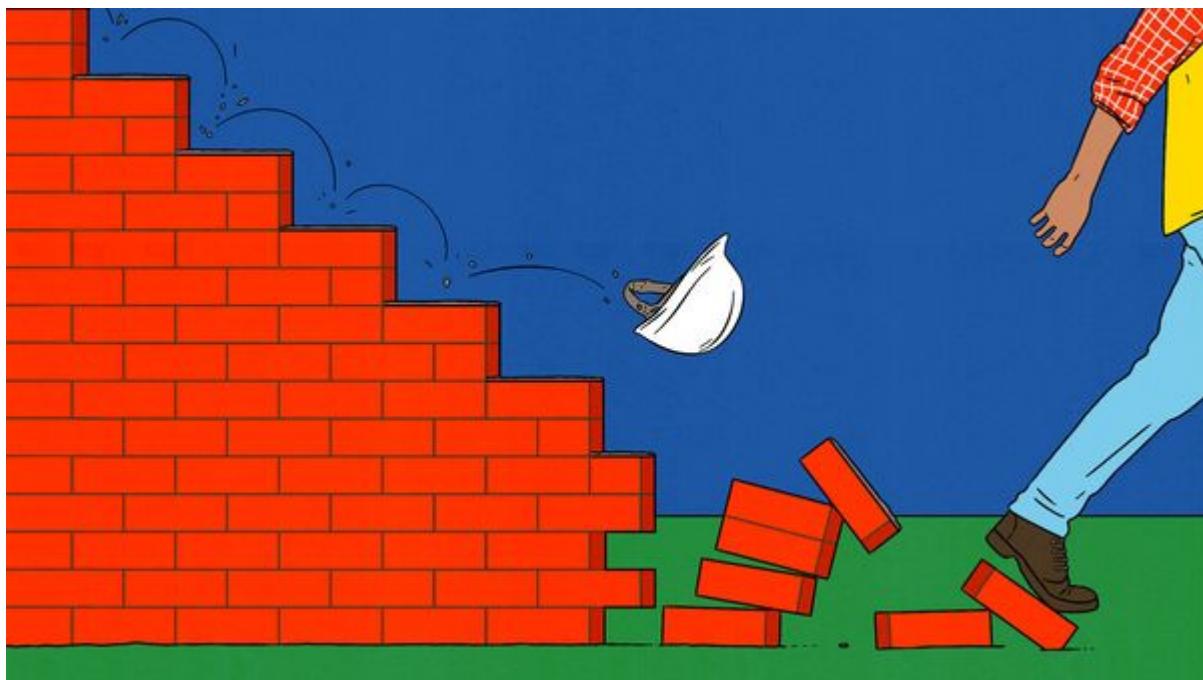
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Building up trouble :: Closed borders will make the country smaller, poorer and less innovative
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Building up trouble

Welcome to Zero Migration America

Closed borders will make the country smaller, poorer and less innovative

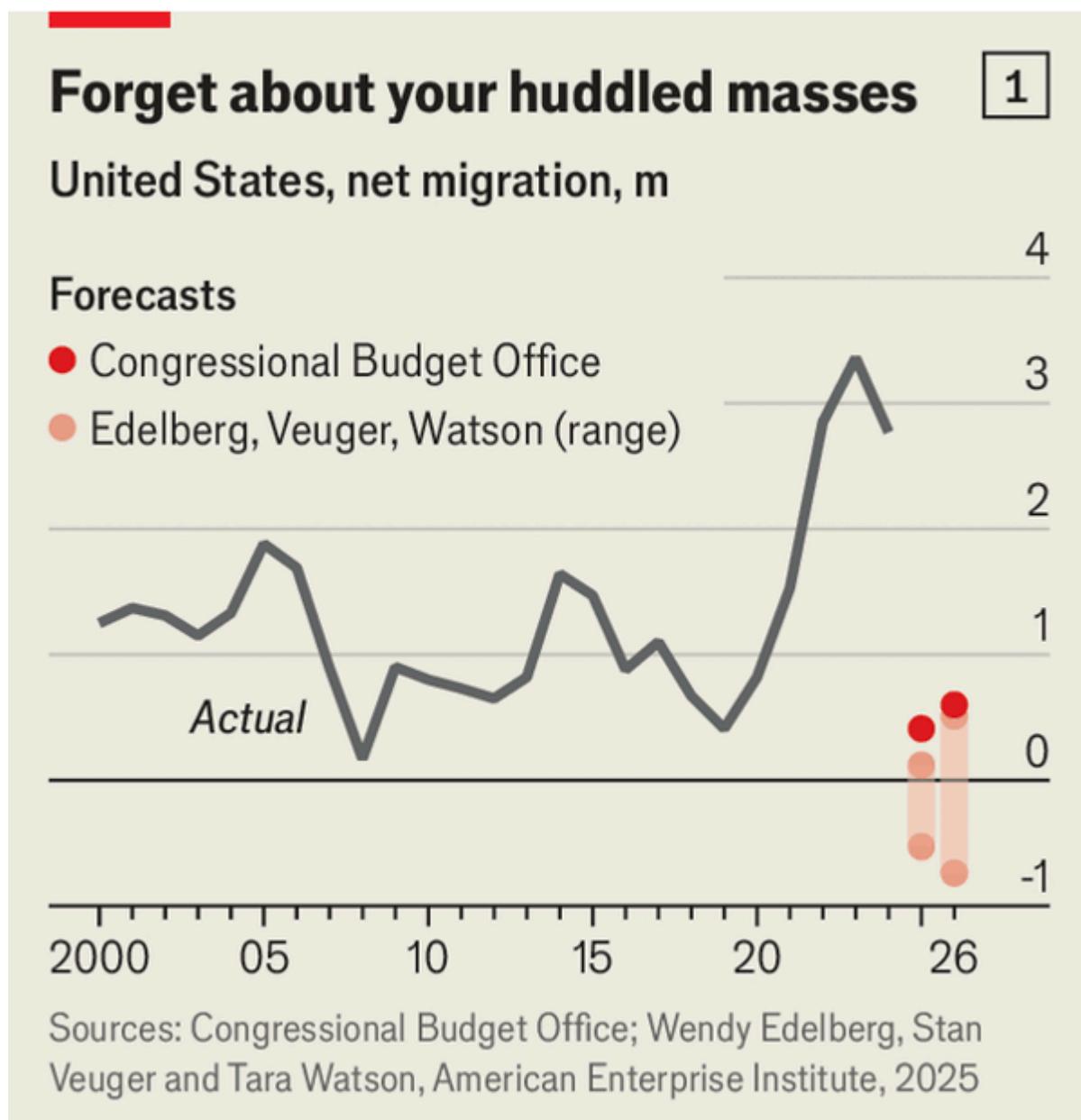
Oct 09, 2025 01:09 PM | Washington, DC



EVERY YEAR since the 1930s, more people have arrived in America than have left. Every year, that is, until quite possibly 2025. Net immigration was over 2.5m a year at the end of Joe Biden's presidency; this year that figure may fall to zero, or even turn negative (see chart 1).

Donald Trump may have raised tariffs to the levels of the 1930s and be waging war on the Federal Reserve, but it is possible that "Zero Migration America" will be the most significant of all the president's economic policies. Preventing innovators and workers from entering the country not

only takes aim at a pillar of America's success—it does so at a time when the native-born workforce is fast greying.



The Trump administration is pursuing its zero-migration policy with breathtaking vigour. [America's border with Mexico](#) has been in effect closed; except for a handful of white South Africans, few refugees are now granted asylum. Thus many fewer people are even attempting to enter the country. "Encounters" at the Mexican border, a measure of illegal migration, have plunged (see chart 2). Meanwhile, Immigration and

Customs Enforcement (ICE) has been told to step up deportation raids. And although plenty of foreigner-bashing politicians differentiate between low- and high-skilled migrants, Mr Trump is going after skilled ones, too, with plans to charge \$100,000 for an H1-B visa, the main entry permit for talented migrants. Attacks on America's universities are scaring off foreign students and researchers.

Together, such policies represent a revolution in America's approach to immigration, and one that will have painful consequences. Four of the seven bosses of the "magnificent seven" technology companies were born abroad, for instance, and three entered America through the student and skilled-worker routes that the White House is now targeting. At the other end of the spectrum, more than half of farmworkers and a quarter of builders in America are migrants, many having arrived illegally.

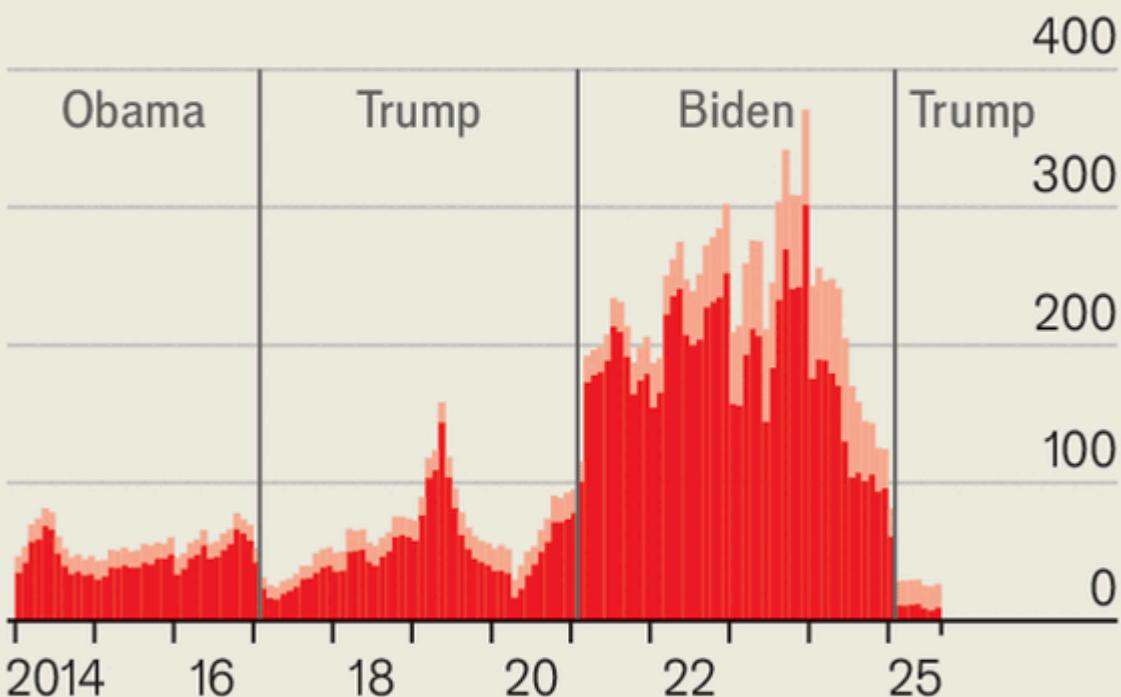
A smaller population and a slower-growing workforce will constrain America's economy. As a result, debts will be harder to pay off; a large army more difficult to maintain. More worrying, though, is the fact that Zero Migration America will make its residents (native- and foreign-born alike) poorer than they would have otherwise been by pulling down productivity growth and thus GDP per person.

Built the wall

2

United States, monthly migrant encounters*, '000

■ South-west land border ■ Other



*Since March 2020 monthly encounters include apprehensions and expulsions. Prior totals include apprehensions only

Source: US Customs and Border Protection

Problems will start to emerge quickly. Plenty of industries rely upon immigrant workers. As migrants stop arriving or [are deported](#), companies will struggle to recruit, since unemployment is already low. That will mean disruptions, lower output and higher costs. Businesses in San Diego, the big American city most closely linked with Mexico, are “bracing for impact”, says Kenia Zamarripa of the local chamber of commerce. Some report that workers, even those resident in the country legally, have stopped showing up to work when [ICE is in town](#): for fear of being rounded up.

Mr Trump has occasionally said that he will shield the worst-hit industries, but it is hard to see how he can without abandoning his migration policies altogether. Previous crackdowns had a sizeable economic impact despite being less ambitious. According to research by Troup Howard of the University of Utah and co-authors, “Secure Communities”, a deportation push running from 2008 to 2014, raised new house prices by a fifth through starving the construction industry of workers. Closed borders could have a bigger impact, since they will affect more people.

The coming labour-supply crunch will therefore have macroeconomic implications. From 2022 to 2024, a surge in immigration met demand created by pandemic-era fiscal stimulus. America’s recent “soft landing”, when inflation came down without a recession, would have been much more difficult with closed borders. Evgeniya Duzhak of the San Francisco branch of the Fed attributes about a fifth of 2023’s fall in the vacancies-to-unemployed ratio—a measure of labour-market tightness—to the volume of new arrivals. Today, lower migration could have the opposite effect: nudging up prices and forcing the Fed to keep monetary policy tighter than it otherwise would have done.

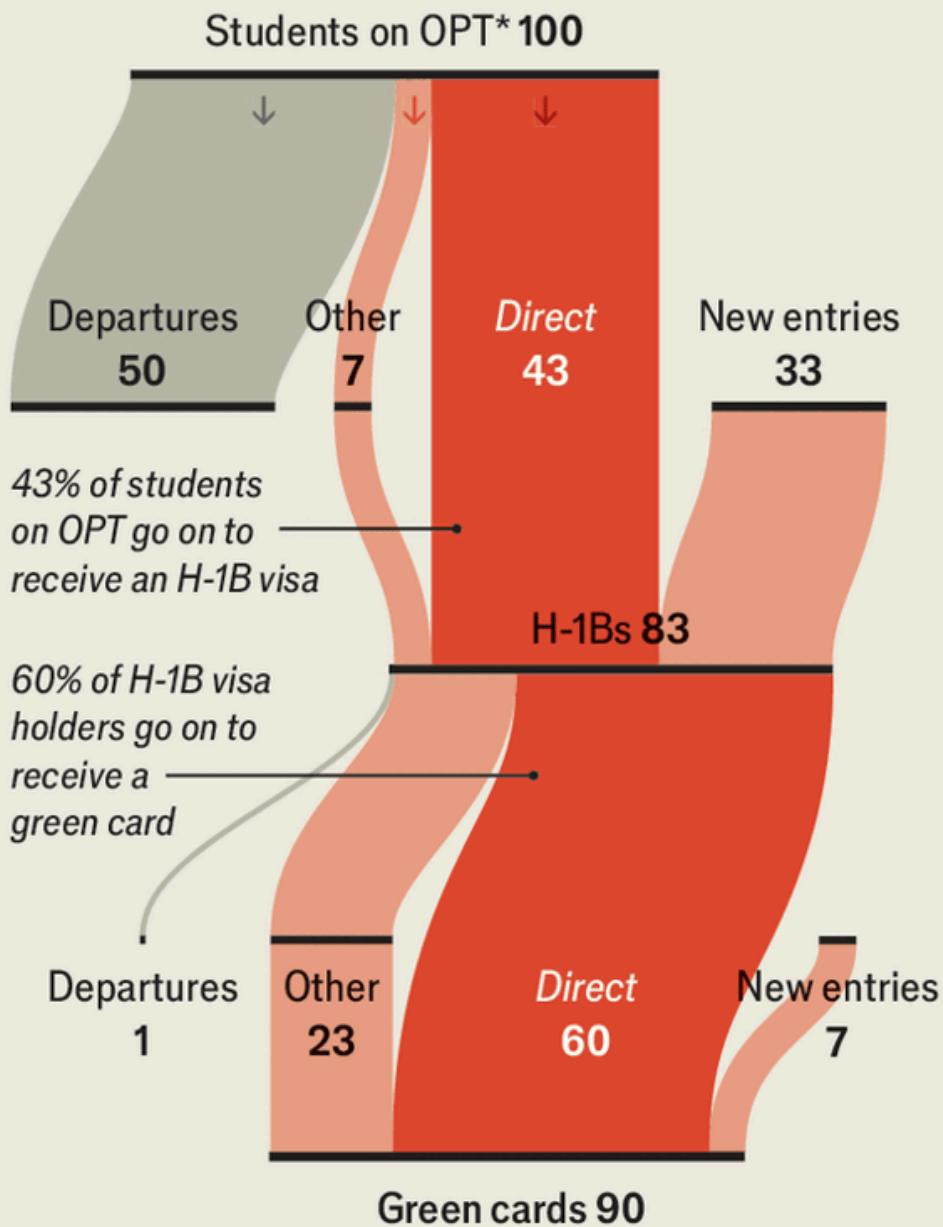
Closed borders will also make life more difficult for central bankers deciding where to set interest rates, as well as anyone else watching the economy. The crash in migration has scrambled America’s data, since the machinery tracking the economy is poorly equipped for sudden population shifts. Widely watched job-creation figures have cratered, from over 100,000 a month at the start of the year to 30,000 or so. Such numbers could presage a recession if population growth is still strong, or be entirely unremarkable if net migration does indeed end up near zero. Cutting interest rates too far because of soft jobs numbers that, in reality, reflect falling migration rather than a self-sustaining drop in aggregate demand would be a costly error. So would holding off on necessary rate cuts to avoid making that mistake.

Stephen Miran, a Fed governor recently appointed by Mr Trump, has argued that the net effect of lower migration will be lower inflation. That is implausible. The channel he focuses on is housing. Although he is right that slower population growth will mean less upward pressure on house prices,

the migration shock will also pull up the price of new homes by raising building costs. Nor does Mr Miran take into account the impact of lower immigration on inflation in other industries.

Against the flow

United States, main skilled-migration-visa pathways, 2015-24 average, %



*Optional practical training (OPT) allows students on an F-1 visa to work in the United States after graduation for one to three years, depending on field of study

Source: Barclays

These short-term changes will be chaotic, unpleasant—and just about manageable. Companies and policymakers will adapt. Yet closed borders will also have a slower-burn effect. Far more harmful, and tougher to avoid, is the damage to America's productivity and fiscal health.

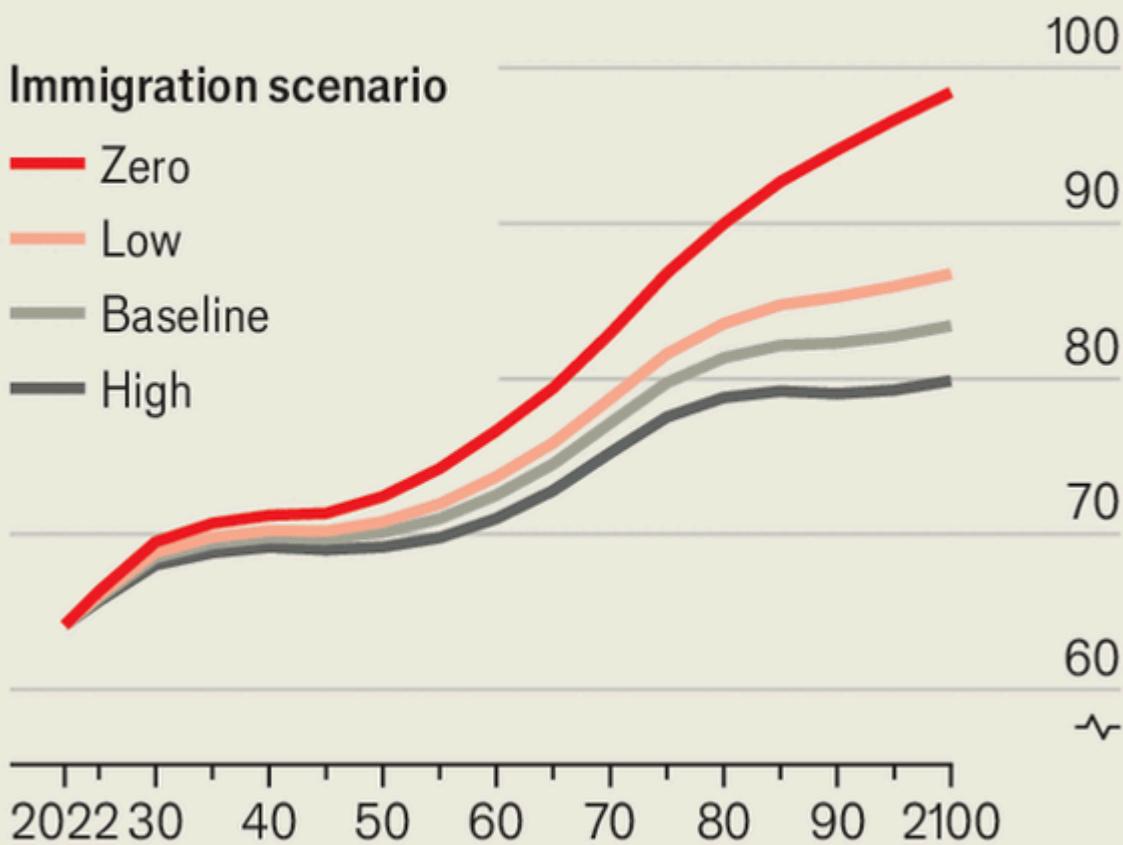
Migrants boost productivity by expanding the workforce, allowing both them and natives to specialise. The jobs that low-skilled migrants do, as cleaners, waiters, meatpackers and so on, let people in other parts of the economy take on more skilled work. Florence Jaumotte of the IMF and colleagues find that in rich countries a one-percentage-point rise in migrants' share of the adult population ultimately raises GDP per person by 2%.

Blocking any sort of migrant from arriving therefore lowers productivity growth. Blocking high-skilled immigration, however, is particularly damaging. Although skilled migrants make up just 5% of America's workforce, they earn 10% of total labour income. According to Rebecca Diamond of Harvard University and co-authors, immigrants are responsible for a third of American innovation, calculated using patents, when accounting for their impact on native-born collaborators.

An old problem

4

United States, dependency-ratio forecast*, 2023



*Population aged under 18 and over 64 per 100 people aged 18-64

Source: Census Bureau

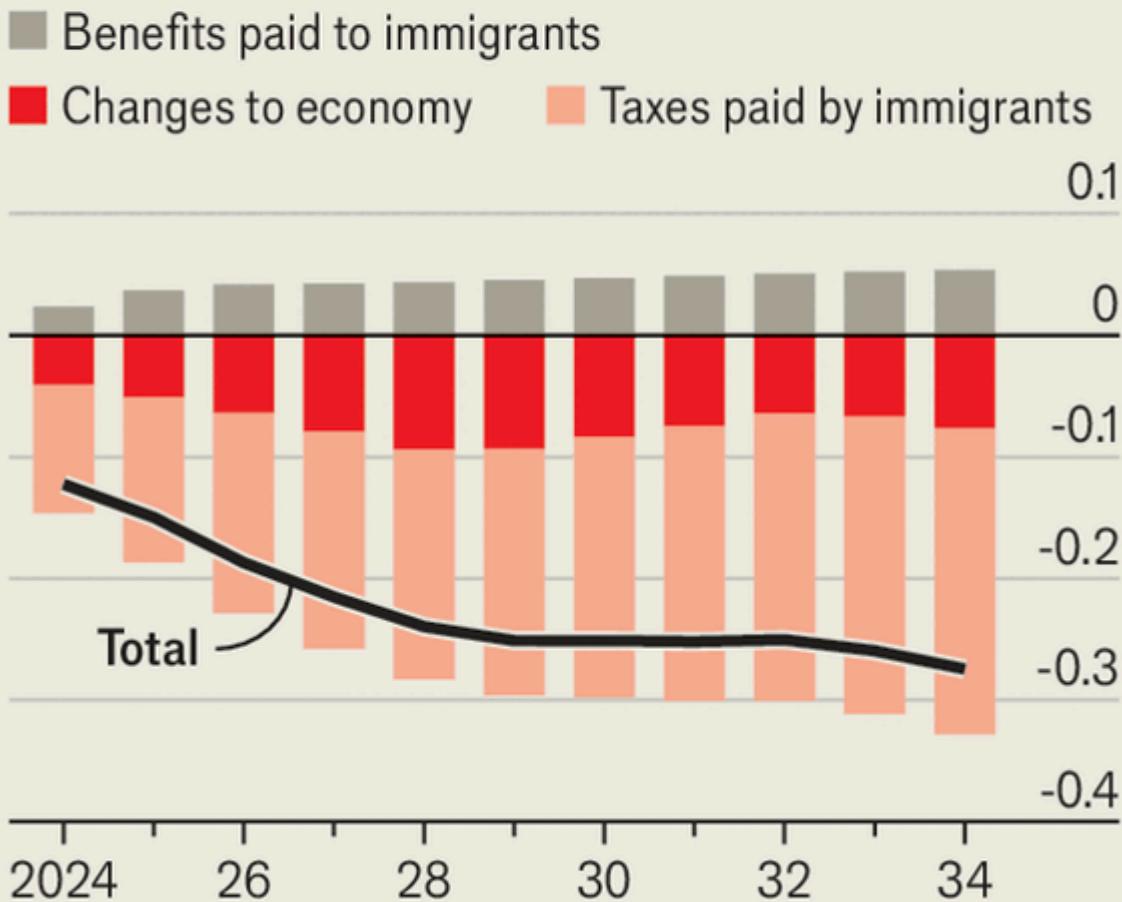
Around 130,000 H1-B visas are granted each year, two-thirds as part of a lottery available to all employers and the remaining third through a route for universities and research bodies. The \$100,000 fee would not apply to people already in the country, muting its effect, notes Jeremy Neufeld of the Institute for Progress, a think-tank. But the impact on the research route would be brutal: university post-doctorates rarely command the sort of salaries that could justify a \$100,000 visa, even if their work carries big economic benefits. Zornitsa Todorova of Barclays, a bank, estimates that the H1-B charge will shrink the whole visa route by around 30%.

Perhaps the courts will strike down the Trump administration's fee. However, that is far from guaranteed, and officials may next go after the "Optional Practical Training" route, which most people are on before transferring to an H1-B (see chart 3). Joseph Edlow, head of Citizenship and Immigration Services, said in his Senate confirmation hearing in May that he hopes to stop granting OPT status to foreign students on graduation. Even if Mr Edlow does not follow through on this intention, concern about the H1-B charge, alongside wider uncertainty about immigration policy, will persuade plenty of brainy foreigners to study elsewhere.

Welcome

5

United States, estimated impact of post-covid-19 immigration surge* on the deficit as a share of GDP, percentage points



Source: Congressional Budget Office

*2021-26

America is closing its borders at an unfortunate time (see chart 4). Without new arrivals, its working-age population would be falling. Public spending is running well ahead of tax revenues, in large part owing to the demands of an ageing population. The Biden-era immigration wave will shrink the deficit by \$90bn (0.2% of GDP) a year in the next decade, reckons the Congressional Budget Office, America's budgetary score-keeper. The CBO

expects those migrants both to pay more in federal tax than is spent on them by the state, and to boost taxes from other workers by raising productivity (see chart 5). Lower migration will have the opposite effect.

Mr Trump benefited from outrage at uncontrolled immigration under Mr Biden. Now 79% of Americans say that immigration is a good thing for the country as a whole, the highest on record. The problem is that even unpopular Trumpian policies, such as the tariffs introduced during his first term, have a habit of sticking around. And the president seems more inclined to intensify his push for net-zero migration than to cool it. Even if his successor reopens America's borders in three years' time, vast damage will have been done. ■

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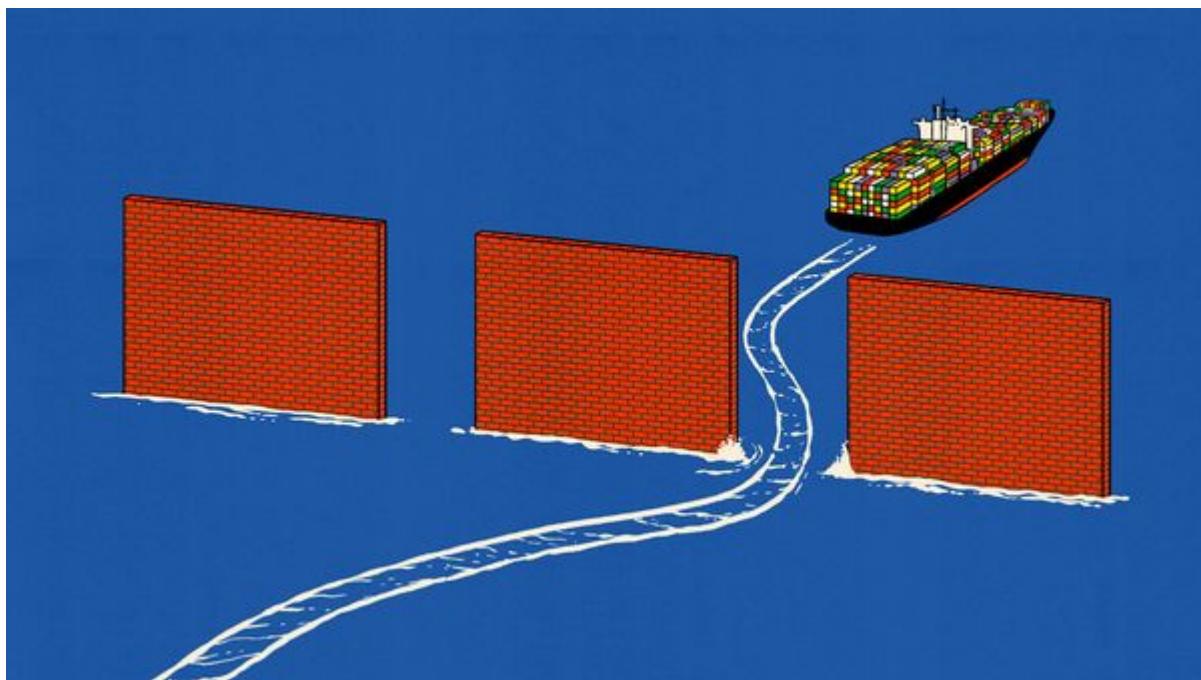
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The levy paradox

Why Donald Trump's tariffs are failing to break global trade

Six months on from “Liberation Day”, things look surprisingly rosy

Oct 09, 2025 01:08 PM | Brasília and Washington, DC



ON APRIL 2ND President Donald Trump unveiled his “[Liberation Day](#)” tariffs, holding a board covered in figures showing just how unfairly the world treated America. The numbers were nonsense, but the message was clear: the age of free trade was over. Markets shuddered, America’s allies fumed and economists predicted catastrophe. Torsten Slok of Apollo, a private-markets giant, put the odds of a tariff-driven recession in America at 90%.

In parts of America’s economy, the pain is real. Prices of durable goods, a category that includes appliances and cars, rose by over 3% at an annual

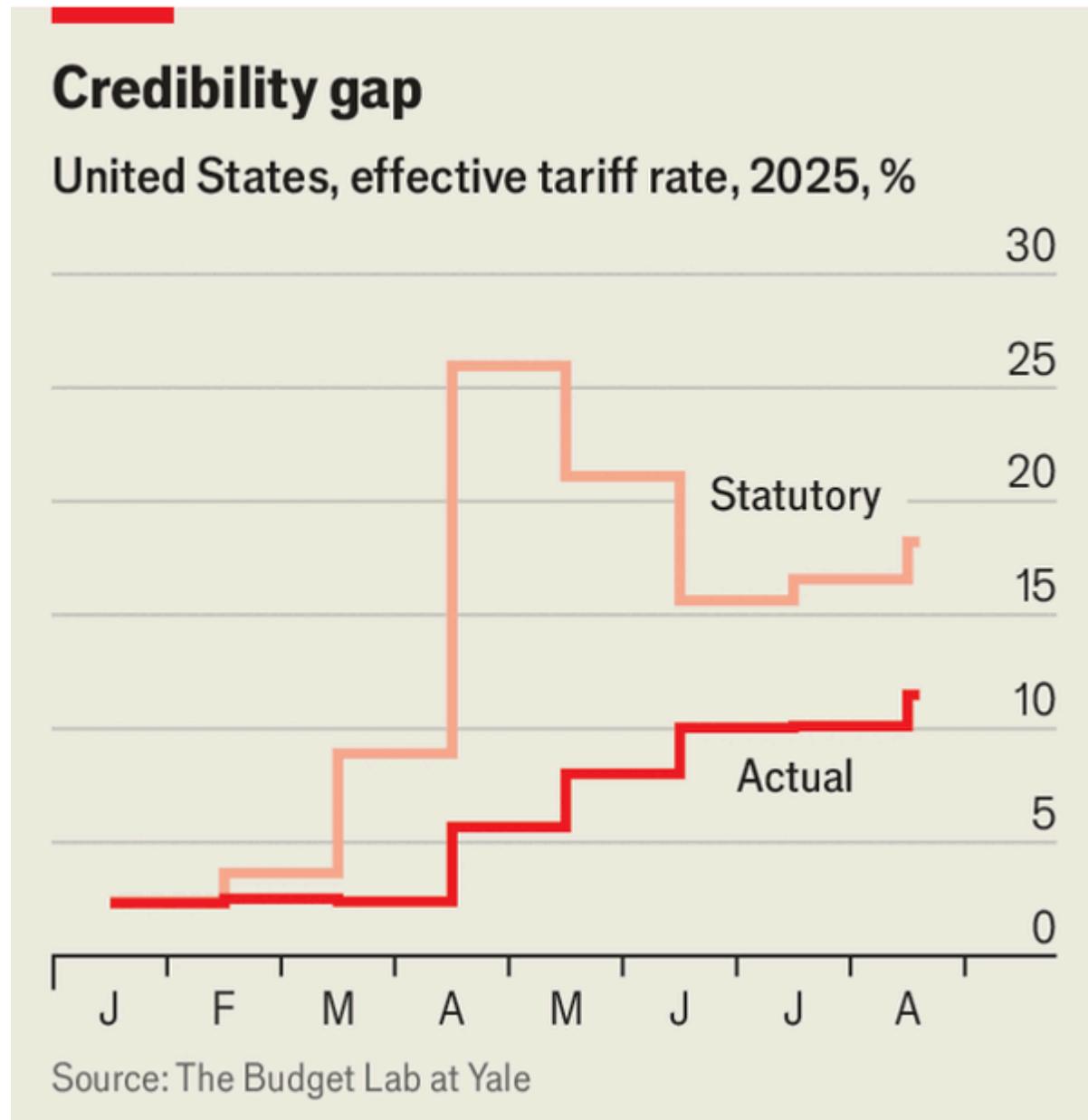
rate in the second quarter of 2025, the fastest since the early 1990s (excluding the covid-19 pandemic). The price of toys, mostly from China, is growing at nearly 5%, a similarly unusual pace. All told, our estimates suggest that tariffs are adding around 0.3 percentage points to inflation. Employment has weakened, too, in tariff-exposed sectors such as manufacturing and retail; bosses blame higher costs and uncertainty. Consumer sentiment in September was a fifth below its level a year ago. Relative to a world without tariffs, America is worse off.

Yet six months on the full reckoning has not arrived. There is no runaway inflation. America's economy grew by 3.8% at an annualised rate in the second quarter; the Atlanta branch of the Federal Reserve expects similar in the third. Consumers are spending, firms investing and the stockmarket booming. The outlook has also improved elsewhere. In September the OECD lifted its forecast for global growth to 3.2%, up from 2.9% three months earlier.

Why the good news? One reason is that tariffs have been gentler than advertised. In April America's average rate was estimated to be near 30%; today the same models put it closer to 18%. Mr Trump threatened China with tariffs of 145% but by September was imposing levies at barely a third of that. South Korea's fell from a promised 25% to 15%. Even Lesotho—a poor, landlocked country that sells mostly clothes to America—was somehow assigned a tariff of 50%, which was never applied. Lags in implementation have softened the blow. A Supreme Court ruling may block lots of Mr Trump's tariffs: companies are awaiting more certainty before passing on higher costs to consumers.

Carve-outs have blunted the impact further still. Nearly half of America's imports have been exempted from Mr Trump's tariffs. Electronics such as smartphones and computers were spared entirely. Brazil's rate of 50% includes nearly 700 exemptions, trimming it to 30% or so. Canada's headline tariff of 35% is nearer 6% in practice, according to Scotiabank, a local lender, largely because goods qualifying under the United States-Mexico-Canada Agreement (USMCA) are exempt. Even sectoral levies are riddled with loopholes. Mr Trump's new [pharmaceutical tariffs](#), announced at 100% and due to take effect on October 1st, excluded generics (which

make up 90% of drugs sold in America) and branded firms with investment plans in the country. That day he paused the measures altogether as talks began.



Even after carve-outs, the gap between tariffs on paper and tariffs in practice is striking. The Budget Lab at Yale estimates that America's implied tariff rate, derived from customs data, is roughly half what it should be given current policy. Some of the gap reflects import "front-running".

Since duties rarely apply to goods in transit, firms rushed to stockpile over the summer, pushing imports to near-record highs.

Another part comes from rule-dodging. Economists assume “non-compliance” of 10-15%; Mr Trump’s complex rules seem to have increased it. The gap between what China reports exporting to America and what America records importing from China has risen, despite the end of the *de minimis* exemption for small parcels. Some firms may be under-invoicing. Whirlpool, an American appliance-maker, has alleged to regulators that its rivals cut declared customs values after the new duties took effect. Reclassification may also play a role. The share of Canadian exports deemed compliant under the USMCA has jumped, suggesting lots of relabelling.

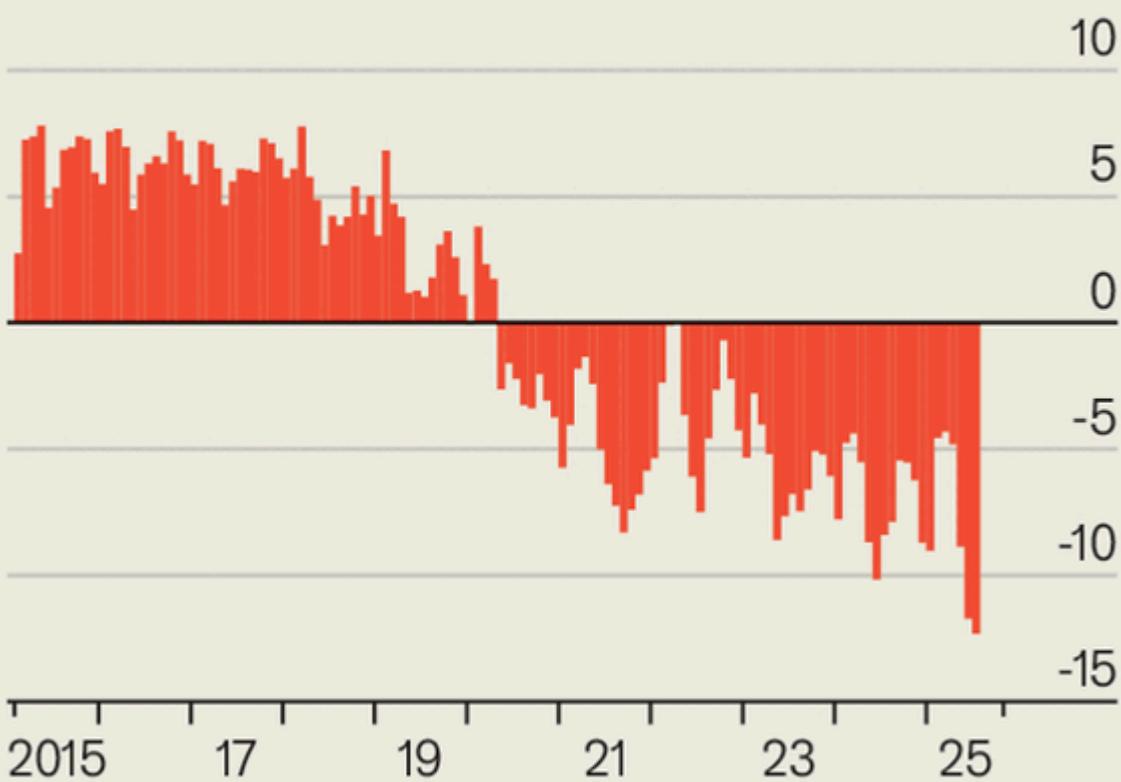
Giving peace a chance

Most consequential has been what has not happened: retaliation. Economic models assumed tit-for-tat tariffs; instead, America’s trade partners have largely held fire. Few are big enough to inflict real pain on America by themselves, and there has been little co-ordination. That might be because America matters less than it once did. At the turn of the century, it accounted for a fifth of global imports; today, closer to an eighth. Brazil sends only 13% of its exports to America, down from 26% in the early 2000s. Even where dependence remains significant, as in South-East Asia, countries have little incentive to retaliate. Many face duties of around 20%, ensuring that few lose out relative to their neighbours.

Below board

US, trade-reporting discrepancy with China*, \$bn

Three-month moving average



*US imports from China minus Chinese exports to the US

Sources: US ITC; China Customs

Rather than retaliate, many countries are diversifying their trade. China, the main target of Mr Trump's tariffs, has seen exports to America plunge—but overall trade has held up. From June to August the value of its shipments grew by 6% year on year, with sales to South-East Asia up by a fifth and to Europe by nearly a tenth. Textiles have flooded European markets, where imports of Chinese clothing and fabrics rose by about 20% in the first half of 2025 against a year earlier. Electronics are pouring into South-East Asia.

Mr Trump's tariffs are also pushing others together. Canada has deepened ties with Mexico as the two prepare to renegotiate the USMCA with America next year. On September 23rd the EU signed a long-delayed deal with Indonesia, scrapping high duties on industrial goods; it is also nearing a pact with India. Many countries are edging closer to China. The Association of South-East Asian Nations has upgraded its agreement with the superpower. Chinese investment in Brazil surged by over 60% in the first half of the year, compared with the same period last year.

All of which raises a question: what has America gained? Tariff revenues have risen by \$19bn a month from last year. Although that offsets the cost of Mr Trump's recent tax cuts, America still has a large budget deficit. And Mr Trump plans to use much of the extra revenue to compensate losers, such as farmers, turning tariffs into a regressive tax. The trade deficit is widening, investment has yet to materialise and the manufacturing revival remains a mirage.

So far, American firms have absorbed most of the tariffs' cost. Fat profit margins and inventories imported before the levies took effect have made a difference. But as these buffers diminish, prices will rise. The Budget Lab at Yale estimates that tariffs will reduce household incomes by about \$2,400 a year. Since Mr Trump's staggered roll-out spreads the increases over several quarters, what might have been a one-off shock risks becoming persistently higher inflation. With short-term inflation expectations already edging up, that could lead the Fed to keep interest rates higher than otherwise and, in time, hurt demand.

How other countries navigate America's tariffs—and China's industrial glut—will shape the next phase of global trade. Some are starting to erect barriers of their own. Mexico plans a duty of 50% on Chinese cars. The EU is preparing to join America and Canada in curbing cheap Chinese steel, by cutting import quotas and raising tariffs. In South-East Asia a flood of Chinese goods is prompting governments to weigh new safeguards.

Yet the logic of openness still exerts a pull. Small economies are banding together to keep trade flowing. New Zealand, Singapore and the United Arab Emirates have established the Future of Investment and Trade Partnership, a coalition of 14 countries. The Regional Comprehensive

Economic Partnership, a sprawling Asian pact that includes China, is exploring new members and deeper integration. The EU and members of the CPTPP, a Pacific trade pact including like-minded countries such as Australia, Canada, Japan and Mexico, may try to align their standards and expand co-operation. Even governments sceptical of globalisation, from India to Indonesia, speak of the need to defend trade. The liberal order may lack a leader, but it has not lost its disciples. ■

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Development

Narendra Modi's paltry target for India's growth

The prime minister wants a \$10trn economy by 2047. He should be bolder

Oct 09, 2025 01:09 PM



HOW RICH must a country be to count as “developed”? The question is preoccupying India’s government, which wants India to attain the status by 2047, the 100th anniversary of its independence from Britain. Narendra Modi recently suggested the government was aiming for a \$10trn economy by the centenary year. That was a retreat by the prime minister from earlier rhetoric. In 2022 Piyush Goyal, the commerce minister, aimed for a \$30trn economy, a goal echoed by NITI Aayog, the government’s in-house think tank.

The dollar value of India's GDP in 2047 will depend on the value of its economy and the exchange rate between the rupee and the greenback. At today's rates, India has a GDP of \$4.2trn. Raising that to \$30trn would mean growth of over 9% a year for the next 22 years. That might sound difficult, but India ought to receive help from a real appreciation in its currency; as it gets richer, prices will converge with America's, resulting in a bigger economy in future rupee terms, a dearer currency or both. The IMF forecasts that India's economy will be worth \$6.8trn by 2030. So Mr Modi's goal of \$10trn by 2047 should be a doddle.

A better approach, minimising the influence of currency fluctuations, would be to aim for a developed-country standard of living rather than a big dollar number. That would mean focusing on the real economic-growth rate, adjusted for changes in prices, and the level of GDP per person instead of the total size of the economy.

There is no official definition of a developed country. The division of the world into "developed" and "developing" dates back to the presidential inauguration speech of Harry Truman in 1949. It overlapped with a cold-war split into the first world, aligned with America; the communist second world; and a non-aligned, mostly poor third world, including India. Today the term "Global South", which has more to do with positions in the global income distribution, is often used.

Two institutions might nevertheless provide a yardstick. The World Bank aims for a national income per person of \$14,000 before granting high-income status. This is an inflation-adjusted version of a line it drew in 1989 to include countries it thought "industrialised". Another might be membership of the OECD, described by this newspaper as "a club of mostly rich countries". Its poorest member is Colombia, with a GDP per person of \$8,000.

Holding prices constant, a \$10trn economy in 2047 would not be enough for India to be considered rich by either measure. The UN expects it to be home to 1.7bn people by then; such an economy would equate to a GDP per person of \$6,000—double today's level but also only about the same as modern Iraq. It would place India in the World Bank's upper-middle-income category. Achieving entry to the high-income group would require

India's GDP per person to quintuple in the next 22 years at a growth rate of 7.5% a year, above the average of 5.7% seen so far under Mr Modi.

The World Bank uses a smoothed three-year average of market exchange rates to assess countries. Adjust India's current GDP per person using purchasing-power-parity (PPP) measures instead, which capture differences in prices for the same goods, and India already has a GDP per person of \$12,000, compared with \$22,000 for Colombia. Meeting the poorest-OECD-member threshold for living standards would therefore only require GDP per person to less than double in real terms by 2047. A stricter criterion would be to compare India with Bulgaria, a new member of the World Bank's high-income club, which has a PPP-adjusted GDP per person of \$41,000. Getting there would mean real growth of about 6% a year.

Can India do it? The country's recent performance suggests just maybe. But there are reasons to doubt official figures, says Arvind Subramanian, a former government adviser. He thinks they underestimate how much growth is actually a rise in prices and overstate improvement in the informal economy. If he is right, Colombia may be a more realistic target than Bulgaria. Indians will have to decide for themselves if that counts as "developed". ■

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Far from finished

Front-line economics: lessons from Russia's neighbours

How to survive on the border of war

Oct 09, 2025 03:38 PM | Helsinki



ON A SUNNY afternoon aboard an icebreaker in Helsinki's harbour, it is possible to forget that the border of a warmongering dictatorship is just 150km away. The ships, powerful enough to provide electricity for a small town, are a potential [high-tech export](#) to America. They are also a sign of the strains on the Finnish economy. Ever since war in Ukraine broke out and Finland closed its border with Russia, it must trade via the Baltic Sea, hoping to eke out growth in icy conditions.

Finland is not alone. The other EU countries bordering Russia—namely, the Baltic states and Poland—face similar problems. Yet their fortunes are diverging. Poland has grown faster than America since war in Ukraine began, with Lithuania not far behind; forecasts suggest both will continue to grow at an annual clip of 3%. Estonia and Finland, by contrast, have barely grown, and are forecast to grow slowly. To understand front-line economics, consider trade with Russia, investor uncertainty, defence spending and consumer attitudes.

War spoils it

For many of the countries, Russia had been a trade partner and supplier of resources. Finland's timber and paper industry, for example, used to import wood from Russia, just as its refineries distilled Russian crude. Finnair, the country's national carrier, used Russian airspace to make the most of Helsinki's location in the middle of routes between Europe and Asia.

Cutting off links with Russia has therefore caused pain. But the overall impact on growth has been minor, according to a study by Finland's central bank. Instead, a loss of investor confidence seems to be more serious. Foreign direct investment in Poland has slumped in the past two years, and been flat in other front-line countries. Although there are plenty of non-conflict-related reasons for the shift, it is notable that firms doing business in the region are now much more likely to take out insurance (see chart), suggesting fears of sabotage or destruction may play a part.

Bear-proof

Insurers' commitments covering
trade credit*, \$ terms, H1 2021=100
Log scale



Source: Berne Union

*Often captures political risk

Defence spending has not been much of a saviour yet. Although Poland has ordered more bullets and drones, its domestic industry is struggling to meet demand. Finland, along with many of its neighbours, plans to spend more on weapons, and hopes to benefit as Germany loosens its purse-strings. The problem is that there are not many Finnish defence firms, which limits gains. When Finland ordered 64 F-35 fighter jets from America in 2021 at a cost \$9.4bn (3.2% of GDP), for example, just a few parts could be produced at home.

That leaves consumers. In Poland and Lithuania shoppers are spending happily; measures of consumer sentiment suggest this is likely to continue. In Estonia, Finland and Latvia, consumers are less cheery, leading to a downward spiral. A subdued economy makes consumers wary of a shopping spree, for fear of job losses or meagre wage growth, in turn worsening the economic situation. Whereas Finland's unemployment rate is near 10%, in Poland unemployment is just about non-existent.

Polish public spending is nevertheless fuelling the fire. The government's own forecasts see its deficit at a huge 6.9% of GDP this year and a still large 6.1% by 2028. Ministers are prioritising defence and support for consumption above all else. "There are no more fiscal conservatives," says Mateusz Urban of Oxford Economics, a research firm. Public debt could reach 70% of GDP in 2028, up from 51% before Russia's war in Ukraine began.

Conversely, in Finland, where state spending might pep up beleaguered consumers, ministers hope to cut the deficit, conscious that debt to GDP is forecast to approach 90% by the end of next year. Those running front-line economies must not just contend with living next door to Vladimir Putin. They also face the threat that guns and butter today could lead to a fiscal reckoning tomorrow. ■

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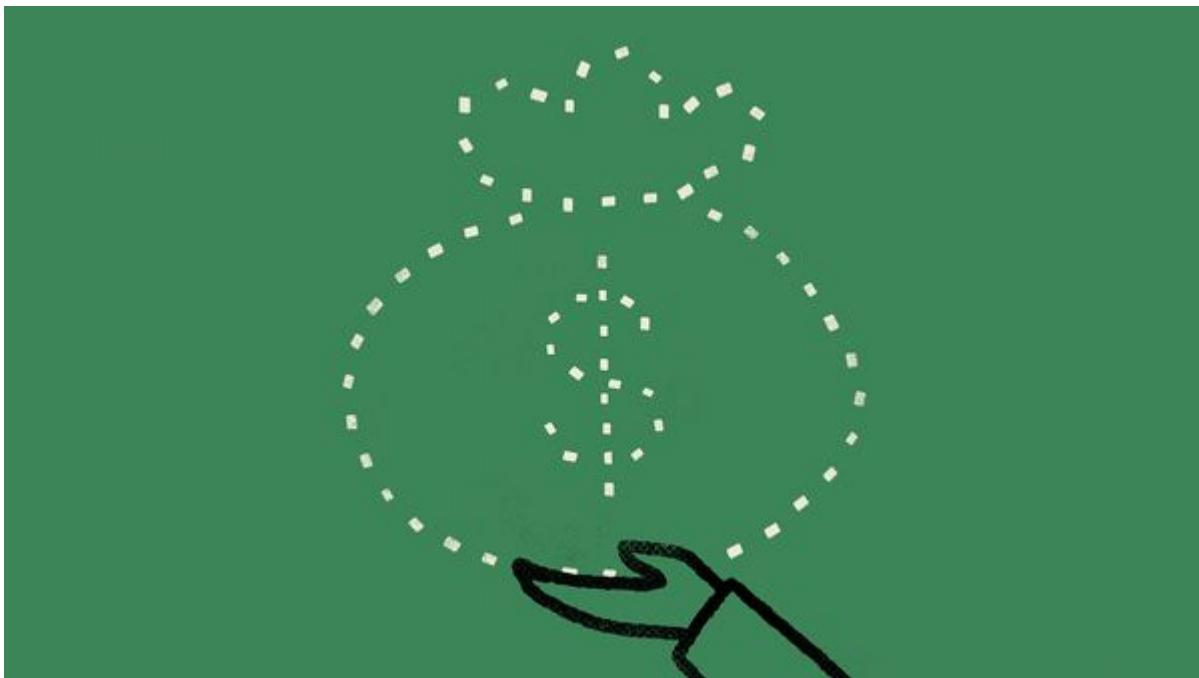
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Buttonwood

The most dangerous corner of a balance-sheet

Forget debt. Here is something to villainise

Oct 09, 2025 01:09 PM



DEBT SUFFERS from a bad reputation. In almost every culture, lending and borrowing are maligned, with unflattering idioms common. Yet credit is the lifeblood of capitalism: the ability to lend and borrow facilitates hundreds of billions of dollars of activity every day.

Those looking for a balance-sheet item to gripe about could be a little more inventive. An even less sexy budget line has played an understated role in many financial blow-ups. Receivables, a category of assets that represents the money a firm is owed by its customers but has not yet received, come up again and again, along with the practice of borrowing and lending

against future payments. Most recently, a committee appointed by First Brands, an American car-parts firm which filed for bankruptcy on September 28th, said it would investigate if the company's receivables were borrowed against several times over. Although the firm may turn out to have kept to the rules, plenty of others have not.

In their most mundane form, receivables record a simple form of credit. A clothing manufacturer might supply a new line of coats to a retailer without taking payment right away. At an agreed point down the line, the retailer will begin to pay the manufacturer for the stock. In the meantime, the manufacturer records the transaction as a receivable, allowing it to book the revenue.

Rising receivables can disguise a business model under strain, however. [Carillion](#), a building firm, collapsed in 2018, becoming Britain's largest-ever liquidation. Hedge funds had short-sold its stock after noticing accounts receivable were climbing faster than revenues.

On other occasions, receivables are used for brazen fraud. Sunbeam, an American consumer-products firm, restated its results in 1998 after it was found to have inflated its revenue with sales it had not made yet, which were booked as accounts receivable. Satyam Computer Services, an Indian IT company, produced reams of fake invoices, designed to generate receivables and bolster tales of rapid expansion. When Enron, an energy-and-trading giant, crumbled in 2001, its receivables position proved to be illusory.

Receivables are difficult for auditors to scrutinise. Companies have lots of clients. Even when they are legitimate, it is hard to tell how much cash will eventually arrive from them. Shady practices such as "channel stuffing", which involves sending customers more product than they have ordered and temporarily recognising the additional revenue, require a forensic eye to spot. Barry Minkow, a businessman jailed twice for fraud, was at least honest: "Accounts receivable are a wonderful thing. They are a tool that is used by a fraudster like me, to ask to borrow money mainly, and to show earnings."

A modern industry has emerged around the financing of receivables, adding to the potential for problems. Factoring, in which a supplier sells its receivables to another party at a discount to get hold of cash more quickly, has grown fast. According to FCI, a trade body, the field had a turnover of \$4trn last year, up from just over \$2trn in 2010.

Dan Davies, author of “Lying for Money”, a book about fraud, notes that the cost of digging into the creditworthiness of a given company’s receivables can ruin the economics of lending money in such a manner, as margins are often thin. Some forms of credit, such as that secured against regular transactions, are among the most reliable in corporate lending, and thus offer modest returns. Others are riskier and mean borrowers must cough up to entice lenders. Debt linked to First Brands offered double-digit yields, a punchy return.

China’s local-government-financing vehicles, through which the country’s astounding infrastructure boom has been funded, might be the source of the next receivables blow-up. According to data collected by Goldman Sachs, a bank, the receivables of LGFVs for which financial information is available ran to 22.7trn yuan last year, equivalent to \$3.2trn or 17% of China’s GDP, up from 13% in 2018. That is bad enough. Worse still, money is largely owed to the LGFVs by local governments themselves, many in perilous financial positions.

Much like debt, receivables are a vital part of economic life. They keep goods flowing and balance-sheets in shape. Most are as dull as dishwater. But with limited visibility, they can be explosive—as has been repeatedly demonstrated. Moreover, the increasingly complex mechanics of the industry mean more blow-ups to come. Good luck spotting them in advance.■

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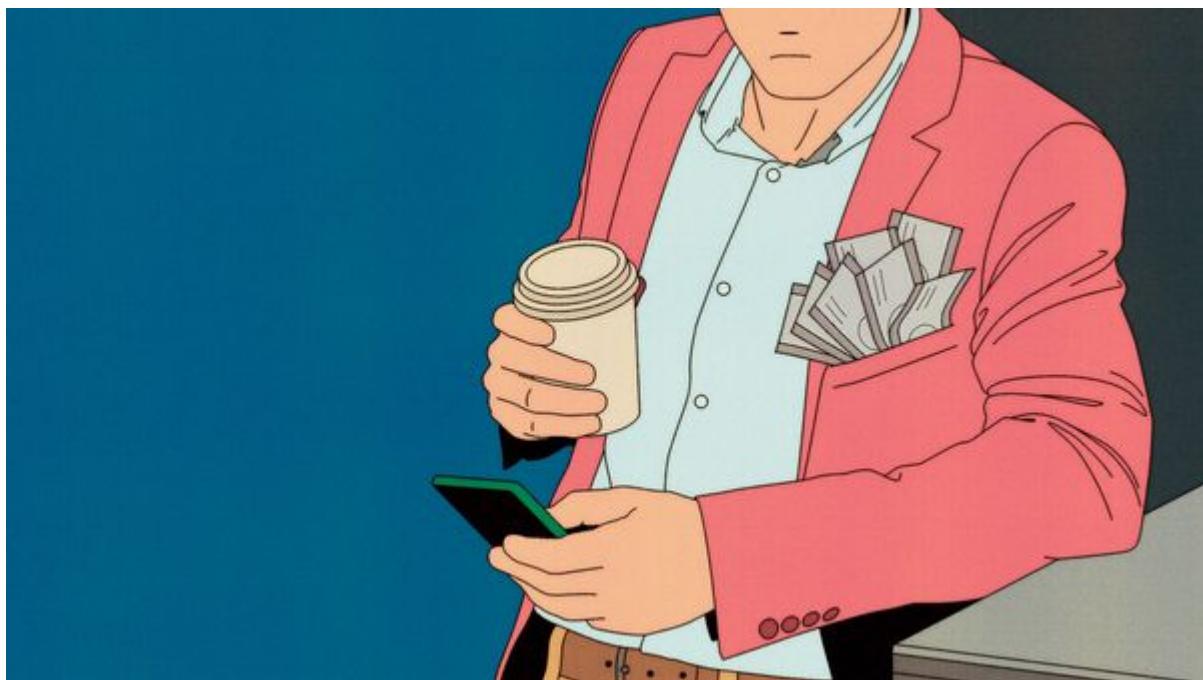
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Free exchange

The stockmarket is fuelling America's economy

What happens in the event of a slump?

Oct 09, 2025 03:33 PM



THE STOCKMARKET is not the economy, as the old investing cliché goes. That is obvious enough to anyone paying attention in America this year. President Donald Trump's tariff fervour has dented growth, even if not by as much as expected after "Liberation Day", and yet the stockmarket has soared: the S&P 500 index of large American companies is up by nearly 15% so far this year, comfortably ahead of the historical average.

But does the stockmarket power the economy? At most points in time, it would be a ridiculous question. In recent months, though, the rise in American share prices has coincided with, and been fed by, a rush of

popular enthusiasm for investing. And as people see the line go up, they become more likely to spend. Now the answer to the question has important implications for the path of America's stockmarket boom and its economy.

George Soros, a hedge-fund great, would call the relationship between the stockmarket and the economy "reflexivity", the idea being that asset prices can affect underlying economic fundamentals, which in turn juice asset prices, and so on and so forth. Many a buck could be made, he thought, by jumping on dislocations that result from such a dynamic. An earnest economist would label it a "wealth effect", noting that rising asset prices can nudge people to spend more, amplifying economic cycles.

Economists have most clearly observed such an effect in housing markets, which is traditionally where the bulk of household savings have sat. When home prices soar, people feel more comfortable making big purchases, perhaps by drawing down savings or borrowing more. Indeed, studies find that a \$1 boost in housing wealth nudges up spending by between two and six cents.

Today, though, America's housing market is in the dumps. Higher mortgage rates have crushed demand; home sales are a third lower than they were in the go-go days of 2021, when buyers were enjoying two-point-something-per-cent mortgages. Anyone looking to move today must be willing to trade such low interest rates for ones of 6-7%, and few are. As a consequence, home prices are edging down—hardly the basis for a surge in consumption.

But look at the stockmarket soar. AI-related exuberance has propelled the valuations of technology companies. Even duller businesses have benefitted; companies in the "S&P 493", excluding the "magnificent seven" tech giants, are also trading at multi-decade-high valuations. How strong could stockmarket-wealth effects be? Although historical studies have found a smaller impact than for housing, the boom in retail investing, fuelled by easy-to-use platforms such as Robinhood, may have caused this to change. Portfolios squirrelled away in retirement accounts or in complex and hard-to-sell mutual funds might set the animal spirits alight rather less than a rising green line on a trading app.

Rich people tend to have a higher share of their wealth in stocks, relative to housing, than poor people, meaning they are probably benefiting disproportionately from surging share prices. Since they are less likely to amp up their spending when their wealth increases (or have a lower marginal propensity to consume, in the jargon), this will somewhat mute the wealth effect. Yet stock holdings have risen sharply in recent years among the less well-off, too. In 1989 only 3% of the poorest fifth of households held stocks, according to a long-running survey conducted by the Federal Reserve. By 2022, 17% did. The share of average-earners with stock holdings rose from 29% to 60% over the same period. Given recent exuberance, it is likely that both figures are higher today.

A wealth boom concentrated among the better-off might also help explain some unusual features in the modern American economy. These include the fact that the rich seem to have been able to increase their spending much faster than everyone else over the past few years, and that so far this year growth in employment has been much slower than growth in consumer spending. Perhaps a few big spenders are keeping everything afloat.

The good times could continue, at least for a bit longer. Goldman Sachs, a bank, estimates that wealth effects will boost annualised consumption growth by 0.3 percentage points in the third quarter of this year, and 0.2 percentage points next year. If stock and home prices were to rise by 25% and 6% respectively, which would represent strong but not unprecedented performance, the boost could rise to half a percentage point. That would help protect the economy from tariffs, lower immigration and any other ill-conceived policies that might emerge from the White House.

American doom-mongers have had a tough time over the past decade or so. Yet they will be well aware that wealth effects can go the other way, too: falling stock prices could hurt consumer spending, and do so at a vulnerable time. Household wealth is nearly six times GDP, a record high, meaning any fall would be painful. Troublingly, McKinsey, a consultancy, reckons that nearly 60% of the growth in American wealth since 2000 has been “on paper” (ie, beyond what actual economic growth would justify).

Down but not out

Might a wealthier society also take a harder fall? Bears would point to the bursting of the dotcom bubble in 2000, when a brutal stockmarket slump pushed America into recession. Today stockmarket wealth is 50% higher as a share of GDP than it was then. But it is also worth looking to another tech bubble, one that popped more recently. Over the course of 2022, the value of Americans' stock holdings relative to GDP fell by a quarter, as the share prices of pandemic tech darlings cratered while the Fed furiously raised interest rates in an attempt to contain inflation. Although consumption growth did slow towards the end of that year, it remained positive and rebounded soon enough. The stockmarket might be more of the economy. It still is not all of it. ■

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Science & technology

- **This year's Nobel laureates have now been announced**

The 2025 science Nobels :: There are prizes for chemical cages, new immune cells and the roots of quantum computing

- **Hover flies are long-distance travellers**

Insect migration :: The pollen they carry stirs continent-wide gene pools

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Look at me! :: The next big thing in AI may be pictures, not words

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Well informed :: We assess whether that tempting idea is too good to be true

The 2025 science Nobels

This year's Nobel laureates have now been announced

There are prizes for chemical cages, new immune cells and the roots of quantum computing

Oct 09, 2025 03:33 PM



KITAGAWA SUSUMU of Kyoto University, Richard Robson of the University of Melbourne and Omar Yaghi of the University of California, Berkeley will soon be enjoying a trip to Stockholm. They are this year's winners of the Nobel chemistry prize, chosen for their work on metal-organic frameworks (MOFs). These, said Heiner Linke, who chairs the chemistry-prize committee, are like hotels for chemicals. Or perhaps self-assembling houses, added Olof Ramstrom, another committee member. Or Hermione Granger's bottomless handbag in the "Harry Potter" books.

As their name suggests, MOFs are made of regularly spaced metallic clusters linked by long, thin organic molecules (in chemistry, “organic” means a molecule that contains at least one carbon and one hydrogen atom). It is the empty space in the resulting structure which makes them so interesting. Size the gaps right and a MOF can store large quantities of other, “guest” chemicals—hence Dr Linke’s hotel analogy. That makes them useful for everything from removing CO₂ from industrial exhausts to extracting water from dry desert air.

Dr Robson helped pioneer the field. Inspired by the ball-and-stick models familiar to generations of chemistry students, he worked out how to make copper ions and a chemical called tetracyanotetraphenylmethane assemble themselves into a substance with the same pyramidal crystalline structure as diamonds, but with much bigger cavities in its crystal lattice. Not only a house for chemicals, in other words, but one that will happily build itself given the right conditions.

Dr Kitagawa was given his gong for helping persuade chemists of the promise of these then-new substances. As is often the case in science, Mother Nature had got there first. Chemists already knew about zeolites—minerals that likewise have structures with capacious gaps that can be used to capture other substances. Dr Kitagawa’s work helped convince the field that MOFs had big advantages over their naturally occurring rivals.

For one thing, zeolites are rigid solids. Dr Kitagawa demonstrated that MOFs could be made flexible if desired. And because MOFs are designed from scratch, their chemistry can be tweaked to make them adept at caging a particular target molecule. The near-infinite variety of organic chemistry means the linking molecules can be modified to do almost anything. Some MOFs have linkages that contain catalysts, meaning they can break down the substances they absorb into simpler components.

Dr Yaghi was honoured for his work in making those possibilities real. The committee flagged his creation in 1999 of MOF-5, described as the “paragon and showcase of the entire field”. The hollow structures of zeolites and MOFs mean that—like Ms Granger’s handbag—even small amounts can boast vast internal surface areas. A gram of zeolite might contain several

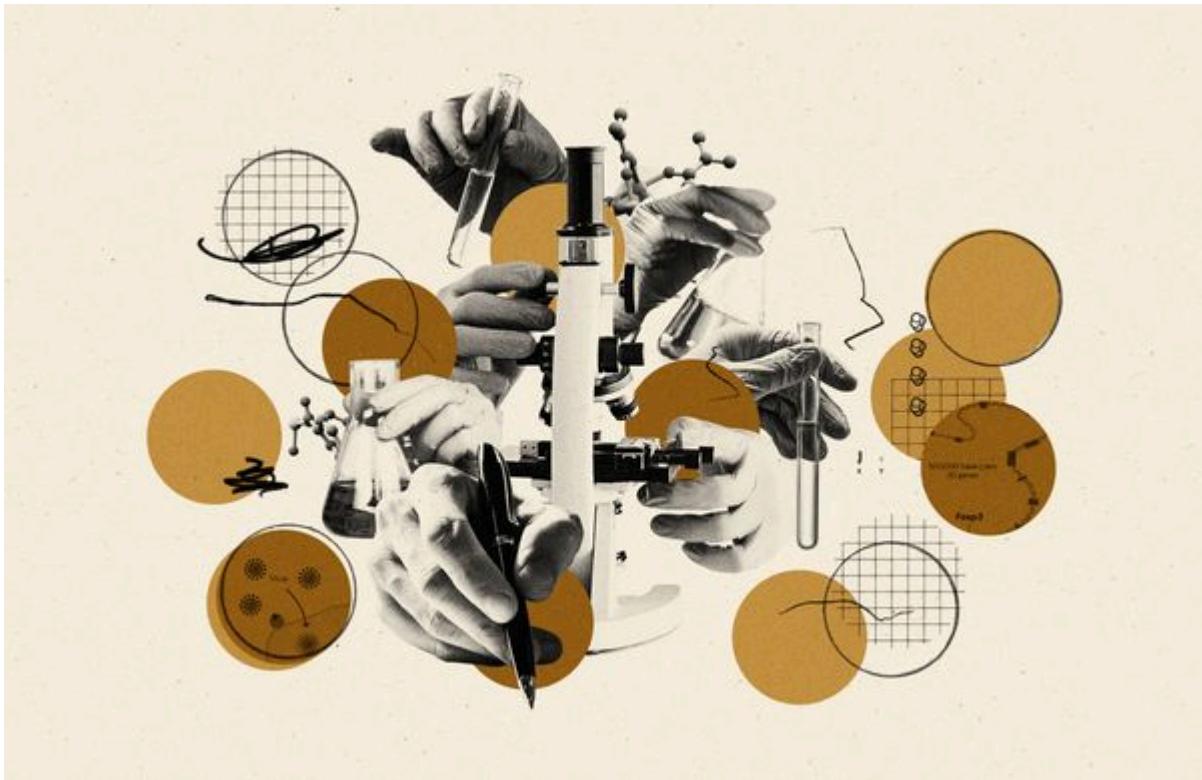
hundred square metres of surface area within itself. MOF-5, by contrast, can manage nearly 3,000 square metres per gram. It is stable at temperatures up to 300°C and the size of its cavities can be tweaked to accommodate all sorts of molecular guests.

These days MOFs are a hot topic. Researchers have created versions that can pull oil spills out of water, store large quantities of hydrogen or methane, remove PFAS—a class of troublesome pollutants—from drinking water, cage drugs before releasing them at specific locations in the body, and even absorb and enzymatically break down antibiotics in the environment. A new and promising field of chemistry, in other words, even if it is one that is, as Dr Ramstrom quipped, “full of holes”.

Tolerance is everything

The prize for physiology or medicine went to Mary Brunkow, Fred Ramsdell and Sakaguchi Shimon, for identifying regulatory T-cells (Tregs), the agents responsible for peripheral immune tolerance. This stops the immune system attacking cells in the body of which it is part. Such self-harm causes autoimmune conditions such as coeliac disease, multiple sclerosis and type-1 diabetes. Too much tolerance, however, can result in a failure to nip cancer in the bud—for one of the immune system’s jobs is to detect and destroy tumours before they get out of hand.

The trio’s journey started in the 1980s, after the paradoxical discovery that removing an organ called the thymus from mice led to an increase in immune activity. The paradox was that the thymus is the place where T-cells, a broad class of immune-system cell with various jobs to do, are made ready for action. Removing it might be expected to suppress immune activity, not boost it. Fascinated by this finding Dr Sakaguchi, who then worked at the Aichi Cancer Centre Research Institute in Nagoya, began searching for the thymus-based police force that was, presumably, keeping the system in check—and, in Tregs, he found it.



A few years later, in 2001, Dr Brunkow and Dr Ramsdell, who were working at Celltech Chiroscience, a British biotech firm, investigated a strain of mice which develop a severe and lethal autoimmune disorder. They found the cause was a mutation in a gene called *Foxp3*—and that people with IPEX, a serious autoimmune condition, have similar mutations. Two years later, Dr Sakaguchi connected the dots and proved that *Foxp3* governs the development of Tregs.

Peripheral immune tolerance is now an area of great interest in drug development. Being able to tweak that tolerance offers a rich seam of pharmaceutical potential.

Treating cancer needs less tolerance—in other words, fewer Tregs. One approach is to develop antibodies which flag Tregs for destruction by other cells of the immune system. Those with autoimmune conditions, however, need more tolerance. That might involve extracting Tregs, multiplying them and then re-introducing them into the body. The upshot of the work of Drs Brunkow, Ramsdell and Sakaguchi may thus be therapies for two quite different sorts of diseases: an excellent example of physiology leading to medicine in the way the prize's double name alludes to.

Quantum computers, the topic that gave interest to the physics prize, are, some believe, the Next Big Thing. But the chips that would be needed to make them, though small on a human scale, are huge compared with the sub-atomic one that is the normal realm of quantum mechanics. It was for bridging this gap that John Clarke, John Martinis and Michel Devoret, working at the time at Berkeley, have received their award. They showed that a phenomenon called quantum tunnelling not only operates at a macro as well as a micro scale, but does so in a way that can be encoded into the quantum equivalent of the bits (electrical representations of the numbers one and zero) at the centre of conventional computing. Such “qubits”, in which ones and zeros are blended together rather than remaining separate, can be used to perform calculations intractable to conventional bits.

Tunnel vision

Quantum tunnelling is the ability of quantum objects (electrons, say) to appear on the far side of a barrier (often some sort of energy barrier) without actually leaping over it or physically passing through it. One type of radioactive decay, for example, depends on so-called alpha-particles (helium nuclei) tunnelling through the energy barrier that would otherwise keep them inside an atomic nucleus.

Cool things near to absolute zero, however, and such effects happen at a larger scale. At these temperatures, materials become superconducting, meaning electrons can pass through them without resistance. The electrons themselves can also merge into bigger structures called Bose-Einstein condensates which are able to quantum-tunnel across, say, gaps in a copper wire.

Such tunnellable gaps are called Josephson junctions. The contribution Drs Clarke, Martinis and Devoret made was to show, using a copper tube filled with powdered copper attached to a Josephson junction (an approach they call an artificial atom), that the current across the gap was, itself, quantised —ratcheting up and down stepwise, rather than continuously.

And there things rested until, in 1999, some researchers in Japan realised that if you could control the up and down ratcheting, you might use it to

build a device that could process bits or, rather, since this would be a quantum device, qubits. That led to the invention of what are called phase qubits, which are oscillations between quantised energy levels in a Josephson junction. Those have led, in turn, to a more robust qubit design called a transmon, which Dr Devoret helped develop.

Whether quantum computers will live up to the hype remains to be seen. Cryptographers fear they will make currently uncrackable ciphers crackable. Biologists hope they will unveil the details of how protein molecules fold up into the shapes they need to assume to do their jobs. But perhaps the main lesson from the work of Dr Brunkow, Dr Ramsdell and Dr Sakaguchi is that the consequences of research are unpredictable, and that what appears abstruse may sometimes lead to unexpected, concrete outcomes. ■

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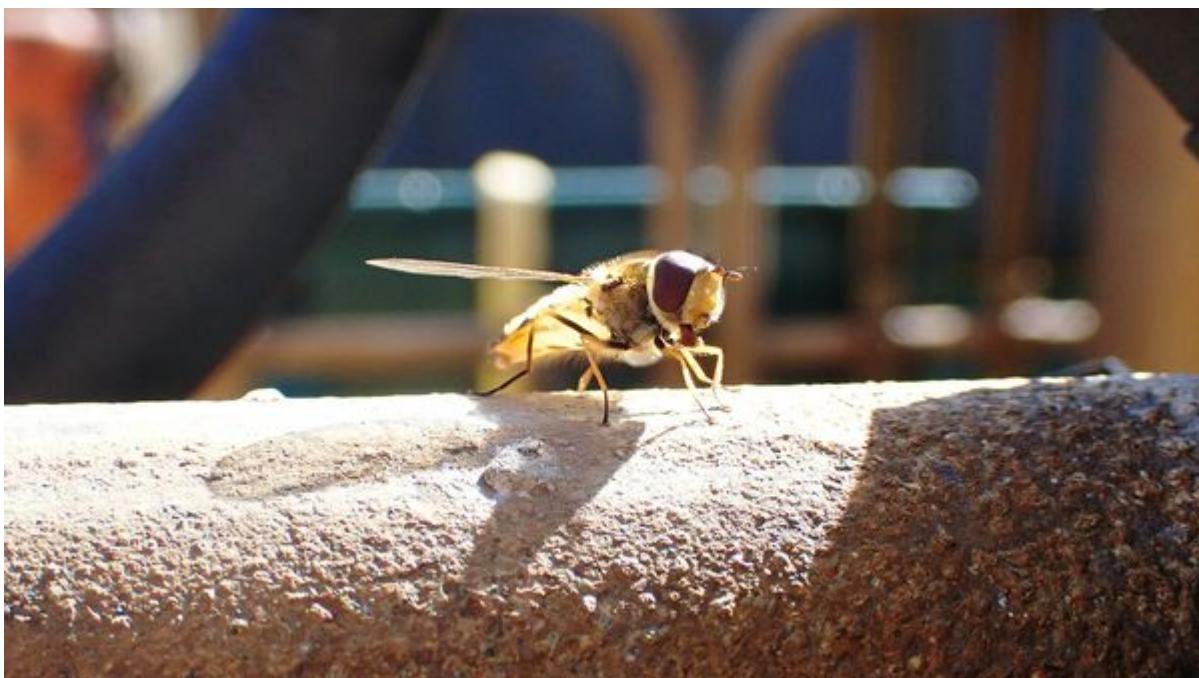
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Insect migration

Hover flies are long-distance travellers

The pollen they carry stirs continent-wide gene pools

Oct 09, 2025 01:09 PM



SAY “POLLINATORS” and most people will think “bees”. They are correct, for bees are the most important insects involved in pollinating flowers. Rather fewer, however, might guess that the second-most important group is probably hoverflies. Yet hoverflies, according to a study published in 2020, help fertilise 52% of the world’s crops and 70% of its animal-pollinated wildflowers.

They may do more than this, though, for some hoverflies migrate. In 2019 Karl Wotton of Exeter University showed, using radar, that they move by the billion to and fro across the English Channel. This suggests the gene

pools they stir by spreading pollen may be more than just local ponds. However, recent Chinese work concluded that the hoverflies under study there rarely carried pollen far and that the few which did so bore the pollen of only a few plant species.

To investigate further, Dr Wotton decided to collect hoverflies from a site with no local plants—meaning any pollen they were bearing must have been gathered far away. The site in question was an oil rig in the North Sea, about halfway between Scotland and Norway. As he and his team report in the *Journal of Animal Ecology*, during the course of four sampling sessions between 2021 and 2023, they captured 121 insects, such as the one pictured, that had landed on the rig for a rest, and frisked them for grains of pollen they were carrying.

On 111 of their prizes, they found some. These pollen-bearing hoverflies each had, on average, grains from 4.7 plant species. Some carried pollen from as many as 14 sources. Altogether, pollen from more than 100 plant species was carried by at least one of the hoverflies the researchers examined. The most common were nettles and black elder. But crops were also well represented, in the form of a range of vegetables, legumes, cereals, nuts and fruit.

For that to matter ecologically, though, there would have to be plants of the same species in the places where the flies ended up. And, by and large, this seemed to be the case.

Analysis of air currents suggested the flies bearing this pollen came from the Netherlands, Germany and Denmark, and would, had they not been intercepted, have continued onward to Norway or Scotland. Moreover, by conducting so-called wind-trajectory analyses, the researchers could calculate where, on a given day, a captured hoverfly would have ended up.

These calculations suggested that the probable arrival areas often contained plants of the same species as the pollen being carried by the insects. The upshot is that hoverflies, like some romantic go-between, allow plants hundreds of kilometres apart to mate. ■

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Look at me!

AI video: more than just “slop”

The next big thing in AI may be pictures, not words

Oct 09, 2025 03:33 PM



SCROLLING THROUGH the feed on Sora, a new video app from [chatbot developer OpenAI](#), is a hallucinatory experience. A woman in a judo jacket bows to an elephant before flipping it over her shoulder. A young figure-skater races across the rings of Saturn. Grainy security-camera footage captures Sam Altman, OpenAI's founder and boss, attempting to shoplift a graphics card.

This TikTok-like service would be an odd project for a firm specialising in AI were it not for the fact that the videos on Sora are all AI-generated. There is no option to upload your own footage, nor even to turn your camera on (save for activating a feature which inserts your own likeness into the AI video-generator). The Sora feed is all slop—AI-generated pabulum—all of

the time. Video models, like the Sora AI on which the app is built, are what is exciting the AI industry now that the star is fading for text, and not only because of their impact on mass media.

Not that that impact is small. Despite being invitation-only, the app is perched at the top of the American and Canadian app-store charts, its initial launch sites. “Invite” codes themselves have become valuable commodities, selling on eBay for \$5 to \$35. At launch it was followed in the charts by Google’s Gemini app, itself seeing a slop-fuelled uplift thanks to the company’s “Nano Banana” image generator. Users ask the system for their photo in the style of the lead character of a ’90s slasher flick, or hugging themselves as a child, or something equally improbable, and it dutifully complies.

Success comes at a cost. For those lucky enough to cop an invite, Sora is free to use. But it certainly is not free to run. Each video generated on its site is estimated to cost OpenAI around \$1 in [computing power](#), based on pricing for the first version of Sora—and users can generate 100 a day. The genius of social media was that users would post content without needing to be paid and advertisers would pay for space alongside them. The economics of a video app are somewhat less promising if the company loses money with every post.

But the true value of Sora, and similar video models like Google’s Veo 3, is unlikely to lie in the slop they can generate—even if it captures users’ attention. Instead, a new paper from researchers at Google DeepMind argues, such systems are able to solve an array of visual and spatial problems without any specific training at all.

Video models work by taking randomly generated visual static and progressively “de-noising” it, adding order to the chaos. At each step it asks itself “what would make this look more like the prompt I have been given?” If that prompt is a description of shareable content, then this is what the model will spit out. If it is a description of a visual task, like manipulating images or solving problems in the real world, then it turns out the latest generation of video models can solve them, too.

Give it an image of a parrot on a tree and a prompt demanding the model produce a video showing all colour and detail fading away, leaving only the edges visible, and it will gamely comply—performing a competent job of edge detection, a task that previously required specialised systems. A similar prompt can see it attempt to de-blur an image, CSI-style, or label its constituent parts.

It can also handle tasks that are quite distinct from image editing. Give it an unfinished sudoku puzzle and a prompt describing a video of the puzzle being finished, and the model can do so. A photo of robot hands holding a jar can be extended into a full video of the motions the hands would take to open that jar.

Vision on

The broad range of tasks such models can perform makes them, the paper argues, “zero-shot reasoners”. Zero-shot because the video systems can solve tasks they have never seen before, and were not explicitly trained to do. Reasoners because, at least sometimes, they seem to benefit from what the researchers call “chain-of-frames visual reasoning”, solving tasks like finding the exit to a maze one step at a time.

Promisingly, the paper notes, new systems are significantly better than previous-generation video models at this generalised problem-solving. This, the authors suggest, means video models “will become general-purpose foundation models for vision” in the near future, ultimately able to solve any visual challenge put to them without special training.

It is a bold claim, but one which has a historical echo. In 2022 a team of researchers from Google and the University of Tokyo published a paper noting that “large language models are zero-shot reasoners”, arguing that the then-nascent field of LLMS had “untapped and understudied fundamental zero-shot capabilities”. Six months later, ChatGPT arrived and the AI boom began. The hope is that video models will mature with a similar wave of excitement—and that the slop phase of Sora will thus turn out to be an interesting footnote in their development, rather than the real McCoy. ■

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Well informed

Is dark chocolate actually healthy?

We assess whether that tempting idea is too good to be true

Oct 10, 2025 03:46 PM



EVEN YOUNG children know that chocolate is a treat, to be savoured on special occasions. But the “dark” variety, which has more cocoa, is touted as healthier and even as a health-booster. Dark chocolate, it is suggested, can alleviate all manner of problems, from high blood pressure to depression, while improving mental acuity. Many studies, often paid for by Big Chocolate, hint this may be true. Sadly, the best research debunks the idea.

Dark chocolate’s purported benefits are ascribed to compounds called flavanols, which are particularly abundant in cocoa. In randomised controlled trials (the gold-standard type of study) researchers have looked at the health effects of capsules containing flavanols, as well as of consuming

flavanol-rich foods such as cocoa products, coffee, tea, berries, grapes and apples. Some trials have found beneficial effects, for example on blood pressure. But results overall have been inconsistent. Moreover, these trials typically last just a few weeks, so they may not reflect the consequences of sustained consumption.

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Observational studies, which ask about diet rather than dictating it, have sometimes found that those who eat more flavanols, either from various foods or specifically from dark chocolate, are healthier. (They are less likely to develop diabetes, for example.) But such individuals may have other things going for them, too—for example, higher incomes that let them buy pricey stuff like dark chocolate. Work published in 2024 found people who ate lots of dark chocolate were less likely to smoke than those who ate little.

A big randomised trial called COSMOS, set up in 2015 in America, was intended to deal with these shortcomings. It measured the effects of daily cocoa-extract supplements containing 500mg of cocoa flavanols. (To get that dose you would need to eat between 50g—or half a bar—and 280g of dark chocolate, depending on its flavanol concentration.) Participants, who were in their 60s or older, took the capsules for a median of 3.6 years. Flavanols made no difference to rates of new cases of diabetes, serious circulatory problems such as heart attacks and strokes, cancer or cognition. They did, however, lead to a 27% reduction in deaths from cardiovascular disease.

Alas, this positive result is not proof that dark chocolate is heart-healthy. Getting those 500mg of flavanols from it means consuming lots of sugar, which is added lavishly by manufacturers to counter the bitterness of cocoa. It also means consuming upward of half (for men) or 70% (for women) of the recommended daily maximum of saturated fats, which are bad for the heart because they increase artery-clogging cholesterol. A better option for adding cocoa flavanols to your diet may be cocoa powder or ground cacao

beans (often called nibs). All told, though, the healthiest flavanol-boosting strategy is to eat more fruits, vegetables, nuts and legumes—and to put the kettle on.

Two apples, a portion of nuts and a large serving of strawberries provide roughly 500mg of flavanols. So do two to three cups of green tea. If you decide to treat yourself to some chocolate every now and then, don't sweat about finding the darkest variety. Some very dark chocolates contain few flavanols, whereas some milk varieties have lots. Sadly for chocoholics, the health claims for dark chocolate come from wishful thinking and sly marketing, not the findings of science. ■

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Pixel diplomacy

How Saudi Arabia became a video-game superpower

Electronic Arts is part of a multi-billion-dollar bid to dominate gaming

Oct 09, 2025 01:09 PM

“ASSASSIN’S CREED”, a sneak-up-and-kill gaming franchise, is getting an unexpected update this autumn. Ubisoft, its French developer, recently announced a new set of missions set in Saudi Arabia (see picture below). The news followed reports earlier this year that Ubisoft had entered a partnership with Savvy Games Group, a Saudi state-owned enterprise. (Ubisoft says that the Saudi levels are being made with help from “local and international organisations”.) Players will be able to tiptoe around Al Ula, a historic city that the Saudi government is promoting as a [tourist destination](#).

Saudi Arabia is making a multi-billion-dollar push into gaming, an industry that is now worth more than cinema, [streaming](#) or music. On September 29th the kingdom made its biggest move yet, when Electronic Arts (EA), America’s third-largest gaming company, announced that it was being bought for \$55bn by a group led by Saudi Arabia’s Public Investment Fund (PIF), a \$1trn sovereign-wealth kitty. It is the latest in a blitz of investment that is quickly turning Saudi Arabia into a superpower in the world of [video games](#).

The Saudis’ partners in the [EA acquisition](#) are Silver Lake, a private-equity firm, and Affinity Partners, an investment company founded by Jared Kushner, Donald Trump’s son-in-law, whose attachment to the deal may smooth the path to regulatory approval. EA’s new owners will control franchises including “Madden”, “The Sims” and “FC” (formerly known as “FIFA”), a football series that is said to be a favourite of Muhammad bin Salman, Saudi Arabia’s crown prince and de facto ruler.

EA will be the crown jewel in an already glittering set of holdings. The PIF has endowed Savvy Games with a \$38bn war chest to turn Saudi Arabia into a centre of gaming. Two years ago Savvy bought Scopely, an American developer whose “Monopoly Go!” is one of the world’s highest-earning mobile games, making more than \$5bn since its launch in 2023. In May it acquired the gaming arm of Niantic, an American company which makes the “Pokémon” mobile games. Savvy also has a large stake (and board seat) in Embracer, a Swedish firm which owns titles including “Tomb Raider”, featuring Lara Croft.

The PIF itself has built up further stakes in some of the biggest names in gaming. It is one of the three largest shareholders in Japan’s Nintendo, Capcom (“Street Fighter”) and Koei (“Ninja Gaiden”), South Korea’s Nexon and NCSoft and America’s Take-Two (the maker of “Grand Theft Auto”, a driving-and-shooting series which has sold some 450m copies to date). It is among the five largest holders of Japan’s Toei ([“Dragon Ball Z”](#)) and Square Enix (“Final Fantasy”), where it also has a board seat. Excluding EA, the PIF’s games holdings add up to \$11.7bn, by our count. Other Saudi state-backed funds have additional gaming investments.

“We’re just getting started,” says Brian Ward, a Canadian industry veteran appointed to run Savvy. His team explores “hundreds” of potential acquisitions a year. Its ability to snap up good deals is enhanced by the fact that other sources of finance have largely dried up. Venture-capital funding in the game industry has fallen by some three-quarters since a peak in 2021-22, amid an industry malaise caused by plateauing mobile penetration and the loss of pandemic-era casual gamers. Joost van Dreunen, a gaming expert at New York University’s Stern School of Business, writes that the Saudi strategy is to “throw staggering amounts of money at establishing market dominance”.

Mr Ward says his instructions from Prince Muhammad are to build “a company like Disney, but for games and e-sports”. Part of that means creating a community of superfans. Disney has [theme parks](#); the Saudis see an opportunity in live gaming tournaments. In 2022 Savvy bought ESL and FACEIT, a pair of e-sports companies, for a combined \$1.5bn. It also has a

30% share of Hero Esports, a Chinese company backed by Tencent. In total Savvy says it controls 40% of the global e-sports market.



Its e-sports arm is not yet profitable. But its purpose is to stoke fans' engagement—and there it seems to be succeeding. For the past two years Saudi Arabia has hosted an Esports World Cup in Riyadh, where teams compete in games such as "League of Legends" (Prince Muhammad plays some of the pros when they are over). Some 250,000 tickets were sold for this summer's event; online it racked up 750m streams on platforms such as Twitch and Douyin, with half the audience watching from China. Industry bigwigs fly in for a parallel conference, which has become the most important in the gaming business, according to one Western investor. Next year Riyadh will launch another tournament, a biennial Esports Nations Cup.

The justification for all this, besides indulging the crown prince's hobby, is to create a new domestic industry. Saudi Arabia is trying to diversify its economy away from oil. Its "Vision 2030" initiative promises 39,000 jobs in gaming by that year. Savvy is training game artists at Princess Nourah University, a women's college. The Saudi government says that 48% of the country's gamers are women; just over a quarter of Savvy's staff are female, a number roughly in line with the male-dominated industry standard.

A little over a third of Savvy's employees are foreigners, a share which Mr Ward expects to fall as the industry matures. Persuading Westerners to invest or work in the kingdom is getting easier as more people see the country for themselves, says Ralf Reichert, a German who organises the Esports World Cup: "You will never be able to satisfy all the critics, but the noise around it has dramatically gone down."

That hints at another motive. Like Saudi Arabia's investment in sport and entertainment (it has recently launched film and comedy festivals and a Formula One grand prix), its push into gaming helps to project a different image of the country.

"There's five to ten thousand years of human history in the Middle East, but none of those stories have been told in our medium. And that's a huge opportunity," says Mr Ward. The Arabic-speaking world—with 330m gamers, more than western Europe or America—is underserved, he believes, citing Japan, China and South Korea as models of how to adapt national folklore into popular games. Last year China's "[Black Myth: Wukong](#)", a game steeped in Chinese legends, was voted Game of the Year by users of Steam, a global gaming platform. Mr Ward says that projecting Saudi culture is not part of his mandate. But he hopes that future Saudi-made games will have worldwide appeal, just as east Asian titles have.

Many gamers wonder how Saudi ownership will influence games' content. As China has become an important movie market, Hollywood studios have shied away from tricky subjects such as Tibet, which they were willing to take on in the 1990s. It is easy to imagine something similar happening in gaming. In 1992, in the aftermath of the Gulf war, EA released "Desert Strike", whose villain is a fictional Arab dictator. In 2005, amid the war on terror, EA's "Battlefield 2" pitted American forces against enemies including a "Middle Eastern Coalition". Will such games be released under EA's new owners? The company's boss, Andrew Wilson, has assured staff that the priority is still "bold, expressive" fare and that the company's "values... remain unchanged".

The side quest

Yet the coming update to “Assassin’s Creed” shows how Saudi money might subtly sway content. It is not the only example. In March fans of “Fatal Fury” were surprised to learn that the latest edition of the fighting game would include a new character: Cristiano Ronaldo. In the game the Portuguese footballer whacks opponents with a fiery ball and is “an unstoppable force, even to seasoned fighters”.

The unusual collaboration may have a Saudi explanation. Mr Ronaldo is the captain of Al Nassr FC, a team based in Riyadh, which is majority-owned by the PIF. The Japanese developer of “Fatal Fury”, SNK, is majority-owned by the MISK Foundation, a Saudi non-profit organisation—whose founder and chairman is a certain games-loving crown prince. ■

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The hatred that will not die

What people talk about when they talk about antisemitism

Its meaning has changed markedly over the past 150 years

Oct 09, 2025 01:40 PM



On Antisemitism: A Word in History. By Mark Mazower. *Penguin*; 352 pages; \$29. *Allen Lane*; £25

WHAT IS ANTISEMITISM? The definition appears clear: prejudice and hatred against Jews. Its manifestation is often grimly clear, too. In both [Britain](#) and America, the number of hate incidents targeting Jews soared after Hamas's attacks in October 2023 and has remained high as Israel has been at war in Gaza. But people disagree over what constitutes antisemitic speech. For instance, some argue that the phrase “globalise the intifada” urges people

across the world to agitate for Palestinians' freedom. Others say that it advocates violence against Jews everywhere.

In a new book Mark Mazower argues that one reason such questions are thorny is because the meaning of antisemitism is more complex than it seems. Mercifully he has not written a polemic, nor has he attempted a full history of anti-Jewish prejudice. Instead he has written a biography of the word "[antisemitism](#)", tracing how its use and meaning have changed over time.

He credits Wilhelm Marr, a German journalist, with inventing the term in 1879. Marr created a "League of Antisemites" to oppose Jewish emancipation. He called Jews "semites", as a French writer explained, "to underscore their foreign origin", implying that they could never become fully European. Antisemitism of that era drew on centuries of hostility, but was also rebelling against modernity. The Enlightenment values that inspired the French and American revolutions led to Jewish legal emancipation in much of western Europe, as well as the weakening of aristocratic and ecclesiastical authority. Reactionaries and revolutionaries alike blamed the Jews.

A potent form of political antisemitism took shape after the first world war when, as Mr Mazower points out, "Anti-Jewish conspiracy theories ramified as a ready explanation for dizzying change." Vile views became mainstream; Henry Ford, an American industrialist, helped popularise "The Protocols of the Elders of Zion", a Russian forgery purporting to reveal a Jewish plot to dominate the world. That form of antisemitism lost its political potency after the horrors of the Holocaust, but such beliefs did not vanish.

After the atrocities of the [second world war](#), the centre of the world's Jewish population moved to America and, in time, to Israel. Those two poles initially had a frosty relationship. American Jews, eager to assimilate and leery of dual-loyalty accusations, were lukewarm towards Zionism, arguing that they were a religious community rather than a nation. David Ben-Gurion, Israel's first president, could not understand why American Jews did not end their "exile" and emigrate to Israel.

The two groups grew closer after Israel's triumph in the Six Day War in 1967. American Jews took pride in Israel's success: at last Jews were victors rather than victims, and Israel's existence looked less precarious. The American Jewish Committee, an advocacy group, compiled an annual list of issues important to American Jews. In 1966-67 Israel ranked below struggles for civil rights; the following year Israel rose to the top, where it has remained. Mr Mazower notes that, as American Jews' identification with Israel grew, threats to it "were regarded by more and more American Jews as an attack on themselves".

Some have encouraged that identification. In a recent interview Jonathan Greenblatt, who heads the Anti-Defamation League, a watchdog group, equated anti-Zionism with antisemitism. Jerry Seinfeld, a comedian, has likened people who chant "Free Palestine" to Ku Klux Klan members. Certainly anti-Zionism can inspire antisemitic acts, but it is possible to criticise Israel without hating Jews.

In any event, an emotive identification with Israel may be growing less common, especially among young American Jews. In recent years Israel has drifted steadily rightward, while Jewish Americans remain mostly liberal. Many have marched for Palestinian rights. The definitional arguments that Mr Mazower outlines in this valuable book are unlikely to end soon. ■

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A brush with fame

Is there anything left to say about Frida Kahlo?

A third museum focused on the artist has just opened in Mexico City

Oct 09, 2025 01:09 PM | MEXICO CITY



A mega-star made in Mexico

ANYONE INTERESTED in art knows Frida Kahlo's story: the polio; the terrible bus accident; the painting during convalescence; the raw self-portraits; the marriage to [Diego Rivera](#), a fellow artist; the affairs. There have been many [exhibitions](#) and biographies of the Mexican painter (as well as picture-book versions for children). There was a biopic in 2002 and a documentary in 2024. Is there anything left to add?

The team behind a new museum—the third dedicated to Kahlo in Mexico City—certainly thinks so. Museo Casa Kahlo has recently opened in Casa

Roja, one of her family's houses. (Not to be confused with Museo Frida Kahlo, in Casa Azul, where Kahlo grew up and later lived with Rivera.) The aim, says Adán García, the new museum's director, is to show Kahlo as a daughter, sister and aunt: "To understand Frida, you need to understand her family."

The collection is small, but the insight it offers into Kahlo's formative years is valuable. Her clothing, a key part of her image, is on display. Kahlo's mother was partly of indigenous descent and Kahlo wore a *tehuana*, a traditional Zapotec dress, as well as *huipiles* (embroidered tunics) and long skirts. In a period of cultural nationalism she sought to emphasise her [Mexican heritage](#) and distinguish herself from her male peers, says Circe Henestrosa, a fashion curator and academic.





Also on display are pictures taken by her father, Guillermo Kahlo, an important photographer in Mexico. He had an eye for symmetry and structure—sharpened by documenting the country’s churches and civic monuments—and he took theatrical portraits of figures such as President Porfirio Díaz. His work shaped Frida’s own instinct for composition and detail, traits that would later define her self-portraits.

He encouraged his daughter to express herself. In the mid-1920s he took a family portrait in which Frida, in her teens, wore a three-piece suit and had slicked-back hair. She continued to toy with different ways of presenting herself. In “The Wounded Deer” (1946) she appears as neither male nor female, but half-animal, half-human.

Her work was always intensely personal. In 1932 she painted “Henry Ford Hospital”, depicting her delivering a dead fetus. With it “she invented a visual vocabulary to express things never shown before—trauma, miscarriage, chronic pain, betrayal,” says Gannit Ankori of Brandeis University. “The emotions in her work are not bound by a specific historical era.”

Kahlo is now ubiquitous: her distinctive eyebrows adorn tote bags, phone cases and Barbie dolls. So it is easy to forget that her fame is relatively

recent. When she died in 1954 Kahlo was little known outside modern-art circles and her reputation was overshadowed by Rivera's. (He painted vast murals exploring Mexican history and was considered bolder and more accomplished.) Then, in the 1970s, art historians started to pay more attention to women artists. Feminist and Chicana activists adopted Kahlo as a symbol of female strength and Mexican pride.

In 1990 "Diego and I" became the first [Latin American](#) artwork to break \$1m at auction, catching the attention of collectors. Kahlo's work now rivals that of Georgia O'Keeffe and Louise Bourgeois in the prices it fetches. Her painting "The Dream (The Bed)" (1940) is expected to sell for as much as \$60m at Sotheby's in November. If it does, it will be the most expensive picture by a woman ever sold at auction.

For all her fame, Kahlo's fans will learn something new at Museo Casa Kahlo—for instance that, during tiffs with Rivera, Kahlo would work in the basement at Casa Roja. Today the room displays her letters, which, among other things, reveal her relationship with her sister, Cristina. Kahlo's relatives were among her earliest subjects. Without them, this new museum contends, Kahlo would not have produced the work that has made her name. As Mara Romeo, a great-niece, puts it, Kahlo was "hugely ahead of her time". This house is a reminder of where she came from. ■

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American fiction

Thomas Pynchon returns with a tale of Nazis, spies—and cheese

“Shadow Ticket” is as perplexing as it sounds

Oct 09, 2025 03:33 PM



Hungary for a better story

Shadow Ticket. By Thomas Pynchon. *Penguin Press; 304 pages; \$30. Jonathan Cape; £22*

THOMAS PYNCHON is an idiosyncratic, divisive kind of storyteller. At his best, he blurs distinctions between plot and digression and between history and conspiracy theory. His standout novels include “Gravity’s Rainbow”, a kaleidoscopic quasi-thriller that made his reputation and won the National Book Award in 1974, and “Vineland” (1990), about the lives of radicals after the radical moment fades. The tale inspired “[One Battle After](#)

Another:”, almost certainly a candidate for this year’s Oscar for Best Picture.

Mr Pynchon, now 88, has just published his ninth novel. You can see why he wanted to write “Shadow Ticket” at an age when most people are enjoying retirement. The world today—with its pervasive surveillance, conspiracy-addled politics and suavely dishonest politicians—has taken a distinctly Pynchonesque turn.

Unfortunately, “Shadow Ticket” is not Mr Pynchon at his best. Set in 1932, it follows Hicks McTaggart, a private eye employed by a firm called Unamalgamated Ops. McTaggart gets dispatched from Milwaukee to Hungary in pursuit of Daphne Airmont, an heiress to a cheese fortune. He goes around doing private-eye stuff: investigating, meeting people and getting into scrapes. British agents show up, as do Soviet ones, alongside gangsters, spiritualists, Nazis and swing musicians.

At one point McTaggart gets a lesson on the malign activities of InChSyn—the International Cheese Syndicate—which prosecutes “cheese fraud”. Its activities are “a front for something more geopolitical, some grand face-off between the cheese-based or colonialist powers, basically north-west Europe, and the vast teeming cheeselessness of Asia”.

As that excerpt attests, Mr Pynchon still has a certain wry humour. In this book he shows off his genius for character names: T.P. O’Grizbee, Swampscott Vobe, Hop Wingdale and Smoky Gooden all put in appearances. He throws together historical detail, bits of mechanical engineering—an “autogyro”, a sort of tiny helicopter, figures in the story—and the occult. (Apportion, or supernaturally moving an object through space, matters immensely to the book, until it does not.) His fans will find things to like in this story.

Other readers, however, may find the novel self-indulgent. “Shadow Ticket” has some plot-like activities but is fundamentally plotless. Like “Inherent Vice”, which Mr Pynchon published in 2009 and Paul Thomas Anderson turned into a thoroughly enjoyable movie five years later, it is a shaggy-dog story that is long on shag and short on story. In this case, the tale feels empty at its centre.

The narrator and characters all talk in staccato clauses and the overall effect is of being machine-gunned with beautifully written short sentences. None of the characters, including McTaggart, coheres into anything like a fully realised character. “Shadow Ticket” is a tiring read: not quite a picaresque novel, because those require a central character, but not quite a crime novel, because those require a central mystery. In other words, it is a mess. Pynchon completists may get through it, but nobody else should bother trying. ■

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Bawdy ballads by bots

X-rated, AI-generated country songs are taking over the internet

They are filthier than an old cowboy boot—and hugely popular

Oct 09, 2025 01:08 PM | ATLANTA



IT SOUNDS LIKE a typical [country tune](#), for a few seconds at least. “Country Girls Make Do” opens with a toe-tapping beat and twangy strains of fiddles and guitar. You expect a song about whisky or worship—but what follows is downright unchurchly. When the singer announces that she is “horny as a bitch in the country heat”, and handling ears of corn in ways that no farmer intended, you realise you are listening to something much filthier than Red Dirt music.

The song is deliberately outlandish, which may be why “Country Girls Make Do” has gone viral in recent weeks, racking up millions of streams

and likes across various platforms. In one TikTok trend, people trick their partners into dancing to it. In another, youngsters play the song to their relatives, claiming that it is the latest chart-topping hit, and record their reactions for laughs. “Is this for real?” one horrified grandmother asks.

Yes and no. “Country Girls Make Do” is a parody. What makes it unusual is that it has been created by artificial intelligence (in this case an “artist” called Beats By AI). On apps such as Suno and Udio users can input a few prompts—whether PG or x-rated is up to them—and the programme will generate lyrics, vocals, instrumentation and even artwork. Melodies can be refined and pitches perfected, with no real music knowledge required.

Beats By AI is one of many such acts. Aventhis is a brooding country outfit which uses AI for instrumentation and vocals; it has more than 650,000 monthly listeners on Spotify. The Velvet Sundown, whose 1970s-inspired rock tunes attract almost 300,000 monthly listeners, is fully AI-generated. AI can produce music swifter than [Taylor Swift](#) ever could. Both Aventhis and The Velvet Sundown have released three albums this year. Beats By AI releases a tawdry track every day.

AI songs are catching on because they offer familiar sounds. In the case of Beats By AI, part of the music’s appeal is its send-up of country tropes. For the most part, the genre remains stubbornly conservative—record labels in Nashville are known for dictating a certain style and sound—yet its growing Gen Z fan base is anything but.

“I’ve been waiting for this to happen,” says Daniel Gervais, a professor of intellectual-property law at Vanderbilt University. He sees these songs as the first stage of a “revolution” whereby consumers generate the content they want instead of settling for what record labels package and sell. Anyone with the time and the inclination can make bangers to match their mood or to gleefully defy the industry rules.

Musicians, however, are not amused by AI-generated songs, no matter how funny their lyrics. Hitmakers including [Sir Elton John](#), [Dua Lipa](#) and Ed Sheeran have expressed their fears of AI companies drawing on their work to train models without proper remuneration. And streaming services are not all that happy about it either. On Deezer and Spotify fraudsters are

uploading AI-generated music, using bots to “listen” to it and raking in royalties. Deezer has removed such tracks from official playlists and algorithmic recommendations. In September Spotify purged its platform of 75m AI-generated songs: “Bad actors”, the firm explained, were pushing “slop into the ecosystem”.

Plenty of music lovers, though, do not mind the muck. Luminate, a data firm, has found that one in three American listeners is “somewhat” or “very” comfortable with AI being used to write instrumentals. (Lots of professional musicians use AI tools in some way already.) Almost 30% are happy for machines to write lyrics and more than 25% do not mind an AI singer performing an AI-composed song. “I take back everything I’ve [said] about AI art,” one person wrote under the “Country Girls Make Do” video on TikTok. “Let it cook.” ■

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Back Story

“One Battle After Another” wins the war

Paul Thomas Anderson gives a masterclass in making a political film

Oct 09, 2025 01:08 PM



THE WRONG hero. The wrong villain. The wrong sort of emergency—or, even worse, exactly the right kind. With their elephantine lead times, glitzy films that aspire to political relevance are liable to look dated by the time they hit the screen. Or, if a movie features, say, a terrorist attack, and its release coincides with one, the story can seem prescient but the taste rotten. Chasing the news is like hunting lightning: if they don't miss, directors can wind up being incinerated.

Poor timing is only one of the risks run by “One Battle After Another”, [Paul Thomas Anderson’s](#) new film. Any movie with a political edge can scythe

off half its potential audience in advance. If the politics are blunt, punters who do turn up may wish they hadn't. Mr Anderson sidesteps these dangers as his shambolic protagonist dodges his.

The first imperative is to ground the big ideas in an intimate drama, using engaging characters not mouthpieces. Mr Anderson does. His jolting opening portrays a revolutionary cell called the French 75, who, in a slightly distorted America, plant bombs, rob banks and bust migrants out of detention. Teyana Taylor plays Perfidia Beverly Hills, a black firebrand; Leonardo DiCaprio (pictured) is Pat, the lover in her thrall.

A seam of daddy issues runs through Mr Anderson's [work](#), from "Magnolia" to "The Master"—and Mr DiCaprio's main persona in this film is [father](#) rather than rebel. Most of the action unfolds 16 years after the French 75's spree. Perfidia has bolted, leaving a daughter whom Pat, now a washed-up stoner, ineptly strives to protect from the blowback of the past. The personal is political, but also trumps it, especially (as often happens) with age.

If a successful political movie is more than an arid allegory, neither can it be a polemic. It must see both sides, if only glancingly. Here the enemy is a lawless military crackpot, Steven Lockjaw (a show-stealing Sean Penn). The plot, loosely adapted from Thomas Pynchon's "Vineland", is driven by his yearnings. One is his lust for Perfidia, a fixation that ickily gestures at a long record of racial predation and typecasting. The other is his yen to join an elite white-supremacist cabal. With his insecurity and self-loathing, he is almost but not quite a hateful cartoon.

As for the radicals: a critic in the *National Review* alleged that they romanticise assassinations, making this "the year's most irresponsible movie". That is unfair. Lethal violence proves squalid and ruinous; their campaign fizzles out in betrayal and disillusionment. The moral centre is instead an equable karate instructor (Benicio del Toro, pictured below), who calmly helps the needy without blowing anything up.



“Human kind”, wrote [T.S. Eliot](#), “cannot bear very much reality.” He might have added, “at the cinema”. Good political films entertain first and educate lightly. Thrillers are an amenable form, the clock ticking and the stakes high. The anguish of migration is the context of “One Battle After Another”, but in the foreground is a breathless series of shoot-outs, rooftop flights and car chases, powered by a fiery soundtrack.

Like “Dr Strangelove” or “The Death of Stalin”, it is also very funny, using satire and silliness seriously. As well as being sinister, the villains are preposterous. So is Mr DiCaprio’s flailing has-been, who careens around California in a dressing-gown—a visual gag that lasts long enough for you to stop noticing it, then remember and find it funny again. In an extended joke about customer-service purgatory, he struggles to recall the passwords when he phones the underground’s hotline, angrily demanding to speak to a supervisor.

Thus the film makes you both [laugh](#) and care—a tricky feat—even as it makes its points about migrants, militarisation and idealism. Unlike shouty tales of seismic events, it conjures a sense of grand scale through its look and form. Hurtling around the epic scenery of the south-west it also races through genres, from action flick to caper and buddy movie, with a touch of

pastiche Western. The medley implies that the zany adventure is a compendium of America.

Imagery underscores the ambition. Characters enter ordinary buildings—a suburban home, a shop—which open out into huge annexes and hidden tunnels, a hint that the film’s battles are quietly raging all around. And in its last breakneck car chase, the vehicles pursue each other along a dipping desert road, up and down hillocks and up again, as if tracing the endless undulations of history. The contest between liberty and repression, the dreamy sequence suggests, is a never-ending story.■

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Economic & financial indicators

- **Economic data, commodities and markets**

Indicators ::

Indicators

Economic data, commodities and markets

Oct 09, 2025 01:08 PM

Economic data

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	Gross domestic product				Consumer prices			Unemployment rate	
	% change on year ago: latest	quarter*	2025†		% change on year ago: latest	2025†		%	
United States	2.1	Q2	3.8	1.7	2.9	Aug	3.0	4.3	Aug
China	5.2	Q2	4.5	4.9	-0.4	Aug	-0.1	5.3	Aug [‡]
Japan	1.7	Q2	2.2	0.9	2.7	Aug	3.2	2.6	Aug
Britain	1.4	Q2	1.1	1.2	3.8	Aug	3.7	4.7	Jun ^{††}
Canada	1.2	Q2	-1.6	0.9	1.9	Aug	1.9	7.1	Aug
Euro area	1.5	Q2	0.5	1.2	2.2	Sep	2.0	6.3	Aug
Austria	0.3	Q2	-0.5 [‡]	0.2	3.9	Sep	3.0	5.8	Aug
Belgium	1.0	Q2	0.7	1.0	2.7	Sep	3.0	5.8	Aug
France	0.8	Q2	1.3	0.7	1.1	Sep	1.0	7.5	Aug
Germany	0.2	Q2	-1.1	0.2	2.4	Sep	2.2	3.7	Aug
Greece	1.7	Q2	2.3	2.2	3.1	Aug	2.7	8.1	Aug
Italy	0.4	Q2	-0.2	0.5	1.8	Sep	1.8	6.0	Aug
Netherlands	1.7	Q2	0.8	1.1	3.0	Sep	3.0	3.9	Aug
Spain	3.1	Q2	3.3	2.6	2.9	Sep	2.3	10.3	Aug
Czech Republic	2.3	Q2	1.8	2.2	2.3	Sep	2.3	2.8	Q2 [‡]
Denmark	0.9	Q2	4.2	2.5	2.0	Aug	1.8	2.9	Aug
Norway	-2.1	Q2	3.4	1.1	3.5	Aug	2.8	5.0	Jul ^{**}
Poland	3.4	Q2	3.2	3.3	2.9	Sep	3.9	5.6	Sep [§]
Russia	1.1	Q2	1.5	0.9	8.1	Aug	8.8	2.1	Aug [§]
Sweden	1.6	Q2	1.9	1.5	1.1	Aug	2.3	8.4	Aug [§]
Switzerland	1.3	Q2	0.6	1.2	0.2	Sep	0.1	3.0	Sep
Turkey	4.8	Q2	6.6	3.3	33.3	Sep	34.2	8.5	Aug [§]
Australia	1.8	Q2	2.4	1.9	2.1	Q2	2.5	4.2	Aug
Hong Kong	3.1	Q2	1.8	2.7	1.1	Aug	1.7	3.7	Aug ^{**}
India	7.8	Q2	7.4	6.5	2.1	Aug	3.2	6.4	Sep
Indonesia	5.1	Q2	5.9	4.7	2.7	Sep	1.6	4.8	Feb [§]
Malaysia	4.4	Q2	5.8	4.1	1.3	Aug	1.4	3.0	Jul [‡]
Pakistan	3.7	2025**	na	4.8	5.6	Sep	3.5	6.3	2021
Philippines	5.5	Q2	6.1	5.5	1.7	Sep	1.5	5.3	Q3 [§]
Singapore	4.4	Q2	5.8	2.9	0.5	Aug	0.8	2.0	Q2
South Korea	0.6	Q2	2.7	0.8	2.1	Sep	1.9	2.0	Aug [§]
Taiwan	8.0	Q2	12.8	5.1	1.3	Sep	1.8	3.4	Aug
Thailand	2.8	Q2	2.4	1.8	-0.7	Sep	nil	0.7	Aug [§]
Argentina	6.3	Q2	-0.2	4.5	33.6	Aug	41.2	7.6	Q2 [§]
Brazil	2.2	Q2	1.5	2.1	5.1	Aug	5.1	5.6	Aug ^{***}
Chile	3.1	Q2	1.4	2.4	4.4	Sep	4.2	8.6	Aug ^{***}
Colombia	2.5	Q2	2.0	2.5	5.2	Sep	4.9	8.6	Aug [§]
Mexico	nil	Q2	2.6	0.7	3.6	Aug	3.8	2.6	Aug
Peru	2.8	Q2	1.8	3.1	1.4	Sep	1.8	5.5	Aug [§]
Egypt	5.0	Q2	13.7	4.1	11.7	Sep	14.1	6.1	Q2 [§]
Israel	2.4	Q2	-4.0	2.6	2.9	Aug	3.3	2.9	Aug
Saudi Arabia	2.0	2024	na	4.4	2.3	Aug	2.1	3.2	Q2
South Africa	0.6	Q2	3.4	1.2	3.3	Aug	3.6	33.2	Q2 [§]

Source: Haver Analytics *% change on previous quarter, annual rate †The Economist Intelligence Unit estimate/forecast §Not seasonally adjusted

*New series **Year ending June ††Latest 3 months ‡3-month moving average Note: Euro-area consumer prices are harmonised

Economic data

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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 \$ Oct 9th	% change on year ago
United States	-4.0	-5.9	4.1	9.0	-	
China	2.0	-5.6	1.6 ^{§§}	-25.0	7.12	-0.8
Japan	4.3	-3.4	1.7	78.0	153	-3.0
Britain	-3.1	-4.9	4.7	57.0	0.75	2.7
Canada	-2.0	-2.2	3.2	-5.0	1.40	-2.1
Euro area	3.1	-3.3	2.7	44.0	0.86	5.8
Austria	2.1	-4.5	3.0	27.0	0.86	5.8
Belgium	-0.6	-5.1	3.3	39.0	0.86	5.8
France	-0.3	-5.6	3.5	51.0	0.86	5.8
Germany	5.4	-2.7	2.7	44.0	0.86	5.8
Greece	-5.8	-0.2	3.4	18.0	0.86	5.8
Italy	1.3	-3.3	3.5	-4.0	0.86	5.8
Netherlands	7.8	-2.4	2.9	31.0	0.86	5.8
Spain	2.8	-3.2	3.2	28.0	0.86	5.8
Czech Republic	1.0	-2.1	4.4	51.0	21.0	10.0
Denmark	12.2	2.1	2.5	40.0	6.42	5.8
Norway	13.6	9.5	4.1	60.0	9.98	7.3
Poland	0.1	-6.7	5.5	9.0	3.66	7.1
Russia	1.8	-2.7	15.2	-122	81.5	17.9
Sweden	6.5	-1.3	2.7	61.0	9.44	9.5
Switzerland	7.4	0.5	0.3	-19.0	0.80	7.5
Turkey	-1.1	-3.4	29.3	163	41.7	-17.8
Australia	-2.1	-1.8	4.4	36.0	1.52	-2.6
Hong Kong	11.1	-5.3	3.1	nil	7.78	-0.1
India	-1.0	-4.4	6.5	-30.0	88.8	-5.4
Indonesia	-1.1	-3.1	6.1	-57.0	16,563	-5.4
Malaysia	1.9	-4.0	3.5	-33.0	4.22	1.7
Pakistan	-1.4	-5.4	12.0 ^{†††}	4.0	282	-1.6
Philippines	-3.3	-5.4	6.0	21.0	58.0	-2.0
Singapore	15.0	0.2	1.9	-104	1.30	0.8
South Korea	3.8	-2.4	3.0	2.0	1,422	-5.7
Taiwan	15.3	0.6	1.4	-17.0	30.6	5.5
Thailand	2.0	-5.8	2.1	-48.0	32.5	3.3
Argentina	-2.4	-0.1	na	na	1,430	-31.9
Brazil	-3.2	-8.1	14.0	180	5.34	3.6
Chile	-1.7	-1.9	5.6	13.0	951	-1.8
Colombia	-2.5	-7.5	11.5	153	3,880	9.1
Mexico	-0.4	-3.8	8.9	-70.0	18.3	5.6
Peru	2.0	-2.5	5.9	-42.0	3.46	7.8
Egypt	-4.0	-7.7	na	na	47.6	2.2
Israel	2.3	-5.1	4.0	-90.0	3.27	15.0
Saudi Arabia	-1.8	-3.3	na	na	3.75	nil
South Africa	-1.2	-4.8	9.1	-14.0	17.2	2.5

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

Markets

In local currency	Index Oct 8th	% change on: one week Dec 31st 2024	
United States S&P 500	6,753.7	0.6	14.8
United States NAS Comp	23,043.4	1.3	19.3
China Shanghai Comp	3,882.8	nil	15.8
China Shenzhen Comp	2,519.4	nil	28.7
Japan Nikkei 225	47,735.0	7.1	19.7
Japan Topix	3,235.7	4.6	16.2
Britain FTSE 100	9,548.9	1.1	16.8
Canada S&PTSX	30,502.0	1.3	23.4
Euro area EURO STOXX 50	5,649.7	1.2	15.4
France CAC 40	8,060.1	1.2	9.2
Germany DAX*	24,597.1	2.0	23.5
Italy FTSE/MIB	43,484.2	0.9	27.2
Netherlands AEX	960.6	1.3	9.3
Spain IBEX 35	15,678.3	0.9	35.2
Poland WIG	108,295.9	1.1	36.1
Russia RTS, \$ terms	989.9	-3.3	10.8
Switzerland SMI	12,648.1	2.3	9.0
Turkey BIST	10,756.3	-4.1	9.4
Australia All Ord.	9,244.8	1.2	9.8
Hong Kong Hang Seng	26,829.5	-0.1	33.7
India BSE	81,773.6	1.0	4.7
Indonesia IDX	8,166.0	1.5	15.3
Malaysia KLSE	1,627.5	0.4	-0.9
Pakistan KSE	165,266.8	-0.2	43.6
Singapore STI	4,456.3	3.1	17.7
South Korea KOSPI	3,549.2	2.7	47.9
Taiwan TWI	27,063.7	4.2	17.5
Thailand SET	1,304.9	2.3	-6.8
Argentina MERV	1,819,464.0	3.1	-28.2
Brazil BVP*	142,145.4	-2.3	18.2
Mexico IPC	60,888.6	-1.7	23.0
Egypt EGX 30	37,376.9	1.7	25.7
Israel TA-125	3,264.7	0.5	34.5
Saudi Arabia Tadawul	11,559.3	0.3	-4.0
South Africa JSE AS	110,970.8	2.1	32.0
World, dev'd MSCI	4,352.2	0.7	17.4
Emerging markets MSCI	1,372.0	1.4	27.6

US corporate bonds, spread over Treasuries

		Dec 31st
	latest	2024
Basis points		
Investment grade	90	95
High-yield	340	324

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

Commodities

The Economist commodity-price index

2020=100	Sep 30th	Oct 7th*	% change on	
			month	year
Dollar Index				
All items	136.1	135.9	-0.3	2.4
Food	144.8	142.0	-4.3	1.8
Industrials				
All	128.8	130.9	3.7	2.9
Non-food agriculturals	126.4	126.8	1.4	-6.1
Metals	129.5	132.0	4.2	5.4
Sterling Index				
All items	129.9	130.0	0.5	-0.2
Euro Index				
All items	132.3	133.2	0.3	-3.7
Gold				
\$ per oz	3,833.9	3,987.0	9.7	52.6
Brent				
\$ per barrel	67.1	65.5	-1.4	-15.1

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

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Obituary

- **Jane Goodall spent her life telling humans to honour animals**

Of chimps and men :: The naturalist and activist died on October 1st, aged 91

Of chimps and men

Jane Goodall spent her life telling humans to honour animals

The naturalist and activist died on October 1st, aged 91

Oct 09, 2025 03:33 PM



THE MOMENT was completely unexpected. It came in 2013, when Jane Goodall was 79, and was helping return a chimpanzee called Wounda to the wild. They had not met before. As Wounda ventured nervously from her cage, she suddenly leapt into her arms to hug and kiss her. Ms Goodall never forgot the warmth of that embrace.

It might have been a thank you from all chimpanzees. She had spent her working life with them, chiefly in the Gombe reserve along Lake Tanganyika, and joys had come thick and fast. Her first sighting of chimps in the wild, swinging and feasting among the fruits in a msulula tree; the

time when, at last, they did not flee from her; the way that her favourite, David Greybeard, gently reached out one day to take a palm nut and hold her hand.

Her most significant sighting, though, came when she noticed David sitting by a termite hill. In his hand was a grass stem, which he poked into the nest to bring out termites to eat. Another time he used a twig from which he had stripped the leaves. In short, he was preparing and using tools.

Until then, making tools was thought to be a defining feature of humans, not other primates. In that one observation the line had got wuzzy, as she liked to say, shaking anthropology in the process. And yet she had no scientific training. She had done a secretarial course rather than university, and she went to Kenya in 1957 mostly because from childhood—heavily influenced by her Tarzan books—she was entranced by the natural world. She told everyone she was going to live in Africa with the animals.

Once there, starting fieldwork at the instigation of Louis Leakey, a paleoanthropologist searching for a common ancestor of both apes and humans, she was in her element. She was seldom happier than when camping alone up on “her” Peak in the densely green reserve with binoculars, a blanket, a kettle and baked beans. Binoculars she often found frustrating. Her notes, however, were so meticulous, and her sojourns with the chimps so intense over more than 25 years, that she became the leading expert on them.

Her naming of the chimpanzees annoyed some scientists. But she could not bear to give them numbers, the accepted procedure. They were individuals, with personalities. There was Goliath, the dominant male until Mike (master of noisy kerosene cans) deposed him; sex-mad Flo, old and balding but, in oestrus, anybody’s; William, scarred and subservient, whom she nursed through a fever; Figan, an adolescent son of Flo’s, jaunty and clever. She recorded every tiniest interaction she saw, every pant-hoot and shriek, and every reaction to her, this strange white ape who nonetheless had a stupendous supply of bananas.

Some things surprised her. The chimpanzees, though mostly fruit-eaters, also ate meat that they hunted themselves. They slept in individual leafy

nests, high in the trees, which they wove afresh every day. After fights, they made gestures of conciliation. They learned quickly to break any sort of lock on the banana boxes. One chimp, Rodolfo, escorted Flo and protected her, without wanting 15-second sex like the other males. Was this love? Not of the romantic, ecstatic human kind, of course. But in ways, perhaps.

She and her own first love, Hugo van Lawick, who had been sent to photograph her work for *National Geographic*, observed many gestures that looked human, with the same meaning: the pat on the back, the clenched fist, tickling, nods. Chimps elsewhere had been trained to use laptops and, when presented with mirrors, recognised the Self rather than the Other. Who knew what they might evolve into, if they were left alone?

But they were not left alone. Their numbers were decimated for the bush-meat trade. On a trip to Gombe in 1990 she was horrified to see that the land outside the reserve had been destroyed. The trees had gone, the soil was sterile and the villagers were struggling to survive. Where humans evidently differed from other primates was in their sophisticated language, which allowed them to express and exchange ideas and plan for the future. This ability should have made them wise stewards of Nature. Sadly, it had not.

As abruptly as, in the 1960s, she had become vegetarian, suddenly horrified that the pork chop on her plate implied fear, pain and death, she now became an activist. Everything was connected, animals, people and land; to protect the precious chimpanzees, or any other species, the land and its people also had to be saved. From then on she gave up direct science in favour of speaking out, telling all who would listen that it was past time to change the world. She often started her talks with a greeting in fluent pant-hooting. But under the fun lay deep shame at what her generation, not excepting herself, had done to Nature.

In 1991 she set up Roots & Shoots, a programme that engaged children in schools to choose projects that would help animals, their neighbours or the land. Her message was simple: each day, each of them should do something to make the world better. Her programme was aimed at the young, because she was especially saddened by the despair she saw among them. The

programme spread to more than 75 countries, and soon she was spending 300 days a year travelling the world to check on progress.

In 2002 she was made a UN messenger of peace. She saw herself more as a messenger of hope. This was one of the salient ways in which humans and chimps remained apart. Hope was contagious; her own would inspire others. And with it came the conviction, from her 20s onwards, that she had been sent to this world with a purpose. In Gombe, she was doing the work she was meant to do. That knowledge brought her a growing sense of calm. Amid the shrieking and hooting all around her, she took time to gaze in awe at the beauty of dappled sunlight through the canopy of trees. It took her out of time, into the mystery of life itself. Hopefully, fearlessly, she knew her next adventure would be dying. ■

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