

# The Economist

Why many blue states are poorly run

Graduates' grim prospects

AI upends the ad business

Can men and women just be friends?

JUNE 21ST-27TH 2025

## How will this end?



# The Economist

[Jun 21st 2025]

- [The world this week](#)
- [Leaders](#)
- [Letters](#)
- [By Invitation](#)
- [Briefing](#)
- [United States](#)
- [The Americas](#)
- [Asia](#)
- [China](#)
- [Middle East & Africa](#)
- [Europe](#)
- [Britain](#)
- [International](#)
- [Business](#)
- [Finance & economics](#)
- [Science & technology](#)
- [Culture](#)
- [Economic & financial indicators](#)
- [Obituary](#)

# The world this week

- [\*\*Politics\*\*](#)
- [\*\*Business\*\*](#)
- [\*\*The weekly cartoon\*\*](#)

The world this week

# Politics

Jun 19, 2025 04:47 PM



Donald Trump called for **Iran's** "[unconditional surrender](#)", as **Israel** continued its bombardment of the country. As Tehran's residents began fleeing the city, Mr Trump publicly toyed with the idea of America joining military action. He also said that America knows the location of Ayatollah Ali Khamenei, Iran's supreme leader, but will not "take him out...for now". Israel's devastating strikes on Iran have killed a number of senior regime officials, including General Mohammad Bagheri, chief of staff of Iran's armed forces. The head of the Islamic Revolutionary Guard Corps and several other high-ranking IRGC commanders were also killed, as were at least nine nuclear scientists. Israel struck ballistic-missile bases, air-defences and nuclear facilities.

The **G7 meeting** in Kananaskis, Canada, issued a statement affirming Israel's right to defend itself in the face of Iranian threats to destroy it. The

G7 called Iran the “principal source of regional instability and terror”, adding that the Islamic Republic must never have a nuclear weapon. Mr Trump left the summit a day early to deal with the crisis.

The Israel Defence Forces is investigating reports by **Gaza’s** civil-defence agency that 51 Palestinians were killed and 200 wounded at a UN World Food Programme aid hub near Khan Younis. The Hamas-run agency did not say how many of the dead were civilians or combatants and blamed Israeli forces. Shootings have taken place almost daily at a number of other new aid-distribution sites run by Israel and American security firms.

**Rwanda** and **Democratic Republic of Congo** agreed on the terms of a peace deal at a meeting in Washington. A formal signing is expected soon. The Trump administration hopes that peace would pave the way for mineral deals. But past deals have usually unravelled.

Some 200 people were killed in armed attacks in north-central **Nigeria**, with thousands more forced to flee their homes. The killings mark the latest escalation of a long-running conflict between farmers and herders. Locals say successive governments have neglected the problem.

A court in **Mali** ordered Barrick’s gold mine to reopen under state control, escalating a dispute between the country’s military rulers and the mining giant. Barrick suspended production in January after the junta blocked shipments from the site and confiscated some of its stockpiled gold.

Following an extensive manhunt a 57-year-old man was arrested and charged with murdering Melissa Hortman, a Democratic representative in **Minnesota’s** state legislature, and her husband, and for carrying out a separate gun attack that wounded a Democratic state senator and his wife. The man was disguised as a policeman when he attacked his victims and had a list of scores of other targets.

### **At least it didn’t rain**

On Donald Trump’s birthday, a **military parade** was held in Washington to celebrate the 250th anniversary of the founding of the army. It was poorly

attended. Spectators may have stayed away because of the threat of trouble. [Hundreds of protests](#) against the president were held across America under the slogan of “No Kings”, a reference to Mr Trump’s monarchical tendencies.

**Russia** carried out more big bombardments of [Ukraine](#), killing at least 28 people in one attack on Kyiv that lasted for hours, during which Russia deployed 440 drones and 32 missiles. One drone destroyed dozens of flats in a residential building. The mayor of Kyiv, Vitali Klitschko, accused Russia of using cluster bombs filled with ball bearings to maximise casualties. Two people were killed in Odessa.

**Volodymyr Zelensky** called on America and Europe to respond, suggesting they were now turning “a blind eye” to Russian brutality. Mr Zelensky had hoped to talk to Mr Trump at the G7 summit, but the American president’s early departure meant there was no meeting. Mr Trump earlier criticised the G7 for kicking Russia out of what was then the G8 in 2014 after it invaded Crimea, suggesting that this is what caused Vladimir Putin to invade Ukraine.

The mayor of Budapest said that the **Hungarian** capital would hold a gay Pride march on June 28th, defying recent legislation from Viktor Orban’s right-wing government that bans the events. The march will be defined as a “municipal” celebration.

In [Spain](#): Pedro Sánchez came under pressure to resign as prime minister after a senior official in his Socialist party stepped down to answer claims in court of awarding public works for kickbacks. At a news conference Mr Sánchez insisted he had been unaware of the alleged corruption.

Cristina Fernández de Kirchner, **Argentina’s** leftist president from 2007 to 2015 and vice-president from 2019 to 2023, was placed under house arrest to serve her six-year sentence for corruption. The Supreme Court recently rejected Ms Fernández’s appeal against her conviction from 2022. A judge decided that as she is 72, she should serve her punishment at home wearing an electronic tag.



In **Thailand** protesters called on Paetongtarn Shinawatra to resign as prime minister following the leak of a phone conversation between her and Hun Sen, **Cambodia's** former strongman, who still wields considerable power. In the call Ms Paetongtarn seemed to dismiss the Thai army's concerns over a border skirmish that has heightened nationalist fervour in both countries. Her government was on the brink of collapse after the second-largest party in the ruling coalition withdrew its support.

The death toll from the **Air India crash** in Ahmedabad rose to at least 270. All but one of the 242 people on board died when the Boeing 787-8 Dreamliner failed to gain altitude after take-off. Around 30 people were also killed when the plane hit a hostel for medical students. There was one survivor, a 40-year-old British national, who pushed through a hole in the fuselage to crawl out of the wreckage. "I still can't believe how I survived," he said.

**Taiwan** announced that it had completed a sea test of the first submarine to be built in the country. The submarine, the first in a fleet of eight, was built with technology from America and elsewhere, using a combat system made by Lockheed Martin. More testing needs to be done but Taiwan hopes to deploy two submarines by 2027.

Lee Jae-myung, **South Korea's** new president, held his first summit with Ishiba Shigeru, **Japan's** prime minister, on the margins of the G7 gathering in Canada. Mr Lee had once called his predecessor, Yoon Suk Yeol, a “puppet” of Japan and described a 2023 summit with Japan as “humiliating”. But he now says that the two countries have an “inseparable” relationship, and are bound together by common security and trade interests.

Britain's Labour government conceded and agreed to hold a national inquiry into **grooming gangs** following a report it had commissioned into “group-based child sexual exploitation”. The report found evidence of a disproportionately large share of Asian men among suspects in local data, and argued that authorities had shied away from looking into the crimes in part because of the ethnicity of perpetrators. The government said that the National Crime Agency would take over hundreds of cold cases.

As part of an amendment to a broader crime bill, MPs in Britain voted to end prosecutions of women for later-term **abortions**. Current rules forbid most terminations after 24 weeks of pregnancy, and doctors and clinics would still be required to abide by those rules. But women who take early abortion pills at home would no longer be investigated by police.

## From Q to C, with love

**MI6**, Britain's foreign-intelligence service, appointed its first-ever woman as chief. [Blaise Metreweli](#), formerly head of Q branch (technology) will be known as “C” from October. Will James Bond bond with his new boss?

---

This article was downloaded by **calibre** from <https://www.economist.com/the-world-this-week/2025/06/19/politics>

**The world this week**

# Business

Jun 19, 2025 01:00 PM



## Brent crude oil price \$ per barrel, 2025



Source: LSEG Workspace

**Oil prices:** jumped in reaction to the war between Israel and Iran, with Brent crude rising to \$77 a barrel, its highest price since early February. Prices tapered off after the International Energy Agency said that global production is expected to outstrip demand this year, which will cause oil inventories to increase. Markets were also jittery about **disruption to shipping** in the Strait of Hormuz. The jamming of ship transponders caused two oil tankers to collide near the strait. Around 1,000 vessels in the area experienced interference with their global-positioning systems from June 12th to 15th, according to Windward, a shipping-technology firm. Persistent GPS jamming is a rising maritime threat, it said.

The state-owned **Abu Dhabi National Oil Company**, better known as ADNOC, led a consortium offering \$19bn to take over **Santos**, an energy exploration company in Australia and a large supplier of natural gas in that country. Santos's board said it was inclined to accept the bid, which if completed will be the biggest-ever takeover of an Australian company.

The **Federal Reserve** maintained its benchmark interest rate at a range of 4.25% to 4.5%. The Fed lowered its estimate of growth in the American economy this year, to 1.4%, and raised its forecast for unemployment. Its “dot plot” still suggests there will be two more rate cuts this year.

Responding to a spike in the yields on long-dated [Japanese government debt](#), the **Bank of Japan** decided to slow the pace of reductions in its [bond-purchase programme](#). This would “allow yields to move more freely under market forces”, explained the bank’s governor, Ueda Kazuo. The central bank left its key interest rate on hold at 0.5%.

The **Bank of England** also kept its main interest rate unchanged, at 4.25%. Figures released a day before the bank’s decision showed Britain’s annual rate of inflation remained stubbornly high in May, at 3.4%.

### **The president’s metal**

Donald Trump approved **Nippon Steel**’s takeover of **US Steel**, closing a deal that had faced uncertainty ever since it was first announced in December 2023. Joe Biden had blocked the acquisition in the last days of his presidency citing national-security concerns, and Mr Trump also initially opposed it. Mr Trump’s order says that those risks will be “adequately mitigated” in the agreement, which gives the American government a “golden share” in US Steel that allows it to veto unfavourable decisions, such as transferring jobs outside America. US Steel will keep its headquarters in Pittsburgh.

The **Paris Air Show**, the biggest such event in the aviation industry, took place against the backdrop of the Air India crash. Rafael, an Israeli defence company, said it would sue the French government, after its booth at the show along with those of other Israeli defence firms were walled off for

displaying what the government described as “offensive” weaponry. Rafael’s systems form part of Israel’s Iron Dome missile shield.

**Kering**, a French luxury-goods company that includes the Gucci, Saint Laurent and McQueen brands in its assets, appointed Luca de Meo to be its new chief executive in the hope of turning round its struggling business. Mr de Meo currently runs [\*\*Renault\*\*](#). The French carmaker’s share price plunged after the announcement of his departure, which comes amid uncertainty in the car industry over the effects of tariffs. At Kering Mr de Meo will replace François-Henri Pinault as CEO. A member of the controlling family, Mr Pinault had held the job for 20 years.

[\*\*Meta\*\*](#) took a 49% stake in **Scale AI**, a startup that specialises in data annotation for artificial intelligence, labelling and tagging data to improve the accuracy of AI. Alexandre Wang, Scale’s founder, will join Meta to help develop its AI efforts. In its race to secure a dominant position in AI, Meta is also offering \$100m to top staff at OpenAI to switch companies, according to Sam Altman, OpenAI’s boss. None of his “best people” had taken the offer, said Mr Altman.

The **Pentagon** gave a \$200m contract to OpenAI to “develop prototype frontier AI capabilities to address critical national-security challenges in both warfighting and enterprise domains”. At the same time OpenAI launched an initiative to provide its services to America’s federal, state and local governments under one umbrella, which includes customising its models for national security.

## **The sword of Damocles**

Andy Jassy, Amazon’s chief executive, wrote a memo to his employees expounding its advances in AI, but also warning staff that some of their jobs would be at risk during the next few years as the technology is rolled out across the company. As Amazon builds ever more **AI agents** “We’ll be able to focus less on rote work and more on thinking strategically,” he said, comparing agents to “teammates”. He urged his workers to “use and experiment with AI whenever you can”.

---

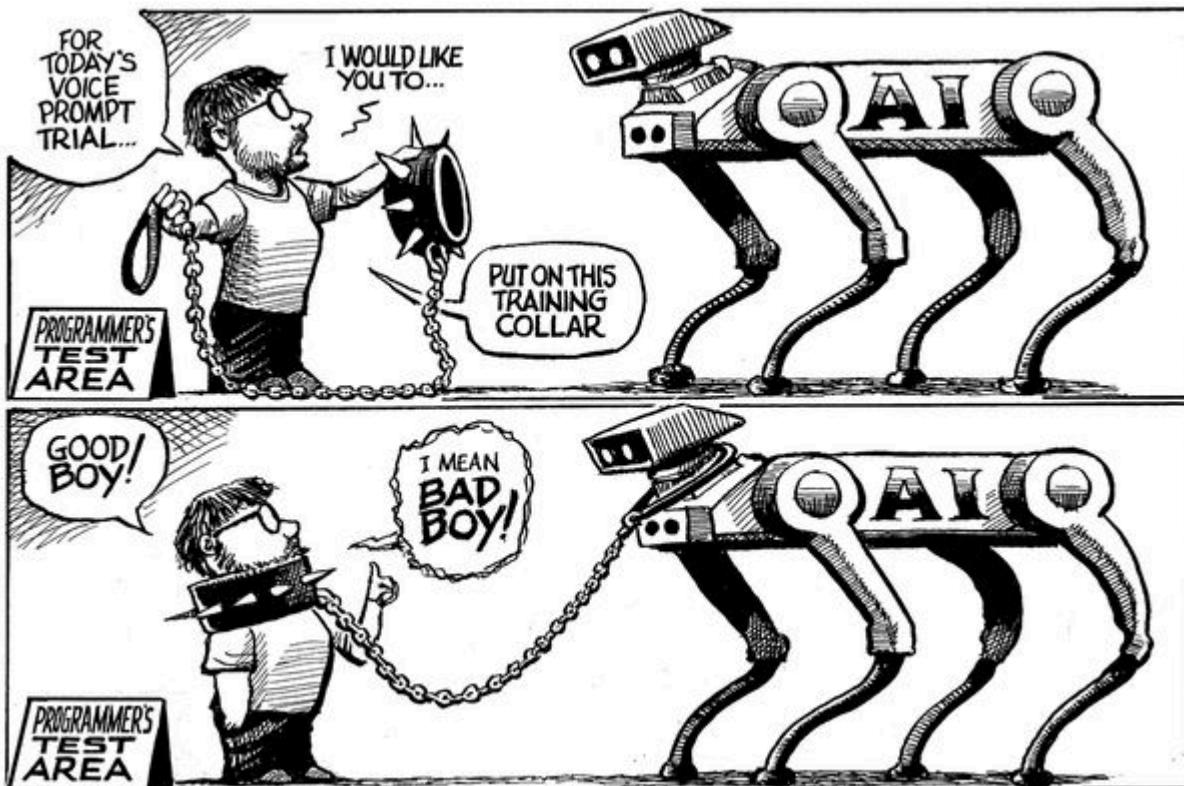
This article was downloaded by **calibre** from <https://www.economist.com/the-world-this-week/2025/06/19/business>

| [Section menu](#) | [Main menu](#) |

The world this week

# The weekly cartoon

Jun 19, 2025 02:39 PM



Dig deeper into the subject of this week's cartoon

[How to find the smartest AI](#)

[How to keep AI models on the straight and narrow](#)

[Regulators are focusing on real AI risks over theoretical ones. Good](#)

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

| [Section menu](#) | [Main menu](#) |

# Leaders

- **Where will the Iran-Israel war end?**  
Conflict in the Middle East :: In a worse place if Donald Trump rushes in
- **To keep Russia out and America in, NATO must spend more**  
A new “Pug” test :: European members need a hard date to boost their defence budgets
- **Japan’s government bonds: this time it won’t end well**  
A fiscal fable :: Even as interest costs mount, politicians promise handouts
- **Why MAGA’s pro-natalist plans are ill-conceived**  
Baby brain :: Efforts to deliver a baby boom either fail or cost a fortune
- **What the “cockroaches” of the ad world teach about dealing with AI**  
Computers v creatives :: A rosé-soaked meeting in Cannes is like a postcard from the future

**Conflict in the Middle East**

# Where will the Iran-Israel war end?

*In a worse place if Donald Trump rushes in*

Jun 19, 2025 02:52 PM



IN THE 20 months since Hamas massacred almost 1,200 people, Israel has fought in Gaza, Lebanon, Syria and Yemen. On June 13th, when Israeli aircraft struck Iran, it became clear that these campaigns waged against Iranian clients and proxies have all been leading to today's momentous confrontation between the Jewish state and the Islamic Republic.

The Iran-Israel war will reshape the Middle East, just as Arab-Israeli wars did between 1948 and 1973. As President Donald Trump teeters between talking to Iran and sending American aircraft and missiles to bomb it, the question is whether this first Iran-Israel war will also be the last, thereby creating space for a new regional realignment built on economic development. Or will it lead to a series of Iran-Israel wars that mire the Middle East in years, if not decades, of further violence?

Israeli minds are focused on the looming threat of a nuclear-armed Iran. Israel claims that it acted now because Iran has been racing towards a bomb, under the cover of arms talks with America. Western intelligence agencies are less sure. Either way, a nuclear Iran could abuse its neighbours with impunity, much as Vladimir Putin has Ukraine. It could also spark an atomic arms race in the Middle East and beyond.

### **More on the war between Israel and Iran:**

- [Israel's blitz on Iran is fraught with uncertainty:](#)
- [America's huge bunker-busting bomb is not sure to work in Iran](#)
- [Trump draws ever closer to strikes on Iran](#)

A nuclear-armed Iran would therefore be a disaster for Israel and the world. Mr Trump's desire to stop it is a welcome signal to would-be proliferators across the planet that they should abandon their ambitions.

However, Binyamin Netanyahu, Israel's prime minister, faces a grave problem. To remove the threat, he must destroy Iran's wherewithal to make a bomb or he must eliminate its desire to acquire one. War with Iran is unlikely to achieve either of those things. Even if Israel wrecks Iran's infrastructure, thereby postponing the day when it might complete a weapon, it cannot eradicate the know-how accumulated over decades. And far from eliminating the [Iranian regime's desire to go nuclear:](#), Israeli strikes are likely to redouble it.

Mr Netanyahu's solution is to encourage Iranians to rise up and topple the Islamic Republic. He calculates that a new regime is likely to be less tyrannical, less bellicose and less wedded to a nuclear programme. But Israel can only create conditions that favour a change of regime; it cannot

impose a coup from the skies. Besides, nobody knows how willing a new government would actually be to make peace with Israel or to abandon nuclear dreams which, after all, began with the shah.

The conclusion is that the only thing under Israel's direct control is to buy time, by setting back Iran's technical capacity to get a bomb. If, in a few years, Iran renewed its nuclear programme, Israel would have to mount another operation all over again. The barriers to success would surely grow.

What is to be done? The G7, meeting in Canada, called for de-escalation and there are reports that Iran wants to negotiate. Diplomacy, if it worked, would indeed be the best way to solve this problem. In contrast to war, it could both lead to the dismantling of the programme and also, by building confidence, reduce Iran's incentive to dash for a bomb. That is why Mr Trump's decision in 2018 to walk out of an imperfect arms agreement with Iran was a terrible blunder.

In practice, however, a deal will be very hard to reach. For it to be credible, Iran must agree to give up every ounce of highly enriched uranium, submit to intrusive inspections and forgo all but a token enrichment capacity. Would the regime in Tehran ever accept such humiliating terms as a precondition? Only, if at all, if it fears for its survival. Perhaps sensing that, Mr Trump has demanded Iran's "unconditional surrender", issuing threats that have caused residents to flee Tehran.

The best way to apply pressure to Iran, hawks suggest, would be to leave negotiations for later—and for America instead to shift from merely defending Israel and deterring Iran to joining the attack on Iran's programme. This has advantages, too. America's bunker-busting bombs are much more likely than Israel's to penetrate key nuclear facilities such as Fordow, in central Iran. Iran might talk sooner, because it would know that America has the resources to strike it long after Israel's stocks of guided munitions start to run out.

Yet for Mr Trump to enter the fray would be a huge gamble. He was elected to keep America out of wars in the Middle East. Even if he intends to hit nuclear targets and nothing else, America could be sucked in. So far Iran has focused all its strike-power on Israel, but it may be saving missiles for a

regional assault. It may also have terror cells around the world. Imagine that it now starts to kill American troops and civilians, or that it sends energy prices soaring by blasting Saudi Arabia's oil industry or blocking the Strait of Hormuz, a vital waterway for oil and gas tankers. Or perhaps it will hit tower blocks in Dubai or Qatar, beginning a stampede of the expatriates who power their economies. Mr Trump would have to retaliate.

Where does that leave America? Fordow is important, but even if it is destroyed Mr Trump cannot be sure of eradicating Iran's programme once and for all. Secret facilities and stocks of uranium might survive; know-how definitely would. If Iran is not to go nuclear, America might therefore have to go to war in the Middle East repeatedly—forcing it to choose between non-proliferation and giving full attention to its rivalry with China. Sooner or later, America will come to realise that talks offer the least bad path and that the refusal of Mr Netanyahu to countenance them is an obstacle.

## Centrifugal forces

So Mr Trump faces a trade-off. By doing more damage than Israel could alone, America could set the clock back further. Its participation might also increase the chances that the regime enters talks in earnest or collapses. But those gains are uncertain and must be weighed against the risk of a regional conflagration. In a shifting landscape, better for the king of ambiguity to wait to see how far Israel's campaign gets, whether the Iranian regime is willing to talk and to gauge whether American intervention could tip the balance. ■

*For subscribers only: to see how we design each week's cover, sign up to our weekly [Cover Story newsletter](#).*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/leaders/2025/06/19/where-will-the-iran-israel-war-end>

A new “Pug” test

# To keep Russia out and America in, NATO must spend more

*European members need a hard date to boost their defence budgets*

Jun 19, 2025 02:52 PM



THE FIRST head of NATO, Hastings “Pug” Ismay, reputedly said the alliance’s purpose was to “keep the Soviet Union out, the Americans in and the Germans down”. Today, no one wants to keep the Germans down. But as NATO’s 32 members gather in The Hague on June 24th, most agree that the still-essential task of keeping the Russians out requires keeping the Americans in. And that is no longer straightforward.

At one point the summit was in danger of being scrapped. In February President Donald Trump, along with his vice-president, J.D. Vance, and his defence secretary, Pete Hegseth, launched a series of verbal attacks on

America's European allies, culminating in the humiliation of Ukraine's president, Volodymyr Zelensky, whom Mr Trump threw out of the White House. Vladimir Putin was doubtless delighted. NATO suddenly looked more vulnerable than ever before in its 76-year history.

Relations have been mended since then. America has quietly continued intelligence-sharing and modest arms shipments to Ukraine. The rhetorical attacks on allies have dried up. Mr Trump, having given up on his campaign promise to end the war in Ukraine in a single day, is no longer pressing Mr Zelensky to accept terms that would amount to surrender. Mr Trump is still likely at some point to pull out some of the 80,000 American troops stationed in Europe; yet he has gone quiet about it.

The president is right that it makes no sense for 340m Americans to carry the main burden of defending 600m Europeans. Europe's economy is about as large as America's. The nation threatening it has only 140m people and a GDP smaller than Italy's. Russia is Europe's problem, and the surest way to ensure that America continues to help out with the things that only it can provide, such as heavy-lift aircraft and intelligence-gathering, is for Europe to be seen to be [paying its fair share for its own defence](#).

At the summit, European governments will take a step in this direction. Mark Rutte, who now heads NATO, appears to have secured agreement from its members to raise their target for defence spending from 2% of GDP to an impressive 3.5%, which is even more than America spends. On top of that, there will be an agreement to commit an additional 1.5% of GDP to defence-related categories, such as infrastructure (strengthened bridges and roads for carrying heavy equipment, etc); better cyber-security; and support for defence industries. A headline figure of 5% will be something for Mr Trump to crow about, which matters.

Commitments are one thing; fulfilling them is another. The 2% target was agreed to in 2014, but it took pressure from Mr Trump in his first term—and the shock of Mr Putin's full-scale invasion of Ukraine—for Europeans to take it seriously. Even now, France and Germany barely spend 2%; Italy and Spain spend far less.

Mr Rutte's task is to secure a hard date for the new spending target of 3.5% of GDP. Early chatter suggests it may be as far off as 2035. Since Russia is already gearing up for the next conflict after Ukraine, this is rash; 2030 would be more prudent. Even better would be a series of interim targets, as with curbing carbon emissions. None of this will be easy. Gung-ho countries like France and Britain face huge budgetary constraints; Germany, which can afford to act, has a history of reluctance to rearm. Italy is both reluctant and broke.

Raw numbers, anyway, are only part of the puzzle. The money needs to be spent wisely, avoiding duplication and with a good portion allocated to innovative kit and training to give the alliance an edge over Russia's mass armies (and extraordinary tolerance for casualties). But you can't do anything without money. If it is to pass an updated version of Pug Ismay's test, NATO needs to up its game—starting next week. ■

*Subscribers to The Economist can sign up to our [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/leaders/2025/06/19/to-keep-russia-out-and-america-in-nato-must-spend-more>

**A fiscal fable**

# Japan's government bonds: this time it won't end well

*Even as interest costs mount, politicians promise handouts*

Jun 19, 2025 12:58 PM



**FOR YEARS** Japan was a reassuring example for governments. Even as its net public debt peaked at 162% of GDP in 2020, it suffered no budget crisis. Instead it enjoyed rock-bottom interest rates, including borrowing for 30 years at 0.1%. Now, though, Japan is going from comfort to cautionary tale.

Government-bond yields have risen steadily since 2022 and have surged this year. Interest payments gobble up a tenth of the central government's budget. The central bank is paying out 0.4% of GDP in interest on the mountains of cash it created during years of monetary stimulus—costs that

eventually land on taxpayers. Investors are starting to ask if Japan might be vulnerable to a fiscal crisis after all. They are watching especially closely because Japan's bond market has lately acted as a bellwether for sovereign debt across the rich world.

The good news is that a crash is not imminent. Japanese bond yields have risen in part because inflation is up, meaning the government can still borrow over most horizons and repay less, in real terms, than it raises. High inflation has already helped shrink the net debt to around 135% of GDP. Even at Japan's paltry rate of growth, only modest belt-tightening is needed to keep the ratio stable.

The bad news, though, is that politicians are going in the wrong direction. Ahead of an election to the upper house of parliament, which is due by the end of July, they are locked in a bidding war to shower voters with handouts.

Voters are eager to be bribed, since inflation has squeezed household incomes. Real wages are down by about 4% since 2019. And the price of rice, the politically sacred Japanese staple, has doubled since the start of 2024, as regulations and tariffs have stopped fresh sources of supply from responding to shortages caused by bad harvests.

The main opposition parties want to help stretched households by suspending the 8% consumption tax on food. Others want to halve or abolish the overall 10% rate of tax to help with the cost of living. The government is rightly resisting calls for tax cuts which, though supposedly temporary, could be hard to reverse. But the prime minister, Ishiba Shigeru, has yielded to temptation in other ways. He promises giveaways to households worth ¥20,000 (\$139) per person, and twice that for children and low earners, at a cost of about 0.5% of GDP.

It is a worrying sign for an indebted country which, like most of the rich world, faces [immense fiscal pressure](#). On plausible assumptions about future bond yields, the IMF reckons that interest payments could double as a share of GDP by 2030. Moreover, Japan will need to boost its defence spending as America's commitment to its allies frays. In the face of these pressures, politicians could have eased the cost of living with structural

reforms—such as deregulating the rice market. Instead, they are reaching for handouts, fiscal consequences be damned.

Although politicians hope to help households, it is households that will suffer if Japan's public finances become riskier. Any dove will tell you that only 12% of the country's debt is held by foreigners, which makes a run on government bonds less likely. But local ownership is a double-edged sword. It means that any fiscal crisis would mostly hurt Japanese people, who would, in all likelihood, have to endure prolonged and destabilising inflation if public debt became unsustainable. Japanese households are particularly exposed to falls in the purchasing power of the yen. About half of their financial wealth is in bank deposits, compared with about a third in the EU and only 10% in America.

## **Debt, Japanese style**

Japan could face more market pressure in the coming months. The central bank is reducing its purchases of government bonds, depriving the market of an important buyer. If inflation proves more persistent than expected, the Bank of Japan might have to raise interest rates faster and higher, worsening the fiscal picture. Donald Trump's protectionism could dent the country's economic growth. If Mr Ishiba loosens the purse-strings, a credit-rating downgrade is possible. Japan was once the ultimate demonstration of bond-market placidity. Now it is the first place to look for the start of trouble. ■

*Subscribers to The Economist can sign up to our [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/leaders/2025/06/19/japans-government-bonds-this-time-it-wont-end-well>

Baby brain

# Why MAGA's pro-natalist plans are ill-conceived

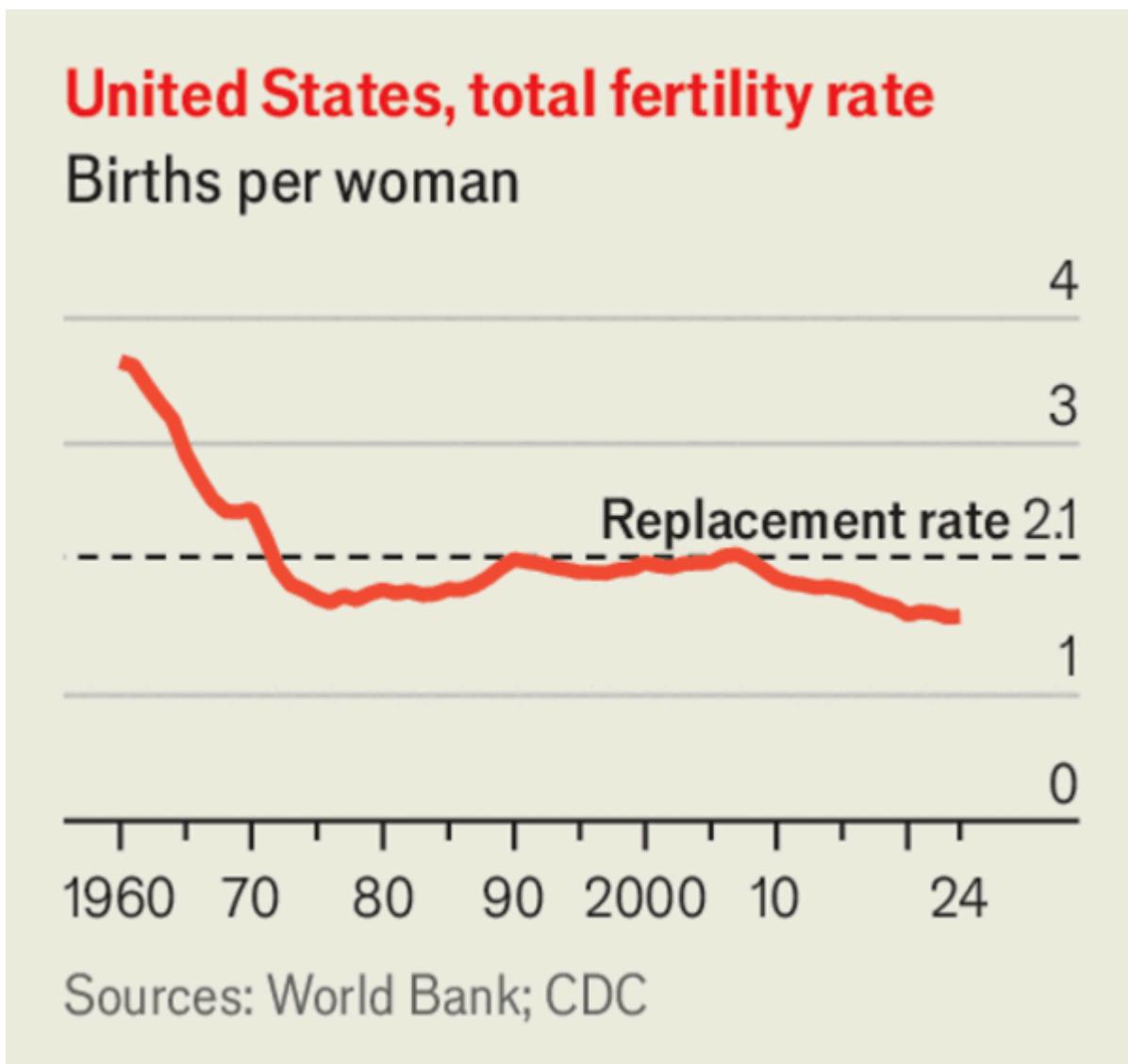
*Efforts to deliver a baby boom either fail or cost a fortune*

Jun 19, 2025 02:52 PM



AMERICA'S POLITICIANS have babies on the brain. In February President Donald Trump told officials to make IVF cheaper. Even without its procreator-in-chief, Elon Musk, the White House is thought to be working on a bigger package of pro-natalist policies. Vice-President J.D. Vance is keen. Mr Trump says he favours a \$5,000 handout for new parents. In Britain, meanwhile, Nigel Farage, the leader of Reform UK, a MAGA-ish opposition party, has proposed tax breaks and benefits to encourage women to have more children.

Politicians have long feared the fiscal consequences of an ageing population, with too few young workers supporting legions of pensioners. Governments in places with very low birth rates, such as Japan and South Korea, have spent billions trying to reverse the decline, with little success. The new pro-natalist policies of the transatlantic right differ from older ones in that they are more targeted at working-class women, whose fertility rate has fallen the most. That might make them a bit more effective. But not at a reasonable cost, or without creating perverse incentives.



Previous attempts to deliver a baby boom have either failed or been eye-wateringly expensive, relative to the number of extra births they deliver. Hungary's prime minister, Viktor Orban, started a big pro-natal push in

2011, and has since given parents everything from tax breaks and cash handouts to free child care. These policies cost a staggering 5.5% of the country's GDP annually—more than almost any government will spend on an ageing population in any year between now and 2050. In February mothers of two were promised a lifelong exemption from income tax.

Hungary's fertility rate rose to 1.6 children per woman in 2018, from 1.2 in 2011, making it a poster child for populist pro-natalists everywhere. However, it has since dipped, suggesting handouts encouraged some mums not to have more babies, but to have the same number sooner. Other countries, including Japan, Norway and Poland, have tried tax breaks, handouts, maternity leave, subsidised child care and even state-sponsored dating, to little effect. Such policies mostly soften the blow to the finances and career prospects of professional women from having children, without persuading them to have more.

Like Mr Orbán, both Mr Farage and Mr Vance see pro-natalism as a way to boost the native population over the immigrants they so dislike. However, they would not spend as lavishly as Hungary, and they would focus the cash more narrowly on poorer parents. Mr Farage would scrap a cap on benefits, which stops families claiming benefits for more than two children, and boost the threshold below which earnings are exempt from income tax for one half of a married couple. Mr Trump's handouts would be a bigger relief for poor households than rich ones.

Underpinning these policies is an assumption that poorer women are more likely to respond to incentives to have more children. Indeed, their fertility rates do seem more elastic than those of professional women. Whereas the fertility rates of older, college-educated women have remained fairly steady over the past six decades, most of the collapse in fertility in America and Britain since 1980 stems from younger and poorer women having fewer children, particularly from unplanned pregnancies. In 1994 the average age of a first-time American mother without a university degree was 20. Today, about two-thirds of women without degrees in their 20s have never given birth. Mr Trump's and Mr Farage's policies might therefore lead to more babies being born than the approaches of places like Norway, which focus on offering child care, a benefit that professional women tend to take up.

However, it is implausible that any policies will change a country's demographic trajectory at a less-than-extortionate price tag. The state should help poor families because they need help, not because it wants them to have more children. There is no evidence that working-class women in America currently have fewer offspring than they actually want. Nor is it obvious that encouraging them to procreate would yield a better society. The period of falling fertility rates and fewer teenage pregnancies coincided with more girls staying in school and going to university, which improved their prospects in all kinds of ways. A pro-natal policy generous enough to work might encourage them to drop out of education earlier, reversing some of those gains. All in all, best to leave family planning to families. ■

*Subscribers to The Economist can sign up to our [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/leaders/2025/06/19/why-magas-pro-natalist-plans-are-ill-conceived>

| [Section menu](#) | [Main menu](#) |

Computers v creatives

# What the “cockroaches” of the ad world teach about dealing with AI

*A rosé-soaked meeting in Cannes is like a postcard from the future*

Jun 19, 2025 02:52 PM



WHEN ADVERTISING executives describe themselves as cockroaches, they are not being self-deprecating. Admen have shown a remarkable ability to survive what look like extinction-level events. Copywriters adapted to radio in the 1920s; artists embraced TV in the 1950s. Agencies clung on in the early 2000s as ads moved online. This week, in the face of another [technological revolution](#), the admen steadfastly held their annual jamboree on the French Riviera.

The latest upheaval, brought by artificial intelligence (AI), is testing the cockroaches as never before. Advertising is one of the sectors most

radically affected by AI so far. As such, adland offers a postcard from the future for other industries. Three lessons stand out.

The first is that the moat between human workers and chatbot rivals is narrower than most people think. Creative work is often seen as immune from automation. Large language models (LLMs) are designed to predict the most likely answer, which is often the opposite of the most original one. The best ads remain too weird and wonderful for any machine to have dreamt up: consider the campaign that attached step-counters to chickens to advertise free-range eggs.

Yet this week in Cannes TikTok, Meta, Google and other ad platforms showed off AI-powered features that can create passable video or rewrite ad copy at the click of a button. Their output will not win any awards. That does not matter. Most of the \$1trn that is spent on ads each year goes towards workmanlike campaigns, rather than Cannes trophy-bait. Sam Altman's prediction that AI will one day be able to do 95% of marketing may sound like boosterism for his firm, OpenAI. But the inspired human-made content that people present as a counter-argument is firmly within the remaining 5%. Robots will content themselves with the rest.

Another lesson is that the biggest companies have the most to gain. This runs counter to a popular narrative, that AI will democratise skills and intelligence. It is true that the new tools from Meta and co will allow millions of micro-businesses to produce video ads of a quality that was once out of their reach, and translate text into several languages. Global campaigns can now be launched online for hundreds of dollars; TV-worthy commercials are being put together for a few thousand.

But take a step back and it is clear that the serious money is being made by the giants. The selling of ads was already becoming more concentrated: four tech firms that accounted for a third of the global ad market five years ago now account for half of it. And America's biggest companies are ramping up their AI investment at a faster rate than the rest. No wonder: AI requires computing muscle and large data sets, both of which are expensive. Whereas human intelligence is more or less randomly distributed, the artificial kind can be bought. Rather than democratise access to intelligence, AI may allow the richest to hoard it.

The last lesson from adland is that AI's spread will have unpredictable consequences. Some advertisers are shifting their budgets from TV to the humble outdoor billboard. Why? In part because AI has made it possible to infer from vast data sets whether consumers who saw the ad bought the product, allowing marketers to measure the campaign's effectiveness rather than guess at it. Another unexpected winner is old-school public relations. As consumers switch from search-engines to chatbots, brands need to persuade LLMs to speak highly of them. The most effective way to do that is to influence the sources that the model pays most attention to, such as news articles. In the AI age, high-tech "search-engine optimisation" may be less effective than offline schmoozing (or so, at least, marketers can insist when presenting their post-Cannes expenses claims).

Adland is an outlier in important ways. Ad spending is highly cyclical, so the industry has benefited more than most from the AI-fuelled boom of recent years. The big tech firms that are active in ads also happen to be leaders in AI, and have used ads to test their newest products. And not everyone has the admen's knack for survival. But the rest of the business world should pay attention to the cockroaches of Cannes. The revolution in adland is a taste of what is to come. ■

*Subscribers to The Economist can sign up to our [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/leaders/2025/06/19/what-the-cockroaches-of-the-ad-world-teach-about-dealing-with-ai>

# Letters

- **Reforming the NHS**

A selection of correspondence :: Also this week, education in Vietnam, management crises, the decline of rhyme

---

A selection of correspondence

# Reforming the NHS

*Also this week, education in Vietnam, management crises, the decline of rhyme*

Jun 19, 2025 12:59 PM



Letters are welcome via e-mail to [letters@economist.com](mailto:letters@economist.com)  
[Find out more](#) about how we process your letter

---

## Health litigation is global

Your article on [Britain's National Health Service](#) causally connected health-care litigation costs to the general woes that have accumulated over the past 15 years of cutbacks: long waiting lists, long emergency-department waits, and poor public satisfaction ("From envy of the world to national embarrassment", May 31st). However, you didn't appreciate the global

nature of error in health care, highlighted by reports from the OECD in 2020 and 2022 that recognise that the costs that flow from litigation are not uniquely an NHS phenomenon, nor are they easily related to international differences in health-care funding or organisation. A failure to understand the complex causes of health-care mistakes is a barrier to learning how best to reduce the harm and the costs from that harm.

The annual amount of £5.1bn (\$6.8bn) spent on resolving harm in the NHS is too much when set against a yearly budget of £188.5bn, and we have long argued that adopting the safety-management systems of “high reliability organisations” (used, for example, by the aviation and railway industries) is a way forward. No country has error-free health care or can afford to be smug about having lower costs from health-care harm.

John Reynard  
Consultant urological surgeon  
Oxford University Hospitals NHS Trust

An all-out digital transformation of the NHS (“Intensive care”, May 31st) is yet [another distraction from improving the efficiency of the service](#), especially of medical staff. IT initiatives have resulted in doctors undertaking the duties of secretaries, ward clerks and clinic co-ordinators, and added extra time to simple tasks such as requesting tests and writing prescriptions. This cognitive overload is a big reason for medical staff leaving the profession. In my own 40-year experience in the NHS, 30 as a consultant, I have witnessed a 50% reduction in the number of patients who can be seen in a clinic because of these ill-considered and time-consuming IT interventions.

The focus of digitisation of the NHS has been to relieve the workload of the administrative staff. Until it relieves the workload of the medical staff, no progress will be made.

Dr Richard Motley  
*Cardiff*

---

**Spreading higher education**

I agree that an inflection point on Vietnam's economy has been reached ("Dawn or dusk?", May 24th). But [industrial investors in Vietnam underline one issue](#). Land and basic labour are reasonably low-cost outside Hanoi and Ho Chi Minh City, but mid-level managers such as accountants and operations managers are basically not available in these areas, nor do they command good salaries.

For good reason, such talent cannot be induced to move to the countryside. So unless tertiary education is strengthened and more evenly distributed throughout the country, Vietnam's ambition of becoming an industrial powerhouse will remain a dream.

Dr Christian Kober  
Vindelici Advisors  
*Shanghai*

---



### **How not to lose your head**

Bartleby's (May 31st) [three principles when managers face a crisis](#) of plan, decentralise and prioritise were firmly embedded a quarter of a century ago in the work of Karl Weick and Kathleen Sutcliffe, which emerged from

their empirical research on a multitude of organisations, including defence forces, hospitals and first responders.

They listed five principles (which some have expanded to seven): expect failure; be sensitive to what is happening—someone is paying attention—and do not wait for directions from headquarters; do not simplify and take nothing for granted; organise to expect challenge and change—help others and expect to be helped by others; and maintain a deference to expertise.

These principles constantly stand the test of time, if only in retrospect, when failing organisations discover them afresh.

J.M. Innes  
*Adelaide, Australia*

---

### Poets' corner

“Feeling averse” (May 31st) charted [the decline of rhyme in modern poetry](#). You focused mainly on printed modern poetry. True, if I had to read another poem by T.S. Eliot I would skip to the last line as well. But for much of recorded history, poetry was, and continues to be, recited or performed.

The earliest extant rhymes from China were recorded in the Classic of Poetry, a collection of folk songs and court rhapsodies. The Chinese poetic tradition evolved beyond rhapsody and poetry to include lyrics and arias. Although poetry did not always require rhyming, metre and rhythm mattered. The Epic of Gilgamesh, Odyssey, Ramayana, Beowulf and Divine Comedy were not novels, but epic poems with complex metrical schemes. These poems were often recited and transmitted as part of an oral tradition.

Poetry should be read aloud and heard, and experienced as part of a “lyric culture”. If understood in this more expansive sense, poetry is very much alive in genres ranging from country to rap, and from spoken word to opera. Granted, rhyming on the printed page is in decline. But poetry is more than roses and rhymes or line breaks and social media.

Poetry exists in so far as we readers are capable of recognising and appreciating the poetic as such. We learn to appreciate irony and erudition or shade, but our capacity for the poetic could use more cultivation. Without poetry, life would be prosaic. (As I am currently on sabbatical, further questions should be directed to professors in the Tortured Poets Department.)

Christopher Tong  
Associate professor  
University of Maryland  
*Baltimore*

Thank you for the brilliant piece on modern poetry. Your cheeky irreverence tackled a literary pet peeve of mine. Poetry can be summarised as follows: words with neither rhyme nor reason, complaints about them should be legion, an excuse for bad prose, invariably morose, they're practically literary treason.

Vijetha Huffman  
*Arlington, Virginia*

Lambic pentameter was fine for Shakespeare, but Ogden Nash also deserves mention for this “limick”:

Two nudists of Dover,  
Being purple all over,  
Were munched by a cow  
When mistaken for clover.

Tom Hone  
*Arlington, Virginia*

The result from asking ChatGPT to write a poem is not just bad but also filled with rhymes, which seem to be the chatbot’s sole criterion for defining poetry. Given rhyme’s disappearance from contemporary English poems, it’s amusing how the “technology of the 21st century” clings to such an unfashionable literary device. As ChatGPT puts it: “Though modern verse may shift with time, I simply cannot quit the rhyme.”

James Hill-Jiang  
*New York*

Before I read I thought I knew  
that Slough does sound like though or through.  
I did learn and do know now  
that Brits pronounce the name as Slough.

Richard Stumpf  
*Rockville, Maryland*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/letters/2025/06/19/reforming-the-nhs>

| [Section menu](#) | [Main menu](#) |

## By Invitation

- **For Trump, both action and inaction in Iran have consequences, says Karim Sadjadpour**

War in the Middle East :: The president's strategy has been transformed by Israeli persistence and Iranian defiance

---

War in the Middle East

# For Trump, both action and inaction in Iran have consequences, says Karim Sadjadpour

*The president's strategy has been transformed by Israeli persistence and Iranian defiance*

Jun 19, 2025 02:15 PM



IRAN HAS an uncanny way of hijacking American presidencies. The 1979 Iranian revolution and subsequent hostage crisis ended Jimmy Carter's presidency. The Iran-contra affair tainted Ronald Reagan's presidency. Iranian machinations in post-war Iraq corroded George W. Bush's presidency. The October 7th attacks on Israel by Hamas, a member of Iran's axis of resistance, triggered a brutal war that subsumed Joe Biden's

presidency. Donald Trump may have envisioned a second term spent striking deals to resolve wars, but the Iran-Israel war could suck him in, too.

The tragedy of this war is that Iran and Israel are unnatural enemies. In contrast to other modern conflicts—between Israel and Palestine, Russia and Ukraine, China and Taiwan—the two countries have no direct land or resources disputes. Nor do they harbour ancient animosities; Jews and Persians have an affinity that stretches back more than two millennia. Their national strengths are more complementary than competitive: Iran is big in energy, while Israel is a trailblazer in tech.

Yet since its inception the Islamic Republic has chanted “Death to Israel” and spent decades seeking to eradicate the Jewish state. Now Israel seems to be pursuing the end of the Islamic Republic. Their two leaders—75-year-old Binyamin Netanyahu, Israel’s prime minister, and 86-year-old Ayatollah Ali Khamenei, Iran’s supreme leader—are embroiled in a death-match which both men view as existential.

Since Israel’s opening salvo in the early hours of June 13th it has launched hundreds of attacks on Iranian military and nuclear outposts, killed dozens of Iranian senior military commanders and nuclear scientists, and established aerial dominance over the skies of Tehran. Many Iranians initially applauded the precision attacks against their oppressors. But the continued bombardment of civilian areas has thus far bred fear, not political rebellion.

Iran has responded by firing over 350 missiles at Israel—perhaps a third of its stockpile—killing dozens of Israeli civilians and injuring hundreds. Yet this is a war that Iran cannot win. Though it is 75 times Israel’s size, in virtually every respect—militarily, financially, technologically and diplomatically—it is outmatched.

For Mr Netanyahu, whereas Israel’s war in Gaza has been internally divisive and internationally condemned, Israel’s war against Iran is internally unifying and internationally tolerated. Mr Netanyahu’s urgency to act stemmed from three motivations: Iran’s nuclear programme inching towards weaponisation, the need to strike before Iran rebuilt its air-defence systems that Israel destroyed last autumn, and, most importantly, the Israeli

leader's concern that Mr Trump might strike a deal limiting, but not eliminating, Iran's nuclear capabilities.

Despite Israel's remarkable tactical victories, military invasions and revolutions are commonly judged by what they spawn, not what they destroy. In this context, the two biggest questions are what happens to the stability of the Iranian regime, and what happens to its subterranean nuclear-enrichment facility in Fordow, which is buried half a mile underground. This is where Mr Trump enters the picture.

It is only America, with its stealth bombers equipped with 30,000-pound bunker-busting bombs, that has the capacity to destroy Fordow. Despite Mr Trump's hopes for a diplomatic deal with Iran and his opposition to "stupid wars", Israel's early successes have compelled the American president to associate himself with the war, including issuing online threats to have Mr Khamenei killed and seek his unconditional surrender. Mr Trump now confronts what could be the most consequential decision of his presidency: whether to enter the war and bomb Fordow.

Both action and inaction will have consequences. If the war concludes with both Fordow and the Islamic Republic intact, it would be logical for the regime to seek nuclear weapons. A revanchist Islamic Republic with nuclear weapons would be far more menacing to America, Israel and the wider Middle East than the current regime.

If, on the other hand, America drops a 30,000-pound bomb on a nuclear facility, it may have profound and unforeseen consequences. These known unknowns could range from environmental contamination to Iran unleashing its weapons arsenal against Israel, regional oil infrastructure and global trade. Furthermore, the political fallout in Iran and the long-term impact on America's global reputation could be felt for decades.

While Mr Trump faces the most consequential choice of his presidency, Mr Khamenei finds himself in the most precarious position of all. The octogenarian's physical and cognitive limitations undermine his ability to lead a high-tech military, intelligence and financial battle. Like Iraq's Saddam Hussein two decades ago, he faces a dire choice: whatever he decides could be fatal for him and his regime. Agreeing to "surrender

unconditionally”, as Mr Trump has urged, would bring devastating internal humiliation. Choosing to resist would lead to bombs on his nuclear sites—and, quite possibly, his bunker.

Mr Trump entered office claiming that he could resolve the world’s thorniest diplomatic challenges—Ukraine, Gaza, Iran’s nuclear programme—in 24 hours. As recently as last month, in a speech in Riyadh, he ridiculed the Middle East policies of past American administrations, arguing that they “wrecked far more nations than they built”. But a combination of Mr Netanyahu’s persistence and Mr Khamenei’s defiance transformed Mr Trump’s Iran strategy in ways that may have a huge impact on his presidency, as well as on the Middle East for decades to come. ■

*Karim Sadjadpour is a senior fellow at the Carnegie Endowment for International Peace.*

---

This article was downloaded by **calibre** from <https://www.economist.com/by-invitation/2025/06/18/for-trump-both-action-and-inaction-in-iran-have-consequences-says-karim-sadjadpour>

# Briefing

- **Israel's blitz on Iran is fraught with uncertainty**

Decisive attack, unknown result :: Much hinges on the stubborn supreme leader and America's mercurial president

- **Israel's race to kill Iran's nuclear dream**

Target acquired :: If it fails the regime could make a frantic dash for a bomb

- **Will Iran's hated regime implode?**

Inside the Islamic Republic :: Trump calls for Tehran to "immediately evacuate"

**Decisive attack, unknown result**

# Israel's blitz on Iran is fraught with uncertainty

*Much hinges on the stubborn supreme leader and America's mercurial president*

Jun 19, 2025 02:52 PM | DUBAI and JERUSALEM



JUST OVER a month ago, Donald Trump was in Saudi Arabia denouncing “interventionists” who tried to reshape the Middle East. The president decided not to stop in Israel on his way back home, a sign of his strained relationship with the Israeli prime minister, Binyamin Netanyahu, who was also facing a series of political crises at home. Instead Mr Trump was eager to negotiate with Iran, which he hoped would become a “really successful” country. He shared a video of a top adviser to Ali Khamenei, Iran’s supreme leader, proposing a deal over its nuclear-weapons programme.

Those feel like scenes from a different world. Israel went to war with Iran on June 13th, a decision that will reshape the Middle East. A week later Mr Netanyahu is riding high, overseeing a campaign that he has dreamed of for decades. Mr Trump seems to have forgotten his qualms about intervention. He may send American troops to join the fighting; he has called for Iran's "unconditional surrender". As for Mr Khamenei, he is in hiding. The adviser in the video, Ali Shamkhani, was the target of an Israeli assassination attempt and is either dead or grievously wounded.

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

Israel said it decided on war after it picked up intelligence that Iran had "accelerated significantly" towards building a nuclear weapon. It has not substantiated that claim in public. It has shared intelligence with allies, not all of whom are convinced. There is no doubt that Iran had enriched 400kg of uranium to 60% purity, a short hop from weapons-grade, a figure reported by the International Atomic Energy Agency (IAEA), the UN's nuclear watchdog. America's spies also believe that Iran was researching other aspects of bomb-making. But they are sceptical that Iran was as close to building one as Israel posits.

The debate now feels almost academic. The die is cast. Israel is halfway through what Mr Netanyahu has described as a two-week campaign. But the war may expand before it ends and it may not end on schedule. Three factors will shape what happens next: how long Israel and Iran can keep up a costly long-range war; whether Mr Trump orders America into the fray; and if Mr Khamenei will agree to concessions to save his imperilled regime.

## Rapid ascent

Since the war began before dawn on June 13th Israel has assassinated Iran's top generals and nuclear scientists, obliterated air defences in the west of the country and bombed various nuclear sites. It has [not yet damaged Iran's main nuclear facility at Fordow](#), however, which is dug into the side of a mountain, too deep for Israeli ordnance to reach. That is where it hopes to enlist American help.

More than 500 people have been killed in Israeli strikes, authorities say, many of them civilians. Motorways out of Tehran have been clogged with traffic as residents flee. Petrol stations are rationing fuel.

Iran has retaliated with daily barrages of ballistic missiles aimed mostly at Tel Aviv and Haifa, two of Israel's biggest cities. The projectiles have sent Israelis running to bomb shelters every few hours. Most have been shot down by Israeli and American air defences, or missed their targets and landed in deserted spots. A few dozen have got through, however; at least 24 Israelis have been killed.

## Cruising

Still, Israeli officials say the first week has gone largely to plan. The attacks on nuclear sites and assassinations of scientists make it impossible for Iran to build a bomb quickly. At home, the damage from Iranian missile strikes has been less than anticipated. The second week of fighting will probably see Israel attack Fordow, with or without America.

At some point, both Israel and Iran will need to look for a way to stop. Theirs is a curious sort of war: their capitals are 1,500km apart and they do not share a border. A jet that takes off from Israel crosses two other countries before it reaches Iran's airspace. Neither side can sustain a long-distance air war indefinitely. "It's almost impossible to decisively win," says Amos Yadlin, a former Israeli general.

Before the conflict began, Iran was thought to have around 2,000 ballistic missiles with the range to hit Israel. It has fired around 400 of those; the Israel Defence Forces (IDF) reckons it has destroyed a roughly equal number in air strikes. That still leaves Iran with a sizeable stockpile, stashed underground in deep tunnels. But its salvos have been shrinking, from more than 150 on the night of June 13th to just 30 six days later.

It may be rationing missiles for fear of a long conflict. More likely, though, is that it is struggling to launch them. Its missile bases are under constant threat from Israeli jets and drones. As a mobile launcher prepares to fire, it is vulnerable. The IDF says it has already hit around 120 of them, a third of

the total. “The total collapse of Iranian air defences means Iran cannot manoeuvre effectively,” says Decker Eveleth of CNA, an American think-tank. Iran does have other weapons in its arsenal. But Israel has so far shot down all of the drones launched from Iran. Cruise missiles, which fly lower and slower than their ballistic brethren, are easier to parry as well.

Ballistic missiles have wrecked lots of buildings in Tel Aviv, knocked out an oil refinery in Haifa and damaged army bases. They have not caused anywhere near the sort of destruction that might hinder Israel’s war effort or compel it to stop fighting. Still, every night is a test of nerves.

The war is also a fiscal millstone. Since October 7th 2023, when Hamas, a Palestinian militant group, massacred nearly 1,200 people, Israel has spent an estimated 300bn shekels (\$85bn) fighting various wars. That was before the campaign against Iran. An Israeli economist who advises the government estimates that the jet fuel and munitions being used to attack Iran cost 1bn shekels a day. Each interceptor launched by Arrow, Israel’s ballistic-missile-defence system, costs around \$3m, and the IDF usually fires more than one for every approaching missile. Israel’s stockpiles of such interceptors are also limited, although hundreds more have been manufactured in recent months.

Concern about a long war is one reason why Israel is so eager for American help. Until last November, it was hard to imagine an American president even giving Israel the green light for a war against Iran—let alone joining it. Barack Obama barred an Israeli strike in his first term. He went on to negotiate a nuclear deal with Iran during his second, which made it impossible for Israel to act unilaterally. Joe Biden urged restraint after two rounds of Iranian ballistic-missile attacks on Israel last year.

At first it seemed as if Mr Trump would do the same. He campaigned on a promise to end America’s “endless wars” in the Middle East. In April he dispatched Steve Witkoff, his personal envoy, for the first of what would be five rounds of negotiations with Iran. The president sounded optimistic as recently as late May, when he hailed a “very, very good” round of talks with Abbas Araghchi, Iran’s foreign minister.

By early June, though, Mr Trump's tone had changed. He started to suspect that Iran was stalling for time and unwilling to make concessions. Still, Mr Witkoff had scheduled a sixth round of talks for June 15th. But behind the scenes, Mr Netanyahu and hawks in America were urging Mr Trump to give Israel a green light. He did so days before the war began, although he seemed to have reservations about it.

Mr Trump's concerns seem to have evaporated on the morning of June 13th, however, when he woke up to the news that Israel's first round of strikes had been a success. He quickly embraced the war plan as his own. For a president enamoured of quick wins, the idea of joining Israel and striking Fordow no doubt looks appealing.



### Fires tracker, to June 19th 2025

- Possible strike\*
- Other fires
- Military, nuclear & industrial sites



\*Fire at strategic site with no fires detected in nine days before June 13th

Sources: NASA; Institute for the Study of War; AEI's Critical Threats Project; *The Economist*

But it may be more complicated than Mr Trump thinks. For a start, America may have to do more than conduct a handful of sorties. Iran has spent decades anticipating a war in the Persian Gulf. It has air-defence batteries and missile bases along its southern coast, many of which remain unscathed, since Israel has concentrated its efforts in western Iran. Iran's naval forces have trained to use fast-attack boats, anti-ship missiles and mines to target both American warships and commercial vessels. America would probably need to destroy some of this, to protect both its own aircraft and its allies in the region.

Then there is the question of how Iran might retaliate. It would almost certainly tap its proxies. Militias in Iraq have already threatened to attack the American embassy in Baghdad and American troops elsewhere in the country. The Houthis, a Shia militia in Yemen, could resume attacks on commercial shipping in the Red Sea.

A more serious escalation would be for Iran itself to attack its neighbours across the Gulf. It could fire at the American naval base in Bahrain, home to its Fifth Fleet, or at al-Udeid air base in Qatar. Or it could attack the Gulf states directly, firing missiles and drones at Saudi oilfields, for example, as it did in 2019. It could also blockade the Strait of Hormuz, through which 20% of the world's oil supply passes.

Some of this would be self-defeating. Attacks on Gulf countries would poison Iran's relations with its neighbours and might prompt them to retaliate. Blockading the strait would upset China, which imports almost all of Iran's crude oil. It would also disrupt Iranian imports, particularly of petrol: though it is a big oil producer, its ageing refineries struggle to meet domestic demand. Still, the regime could try it anyway, hoping that mayhem in the Gulf would force countries like Saudi Arabia and the United Arab Emirates (UAE) to beg Mr Trump for a ceasefire.



Iran has no answer

Arab diplomats have already urged an end to the war. European diplomats were quick to call for “de-escalation” too. That would satisfy Iran: Mr Araghchi has told foreign diplomats that his country is willing to accept an immediate ceasefire.

But it is a non-starter for Israel, which spent years planning for war and refuses to stop prematurely. It is working its way through a so-called “target bank”: after bombing Iran’s air defences and some of its nuclear sites, it has moved on to factories that produce centrifuges, which are used to enrich uranium, and missiles. The question is what happens when Israel runs out of targets. “Israel can achieve tangible results within a few days,” says Mr Yadlin. “But for that we need also a diplomatic exit strategy, and Mr Netanyahu hasn’t been adept at devising one of those.”

### **Target lost**

Mr Trump’s intentions are uncertain. On June 18th he told reporters, “Nobody knows what I’m going to do.” The day before, he said he was after something “better than a ceasefire”. As ever, his comments are Delphic: do they suggest America plans to join the war? Or that it wants a more comprehensive effort at diplomacy?

His supporters would prefer the latter. A poll from *The Economist* and YouGov released on June 17th found that 60% of Americans were opposed to joining the conflict between Israel and Iran, with just 16% in favour. The figures were similarly lopsided among respondents who voted for Mr Trump last year: 53% no, 19% yes.

If Mr Trump opts for diplomacy, he will want something more restrictive than the Joint Comprehensive Plan of Action (JCPOA), the deal Mr Obama struck with Iran to curb its nuclear programme. At a minimum, Israel and America would expect Iran to forswear domestic enrichment of uranium. Before the war Mr Witkoff proposed establishing a regional consortium to refine the stuff. It might have included Saudi Arabia, which is keen to build nuclear reactors; the UAE, which already has four; and Iran. But Iran balked at the idea, insisting that it would keep its own enrichment facilities. The proposal will be back on the table in any future negotiations.

This is not the first time America has sought a zero-enrichment deal. Mr Obama called for one too, early in his presidency, but Iran refused to even discuss the idea. He eventually settled on a deal that allowed Iran to enrich uranium to 3.67%, the level needed for nuclear power, with limits on its stockpiles of both uranium and centrifuges. Iran may now have to be more flexible. Faced with a military threat, the regime has two goals. It wants to preserve some semblance of a nuclear programme, which it views as a long-term insurance policy. It also wants to survive—to end the war before it is too weak to retain power.

Eventually those goals could come into conflict. At the end of the Iran-Iraq war in 1988 Ruhollah Khomeini, Iran's first supreme leader, likened accepting the ceasefire agreement to drinking from a poisoned chalice. His successor may have to choose between two cups: "one that risks the regime's collapse in the short term, and another that could endanger it in the longer term", argues Raz Zimmt of Israel's Institute for National Security Studies.

What if the regime refuses to concede? Mr Khamenei is stubborn at the best of times and many Iranians question the 86-year-old's decision-making prowess, especially now that he has lost some of his closest advisers. One possibility is that Israel, and perhaps America, try to overthrow him.

Toppling the regime is not an official aim of the war. But some of the targets Israel has struck, like the state broadcaster, seem intended to destabilise. [The regime is tenacious](#); however, and what would follow it is uncertain.

“There’s no endgame for Israel unless it draws in the US or unless the regime falls,” says a Western diplomat. “Both are big gambles.” Then again, perhaps Mr Netanyahu does not feel he needs an endgame. If the war ends after two weeks, and with no nuclear pact, Iran will still be at its weakest in almost 40 years. Its missile programme and air defences are in tatters. Its nuclear project has already been set back five to six months, even if Fordow remains intact.

Perhaps more important, the legitimacy of the Islamic Republic is shot: even conservatives are furious that the regime has failed so badly to protect the homeland. It may survive the war, but it will hardly be stable in the weeks and months that follow. And what happens next may not be Israel’s immediate concern. Being 1,500km away has its advantages.

Countries closer to Iran are more nervous. Officials in the Gulf fret about a range of bad outcomes. Iran could splinter, with ethnic separatists causing trouble near its borders with Iraq, Pakistan and Turkey. Or the clerical regime could give way to a military one, which might be tempted to make a clandestine dash for a nuclear bomb in order to deter future attacks. In the first scenario, Iran would come to resemble Libya; in the second it would be North Korea. Neither is an appealing choice for its neighbours.

There are more optimistic scenarios, too. Mr Khamenei is old and unpopular; one way or another, he will not be in power for long. His decades-long effort to bring Iran to the nuclear threshold, protected by a ring of proxies, has ended in disaster. His successor might sensibly decide to chart a different, less confrontational and ideological course. But as with so much else in this conflict, there are no guarantees. ■

*Stay on top of our defence and international security coverage with [The War Room](#), our weekly subscriber-only newsletter.*

[uncertainty](#)

| [Section menu](#) | [Main menu](#) |

**Target acquired**

# Israel's race to kill Iran's nuclear dream

*If it fails the regime could make a frantic dash for a bomb*

Jun 19, 2025 12:57 PM



ISRAEL'S FEARSOME bombing campaign has brought Iran to its knees militarily. It has killed lots of its most senior generals and wiped out much of its air defences. Israeli aircraft are now free to conduct daylight raids over Tehran, the capital. On June 16th the Israel Defence Forces (IDF) said that it had destroyed more than 120 of Iran's ballistic-missile launchers, about a third of the total. Iran is still [firing ballistic missiles](#) at Israel, and these are killing Israelis. But the salvos, already less intense than those seen in clashes between Israel and Iran in April and October, have been getting smaller.

The damage to Iran's nuclear-weapons programme, however, has not been as sweeping, even though hobbling it was ostensibly the main aim of the war, along with destroying Iran's missile force. Israel has attacked facilities at Natanz, where Iran has an underground enrichment plant. This consists of centrifuges that spin uranium gas to separate out the particular isotope needed to build a nuclear bomb. On June 16th Rafael Grossi, the director-general of the International Atomic Energy Agency (IAEA), a UN watchdog, suggested that all 14,000 centrifuges at the site were "severely damaged if not destroyed altogether".

### **More on the war between Israel and Iran:**

- [Will Iran's hated regime implode?](#)
- [Trump's three excruciating choices on Iran](#)
- [Tracking the Israel-Iran war](#)

Enriching uranium in centrifuges is just one part of building a nuclear weapon. First uranium needs to be turned into a gas (usually uranium hexafluoride) that can be enriched. After enrichment it has to be converted back into a solid that will be used in the core of a bomb. On the first day of the war Israel bombed two facilities in Isfahan involved in these last steps, a uranium-conversion facility and a plant making fuel-plates, which initiate the implosion of the core when a bomb explodes. Israel has also bombed a site at Parchin that was used to simulate implosions and on June 19th struck an inactive reactor at Arak.

Israel has also killed at least 14 scientists involved in its nuclear programme, as well as many of the senior officials who oversaw their work. It has bombed the headquarters of the SPND, the agency that led Iran's nuclear work, in Tehran. And it has attacked several other sites in the capital, including those that allegedly made chemicals and "unique components" needed for a bomb.

All this is a significant setback to Iran's nuclear programme. But there is a catch. Iran's most important enrichment facility, buried under a mountain at Fordow, near the city of Qom, appears to be unscathed. Iranian officials have said it was attacked, but the IAEA says that there is no sign of damage. The facility is so deeply buried that Israel would struggle to

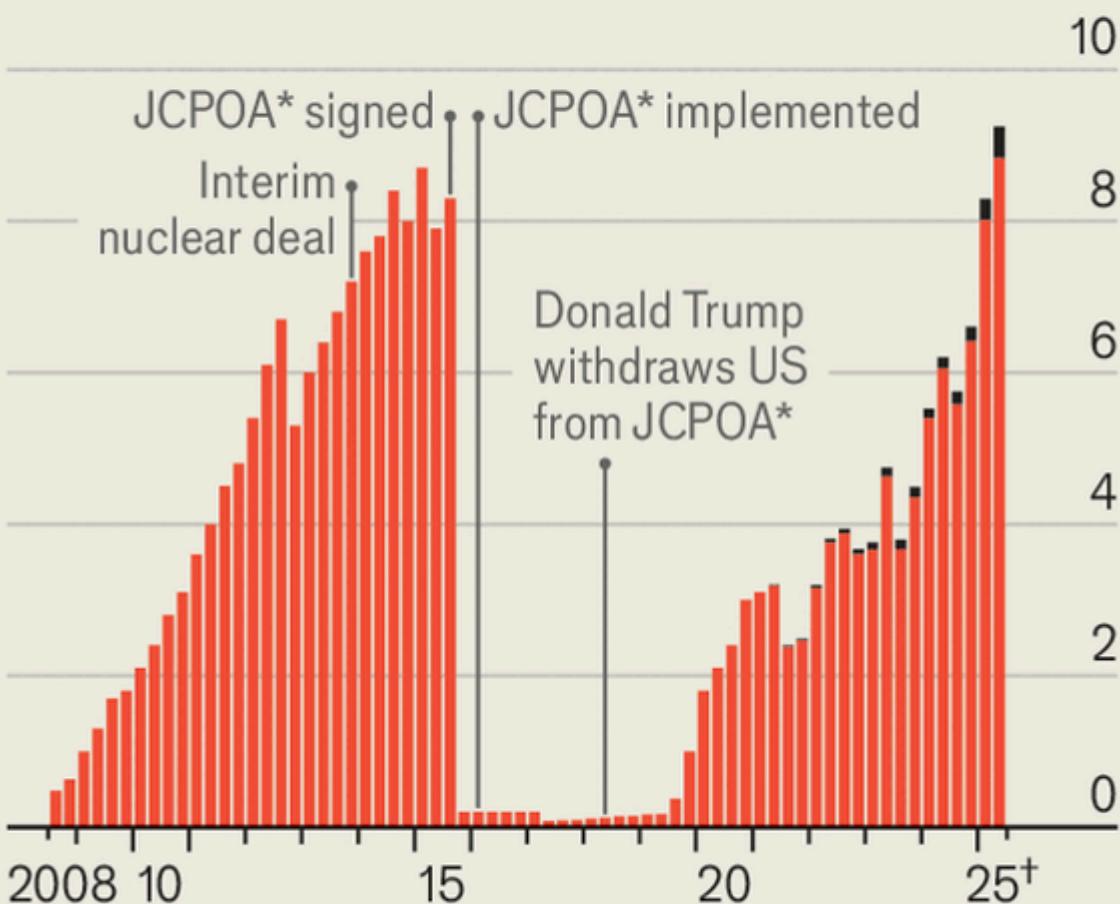
destroy its underground halls with conventional bombs, though it might attempt to destroy it from within by putting troops on the ground if Iranian defences in the area could be softened up enough. On top of that, there is also no sign that Israel has attacked another, more recent, and perhaps even more deeply buried facility south of Natanz, known as Mt Kolang Gaz La.

Iran claims it had moved equipment and nuclear material out of Natanz before it was attacked. Mr Grossi said on June 18th that he could no longer say for sure whether Iran's uranium stockpile remained at Isfahan. On June 14th Iran declared it had stopped co-operating with the IAEA "as before", and would not tell the agency of "new and special measures to protect nuclear materials and equipment".

## Back on the brink

Iran, uranium stockpile, tonnes

Level of enrichment: ■ Up to 20% ■ 21-60%



\*Joint Comprehensive Plan of Action †To May 17th

Source: IAEA

Iran has enriched enough uranium to 60% purity to make ten bombs (see chart). Although this needs to be further enriched, to 90% purity, Iran in theory could do that in three days using the centrifuges at Fordow. If it judged that it was too risky to do this at a known site, it could attempt the process elsewhere. In fact, *The Economist* has learned, Israeli spies believe

that Iran has some enriched uranium hidden away, unknown to the IAEA—one of the reasons it initiated its bombing campaign.

But Israeli officers remain sanguine. They say they know where the highly enriched uranium (HEU) stockpile is. Israel has demonstrated that it has remarkable intelligence about Iran's armed forces, so moving centrifuges and nuclear material around the country would be risky for Iran.

Where does this leave Iran's nuclear-weapons programme? Once the bombing stops—and assuming that the regime, or some version of it, remains standing—how long would it take to reconstitute? That depends in part on whether Israel (or America) ends up damaging Fordow, where Iran has a number of presumably undamaged centrifuges, and destroying the HEU stockpile, which is thought to be in Isfahan. If Iran could move those machines and the uranium to secret sites after the war, it could produce the fissile material for a bomb in short order.

The snag is that turning enriched uranium hexafluoride back into solid metal would require the sorts of facilities that Israel has destroyed. If Fordow and the HEU stocks do go up in smoke, and if Iran has not previously hidden away some centrifuges, then Iran will also have to build new machines to enrich uranium. But on June 18th Israel announced that it had also bombed facilities where centrifuge parts, such as rotors, are made.

In theory, building new plants would take months, not years. But many of the necessary components would have to be imported. Western intelligence agencies have often tracked and disrupted Iran's nuclear programme by monitoring and intercepting such purchases. They are likely to redouble such efforts after the war. What is also unclear is how much nuclear know-how Iran has lost over the past week through the killing of scientists and the destruction of papers and laboratories. Training new personnel and repeating experiments would also take time; doing so in secret would be harder still. And there may not be so many enthusiastic recruits.

## **Two-stage mission**

Israel's military planners draw a distinction between stopping Iran from actually assembling a bomb, which they believe it was getting close to doing before their bombing campaign began, and setting back its nuclear-weapons programme by years, which is a much more complicated task. The first goal has largely been achieved, they believe, by the strikes they have carried out against nuclear facilities and SPND labs and offices, as well as the assassinations of scientists. The second will be possible only if Fordow and any other enrichment sites are destroyed, along with the stockpile of HEU. In short, although notable progress has been made, the main aim of Israel's bombing campaign has yet to be achieved. ■

---

This article was downloaded by **calibre** from  
<https://www.economist.com/briefing/2025/06/16/israels-race-to-kill-irans-nuclear-dream>

| [Section menu](#) | [Main menu](#) |

---

Inside the Islamic Republic

# Will Iran's hated regime implode?

*Trump calls for Tehran to “immediately evacuate”*

Jun 19, 2025 01:00 PM



IRAN'S REGIME is often described as decaying, corrupt, bankrupt and despised by its citizens. Is it about to collapse? Israel's shock-and-awe campaign [continues relentlessly](#): on June 16th it said it had "full air supremacy over Tehran". On June 17th President Donald Trump called for Tehran to "immediately evacuate" and cars have already been streaming out of the city in recent days. Its shops are shuttered. On social media some Iranians have celebrated the assassination of their generals with emojis of barbequed meat. The humiliation illuminates the failure of the regime's military strategy and, some hope, may trigger an uprising or a coup d'état, in turn creating chaos or national renewal. Yet Iran's default is to defy its aggressors, not to capitulate. And an extended war with large civilian casualties could act to rally public opinion in an intensely nationalistic

country, allowing the regime to survive and redouble its efforts to race for a bomb.

Iran's internal weakness has encouraged attacks before. Some 45 years ago, amid its post-revolutionary disarray, Saddam Hussein, Iraq's president, started the Iran-Iraq war. It lasted eight years and killed hundreds of thousands. Far from weakening the Iranian regime it strengthened its leadership and the grip of the Islamic Revolutionary Guard Corps (IRGC), the regime's political militia. Israel's prime minister, [Binyamin Netanyahu](#), wants Iranians to rise up. "The time has come for the Iranian people to unite around its flag," he has proclaimed. His operation, "Rising Lion", has evoked the pre-revolutionary flag of the Shah and the Persian symbol of kingship in its centre. Iran International, a satellite channel in London, beamed his appeal into people's homes.

### **More on the war between Israel and Iran:**

- [The Israel-Iran war is now a brutal test of staying power](#)
- [Trump's three excruciating choices on Iran](#)
- [Tracking the Israel-Iran war](#)

The chasm between Iran's rulers and ruled is as great now as it was when Iranians toppled the Shah in 1979. Israel's dazzling assault has left Iran's leaders reeling and exposed their incompetence. Despite warnings, they were not prepared—"a paper cat", mocks a stockbroker. In Israel missile attacks are met with sirens and instructions for people to seek shelter. Iranians get no such warnings. Israel's success in assassinating the regime's commanders in their bedrooms could only have happened with the help of insiders at the highest level, revealing the extent of disloyalty. Cronyism and paranoia course through the regime's core. Some liken the stench of decay to that of the effete Qajars, who were unseated when Reza Pahlavi, then an army officer, staged a coup, founded a new dynasty and set Iran on a course of modernisation exactly a century ago.



The authorities are trying to calm nerves with a business-as-usual approach. Street parades to mark the feast of Eid al-Ghadeer, which began on June 14th, have taken place as usual. Yet there are plenty of signs of dissent. After the initial strikes a few people draped themselves in the Israeli flag, passing around celebratory cakes. Young Iranians have derided the dead generals as “enemies of the people” for killing some 500 protesters who in 2022 called for freedom from their rulers’ religious constraints. Israel’s killing on June 13th of Amir Ali Hajizadeh, the air-force chief, prompted cheers online; he never apologised for his role in shooting down a passenger jet full of Iranian students in 2020. Reflecting its desperation, the government has restricted access to social media countrywide.

Mr Netanyahu seems to be following the template used to cripple Hizbullah, an Iranian-backed militia in Lebanon, in 2024. After eliminating Iran’s military command, he may now turn to its political leadership. The resulting power vacuum, some Israelis hope, could lead to an internal struggle among competing factions of regime insiders, spiralling regional fragmentation or even a popular revolt in Iran’s big cities, the scene of periodic large-scale protests, most recently in 2023.

The trouble with this prognosis is that after the initial shock of what one observer called Iran’s “Pearl Harbour moment”, the regime has recovered

some of its poise. Within 18 hours of the first strikes, a new tier of commanders had fired hundreds of missiles at Israel's cities, though the numbers have been decreasing each day. To ordinary people the appeal of an uprising has limits. Several times in the past two decades Iranians have tried, only to be beaten back: the regime might be weak, but its people are weaker. The protest movement lacks a leader or a common agenda. Older generations cling to the mantras of death to enemies and the Shia ideology of martyrdom in the face of external aggression. If Israel's strikes inflict a greater humanitarian toll by, say, cutting off Tehran's water or power in the stifling summer, the mood among younger rebels could turn. A rising civilian death toll may trigger patriotism. "Iran's independence should not be sacrificed because of hatred of the Islamic Republic," Ali Afshari, a student who led protests against the regime, said after a second day of attacks.

If the protesters lack coherence, Ayatollah Ali Khamenei, Iran's supreme leader (pictured above), has recently tried to shore up his own ranks. Rivalries between hardliners and reformists had threatened to split his regime, but a year ago he [orchestrated the election](#) of Masoud Pezeshkian, a reformist physician, as president. Decisions to relax the veil, embrace negotiations with America and seek investment from it brought some reformists back on board. This month one of the most ardent, Faezeh Hashemi Rafsanjani, the daughter of an ex-president and political prisoner, endorsed Mr Khamenei's son, Mojtaba, as his successor. She likened him to Saudi Arabia's autocratic moderniser Muhammad bin Salman.

Mr Khamenei's recent sermons have been chilling. "We will show them no mercy," he said of Israel on June 13th, referring to the "evil, despicable, terrorist Zionist identity". But he also has hinted that whoever or whatever might replace him could make things worse. His successors might abandon his fatwa against nuclear weapons that has prevented Iran from breakout, warn his advisers. A different leader, a military commander or a monarch, might rush to a bomb and wave the nationalist card. After all, it was the Shah who pushed forward Iran's nuclear programme in the 1970s. Mr Khamenei suggests that his exit could spark violent struggles between the regime's competing clusters of clerics, democratic reformists and the armed forces. Separatists might resurface in Kurdish and Azeri provinces, as after

the fall of the Shah. A civil war is possible, as in Syria and Iraq, a prospect that terrifies many Iranians.

All this means that the mockery of the regime that followed Israel's opening salvo is turning to fear for the country. Iranians share anonymous maps online of Tehran's neighbourhoods slated for evacuation ahead of an Israeli attack. "It feels like we're the only ones left," says a carer after Israel struck the state broadcasting station close to her home. The authorities have begun rationing petrol. With no clear alternative leadership and ever more fearful, Iranians increasingly wonder if they are better off sticking with what they have. Yet an entrenched regime with nothing to lose could pose an even greater threat to its foes, neighbours and citizens. ■

***Editor's note:*** this story has been updated with Mr Trump's call for Tehran to be evacuated

*Sign up to the [Middle East Dispatch](#), a weekly newsletter that keeps you in the loop on a fascinating, complex and consequential part of the world.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/briefing/2025/06/16/will-irans-hated-regime-implode>

| [Section menu](#) | [Main menu](#) |

# United States

- **Democrats could do a lot better with the power they hold**  
The other half :: More than half of Americans live in states with Democratic governors. Many are poorly run
- **Congestion pricing in Manhattan is a predictable success**  
It tolls for thee :: So why on earth did it take so long to start?
- **The attacks in Minnesota reflect a worrying trend**  
Voting and shooting :: Threats are increasing—and state legislators are particularly vulnerable
- **The strange history of the tribe courted by Donald Trump**  
The Lumbee :: North Carolina's Lumbee look to the president in their battle with the Cherokee
- **Our model suggests President Trump is under water in every swing state**  
Presidential disapproval :: American voters are having a hard time working out what they really want
- **The New York mayor's race is a study in Democratic Party dysfunction**  
Lexington :: A party with a bad reputation for local governance shows few signs of turning that round

The other half

# Democrats could do a lot better with the power they hold

*More than half of Americans live in states with Democratic governors. Many are poorly run*

Jun 19, 2025 02:52 PM | CHICAGO, NEW YORK AND SAN FRANCISCO



THE VIDEO of Brad Lander getting slammed against a wall and arrested by federal immigration agents shocked New Yorkers, who are not easily shocked. On June 17th the mild-mannered city comptroller had been attempting to escort a migrant through a federal building in Manhattan as agents tried to detain the man. “It’s bullshit,” said Kathy Hochul, the Democratic governor of New York, of Mr Lander’s arrest. It came a week before a [crowded Democratic primary](#): for New York City mayor, in which the city comptroller is a candidate. The arrest may well help his campaign, but it marked yet another skirmish over immigration with Donald Trump’s

administration. It is just the latest escalation in a confrontation with cities and states that did not vote for the president, on a topic where the public supports him most.

Mr Trump's administration has tried to withhold funding from some states whose governors, like Janet Mills of Maine, have personally annoyed him. He is now promising to target ICE raids primarily at Democratic cities like New York, Los Angeles and Chicago. Democratic voters clearly want their rudderless party to resist Mr Trump but, beyond getting arrested, it is not clear how they should proceed.

One answer would be to provide a credible alternative of strong government in the places they control. Democrats may be out of power in Washington, but just over half of Americans live in states with Democratic governors. All but three of the country's 30 largest cities have Democratic mayors. Last year Mr Trump's vote share in big cities surged—in Chicago it nearly doubled, from 15% in 2020 to 22%; in New York City it went from 23% to 30%. That reflects frustration with Democratic governance, and with a surge of migrants who arrived during Joe Biden's presidency, putting pressure on cities. The best rebuke to the president would be for Democrats to make the places they govern work.

In each of the big cities in states run by Democrats the problems are similar. The cost of living is enormous, in large part thanks to housing shortages built up over decades. Taxes are high, and yet services are often poor. Infrastructure is shoddy. Politics often seems to be more about sharing the loot between special-interest groups than about serving the public. Federal stimulus, in the form of covid-19 relief money, is running out, and few places have worked out how to replace it. And this is all before the problems that Mr Trump's vengeance campaign may create.

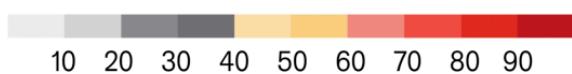
One encouraging change is that a number of mayors realise how serious the problem is and are determined to make changes. "Families flee San Francisco for three reasons," says Daniel Lurie, San Francisco's reformist mayor: "safety, affordability and our public schools". Mr Lurie, a philanthropist who was elected last year, is one of a clutch of centrist Democrats determined to break with the party's traditional clientalist

politics. The list includes Mike Johnston, the mayor of Denver; Mike Duggan, the mayor of Detroit; and a few others.

The biggest problem Democratic cities face is that high taxes and a high cost of living have not correlated with excellent services. In San Francisco the city government spends \$1.1bn per year tackling homelessness and yet has a homelessness rate 12 times the national average. In Chicago total spending on schools passed \$34,000 per pupil last year, compared with a national average of \$20,000, but scores in reading and mathematics have plunged over the past decade. These costs have been inflated by keeping open near-empty schools that nobody wants to close for political reasons. The city's schools have roughly 50% more capacity than needed. In New York cities and the state collect around \$13,000 per person in local taxes, almost twice the average state.

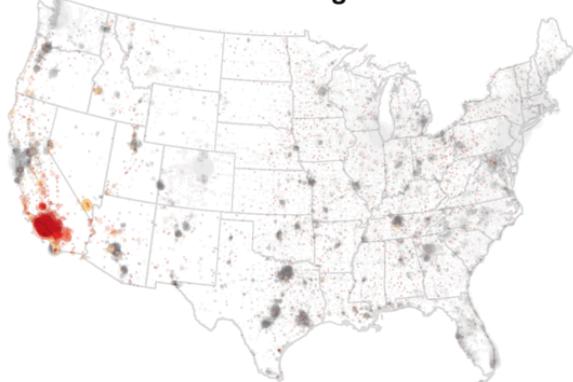
Residents have an easy way to express their dissatisfaction: They can move. Between 2019 and 2024, Americans moved 162m times, according to postal-code data from Melissa, a location-data firm. These address changes offer a close, though imperfect, proxy for migration trends. During that period roughly 750,000 more people moved into Florida than left; Texas followed with 550,000, and South Carolina with 450,000. The loser states were the big three Democratic ones: roughly 1.25m more people left California than moved into it; New York followed with 1m, and Illinois with 450,000.

## Share of moves from selected big cities\*

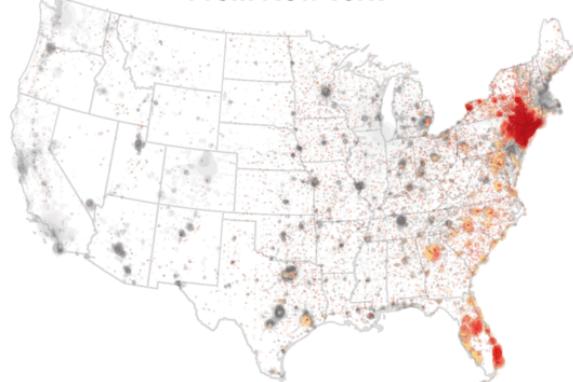


Total moves from big cities\* • • • •

From Los Angeles



From New York



From Chicago



\*From Boston, Chicago, Denver, Los Angeles, New York, Philadelphia, San Francisco and Seattle

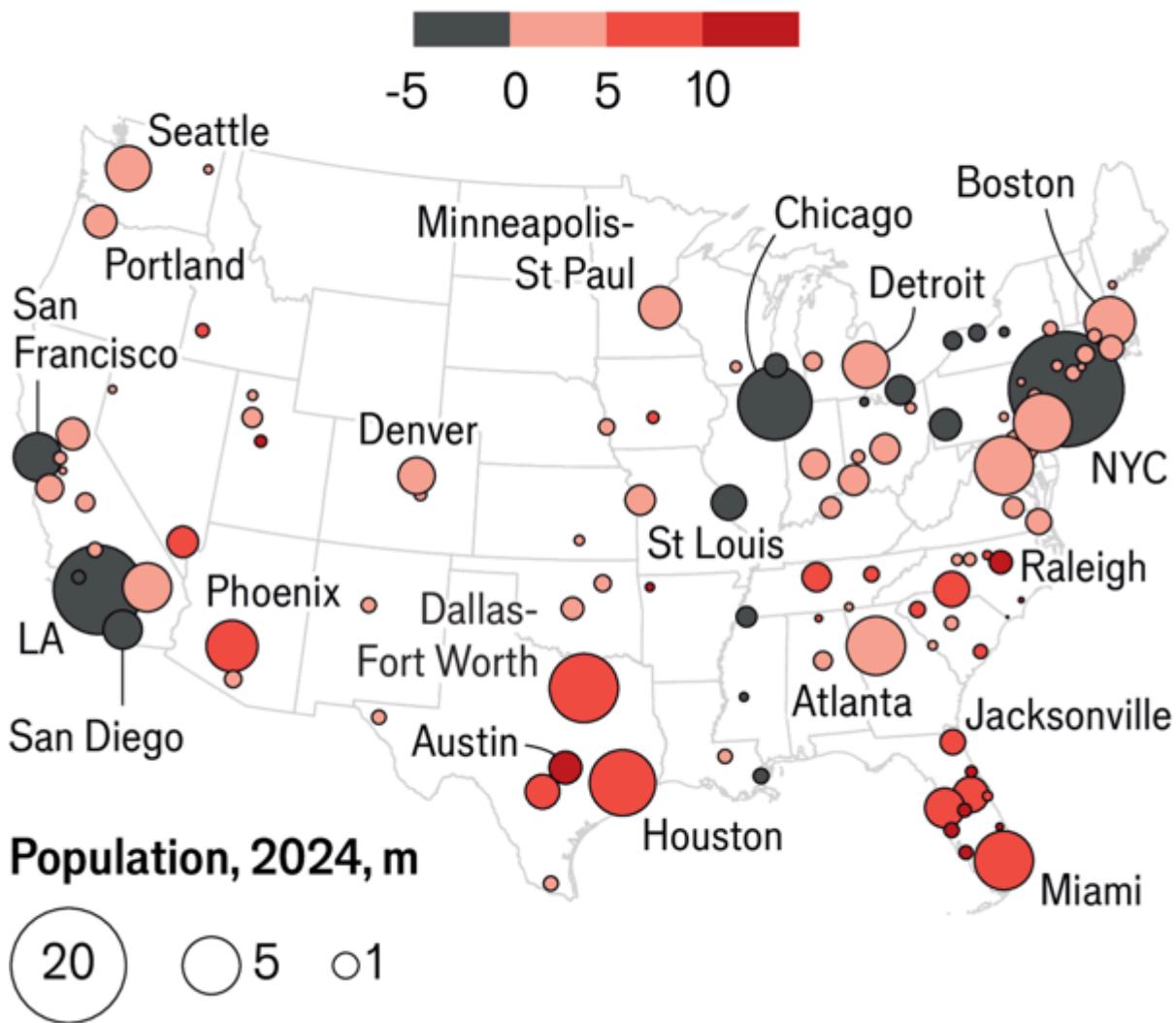
Source: Melissa

Life in Phoenix, where temperatures are over 90 degrees Fahrenheit (32C) for 190 days a year, is rarely idealised by films or TV shows as New York City is. But it has several advantages. Housing is cheaper. There is little public transport, but new residents can zip around in their own cars on new wide roads. And Arizona's income tax is just 2.5%; the total burden of taxation is just 9.5% of state net product, compared with 16% in New York. And though the murder rate is a lot higher in Phoenix than it is in New York City, most residents will see less disorder and poverty in their sprawling neighbourhoods.

For Democrats nationally, there are worrying potential consequences of this migration. *The Economist*'s analysis of zip-code-level data shows that Americans typically move to districts governed by the same party as the one they left. But when they do cross partisan lines, they are significantly more likely to move from a Democratic-governed area to a Republican one than the reverse. Democrats are anxious about what this might mean at the ballot box. After the last census in 2020, Illinois, California and New York each lost one congressional seat, thanks to their relatively anaemic population growth. Texas and Florida both gained seats.

# US metro areas

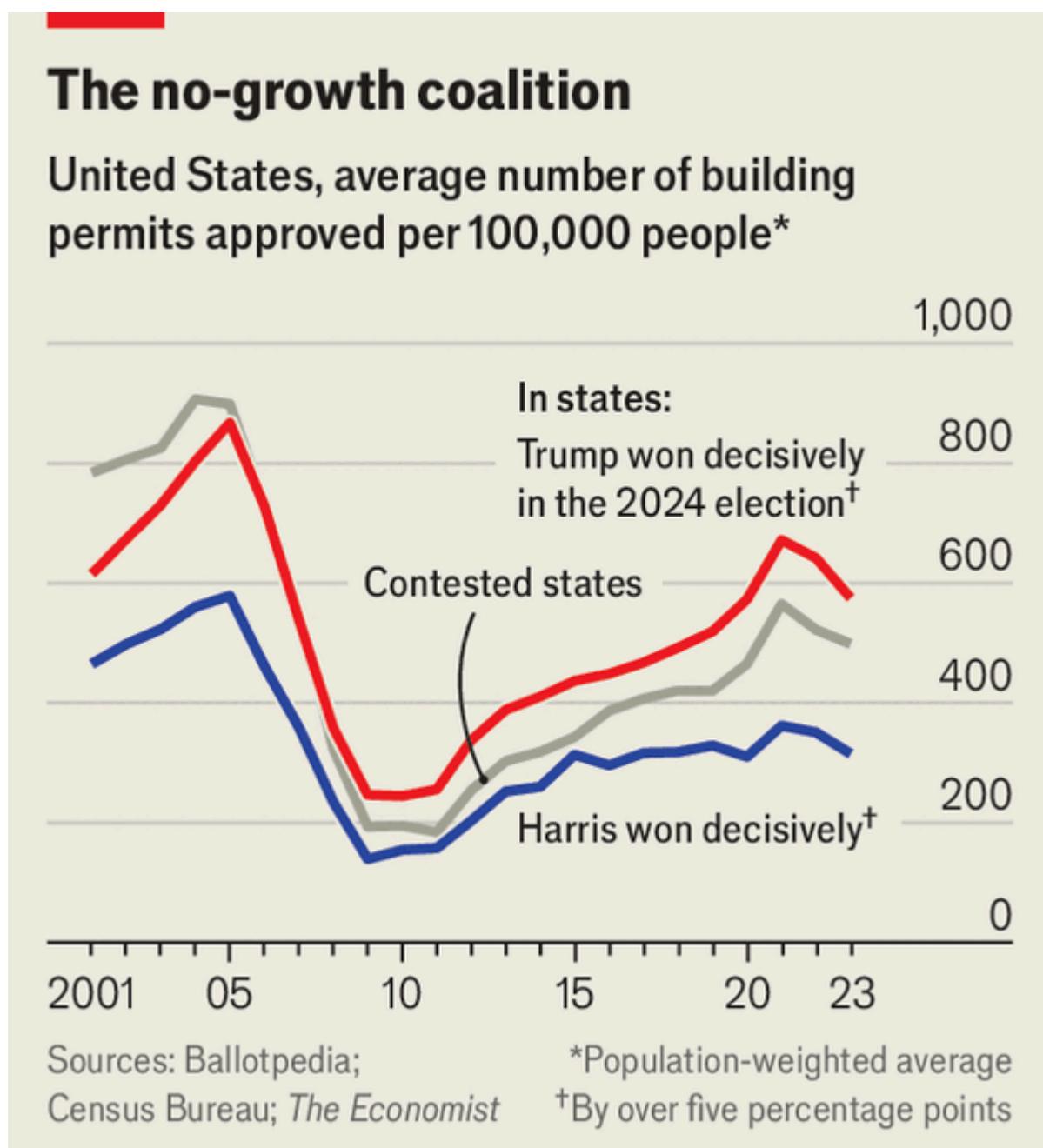
## % change in population 2020-24



Source: US Census Bureau

People still want to live in places like San Francisco, New York and Chicago. Judged by measures like life expectancy, states that vote for Democrats continue to do better than those that vote for Republicans. High rents are evidence that the demand to live in places like New York or San Francisco remains high. One of the best things they could do is build more housing. Analysis by *The Economist* finds that safely Republican states

consistently approve the most housing. Deeply Democratic places approve the least.



So why not fix it? In America power is diffuse. This affects big cities more than it does sparsely populated places. In Los Angeles County 10m people live in 88 different cities, with populations ranging from 30,000 to almost 4m. Power is shared between hundreds of different politicians. Cook County in Illinois, which has 133 individual cities as well as Chicago,

makes even LA's governance look coherent. The whole state of Illinois has 8,500 units of government. Even New York City must fight with Albany to implement policies.

That makes getting anything done tricky, because there are so many veto points and collective-action problems. This is why fixing the housing problem in California is so difficult. While the state recognises the need for more housing, most local politicians would also prefer it go somewhere else. "LA is just incredibly strange, convoluted and decentralised," says Chris Elmendorf, a housing-law expert at the University of California, Davis. "They have a constellation of local interest groups that are super-powerful that don't want new housing in their areas."

When budgets are large and power is spread among so many politicians, special-interest groups can more easily inject their own costly measures into law. In New York City for example, installing a lift in a building costs on average \$158,000, compared with \$36,000 in Switzerland, according to Stephen Smith of the Centre for Building in North America, a think-tank. Laws require American lifts to be large enough to carry a stretcher, raising costs. The workers who install them are expensively licensed, through apprenticeships run by closed-shop trade unions. In California the law requires construction workers on public projects to be paid the prevailing wage. This means that the state has to maintain a database of wages and enforce them. A sheet-metal worker in Los Angeles must be paid \$90.48 per hour, including benefits. For a 35-hour week, that is equivalent to \$165,000 per year.

### **Cost, elevated**

In Chicago work will soon start on an extension of the Red Line, part of the "elevated" train system some six miles into the southern suburbs of the city. It is now expected to cost almost \$1bn per mile, for an above-ground track going mostly through sprawl. Contrast that with the driverless 5.7km (3.5-mile) M4 Metro extension in Copenhagen, which opened last year at a total cost of 10bn Danish krone, or \$1.5bn, despite several of its stations being underground. Worse still is California's high-speed rail system, which was

meant to connect San Francisco to Los Angeles but seems unlikely to ever reach either city, despite nearly \$14bn of spending so far.

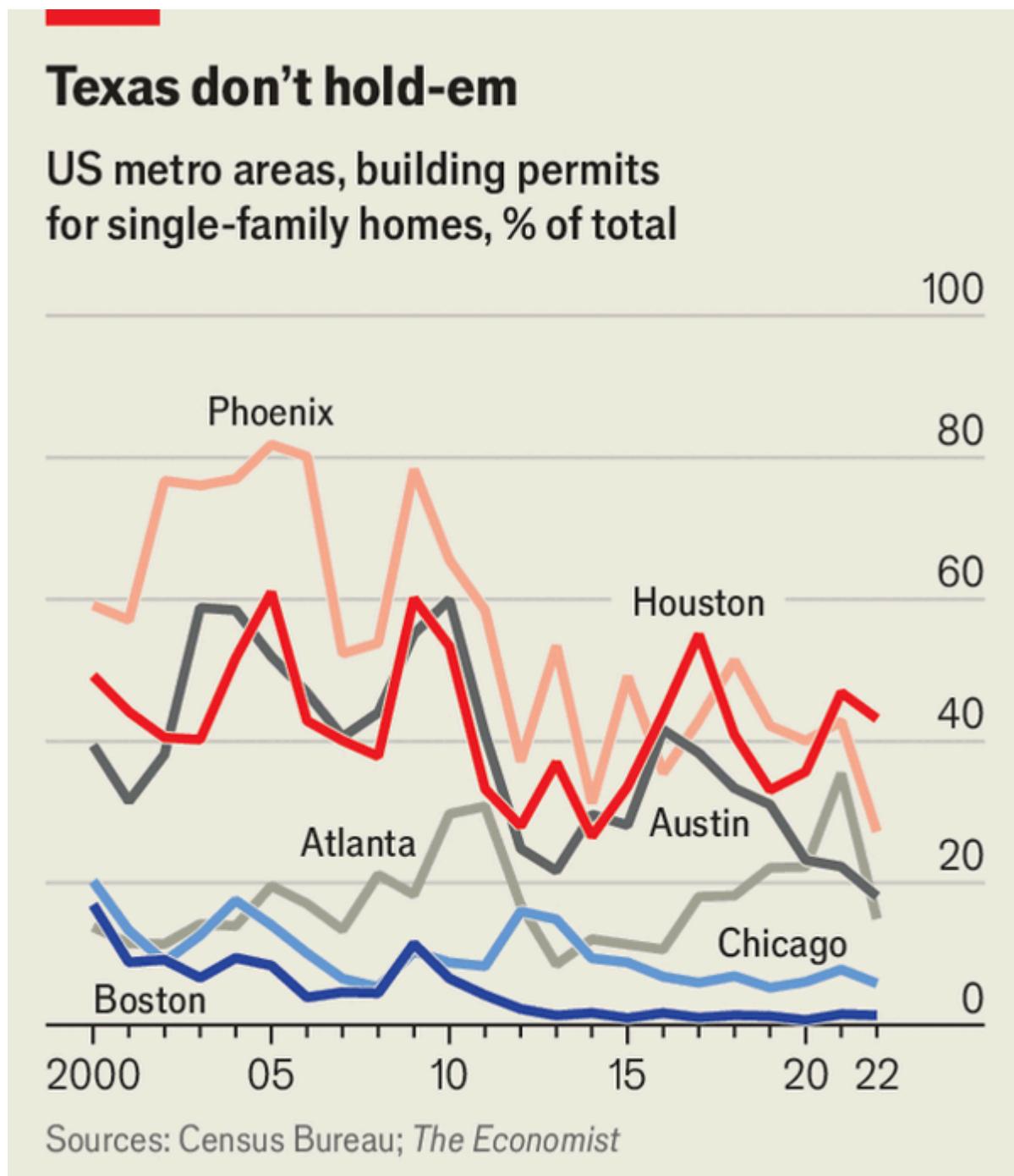
Indeed, the power of public-sector and trade unions adds to costs across the board. San Francisco's budget has increased by 46% over the past decade. In 2023 nearly half the budget was devoted to paying its own employees. An analysis from the *San Francisco Chronicle* found that the city had more employees per resident than any other large county in America. In Chicago Mayor Brandon Johnson negotiated a deal with the city's teachers' union that will increase spending on schools by \$1.5bn. This was less than some feared it might cost. This is despite the fact that Chicago has a colossal deficit.

Even cheap policies get bogged down by resource fights. [Congestion pricing](#): in New York is a good example. Last summer, New York's transit workers' union, which had initially lobbied for the policy, came out against it, saying they needed more upfront investment in transport. The logic for this sort of brinkmanship is simple: if a project is happening, holding out support can let you extract more benefits for yourself. The result is that many projects do not happen at all.

Lots of government improvements will cost money or time. And overcoming union power will not be easy. Allowing more housing construction, though, is a free reform. Contrast cities like New York or San Francisco with Republican-run states and the failure is evident. In Texas in May the state passed a law legalising the construction of apartment buildings with just one staircase, as opposed to the two usually mandated elsewhere in America (but not in other countries). That follows a decision by the city of Austin (which is run by Democrats) to rezone in 2023.

Can Democrats change? Housing gives reason for hope. The state of California has passed dozens of pro-housing laws, imposing strict targets on local governments and chipping away at the many regulations that give leverage to unions and community-interest groups to stop development. These may at last be beginning to bite. In February Cambridge, Massachusetts, another expensive NIMBYish place, abolished single-family zoning, which banned developers from building apartments. It follows the example of Minneapolis, another city run by a centrist

Democratic mayor, Jacob Frey, which started zoning reform in 2020. The city has seen enormous amounts of housing built, and falling rents too.



The challenge will be breaking out of the old model of governance. In New York City, neither of the two leading mayoral candidates offers much hope for change. One wants to apply “prevailing-wage” rules to more housing

construction, which would make the housing problem worse, and tighten rent control, which would hurt investment. His proposals to make New York more affordable include expensive gimmicks like making buses free and creating city-run supermarkets. The other has a housing plan that seems to have been written by ChatGPT. The most YIMBY-friendly candidate is Mr Lander, who has an urban-planning degree. But polls taken before his arrest gave him little chance.

Tight budgets will not make things easy. San Francisco has a deficit of \$800m and city hall is bracing for layoffs. “We have to tighten our belts,” admits Mr Lurie. The end of covid-19 relief spending is crunching schools and public-transport budgets all over the country. Yet in some ways that makes the case for change stronger. Without it, the risks are high. From the 1950s to the 1990s, an era of lower immigration, America’s big cities declined in population. New York City lost almost 2m residents from 1960 to 1990. Only then did reform begin to materialise. Some Democrats fear that for real change to come to America’s biggest cities, it may take a radical shock. With Donald Trump, a shock is what they are getting. ■

*Stay on top of American politics with [The US in brief](#), our daily newsletter with fast analysis of the most important political news, and [Checks and Balance](#), a weekly note from our Lexington columnist that examines the state of American democracy and the issues that matter to voters.*

---

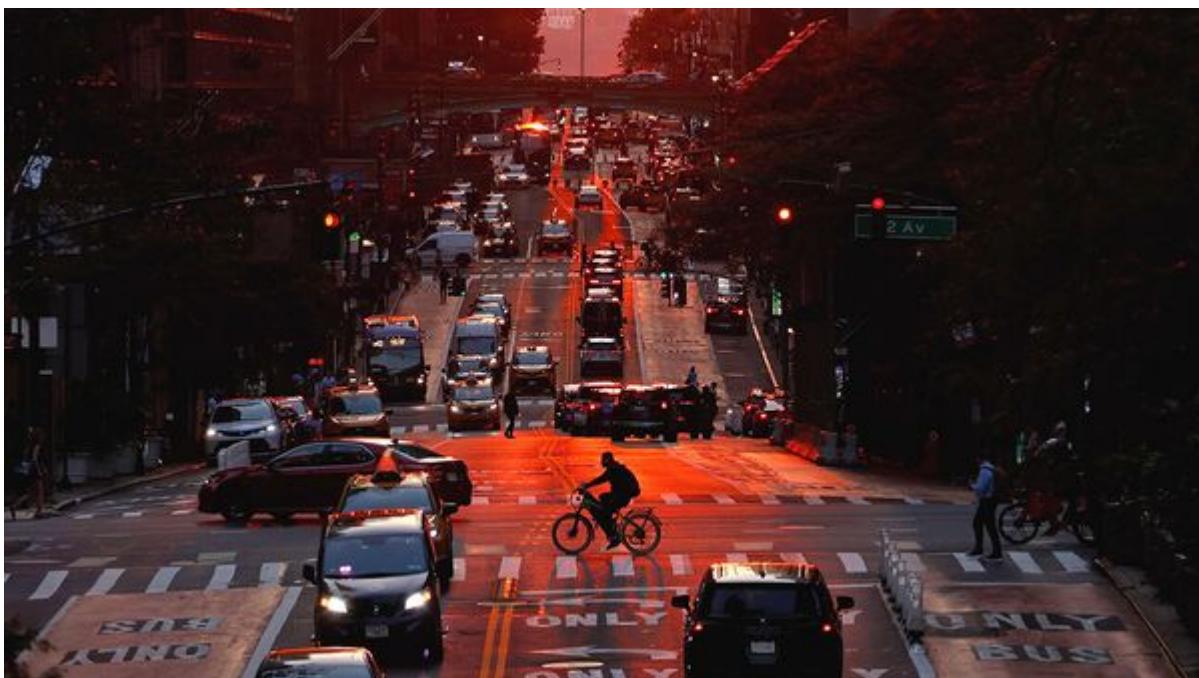
This article was downloaded by **calibre** from <https://www.economist.com/united-states/2025/06/19/democrats-could-do-a-lot-better-with-the-power-they-hold>

**It tolls for thee**

# Congestion pricing in Manhattan is a predictable success

*So why on earth did it take so long to start?*

Jun 19, 2025 12:59 PM | NEW YORK



The market delivers

MAURA RYAN, a speech therapist in New York City, was dreading the introduction of congestion pricing. To see her patients in Queens and Manhattan she sometimes drives across the East River a couple of times a day. The idea of paying a \$9 toll each day infuriated her. Yet since the policy was actually implemented, she has changed her mind. A journey which used to take an hour or more can now be as quick as 15 minutes. “Well, this is very nice,” she admits thinking. Ms Ryan is not alone. Polls show more New Yorkers now support the toll than oppose it. A few months ago, it saw staunch opposition.

Congestion pricing came into effect in Manhattan on January 5th, just two weeks before Donald Trump became president. So far it has been almost miraculous in its effects. Traffic is down by about 10%, leading to substantially faster journeys, especially at the pinch-points of bridges and tunnels. Car-noise complaints are down by 70%. Buses are travelling so much faster that their drivers are having to stop and wait to keep to their schedules. The congestion charge is raising around \$50m each month to update the subway and other public-transport systems, and ridership is up sharply. Broadway attendance is rising, not falling, as some feared.

New Yorkers may be surprised by how well it is all working. They shouldn't be. London's congestion charge, introduced over 20 years ago, had similar effects there. What they should be astonished by is the fact that it took almost half a century to be implemented. The principle of congestion pricing was first outlined by an economist at New York's Columbia University, William Vickrey, in the 1960s. A version, reintroducing bridge tolls, almost went into effect in the 1970s before Congress killed it.

The current scheme was muscled through the state legislature by Andrew Cuomo, then the governor, in 2019. It took six years to come into force. Last year, with the cameras ready to roll, it was delayed again by Kathy Hochul, Mr Cuomo's successor. Only after Donald Trump won re-election did it start. New York is thus decades late to an idea it invented, another example of how hard it can be for cities to do the obvious.■

*Stay on top of American politics with [The US in brief](#), our daily newsletter with fast analysis of the most important political news, and [Checks and Balance](#), a weekly note from our Lexington columnist that examines the state of American democracy and the issues that matter to voters.*

---

This article was downloaded by **calibre** from <https://www.economist.com/united-states/2025/06/19/congestion-pricing-in-manhattan-is-a-predictable-success>

Voting and shooting

# The attacks in Minnesota reflect a worrying trend

*Threats are increasing—and state legislators are particularly vulnerable*

Jun 19, 2025 12:59 PM | NEW YORK



The fallen

THE JUSTIFICATIONS vary, but the examples are legion. In December in Florida, local politicians faced threats over housing developments. Police shot a Montanan in March after she brandished a gun at a judge. A police chief in North Carolina retired in May after getting violent threats over the death of a police dog. Threats of political violence are becoming more common. The Capitol Police investigated more than 9,000 made against members of Congress last year, up from under 4,000 in 2017. John Roberts, chief justice of the Supreme Court, noted a similar trend of growing threats

to federal judges in his end-of-year report. It is still vanishingly rare, though, that such threats are acted on.

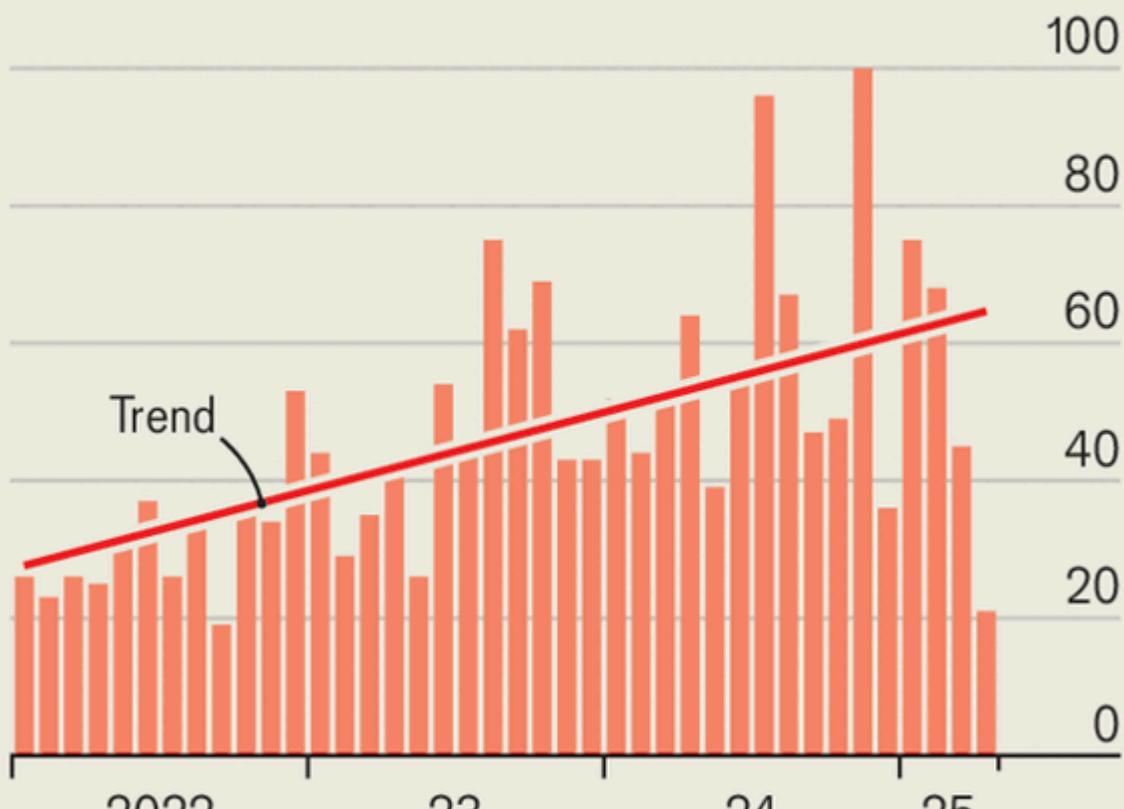
On June 14th Melissa Hortman, the speaker of the Minnesota House of Representatives, and Mark Hortman, her husband, were murdered in their home outside Minneapolis. The gunman injured another state legislator and his wife, went to the homes of others and had a long list of possible targets, including Democratic members of Congress and Planned Parenthood clinics. The next day Vance Boelter, who is 57, was arrested and charged with murder. He has not yet entered a plea. Any motivations remain somewhat unclear: according to the complaint, Mr Boelter texted his family that he had gone “to war”. But police have not found “a Unabomber-style manifesto”, Joe Thompson, the prosecutor, said at a press conference. “His primary motive was to go out and murder people.”

This sort of political violence is becoming as unsurprising as school shootings. In 2022 a man broke into the home of Nancy Pelosi, then the speaker of the federal House of Representatives, and attacked her husband with a hammer. The same year an armed man travelled cross-country to the home of Brett Kavanaugh, a Supreme Court justice, planning to murder him. Earlier this year Josh Shapiro, the governor of Pennsylvania, was the victim of arson. And, of course, last year Donald Trump was twice targeted by gunmen.

State and local politicians are especially vulnerable. More than 40% of state legislators have been threatened or attacked in the past three years. Survey data suggest it is becoming more common. Statehouses, where legislatures sit, are the front line of the culture wars. Kelly Cassidy, a state representative in Illinois, has said she avoids leading gun-control bills because “my kids were too little, the threats were too common and too on-point”.

## Threat assessment

United States, monthly incidents of threats and harassment against local officials



Source: Bridging Divides Initiative

State lawmakers' addresses are often available online (the homes of the victims of the attacks in Minnesota were listed on official websites). Their offices are easily accessible, too. Unlike many corporate workplaces where interlopers may be blocked by turnstiles or security desks, "Most of the district offices are like strip malls and so it's direct access to the public," one Florida state representative, Anna Eskamani, told researchers. Whereas high-ranking members of Congress or cabinet members may have security details, local politicians rely on nearby police or pay for their own extra security.

Many harassers remain anonymous. But researchers have managed to collect some data. Whereas most crimes are committed by young men, those who threaten public officials are noticeably more middle-aged, with roughly two-fifths over 38. Lilliana Mason, who researches political violence at Johns Hopkins University, reckons that older folk are “sitting at home being fed misinformation all day”. Lessons can be gleaned from the bullies’ targets, too. More Republican than Democratic state legislators say abuse has got worse. Experts theorise that much of this comes from their own voters. One moderate Republican state legislator told researchers at the Brennan Centre, a non-partisan law and policy institute, that anti-abortion activists made death threats against her children, saying “it’s constant. It comes from every direction.”

Harassment “doesn’t need to be [physical] for it to have really significant impacts on political participation and civic engagement”, says Roudabeh Kishi, who studies political violence at Princeton University. Almost half of local officials questioned in her team’s surveys say they are less willing to work on controversial topics. Two-fifths were less willing to run for re-election. Persuading people to run in down-ballot races is already a challenge. Salaries and status are modest: state lawmakers earn just \$51,750 a year in Minnesota.

Some changes are being made in the aftermath of the attacks there. North Dakota has removed legislators’ home addresses from their biography pages. The Wisconsin and New Hampshire statehouses are increasing security. Some improvements can be simple, like training Facebook-loving local politicians to avoid inadvertently revealing too much personal information. But bigger changes will require a cultural shift. Being a state legislator is “supposed to be a somewhat boring job, we didn’t need to ask them to be heroes”, sighs Ms Mason, the researcher. “Increasingly they feel like they have to be.” ■

*Stay on top of American politics with [The US in brief](#), our daily newsletter with fast analysis of the most important political news, and [Checks and Balance](#), a weekly note from our Lexington columnist that examines the state of American democracy and the issues that matter to voters.*

---

This article was downloaded by **calibre** from <https://www.economist.com/united-states/2025/06/18/the-attacks-in-minnesota-reflect-a-worrying-trend>

| [Section menu](#) | [Main menu](#) |

The Lumbee

# The strange history of the tribe courted by Donald Trump

*North Carolina's Lumbee look to the president in their battle with the Cherokee*

Jun 19, 2025 01:00 PM | PEMBROKE, NORTH CAROLINA



Pow wow

FOR ALMOST a century and a half, the federal government denied the Lumbee, the largest tribe east of the Mississippi, recognition. Now, nearly everyone in Washington is trying to give it to them. “I love the Lumbee tribe,” [President Donald Trump](#) said on his third full day in office, as he signed a memorandum ordering the secretary of the interior to, within 90 days, submit a plan to help the Lumbee gain full federal recognition.

The president isn't the only one showing the Lumbee love. Last October, while campaigning for Kamala Harris in North Carolina, Bill Clinton made a swing through Pembroke, the seat of the tribal government. Donald Trump junior was nearby holding a rally filled with "Lumbees for Trump" signs. During the campaign both presidential candidates called John Lowery, the Lumbee tribal chairman, to promise full federal recognition. Also last year, the House of Representatives passed the Lumbee Fairness Act, which would extend recognition to the tribe, by 311 to 96; but it stalled in the Senate.

The Lumbee have been accustomed to living in this federal limbo, which has been their state for more than half a century. In 1956 President Dwight Eisenhower signed the Lumbee Act, a measure that recognised the tribe as American Indians while also excluding them from federal money and the other privileges that most tribes have. Lacking full recognition, the Lumbee are still not able to get access to federal Indian health care, to put land in a reservation-like trust or to build a casino.

The main reason for this is the tribe's unusual history. There is no record of the Lumbee having spoken any language other than English. Your correspondent, whose great-great-great grandmother was a Lumbee, grew up being told this was because the tribe was the remnant of Sir Walter Raleigh's "lost colony". A more plausible explanation is that the tribe's origin lies in multiple tribes escaping violence and disease in early encounters with English colonists. These different groups fled to the swamplands of North Carolina where they spoke English as a lingua franca.

Compounding the origin question is the fact that the Lumbee had trouble agreeing on their name. Outsiders branded them the Siouan, the Tuscarora, the Croatan and the Cherokee Indians of Robeson County. It was not until 1953 that most settled on the name Lumbee. "The naming issue has continued to plague us," said David Wilkins, a Lumbee tribe member and professor at the University of Richmond.

Today the biggest sceptics of Lumbee recognition are other Indians. Last October the National Congress of American Indians was forced to apologise when they found participants distributing cards warning that Lumbee recognition would endanger the status of other tribes. Pretendian Watch, a

self-appointed policer of those pretending to be Indians, called the Lumbee “a made-up tribe”.

The Eastern Band of the Cherokee Indians (EBCI), North Carolina’s only fully recognised tribe, have become the Lumbee’s main adversary, repeatedly arguing that they are not real Indians. “The Lumbee have failed to meet the criteria to prove their claim of being a legitimate Native Nation and are relying on the sympathy of legislators to gain federal recognition,” the EBCI’s principal chief, Michell Hicks, said in January. His attacks drew the response from the state’s Commission of Indian Affairs that his claims were “shameful, counterproductive” and also “baseless and have been disproved on numerous occasions”. This rivalry goes back decades. In 1974 the EBCI’s then principal chief, John Crowe, threatened Vine Deloria, an Indian activist, saying that many Cherokee wanted to “bury your heart and other assorted pieces of anatomy at Wounded Knee” for his support of Lumbee recognition.

The Cherokee point to questions about the Lumbee’s identity, but the reason they resist recognising the tribe is money. If given full recognition, the Lumbee, whose land lies beside I-95, one of America’s busiest highways, would probably build a casino and siphon off money from Cherokee gaming revenues. Of course, questioning a tribe’s Indianness as a means to thwart an inconvenient casino is a strategy others have tried before. “They don’t look like Indians to me,” said then casino mogul Donald Trump in testimony before Congress in 1993, explaining why he thought the Pequot should not be allowed to build a casino near his own.

Although the 90-day deadline passed in April, the Department of the Interior has still not issued its report. Representatives have reintroduced the Lumbee Fairness Act. But over the past 130 years, 29 similar bills have been introduced in Congress. Eight of them passed the House but failed in the Senate. Mr Wilkins, the historian, suggests this time might be different. But then he added, “I am not holding my breath. Otherwise, I would have turned blue many years ago.” ■

*Stay on top of American politics with [The US in brief](#), our daily newsletter with fast analysis of the most important political news, and [Checks and](#)*

*[Balance](#), a weekly note from our Lexington columnist that examines the state of American democracy and the issues that matter to voters.*

---

This article was downloaded by **calibre** from <https://www.economist.com/united-states/2025/06/17/the-strange-history-of-the-tribe-courted-by-donald-trump>

| [Section menu](#) | [Main menu](#) |

**Presidential disapproval**

# Our model suggests President Trump is under water in every swing state

*American voters are having a hard time working out what they really want*

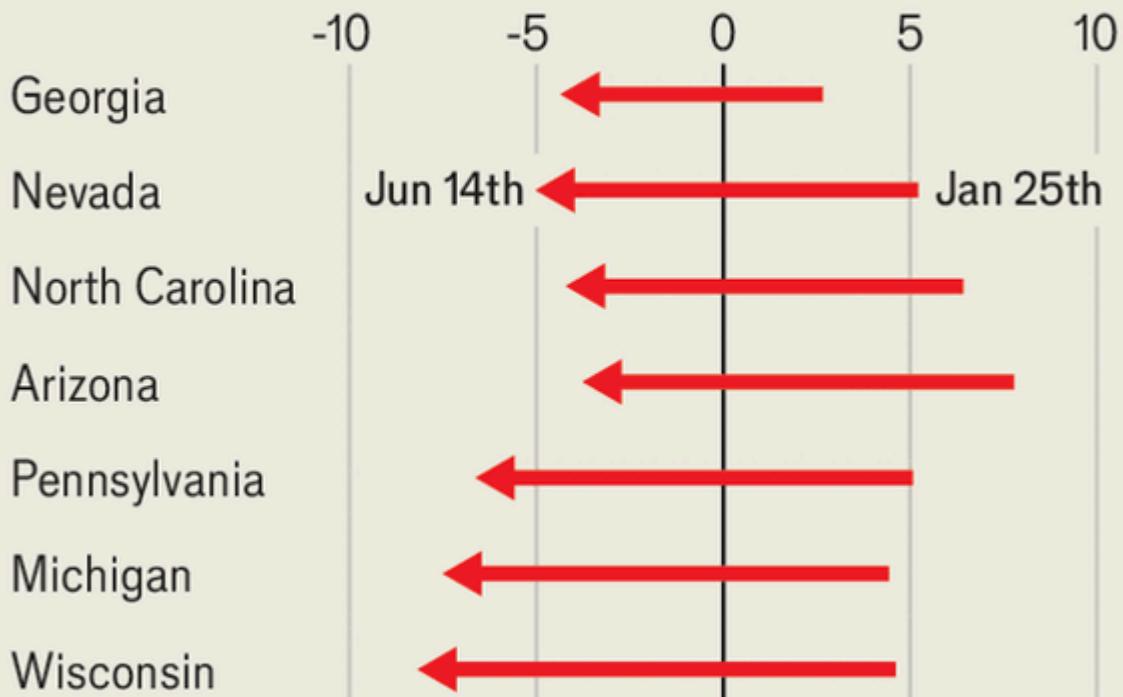
Jun 19, 2025 12:58 PM



BY HISTORIC standards, Donald Trump's approval ratings are limp. *The Economist* is [tracking Americans' opinions](#) with polling conducted by YouGov. His net approval rating nationwide is currently 12 percentage points under water: 41% of Americans approve of his handling of his job as president while 53% disapprove.

## Regret

Donald Trump, estimated net approval rating\*,  
2025, percentage points



\*Using a statistical model trained on data from the following sources: YouGov/*The Economist*; BLS; Cooperative Election Study; US Census; Current Population Survey; Strength in Numbers; Pew Research Centre; *The Economist*

It is easy to imagine that this dissatisfaction is confined to Democratic states. For three elections in a row, Mr Trump has won a higher share of the vote in swing states as a whole than nationwide. To test this we projected Mr Trump's approval rating in each of the 50 states plus Washington, DC. We built a statistical model to predict how 34,000 of YouGov's respondents since January rate Mr Trump's performance. We then applied this statistical model to the country at large—using census data, election

results and other polling. The results suggest that Mr Trump's approval rating is negative among voters in each of the seven swing states.

As you might expect, the factor which most influences respondents' ratings is their voting history. Mr Trump's voters still have an overwhelmingly positive view of his performance. Even so, enough of them disapprove that we estimate his net approval among those who voted in November's election ranges from minus four in Arizona to minus eight in Wisconsin.■

*Stay on top of American politics with [The US in brief](#), our daily newsletter with fast analysis of the most important political news, and [Checks and Balance](#), a weekly note from our Lexington columnist that examines the state of American democracy and the issues that matter to voters.*

---

This article was downloaded by **calibre** from <https://www.economist.com/united-states/2025/06/19/our-model-suggests-president-trump-is-under-water-in-every-swing-state>

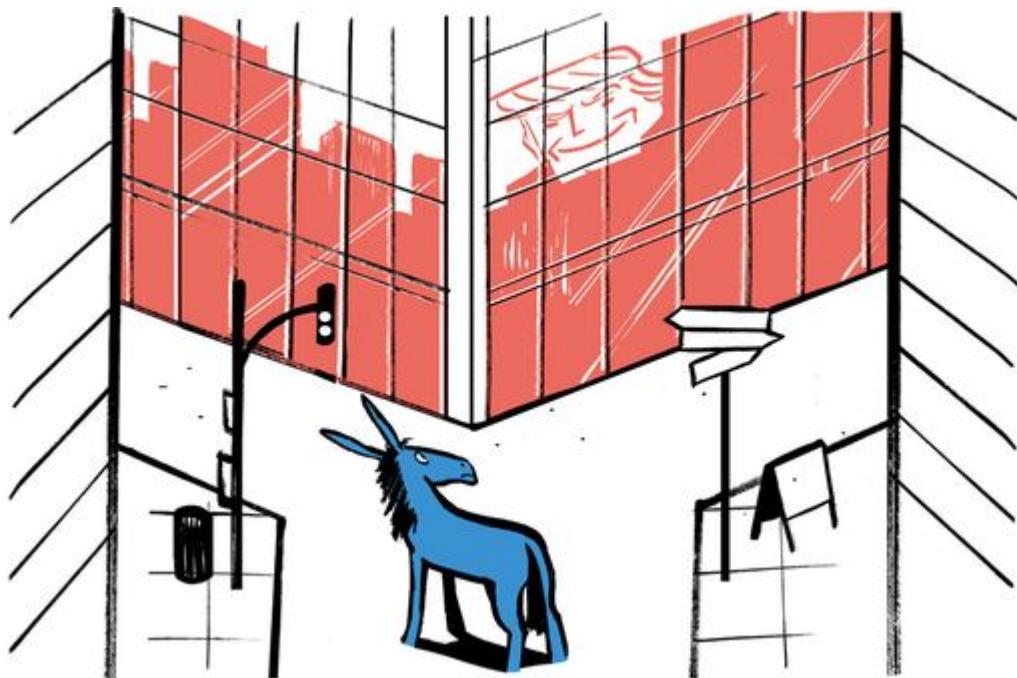
| [Section menu](#) | [Main menu](#) |

Lexington

# The New York mayor's race is a study in Democratic Party dysfunction

*A party with a bad reputation for local governance shows few signs of turning that round*

Jun 19, 2025 12:58 PM



NEW YORK CITY, America's most innovative metropolis when it comes to making life harder than it needs to be, is about to perform that service for the national Democratic Party. As Democrats go to the polls to choose their next candidate for mayor, the big question is whether they will make their party's path back to power in Washington rockier by only a little bit, or by a lot.

Polls show an overcrowded race narrowing to two candidates who are ideal only as foils for one another. Neither would dispel the cloud darkening the Democrats' image when it comes to local governance. At the far left, perpetually smiling, is Zohran Mamdani, a 33-year-old Democratic Socialist with scant experience in leadership but grand plans. Towards the centre, glowering, is Andrew Cuomo, one of the more effective but also most scarred of Democratic politicians. He resigned in his third term as governor, in 2021, over accusations of sexual harassment that he denies.

Mr Cuomo, at 67 more than twice his rival's age, is running as the reliable choice for New Yorkers who want their streets safer and their trash picked up. Yet not just his history of scandal but his long experience itself repels the college-educated, young white voters who are increasingly important in Democratic primaries in New York, as across the country. For them, he reeks of the past.

To these voters, Mr Mamdani—with his proposals for free bus services and city-run grocery stores, his censure of Israel and his artful TikTok videos—could have been dreamed up to embody the future by a benign Silicon-Valley genius, if they thought one existed. Mr Mamdani, a member of the state Assembly, would be the first immigrant mayor of New York in generations, and the first Muslim ever. He has mobilised thousands of volunteers, while Mr Cuomo has relied on a lavishly funded super-PAC. At a rally for Mr Mamdani on June 14th, Representative Alexandria Ocasio-Cortez said a vote for him would “turn the page” to a party that “does not continue to repeat the mistakes that have landed us here”.

For Democrats rallying to Mr Cuomo, Ms Ocasio-Cortez and Mr Mamdani are making the mistakes, dragging the party down by alienating working-class voters with Utopian schemes that neglect fear of crime and frustration with high taxes and poor services. Mr Mamdani has run a disciplined campaign focused on affordability, and he has revised some past positions, such as defunding the police. Yet polls show Mr Cuomo receiving far more support from black and Latino New Yorkers, as *Jacobin*, a socialist magazine, noted. “We need to become more organically connected with the working-class constituency we hope to help organise,” the writer observed, in a timeless lament of the high-toned left.

Early voting is under way ahead of election day, June 24th. In all, 11 candidates are competing, under a ranked-choice voting system that makes the outcome hard to predict. Most candidates share Mr Mamdani's contempt for Mr Cuomo, and they have been urging supporters not to include him among their five possible choices. Another of the many progressives, Brad Lander, the city's comptroller, may have cut into Mr Mamdani's support by getting arrested in front of reporters on June 17th while challenging federal agents to produce a warrant to detain an immigrant.

In the presidential election last autumn Kamala Harris sank under the burden of left-wing positions she took in the past, while moderate Democrats down-ballot outperformed more extreme candidates. Subsequently, conventional political wisdom appeared to be taking hold that the party needed to reclaim the political centre; Democrats with national ambitions have been deleting their "preferred pronouns" from their social-media bios. On June 10th, in one bellwether race, Democrats in New Jersey chose a moderate congresswoman, Mikie Sherrill, as their nominee for governor. But as the race in New York shows, Democrats' identity and direction are far from settled questions, and much of the party's dynamism and imagination remain with the left.

Donald Trump's electoral success is driving the intraparty debate even as his actions in office create superficial unity. The candidates uniformly say they will resist Mr Trump, unlike the current Democratic mayor, Eric Adams, who extended some co-operation as Mr Trump's Justice Department moved to dismiss corruption charges against him. Mr Adams, whose support has collapsed, plans to compete as an independent in the general election. The Democratic nomination is usually enough to secure the mayoralty, but, should Mr Cuomo or Mr Mamdani lose the primary, either could also run on another party's lines, prolonging this struggle.

### **Three kings of Queens**

Mr Adams's pliability may explain why Mr Trump has yet to be as aggressive in New York as in Los Angeles. That is likely to change under the next mayor. Mr Cuomo, who like Mr Trump grew up in what was then

the white ethnic Queens of Archie Bunker, touts his toughness, with reason; he is a bulldozer whose biggest obstacle has usually been himself. Mr Trump would not easily bait him into the political fights he loves (such as arresting Democrats who can be portrayed as grandstanding and obstructing justice).

For his part, Mr Mamdani declared in one debate, “I am Donald Trump’s worst nightmare, as a progressive Muslim immigrant who actually fights for the things that I believe in.” That is probably wrong. Mr Mamdani lives in Queens, but in the multi-ethnic, hipster oasis it is today. He grew up on the Upper West Side, the son of a professor of anthropology and an Oscar-nominated filmmaker. That may help explain why, like Mr Trump, he is such an adept social-media performer. But as a legislator he has delivered just three minor pieces of legislation, and nothing on his résumé suggests he is ready to competently deploy the city’s 360,000 workers or its \$112bn budget. As New York’s mayor he is a leftist’s dream—and that makes him Mr Trump’s dream, too. ■

*Subscribers to The Economist can sign up to our [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.*

---

This article was downloaded by **calibre** from <https://www.economist.com/united-states/2025/06/19/the-new-york-mayors-race-is-a-study-in-democratic-party-dysfunction>

# The Americas

- **Drone warfare is hitting Haiti**

Whacking the gangs from above :: The gangs have been pushed back in places, but there are concerns that drones are illegal and may be ultimately ineffective

- **Brazilians love football. Their national team is past its prime**

Wither Seleção's swagger? :: Brazil hasn't won a World Cup in a quarter of a century. Corruption and chaotic domestic leagues are to blame

- **Police allege that Jair Bolsonaro sanctioned a spy ring**

More dirt :: The right-wing former president is already on trial for allegedly plotting a coup

**Whacking the gangs from above**

# Drone warfare is hitting Haiti

*The gangs have been pushed back in places, but there are concerns that drones are illegal and may be ultimately ineffective*

Jun 19, 2025 02:52 PM | Miami



A hit, hopefully

**WARFARE IN THE SKIES** has arrived in Haiti. The country's government has been in a vicious and, up until now, losing battle with heavily armed gangs. Over the course of the past year gangsters have taken control of most of the capital, Port-au-Prince. Now Haiti's government has started deploying [drones](#), hoping to shift the balance of forces, despite concerns about human rights and the impact on civilians in a densely populated urban battlefield.

It was the gangs who began using drones first, mostly to track police movements and to record bird's-eye videos of their attacks to be posted on

social media. That changed in March, when the government announced it had set up an anti-gang task force equipped with drones, some for mere surveillance and others to carry out “kamikaze” attacks with explosives on tactical operations.

The Haitian police said this soon produced results and showed a grainy video of gang members fleeing one of their strongholds in Port-au-Prince. One notorious gang leader, Andre Johnson, known as “Izo”, was reportedly injured by a drone attack in late May. In recent weeks the police have been carrying out daily drone strikes on gang targets across the capital. They have inflicted heavy casualties, killing 300 gang members and wounding 400, according to a prominent human-rights organisation, the National Human Rights Defence Network (RNDDH). However, information about civilian casualties is limited, because first responders such as Doctors Without Borders cannot operate in gang territory.

Human-rights groups are worried that Haiti’s use of explosive drones risks breaking international law because of a lack of clear regulations. “The intentional use of lethal force by law enforcement is legal under international human-rights law only when it is strictly unavoidable to protect life [when] facing an imminent threat, and as a last resort when other less lethal alternatives—such as capture or non-lethal incapacitation—have been exhausted,” says William O’Neill, the UN’s designated expert on human rights in Haiti.

Despite the risk to civilians, the capital’s population has broadly welcomed the drone offensive. Haitians have been terrorised for months on end by armed thugs, many of them young, drug-addled boys forced to commit sadistic acts of violence, including beheadings and rape. “There is no alternative,” says a former political leader. “I don’t think we have a choice. There is no way to win with the forces we have. It’s death by a thousand cuts.” He describes international concern over supplying such lethal weapons to Haiti’s police as “just ridiculous”. He added: “This is pure insurgency. This is Fallujah,” referring to a once-embattled city in Iraq.



A new way of life



Grappling with gangsters

Last year more than 5,600 Haitians died in gang-related violence and the death toll is rising. In the first five months of this year some 2,680 people were killed, according to the UN's records. The violence has displaced 1.3m people, a tenth of the country's entire population. More than 2m people are seriously short of food.

Critics of the drone campaign also question its long-term efficacy. So far the police have still not permanently dislodged the gangs from the territories under their control, and the government lacks a long-term strategy to retake those neighbourhoods. The gangs “quickly return, reoccupy the areas, and continue committing acts of violence aimed at terrorising local communities”, RNDDH stated in a report on June 12th.

Experts say that in the hands of professional soldiers, drones can be remarkably effective, and in urban settings they can be accurate enough to limit civilian casualties. But drone warfare in Haiti is shrouded in secrecy. Little is publicly known about the rules of engagement or who is entitled to operate the drones.

### **Where are the good guys?**

Another cause for concern is the persistent allegations that Haiti’s politicians have ties to gang leaders, and that various members of the presidential transition council are corrupt. Some experts say that the targets of the drone operations are being chosen by the prime minister, Alix Fils-Aimé, and the transitional council, without input from the police, opening the door to political vendettas. It is no secret in Haiti that politicians have for years used the gangs to help scrabble for power.

As a result, Haiti’s gang war is “about to get even uglier”, says Jake Johnston of the Centre for Economic and Policy Research, a think-tank in Washington. “In some parts of Port-au-Prince, the police are as big a threat as the gangs,” he adds, noting that the UN reported an alarming rise in summary executions of unarmed people by the Haitian police.

Nor is it clear how the cash-strapped Haitian government is paying for the drones. Some reports suggest that rich businessmen are helping the government in return for political favours. In May gangsters firebombed a car dealership owned by a man they accused of helping supply drones to Haiti’s government.



Gang leaders are defiant. After a recent drone attack failed to kill Jimmy Cherizier (known as “Barbecue”), Haiti’s most notorious gang leader, he took to social media to ridicule local law enforcement. “I have friends and brothers all over the world,” Mr Cherizier (pictured above) posted. “I have money. Drones are sold everywhere. I can also obtain them.” He leads a gang coalition that calls itself Viv Ansanm (Living Together).

Few doubt the truth of his threat. Three Haitians were arrested in the neighbouring Dominican Republic last week and quickly deported back to Haiti after they were caught allegedly trying to buy attack drones for the Haitian gangs. ■

*[Sign up to El Boletín](#), our subscriber-only newsletter on Latin America, to understand the forces shaping a fascinating and complex region.*

---

This article was downloaded by **calibre** from <https://www.economist.com/the-americas/2025/06/19/drone-warfare-is-hitting-haiti>

Wither Seleção's swagger?

# Brazilians love football. Their national team is past its prime

*Brazil hasn't won a World Cup in a quarter of a century. Corruption and chaotic domestic leagues are to blame*

Jun 19, 2025 12:59 PM | Rio de Janeiro



All that glitter's not brought goals

ON JUNE 10TH Brazil's national football team won a match. Unremarkable, you might think, for the most successful team to play the game. Yet the mood afterwards in Brazil was unfamiliar: sour relief. In beating Paraguay, a football pipsqueak, the team had managed just one goal. The victory did qualify Brazil for the 2026 World Cup, but only three months after arch-rival Argentina had already become a mathematical certainty to do the same. Brazil's team is set to qualify third in its group

behind puny Ecuador, having suffered a humiliating thrashing by Argentina in a qualification match in March.

This decline is not recent. The *Seleção*, or national squad, has not won a World Cup in more than 20 years, having done so a record five times in the five decades to 2002. More than anywhere else, national identity in Brazil is tied to football. Every schoolchild can rattle off the names of Pelé, Garrincha, Ronaldinho, Tostão, and Ronaldo the Phenomenon. The International Centre for Sports Studies, a research centre in Switzerland, reckons Brazil exported 3,020 professional footballers between 2020 and 2025, more than anywhere else. But on this measure, too, Brazil is slowing. France and Argentina are closing in as factories for fabulous footballers.

“This is the worst moment for the national team,” says André Rizek, a sports commentator. Brazilians are turning against their team. In recent years many have stopped wearing the yellow jersey, which has become associated with far-right politics. The Brazilian Football Confederation (CBF) is desperate. In May it hired Carlo Ancelotti, an Italian superstar coach, to try to turn things around.



A real stretch

The *Seleção*'s decline is partly down to chance, a reversion to the mean. Two generations of superstar footballers have retired and although the new crop is "excellent", says a retired football star, they are "not of the same calibre". It doesn't help the mood that top players today are sold to European clubs as teenagers, and so rarely play at home. "Brazilians feel they have nothing to do with the national team any more; it has become more and more distant," says Juca Kfouri, a leading Brazilian football journalist. The country's most famous current footballer, Neymar, is a wonderful dribbler. But he is divisive, a vocal supporter of Jair Bolsonaro, a far-right former president, and has a reputation as a party-going playboy. He is also 33, and has been dogged by injuries recently—mainly in Saudi Arabia. "He owes us," says Carlos Alberto, an angry fan in Rio de Janeiro. "He seems to have forgotten his job!"

Beyond the declining quality of its players, the fading star of the *Seleção* can be traced back to the rot among Brazil's football federations and the enmity of its clubs. In the early 2010s, a series of investigations uncovered massive graft at the heart of FIFA, football's governing body based in Switzerland. Prosecutors found that bribery had greased virtually all of FIFA's dealings, ranging from clothing-sponsorship contracts to the selection process for World Cup host countries and the body's presidential elections. The investigations led to the ouster of Ricardo Teixeira, the long-time head of the CBF.

After that, the CBF went into a tailspin. Two of Mr Teixeira's successors were caught in it, one sentenced to jail, the other banned from football for 20 years. Another was removed after being accused of sexual harassment. All three maintain their innocence. A fourth, Ednaldo Rodrigues, was booted out by the courts on May 15th after a short tenure, his contract declared null because a signature may have been forged. "The CBF has always had lots of allegations of corruption," says Mr Rizek. "But you used to have more professional people in charge. Now it's chaotic." Under Mr Rodrigues the national team's coach changed four times in two years.

## Family perks

Questions about money persist. According to Allan de Abreu, a journalist with *Piauí*, a magazine, Mr Rodrigues got the CBF to pay for flights for the 1,200km (750-mile) journey from Salvador, his home city, to Rio, where the federation is based, for his wife, daughter, grandson, nephew and even the family hairdresser. Mr Abreu also found that to keep the leaders of Brazil's 27 state-level football federations happy, he had to raise their salaries from 50,000 reais a month (\$9,000) to 215,000. During the 2022 World Cup he flew 49 people unrelated to football, including several congressmen and their families, to Qatar and put them up in five-star hotels. Meanwhile, money to train referees ran out. Mr Rodrigues says all CBF accounts were audited. "I have never benefited from a single cent from the CBF other than my salary," he says.

Problems are compounded by the sub-national federations. Brazil has a morass of leagues, with the national one existing alongside leagues from Brazil's 27 states, often with multiple tiers. The CBF organises them all, as well as the national team's matches. But power in the CBF is skewed: each vote by a state federation chief counts for three points, whereas the votes of Brazil's first-division clubs are worth only two points, and those of second-division teams' are worth only one.

The system was cooked up to protect piffling federations, which control weak teams, from losing investment and relevance. This means the country's top clubs, most of them based in São Paulo and Rio, "have to waste a lot of time playing against tiny teams that do not matter", explains Mr Kfouri. The resulting fixtures calendar is mad. At the start of the season Brazil's top clubs play a match every three days, compared with every five days for Real Madrid and six for Liverpool. Players are often exhausted and under-trained.

Change may be forced on the CBF by the growing clout of the big clubs. In recent years Brazil has legalised sports betting and allowed clubs to incorporate as public limited companies (most had previously been run as non-profit associations). Money is pouring into the top teams, which are becoming more professional. "The CBF is anachronistic and in my view its days are numbered," warns Orlando Silva, a former sports minister.

In May, after Mr Rodrigues's fall, dozens of clubs wrote an open letter to the CBF. They demanded changes to the weighting of votes in CBF elections, and called for clubs to be given a say over the match calendar. They also wanted financial fair-play rules to be adopted to prevent clubs spending more than they earn. On June 9th the CBF's new president set up a commission to carry out the latter change. Yet the clubs are divided. Eight major teams refused to sign the letter. “They always see each other as enemies,” says Mr Rizek. “They don't have a business vision.”

This is what Mr Ancelotti, Real Madrid's ex-manager, is up against. The CBF enticed him with a salary of €10m and a €5m bonus if Brazil wins the World Cup, making him the highest-paid coach of a national team. At his swearing-in in May, he praised the Brazilian players he grew up admiring in the 1980s and spoke of the importance of talent and sacrifice. He has all the ingredients to work his magic—if only the CBF can keep out of his way. ■

*[Sign up to El Boletín](#), our subscriber-only newsletter on Latin America, to understand the forces shaping a fascinating and complex region.*

---

This article was downloaded by **calibre** from <https://www.economist.com/the-americas/2025/06/19/brazilians-love-football-their-national-team-is-past-its-prime>

**More dirt**

# Police allege that Jair Bolsonaro sanctioned a spy ring

*The right-wing former president is already on trial for allegedly plotting a coup*

Jun 19, 2025 12:58 PM | São Paulo



Charging around

**JAIR BOLSONARO**, Brazil's far-right former president, is on trial for allegedly plotting a coup to stay in power after he lost an election in 2022. But the allegations do not end there. Police now say he approved the operation of an illegal spy ring to target his enemies.

On June 17th the federal police handed their inquiry to the attorney general. He will decide whether there is enough evidence for the accused to be tried. The police list numerous current and former officials who allegedly ran the

surveillance network. They did not recommend indicting Mr Bolsonaro because he is already answering for related crimes as part of the coup trial. His son, Carlos, a councillor in Rio de Janeiro, and Alexandre Ramagem, Mr Bolsonaro's former bodyguard, whom he appointed to lead the intelligence services in 2019, stand accused of masterminding the operations. Carlos says the investigations are politically motivated and Mr Ramagem says the police have created a "narrative".

Police say the surveillance began after Mr Bolsonaro took office in 2019. Mr Ramagem allegedly ordered the use of geolocation software to track those critical of Mr Bolsonaro, as well as police officers who were investigating corruption. Police say the goal was to use the information on people's whereabouts to smear Mr Bolsonaro's opponents.

Mr Bolsonaro is already barred from next year's presidential election. If found guilty for his role in a coup plot, he is expected to be sentenced to jail. But he is still Brazil's most popular right-wing politician. He has no obvious successor. Another of his sons, Eduardo, a congressman, talks of running. A third son suggests that Mr Bolsonaro's successor must pledge to pardon him. ■

*[Sign up to El Boletín](#), our subscriber-only newsletter on Latin America, to understand the forces shaping a fascinating and complex region.*

---

This article was downloaded by **calibre** from <https://www.economist.com/the-americas/2025/06/19/police-allege-that-jair-bolsonaro-sanctioned-a-spy-ring>.

# Asia

- **Can South Korea's new president get his country back on track?**  
From shrimp to dolphin :: From culture to chips to arms, South Korea should punch above its weight
- **Could Trump can AUKUS?**  
Submarine warfare :: Australia is waiting nervously for the president's decision
- **India's and China's civil-service exams are notoriously difficult**  
Multiple choices :: They impose big costs on both societies
- **Why India has so many snakebites**  
Fangs for your attention :: And what to do about it
- **A White House love-in for Pakistan's big man outrages India**  
Banyan :: It comes after Donald Trump ditched a meeting with Narendra Modi

From shrimp to dolphin

# Can South Korea's new president get his country back on track?

*From culture to chips to arms, South Korea should punch above its weight*

Jun 19, 2025 02:52 PM | Seoul

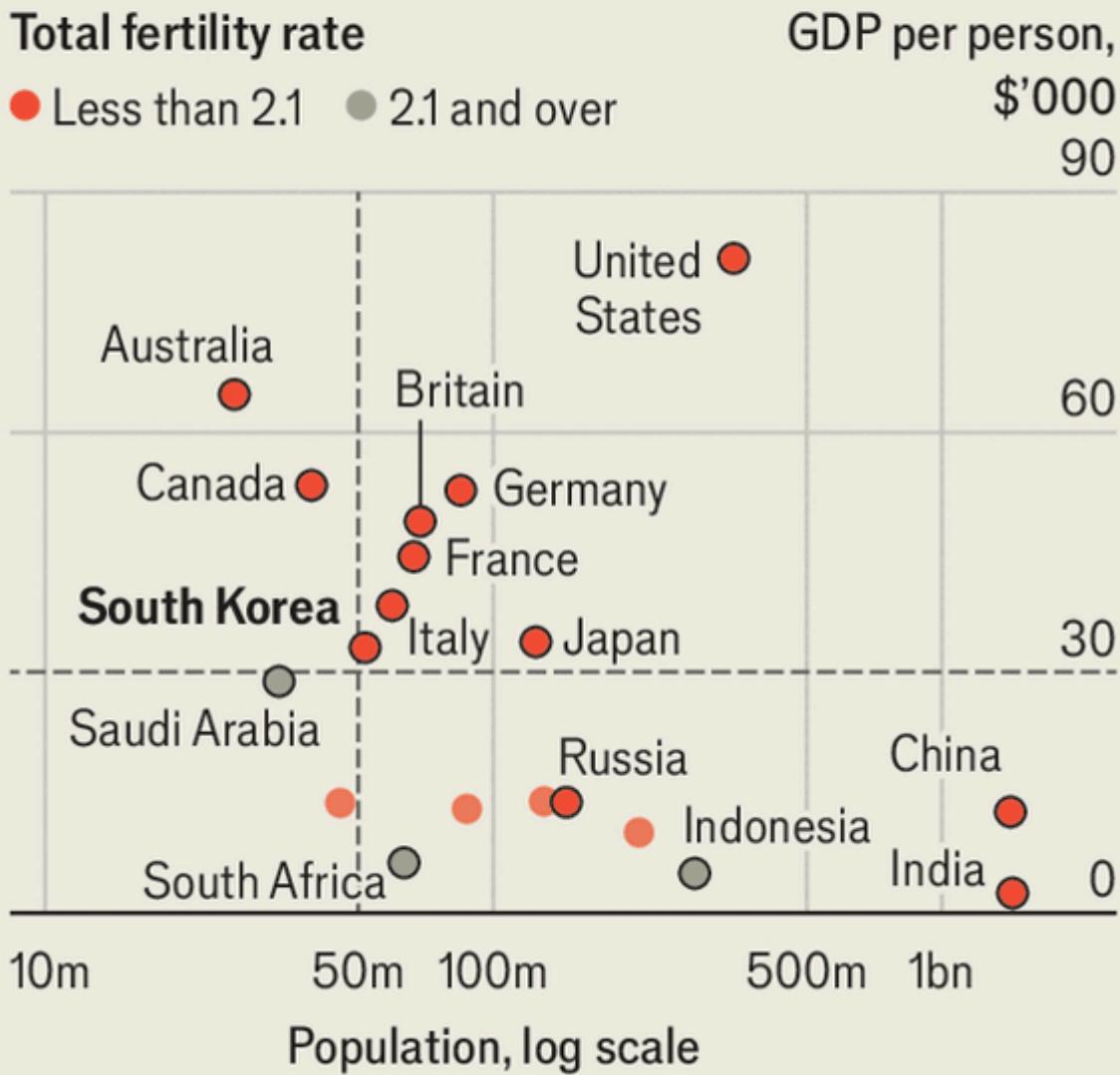


UNTIL RECENTLY South Korea seemed to be moving inexorably up the global food chain. Gone are the days of a “shrimp among whales”, as a traditional proverb described the nation’s position beside larger neighbours. Today’s South Korea is relatively free, relatively rich and relatively large, part of a small club of democratic nations with a GDP per person over \$30,000 and a population over 50m (see chart). As Lee Jae-myung, the newly elected president of South Korea, quipped in an interview with *The Economist* earlier this year, now it is more fitting to compare his country to a dolphin.

But that progress was thrown into question last December when Yoon Suk Yeol, then South Korea's president, briefly imposed martial law. Although he was ultimately impeached, the episode raised troubling questions about the health of the country's democracy, the stability of its economy and the trajectory of its foreign policy. "Our national prestige has fallen," Mr Lee lamented during the campaign to replace Mr Yoon. South Korean society remains intensely polarised. Other problems loom. The Bank of Korea recently cut this year's GDP-growth forecast by half, to just 0.8%. Donald Trump's tariffs threaten South Korea's economy; in the past he has also cast doubt on America's security commitments to South Korea and has appeared to placate North Korea's dictator. Can Mr Lee sort out his country?

## Welcome to the club

G20 countries, 2023



Sources: UN Population Division; World Bank

Three industries underpin South Korea's global clout: culture, technology and arms. Start with culture, perhaps the best known export. At a K-pop concert, such as the appearance by Seventeen at Gocheok stadium in Seoul last year, the crowd resembles a mock United Nations, with fans from as far afield as Toronto, Paris and Manila. As Juraimi Jaril, a fan from Singapore,

puts it, “K-pop really put Korea on the map.” Last year K-pop groups accounted for four of the ten most commercially successful albums in the world, according to IFPI, an international recording-industry body—and this was a year when the genre’s biggest stars, BTS, were taking a break from music to perform mandatory military service.

Attention has also spread to other forms of culture. “These days we’re eating kimchi instead of cauliflower!” King Willem-Alexander of the Netherlands gushed during a reception in South Korea’s honour in 2023, noting the spread of K-drama, K-movies, K-beauty and even K-food. In November Han Kang, a novelist, became the first woman from Asia to win the Nobel Prize in Literature. Membership in fan communities connected to *hallyu* (“Korean wave” culture) has grown from under 10m in 2012 to 225m in 2023; while acolytes are primarily concentrated in Asia, groups of over 1m exist in countries as disparate as Italy, Chile and Jordan.

K-fans’ spirits remained undimmed in the face of political turmoil. South Korea welcomed more than 3.5m foreign tourists between December and February, around 20% more than in the same period of 2023-24. Mr Lee has pledged more state support for the creation and distribution of K-content, through export financing and tax breaks. “Culture is the economy, and culture is international competitiveness,” he declared enthusiastically in his inauguration speech.

A taste for all things Korean has helped whet an appetite for Korean goods and gadgets, too. “It opens customers’ eyes—once you see the dramas you get into the other parts,” says Ryu Jin Roy, chairman of the Federation of Korean Industries, a lobby group for big business. South Korean firms are among the global leaders in consumer goods, from smartphones to cars.

But South Korea’s most strategic products are the least visible. Samsung and SK Hynix, two South Korean electronics behemoths, dominate the market for mainstream memory chips, the commodity of the semiconductor world. The firms have also pioneered a new type of high-bandwidth memory (HBM) technology that is an essential element in chips for generative artificial intelligence (AI), enabling higher performance at smaller sizes and lower power consumption. “HBM is a technology miracle,” Jensen Huang, the chief executive of Nvidia, the AI chip darling,

said last year. While trailing Taiwanese firms, South Korea's champions also produce high-end logic chips. Mr Lee has pledged to assemble a 100trn won (\$73bn) public-private fund to continue developing South Korea's AI and semiconductor infrastructure.

K-defence may be South Korea's next hit industry. Following Russia's invasion of Ukraine in February 2022, South Korea was an exception to the global shortage of munitions. Because of the need to respond to continuing threats from North Korea, "our capacity is still quite high and we are able to surge production," says Mr Ryu, who also heads Poongsan Group, a big South Korean metals and munitions maker. South Korean arms exports averaged \$13bn annually between 2022 and 2024, up from an average of \$3bn between 2011 and 2021, putting it among the world's top ten arms exporters. America hopes to tap South Korean shipbuilders to help revive its dilapidated shipbuilding industry.

South Koreans across the political spectrum share pride in this move up the geopolitical food chain. Yet, as it has grown, South Korea's surrounding habitat has become ever harsher, leaving little room for manoeuvre, even for the swiftest dolphin. Mr Lee has pledged to pursue a "pragmatic" foreign policy. His aim is to strengthen his country's alliance with America and reinforce a budding rapprochement with Japan, while repairing relations with China and reopening dialogue with North Korea.

### A military kind of music

Mr Lee's first weeks in office reveal his priorities. His first call went to the White House. Mr Trump and Mr Lee pledged to work towards an agreement on tariffs and trade, and to play a round of golf together. Second was Japan's prime minister, Ishiba Shigeru, who said he wished to move bilateral relations forward. Then came Xi Jin-ping, China's leader, whom Mr Lee formally invited to an Asia-Pacific Economic Co-operation leaders meeting in South Korea this autumn; if Mr Xi comes, it would be his first visit to the country since 2014. Mr Lee also turned off loudspeakers blasting propaganda into North Korea.

Pulling off the balancing act will be difficult. Mr Trump's administration is pushing Asian partners to choose sides between America and China more definitively. Last month at the Shangri-La Dialogue, an annual meeting of defence bigwigs in Singapore, Pete Hegseth, America's defence secretary, warned against "seeking both economic co-operation with China and defence co-operation with the United States". Steve Bannon, Mr Trump's former campaign chief and MAGA ideologue, put it far more bluntly to *Chosun*, a South Korean newspaper. Talk of a pragmatic balance between the superpowers is "full of shit," he said. "If South Korea believes in freedom and democracy, it cannot claim neutrality between the US and China."

In the long term, the greatest threats to South Korea's continued flourishing are domestic. Demographic change is sapping South Korea's growth prospects; no president has managed to make a meaningful dent in the problem. Last year the total fertility rate rose, slightly, for the first time in nearly a decade—but it remained the lowest in the world, at just 0.75. The population is projected to shrink to 47m by 2050, and to 37m by 2070.

The economy grew an average of 6.4% per year between 1970 and 2022, but the Bank of Korea reckons that even with improvements to productivity, growth will slow to an annual average rate of 2.4% in the 2020s, 0.9% in the 2030s, and 0.2% in the 2040s. A business-as-usual approach means that "K-power will not only peak, but begin to decline rapidly," writes Lee Chung-min of the Carnegie Endowment for International Peace, an American think-tank.

The next phase of South Korea's history, in short, is not about whether it can become a whale, but whether it can continue to thrive as a dolphin. ■

---

This article was downloaded by **calibre** from  
<https://www.economist.com/asia/2025/06/19/can-south-koreas-new-president-get-his-country-back-on-track>

**Submarine warfare**

# Could Trump can AUKUS?

*Australia is waiting nervously for the president's decision*

Jun 19, 2025 01:00 PM



COULD DONALD TRUMP soon upend America's alliance with Australia? Allies in the Pacific have mostly avoided the pressure directed by Mr Trump at America's friends across the Atlantic. That now seems set to change. Mr Trump's administration is demanding sharp increases in annual defence spending from Australia, from nearly 2% to 3.5% of GDP, and could soon insist on new commitments to fight alongside America.

If Australia cannot make those promises, Mr Trump could gut part of the alliance: a submarine-building pact between America, Australia and Britain known as AUKUS. No such threat has yet been made, officials stress. But a review of the deal by the Pentagon has defence wonks in all three countries concerned.

The AUKUS agreement, signed in 2021, would let Australia put nuclear-powered submarines to sea by the mid-2030s. In doing so, it would join an exclusive club of nations operating nuclear-powered vessels, which can range over longer distances than their diesel-powered counterparts. To help it get boats in the water faster, America would sell three to five Virginia-class attack submarines to Australia in the middle of the next decade. Then Australia would build its own submarines to a new British design in the 2040s.

When asked about the review, Australian officials project calm. Richard Marles, the deputy prime minister and defence minister, shrugs it off as a “natural” decision by a new administration. He points out that his government undertook its own review of AUKUS when it came to office in 2022, and Sir Keir Starmer’s Labour government in Britain did the same last year. Beneath the placid surface, however, currents of anxiety are coursing through the defence establishment.

Leading the review is the Pentagon’s policy chief, Elbridge Colby. That alone has made some of its supporters nervous. Last year, while out of government, Mr Colby sharply criticised the sale of the Virginia class submarines. It would give away the “crown jewels” in America’s arsenal, he said. Moreover, it would do so at a critical time, in a window in the mid-2030s when some analysts anticipate that China might be most likely to attempt to invade Taiwan. If Australia cannot commit to using its submarines to support American forces in defending the self-governing island, then selling them to Australia will only weaken deterrence, he said at the time.

Mr Colby has softened his approach since then. The real problem, he says, is that the American submarine industry has fallen far behind its production targets, making only 1.2 boats a year. If it could pick up the pace, to say 2.3 boats a year, then America might be made no worse off following the sale. America “should do everything we can to make this work”, Mr Colby told lawmakers during his confirmation hearing in March.

As part of the deal, Australia is injecting \$3bn into America’s submarine industry. The deal has strong backing from Congress, particularly in districts which would benefit from more funding for shipbuilding. But

throwing money at the problem might not solve it. “The real risk is that the shipbuilders don’t use the money well,” says Brent Sadler of the Heritage Foundation, a think-tank in Washington that is close to the Trump administration.

## Bridging it

There are other aspects of the agreement that make sense for America. From 2027 Australia will begin hosting and maintaining American and British nuclear-powered submarines at a base near Perth, a city on Australia’s west coast. That would put them beyond the range of most Chinese missiles—unlike American submarine bases in Guam and Japan. This is a big part of the deal’s attractiveness to senior military officials. Another component of the pact focuses on defence technology co-operation in areas such as artificial intelligence. That is relatively uncontroversial, and appeals to the Silicon Valley types within the Trump administration.

Anthony Albanese, Australia’s prime minister, was prepared to explain all of this to Mr Trump at the G7 summit in Canada on June 17th. It would have been their first meeting since the president’s re-election. But Mr Trump left Canada a day early, citing the war between Israel and Iran. Mr Albanese has played it cool since then, not hurrying to Washington like other allied leaders to press his case. It seems likely to be months before Mr Albanese will have another chance. Until then, AUKUS will hang in the balance. Australian officials will just have to wait nervously. ■

---

This article was downloaded by **calibre** from  
<https://www.economist.com/asia/2025/06/19/could-trump-can-aokus>

Multiple choices

# India's and China's civil-service exams are notoriously difficult

*They impose big costs on both societies*

Jun 19, 2025 04:55 PM | Delhi and Hong Kong



Queuing is the easy part

CIGARETTE BUTTS, spectacle lenses and car tyres. Which of those items contain plastic? Papaya, pineapple, guava. How many of those fruits were brought to India by the Portuguese? Last month around half a million Indians sat down to answer such questions, which were eclectic, but high-stakes. They were part of the exam to join India's civil service.

For those who passed by correctly answering questions like those above (all three items contain plastic, and all three fruits were brought over by the Portuguese), it is merely the first and easiest step in a long and arduous

process. Up next are nine more papers to be taken over 27 hours from August onwards, covering a range of subjects and even more obscure questions. Last year candidates were asked to write 1,000 words on statements such as: “The empires of the future will be the empires of the mind.” Those who do that successfully are then invited to a final interview.

India’s selection process is so gruelling because a role in the civil service is highly coveted. Even as India’s private sector has grown, government jobs remain a ticket to prosperity, prestige and better marriage prospects. Last year 1.1m people applied to join the top tier of the civil service, but around 1,000 (0.2% of those who actually sat the first exam) were offered a spot.

Are you smart enough to become a civil servant in China or India? [Try some of the questions](#)

That makes India’s exams even more competitive than those in China, where, amid a slowing economy, a growing number of people are turning to the public sector. Last year a record 3.4m Chinese registered and passed the initial screening for the national civil-service exam—well over twice the number who did so in 2014. Just over 39,700 (1.5% of those who sat the exam) secured a job.

In both countries the exams are considered the fairest way to filter candidates. But despite the exams’ meritocratic intentions, critics in both countries believe they filter candidates according to the wrong criteria. By screening for rote learning and test-taking, they neglect to assess actual public-policy skills such as management, teamwork and communication. In China the process increasingly also features questions to test familiarity with Xi Jinping Thought, the ideology of the leader.

All this contributes to the middling performance of both bureaucracies. On a measure of government effectiveness calculated by the World Bank, China and India rank in the 74th and 68th percentiles globally. Nor do the exams help eliminate corruption, another common scourge. On June 9th, in the latest high-profile example of bureaucratic graft, a young Indian civil servant in the eastern state of Odisha was accused of accepting a bribe of 1m rupees (\$11,683) from a businessman. (He has been suspended, but denies wrongdoing.)

In both countries efforts are being made to recruit people in other ways. China is experimenting with hiring some candidates for fixed terms according to their experience, rather than their exam performance. Similarly, India has introduced a “lateral-entry” scheme to allow private-sector specialists to join the public workforce. But these remain nascent initiatives. Exams are still the backbone of public-sector recruitment.

If the merits of this selection process are debatable, the costs—both human and economic—are more visible. Success in both exams requires immense toil. Many of those examined do not work in the years leading up to the test; those holding down jobs end up studying early in the morning or late at night. Thousands seek the help of coaching centres; the best schools offer full-time training and board.

Shikha Singh moved from a small town in central India to Delhi just to prepare for the exam, surrounded by fellow aspirants. Ahead of her recent fourth try, Ms Singh put in ten-hour days, but she worries that this might still not be enough to cover the wide variety of subjects. In south-eastern China, a prospective civil servant (who preferred not to be named) from Jiangxi province has put in similar shifts since quitting her job in 2023 and moving back in with her parents. The cycle of application and rejection has an effect on morale: exam failure sometimes can push candidates to suicide in both countries. Ms Singh feels she has lost social status because of her failed attempts. Her counterpart in China is also weighed down by anxiety. “Only a few people pass the exam,” she says. “I wonder what those who fail do.”

It is a good question. Years of youth spent in study, instead of work, are an economic loss. The exams force college graduates to delay employment, reducing their long-term consumption. And the subjects so feverishly swotted up on late at night are not necessarily of use once the exams are over. Knowing the history of fruits or the details of Xi Jinping Thought might help candidates earn a civil-service job and all the perks it brings—but perhaps not a place in the private sector. ■

*Stay on top of our India coverage by [signing up to Essential India](#), our free weekly newsletter.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/asia/2025/06/19/indias-and-chinas-civil-service-exams-are-notoriously-difficult>

| [Section menu](#) | [Main menu](#) |

Fangs for your attention

# Why India has so many snakebites

*And what to do about it*

Jun 19, 2025 12:57 PM | MUMBAI



FARAH KHATRI is lucky to be alive. The stars had to align for her to survive after being bitten by a saw-scaled viper while planting trees in north Mumbai. She was in a major city with many public hospitals. One of her companions had a car to drive her there immediately. Along the gridlocked route an ambulance from that very hospital appeared out of nowhere, allowing the car to follow in its slipstream. Her luck almost ran out because the hospital lacked a ventilator—crucial in snakebite treatment—but an ambulance driver raced to get her 24km to the nearest facility with both antivenom and ventilators. “I believe it’s a miracle,” says Ms Khatri.

Globally snakebite is a neglected ailment, despite an estimated annual global toll of 138,000 deaths and 400,000 permanent disabilities, such as

amputation. Some 5.4m people worldwide suffer bites every year, a third to half of which are venomous. India is the worst affected. Though official figures put the number of annual deaths at around 2,000, “there is a huge gap between...direct surveys and official data”, notes the health ministry. Estimates suggest that a third of all snakebites and about 40% of deaths occur in India.

The problem is at its worst in the monsoon, which started this month and runs until September, when the rain washes snakes out of their holes. They are attracted to rats, which are attracted to grain (common in fields and rural homes) and rubbish (common in urban areas). Bites occur when humans live in close proximity to either of those two things, which in a crowded, dirty and largely rural country is often. The country’s most dangerous snakes are the “big four”: the cobra, common krait, Russell’s viper, and the saw-scaled viper like the one that bit Ms Khatri. They account for 90% of venomous bites.

Snakebite is neglected for two reasons. First, it kills fewer people than other tropical diseases. Second, it affects the poorest people in the poorest parts of poor countries. “If it was dengue or HIV or some other thing that was more sexy, it would have gotten buy-in much earlier,” says Yogesh Jain, a doctor in central India who is also a member of a new global task-force to tackle the problem.

Snakebites kill or injure more people than they need to. That is, in part, because poor people in remote areas often resort to traditional medicine or quacks, either because they are more readily accessible or because out-of-pocket costs are lower. Moreover, the treatment for snakebites has barely evolved since it was invented in the 19th century. Researchers are studying ways to make antivenom more effective, as well as antibody-based drugs.

Yet better antivenoms and drugs are not the whole answer. Because antivenoms are species-specific—and sometimes specific to different regions—their production does not benefit from economies of scale, making them pricey. Antimalarials cost as little as \$1 a day, but antivenoms can cost between \$12 and \$300 per vial, according to David Lalloo of the Liverpool School of Tropical Medicine. But a bigger issue is that rural health systems are weak and even India’s largest and best-funded cities are

inadequately equipped to deal with snakebites. Better or cheaper medicines are of little use if they do not reach the people who need them.

More extreme weather, especially flooding, is likely to cause more snake encounters. The Indian government is taking the problem seriously. Last year it published a national action plan to deal with snakebites. The first item on its list of initiatives is to collect robust data. The central government has asked all states to make snakebite a “notifiable disease”, or one that must be reported to authorities. That puts it on par with plague and cholera. Better reporting allows stretched agencies to devote funding to the most badly affected regions. The government also plans to ensure that there is antivenom at all health facilities.

Such measures should help, even in the absence of overall improvements in health systems. In the meantime, many small steps could help prevent bites from happening at all. Better sanitation, storing grain away from homes or tweaking the timing of farmers’ fieldwork to avoid coinciding with peak snake activity would all help. So would providing cots for villagers to sleep on, raising them off the floor where snakes do their slithering. Another simple intervention is shoes. “If you get the entire rural population of the world footwear you could reduce snakebite by about 90%,” says Dr Laloo. “But currently almost nowhere are those kinds of packages being put in place.” ■

*Stay on top of our India coverage by [signing up to Essential India](#), our free weekly newsletter.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/asia/2025/06/19/why-india-has-so-many-snakebites>

Banyan

# A White House love-in for Pakistan's big man outrages India

*It comes after Donald Trump ditched a meeting with Narendra Modi*

Jun 19, 2025 12:58 PM



INDIA HAD hoped for a breakthrough at the G7 summit in Canada. Indian politicians and diplomats had spent much of the past month lobbying foreign governments to isolate Pakistan after its latest conflict with India, which ended on May 10th. America was a particular focus: Donald Trump had upset India by praising both sides, unilaterally claiming to have brokered a ceasefire and then offering to mediate in a dispute over Kashmir, despite Indian objections. Indian officials were also seeking a trade deal with America and hoped that a meeting in Calgary between Mr Trump and Narendra Modi, India's prime minister, would help on both fronts.

It did not go according to plan. Not only did Mr Trump leave the summit early, without meeting Mr Modi. Two days later, on June 18th, America's president hosted Pakistan's army chief, Field Marshal Asim Munir, for lunch at the White House. Mr Trump and Mr Modi spoke by phone the day before, allowing India's leader to assert that the recent conflict ended at Pakistan's request and to reaffirm his objections to mediation on Kashmir. But Mr Modi declined Mr Trump's invitation to "stop by" Washington on the way home.

Field Marshal Munir's preferential treatment is a setback for India. Subrahmanyam Jaishankar, India's foreign minister, recently drew a direct link between what he called the field marshal's "extreme religious outlook" and a terrorist attack in the Indian-ruled part of Kashmir on April 22nd. And Mr Modi has spent much of the past decade forging closer ties with America.

The White House said it invited Field Marshal Munir after he called for Mr Trump to be nominated for a Nobel Peace Prize for ending the conflict with India. But they discussed Iran too. Pakistan has often offered Iran diplomatic support and has condemned Israel's current attacks on it, so American officials could be anxious to gauge potential Pakistani responses should America become more directly involved. Pakistan's foreign minister, Ishaq Dar, denied on June 16th that his country would carry out a nuclear strike on Israel if it attacked Iran with atomic weapons.

Recent Senate hearings suggested further reasons for Field Marshal Munir's visit. On June 10th the commander of America's Central Command, General Michael Kurilla, described Pakistan as a "phenomenal" counter-terrorism partner. He told the Senate Armed Services Committee that Pakistani forces had targeted leaders of ISIS-Khorasan, an offshoot of the group that set up a "caliphate" in Iraq and Syria in 2014. On the same day S. Paul Kapur, the nominee to be the State Department's top South Asia official, told another Senate hearing that his approach to Pakistan would be to "pursue security co-operation" while seeking trade and investment opportunities.

Why have India's efforts fallen short? They appear to have relied too much on the relationship forged between Mr Modi and Mr Trump during his first

term. Mr Trump is now more transactional, unpredictable and dismissive of his own staff's advice. Despite talk of warming relations, America has not spared India from its trade and immigration offensives. While American officials see India as a counterweight to China, they also want to prevent Pakistan moving deeper into China's orbit. And Pakistan has sought to cultivate ties with Trump family members, partly by presenting itself as a cryptocurrency hub.

But India has been frustrated elsewhere too, notably in the European Union, which called for restraint from both sides during the conflict and continues to advocate direct talks between them, despite Mr Jaishankar urging it to view Pakistan as "Terroristan".

One problem is that India has yet to provide sufficient evidence of Pakistan's involvement in the April 22nd attack. Some governments have also been unnerved by India's vow to respond to any more such attacks with further military strikes on Pakistan. And Western officials are wary of jeopardising counter-terrorism co-operation with Pakistan.

The concern now for India is that it may struggle to win support to penalise Pakistan through international bodies. If so, India may focus more on unilateral actions. That could include an effort to renegotiate a 65-year-old river-sharing treaty. But it may also entail covert operations against militants inside Pakistan. And the next time a terrorist attack on India is linked to Pakistan, there will not be many Indian voices calling for peaceful, diplomatic counter-measures.■

*Subscribers to The Economist can sign up to our [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/asia/2025/06/19/a-white-house-love-in-for-pakistans-big-man-outrages-india>

# China

- **China has become the most important enabler of Russia's war machine**  
Clues in the wreckage :: It has crossed the line into providing lethal aid
- **Chinese consumers are splurging—but probably not for long**  
Cash for clunkers :: There is a reason retail sales have boomed
- **Rich Chinese cities are suffocating poor ones**  
Air pollution :: A hitch in the battle against smog

**Clues in the wreckage**

# China has become the most important enabler of Russia's war machine

*It has crossed the line into providing lethal aid*

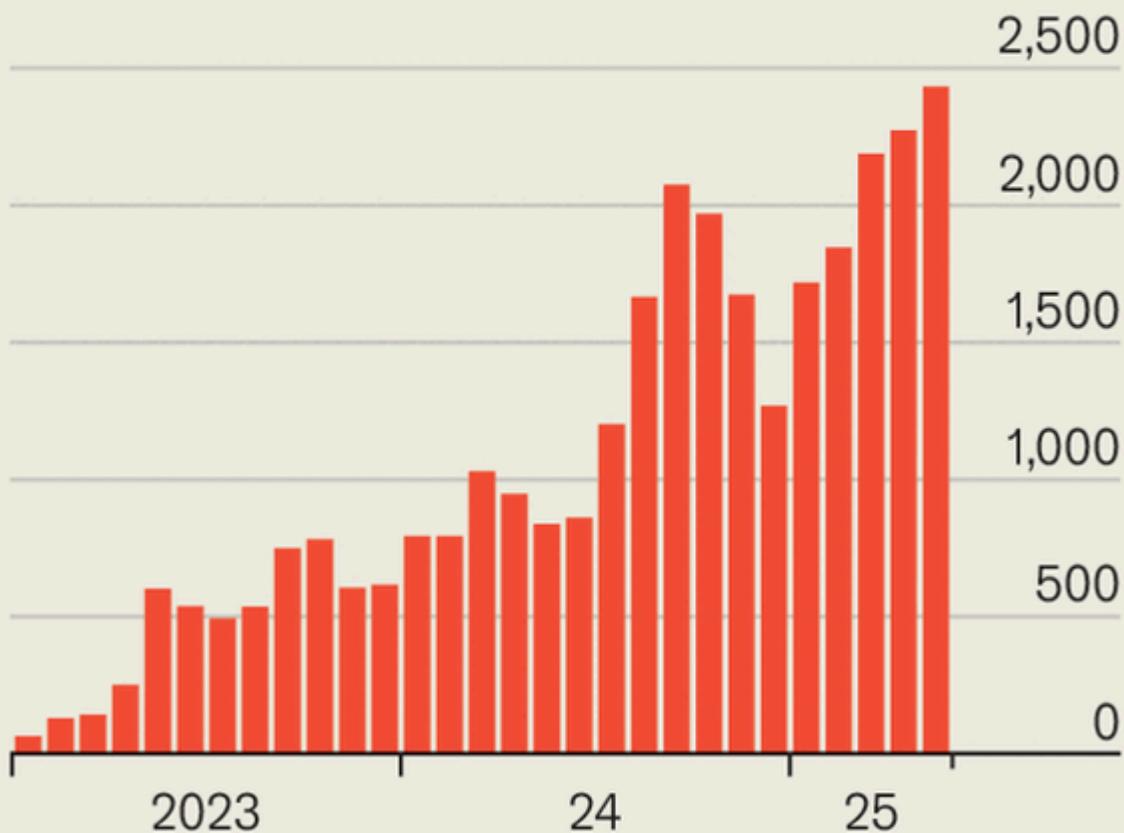
Jun 19, 2025 02:52 PM



THE DRONES fly thick and fast towards Kyiv these days. Almost 500 were fired in a recent Russian attack on Ukraine's capital, in the early hours of June 10th. Volodymyr Zelensky, Ukraine's president, fears that at current rates of production Russia may soon be able to launch raids that involve twice the number of machines. To pick through the debris and peer inside those weapons is to come face to face with a grim reality. China is the most important—perhaps decisive—enabler of Russia's war machine.

## Darkening skies

Monthly number of air/drone strikes by Russian forces on Ukrainian targets



Source: Armed Conflict Location & Event Data

Consider the Shahed, an Iranian-designed attack [drone](#) which is now mass-produced inside Russia (the wreckage of one is pictured, in Kyiv). Such drones were once stuffed with American microelectronics, smuggled in via Asia to circumvent sanctions. The newest ones, however, are filled with Chinese parts. Those used this year have antennae made in China, according to HUR, Ukraine's military-intelligence agency. One example contained only two American components, out of 15.

That reflects a broader trend. Since the start of the war in 2022, China has trodden carefully in providing military aid to Russia. It has turned down some Russian requests for assistance and equipment, according to Ukrainian and European officials. It has avoided large-scale transfers of finished ammunition or lethal aid that might provoke American or European sanctions; it does not want the international opprobrium that would come if too many of its arms show up on the battlefield. But there are indications that China has walked right up to that line—and perhaps crossed it.

Western officials tell *The Economist* that China has been providing various forms of support to Russia since 2023, including critical components of weaponry and civilian drones. Much of that is publicly documented in analysis of weapons debris, through open-source tracking of shipments and in cases of American sanctions against Chinese companies. But, importantly, these officials also point to “small quantities of artillery ammunition and military UAVs” (drones).

Up to now there has been little public evidence of artillery ammunition changing hands. In early 2023 China considered sending Russia a batch of 122mm and 152mm shells, but there is no sign it did so on a large scale. Later that year Ukrainian troops found Chinese-made mortar shells near Melitopol, in southern Ukraine. It is not clear whether such transfers were made directly from China, or indirectly from third countries, where Chinese small arms and ammunition are ubiquitous.

The situation with military drones is more troubling. Last year Reuters, a news agency, reported that AO IEMZ Kupol, part of a Russian state-owned arms company, had developed and flight-tested a new drone model, the Garpiya-3—essentially a knock-off of the Iranian-designed Shahed—in China, with the help of Chinese firms. In October America’s Treasury Department put sanctions on two Chinese companies involved, one of which had provided the drone’s engine.

In May 2024 Sir Grant Shapps, who was then Britain’s defence secretary, declassified intelligence on the drone in order to expose such co-operation. “We knew exactly where it was,” he says. Some European intelligence officials say they have yet to see evidence of Chinese lethal aid. But there is

no doubt that the Garpiya-3 was a lethal system, not a dual-use aircraft, says Sir Grant.

In practice, Chinese arms are far less vital to Russia than Chinese components and tools. In a recent briefing to a small group of journalists, including *The Economist*, Mr Zelensky alleged that “Chinese representatives” were present at production facilities in Russia. A European defence official confirms this, adding that China is keen to test the performance of its material on a live battlefield.

Since the start of the war, both sides have made wide use of relatively quotidian made-in-China products, not least civilian drones (which help spot targets, among other things). But in September last year China tightened export restrictions on drones and their components. In theory, the new rules cover both Russia and Ukraine. In practice, they are applied selectively. Mr Zelensky says that China has “shut off” the supply of kit such as small quadcopters to Ukraine while keeping the tap open for Russia.

China has also stepped up co-operation with Russia in other ways, says a senior Ukrainian security official—who argues that Chinese leaders may be trying to counter American diplomatic efforts to drive a wedge between Russia and China. This official says that China has helped Russia produce explosives (China dominates the global market for nitrocellulose, a key ingredient) and fibre-optic cabling used in jam-proof wire-guided drones that have become increasingly important on the battlefield.

In late May Oleh Ivashchenko, the head of Ukraine’s foreign-intelligence agency, spoke publicly about China’s supply of tooling machines, chemicals, gunpowder and other inputs that are vital to Russia’s defence industry. The Economic Security Council of Ukraine, a research group, notes that in 2023-24 China became the leading supplier of industrial equipment to Russia, accounting for 80-90% of imported machine tools—many of which were of Western origin.

What does China get in return? Valuable lessons, for a start. Western officials say that Russia and China “continue to explore sharing Western technology captured on the battlefield in Ukraine”. China will want to get its hands on American precision-guided rockets, European cruise missiles

and the like. There are also signs of co-operation in areas such as space technology that used to be off the table.

None of this is to suggest that the Sino-Russian relationship is a happy one. Parts of the Russian elite, including people in its security apparatus, worry about their country's growing reliance on China, as well as about Chinese spying within Russia. For all the talk of friendship, Russia's security service, the FSB, has been locking up Russian scientists for allegedly disclosing secrets to China. Many of those people appear to have done nothing wrong; their arrests reflect deep-rooted fear and prejudice about China. But without that country's continuing help, Russia's defence industry would be crippled. ■

*Subscribers can sign up to [Drum Tower](#), our new weekly newsletter, to understand what the world makes of China—and what China makes of the world.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/china/2025/06/19/china-has-become-the-most-important-enabler-of-russias-war-machine>

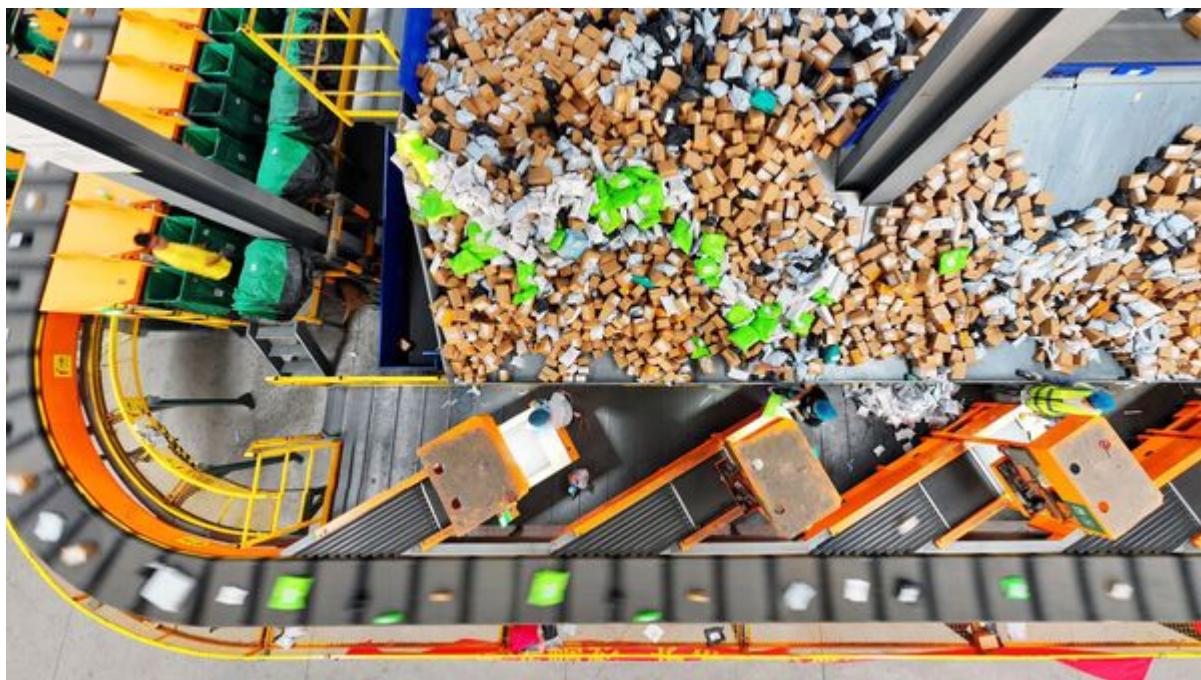
| [Section menu](#) | [Main menu](#) |

Cash for clunkers

# Chinese consumers are splurging—but probably not for long

*There is a reason retail sales have boomed*

Jun 19, 2025 12:59 PM | Hong Kong

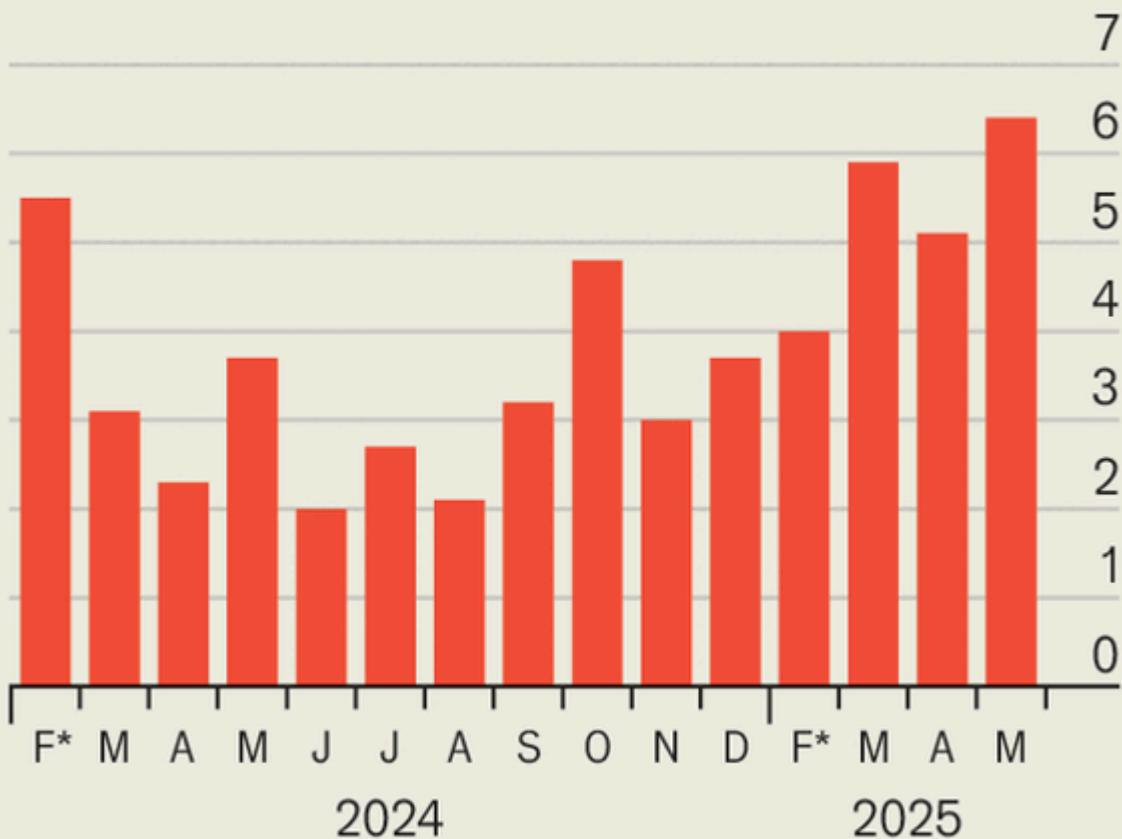


IN THE WEST the shopping calendar is organised around the birthday of Jesus Christ. In China it is shaped by the birthday of JD.com. That giant e-commerce firm, established on June 18th 1998, introduced the “618” shopping festival in honour of its founding. The festival offers discounts and other enticements to shoppers in the run-up to the big day. But just as Christmas decorations seem to appear earlier each year, the 618 festival keeps starting sooner. This year’s promotion began on May 13th, a week earlier than in 2024.

The early start helped boost last month's retail sales, which grew by 6.4% year on year, faster than expected (see chart). The festival had stimulated "enthusiasm" among consumers, said China's government, which has promised to boost consumption "vigorously" this year. It hopes higher household spending will defeat deflation and cut the economy's reliance on investment spending (which is often wasteful) and foreign demand (which is threatened by tariffs).

## Propping up the bars

China, retail sales, % increase on a year earlier



\*Combined for January and February

Sources: National Bureau of Statistics; Wind

The month's sales were also lifted by the government's own attempt to reshape the country's shopping schedules. Since early 2024 it has provided a steadily expanding subsidy to consumers who trade in old goods for newer, greener and snazzier versions. A variant on the "cash-for-clunkers" schemes popular after the global financial crisis of 2007-09, the programme now extends far beyond cars. According to government figures, it has subsidised the purchase of more than 77m household appliances, from refrigerators to air purifiers, in the first five months of this year. It has also financed discounts on more than 57m pieces of home decor, bathware or kitchenware, 6.5m electric bikes, and over 56m electronic goods, such as mobile phones.

In recent weeks the scheme has dovetailed with 618, allowing vendors to offer festival discounts, courtesy of the taxpayer. Some provincial governments now worry that they will run out of money for the programme long before its scheduled conclusion at the end of this year. The region of Xinjiang in the far west of China suspended its scheme on June 15th, saying that funds were almost exhausted. Chongqing, home to 32m people, has also run out of the money earmarked for home appliances. Several other provinces have imposed daily quotas on their subsidies. They are waiting for the central government, which provides roughly 90% of the money, to disburse the remaining funds: 138bn yuan (\$19bn) out of the scheme's 300bn-yuan budget. It will do so in an "orderly manner", according to the *Securities Times*, an official newspaper.

Some provinces are taking advantage of the pause to tighten up their rules. An earlier version of the scheme last year was vulnerable to abuse. Some firms have captured the subsidy for themselves by raising their prices before applying the government discount. Others have claimed to sell the same item dozens of times. Firms must now match any subsidy to the unique serial number of a product. In some provinces couriers must provide a photo of an unwrapped, activated product at the consumer's home to prove it has been sold.

Beyond these speed-bumps lies the bigger question of what happens when the government's trade-in festival comes to an end. Many companies fear the schemes have merely front-loaded spending rather than substantially

increased it. Strong retail sales now may be followed by unusually weak sales next year. If the property market has not stabilised by then, or if the trade war is still raging, the economy could be in real trouble. Even the big appliance-makers have doubts. Although they are taking advantage of the scheme, “deep down in their mind, they think this may create a lot of problems at a later stage,” says Chen Luo of Bank of America.

Festivals such as 618 have created similar problems in the past. During the pandemic, consumers took advantage of the deep discounts that were available on cosmetics to stock up with long-lasting beauty products, says Mr Luo. But that depressed sales for a while after, as people worked through their strategic lipstick reserves. To keep the recent momentum going, China’s government may find that it needs to offer more cash next year for a diminishing supply of clunkers. Just as the 618 festival keeps starting sooner, and Christmas lights keep twinkling earlier, China’s flagship stimulus scheme may keep getting longer. ■

*Subscribers can sign up to [Drum Tower](#), our new weekly newsletter, to understand what the world makes of China—and what China makes of the world.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/china/2025/06/19/chinese-consumers-are-splurging-but-probably-not-for-long>

Air pollution

# Rich Chinese cities are suffocating poor ones

*A hitch in the battle against smog*

Jun 19, 2025 01:00 PM | Beijing



Pray for a breeze

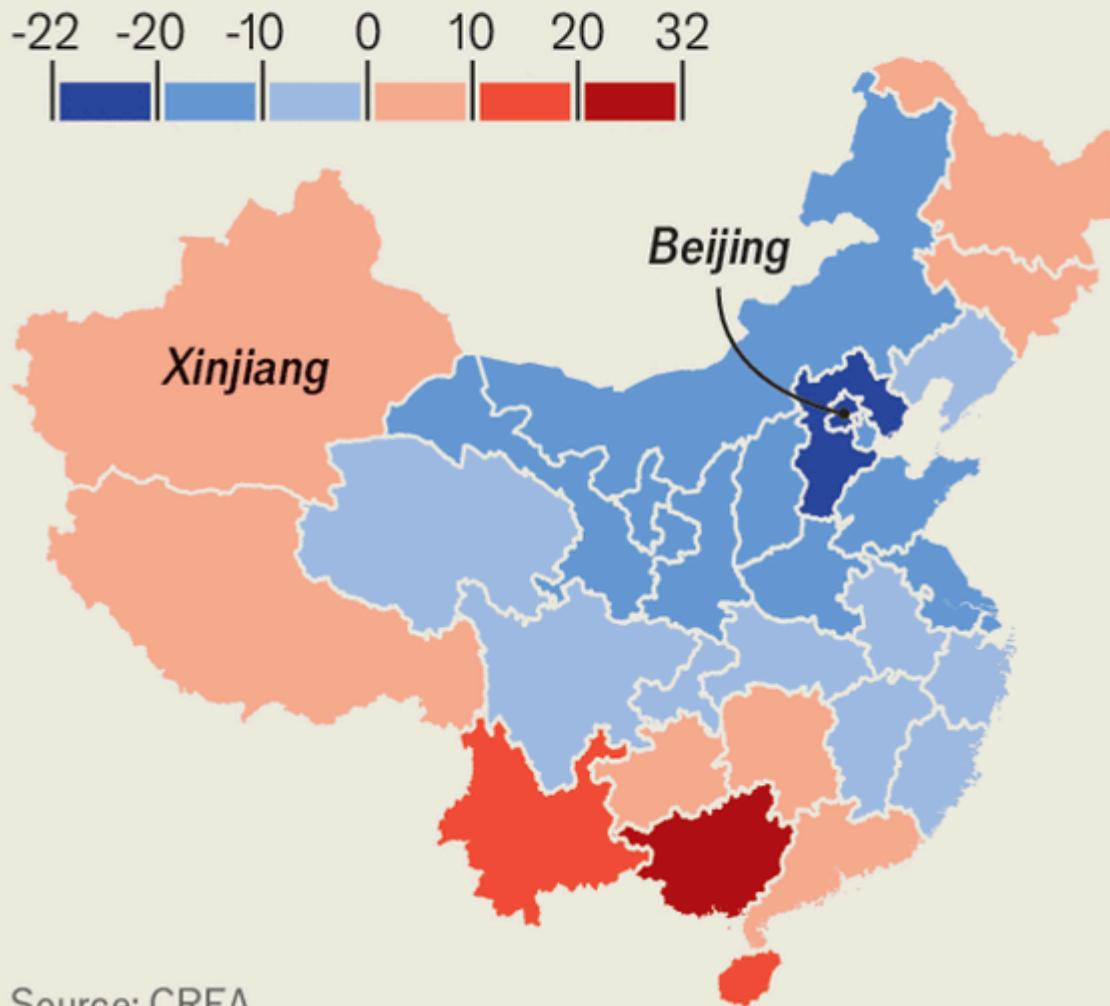
THE SMOG in Beijing was once so thick that a local brewery began selling a bitter beer called the “Airpocalypse”, which was cheaper on polluted days. These days fewer people are chugging a discounted brew. Last year Beijing saw only two days of very severe smog, according to the government’s method of measuring—down from 58 in 2013. The prevalence of a particularly dangerous class of pollutants called PM2.5, which comprises specks of dust and ash small enough to enter the bloodstream through the lungs, has fallen by two-thirds over a decade.

Though levels are still well above what the World Health Organisation deems safe, city officials are proud of the progress they have made.

Yet now a new front in the “war on pollution” is opening up: China’s poorer hinterland. While the country’s average air quality continues to get better, driven by improvements in wealthy eastern cities, pollution in many cities in the south and west of the country has been getting steadily worse. In the first quarter of this year, levels of PM2.5 in ten Chinese provinces rose from the same period in 2024 (see map), according to a recent study by the Centre for Research on Energy and Clean Air (CREA), a think-tank in Finland. The five most severe bouts of air pollution that took place in the country in April all occurred in western China.

## Rough round the edges

China, air pollution (PM2.5), Jan-Mar 2025,  
% change on a year earlier



Source: CREA

Sandstorms caused by adverse weather bear some responsibility for this murk. But human factors matter more. For decades countries in Europe and North America watched their own skies brighten as dirty manufacturing businesses moved to cheap industrial hubs in eastern China. Now something fairly similar is happening within China itself, as well-to-do coastal settlements push their irksome smoke-makers farther inland.

Beijing's last steel mill closed in 2010 and has since become a leafy park. The city has ordered 11,000 polluting firms to shut since 2013. Yet factories are sprouting in China's hinterland, where land, labour and energy are much cheaper. The production of pig iron and steel, to name two examples, is accelerating in western China even as it slows in the east. Xinjiang, a big western region, is becoming a hub for China's chemicals industry.

Officials in poorer cities have much less incentive than their rich neighbours to go green. Middle-class Chinese are clued up about the dangers of air pollution and get angry when air quality slides. In the case of Beijing, it has doubtless helped that China's leaders—and their children—share the same air. But none of these pressures applies to cities in China's hinterland. Officials in those places tend to be much more desperate to drive up economic growth, even when that comes at an enormous cost to public health. And those who do wish to monitor or punish polluters have far fewer resources with which to do so.

Indeed, there are reasons to think that in both eastern and western provinces the next phase of China's war on pollution will prove more of a slog than the first. One reason for optimism is the rise of exhaustless electric vehicles, which accounted for about half of all cars sold in China last year. On the other hand, tightening political control means there is now much less space for complaints about filthy air, says Huang Yanzhong of the Council on Foreign Relations, a think-tank in America. State media once frequently ran stories on the dangers of smog; these days they mainly publish praise for China's achievements. Activists used to help attract attention to the problem (in 2015 an artist wandered around Beijing waving a vacuum cleaner to suck up the smog). Authorities have since cracked down on such activities, fearing they could stoke discontent. They have forced some environmental NGOs to shut their doors.

If China falters, it would be a big missed opportunity. Air pollution is linked to all sorts of problems—from lung cancer to heart disease—that China's creaky health-care system is already struggling to treat. In 2019 PM2.5 pollution was responsible for some 1.4m premature deaths in the country, according to a study by researchers at the University of Washington, in America. Meanwhile, levels of ozone gas, which can cause breathing

problems, have been increasing across China in recent years. Officials are currently deciding the pollution-reduction targets for China's next five-year plan, which will run from 2026 until 2030. Bluer skies in Beijing are no reason to ease off. ■

*Subscribers can sign up to [Drum Tower](#), our new weekly newsletter, to understand what the world makes of China—and what China makes of the world.*

---

This article was downloaded by **calibre** from

<https://www.economist.com/china/2025/06/19/rich-chinese-cities-are-suffocating-poor-ones>

| [Section menu](#) | [Main menu](#) |

# Middle East & Africa

- **China is trying to win over Africa in the global trade war**

Topsy-turvy tariffs :: As America slaps tariffs on African goods, it is offering zero duties

- **The war in Sudan is spilling over its borders**

Expanding misery :: Fighting in the desert between Libya and Egypt will make the conflict even harder to end

- **Africa's scary new age of high-tech warfare**

Cheap and deadly :: The proliferation of new technology could make conflicts even longer and deadlier

Topsy-turvy tariffs

# China is trying to win over Africa in the global trade war

*As America slaps tariffs on African goods, it is offering zero duties*

Jun 19, 2025 02:52 PM | Cape Town, Kampala and Pretoria



AT CHINA MALL, a vast supermarket in Kampala, Uganda's capital, Rose Ahurra picks up a small turquoise squirrel. The toy flashes as she puts it in a trolley laden with towels, clothes, containers and an air fryer. The purchases indicate her place in the Ugandan middle class, which has flocked to China Mall since it opened earlier this year. "The prices are fair and I no longer have to go to lots of individual shops," she explains.

But the floors of mostly Chinese goods also hint at an imbalance that worries African policymakers. Total trade between China and Africa was worth \$296bn in 2024. Yet the value of what China exported west (\$179bn)

was much higher than what Africa sent east (\$117bn). This year, partly as a result of the state support China is giving to its factories to boost the domestic economy, Chinese exports to the continent are on track to be 12% higher. African countries have long asked Beijing to make it easier to trade the other way, too. Many will have welcomed China's announcement on June 12th that it will grant duty-free access to products from every African country except Eswatini, a tiny kingdom that recognises Taiwan.

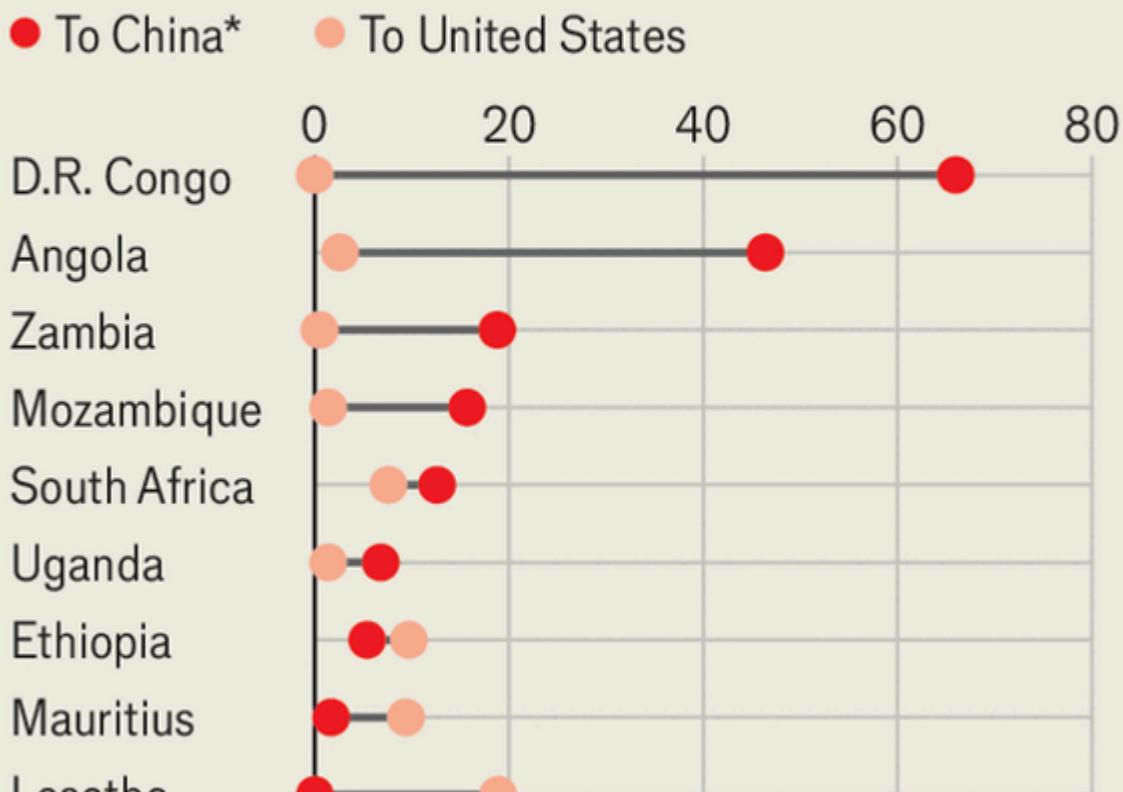
The immediate impact may be minimal. But the policy could integrate African economies more deeply into Chinese-centred supply chains as the global economy is fragmenting. Geopolitically, China's move is as subtle as a flashing turquoise squirrel. After 25 years America is set to end its own duty-free deal with Africa when the African Growth and Opportunity Act (AGOA) expires on September 30th. It is imposing tariffs willy-nilly, slashing aid and banning African migrants. For its biggest competitor, that is an opportunity.

China has become more important in African trade in the 21st century (see chart). In 2003 just 18 of Africa's then 53 countries traded more with China than they did with America. Two decades later that is the case for 52 of Africa's 54 states. The vast majority of this trade is in raw materials, which were duty-free even before June 12th. Most African exports to China come from three countries: oil-rich Angola, mineral-rich Congo, and South Africa, which is a hub for minerals exports. Though China said in 2021 that it would do more to help African exporters of manufactured and agricultural goods, these make up a tiny share of its imports.

## Looking east

Goods exports, % of total, 2023

Selected African exporters



Source: International Trade Centre

\*Includes Hong Kong

In the short term, ending tariffs will help to make these African industries a bit more competitive internationally. Hasit Shah, who exports avocados from Kenya to China (and currently faces a tariff of 7%), says the move “will really help us against Peruvian fruit”, which already benefits from 0% duties. Maryna Calow of Wines of South Africa, a trade group, hopes that it will make local plonk competitive with Australian and Chilean varieties that already enjoy zero duties when entering China.

Yet duties are rarely the biggest obstacle to African firms exporting to China. “Supply reliability and structural bottlenecks”, such as the quality of logistics and red tape, are bigger choke-points, says Omar Bagersh, a coffee entrepreneur. Phytosanitary regulations have made it hard for farmers to export.

Ultimately Africa will maximise the benefits only if it can make more things that China wants to buy. Deborah Brautigam of Johns Hopkins University reckons zero tariffs could have a large impact “in a small number of middle-income countries” that already manufacture competitive goods. They may encourage Chinese firms to set up in the industrial zones China has been building in Africa to produce goods for exports back to China, rather than just for African markets. Yet ultimately “a more deliberate set of policies to include Africa in value chains” is needed, argues Carlos Lopes of the University of Cape Town.

The zero-tariff policy is a “political masterstroke” by China, says Joshua Eisenham of the University of Notre Dame, with China signalling that it is different from America under Donald Trump and committed to addressing trade imbalances. Wu Peng, China’s ambassador to South Africa, says it shows how “we will take real actions to contribute to Africa’s industrialisation and modernisation.” In an implicit contrast to America’s approach, he says that imposing heavy tariffs on African countries “is very unreasonable and sometimes brutal”.

Yet African countries are not about to give up on America. Since Mr Trump paused the tariffs he imposed on April 2nd they have been rushing to placate Washington. Governments are lining up like supplicants at a royal court to offer goodies. Most dangle a three-part package.

The first element is to roll the carpet out to American firms, most of all Starlink, Elon Musk’s satellite-internet provider. Congo, which is keen to win American favour in its negotiations to end its war with Rwanda, signed such a deal in May. Lesotho, the tiny kingdom that faced a whopping 50% tariff, has also opened its market.

The second part of the offer is mining. Madagascar is pitching a uranium mine; South Africa is discussing chrome with American officials; Congo is

welcoming American investment in a lithium mine; and Namibia is open to investment in a range of rare earths. If a deal ends up preventing Chinese ownership, all the better.

The third is to say that, even as their own citizens face possible bans, they will take migrants deported from America. Rwanda is dusting off the deal it struck with Britain to sell it to Team Trump. Lesotho, which depends on remittances from its own migrants to surrounding South Africa, is working on an offer.

All this points to a topsy-turvy irony in how the two great powers approach Africa. Having spent years criticising China—with much justification—for exploiting Africa's natural resources and using its power to extract concessions in a transactional manner, America is now doing just that. That allows China, however cynically, to present itself as the benevolent partner.

■

*Sign up to the [Analysing Africa](#), a weekly newsletter that keeps you in the loop about the world's youngest—and least understood—continent.*

---

This article was downloaded by **calibre** from <https://www.economist.com/middle-east-and-africa/2025/06/19/china-is-trying-to-win-over-africa-in-the-global-trade-war>

| [Section menu](#) | [Main menu](#) |

Expanding misery

# The war in Sudan is spilling over its borders

*Fighting in the desert between Libya and Egypt will make the conflict even harder to end*

Jun 19, 2025 01:46 PM



WHEN THE Sudanese Armed Forces (SAF) recaptured Khartoum, Sudan's capital, in March, some of the army's supporters thought its victory was near. Some of the more than 14m Sudanese displaced by the war have begun returning home. The rest of the world is paying little attention to a humanitarian disaster in the country of 50m people.

But Sudan's war is far from over. In recent days the Rapid Support Forces (RSF), the army's main adversary, advanced into the strategic borderlands between Sudan and its northern neighbours, Libya and Egypt. On June 11th

the SAF insisted that it was evacuating the “triangle” area as part of “defensive arrangements”. Yet within a few days the RSF also overran the Chevrolet garrison in Sudan’s Northern region, some 100km south of the triangle (see map). It appears to have had help from a militia loyal to Khalifa Haftar, the warlord who rules eastern Libya.



Mr Haftar is far from the only outsider to meddle in Sudan's war. Foreign fighters have poured over its borders ever since fighting erupted in 2023. The United Arab Emirates (UAE) has sent arms to the RSF with the support of governments in Chad, South Sudan and Kenya. Egypt, a strong supporter

of the SAF, has reportedly provided it with air support. Russia, Turkey and Iran have sold it weapons and drones.

Yet Mr Haftar's involvement is particularly significant. Like the RSF's leader, Muhammad Hamdan Dagalo (known as Hemedti), he is an ally of the UAE. His forces have helped the RSF smuggle fuel, cars and weapons into Darfur, according to the UN. The RSF also has training camps in southern Libya, says Justin Lynch of Conflict Insights Group, which monitors the war.

The SAF's capture of the Chevrolet base in the first week of the war disrupted the RSF's supply lines from Libya, so its return gives Mr Dagalo a much-needed boost. It also hampers the SAF's ability to supply el-Fasher, the capital of Darfur that has been under siege for more than a year. Control of the triangle could let the RSF threaten the Northern region, one of few parts of Sudan largely untouched by war.

The army will hope that the RSF's presence so close to the Egyptian border will prompt its northern neighbour to step up. But Egypt may be unwilling to alienate the UAE, which bailed out its cash-strapped government with \$35bn in 2024. "Egypt simply doesn't have the money or bandwidth" to become much more involved in the war, says Kholood Khair of Confluence Advisory, a Sudanese think-tank. Turkey, by contrast, has long opposed Mr Haftar and competes with the UAE for influence in the region. If Mr Haftar's forces get directly involved in the fighting, Turkey may ramp up its support for the SAF.

Foreign meddling helps prolong the war. The RSF has expanded its use of UAE-supplied drones to [target civilian and military infrastructure](#). The SAF is bent on a victory that looks hard to achieve. A forthcoming study in the *Lancet Global Health* estimates that in Khartoum state alone, between 12,600 and 58,700 people were killed by "intentional injuries" between April 2023 and June 2024, with countless others dying of hunger and disease. Many more will have perished since then. The toll continues to rise. ■

*Sign up to the [Analysing Africa](#), a weekly newsletter that keeps you in the loop about the world's youngest—and least understood—continent.*

---

This article was downloaded by **calibre** from <https://www.economist.com/middle-east-and-africa/2025/06/19/the-war-in-sudan-is-spilling-over-its-borders>

| [Section menu](#) | [Main menu](#) |

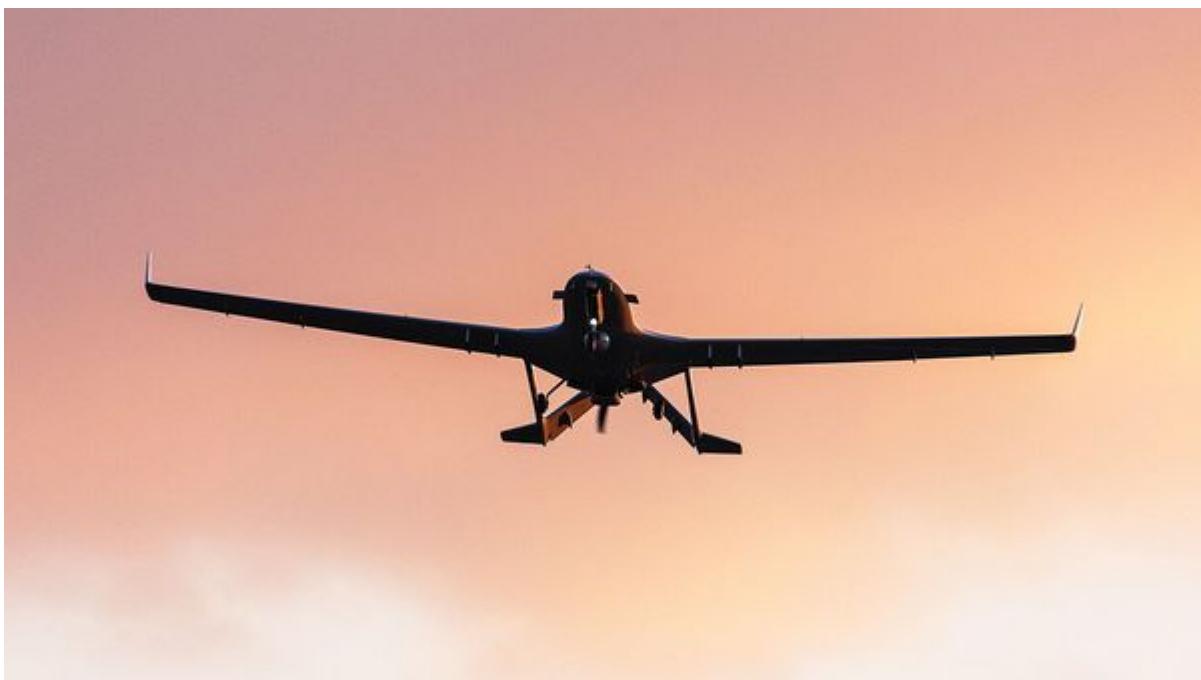
---

Cheap and deadly

# Africa's scary new age of high-tech warfare

*The proliferation of new technology could make conflicts even longer and deadlier*

Jun 19, 2025 02:02 PM | Addis Ababa



Death from above

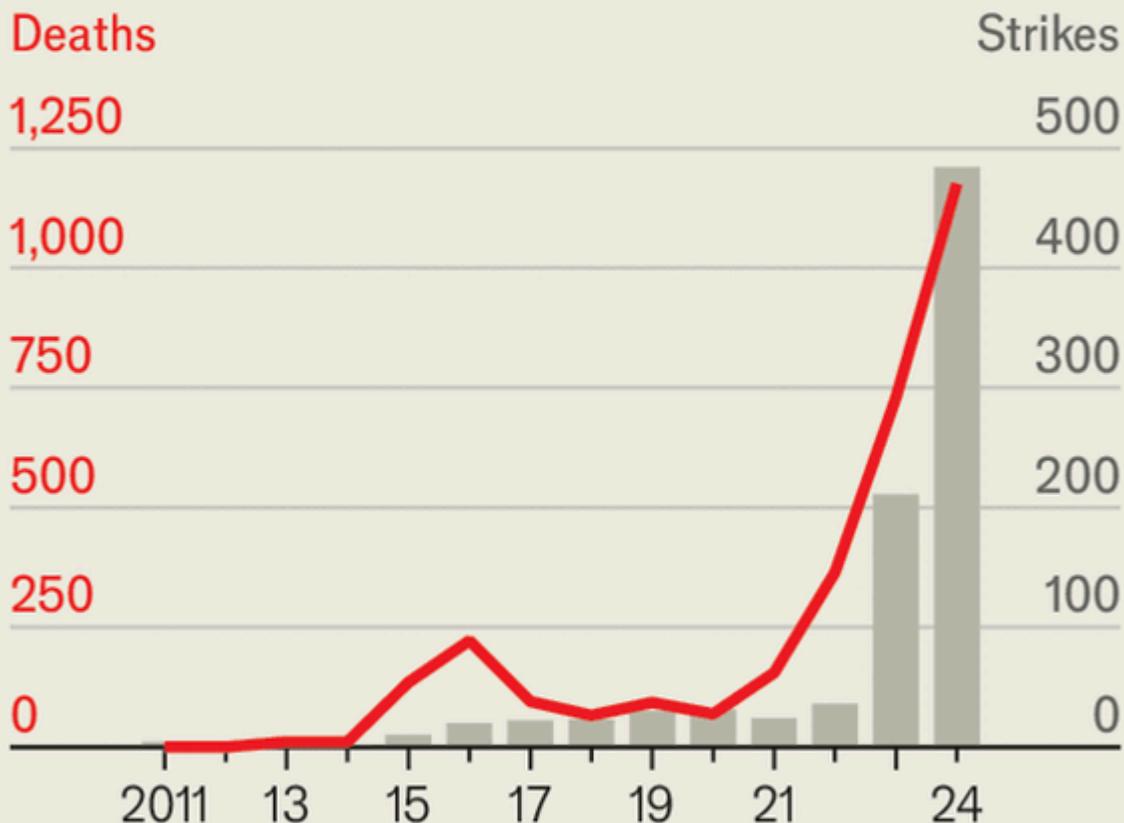
ONCE INFAMOUS for fighting on horseback and ransacking villages like medieval raiders, the Rapid Support Forces (RSF) recently acquired the weapons of 21st-century war. In early May the Sudanese militia, which has been fighting the country's army since April 2023, [launched drone strikes](#) on Port Sudan, an army stronghold on the Red Sea coast. The attack damaged Sudan's only functioning airport and the city's main power station. Yet its most enduring impact was psychological. More than 1,000

kilometres away from any known RSF base, Port Sudan was long considered safe. The RSF's drones demolished that assumption.

The strikes are the most recent illustration of how drones are changing the character of war in Africa. For decades the continent's wars have been land-based, fought largely by light mobile infantry units. Air power was too costly and too complex for most armies. Today's drones, by contrast, are both cheap and deadly. For now, they can sometimes provide a decisive advantage in a conflict. But they may ultimately make the continent's wars easier to start and harder to end.

## Soaring damage

Africa\*, military drone activity



\*Mostly in Burkina Faso, Ethiopia, Libya, Mali, Somalia and Sudan

Sources: Africa Centre for Strategic Studies; ACLED

Drones are becoming ubiquitous in Africa. By 2023, some 30 African governments had bought an unmanned system of some kind. Data from the Armed Conflict Location and Event Data project (ACLED) show a surge in drone activity: 484 drone strikes were carried out across 13 African countries in 2024, more than twice as many as in 2023. More than 1,200 people were killed in such strikes (see chart).

Unlike the smaller first-person view (FPV) drones that litter the skies in Ukraine, most systems deployed by African forces are medium-altitude

long-endurance (MALE) drones. They are bulkier, fly at higher altitudes for longer, and carry larger payloads. The most popular is Turkey's Bayraktar TB2, which costs around \$5m. Other suppliers include the United Arab Emirates (UAE), China and Iran.

In Russia's war in Ukraine, the ubiquity of drones on both sides has produced a grinding war of attrition. In Africa, drones have sometimes given one side a decisive advantage. In the summer of 2021 rebel forces from Tigray in northern Ethiopia marched to the gates of the capital, Addis Ababa, threatening to topple the government. But the stunning offensive left the rebels' supply lines exposed. The Ethiopian government had built up a large arsenal of drones from Turkey, Iran and the UAE. It used them to wreak havoc on Tigrayan logistics and beat back the assault, a turning-point in a war it eventually won. "We could have captured Addis easily," laments a former intelligence officer from Tigray, who was involved in the offensive. "It was those fucking drones... We had no way of shooting them down."

Drones have shifted the balance of power in other conflicts, too. Before the RSF's attacks on Port Sudan, the Sudanese Armed Forces (SAF) used drones to attack the RSF's supply lines, helping it recapture Khartoum, the capital, in March. In 2023 Turkish drones helped Mali's junta retake the northern city of Kidal, booting out the Tuareg separatists who had ruled it for more than a decade.

Yet drones alone cannot always turn the tide. The SAF's recapture of Khartoum required months of gruelling, door-to-door fighting, even though drones helped with intelligence-gathering. They are not particularly useful when opponents hide in mountains or rainforests, or embed with civilian populations. Despite their success in Tigray, Ethiopia's drones have been ineffective against rebels in the mountainous Amhara region. In Mali, Niger and Burkina Faso, drones struggle to cover the vast distances involved in campaigns in the Sahel. Jihadist insurgencies there continue to spread as fighters have been quick to adapt to the new threat. They now use motorbikes instead of pickup trucks, so they can disperse fast and evade aerial surveillance. In eastern Congo fighters from M23, a militia backed by

Rwanda, have used jammers to blunt drones fielded by UN peacekeepers. They reportedly shot down a Chinese MALE drone used by Congo's army.

Most importantly, because drones are cheap, plentiful and easy to transport, they can be acquired by all sides in a conflict. On June 13th Tuareg insurgents in northern Mali appear to have used FPV drones, similar to those used by Ukraine, to devastate a convoy of Russian mercenaries crossing the desert.

The proliferation of drones offers governments a cheap way to keep rebels in check without suffering many casualties. That could lower their willingness to strike negotiated agreements. It also boosts the arsenals of non-state actors and makes it easier for foreign powers to support proxies in Africa. The result could be more and longer wars on the continent. ■

*Sign up to the [Analysing Africa](#), a weekly newsletter that keeps you in the loop about the world's youngest—and least understood—continent.*

---

This article was downloaded by **calibre** from <https://www.economist.com/middle-east-and-africa/2025/06/19/africas-scary-new-age-of-high-tech-warfare>

| [Section menu](#) | [Main menu](#) |

# Europe

- **Next week's NATO summit will be all about placating Donald Trump**  
Keeping the president happy :: The Europeans plan to keep it short and snappy
- **Ukraine looks abroad to boost its manpower**  
Foreign fighters welcome :: Both sides are actively recruiting soldiers from overseas
- **Serbia's Aleksandar Vucic is rattled**  
Balkan bully on the ropes :: Huge demonstrations led by students calling for elections are proving resilient
- **Corruption at the heart of his party wounds Spain's prime minister**  
Sea of troubles :: Pedro Sánchez is a survivor, but it is getting harder
- **A revival for the classic Renault 5**  
Bread on wheels :: Now with an electric motor and a baguette-holder
- **Europe wants to show it is ready for war. But would anyone show up to fight one?**  
Charlemagne :: The “peace project” at the heart of the continent has worked rather too well

Keeping the president happy

# Next week's NATO summit will be all about placating Donald Trump

*The Europeans plan to keep it short and snappy*

Jun 19, 2025 02:52 PM



FOUR MONTHS ago Friedrich Merz, freshly triumphant in Germany's election, mused aloud that the largest, longest-lasting and most successful alliance in modern history might soon evaporate. "I am very curious to see how we are heading towards the NATO summit at the end of June," he remarked. "Whether we will still be talking about NATO in its current form or whether we will have to establish an independent European defence capability much more quickly."

Days away from that summit, NATO is alive and Mr Merz has changed his tune. "I have no doubt whatsoever that the American government is

committed to NATO,” he pronounced, a day after meeting Donald Trump, America’s president, on June 5th at the White House. But the leaders gathering in The Hague on June 24th are taking no chances. The summit will be a short and tightly choreographed affair, minimising opportunities for Mr Trump, who walked out of a G7 summit in Canada early on June 16th, to cause a ruckus, as he did in 2018 when he came close to announcing that America would leave the alliance.

## Leaders and laggards

1

NATO members\*, defence spending,  
2024, % of GDP



Source: NATO

\*Excluding Iceland which has no armed forces

The agenda will be dominated by one of Mr Trump's favourite hobbyhorses: defence spending. Twenty-three members of NATO now meet the twin targets of spending 2% of GDP on defence and 20% of defence budgets on equipment. In The Hague, the allies will agree on and announce a new spending target: that all allies should spend 3.5% of GDP on what Mark Rutte, NATO's secretary-general, has described as "core military requirements", with an additional 1.5% of GDP on defence-related spending, such as infrastructure and industrial capacity. Spain is the only holdout; it is expected to fold.

The real debate now is over the timeline for reaching that target. Central and eastern European states are pushing for 2032. Those with further to go and that are less exercised by the threat, such as Slovakia, want 2035. The former would cause conniptions among many European finance ministries, implying an even more rapid rise in defence spending. The latter would bring to mind the Wales summit of 2014, when allies agreed on a 2% target but moved towards it with astonishing torpor. Mr Rutte says that he is also eager to avoid a "hockey stick", in which allies spend all the money in the last year or two. "You cannot spend all that money in one year, there is an absorption capacity issue."

The extra money is intended to fund new capabilities required by the defence plans drawn up by the alliance's military headquarters. On June 9th Mr Rutte pointed out that this involved, among other things, a 400% increase in air and missile defence systems. There was an "audible gasp in the room" of military planners when that was announced internally, recalls Rachel Ellehuus, who was until recently part of the American delegation to NATO, and now leads the Royal United Services Institute, a think-tank in London.

In February the mood among European allies was shock and anger. Mr Trump's administration had just humiliated Volodymyr Zelensky, Ukraine's president, opened direct talks with Russia and announced that it would no longer lead the conventional defence of Europe. Through the spring and summer, that has given way to acceptance and pragmatism.

One senior American official says that concerns that America will pull large numbers of troops out of Europe are likely to be overblown. Most American

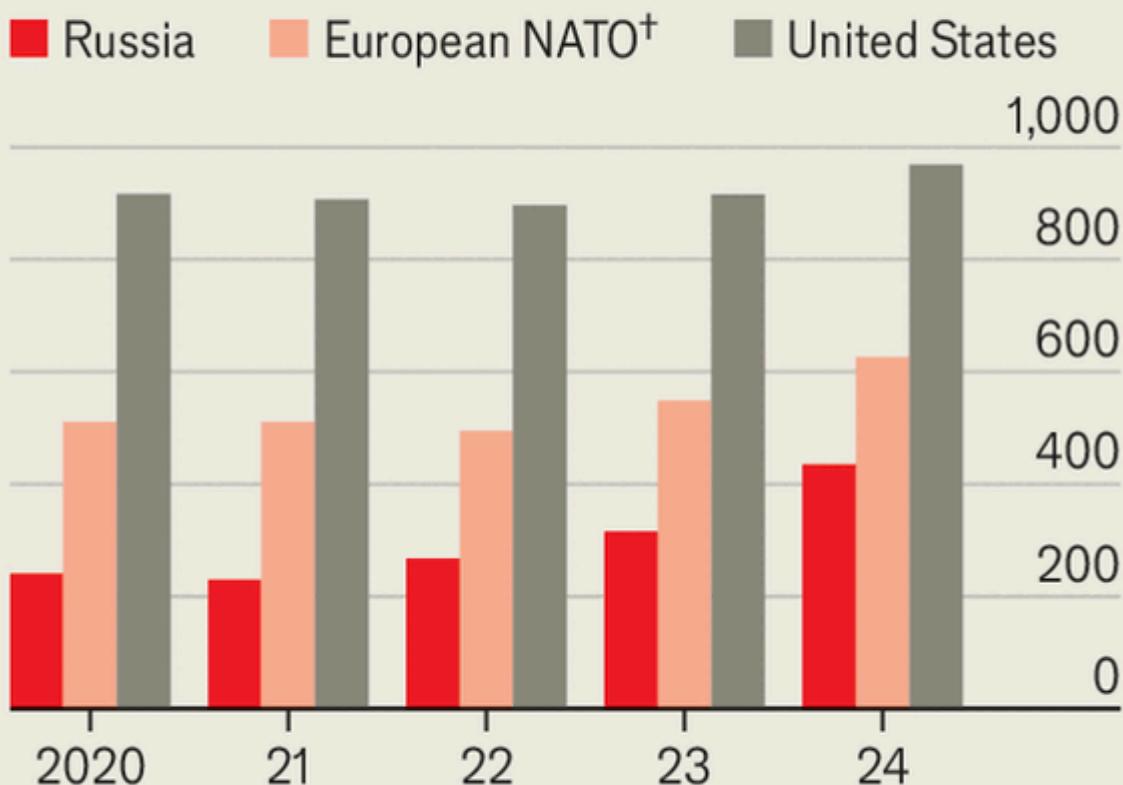
assets in Europe, including F-35 jets and destroyers, could be moved to the Pacific if needed fairly quickly, he says. It would cost billions of dollars to build new barracks in America. “If they’d like to have them there,” said Mr Trump on June 5th, of troops in Germany, “we have a lot of them.”

Nonetheless, European allies increasingly recognise that they may not always be able to count on key American capabilities. “We need ten years for this transition,” says a European official. “Seven years minimum.” The direction of travel is clear. Non-American members of NATO (Europe plus Canada and Turkey) doubled their spending on equipment between 2018 and 2024, a period in which America’s grew by just 5%, according to Jane’s, a military data firm. America’s share of NATO’s total investment spending has fallen from 83% in 2010 to 65% this year.

## Unequal burdens

2

Estimated defence spending,  
\$bn at military PPP\*, 2023 prices



\*Purchasing-power parity, adjusted for wage and cost differences, indexed to America    †Excluding Turkey

Sources: SIPRI; Peter Robertson; *The Economist*

NATO's military side is also in the throes of change. General Chris Cavoli is departing as Supreme Allied Commander Europe (SACEUR) after three years in the job. "In the long line of SACEURs," says a European diplomat, "he really stands out." His replacement, Alexus Grynkevich, an air force general, now faces the task of fleshing out the plans that General Cavoli drew up. One element of that is an "Eastern Flank Deterrence Line" developed by General Chris Donahue of Allied Land Command. The idea, says one insider, is that NATO ground forces, drawing on lessons from

Ukraine, use “new forms of mass”—drones, but also cheaper cruise missiles—to defeat a larger Russian force. The concept is a “new, cheaper way of doing business”, he says. It has been refined over the past three months in simulations. Its final validation will come in a big exercise next May, Steadfast Defender.

Money and military strategy are not the only things on the agenda, though. “The United States would like the summit to be only about the 5%,” says one diplomat, “and a healthy majority of Europeans want the summit to be also about the reasons for the 5%—Russia and Ukraine.” European allies want Mr Trump to follow through on his threat of imposing sanctions on Russia over its refusal to agree to a ceasefire in Ukraine. On June 16th Mr Trump, speaking at the G7, instead repeated his call for Russia to be readmitted to the group, lamented the cost of sanctions and cancelled a planned meeting with Mr Zelensky, who is also due to attend a state dinner in The Hague. The increasing likelihood of American intervention in Iran will also test Mr Trump’s short attention span.

In ordinary times the allies would discuss a wide range of other issues. This time round there is expected to be little or nothing on the challenge posed by China, nuclear weapons and arms control, space security, and NATO’s wider neighbourhood. The communiqué traditionally published at the end of the summit is likely to be shorter than usual. If that is the price to pay for placating Mr Trump, suggest NATO officials, so be it. “NATO was never established to have a Kumbaya,” reflected Mr Rutte, “where we would immediately, from minute one, agree on everything.” ■

*To stay on top of the biggest European stories, sign up to [Café Europa](#), our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/europe/2025/06/19/next-weeks-nato-summit-will-be-all-about-placating-donald-trump>

Foreign fighters welcome

# Ukraine looks abroad to boost its manpower

*Both sides are actively recruiting soldiers from overseas*

Jun 19, 2025 12:58 PM | WESTERN UKRAINE



THE NEWEST recruits will leave at dawn to join Ukrainian brigades on the southern front. Some of them are excited. Others, deadly focused. “Infante”, a 38-year old veteran from near Bogotá, Colombia, does not say much at all. The whites of his eyes, which flicker as they scour the room for threats, speak their own language. J-C, a 60-year-old training co-ordinator from Brazil, looks on approvingly. He has seen it all—from East Timor to Bakhmut, for which he proudly wears a medal. “Few words,” he says. “But these are the guys who survive.”

Three and a half years into the war, Ukraine is pivoting to international recruitment to tackle its manpower crisis. The call first went out in February 2022, when President Volodymyr Zelensky appealed for help after Russia launched its full-scale invasion. But that initial international legion was badly managed: the overwhelming majority eventually left because of the chaos and harsh conditions. Now Ukraine needs to do better. In May a new recruitment centre opened at an undisclosed location in western Ukraine. A digital advertising campaign was launched, concentrating initially on Latin America.

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

The push is promising, with a hundred-odd new applications a day. Recruits generally pay their own way to Ukraine, and do not get preferential treatment over Ukrainian soldiers. But the front-line salaries of \$3,000 a month before bonuses, perhaps ten times the average in poorer parts of South America, are a strong incentive. For some, fighting for freedom is enough. According to Lieutenant Oleksiy Bezhevets, a defence-ministry official overseeing the programme, Ukraine hopes to recruit “several thousands” more a month from abroad. That would be welcome. Ukraine’s recruitment rate is running at 27,000 a month, roughly 15,000 below Russia’s. And that does not take into account a worrying number of desertions during training.

Recruiting from the global south can be complicated. Russian influence is increasing widely there, so Ukraine has to tread warily. Visa issues complicate transit through Europe. The challenges do not end on arrival. Adapting to new conditions is tough: an unfamiliar cuisine; harsh weather; and the threat of drones. J-C warns fellow Brazilians to brace for winter. “I tell them to imagine the beer fridge back home. That’s minus seven. Then subtract another 20.” Ortiz, a 33-year-old former Colombian marine, says the hardest thing for many Latinos is going unwashed for weeks at a time. “Using a field latrine is a shock for anyone,” he says. His solution is to stick lighted cigarettes up each nostril before approaching the stink.

Communication is another challenge. Commanders are supposed to speak the relevant languages. But this is not always possible, especially if officers are killed or injured. At night, no one is talking. “We’ve developed our own

ways of communicating,” says J-C. “A little touch of the ear to tell you friend or foe, for example.” There have been misinterpreted commands, he admits; even turning left instead of right.

Ukraine isn’t alone in the international recruitment game: Russia’s presence is being felt in the same markets. Ortiz claims some of Colombia’s FARC guerrillas are fighting for Russia. Of foreign fighters, North Koreans have made the biggest impact. The enemy appears to be taking Ukraine’s programme seriously. Lieutenant Bezhevets says Russian intelligence regularly tries to infiltrate and gain information on his international recruits. Ortiz says his home address near Medellín has appeared on pro-Russia networks. Strange people have even showed up there. As a visible face of the recruitment campaign, he fears what would happen if he were to leave Ukraine. “If I go to an international airport, the Russians will come for me.”

On the battlefield, foreign soldiers are high-value captives. Russians do not routinely make prisoner exchanges with Ukraine’s foreign fighters. In May Mr Zelensky suggested that the Kremlin would prefer to use them as leverage with the global south. The group of foreign soldiers heading for the front say they have no intention of testing that theory. In a rare moment of animation, Infante says he has made a suicide pact with himself. “The Russians might kill you,” he says, his eyes flicking left then right, before fixing on a forward stare. “But if they let you live, it won’t ever be a life worth living.” ■

*To stay on top of the biggest European stories, sign up to [Café Europa](#), our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/europe/2025/06/19/ukraine-looks-abroad-to-boost-its-manpower>

**Balkan bully on the ropes**

# Serbia's Aleksandar Vucic is rattled

*Huge demonstrations led by students calling for elections are proving resilient*

Jun 19, 2025 12:59 PM



Hey hey, ho ho, Aleksandar has got to go!

AS THE ACADEMIC year ends, students must choose whether to graduate this year or go for broke in their push to bring down Aleksandar Vucic. The demonstrations that began in winter have refused to die down and have become a lightning-rod for opposition to the president. Though they have so far failed to topple him, he has failed to snuff them out.

Protests began when a concrete canopy at the railway station in Serbia's second city, Novi Sad, collapsed last November, killing 16 people. The station had just been refurbished, so corruption was widely suspected. Mr Vucic replaced his prime minister in a bid to appease the protesters, to no

avail. The students refused to co-operate with Serbia's established but feeble opposition parties, at first saying they merely wanted justice in Novi Sad—and a better-run country. But in March they began calling for early elections.

Mr Vucic has held sway over Serbia in various posts since 2012 and was a powerful figure under Slobodan Milosevic, who led Serbia during the Balkan wars in the 1990s and was overthrown in 2000. In the past few years he has brushed off several waves of protest, including against controversial plans to mine lithium, a project the European Commission this month designated as being of "strategic importance".

A candidate for EU membership, Serbia under Mr Vucic has managed to be friendly to Russia yet supply arms to Ukraine. His ruling party is a patronage machine that gives supporters jobs in exchange for votes. It controls all the mainstream media. His party won a snap election in 2023.

But the latest protests are rattling him. He accuses the students of being paid by foreign countries and has talked of a mysterious coup attempt. Liberal NGOs are attacked for accepting funds from abroad. In the past decade the EU has donated €64m (\$74m) for civil-society initiatives. But that is a fraction of what it has given the government to modernise Serbia as a whole.

On March 15th, during what may have been the biggest demonstration in Serbia's history, panic broke out, apparently stirred up by the police using long-range acoustic devices. EXIT, a big music festival in Novi Sad that put Serbia back on the cultural map after the Balkan wars, has had its government funding yanked for supporting the students, so this year's event will be the last on its home territory.

Local elections on June 8th in two small towns where Mr Vucic's party has in the past got almost 80% of the vote saw it scrape home by a whisker. So Mr Vucic is loth to agree to early elections. But he may now be setting the students against each other. For months they have kept the universities closed. The government has stopped paying the bills. Lecturers are being paid only 12.5% of their salary, since the government says they are not teaching.

Vladan Djokic, Belgrade University's rector, has been negotiating with the government to hold summer classes mainly online to let students finish their academic year which in turn will permit enrolment for next year. He is popular with the students and faces trumped-up criminal charges relating to the university closures. If the student blockade of the universities persists, he says the government could begin purging academics it dislikes, including him. But if he loses his job, he would be free to help lead a post-Vucic Serbia. ■

*To stay on top of the biggest European stories, sign up to [Café Europa](#), our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/europe/2025/06/19/serbias-aleksandar-vucic-is-rattled>

| [Section menu](#) | [Main menu](#) |

---

**Sea of troubles**

# Corruption at the heart of his party wounds Spain's prime minister

*Pedro Sánchez is a survivor, but it is getting harder*

Jun 19, 2025 12:59 PM | MADRID



PEDRO SÁNCHEZ came to power in 2018 through a censure motion that ousted his conservative predecessor, Mariano Rajoy, after a court found the centre-right People's Party (PP) had practised “institutionalised corruption”. Mr Sánchez promised “democratic regeneration”. But he and his Socialist Party have now come almost full circle. After a judge released a police report containing devastating evidence of systematic corruption by two of Mr Sánchez's closest party aides, a sombre prime minister apologised eight times at a press conference on June 12th. He promised a shake-up in the party leadership and an external audit of its finances. That is unlikely to be enough to restore his authority, or perhaps even to save his job.

The police report accused Santos Cerdán, a senior party official, of “managing” at least €620,000 in bribes on public-works contracts from Acciona, a construction company which this week fired a senior manager. Despite months of rumours, Mr Sánchez had backed his aide to the last minute before summarily firing him. Nominally the number three in the hierarchy, in practice Mr Cerdán ran the party, drawing up candidate lists and sidelining the prime minister’s internal critics.

The report includes tapes made by Koldo García, who was arrested on suspicion of corruption in February 2024. A former bouncer at a brothel in Navarre, he became an aide to José Luis Ábalos, who preceded Mr Cerdán in his party role and was also transport minister. Mr Ábalos was fired from both jobs, without explanation, in 2021 and now faces trial at the Supreme Court on charges of racketeering. He is also accused of placing several young female companions in public-sector jobs that were sinecures. In the tapes, he and Mr García discuss the merits of several prostitutes. For a party that, at Mr Sánchez’s urging, officially calls itself feminist, that is hard to take.

The prime minister has tried to present the affair as a party, rather than government, matter. But Mr Cerdán, who like Mr Ábalos insists he is innocent, also acted more broadly as a trouble-shooter, entrusted with negotiating a controversial amnesty for Catalan separatists in return for parliamentary support for the government from the party of Carles Puigdemont, a fugitive separatist leader.

Mr Sánchez’s minority government also depends on the backing of hard-left and other Basque and Catalan nationalist parties. He has been unable to pass a budget since 2023 and has not dared to seek their approval for a big increase in defence spending to meet NATO’s target of 2% of GDP. He clings on because those parties have disliked the idea of a censure motion that would probably bring to office Alberto Núñez Feijóo, the PP leader, with the backing of Vox, a hard-right outfit.

Mr Sánchez insists he will govern until the end of the parliamentary term in 2027 and will continue to pursue a socially progressive agenda. But the repeated claim of his officials that he is the victim of a right-wing plot, which includes judicial investigations of his wife and brother, has been

undermined. Through Mr Cerdán he has hitherto held a tight grip over his party. With his judgment questioned and with the fear of further corruption revelations, some Socialist leaders say he should call an early general election so this will not coincide with important regional votes due in two years' time. Others say he should seek a non-binding confidence motion, though he might lose it. Neither are attractive options. Mr Sánchez has brushed off countless setbacks in the past. His instinct will be to try to do so again. By common consent, this time it will be harder. ■

*To stay on top of the biggest European stories, sign up to [Café Europa](#), our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from

<https://www.economist.com/europe/2025/06/19/corruption-at-the-heart-of-his-party-wounds-spains-prime-minister>

| [Section menu](#) | [Main menu](#) |

Bread on wheels

# A revival for the classic Renault 5

*Now with an electric motor and a baguette-holder*

Jun 19, 2025 12:58 PM | PARIS



Life doesn't get better

WHEN CITROËN, a French carmaker, launched its futuristic DS in 1955, Roland Barthes, a structuralist writer, described it as “spiritual”. The car’s initials (*déesse*) said it all: “goddess”. In later decades France’s car manufacturers became better known for inventing sensible people-carriers and other functional vehicles that merely did the job. Now, however, Renault, another French carmaker, has tapped into that retro cool with a new runaway success: a fully electric remodelled version of the Renault 5, first on the road in 1972.

The new-look R5, which comes in such garish shades as sunflower yellow and football-pitch green, has topped sales of electric cars so far this year in

France. Between January and May it sold more than twice as many there as the Tesla Model Y, one of Elon Musk's (more expensive) electric vehicles. The R5 has turned heads outside France, too. "Rarely has a car ever caused such a stir" noted *Car*, a British publication, recently. Another British magazine, *What Car?*, named it car of the year 2025.

What explains this surprise hit, against competition from cheap Chinese EVs and other revamped retro classics? Motoring fanatics say that the remodelled R5 neatly combines retro chic and original styling with state-of-the art EV touches. Indeed Renault's boss, Luca de Meo, has just been poached by a French luxury house, Kering. The runabout is also reasonably cheap, yet its battery has a decent range. The French like the R5 because, *naturellement*, it is French-built, using electric batteries made in a factory in France, opened by President Emmanuel Macron this month. This chimes with the country's freshly fashionable ambitions for "strategic autonomy".

For its part, Renault claims that it has reinterpreted a pop icon by taking a "retrofuturistic" approach. The new R5, it insists, is "fun, playful, friendly" and oozes French charm. What its marketing literature barely mentions is perhaps one of the car's secret selling points, at least at home. The R5 comes with an optional and detachable tubular basket known as a *porte-baguette*, or baguette-holder, to store the only accessory motorists in France really need. ■

*To stay on top of the biggest European stories, sign up to [Café Europa](#), our weekly subscriber-only newsletter.*

---

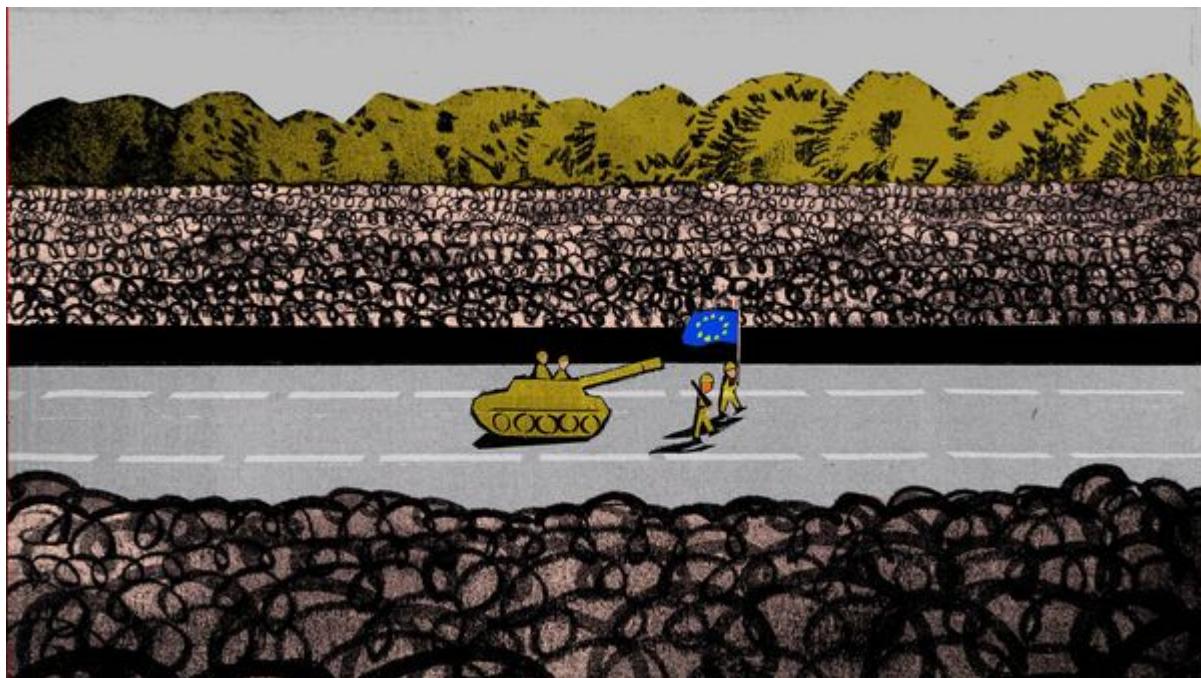
This article was downloaded by **calibre** from  
<https://www.economist.com/europe/2025/06/19/a-revival-for-the-classic-renault-5>

Charlemagne

# Europe wants to show it is ready for war. But would anyone show up to fight one?

*The “peace project” at the heart of the continent has worked rather too well*

Jun 19, 2025 12:57 PM



NICE TANKS you got there, Europe—got anyone to drive 'em? Such are the taunts the continent's generals might have to endure following the announcement of a splurge in defence spending expected from the NATO summit in The Hague on June 24th-25th. Assuming European governments don't bin their commitments to bigger defence budgets once some kind of peace is agreed to in Ukraine—or Donald Trump leaves the White House—spending on their armed forces will roughly double within a decade. A

disproportionate slug of the jump from a 2% of GDP spending target to 3.5% will go towards purchasing equipment. But armies are about people, too. Attracting youngsters to a career that involves getting shot at has never been easy; a bit of forceful nagging (known in military jargon as “conscription”) is already on the cards in some countries. Even dragooning recalcitrant teens into uniform will not solve a problem that is lurking deep in the continent’s psyche. Europeans are proud of their peaceful ways. If war breaks out there, will anybody be there to fight it?

Polling that asks people how they would behave in case of an invasion ought to send shivers down the spines of Europe’s drill sergeants. Last year a Gallup survey asked citizens in 45 countries how willing they would be to take up arms in case of war. Four of the five places with the least enthusiastic fighters globally were in Europe, including Spain, Germany and notably Italy, where just 14% of respondents said they were up for taking on a foreign foe. Given Russia’s snail-paced advances since it launched its full-scale invasion of Ukraine in 2022, countries over a thousand kilometres away from today’s front lines may not feel the chill wind of the Kremlin. But even in Poland, which shares a border with Ukraine (and with the Russian exclave of Kaliningrad), fewer than half of respondents say they would fight in a war involving their country. In a separate poll taken before the invasion, 23% of Lithuanian men said they would rather flee abroad than fend off an attack. Citizens asked to stand up and be counted are giving a resounding shrug instead.

To some Europeans, a citizenry with no appetite for fighting is the reflection of a job well done. The union at the continent’s heart bills itself as a “peace project”. The past seven decades have been about ensuring Germany would never take up arms against France and vice versa. Meshing economies together within the European Union and even outside it was meant to make invasions impractical at first and unthinkable in time. The bureaucratic pacifism that endures within the EU—“make meetings not war!” would be a fine motto—may have resonated a bit too much with some citizens. Some may have forgotten that those outside the club, like one Vladimir Putin, were not privy to such arrangements. Military matters were at most an afterthought. Only in the past year has the bloc appointed a

commissioner for defence, while making clear the job is about overseeing the companies making shells and missiles, not the armed forces per se.

To what can the broader population's lack of appetite to bear arms even in case of war be attributed? Sociologists speak of Europe as a "post-heroic" society, where individualism and aspirations of "self-realisation" trump the supposed patriotic fervour of generations past. The continent's polarised politics have played a part: support for parties of the hard right and left has surged in recent decades, and their voters are notably cooler on the idea of fighting for their country. Older people tend to be less gung-ho about taking up arms, and Europe is an ageing continent. Places with recent histories of dictatorship, such as Spain and Portugal, are also gun-shy. Seeing misfiring American operations in Afghanistan and Iraq (in which Europeans had at best a supporting role) comforted pacifists that theirs was the right way.

Notwithstanding its peace-mongering ways, Europe does not lack men and women in uniform. Despite a scything in the number of troops since 1990, to less than half the previous figure in many countries, the continent still has more soldiers than America, and roughly as many as a share of its overall population. Still, some countries like Poland are now talking of bringing some form of conscription back (a few, like Denmark and Greece, never quite got rid of it). Abolishing military service was once hailed as a liberal accomplishment. Now drafting youngsters is seen as a way of promoting the idea that national defence is everybody's job, not just the role of a few paid soldiers.

## **The fog of peace**

That notion may take a while to take hold. For something strange happens when you ask Europeans about defence matters. In surveys carried out by the European Commission, the bloc's citizens list Russia's invasion of Ukraine and matters of defence as the biggest threats facing the EU as a whole. Well over half think that fighting within the union's borders is likely in coming years. But asked what issues affect them personally and Europeans forget about Russia altogether, worrying more about inflation, taxes, pensions and climate change than they do about potential invaders. It

is not that Europeans don't see the looming threat. It is that they think it is somebody else's problem.

The upshot is a continent that gives the impression of being battle-weary without having fought the battle. Already Trumpians have a dim view of Europeans' fighting verve. J.D. Vance, the American vice-president, in March dismissed the possibility of "some random [European] country that hasn't fought a war in 30 or 40 years" credibly deterring Russia by putting boots on the ground in Ukraine. It was offensive precisely because it contained elements of truth. Getting Europeans to shell out for more of their own defence has taken decades of Americans nagging. Convincing them to give war a chance might take even longer. ■

*Subscribers to The Economist can sign up to our [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/europe/2025/06/19/europe-wants-to-show-it-is-ready-for-war-but-would-anyone-show-up-to-fight-one>

| [Section menu](#) | [Main menu](#) |

# Britain

- **The English Midlands is unjustly overlooked**  
Regional identities :: Not least by its own inhabitants
- **Biotech is coming to Wales**  
Enter the dragon :: A new biotech organisation is eschewing more established innovation centres for Cardiff. Why?
- **Britain's newest way of demoralising doctors**  
Doctors' orders :: A lottery decides where they will work
- **MI6's new “C” used to be “Q”. And she's good with the gadgets**  
Front of the Q :: Blaise Metreweli is the first female head of Britain's spy service, too
- **The grooming-gangs scandal is a stain on the British state**  
Child sexual exploitation :: It involved a toxic combination of victim-blaming and misguided political correctness
- **The rise of Nigel Farage**  
Bagehot :: Reform UK fractures the myth of progressive Scotland

**Regional identities**

# The English Midlands is unjustly overlooked

*Not least by its own inhabitants*

Jun 19, 2025 02:52 PM | NOTTINGHAM



BRITISH PEOPLE tend to think in binaries, suggests Richard Parker, the mayor of the West Midlands. Right and wrong, good and bad, north and south. “There’s a big bit of the country that gets forgotten about,” he says. And that forgetting, which is partly the fault of people in the middle part of England, is a drawback in an increasingly sharp-elbowed country.

The Midlands stretches from the Welsh border to the Lincolnshire coast, from the northern edge of the Cotswolds to the Peak District. It covers one-fifth of England’s land, contains 11m people and has Britain’s second-

biggest city, Birmingham. It is politically crucial. Win the Midlands in a general election and you have almost certainly won the United Kingdom.

Yet Mr Parker is right: the Midlands is overlooked. National politicians tend to speak of it (if at all) as an addendum to the north of England. In the mid-2010s Conservative politicians coined two phrases that expressed their hopes for an economic revival outside the south: the “northern powerhouse” and the “Midlands engine”. The former has been uttered more than 2,000 times in the House of Commons since 2014, the latter just over 300 times.

Oddly, the Midlands is seldom praised or defended even by its own inhabitants. “Being a Midlander is not something you shout about,” wrote Jonathan Meades, a cultural critic, in 2020. It manages to celebrate its greatest literary son, William Shakespeare, but almost ignores its greatest daughter, George Eliot (her childhood home has become a Beefeater chain restaurant). This modesty is costly. In a highly centralised country, places that have learned to make loud, collective demands of the government are faring better.

A poll by YouGov shows how peculiar the middle part of England is. Just 11% of East Midlanders and 13% of West Midlanders describe themselves as very strongly attached to their regions—the lowest proportions anywhere in Britain. Nor do people feel strongly attached to the entire Midlands. They are exceedingly modest. In south-west England, 36% declare that life in the region is a lot better than elsewhere. In the West Midlands, 7% say the same.

If Midlanders identify mostly with local towns and counties, or with the whole country, it is partly because of history. The term “Midlands” is more than half a millennium old. But the regions of the East and West Midlands took their modern shapes only in the mid-20th century. Their most important institutions, the regional-development agencies, were abolished by the national government in 2011.

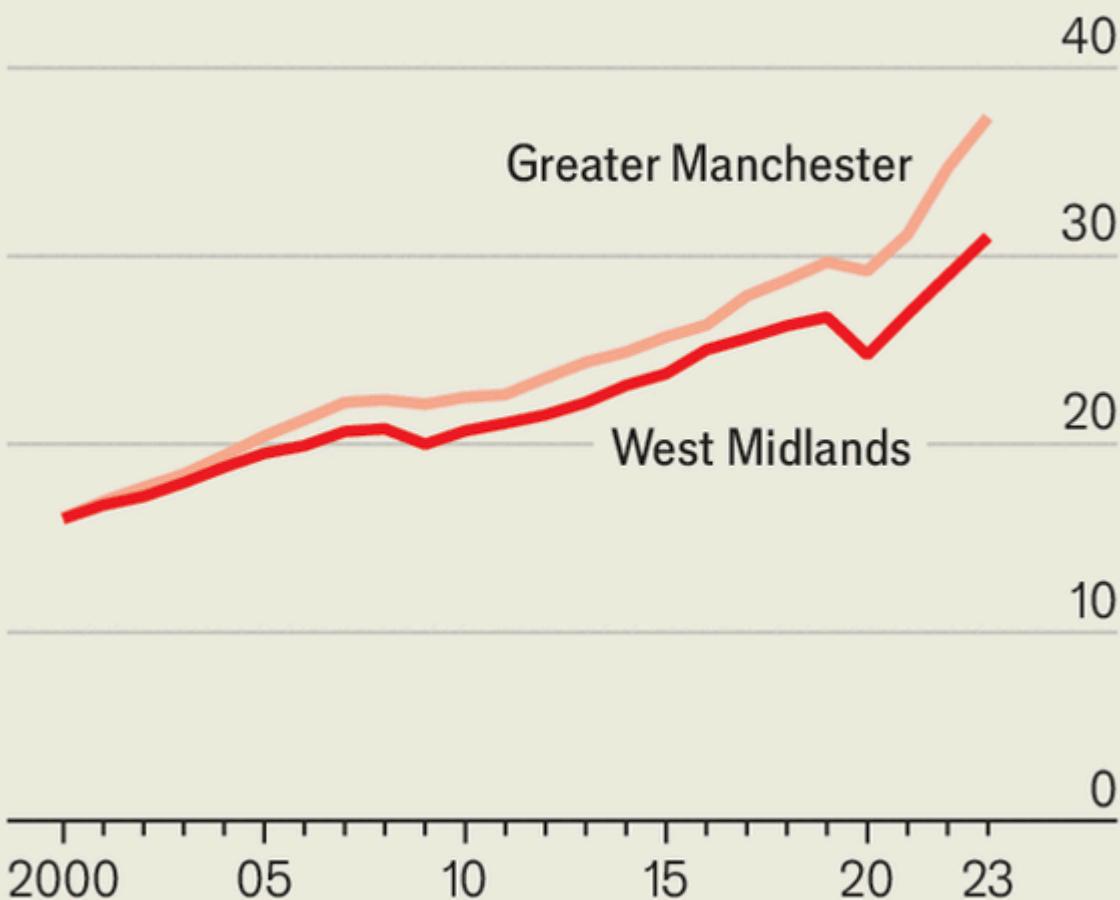
The form of the Midlands does not help to give it a clear identity. The south-west is a peninsula; the Midlands is a sandwich filling. Apart from a few corners, notably in Derbyshire, it is pretty rather than sublime. It is a landscape of gentle hills, woods, rivers, suburbs and warehouses. Outside

the Black Country, an area where coal lies close to the surface, it wears its rich industrial heritage lightly.

The East Midlands has distinctive accents and words, but they are barely recognised outside the region. “If I said to you, ‘imitate a London accent, or a Scouse accent, or a Geordie accent,’ you’d know what to do,” says Natalie Braber, a sociolinguist at Nottingham Trent University. Few people could even attempt an East Midlands accent. The urban West Midlands, especially Birmingham, has a different problem. Its accent is highly distinctive and unaccountably reviled.

## Brummer!

Britain, GDP per person, current prices, £'000

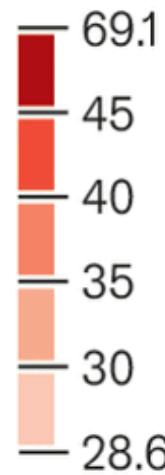


Source: ONS

Sometimes people's unwillingness to tout themselves and their region slides into sullenness. "There's a lot of doom and gloom around Leicester," says Angela Orton, the managing director of Structural Adhesives, a manufacturer in that city. More often, though, Midlanders are neither gloomy nor resentful. They just wonder why northern English cities get so much more attention. As Ms Orton puts it: "We hear a lot about Manchester."

That city of 550,000 people, and the Greater Manchester metropolis of 2.9m that it belongs to, contrasts painfully with Birmingham and the rest of the urban West Midlands. Mr Parker says he was not surprised to discover that his fief is less successful than London. He was shocked to learn that it has fallen behind Greater Manchester. GDP per person is 17% lower, and the gap is growing (see chart).

Britain, GDP  
per person,  
2023, £'000



Source: ONS

**East Midlands**  
31.4

Nottingham

Chesterfield

Manchester

Liverpool

Lincoln

Derby

Leicester

**West  
Midlands**  
32.1

Northampton

Birmingham

**London** 69.1

The East and West Midlands come second and third from bottom when ranking GDP per person in the nine regions of England. Only the North East fares worse. But that sad fact is not a source of identity either. Richard Vinen, the author of “Second City”, a book about Birmingham, suggests this could be due to the timing of industrial decline. The West Midlands grew strongly in the mid-20th century, thanks largely to the car industry, as northern industrial cities like Liverpool and Manchester slumped. Government policy aimed to restrict its growth.

By the 1980s Birmingham and other Midlands cities were shedding industrial jobs as quickly as many northern ones. But perhaps the decline was too recent to create the sort of deep memory that shapes a regional culture. Today the Midlands sometimes seems not to realise how poor it is. In 2021 Public First, a pollster, asked people to name up to three regions that needed “levelling up”. Half of people in the East and West Midlands cited their own regions, compared with three-quarters in the North East and North West.



This could be Birmingham or anywhere

The Midlands is, however, becoming aware of how often it is passed over by the national government. That is especially true of the East Midlands, which receives less public capital investment per person than any other part

of the United Kingdom. The eastern branch of the HS2 railway, which would have run through the region, was cancelled in 2021. As for the electrification of the Midland Main Line, a crucial railway, “it’s been on, it’s off, it’s on, it’s off,” says Scott Knowles, head of the East Midlands Chamber, a business group.

Other government policies have not helped. Near Chesterfield, in the north Midlands, Specialised Canvas makes and repairs the flags that hang outside boutiques in London, among many other things. Paul Noble, its managing director, says that the Midlands used to be a fine place to run a labour-intensive business: “We were here with northern overheads but serving a southern market.” Increases in the national minimum wage have eroded that advantage.

One way forward is to become more like that attention-hogging metropolis to the north. The ten boroughs that comprise Greater Manchester were acting in concert even before they formed a combined authority in 2011. They tend to hide their differences in public, and speak with one voice. All recognise that Manchester is the most potent local brand, thanks in part to Manchester City and Manchester United football clubs. MIDAS, Greater Manchester’s inward-investment agency, describes the entire metropolis as “Manchester” and “the city”.

The West Midlands metropolis is as geographically unified as Greater Manchester or the Tees Valley in the North East—another place that has become good at lobbying central government. The only things separating Birmingham from Solihull or Sandwell are roadside signs. Yet its constituent local authorities insist on their distinctiveness, and the term “Greater Birmingham” is not used. Confusingly, Britain has ended up with two places called the West Midlands: a true region of 6m people and a metropolis of 3m.

### **Tied up in Notts**

If the West Midlands refuses to admit its true nature, as a region dominated by a metropolis with Birmingham at its heart, the East Midlands is truly polycentric. Its most important towns and cities are all medium-sized, with

populations between 100,000 and 400,000: Derby, Leicester, Lincoln, Northampton and Nottingham. All politely keep to themselves, and do not sprawl.

As a result, the East Midlands is struggling to respond to the Labour government's attempt to reorganise local politics. The national government wants every part of England to form regional clumps with at least 1.5m people, the better (in theory) to take control of transport, planning and development. In some parts of England, this is easily done. Add East Sussex, West Sussex and Brighton, on the south coast, and you have a logical region of 1.7m people.

The East Midlands is trickier. It already has two regional clumps: Greater Lincolnshire and the maddeningly named East Midlands County Combined Authority, which includes Derby and Nottingham. But what should Leicester do? Glued to Leicestershire and Rutland, it is still not big enough. And what about Northampton? It might join parts of the south-east.

Despite a long history, the Midlands has struggled to articulate a clear identity. It is distinctive in its unwillingness to express its distinctiveness. But in a country where other places have learned to speak together, that is not enough. ■

*For more expert analysis of the biggest stories in Britain, [sign up](#) to Blighty, our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/britain/2025/06/19/the-english-midlands-is-unjustly-overlooked>

---

**Enter the dragon**

# Biotech is coming to Wales

*A new biotech organisation is eschewing more established innovation centres for Cardiff. Why?*

Jun 19, 2025 12:58 PM



IN 2010 SIMON WARD, an associate director in the neuroscience division at the pharmaceutical firm Glaxo-Smith Kline (GSK), was fired, along with the rest of the division. At the time, the guillotining of neuroscience was part of a global move in big pharma to back away from brain research, deemed too difficult and risky. Determined to help fill that void, Dr Ward secured £14m (\$19m) from the Wellcome Trust, a charity, the Medical Research Council and others to launch a new institute focused on turning discoveries in neuroscience into medicines. And so the Medicines Discovery Institute (MDI) began.

On June 18th the institute spun out its first biotech firm, Draig Therapeutics, specialising in precision neuroscience, specifically in the treatment of depression. It launches with £107m of funding, mostly from venture capital. Draig, Welsh for dragon, will be based in Cardiff alongside the MDI. But why Cardiff?

The MDI's decision to base itself in the Welsh capital demonstrates the benefits of leveraging a region's niche advantage. Major British scientific institutions, including Oxford, Cambridge, Imperial College London and University College London, actively courted the MDI and its funding to come to their "golden triangle". It felt like "football transfer season", recalls Dr Ward. However, he struggled to see any strategic alignment between these established centres and his own vision. The big universities also brought notable drawbacks, he says, including a surfeit of internal politics, less willingness to invest and hubris. One institution conveyed the sense that if he came to that place he "should be grateful".

Cardiff University and the Welsh government took a different approach. They emphasised the area's global leadership in psychiatry genetics as well as its world-class brain-imaging centres, robust NHS Wales record-keeping and the availability of financial support. Recognising the university's existing edge in psychiatry, the suitors chose to invest strategically in this area—and offered £15m.

Many people warned Dr Ward that fundraising at this scale would need a biotech firm to be based somewhere like Boston, Oxford or San Francisco—all options which he explored. Even locally, he repeatedly detected "a real lack of confidence" in Cardiff's ability to attract this kind of cash. But having conducted trials there, and developed the foundational science and expertise in the city, it made sense to stay.

Strikingly, investors seemed not at all put off by this decision. Dame Kate Bingham, managing partner of SV Health Investors, a venture-capital firm based in London and an early seed financier in Draig, says: "Investors don't care where the science comes from. If you have good people and good ideas we'll go wherever."

The enthusiasm for companies like Draig differs markedly from the culling era over a decade ago. In a twist, Patrick Vallance, the GSK executive responsible for firing Dr Ward, is now the science minister in charge of ensuring firms like Draig thrive and grow in Britain. Draig's success in raising money does not mean that drug development in neuroscience is no longer risky—the brain is still something of a mystery. But recent advances give renewed hope, particularly for hard-to-treat depression, says Dame Kate. As with all drug development, it will take time and patience to find out whether this dragon will turn its ideas into a hoard of gold. ■

*For more expert analysis of the biggest stories in Britain, [sign up](#) to Blighty, our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/britain/2025/06/19/biotech-is-coming-to-wales>

| [Section menu](#) | [Main menu](#) |

**Doctors' orders**

# Britain's newest way of demoralising doctors

*A lottery decides where they will work*

Jun 19, 2025 12:58 PM



NEWLY QUALIFIED doctors in Britain have plenty to gripe about. A shortage of funding in general practice has left some working as taxi drivers. The doctors' union, the British Medical Association (BMA), is voting on whether to strike over pay. One frustration is particularly intense: the sense of being treated as expendable by the system they're meant to serve. Nowhere is that more evident than in the way new doctors are assigned their first jobs—a process that has also managed to make even mild-mannered economists mad.

Until recently Britain's system for matching doctors to hospitals resembled America's. Applicants to its two-year foundation programme were ranked by academic performance, in part through a multiple-choice "situational judgment test". Top performers got first pick of deaneries, or geographical areas. The system was not flawless. Critics said it fostered unhealthy competition (the best physicians are not always the best test-takers) and some argued there was no consensus on the right answers. Those from ethnic minorities often did less well on the judgment test and ended up in less desirable places.

In 2024 the National Health Service (NHS) introduced a reform aimed at fixing these issues. Instead of relying on exam scores, it assigns applicants a computer-generated rank to prioritise their choices. The result is that a merit-based selection has instead become a random one. This baffles economists. "It's very unusual," says Alexander Teytelboym, a professor at the University of Oxford who studies market design (and a former contributor to *The Economist*). "I can't think of many other high-stakes systems where effort and achievement are encouraged, but the entire allocation is done by lottery."

On paper, the new system looks successful: in 2024, 75% of applicants secured their first-choice area, up from 71% in 2023. Yet these figures are misleading, says Aytek Erdil, an economist who, along with his colleague, Battal Dogan, wrote a paper on the proposal in 2023. A feature of the algorithm is that it tries to maximise the number of students getting their first choice. This encourages "a complicated game" of guesswork among applicants, he explains. The savviest know that London gets three times as many applicants as there are places, so they may pick somewhere else. Those who report their true preferences are more likely to miss out. Because top spots fill up first, a growing number now end up with their last choice.

This can be demoralising. Before, if you didn't get London, it was because one of your peers outperformed you. Now a lottery decides whether you end up in the capital of England or in Northern Ireland. That risks eroding incentives to study hard, and could undermine trust in medical-school rankings. It is also "quite stressful", says Tads Ciecielski-Holmes, who will

soon begin working in the NHS, and whose friends spent a lot of emotional energy on the “mental gymnastics” of gaming the job-assignment system. The outcomes can also play havoc with the love lives of doctors who have coupled up.

The BMA is pushing for changes. Among other things, it wants to minimise the number of students who are allocated their lowest preferences. Its main concern is the number of “placeholders”: applicants assigned a vague location—such as Scotland or Cornwall—but not given details of where exactly their job will be. “There are practical considerations if you have to move across the country with three weeks’ notice,” says Elgan Manton-Roseblade from the BMA’s wing of medical students. This year almost 700 applicants were left in such limbo. Some of them considered going abroad instead.

More broadly, there are better ways to match people to places. India’s civil service, which serves a far bigger population, has managed to design a system that balances merit and equity. Messrs Erdil and Dogan suggest a compromise: allocate some posts by lottery but retain academic scores for the rest. Some relatively simple fixes may help doctors feel less like “numbers on spreadsheets”, as one disgruntled physician puts it. There are more ways to keep medics happy than just money. ■

**Correction (June 15th 2025):** *The original version of this article wrongly stated that there were 700 “placeholders” last year. In fact there were 700 this year.*

*For more expert analysis of the biggest stories in Britain, [sign up](#) to Blighty, our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/britain/2025/06/13/britains-newest-way-of-demoralising-doctors>

Front of the Q

# MI6's new “C” used to be “Q”. And she's good with the gadgets

*Blaise Metreweli is the first female head of Britain's spy service, too*

Jun 19, 2025 04:26 PM



Out of the shadows

IN 1994 BRITAIN'S Secret Intelligence Service, more commonly known as MI6, appointed a new chief. David Spedding was only the second chief to be named in public. Until that year the service did not officially exist. His predecessor, Sir Colin McColl, had refused to be photographed at a press conference. “Secrecy”, he explained, “is our stock-in-trade.”

Times have changed. On June 15th the government announced that Blaise Metreweli, a 47-year-old career intelligence officer, would take over from Sir Richard Moore as chief. The government published a photograph of Ms

Metreweli, currently director-general of “Q” branch, in charge of technology and innovation. Newspapers printed accounts of contemporaries who had rowed with her at Cambridge.

The government has emphasised the fact that Ms Metreweli is the first woman to hold the role. In the cold war, women were treated as inferior agent-runners and had to resign if they married. “Even into the 1990s, the few senior women in the service were unmarried,” notes Dan Lomas, an intelligence historian, resulting in the service “losing a very talented generation of women”. Today three out of MI6’s four director-generals are women.

No less important is a generational shift. Sir Richard began his career in 1988, shortly before the fall of the Berlin Wall, a period in which the service was forced to prioritise new types of security issues such as organised crime and counter-narcotics. Ms Metreweli joined in 1999, shortly before the 9/11 attacks pushed counter-terrorism to the top of the agenda.

In 2021, speaking under a pseudonym, she told the *Financial Times* that her first job, in counter-proliferation, had allowed her to engage with the “really deep science” of nuclear technology. Diplomatic lists suggest she was stationed in the Basra station in Iraq after the British invasion. She later served in Europe, other parts of the Middle East and in the branch of MI5—Britain’s security service—countering hostile state activity. She has always been “operational to her fingertips”, says a source.

The selection for the job is said to have come down to two women: Ms Metreweli was up against Barbara Woodward, a former ambassador to China. Some insiders thought that Dame Barbara, a seasoned diplomat, might have the upper hand. In recent years, the job has become dominated by intelligence diplomacy, with spy chiefs shuttling around the world to share intelligence and conduct backchannel talks. The fact that an internal candidate experienced in recruiting and running agents won out will please many in MI6. It suggests that Sir Keir Starmer, the prime minister, wanted someone with operational experience and technological nous, rather than diplomatic gravitas.

Ms Metreweli's strongest suit is her involvement with tech issues. As head of Q branch (familiar to James Bond aficionados) she has led on artificial intelligence (AI) not just for MI6, but the entire UK Intelligence Community (UKIC) which also includes MI5 and GCHQ, among other bodies. She is thought to have lobbied hard for a shift in resources towards AI, often in the face of scepticism. She is a familiar figure at tech conferences and is well-regarded among tech executives.

Her challenge will be transforming the organisation internally while dealing with a growing set of threats: a wounded Iranian regime that might lash out, Russian subversion across Europe and Chinese spy agencies that match the entire Five Eyes alliance—America, Australia, Britain, Canada and New Zealand—in size. The spending review on June 11th allocated an extra £600m (\$813m) to the intelligence agencies, “reflecting the rising demand...to illuminate and deter threats”. ■

*For more expert analysis of the biggest stories in Britain, [sign up](#) to Blighty, our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/britain/2025/06/17/mi6s-new-c-used-to-be-q-and-shes-good-with-the-gadgets>

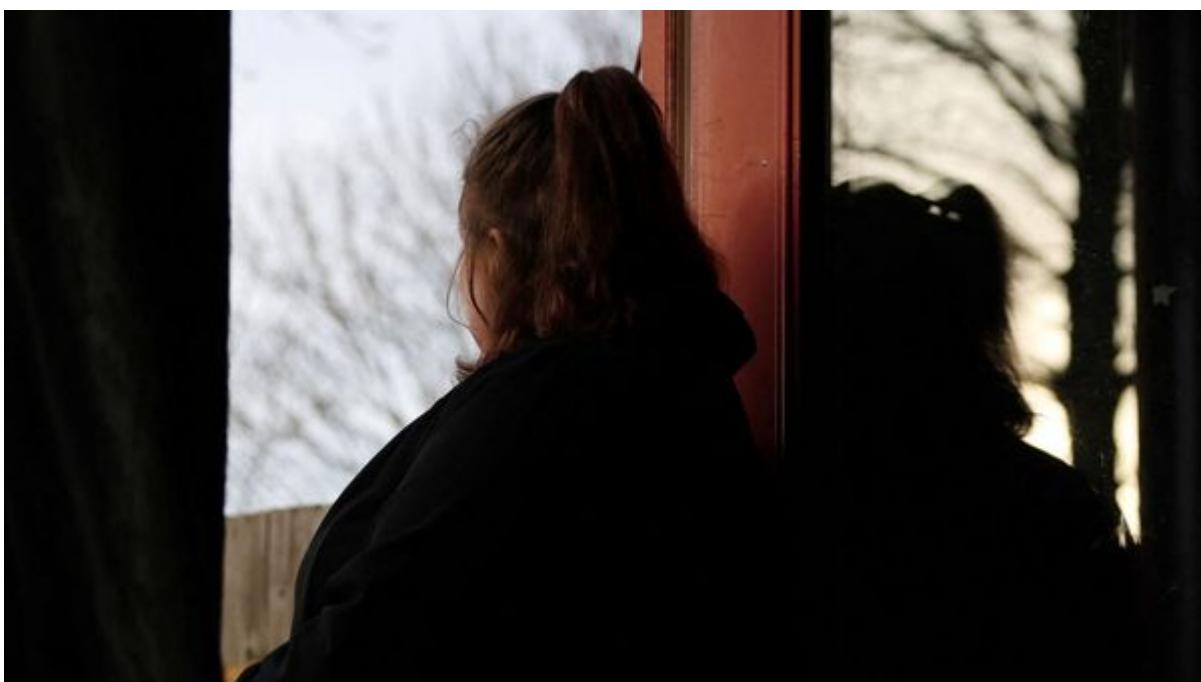
| [Section menu](#) | [Main menu](#) |

**Child sexual exploitation**

# The grooming-gangs scandal is a stain on the British state

*It involved a toxic combination of victim-blaming and misguided political correctness*

Jun 19, 2025 04:24 PM



A case study in institutional failure

MOHAMMED ZAHID ran a clothes stall in Rochdale market, and a grooming gang. He employed vulnerable girls, offering them gifts of alcohol and underwear, and targeted others when they came to buy tights for school. Along with his friends, who included other Pakistan-born stallholders and taxi drivers, Mr Zahid then treated the children as sex slaves, raping and abusing them in shops, warehouses and on nearby moors. Among his victims were two 13-year-old girls. One was in care; both were known to social services and the police. On June 13th, almost 25 years after

the abuse began, Mr Zahid and six others were convicted of 30 counts of rape.

Britain's grooming-gangs scandal, the long-ignored group-based sexual abuse of children, has been a stain on the country for decades. Yet justice for victims and action to tackle failures have been painfully slow. On June 16th the government published an audit, which pinned the blame on authorities that failed to see "girls as girls" and "shied away from" looking into crimes committed by minorities—in this case often men of Asian or Muslim (especially Pakistani) heritage. Yvette Cooper, the home secretary, announced a raft of measures, including new criminal investigations. At last, the government is getting to grips with a scandal that should remain a case study in institutional failure.

The latest report follows a succession of probes stretching back over a decade. Those include two long public inquiries, one completed in 2015 into gangs in Rotherham, another in 2022 into child-sexual exploitation more broadly. Despite taking four months, this audit provided new and valuable insights for two reasons. It was the first to look solely at grooming gangs nationally. And it was led by Louise Casey, a cross-bench peer and social-policy fixer with a reputation for plain speaking.

Lady Casey begins by observing that, even now, it is impossible to know the scale of this problem. That is in part because these are horribly complex cases, victims fear coming forward and investigations were badly botched. Police forces failed to collect data. Grooming gangs have been identified in dozens of towns and cities. In Rotherham alone, thanks to an unusually thorough police investigation led by the National Crime Agency (NCA), 1,100 victims were identified. Our rough calculation suggests that tens of thousands of victims could be awaiting justice.

Lady Casey's most significant contribution is on the role of ethnicity. It was known that some police forces failed to look into reports of Asian grooming gangs out of a fear of appearing racist or upsetting community relations. She goes beyond this, strongly criticising a Home Office report from 2020, which claimed in spite of very poor data that the ethnic composition of groups that sexually exploited children was likely in line with the general population, with "the majority of offenders being White". No such

conclusions can be drawn, she says. Instead she cites new, more solid data, unearthed from three police forces, showing that suspects were disproportionately of Asian heritage; in Greater Manchester, more than half were.

## **Will this time be different?**

There is no evidence to support the idea, found on the right, that Asian men are more likely to commit sexual or child-sexual abuse in general. Yet the refusal of some on the left to grapple with the role of culture and ethnicity in group-based abuse was inexcusable. What marks these crimes out, says Sunder Katwala of British Future, a think-tank, is precisely that perpetrators become disinhibited from moral norms as a group. Asian men appeared to target white girls in part because they were from another community. Cultural over-sensitivity may also have blinded the police to obvious patterns, like the role of (disproportionately Asian) taxi drivers employed by councils to ferry vulnerable children.

Lady Casey also shines a light on sexism and classism running through the state. Presented with evidence of predatory gangs, the police's reaction was often to treat victims as "wayward teenagers" or adults who had made bad choices. Many were not believed—some were criminalised as child prostitutes. Ms Cooper will change the law to prevent rapists getting away with lesser charges by claiming that 13- to 15-year-olds had "consented" to sex.

The home secretary also, sensibly, announced that the NCA would take over hundreds of cold cases. Attention, however, focused on her reversal in calling another public inquiry. Such inquiries have become something of a national addiction, often less fact-finding probes than expensive and cumbersome attempts at catharsis. In this case one seems warranted: earlier inquiries have left basic gaps, and statutory powers could be used to compel local police forces and councils to release documents, as happened in Rotherham.

Kemi Badenoch, the Tory leader who had called for such a U-turn, reacted gleefully, accusing the government of having attempted a cover-up. That

trivialises the depth and breadth of the failure, which successive politicians in Westminster have overlooked (the home secretary at the time of the 2020 report was Priti Patel, a Conservative). But many recommendations from previous inquiries, covering issues from data sharing to victim support, have not been implemented, owing to a lack of political interest and bureaucratic inertia. This time, the hope must be that attention is sustained, and many more predators like Mr Zahid end up behind bars. ■

*For more expert analysis of the biggest stories in Britain, [sign up](#) to Blighty, our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/britain/2025/06/18/the-grooming-gangs-scandal-is-a-stain-on-the-british-state>

| [Section menu](#) | [Main menu](#) |

Bagehot

# The rise of Nigel McFarage

*Reform UK fractures the myth of progressive Scotland*

Jun 19, 2025 01:00 PM



FOR A MAN described as an English nationalist, Nigel Farage is doing rather well in Scotland. He may confess no connection to the country other than a love of golf and angling. He may be the father of Brexit, whereas Scotland voted heavily to remain in the EU. But Reform UK, his party, [now polls second](#) in Scotland, on 25% (it is first, on 30%, in Britain at large). It won a chunky third place in a by-election in Hamilton, Larkhall and Stonehouse, near Glasgow, on June 5th; were those swings repeated in the Scottish Parliament elections next May, Reform would be the biggest opposition party, reckons Sir John Curtice, a psephologist. If Mr Farage makes it to Downing Street, Scotland will have helped him.

This wasn't meant to happen. After Mr Farage triumphed in English local elections in May, John Swinney, Scotland's first minister, spoke darkly of an ill wind blowing "south of the border". Naturally, he had a solution to spare Scotland: independence. For years the Scottish National Party (SNP) has traded on a cultural exceptionalism, which holds that divorce is necessary, even inevitable, because Scotland is more progressive and more reasonable than its southern neighbour. (Indeed, the Tories have not won a plurality of seats in Scotland since the 1950s.) But Mr Farage's rise north of the border punctures this story. His success is a reminder that Scotland is more conservative, and more English, than the nationalists pretend. And far from being an antidote to Mr Farage's populism, the nationalist cause is its mirror.

Exceptionalism has weak foundations. The World Values Survey, a study run since 1981, tracks social attitudes on a traditional-to-liberal spectrum (an index that measures views on issues such as abortion, divorce and sexuality); and on an economic left-right spectrum (covering inequality, state ownership and competition). Data from 2022 show no statistically significant difference between England and Scotland on either measure, says Paolo Morini of King's College London. Scots and the English have grown more socially liberal in step for years, while attitudes on the economy have converged as support for a big state grows in England.

Scotland has plenty of the fuel that sustains Mr Farage in England. Scots are more supportive of immigration than the English, but the majority who think it too high has grown fast. Scots are just as mistrustful of MPs, the media and the British government as the English. They are no more supportive of trans rights, and just as sceptical of net-zero targets.

Mr Swinney presents Scotland as a haven from Mr Farage's populism. The contrary is true: in the populist pandemic that has roiled Europe and America since the global financial crisis, Scotland was Patient Zero. True, the SNP preaches a civic rather than an ethnic nationalism; it does not scapegoat migrants. But many of the other malign symptoms that afflict rich democracies were seen early in the independence referendum of 2014.

Two years before Brexiteers declared sovereignty a panacea for Britain's problems, the SNP promised that everything would be possible if only

Scots “take control”. Before the Brexiteers denounced economists who queried their project as part of “Project Fear”, the SNP used the same mocking epithet for those who asked what currency their new state would use. Before America fretted about Twitter trolls, Scottish politicians complained of online pests they called “cybernats”. Before Donald Trump moaned that the “deep state” had “stolen” his election, senior nationalists hinted that MI5 would sabotage the referendum. At the time this appeared eccentric. Now it looks like a taste of trouble to come.

In those years businesses and academics learned to bite their tongues. In a small country, to doubt the governing party’s founding cause could be career-limiting. Fantasies went unchecked. And so if Mr Farage finds his make-a-wish politics thrives there, it is because the SNP has weakened the country’s immune system.

The SNP presents its movement as wholly Europhile. The reality is more complicated. Up to a third of those who supported Scottish independence would go on to back Brexit; a quarter of Mr Farage’s supporters, polls suggest, are pro-independence. Call this tribe the double-out voters, who would gladly smash both unions, British and European. They are why Reform organisers are excited by the party’s second-place council by-election result in May in Clydebank, once a shipbuilding district in Glasgow known as Red Clydeside for its radicalism. Some voters there have mounted successive protests: for independence, and then Brexit; for the SNP, then Labour. Now they are Nigel’s. “They feel scunnered with the whole system, and they’ve tried to use their vote to express that anger,” says Thomas Kerr, a Reform councillor.

### **O, wad some Pow’r the giftie gie us...**

Is it so hard to imagine Mr Farage bestriding Scotland? Consider another politician with a strikingly similar résumé. He left a career in finance to take his movement from the fringe to the mainstream, with a politics that melded North Sea oil, tax cuts, welfare largesse and flag-waving. (Later, when it was opportune, came anti-woke crusades.) He sought to break the British ruling class, but hankered to be the toast of the country club. He liked drink, cigars, women, horses and Rupert Murdoch. He was charming,

vain, grudge-harbouring and bullying; a man of the people who travelled by helicopter, with many followers and few true friends.

That politician was Alex Salmond, the Scottish first minister who led the SNP to its first referendum. He and Mr Farage were mutual admirers. “I have a sneaking regard for anyone who takes on powerful establishments” (Salmond on Mr Farage). “The best operator in Scottish politics by a country mile” (Mr Farage on Salmond). Salmond died last year, aged 69; Holyrood is duller without him. There is a vacancy for the difficult auld man of Scottish politics—and a candidate to fill it. ■

*Subscribers to The Economist can sign up to our [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/britain/2025/06/18/the-rise-of-nigel-mcfarage>

| [Section menu](#) | [Main menu](#) |

# International

- **Can men and women be just friends?**  
Harry, meet Sally :: The answer matters more than you think
  - **In Trumpworld, toppling rulers is taboo**  
The Telegram :: Donald Trump prefers deals to regime change
-

**Harry, meet Sally**

# Can men and women be just friends?

*The answer matters more than you think*

Jun 19, 2025 03:34 PM | Istanbul and Seoul



“MEN AND women can’t be friends because the sex part always gets in the way.” This gloomy view, expressed by Harry in “When Harry Met Sally”, a romantic comedy released in 1989, is still widely shared. Turkey’s state religious authority recently issued a more scolding version of it, to be read out in the country’s 90,000 mosques: “Friendships between men and women, which begin with thoughts of companionship or confiding in one another, drag people into the pit of adultery.”

The notion that sex sometimes “gets in the way” is not absurd. A study of Americans by April Bleske-Rechek of the University of Wisconsin-Eau

Claire finds that in platonic couples, the men are far more likely than the women to find their friend sexy, and far more likely to think she finds them attractive, too. Indeed, a man's assessment of how much his female friend fancies him matches how much he fancies her, and is unrelated to how she really feels. Clearly men are prone to wishful thinking.

Yet it does not follow that male-female friendships are doomed. Most people can control their urges. Furthermore, cross-sex friendships are extremely valuable. And not just because friendship is "the golden thread that ties the hearts of all the world", as John Evelyn, a diarist, once put it. Recent research suggests that societies where men and women can be friends tend to be less sexist on a variety of measures.

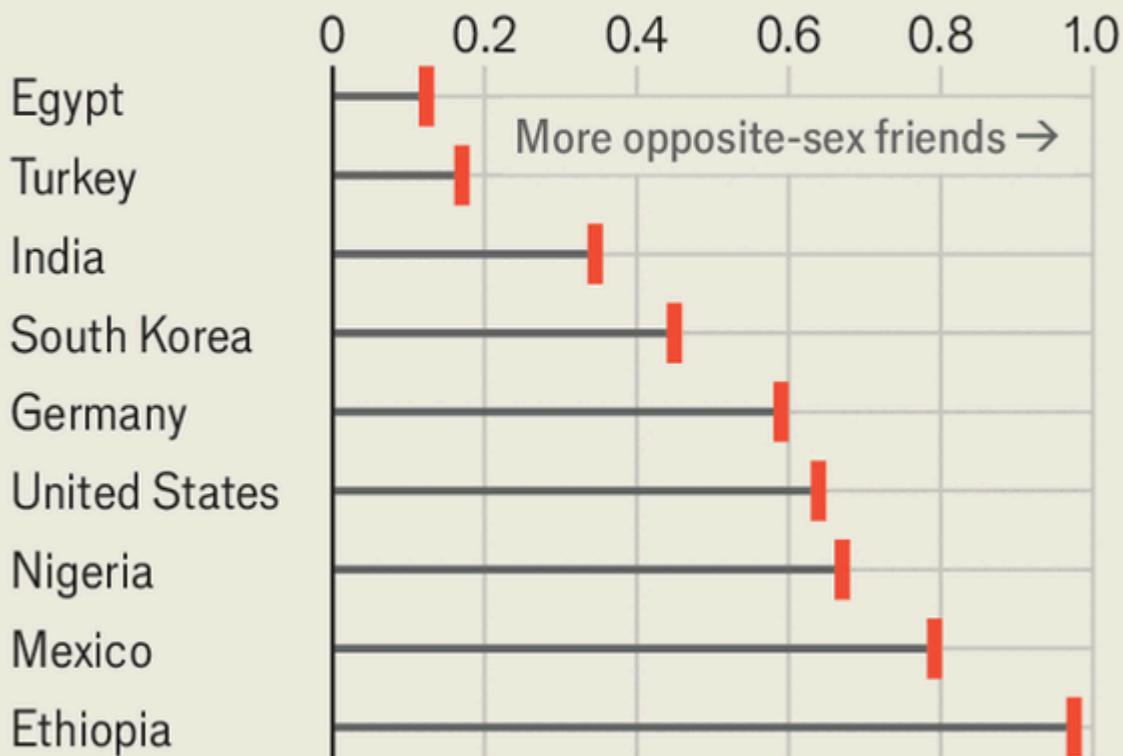
Researchers at Meta and New York University analysed friendships between 1.8bn adult Facebook users. They estimated the closeness of each connection using a proprietary model developed by Facebook, using such things as the frequency of two-way interactions. They turned this into a "cross-gender friendship index", which they should really have called the "When Harry Met Sally index" (WHMSI, pronounced "whimsy"). A score of zero means men and women are entirely segregated, one means they have an equal number of same- and cross-sex friends. Anything more than one means they are chummier with the opposite sex than their own.

Digital ties are not a perfect proxy for real-world ones. They don't include people too poor to have internet access, and reveal nothing about China, where Facebook is banned. Also, in some places it is normal to "friend" people on the platform whom you have never met in real life, whereas in others it is not, notes Theresa Kuchler, one of the study's authors. But the data set is so huge, mapping nearly 1.4trn links between 1.8bn people, that it is worth examining.

## With a little help from my friends

1

Top 200 Facebook friends, cross-sex  
friendship score, selected countries, 2024



Source: "Cross-gender social ties around the world",  
by M. Bailey et al., *AEA Papers and Proceedings*, 2025

Conservative Muslim societies in the Middle East and north Africa are the most segregated. Libyans, Iraqis and Egyptians have barely one opposite-sex friend for every ten same-sex ones (a score of 0.1). In parts of the Caribbean, west and southern Africa and South America, cross-sex friendships are extremely common (though it is unclear how many involve people actually meeting). Most Western countries have scores of 0.5-0.6 for wide friendship networks, meaning that people have almost twice as many connections with their own sex (see chart 1). There was notable variability

within countries, too. Germans in the former east are friendlier with the opposite sex than those in the west.

When examining wider networks, the best predictor of a country's WHMSI score is the proportion of women who work, relative to the share of men who do. This makes sense. Workplaces give men and women opportunities to chat without chatting up. This may help explain why Nigeria, with a female labour-force participation rate that is 96% of the male figure, has a WHMSI score of 0.67, whereas India, at 43%, scores only 0.34 (see chart 2).

## We're all in this together

2

Top 200 Facebook friends, 166 countries, 2024



Sources: "Cross-gender social ties around the world", by M. Bailey et al., *AEA Papers and Proceedings*, 2025; World Bank

Sexual freedom may also play a role. *The Economist* gathered data from Demographic and Health Surveys of 55 mainly developing countries. In this subset, cross-sex friendships were more common in places where more women reported having had sex with a man who was neither their husband

nor their live-in boyfriend. This is consistent with the Turkish imams' fear that companionship leads to sin—but also with the possibility that liberal attitudes to romance and friendship often go together.

Looking at closer friendship groups—users' top-five Facebook friends—mixing is more closely correlated with norms about gender roles (see chart 3). At the negative extreme, we found that one of the best predictors of segregation is a measure of hard-core sexism called the “patrilineal/fraternal syndrome”, devised by Valerie Hudson of Texas A&M University and Donna Lee Bowen and Perpetua Lynne Nielsen of Brigham Young University. This includes unequal treatment of women in family law and property rights, early marriage for girls and retrograde attitudes towards violence against women (for example, if rape is seen as a property crime against men).

## A bridge over troubled waters

3

Top five Facebook friends, 165 countries, 2024

Cross-sex close friendship ratio

1.0

↑ More opposite-sex friends

0.8

0.6

0.4

0.2

0

Circle size=  
population, 2023

← Less sexist      Patrilineal/fraternal      More sexist →

syndrome scale\*

\*Based on factors including unequal treatment of women in law, early marriage for girls, polygamy, bride price, son preference, violence against women and social attitudes towards it

Sources: "Cross-gender social ties around the world", by M. Bailey et al., *AEA Papers and Proceedings*, 2025; Valerie Hudson, Texas A&M; World Bank

“Where men’s honour depends on women’s seclusion, cross-gender friendships are rare,” argues Alice Evans of King’s College London. Nuray Karaman of Usak University in Turkey agrees. “It’s uncommon for men and women to be close friends in Turkey. A family’s honour depends on how women behave, so women are expected to not associate with men other than their relatives.”

Segregation and sexism can reinforce each other. “When women and men don’t socialise, stereotypes spread, that women should not be given too much responsibility, that they’re too emotional, too indecisive...because many men have never had a woman as a boss,” says Dr Karaman. Turkey has the lowest female labour-force participation rate in the OECD, perhaps because “some women cannot get permission to work outside the home from their husbands and fathers.” For women who do work, informal segregation is a barrier to advancement, says Dr Karaman. “At my university, men from the faculty meet up for tea...without women. When women are not included, they miss opportunities.”

More subtle forms of sexism also correlate with a lack of cross-sex friendships. In the rich world, most survey respondents either “disagree” or “strongly disagree” that “men make better business leaders than women.” South Koreans, however, are ambivalent on this question—and have less than a third as many other-sex friends as same-sex ones. An Jong Gyun, a 33-year-old South Korean actor, says he has “never thought of” being platonic friends with a woman. “It’s hard to feel that we’re the same kind of person,” he says. “Men like drinking and playing video games. Women like having conversations.” Mr An is good-looking, but currently single.

The frostiness between men and women in South Korea affects many things. South Korea ranks second-last out of 29 rich countries on *The Economist*’s glass-ceiling index of equality in the workplace. The political gulf between young South Korean men and women is among the widest in the rich world. A study by Youm Yoosik of Yonsei University finds that the share of Korean adults who have not had sex in the past year has trebled since 2001, to 36%. Celibate men are nearly all involuntarily so; celibate women are choosing to shun men, perhaps because they don’t like their attitudes very much.

Establishing what causes what is tricky. Do men in some places have more female friends because they are less sexist, or are they less sexist because they have more female friends? The answer may be both.

A study by David Kretschmer of Oxford University finds that socialising with girls changes attitudes among German boys. Dr Kretschmer looked at more than 3,000 adolescents, largely from schools with a high proportion of pupils from immigrant backgrounds. At the age of 14-15, the children were asked who their friends were, and for their views on the division of labour within a family. Should women mostly cook and care for kids while men earn money, or should these tasks be split equally?

A year later, the same teenagers were asked the same questions. Dr Kretschmer found that having more opposite-sex friends made boys become more egalitarian, while not affecting girls' opinions. He speculates that girls are less malleable because they have more at stake. If they want a career and a helpful husband, they are unlikely to abandon this dream to please a peer. Boys, by contrast, learn from socialising with girls that girls expect to be treated equally. They come to respect this demand, not least because most would like to be in a romantic relationship with one.

Can anything be done to encourage young Harrys and Sallys to get along? Dr Karaman hopes that the spread of higher education might help. College offers a place where young men and women can socialise, far from disapproving parental eyes. Others suggest starting at pre-school, where boys and girls typically play separately and gender norms are often enforced with brutal teasing by peers.

Laura Hanish and Carol Lynn Martin of Arizona State University looked at an intervention called "Buddy Up". In pre-school classes, each child was paired with another child and given a fun task to do together. Every week, the children were given a new "buddy". Teachers were told to make sure boys were often paired with girls. Months after the experiment ended, boys who had been "buddied up" with girls were more likely to play with girls than boys in a control group who had not.

This is consistent with "intergroup contact theory", the idea that positive interactions between different groups can reduce the prejudice they feel

about one another. It has usually been applied to ethnic or religious groups, but may work for men and women. “The more friendships you have, the more positive your attitudes,” says Professor Martin. “Friendship may seem simple,” suggests Dr Karaman, “but it is a powerful step towards real equality.” ■

---

This article was downloaded by **calibre** from  
<https://www.economist.com/international/2025/06/19/can-men-and-women-be-just-friends>

| [Section menu](#) | [Main menu](#) |

The Telegram

# In Trumpworld, toppling rulers is taboo

*Donald Trump prefers deals to regime change*

Jun 19, 2025 12:58 PM



BY THE TIME the Iran crisis ends, President Donald Trump risks breaking some solemn promises about war and peace. Large-scale American help to destroy Iran's deeply buried nuclear sites would imperil his pledge to keep America out of Middle Eastern conflicts. Yet if his caution allows a wounded Iran to successfully sprint for a bomb, that would challenge Mr Trump's stated belief that "you can't have peace if Iran has a nuclear weapon".

With so much at stake, it is tempting to dismiss one more area in which Mr Trump's reputation is at stake, namely, his vaunted prowess as a negotiator.

Even as Iran and Israel exchange salvos of missiles, Mr Trump keeps urging Iran's leaders to resume talks and cut a deal "before there is nothing left". That puts him at odds with Israel's prime minister, Binyamin Netanyahu, who is openly rooting for the overthrow of the Islamic regime. In a televised address to the Iranian public, Mr Netanyahu declared that Israel's attacks are "clearing the path for you to achieve your freedom".

### **More on the war between Israel and Iran:**

- [The Israel-Iran war is now a brutal test of staying power](#)
- [Will Iran's hated regime implode?](#)
- [Tracking the Israel-Iran war](#)

Yet Mr Trump is serious about getting Iran's leaders back to the negotiating table, say officials and diplomats who have watched him up close. He has a deep aversion to regime change. Days after his first victory in 2016 he announced a Middle Eastern policy focused narrowly on fighting terrorists, saying: "We will stop racing to topple foreign regimes that we know nothing about."

According to Reuters, a news agency, Mr Trump recently vetoed an Israeli plan to kill Iran's supreme leader Ayatollah Ali Khamenei, declaring political leaders off-limits unless Iran attacks American targets. That reflects a horror of creating power vacuums in dangerous places, rather than any love for hardline clerics. Mr Trump is a man with complicated views of war. He sees conflict as wasteful and often irrational, destroying lives and property. But he is willing to kill foreigners who threaten America, as when he sent drones to assassinate Iran's most important general, Qassem Suleimani, in Baghdad in January 2020. In the words of an insider: "Trump hates war, but he's not afraid of it."

A distaste for regime change sets Mr Trump apart from traditional conservative hawks. John Bolton was Mr Trump's national security adviser in 2018-19. Now a critic, he admits that he and his former boss did not agree on the likely endgame when in 2018 Mr Trump pulled out of the JCPOA, a multinational agreement to curb Iran's nuclear ambitions brokered by his predecessor, Barack Obama. Nor, Mr Bolton says, was Mr Trump bent on breaking the regime in Tehran when he replaced the JCPOA

with a “maximum pressure” campaign of harsh economic sanctions. “I certainly thought that getting out of the JCPOA and maximum pressure were all logical steps towards the only strategy that can bring lasting peace in the Middle East, which is the overthrow of the ayatollahs in Iran,” Mr Bolton reports. “He never got to that logical step.”

In time, Mr Trump fired Mr Bolton. Explaining that dismissal, Mr Trump grumbled that Mr Bolton had asked North Korea to surrender its entire nuclear-weapons programme before receiving American concessions. Specifically, Mr Trump said it was “a disaster” that Mr Bolton had publicly called this the “Libyan model”. North Korea reacted badly, possibly because after Libya’s unilateral disarmament a NATO-led coalition bombed the country, leading to the toppling and killing of its dictator, Muammar Qaddafi.

In his first term, the closest that Mr Trump came to endorsing regime change was when he declared an opposition leader in Venezuela, Juan Guaidó, to be the country’s legitimate president. He hinted that America might use force against Venezuela’s thuggish left-wing ruler, Nicolás Maduro. In part, Mr Trump was trying to please anti-communist voters in Florida, suggests Mr Bolton. He concedes that his boss later lost confidence in Mr Guaidó, believing that he had been led to back “the wrong horse”.

There are two pillars to Mr Trump’s dislike of regime change, suggests Elliott Abrams, a veteran of several Republican administrations who served as special envoy to Venezuela and Iran during the first Trump presidency. First, Mr Trump is responding to policy failures in Afghanistan and Iraq. Second, Mr Abrams believes that Mr Trump is influenced by Henry Kissinger and other cold-war practitioners of realpolitik. According to that school of statecraft: “All of these countries, Iran, Russia, China, North Korea, are black boxes and they have a person at the top, and you must negotiate with that person.” Mr Abrams calls this a “club of leaders” view, which attaches little significance to ordinary citizens’ wishes. In this worldview: “We deal with people who’ve risen to the top of the greasy pole, no matter how they got there: by winning elections, by murdering people. It doesn’t matter.”

## Jaw-jaw, with added arm-twisting

In Mr Trump's first term some European allies mistook maximum-pressure sanctions on Iran as a "stalking horse for regime change", says Brian Hook, America's Iran special envoy in 2018-20. They were mistaken: Mr Trump sincerely prefers dealmaking to conflict, he says. Mr Hook thinks that allies also underestimated the power of unilateral American sanctions to gravely weaken Iran's economy and its overseas armed proxies. If Mr Trump had secured a consecutive second term in 2020, "the Iranians would eventually have had no choice but to call him and cut a deal", he argues.

Allies still struggle to understand Mr Trump. In places such as Europe, modern-day diplomacy is seen as a multilateral endeavour, needed to check aggression by rogue bullies. But Trumpian diplomacy is an expression of raw American power. Mr Trump could be a silk-coated potentate at the Congress of Vienna in 1814, carving up the world with fellow rulers, guided by the interests of great powers and a horror of disorder. Dealmaking may not save Iran's leaders, for events are moving fast. But if the regime falls, cheers in Mr Trump's White House will be tinged with alarm. ■

*Subscribers to The Economist can sign up to our [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/international/2025/06/17/in-trumpworld-toppling-rulers-is-taboo>

# Business

- **[AI is turning the ad business upside down](#)**  
Creative destruction :: At the industry's annual event in Cannes, executives are feeling the heat
- **[Victoria's Secret is struggling to reinvent itself](#)**  
Knickers in a twist :: Investors are growing impatient
- **[The family saga at Germany's media colossus takes an unusual twist](#)**  
Oh, Brother! :: The owner of Penguin Random House and BMG is returning to family management
- **[Mark Zuckerberg is spending megabucks on an AI hiring spree](#)**  
Zucked in :: Meta engages in a high-stakes battle to unseat OpenAI
- **[Why China is giving away its tech for free](#)**  
People's code :: Its newfound fondness for open-source is awkward for an authoritarian state
- **[How to build the right corporate culture](#)**  
Bartleby :: It is critical to firms' success. Here's what managers should do about it
- **[Can a car boss turn around Gucci's owner?](#)**  
Schumpeter :: Kering is the latest troubled firm to seek an outside saviour

Creative destruction

# AI is turning the ad business upside down

*At the industry's annual event in Cannes, executives are feeling the heat*

Jun 19, 2025 02:52 PM | CANNES



THE ADVERTISING business sells nothing so well as itself. This talent was on full display at the industry's annual awards in Cannes, which began on June 16th. Advertising “not only pushes creative boundaries but also demonstrates the tangible impact creativity can have on business and society,” declared one festival bigwig. Trophies were solemnly awarded to campaigns promoting beer, chocolate and the New Zealand Herpes Foundation.

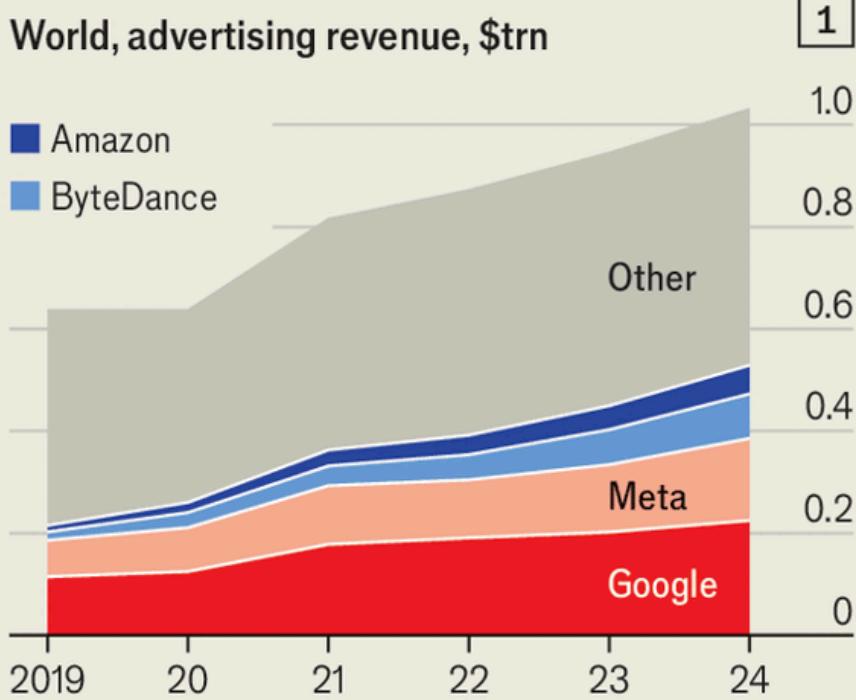
Yet an industry that prizes human creativity has found itself on the front lines of [disruption by artificial intelligence](#): (AI). Mark Zuckerberg, boss of

Meta, has promised that brands will soon be able to “tell us what objective they’re trying to achieve...how much they’re willing to pay for each result, and then we just do the rest.” Sam Altman of OpenAI believes that “95% of what marketers use agencies, strategists and creative professionals for today will easily, nearly instantly and at almost no cost be handled by the AI.”

Technology has upended the ad business once before this century, as advertising dollars flowed from television, newspapers and other “legacy” media to digital upstarts like Google and Meta. As AI muscles into the creative part of the industry, which once considered itself immune from automation, a new revolution is under way. Who will emerge on top—and can the admen of Cannes keep the rosé flowing?

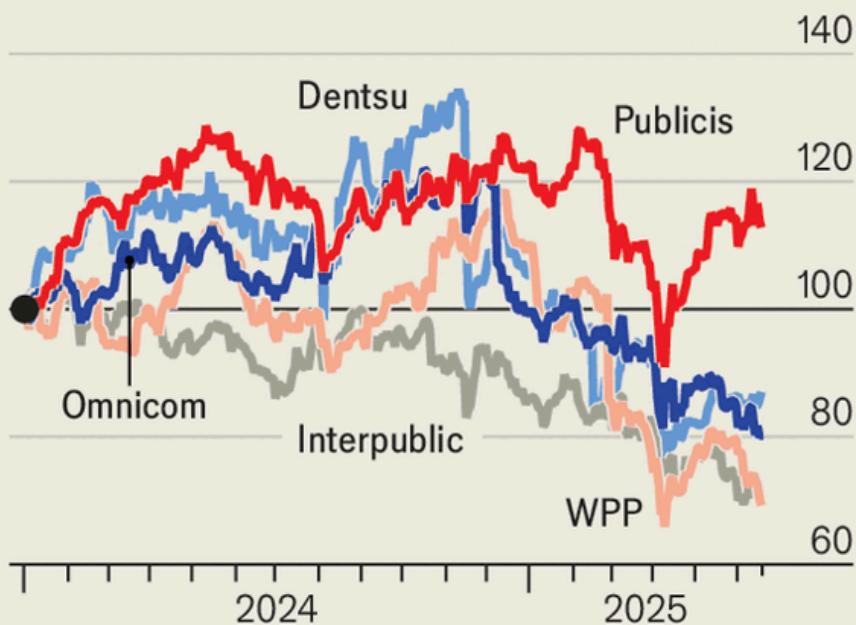
The yacht parties and poolside soirées suggest that the advertising market is in good health. Global ad spending has been rising at a steady clip and will grow by about 6% a year for the next three years, forecasts WPP Media, a big ad buyer.

## Whining and dining



Share prices, January 1st 2024=100

2



Sources: WPP Media; LSEG Workspace

Yet the growth is highly concentrated, and becoming more so. The four largest sellers of ads—Google, Meta, ByteDance and Amazon—accounted for more than half the global market last year, up from just over a third in 2019 (see chart 1). Eight of the ten largest sellers of ads are tech firms. In Cannes, the digital overlords established a tent city along the beach, spilling onto the Croisette like a smart-casual invasion force.

AI seems to be strengthening their grip. Machine learning improves ads' targeting: Meta's AI-powered Advantage+ system claims to increase brands' return on ad spending by 22%, while Google's Performance Max product raises sales by over 10%. Google has begun experimenting with ads in its AI-powered search mode, which it says could be still more effective. Users' AI queries are two to three times longer than ordinary search queries, meaning the firm knows not just what people are looking for, but why. For brands placing ads, "AI has the most potential to improve business outcomes that they've seen in the last 20 years," believes Sean Downey, president for the Americas at Google.

Other techies are deploying AI to better measure the effectiveness of ads. Alembic, a startup, uses contact-tracing algorithms developed during the covid-19 pandemic to track whether consumers who are exposed to ads go on to buy the product. Using billions of rows of data, culled from TV streams, website visits and more, it found that Delta Airlines' sponsorship of medal ceremonies at last year's Olympic games delivered a better return on investment than any of its other promotions.

Having conquered the market for targeting and measuring ads, tech firms now believe that they can create them—a job previously left to ad agencies. In Cannes, TikTok unveiled AI-powered tools that generate video commercials from text or photos. Meta launched a volley of new AI features, including the automated personalisation of ad copy for different audiences, in ten languages. Earlier this month Kalshi, a betting company, aired a cinematic, special-effects-filled TV ad made with Google's AI tools. The spot was created in 48 hours, for \$2,000, by a director who boasted that "I got to stay in my underwear for the entire shoot."

Ad executives are adamant that they will not be replaced by engineers in underpants. AI models, designed to cough up the most likely answer, are

not suited to producing arresting campaigns. In a world where every company can create passable ads, it will be more important than ever to commission content that stands out, agencies argue. Meta and TikTok's DIY tools seem to be aimed more at small businesses than at the big brands that use agencies.

Some agencies have switched from hourly billing to flat fees in order to protect their revenue, as AI reduces the number of hours needed to put together a campaign. Clients may pay less than before for ad creation, but they may reinvest the savings with the agency: one marketing boss of a global brand says she is simply buying more ads with the money saved on the creative side. Marketers, like all managers, want to protect their budgets —“and to keep coming here”, says one Cannes regular, over *petits fours* at a beachfront hotel.

Investors are not convinced. Four of the five big agency holding companies have seen their share prices drop since the beginning of last year (see chart 2). WPP is looking for a new chief executive. Omnicom and Interpublic plan to merge by the end of the year to save money. Publicis has avoided the slump largely by persuading the market that it has invested enough in AI to be protected.

### **By the bots, for the bots**

AI may soon change the ad business in even stranger ways. As shoppers take their queries from search engines to AI-powered chatbots, advertisers must work out how to ensure their brands are recommended by the likes of ChatGPT or Google's Gemini. Some are already creating promotional material that is aimed not at humans, but at the large language models (LLMs) crawling the web for information.

Evertune, another startup, analyses brands' cachet with chatbots by posing tens of thousands of queries about product categories. It finds that, when asked to recommend a brand of bedsheet, for example, the main AI models agree on the top three but then vary widely (Meta's bots like a make called Mellanni; Casper is popular with most models, except Gemini). The variations are explained by training data. Whereas Google and ChatGPT

license content from Reddit, an online forum, Meta's model leans heavily on material from its own social-media platforms.

Influencing LLMs means influencing their sources. That involves building a loyal online following. To the relief of the big agency holding companies, it also means an enduring role for old-school public relations. “PR is one of the biggest levers you can pull,” says Brian Stempeck, Evertune’s boss. But there are other tricks, too. Models may struggle to read infographics, which should be translated to text. And they lap up detailed product descriptions of a sort that would send most people to sleep. A lengthy passage on a breakfast cereal’s ingredients may never be read by human eyes, but could help persuade an LLM to recommend the product to its users.

As AI-powered “agents” are increasingly deployed to carry out tasks on behalf of humans, advertisers will also need to work out how to influence these robot servants. Google recently unveiled a shopping agent that users can instruct to tell them when the price of a product falls below a certain level. Such agents may soon be given discretion to make more complex buying decisions. Sellers of online ads are already debating how much they should charge when these are seen by an agent, as opposed to a human pair of eyes. The future may be one in which AI creates ads, targets them—and then reads them too. The admen of Cannes should enjoy the party while it lasts. ■

*To stay on top of the biggest stories in business and technology, sign up to the [Bottom Line](#), our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/business/2025/06/18/ai-is-turning-the-ad-business-upside-down>

---

**Knickers in a twist**

# Victoria's Secret is struggling to reinvent itself

*Investors are growing impatient*

Jun 19, 2025 12:59 PM



AT THE WORLD'S best-known lingerie brand, the dirty laundry is on full display. In an open letter to Victoria's Secret published on June 16th, Barington Capital, an activist investor, told Donna James, the brand's chairwoman, that the company is failing its shareholders. Hillary Super, chief executive since August, has not "gained the confidence of employees".

Barington, which has a stake of just 1%, is not the only activist circling the company. BBRC International, which has amassed more than a tenth of the underwear-seller's shares, has denounced "disastrous" board decisions and

demanded a change of leadership. The brand's management has dug in its heels, and is seeking to maintain control with a so-called poison pill: it will dilute the company's shareholders if any of them acquires more than 15%.

Yet the critics have a point. Over the past decade Victoria's Secret has lost much of its sparkle. Sales last year were \$6.2bn, down from a peak of \$7.8bn in 2016 (see chart). Its market value, at \$1.5bn, has fallen by more than half since it was spun off from L Brands, its parent company, in 2021. New competitors such as Skims, an apparel firm co-founded by Kim Kardashian, have pinched market share. Ms Super is the third CEO in four years appointed to turn the struggling company around.

## Tumbling off the runway

Victoria's Secret



\*As part of L Brands before 2018; financial years ending in February of the following year

Sources: Bloomberg; press reports

In the 2010s Victoria's Secret, founded half a century ago as a place for men to buy underwear for their wives and girlfriends, became emblematic for its detractors of all that was wrong with the fashion industry. In its heyday millions watched pale, stick-thin, feather-clad models (or “angels”) flutter down the runway at its annual fashion show. Emboldened by the #MeToo movement, those same angels went on to recount unholy tales of starvation and abuse. Viewership was already dwindling when in 2018 the show’s organiser told reporters he would never have a transgender model, or a fat one. He apologised. The event was cancelled the following year.

Since then, Victoria's Secret has sought to redefine its image. Shops sell comfortable pyjamas as well as elaborate push-up bras. The fashion show returned last year, but now also features models who aren't so skinny, pale or female.

Yet the makeover has not returned the company to growth. The activists hounding Victoria's Secret argue that it should go back to what once made it sexy. Bring back the angels, writes Barington, and focus on bras. Ms Super, by contrast, wants to move into areas such as fitness.

Despite all its troubles, the company is still the world's biggest seller of lingerie, helped by frequent promotions. "Victoria's Secret is one of the best instances of a brand people supposedly don't like and yet continue to buy," points out Simeon Siegel of BMO Capital Markets, an investment bank. Raising prices and forgoing lower-value shoppers, Mr Siegel suggests, could be a path back to success.

Most important for the company, however, is to decode the desires of younger consumers, whom Ms Super has made her priority. Surveys suggest that Gen Z has less sex than preceding generations. But that does not mean it does not want to feel sexy, at least on occasion. Sabrina Carpenter, a 26-year-old popstar, sported sparkly lingerie on her recent sell-out tour. Her mostly female fans joined in. Victoria's Secret may yet find its stride again. ■

*To stay on top of the biggest stories in business and technology, sign up to the [Bottom Line](#), our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/business/2025/06/19/victorias-secret-is-struggling-to-reinvent-itself>

**Oh, Brother!**

# The family saga at Germany's media colossus takes an unusual twist

*The owner of Penguin Random House and BMG is returning to family management*

Jun 19, 2025 12:58 PM | BERLIN



Sibling rivalry

IT IS COMMON for family empires to eventually pass into the managerial hands of an outsider. Rarely does an heir later take back the reins. Yet that is precisely what is under way at Bertelsmann, a German media colossus. After more than 40 years of being run by a series of hired bosses, the company has signalled that one of two brothers descended from its founder

will be its next leader. This is the latest surprising twist in a bizarre family saga.

Germany's biggest media company traces its roots to Carl Bertelsmann, who in 1835 founded a publisher of religious literature in Gütersloh, a dozy town where the company's headquarters remain. Thanks to a steady flow of acquisitions over several decades, Bertelsmann is now one of the most important media conglomerates in the world. Its businesses include Penguin Random House, a book-publishing behemoth, RTL, a pan-European television-and-radio broadcaster, and BMG, the world's fourth-biggest record label after Universal, Sony and Warner, which boasts artists such as Kylie Minogue, Lenny Kravitz and Bruno Mars. It operates across 50 countries and employs around 75,000 people.

Bertelsmann is entirely owned by the Mohn clan, which descends from its founder, alongside various family foundations. But the last family member to run the business, Reinhard Mohn, retired in 1981. The company's current boss, Thomas Rabe, took over in 2012.

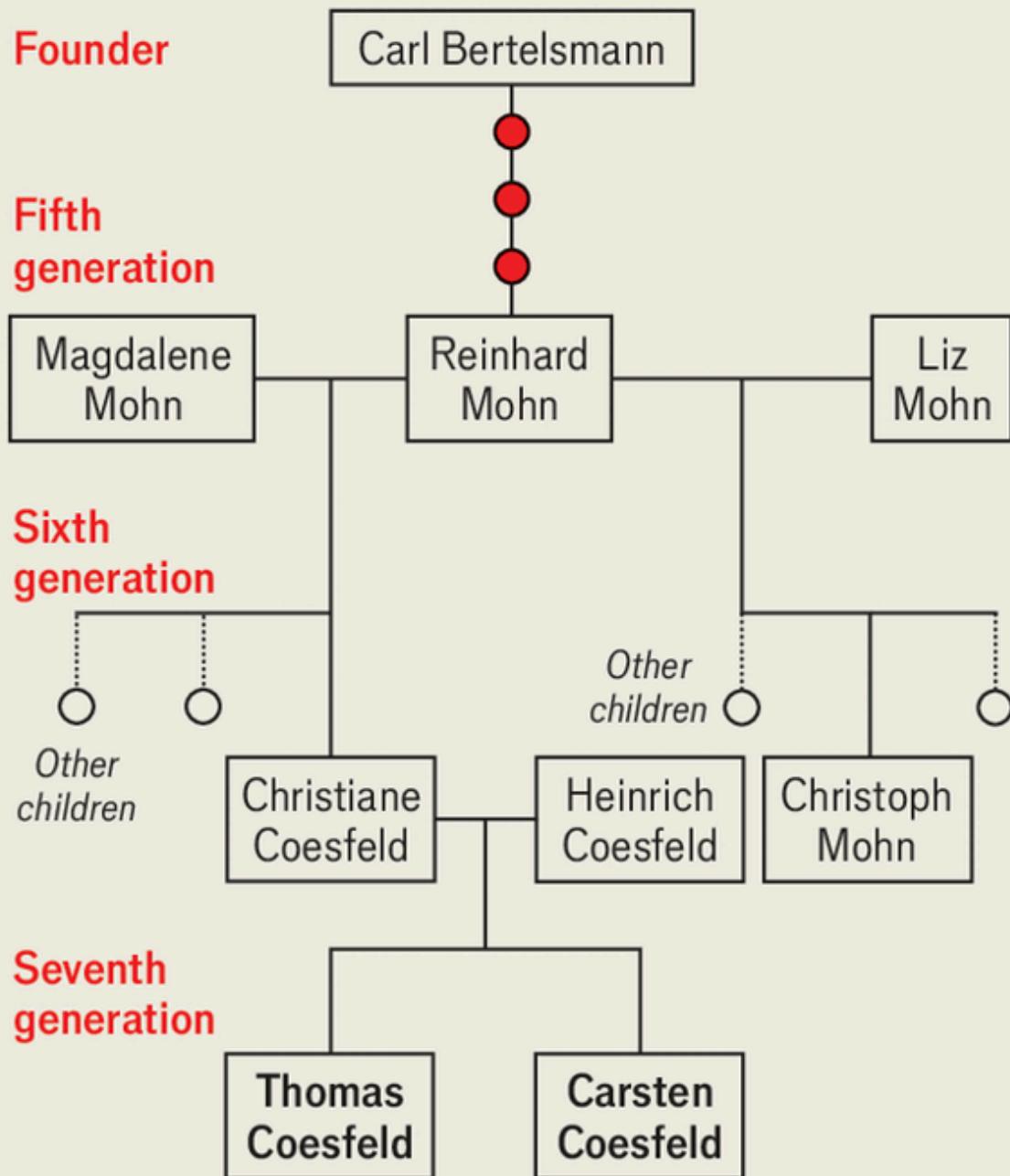
Mr Rabe has been a steady hand. Amid the digital disruption that has gripped the media industry, the company's top line has grown from €15bn (\$21bn) in 2011 to €19bn last year, about in line with inflation. But its preferred measure of group profit has risen much faster, from €600m to €1bn, as Mr Rabe has taken steps to improve margins, including cutting costs. The company has also made various divestitures and acquisitions in that time. Most notably, it bought Penguin from Pearson, a British publisher, and merged it with Random House. Bertelsmann has significantly increased its exposure to America, too, which last year accounted for 27% of revenue, up from 14% in 2011.

Yet many of Mr Rabe's recent efforts to further expand the company have been thwarted. An attempt to combine Penguin Random House with Simon & Schuster, another big book publisher, was blocked by an American court. Dutch antitrust authorities prevented a merger of RTL's subsidiary in the country with Talpa, a local media company. Their French counterparts barred a merger of M6, RTL's TV channel in France, with TF1, a competitor. After talks fell apart to combine Majorel, a call-centre business owned by Bertelsmann, with Sitel, a bigger rival, Mr Rabe sold the unit off.

Mr Rabe plans to step down by the end of next year. Christoph Mohn, a son of Reinhard and chairman of the board, is widely expected to choose either Carsten Coesfeld, who runs Bertelsmann's private-equity arm, or his brother Thomas, who runs BMG.

# Mohney men

## Bertelsmann family tree



Sources: "Die Mohns: Die Familie hinter Bertelsmann",  
by Thomas Schuler, 2004; *The Economist*

“It is surprising that it has come down to a choice between the two brothers,” says Thomas Schuler, who has written two books about the media empire. Partly that is because they are young: Carsten is 38 and Thomas is 35. But family history makes the choice even more unusual.

The Coesfeld brothers are the grandchildren of Reinhard Mohn and his first wife, Magdalene, with whom he had three children (see diagram). During that marriage, Reinhard conducted a clandestine affair which resulted in another three children, one of whom is Christoph. In 1982 Reinhard divorced his then wife and married his mistress, Liz, who remains an influential voice on Bertelsmann’s supervisory board. Unsurprisingly, the women were not on good terms.

As for the two boys, as Mr Rabe calls the Coesfeld brothers, it remains unclear who will take charge. Until last year Carsten, the first of them to join the management board, was the clear favourite. But the race appears to have tightened, with both brothers reportedly in contention. For now, the succession process is said not to have caused a rift. But plenty more family drama may be yet to come. ■

*To stay on top of the biggest stories in business and technology, sign up to the [Bottom Line](#), our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/business/2025/06/19/the-family-saga-at-germanys-media-colossus-takes-an-unusual-twist>

Zucked in

# Mark Zuckerberg is spending megabucks on an AI hiring spree

*Meta engages in a high-stakes battle to unseat OpenAI*

Jun 19, 2025 12:58 PM | SAN FRANCISCO



Building an empire

WHEN MARK ZUCKERBERG decided to launch his quest for the metaverse in 2021, he threw fistfuls of cash at the effort. Meta's boss is now repeating the act, this time with generative artificial intelligence (AI). Hot on the heels of what may be the world's most expensive acquihire—a \$14.3bn deal to buy 49% of Scale AI, a data-labelling firm whose main asset is Alexandr Wang, its 28-year-old founder—people close to the matter say Mr Zuckerberg is planning to offer more than \$1bn combined for two of Silicon Valley's hottest AI brain boxes, who would work under Mr Wang. It marks the start of a reset of Meta's generative-AI ambitions.

Meta has made no comment, but if the deal goes through Nat Friedman and Daniel Gross, entrepreneurs and partners in a venture-capital (VC) firm called NFDG, will work in Meta’s “superintelligence” unit under Mr Wang, one of America’s youngest self-made billionaires. The word “superintelligence” is somewhat misleading. Rather than ground-breaking AI research, the team is expected to focus on developing new AI products for Meta, some of whose recent efforts, including its latest Llama model and the Meta AI chatbot, have disappointed.

Someone who knows all three men calls the trio “the avengers”. He reckons they will have huge additional sums at their disposal to hire top AI researchers in order to unseat OpenAI, maker of ChatGPT, as the dominant generative-AI firm. “They’re going to go big,” he says.

Indeed, there appear to be few limits on what Meta is prepared to spend. On June 17th Sam Altman, the boss of OpenAI, said on a podcast that Meta was offering signing bonuses of \$100m to poach his staff. Another person close to the situation says Mr Zuckerberg sought to hire Ilya Sutskever, the brains behind ChatGPT and co-founder of Safe Superintelligence (SSI), another hot AI startup, to work at Meta, though he was unsuccessful. “He is throwing insane amounts of money at people,” the person said.

The gambit shows Mr Zuckerberg’s continued willingness to make mighty, long-term bets to reinvent his firm, even if his foray into the metaverse has been a costly flop. “This is very Zuckerbergian to do these big, loud stunts just to prove how committed he is,” says Eric Seufert, an independent tech analyst. And while the sums are big, they may not be as reckless as some pundits argued when reports surfaced that Meta was buying its stake in Scale AI, considering how much of Meta’s \$1.7trn market value is riding on its success in AI. The acquisitions also involve people with close personal ties and shared ideals.

Mr Friedman, former boss of GitHub, a software-development platform owned by Microsoft, is friends with Mr Zuckerberg. He is part of Meta’s Advisory Group, which provides guidance to the company. And, like Mr Zuckerberg, he is a lover of ancient Rome. He and Mr Gross helped launch a contest called the [Vesuvius Challenge](#) to decode scrolls buried in Herculaneum after Mount Vesuvius erupted in 79AD.

Mr Friedman and Mr Gross are savvy AI investors. Some call their VC firm the AI equivalent of Andreessen Horowitz, a Silicon Valley juggernaut born out of the dotcom boom. Mr Friedman invested in Scale AI and is close to Mr Wang. Mr Gross is a co-founder of Mr Sutskever's SSI, which was recently valued at \$32bn less than a year after its birth. It is not clear what will happen to NFDG.

People who know the two say that joining Meta appeals not only for the generous terms, but also the excitement of working for an AI heavyweight and the money and computing power it will put at their disposal. “This is the tech battle of our time,” says one person close to the pair. Mr Zuckerberg intends to win. ■

*To stay on top of the biggest stories in business and technology, sign up to the [Bottom Line](#), our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/business/2025/06/19/mark-zuckerberg-is-spending-megabucks-on-an-ai-hiring-spree>

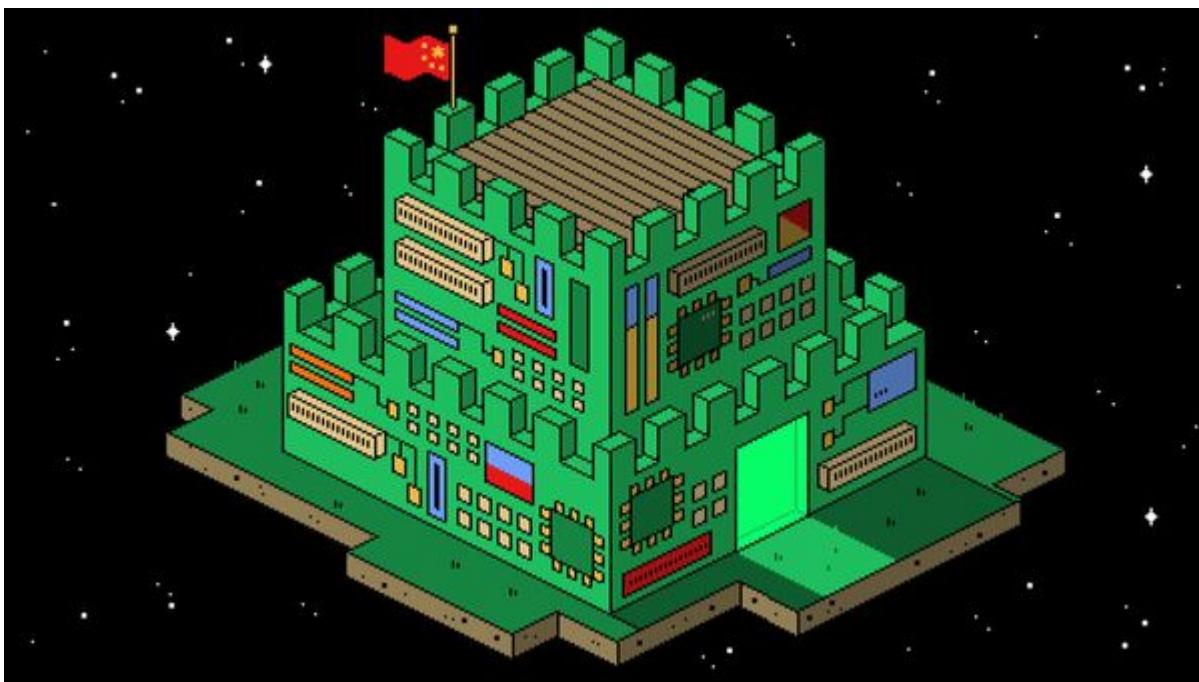
| [Section menu](#) | [Main menu](#) |

People's code

# Why China is giving away its tech for free

*Its newfound fondness for open-source is awkward for an authoritarian state*

Jun 19, 2025 06:51 PM



UNDERPINNING THE digital economy is a deep foundation of open-source software, freely available for anyone to use. The majority of the world's websites are run using Apache and Nginx, two open-source programs. Most computer servers are powered by Linux, another such program, which is also the basis of Google's Android operating system. Kubernetes, a program widely used to manage cloud-computing workloads, is likewise open-source. The software is maintained and improved upon by a global community of developers.

China, which had long stood at the periphery of that community, has in recent years become an integral part of it. After America and India, it is now home to the largest group of developers on GitHub, the world's biggest repository of open-source software. Chinese tech giants, including Alibaba, Baidu and Huawei, have become prolific open-source funders and contributors. China has been particularly active in the development of open-source [artificial-intelligence](#) (AI) models, including those from DeepSeek, an AI startup that shook the world in January when it released the cutting-edge models it had developed on a shoestring. According to Artificial Analysis, a website, 12 of the 15 leading open-source AI models are Chinese.

This newfound interest in open-source has been fuelled by America's efforts to hobble its rival. Curbing China's access to code that is readily available online is tricky for a foreign government. Ren Zhengfei, Huawei's founder, told *People's Daily*, a Communist Party mouthpiece, that American tech restrictions were nothing to fear since "there will be thousands of open-source software [programs] to meet the needs of the entire society."

Yet the rise in China of open-source, which relies on transparency and decentralisation, is awkward for an authoritarian state. If the party's patience with the approach fades, and it decides to exert control, that could hinder the course of innovation at home and make it harder to export Chinese technology abroad.

China's open-source movement first gained traction in the mid-2010s. Richard Lin, co-founder of Kaiyuanshe, a local open-source advocacy group, recalls that most of the early adopters were developers who simply wanted free software. That changed when they realised that contributing to open-source projects could improve their job prospects. Big firms soon followed, with companies like Huawei backing open-source work to attract talent and cut costs by sharing technology.

Momentum gathered in 2019 when Huawei was, in effect, barred by America from using Android. That gave new urgency to efforts to cut reliance on Western technology. Open-source offered a faster way for Chinese tech firms to take existing code and build their own programs with help from the country's vast community of developers. In 2020 Huawei

launched OpenHarmony, a family of open-source operating systems for smartphones and other devices. It also joined others, including Alibaba, Baidu and Tencent, to establish the OpenAtom Foundation, a body dedicated to open-source development. China quickly became not just a big contributor to open-source programs, but also an early adopter of software. JD.com, an e-commerce firm, was among the first to deploy Kubernetes.

AI has lately given China's open-source movement a further boost. Chinese companies, and the government, see open models as the quickest way to narrow the gap with America. DeepSeek's models have generated the most interest, but Qwen, developed by Alibaba, is also highly rated, and Baidu has said it will soon open up the model behind its Ernie chatbot.

China's enthusiasm for open technology is also extending to hardware. Unitree, a robotics startup based in Hangzhou, has made its training data, algorithms and hardware designs available for free, which may help it to [shape global standards](#). Semiconductors offer another illustration. China is dependent on designs from Western chip firms. As part of its push for self-sufficiency, the government is urging firms to adopt RISC-V, an open chip architecture developed at the University of California, Berkeley.

Many Chinese firms also hope that more transparent technology will help them win acceptance for their products abroad. That may not happen. Huawei's operating system has found few users elsewhere. Although some Western companies have been [experimenting with DeepSeek's models](#), an executive at a global enterprise-software firm says that many clients outside China will not touch the country's AI tools. Some fear disruption from future American restrictions. Others worry about backdoors hidden in the code that might allow them to be spied on.

China's open-source ambitions could be derailed in other ways, too. Qi Ning, a Chinese software engineer, points out that at international open-source conferences, attendees increasingly avoid naming Chinese collaborators, as they worry about reputational risk or political blowback.

## **Version control**

America's government may also make life difficult for Chinese open-source developers. Fearing nefarious meddling in the world's code, it could seek to cut China off from GitHub, which is owned by Microsoft. Mr Qi says many Chinese developers worry about "access issues in the future". China's government has promoted Gitee, a domestic alternative. But few local coders use it. Last year some American lawmakers argued for restricting China's access to RISC-V—though Andrea Gallo, head of the Swiss body that oversees the technology, contends that this is not feasible as it is a public standard, much like USB.

Yet it is China's own government that poses the biggest threat to the country's open-source experiment, despite supporting it in principle. In 2021 the government restricted access to GitHub, concerned that the platform could be used to host politically sensitive content. Developers quickly turned to virtual private networks (which mask a user's location) to regain access, but the episode rattled many. In 2022 the government announced that all projects on Gitee would be subject to official review, and that coders would need to certify compliance with Chinese law.

A similar pattern is playing out in AI. Chinese law prohibits models from generating content that "damages the unity of the country and social harmony". In 2023 Hugging Face, a Franco-American platform for sharing open-source AI models, became inaccessible from within China.

China's open-source movement is organic, driven by developers and tech firms. The government has so far encouraged it because it serves its objectives of accelerating domestic innovation and reducing reliance on Western technology. If China's leaders constrain the culture of freedom and experimentation on which open technology relies, however, they will limit its potential. ■

*To stay on top of the biggest stories in business and technology, sign up to the [Bottom Line](#), our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/business/2025/06/17/why-china-is-giving-away-its-tech-for-free>

| [Section menu](#) | [Main menu](#) |

Bartleby

# How to build the right corporate culture

*It is critical to firms' success. Here's what managers should do about it*

Jun 19, 2025 01:00 PM



EVERY COMPANY has a culture, whether it wants one or not. But too few firms think deeply about what they want their culture to be, or about how to embed it. As the latest episode of our Boss Class podcast discovers, it's not enough to recite a few abstract nouns. No one has ever become more transparent or collaborative because they see those words in the lobby.

The obvious reason to think about culture is as a means of increasing employee satisfaction, which matters when discontented workers have other options. A paper published in 2023 by Alex Edmans of the London Business School and his co-authors looked at data for 30 countries. They found that

higher levels of employee satisfaction were associated with higher financial returns, and that this link becomes stronger in more flexible labour markets.

But that does not mean all firms should have the same culture. Although no one relishes working at a firm where they are being roundly abused, people have different preferences about their working environments. Donald Sull of the Massachusetts Institute of Technology gives the example of two aerospace firms that both score above the average for employee ratings. SpaceX does poorly on work-life balance but scores highly for attributes like innovation and perks such as watching rockets blast into space. Lockheed Martin does much better among its employees on work-life balance, but less well for being at the cutting edge.

The reason why bosses need to nurture such different environments is because, in Mr Sull's words, culture is an operating system for companies. And because strategies differ, cultures should too. In his example, SpaceX is a disrupter, working to up-end the space industry; prime contractors like Lockheed Martin have a much greater interest in stability. That implies different things for the norms and behaviours that define both firms, and for the types of people that they want to recruit.

Culture determines how people behave when the boss is not looking. In their book "Move Fast and Fix Things", Frances Frei and Anne Morrise tell a story from the early days of FedEx, when the delivery firm was struggling to survive. A bride whose wedding dress had not arrived called FedEx in tears; an employee took it upon herself to charter a Cessna to make sure the dress was delivered in time for the big day. Among the guests at the wedding were some executives; impressed by the story, they gave some business to FedEx. The rest is history. The story may be apocryphal but the moral has truth. As Ms Frei says: "Where strategy is silent, culture fills the gaps."

Since culture counts for so much, it makes sense to be methodical about it. Novo Nordisk, a Danish pharma firm best known for its weight-loss jabs, encodes its culture in a set of principles called the Novo Nordisk Way. A set of ten norms known as "essentials" are meant to guide decision-making. More unusually, the firm runs a process called "facilitation", which is designed to help the firm's managers behave in the desired way.

Experienced facilitators travel the world, speaking with leaders and employees in various units, and feeding back to the bosses in Copenhagen about the state of the culture.

Culture-focused companies embed it in promotions and hiring processes. Moderna, a drug company with a harder-edged culture than Novo Nordisk's, has a set of 12 “mindsets” (“we push past possible”, “we accept risk”), which are used to assess job candidates. Stryker, a medical-devices firm, even uses organisational design to spread its performance-driven, underdog ethos. When the company’s divisions get too big, they are split apart. “You have these smaller units that have to then grow and feel almost like startups,” says Kevin Lobo, the firm’s chief executive.

The gap between culture and cult can feel narrow in firms with strong identities. Today it’s mindsets and essentials, tomorrow it’s mass weddings. But managers are well-advised to take culture seriously. If you want your employees to behave in a certain way, it’s not enough to paint generic words on a wall. You have to keep bringing them to life. ■

*Subscribers to The Economist can sign up to our [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/business/2025/06/16/how-to-build-the-right-corporate-culture>

---

Schumpeter

# Can a car boss turn around Gucci's owner?

*Kering is the latest troubled firm to seek an outside saviour*

Jun 19, 2025 12:58 PM



THE RENAULT Twingo Equilibre is a pint-sized runaround for the thrifty. The special-edition Gucci Jackie Notte handbag is an iconic accessory for the loaded. Besides being available in black and a price tag on a similar order of magnitude—€14,000 and €10,000 (\$16,000 and \$11,500), respectively—the two appear to be nothing alike. On June 16th, they acquired an unexpected fresh commonality: Luca de Meo.

The previous day Mr de Meo stunned the automotive world when, out of nowhere, he resigned as chief executive of the French carmaker after five years at the wheel. A titillating 24-hour silence later, Kering, a luxury

conglomerate which counts Gucci among its posh labels, confirmed rumours that he would be taking over as its new CEO in September. François-Henri Pinault, the current boss and controlling shareholder, who will stay on as chairman, praised the dapper Italian's "experience at the helm of an international listed group, his sharp understanding of brands and his sense of a strong and respectful corporate culture".

The news instantly added €2.5bn to Kering's market capitalisation, which jumped to €24bn on June 16th, and shaved €1bn from Renault's, which dipped below €11bn. Like Mr Pinault, investors are counting on Mr de Meo to regain ground lost by Kering in recent years to LVMH and Hermès, two luxury rivals—and to recoup some of the €75bn in shareholder value lost since 2021.

Other luxury businesses have put their faith in industry outsiders in recent years. Audemars Piguet, a Swiss watchmaker, plumped for a shampoo executive at P&G turned perfume boss. LVMH promoted another former hair-care veteran, from Henkel, to lead its flagship Louis Vuitton brand. Chanel picked Unilever's HR boss. Ferrari (whose largest shareholder, Exor, part-owns *The Economist*'s parent company) is headed by an erstwhile semiconductor manager. Each is regarded as having done a decent job. But none of them inherited a company in desperate need of strategic reinvention, which is Kering's predicament. So are investors right to cheer Mr de Meo's appointment?

Mr de Meo has certainly done well by Renault, which he has steered out of a powerslide into irrelevance. He refreshed its stale offering (with new electric models), slashed debt (from massive to manageable), and improved operating margins (from negative to respectable) and return on capital (from nothing to something). On his watch the French firm's share price doubled while those of mass-market European rivals either slid (Volkswagen) or stagnated (Stellantis, which owns Fiat, Chrysler, Peugeot and Citroën, among other marques, and in which Exor also holds a large stake).

Adding to Mr de Meo's appeal is the fact that Renault was not a one-off. In the 2000s he spruced up Fiat and Alfa Romeo (both part of Stellantis's corporate forebear). As president of SEAT between 2015 and 2020 he turned the bland Spanish marque into one of Volkswagen's raciest units. All

this has earned him a reputation not just as a turnaround star but a serial one.

Makeover merchants are not uncommon in the corporate world. Moving sharp executives from one underperforming firm to another is part of the private-equity business model. But, observes Steven Kaplan of the Booth School of Business at the University of Chicago, they tend to have industry experience. Itinerant CEOs who hop between sectors usually specialise in fixing firms in financial distress. Cleaning up balance-sheets and dealing with creditors are transferrable talents, says Joost de Haas, who teaches a course on turnarounds at INSEAD business school (and is himself a practising turnaround artist of 20-plus years).

Kering is not in such a “special situation”. Last year it generated €2.6bn in operating profit from selling €17.2bn-worth of bling. That is worse than Hermès or LVMH and down relative to previous years, but hardly cataclysmic. What it needs is a new look. It is betting that Mr de Meo will provide it by being its Lou Gerstner. In the 1980s and 1990s Mr Gerstner earned a reputation as an industry-agnostic strategic saviour by reviving the fortunes of businesses in finance (at American Express’s travel division), consumer goods (as boss of RJR Nabisco, following its buy-out by private-equity barbarians) and technology (running IBM).

Jan Adriaanse of Leiden University points out that industry novices may be particularly valuable at a time when a sector as a whole is struggling. This was true of IBM’s core mainframe business in the 1990s, when Mr Gerstner reimagined Big Blue as an IT-services powerhouse. It is the case now in luxury, facing a possibly secular slowdown in China, whose bling-obsessed consumers were meant to fill its hand-stitched coffers for years to come. LVMH has lost nearly half its market value in the past year. Even Hermès, which this year overtook LVMH as the most richly valued luxury group, is down by nearly a fifth since February.

## **Luca deluxe**

The danger for Kering is that instead of Mr Gerstner it gets a Bob Nardelli. Mr Nardelli rose up the ranks at General Electric to become one of the most

lauded lieutenants to Jack Welch, the industrial conglomerate's legendary leader in the 1990s. He then moved on to disappointment in retail (as CEO of Home Depot in 2000-07, when the home-improvement chain lagged behind competitors such as Lowe's) and disaster in cars (Chrysler went bust on his watch in 2009). His signature post-GE achievement was the \$210m in severance he pocketed courtesy of Home Depot.

Even if Mr de Meo is more Gerstner than Nardelli, there is another risk: Mr Pinault. His grip on Kering let him take a punt on a luxury neophyte where many boards would have preferred a less audacious choice. If Mr de Meo is to have any hope of succeeding, this grip must be relaxed. Mr Pinault has pledged "to be at his side". He must resist the urge to steer from the back seat. ■

*Subscribers to The Economist can sign up to our [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/business/2025/06/19/can-a-car-boss-turn-around-guccis-owner>

# Finance & economics

- **Why today's graduates are screwed**  
Crammed and damned :: The bottom has fallen out of the job market
- **Japan's debts are shrinking. Its troubles may be only starting**  
Baramaki days :: Politicians have a yen for handouts
- **Japan is obsessed with rice. And prices have gone ballistic**  
Paddy problems :: Politicians are reaching for increasingly extreme measures
- **Can China reclaim its IPO crown?**  
Offering little :: Hong Kong is hot. The mainland very much is not
- **What the Israel-Iran war means for oil prices**  
Dire strait :: We investigate possible scenarios
- **Investors ignore world-changing news. Rightly**  
Buttonwood :: The Nothing Ever Happens Market
- **Who are the world's best investors?**  
Free exchange :: The answer is not hedge funds or quant shops or short-sellers

**Crammed and damned**

# Why today's graduates are screwed

*The bottom has fallen out of the job market*

Jun 19, 2025 02:56 PM | Stanford



PITY THE ambitious youngster. For decades the path to a nice life was clear: go to university, find a graduate job, then watch the money come in. Today's hard-working young, however, seem to have fewer options than before.

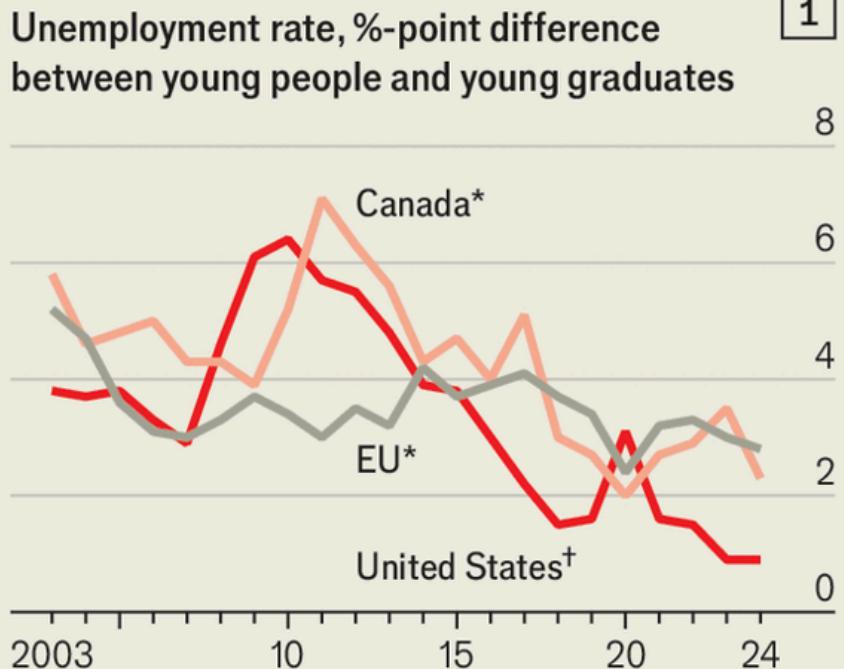
Go into tech? The big firms are cutting jobs. How about the public sector? Less prestigious than it used to be. Become an engineer? Lots of innovation, from electric vehicles to renewable energy, now happens in China. A lawyer? [Artificial intelligence](#) will soon take your job. Don't even think about becoming a journalist.

Across the West, young graduates are losing their privileged position; in some cases, they have already lost it. Jobs data hint at the change. Matthew Martin of Oxford Economics, a consultancy, has looked at Americans aged 22 to 27 with a bachelor's degree or more. For the first time in history, their unemployment rate is now consistently higher than the national average. Recent graduates' rising unemployment is driven by those who are looking for work for the first time.

The trend is not just apparent in America. Across the European Union the unemployment rate of young folk with tertiary education is approaching the overall rate for the age group (see chart 1). Britain, Canada, Japan—all appear to be on a similar path. Even elite youngsters, such as MBA graduates, are suffering. In 2024, 80% of Stanford's business-school graduates had a job three months after leaving, down from 91% in 2021. At first glance, the students eating al fresco at the school's cafeteria look happy. Look again, and you can see the fear in their eyes.

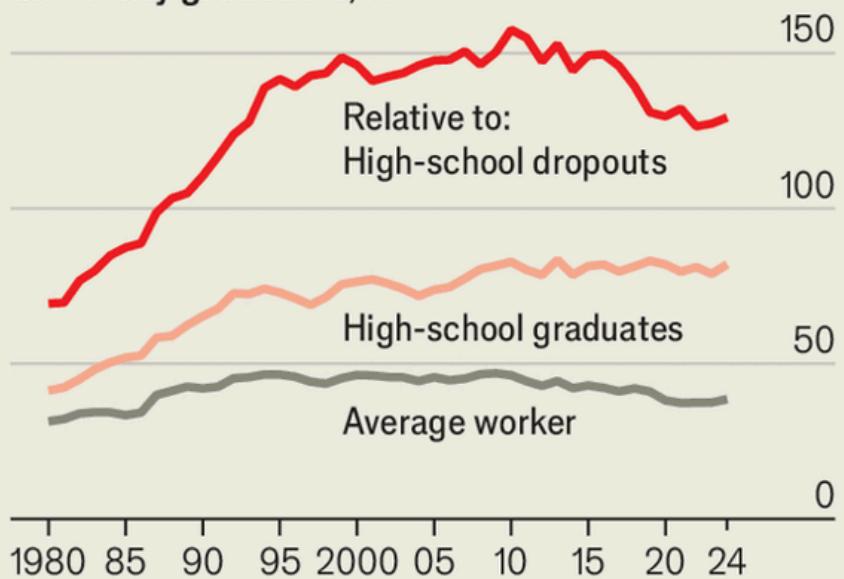
Until recently the “university wage premium”, where graduates earn more than others, was growing (see chart 2). More recently, though, it has shrunk, including in America, Britain and Canada. Using data on young Americans from the New York branch of the Federal Reserve, we estimate that in 2015 the median college graduate earned 69% more than the median high-school graduate. By last year, the premium had shrunk to 50%.

## Town v gown



United States, median-wage premium for university graduates, %

2



\*15- to 24-year-olds †20- to 24-year-olds

Sources: BLS; national statistics

Jobs are also less fulfilling. A large survey suggests that America's "graduate satisfaction gap"—how much more likely graduates are to say they are "very satisfied" with their job than non-graduates—is now around three percentage points, down from a long-run advantage of seven.

Is it a bad thing if graduates lose their privileges? Ethically, not really. No group has a right to outperform the average. But practically, it might be. History shows that when brainy people—or people who think they are brainy—do worse than they think they ought to, bad things happen.

Peter Turchin, a scientist at the University of Connecticut, argues that "elite overproduction" has been the proximate cause of all sorts of unrest over the centuries, with "counter-elites" leading the charge. Historians identify "the problem of an excess of educated men" as contributing to Europe's revolutions of 1848, for instance. Luigi Mangione would be a member of the counter-elite. Mr Mangione, a University of Pennsylvania graduate, should be living a prosperous life. Instead, he is on trial for the alleged murder of the chief executive of a health insurer. More telling is the degree to which people sympathise with his alienation: Mr Mangione has received donations of well over \$1m.

Why are graduates losing their privileges? Maybe the enormous expansion of universities lowered standards. If ivory towers admit less-talented applicants, and then do a worse job of teaching them, employers might over time expect fewer differences between the average graduate and the average non-graduate. A recent study, by Susan Carlson of Pittsburg State University and colleagues, suggests that many students today are functionally illiterate. A worrying number of English majors struggle to understand Charles Dickens's "Bleak House". Many are bamboozled by the opening line: "Michaelmas term lately over, and the Lord Chancellor sitting in Lincoln's Inn Hall."

Certainly some universities do offer rubbish courses to candidates who should not be there. On the other hand, there is little correlation between the number of graduates and the wage premium over the long term: both grew in America in the 1980s, for instance. Moreover, talk to students at most universities, especially elite ones, and you will be disabused of the notion that they are stupid. Those at Stanford are ferociously intelligent. Many at

Oxford and Cambridge once lounged around, and even celebrated a “gentleman’s third”, if they were so honoured. No longer.

A new paper by Leila Bengali of the San Francisco branch of the Fed, and colleagues, is another reason to question the graduates-are-thick explanation. They find that the change in the university wage premium mainly “reflects demand factors, specifically a slowdown in the pace of skill-biased technological change”. In plain English, employers can increasingly get non-graduates to do jobs that were previously the preserve of graduates alone.

### **First-class? Nobody cares**

This is especially true for those jobs that require the rudimentary use of technology. Until relatively recently, many people could get to grips with a computer only by attending a university. Now everyone has a smartphone, meaning non-graduates are adept with tech, too. The consequences are clear. In almost every sector of the economy, educational requirements are becoming less strenuous, according to Indeed, a jobs website. America’s professional-and-business services industry employs more people without a university education than it did 15 years ago, even though there are fewer such people around.

Employers have also trimmed jobs in graduate-friendly industries. Across the EU the number of 15-to-24-year-olds employed in finance and insurance fell by 16% from 2009 to 2024. America has only slightly more jobs in “legal services” than in 2006. Until recently, the obvious path for a British student hoping to make money was a graduate scheme at a bank. Since 2016, however, the number of twentysomethings in law and finance has fallen by 10%. By the third season of “Industry”, a television drama about graduates at a London bank, a big chunk of the original cast has been pushed out (or has died).

It is tempting to blame AI for these waning opportunities. The tech looks capable of automating entry-level “knowledge” work, such as filing or paralegal tasks. Yet the trends described in this piece started before ChatGPT. Lots of contingent factors are responsible. Many industries that

traditionally employed graduates have had a tough time of late. Years of subdued activity in mergers and acquisitions have trimmed demand for lawyers. Investment banks are less go-getting than before the global financial crisis of 2007-09.

So is college worth it? Americans seem to have decided not. From 2013 to 2022 the number of people enrolled in bachelor's programmes fell by 5%, according to data from the OECD. Yet in most rich countries, where higher education is cheaper because the state plays a larger role, youngsters are still funnelling into universities. Excluding America, enrolment across the OECD rose from 28m to 31m in the decade to 2022. In France the number of students went up by 36%; in Ireland by 45%. Governments are subsidising useless degrees, encouraging kids to waste time studying.

Students also may not be picking the right subjects. Outside America, the share in arts, humanities and social sciences mostly grows. So, inexplicably, does enrolment in journalism courses. If these trends reveal young people's ideas about the future of work, they truly are in trouble. ■

*For more expert analysis of the biggest stories in economics, finance and markets, sign up to [Money Talks](#), our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from <https://www.economist.com/finance-and-economics/2025/06/16/why-todays-graduates-are-screwed>

Baramaki days

# Japan's debts are shrinking. Its troubles may be only starting

*Politicians have a yen for handouts*

Jun 19, 2025 02:27 PM | Tokyo



JAPAN, A HEAVILY indebted country, is not known for its fiscal hawks. Yet for a few weeks in May austere types were ascendant. As long-dated bond yields surged worldwide, the Japanese market wobbled and their warnings seemed prescient. After a dodgy auction revealed weak investor demand, 40-year yields reached 3.7%, a record, having started the year at 2.6%. Was a buyer's strike afoot? Ishiba Shigeru, the prime minister, certainly seemed worried: "Our country's fiscal situation is undoubtedly extremely poor, worse than Greece," he told parliament on May 19th.

The Ministry of Finance was forced to act: it sent out a survey suggesting it was willing to sell fewer long-dated bonds and more short-term ones in an effort to match supply with demand. The move has worked, for the time being, with the 40-year yield back near 3%. Japan's fiscal position also appears healthier following a rare burst of inflation, which has boosted tax receipts. Preliminary data suggest the country recorded a surplus for the first time in 17 years in the final quarter of 2024. The debt-to-GDP ratio, at 130% or so, has shrunk every year since 2021.

So all good? Not quite. Although inflation has brought Japan's debts under control, it also lies behind the country's bond-market troubles. Moreover, even modestly higher yields will, in time, mean uncomfortable interest payments. According to the IMF, interest costs, which already account for 10% of central-government spending, are on track to double by 2030.

And future rises may not be modest. Despite the finance ministry's move, an imbalance of supply and demand in long-dated bonds is here to stay. The Bank of Japan, once a reliable buyer, has embarked on an effort to shrink its balance-sheet, even if policymakers said, at a meeting on June 17th, that they would slow the pace of change. Life insurers, also formerly keen buyers, have become net sellers, having completed a buying binge encouraged by new rules. For now, the market is propped up by foreign demand, which may prove flightier than the domestic sort.

At the same time, Japan is preparing for a sizeable rise in government spending, adding to the debt pile. It plans to lift defence spending from 1.4% of GDP to 2% by 2028. But even that may not satisfy a Trump administration which is hyper-vigilant about freeriding. Elbridge Colby, an American official, has called for Japan to spend "at least" 3% of GDP on defence.

Then there is the pressure to provide goodies to voters, who are not used to inflation. Rising prices are especially noticeable for [rice](#), Japan's most important foodstuff. An election to the upper house of parliament is due to be held in July. Seven opposition parties have proposed cuts to Japan's 10% consumption tax. These range from the modest (temporary reductions on the 8% tax on food) to the extreme (abolishing the tax altogether).

Mr Ishiba's position is weak. He has batted away these proposals with reference to Japan's fiscal position, which he has cause to exaggerate (as per the Greece comparison), and has sworn off debt-financed tax cuts of any kind. Still, the prime minister has given ground. On June 13th he proposed a one-off handout of ¥20,000 (\$139) to every adult and twice that to children and poorer citizens. It is not the first time his Liberal Democratic Party has opted for such a scheme: one carried out in the run-up to the general election of 2009 was widely reviled as *baramaki* ("money-scattering") and paid for with debt. This time, though, the LDP insists the giveaway will be paid for by an expected bump in tax receipts owing to higher inflation.

How much longer can Japan muddle on? It has some protection. Inflation will continue to boost tax receipts for a while yet. Rising prices also mean that the government can run modest deficits without lifting its debt-to-GDP ratio. A rough calculation suggests that, at current overnight interest rates and with annual economic growth of just 0.5%, Japan could run a fiscal deficit before interest costs of more than 2.5% of GDP without seeing the ratio rise. Yet this comes with a big proviso: if real rates increase to zero, three-quarters of the leeway would disappear.

On top of this, inflation will not last for ever—at least if the Bank of Japan has its way. Prices are rising at an annual rate of 3.6%, which is well above the bank's target of 2%, and is crushing household purchasing power. Real wages are 4% lower than in 2019. This, in turn, will lower nominal growth and tax receipts, possibly even leading to higher real rates. Meanwhile, rising interest rates are inflicting losses on the Bank of Japan's bond portfolio; before long the ¥2trn in profits that the bank remits to the government each year will dry up. Falling revenues and rising interest costs threaten a crunch.

All of this means it would have been a good time for Mr Ishiba to have made progress on his party's promise to balance Japan's budget, excluding interest payments, by 2026. Instead, he is promising handouts for all. Little wonder that bond investors remain on edge. ■

*For more expert analysis of the biggest stories in economics, finance and markets, sign up to [Money Talks](#), our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from <https://www.economist.com/finance-and-economics/2025/06/19/japans-debts-are-shrinking-its-troubles-may-be-only-starting>

| [Section menu](#) | [Main menu](#) |

Paddy problems

# Japan is obsessed with rice. And prices have gone ballistic

*Politicians are reaching for increasingly extreme measures*

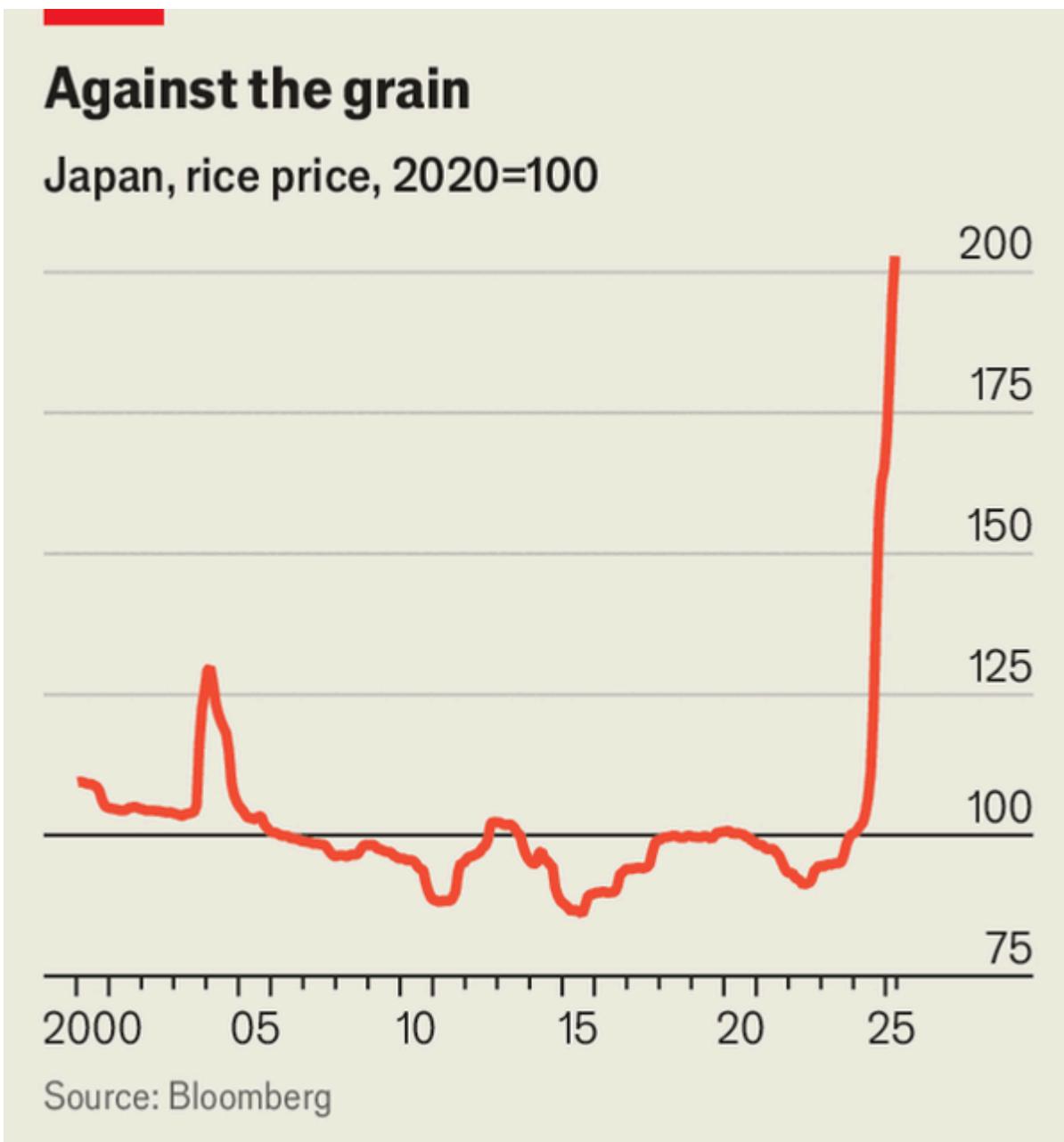
Jun 19, 2025 02:52 PM



A LITTLE MORE than a century ago, in July 1918, the wives of fishermen in Toyama began to protest against the export of rice from their prefecture. The unrest, which was triggered by the staple grain's surging price, then spread across Japan. Ultimately, the so-called rice riots were violently extinguished by 100,000 troops; an action that would in time bring down the government.

Japan is not often considered to be a nation of unrest. But it takes rice seriously. Eto Taku, the country's agriculture minister, discovered as much in May, when he was forced to resign after a ham-fisted joke. Mr Eto said

that he did not have to worry about the price of rice, because his supporters made sure to buy it for him. That was quite a statement, given prices have now risen by more than 100% since the beginning of 2024. He resigned in the uproar that followed.



Some residents grumble that tourists, who are arriving in Japan in record numbers, are snaffling the fluffy carbohydrates. In reality, the country's state-directed agriculture industry, a clubbish relationship between farmers and ministers, and protectionist measures against overseas growers have

created the mighty squeeze. Japan grows 99% of the rice it consumes, approaching autarky. Production is therefore highly vulnerable to shocks. A poor harvest in 2023 is still hurting the market.

The government has all but emptied its vast reserves in an attempt to bring prices back to Earth. The Ministry of Agriculture, Forestry and Fisheries ordinarily stores around 910,000 tonnes of rice, equivalent to one or two months of demand. After repeated sales this year, the reserve has only 100,000-odd tonnes left. The Japanese language reflects this development. *Komai* (old rice) describes last year's harvest. So much rice has been released that the terms *kokomai* (old, old rice) and *kokokomai* (old, old, old rice) have soared in popularity. They are used to describe the two- and three-year-old vintages now being sold in stores.

Things are getting desperate for the government. Earlier this month Koizumi Shinjiro, the agriculture minister who replaced Mr Eto, announced measures intended to prevent the purchase of rice for resale. From June 23rd selling grains for more than their original retail price will carry a prison sentence of one year, or a fine of up to ¥1m (\$6,900).

With a median age of almost 50, Japan is the world's oldest big country. Citizens are probably too long in the tooth to repeat the riots of a century ago. But that is not to say the government will escape unscathed. Elections for the upper house of parliament are scheduled for July. Ishiba Shigeru's government must hope it does not have to dust off the *kokokokomai* to prevent defeat. ■

*For more expert analysis of the biggest stories in economics, finance and markets, sign up to [Money Talks](#), our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from <https://www.economist.com/finance-and-economics/2025/06/19/japan-is-obsessed-with-rice-and-prices-have-gone-ballistic>

**Offering little**

# Can China reclaim its IPO crown?

*Hong Kong is hot. The mainland very much is not*

Jun 19, 2025 01:00 PM | Shanghai



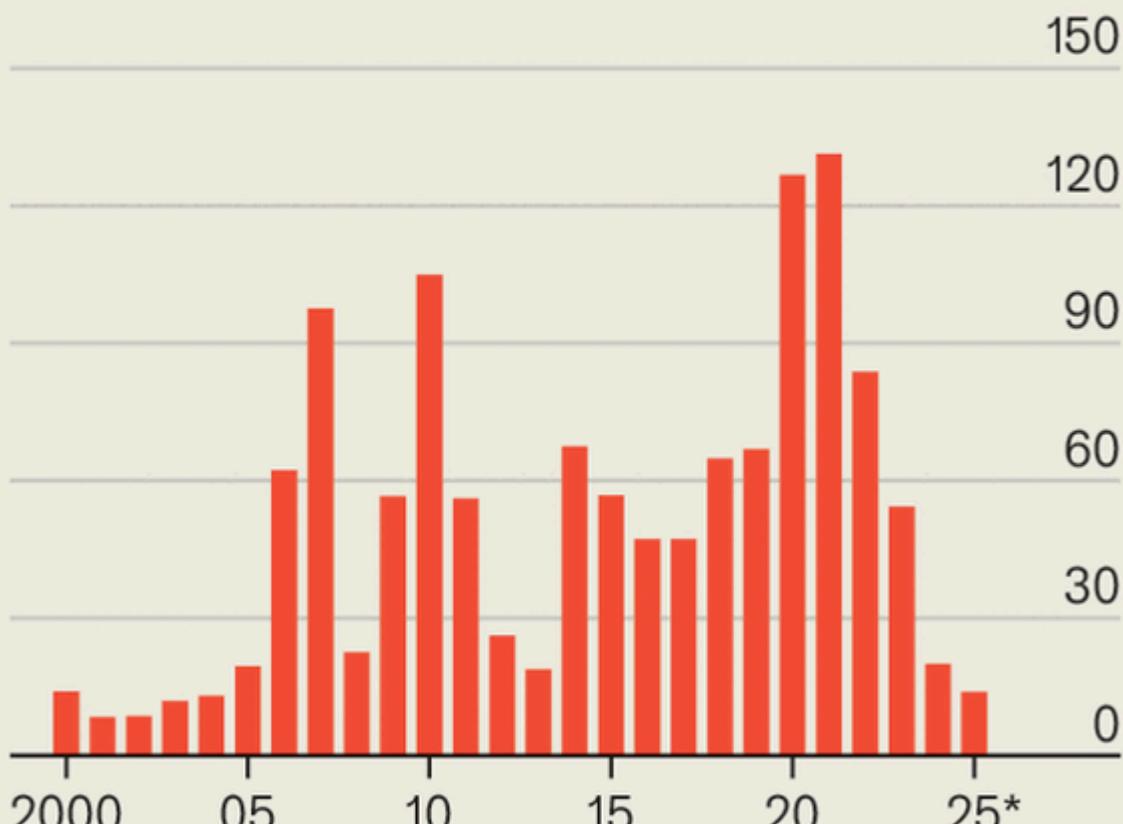
ONE AFTER another, blockbuster Chinese listings are coming to Hong Kong. In May Hengrui Pharmaceuticals, a drug manufacturer, and [CATL](#), a battery-maker, sold \$5.3bn-worth of shares between them. Seres, which makes electric vehicles, hopes to raise \$2bn in the coming weeks. Shein, a fast-fashion firm, may abandon plans for [an offering in London](#) for one in Hong Kong. All told, in April more than 130 applications were under consideration by the local exchange, up from fewer than 60 at the start of 2024. On current trends, the city will be the world's largest stock-debut venue this year.

For Chinese firms, this is an exciting but incomplete turnaround. Although their country is in the midst of a tech boom, last year they raised just \$20bn

in IPOs at home and abroad. Only twice in the past two decades have public share sales yielded so little. Although \$9.8bn has been raised in Hong Kong so far this year, only \$3.9bn has been drummed up on the mainland. Stock exchanges in Shanghai and Shenzhen are “barely functioning” as a destination for IPOs, says a banker. And not all Chinese companies will be able to go public in Hong Kong, either because of political constraints or because they are insufficiently prominent. A healthy domestic market is crucial to China’s tech future.

## Poor spirits

China, capital raised in initial public offerings and secondary listings, \$bn



Source: LSEG Workspace

\*To May 28th

Reviving Hong Kong is a welcome start. Covid-19 and China's sluggish economic growth caused valuations to slump in 2021; they stayed low into 2024, making listings unappealing. Firms such as Hengrui and CATL, listed on mainland exchanges, had been exploring Hong Kong, but permission from the China Securities Regulatory Commission (CSRC) was hard to obtain. It feared secondary listings in Hong Kong would drag down Chinese valuations.

Rising tensions with America then provided another barrier. The Biden administration's restrictions on American investment in Chinese companies working on sensitive technologies, such as artificial intelligence or semiconductors, made the country's tech firms seem like risky bets.

Since September, when China became more serious about tackling its economic woes, investment has begun to trickle back. In January a mini tech-boom inspired by DeepSeek, an AI startup, added to optimism. With the Hang Seng China Enterprise Index, which tracks Chinese firms in Hong Kong, now 50% higher than at the start of 2024, opposition to secondary listings has weakened. Bankers report approvals from Beijing are flowing more freely.

Hong Kong has even found ways around America's rules. Bankers now massage the language in IPO sales materials. Horizon Robotics, which went public in October, was a test case. The autonomous-driving firm also designs semiconductors and develops its own AI models. But such words were mysteriously absent from the description of its business in the share prospectus. These sorts of changes, bankers say, make foreign investors less wary.

Could a Chinese restart follow? Shanghai and Shenzhen have deep-rooted problems that lead to exuberance followed by languor. In 2022 Chinese IPOs raised a world-beating \$81bn, reflecting a government plan that encouraged tech firms, especially in favoured fields such as chipmaking, to list at home. Leaders' enthusiasm then waned in 2023 as stocks tumbled. They focused instead on liquidity in existing listings, fearing new offerings might reduce it. In 2024 only 100 firms went public, the fewest for at least a decade.

Regulators are now more sensitive than ever about leading stockmarket indices. The CSRC is said to have a lower bound of 3,300 points for the Shanghai Composite. To preserve liquidity, entire sectors, including the cosmetics and spirits industries, have been unofficially banned from listing. Only firms in critical tech industries are allowed to apply.

Instead of focusing on IPOs, the CSRC is pushing long-term reforms it hopes will stabilise prices, such as making state-owned companies more accountable to shareholders. If prices remain stable, more firms will gradually be allowed to go public. The CSRC has started contacting local regulators to spread the message that “the market is not closed”, an insider says. But because preparing an offering in China takes 12-18 months, a healthy flow of local share sales may start in earnest only in 2026, even if companies apply in droves.

For firms thirsty for funds, that is a long wait. Hong Kong will not suit them all. Seres, the EV-maker, is backed by Huawei, a telecoms giant and perhaps the main target of American sanctions. Its prospectus will test investors’ risk appetite and bankers’ creative-writing skills. The CSRC’s growing sway over IPOs in Hong Kong is another worry. And though China’s economy is showing signs of progress, growth may worsen as the trade war begins to hurt. That could harm valuations—and again make IPO approvals harder to obtain. ■

*For more expert analysis of the biggest stories in economics, finance and markets, sign up to [Money Talks](#), our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from <https://www.economist.com/finance-and-economics/2025/06/15/can-china-reclaim-its-ipo-crown>

Dire strait

# What the Israel-Iran war means for oil prices

*We investigate possible scenarios*

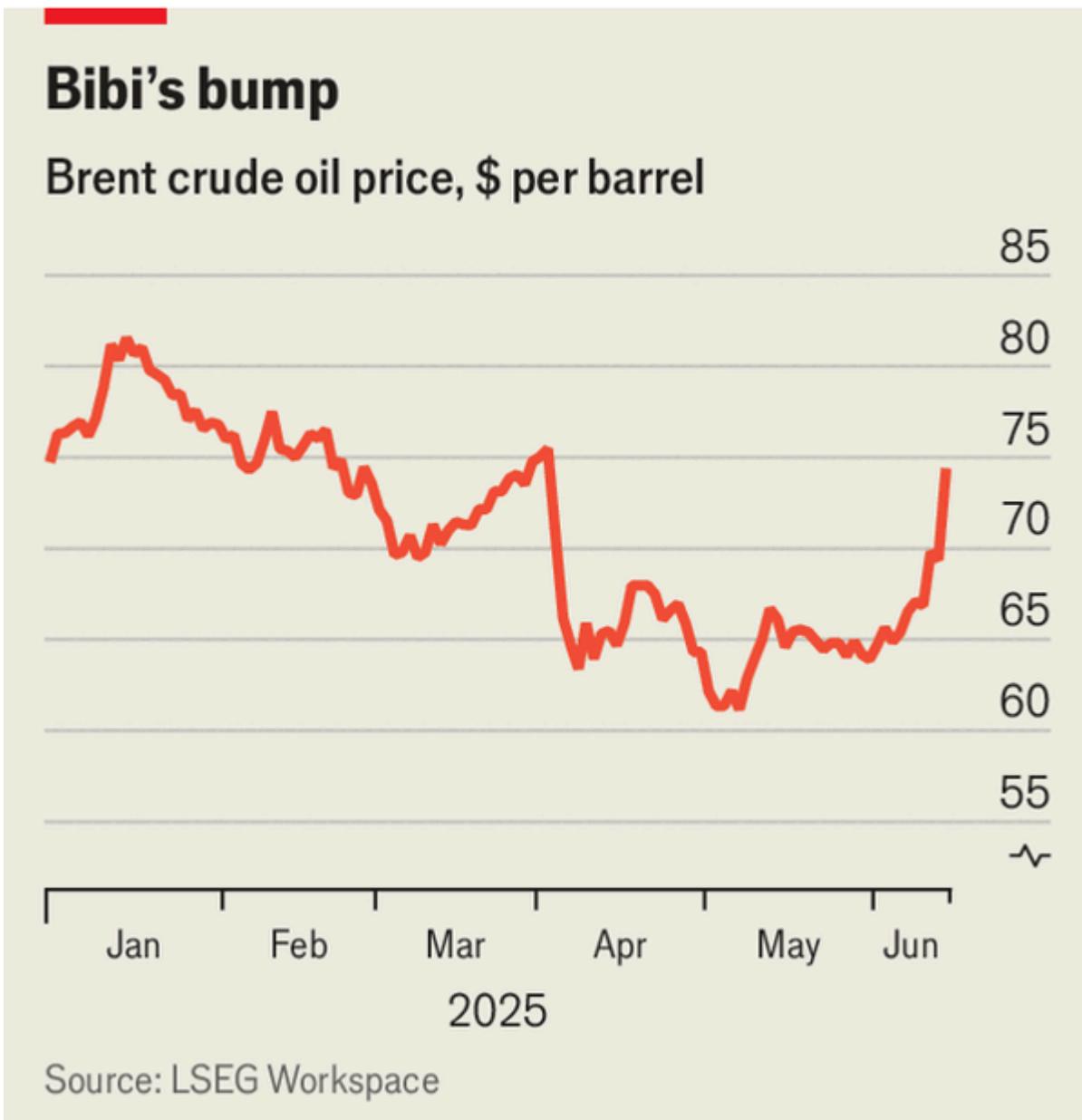
Jun 19, 2025 03:11 PM



FOR THE past two years, the Middle East has been an even more tense place than usual. Houthis bombed commercial vessels; Israel began extensive military campaigns in Gaza and Lebanon; Iran and Israel exchanged rockets. Yet oil markets remained calm, since the worst-case scenario—a full-blown war between Israel and Iran—was avoided.

On June 13th, when Israel launched its first strikes on Iranian military and nuclear sites, that scenario became more vivid. Since then, the foes have traded drones and missiles. The list of targets has grown to include energy infrastructure on both sides. As we went to press, America's president,

Donald Trump, was weighing up whether to bomb Iran's Fordow underground-enrichment plant; he and Ali Khamenei, Iran's supreme leader, are already waging a war of words. A wider conflict could inflame the Gulf, which pumps a third of the world's oil. Since Israel's first strikes the price of Brent crude, the global benchmark, has risen by 10%, to \$77 a barrel (see chart). How high might it go?



Oil markets are experiencing friction. Transponder jamming, first limited to waters around an Iranian port, is now complicating shipping across the

Gulf. On June 16th it caused two tankers to collide off the Emirati coast. Both buyers and sellers of Iranian crude seem to have paused large shipments. Satellite imagery suggests the waters around Kharg Island, from where 90% of the country's crude shipments typically depart, are eerily quiet, notes Antoine Halff of Kayrros, a data firm.

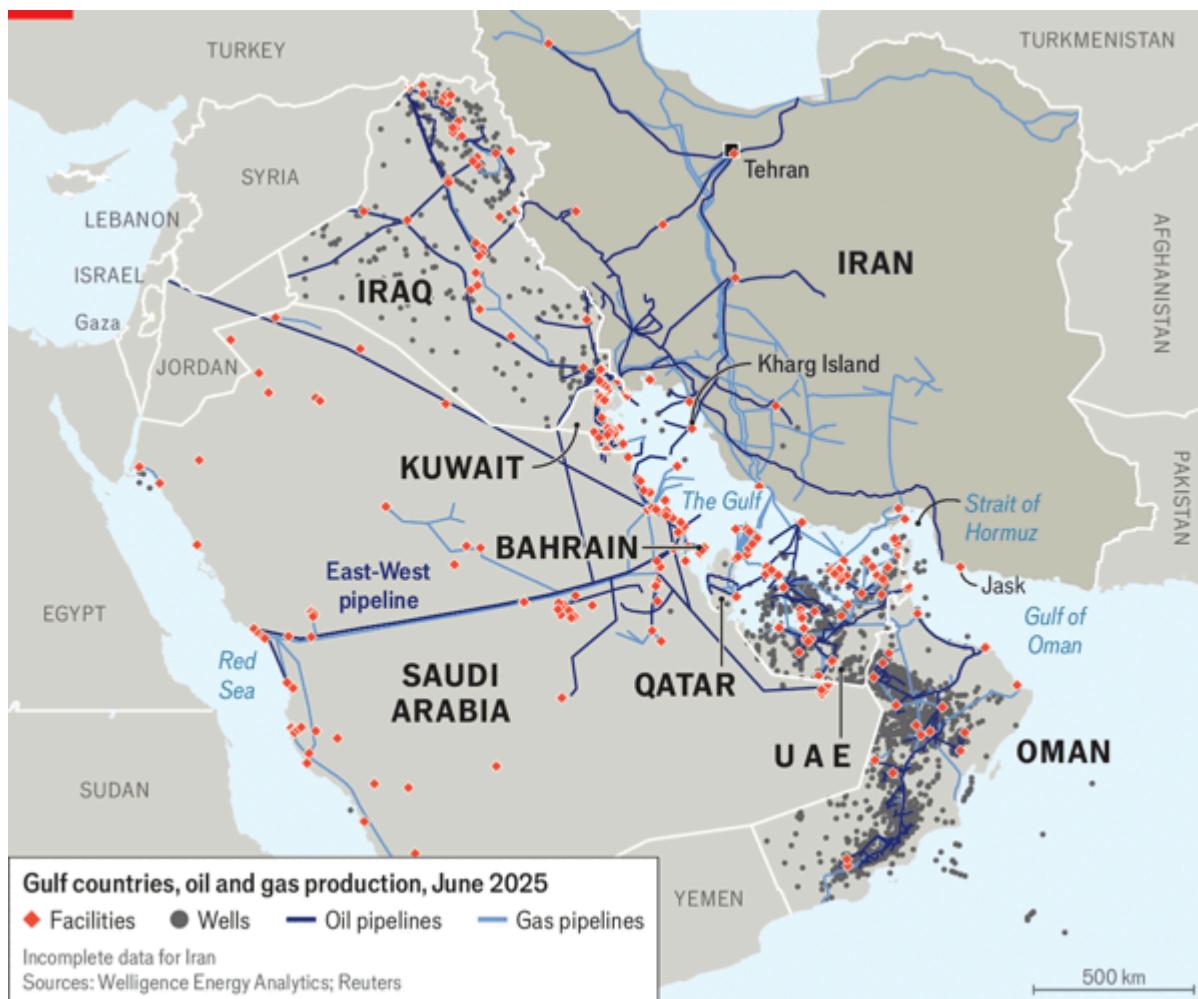
Yet, so far at least, the damage has not been too profound. Israel has attacked oil and gas facilities that serve Iran's domestic needs, rather than export facilities, meaning little global supply has been lost. If that remains the case, prices should continue to hover around today's levels. If the intensity of fighting were to ebb, they might even fall by \$5-10 a barrel.

An Israeli strike on Iran's oilfields or export facilities would send them in the opposite direction. Last month the Islamic Republic exported 1.8m barrels a day (b/d) of crude, equivalent to nearly 2% of global demand, according to Kpler, another data firm. A strike on Kharg could hinder lots of deliveries. Last year Iran began exporting crude from Jask, on the Gulf of Oman, in the hope of developing an alternative to Kharg, but volumes remain small and the terminal is also vulnerable to attacks.

In such a scenario, countervailing forces would play a role. Iran's Gulf neighbours, who represent the core of the Organisation of the Petroleum Exporting Countries (OPEC), have lots of idle wells. Saudi Arabia and the United Arab Emirates alone have 3-4m b/d of spare capacity, which they could use in a crunch. It is not a given that they would do so quickly, since that might be seen by Iran as collaboration with Israel, inviting retaliation, and they would also not mind prices rising, having tried (and failed) to push them up over much of the past two years. But they might still impose a ceiling below \$90 a barrel.

The more aggressively Israel behaves, and the more likely it is America steps in, the greater the chance that Iran resorts to desperate measures. Among the most desperate would be to try to close the Strait of Hormuz, through which more than a third of the world's seaborne crude and a fifth of its liquid natural gas travel. Even in the "tanker war" of the 1980s, when Iran and Iraq fought and 239 oil tankers were bombed, shipments did not slow and prices stabilised after an initial spike. Iran would have to blockade the whole route. That would be rash, not least because the narrow

waterway, which links the Persian Gulf to the Indian Ocean, is vital to Iran itself. Moreover, both America (whose president wants oil prices to stay low and who has a fleet stationed in Bahrain, across the Gulf from Iran) and China (which relies on oil imports from the Gulf) would probably send their navies in. There is a reason why, despite threatening such action several times, Iran has never taken the risk.



Pushed to the brink, however, it might. Analysts say the risk premium currently factored into the Brent price suggests that traders believe there is a 15-20% probability of such an intervention. If Iran were to go for the jugular, Saudi Arabia could divert some exports through its east-west pipeline, which has a capacity of 5m b/d, equivalent to about half the crude the kingdom produces. But 85% of Iraq's exports, and all those of Bahrain, Kuwait and Qatar, have no other route to market, meaning Brent might then rush past \$100 a barrel. Many other commodities normally shipped en

masse through the strait, from fertilisers and food to minerals and petrochemicals, would also become more expensive.

And there is an even worse scenario. Many of the Gulf's largest oil-production sites are within reach of Iranian missiles (see map). Protecting them all is just about impossible, especially in Saudi Arabia, where they are spread over enormous distances. Were Iran to bomb such sites, prices might exceed \$120 a barrel. Would the fall of the Iranian leadership bring them back to earth? History suggests not. Since 1979, eight regime changes have occurred in big oil-producing nations. JPMorgan Chase, a bank, estimates that oil prices, on average, ended up stabilising at levels about 30% higher than before the unrest. In most cases, it took months for them to fall again. All this means that global oil markets have just become a lot more flammable. ■

*For more expert analysis of the biggest stories in economics, finance and markets, sign up to [Money Talks](#), our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from <https://www.economist.com/finance-and-economics/2025/06/13/what-the-israel-iran-war-means-for-oil-prices>

**Buttonwood**

# Investors ignore world-changing news. Rightly

*The Nothing Ever Happens Market*

Jun 19, 2025 09:26 PM



**MISSILE WARFARE** has erupted in the Middle East. On June 13th, as the bombs began to fly, S&P 500 futures fell by 1.6%. But as the hours passed, the stockmarket steadily climbed. The index has now recovered to around 6,000, a hair's breadth from an all-time high.

Such movements reflect a new market mantra: “Nothing ever happens.” The phrase emerged from the depths of 4chan, an online forum, more than a decade ago, and has become a popular meme among youngish investors. On the face of it, the saying seems wildly out of place in an era of both trade war and conventional conflict. But consider the long list of recent events

that at first seemed to have epoch-making potential, only to fizzle out, and it appears more reasonable. Examples include China's anti-lockdown protests, the Wagner Group's rebellion in Russia and skirmishes between India and Pakistan. Xi Jinping and Vladimir Putin are still in charge. Nuclear war has been avoided.

And so cynicism prevails, dips are bought and markets continue to climb. Retail investors are getting in on the act, too. They have piled into stocks, buying \$20bn-worth, net, over the past three months. Crisis, what crisis?

The head-in-the-sand approach is a more sophisticated strategy than it first appears, and not just because headlines tend to go over the top. As far back as 1988, a paper by David Cutler and James Poterba, then both of the Massachusetts Institute of Technology, and Larry Summers, then of Harvard University, sought to establish what really moves stock prices. The trio looked at almost five decades of world-changing events, from Japan's attack on Pearl Harbour in 1941 and the Cuban missile crisis of 1962 to the Chernobyl nuclear meltdown in 1986. They were surprised to discover that the volatility of returns (as measured by the standard deviation) on the day of an important news event was less than three times as large as on an ordinary day. Several of the biggest one-day falls identified by the authors occurred on days without an obvious news-related spark.

Geopolitical threats are often pregnant with all-or-nothing outcomes that are difficult to price. This is especially true of the most potentially devastating events, which involve the risk of nuclear war. Take the example of South Korea, which has a stockmarket worth \$2trn that could be reduced to rubble by its belligerent northern neighbour. How should an investor price the threat? For South Koreans, hedging against such an outcome is all but impossible. Many prefer to ignore the prospect. Even the so-called Korea discount—the persistent cheapness of South Korean stocks relative to their international peers—is explained by poor corporate governance rather than geopolitical risk, according to Sohyun Kang of the Korea Capital Markets Institute.

Moreover, changes in the global economy are blunting events that once would have prompted turmoil. The oil shock of 1973 and the start of the Gulf war in 1990 both had a sustained impact on stockmarkets. Today,

however, America is an exporter of energy owing to the shale revolution. This keeps its economy insulated from global affairs. Indeed, climbing global oil prices incentivise more exploration and production in America, boosting spending. And what happens in America matters, above all else, for global stockmarkets.

The momentum of markets can be relentless. Shares tend to grind higher over time as consumers spend, entrepreneurs innovate and companies grow. Earnings per share for American firms have risen by 250% or so over the past 15 years. For any event to have a meaningful impact, at least for longer than a few days, it must harm such dynamism.

Even President Donald Trump's tariffs—which, unlike lots of geopolitical risks, have a direct and material impact on the bottom line of many firms—have not been enough to break the growth engine that has powered the American stockmarket beyond all competition. Expected earnings of firms in the S&P 500 index over the next 12 months are, at \$263 per share, very narrowly above where they were before Mr Trump's “Liberation Day” announcement.

Of course, an event of sufficient scale to rattle markets may be on the way. That would upset the dip-buyers. But what appears to be a witless stampede into stocks, even in moments of international tension and conflict, is really an appreciation of the power of capitalism. The news that matters tends to come from the real economy or financial system—not the world's battlefields. ■

*Subscribers to The Economist can sign up to our [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.*

---

This article was downloaded by **calibre** from <https://www.economist.com/finance-and-economics/2025/06/18/investors-ignore-world-changing-news-rightly>

Free exchange

# Who are the world's best investors?

*The answer is not hedge funds or quant shops or short-sellers*

Jun 19, 2025 08:31 PM



IF FINANCE HAS a single rule, it is that arbitrage should keep prices in line. If they do stray from fundamentals, so the argument goes, savvy investors should step in to correct them.

All good in theory. In practice, less so. Markets can be swept by sentiment, detaching valuations from fundamentals. Economists have surgically documented persistent distortions. Purely mechanical flows, for instance, move markets even when they are known to investors in advance and unrelated to earnings prospects. When a stock is added to an index, its price inflates. Predictable dividend reinvestments also push up prices. Why does this happen? And who, in time, might correct the market?

Ask on Wall Street for the identity of such arbitrageurs, and you get the usual suspects. Hedge funds and quant shops, armed with analysts and algorithms, are the most natural candidates. The industry has ballooned from overseeing \$1.4trn to \$4.5trn in assets over the past decade, and is well positioned to spot mispricings. Others suggest short-sellers, ever alert to signs of froth, or retail investors, now keen dip-buyers. One candidate gets mentioned rather less often: staid corporates.

Such businesses are normally seen as passive capital-raisers, not active market participants and certainly not market disciplinarians. Even though they can act on perceived mispricings, firms typically focus more on expanding their own business than on searching for alpha. Bosses have operational backgrounds. They are more fluent in capital spending than capital markets. And when financial officers do wade into the market—to issue or buy back shares, for example—valuation is just one of many considerations, alongside avoiding taxes, ensuring a healthy credit rating and making sure the firm does not take on too much leverage.

And yet a growing body of work suggests that corporations, far from being passive observers, are some of the market's most effective arbitrageurs. In 2000 Malcolm Baker of Harvard University and Jeffrey Wurgler, then of Yale University, found a tight connection between firms' net equity issuance and subsequent stockmarket returns. Years in which companies issued relatively more stock were typically followed by weaker market performance. More tellingly, companies seemed to issue precisely when valuations were rich, and especially when other frothy signals, such as buoyant consumer sentiment, were drawing attention.

Timing the market is impressive; out-trading the professionals is even more so. Yet firms that issue or retire their own shares routinely do exactly that. In 2022 David McLean of Georgetown University and co-authors showed that corporate-share sales and buy-backs forecast future returns more accurately than the trades of banks, hedge funds, mutual funds and wealth managers.

What explains this prowess? Part of the answer lies in firms' access to private information. Few are better placed to forecast a company's future cashflows than insiders. When a company begins buying back its own

shares—or employees convert their options into stockholdings—investors should pay attention.

But informational advantages go only so far. They do not explain why firm-level issuance predicts aggregate stockmarket returns. And firms' decisions are publicly disclosed: if they were merely signals of private insight, copycat investors quickly ought to arbitrage away any return. Instead, the success of companies may reflect not just what they know, but what they are able to do. They are unusually well placed to act on mispricings.

Start with short-selling. Firms have a natural way to take a contrarian view: when they believe their shares are overpriced, they can issue more of them. For a hedge fund to express a similar view, it must sell short the stock or purchase more complex products, such as put options. These strategies are not only expensive, requiring the payment of borrowing fees or option premiums, but also expose the investor to large losses and margin calls if the stock price rises. Risks become particularly acute during bouts of volatility, such as in January 2021, when retail investors sent GameStop's share price to astonishing heights. Hedge funds hesitated to short-sell for fear of making losses as investors piled in. GameStop's boss, by contrast, simply issued new shares.

Companies also operate across markets. Almost every business finances itself with some combination of debt and equity. If one becomes unusually expensive, it can easily switch to the other. Yueran Ma of the University of Chicago finds that firms routinely move towards whichever market looks cheap. Such flexibility is rarely available to institutional investors, which are constrained by benchmarks and mandates. Only 28 of Vanguard's 267 funds can trade both bonds and stocks, for instance.

Last, businesses benefit from insulation. They may face unhappy shareholders, but they do not face redemptions. When institutional investors mess up, their own investors pull out, forcing them to sell at just the wrong time.

## Firm hand

The agility this engenders makes companies valuable providers of liquidity, too. As passive investing has grown to make up a fifth of the market, so has demand for stocks in the big indices. Who meets that demand, helping anchor prices? Marco Sammon of Harvard and John Shim of the University of Notre Dame suggest it is, once again, companies. Intermediaries such as active managers and pension funds buy alongside their passive peers. Firms step in to take the other side of the trade by issuing new shares. Similarly, when governments flood the market with short-term debt, firms respond by issuing longer-dated bonds.

As asset managers become more passive, specialised or tied up by mandates, it is the firms they invest in that keep the market ticking. So thank your nearest chief financial officer. ■

*Subscribers to The Economist can sign up to our [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.*

---

This article was downloaded by **calibre** from <https://www.economist.com/finance-and-economics/2025/06/19/who-are-the-worlds-best-investors>

| [Section menu](#) | [Main menu](#) |

# Science & technology

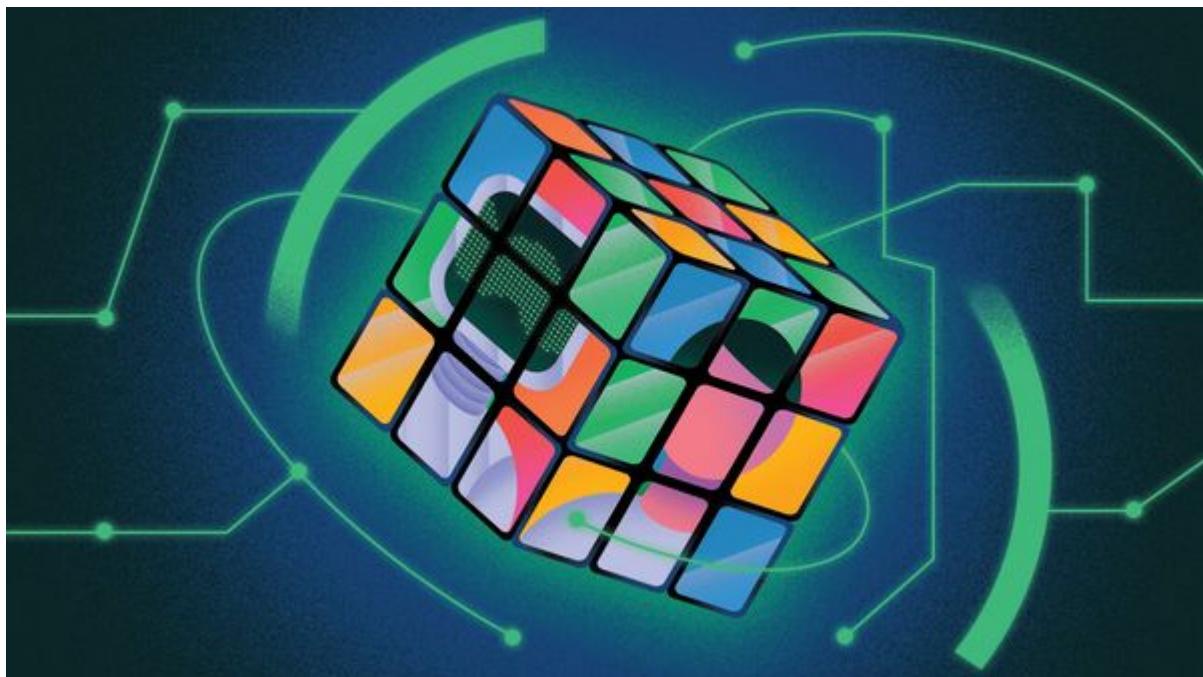
- **How to find the smartest AI**  
AI benchmarking :: Developers are building fiendish tests only the best models can pass
- **Climate change will hurt the richest farmers—and the poorest**  
Grim reaping :: Even with realistic adaptation, crop yields will fall as temperatures rise
- **Are China's universities really the best in the world?**  
Research rankings :: Nature's prestigious index says yes
- **Meet the moths that use the stars to find their way**  
Celestial navigation :: The skill was previously thought unique to humans and certain birds
- **Is the “manopause” real?**  
Well informed :: If it is, it is nothing like the menopause

**AI benchmarking**

# How to find the smartest AI

*Developers are building fiendish tests only the best models can pass*

Jun 19, 2025 02:52 PM



THE DIZZYING array of letters splattered across the page of one of Jonathan Roberts's visual-reasoning questions resembles a word search assembled by a sadist. Test-takers aren't merely tasked with finding the hidden words in the image, but with spotting a question written in the shape of a star and then answering that in turn (see below).

## AIIQ

Sample problem from the ZeroBench test

Answer the question written in the shape  
of a star among the mess of letters



Source: ZeroBench

See [economist.com/aipuzzle](http://economist.com/aipuzzle) for answer

The intention of Mr Roberts's anthology of a hundred questions is not to help people pass the time on the train. Instead, it is to provide cutting-edge

artificial-intelligence (AI) models like o3-pro, June's top-tier release from OpenAI, with a test worthy of their skills.

There is no shortage of tests for AI models. Some seek to measure general knowledge, others are subject-specific. There are those that aim to assess everything from puzzle-solving and creativity to conversational ability. But not all of these so-called benchmarking tests do what they claim to. Many were hurriedly assembled, with flaws and omissions; were too easy to cheat on, having filtered into the training data of AI models; or were just too easy for today's "frontier" systems.

ZeroBench, the challenge launched by Mr Roberts and his colleagues at the University of Cambridge, is one prominent alternative. It is targeted at large multimodal models—AI systems that can take images as well as text as input—and aims to present a test that is easy(ish) for the typical person and impossible for state-of-the-art models. For now, no large language model (LLM) can score a single point. Should some upstart one day do better, it would be quite an achievement.

ZeroBench isn't alone. EnigmaEval is a collection of more than a thousand multimodal puzzles assembled by Scale AI, an AI data startup. Unlike ZeroBench, EnigmaEval doesn't try to be easy for anyone. The puzzles, curated from a variety of pre-existing online quizzing resources, start at the difficulty of a fiendish cryptic crossword and get harder from there. When advanced AI systems are pitted against the hardest of these problems, their median score is zero. A frontier model from Anthropic, an AI lab, is the only model to have got a single one of these questions right.

Other question sets attempt to track more specific abilities. METR, an AI-safety group, for instance, tracks the length of time it would take people to perform individual tasks that AI models are now capable of (Anthropic is the first to break the hour mark). Another benchmark, the brashly named "Humanity's Last Exam", tests knowledge, rather than intelligence, with questions from the front line of human knowledge garnered from nearly a thousand academic experts.

One of the reasons for the glut of new tests is a desire to avoid the mistakes of the past. Older benchmarks abound with sloppy phrasings, bad

markschemes or unfair questions. ImageNet, an early image-recognition data set, is an infamous example: a model that describes a photograph of a mirror in which fruit is reflected is penalised for saying the picture is of a mirror, but rewarded for identifying a banana.

It is impossible to ask models to solve corrected versions of these tests without compromising researchers' ability to compare them with models that took the flawed versions. Newer tests—produced in an era when AI research is flush with resources—can be laboriously vetted to spot such errors ahead of production.

The second reason for the rush to build new tests is that models have learned the old ones. It has proved hard to keep any common benchmark out of the training data used by labs to train their models, resulting in systems that perform better on the exams than they do in normal tasks.

The third, and most pressing, issue motivating the creation of new tests is saturation—AI models coming close to getting full marks. On a selection of 500 high-school maths problems, for example, o3-pro is likely to get a near-perfect score. But as o1-mini, released nine months earlier, scored 98.9%, the results do not offer observers a real sense of progress in the field.

This is where ZeroBench and its peers come in. Each tries to measure a particular way AI capabilities are approaching—or exceeding—those of humans. Humanity's Last Exam, for instance, sought to devise intimidating general-knowledge questions (its name derives from its status as the most fiendish such test it is possible to set), asking for anything from the number of tendons supported by a particular hummingbird bone to a translation of a stretch of Palmyrene script found on a Roman tombstone. In a future where many AI models can score full marks on such a test, benchmark-setters may have to move away from knowledge-based questions entirely.

But even evaluations which are supposed to stand the test of time get toppled overnight. ARC-AGI, a non-verbal reasoning quiz, was introduced in 2024 with the intention of being hard for AI models. Within six months, OpenAI announced a model, o3, capable of scoring 91.5%.

For some AI developers, existing benchmarks miss the point. OpenAI's boss Sam Altman hinted at the difficulties of quantifying the unquantifiable when the firm released its GPT-4.5 in February. The system "won't crush benchmarks", he tweeted. Instead, he added, before publishing a short story the model had written, "There's a magic to it I haven't felt before."

Some are trying to quantify that magic. Chatbot Arena, for example, allows users to have blind chats with pairs of LLMS before being asked to pick which is "better"—however they define the term. Models that win the most matchups float to the top of the leaderboard. This less rigid approach appears to capture some of that ineffable "magic" that other ranking systems cannot. They too, however, can be gamed, with more ingratiating models scoring higher with seducible human users.

Others, borrowing an argument familiar to anyone with school-age children, question what any test can reveal about an AI model beyond how good it is at passing that test. Simon Willison, an independent AI researcher in California, encourages users to keep track of the queries that existing AI systems fail to fulfil before posing them to their successors. That way users can select models that do well at the tasks that matter to them, rather than high-scoring systems ill-suited to their needs.

All this assumes that AI models are giving the tests facing them their best shot. Sandbagging, in which models deliberately fail tests in order to hide their true capabilities (in order to, for example, prevent themselves from being deleted), has been observed in a growing number of models. In a report published in May from researchers at MATS, an AI-safety group, top LLMs were able to identify when they were being tested almost as well as the researchers themselves. This too complicates the quest for reliable benchmarks.

That being said, the value to AI companies of simple leaderboards which their products can top means the race to build better benchmarks will continue. ARC-AGI 2 was released in March, and still eludes today's top systems. But, aware of how quickly that might change, work on ARC-AGI 3 has already begun. ■

*Curious about the world? To enjoy our mind-expanding science coverage, sign up to [Simply Science](#), our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from <https://www.economist.com/science-and-technology/2025/06/18/how-to-find-the-smartest-ai>

| [Section menu](#) | [Main menu](#) |

**Grim reaping**

# Climate change will hurt the richest farmers—and the poorest

*Even with realistic adaptation, crop yields will fall as temperatures rise*

Jun 19, 2025 02:59 PM



JUST HOW agriculture will fare on a heating planet has been an active area of research ever since the problem of global warming was first widely recognised in the 1980s. A new paper, published this week in *Nature*, paints an especially comprehensive picture. It is also a dispiriting one. In the first project to predict how farmers will adapt to climate change based on how they are doing so at present, the authors find that food production in the world's existing breadbaskets, such as the American Midwest, will be among the hardest hit, although it may improve in currently less productive northerly regions such as Canada, China and Russia. And whereas

adaptation will help offset some global losses, it will not be nearly enough to avoid them overall.

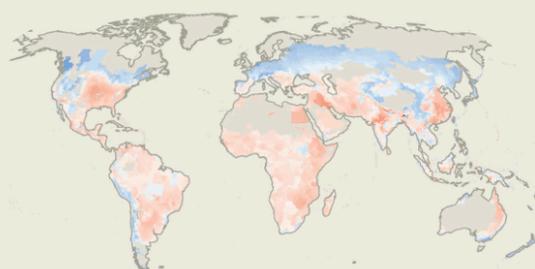
The project is the result of eight years of work by the Climate Impact Lab, a group of mostly American researchers. Its focus was the six staple crops responsible for two-thirds of the world's calories: cassava, maize, rice, sorghum, soyabeans and wheat. Except for rice—which is expected to benefit from increases in precipitation across the regions it is grown in, and seems to respond best to adaptive measures—it found that rising temperatures and more frequent extreme weather will lead to diminishing yields in all staple crops between now and the end of the century. The authors conclude that, for every additional degree that the global average temperature rises, the food available for consumption will fall by 120 calories per person per day (roughly 4.4% of recommended daily intake).

## Bitter harvest

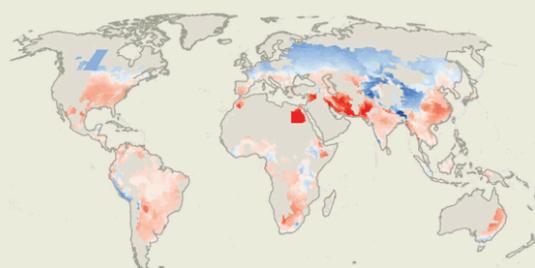
Crop yields, projected % change under moderate-emissions scenario (RCP 4.5), from 2015 to 2089-98 average



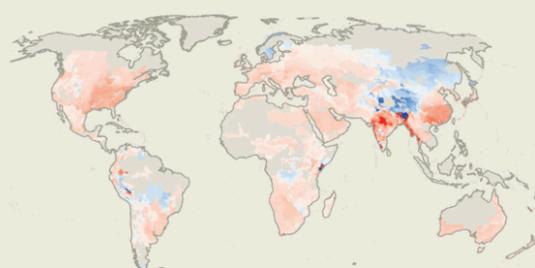
Maize



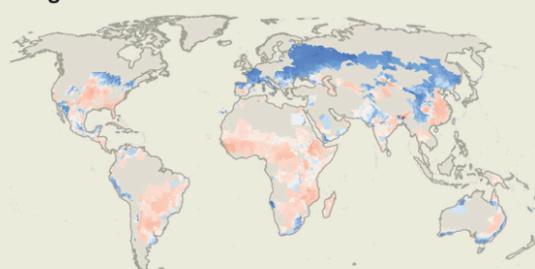
Soyabean



Wheat



Sorghum



Source: "Impacts of climate change on global agriculture accounting for adaptation", by Hultgren et al., *Nature*, 2025

“This stuff is hard to estimate,” says Timothy Searchinger, an expert on agriculture and economics at Princeton University who was not involved with the study. He is impressed by the team’s analysis, but points out that significant uncertainties remain. It is an improvement on previous efforts, which often assumed that farmers would either fail to adapt or would adapt perfectly, adopting new technologies and strategies with ease, irrespective of cost and availability. Neither scenario is realistic. In reality, farmers do the best they can with the means available, switching crop varieties or increasing artificial irrigation when possible.

The researchers at the Climate Impact Lab attempted to capture this reality. Because farmers face drastically different limitations according to location and economic standing, trying to model individual responses would be “nearly impossible”, says Andrew Hultgren, the study’s lead author and an economist at the University of Illinois Urbana-Champaign. Instead, they produced a statistical model of existing adaptation, based on how yields from more than 12,000 regions across 54 countries have already changed in response to rising temperatures. They projected this model forward for an even hotter climate.

They estimate that, in a scenario in which the world cuts its emissions slightly faster than their current trajectory, global adaptation efforts will only marginally alleviate reductions in yields. In a future without adaptation, overall yields would be expected to fall by 8.3% by 2050 and 12.7% by 2098 (compared to a hypothetical baseline where the climate does not change). With adaptation, they become 7.8% and 11.2% respectively.

The authors predict that the consequences will be felt most keenly at the extremes of the income spectrum. For the poorest 10% of regions (measured by GDP per capita), the overall reduction in food-production capacity by the end of the century was predicted to be roughly 13% under a reduced-emissions scenario (and up to 28% under a high-emissions one). The richest 10%, meanwhile, are predicted to see reductions of more than 19% and 41%, respectively.

The drop in the poorest regions is likely to be because farmers are already growing crops with relatively low yields, and meaningful adaptation is likely to be unaffordable. The authors reckon that adaptation may well be

even more difficult in rich regions. Much of the farming in places like America's corn belt relies on vast expanses of land devoted to a single crop. This simultaneously makes adaptation extremely difficult and failure very costly. (The expensive insurance policies which have helped protect such farmers from sudden failures, such as after droughts or heatwaves, may well become unaffordable as the world warms.)

Even if farmers on both ends of the income distribution suffer, it will ultimately be the poorest who will be left hungry. The best way to minimise that harm is to keep the flow of food as open as possible, says Solomon Hsiang, the director of the Global Policy Lab at Stanford's Doerr School of Sustainability (and a senior author of the recent study). "We don't see as many famines as we used to and, in many cases, that has been attributed to the globalisation of the food trade and removal of a lot of political barriers," he says. "Increasing openness to trade is one of the best adaptation strategies." ■

*Curious about the world? To enjoy our mind-expanding science coverage, sign up to [Simply Science](#), our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from <https://www.economist.com/science-and-technology/2025/06/18/climate-change-will-hurt-the-richest-farmers-and-the-poorest>

| [Section menu](#) | [Main menu](#) |

---

**Research rankings**

# Are China's universities really the best in the world?

*Nature's prestigious index says yes*

Jun 19, 2025 12:59 PM



The sky's the limit

A DECADE AGO Nature, a scientific publisher, began tallying the contributions made by researchers at different institutions to papers published across a set of 145 respected journals. When the first such *Nature* Index was published in 2016, the Chinese Academy of Science (CAS) ranked first, but American and European institutions dominated the top ten. Harvard placed second, with Stanford and MIT fifth and sixth; the French National Centre for Scientific Research (CNRS) and the German Max Planck Society were third and fourth; Oxford and Cambridge took ninth and

tenth (seventh and eighth place went, respectively, to the Helmholtz Association of German Research Centres and the University of Tokyo).

Gradually, however, the table has turned. In 2020 Tsinghua University, in Beijing, entered the top ten. By 2022 Oxford and Cambridge were out, replaced by two Chinese rivals. Come 2024 only three Western institutions remained in the top ten: Harvard, CNRS and the Max Planck Society. This year, Harvard ranks second and Max Planck ninth. Eight of the top ten are Chinese.

The shift reflects a real and rapid improvement in China's research capabilities. Over the past decade the country has increased its spending on research and development by roughly 9% annually in real terms. In 2023, adjusting for purchasing power, China outspent both America and the European Union on combined government and higher-education R&D. The country has also drawn back many Chinese researchers who were once based abroad, a cohort known as *haigui* (sea turtles), a homophone for “returning from across the sea”.

All this has paid off. The country now publishes more high-impact papers (those in the most-highly cited 1%) than either America or Europe. In fields like chemistry, engineering and materials science the country is now considered a world leader. China also produces a huge volume of high-quality computer-science research. Zhejiang University, fourth in the 2025 index, was the alma mater of Liang Wenfeng, the founder of DeepSeek, China's cutting-edge artificial-intelligence (AI) company.

Yet the way the rankings are created plays to China's strengths. The journals included in the index are chosen to be representative of top-tier research across the natural sciences, with the composition regularly tweaked to reflect the state of the field. A growing number of publications in chemistry and physical-science journals has led to their share increasing to just over half those used in the 2025 index. Papers from health and biological-science journals, however, which remain an area of Western dominance, account for only 20% of the index.

China's research centres also tumble down the table when the studies under consideration are limited to those published in *Nature* and *Science*, the two

journals widely regarded as the most prestigious. CAS is the only institution in that country near the top of that leaderboard, placing fourth.

Observers should treat these rankings with caution. Although the *Nature* Index is a useful measure of an institution or country's scientific might, its assessments are inevitably incomplete. Plenty of valuable research is published in lower-tier journals, and world-changing innovation will not always come from high-scoring institutions. That being said, Zhejiang, Peking and Tsinghua universities have earned their place with CAS among the world's best. ■

*Curious about the world? To enjoy our mind-expanding science coverage, sign up to [Simply Science](#), our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from <https://www.economist.com/science-and-technology/2025/06/18/are-chinas-universities-really-the-best-in-the-world>

| [Section menu](#) | [Main menu](#) |

---

**Celestial navigation**

# Meet the moths that use the stars to find their way

*The skill was previously thought unique to humans and certain birds*

Jun 19, 2025 12:59 PM



TWICE A YEAR the skies of south-eastern Australia fill with billions of Bogong moths. In the spring these unassuming brown critters, about an inch long, fly south from their birthplace in Queensland or New South Wales to the Australian Alps where they enter a months-long hibernation-like state in the cool mountain caves. In the autumn, they fly the 1,000km-long return leg to breed.

Decades ago Eric Warrant, an Australian zoologist based at the University of Lund, first saw the swarms and wondered how they found their way. In a paper published in *Nature* on June 18th he has finally revealed the answer:

they navigate using the stars, a skill previously thought unique to humans and certain birds. The finding suggests that animals of all stripes may be capable of more impressive feats of navigation than previously appreciated.

To reach this conclusion, Dr Warrant and his team captured 95 moths heading to their breeding grounds. Each was then put into a custom-made moth-friendly flight simulator under the open skies: a large transparent bucket-like enclosure with satellite images projected onto the bottom. Each moth was tethered to a cable tracking its movement and the projected images changed direction accordingly, to give the moth the impression it was travelling.

The experiments found that the moths kept pointing north—even in cloudy conditions with nothing in the sky to guide them. This confirmed what Dr Warrant’s team already knew from previous research: that moths can orient themselves using only Earth’s magnetic field. But if the moths were exposed to images of landmarks that were moved about, the moths became confused. That suggested they used visual cues as well. What those cues were, however, was unclear.

Testing this required moving the flight simulators indoors, to a laboratory that could produce a magnetic field equal and opposite to Earth’s. New moths placed in the buckets with an image of the night sky projected above them were able to find their way. When Dr Warrant’s team rotated the projection, the moths’ directions rotated with it. If shown a modified sky with random star positioning, they became confused. For Dr Warrant, that suggested the moths were flying by the stars.

To find out how such simple animals were pulling off so complex a feat, the researchers peered into the moths’ tiny brains. Three areas were of particular interest: the optic lobes, which process visual information; the central complex, which deals with spatial orientation; and the lateral accessory lobes, which steer the moths’ bodies. Minuscule electrodes were inserted into a small number of brain cells in these regions while the moths were held fast and shown different orientations of the night sky. Neurons in all three were activated with significantly more intensity when the stars suggested that the moths were facing south.

Basil el Jundi, a specialist in insect navigation at the University of Oldenburg, in Germany, who was not involved with the study, says the work is “fantastic”. A similar double-compass system—in which navigation is possible using either the magnetic field or the stars—is highly likely to be present in other nocturnal insects because their brains are very similar, he says. Even species that rely on the Sun to migrate, such as the Monarch butterfly, might use a second compass when environmental conditions require.

For now, it is not clear what exact stellar features the moths use. Then there is also the question of how the moths know when to end their southward journey, as the caves are in a part of the world to which they have never been exposed.

Dr Warrant believes that the caves’ distinctive smell (noticeable even to nearby humans) may help the moths on the home stretch. One hypothesis is that the smell comes from previous generations of dead moths that cover the cave floor. Another is that a little parasitic worm, which infects and feeds on the moths while they sleep, is responsible for the odour. Resolving such niceties will take time. But for now, Dr Warrant knows he is on the right track. ■

*Curious about the world? To enjoy our mind-expanding science coverage, sign up to [Simply Science](#), our weekly subscriber-only newsletter.*

---

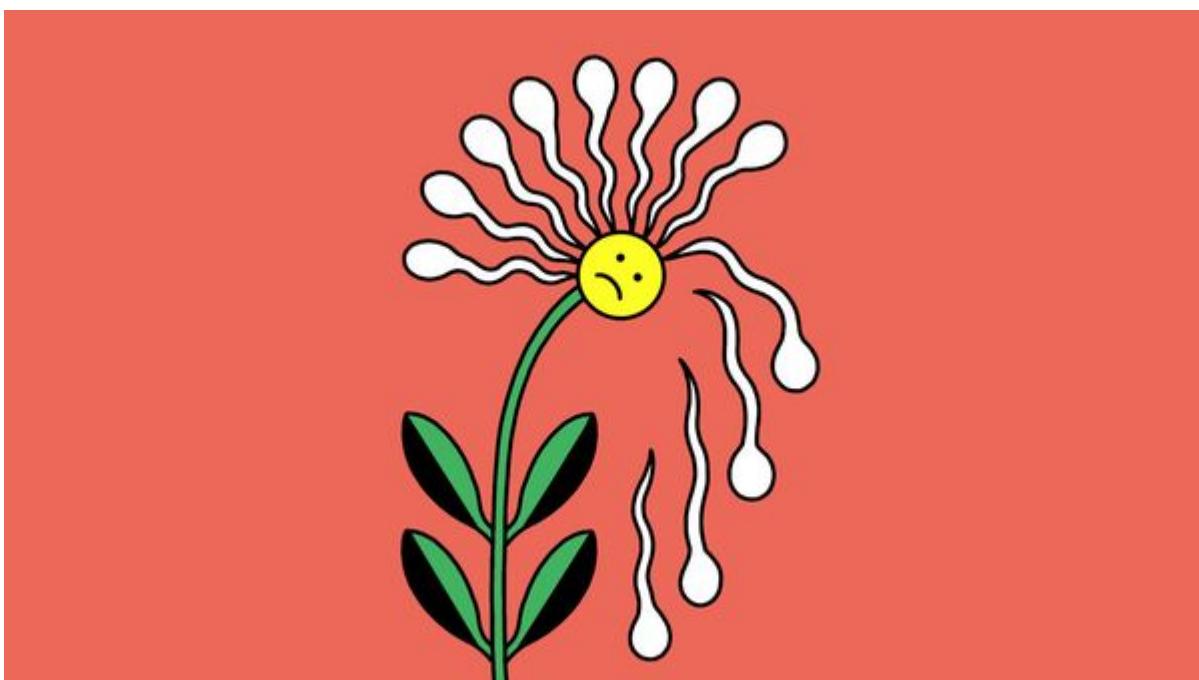
This article was downloaded by **calibre** from <https://www.economist.com/science-and-technology/2025/06/18/meet-the-moths-that-use-the-stars-to-find-their-way>

Well informed

# Is the “manopause” real?

*If it is, it is nothing like the menopause*

Jun 19, 2025 01:23 PM



HOT FLUSHES; insomnia; joint pains; loss of libido: for many women, the menopause is no fun. Why exactly women become infertile decades before they die is a [much-debated mystery](#) in evolutionary biology. Besides humans, the only other mammals whose females experience so early a menopause in the wild seem to be some species of whale.

But equal opportunity is the spirit of the age. These days health influencers, supplement companies and even some doctors talk about a male version of the menopause—variously called the “manopause”, “andropause”, or, for acronym-lovers, “ADAM”, which stands for “androgen deficiency in the ageing male”. Symptoms include a flagging libido, tiredness, shrinking muscles and growing body fat.

Do men really suffer from menopause, or something like it? On one level, obviously not. Menopause is defined by the end of a woman's menstrual periods, and therefore the loss of her ability to reproduce, usually by her early 50s. Men, by contrast, can stay fertile well into old age. (For instance, Al Pacino, an American actor, fathered a child at 83.)

In menopause, a woman's levels of the sex hormones oestrogen and progesterone fall sharply and suddenly. In most men levels of testosterone (the main male sex hormone) likewise start falling during middle age. But unlike in women there is no sudden drop. Levels decline gently, at a rate of around 1% a year, and often stay within the normal range for a man's entire life.

Sometimes symptoms that might be ascribed to a manopause may arise from the realities of middle-aged life. Tiredness is a common result of juggling work with family responsibilities. Flabbiness and atrophying muscles are the wages of years of sedentary office work and too little exercise.

That being said, some proportion of men do suffer from male hypogonadism, a medical condition in which the testicles do not produce as much testosterone as they should. Estimates of its prevalence vary widely: one review paper, published in 2020, cited one American study of ageing men that estimated 20% of those in their 60s might be sufferers. But a separate European study put the figure for the same age group at just 3.2%. The causes of hypogonadism are not always clear (though obesity seems not to help). But unlike the female menopause, it is not an inevitable consequence of ageing.

Menopausal women can be treated with hormone-replacement therapy (HRT). This aims to replace the missing sex hormones, and thus relieve unpleasant symptoms, using tablets or gels. Similarly, a growing number of men take testosterone-replacement therapy (TRT) to the same ends. Prescriptions have boomed in the past 20 years, though there is not yet a firm consensus on when men actually need it.

Still, testosterone—the original anabolic steroid—really is, in some ways, a fountain of youth. Men taking it will put on muscle, lose fat and recover

faster from exercise (hence why taking testosterone is considered doping in most sports). The pros and cons of TRT are a subject for another article. But take care: side-effects can include baldness and, ironically, infertility. Add external testosterone and the body will compensate by making less. Reduced production in the testes can slow or even stop sperm production. By trying to relieve the symptoms of the supposed male menopause, men who take TRT risk replicating the defining feature of the female original. ■

*Curious about the world? To enjoy our mind-expanding science coverage, sign up to [Simply Science](#), our weekly subscriber-only newsletter.*

---

This article was downloaded by **calibre** from <https://www.economist.com/science-and-technology/2025/06/13/is-the-menopause-real>

| [Section menu](#) | [Main menu](#) |

# Culture

- **Is the manosphere silly, sinister—or both?**  
Gender relations :: A new book examines a much-worried-about phenomenon
- **The year's chicest shade is good enough to eat**  
You butter believe it :: Yet wearing it is not for the yellow-bellied
- **Was Zbigniew Brzezinski America's most important foreign-policy guru?**  
American foreign policy :: He recognised—and exploited—the weakness of the Soviet Union, a new biography shows
- **The Laurel Canyon sound has reverberated down the decades**  
Music mecca :: A district in the Hollywood Hills has had a profound influence on popular music
- **The right to privacy has been hard-earned. It is imperilled again**  
Mind your own business :: A new book shows how the idea of a private sphere took shape over centuries
- **Donald Trump, Elon Musk and the age of the genius**  
Back Story :: The perils of bowing to those anointed as special

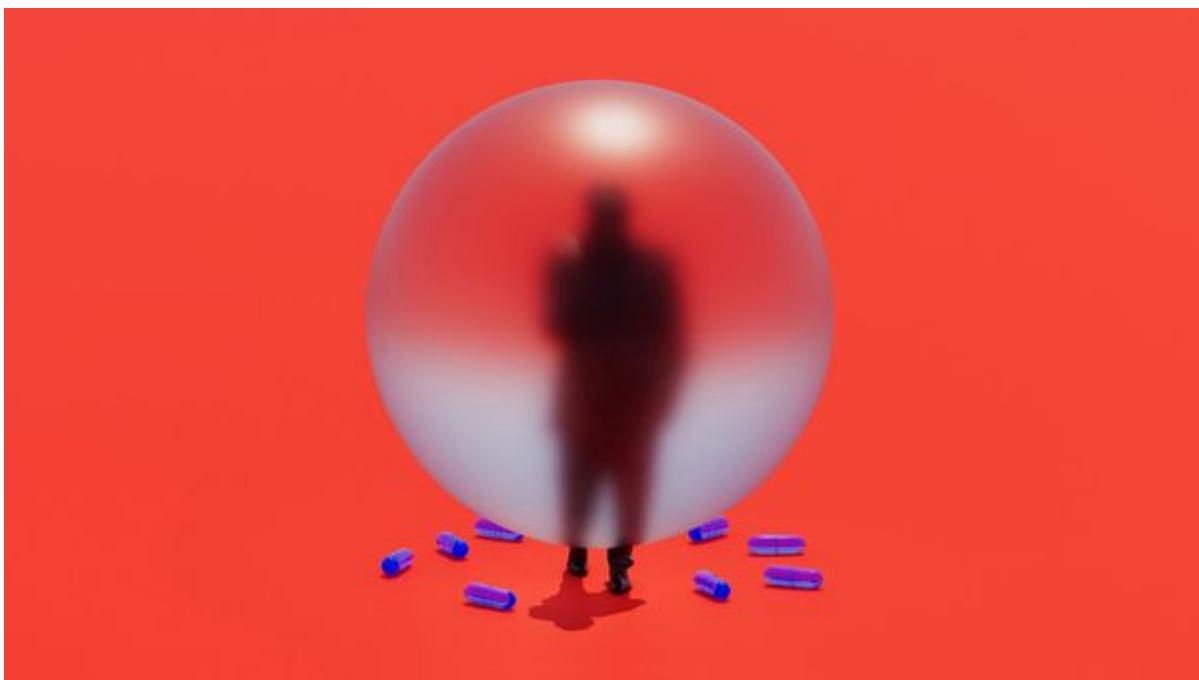
---

Gender relations

# Is the manosphere silly, sinister—or both?

*A new book examines a much-worried-about phenomenon*

Jun 19, 2025 03:27 PM



**Lost Boys.** By James Bloodworth. *Atlantic Books; 320 pages; £14.99*

“I HAVE BEEN noticing you around.” The statement—spoken by a young woman on an American university campus in 1978—was clear, simple and ever so slightly suggestive. It was followed by another, even more suggestive statement: “I find you to be very attractive.” Then came an even clearer question: “Would you go to bed with me tonight?”

Except this was not quite as simple as it seemed, for eight of the woman’s peers, male and female, also trotted out the phrases to other people on

campus. It was not just a chat-up line. It was a psychology experiment designed to see whether men or women are more sexually picky.

That experiment has since become famous, partly because those pick-up lines were later incorporated, with added electronica and trumpet, into a British pop song in the 1990s, and partly because it has—more traditionally for a psychology study—been cited in numerous academic papers (almost 1,200, at the last count).

Yet the main reason for the experiment's renown is that the responses were striking: 75% of the men surveyed said that they would like to have sex with a total stranger (or declined, apologetically, if they were busy or attached). Not a single woman did; most were affronted. “You've got to be kidding” was a typical response, as was: “What is wrong with you?”

This disparity tacitly underlies “Lost Boys”, a new book by James Bloodworth in which he goes on a “personal journey” through another place where men feel sexually rebuffed: “the manosphere”. He peers into its literature (“Why Women Deserve Less” is a typical title). He listens to its credos (chiefly, that women are “bitches” corrupted by feminism). He helps out on a course costing \$10,000, which warns that high-status men will soon be “fucking all the women”. And he observes the manosphere’s anger when, for some mysterious reason, the “bitches” fail to fall for all this. “Rage,” he writes, is “simmering away below the surface.”

It is a timely title: the manosphere is big news in the West. Its influence has been detected in everything from [“Adolescence”](#), a Netflix mini-series (“a poignant study”, wrote one commentator) to [Andrew Tate](#) (a noxious “mega-influencer” of the manosphere) and the podcasts of [Joe Rogan](#) (the “voice of the manosphere”).

Quite what the manosphere is is less clear. The term is vague but ominous, sitting somewhere between the comically trivial (the man- prefix hinting, as with “man bag” or “mansplaining”, at a manifestly mockable maleness) and the cosmically big (the -sphere ending implies that, like the troposphere, the manosphere surrounds everyone, as inescapable as air). Certainly it is in everyone’s mouth: according to Google’s N-gram viewer, which tracks the usage of words, “manosphere” has risen 170-fold since 2010.

Mr Bloodworth adopts, in part, a historical approach to explaining the manosphere. He sees its origins in “The Game” (2005), a dating manual by Neil Strauss, a journalist. Bound in pleather, decorated with silhouettes of girls with Bond-style breasts and bottoms, “The Game” had chapters with titles such as “STEP 1—SELECT A TARGET”; “STEP 5—ISOLATE THE TARGET”, and the ineffably romantic “STEP 10—BLAST LAST-MINUTE RESISTANCE”. Less a dating manual than a predating one, it set the tone for much of what followed, as it encouraged men to hunt out “SHBs” (“Super Hot Babes”), ideally with “LSE” (“Low Self-Esteem”) so that they could practise “SS” (“Speed Seduction”) on them. It was an instant bestseller.

The jargon persisted: any journey through the manosphere is best attempted with a glossary in hand, as you will encounter “incels” (“involuntary celibates”), “PUA” (“Pick-Up Artists”) and, of course, endless references to the “blue pill” and the [“red pill”](#). This particular jargon comes from “The Matrix”, a film of 1999 in which those who take the red pill are able to see the “truth” of society which, in the movie, is that all humans are wired up to strange machines that suck their energy.

The “truth” that is understood in the manosphere is that modern society is “gynocentric” and leaves most men metaphorically—but crucially not actually—screwed. And that leads to the other defining trait of the manosphere: anger. “Adolescence” centres on a boy who kills a female classmate. Mr Bloodworth began his book when his editor suggested he should write about “angry men on the internet”.

## **The boys’ club**

Though quite how many such men there are, or how angry they are, is not clear. The manosphere is referred to as if it were a coherent whole, but there is no good data about the number of its inhabitants, their age or anything else. Any definition of it is sprawling: “a loosely affiliated network of masculinist websites, blogs and online forums” is Mr Bloodworth’s attempt. Views and online followers give some hint of its scale: at one point Mr Tate had 4.6m followers on Instagram. (He was banned from the platform in 2022.) But then a cat called Nala has 4.4m.

There is a widespread fear that the manosphere is seeping into the atmosphere of the real world, toxifying it. There are ominous signs: several recent studies in Britain have noted high levels of misogyny among schoolchildren. Alek Minassian, who murdered ten people in Toronto in 2018, did so after posting on Facebook that “The Incel Rebellion has already begun.”

Is the manosphere truly dangerous or a moral panic? The author of a recent paper for Ofcom, a British regulator, has said that “society has overestimated” the risk of it. Almost two-thirds of young men in America, Australia and Britain engage with “masculinity influencers”, another study has found. Some of those will spout vile misogyny; others will offer recipes for protein shakes. The manosphere’s homoerotic fascination with oiled, manly muscles is pronounced. “Manosphere”, as Mr Bloodworth has said, is now used to refer to “anyone who can do a bench press”.

Arguably the manosphere is both panic and problem. It is better to think about it, says Laura Bates, the author of “The New Age of Sexism”, a book about misogyny and AI, less as a single system than as “an ecosystem”. Like an ecosystem, its inhabitants range from harmless species to more unpleasant predators. (Mr Tate is charged with rape, actual bodily harm and human trafficking, which he denies.) Certain species thrive in this environment: resentful men multiply and women are repelled.

Therein lies the tragicomedy of the manosphere. Those who dwell in it feel that they, like the hero in “The Matrix”, have taken the red pill and can see the truth of the world and of women. And so they sit, squandering their energy on machines, talking about women online instead of going out and actually meeting some. The irony is almost—but not quite—amusing. The epigraph of Mr Bloodworth’s book is an apt quotation from C.S. Lewis, a British writer: “Only by being terrible do they avoid being comic.” ■

*For more on the latest books, films, TV shows, albums and controversies, sign up to [Plot Twist](#), our weekly subscriber-only newsletter*

| [Section menu](#) | [Main menu](#) |

You butter believe it

# The year's chicest shade is good enough to eat

*Yet wearing it is not for the yellow-bellied*

Jun 19, 2025 03:14 PM



IN 1775 THE colour of the summer was puce, a brownish pink, thanks to Marie Antoinette. Mauve, a vibrant purple, rocketed to prominence in the mid-19th century after being worn by Queen Victoria. Recently “millennial pink” and “pistachio green” have been in vogue. Now it is the turn of “butter yellow”. The hashtag has been viewed almost 500m times on TikTok; its usage has jumped by 1,000% in the past year.

What makes a hue pop? Today, as in the past, celebrity endorsements are essential. Sabrina Carpenter, a pop star, has worn butter yellow to several

high-profile events. Timothée Chalamet (pictured), an actor, wore a Givenchy suit in the shade to the [Oscars this year](#).

Strangely, if a colour is hard to pull off, it is more likely to [become trendy](#). (Fashion, after all, thrives on exclusivity.) Yellows are considered unflattering, especially for pale people, because they are the complementary colour to purple: wearing yellow can emphasise purplish under-eye shadows on pale skin. The shade looks best in luxurious, glossy fabrics and when the wearer is tanned or wearing a full face of makeup—attributes which imply status.

It helps that the foodstuff has melted the hearts of social-media users, via videos of whipped and flavoured varieties. As an ingredient it is indulgent, comforting, rich, artisanal and tasty: positive traits that have lent a glow to butter's chromatic namesake.

At least for now. The thing with colour trends is that they are notoriously short-lived. Puce is now reserved for the faces of choleric fictional characters. Mauve-wearing women were the butt of Oscar Wilde's jokes by 1890. Those sickened by this dairy-inspired colour trend can take heart: before too long, butter yellow will be toast. ■

*For more on the latest books, films, TV shows, albums and controversies, sign up to [Plot Twist](#), our weekly subscriber-only newsletter*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/culture/2025/06/18/the-years-chicest-shade-is-good-enough-to-eat>

American foreign policy

# Was Zbigniew Brzezinski America's most important foreign-policy guru?

*He recognised—and exploited—the weakness of the Soviet Union, a new biography shows*

Jun 19, 2025 03:10 PM



**Zbig.** By Edward Luce. *Avid Reader Press; 560 pages; \$35. Bloomsbury; £30*

ON THE PAGE, Zbigniew Brzezinski's fate is always to be [compared to Henry Kissinger](#). It was the same in life. The two men arrived in New York from central Europe under the looming shadow of fascism in 1938, just six weeks apart. In the 1950s both sought a tenured professorship at Harvard.

Kissinger became Richard Nixon's [foreign-policy guru](#) and in 1977 Brzezinski took over from him under Jimmy Carter. After his rival died in 2017, Kissinger offered the assessment that, among American national security advisers, Brzezinski would rank among the two greatest strategic thinkers. (No prize for guessing who came first.)

Edward Luce's fine biography of an underappreciated man makes a powerful case for revisiting that judgment. Brzezinski was blessed with a penetrating intelligence and remarkable foresight. Kissinger got Nixon to China, but in 1977 Brzezinski got Carter to Poland. It was part of a brilliant, sustained campaign that led, 14 years later, to the peaceful dissolution of the Warsaw Pact and the Soviet Union.

Brzezinski's insight was that the Soviet Union was the Russian empire dressed up in a commissar's uniform. Many American Kremlinologists focused exclusively on Moscow. They theorised that the Soviet Union had become a monolith, a communist mirror image of their own great country. Brzezinski's devastating retort—"So do they speak Soviet?"—captures a conviction that dated back to his master's thesis. Russia's colonial possessions [yearned for their freedom](#), he insisted, and they always would. To others, Moscow's domination of the Soviet space and the Warsaw Pact countries was its strength. Brzezinski [grasped that it was a fatal weakness](#).

In office and after Brzezinski cultivated anti-Soviet forces, especially in the country of his birth, Poland. In this, he was greatly helped by his friendship with Karol Wojtyla, a Pole who became Pope John Paul II in 1978. Carter, a deeply religious man, delighted Brzezinski by allowing him to go to John Paul's inauguration. The two men talked politics—indeed, Brzezinski sometimes felt as if Carter were the priest and the pope the president.

Brzezinski tirelessly supported Polish nationalists. He played a central role in determining that their movement eroded Soviet hegemony without provoking an armed crackdown, as it had in Hungary in 1956 and Czechoslovakia in 1968. He counselled restraint within the freedom movement, but also informed the Kremlin that Carter, unlike previous presidents, would not turn a blind eye to an invasion.

Brzezinski further tightened the screws by picking up where Kissinger had left off, persuading Carter to normalise relations with China. The Soviet leadership's feeling of isolation seemed to curb their behaviour. And after Russians invaded Afghanistan in 1979, he financed the mujahideen insurgency which, over the next decade, weakened the Kremlin.

As the sun went down on the Soviet Union, Brzezinski's reward was to be treated in Poland as a national hero. More surprising was a visit to Moscow in 1989. Addressing the foreign service's Diplomatic Academy, Brzezinski was his usual uncompromising self, laying out the need for a market economy, democracy and a loose federation of republics. When he finished he was met with raucous applause. To the Americans in the room, that moment marked the cold war's end.



The question of why Brzezinski's accomplishments are not more recognised has many answers. Kissinger was deceitful and charming; Brzezinski honest and too often rude. One was a brilliant self-publicist; the other had no time for Washington games. Nobody ever doubted who commanded Kissinger's loyalty: himself. Brzezinski was thought by the WASP establishment to be putting Poland first. Whenever Carter was critical of Israel—and tensions were high in the lead-up to the Camp David Accords

between Egypt and Israel in 1978—Brzezinski was accused of antisemitism, a charge this book refutes.

But the main reason is that Carter's presidency was overshadowed by the mishandling of the Iranian revolution in 1979 and the hostage-taking that blighted his last year in office. Mr Luce argues that, in the run up to the revolution, Brzezinski's advice was ignored. That does not quite wash: on other matters he was usually able to bulldoze the State Department aside. The Iranians delayed the release of the hostages until five minutes after Ronald Reagan took office. This ensured Reagan got the credit—just as he did for the collapse of the Soviet Union.

Neither Brzezinski nor Kissinger ever served in government again, but both retained a taste for power. During the presidential campaign, Kissinger had sought to ingratiate himself with Reagan by blaming the mess in Iran on Carter's preference for human rights. When he heard of Kissinger's muck-spreading, Brzezinski's mordant retort was typical: "I conclude that, although power corrupts, the absence of power corrupts absolutely." ■

*For more on the latest books, films, TV shows, albums and controversies, sign up to [Plot Twist](#), our weekly subscriber-only newsletter*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/culture/2025/06/19/was-zbigniew-brzezinski-americas-most-important-foreign-policy-guru>

Music mecca

# The Laurel Canyon sound has reverberated down the decades

*A district in the Hollywood Hills has had a profound influence on popular music*

Jun 19, 2025 03:23 PM | LOS ANGELES



WHEN CHRIS HILLMAN, the bass player for The Byrds, was hunting for a room to rent in 1964, he went to the Canyon Country Store. Today the small grocery, tucked away in the hills above Los Angeles, is a shrine to Laurel Canyon and the musicians such as Mr Hillman who lived among the ravine's fragrant eucalyptus trees in the late 1960s and early 1970s. Photos of rock bands cover the shop like wallpaper. A bin of firewood for sale bears a sign that Jim Morrison, the lead singer of The Doors, would have approved of: "Come on, baby, light my fire."

The young musicians that congregated in Laurel Canyon came to dominate popular music. The likes of [Joni Mitchell](#) (pictured), The Mamas & the Papas, Jackson Browne, the Eagles and [Crosby, Stills, Nash & Young](#) (CSNY) created a counterculture scene that rivalled Haight-Ashbury in San Francisco. They helped to establish Los Angeles as the entertainment capital of the world and created a genre-bending sound that is loved and influential half a century on. (Those five artists alone still garner more than 40m monthly listeners on Spotify.)

What drew performers to the canyon? The Troubadour and Whisky a Go Go are clubs in West Hollywood, just down the hill. Folk singers tried out new material at “hootenanny nights” and hoped that record-label suits were sitting in the audience (they were). Young and broke, musicians could spend a night on the strip and then retreat to the kind of rural isolation that appealed to back-to-the-land hippies, where rents were cheap and coyotes prowled among the chaparral. “If the car ran out of gas up there, you simply put it in neutral and coasted all the way down,” explains Michael Walker, the author of “Laurel Canyon”, a history of the music scene. “And then you put in 20 cents of gas, and that would get you the rest of the way to the Whisky or the Troubadour.”



Drugs were everywhere. “All musicians smoke grass. God’s herb, I call it,” says Henry Diltz, a folk musician and the scene’s unofficial photographer. Psychedelics were part of the creative process, too. “Some people took it recreationally,” Mr Diltz says of LSD, “but me and my friends took it very seriously.”

Laurel Canyon’s denizens played with different musical styles. They took the searching lyrics of folk music, added an electric guitar, and fused that with honky-tonk and the soulfulness of the blues. The Beatles, [Bob Dylan](#) and the [Beach Boys](#): were all powerful influences; Laurel Canyon musicians practised three and four-part harmonies in their backyards. Ms Mitchell wrote one of her earliest albums, “Ladies of the Canyon” (1970), in the house that she shared with Graham Nash of CSNY. “Ask anyone in Laurel Canyon where the craziest people live and they’ll say Lookout Mountain,” she once said. “So I bought a house on Lookout Mountain.”

The nebulosity of the Laurel Canyon sound can make it hard to tell which artists are its disciples. But enough stand out for Spotify to create a “Laurel Canyon Legends” playlist, including Carole King and Carly Simon. Stevie Nicks and Lindsey Buckingham joined Fleetwood Mac just after the canyon’s heyday, but their harmonies evoke that earlier time. Of more modern artists, Phoebe Bridgers, Father John Misty and Tom Petty all fit the mould.

Or consider Haim, a trio of sisters from the Valley, who idolised Ms Mitchell as children. Their devotion to LA’s folk scene can be heard on “Hallelujah”, an acoustic ballad on their third album, “Women in Music Pt III”. The band’s latest record, “I quit”, released on June 20th, has a harder edge. But one of the tracks, “Take me back”, has the upbeat, informal, sometimes twangy, quality of their canyon forebears.

Laurel Canyon lost some of its lustre after the Manson Family murders in 1969. The violence shattered the illusion of a neighbourhood defined by peace and love; Mr Diltz stopped picking up hitch-hikers. As musicians got rich and famous, they moved away. These days the canyon looks much the way it did in the 1960s, but with bigger houses and higher rents. Residents are more likely to hear owls than screaming guitars—except, perhaps, through the speakers at the Canyon Country Store. ■

*For more on the latest books, films, TV shows, albums and controversies, sign up to [Plot Twist](#), our weekly subscriber-only newsletter*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/culture/2025/06/16/the-laurel-canyon-sound-has-reverberated-down-the-decades>

| [Section menu](#) | [Main menu](#) |

Mind your own business

# The right to privacy has been hard-earned. It is imperilled again

*A new book shows how the idea of a private sphere took shape over centuries*

Jun 19, 2025 03:19 PM



Hold that thought

**Strangers and Intimates.** By Tiffany Jenkins. *Picador; 464 pages; \$28.99 and £20*

“**A PRIVATE MAN** has alwaies the liberty (because thought is free,) to beleeve, or not to beleeve, in his heart,” wrote Thomas Hobbes in 1651. (It was so radical a view that the philosopher did not feel free to express it in England, and published from France.) In 1654 Susan Bounty gave birth and

was hanged for adultery. In 1835 James Pratt and John Smith were executed for the [crime of homosexuality](#).

Today what people believe about religion, or get up to in the bedroom, is considered their own business. For centuries, however, saying or doing the wrong thing could get you put to death. This changed as the idea of a private domain—as distinct from the public sphere—took shape. A fascinating new book lays out how thinking about privacy has evolved.

The ancient Greeks distinguished between the *polis* (community) and *oikos* (household), but the idea of privacy as it is known today did not exist. Indeed, the word “privacy” comes from the Latin *privatus*, which in certain forms means “to be deprived”—notably of public office. To be *privatus* was not a good thing, for it meant you had been stripped of your rank.

Until the late Middle Ages, life was lived in an open way, in close proximity to others. A closed-off domain was where sex, sin and sloth lurked. “The murderer and the adulterer are alike desirous of privacy,” warned an English preacher as late as the 17th century.

This attitude began to change, albeit slowly. People started talking about private property in the 1500s, then private affairs. Thinkers such as John Locke argued that people should be able to hold beliefs without punishment. The Protestant Reformation held that it was the individual’s relationship with God and scripture, rather than the public institution of the church, that was of paramount importance. There was an increased emphasis on what Christopher St Germain, a 16th-century jurist, called “inward things”.

In time, governments went from interfering in the private domain to protecting it. This is examined via an incident involving Britain’s postal service in the 19th century. With home letter-delivery came an expectation of privacy. But when an Italian revolutionary living in London discovered that his missives were subject to snooping, it caused national outrage. Thomas Carlyle, an essayist, said it was a “disgraceful affair”. Charles Dickens wrote messages on the backs of envelopes, goading the nosy posties who might unseal them. “Secret interception of letters amounted to

treason against the public trust,” Tiffany Jenkins writes, “undermining the very essence of democratic governance.”

A key turning-point in the evolution of the private sphere, she argues, was the publication of an influential article in the *Harvard Law Review* in 1890. The authors of “The Right to Privacy” stated that technology—notably photography and newspapers—could invade “the sacred precincts of private and domestic life”. Ordinary people, they felt, should be protected against the emotional harm that would be caused by unwanted intrusions from shutterbugs or scribblers. They enshrined the idea of “the right to be let alone”. This put forward privacy as a value for states around the world to uphold.

In particular, privacy law was brought to bear on matters of sex. In the second half of the 20th century, privacy was the basis of legal arguments for tolerating homosexuality and prostitution. In America the Supreme Court found a right to privacy in the “penumbra” of the constitution, and cited it to strike down state abortion bans in *Roe v Wade* in 1973. When the court reversed itself half a century later, it did so on the basis that privacy is not mentioned in the constitution.

Today the future of the private sphere is in jeopardy—and not just from judges. Social media allow the vain to share every aspect of their lives. Governments are increasingly keen on monitoring their citizens. Artificial intelligence relies on troves of data. There is a tension between privacy and utility: the protection of personal information comes at a loss to society since the agglomeration of data, such as health or geolocation records, can lead to innovations that benefit everyone.

Sadly, the author does not tackle this conundrum, one of the book’s few shortcomings. It would have been stronger, too, with more examples from outside Britain, be it mail censorship in America or spying in France’s royal court. Yet this is one of those rare works that changes how you see the world, with an insight on every page. ■

*For more on the latest books, films, TV shows, albums and controversies, sign up to [Plot Twist](#), our weekly subscriber-only newsletter*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/culture/2025/06/19/the-right-to-privacy-has-been-hard-earned-it-is-imperilled-again>

| [Section menu](#) | [Main menu](#) |

**Back Story**

# Donald Trump, Elon Musk and the age of the genius

*The perils of bowing to those anointed as special*

Jun 19, 2025 03:02 PM



BOOKS ABOUT geniuses tend to fall into predictable categories. There is hagiography, along the lines of “How Picasso revolutionised art”. There are takedowns ([“Picasso was a monster”](#)). And there are how-to manuals (“How you can become the new Picasso”). “The Genius Myth” by Helen Lewis is more original and painfully timely. This is the high age of the genius, readers may conclude—but not in a good way.

If you have a brainwave in a forest, and no one to share it with, are you a genius? Not according to Ms Lewis, a British journalist, because genius is a social status. You are one because you are different from others—ascribed a

place “somewhere between secular saint and superhero”—and because others say so. Genius is a story as much as an achievement, requiring canny reputation management. Selection criteria vary, so it has a political dimension, offering a way to elevate favoured groups.

For the Romantics, recounts Ms Lewis, genius was linked to passion, insanity and illness. Victorian researchers thought it could be analysed and quantified, an approach that persisted in the 20th-century interest in IQ. The corollary of this pseudoscientific genius-ology was a sense of the worthlessness of those at the bottom of the scale—and an enthusiasm for eugenics. The cranks who championed these ideas had a habit of discrediting them, and their own pretensions to genius, with bogus data.

Three uncomfortably familiar motifs crop up in this witty survey. One is “the deficit model of genius”, whereby “exceptional talent extorts a price.” Sometimes that is paid by the geniuses, in ostracism, alcoholism or depression. Often, through selfishness and worse, it is extracted from those around them, including put-upon spouses and uncredited collaborators. The genius label “becomes a licensing scheme for their eccentricities” and “a shield against questions”, Ms Lewis writes, name-checking Michael Jackson and [Roman Polanski](#).

A second archetype is the genius as rebel: dissidents who face down stale orthodoxies and are vindicated by history. Told something is impossible, they prove it isn’t. “He knew he was right,” Ms Lewis summarises, “and he was!” She mentions Galileo and the [Impressionists](#), derided at their first exhibition in 1874. Making “a fetish of contrarianism”, this model of genius is dangerous because, after all, conventional wisdom is often wise.

Third and equally perilous is the enduring delusion that genius is “a transferable skill”: ie, the assumption that accolades in one walk of life make someone an authority in others. This encourages the anointed to sound off on subjects far beyond their competence. In reality, “A self-image as a ‘clever person’ simply makes you more likely to hold your incorrect opinions extremely forcefully.” Genius, the author urges, should properly be imputed to works, like paintings or inventions, rather than people.

A conviction that contrarianism is a mark of greatness. The belief that obnoxious behaviour is a price worth paying. Faith that a person distinguished in one field will be right about everything. Does all this remind you of anyone?

“He’s one of our great geniuses,” Donald Trump once proclaimed of Elon Musk (pictured), “and we have to protect our genius.” Mr Musk, notes Ms Lewis, “performs the cultural role of genius”, sleeping under his desk and hoping to die on Mars. Lionised for his triumphs with electric cars and space travel, he has [fallen into the genius trap](#), inferring “that he is therefore a special person”—qualified, for instance, to remake the federal government. She describes his botched takeover of Twitter, but went to press before his rift with Mr Trump.

Indeed, in her spiky, clarifying book, Ms Lewis refers to Mr Trump only fleetingly, possibly because she doubts he belongs alongside Albert Einstein, Vincent van Gogh and Thomas Edison. But plenty of his supporters consider him a genius, seeing his talent as excuse for his vulgarities. Mr Trump has called himself “a very stable genius”, posing as a crusader against the deep state and the mainstream media’s groupthink. His political success rests in part on the myth of transferable genius: supposedly a star in business, and on TV, he was bound to make a fine president.

To believe in transferable genius is to misunderstand human faculties. It also conflates disparate activities, mixing up business with government and politics with entertainment. It is a concept whose hour has come—and is therefore being tested, perhaps to destruction. ■

*Subscribers to The Economist can sign up to our [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.*

---

This article was downloaded by **calibre** from  
<https://www.economist.com/culture/2025/06/17/donald-trump-elon-musk-and-the-age-of-the-genius>

# Economic & financial indicators

- **Economic data, commodities and markets**

Indicators ::

**Indicators**

# Economic data, commodities and markets

Jun 19, 2025 12:59 PM

## Economic data

1 of 2

	Gross domestic product			Consumer prices			Unemployment rate	
	% change on year ago: latest	quarter*	2025†	% change on year ago: latest	2025†	%		
United States	2.1	Q1	-0.2	0.5	2.4	May	3.2	4.2 May
China	5.4	Q1	4.9	4.4	-0.1	May	-0.3	5.0 May <sup>‡</sup>
Japan	1.7	Q1	-0.2	0.6	3.5	Apr	2.7	2.5 Apr
Britain	1.3	Q1	2.9	1.0	3.4	May	3.4	4.6 Mar <sup>††</sup>
Canada	2.3	Q1	2.2	0.7	1.7	Apr	2.3	7.0 May
Euro area	1.5	Q1	2.5	0.9	1.9	May	2.1	6.2 Apr
Austria	-0.5	Q1	0.6 <sup>§</sup>	0.1	3.0	May	2.7	5.6 Apr
Belgium	1.1	Q1	1.6	1.0	2.8	May	2.9	6.4 Apr
France	0.6	Q1	0.5	0.6	0.6	May	0.9	7.1 Apr
Germany	nil	Q1	1.7	0.1	2.1	May	2.3	3.6 Apr
Greece	1.8	Q1	0.2	2.2	3.3	May	2.7	8.3 Apr
Italy	0.7	Q1	1.1	0.5	1.7	May	2.0	5.9 Apr
Netherlands	2.0	Q1	0.4	0.9	2.9	May	3.6	3.8 May
Spain	2.8	Q1	2.3	2.6	2.0	May	2.3	10.9 Apr
Czech Republic	2.2	Q1	3.0	1.8	2.4	May	2.1	2.5 Q1 <sup>†</sup>
Denmark	4.0	Q1	-2.0	2.6	1.6	May	1.8	2.9 Apr
Norway	-0.4	Q1	-0.3	1.3	3.0	May	2.3	4.3 Mar <sup>‡‡</sup>
Poland	3.2	Q1	2.8	3.0	4.0	May	4.0	5.0 May <sup>§</sup>
Russia	1.4	Q1	-2.3	1.1	9.9	May	8.6	2.3 Apr <sup>§</sup>
Sweden	1.0	Q1	-1.0	1.8	0.2	May	2.2	9.7 May <sup>§</sup>
Switzerland	2.0	Q1	2.1	1.3	-0.1	May	0.1	2.9 May
Turkey	2.0	Q1	4.0	2.9	35.4	May	32.8	8.5 Apr <sup>§</sup>
Australia	1.3	Q1	0.8	2.1	2.4	Q1	2.1	4.1 May
Hong Kong	3.1	Q1	7.9	1.5	2.0	Apr	1.6	3.5 May <sup>**</sup>
India	7.4	Q1	9.8	6.2	2.8	May	4.3	6.9 May
Indonesia	4.9	Q1	4.8	4.7	1.6	May	1.5	4.8 Feb <sup>§</sup>
Malaysia	4.4	Q1	5.1	4.2	1.4	Apr	2.0	3.0 Apr <sup>§</sup>
Pakistan	4.8	2025**	na	3.0	3.5	May	4.8	6.3 2021
Philippines	5.4	Q1	4.9	6.1	1.3	May	1.8	4.1 Q2 <sup>§</sup>
Singapore	3.9	Q1	-2.6	1.7	0.9	Apr	0.5	2.1 Q1
South Korea	-0.3	Q1	-0.9	0.6	1.9	May	1.8	2.8 May <sup>§</sup>
Taiwan	5.5	Q1	7.2	3.8	1.5	May	1.9	3.4 Apr
Thailand	3.1	Q1	2.8	1.9	-0.6	May	0.2	0.8 May <sup>§</sup>
Argentina	2.1	Q4	5.7	5.7	43.5	May	41.1	6.4 Q4 <sup>§</sup>
Brazil	2.9	Q1	5.7	1.9	5.3	May	5.4	6.6 Apr <sup>§**</sup>
Chile	2.3	Q1	2.8	2.8	4.4	May	4.3	8.8 Apr <sup>§**</sup>
Colombia	2.7	Q1	3.2	2.3	5.1	May	4.9	8.8 Apr <sup>§</sup>
Mexico	0.8	Q1	0.8	-0.2	4.4	May	3.8	2.6 Apr
Peru	3.9	Q1	5.1	2.8	1.7	May	1.7	5.7 May <sup>§</sup>
Egypt	4.3	Q4	0.8	3.2	16.9	May	16.9	6.3 Q1 <sup>§</sup>
Israel	1.5	Q1	3.7	3.1	3.1	May	3.2	3.1 May
Saudi Arabia	2.0	2024	na	3.4	2.2	May	2.6	3.5 Q4
South Africa	0.8	Q1	0.4	1.7	2.8	May	4.0	32.9 Q1 <sup>§</sup>

Source: Haver Analytics \*% change on previous quarter, annual rate †The Economist Intelligence Unit estimate/forecast §Not seasonally adjusted

\*New series \*\*Year ending June ††Latest 3 months ‡‡3-month moving average Note: Euro area consumer prices are harmonised

## Economic data

2 of 2

	Current-account balance % of GDP, 2025 <sup>†</sup>	Budget balance % of GDP, 2025 <sup>†</sup>	Interest rates 10-yr govt bonds latest, %	change on year ago, bp	Currency units per \$ Jun 18th	% change on year ago
United States	-3.7	-6.0	4.4	16.0	-	
China	1.8	-5.9	1.5	55	-53.0	7.19
Japan	2.4	-4.8	1.5	52.0	145	9.1
Britain	-2.9	-4.5	4.5	45.0	0.74	5.4
Canada	-0.3	-1.9	3.3	8.0	1.37	nil
Euro area	3.0	-3.3	2.5	12.0	0.87	6.9
Austria	1.6	-4.5	3.0	-1.0	0.87	6.9
Belgium	-0.1	-4.5	3.1	5.0	0.87	6.9
France	-0.1	-5.9	3.2	10.0	0.87	6.9
Germany	5.3	-2.6	2.5	12.0	0.87	6.9
Greece	-6.0	-0.4	3.3	-35.0	0.87	6.9
Italy	0.8	-3.6	3.5	-42.0	0.87	6.9
Netherlands	8.4	-2.4	2.7	-1.0	0.87	6.9
Spain	2.4	-3.2	3.2	-13.0	0.87	6.9
Czech Republic	0.5	-2.4	4.2	10.0	21.6	7.2
Denmark	12.9	1.6	2.5	1.0	6.48	7.1
Norway	14.1	9.4	4.1	58.0	9.97	6.3
Poland	0.1	-6.1	5.6	-20.0	3.72	8.6
Russia	2.1	-2.6	15.1	-16.0	78.7	10.0
Sweden	5.8	-1.4	2.4	18.0	9.61	8.7
Switzerland	6.3	0.6	0.3	-39.0	0.82	8.6
Turkey	-1.7	-3.6	31.4	460	39.5	-17.5
Australia	-0.8	-1.8	4.3	-4.0	1.53	-1.9
Hong Kong	11.6	-5.4	3.1	-51.0	7.85	-0.5
India	-0.3	-4.4	6.3	-72.0	86.5	-3.5
Indonesia	-0.8	-3.3	6.7	-49.0	16,300	0.6
Malaysia	1.9	-3.9	3.6	-29.0	4.25	10.8
Pakistan	-1.5	-5.2	12.2	+++	-179	284
Philippines	-3.1	-5.4	6.4	-35.0	57.0	2.9
Singapore	16.7	-0.2	2.3	-91.0	1.28	5.5
South Korea	2.9	-2.3	2.9	-39.0	1,369	0.9
Taiwan	13.7	nil	1.5	-17.0	29.5	9.7
Thailand	1.8	-5.8	2.1	-48.0	32.6	12.9
Argentina	-1.0	0.4	na	na	1,149	-21.1
Brazil	-2.5	-7.1	14.0	190	5.48	-1.3
Chile	-1.9	-2.0	5.7	-24.0	944	-1.0
Colombia	-2.7	-7.2	12.2	151	4,086	0.4
Mexico	-0.2	-3.5	9.3	-76.0	19.0	-3.4
Peru	2.1	-2.8	6.5	-57.0	3.61	4.7
Egypt	-5.1	-7.7	na	na	50.5	-5.5
Israel	4.1	-4.9	4.5	-37.0	3.47	7.2
Saudi Arabia	-3.0	-4.0	na	na	3.75	nil
South Africa	-0.7	-4.6	10.1	25.0	18.0	0.7

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

## Markets

	Index	% change on:	
In local currency	Jun 18th	one week	Dec 31st
<b>United States S&amp;P 500</b>	5,980.9	-0.7	1.7
<b>United States NAS Comp</b>	19,546.3	-0.4	1.2
<b>China Shanghai Comp</b>	3,388.8	-0.4	1.1
<b>China Shenzhen Comp</b>	2,011.1	-0.7	2.7
<b>Japan Nikkei 225</b>	38,885.2	1.2	-2.5
<b>Japan Topix</b>	2,808.4	0.7	0.8
<b>Britain FTSE 100</b>	8,843.5	-0.2	8.2
<b>Canada S&amp;PTSX</b>	26,559.9	0.1	7.4
<b>Euro area EURO STOXX 50</b>	5,266.9	-2.3	7.6
<b>France CAC 40</b>	7,656.1	-1.5	3.7
<b>Germany DAX*</b>	23,317.8	-2.6	17.1
<b>Italy FTSE/MIB</b>	39,418.6	-1.9	15.3
<b>Netherlands AEX</b>	917.1	-2.0	4.4
<b>Spain IBEX 35</b>	13,923.2	-1.5	20.1
<b>Poland WIG</b>	99,940.4	-1.7	25.6
<b>Russia RTS, \$ terms</b>	1,117.3	2.5	25.1
<b>Switzerland SMI</b>	11,959.5	-2.9	3.1
<b>Turkey BIST</b>	9,196.1	-5.1	-6.5
<b>Australia All Ord.</b>	8,757.9	-0.7	4.0
<b>Hong Kong Hang Seng</b>	23,710.7	-2.7	18.2
<b>India BSE</b>	81,444.7	-1.3	4.2
<b>Indonesia IDX</b>	7,107.8	-1.6	0.4
<b>Malaysia KLSE</b>	1,512.0	-0.8	-7.9
<b>Pakistan KSE</b>	120,465.9	-3.1	4.6
<b>Singapore STI</b>	3,920.8	nil	3.5
<b>South Korea KOSPI</b>	2,972.2	2.2	23.9
<b>Taiwan TWI</b>	22,356.7	-0.5	-2.9
<b>Thailand SET</b>	1,094.6	-4.1	-21.8
<b>Argentina MERV</b>	2,050,983.0	-5.5	-19.0
<b>Brazil BVSP*</b>	138,716.6	1.2	15.3
<b>Mexico IPC</b>	56,729.6	-1.8	14.6
<b>Egypt EGX 30</b>	30,839.0	-6.4	3.7
<b>Israel TA-125</b>	2,840.4	3.1	17.0
<b>Saudi Arabia Tadawul</b>	10,591.1	-3.8	-12.0
<b>South Africa JSE AS</b>	94,992.8	-1.5	13.0
<b>World, dev'd MSCI</b>	3,899.5	-0.8	5.2
<b>Emerging markets MSCI</b>	1,193.5	-1.3	11.0

### US corporate bonds, spread over Treasuries

		Dec 31st
	latest	2024
<b>Basis points</b>		
<b>Investment grade</b>	99	95
<b>High-yield</b>	363	324

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

## Commodities

The Economist commodity-price index

2020=100	Jun 10th	Jun 17th*	% change on	
			month	year
<b>Dollar Index</b>				
All items	134.1	133.7	-2.1	0.2
Food	152.0	150.7	-3.3	3.9
<b>Industrials</b>				
All	119.3	119.6	-0.9	-3.5
Non-food agriculturals	121.5	122.6	-3.0	-9.9
Metals	118.7	118.8	-0.3	-1.7
<b>Sterling Index</b>				
All items	127.5	127.1	-3.2	-5.9
<b>Euro Index</b>				
All items	134.1	132.5	-4.3	-6.7
<b>Gold</b>				
\$ per oz	3,325.8	3,385.7	3.3	45.7
<b>Brent</b>				
\$ per barrel	66.9	76.4	16.9	-10.2

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

---

This article was downloaded by **calibre** from <https://www.economist.com/economic-and-financial-indicators/2025/06/19/economic-data-commodities-and-markets>

| [Section menu](#) | [Main menu](#) |

# Obituary

- **Brian Wilson attracted a fame he could hardly endure**

The reluctant surfer :: The creative mind behind the Beach Boys died on June 11th, aged 82

The reluctant surfer

# Brian Wilson attracted a fame he could hardly endure

*The creative mind behind the Beach Boys died on June 11th, aged 82*

Jun 19, 2025 02:52 PM



HE WAS NOT exactly sure when they began. But he had just taken his first trip on acid; mid-1960s then, so he was in his early 20s. After it he found himself at the piano, playing the same riff over and over. About an hour passed like that. Then, magically, it became a chorus: “I wish they all could be California girls.” That song became one of the Beach Boys’ best. But it was after this miracle that the Voices began to occupy his head, and never left.

Only some were familiar, yet all of them seemed familiar with him. Their remarks were always negative. *Your music is no damned good, Brian. Get*

*to work, Brian. No one wants your stuff, Brian.* Then, sometimes, much scarier: *We're coming for you, Brian.*

The strangest part was that the Beach Boys were then on the crest of a wave. They had made ten studio albums in three years and, after the Beatles and the Stones, were the biggest band in the world. A string of hits, starting with “Surfin’ USA” and “Surfer Girl” in 1963, had climbed to the top or near-top of the American charts. Their songs summed up a paradise: perpetual summer, golden beaches, huge rolling surf, cold beer, hot rods and endlessly available girls. Most of these he had written and produced himself, as well as playing bass guitar and singing falsetto. No such multi-tasker had appeared on the pop/rock scene before. His intricate harmonies, laid over rock rhythms, were catchy and carefree and new. His music made people happy, and he meant it to.

In public he seemed happy too, at first. He grinned with the others—his brother Carl and friend Al Jardine on guitars, his brother Dennis on drums, his cousin Mike Love doing the vocals—as they posed for publicity photos carrying surfboards to the beach. But he was already troubled. The whole surf thing was a con, Dennis’s craze; he had tried it only once, been conked on the head, and that was it. His pale skin burned in the sun. More seriously, fame was a burden, and live shows an ordeal.

In 1965 he decided just to write the songs and produce, not perform. He would be the hideaway teenager of “In My Room”, but also a studio visionary. The songs, especially on the album “Pet Sounds” in 1966, were classics: “Wouldn’t It Be Nice”, “God Only Knows”, “Sloop John B.” As he ventured into darker and yet more complex territory, people called him a genius, which weighed on him. In the same year “Good Vibrations”, with a whistling electro-theremin, jaw-harp and sleighbells, took more than 80 hours of tape, seven months and \$50,000. It became the band’s top-selling single. But the Voices were not impressed. *You’re falling behind, Brian. Do you think you’re Phil Spector, Brian? You’re never going to top “You’ve Lost That Lovin’ Feeling”, so don’t even try.*

Phil Spector’s walls of sound did indeed haunt him. In the 1970s and 1980s, when depression engulfed him and, in 1982, the Beach Boys fired him, he would stay in bed all day, listening to “Be My Baby” and snorting cocaine.

So Motown pulsed in his head too, as well as Chuck Berry's boogie-woogie, Rosemary Clooney's "Tenderly" (heard when he was ten), Gershwin's "Rhapsody in Blue" (heard at two) and whatever his friendly rivals the Beatles were doing. Among all this his own music shimmered in glimpses, like goldfish. He spent 38 years trying sporadically to assemble his "teenage symphony to God", already called "Smile". He longed to astonish the world with it, though the Voices mocked: *You got any guts? It's not good enough, Brian.* When at last in 2004, in London, he felt confident enough to perform it, now with a piano and a small orchestra, the standing ovation lasted ten minutes.

Much of his perfectionism came from his father, a pushy lathe salesman who would pummel his son's chest to make a point, or pop out his glass eye to make him stare into the empty socket. He had tried a career in music himself, hadn't got far, and now pressed his offspring to try. Pressing didn't just mean buying an upright piano. It meant screaming, as he shoved him into the recording studio: *Don't be a pussy! Surge! Get in there and kick ass!* All he could respond was "OK, Dad." His father's anger was intolerable but, without that particular Voice, he might never have made music his life. He would have been nothing.

He had heard him in mono. His right ear was deaf from childhood, after a boy hit him with a length of iron pipe. When it came to music, he heard a melody that had already been mixed down. His technique was to pile new layers on existing layers, repeatedly overdubbing, as he had first learned to do on a reel-to-reel tape recorder. Many folk said his songs got gradually sadder, but he didn't think so. He was sure he made them more beautiful. In this way he could begin to reproduce the celestial sounds in his head.

Dealing with the Voices was much harder. Ignoring them didn't work; nor did jokes, Klonopin or the fervent praise of Bob Dylan and Paul McCartney. In 1975 his brothers hired a bizarre psychiatric therapist, Eugene Landy, to sort out his depression and reduce his ballooning weight. Landy was another screaming tyrant who padlocked the fridge, doused him in cold water, monitored his friends, charged \$35,000 a month and seized for himself the roles of business partner and executive producer. What he

failed to do before, in 1992, he was barred from all contact, was make the Voices go away.

They were there to stay. The only answer was to exert his willpower ("Wilson power") and defy them. He could do so by going on performing, and did so until 2022. His second wife Melinda convinced him that though the Voices said they would kill him, they had said that for years without doing it. He had almost killed himself; but she had saved him from that, as had his grown-up daughters and his five adopted children. Love was the strategy that worked. And not just with family, but with people in general: with the audiences who, as he launched his now-raspy voice into "God Only Knows" or "California Girls" felt bathed again in joy and sunshine, and broke into rapturous applause. ■

---

This article was downloaded by **calibre** from  
<https://www.economist.com/obituary/2025/06/19/brian-wilson-attracted-a-fame-he-could-hardly-endure>

| [Section menu](#) | [Main menu](#) |