

THE WORLD THIS WEEK

Politics

Donald Trump's administration removed Nicolás Maduro as Venezuela's president through a military raid, leading to Delcy Rodríguez being sworn in as interim president and Trump threatening further strikes. The U.S. coastguard seized Russian-flagged oil tankers involved in Venezuela's blockade, embarrassing Russia. Venezuela's new regime declared a state of emergency, cracking down on opposition, while Mexico criticized the U.S. intervention but affirmed security cooperation. The White House is exploring options to acquire Greenland, alarming Europe and leading to warnings from Denmark about NATO's future. U.S. envoys backed a plan for security guarantees for Ukraine as part of a peace deal with Russia, while South Korea's president visited China seeking to reset relations amid regional tensions and North Korean missile tests. Protests in Iran, spurred by economic crisis, led to 38 deaths and a warning from Trump of intervention, as Yemen's Saudi-backed council expelled a UAE-backed leader and Somaliland gained Israeli recognition. Minnesota Governor Tim Walz decided not to seek re-election amid a \$1bn welfare-fraud scandal, predominantly involving the Somali community, while the federal government froze \$10bn in child-care funding to five Democrat-led states due to fraud concerns.

Business

Oil prices rose slightly after the Venezuela intervention but stabilized, with U.S. oil companies wary of investing in the country despite its vast reserves. Chevron is reportedly teaming with Quantum Capital to buy Lukoil's international assets following American sanctions on the Russian firm. The OECD finalized changes to the global minimum corporate tax, exempting American multinationals which will instead adhere to the U.S. 12.6% foreign profits minimum tax, hailed as a "historic victory" by the U.S. Treasury Secretary. BYD surpassed Tesla as the world's largest EV seller in 2025, expanding rapidly in Europe, while Ford saw its best U.S. sales year since 2019, driven by a surge in hybrid sales after EV tax credits ended. Stock markets had a strong start to 2026, continuing a good run from 2025, with the S&P 500 up 16%, NASDAQ 20%, Dow Jones 13%, and Britain's FTSE 100 rising 22% and breaking 10,000. Emerging markets were the top equity performers in 2025, returning 34%. Nvidia announced its new "Rubin" chip, designed for faster, more power-efficient, and cheaper AI tasks, expecting delivery later this year following a nearly 40% share price increase in 2025. Warner Bros rejected Paramount's \$108bn hostile takeover bid due to high debt risk, recommending Netflix's \$83bn offer instead, while Novo Nordisk launched its Wegovy weight-loss pill in America, slashing costs to compete with Eli Lilly. Berkshire Hathaway's new

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CEO, Greg Abel, received a \$25m salary, a significant increase from Warren Buffett's \$100,000, signaling a change in leadership compensation. A record price of \$3.2m was paid for a single bluefin tuna at Tokyo's fish market by the "Tuna King," Kimura Kiyoshi.

The weekly cartoon

No significant coverage this issue.

LEADERS

In Donald Trump's world, the strong take what they can

Donald Trump's dramatic military removal of Venezuelan dictator Nicolás Maduro marks a shift in American foreign policy, prioritizing raw power and resource acquisition over democracy or human rights. This "Donroe doctrine" asserts U.S. dominance in the Western Hemisphere, threatening other nations and claiming Venezuela's oil for America, but risks undermining alliances and fostering a more aggressive, 19th-century world order. The intervention, while demonstrating U.S. hard power, also exposes its limits, as Maduro's regime remnants remain, and American boasts of rapidly restoring oil production are likely deluded given the country's instability and weak demand.

Do not mistake a resilient global economy for populist success

Despite pessimistic forecasts, the global economy has shown surprising resilience, with populist protectionist policies failing to derail growth. However, industrial policies and tariffs, like those in America, have also largely failed to revive manufacturing jobs, suggesting the economy is merely coping with populism rather than flourishing. The long-term trend of declining manufacturing employment, accelerated by AI and automation, continues globally, with China being an exception, though its industrial might creates its own economic distortions.

Does Japan have a 'foreigner problem'?

Japan is experiencing a political debate over a "foreigner problem," with populist politicians blaming migrants and tourists for economic struggles, leading to calls for stricter controls. However, the true issue is Japan's demographic decline and insufficient number of foreigners, as the country needs more workers and tourists to sustain its economy. While some specific concerns like over-tourism and land purchases near sensitive sites are valid, broader xenophobia is misguided and will exacerbate Japan's long-term challenges.

AI is transforming the pharma industry for the better

Generative AI is rapidly revolutionizing drug development by identifying promising target proteins, suggesting novel molecules, and improving clinical trial efficiency. This technology is

leading to higher success rates in early-stage safety trials, accelerating drug discovery, and has the potential to boost the pharma industry's value significantly. The rise of AI-native biotech startups and collaborations with tech giants signals a shift where tech firms may capture more value, necessitating adjustments in regulation and patent systems to ensure broad benefits.

France is paralysed, and everyone is to blame

France is suffering from collective political paralysis, exemplified by its failure to pass a budget for 2026 and a persistent deficit over 5% of GDP. President Emmanuel Macron is a lame duck domestically, with his centrist coalition holding a minority in a splintered parliament, while populist right and left parties contribute to the legislative deadlock. This budgetary impasse, coupled with the reversal of pension reform to gain political support, stifles economic reform and risks the country's stability at a critical geopolitical time.

LETTERS

Was our review of the ?Wealth of Nations? at 250 uncharitable?

A selection of correspondents debated the recent review of Adam Smith's "Wealth of Nations," with some defending Smith's genius in synthesizing economic thought and arguing for the continued relevance of his ideas on wealth, markets, and human behavior. Other letters discussed populism, questioning centrist solutions that ignore stagnant real wages, and raised theological complications for AI translating the Bible, referencing Arthur C. Clarke's "The Nine Billion Names of God." Further correspondence included a cat's humorous critique of Jakarta's governance, complaints about frustrating business hotel showers, and a memory of Brigitte Bardot's iconic movie tagline.

BY INVITATION

Peace and prosperity in Venezuela will come from democracy, not oil, writes Ricardo Hausmann

Ricardo Hausmann argues that while Venezuelans briefly rejoiced at Nicolás Maduro's removal, Donald Trump's "Donroe doctrine" approach, prioritizing oil and asserting U.S. control without supporting democracy, is delusional. True peace and prosperity for Venezuela require restoring rights, the rule of law, and honoring the will of its people who overwhelmingly voted for the democratic opposition. Without a legitimate legal system and democratic transition, foreign investment in Venezuela's oil will remain elusive, and American actions risk turning Venezuela into a transactional project rather than fostering lasting stability.

BRIEFING

Donald Trump asserts control over Venezuela?and all the Americas

Donald Trump's administration, following the capture of Nicolás Maduro, is asserting control over Venezuela and the wider Americas through a "Donroe doctrine" of intervention and resource acquisition. While Venezuela remains tense with regime remnants, Trump's strategy, including maintaining an oil blockade and threatening other countries like Colombia, Cuba, and Mexico, aims to bend the region to his will. The unilateral actions are dividing Latin America, raising concerns about potential U.S. quagmires, and even alarming NATO allies like Denmark over threats to acquire Greenland, potentially undermining American credibility globally.

Donald Trump chases down the shadow fleet serving Venezuela

The U.S. pursued and seized two oil tankers, including the Russian-flagged *Marinera* (formerly *Bella 1*), suspected of violating sanctions and smuggling Venezuelan oil, demonstrating America's determination to enforce its blockade post-Maduro's capture. The *Bella 1*, with a history of carrying Iranian and Venezuelan oil, changed its flag in an attempt to evade capture, highlighting the complexities of international maritime law. These raids, while having little immediate impact on global oil prices, signal America's seriousness in pressuring Caracas, with President Trump stating the goal is U.S. access to Venezuelan oil to drive down prices.

UNITED STATES

Nicolás Maduro is unlikely to beat his rap

Nicolás Maduro and his wife face trial in New York on drug-trafficking charges following his abduction by U.S. special forces, with prosecutors having a strong track record in such high-profile narco cases. Despite potential defenses regarding his capture's legality or former head-of-state immunity, American courts are unlikely to dismiss the charges, and prosecutors will rely on cooperating insiders and evidence to link him to cocaine shipments. Maduro's best chance may lie in diplomacy or exploiting anti-Trump sentiment among jurors, as his case will offer the U.S. significant diplomatic leverage for years.

Venezuelan immigrants in America are trapped in policy purgatory

Venezuelan exiles in Doral, Florida, celebrated Nicolás Maduro's capture, viewing it as a step towards freedom, but also face precariousness due to Donald Trump's hardline immigration policies, which stripped many of Temporary Protected Status. The opposition's strategy to link Maduro to narco-trafficking to encourage U.S. military action succeeded, but Mr. Trump's subsequent embrace of Maduro's vice-president and dismissal of democratic opposition leaders complicate the exiles' hopes for a safe return. The varied experiences of Venezuelan

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immigrants, from politically active long-term residents to recent working-class arrivals, highlight the complex and sometimes contradictory impacts of U.S. foreign and domestic policies.

America's most novel train project is too deadly

Brightline, a private passenger train service in Florida offering a luxurious travel experience, faces a severe safety problem with an unusually high number of fatalities, including 41 deaths in 2024 (excluding suicides). The majority of these accidents involve trespassers on tracks, exacerbated by easy access at over 300 street crossings, many lacking sufficient safety measures like quad gates or fencing on tracks built over a century ago for slower freight trains. While Brightline has invested in upgrades and awareness campaigns, the state of Florida has lagged in prioritizing safety over cost, raising questions about the viability of the business without greater government support for infrastructure improvements.

What John Thune is for

John Thune, the Republican Senate majority leader and ideological ally of Mitch McConnell, is struggling to uphold traditional conservatism within a Republican Party increasingly shaped by Donald Trump. Thune has successfully navigated his caucus and Trump's agenda, notably passing a large tax-and-spending plan and confirming many nominees, earning respect from the MAGA base. However, he faces challenges in upcoming budget bills and pushback on Trump's unilateral foreign policy actions, forcing him to balance senatorial prerogatives with presidential demands, a strategy that failed his predecessor.

The radical honesty of Donald Trump

Donald Trump's "radical honesty" about his foreign policy, prioritizing naked self-interest and resource acquisition over democracy, shields him from criticism by aligning his words with his actions, as seen in the Venezuela intervention. His "Donroe doctrine" asserts American dominance and commercial pre-eminence in the Western Hemisphere, disregarding international law and leveraging dependency. While critics of past U.S. foreign policy might find satisfaction in his bluntness, this unapologetic realpolitik risks undermining global alliances and leading to a more aggressive, unpredictable world order, ultimately making America less safe and prosperous in the long run.

THE AMERICAS

The White House weighs how to acquire Greenland

Donald Trump's administration is seriously considering acquiring Greenland, potentially through military force, following his intervention in Venezuela, which has shocked Denmark

and other European leaders. Trump's stated reasons include national security and resource access, framing it within an updated Monroe Doctrine to assert American sway over the Arctic island. The White House's two-pronged strategy involves cultivating Greenland's independence movement and proposing a "Compact of Free Association" to bypass Denmark, raising concerns about NATO's future and escalating tensions with Europe.

Canada's armed forces are planning for threats from America

Canada's armed forces are rebuilding and planning for a range of threats, including potential incursions from America, a shift driven by Donald Trump's increasingly aggressive rhetoric and actions, like the Venezuela raid. The Department of National Defence is creating a 400,000-strong civilian-defence force, preparing for scenarios like migrant surges from the U.S. and cyber-attacks, recognizing the changed relationship with its southern neighbor. While military action from the U.S. is considered unlikely, Canada is increasing defense spending, particularly in the Arctic, to enhance autonomous defense capabilities and reduce reliance on its unpredictable ally.

ASIA

Why is Japan souring on foreign workers and tourists?

Japan is experiencing growing anti-foreigner sentiment, fueled by populist politicians like Prime Minister Takaichi Sanae, who blame migrants and tourists for societal issues, despite a critical need for foreign labor due to an aging population. This "foreigner problem" has intensified with rising numbers of foreign residents and tourists, and fears over property purchases, leading to proposed crackdowns on visas and taxes. While some concerns are valid, the LDP's hardline stance risks economic damage by alienating essential workers and stifling tourism, contrasting with the views of business leaders and rural communities who rely on foreigners.

Can Thailand rein in its ?mafia monks??

Thailand's Buddhist institutions faced a year of lurid scandals in 2025, with abbots accused of embezzling millions and monks involved in organized crime, prompting widespread police raids and arrests. These incidents are not new but mark the worst year for monastic misbehavior, politically salient given the monarchy's constitutional role in protecting Buddhism. New rules for financial reporting and penalties for misconduct have been introduced by the Sangha Supreme Council, but deeper organizational failings and the entanglement of powerful monks with lay elites make a thorough cleansing challenging.

Ethnic conflict festers on India's eastern frontier

Manipur, an Indian state, remains ethnically divided and tense almost three years after deadly riots between the Meitei and Kuki communities, with military checkpoints enforcing separation and hindering reconciliation. The conflict, initially sparked by a dispute over "scheduled tribe" rights, has left 50,000 displaced in squalid refugee camps and is exacerbated by perceptions of the ruling BJP's slow and ineffective response. This persistent crisis serves as a warning about the dangers of identity politics across India and the potential for dormant insurgencies to resurface amidst deepening alienation.

The teenage girl who may rule North Korea

Kim Jong Un's daughter, believed to be in her early teens and often referred to as Kim Ju Ae, has made frequent public appearances alongside her father, fueling speculation that she is being groomed as his successor. Her prominent visibility, including at missile test launches and diplomatic meetings, serves to burnish Kim's image and imbue her with authority, despite North Korea's patriarchal society. While some question a female leader's acceptance and potential vulnerabilities for the Kim dynasty, Kim Jong Un's own turbulent succession experience suggests he may be proactively planning for his political continuity.

CHINA

It's not just China's total population that's falling

China's urban population has already peaked, with projections showing a decline of over 13 million by 2029, contradicting official expectations of continued urban growth. This assessment, based on a United Nations definition that counts more people as urban than China's official statistics, reveals that China's urbanization rate is much higher (83.7% vs 67%) but leaves less room for future expansion. The urban decline poses a threat to the ailing property market and shifts China's urban demographic hierarchy, challenging assumptions about its economic trajectory and calling for new strategies to leverage its existing city clusters.

China and Taiwan both see lessons in America's raid on Venezuela

America's dramatic raid in Venezuela, while denounced by Beijing, is being closely scrutinized by both China and Taiwan as a case study for "decapitation" strikes, though it's unlikely to change China's fundamental calculus for invading Taiwan. China's military has long planned such strikes on Taiwan's leadership, even building mock-ups of the presidential palace for practice, intensifying these drills in response to figures like Volodymyr Zelensky. Taiwan, in turn, is studying the raid for insights into strengthening its defenses against potential Chinese aggression, including the performance of Chinese-made radars and the importance of preparedness, while also noting the implications of the Trump administration's willingness to use force.

America's raid on Venezuela reveals the limits of China's reach

Donald Trump's capture of Nicolás Maduro in Venezuela exposed the limits of China's global power and its rhetorical support for allies, forcing Beijing to reconsider its strategy in Latin America. Despite extensive economic ties and an "all-weather" partnership, China provided no direct military protection to Maduro, similar to Iran's lesson during U.S. airstrikes. This intervention challenges China's self-image as a global player and its vision of "multipolarity," prompting calls within Beijing for a more cautious approach to investment in regions where it confronts American strategic interests.

MIDDLE EAST & AFRICA

With protests at home and threats abroad, Iran's regime looks rattled

Iran's regime is rattled by ongoing protests, ignited by electronics vendors striking in Tehran due to currency free fall, which have spread and highlight the state's economic and moral bankruptcy. Compounding domestic unrest are foreign threats, particularly from America after its raid in Venezuela, making some Iranian officials wonder if their country might be next and fueling internal debates about leadership succession. The regime's traditional methods of repression and economic fixes are backfiring, leading to a fractured opposition coalescing around the exiled son of the former shah.

Saudi Arabia has its first boozy new year's sort of

Saudi Arabia quietly expanded access to alcohol for premium-visa and high-earning expats, allowing them to purchase spirits from a discreet, unlisted store. This move, part of broader social loosening in the kingdom, creates ambiguity as alcohol is legal to buy for this group but its consumption with lower-paid colleagues or Muslim friends remains legally unclear. The gradual relaxation of social strictures, from dress codes to alcohol access, reflects a cautious blend of conservatism and modernity, though inconsistencies in enforcement remain.

Burundi is running out of space

Burundi, one of the most densely populated countries in the world with 14 million people in a small area, is grappling with extreme population pressure that is transforming its society and straining food resources. Despite most Burundians living in rural hills, Africapolis research suggests 78% are already urban by a broader definition, indicating a shift towards a continuous "in-between" landscape. The country faces severe food insecurity due to land scarcity, flat crop yields, and a high fertility rate, leading to widespread child stunting and increasing migration as people seek better prospects.

The Museveni era is nearing its end

Uganda's President Yoweri Museveni, 81, is expected to win his seventh term in the upcoming election, but his grip on power is increasingly challenged by time and the growing influence of his son, Muhoozi Kainerugaba, who commands the army. Opposition candidate Bobi Wine faces severe repression, with supporters experiencing violence and detentions, while Museveni attempts to deter dissent through money handouts and threats of military force. The political succession is expected to be a family affair, with General Kainerugaba openly angling for the presidency, potentially fueling resentment among other army officers and ethnic groups.

EUROPE

Energetic abroad, Emmanuel Macron faces a mess at home

Emmanuel Macron faces domestic paralysis as France enters 2026 without a budget, having failed to pass one due to a fragmented opposition and a weakened centrist minority in parliament. The government's compromise to secure a social-security bill included freezing Macron's pension reform, signaling the vanishing of his reformist ambitions for the remainder of his term. This political stagnation, contrasted with Macron's energetic international diplomacy, risks popular exasperation and benefits populist extremes, with the National Rally's Jordan Bardella currently leading polls for the 2027 presidential election.

Ukraine now has the fortress belt it wishes it had in 2022

Ukraine has built extensive defensive lines across the Donbas, a "fortress belt" that commanders believe would significantly hinder Russian breakthroughs, in stark contrast to their situation in 2022. However, American-led peace proposals, which suggest giving Russia control over parts of Donetsk and establishing a "neutral demilitarised buffer zone," threaten to undermine these hard-won defenses. The conflicting messages and the ongoing loss of ground to Russian forces are creating confusion and concern among locals, highlighting the potential for further urban conflict if the defensive lines are breached.

Kosovo's election shows its democracy is solid

Kosovo's recent parliamentary election resulted in a resounding win for Prime Minister Albin Kurti's Self-Determination party, giving him a mandate to ratify an EU co-operation agreement and unlock aid, despite his country's shrinking population due to emigration. Kurti's success is attributed to his anti-corruption stance and popular defiance against Serbia, though his aggressive posture hinders reconciliation with Serbia and prevents Kosovo from joining the UN. While its democracy is solid for a young nation, Kosovo's prosperity depends on a more amicable resolution with Serbia, which still refuses to recognize its independence.

A Russian drone has revived a Ukrainian nuclear nightmare

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A Russian drone attack last February created a hole in the Chernobyl nuclear power plant's protective dome, the new safe confinement (NSC), causing a fire and leading to significant damage that risks a severe radioactive leak. The NSC, a \$1.6bn project completed in 2019 to contain radiation for a century, now requires hundreds of millions of dollars in repairs to reseal its airtight integrity. While Ukrainian efforts have temporarily covered the damage, raising the necessary funds for a permanent solution is proving difficult amidst the ongoing conflict.

Latvia is needlessly alienating its Russian-speakers

Latvia's decision to shut down Russian-language public radio and impose other restrictions on Russian-speakers, despite a third of its population speaking the language, is needlessly alienating its minority and playing into the Kremlin's hands. The government justifies these actions as a security measure and an effort to unify the information space, but critics argue it forces assimilation rather than integration, undermining efforts to counter Russian propaganda. This punitive approach, including bans on Russian nationals in critical infrastructure and increased VAT on Russian-language materials, fosters apathy and self-censorship among a demographic already feeling marginalized.

Why Europe is rediscovering the virtues of cash

Europe, particularly its northern regions, is experiencing a modest comeback for cash despite the prevalence of digital payment apps, driven by concerns over digital exclusion for some minorities and the resilience of payment systems during crises. After years of pushing for digital payments to combat undeclared income and money-laundering, authorities now recognize that a significant minority remains digitally averse and that cash offers crucial functionality during power cuts or cyber-attacks. Consequently, the EU is moving to mandate businesses accept cash, and even advising citizens to store enough physical money to last a week, reflecting a re-evaluation of its virtues beyond simple convenience.

BRITAIN

State capacity is the issue of the age

Britain's political leaders, including Sir Keir Starmer, the Tories, and Reform UK, share a consensus that the British state is struggling to "get things done," attributing it to a "stakeholder state" of excessive regulations, consultations, and arm's-length bodies. Sir Keir, having entered office with confidence in the civil service, now expresses frustration at the "thicket of reasons you can't do anything," appointing a "chief secretary to the prime minister" to enforce priorities, mirroring Boris Johnson's and Nigel Farage's desire for a stronger, faster, politically charged government center. This marks a significant intellectual break from past decentralization efforts, with proposals ranging from culling civil servants and quangos to centralizing power in Whitehall. However, critics argue this "Fat Controller" vision

misunderstands government as an organic system, potentially leading to shallow reforms and further empowering populist narratives of state incompetence if not genuinely addressed.

Hope springs eternal for Sir Keir Starmer

Sir Keir Starmer is attempting to project a "new year, new me" image, asserting that Britain will "turn a corner" in 2026 after a bruising first calendar year in office marked by policy U-turns and a struggle for conviction. Our poll tracker shows Labour's public support at a historic low of 17%, with the government falling behind schedule on key 2029 goals like building 1.5 million homes and significantly cutting hospital waiting lists. While household utility bills have fallen, housebuilding is at a ten-year low, and efforts to combat people smuggling have been futile, with Channel crossings increasing by 13% in 2025. This suggests Sir Keir's administration needs more than a rhetorical reset to regain public trust and demonstrate tangible progress on its ambitious targets.

Happy birthday to the contributory old-age pension!

One century ago, Britain introduced the Widows', Orphans' and Old-Age Contributory Pensions Act, a revolutionary change that established a contributory system for pensions at age 65, moving beyond means-tested welfare. This act brought a sense of dignity, as recipients saw it as an earned annuity rather than charity, in contrast to the earlier means-tested pensions for the impoverished over 70. The new system also began to redefine the role of the elderly in the workforce, with some arguing that 65-year-olds should stop working to free up jobs for younger people, reflecting an early form of the "lump-of-labour fallacy." Today, pensioners are far more numerous and politically powerful, enjoying generous state pensions and lower poverty rates, a stark contrast to their status a century ago.

Why Britain's Stop the War movement is so resilient

Britain's Stop the War (STW) coalition, approaching its 25th anniversary, continues to be a resilient force, drawing thousands to protests against interventions like the Iraq war and, more recently, Trump's actions in Venezuela and the conflict in Palestine. The movement's longevity stems from its consistent anti-war stance and a "realist" focus on wealth and power, which, despite sometimes veering into controversial positions like excusing Russia's invasion of Ukraine, has often correctly predicted the ruinous outcomes of military conflicts. STW serves as an umbrella for Britain's diverse left-wing groups, united by anti-capitalist and anti-American imperialist sentiments. Its "high degree of theoretical analysis" allows it to sustain activism between major mobilizations, even if some adherents hold "weird" or extreme views.

The collapse of Britain's oil-and-gas industry

Britain's North Sea oil and gas industry is facing a severe decline, with production falling almost continuously since its turn-of-the-century peak and the workforce shrinking dramatically

from 450,000 to 200,000. Industry leaders blame the Labour government's policies, including a throttling 78% windfall tax and prevarication over exploration licenses, which have deterred investment in an already high-cost basin. While populist rivals advocate for a North Sea renaissance inspired by Norway, critics argue that Britain's older, smaller fields and lower recoverable reserves make such talk fanciful, especially as global oversupply is pushing oil prices down. Labour's attempt to manage a "just transition" has instead resulted in the industry's collapse, forcing a difficult decision on large projects like Rosebank amidst pressure from an energized Green Party.

Thatcher-on-Thames

East London's Docklands serves as a lasting monument to Thatcherite ideology, celebrating private ownership, pro-growth policies, and a future-oriented vision. The Docklands Light Railway offers a tour through areas like Wapping, where Rupert Murdoch, with Thatcher's support, broke the power of print unions in 1986, and Canary Wharf, a major financial hub created predominantly by private investment bypassing traditional planning rules. Despite initial skepticism and architectural criticism, Canary Wharf has thrived, generating significant economic value and demonstrating the private sector's ability to drive development and even manage public services like security more effectively than the state. This area stands in stark contrast to places like Oxford Street, highlighting the tragic consequences of fractured ownership and a lack of ambition in contemporary Britain, a politics that Thatcher embraced but which is now largely absent.

INTERNATIONAL

Social media are helping cults to recruit and control members

The internet has dramatically reshaped cult activity, with social media replacing traditional recruitment methods and leading to a sharp increase in the number of coercive groups globally. New cult leaders, often disguised as online influencers or wellness coaches, target vulnerable individuals online, offering promises of transformation while gradually eroding autonomy through surveillance, humiliation, and social pressure. Young people are particularly susceptible to these online cults, many of which are non-religious but exploit fears and isolation, leading to financial exploitation or even violence. While governments are grappling with how to regulate these groups without infringing on freedom of belief, strengthening prevention education and support for survivors are crucial responses.

BUSINESS

The 'ChatGPT moment' has arrived for manufacturing

Advances in generative AI are heralding a "ChatGPT moment" for manufacturing, promising to transform factory automation beyond previous attempts, like General Motors' failed "factory of the future" in the 1980s. While industrial robot installations flattened after a pandemic-era surge, analysts predict a significant increase in 2026 and beyond, driven by tailwinds from reduced interest rates, reshoring policies, and labor shortages. Nvidia's Jensen Huang declared the arrival of this moment for robotics, indicating a shift towards factories that are not only more mechanized but also nimbler and smaller, with physical AI becoming the "brains" complementing machines as "muscles." This transformation is fueled by software advances like "digital twins" and supersized AI models that are closing the "sim-to-real gap," allowing robots to perform complex tasks with greater accuracy and adaptability.

Germany's industrial conglomerates are breaking up to stay alive

Germany's industrial conglomerates, facing stiff competition, tariffs, and high costs, are accelerating a trend of divestments and spin-offs in a bid to increase competitiveness and shed their "conglomerate discount." Unlike American firms, German giants like Siemens, Thyssenkrupp, and Continental maintained diversified structures longer but are now narrowing their focus, inspired by Siemens's success in spinning out Healthineers and its energy arm. This strategic shift involves selling profitable units to reduce debt, as seen with Thyssenkrupp's elevator division, and concentrating on core activities, aiming for greater transparency and investor appeal in an environment increasingly favoring industry-specific investment funds. The automotive and chemicals sectors are also undergoing significant restructuring, with companies like Continental divesting non-core businesses and Bayer considering further separations to adapt to difficult economic times.

Memory lapse

The intense demand for AI is causing a severe supply crunch and rocketing prices for essential memory chips, particularly DRAM and its specialized variant HBM, which is now critical for everything from smartphones to PCs. This "unprecedented mismatch in demand and supply" is leading to predictions of 15-20% price jumps for PCs and potential declines in global smartphone and PC shipments. The three main DRAM producers—SK Hynix, Samsung, and Micron—are prioritizing high-margin HBM production, shifting capacity away from more basic memory chips. This strategy, while boosting their share prices, exacerbates scarcity and cost for consumer electronics manufacturers, with relief expected to be slow as new capacity takes years to come online, mainly earmarked for HBM.

Welcome to the age of the vodcast

Podcasting is evolving beyond an audio-only medium into the "age of the vodcast," with YouTube surpassing Spotify and Apple as the most popular platform, driving podcasters to film their shows to reach new audiences. An estimated 71% of American podcasters now produce

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video content, leveraging YouTube's vast user base and the shareability of video clips on social media to overcome traditional audience discovery challenges. However, this shift presents a trade-off: while video increases reach, it can reduce "engagement" (total listening time), which is crucial for revenue, prompting platforms like Spotify to optimize for loyalty. The convergence means TV companies are buying into podcasts for their low cost and engagement, while the format favors informal talk shows over richly reported narratives, potentially reshaping the future of the medium and blurring lines between podcasts and traditional TV.

The problem with promotions

Promotions often serve as rewards for past performance rather than selections for future success, leading to the "Peter principle" where individuals are elevated to positions for which they are not competent, as evidenced by studies showing good salespeople becoming poor managers. This issue arises because new roles often require different skills, although motivation and hard work can be transferable. Managerial hoarding of talented subordinates and biases, such as sexism leading to lower "potential" ratings for women despite higher performance, further distort promotion decisions. Ultimately, using a single instrument of promotion to achieve multiple goals—rewarding performance, motivating staff, and retaining talent—is inherently problematic, suggesting a need for more nuanced approaches to career progression.

Venezuela presents a big headache for big oil

Donald Trump's vision for Venezuela's oil industry, outlined after the capture of Nicolás Maduro, harks back to a mid-20th-century model where U.S. foreign policy and big oil were intertwined, but this vision faces significant modern-day challenges. Despite Venezuela's vast reserves, the promise of a rapid bonanza is misaligned with the current reality of oversupply, soft global demand, and oil majors' preference for low-cost, low-risk projects. Venezuelan crude is neither, with high breakeven prices and substantial investment required to revive production, a heavy lift that American firms are wary of undertaking given past nationalizations and current instability. Trump's unilateral actions and explicit desire to control Venezuela's oil create a dilemma for companies, making them hesitant to invest and suggesting his understanding of the industry is stuck in a bygone era.

FINANCE & ECONOMICS

An American oil empire is a deeply flawed idea

Donald Trump's ambition to create an "American oil empire" in Venezuela, seeking retribution for past nationalizations and aiming to keep global oil prices low, is deeply flawed and unlikely to succeed. In the immediate term, U.S. blockades and sanctions are likely to further decrease Venezuela's oil output, not increase it, as exports crater and vital diluents are cut off. Restoring production to even modest levels would require immense capital (\$110bn by 2030), a vast

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workforce, and a smooth political transition, all of which are currently lacking, making American oil majors wary of significant investment. Furthermore, any additional Venezuelan oil would flow into a saturated global market, with forecasters predicting surpluses and lower prices, potentially below Venezuela's breakeven costs, rendering Trump's 20th-century vision for the industry economically unsound.

Venezuela's astoundingly messy debts are about to get messier

Venezuela's astoundingly messy debts, estimated at \$95bn (115% of GDP) to bondholders, oil companies, and China, are poised to get even messier despite a recent bump in bond prices after Nicolás Maduro's capture. The country has been in default since 2017 due to U.S. sanctions, making negotiations with diverse creditors, many of whom are distressed asset firms or companies seeking arbitration awards from nationalized assets, incredibly complex. China, as the largest bilateral creditor, has historically held up restructurings, and its unique oil-for-debt deal complicates any settlement, especially as Donald Trump's desire for Venezuelan oil could lead to preferential payouts or bilateral deals for U.S. firms. Without a significant source of cash or a clear path to economic recovery, Venezuela's dire financial state makes any proposed discount for creditors likely insufficient to secure agreement, leaving it dangerously short of ways out of its default.

America's missing manufacturing renaissance

Donald Trump's promised manufacturing renaissance in America, touted as a justification for his tariffs, is conspicuously absent, with the sector continuing its contraction and job losses for nearly three years. The manufacturing decline is exacerbated by high interest rates, making expensive, debt-financed kit less viable, and Trump's policies have arguably harmed the industry rather than helped. His tariffs inject uncertainty into an export-oriented sector and raise the cost of imported components, as evidenced by contracting export orders and import volumes beyond general manufacturing weakness. The one bright spot, computer equipment and semiconductors, has benefited from tariff exemptions and a rare free-trade turn, suggesting that easing protectionist measures, rather than imposing them, could be a spur for industry growth.

Why Europe's biggest pension funds are dumping government bonds

Europe's biggest pension funds, particularly those in the Netherlands with €1.9trn in assets, are set to dump massive holdings of long-term government bonds, increasing borrowing costs across the continent. This shift is driven by a Dutch pension reform mandating a transition from "defined-benefit" (DB) to "defined-contribution" (DC) models, removing the incentive to hold low-risk, fixed-payout government bonds in favor of higher-return, riskier assets like stocks. The Dutch central bank forecasts a €100bn-150bn reduction in holdings of bonds with maturities over 25 years, a significant portion of outstanding European sovereign debt. This disappearance of price-insensitive buyers, coupled with the European Central Bank's shrinking

portfolio, means governments will face higher yields and potentially greater market volatility as new, price-sensitive investors like hedge funds take their place.

Vietnam's growth is fast but fragile

Vietnam is pursuing ambitious growth targets with massive state infrastructure spending, reaching 7% of GDP this year, funded by surging tax revenues, aiming to meet its goal of 8% GDP growth in 2025. This economic push, supported by reforms to boost the private sector and encourage risk-taking, has attracted investors, leading to a 37% rise in Vietnam's stock index last year and an upcoming upgrade to emerging market status. However, this rapid growth is fragile due to an undue reliance on a handful of well-connected conglomerates, particularly Vingroup and its subsidiaries, which accounted for nearly three-quarters of last year's stock market gains. The government's model of fostering "national champions," while aiming for chaebol-like success, makes economic growth vulnerable to the whims of these few firms and their dependence on state backing for large projects.

Is it better to rent or buy?

Renting has become a more financially advantageous option than buying in many rich-world locations since 2022, as surging interest rates have made the monthly costs of homeownership higher than renting. While house prices have stagnated and rates are falling, the "winning streak for renters" is expected to continue, particularly given that long-term interest rates, which largely determine mortgage costs, remain stubbornly high. Beyond financial logic, buyer motivations like emotional attachment and security are powerful, but for an unemotional assessment, rising rental yields and increasingly renter-friendly regulations in the West further tip the scales against homeownership as an investment. The future advantage of renting or buying hinges significantly on the trajectory of long-term interest rates and potential shifts in housing market dynamics, with current trends favoring tenants.

What Pluribus reveals about economics

The Apple TV show "Pluribus" offers interesting economic lessons by depicting a hive mind ("the Joined") that cannot lie and dispenses with familiar goods, services, and institutions like private property and money, operating on a "from each according to his abilities, to each according to his needs" principle. The show highlights the hidden complexity of everyday economic life, demonstrating how even "independent" people rely on an intricate economic choreography, and explores the Hayekian critique of central planning. While the Plurbs overcome the tacit knowledge problem through shared consciousness, their absence of true rivalry limits progress, as they cannot benefit from the blinkered, eccentric conviction of capitalist entrepreneurs who defy collective wisdom through trial and error. The show provides a unique lens through which to view economic models, especially those relying on a "representative agent" that treats entire populations as a unified entity, ultimately suggesting the importance of individual agency for progress.

SCIENCE & TECHNOLOGY

An AI revolution in drugmaking is under way

An AI revolution is rapidly transforming the pharmaceutical industry, shifting drug design from traditional laboratory methods to "in silico" approaches using advanced artificial intelligence like transformer models. Firms like Insilico Medicine are training AIs on biological and chemical datasets to identify target proteins and suggest novel molecules, significantly accelerating the preclinical phase of drug discovery from years to months. This AI-driven approach is showing higher success rates in early-stage safety trials (80-90% vs. 40-65%), promising to boost the overall pipeline success rate and reduce the exorbitant costs of drug development. Beyond discovery, AI is also enhancing trial design by identifying optimal patients and creating "synthetic patients" (digital twins) to act as controls, potentially reducing trial sizes and speeding up regulatory reviews.

Real flying saucers

Engineers at the Aerospace Corporation have proposed a new satellite design called the DiskSat, a flat, circular "flying saucer" intended to replace the industry-standard CubeSats, with the first four launched on December 18th. The DiskSat design offers a higher surface-area-to-volume ratio, allowing for more solar cells and larger aerals, while its launch-friendly shape fits snugly into rockets. A third benefit is its ability to stay aloft more easily in very-low-Earth orbit by flying edge-first, reducing atmospheric drag. This lower orbit provides a better view of Earth's surface, making the DiskSat particularly appealing for military applications, with America's Space Force sponsoring the mission to explore its capabilities.

A way to expand Earth's arable land

Moshe Alamaro proposes a "laughably simple" method to expand Earth's arable land by transforming semi-arid landscapes into productive agricultural zones through "enridging." His idea, inspired by natural vegetation patterns on north-facing slopes, involves using earthmoving equipment to create east-west ridges with broad, shallow, sun-avoiding slopes for cultivation. ReSlope Global, his organization, will conduct field trials in Italy and Kenya to determine the cost and optimal design for these ridges, including experimenting with alternating crop cultivation on north and south-facing slopes near the equator. If successful, this geoengineering approach could convert a significant portion of Earth's semi-arid surface into valuable cropland, offering a transformative solution to increasing agricultural output.

Where should predators hang out if there are no watering holes?

In dense rainforests where traditional watering holes are absent, predators, like those in savannas, strategically use salt licks as ambush points to find prey, a behavior now documented using camera traps. Research by Sam Pottie in Peru's rainforests revealed a wide array of herbivores, including deer, peccaries, and tapirs, visiting salt licks to obtain essential minerals,

particularly due to the low salt content in their plant-based diets. Predators such as jaguars, ocelots, tree boas, and dwarf caimans were observed exploiting these sites, successfully snatching various animals, including fruit-eating bats and peccaries, or even feeding on tapir blood. This study confirms that salt licks act as crucial "larders" for predators in rainforest environments, offering new insights into their hunting tactics.

Can high-intensity interval training get you fit in a hurry?

High-intensity interval training (HIIT) offers a time-efficient shortcut to fitness, promising significant results with just a few minutes of intense work per week, though it demands considerable discomfort. Pioneered by Tabata Izumi, HIIT involves short bursts of maximal effort followed by brief rests, a regimen shown to boost aerobic fitness more substantially than conventional cardio workouts. HIIT uniquely stresses all three of the body's main energy systems simultaneously, leading to biochemical adaptations that improve both aerobic and anaerobic capacities. While the original Tabata protocol can induce nausea, modern HIIT programs often dial back the intensity, offering more manageable workouts that still deliver positive effects, making it a viable alternative for those short on time but prepared for a challenging experience.

CULTURE

Do self-congratulating celebrities need more plaudits?

The Golden Globes' new "Best Podcast" award highlights the medium's evolution into a celebrity-driven visual format, with YouTube now the most popular platform and many films and TV shows adapted from hit podcasts. However, the Globes' selection process, based on popularity rather than artistic merit, has resulted in a shortlist dominated by celebrity-interview "plodcasts" that are often self-congratulatory, light on facts, and lack the narrative depth of investigative or inventive storytelling. This trend raises concerns that the podcasting genre risks being "swallowed by a dull conformity," prioritizing star hosts and easy-to-produce talk shows over the rich possibilities of the medium.

Six books to read about Venezuela

A curated list of six books offers insight into Venezuela's decline from a model democracy in the 1960s and 70s to the authoritarian regime of Hugo Chávez and Nicolás Maduro, covering economic collapse, political exploitation, and state repression. The books detail Chávez's rise, his nationalist-socialist revolution, and Maduro's exacerbation of the country's woes, including a stunning 130,000% inflation rate and widespread human rights abuses. These accounts provide crucial context to understand the events leading up to the recent U.S. Delta Force raid that captured Maduro, illustrating the country's complex history.

Spore of the moment: mushrooms are the latest wellness-food trend

"Adaptogenic" and "nootropic" mushrooms, such as lion's mane, cordyceps, and reishi, are surging in popularity as the latest wellness-food trend, with social media mentions and searches for "mushroom coffee" skyrocketing. These fungi are being incorporated into a wide array of products, from chocolates and lattes to mocktails, promising benefits like boosted energy, calm, heart health, and brain-power, appealing particularly to health-conscious young consumers. However, scientific evidence supporting these advertised medicinal effects in humans is largely lacking, and experts remain skeptical due to insufficient research funding in this area, suggesting they are best enjoyed for culinary rather than curative purposes.

The lessons of the terrorist violence of the 1970s

Jason Burke's "The Revolutionists" chronicles the turbulent 1970s, detailing the rise of militant groups like the PFLP, Red Army Faction, and Red Brigades, which employed hijackings, assassinations, and bombings to achieve political aims. The book highlights the shift in motivations from secular political goals to violent Islamism after the Iranian revolution, and governments' initial feeble responses to terrorism, often negotiating with attackers. Key turning points, such as the Munich Olympics massacre, led to a more assertive approach by governments and the rise of special forces to combat terrorism, though the book also features vivid character portraits of notorious figures like Leila Khaled and Carlos the Jackal.

The ice-cool hero of 'The Night Manager' saunters to the rescue

The second season of "The Night Manager" brings back John le Carré's iconic, unruffled protagonist, Jonathan Pine (played by Tom Hiddleston), who is once again drawn into a world of arms dealing and espionage. Despite being untethered from the original novel, the series is saved by Pine's enduring appeal as a character—a master of self-control with a talent for violence, a wayward libido, and a haunting moral conscience. Pine's enigmatic nature, where viewers strive to uncover the "real him" beneath his many aliases and deceptions, makes him a captivating figure who endures not because he is intimately known, but because he remains inscrutable.

ECONOMIC & FINANCIAL INDICATORS

Economic data, commodities and markets

No significant coverage this issue.

OBITUARY

Nuno Loureiro hoped to replicate the energy of the Sun

Nuno Loureiro, a renowned plasma physicist, dedicated his life to studying the fourth phase of matter, hoping to harness its turbulent energy for continuous, clean fusion power, much like the sun. His work at MIT and Imperial College focused on "magnetic reconnection" in plasma, an intellectual challenge with immense practical potential for humanity, driving him to obsessively track kinetic energy and build numerical models. Loureiro, who tragically died from gunshot wounds inflicted by a former student, was a driven scientist who believed in striving for the heights, even if the path was long and experimental, facing both intellectual obstacles and the "warfare" of numbers in his quest to change human history.