

The Weekly Digest

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THE WORLD THIS WEEK

Politics

The second fatal shooting of a protester by federal immigration agents in Minneapolis, Alex Pretti, caused widespread outrage and criticism, even from Republicans. Donald Trump announced a "de-escalation" of federal presence in Minnesota, replacing the Border Patrol leader with his border czar, Tom Homan. The administration faced further backlash from gun-rights organizations for questioning Pretti's legally permitted firearm. This incident occurred as net migration to the US saw a significant slowdown, affecting overall population growth. Trump also issued new warnings to Iran regarding its nuclear program and foreign policy, threatening "far worse" attacks, while an American

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armada headed towards the Gulf of Oman.

Business

Speculation of a co-ordinated US-Japan intervention to support the weak yen caused its surge and a drop in the dollar, which hit a four-year low despite President Trump's dismissal of its decline. The S&P 500 briefly surpassed 7,000, and gold surged past \$5,000 an ounce, reflecting investor flight to safe havens amid international tensions. Indonesia's stock market experienced a sharp decline due to concerns about financial market opacity and a potential MSCI downgrade to a frontier market. The Federal Reserve held interest rates steady after three cuts, upgrading its economic assessment to "strong," signaling fewer short-term cuts, much to Trump's displeasure. Tesla announced a major shift away from Model S and X production towards robotics and a \$2bn investment in xAI, while new purely electric car sales rose in the EU and Britain.

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The weekly cartoon

No significant coverage this issue.

LEADERS

ICE's impunity is a formula for more violence

The fatal shootings by federal immigration agents in Minneapolis highlight a dangerous expansion of unchecked government power to use violence against citizens, resembling the creation of a presidential militia. ICE agents operate with perceived "absolute immunity," defying court orders and branding victims as terrorists, which fosters further violence. This aggressive deployment, even in cities with few illegal immigrants, serves a broad agenda from punishing "sanctuary cities" to creating political theater. Congress and the courts must intervene to curb ICE's actions, ensure

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accountability, and prevent the executive branch from overriding civil liberties and states' rights. The president should honor his pledge for an "honorable and honest" investigation, fire his homeland security secretary, and end deportation quotas.

Xi Jinping's purge should worry the world

China's recent purge of top generals, including Zhang Youxia, the most senior uniformed officer, is the largest military shake-up in decades, signaling Xi Jinping's consolidation of power and a deepening internal crackdown. This unpredictability in Chinese politics comes as Prime Minister Sir Keir Starmer visits Beijing seeking stability, yet the purge raises concerns about the hollowing out of experienced military advice. While it might temporarily disrupt the PLA's operational effectiveness, the greater risk is that Mr. Xi will be surrounded by "yes-men" unwilling to offer honest assessments, potentially increasing the danger of a miscalculated invasion of Taiwan. This hollowing out of

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the Central Military Commission leaves only Mr. Xi and a political commissar as active members.

The weak yen and the weakening dollar are signs of financial fragility

The yen's weakness, even against a declining dollar, and America's concern over Japanese bond market turmoil, are prompting talks of currency intervention, but this is a distraction from deeper financial fragilities. Japan's high net debt and the prime minister's plans for ill-timed fiscal loosening undermine its monetary credibility, despite recent inflation helping debt-to-GDP ratios. America's dollar decline is linked to Trump's tariffs, attacks on the Fed, and debt appetite, causing investors to hedge exposure. Both countries should avoid manipulating exchange rates, viewing them instead as economic indicators, and address underlying fiscal and policy issues to prevent further financial instability.

Haters on the right and left are wrong about

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London

London is unjustly maligned by both right-wing narratives portraying it as a crime-ridden "woke hellscape" and left-wing critiques that view its prosperity as detrimental to the rest of the UK. Data shows London is one of the world's safest major capitals, with falling violent crime rates, and its economic output per worker has struggled since 2008, harming the national economy. Labour should instead cherish London as a global financial and innovation hub, a magnet for talent with top universities and a significant contributor to national GDP. To revive its growth, the government must ease migration rules, promote housing development, and grant the mayor greater borrowing and tax-raising powers.

Africa's two biggest economies may be turning the corner

Nigeria and South Africa, sub-Saharan Africa's largest

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economies, which have seen a decade of decline, show signs of revival due to recent reforms. South Africa's prudent policies have lowered inflation, secured a sovereign debt upgrade, and opened state-owned firms like Eskom to market forces, attracting private capital. Nigeria has abandoned its multi-tiered exchange rate system, removed fuel subsidies, and improved oil production security. If sustained, these turnarounds could boost continental growth, potentially outpacing Asia's in 2026 as forecast by the IMF, but both nations need to intensify reform efforts to address persistent issues like high unemployment and organized crime.

Stop panicking about AI. Start preparing

Anxiety about AI's social impact, with warnings of job-crushing "tsunamis" and calls to slow innovation, overlooks the time society has to adapt. While AI feats are impressive, its diffusion into the workplace is incremental due to its "jagged frontier" and the slow pace of business process changes. This breathing space

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should be used by firms and governments to prepare, focusing on upskilling those most at risk of displacement and rethinking job roles to leverage AI's benefits. Companies should encourage AI adoption, mitigate its problems, and foster new talent by redesigning entry-level roles for judgment and analysis rather than grunt work, such as speedier rotations and less grunt labor.

LETTERS

The chronic weakness of the British state

Readers discuss the "chronic weakness of the British state," arguing that most successful initiatives come from local government or external sources, rather than central government. One letter attributes the state's paralysis to "defensive bureaucracy," where officials avoid decisions to prevent social media attacks, leading to a selection of

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uninspired leaders. Another suggests that effective organizations focus on clear outcomes, empower participants, remove barriers, and use data to track progress, citing the covid-19 PPE effort as an example.

Also this week, central banks, British politics, marine conservation, a Supreme Court case, transporting ships, peace prizes

A selection of other letters discusses various topics. One argues that lax fiscal policy can be as damaging as loose monetary policy and calls for unchecked borrowing to end. Another rejects the description of the Conservative Party as "close to death," highlighting its resilience and ongoing policy review. A third emphasizes the need for fully or highly protected marine protected areas to ensure effective conservation, based on scientific evidence. A historical background is provided for "supremacy-clause immunity" via the In re Neagle Supreme Court decision, and an anecdote about transporting a ship over

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mountains is shared. Finally, a reader predicts the inauguration of a peace prize by the new Board of Peace.

BY INVITATION

To protect itself, Europe needs the systems that make warfare work

Europe faces a critical security challenge due to America's shifting transatlantic policy and a lack of its own "strategic enablers" for modern warfare, such as satellites and intelligence networks. Despite increasing defense spending, Europe remains dependent on the US for crucial capabilities that bind manpower and armor into a credible fighting force. The authors argue that new defense funds must prioritize building a European backbone of these enablers, utilizing European technology and industry. Supporting Ukraine with these systems is presented as a proving ground for capabilities

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Europe itself needs to deter threats independently. This includes sovereign space assets, intelligence, surveillance, and reconnaissance (ISR) capabilities, and electronic warfare systems.

BRIEFING

Immigration agents have become Donald Trump's personal posse

Donald Trump's aggressive mass-deportation campaign and the conduct of Immigration and Customs Enforcement (ICE) have come under fire, particularly after two American citizens were fatally shot while protesting in Minneapolis. The administration initially smeared the victims but has since softened its tone, with Trump dispatching his border czar to oversee operations and promising "de-escalation." This intense backlash and declining public approval of his immigration policies

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have put the president on the defensive. Critics worry that ICE and Border Patrol, which have seen massive funding increases and rapid recruitment, are becoming politicized, paramilitary forces operating with impunity, reminiscent of past instances of state violence.

How to avoid common AI pitfalls in the workplace

Generative AI is increasingly integrating into workplaces, as seen in Pizza Hut's Plano lab, but its impact remains incremental rather than transformative for many businesses. Despite rapid improvements in AI models, a survey reveals that most executives have not seen an impact on labor productivity in the past three years, largely because general-purpose technologies take time to diffuse and require organizational adjustments. Companies must address behavioral issues, such as employee apprehension or overenthusiasm, by fostering trust and designing AI tools that fit existing workflows. Technical challenges, like hallucination reduction and

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robust safeguards for critical tasks, also demand investment, alongside organizational efforts to cultivate AI-literate talent and redefine metrics beyond simple usage targets.

UNITED STATES

Inside the movement challenging?and disrupting?ICE

In Minneapolis, a movement of non-violent activists, largely white and older, is actively challenging and disrupting federal immigration enforcement operations, following the fatal shootings of two protesters by ICE agents. This direct action, perfected in Minneapolis and spreading to other liberal cities, involves tracking federal vehicles and organizing blockades and sit-ins. The deaths of Renee Good and Alex Pretti, captured on video and initially mischaracterized by the Trump

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administration, have galvanized public opinion and led to a partial de-escalation of federal presence. While this is a victory for activists, the long-term impact on federal immigration tactics and accountability remains uncertain without congressional or judicial intervention.

Republicans are waking up to the awful optics in Minneapolis

Republicans are increasingly concerned about the public perception of the Trump administration's aggressive immigration crackdown in Minneapolis, especially after federal officers fatally shot two citizens. The administration's attempt to smear Alex Patti, a protester, and its questioning of his legal firearm possession, alienated gun-rights groups and even some MAGA loyalists. Polls show declining public approval for the immigration tactics and rising support for abolishing ICE, even among some Republicans. As a government funding deadline approaches, Democrats are using their leverage to demand constraints on ICE, suggesting a

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partial government shutdown is likely if Republicans, now sensitive to public opinion, do not concede.

How Congress viewed Donald Trump's Greenland grab

Donald Trump's attempt to annex Greenland is on hold, with talks now focused on a "framework agreement" rather than acquisition, despite his envoy's insistence on "total, unfettered access." The crisis highlighted Congress's passivity, as the legislative branch has historically surrendered its war-making authority to the commander-in-chief, a trend continued by Trump's repeated military actions and threats without congressional approval. While some Republicans privately disagreed with the Greenland grab, most feared crossing the president due to the loyalty of his base, illustrating his continued dominance over the party. The crisis has subsided for now, with officials working on a less public resolution.

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Knocking down social housing helped poor children prosper

New research by Raj Chetty and colleagues on the HOPE VI public housing redevelopment program in Philadelphia shows that replacing dilapidated towers with mixed-income housing significantly boosted the economic outcomes of poor children. Children growing up in these revitalized areas earned about 50% more by age 30, were more likely to attend college, and boys were less likely to be incarcerated, primarily due to positive interactions with wealthier neighbors. While the program led to the displacement of some original residents, the study suggests that the mingling of different income groups created a "causal effect of place" that improved life chances for the poorest children, offering hope for addressing intergenerational poverty through neighborhood design.

Republican states are censoring universities

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Republican-run states are increasingly legislating and restricting what professors can teach in universities, aiming to curb "wokeness" and align education with job-market demands. In Texas, institutions like Texas A&M and the University of Texas at Austin are seeing courses reviewed, faculty dismissed for discussing gender identity, and student groups monitored. A PEN America report identified 93 such bills filed in 32 states last year, with 21 passing, affecting over half of US college students. This campaign represents a political reversal, with right-wing efforts now leading the suppression of speech on campuses, as evidenced by a surge in cases documented by FIRE.

How Congress can rein in ICE?and start to redeem itself

Senator Susan Collins has a unique opportunity to lead Congress in reining in ICE's controversial tactics, given her reputation for bipartisanship, her role as Senate appropriations chair, and the direct impact of ICE's

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crackdown on her home state of Maine. With Democrats threatening a government shutdown over funding for Homeland Security, Collins could broker a compromise to ensure independent investigations into agent misconduct, mandate body cameras, and extend avenues for citizens to sue federal officials for constitutional rights violations. This moment offers her a chance to uphold civil liberties and affirm Congress's role as a check on the executive, potentially echoing Margaret Chase Smith's historic "Declaration of Conscience."

THE AMERICAS

How to tell if Venezuela is heading for democracy

Following Nicolás Maduro's capture, interim president Delcy Rodríguez, backed by Donald Trump, is implementing economic reforms, including oil deals with

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the US and changes to hydrocarbons and mining laws, boosting initial optimism among Venezuelans. While the regime has released around 300 political prisoners and promised dialogue, critics argue these are largely symbolic gestures to stall for time without conceding real democratic change. True signs of transition would include allowing political exiles to return freely, ensuring press freedom, and instituting genuine reforms to the electoral and Supreme Court authorities.

Mark Carney understands the new world, but can he survive it?

Canada's Prime Minister Mark Carney is navigating a complex geopolitical landscape, including strained relations with the US under Donald Trump, who has threatened tariffs and encouraged Albertan secession. Despite a recent tax break for poorer families and a trade deal with China, Canada's economy grew by only 1% in 2015. Carney must also contend with rising secessionist movements in Quebec and Alberta, the latter frustrated

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by federal regulations limiting oil and gas infrastructure. His challenge is to balance domestic economic anxieties and separatist pressures with maintaining crucial international trade relationships, especially given his minority government.

China's rare-earth chokehold terrifies the West, but Brazil benefits

Brazil is emerging as a significant player in rare-earth production, aiming to help Western countries reduce their reliance on China, which dominates mining and processing. With nearly a quarter of global known deposits and a robust extractive industry, Brazil is developing a national strategy for rare earths, driven by ambitions for high-tech innovation and diplomatic leverage. Despite challenges like production issues and licensing delays, the inflow of foreign capital and US initiatives like guaranteed floor prices are attracting new miners. However, President Lula's protectionist rhetoric could hinder the full potential of this industry.

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ASIA

Taiwan's new opposition leader wants to talk to Xi Jinping

Cheng Li-wun, Taiwan's new opposition leader, plans to resume dialogue with China's Communist Party and hopes to meet Xi Jinping to advance peace across the Taiwan Strait, despite China's increased military drills. Her strategy involves accepting that Taiwan's people are Chinese and blocking efforts to boost defense spending, arguing Taiwan cannot match China's firepower and that American support is wavering under President Trump. This approach is controversial within her party and with America, but Ms. Cheng believes prioritizing cross-strait relations and negotiations over military buildup will avert conflict and win over voters in the 2028 presidential election.

For the first time in 54 years there are no

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pandas in Japan

Japan is without pandas for the first time in 54 years, as twins Xiao Xiao and Lei Lei returned to China. This absence, marked by tearful farewells, symbolizes worsening relations between Japan and China. While officially due to loan expiration, experts suggest China would have sent replacements if diplomatic ties were strong. The cooling relations follow Japan's prime minister suggesting military intervention over Taiwan and China's retaliatory trade restrictions.

The too-slow change of Indian agriculture

India's agricultural sector remains in urgent need of reform due to low productivity, despite Narendra Modi's past unsuccessful attempts at modernization. Distorted incentives from subsidies and government price controls hinder progress, but rising agricultural wages and increased government benefits for rural areas may make farmers less resistant to change now. While some market

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liberalization is happening "by the back door" through initiatives like contracting, a comprehensive "1991 moment" of deregulation is needed to truly boost productivity and diversify the economy away from hydrocarbons.

Thailand's liberals face a tricky election

Thailand's liberal People's Party faces a difficult election on February 8th, struggling in polls after its predecessor, Move Forward, was dissolved and its charismatic leader, Pita Limjaroenrat, banned from office. The party has had to drop its stance on reforming lèse-majesté laws and lacks the star power of its banned leaders. Momentum is instead with construction tycoon Anutin Charnvirakul and his Thai Pride Party, who became prime minister leading a minority government in September 2025 and is skillfully combining populist economics with support for the monarchy and military.

Takaichi Sanae relies on her keenest fans in

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Japan

Japanese Prime Minister Takaichi Sanae, who models herself on Margaret Thatcher and has inspired passionate "Sanakatsu" fandom, hopes her snap election on February 8th will translate this popularity into a strong mandate. Her appeal stems from her identity as Japan's first female prime minister and her image as a different kind of LDP leader, working her way up from humble roots and focusing on hard work rather than backroom politics. However, public disapproval of her calling a snap election, seen as a typical political machination, suggests her fandom may be fickle, potentially jeopardizing the LDP's slim majority.

CHINA

What Xi Jinping's purge of China's most senior general reveals

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Xi Jinping's recent purge of General Zhang Youxia, China's most senior uniformed officer, and General Liu Zhenli, head of the joint staff department, marks the most dramatic shake-up of the PLA's high command since 1971. This leaves only Xi and the disciplinary chief as active members of the Central Military Commission, signaling deep-seated issues with corruption, combat readiness, and insubordination towards Xi's authority. The upheaval could temporarily disrupt the PLA's operational effectiveness, but Western analysts worry it might also lead to Xi being surrounded by "yes-men," increasing the risk of overestimating military capabilities, particularly regarding a Taiwan invasion.

Xi Jinping is immensely powerful. Why can't he stamp out corruption?

Despite Xi Jinping's fierce war against graft since 2012, with promises to build a party where officials "dare not, cannot and do not want to be corrupt," investigations and

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punishments for corruption surged in 2025, reaching over a million people. The problem persists particularly within the 2m-strong People's Liberation Army (PLA) and among civilian officials, where promotion-buying and bribery remain common, fueled by increasing budgets in strategic sectors. Paradoxically, the campaign's harsh penalties, including solitary confinement and alleged torture, may deepen "small-circle politics," forcing fearful officials into closer personal networks where corruption still thrives through informal gift-giving and trust signals.

Behind China's race to build aircraft-carriers

China plans to build six new aircraft-carriers before 2035, more than doubling America's construction pace and potentially outnumbering US carriers in the Pacific. Its latest carrier, Fujian, uses an advanced electromagnetic catapult, and a nuclear-powered carrier is under construction, indicating increasing

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sophistication and range. While experts question China's ability to maximize these vessels' effectiveness in daily sorties, its navy has made progress in dual-carrier operations and distant deployments. These plans suggest broader ambitions beyond Taiwan, aiming for sea control and power projection to protect shipping and disrupt adversaries' maritime trade, challenging America's long-standing naval dominance in the region.

Chaguan

Chaguan explores concerns about China's annual lunar new year migration, with officials worried that rural migrant workers, facing fewer jobs in cities, might "stick around" in their home villages. While the economic slowdown is more permanent than past downturns and rural areas offer less of a fallback, job opportunities are still drawing most migrants back to cities after the holiday. However, younger generations are showing a shifting ambition, prioritizing family and staying closer to home, with fewer migrants crossing provincial lines.

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This trend of people settling down presents a new challenge for state planners relying on mobile labor for economic growth.

MIDDLE EAST & AFRICA

The case for optimism in South Africa

South Africa, after a decade of economic decline, is showing "lekker vibes" of optimism due to market-based reforms initiated by President Cyril Ramaphosa's government, bolstered by a coalition with the Democratic Alliance. State-run firms like Eskom are being opened to market forces, dramatically reducing blackouts and spurring investment in renewables, while Transnet is privatizing port operations and opening freight rail to private operators. Macroeconomic indicators are improving, with fiscal surpluses, falling debt-to-GDP ratio, and a sovereign debt upgrade.

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However, significant challenges remain, including high unemployment, organized crime, and unresolved issues in logistics and water, requiring continued reform urgency.

Nigeria's economy may be back from the brink

Nigeria's economy, after a decade of decline, shows "green shoots" of recovery under President Bola Tinubu, who inherited a severe financial crisis with an insolvent central bank and ruinous fuel subsidies. Tinubu's drastic structural reforms, including abolishing fuel subsidies and allowing the naira to float, combined with aggressive monetary tightening, are beginning to pay off. Inflation has fallen from a nearly 30-year high, the economy is expected to grow by 4.4% in 2026, and foreign-exchange reserves have significantly increased. This stability is restoring investor confidence, attracting major oil firms, but the government still faces challenges in curbing public debt and ensuring the benefits reach ordinary

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Nigerians.

Congo's regime hounds its opponents

Congo's government, led by Félix Tshisekedi, is escalating a crackdown on opposition figures, arresting politicians and activists, and banning parties, as worsening conflict in the east fuels paranoia and repression. Associates of former President Joseph Kabilé are particularly at risk, with Kabilé sentenced to death for treason in absentia. The repression, which includes arbitrary arrests, incommunicado detentions, and humiliating social media videos, appears to be a distraction from the government's inability to control eastern Congo and the failure of a US-brokered peace deal. Human-rights groups note the unprecedented breadth of the arrests, warning that such tactics could create powerful new enemies.

Is America about to attack Iran?

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Donald Trump has warned Iran of a "massive armada" heading its way, threatening "far worse" attacks if it doesn't make deals on its nuclear program, missile production, and foreign policy. This credible threat comes as the USS Abraham Lincoln aircraft-carrier reaches the Gulf of Oman, supported by other military assets and surveillance aircraft suggesting imminent action. Diplomats consider scenarios ranging from symbolic strikes against the Revolutionary Guard Corps to broader attacks aiming to topple the regime, or a hybrid operation targeting leaders. While a deal remains possible, Iran's leaders remember Trump's past actions, raising the stakes for a potential conflict.

Hizbullah, Iran's most powerful proxy, has been humbled

Hizbullah, Iran's most powerful proxy, has been significantly weakened since its leader, Hassan Nasrallah, died in September 2024, and as unrest spread in its patron country, Iran. Militarily and financially

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diminished, the group has seen its cash sources disrupted by sanctions and the removal of Nicolás Maduro in Venezuela, and its leadership hollowed out by Israeli strikes and assassinations. While its political cover in Lebanon has eroded, Hizbullah retains power by returning to decentralized methods of guerrilla warfare and smuggling. However, its increasing direct dependence on the Islamic Revolutionary Guard Corps and Lebanese resentment over unaddressed reconstruction indicate an uncertain future.

Prisons holding jihadists in Syria are no longer secure

Prisons holding jihadists in northeast Syria, particularly the al-Hol detention camp for foreign militants, are no longer secure after a government offensive retook territory from the Syrian Democratic Forces (SDF). Kurdish guards fled, replaced by fighters sympathetic to the inmates, leading to dozens of women escaping the foreigners' annexe. This collapse of the status quo, after

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nearly a decade of legal limbo where Western governments refused to repatriate their citizens, has created a severe security risk. America is now moving thousands of dangerous detainees to Iraq, as the danger of ignoring these camps, which serve as recruitment grounds for IS, becomes acutely apparent.

EUROPE

Europe is at China's mercy to get crucial raw materials

Europe is heavily dependent on China for rare earths, essential for electric cars, wind turbines, and fighter jets, a vulnerability exposed by China's export restrictions. Despite Europe's industrial-heavy economy and high import needs, it lags behind America and Japan in securing alternative supplies and developing robust supply chains. The EU's efforts, like the ResourceEU

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strategy and critical raw materials center, are hampered by limited funding and a fragmented, rule-bound approach compared to America's muscular, money-backed projects. While the EU aims to leverage its large market and stable rules to create guaranteed demand for new projects, it needs to act with greater urgency and investment to reduce its critical reliance on China.

Europe's long-awaited free-trade deal with India

Europe and India have signed a free-trade pact and a security and defense partnership, partly spurred by Donald Trump's protectionist policies, signaling their shared interest in preserving strategic autonomy as secondary global players. While the trade deal's immediate impact will be limited due to India's protectionism and their existing trade volumes, it includes significant tariff reductions on European cars and promises improvements on non-tariff barriers. The

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broader accords aim to promote long-term cooperation in defense, skilled migration, and research, demonstrating that both the EU and India are actively seeking options beyond the influence of global superpowers.

Near the front line, Russians are growing tired of war

Residents in Russia's Belgorod region, near the Ukrainian border, are growing tired of the ongoing war, experiencing conflict fatigue despite official attempts to portray the city as heroic. Villages like Kozinka have been evacuated, and Belgorod city faces blackout threats after Ukrainian missile strikes, disrupting daily life. Locals, many with cross-border ties to Ukrainians, express disillusionment, with a survey showing a quarter feel "devastated and disappointed" and only 6% supporting military operations. Governor Vyacheslav Gladkov's efforts to suppress "internal enemies" who "sow discontent" highlight official paranoia, as grass-roots volunteer movements are viewed with

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suspicion.

Viktor Orban may lose his next election

Viktor Orban, Hungary's populist-right prime minister, faces a significant challenge from Peter Magyar's opposition Tisza party, which leads in recent polls, driven by public outrage over corruption and economic stagnation. Magyar, a Fidesz defector, has gained popularity by campaigning tirelessly and focusing on corruption, inflation, and public services, while avoiding overt liberal stances. Despite Tisza's poll lead, the April 12th election is considered "not fair" due to Fidesz's financial and propaganda advantages, distribution of gifts, and a systematically biased electoral system designed to exaggerate its majorities in single-member districts, meaning Tisza needs a substantial lead to win.

The Paris Metro is getting a dazzling extension

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Greater Paris is undergoing its largest underground network expansion in half a century, with an expected ?40bn budget to add 200km of driverless Metro lines and 68 new stations, creating loops around the outer suburbs. Some new stations, like Villejuif?Gustave Roussy, are celebrated architectural gems designed to invite descent without dread. This project aims to dissolve barriers between central Paris and its outer suburbs, with initiatives like a single-price ticket fostering a sense of a "region without borders," prioritizing style and convenience to ensure residents feel dignity regardless of where they live.

Charlemagne

Europe's long-lost empires continue to shape the continent, influencing its geopolitical role and the integration of its armed forces. The legacy of empire led France to renege on a single-army treaty in 1954, fearing it would hinder colonial control, thus cementing Europe's reliance on American defense. This past also contributes

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to delusions of grandeur among some Western European powers, who "cosplay" as global forces, and has facilitated rapid immigration from former colonies. While empire's memory divides countries and creates informal spheres of influence, Europe now faces the paradox of outsiders shaping its future, reminiscent of its own imperial past, but with Europe potentially as the one being "swooped upon."

BRITAIN

How London can rise again

London's economy has struggled since 2007, impacted by the financial crisis, Brexit, and the pandemic, leading to a decline in productivity and its stock market. Despite these challenges, London retains core strengths as a global legal, financial, and academic hub, attracting immense talent, with over 60% of its workforce being

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graduates. To revive its growth, the Labour government must prioritize London's success by addressing high housing costs, which deter skilled workers and drive internal migration, and by investing in infrastructure like faster broadband and airport capacity. Policymakers should also ease migration rules to maintain London's appeal as a magnet for global talent, enabling it to reinvent itself for the AI revolution.

Sadiq Khan is not the mayor right-wingers imagine him to be

London Mayor Sadiq Khan, despite being a frequent target for right-wing politicians like Donald Trump, holds limited powers and uses them modestly, making him less prominent than his predecessors. His main accomplishment is improving London's air quality through the Ultra-Low Emissions Zone (ULEZ) expansion, a practical but often invisible achievement. While Trump attacks him to appeal to his ethnic-nationalist base, Khan leverages these attacks to

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boost his popularity among Londoners. Khan embodies many Londoners' progressive yet traditional and somewhat discontented nature, reflecting the city's unique blend of liberalism, piety, and underlying grumpiness.

London is Labour's last bastion

London is the only British region that would re-elect Sir Keir Starmer's Labour government today, with two-fifths of potential Labour MPs coming from the capital, according to polls. However, Labour's vote share in London has fallen significantly since 2024, and the city is now the most politically fragmented region in England. The Green Party and left-wing independents are gaining ground, while right-wing parties like the Tories and Reform UK pose threats in specific constituencies. Labour faces heavy losses in upcoming local elections in May, highlighting the party's vulnerability even in its stronghold, despite its local organizational strength.

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London is far safer than violent viral videos will have you believe

Despite viral social media content portraying London as a hotbed of violence and knife crime, data reveals that violent crime in the city has been declining for years, with homicides at their lowest since comparable records began. London is statistically safer than major cities like Paris, Berlin, and New York. This manufactured panic is largely fueled by social media exaggeration, with posts about "London crime" and "Londonistan" doubling in recent years, often blaming migrants or Islam, and possibly driven by financial incentives for inflammatory content. However, polls show a growing perception of unsafety among Britons outside London, contrasting sharply with Londoners' own sense of security.

How London became the rest of the world's startup capital

London has established itself as the world's

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fourth-largest venture hub and the leading startup capital outside America, producing more unicorns than Berlin, Paris, and Tokyo combined. Its success is attributed to three main factors: a deep talent pool, drawing graduates and specialists from top universities and global AI firms; a diverse and welcoming culture for immigrants, with entrepreneur-friendly visa schemes; and access to early-stage capital, especially in quantum technology. Despite challenges like losing promising firms to larger markets and business confidence concerns, London's strong alumni networks from successful fintech and AI companies continue to seed new ventures, although rival hubs like Dubai and Silicon Valley pose increasing competition.

The cost of the cost-of-living obsession

Britain's government, led by Sir Keir Starmer, is obsessively focusing on the "cost of living" crisis, prioritizing discounts and cost-saving measures, even in areas like net-zero policies and local elections. This

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strategy, aimed at combating negative polling, sometimes leads to absurd decisions and risks treating voters as mere customers rather than citizens. While Labour pledges to lower living costs, it simultaneously implements policies that increase costs for businesses and makes it harder to buy cheap imports. This myopic focus overlooks fundamental economic trade-offs and risks future blame if external forces, rather than government action, drive any improvement in living costs.

INTERNATIONAL

Lots of world leaders are attacking Europe. Why?

Europe faces widespread criticism from global leaders like Donald Trump, Xi Jinping, and Vladimir Putin, who frequently portray it as weak, ungrateful, and

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fragmented. While Europe indeed has its challenges, such as slow decision-making and a history of complacency on defense, this "Euro-derision" often serves the domestic political agendas of the attacking leaders. Trump's complaints about European free-riding on defense or medicine prices reflect his "America First" policies, while China downplays Europe's social contract to justify its own authoritarian model. Ukraine's President Zelensky's frustrations, though understandable, also overlook Europe's substantial financial support.

BUSINESS

Will the smartphone survive the AI age?

The smartphone duopoly of Apple and Google faces a significant challenge from new AI-powered devices being developed by OpenAI, Meta, and Amazon, who seek to disrupt the market and address long-standing

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grievances with the smartphone tribute system. While smartphone shipments are expected to fall due to rising chip prices and increased competition for foundry capacity from AI chipmakers, Apple and Google are deepening their AI collaboration. However, rival companies are developing smart glasses and AI assistants designed to shift consumer interaction to platforms better suited to their business models, though they face hurdles like privacy concerns and technical limitations such as overheating and limited battery life.

Ryanair might be the world's most successful airline

Ryanair, led by the "outspoken" Michael O'Leary, has become Europe's largest and most successful airline, achieving high net margins and significant share growth by perfecting the low-cost carrier model. Its success stems from a "laser-like focus on costs," utilizing cheaper airports, a single plane type, and high aircraft utilization, while maintaining a deeply conservative

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approach to its product. Ryanair has capitalized on weakened competition, swiftly reallocating planes to profitable routes and leveraging its strong balance sheet to weather storms and acquire planes cheaply. O'Leary's confrontational style, though controversial, has served shareholders well, and with a massive new plane order, Ryanair's ascent shows no sign of stopping.

How porn stars can survive in the age of AI

The adult-entertainment industry, gathered at the AVN Expo in Las Vegas, faces its biggest technological upheaval yet with the rise of AI, which can easily create explicit content and digitally disrobe people. Performers are responding by trademarking names and renegotiating contracts to protect against AI training, while others embrace the technology for video editing and fan interaction. AI startups are showcasing sex dolls with conversational abilities and tools for creating digital replicas of performers. However, the unpredictability of AI and fans' desire for human interaction mean that

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up-close, in-person experiences and human verification are becoming increasingly important for porn stars to distinguish themselves from AI rivals.

How big a threat is AI to entry-level jobs?

AI poses a significant, though inconclusive, near-term threat to entry-level jobs, potentially reshaping organizational hierarchies into a "diamond" with fewer junior roles. While data is mixed, there are valid concerns that AI can efficiently perform the document-heavy grunt work traditionally assigned to new employees, questioning the value of early-career experience. However, managers have three strong reasons not to eliminate these jobs: the uncertainty of AI's long-term impact, the need for a future talent pipeline, and the advantage of nurturing AI-literate young workers who lack ingrained habits. Optimistically, AI could elevate entry-level roles by freeing trainees for higher-order tasks like client interaction and negotiation.

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The Gulf's family businesses have a growing succession problem

Family businesses in the Gulf, which are economic linchpins contributing significantly to GDP and employment, face a growing and messy succession problem as patriarchs die without clear plans. Large families, Islamic inheritance laws, and the blurring of personal and corporate assets complicate transitions, leading to disputes that risk tying up hundreds of billions in capital by 2035. Governments in Saudi Arabia and the UAE are nudging businesses to improve governance and succession planning through new laws and guidelines, but cultural resistance and a generational divide, with younger heirs preferring tech startups over traditional industries, make this an urgent and challenging task.

Silicon Valley wades into a trade spat with South Korea

Coupang, South Korea's e-commerce giant, is at the

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center of an international dispute involving Silicon Valley investors, the Trump administration, and the South Korean government, illustrating the politicization of global trade. After a significant data breach, Coupang faces substantial fines and antitrust investigations from the South Korean government, which its American venture capital backers claim are politically motivated "attacks" violating the US-Korea Free Trade Agreement. These investors have sought intervention from the US Trade Representative and Vice President J.D. Vance, with Donald Trump threatening tariffs on South Korea, despite its pragmatism, adding layers of geopolitical tension to a corporate issue.

How IBM became an AI darling

IBM has achieved a remarkable turnaround over the past three years, seeing its share price more than double and revenues and net profit rise, by reinventing itself as an AI darling. The strategy involved acquiring Red Hat to become an orchestrator of hybrid clouds, allowing

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companies to manage workloads across various data centers without competing directly in the public cloud. IBM also developed small, business-tailored AI models under the "Granite" name, accessible via its watsonx platform, and refashioned its consulting arm to focus on AI implementation. Furthermore, the company continues to innovate in mainframes and is at the forefront of quantum computing, positioning it well against AI disruption.

Schumpeter

The legal battle between Elon Musk and OpenAI, revealing documents about its founding and governance, suggests that despite AI's revolutionary potential, its leaders are behaving like "normal capitalists." OpenAI's shift from a non-profit to a public-benefit corporation, with capped returns for investors, shows the struggle to balance growth with its initial altruistic mission. Four factors explain this: founders' self-interest, intense competition in the AI industry, the need for capital

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demanding investor returns, and lessons from past "do-goody" movements like ESG that failed to withstand commercial pressures. This normalization suggests that the AI boom might follow a typical cycle of hype and eventual correction rather than leading to humanity-ending risks.

FINANCE & ECONOMICS

Why AI won't wipe out white-collar jobs

Despite dire predictions of job displacement from AI, white-collar workers are largely thriving, with employment and real wages increasing since ChatGPT's launch. Historical parallels with earlier digital revolutions show that technology tends to reshape, not replace, entire jobs, automating routine tasks while raising productivity and directing human effort toward higher-value activities like analysis and judgment.

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Today's AI, with its "jagged intelligence," excels at specific cognitive tasks but struggles with edge cases and discretion, making it more likely to augment human capabilities rather than eliminate roles. While routine back-office and some entry-level jobs are vulnerable, AI is also generating entirely new occupations, suggesting a "cyborg workplace" where human and machine capabilities combine.

Just how debased is the dollar?

The dollar's recent weakness, hitting a four-year low against other currencies, is welcomed by President Trump as a boost for exports but is feared by investors as a sign of financial debasement. While gold's surging price supports the "debasement trade," other American assets like the S&P 500 and Treasury bonds remain strong, complicating the narrative. One explanation is that the dollar, despite its recent decline, remains strong by historical standards, and is overvalued against many currencies according to the Big Mac index. Another

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reason is foreign investors hedging their exposure to American assets, a practice that, if continued, especially with potential Fed rate cuts, could exacerbate downward pressure on the dollar, eventually leading to a full "sell America" scenario.

The West and Ukraine are capsizing Russia's shadow fleet

Western countries and Ukraine are intensifying efforts to disrupt Russia's "shadow fleet," a large network of older vessels used to ship embargoed oil, previously assembled by Iran. Sanctions are blacklisting ships en masse, and secondary penalties are deterring buyers, forcing vessels to take longer routes and transfer cargo more often, reducing their productivity. Efforts to render blacklisted tankers flagless have led to the seizure of stateless vessels by America and Britain, while Ukraine is conducting brazen drone and mine attacks on tankers, even in the Mediterranean. These actions are increasing war-risk insurance premiums and driving down the price

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of Russian Urals crude, significantly impacting Russia's oil revenues and state finances.

Our Big Mac index carries an Asian warning

The Economist's Big Mac index reveals that the Japanese yen is deeply undervalued, with a Big Mac costing roughly half the price of one in America, signaling a significant misalignment. This undervaluation isn't unique to Japan; other major Asian economies like China and India also show cheap currencies according to the burger-based purchasing-power parity. While America's dollar has fallen, it hasn't weakened enough to reflect its diminished buying power, and President Trump's rhetoric and signals of support for a stronger yen are influencing markets. However, a return to grand currency diplomacy, like the Louvre Accord, is unlikely.

The fate of Japan's \$6trn foreign portfolio rattles global markets

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Japan's \$6trn foreign portfolio, accumulated over two decades of low domestic interest rates and a weak yen, is now unsettling global markets as yields on Japan's 30-year government bonds hit a 25-year high. Concerns that Japanese investors might repatriate their money are rising, with America's treasury secretary blaming Japanese market disruptions for increased US borrowing costs. Historically, Japanese life insurers hedged foreign investments, but rising American short-term rates have made currency swaps expensive, reducing their hedging and foreign exposure. Meanwhile, unhedged investors like pension funds are increasing foreign holdings, making them more sensitive to rising domestic rates and a stronger yen, which could trigger a self-reinforcing sell-off.

Why is the yen still so weak?

Despite the Bank of Japan raising interest rates from -0.1% to 0.75% over two years, the yen remains stubbornly weak, confounding expectations that higher

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yields would strengthen the currency. Some attribute this to a slow-motion fiscal crisis, with the Bank of Japan's ongoing bond-buying suppressing yields and demand for the yen. While Japan's fiscal situation has improved with shrinking net debt-to-GDP and inflation boosting tax receipts, real interest rates remain low compared to other rich countries, reflecting its low-growth economy. Political risks, such as Prime Minister Takaichi Sanae's call for a snap election and plans for fiscal expansion, could further complicate monetary policy and potentially trigger a fiscal crisis if real interest rates rise.

SCIENCE & TECHNOLOGY

For the first time in half a century, astronauts are going to the Moon

For the first time in 53 years, astronauts are preparing to return to the Moon aboard Artemis II, a test flight for

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NASA's Space Launch System (SLS) rocket and Orion spacecraft. While Artemis II will orbit but not land, it signifies a new space race, with China planning its own crewed Moon landing by 2030. The mission has faced delays due to issues like heat shield damage from the uncrewed Artemis I, and the subsequent Artemis III landing mission in 2027 is also likely to be pushed back due to SpaceX's Human Landing System (HLS) running behind schedule, particularly on in-orbit refueling. China's more conventional, two-rocket approach for its Mengzhou capsule and Lanyue lander appears less risky, raising concerns that taikonauts might reach the lunar surface before astronauts.

Should the Arctic be refrozen?

The thawing Arctic, seen as a geopolitical threat by Donald Trump and a critical climate concern by activists, has prompted discussions on geoengineering solutions like marine-cloud brightening (MCB) and stratospheric aerosol injection (SAI). Computer models suggest MCB,

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which involves spraying sea salt into the troposphere to create reflective clouds, could preserve Arctic sea ice with minimal side effects elsewhere. In contrast, polar SAI, using sulfur dioxide in the stratosphere, is technically feasible with everyday planes but risks damaging the ozone layer and altering rainfall patterns globally, posing significant legal and geopolitical challenges. While a global cooling strategy with SAI is theoretically more effective, the argument for geoengineering the Arctic is complex, balancing environmental benefits with potential unintended consequences and international opposition.

How to get power naps right

Power naps, particularly short ones lasting ten to 30 minutes, offer significant benefits for mood, alertness, and memory, and habitual napping may even reduce the risk of heart disease and brain shrinkage. However, timing is crucial; sleeping too long can lead to grogginess and disrupt night-time sleep, and regular

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extended naps have been linked to increased risks of diabetes, cardiovascular issues, and Alzheimer's. While some sleep experts argue humans are biologically inclined towards biphasic sleep, the practicality of midday naps is limited for many workers. Research suggests that a "nappuccino" (coffee followed by a nap) can be more effective than just coffee for improving alertness and even reversing the effects of poor night-time sleep.

CULTURE

What to read to understand the Arctic

Kenneth Rosen's "Polar War" offers timely reportage on the Arctic, now a geopolitical hotspot due to Donald Trump's pursuit of Greenland and the region's increasing strategic importance. The book highlights growing competition from Russia and China as melting ice opens

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new sea routes, and argues that America's infrastructure in the Arctic is literally falling apart, making it more reliant on European allies like Norway. Despite some flowery prose, Rosen's immersive reporting underscores the immense difficulty of operating in the harsh Arctic environment, emphasizing that any conflict in the region would necessitate strong international cooperation.

Do Democrats need another centrist old white man?

Jon Ralston's biography, "The Game Changer," revisits the consequential life of Harry Reid, a devout Mormon, pro-gun, anti-abortion centrist who served as Senate majority leader for eight years. Reid, known for his brusque pragmatism and ruthless political tactics, successfully negotiated the Affordable Care Act, prioritizing tangible goals over ideological purity. While his heterodoxy and controversial comments might alienate modern Democrats, the book suggests that such clear-eyed ruthlessness and ability to build broad

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coalitions, rather than rigid adherence to party lines, ultimately made him a highly effective and powerful legislator.

Run for your life! The world, according to the Oscars

This year's Oscar nominees for Best Picture depict a frantic, politically charged world where heroes are constantly on the run, dodging injustice and prejudice. Films like "Sinners," "One Battle After Another," and "Marty Supreme" are expansive, genre-bending narratives that reflect a sense of life being mercurial and unfair. They defiantly weave in political themes, from lawless militias hunting immigrants to white-supremacist cabals, and maintain vivid discussions of race and antisemitism, often through symbolic moments. While dominated by male protagonists, "Hamnet" stands out with its quiet, female-centered focus on William Shakespeare's marriage and the tragedy of losing a child.

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What are novels for? George Saunders has answers

George Saunders's new novel, "Vigil," building on his Booker-winning "Lincoln in the Bardo," explores the purpose of fiction by allowing characters to "clamber inside other minds" through a unique supernatural plot device. The story unfolds around the deathbed of a former big-oil CEO, K.J. Boone, whose passage is eased by the spirit of Jill Blaine, who, along with other ghosts, can plunge into and share the feelings and memories of the dying man and others. Despite occasional kookiness and overt environmental politics, Saunders's zany prose and restless invention push the boundaries of the novel form, affirming its power to foster compassion and human connection amidst ponderings on morals and mortality.

How Russian brainrot became a hit for children

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"Sigma Boy," an electropop track by two Russian tweens with unintelligible lyrics, has become a viral hit on British playgrounds and social media, racking up 270m YouTube streams. The song, which uses "sigma" a term from the manosphere, has alarmed some parents who worry about its influences. Ukraine's government has claimed it could be Russian propaganda, promoting themes of "dominance, masculinity and contempt for the 'weak'." This phenomenon highlights how little adults understand the perplexing ecosystem of children's social media and the evolving tactics of disinformation.

Age gaps in relationships are not as bad as you think

While most couples tend to be similar in age, with a global average age gap of 4.2 years (husbands typically older than wives), new evidence suggests that age gaps are not as detrimental as commonly assumed. This traditional pattern is partly explained by evolutionary preferences for fertile partners and

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resource-accumulating mates, leading to more children in unions where the husband is slightly older. However, social norms are changing, with age gaps on screen and in real life becoming smaller. Despite social disapproval and concerns about power imbalances, studies indicate that relationships with larger age gaps can be relatively happy, lasting just as long, and sometimes even associated with higher life satisfaction.

ECONOMIC & FINANCIAL INDICATORS

Economic data, commodities and markets

No significant coverage this issue.

OBITUARY

Mark Tully spoke to Indians as one of them

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Mark Tully, the veteran BBC reporter and writer, who died at 90, was revered in India for speaking truth to power and connecting ordinary Indians to the world, reporting on critical events like the Bhopal disaster and the Golden Temple attack. Despite being an Englishman, he lived in Indian style, spoke fluent Hindi, and deeply understood the country's culture, albeit with frustrations over bureaucracy and poverty. He championed India's unique genius, criticizing Western models of progress, and was deeply troubled by the rise of Hindutva. His career-long balancing act extended to his personal life and his critical, yet loving, view of India.