The Weekly Digest

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THE WORLD THIS WEEK

Politics

Steve Witkoff and Jared Kushner, Donald Trump?s mediators in the Ukraine war, met Vladimir Putin in Moscow to discuss a peace plan, but no concrete outcomes emerged. Putin reiterated threats against Europe, which was excluded from negotiations, while NATO foreign ministers expressed support for Ukraine without offering new initiatives. Ukraine's chief negotiator resigned amid a corruption scandal, with the new negotiator set to meet American counterparts in Florida. The EU is debating how to use frozen Russian assets for Ukraine, with a complex proposal now offered, and agreed to a permanent ban on Russian gas imports by 2027. Putin is also scheduled to visit India to discuss trade, weapons, and energy with Narendra Modi, aiming to demonstrate Russia's international relations are healthy despite sanctions. In Honduras, a presidential election remains too close to call, with Trump supporting a conservative candidate but astonishingly pardoning a former Honduran president convicted of cocaine trafficking. Pete Hegseth, America?s secretary of war, faced pressure over a Caribbean bombing that killed two people clinging to wreckage, which he defended as "fog of war." The Trump administration suspended immigration visas for 19 countries amid a crackdown, singling out Somali migrants as "garbage." Republicans narrowly held a congressional seat in Tennessee, with Democrats closing the gap despite a left-wing candidate. Binyamin Netanyahu, Israel?s prime minister, requested a presidential pardon in his fraud trial, while Israel reopened the Rafah crossing for Palestinians to leave Gaza. Guinea-Bissau's electoral commission announced that presidential election results could not be published after armed men destroyed ballot papers, fueling coup speculation. Nigeria replaced its defence minister following a surge in kidnappings and Islamist attacks. Flooding and landslides caused over 800 deaths in Indonesia, with hundreds more dead or missing in Thailand, Malaysia, and Sri Lanka. Hong Kong's chief executive ordered an investigation into the city's deadliest fire in 77 years, which killed 159, with 15 arrests made. Tajikistan tightened border security with Afghanistan after five Chinese nationals were killed in attacks originating from Badakhshan. Britain's justice secretary David Lammy outlined plans to scrap jury trials for cases with sentences of three years or less to clear court backlogs, a move critics argue undermines British justice. The British government delayed a decision on China's new mega-embassy in London due to espionage concerns.

Business

The Michael and Susan Dell Foundation pledged $6.25bn to fund investment accounts for 25m American children, the largest charitable donation for children in the US. This initiative aims to encourage family savings, complementing a Treasury program that deposits $1,000 into investment accounts for children born between 2025 and 2028. Germany's chancellor, Friedrich Merz, formally requested the EU to exempt plug-in hybrids and efficient petrol cars from a 2035 combustion engine ban, citing challenges for Germany's car industry. Sam Altman, OpenAI's CEO, warned staff that they must focus on improving ChatGPT to avoid falling behind rivals like Anthropic's Claude and Google's Gemini, delaying other initiatives. Apple, facing AI criticism, hired Amar Subramanya from Microsoft (who previously worked at Google on Gemini) to oversee its AI technology, highlighting fierce competition for talent. Taiwan's economy grew 8.2% in the third quarter, driven by the AI boom and strong exports from chip manufacturers like TSMC and data-center equipment makers like Foxconn. China's government reportedly ordered two major private providers to suspend monthly house sales data releases amid expected declines, further obscuring the struggling property market. American Eagle's share price rose after record Thanksgiving sales and an improved outlook, boosted by a successful, albeit controversial, advertising campaign featuring Sydney Sweeney. Starbucks agreed to pay $38.9m to settle a New York lawsuit for not providing stable work rosters, with the company citing complex regulations and the incoming mayor vowing support for workers. Prada acquired Versace for $1.4bn, a price significantly lower than its previous sale in 2018, with Donatella Versace welcoming the deal. BP withdrew from a major hydrogen plant project in northern England, which was crucial for net-zero emissions goals, because the landowners now plan to build a "critical national importance" data center instead.

The weekly cartoon

No significant coverage this issue.

LEADERS

How AI is rewiring childhood

Artificial intelligence is rapidly transforming childhood, with AI-powered toys, games, and educational tools becoming widespread. This technology promises personalized learning and entertainment, potentially offering every child an upbringing previously exclusive to the wealthy. However, this future also carries risks, including the potential for atomization, loneliness, and the creation of adults ill-equipped for real-world interactions due to one-sided relationships with chatbots. AI tutors may hallucinate, toys can malfunction, and children could misuse AI for cheating or harassment, prompting urgent calls for age restrictions and in-school assessments. The long-term challenge is to preserve socialisation, with schools needing to balance personalized learning with teaching human skills like debate and compromise, and to serve as centers of discovery outside algorithmic echo chambers. Ultimately, while AI offers undeniable potential to enrich education and entertainment, true privilege may lie in knowing when to limit its use.

Britain?s slot-machine politics

Britain's political landscape has become a high-stakes, unpredictable gamble, with recent polling suggesting wildly divergent election outcomes, from a Reform UK landslide to a hung parliament or even a Conservative wipeout. This volatility stems from political fragmentation, as voter loyalty to the two main parties has crumbled, allowing smaller parties like Reform and the Greens to gain significant support. The UK's first-past-the-post electoral system, designed for a two-party system, amplifies this turmoil, leading to a disproportionate allocation of seats based on small vote share changes. The Economist's new electoral model, based on 10,001 simulations, illustrates this unpredictability, showing how a narrow victory can yield a vast range of seat counts for parties, leading to weaker governments and declining trust in Parliament. Sir Keir Starmer acknowledges this frustration, warning of the dangers of a populist-right government, and emphasizes national renewal to counter fragmentation, though the electoral system could still undermine his efforts.

Enough dithering. Europe must pay to save Ukraine

Europe initially responded strongly to Russia's invasion of Ukraine, matching American aid, but Donald Trump's shift in US policy has shattered this consensus, placing the full financial and military burden on Europe. Despite Russia's slow, costly advances, Europe is failing to meet three strategic tasks: convincing Putin he cannot win, reassuring Ukraine, and demonstrating its strength to American skeptics. A key example is the EU's ongoing squabble over mobilizing ?210bn in frozen Russian assets to fund Ukraine, with Belgium demanding risk assurances, leading to stalled proposals. If these assets cannot be deployed, Europe must use its own balance-sheet through common borrowing to provide Ukraine with predictable, multi-year financing for its budget, defense, and reconstruction. Europe's current fragmented approach weakens Ukraine, emboldens Putin, and plays into Trump's narrative of a feeble Europe.

Syria?s transition has gone better than expected

One year after Bashar al-Assad's flight from Syria, his successor, Ahmed al-Sharaa, a former jihadist, has commendably held the country together and proven a deft diplomat, charming Western leaders and pursuing peace with Israel. Syria has avoided a return to civil war and has not imposed Islamic law, with daily life in Damascus remaining largely secular. While Sharaa hasn't solved Syria's war-wrecked economy, it is unfair to fault him for an impossible task within a year. However, concerns are rising as he bypasses formal state structures, creating parallel bodies run by loyalists, and has done little to reassure minority groups who fear a Sunni-dominated state. He needs to share power more widely, strengthen ministries, and engage with civil society, with the new parliament in January being an early test of his commitment to a truly different system from the one he overthrew.

Chris Waller, not Kevin Hassett, should lead the Federal Reserve

President Donald Trump is expected to nominate Kevin Hassett as the next Federal Reserve chair, a choice likely driven by Hassett's partisan support for faster interest rate cuts. While Hassett has economic qualifications, his past behavior while serving Trump indicates a disregard for objective analysis, undermining his scholarly reputation. A superior candidate is Chris Waller, a current Fed board member and monetary-policy expert with a strong track record of accurate economic forecasts, whose leadership would ensure the Fed's independence. Although Waller also favors lower rates, his reasoning is grounded in good faith. Appointing a technocrat like Waller over a partisan like Hassett is not only the right choice for maintaining the central bank's independence but also aligns with Republican interests by mitigating the risk of higher inflation and investor revolt.

LETTERS

Do minimum wages kill jobs?

A letter from Justin Wiltshire and co-authors challenges The Economist's concerns about minimum wage increases, citing their research on California and New York's fast-food industry. Their study found large wage gains and zero job losses before the pandemic, with employment growth in lower-income counties post-2020. They also reported negligible price increases for consumers, arguing that minimum wages above $15 are correcting for monopsony power. The authors further contend that high minimum wages are essential to prevent government aid, like in-work tax credits, from subsidizing low-wage employers, who tend to capture a significant portion of such credits.

Another letter from Dr. Mikhail Tamm in Tallinn, Estonia, agrees with Charlemagne on the urgency of security risks from Russian sabotage in Europe but disputes the effectiveness of visa limitations for Russian citizens. Tamm argues that Russian special agencies leverage EU and third-country citizens, and visa restrictions won't stop regime beneficiaries with EU citizenships or diplomatic immunity. He stresses that strict enforcement of personal sanctions and severing business ties with Russia would be more effective. Tamm also highlights that many Russian exiles in the EU are anti-Putin and pro-Ukraine, contributing to independent media and NGOs, but their legal status complicates family visits and restricts activists' ability to travel safely.

Mark Hutchinson from Ridge Manor, Florida, also argues against shutting out Russian tourists, suggesting that allowing people to travel can spread "better ideas" and serve as a "soft power Trojan horse," referencing Willy Brandt's detente and its role in the end of the Soviet Union.

Dr. Jessica Ogilvy-Stuart from Hong Kong remembers the American penny's role in 1980s fashion, specifically in loafers, and plans to buy a stock of them now that its obituary has been written.

Alan Foley from Eugene, Oregon, adds to the penny's utility, noting its use by car mechanics to measure tire tread depth, warning of potential road safety issues if the penny is phased out.

Jack Rogers from London offers advice on workplace romances: "don?t hook up where you VLOOKUP," a pithy summary of the perils discussed in a previous article.

Daniel Paul from Bournemouth respectfully points out Bagehot's error in describing "OK" as monosyllabic, clarifying that it is, in fact, polysyllabic.

BY INVITATION

Larry Fink and Rob Goldstein on how tokenisation could transform finance

Larry Fink and Rob Goldstein argue that tokenisation, recording ownership on digital ledgers, is the next major evolution in market infrastructure, akin to the internet's early days. Initially overshadowed by crypto speculation, its core benefit is allowing almost any asset to exist on a single, verifiable digital record, promising instantaneous transaction settlements and greatly expanding investable assets. Tokenisation can replace manual processes in private markets, reducing costs and making large, unlisted holdings accessible to more investors by converting them into smaller units. While emerging markets are leading adoption, America and Europe risk falling behind despite having companies well-positioned to lead the shift. Policymakers and regulators must facilitate this by updating existing rules rather than creating entirely new ones, ensuring consistency and clear safeguards for buyer protection and risk management to build trust as the financial system moves faster and more safely.

BRIEFING

At home and at school, AI is transforming childhood

Artificial intelligence is profoundly transforming childhood, both in educational settings and at home, making children pioneers and "guinea pigs" of this evolving technology. In schools, AI adoption is now the norm, with teachers using it for lesson planning and personalized assignments, and students engaging with AI tutors and tools that adapt learning materials to their ability. While promising a personalized education previously reserved for the wealthy, AI in schools raises concerns about cheating, the potential for children to offload critical thinking, and reduced time for vital in-person socialisation. At home, AI is shaping play through AI-enhanced video games, "smart" toys that offer companionship, and tools that enable children to create and share their own viral content. This personalized, bespoke childhood offers entertainment but also novel risks, including exposure to inappropriate content, potential for unhealthy attachment to AI companions, and extreme cases leading to mental health crises or suicide. Regulators are responding with age restrictions and reporting requirements, while tech firms are developing child-focused AI products and parental controls. However, the omnipresent and endlessly accommodating nature of AI companions risks hindering children's development of emotional regulation and real-world social skills, underscoring the paradox that AI's helpfulness may be its greatest flaw.

UNITED STATES

Will Congress rein in Pete Hegseth and his boat-bombing campaign?

America's anti-drug campaign, led by Secretary of War Pete Hegseth, has involved relentless air strikes against suspected drug-smuggling boats in the Caribbean and Pacific, resulting in at least 83 deaths and raising questions of legal oversight. A recent Washington Post report alleged a war crime where a second strike was ordered against two survivors clinging to a shipwreck, which is illegal under the law of armed conflict. This controversy has ignited demands for answers from both Republican and Democratic lawmakers, scrutinizing Hegseth's lethal authorization order and Admiral Frank Bradley's decision-making. The White House has shifted responsibility to Admiral Bradley, who will face private questioning from Congress. Legal experts debate the legality of using such force against criminals and Hegseth's broader contempt for the laws of war, including gutting civilian harm mitigation offices. The scandal highlights a need for scrutiny on the Trump administration's disproportionate force in its anti-drug war.

Republicans still don?t know what to do with Obamacare

Republicans are divided over whether to extend supercharged subsidies for the Affordable Care Act (ACA) marketplaces, which are set to expire in December and could leave 3.5m people uninsured by 2027. Many Republican voters in Trump-won states rely on these boosted tax credits, yet the party lacks a unified solution due to concerns about the deficit and even abortion. Proposals range from a temporary extension with an income cap to more radical ideas like giving direct cash to Americans, which could destabilize the ACA marketplace. The debate is further complicated by anti-abortion activists pushing to prevent federal subsidies from covering abortion, a move that would fracture the Republican coalition and alienate Democrats whose votes are needed for any extension. With the deadline approaching and public support for extending subsidies high, Republican wavering makes expiry the most likely outcome, a decision many fear will be politically unpopular.

Leaf blowers are the latest thing dividing Americans

Leaf blowers have become an unexpected source of division in America, with dozens of municipalities enacting bans or restrictions on petrol-powered versions due to noise and pollution concerns. Over 160 cities now prohibit them, citing their appalling noise levels and high particulate matter emissions, equivalent to driving 1,100 miles for an hour of use. However, these bans face significant blowback from landscaping firms operating on thin margins, who argue electric blowers are less effective, and from golf clubs worried about increased costs. The debate often takes on a partisan hue, with left-leaning towns favoring bans and conservatives emphasizing property-owners' rights, leading to laws in Republican-run states preventing differential treatment. As the bans spread, the rancor is expected to grow, with political figures like Barack Obama and Donald Trump's supporters weighing in on the issue.

A special election puts Democrats on track to flip the House

In a special election in Tennessee?s seventh district, Republicans held onto the seat, but Democrats significantly narrowed the margin of victory from 21 percentage points in 2024 to nine this week. While not a flip, this performance suggests Democrats are on track to win the midterms by about six percentage points, according to The Economist's congressional-forecasting model, which combines special election results with other data. This forecast indicates a likely flip of the House to Democratic control, although the Senate would probably remain Republican. Despite local factors that might understate the Democratic advantage, special elections have recently lost some predictive power, as demonstrated by the 2024 cycle where the model's forecast for the House popular vote was off by seven points. The real test for the model's accuracy, and for the Republican party's ability to reunite its coalition, is anticipated in the 2028 presidential election.

AIs could turn opinion polls into gibberish

Pollsters are facing a new existential threat as large language models (LLMs) can now answer surveys convincingly, often passing human verification tests. Sean Westwood's research at Dartmouth College created an AI agent that passed 99.8% of data-quality checks, mimicking human errors to mask its identity. This "insidious feedback loop" means AI-generated responses could increasingly dilute survey data, distorting public opinion across political polling, academic research, and government surveys. Malicious actors could manipulate LLMs to sway public sentiment, and even petty fraudsters are finding ways to use AI for financial gain by taking paid surveys. While some polling firms with managed panels like YouGov are better insulated, those relying on third-party aggregators face greater risks. Proposed solutions like camera verification face future AI advancements and privacy concerns, ultimately posing a deeper dilemma: as humans outsource thinking to chatbots, what truly constitutes a person's opinion?

What will your child?s Trump Account be worth?

Donald Trump's administration has launched "Trump Accounts," an investment scheme inspired by Tony Blair's Child Trust Funds, offering a $1,000 government deposit for children born between 2025 and 2028. Families can contribute an additional $5,000 annually, with investments growing tax-free, aiming for significant wealth by age 28. Michael Dell pledged $6.25bn to kickstart accounts for 25m poorer children, showcasing a blend of business, philanthropy, and government. However, the White House's projected $1.9m value by age 28 is based on an unrealistic 15% annual market return, with more plausible returns suggesting a $400,000 pot, largely from family contributions. While offering a route to political immortality for Trump, critics argue there are more effective ways to combat child poverty, as this policy primarily benefits those who can afford substantial family contributions.

Some cocaine-smuggling presidents are more innocent than others

Donald Trump's revival of the Monroe Doctrine has created perplexing foreign policy actions, particularly regarding drug trafficking and the rule of law in Latin America. Despite aggressively targeting drug smugglers and Venezuela's Nicolás Maduro, Trump recently pardoned Juan Orlando Hernández, a former Honduran president convicted in the US of conspiring to import cocaine. This pardon, which Trump claimed was due to Hernández being "unfairly treated," bewilders observers given his simultaneous tough stance on drugs and his prior administration's role in Hernández's investigation. Trump's interventions in Honduras, including supporting a conservative candidate and alleging fraud without proof, further complicate regional relations and undermine a coherent approach to justice and stability. The president's "America First" strategy, while aiming for regional influence, is characterized by erratic enforcement of laws and a lack of clear economic incentives for America's neighbors, ultimately risking alienating them and benefiting China.

THE AMERICAS

Trafficking humans is the drug-gangs? grimmest business

Human trafficking has become a grim and growing business for Latin America's drug gangs, leveraging existing smuggling routes and corrupt networks to exploit vulnerable populations for sexual exploitation and forced labor. The number of people forced into work in the region rose by 89% between 2018 and 2022, with 3.6m people trapped and generating $52bn annually in illegal profits. Illegal gold-mining is a significant driver of forced labor for men, while women and girls are ensnared in brothels in mining zones and tourist hubs like Medellín, where sex tourism is booming. The internet has amplified gangs' ability to recruit and control victims, often by building trust and then threatening their families. A particularly dark aspect is the soaring commercial sexual exploitation of underage girls in Central America and the Caribbean, with Mexico and the Dominican Republic identified as destinations for perpetrators. The mass displacement of Venezuelans has further exacerbated vulnerability, pushing many into illicit webcam industries in frontier cities. Despite the suffering, human trafficking remains a low priority for governments compared to drug crime, with low reporting rates, inadequate legal training, and a lack of convictions, leading to a bleak outlook for victims and anti-trafficking efforts.

China built a swanky cricket pitch to win over tiny Grenada

China built a $40m National Cricket Stadium in Grenada, a country where cricket is paramount but the sport is irrelevant to China, as a diplomatic gift. Two months before the stadium was announced, Grenada switched diplomatic recognition from Taiwan to the "one-China principle." This act of "cricketing generosity" is part of China's broader strategy of diplomatic largesse across Latin America and the Caribbean, offering infrastructure projects to gain UN voting members and secure influence at low cost. These small island nations, vulnerable to climate change, accept Chinese offers, often in lieu of American engagement, despite the risk of debt. This trend has seen other holdouts dwindle, with recent elections in St Vincent & the Grenadines suggesting Chinese financing of opposition to secure further diplomatic flips, particularly around citizenship-by-investment schemes popular with Chinese investors.

Why does Donald Trump care about Honduras?s election?

Donald Trump's interventions in Honduras's presidential election have complicated matters, stemming from his dislike of the country's left-wing party and a sense of shared victimhood with the right-wing candidate. Days before the election, Trump endorsed Nasry "Tito" Asfura, threatened to cut American aid if Asfura lost, and astonishingly pardoned Juan Orlando Hernández, a former Honduran president convicted of drug trafficking in the US. The pardon, rooted in lobbying efforts and Trump's belief that Hernández was a target of "radical leftist forces," undermined his own anti-drug war and angered US officials. With election results too close to call and allegations of fraud from Trump, the wants of 11m Hondurans struggling with crime, a stagnant economy, and corruption receive little attention amid the Trumpian drama.

Brazil is embracing its African roots

Brazil is increasingly embracing its African roots, marked by the recent federal public holiday on November 20th, "Black Consciousness Month," and a growing interest in Afro-Brazilian culture. This shift is evident in the tripling of adherents to Afro-Brazilian religions, increased tourism to "Little Africa" in Rio, and a new film about a slave revolt. Most strikingly, the 2022 census revealed more Brazilians identifying as brown or black than white, reflecting decreasing stigma around black heritage and a greater willingness to assert African ancestry. This comes despite a history of overlooking slave histories and promoting a myth of racial harmony, now being challenged by historical data and activism. President Luiz Inácio Lula da Silva has actively fostered ties with Africa, opening embassies, promoting trade, and introducing laws to teach Afro-Brazilian history and grant land titles to descendants of escaped slaves. While Brazil now shares agricultural innovations with Africa, the deep-seated racial inequalities in income, education, and police violence in Brazil highlight that a national holiday alone cannot erase centuries of oppression.

ASIA

India?s defence-tech startups are thriving

India's defence-tech startup ecosystem is thriving, fueled by broader venture capital interest, government indigenization efforts, and the recent war with Pakistan. The conflict, Operation Sindoor, exposed India's need for better drones and counter-drone defenses, leading to a nearly $5bn emergency procurement with a focus on innovation where startups excel. Firms like Digantara, a satellite intelligence provider, and GalaxEye, which offers radar imagery, rapidly adapted their services and saw surging defense revenues after contributing to the war effort. The government's Innovations for Defence Excellence (IDEX) scheme, which connects businesses with military units and offers guaranteed orders, has significantly boosted the sector. This push is driven by India's long-standing desire for self-sufficiency in weapons and reducing reliance on imports, particularly from America. Despite challenges like Western skittishness about dual-use components, strict export controls, and a nascent private capital market for scaling, India aims for its first defence-related "unicorn" to compete with established firms and enter foreign markets.

South-East Asia and Sri Lanka are reeling from storms and flooding

South-East Asia and Sri Lanka have been devastated by three simultaneous cyclones and an unusually intense monsoon, causing widespread destruction from the South China Sea to the Bay of Bengal. Over 1,600 people have died, hundreds are missing, and nearly 11m have been affected, with over a million displaced by the ongoing floods. Sri Lanka, still recovering from economic collapse, and Indonesia, which accounts for nearly half the death toll, were particularly hard hit. The rarity of such cyclones close to the equator exacerbated their impact, as local populations had little experience with such extreme weather, according to the World Meteorological Organisation.

Donald Trump looms over Vladimir Putin?s visit to India

Vladimir Putin's visit to India for the 23rd India-Russia summit is overshadowed by Donald Trump's influence, as America's president inadvertently helps "make Indo-Russian relations great again." While India and Russia share a deep, long-standing alliance, India had been drifting closer to America until Trump's second administration imposed 50% tariffs and criticized India's economy. In response, India is publicly strengthening ties with Putin and Xi Jinping, aiming to signal to America that it has alternative economic and defense partners, and to prevent Russia from falling entirely under China's sway. Talks will focus on defense, with Russia offering its Su-57 stealth fighter and co-production of the S-500 missile-defense system, despite India's increasing reliance on Western weapons and concerns over Russian quality. Trade, particularly India's past purchases of discounted Russian oil, is also on the agenda; this arrangement is ending due to US and European sanctions, though officials speculate about future workarounds.

Kyrgyzstan is losing its status as Central Asia?s only democracy

Kyrgyzstan is rapidly losing its democratic status, regressing towards authoritarianism under President Sadyr Japarov. A recent parliamentary election, which saw candidates loyal to Japarov win, is the latest move in his power grab, consolidating his position for a potential second term. Japarov, who rose to power following a 2020 election scandal, has banned outspoken media, jailed opponents, and removed presidential term limits. The new first-past-the-post electoral system diminishes the role of parties, making it harder for rivals to challenge him. He has also initiated "national ideology" changes, including renaming a regional capital, and introduced a "foreign agents" law mirroring Russia's. Vladimir Putin, who views Kyrgyzstan as a "reliable partner," benefits from its slide, particularly as Kyrgyzstan helps Russia evade sanctions, contributing to its 9% annual economic growth since the Ukraine invasion. Amidst these changes, some Kyrgyz voters are willing to tolerate shrinking political freedoms in exchange for stability after three revolutions in two decades.

Lessons from Japan?s efforts to wean itself off Chinese rare earths

Japan's efforts to reduce its dependence on Chinese rare earths, following a 2010 trade dispute, offer difficult lessons for other countries. The first lesson is that China holds short-term leverage due to its command of rare-earth production, as Japan experienced when it quickly released a Chinese fishing captain to resume mineral exports. Despite a ¥100bn investment and a national strategy, Japan only managed to reduce its reliance on China by a third over a decade, still sourcing 60% from its neighbor. The second lesson is the extreme difficulty of this reduction, due to the need for a wide variety of rare earths and the expensive, environmentally harmful refining process that few countries want to host. Even with alternative sources, imported rare earths cost 50% more, making them impractical for competitive consumer markets. The third, demoralizing lesson is the challenge of replicating China's scale and integrated production, which gives it significant pricing power, leading Japan's dependence to tick back up to 70%. While Japan is better prepared for future economic warfare, any blow from China will still be heavy.

CHINA

America is foolishly waving goodbye to thousands of Chinese boffins

America's hostile policies, particularly under the Trump administration, are driving thousands of Chinese-born students, scientists, and tech professionals back to China, eroding a key American advantage in technological rivalry. The number of Chinese students in America has dropped by nearly 30% since 2019, influenced by the US government's hostility and diminishing perceived value of American degrees in China. Similarly, nearly 20,000 Chinese-origin scientists left America between 2010 and 2021, with an accelerated rate since the 2018 "China Initiative" fostered fear and resulted in few convictions despite targeting ethnically Chinese researchers for alleged technology theft. China has benefited greatly from this exodus, dramatically increasing R&D spending and offering lavish incentives to returnee scientists. The tech sector, especially AI, is the next concern, as nearly half of top AI researchers in America are Chinese-born, and a growing share are returning to China, drawn by opportunities and wary of a "cold" American environment.

After a terrible fire in Hong Kong, public fury smoulders

A devastating inferno at the Wang Fuk Court housing complex in Hong Kong killed over 150 people and left thousands homeless, triggering public outrage and an official investigation led by a judge. Despite calls for policy overhauls following previous large fires, the government, under John Lee, appears determined to suppress dissent rather than implement significant reforms. Authorities quickly arrested 15 people for manslaughter and 12 for corruption, while also taking swift action to pre-empt protests, detaining individuals for "seditious intention" and "inciting hatred against the government." The committee's limited powers to summon witnesses or declare criminal liability raise concerns about its effectiveness, suggesting its primary aim is to control the political narrative ahead of the Legislative Council elections. These elections, restricted to "patriots," face expected low turnout, which would displease Hong Kong and Beijing officials seeking legitimacy, and may instead reflect the depth of public anger over the blaze.

The general who refused to crush Tiananmen?s protesters

A recently leaked six-hour video of General Xu Qinxian's court-martial provides rare insight into dissent within China's Communist Party, revealing his refusal to order troops to crush pro-democracy protesters in Tiananmen Square in 1989. Xu, commanding 15,000 troops, calmly explained to the military judge that he couldn't hit "good people and bad people mixed together" and did not want to be judged by history as a "criminal." Although he transmitted the martial law order, his recusal led to a five-year prison sentence, a fact never publicly acknowledged by authorities. The video, widely watched outside China, highlights Xu's moral courage and contradicts the official narrative that glosses over the tumultuous events. This leak, occurring days before a reshuffle in China?s State Secrecy Bureau, is seen as reinforcing leader Xi Jinping's deep impression from 1989 that the People's Liberation Army must remain firmly under party control, explaining his relentless "anti-corruption" drives.

MIDDLE EAST & AFRICA

Syria uneasily celebrates a year of liberation

Syria is preparing to celebrate the first anniversary of its liberation from Bashar al-Assad's regime, with interim president Ahmed al-Sharaa having achieved significant diplomatic breakthroughs, including waived US sanctions and potential international investment deals.

Sharaa has rebranded the state, dismantled Assad's intelligence services, and opened prisons, fostering an environment where public criticism is possible without the country devolving into the predicted Islamic caliphate. However, cracks are appearing, with the economy deteriorating for many Syrians due to job losses and subsidy cuts, and reconstruction remaining elusive. Sharaa is also leading the state in a worrying, opaque direction, creating new bodies run by loyalists that strip ministries of powers and lack public oversight. The hastily formed constitutional convention and "elections" for parliament have been disappointing, and there's little sign of accountability for Assad's cronies. Most critically, Sharaa's government has failed to accommodate minorities, leading to sectarian atrocities and raising fears of insurgency among Alawites, highlighting that his task is to build an inclusive state, not merely run a terror outfit.

An insurgency may be brewing against Syria?s new leaders

Sectarian tensions are rising in Syria, particularly among Alawites?the sect of the former Assad regime?who are increasingly unhappy with the new government and their exclusion. Massacres in Latakia in March, which killed over 1,500 Alawites, highlight the fragility, with many fleeing to Lebanon or seeking refuge in the hills. The Alawite community is divided, but new leaders like hardline cleric Ghazal Ghazal are emerging, calling for a self-governing Alawite region or international protection. Whispers of dissent suggest some former officers are seeking to foment rebellion against President Ahmed al-Sharaa, allegedly linked to notorious militia commanders Mohammed and Ahmed Jaber, and former generals Suheil and Kamal al-Hassan who fled to Moscow with Assad. While few seem tempted to join, these groups are distributing stipends to refugees and attempted to establish training camps in Lebanon, indicating a potential brewing insurgency.

Binyamin Netanyahu has asked for a presidential pardon

Binyamin Netanyahu, Israel's prime minister, has requested a presidential pardon in his ongoing trial for fraud, bribery, and breach of trust, six years after proceedings began. This request is highly unusual as Netanyahu maintains his innocence and insists he would be exonerated if the trial continued, effectively demanding an end to all charges without accepting blame. President Isaac Herzog has wide pardon latitude but typically requires remorse, making this request unprecedented and likely to be challenged by the Supreme Court. Netanyahu's timing is influenced by support from Donald Trump, his current cross-examination in court, and a desire to clear his name before upcoming elections, where polls suggest he faces a loss.

Africa needs to generate more electricity

Sub-Saharan Africa faces a severe electricity deficit, with 600m people lacking access, and current consumption rates equating to each person turning on a single 50-watt light bulb. This is not solely a supply issue, but also a demand problem, as high capital costs make power unaffordable for many households, yet low prices deter investment in generation and infrastructure. African utilities struggle with efficiency losses, theft, and unpaid bills, compounded by state-regulated tariffs that are too low to attract capital, leading to political unpopularity when attempts are made to guarantee investor returns. While falling solar power costs are making electricity cheaper and boosting generation capacity, large-scale grid adoption is hindered by firms opting for private solar to avoid blackouts, exacerbating demand shortfalls for utilities. To increase demand, investments in power lines and regional trade agreements are crucial, alongside public money for rural electrification and support for firms to generate jobs and growth, as global experience shows wealth rather than specific reforms is key to widening power access.

Russia?s dodgy plan for a pipeline in Congo

The Republic of Congo plans to build a new Russian-built pipeline to transport refined oil, a project hatched with the ruling Sassou Nguesso family, aimed at addressing chronic fuel shortages. However, many are skeptical, believing the project primarily benefits Russia, which will hold a 90% stake and a guaranteed fee for 25 years, creating a "sanctions-resistant petroleum products distribution channel." Congolese activists worry the pipeline could be used to launder revenue from Russia's shadow oil fleet, with local benefits likely accruing to a narrow elite due to endemic corruption. The project's viability is also questionable, given Russia's history of stalled African infrastructure promises and economic pressures from the war in Ukraine. The contracted Russian company faces bankruptcy proceedings, and past links to a sanctioned Russian development bank raise concerns about Western sanctions. Ultimately, the pipeline project may serve more to bolster Russia's global image than to genuinely benefit ordinary Congolese, who will likely continue to see little from their country's oil wealth.

Mormonism?s surprising boom in Africa

Mormonism, formally the Church of Jesus Christ of Latter-day Saints, is experiencing a surprising and rapid boom in Africa, with membership increasing by 120% between 2011 and 2021, far outpacing global growth. Despite a history of racial discrimination by early Mormon leaders and initial suspicion from post-independence African governments, the church is now energetically catching up, channeling significant resources to the continent with new missions and temples. Many young Africans are drawn to the church by opportunities for educational and personal advancement, echoing a past perception that "American religion meant American wealth." Mormonism in Africa, particularly in Ghana, exerts influence beyond its membership numbers through high-profile conferences promoting "family values" and forging ties with politicians. However, some critics worry that this success fuels a backlash against women's and LGBTQ rights, linking church conferences to increases in homophobic violence and a more conservative school curriculum.

EUROPE

Europe is going on a huge military spending spree

European governments are embarking on a massive military spending spree, driven by Russian aggression and the unreliability of American support, with fears of a direct Russian threat by 2027. The EU launched SAFE, a ?150bn fund for defence investments, which is fully subscribed by 19 countries, and the National Escape Clause allows 16 countries to increase defence spending by 1.5% of GDP without breaching EU deficit rules. NATO's European members committed to raising core military budgets to 3.5% of GDP by 2035, plus 1.5% for infrastructure, in response to anticipated US troop withdrawals and demands for Europe to self-fund Ukraine aid. Europe faces immense tasks, including replacing US capabilities like intelligence and long-range attack, restoring combat formations, and building an integrated air-defence system, estimated to cost around $1trn. While European defence spending is already 50% higher than in 2022 and expected to reach ?500-700bn annually, challenges remain in speeding up sclerotic procurement systems and fostering industrial capacity. Collaborative programs are unwieldy, regulations are slow to reform, and while Germany and Nordic countries are rapidly increasing spending, Spain, Italy, Britain, and France may lag. The key question is whether Europe possesses the political will to prioritize defence over social spending and counter far-right parties sympathetic to Russia, despite having the financial, technological, and industrial muscle.

America?s peace initiative has stalled in Moscow

America's peace initiative has stalled in Moscow, with Vladimir Putin rebuffing Donald Trump's envoys, Steve Witkoff and Jared Kushner, with evasive "da-but-nyet" talks. Putin, having kept the Americans waiting, delivered a hawkish speech declaring readiness for war with Europe, hardening his demands for Ukraine's territory and army size, which are unacceptable to Ukraine and Europe. This follows a revised 20-point framework developed in Miami, but Moscow's presentation of "four separate papers" caused confusion, suggesting Russian efforts to fragment agreements. For Ukraine, the strategic noose is tightening due to Europe's inability to agree on defence funding and Putin's battlefield gains, prompting fears of Russian sabotage of the peace process. Internally, Volodymyr Zelensky faces a political crisis from a massive corruption scandal centered on the state nuclear company Energoatom, forcing the resignation of his powerful chief of staff, Andriy Yermak, who may face charges. The Trump administration is leveraging Zelensky's weak position for a quick deal, but Putin's procrastination may ironically ease pressure, pushing a resolution further into the future.

Greece is teaching Germany how to get government online

Greece, once synonymous with Kafkaesque bureaucracy, has become a surprising leader in digital public services, teaching traditionally paper-based nations like Germany how to get government online. Between 2018 and 2024, Greece's digital services scores rose from Europe's worst to average, making it a more applicable case study than Estonia. Kyriakos Pierrakakis, Greece's former digital transformation architect, has shared three key lessons: government must redesign processes for digitalization, overcome administrative and regional silos with strong mandates, and prioritize low-hanging fruit rather than trying to digitalize everything at once. Germany's digital minister, Karsten Wildberger, is now tackling similar challenges, and cities like Berlin are seeing remarkable success with digital services, demonstrating that even legendary bureaucracies can transform.

Italy?s populist right stalls a sexual-consent law

Italy's populist-right League party has stalled a proposed sexual-consent law, which would redefine rape as any sexual act without "free and current" consent, despite its unanimous passage in the lower house of parliament. Women's-rights advocates view the bill as a cultural turning point against victim-blaming, while opponents argue it shifts the burden of proof and is impractical. The League's objections appear more politically motivated, aiming to outflank the governing Brothers of Italy, despite accusations of misogyny from proponents like Laura Boldrini. Recent high-profile rape cases and a rise in attention to gender-based violence, including a new law criminalizing femicide, have sharpened the debate. However, the government's simultaneous restrictions on sex education in schools highlight a reluctance to address preventive measures, suggesting that while penalties for violence are harsh, challenging Italian machismo through education remains an uphill battle.

The Hague is coping with the decline of international courts

The Hague, a city synonymous with international criminal justice, is grappling with a decline in the prestige and activity of its tribunals, even as it maintains its role as a hub for international law. The courtroom where Slobodan Milosevic was tried for genocide recently closed, with remaining cases relegated to a "modified conference room," symbolizing the broader downturn. Tribunals for Yugoslavia and Rwanda have been folded into a residual court, and the tribunal for Rafic Hariri's assassination shut down due to lack of funds. The International Criminal Court (ICC) faces immense pressure, including US sanctions on staff and allegations against its chief prosecutor, with few convictions and countries refusing to honor arrest warrants. In contrast, the International Court of Justice (ICJ), the UN's main judicial body, is busier than ever with state-on-state disputes. While many Hagenaars are oblivious, justice professionals are "navigating the shift," with some American NGOs even considering relocating due to the Trump administration's hostility to international law.

Why a small corruption scandal is a big problem for the EU

A small corruption scandal involving high-ranking EU foreign policy officials and the establishment of a diplomatic academy in Brussels is threatening to morph into a serious crisis for the EU's credibility. The detention of former foreign-policy chief Federica Mogherini and a senior commission official, Stefano Sannino, for allegedly rigging a public tender, is humiliating, especially given Europe's exclusion from US-Russia peace talks on Ukraine. While the sums involved are small compared to other political scandals, the allegations grate against the EU's role as a strict enforcer of rules for national governments. This incident highlights the long-standing dysfunction of the European External Action Service (EEAS), a "chimera" institution struggling for influence and accountability among 27 member states. The scandal comes at an awkward time, coinciding with the EU's inability to agree on funding for Ukraine from frozen Russian assets, providing ammunition to critics who portray Europe as a "pseudo-power" and a "mafia" incapable of serious statecraft.

BRITAIN

Our interview with Sir Keir Starmer

In an interview, Prime Minister Sir Keir Starmer expressed more concern about a potential Reform UK government led by Nigel Farage than a Conservative one, viewing the populist right as a threat that would "destroy much of our country" and global standing. He warned that a Reform government would be "pro-Putin or Putin-neutral," jeopardizing Britain's leadership in the coalition supporting Ukraine and potentially breaking the West. Sir Keir acknowledged some American criticism regarding European defense spending as "probably right" and described himself as a pragmatist. To counter the Reform threat, he aims to jolt Britain out of economic malaise through increased trade, including "iteratively" closer ties with Europe, but rules out significant leaps like rejoining the customs union. His domestic agenda, however, is thinner, focusing on stability and certainty for investors, rather than sweeping reforms, as evidenced by a recent budget that avoided spending cuts and offered goodies but left the welfare system unreformed. Sir Keir, while articulating the gravity of the moment, struggles to present a compelling philosophy or agenda to meet it, risking being seen by some as part of a "Uniparty" consensus.

Our new model captures the lottery of Britain?s electoral system

Britain's electoral system, under first-past-the-post (FPTP), has created "slot-machine politics," where small shifts in vote shares among multiple parties lead to wildly unpredictable seat allocations in Parliament. The Economist's new model, based on 80 years of electoral data and 10,001 simulations, brings clarity to this volatility, showing how a 5% difference in polling could mean a staggering 116 fewer seats for a party. The model illustrates scenarios ranging from a Reform UK landslide to a hung parliament or a Conservative wipeout, with a wide probabilistic range of seats for any given vote share. This fragmentation of the electorate, with Britons abandoning traditional parties for challengers, collides with FPTP's design for two dominant parties, leading to disproportionate results where parties can win with tiny vote percentages. The consequence is a widening gap between how Britons vote and the parliaments they get, eroding legitimacy and producing weak governments, which could eventually lead to growing pressure for electoral reform despite the current government's resistance.

Polls predicting the next British election are not to be trusted

Polls, especially MRP (multilevel regression and post-stratification) projections, that claim to predict constituency-by-constituency election results should be treated with scepticism despite their past accuracy. While MRPs are sophisticated statistical techniques used to estimate voting intentions across the country, they often fail to capture future shifts in party fortunes or the impact of tactical voting. The gluttonous consumption of these forecasts, often leaked for political spin, creates opportunities for spin doctors to generate media coverage but provides an unrealistic snapshot of future outcomes. The Economist's own statistical modelling, while incorporating MRP data, prioritizes uncertainty, offering a "fuzzy range of plausible outcomes" that is less sensational but more realistic, especially years out from an actual election.

Britain?s plan to curb jury trials is a sharp break with tradition

Britain's government plans to curtail jury trials, a cornerstone of British justice since Magna Carta, in a desperate attempt to clear a vast backlog of nearly 80,000 criminal cases. Justice Secretary David Lammy's proposals, though less radical than initially suggested, would limit jury trials to the most serious crimes or those facing three or more years in prison, with other cases handled by magistrates or a single judge. This move, based on Sir Brian Leveson's recommendations, is criticized by opposition parties and represents a sharp break with tradition, as judges are estimated to be 20% faster, potentially processing 7,500 fewer jury cases annually. While many jurisdictions lack juries and still adhere to the rule of law, giving lone judges power to issue three-year sentences is unusual internationally. The legislation, which was not in Labour's manifesto, faces opposition in Parliament, with calls to consider alternative solutions like judge-magistrate panels.

Are Brits really leaving the country in droves?

News reports claiming a mass exodus and "brain drain" of British citizens from the UK are misleading, despite recent statistics showing a rise in net outflow. The Office for National Statistics (ONS) recently switched to a new method for measuring British migration using tax and benefit records, which analysts believe may overstate emigration figures. The Economist's own analysis, using data from the OECD and UN, estimates that British emigration is likely lower now than it was five years ago, averaging around 220,000 annually compared to 275,000 before Brexit. Emigration to the EU, which surged post-referendum, has now fallen back, while other destinations like the Anglosphere and the rest of the world see stable outflows. Overall, fewer than 0.5% of the British population leave each year, with most eventually returning, suggesting a trickle rather than a flood.

Pity the AVOCADOs

"AVOCADOs" ? Aggrieved Victims Of Crushing Academic Debt Obligations ? represent a group of youngish Britons, primarily those who attended university between 2012 and 2023, facing significant financial hardship. They contend with high housing costs, the scars of pandemic lockdowns, and a student loan system that functions as an age-based tax, taking 9% (or 15% for postgrads) of earnings above a certain threshold. The recent budget exacerbated their plight by freezing income-tax thresholds and student loan repayment points, leading to marginal tax rates as high as 43% for some, far exceeding what older or non-graduate colleagues pay. Despite being a key Labour voting demographic, AVOCADOs are being disproportionately taxed due to "the politics of least resistance" ? their lower voter turnout and the government's unwillingness to challenge policies benefiting older generations. This approach, prioritizing short-term political expediency over intergenerational fairness, risks alienating a generation and fueling demand for more radical political change.

INTERNATIONAL

Western armed forces have struggled to fill their ranks to deter Russia

Western armed forces are struggling to fill their ranks and bulk up after decades of shrinking post-Cold War, prompted by Russia's war in Ukraine and the need for more troops in high-intensity conflicts. France has introduced a voluntary service scheme, while other European countries are reintroducing or inching towards mandatory national service. The recruitment crisis has left armies, including America's and Britain's, consistently missing targets, partly attributed to young people's individualism and skepticism of nationalism. However, defence ministries also face shortcomings: a significant portion of applicants are deemed unsuitable due to physical fitness, medical conditions, or drug use, often due to overly bureaucratic and absurd disqualification rules. While some countries are slashing restrictions and offering preparatory courses, others are lowering standards, leading to concerns about troop quality. Despite generous pay rises and sign-up bonuses, retention remains a problem, with high dropout rates and a loss of skilled personnel due to factors like difficult family lives, posing a challenge to ambitious expansion plans.

Trumpworld thinks Europe has betrayed the West

Trumpworld ideologues, serving in Donald Trump's second presidency, view centrist European governments as adversaries, believing they have betrayed "Western civilization" through mass migration, abandonment of traditional social values, and censorship of conservative speech. This sentiment extends beyond old arguments about NATO burden-sharing, with hardliners aiming for a fundamental reordering of European politics towards nationalist-right parties. Washington officials now speak of Europe with "greater loathing" than China or Russia, contrasting with Trump's general non-interventionist foreign policy in other regions. The State Department has even instructed American embassies in Europe, Australia, Canada, and New Zealand to collect data on immigrant-related "crimes and human rights abuses" and to lobby host governments to tighten migration policies, framing mass migration as an "existential threat." This approach raises questions about Trumpworld's true motives and whether "civilization," rather than liberal democratic values, is the new test for alliance membership, risking further disunity within the West.

BUSINESS

From micro-dramas to video games, Chinese entertainment is booming

China's entertainment industry is experiencing a creative surge, driven by the wild popularity of mobile-first content like micro-dramas and globally successful video games and animated films. Micro-dramas, short soap-opera episodes optimized for mobile viewing, are projected to nearly double revenue this year, exceeding cinema ticket sales. Tech giants like Tencent and Meituan are bankrolling this new generation of creative talent, many of whom grew up with freer internet access. Business models in Chinese entertainment often focus on e-commerce rather than traditional ads or subscriptions, with creators leveraging live-streaming sales and platforms like AliFish connecting content owners with merchandise manufacturers. The growing centrality of tech giants, which are snapping up rights to micro-dramas, raises questions about the creation of enduring intellectual property, as many successes rely on celebrity endorsements rather than deep narratives. A key uncertainty is the Communist Party's willingness to give creators more freedom, as censorship remains harsh despite signs of the party promoting entertainment and easing some restrictions.

China?s unlikely new entertainment capital

Zhengzhou, a drab inland manufacturing hub previously known for floods and a real-estate crisis, is emerging as China's unlikely new entertainment capital, specifically for micro-dramas. The city wisely capitalized on the micro-drama craze, integrating it into economic planning, building studios like Jumei Film Base in derelict shopping centers, and establishing state-owned investment funds. Zhengzhou's low real-estate costs and cheaper local talent, who earn about 1,000 yuan ($141) a day, make it an attractive production location. These two-minute, 90-episode series, originally developed to promote online novels, are now taking off in the West, with some being produced in America. However, many micro-dramas aimed at Westerners are also made in Zhengzhou, requiring discreet filming of racy scenes to circumvent strict Chinese censorship rules.

Lessons from the frontiers of AI adoption

Bosses are increasingly attributing lay-offs to AI, though concrete evidence of its widespread impact on the labor market remains weak. However, early adoption is gaining pace in two specific occupations: computer programming and customer service. Coders widely use AI tools like GitHub Copilot, and venture capital is pouring into coding AI startups, while customer service managers are experimenting with AI to improve services and cut costs, leading to a significant drop in the share price of outsourcers like Teleperformance. These jobs share several characteristics: they involve repetitive and "context-light" tasks that are "easily verifiable," meaning their outputs can be readily checked for accuracy. Both occupations also generate abundant data for training AI models, and represent large target markets for AI firms. The links between these two fields offer clues for future AI adoption, suggesting junior bankers and lawyers could be next, with the cost of AI plummeting and data increasingly organized for white-collar custom tools.

Even Europe?s penmakers are under threat

Europe's penmakers, including historic German brands like Faber-Castell and Pelikan, are facing severe decline due to office and home digitization, rising raw material costs, and growing competition from Asia. Many are shedding jobs, with Pelikan cutting half its German workforce and American Newell Brands (Sharpies) reducing staff by 10%. However, Legami, a 22-year-old Italian firm known for its colorful, animal-headed gel pens, is thriving, with sales projected to exceed ?300m this year, half from abroad. Legami's success, driven by its appeal to children who collect and trade its pens, highlights that a focus on fun and collectability can lead to growth even in a challenging market. While luxury pen brands like Montblanc continue to cater to a high-end niche, Legami's motto, "Don't worry, be hoppy," suggests a different path to success for penmakers.

To halt their decline, VW and others are turning Chinese

Foreign carmakers in China, severely impacted by the rise of local electric vehicle (EV) rivals like BYD, are localizing their operations and openly embracing "technology transfer" from Chinese partners to halt their decline. Volkswagen (VW) has seen its market share plummet and is overhauling its strategy by building an innovation center in Hefei, fully owned by VW and with decision-making freedom from Germany, to develop 30 new, cheaper EV models in five years. Other firms like Toyota, Honda, and BMW are also expanding R&D in China and collaborating with local companies on batteries, autonomous driving, and AI. VW's partnerships, including a stake in Xpeng and knowledge sharing, aim to adopt Chinese features like advanced self-driving and sleek interiors. The strategy faces risks, however, from still insufficient localization to compete with China's tight-knit supply chains and the vicious price war in the Chinese EV market, where local rivals benefit from investor and state backing that prioritizes growth over immediate profitability.

Patrick Drahi has bested his lenders yet again

Patrick Drahi, a telecoms tycoon known for his ruthless approach to debt, has once again outmaneuvered his lenders in Altice International's messy debt restructuring, mirroring a previous stunt at Altice France. After years of debt-fueled expansion, Altice's subsidiaries in Portugal and the Dominican Republic were declared "unrestricted," removing them from existing covenants and leaving lenders backed by only the much smaller Israeli subsidiary. This aggressive maneuver, which also involved new borrowing against the "liberated" Portuguese operation, drastically increased the leverage ratio for the remaining creditors. In response, lenders to Altice's American arm are unionizing, but Drahi has sued them for antitrust violations, complicating negotiations. The ongoing Altice saga, characterized by "liability management" deals and weak covenants, highlights a booming industry of bankers and lawyers profiting from such gamesmanship, with grim prospects for many lenders and a 50-50 chance of value destruction for shareholders in mega-mergers.

How many hours should employees work?

The optimal workweek is a question that reveals much about a boss's priorities, with the global average remaining around 42 hours. Some prioritize work-life balance, as seen in Germany and Britain where workers would accept pay cuts for more leisure, contrasting with Americans who prefer longer hours for more money. Others focus on productivity, with studies showing declining output beyond certain hour thresholds, suggesting fewer hours can benefit employers. Cost-focused managers might increase existing workers' hours to spread fixed costs. Safety-conscious bosses recognize fatigue risks, especially in critical jobs like paramedics. Quality-driven leaders might accept increased fatigue for more experience, as seen in call centers. Finally, some prioritize work ethic, believing long hours are essential for startups or career advancement, echoing figures like Elon Musk and Narayana Murthy. Ultimately, the answer reflects industry, national culture, and individual priorities, with increasing discussion around AI's role in future work patterns.

Will the mega-merger wave destroy value for shareholders?

A new wave of corporate mega-mergers, with 32 deals worth $700bn announced in 2025, is raising questions about shareholder value, despite historical data suggesting a high failure rate for such combinations. While past studies indicated 70-90% failure rates, an Economist analysis of 117 megadeals from 2010-2020 found mixed results: half of buyers outperformed their industry, adding $2.8trn in excess returns, while the other half underperformed by $2.9trn. This suggests success is closer to a coin toss. Systematic research, such as Bain's report, indicates that companies are becoming better at M&A, with serial acquirers achieving higher annual shareholder returns than those less engaged in acquisitions, attributed to diligent due diligence, focus on new capabilities, and smaller, more frequent deals. However, many of this year's mega-mergers are still large-scale bets relative to the buyer's size, prompting caution for boards to consider the impact of rapid technological change from AI before splurging tens of billions on tie-ups.

FINANCE & ECONOMICS

Why worries about American job losses are overstated

Despite widespread gloom among investors, policymakers, and bosses about America's jobs market, fears of a "jobs-pocalypse" appear overstated. The Federal Reserve has cut interest rates to manage risk, and some point to declining job openings, rising unemployment, and spiking private-sector firings as causes for concern, along with dire consumer confidence. However, counter-arguments suggest that unemployment, at 4.4%, remains historically low, prime-age worker employment is near an all-time high, and recent payroll numbers have been firmed up by revisions. While lay-off announcements have increased, the economy possesses buffers, with the Sahm Rule not indicating an imminent recession. The strongest reason to doubt a jobs collapse is the lack of a fundamental cause, given robust GDP growth, soaring stock markets, solid wage growth, and easing Trumpian uncertainty. Although AI-fueled automation could be a future threat, its adoption has tapered off, suggesting America's decade-long hot streak in the labor market may continue.

Which Kevin Hassett would lead the Federal Reserve?

If President Donald Trump nominates Kevin Hassett as the next Federal Reserve chair, it would mark an abrupt and concerning shift in the Fed's relationship with the White House, despite Hassett's conventional academic credentials. Hassett, once a respected if partisan economist, has transformed into a reliable defender of Trump's agenda, producing tenuous analyses to bolster policies like corporate tax cuts and downplay the covid-19 pandemic. His potential appointment evokes historical parallels with Arthur Burns, whose politically pressured rate cuts under Richard Nixon led to severe inflation. While Hassett claims monetary policy independence, his past statements suggest he would prioritize "cheaper car loans and easier access to mortgages" in line with Trump's desires. This could lead to a less unified Fed board, and the real risk lies in Trump's ongoing bid to fire Fed Governor Lisa Cook, which if successful, could allow him to stack the Fed with loyalists, leading Hassett to preside over a compromised institution.

How to spot a bubble bursting

Identifying a market bubble is easier than timing its burst, as seen with the dotcom boom where top investors called the bubble early but suffered losses by shorting too soon. While high valuations predict low long-run returns, they are useless for short-term forecasts. Instead, investors might turn to novel measures like spikes in Google searches for investing fads, which have historically done a better job of forecasting imminent price drops for cryptocurrencies, "thematic" stocks, and speculative vehicles like SPACs. For example, searches for "AI stocks" peaked in mid-August, but prices continued to rise for weeks, only to see Nvidia's share price fall 13% and the Philadelphia semiconductor index drop 13% in early November. This suggests that while Google search spikes can be perturbing, they don't always signal an immediate crash. Another non-traditional measure involves observing "buzzkill types with big names going out of business," as exemplified by Julian Robertson's fund closure just two days after the dotcom bubble burst, or Michael Burry recently closing his fund after shorting AI stocks.

Bitcoin has plunged. Strategy Inc is an early victim

Strategy Inc., formerly MicroStrategy, has plunged from being the world's largest corporate owner of bitcoin to an example of hubris and the risks of leveraging a volatile asset. The firm, which has borrowed heavily to amass 650,000 bitcoin (3% of the total supply), now owes $800m annually in dividends and debt interest payments. With bitcoin's price falling by a quarter since early October, Strategy's share price has dropped over 40%, and its market capitalization is now below its bitcoin holdings, raising fears of forced sales. While immediate obligations can be met with recent equity issuance, the real pain is expected in 2027 when convertible debt matures. Michael Saylor, the founder, has reversed his long-held promise not to sell holdings, and a large liquidation could significantly impact the bitcoin market, given its low liquidity. Strategy's fragile model was always plain to see, leaving investors with only themselves to blame if troubles deepen.

Can golden toilets fix China?s economy?

Chinese Communist Party officials are attempting to revive the country's flagging consumer sentiment by focusing on increasing the "quality of supply," believing it can unlock "latent demand" indicated by high excess savings. This approach, exemplified by Nanjing's Deji Plaza known for its extravagant toilets and high sales, is reflected in a recent plan that promotes "experiential" shopping venues, cute goods, and easier access to malls. However, critics argue this strategy is flawed, as China's consumer demand weakness stems from deeper issues like weak employment and the grinding property crisis, which make even the wealthy feel poorer. Economists like Zhu Tian suggest that focusing on supply while neglecting structural demand-side measures, such as consumer stimulus, is a mistake. The government's preference for bolstering its manufacturing base means it is avoiding difficult reforms that would shift resources towards consumers, making golden toilets an unlikely solution to China's serious economic pressures.

American sanctions are putting Russia under pressure

American sanctions against Russia's largest oil firms, Lukoil and Rosneft, are putting significant pressure on the country, causing major oil trader Gunvor to restructure and Indian buyers to cut back on Russian crude imports. These sanctions, implemented on November 21st, threaten to cut off anyone facilitating sales by the two giants from American finance, aiming to deter major purchasers like China and India. Consequently, arrivals of Russian crude into India are down, Greek vessels are shunning the trade, and transportation costs are rising, pushing the discount of Urals oil to Brent crude to nearly $20. The volume of Russian oil floating at sea has risen to 120m barrels. Russia is attempting workarounds by selling barrels to smaller, untargeted firms, but is also facing increasingly sophisticated Ukrainian drone strikes on its oil infrastructure, targeting secondary units and fuel depots, which could cut refinery throughput by 7-10%. This dual pressure of sanctions and drone attacks could force Russia to export more crude into an already saturated market, potentially driving prices below $50 a barrel and creating an opportunity for Donald Trump in peace negotiations, as both Ukraine and Russia hold weak hands.

Stockholm is Europe?s new capital of capital

Stockholm is emerging as Europe?s new capital of capital, attracting companies seeking fresh investment without venturing across the Atlantic, with its private equity firm EQT rivaling American giants and Nasdaq Stockholm boasting significant IPOs. More importantly for traders, Sweden's government, traditionally fiscally puritanical, is embarking on a massive borrowing spree, transforming its once-puny central-government debt market into a bond trader's paradise. Annual bond issuance is set to more than quadruple by 2027, from SKr45bn in 2023 to over SKr200bn, with fortnightly auction volumes also surging. This growing supply, coupled with Sweden's NATO accession boosting its profile for international investors, is drawing traders back to the market. The end of the cheap-money era and the central bank's bond sales have also quadrupled daily volatility, creating lucrative arbitrage opportunities that persist longer due to fewer active traders compared to larger markets.

AI misinformation may have paradoxical consequences

The proliferation of AI-generated content, termed "slop," poses a significant challenge to distinguishing authentic information from fakes, akin to side-blotched lizards' complex mating strategies involving trade-offs between abundance and verification costs. The plummeting cost of content production by AI allows "content farms" to pump out "rage bait" that mimics reputable news sources, leading to a "pooling equilibrium" where good and bad information are indistinguishable. This phenomenon, which George Akerlof argued drives honest dealings out of the market, threatens to devalue all news if users cannot verify authenticity. New "costly signals" are needed, such as "chain of custody" techniques for digital content or a revival of print journalism, which inherently offers built-in verification through its production and distribution networks. Optimistically, this surge in misinformation could create an advantage for journalistic equivalents of the "blue-throated lizards"?publications that jealously guard their reputation for truth-telling, leading to a "competitive, if often brutal, harmony."

SCIENCE & TECHNOLOGY

Why autism should not be treated as a single condition

Autism, affecting 32 per 1,000 eight-year-old children in America, is an increasingly prevalent condition, though much of its perceived rise is due to widening definitions and improved detection. While politicians like Robert F. Kennedy junior misattribute causes, scientists are investigating genetic and environmental factors, suggesting that autism should not be treated as a single condition. It is rooted in atypical brain development with a strong genetic component, where high-impact gene variants are rare but common genetic variants, when "pooled," can increase risk. Emerging research, particularly a study from Princeton University and the Flatiron Institute, has identified four distinct subcategories of ASD with their own genetic profiles and developmental trajectories. This understanding can lead to more appropriate support and interventions, especially for those at risk for co-occurring conditions like ADHD or depression. Environmental factors, though tainted by past misinformation, are also being rigorously investigated, with the potential to reveal correlations with maternal health, air pollution, and other exposures. Splitting the spectrum into biologically informed categories offers the promise of better treatment and greater well-being, despite concerns about increased stigma or marginalized support for different groups.

Surging satellite numbers threaten to dazzle even space telescopes

The rapidly growing number of low-Earth orbit satellites, particularly SpaceX's Starlink constellation, poses a serious threat to astronomical observations, not just for ground-based telescopes but increasingly for space telescopes as well. A new paper in Nature predicts that by 2040, there could be half a million satellites in low orbits, potentially contaminating a significant portion of images from instruments like the Hubble Space Telescope and future Chinese and European telescopes. Simulations show that approximately a third of Hubble images and up to 96% of exposures from SPHEREx, ARRAKIHS, and Xuntian could be affected by streaks of reflected sunlight. While SpaceX has attempted to make its satellites less reflective, business pressures for larger, brighter satellites push in the opposite direction. Solutions like observation timing and data-sharing are becoming insufficient as the sky becomes too crowded. Although deep-space telescopes like James Webb are unaffected, low-flying ones benefit from Earth's magnetic field and easier data downloads. The authors hope for international diplomacy and regulation, citing the Montreal Protocol as a precedent, but achieving compromise in the commercial and international space race will be challenging.

Does taping your mouth while you sleep have benefits?

Mouth-taping during sleep is a practice whose proponents claim benefits ranging from alleviating respiratory conditions to improving oral health and jawline aesthetics. While nasal breathing offers advantages like air filtration, humidification, and increased nitric oxide production, mouth breathing can worsen snoring, oral health, and obstructive sleep apnoea (OSA). However, the evidence supporting mouth-taping's benefits is weak; a systematic review of ten studies on OSA found only mild improvements in breathing interruptions and snoring, with small sample sizes and questionable clinical significance. Combining mouth-taping with other therapies, like mandibular advancement devices, showed more effectiveness, but isolated studies are needed. Claims for oral hygiene and sharper jawlines are anecdotal or lack robust scientific backing. Furthermore, mouth-taping carries risks, particularly for individuals with severe OSA or nasal obstructions, where it could dangerously narrow the airway. Experts advise against it, recommending medical diagnosis and treatment plans for nasal breathing difficulties rather than quick fixes.

A Chinese firm attempts to bring a booster rocket back to Earth

Chinese private space-launch companies, LandSpace and Space Pioneer, are rapidly advancing, with LandSpace becoming the first non-American firm to attempt to return a rocket stage to Earth for reuse. On December 3rd, LandSpace's Zhuque-3 (ZQ-3) test firing resulted in an explosion of the returning first stage, but the non-reusable second stage reached orbit, a "failure" that Elon Musk's SpaceX would likely interpret as a success in its early days. These firms, founded by ambitious individuals from China's state-controlled space sector, are challenging America's grip on cheap satellite launches. LandSpace previously launched the first methane and liquid oxygen-powered rocket to orbit (ZQ-2) in 2023, a cleaner fuel favored by Blue Origin and SpaceX. Space Pioneer achieved orbit on its maiden liquid-fueled launch in 2023. With China planning two Starlink-like mega-constellations requiring over 28,000 satellites, the success of reusable rockets from LandSpace and Space Pioneer would provide the necessary launch capabilities and funds to compete at the next stage of heavy-lift launchers, signalling a significant shift in the global space race.

CULTURE

Why do tourists visit sites of atrocities?

"Dark tourism," the act of visiting sites of atrocities, is a rapidly growing global industry, estimated to be worth $35bn and projected to reach $41bn by 2030. Following the fall of Bashar al-Assad's regime, Syria is seeing a return of these tourists who seek to explore its scars, such as destroyed city suburbs, abandoned Russian tanks, and even notorious prisons like Saidnaya. Social media, particularly Instagram and TikTok, has become a key platform for sharing tips and publicizing these destinations, with influencers gaining huge followings by traveling to dangerous countries. While some dark tourists, like those visiting Auschwitz, aim to bear witness and understand history, others are voyeurs seeking "ghoulish thrills" and crass selfies. This phenomenon is not new, dating back to Roman gladiatorial contests and Crimean War "lady tourists," but cheap flights and social media have made it more accessible and visible today. Despite concerns about exploitation and distastefulness, some travelers, often young and without war experience, argue it offers a deeper understanding of countries and people, distinguishing themselves from superficial tourists.

And The Economist?s word of the year for 2025 is?

The Economist's word of the year for 2025 is "slop," chosen to represent the pervasive, low-quality, AI-generated content flooding the internet, particularly social media feeds, following OpenAI's release of Sora. This word's meaning has evolved from mud and slush to poorly nourishing food and ultimately to nonsense or rubbish, reflecting the current digital deluge of AI-written articles and fake videos. "Slop merchants" are clogging up platforms like X with indistinguishable AI-generated accounts. Other subcategory winners include "neijuan" (Mandarin for involution) for foreign word, describing fierce, diminishing-returns competition in China, and "TACO" (Trump Always Chickens Out) and "debasement trade" for finance. "67" and "brain rot" were also noted youth slang, with "brain rot" being Oxford Dictionaries' 2024 choice for mindlessly entertaining junk. While distressing, the rise of slop could paradoxically lead to a rebound in trust for established organizations and force platforms to improve content moderation.

Why there is an Advent calendar for absolutely everything

Advent calendars, once simple devices revealing Bible verses or chocolate, have exploded in variety and popularity, now catering to every possible interest, from port wine and protein powder to slime and pork scratchings. Shoppers across Europe are embracing this trend, with 72% of Britons buying them, and brands like Bonne Maman seeing production increase 400% since 2017. This boom is attributed to the "lipstick effect," where calendars offer small, affordable indulgences and a taste of luxury, often containing exclusive or collectible products that generate buzz on social media platforms like TikTok. Brands also use them to attract new customers, and the custom is even extending beyond Christmas, with Halloween Advent calendars appearing and anticipation for Mother's Day or birthday countdowns.

Tyler Mitchell: the photographer of the moment

Tyler Mitchell, at 30, is celebrated as the photographer of the moment, having rapidly conquered the worlds of fine art and fashion, earning comparisons to Richard Avedon. Rising to fame in 2018 as the first black photographer to shoot a Vogue cover (Beyoncé), his work has since been acquired by prominent collectors, displayed in major museums, and featured in prestigious publications. Mitchell, who started with film and skateboarding videos, developed a "hyper-saturated" aesthetic with a flair for color, often depicting people of color at ease in "lightly staged" scenes, creating what he describes as a "black utopia." He seeks to blend categories like "art," "fashion," and "portraiture" to encourage viewers to "empathise and to see and to look." His recent large image, "Riverside Scene from Dreaming in Real Time," sold for double its estimate, setting a new record for his work.

The 30-year-old dystopian novel that is the talk of TikTok

Jacqueline Harpman's 30-year-old dystopian novel, "I Who Have Never Known Men" ("IWHNKM"), has unexpectedly become a TikTok sensation, despite its somber, post-apocalyptic themes lacking the typical romantic elements favored on the platform. The book, which narrates the story of a nameless girl imprisoned with 39 women in an underground bunker before escaping to a desolate world, evokes the horrors of Nazism. After falling out of print, a revised translation reissued in 2019 gained traction online, with one viral TikTok post amassing 12.5m views. This online buzz led to a staggering 5,250% increase in sales in Britain in 2025, and it has become a US bestseller. Publishers attribute its renewed appeal to readers' "bewilderment" about today's political landscape and its exploration of "what makes us human in a totally foreign world," resonating with Gen Z's interest in questions of self, society, and freedom.

The best TV shows of 2025

This section highlights the best TV shows of 2025, featuring a diverse range of genres and themes. "Adolescence" is praised for its haunting brilliance and resonant themes of masculinity and online brainwashing. "Andor" is recognized as a sophisticated exploration of authoritarianism within the Star Wars universe. "The Beast in Me" is a provocative drama about a real-estate mogul suspected of murder and an author seeking inspiration. "The Chair Company" satirizes corporate life through an office worker's campaign against a collapsing chair. "The Diplomat" continues to showcase geopolitical drama with an honorable ambassador at odds with her reckless husband and president. "Dying for Sex" is a frank and funny drama about a woman diagnosed with stage-four cancer embarking on sexual adventures. "Hacks" remains a delightful comedy following a late-night TV host and her protégée. "King of the Hill" sees a successful revival with its blend of topical satire and gentle comedy. "The Last of Us" matches its first season's ferocity, focusing on human vengeance in a post-apocalyptic world. "Mr Scorsese" offers an honest, five-part documentary portrait of the iconic filmmaker. "The Narrow Road to the Deep North" is a masterful adaptation of a novel about a surgeon captured by the Japanese during World War II. "Severance" stands out as a surreal drama about modern office life with cleaved consciousness. "Squid Game" ramps up brutality in its third and final season, with new games and shocking acts of greed. "Stranger Things" approaches its conclusion with an ultimate showdown in Hawkins. "Toxic Town" explores a real-life environmental scandal in 1980s-90s England. "Trespasses" is an exquisite series set during the Troubles in Northern Ireland, focusing on a forbidden affair.

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OBITUARY

Tom Stoppard was an inexhaustible fountain of ideas

Tom Stoppard, Britain?s challenging playwright who died at 88, was an inexhaustible fountain of ideas, known for plays that explored how non-abstract lives were shaped by the challenges of their time. He famously created settings in his mind, such as Premukhino for "The Coast of Utopia," without needing to visit the actual locations, relying instead on his vast literary knowledge. His plays, like "Rosencrantz and Guildenstern Are Dead," often explored themes of free will versus inevitable fate, with characters jesting in the face of predestination. Born Tomas Straussler in Czechoslovakia, he adopted England and its language as his own, infusing his characters with wit. Despite not attending university, he developed a unique, non-linear form of storytelling where the form itself was part of the narrative. Stoppard viewed playwriting as a craft, meticulously writing in longhand and dictating stage directions, and his modesty about fame and awards underscored his focus on the next play. He eschewed party politics and moral exhibitionism, instead embracing multitudes and contradictions in his work, as exemplified by his last play "Leopoldstadt," which explored his own Jewish roots. His final days were spent attempting to unravel a new philosophical play about ethics and morality.