

## THE WORLD THIS WEEK

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### Politics

Donald Trump announced America would rebuild Venezuela profitably following the removal of President Nicolás Maduro by U.S. special forces. Energy Secretary Chris Wright indicated indefinite U.S. control over Venezuela's oil. The American raid, which included bombing military installations, led to Maduro's capture and transport to New York for narco-terrorism charges, to which he pleaded not guilty. Delcy Rodríguez, Maduro's vice-president, was sworn in as interim president, facing a state of emergency and a crackdown on American-supported protests. The U.S. also seized Russian-flagged oil tankers in defiance of the Venezuelan blockade, embarrassing Russia. Amidst this, Trump explored options to acquire Greenland, alarming European leaders who warned of NATO's end.

### Business

Oil prices initially rose after America's intervention in Venezuela but soon stabilized at around \$60 a barrel, with American oil companies reportedly wary of investing there despite vast reserves. Chevron partnered with Quantum Capital to buy Lukoil's international assets, forced for sale by American sanctions. The OECD finalized amendments to the global 15% minimum corporate tax, exempting American multinationals and recognizing their 12.6% U.S. minimum tax on foreign profits. Tesla lost its top EV seller spot to BYD in 2025, as the Chinese company rapidly expanded, particularly in Europe and Britain. Ford saw its best U.S. sales year since 2019, with hybrid sales surging despite a decline in pure EVs after tax credit expiration. Global stock markets had a strong start to 2026, continuing 2025's rally, with Britain's FTSE 100 surpassing 10,000 for the first time. Nvidia announced its new Rubin chip, described as the "next generation of AI", expected to deliver faster, more efficient AI tasks. Warner Bros rejected Paramount's hostile takeover bid, favoring Netflix's offer, citing Paramount's debt risk. Novo Nordisk launched its Wegovy weight-loss pill in the U.S. at a reduced cost to regain market share from Eli Lilly, which plans its own pill later this year. Berkshire Hathaway's new CEO, Greg Abel, received a \$25m salary, a significant change from Warren Buffett's \$100,000. A record-breaking \$3.2m was paid for a single bluefin tuna at Tokyo's fish market.

### The weekly cartoon

No significant coverage this issue.

## LEADERS

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

Donald Trump's dramatic military capture of Venezuela's President Nicolás Maduro signifies a shift in American foreign policy, prioritizing raw power and natural resources over democracy and human rights. This "Donroe doctrine" asserts U.S. dominance in the Western Hemisphere, demonstrated by the swift, surgical operation to seize Maduro for drug charges and Trump's immediate claim to Venezuela's oil reserves. While showcasing America's military might, the raid also highlights its limitations, as Maduro's regime apparatus remains largely intact under his vice-president, Delcy Rodríguez. Trump's disregard for Venezuelan democratic opposition leader María Corina Machado and his threats against other Latin American countries, and even Greenland, signal a potentially aggressive, 19th-century-style geopolitical landscape, undermining alliances and global norms. The article argues that America's historical strength came from a balance of self-interest with universal values, a balance Trump risks destroying with his "radical honesty."

### **Do not mistake a resilient global economy for populist success**

The global economy has shown unexpected resilience, with 3% growth in 2025, defying gloomy forecasts, particularly in the U.S. This resilience has coincided with rising protectionism, industrial policies, and tariffs, leading populists to claim success. However, these protectionist measures have largely failed to achieve their central goal of reviving manufacturing jobs, which continue to decline globally, even accelerating in the 2020s due to automation and AI advancements. While China's manufacturing thrives, its state-backed industry creates overcapacity and deflation. The world economy's ability to cope with populism is attributed to the adaptive power of markets and the private sector's role in driving innovation, such as the AI boom.

### **Does Japan have a ?foreigner problem??**

Japan is experiencing a surge in populist rhetoric claiming a "foreigner problem," blaming migrants, tourists, and foreign investors for economic struggles. However, the true issue is Japan's insufficient number of foreigners, exacerbated by a declining and aging population, necessitating more migrant workers to maintain economic growth. While some concerns about land purchases and over-tourism are valid and addressable, broader fears are overstated, as foreigners constitute only 3% of Japan's population, far below the OECD average. Rather than restricting foreigners, Japan should optimize its immigration system to attract skilled workers, integrate them, and better manage tourism, thereby leveraging its appeal as a place to live and work.

### **AI is transforming the pharma industry for the better**

The pharmaceutical industry is rapidly adopting generative AI, promising to revolutionize drug

# The Weekly Digest

discovery and testing. AI tools can analyze vast biological datasets to identify target proteins and suggest novel molecules, significantly improving efficiency and reducing the time and cost of drug development. Early-stage safety trials for AI-designed molecules show an 80-90% success rate, much higher than the historical average, potentially doubling the overall pipeline success rate. This transformation is fostering a new generation of AI-native biotech startups and increasing collaborations between pharma giants and big tech firms like Nvidia and Google, who are developing their own drug design platforms. While pharma companies currently hold advantages in data and regulatory experience, the shift towards biology as a computational problem could see tech giants capturing more value, necessitating adjustments in regulation, data sharing, and patent terms to ensure broad benefits.

## France is paralysed, and everyone is to blame

France is experiencing profound political paralysis, evident in its failure to pass a budget for 2026 and its persistent deficit exceeding EU rules. President Emmanuel Macron, a lame duck in his final 15 months, commands a splintered minority in the National Assembly, rendering effective governance almost impossible. This gridlock stems from opposition and union resistance to sensible reforms, such as pension changes, and is exacerbated by populist right and left parties who delight in Macron's struggles. The collective political uselessness prevents crucial spending on defense and economic revival, pushing France's debt to unsustainable levels.

## LETTERS

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

Several readers responded to a review of Adam Smith's "Wealth of Nations," with many defending Smith's groundbreaking insights into economic life and the concept of national wealth. Correspondents highlighted his genius in synthesizing observations into a comprehensive economic understanding, his prescient warnings on banks and corporate governance, and his influence on later thinkers like Hegel and Marx. Others argued that the "invisible hand" concept was central to his work on individual actions and social order, and praised his conceptual breakthrough in measuring national wealth by consumption, not just gold.

## BY INVITATION

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

Ricardo Hausmann argues that Venezuela's future peace and prosperity depend on restoring democracy and rights, not merely exploiting its oil reserves under Donald Trump's transactional approach. While Maduro's removal brought a fleeting sense of hope, Trump's dismissal of democratic opposition leader María Corina Machado and his intent to "run" Venezuela through Maduro's vice-president, Delcy Rodríguez, without prioritizing democratic transition, is "delusional." Hausmann emphasizes that genuine economic recovery requires legal certainty, property rights, and a system accountable to voters, which corporate oil investors will demand. He warns against Venezuela becoming a "colony" driven by short-term American interests, advocating instead for a liberal formula of justice and democracy, akin to America's post-WWII successes in Europe and Japan.

## BRIEFING

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### **Donald Trump asserts control over Venezuela?and all the Americas**

Following the dramatic U.S. raid to capture Nicolás Maduro, Venezuela remains in a state of peculiar stasis, with Vice-President Delcy Rodríguez sworn in as acting president amidst public uncertainty. President Donald Trump has declared he is "running" Venezuela, signaling his intention to assert American dominance over the Western Hemisphere, a concept he calls the "Donroe doctrine." While the raid showcased American military power, it has not yet led to a clear path for Venezuela, with many locals hoping for further intervention while others resign themselves to continued instability. Trump's decision to sideline the democratic opposition and work with remnants of the old regime raises questions about his true objectives, particularly his focus on securing Venezuela's vast oil reserves for American benefit, a move that could anger regime factions and nationalists.

### **Donald Trump chases down the shadow fleet serving Venezuela**

America is aggressively enforcing its oil blockade on Venezuela, as demonstrated by the recent seizure of two tankers, the *Marinera* (formerly *Bella 1*) and *M Sophia*. The *Marinera*, a Russian-flagged vessel with a history of smuggling Iranian and Venezuelan oil, was boarded by American forces near Iceland after a two-week pursuit, highlighting America's determination to prevent sanctions evasion. The raids underscore the Trump administration's resolve to pressure Venezuela's new rulers and gain access to its oil, with President Trump explicitly stating his goal to control Venezuelan oil sales for American and Venezuelan benefit. Despite Russian protests and questions about international maritime law, the U.S. is signaling that stateless or fraudulently flagged ships defying its embargo are fair game, potentially impacting other "chameleon-like" vessels.

## UNITED STATES

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### **Nicolás Maduro is unlikely to beat his rap**

Nicolás Maduro and his wife, Cilia Flores, are awaiting trial in New York on drug-trafficking charges, facing a strong case from prosecutors experienced in high-profile narco-cases. While Maduro's lawyers may challenge his capture as illegal under international law and argue for head-of-state immunity, U.S. courts are unlikely to accept these defenses. The prosecution will rely on evidence linking Maduro to cocaine smuggling, including cooperating insiders and potentially secret recordings. His best chance lies in political maneuvering or a diplomatic deal, as his presence in America offers significant leverage for the Trump administration.

### **Venezuelan immigrants in America are trapped in policy purgatory**

Following the capture of Nicolás Maduro, Venezuelan exiles in Doral, Florida, celebrated with mixed emotions, caught between hopes for democracy and fears of deportation under Donald Trump's hardline immigration policies. Trump, who dismissed the democratic opposition and recognized Maduro's second-in-command as interim president, has also revoked Temporary Protected Status for Venezuelans, leaving thousands vulnerable. This creates a dangerous paradox where returning home remains unsafe, yet staying in the U.S. risks deportation. The situation highlights a divide within the Venezuelan diaspora and raises concerns about Trump's foreign policy prioritizing oil interests over democratic transition.

### **America's most novel train project is too deadly**

Brightline, Florida's private passenger train service, offers a luxurious and faster alternative to driving but has a disturbingly high fatality rate, with over 180 deaths since 2018. Despite carrying 2.8m people in 2024, 41 accidental deaths occurred due to trespassers on its tracks, making it three times deadlier per passenger than Amtrak. The danger stems from the ease of track access at numerous street crossings, many lacking adequate safety barriers, and the tracks being old freight lines not designed for high-speed passenger trains. While Brightline has invested in safety upgrades and community alerts, local resistance to closing crossings and the state of Florida's passive role contribute to the ongoing problem, indicating a systemic failure to prioritize safety over convenience and cost.

### **What John Thune is for**

John Thune, the Republican Senate majority leader and ideological successor to Mitch McConnell, represents a vanishing breed of Reagan Republicans in a party increasingly shaped by Donald Trump. Despite being elected against the MAGA base's wishes, Thune has skillfully navigated a restive caucus and the mercurial president, pushing through a gargantuan tax-and-spending plan and numerous presidential nominees. While he has maintained independence on issues like the filibuster, his critics argue he has largely rubber-stamped the executive.

## Lexington

Donald Trump's "radical honesty" about his self-interested foreign policy, exemplified by his claim to Venezuela's oil post-Maduro's capture, marks a profound shift from America's historical, albeit often hypocritical, appeals to democracy and human rights. This unapologetic cynicism shields him from critics, as he directly pursues American dominance and commercial pre-eminence in the Western Hemisphere, a "Trump corollary" to the Monroe Doctrine. While some may find satisfaction in this bluntness, this approach risks undermining international law and alliances, potentially leading to a more aggressive, 19th-century-style world armed with 21st-century weapons.

## THE AMERICAS

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### **The White House weighs how to acquire Greenland**

Donald Trump's desire to acquire Greenland, which he views as vital for national security and resource access, has escalated into serious consideration of military force, alarming leaders in Greenland, Denmark, and Europe. Initially met with derision, Trump's persistent threats, especially after the Venezuela raid, are now taken seriously by Denmark's prime minister, who warned of NATO's collapse. The administration is pursuing a two-pronged strategy: cultivating Greenland's independence movement to sow division with Denmark, and potentially offering a "Compact of Free Association" deal directly to the islanders.

### **Canada's armed forces are planning for threats from America**

Canada's armed forces are developing a 400,000-strong civilian-defence force, in part a response to growing threats from Donald Trump's rhetoric and actions, including his suggestions of annexation and economic coercion. While outright invasion is deemed unlikely, Trump's aggressive foreign policy, demonstrated by the Venezuela raid and Greenland acquisition talk, has made military action between the two countries no longer unthinkable. Canada, traditionally reliant on the U.S. for defense, is now investing heavily in its own military, particularly in the Arctic, and is studying Finland's comprehensive civil defense model to handle potential attacks and natural disasters.

## ASIA

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### **Why is Japan souring on foreign workers and tourists?**

Japan is experiencing rising anti-foreigner sentiment, fueled by populist politicians like Prime Minister Takaichi Sanae, who blame migrants and tourists for economic woes and cultural

erosion. Despite foreign residents making up only 3% of the population (compared to the OECD average of 15%) and tourism being a vital export, the government is considering stricter controls on foreign workers, tourists, and property purchases. This "foreigner problem" is a dangerous path for an aging country facing severe labor shortages, as business leaders and many rural communities advocate for more, not fewer, foreign residents and visitors.

## **Can Thailand rein in its ?mafia monks??**

Thailand's powerful Buddhist institutions are embroiled in unprecedented scandals, with senior monks accused of diverting temple funds, extortion, and involvement in organized crime. These lurid revelations, including police raids leading to 181 arrests, are a major embarrassment for the monkhood and politically salient for the monarchy, which is constitutionally bound to protect Buddhism. New rules for financial reporting and penalties for misbehaving monks have been introduced, but the ingrained organizational failings and the entanglement of high-ranking monks with powerful lay elites make a thorough cleansing difficult.

## **Ethnic conflict festers on India?s eastern frontier**

Manipur, an Indian state, remains deeply divided and on edge nearly three years after an outbreak of ethnic violence between the Meitei and Kuki communities killed hundreds and displaced tens of thousands. Military checkpoints maintain a tense calm, but reconciliation is stifled as the state is partitioned along ethnic lines, with thousands still in squalid refugee camps. Both communities fault the ruling BJP government for its ineffective response and perceived bias, leading to a political price in the 2024 general election. The crisis serves as a stark warning about the dangers of identity politics in India, risking the resurgence of long-quelled insurgencies.

## **The teenage girl who may rule North Korea**

Kim Jong Un's daughter, believed to be in her early teens and often referred to as Kim Ju Ae, is making increasingly frequent public appearances, fueling speculation that she is being groomed as North Korea's next leader. Her presence alongside her father at key state events, including military displays and diplomatic meetings, aims to project authority and reinforce the Kim dynasty's power. While North Korea is a patriarchal society, the rise of women in powerful positions under Kim Jong Un suggests a potential for a female leader, though some question her long-term legitimacy without a male heir.

## **CHINA**

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### **It?s not just China?s total population that?s falling**

While China's official statistics project continued urban growth, an alternative, internationally



consistent standard from the United Nations reveals that China's urban population peaked in 2021 and is projected to fall by over 13 million by 2029. This redefinition also places China's urbanization rate much higher (83.7% vs. official 67%), and indicates India surpassed China in urban population in 2022. This urban decline poses a threat to China's ailing property market and the leadership's vision of fostering "city clusters" and national champions.

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

America's raid on Venezuela, while condemned by China, offers military lessons for both China and Taiwan, particularly regarding "decapitation" strikes. China has long planned such operations against Taiwan's leadership, with mock-ups of the presidential palace used for training. Taiwan's armed forces are studying the raid to strengthen preparedness against similar threats. The apparent failure of Venezuela's Chinese-made JY-27 air-surveillance radars during the raid could also influence China's perception of its own vulnerabilities in a conflict over Taiwan.

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

Donald Trump's capture of Nicolás Maduro in Venezuela, a close Chinese ally and major recipient of Chinese loans and weapons, starkly exposed the limits of China's global power and its "all-weather" partnerships. While some ponder if this is a template for Taiwan, China's primary concern for Taiwan is invasion success, not international law. The event revealed China's support for partners is largely rhetorical, lacking the military muscle or willingness to directly counter American interventions, prompting some Chinese thinkers to call for a cautious recalibration of policy in Latin America.

## **MIDDLE EAST & AFRICA**

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

Iran's regime appears rattled by widespread protests, economic collapse, and external threats following America's raid in Venezuela, which fueled speculation of similar intervention in Iran. The protests, initially among electronics vendors in Tehran, have spread due to a crashing currency and soaring prices, attracting jobless young men previously considered regime supporters. The regime's traditional repressive tactics and economic reforms are proving ineffective, while a fractured opposition is coalescing around the exiled son of the former shah.

### **Saudi Arabia has its first boozy new year?sort of**

Saudi Arabia is quietly loosening its strict alcohol prohibition, allowing foreigners with premium visas or high salaries to buy alcohol at a discreet, unlisted shop. While prices are steep, they are considerably lower than the black market. However, ambiguity persists



regarding the legality of sharing purchases with lower-paid colleagues or Muslim friends. This move is part of a broader trend of social liberalization in the kingdom, which also includes relaxed dress codes for foreign women, but "decency" remains subject to interpretation by authorities.

## **Burundi is running out of space**

Burundi, one of the world's most densely populated nations with 14 million people in a small area, faces severe population pressure, epitomizing a continent-wide trend in Africa's Great Lakes region. Most Burundians live in "in-between" places, neither fully rural nor urban, on steep hillsides where land scarcity and soil degradation make growing enough food a critical challenge. High food insecurity and child stunting highlight a Malthusian crisis, exacerbated by climate change and economic woes, leading to strained social relations and increased migration for work.

## **The Museveni era is nearing its end**

Uganda's President Yoweri Museveni, 81, is poised to win his seventh term in the upcoming January 15th election, despite strong opposition from figures like Bobi Wine, who describes the election as "war." Museveni, who took power in 1986, maintains control through repression and financial inducements, with past protests met with deadly force. The biggest threat to his four-decade rule is time, as his erratic son, Muhoozi Kainerugaba, commands the army and openly maneuvers for succession, fueling resentment among ethnic groups and raising fears of instability after the simulacrum of stability ends.

## **EUROPE**

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### **Energetic abroad, Emmanuel Macron faces a mess at home**

Emmanuel Macron's government is facing domestic paralysis, starting 2026 without a budget or a parliamentary majority, signaling the collapse of his reformist ambitions for the remainder of his presidency. Despite Macron's strong international presence, a fragmented opposition and compromises like freezing pension reform have pushed the budget deficit higher and stifled economic initiatives. This political gridlock is fueling public exasperation and benefiting populist extremes, with Jordan Bardella of the National Rally polling as a favorite for the 2027 presidential election.

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

Ukraine has built an extensive, multi-layered "fortress belt" across the Donbas, designed to protect cities like Sloviansk and Kramatorsk from Russian advances. These fortifications, including razor wire, anti-tank ditches, and dragon's teeth, are deemed formidable. However,

American-led peace proposals, which suggest handing over parts of Donetsk to Russia and creating a "neutral demilitarised buffer zone," threaten to undermine these defenses and could be seen by Ukrainians as a ruse for continued invasion.

## **Kosovo's election shows its democracy is solid**

Kosovo's recent parliamentary election saw a resounding win for Prime Minister Albin Kurti, securing a mandate to ratify a co-operation agreement with the EU and unlock significant aid. Despite the country's poverty and shrinking population due to emigration, the election reaffirmed its democratic stability. Kurti's popularity stems from his anti-corruption stance and efforts to stand up to Serbia, though this confrontational approach hinders Kosovo's EU aspirations and UN membership, as Serbia refuses to recognize its independence.

## **Terrifyingly leaky Chernobyl**

A Russian drone attack in February left a hole in Chernobyl's New Safe Confinement (NSC) dome, built at a cost of \$1.6bn to contain radiation. While initially deemed superficial, the damage and subsequent firefighting efforts created numerous openings, compromising the NSC's airtight seal and raising risks of severe leaks and radioactive dust if not repaired. Repairing the integrity of the dome, which could cost hundreds of millions of dollars, is a complex and potentially dangerous undertaking, made more difficult by fundraising challenges for Ukraine.

## **Latvia is needlessly alienating its Russian-speakers**

Latvia's new National Security Concept, which bans Russian-language public media and restricts Russian as a "European cultural space" language, is needlessly alienating its large Russian-speaking minority. Despite Latvia's historical anxieties stemming from Soviet occupation, critics argue this policy fosters forced assimilation rather than integration, undermining efforts to counter Russian propaganda and making many Russophones feel like aliens in their own country. The measures, including banning Russians from critical infrastructure jobs and imposing higher VAT on Russian-language publications, are counterproductive and a gift to the Kremlin.

## **Charlemagne**

Europe, particularly its northern parts, is witnessing a surprising comeback for cash, despite years of a strong push towards digital payments. While countries like Sweden are nearly cashless, concerns about digital exclusion for the elderly and poor, coupled with worries about the resilience of electronic payment systems during power cuts or cyber-attacks, are prompting authorities to reconsider. The EU now seeks to ban businesses from refusing cash and advises citizens to keep enough notes and coins for a week, acknowledging that while digital is convenient, cash offers unmatched resilience.

## BRITAIN

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### State capacity is the issue of the age

Britain's political leaders, including Prime Minister Sir Keir Starmer, recognize a pervasive "politics of can't" where the state struggles to deliver effectively, evident in persistent backlogs and botched projects. Despite international rankings, government agencies are often seen as "checkers and blockers," frustrating attempts to implement policies. This shared frustration has fostered a curious consensus among Labour, Tories, and Reform UK for a stronger, faster, and more politically charged central government, departing from decades of decentralization. However, critics argue this "Fat Controller" vision of the prime minister overlooks the complex, organic nature of governance, and that merely lamenting powerlessness risks reinforcing public discontent rather than fixing it.

### Hope springs eternal for Sir Keir Starmer

Sir Keir Starmer hopes Britain will "turn a corner" in 2026 after a bruising first calendar year in office, where his government has struggled with backbench rebellions and lacked conviction. The Economist's "Starmer tracker" shows his government flatlining, with Labour polling at a dismal 17% of the vote. While household utility bills have fallen due to mellowing energy prices, the government is behind schedule on key targets like housebuilding, hospital waiting lists, and curbing Channel crossings, indicating that more than a New Year's reset is needed to revitalize his administration.

### Happy birthday to the contributory old-age pension!

This week marks the 100th anniversary of Britain's Widows', Orphans' and Old-Age Contributory Pensions Act, a revolutionary legislation that established the contributory pension system still used today. Unlike earlier means-tested pensions, this new system provided a non-shameful, earned annuity to ordinary people aged 65, dramatically shifting public perception of old-age support. It also introduced the concept of retirement at 65, leading to arguments against older people "hogging jobs," a manifestation of the enduring "lump-of-labour fallacy." Today, pensioners are more numerous, politically powerful, and financially secure than their counterparts a century ago, receiving ever more generous state support.

### Why Britain's Stop the War movement is so resilient

Britain's Stop the War (STW) coalition, now nearing its 25th year, remains resilient, organizing protests against various conflicts, including the recent "No war on Venezuela" rally. Founded by ex-members of the Socialist Workers Party, STW's endurance stems from its consistent anti-imperialist, anti-capitalist stance, which often aligns it, sometimes for the wrong reasons, with the "realist" power politics embraced by figures like Donald Trump. The movement serves as a broad umbrella for Britain's left, united by anti-war sentiment, despite its controversial positions on conflicts like Ukraine, which it views as a "proxy war."

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

Britain's North Sea oil and gas industry is collapsing, with production falling continuously since the turn of the century and the workforce shrinking dramatically. Industry leaders blame the Labour government's "policy-driven" actions, including a throttling 78% windfall tax and a muddled stance on exploration licenses. While critics like Reform UK and the Conservative Party advocate for a pro-drilling policy, claiming it would spark a "renaissance" like Norway's, Britain's oilfields are older, smaller, and have higher break-even costs, making such talk fanciful. The global market is also saturated, with forecasts of low oil prices that would render many North Sea projects unviable.

## Bagehot

London's Docklands, particularly Canary Wharf, stands as a lasting monument to Margaret Thatcher's ideology: unapologetically pro-growth, pro-market, and pro-capital. Its transformation from derelict warehouses, epitomized by the Wapping dispute and the "Big Bang" financial deregulation, into a thriving finance hub was driven by private investment and deregulation, showcasing the virtues of private ownership and ambition. Despite initial skepticism and architectural criticism, Docklands has flourished, attracting residents and businesses, contrasting sharply with Oxford Street's decline due to fractured ownership. Its low crime rate, managed by private security, further embodies the Thatcherite belief in the private sector's superiority over the state.

## INTERNATIONAL

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### Social media are helping cults to recruit and control members

Social media platforms are transforming how cults operate, replacing traditional recruitment methods with online influencers and digital communities, leading to a sharp increase in activity. These new cults, often masquerading as wellness groups or coaching programs, exploit individuals' online vulnerabilities, using charismatic leaders, transformative belief systems, and sophisticated control mechanisms. Young people are particularly susceptible to online manipulation, with Europol warning of rising coercion into violence. The internet's role has fragmented cults into numerous smaller groups, posing challenges for detection and intervention.

## BUSINESS

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### The 'ChatGPT moment' has arrived for manufacturing

# The Weekly Digest

The manufacturing industry is on the cusp of a "ChatGPT moment" with the rapid adoption of generative AI, promising to revolutionize how goods are made. After years of tepid growth, annual robot installations are projected to surge, driven by falling interest rates, Western reshoring policies, and labor shortages. Advances in industrial software, especially AI models trained on vast sensor and camera data, are overcoming previous automation hurdles, enabling more flexible and intelligent robots. This shift could lead to autonomous, nimbler, and smaller factories, optimizing production closer to urban centers and customers, representing a profound transformation in manufacturing beyond early visions of "lights-out" operations.

## **Germany's industrial conglomerates are breaking up to stay alive**

Germany's industrial conglomerates are undergoing an accelerating trend of sales and spin-offs, shedding divisions to boost competitiveness amidst economic woes, Chinese rivalry, and high operating costs. Unlike America, Germany has maintained its conglomerate structure longer, but giants like Siemens, Thyssenkrupp, and Continental are now narrowing their focus to core activities. This strategy is driven by investor preference for transparency and the "conglomerate discount," with Siemens's successful divestments already doubling its share price in three years. Others are following suit, including Thyssenkrupp's sale of its elevator unit and ongoing talks for its steel unit, and Continental's plan to concentrate solely on tires.

## **The AI frenzy is creating a big problem for consumer electronics**

The AI frenzy is creating an unprecedented supply crunch for memory chips, particularly high-bandwidth memory (HBM) essential for advanced AI processors, impacting consumer electronics. Demand for HBM is soaring due to data center construction, but its resource-intensive production is leading memory-makers like SK Hynix, Samsung, and Micron to shift capacity towards it, yielding higher margins. This shift, however, is causing scarcity and rocketing prices for standard memory chips (DDR4), a key component in smartphones and PCs, threatening price hikes and shipment delays for gadget-makers like Xiaomi and Asus, with carmakers potentially feeling the strain most.

## **Welcome to the age of the vodcast**

Podcasting is evolving into a visual medium, or "vodcast," driven by viewer preferences, with YouTube now the most popular platform for podcast consumption in America. Podcasters are increasingly filming their shows to reach YouTube's vast audience and leverage social media for discovery, despite potential trade-offs in "engagement" compared to audio-first platforms like Spotify. This shift has also made podcasts appealing to TV companies, which are buying shows for their streaming services, as cheap, long-form content is valuable for engagement. The move to video favors interview and talk shows over richly narrative formats, blurring the lines between podcasts and traditional television.

## **The problem with promotions**

Promotions are often awarded as rewards for past performance, not indicators of future success, leading to the "Peter principle" where individuals are promoted beyond their competence. A study found good salespeople often become poor managers, indicating that new roles require different skills. Other factors like managers hoarding talented employees, and sexism (women receiving lower "potential" ratings despite high performance) also distort promotion decisions. The article suggests that using a single instrument of promotion to achieve multiple goals?rewarding, motivating, and retaining?inevitably leads to problems within organizations.

## **Venezuela presents a big headache for big oil**

Donald Trump's vision for Venezuela's oil, asserting American control after the capture of Nicolás Maduro, is a deeply flawed throwback to 20th-century imperialism. Despite Venezuela's vast reserves, modern big oil companies are unlikely to rush in due to low global crude prices, high breakeven costs for Venezuelan oil, and persistent geopolitical risks and instability. Companies like Chevron are prioritizing cheaper, lower-risk projects in neighboring Guyana, rather than making heavy investments in Venezuela's broken infrastructure and brain-drained industry. Trump's transactional approach risks alienating the industry and undermines the potential for a stable, long-term oil recovery.

## **FINANCE & ECONOMICS**

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### **An American oil empire is a deeply flawed idea**

Donald Trump's ambition to transform Venezuela into an American oil empire, following Nicolás Maduro's capture, is deeply flawed, despite his claims of retribution and profit. Venezuela's crude output is more likely to fall initially due to blockades and a lack of diluent. Long-term recovery faces significant challenges: a massive \$110bn capital expenditure needed by 2030, a severe shortage of skilled labor, and a saturated global market expected to keep oil prices low, well below Venezuela's high breakeven costs. Furthermore, Trump's unilateral actions and admission of taking the country's oil will deter wary oil majors and financial institutions, who remember past nationalizations and prioritize stable investment environments over geopolitical entanglements.

### **Venezuela's astoundingly messy debts are about to get messier**

Venezuela's astoundingly messy debts, totaling at least \$95bn, are attracting investor interest following Nicolás Maduro's capture, as the prospect of debt restructuring under a new U.S.-backed government offers hope of recovery. However, the process is fraught with complications, including identifying disparate bondholders, settling \$22bn in claims from nationalized oil companies, and navigating \$16.5bn in unique loans from China. Donald Trump's pursuit of Venezuelan oil could further warp negotiations, potentially prioritizing payouts to oil firms over a fair settlement for all creditors. The country's dire finances and lack

of cash make any proposed sum likely too low, risking a stalled restructuring and continued default.

## **America's missing manufacturing renaissance**

Donald Trump's tariffs, intended to revive American manufacturing, have instead largely failed, with the sector experiencing a contraction and job losses for nearly three years. Beyond high interest rates, the tariffs themselves have injected significant uncertainty into the economy, hindering long-term planning for manufacturers reliant on global supply chains for exports and imports. Ironically, the one manufacturing sector thriving, computer equipment, has largely benefited from tariff exemptions and relaxed export controls, demonstrating that free trade, not protectionism, has spurred its growth. As the U.S. faces ongoing trade uncertainties, including a review of the USMCA, manufacturers may continue to struggle despite the administration's "help."

## **Why Europe's biggest pension funds are dumping government bonds**

European pension funds, particularly Dutch schemes, are dumping long-term government bonds due to regulatory reforms shifting them from "defined-benefit" to "defined-contribution" models. This change removes their incentive to hold fixed-income assets, making riskier, higher-return assets like stocks more attractive. This massive sell-off of ?100bn-150bn in long-dated bonds, coupled with the European Central Bank's own portfolio slimming, will significantly reduce demand for sovereign debt. The resulting rise in bond yields will increase European governments' borrowing costs and potentially lead to greater market volatility as more price-sensitive investors take their place.

## **Vietnam's growth is fast?but fragile**

Vietnam is experiencing rapid economic growth, bolstered by surging exports, industrial production, and government infrastructure spending, aiming for ambitious targets like 10% growth this year. The country's stock index rose by 37% in dollar terms last year, partly due to its upgrade to an emerging market. However, this growth is fragile, as the economy is unduly reliant on a handful of well-connected conglomerates like Vingroup, which accounted for almost three-quarters of last year's stockmarket gains. These "national champions," modeled after South Korea's chaebols, sometimes back out of projects without state backing, making Vietnam's economic progress vulnerable to the whims of a few firms.

## **Is it better to rent or buy?**

Renting has become a more financially advantageous option than buying in many rich-world cities since 2022, largely due to surging interest rates that make monthly mortgage costs significantly higher than rent. This trend, observed across America, Australia, and Britain, suggests that renters are often getting a better deal, especially when considering the opportunity cost of investing money otherwise spent on homeownership. The persistence of high long-term



interest rates and the rise of renter-friendly regulations further tip the balance in favor of tenancy, making it a clear winner for unemotional residents prioritizing financial logic.

## **What ?Pluribus? reveals about economics**

Apple TV's "Pluribus," where humanity merges into a truth-telling hive mind, offers a unique lens through which to examine economic theories. The show highlights the hidden complexity of everyday economic life, as the "Joined" effortlessly coordinate to restock a supermarket, akin to Leonard Read's "I, Pencil" essay. While the Plurbs overcome the Hayekian problem of tacit knowledge, their lack of true rivalry and individual entrepreneurial drive limits the scope for progress that often emerges from defying collective wisdom. The series thus acts as a thought experiment on central planning, contrasting its harmonious but potentially stagnant efficiency with the messy, yet innovative, dynamism of market economies.

## **SCIENCE & TECHNOLOGY**

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### **An AI revolution in drugmaking is under way**

An AI revolution is transforming the pharmaceutical industry, shifting drug design from traditional laboratory work to in silico methods. Biotech firms like Insilico Medicine are using transformer models to identify target proteins and design novel molecules, significantly shortening drug development timelines and improving success rates in early-stage safety trials. This has led to a surge in investment and collaborations between pharma giants and AI companies, all aiming to leverage AI for more efficient drug discovery, trial design, and patient selection. While challenges remain, AI's ability to model complex biological interactions and create "synthetic patients" promises enormous possibilities for enhancing human health and reshaping the industry landscape.

### **Real flying saucers**

The Aerospace Corporation is developing DiskSats, flat, circular satellites designed to improve upon the standard CubeSats by offering a higher surface-area-to-volume ratio. These "flying saucers," measuring one meter across and 2.5 cm thick, can carry more solar cells and aerials, and maintain low orbits more effectively by flying edge-first to reduce atmospheric drag. The first four DiskSats were launched in December, with plans to test two in very-low-Earth orbit. This technology, backed by America's Space Force, promises enhanced Earth observation capabilities, with spying likely to be an early application.

### **A way to expand Earth's arable land**

Moshe Alamaro proposes a novel method to expand Earth's arable land by transforming semi-arid landscapes into productive agricultural zones. His "enridging" idea involves

reshaping land into east-west ridges with broad, shallow, sun-avoiding slopes to retain moisture for crops. Two field trials, one in Italy and one in Kenya, are planned to establish the cost and optimal design for this terraforming project. While some of Alamaro's past ideas have been mixed, if successful, this low-cost approach could significantly increase the planet's cultivable area, offering a transformative solution for food production.

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

In rainforests, where water is abundant and watering holes are not focal points for prey, predators effectively use salt licks as ambush sites. Research using camera traps in Peru revealed various herbivores, such as deer, peccaries, and tapirs, frequenting these salt-rich rock outcrops to obtain essential minerals. Predators like jaguars, ocelots, tree boas, and dwarf caimans exploit these gatherings, successfully snatching prey, demonstrating that salt licks serve as key hunting grounds in these environments, much like watering holes do in savannahs.

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

High-intensity interval training (HIIT) offers a time-efficient method to achieve fitness, as demonstrated by studies showing it can surpass conventional cardio in improving aerobic fitness. HIIT involves short bursts of maximal-effort exercise followed by brief rests, intensely stressing all three of the body's energy systems simultaneously. While effective, it demands high intensity and can cause discomfort. Modern HIIT programs often dial back the extreme intensity of the original Tabata protocol, making it a more palatable option for those seeking fitness in a hurry.

## **CULTURE**

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### **Do self-congratulating celebrities need more plaudits?**

The Golden Globes' new "Best Podcast" category highlights a troubling trend in podcasting, dominated by celebrity-led shows where stars interview and congratulate each other. While podcasts have become a crucial platform for celebrities and content adapted from them has won awards, the Globes' nomination process, based on popularity rather than quality, overlooks deeply reported, inventive narrative podcasts. This focus on "plodcasts"—loose, unrigorous talk shows—risks standardizing the medium and diverting resources from ambitious storytelling, turning a once-innovative space into another self-congratulatory Hollywood echo chamber.

### **Six books to read about Venezuela**

This collection of six books provides an in-depth understanding of Venezuela's complex slide from a model democracy in the 1960s and 70s to its current dictatorship under Nicolás Maduro. The works cover the economic collapse, the rise and charismatic appeal of Hugo Chávez, his

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authoritarian consolidation, and the subsequent failures and corruption of Maduro's regime. These accounts detail key moments such as the caracazo riots, the attempted coup in 2002, and the systematic dismantling of democratic institutions and human rights.

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

"Adaptogenic" and "nootropic" mushrooms, such as Cordyceps, reishi, maitake, shiitake, and lion's mane, are surging in popularity as the latest wellness food trend. Promoted for benefits like boosted energy, calmness, heart health, and brain-power, these fungi are increasingly mixed into coffees, cocktails, and chocolates. Despite their widespread market presence, scientific research offers a more skeptical view, with no clinical evidence supporting their advertised medicinal effects on humans, suggesting they are best enjoyed as culinary ingredients rather than health supplements.

## **The lessons of the terrorist violence of the 1970s**

Jason Burke's "The Revolutionists" offers a gripping chronicle of terrorist violence from the late 1960s to early 1980s, focusing on groups like the PFLP, Red Army Faction, and Red Brigades. The book highlights how early hijackings and assassinations, often with political aims, inspired a generation of militants, and how initial government feebleness gave way to a hardened stance after the Munich Olympics massacre. Burke's character portraits reveal the complex motivations and often vile personalities of figures like Andreas Baader and Carlos the Jackal, while also tracing the shift from secular political terrorism to the religious extremism that emerged post-1979.

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

The second season of "The Night Manager" brings back John le Carré's enigmatic protagonist, Jonathan Pine, whose unruffled character largely saves the show's plotting and dialogue, which struggles to match the novel's depth. Pine, a former soldier and hotel manager, is portrayed as a master of self-control, suppressing appetites and guilt behind a "hotelier's smile." His enduring appeal lies not in intimate familiarity, but in his inscrutability and the constant struggle to uncover his true self amidst a "jungle of conspiracies."

## **ECONOMIC & FINANCIAL INDICATORS**

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### **Economic data, commodities and markets**

No significant coverage this issue.

## OBITUARY

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### **Nuno Loureiro hoped to replicate the energy of the Sun**

Nuno Loureiro, a brilliant fusion pioneer and professor at MIT, dedicated his life to studying plasma, the fourth phase of matter, in hopes of harnessing its turbulent energy to replicate the Sun's power on Earth. Loureiro's work on "tearing modes" and "magnetic reconnection" in plasma, ranging from astrophysics to laboratory tokamaks, aimed to provide continuous energy without fossil fuels. He inspired his students to tackle hard problems, citing the myth of Sisyphus. Tragically, he died from gunshot wounds in December, killed by a former peer with no firm motive established, leaving his vision of transforming human history unfinished.