

THE WORLD THIS WEEK

Politics

Cambodia and Thailand blamed each other for renewed border fighting that has displaced hundreds of thousands and killed 19, marking the worst clashes since an October ceasefire. Japan protested Chinese naval exercises near Okinawa, and the US showed support with bombers, as tensions rise over Taiwan and Russian military presence. Hong Kong's legislative elections saw a low turnout of under 32%, with only pre-vetted "patriots" allowed to stand, despite government incentives. Australia implemented a global-first ban on social media for children under 16, requiring platforms like Instagram and TikTok to block underage accounts using age-inference technology. American farmers received a \$12bn aid package to mitigate trade war impacts on food exports, funded by tariff income.

Donald Trump criticized European leaders as "weak" and "politically correct," asserting mass migration had destroyed their countries, echoing America's new national security strategy's warning of "civilisational erasure" in Europe. Volodymyr Zelensky met European leaders to shore up support against US pressure to concede Ukrainian land to Russia, while some in Trump's circle questioned Ukraine's democracy as Zelensky's term ended. Lithuania declared a state of emergency over hundreds of smuggled-goods balloons from Belarus, deemed a "hybrid attack" disrupting infrastructure. Andrej Babis became Czech Prime Minister, leading a populist-right government including pro-Russia parties. The French government narrowly passed its social-security budget after concessions, freezing pension reforms until 2027.

US federal agents seized an oil tanker off Venezuela, accusing it of sanctions violations by transporting Iranian and Venezuelan oil, which Venezuela denounced as "theft." Honduras's election results remained undeclared, with Trump-backed Nasry Asfura holding a slim lead over Salvador Nasralla, who alleged fraud. Brazil's lower house voted to reduce Jair Bolsonaro's 27-year coup-conspiracy sentence to two years, a bill still requiring Senate and Supreme Court approval. M23 militia, backed by Rwanda, seized Uvira in eastern Congo, escalating conflict less than a week after a US-brokered peace deal was signed in Washington. Syria celebrated a year since rebel forces ousted Bashar al-Assad, with interim president Ahmed al-Sharaa vowing unity amid sectarian violence. Yasser Abu Shabab, an Israeli-backed militia leader in Gaza, was killed in a gunfight. Israel conducted air strikes on southern Lebanon, a day after rare direct talks between the civilian envoys of both countries. Bethlehem lit its Christmas tree for the first time since 2022, with Palestinians expressing hope for better times after the Gaza ceasefire.

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Business

A blockbuster takeover battle for Warner Bros Discovery began, with Netflix offering \$83bn for most of the company, quickly followed by a hostile \$108bn bid from Paramount for the entire firm. Donald Trump seemed to pour cold water on Netflix's deal by raising antitrust concerns, while Paramount, backed by Larry Ellison, has long been a front-runner for Warner Bros' extensive movie catalog. Oracle's latest earnings disappointed investors, with its revenue and profit outlook for the current quarter falling below analysts' estimates, and the company raised its data center spending by \$15bn, fueling market concerns about massive AI investments. The Federal Reserve lowered its key interest rate by a quarter point to 3.5%-3.75%, amid divisions over weak job growth versus inflation control, in what was likely its last meeting before Trump appoints a new chairman, reportedly favoring Kevin Hassett.

China's yearly trade surplus in goods surpassed \$1trn for the first time, reaching \$1.1trn in the first 11 months of 2025, demonstrating its success in pivoting to alternative markets despite US tariffs. Donald Trump announced Nvidia could sell its H200 chip in China, with the US government taking a 25% cut, even as China reportedly discusses limiting its reliance on Nvidia to boost its domestic semiconductor industry. A federal judge struck down Trump's ban on new wind-power projects, calling the order "arbitrary" and illegal for lacking sufficient policy explanation, marking a victory for the wind industry despite a hostile government. India's government ordered IndiGo, the country's largest airline, to reduce flights by 10% to stabilize operations after thousands of cancellations due to pilot shortages and inadequate planning for new rest regulations. Guillaume Faury, Airbus CEO, conceded that Boeing would likely win the annual plane orders competition for the first time in six years, benefiting from strong 787 demand and Trump's support. PepsiCo announced cost reduction plans and core operating margin improvements under pressure from activist hedge fund Elliott Management, avoiding a proxy fight. Unilever completed the divestment of its ice-cream assets with Magnum Ice Cream's IPO valuing it at \$9.2bn, lower than expected, possibly due to investor concerns about high-calorie foods amidst the weight-loss drug craze. SpaceX is reportedly planning an IPO, potentially in the second half of 2026, aiming to raise at least \$25bn, making it one of the largest IPOs ever.

The weekly cartoon

No significant coverage this issue.

LEADERS

Can anyone stop Europe's populist right?

Europe's populist right is gaining significant ground amidst stagnant living standards and declining global influence, as mainstream politicians' "apocalyptic warnings" prove ineffective

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and self-defeating. The populist surge is viewed as a response to perceived failures of mainstream parties and liberalism's crises. While populist doctrines contain elements to condemn, mainstream leaders are urged to scrutinize their policies constructively rather than demonize voters, as populists' stances on economic deregulation, anti-EU sentiment, xenophobia, and alignment with autocrats like Vladimir Putin pose serious risks to European unity and democracy.

More reasons for America's friends to plan for the worst

The Trump administration's National Security Strategy (NSS), abruptly released, has caused alarm among US allies due to its erratic policy-making and concerning content. The document prioritizes homeland security against "mass migration," supports populist-right parties in Europe, and conspicuously omits Russia as a threat, potentially signaling a shift towards accommodating Russian influence in Europe. While it reaffirms commitment to deterring attacks on Taiwan, the overall vagueness and transactional nature of Trump's foreign policy, combined with ascending radical figures, means allies should plan for the worst-case scenarios, despite potential internal US resistance.

Don't fear China's trillion-dollar trade surplus

China's record \$1trn trade surplus, while causing global anxiety, is primarily a problem for China itself rather than the rest of the world. This surplus reflects not only China's export tenacity in finding new markets despite US tariffs, but also a significant weakness in its domestic spending, evidenced by shrinking imports, a property market slump, and entrenched deflation. China's reliance on exports has delayed necessary internal fiscal stimuli and property market reforms, making its economy vulnerable to future global demand fluctuations and risking a long-term "deflationary mindset" akin to Japan's.

America's Supreme Court should strike down Donald Trump's tariffs

America's Supreme Court is poised to rule on the legality of roughly half of Donald Trump's tariffs, imposed under a 1977 act and deemed illegal by three lower courts. The Economist argues the Court should strike them down, affirming Congress's constitutional power to levy tariffs and upholding the "major-questions doctrine" against vague language granting vast executive powers. While a reversal would cause short-term disruption, including potential refunds to importers, failing to rein in Trump would dangerously concentrate power in the White House, allow for arbitrary taxation, and risk the court's credibility by appearing to apply its principles unevenly.

The battle for Warner Bros is a prelude to the real streaming war

The fierce, \$100bn takeover battle for Warner Bros Discovery between Netflix and Paramount is a captivating Hollywood drama, yet it's merely a precursor to a larger, more fundamental shift in the entertainment industry. Audiences are increasingly gravitating towards content

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created outside traditional Hollywood, with amateur and independent makers on platforms like YouTube dominating streaming viewership. The convergence of technology, business models (e.g., streaming services embracing advertising), and content blurs the lines between professional studios and social media, indicating a broader competitive landscape where trustbusters should consider all video forms when assessing market dominance.

LETTERS

Has repression in Iran been curtailed?

A correspondent refutes claims that repression in Iran has eased, citing record executions, increased arrests of critics, and misogynistic laws. The letter argues that the regime believes it triumphed in the recent war with Israel and uses a false diplomatic front to gain legitimacy and time for repression, rather than genuinely seeking peace or negotiations.

A selection of correspondence

A German professor suggested "Risikominderungsgegenstrategien" as a term for counter-strategies against de-risking. The executive director of the Early Care and Education Consortium defended KinderCare's employee benefits, tuition costs, and safety standards, clarifying its funding sources. A professor of innovation and economics highlighted Britain's National Quantum Computing Centre as a model for de-risking technology development and fostering an ecosystem for quantum computing applications. A reader recounted the historical role of carrier pigeons in news delivery, notably during D-Day. Indonesia's Ministry of Finance clarified that placing budget surplus in state-owned banks is a cash placement for credit growth, not spending. A reader provided examples of trees, both humble and famous, that met unfortunate ends. A former retail executive shared an anecdote about Russian retail workers not smiling, as it was perceived as a sign of idiocy.

BY INVITATION

Make Europe Centrist Again?

Mark Leonard argues that European leaders, dependent on Donald Trump for security, should leverage his unpopularity in Europe to combat his populist allies on the continent. By developing counter-narratives, strengthening social bases among working-class voters, and addressing real European needs, mainstream politicians can defend national sovereignty against American attacks. This approach, exemplified by leaders like Denmark's Mette Frederiksen and the Netherlands' Rob Jetten, could rebuild support and catalyze a new centrist European politics, effectively using Trump as a weapon against Euro-MAGA.

BRIEFING

The populists of Reform UK, already topping the polls, may climb higher

Nigel Farage's Reform UK has dramatically risen from the political periphery to become Britain's leading party, now polling at nearly 30% and potentially on track to win the most seats in a general election. Despite scandals, new research suggests significant growth potential, particularly from disaffected Conservative voters. Reform's agenda blends populist policies, such as mass deportations and tech-friendly deregulation, with fiscally conservative and culturally hawkish stances. This shift represents a potential revolution in British politics, threatening to sideline the Conservatives and reshape the country's leadership with a more presidential style of governance.

The Alternative for Germany is the leading party in some German polls

The Alternative for Germany (AfD), a populist-right party, is professionalizing its operations while retaining and even intensifying its radical positions, particularly on "mass remigration." Despite being labeled extremist by intelligence agencies, the AfD is polling around 25%, attracting a diverse base from various political parties, especially middle-aged men without university degrees in industrially declining regions. The party's leadership, including figures like Alice Weidel, successfully combines a moderate appearance with an underlying racial fury, uniting its wings on migration while papering over policy contradictions. While other parties maintain a "firewall" against it, the AfD is mobilizing increasing numbers of Germans both for and against its vision.

Once a pariah, the National Rally is now France's most popular party

France's National Rally (RN), led by Jordan Bardella, has transformed from an extremist pariah into the country's most popular party, posing a serious threat to win the presidency in 2027 or gain parliamentary power sooner. Through a "necktie strategy," the RN has cleaned up its image, expelled toxic elements, and tempered some radical policies, expanding its appeal beyond traditional heartlands to include white-collar and older voters. While it promotes "pro-business" policies and curbs on immigration that resonate with national sentiment, an underlying "France first" ideology with anti-foreigner undertones persists. Despite lacking national governance experience and internal complexities, the RN is actively preparing for power, with its leader Jordan Bardella confident in exercising responsibility.

UNITED STATES

The Supreme Court is handing Donald Trump more power

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The Supreme Court's impending decision on Trump v Slaughter is expected to empower the president further by overturning a 90-year precedent that limits the firing of independent agency officials, such as FTC commissioners. This comes as Donald Trump openly states his intent to influence major business deals like the Warner Bros Discovery takeover, leading critics to warn of politicized regulation and increased corruption. Legal experts argue that sanctioning such power could dismantle the principle of technocratic expertise across government, making all civil servants vulnerable to political dismissal and concentrating immense authority in the White House, with Congress's only recourse being extreme measures like impeachment.

Miami elects a new mayor at a pivotal moment

Miami has elected Eileen Higgins as its first female and first Democratic mayor this century, signaling a shift away from decades of dynastic political rule. Her leadership comes at a critical juncture for Miami, which is grappling with rapid population growth and an affordability crisis driven by an influx of remote workers and tech/finance firms. Higgins's challenge will be to clean up the city's entrenched corruption, reform the permit process, and build affordable housing to ensure the city's dizzying growth benefits all residents, with strong backing from a business community eager for stability.

How much does America know about its boat-strike targets?

The Trump administration's campaign of bombing suspected drug boats, which has resulted in at least 87 deaths, has drawn bipartisan scrutiny regarding the intelligence operations supporting these lethal strikes. While Secretary of War Pete Hegseth claims precise knowledge of targets, intelligence officials suggest specific identities on vessels are unlikely to be known beforehand, with identification typically occurring post-interdiction. Concerns about potential violations of international law led Britain to suspend intelligence-sharing with the Joint Interagency Task Force South (JIATF-S), prompting lawmakers to demand greater transparency and the release of full video evidence from a controversial September 2nd strike.

College campuses have become a front line in America's sports-betting boom

America's sports-betting boom, fueled by widespread legalization since 2018, has profoundly impacted college campuses, where sport is pervasive and young men are particularly susceptible. A 2023 NCAA survey revealed 60% of college students have gambled on sports, with a significant portion engaging in problematic behavior leading to financial and mental health issues. Universities and the NCAA are struggling to regulate this environment, which exposes student-athletes to harassment and game integrity risks, as online betting platforms integrate with media and offer constant promotions, leading to severe consequences for vulnerable individuals.

American doctors are rich and miserable

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Despite being among the highest-paid globally, American family doctors are also the most prone to burnout, with 43% reporting physical or emotional exhaustion, significantly higher than in other rich countries. This misery is largely attributed to excessive administrative tasks, including complex charting, managing patient messages, and battling insurance companies, a burden exacerbated by electronic health records. Burnout not only drives doctors to quit, incurring billions in costs annually, but also doubles the likelihood of medical errors. Solutions include streamlining bureaucracy, leveraging AI for routine tasks, and recognizing the need to reduce overall workloads, rather than just promoting mindfulness.

All hail ?The President of Peace?

Donald Trump's self-proclaimed title as "President of Peace" and his appropriation of the United States Institute of Peace reflect a performative approach to diplomacy, characterized by grand gestures rather than sustained effort. Despite hosting leaders for "historic agreements," such as in Congo, conflicts often persist, highlighting a gap between rhetoric and reality. Lexington argues Trump's transactional style, prioritizing personal branding and economic spoils, often leads to self-satirizing claims of ending wars, demeaning genuine accomplishments. The article suggests that true peacemaking requires persistent, detailed work, a stark contrast to Trump's wham-bam approach, urging the Nobel Committee to hold its recognition until tangible results are delivered.

THE AMERICAS

José Antonio Kast is Chile's probable next president. How will he govern?

José Antonio Kast is poised to become Chile's most right-wing president since its return to democracy, fueled by fears of crime and immigration. He promises an "emergency government" focused on deporting irregular migrants, implementing "iron fist" security measures with maximum-security prisons and military border patrols, and enacting vigorous pro-market economic policies including \$6bn in spending cuts. Despite assurances of upholding democracy, concerns remain about his potential reaction to political setbacks and his capacity to achieve ambitious economic growth targets without a congressional majority, making Chile a test case for hyper-conservative governance.

How the ?Donroe Doctrine? is changing Puerto Rico

Puerto Rico is becoming a crucial hub for the United States' projection of power in the Western Hemisphere, driven by the "Donroe Doctrine" which asserts American pre-eminence and aims to crush "narco-terrorists." The revival of the Roosevelt Roads naval base and a significant increase in military presence, including F-35s and advanced naval assets, positions the island as pivotal for potential strikes on Venezuela. While many locals welcome the economic boost and

increased security against drug cartels, some express concerns about American imperialism and environmental harm, as the island's traditional rhythms are disrupted by the drumbeat of war.

MAGA?s man in LatAm

Fernando Cerimedo, an Argentine political strategist, is emerging as a key figure in Donald Trump's network, running successful right-wing campaigns across Latin America. Credited with securing Trump's endorsement for Honduras's conservative candidate and advising Argentina's Javier Milei, Cerimedo leverages digital media and close ties with MAGA figures. His "chainsaw politics" approach, including the symbolic use of a chainsaw by Milei, focuses on tailored messaging to influence public opinion. Despite being called the "prince of darkness" by the Latin American left, Cerimedo maintains his operations are legal and transparent, actively working to support nationalist agendas.

ASIA

Why many Asian megacities are miserable places

Many Asian megacities, including Jakarta and Dhaka, are expanding rapidly in population but are plagued by squalor, pollution, and gridlock, which undermine their economic potential. This misery is largely due to dysfunctional governance, characterized by fragmented authority and poor coordination among neighboring cities, ministries, and agencies. In contrast, successful models like Shanghai, with its strong centralized authority, and Tokyo, with its well-coordinated municipal and national governance alongside dense public transport, demonstrate that overhauling power structures and improving urban management are crucial for making these agglomerations livable and breaking the middle-income trap.

Fighting between Thailand and Cambodia breaks out again

A fragile peace agreement brokered by Donald Trump between Cambodia and Thailand in October collapsed on December 8th, with renewed fighting along their disputed border resulting in 19 deaths and hundreds of thousands displaced. Thailand launched F-16 air strikes, claiming retaliation for Cambodian attacks, while Cambodia blamed Thailand, reflecting generations-old tensions and landmine disputes. Both leaders face domestic pressure not to appear weak, and Thailand's military, backing the current government, aims to cripple Cambodia's capabilities, possibly gambling on a major victory to reshape how Trump views the two nations.

Australia?s hard right is resurgent

Australia's hard right is gaining momentum, marked by the increasing mainstream appeal of Pauline Hanson's One Nation party and the growing visibility of extremist groups, including

neo-Nazis. This resurgence is fueled by high living costs, anxiety over immigration, and dysfunction within the center-right opposition, leading to defections of politicians like Barnaby Joyce to One Nation. Angry "March for Australia" rallies, which have seen extremist groups alongside mainstream nationalist outfits, worry officials about escalating violence. Despite Australia's preferential voting system and diverse demography, the enduring appeal of "White Australia" ideology poses a significant concern for the country's social cohesion and political stability.

How did one airline bring Indian aviation to its knees?

IndiGo, India's dominant airline with a 66% domestic market share, caused unprecedented disruption by canceling over half its daily flights due to pilot shortages and a failure to prepare for new rest regulations. This operational meltdown, which effectively brought Indian aviation to its knees, highlights the severe over-reliance on a single carrier in a market where profits are challenging due to high fuel taxes and powerful airport operators. The incident underscores the urgent need for greater competition in Indian aviation and an improvement in overall transport infrastructure, which often suffers from poor "software" like inadequate enforcement and outdated services.

CHINA

The meaning of China's record-high trade surplus

China's record \$1trn trade surplus in 2025 demonstrates its growing technological self-reliance, with domestic AI firms competing globally and "Made in China 2025" goals exceeded in key sectors. This surplus, resilient against US tariffs through market diversification and indirect exports, is also a symptom of China's domestic economic weakness, including shrinking imports, a property market slump, and entrenched deflation. While exports have maintained growth, this reliance has delayed crucial internal reforms and fiscal stimulus, making China's economy vulnerable to external demand fluctuations and risking a long-term "deflationary mindset."

Hedging against Trump, Canada reconsiders ties with China

Canada is reassessing its relationship with China, seeking to re-engage after a period of strained ties, primarily influenced by Donald Trump's protectionist policies and the new Canadian Prime Minister Mark Carney. Trump's "America First" stance eroded Canadian trust in the US, leading to improved Canadian sentiment towards China. Despite being constrained by its economic reliance on America, Canada aims to diversify its exports to other markets, including China, and explore cooperation in less politically sensitive areas, though potential US concerns, particularly regarding Chinese EV makers, could complicate further rapprochement.

Why do so many Chinese still smoke?

Despite government initiatives, China has 300m smokers, nearly half of all adult men, who consume 40% of the world's tobacco, with consumption declining significantly slower than the global average. This persistent smoking habit primarily benefits the state-owned China National Tobacco Corporation (CNTC), which controls the entire supply chain and keeps cigarette prices low. The biggest obstacle to reducing smoking is the tobacco industry's immense clout, as tobacco taxes account for a substantial portion of central government revenue, making leaders hesitant to implement higher taxes that would reduce demand.

China knows how to punish countries that offend it

China adeptly uses economic leverage to punish countries it deems offensive, with Japan currently facing import bans and travel warnings after comments on Taiwan. While individual sanctions may not always force immediate capitulation, China's "doghouse diplomacy" has proven effective over two decades in shaping global behavior and making foreign governments cautious around its declared interests. By imposing targeted, often unannounced, measures that cause substantial loss to specific industries while minimizing self-harm, China aims not just to punish, but to clearly define its "red lines" for other nations.

MIDDLE EAST & AFRICA

A giant iron-ore mine could bring Guinea riches or ruin

Guinea's massive Simandou iron-ore mine, one of the world's largest deposits, has finally begun operations with its first shipment to China, promising to transform the West African nation's economy. The \$20bn project, co-owned by Rio Tinto and Chinese consortiums, could significantly boost Guinea's exports and GDP by 2030, but also carries substantial risks of "Dutch disease" and corruption. The ruling military junta, led by General Mamady Doumbouya, plans to invest the windfall in infrastructure and education, while simultaneously seeking to legitimize its rule through a contested presidential election, intensifying the stakes for control over the burgeoning resource wealth.

Donald Trump has not ended conflict between Congo and Rwanda

Donald Trump's "peacemaking" efforts between Congo and Rwanda proved illusory, as M23 militia, backed by Rwanda, continued its advance in eastern Congo immediately after a Washington meeting where a "peace accord" was signed. The agreement, intended to halt Rwandan support for M23 and dismantle opposing militias, appears to be a sham, with ongoing fighting displacing hundreds of thousands and M23 seizing key cities. The bilateral economic deals, focused on mineral access and investment for American buyers, are seen as more significant to the leaders involved, suggesting that making money currently takes precedence

over achieving genuine peace.

Nigeria's kidnapping crisis

Nigeria is grappling with a severe kidnapping crisis, exemplified by a mass abduction of students and staff, which has intensified concerns following President Trump's threats of military intervention over alleged Christian persecution. Despite government claims of security improvements, experts and rights groups report persistent high levels of abductions and fatalities, primarily driven by criminal gangs. While the government is scrambling to implement security reforms, including state policing, and seeking foreign aid, a lasting solution will require confronting entrenched political and business interests that profit from the ongoing conflicts.

A window of opportunity for reform in Lebanon is closing

Lebanon's Prime Minister Nawaf Salam has made commendable strides in economic and political reforms, including easing bank-secrecy rules and restructuring local banks, but faces a rapidly closing window of opportunity. Challenges persist with Hizbullah's continued arms, Israeli impatience, and the contentious "gap law" to address \$80bn in financial losses. With looming elections and a cautious president, Salam's unfinished work may be cut short, risking renewed war and economic malaise as political will for decisive action struggles against inertia and competing interests, including a potential challenger for his position.

Israel refuses to withdraw from Syria

A year after occupying southern Syrian territory following Bashar al-Assad's ouster, Israeli troops remain entrenched, building fortified outposts and conducting raids, citing the presence of hostile militias. Israel harbors deep suspicions about Syria's new government and its capabilities, despite interim president Ahmed al-Sharaa's calls for withdrawal. While the Trump administration urges Israel to engage in talks for a security deal, Prime Minister Netanyahu, facing looming elections and the trauma of October 7th, appears unwilling to relinquish the buffer zone, risking the creation of new enemies and a self-fulfilling prophecy of conflict.

EUROPE

Russia is not as resilient as it wants you to think

Despite Vladimir Putin's narrative of military success and economic stability, Russia faces mounting challenges, including slow army progress, economic strains, and a souring public mood on the war. Oil and gas revenues have fallen, military spending momentum has stalled, and the budget deficit is nearing 3% of GDP, forcing domestic borrowing and tax increases. While most Russians are not active opponents, their support for the war is superficial, and a growing number perceive their well-being deteriorating, indicating that the war, now longer

than Russia's WWII fight against Nazis, inspires neither pride nor optimism.

Albania is trying to charm its way into the EU

Albania's Prime Minister Edi Rama is actively campaigning for EU membership by 2030, leveraging economic growth and accelerated integration talks, despite ongoing corruption issues. Rama defends his government's commitment to judicial independence, even as senior allies face indictments from anti-corruption authorities. He is strategically cultivating relationships with diverse European leaders and even Donald Trump's son-in-law, offering concessions like foregoing EU veto rights to overcome skepticism and nativist opposition to admitting the bloc's first majority-Muslim country.

Talks stall between Turkey's government and the Kurds

Peace talks between Turkey's government and the Kurdistan Workers' Party (PKK) have reached an impasse, with each side demanding concessions from the other. Turkey insists on full PKK disarmament before offering amnesty, while the PKK demands the release of its imprisoned leader, Abdullah Ocalan, a move deeply unpopular with most Turks. This stalemate highlights internal divisions within President Erdogan's coalition and complications from Kurdish insurgents in Syria, who are hesitant to integrate with Damascus, raising fears of a renewed Turkish offensive despite the overall desire for peace.

Europe bans Russia's gas exports, but still buys its gas-based fertiliser

Despite committing to phase out Russian natural gas imports by September 2027, the EU continues to import substantial amounts of Russian fertilizer derived from natural gas, increasing its market share for some types since the Ukraine invasion. This reliance on its adversary for food security is driven by cheap and abundant Russian supplies, coupled with Europe's reduced domestic production capacity. While rising EU tariffs on nitrogenous fertilizers aim to make them uncompetitive, their effectiveness is uncertain, particularly with new carbon border adjustment mechanisms affecting alternative suppliers and potentially triggering farmer protests.

Ukraine struggles to cope with America's destructive peace plans

Donald Trump's "peace plans" for Ukraine follow a pattern of Kremlin-friendly proposals, forcing Kyiv to scramble for compromises that Russia consistently rejects, escalating pressure on Ukraine. President Zelensky has resisted demands to cede territory, even offering to hold elections under security guarantees, highlighting mounting anxiety. Reports of secret US business deals with Russia, potentially funded by frozen Russian assets, are seen as an "influence operation" rather than genuine peace efforts. Ukraine faces a dire military situation with accelerating Russian offensives and internal political challenges, including a leadership vacuum following anti-corruption investigations.

Ukraine's trains, the country's lifeline, have money problems

Ukraine's state-owned railway company, Ukrzaliznytsia, a vital lifeline for the country's economy and wartime logistics, is facing severe financial distress despite its operational resilience under Russian drone attacks. Russian strikes on railway infrastructure have surged, impacting capacity and increasing costs. While the company adapts to relentless bombardment, war has halved profitable freight volumes and dramatically raised fuel and electricity prices. Ukrzaliznytsia is negotiating to restructure over \$1bn in debt and proposes freight price rises, but these face strong opposition from businesses, highlighting the urgent need for government support and comprehensive financial reforms to prevent a systemic collapse.

BRITAIN

Nigel Farage's Reform UK has moderated in office

Nigel Farage's Reform UK, since gaining control of ten local councils, has demonstrated a surprising moderation in governance, focusing on pragmatic issues like potholes and budget deficits rather than radical populist policies. While making symbolic gestures against "woke" causes, major ideological changes have been hampered by cost and legal realities. The party is prioritizing a reputation for competence, with its fiscal approaches often mirroring those of mainstream parties, driven by the precarious financial state of local councils. This shift suggests that the responsibilities of office are tempering Reform's insurgent radicalism.

Britain's pitiful Christmas bonuses

Britain's £10 Christmas bonus for pensioners, introduced in 1972 and now worth a mere 84p in real terms, exemplifies a "stingy uncle" approach to welfare policy. Politicians have consistently maintained the handout but allowed inflation to erode its value, resulting in a token gesture that is neither meaningfully beneficial nor entirely abolished. The article argues for a more rational approach: either eliminate the bonus and redirect the funds more effectively throughout the year, or increase it significantly to provide genuine value, reflecting a broader critique of Britain's parsimonious public services.

Why Britain's police forces are taking to AI

Britain's police forces are increasingly embracing AI to address funding cuts, slow response times, and dwindling public confidence, recognizing its potential to revolutionize policing. Innovations include AI transcription tools for evidence, crime reporting chatbots, and advanced analytics for sexual abuse cases. However, implementation faces significant obstacles: insufficient funding for new technologies, institutional inertia and a lack of digital skills within forces, and the risk of public backlash if AI is perceived to be making critical decisions. Despite the clear benefits, these challenges threaten to slow progress, even as AI increasingly

transforms criminal activity.

A new breed of quizzer is wresting control of an old hobby

Quizzing is experiencing a dynamic revival, driven by its surge in popularity during the pandemic and the emergence of a new generation of internet-savvy competitors. Champions like Daoud Jackson, who honed skills online, exemplify this shift, employing efficient training methods with flashcards and databases. Quiz questions are also evolving to be more diverse and accessible, though balancing inclusivity with niche topics remains a challenge. This transformation reflects a broader adaptation of the hobby to modern times and a global audience.

What's behind the revival in the price of British wool

The price of British wool has recently surged, reaching a near-decade high, driven by a combination of pent-up demand and shrinking supply. The post-pandemic recovery of the global hospitality industry has boosted demand for wool carpets and upholstery, while a growing preference for sustainable, natural fabrics also contributes. On the supply side, declining sheep flocks, influenced by changes in farming subsidies, have reduced the available wool clip. Additionally, recent favorable weather has led to happier sheep and a higher-quality, whiter fleece, further nudging prices up.

Pro-growth sports fans are getting organised in Britain

Pro-growth sports fans in Britain are organizing as "YIMBYs" ("yes in my backyard") to counter "NIMBYs" ("not in my backyard") who oppose new stadium developments and other infrastructure projects. Groups like Bring Back Barnet are advocating for local economic growth through sports facilities, clashing with environmental and community protection groups. These movements are becoming increasingly political, fielding candidates in local elections and aiming to influence national planning policies to promote more development, demonstrating a growing push for expansion against traditional resistance.

INTERNATIONAL

Inside the fight for MAGA's foreign policy

Donald Trump's "America First" foreign policy, encapsulated in his National Security Strategy (NSS), marks a radical departure from traditional Republican internationalism, envisioning a Darwinian world of "grubby dealmaking." The NSS criticizes Europe for "civilisational erasure" through migration, downplays Russia as a threat, and prioritizes homeland defense and dominance in the Western Hemisphere ("Trump Corollary"). This messy document reflects a constant squabble among competing factions within Trump's court, with dealmakers often

clashing with China hawks and traditional Republicans. Despite internal resistance and public opinion favoring globalism, Trump's personal moods and transactional style largely dictate policy, with potential long-term risks for alliances and global stability.

What's worse for innovation: MAGA or Mao?

Donald Trump and Xi Jinping both exhibit a dangerous nostalgia for the 1950s that threatens innovation. Trump's "Make America Great Again" ideology aims to restore a homogenous, industrially dominant America through protectionism and strict immigration. Xi's China, despite its high-tech aspirations, draws on Mao-era notions of collective sacrifice, prioritizing national strength over individual aspirations and consumer spending, preparing for a "return to the 1950s" with repression and state planning. While Xi leverages this for a high-tech economy, Trump promises a backward-looking economy of old industries.

1843

The Hermès heist: how an heir to the luxury dynasty was swindled out of \$15bn of shares

Nicolas Puech, an heir to the Hermès luxury dynasty, discovered his estimated \$15bn stake in the company had vanished, leading to accusations of "massive fraud" against his long-time Swiss banker, Eric Freymond. This complex saga, unfolding against the backdrop of LVMH's past hostile takeover attempt, exposed the vulnerabilities of family-run luxury firms to internal dynamics and the opaque nature of bearer shares. Freymond, who later died by suicide, allegedly sold Puech's shares to LVMH without his knowledge, funneled assets from his accounts, and left the once-wealthy Puech penniless, sparking legal battles and raising questions about accountability and the hidden struggles within elite circles.

BUSINESS

Netflix and Paramount are battling for more than Warner Bros

The fierce \$108bn hostile bid by Paramount for Warner Bros Discovery, challenging Netflix's \$83bn proposal, is a battle over the future of entertainment. Paramount seeks scale to compete in streaming and aims to rejuvenate cinema, while Netflix desires Warner's premium content to bolster its arsenal against social media platforms like YouTube, its biggest rival for audience attention. The bids are complicated by political considerations, with Donald Trump raising antitrust concerns about Netflix's dominance and Paramount's offer backed by Gulf sovereign-wealth funds and associates of the president's son-in-law, raising questions about influence and regulatory oversight.

How AI is disrupting shopping

Artificial intelligence (AI) is poised to revolutionize shopping, with chatbots increasingly serving as personal shoppers that can shortlist products, compare options, and even make purchases. Shopify and McKinsey predict a significant shift towards "agentic commerce," with \$3trn-5trn in global shopping potentially handled by AI agents by 2030. While AI firms like OpenAI and Google are integrating shopping capabilities into their chatbots, major retailers like Amazon are both blocking and developing their own AI assistants, citing concerns about personalization and data accuracy. The rise of AI-driven shopping will also necessitate new marketing strategies, focusing on "generative-engine optimization" and potentially re-emphasizing the importance of physical stores.

Donald Trump's flawed plan to get China hooked on Nvidia chips

Donald Trump's decision to permit Nvidia to sell its H200 chips to "approved customers" in China, taking a 25% government cut, is a strategy to keep China dependent on American technology. This policy, a reversal of previous stricter export controls, aims to counter Chinese efforts to boost its domestic semiconductor industry. While Nvidia's CEO argues that blocking sales only accelerates Chinese innovation, China's government is reportedly considering limiting access to the H200s, indicating its determination to reduce reliance on foreign technology despite the chips being less advanced than Nvidia's latest models and fears of military applications.

From social media to porn, age checks are spreading across the web

Countries like Australia are implementing strict age checks, banning social media for under-16s, while others are targeting adult websites like porn. These reforms, driven by concerns over mental health and inappropriate content, raise complex questions about which platforms to include and potential unintended consequences, such as children flocking to less-regulated apps or anonymous content. Enforcement is challenging, with VPNs providing easy bypasses, and tech companies debating whether the burden of age verification should fall on them or operating system developers. The global community is closely watching these experiments for answers on effective online age regulation.

Vietnam's EV champion is bleeding cash

VinFast, Vietnam's national champion in electric vehicles (EVs), is facing significant financial challenges, having lost \$11bn since late 2021 despite strong domestic sales. The company is primarily funded by its billionaire founder, Pham Nhat Vuong, and his conglomerate Vingroup. Unprofitable on a per-vehicle basis, VinFast is now seeking international salvation after a failed US expansion, targeting markets closer to home like India, Indonesia, and the Philippines with new factories and distribution networks. However, these markets present fierce price competition from established local and global automakers, making profitability a persistent challenge for the cash-burning company.

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A short guide to every business-hotel room

No significant coverage this issue.

Oracle and the hard truths about software

Artificial intelligence (AI) is fundamentally transforming the software business, converting once capital-light operations into capital-intensive endeavors. Oracle, a longtime software giant, now exhibits financial characteristics akin to a utility company, with soaring capital expenditure, deeply negative free cashflow, and substantial debt, largely driven by massive investments in AI data centers and a \$300bn contract with OpenAI. This unsettling shift has led to investor uncertainty, a significant drop in market value, and increased bond insurance costs, providing a stark lesson for other tech hyperscalers on the new realities of running a digital business in the age of AI.

FINANCE & ECONOMICS

Which economy did best in 2025?

Portugal claimed the top spot in The Economist's annual ranking of 36 rich countries for economic performance in 2025, excelling in strong GDP growth, low inflation, and a buoyant stock market. Southern European nations like Greece and Spain also performed well, while northern European countries like Estonia, Finland, and Slovakia, along with Germany and Britain, lagged. America achieved a middle ranking due to respectable job growth and relatively high inflation, with its stock market gains primarily reflecting past successes.

Wall Street is drooling over bank mergers

Wall Street is anticipating a wave of US bank mergers, fueled by the growing need for scale in technology investment and a more favorable regulatory environment. Deals in 2025 have already more than doubled the previous two years combined, with banks increasingly confident in surpassing asset thresholds that trigger stricter scrutiny. A bank-friendly Trump administration and faster deal approvals are accelerating this trend, as institutions seek competitive advantages in tech and market breadth. Despite potential future political shifts, bankers expect a busy period of consolidation for the next few years.

America's bond market is quiet?almost too quiet

America's bond market has displayed unusual tranquility since April, confounding expectations for volatility amidst interest rate cuts and funding market jitters. This stability is largely attributed to the Treasury's significantly expanded "buy-back" program, which involves purchasing older, illiquid long-dated debt and replacing it with shorter-dated bills. While the program aims to provide liquidity, some investors suspect it's also designed to politically

maintain low and stable interest rates, implying that the Treasury's actions are now a dominant force in shaping bond market dynamics, much like the Federal Reserve's past interventions.

What a stiff drink says about China's economy

China's baijiu market, historically characterized by tight supply and high prices, is now experiencing "involution"—fierce price-cutting driven by oversupply and weakening demand. Retail prices for flagship brands like Kweichow Moutai are dropping below benchmarks as economic slowdown, government anti-boozing edicts, and changing youth preferences reduce corporate and consumer spending. This price war, mirrored in other sectors of the Chinese economy, signals broader deflationary pressures. Baijiu makers have launched an "anti-involution campaign," suggesting a struggle to adapt to new market realities and potentially hinting at a need for relaxed controls on state banquets.

Asia's inexpensive AI stocks should worry American investors

While American AI stocks are highly overvalued, north-east Asian markets in Japan, South Korea, and Taiwan offer a striking contrast with relatively affordable valuations, despite experiencing record highs fueled by AI enthusiasm. Companies like Advantest, Samsung, and TSMC have seen strong performance, but their stock prices remain cheaper than their global peers, particularly in the US. However, a significant risk for these Asian markets is concentration, with a small number of tech stocks increasingly dominating indices. Investors seeking a cheaper entry into the AI revolution might look east, but must be mindful of the heightened volatility and the fate of a few key players.

Germany has a lawyer problem

Germany's unique, entrenched bureaucracy, characterized by its top-down, formalistic, and lawyer-dominated nature, is hindering the country's economic reforms. Originating from the 19th-century *Gründerzeit*, this system prioritizes legal adherence over flexibility, leading to excessive caution and a "fear of criticism," which stifles innovation and burdens businesses with compliance costs. Despite an aging population and economic stagnation, the civil service's resistance to change poses a significant obstacle. A recent government agreement to modernize state functions aims to address this, incorporating proposals for reduced bureaucratic burdens and setting deadlines for planning applications, signaling a difficult but necessary struggle against deeply rooted institutional inertia.

SCIENCE & TECHNOLOGY

The next version of the web will be built for machines, not humans

The web is evolving towards Sir Tim Berners-Lee's original vision of an "intelligent" version,

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where AI agents perform complex tasks on users' behalf, driven by advancements in large language models (LLMs). A key challenge is standardizing communication between agents and online services through protocols like Anthropic's Model Context Protocol (MCP) and Google's A2A, allowing LLMs to act independently without bespoke code. This shift promises "agentic commerce" and new browser models, but also raises concerns about data manipulation, privacy, and the need for safeguards to ensure human oversight and control over autonomous actions.

The Chinese rocket industry takes off

China's private rocket industry is rapidly emerging as a formidable competitor in space launches, with companies like LandSpace and Space Pioneer challenging America's dominance in reusable booster technology. LandSpace's recent test of its Zhuque-3 (ZQ-3) vehicle, despite ending in an explosion, provided crucial engineering data and showcased its progress in methane-LOX rocket engines, a technology shared with SpaceX and Blue Origin. These firms are well-positioned to serve China's ambitious satellite constellation projects, indicating a significant shift in the global space race and the potential for new heavy launchers.

Humans were lighting fires from scratch a lot earlier than previously thought

A discovery at East Farm, Barnham, England, has unearthed the oldest evidence to date of humans artificially creating fire from scratch, pushing back previous estimates by hundreds of thousands of years. Researchers found 400,000-year-old baked clay and flint tools, alongside imported pyrite, indicating that Neanderthals at the site deliberately produced sparks by striking flint with the iron-sulphide mineral. This finding significantly advances the understanding of early human technology and the critical role of controlled fire in hominid evolution and survival.

Why hangovers get worse as you get older

Hangovers tend to worsen with age due to several physiological changes: bodies accumulate more fat and less muscle, reducing water content and leading to quicker blood alcohol spikes. The liver's efficiency in processing alcohol declines, increasing exposure to toxic by-products like acetaldehyde, which intensifies symptoms. Additionally, aging exacerbates sleep quality issues, and alcohol further disrupts sleep, compounding hangover misery. To mitigate these effects, recommendations include sipping drinks, hydrating with electrolytes, snacking, and avoiding nightcaps before bedtime.

CULTURE

The apple-pie-scented world of conservative women's media

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The "womansphere," a burgeoning sector of conservative women's media, promotes "biblical womanhood" and "tradwife" content, often explicitly rejecting feminism and its ideals. Magazines like *Evie* and popular podcasters offer advice on romance, family, and domestic life, frequently intertwining these with anti-abortion rhetoric and nostalgic visions of 1950s gender roles. While some find this genre industrially anodyne, critics deem it "sinister" for touching on genuine societal problems faced by women but offering simplistic, anti-feminist solutions, often echoing the manosphere's blend of self-improvement with MAGA-aligned politics.

The race to translate the Bible into every language by 2033

Christian missionaries are in a global race to translate the Bible into all 7,000 living languages by 2033, increasingly leveraging artificial intelligence (AI) and large language models (LLMs). This technology significantly accelerates the arduous translation process, which previously took decades per language, by adapting AI models to "low-resource" languages. While some Christians have theological reservations about using AI for such a sacred task, proponents emphasize that human translators remain crucial for drafting, theological congruence, and navigating cultural nuances and metaphors that AI struggles to interpret accurately.

India's best-known artist gets his own museum in Qatar

M.F. Husain, India's most renowned modern artist and now its most expensive, has received his first museum outside India, Lawh wa Qalam, in Doha, Qatar. Driven into exile from his home country by Hindu nationalists offended by his depictions of Hindu goddesses, Husain accepted Qatari citizenship and renounced his Indian nationality. The museum showcases his prolific and diverse oeuvre, including abstract works and panels from a painting celebrating India's independence, and highlights his ties to the Gulf region, serving as a cultural bridge despite the conspicuous absence of the controversial works that led to his exile.

The best albums of 2025

No significant coverage this issue.

Proposing this Christmas? Go for a yellow-gold ring

Yellow-gold engagement rings are experiencing a strong renaissance this Christmas, driven by celebrity influence, a growing demand for vintage aesthetics, and gold's enduring appeal as an investment. This marks a shift from the white metals that were popular in previous decades, as people increasingly seek rings that evoke timeless romance while also holding their value amidst economic uncertainty. Jewelers report a significant increase in yellow-gold sales, reflecting a broader change in tastes and a perception of the metal as a solid and precious choice.

Every sheet of wrapping paper tells a story

The act of Christmas gift wrapping, often a source of domestic frustration, is described as a

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five-act drama, transforming a simple exchange into a meaningful ritual. From the tedious wrapping itself, signifying care, to the moment of recognition when the gift is unwrapped, revealing true emotions, each stage carries hidden drama. The final act, the post-present carnage of discarded paper, prompts reflection on waste and mortality, while the overall experience, despite its enervating aspects, reinforces the surprise and sentiment behind the gift.

ECONOMIC & FINANCIAL INDICATORS

Economic data, commodities and markets

No significant coverage this issue.

OBITUARY

Frank Gehry shook up buildings as never before

Frank Gehry, the world's most innovative architect, who died aged 96, was renowned for his distinctive, sculptural buildings that dramatically reshaped skylines, like the Guggenheim Museum in Bilbao and the Walt Disney Concert Hall. A shy man, he was a prolific sketcher, drawing inspiration from childhood, art, and the movement of fish, which influenced his signature rippling forms. His work was revolutionized by technology that digitized his models, but he always aimed for human comfort and democratic spaces, using workaday materials and integrating his seemingly brash designs into their surroundings, embodying a playful defiance against rigid modernism.