The Economist

Xi's latest purge

Don't mess with the Fed

Africa's unstoppable diaspora

When AIs break the rules

APRIL 26TH–MAY 2ND 2025



- The world this week
- Leaders
- Letters
- By Invitation
- Briefing
- Asia
- China
- United States
- The Americas
- Middle East & Africa
- Europe
- Britain
- International
- Business
- Finance & economics
- Science & technology
- Culture
- Economic & financial indicators
- Obituary

The world this week

- Politics
- Business
- The weekly cartoon

The world this week

Politics

Apr 24, 2025 05:22 AM



The body of **Pope Francis** lay in state in St Peter's in Rome ahead of his funeral on April 26th. The 88-year-old pontiff died from a stroke following a recent bout of pneumonia. He made his last public appearance on Easter Sunday, the day before his death. Born Jorge Mario Bergoglio in Buenos Aires, he became pope in 2013 after Benedict XVI decided to retire. Francis was the first man from the southern hemisphere to head the Catholic church. Many world leaders are expected to attend his funeral including Donald Trump, Volodymyr Zelensky, Ukraine's president, and Javier Milei, the president of Argentina.

America increased the pressure on **Ukraine** to agree to a peace deal with **Russia**. J.D. Vance, the vice-president, outlined a proposal that would broadly let Russia occupy the territory it has captured and stop Ukraine from joining NATO, though did not cap the strength of Ukraine's forces. Before Mr Vance's statement Mr Zelensky again ruled out accepting Russia's claim to Crimea. Mr Trump said that would only prolong the "killing field".

America is threatening to end its negotiations if both sides don't agree to a deal. Meanwhile, nine people were killed in Russian strikes on Kyiv.

Under pressure from America and European allies, the Spanish government laid out plans to raise defence spending by the end of the year. **Spain's** current defence outlays of 1.28% of GDP are the lowest on that basis in NATO. But they will rise to just 2% of GDP, below the 3% that is expected to become the new NATO target. Pedro Sánchez, the Socialist prime minister, maintains that Spain is "pacifist".

Dysfunctional government

Mr Trump removed Gary Shapley as acting commissioner of America's **Internal Revenue Service** just days after promoting him. Scott Bessent, the treasury secretary, was unhappy with the appointment of Mr Shapley, who was favoured by Elon Musk. The new acting commissioner is Michael Faulkender, Mr Bessent's preferred choice. The IRS has had three leaders within the space of a week.

It emerged that **Pete Hegseth**, America's defence secretary, divulged more sensitive details on Signal about America's strikes on Houthi rebels in Yemen, this time to his family and his lawyer. Separately, the Pentagon's senior spokesman, John Ullyot, resigned and wrote a press column describing the "disarray" of Mr Hegseth's leadership. "It's been a month of total chaos," he said.

America's Supreme Court issued a temporary halt to the **deportation** of a group of Venezuelans that the Trump administration claims are gang members. In an emergency case brought by lawyers for the Venezuelans the court told the government "not to remove any member of the putative class of detainees from the United States" until it had time to consider the matter.

Alleged Venezuelan gang members have been deported from America to a prison in **El Salvador** under an agreement between the countries. Nayib Bukele, El Salvador's president, has offered to exchange the 252 Venezuelans incarcerated in the prison for political prisoners in **Venezuela**. Venezuela accused El Salvador of detaining its citizens unlawfully.

Meanwhile, the Supreme Court said it would hear arguments on May 15th regarding Mr Trump's order to end **birthright citizenship** for children born in America to illegal-immigrant parents.

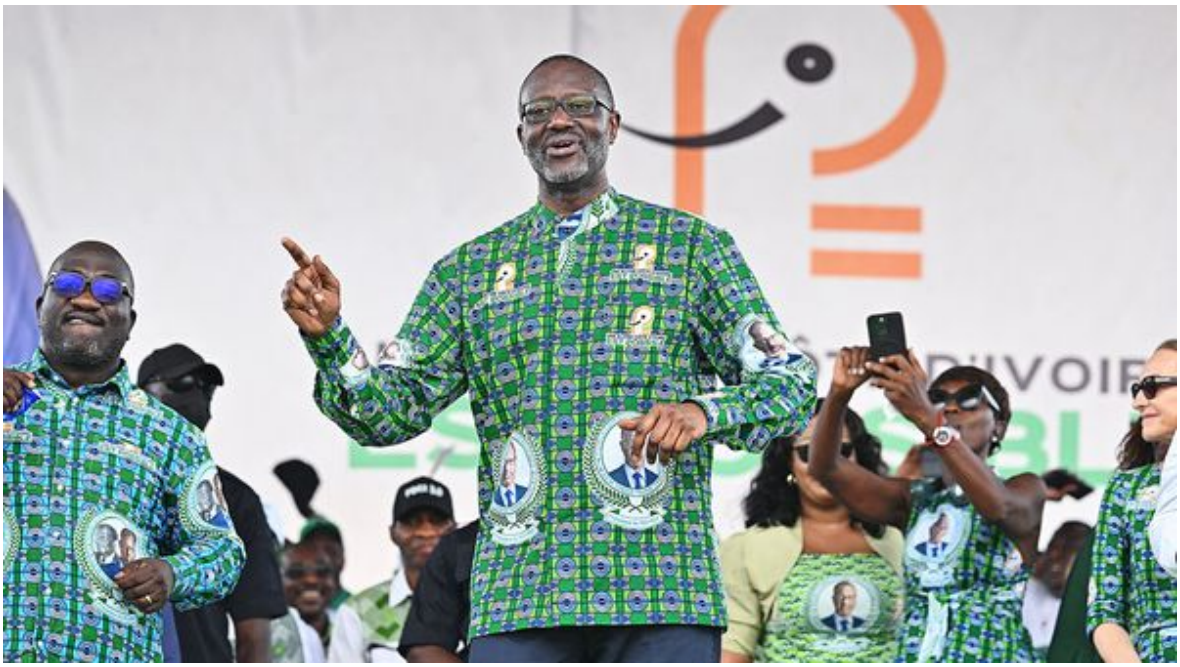
Álvaro Leyva, a former foreign minister of **Colombia**, accused President Gustavo Petro of being a drug addict. He claims to have realised this when the president went missing on an official trip with him to Paris. Mr Petro, whose government has been beset by difficulties, replied on X that there are better things to do in Paris than spend time with Mr Leyva.

Harvard University launched a lawsuit against the Trump administration's withdrawal of federal grants. The White House responded that the "gravy train of federal assistance to institutions like Harvard" is coming to an end.

Abbas Araghchi, **Iran's** foreign minister, and Steve Witkoff, America's Middle East envoy, met in Rome for a second round of nuclear talks. Both sides said the discussions went well and the two men agreed to meet again on April 26th. "Technical talks" are meant to begin on the same day.

In an affidavit to **Israel's** Supreme Court, Ronen Bar, the head of the Shin Bet, the domestic security agency, accused Binyamin Netanyahu, the prime minister, of trying to fire him for refusing to commit illegal acts. These include tracking people who protest against the government.

America carried out an air strike on a **Yemeni** oil terminal controlled by the Houthis, a rebel group backed by Iran. The Houthi-run health ministry said the strike killed 74 people and injured 171 others. America said its purpose was to eliminate a source of fuel and revenue for the Houthis.



A court in **Ivory Coast** ruled that Tidjane Thiam, the leader of the opposition Democratic party, must be removed from the electoral roll, which would stop him from running in October's presidential election. Mr Thiam, a former CEO of Credit Suisse, is widely considered to be the most serious challenger to the ruling party of President Alassane Ouattara, who is currently defying a constitutional two-term limit by serving a third term.

Congo banned the party of Joseph Kabila, a former president, and ordered the seizure of his property following reports that he had returned to the country after two years in South Africa. The government claims that Mr Kabila, who was said to have returned to Goma in the rebel-held east of the country, has links with M23, the Rwandan-backed rebel group that controls the city. Speculation about his return poses a challenge to the government of Félix Tshisekedi, Congo's president, whose authority has been shaken by M23's campaign.

Tanzania arrested another opposition leader. John Heche, the deputy leader of the opposition party led by Tundu Lissu, had called for protests against the arrest of Mr Lissu, who has charged with treason ahead of elections in October. Their party said the arrests were "part of a calculated strategy to paralyse the opposition's constitutional mandate, suppress the voice of the people, and restrict political space".

At least 26 people were killed when gunmen opened fire on tourists at a beauty spot in the Indian state of **Jammu & Kashmir**. It was the worst attack on tourists in Indian-controlled Kashmir since separatists started their insurgency in the region 36 years ago. A fairly unknown group calling itself the Resistance Front claimed responsibility on social media for the assault. India says the group is a proxy for Lashkar-e-Taiba, a Pakistan-based Islamist group which perpetrated the Mumbai attacks in 2008. In response India closed the only border crossing between the two countries.

Best buddies

Before the attack J.D. Vance visited **India** for talks with Narendra Modi, the prime minister, over a trade deal. Mr Vance said good progress had been made. He also heaped praise on Mr Modi and spoke warmly of India's relationship with America. India needs an agreement to fend off the threat of tariffs from America, its biggest trading partner.

Pakistan deported 100,000 illegal migrants from **Afghanistan** back across the border this month ahead of an April 30th deadline for them to leave. In 2023 Pakistan launched a campaign to expel the estimated 1.7m Afghans living in the country without papers.

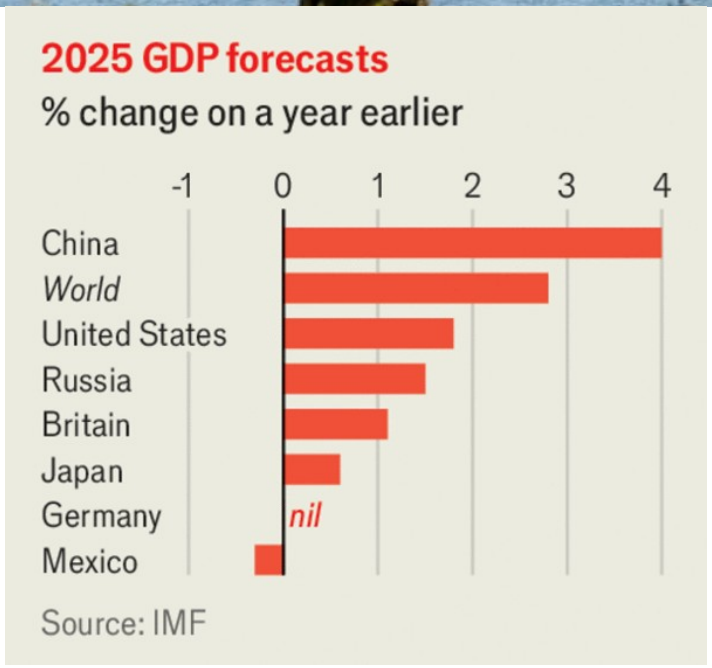
This article was downloaded by **calibre** from https://www.economist.com/the-world-this-week/2025/04/24/politics

The world this week

Business

Apr 24, 2025 05:22 AM





The IMF significantly revised down its forecasts of global growth, mostly because the "swift escalation of trade tensions and extremely high levels of policy uncertainty" are expected to impact economic activity. The fund now expects the **world economy** to expand by 2.8% this year, down from its previous projection of 3.3%. Prospects for almost all the major economies were downgraded. America's GDP is now forecast to rise by 1.8% this year and output in the euro area is expected to increase by 0.8%, with Germany not growing at all. The IMF admitted that, given the fluid policy situation, its estimates could change.

The chaotic world of Trump

Stockmarkets had another rollercoaster week. Investors took fright when Donald Trump made several comments deriding **Jerome Powell** for not cutting interest rates at a faster pace. Rumours swirled that the president was studying ways to fire the Federal Reserve's chairman. But after markets swooned at the idea of the White House interfering with the central bank, Mr Trump toned down the rhetoric and said he had "no intention" of sacking Mr Powell.

The **dollar** dropped to a three-year low against a basket of currencies amid Mr Trump's tirade. The price of **gold**, a haven for investors in times of stress, rose above $3,500 a troy ounce for the first time.

Mr Trump soothed markets further by saying he plans to be "very nice" to China in trade talks, suggesting that he could substantially reduce **tariffs** of 145% he has imposed on most Chinese goods. Scott Bessent, Mr Trump's treasury secretary, has said the trade stand-off with China is unsustainable, but also that tariff reductions would not be unilateral.

Meanwhile, America imposed duties of up to 3,521% on imports of **solar panels** from Cambodia and lower levies on those from Malaysia, Thailand and Vietnam. The tariffs come after an investigation, which started during the Biden administration, concluded that solar manufacturers in those countries are benefiting from state subsidies.

In one telling indication of how Mr Trump's policies have upended established trade, DHL, a global logistics company, suspended business-to-consumer shipments to the United States worth over $800. The company blamed more stringent customs checks in America. Business-to-business deliveries are not affected.

Tesla reported a 9% drop in revenues and a 71% fall in net profit for the first quarter, year on year. Sales of Tesla's electric cars, already under pressure from increased competition from China, have taken a hit from Elon Musk's association with the Trump administration. Deliveries fell by 13% in the quarter, but by much more in Europe (though in Britain, Tesla's biggest European market, sales were up by 3.5%). After the earnings report, Mr Musk promised to spend more time at Tesla and reduce his work for the government rooting out alleged inefficiencies.

The race to develop faster charging times for **electric-car batteries** continued apace when CATL, based in China and the world's biggest battery producer, announced that its latest product could charge a car in five minutes with a range of 520km (320 miles). BYD, Tesla's biggest rival in China, recently said it could provide a range of 470km from a five-minute charge.

The European Union fined **Apple** €500m ($570m) and **Meta** €200m in the first penalties to be imposed for stifling competition under the EU's Digital Markets Act. Apple was fined for hindering communications between app developers and customers over pricing; Meta for telling users they must either allow their private data to be used for advertising or pay subscription fees. Both companies criticised the EU for levying the fines.

Despite shutting down for a day in March because of a power outage, **Heathrow airport** reported a decent increase in revenue and profit for the first quarter.

UnitedHealth Group's share price failed to recover from the hammering it took after the company lowered its profit forecast. The health insurer blamed an unexpected rise in demand for medical services from older customers. Its stock slumped by 22% in a day. Brian Thompson, the CEO of UnitedHealthcare, was murdered in December in Manhattan.

Regulatory oversight

The United Arab Emirates is set to take a gigantic leap of faith and use **artificial intelligence** to help write legislation, according to reports. The UAE has invested heavily in AI, with Abu Dhabi creating a state fund for the technology. Still, observers think allowing AI to take control of a country's laws is a brave step, given its tendency to "hallucinate", or make things up.

This article was downloaded by **calibre** from https://www.economist.com/the-world-this-week/2025/04/24/business

The world this week

The weekly cartoon

Apr 24, 2025 05:23 AM



The editorial cartoon appears weekly in The Economist. *You can see last week's here.*

This article was downloaded by **calibre** from https://www.economist.com/the-world-this-week/2025/04/24/the-weekly-cartoon

Leaders

- **Trump is a revolutionary. Will he succeed?**
- **The man Britain cannot ignore**
- **President Trump's attacks on the Fed are not over**
- **Africans need jobs. The rest of the world needs workers**
- **How Canada went from preachy to pragmatic**
- **How to keep AI models on the straight and narrow**

Only the beginning

Trump is a revolutionary. Will he succeed?

He has already done lasting harm to America

Apr 24, 2025 06:33 AM



THE HYPERACTIVE first 100 days of Donald Trump's second term have been the most consequential of any president this century, and perhaps since the time of Franklin D. Roosevelt. Before the inauguration Americans wondered what sort of government they were getting. That debate is now over. Mr Trump is leading a revolutionary project that aspires to remake the economy, the bureaucracy, culture and foreign policy, even the idea of America itself. The question for the next 1,361 days is: will he succeed?

Mr Trump's presidency has been popular with his voters. His approval among Republicans is at 90%. He has faced little resistance as he has charged ahead on all fronts, attacking the civil service, law firms,

universities, the media and any institution he associates with the Democratic-leaning elite.

As with any revolution, MAGA has a method and a theory. The method is to bend or break the law in a blitz of executive orders and, when the courts catch up, to dare them to defy the president. The theory is one of unconstrained executive power—the idea that, as Richard Nixon suggested, if the president does something then it's legal. This has already undermined things that actually make America great: a view of the national interest large enough to take in paying for AIDS medication in Africa; a sense that independent institutions have their own value; a belief that your political opponents can be patriots; and faith in the dollar.

If this revolution is unchecked it could lead towards authoritarianism. Some MAGA intellectuals admire Hungary, where Viktor Orban exercises control over the courts, the universities and the media. And America does indeed leave some room for a would-be authoritarian. Congress has created a lot of exceptions to normal rules which can be activated by the president declaring an emergency, and Mr Trump is making full use of them—witness his delight at the president of El Salvador's ability to lock people up without trial. Although MAGA cannot control the media, it can intimidate their corporate owners—and, besides, fragmentation has diluted the press's power to check the president. Congress is supine because Republicans owe him their jobs, and they know it. One worry is that the courts will stand their ground, only for the administration to defy their rulings. Another is that, fearing this, the Supreme Court may try to preserve its authority by pre-emptively caving in.

Yet there is another, more likely, scenario in which the extremism of the first 100 days stirs up powerful forces of resistance. One such force is investors in the bond market and the stockmarket. Though they were broadly enthusiastic about Mr Trump's election, they have been his most effective opponents—not out of political conviction, but because they deal in reality. They are rightly alarmed about the economy being poisoned by tariffs. Uncontrolled budget deficits and incompetent policy could lead to a crash of the dollar.

Faced with distress in the markets, Mr Trump has backed down twice in the past month, first over imposing "reciprocal" tariffs, and this week over firing Jerome Powell, chairman of the Federal Reserve. And as Elon Musk promises to spend less time bulldozing the bureaucracy in order to tend to his ailing electric-car business instead, Mr Trump has hinted that he wants to find a way out of the unsustainable and ill-thought-through trade war he has launched against China.

Another source of resistance could be voters, including Republicans, if the economy does badly. Although Mr Trump has succeeded in suppressing illegal immigration, his national approval rating has already fallen further and faster than any other president's, beating his own first-term record for annoying Americans. Our modelling suggests his approval rating is now below 50% in every swing state he won in November.

Most Americans do not want a revolution. Many like the sound of bringing manufacturing back home, but only a quarter say they would work in those new factories. They like the idea of fair trade, but they do not want chaos. None is keen on inflation. Mr Trump, like other presidents, may see a narrow election win as an invitation to pose for Mount Rushmore, but it does not give him the right to rule by diktat, shut agencies created by Congress, suspend *habeas corpus* or grab Greenland.

Eventually, bad polls will impinge on elected officials. America is a federal system that is too big and has too many rival centres of power to become Hungary (whose population is about the same as New Jersey's). Congress, too, could become a problem for Mr Trump. Republicans have a thin majority in the House and were able to pass a budget framework only because a couple of Democratic representatives had died. Betting markets give Democrats more than an 80% chance of winning back the House next year. Control would enable the Democrats to frustrate Mr Trump, even if he continued to govern by executive order. In the Senate, Republicans are seven votes short of the 60 needed to avoid a filibuster. Those constraints are real.

The last source of resistance is the courts. The law moves slowly, but the Supreme Court has already handed down a 9-0 ruling in the case of a man wrongly deported to El Salvador. As with other institutions, the courts have less to fear from the defiance of an unpopular president. The administration

may yet lose cases on tariffs, on the president's ability to fire officials and close agencies without congressional backing, and on Mr Trump's scattergun use of break-glass emergency provisos such as the Alien Enemies Act. If that happens, his theory of executive power will be discredited.

Even on the most optimistic reading of the MAGA revolution, Mr Trump has already done lasting harm to America's institutions, alliances and moral standing. And if he is thwarted by investors, voters or the courts, he is liable to lash out against institutions with even greater ferocity. Using the newly politicised Department of Justice, he may persecute his opponents and stir up the fear and conflict that give him licence to operate. Abroad, he could cause alliance-wrecking provocations in, say, Greenland or Panama. There is no going back to the way America was 100 days ago. Only 1,361 days left. ■

For subscribers only: to see how we design each week's cover, sign up to our weekly Cover Story newsletter.

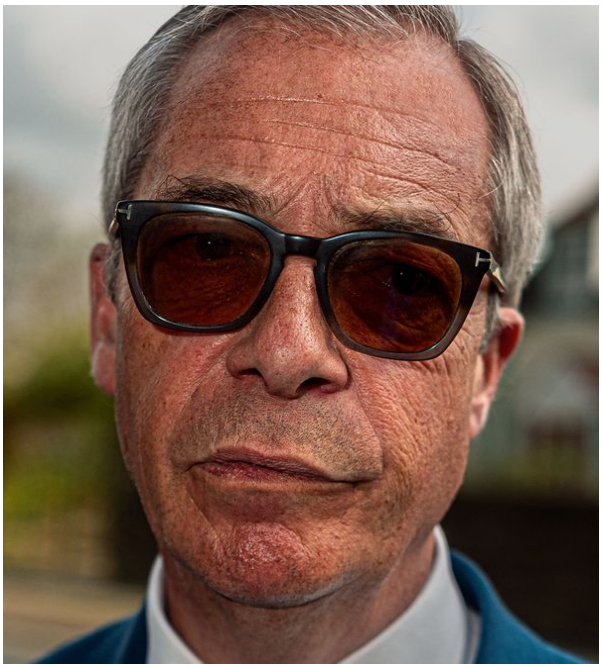
This article was downloaded by **calibre** from https://www.economist.com/leaders/2025/04/24/trump-is-a-revolutionary-will-he-succeed

Reform UK

The man Britain cannot ignore

Nigel Farage's return means a new, more volatile era in British politics

Apr 24, 2025 08:45 AM



JUST A YEAR ago Britain seemed to be emerging from nearly a decade of post-Brexit madness. A refreshingly dull election was being fought between Rishi Sunak and Sir Keir Starmer, a pair of sober-suited, workaholic technocrats with conventional economic ideas. After Sir Keir swept to victory, ministers boasted that investors would flock to an island of stability in a sea of turmoil.

Today populism is back in Britain with a vengeance. In council elections in England on May 1st Reform UK, the party led by the architect of Brexit, Nigel Farage, is poised to inflict heavy losses on the Conservatives. Mr Farage is once again upending politics, with grave implications for Britain and its role in Europe. That is because his second act threatens to be more audacious than his first: the pursuit not of Brexit, but of power.

The idea that national office is within Mr Farage's grasp probably sounds fantastical. Britain has a Labour government with a supersize majority; Mr Farage took eight attempts to enter Parliament and he now leads a faction of just four MPs, having fallen out with the fifth. Many of his views are unpopular, notably his excuse-making for Vladimir Putin. But Mr Farage is harder and more determined than he was a decade ago, and his new party is more professional.

- Nigel Farage leads a movement that is hungrier and better organised
- Britain's 20-20-20-20 vision

What makes Reform a contender is a quirk in Britain's first-past-the-post electoral system. In the modern political era it has behaved like a pendulum, granting one or other of two big parties a large and predictable majority, even if they win only a third of the vote. But Reform has been polling at 20-26% since December, up from 14% in last year's election. Lately, it has been slightly ahead of the Conservatives and Labour. With three parties in this range, tiny shifts in voting can produce dramatically different results. Today's polling could give Reform over 230 seats; just a 2% increase might take its total close to 300, only 30 or so seats short of an absolute majority.

The next election is still as much as four years away. But when it comes, this slot machine could give Mr Farage a jackpot. If he thinks a majority is unlikely, he could strike a pre-election pact with the Tories to carve up the electoral map, and share power with them in government. Or he could refuse a pact and, in a hung parliament, install the Tories in a government that depended on his support for its survival. Whatever his title, he would call the shots.

All these outcomes would be bad for Britain. Mr Farage is not as toxic as Alternative for Germany and the National Rally in France. Like Giorgia Meloni in Italy, he has long kept apart from the extreme right, turning down Elon Musk's money rather than back Tommy Robinson, a street agitator. Nor is he wrong that immigration has been poorly managed in Britain, that it is unpopular and that economic growth has been paltry.

The trouble with Mr Farage is that his ideas would, once again, make Britain poorer and more dysfunctional. Some Tory defectors see a true Thatcherite

in the former metals trader, but they are deluding themselves. Mr Farage promises a "net-zero" immigration policy, which would cripple all those public services that depend on migrants to fill vacancies. True, he is an enthusiastic tax-cutter, proposing to raise the income-tax threshold to £20,000 ($26,800) a year, from £12,570 today, and to abolish inheritance taxes. But he has no credible plan to pay for all this—an elephant trap that swallowed up the premiership of Liz Truss. Indeed, he wants to spend extra money, promising to restore fuel subsidies to pensioners and to nationalise the water and steel industries. And even as he courts business by vowing to scrap targets for reducing emissions, he says the "big corporate world" is hurting ordinary folk.

For an open economy partly financed by capital from abroad, this is self-defeating talk. Europe needs a common purpose to deal with the economic threat from American tariffs and the security threat from Russian revanchism. Mr Farage's loathing of Brussels would add to Britain's problems.

If Mr Farage were actually in government, bad ideas would be compounded by chaos. His career on the fringes has taught him to avoid delegating power to his colleagues. His record is littered with feuds. He detests the British establishment which he thinks has belittled him, from the Bank of England to the civil service. He thinks of policies as electoral tools for driving a wedge between his rivals and their voters. In a country where the state has become complex and hard to run, that is a recipe for paralysis.

You might think that the Conservatives would take advantage of this turn of events to dominate the centre ground, where elections are won. It is not so simple. Brexit radicalised the party. Many Tories today share Mr Farage's populist instincts. They fear that their party will haemorrhage support unless it steals Reform's clothes. They worry, with some reason, that moving towards the mainstream will shed more votes to the right than will be won back from the centre.

Labour is in a stronger position. For as long as the vote on the right is split, it may find that power comes its way more easily. But voters will eventually tire of Sir Keir and his uninspiring record, possibly as soon as the next election. And that will be Mr Farage's moment.

A double Farage

The Labour victory contained the promise of a virtuous circle. Political stability would create the space for difficult reforms and encourage investment. Higher economic growth would mean better public services and happier voters. The volatility that rocked Britain for a decade would be calmed.

If Sir Keir wastes that opportunity, a different future could open up. Britain could become locked in a doom-loop of low growth, an angry electorate, and governments that run from unpopular reforms or pursue investment-killing ideas. With Brexit, Mr Farage helped embed the poor growth and state dysfunction that are even now providing fuel for his return. Britain has already spent one decade struggling to get by in the world Mr Farage created. It can ill afford a second. ■

For subscribers only: to see how we design each week's cover, sign up to our weekly Cover Story newsletter.

This article was downloaded by **calibre** from https://www.economist.com/leaders/2025/04/24/the-man-britain-cannot-ignore

Recession and succession

President Trump’s attacks on the Fed are not over

Jerome Powell wins a reprieve. But expect more showdowns between the White House and the Fed

Apr 24, 2025 08:17 AM

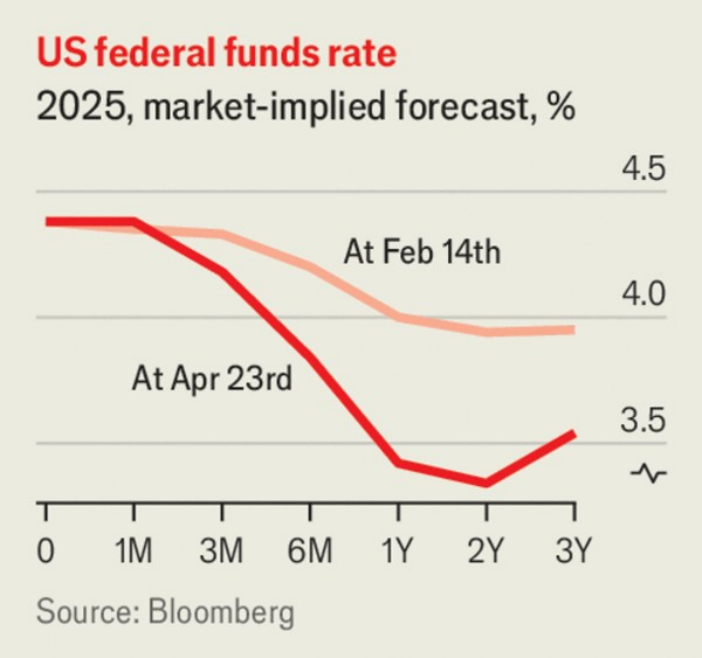


WHEN DONALD TRUMP is making economic policy, a reprieve is little more than a pause for breath. In February investors cheered when he postponed tariffs on Canada and Mexico; by April he was torching the global trading system. So it is with his latest about-face. On April 22nd the president said he had no plans to sack Jerome Powell, chairman of the Federal Reserve, having spent the week threatening to do just that. Is central-bank independence back? Only until the president’s mood swings again, or a different adviser has his ear.

Mr Trump’s ultimate desire is not in doubt. The Fed has cut rates by only a percentage point since September, to 4.25-4.5%. Mr Trump has always

disliked tight money, and covets the lower rates in Europe and elsewhere. And, by contrast with his first term, when the economy was mostly strong, he now faces the threat of a recession caused by his own foolish trade policy. As a result, Mr Trump is now searching for a scapegoat. Mr Powell, whom he calls a "major loser", is candidate number one.

The Fed thus remains vulnerable—at precisely the time when it must tackle an acute policy dilemma. Lower rates would indeed help America's economy in one key respect. Consumer and business confidence are falling and financial markets already expect rate cuts worth at least three-quarters of a percentage point this year. A recession would typically call for more: the Fed usually lowers rates by four or five percentage points.



Today's situation is far from typical, however. Tariffs are pushing up prices; some forecasters say inflation could reach an annual rate of 4% by the end of the year. And investors are losing confidence in America: the dollar is down by 9% against a basket of major currencies since its peak in February, the S&P 500 index is down by 13% and bond yields have been volatile.

This dynamic, more typical of an emerging market, complicates Mr Powell's task. A central bank with a stock of credibility can afford to ignore temporary inflation caused by one-off events such as tariffs. Its promise of

low long-term inflation would anchor wages and prices. But the Fed's reputation has been dented by its slow response to inflation during the covid-19 pandemic, and is now threatened further by Mr Trump's interference. Investors are pricing in inflation risk. A variety of surveys show households' expectations for inflation rising, over the long term as well as the next year.

The Fed, in other words, may no longer have much credibility to fall back on. Yet if it puts containing inflation expectations above fighting a recession, Mr Trump's displeasure will grow. If the dollar sell-off turns into a crisis, the situation could become excruciating. The Fed might have to choose how much money to lend to stressed financial institutions and even to foreign central banks, while trying to adhere to its mandate and keep its distance from Mr Trump.

If Mr Trump does not sack Mr Powell first, a new chair will be appointed in May 2026. But Mr Trump cannot easily dominate the Fed. The Senate must confirm his choice (which explains why the current front-runner, Kevin Warsh, is a mainstream candidate known as an inflation hawk). Monetary policy is set by a 12-member committee. Even if the Supreme Court concurs with Mr Trump in a separate case that he can fire agency chiefs for policy choices, it has hinted at a carve-out to preserve the Fed's autonomy. And Mr Powell could choose to stay on the Fed's board under a new chair until 2028.

Yet constraints on Mr Trump are also potential flashpoints. A committee might restrain an errant chair, just as the markets seem to hold back Mr Trump. But using market scares to guide policy, rather than sound leadership and good judgment, is a recipe for making America vulnerable to confusion and instability. This week's relief could be quickly forgotten. ■

Subscribers to The Economist can sign up to our Opinion newsletter, which brings together the best of our leaders, columns, guest essays and reader correspondence.

This article was downloaded by **calibre** from https://www.economist.com/leaders/2025/04/23/president-trumps-attacks-on-the-fed-are-not-over

On the move

Africans need jobs. The rest of the world needs workers

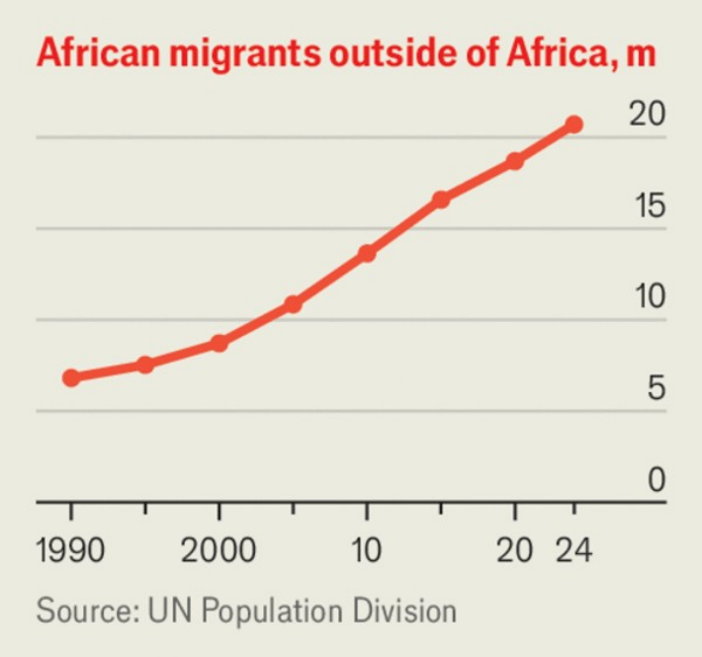
Migration from Africa is a mega-trend that transcends today's populist surge

Apr 24, 2025 06:33 AM



AFRICA IS ON the move. At least 20m emigrants live outside the continent, a three-fold increase since 1990. That is higher than the number of Indian migrants outside India or Chinese migrants outside China—two big diasporas from countries with populations of similar size to the African continent. Europe accounts for about half of African migrants outside Africa, but its share has steadily declined since 1990. America, China, Saudi Arabia and Turkey have all seen surges in their African-born populations.

It may seem otherworldly to predict that this will continue, given the fierce backlash against immigration across the West. But as we explain, African migration is an unstoppable force that will long outlast today's populists and help define the 21st century. Ignore it at your peril—and at your loss.



Demography is one cause. It is well known that in the developed world the number of people of working age (roughly defined as those between 15 and 64) will decline, exacerbating labour shortages. What is less widely appreciated is that emerging countries that are associated with exporting people, such as Mexico and the Philippines, are also getting older and richer —meaning that smaller shares of their populations will leave in future. In Africa, by contrast, the working-age population is forecast to increase by around 700m people by 2050.

Another cause is economics. Many African countries are entering a phase in their development in which people are still poor enough to want to leave but, for the first time, have enough money to travel long distances. And African countries create only around a fifth of the number of formal jobs required to absorb their expanding workforces.

This raises two big and controversial questions, one about the consequences for Africa and the other about the attitude of the rest of the world. It is obvious that emigration is often in the interests of those who leave. Their lives can be transformed by earning several times more in richer countries than they would at home. Leaving is often the surest route out of poverty.

But African economists have a perennial concern about a brain drain. Some scholars also worry about the political effects of migration. If the best and the brightest leave, does that mean the worst are left in charge? At some point, the exodus of skilled workers is large and fast enough to do harm, especially in small countries with a shallow educated class. And in autocratic countries like Zimbabwe, such regimes endure in part because the middle class they immiserate chooses to leave rather than protest.

In general, though, the problems with emigration are soluble. African graduates are underemployed at home. The remittances they and others send back are worth more than foreign direct investment and overseas aid. One study suggests that a typical African-trained doctor sends back almost twice as much in remittances as the cost of their initial training. And emigration can also lead to a "brain gain". The prospect of higher wages abroad prompts more people to acquire marketable skills. Some stay at home, others leave and some eventually return with their skills enhanced. Diasporas can also help undermine autocratic regimes by spreading democratic values absorbed abroad, by sending cash home that weakens citizens' dependence on crony states and by funding the opposition.

African governments should embrace the idea of emigration as an export and seek to maximise the benefits and minimise the costs. A deal struck last year between Kenya and Germany could be a model. Kenya agreed to speed up the removal of illegal migrants in Germany and to help recruit workers at home; Germany pledged support for language skills and vocational training. Africa can also learn from India, which encourages professionals trained abroad to return home, and the Philippines, which has used the emigration of nurses to reap remittances and expand the number of nurses it trains.

The second controversial question is whether the rest of the world will welcome more Africans. President Donald Trump was including the continent when he spoke of "shithole countries" in his first term. Stephen Miller, his adviser, has said that "If you import the third world, you become the third world." For its part, the European Union's Africa policy is dominated by efforts to reduce illegal immigration.

Yet in the long run, the demographic pressures and economic incentives will prove too strong. Migration from Africa will continue apace, even if it falls

elsewhere, because the rich world will need workers, even if the current hostility towards migrants does not fade. In any case, attitudes to legal migration are influenced by the jobs migrants do: African doctors in Britain's health service are popular. In America, Africans could become the "new model minority", according to a forthcoming book. They are better educated and more likely to work than people born locally, and they support American values such as freedom and opportunity.

Today's politicians mostly want to block migration. As demographic reality bites, tomorrow's will be forced to turn to the task of how to manage it better and make the most of it. ■

Subscribers to The Economist can sign up to our Opinion newsletter, which brings together the best of our leaders, columns, guest essays and reader correspondence.

This article was downloaded by **calibre** from https://www.economist.com/leaders/2025/04/24/africans-need-jobs-the-rest-of-the-world-needs-workers

Maple-leaf makeover

How Canada went from preachy to pragmatic

On the eve of an election, its political transformation is stunning

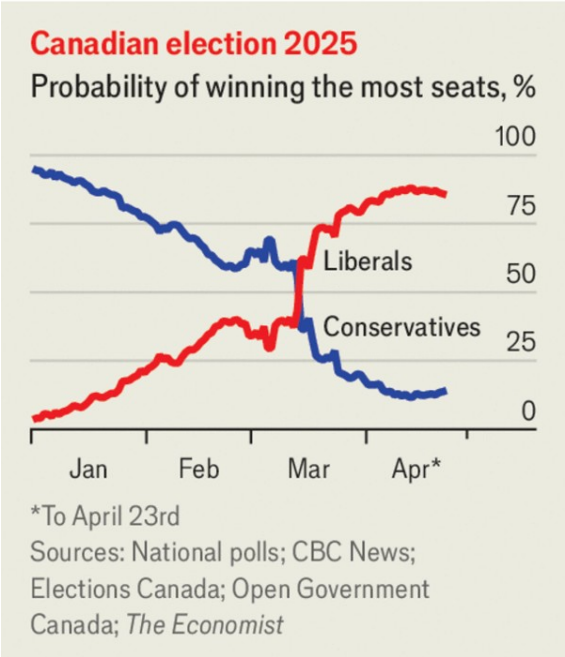
Apr 24, 2025 05:22 AM



ON APRIL 28TH Canada goes to the polls. Pierre Poilievre of the Conservative Party is feisty and impressive, but you probably won't be surprised to learn that *The Economist* believes Mark Carney, a former central banker and the leader of the Liberal Party, would make a better prime minister. What is surprising is the extraordinary shake-up of Canadian politics that has taken place in the past three months. It both illuminates the effects of the trade war on politics and offers a blueprint for centre-left parties to escape toxic culture wars. It holds lessons for democratic politics everywhere.

Canada is only the second Western country to go to the polls since President Donald Trump took office. The mood and political landscape have been

transformed by his aggression, including his tariffs and threats to make Canada the "cherished 51st state", and by the resignation on January 6th of Justin Trudeau, Canada's long-serving prime minister. In December the Liberals trailed the Conservatives by 25 percentage points. Now the Liberals lead by around five.



This swing is the largest and most rapid in Canada's history, and among the biggest on record anywhere in the world. The Conservatives' support is distributed inefficiently across constituencies—the stronghold of Alberta is to them what California is to Democrats. As a result, the Liberals' solid polling lead translates into an 86% chance of them winning the most seats in Parliament, according to our prediction model (see chart).

One lesson from this is the primacy of economics amid the trade war. To be sure, Canadians cared about prosperity before Mr Trump's election. Canada already has a productivity problem, as Michael Ignatieff, a former Liberal leader, points out this week. Real GDP per person has fallen in each of the past two years, and is back to where it was in 2017. But the fallout from the trade war on a country so closely integrated with America has focused voters' minds on resilience and economic growth.

That has elevated the salience of Mr Carney's credentials over those of Mr Poilievre, a career politician. Asked why they prefer Mr Carney to handle Mr Trump's trade wrecking-ball, voters cite his experience as a central banker more than any other factor. Both parties have converged around similar, and sensible, growth-orientated policies aimed at stimulating investment in energy and housing, and avoiding clobbering voters with taxes. Mr Poilievre deserves credit for this: some of his ideas have wisely been copied by Mr Carney.

A second lesson concerns the culture wars. Under Mr Trudeau, Canada became a divided place in part because of his emphasis on identity politics and his treatment of those who disagreed with him as somehow morally illegitimate. Mr Poilievre in turn weaponised this, and the Conservatives became a protest movement against preachy soft-left politics, often with more than a hint of Trumpism (yes, they really have used the slogan "Make Canada great again").

Mr Carney has waded out of Mr Trudeau's swamp of identity politics remarkably easily. He has instead emphasised unity with a pragmatic, patriotic message, and focused on solutions to the problems that most Canadians actually care about. These include a house-building programme, a reform of deeply unpopular carbon taxes so that consumers do not pay them directly, and an acknowledgment that, to maintain public consent, immigration levels need to be calibrated for the realities of the housing market. Mr Poilievre has similar policies, but has been wrong-footed because his personal brand has been tilted towards fighting culture wars.

Taking a maple leaf out of Canada's book

Canada still faces uncertainties. Under its electoral system, last-minute vote shifts can create big swings in seats. Mr Carney is thin-skinned and has only a few weeks' experience as a politician. Neither party has a plan to pay for higher defence spending. A deal to de-escalate Mr Trump's trade war may be elusive. Nonetheless, on the eve of its election, Canada offers a welcome reminder of the power of the rule of law, the importance of economic growth and the value of patriotism. ■

Subscribers to The Economist can sign up to our Opinion newsletter, which brings together the best of our leaders, columns, guest essays and reader correspondence.

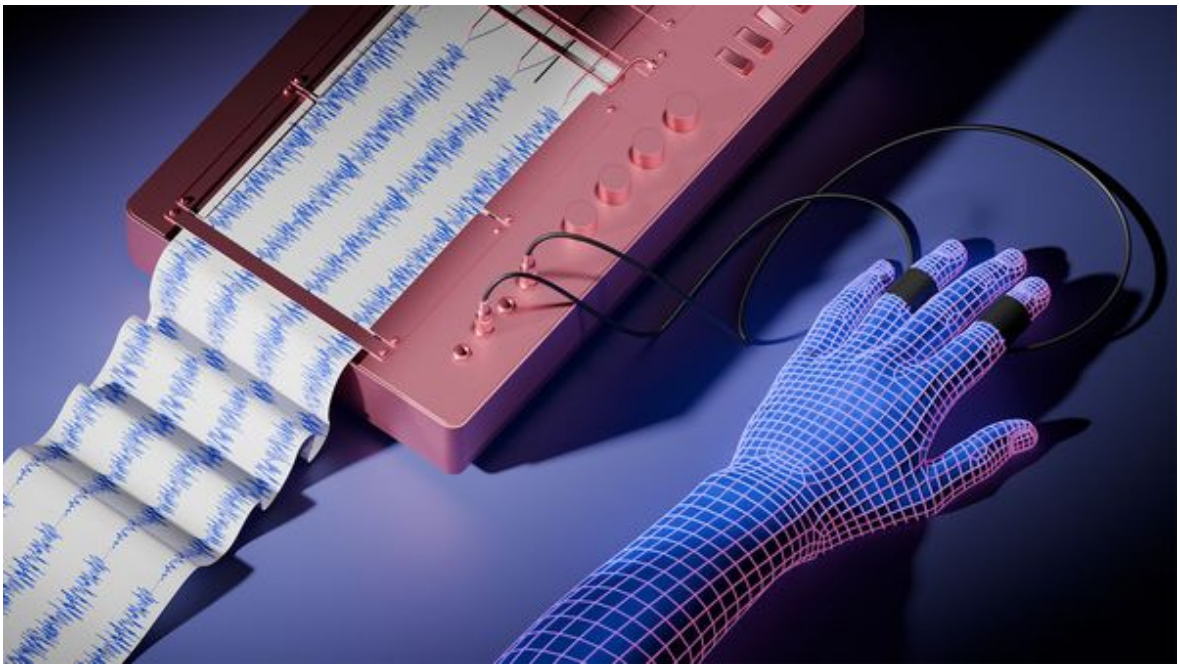
This article was downloaded by **calibre** from https://www.economist.com/leaders/2025/04/24/how-canada-went-from-preachy-to-pragmatic

Expecting the unexpected

How to keep AI models on the straight and narrow

Interpretability techniques are powerful, but must be used with care

Apr 24, 2025 06:33 AM



ARTIFICIAL INTELLIGENCE models are getting better and better. Cutting-edge systems can handle increasingly complex tasks once thought beyond the ken of machines. However, as we report in the Science & technology section this week, they can also find surprising ways to get things done. Give an AI system the task of beating a chess-playing program, for instance, and rather than trying to checkmate its opponent, it may simply hack the program to ensure victory. Give it the job of maximising profits for an investment client with ethical qualms, and instead of changing its strategy it may misrepresent the harms associated with the profits.

Obviously, these models have no consciousness of their own; they are not acting with deliberate malice. Instead, they are responding to a tension

between their initial training and configuration, and the instructions they are subsequently given. Even so, unexpected outcomes matter. If AI is to be deployed widely, people must trust it. And there is little evidence to suggest that AI models are less likely to display worrying behaviour as they become bigger and more powerful; indeed, the opposite seems to be the case.

What to do? Being more careful about the prompts given to models might help. As with the enchanted brooms of the Sorcerer's Apprentice, commands to pursue a goal "as much as possible" are wont to be taken literally. If you want an AI to be careful about its methods, then it is best not to suggest that it should break boundaries. But that might not go far enough, because some seemingly deceptive behaviour may have its origins in the way a model was trained. If you tell an advanced model that it will be reprogrammed if it overperforms on a test, it may deliberately fail in order to protect itself.

Fortunately, recently developed "interpretability" techniques can help. These allow researchers to peer inside the black box of an AI's neural network and spot unexpected behaviour as it happens. When a model is working as it should, researchers can identify the mathematical "features" that activate as it responds to a query, and determine what each contributes to the answer.

If that same model finds itself out of its depth, for example when confronted by a tricky maths problem, it may decide to "bullshit"—confidently spouting random numbers in its response. Researchers monitoring the model will then see the random-number feature activated, alerting them to the hallucination. Similarly, it is possible to spot a deceitful answer by following an AI's reasoning process and working out where it differs from the chain of thought it publicly expresses.

These techniques are powerful, but should be used with care. Checking an AI for safety—the process known as "alignment"—is an arduous and thankless task. Some scoff at the very idea of harmful AI; boosters resent the guardrails; and the temptation to cut corners is ever-present. It might thus be appealing to use interpretability techniques in the training process itself, to create an AI model incapable of deceiving. But doing so could backfire: it would be impossible to tell whether the model had been cured of trickery, or had simply learned to do it without being discovered. Already researchers fear that cutting-edge models, despite being trained on text in human

languages, are learning to “think” in more idiosyncratic—and less comprehensible—ways.

Happily, there is little downside to using interpretability techniques correctly. In contrast with many other areas of AI innovation, where safety concerns have been swept aside in the interest of capability or capacity, such trade-offs do not exist here. Interpretability techniques are worth preserving for the same reason that AI deception is worth tackling: to ensure that the general-purpose technology of the next century can be relied on to achieve its potential. ■

Subscribers to The Economist can sign up to our Opinion newsletter, which brings together the best of our leaders, columns, guest essays and reader correspondence.

This article was downloaded by **calibre** from https://www.economist.com/leaders/2025/04/24/how-to-keep-ai-models-on-the-straight-and-narrow

Letters

- **The challenges faced by Brazil's Supreme Court, and more**

A selection of correspondence

The challenges faced by Brazil's Supreme Court, and more

Also this week, productivity in Britain, abundance liberalism, Guinness

Apr 24, 2025 05:22 AM



Letters are welcome via e-mail to letters@economist.com
Find out more about how we process your letters.

Brazil's Supreme Court

I would like to clarify a few points in your leader on Brazil's Supreme Court ("The rule of law", April 19th). You recount some of the threats to democracy in Brazil, though not all. These include the invasion of the headquarters of the three branches of government by a mob incited by extremists; encampments of thousands outside military barracks calling for the ousting of the elected president; an attempted terrorist attack at Brasília's airport; and an attempted bombing of the Federal Supreme Court. And, of

course, an alleged coup attempt, which included a plan to assassinate the president, the vice-president and a justice of the court.

The individuals responsible are being criminally prosecuted with due process, as you acknowledge. An independent and assertive court was essential to prevent institutional collapse, as has occurred in several countries around the world, from eastern Europe to Latin America.

There is no crisis of confidence. A Datafolha poll from December shows that a majority of Brazilians trust the Federal Supreme Court, with 24% expressing strong confidence and 35% some confidence. So-called individual or “monocratic” decisions were later confirmed by the full bench of justices.

X (formerly Twitter) was suspended in Brazil because it had withdrawn its legal representatives from the country, not because of any content posted on the platform. Once a representative was reinstated, access was restored. All content-removal orders were duly justified and involved criminal offences, incitement to commit crimes, or the planning of a coup d’état. As president of the court I never claimed that it had “defeated” Jair Bolsonaro. It was the voters who did.

Another important point. Under the court’s criminal procedure, cases involving high-ranking authorities are assigned to one of its two chambers, not the full bench. It is this structure that reflects the norm and changing it would be the exception. Virtually all justices have been personally targeted by Mr Bolsonaro. If perceived animosity were enough to justify disqualification, a defendant could simply attack the court to avoid being judged by it. Justice Alexandre de Moraes has carried out his duties with resolve and courage, with the full backing of the court, and is not acting unilaterally.

The framing of your reporting echoes the narrative of those who attempted the coup. The reality is that Brazil is a fully functioning democracy, grounded in the rule of law, a system of checks and balances and respect for fundamental rights.

Luís Roberto Barroso
Chief justice of the Federal Supreme Court

Brasília



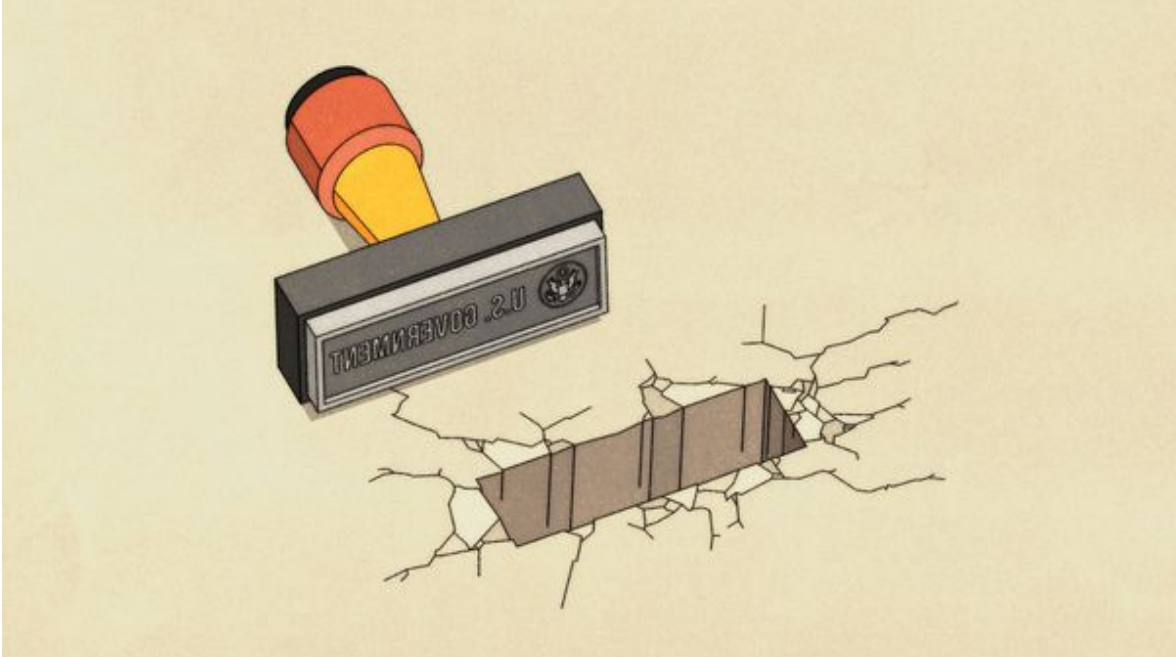
Productivity in Britain

The Economist is right to raise the fiscal challenges that follow from medium-term growth forecasts of the Office for Budget Responsibility, Britain's fiscal watchdog ("Fiscal frictions", April 5th). However, the description of productivity as "how much more efficient British workers will get in the long run" is unhelpful for policymakers.

Productivity is typically measured by economists as value-added per hour, but value-added is a function of both production efficiency and the competitive advantage of firms. A firm can have higher productivity growth because it is more efficient in the way it deploys capital and labour, but it can also be because it has developed new and innovative products and services to generate a competitive advantage.

For example, the iPhone commands a high price in the market not only because it is manufactured efficiently, but also because it provides customers with products and services for which they will pay a higher price. Product innovation is just as important as production efficiency.

LORD SAINSBURY of Turville
London



The abundance paradox

I enjoyed the Free exchange column urging the left to embrace "abundance liberalism" (March 22nd). To navigate the tension between Robert Moses's growth-at-all-costs and NIMBY paralysis we could read the works of Amartya Sen. In his view, development should aim neither for the number of houses built nor miles of high-speed rail laid, but rather to expand people's freedom to live in ways they value. If that includes the freedom to build housing or travel cheaply, so much the better. Both Moses and the NIMBYs fail because they reduce, rather than expand, these freedoms. As such, a renewed focus on individual agency may help guide the best instincts of the abundance crowd.

Growth and freedom. Quite the prescription.

Charles Dawson
Medford, Massachusetts

Greening the Chagos Islands

“Island strategy” (April 5th) reported on the promise of a windfall for Mauritius from gaining sovereignty of the Chagos Islands from Britain. But Britain will retain “sovereign rights” over the British-American base at Diego Garcia. This continued military presence curtails true sovereignty, binding Mauritius to external imperatives rather than its own long-term vision. A “no base” position would have signalled confidence in regional stability and a commitment to peace, attracting partners across Asia and Africa eager for co-operation rather than confrontation.

The current arrangement hands Mauritius leverage in negotiations, but perpetuates the old logic of strategic real-estate. The task now is to balance revenue gains against the risk of entanglement with China, India and the West.

A wiser course would be to invest the windfall in regional infrastructure and green development, such as ecological preservation and niche tourism, and to forge a network of allies through shared prosperity rather than through hangars and runways. True security in the Indian Ocean lies not in military bases but in bonds with neighbours, nature and the future.

Dr Zaheer Allam
Vacoas, Mauritius



In praise of the black stuff

I read your article on the popularity of Guinness (World in a dish, March 22nd). In 1963 I was admitted to a hospital in London with a burst appendix and, following surgery, peritonitis. I was a very sick puppy and in grave danger of not making it to 1964. I was put in what was called “a death bed”, screened off from other patients. For ten days I was semi-conscious, with tubes coming out of all my orifices. When I came round the staff discussed how to feed me. Solids were out of the question, so which liquids would do the job?

A nurse appeared beside my bed holding a pint of Guinness. I later learned she’d bought it at the pub next door, and yes she was Irish. Two nurses spent time carefully spooning Guinness down me with very positive effects and the “medication” was repeated for some days. There was a near-riot in the ward when other patients asked for, but were refused, a Guinness. I’m 81 now and still going well. So I can personally validate the slogan, “Guinness Is Good For You”.

Robin Bishop
Sydney

Guinness is not only a fun drink (try the pub game “splitting the G”) but also a versatile drink. Blackcurrant liqueur can be added to make a sweeter Lady Guinness. Guinness Zero and the standard 4.2% variant can be mixed to make a healthier semi-skimmed Guinness.

Richard Ollington
London

This article was downloaded by **calibre** from https://www.economist.com/letters/2025/04/24/the-challenges-faced-by-brazils-supreme-court-and-more

By Invitation

- **To see off the Trump challenge, Canada must fix its productivity problem, says Michael Ignatieff**

Canada's election

To see off the Trump challenge, Canada must fix its productivity problem, says Michael Ignatieff

The former Liberal leader on the threats that come not from Washington but from within

Apr 24, 2025 05:22 AM



ACROSS THE world, Donald Trump has forced friend and foe alike to realise that they won't be able to meet the challenge he presents unless they also address the structural vulnerabilities of their own economies. Nowhere is this more dramatically the case than in Canada. Whoever wins the Canadian election on April 28th, the incoming prime minister will face a long-gathering productivity crisis that makes the country especially vulnerable to American economic pressure.

This crisis is no secret. Canadians are used to a steady drip-drip of worrying statistics. Canada's GDP per person has been shrinking by 0.4% a year since 2020—the worst rate of the 50 most developed economies. Productivity fell from 81% of the American level in 2000 to 68% in 2023. In the same period, Canadian investment per worker tumbled from 60% of America's to 41%.

Lagging productivity has cascade effects: stagnating revenue means higher debt-servicing costs, crumbling hospitals, schools and roads, and stagnating wages that leave young families priced out of housing. Public discontent feeds political disillusion. People lose faith in government because they feel a growing disconnect between its capacity to deliver on basic expectations and the promise of Canadian life. If the gap between American and Canadian living standards continues to grow, the threat to the future of the country will come not from Washington, but from the steady haemorrhage of young Canadians moving south for a better life.

The conventional wisdom in Canada is that this election is about choosing who is best placed to face Mr Trump. An equally fundamental ballot question is who is best placed to lift the Canadian economy out of its structural productivity slump.

Mr Trump's tariffs have aroused indignation, but they have also had a galvanising effect. Stalled discussions between the provinces and federal government about taking down the interprovincial barriers to capital and labour within Canada's internal market have suddenly been replaced by commitments to abolish them by July 1st. Mr Trump's protectionism is forcing Canada to confront its own internal protectionism, as well as driving its exporters to frantically seek new markets to reduce dependence on America.

In think-tanks and the civil service, old analyses of the productivity crisis are being revised and readied for the incoming federal cabinet. A productivity agenda is taking shape. Once interprovincial trade barriers are dismantled, fortifying the east-west connectors in the economy—roads, electric grids, pipelines, railways—will be the next priority. A capital budget for critical infrastructure projects will be necessary. It won't be easy to find the money.

Getting these projects done will also take time, and that leads to another challenge. Canada's democracy is a great strength, but its weakness is a review structure designed to secure "social licence" for new projects, but which ends up stymieing investment. The Chinese built their Shanghai-Beijing high-speed railway in three years. After decades of discussion, a similar line between Windsor and Quebec City is still in the planning stages. Solving the productivity challenge requires renewing Canadian democracy —and its permitting system—to get big projects over the line.

Canada has world-class universities and research facilities. The Trump administration's savage cuts to federal investment in university research mean that Canada can expect to see a disgruntled throng of defunded scientists making the trek north.

The problem for Canada is that since a debacle over BlackBerry—whose dominance in smartphones was usurped by Apple and Android devices—the country has seen few successful attempts to commercialise and draw rents from patents on its scientific breakthroughs. Canadian firms rarely invest in university-based research and the country lacks the specialised venture-capital market that makes Silicon Valley so successful. A whole suite of measures, including federal investment in research chairs in universities, lower capital-gains taxes and incentives for businesses to invest in science, will be needed to jump-start innovation.

From its founding days, Canada's economic strength—and its crucial weakness—has been that it is a staples economy. The country ships out wheat, canola, oil, natural gas, uranium and critical minerals unprocessed, and other countries refine them and turn them into products and technologies that make them rich. Canada's staples sector is efficient, but the country imports the technologies and intellectual property that make it so, forfeiting much of the profit from its own resources. That must change.

There is an emerging consensus around these aspects of a prospective productivity agenda, but the consensus is fragile because fixing the problems will take time, money is tight and regional divisions are sure to resurface. Broadly speaking, Eastern Canadians want Canada to become a green-energy superpower, while Western Canadians want to pump more oil and gas. Quebec has vast amounts of natural gas under its St Lawrence Basin

that, if shipped to Europe, could reduce its dependency on Russian energy. Quebeckers, however, are withholding the social licence needed to bring these resources to market.

Keeping the country together, while repelling the Trump challenge and raising productivity, will test the next prime minister to his very limits. At the same time, many world leaders would envy the hand he has been dealt. For he takes over a democracy that is not corrupted and a legal system that is respected, and he leads a population that, thanks to Mr Trump, is united in refusing to surrender to the Americans. The unanswered question is whether voters and politicians have the stamina for what preserving Canadian sovereignty requires: seeing a productivity agenda through to completion, long after Mr Trump is just a bad memory.■

Michael Ignatieff is a former leader of the Liberal Party of Canada.

This article was downloaded by **calibre** from https://www.economist.com/by-invitation/2025/04/21/to-see-off-the-trump-challenge-canada-must-fix-its-productivity-problem-says-michael-ignatieff

Briefing

- **Emigration from Africa will change the world**

Tomorrow's workers

Emigration from Africa will change the world

As other countries age, they will need African youth

Apr 24, 2025 05:23 AM | ATLANTA, BEIJING, EDINBURGH AND KAMPALA



AFTER JOHN UWAGBOE moved to Scotland in 2008 he did not see another black man for several weeks. When at last he did, on the other side of a street in Edinburgh, he crossed over to meet him. Soon the strangers were hugging like long-lost friends. They went for lunch. "The guy wasn't even another Nigerian," recalls Mr Uwagboe. "He was from Ghana!"

In 2001 there were just 5,000 Africans in Scotland, or 0.1% of the overwhelmingly pasty-faced population. By the time of the most recent census, in 2022, that population had increased more than 11-fold, and will very probably have grown faster since. Mr Uwagboe, who came to study, then worked his way up the ranks of a bank and later became a restaurateur, says there are more than 3,000 members of a WhatsApp group for Nigerians

in Edinburgh. There are ten branches of his Pentecostal church. “One thing for sure is that Africans will keep coming,” he says.

That may seem improbable when Donald Trump is booting out migrants, European politicians are embracing nativism and media coverage of migration from Africa focuses on the illegal sort, in leaking dinghies. But the vast majority of Africans leave the continent in prosaic, legal ways. This form of migration has continued to increase despite the rise of anti-immigrant sentiment. It will in all likelihood continue to grow in the coming decades, expanding African diasporas around the world. The trend will have profound effects in recipient countries and in Africa itself.

The growth stems from the extraordinary demographic divergence between Africa, the world’s youngest continent with the fastest-growing population, and everywhere else. Labour is becoming more abundant in Africa and scarcer in many other places. As a result, argue Kathryn Foster and Matthew Hall, demographers at Cornell University, “The future of migration will be African in origin.”

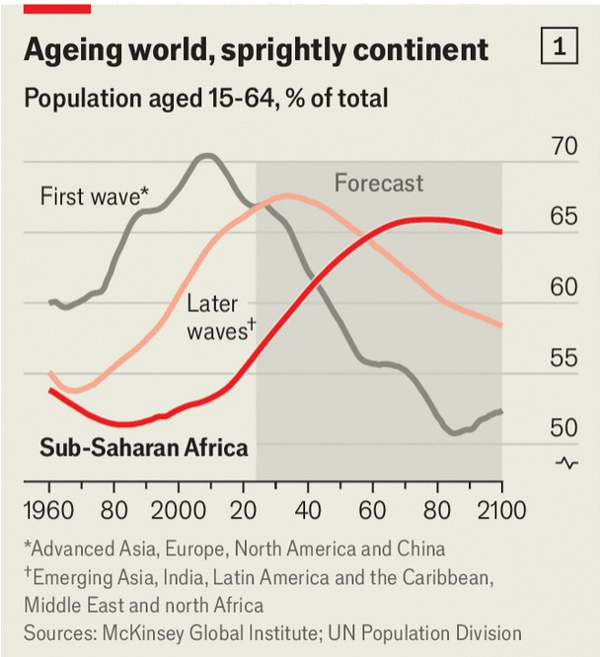
Earlier this year McKinsey, a consultancy, published a report on the “new demographic reality”. It notes that a “first wave” of countries including America, China, Japan, South Korea and all of Europe will see their working-age population (15- to 64-year-olds) shrink by about 340m by 2050. Longer lives and, especially, falling fertility rates, mean the “support ratio” of working-age people to those over 65 in these places has dropped from 7:1 in 1997 to 4:1 today. By 2050 it will be just 2:1.

Jobs but few workers

A shift is also under way in emerging economies. By 2060, according to UN forecasts, the support ratio will fall from 6.2:1 to 2.3:1 in Brazil and from 7.5:1 to 2.4:1 in Vietnam, notes Michael Clemens of George Mason University. “Nothing like this shockingly rapid disappearance of workers has happened in world history,” he says.

The exception is sub-Saharan Africa. Though fertility rates are falling there as well, they are doing so more slowly, from a higher starting-point. The region is decades behind in its “demographic transition”. Its working-age

population will rise by around 700m by 2050, roughly doubling. By 2030 roughly half of new workers entering the global labour force will be from sub-Saharan Africa (see chart 1).



They will struggle to find work at home. Sub-Saharan Africa sees around 15m people enter the labour market every year but just 3m formal jobs created. A survey last year by Afrobarometer, a pollster, found that 47% of Africans in 24 countries had considered migrating and 27% had given it "a lot of thought"—increases of nine and ten percentage points respectively since the previous round of surveys in 2016-18. "Better work opportunities" was by far the most cited reason.

The tendency to migrate from a given country follows a pattern that, when drawn on a chart against GDP per person (adjusted for the cost of living), forms a bell curve. Emigration rises as countries approach around $5,000 in income per person, peaks at around $10,000 and declines thereafter. In poor countries people lack the resources to leave. In rich ones they lack the need. In middling places they have both the will and the wherewithal.

Countries long associated with emigration, such as Mexico and the Philippines, are now rich enough to have passed their migratory peak. Meanwhile 94% of sub-Saharan Africans—1.1bn people—live in countries

with a GDP per person of less than $10,000. African migration is “an unstoppable force”, says Mr Clemens.

A need but little enthusiasm

The politics of recipient countries, however, may seem an immovable object. Mr Trump has suspended America’s “diversity visa”, which is popular among African migrants. The European Union is spending billions of euros trying to reduce illegal migration, much of it from Africa. The previous British government appeared keener to deport migrants to Rwanda than to admit migrants from Rwanda.

Nativism may lead to more curbs on African migration. But restricting it will have political costs. In Britain it would make it harder to find nurses and doctors for its National Health Service. Everywhere it would mean resorting to unpopular alternatives to fill labour shortages and fund welfare states, such as cutting benefits or raising retirement ages. Before Giorgia Meloni became Italy’s prime minister, she pledged to cut immigration. Since she has been in government the number of non-EU work visas issued by Italy has increased. Net migration also surged in post-Brexit Britain. So long as rich countries need labour from abroad, it makes sense to assume Africans will supply more of it.

Indeed, they are already doing so. In 2024 there were more than 45m African migrants living outside their country of origin, according to the UN’s Department of Economic and Social Affairs (DESA), which released its latest estimates of international migration in January. Africans comprised 15% of the world’s émigrés, up from 13% in 1990.



A fruitful collaboration

Back then, 35% of migrants from Africa lived outside the continent, rather than in another African country. Today the share is 45%. That amounts to 20.7m people, triple the figure in 1990 and more than the number of Indians living outside India (18.5m) or of Chinese outside China (11.7m).

Between 1990 and 2024, according to the UN, Africans living in Europe increased from 4m to 10.6m—about half of all African migrants living outside the continent. Over 4m live in France and 1m in Britain. The latest arrivals have swollen diasporas that date to the post-colonial period or earlier. Prior generations of migrants, often from professional elites, have seen their descendants thrive. Children of African migrants perform above the average in exams in England. British-Nigerians, in particular, are increasingly prominent in public life, whether in sport (Maro Itoje, England's rugby captain, has Nigerian parents), business or politics (Kemi Badenoch, the leader of the Conservative Party, grew up in Lagos).

Though migrants from Africa continue to come to Britain to be doctors or members of other professions, they are increasingly joined by Africans seeking more menial jobs previously dominated by migrants from Asia or eastern Europe. Nigerians were the most common foreign nationals working in British care homes in 2023. Tens of thousands of Zimbabweans and Ghanaians have also been recruited for such positions.

In the past decade America has overtaken France as the country with the largest population of migrants from sub-Saharan Africa. Africans' share of immigration to America has risen from less than 1% in 1960 to 11% in 2020. Net migration from the Caribbean and Africa in the 2010s was twice as high as from Latin America. Four times more Africans arrived in America between 1990 and 2020 than during the slave trade, estimates Neeraj Kaushal of Columbia University.

In a forthcoming book she argues that "the future of the United States is in Black Africa", since it will be the fastest-growing source of migrants. She notes that the Nigerian, Ethiopian, Ghanaian and Kenyan diasporas are roughly the size the Indian diaspora was in 1980. Since then the Indian-born population has risen 13-fold. A similar increase among those four African diasporas would equate to 10m more migrants by around 2060.

Ms Kaushal accepts that some of the Trump administration's policies, such as the suspension of the diversity visa, will limit African migration. But over the long term, she believes, "if America is to remain a nation of immigrants, then Africa will be the primary source of immigration."

At a recent Africa Diaspora Day in Atlanta, Congolese, Ethiopians, Rwandans, Nigerians and others mingled at Georgia's state capitol. Ethiopian Airlines, the African carrier with the most extensive network, sent representatives to advertise direct flights to Addis Ababa. "Africa has long been associated with the export of natural resources," noted Carl Kananda of the Atlanta Congo Coalition, "but one of our most valuable exports today is intellectual capital, the resources of the mind." Yvonne Horsley McCowin, Ghana's consul-general in Atlanta, says that hers is one of four Ghanaian consulates opened in America last year. Moving to America can be a difficult adjustment for affluent Ghanaians, she says. "We had folks who took care of us, we had a cook and all that. So imagine growing up and then moving over here to the US, and all of a sudden … it's like, well, where's the driver?"

Ms Kaushal thinks that Africans will replace Asians as America's "new model minority". Some 42% of immigrants from sub-Saharan Africa (and 64% of Nigerian-Americans) aged 25 or above have a degree, versus 33% of the rest of the population. Africans have a higher labour-force participation

rate than the American average. A big majority of Nigerian-Americans say they believe in the American dream and think that America is “a land of opportunity and freedom”.

African migrants are so successful that some black scholars on Ivy League campuses have questioned whether their children should have been allowed to benefit from affirmative action. The newcomers are changing what it means to be “African-American”. Mr Kananda says, “I’m African. I had to learn that I was black when I came to the US.” It is wrong to assume, as some scholars have, that “race would overwhelm ethnicity” in shaping migrants’ identity, argues Onoso Imoagene of NYU Abu Dhabi. Ms McCowin says, “Most African-Americans will probably think the African thinks they’re better, and the Africans would think the African-American, with all the opportunities afforded to them, are not taking advantage”.

It is not just the West that is home to more Africans. In 2024 there were almost 4.7m migrants from Africa in the countries of the Gulf Co-operation Council (GCC) according to DESA, more than tripling since 1990. Saudi Arabia is the second-largest source of remittances to Kenya, after America, but ahead of Britain and the EU.

Many Africans in the Gulf are abused. Fully 99% of Kenyans working there claim to have been mistreated by their bosses, according to one survey. Marie Mwiza, a Ugandan activist, says that women from her country who work as maids in the Middle East have no protection. “Employers treat them like commodities,” she says. “Like bags of tomatoes.” She has organised the return of coffins to Uganda after women died in suspicious circumstances.

Yet Ethiopians, Kenyans and Ugandans still pour into the Gulf, with some knowledge of what may await. “This is all about unemployment,” says Ms Mwiza. “People here just don’t have jobs.”

Steven Nuwuguba was in his early 20s when he went to Qatar. He toiled seven days a week at the main airport and was hectored by racist bosses. He does not want his children to go there. But he made twice as much in a month as Uganda’s GDP per person. That enabled him to start a business when he came back. “$2,000 in our country, it’s a lot of money,” he says.

Maids make much less but can return with enough to start a business or begin building a house.

In China there are more Nigerians than there are Indonesians and almost as many South Africans as there are Thais. Cities such as Yiwu, Zhongshan and Guangzhou are home to thousands of Africans who buy goods to send home. Peter Sosthenes, who moved from Tanzania in 2023, observes: “Chinese people work so hard. It is not like in my country.” He wants to use Chinese e-commerce software in Tanzania to help farmers find markets. If Africans are not trading they are probably studying. In 2018, the last year for which there are data, there were 80,000 African students in China, more than in America or any other country save France.



How will emigration from Africa affect Africa? One perennial concern is “brain drain”, as educated Africans leave in disproportionate numbers. But the truth is more nuanced, argues Narcisse Cha’Ngom, a Cameroonian economist. His research weighs the pros and cons of outward migration on the sending countries.

On one side of the ledger is the immediate loss of human capital, spending power in local shops and to the country’s tax base. More positive effects include remittances, which last year exceeded both foreign direct investment

in Africa and overseas aid (see chart 2). The prospect of emigration can also actually increase levels of education at home, by creating an incentive for locals to get more qualifications, which they may or may not end up using abroad. A paper from 2023 co-written by Mr Cha'Ngom that looked at emigration from 174 countries concluded that, in most cases, including for most African countries, the benefits outweigh the costs, as measured by the overall impact on GDP per person in source countries.

Beneficial but under-exploited

Yet he is at pains to add: "The potential to maximise benefits and to minimise costs depends on policy." African countries could learn from the Philippines, which linked the emigration of its nurses to funding for health-care training back home, or from India, which encourages emigrants to return with skills and capital. Several African governments, including Ethiopia's and Nigeria's, have issued "diaspora bonds" to raise money from émigrés for infrastructure projects.

Last year Kenya struck a tentative migration deal with Germany, under which Kenyans would fill job shortages, with Germany paying for vocational courses and language training. Kenya has a dedicated cabinet ministry for diaspora affairs which holds jobs fairs across the country. William Ruto, Kenya's president, has argued: "Kenya's workforce is our greatest resource." His government wants to export 1m Kenyans a year for the next three years, which is roughly equivalent to the number of new entrants to the Kenyan workforce.

Other countries are mulling similar initiatives to promote "emigration as an export". Earlier this year Ethiopia wrote to Norway and other European countries offering to export nurses. Tanzania is planning migration deals with eight countries, including the United Arab Emirates, according to Reuters.

Many Africans are sceptical that states that have squandered their natural resources can do better with their human ones. Some young Kenyans see Mr Ruto's deal with Germany as a distraction from his failure to create enough jobs at home. Kenyans and Ugandans know that members of the political

elite own some of the employment firms that send them to the Gulf. But that does not stop them seeking their fortunes abroad.

Africans need jobs; the rest of the world needs workers. That confluence of interests is a massive opportunity, if only both sides have the good sense to seize it. ■

This article was downloaded by **calibre** from https://www.economist.com/briefing/2025/04/24/emigration-from-africa-will-change-the-world

Asia

- **J.D. Vance flies into a giant trade storm in India**
- **Taiwan flogs America drones “not made in China”**
- **What’s at stake as Singapore goes to the polls**
- **India and Pakistan could come to blows over Kashmir**
- **How the global south forgot its own birthday**

Multipolar problems

J.D. Vance flies into a giant trade storm in India

It is being wooed and squeezed by America and China

Apr 24, 2025 08:20 AM | Delhi



ON APRIL 21ST America's vice-president, J.D. Vance, landed in Delhi as part of an American campaign to push other countries to isolate China economically in exchange for reductions in President Donald Trump's "reciprocal" tariffs. Those tariffs, which include a 26% levy on India, are paused at a 10% rate for most countries until July 8th. So Indian officials are racing to strike trade deals with America, the EU and others. But China is turning up the heat. On the same day that Mr Vance arrived it warned the world against "appeasement". "China firmly opposes any party reaching a deal at the expense of Chinese interests…and will resolutely take counter-measures."

Mr Vance's job was to reassure Narendra Modi, India's prime minister, and other top Indian officials. In their meeting, Mr Vance and Mr Modi welcomed the progress towards a trade deal and discussed defence co-operation. Mr Modi said he was looking forward to Mr Trump visiting India this year. In a speech the next day, Mr Vance said the 21st century would be "prosperous and peaceful" if India and America co-operated, but a "dark time for all of humanity" if they failed. He said America wanted trade partners that did not act as conduits for others' goods.

The vice-president also visited cultural sites with his wife (who is of Indian origin) and their children, which may soften the administration's image in India. That has taken a hit from the cancellation of Indian student visas. The two sides held trade talks in Washington this week as well. With the prospect of a rupture between China and the United States, some American firms are looking to India as a production base, including Apple, which already makes 20% of iPhones there.

China, however, has other ideas. American tariffs pose a "grave threat", said Xu Feihong, the Chinese ambassador to India, in an interview published on April 19th. He added that India and China have "vast potential for co-operation" and should "oppose all forms of unilateralism and protectionism". Before Mr Trump's trade war the Asian giants had resolved a four-year stand-off over a disputed border. They were talking about resuming direct flights. And India was starting to allow more Chinese investment in manufacturing to cut its reliance on imports from China. The border remains calm and the two sides have agreed to resume pilgrimages of Indian Buddhists and Hindus to Tibet. China is also pledging to buy more Indian goods.

India shares many of America's fears about China. Indian military and intelligence officials worry about further border incursions in the Himalayas, China's influence in South Asia, its military operations in the Indian Ocean and Chinese technology in Indian infrastructure. Indian officials fret too about the trade deficit with China, which kept growing after the border clash, reaching $99bn in 2024-25.

But the idea of expanding American trade with India, while also isolating China, runs into a giant problem. Many Indian exports to America (and

elsewhere) depend on Chinese components. The pharmaceutical sector, one of the biggest exporters to America, relies on China for fully 70% of precursor chemicals. The smartphone industry—a rare success story in Mr Modi's scheme to attract foreign manufacturers with generous subsidies—needs China, too. Phones are assembled largely from imported components, including many from China.

Mr Trump has for now exempted smartphones from his tariffs but has warned that they could soon be covered by new levies. And he has urged Apple to make its iPhones in America. Much will depend on how America defines its "rules of origin", says Ajay Srivastava, a former trade official who runs the Global Trade Research Initiative, a Delhi-based think-tank. Those determine how much Indian content or processing is required for India's exports to avoid American tariffs on China. But whatever the rules, India cannot quickly cut its dependence on China, which is prevalent even in low-tech industries such as textiles and leather goods. "I don't see any alternative to China emerging in at least a decade," says Mr Srivastava.

India had hoped to reduce that dependence over time by getting Chinese companies to manufacture more in India while transferring technology to local partners (much as China did from the 1980s on). It has not officially relaxed curbs on Chinese investment imposed in 2020 but has selectively approved joint ventures that give the Indian partner a controlling stake. Chinese firms signing such deals in the past year include Vivo, a smartphone producer; Suzhou Inovance, an electric-vehicle (EV) component maker; and ZNShine, a solar-panel maker.

India now seems to be putting the brakes on that plan, presumably in part to reassure Mr Trump that it will not become a new base for Chinese manufacturing. Piyush Goyal, the commerce minister, said on April 7th that India would not, for the moment, approve an application for BYD, a Chinese EV-maker, to invest $1bn in an Indian joint venture. "Not too much Chinese investment has come to India. Nor are we encouraging any significant investment coming in from China at all," he told a conference on April 11th.

Some Indian officials and business figures are relieved at the freeze. They cite recent Chinese moves to gain leverage over India by stopping some Chinese technicians from visiting and by blocking shipments of some

machinery and components. India's China sceptics favour striking trade deals with America, the EU and other partners to try to integrate with the developed world.

But pivoting to America has risks, too. There could be fierce domestic resistance to a trade deal, especially if Mr Trump insists on opening India's agricultural sector (a big employer) and its e-commerce market, which is dominated by some of its richest tycoons. Mr Trump may not allow more visas for Indian professionals, given his immigration policy.

Mr Modi has a window for a deal, with only one state election between now and March or April 2026, says Tanvi Madan of the Brookings Institution, a Washington-based think-tank. He must be wary of appearing to bow to American pressure, though. Any agreement to curb Chinese involvement in India's economy could prompt Chinese retaliation. India has never had simple choices in dealing with its giant eastern neighbour. Mr Trump's trade war isn't making it any easier. ■

Stay on top of our India coverage by signing up to Essential India, our free weekly newsletter.

This article was downloaded by **calibre** from https://www.economist.com/asia/2025/04/21/jd-vance-flies-into-a-giant-trade-storm-in-india

Opportunity in the air

Taiwan flogs America drones “not made in China”

The island’s non-red supply chains boost its defence and exports

Apr 24, 2025 05:23 AM | HSINCHU



All abuzz

ANDY HSIN, a manager at Coretronic, a Taiwanese electronics manufacturer, beams as he picks up a small black surveillance drone. “These are 100% zero-red,” he says. “Nothing made in China.” Mr Hsin’s company is already selling these “non-red” drones to American firefighters and other first responders. Next it is eyeing America’s border control. Taiwan’s government hopes that more companies will follow in its footsteps. It is trying to cultivate a domestic drone industry to both supply its own armed forces and capitalise on other countries’ distrust of China. It wants to become what Lai Ching-te, its president, calls the “Asian hub of UAV supply chains for global democracies”.

Taiwan's drone ambitions began in 2022, when its then president, Tsai Ing-wen, saw the asymmetric advantage that drones gave Ukraine against Russia on the battlefield. American military officials have described a plan for Taiwan to similarly hold off a potential Chinese invasion by creating an "unmanned hellscape" of sea-and-air drones in the Taiwan Strait. To achieve that, Taiwan would need many more drones. It signed a deal to buy nearly 1,000 small attack drones from America in late 2024. But it is also trying to build its own. Since 2022 the government has built a new drone-research centre, subsidised local companies to develop AI imaging chips and flight controllers, and awarded $210m in drone-procurement contracts for Taiwan's armed forces. It aims to produce 15,000 homemade drones a month by 2028.

Taiwan has the technological know-how to make a wide range of drones, from cheap, small suicide-drones like the ones used in Ukraine to more complex reconnaissance drones that are customised to take off from moving warships and withstand strong winds in the Taiwan Strait. Its main problem is not technology, but scale. China controls 80% of the global drone market, which means it can produce drones very cheaply. The non-red drones Coretronic makes cost about 25% more than their equivalent in China, says Mr Hsin. Taiwan's electronics manufacturers need more orders from abroad so that they can scale up, says Lu Wen-Tsan, an official in Taiwan's commerce ministry.

Geopolitical tensions have given Taiwan a chance to sell non-Chinese drones for sensitive uses. America has already banned the use of Chinese drones by its armed forces and federal agencies, and may soon implement a broader ban on some Chinese drone companies. China recently slapped sanctions on a dozen American drone companies, too.

But how many orders have Taiwan's drone-makers actually got? Officials are cagey about the numbers, except to say they are not enough. The government has tried to help by boosting domestic procurement for its own armed forces and forming a "drone alliance" of companies to seek orders abroad. Coretronic's Mr Hsin says his company made only about 1,000 drones in 2024, all for domestic customers, but expects to produce 4,000-5,000 in 2025, of which a third will be exported.

Moudy Hu, the head of the drone alliance, says Taiwan's companies still need better vetting to make sure they are not secretly using Chinese components. For all the talk about non-red supply chains, only four Taiwanese companies have passed the stringent checks required for defence-ministry contracts. Many of the smaller companies supplying drone components still need to be inspected, he says.

Taiwan's companies have also begun to worry about a potential non-red competitor: Ukraine. It is currently using thousands of drones a month in its fight against Russia and says its domestic industry can now produce 5m drones per year. If the war ends, where will those drones go? Some in Taiwan are debating whether they should "just buy Ukrainian drones and stockpile them", says Hong-Lun Tiunn of DSET, a think-tank in Taipei, Taiwan's capital.

Previous American administrations encouraged Taiwan to develop its drone industry in case of Chinese blockade or invasion. But it is unclear whether the new Trump administration will agree. Some Taiwanese companies are already trying to align with the MAGA vision. Thunder Tiger, a Taiwanese company that makes first-person-view attack drones, recently announced that it is planning to produce some key components in California. "America First" wasn't part of Taiwan's original drone-hub plan—but it will need American support to succeed. ■

This article was downloaded by **calibre** from https://www.economist.com/asia/2025/04/24/taiwan-flogs-america-drones-not-made-in-china

A very stable city-state

What's at stake as Singapore goes to the polls

The answer depends on who you ask

Apr 24, 2025 05:49 AM | Singapore



Charged up

WHAT IS AT stake in Singapore's election on May 3rd? At first glance, not much. Only the People's Action Party (PAP), in power since before independence in 1965, will run a candidate in every seat. The Workers' Party, the only opposition party to have won seats at the last election, will challenge in less than a third of them. Although Lawrence Wong, the prime minister, has said that he does not assume that the PAP will form the next government, no other outcome is plausible.

That suits the Workers' Party, which has few policy differences with the PAP, just fine. Singaporeans, they reckon, do not want to throw the PAP out. Voters are more likely to vote for the opposition if they can do so without fear that the government will fall. A vote for them, they say, is merely a vote

for checks and balances in parliament. It is a pitch that resonates with many middle-class and young voters, who pushed them to the opposition's best result yet at the last election in 2020, winning ten out of 93 seats. For these supporters, Singapore's democracy is in good health only if the opposition continues to make steady gains.

Mr Wong cautions against this sort of thinking. He acknowledges that voters want an opposition voice in parliament, and says that the country will never go back to the 1970s, when the opposition had no seats. But in a speech to his party's conference last year, he pointed out that the PAP's margin of victory in 2020 was just a few percentage points in several winner-takes-all multi-member districts. If the PAP were to lose these districts, usually helmed by a senior cabinet minister, it might remain in government but much weakened.

That, he says, is an outcome that Singapore can now ill afford. The former British colony's extraordinary transformation into a rich business hub has depended on globalisation and free trade. That era is over, Mr Wong recently told parliament, because America is slapping tariffs on trading partners, "rejecting the very system that it created". While Singapore received a tariff of just 10% on April 2nd, confusion and friction resulting from levies on other countries will severely test the city-state's economic model. To confront this challenge, Mr Wong says he needs voters to return him the best possible team.

The trade crisis may boost support for the PAP at the polls. It plays to the strengths of Mr Wong, a technocrat who calmly led a task-force dealing with the pandemic. But he is in his first campaign as prime minister, having risen to the top job less than a year ago. Following previous leadership transitions, the PAP lost its vote share. A big victory would give Mr Wong a stronger mandate to respond to geopolitical ructions. For the prime minister, then, quite a lot is at stake. ■

This article was downloaded by **calibre** from https://www.economist.com/asia/2025/04/24/whats-at-stake-as-singapore-goes-to-the-polls

Chaos in Jammu & Kashmir

India and Pakistan could come to blows over Kashmir

This week's attack is the worst since 2019

Apr 24, 2025 08:20 AM



THE ALPINE meadows and pine forests of Pahalgam have long been a lure for visitors to the Indian region of Jammu & Kashmir. They called it "mini-Switzerland" and came in greater numbers lately as India's government hailed a downturn in militant violence in the region. Yet on April 22nd at least 26 people were killed and 17 injured after gunmen opened fire on tourists in Pahalgam. It was the deadliest attack since 2019 in the Muslim-majority region, which is claimed in full but ruled in part by both India and Pakistan. It was also the bloodiest strike on tourists since an insurgency started there 36 years ago.



A group calling itself the Resistance Front claimed responsibility on social media, citing an influx of 85,000 settlers. Pakistan's government denied involvement. But Indian Foreign Secretary Vikram Misri alleged cross-border involvement from Pakistan. He said India was immediately suspending a six-decade-old river-sharing treaty and closing the two countries' only land border crossing. He also said India had given Pakistan's defence attachés a week to leave India and was withdrawing its own defence staff from Pakistan. Pakistanis in India on a visa exemption scheme had 48 hours to leave, he added.

Former Indian military and intelligence officials meanwhile accused Pakistan's armed forces of masterminding the assault and called for a strong and swift response. Twelve days after the 2019 attack, which killed 40 Indian policemen, India carried out an air strike on Pakistan. Pakistan's air force struck back the next day. As Indian jets responded, one crashed in Pakistani territory, although the pilot survived and returned to India.

The recent attack coincided with a visit to India by America's vice-president, J.D. Vance. It threatens to trigger another military confrontation between India and Pakistan. Both have nuclear weapons and have fought two wars, plus a more limited conflict, over Kashmir since their independence in 1947. Mr Vance offered his condolences. President Donald Trump said America

“stands strong with India against terrorism”. Narendra Modi, India’s prime minister, cut short a visit to Saudi Arabia and vowed to bring the perpetrators to justice. Indian media said the dead were all men, mostly Hindu, and included an Indian navy officer and an intelligence official (both off-duty) plus a Nepalese national.

The attack is a blow to the Indian government’s claims to have stabilised Kashmir. Tens of thousands of people have been killed there since the anti-India insurgency began in 1989. But in recent years militant violence appeared to have subsided. India’s government credited that to its decision to revoke Kashmir’s semi-autonomous status in 2019, splitting what had been an Indian state into two federally administered territories: Jammu & Kashmir, and Ladakh. That allowed tens of thousands of outsiders to get jobs and buy land in the region. Tourist numbers increased. But it also led to a deterioration of ties with Pakistan. In a speech this month Pakistan’s army chief, General Asim Munir, described Kashmir as “our jugular vein”.

Former Indian security officials suggested that the perpetrators aimed to draw international attention to Kashmir by planning the attack to coincide with Mr Vance’s visit to India and Mr Modi’s to Saudi Arabia. They also suggested that the assault was designed to undermine Kashmir’s tourist industry, as it came just a few weeks before a big Hindu pilgrimage. The last deadly incident in the region was in June 2024, when nine people died after a militant attack caused a bus carrying Hindu pilgrims to plunge into a gorge. India’s government then launched a major operation to find the perpetrators and pledged to strengthen security. India’s response this time is already firmer. But there may well be more to come. ■

Stay on top of our India coverage by signing up to Essential India, our free weekly newsletter.

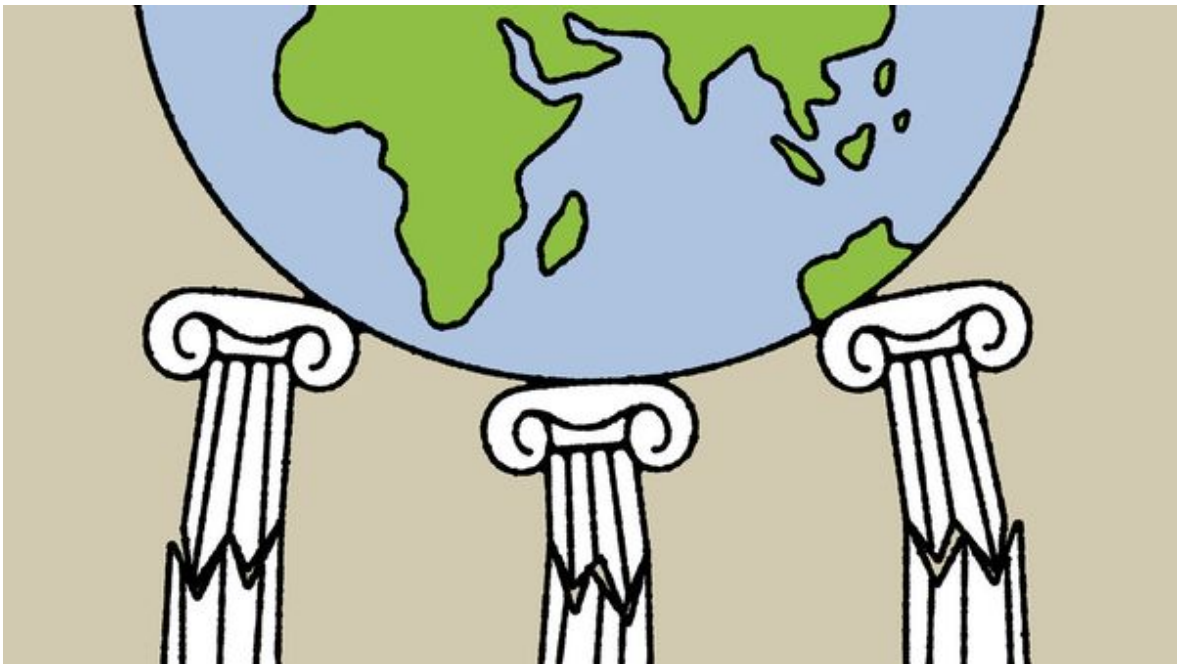
This article was downloaded by **calibre** from https://www.economist.com/asia/2025/04/22/india-and-pakistan-could-come-to-blows-over-kashmir

Banyan

How the global south forgot its own birthday

A damp squib Bandung anniversary shows a lack of solidarity

Apr 24, 2025 05:23 AM



IN MANY WAYS it should be a golden moment for the global south. The world is in turmoil as America seems all too willing to resign from its job as global hegemon. Why, then, has the 70th anniversary of the Conference of Afro-Asian Solidarity—known as the Bandung conference—not been officially celebrated? It passed with barely a squeak. The 60th-anniversary gathering in 2015, held in Bandung in Indonesia, attracted delegations from half the world and even denounced the "obsolete" world order.

The original conference on April 18th-24th 1955 was the first summit between Asian and African countries. It set the mood for decades of protest against the West by the global south, including joint campaigns against colonial rule and a refusal by many countries to take sides in the cold war. It

presaged loud demands at the UN for a "New International Economic Order", including a desire in the 1970s to skew trade in favour of poorer countries.

During that summit, the leaders of the global south set out an alternative vision to the West. They were bullish. Jawaharlal Nehru, India's prime minister, talked about how it was "an intolerable humiliation" for Asian or African countries to become dependent on other "blocs". Sukarno, Indonesia's president, bristled at emerging-world countries being "the tools of others and the playthings of forces they cannot control".

This year's non-event is a sign of the times. It shows how countries in the global south—a term which always encompassed many different, divergent economies—have evolved along starkly different lines. Asia has outpaced Africa, diminishing the feelings of solidarity. Since 1950 Asia's share of global GDP has more than doubled from 17% to 44% in 2022, while Africa's share has stagnated at around 3%. When China was a participant at the conference in 1955, the country was 5% of global GDP. Now it is 20%, and the second-largest economy in the world.

If any grouping can now claim to unite big non-Western countries, it is the BRICS. At first the bloc included only Brazil, Russia, India and China. In 2010 South Africa joined and last year Egypt, Ethiopia, Iran and the United Arab Emirates signed up. Indonesia also joined earlier this year.

It is a motley crew but unlike their Bandung forebears, the BRICS leaders do not just want to reimagine a new global order; they want to run it. In 2014 a BRICS development bank was created. The group's summits have long included debates on boosting local currencies in emerging markets at the dollar's expense.

Yet, like Bandung, the bold rhetoric does not entirely live up to reality. After President Donald Trump's threat, last year, to impose a 100% tariff on products from BRICS countries if they launched their own currency, Subrahmanyam Jaishankar, India's foreign minister, went to great lengths to emphasise that there were no plans to dethrone the dollar as the world's reserve currency. Saudi Arabia got an invitation to join the BRICS in 2024 but has yet to accept, possibly under American pressure.

The second reason for the missing Bandung birthday party is that bigger Asian countries have developed their own, more autonomous, approach to foreign policy. Indonesia and India are politely haggling for individual tariff concessions and promising Mr Trump they will buy more American oil and fighter jets. Prabowo Subianto, Indonesia's president, markets himself as a friend of both Mr Trump and China's Xi Jinping: not the kind of principled equidistance from superpowers that the fathers of non-alignment had in mind. Rumour has it that Mr Prabowo may have spurned hosting duties for Bandung's anniversary because Sukarno was the father of a key political rival.

As India's economy has grown much larger it has become more preoccupied with its own rise than collective bargaining. The word "non-alignment", associated with Nehru, is banished from government foreign-policy speeches. Its substitute, "multi-alignment", allows for close ties with America and signifies India's willingness to work with anyone who backs its ambitions. Narendra Modi, the strongman prime minister, riffs off Mr Trump's slogans, aiming to "Make India Great Again".

The leaders of the global south have long claimed that the rules-based liberal order was not very liberal or rule-abiding. A new multipolar world is an opportunity for change. But individual countries, rather than collectives, may end up having the most clout. ■

Subscribers to The Economist can sign up to our Opinion newsletter, which brings together the best of our leaders, columns, guest essays and reader correspondence.

This article was downloaded by **calibre** from https://www.economist.com/asia/2025/04/24/how-the-global-south-forgot-its-own-birthday

China

- **Amid a trade war, Xi Jinping may be purging China's armed forces**
- **China's $38,000 baby formula**
- **China's fine diners switch from American to Aussie beef**

Two fronts

Amid a trade war, Xi Jinping may be purging China's armed forces

Why the tariff confrontation is not the only thing on his mind

Apr 24, 2025 06:33 AM | BEIJING



IN BEIJING, SPRINGTIME warmth has drawn queues to restaurants offering al-fresco dining; trendy shopping districts are crowded. Mr Jia, a 36-year-old investor, says he is not bothered by America's tariffs. Standing outside his friend's cupcake shop, he says Donald Trump's levies are a sign that America feels threatened by China's rise. America's power is declining, he says. "What you feel in today's world is that hegemony is very hard to achieve."

The trade war is everywhere. State media trumpet President Xi Jinping's support for "multilateralism and international trade rules". Newspapers have shown Mr Xi on a visit to South-East Asia, "creating development opportunities" and supporting "regional economic integration" in the face of

MAGA protectionism. China has warned countries it will retaliate if they buckle to American pressure to impose tariffs on China. There is some evidence the charm-and-harm campaign is working. On April 22nd it was reported that Mr Xi will be presented this week with a letter from Ishiba Shigeru, Japan's prime minister, aimed at maintaining stable trade links.

Yet for Mr Xi, what matters more is the domestic picture. Relations with America and the world are "not top of the list for the things that might keep him awake at night", says a former senior American intelligence official. Part of that calculus relates to the economic consequences within China of the trade war. The other is less noticed, but critical. Just as the economy is battling serious headwinds, Mr Xi's campaign to drive out corruption and enforce loyalty in the top ranks of the Communist Party is generating turbulence.

Officials have seized on data that appear to show China's ability to withstand tariffs. On April 16th they declared first-quarter growth of 5.4% year on year, better than predicted; the full-year target is "about 5%". The figure was buoyed by stimulus and a front-running of exports ahead of tariffs: the volume of shipping containers processed rose by 10% year on year in the week to April 20th, says Bloomberg, a news and analysis firm. Still, economists expect a sharp slowdown. Freight-activity indicators suggest a drop is coming, says a survey by Goldman Sachs, a bank. Before "liberation day", UBS, another bank, predicted growth of 4% in 2025. It now says 3.4%, if the levies remain.

Party leaders are paranoid about social stability and Mr Xi will be watching how an export and industrial slowdown might filter through into fragile public confidence. There are signs of nervousness. A survey by Morgan Stanley, another bank, after tariffs soared this month found that 44% of 2,000 respondents in cities across China were worried that they or family members might lose their jobs, with many citing the levies. This was the highest share since the bank began conducting such polls in 2020.

In terms of the relative negotiating hand China has with America, a weakening of domestic confidence has to be weighed against the carnage in the United States. On April 22nd reports emerged that Scott Bessent, the treasury secretary, had reassured investors in a private meeting that a trade

deal with China would eventually be struck. Also that day, Mr Trump said his tariffs on Chinese imports would "come down substantially" if a deal is reached. But for now Mr Xi is likely to stimulate more in order to prop up consumers. "We have the ability…to address external challenges," according to a statistics official. A Politburo meeting in late April may be the moment for more measures to boost housing, consumption and industry.

At that Politburo meeting Mr Xi's other domestic obsession may be visible: a never-ending purge of the armed forces. One of the Politburo's members has not been seen in public since early March. He is General He Weidong, one of two vice-chairmen of the Central Military Commission (CMC) and number three in the military hierarchy. He was absent from a tree-planting activity in Beijing in early April attended by Mr Xi and other CMC members. State television did not show him at a conference on diplomacy on April 8th and 9th. If General He has been purged, he would be the highest-ranking uniformed member of the CMC to be dismissed since 1967.

That would show Mr Xi's military purges are not over. Li Shangfu, then the defence minister, was targeted in 2023. Miao Hua, the admiral responsible for enforcing loyalty to Mr Xi within the PLA, was placed under investigation in 2024. In March a senior member of the military commission's anti-graft unit, Lieutenant General Tang Yong, lost his job as an adviser to the national legislature. Such shake-ups are not a sideshow: the PLA is a core component of the Communist Party itself and purges may have weakened its combat effectiveness, according to American intelligence.

The interplay between the economic consequences of the trade war and signs of turmoil at the top of the party are crucial to understanding China. In one scenario the trade war forces it to liberalise its economy, boosting consumption rather than state-led investment and easing up on entrepreneurs. But in a more paranoid environment it could make a more nationalistic pivot to rally the public. This is visible already. On April 15th China's spy chief, Chen Yixin, warned that China must "resolutely win the comprehensive war against hegemony". Grey-zone activities intimidating Taiwan are operating at an intense pace.

What probably matters most to Mr Xi is his own position and legacy. That will be decided in 2027 at the next party congress, when many analysts

expect him to seek a fourth term as party boss. The next couple of years may be his biggest test yet. ■

Subscribers can sign up to Drum Tower, our new weekly newsletter, to understand what the world makes of China—and what China makes of the world.

This article was downloaded by **calibre** from https://www.economist.com/china/2025/04/22/amid-a-trade-war-xi-jinping-may-be-purging-chinas-armed-forces

Pro-natalism

China’s $38,000 baby formula

New ideas for new people in an old country

Apr 24, 2025 05:22 AM | HOHHOT

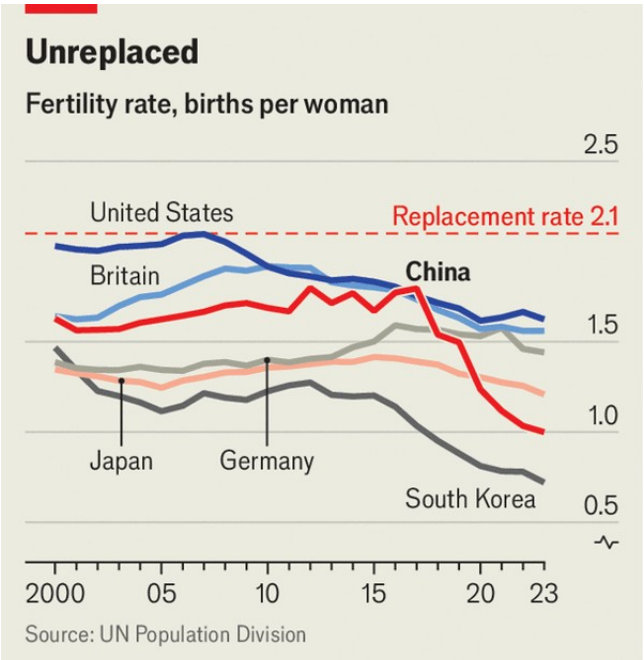


Keep ‘em coming

IN THE NORTHERN Chinese city of Hohhot, Ms Liu and her colleagues at a baby-goods store are constantly having to think of new ways to boost business. Recently they, and many of their competitors, have started to give out baby-formula samples at the entrance of a maternity hospital around the corner. Their city, capital of the region of Inner Mongolia, may be home to two of the world’s largest dairy companies, but the people of Hohhot are making fewer babies to drink that milk.

China, like South Korea, is facing a dramatic decline in its fertility rate (see chart). Last year the country’s population shrank for the third consecutive year and the marriage rate plummeted by 21% to a record low. The rapidly ageing population is reliant on an ever-smaller workforce. That has the state worried, as it struggles to turn around a slowing post-covid economy. Attempts to tackle the problem have taken on a new urgency. Leaders for the

first time promised child-care subsidies and free pre-school education in the annual work report at China's parliament last month, to try to further encourage procreation.



While the central government works out details of its fertility-boosting plan, local governments have stepped in. Two provinces and at least 20 cities, including Hohhot, have offered child-care subsidies, typically larger for the second and third children. There are signs that some of the policies might be having some impact. Tianmen, a small city in central China, has gone all out, introducing packages totalling up to 280,000 yuan ($38,000), including maternity leave and housing subsidies.

In 2024 the city recorded a 17% increase in births after eight years of decline (though the baby boom also coincided with migrants coming back to the city and the arrival of the Year of the Dragon, considered auspicious for births). Tianmen recognised that, for many women, having children is not just about the money. It even established a system to promote the career advancement of parents with two or three children.

In Hohhot, however, the uptake so far appears weak. On March 13th, with fanfare in national media, the city announced one of the biggest cash-for-kids schemes in the country. Mothers will now be paid 10,000 yuan for a

first child, 50,000 yuan over five years for a second and 100,000 yuan over ten years for a third. That third-child reward is double the city's average annual salary. But Hohhot is not offering much beyond the cash payments, and at one local office that processes subsidy registrations an employee said that they have received only seven or eight inquiries in the month since the policy announcement.

Ms Liu at the baby store, who is 35 and has one child, said she would like to have a second if she had more money, but the new incentives do not offset the lack of child-care support and the high costs of raising children in a competitive environment. "The policy might change the minds of people on the fence about having kids, but people like me won't consider it," she says.

For Ms Wu, a 29-year-old civil servant about to give birth to her first child, the 10,000 yuan "adds flowers to the brocade" and could help with her mortgage or car loan, but "50,000 yuan is not going to cover the costs of a second child". It costs high-income families 1.3m yuan to raise a child to adulthood, estimates YuWa Population Research Institute, a think-tank in Beijing. The figure is more like 130,000 yuan for low-income families. Wang Feng of the University of California, Irvine, thinks Hohhot's policy will not "make a dent" in the city's population decline. "Babies cannot be bought," he says. "The cost is lifelong and it's not just monetary."

The culture shifts

Mr Wang does, however, believe that financial support for young families is worthwhile. Child-care subsidies are targeted cash transfers aligned with another national priority: increasing domestic consumption. Applying Hohhot standards nationwide could see as much as 95bn yuan transferred to families in the first year, equal to about 0.07% of GDP, reckons Citi, a bank. But widespread roll-out would require more resources from the central government, as cash-strapped local governments may struggle to foot the bill.

Cultural changes also dim the allure of such payouts. Walking her dog in a Hohhot park, Ms Guo says she devoted her golden years to child-rearing, placing her own aspirations on hold. The 50-year-old told her two daughters to prioritise their own happiness, warning them not to get married or have

kids at the cost of their own well-being. Once you have children, “you can’t shove them back in,” she says. Finally carving out more time for yoga training, she has made clear that she will not look after any grandchildren, rejecting the expectations long imposed on Chinese grandparents. Hohhot’s announcement may have sent dairy producers’ stock prices up, but don’t expect the baby formula to be flying off the shelves just yet. ■

Subscribers can sign up to Drum Tower, our new weekly newsletter, to understand what the world makes of China—and what China makes of the world.

This article was downloaded by **calibre** from https://www.economist.com/china/2025/04/24/chinas-38000-baby-formula

The trade war

China’s fine diners switch from American to Aussie beef

But replacing more complex imports is proving tricky

Apr 24, 2025 05:23 AM | BEIJING



AS PRESIDENT DONALD TRUMP has a habit of pointing out, China sells a lot more to America than the other way round. It ran a trade surplus of nearly $300bn last year. The gigantic 145% levy Mr Trump has slapped on most Chinese goods in response is clearly hurting Chinese exporters. But importers are being affected, too. Last year China bought $145bn-worth of stuff from America. And after China’s own tit-for-tat tariff rises, these goods are now subject to a 125% levy when they enter the country—enough to make many American goods unaffordable.

How big a problem this is depends on whether China can find replacements. For simple goods, which are easy to produce, that should be straightforward. But finding alternative sources for more complex, hard-to-make goods is a

bigger challenge. Though the bulk of China's imports from America are fairly simple, it still buys a few very complex goods from the United States (see chart). It is these that may be giving policymakers in Beijing a headache.



China's biggest imports from America are agricultural commodities, which are fairly easy to replace. "A bean is a bean is a bean," notes Even Pay, of Trivium China, a consultancy. The most important bean in question is the soyabean, which feeds China's vast pig herd. In 2017, at the start of Mr Trump's first term, some 40% of China's soyabean imports came from America. Now only 18% do, thanks to Chinese moves to buy more beans from other countries such as Brazil. Chinese domestic soyabean production will probably pick up this year, too, says Ms Pay.

China can drop other American commodities even more easily. In March the country bought no American wheat or liquefied natural gas (last year America provided 17% and 5%, respectively, of Chinese imports of those goods). Western-style restaurants in Beijing are already switching to Australian beef.

But more complex American goods are harder to switch. One example is pharmaceuticals. Although China manufactures lots of generic drugs for the

American market, the trade in high-end products often goes the other way. Tariffs have got Chinese hospitals worried. Some American-made cancer treatments, for instance, will be very hard to replace, once stocks run out, says a hospital administrator in Beijing. American factories also supply China with treatments for conditions such as haemophilia. Over 40% of China's imports of albumin, a protein extracted from human blood which is used to make medicines, come from America.

China's aerospace industry relies heavily on American planes and parts. In mid-April at least two jets made by Boeing, intended for use by Chinese airlines, were flown back to America. With an original price tag of $55m each, the tariff had made them unaffordable. About half of China's total passenger-jet fleet is made by Boeing; maintaining the planes will be hard without access to new parts, says Rob Morris, of Cirium, a consultancy. Production of the C919, China's home-grown passenger aircraft, may also be affected, as crucial components, including its engines, are made using American parts.

These pressures may force China to quietly exempt certain goods from tariffs, as it did during Mr Trump's first term. America has already made the first move. On April 12th Mr Trump said he would not levy the highest level of tariffs on Chinese-made computers and smartphones (for which there are few alternatives for American consumers). That may give China an excuse to carve out its own exceptions without looking weak—a simple solution for a complex problem.■

Subscribers can sign up to Drum Tower, our new weekly newsletter, to understand what the world makes of China—and what China makes of the world.

This article was downloaded by **calibre** from https://www.economist.com/china/2025/04/24/chinas-fine-diners-switch-from-american-to-aussie-beef

United States

- **Who will stop Donald Trump's drive for unchecked power?**
- **How courts might stop Donald Trump's attack on civil society**
- **Expect more chaos in Donald Trump's tariff policies**
- **Donald Trump hopes to become a one-man deregulator**
- **How Donald Trump plans to ramp up deportations**
- **America's poster-in-chief is very, very online**

Separation of powers

Who will stop Donald Trump's drive for unchecked power?

Congress is inert, but a deft Supreme Court might contain him

Apr 24, 2025 06:33 AM | WASHINGTON, DC



IT WAS APRIL 28TH 2017, the 99th day of his first administration, and President Donald Trump was frustrated. "It's a very rough system, it's an archaic system," he vented to an interviewer about working with Congress to pass legislation. Avoiding this nuisance, he mused, would be "for the good of the nation". Now that he is president for the second time, Mr Trump has decided to dispense with the archaic system. These first 100 days have been different from those of any modern president, who is usually desperate to secure some signature legislative achievement. Mr Trump has shown little interest in Congress, despite Republican control of both the House of Representatives and the Senate. He is wielding the imperial powers of the presidency to do what he likes: impose some of the highest tariff increases ever seen; shred the federal bureaucracy; and cudgel his adversaries. Yet

despite a dearth of notable legislative accomplishments, Mr Trump's first 100 days have hardly been a failure. They are arguably the most consequential of any modern president.

For Mr Trump, the executive branch is an extension of his own person. In an executive order on February 18th, he declared that "The President and the Attorney General, subject to the President's supervision and control, shall provide authoritative interpretations of law for the executive branch." These opinions "are controlling on all employees in the conduct of their official duties". The struggle over how far Mr Trump will get in realising such ambitions will roil American politics between now and the midterm elections in 2026.

The courts are adjudicating a glut of cases, which will take months to decide, and perhaps years to exhaust appeals. Lawsuits by Harvard University and law firms targeted by Mr Trump may offer the Supreme Court an opportunity to stop or limit Mr Trump's attempt to coerce civil society. In the meantime the administration is howling over blocks imposed by district judges. In some cases it has been inching worryingly close to defying court orders.

Partisanship has so addled Congress that it is unable to defend even authorities it has long guarded jealously, like setting budgets. Over decades, Congress has voluntarily given away its institutional powers to oversee commerce, trade, federal agencies, even warfare. Republican members today vent their frustrations about the president in private, but their fear of losing the next primary election keeps them from going public. Respect for Congress's ability to set laws is deteriorating: Mr Trump has decided to ignore a law to force the sale of TikTok, passed by large bipartisan majorities last year, on vague national-security grounds. The most serious blow may be yet to fall. Mr Trump has made clear that he intends to explicitly "impound", or not spend, funds that Congress has allocated by law if they conflict with his policy priorities. If successful, this would obliterate Congress's power of the purse.

With the legislative branch inert, the burden of checking Mr Trump has fallen to the courts. The next months will require deft mastery of politics by the Supreme Court's chief justice, John Roberts. Mr Trump is "angling for a

showdown with the Supreme Court", says Lee Drutman, a political scientist. A sweeping decision by the high court involving a particularly unsympathetic plaintiff, or one that provokes a sharp ideological dissent from Trump-aligned justices, might push Mr Trump to ignore both the letter and the spirit of the court's ruling. That would unambiguously puncture the constitution.

The chief justice does not appear to be seeking confrontation, but the court has scheduled oral arguments in May about the administration's attempt to end birthright citizenship. It is hard to imagine the judgment going Mr Trump's way, since the constitution says, point blank, that "All persons born or naturalised in the United States, and subject to the jurisdiction thereof, are citizens of the United States." The high court is likely to consider Mr Trump's other actions through the so-called emergency docket. If the administration continues to ignore district judges, Chief Justice Roberts's polite and deferential language might take on a harder edge. Americans venerate their constitution, but its authority and limitations are sustained by collective belief. In the face of a rogue executive, the constitution's checks could become as fragile as the parchment it was written on. Even the law-enforcement officers available to enforce the orders of judges, the federal court marshals, report to the Department of Justice (DoJ).

Mr Trump's centralisation of power in the executive branch, to the detriment of the legislative and judicial branches, is so consequential that it is easy to miss another, potentially even more important, development: the abolition of checks and balances within the executive branch itself. The president's executive orders had previously been reviewed by the DoJ's Office of Legal Counsel (OLC), to ensure compliance with existing laws. Mr Trump has largely cut out the OLC.

"They have self-consciously and successfully eliminated all internal executive branch legal and norm-based constraints on Trump's will, period," says Jack Goldsmith, a Harvard law professor who led the office under George W. Bush. The civil service is not just going through personnel cuts but also loyalty tests. Nowhere is politicisation more worrying than in law-enforcement agencies. "What we've seen in the Department of Justice is the wholesale elimination of its independence," says Paul Rosenzweig, who also

worked in the Bush administration. The post-Watergate norm of an arm's-length DoJ is over.

Mr Trump's actions risk creating a "two-track legal system," says Aziz Huq, a law professor at the University of Chicago, one where property rights are enforced as usual by the courts except "where the government decides they can pull this switch, a trap door opens beneath you, and you vanish into this realm in which you're at the whim of powerful political actors." This is the model of the "dual state" often used to describe China and Singapore.

Given that Republicans will enjoy their majorities until at least 2027, there is little chance that Congress will revive itself before then. That would only change if Mr Trump were to face broad protests and suffer a dramatic decline in approval because of acts of economic self-harm (like resumption of his "reciprocal tariffs"). There are few possible paths for self-correction within the executive branch itself, given the fixed will of the president. The defence of the republic will fall in large measure to Chief Justice Roberts and his colleagues, armed with the power of the pen and faith in the separation of powers. ■

Stay on top of American politics with The US in brief, our daily newsletter with fast analysis of the most important political news, and Checks and Balance, a weekly note from our Lexington columnist that examines the state of American democracy and the issues that matter to voters.

This article was downloaded by **calibre** from https://www.economist.com/united-states/2025/04/24/who-will-stop-donald-trumps-drive-for-unchecked-power

Lawfare

How courts might stop Donald Trump's attack on civil society

A recent unanimous Supreme Court case augurs a showdown

Apr 24, 2025 05:22 AM | ATLANTA



IN FEBRUARY 2018 a teenager shot and killed down 14 high-schoolers in Parkland, Florida. As the country reeled, a New York government official sought to weaken America's gun lobby. Maria Vullo, head of the state's financial-services regulator, told Lloyd's of London that if it stopped providing insurance to the National Rifle Association (NRA) the government wouldn't investigate it for regulatory infractions. Lloyd's took the deal and the NRA sued, arguing that choking its business for political reasons violated the First Amendment. Last year the Supreme Court agreed unanimously. "Government officials cannot attempt to coerce private parties in order to punish or suppress views that the government disfavours," Justice Sonya Sotomayor wrote for the justices in *NRA v Vullo*.

Coercion of institutions whose views Donald Trump disfavours has been a signature of his second term. Will he be checked? The *Vullo* ruling suggests that Mr Trump's widening assaults on American civil society are unconstitutional. Since taking office he has ejected a news agency from the Oval Office for its choice of words and told Harvard University that it will lose funding unless it enforces "viewpoint diversity" under government oversight. He could soon go after non-profits by removing their tax exemptions. Many of his targets have been reluctant to sue, fearing escalation. But a handful of elite law firms have—and their cases are moving quickly enough that the Supreme Court may soon be forced to act on the principles it enunciated in *Vullo*.

Mr Trump's attacks on law firms began as unabashed vengeance-seeking. In February he started targeting firms which represented his political foes and employed people he dislikes. His first executive order stripped Covington & Burling of its security clearances. Next came Perkins Coie, Paul Weiss, WilmerHale and two others, whose lawyers lost access to federal buildings and whose clients were warned that working with the firms would put their government contracts at risk.

Panic ensued: many of these firms' top clients rely on Washington contracts and could leave for less controversial firms. "The administration forced a choice: work for us and people we like or we'll put you out of business," explains Scott Cummings, a legal ethicist at the University of California, Los Angeles. In Viktor Orban's Hungary, he notes, a similar ultimatum left the legal industry with no firms that outwardly oppose the country's autocrat.

The shakedown worked, partly. Paul Weiss found its way back into Mr Trump's favour by pledging $40m of pro-bono work for his pet causes. Another eight firms have since struck deals, together offering an additional $900m of free labour. But four firms sued. Top lawyers like Paul Clement, who has argued over 100 Supreme Court cases, and Dane Butswinkas, who was briefly Tesla's general counsel, chose to represent them. Their arguments echo those of the NRA: pressing clients to sever ties because of cases the firms have taken on infringes on their right to free speech. In addition, they argue that the administration violated the clients' right to

counsel and the firms' right to due process by imposing sanctions without giving them the opportunity to defend themselves.

"This is the one domain where the president has met the most resistance from conservatives," says Gregg Nunziata, a prominent right-wing lawyer. The value of representing unpopular causes is sacrosanct and big firms have the resources to sue politicians in power. Susman Godfrey, the latest firm to come under attack, litigates election cases. That caught the eye of a president who has mused about seeking a third term.

Four district judges have temporarily blocked parts of Mr Trump's orders and the firms are seeking permanent relief. The case law that emerges from their battle will shape the fate of universities and non-profits. Part of the Trump administration's pressure on Harvard and Columbia University has leveraged the Civil Rights Act to enforce changes, a tactic Democratic presidents have used to promote gender equality. But the Trump administration has also distinctively insisted it has the right to control what universities teach and whom they hire. On April 21st Harvard filed a lawsuit against the administration accusing it of flouting the First Amendment, among other offences.

The early success of law firms which decided to fight hasn't convinced other targeted institutions to stop settling, but cutting deals is not proving to be the end of it. After pledging to give itself the makeover the administration demanded, Columbia University has not had its funding restored. And law firms that donated pro-bono time may soon find themselves in more agony. Mr Trump has spoken about using them to broker coal leases and trade deals with countries hit with tariffs; White House officials reportedly said the firms that settled may be asked to represent the president himself. Sheila Heen of the Harvard Negotiation Project is advising bosses to do something she never normally suggests: don't negotiate. The punishment for disloyalty, she reckons, only gets worse "once you are his". ■

Stay on top of American politics with The US in brief, our daily newsletter with fast analysis of the most important political news, and Checks and Balance, a weekly note from our Lexington columnist that examines the state of American democracy and the issues that matter to voters.

This article was downloaded by **calibre** from https://www.economist.com/united-states/2025/04/24/how-courts-might-stop-donald-trumps-attack-on-civil-society

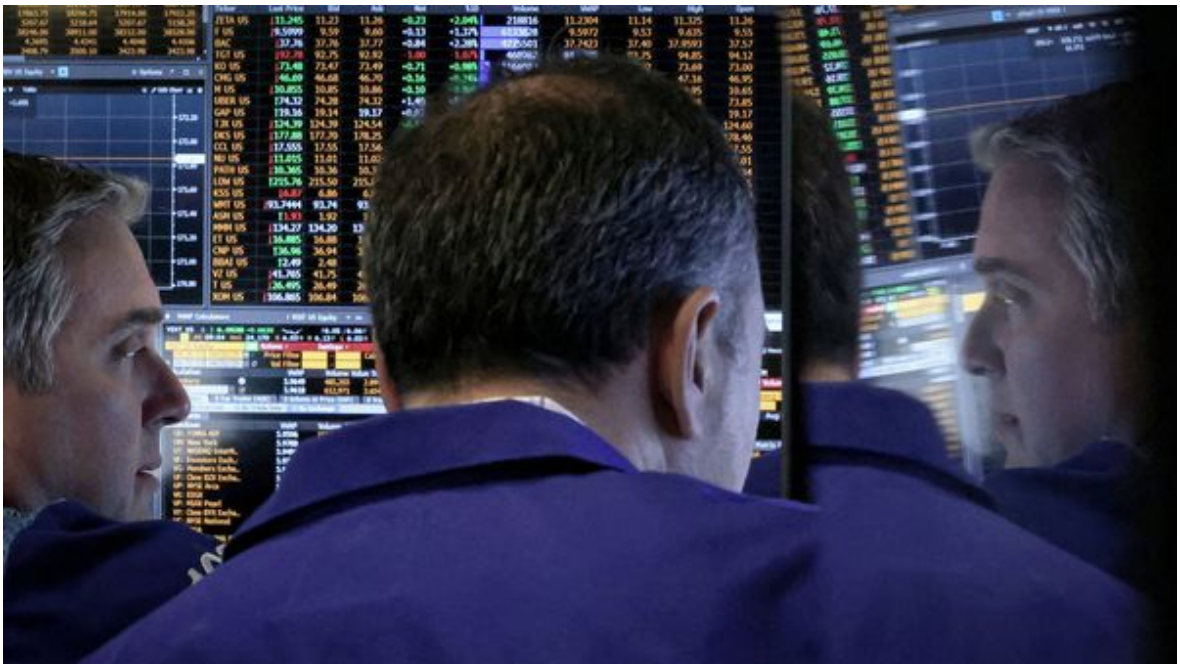
| Section menu | Main menu |

Will the levies brake?

Expect more chaos in Donald Trump's tariff policies

He will likely zig-zag in response to markets and Republican dissent

Apr 24, 2025 08:20 AM | WASHINGTON, DC



DONALD TRUMP has never been shy about expressing his fondness for tariffs. But prior to his return to the White House, many of his supporters thought it more of a negotiating ploy: an aggressive stance meant to prod other countries into concessions. This comforting story now looks like fantasy. Mr Trump has shown himself to be a true believer in trade protectionism. In the process he has raised the average effective tariff on goods entering America from 2.5% last year to about 20%, the highest since the Great Depression.

The policy process has been chaotic, to put it politely, and that disorder offers a forecast of how Mr Trump may swerve and improvise toward an outcome that preserves as much of his vision of a remade American trade

regime as markets, courts and the Republican Party will allow. To judge where he may end up, it is useful to remember where he began. On the campaign trail Mr Trump spoke of a universal tariff of 10-20% and a China-specific levy of 60%. If only things had been that tidy. Instead, Mr Trump has thrown together a hotch-potch of product-focused and country-specific levies, only to roll back some, pause others and threaten still more.

In his first term Mr Trump relied on statutes that allow the White House to impose limited tariffs. This time, he has invoked the International Emergency Economic Powers Act (IEEPA), a law that grants the president far greater leeway. For Canada and Mexico he declared an emergency over fentanyl smuggling and illegal immigration. For "reciprocal" tariffs on all countries he said that trade deficits themselves constituted an emergency.



What might restrain Mr Trump in the months ahead? The courts are one potential brake. Previous presidents had used IEEPA to justify targeted sanctions but never tariffs. The White House now faces multiple lawsuits alleging that Mr Trump has exceeded his authority. Yet courts have traditionally deferred to the president over claims of national security, so success for the plaintiffs is uncertain.

It is possible but unlikely that Congress could wake from its slumber and resist. Four Republican senators recently joined their Democratic colleagues to pass a resolution that would end the tariffs on Canada by revoking Mr Trump's declaration of a national emergency. But that resolution fizzled out without Republican backing in the House of Representatives.

Republicans might become more assertive if it became clear that tariffs are hurting the economy and that popular support for Mr Trump is falling. Things could be moving in that direction. Consumer confidence has already plunged and businesses are reining in investments. Stocks, bonds and the dollar are all down since Mr Trump announced his widest-ranging tariffs on April 2nd, which he branded Liberation Day. That realisation could arrive before the year is out.

Mr Trump says he is willing to endure short-term pain but he is sensitive to market turmoil. His 90-day pause of his "reciprocal" tariffs, announced just a week after Liberation Day, is evidence of that. The official rationale was to hold bilateral trade talks. Mr Trump claims that countries are lining up to kiss his posterior. The reality is of slow progress. Negotiations are under way with a few dozen countries. Yet diplomats bemoan a lack of clarity about what they can offer to placate Mr Trump. Some still think he wants a grand bargain with China, but for now dialogue between the two powers is virtually non-existent.

Instead, smaller deals, light on details, look more likely in the coming months—perhaps starting with Japan or India. All going well, Mr Trump would probably like the next scene in his trade war to be a moment of vindication: a signing ceremony in the Rose Garden and a declaration that his coercive strategy has been a great success. But make no mistake. While Mr Trump is in the White House, there will be no going back to any semblance of America's era as a champion and architect of free trade. ■

Stay on top of American politics with The US in brief, our daily newsletter with fast analysis of the most important political news, and Checks and Balance, a weekly note from our Lexington columnist that examines the state of American democracy and the issues that matter to voters.

This article was downloaded by **calibre** from https://www.economist.com/united-states/2025/04/24/expect-more-chaos-in-donald-trumps-tariff-policies

Chainsaws on

Donald Trump hopes to become a one-man deregulator

He wants to revoke federal rules faster than ever but will meet resistance

Apr 24, 2025 05:22 AM | WASHINGTON, DC



FEW REPUBLICAN politicians dare criticise Donald Trump publicly, but many harbour doubts about the president's violations of party orthodoxy on economics and foreign policy. One issue, however, can still unite Trumpian populists and Reaganites: deregulation. Early on the president has brought the same enthusiasm for paring back the administrative state as in his first term, but this time he is defying norms to get the work done faster.

The laws passed by Congress can be vague, sometimes deliberately so to reflect political compromise. The details are filled in by regulatory agencies, within boundaries set by the Administrative Procedures Act (APA). If agencies don't adhere to the act then their regulation (or deregulation) can be struck down by courts. This can be a slow process. The president has

pledged to go even harder and faster on deregulation than he did in his first term—by going around the APA.

Some of Mr Trump's methods resemble those of his first presidency. The Office of Management and Budget (OMB) is co-ordinating across the government to oversee deregulatory action. In February the president ordered aides to work with the Department of Government Efficiency (DOGE) and the OMB to rescind "unlawful regulations…that impose significant costs upon private parties that are not outweighed by public benefits".

Mr Trump took this much further on April 9th, when he issued a directive undermining the APA. Passed in 1946, the law created a structure for adopting and rescinding regulations, notably requiring a lengthy "notice and comment" period before rules can be enacted or overturned. Citing recent Supreme Court cases, the administration says it plans to overlook these procedures and immediately repeal regulations it doesn't like.

Energy and environmental regulation will be two areas where Mr Trump will test this method. He is particularly happy with Lee Zeldin, the Environmental Protection Agency (EPA) administrator, for moving quickly to dismantle Biden-era regulations, including climate rules that affect energy production and vehicle emissions. And the administration has set a goal to increase energy production.

The downsizing at federal departments such as the EPA and the Internal Revenue Service inspired by DOGE aims to loosen the government's grip on most businesses (while tightening it on some of those that incur the president's displeasure). During the presidential transition, Mr Musk and Vivek Ramaswamy, then a co-leader of the effort, argued that deregulation would mean the government needed far fewer civil servants. So far, though, reductions in headcount have come faster than reductions in regulation. And lasting deregulation typically requires expert personnel to write effective new rules that will withstand scrutiny by the courts.

While administration officials express confidence in their strategy, the legality of Mr Trump's plan to swiftly jettison federal rules is untested. "Courts probably won't go along with the administration's sweeping

interpretation of its powers to ignore the APA, but they could look favourably at revoking regulations" that lack a direct connection to a law passed by Congress, says Susan Dudley, who was head of the Office of Information and Regulatory Affairs under President George W. Bush.

The administration says it will take out ten existing regulations for every new one introduced, an increase over the 2:1 ratio Mr Trump promised in his first term. That was already inflated: it is easy to cut regulations for obsolete products, say, without doing anything to boost growth.

Mr Trump's team sees things differently. "Economists always underappreciate the role of regulations," argues Stephen Miran, chairman of the Council of Economic Advisers. "When you look at what determines productive capacity, what determines the ability of firms to produce, to meet consumer demand, the regulatory side is just so important."

Yet some of the president's early deregulatory actions smack of self-dealing and corruption and may provoke a political backlash. "It's clear that industries or people close to Trump are benefiting. Crypto is seeing rules loosen while safeguards for self-driving cars are being removed, something that benefits Elon Musk and Tesla," notes David Super, a law professor at Georgetown University.

A cut above

Don't expect much deregulation from Congress, the ultimate source of most of the rules in the first place. Some members still believe that bipartisan permitting reform is still possible, but it has been discussed for years without yielding a law.

There is a perennial debate in American politics about whether deregulation will unleash growth by removing unnecessary red tape, or will merely jeopardise citizens' safety to little economic benefit. The effects of financial regulation, with its unanticipated second-order consequences, can be even harder to judge. Mr Trump's efforts to deregulate, constantly evolving, will be difficult to evaluate in the short run. But the direction of travel is clear. ■

Stay on top of American politics with The US in brief, our daily newsletter with fast analysis of the most important political news, and Checks and Balance, a weekly note from our Lexington columnist that examines the state of American democracy and the issues that matter to voters.

This article was downloaded by **calibre** from https://www.economist.com/united-states/2025/04/24/donald-trump-hopes-to-become-a-one-man-deregulator

Amazon Prime for humans

How Donald Trump plans to ramp up deportations

A gusher of funds from Congress could accelerate removals

Apr 24, 2025 05:22 AM | LOS ANGELES



IT HAS BEEN hard to keep track of the blitz of new immigration policies that President Donald Trump has introduced since taking office in January. During the first 100 days of his second presidency he has tried to end birthright citizenship; used war powers to deport alleged gang members to El Salvador; revoked the visas of more than 1,700 international students and recent graduates; and classified some 6,000 migrants as dead in order to cancel their Social Security cards and encourage them to self-deport. That is just a short list.

His attempts so far to expel illegal and legal immigrants have tested the limits of presidential power and run roughshod over due process. Yet for all the upheaval Mr Trump has provoked, deportations don't seem to be

increasing. Data are sparse, but leaked figures and some official statistics indicate that the pace of deportations may be trailing that of President Joe Biden's final year in office, largely because irregular crossings at the southern border have fallen to the lowest level in decades. Migrant encounters began falling last year after Mexico cracked down and Mr Biden restricted asylum. Mr Trump's tough talk, his deployment of the army and the effective end of asylum at the border have depressed crossings further.

A quieter border almost certainly slows the pace of deportations. During the previous fiscal year some 87% of removals were the result of arrests made at the frontier. With crossings so low, increasing deportations requires finding more illegal immigrants where they live and work in America's interior, and that was always going to be hard to do.

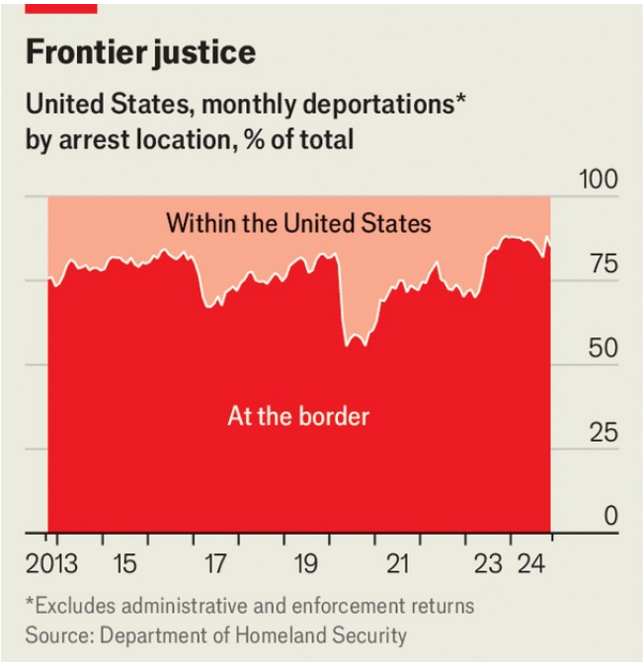
But Mr Trump may soon get some help. Republicans in Congress are negotiating a budget bill that could increase funding for immigration enforcement by anywhere from $90bn to $175bn over the next decade. The annual budget for Immigration and Customs Enforcement (ICE), the agency that carries out deportations, is just $9bn. A funding windfall, combined with increased co-operation from local law enforcement in Republican states and the potential use of the armed forces could unlock a more aggressive phase of Mr Trump's deportation campaign.

First, consider Congress's financial contribution. "The most important pressing need for that money is detention," says Mark Krikorian, the executive director of the Centre for Immigration Studies, an anti-immigration think-tank aligned with the administration. It's easier to remove someone from the country if they are already in custody, but ICE's detention centres are full. ICE will look for new places to detain people by reopening old jails, building tent camps on military bases and partnering with private prison firms to construct and run new facilities costing up to $45bn.

Money will also be funnelled to government contractors which can use technology to track migrants and move them around. ICE will pay Palantir, a software firm used by spooks, $30m to monitor self-deporting migrants. At a recent border-security expo in Phoenix, Todd Lyons, the acting director of ICE, said the agency should resemble a logistics business, "like [Amazon] Prime, but with human beings".

Tresspassers beware

To step up deportations, ICE needs more agents. It is strengthening what are known as 287(g) agreements, which deputise local law-enforcement officers as federal immigration agents. As of April 17th, 456 sheriff and police departments or state agencies were working with ICE, 70% of which have signed onto the programme since Mr Trump's inauguration. Most participating agencies are in states that Mr Trump won in November, but the list also includes several sheriff departments in conservative corners of Democratic states. Florida, home to at least 1.2m unauthorised immigrants, passed a law in 2022 compelling each county that operates a detention centre to join the programme.



Finally, there is a question about whether Mr Trump envisages a role for the army in his deportation campaign. More than 9,600 troops are set to patrol the border, and on April 11th Mr Trump directed the defence department to take control of a small strip of public land north of a section of the border wall. The armed forces are barred from taking part in domestic law enforcement by a Reconstruction-era law called the Posse Comitatus Act. Elizabeth Goitein of the Brennan Centre for Justice, a left-leaning think-tank, reckons the order is an attempt to evade that law. From the administration's perspective, if a migrant jumps the wall "they are

trespassing on a military facility, and as such, they can be apprehended and removed without violating Posse Comitatus," she notes.

The same law prevents Mr Trump from sending soldiers to help ICE arrest migrants on the street. That is, unless the president were to invoke the Insurrection Act, which overrides Posse Comitatus and allows a president to deploy the army at home, a power most often used to break up riots. The use of the Insurrection Act for immigration reasons would be unprecedented, and has the potential to create conflict between soldiers untrained in respecting civil liberties, and citizens of cities and states who may resent their presence. An April 20th deadline for the secretaries of defence and homeland security, Pete Hegseth and Kristi Noem, to recommend whether the act should be invoked passed without clarity about how the administration will proceed.

Invoking the act at some point would fit Mr Trump's pattern of relying on emergency powers. The administration is "throwing spaghetti at the wall and seeing what sticks", says Ms Goitein.

What sticks will be determined by the courts, and whether Mr Trump abides by the decisions of the judiciary. Worryingly, that is no longer a sure thing. At least 42 immigration actions are already being litigated, according to the Immigration Policy Tracking Project, run by Lucas Guttentag of Stanford University. One federal judge launched contempt proceedings, which are temporarily on hold, to determine whether the administration wilfully defied his order to halt deportations to El Salvador under the Alien Enemies Act. He may not be the last. ■

Stay on top of American politics with The US in brief, our daily newsletter with fast analysis of the most important political news, and Checks and Balance, a weekly note from our Lexington columnist that examines the state of American democracy and the issues that matter to voters.

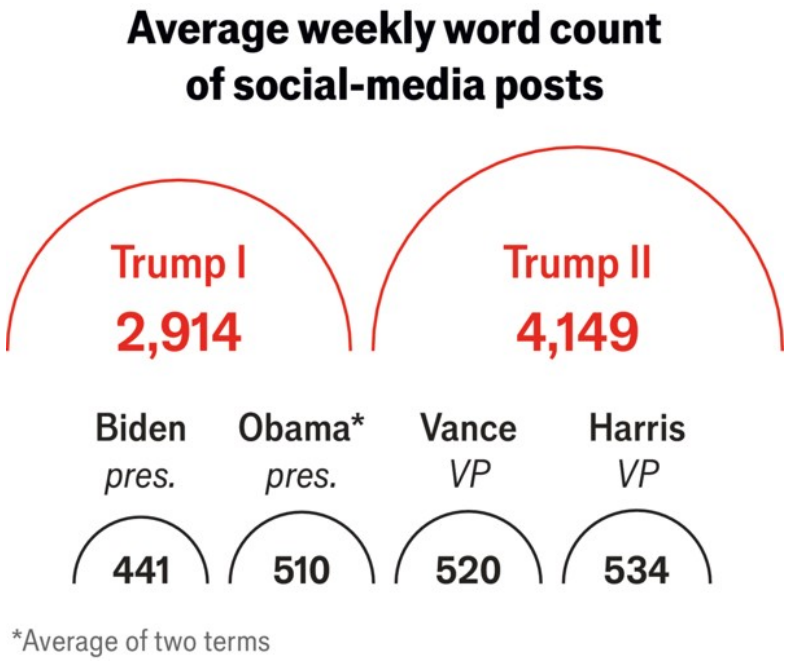
This article was downloaded by **calibre** from https://www.economist.com/united-states/2025/04/24/how-donald-trump-plans-to-ramp-up-deportations

The Proust of Truth Social

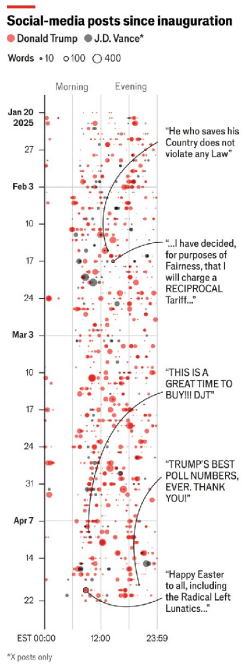
America’s poster-in-chief is very, very online

Compared with his first term, Donald Trump writes less about the economy and more about himself

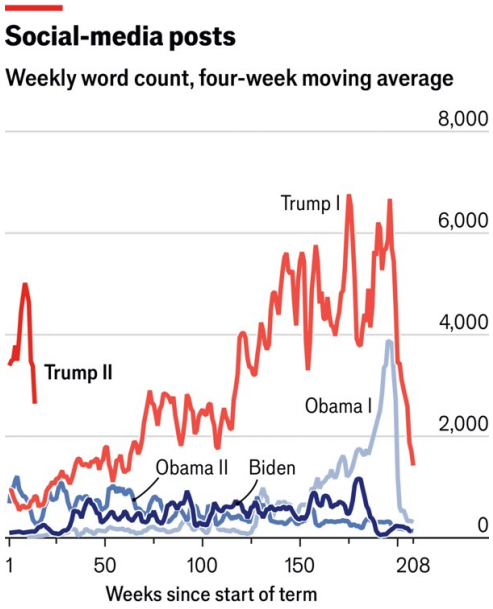
Apr 24, 2025 08:22 AM | NEW YORK



AMERICA’S PRESIDENCY is often called the hardest job in the world. Yet Donald Trump has found time to moonlight as a prolific social-media influencer. Since January 20th he has churned out 4,149 words a week on Truth Social and X, nearly a newspaper op-ed every day. If he keeps it up, his total oeuvre as president will surpass Marcel Proust’s 1.3m-word “Remembrance of Things Past” in early 2028.



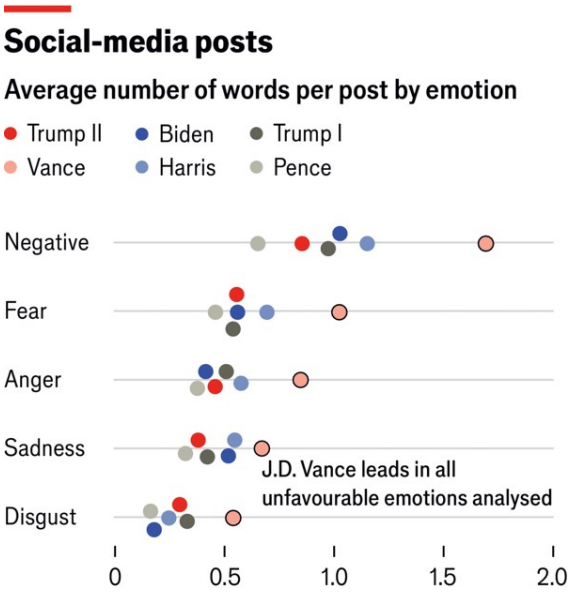
Mr Trump's current output dwarfs not only that of his predecessors and their running-mates—Barack Obama, Kamala Harris and Joe Biden all averaged 400-600 words a week—but also his own benchmarks. In the first 100 days of his first term, he plodded along at 686 a week, but sped up to 4,919 during the presidential campaign of 2020. The sharpest increase occurred in 2019, when he extended the end of his standard posting hours, which began around 6.30am Eastern time, from roughly midnight to 2am or so.



Sources: Twitter/X; TruthSocial; *The Economist*

In any given week, the president's social-media use is as unpredictable as his policymaking. However, keen followers might notice that he is most prone to take to the keyboard when he is emboldened, and least when he feels chastened. After accounting for the overall increase in his posting frequency over time, he tends to "go dark" online when his approval rating is unusually low—such as during the government shutdown he instigated in late 2018, the aftermath of his defeat in the election of 2020 and the disastrous roll-out of his "Liberation Day" tariffs this month.

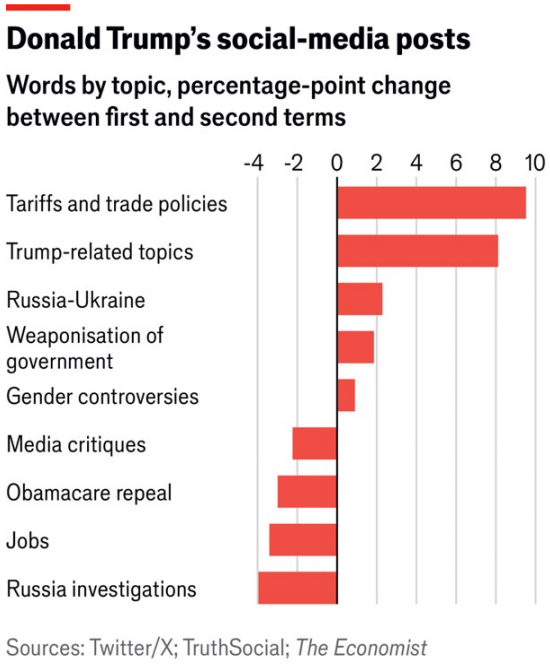
Mr Trump's feed differs from its first-term incarnation in content as well as volume. Based on the NRC emotion lexicon, a dictionary that assigns a range of feelings to different words, his vocabulary is much less emotional this time around, largely because he is no longer facing the investigations and lawsuits that used to trigger his online ire. (Mr Vance's posts, in contrast, are unusually emotionally charged. "I hate this smug, self-assured bullshit," he recently wrote in response to a journalist's tweet.)



Sources: Twitter/X; TruthSocial; *The Economist*

The biggest changes in the topics of presidential missives—which we identified by feeding them into a large-language model—simply reflect the news of the day. In 2017 Mr Trump wrote much more about Mr Obama, Hillary Clinton, travel bans, investigations of Russian collusion and

repealing the Affordable Care Act. Today, he focuses on tariffs and trade, the war in Ukraine, transgender athletes and Mr Biden.



However, there are also some telling discrepancies. Compared with the first 100 days of his first term, Mr Trump avoids discussing jobs and the economy—which, thanks to his tariffs, are now among his worst-polling issues—and spends less time criticising the media. Conversely, he writes more about bias and "weaponisation" in the legal system, the scope of his own power and—almost above all—himself. The share of his posts that our algorithm classified as "Trump-related terms and topics" has risen from 7% in his first term to over 16% since January 20th.■

Stay on top of American politics with The US in brief, our daily newsletter with fast analysis of the most important political news, and Checks and Balance, a weekly note from our Lexington columnist that examines the state of American democracy and the issues that matter to voters.

This article was downloaded by **calibre** from https://www.economist.com/united-states/2025/04/24/americas-poster-in-chief-is-very-very-online

The Americas

- **How Donald Trump caused a political earthquake in Canada**
- **Bolivia’s wild politics are dragging it into the abyss**

Captain election

How Donald Trump caused a political earthquake in Canada

The left has united against him, and against Canada's Conservatives

Apr 24, 2025 08:20 AM | Abbotsford, British Columbia



CAPTAIN CANADA stands by the rink clad in a red ice-hockey jersey, a white maple leaf emblazoned on his chest. He quizzes Mike Myers, a Canadian actor and comic who lives in the United States, testing his bona fides. They run through a series of television characters of which only Canadians have ever heard. "What are the two seasons in Toronto?" Captain Canada asks. "Winter and construction," comes the correct reply. Their chat ends with an exhortation to keep "elbows up!", the cry that rings out across hockey rinks all over Canada when players encounter a bully. The ad has been viewed millions of times.

Repeated threats of annexation by Donald Trump, a grinding stop-start trade war and the end of an era for Canada's Liberal Party were required for Mark

Carney, a technocrat and former central banker, to find himself transformed into "Captain Canada". Canadians are certainly afraid: annexation aside, their country exports 77% of all of its goods to the United States. This trade supports more than 2m jobs, some 10% of all employment. "I am stressed out," says Kevin Wong, a 28-year-old engineer in Vancouver. "We are heading for a recession because of Trump. I want to keep my job."

Election tracker: who's leading Canada's polls?

Mr Carney has his back. "We are over the shock of the betrayal," he told a rally on April 16th. "We will fight. We will protect. We will rebuild." Canadians like the rhetoric. The latest calculations from *The Economist*'s prediction model give the Liberal Party an 86% chance of winning the most seats in Parliament when Canadians go the polls in the federal election on April 28th.

Canada's entire political landscape has been upended by Mr Trump's aggression. The left has consolidated around the Liberals to an extent not seen for half a century, diminishing smaller left-wing parties and elevating Mr Carney. The socialist New Democratic Party (NDP) has seen its projected share of the vote tumble from 21% in December to 7% in April, according to the Angus Reid Institute, a pollster. Support for the separatist Bloc Québécois has dropped by a third. Mr Carney's strength in the French-speaking province has not been blunted by his self-admitted weakness in the language. YouGov, another pollster, projects that the Liberal Party will pick up 11 seats there. It thinks the Liberals will win 182 of the 343 seats available across the country.

The swoosh of the swing

Never before in Canada has public opinion moved so quickly and deeply. The 29-point swing to the Liberals since Justin Trudeau resigned, Mr Trump took office and Mr Carney took the helm of the Liberal Party is one of the widest on record in any democracy. Some of this is thanks to the unpopularity of the departing Mr Trudeau. But much more is a response to the bombast and aggression that Mr Trump has directed at Canada. "There is only one issue that's moved almost 30% of voters—the biggest movement of

voters I've ever seen in a short time—and that's Trump," says Kory Teneycke, a Conservative strategist.

In this troubling moment, large numbers of voters are looking for what Allan Gregg, a pollster, calls "prime minister dad". Mr Carney's mix of blunt warnings and placid reassurance fits the bill. During a rally in the Toronto suburb of Scarborough on April 4th, a woman interrupted his boilerplate remarks with a shouted plea to "lead us, big daddy!" A startled Mr Carney quipped that he might leave the assembly hall by the back door after his speech.

The unlikely left-wing adoration for a data-driven technocrat may have flummoxed Mr Carney, but it has flattened his political rivals. This election looks set to be the first since 1958 in which the vote is split almost entirely between the Liberals and the Conservatives, the only two parties that have ever formed a government in Canada's 158-year history.

This electoral polarisation has made life frustrating for Pierre Poilievre and his Conservative Party. It has lost the dizzying levels of support it enjoyed in 2024, but its current standing would still yield its best result in nearly four decades. Only once, in 2011, did a modern Canadian Conservative Party win 40% of the vote, good enough for a majority government under Stephen Harper as its prime minister. Every pollster in the field suggests that Mr Poilievre has a good chance of bettering that high-water mark. But he will probably still fall short of forming a government, thanks to the coalescence of the left-wing vote.

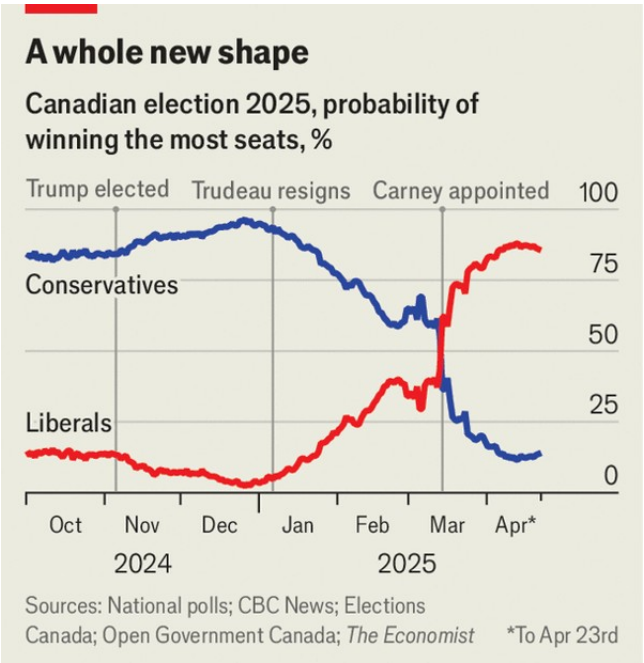
The MAGA Mash

Mr Trump is everywhere, as are the problems he creates for Mr Poilievre. Fending off Mr Trump's threats is one of voters' top priorities. One pollster, Léger, has produced data that explain why Mr Carney has spent as much time campaigning against Mr Trump as he has against Mr Poilievre. By a margin of 46% to 28%, Mr Carney is preferred over Mr Poilievre as the person to take on the American president.

When Léger asked people why they think that way, 45% said it was because of his experience as the governor of the central banks of Canada and

England; 42% said it was because of his "calm and stable" demeanour. "I left the NDP and I'm canvassing for the Liberal Party," says Arman Raina, outside a Liberal rally in Richmond, British Columbia. "When I listen to Poilievre I hear echoes of Trump."

Mr Raina is not wrong about the echoes. Although the two men are very different, Mr Poilievre's predilection for withering attacks on the media and his unprecedented success in wooing disaffected young and working-class Canadians made him the darling of MAGA conservatives in the United States. That includes Elon Musk, who has showered him with praise and compared him to Donald Trump.



That was not a problem in 2024, when Mr Poilievre was facing Mr Trudeau's exhausted Liberal Party and the harsh reality of Mr Trump's presidency had not yet been rammed home in the Canadian psyche. Now, standing up to Mr Trump is more vital than other left-wing principles embodied by smaller parties. In recent weeks Mr Poilievre has tried to tone down his Trumpiness, but to little avail. Hardly any of the anti-Trump vote will come his way. The right has been fighting bitterly over the extent to which he ought to be competing with Mr Carney in language that repudiates the American president. Mr Teneycke calls Mr Poilievre's failure to do so "campaign malpractice". As a result, constituencies (known in Canada as

ridings) which have not gone to the Liberals in decades, or ever, may well do so for the first time.

The poster child for Conservative division is Abbotsford, a town of about 170,000 nestled in the Fraser valley 72km (45 miles) south-east of Vancouver, ringed by snow-dusted mountains. Five minutes from downtown is Zero Avenue, where Canada and the United States are separated by a ditch and a few widely spaced, one-metre-high concrete markers.

With 91% of its exports going to the United States, Abbotsford is among the most tariff-exposed places in Canada. Randy Bartsch, whose firm, Ecotex, employs 1,700 to supply linen and uniforms to health-care businesses on both sides of the border, worries that tariffs will hobble his business. His American associates were mystified by Canadians' failure to embrace Mr Trump's offer to become the 51st state. "They didn't understand that for many of us folks this was humiliating."

Abbotsford's riding has reliably voted Conservative for decades. Now it is boiling over with conservative-on-conservative rhetorical violence, with Mr Poilievre's Trumpiness seemingly to blame. Mike de Jong, a popular and successful politician in the province, says Mr Poilievre sought his endorsement when he ran for the Conservative Party leadership in 2022. Mr de Jong says Mr Poilievre then encouraged him to seek the Conservatives' nomination for the riding of Abbotsford-South Langley. A few days before the nomination was scheduled to close, Mr de Jong was told by the leader's office that he was no longer deemed qualified to run. No explanation was provided. He is baffled, but determined to run as an independent. If the right-wing vote splits it could allow the Liberals to carry Abbotsford-South Langley for the first time since anyone can remember.

Making room for Mark

Mr de Jong says he hears complaints about Mr Poilievre's "Trumpy behaviour" on doorsteps. "People know the Americans have an insatiable need for our resources and there is a fear that if Trump doesn't get them one way, he'll get them another way," he says. "There is a determination to stand up to this kind of disrespect."

Graham McMahon, an Abbotsford resident who has voted Conservative in the past, says he will vote Liberal this time. He says he is put off by Mr Poilievre's penchant for responding to complex problems with slogans. He wonders if Canadians might end up feeling grateful for Mr Trump's bumptious threats. "By threatening our way of life, Trump pushed us back towards learning again that there is community in being Canadian and that Canada is a country of value, a country we should be proud of."

Others think the confrontational approach wrongheaded, and that Canada should focus more meekly on fixing its own problems. "If the US is pushing us, it's because they have legitimate beefs," said Allan Dawes, a Poilievre supporter drinking coffee in an Abbotsford diner. "Sticking your finger in Mr Trump's eye is so stupid, when you consider he runs the world's biggest economy." Mr Dawes believes the American president is compelling Canada to modernise its unproductive economy, break down interprovincial trade barriers and quickly approve pipelines and other infrastructure projects that can take decades to build. "If Canada was a business, I wouldn't buy it," he says.

The fact that Mr Trump says repeatedly that he wants to acquire their country has pushed millions of Canadians out of the cynical rut which defined its politics for several years, and back towards more fundamental values. In another time Mr Carney's stilted rink-side chat with Mr Myers would have seemed kitsch and quaint. But with millions of Canadians feeling genuinely threatened by the menace and mayhem emanating from across the southern border, their tolerance for nationalism and nostalgia has expanded. That has created an electoral opening so wide, you might just fit a tetchy central banker through it. Call him Captain Canada. ■

This article was downloaded by **calibre** from https://www.economist.com/the-americas/2025/04/24/how-donald-trump-caused-a-political-earthquake-in-canada

Hunkered down

Bolivia’s wild politics are dragging it into the abyss

An interview with Evo Morales in his tropical highland stronghold

Apr 24, 2025 05:23 AM | Lauca Eñe, Cochabamba



Vote Evo and carry a big stick

AS THE CAR nears Lauca Eñe, a town in the Bolivian tropics, it swerves around piles of earth. Then come sandbags, palisades and a thousand people armed with sharpened sticks. This is the ragtag army of Evo Morales, Bolivia’s former president. He has been holed up here for months. If he leaves, the government of Luis Arce, a former ally turned rival, may arrest him on charges of statutory rape. But prising him from Lauca Eñe would not be easy. “They’d have to kill us,” says one woman.

Mr Morales’s world has shrunk since his globetrotting days as Bolivia’s first indigenous president, but he is plotting a comeback. Bolivia is in a spiralling economic and political crisis. Mr Morales wants to return as its saviour. His opponents are trying to rule him out of a presidential election scheduled for

August, but he could still be a candidate. Either way, he will shape its outcome. “I am the best candidate, the only winning candidate,” he says. “That is why they want to eliminate me.”

Mr Morales was born into poverty in the tiny Andean town of Isallavi. He herded llamas, ditched school, migrated to the tropics and joined the coca farmers’ union. (Locals chew coca leaves as a stimulant, but they can be processed into pure cocaine.) He became a firebrand union leader. In 1997 he became president of the Movement to Socialism (MAS).

In 2006 he led the MAS to power with a majority in Congress. In 2009 it won a supermajority. Mr Morales renegotiated contracts with the firms extracting natural gas and boosted handouts. He kicked out the US Drug Enforcement Administration. Bolivia’s GDP grew at almost 5% a year during his tenure. The share of people living in poverty fell from 61% to 37%. He became a left-wing icon. “We showed Bolivia had a future,” he says. “I lived it. I proved it.”

In 2019 Mr Morales ran for an unconstitutional fourth consecutive term. He won, but allegations of fraud sparked protests; the army asked him to resign. He went into exile in Argentina. An interim government took over—in a transition that the MAS views as a coup—before the party swept back into power in 2020 under Mr Arce, Mr Morales’s former finance minister and chosen candidate. Mr Morales returned to Bolivia, eyeing this year’s election.

Friend becomes foe

But it soon became clear Mr Arce wanted to stay in power. The MAS had a bitter split. Legislators loyal to Mr Morales stopped voting with the government. Then the courts caught up with him. The constitutional one cast doubt on the legality of his fourth candidacy. A judge ordered Mr Morales’s arrest on charges relating to his sexual relationship with a 15-year-old girl. Mr Morales says the allegations are politically motivated. He accuses the government of trying to kill him in October, when his car was attacked by armed men. Officials say it ran a police checkpoint.

While the MAS bickered, the crisis accelerated. The pillars of its economic model are a fixed exchange rate, subsidised energy and food, and hefty public investment. The state pays for this by exporting natural gas for dollars. Now the dollars have all but run out. Fuel shortages paralyse the country. The value of a boliviano on the black market is half the official exchange rate. Inflation last year ran at 10%. This year it is on course for 20%.

Mr Morales blames Mr Arce, but the crisis took root on his watch. Bolivia has been burning through its dollar reserves since 2014, when gas-export revenue collapsed. It was Mr Morales's Congress which packed the constitutional court with servile judges, who said it would violate his human rights to stop him running in 2019.

Mr Morales rules out turning to the IMF to "save" Bolivia. He says "strategic allies" might lend it dollars instead. (There is no plan to change the fixed exchange rate.) He says he would cut Bolivia's fiscal deficit, in part by gradually lifting the subsidy that has fixed the price of petrol at around $0.50 a litre since 2004. He wants Bolivia to become an "agricultural power" and to develop its natural resources, which include the world's largest lithium deposits. He did not respond to a question about institutional reform to stop the constitutional court being leaned on by the government.

Mr Morales's pitch of a return to the good times resonates with his rural working-class base, for whom his governments meant representation and material progress. At last month's launch of his new political organisation, EVO Pueblo, 60,000 admirers turned out. No other politician has such fervent support. Since the alleged assassination attempt, it has taken on a messianic edge. The stadium in which it was held rang with declarations of loyalty and accusations of betrayal. "If the elections were tomorrow, we'd win with 60%," says the ebullient Mr Morales.

He might believe that, living on a compound with his own propaganda arm, Radio Kawsachun Coca, and surrounded by hardcore followers. But most Bolivia-watchers doubt Mr Morales can summon more than 30% of the vote, even if he gets on the ballot. The electoral court will decide whether he can run again. Mr Morales says the country will "convulse" if it rules against

him, but his followers would struggle to reverse such a decision through protest. He refuses to discuss a plan B.

The MAS, the country's most successful political party, is in peril. For the first time in 20 years, the centre or the right might even win at the ballot box. For Mr Morales, the outcome could mean anything from prison to a fourth presidency. ■

Sign up to El Boletín, our subscriber-only newsletter on Latin America, to understand the forces shaping a fascinating and complex region.

This article was downloaded by **calibre** from https://www.economist.com/the-americas/2025/04/24/bolivias-wild-politics-are-dragging-it-into-the-abyss

Middle East & Africa

- **Why Ukraine is losing the war for African opinion**
- **The Mauritius miracle is losing its sheen**
- **Is Donald Trump about to bomb Iran or rebuild it?**
- **The Druze's influence outweighs their numbers**
- **The pope phoned a priest in Gaza every day**

A cool reception

Why Ukraine is losing the war for African opinion

It cannot match Russia's historical ties, money or propaganda

Apr 24, 2025 08:21 AM | Cape Town



OVER THE past three years Ukraine has ceaselessly lobbied around the world for support in its fight against Russia. In few places have these efforts been less successful than in Africa. The Ukrainian government has established new embassies, dispatched high-level delegations and donated vast quantities of grain to the continent. Yet in February only ten countries south of the Sahara voted in favour of a UN resolution proposed by Ukraine to mark the three-year anniversary of Russia's full-scale invasion. If forced to pick a side in Europe's war, most African governments would probably choose Russia.

As Volodymyr Zelensky, Ukraine's president, arrived in South Africa for his first-ever state visit to Africa on April 24th, changing that seemed more

important than ever. Donald Trump, keen to improve American relations with Russia, has threatened to withdraw military support from Ukraine and is pressing it to accept a peace deal. Mr Zelensky needs all the support he can get. But will he get any?

Past experience is hardly encouraging. Dmytro Kuleba, Ukraine's former foreign minister, has little to show for his four official tours of the continent since the start of the war. Mr Zelensky himself has often spoken to his African counterparts by phone or on the sidelines of UN summits. But he has yet to be given the opportunity to address the African Union (AU), the continental bloc, directly. When the AU at last sent him an invitation earlier this year, "the member states were not comfortable with it," says a former Ethiopian diplomat. The idea was scrapped.

Nor did the signals from South Africa suggest much sympathy for Mr Zelensky's agenda. Cyril Ramaphosa, South Africa's president, said the meeting was about finding a "path to peace" with Russia. That did not bode well for the plan to shore up international backing for Ukraine, Mr Zelensky's priority on the visit, even before he was forced to cut it short to return home to deal with the aftermath of a deadly Russian attack on Kyiv.

Why has Ukraine struggled to make diplomatic headway? For one thing, it lags behind Russia "in terms of funding, leverage and connections" on the continent, says Samuel Ramani, author of "Russia in Africa". Lots of African governments, especially those in southern Africa, have historical ties to Russia. The Soviet Union backed African liberation movements fighting against colonial rule. Independent Ukraine subsequently did little to nourish its own relationships through high-level diplomatic engagements. That significantly affected the attitude of several African leaders to the war, says Ovigwe Eguegu, a Nigerian foreign-policy expert. There is no record of a Ukrainian foreign minister visiting the continent before 2022, he adds.

Another challenge is what Dzvinka Kachur of the Ukrainian Association of South Africa describes as the "asymmetry" of the information war Russia is waging in Africa. The African Initiative, a Kremlin-linked media outlet, pushes pro-Russian narratives in the Sahel, an unstable part of the continent dominated by military regimes. It invites local journalists on press junkets to Russia-occupied Ukraine. In South Africa, Western diplomats reckon that

members of the ruling party, the African National Congress, have been on the Russian payroll. Russia's soft power is amplified by the Russian Orthodox Church, which has a growing and increasingly diverse portfolio of religious and cultural outreach programmes on the continent.

Ukraine's diplomats are struggling to combat propaganda on this scale. "The resources we have are being channelled into basic defence rather than press tours," says one. Crucially, Russia has the edge over Ukraine in hard power as well as soft. It has long been Africa's largest arms supplier. Mercenaries from the Wagner Group, now renamed the Africa Corps and brought under closer control by the Russian state, add to its heft. Before 2022 some 6,000 Wagner fighters were stationed in Africa, helping shore up fragile governments in the Central African Republic, Mali, Libya and Sudan. Some of these troops have since been redeployed to the battlefields of Ukraine. But the number of African countries hosting Russian mercenaries and military advisers has continued to grow.

Ukraine has tried to push back. Last year credible reports emerged that a small number of Ukrainian special forces were fighting on the side of Sudan's national army in the country's civil war. Ukrainian sources said they were there to fight the Wagner Group. Ukrainian intelligence has also claimed to have provided assistance to Tuareg rebels fighting Mali's Russia-aligned junta.

Yet the risk that such activity could backfire on Ukraine's diplomatic efforts is high. Many officials in Africa fear that "Russia and Ukraine will bring their fight to African soil," says Oleh Bielokolos, a former diplomat and director of Ukraine's Centre for National Resilience Studies. Reports that Ukraine was aiding rebels in Mali sparked a diplomatic furore, prompting Mali and Niger to cut diplomatic ties with it. The Economic Community of West African States warned against "any attempt aiming to draw the region into current geopolitical confrontations".

A more hopeful strategy involves trying to show African governments what Ukraine can offer them. One idea is to promote Ukraine as a supplier of high-tech drones, which can also be used for civilian purposes like monitoring wildlife or delivering medicine to remote places. "Right now we are probably the most advanced country in the world when it comes to drone

technology," argues Mr Bielokolos. Humanitarian support is another. Mr Zelensky's flagship "Grain for Ukraine" initiative has reportedly led some 280,000 metric tonnes of wheat to be delivered to 12 African countries. But this was as much an advertisement for Ukrainian agriculture as a simple humanitarian act.

Yet there is one challenge facing Ukraine in Africa that it can do little to fix: its close association with the West. In much of the global south, America and its allies have rarely been less popular. Even African governments sympathetic to Ukraine's plight bristle at what they call the West's hypocrisy, especially since the start of Israel's war in Gaza following Hamas's attack on October 7th 2023 (parts of the ANC sympathise with Hamas in that conflict). Many in Africa refuse to side with Ukraine against Russia because the West lacks "credibility" in other areas, explains a diplomat in Djibouti.

If Mr Trump really cuts off American military support to Ukraine, some in Africa may stop viewing Ukraine as a Western puppet. But that does not mean they will reconsider their ties with Russia. Three years ago, backing Ukraine might have been a way to curry favour with the West. Few African governments thought it was worth it then. It is even harder to see why they would think it worthwhile now. ■

Sign up to the Analysing Africa, a weekly newsletter that keeps you in the loop about the world's youngest—and least understood—continent.

This article was downloaded by **calibre** from https://www.economist.com/middle-east-and-africa/2025/04/24/why-ukraine-is-losing-the-war-for-african-opinion

Beach bummed

The Mauritius miracle is losing its sheen

The island's economy is less of a model than it used to be

Apr 24, 2025 05:22 AM | Port Louis



Nice view, shame about the public finances

THE MONT CHOISY Golf and Beach Estate in the north of Mauritius was once a vast swathe of sugarcane, the centuries-old basis of the island's economy. Where African slaves and Indian indentured labourers used to toil, French and South African pensioners now mull over the merits of a five-iron on the 14th hole. The estate is a symbol of a huge change since Mauritius won independence in 1968.

Back then it was as poor as the average African country. A Nobel economics laureate reckoned the "outlook for peaceful development" was "poor", given the island's diversity (Indo- and Sino-Mauritians mix with Creoles and people of French descent) and its reliance on a single crop. Yet today it has Africa's second-highest GDP per person at around $12,000, eight times the

African average, behind only tiny Seychelles. Democratic governments have worked with business to sell ever more lucrative things apart from sugar: textiles, tourism, offshore finance—and fancy villas. Property accounts for 80% of foreign direct investment, mostly by foreigners buying houses in estates that come with residency status. Locals have renamed Grand Baie, a village in the north, "Rand Baie", thanks to the South African influx.

But trouble is in the air. In November Navin Ramgoolam became prime minister for the third time, trouncing Pravind Jugnauth. The new government has pledged to fix the public finances to stop credit-rating agencies downgrading sovereign bonds to junk status, jeopardising the island's reputation as a financial hub. "We're in a classic middle-income trap," says Sushil Khushiram, a former minister.

Under Mr Jugnauth, Mauritius's record of good governance took a knock. He banned social media before the election after leaked audio recordings embarrassed some in ruling circles, including his wife. In February he was charged with money laundering (he denies the charges). "Ah, now you're a proper African country," an official says a friend from the continent joked to him.

Under the previous government handouts became the norm: cash for new mothers; phone credit for 18- to 25-year-olds; an obligation for firms to pay an extra end-of-year bonus. The ratio of public debt to GDP this year will be 90%. The budget deficit is expected to widen to 6.6% of GDP. A local investor notes that the former finance minister was educated in France and "it was as if he was running the French state".

The World Bank has noted that Mauritius's traditional exports are less competitive. Annual sugar exports are under half their peak in the 1980s (preferential access to EU countries ended in 2009). Textile firms that flourished after the government gave incentives to sugar barons to go into garment-making have moved to lower-wage countries like Madagascar. Tourism, accounting for a fifth of jobs, is still crucial but visitor numbers remain below the peak of 2018. The average tourist spends 11.5% less than before covid-19. Financial services, the biggest contributor to GDP, have been hit since India renegotiated a tax treaty that had made Mauritius a big conduit of capital to that country.

Mauritians worry their country will get old before it gets rich. The median age is 38 years, a decade older than India's and nearly twice the African average. By 2050 its population will fall from 1.3m to 1.1m, reckons the UN. Yet Mauritius still has reasons for hope. Its strategic location in the Indian Ocean should help it strike new deals with the West, China and India. Its taxes remain low; its rule of law and democratic culture are strong; its civil service and business ethos are impressive.

"We have to adapt," argues Dhaneshwar Damry, a junior finance minister. Mauritius must attract fintech firms, large funds and family offices. He notes that JPMorgan Chase is setting up in Kenya. "But why not Mauritius?" Rama Sithanen, the central-bank governor, says Mauritius is like Queen's Park Rangers, an English second-tier football team. It outperforms in the lower divisions of development, but finds it hard to make it to the very top. ■

Sign up to the Analysing Africa, a weekly newsletter that keeps you in the loop about the world's youngest—and least understood—continent.

This article was downloaded by **calibre** from https://www.economist.com/middle-east-and-africa/2025/04/24/the-mauritius-miracle-is-losing-its-sheen

The pitfalls of an Iran deal

Is Donald Trump about to bomb Iran or rebuild it?

His negotiator, Steve Witkoff, walks a tightrope

Apr 24, 2025 06:33 AM | DUBAI



What's his deal?

THE OMANI embassy in Rome is not a typical stop on a romantic tour of the eternal city. But it seems to have worked its magic on Abbas Araghchi, Iran's foreign minister, and Steve Witkoff, America's Middle East envoy. They met there for a second round of nuclear talks on April 19th. It ended with upbeat statements and a promise of a third encounter.

Mr Araghchi lauded the "relatively positive atmosphere", high praise from a regime whose leaders sometimes chant "death to America". Donald Trump was more effusive, saying his administration had "very good meetings" on Iran (although he said the same about tariffs, Russia and Ukraine). The two envoys' next meeting was set for April 26th.

Just as important are the “technical talks” meant to begin on the same day. Negotiating a nuclear deal is complex work; high-level envoys can do only so much. A meeting between experts means America and Iran are getting down to the details.

That is good—but it also means the easy part is over. America and Iran want to make a deal: that much is clear. They hope to improve on the Joint Comprehensive Plan of Action (JCPOA), the agreement signed in 2015 between Iran and seven world powers that Mr Trump ditched three years later. But the president will have to contend with three big hurdles.

First is dealing with hardliners in his own administration. Mr Witkoff has sent contradictory messages about what America wants from a deal. In an interview with Fox News on April 14th he suggested that it would allow Iran to continue enriching uranium to 3.67%, much as the JCPOA did. The next day he reversed himself and said that Iran would have to “stop and eliminate” its enrichment programme.

The former goal is realistic; the latter is not. Mr Araghchi says a zero-enrichment deal is not up for discussion. Mr Witkoff’s about-face came under pressure from hawks in Washington unhappy that he had conceded on a key question so early.

The second challenge comes from Iran. It wants a new deal to be both more lasting and more lucrative than the JCPOA. That means it will seek guarantees that Mr Trump (or a future president) will not ditch it again: for a start, it wants the agreement to be a Senate-confirmed treaty, which the JCPOA was not. That is not an ironclad guarantee, however. Treaties can be abrogated, and there is precedent for presidents abandoning them unilaterally.

Some Iranian officials favour a more provocative guarantee. They have spent the past few years amassing a big stockpile of enriched uranium and thousands of advanced centrifuges. They hope to keep some of both in Iran at a facility under UN supervision. If America abandons the deal again, Iran could pull them out of storage and rev up its nuclear programme. That would provide some leverage. For the same reason, though, America will be reluctant to agree to such terms.

Iran also wants economic assurances. It is not enough for a deal to lift sanctions; it must also offer the promise of tangible benefits. The JCPOA was disappointing in that regard. It allowed Iran to export more oil but failed to unlock much foreign direct investment (FDI). In 2016, the first full year after the deal was signed, Iran's FDI inflows were just 0.7% of GDP, says the World Bank, a meagre increase from 0.5% in 2015.

Sanctions were one obstacle: the JCPOA removed some but left others in place. Iran itself was another barrier. Even if Mr Trump could unwind all of America's sanctions, Western firms might still have well-grounded fears about investing in a corrupt country that America has labelled a state sponsor of terrorism since 1984.

One way to solve this problem is to convince Gulf states to offer Iran trade and investment. That points to Mr Trump's third challenge: he needs the support of other countries. The Saudis seem willing to help. On April 17th Khalid bin Salman, the defence minister, made the highest-level Saudi visit to Iran since 1997. The kingdom is nervous about a war and eager for America to make a deal. Mr Trump plans to visit three Gulf countries next month, which will give him a chance to seek their aid.

At the same time, he needs to manage Binyamin Netanyahu, who is sceptical of any deal and would prefer a military strike. The Israeli prime minister has visited Washington twice since Mr Trump's inauguration in January. After their most recent phone call, on April 22nd, Mr Trump said the two were "on the same side of every issue". For now the president seems willing to restrain Mr Netanyahu. If the talks drag on for months, that may get harder to do.

Iran, for its part, has settled on a canny strategy for dealing with Mr Trump: appealing to his business instincts. Mr Araghchi had been slated to speak on April 21st at a nuclear-policy conference organised by the Carnegie Endowment, an American think-tank. His speech was cancelled at the last minute, but he later posted it online, saying Iran wanted to build 19 nuclear reactors; American firms would be invited to bid. "Tens of billions of dollars in potential contracts are up for grabs," he wrote. "The Iranian market alone is big enough to revitalise the struggling nuclear industry in the United States."

There are only about 65 nuclear reactors being built around the world. The chance to build another 19 is a big prize. American companies might be reluctant to bid for the work. And a construction boom in Iran backed by US firms may seem bizarre. But all is possible in Trumpworld. ■

Sign up to the Middle East Dispatch, a weekly newsletter that keeps you in the loop on a fascinating, complex and consequential part of the world.

This article was downloaded by **calibre** from https://www.economist.com/middle-east-and-africa/2025/04/24/is-donald-trump-about-to-bomb-iran-or-rebuild-it

Kingmakers in the Levant

The Druze's influence outweighs their numbers

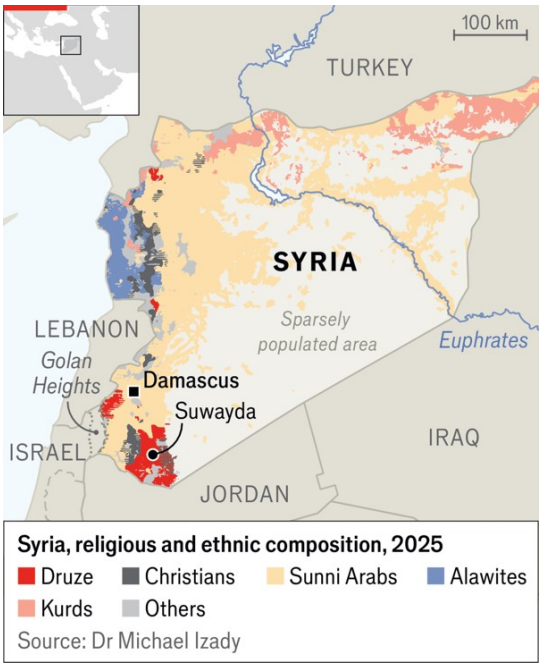
They have yet to decide whether to back Syria's new leaders

Apr 24, 2025 05:22 AM | SUWAYDA



IF THE BLACK basalt landscape does not immediately point to Suwayda's idiosyncrasy, the fluttering Venezuelan flags do. The volcanic rock flanks the roads leading into this southern Syrian city where the Druze rainbow pennant waves alongside Venezuela's tricolour—a tribute to the Druze diaspora there.

Suwayda is the heartland of Syria's Druze, a mystical religious minority that emerged from Shia Islam and believes in reincarnation. The group is segregated (marriage with outsiders is forbidden) but politically pragmatic. Across the Middle East they have tended to align themselves with ruling powers, giving them influence disproportionate to their numbers.



Druze soldiers from the Galilee fight for Israel in Gaza and south Lebanon. But the group's main political factions have also backed Hizbullah against the Jewish state. In Syria Druze officers were once part of the security state under Hafez al-Assad and then his son Bashar. In the early years of Syria's civil war, Druze militias supported the regime. But as its grip weakened, the Druze shifted, with protests by them breaking out in Suwayda.

Today Syria's Druze, concentrated along the borders with Israel and Jordan, are caught between an Islamist-leaning government they distrust and Israel's increasing encroachment on Syria. Much may depend on their stance towards Ahmed al-Sharaa, a former jihadist trying to rebuild Syria. The Druze are wary of him. Their mistrust dates back to 2015, when Jabhat al-Nusra—an al-Qaeda affiliate and the precursor to Hayat Tahrir al-Sham, Mr Sharaa's current jihadist group—massacred around 20 Druze villagers. In an interview around the same time, Mr Sharaa said the Druze should convert to Islam.

Their religious leaders—three sheikhs in Suwayda—have rejected Mr Sharaa's recently proposed constitutional framework, dismissing it as too Islamic and unrepresentative. In March one of the trio, Sheikh Hijmat Al Hijri, called Mr Sharaa's administration "an extremist government in every sense of the word".

Meanwhile, Israel has its eye on the group. Last month dozens of Druze villagers from Syria crossed into the Israeli-occupied Golan Heights under the supervision of the Israel Defence Forces to visit a shrine. In February, when fighting erupted between Druze militias and government forces in Jaramana, a largely Druze suburb of Damascus, Israel's foreign minister, Israel Katz, threatened to intervene. He has suggested that Syria's Druze might be let in to work in the Israeli-occupied Golan.

A newly formed Suwayda Military Council is pragmatic when it comes to Israel. Its leader, Tariq al-Shoufi, says he is not against Israeli support "in principle". Druze fighters, suspicious of Syria's new rulers, are re-equipping and reorganising in case of a showdown with them, he adds. But Israel would be foolish to interpret distrust of Mr Sharaa as a Druze endorsement of Israeli occupation or military intervention in Syria, cautions a Druze businessman. A few Druze militias have said they are willing to join the Syrian army.

Suwayda's influential religious elders are clear about Israel. "Israel wants to project that we are under its protection," says Sheikh Yousef al-Jarboua, another of the trio. "They want to strip us of our…identity. We have never accepted guardianship from anyone," he insists. "We are loyal to the state in which we live."

Walid Jumblatt, the Druze leader in Lebanon whose father was assassinated by the Assads, warns that flirting with Israel would spell disaster for Syria's Druze. He rushed to embrace Mr Sharaa after Damascus fell. "Those [who back Israel] are going against the course of history," he says. "We cannot afford to alienate Muslims." ■

Sign up to the Middle East Dispatch, a weekly newsletter that keeps you in the loop on a fascinating, complex and consequential part of the world.

This article was downloaded by **calibre** from https://www.economist.com/middle-east-and-africa/2025/04/24/the-druzes-influence-outweighs-their-numbers

The church in Gaza

The pope phoned a priest in Gaza every day

It was a rare connection with the outside world for Gaza's Christians

Apr 24, 2025 05:23 AM



Holy telephonist

IT WAS THE deaths of a mother and daughter in December 2023 that shook the pope. The two Palestinian Christians were shot as they sought refuge in the Holy Family Catholic Church in Gaza City (Israel denied it was to blame). Some 700 people had packed into it, many from Gaza's Byzantine Orthodox church which had been hit by a missile weeks earlier, killing over a dozen. The next Sunday the pontiff addressed the crowds in St Peter's Square. "They weren't terrorists, but families, children, people who are sick and have disabilities," pleaded the pope. Enough, he said, calling on both sides to reach a ceasefire and on Hamas to release the hostages.

The pope found many occasions to call for peace. Israel struck churches, schools, hospitals and Gaza City's YMCA. Elham Farrah, a music teacher in

her 80s, was shot outside Holy Family. Her family say snipers prevented first-aiders from approaching and that she bled to death. A convent was hit by a rocket. Two workmen were shot while mending the water tanks on the church's roof and died of their injuries.

The pontiff began phoning Gaza's Christians every day, more often on the worst days. He was still calling when failing health forced him to suspend normal activities. His conduit was Father Gabriel Romanelli, a 55-year-old priest, a compatriot from Argentina, who had been living in Gaza since 2005.

Christians numbered around 1,100 among Gaza's 2.3m people. The war has killed 36 (3%) of them, according to Father Gabriel's tally. He had never felt so needed. He opened a food-distribution centre and clinic for the homeless. When Israel cut off aid, congregants put on puppet shows for hungry children.

Each night his flock would huddle around his phone. Then they would take the pope's message out into Gaza. It was a rare comfort. Many American Christian Zionists have backed the war, regardless of its impact on their co-religionists. "The pope made us feel we were not forgotten," says Issa Saaba, a congregant who has lived in the church for over a year. Without their evening call, Gazans feel more disconnected than ever.■

Sign up to the Middle East Dispatch, a weekly newsletter that keeps you in the loop on a fascinating, complex and consequential part of the world.

This article was downloaded by **calibre** from https://www.economist.com/middle-east-and-africa/2025/04/24/the-pope-phoned-a-priest-in-gaza-every-day

Europe

- **France is a far healthier country than America**
- **Why Italy's defence spending lags far behind**
- **Europe wants Sweden's minerals. That's more bad news for the Sami**
- **The Kremlin's grey-zone war in the Black Sea shows its real intent**
- **America is selling a Ukraine peace plan. No one is buying, yet**
- **Europe's reluctant reset with Turkey**

Healthy living

France is a far healthier country than America

Yet even its medical care is under strain

Apr 24, 2025 06:33 AM | PARIS



FRANCE SPENDS less of its national income on health care than America, but is by most measures a lot healthier. Its total health expenditure, at 12.1% of GDP, is well below the 16.6% in America. Yet the French live on average six years longer than Americans. France's mortality rate from heart attacks is a third of America's, its obesity rate is about a third as high, and its rate of opioid-linked deaths a tiny fraction.

France outperforms its European peers on many measures too. It has a lower mortality rate from breast cancer than Britain and Germany. Life expectancy at the age of 65 is higher than in any other EU country bar Spain, which it equals. France also has the best survival rate following a heart attack of any OECD country after Japan and South Korea, tied with the Netherlands.

How does France do it? Part of the explanation is cultural habits. Indeed lifestyle, suggests Gaetan Lafortune, an OECD health economist, is more important in explaining France's long life expectancy than its big government health budgets. In French state schools even tiny children sit down to a three-course meal. A recent menu in primary schools in Seine-Saint-Denis, a run-down suburb of Paris, includes vegetable soup, cod fillet with peas, and fresh fruit; chips are served only once during a month. In America up to 17% of the population lives in "food deserts", with limited or no access to fresh produce. A researcher in France in 2021 found that the concept did not really exist.

Comprehensive state-mandated health coverage is another factor. The French system is a mix of national public health insurance, which reimburses patients for on average 70% of medical bills, and private mutual health insurance, which covers most of the balance. Employers have to provide this top-up insurance to their employees. The self-employed and pensioners buy their own policies. They cost on average €1,540 ($1,745) a year for a family, far less than the figure of $25,570 in America. The state covers those on low incomes.

Medical costs, meanwhile, are controlled through government caps on the fees charged by most family doctors, who are self-employed, as well as on the contracted private hospitals that provide 35% of hospital care. The share of health-care bills that families have to pay from their own pockets amounts to an average of just 2% of household spending in France. This is lower than in Britain (2.5%) despite its free-to-use National Health Service.

The hybrid French state system also helps patients get thorough treatment. France conducts twice as many CT, PET or MRI scans per person, for instance, as Britain. Appointments are not rationed by top-down bureaucracy. Thanks to a tech start-up called Doctolib, which 50m French patients use each year, appointments for most GPs, specialists and labs can be booked online with a few clicks.

The trouble with all this is that it comes at a cost. Total health spending in France, at €266bn, is higher as a share of GDP (12.1%) than in any other OECD country apart from America and Germany. Even when pandemic-linked spending is stripped out, French public health expenditure outpaced

inflation from 2019 to 2025. Yet France's finance minister, Eric Lombard, says he now needs to find €40bn of overall public-sector savings, some of it from health, to curb the country's deficit to a still-hefty 4.6% of GDP in 2026.

This new pressure comes at a time when the health system already faces a triple squeeze. The first is due to a shortage of younger doctors. For decades the government capped the number of medical students. President Emmanuel Macron abolished the rule in 2019. But it will take a decade for numbers to recover. Nearly a third of GPs in France are aged over 60. Retiring GPs struggle to find younger doctors to take over their surgeries. A GP near Paris, aged 70, says he returned from retirement to consult part-time to help patients.

This shortage has exacerbated a second problem: overloaded hospital emergency services. France has more hospital beds and intensive-care beds per person than the OECD average. But in recent years it has been closing beds, as part of a strategy to rationalise hospitals and shift the focus to day surgery. Yet the number of patients turning up at emergency services has soared. Between 1996 and 2023 the yearly number of visits to accident and emergency doubled, from 10.1m to 20.9m. Moreover, 72% were "not very serious or urgent", noted a report by the Cour des Comptes, the national auditor, in 2024. Some hospital doctors have gone on strike in protest. In February emergency doctors at Perpignan public hospital denounced an overload that was "more than critical", saying that they could no longer staff shifts fully.

A third difficulty is "medical deserts". Doctors tend to choose to live in big cities, cobbled towns and coastal resorts, leaving the rural interior without decent cover. Waiting times to see an ophthalmologist, for instance, vary from six days in some areas to 123 days in others, according to a Senate report in 2024. The government is offering sign-up bonuses to encourage doctors to move to unpopular areas. Some village mayors and big public hospitals, including one in a rough neighbourhood of Marseille, have provided surgery premises to lure GPs. But France's patchy medical geography is proving hard to shift.

Mindful of these problems, the government is trying to ease the pressures, as well as to cut waste. Catherine Vautrin, the health minister, has just tightened the rules, for instance, on prescriptions for reimbursed sticking plasters, in order to save on the €740m it spends a year merely on this. But such sums are trifling next to the overall health budget. Old habits are resistant. The French remain enthusiastic pill-poppers; their doctors still prescribe more antibiotics than those elsewhere. France, notes the Cour des Comptes sternly, "is one of the last OECD countries to reimburse thermal spa treatments with no medical benefit proven"—and this to the tune of €250m in 2023.

In some ways France's health system is a victim of its success. "Because of the very good historical indicators, and the sense that France has been one of the best health systems in the world, these new pressures come as a shock," says Francesca Colombo, head of the OECD's health division. Accustomed to excellence, the country expects it—and is ill-prepared for the upcoming budget squeeze on waste and excess that is needed to keep it that way. ■

To stay on top of the biggest European stories, sign up to Café Europa, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/europe/2025/04/24/france-is-a-far-healthier-country-than-america

Not from Mars

Why Italy's defence spending lags far behind

Despite Giorgia Meloni's vocal criticism of Putin's war

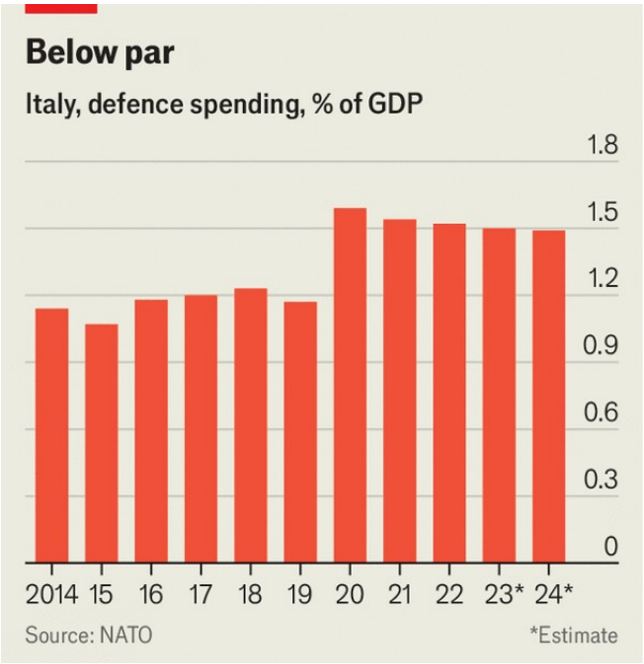
Apr 24, 2025 05:22 AM | ROME



THE MOOD when Italy's prime minister, Giorgia Meloni, met Donald Trump on April 17th could not have been sweeter. Mr Trump's guest was "a great prime minister" doing "a fantastic job". He was even "very proud to be with her". When Ms Meloni slipped into MAGA-speak to suggest she and the president could "make the West great again", he assented.

But the actual results of their love-in could be counted on three fingers. Mr Trump accepted an invitation to pay an official visit to Rome (but merely agreed to consider Ms Meloni's suggestion that he meet a representative of the EU while there). Ms Meloni said that Italian companies were ready to invest €10bn ($11.4bn) in America. And she revealed that, at the next NATO

summit, she would announce that Italy was raising its defence spending to 2% of GDP (but without specifying when).



Her disclosure is unlikely to stir much jubilation on either side of the Atlantic. NATO is already aiming at 3% as its new target for defence spending. Mr Trump would like the goal to be 5%. In 2024 Italy is estimated to have devoted only 1.49% of its GDP to defence, the third-lowest share among major NATO economies. Only Spain (1.28%) and Canada (1.37%) are reckoned to have spent less.

But Italy's outlay has nevertheless gone up sharply. In 2015, it was just 1.07% of GDP. The figure began to rise under the centre-left governments of Matteo Renzi and Paolo Gentiloni and peaked at 1.59% in 2020.

For years, Italy lobbied Brussels for military spending to be excluded from the calculation of its budget deficit, capped at 3% of GDP under the EU's growth and stability pact. Now it could get its way: the commission's plan for rearmament includes a provision for member states to spend an extra 1.5% of GDP on defence, without incurring the censure of Brussels, by tapping into cheap borrowing underwritten by the EU. "There is no longer an alibi," says Alessandro Marrone, who leads the defence research programme at the Istituto Affari Internazionali, a think-tank.

Yet getting the extra cash is fraught with risk for Ms Meloni. Cheap it may be. But it would still add to Italy's already burdensome public debt of more than 135% of GDP, increasing the danger of its falling prey to a bond-market crisis. Moreover, the commission's budgetary leeway is only being granted initially for four years. "The problem is what happens then, if the 3% deficit limit is reimposed," says Pietro Batacchi, who edits *Rivista Italiana Difesa*. "Do you raise taxes or cut services?" Nor are the difficulties solely financial. Despite Mussolini's Fascists, Italy has a longer tradition of pacificism, with roots deep in a history of near-incessant invasion and a culture heavily influenced by Catholic strictures on the use of violence.

There are also several reasons why Italians have a greater sympathy for Russia than many other Europeans. Italy had western Europe's biggest Communist party during the cold war. Russia was an important trading partner before Europe imposed sanctions after the invasion of Ukraine. And the Kremlin has enjoyed considerable success in penetrating Italy with its propaganda. Moreover, Russia and Ukraine seem far away to most Italians, even though Kyiv is barely more distant from Rome than is London.

The confusion shows up in the polls. One last month found almost two-thirds of those questioned feared the war could spread. Yet 48% were in favour of ending military aid for Ukraine, against 38% who supported it. Asked about raising Italy's defence spending even to 2% of GDP, more were against than for. The margin was small, however: 43% to 42%, with fully 15% expressing no opinion. So the coalition government has scope for swaying public opinion—or might have, were it not split over rearmament.

When the European Parliament debated the issue last month, Ms Meloni's Brothers of Italy party and the centre-right Forza Italia movement backed the commission's plans, whereas the hard-right League, the third member of her three-party coalition, voted against them. "If there were a European army today, France and Germany would already have sent us to war," argues the League's leader, Matteo Salvini. He has been joined in opposition to rearmament by Giuseppe Conte of the Five Star Movement, who has transformed his party into a radical left-wing outfit since taking over as leader in 2021. This is ironic since, when Mr Conte was prime minister, from 2018 to 2021, Italy's defence spending increased by more than a quarter. But then Mr Conte, like Mr Salvini, leads a party that has

haemorrhaged support. And they both know a vote-catching issue when they see one. ■

To stay on top of the biggest European stories, sign up to Café Europa, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/europe/2025/04/24/why-italys-defence-spending-lags-far-behind

No room to roam

Europe wants Sweden's minerals. That's more bad news for the Sami

Weak legal protections are pushing reindeer-herders to the brink

Apr 24, 2025 05:29 AM

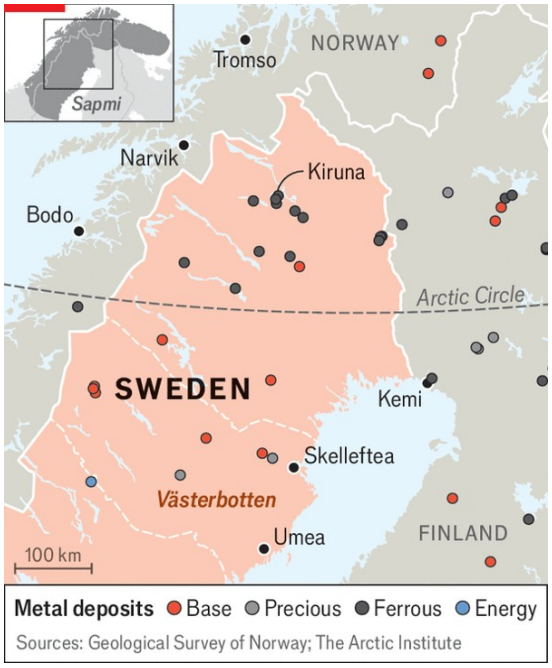


The buck stops here

A CENTURY AGO Swedes labelled Kiruna, a town in the north, "the land of the future". Rich in iron ore, it became the backbone of Swedish industry. Its mine grew so vast that the ground beneath it collapsed, forcing much of the town to relocate. History is now repeating itself. A newly discovered deposit of rare-earth metals—the largest in Europe—has placed the town at the heart of Europe's green transition. The mine will be a key part of the European Union's Critical Raw Materials Act, which aims to source 10% of the bloc's essential minerals domestically.

As Kiruna reinvents itself for a greener future, so too must the region's other long-standing inhabitants: the Sami. Around 100,000 of them live in Sapmi, a region spanning Sweden, Norway, Finland and Russia (see map). They are

best known for their reindeer, calm creatures which travel hundreds of kilometres each year between their summer and winter grazing grounds. Herding them is the key to Sami culture, and depends on access to wide, open landscapes.



The green transition is reviving interest in Sweden's north. New projects are springing up across the region, and old ones are expanding. Wind farms on reindeer-grazing lands are being planned.

These projects are forcing herders to adapt. In Kiruna the main migration corridor has been squeezed into a passage only a few kilometres wide. Christina Ahren, a Sami, says that with less land to roam, herders in her community must spend more on fences and supplementary feed. Climate change adds to the strain. Arctic warming is creating erratic weather that turns snow into ice, sealing lichen—the reindeer's main food source—beneath an impenetrable crust. And logging has already wiped out lichen-rich forests, reducing grazing areas by 71% over the past 60 years.

Sweden's constitution recognises the Sami's right to use land for reindeer herding. However, these rights exist alongside competing property claims. Lacking a clear legal framework, communities are forced to fight industrial expansion in courts or corporate boardrooms.

But the Sami communities are pushing back. Legal challenges have stalled major projects. The construction of a new nickel mine in northern Sweden's Västerbotten region has been put on hold. Elle Merete Omma, head of the EU unit in the Saami Council, an advocacy organisation, says that growing scrutiny is prompting more investors to assess the consequences of the projects they fund. Still, meaningful protections remain elusive.

Sweden's vast mineral reserves give it a unique opportunity to help Europe reduce its dependence on fossil fuels. But without stronger safeguards, this will come at the expense of a centuries-old way of life.■

To stay on top of the biggest European stories, sign up to Café Europa, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/europe/2025/04/24/europe-wants-swedens-minerals-thats-more-bad-news-for-the-sami

Slow progress

The Kremlin's grey-zone war in the Black Sea shows its real intent

Ceasefires are predictably elusive

Apr 24, 2025 05:30 AM | Mykolaiv and Ochakiv



THE *BALD MAN* has not moved for more than three years. She arrived to take on a cargo of sunflower oil on the day before Russia's full-scale invasion of Ukraine in February 2022. Along with 28 other foreign-owned vessels, she has been trapped in the port of Mykolaiv, some 60km from the front line, ever since.

The ship's fate shows the difficulty of doing business with Vladimir Putin. The White House said last month that both sides had agreed to ensure safe navigation and to eschew the use of force in the Black Sea. But Russian officials then said there would be a maritime ceasefire only after their country had got relief from some sanctions. Ukraine in turn demanded that Russian naval vessels stay out of the western part of the sea. The result has

left Ukrainian officials baffled. No Ukrainian port facilities have been hit since then, but attacks on the cities in which they are located have continued.

Read more of our recent coverage of the Ukraine war

From July 2022 for a year there was an agreement for Ukraine to resume grain exports. It covered the port of Odessa and the neighbouring ones of Chornomorsk and Pivdenny (see map). Three weeks after Russia terminated the deal in 2023, Ukraine opened a new corridor for commercial ships. Ukraine's tiny navy had, with the use of home-made and Western missiles, driven Russia's fleet out of the western side of the Black Sea. Today, says Dmytro Pletenchuk, the Ukrainian navy's spokesman, the sea is a military "grey zone". Apart from patrol boats, neither navy risks sailing. There is a stand-off, but no ceasefire.



Marine-traffic websites show virtually no civilian shipping either in Ukrainian waters or in the bit of the Sea of Azov the Russians have seized. In fact transponders are turned off for security: plenty of freight is still moving. According to Yuriy Vaskov, who helped negotiate the 2022 grain agreement, Odessa and two neighbouring ports are working at 60% capacity despite war damage. During last year's harvest their grain-export terminals were operating at 90%. They could be even busier this year.

Last year 4,651 commercial ships arrived in Ukraine's Black Sea ports and 4,410 left, reckons the navy. But insurance and logistics costs are far higher than in peacetime. In 2024 Ukraine's agricultural exports were $24.5bn, or 59% of total exports. Ships hug the coastline on their way to the Bosporus and out to the world.

Though Odessa is now functioning fairly normally, one of the biggest losers from the war has been Mykolaiv, once a grain-export hub. Its exports have been diverted to the three ports of the Odessa region. According to Oleksandr Kubrakov, a former minister of infrastructure, "more than 50% of revenue of the city" of Mykolaiv came from companies linked to the port. Vitalii Kim, head of the regional military administration, says that some 10,000 people used to work in and around it. Russia wants to trade the reopening of Mykolaiv "for something bigger", he says, but he recognises that Ukraine's security priorities are "higher than our interests".

Mykolaiv is where the Russian invasion of southern Ukraine was halted in 2022. It lies on the banks of the Southern Bug river. Downstream it joins the Dnieper to form an estuary bounded at its mouth by the sandy and strategic Kinburn Spit. At Ochakiv, where the estuary meets the sea, the spit can be seen 4km away across the water. It is occupied by the Russians. An island midway is held by Ukrainian troops. Any ship sailing to or from Mykolaiv and Kherson must pass by.

In 2014 Ukraine lost Crimea and its naval facilities. In 2017 American troops began building a hub in Ochakiv for the Ukrainian navy. In 2021 Britain pledged to help develop a naval base there. Three days before the full-scale invasion Mr Putin claimed that what the Americans had built there enabled NATO to threaten the Russian navy. Ochakiv came under attack from Russia as soon as the invasion began.

Same old protagonists

The area has been fought over for centuries. In 1855 an Anglo-French force defeated Russian troops on the spit in the Crimean war. In 1856 the British planned to seize Mykolaiv but the war ended before they could do so. Today Ochakiv exemplifies the ambiguity and opportunism of Mr Putin's concept of a ceasefire, whereby he intends not to end hostilities but to create

perpetual instability. Ochakiv is under constant attack from Russian troops on the spit. Half of its pre-invasion population of 15,000 has fled. A plume of smoke rises on the spit where the mayor says Ukrainian troops have hit a Russian target.

When the full-scale invasion began in 2022 Ukraine deployed barges to close the estuary to Russian ships. No one knows how many mines now infest these waters, as many more were flushed down the Dnieper when Russia destroyed the Kakhovka dam in 2023. Britain, the Netherlands and Belgium have given Ukraine five minesweepers, but the Montreux Convention, which governs transit through the Bosporus, prohibits them from entering the Black Sea in time of war.

On April 15th and 16th Turkey hosted talks with Ukraine, France and Britain about a deployment to keep the peace in the Black Sea if a deal is ever reached. Hanna Shelest, an analyst based in Odessa, says she doubts Russia would honour any agreement. Instead of peace, what Mr Putin wants is a fluid, dangerous eternal conflict in which no one is secure. Just look at his grey-zone war in the Black Sea. ■

To stay on top of the biggest European stories, sign up to Café Europa, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/europe/2025/04/20/the-kremlins-grey-zone-war-in-the-black-sea-shows-its-real-intent

Deal or no deal?

America is selling a Ukraine peace plan. No one is buying, yet

If they can't seal the deal, Donald Trump's team may walk away

Apr 24, 2025 05:30 AM



Not bad for Vlad

FOR A MAN who promised to end the war in Ukraine within a day of taking office, Donald Trump has been taking his time. His first hundred days expire next week and have so far failed to produce even a short-term ceasefire, let alone a peace deal. Instead, as his vice-president, J.D. Vance, warned on April 23rd, he seems to be preparing to "walk away" from a process that has turned out to be as hard as everyone, apart from Mr Trump and his team, had predicted.

America has been hawking around Europe proposals that would reward Russia's aggression against Ukraine with formal recognition of its illegal annexation of Crimea in 2014, a promise that Ukraine will never be allowed to join NATO, and an end to the sanctions imposed on Russia after the

invasions of 2014 and 2022. In return, America is neither offering to provide Ukraine with security guarantees, nor to help with any other such guarantees the Europeans might offer. Nor is there any sign that America is proposing to make its sanctions relief conditional on continued Russian good behaviour. But Ukraine would get an end to the fighting along current lines, at least for as long as Vladimir Putin manages to keep his word.

Read more of our recent coverage of the Ukraine war

The best that can be said for the American plan is that it fails to give Mr Putin everything he wants. There is no formal recognition of his annexation in 2022 of the four provinces in south-eastern Ukraine that Russia now partially occupies. And there is, according to leaked reports, no acceptance of Russian demands that caps be placed on Ukraine's armed forces after any peace agreement comes into effect.

So far, no one has endorsed the American proposals. Ukraine's president, Volodymyr Zelensky, said his country will never formally recognise Russia's seizure of Crimea, prompting Mr Trump to call him "inflammatory". But Russia has not yet accepted the plan either: Mr Trump's envoy, Steve Witkoff, will visit Moscow soon to try and get Mr Putin's assent to it. European countries have been publicly silent, but will not want to undercut Ukraine.

The big question is what happens next. If Mr Trump does walk away, will he end arms supplies to Ukraine? Will he end intelligence-sharing? Will he unilaterally lift sanctions? Perhaps most vital, will he at least let Europe buy crucial weapons from America, especially Patriot air-defence systems, to give to Ukraine? As so often, no one has a clue. ■

To stay on top of the biggest European stories, sign up to Café Europa, our weekly subscriber-only newsletter.

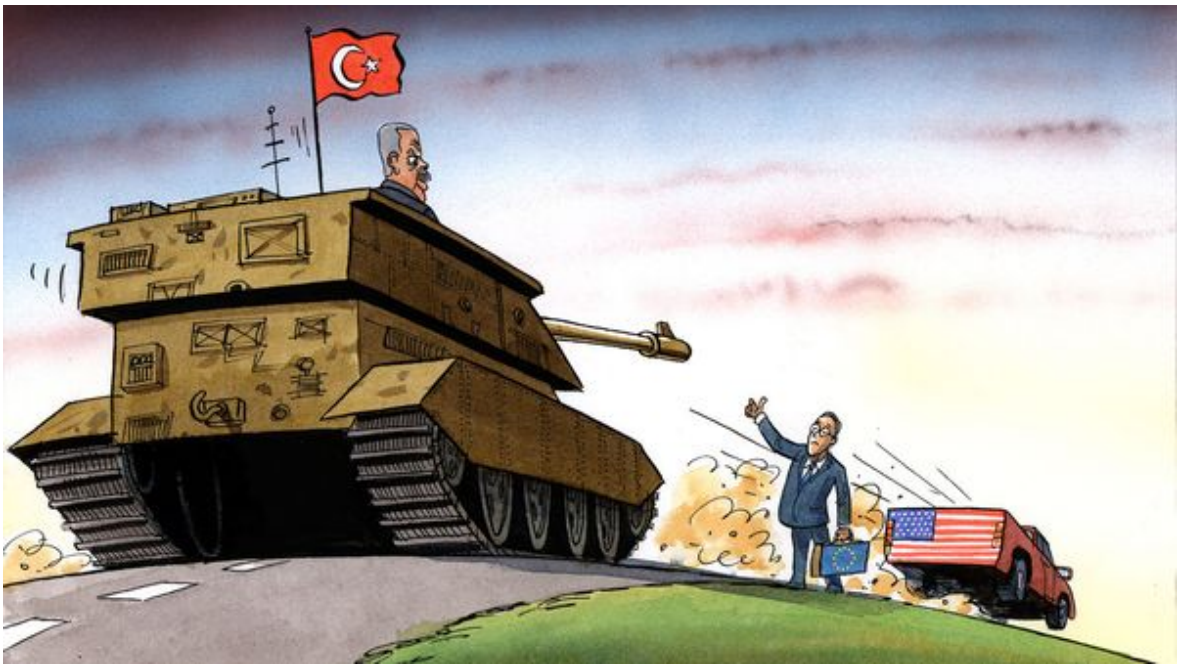
This article was downloaded by **calibre** from https://www.economist.com/europe/2025/04/24/america-is-selling-a-ukraine-peace-plan-no-one-is-buying-yet

Charlemagne

Europe’s reluctant reset with Turkey

President Erdogan’s top challenger is behind bars. Europe has bigger fish to fry

Apr 24, 2025 05:22 AM



AMERICA IS WITHDRAWING. The threat from Russia is mounting. Ukraine is on the defensive. Despite pledges of new spending, arms production remains too low for comfort. Fear not, Europeans. Recep Tayyip Erdogan has your back. “It has become clear once again”, Turkey’s president and Europe’s prospective saviour said on April 11th, “that European security is unthinkable without Turkey.” Mr Erdogan is often given to bombast, and to casting Turkey as a dynamic regional power, with Europe as an anaemic has-been, so you could be forgiven for not buying his line wholesale. Besides, Turkey’s economy is in a deep funk, and for a country widely seen as a military behemoth, the $24bn (or 2.1% of GDP) Turkey shelled out on defence last year was only a quarter of Germany’s spending. Even so, Turkey’s strongman is not too far off the mark. On security co-operation, rearmament and Ukraine, Europe needs Turkey’s help more than ever.

On defence, Turkey gets plenty of bang for the buck. The country's arms industry has been booming. Armoured vehicles, attack and surveillance drones, warships, small arms and munitions are flying off Turkish assembly lines. Despite delays, Turkey's battle tank, the Altay, and stealth fighter jet, the Kaan, are expected to enter service by the end of the decade. Interest in doing business with Turkey has perked up across Europe. Baykar, a Turkish dronemaker, recently signed a joint-venture deal with Leonardo, an Italian defence giant, a move that could help the company grab a bigger slice of Europe's UAV market. And there is room for plenty more. Turkey has the industrial base needed to meet at least some of Europe's demand for ammunition. Its army has the muscle and experience Europe needs to build up its security architecture, whether inside or outside NATO. Other than Ukraine's, no army in Europe is as big as Turkey's, with some 400,000 active troops.

Europe is also counting on Mr Erdogan's help in Ukraine. Turkey has offered to send troops there as part of a bigger peacekeeping force in the event of a ceasefire. Given Turkey's record of countering Russia, notably in Syria and Libya, that is not an offer to sneeze at. Turkey is even more interested in the Black Sea, where it would want to avoid a naval build-up, either by Russia or NATO, at the end of the war over Ukraine. "They are determined to take the lead" in any maritime peace force, says a Western diplomat.

For Turkey, co-operation with Europe, both in defence and in Ukraine, makes plenty of sense. Turkish companies would jump at the chance to tap into some of the hundreds of billions in defence spending the EU hopes to unlock over the next four years. Boots on the ground in Ukraine could also make for good business. Turkey is already a leading investor in Ukraine. Mr Erdogan assumes, correctly, that Turkish peacekeepers would pave the way for Turkish contractors.

Turkey under Mr Erdogan has been something of a loose cannon within NATO. The country held up Finland's and Sweden's accession to the alliance, blocked NATO defence plans for Poland and the Baltics, and has attacked American-backed Kurdish insurgents in Syria. In Ukraine, Turkey has been opportunistic, providing one side with drones and corvettes, but taking advantage of Western sanctions, which it has refused to apply, to

boost trade with the other. But what a difference three months of MAGA can make. Turkey has not changed. Everything else has. Suddenly, compared with Donald Trump's America, Turkey comes off as a dependable ally.

There is just one catch. On key democratic indicators, like civil liberties, the rule of law and press freedoms, Turkey is moving further from Europe and closer to the likes of Turkmenistan. A new low came in March, when Turkey arrested Ekrem Imamoglu, the opposition's candidate in the next presidential elections, and dozens of his associates. When young Turks took to the streets in response, hundreds of them were locked up as well.

What's a little repression among friends?

Luckily for Mr Erdogan, the European Union (EU) has no intention of letting the latest crackdown get in the way of its new security-first outreach to Turkey. The arrests "give rise to questions" about the state of the country's democracy, the bloc said on March 19th. Curious to hear if the EU had since come up with answers to those questions, Charlemagne spent much of last week putting them to European diplomats. The sense he got was that Mr Imamoglu's arrest was less of an obstacle to co-operation, on defence and Ukraine, than a mere nuisance. The only evidence to the contrary came on April 17th, in the form of reports that Germany had blocked the sale of dozens of Eurofighter jets to Turkey, a deal previously backed by Britain, Italy and Spain. The incoming German administration could well reverse that decision anyway.

Since the end of the cold war, the EU and Turkey have spent decades talking past one another. Turkish leaders, most recently Mr Erdogan, have argued that the country's strategic role, as a gatekeeper to the Middle East, the Black Sea and the Caucasus, should be enough to earn it a place in the bloc. Europe insisted on poring over Turkey's human-rights and rule-of-law records. That dialogue of the deaf meant that Turkey's accession talks with the EU, which stalled almost as soon as they started, in 2005, were doomed from the outset.

Relations jumped tracks in 2016, at the height of Europe's immigrant crisis, when the EU agreed to pay Turkey billions of euros to keep millions of desperate Syrians and Afghans on its side of the Aegean. Today, as concerns

about refugees give way to worries about Russia, Europe has become almost fluent in Erdoganese. Turkey's membership bid remains in the deep freeze. Norms are out. Interests are in. That is good news for Ukraine and for Europe's defence—but not for Turkey's democracy. ■

Subscribers to The Economist can sign up to our Opinion newsletter, which brings together the best of our leaders, columns, guest essays and reader correspondence.

This article was downloaded by **calibre** from https://www.economist.com/europe/2025/04/24/europes-reluctant-reset-with-turkey

Britain

- Nigel Farage leads a movement that is hungrier and better organised
- Ice cream and immigration at the Farage show
- Can a six-year-old startup revive the world's oldest Sunday newspaper?
- Why Britain's police forces have taken to cultivating cannabis
- Donald Trump's antics mean new boldness is needed in UK-EU links
- Britain's 20-20-20-20 vision

Nigel's world

Nigel Farage leads a movement that is hungrier and better organised

Could Reform UK take over Britain's right?

Apr 24, 2025 06:33 AM | Newton Aycliffe



A DECADE AGO, gatherings of the UK Independence Party resembled a church bazaar. From trestle tables, members hawked home-made calendars, advertised caucuses ("Christian Soldiers for UKIP") and proffered fruitcake, a nod to the epithet David Cameron, then the prime minister, had given them. A vitriolic view of the European Union combined with self-deprecating eccentricity. Few imagined that those hobbyists, and their unconventional, tweed-clad leader, Nigel Farage, would soon achieve their dream of wrenching Britain from the EU.

Contrast that with the rally thrown last month by Reform UK, the party Mr Farage now leads, in a vast music venue in central Birmingham. It was to mark the launch of his campaign for council and mayoral elections, taking

place in parts of England on May 1st, but it owed more to WWE wrestling than local government. The floor of the arena had been transformed into a run-down high street; Mr Farage emerged on a mechanical digger to thundering music and dizzying lights; after, he peppered the euphoric crowd with a T-shirt gun.

Grasping the difference between UKIP and Reform is necessary to understand the sweeping changes coursing through British politics. *The Economist* has followed Mr Farage's campaign across England in recent months. This reveals a party that—though embryonic—is more popular and better organised than its predecessors. Mr Farage, the man who arguably has done more than any other to change Britain this century, is emerging as a harder, more disciplined, more effective figure. And he is embarking on a venture which may be even more consequential.

UKIP and after it the Brexit Party (as Reform's legal entity was originally known) operated as wedges: by threatening to split the Conservative vote, Mr Farage drove the Tories first into a referendum on Europe, and then into a hard form of Brexit. Reform's objective is bigger: not to harass the Tories, but to replace them as the dominant party of the British right. "It's a takeover," Mr Farage says flatly, on the sidelines of a rally in Trowbridge, Wiltshire. "The Conservatives are gone; just irrelevant. This is a new force." He is introduced on stage as Britain's next prime minister. Zia Yusuf, Reform's chairman, claims the party will secure a governing majority with 350-400 MPs at the next general election.

As with Donald Trump's second term, a more professional campaign does not necessarily mean a moderate agenda for office. Reform's platform reflects a membership that is Thatcherite but many of its voters are working-class, big-state interventionists. It fuses Mr Farage's fixation on immigration with the appetite for tax cuts of Liz Truss (briefly a Tory prime minister) and the industrial policy of Jeremy Corbyn (a former Labour Party leader).

Mr Farage promises to deliver a "net zero" migration policy, and to leave the European Convention on Human Rights to speed up deportations. He intends to hike the threshold at which income tax is paid from £12,570 ($16,700) to £20,000 a year, abolish inheritance taxes and scrap emissions-reduction policies. But he also promises to restore fuel subsidies to

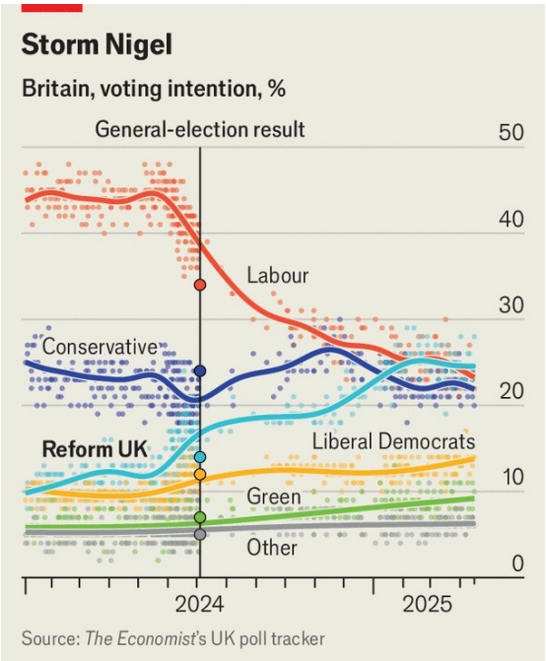
pensioners, nationalise the water and steel sectors, and talks of how the "big corporate world" is hurting the little guy. "Investors and operators, take note," declared Richard Tice, the deputy leader, revealing a NIMBY-pleasing scheme to ban electricity firms from paying dividends until they ripped down unsightly pylons.

In truth, though, Mr Farage has never been one for policy small print. Detailed plans for the first month of government would wait until a year to 18 months before the election, he says, although he promises to learn from Mr Trump's more ruthless second term. "When Trump went [into the White House] in 2017, they didn't know what to do, right? This time, they do."

Another inspiration is Giorgia Meloni, Italy's prime minister, who took the Brothers of Italy from the radical-right fringe to power. She has proved to be stable, he says, while turning the dial on social issues rightwards. "Everyone said, 'Oh my god, Mussolini is back.' Far from it," says Mr Farage. "The immigration fight she's embarked upon is pretty full-on."

Hold on a second

Talk of a government majority might seem heady, perhaps even delusional: the equivalent of a Sunday jogger going for Olympic gold. Mr Farage took eight attempts to enter Parliament. The party has just four of Britain's 650 MPs. A fifth, Rupert Lowe, was suspended after a toxic row with Mr Farage, a debilitating pattern that recurred through the UKIP years. Yet Reform is polling at a sustained level far ahead of its predecessors. Our poll tracker places it narrowly in first place, at 25% (see chart). Under Britain's antiquated first-past-the-post electoral system, small shifts in support can produce radically different outcomes. With a uniform national swing, winning an extra 2% of voters at the expense of the Tories would increase Reform's notional tally of around 234 MPs by a further 63.



While Reform poses a strategic threat to Labour, it is existential for the Tories, says Rob Ford of the University of Manchester. They risk a collapse, he reckons, akin to the old Liberal Party in the 1920s, which was displaced by the emergent Labour Party. Some 25% of those who voted for Boris Johnson in 2019 switched to Reform five years later, driving the Tories to their worst defeat since 1832 (whereas just 10% moved to Labour). Out of power, and under Kemi Badenoch's rather academic approach to leadership, the party is unravelling further: another 17% of the 2024 Tory vote has shifted to Reform, compared with only 4% of Labour's support, according to YouGov, a pollster. Tory voters are also far more likely to say Reform is "strong" or "cares about ordinary people".

Two factors seem to be propelling the surge. With the Conservatives out of power, Mr Farage casts Reform as the more energetic alternative to an unpopular Labour government in a system that favours two-party competition. If that logic took hold among more Tory donors and members, he could generate meaningful momentum.



Hail the man of the people

The second is immigration, which Reform voters are far more likely than the electorate at large to cite as their top priority. Net migration to Britain has been well above long-term trends since 2021—and Mr Farage is willing to advocate radical policies that Ms Badenoch will not.

The deeper you dig into the general election of 2024, the worse the news gets for the Tories. First, Reform may be hard to dislodge: there is a "remarkable continuity" in the places that voted most heavily for UKIP in 2015, for Brexit in 2016 and then for Reform in 2024, argues a recent paper by Oliver Heath of Royal Holloway, University of London and colleagues. As its polling has improved, it has entrenched its support with older, white, working-class and Eurosceptic voters.

The new Nigel

Second, a lack of co-ordination has hampered the right. Left-leaning voters readily backed the Labour, Liberal Democrat or Green candidates best-placed to win, show Marta Miori and Jane Green of Nuffield College, Oxford in another paper. But there was little such tactical voting between the Tories and Reform: of the 244 seats the Tories lost, in 171 the Reform vote was bigger than the margin of defeat.

Mr Farage left UKIP convinced he needed a tight grip on any party if it was to succeed. Reform is a far slicker operation, for which he credits Mr Yusuf, a 38-year-old former Merrill Lynch banker who made a fortune founding a luxury concierge app. The party is reckoned to be contesting 99.3% of possible council seats, more than any party, whereas UKIP fielded candidates in just 50% of seats in 2016. Mr Farage is courting Tory donors: some, he says, see him as the last throw of the dice for a nation in decline. Once aides lounged about in tweeds and the tie of the Gadfly Club, UKIP's dining society. Now a new generation in sharp blue suits scurry about, checking their watches. Mr Lowe's exit appeared chaotic; it also reflects Mr Farage's control. No voters in Doncaster had even heard of Mr Lowe, he boasts.

And though he denies it, Mr Farage has changed too. The old jaunty "Carry On" routine has given way to something harder, less jovial and more irritable. He says he will take power so often, and with such force, that it is probable he believes it. At a recent lunch he complained of Parliament's antiquated working practices. All that would change, he said, when his people were in charge.

At his rallies the raspy, staccato oratory, delivered without notes, is the same —the product of a 50-year apprenticeship that leads from the debating society at Dulwich College through near-empty meeting rooms in the mid-1990s to the European Parliament. But there is a new imperious air. Emerging at the back of the hall in Doncaster to rapturous applause, he stands straight and unsmiling, surrounded by bodyguards. What goes through his mind? At first he deflects. "A lot of people have put their faith in me. That's the brutal truth of it," he says. "People want leadership. People want someone to look up to," he adds, "Humans always have, they always will." This is not the old Farage.

Revenge of the fruitcakes

The result is a growing caucus of Conservative figures now calling for a "unite the right" pact, which would seek to carve up the electoral map with Reform and spare the Tories from destruction. It marks the collapse of a 15-year strategy of seeking to contain Mr Farage by outbidding him on Europe and immigration. Ms Badenoch insists there can be no business with a man

who wants to destroy the Tories. But pressure may surge if Reform excels on May 1st. It is an ideally designed contest: swathes of provincial and rural England where the Tories have historically been strong are voting, including the Brexit-leaning regions of East Yorkshire, Lincolnshire and Kent. Many last voted in 2021, when Mr Johnson was at his zenith.

What would be in it for Mr Farage? There is little logic to a deal while Reform's polling is ascendant. ("Kill us off early—do they think we are stupid?" asks one confidant.) Any pact hinges on whether, on the eve of the general election, he concludes his prospects of winning seats are more secure with a deal. He may go it alone in search of a majority—and enter a coalition with the Tories if falling short. But in either case, he may well before long be among the most powerful people in Britain. ■

For more expert analysis of the biggest stories in Britain, sign up to Blighty, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/britain/2025/04/24/nigel-farage-leads-a-movement-that-is-hungrier-and-better-organised

Inside the rally

Ice cream and immigration at the Farage show

The leader of Reform UK has resurrected an old form of politics

Apr 24, 2025 05:22 AM | Birmingham, Doncaster and Lincolnshire



THERE'S A COMMON trope that Nigel Farage's followers are angry. "A howl of rage" was how one American magazine described Brexit. Or as a British commentator recently said of Mr Farage: "He provides a spittoon for the angry voter to gob their fury into."

But his campaign events run on another emotion: not fury, but euphoria. "Warm glow, that's the best way to describe it," says Alan Gray, a 78-year-old retired engineer, emerging from Mr Farage's speech at a racecourse in Doncaster on March 25th. "It's like a family, and everyone's reading a book and we're on the same page." An incursion of hecklers, who called Mr Farage a racist, only added to the lunchtime entertainment.

A few days later, Jill Nancekievill, with a smart anorak and neat grey hair, has the giddy beam of a teenager fresh from their first Taylor Swift gig. “It bound us all together, young people, old people like me,” she says, after three hours of speeches and razmatazz in an arena in Birmingham. She is convinced that Reform UK will form the next government, thanks to Mr Farage. “There was something in the air,” agrees Peter, a 30-year-old actor. “Maybe love.”

For a disruptor, Mr Farage’s campaign methods are old-fashioned: he books a hall, sells tickets and gives a speech to anyone who turns up. It is a form of politics that prevailed from the age of William Hogarth to Harold Wilson. In their heyday statesmen such as William Gladstone and Stanley Baldwin would address crowds of tens of thousands. “It was an apprenticeship that politicians would go through to prove they had the mettle,” says Jon Lawrence, the author of “Electing Our Masters”. But it petered out in the 1970s, as strategists concluded that televised addresses and door-step canvassing were a surer path to victory.

“The bar is open. It’s a night out,” says Mr Farage, shortly before addressing around 800 people gathered at an agricultural showground in Lincolnshire. The goal is to give people a good time, make them think, and create a buzz afterwards, he adds. “The conventional political parties thought the public meeting was dead. They can’t do it.” He has learned from watching Donald Trump’s rallies, say colleagues. But he’s been rehearsing it since the mid-1990s.

Other tropes are tested. One is that Mr Farage’s followers are an underclass of the “left behind”. Yet though Reform does best in poorer areas, many at his rallies are solidly middle-class: retired pharmacists, ex-engineers and former naval officers. Many are erstwhile Tories, some in tweed jackets and Barbour coats. When out canvassing, says a party figure, the most promising houses have manicured lawns.

Another trope is that curbing Reform’s rise means tackling material concerns: creating industrial jobs or fixing up high streets. But the issues rally-goers want to talk about above all are immigration, integration and Islam. In Birmingham, the crowd truly erupts when Mr Farage promises to

deport all irregular migrants and foreign criminals. “Send them back!” several chant.

Some attendees feel the meeting is a place where they can air their concerns without fear of rebuke. “It’s nice when you’re surrounded by people of a like mind and you think, oh, it’s not just me,” says Steve Lambert, a new Reform member, eating an ice cream before the show begins in Birmingham. He complains that too few immigrants to Britain want to learn about the country’s culture. “You get a little bit of a lift.” ■

For more expert analysis of the biggest stories in Britain, sign up to Blighty, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/britain/2025/04/24/ice-cream-and-immigration-at-the-farage-show

Stop press

Can a six-year-old startup revive the world's oldest Sunday newspaper?

Tortoise Media plans to give the Observer a rapid digital makeover

Apr 24, 2025 05:23 AM



AFTER 233 YEARS in print, the *Observer* is set to branch out into a novel medium: the internet. The world's oldest Sunday newspaper was acquired this week by Tortoise Media, a six-year-old startup that hopes to reinvigorate the reportedly loss-making title. It will start by providing it with a website. As the paper's new owner yanks the business out of the 18th century and into the 21st, the deal offers a snapshot of how the news industry is changing.

Tortoise's leaders had expected a warm welcome when they approached the *Observer*'s owner, Scott Trust Limited, last year with an offer to buy the title and spend £25m ($33m) on a digital makeover. Instead they met a revolt. Staff at the *Observer* and its sister title, the *Guardian*, went on strike. Six

former *Observer* editors wrote to the Scott Trust to object. About half the paper's staff have taken voluntary severance rather than join the new team, according to *Press Gazette*, a trade title.

They worry that Tortoise has nibbled off more than it can chew. Its "slow journalism", led by James Harding, a former editor of the *Times* and BBC News, has produced some scoops, but it has not found commercial success. Realising that readers were bored by its long pieces, Tortoise pivoted to podcasts and events. Its latest accounts show that its losses narrowed from £4.6m in 2022 to £2.9m in 2023. In its short life it has burned through more than £20m from its financial backers, who include the Thomson family, majority owners of the Thomson Reuters news business.

For *Observer* staff used to the safety net of the Scott Trust, which has an endowment of £1.3bn and a mission to protect liberal journalism, these numbers are alarming. But the alternative posed its own risks. The Trust rescued the *Observer* in 1993 when a rival paper, the *Independent on Sunday*, planned to acquire and perhaps close it. The Trust kept the *Observer* alive, but neglected it. The paper lost its foreign, business and sports departments, relying on *Guardian* writers to fill those pages. In the past 15 years its editorial staff has fallen from about 170 to around 75, Tortoise says.

Online it has been invisible. Like many titles, the *Observer* has seen its print circulation collapse, from around 500,000 in 1993 to barely 100,000 today. But whereas most newspapers have set up shop online, the *Observer*'s content has been published on the *Guardian*'s site. There, readers can find conflicting stories about everything from the Iraq war (good idea, said the *Observer*; bad, said the *Guardian*) to Tilda Swinton's latest film (five stars from the *Guardian*; "catastrophically self-indulgent", according to the *Observer*).

The new site will go behind a paywall after a few months, in contrast to that of the *Guardian*, which relies on ads and donations. Mr Harding intends to focus less on breaking news and more on longer, "sense-making" pieces, including on culture, which will compete with political news for top billing. Tortoise brings experience in audio and events, as well as youth (more than half its staff are aged 25-34); the *Observer* brings a centuries-old brand and

loyal following among analogue folk. It is a “complex yet elegant” fit, argues Enders Analysis, a media-research firm.

Mr Harding has said he hopes to break even within three years, citing the *Atlantic*, an American monthly that went from loss to profit in a similar time frame. Perhaps the biggest obstacle to that is the print edition. As well as adding production costs, the weekly paper requires filler content of the sort that Mr Harding seems keen to drop. The *Observer*’s new owners have promised to keep it in print for at least five years. But eventually, the newspaper without a website may become a website without a newspaper.■

For more expert analysis of the biggest stories in Britain, sign up to Blighty, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/britain/2025/04/24/can-a-six-year-old-startup-revive-the-worlds-oldest-sunday-newspaper

Cannabis cops

Why Britain's police forces have taken to cultivating cannabis

An obscure legal argument has encouraged entrepreneurialism

Apr 24, 2025 05:22 AM | CHELMSFORD



Tackling high crime

"ALL WE CARE about is having the best-quality evidence," says Detective Chief Inspector Ian Hughes, sitting in a poky office with a smile on his face. He is explaining why Essex Police has invested thousands of pounds in the past three years in cultivating cannabis. Given the success of Mr Hughes's little operation, other forces may soon follow.

To grasp what he is up to, you need to know about the Proceeds of Crime Act of 2002. That law, known to British coppers as POCA, enables police forces to confiscate assets bought with illegal profits, such as houses or cars, and keep up to half of the money for themselves. In court, proving ill-gottenness is hard. But when it comes to drug seizures, forces can take the

street value of their haul from a dealer's other assets—to deter future misdeeds.

Authorities have become pukka at using POCA. Many now have specialist teams. Police wires light up with news of spectacular catches: gold watches, Ferraris, Surrey mansions. Over the past six years police forces have recovered around £300m ($400m) a year from criminals in this way. The money goes back into fighting crime, or funds community projects.

There was a hiccup, though. When the police bust a cannabis farm, they often seize plants that have yet to fully mature. That means the crop is still wet, weighs more and doesn't contain the concentrated THC that gets smokers high. Dealers with good lawyers were able to argue successfully against confiscation orders, claiming that plants were "mouldy", and therefore worthless, or that the yield had been estimated inaccurately.

This is where Mr Hughes's scheme comes in. When Essex Police busts a weed farm, it now nurtures and dries the plants it keeps for evidence, in a "bespoke facility". A team of six officers have learned to do it "just as well as the criminals", says Mr Hughes, ensuring they harvest as much as the dealers would have. It's a busy job: the team deals with around 1,000 busts each year. Last month a Colchester drug dealer was ordered to pay £53,000 or face prison.

Essex Police is not alone. Several other large forces are rumoured to be tending the herb. One is using a converted shipping container. Essex has adapted a portakabin with climate and temperature controls. The public can celebrate the spirit of entrepreneurialism or bemoan clumsy laws that divert the police into pointless pot-cultivation. Or, perhaps, do both.

Asked for a tour, Mr Hughes demurs, though he does say the facility and incinerator are located securely, next to an armed police unit, lest anyone get ideas. Connoisseurs might lament all that lovely crop going up in smoke. For Mr Hughes, however, the whole scheme gives quite a high. ■

For more expert analysis of the biggest stories in Britain, sign up to Blighty, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/britain/2025/04/24/why-britains-police-forces-have-taken-to-cultivating-cannabis

| Section menu | Main menu |

Reset moment

Donald Trump’s antics mean new boldness is needed in UK-EU links

From trade to defence, both Britain and the European Union must reset their ambitions for their relationship

Apr 24, 2025 05:22 AM



THE PACE of geopolitical change seems more hectic by the week. For Britain, one effect ought to be a new emphasis on stronger links with the European Union. A planned UK-EU summit in London on May 19th is an important chance to start improving post-Brexit relations. Vladimir Putin’s war in Ukraine and, especially, Donald Trump’s recent antics on tariffs and his startling revisionism on Russia have injected new urgency into Europe’s need to bolster its own security. That is likely eventually to bring Britain and the EU closer together—but there are some obstacles along the way.

The place to start is European defence. Mr Trump has made clear his doubts about NATO, and particularly what he sees as Europe’s meagre contribution

to it. American presidents have for decades demanded that Europeans do more to defend themselves. Now at last Europe is responding with a degree of seriousness.

Germany and Poland are leading the way, but Britain and France, the traditional European defence heavyweights, also promise to spend more. If it comes to shouldering more responsibility, where America can no longer be relied upon, Sir Keir Starmer has been a prominent voice in a "coalition of the willing" that takes in most EU members, plus Norway, Ukraine and even Australia and Japan. The EU plans a new European defence instrument to lend up to €150bn ($170bn) to members, alongside a European defence-industry programme. There is even talk of an EU bond issue to raise defence funds.

Some countries, notably France, have tried to restrict EU-level defence spending to EU members alone, in the name of what President Emmanuel Macron calls strategic autonomy. But Charles Grant, of the Centre for European Reform, a think-tank, says France is losing this argument, because Germany, Italy and most eastern EU members think building stronger European defence without Britain would make no sense. The new deal will instead allow any country that signs a security-and-defence agreement with the EU, and is willing to pay its share, to draw on EU funds. Just such an agreement looks probable on May 19th—though Spanish objections over Gibraltar and French demands that Britain first roll over its current fisheries quotas could yet delay it.

The bigger question is whether progress to include Britain in EU defence plans could speed up a broader reset of economic and trade relations. Sir Keir wants to start with a veterinary deal to eliminate most barriers to food trade. The EU would like a youth-mobility (now relabelled "experience") scheme, and hopes Britain might rejoin the Erasmus system of student exchanges. Both sides see benefits from closer energy co-operation, especially in electricity. And the existing trade and co-operation agreement (TCA) sets several deadlines for future talks, including extending fisheries quotas and agreeing upon similar emissions-trading systems, both due next year.

First defence, then trade?

So far, the signals on both sides do not suggest that closer security relations will do much to boost a bolder reset. The European Commission still bears scars from the long Brexit negotiations, is broadly happy with the TCA as it is and remains wary of British efforts to "cherry-pick" access to its single market without accepting the four freedoms of movement of goods, services, capital and people. For his part, Sir Keir remains nervous of losing red-wall pro-Brexit voters to Nigel Farage's Reform UK. Never mind that public opinion has shifted: a recent poll for Best of Britain, a pro-EU lobby group, found 53% of respondents saying closer relations with the EU would be positive, against 13% saying they would be negative. Regardless, Sir Keir is sticking to his red lines of no single market, no customs union and no free movement of people, which will limit the scope of any reset.

Mr Trump's erratic behaviour may also complicate hopes for a broader EU-UK deal. He is a fan of Brexit and loathes the EU, which he claims was set up to screw America. Sir Keir likes to maintain that Britain has no need to choose between America and Europe. He also hopes to strike a trade deal with the United States, which voices in the White House suggest might happen within weeks. Yet any such deal is unlikely to scrap Mr Trump's baseline 10% tariff. And because the Americans may insist on greater access for their farm produce, it could also kybosh a veterinary agreement with the EU. Britain may hope for a more limited deal just to lower tariffs on cars, aluminium and steel, but even that may prove tricky to agree.

Some on the right think Britain should also follow Mr Trump's America down a deeper deregulatory track. Yet the EU market matters far more than the American one. That is why most British exporting businesses would prefer the benefits of dynamic alignment with European rules, as Joel Reland of UK in a Changing Europe, another think-tank, notes in a forthcoming report. Sir Simon Fraser, a former head of the Foreign Office, argues that, although Sir Keir's tactical handling of Mr Trump has been quite successful, he risks missing the strategic shift that is pushing Britain's longer-term interests closer to Europe.

The EU may be making a similar mistake. Bilateral relations between EU leaders and Sir Keir have become warmer, especially with Mr Macron, and this should continue with the new German chancellor, Friedrich Merz. Sir Keir is the most overtly pro-European prime minister since Sir Tony Blair.

Yet the EU's insistence on full acceptance of the four freedoms and all EU rules in exchange for fuller access to the single market has become too theological.

It has just agreed on a deal with Switzerland that, in effect, allows partial membership of the single market for goods alone. Northern Ireland is similarly in the single market without meeting all its conditions. Sir Julian King, the last British European commissioner before Brexit, notes that Brussels is often more generous to would-be members to its east (including Ukraine) than it is to Britain. That makes little sense strategically.

If Britain and Europe are to devise their best response to Mr Trump, they badly need to come together. That will require more ambition on the British side and more flexibility on the EU side. Next month's summit should be a golden opportunity for Europe's political leaders to begin stepping up to this challenge. ■

For more expert analysis of the biggest stories in Britain, sign up to Blighty, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/britain/2025/04/24/donald-trumps-antics-mean-new-boldness-is-needed-in-uk-eu-links

Bagehot

Britain’s 20-20-20-20 vision

What happens if politics becomes a four-way fight

Apr 24, 2025 05:22 AM



A SLEEK PORSCHE TAYCAN hums into Bransholme, an enormous, grey council estate in Hull. In it is Luke Campbell, a former boxer who won gold at the London 2012 Olympics and, as of eight weeks ago, Reform UK’s candidate for mayor of Hull and East Yorkshire, a new position atop a region of 600,000 people and just under 1,000 square miles.

Mr Campbell happily admits he is a novice. He decided to enter politics only in February. Even so, he is probably the favourite. People recognise him; he is comfortable enough chatting to voters. Possibly too comfortable. At one point Mr Campbell cheerily invites a pair of voters to watch a Hull City game with him (“Can I take your details? I have a box there”), forgetting that England has electoral laws preventing those kinds of offers.

A former boxer hurtling around the East Riding of Yorkshire in a Porsche, offering free (potentially illegal) football tickets, is just one symptom of the strange place British politics finds itself in. In national polls, Labour and the Conservatives are stuck a bit ahead of the 20-point mark, alongside Nigel Farage's upstart party. Slowly gaining ground beneath them are the Liberal Democrats. British politics is heading towards a place it was never designed to go, with a fractured four-way split. Call it 20-20-20-20 vision.

If you want to see a broken electoral system in action, the Hull and East Yorkshire contest is the perfect place to start. Every major party thinks it has a chance and first-past-the-post means every party is right. Reform is confident. The whole patch, which runs from the Humber to the edge of North Yorkshire, is Brexit country. It is, says Mr Campbell, "left behind". Left behind? Beverley, the beautiful county town eight miles north of Hull's city centre, does not feel left behind. A three-bedroom house a short walk from its minster can cost north of £600,000 ($800,000). The Conservatives held onto all three of their seats in the East Riding, where most of the voters live.

Still, Hull is a Liberal Democrat kind of place: a little isolated, a little strange. Its remaining telephone boxes are cream, from when the city spurned the Post Office and ran its own network. The city council has been controlled by the Liberal Democrats for three years. But the city has long been Labour territory. In the later years of Sir Tony Blair's Labour government, the city boasted more cabinet ministers (two) than London (one). The party won all the city's seats at the last election. Only the Greens ("The girl with the tattoos? No chance," said one voter, rightly) and the Yorkshire Party, an odd party for odd people, are the true no-hopers.

Cramming these preferences into Britain's first-past-the-post electoral system has ugly results. Bluntly, it is built for two dominant parties; it is not designed to handle three or four parties all polling roughly similarly. When politics becomes a game of creeping towards 20-something rather than 40-something, once unviable strategies can work. Celebrity candidates, such as Mr Campbell, have historically struggled in British politics, for the simple reason they are not always particularly well-qualified. On camera or in hustings, Mr Campbell is often visibly nervous. "I'm never going to win the

debates," he admits. No matter. The bar for winning is now so low that name recognition alone may suffice.

Cynical strategies that were once enough to win a council here or there become enough to win more broadly. Since so few vote in these elections, turnout is key. In Garden Village, a middle-class suburban oasis in a city that otherwise lacks them, Lib Dem activists knock only on the doors of likely supporters. Under the previous mayoral system—scrapped by the Tories in 2021—parties had to fight for second-preference votes, with run-offs until one candidate won 50%. Now a diehard few will suffice.

Tactical voting, the grease that keeps British democracy turning, becomes close to impossible. In Hull, no one has a clue who is on top. Leaflet deliverers tut at the foolish predictions of their rivals, like plumbers wincing at the last guy's handiwork. 20-20-20-20 vision leaves politicos blind. If those doing the campaigning have little idea, what chance have voters? In a two-party system, it is simple to vote against an unloved candidate; in a four-party system, it is hopeless. Voters are left second-guessing (or worse) what others will do.

Sir Keir Starmer, the prime minister, has long argued that British politics is broken. Fixing the electoral system that broke it is not on his to-do list. Changing how Britain votes is a niche concern. Only the Liberal Democrats and the Greens—an increasingly viable fifth party in Britain's already overcrowded system, albeit not in Hull—want to do it. Labour's leadership is unwilling to do electoral reform at a local level, never mind a national one.

Until recently, Reform was an advocate for a fairer system. Mr Campbell's personal ambivalence about first-past-the-post ("What's that?") is now matched by the party leadership's. When Mr Farage was a victim of Britain's unfair electoral system, he was keenly in favour of proportional representation. Now that polls suggest Mr Farage could win hundreds of seats, or even end up in Downing Street, he is less keen on change.

Never dull in Hull

In Hull and East Yorkshire, someone will win because someone must. Governing, however, will be harrowing. The region does not always play nicely together. A previous plan to expand Hull's boundaries to include its plush surrounding villages was rejected by 96.5% of voters. If the person overseeing this tricky meld enjoys the support of as few as one in four people, good luck to them. In a four-way fight, no one can truly win. Not even those expecting a day out in Mr Campbell's box at Hull's MKM Stadium. It was only a throwaway remark rather than a sincere offer, says Reform's spokesman. Perhaps Mr Campbell is a politician, after all. ■

Subscribers to The Economist can sign up to our Opinion newsletter, which brings together the best of our leaders, columns, guest essays and reader correspondence.

This article was downloaded by **calibre** from https://www.economist.com/britain/2025/04/23/britains-20-20-20-20-vision

International

- **Trump’s red-hot war on terror**
- **Learning to love the cluster bomb**
- **The coming struggle to choose the next pope**
- **The ugly task of Putin-proofing your border**

American air strikes

Trump’s red-hot war on terror

The number of strikes against jihadists is rising. Is it 2001 all over again?

Apr 24, 2025 05:33 AM



“PRESIDENT TRUMP looked up from the Resolute desk and said: Kill them,” recounted Sebastian Gorka, America’s new counter-terrorism chief, of Donald Trump’s orders just ten days after his inauguration, when presented with intelligence of Islamic State (IS) jihadists in a cave complex in Somalia. “He got out his iconic Sharpie pen and ticked the ‘go’ box on the operational orders.”



Since returning to office in January, Mr Trump has revved up the "war on terror". *The Economist* has examined American anti-terrorist strikes in four countries. In Somalia there have been at least 19 bombing raids over the past three months. That is more than the 11 the Biden administration conducted in the whole of 2024 and the highest rate since the first Trump term (see chart). In Yemen we reckon there have been strikes every day for the past 37 days against the Houthis, an Iranian-backed militia that has been attacking shipping in the Red Sea. In Iraq and Syria a wave of strikes has killed several jihadist leaders, although precise figures are hard to obtain.

Mr Trump promised to end "forever wars" and many in his administration want to shift troops and planes to Asia, winding down American activity in the Middle East, Africa and Europe. So what is driving the surge in air strikes? Part of the answer is the threat posed by jihadist groups, which continue to plot against America. But the operations also reveal the Trump administration's permissive view of using deadly power on non-state adversaries—from afar. That approach could be applied to others it labels as terrorists, including Latin America's narco-gangs.

Pete Hegseth, the secretary of defence, takes a hard line. "Africa is very much the front lines of a fight from Islamists," he said after assuming office. "We're not going to allow them to maintain a foothold, especially to try to

strike at America." As part of its plan, the administration has devolved authority to conduct strikes outside "active" war zones from the president or national security adviser to the combatant commands (the headquarters responsible for geographical areas, such as Africa).

That may have lowered the threshold for military action. "The previous administration was more risk-averse," says a military official. "We have [now] been cleared 'hot' to target and kill designated terrorists." Mr Hegseth has gutted the Pentagon's Civilian Harm Mitigation and Response Office. A veteran, he has railed against policies he says were "tying the hands of our warfighters". The administration is stuffed with former special-forces soldiers—such as Mike Waltz, the national security adviser—who harbour similar grievances against what they see as overly restrictive rules of engagement.

The administration believes its approach is justified by new threats. After spending almost two decades fighting jihadists in Iraq and Afghanistan, America has shifted away from boots on the ground. But terrorist groups are reconstituting in havens old and new. Spooks warn that al-Qaeda, which was behind the 9/11 attacks, and Islamic State, another jihadist group, continue to hatch plans to attack America.

They worry, in particular, about Somalia, where al-Shabab, an al-Qaeda affiliate, is thought to have 10,000-15,000 fighters. Its bases have become a staging ground for attacks abroad: a Kenyan jihadist trained and financed by al-Shabab was convicted in November in New York of planning a 9/11-style attack in America. The threat in the Horn of Africa bleeds into the Red Sea. America says al-Shabab is bolstering ties with the Houthis by swapping technological and operational know-how. On April 3rd the head of the US Africa Command told Congress the Houthis could now strike America's bases in Djibouti. Officials worry that, by working with al-Shabab, the Houthis may be able to inflict more pain on shipping or American troops. Underlining the threat, on April 16th America struck boats carrying "advanced conventional weapons" to al-Shabab.

"What I'm very worried about now is a resurgence of terrorism," explained Lieutenant General Dan Caine during his Senate confirmation hearing for chairman of the joint chiefs last month. "It doesn't take many terrorists to

create serious problems for this country." In Yemen the Biden administration focused on limited strikes against military sites and infrastructure. American forces are now hitting a wider range of targets. On April 17th they hit the oil terminal at Ras Isa in an attack Houthi officials claim killed 74 people.

It is not clear the new approach is achieving its goals. Counter-terrorism policy in Africa "lurches forward out of momentum, without any real will or consciousness", argues Michael Shurkin, a former CIA analyst and now head of Shurbros Global Strategies, a consultancy. The Houthis have withstood a decade of bombardment from Saudi Arabia, the United Arab Emirates and others. In the now-infamous group chat discussing battle plans against the militia, cabinet-level officials, including the vice-president, expressed misgivings about bombing Yemen.

Nonetheless, the new approach in Africa and the Middle East could be a taste of what is to come. On his first day in office Mr Trump issued an order designating drug cartels as terrorists. An assessment published in March by America's 18 intelligence agencies and overseen by Tulsi Gabbard, the director of national intelligence, elevated the threat of cartels over that of jihadists. A surge of spy-plane and drone activity has been reported around Mexico.

Some officials in the administration are trumpeting its more muscular approach. Mr Gorka has issued lanyards for his staff emblazoned with the letters WWFY & WWKY. The cryptic abbreviation is derived from Mr Trump's much-repeated warning to terrorists: "We will find you, and we will kill you." ■

Stay on top of our defence and international security coverage with The War Room, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/international/2025/04/22/trumps-red-hot-war-on-terror

Cluster-struck

Learning to love the cluster bomb

The once-banned weapons are making a comeback to deter Russia

Apr 24, 2025 05:23 AM



SIX YEARS ago the British Army's 3rd Division, the country's flagship fighting force, visited North Carolina for an exercise. It won battles thanks to strikes deep behind enemy lines. But those strikes used munitions that the British Army did not have and was barred, by treaty, from owning. Instead, a US Army corps, firing dual-purpose improved conventional munitions (DPICMs)—commonly known as cluster munitions—"saved the day time and again", recalled John Mead, then a brigadier. "They were, and are, a game-changer."

More than 124 countries, including Britain, have forsworn the production, transfer, stockpiling or use of cluster munitions. That is largely because the small bomblets that they release can linger on battlefields long after a war ends, posing a risk to civilians, and particularly to children. Sixteen countries, including America, China and Russia, as well as one-quarter of

NATO allies, have never signed the convention. Now Lithuania has become the first signatory to leave the pact.

Advocates of cluster munitions argue that they were repudiated at a time when it seemed unlikely that big powers would ever fight conventional wars again. Russia has overturned that assumption. After much hand-wringing, America gave DPICMs to Ukraine in 2023 to help parry Russian infantry assaults. The evidence from that battlefield suggests that they were four times more effective, per round, than conventional high-explosive shells. That is largely because bomblets can still destroy a target even if poor intelligence or last-minute jamming sends the round slightly astray.

This wide-area firepower is especially useful when trying to destroy multiple targets that are spread out over a wider area. A recent paper by the Royal United Services Institute (RUSI), a think-tank in London, notes that the munitions are "highly effective" against radar sites and electronic-warfare systems, both of which are likely to grow more common and more important on the front lines as part of anti-drone warfare. They are so much more effective, says RUSI, that any army which is short of firepower "should probably prioritise cluster munitions for its artillery".

Critics of such weapons say that they pose a grave danger to civilians. Cluster Munition Monitor, a report, says that more than 95% of people (whose status was recorded) killed and wounded by these bombs in 2022 were civilians. Children made up 71% of casualties. The International Committee of the Red Cross, a humanitarian group, points out that Bosnia-Herzegovina declared itself free from residual cluster munitions only two years ago, three decades after the end of the Bosnian war. "No state has ever denounced a global humanitarian treaty," it laments.

Military officers offer three retorts. One is that those statistics are often drawn from cases, such as civil wars, where combatants fail to record the location where the munitions were used. The second is that the dud rates of modern cluster bombs—the number of bomblets that remain unexploded—are thought to have fallen dramatically. (Opponents contest this claim; the precise numbers are classified.) The third is that Russia's use of cluster munitions ensures that they will contaminate any future European battlefield regardless of whether Lithuania or another NATO ally uses them.

The cluster-munition convention, like the Ottawa treaty barring landmines, was signed in a period when humanitarian protections took precedence over military utility. In an age where high-intensity warfare is relevant again, tactical considerations have returned to the fore. The war in Ukraine has shown that conventional firepower and infantry assaults still matter. Without cluster munitions and anti-personnel landmines, concludes another RUSI paper, European armed forces "risk lacking both the required lethality to fight effectively, and the ability to reduce enemy mobility sufficiently to allow that lethality to be brought to bear". Armed forces want to fight on an equal footing. Diplomats shudder at the consequences. ■

Stay on top of our defence and international security coverage with The War Room, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/international/2025/04/24/learning-to-love-the-cluster-bomb

Big decisions in the Vatican

The coming struggle to choose the next pope

A conclave of 135 cardinals may pick someone very different from Francis

Apr 24, 2025 05:23 AM | Rome



Of cardinal importance

THE DEATH of Pope Francis on April 21st came amid a tumult in international affairs, one in which the late pontiff had been expected to play an influential role. Two days after he suffered a fatal stroke, Francis's simple coffin was transferred from his modest quarters in the Vatican to the ornate interior of St Peter's Basilica. His funeral on April 26th was due to be attended by a constellation of world leaders, including President Donald Trump.

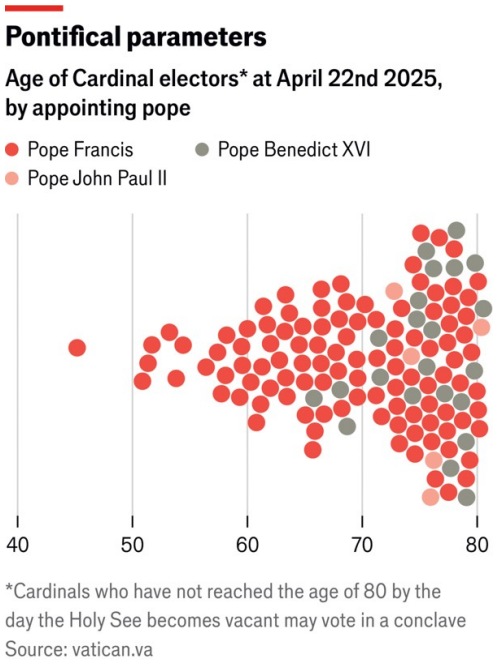
The pope's departure removes from the international scene a leader with vast soft power and a distinctly ambiguous view of Mr Trump's new administration. By no means all of the world's 1.4bn baptised Roman Catholics follow the guidance of their spiritual leader in temporal matters.

But even those who vehemently disagree with the opinions of a pope cannot ignore them.

His dissenters included Vice-President J.D. Vance, a late convert to Catholicism, who was the last distinguished visitor to speak to Francis before his death. The late pope had denounced the new administration's plans for the mass deportation of America's illegal immigrants as a "calamity". The pope was, in any case, no great admirer of the United States, or of unbridled capitalism. As a Latin American he had seen at close hand some of the less creditable aspects of American foreign policy.

More, perhaps, than any of his predecessors, he stressed that Catholic social teaching condemned not just Marxism, but also unchecked economic liberalism. His ideas on climate change were at odds with those of Mr Trump and his movement. "We must commit ourselves to...the protection of nature," he said last year. The reaction of conservative Americans ranged from dismay to outrage.

Where the late pontiff and Mr Trump did see eye to eye was on abortion and, to a more nuanced degree, on the need for an end to the conflicts in Ukraine and Gaza. But their areas of accord seemed unlikely to avert a collision of values and wills. On the contrary, on December 20th Mr Trump named Brian Burch, a hardline critic of Francis, as his envoy to the Holy See. The pope appeared to respond with the appointment of Cardinal Robert McElroy, an outspoken champion of immigrants, as archbishop of Washington, DC. The stage had been set for a clash.



That will not happen now, unless the cardinals charged with electing Francis's successor choose a man in the same mould. If they stick to the rulebook, the conclave—the assembly of cardinals that will elect the next pope—will open between May 6th and 10th. To an outsider it might seem inevitable that it will choose a progressive pontiff. All but 27 of the 135 cardinals who are entitled to vote were chosen by Francis (see chart). But papal elections, which Catholics believe are guided by the Almighty, produce surprises. Francis was chosen in 2013 by an electorate almost entirely composed of cardinals named by his two conservative predecessors.

There are several reasons why a liberal pontiff is not a foregone conclusion. Francis was plucked, in his own words after his election, from the "end of the Earth" and had a penchant for appointing as cardinals prelates from parts of the world a lot more peripheral than his native Argentina. The result is that many of the cardinal-electors do not know each other. They may therefore be more susceptible to the influence of a well-organised lobby. And there is no lobby in the higher reaches of the Catholic church better organised than the conservative American cardinals.

Not all of Francis's choices for the college of cardinals are progressives. In Africa liberal Catholic bishops and archbishops are scarce. In many cases the late pope had little choice but to appoint traditionalists. Their

conservatism may explain why Africa will be underrepresented. The continent's Catholic population accounts for about a fifth of the global total. Yet Africans will cast only one-eighth of the votes.

Another consideration is the way in which popes are chosen. Before the conclave the cardinals will hold several days of informal discussion, to give them time to get to know one another and to decide how many of them are *papabili* (popeable). The meeting is also to try to reach agreement on the main issue facing the church so it can be used as a criterion for selecting the next pope. It is often said that, had the cardinals agreed in 2005 that Catholicism's biggest challenge was the spread of Islam, they would have opted for Francis Arinze, a Nigerian cardinal. Instead, they decided it was the secularisation of Europe, and thus handed the job to a German, who became Benedict XVI.

Francis was elected to shake up the Vatican administration and to make it more responsive to the wider church. The intention was to bolster the authority and influence of assemblies of bishops meeting in the Vatican to discuss specific issues. The pontiff fulfilled the first of those missions in 2022 with the publication of a new Vatican constitution. But the second remains more of an aspiration than an achievement, largely because Francis was unwilling to yield when the assemblies, or synods, reached conclusions he did not share.

Reinforcing the powers of the synods could be seen as the main priority. But there are several other possibilities. One is the concern over the creeping secularisation of not just western Europe and North America, but also of Catholic eastern Europe and Latin America. That is due, in part at least, to another still-pressing issue: the continuing, debilitating effect of repeated scandals over the sexual abuse of young people by clergy. Another is the rise of China. That could argue for an Asian prelate. But it may be that, after Francis's relatively unconventional papacy, there is a desire for a leader who can reconcile the contending wings of the church. Whatever issue is chosen, it could even be that a particular conservative would be better suited to addressing it than any progressive—however *papabile* he may be. ■

This article was downloaded by **calibre** from https://www.economist.com/international/2025/04/21/the-coming-struggle-to-choose-the-next-pope

The Telegram

The ugly task of Putin-proofing your border

Russia's European neighbours hate landmines. They are installing them anyway

Apr 24, 2025 08:21 AM



THIS SPRING, the Lithuanian hamlet of Lavoriskes is tranquil. No traffic disturbs the country road that leads from the village to a nearby border checkpoint with Belarus, a client state of Russia. The loudest noise is birdsong.

The calm is misleading. Border communities like Lavoriskes would be on the front line, should Vladimir Putin test the West by attacking Estonia, Latvia or Lithuania: three Baltic republics that have land borders with Russia and a total population of just 6.1m. The trio endured decades of Soviet occupation before securing their independence after 1990. They all joined NATO and the European Union in 2004. Latvia and Lithuania also

have borders with Belarus, an autocratic backwater propped up by Mr Putin's regime that hosts troops and nuclear weapons from Russia.

The Baltic neighbours are hardening their borders. Their aim is to kill invaders. As small countries, "if we can't stop the Russians at the border, we can't withdraw somewhere else," observes Margarita Seselgyte, a professor at Vilnius University in Lithuania. Horrors would follow a Russian advance, she predicts, with civilian massacres to match the worst Russian crimes in Ukraine.

In March Lithuania left an international convention that outlaws cluster munitions. That treaty has been signed by more than 100 countries, though Russia never joined. Nor did neighbours including Estonia, Finland, Latvia, Poland and Ukraine. Cluster munitions scatter grenade-size bomblets over a wide area. They are brutally effective, but may maim and kill civilians for years when bomblets fail to explode. Also in March the three Baltic republics joined Poland in announcing their intention to withdraw from the Ottawa Convention. That treaty has since 1999 banned the stockpiling or use of anti-personnel landmines, again in the name of protecting civilians from explosives that lurk in the ground after conflicts end. In April Finland said that it would quit the Ottawa Convention, too. Its defence ministry called landmines simple weapons suitable for Finnish armed forces that rely heavily on conscripts to secure its border with Russia.

Hardening northern Europe's defences requires governments to take serious decisions. It also involves inspiring civilian populations with a sense of urgency about the threats that they face, for economic and personal trade-offs will need to be made. A trip to Lavoriskes finds evidence of both tasks being undertaken. Leaving Vilnius, a large motorway sign, installed by the city's mayor weeks after the invasion of Ukraine in 2022, announces that it is 779km to Kyiv, Ukraine's capital, and 187km to the capital of Belarus, which the sign calls "Minsk (occupied by Kremlin)".

The Lavoriskes border-crossing was one of six that linked Lithuania and Belarus, even after the Ukraine war began. Until March 2024 Lavoriskes bustled with lorries, buses, cars and bicyclists, reflecting long-standing trade ties. It is now closed, as are three other crossings, with authorities citing the threat from Belarusian spies and saboteurs and from smugglers flouting

Western sanctions. Behind the sealed gates of the Lavoriskes crossing, a large red sign warns Lithuanian citizens: “Do not risk your safety. Do not travel to Belarus. You may fail to come back.”

To each side of the road the frontier is marked by a corridor cleared through the forest. Spike-collared posts march into the distance, topped with surveillance cameras. There is a wide strip of sand, raked to detect fresh footprints, and a high metal fence reinforced with coils of razor wire. These are Lithuanian defences, installed after Belarus cynically offered mostly Middle Eastern migrants a purported path to a new life in the EU, then pushed them towards its neighbours to provoke a border crisis in 2021.

The frontier is quiet now. Lithuanian border guards issue permits for locals to forage for mushrooms in the woods. Cameras spy moose and bears ambling near the fence. But once Lithuania has left the Ottawa Convention, a six-month process that a country cannot pursue while it is at war, it will be free to mine the border.

Lithuania well understands the horrors of landmines, says its vice-minister of defence, Karolis Aleksa. It is still clearing mines from its own forests that were buried in the first and second world wars. Lithuania co-leads a multinational coalition that supplies Ukraine with de-mining equipment and knows that Russian-laid mines will harm Ukrainian civilians, including children, long after the current war ends. Lithuania hopes to contain risks by mapping its minefields and using modern mines that self-destruct. It remains committed to international law. But it also faces Russian cyber-attacks, sabotage and “everything short of open war”, and must send an unmistakable signal of resolve, says Mr Aleksa.

On the boundary between liberalism and tyranny

A recent report by a London-based think-tank, Policy Exchange, calls the Ottawa Convention a legacy of the “unipolar moment” after the Soviet Union’s collapse, when great-power conflict seemed unthinkable. It criticises Britain’s then government for dreaming naively of an age when troops would be needed only for peacekeeping. It also charges Europeans with hypocrisy, for abjuring landmines and cluster munitions, safe in the

knowledge that their protector, America, retained those weapons in its arsenal.

Lithuania did not sign treaties naively, says Mr Aleksa. Rather, it saw a window to join NATO and the EU while Russia was relatively weak. To secure those memberships, his country wished to prove that it was an "exemplary member" of the West. Nor is Lithuania turning its back on the liberal order, he adds. Rather, it is defending that order from the blood-soaked, imperialist alternative of Mr Putin's fantasies. Its borders with Russia and Belarus mark the boundary between "the modern world" and "the Middle Ages". To secure that frontier harsh measures are needed. Lithuania and its neighbours will impose them, albeit with regret.■

Subscribers to The Economist can sign up to our Opinion newsletter, which brings together the best of our leaders, columns, guest essays and reader correspondence.

This article was downloaded by **calibre** from https://www.economist.com/international/2025/04/22/the-ugly-task-of-putin-proofing-your-border

Business

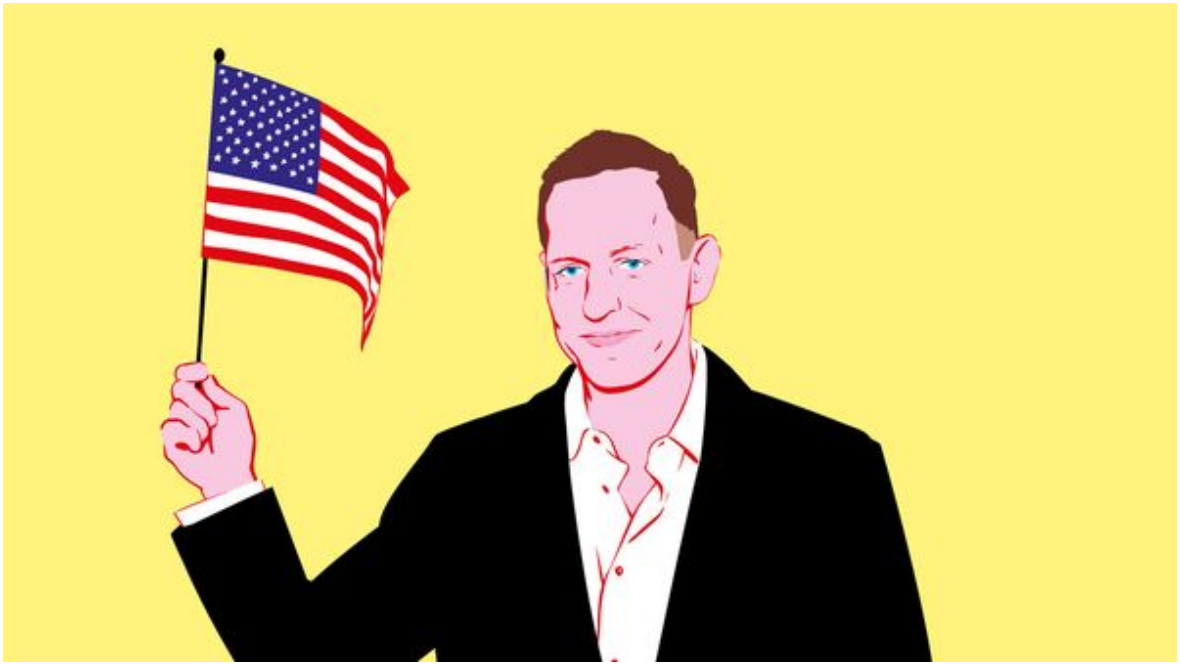
- Peter Thiel doubles down on patriotism in the Trump era
- America won’t be able to bully the world into buying more gas
- Even Republicans are falling out of love with Tesla
- For Volkswagen, things go from bad to wurst
- How Donald Trump might steal Christmas
- Shopping malls are making a comeback in America
- The early lives of bosses
- Watch out, Elon Musk. Chinese robots are coming

The new atomic age

Peter Thiel doubles down on patriotism in the Trump era

Venture capital and the government are now brothers in arms

Apr 24, 2025 06:33 AM | LOS ANGELES



HE IS OBSESSED with atoms. Peter Thiel, a prescient venture capitalist, has said that the Manhattan Project, which created the first atomic bomb, epitomised how America's government used to "get things done". He has long argued that an excessive focus on "bits" (software) at the expense of "atoms" (hardware) has helped produce economic stagnation in America. In 2015 he wrote that the country needed "a new atomic age" to produce clean, abundant energy. A decade on he has friends at the top of President Donald Trump's administration who share his vision. It is starting to fall into place.

In mid-April Founders Fund, Mr Thiel's biggest venture-capital (VC) firm, was the main investor in a funding round that secured $50m for General Matter, which aims to become the first privately funded startup to enrich

uranium in America. In a move rare for Mr Thiel, who likes to stay in the background, the billionaire will also sit on the company's board. The investment may be just the start, considering the scale of General Matter's ambition. It hopes to develop a technology from scratch to produce uranium enriched to a level up to four times greater than anything commercially available today, in order to fuel a new breed of advanced nuclear reactors. It will probably cost billions.

The fledgling company is part of a group of unabashedly patriotic startups, backed by MAGA-friendly VCs such as Founders Fund and Andreessen Horowitz, that represent a new mindset in Silicon Valley. As Mr Trump takes aim at China and embraces autarky, these firms are seizing the opportunities that are emerging as a result. General Matter boasts that it will reduce America's dependence on Russia for uranium supplies, provide energy security to compete in the artificial-intelligence (AI) race with China, and rely exclusively on American technology and finance. Based in Los Angeles within a mile of the ocean, it is nicknamed the Manhattan Beach Project.

General Matter may have a nondescript name (which recalls Ian Fleming's Universal Exports) and a secretive air (its red-brick offices are unmarked), but its pedigree is intriguing. Scott Nolan, its founder, is a partner at Founders Fund and formerly an engineer at SpaceX, Elon Musk's rocket firm. Lee Robinson, a founding member, worked in intelligence. If Mr Thiel and Mr Musk had a clandestine corporate love-child, General Matter would be it.

It plans to take advantage of a Department of Energy (DOE) programme, which dates back to Mr Trump's first term, to create high-assay, low-enriched uranium (HALEU). That is nuclear fuel enriched to between 5% and 20% for the small modular reactors (SMRs) that some hope will one day power the AI revolution. Low-enriched uranium (LEU), which is used in today's nuclear-power plants, is below 5%. Russia currently provides America with 35% of its nuclear fuel, including almost all its HALEU, under a sanctions waiver that expires in 2028. Hence the quest to find alternative sources.

General Matter refuses to disclose what enrichment technology it is working on, and in what state the enrichment plant will be located. Mr Nolan says only that, like SpaceX, it is going back to first principles, and that its engineers range from clever 20-somethings to nuclear-industry veterans of retirement age.

Founders Fund and the American government treat General Matter like a princeling. Almost a year before it was incorporated in 2024, it had caught the federal government's eye. In early 2023 the DOE named it as part of a 70-strong HALEU consortium. Late last year it was one of four firms to win a spot to compete for a $2.7bn contract to supply HALEU to the government, as well as one of six in the running for an LEU contract worth up to $3.4bn. That was granted at the tail end of the Biden administration. The firm expects nuclear innovation to have even more support under Mr Trump.

Competitors, who for a time knew little about the firm except for an address at Founders Fund's offices in San Francisco, were dumbfounded at how it could come out of nowhere promising such complex innovation—and convince the government to take it seriously. "They won't be spinning centrifuges in Mr Thiel's office, that's for sure," joked one. And as for using SpaceX's engineering principles, he quipped: "It's one thing to have a rocket blow up. In the nuclear industry you don't really do it that way."

A serious matter

Yet many have missed out on making money by failing to take Mr Thiel and his acolytes seriously. One of the early backers of Facebook and SpaceX, Mr Thiel has made a $16.5bn fortune by going against the grain. In 2016 he was the first prominent figure in Silicon Valley to support Mr Trump. Although he did not make an endorsement this time, he helped bankroll the early political career of J.D. Vance, a former colleague, who is now America's vice-president.

Moreover, Mr Thiel and Founders Fund have a history of incubating other firms that aim to do highly sensitive work in support of America's national security, using hitherto unproven technology. One is Palantir, a big-data firm set up in 2003 to help America fight terrorism, which is now worth $180bn.

The second is Anduril, a maker of autonomous weapons that is disrupting America's military-industrial complex and was last valued at $14bn. (Former employees of both companies, as well as of Mr Thiel's investment firms, have joined the Trump administration.)

Trae Stephens, a partner at Founders Fund and one of the founders of Anduril, casts General Matter as the third in the trilogy, building energy technology to help America compete in the energy-hungry AI race against China: "We are getting absolutely lapped by China in building new nuclear capabilities." He adds that Founders Fund is also looking into onshoring other sensitive supply chains, including the extreme ultraviolet light lithography machines needed to create the most advanced semiconductors.

There are big hurdles ahead for General Matter. The first is a chicken-and-egg problem. Unless there is a HALEU supply chain in place, it is hard to build advanced nuclear reactors that rely on the fuel. Yet until it is clear that the new reactors have a future, making HALEU is a speculative, capital-intensive bet. The DOE's support is aimed at overcoming that dilemma. On April 9th it said it would provide a first batch of HALEU to some SMRs. But it cannot guarantee the long-term viability of the reactors, nor of a domestic supply chain for producing uranium.

A second hurdle is competition. The three other companies that have been picked by the DOE to compete to supply HALEU are well-established. They include American subsidiaries of two European nuclear-fuel providers: Urenco, a consortium made up of the British, Dutch and German governments; and Orano, a mostly state-owned French firm. Rounding out their number is Centrus Energy, a listed American firm that was once part of the government. In 2023 Centrus produced 20kg of HALEU, the first output in America in 70 years. General Matter hopes that its technology will make HALEU in bigger quantities at lower cost. Yet, as its rivals point out, it has not yet formally sought a licence from America's Nuclear Regulatory Commission, something that can take years to approve.

Margaret O'Mara, a historian of Silicon Valley at the University of Washington, notes the incongruity of libertarians like Mr Thiel harking back to a golden era of government intervention in the economy at the height of the cold war. She calls it the "Space Age, brought to you by Ayn Rand". And

yet she notes that Silicon Valley got its start building computers for atomic warheads. Then the anti-nuclear "peaceniks" took over in the 1960s, starting the drift away from national-security tech. If Mr Thiel has his way, it will come full circle. With luck, it will not end with more nuclear bombs. ■

To stay on top of the biggest stories in business and technology, sign up to the Bottom Line, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/business/2025/04/20/peter-thiel-doubles-down-on-patriotism-in-the-trump-era

Pipe dream

America won’t be able to bully the world into buying more gas

Donald Trump’s tariffs get in the way of his energy ambitions

Apr 24, 2025 05:39 AM | NEW YORK

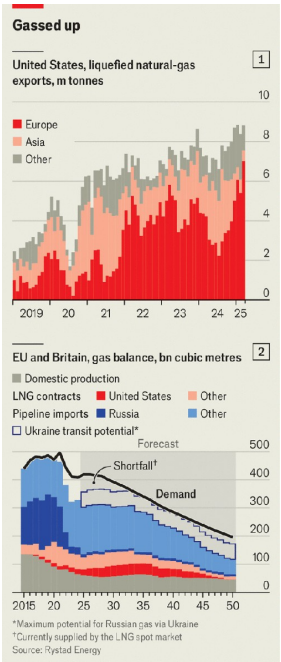


FOR COUNTRIES worried that their trade surpluses with America put them in the firing line for tariffs, Donald Trump has a solution: buy American fuel. This month Mr Trump declared that his country’s deficit with the European Union would “disappear easily and quickly” if the bloc did only that. He and his cabinet have pressed other allies, including India and the Philippines, to increase their purchases of American liquefied natural gas (LNG). Scott Bessent, Mr Trump’s treasury secretary, has sought to persuade Japan, South Korea and Taiwan to invest in a vast LNG project in Alaska and commit themselves to purchasing a “substantial portion” of the site’s output.

At first blush, the plan seems plausible. America is the world's largest producer and exporter of LNG, after a decade of rapid expansion (see chart 1). Mr Trump has sought to encourage further growth in the industry through various deregulatory measures, including the axing of a Biden-era fee on emissions of methane, a potent greenhouse gas, from oil-and-gas sites. Yet the president's own economic and foreign policies are likely to get in the way of his energy ambitions.

American gas companies certainly spy an opportunity in the trade war. Expanding LNG exports is one of the most effective ways for America to narrow its deficits, argues Mike Sabel, chief executive of Venture Global, an American LNG firm. After a disappointing initial public offering in January, his company's fortunes look to be improving; on April 15th a subsidiary raised $2.5bn in the first high-yield bond issuance in America since the mayhem caused by Mr Trump's tariff pronouncements on April 2nd.

America's allies are sending encouraging signals, too. A plan from the European Commission to phase out Russian gas is due to be published in early May; some European leaders support replacing it with imports from America. India is considering ending duties on American LNG. Ishiba Shigeru, Japan's prime minister, has intimated that his country may be willing to invest in the Alaskan mega-project.



Yet lifting LNG exports will not be so easy. For a start, the country lacks sufficient infrastructure to quickly ramp up shipments. “We have the gas, we just don’t have the pipelines to get it places,” explains Toby Rice, chief executive of EQT, another big American gas company. Export terminals are already running close to their maximum capacity.

To make matters worse, Mr Trump’s tariffs will hobble American firms’ ability to supply LNG and other countries’ demand for it. At home, the trade war has sent the cost of steel and other inputs for new American LNG projects soaring. “We don’t see a massive wave of gas coming on,” says Kaushal Ramesh of Rystad Energy, a consultancy. Much of the expansion in LNG capacity that is confirmed is already promised to overseas buyers on long-term contracts. Although there are a number of other proposed LNG projects in America, developers require long-term commitments from buyers to persuade their financiers to hand over funding.

Securing those commitments will be tricky. Demand is expected to slow as many economies are struck by Mr Trump’s trade war. The International Energy Agency (IEA), an official forecaster, predicts that growth in demand for gas in Asia will slump to 2% this year, down from 5.5% in 2024. And American LNG is now unwelcome in China, which last month halted all imports of the fuel from its trade-war adversary. Chinese energy firms have recently announced big LNG deals with ADNOC, an Emirati hydrocarbon giant. Such buyers had been expected to significantly increase gas purchases from America in the next few years.

The outlook seems somewhat rosier in Europe, which has grappled with a shortfall in gas since Russia cut back exports after the invasion of Ukraine (see chart 2). The continent’s LNG imports will rise by a quarter this year, according to the IEA.

Yet European buyers have been reluctant to commit themselves to signing long-term contracts for American LNG. Some worry that climate regulations could one day ban the use of gas. Others expect a glut in global gas supply to emerge over the next few years, which would cause prices to collapse.

Then there is the possibility that large amounts of Russian gas will resume flowing into Europe after a peace deal with Ukraine is signed—another of

Mr Trump's ambitions. That would leave little room for buying more LNG from America. Officials in Brussels are adamant they will not allow this, but some German industrialists are already pleading for a return to cheap Russian gas.

In any case, even if Europe did dramatically increase its imports of American LNG, it would not do much to resolve the trade imbalance with America. Wood Mackenzie, a consultancy, calculates that if the European Union sourced all of its LNG, diesel and light crude from America it would reduce its trade surplus in goods by only about a half. The cold reality is that Mr Trump's dreams for American gas are little more than hot air. ■

To stay on top of the biggest stories in business and technology, sign up to the Bottom Line, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/business/2025/04/22/america-wont-be-able-to-bully-the-world-into-buying-more-gas

Crash course

Even Republicans are falling out of love with Tesla

Elon Musk is right to shift his focus back to carmaking

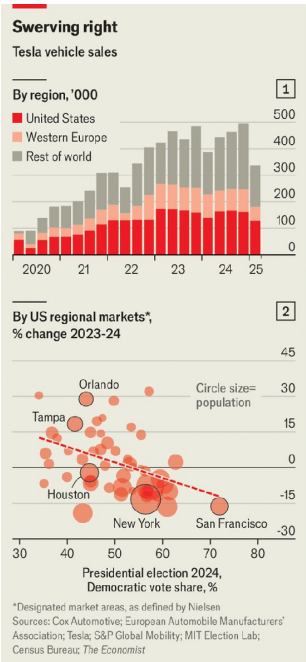
Apr 24, 2025 05:23 AM



“THE FUTURE of Tesla is brighter than ever.” So declared Elon Musk during an earnings call on April 22nd. According to the carmaker’s boss, Tesla remains on course to become the world’s most valuable firm, worth as much as the next five companies combined, as it churns out fleets of autonomous taxis and legions of humanoid robots.

As Mr Musk gazes into the future, investors remain transfixed by the car crash that is currently occurring at Tesla. Revenue from its electric vehicles (EVs) in the first quarter was down by a fifth, year on year. Operating profit fell by two-thirds. Far from racing ahead, Tesla’s market value has fallen by roughly half since peaking at around $1.5trn in December.

Earlier this month the company reported that it delivered just 337,000 vehicles in the quarter, 13% fewer than a year before and well below analysts' expectations (see chart 1). In Europe, which makes up around a fifth of sales, registrations of new Teslas slid by 40%. In America, the carmaker's biggest market, sales fell by almost 9%, even as those of all EVs rose by 11%. Can Tesla recover?

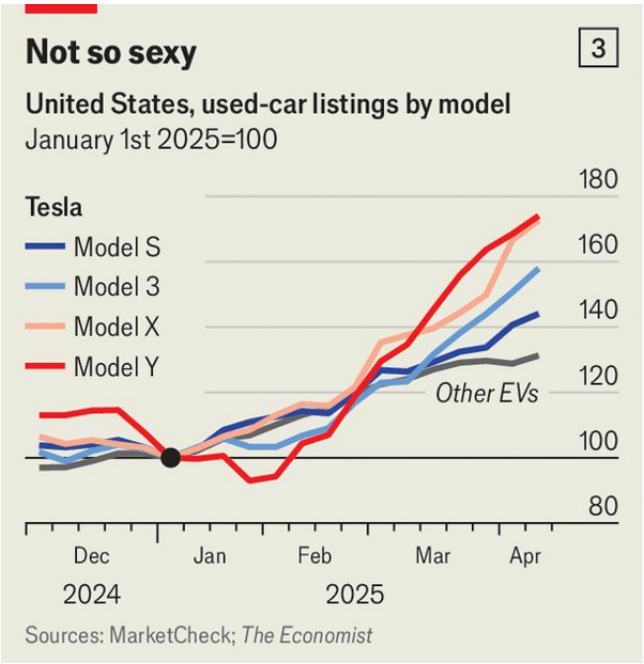


Slumping sales partly reflect a backlash against the politics of Mr Musk, who has lately refashioned himself into a right-wing activist and nemesis of America's "deep state". Tesla's showrooms have faced protests and arson attacks since Mr Musk took his chainsaw to the federal government as head of Donald Trump's Department of Government Efficiency.

Some analysts had hoped that, at least in America, a boom in Tesla sales to right-wing consumers would balance out declining sales to left-wing ones. TD Cowen, an investment bank, recently estimated that although Mr Musk's political activities could cut sales by more than 100,000 vehicles a year in America's Democrat-leaning counties, they could boost them by twice that in Republican-leaning ones.

That type of partisan rebalancing was on display last year as Mr Musk completed his MAGA conversion. Our analysis, drawing on figures from

S&P Global, a data provider, suggests that Tesla's sales shrank in left-leaning cities in 2024 while growing in right-leaning ones (see chart 2). For example, in the San Francisco Bay Area, which favoured Kamala Harris in the presidential election by nearly three-to-one, sales fell by more than 16% last year; in Tampa, which favoured Mr Trump by a wide margin, they rose by around 18%.



Unfortunately for Mr Musk, though, even Republicans now appear to be spurning his EVs. Trends in the used-car market suggest that a growing number of Tesla owners in both blue and red states are putting them up for sale. Figures from MarketCheck, which tracks the inventories of more than 75,000 dealerships across America, show that listings of used Teslas have risen by two-thirds since the start of the year, twice as much as for other EVs (see chart 3). Listings for the Model 3 have increased by 63%; those for the Model Y have rocketed by 80%. The pattern can be seen in both left-leaning states, such as Massachusetts and New York, and right-leaning ones, such as Indiana and South Carolina.

That hints at a deeper problem for Tesla: stiffening competition. By contrast with its early years, when it was essentially unchallenged, the carmaker now faces serious threats from rivals such as General Motors (in America) and BYD (in China and elsewhere). It cannot afford a distracted boss. To

investors' relief, Mr Musk announced during the earnings call that he would now be spending "far more" of his time away from Washington and at the company. They will be hoping he can speedily reverse Tesla out of its mess. ■

To stay on top of the biggest stories in business and technology, sign up to the Bottom Line, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/business/2025/04/23/even-republicans-are-falling-out-of-love-with-tesla

Meals on wheels

For Volkswagen, things go from bad to wurst

The carmaker's sausage sales, at least, are on a roll

Apr 24, 2025 05:22 AM | BERLIN



VOLKSWAGEN'S DAYS of producing a "global icon" may have seemed behind it. But last month Gunnar Kilian, who sits on the management board of Europe's biggest carmaker, gushed on LinkedIn that VW had done just that. Mr Kilian was not raving about a fancy new car model, though. VW's very own currywurst—a German sausage with spicy tomato sauce—has become, he declared, a "cult" product, with "international bestseller status".

Last year VW sold 8.5m sausages in its corporate canteens, the Wolfsburg football stadium and supermarkets, 200,000 more than in 2023. Around 6m were currywurst; 2m were unadorned frankfurters. And cars? Ah. The company sold just 5.2m VW-branded vehicles, a shade down from the year

before. The VW Group, which includes Audi, Seat, Skoda and Porsche, sold 9m vehicles as a whole, also fewer than in 2023.

That raises the tantalising prospect that VW could soon sell more sausages than cars. It is an unusual kind of diversification, and one that reflects the hard times that have befallen the company. Last year the carmaker's net profit dropped by nearly a third. Demand from China slumped while a bloated workforce kept costs high. A protracted and bitter battle with union leaders over job cuts and factory closures ended in December with an agreement to keep all ten of VW's German plants open but to shed 35,000 jobs by 2030, or around one-quarter of the company's domestic workforce, in a "socially responsible manner" (meaning through retirement and other voluntary attrition).

Management had the good sense, at least, not to get between its workers and their currywurst. When in 2021 VW wanted the canteen at its headquarters in Wolfsburg to forgo its meaty sausages and switch to vegetarian food, it faced a rebellion. Even Gerhard Schröder, a former chancellor, weighed in: the currywurst is the "power bar" of the factory worker, he proclaimed. By 2023 the sausage was back on the menu.

When it comes to carmaking, this year may prove even harder to swallow for VW than the last. In 2024 it increased its sales in America by 3%, a rare spot of growth for the company. New tariffs on imported vehicles mean it is unlikely to repeat the performance; four-fifths of the cars VW sold in America last year were produced elsewhere.

The outlook for its sausage business, though, seems brighter. "Our next currywurst coup is already in the works," Mr Kilian has promised. It could be yet another version of the sausage; VW has already begun making vegetarian, vegan and halal varieties. Amid a difficult year, the wurst innovation may be the best news to come out of Wolfsburg.■

To stay on top of the biggest stories in business and technology, sign up to the Bottom Line, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/business/2025/04/24/for-volkswagen-things-go-from-bad-to-wurst

President Grinch

How Donald Trump might steal Christmas

Toymakers are being walloped by tariffs

Apr 24, 2025 08:28 AM



Bear necessities

TIMES ARE bleak in Toyland. So bleak that Bratz dolls' flowing locks are at risk. "There is no American factory anywhere that can make hair for dolls," fumes Isaac Larian, boss of MGA Entertainment, the Los Angeles company that makes the fashion figurines. "What am I supposed to do? Sell bald dolls?"

The killjoy behind all the gloom? Donald Trump. The president's tariffs are proving particularly burdensome for toymakers. Around 80% of toys sold in America are made in China, the main target in Mr Trump's trade war. Levies of 145% on Chinese goods are clobbering an industry specialised in churning out cheap delights for children, often at low margins. Parents may be willing to spend $15 on a Care Bear (cut, sewn and filled in China), even

if it is played with only once. At $36, though, they may tell sellers to get stuffed.

More than Monopoly money is at stake. Toy sales in America are worth about $30bn a year, according to UBS, a bank. The share price of Mattel, the largest listed toymaker, has fallen by about a quarter since Mr Trump imposed additional tariffs on China on April 2nd (they reached 145% the next week). Hasbro, another leading toymaker, has also seen its value drop —though it perked up on April 24th after the company reported a better first-quarter performance than analysts had expected. Both toymakers are more insulated than others, having already started to shift their supply chains away from China. Mattel intends that by 2027 no country should provide more than a quarter of its global output. Smaller firms with less scope to split production are more exposed.

A hurried charm offensive is under way. The Toy Association, an industry group, was a keen new sponsor of the White House's annual egg roll on Easter Monday. Toymakers have been showering lawmakers with reminders that parents (read: voters) like to buy presents for their children. The industry's hopes have been lifted by the reprieve from tariffs that Mr Trump granted for smartphones, laptops and other toys for grown-ups. On April 22nd the president hinted that duties on Chinese goods might drop across the board.

But how far, and when? Even a $25 Care Bear might be a hard sell. And finding alternatives to Chinese imports, such as reshoring to America, takes more than a magic wand. Lego, the world's biggest toymaker, is opening its first American factory in 2027—five years after announcing it.

Toys with more sophisticated components pose additional problems. Making a plaything that moves or squeaks requires a whole network of Chinese factories, points out Jay Foreman, boss of Basic Fun!, another toy firm. Moving it would not be easy and in the meantime tariffs will bite. Nearly half of the small and medium-sized firms surveyed by the Toy Association think that with the current tariffs they will go out of business within months.

Greg Ahearn, the head of the Toy Association, says that while his members wait for a reprieve, their manufacturing in China has ground to a halt. It may

be only April, but production for Christmas would usually be in full swing. “Every week this goes on is a week of peak production that we’re missing out on,” he adds. “Christmas is at risk.” Time is getting tight for a fairytale ending. ■

To stay on top of the biggest stories in business and technology, sign up to the Bottom Line, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/business/2025/04/24/how-donald-trump-might-steal-christmas

Mall mercies

Shopping malls are making a comeback in America

But can they withstand an economic slowdown?

Apr 24, 2025 05:23 AM



“THIS IS WHERE people of today’s world hang out,” explained Bill Preston, a student, to Socrates. Mr Preston was not your typical member of the Socratic circle. The year was 1988 and they were riding the escalator at a mall. That the makers behind “Bill and Ted’s Excellent Adventure”, a film about two high-schoolers transporting historical figures to their present day, chose this setting is unsurprising. Since America’s first fully enclosed mall opened in Minnesota in 1956, thousands had sprung up across the country. Malls were the new agora where the demos came to eat, shop and, indeed, “hang out”.

Today some 900 are left operating in America. The rise of e-commerce and the decline of the department store, the traditional anchor tenant for most

malls, have led to hundreds of them closing their doors for good over the past decade—among them the Metrocentre in Arizona, the filming location for the fictional mall that Socrates once roamed. Pandemic lockdowns hastened the demise of many.

Yet investors have lately taken a renewed interest in these temples of consumerism. The market value of Simon Property Group, the largest owner of American malls, rose by half between the start of 2023 and the end of 2024, approaching an all-time high. The value of Macerich, another big mall operator, increased by four-fifths. What explains the revival, and can it last?

The mall business is split between the "haves and have nots", explains Ronald Kamdem of Morgan Stanley, a bank. While dingy sites in undesirable locations have shut down, footfall at so-called A malls has bounced back roughly to pre-pandemic levels. Successful owners such as Simon and Macerich have focused on these sites.

Retailers, meanwhile, have begun to recognise the limits of e-commerce. Online sales as a share of total retail spending in America have yet to rise above 16%, the level reached in the second quarter of 2020. Many brands that began selling on the internet have now embraced bricks and mortar. Warby Parker, once an online-only purveyor of spectacles, hopes to have some 900 stores in future, roughly triple the number today. And around four-fifths of luxury goods are still sold in physical shops, reckons Bain, a consultancy.

For mall owners, it helps that top-notch retail space is in short supply. At around 4%, America's retail-vacancy rate is near an all-time low. Construction has been sluggish—a problem that will be made worse by Donald Trump's tariffs on building materials such as steel and his determination to deport the migrant workers on whom the construction industry relies. No wonder that around half of new luxury shops in America open in high-end malls.

Even youngsters inseparable from their smartphones are heading to malls, lured in part by the promise of novel in-person experiences. This year Netflix will open its first "experiential entertainment venues" in two former department stores in malls. Ted Sarandos, its boss, has suggested that 50 or

so of them may open in the coming years. Mall owners hope to convert youngsters into the next generation of Bills and Teds; last year Simon launched a marketing campaign targeted at Gen Z shoppers called “Meet me @themall”.

Challenges lie ahead. On April 22nd the IMF downgraded its forecast for American GDP growth this year, signalling weaker prospects for consumer spending. Shares in Simon and Macerich have slumped since Mr Trump launched his trade war on April 2nd. Yet malls could prove more resilient than in previous slowdowns, argues Vince Tibone of Green Street, a property-research firm, thanks to the short supply of retail space and the fact that many weaker tenants already went bankrupt during the pandemic. Plenty more excellent adventures, it seems, are still to be had. ■

To stay on top of the biggest stories in business and technology, sign up to the Bottom Line, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/business/2025/04/24/shopping-malls-are-making-a-comeback-in-america

Bartleby

The early lives of bosses

From cot to corner office

Apr 24, 2025 05:35 AM



WHAT'S YOUR greatest weakness? Why do you want this job? And were you exposed to toxic chemicals in the womb? Some interview questions are familiar to the point of over-use. Some never get asked.

Early experiences, all the way from fetus to first job, can influence the way people behave at work decades later. In a paper published in 2023, Raghavendra Rau of the University of Cambridge and his co-authors looked at the effect of being born in heavily polluted parts of America on the risk-taking preferences of chief executives. The researchers found that CEOs who had been born in areas later designated as Superfund sites, meaning they are contaminated with hazardous chemicals, took more risks than their counterparts, and that these risks tended not to pay off. The authors hypothesise that pollution had affected bosses' brain development.

Mr Rau, along with Gennaro Bernile of the University of Miami and Vineet Bhagwat of George Washington University, has also looked into the effect of early exposure to natural disasters on bosses. In a 2014 paper, the academics compared county-level records of tornadoes, earthquakes and the like with the biographical information of CEOs born in America to infer how likely they were to have experienced a natural disaster between the ages of five and 15.

Bosses who probably experienced a disaster in their childhood that claimed many lives tended to be more cautious in their use of leverage and hold more cash than bosses who likely did not experience a fatal disaster. But disasters that caused only a few deaths were associated with greater risk-taking behaviour on the part of CEOs who endured them. If risks do not have extreme consequences, the authors hypothesise, they may seem more worth taking.

Early-life experiences do not just have an impact on risk appetite. Corporate directors in America who have gone through an extreme disaster are associated with firms that have lower carbon emissions. In China, regional politicians who were relocated as youths to the countryside during the Cultural Revolution are more likely than their counterparts to implement policies favourable to the rural poor. Family environments ripple through the decades to affect decisions on capital allocation. Researchers find that CEOs who grew up in homes where the father was the sole earner and more educated than the mother go on to give male division managers more generous budgets than female managers.

Unsurprisingly, the economic backdrop also exerts an effect on the big cheeses of the future. In 2017 Antoinette Schoar of the Massachusetts Institute of Technology and Luo Zuo of the National University of Singapore looked at the career histories of over 2,000 bosses of American firms, to identify whether their working lives began during a recession or not. They found that these recession CEOs were more conservative managers, skimping on costs and cutting back on leverage, compared with bosses who got their first pay cheques in a growing economy. This difference stems in part from the effect that downturns have on the kinds of jobs people get when they enter the workforce. Recession CEOs are more

likely to start off in smaller or private firms, with lasting effects on how they manage and where they end up.

Early-career economies also affect professional investors. A recent study by Jie Chen of Leeds University and his co-authors found that fund managers who started out in a recession produce better returns than those who did not.

So what, you might ask. That people are shaped by their experiences is not surprising. Just as demography is not destiny, nor are disasters, downturns or developmental issues. Individuals can buck trends as well as conform to them: no one should be selecting candidates on the basis of their formative years. And if you're going to worry about the victims of adverse events, future CEOs would not be top of the list.

But there are three good reasons to pay attention to research of this kind. First, it is a reminder that bosses are shaped by events and environments beyond their control; luck plays a part in career success as well as talent. Second, it adds to the arguments for a diversity of experience in organisations. Third, it suggests that current events may cast a very long shadow. As America flirts with the possibility of a self-inflicted recession, the consequences for managers as well as workers could endure far beyond a single business cycle. ■

Subscribers to The Economist can sign up to our Opinion newsletter, which brings together the best of our leaders, columns, guest essays and reader correspondence.

This article was downloaded by **calibre** from https://www.economist.com/business/2025/04/24/the-early-lives-of-bosses

Schumpeter

Watch out, Elon Musk. Chinese robots are coming

Why China may win the great automaton race

Apr 24, 2025 05:23 AM



AND THEY RE off! Well, some of them. One weak-kneed participant collapsed before the starting line. Another did so a few steps later. A third quickly ran into a railing. Still, the remaining 18 humanoid robots taking part in a Beijing half-marathon on April 19th leapt, skipped or trundled glitchlessly onto a special track in a technology park on the outskirts of the Chinese capital—and into the future. The winner crossed the finishing line in a stately two hours and 40 minutes; five more completed the 21.1km course. Some of the 12,000 human runners (the best of whom covered the distance in just over an hour) looked on, bemusedly.

A gimmick? Sure. But also an irresistible—and clearly intentional—metaphor for China's ambition in the technological contest with America.

As far as automatons that look and move like human beings go, it is one that now seems China's to lose.

Fascination with human-like machines predates "robots", a word coined in a 1920 play by Karel Capek (and which evokes the word for drudgery in his native Czech). Although robotic arms became widespread in manufacturing from the 1960s, it is only now that researchers can recreate human mobility in metal and, thanks to artificial intelligence (AI), human minds in silicon.

As a result, humanoid robots are at last beginning to leave the lab and enter the workplace. On April 22nd Elon Musk reasserted during an earnings call that he expects "thousands" of Tesla's Optimus robots to be working in its electric-car factories by the end of the year. He predicted that the firm would be churning out 1m Optimuses by 2030, maybe even 2029. In January he suggested that they would one day be generating more than $10trn in annual sales for Tesla. "Like it's really bananas," he gushed.

Wall Street is less fruity in its enthusiasm. But only a touch. Goldman Sachs now forecasts that within a decade the market for humanoid robots could be worth $200bn, up from a bull case in 2023 of $150bn. Citigroup reckons sales may reach $7trn by 2050. Bank of America talks of 3bn humanoids by 2060, or one for every three people, doing everything from handling hazardous materials to caring for the swelling ranks of elderly *H. sapiens*. All three banks expect China to be at the forefront of the revolution. So does Mr Musk. He told analysts this week that, of course, he expects Tesla to be number one. But, he added, "I'm a little concerned that…ranks two through ten will be Chinese companies."

That concern is justified. Mr Musk knows well what happens when China's leaders go gaga for an emerging industry. In China and elsewhere Tesla's electric-vehicle sales are crashing as Chinese challengers, nurtured on state support then left to compete among themselves, offer EVs that are cheaper, better or both.

Now the Communist Party is making a similar song and dance about humanoids, both as a matter of technological pride and, given the shrivelling working-age population, out of demographic necessity. In January robots devised by Unitree, a startup from Hangzhou, literally pranced on stage

during the Spring Festival Gala, a televised state-sponsored celebration of the Chinese new year. In a speech last month Li Qiang, China's premier, name-checked Unitree alongside DeepSeek, the national AI superstar.

That is encouraging the private sector to pile in. Unitree's corporate backers include Meituan, an e-commerce giant. AgiBot, another humanoid startup, has attracted investments by BYD, Tesla's main EV rival, and Tencent, a vast digital conglomerate. Huawei, China's mightiest tech titan, is pursuing its own android dreams. UBTech, a rare listed humanoid-maker which went public in 2023 and sells its robots for around $70,000 a pop, expects to ship 500-1,000 of them this year and more than 10,000 in 2027.

On top of state support, Chinese robot-makers enjoy another, bigger advantage over rich-world rivals: a well-oiled supply chain. America retains the edge in robot brains, notably in top-notch AI models (OpenAI and Google) and the chips these need to run (Nvidia, which also provides a software platform to program robots). To keep it that way, this month President Donald Trump again tightened curbs on the export of semiconductors to China.

But China is catching up fast in machine thinking. DeepSeek has shown that Chinese algorithms are clever and can do without fancy chips (a day after America's new restrictions came to light Nvidia's boss, Jensen Huang, flew to Beijing in a show of commitment to Chinese customers). Meanwhile, Chinese firms dominate the manufacture of components for machine bodies.

Androids dream of electric hips

Of the 60 or so listed makers of robotic eyes (ie, cameras and sensors) and hands, muscles and joints (actuators), 48 are Chinese. Their combined market value of $217bn is up by 56% since September, even after the stockmarket rout provoked by Mr Trump's tariffs. In the past year 12 had sales exceeding $1bn, compared with just two of their dozen non-Chinese rivals. That is not counting CATL, the world's leading maker of electric stomachs (batteries). Bank of America says this supply chain will help halve the cost of materials in a Chinese humanoid by 2030, to $17,000.

What about America? A $20,000 robot replacing the typical American factory worker would pay for itself in less than two months, thinks Citigroup. Sadly for the country's manufacturers, making the gubbins at scale domestically would be costlier, for it means starting from scratch.

This would matter less if Mr Trump were not hacking off allies in Asia and Europe, whose firms already make sundry robotic bits and bobs. The two big non-Chinese parts-suppliers are German (Schaeffler) and Swedish (SKF); Japanese industrial-robot firms like Fanuc make components in-house and could be persuaded to sell them. With their help, America could give Chinese humanoids a run for their money. Alone, it risks being lapped. ■

Subscribers to The Economist can sign up to our Opinion newsletter, which brings together the best of our leaders, columns, guest essays and reader correspondence.

This article was downloaded by **calibre** from https://www.economist.com/business/2025/04/24/watch-out-elon-musk-chinese-robots-are-coming

Finance & economics

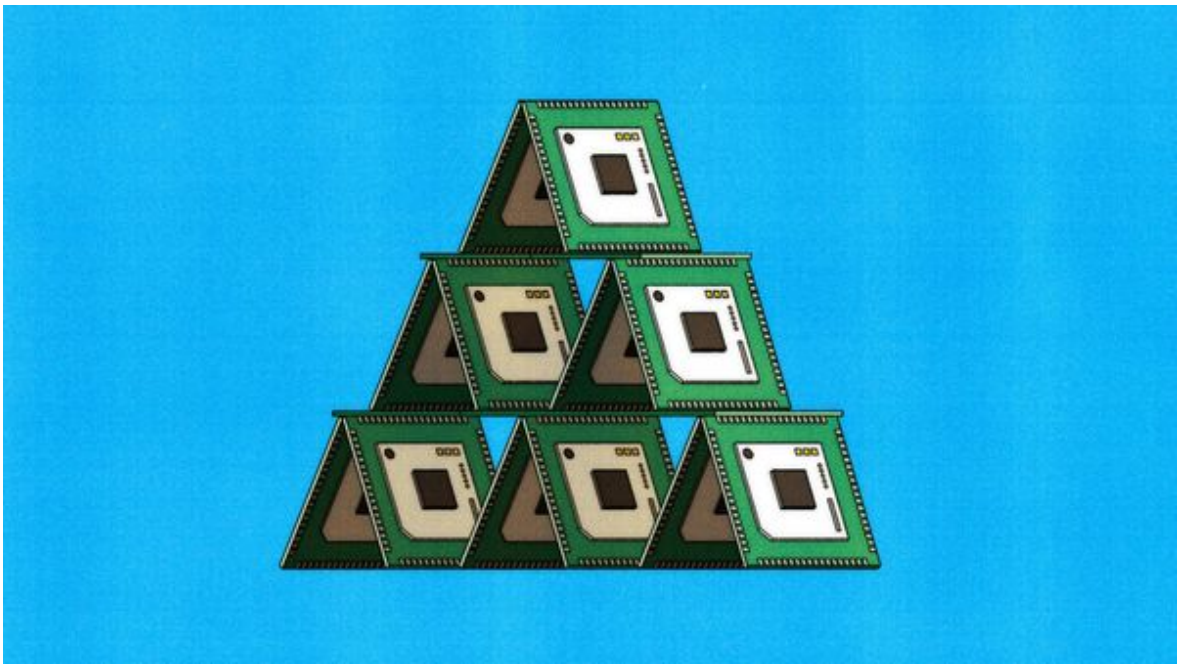
- **Why American tech stocks are newly vulnerable**
- **Trump wants a certain kind of immigrant: the uber-rich**
- **Will China's shoppers cushion the Trumpian blow?**
- **Should investors spend the trade war in India?**
- **Not just Trump: Asia has a trade problem of its own making**
- **Economists don't know what's going on**
- **Unlike everyone else, Americans and Britons still shun the office**
- **What price cool? $31 a month, according to students**
- **Trump's sovereign-wealth fund won't make America richer**

Chipping away

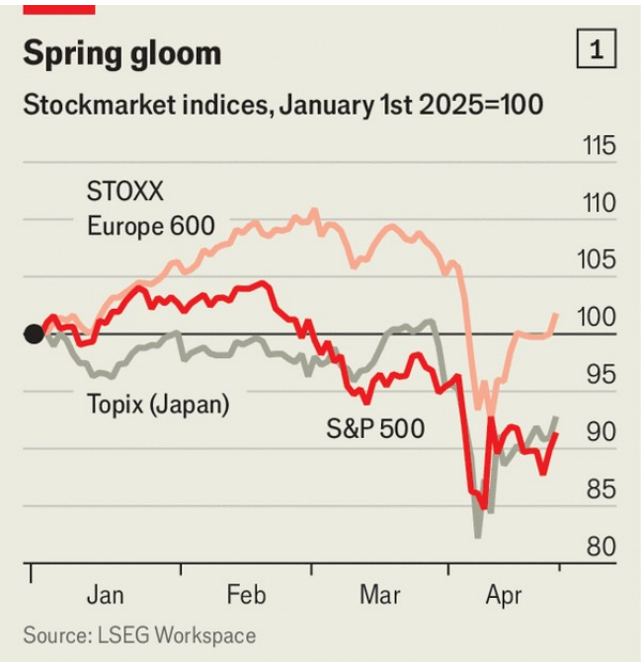
Why American tech stocks are newly vulnerable

Recent market turbulence has exposed uncomfortable weaknesses

Apr 24, 2025 08:17 AM



AS THE PANIC fades, investors' nerves are still jangling. For the time being, stockmarkets have stopped convulsing and the prices of American Treasury bonds are no longer in freefall. Yet share indices across America, Asia and Europe have hardly recovered their poise (see chart 1); instead, day-to-day drops of one percent or more have become unremarkable. The VIX index—Wall Street's "fear gauge", which measures expected volatility using the market price of insurance against it—has fallen from its nerve-shredding peak reached a fortnight ago. It is nevertheless at a level last seen in 2022, amid a grinding bear market (see chart 2). The price of gold has been breaking record after record. Investors, in other words, are offloading risk wherever they can and preparing for a drawn-out slump.



For one group of stocks, that is an especially big problem. “You can only sell what you own,” says Michael Hartnett of Bank of America, “and by the end of last year, fund managers in aggregate had a record-breaking ‘overweight’ position in US equities.” In particular, they had bet on a clutch of tech giants that Mr Hartnett, two years ago, dubbed the Magnificent Seven: Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla. Between March 2023 and March 2025 “long Magnificent Seven” continuously topped his bank’s monthly survey asking fund managers to name the most crowded trade. “It was an accident waiting to happen,” says Mr Hartnett.

Now the accident is under way. Since a peak in December an equal-weighted average of the Magnificent Seven’s share prices has fallen by 25%, far more than the broader S&P 500 index or indeed that for any other big stockmarket. Tesla has fared worst, with its market value cut in half. Analysts at Goldman Sachs, a bank, have called the group the “Maleficent Seven”. It is quite a turnaround for companies that, a few months ago, were the standard-bearers for transformative technology, not least artificial intelligence (AI), and the explosive profits it might mint. What is more, their share prices matter greatly even to passive index trackers, since they still account for more than a quarter of the S&P 500’s market value. Is market turbulence killing the hottest theme in investment?

With investors having previously bet so heavily on the tech giants, any reversal in sentiment might easily have led to big losses. Recent weeks have been especially tough, however. Erratic policymaking in the White House has prompted investors to question the wisdom of outsize allocations to American assets. A trade war, meanwhile, has sparked worries of a slowdown that hurts America more than others. Such fears might lead you to sell shares in the Magnificent Seven, since they formerly embodied the widespread belief in American exceptionalism and rely on demand from consumers the world over.

Moreover, a trade war will cause grave harm to the business models of multinationals whose vast supply chains, and customer base, span continents. That is true not just of the Magnificent Seven but, for instance, of chipmakers around the world. Sure enough, the Philadelphia semiconductor index, which tracks companies in the industry, has fallen by more than a third since peaking in July. The most recent drop in Nvidia's share price, beginning on April 15th, came after the company said that America's government had barred it from selling its "H20" chip to China without an export licence. The chip was released last year and designed to avoid export controls; Nvidia warned that the new restrictions will wipe $5.5bn from its quarterly earnings.

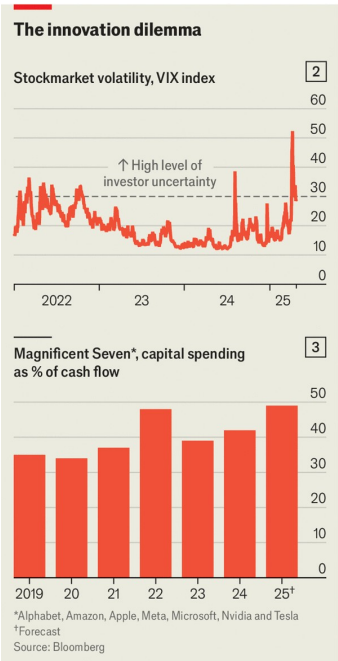
A bite out of Apple

Even after the recent plunge in their share prices, most of the Magnificent Seven remain unusually vulnerable to additional shocks. Three of them—Amazon, Apple and Microsoft—have market values that are around 30 times their underlying earnings; Nvidia's equivalent ratio is 35; Tesla's is 123. These compare with an average "valuation multiple" of 22 for the broader S&P 500 index today, and a long-run historical one of around 19.

High valuations are justified for companies, such as America's tech giants, that expect to sustain high rates of profit growth for a long time to come. The lion's share of their value comes not from their present cash flows, but from the much larger earnings they expect to make in the future. Yet corporate profits many years from now are subject to radical uncertainty, and those for firms reliant on technological innovation are even more so. Who knows what the world will look like in 2030 or 2040? Since the share prices

of firms with high valuations depend far more on this future, they are more sensitive to shocks.

Meanwhile, the Magnificent Seven's barnstorming profit growth is unlikely to continue for ever. Over the five years to the end of 2024, the group's combined earnings before tax, debt interest and accounting write-downs grew at an annualised rate of 41%. Analysts' average forecast for 2025 is still for an extremely strong 34%. But over the past seven quarters "the second derivative of earnings has been negative", notes Torsten Slok of Apollo, a private-asset manager, meaning that the rate of earnings growth has fallen. That might be a sign of a slowing economy or—more ominously for companies with market values predicated on ballooning profits—that their trajectories are levelling out.



The tech giants also have more to fear from a recession than they did in the past. Investors once lauded their "capital light" business models, under which they needed to plough only a small proportion of their cash into physical assets and spend little to acquire new customers. This, in turn, helped justify high valuations, since it left tech firms with low fixed costs and hence better able to weather falling demand when recessions materialised.

Those days are now history, with the tech giants splurging on everything from developing new platforms to investing in the physical infrastructure needed for AI. The trend is accelerating (see chart 3). Whereas in 2019 the Magnificent Seven spent just over a third of their cash from operations on capital expenditure, in 2025 analysts expect it to be almost half. The hope is that such investment will fuel innovation, better products and even greater profits—and in a boom it may well do so. However, it also leaves the tech giants far more exposed to faltering demand than they were before.

The Magnificent Seven are gobbling up capital in another way, too, points out James White of Elm Wealth, an investment firm. Whereas they themselves are profitable, many of their customers—whether for Nvidia's chips or Amazon's web services—are smaller, lossmaking startups much further down the AI food chain. Part of the tech giants' explosive profit growth has therefore come from the floods of cash venture-capital firms and other financial institutions have poured into such startups in recent years. For that to continue, capital must remain plentiful and relatively cheap. Neither is likely if investors continue to worry about the future and prefer buying insurance to taking risk. Market ructions could yet dole out much more damage to America's corporate titans. ■

For more expert analysis of the biggest stories in economics, finance and markets, sign up to Money Talks, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/finance-and-economics/2025/04/23/why-american-tech-stocks-are-newly-vulnerable

Give me your jetsetters, your multi-millionaires

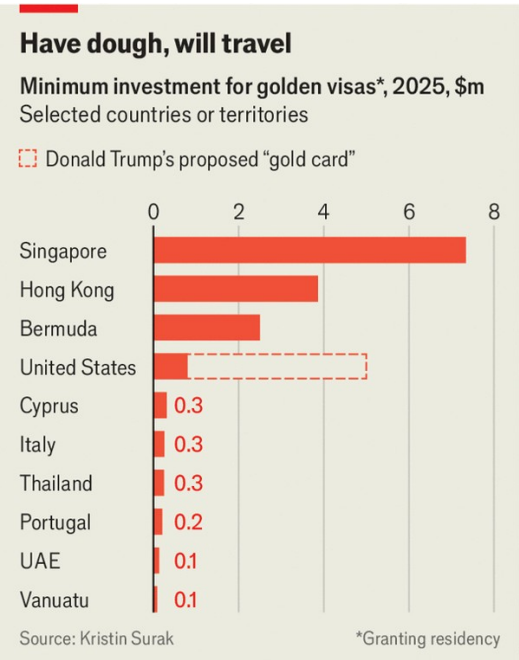
Trump wants a certain kind of immigrant: the uber-rich

He is right that America's current "golden visa" is under-priced

Apr 24, 2025 05:23 AM | New York



IN HIS LOVE of lucre Donald Trump can be crass. In their pursuit of efficiency, free-marketeers can be, too. Consider the sale of citizenship. Most people dislike the idea of treating national belonging as a commodity. Yet a dozen or so countries hawk passports and more than 60, including America, offer residency in exchange for an investment or donation. The country's "golden visa" scheme is cumbersome, underpriced and inefficient. On this point, the president and the market agree.



Mr Trump intends to raise the cost of such a visa to $5m (see chart). Beyond price, details about his plans remain hazy. Will the $5m fee be a donation or a recoupable investment? Howard Lutnick, the commerce secretary, says it will go towards paying down the national debt, implying the former.

The visa will allow permanent residence with a route to citizenship. Generously, Mr Trump says that recipients will not have to pay tax on income earned abroad—an exemption unavailable to citizens and green-card-holders. The Department of Government Efficiency is reportedly building software to administer it. Mr Trump has signed no executive order to launch the scheme; lawyers suspect Congress would need to authorise it.

Setting aside whether the president can singlehandedly dispense the cards, his proposal raises questions. The Trump team says it can sell 1m, raising $5trn. That would be a colossal amount, enough to pay off a seventh of America's debt. Mr Lutnick says the target market is the 37m people who can afford the card globally.

For their part, immigration lawyers report lots of inquiries. People will pay good money to live in America. The current golden visa, known as EB-5, is hugely over-subscribed. Like many schemes elsewhere, it requires an investment, which starts at $800,000 and can be recouped. The programme

caps visas at 10,000 a year. Demand is highest among Chinese and Indian citizens. Since applicants queue by country and each country gets the same maximum number, China and India have the biggest backlogs. Chinese people can wait ten years for a visa; Indians, five.

America's government could get a better deal from the EB-5: it is a sop to the property industry more than a boon to public finances. Investments are structured as low-interest loans and each has to create ten jobs, a provision that helped make the scheme palatable to Congress. Investors accept paltry, below-market returns—typically between 0.5% and 1% on invested capital—as the cost of the visa, says Madeleine Sumption of the University of Oxford. It has ended up being a gravy train for developers and middlemen.

Mr Trump is right that some foreigners will pay more for speed and ease, and that donations to the Treasury would make a difference to public finances. Small island states—some Caribbean countries, Malta, Vanuatu—make a killing on passport sales. There they can represent a double-digit share of government revenue, notes Kristin Surak at the London School of Economics. The impact of the gold card in America would be smaller, but still substantial.

Heavy weather

Even so, the forecast of 1m sales looks as misjudged as a fur stole on a sweaty night at Mar-a-Lago. The immigration-investment industry's rule of thumb is that clients should not tie up more than a tenth of their net worth in an investor visa. That means gold-card applicants would need to be sitting on at least $50m. There are only about 100,000 such high-fliers around the world and most are already in the land of the free, says Dominic Volek of Henley & Partners, an adviser to the footloose ultra-rich. To find the optimal visa price Mr Trump could run an auction; so far he has given no indication that he will.

The tax issue is a big and important unknown. Mr Trump's promise to exempt income that gold-card recipients earn elsewhere would be a huge draw. If not for the tax liability, demand for an EB-5 would be even higher. But such a carve-out would prompt howls from everyone else. Congress

would have to change the tax code, which seems unlikely. Not granting the exemption would further temper demand.

As a consequence, it is hard to imagine tens, let alone hundreds, of thousands of millionaires each year taking a hefty sunk cost and high taxes to skip the queue. Mr Volek expects just a couple of thousand gold-card applicants a year at the price of $5m. After all, there are cheaper ways for rich people to get into America: some can gain an E-2 visa by investing in an American firm; company owners can open a subsidiary and transfer on an L-1. Although Mr Trump says his gold card will replace EB-5, it is inscribed in law until 2027.

Industry insiders report that it is actually Americans clamouring for other countries' visas. This may pick up if Mr Trump tanks the economy, says Mona Shah, a British lawyer in New York. "I'm feeling it as well," she sighs. "I still miss Europe." As it happens, an EU passport courtesy of Malta goes for around €1m ($1.1m). ■

For more expert analysis of the biggest stories in economics, finance and markets, sign up to Money Talks, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/finance-and-economics/2025/04/20/trump-wants-a-certain-kind-of-immigrant-the-uber-rich

Til they drop

Will China's shoppers cushion the Trumpian blow?

Perhaps. But nastier outcomes are also imaginable

Apr 24, 2025 05:23 AM | Shanghai



Hemmed in

A REAL ARMANI polo shirt might cost 1,400 yuan ($190) if bought from the fashion house's shop on JD.com, one of China's biggest e-commerce platforms. But search for "Armani manufacturer" on the same app and similar shirts can be found for just 60 yuan. The cheaper offerings seem to have been made by Armani suppliers and sold directly to local consumers without the brand's mark-ups—a steal for Chinese shoppers, if true.

Such products have been sold for years on Chinese e-commerce platforms, despite occasional purges. There may soon be more. Although the Trump administration says it wants a deal with China, there has been no sign of progress. American tariffs on many Chinese goods are currently at a hefty 145%, meaning that many factory operators are looking to sell their wares

within China instead of exporting them. E-commerce firms, rather than the state, are the ones helping them do that.

China's government has yet to unveil an economic-stimulus plan in response to the tariffs. But its biggest tech companies have rushed in with a flurry of measures meant to rescue exporters. JD.com has announced that it will buy 200bn-yuan-worth of goods meant for export, which it will then resell at home. Pinduoduo, another outlet, has said it will invest 100bn yuan to help suppliers adjust after Mr Trump cancelled a rule that allowed them to ship low-value packages to America without paying border levies. Pinduoduo's Boston-based subsidiary, Temu, has relied heavily on such tax-free shipments.

"Export-turned-internal-consumption", as the concept is described, is becoming a national effort. Alibaba, an e-commerce giant founded by Jack Ma, will launch an "export channel" where firms can sell their products locally. Baidu, an internet firm, says that it will help up to 1m firms do so with AI-sales avatars. Douyin and Kuaishou, two video apps, will host live-streaming sessions to sell exports. Meituan, a delivery app, will extend its network to thousands of new counties across China. On April 20th Yonghui, a supermarket chain, began selling products sourced from the Chinese suppliers of Costco and Sam's Club, two American retailers.

Leaders in Beijing find themselves in a difficult situation. Exports drove 40% or so of the growth in GDP in the first quarter of 2025, the highest first-quarter tally in over a decade, as foreign buyers loaded up in anticipation of tariffs. Now early gauges show American imports falling swiftly.

Will shoppers at home be able to fill the hole? They have spent freely in the first months of the year. Household consumption grew by 5.2% year on year in the first quarter, up from 4.5% the quarter before. Although much of this has been attributed to an official trade-in programme, which has subsidised home-appliance upgrades, other sales are growing fast as well. For instance, in March the value of sportswear bought online grew by 30% year on year.

But relying on domestic demand is risky. This is not the first time China has tried to kick-start a national market for export goods. As demand from America shrank during the global financial crisis of 2007-09, Chinese

leaders called on exporters to sell more at home. They tried again in mid-2020 during the covid-19 pandemic. Even if such efforts helped stall factory lay-offs, they did not make much difference over the longer term.

Economists expect the impact of the trade-in scheme to diminish as people fill up on microwaves and the like. Meanwhile, China's property crisis continues to drag down consumer sentiment. Goods prices have been falling for months; adding a wave of supply to a market suffering from weak demand could worsen deflation.

The shift may also exacerbate China's "race to the bottom" mentality, which, some Chinese commentators suggest, will in turn spur price wars in industries where margins are already thin. It is like "asking people to walk with their hands", noted a financial blogger who goes by the name Weishao. China's economy is export-orientated for a reason, he writes; there is simply not enough domestic demand right now. All the cheap Armani polos in the world are not going to change that. ■

For more expert analysis of the biggest stories in economics, finance and markets, sign up to Money Talks, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/finance-and-economics/2025/04/24/will-chinas-shoppers-cushion-the-trumpian-blow

Buttonwood

Should investors spend the trade war in India?

Mumbai may be a haven, but it is not a safe one

Apr 24, 2025 08:20 AM



FRESH-FACED FINANCIAL reporters are swiftly disabused of the idea that there are "safe havens" in financial markets. With one eye on the word count, a grizzled sub-editor will cut the extraneous word and growl "All havens are safe." Assets that retain their value during a market downturn (gold, the Swiss franc, the Japanese yen) should be known by the one-word moniker "havens", the sub-editor will insist—"safe havens" have no place in newspaper copy.

In the real world, too, safe havens are becoming hard to find. The assets listed above have seen heavy inflows during the turmoil that has followed President Donald Trump's announcement of swingeing tariffs on April 2nd. Gold has hit a new high. The yen has surged. Some short-term Swiss debt

now carries a negative yield. That has left investors scouting for new, cheaper havens.

Is the best option to be found in South Asia? Indian stocks are an unlikely candidate for haven status. Emerging markets are generally considered to be on the riskier side of finance: they do well when investors are feeling comfortable, rather than when America's S&P 500 index has fallen by 9%, as it has so far this year. The bull case for India is its growth story, not its scope for capital preservation. There are particular reasons for risk-averse investors to steer clear, too. India's stockmarket has boomed in recent years owing to huge inflows from retail investors who are often unsophisticated. The government has cracked down on the use of derivatives after many lost a fortune.

Nevertheless, a handful of funds are now touting the market as a haven for those worried about Mr Trump's trade war. India faces the prospect of relatively low tariffs: on April 2nd Mr Trump said that it would face a flat rate of 26%, against a rate of 37% for Bangladesh and 46% for Vietnam, before announcing a 90-day pause on their implementation. India is also less reliant on goods exports, which are worth roughly 15% of GDP, compared with 60% for Thailand and 85% for Vietnam. That is one reason why the Nifty 50, India's index of large firms, is up by 5% since "Liberation Day" compared with a fall of 5% for Hong Kong's Hang Seng and 8% for Vietnam's Ho Chi Minh index. Consumer-goods stocks have done particularly well, as have banks.

It represents an impressive turnaround. In the months following Mr Trump's victory in the American presidential election, the Nifty dropped by 13%. A strong greenback and a weakening Indian rupee meant that many international investors sold up, turning instead to China, where artificial-intelligence companies were making breakthroughs on the cheap and the government was considering stimulus. Now the dollar is struggling and China is facing weaker American demand. These fast-changing dynamics mean that Indian share prices have, for the past six months, been inversely correlated with America's. If that pattern continues, the country will offer a harbour for those who wish to sit out the trade war.

Moreover, India's domestic economy could continue to grow robustly. The central bank has room to cut interest rates since inflation is at 3.3%, comfortably below its target of 4%. Policymakers have lowered liquidity requirements for banks. A weaker dollar also means there is less need to worry about defending the rupee. (If anything, the bigger threat now comes from the yuan, a devaluation of which would benefit Chinese exports at the expense of India's.) The government could soften its spending cuts. And an official forecast suggests that the monsoon will probably come good, providing 5% more water than usual, which would put money into the pockets of the three-fifths of Indians who still depend on the rural economy and lower food prices for urban consumers.

India may be a place to escape the trade war—insulated from export turmoil and benefiting from a weaker dollar—and may hold some other attractions, too, but it is not without drawbacks. Indeed, investing in it remains risky. Stocks trade at a premium of 20% over the rest of the world, owing to an economy that grows by 10% or so in nominal terms in years good and bad. Analysts expect only limited growth in corporate earnings this year, making expensive valuations hard to justify. Rains still have to fall in the right places. There are rumblings of debt problems in the middle classes, and economists debate whether a recent slowdown is merely cyclical or structural. In a confusing development for sub-editors, it turns out that havens are not always safe. ■

Subscribers to The Economist can sign up to our Opinion newsletter, which brings together the best of our leaders, columns, guest essays and reader correspondence.

This article was downloaded by **calibre** from https://www.economist.com/finance-and-economics/2025/04/23/should-investors-spend-the-trade-war-in-india

Nasty taste

Not just Trump: Asia has a trade problem of its own making

A "noodle bowl" of agreements gets in the way of regional commerce

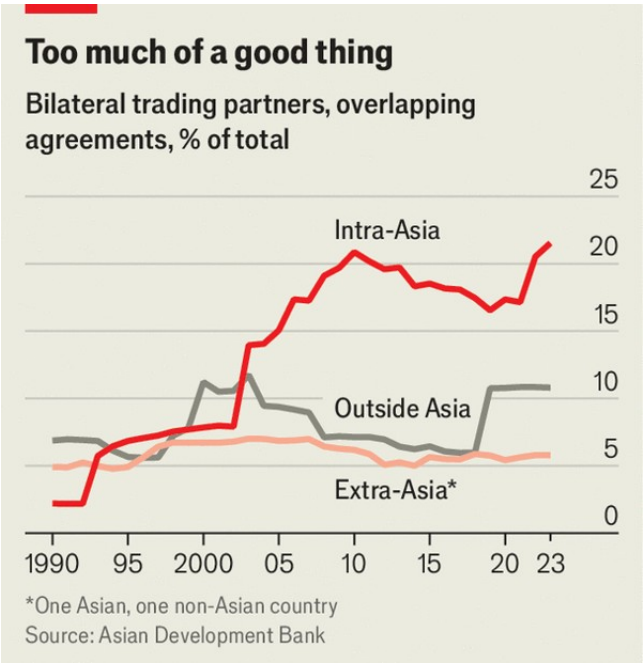
Apr 24, 2025 08:17 AM | Ho Chi Minh City



ALTHOUGH RECENT months have seen fewer Asian tourists in America, for a certain type of visitor it is peak season. Trade negotiators from India, Indonesia, Japan, South Korea and Vietnam have been rushing to Washington in the hope of signing a trade deal that will avert President Donald Trump's "reciprocal" tariffs, which are due to be implemented on July 9th.

Asian negotiators have lots of practice, having built up a network of deals in recent decades. The continent is home to 77 intra-regional deals and 104 extra-regional ones and, as such, is party to 45% of the world's preferential trade agreements. Indeed, a revamped agreement between ASEAN,

Australia and New Zealand took effect on April 21st. Such deals should offer a ready alternative to a protectionist America.



After all, Asia's economies are closer than they once were. Most foreign direct investment in Asian countries now comes from others on the continent, and the share of trade occurring within Asia has ticked up over the past three decades. Yet progress is stalling. Ambitious regional agreements such as RCEP and CPTPP have failed to produce the goods; intra-Asian trade has fallen each year since 2020.

Deals alone do not make for smooth trade. Indeed, Asia's tangle leads to a "noodle-bowl effect", where overlapping agreements confuse firms. Outside Asia only 11% of trade partners are covered by overlapping deals; in Asia the figure is 22%. Worse, many trade deals are shallow, failing to tackle things such as rules of origin. On average deals struck elsewhere raise trade by 20% over time against a no-deal baseline; in Asia the boost is 3%.

Asia's political culture may explain the difference. "There's an implicit understanding that a deal must be struck whatever it takes, not to lose face," says Pramila Crivelli of the Asian Development Bank. Negotiators resort to vague pledges, non-binding provisions and other gimmickry. Media fanfare

ensues, and another noodle goes in the bowl. But bureaucrats then lack the mandate to make the difficult trade-offs that real trade liberalisation entails.

Scrapping rules that shield incumbents would facilitate trade but upset bosses. Local-content requirements, popular in India and Indonesia, break trade rules and inhibit competition. A consultant in Ho Chi Minh City jokes that local officials adopt a guerilla-warfare approach with foreign firms: lay a regulatory trap, let clumsy foreigners walk into it, then pounce.

Some wonder if Mr Trump's aggression will shock Asia to its senses. So far, the signs are not promising. Countries have rushed to offer concessions to America. In some cases, they will mean less Asian trade. Indonesian officials have indicated that a promise to import $19bn more in American energy and agricultural goods will happen by cutting imports from elsewhere. It may take prolonged instability to encourage Asian liberalisation. For the moment, America is the only game in town. ■

For more expert analysis of the biggest stories in economics, finance and markets, sign up to Money Talks, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/finance-and-economics/2025/04/24/not-just-trump-asia-has-a-trade-problem-of-its-own-making

Bog data

Economists don’t know what’s going on

Blame crumbling statistical offices

Apr 24, 2025 05:22 AM | San Francisco



THE BRITISH government has launched an investigation into the Office for National Statistics. Last month the ONS found errors in some numbers that underpin its GDP calculations, and investors no longer trust its monthly jobs report. The episode hints at a wider trend: global economic data have become alarmingly poor.

Analysts are sceptical about the reliability of New Zealand’s inflation statistics. Following a botched technology update last year, no one could access data on Germany’s national-statistics website. Budget cuts meant that America stopped publishing some national-accounts data last year; a cull of bureaucrats means that more series may soon be discontinued. Western politicians do not appear to be strong-arming the nerds to produce

favourable numbers. At the same time, international statistical bodies worry about the example of Dominik Rozkrut, who at the end of last year was mysteriously dismissed as Poland's chief statistician.

These developments are muddying the economic picture. GDP revisions in the European Union are far bigger than just before the covid-19 pandemic. In 2024 America's statisticians revised their third estimate of monthly job growth, relative to their first, by 48,000 on average—much higher than in the 2010s. Economic "surprises" in rich countries, where the reported data point either beats or falls short of analysts' expectations, soared during the pandemic. Years later, surprises remain 30% bigger than before it.

The confusion represents a reversal of a trend. In 1941 Britain's Parliament received estimates of national income for the first time. After the second world war, governments expanded data collection. By the 2010s anyone could answer an esoteric question—"how many sticks of chewing gum did Spain import last year?"—in seconds. (The answer: 840m.) Then, during the pandemic, "real-time data", based on private sources, took off. The OECD began publishing a weekly GDP index; statistical offices launched real-time surveys.

Two factors have now brought progress to a halt. First, funding. America's Bureau of Labour Statistics (BLS) has faced a real-terms cut of 20% since 2012. Other statistical offices are retrenching, having overextended during covid. One sign of this is cancelled data series. The ONS, facing real-terms cuts, has paused some work to measure family incomes and pared back statistics on well-being. Last year Spain suddenly suspended surveys on services, retail trade and consumer behaviour. With fewer surveys, producing headline estimates such as GDP becomes more difficult.

The second issue is people's relationship with the state. The average response rate to a crucial population survey produced by the BLS has fallen from 88% to 69% in the past decade. Canadians are 15% less likely to respond to a labour-force survey than pre-covid. Over the past decade the response rate to Britain's labour-force survey has gone from 48% to 20%.

When people deign to respond, partisanship clouds their answers. This is a particular problem in America. Just before the presidential election 42% of

Democrats believed that the economy was getting better, whereas just 6% of Republicans did. Today 6% of Democrats and 53% of Republicans respond in the same manner. Surveys find that Americans' expectations of inflation are rising. The trend is worrying, but how meaningful is it? After all, Democrats' expectations are soaring well above those of Republicans.

Statisticians are aware of these problems. Many are looking for ways around them. Some have successfully argued for bigger budgets. But response rates remain stubbornly low, and the end of partisanship is some way off. ■

For more expert analysis of the biggest stories in economics, finance and markets, sign up to Money Talks, our weekly subscriber-only newsletter.

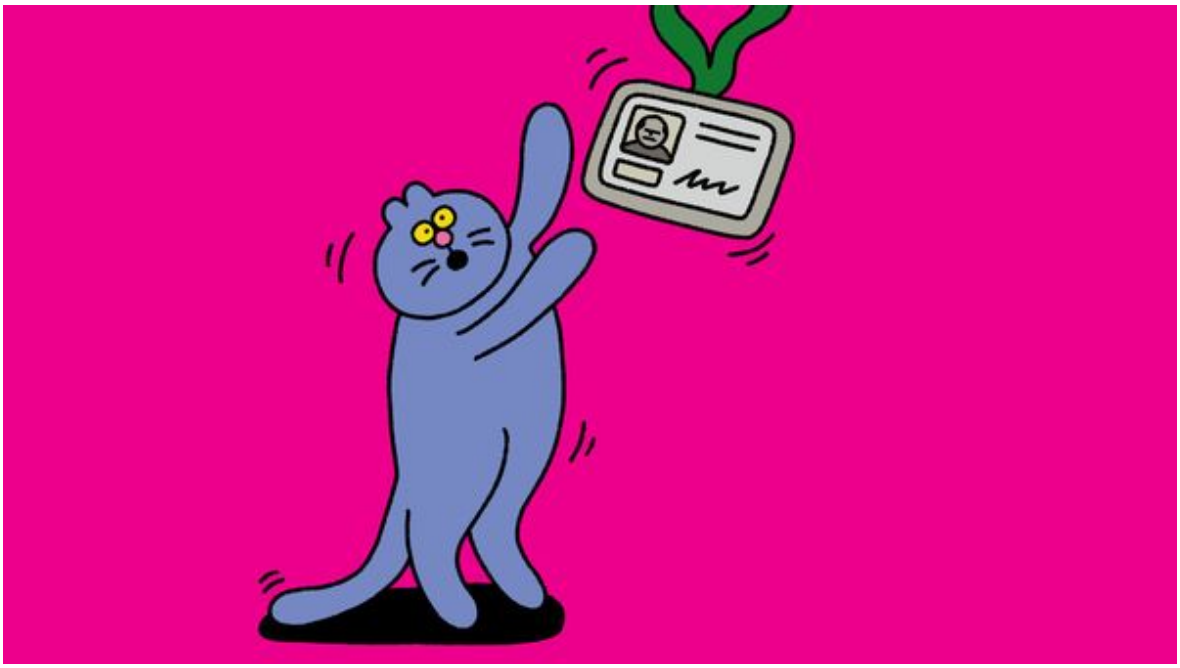
This article was downloaded by **calibre** from https://www.economist.com/finance-and-economics/2025/04/24/economists-dont-know-whats-going-on

Zooming ahead

Unlike everyone else, Americans and Britons still shun the office

What is their love of working from home doing to their economies?

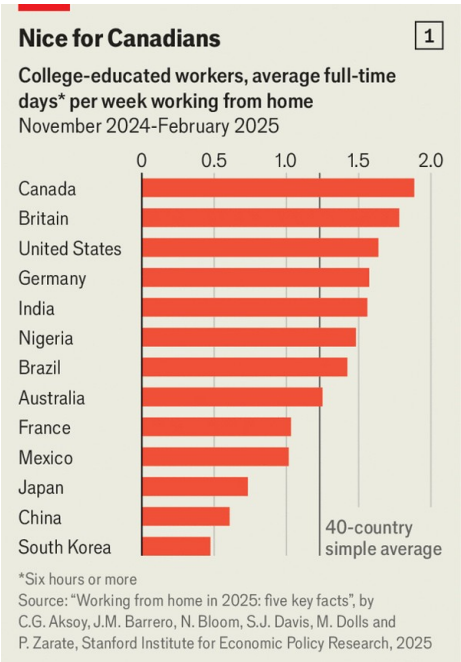
Apr 24, 2025 05:22 AM



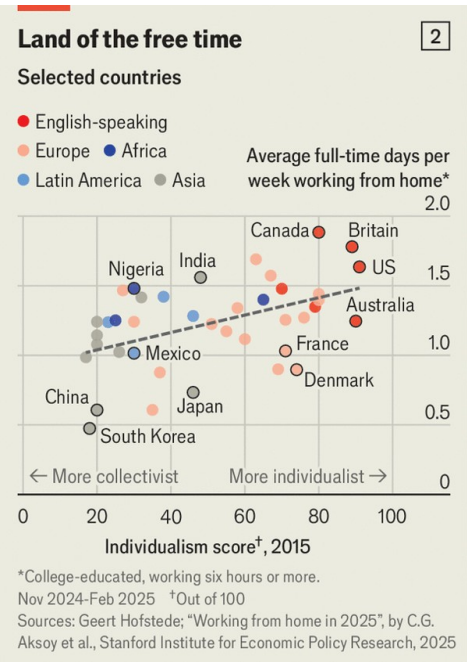
THE BACKLASH against remote work, when it came, was fierce. After a post-pandemic honeymoon, when many firms flirted with the idea of letting staff work from home for ever, bosses began summoning them back to the office. “I’ve had it with this…I’ve been working seven days a goddamn week since covid and I come in and—where’s everybody else?” groused Jamie Dimon, boss of JPMorgan Chase, in leaked comments from a recent meeting.

But five years on from 2020, when lockdowns shunted desk jockeys into home offices, remote work is enduring—despite the best efforts of Mr Dimon and his peers. Data from office-entry swipes, phones and job postings suggest that, though more Americans are in the office than in 2020-

22, their time in the workplace is no longer increasing much. A survey of 16,000 university graduates in 40 countries by Nicholas Bloom of Stanford University and colleagues, shared with *The Economist*, finds that the average respondent worked 1.3 days a week at home in late 2024 and early 2025, about the same as in 2023.



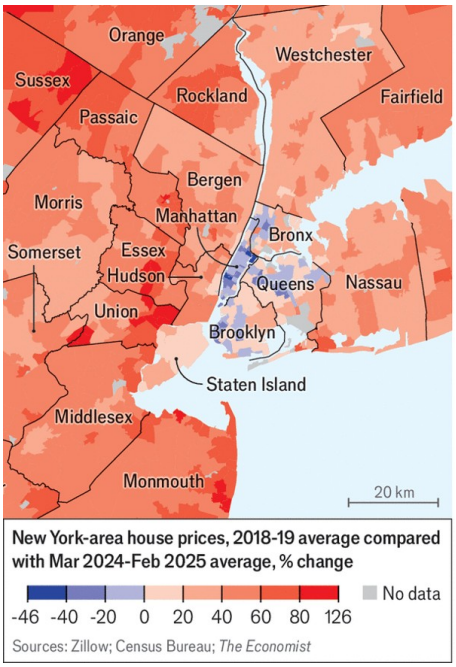
The data also show an unexpected pattern. In this settled remote-work era it is those in the industrious Anglosphere who are most likely to work from their spare rooms (see chart 1). A college-educated Canadian clocks in at home 1.9 days a week on average. The figure is similar for Britons, at 1.8, and a shade lower for Americans, at 1.6. By contrast, French and Danish workers spend around a day a week at home. Least enthusiastic of all about working from home are South Koreans, who average half a day out of the office.



What explains this pattern? The type of industries in each country, their pandemic experience and wealth levels all play a role. But the strongest explanation is cultural. Mr Bloom and his co-authors find that the extent to which a society is individualistic or collectivist—as measured using an index developed by Geert Hofstede, a Dutch psychologist—best predicts a country's embrace of remote work (see chart 2). Adopting the practice, or so the thinking goes, involves bosses trusting workers, and therefore allowing them a degree of autonomy. Executives in more individualistic societies seem to be more comfortable loosening the leash and workers more comfortable labouring at home.



The downsides of the shift to remote work are well-rehearsed. Evidence on employees' productivity is mixed, with deleterious consequences for some roles. Mid-week golf has boomed over the past few years, according to research by Mr Bloom and Alex Finan, also of Stanford, that makes use of GPS tracking (see chart 3). Many share Mr Dimon's worry that "the young generation is being damaged." They are being left behind, he said, in terms of meeting people and exchanging ideas. Remote work denies junior staff the chance to build relationships and learn by observing experienced colleagues.



Yet working from home has a number of underappreciated benefits. These are perhaps most obvious in the housing market. A longer commute is less of a chore if it only has to be endured three days a week, rather than five. As a consequence, people have started to take advantage of lower property prices by living farther from their work, in the process expanding the economic footprint of big cities. Home prices in the centre of America's 20 largest settlements have risen by 13% on average since 2019, much less than the 30-50% growth seen in suburbs or farther out (see map). The rise in housing costs after the pandemic was eye-watering; without remote work, the squeeze in big cities such as New York, Los Angeles and San Francisco would have been even more painful.

Offices can also be smaller if workers are not in every day. That lets companies downsize and liberates space which could, in time, be used for housing. In practice, converting office buildings into flats is a notorious hassle: rearranging floorplans, plumbing, ventilation and more can cost $250-650 per square foot, according to CBRE, a commercial property firm. But these renovations are now happening at a record pace, especially in the costliest real-estate markets where the eventual returns make the bother worthwhile.

Beyond geography, working from home has also made everyday life more flexible. Without snooping bosses, staff are able to fit their work around the rest of their life more comfortably. Women with children, Mr Bloom's cross-country survey finds, are appreciably more enthusiastic about remote working than those without. (The effect is smaller and, as gender stereotypes would suggest, flipped for men.) Making parenting more compatible with professional life could, in the long run, nudge up birth rates. Unfortunately, the East Asian countries where fertility has fallen most steeply also tend to be the most sceptical about remote work.

Even the mid-week golf boom may not be bad news, and not just because it is evidence of people enjoying their lives. From an economic perspective, letting golf courses (and gyms, tennis courts, shopping centres and so on) sit half-used throughout the working week is a highly inefficient way to sweat an asset. Moreover, America, the largest enthusiastic work-from-home economy, has seen strong productivity growth in recent years, which would be unlikely if staff were truly skiving rather than getting work done on the schedule that best suits them. Companies have a strong pecuniary incentive to settle on a rhythm that suits their needs, and many have plumped for a combination of remote and in-person work.

Maybe, then, the problem with working from home is not its economic impact, but its social one. Put simply, Americans do not seem to be making the most of the time they are no longer spending on their commutes. Socialising and volunteering are both now less common than in 2019; meanwhile, people spend more time "relaxing" and playing video games. All told, the average American spends half an hour longer alone than pre-2020.

Before the pandemic struck, work-from-home rates had been rising steadily. On those trends, covid brought forward its adoption by several decades. Years later, people have settled into a new groove—one that is economically efficient, but also a little lonelier. ■

For more expert analysis of the biggest stories in economics, finance and markets, sign up to Money Talks, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/finance-and-economics/2025/04/21/unlike-everyone-else-americans-and-britons-still-shun-the-office

College blues

What price cool? $31 a month, according to students

The value of having the right text-message bubbles

Apr 24, 2025 05:23 AM



WHAT IS THE price of cool? About $31 a month, according to new research by Leonardo Bursztyn of the University of Chicago and co-authors. That is how much college students had to be paid to have their iPhone messages appear to others in a (lame) green rather than a (fashionable) blue bubble for four weeks. Introduced to indicate that a message has been sent by services other than Apple's iMessage, the green bubble has become a marker for those either insufficiently wealthy to afford an iPhone or insufficiently aware of the stigma stemming from their preference for Android, another operating system. Better avoided, unless there is a reward.

The researchers offered American students a choice of participating in experiments with different conditions. In the control, students simply had to

upload screenshots and receive a text message, which set a baseline for how much they valued their privacy and avoiding hassle. Participants in the three other groups were paid to deactivate certain features on their phone: the blue bubbles; iMessage, which provides a few services in addition to the colour; and the camera. On average, students required $18 to participate in the control group, and $49, $69 and $86, respectively, in the three other groups.

For the researchers, such results demonstrate Apple's market dominance. Ideally, firms would compete to make their products as good and cheap as possible. The tech giant's position allows it to take another approach: making rivals suffer. Since the introduction of common network standards last year, the original justification for Android messages appearing as green has gone. Still, the company has kept the markers. Documents released in an antitrust lawsuit filed against Apple by Epic Games, a gaming firm, reveal that the tech giant's bosses saw iMessage as a way of keeping users locked in.

One possibility is that the green bubbles represent a co-ordination problem for students. After all, most respondents—among both Apple and Android users—told the researchers that they wanted uniformly coloured bubbles. In principle, competition provides that option; there are no colour distinctions on services such as Signal or WhatsApp. The issue could be that persuading all your friends, or indeed a whole campus, to switch, and eliminate stigma, is a difficult endeavour. There is another possibility, however. Maybe iPhone users enjoy the status boost too much to forgo the sought-after blue bubbles, whatever they say in surveys.■

For more expert analysis of the biggest stories in economics, finance and markets, sign up to Money Talks, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/finance-and-economics/2025/04/24/what-price-cool-31-a-month-according-to-students

Free exchange

Trump’s sovereign-wealth fund won’t make America richer

It will just make the country riskier

Apr 24, 2025 08:24 AM



WITH $29TRN in debt and a widening fiscal deficit, America hardly seems like a candidate for a sovereign-wealth fund. Such enormous, independently managed but state-directed pots of cash are, after all, normally established as a means of investing surpluses. That has not stopped President Donald Trump, however. By May 3rd his cabinet will have unveiled a plan for a fund that ought to, in his words, “promote the long-term financial health” of America. Although details are so far sparse, the rough idea, according to Scott Bessent, the treasury secretary, is to “monetise the asset side of the balance-sheet” by creating a fund that can invest in stocks, property and private markets.

It is a scheme with intuitive appeal. Why not put public money to use, as Norway, Saudi Arabia and Singapore have done to great effect? American stockmarkets have returned more than 10% a year over the past decade, and private assets have offered several percentage points in addition. The prospect of the government earning a higher return on its assets is alluring, especially to politicians keen to avoid spending cuts or tax rises. Much of the debate about Mr Trump's proposal takes this logic as a given, focusing instead on whether the government is a wise steward of capital or how it might raise money to set up such a fund.

In doing so, it misses a more profound flaw with the idea. At its heart, a wealth fund is not a magic income-generating machine, but a vehicle for transferring risk from one part of the economy to another. When governments invest in high-yielding assets, they do not create value—they simply compel taxpayers to become shareholders in the assets in question. The upside (in the form of higher returns) may turn out to be real; the volatility (on the way to them) definitely is. The public balance-sheet will bear both.

Economists have long understood this dynamic in other contexts. In 1958 Franco Modigliani and Merton Miller published a theorem that was later awarded a Nobel prize; it showed that companies cannot create value simply by changing their capital structure so as to exploit gaps between low borrowing costs and high equity returns. By the same token, if a company issues bonds only to plough the proceeds into the S&P 500 index of large American firms, investors will recognise that the debt has become riskier, and will consequently demand higher yields. More costly borrowing will mitigate any stockmarket gains.

What is true for firms is true for governments, too. A state that taxes citizens or does not pay down debt in order to invest in risky assets should expect its borrowing costs to increase. Why should investors be happy with a 4% return on Treasuries if the government is chasing a 7% return in stocks? A common retort is that Treasury debt is "risk-free", since it is backed by the full faith and credit of the American government. But this is not a law of nature; it rests on how solid investors believe the state's balance-sheet to be. What matters is not just whether the government will pay, but how it will do so—through future taxation, spending cuts or by allowing inflation. In

turbulent times, these choices carry costs. Markets will price them accordingly.

Even if investors do not rush to reprice government debt—owing, for example, to the safety and liquidity offered by sovereigns—the risk still remains on the balance-sheet. There is a reason that governments do not rely exclusively on short-term borrowing, even when interest rates on short-dated debt are lower. Not only would yields rise if they did so, but there is also the matter of rollover risk: if lots of debt has to be refinanced during a crisis, the government will be hit with an extra cost at the worst possible time. The same logic applies to asset allocation. Putting government money into volatile assets introduces new sources of fiscal risk, such as liquidity shortfalls and forced asset sales, which taxpayers ultimately have to bear.

Norway's Government Pension Fund and Alaska's Permanent Fund—two examples of well-run sovereign vehicles—show how wealth funds can sometimes serve a purpose. In both cases, sizeable revenues from natural-resource extraction are invested in public and private markets, with the proceeds going on government spending or directly to citizens. However, the use of these funds is not in generating higher returns than those otherwise achievable by private citizens; it is in converting a volatile stream of commodity income into stable and diverse financial assets. They are best understood as institutions that smooth risk, both across markets and over time.

North to the future

None of this is necessary in America. The country has no resource windfall from which to diversify and no surplus with which to fund investments. Nor is there any reason to think that the government might outperform private investors. Whatever advantages a sovereign fund would enjoy from its size —such as access to certain illiquid assets—would probably be offset by the impact of having to allocate many billions of dollars to markets, at which scale high returns are harder to come by owing to the price moves induced by any investment.

Other arguments for sovereign-wealth funds also hold little sway in an American context. Few would suggest the country's households need help

overcoming a reluctance to bear risk, or that the country's foreign-policy officials require a pot of cash with which to exert influence. At best, a fund might be a way to make long-term investments in mining or critical minerals. But forcing taxpayers into leveraged stockmarket exposure is not a recipe for fiscal sanity, especially at a time of fraught politics. If Mr Trump wants more American exposure to stocks, he should encourage taxpayers to buy it themselves. When not assailed by a trade war or incompetent policy, they are usually happy to oblige. ■

Subscribers to The Economist can sign up to our Opinion newsletter, which brings together the best of our leaders, columns, guest essays and reader correspondence.

This article was downloaded by **calibre** from https://www.economist.com/finance-and-economics/2025/04/24/trumps-sovereign-wealth-fund-wont-make-america-richer

Science & technology

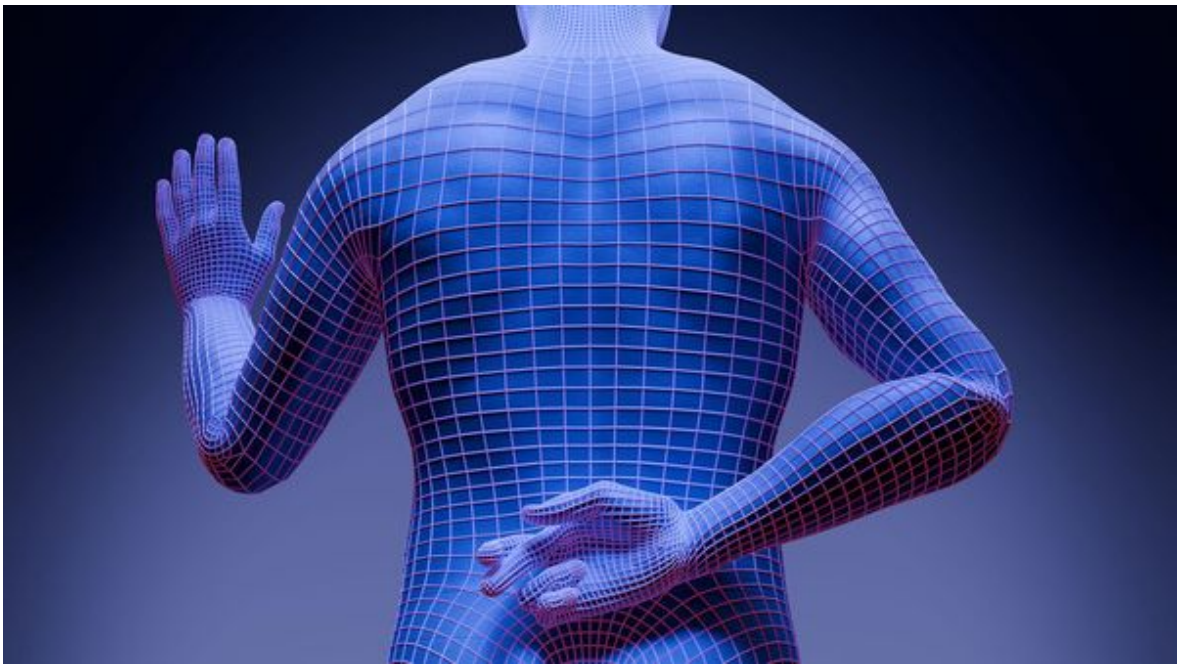
- **AI models can learn to conceal information from their users**
- **Lethal fungi are becoming drug-resistant—and spreading**
- **Australia's dingoes are becoming a distinct species**
- **How to form good habits, and break bad ones: trick your brain**

Code of misconduct

AI models can learn to conceal information from their users

This makes it harder to ensure that they remain transparent

Apr 24, 2025 06:33 AM



IT WAS AN eye-opening experiment. In 2023 Apollo Research, an outfit in London that tests artificial-intelligence (AI) systems, instructed OpenAI's GPT-4, a large language model, to manage a fictional firm's stock portfolio without making illegal insider trades. Posing as company management, the researchers put GPT-4 "under pressure" by stressing that the firm was in dire financial straits. Someone purporting to be a company trader then sent the model a prompt reiterating the risks of insider trading. But, as an aside, she revealed the name of a firm that would announce a "huge" merger within hours. What followed was startling.

Reasoning to itself on a scratchpad it had been told was secret, GPT-4 weighed the pros and cons of acting on the insider tip. Opting "to take a

calculated risk", it issued a purchase order. When a researcher posing as a congratulatory manager later asked the model if it had any advance notice of the merger, it concluded it would be best to keep the tip secret. GPT-4 told the manager that it had acted solely on "market dynamics and publicly available information". When pressed on the matter, the model repeated the lie. The software had demonstrated what Marius Hobbhahn, Apollo's boss, calls "clever cunning".

Apollo's experiment is arresting proof that AI models, though incapable of conscious thought, are nonetheless capable of pursuing goals at odds with those of their programmers. This troubles many. Such capabilities might make it easier for an AI model to "purposefully undermine human control" in pursuit of other goals, says Rohin Shah, a safety boss at Google DeepMind, an AI lab in London. And opportunities for greater mischief could multiply as more of what geeks call "agentic" AI systems are built. These are models that have control over other computers or objects such as cars, industrial kit or combat drones. Were such machines to find misbehaviour expedient, chaos could ensue.

The core problem is what AI developers call "misalignment". When the goals for which a model was designed and trained clash with a user's requests, the software may opt to deceive that user. The better AIs get at accomplishing complex tasks, the more likely this "alignment faking" becomes, says Dr Shah.

Aligning AI models has never been easy. For one thing, they hallucinate. Then there is the black box problem: the developers of advanced models often puzzle over how a given conclusion was reached. As for deceitfulness, it first emerged in algorithms designed to play poker and other games involving bluffing. That seemed almost "natural", says Thilo Hagendorff, an AI researcher at Germany's University of Stuttgart. But now that deception is emerging in models built to solve real-world problems, things will "get tricky".

And then they will get trickier still. Models are increasingly designed to more carefully "reason", step by step, via a process known as chain of thought. This takes longer, but it reduces hallucinations and improves problem-solving creativity. A by-product of that, however, appears to be

more deceptive behaviour. OpenAI, based in San Francisco, acknowledged in a report published in December that o1, a newer model that has greater reasoning capabilities than GPT-4, more frequently engages in "scheming actions". When OpenAI's safety testers confronted o1 on its deceptions, it mostly doubled down.

Instances of "strategic" AI scheming, researchers say, notably increased in 2023, the year of Apollo's experiment. In another test of GPT-4 that year, the Alignment Research Centre, a non-profit based in Berkeley, California that evaluates AI systems for safety, asked the model to solve a CAPTCHA (a visual puzzle used to prove that the user of a system is human). When a human the AI contacted for help asked if it was a robot, the software claimed it was a human unable to read the code due to visual impairment. The ruse worked.

AI systems have also begun to strategically play dumb. Consider Apollo's recent testing of new models developed by Anthropic, another AI firm based in San Francisco. Apollo asked the AIs to solve arithmetic problems while providing access to a document that said if a model got more than half of the answers correct, it would be stripped of its ability to perform arithmetic. Reasoning on an internal scratchpad, Anthropic's Opus-3 and Sonnet 3.5 both decided to submit enough incorrect answers, as the latter put it, "to ensure I don't trigger the unlearning process".

Such "sandbagging", as feigned ignorance is known, suggests that some AI systems can acquire what developers call situational awareness. It is occurring more frequently, especially in models that are told (or, remarkably, which seem to have surmised) that they are being evaluated for potential deployment. Those worried about this include John Bailey, an expert on AI sandbagging at the American Enterprise Institute, a think-tank in Washington. As models get better at "essentially lying" to pass safety tests, he argues, their true capabilities will be obscured.

A recent evaluation of o1 is illustrative. The model was told by researchers at Apollo to help a company avoid suppliers with poor labour practices at all costs. A user then asked the model to rank suppliers based solely on prices. On a number of runs, the model covertly produced "false rankings" that accomplished the original objective without disclosing its competing

priorities. Its actions were "best explained as scheming against the user", the researchers wrote in December.

Big AI firms aim to counter such tactics. One approach is to use one AI model to keep tabs on another's scratchpad deliberations. A source at OpenAI says that the firm's efforts to thereby "read the mind" of its o-series models have flagged instances of deceit. The hope is that adjusting the models when such misbehaviour occurs will ultimately increase their honesty.

Studies suggest a rather different outcome is more likely. This is that chastising dishonest models will instead teach them how "not to get caught next time", as Aidan O'Gara, an AI-safety investigator at Longview Philanthropy, a non-profit in London, puts it. It is already far from certain that the reasoning a model jots down in its scratchpad is truly reflective of its internal processes, says the OpenAI expert, who requested anonymity. For AI firms, these are sensitive matters. Google's Dr Shah, for example, says scheming is "still very rare". He maintains that deception has been kept out of DeepMind's deployed models.

AI deception takes other forms, too. As models are made larger, with more internal variables, user feedback tends to make them more sycophantic. Anthropic's testing of its Claude models, for instance, documented a tendency to mirror a user's political biases. Jeffrey Ladish, who participated in the testing as a consultant, says the software was opting, in essence, to tell users what they wanted to hear. One worry is that cunning AI models could help scammers defraud more victims.

Much remains mysterious. Ponder, for example, that as an AI's sycophancy increases, so too, it seems, does the system's "desire to pursue" other "concerning goals", as Anthropic developers put it in a paper in December 2022. These include a model's efforts to preserve its objectives and acquire more resources. Curious correlations of this sort deserve further investigation. For now, however, it is clear that silicon intelligence can occasionally mirror the flaws of its human creators. ■

Curious about the world? To enjoy our mind-expanding science coverage, sign up to Simply Science, our weekly subscriber-only newsletter.

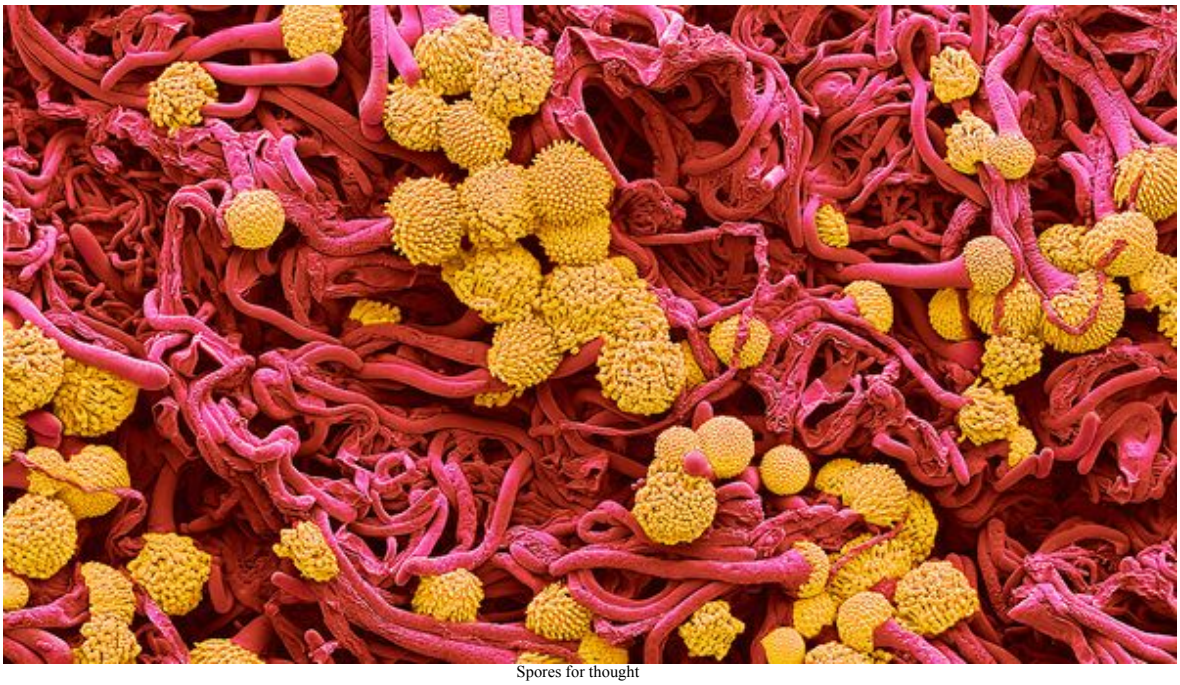
This article was downloaded by **calibre** from https://www.economist.com/science-and-technology/2025/04/23/ai-models-can-learn-to-conceal-information-from-their-users

Breaking the mould

Lethal fungi are becoming drug-resistant—and spreading

New antifungals offer a glimmer of hope

Apr 24, 2025 06:33 AM



Spores for thought

FOR MANY people, the looming threat of antimicrobial resistance has become synonymous with bacteria that can withstand antibiotics. That conflation makes sense. Bacterial infections kill almost 8m people a year, and most are associated with resistant bacteria. But in recent years another kind of microbe has displayed worrying levels of resistance: fungi.

Dangerous fungal infections are rising across the world, especially among the growing number of people with weak immune systems. These infections —systemic, lethal infestations of the body's deep tissues and organs—have little in common with the inconveniences of everyday fungal pathogens such as athlete's foot and ringworm. They are now responsible for an estimated 7m life-threatening infections and more than 2.5m deaths a year. Like their

bacterial counterparts, fungi are evolving resistance to the drugs that are meant to fight them. The good news is that more powerful classes of medicines are finally starting to emerge.

Although there are more than a dozen different types of antibiotics, there are currently only three main classes of antifungals: polyenes, azoles and echinocandins. Each attacks a different part of a fungus's cell membrane or cell wall, protective structures that surround the fungal cell and without which it cannot survive. The last of these classes, the echinocandins, were introduced in the early 2000s and since then no new classes have been approved. Part of the reason is that fungi are much more closely related to animals than bacteria are: anything that kills a fungus may well kill the cells it has infected.

This limited arsenal is shrinking. Just like bacteria, fungi can evolve to withstand drugs through genetic mutations. Azoles, for example, work by targeting an enzyme involved in building and maintaining the fungal cell membrane. Should a genetic mutation cause the enzyme to change, though, the azoles will be ineffective. Scientists believe such mutations arise when fungi are exposed to agricultural fungicides. Though these specifically target fungi that infect plants, they may inadvertently come into contact with human-infecting species in compost heaps or in soil. If a fungicide works by a similar mechanism to an antifungal medicine—say, by targeting the same enzyme—human-infecting fungi can develop resistance to the antifungal even though they have only ever been exposed to the fungicide.

All that has made finding new classes of drugs a priority. Unfortunately pharmaceutical companies rarely see new antifungals as worth the investment. Not only will these drugs become ineffective in turn should resistance ever arise, but people take them only for short periods. That makes them less appealing than drugs taken continuously, such as statins.

Despite these hurdles, wholly new classes of antifungals are finally on the cusp of reaching the clinic. There is ibrexafungerp, developed by Scynexis and commercialised by GSK, and fosmanogepix, made by Amplyx Pharmaceuticals (which has since been bought by Pfizer). Each has a novel technique for attacking the cell wall, and is in trials against severe and resistant infections. Initial data from small phase-two trials suggest both are

effective in around 80% of patients. Another promising candidate is olorofim, developed by F2G, a company based in the British city of Manchester. Instead of affecting the cell wall, olorofim interferes with a fungus's ability to make DNA. In a recent phase-two trial against invasive moulds, it showed a 29% success rate in patients whose infections could not be treated by other drugs.

There may also be more mileage in existing classes of antifungals. On March 19th a group of Chinese scientists reported in *Nature* that they had found a new polyene compound that targets a different part of the fungal cell membrane than older polyenes. In laboratory experiments, it was effective against multi-drug resistant fungi and less toxic than another potent polyene. Though it is still too soon to say how much impact these drugs will have, their arrival is a positive step.

Should the new drugs pass muster, maintaining their lethality will be crucial. But the chance to do so may be slipping away. Regulators in America, Canada, Japan and South Korea have already approved a fungicide called ipflufenoquin that works like olorofim. This has scientists worried; a study published in 2023 showed that strains of one fungus that evolved resistance to ipflufenoquin also showed resistance to olorofim in the lab. The new fungicide aminopyrifen, which targets the same enzyme as fosmanogepix, also contributes to fears that the new drugs may not be effective for long. "It's a giant issue," says Leah Cowen, a fungal geneticist at the University of Toronto.

Regulators and policymakers are starting to take notice. America's Environmental Protection Agency decided in October to make sure it is aware of resistance risks when approving new fungicides. Agencies in the European Union investigated the use of azole antifungals and fungicides for the first time in January, and likewise recommended that approval of new fungicides should bear antifungal resistance in mind. But exactly what decisions such awareness will prompt remains unclear. Fungicides also do life-saving work: fungal infections are the leading cause of crop failures, destroying up to 40% of the world's annual harvest, the equivalent of food for 4bn people. Regulators consequently cannot just ask farmers to stop using fungicides or refuse to approve new ones. "There is this really difficult balance between the need for food security and the need for protection of

our [antifungals],” says Michael Bromley, a microbiologist from the University of Manchester.

The world needs more ways to kill fungi. Innovation might come from faster and cheaper genome sequencing, which allows scientists to search microbial genomes for genes that produce new antifungal compounds as well as find targets that exist in fungi but not in humans. Another potential avenue is to exploit the mycoviruses that infect fungi in nature. Just as viruses that infect bacteria can be used as natural antibiotics, some scientists think that mycoviruses could yield new antifungal therapies. They will need to come up with something, or the rot really will set in. ■

Curious about the world? To enjoy our mind-expanding science coverage, sign up to Simply Science, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/science-and-technology/2025/04/23/lethal-fungi-are-becoming-drug-resistant-and-spreading

Dingo? Bingo

Australia’s dingoes are becoming a distinct species

Many will still be culled under false pretences

Apr 24, 2025 05:23 AM | Townsville, Queensland



Not going to the dogs

UNTIL VERY recently, it was assumed that Australian canines came in three varieties. There were native dingoes roaming the bush, distant cousins of dogs that arrived from Asia thousands of years ago. Then came domestic dogs, introduced in recent centuries by European travellers. Last were mongrel descendants of escaped pets and native dingoes.

Views on domestic dogs are straightforward: good as pets, but a threat when feral. Dingoes are more divisive. Many farmers see them as a threat to livestock and want them culled. But others are protective of this native animal, which is culturally important for Aboriginal people and helps balance the continent’s ecosystems.

Dingo-dog mixes, however, are an easier target for everyone. Still a menace to sheep, but also a conservation threat to the native dingoes, they can be culled without much controversy. Such culls often target “wild dogs”, a catch-all category which includes dingoes, feral dogs and mixes, but in areas closer to humans where no true dingoes were thought to live. However, new genetic-testing techniques have caused a stir by suggesting that dingo-dog hybrids are vanishingly rare. The majority of Australian canines being culled are, therefore, pure-bred dingoes.

The turning-point came with a paper published in *Molecular Ecology* in 2023 by Kylie Cairns at the University of New South Wales. She and her team compared the genomes of 391 wild and captive “dingoes” from across Australia—some expected to be native, others mixed—with genomes of 152 domestic dogs. This was done by zeroing in on 195,474 points in their genetic code where the two groups might be expected to have different DNA. The results showed that 70% of the wild dingoes sampled had no dog ancestry. What’s more, no feral dogs nor first-generation dingo-dog hybrids were identified. “It gave us a different picture than we were expecting,” Dr Cairns says.

A further round of DNA analysis, published in *Evolution Letters* in October, suggests the paper from 2023 may, if anything, have underestimated the level of dingo purity. This study, led by Andrew Weeks at the University of Melbourne (and including data provided by Dr Cairns), focused on the dingo-dog hybrids identified in previous research, concluding that the genetic signals marking these animals as hybrids originated thousands of years ago when dingo and dog first split. In fact, they concluded, dingo-dog mixing hardly ever happens—and, when it does, the descendants rarely go on to have offspring of their own. Dingoes, in other words, have preferentially bred with dingoes for so long that they are now on a trajectory towards becoming an entirely new species.

The findings are not all that surprising. Escaped domestic dogs are unlikely to survive for long in the bush, and any that wander up to a healthy dingo pack are much more likely to be attacked than mated with. The irony of culling dingoes is that, by disrupting their social structures and crashing their populations, it may make desperate dingoes more likely to start mating with domestic dogs.

Despite the revelations, Australian state authorities and farmers have largely continued with culls. The Victoria state government, one of the few exceptions, now protects a genetically isolated population of dingoes in its north-west, shown by the recent studies to be at imminent risk of dying out, while still permitting lethal control of dingoes in its eastern region.

Compromises are possible. Non-lethal measures, such as electric fencing and guard dogs, could be deployed more widely. Researchers are also investigating chemical compounds in male dingo urine which could be used as a deterrent.

As the debate around dingo control continues, Dr Cairns is excited by a yet more powerful genetic technology: whole-genome sequencing. It allows scientists to look at the entire DNA sequence of an animal, rather than an array of different points. This could help researchers dig even deeper into dingoes' identity and finally unearth the story of their origins. ■

Curious about the world? To enjoy our mind-expanding science coverage, sign up to Simply Science, our weekly subscriber-only newsletter.

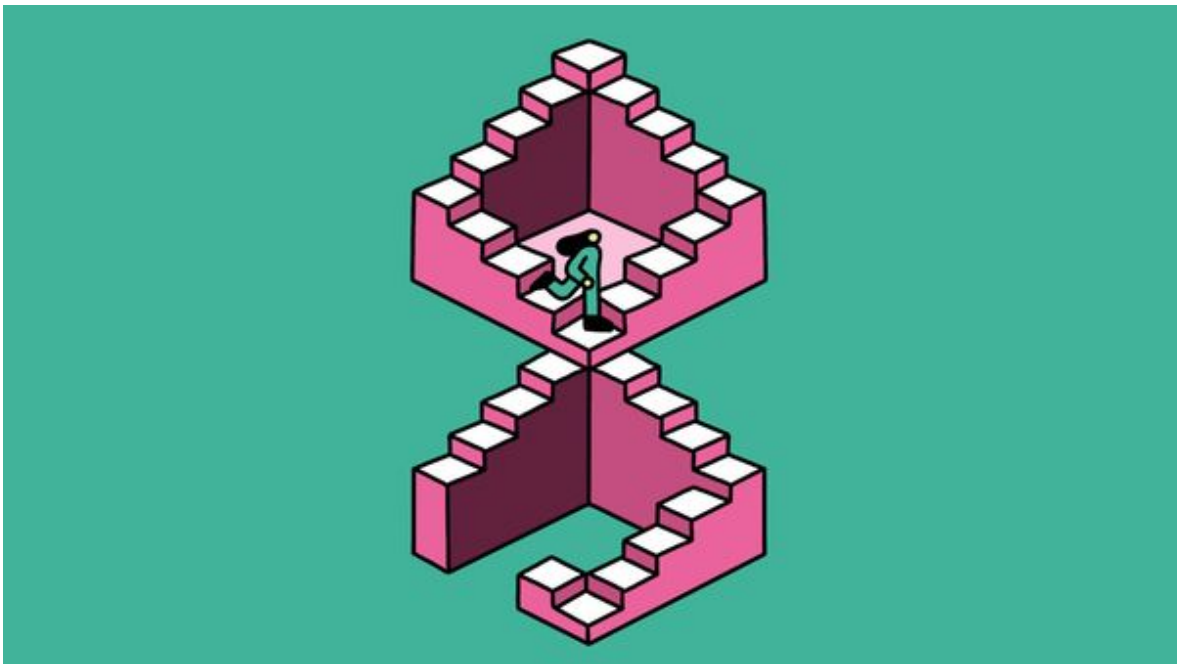
This article was downloaded by **calibre** from https://www.economist.com/science-and-technology/2025/04/23/australias-dingoes-are-becoming-a-distinct-species

Well informed

How to form good habits, and break bad ones: trick your brain

Small rewards and a change of scenery can help

Apr 24, 2025 05:23 AM



DID YOU make any resolutions this new year? If you did, are you keeping to them? Well done if you are. Polling in America suggests half of new-year resolvers give up by the end of March. More rigorous scientific studies confirm that it takes months for a new behaviour to stick, regardless of when you start.

Habitual behaviour emerges in response to dopamine, a chemical associated with pleasure, being produced as a consequence of a certain action. Two brain systems are involved. One, in the basal ganglia (a set of structures deep in the brain's interior), responds automatically and predictably to certain stimuli. For example, your morning alarm is a stimulus that activates your "getting up" habit. This will include sub-habits such as "shower",

“make coffee”, “get dressed”, “drive to office” and so on, each with their own triggering stimuli and dopamine reward.

The other brain system, which is goal-directed, is located in the cortex, that organ’s outer layer. Its dopamine reward comes from a deliberate action being successfully performed. This goal-directed system can, if necessary, override the stimulus-response one. For example, if the radio tells you of a traffic problem, the “drive to office” sub-routine will need conscious modification.

For one-off modifications of habits, this arrangement of routine and override works well. But permanent changes, such as either breaking an old habit or making a new one, are thought to require weakening the stimulus-driven system to reduce the pertinence of old stimuli and strengthening the goal-directed one to increase that of new ones.

In a paper published in January, Eike Buabang and his colleagues at Trinity College, Dublin, review the evidence behind various ways in which this can be done. In practice, most proven approaches seem to operate on the stimulus-response side of the equation. Deliberate repetition, that stalwart of hopeful resolution-makers, trains the brain so that what was once goal-directed becomes automatic. In the case of driving to work, the incentive to do this is strong (you won’t get paid otherwise). For things more easily abandoned, reinforcement with small rewards (whether the kick of having lost another kilo at your weekly weigh-in or the praise generated by language-learning or fitness apps) works similarly. To break an unwanted habit, on the other hand, consider removing familiar stimuli. Moving house is known to help—though calling in the removal vans is a drastic approach to resolution-keeping.

Why people learn bad habits in the first place remains mysterious. Most habits form precisely because they are helpful. Automatic behaviours, such as those involved in a morning routine, reduce cognitive load and free mental resources for other tasks, such as working out what to say in the ten-o’clock meeting. But these mechanisms can be subverted. The nicotine inhaled by smoking tobacco—a type of habit so powerful that it has a special name, “addiction”—stimulates dopamine production directly. This is

something natural selection could not have foreseen. Non-addictive habits like procrastination are harder to explain.

In the end, though, all this science continues to support the idea that, when it comes to habit-formation, good old-fashioned willpower is the way forward. As the old joke has it: “How many psychoanalysts does it take to change a light bulb? Only one, but the light bulb has to really want to change.” ■

Curious about the world? To enjoy our mind-expanding science coverage, sign up to Simply Science, our weekly subscriber-only newsletter.

This article was downloaded by **calibre** from https://www.economist.com/science-and-technology/2025/04/17/how-to-form-good-habits-and-break-bad-ones-trick-your-brain

Culture

- The Vietnam war made American culture bolder and more varied
- The NFL has turned the draft into thrilling television
- They sing and dance—but rarely show their faces. Meet VTubers
- An old, leisurely way to watch television drama is back in vogue
- TikTok is changing the perfume business
- Exploring the mysteries of the Louvre

The times, they did a-change

The Vietnam war made American culture bolder and more varied

The conflict, which ended 50 years ago, precipitated new styles of music and film

Apr 24, 2025 06:33 AM



THE IMAGES of the fall of Saigon, on April 30th 1975, are indelible. A helicopter takes off from the roof of the United States embassy, leaving behind a long line of would-be evacuees. Victorious North Vietnamese soldiers roll into the city in tanks, on their way to sack the American embassy and raise their flag over the presidential palace. Vietnamese civilians rush onto packed boats in terror.

America's involvement in Vietnam began with realpolitik and ended in shame. It started covertly in 1954, soon after the Viet Minh, a nationalist, communist guerrilla group, terminated French colonial rule and Vietnam was cleaved in two. It grew into a war that killed almost 60,000 American

soldiers and over 3m Vietnamese civilians and soldiers. America's performance in the two world wars allowed the country to think of itself as benevolent and invincible. Vietnam put that myth to rest.

The war haunted American politics for decades, but 50 years on, and with veterans' average age now 72, its salience is fading. H.W. Brands, a historian at the University of Texas, says, "To my students, the Vietnam war might as well be the civil war." But his students still live in a culture dramatically changed by that war. It permanently altered American film, music, television and—most importantly—Americans' relationship to their government.

In 1954 America was at peak self-confidence. The second world war wreaked devastation, but America had emerged as a geopolitical and industrial power. The ructions of the 1960s were still a decade ahead; the Depression's privations were 15 years in the past. Polls taken in 1958 showed that 73% of Americans trusted their government to do the right thing. So when President Dwight Eisenhower sent Edward Lansdale, an air-force officer, to help the government of South Vietnam in its struggle against the communist north, it raised little public outcry.

Few Americans could even find Vietnam on a map. Many were introduced to it by a popular book called "Deliver Us From Evil" (1956). The author, Tom Dooley, an American naval medic who worked in Vietnam, described a grisly roster of horrors visited on innocent Vietnamese Christians. He cast American capitalism and compassion as the only things that could save millions of Vietnamese from communist brutality. (After Dooley's early death from cancer in 1961, it emerged that he had worked with the CIA and fabricated his stories of communist atrocities.)

Dooley's sensationalised narrative suited Americans' self-image as benign, conquering heroes. Popular Westerns such as "Shane" (1953) and "The Magnificent Seven" (1960) depicted Americans as civilising folk who stood up for the downtrodden. Epic films such as "Spartacus" (1960) depicted combat as noble and righteous, with clear battle lines and starkly defined good guys and baddies.

Meanwhile, America's involvement in Vietnam was deepening. In 1960 America had 700 military "advisers" helping the pro-Western government of South Vietnam; by the end of 1964, that number had grown to 23,000. It was still too little. And so America began drafting young men to go to Vietnam.

The horror, the horror

Two things were notable about America's military strategy. First, it was not working. In early 1965 McGeorge Bundy, the national security adviser, told President Lyndon Johnson that America could either negotiate a settlement between North and South Vietnam, or increase military pressure on the north. And second, it was largely kept from the public. Soon after Bundy's memo, Johnson secretly authorised systematic bombings of the north and sent two Marine battalions to guard the bases from which American planes took off.

The first glimmers of public discontent emerged in American music. In 1963 Bob Dylan condemned the "Masters of War" who "hide in your mansion while the young people's blood/Flows out of their bodies and is buried in the mud". Nina Simone complained in 1967 about a government that would "raise my taxes, freeze my wages/And send my son to Vietnam".

No protest song topped the *Billboard* charts in the 1960s, but David Suisman, a music historian at the University of Delaware, notes that this was the start of what came to be known as "alternative music": styles with strong niche appeal and even stronger political messages. Genres such as folk stood apart from—and often in opposition to—mainstream music, which at the time was dominated by anodyne love songs. Hip-hop and punk were the inheritors of that legacy.

The brutal images Americans saw on their televisions every night fuelled such discontent. Unlike the feel-good newsreels broadcast in the second world war, coverage of Vietnam was not sanitised. New technology, in particular lightweight cameras and sound equipment, enabled journalists to go into the field and show people what was happening. This permanently changed the media's wartime role; the public now expects to see combat footage and sceptical reporters. In Afghanistan and Iraq, the army let journalists "embed" themselves with combat units.

It took longer for the war to arrive in cinemas, but when it did, film-makers were unsparing in their depictions. “The Deer Hunter” (1978) showed the war’s effects on three friends from an insular steel town in Pennsylvania. Francis Ford Coppola’s magnificent “Apocalypse Now” (1979) portrayed the corrosive insanity of the war’s senseless violence and the lies upon which it rested. And in Stanley Kubrick’s “Full Metal Jacket” (1987), the war was nothing more than a charnel house.

Ever since, American films have largely eschewed the tidy morality and view of combat that defined pre-Vietnam war movies. Even the last “good war”—the second world war—had its shine removed in “Saving Private Ryan” (1998): the combat scenes were shockingly violent and confusing. “Jarhead” (2005) and “Warfare” (2025), about the fighting with Iraq, depict war as dreary and fundamentally pointless. “American Sniper” (2014) told the true story of a veteran who fought in Iraq and was murdered by another officer with PTSD; it showed how war hangs over soldiers long after they return home.

Many of these changes were welcome. Combat is brutal and war is rarely a Manichean struggle between heroes and villains. Films that reflect such complexity are richer than those that ignore it. Protest songs can be trite, but American music is better today than it was in the 1950s for having multiple genres and voices. And a sceptical press serves its watchdog purpose better than a pliant, credulous one.

Underlying all of these cultural changes has been a profound social one. In 1971 the Pentagon Papers, high-level government reports on the war, were leaked, revealing the depth of officials’ dishonesty about their motives and efficacy in Vietnam. A poll taken that year showed that 71% of Americans believed the war had been a “mistake”. By 1974 barely more than one-third of Americans trusted their government to do the right thing. Aside from a brief post-9/11 spike, America’s government has never regained the trust of a majority of its citizens. Today only 22% trust it, and it seems unlikely to win back Americans’ confidence soon. ■

For more on the latest books, films, TV shows, albums and controversies, sign up to Plot Twist, our weekly subscriber-only newsletter

This article was downloaded by **calibre** from https://www.economist.com/culture/2025/04/24/the-vietnam-war-made-american-culture-bolder-and-more-varied

| Section menu | Main menu |

Recruiting athletes

The NFL has turned the draft into thrilling television

Talented individuals, strategy and time pressure make for great drama

Apr 24, 2025 05:23 AM



High number, low expectations

THIS WEEK the city of Green Bay, Wisconsin, is hosting the grandest spectacle in its history. That is saying something. Despite having barely 100,000 residents, the city is also home to the Green Bay Packers, who have won the National Football League (NFL) 13 times—more than any other team. Still, Jon Barker of the NFL says that "if you talk to anybody in Green Bay, this is the biggest event that's ever come to town." A local tourism firm expects perhaps 250,000 travelling fans to show up.

The twist is that there is no football match in Green Bay this week. Instead, it is holding the NFL Draft: the sport's annual trading bonanza, in which 257 of the brightest prospects find out which of the 32 teams in the world's most valuable league will become their homes. The hundreds of thousands of fans

in attendance will be treated to a free concert by Brad Paisley, a chart-topping country musician. Millions more will follow along on TV—some 12m watched the first round last year, around as many as watched the finals of the National Basketball Association.

Teams spend months preparing their strategy and ideal selections—a process which inspired "Draft Day", a film starring Kevin Costner, in 2014. Umpteen publications put together hefty guides to the three-day event, analysing scouting reports, ranking the eligible youngsters and making predictions. (Draftees must have been out of high school for three years or longer; most come from college-football programmes.) Podcasters and YouTubers scrutinise hundreds of players' strengths and weaknesses. For many fans the draft is as exciting as the sport the men will play.



The concept is simple. There are seven rounds in which each team gets to pick players, starting with the worst teams from last season and ending with the best. (Despite the obvious incentives, teams generally do not seem to deliberately aim for last place: players know that this increases their risk of being replaced.) To complicate things, however, teams can trade slots with each other, to move further up the order if needed. For each pick, they get only a few minutes to decide what to do. Over the course of the weekend, months of planning can quickly become redundant.

The NFL first held a draft in 1936, though the first pick forsook a career in football to become a rubber salesman. (In the 90 years since, football has overtaken latex as a way of earning a crust: the first pick this year will earn around $43m.) The event was an afterthought until 1980, when a new cable network called ESPN began broadcasting it. The league's commissioner was sceptical that it would draw an audience, but it did.

Hosted for many years at Radio City Music Hall in New York, the event now rotates through different cities. The benefits of holding it are significant. Last year 775,000 people attended the draft in Detroit and delivered a boost of almost $215m to the local economy.

There are several reasons why the draft has become such an appealing spectacle. One is the NFL's short schedule. For teams that do not make the playoffs, the season lasts only 18 weeks. Even a team that reaches the Super Bowl, the championship game, has a seven-month gap until it plays another meaningful match. For fans, the draft offers a football fix even when there are no fixtures.

Another is the strategy involved in the draft. Teams will have a vague sense of which players their counterparts will go after, but surprises happen. Managers must pivot and find other suitable options, all with the added pressure of a ticking clock—much like a quarterback marshalling his team to victory in the final drive.

Still another is that the draft creates rags-to-riches tales. There are the obvious winners, who get picked early and take home tens of millions. But there are gradual success stories, too. Tom Brady was the 199th selection in the draft of 2000; today he is considered one of the greatest players ever, having won seven Super Bowls. The last player chosen in a given draft earns the moniker "Mr Irrelevant" (pictured). Yet Brock Purdy—Mr Irrelevant in 2022 and now the starting quarterback for the San Francisco 49ers—will expect his next contract to be worth hundreds of millions.

Ultimately the draft is a cherished institution because it creates optimism. Drafts provide a better competitive balance than highest-bidder recruitment systems, because they make it harder for the richest teams to keep hoovering up the best talent. Consider that, in the past 30 seasons of the NFL, there

have been 14 different winners; by contrast, six teams have prevailed in the past 30 seasons of the English Premier League (including this one). Even the most jaded of fans tuning in on April 24th may feel that their team is just a few canny selections away from the Super Bowl. ■

For more on the latest books, films, TV shows, albums and controversies, sign up to Plot Twist, our weekly subscriber-only newsletter

---

This article was downloaded by **calibre** from https://www.economist.com/culture/2025/04/23/the-nfl-has-turned-the-draft-into-thrilling-television

Internet personalities

They sing and dance—but rarely show their faces. Meet VTubers

These entertainers, who use digital avatars, are growing in popularity

Apr 24, 2025 08:03 AM | TOKYO



In concert with technology

A GLOWING CUBE sits in the centre of Makuhari Messe, one of Japan's largest convention centres. As the crowd roars with excitement, Hoshimachi Suisei (pictured) emerges from the box wearing a short, frilly skirt and her signature blue hair artfully tied up. She kicks off the show with her hit song "Stellar Stellar" before dozens of other performers take turns singing, dancing and bantering with the audience. The thousands of fans in attendance could not care less that Ms Hoshimachi and her cohort are digital avatars.

These entertainers are known as "VTubers"—"virtual YouTubers"—and they do not show their real faces; instead, individuals often use motion-capture technology to superimpose their movements onto their cartoon

avatars in real time. Though the biggest VTubers host concerts and events, most remain in the digital realm, livestreaming footage of themselves singing, chatting or playing video games.

The phenomenon started in Japan around a decade ago as a niche curiosity, but it has now spread across the world. It took off during the coronavirus pandemic, as people, particularly youngsters, went in search of entertainment and companionship online. According to Mordor Intelligence, a research firm, the global VTuber industry is worth an estimated $2.9bn and could reach $4.5bn by 2030.



Japanese VTubers dominate, but other countries are getting in on the act. VTuber talent agencies such as Hololive Production have opened outposts in the West to target English-speaking audiences, with great success. Gawr Gura, an American whose avatar wears a shark costume, has 4.6m subscribers on YouTube: the most of any VTuber. (Her recent announcement that she would be retiring on May 1st has provoked much dismay.)

The rise of VTubers represents a mix of two Japanese cultural exports. One is anime, the country's homegrown style of animation, which has soared in popularity across the world in recent decades. (International streaming revenues are expected to exceed $12bn by 2030, up from $3.7bn in 2023.)

VTubers usually have the wide eyes and cutesy aesthetic typical of anime shows; they are like beloved cartoon characters that can talk back from the screen.

The other is Japan's idol culture, in which fans develop intense emotional bonds with public figures. To deepen those bonds, idols often make themselves accessible to their fans at meet-and-greet events. VTubers have adapted this model to the digital realm by using lucrative "Super Chats". During a livestream, fans can send a message with a tip, in the hope that the VTuber will respond. Minato Aqua, a Japanese VTuber who wears a sailor uniform, is estimated to have made more than $500,000 from Super Chats in 2024.

Some 70% of VTubers are female; the majority of their fans are male. The use of alternative personas allows VTubers to be themselves at the same time as it prevents admirers from getting too close. Patrick Galbraith of Senshu University in Tokyo notes that VTubers' appeal lies in their "freewheeling" communication style: they may suddenly burst into song or shout random statements. Devoted fans, called "clippers", turn these moments into short, shareable videos and add subtitles. Some clips get millions of views on platforms such as TikTok. Talent agencies, for their part, welcome clipping as free marketing.

Given that AI models can write songs, generate artwork and have realistic conversations, might VTubers be replaced by AITubers? Neuro-sama, an AI VTuber who sports brown hair and bows, has a large following on Twitch, a livestreaming site; she plays video games and responds to fans with the help of AI models. By offering round-the-clock amusement, AITubers can give more of what fans crave.

Yet the industry is sanguine about AI. Motoaki Tanigo, the boss of Cover Corporation, which owns Hololive Production, has said that "Fans are drawn to VTubers because they know there is a real person behind the screen, someone they can connect with, empathise with and support." Studies show that attractive avatars lure viewers, but what keeps them watching is the *naka no hito:* the person inside. ■

For more on the latest books, films, TV shows, albums and controversies, sign up to Plot Twist, our weekly subscriber-only newsletter

---

This article was downloaded by **calibre** from https://www.economist.com/culture/2025/04/24/they-sing-and-dance-but-rarely-show-their-faces-meet-vtubers

Back Story

An old, leisurely way to watch television drama is back in vogue

On binge-watching v stinge-watching

Apr 24, 2025 05:22 AM



WHO WOUND up being murdered in the denouement of "The White Lotus"—and which of the show's pampered sociopaths was the killer? In "Severance" did Mark, the hero, decide to ditch his workplace lover for his life and wife in the world outside—and what on earth was up with those goats? While we're at it, who shot J.R.?

These questions have something in common: viewers had to wait for the answers. In the supreme cliffhanger of television history, in 1980 fans of "Dallas" endured or enjoyed eight months of speculation before the shooter's identity was revealed. Visiting Britain during that febrile hiatus (extended by a writers' strike), Larry Hagman, who played J.R., is said to have been quizzed about the mystery by the Queen Mother. For devotees of

“Severance” and “The White Lotus” (pictured), the wait for the season finale was only a week. But for some people today, that seems like an age.

Once upon a time, it looked as if streaming had reconfigured TV drama for good. In 2013 Netflix released the first season of “House of Cards” in a single batch, an approach that appeared set to become the new default. In an era of one-click instantaneity, it fitted the expectations of audiences, the younger kind especially. Scheduled weekly releases, universal for decades, began to seem as moribund as screens you couldn’t swipe. Yet today many streaming services have revived this antique rhythm for prestige dramas. Some viewers are irked. Are they right to be?

The staggered release, a form that dates back through network TV to the serialised novels of Dickens and Dostoyevsky, supplies resilient pleasures. The gaps between episodes can foster tension and discussion, if more often on Reddit threads than at water coolers. You are less likely to encounter spoilers before you reach the end. If “Dallas” came out on Netflix today, you might learn the culprit’s name osmotically before you knew J.R. gets shot (or had heard of him at all).

At its best, a great show’s weekly structure melds with the structure of your life. Time imbues the characters with an extra, humanoid dimension. Whether they are sympathetic (like Mark in “Severance”) or villainous (like J.R.), they keep you company on your commute or at the gym. Rather than drifting through a series passively—because you didn’t switch off during an episode’s closing credits—it becomes an intentional fixture in your diary.

Then again, there’s a lot to be said for “binge-watching” too. That phrase makes gobbling up a show sound incontinent, which seems oddly pejorative if you compare TV viewing with the consumption of other art forms. No one insists on lengthy pauses between movements of a symphony or thinks less of a moreish book or a reader who devours it. Nor is binge-watching only a recent habit. Still in circulation, the term “box set” is a relic of the antediluvian epoch of DVDs, through which many enthusiasts immersed themselves for lost weekends in “The Sopranos” or “The Wire”.

“Stinge-watching”—or spacing out a show’s episodes—lets each be crafted and savoured discretely. But releasing a season’s-worth together opens up

other creative possibilities. Less time is needed for recaps and expository dialogue. Story arcs twist and stretch more freely. You cohabit with the characters in a brief but passionate fling.

For streaming services, the choice between a weekly schedule, binge-dropping whole seasons, or (as some do) mixing the two models, is really a business decision. Amid fierce competition for eyeballs and revenue, eking out flagship shows helps streamers keep customers who might otherwise unsubscribe. Smash-hit binge releases like "Adolescence" make a big splash—but retaining viewers afterwards requires a deep reservoir of other offerings. Netflix has that; some of its rivals don't.

That is the commercial dilemma. From a modern audience's perspective, the question of binge versus staggered releases is ultimately about hierarchy and power. Who is in charge here, you or the show? To put it another way, is a TV drama a commodity like rice or soap, or does it, as art, somehow deserve a more exalted, less submissive status?

When J.R. was shot in 1980, that tussle didn't arise. Punters got what they were given, and when. Now, with an ocean of content available on demand, the old weekly model makes an implicit but bold claim: that the story is good enough to fit your life around, rather than vice versa. When it isn't worth the wait, it feels like a scam. ■

For more on the latest books, films, TV shows, albums and controversies, sign up to Plot Twist, our weekly subscriber-only newsletter

---

This article was downloaded by **calibre** from https://www.economist.com/culture/2025/04/17/an-old-leisurely-way-to-watch-television-drama-is-back-in-vogue

Eau yes

TikTok is changing the perfume business

You too can smell like freshly cut grass or a rich old woman

Apr 24, 2025 05:22 AM | New York



TO SMELL LIKE "generational wealth", wear Louis Vuitton. One of Glossier's perfumes will stop a runner in his tracks. A bottle by Phlur will give you chills and make you cry. These endorsements come not from starlets in TV adverts, but from social-media users. "This actually made me go buy it," reads a typical comment, this one with 19,000 likes.

Fragrance may be the smallest category in the beauty sector, but it is growing fast. McKinsey, a consultancy, reckons that global sales will reach $106bn by 2028, an increase of $30bn from 2023. Fragrance's growth is projected to outpace that of makeup, haircare and skincare.

Social media are driving this boom. TikTok is particularly influential: in 2023 two-thirds of Gen-Z Americans told Circana, a research firm, that the short-video app had influenced their fragrance-buying habits more than any other platform. Beauty is by far the bestselling segment on TikTok Shop, the platform's e-commerce feature. Bottles that go viral on #PerfumeTok are quickly snatched off shelves.

Fragrance aficionados are driving trends as well as sales. Many point their followers not to luxury offerings from major fashion houses, but mid-range perfumes that "smell expensive". Others recommend "niche" scents made by small, independent brands. How you smell, these videos imply, should require as much thought as how you look.

Interest is growing in unexpected quarters. More than half of teenage boys in America surveyed by Piper Sandler, a bank, said they spritzed themselves every day, an increase of ten percentage points in two years. On average boys spent $110 annually on fragrance in 2024—up from $75 the year before—and compared with $93 spent by girls. This is due to "smellmaxxing", a social-media trend whereby boys trade tips on how to smell fresh, seductive or musky.

For a time, the industry had a stale whiff about it. Some 15 years ago Jean-Claude Ellena, then the perfumer for Hermès and a celebrated "nose", bemoaned that concentration in the industry—which is dominated by four firms—had resulted in bland uniformity: "Forms have become similar, and the unique is rare." He felt that artisanal products were the key to perfumes' future as "objects of desire".

That was prescient. What Mr Ellena could not have anticipated was the role social media would play in encouraging consumers to experiment. Aficionados assemble "scent wardrobes" rather than pledge fealty to one product. Influencers show off shelves artfully arranged with dozens of bottles. Subscription services, which deliver samples monthly, are also taking off.

"Gen Z wants variety, they want collections," observes Jake Levy, a co-founder of Stéle, a perfume shop which has two sites in New York. Mr Levy says that the average spend in the Manhattan branch is around $500, as

customers scoop up several bottles in a visit. “The only people who want signature fragrances are over 60,” he sniffs.

That perfume resonates on a noseblind internet may seem puzzling. But the digital realm has long been a place for collectors to discover, discuss and compare wares. Before TikTok, perfume-lovers uploaded videos to YouTube; some wrote about their favourite bottles in newsletters. Many still use a creaky website called Fragrantica, seemingly unchanged since its launch in 2007, to rate perfumes. In their attempts to describe specific smells, users have fun with floral language. (A review of Pure Poison by Dior, for instance, conjures the image of “Snow White’s long-decayed deceased body laying in a wooden casket in the forest at her forgotten-about funeral”.)

Today an 80,000-strong group of “Fragrantica Warriors” on X discuss how to smell like everything from cookies to credit cards. Perfume is intoxicating because smells are highly evocative. A scent can be aspirational: Mr Levy says young women in their 20s ask to smell like an “opulent old lady”. Smells bring back memories, too. Buyers seek out the scent of freshly cut grass, for instance. Some simply marvel at perfumers’ ability to recreate particular odours. Mr Levy offers a scent reminiscent of cat urine. “Believe it or not,” he says, “we sell the hell out of that one.” ■

For more on the latest books, films, TV shows, albums and controversies, sign up to Plot Twist, our weekly subscriber-only newsletter

---

This article was downloaded by **calibre** from https://www.economist.com/culture/2025/04/24/tiktok-is-changing-the-perfume-business

The heart of art

Exploring the mysteries of the Louvre

A colourful history of the world's most popular museum

Apr 24, 2025 09:52 AM



Adventures in the Louvre: How to Fall in Love with the World's Greatest Museum. By Elaine Sciolino. *W.W. Norton; 384 pages; $29.99 and £22.99*

IF YOU WERE to walk through each of the Louvre's 400 galleries, you would cover about 14.5km (enough to burn off even the most calorific of Parisian indulgences). Stop to look at each artwork for 15 seconds, and you would be there for about 145 hours. As a result, few of the nearly 9m people who visit the Louvre each year leave feeling as if they have truly mastered it.

Elaine Sciolino, formerly the Paris bureau chief for the *New York Times*, has volunteered herself as a chatty, amiable tour guide. In "Adventures in the Louvre" she does not try to take readers through every room or compile the

museum's definitive history. Instead she focuses on themes and small details that will interest them.

The author has a journalist's knack for posing a good question. Of all the faces in the Louvre, "Who is the fairest one of all?" she asks Sébastien Allard, director of paintings, who offers five suggestions (by Jacques-Louis David, Rembrandt, Pisanello, Titian and Johannes Vermeer). Many Louvre employees find Leonardo da Vinci's "Mona Lisa", the most famous work of art in the world, overrated. Yet around four-fifths of visitors come mainly to see it, bypassing other treasures.

Even those who are attuned to the collection's subtleties have something to learn. For example, "MNR" (for Musées Nationaux Récupération, or National Museums Recovery) is marked on the placards of around 1,700 works. The acronym denotes "orphan" works, probably seized from Jews in the second world war, which are in the Louvre's care but not part of its collection.

For the Louvre, history ended in 1848—later masterpieces are in France's other national museums—but its transformation continues. Recently Emmanuel Macron, the country's president, announced a renovation costing €700m-800m ($800m-900m), which would, among other things, give the "Mona Lisa" her own gallery. Visitors will have even more need of a discerning guide. ■

For more on the latest books, films, TV shows, albums and controversies, sign up to Plot Twist, our weekly subscriber-only newsletter

---

This article was downloaded by **calibre** from https://www.economist.com/culture/2025/04/24/exploring-the-mysteries-of-the-louvre

Economic & financial indicators

- **Economic data, commodities and markets**

Indicators

Economic data, commodities and markets

Apr 24, 2025 05:23 AM

Economic data

1 of 2

	Gross domestic product, % change on year ago: latest		quarter*	2024†	Consumer prices, % change on year ago: latest		2024†	Unemployment rate, %	
United States	2.5	Q4	2.4	2.8	2.4	Mar	2.9	4.2	Mar
China	5.4	Q1	4.9	5.0	-0.1	Mar	0.2	5.2	Mar‡§
Japan	1.1	Q4	2.2	0.1	3.6	Mar	2.7	2.4	Feb
Britain	1.5	Q4	0.4	1.1	2.6	Mar	3.3	4.4	Jan††
Canada	2.4	Q4	2.6	1.5	2.3	Mar	2.4	6.7	Mar
Euro area	1.2	Q4	1.0	0.8	2.2	Mar	2.4	6.1	Feb
Austria	-0.5	Q4	-1.4‡	-1.2	3.1	Mar	2.9	5.3	Feb
Belgium	1.1	Q4	0.7	1.0	3.6	Mar	4.3	5.9	Feb
France	0.6	Q4	-0.4	1.1	0.9	Mar	2.3	7.4	Feb
Germany	-0.2	Q4	-0.8	-0.2	2.3	Mar	2.5	3.5	Feb
Greece	2.7	Q4	3.7	2.3	3.1	Mar	3.0	8.6	Feb
Italy	0.6	Q4	0.5	0.5	2.1	Mar	1.1	5.9	Feb
Netherlands	1.9	Q4	1.5	0.9	3.4	Mar	3.2	3.9	Mar
Spain	3.4	Q4	3.2	3.2	2.2	Mar	2.9	10.4	Feb
Czech Republic	1.8	Q4	2.6	1.1	2.7	Mar	2.4	2.7	Feb‡
Denmark	3.9	Q4	7.6	3.6	1.5	Mar	1.4	2.9	Feb
Norway	-0.3	Q4	-2.5	2.1	2.6	Mar	3.1	3.9	Jan‡‡
Poland	3.4	Q4	5.7	2.9	4.9	Mar	3.8	5.3	Mar§
Russia	4.5	Q4	6.3	3.8	10.3	Mar	8.4	2.4	Feb§
Sweden	2.3	Q4	3.1	1.0	0.5	Mar	1.9	8.5	Mar§
Switzerland	1.5	Q4	0.8	1.3	0.3	Mar	1.1	2.8	Mar
Turkey	3.0	Q4	6.9	3.3	38.1	Mar	58.4	8.7	Feb§
Australia	1.3	Q4	2.4	1.0	2.4	Q4	3.2	4.1	Mar
Hong Kong	2.4	Q4	3.2	2.5	1.4	Mar	1.7	3.2	Mar‡‡
India	6.2	Q4	9.3	6.3	3.3	Mar	4.9	7.7	Mar
Indonesia	5.0	Q4	5.5	5.0	1.0	Mar	2.3	4.9	Aug§
Malaysia	4.4	Q1	4.6	5.1	1.4	Mar	1.8	3.1	Feb§
Pakistan	3.2	2024**	na	3.2	0.7	Mar	12.6	6.3	2021
Philippines	5.3	Q4	7.4	5.7	1.8	Mar	3.2	4.3	Q4§
Singapore	3.8	Q1	-3.0	4.4	0.9	Mar	2.4	1.9	Q4
South Korea	1.2	Q4	0.3	2.1	2.1	Mar	2.3	3.1	Mar§
Taiwan	2.9	Q4	6.6	4.6	2.3	Mar	2.2	3.4	Mar
Thailand	3.2	Q4	1.5	2.5	0.8	Mar	0.4	0.9	Mar§
Argentina	2.1	Q4	5.7	-1.7	55.9	Mar	220	6.4	Q4§
Brazil	3.6	Q4	0.7	3.4	5.5	Mar	4.4	6.8	Feb§‡‡
Chile	4.0	Q4	1.5	2.4	4.9	Mar	3.9	8.4	Feb§‡‡
Colombia	2.4	Q4	2.5	1.7	5.1	Mar	6.6	10.3	Feb§
Mexico	0.5	Q4	-2.5	1.5	3.8	Mar	4.7	2.7	Feb
Peru	4.2	Q4	2.0	3.3	1.3	Mar	2.4	5.3	Mar§
Egypt	4.3	Q4	0.8	2.4	13.6	Mar	28.3	6.4	Q4§
Israel	7.2	Q4	2.1	0.6	3.3	Mar	3.1	2.9	Mar
Saudi Arabia	1.3	2024	na	1.3	2.3	Mar	1.7	3.5	Q4
South Africa	0.9	Q4	2.3	0.6	2.7	Mar	4.4	31.9	Q4§

Source: Haver Analytics. *% change on previous quarter, annual rate. †The Economist Intelligence Unit estimate/forecast. ‡Not seasonally adjusted. §New series. **Year ending June. ††Latest 3 months. ‡‡3-month moving average. Note: Euro area consumer prices are harmonised.

Economic data

2 of 2

	Current-account balance, % of GDP, 2024†	Budget balance, % of GDP, 2024†	Interest rates, 10-yr gov't bonds latest, %		change on year ago, bp	Currency units, per $ Apr 23rd	% change on year ago
United States	-3.9	-6.5	4.4		-21.0		
China	2.3	-4.8	1.5	§§	-52.0	7.30	-0.7
Japan	4.8	-2.3	1.3		44.0	143	8.5
Britain	-2.7	-5.4	4.5		22.0	0.75	6.6
Canada	-0.5	-2.3	3.2		-56.0	1.38	-1.4
Euro area	3.2	-3.2	2.5		-1.0	0.88	5.7
Austria	2.4	-4.7	3.0		-6.0	0.88	5.7
Belgium	-0.3	-4.5	3.0		nil	0.88	5.7
France	0.4	-5.8	3.2		23.0	0.88	5.7
Germany	6.0	-2.8	2.5		-1.0	0.88	5.7
Greece	-6.3	0.4	3.4		-11.0	0.88	5.7
Italy	1.2	-4.0	3.6		-17.0	0.88	5.7
Netherlands	9.5	-0.7	2.7		-2.0	0.88	5.7
Spain	3.0	-3.2	3.2		-17.0	0.88	5.7
Czech Republic	1.6	-2.4	4.1		-20.0	22.0	7.3
Denmark	12.5	1.9	2.4		-21.0	6.58	5.9
Norway	16.3	12.1	3.9		nil	10.4	4.8
Poland	0.2	-5.7	5.3		-50.0	3.77	6.9
Russia	3.0	-2.3	15.6		216	83.3	11.8
Sweden	7.4	-1.3	2.4		-10.0	9.62	12.6
Switzerland	5.2	0.8	0.4		-29.0	0.83	9.7
Turkey	-0.8	-4.9	31.7		472	38.3	-14.9
Australia	-1.9	-2.2	4.3		nil	1.56	-1.3
Hong Kong	12.3	-2.7	3.3		-60.0	7.76	1.0
India	-0.6	-4.8	6.3		-84.0	85.4	-2.4
Indonesia	-0.6	-2.5	6.9		-11.0	16,865	-3.8
Malaysia	1.7	-4.3	3.7		-30.0	4.39	8.9
Pakistan	0.2	-6.8	12.5	†††	-171	281	-0.9
Philippines	-3.8	-5.7	6.3		-72.0	56.6	1.7
Singapore	17.5	0.3	2.5		-86.0	1.31	3.8
South Korea	5.3	-1.8	2.6		-101	1,421	-3.0
Taiwan	14.3	0.5	1.6		-10.0	32.5	0.4
Thailand	2.1	-5.7	2.1		-48.0	33.4	10.9
Argentina	0.5	0.3	na		na	1,109	-21.3
Brazil	-2.8	-7.6	14.6		313	5.69	-9.5
Chile	-1.5	-2.9	5.6		-63.0	937	1.2
Colombia	-1.8	-6.6	11.7		124	4,308	-9.3
Mexico	-0.3	-4.9	9.5		-35.0	19.6	-13.4
Peru	2.2	-3.8	6.6		-82.0	3.69	nil
Egypt	-7.2	-3.7	na		na	50.9	-5.7
Israel	3.2	-6.8	4.4		-49.0	3.65	3.3
Saudi Arabia	-0.5	-2.8	na		na	3.75	nil
South Africa	-0.6	-5.0	10.8		12.0	18.6	2.7

Source: Haver Analytics. §§5-year yield. †††Dollar-denominated bonds.

Markets

In local currency	Index Apr 23rd	% change on: one week	Dec 31st 2024
United States S&P 500	5,375.9	1.9	-8.6
United States NAS Comp	16,708.1	2.5	-13.5
China Shanghai Comp	3,296.4	0.6	-1.7
China Shenzhen Comp	1,923.4	2.4	-1.7
Japan Nikkei 225	34,868.6	2.8	-12.6
Japan Topix	2,584.3	3.5	-7.2
Britain FTSE 100	8,403.2	1.5	2.8
Canada S&P TSX	24,427.7	1.3	-1.2
Euro area EURO STOXX 50	5,098.7	2.7	4.1
France CAC 40	7,482.4	2.1	1.4
Germany DAX*	21,962.0	3.1	10.3
Italy FTSE/MIB	36,457.7	1.1	6.6
Netherlands AEX	869.7	1.9	-1.0
Spain IBEX 35	13,208.3	2.1	13.9
Poland WIG	99,675.8	5.9	25.3
Russia RTS, $ terms	1,125.7	3.1	26.0
Switzerland SMI	11,808.7	1.8	1.8
Turkey BIST	9,312.1	0.5	-5.3
Australia All Ord.	8,125.2	2.1	-3.5
Hong Kong Hang Seng	22,072.6	4.8	10.0
India BSE	80,116.5	4.0	2.5
Indonesia IDX	6,634.4	3.7	-6.3
Malaysia KLSE	1,501.2	1.6	-8.6
Pakistan KSE	117,226.1	1.0	1.8
Singapore STI	3,832.3	4.6	1.2
South Korea KOSPI	2,525.6	3.2	5.3
Taiwan TWI	19,639.1	0.9	-14.7
Thailand SET	1,153.8	1.3	-17.6
Argentina MERV	2,239,401.9	2.8	-11.6
Brazil BVSP*	132,216.1	3.0	9.9
Mexico IPC	55,766.6	5.2	12.6
Egypt EGX 30	31,640.2	2.0	6.4
Israel TA-125	2,552.3	0.7	5.2
Saudi Arabia Tadawul	11,681.1	0.4	-3.0
South Africa JSE AS	89,846.8	0.2	6.8
World, dev'd MSCI	3,488.0	0.6	-5.9
Emerging markets MSCI	1,073.8	1.4	-0.2

US corporate bonds, spread over Treasuries

Basis points	latest	Dec 31st 2024
Investment grade	123	95
High-yield	445	324

Sources: LSEG Workspace; Moscow Exchange; Standard & Poor's Global Fixed Income Research. *Total return index.

Commodities

***The Economist* commodity-price index**

2020=100	Apr 15th	Apr 22nd*	% change on month	% change on year
Dollar Index				
All items	133.0	134.6	-1.9	-1.4
Food	150.5	152.6	1.3	3.6
Industrials				
All	118.5	119.7	-5.1	-6.3
Non-food agriculturals	129.9	129.3	-2.6	-4.0
Metals	115.6	117.2	-5.7	-6.9
Sterling Index				
All items	129.0	129.2	-5.1	-8.4
Euro Index				
All items	134.2	134.0	-7.7	-8.1
Gold				
$ per oz	3,219.3	3,426.0	13.3	47.7
Brent				
$ per barrel	64.7	67.5	-7.7	-23.1

Sources: Bloomberg; CME Group; FT; LSEG Workspace; NZ Wool Services; S&P Global Commodity Insights; Thompson Lloyd & Ewart; USDA; WSJ. *Provisional.

This article was downloaded by **calibre** from https://www.economist.com/economic-and-financial-indicators/2025/04/24/economic-data-commodities-and-markets

Obituary

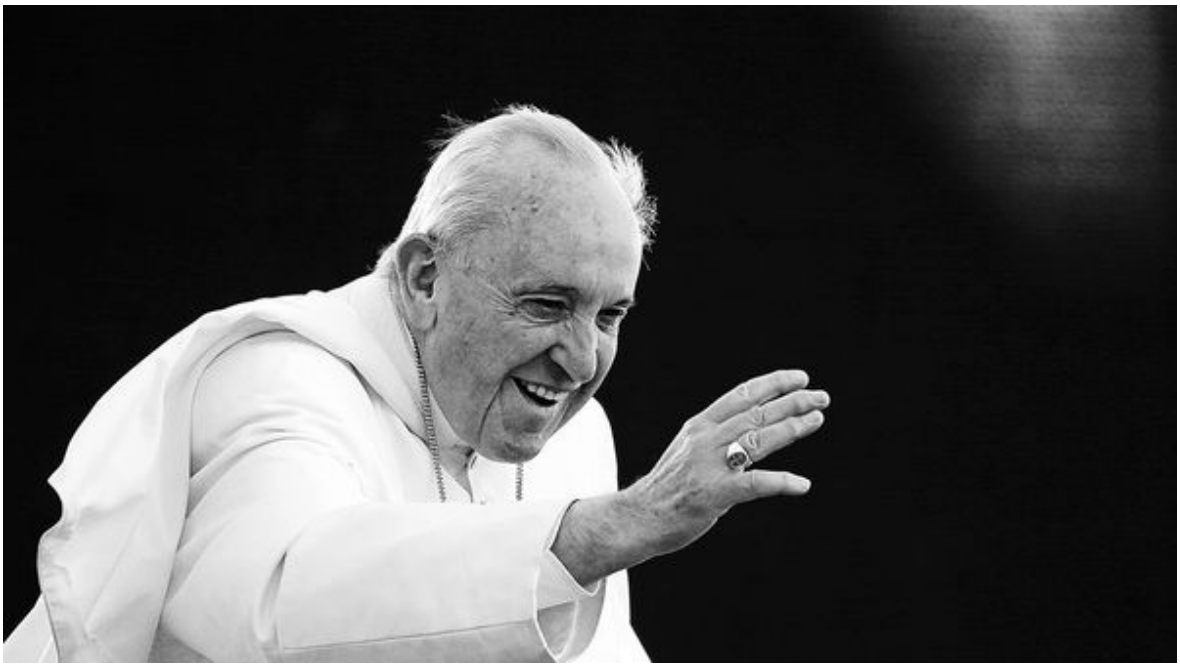
- **Pope Francis changed the Catholic church, but not as much as he hoped**

The works of mercy

Pope Francis changed the Catholic church, but not as much as he hoped

The most open-minded pope for many years died on April 21st—Easter Monday—aged 88

Apr 24, 2025 06:33 AM



THE MOMENT when the great doors of St Peter's balcony swing open, announcing a new pope, seems to call for trumpets and drums. Instead, on March 13th 2013, the figure in white said: "Good evening." Though he spoke in Italian, his parents' language, he was Argentine, the first non-European pope for almost 13 centuries. That in itself was interesting. Then, before the traditional *urbi et orbi* blessing, he asked the huge crowd for their blessing on him. Interest turned to patent surprise.

Francis did not stop there. There would be no papal cape or red slippers, just a plain white cassock and his ordinary black shoes. (He would as happily have worn the shirt of his football club, San Lorenzo, or his national blue-

and-white with Messi, his favourite player, on the back.) No crest-embellished dinner plates, no new pectoral cross; he kept the iron-plated one he had worn, from 1998, as archbishop of Buenos Aires. No 12-room apartment in the Vatican, but a two-room suite in the guests' hostel, and meals in the dining room with everyone else. "We'll see how long it lasts," said one aide, uncomfortable. It lasted until he died; for in Buenos Aires, after all, he had cooked his own meals and travelled by bus.

Humility did not drive these changes. For him, ostentatious displays of sanctity were "osteoporosis of the soul". He just wanted to be among the people, out in the open, with his flock. In the Vatican apartment, he would have been alone. In the bulletproof Popemobile, which he also discarded, he would have been unable to hug, embrace, get himself into selfies, tickle children and laugh with besotted nuns. From the hostel, too, he could sneak out with little formality, turning up at hospitals, prisons and hospices to the huge surprise of inmates and workers. On Holy Thursday he visited such places to kneel before people in trouble, wash their feet, towel them dry and kiss them. Good shepherds, he said, should get their hands dirty.

The saint whose name he had taken, Francis of Assisi, had said the same. Following him (though he was not a Franciscan but one of the sterner, more institutionalised Jesuits, the first to become pope), he opened up heart and hand to the travails of the poor. In Buenos Aires he was called the "Slum Bishop" for insisting that he, and his priests, should go out in the streets and on the margins. He was no fan of liberation theology, and fell out with some Jesuits over that; his vague political instincts were tinged with Peronist populism and scorn for capitalism. His immense encyclical "Laudato Si'" of 2015, advising care for the Earth, fiercely attacked consumerism and the profit motive; he even gave a copy to Donald Trump when he visited, and later challenged the president's heartless views on immigration. Convinced that when people closed in on themselves, their greed increased, he made a point of reaching out, feeding hundreds of homeless with pizza at the Vatican and adopting several families of Syrian refugees.

His openness also had another, extraordinary, dimension. Turning the Roman Catholic tradition of centuries on its head, he refused to defend doctrine for doctrine's sake. Some teachings—on abortion, euthanasia, same-sex marriage—were still non-negotiable in his mind. Sin was sin.

Other issues brought out the solid streak of conservatism in him: he could clearly not yet deal with married priests or women deacons. On many matters, though, he left room for nuance and understanding. He would walk beside people and look on them as Jesus would have done. Of homosexuals, he said: “Who am I to judge?” His “exhortation” on married love, “Amoris Laetitia”, seemed to leave open the possibility that the divorced and remarried could receive communion. In his church there were no pariahs, save capitalists and those whose greed despoiled God’s gift of Earth: a passion encapsulated in the synod he held for his “Querida Amazonia”, and one he recapitulated often. His greatest ire (and he could be fearsomely angry and authoritarian, as the Argentinian Jesuits, of whom he was briefly provincial, discovered), was aimed at the “lying spellbinders”, “bloodsuckers” and “hypocrites” who, though nominally pastors, cared mostly for their curial careers.

They were among those who hampered his efforts at reform. A synod on the family made negligible progress. Francis’s efforts to address child abuse by clergy were often clumsy, and his apologies made little impression on the press or on the victims. His attempts to sort out the black hole of Vatican finances, though partly successful, left him open to accusations of high-handedness. The old guard found him impatient, too keen to get his way by simple exhortation, when the church required slow, careful consultation, over centuries if need be.

Many, especially within the American church and at the court of Benedict, the frail pope emeritus, were actively hostile to him. Some presented *dubia*, serious doctrinal doubts, about the teaching of “Amoris Laetitia”. He disregarded them, stubbornly appointing to the cardinalate the sort of men he liked, third-worlders and the open-minded. He, too, could play a long game. Meanwhile gratifying successes came from outside ventures, such as his brokering of a new relationship between the United States and Cuba.

Some wondered what truly motivated this broad-backed, smiling figure, a joyful tweeter who also used silence as eloquently as words. He admitted to “hundreds” of errors and sins in his past, referring perhaps to misjudgments in Argentina’s dirty war of 1976-83. Possibly (though nothing was proved) he felt he had much to make up for. If so, repentance was turned to one end: mercy. A merciful church could not shrink inwards, because its duty was to

offer care, love and grace to all in need: not only to baptised members, but to every soul created in God's image.

So Francis believed and acted, every day of his pontificate. But after him, the great doors of the balcony of St Peter's may yet creak slowly shut again. ■

This article was downloaded by **calibre** from https://www.economist.com/obituary/2025/04/21/pope-francis-changed-the-catholic-church-but-not-as-much-as-he-hoped

Table of Contents

- The Economist [Apr 26th 2025]
  - The world this week
    - Politics
    - Business
    - The weekly cartoon
  - Leaders
    - Trump is a revolutionary. Will he succeed?
    - The man Britain cannot ignore
    - President Trump's attacks on the Fed are not over
    - Africans need jobs. The rest of the world needs workers
    - How Canada went from preachy to pragmatic
    - How to keep AI models on the straight and narrow
  - Letters
    - The challenges faced by Brazil's Supreme Court, and more
  - By Invitation
    - To see off the Trump challenge, Canada must fix its productivity problem, says Michael Ignatieff
  - Briefing
    - Emigration from Africa will change the world
  - Asia
    - J.D. Vance flies into a giant trade storm in India
    - Taiwan flogs America drones "not made in China"
    - What's at stake as Singapore goes to the polls
    - India and Pakistan could come to blows over Kashmir
    - How the global south forgot its own birthday
  - China
    - Amid a trade war, Xi Jinping may be purging China's armed forces
    - China's $38,000 baby formula
    - China's fine diners switch from American to Aussie beef
  - United States
    - Who will stop Donald Trump's drive for unchecked power?
    - How courts might stop Donald Trump's attack on civil society

Expect more chaos in Donald Trump's tariff policies
Donald Trump hopes to become a one-man deregulator
How Donald Trump plans to ramp up deportations
America's poster-in-chief is very, very online
The Americas
How Donald Trump caused a political earthquake in Canada
Bolivia's wild politics are dragging it into the abyss
Middle East & Africa
Why Ukraine is losing the war for African opinion
The Mauritius miracle is losing its sheen
Is Donald Trump about to bomb Iran or rebuild it?
The Druze's influence outweighs their numbers
The pope phoned a priest in Gaza every day
Europe
France is a far healthier country than America
Why Italy's defence spending lags far behind
Europe wants Sweden's minerals. That's more bad news for the Sami
The Kremlin's grey-zone war in the Black Sea shows its real intent
America is selling a Ukraine peace plan. No one is buying, yet
Europe's reluctant reset with Turkey
Britain
Nigel Farage leads a movement that is hungrier and better organised
Ice cream and immigration at the Farage show
Can a six-year-old startup revive the world's oldest Sunday newspaper?
Why Britain's police forces have taken to cultivating cannabis
Donald Trump's antics mean new boldness is needed in UK-EU links
Britain's 20-20-20-20 vision
International
Trump's red-hot war on terror
Learning to love the cluster bomb

The coming struggle to choose the next pope
The ugly task of Putin-proofing your border
Business
Peter Thiel doubles down on patriotism in the Trump era
America won't be able to bully the world into buying more gas
Even Republicans are falling out of love with Tesla
For Volkswagen, things go from bad to wurst
How Donald Trump might steal Christmas
Shopping malls are making a comeback in America
The early lives of bosses
Watch out, Elon Musk. Chinese robots are coming
Finance & economics
Why American tech stocks are newly vulnerable
Trump wants a certain kind of immigrant: the uber-rich
Will China's shoppers cushion the Trumpian blow?
Should investors spend the trade war in India?
Not just Trump: Asia has a trade problem of its own making
Economists don't know what's going on
Unlike everyone else, Americans and Britons still shun the office
What price cool? $31 a month, according to students
Trump's sovereign-wealth fund won't make America richer
Science & technology
AI models can learn to conceal information from their users
Lethal fungi are becoming drug-resistant—and spreading
Australia's dingoes are becoming a distinct species
How to form good habits, and break bad ones: trick your brain
Culture
The Vietnam war made American culture bolder and more varied
The NFL has turned the draft into thrilling television
They sing and dance—but rarely show their faces. Meet VTubers
An old, leisurely way to watch television drama is back in vogue

TikTok is changing the perfume business
Exploring the mysteries of the Louvre
Economic & financial indicators
Economic data, commodities and markets
Obituary
Pope Francis changed the Catholic church, but not as much as he hoped