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AUGUST 9TH–15TH 2025



WHY ISRAEL MUST HOLD ITSELF TO ACCOUNT



August 9th 2025

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The world this week

Politics

August 7th 2025



America escalated its row with India over purchasing Russian oil, which Donald Trump says is "fuelling the war" in Ukraine. The president will impose an extra 25% tariff on Indian goods on August 27th as a punishment, taking the overall levy to 50% on certain Indian imports (he is also using the threat to press for a trade deal). The Indian government said it was being unfairly singled out, pointing to the EU's still-substantial trade with Russia. The Kremlin said it was up to individual countries to choose their trading partners.

A Swiss delegation flew to Washington for talks on reducing a 39% tariff on Swiss exports to America, but returned seemingly empty-handed. The levy has stunned Switzerland, which sells a lot of watches and chocolate in the United States.

Mr Trump said he would soon hold meetings with Vladimir Putin and Volodymyr Zelensky, following a trip to Moscow by America's special envoy, Steve Witkoff. Mr Trump has warned Russia that he will impose swingeing sanctions if it does not take a big step towards ending the war with Ukraine. A few days earlier Mr Trump ordered nuclear submarines to be positioned in "appropriate regions" in response to "foolish and inflammatory statements" made by Dmitry Medvedev, the deputy chairman of Russia's Security Council. Mr Medvedev had described Mr Trump's ultimatums to Russia as "a step towards war".

In Lithuania Gintautas Paluckas resigned as prime minister amid a business scandal (he denies any wrongdoing). He had been in the job for only eight months. The new prime minister will probably be Inga Ruginiene, who says she is "guided by left-wing, social democrat values". Earlier, Lithuania asked NATO for more air support, after two drones crossed the border from Belarus last month.

Around 600 former Israeli security officials wrote a letter to Mr Trump urging him to press the Israeli government to end the war in Gaza. The signatories included former heads of the Mossad and Shin Bet intelligence agencies and former generals in the Israel Defence Forces. The letter said that Israel had accomplished its military goals against Hamas and that a deal to release the remaining hostages in Gaza could not take place while the conflict still raged.

The letter came as Binyamin Netanyahu, Israel's prime minister, prepared to expand Israel's offensive to the whole of Gaza, giving it entire control over the strip for the first time since it officially withdrew in 2005. Meanwhile, Hamas and Palestinian Islamic Jihad were widely condemned for releasing videos of emaciated hostages. Hamas denied it was starving its captives. Chaos continued to surround aid distribution in Gaza, resulting in the deaths of dozens of people, according to the Hamas-run authorities.

Ghazi Hamad, a senior member of Hamas, said that the announcements by Britain, Canada and France that they would recognise a Palestinian state were one of "the fruits" of Hamas's attack on Israel on October 7th 2023. A British government spokesman refused to confirm whether Britain's recognition of Palestine would go ahead if Hamas remained in power.

The UN warned that people face starvation in el-Fasher, the capital of Sudan's Darfur region, a focal point in the country's civil war. The rebel Rapid Support Forces surround the city and have blocked aid from reaching it.

A helicopter crash in Ghana killed eight people, including the minsters for defence and the environment and the vice-chairman of the governing National Democratic Congress party.

The Italian government reacted furiously to a ruling by the European Court of Justice that means it must rethink its policy of sending migrants to Albania for processing. The ECJ said that EU states could fast-track migrant returns to safe countries of origin, but that the definition of "safe" must be subject to judicial review, and all citizens of the country must be "safe". The government said the ECJ had further reduced "the already limited scope" of EU countries' autonomy.



An agreement between Britain and France came into force formalising the return of illegal migrants crossing to Britain in small boats. Sir Keir Starmer, the prime minister, labelled the scheme as "one in, one out", and said it would "send a clear message" to those arriving illegally. Some 25,000 small-boat migrants have arrived since January, by far the highest number ever by

this time of the year. Small-boat migrants account for barely 5% of all immigration, but their presence has led to protests and violent clashes, often outside hotels that house them.

More than 100 people were feared to have died in flash floods that swept through a village in the Indian state of Uttarakhand. Meanwhile, Hong Kong recorded the most daily rainfall for August since 1884. And new temperature records were set in Japan, where the thermometer topped 41.80C (107.20F) in the city of Isesaki, north-east of Tokyo.

Japan won a $6.5bn contract to build navy frigates for Australia, its most important defence deal since ending a ban on exporting military equipment in 2014. The warships will be highly automated and able to operate with a crew of 90, half the number deployed on Australia's current type of frigate.

Jair Bolsonaro, Brazil's president from 2019 to 2023, was placed under house arrest on the order of Alexandre de Moraes, a justice on the Supreme Court. Mr Moraes is overseeing Mr Bolsonaro's trial for allegedly trying to overturn the result of the 2022 election. The arrest worsened Brazil's relations with America; the State Department condemned Mr Moraes's order.

Meanwhile, tariffs of 50% came into force on many Brazilian exports to the United States. The effective rate is significantly lower thanks to exceptions for products like orange juice and aircraft. Most agricultural products, including coffee, have been hit with the full 50%. Brazil is the world's largest coffee producer and the United States its largest market.Mr Trump has linked the tariffs to what he calls a "witch hunt" against Mr Bolsonaro.

In Colombia Álvaro Uribe, a former conservative president, was sentenced to 12 years house arrest, after being found guilty of attempting to bribe a witness. Mr Uribe is to appeal against his conviction.

More than 50 Democratic state legislators in Texas left the state in order to deny the Republicans a quorum for remapping federal congressional districts. With a wafer-thin majority in the House of Representatives, the Republicans think they can gain five seats in Texas by redrawing the districts' boundaries.

In response Gavin Newsom, the governor of California, proposed putting a plan to voters to redraw that state's congressional boundaries so that Democrats could pick up at least another five seats. Arnold Schwarzenegger, who was governor in 2010 when the power to redistrict seats was given to a non-partisan agency, is ready to return to politics and campaign against the proposal, according to his spokesman.

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The world this week

Business

August 7th 2025



Donald Trump fired Erika McEntarfer as head of the Bureau of Labour Statistics, alleging, without evidence, that her department was manipulating employment figures to make his administration look bad. The BLS's monthly jobs survey is watched closely by investors. Its report for July recorded 73,000 new jobs in the month, but it also revised down the estimate for May and June by a whopping 258,000, making those months the lowest for job creation since the start of the pandemic in early 2020. Economists are still trying to work out why the revision was so large. They also worry that Ms McEntarfer's sacking will undermine the credibility of future federal statistics.

Mr Trump suggested that he was considering either Kevin Hassett or Kevin Warsh to replace Jerome Powell as chairman of the Federal Reserve. Mr Hassett is the director of the National Economic Council and Mr Warsh sat

on the Fed's board from 2006 to 2011. Mr Powell's term as chairman does not end until May next year, but a vacancy on the Fed's board could offer the president a chance to name his successor.

The Bank of England reduced its benchmark interest rate from 4.25% to to 4%. The central bank said that although consumer prices are rising, with the 12-month inflation rate hitting 3.5% in the second quarter and expected to reach 4% in September, underlying growth in the economy "remained subdued". The decision was close. The monetary committee was forced to hold two votes to arrive at a 5-4 decision to cut by a quarter of a percentage point.

China's exports increased by 7.2% in July, year on year, helped by a truce in America's trade war with China. August 12th is the next deadline for a trade deal.

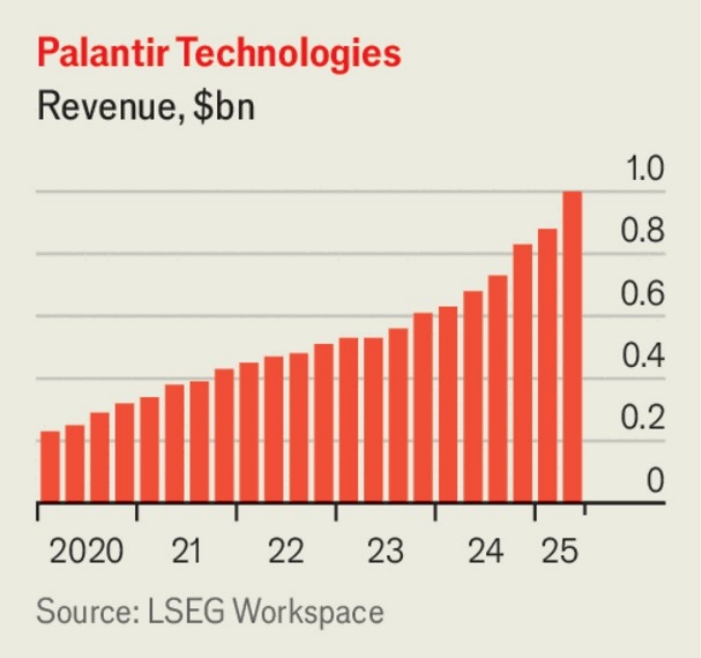
BP announced an oil-and-gas discovery at the Bumerangue prospect in Brazilian waters. It is the company's biggest find in 25 years, forming part of its strategy to refocus on fossil fuels and away from renewables. BP also updated investors on its cost-cutting programme and said it would review the sequence of investments in new projects in order to increase shareholder value. It is also cutting 6,200 office jobs. Elliott Management, an activist hedge fund, is pressing BP to do more to increase its stock price.

BP's headline profit in the second quarter fell by 14%, year on year, though it was far from being the only big oil company to have had a damp spring. Chevron and ExxonMobil reported their lowest second-quarter net profits in four years. Shell and Total Energies have also announced sharp drops in profit for the period.

After contemplating a move of its primary share listing to New York, Glencore confirmed that it will keep the stock registered on the London Stock Exchange (Glencore also trades shares in Johannesburg). It is a boost for the British bourse, which has seen a number of companies defect elsewhere of late.

Tesla awarded shares worth around $30bn to Elon Musk, raising his holding to 16%. Mr Musk has warned he may leave the company or be forced out,

but in a securities filing Tesla said "We are confident that this award will incentivise Elon to remain." Mr Musk has been battling a judge's decision to strike down a previous pay package worth $56bn. He must retain a senior executive role for two years to qualify for the new pay out. Meanwhile, Tesla's European car sales plummeted again in July, as those of BYD, a low-cost Chinese competitor, surged.



Palantir reported quarterly sales of $1bn for the first time. The data-analytics company, best known for its work in the defence industry, said revenue from the American government had risen by 53%, year on year, amid the Trump administration's roll-out of new spending on national security. Palantir's share price has surged by 135% this year, outperforming the likes of Meta, Netflix, Nvidia and Oracle.

OpenAI was reported to be considering a sale of stock by current and former staff that would give it a notional value of $500bn, a huge increase from the $300bn it was reckoned to be worth in its previous funding round.

Berkshire Hathaway wrote down its investment in Kraft Heinz for the second time since buying a large stake in the consumer-goods company in 2015. The charge reduced its post-tax profit by $3.8bn. The write-down comes amid investors' skittishness about the looming departure of Warren

Buffett as chief executive. Berkshire's share price is down by almost 15% since early May, when it was announced that he would step down.

Jaguar Land Rover is getting a new chief executive. P.B. Balaji, who is head of finance at Tata Motors, JLR's parent company, will sit in the driving seat from November, an appointment that is seen as tightening Tata's grip on its subsidiary as it pivots towards making only electric cars. The leadership change comes as JLR also grapples with a controversial rebranding; an ad last year featured brightly coloured futuristic fashion models, but no cars. Responding to JLR's management change this week, Donald Trump took to social media to decry the rebranding as woke, and asked, "Who wants to buy a Jaguar after looking at that disgraceful ad?"

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The world this week

The weekly cartoon

August 7th 2025



Dig deeper into the subject of this week's cartoon:

Donald Trump escalates his war on numbers

America's economic data are becoming murkier

Ten indicators of what's going on with America's economy

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

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Leaders

- Why Israel must hold itself to account
- Donald Trump’s awful trade policy will outlast him
- Buy now, pay later gets a bad rap. But it could be useful
- McKinsey and its peers need a strategic rethink
- Will an astronomical anomaly challenge the idea of scientific revolutions?

Leaders | War in Gaza

Why Israel must hold itself to account

And how it can be made to do so

August 7th 2025



ON MAY 14TH 1948, in its Declaration of Independence, Israel embraced universal human rights “irrespective of religion, race or sex”. This belief in individual human dignity is also enshrined in the Geneva Conventions, submitted to governments that same month. Today the founding vision of Israel and the laws of war are under attack in Gaza. In its bombed and barren landscape the fate of both lies in the balance.

From the beginning, the world has struggled to live up to the high ideals of 1948. Israel was born in violence and ever since it has wrestled with the tension between upholding universal rights and being the home of a people in a contested land. The cold war was a stand-off between two systems that too often treated humanitarian law as inconvenient. Even so, the decades

after the fall of the Soviet Union gave rise to aspirations that law-breaking leaders could be held to account.

Gaza shows how this vision is failing. The laws of war are being broken and the system for upholding them is not working. However, that failure does not exonerate Israel from having to answer for its actions in Gaza, including war crimes and crimes against humanity. Indeed, its foundations as a liberal democracy demand that it must.

Something has gone very wrong in Gaza. Israel's just war against the terrorists who massacred its people on October 7th 2023 has turned into death and destruction on a biblical scale. Most of Gaza lies in ruins, millions of civilians are displaced and tens of thousands have been killed. And still, Israel's prime minister, Binyamin Netanyahu, cannot stop himself. This week it emerged that he wants to occupy all of Gaza. But Hamas is no longer a military threat, so the war no longer has a strategy and fighting on is no longer just.

Worse, Israel's government, despite its duties as an occupying power, has used the distribution of food to civilians as a weapon against Hamas. It continued even when, as predicted, that led to starvation and the death of desperate people queuing for survival rations. By corralling civilians in pockets as it systematically bulldozes their homes, Israel is also practising ethnic cleansing.

Gaza is not alone. Civilians are being slaughtered and driven from their homes in the Democratic Republic of Congo, Myanmar, Sudan, Ukraine and pretty much every other warzone today. Hamas, don't forget, started the current Gaza conflict 22 months ago with an orgy of hostage-taking and crimes against humanity. Instead of seeking peace, it has gorged on the misery of its own people. It recently described the recognition of a Palestinian state promised by Britain, Canada and France as the "fruits" of October 7th.

Yet Hamas's crimes do not excuse Israel. The Jewish state is a democracy. It should hold itself to higher standards than terrorists, warlords and dictators.

At the same time as the laws of war are being broken, the system that enshrines them is failing. The Geneva Conventions sought to spare civilians. However, they were drawn up for wars between states. Most conflicts today involve at least one militia, which makes separating fighters from civilians hard. Under Geneva's code, the high ratio of civilian to military casualties in Gaza is not proof of crimes. Israel has loosened its rules of engagement, but the strip is crowded; Hamas knowingly shelters among civilians. In such circumstances many civilians die, as America once learned in the Iraqi cities of Mosul and Fallujah.

The International Criminal Court is becoming activist, issuing warrants for the arrest of Mr Netanyahu and his then defence minister before the Israeli system had time to act. The courts have also become tools in ongoing "lawfare". South Africa accused Israel of genocide at the International Court of Justice just 12 weeks after October 7th, allowing activists to bolster their campaigns demanding boycotts of Israel by the West long before a judgment is reached.

Activists dream that the courts will impose their notion of virtue on a world that does not share their values. They are doomed to fail. The big powers, including America and China, do not recognise the courts. International law takes a long time to issue final judgments. It has limited powers of enforcement. A case brought today may one day be a deterrent, but it is a poor tool for stopping war crimes as they unfold.

That sounds like a counsel of despair, but it is not. And the reason goes back to 1948. The laws of war were not just a cudgel with which to beat militarists and Nazis. They were also the latest example in a long history of some belligerents imposing restraints on themselves. The question therefore is whether Israel, founded as a democratic, universalist state, still cleaves to that tradition.

In the past Israel has managed to investigate wars and hold some political and military leaders responsible. It is comparable to other countries at investigating atrocities by soldiers, albeit slowly and with a focus on the lower ranks—as with a lethal strike on the staff from the World Central Kitchen in 2024. However, as we report, higher-level accountability is lacking. The Supreme Court and the attorney-general are caught up in a

domestic power struggle with Mr Netanyahu. When it comes to criticising the government over Gaza they have been missing in action.

It is not too late. The urgent test is whether Israel floods Gaza with food and medicine in order to stop the incipient famine. It should also agree on a ceasefire, which will enable it to recover its hostages. The second, longer-term test will be whether it sets up a truly independent commission of inquiry after the war ends, probably under a new prime minister.

The outside world and especially the United States have a role in making this happen. No American president in recent times has been less likely to respect international law than Donald Trump. But peace in Gaza would help him stabilise a volatile region and reset relations between Israel and Saudi Arabia. America has repeatedly intervened to stop Israel's wars in the past. This week roughly 600 former Israeli security officials urged Mr Trump to act again today.

Those officials understand that Israel has an interest in the law, too. Some Israelis calculate that they can do what they like now and patch up relations with the West later. But views of Israel are bleak in Europe and are changing in America among Democrats and the MAGA right. If Israel becomes an ethno-nationalist state that annexes the West Bank and crushes its people, the violence will not cease.

You might argue that, after suffering the worst attack in its history, Israel will have no appetite for prosecuting its own leaders. However, the penetrating insight which emerges from the Geneva Conventions is that countries which break the laws of war without shame or recourse do not just harm their victims: they also harm themselves.

Israel has an existential interest in seeing justice done. If instead it glorifies those who orchestrate famine and ethnic cleansing in Gaza, its politics and society will lurch towards demagoguery and authoritarianism. The young, idealistic country that was born in May 1948 will have been eclipsed. ■

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Leaders | The new imperial preference

Donald Trump’s awful trade policy will outlast him

He thinks America is winning. It is not

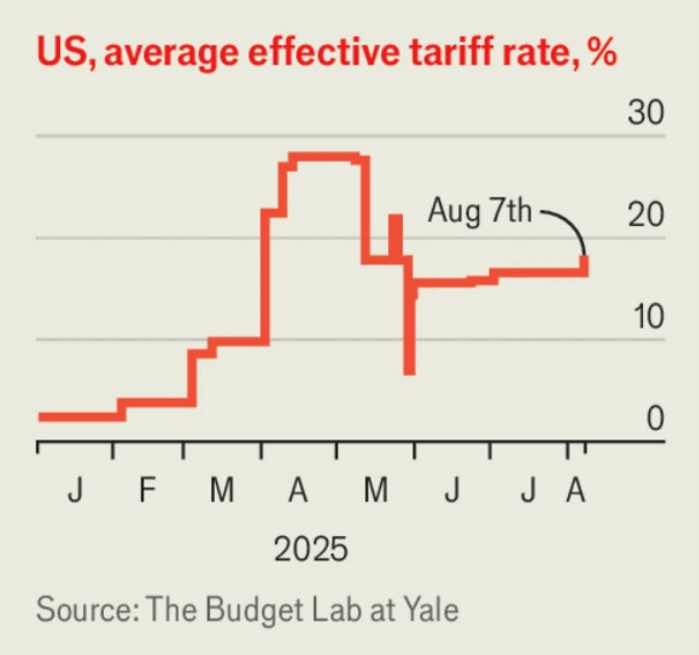
August 7th 2025



With every passing day, America’s new trading order comes into sharper relief. In place of rules, stability and low tariffs is a system of imperial preference. Duties are not just higher, they are set by presidential whim. Canada and India have irritated Donald Trump, and so they could face tariffs of 35-50%. To ward off threats the eu, Japan and South Korea have all hurriedly made deals with America. Because Mr Trump regards deficits, bizarrely, as theft, he has imposed “reciprocal” tariffs ranging from 10% to 41% on tens of other trading partners, which went into effect on August 7th.

A seductive idea is settling in that because Mr Trump is calling the shots, America is winning. The world has not descended into all-out trade war;

only a few countries, including China, have retaliated, while most others have caved, accepting higher duties, opening up their own markets and promising to invest vast sums in America. Even financial markets seem acquiescent; although they took a nasty dive after the president unveiled his "Liberation Day" levies in April, this time they have taken the duties in their stride. All the while, tariff revenues are rolling in. This thinking is deeply misguided, however. Mr Trump has started something from which America will lose, not win.



Consider first the idea that high tariffs punish not America, but its trading partners. According to the Yale Budget Lab, America's effective tariff rate has risen to 18%, nearly eight times higher than it was in January and towards levels last seen in the Depression. The way maga paints it, this is a triumph, because America's trading partners are eating higher tariffs, while US Customs rakes in nigh on $30bn a month.

This a fundamental misunderstanding of trade. When Mr Trump raises tariffs he is hurting his own compatriots by depriving them of choice at low prices. Years of experience show that tariffs do not harm the sellers of goods as much as they harm the buyers. Even though foreign suppliers are lowering their prices more steeply than after Mr Trump's first-term duties, analysts at Goldman Sachs reckon that fully four-fifths of the tariffs have so

far been borne by American consumers and firms. Just ask Ford or GM: the carmakers reckon they paid $800m and $1.1bn in tariff costs, respectively, in the second quarter of this year alone.

What of the muted market reaction? The S&P 500 remains around 10% higher than it was on Liberation Day; the dollar, though down, has strengthened in recent weeks. But markets are being buoyed by America's extraordinary artificial-intelligence boom, which is pushing up expected earnings for its biggest tech firms. Investors may hope, too, that companies will divert their supply chains so as to reduce tariff costs. Details of the trade deals remain fuzzy. And an uncomfortable dynamic may be at play: markets might expect the president to chicken out as the pain of tariffs becomes clear, but the lack of reaction might be emboldening him to press ahead.

America will pay the price. Its long expansion is already under strain: in the first half of 2025 growth underwhelmed and inflation was disappointingly high. Lately, job creation is slowing, and a survey of bosses suggests service-sector activity may be close to stalling. But the full toll of tariffs will be felt over the long term. Mr Trump is discarding a predictable multilateral system that applied the same tariff rate on most products, regardless of their origin, for a bilateral system where rates vary depending on where goods come from, and are subject to ceaseless bargaining. The president will consider exemptions when he is next flattered, and threaten duties when he is next displeased.

Whereas once American shoppers were spoilt for choice, as domestic and foreign producers competed to sell to them, now firms that succeed will do so not only because they are the most innovative, but also because they are cleverest at playing the system. Fortunes will be spent on lobbying. Companies will face needless uncertainty. Shoppers will lose out on innovation and choice. But because the counterfactual world where trade flowed unchecked cannot be observed, voters may not realise what is hurting them.

That is one reason why the Trumpian system will be hard to dislodge. If future presidents want to cut tariffs, they will be met by furious lobbying from American firms that got used to sheltering behind them and have thereby become globally uncompetitive. Few consumers will clamour for

change, if they do not know how much more choice they could have enjoyed. Lawmakers, too, might be reluctant to lower trade barriers if it means giving up tax revenues today for broader prosperity tomorrow. The new system is not just harmful. It could last long after Mr Trump retires to play more golf. ■

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Leaders | Credit where it's due

Buy now, pay later gets a bad rap. But it could be useful

Provided lenders open up

August 7th 2025



New forms of credit are often met with suspicion. A century ago retailers selling furniture and cars realised they could reach more customers if they accepted payments in instalments. To detractors this was a sign of moral decay: "Beware of the slimy coils of the instalment evil," blared one advert in the Houston Chronicle in 1926. When in 1958 Bank of America started posting credit cards to customers, it did not take long for opponents to worry about the consequences.

Today the reproachful frowns are aimed at "buy now, pay later" (bnpl). This practice, which lets people pay for things they buy online in instalments, is booming; over $300bn in payments were financed in such a manner last

year. Borrowers tend to be younger and less creditworthy than average, which is fuelling concern. Many critics—including Tucker Carlson, a MAGA pundit—fret that the industry preys on the young. Analysts worry that the hidden debt makes it hard to monitor credit risks. Yet bnpl could be a valuable innovation.

New financial products often cause worry because they draw in customers with little experience of credit. Some will undoubtedly be fleeced by charlatans who mis-sell their services. But reaching new customers is generally a good thing. Modern finance is not perfect; the poor and the young are underserved, partly because they often have no credit history. It is only rational for upstarts to fill a gap in the market. If they provide a useful service, they can grow rapidly. After an early spate of fraud, Bank of America's credit-card business went on to transform payments. Today it is better known by the name it took when it was spun out in the 1970s: Visa.

For some Americans, credit cards can be a trap. Those with low credit scores are more likely to hold revolving balances, carrying over debt rather than paying it off each month. Their heavy interest bills subsidise those with better credit scores, who amass points and other benefits.

bnpl is different. Its providers earn most of their money from merchant fees, not debt interest. bnpl borrowers are no more likely to get into debt difficulties than cardholders. Despite the lower credit scores of typical users, bnpl loans have a default rate of around 2%—similar to the share of credit-card payments that were more than 120 days delinquent. bnpl purchases are low-value and do not involve revolving balances, which probably helps.

Critics are right, though, to worry that bnpl loans remain hidden from regulators and other lenders. Providers do not supply comprehensive data to credit-reporting firms on their users' borrowing and repayments. Although they benefit from checking their customers' credit, they deny other lenders the opportunity to do the same. That raises the possibility that banks will lend to people with hefty bnpl debts, not realising they are riskier than they appear.

Some providers say they do not trust credit bureaus to understand this new form of finance; others may see opacity as an advantage, because it attracts

borrowers who wish to keep their debts hidden. Despite such concerns, providers should be required to report their data, as Affirm, one of America's largest bnpl lenders, has recently begun to do. Many providers aspire to reach further into mainstream finance. To achieve those dreams, they must open up. ■

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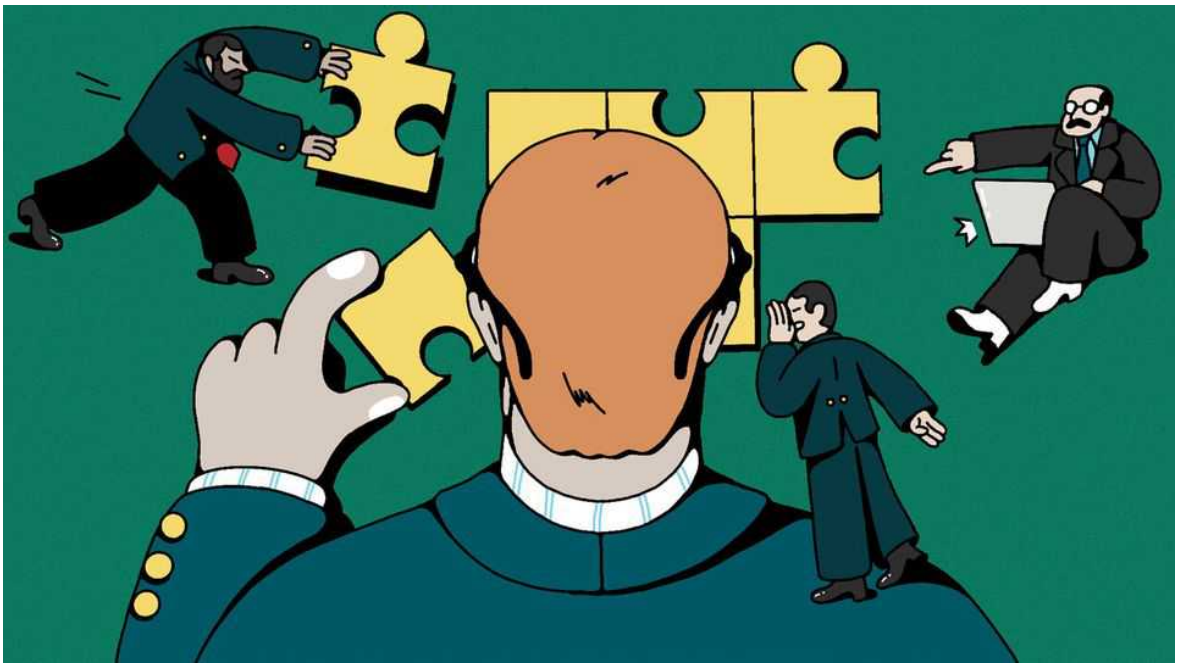
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Leaders | Ripe for transformation

McKinsey and its peers need a strategic rethink

AI could make consultancy more effective—or redundant

August 7th 2025



Since the birth of management consultancy at the turn of the 20th century, people have questioned its usefulness. Bosses of firms that hire consultants are paid lavishly to define a vision and corral their teams into achieving it. Why would they ask a bunch of jet-setting know-it-alls who have never run anything but a spreadsheet calculation how to do their job?

Over the decades, however, consultants have proved their worth, and not just because their clients are lazy, incompetent or scared of making difficult decisions. In 1990 McKinsey, bcg and Bain, the three elite strategy advisers, had a few thousand staff between them. Today they employ around 90,000. Over the past decade their combined revenue has more than doubled. And they do seem to offer useful advice. Recent research finds that companies

which hire strategy consultants experience a significant and sustained improvement in productivity relative to those that don't. Now, though, the industry is heading for disruption. If consultants are to stay useful, they need to rethink what they do.

The value of consultancies lies chiefly in their experience of similar problems at other clients. Situations a chief executive might encounter only once in a career, such as a big merger or relocating a factory, are rarely unique. Some critics argue that consultants who swan in and out of clients tend to offer elegant but impractical recommendations. But that view is out of date. In recent years the strategy trio have moved deeper into helping clients implement their advice: for example, by helping them digitise their businesses. And they are increasingly tying their fees to the success of their projects, thereby aligning their interests with those of their clients.

For the bright young things these firms hire, the experience seems to pay off. Many of the world's biggest businesses, from Alphabet to Coca-Cola, are run by alumni of the elite three consultancies. And our analysis suggests that these companies outperform their peers.

As the age of artificial intelligence (AI) beckons, however, the corporate world's consiglieri face an uncertain future. Plenty of senior partners quietly scoff at the idea that the technology will be anything but a blessing for an industry that has mastered the art of jumping on every new management craze. Already companies struggling to make use of AI have turned to the strategy advisers for help. For their part, the consultancies have built bots trained on their intellectual property that can perform much of the grunt work behind their projects.

But what happens when AI models also start producing the kinds of alliterative three-part frameworks those senior partners so proudly present? In recent years the firms' core business of strategic advice has grown robustly alongside the push into implementation; soon it may come under strain. Meanwhile, fast-growing technology providers such as Palantir are also helping clients deploy AI systems, which could force the traditional consultants to retreat.

To remain relevant, the industry will have to adapt. Generic ideas recycled from client to client will become of little use. To compete with ever smarter AI models, the approach of training up generalist advisers will have to give way to earlier and deeper specialisation, including in the art of managing change. That, combined with the need for fewer minions to do a senior partner's bidding, will require the firms to rethink whom they hire and how they nurture them.

To a degree, these changes are already under way at the elite trio. To help clients implement their ideas, they have hired thousands of specialists such as coders. BCG's success in using these experts is at least part of the reason why it is on track to overtake McKinsey as the largest of the three firms.

To succeed in the decades ahead, however, a more extensive overhaul will be needed. As the firms expend time and energy reinventing themselves, they will have to accept that there are some problems, particularly those relating to technology, that others are better placed to help their clients solve.

All this will require humility, something that does not come easily to many in the industry. Consultants often speak of the need for transformation. Now they will have to live it. ■

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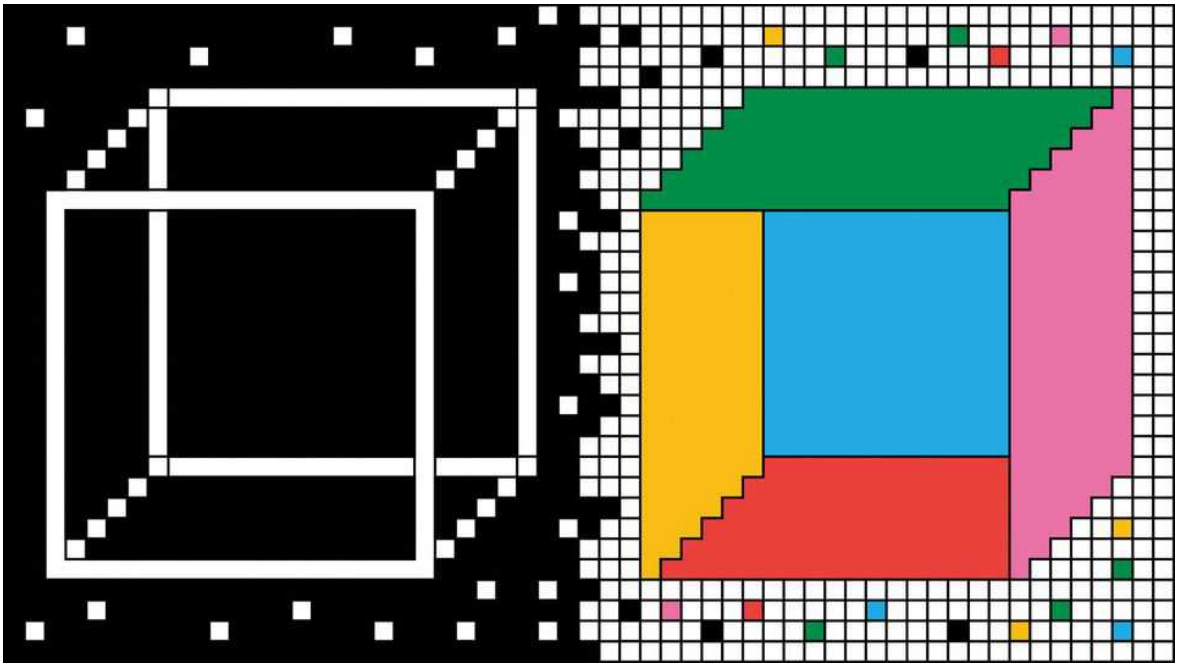
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Leaders | New ways of looking

Will an astronomical anomaly challenge the idea of scientific revolutions?

Not everything is a paradigm shift

August 7th 2025



Before the revolution triggered by Nicolaus Copernicus, a 16th-century cleric, the Earth was the unmoving centre of the cosmos. Afterwards, it was one of a family of planets swinging through space. Before the work of Antoine Lavoisier, an 18th-century nobleman, chemists had no notion of "oxygen", "carbon" and the like; afterwards they could not understand the contents of their alembics without them.

Such examples are at the heart of the idea, put forward in the 1960s by Thomas Kuhn, of the paradigm shift. Such shifts, he argued, did not just involve a new theory explaining the world better than an old one; they required a change in the sort of entities the world was thought to be made up

of. In a way that seems almost self-exemplifying, the idea provided a new way of looking at science itself: not as one thing, but two. In the "normal" phase scientists applied their physical and conceptual tools to problems the scope of which was pretty well understood; in revolutionary phases, paradigms shifted.

Normal didn't mean dull or unimportant. When, in the 1980s, American astronomers made the case for the Hubble Space Telescope, then the costliest scientific instrument in history, none of its goals mattered more than what seemed a perfect example of normal science: nailing down the value of the constant (also named after Edwin Hubble, an astronomer) which says how fast the universe is expanding.

The Hubble did this very well. The difficulty, as our Science section reports, is that since its launch it has become possible to estimate the Hubble constant on the basis of background radiation from all over the sky, rather than distances to individual objects. And these new estimates are significantly lower. The seemingly unbridgeable divide between the approaches has become known as the Hubble tension.

To those who know their Kuhn this looks like the sort of anomaly that might precede some new paradigm shift. The possibility is tantalising. The conceptual usefulness of paradigm shifts has been much debated, as indeed has their existence. The concept is horribly overused. (A new paradigm for vegan cosmetics!) Yet the notion of a fresh worldview remains dramatic and beguiling, and the romance only increases when it applies on a cosmic, but reassuringly inconsequential scale. (A paradigm shift in financial markets might be far more practically important.)

The problem is that, as Kuhn noted, you can judge these things only in retrospect. The sort of anomaly that is recast and solved by a paradigm shift is not in principle distinguishable from a "normal" problem which has not yet been solved.

The paradigms in which normal science is done are, like the fabric of the universe, somewhat stretchy; new ideas, sometimes quite big ones, can be incorporated without wholesale change. And some suspect that science's capacity to adapt itself in this way has increased since the days of Kuhn's

examples. It is far more institutionalised and regimented today, and that may provide a stability, even a rigidity, to its worldviews.

This need not be a bad thing. Paradigm shifts are not necessary for technological improvement. But it is hard not to think that, if their age has gone, then so has some of science's thrill—and hard not to want the Hubble tension to demonstrate that paradigms can still be pulled apart. ■

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Letters

- The economic aspect of cancer prevention

Letters | A selection of correspondence

The economic aspect of cancer prevention

Also this week, AI and the web, emissions and cars in Europe, William F. Buckley, the Big Mac index, underpants

August 7th 2025



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“Winning the war on cancer” (July 19th) was a welcome and thoughtful overview, highlighting the tangible benefits of cancer prevention and even daring to address the frontier science of personalised cancer vaccines. Yet the economic aspect felt conspicuously absent. Cancer care today faces not only molecular complexity, but mounting financial entropy. Newer drugs come at a staggering cost. For instance, pembrolizumab, for early triple-negative breast cancer, can run well into a six-figure sum for each patient. On the development side, launching a clinical trial requires deep investment.

Biomarker refinement, manufacturing, pharmacokinetics, regulatory scaffolding, co-ordination of contract research organisations; the list is as long as it is expensive.

Meanwhile, regulators such as the Food and Drug Administration and the European Medicines Agency are increasingly reluctant to approve therapies that do not demonstrate clear survival benefits. Cheaper surrogate endpoints, such as the reduction in tumour size, which were once acceptable, are now viewed with growing scepticism. The scientific bar is rising, and so is the cost of reaching it.

The cost curve is bending in uncomfortable directions. If progress is to remain sustainable, economic models must evolve to reward true clinical value, de-risk early development and align regulatory standards with measurable outcomes. Biology may drive discovery, but without economic architecture to support it, even the most promising therapies may never leave the bench.

Jesús Fuentes AntrasMedical oncologistNEXT OncologyMadrid

Cancer is not only a biomedical challenge, it is a human one. Our forthcoming Lancet oncology commission finds that although cancer biology is increasingly well-understood, the lived experience of people with cancer remains fraught. Around the world patients face late diagnoses or misdiagnoses, fragmented care, emotional neglect and financial catastrophe. Psychosocial and physical distress are common and often profound but routinely overlooked in cancer care.

A review in 2023 found that fewer than half of national cancer-control plans even mentioned psychosocial services, let alone provide them. Palliative and end-of-life care remains unavailable to most people in need of it across global contexts. Even in high-income settings, people with cancer say they feel unseen in systems that tend to be optimised for throughput rather than for holistic care.

We are not arguing against scientific innovation. But framing victory in cancer as a technical accomplishment risks side-lining the fundamental question of what kind of care people actually need. Winning the war on

cancer will remain incomplete unless health systems invest in the human dimensions of cancer care and in the relief of suffering and support for the well-being of people with cancer and their families.

Dr Amalya FeldmanPostdoctoral fellow

Dr Gary RodinProfessor of psychiatryPrincess Margaret Cancer CentreUniversity of Toronto

Dr Richard SullivanDirectorInstitute of Cancer PolicyKing's College London

Can anything save the web, you ask, which is being killed by artificial intelligence ("World wide worries", July 19th). You highlighted the disruptive effect of large language model chatbots on search engines. But the problem runs deeper. It's not just Google that faces an existential challenge. It's the entire commercial ecosystem that has depended on search-driven traffic: retailers, publishers, review platforms and countless others.

When AIs like ChatGPT or Gemini summarise answers rather than link to sources, the click-throughs, ad revenues and potential sales decline. Companies may respond by blocking AI crawlers or placing more content behind paywalls. But that risks creating a new distortion: AI-generated answers will then be drawn only from freely available, and often lower-value, content.

One possible solution is to embed copyright metadata in online content and develop an automated micropayment system. If an AI uses a snippet, the originator gets paid automatically. Until then, we risk losing not just ad dollars, but also the incentive to produce the quality information these models depend on.

Simon RodanProfessor of business strategy Lucal College of BusinessSan Jose State University

For years the internet has been dominated by content driven by search engines and filled with clickbait titles, repetitive keywords and affiliate links leading to low-quality content and online surveillance that tracks users'

behaviour. AI equipped with retrieval augmented generation removes the need to wade through recycled content, fake news and biased reviews. Nor is there any evidence that a decrease in referrals from traditional search engines translates to a drop in online purchases. Some studies suggest users of AI search are more likely to make online purchases and take less time to complete the process.

If some business models are struggling, it's not because the web is dying. It's because AI is bypassing search-engine optimisations that have bogged down the web and frustrated users for decades.

Jo LevyChairAlliance for Responsible Data CollectionPalo Alto, California

Is less web content such a bad thing? Mr Williams, my high-school physics teacher, taught us critical thinking. If a million people say a stupid thing, it's still a stupid thing.

Steve TarrSammamish, Washington

Ola Källenius, the chief executive of Mercedes-Benz, argued that in order to succeed in the decarbonisation race, Europe should open its clean-car standards to all technologies and move away from its carbon-based rules (By Invitation, July 15th). There have been previous efforts to try to get Europe to adopt this "life-cycle methodology'" before. The European Commission has investigated integrating life-cycle emissions into its car regulations on several occasions, and rejected it as unworkable. The problem is that getting carmakers to report on, let alone be accountable for, the entire process from energy production to mining, to who drives a car and how they do so, is a bureaucratic nightmare.

Instead of today's simple performance-based rule, which is bringing dozens of electric-vehicle models to Europe, Mr Källenius's confusing scheme would take ages to agree to and cost Europe its final chance to catch up with China.

Europe shouldn't waste any more time rewriting the rules. It is worth noting that America and China do not base their emission rules on a life-cycle

method. So why are European car manufacturers dredging up discredited ideas now?

Julia PoliscanovaSenior directorVehicles and e-mobility supply chainsTransport & EnvironmentBrussels



Lexington asserted that William F. Buckley's career augured Donald Trump's rise in Republican politics (July 12th). There is no comparison. Buckley brought American conservatism into the national conversation on the pages of its newspapers, magazines, books and broadcasts for decades. He actively engaged with the establishment while persuading the public that there was an alternative to liberalism. To say that he and Mr Trump are both "fierce culture warriors" is akin to saying they are both TV show hosts. The policies and traits that define Mr Trump—patronage, corrosive dialogue and personal loyalty over constitutional process—are a rejection of Buckley's methods and objectives, not their evolution.

ALEXANDER FRANZGrosse Pointe Farms, Michigan

Your update of the Big Mac index contained the sentence, "None of their currencies has become more than marginally less undervalued since January" ("Ground down", July 19th). That really got my beef up. I didn't relish unpicking this tortured syntax so I flipped the page and moved on.

Adrian FogartyLondon

Have you ever considered adopting the true fundamental meaning of PPP in the Big Mac index? Purchasing-patty parity.

Steffen HoernigProfessor of economicsNova School of Business and EconomicsCarcavelos, Portugal

“The age of the celebrity brand” (July 5th) reminded me of the story of Calvin Klein’s daughter, Marci, being acutely embarrassed when she was a young woman at seeing her father’s name emblazoned on her boyfriend’s briefs. Talk about a buzzkill.

Thellen LevySan Francisco

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By Invitation

- Ekrem Imamoglu on how Turkey can have peace at home and respect abroad

By Invitation | Turkey's future

Ekrem Imamoglu on how Turkey can have peace at home and respect abroad

Not through democratic backsliding, writes the imprisoned opposition candidate for president

August 7th 2025



IN JULY SOME 30 members of the Kurdistan Workers' Party (PKK), an armed group designated as a terrorist organisation by the European Union and America, laid down their weapons in a symbolic ceremony in northern Iraq. The disarmament under way is welcome and marks a historic opportunity to break a cycle of violence that has long burdened the country's political system, slowed economic progress and deepened divisions. It also presents a golden opportunity for Turkey to reframe its regional role.

For decades the Kurdish conflict, which began with a separatist insurgency by the PKK, has been an obstacle to Turkey's greater democratisation. There

is irony in the fact that the disarmament process is unfolding even as authoritarianism under President Recep Tayyip Erdogan is growing, and the political opposition is under great pressure. Earlier this year several mayors belonging to the Republican People's Party (CHP)—myself included—were jailed on politically motivated charges. That sent a chilling message to the opposition and further narrowed the space in Turkey for democratic engagement.

A sense of growing repression has a bearing on the peace process. It unfolded without the kind of inclusive political framework needed to deal with the Kurdish population's long-standing political, cultural and economic grievances. Nor has there been a real strategy for engaging with PKK-linked groups operating across Iraq, Syria and Iran—without which key regional dimensions of the conflict remain unaddressed. The government should have begun an open and inclusive national dialogue. Instead, it opted for closed-door negotiations. That squandered a chance to build legitimacy and trust.

For the CHP, which has chosen me for its candidate for president, the Kurdish issue is not solely a matter of national security but also of democracy, justice, development and institutional reform. We advocate a long-term strategy to end violence, promote development and redress deep-seated inequalities. We want equal citizenship, democratic participation, accountability and an inclusive future in the republic for all Turkish nationals.

From the moment the PKK declared its intention to disband, we put forward two key proposals. First, we called for the immediate establishment of a parliamentary commission to ensure that the peace process is guided by legality, civic participation and institutional oversight. A commission has now been set up, convening for the first time on August 5th. It is a step in the right direction. Many fear the government's narrow security agenda will dominate deliberations; we are nonetheless taking part to ensure that broader issues of democratisation and social cohesion are put squarely on the agenda. We need a transparent process, not a body that rubber-stamps decisions by Mr Erdogan's coalition.

Second, disarmament must go hand in hand with a return to democratic norms. Lasting peace cannot happen in a system marked by partisanship and

democratic backsliding. The institutions that should confer legitimacy, parliament and civil society, have long been sidelined, and the judiciary has been politicised. Yet peace for our people requires legitimacy, not repression.

My own experience illustrates Turkey's contradictions. In March, serving as mayor of Istanbul and about to be endorsed as my party's presidential candidate, I was jailed on politically motivated charges, among them corruption and aiding terrorists. This latter accusation was based on claims that city-council candidates on our electoral list had links to a platform allegedly affiliated with the PKK, despite their having been vetted and approved by the Supreme Election Council before being elected.

Meanwhile, a government claiming to seek peace has systematically targeted elected Kurdish representatives. Dozens of mayors from the Peoples' Democratic Party (HDP, now the DEM Party), have been dismissed and replaced with state-appointed figures. Rulings from the European Court of Human Rights, including an order to release two former HDP co-chairs, Figen Yuksekdag and Selahattin Demirtas, remain unheeded.

Democracy's erosion under Mr Erdogan is not just a domestic concern. It undermines Turkey's full potential abroad, at a moment when the world needs reliable partners in areas like security, energy and migration. Turkish foreign policy, reactive and driven by internal political calculations, lacks consistency. Dealings with neighbours swing between confrontation and rapprochement.

A shifting regional landscape, not least with the collapse of the Assad regime in Syria, offers a chance for real engagement in support of peace, reconciliation and reconstruction in the Middle East. Turkey can do much—if it pursues a foreign policy rooted in justice and inclusivity for all communities. We can also work more with the EU in the Middle East, but only with a foreign policy grounded, at home, in democratic legitimacy and the rule of law. Upholding fundamental rights could also revive Turkey's stalled EU accession process. Turkey's geographic position, historical richness and democratic legacy equip it as a force for stability and progress. But a policy abroad shaped by Mr Erdogan's personal ambition and polarisation of politics at home frustrates that.

Turkey stands at an inflection point. Its domestic governance will more and more shape its relevance abroad. To be a responsible regional power, Turkey must restore the integrity of its democratic institutions. Only then can it act as a trusted partner in an increasingly unstable world. As the CHP's candidate for president, I am committed to leading my country's democratic renewal. A new government anchored in legitimacy and the rule of law will responsibly engage with the world with clarity and resolve. ■

Ekrem Imamoglu is the imprisoned mayor of Istanbul and presidential candidate for the opposition Republican People's Party .

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Briefing

- Israel on trial: can the country police its own war crimes?

Briefing | Justice in Gaza

Israel on trial: can the country police its own war crimes?

Israel's legal system claims to be fiercely independent. On the Gaza war it is largely silent

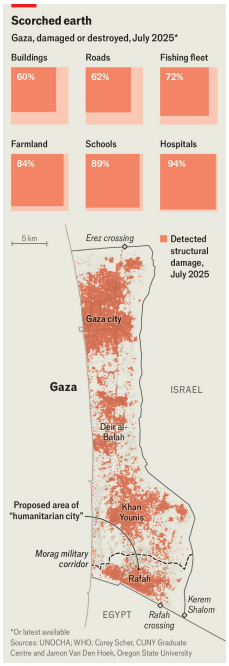
August 7th 2025



Gali Baharav-Miara, Israel's attorney-general, has been duelling with Binyamin Netanyahu, the prime minister, since Mr Netanyahu's latest stint in office began in 2022. Appointed to a six-year term by the previous government, she loudly and publicly denounced the current one's plans to overhaul the judiciary in 2023. The cabinet set in motion plans for her dismissal, and on August 4th formally voted to sack her (the decision will be challenged in the Supreme Court). She is, in short, neither docile nor reticent.

Yet when the cabinet voted in July to force all 2m people in the Gaza Strip into a tiny “humanitarian city”, indefinitely and perhaps permanently—a plan many Israelis and foreigners alike considered a brazen war crime, and which since seems to have been set aside—she uttered not a word of misgiving, at least publicly. She has not formally investigated, nor even chided (beyond a vague warning), any of the members of the cabinet who have called for all Palestinians to be removed from Gaza or to be starved into submission, even though both those steps would be illegal under Israeli law. Indeed, although it is her job to advise the government of the legality of its policies, she is not known to have taken issue with anything it has done in its 22-month war.

Israel has been accused of all manner of misdeeds in Gaza. They concern every level of its war machine, from the actions of individual soldiers to high-level directives about how the war should be prosecuted, issued by the cabinet. Israeli government spokesmen deny most of the accusations. To the extent that they admit wrongdoing, they argue that Israel’s internal procedures can be relied on to rectify the problems and punish those responsible. Yet Ms Baharav-Miara’s silence suggests that the system is not working as intended—and there are many other signs of dysfunction lower down the chain of command.



After militants of Hamas and other Palestinian Islamist groups launched a surprise attack on Israel in October 2023, massacring nearly 1,200 people and taking 250 hostages, they retreated to the Gaza Strip. They hid in a warren of tunnels under Gaza's densely populated cities and refugee camps. Any large-scale Israeli retaliation was bound to present moral and legal quandaries, given Hamas's deliberate intermingling of combatants and innocent bystanders. The likelihood of civilian casualties was high. "There's no way this war could look good," says an Israeli general.

Indeed, it has not. By July 29th at least 60,000 Palestinians had been killed in the war, according to a tally kept by the Gaza health ministry, which says it is unable to count everyone, with thousands still buried under rubble. A study by researchers at Royal Holloway, University of London and others estimated that by January 2025 another 4,500 to 12,500 had died from indirect consequences of the war, such as lack of medical care. This was before supplies of food were largely cut off. Named lists of the dead kept by the ministry of health suggest about half are women and children. Even the most optimistic Israeli intelligence assessment speaks of only around 20,000 being members of Hamas or other militant groups. Satellite data suggest roughly 60% of buildings in Gaza have been damaged or destroyed.

The war crimes of which Israel has been accused fall into three broad categories. The first involves actions allegedly carried out by individual soldiers and commanders on the battlefield, such as the shooting of civilians, the destruction of civilian buildings and infrastructure without military authorisation, and the mistreatment of prisoners. In most of these cases the perpetrators would have been acting against orders. A second category concerns the operations themselves, in particular air strikes and artillery barrages which hit populated areas, targeting civilians or "disproportionately" harming them if aimed at military targets.

Last come the decisions made by Mr Netanyahu's cabinet. Although ministers do not usually dictate military tactics or targets, the cabinet has determined Israel's humanitarian policy in Gaza. It has often prevented supplies of food, medicine and fuel from entering the strip, sometimes for long periods.

These last policies were the main reason the International Criminal Court (ICC) issued arrest warrants last year for Mr Netanyahu and his former defence minister, Yoav Gallant, for the "war crime of starvation as a method of warfare; and the crimes against humanity of murder, persecution, and other inhumane acts". The same humanitarian horrors, and especially the statements made by Israeli politicians in favour of starving and destroying Gaza, were at the centre, too, of a South African complaint to the International Court of Justice (ICJ) at the end of 2023 that Israel was committing genocide.

Although Mr Netanyahu has fulminated against these international proceedings as "motivated by antisemitic hatred of Israel", the Israeli government's lawyers have presented a more technical defence: that under international law countries are allowed to investigate and prosecute war crimes in their own legal systems. Under this "complementarity principle", the ICC is a court of last resort which should act only if sovereign states have failed to do so. In effect, Israel is insisting that it can hold itself to account. Can it?

Israel's system for policing possible war crimes has several tiers. The IDF has a Fact-Finding and Assessment Mechanism (FFAM), a team of experienced commanders with the authority to examine what the IDF calls "exceptional incidents" or "deviations" on the battlefield. Its role is to make initial assessments of cases, both for operational needs, such as clarification of orders and procedures, and as a prelude to criminal investigation.

Since the war began, the FFAM team has been beefed up and now includes, according to the IDF, "dozens" of investigators, led by a former major general and six former brigadier generals, dealing with "hundreds" of cases. It is supposed to be outside the chain of command, with access to all military records and data, and answerable only to the IDF's chief of staff and the office of the Military Advocate-General (MAG), which is responsible for implementing the rule of law within the IDF.

"The mechanism works to a degree," says an IDF officer who served in Gaza and was involved in one of its investigations into the killing of civilians. "Officers came to our unit, interviewed officers and had all the

information. We didn't hear from them again and this was eight months ago. Many other cases didn't get investigated because there were no complaints."

Yesh Din, an Israeli human-rights organisation, has called it the "whitewashing mechanism", pointing out that only 7% of the FFAM's complaints to the IDF in the nine years before the war led to criminal investigations against soldiers. Incidents that took place in Israel's campaign in Gaza in 2014 were still being investigated nine years later. "The mechanism is part of the IDF's own operational debriefing system," says Michael Sfard, an Israeli human-rights lawyer. "Soldiers and commanders talking to the investigators can't be prosecuted on the basis of what they say and the investigations drag on for years. It's not an effective procedure."

IDF officers insist that confidential testimony, allowing soldiers to talk freely, is essential for fact-finding and that investigations may be slow but they get done. A former chief of the Australian defence force, Mark Binskin, dispatched by the Australian government to look into the death of an Australian aid-worker killed in an Israeli drone-strike in Gaza, credited the FFAM's procedures as "timely, appropriate and, with some exceptions, sufficient". But the hundreds of cases that do not attract international attention are a different matter. One general admits that it will take many years to investigate all the allegations, once the war in Gaza is over.

In cases where evidence is deemed sufficient, the military police carry out criminal investigations from scratch. Those that are indicted are then heard before military courts. But, unlike the combat veterans of the FFAM, the military-police investigators whose job it is to build the cases are unpopular within the ranks and suffer intimidation. In July 2024, when they arrived at the Sde Teiman detention centre to question and arrest suspects over the sexual assault of a prisoner, investigators were met with violence from the soldiers and had to wear masks to conceal their identity.

"Ultimately, in a war of this magnitude, the FFAM and [the military police] are overwhelmed," argues one senior military judge. "There are hundreds of allegations and by the time they make it through the pipeline, there is no crime scene, the weapons have been used many times, and the evidentiary basis for a prosecution, much less a conviction, has been chewed over. That

doesn’t mean that allegations are being ignored, but it does mean we’ve failed when it comes to establishing norms through indictments.”

The IDF has not released up-to-date numbers of investigations or cases. In the first year of the war around 15 soldiers were indicted for conduct on the battlefield, mostly for looting and theft from the army. Five of the suspected assailants from the detention centre were indicted in February and another was convicted and sentenced to seven months in prison for treating inmates brutally. Most of those indicted are low-ranking soldiers. One brigadier general who ordered the destruction of a university building without authorisation was investigated, received a minor reprimand and was appointed commander of the Gaza Division. Another division commander who ordered the destruction of Gaza’s only cancer hospital without authorisation remains in his post.

Senior officers in the MAG’s unit say they have identified hundreds of incidents that need investigation and have established a set of priorities to deal with them. But amid an ongoing war, which stretches beyond Gaza, it will take years to complete the inquiries, if they are completed at all.



“Internal investigations in any organisation are a difficult process,” says one former military lawyer. What is more, “You can’t detach the weakness of the

IDF's internal investigations from the broader context of an Israeli army and society which were traumatised and humiliated on October 7th, where the senior generals had lost credibility and were under fire from politicians. Enforcing the law within such an army, whether among young conscripts or reservists, was always going to be extremely difficult."

The MAG's unit has an additional role: advising on the military-planning process. Its legal officers are involved in authorising operations, air strikes and targets, when these are planned in advance, at division level or higher. Many of the tens of thousands of deaths in Gaza have happened in such strikes. But although some of the strikes have been investigated by the FFAM, no criminal investigations have been launched. A senior IDF officer involved in the investigations claims that every strike has been aimed at a "legitimate military target" and that, at most, investigators have identified "mistakes" or use of the "wrong munition", leading to procedures being tightened up.

The MAG's officers insist that the death toll in Gaza is proof not of war crimes, but of an unprecedented war the IDF had no choice but to fight in a dense urban environment, against an enemy hiding behind and beneath civilians. Yet the international-law department in the MAG's unit, which prescribes the IDF's rules of engagement and targeting, has been stretching the principle of discrimination—which defines who is a legitimate Hamas target—to include civil servants and journalists affiliated with the movement.

It has also adjusted the principle of proportionality, or how many civilian casualties are permissible in striking a legitimate military target. Since the October 7th attack, the IDF's legal parameters of proportionality have been moved to a point where killing dozens of civilians in an attack on a mid-level Hamas commander—a number that would previously have been deemed excessive even for the most senior leaders—is now acceptable. A senior officer in the MAG says that "there is no textbook answer for the dilemmas of proportionality. You can't ask ChatGPT. But the red lines were not redrawn, they were applied differently," owing to the war's circumstances. "It's a total blurring of lines," one combat officer admits.

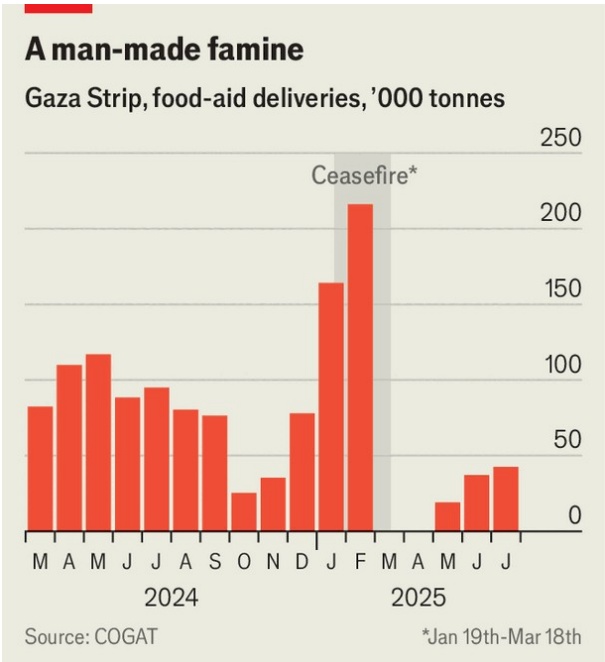
“There is a philosophical dilemma at the base of international law,” says one IDF lawyer. “For human-rights lawyers it’s humanitarian law and is focused on how to protect civilians. For military lawyers it’s the laws of conflict and they’re all about how an army can go about killing people, including innocent civilians, legally.”

At the heart of Israel’s “complementarity” defence is the claim that its military and civilian legal advisers are independent. Formally this may be true, but the government is undermining the principle. The military advocate-general, Major General Yifat Tomer-Yerushalmi, has become a hate-figure for the government’s nationalistic supporters, who accuse her of “tying the hands” of Israel’s fighters on the battlefield and decry the arrest and investigation of soldiers in the Sde Teiman case. In May the defence minister instructed the IDF’s chief of staff to prevent Ms Tomer-Yerushalmi from speaking at the annual conference of the Israel Bar Association.

It was not the first time government politicians had intervened in the military legal process. In July 2024 coalition parliamentarians led a mob which stormed the Sde Teiman base, trying to impede the investigation there. Such interventions go back at least to 2016, when Mr Netanyahu, who was prime minister at the time, made a supportive phone-call to the family of a soldier who had been accused of killing a wounded Palestinian assailant in the city of Hebron. After the soldier had been convicted of manslaughter, Mr Netanyahu called for his pardon.

The IDF’s legal apparatus is not supposed to work on its own. At the civilian level, Ms Baharav-Miara, in her role as the government’s chief legal counsel, is supposed to both guide the MAG and ensure that the cabinet’s directives to the IDF conform to the standards of Israeli and international law. “Our biggest problem in enforcing legal standards during this war is that the attorney-general has become a rubber-stamp,” says a veteran legal officer in the IDF. “On constitutional matters she is a fighter. On security issues she hasn’t spoken out once.” Human-rights lawyers agree. The attorney-general represents many in the Israeli legal establishment, says Mr Sfard, “who think that we can fight for democracy at home without checking out the torture chamber in our backyard.”

The lack of legal restraint by the attorney-general on the government's war policies has been most evident in the legal petitions against the government's practice of blocking or severely restricting food and medical supplies to Gaza, which in recent months have slowed to a trickle (see chart). These petitions were made at what should be the highest tier of accountability, the Supreme Court, which hears complaints from individuals and organisations against government actions.



Despite being at loggerheads with the Netanyahu government and refusing to represent it in a number of cases over the past two-and-a-half years, in the main petition against the blockade of aid the attorney-general's representatives seemingly had no issue with presenting the government's arguments. The defence ministry was closely monitoring the situation and there was no hunger in Gaza, they claimed. What's more, they added, Israel was not an occupying power and therefore under no legal obligation to supply the needs of the population there.

After the petition dragged on for a year of war, during which the judges granted the government repeated continuances and refused to issue any temporary injunctions, the Supreme Court backed the government's humanitarian policy on Gaza in a 64-page ruling. The court's president, Yitzhak Amit, who has clashed frequently with the Netanyahu government

and was appointed against its wishes, wrote that "the state of Israel is not allowed to ignore" the human suffering in Gaza, but put the responsibility for that on Hamas and did not accept that Israel was using starvation as a weapon of war.

Osnat Cohen-Lifshitz, the legal director of Gisha, an Israeli human-rights organisation which advocates for Gazans and which petitioned the court, says the entire proceeding was "a farce in which [the court] collaborated with the state to create the appearance of a legal proceeding. The judges could have saved lives, but they gave the people of Gaza nothing."

Justice Amit was reviled by the far right for even being prepared to hear the petition and his detailed ruling is far from a summary dismissal. But it is hard to escape the impression that, like the attorney-general, he is choosing his battles with the government and prefers not to challenge it on war-related matters.

There is one more tier of accountability in Israel. National commissions of inquiry have been formed in the past to examine the conduct of its armed forces. The most famous was the one established in 1982 to investigate Israeli complicity in a massacre in the Palestinian refugee camps of Sabra and Shatila in Israeli-controlled Beirut. The killings were carried out by Israel's allies, the Phalangist militia. The commission ruled that, although the IDF was not directly involved, senior Israeli officials had been aware the massacre could take place and had not acted to prevent it. The then defence minister, Ariel Sharon, and the commander of military intelligence were forced to resign.

Such a commission, whose members are appointed by the president of the Supreme Court, could provide the necessary accountability in this war as well. But the decision to hold a national inquiry is the government's, and Mr Netanyahu has so far adamantly refused to appoint one. The attorney-general has called for a commission of inquiry, though she has specified that its mandate should be to investigate the failures of Israel's political and military leadership which allowed it to be taken by surprise by Hamas in October 2023, rather than the events of the war itself.

This might change if Mr Netanyahu's government were to fall. A new government could appoint a commission, possibly with a mandate to examine the government's actions during the war as well as leading up to it. In the meantime, the apparent humanitarian abuses seem only to be growing more severe.

Perhaps the ultimate test of the government's ability to restrain itself will be its next steps in Gaza. The mooted "humanitarian city" appears to have been set aside, at least for now. In an open letter to the defence minister and the IDF's chief of staff, a group of Israeli experts on international law argued that herding Gazans into the city would involve "a series of war crimes, crimes against humanity and in certain circumstances could be considered the crime of genocide". Some of the IDF's own lawyers privately argue that it would amount to ethnic cleansing.

Until now, Israeli lawyers insist, the displacement of civilians in Gaza, although widespread, has conformed to three important conditions: it has been carried out to protect the civilian population from specific military operations; it has been temporary (although in many cases the homes to which displaced civilians might seek to return have been destroyed); and it has been voluntary, in the sense that civilians could choose to remain in an area being pulverised by air strikes if they wanted to. The plan for the "humanitarian city" would conform to none of those standards.

Mr Netanyahu seems to have shifted, at least temporarily, towards a proposal to wage an all-out campaign to occupy nearly every part of the Gaza Strip not yet under Israeli control. The IDF seems to be no more enthusiastic about this plan than the last. Mr Netanyahu may believe in the hardline approach, as some of his aides suggest. It could equally have been raised as a lever to press Hamas to accept Israeli demands of disarmament and exile of its surviving commanders. Mr Netanyahu is certainly using the proposals to try to convince his far-right coalition partners (several of whom advocate the annexation of all Palestinian territory) to remain part of his embattled government.

In other words, rather than hastening Mr Netanyahu's political demise, the more radical plans may delay it. The prime minister is also unlikely to be hauled in front of the ICC in The Hague any time soon. For now, he cannot

visit countries which are members of the court, but those do not include America, where Donald Trump's administration has proclaimed its own war on the international justice system. The ICC's chief prosecutor and four of its judges have been subjected to American sanctions and America's aid to South Africa, which brought the genocide case to the ICJ, has been cut. Not surprisingly, the procedures in both international courts seem to have slowed down.

Other Western countries which are signed up to the ICC may not be hosting Mr Netanyahu soon but are unlikely to push for sanctions on Israel. As they embark on an expensive process of rearmament against a resurgent Russian threat, many are looking to Israel for battle-tested weapons systems. In 2024 Israel's arms firms signed $14.7bn-worth of export deals, 13% more than in 2023. Over half of these were with European countries.

The cost of the war to Israel's reputation is immense. Israeli companies are battling to avoid divestment from funds with rules against dealing with entities linked to war crimes. Israeli academics and artists are being shunned by colleagues, universities and festivals around the world. But in the short term, unless Mr Trump changes his position, it is hard to see how Mr Netanyahu's government or the IDF will be held accountable, at home or abroad.

"For years we warned the IDF that if they don't abide by international law they would be hauled to The Hague," says Amichai Cohen, a legal expert at the Israel Democracy Institute, a research organisation. Now he is concerned that it was the wrong tactic. "It's looking unlikely any politician or general will be hauled before the ICC and I think that our message should have been different: abide by international law because it's the right thing to do."■

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United States

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United States | America First, no exceptions

MAGA's disenchantment with Israel

Democrats have long been split over the Jewish state. Cracks are appearing among Republicans, too

August 7th 2025



When the Speaker of the House of Representatives went to the Western Wall in Jerusalem on August 3rd, placing a handwritten note to God in its cracks, he declared: "Our prayer is that America will always stand with Israel." Mike Johnson went on to visit the Jewish settlement of Ariel, and met the Israeli prime minister, Binyamin Netanyahu, in another settlement, Shiloh, which lies deep in the occupied West Bank. Using the biblical terms for the territory, he said that "the mountains of Judea and Samaria are the rightful property of the Jewish people," and promised to promote the use of the names in official American discourse.

Mr Johnson represents a well-established wing of the Republican Party that these days stands with Israel for the most part uncritically, and his itinerary signalled that many Republicans would bless Israel's formal annexation of the West Bank. The party's current establishment backs Israel not just in its right to exist as an embattled Jewish democracy, but in its more ethno-nationalist incarnation under Mr Netanyahu and his hard-right cabinet.

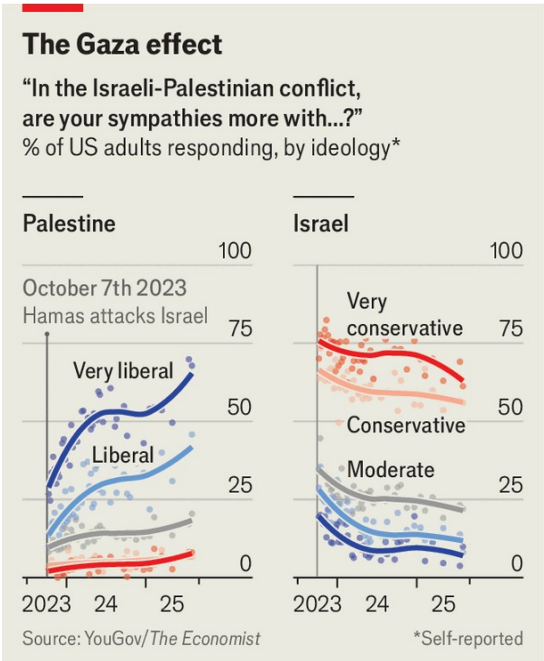
Yet there is a different and increasingly voluble view of America's alliance emerging among Republicans, notably from some prominent acolytes of President Donald Trump's MAGA movement. Marjorie Taylor Greene, a firebrand congresswoman from Georgia, posted a startling statement on X on July 31st arguing: "Of course we are against radical Islamic terrorism, but we are also against genocide." Her use of the word genocide, common on the left of the Democratic Party, was no error. She has also mused whether innocent people being killed for who they are is not "the definition of genocide"—and why she is the only Republican voicing such concerns.

Ms Greene is sometimes dismissed as a self-promoting gadfly, yet criticism of America's alliance with Israel has also been reverberating in the MAGA echo chamber of influential podcasters, among them Tucker Carlson, Matt Gaetz and Joe Rogan. For the most part, MAGA sceptics seem motivated by fear of entanglement. A pivot point came during the 12-day war between Israel and Iran in June. Ms Greene, Mr Carlson and Steve Bannon, a former adviser to Mr Trump during his first term, were among those who warned that America risked being drawn into another disastrous and costly war in the Middle East.

Mr Trump stilled their fears by ordering a limited strike, sending B-2 bombers to destroy deeply buried nuclear facilities and then immediately imposing a ceasefire. Yet afterwards, criticism of support for Israel seemed to become permissible on the grounds of America First principles.

In many ways, America First means what Mr Trump says it does. He has been just as inconsistent on Israel as on many other areas of his foreign policy. Having joined Israel in bombing Iran last month, he then cursed Mr Netanyahu on camera for breaching the ceasefire. He blames Hamas for the war in Gaza, but has also acknowledged the "starvation" of Palestinians.

Yet influencers such as Mr Bannon suggest views about the alliance are shifting within Mr Trump's voting coalition. "It seems that for the under-30-year-old MAGA base, Israel has almost no support, and Netanyahu's attempt to save himself politically by dragging America in deeper to another Middle East war has turned off a large swathe of older MAGA diehards," Mr Bannon told Politico, a news portal.



According to the latest opinion polls conducted by YouGov for The Economist, support for Israel among those calling themselves "conservative" or "very conservative" remains strong but is falling (see chart). A survey by Pew published in April suggested that unfavourable views of Israel were most marked among young Republicans, aged 18-49. The age gap may reflect the influence of social-media images of suffering in Gaza, seen by younger voters. The changing views of self-identified conservatives must be understood in context: opinion polls show support for Israel is declining across America. Disenchantment is most acute among Democrats. A majority of those calling themselves "liberal" or "very liberal" are now more likely to express sympathy for Palestine than for Israel.

Ms Greene's dissent took on a moral and religious tone after the bombing of the Holy Family Church, the only Catholic church in Gaza. Israel expressed regret, saying the strike, which killed three people, was accidental. Ms

Greene's post denouncing "genocide" was written as part of her description of a conversation with a Christian pastor in the territory. "There are children starving. And Christians have been killed and injured, as well as many innocent people. If you are an American Christian, this should be absolutely unacceptable to you," she wrote.

How far will this go? Mr Trump, for now the final arbiter of all things MAGA, has made clear he is on Israel's side, despite his moments of irritation with Mr Netanyahu. Indeed, he has denounced Israel's judicial system for charging the prime minister with corruption. America's ambassador, Mike Huckabee, attended Mr Netanyahu's trial to show support. The president has acted quickly to banish antisemitism from university campuses and elsewhere. Pro-Palestinian activists have been arrested pending deportation. Mr Trump's idea of turning the Gaza Strip into a "Riviera" fanned hopes on Israel's hard-right that Palestinians might be moved out.

Mr Trump's improvisational approach to foreign policy is inherently difficult to categorise or forecast. On Ukraine, he has set an ultimatum this week for Russia to end the war or face economic punishment, not least through "secondary tariffs" on countries that buy Russian oil, including India and China. How much pain he will inflict on India, China and others remains to be seen. But Mr Trump has already agreed to supply weapons to Ukraine if they are paid for by European countries. And he said he ordered the repositioning of two "nuclear submarines", presumably boats carrying nuclear weapons, in response to Russian nuclear threats.

Ms Greene feels isolated in a party that, she argues, is reverting to its "neo-con" instincts. "I don't know if the Republican Party is leaving me, or if I'm kind of not relating to the Republican Party as much any more," she told the Daily Mail, a British newspaper. Whether MAGA sceptics pull Mr Trump even partly away from Republican orthodoxy on Israel may yet shape the endgame of the war in Gaza—and whatever follows. ■

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United States | Battle lines

Democrats are likely to lose the redistricting war

If both sides abandon principle, a draw is possible, but Republicans face fewer obstacles

August 7th 2025



Colouring books for grown-ups have exploded in popularity in recent years. Befitting America's hyperpolarised era, political anoraks have put a partisan spin on the pastime. Dave's Redistricting is a web app developed by Dave Bradlee, a software engineer, that allows users to draw imagined electoral districts. Hobbyists can combine the relaxation of paint-by-numbers with the catharsis of destroying their political opponents in a fantasised redistricting process.

In the real world, total war is already under way. Under pressure from Donald Trump's administration, Texan Republicans proposed an unusual mid-cycle redistricting process, putting forward a set of borders which

would make them heavily favoured to win 30 of the state's 38 seats in the House of Representatives, five more than they hold now—even if they only won the statewide popular vote by a small margin. The Texan plan has not yet passed the state legislature—and Democratic lawmakers have left the state to render the lower house inquorate. The Democrats' stunt will probably fail and the Republicans' scheme is likely to face legal challenges. But the plan's naked partisanship has already set the scene for a redistricting face-off between Republican and Democratic lawmakers in other states.

Gavin Newsom, the governor of California, issued his own provocation on August 1st when he reposted a particularly egregious pro-Democratic gerrymander of his state. The map was designed by an anonymous user on X, based in Britain, and would eliminate all nine of California's Republican-held congressional districts.

To consider how such a no-holds-barred fight might play out, The Economist has analysed data produced by Dave's Redistricting, including proposed congressional maps designed by its users. We mapped the most effective gerrymanders created by users in states controlled by each party to simulate a scenario where lawmakers faced no legal or political constraints on their map-making. Overall, we found that Democrats could redraw 35 congressional districts won by Mr Trump last year, while Republicans could redraw 34 won by Kamala Harris, the Democratic nominee (see chart 1). Under these boundaries, 229 districts voted for Mr Trump—one fewer than the 230 districts he won under the present maps. The theoretical numbers add some weight to Mr Newsom's idea that Democrats could fight Republicans to a draw.

In reality, state legislators do not have a free hand. In addition to legal and political challenges, it can be difficult to draw maps which are tolerable to all of a party's local politicians. The limits on redistricting power are likely to hobble the Democrats disproportionately, making it harder for them to match Republicans' potential.

One reason is the geography of Democratic voters. Voters in districts Ms Harris won backed her by a margin of 13 percentage points, while voters in areas Mr Trump won supported him by just five points. This makes it easier for Republicans to redraw maps to concentrate Democrats into a small

number of districts. In Austin, Texas, for example, Republicans have redrawn two districts which voted for Ms Harris last year to pack her voters into a single one, surrounded by six suburban districts which voted for Mr Trump by a comfortable margin (see chart 2).

Not only do Democrats have a less favourable starting point, they are also likely to face more checks on their power to act. In a number of large Democratic states, including California, the party has handed redistricting responsibilities to independent commissions which would need to be circumvented. Mr Newsom has proposed putting his plan to voters in a special election, which would be expensive and risky. Democrats might fall victim to their own anti-gerrymandering efforts in state courts as well. Just three years ago New York's Court of Appeals struck down proposed districts because of a state ban on partisan gerrymandering. New York is "one of the big states where they could really have done a lot", says Jonathan Rodden of Stanford University. "That ship has sailed."

Whether Republicans can succeed in insulating themselves from a mid-term backlash is difficult to predict. In a close election, the Texas gerrymander could decide control of the House. But Mr Trump's approval rating has already fallen to similar levels as in his first term, when a blue wave turfed 30 Republicans out of office. Even aggressive gerrymandering in red states would struggle to prevent a Democratic victory of that scale. ■

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United States | Inconvenient data

Donald Trump escalates his war on numbers

Another shocking assault on a non-partisan institution

August 7th 2025



JUST FOUR months ago Donald Trump was basking in the glow of the jobs report produced by the Bureau of Labour Statistics (BLS). “GREAT JOB NUMBERS, FAR BETTER THAN EXPECTED”, he posted on Truth Social, his social-media site. But on August 1st the BLS announced that employers had added fewer jobs than expected in July; it also revised down the employment data for the previous two months. This time Mr Trump turned on the messenger. Saying (without evidence) that the figures were “rigged”, he fired Erika McEntarfer, the BLS commissioner who was confirmed last year on a bipartisan basis.

Mr Trump has pledged to appoint a successor to Ms McEntarfer who is “much more competent and qualified” so that BLS statistics are “fair and

accurate" and "can't be manipulated for political purposes". But the president's vainglorious sensitivity and norm-breaking intervention will make it difficult for any appointee to re-establish trust. "Unfortunately, as a result of this", says a BLS worker, the administration is "going to change the perception of anything that comes out". The episode also comes at a time when the cash-strapped bureau is struggling to measure an increasingly sprawling workforce and a public reluctant to respond to government surveys.

The numbers produced by the BLS are still some of the most important indicators tracking America's $30trn economy. Its headline-generating jobs report, usually released on the first Friday of each month before markets open, is read closely by reporters, investors and the Federal Reserve. The report is drawn from two surveys. The first asks individuals whether they are working or looking for a job; these results determine the unemployment rate. The second survey collects payroll data from businesses and government agencies to track the total number of paid positions in the economy. Together, the measures offer a snapshot of the economy's momentum.

What specifically set Mr Trump off was the magnitude of technical adjustments known as revisions. The agency releases preliminary estimates based on incomplete data because it is helpful for the Fed and investors to know quickly what is happening to employment. As more data arrive, the BLS updates its estimates, issuing revisions. These are often modest, typically adjusting the figures by some 40,000 jobs (or about 20%, on average). But the most recent revisions were three times that. Goldman Sachs, a bank, called it the "largest two-month revision since 1968" outside recessions.

Mr Trump alleges malice, claiming the new numbers were manipulated to make him look bad. For that to be true it would require a vast conspiracy co-ordinated by scores of civil servants. The process of producing the jobs report is designed to prevent meddling. It is intentionally decentralised, with strict digital-security protocols, physical lockdowns in the BLS headquarters during the week preceding public release and siloed workflows. If protocol is followed, the commissioner would not collect or analyse any data herself.

It is a puzzle why this month's revisions were unusually large. Historically, revisions have tended to be larger when the economy is at a turning point—precisely when the imputation methods used by the BLS, which lean heavily on historical data patterns, become less reliable predictors of future conditions. Some data sleuths have pointed out that a disproportionate share of the downward revisions came from state- and local-government payrolls.

Declining response rates to government surveys may have played a role, too. A decade ago response rates were 20 percentage points higher. Fewer respondents means noisier estimates. Some also point to staffing and budget constraints. Across that same period the BLS budget has fallen by some 12% in real terms, and the White House has proposed cutting it by another 8% this year. The reason could also be more mundane: random chance.

Whatever the explanation, Mr Trump has undermined confidence in the agency's output. Private-sector alternatives cannot replicate what the BLS provides. There is already enormous financial incentive to do so. Trillions of dollars in global assets reprice within moments of a BLS release. If investors could reliably anticipate the results using private-sector proxies they would. But the alternatives that exist, like the jobs report from ADP, an HR firm, are widely regarded as noisy and too narrow.

Private-sector estimates are also benchmarked to government surveys, which serve as a sort of statistical ground truth. And even if a private firm managed to reliably estimate headline numbers, they would still fall short on providing granular insights across sectors, geographies and occupations. Decision-making about interest rates and investing is hard enough with BLS numbers that are widely regarded as reliable, within the limits of survey methodology. For a time, at least, those peering at the economy's horizon will have to cope with dimmer light. ■

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United States | Parks and consternation

The National Park Service is in disarray

The Trump administration is cutting thousands of staff at America's favourite agency

August 7th 2025



ON A HOT day in July, several visitors to Yosemite National Park, along the mountainous spine of California, go on a bear walk. No bears are spotted, but the group learns about what they eat (wild raspberries), where they frolic (lush meadows) and what to do if you encounter one on the trail (don't run!). In the busiest part of the park, tourists trek to waterfalls and queue for snacks and T-shirts at the visitor centre. The bathrooms are dirty, but no worse than when your correspondent visited last summer. All may seem well, yet there is trouble lurking.

The National Park Service (NPS), the federal steward of natural wonders, has been shrinking since 2011. Now Donald Trump's administration is

gutting its staff and budget in the name of rooting out “waste, fraud and abuse”. His Department of Government Efficiency (DOGE) has initiated a mass exodus. Full-time workers were laid off, or retired and resigned rather than put up with the uncertainty.

An internal document leaked to the National Parks Conservation Association, an advocacy group, suggests the NPS has lost nearly a quarter of its permanent employees since Mr Trump took office. As of July 8th Glacier National Park in Montana had nearly 200 full-time staff and 47 vacancies, including six firefighting roles, according to its database. The park is missing IT specialists; spotty internet may affect how well search-and-rescue teams operate.

The administration risks alienating its supporters. Fully 76% of Americans viewed the NPS favourably in 2024, according to Pew Research Centre, a pollster, more than for any other agency. In a rare bipartisan consensus, Democrats and Republicans are fans almost in equal measure. Last year nearly 332m people visited the parks, a record high. When NPS workers began to protest that some visitor services would have to be cut because of limited staff, Doug Burgum, the interior secretary, ordered parks to remain open. Closures of trails or campgrounds have to be reviewed by the top brass. But he seems to be betting that Americans care more about whether they can enter a park than how healthy that park is when they arrive.

Staffing cuts are not the only problem. Earlier this year DOGE deactivated hundreds of thousands of federal credit cards in a bid to curtail spending. Smaller parks had to rely on larger ones to pay their heating bills. Expenses are still tightly controlled. Buying plastic bags for scientific samples in at least one park requires filling out a form and explaining why the purchase is “mission critical”. “It’s this toxic mix of confidence and ignorance in leadership in government right now,” complains one NPS worker in Alaska.

Rather than spending time educating people about wildlife or answering questions at visitor centres, some workers are tasked with making sure signs do not “inappropriately disparage Americans past or living”. Guidance from Mr Burgum’s office suggests that parks should play up “the greatness of the achievements and progress of the American people” or the “beauty, abundance, and grandeur of the American landscape”. Signs or programmes

that mention slavery, racism, climate change or the indigenous peoples who once lived on the lands that are now parks may fall under scrutiny.

More cuts are imminent. Earlier this year the administration requested a 37% reduction to NPS's $3.3bn budget, although a draft of the House appropriations bill suggests funding could stay flat. Whatever Congress decides, the Department of Interior is set to lay off 1,500 more people as part of its planned "reduction in force". NPS workers expect most of its cuts to come from headquarters in Washington and the agency's regional offices. Mr Burgum argues that these positions are mostly "overhead" and deal with IT, finance and human resources. But the regional offices also employ researchers in the "inventory and monitoring" programme, created by Congress in 1998, who collect weather, climate and species data that provide a picture of the parks' ecological health.

The effects on conservation are distinct from those that may affect campers. "I'm not sure if you're a visitor, you are noticing it yet," says Beth Pratt of the National Wildlife Federation, a non-profit. But NPS workers stress that there is more to the parks than hospitality and recreation. In the long run, firing experts on extreme weather, wolves or invasive species could erode the progress America has made in protecting these places since 1872, when the world's first national park, Yellowstone, was established by President Ulysses S. Grant. Such cuts would fit into the administration's broader attacks on science and dismissal of climate change.

Mr Burgum seems to realise that he may be in a pickle over the parks' staffing levels. Summer is NPS's busy season. "If anybody is looking to join the National Park Service for a summer temporary job," he mentioned during a congressional hearing in June, "positions are still open." ■

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United States | Political theatre

Alligator Alcatraz is an exercise in performative cruelty

Many Republican voters don't like it

August 7th 2025



In the middle of the night the Everglades are loud. The soundtrack of Florida's swamplands is a constant call of cicadas. But an hour from downtown Miami there are almost no people. The narrow offshoots of the main road take you deeper into the grasses, where snakes and alligators lie lazily in and around still water. One bend in the road, however, is busy. A blue sign for "Alligator Alcatraz" marks the turn-off where pickup trucks circle hours before dawn. Near the perimeter a guard inside a car rolls down her window an inch. She cannot talk, she says, "the bugs are too bad". She is right: if you reached out and grabbed a fistful of air you could catch dozens of mosquitos.

Alligator Alcatraz is Florida's newest immigration-detention facility. On a strip of land once used as an airfield, the state is housing more than 900 immigrants in the kind of plastic tents used for big parties.

The facility opened at the beginning of July. Ron DeSantis, the state governor eager to get back in MAGA's good graces after challenging Donald Trump in the presidential primary, pitched Florida as the site of the administration's next big immigration project. James Uthmeier, Florida's attorney-general, suggested putting a detention centre in the Everglades where fugitives would have "nowhere to go, nowhere to hide". The Trump administration embraced the idea and in just over a week Florida used emergency powers to seize land from Miami-Dade county and build a 3,000-bed prison in the middle of a national preserve.



States have not hitherto played such an active role in detention. Unlike most civil detention facilities in America designed for immigrants, Alligator Alcatraz is not funded by the federal government, at least initially, nor run by private contractors with experience locking people up. Instead Florida is footing the bill—so far Mr DeSantis has allocated $245m for it—and the state's emergency management agency is in charge of operations. Because of that the facility looks more like a base camp set up for first responders after a natural disaster than the fenced-in concrete complexes that house

immigrants awaiting deportation in places like Texas and Louisiana. The contractors hired for logistics are equally unsuitable. Dynamic Integrated Security, a firm that does school security, is recruiting correctional officers for the site. Listings on a job forum say the gig pays $10,000 a month, does not require prison experience, and that guards will receive “on-site orientation” and start “ASAP”.

According to Anna Eskamani, a Democratic state representative in Florida who toured Alligator Alcatraz last month, in each tent there are eight cages with bunk beds that sleep 32 men. There is no running water or grid electricity, so water is trucked in and generators are used to keep the power on. Detainees have reported that the water makes them sick. Despite having air-conditioning pumped through big pipes, the tents are hot and after sunset they fill with frogs and biting bugs. Critics worry that if a hurricane hits south Florida—as they regularly do in late summer and early autumn—the tents will flood. It is not clear if the state has made proper evacuation plans.

The facility expects to expand to perhaps 4,000 detainees by the end of August, which would make it America’s biggest. Construction crews continue to build it as busloads of immigrants arrive from Krome, another Miami detention facility, and from local jails. Because it is not under federal purview, no readily available public data exist on who the detainees are and how many have criminal records. Attorneys have sued over lack of access to their clients. As of the second week of July there were no visitation rooms.

In Miami, where 70% of people are Hispanic, the deportation theatre is not going over well. Many expected the Trump administration to pick up gang members, but not cleaning ladies and Uber drivers. “Arbitrary measures to hunt down people who are complying with their immigration hearings” is “not what we voted for”, the co-founder of Latinas for Trump wrote on X in June. “Pick them up, throw them out, but don’t mock them,” one veteran Republican says of criminal immigrants. Another party strategist who loves “everything else Trump is doing” wonders how a country known for taking in “the poor and huddled masses” can also be “dragging them out to be tortured in the Everglades”.

A majority of Americans agree. In recent polls 52% said the government is trying to deport more people than they expected; 57% opposed building new

detention centres. On July 25th the administration announced it would give states $608m in federal emergency-management funds to build detention facilities. Other Republican governors may soon follow Florida's lead. They might be wise first to check if their own base is not similarly repulsed. ■

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United States | Lexington

How is Donald Trump putting America first by bashing Brazil?

He isn't

August 7th 2025



On July 17th the secretary of state, Marco Rubio, dispatched a memorandum to America's diplomats stepping back from a decades-old priority, promoting democracy abroad. Henceforth, he wrote, diplomats should simply congratulate the winning candidate in any country's election and refrain from "opining" on the fairness of the process, or even on "the democratic values of the country in question". The change, he wrote, was in keeping with "the administration's emphasis on national sovereignty".

The president apparently did not get the memo. That same day Donald Trump posted on social media a letter he sent to the former president of Brazil, Jair Bolsonaro, who faces charges of plotting a coup to overturn an

election he lost in 2022. Mr Trump, who identifies with Mr Bolsonaro as a fellow strongman who idolises Donald Trump, bemoaned his "terrible treatment" by "an unjust system". He went on to attack Brazil's democratic values, accusing its government of a "ridiculous censorship regime".

And Mr Trump did not stop at mere opining. About two weeks later, citing the prosecution of Mr Bolsonaro, he imposed a 50% tariff on Brazilian imports. For his part, Mr Rubio invoked the Global Magnitsky Act, which is meant to protect human rights, to impose sanctions on the judge overseeing the case. Mr Rubio was suddenly determined to promote democratic values, and not just in Brazil: "Let this be a warning to those who would trample on the fundamental rights of their countrymen," he wrote.

Expecting consistency from Mr Trump about policy is, of course, as foolish as expecting modesty about anything. And in the directive about ignoring antidemocratic behaviour, Mr Rubio carved out an exception, saying diplomats could raise objections when "there is a clear and compelling US foreign-policy interest." It is Mr Trump's slippery definition of the American interest that makes naming his foreign policy such a challenge for those who have tried to stick a label to it. Is he an isolationist or an interventionist? A hawk or a dove? The answer is yes. "I'm a nationalist and a globalist," he has observed. Respect for human rights is a vexing issue for him in Brazil, but not in El Salvador, for the same reason that antisemitism can outrage him when it is identified within Harvard University, but not within, say, Kanye West. Principles can be useful as weapons in a thoroughly pragmatic global struggle to punish adversaries and reward acolytes—as distinct from allies—in pursuit of a national interest that has become inseparable from the president's own interests.

Mr Trump himself has advertised defining themes for his foreign policy that have proved misleading. Take Mr Rubio's invocation of an "emphasis on national sovereignty". In a speech to the United Nations in 2018, Mr Trump said he valued sovereignty and independence "above all" and honoured "the right of every nation in this room to pursue its own customs, beliefs, and traditions". The United States, he said, "will not tell you how to live or work or worship". Just this May he repeated such assurances in a speech in Saudi Arabia, mocking past "interventionalists" for "giving you lectures on how to live and how to govern your own affairs".

Yet no administration in memory has delivered more righteous public lectures, at least to allies, than this one, whether over South Africa's treatment of its white minority or all Europe's approach to free speech. Moreover, Mr Trump's piety about sovereignty is hard to square with his demand for the Panama Canal, not to mention for Canada and Greenland.

Mr Trump's preferred label for his foreign policy—"America First"—also confuses people. The historical meaning of the term, combined with Mr Trump's abuse of allies and his scorn for international institutions, has led both admirers and adversaries to view him as an isolationist. He is not. He believes strongly in diplomacy (when he conducts it) and also in unilateral military action (when he is in charge of it). He has not withdrawn American leadership from the world; he has instead declared himself unconstrained to assert that leadership where, when and how he wants.

This is the same way he uses power domestically. He invokes states' rights when it is convenient for him, as on abortion, but has sent in the National Guard over a governor's objections when he saw fit, too. When informed in June by the Atlantic that critics such as Tucker Carlson did not consider his support of Israel against Iran to be consistent with "America First", he replied, "I'm the one that decides that." After all, he said, he invented the term.

Mr Trump appreciates the power of "weaponised interdependence", a term coined by two political scientists, Henry Farrell and Abraham Newman, to describe how America in the 21st century has learned to use networks of finance, trade and even communication as tools of coercion in foreign policy. This is why America's allies are having such a hard time in the Trump era. As Mr Trump puts his understanding of America's needs and wants first in every bilateral relationship, he has more leverage to extract concessions from allies than from adversaries. Now, the more a country depends on America, the less dependable America is for it.

In the stand-off with Brazil, Mr Trump is testing how far he can push an independent-minded ally jealous of its own sovereignty, and how far he can stretch his definition of America's interest. Mr Trump has pointed to bilateral trade deficits as an emergency to justify his other tariffs, but America has run a trade surplus with Brazil for more than ten years. And

Brazilian exporters may be able to quickly find new markets for such commodities as beef and coffee, which, unlike orange juice, Mr Trump has not exempted from his tariff. If Americans wind up paying more for hamburgers to help a friend of Donald Trump avoid his day in court, they will be right to wonder who is really being put first. ■

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The Americas

- Can Peronists, Argentina's former masters, stop Javier Milei?
- Nayib Bukele could now rule El Salvador for life
- Panama brings lawfare to the canal ports saga

The Americas | Opposition divided

Can Peronists, Argentina's former masters, stop Javier Milei?

They are in disarray. Hoping that his government fails is their main strategy

August 7th 2025



It has been a bumpy month for President Javier Milei of Argentina. Despite his success in cutting spending, pulling down inflation and even reducing poverty, his government is irritable.

Troubles with the peso are fraying nerves. Having partially floated it in April, the government has kept trying to prop up its value so as to press down on inflation. But that has hampered foreign-reserve accumulation. The government badly missed the reserve targets it agreed to in an imf bail-out in April. That worries investors. The strong peso has also induced spending on imports, creating a current-account deficit. And trying to prop up the peso

helped send short-term interest rates soaring dangerously. Despite the government's efforts, as the supply of dollars dried up at the end of the harvest the peso slid sharply anyway. In July it fell by over 12%.

Concord among normally irreconcilable opposition parties is another headache. On July 10th they passed increases in pensions and disability benefits. Mr Milei vetoed the bill, but the opposition is trying to gather the votes to overrule him. Even if it fails, it has already rattled the government. Mr Milei branded his vice-president, who runs the Senate and oversaw the offending vote on benefits, a "traitor".

With congressional mid-terms approaching in October, all this is far from ideal. But if the drama is to hurt Mr Milei in those elections, or beyond, the opposition will need a modicum of credibility. Instead, it has looked punch-drunk since Mr Milei won the presidency in 2023 as an angry libertarian outsider. Its recent show of organisation is the exception, not the rule.

Moderate alternatives seem doomed. The centre-right Republican Proposal (PRO) party, run by a former president, Mauricio Macri, was obliterated by Mr Milei's Liberty Advances party in elections in May in the city of Buenos Aires, normally a PRO stronghold. Unable to beat Mr Milei, the PRO has joined him. It hopes an alliance with Liberty Advances in elections for Buenos Aires province in September and in the congressional mid-terms will let it survive. It may well simply become irrelevant. The contest between Mr Milei and Peronism, the amorphous populist movement that dominated Argentine politics for 80 years, is deeply polarised. Third parties like the PRO may be squeezed out.

But the Peronists are in disarray, too. Just 29% of Argentines say they will vote for them in the mid-terms, and nearly 40% plan to vote for Liberty Advances. In June the Supreme Court upheld a six-year sentence for corruption for Cristina Fernández de Kirchner, a former president who leads the movement. She is under house arrest and barred from public office. The decision prompted a show of outraged unity among Peronists, yet in reality they are still deeply divided. Ms Fernández may aspire to copy Luiz Inácio Lula da Silva, Brazil's president, who was jailed for corruption, but got his conviction annulled and won power again. But this is unlikely. If she did

leave national politics, it might ultimately help the Peronists: though she has a devoted core of supporters, she also carries some weighty baggage.

Other leading Peronists include Máximo Kirchner, Ms Fernández's son; Axel Kicillof, the governor of Buenos Aires province; and Sergio Massa, economy minister in the previous government. None excites voters. All come from Buenos Aires, so they may struggle to win support in the rural interior, which contains Mr Milei's firmest supporters, especially young men. Mr Massa has already lost to Mr Milei once, in the presidential run-off in 2023. Three-quarters of Argentines dislike Mr Kirchner, according to a recent opinion poll. Mr Kicillof's job gives him a high profile but he is dogged by his involvement in the sloppy nationalisation in 2012 of YPF, the country's largest energy company, when he was Ms Fernández's economy minister.

All three have endorsed a joint Peronist platform and candidate lists for the upcoming elections for the province of Buenos Aires, but the process of reaching agreement was slow and painful, and repeatedly nearly collapsed. Messrs Kicillof and Kirchner do not get on. Juan Grabois, a hard-leftist in a leather jacket who ran in the Peronists' presidential primary in 2023, stayed out of negotiations. All bar Mr Grabois are now trying to agree on joint lists for the mid-terms. Each faction hopes the coming elections will demonstrate their might and help crush internal rivals before the next presidential election in 2027.

The movement has barely started to discuss its difficulties. "We are like a sick man who won't go to the doctor," says Fernando Navarro, who served in the last Peronist government. Some Peronists think they moved too far to the left; others say they have lost touch with the poor. Few mention their chaotic economic record. Nor do they agree on style. Mr Grabois says they must be as aggressive as Mr Milei, who swears incessantly and insults and threatens rivals and journalists, calling them "eunuch donkeys" among other things. By contrast, someone close to Mr Massa says the opposition should be "firm but not rude". There is little focus on ideas. "We either repeat phrases from [Juan] Perón from 50 years ago…or we snipe at colleagues," says Mr Navarro.

One good reason for the Peronists to worry is the sense that Argentine attitudes have profoundly changed. In 2011 some 70% of Argentines "wanted to live in a country where most things are done by the state rather than the private sector", according to Isonomía, a pollster. By 2024 that number had fallen to 42%. Some Peronists are starting to echo the libertarian, anti-statist Mr Milei. "It's true that fiscal balance should be a golden rule," says the person close to Mr Massa.

The leading Peronists will highlight unemployment and shrinking state pensions, but for now their main strategy is just to hope that Mr Milei stumbles dramatically before 2027. A crisis triggered by a volatile exchange rate is not unimaginable. Yet voters who tire of Mr Milei may simply stay at home—or look for another new face. That could open the door to an ambitious provincial governor. Those from different political parties have a history of working in concert to oppose the presidency. Keep an eye on Martín Llaryora of Córdoba and Maximiliano Pullaro of Santa Fe, says Ana Iparraguirre of GBAO, a pollster. The pair, along with several other governors, recently announced a new nationwide political alliance for the mid-term elections.

For his part, Mr Milei is furious at the opposition for trying to increase spending. He says he will reimpose his spending cuts "after we crush them". But Mr Milei must work with the opposition after the mid-terms, whatever the outcome. Just a third of the seats in the Senate and half of those in the lower house are up for grabs, and he has only a few lawmakers now. That makes his scorched-earth approach risky. For a chance to truly crush the opposition, he must wait for the general election in 2027. His own job will be on the line then, too. ■

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The Americas | Perpetual power

Nayib Bukele could now rule El Salvador for life

His supermajority in the legislative assembly has removed the constitutional barriers to unlimited re-election

August 7th 2025



To those familiar with the autocrat's playbook, Nayib Bukele's latest move was not surprising. On July 31st El Salvador's legislative assembly, dominated by his New Ideas party, voted to remove presidential term limits from the constitution. Mr Bukele can now seek re-election indefinitely. Aged just 44, he could rule El Salvador's 6.3m people for decades. That a leader who is admired so widely across Latin America has secured a path to indefinite rule bodes ill for democracy in the region.

Mr Bukele, who first won the presidency in 2019, has been steadily eroding checks on his power ever since. In 2021 the Supreme Court—packed with loyalists thanks to his supermajority in the assembly—reinterpreted El

Salvador's constitutional ban on consecutive presidential terms to let Mr Bukele run a second time. Many Salvadorans wanted him to do so. His crackdown on gangs, which started in 2022, won him huge popularity. El Salvador's murder rate had fallen to 1.9 per 100,000 by 2024, lower than the rate in the United States, from 51 per 100,000 in 2018. Extortion all but disappeared. In 2024 Mr Bukele secured re-election in a landslide, buoyed by approval ratings near 80%.

Many Salvadorans seemingly accept Mr Bukele's tough tactics in return for law and order. A state of emergency which suspends a swathe of constitutional rights has been rolling for more than three years. It is renewed every three months by the legislature. Around 85,000 people have been jailed under its provisions; none has been tried in court. And NGOs such as Human Rights Watch have documented torture in prisons by the authorities.

But recently Mr Bukele has turned on softer targets, too. His crackdown has expanded beyond alleged criminals to include human-rights defenders, journalists and lawyers. In May Mr Bukele's goons jailed Ruth López, a well-known anti-corruption lawyer. Days later lawmakers passed a "foreign agents" law requiring people or organisations receiving money from abroad to apply to the government for permission to do so and to pay a 30% tax on it. (Vladimir Putin, Russia's president, did something similar in his country in 2012.) In May and June several journalists from El Faro, an investigative outlet, fled the country after Mr Bukele's attorney-general prepared arrest warrants for them. And on July 17th Cristosal, a prominent human-rights NGO which employs Ms López, shut its offices in El Salvador, citing threats to the safety of its staff.

This increase in repression happened alongside a big power grab. In January the unicameral legislature made it easier to amend the constitution, removing a requirement for changes to be ratified by its successor after the next legislative election. The supermajority that Mr Bukele's party enjoys in the legislature gives him, in effect, the power to rewrite the constitution at will. The removal of presidential term limits proved as much. So did other recent tweaks.

Presidential elections can now be won with a plurality in the first round of voting, without holding a subsequent run-off between the top two candidates

if neither wins more than 50% of the vote. The next presidential election has also been brought forward, from 2029 to 2027, so that it coincides with legislative polls. All this makes it much harder for the ragged opposition to rally round a single candidate and gives them less time to prepare. That probably suits Mr Bukele just fine.

Loyalists are celebrating. “I’ll say it bluntly: President Nayib Bukele is the only one who can take El Salvador to where our people want to go,” Xavier Zablah, Mr Bukele’s cousin and the president of New Ideas, wrote on X, a social-media service. Others are growing disillusioned. Corruption allegations concerning the Bukele family swirl online. And in May El Faro published videos of gang leaders describing secret pacts they had made with Mr Bukele, to keep the murder rate down in exchange for release from prison or safe passage out of the country. This took some of the gloss from the crime-fighting narrative.

Foreigners are increasingly wary. Crypto enthusiasts, tourists and big tech companies such as Google have flocked to El Salvador in recent years, attracted by low crime rates and Mr Bukele’s tech-positive rhetoric. The prospect of it having the same leader for the next 40 years may not seem quite as cool. Some bitcoiners have already left the country, venting their disillusion on X, Mr Bukele’s preferred social-media platform. The IMF, which has agreed to lend El Salvador $1.4bn in exchange for a pledge to curb the use of bitcoin, expects GDP to grow by 2.5% in 2025, lower than its previous forecast of 3%.

The descent into authoritarianism has been swift. Mr Bukele has done in months what took Nicaragua’s Daniel Ortega years. Support from one of the world’s most powerful men, Donald Trump, has been helpful. Mr Bukele pleases him by locking up America’s deported migrants in El Salvador’s maximum-security prisons; Mr Trump calls Mr Bukele a “great friend”. How the feelings of Salvadorans will evolve is unclear. They are probably stuck with Mr Bukele now, like him or not. ■

Correction (4th August 2025): The original version of this article said that Xavier Zablah was Nayib Bukele’s brother. In fact, he is his cousin.

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The Americas | A man, a plan, a canal—Panama!

Panama brings lawfare to the canal ports saga

China will be furious if CK Hutchison's contract is scrapped. America will be delighted

August 7th 2025



"The ports are ours," declared Anel Flores, Panama's comptroller-general, on July 30th. His office, which manages public funds, had just filed two cases with Panama's Supreme Court, asking it to revoke the contract held by CK Hutchison (CKH), a conglomerate based in Hong Kong, for the operation of two ports at either end of the Panama Canal (see map). In doing so Mr Flores has opened a new front in the tug-of-war between China and the United States over the canal that has been going on since Donald Trump took office.

In his inauguration speech on January 20th Mr Trump vowed to "take back" the canal. Then, in March, he hailed a deal in which BlackRock, an

American investment giant, and MSC, a Swiss shipping firm, would acquire the ports from CKH, along with 41 others in 22 countries, as part of a transaction worth $23bn. But by late July the deal had reached an impasse. The Chinese government refused to support it unless COSCO, its state-owned shipping firm, was included as a veto-holding member of the acquiring consortium.



Mr Flores's announcement came three days after the deal was supposed to be wrapped up. It wasn't right, he said, that "In other parts of the world there are people negotiating the future of assets that belong to us, the Panamanians."

One way of looking at Panama's efforts to scrap the contracts is the "sophisticated application of national independence", according to Carlos Ruiz-Hernández of the Centre for Strategic and International Studies, a think-tank in Washington. Another is that they represent a new tack from the United States in its push to eliminate a Chinese presence around the canal.

The possibility that CKH's contract could be revoked has always loomed over the deal. Panama's government started an audit of the contract on the day of Mr Trump's inauguration. On April 7th Mr Flores announced its preliminary results, accusing CKH of manipulating its finances and saying

that the state had missed out on $1.3bn due to alterations made to the contract in 2002. He also said the most recent renewal of the contract did not follow correct procedure. At the time CKH said the figures from the audit were incomplete. (On August 1st the firm said it was prepared to work for "a better future to support the people of Panama".)

Acquisition talks carried on. A tidy takeover suited Panama and the United States. Only once the Chinese government made its terms clear, terms probably unacceptable to Mr Trump, did the Panamanians act. There is broad political support for exercising sovereignty over the canal.

One case presented to the Supreme Court claims breach of contract. The other alleges unconstitutionality. The latter is more likely to succeed, says Alonso Illueca of the Santa María La Antigua Catholic University in Panama City. Panama's constitution says foreign governments cannot acquire title over its territory. "The state would have to assert that the People's Republic of China controls the ports," says Mr Illueca. "It would be confirming Trump's concerns and likely incite diplomatic actions and litigation from China on the basis of illegal expropriation."

If the Supreme Court does tear up the contract, it will be reassigned or put out for tender. That process would be scrutinised. "Chinese companies could make a bid that American firms can't compete with," says Euclides Tapia of the University of Panama. If those bids are overlooked, or if Chinese firms are excluded from bidding, it could prompt litigation. Panama already faces an arbitration claim worth some $20bn from a Canadian mining firm over the closure of a major copper mine, although proceedings are on hold while both sides negotiate.

The role of the United States in the comptroller-general's decision is unclear. The US State Department has repeatedly pushed Panama's government to do its bidding in recent months, from increasing American military presence on Panamanian soil to giving free passage through the canal for American naval vessels. For Panama, the costs of restructuring the contracts probably outweigh the benefits. China could try to make an example of Panama, a warning against yielding to the Americans.

“For the United States there is no risk,” observes Mr Illueca. “The one who will suffer is Panama.” ■

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Asia

- Pakistan’s army chief is cosying up to Donald Trump
- Islamist parties are gaining ground in Malaysia
- Narendra Modi and Donald Trump go head-to-head
- Nuclear nightmares are back

Asia | Marshal arts

Pakistan’s army chief is cosying up to Donald Trump

The field marshal is also tightening his grip on power at home

August 7th 2025



Field Marshal Asim Munir, Pakistan’s army chief, could hardly have wished for more. For almost two years he had been under fire at home over his meddling in politics. Racked by debt and insurgent violence, his country had been sidelined in geopolitics as America and other rich countries courted India, Pakistan’s arch-rival. And yet there he was, enjoying a private lunch with Donald Trump in the White House on June 18th, just over a month after Pakistan’s brief conflict with India. Then, at the end of July, came further snubs for India: branding it a “dead economy”, Mr Trump imposed tariffs of 25% while hailing a new trade deal with Pakistan. He then raised the tariff rate to 50% on August 6th.

The field marshal's fortunes reflect a shift in American policy that affects India, China and the Middle East. America's close ties to Pakistan deteriorated after American forces killed Osama bin Laden, the al-Qaeda leader, in his Pakistani hideout in 2011. America then lost interest after leaving Afghanistan a decade later. But to India's dismay, America and Pakistan are now rebuilding ties with a focus on trade and investment, counter-terrorism and consultation on Middle Eastern policy. America may even sell arms again to Pakistan (it currently gets around four-fifths of them from China).

Pakistan's politics may be at a turning-point, too. There is still broad public support for Imran Khan, the jailed former prime minister (and one-time cricket superstar) who was barred from parliamentary polls in 2024. Even so, Field Marshal Munir's popularity has surged since the recent skirmish with India. And Pakistan's military-backed civilian government now has the two-thirds parliamentary majority needed to alter the constitution (after a controversial reallocation of seats). That has ignited rumours that the army chief could become president too, opening a fourth period of military rule since the country's independence in 1947.

The future of the world's second-largest Muslim country and its relations with America, India and China thus depend increasingly on one question: what exactly does Field Marshal Munir want? The man himself declined an interview request (as he has done for all media since his appointment in 2022). But Lieutenant General Ahmed Sharif Chaudhry, Pakistan's military spokesman, tells The Economist that talk of his boss becoming president is "nonsense". He also challenges the idea that Field Marshal Munir is more ideological than his recent predecessors.

Unlike most of them, the field marshal is the son of an imam. He was educated in a madrasa and can recite the Koran by heart. He is also the first Pakistani army chief not to have trained in America or Britain. Yet General Chaudhry argues that the army chief is "well-versed" in the West and resolutely opposed to jihadist groups operating on Pakistani soil (one of which India blames for the terrorist attack that triggered the recent conflict between the two countries). Among his troops, the army chief often voices distaste for mullahs who have "made religion a business", General Chaudhry says.

On India, however, the military spokesman says the field marshal's personal views were reflected in a speech on April 16th, six days before the attack in the Indian-controlled part of Kashmir. Some suggest the field marshal was improvising when he invoked the idea that Hindus and Muslims could not co-exist in one nation, and described Kashmir as India's "jugular vein". Pakistan denies involvement in the Kashmir attack. But in that speech, the military spokesman suggests his boss was articulating "what he stands for, what he is ready to die for", partly as a response to the rise of Hindu nationalism in India.

Others who have regularly met the army chief describe him as both pious and pragmatic, with a keen interest in the economy. Though he prays five times daily, says one, he does not "apply spirituality to statecraft". He admires the modernisation drive of Saudi Arabia's Crown Prince Muhammad bin Salman. Like MBS, he can be vindictive and has a temper, especially when talking about Mr Khan, who (as prime minister) sacked him as intelligence chief. And his appetite for risk is greater than that of his predecessor, who favoured quiet—and ultimately fruitless—diplomacy with India. Even some critics credit the field marshal with resisting foreign pressure not to respond to India's initial air strikes.

But his ultimate political ambitions are uncertain. Some predict he could grab the presidency soon, to capitalise on his domestic popularity and Mr Trump's fondness for strongmen. That would institutionalise his authority. Indeed, foreign and business leaders already try to deal with him directly on many matters. It would also offset the risk that a less pliant civilian leadership might replace him as army chief when his current term expires in 2027. Critics cite his promotion to field marshal in May, comparing him to Ayub Khan, Pakistan's first dictator and only other officer of that rank. Pakistan is not under martial law but "Asim law", Mr Khan, the ex-prime minister, argued in a statement from prison on July 24th.

The counter-argument is that the current "hybrid" leadership works in the field marshal's favour. Aged just 57, he is the most powerful army chief since Pervez Musharraf, who seized power in a coup in 1999. He has a co-operative and able prime minister and, if the current political compact endures, he can remain as army chief indefinitely (there is no term limit or mandatory retirement age). He and civilian leaders also share an interest in

suppressing Mr Khan's supporters (many of whom have recently been jailed, including 108 on July 31st alone) before parliamentary polls due by 2029. A more overt power grab might fuel support for Mr Khan, including in the armed forces.

Either way, the field marshal would probably still enjoy America's backing. He recently earned its praise for killing and capturing leaders of a local offshoot of Islamic State. He has sparked interest from Trump associates in Pakistan's crypto and mining sectors. And he has positioned Pakistan as a potential means to advance America's interests with Iran and its efforts to get more Muslim countries to establish diplomatic ties with Israel.

In return, America has toned down criticism of Pakistan's programme to build longer-range ballistic missiles, which officials from Joe Biden's administration considered a threat to America. It has resumed some aid programmes. It is also considering selling weaponry, including armoured vehicles and night-vision goggles, to help Pakistan combat local insurgents. And American officials are examining Pakistan's evidence to support its claims that India backs those insurgencies, although they are unconvinced so far.

The field marshal's aim is to build a more sustainable, multi-faceted relationship with America. There is potential for progress. It is, however, a high-wire act. The prospects for economic co-operation are uncertain given Pakistan's poor investment climate. Mutual distrust hampers efforts to combat terrorism. And though Pakistani officials suggest that closer ties with America will not come at China's cost, the Chinese leadership may disagree.

Then there is India. Field Marshal Munir wants to bring it to the negotiating table. Narendra Modi, India's prime minister, is determined to resist and has vowed to respond to any more terrorist attacks with further military action. Asked how Pakistan would react to that, its military spokesman says it would begin by striking deeper within India. "We'll start from the east of India," he says. "They also need to understand that they can be hit everywhere." The field marshal's power may have increased since May. But so too has the risk of a bigger clash between South Asia's nuclear strongmen. ■

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Asia | Turning green

Islamist parties are gaining ground in Malaysia

Religious attitudes are hardening—particularly among the young

August 7th 2025



Videos of public brawls are depressingly popular online. Add in a dash of religious strife and you have all the algorithmic ingredients for a viral clip. That was the case on Malaysian social media earlier this year, when the video of an elderly Malay man berating and slapping a bewildered teenager across the face drew thousands of viewers. The teen's wrongdoing? He had supposedly erred by eating in public during the holy month of Ramadan.

For some the video was yet another warning sign that Islam in Malaysia is growing more austere. Malaysian Muslims have turned more conservative in recent decades, often influenced by stern theologies from the Middle East. A survey in 2023 by Pew, a pollster, found that 86% of Muslims in Malaysia favoured making sharia the law of the land. Two-thirds of Muslims who

prayed daily said being a Muslim was “very important” for being truly Malaysian. That is souring race relations in a multi-ethnic country of 30m, where 61% of the population are Muslims, mainly ethnic Malays. The rest is made up of Malaysians of Chinese (23%) and Indian descent (7%).

Many observers are now concerned that hardening religious attitudes are shaping politics. PAS, Malaysia’s stridently Islamist party, appears buoyant. In a fractured parliament, PAS won the most seats of any single party at the last general election in 2022—despite gaining only 15% of the vote. It is the largest party in the main opposition bloc, Perikatan Nasional (PN). PAS has long held the rural states of Kelantan and Terengganu. In 2023, it picked up another by narrow margin, Kedah. It is also picking up support in urban areas. Some analysts believe that PAS has a shot at government at the next general election, in 2028. By contrast, Islamist parties in other Muslim-majority countries in the region have not fared nearly as well.

What explains this Islamist lurch? Some of this is a protest vote. Malaysians are downbeat about the economy. Many have lost faith in establishment parties, including the United Malays National Organisation (UMNO), which was in power in post-independence Malaysia until its ousting in 2018 over a corruption scandal, and Prime Minister Anwar Ibrahim’s Pakatan Harapan (PH) coalition, which has back-pedalled on many of its promises. Disillusioned and shorn of alternatives, young Malays are turning to PAS. Data are scarce but the best estimates suggest that around 37% of Malays aged under 30 plumped for parties in PAS’s coalition in 2022, a smidge higher than for Mr Anwar’s more socially liberal PH. According to recent polls, “upholding Islam” is the most important criterion for how young Malays vote.

Malaysian Islamists have also benefited from longer-term trends. In the 1980s, fearing competition for the Malay vote from Islamists, UMNO embarked on an “Islamisation” drive for government and society to burnish its pious credentials. PAS is now reaping the rewards. Education is one example. Malays in public schools endure hours of religious schooling each week. “When religious identity is emphasised...students believe that religion cannot be separated from anything, including politics,” argues Syaza Shukri of Malaysia’s International Islamic University.

The blending of Islamic and Malay identities has allowed PAS to “bang the drum more aggressively and obnoxiously” than Islamist parties in Indonesia, where Islam often cuts across various ethnic groups, argues Adib Azlan, the head of Invoke, a Kuala Lumpur-based political consultancy. He points out that PAS has struggled to make inroads in eastern states like Sarawak and Sabah, where the Muslim communities are more ethnically diverse.

This is turbocharged by social media. Savvy imams can rack up millions of views on YouTube or TikTok with casual sermons on relationship troubles and personal finances. But PAS also pumps out a prodigious number of political clips on TikTok, where most young Malays get their information, says Ms Shukri. The worry is that online echo-chambers will only deepen the country’s religious cleavages. As one user mused underneath the slap video: “This is only going to get worse.” ■

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Asia | A strongman struggle

Narendra Modi and Donald Trump go head-to-head

A dispute over tariffs and oil escalates

August 7th 2025

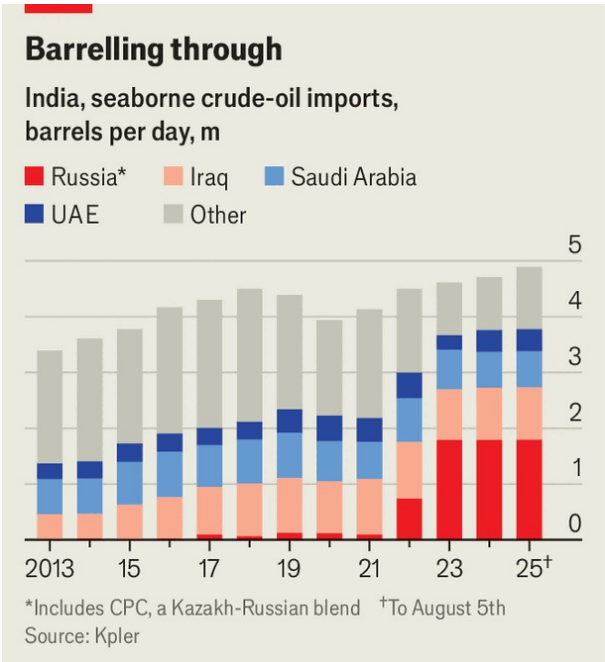


Editor's note: On August 6th Donald Trump announced that the additional tariff he had threatened to impose on Indian goods would be 25%, bringing the total tariff rate to 50%.

On August 4th Donald Trump took to Truth Social, his social-media platform, to berate India: because the country's "massive" oil purchases fund "the Russian War Machine", he said, it would suffer substantially steeper tariffs than the 25% the president slapped on the country last week. Two days later he added a further 25% from August 27th—pushing the total tariff rate to 50%. In some ways the president is not wrong: Russia supplied a negligible 0.2% of India's oil imports before the war in Ukraine. Since then,

it has become India's biggest supplier, providing between 35% and 40% (see chart). But Mr Trump's vendetta also marks an ugly end to his bromance with Narendra Modi, India's prime minister.

Months-long negotiations between the two countries towards a "mini-deal" have yielded a final tariff rate that is virtually double the original threat of 26% tariffs on Indian exports to America. Previously, Mr Trump has complained about the total bilateral trade of $212bn, that India hoped would be a sign of closer ties. In Mr Trump's view, though, America runs a "MASSIVE TRADE DEFICIT WITH INDIA!!!"



Few in India seem in the mood for compromise. In a defiant public address on August 2nd Mr Modi avoided name-checking the American president but urged economic self-reliance at a time of global uncertainty. Anonymous Indian officials are briefing international media on India's right to Russian oil. America's negotiating team is expected in Delhi, as planned, for the sixth round of talks starting on August 25th. Even so, Ajit Doval, the national security adviser, was warmly received in Moscow on August 6th. Subrahmanyam Jaishankar, India's foreign minister, will reportedly follow later this month.

This marks a striking change from Mr Trump's first term, when the American president and Indian prime minister filled stadiums from Texas to Gujarat in celebration of a blossoming bond between the two countries. India clinched deals for defence equipment and tech usually reserved for NATO allies and some exemptions from sanctions on its dealings with Russia. A mutual disquiet about China's rise lent the relationship urgency. As a result, India welcomed Mr Trump's comeback. According to a poll in 2024 by the European Council on Foreign Relations, a think-tank, 84% of Indians believed Mr Trump was good news for their own country—the highest among all 24 countries polled.

But despite Mr Modi's outwardly friendly reception at the White House in February, one journalist briefed on the visit describes Indian diplomats as "stunned" by the "lack of respect" America's president showed India's prime minister behind closed doors. Mr Trump has demanded that India buy more American weapons. He used a military plane to deport illegal Indian migrants in handcuffs. Trade disputes between the two countries in Mr Trump's first term look like "an early sign of the madness that was to come", concedes one former Indian ambassador.

Economic assessments of the fallout from MAGA tariffs are shaky. Indian manufacturers—of textiles and garments, for example—will find themselves at a huge disadvantage compared with regional competitors such as Bangladesh, Indonesia and Vietnam. These countries have emerged from Mr Trump's executive-order blitz facing tariff rates on their American exports less than half of India's. At least, to India's relief, existing exemptions for pharmaceuticals and electronics seem to have survived. India is the world's biggest exporter of generic drugs and is also experiencing an electronics-export boom. Trade experts assume that Apple will keep making most of its American-sold iPhones in India. However, other companies may be wooed by lower tariffs elsewhere.

Even India's few reliably pro-American voices are losing faith. Mr Jaishankar, known for his patient decades-long campaign to corral sceptical compatriots into American arms, has mounted no recent defence of Mr Trump. Instead, on August 4th he said that: "We live in complicated and uncertain times. Our collective desire is to see a fair and representative global order, not one dominated by a few." A hawkish foreign-policy analyst

now uses a term usually reserved for China, saying that India should “de-risk” from America. India’s small club of free-market economists has stopped arguing for India to unilaterally lower its tariffs. One foreign-affairs insider describes how, under previous administrations, the view was that “America cannot be trusted”. Now that Mr Trump has alienated Mr Modi’s government, India “will go back to thinking that way,” she says. ■

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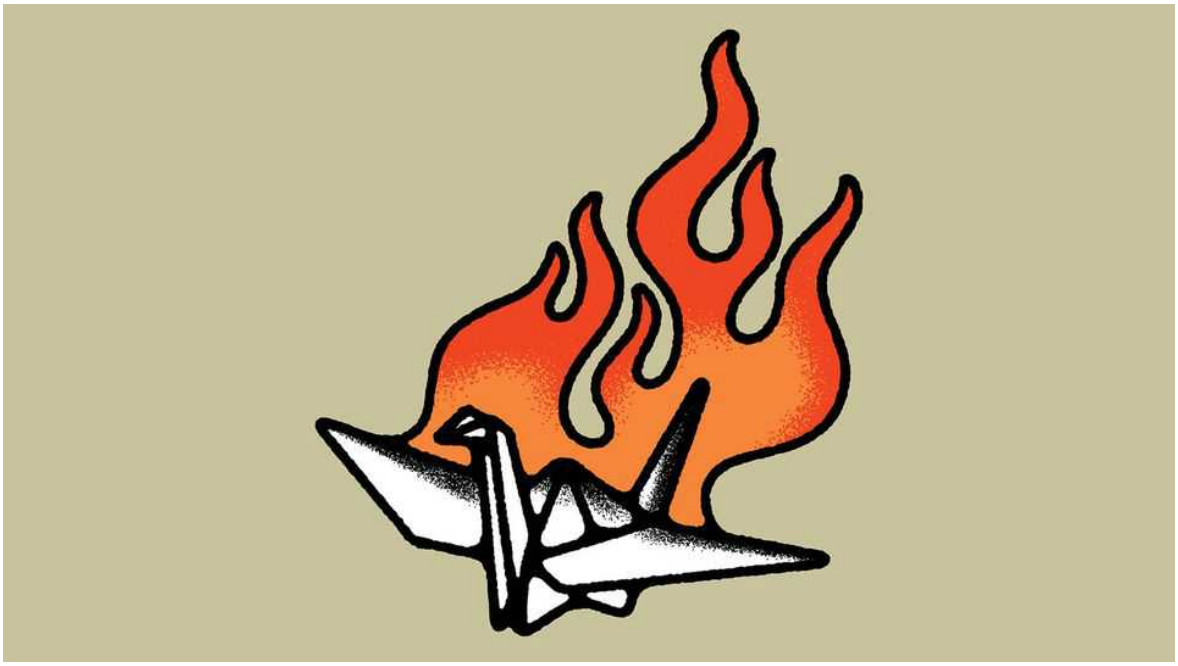
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Asia | Banyan

Nuclear nightmares are back

A grim anniversary points to fading memories and a fraying world order

August 7th 2025



The survivors of the atomic bombings of Hiroshima and Nagasaki have had to live through several stages of trauma. First came the horrors of August 6th and August 9th 1945: the blinding flash, the ferocious force, the flesh-melting heat; plus the black rain, the flattened buildings, the charred corpses. “It was a real hell,” recalls Tanaka Shigemitsu, who was just four years old in Nagasaki when the bomb dropped there. Then came decades of quiet suffering, as radiation ate away at victims’ bodies and stigma at their souls. Finally there have been the frustrations of recent years, as the hope of a world without nuclear weapons has receded into the distance.

This year’s anniversaries, the 80th, come at an especially worrying time. As recently as 2009, nuclear weapons seemed increasingly anachronistic.

Barack Obama, then America's newly elected president, spoke seriously of a nuclear-free world. Instead, the world has entered what strategists call a "third nuclear age", messier and more combustible than ever before. "The danger of nuclear weapons being used has never been as imminent at any time during the past 80 years," laments Mr Tanaka, the co-chair of Nihon Hidankyo, an association of hibakusha, as the atomic-bomb survivors are known in Japan.

Russia's threats to use nuclear weapons in Ukraine helped usher in this new era, but the underlying developments are deeper. The arms-control architecture of the cold war has broken down. The New START treaty, the last remaining pact between America and Russia limiting nuclear arms, is due to expire next year. Existing nuclear states are building up and modernising arsenals. America's nuclear umbrella, which offers assurances of protection to vulnerable allies, is fraying, prompting discussions about nuclear armament in countries such as Poland, Saudi Arabia and South Korea. Even in Japan, talk of acquiring a bomb is no longer beyond the pale.

Around the world, the "nuclear taboo", the shared moral revulsion that has helped control the use of nuclear weapons, seems to be weakening. Threats have become ever more overt. Just last week, as hibakusha prepared for ceremonies in Hiroshima and Nagasaki, America's president and the deputy head of Russia's Security Council traded nuclear barbs on social media like internet trolls.

The dawn of this new nuclear age is not for lack of effort on the part of the hibakusha. Achieving political miracles was always an unfair burden to place upon them, but for decades survivors like Mr Tanaka have been telling their stories across Japan and around the world, hoping to bring about disarmament. Nihon Hidankyo received last year's Nobel peace prize for "demonstrating through witness testimony that nuclear weapons must never be used again"; hibakusha have also been central to the International Campaign to Abolish Nuclear Weapons, a network that won the peace prize in 2017 for pushing the United Nations to adopt a treaty barring the development, acquisition, stockpiling or use of nuclear weapons. Unsurprisingly, not one of the world's nuclear states has signed up.

For the Japanese government, the new nuclear age heightens a long-standing tension. Japan believes it has a special responsibility, as the only country to have been attacked with nuclear weapons, to advocate for disarmament. But it also depends on nuclear deterrence to ensure its security in a dangerous neighbourhood, facing three nuclear-armed states: China, Russia and North Korea. At a ceremony in Hiroshima on August 6th, Ishiba Shigeru, the prime minister, promised to "work with all our might" to realise a "world without nuclear weapons". Yet much to the chagrin of the hibakusha, Japan has also refused to sign the new UN treaty.

And the hibakusha will not be around to speak out much longer. "We are approaching an era when hibakusha are no longer with us," notes Suzuki Shiro, Nagasaki's mayor. Efforts are under way in Hiroshima and Nagasaki to keep their memories alive for future generations. Both cities have been training scores of "atomic-bomb legacy successors"—memory keepers tasked with inheriting a specific hibakusha story.

But fewer than 100,000 officially recognised hibakusha are now alive, down from a peak of nearly 400,000. Many of those still around were quite young at the time, like Mr Tanaka: the average age of the remaining survivors is 86. It is surely no coincidence that a new nuclear era is dawning just as the hibakusha's voices are growing quieter. ■

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China

- Six months after DeepSeek’s breakthrough, China speeds on with AI
- Savvy staff are moving from China’s nurseries to its care homes
- Shanxi province is struggling to diversify away from coal

China | China’s AI juggernaut

Six months after DeepSeek’s breakthrough, China speeds on with AI

Real-world applications have priority over cutting-edge development

August 7th 2025

THE MECCA for China’s boom in artificial intelligence is Liangzhu, a leafy suburb of Hangzhou, the tech-heavy capital of Zhejiang province. The Communist Party has long touted Liangzhu’s famous archaeological remains, dating back to 3300BC, as proof of the age of Chinese civilisation. Now Liangzhu, with its myriad AI startups, represents the future. Investors from all over China flock there to meet growing numbers of founders, app engineers and other AI developers and dreamers. It is six months since a barely known AI startup, DeepSeek, caused a huge stir by releasing an impressive open-source model trained for a sliver of the cost of fancier Western ones. Its founder studied at Zhejiang University, a tech mothership not far from Liangzhu. The area is at the heart of an AI ecosystem which China hopes will soon rival America’s.

The signs are promising. Last month three Chinese labs introduced stellar large-language models that are reckoned to be among the world’s best. AI technologies have “broken through the critical threshold of usefulness”, says one early-stage investor who frequents Liangzhu. He predicts a surge in how AI can be applied. “Once the water boils,” he says, “many people want to build a steam engine.”

Sam Hu, at a sunny café in Liangzhu’s main plaza, is one such person. After stints at Tencent, a tech giant, and two ride-hailing firms, last year Mr Hu struck out on his own to develop an AI agent that helps managers make decisions. The moment was right. These days, he explains, “the cost of trial and error is lower.”

The prize for Mr Hu and his peers is enormous. Morgan Stanley, a bank, predicts that China's AI industry will grow from $3.2bn last year to $140bn by 2030; that figure jumps to $1.4trn when AI-related sectors such as infrastructure and component suppliers are included. In June last year some 8% of Greater China firms surveyed by Gartner, a consultancy, were using generative AI. Less than a year later the figure had leapt to 43%.

The question now is how to keep the industry steaming along. Some of the early frenzy around DeepSeek has passed, and plenty of users still grumble about how models can "hallucinate". But DeepSeek's breakthrough has helped shift China's approach to AI in profound ways. It has lowered costs and moved the emphasis away from cutting-edge development and cut-throat competition among developers of AI models towards explorations of how AI can be applied across business, industry, the public sector and society itself. The importance of AI for China—and indeed the way it can outdo America, its AI promoters increasingly argue—is through its adoption, adaptation and diffusion: that is, spreading the use of AI more broadly.

It helps greatly that China's leadership believes the same thing, and is offering state backing. President Xi Jinping's handshake with DeepSeek's founder, Liang Wenfeng, broadcast earlier this year into the country's living rooms, helped transform how ordinary Chinese view AI. Grandparents were suddenly keen to try out chatbots. The early frenzy was all a bit over the top, says Louis Dong, who developed AI courses for schoolchildren after parents bombarded the education company he works for with requests. Now, Mr Dong says, the focus is on identifying applications for specific industries and putting AI capabilities to pragmatic use. Rapid adoption is key, many experts argue, and DeepSeek's breakthrough, along with advances in other models, is enabling it.

Companies appear to be adopting a more can-do attitude by experimenting with the technology. There is still room for improvement. Accenture, a consultancy, found that 46% of Chinese firms have broadly integrated generative AI, but only 9% saw real benefit in productivity or profit growth. It is early days, AI executives insist. Jiang Xinghua, chief technology officer at Yizhi Intelligence, which develops AI customer-service agents for retailers and AI livestreamers for beauty brands, says ever more clients want

to adopt AI-enabled products, and are even tolerant of them making minor mistakes.

A big question is how much AI products can improve. A lot, say the techno-optimists. Chinese efforts to train new models have been complicated by America's ban on exports of its most advanced AI chips. In April President Donald Trump's administration banned shipments to China of Nvidia's H20 chip, which is deliberately hobbled to make it less effective for training (though it is well suited to "inference"—the process of actually running AI models for customers). In July America reversed course. Yet the political uncertainty and risk remain.

Strikingly, China's AI development seems to sail on through the turbulence. At a huge AI conference in Shanghai last month, the boss of a leading Chinese model-maker, MiniMax, predicted inference costs would continue to fall as they have done, by orders of magnitude. Mr Jiang of Yizhi Intelligence says that although Chinese AI development is frustrated by being denied the best foreign models (such as Gemini and GPT), domestic open-source models are improving rapidly. (So rapidly, indeed, that on August 5th OpenAI, the developer of GPT, released its first free and customisable models in years, to compete with Chinese ones.)

Meanwhile, the state is playing a big role, not only by supporting AI development, but also in creating demand. In April, when the leadership convened a study session on AI, Mr Xi talked about making the most of China's juguo tizhi youshi—its systematic, state-led advantage in mobilising the whole country.

Lower levels of government, used to reading cues from the top and keen to find new areas of economic growth, have embraced the message, often rather keenly. When Rokid, a Hangzhou startup making AI-equipped glasses, submitted an application to the district-level government for a subsidy, 3m yuan ($420,000) appeared in its account within eight minutes. Across China, cities are rushing to offer subsidies for everything from housing to computing power to tailoring open-source models to suit business needs. The state is also an important customer. State museums offer Rokid glasses for tours, while state power workers use them to identify faults along transmission lines.

Meanwhile, provincial and municipal governments have rushed to use DeepSeek to improve hotlines, analyse data and interpret policies for residents. Shen Yang, a professor at Tsinghua University, says he has consulted for twice as many government units across China this year compared with last year. They all want to know how to use AI. One example he cites is Beijing's Haidian district, well-known for its tech universities and businesses, which has deployed AI software to help teachers prepare lessons. Another is Jiangxi province, which wants to integrate AI into its rare-earth and ceramics industries.

Plenty of risks come with the state and investors rushing in. Analysts at Jefferies, an American investment bank, identify enthusiasm for humanoid robots as a bubble in the making. Humanoid robots are part of an "embodied AI" push written into the central government's work report this year. Local governments are falling over themselves to back them. Yet it may be years before the humanoids can be put to profitable use—if they ever can.

Other applications of AI might carry greater risks than excess capacity. In April Tsinghua researchers asked if the more than 300 Chinese hospitals already using DeepSeek were moving "too fast, too soon" and were in danger of making diagnoses based on false outputs. Last month another group of researchers identified "an urgent need" to ensure that AI was being safely and responsibly deployed at hospitals. The central leadership is growing more aware of the possible pitfalls. Last month Mr Xi named AI, along with computing power and electric vehicles, as areas shown excessive attention by local governments. "Do all provinces have to develop industries in these directions?" The answer is surely "no". But for now, their involvement is another reason for thinking that China's AI juggernaut will keep rolling. ■

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China | From colouring in to calligraphy

Savvy staff are moving from China's nurseries to its care homes

Last year there were 12m fewer pre-school pupils than in 2021

August 7th 2025



LESS THAN three years ago Ms Jiang was tidying away toys and singing rhymes as a teacher at a nursery in Beijing. She remembers parents knocking on the door in an effort to sign their children up. That gradually became rarer, until last year Ms Jiang found herself distributing promotional leaflets for the nursery in her lunchbreaks. She realised the writing was on the wall. Last May Ms Jiang moved into a sector with better growth prospects: care homes. "Caring for the elderly is easier than caring for young children," she says. And Ms Jiang's abilities to teach handicrafts and play games come in useful.

Between 2017 and 2022 China's total fertility rate, the average number of births per woman, crashed from 1.8 to 1—far below the replacement rate of 2.1, at which a population remains stable in size. To help boost births China has announced subsidies of 3,600 yuan ($500) each year for every child under the age of three. That is too little, too late for nurseries. Between 2021 and 2024 pupil numbers in pre-schools fell from 48m to 36m. Some 42,000 of 295,000 pre-schools have closed, and 360,000 of 3.2m pre-school teachers have quit.

A silver lining exists for those savvy enough to adapt. Whereas China's nursery-going cohort, from ages three to six, will fall by 14m in the next five years, the number of people aged 65 and over will rise from 211m to 256m, according to UN projections. China badly needs more staff to care for them. In 2021 it had just half a million certified care workers, according to People's Daily, a party mouthpiece. That made for just 0.27 care workers per 100 people aged 65 and above, a shockingly low number. (Rich countries average nearer six.) Universities have launched degrees in elderly care. The first batch of students graduated last year, to hot demand.

All this motivated one Ms Wu in 2023 to open her own care home in Jiangxi after years in nurseries. She has nine residents paying 2,600 yuan a month to be there. The outlook is bright, she says: right now those in care homes have multiple children on average. Those born in the 1970s and 1980s mostly have only one child, which means fewer people to look after them when they eventually get old. Ms Wu gets enquiries almost every day from prospective customers. She has also had a few from nursery teachers looking to make the switch she did.

The government likes "mixed-use" facilities where both young and old are looked after. Last year in Chongqing in south-west China, for example, an empty floor of a nursery was turned into an "elderly-care station", according to a local report. It had facilities for table-tennis and space for calligraphy, and when the nursery teachers were free, they taught the elderly. A newspaper run by the National Development and Reform Commission, China's main economic planning body, has called for local governments to provide subsidies and tax concessions to such projects. The old certainly enjoy seeing the young; some grandparents even drop off tiny relatives at the nursery before heading to their own floor. ■

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China | Sputtering along with the dirty stuff

Shanxi province is struggling to diversify away from coal

Why the transition is going so slowly

August 7th 2025



ON A MUGGY July morning the museum of coal in Taiyuan, capital of Shanxi province, is bursting with visitors. An exhibit boasts of the province's reserves of 650bn tonnes of coal. "Mining could last for over 200 years," it enthuses. Asked if coal would still be dug up in that distant future, a guide nods eagerly, seemingly unaware of China's green transition.

Shanxi is China's most sluggish province. Last year its economy grew by 2.3%, well below the national average of 5%. In the first half of this year, it grew by 3.8% compared with a year earlier: a marked improvement on 2024, but still the slowest of the pack. A man tending an electronics shop in Taiyuan is unaware of Shanxi's poor standing. Yet he says its economy is

only “so-so”. He adds, hopefully: “Things will definitely get better sooner or later.”

A big problem is Shanxi’s long-standing dependence on coal. In 2021 its rising price set the local economy flying. The province grew by 9.1%, putting it third in provincial rankings that year. Since then fortunes have dived. In June Shanxi’s producer prices fell by 13.6% compared with a year before. Wages at coal companies are down, with workers laid off.

When President Xi Jinping visited in July, he exhorted local officials to speed up its economic transition. “For a long time Shanxi has prospered on coal, but also been trapped by it,” he has said. There should be a “sense of urgency” in transforming the economy, Mr Xi told the Shanxi cadres back in 2020.

Yet efforts to wean Shanxi off coal have achieved little. In 2012 the National Development and Reform Commission, China’s main economic-planning body, hatched a plan to “vigorously” expand the service sector. By 2015, it hoped, “the economy’s reliance on coal resources will be visibly reduced.” In 2023 Shanxi’s service sector made up 43% of the economy, up from 38% in 2013. But mining still made up 30% of GDP, a percentage point more than in 2013.

Entrenched interests and inefficient government are obstacles. Shanxi is boxed in by mountains, has bad infrastructure and is riddled with bureaucracy, says Ms Jia, a 26-year-old working at a medicine company. Lumbering state enterprises get priority when bidding for projects, stifling private business. They are bloated with too many workers. Talented youngsters flee the province on graduation to work elsewhere, including Tianjin and Beijing.

Last year’s launch of Black Myth Wukong, a hit video game, brought an avalanche of tourism. The province’s beautiful but hitherto deserted temples and caves, featured prominently in the game, were suddenly full of tourists, sparking hopes of a smart transition. But despite over 100m visits to local attractions by the year’s end, tourism barely affected the GDP figures. When The Economist visited recently, the sites were quiet.

Now efforts to diversify have been dealt another blow by China's trade war with America. In the second quarter of this year Shanxi's exports shrank by 33% compared with a year earlier, the biggest drop in any province. Much of the decline came from smartphone exports. Foxconn, a Taiwanese manufacturer that assembles iPhones for Apple, has two plants in Shanxi. Once the hope for broadening its industrial base, they may now be victims of shifting supply chains. So far this year America has imported 47% of its smartphones from China, down from 81% last year.

On Dianzi Lu (Electronics Street) in Taiyuan, where Foxconn's plants are located, paint is peeling off the buildings. At closing time glum workers stream out from the factory gates, uninterested in chatting to your correspondent. Around town one sees few luxury cars and fewer cranes, unusual for a provincial capital.

Shanxi has tried to gee itself up in areas such as renewable energy and high-end equipment manufacturing, with a "rapid rise" in the hydrogen industry, says Li Guomin at Taiyuan University of Technology. Coal companies now also make hydrogen out of their coal. There are plans to put hydrogen-powered vehicles on the streets. But these developments are slow. A "transition demonstration zone", housing such projects, was set up in 2017. In the first quarter of this year its output amounted to about 5.3bn yuan ($738m), according to People's Daily, a party paper: a measly 1% of local GDP.

China is pushing hard to roll out green energy such as solar and wind, but is still burning more coal. One day demand for it may fizzle out. In his annual work report Jin Xiangjun, Shanxi's governor, mentioned "transition" 24 times, up from 17 in 2024. Hardly a revolutionary change. ■

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Middle East & Africa

- A glimpse of Gaza’s miserable future
- Israeli sentiment on the war in Gaza is shifting
- How climate change could spread malaria
- Why it’s a pain to take a plane in Africa
- As the world focuses on Gaza, starvation also looms in Sudan

Middle East & Africa | Irreversible damage

A glimpse of Gaza's miserable future

The territory will remain at the mercy of outsiders for years to come

August 7th 2025



FOR weeks the world has claimed it is working to end the widespread hunger in Gaza. The UN is pleading with Israel to allow more lorries of aid into the territory. Arab and Western states are airdropping food. On August 5th Donald Trump said America would take a larger role in distributing aid, though he was vague about the details. "I know Israel is going to help us with that in terms of distribution, and also money," he said.

Yet on the ground, Gazans say little has changed. There is not enough food entering Gaza, nor is there law and order to allow its distribution. Airdrops are hard to reach. Convoys are looted soon after they cross the border. Finding food often requires making a risky trip to an aid centre, where

hundreds of Palestinians have been killed in recent months, or paying exorbitant sums on the black market.

This is a calamity in its own right, one that will have long-term consequences for many Gazans, particularly children. But it is also a glimpse of Gaza's future. Even after the war ends, it will remain at the mercy of others for years to come.

Wedged between Israel and Egypt, the tiny territory was never self-sufficient. Its neighbours imposed an embargo after Hamas, a militant group, took power in 2007. The economy withered. Half of the workforce in the strip was unemployed and more than 60% of the population relied on some form of foreign aid to survive. The UN doled out cash assistance, ran a network of clinics that offered 3.5m consultations a year and operated schools that educated some 300,000 children.

Still, Gaza could meet at least some basic needs by itself. Two-fifths of its territory was farmland that supplied enough dairy, poultry, eggs and fruits and vegetables to meet most local demand. Small factories produced everything from packaged food to furniture. The Hamas-run government was inept and repressive, but it provided law and order. After nearly two years of war, almost none of that remains.

The UN's World Food Programme (WFP) says that Gaza's 2m people need 62,000 tonnes of food a month. That is a bare-bones calculation: it would provide enough staple foods but no meat, fruits and vegetables or other perishables. By its own tally, Israel has allowed far less in. It imposed a total siege on the territory from March 2nd until May 19th, with no food permitted to enter.

Then Israel allowed the UN to resume limited aid deliveries to northern Gaza. It also helped establish the Gaza Humanitarian Foundation (GHF), a shadowy outfit that distributes food at four points in southern and central Gaza. In more than two months of operation, it has handed out fewer than 0.7 meals per Gazan per day—and that assumes each box of aid, stocked with a hotch-potch of dried and canned goods, really provides as many meals as the GHF claims it does. All told, Israel permitted 98,674 tonnes of

food aid to cross the border in the five months through July, an average of 19,734 tonnes a month—just 32% of what the WFP says is necessary.

Although the volume of aid has increased in recent days, it is still insufficient. “We’re trying to get 80 to 100 trucks in, every single day,” says Valerie Guarnieri of the WFP. “It’s not a high bar, but a realistic bar of what we can achieve.” On August 4th, though, Israel allowed only 41 of the agency’s lorries to enter a staging area on the Gaza border, and it let drivers collect just 29 of them.

Getting into Gaza is only the first challenge. Distribution is a nightmare. Since May 19th the UN has collected 2,604 lorryloads of aid from Gaza’s borders. Just 300 reached their intended destination. The rest were intercepted en route, either by desperate civilians or by armed men. Aid workers are nonchalant about civilians raiding aid lorries, which they euphemistically call “self-distribution”: they reckon the food still reaches people who need it. “There’s a real crescendo of desperation,” says Ms Guarnieri. “People have no confidence food is going to come the next day.”



But the roaring black market suggests that much of it is stolen. Gaza’s chamber of commerce publishes a regular survey of food prices (see chart). A 25kg sack of flour, which cost 35 shekels ($10) before the war, went for

625 shekels on August 5th. A kilo of tomatoes fetched 100 shekels, 50 times its pre-war value. Such prices are far beyond the reach of most Gazans. Those with a bit of money often haggle for tiny quantities: a shopper might bring home a single potato for his family, for example.

Israel's ostensible goal in throttling the supply of aid was to prevent Hamas from pilfering any of it. Earlier this month the group released a propaganda video of Evyatar David, an Israeli hostage still held in Gaza. He was emaciated, and spent much of the video recounting how little he had to eat: a few lentils or beans one day, nothing the next. At one point a militant handed Mr David a can of beans from behind the camera. Many viewers noted that the captor's hand looked rather chubby. As much of Gaza starves, Hamas, it seems, is still managing to feed its fighters.

The consequences of Israel's policy instead fall hardest on children—sometimes even before birth. "One in three pregnancies are now high-risk. One in five babies that we've seen are born premature or underweight," says Leila Baker of the UN's family-planning agency. Compare that with before the war, when 8% of Gazan babies were born underweight (at less than 2.5kg). There were 222 stillbirths between January and June, a ten-fold increase from levels seen before the war.

The Integrated Food Security Phase Classification (IPC), a UN-backed outfit that tracks hunger, said last month that 20,000 children were hospitalised for acute malnutrition between April and mid-July. Even before they reach that point, their immune systems crumble. Moderately malnourished children catch infections far more easily than well-fed ones, and become more seriously ill when they do, rapidly losing body weight.

The body takes a "big hit" when food intake falls to just 70-80% of normal, says Marko Kerac, a paediatrician at the London School of Hygiene and Tropical Medicine who has treated children in famine-stricken places. Most children in Gaza are eating a lot less than that. In July the World Health Organisation reported an outbreak of Guillain-Barré syndrome, a rare autoimmune disease that may have links to hunger. Gaza's health ministry says cases are multiplying, including among children.

Nor is calorie intake the only concern. Although flour and salt in Gaza are fortified with some vitamins and minerals, such as iodine, they are consumed in limited amounts—especially now, since many bakeries have been closed for months, owing to a lack of flour and fuel. In February, during the ceasefire, Israel allowed 15,000 tonnes of fruits and vegetables and 11,000 tonnes of meat and fish into Gaza. Since March it has allowed just 136 tonnes of meat. All of this means there is widespread deficiency of essential nutrients that help children's brains develop.

Every child in Gaza, in other words, will remain at lifelong risk of poor health because of today's malnutrition. There is consistent evidence for this from studies of populations that have lived through famine: during the second world war, the 1960s famine in China and, more recently, places like Ethiopia. Children who have suffered acute malnourishment have higher rates of heart disease, diabetes and other chronic diseases as adults. They are also at risk of worse cognitive development.

A flood of aid cannot undo the damage, but it can prevent it from getting worse. It will have to be sustained. The devastation wrought by Israel's war has left Gazans with no alternative but to rely on aid.

In February the UN estimated that the war had caused $30bn in physical damage and $19bn in economic disruption, including lost labour, forgone income and increased costs. Reconstruction would require $53bn. At this point, that is little more than a guess. The real cost is impossible to calculate. But it will be enormous.

The first task will be simply clearing the rubble. A UN assessment in April, based on satellite imagery, estimated that there were 53m tonnes of rubble strewn across Gaza—30 times as much debris as was removed from Manhattan after the September 11th attacks. Clearing it could be the work of decades. The seven-week war between Israel and Hamas in 2014, the longest and deadliest before the current one, produced 2.5m tonnes of debris. It took two years to remove.

Rebuilding a productive economy will be no less difficult. Take agriculture. The UN's agriculture agency says that 84% of Gaza's farmland and 71% of

its greenhouses have been damaged in the war. Livestock have been all but wiped out.

A satellite assessment last summer found that 68% of Gaza's roads had been damaged (that figure is no doubt higher today). The two main north-south roads—one along the coast, the other farther inland—are both impassable in places. Even if farmers can start planting crops for small harvests after the war, it will be hard to bring their produce to market. The picture is equally bleak in other sectors: schools, hospitals and factories have all been largely reduced to rubble.

The Geneva Conventions are clear that civilians have the right to flee a war zone. Exercising that right in Gaza is fraught: Palestinians have a well-grounded fear that Israel will never allow them to return. Powerful members of Binyamin Netanyahu's government do not hide their desire to ethnically cleanse the territory and rebuild the Jewish settlements dismantled in 2005. Still, the dire conditions have led some people to think the unthinkable: a survey conducted in May by a leading Palestinian pollster found that 43% of Gazans are willing to emigrate at the end of the war.

Mr Netanyahu may not follow through on his talk of reoccupying Gaza, which he hinted at in media leaks earlier this month. His far-right allies may not fulfil their dream of rebuilding the Jewish settlements dismantled in 2005. In a sense, though, the ideologues in his cabinet have already achieved their goal. Israel's conduct of the war has left Gazans with a grim choice: leave the territory, or remain in a place rendered all but uninhabitable. ■

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Middle East & Africa | The ones who care

Israeli sentiment on the war in Gaza is shifting

More and more people are outraged by the conduct of their government

August 7th 2025



During the annual fast for the sacking of Jerusalem on August 3rd, worshippers mourn the Jewish temple the Roman army destroyed nearly 2,000 years ago. This year Itamar Ben-Gvir, Israel's national-security minister, led thousands of Jews in prayer on Temple Mount and promised to rebuild the temple in place of the Dome of the Rock, a Muslim shrine. But on a rooftop on the other side of the city some Jews lament destruction past and present. "Gaza is desolate and laid ruin. We are the new Romans," a religious leader with the Faithful Left, a group that has flourished during the war, tells his flock.

Until last month, such hand-wringing was a fringe spectacle in Israel. Most Israeli Jews thought their country was waging a just war. But since mid-July,

mainstream news bulletins that had shunned pictures of suffering in Gaza have begun showing footage of the emaciated and cast doubt on the morality of the cause. “This is not a public-relations failure but a moral failure,” Yonit Levy, Israel’s most popular anchor, said on television. Jerusalemite Jews packed a cultural centre to watch “We’re no heroes”, a documentary by a film-maker fighting in Gaza’s ruins. “We used to know why we sent our sons to war,” says a parent of two conscripts. “Now we no longer do.”

For most of the war, Israel’s left-wing opposition either supported it or withdrew from the fray. Tens of thousands left Israel. But the few activists who rally outside airbases with pictures of Palestinian children killed by Israeli bombs speak of a broader awakening. They say their numbers, though paltry compared with the hundreds of thousands demonstrating in capitals around the world, have grown ten-fold.

Some former generals and a few mainstream politicians echo the protest. “A sane country does not kill children as a hobby,” Yair Golan, the head of the left-wing Democrats, said in May. Moshe Yaalon, a former defence minister, calls infant-killing and ethnic cleansing “government policy”. In early August hundreds of academics, artists and architects called on soldiers to disobey orders. On August 6th a group of law professors questioned the legality of the war in a letter to Binyamin Netanyahu, the prime minister.

Accusations of genocide are also no longer taboo. In late July B’Tselem and Physicians for Human Rights, two of Israel’s most prominent human-rights organisations, issued parallel reports detailing the annihilation of life in Gaza. Both concluded Israel is perpetrating genocide. “My heart is broken, but I must say it: it’s genocide,” David Grossman, a well-known novelist, told an Italian newspaper.

Why the shift in opinion? A ceasefire earlier this year was supposed to bring back the remaining 20 or so living hostages. When Mr Netanyahu resumed the war in March, many Israelis began to rethink its rationale. Reservists who have spent 200 or more days at the front are increasingly reluctant to fight a war without end. Global condemnation has begun to resonate. Journalists question editors about the gap between global and local coverage. Sports commentators challenge football managers about the impact of a growing European boycott. Academics worry about their

prospects abroad. Opposition politicians say Israel is becoming a pariah state.

Mr Netanyahu ploughs on regardless. With ceasefire talks in a rut, he now appears to be toying with the idea of occupying all of Gaza. His supporters are equally unmoved. According to one poll, 47% of them consider reports of starvation in Gaza fake news. Another 18% say they don't care. (Only 23% say they do.) Pro-government channels accuse critics of the war of acting like a fifth column. "Let them leave," says a commentator on Channel 14, which supports Mr Netanyahu.

Still, there are cracks. Eyal Zamir, the army chief, struggles with an exhausted reserve corps and resists orders that would suck him deeper into Gaza's quagmire. Politicians who speak out against targeting civilians are gaining support. Even the police have grown more tolerant of protest, say activists. The plight of Palestinians remains far down the list of Israelis' political concerns. But it is inching upwards. ■

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Middle East & Africa | Hot buzz

How climate change could spread malaria

And how scientists are scrambling to stop it

August 7th 2025

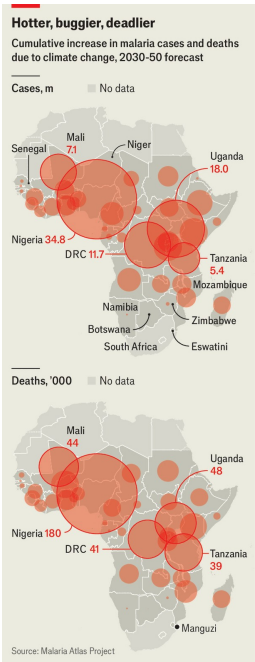


Southern Africa is suffering a malaria surge. Countries including Botswana, Eswatini, Namibia and Zimbabwe are experiencing outbreaks of the disease, which causes fevers and chills and kills 600,000 people worldwide every year. Zimbabwe has been particularly badly affected. By July it had reported nearly four times as many cases and more than six times as many deaths as over the same period in 2024.

The surge may be a harbinger of things to come. Global warming is expected to stymie the fight against malaria, with most of the harm concentrated in Africa. By 2050 1.3bn Africans will live in areas where, due to climate change, the disease will be harder to eradicate than it is today, predicts the Malaria Atlas Project (MAP), an NGO. MAP estimates that

unless efforts to control malaria improve, changing weather patterns will cause an extra 550,000 malaria deaths between 2030 and 2049 (see map).

The picture is not simple. Warmer weather could make malaria seasons longer and speed up the mosquito life cycle. Heavier rains could make rivers spill their banks and form breeding grounds. Climate change will redistribute the burden of malaria, shifting it into regions where people have less natural resistance. On the plus side, some areas will grow too hot for mosquitoes, including parts of the Sahel. But such places are thinly populated.



One reason for the recent surge in Zimbabwe was the uneven use of bednets. Increasing heat may make people even more reluctant to use them. “Suppose you are a pregnant woman who sleeps in a hot hut,” says Alastair Robb of the World Health Organisation. “You’ve been told to use an insecticide-treated net. It’s uncomfortable to start with, and then the temperature goes up. A lot of people will stop.”

Perhaps the biggest threat comes from natural disasters, which climate change is making more common and intense. Take the floods that hit Mozambique in December 2024. Some 70,000 homes were destroyed;

500,000 people were affected. When floodwaters recede, they leave stagnant pools and puddles—ideal places for mosquitoes to reproduce.

When the larvae mature, they find victims who no longer shelter in insecticide-doused houses, because their homes have been washed away, and who cannot get to a clinic when they fall sick, because the roads are flooded. MAP projects that 90% of the extra malaria deaths from climate change will come from extreme weather, mostly because floods deprive people of shelter and access to medicine. Taking into account both gradual warming and natural disasters, only one African country, Niger, is expected to have fewer malaria deaths by 2050 because of climate change.

Countries are scrambling to adapt. South Africa currently has much less malaria than Mozambique, thanks to a cooler, drier climate and decades of well-organised mosquito-bashing. In 2023 Mozambique had roughly 9m cases; South Africa only 5,000. However, climate change could make parts of South Africa warmer, wetter and buggier. Meanwhile, because wages are relatively high there, it attracts migrant workers from neighbouring countries with more malaria, such as Mozambique. These migrants can bring the parasite with them.

This is why, at the frontier town of Manguzi, every minibus from Mozambique is accosted by a blood-test tout. Young men and women with big smiles offer free malaria screening. Any traveller with the parasite in their blood is given free malaria drugs. Crucially, no one asks about visa status. Even the infected are free to journey on, with pills in their pockets that make the parasite harder to pass on. That is far more effective than trying to quarantine people. South Africa has nearly 5,000km of land borders that migrants can easily cross unobserved.

Another possible defence is to sterilise male mosquitoes. At a lab in Johannesburg, they are zapped with gamma rays to render their sperm infertile before being released into the countryside. They mate with females, which then lay eggs that never hatch, explains Power Tshikae, an entomologist in KwaZulu-Natal, a South African province bordering Mozambique. His team places clay pots that mosquitoes like to rest in near cattle kraals and monitors how many they attract. The aim is to keep

numbers low, even as climate change makes the area more mosquito-friendly. (Only the females bite and spread malaria.)

In countries where malaria is entrenched and likely to get worse, another promising approach is vaccination. Two new vaccines are available, both of which prevent roughly half of cases in children under five. Pilots of one in Ghana, Kenya and Malawi showed a 13% drop in overall child mortality. Children are now getting the jab in more than 20 countries.

Better preparation for extreme weather will be essential, too. In flood-prone areas, stocks of malaria drugs and bednets need to be dispersed more widely before disaster strikes, so villagers are not cut off from supplies even if they are inundated. Globally, efforts are being made to make malaria drugs more heat-stable, so they do not spoil before they are used.

Another challenge is to bring climate and malaria data together, so policymakers can see how one affects the other. TDR, a UN-backed programme, is working with health ministries in Senegal and Nigeria to map how outbreaks shift with the weather. Integrating climate data into malaria models should make them more accurate, allowing countries to prepare for outbreaks.

Malaria is not just a killer. It also makes people poorer. Feverish workers are less productive. Sick kids learn less in school. And when children need to be taken to a clinic, it is the mother who drops what she is doing "99.9% of the time", says Michael Adekunle Charles of the Roll Back Malaria movement. A recent study found that a 10% fall in malaria incidence was associated with an increase in income per person of nearly 0.3%. "If we're able to reduce the burden of malaria, ultimately there will be more money flying around that can be used for development," says Dr Charles. ■

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Middle East & Africa | Flying low

Why it’s a pain to take a plane in Africa

Bad connections, high fees and strict visa rules hamper travel around the continent

August 7th 2025



Freetown, the capital of Sierra Leone, is as far from Lagos, Nigeria’s commercial hub, as Berlin is from Athens. But whereas a round-trip ticket for the three-hour flight from the German capital to the Greek one can be had for around €150 ($173), getting from Lagos to Freetown took your correspondent two flights, a ferry and almost $2,000. The trip included a seven-hour layover in Ghana and required changing from a Nigerian to a Togolese airline. The cheaper option, albeit longer by 20 hours, would have been to fly across the continent to Ethiopia before taking another plane west towards Sierra Leone.

The journey is illustrative of much air travel in Africa. In a massive continent that contains 16 landlocked countries, planes should be an obvious way of getting around. Yet flying between African countries is an ordeal. Passengers and non-human cargo alike have to contend with terrible connections, sky-high prices, and hostile visa rules and customs regulations. That hampers the exchange of goods, people and ideas.

Much like other African infrastructure, the continent's poor air connections are both a symptom and a cause of its poverty. Few Africans can afford to fly, so for airlines it is not worth offering many connections. Even though nearly a fifth of the world's people live on the continent, it accounts for just 2% of air travellers. Those who can pay for tickets tend to travel outside the continent rather than within it. In 2023 only 28% of flights run by African airlines were to other African countries, whereas 80% of flights by European airlines were within Europe. Even so, flights within Africa operated at just 76% capacity on average, the lowest in any region.

A lack of competition begets poor service quality. Fusty national carriers dominate the market. Their fleets and their safety records are better than they used to be. But they charge high prices, both because they frequently have a monopoly on a particular route and because they have to hedge against currency movements and compensate for limited access to credit.

Governments are making things more unpleasant. Not all go as far as Mali, Burkina Faso and Niger, which recently banned Air France from serving their countries, making them even harder to reach. But most are cash-strapped and see their travelling citizens as a source of revenue. Average air taxes in Africa are twice those in the richer Middle East. Nigerian travellers pay an average of $180 in tax on every international trip; those in Gabon and Sierra Leone have to fork out around $300. In Freetown, simply leaving the airport costs an additional $25. The African Union's plan for a more liberalised, single air-transport market has not got off the ground.

The joy of flying around the continent is further dampened by Byzantine visa rules. Aliko Dangote, a Nigerian entrepreneur and Africa's richest man, has complained about visa requirements that render business travel at short notice all but impossible. Less than a third of trips around the continent are

visa-free for Africans; getting the right permit is both expensive and can take weeks, if it comes through at all.

All this makes it much harder to move goods and people. Africa-themed conferences are frequently held in the Gulf. A Tanzanian and a Senegalese who want to do business can meet more conveniently in Doha than in Dar es Salaam or Dakar. Cargo that might be flown across vast distances instead has to travel for days on terrible roads, crossing many borders.

There is some hope for African flyers. Thanks to Ethiopian Airlines and Kenya Airways, flying in east Africa is already smoother than getting around the west or across the continent. Yet there is progress even in west Africa. Ivory Coast wants to become a travel hub, with its state airline adding more routes. Happily for your correspondent, Sierra Leone's flag carrier recently started flights to Lagos. Qatar Airways is eyeing a stake in RwandAir that could help it expand in central Africa. If that helps African countries close the gaps between each other, they may yet make progress on closing the gap between the continent and the rest of the world. ■

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Middle East & Africa | The other hunger crisis

As the world focuses on Gaza, starvation also looms in Sudan

The civil war shows no signs of ending

August 7th 2025



More than two years after it began in April 2023, the war in Sudan shows no sign of ending, with deadly consequences for the people of Africa's third-largest country. On August 5th the World Food Programme (WFP), a UN agency, said that residents of el-Fasher, in the western region of Darfur, faced starvation. It was a grim sign of the humanitarian toll of the war at a time when the locus of the conflict is shifting westwards, raising the prospect of a permanently fractured state.

El-Fasher, the capital of north Darfur, is the last major city in the region under the control of the Sudanese Armed Forces (SAF), one of the two main belligerents. The other, the Rapid Support Forces (RSF), has besieged the

city since April 2024 to secure its Darfuri stronghold. Some residents have been able to flee the city and the Zamzam refugee camp on its outskirts, but a common destination, the nearby town of Tawila, is crammed and in the midst of a cholera outbreak. Since the RSF was ousted from Khartoum, the capital, in March, it has tightened the noose around el-Fasher.

That has made it harder for food to get in—and for people to get out. Aid agencies report that food prices are five times higher than in the rest of the country. Often food is unavailable, rendering redundant the mobile-money payments and community kitchens that have so far averted starvation. Local journalists report that many of the 300,000 remaining residents are turning to animal feed. The WFP says it has lorries ready to enter el-Fasher, but the RSF is blocking access.

The SAF and its allies have proved unable—or unwilling—to mount a full effort to liberate the city. The army is focused on the neighbouring area of Kordofan, where the RSF has intensified attacks in recent months. If the militia succeeds in taking parts of Kordofan, the country will probably end up divided. The likeliest outcome would be an RSF-dominated zone in the west and a SAF-controlled east, in addition to smaller fiefs controlled by other militia groups.

Outsiders claim to want to stop the war that has forced nearly 13m to flee their homes in the world's worst humanitarian crisis. But late last month America cancelled a meeting of a "quad" of countries that also included Egypt, Saudi Arabia and the United Arab Emirates (UAE). They disagreed about what a statement ought to say about the role of the RSF, which is backed by the UAE, and the SAF, historically supported by the other two Arab states, in a post-war Sudan. Sadly that notion seems as remote a possibility as ever.■

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Europe

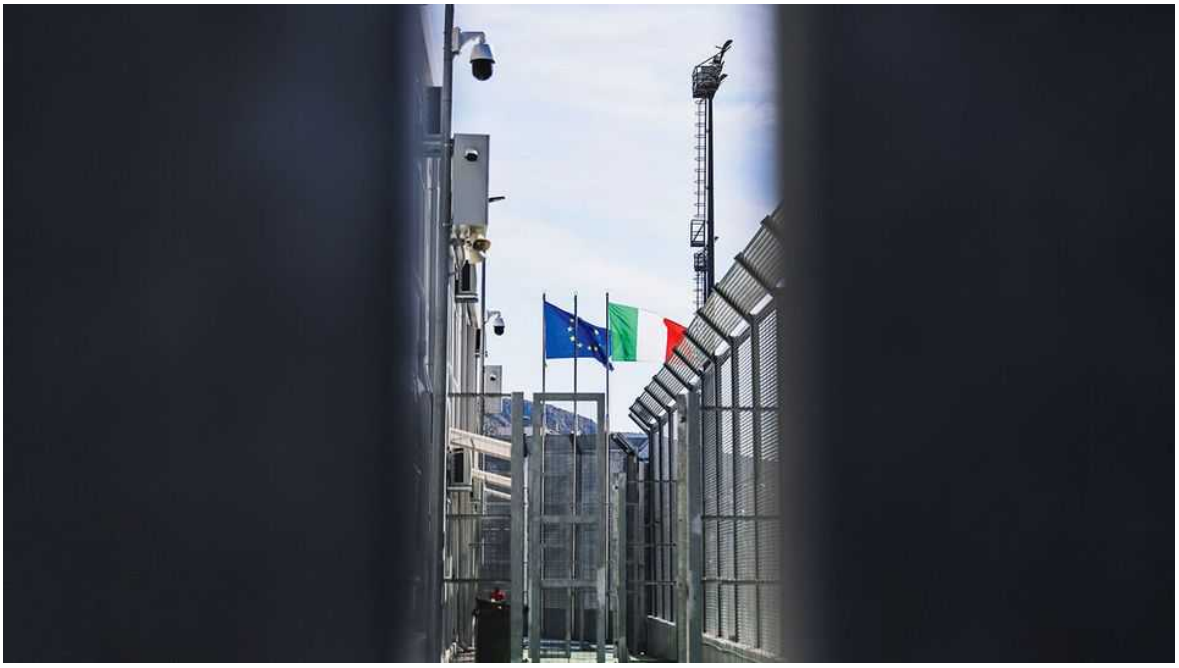
- Europe’s top court nixes Italy’s plan to expel migrants, for now
- A tariff avalanche catches Switzerland unawares
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- Moldova’s election will test its resistance to Russia
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- Europe’s Hogwarts has a new Dumbledore

Europe | Is it safe?

Europe’s top court nixes Italy’s plan to expel migrants, for now

Countries must be completely safe before asylum-seekers can be sent back

August 7th 2025



Italian politicians rarely agree on much, but they were unanimous in finding a ruling from the European Court of Justice (ECJ) on August 1st hugely important. They differed, however, as to whether it was good or bad. A “watershed”, declared an opposition deputy. A judgment that blocked the government from “combating illegal immigration and defending the nation’s borders”, thundered the office of the prime minister, Giorgia Meloni.

The judgment will indeed have immediate effects, and its implications reach beyond Italy. It concerned a scheme that has stirred the approving interest of other European leaders. Last year Italy began freighting migrants who had been rescued at sea, and were felt to have a shaky case for asylum, to camps

in Albania. That was because they were from countries the government had deemed safe. Once in Albania, their applications were put on a fast track on the assumption that most would fail and that the applicants could then be promptly repatriated. Controversially, Italy's safe-countries list includes Bangladesh and Egypt.

Italian judges blocked the scheme on suspicion that it violated European Union law. They ordered the migrants who had been sent to Albania to be returned to Italy. Of the two camps in Albania, one was intended for the reception of migrants and the other for detention. The detention camp has been repurposed to house asylum-seekers whose applications have been definitively rejected and who are awaiting repatriation. But prison-welfare officials who visited the site reported on August 4th that only 37 people had been repatriated and that the camp housed a mere 27 inmates. The scheme has become an embarrassment to the government and a godsend for the opposition, which has branded it a colossal waste of taxpayers' money. Over the five years to the end of 2028, it is expected to cost around €680m ($790m).

The ECJ ruled that the Italian judges were in the right, and specifically in the case of two asylum-seekers from Bangladesh. For a country to be put on a safe list, it had to offer "adequate protection to its entire population", the court said. That sets the bar high. It freezes the Italian government's already stalled plans for shipping migrants across the Adriatic. And it will no doubt make other European governments think hard before proposing any similar expulsion schemes.

But there is an important caveat. The ECJ's judgment only concerns Italy's compliance with the EU's existing rules—which are being replaced. The EU's Pact on Migration and Asylum, due to come into effect next June, allows member states to designate countries as broadly safe while making an exception for certain areas or sections of the population. The authorities will thus be able to fast-track applications from people who are not from those regions or minorities. That provision could open the way to a flurry of lawsuits of the sort that have repeatedly scotched the efforts of European governments to stem irregular migration. But the pact also empowers governments to speed through requests for asylum from people whose compatriots' applications have a high rejection rate. Denmark, which holds

the EU's rotating six-month presidency, wants the bloc to let members apply these looser provisions before the pact comes into force.

The pact will not allow governments to ignore the ECJ's new ruling entirely. The judgment makes several broader points. The designation of a country as safe must be subject to review by the courts. And the information on which the designation is based needs to be available so that objectors can lodge proper challenges. "That will continue to be relevant even once the pact comes into effect," says Susan Fratzke of the Migration Policy Institute, a think-tank in Brussels.

Arguably, though, the most important aspect of the judges' ruling is what it omits. Italy's pioneering scheme has two aspects. One is the fast-tracking of arrivals from ostensibly safe countries. But the other is their deportation to what is, in effect, imprisonment in a third country.

Why Italy is so set on transporting migrants to Albania has never been entirely clear. Since the deal between the two countries designates the camps as Italian territory, nothing can be done there legally that cannot be done back in Italy. Part of the reasoning appears to have been practical. Within Italy, local objections have frustrated authorities' efforts to build the holding camps they need to detain migrants waiting for their asylum requests to be processed. Diverting them to Albania, which is not a member of the EU, also eliminates the risk of their slipping away to live as undocumented residents in Italy or other member states. Just as important are the psychological effects of deportation. Anyone hoping for a better life in Europe is bound to be daunted by the risk of being kicked back outside EU territory.

Many Italians concerned about immigration, including voters who back Ms Meloni's hard-right Brothers of Italy party, believe—mistakenly—that the scheme dumps the problem onto a neighbouring state. Whether involving a non-EU state is compatible with European law has yet to be tested in court. As Adriana Tidona of Amnesty International notes, "the ECJ judgment does not have anything to say about the legality of extraterritorial detention." Even once the new pact comes into force, that is an issue over which lawyers will doubtless seek to wrangle. The battle is far from over. ■

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Europe | All stick, no carat

A tariff avalanche catches Switzerland unawares

The soaring rate is based on exports of Trump's favourite metal

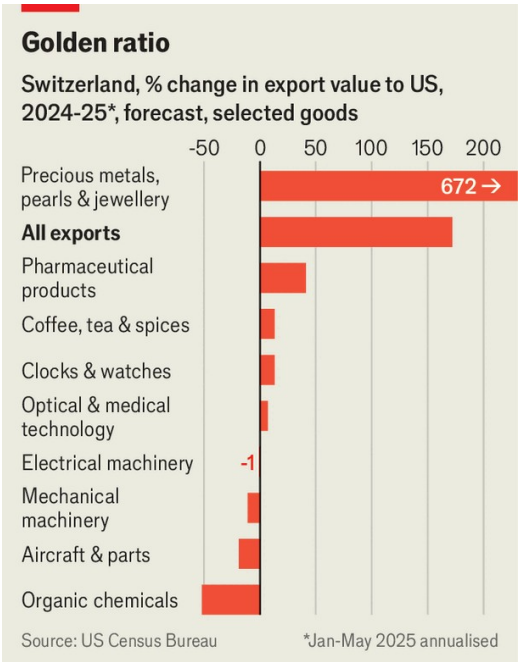
August 7th 2025



THE FIREWORKS celebrating the Rütlischwur, Switzerland's foundational oath on August 1st 1291, had just subsided when Donald Trump announced that Swiss exports to America would soon face tariffs of 39%. It was a shock to Europe's most stubbornly independent country. Karin Keller-Sutter, the president, flew to Washington on August 5th. As The Economist went to press, she seemed to have come back empty-handed.

Switzerland had negotiated early. The deal it offered "was not so different from that of the European Union", says a senior Swiss official. It contained similar pledges to invest in America, an overall tariff rate lower than the EU's and other goodies. Switzerland could hardly open its own market

wider: it had already cut tariffs on nearly all industrial goods to zero, and its currency is overvalued by about 50%, according to our Big Mac index.



What sealed Switzerland's fate was its outsize trade surplus in goods with America, which reached $48bn in 2024. That comes to about 5% of Swiss GDP, too much for the deficit-obsessed American president, who bizarrely thinks this amounts to "stealing money" from Americans. The surplus surged to $54bn in the first quarter of 2025 alone—and Mr Trump is largely to blame. Upon his inauguration, uncertainty over American policy rose sharply, leading investors to seek safety in one of Switzerland's main exports: gold (see chart). The country is responsible for about a third of global gold refining, and typically exports around $4.5bn-worth to America each year. That grew to $12.5bn in 2024 and $48bn in the first five months of 2025.

Switzerland's role as a refiner can make trade flows look deceptively big. It exported $116bn-worth of gold last year, but also imported $100bn-worth. America charges no tariffs on gold imports, and Mr Trump is not likely to impose any on his favourite metal. Switzerland's gold exports, along with the watches and jewellery it sells to America (worth $7bn in 2024), may simply have convinced the president that the country is rich enough to bear more.

Drugs are the other Swiss export that angered the president. “We want to be making pharmaceuticals in our country,” Jamieson Greer, the US trade representative, said after the tariff announcement. Mr Trump sent letters to 17 pharma CEOs, including those of Novartis and Roche, two Swiss companies, to demand prices in line with the lowest in comparable economies. “I don’t think it was a coincidence that we had a tough call with the president 20 minutes after” the letters were sent, the Swiss official says. Luckily for Switzerland, drug tariffs will stay at zero pending American decisions about global pharma policy.

Because of the exemptions for gold and pharma, Switzerland faces an overall effective tariff rate of just 12% for now. But businesses other than gold and pharma must pay the 39% rate. They are the main victims of Mr Trump’s economically misguided focus on bilateral trade balances. Half of Switzerland’s overall trade surplus with the world is with America, because its specialties—pharma, gold, luxury items and high-end machinery—fit American demand.

Thermoplan, the sole supplier of coffee machines to Starbucks, a coffee chain, is considering a partnership with an American firm to lighten the tariff burden. “Some businesses say they will just increase prices; others have already lost half of their orders from America,” says Daniel Kalt of UBS, a bank. Switzerland is likely to face a mild recession, should the tariffs stick, but its flexible economy will be able to adjust.

The Swiss will also look more eagerly to co-operate with others. The EU’s better deal is helpful because Swiss firms are integrated into European supply chains, and the country trades far more with Europe than with America. Yet politically, being slighted by America hurts. The country is moving towards a referendum on a permanent package of agreements with the EU, in place of its long-standing patchwork of temporary deals. Eurosceptics who want to reject that proposal will find their case harder to make. “Their narrative is breaking down now: being alone out there has not paid off,” says Mr Kalt. That was also the central insight of the Rütlischwur, more than 700 years ago. ■

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Europe | How the mighty are falling

Albania’s new anti-corruption unit is taking down bigwigs

Prime Minister Edi Rama is not always amused

August 7th 2025



In the Tirana of the 1930s, as Lea Ypi, an Albanian academic, writes in a forthcoming book, wags used to debate whether corruption was “the cause of Albanian misery or rather its most natural consequence”. You might hear the same argument today in Albania’s capital. One thing, however, has changed: for the first time in Albania’s century of statehood, an independent anti-corruption unit is arresting politicians, officials and drug smugglers, apparently without fear or favour.

The Special Structure against Corruption and Organised Crime (SPAK) began work in 2019. Opinion polls show 76% of Albanians trust it, making it the most popular institution in the country. Ever more of Albania’s elite,

including senior officials of the governing Socialist Party, are being caught in its dragnet. Edi Rama, the prime minister, is no longer as enthusiastic as he was when it mostly arrested his enemies.

In 2023 SPAK placed Sali Berisha, a former president who leads the country's main opposition party, under house arrest. He is on trial for corruption. Last year it arrested Ilir Meta, another former president and now opposition leader. He too has been charged with corruption. Former ministers in Mr Rama's governments have also been arrested, and in February it was the turn of Erion Veliaj, the Socialist mayor of Tirana, considered a possible successor to Mr Rama. All three deny the charges.

In its role combating organised crime, the unit has scored major successes working with police abroad. Typically, an Albanian drug kingpin might operate from Dubai. His buyers in Ecuador ship to Europe, where his men oversee distribution. He then invests his profits in construction in Albania, and his foot soldiers buy flats. In July SPAK seized assets from men allegedly laundering drug money from Switzerland, and charged another group with trying to smuggle guns to Britain.

The arrests of politicians are more controversial. Mr Berisha claims Mr Rama is persecuting him, and calls SPAK "his whip". But the rising number of Mr Rama's close associates accused of corruption has tarnished his image as well. When Mr Veliaj was arrested, it was the prime minister's turn to accuse SPAK of abusing human rights. This earned him rebukes from the European Union; one diplomat from an EU country calls his allegations "bollocks". Mr Rama soon dropped his attacks.

Mr Rama has promised that Albania will join the EU by 2030. A track record in fighting corruption is a vital criterion, and several member states rate SPAK's co-operation in fighting drug gangs highly. Much as Mr Rama might have wanted to stick up for Mr Veliaj, he also understood that attacking it was a vote-loser. A source in the judiciary says laconically that if Albania's political classes were happy with its work, "we would have a problem."

Mr Veliaj began his career as an anti-corruption activist. As mayor of Tirana since 2015, he has helped transform it from a ramshackle town to an

attractive city. But SPAK says Mr Veliaj and his wife laundered money from developers via a system including donations to NGOs. Six months after his arrest, Mr Veliaj remains behind bars; he was formally indicted only on July 23rd. That is par for the course in Albania, where 62% of those in prison are actually in pre-trial detention, a far higher number than elsewhere in Europe. Indicted alongside Mr Veliaj is a Socialist Party deputy accused of witness tampering. On July 15th SPAK also indicted a former Socialist MP for allegedly sharing police information with a crime boss in exchange for help during elections. Mr Veliaj, his wife and both MPs all deny SPAK's allegations.

Arbi Veliaj, the mayor's brother, says SPAK has "gone rogue" and that it is keeping him in prison on spurious grounds. His arrest has divided Tirana's chattering classes. Some mutter darkly that SPAK is a reincarnation of the Sigurimi, the communist-era secret police. Others are delighted by the felling of the powerful, who they think have long been stealing from regular folk. The judicial source says that the point of establishing SPAK was to end the country's "culture of impunity". In Albania, that would be the story of the century. ■

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Europe | Battling Russia's bots

Moldova's election will test its resistance to Russia

Pro-EU President Maia Sandu faces off against disinformation and oligarchs

August 7th 2025



On August 1st a journalist who writes for an American celebrity-gossip site woke up to a nasty shock. The site had been cloned, and she appeared as the author of a fake story claiming that Maia Sandu, the president of Moldova—a country that most of the journalist's readers would have trouble locating—had spent $400,000 on "illegally obtained sperm" from gay stars, including Elton John. Moldova will hold a parliamentary election on September 28th, and like many foes of Russia, Ms Sandu and her party are being targeted by disinformation campaigns.

It was a textbook "matryoshka", or Russian-doll, operation. Few see the cloned site itself, but the article is disseminated by networked accounts on

social media, where its seeming origin in a foreign news source lends it credibility. Such stories are everywhere, says Vadim Pistrinciuc, a Moldovan political analyst: “On Telegram, TikTok, Facebook, they have thousands of accounts.” Bot networks are supplemented by payments to local influencers. Saturated by such garbage, people sometimes end up believing it. More often, they become unsure whether any news is real.

Speaking with The Economist, Ms Sandu lists such disinformation as one of ten types of electoral interference orchestrated by Russia. Another is vote-buying, which was rife during a presidential election and a referendum on joining the European Union last year. Also last year, a hundred or so Moldovans got paramilitary training from Russian instructors in Serbia and Bosnia. Russia’s aim, Ms Sandu says, is to “take control” of the part-Romanian-speaking, part-Russian-speaking country.

In 2024 Moldova’s government, led by Ms Sandu’s Party of Action and Solidarity (PAS), opened accession negotiations with the EU. Should PAS lose the election, that process could be suspended. Last October’s referendum passed with only 50.3% support, and the following month Ms Sandu required overwhelming support from Moldovan voters abroad to be re-elected to a second term. According to the country’s intelligence services, vote-buying schemes in both elections were organised from Russia by Ilan Shor, a fugitive oligarch who was convicted for his role in the theft of $1bn from Moldova’s banks in 2014.

Polls (which are unreliable in Moldova) show PAS leading with over 35% of the vote, but it will probably lose its absolute majority in parliament. A pro-Russian government could come to power, or PAS may be forced into coalition with nominally pro-European parties whose leaders have had links with Russia in the past. These include Ion Ceban, mayor of Chisinau, the capital, who accuses Ms Sandu of calling everyone outside her party an agent of Russia’s hybrid war. “You could not do European integration if other parties in the coalition do not really support it,” says Ms Sandu.

About a third of the electorate is strongly pro-European, says Mihai Mogildea, another political analyst. A third is pro-Russian, and the rest are moderately pro-European or somewhere in-between. But economics plays a role. If siding with Europe and resisting Russia are seen to entail higher gas

and electricity prices, he says, many "moderate pro-Europeans think 'no, no, no, I don't want this.'"

In Copaceni, 100km north-west of Chisinau, men slam dominoes loudly in the village pub. Their views are a bewildering mix of contradictions. Nicolae, a pensioner, wants Moldova to join the EU, but thinks the union will collapse within three years—a familiar Russian propaganda line. "All deputies are bandits," says Simion, another pensioner. Then he adds: "I want to be with both Europe and Russia," another self-contradictory notion propagated by pro-Russian politicians.

Maria, a retired teacher, is a staunch supporter of PAS. She says that during the presidential election a group of village women boasted openly about how much money they were paid to bribe others to vote for Mr Shor's party. After the election one of them was arrested, fined "and got really scared". Now the group are as "meek as mice", she chortles.

Another fugitive oligarch, Vlad Plahotniuc, was arrested in Athens on July 22nd. Before fleeing in 2019, Mr Plahotniuc spent several years as Moldova's unofficial leader: although nominally a mere MP, he in effect controlled all government institutions. He has been charged in connection with the $1bn bank fraud, though he denies having anything to do with it. According to the Insider, an investigative website, he recently travelled to Moscow to meet an adviser of Vladimir Putin. If Mr Plahotniuc were extradited to Moldova "in handcuffs" before the election, it would undoubtedly help PAS, says Mr Mogildea.

A decade ago, Ms Sandu was a plucky anti-corruption campaigner and opposition leader waging a quixotic struggle against Mr Plahotniuc and his fellow oligarchs. Today she is president and he is under arrest. It is an astonishing story, but that may not be enough to keep her party in power. Russia's mouthpieces, Ms Sandu says, are trying to scare Moldovans by claiming that PAS will ensnare the country in the war in Ukraine. In fact, she says, the opposite is true: electing pro-Russian parties would put Moldova at the disposal of Russia's war effort. It might also bring back the likes of Mr Shor and Mr Plahotniuc—and not in handcuffs. ■

Editor’s note (August 7th 2025): This article originally stated that Ms Sandu was narrowly re-elected. In fact Ms Sandu won a solid 55% of the vote. The Economist regrets the error.

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Europe | Tapping out

Why the Germans are falling out of love with beer

In the land of biergartens and Oktoberfest, Helles increasingly for other people

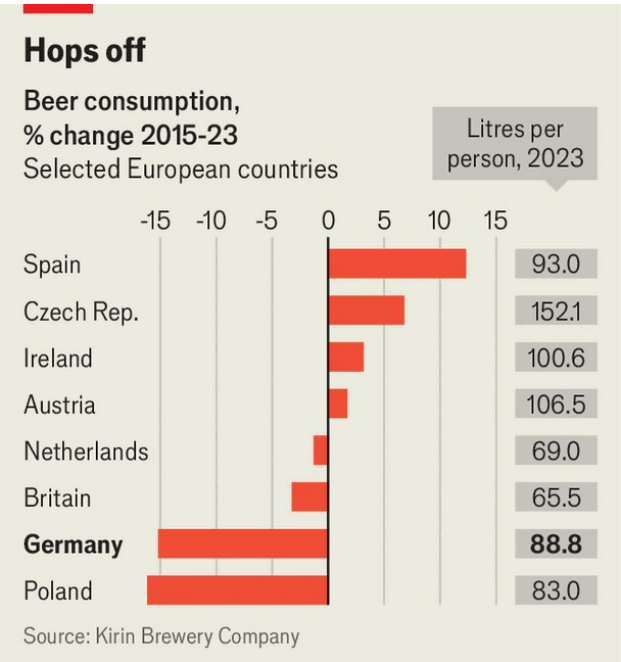
August 7th 2025



SUMMON THE idea of the German at play, and chances are you see a rosy-cheeked Lederhosen- or Dirndl-clad youngster bearing half a dozen overflowing steins of beer. Never mind that—as the rest of Germany will hasten to remind you—you have taken Bavaria as a synecdoche for the entire country. The real problem with this image is that Germans are losing their taste for the tipple that once defined them.

On August 1st Germany's statistical office announced that in the first half of 2025, six-month beer sales had fallen below 4bn litres for the first time since it began counting in 1993. In 2005 the median German quaffed 112 litres of the stuff. The figure is now less than 90. Germany remains the sixth-biggest

beer market in the world. But whereas Germans once downed more than anyone bar the insatiable Czechs, they are now eighth in the per-person league table. Worse, the decline is gathering pace. “Panic” has gripped some breweries, says Gerrit Blümelhuber, a consultant.



Some of the culprits are familiar: Germany is ageing, and younger folk are less keen on booze. Some blame cost, though that seems hard to square with the €15 ($17.40) Kisten (crates) of Paulaner on supermarket shelves. Struggles in hotels and restaurants point to a broader hospitality problem. And yet the decline in wine-drinking is much gentler. “There is a noticeable thirst for beer in Germany,” says Volker Kuhl, ceo of the C&A Veltins brewery, but “no desire for a third or fourth glass”.

If there is a glimmer in the glass it is the booming non-alcoholic sector, which now accounts for almost one-tenth of beer brewed in Germany (though it is excluded from official statistics). Rare is the Biergarten without an alkoholfrei offer; last year Munich saw its first devoted solely to boozeless brews. Germany’s sometimes-staid Braumeister are trying new techniques like using wild yeasts that do not ferment all the sugar in the brewing process. But Germany’s storied purity law, which limits what can be marketed as beer, is not always an invitation to innovate, warns Markus Raupach of the German Beer Academy.

Even in the brightest forecasts, non-alcoholic beer cannot possibly compensate for the decline in the boozy sort. Nor can exports, which are dwindling even more quickly than domestic sales and now face Donald Trump's tariffs. Nearly 100 German breweries have closed in the past five years; more will surely follow. A sobering thought. ■

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Europe | Charlemagne

Europe’s Hogwarts has a new Dumbledore

Patrizia Nanz is trying to make the European University Institute relevant

August 7th 2025



There can be few better places to contemplate Europe’s destiny than the hills that look south across Florence, the city that nurtured the continent’s intellectual rebirth during the Renaissance. Such is the mission of the European University Institute (EUI), set up in 1976 and housed there in some of the glorious villas that Italy keeps lying around for such purposes. The institute’s founding document speaks of fostering “the advancement of learning in fields which are of particular interest for the development of Europe”. Though relatively little-known, the EUI is among the world’s foremost graduate schools, with departments of economics, history, law, and political and social sciences.

Soon after its founding, however, it became apparent that the EUI's splendid digs might be distracting its scholars. As one insider explained to Charlemagne: "Left to their own devices, the academics began producing studies of the wool trade in 15th-century Flanders and suchlike." He was joking—up to a point. A search for recent articles on the EUI's database produced a list headed by "Silk consumption and dressing practices in late-medieval Catalonia". In 1993 the university set up a new division, the Robert Schuman Centre, to keep things forward-looking and relevant, but with mixed success. In 2017 a School of Transnational Governance was founded in the hope that this would finally do the trick.

To most residents of Florence, the EUI's doings are as much of a mystery as the goings-on at Los Alamos must have been to the inhabitants of Santa Fe. More to the point, over the past 15 years or so the channels between the EUI on the one hand and the European Commission and Council on the other became clogged. To be sure, some alumni went on to become commission officials or national politicians. But overall, Europe's Hogwarts was producing too few practising wizards. "It has hosted a lot of really important thinkers," says Mark Leonard, head of the European Council on Foreign Relations, a think-tank in Berlin. "But there have always been questions about whether it is relating to the practical business of government—and whether it has an animating vision."

Last year Patrizia Nanz, an academic of German and Italian heritage, took over as the EUI's president, determined to fix these problems. Having also worked in the private sector, in publishing and as an adviser to corporations and governments, she is hard to dismiss as an ivory-tower intellectual. Since arriving in Florence, Ms Nanz has wielded, if not a chainsaw, then certainly a stiff new broom. One of her earliest moves was to scrap the institute's annual flagship event, a grandiosely titled State of the Union conference that she decided had become a costly networking fest.

The next step was to take up that animating vision. The summary version of the new mission statement she and her colleagues drafted has three points: maintaining academic excellence; providing orientation to European institutions and society at large; and communicating more effectively with the world outside academia. On the second count, Ms Nanz is trying to get the institute to co-operate with the member-state governments that do most

of Europe's governing, rather than just with Brussels. A new project with the Polish government on security and defence has kicked off that effort.

More philosophically, the EUI's new president wants to host a rethink of Europe's intellectual foundations, one that goes beyond tedious debates over how much power the EU's federal government should get. She wants to take things to a deeper level. The first chapter of the EUI's new mission statement is titled "What is Europe?" And this is where some problems appear.

European politics today is divided between groups with incompatible visions of what Europe is. No definition can satisfy both the continent's mainstream parties and its nationalist populists. Take, for example, the controversial address that Giorgia Meloni, Italy's hard-right prime minister, delivered to parliament in March. Ms Meloni read extracts from the Ventotene Manifesto, a sacred text of European unification written during Mussolini's dictatorship by two imprisoned anti-fascist activists. Her reading included affirmations such as: "The European revolution needs to be socialist; private property must be abolished."

"I don't know if that's your Europe," Ms Meloni declared. "But it certainly isn't mine." (Neither was it that of the Manifesto; she had distorted the quotes.) The point that even admirers of the EU now abjure some of its founders' convictions might have been fair. But the opposition took it as an attack on the very concept of European unification. Ms Meloni's party is descended from Italy's fascists, not their opponents. Deputies leapt to their feet, roaring in indignation. One was so overcome by emotion that he wept.

It is not clear that the EUI, an institution anchored in the liberal tradition of the EU, can accommodate ideas rooted in Eurosceptic nationalism. Yet the populists are now an inescapable force in the continent's politics. They have intellectual outfits and erudite pontificators of their own. Their visions of Europe, rooted in religion, ethnicity, conservative sexuality and cultural purity, may be winning out. Why would they come to the EUI to discuss them?

Ms Nanz thinks common ground can be found. The EU's enthusiasts, she argues, must embrace a word dear to nationalists: sovereignty. The trick is to

identify where European states need “joint sovereignty” to regain their strength, as after the second world war when the focus was coal and steel. Today the key fields are digital tech and AI. Nationalists and integrationists should be able to agree that only by acting in concert can European countries hope to compete with America and China. She may be right. It is certainly worth debating. Perhaps a working group or conference could be set up. No doubt a villa is available in Florence. ■

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Britain

- AstraZeneca’s falling out with Britain
- British authorities are cracking down on strip clubs
- Is Britain’s Green Party too nice to emulate Reform UK?
- Stella Rimington battled communists, terrorists and literary critics
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Britain | Big Pharma

AstraZeneca's falling out with Britain

The country's largest listed company is a jewel that may drop out of the crown

August 7th 2025



IN A COUNTRY struggling to find reasons for cheer, British life sciences offer a ray of hope. The £108bn ($145bn) industry employs more than 300,000 people, many in high-value jobs, and Britain is a genuine global power. No wonder ministers like to boast about it. Sir Keir Starmer, the prime minister, has said it could be "the rocket fuel for our stagnant economy".

That fuel tank could now be leaking. The launch of Labour's Life Sciences Sector Plan on July 16th was peppered with optimistic references to this "world-leading" industry unlocking growth. But the last of its "six bold actions" conveyed a fear: the express goal to ensure life-science firms "stay

in the UK". This seemed aimed at AstraZeneca, Britain's most valuable listed firm. The pharma giant's increasingly fractured relationship with its home country lays bare Britain's weaknesses and strengths as a home for life-science firms.

Sir Pascal Soriot, the firm's outspoken CEO (a French-born Australian), has not been shy in voicing frustrations with Britain. He has reportedly held private discussions about changing its primary listing to New York, a move that could open doors to a larger, more diverse investor base (Sir Pascal declined to comment for this article). On July 29th, in a press call following the firm's half-year earnings announcements, he called AstraZeneca a "very American company". He said about Britain that the firm needed "to see that there is access and a reason to invest."

This is partly a negotiating tactic to get a better deal from the British government, including on what the NHS pays for its drugs. But the risk of a departure is real. The announcement on July 21st that AstraZeneca would invest $50bn in America by 2030, no doubt in anticipation of tariffs imposed by Donald Trump, and Sir Pascal's statement that this reflected a "belief in America's innovation in biopharmaceuticals", will add to British angst.

The company's original decision to list in Britain in 1999, after a merger of Sweden's Astra and Britain's Zeneca Group, was largely an endorsement of its attractive climate for research and development (R&D). Sir Pascal, who took over in 2012, helped AstraZeneca turn a corner after years of stagnation, eschewing higher shareholder payouts (buy-backs ceased between 2013 and 2021) and channelling cash into scientific discovery instead.

When Pfizer, an American rival, made a takeover bid in 2014, ministers called for AstraZeneca's protection on public-interest grounds. In 2020 the race for a covid-19 vaccine solidified its status as a national asset. Its life-saving jab, developed with Oxford University, became a symbol of British scientific prowess and turned AstraZeneca into a household name. Its share price has risen by nearly half since.

But its relationship with Britain has frayed. In 2021 Sir Pascal picked Ireland over England for a new £320m factory, later blaming Britain's

“discouraging” taxes. In November 2024 NICE, England’s drug-approval body, rejected the firm’s breast-cancer drug, Enhertu, over its high price, despite its availability in 25 other European countries, including Scotland. Months later AstraZeneca scrapped a £450m expansion of its vaccine plant in Liverpool after ministers threatened to slash subsidies from £90m to £40m on cost-effectiveness grounds, citing a reduction of AstraZeneca’s R&D promises. Sir Pascal rejected a final offer of £78m, calling the project “unviable” just hours after the chancellor, Rachel Reeves, had called the firm one of Britain’s “great companies”.

In part this is simply haggling. In negotiations over the Liverpool plant, the firm apparently raised several unrelated issues, including complaints about the NHS’s drug-pricing mechanism and NICE’s rejection of its breast-cancer drug. Clawback taxes are another gripe. Earlier this year the Association of the British Pharmaceutical Industry (ABPI), a trade body, complained to Wes Streeting, the health secretary, about having to pay back nearly a quarter of its members’ total sales—quadruple the average rate in France.

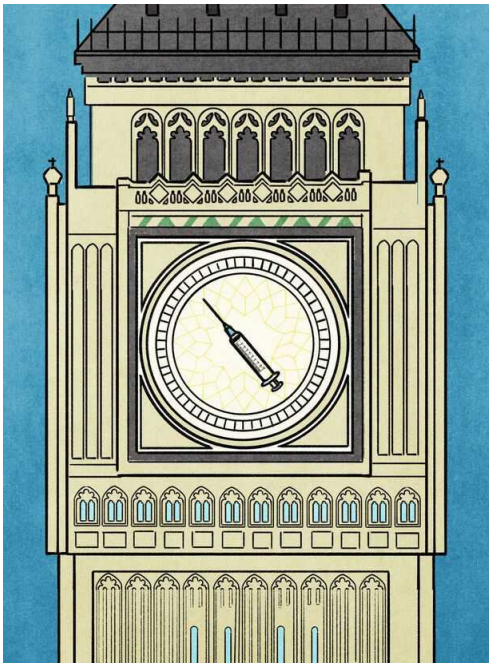
But the tensions also underscore some of Britain’s weaknesses when it comes to attracting and holding onto life-science companies. Its share of global pharmaceutical R&D is in decline. The number of phase III clinical trials (the stage closest to treatment) plunged by two-fifths between 2017 and 2021, making Britain drop from fourth to tenth in the world. It is starting to recover and now stands at eighth place, behind countries like Spain (third) and Italy (seventh). A survey by the ABPI found that in 2022 some 30% of its members deemed Britain among the top three countries for launching new medicines globally; this year only 13% did. Since 2010 Britain has fallen from the fifth-largest exporter of pharma products to ninth.

Yet the opportunity in Britain is still vast, at least in theory. Its strengths include world-class scientific talent and groundbreaking research. Britain’s academics account for more than a tenth of global citations in medical science, surpassed only by America and China. The potential for using the NHS’s vast patient database for research is unrivalled. Just this week Sir Pascal praised Britain’s “tremendous science” and “talented people”.

One way to boost Britain’s appeal to drugmakers would be to reform the much-loathed (by pharma) drug-approval process. To be deemed cost-

effective, a drug must provide an additional quality-adjusted life year (QALY) for no more than £30,000, according to thresholds set by NICE. Yet the Treasury pegs the value of a QALY at £70,000, fuelling accusations that the regulator undervalues new drugs. Lifting regulatory barriers for clinical trials would also help, reckons Huseyin Naci of the London School of Economics. More investment would be better achieved through increasing public R&D and boosting public-private partnerships, he adds.

Meanwhile AstraZeneca is increasingly flirting with America, where it employs more people than anywhere else. The company believes this market will account for half of revenues by 2030 (up from 44% today). In addition to pledging big investments, it recently rejoined the Pharmaceutical Research and Manufacturers of America, the country's biggest drug lobby.



America has long claimed that Europe is freeloading on stateside pharma spending. Mr Trump is putting pressure on drug companies to reduce prices in America. He is also pushing for higher prices across the Atlantic. The terms of America's trade deal with Britain require it to "improve the overall environment for pharmaceutical companies operating in the United Kingdom" in exchange for preferential tariff rates.

Agreeing to higher prices for medicines or reducing rebates would put further strain on the NHS. The alternative is costly, too. The ABPI estimates that keeping the current rebate rates would result in £11bn of lost R&D by 2033. AstraZeneca has already made big commitments elsewhere: $1.5bn towards a cancer-drug factory in Singapore, $570m for 700 scientific jobs in Canada, $1.5bn for its R&D centre in Spain and $2.5bn towards a new one in Beijing—its second in China. It has earmarked only £200m for a conference facility in Cambridge. Winning back AstraZeneca will be neither simple nor cheap.■

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Britain | The last lap-dance

British authorities are cracking down on strip clubs

They are misguided to do so

August 7th 2025



Sugar & Spice, a strip club in Norwich, counts surgeons and judges among its customers. The business, co-owned by Daz Crawford, an actor and former athlete in the television game-show “Gladiators”, is fighting not only for respectability but survival. Like most nightlife spots in Britain, it suffers from declining footfall. It also faces challenges unique to its category. The number of licensed clubs, formally known as sexual entertainment venues (SEVs), in England and Wales has dropped from around 350 in the early 2000s to some 150 today. Although stigma and changing consumer habits, including the rise of online pornography, have not helped, local restrictions have accelerated the retreat.

Norwich City Council—like many other local authorities—has a “nil cap” licensing policy for SEVs. This means no new licences can be issued: when one such business closes (Norwich has three), it cannot be replaced. Norwich also imposes constraints on what performers are allowed to do. Performers and club owners say these have become steadily more disruptive, with limits on “dirty talk” and on dancers touching even their own bodies. By sanitising performances, suggests one Norwich-based dancer, Nina Salome, the council is legislating SEVs out of business.

When strip clubs close, Ms Salome says, the demand doesn’t disappear, it goes underground. Far from feeling exploited, Louise, a dancer at Sugar & Spice, says the work is empowering. Tech platforms like OnlyFans are often seen as alternatives to strip clubs. But performers say in-person work has clearer boundaries. Louise notes the advantages of physical clubs’ security staff, CCTV and peer friendships.

In Germany and the Netherlands sex-related industries are nationally regulated. In Britain control is given to local councils and unionisation is weaker. The result is a wildly uneven landscape. In some cities, like Manchester, strip clubs are treated as part of the night-time economy, with robust licensing reviews. Norwich City Council says it updates its policies “to ensure businesses can continue to trade successfully and safely for everyone’s benefit”. Mr Crawford claims that, despite repeated invitations, “no one” from the council has attended Sugar & Spice. He does not dispute the need for rules, but asks that those with knowledge and experience of strip clubs be the ones to make them. ■

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Britain | Green and pleasant

Is Britain's Green Party too nice to emulate Reform UK?

The party's next leader will need to turn vibes into votes

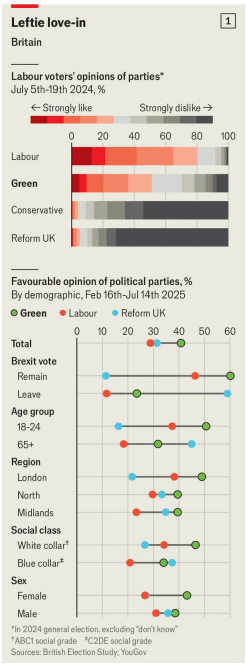
August 7th 2025



Father Christmas probably votes for the Green Party, according to the British public. A poll by More in Common in December 2023 found that 30% of Brits thought so, more than any other party. One might assume that being associated with a jolly, tubby, much-loved character would be a good sign for the Greens, but voters do not seem to value Mr Claus's political nous. The same poll showed the party winning only 6% of the vote.

The woes of the Labour government give the Greens an opportunity to solve this polling quandary. Sir Keir Starmer, the prime minister, has staked his success on winning back voters from the hard-right Reform UK party. He has adopted tough rhetoric on immigration, crime and welfare and seems to

relish rebuking Labour's progressive voters. This creates an opening for the Green Party to transform itself from a well-liked but powerless collection of happy warriors to a serious political force. Due to Britain's volatile voting system, just a small number of voters switching sides could pull the rug out from under Sir Keir, as happened to the previous prime minister. So far progress is slow, but a leadership election this month could change that.



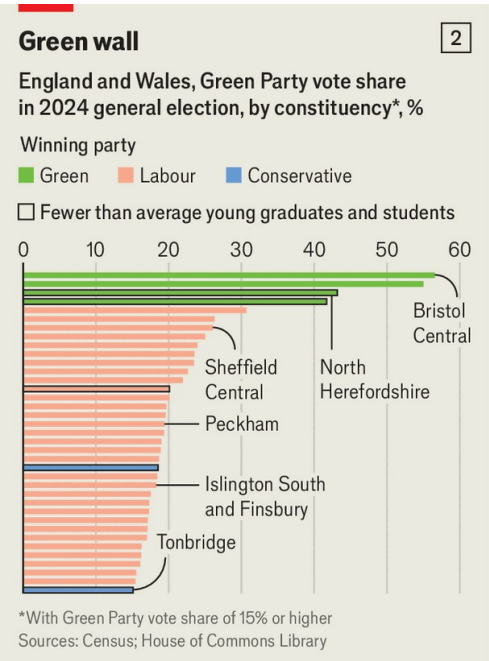
In July pollsters at YouGov found that two in five Britons had a favourable view of the Greens, more than any other major party. Around half of those would consider voting Green in future but only one in ten—half again—say they would go Green if an election were held tomorrow, according to The Economist's tracker of nationwide voting-intention polls. Although the Greens increased their number of seats in May's local elections (for the eighth time in a row), their net gain of 44 councillors pales in comparison to Reform's 677.

Step forward Zack Polanski, the party's energetic deputy leader. Four days after the local elections, he launched his leadership bid. A slick roll-out pitched him as an "eco-populist", whose strategy was to eat into Labour's base. Although Mr Polanski has emphasised his support for the Green Party's left-wing policies, including a wealth tax and rent controls, he represents a dramatic shift in tone. "I think it's a good moment for the party

to clarify that the party is challenging an unpopular Labour government," says Mr Polanski. "We are not there to collaborate with them. We're not there to be disappointed or concerned about them. We are there to replace them." No more Mr Nice Green.

If Mr Polanski manages to win over some Labour voters who like the Greens, the results could be devastating for the government. After the last election, in July 2024, the British Election Study found that over half of Labour voters rated the Greens six out of ten or higher (see chart 1). Among young graduates and students, this rises to almost 60%. By comparison, only 5% of Labour voters gave such positive marks to Reform and even fewer (4%) to the Conservatives. Strong Green results in cities such as Bristol, London and Sheffield could be the seedlings to prise cracks in Labour's wall of left-wing, studenty constituencies (see chart 2). Next year the party hopes to score victories over Labour administrations in London's borough councils and the Senedd, Wales's devolved parliament.

But Mr Polanski's combative style is not to everyone's taste. "I think it is neither possible nor desirable to be the Reform of the left," says Ellie Chowns, the Green MP for North Herefordshire. Ms Chowns is running against Mr Polanski on a co-leadership ticket with Adrian Ramsay, one of the party's incumbent leaders. Their candidacy has been endorsed by many of the party's senior figures, including Caroline Lucas, the sole Green MP from 2010 to 2024. These endorsements made the pair early favourites, before the election became hotly contested. Ms Chowns draws a contrast between the "loud-hailer politics" of Reform, characterised by what she describes as "simplistic sloganeering and scapegoating", and Green successes built on local campaigns.



Ms Chowns and Mr Ramsay both represent former Conservative seats which voted to leave the EU in 2016. In both constituencies, fewer than one in ten adults are young graduates or students—the party's most promising voter pool. These seats were won by the party's incremental "Target to Win" strategy, which pours resources into a small number of winnable seats. Ms Chowns emphasises pragmatism. "They might vote out of frustration for a party that promises them the Earth…but fundamentally, people do want politicians that they can trust and that are credible." The announcement of a new left-wing party co-launched by Jeremy Corbyn, a former Labour leader, could be a boost for their campaign over Mr Polanski's—reinforcing the argument that the Greens should focus on being distinctively environmentalist.

There are other barriers to the Greens mimicking Reform's success. According to YouGov, more than nine in ten Brits have an opinion of Reform's leader, Nigel Farage. A recent poll by Stack Data Strategy found that only 15% could name both Green co-leaders. The party has come under criticism for its lack of responsiveness to news and, despite professionalising, has struggled to shake off some of its wackier elements. Mr Polanski himself is dogged by an article in the Sun, published in 2013, claiming he offered breast enlargement by hypnosis while working as a

hypnotherapist. (He has apologised and said it was meant to help with bodily self-image.)

Recent polls show Labour losing nearly as many supporters to the Greens as to Reform (its greatest losses are to the Liberal Democrats). Under Britain's first-past-the-post system, this could dash Labour's chances—at the 2024 election the Green vote was larger than Labour's margin of defeat in 42 constituencies. Whether the Greens can turn the opportunity into political power remains to be seen. Their choice of leader will be an indicator of how the eco warriors will approach the battle.■

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Britain | A novel spy

Stella Rimington battled communists, terrorists and literary critics

The first female head of MI5 died on August 3rd, aged 90

August 7th 2025



Watch her closely and—or so the upper echelons of British espionage felt—you could see the signs. There was the cut of her hair, for one thing: that close, severe crop. Something, too, in the way she held herself. And she was a woman. There was, everyone agreed, little doubt. Dame Judi Dench's "M" in the 1995 film "GoldenEye" was based on Dame Stella Rimington, the first female head of MI5, Britain's domestic counter-intelligence and security agency. Dame Stella agreed: she "holds her hands in the same way as me".

There are many ways to judge the importance of the career of Dame Stella, who died on August 3rd, aged 90. She rose through MI5's august alphabet of

espionage—from lowly F-Branch, to head of K-Branch, then G-Branch—to "DG" (director general) in 1992. She caused Britons to question tired preconceptions about women's roles at work and in the home. (Or, as one headline put it, was a "Housewife Superspy".) Perhaps most radically of all, she caused a nice sensible woman with a nice sensible haircut to appear in a James Bond movie, explicitly and implicitly telling him he was "a sexist, misogynist dinosaur".

Housewives were not, in those days, expected to become spies. Certainly not super ones. The criterion that Vernon Kell, the founder of MI5, looked for in his male recruits was "the ability to make notes on their shirtcuff while riding on horseback". For women, his criteria were rather different. "I like my girls", Kell said, "to have good legs." There were indeed, Dame Stella felt, able men in MI5. There were also "a lot of stupid men". On the prevalence of galloping horses, she remained silent.

Her greatest career move was, paradoxically, to abandon her own career (as an archivist) for her husband's. He had been posted to Britain's High Commission in New Delhi and she followed. Her opportunity came when she was walking through the commission compound and someone "tapped me on the shoulder" and asked, with the subtle tradecraft of MI5 legend, "Psst…Do you want to be a spy?"



She was soon immersed in the thrilling world of intelligence. She found it "pretty dull". Her first job was to spy on communists in Sussex. Since the comrades of Sussex seemed peaceable, she passed the time reading novels under her desk. This, by the standards of MI5, was energetic. One colleague arrived at 10am, went for "breakfast" at 11am; returned "smelling strongly of whisky" at noon; went for lunch then fell asleep at four. Eventually he collapsed in a lift and was never seen again.

Her capability (or perhaps sobriety) got her noticed and her work became increasingly interesting. She moved from cold-war work to Irish terrorism before, in 1992, becoming the first female DG—and the first holder of the top job to have her name formally announced. Paparazzi duly descended, to her horror: you could never be quite sure whether someone was trying to shoot a photograph or just "shoot you".

Her lack of anonymity became an asset. When she left, she published an autobiography, then started writing spy novels. Here too she did things her way. The key to a thriller, Ian Fleming had said, was to "write about what people are really interested in: cards, money, gold". In Bond novels, Bond has a housekeeper, lots of sex with characters called things like "Pussy Galore" and spends his time musing on "the sweet tang of rape". In Dame Stella's first novel, her heroine has no housekeeper, very little sex and spends her time musing about whether the washing machine will have finished its run. (Spoiler alert: Chapter One ends with it "stopped mid-cycle".)

Critics sniffed. Her autobiography was "a dull read"; her novels "predictable". But whether or not she changed MI5, she has changed the portrayal of spies. One of the highest rated spy thrillers on Netflix is not about a male spy, but "Black Doves", about a female spy and mother. One of its best moments comes when the heroine, played by Keira Knightley, pauses mid-job, to hiss "Go back to bed!" into her child's baby monitor. Fleming was correct: thrillers should cover what people are interested in. But as Dame Stella showed, they are interested in women and domesticity too. ■

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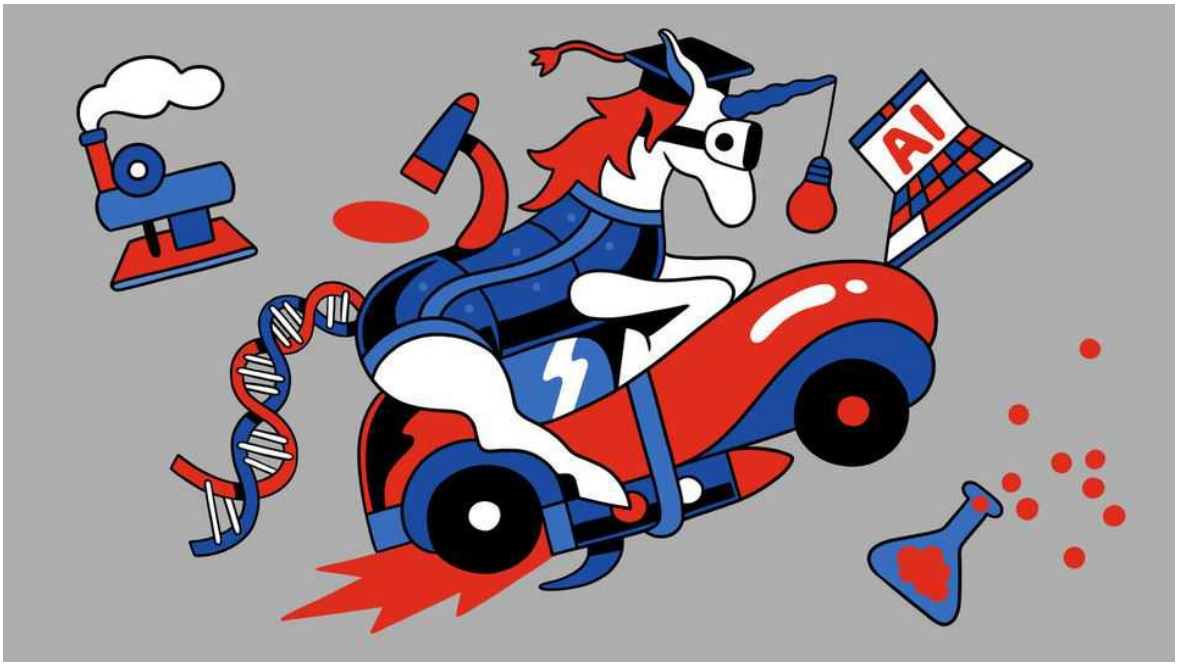
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Britain | Innovation nation

What's Britain good at?

Surprisingly, lots

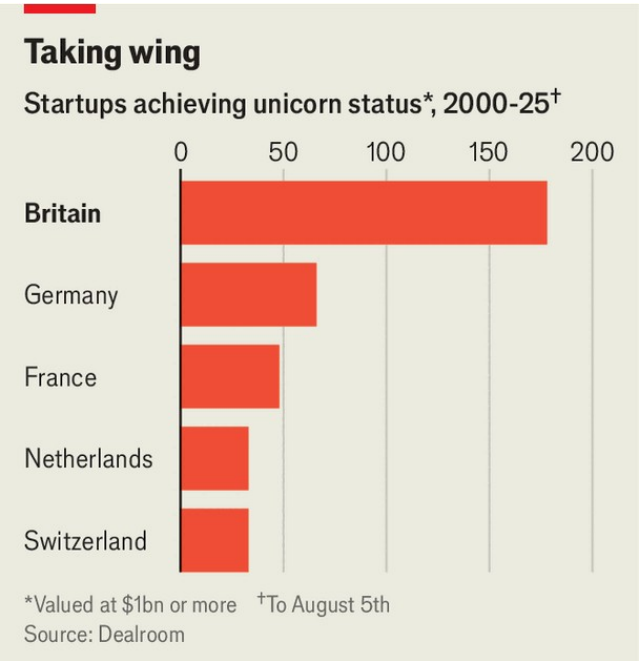
August 7th 2025



New knowledge drives progress. For centuries Britain often led the way. Thomas Newcomen and James Watt created the steam engine. Edward Jenner pioneered the vaccine. Ada Lovelace wrote the first computer program. Today, claims of Britain being world-beating can sound desperate, as it struggles to convince even its own firms that prospects are anything but gloomy. Rumours of AstraZeneca, a pharma giant, moving its listing to New York don't help.

Yet Britain remains a place where ideas spark—in this lies its potential for revival. It is home to four of the world's top universities. One, Cambridge, sits in the centre of the densest innovation cluster on Earth, according to the World Intellectual Property Organisation's Global Innovation Index. This

century Britain has created some 178 unicorns, reckons Dealroom, a data provider—more than France, Germany and Switzerland combined (see chart). Its venture-capital market is Europe's largest. Consider three of Britain's strengths: advanced manufacturing, life sciences and technology.



The country's global share of manufacturing has declined over the years. Yet firms like Rolls-Royce, which has long been a leading producer of jet engines for wide-bodied planes, continue to fly high. Using its "UltraFan" technology, a geared turbofan with carbon-fibre blades, ceramic composites and 3D-printed parts, Rolls-Royce hopes to re-enter the larger market for single-aisle aircraft, aiming to power smaller jets more efficiently. Its alumni are spreading that spirit of innovation. Itxaso Ariza, formerly chief engineer in its aerospace division, is now at Tokamak Energy, a British firm working on nuclear fusion.

Britain also leads in making the materials of the future. In 2010 two scientists at the University of Manchester won the Nobel prize in chemistry for discovering graphene, a form of carbon only one atom thick. The nanomaterial could soon be used in high-altitude balloons to launch satellites. Others are already aiming higher still. Space Forge, a Welsh startup backed by nato's innovation fund, hopes to become the first company

to manufacture semiconductors in orbit (the theory being that low gravity and cold temperatures make space ideal for a chip factory).

Life sciences are another area of strength. Two of the world's top pharma firms are British. GlaxoSmithKline once led in innovation; now AstraZeneca, the UK's largest listed company (at least for now), invests heavily in genomics, oncology and artificial intelligence (AI). Britain is "well ahead of most of the US" in training scientists who understand biology and computation, says Chris Gibson, boss of Recursion Pharmaceuticals, an American drug-discovery firm. He should know: Recursion recently merged with Exscientia, its British rival and the first firm to bring AI-designed molecules into clinical trials.

Perhaps the most significant recent biochemistry breakthrough has been the development of AlphaFold, a program that can predict three-dimensional protein structures. For their work on it, Demis Hassabis and John Jumper of DeepMind, Google's AI company, won half of the Nobel prize for chemistry last year. DeepMind was a British company until the tech giant bought it in 2014.

Hence the third area of strength: technology. Britain will never have the data centres or computing power to compete with America and China. But it does have deep expertise in machine learning, and firms eager to deploy ai. Wayve, a startup that recently raised over $1bn—the largest-ever investment in a European AI firm—worked out that the best approach to autonomous driving is to have an ai learn human driving patterns on its own. Many graduates of Palantir, an American data firm that employs a quarter of its staff in London, go on to found their own startups. One such spin-out is Arondite, which uses ai as the "connective tissue" between disparate defence systems. Both Wayve and Arondite are based near King's Cross—the nascent tech hub in London that DeepMind still calls home.

Britain is also learning to pair technology with its strengths in services. Proximity to the City has already helped fintech firms like Revolut, one of the world's largest challenger banks, to flourish. A new marriage of technology with legal services might do the same. And as a world leader in video games, Britain excels in combining creativity with code.

To fully realise these strengths, however, Britain must improve its track record in scaling and retaining high-growth firms. Being bought by foreign investors is one thing, but seeing firms leave Britain's shores because they feel they cannot continue to grow there is quite another. Too often Britain serves as a launchpad for world-class companies—and in some cases not even that. After being informed that there are no launch slots available at British spaceports in 2025, Skyrora, a Scottish space firm, is now considering launching its rockets from Australia.

Above all, halting the exodus will require a shift in the national mindset. Britain thinks too small. The government talks up growth, but does little to bring down crippling industrial energy costs. Entrepreneurs face what Lady Stowell, who recently led a review on scaling startups, calls "a spaghetti of schemes" to pick through while "drowning in an alphabet soup" of regulators. And for all their flair, many British innovators aim merely to grow large enough to be bought—rather than to build truly world-beating companies. If Britain is to realise its potential, it must first learn to see its own worth. ■

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Britain | Bagehot

Starmer versus the burrito taxi

If Sir Keir Starmer means what he says about labour rules, Deliveroo is in trouble. Does he?

August 7th 2025



The “burrito taxi” was an internet meme that took aim at the perceived entitlement of America’s millennial left. They griped about grocery inflation under President Joe Biden, the joke ran; they also tucked into meals from DoorDash, a delivery app. “Inflation is bad,” asks the meme’s protagonist, “or you ordered a private taxi for your burrito”? Progressive ideals lasted right up until it cost more for someone to bring their dinner round.

The millennials were right; inflation is a thief. But Britain has its own burrito-taxi problem. How much are Labour’s voters willing to pay for Sir Keir Starmer’s vision of a stricter labour market? Like many of his supporters, the prime minister cherishes a Friday-night takeaway with his

teenagers, brought by Deliveroo, Britain's best-known delivery firm (currently being bought by DoorDash for £2.9bn, or $3.7bn). It's not easy getting those blue bags into Number 10, Sir Keir quips, but he's mastered it. Yet his theory of what ails Britain's economy is inimical to Deliveroo's theory of how to make money. If his project amounts to more than hot air, the burrito taxi as we know it will die.

Deliveroo is hardly the only player in the gig economy. But it has become a symbol of Britain's open and flexible labour market, whose rules on hiring and firing are among the loosest in the OECD. In a triumph for the firm, in 2023 Britain's Supreme Court accepted that the riders are "self-employed suppliers" rather than workers, in part because their contracts contained a "virtually unfettered" substitution clause that let them delegate their deliveries to others. That clause made it attractive to new immigrants—if they could pedal and use a phone, they could earn a living through a friend's account.

For the Labour Party in opposition, such flexibility was a weakness rather than a strength of the British economy. It may have kept unemployment low but it also meant low investment, the corrosion of family life and populism, its leaders argued. As chair of Parliament's business committee, Rachel Reeves, the future chancellor, harangued Deliveroo's boss: just how much tax was saved by not treating its riders as employees? Now in office, a sweeping Employment Rights Bill will put Britain in the middle of the OECD pack. Ministers boast of making British workers more like the French: more regulated and more productive.

For years, French ministers have claimed that Britain's light-touch labour market means it has only itself to blame for illicit migration. The Home Office agrees, observing that migrants expect a job in the app economy; delivery bikes have been spotted outside hotels housing asylum-seekers. Sir Keir has cast immigration in histrionic terms as a Hayekian conspiracy: under the Tories, he claims, Britain was subject to a "one nation experiment in open borders" by the "party of the uncontrolled market".

Follow that rhetoric to its logical conclusion and Deliveroo and its competitors would be in peril at this government's hands. It's not clear what contribution a firm that employs the low-skilled and newly arrived to deliver

pizza in the rain can make to Sir Keir's vision of a high-productivity, low-migration Britain. But the evidence so far is that his government prefers labour-market regulation more in theory than in practice.

Ministers promise to squeeze illicit workers from the gig economy. Delivery riders are targeted in immigration raids; the Home Office has cajoled the industry to use facial-recognition technology to ensure riders have the right to work in Britain, particularly those detected near asylum hotels. Under a new law, delivery firms will be responsible for the immigration status of subcontractors.

But many Labour MPs and peers would like ministers to go much further: why, they ask, just clean up Deliveroo, when you can redraw its business model altogether and insist its riders are treated as workers? For as long as riders are self-employed, the raft of new rights created by the employment bill won't touch the firm. That creates the worst of all worlds, making it more onerous for fancy accountants and law firms to hire graduates while doing nothing to tighten up the grimiest jobs.

The crunch will come in the autumn, when a government consultation will review the legal definition of workers. Deliveroo's defenders fear that if the tests of what constitutes "work" are tweaked, the Supreme Court's ruling on which it relies could be unwound in years of litigation. Turning riders into employees, they argue, would produce a smaller and less flexible network—as happened when the Swiss city of Lausanne deemed Uber, a ride service, to be an employer. Consumers could no longer assume their burrito would reliably arrive piping hot for a modest fee at 8pm on a Friday night.

Would Labour's electorate consider that such a tragedy? They might consider a costlier, less reliable takeaway a price worth paying for a more equitable society. Brits tell pollsters they like Labour's workers'-rights agenda. Perhaps some expect to get paid more; or perhaps the urban middle classes feel guilty every time they open the door to a bedraggled courier.

Or perhaps, like their American cousins, they would complain. For Sir Keir ducks the trade-offs that his policy implies: that better conditions for some may mean less consumption for others. A more confident left-winger would tell the delivery firms to suck it up: change or die. Instead he obfuscates. He

promotes the immaculate conception of labour reform: workers will be richer and happier, businesses more successful. But a leader so squeamish about the end point of his own logic seems unlikely to follow through. Here's a prediction: Sir Keir will enjoy Friday night Deliveroo with his brood long after he has left Downing Street. The burrito taxi is mightier than the government. ■

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International

- Why the laws of war are widely ignored
- How to write laws of war for a wicked world

International | Guns v gavels

Why the laws of war are widely ignored

Global courts struggle to cope with power politics

August 7th 2025



International courts have never been busier. Conflicts are more common than at any point since 1945. Ever more civilians are being bombed, starved and raped by men with guns. These are the curses that the laws of war were invented to prevent, and that international courts are meant to punish and deter.

The International Criminal Court (ICC), which prosecutes people for the vilest offences, such as crimes against humanity, is investigating a dozen conflicts and has issued arrest warrants for 30 big-time defendants who are still at large. The International Court of Justice (ICJ), which settles disputes between countries, is ordering mighty armies to stop fighting.

But not with much success. The fugitives on the ICC's most-wanted list include Vladimir Putin, Russia's president, and Binyamin Netanyahu, Israel's prime minister, neither of whom will be arrested any time soon. The wars the ICJ has loftily ordered to cease include Mr Putin's invasion of Ukraine and Mr Netanyahu's assault on Gaza, both of which are still blazing.

Many supporters of global rules are in despair. "I cannot remember a time when I was more concerned about the state of international humanitarian law," says Michael Schmitt, a law professor at the University of Reading and former American Air Force officer. "And I go back a ways."

Granted, some areas of international law are working fine. Nearly all countries honour treaties on the allocation of radio frequencies and satellite orbits, just as nearly all motorists drive on the correct side of the road. Everyone understands that a free-for-all would hurt everyone.

But when it comes to humanitarian law, there is no consensus. The high-minded principles that led the League of Nations to set up the first world court, in the hope that "law and justice" would trump "diplomatic expediency", are clashing with the hard reality of geopolitics. At the same time, ambitious judges are overreaching and cynical actors are using the global courts to wage lawfare, undermining their authority and even the concept of a rules-based order. In short, when people complain that the laws of war are often ignored, they are right.

There are several reasons for this. International law is seldom as clear or certain as the domestic sort. There is no global parliament to pass rules that reflect the will of 8bn people. Nor is there a globocop to enforce them. Instead, international law has always been about finding a balance between universal values (to the extent that the world can agree on them) and national interests (more often defined by rulers than the ruled). Enforcement relies largely on countries consenting to be bound by the treaties they have signed.

Only one body, the UN Security Council, can authorise force to uphold international law. But it is constrained by the veto power of its five permanent members (America, Britain, China, France and Russia). It was set

up in 1945 to give the UN the teeth that the League of Nations lacked. America's president, Franklin Roosevelt, believed the world needed four policemen (France was an afterthought). These powers argued that any decision to use force would be political, and that since they would probably have to provide the troops, it should not be made without their consent. Smaller powers were given a choice: a UN with a veto or no UN at all.

Thus, geopolitics is baked into international law. This may explain why early efforts to frame it tended to be modest. Hugo Grotius, a 17th-century Dutchman who codified some of the first laws of war, noted that countries could breach them with impunity. So he stuck to rules that combatants would comply with out of self-interest, such as "no killing of prisoners". The early Hague conventions were not about bleeding hearts trying to impose unwanted rules on armies, but about men intimately familiar with war agreeing to constraints that balanced military necessity with mercy.

These laws were written with state-on-state wars in mind, in which soldiers would all wear uniforms and follow the same rules. However, most modern wars involve militias that fight in civilian garb and then blend back into the population. This makes it hard for armies to honour the most basic law of war: that they differentiate between civilians and soldiers.

Great powers have always resisted rules that might cramp their battle plans. Even after the second world war, with memories of Dresden and Nagasaki still fresh, a ban on indiscriminate area bombing was not included in the 1949 Geneva conventions.

Judges on the first world court were careful to avoid overstepping their powers. (Oda Yorozu, one of the first, thought the very idea of world peace was an impractical dream.) In 1923 the League of Nations asked for an advisory opinion on a border dispute between Finland and Russia, which was not a member of the league or the court. The court refused, saying that disputes between countries could be adjudicated only with the consent of both.

Today, much of that caution has been abandoned, as a result of two trends. Liberals have overreached in their desire to create a kinder world, by trying to write one into existence. And many international judges see themselves

not as careful interpreters of treaties, but as bold champions of human rights and underdogs.

From the 1960s several new laws and treaties were drafted or updated. Some created “rights” that were impossible to guarantee. According to the International Covenant on Economic, Social and Cultural Rights, for example, people have a right to “the continuous improvement” of living conditions, which implies that recessions are illegal. In the 1990s, when the collapse of the Soviet Union sparked an explosion of liberal optimism, idealists ran far ahead of the real politics of power.

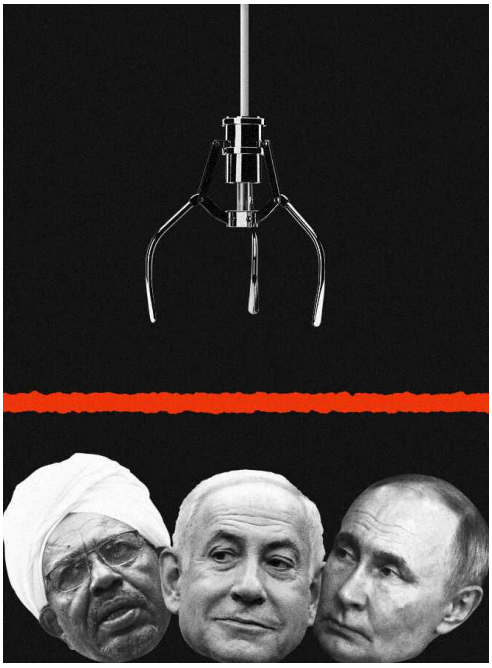
The ICC, established in 2002, aimed to end impunity for the most serious crimes. However, many powerful countries, including America, China, India, Israel, Russia and Turkey, simply refused to join the court—or actively opposed it.

In other cases where the law has run ahead of what governments will accept, they have been allowed to add opt-outs to treaties. The 1977 additional protocols to the Geneva conventions aimed to ban area bombing of cities. America refused to ratify these. Britain did so, but with a legal “reservation” retaining the right to drop atom bombs and to carry out reprisal attacks on enemy civilians if British ones were indiscriminately attacked.

The spread of opt-outs has undermined humanitarian law, by formalising rules for thee but not me. The United Arab Emirates (UAE) was one of several countries that signed the Genocide Convention of 1948 on the condition that it would apply only to others. (It was allowed to opt out of the ICJ’s automatic jurisdiction.) The hypocrisy of this was made clear this year when the court threw out an urgent request by Sudan to order the UAE to stop supporting a genocidal militia in Darfur.

Another problem has been growing lawfare. This is when countries or groups use courts to score vexatious political points. South Africa was accused of this when it rushed to file a genocide case against Israel, only weeks after Hamas massacred Israeli civilians in October 2023. The UN has repeatedly asked the ICJ to give advisory opinions on areas outside its competence, such as climate change. Lawfare often asks judges to answer questions that are political (such as how much to spend on mitigating

climate change) or diplomatic (when and how to stop a war). “These all reflect a failure of diplomacy, a failure of other international political institutions to resolve disputes,” says Michael Becker of Trinity College, Dublin.



Some expect courts to end today’s horrors now, when all they can do is slowly gather and weigh evidence to reach verdicts that might deter future horrors. This puts the court in a position where it risks looking either partisan or impotent. “When courts get into high politics there is a clash between the law and power, and the law often gets relegated,” says Yuval Shany of Hebrew University in Jerusalem.

More dangerous still is when judges try to create new law. All courts, domestic and international, must walk the line between exceeding their authority and “being so deferential as to be useless”, says Mr Becker. But for international courts, which have fewer mechanisms for accountability than domestic ones, the risks are greater.

When drafting the Rome statute, which established the ICC, negotiators tried to find a balance between respecting immunity for heads of state or government, a long-standing principle of international law, and ending impunity for tyrants. The awkward compromise they reached was that

signatories must waive immunity for their own leaders (and, therefore, hand them over if the ICC indicts them), but respect the immunity of leaders of countries that refuse to sign.

In 2019 the court flagrantly broke its own rule. Jordan had failed to arrest Omar al-Bashir, Sudan's president. The ICC ruled that its members should arrest the blood-drenched despot, despite his immunity. "The court was the author of its own misfortune," says Roger O'Keefe of Bocconi University. "Not only in its actual judgment, but in its triumphalism that it was part of an inexorable movement towards a higher realm of the rule of justice."

The judgment was "very dangerous and unwise", wrote Dapo Akande of Oxford University, Britain's candidate for a seat on the ICJ. Countries hostile to the court (such as America) grew more so. Even the ICC's allies grew uncomfortable. After the court issued an arrest warrant for Mr Netanyahu, America imposed sanctions on ICC officials; France, Germany and Italy all cast doubt over whether they would arrest him, citing head-of-government immunity.

Some think global courts can recover their clout by focusing on the core principles that most states have a stake in upholding. The ICC has had some success in prosecuting malefactors without friends on the Security Council, from Congolese warlords to Sahelian jihadists. The ICJ has issued helpful rulings in territorial disputes where both sides agreed to be bound by it. But in a world where more leaders think might makes right and fewer trust international institutions, it is hard to be optimistic. "We're in a dark place right now," says Mark Ellis, the head of the International Bar Association. "It's about 'how dark is it going to get?'" ■

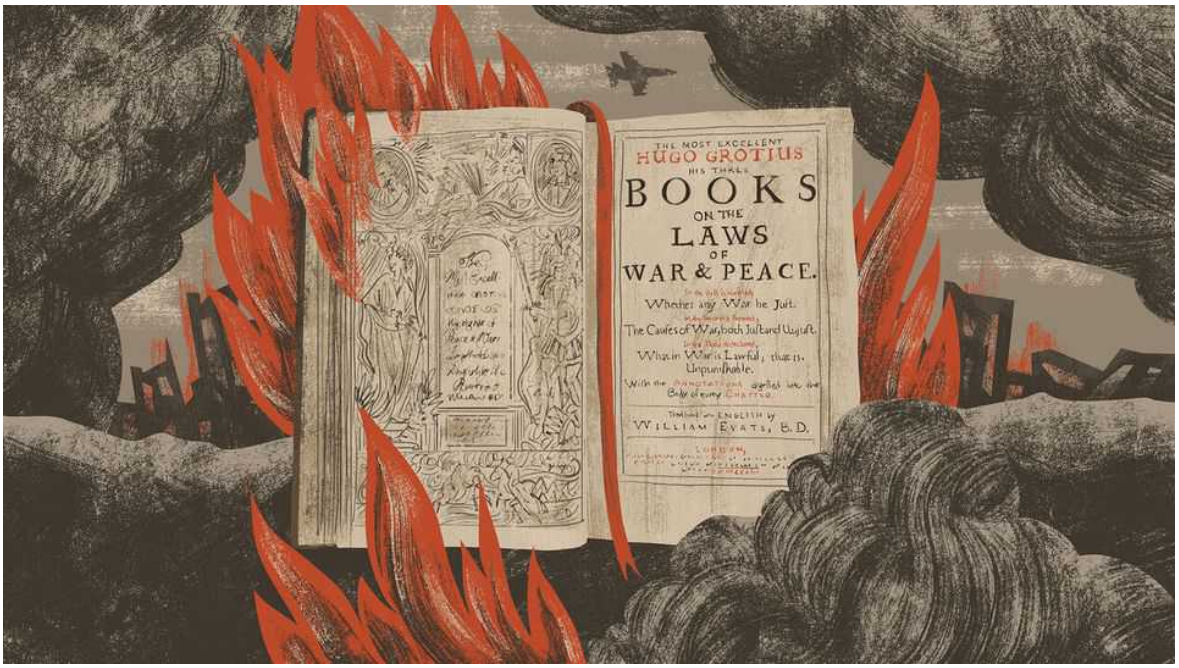
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International | The Telegram

How to write laws of war for a wicked world

The post-1945 order is crumbling. History offers a glimpse of alternatives that might work

August 7th 2025



WHEN lists are compiled of great military commanders, Gustavus Adolphus, Sweden's king from 1611 to 1632, is often near the top. Innovation and daring were his watchwords, and had to be. Aged 16 when he took the throne, he inherited a realm embroiled in three separate wars. Sweden has "no friends" and "all our neighbours are our enemies", the teenage king bleakly wrote.

It was a fearful, blood-soaked time. Institutions that once claimed universal moral authority—notably the papacy and the Holy Roman Empire—were crumbling under assault from Protestant rulers and rebels. To survive this age of disorder the young king put his faith in the new. Leading his own

armies into the field (and eventually dying in battle), he vanquished stronger opponents with the help of advanced weapons and fast-moving mobile tactics, prompting some historians to dub him "the father of modern warfare". He took new-fangled ideas into combat, too. By the grim standards of his day, Gustavus Adolphus stood out for the strict discipline and (relative) martial restraint that he imposed on his troops. In this, no papal edict guided Sweden's king, a Protestant intent on making his country one of Europe's great powers. Instead he was following both his conscience and arguments set out in a work that—it is said—he kept under his pillow while on campaign: "On the Law of War and Peace". This remarkable treatise was published in 1625 by Hugo Grotius, a Dutch lawyer, historian and poet. For more than a century, Grotius has been hailed as "the father of international law", for setting out detailed, universal rules to determine when wars are just and lawful.

Strange to say, the image of an ambitious warrior-king studying Grotius in his tent should offer some comfort four centuries later. Once again the world is entering an age of disorder. Multilateral institutions founded after the second world war, from the United Nations to international courts that hear charges of crimes against humanity, are losing their authority. The final fate of the post-1945 system will not be known for some time. That is no reason to wait, resignedly, for the world to slide into anarchy and unconstrained violence. If new arguments are needed to limit harms committed by men of violence, the past is a good place to look.

The Telegram has praised Grotius before, and makes no apologies for revisiting his wisdom now. He stands out for his ability to craft arguments that appeal to the powerful, reflecting his own contacts with kings and their counsellors as a diplomatic envoy. He also worked at an important turning-point in intellectual thought. Medieval theologians and church leaders focused on lawful and unlawful reasons for going to war. Sovereigns and soldiers fighting "just" wars faced few limits on their conduct, while opponents without justice on their side had no inherent right to use force at all. But a problem lurked in that approach. Grotius lived at a time of brutal, often sectarian wars, in which all sides were sure they had God's blessing and were fighting for a just cause. He offered a solution. During a war, he wrote, identical rights and obligations should apply to each belligerent, who

should fight as if they were upholding justice. That advanced his real aim: the crafting of laws to govern the conduct of war.

Grotius would have been startled by such modern bodies as the International Criminal Court, which claim the right to haul errant generals or political leaders into the dock. Outsiders are ill-qualified to judge the limits of just war or self-defence, he wrote, calling it "altogether preferable" to leave such decisions "to the scruples of the belligerents rather than to have recourse to the judgments of others". He believed that necessity could justify harsh acts, such as bombarding a besieged city. That did not make him an apologist for war crimes. Acts which do not hasten a war's end can never be justified, he counselled, including rape and the wanton killing of women and children. Crucially, he argued that using gratuitous and reckless cruelty, for instance during the taking of cities and towns, is both morally repugnant and also counter-productive. Instead he urged "moderation" and the sparing of all enemy property not needed for the war effort, as well as precious assets such as fruit trees used for food. In his telling such forbearance is wise because it avoids inducing "despair" in an enemy, which can be turned into a "great weapon" against an attacker.

A man of his time, Grotius applied different standards to European and non-European rulers. Critics grumble that he used his legal skills as an apologist for colonial expansion by the Dutch East India Company. Still, his moral arguments about the laws of war rested on universal foundations. People are social beings, he said, with such a "desire for society" that their love for humanity trumps the selfish pursuit of advantage seen among lesser beasts.

For good or ill, self-interest has inspired rules regulating violence for millennia. In her fine book "The Rule of Laws: A 4,000 Year Quest to Order the World", Fernanda Pirie, a professor of the anthropology of law at Oxford University, writes that the biblical injunction of "an eye for an eye" is not a demand for revenge. It is, she suggests, a law designed to define the limits of acceptable retaliation, with clear echoes in still-older Mesopotamian legal codes that also sought to prevent blood feuds from escalating. Her book notes how ancient rulers sought legitimacy by writing laws. The oldest laws found by archaeologists, dating from 2112BC, were proclaimed by Ur-Namma, an "ambitious military leader" who had just toppled a ruthless

warlord. “I did not deliver the orphan to the rich. I did not deliver the widow to the mighty,” he is said to have boasted.

This is not to say that ancient honour codes are a substitute for the Geneva Conventions. It is an appeal to be practical. To protect the weak, convince the strong that rules serve them, too. ■

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Business

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Business | Management consulting

How McKinsey lost its edge

As it nears 100, is the world's most illustrious consultancy past its prime?

August 7th 2025

"Business has been forced to adjust itself to staggering acceleration in the rate of change," observed McKinsey, a consultancy, in a promotional pamphlet it published in 1940. "What period in history has ever presented more difficult problems for the executive?" Naturally, demand for McKinsey's advice was soaring, it wrote.

These too are times of upheaval. Geopolitics is forcing companies to rethink where and how they operate. Artificial intelligence (AI) is filling bosses with excitement at the opportunity to replace costly humans with bots, and fear that their business models may be disrupted. And yet McKinsey, the most illustrious of consultancies, finds itself in the doldrums.

McKinsey has long regarded itself as operating in a league of its own. Ron Daniel, its boss from 1976 to 1988, talked of an "organisation of genuine greatness" filled with "superior people". Bob Sternfels, McKinsey's current leader, prefers to describe it as "distinctive". This sense of superiority, though nauseating, is not entirely without justification. McKinsey is the biggest and best known of the strategy advisers. Its alumni run 24 of America's 500 most valuable companies, according to Altrata, a data provider; the figures for Bain and BCG, its two principal rivals, are seven and five, respectively.

Until recently, "the Firm", as it calls itself, was growing at a stunning pace. Its revenue last year, at a little over $16bn, was more than double the figure in 2012. Yet after a phase of rapid expansion, its revenue growth in 2024 was a meagre 2%, according to estimates from Kennedy Intelligence, an industry watcher. Since the end of 2023 it has shrunk its workforce from 45,000 to 40,000. Economic uncertainty is only partly to blame; McKinsey

has bled market share to rivals. How did the legendary consultancy, which turns 100 next year, lose its edge?

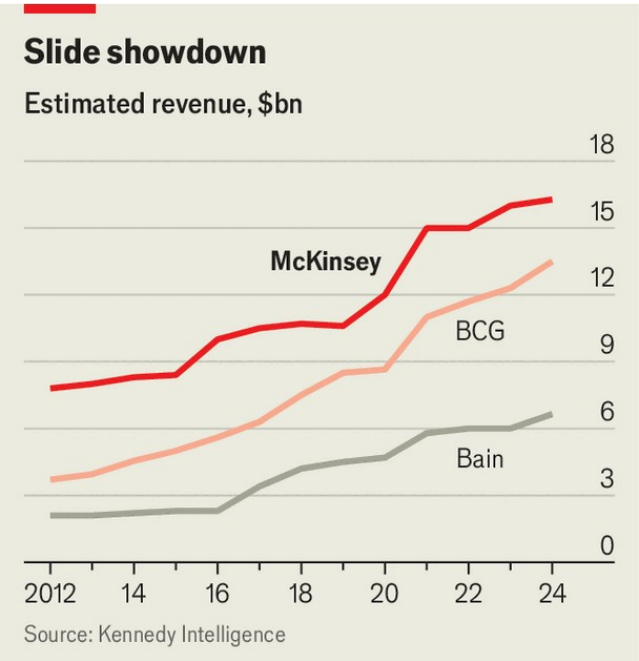
McKinsey likes to pretend that its services are “sought, not sold”, in the words of Marvin Bower, who led the firm from 1950 to 1967. Yet that was hardly the case in its recent frenzied expansion. At a partner meeting in Berlin in 2013, Dominic Barton, McKinsey’s leader from 2009 to 2018, made it clear that growth was now the priority. “Ask for forgiveness, not permission,” he instructed, according to a former grandee who attended the meeting.

Plenty of forgiveness would be needed, as the firm expanded partly by throwing caution—and qualms—to the wind. Throughout the 2010s McKinsey helped opioid manufacturers peddle their drugs to addicts in America and profited from ill-gotten contracts with state-owned companies in South Africa (it has admitted wrongdoing and settled with prosecutors in both cases). Kevin Sneader, who took over from Mr Barton, introduced new controls in an effort to stamp out misbehaviour, only to be ousted in 2021 and replaced by Mr Sternfels, who promised to “return McKinsey to the partners”. To his credit, McKinsey’s boss, who speaks of the need to balance “empowerment” with “accountability”, has persisted with the effort to keep partners on the straight and narrow.

The scandals of the past decade tarnished McKinsey’s public image. But any deeper impact on its business was obscured by the surge in demand for consultants during and immediately after the pandemic, as bosses sought help with diversifying their supply chains, greening their operations and dragging their businesses into the digital age.

McKinsey was well placed to meet the moment thanks to another source of its growth over the preceding years: the expansion of its digital practice. In the 2010s, as many chief executives grew increasingly nervous that their companies would be the next victims of digital disruption, McKinsey invested to broaden its offerings. Between 2013 and 2023 it acquired at least 16 specialist technology consultancies, giving it the ability to assist clients not only with their digital strategies, but everything from developing prototypes of new products to building whizzy data-crunching tools.

That points to the final source of the firm's recent expansion, as it has pushed more widely into implementing its own advice. Having counselled a client to spruce up its technology, sharpen its operations or squeeze its suppliers, McKinsey will often now hold their hands through the process. That has meant muscling in on a segment of the consulting market traditionally dominated by Accenture and the "big four" professional-services giants, which charge considerably lower rates, notes Tom Rodenhauser of Kennedy Intelligence. To compete, McKinsey has had to rethink how it charges clients (fees are now often tied to the results of a project) and whom it hires (focusing less on generalists, more on geeks and grizzled executives).



The trouble is that BCG has done much the same thing, but to even greater effect. A former McKinsey heavyweight explains that its closest competitor has been more adept at deploying and retaining specialists. Perhaps it is unsurprising that an organisation of "superior people" has struggled with this. But the consequences have been striking. McKinsey's revenue in 2012 was more than twice BCG's; in 2024 it was only a fifth larger (see chart). BCG's revenue grew by 10% in 2024, five times as fast as McKinsey's (Bain, the smallest of the three, expanded about as quickly as BCG).

BCG has recently faced criticism of its own over its work with the Gaza Humanitarian Foundation, an Israeli-American aid initiative, which reportedly included modelling the cost of relocating Palestinians from the war-torn region. BCG has fired the two partners responsible and disavowed the work, which it says was unauthorised. A tightening of controls will probably follow, which might slow the firm down. But if it doesn't, BCG is on track to become the strategy trio's top dog by revenue in 2027.

And it is not the only competitor looming. As bosses look to AI to transform their businesses, they are asking McKinsey and other consultancies for help. But they are also turning to less conventional partners. Palantir, an analytics firm, offers tools to feed enterprise data into AI models, and embeds its so-called forward-deployed engineers with its clients to get them up and running. Its revenue is still small (just under $3bn in 2024) but is growing at a blistering pace (48%, year on year, in the second quarter of 2025). Although it began by serving governments, it now makes over two-fifths of its revenue from businesses. Its market value has septupled over the past year, to more than $400bn.

Analysts at UBS, a bank, describe Palantir as "McKinsey meets Databricks", alluding to a software firm whose tools also help enterprises connect their data with AI models. That sounds a lot like QuantumBlack, McKinsey's own AI unit and the crown jewel of its digital practice. Other AI companies are taking inspiration from Palantir, too. OpenAI, maker of ChatGPT, has begun offering a consulting-like service to help businesses deploy its models.

Some argue that consulting will always be a sideshow for these firms, which would much rather be valued by investors as software companies. Yet with businesses struggling to take advantage of AI, those developing the technology may conclude that it is necessary to be in the trenches with their clients, not least because it will help with improving their software. In time, this may force McKinsey and its traditional competitors to revert to their role as strategic advisers.

For now, that core business is continuing to grow healthily at McKinsey. Eventually, however, the AI revolution may come for it as well. Strategy projects combine deep cogitation with a good deal of grunt work, notes

Fiona Czerniawska of Source Global Research, another industry watcher. Consultants must comb through spreadsheets and prepare reams of PowerPoint slides in order to make their recommendations look as robust as possible.

Before long a bot may be able to do a good chunk of that; after all, plenty of consultants already sound like one. At first that may be advantageous for McKinsey. Kate Smaje, its technology chief, says that AI will make its teams faster and better. Sooner or later, though, clients may start to wonder why they are paying such enormous sums when much of the work is being done by a technology they could use themselves. McKinsey's corpus of intellectual property, which it has already fed into its own bot, Lilli, might shield it for a time. But AI models are becoming cleverer with startling speed. To survive its second century, let alone thrive, McKinsey will have to be distinctive indeed. ■

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Business | Practising what they preach

Do consultants make good CEOs?

We run the numbers for McKinsey, BCG and Bain

August 7th 2025

There are few more frequent visitors to the executive suites of America's biggest companies than the strategy whisperers at McKinsey, BCG and Bain. It helps that the corner office is often occupied by one of their alumni. Among the chief executives of America's 500 most valuable companies, 36 spent time at one of the three elite consultancies, according to Altrata, a data provider, up from 25 in 2018. Household names from Alphabet and Coca-Cola to Citigroup and Visa are run by former consultants. But are they any good at the top job?

To study the question, we used a list compiled by Altrata of alumni of the strategy trio who have run a company in the S&P 500. We built an index of these firms weighted by market value, and a benchmark that re-weights the S&P 500 to ensure the same mix of industries as for the firms run by ex-consultants.



Since January 2010 companies run by former consultants have generated a cumulative return for shareholders of 677%, including dividends, compared with 584% from our benchmark index (see chart). There have been some notable flops: the tenures of John Donahoe (a former Bainie) at Nike and Laxman Narasimhan (an ex-McKinseyite) at Starbucks were disastrous. But on the whole, the gap in stockmarket performance is meaningful enough to suggest that consulting may have been helpful training for the top job, particularly amid the turmoil of the past few years.

Consulting firms have long claimed to be "CEO factories". Clever graduates are rotated through projects lasting a few weeks to a few months, exposing them to a wide range of business problems, from entering new markets to cutting costs. Most leave after a couple of years of punishing work, with the consultancies often helping them line up their next role.

McKinsey, the biggest of the trio, performed particularly well in our analysis. Not only has it nurtured the largest number of S&P 500 bosses, accounting for 24 of the current lot. Its alumni also did best in the top job, both in absolute terms and relative to their industry mix. That may be a welcome source of comfort for the firm, which has bled market share to its biggest rival, BCG.

This is, of course, not a comprehensive analysis. For a start, figuring out the precise imprint of a chief executive is tricky; other things can drive stock prices. There are all the makings of a promising project for an enterprising, spreadsheet-wielding consultant. ■

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Business | Miles-high club

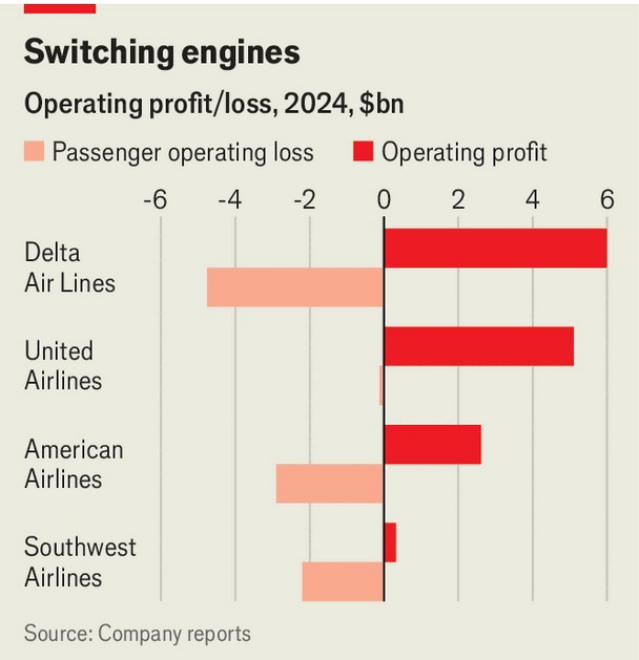
How loyalty programmes are keeping America's airlines aloft

Many carriers now make their money from credit-card deals

August 7th 2025



You might expect America's most valuable airline to earn its keep flying passengers. But you would be mistaken. In the second quarter of the year Delta Air Lines notched up an operating profit of $2.1bn, comfortably ahead of its domestic rivals. Buried in the financial statements, however, was a more revealing figure. Had it relied solely on revenue from passengers, it would have operated at a loss.



Delta is hardly unique in this regard. Last year American, Southwest and United—America's other big airlines—also lost money from flying passengers, even as the four jointly made around $14bn in operating profits (see chart). To be sure, airlines earn revenue from other sources such as cargo. But what keeps them aloft is a vast loyalty business that binds together consumers, airlines and credit-card issuers. In recent years frequent-flyer programmes in America have grown ever larger and more lucrative. How much bigger can they get?

The model is simple: airlines sell miles to card issuers; cardholders earn miles by spending; and those miles are eventually redeemed for travel. Each party benefits. Banks and other financial firms gain loyal customers, travellers enjoy flights and perks, and airlines secure a steady stream of profits. In the quarter from April to June American Express, a credit-card giant, wrote a cheque to Delta for roughly $2.1bn—equivalent to the airline's total operating profit. Citigroup, a bank, paid American about $1.4bn and JPMorgan Chase, another lender, handed some $800m to United. Such transfers, in turn, allow airlines to lower their fares.

When American launched the first mass-market frequent-flyer programme in 1981, the aim was to reward repeat business travellers with free flights and upgrades. The subsequent involvement of card issuers turned these schemes

not just into significant sources of revenue, but also useful tools of corporate finance. Aviation is volatile, subject to fluctuations in fuel prices, business cycles and the demand for premium travel. At the same time, airlines must make long-term capital investments in aircraft and infrastructure. Selling miles to issuers helps manage the mismatch; carriers receive cash upfront and deliver the service later. Because they control the rules of redemption, they can steer passengers towards off-peak flights and unsold seats.

These days the frequent-flyer schemes of America's big airlines command valuations in the tens of billions of dollars, sometimes exceeding the equity value of the company itself. During the pandemic, when airlines faced a collapse in travel and a liquidity crunch, they did not pledge aircraft to raise funds; they borrowed against the future cashflows of these programmes.

The growth of these schemes has been fuelled over the past decade by a proliferation of credit cards dangling ever more lavish travel perks. Delta and American Express now offer no fewer than seven co-branded cards. Entry-level versions earn SkyMiles—Delta's loyalty currency—for every dollar spent; premium tiers come with lounge access, free checked bags and complimentary upgrades. Delta says that roughly 1% of America's GDP is spent through its co-branded cards. Even ones that are not co-branded, such as Chase's Sapphire Reserve and American Express's Platinum cards, are closely tied to air travel. They grant access to exclusive lounges, now fixtures in major American airports, and allow cardholders to convert points into airline miles with a range of carriers.

These cards have been remunerative for financial firms, too. Annual fees are one source of revenue. Chase recently announced that its Sapphire Reserve will cost $795 a year, up by 45% from the year before, and American Express is expected to hike the charge for its Platinum card, currently $695 a year, in the autumn. But the real money comes from the interchange fees collected on transactions. When a consumer uses a credit card to spend $100 at a retailer, for example, roughly $2 flows to the issuer. A little under $1.50 is returned to the customer in rewards or rebates. Total interchange fees amounted to $187bn in America last year, and help explain why the loyalty business has not reached the same altitude elsewhere; in Britain, for instance, they are capped at a rate of 0.3% for credit-card transactions.

How much bigger will America's loyalty nexus get? Over the past eight years both Delta and American have more than doubled the revenue they earn from selling miles to card issuers. United has seen growth of around 70%. Many airlines now award loyalty status based on how much customers spend, rather than how often they fly. Today a customer can reach American's top loyalty tier without ever having stepped on one of its planes. New partnerships are expanding the loyalty networks. Delta has teamed up with Uber to award miles for rides; United lists a growing roster of retail partners offering bonus points for spending with them.

Yet the system is also showing signs of strain. Lounges are overcrowded. Card fees keep climbing. And changes to how loyalty is rewarded have ruffled some flyers' feathers. Then there are the regulatory threats. In June a consortium of carriers successfully lobbied against an amendment to the GENIUS Act, America's new law on stablecoins, that would have capped interchange fees. But the proposal may re-emerge soon enough. Airline bosses will need to keep a close eye on the engine that now keeps their companies flying. ■

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Business | Bartleby

How to greet people at work

Max Flannel, our office agony uncle, answers a bulging postbag on a vital subject

August 7th 2025



Dear Max, At the start of virtual meetings, should I say hello to everyone? It seems to absorb a lot of time, but I don't want to be unfriendly.

Virtual calls put the hell in hello. Every greeting prompts other participants to spend ages unmuting before saying "hello" back. Some people then ask "how is everyone?", forcing everyone to unmute again and say something wildly insightful like "fine". By the time that's over, someone else has joined the call and the whole cycle starts again. Use the rule of three. If there are three or more other people already on the line, just wave.

I am a germophobe and hate shaking hands with people. I pine for the days of the pandemic, when no one touched each other at all. What do you advise?

Your best bet is to wear a mask: there's no more cost-effective way to get people to keep their hands to themselves. You could also ask your employer if you could work from home, or from an iron lung. If that is a step too far, you could do that pandemic-era thing of extending the point of your elbow towards people, and hope they will reciprocate. But what made some sense then looks weird now: like you don't know what those things at the end of your arms are for, or have been in a coma for five years.

I suffer from anxiety over how to greet people, particularly those I know a bit but not well. I spent some time in Japan in my youth, and to avoid deciding whether to hug someone or not, I stop before I get within touching distance and bow. It's amazing how often people will bow back. Is this a sensible strategy?

It depends a bit on whether you are still in Japan. But the pre-emptive greeting is a good tactic wherever you are. Another variant of this approach is to do a lot of performative stuff as you get close to someone: saying hello loudly, waving madly and smiling like an idiot. Stop about two metres short of the other person, well out of range, and if necessary keep waving and saying hello for a bit. If you are in a meeting room, move quickly to the other side of the table as you wave. If you appear to be unhinged but extremely friendly, you will have hit the right mark. No other greeting will be needed.

I don't know how to greet female colleagues I have worked with for years. I could shake hands with them, as I do with other men, but it seems a little formal. Do you have any advice?

This question is one of the ones I get most often, at least from people in America and western Europe. The classic advice is to shake hands with everyone, regardless of how well you know them. It works as a greeting between men, so should work as a greeting between sexes, too. If you want to add a bit of familiarity, use both hands to project extra warmth. Imagine you are a political leader after signing a peace treaty.

But there are times when handshaking feels genuinely awkward: when you see a close colleague socially, for example. My advice in these circumstances is never to be the first mover: wait and see what the other person does and match them. The risk is that you sacrifice some agency, and end up in an unwanted clinch. But at least you didn't start it.

I was recently involved in an unfortunate hugging incident at work. I got my timing and targeting all wrong, and ended up with the other person's ear lobe in my mouth. Where did I go wrong, and what should I have done?

If you do end up at close quarters, remember that an embrace at work is not meant to be an actual embrace, just a faint echo of one. If you are hugging someone, behave as though you are playing that children's game called "Operation". Put your arm around the other person without actually touching any part of their body. Keep your face well away from theirs: unless they have unusually big ear lobes, you should never find yourself in that kind of horrendous situation again.

In a recent cheek-kissing greeting, we did not agree on the number of head movements and I ended up with the other person's nose in my mouth. What should I have done?

You could count down out loud. But I notice that this comes from the same address as the lobe-eater. Since you seem unusually prone to nibbling your colleagues, please just approach everyone with your hand already fully extended for a handshake. You should look like a Dalek. Write in and let me know how you get on. I'll be back with another postbag later in the year. ■

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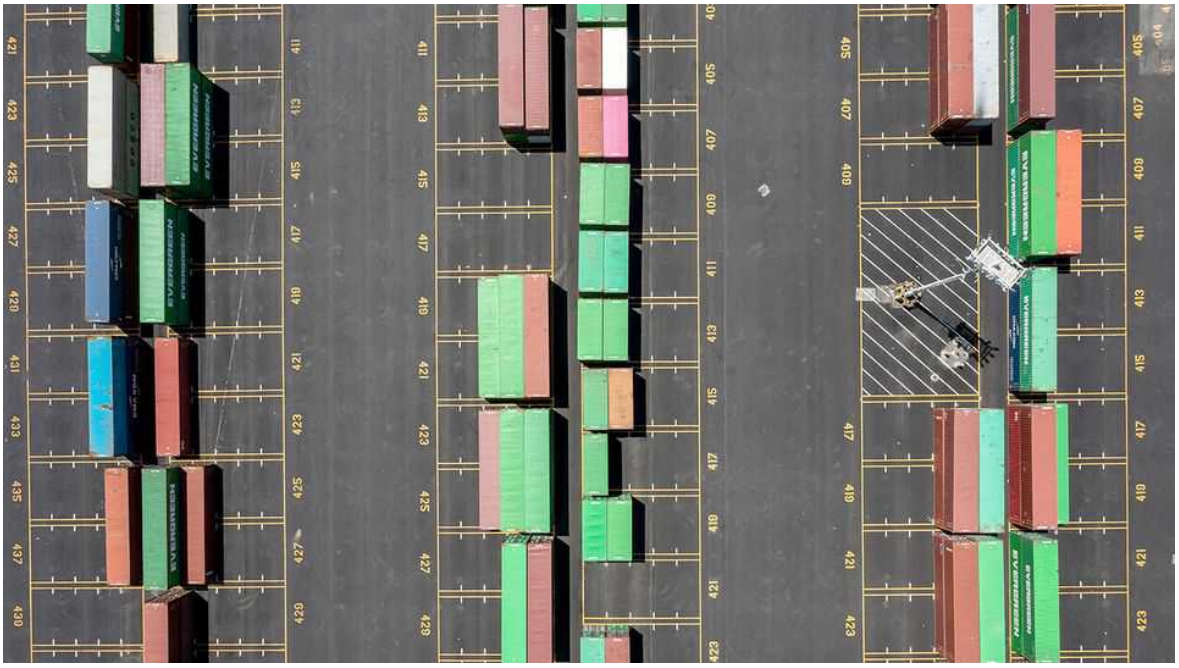
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Business | The noose tightens

American businesses are running out of ways to avoid tariff pain

A big squeeze on profits may be coming

August 7th 2025



CoRPORATE America's profit engine has been remarkably robust over the past few years, even amid stubborn inflation and elevated interest rates. Faced with Donald Trump's assault on global trade, however, it is starting to sputter. Companies from General Motors, a carmaker, to Nike, a sportswear brand, have seen their profits plummet owing to Mr Trump's levies on imports. Goldman Sachs, a bank, reckons that American businesses are absorbing around three-fifths of the cost of the duties.

More bad news came on July 31st, as the president announced a fresh barrage of tariffs on many of America's trading partners, along with new measures to prevent companies from dodging the duties. Bosses, who seem

reluctant to pass the cost of tariffs on to already stretched consumers, are running out of ways to avoid the pain.

Stockpiling has so far helped. American imports of aluminium, steel and cars, for example, rose to an annualised $400bn in the first quarter of the year, well above trend, as companies raced to get ahead of new duties. Eventually, however, this inventory will be depleted. And holding it comes at a cost. Mattel, maker of Barbies, saw its free cashflow in the second quarter fall by around a fifth, year on year, as it stocked up.

Companies have also been tinkering with their supply chains. The boss of GE Healthcare, a maker of medical equipment, recently noted that his firm manufactures ultrasound probes in four locations around the world, and can choose where it ships to America from based on whichever has the most favourable tariff rate. The company will also begin making an orthopaedic product in Utah that it previously produced only in China. General Motors is similarly planning to increase car production at an underutilised factory in Indiana, hiring temporary workers to man the shifts. Yet for many companies, building more manufacturing capacity in America is likely to take years. Mr Trump's volatile policymaking has also sapped many bosses of the confidence needed to make big changes to their production footprints.

Then there are the craftier tactics to soften the blow from higher tariffs. Firms have been poring over the Harmonised Tariff Schedule (HTS), a 4,439-page rulebook on customs duties, searching for ways to reclassify where goods come from, how they are made and what they are used for in order to secure lower levies. Requests for rulings by America's customs agency have surged this year. Take Dermasil, a facial cleanser made with ingredients from various countries which are blended in Malaysia or Vietnam, then sent to China for bottling, before being shipped to America. In June Dermasil's maker successfully petitioned to allow the cleanser to be labelled as a product of Malaysia or Vietnam, rather than China, thus lowering the applicable tariff. Wagner Spray Tech, a purveyor of paint sprayers, likewise successfully protested the classification of heat guns it imports into America.

Some attempted workarounds have been particularly creative. The Nairobi Protocol, a trade agreement from the 1950s, allows importers to bring in

goods used by handicapped people duty-free. Already this year more companies have applied for dispensation under the protocol than in all of 2024. One importer attempted to use the rule to bring in steel handrails from Taiwan that aid in getting out of beds and baths; another sought an exemption for bowls and spoons for feeding babies. Neither was successful.

The Trump administration seems eager to clamp down on such manoeuvres. It has said that it plans to modify parts of the HTS, leaving companies with less wriggle room. It is also introducing an additional 40% duty on products that use “circumvention schemes” to enter America via third countries with lower duties, which it plans to watch closely. For American businesses, there are ever fewer places to hide from the president’s punitive tariffs. ■

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Business | Hostage situation

The Elon Musk theory of pay

The worse Tesla performs, the more its boss ought to earn

August 7th 2025



Delaware's chancery court stands between Elon Musk and investors willingly offering him a fortune. In 2018, when Tesla was worth around $50bn, the carmaker's shareholders approved a plan to link Mr Musk's pay to the value of the company. By January 2024, when the court ruled that the pay package was illegal, the carmaker and Mr Musk's stock options were worth more than $600bn and $50bn respectively. Tesla's board of directors had not been transparent about how Mr Musk's pay was set, the judge said. That summer Tesla's shareholders voted to reincorporate the company in Texas and reapprove the compensation package. The court killed it again in winter.

On August 3rd Tesla's board handed Mr Musk an insurance policy. If his old package is not revived, he can cash in new options worth $24bn. That's much less than his original award but still the largest pay cheque in history, and more than Tesla's net profit during the past two years. "It's not a money thing," Mr Musk has said. Nor is it about giving the finger to judges in Delaware (though the exodus of companies from the state has quickened since Tesla left). Instead, it is about control.

Under the new deal, Mr Musk's stake in the company will rise from 13% to 15%. The 2018 package entitled him to 20%. Mr Musk has said he wants 25% if he is to advance Tesla's artificial-intelligence (AI) and robotics capabilities—enough control, he thinks, to prevent him being ousted by an activist investor. Put differently, Mr Musk fears someone doing to Tesla what he did to Twitter, the social network now called X, which he bought in 2022.

It is one thing for shareholders to tolerate the continued control of someone who built a firm, as they do when investing in Warren Buffett's Berkshire Hathaway or Mark Zuckerberg's Meta (both companies have dual-class share structures). It is quite another for them to hand over power willingly. Where does Mr Musk's Svengali-like sway over investors come from?

Economists disagree about whether huge compensation packages in corporate America reflect a competitive market for scarce executive talent or extraction of rents by bosses courtesy of weak boards. Mr Musk is certainly a rare talent. But his latest pay package supports the second, more cynical, view of executive pay.

Whereas many bosses can negotiate a raise by threatening to walk across the street to a competitor, Mr Musk needs only to change tabs on his computer screen. His investment in Tesla makes up less than half of his astronomical paper wealth. Mr Musk holds large stakes in SpaceX, a rocket company, xAI, an AI startup, which he has merged with X, and various other enterprises. The boundaries between these businesses are blurring. In June SpaceX invested $2bn in xAI. Tesla's investors will vote on a similar deal later this year. Mr Musk's time is not the only resource firms compete for in this internal market: Nvidia chips ordered by Tesla were recently diverted to xAI.

If shareholders assume Mr Musk will allocate attention to the firm where he has the most to gain, it may be rational for them to submit to his demands for more control. The stakes are particularly high at Tesla because the electric-vehicle (EV) manufacturer is performing poorly. It is losing ground to cheaper Chinese competitors and suffering from the reputational carnage wrought by Mr Musk's foray into politics. Its valuation is supported not by fundamentals, but Mr Musk's futurism, including his promises of fleets of self-driving taxis and legions of humanoid robots. By tanking Tesla, Mr Musk has made it even more dependent on his pixie dust. The worse the carmaker performs, the more its mercurial boss ought to be paid.

No other chief executive benefits from such topsy-turvy incentives. But Mr Musk will not be the last boss to claim that AI is too important a technology to risk losing command over it in a battle for corporate control, and that the usual rules of corporate governance must be suspended. After all, every king tries to limit his parliament's powers when going to war. ■

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Business | Confirming destination

Uber is readying itself for the driverless age—again

The ride-hailing giant strikes a flurry of deals

August 7th 2025



“Always be hustlin’, ” was the credo of Travis Kalanick, co-founder and former boss of Uber. That mindset helped turn the company into the world’s largest ride-hailing platform, with operations in more than 70 countries and 10,000 cities. Its name has now become a commonly used verb. But while Uber hustled, investors had to be patient. Although founded 16 years ago, it first turned an annual operating profit only in 2023. Disrupting personal transport while fighting legal battles over flouted regulations and weathering sexual-harassment scandals proved tremendously costly.

Shareholders are at least reaping the rewards. After posting an operating profit of $2.8bn in 2024, Uber’s results for the second quarter of 2025,

unveiled on August 6th, put it on course for an even better year. To the delight of investors, the company also announced that it would buy back $20bn-worth of shares. Yet most analysts on the earnings call with Dara Khosrowshahi, Uber's current chief executive, were more concerned with what he had to say about a topic his predecessor, Mr Kalanick, once described as an "existential threat" to the company: driverless cars.

Mr Khosrowshahi concedes that the commercialisation of robotaxis is still in the "very, very early" stages. Perhaps 1,500 of them operate in America and around 2,000 in China, the two biggest markets, with a handful elsewhere in the world. But those numbers could surge; Goldman Sachs, a bank, reckons 35,000 may be on the road in America alone by 2030. Uber's boss is clear that his company wants to be in the (vacant) driving seat.

During Mr Kalanick's reign Uber began to develop self-driving technology in-house. It reportedly sank some $3bn into the project before deeming it too difficult and risky after one of its vehicles hit and killed a pedestrian, in what was the first death caused by a self-driving car. It sold the unit in 2020 to Aurora, a startup focused on autonomous lorries.

Now, as other companies begin to master the technology, Uber's new strategy is to make deals with as many of them as possible. It offers them an immediate way to access passengers at scale by allowing customers to book robotaxi rides through the Uber app. Its partners so far include Volkswagen, a carmaker that will start offering a robotaxi service in Los Angeles next year; WeRide, a Chinese startup that will collaborate with Uber in 15 cities worldwide over the next five years; and Apollo Go, the autonomous-vehicle (av) arm of Baidu, a Chinese tech giant, which offers trips in Asia and the Middle East and hopes to do so in Europe.

Uber has also been putting capital to work. Last year it invested an undisclosed sum in Wayve, a British av startup, and in June announced that together they would begin trialling robotaxi rides in London next year. Reports have also emerged that Uber may help Mr Kalanick finance a deal to buy the American operations of Pony.ai, another Chinese av firm with which it already has a deal to deploy robotaxis in the Middle East.

To get a better understanding of a business that may be critical to its future, Uber, supposedly an "asset-light" company, is also purchasing self-driving cars of its own. In July it signed a deal with Lucid, an electric-vehicle maker, and Nuro, one more av startup, to supply the ride-hailing company with 20,000 robotaxis over the next six years, in an effort to "prove out the economics" of operating such fleets, in the words of Mr Khosrowshahi.

Uber's relationship with Waymo, the self-driving unit of Alphabet, may prove the most consequential. Waymo, which operates in five cities and has a dozen more in its sights, is the clear robotaxi leader in America. Rides can be booked on its own app, but also on Uber's in Atlanta and Austin. Uber hopes the partnership will grow, but Alphabet may conclude that Waymo has enough name recognition to go it alone. As it expands its services across America and beyond, it may start to pose a problem for Uber.

The wildcard in all this is Elon Musk. The serial entrepreneur improbably claims that the robotaxis developed by Tesla, his carmaker, which have so far been deployed in only one small pilot in Austin, will be available to half the American population by the end of the year. Many analysts doubt the robustness of Tesla's self-driving technology, and Mr Musk's expectation that owners of the company's cars will put them to work as robotaxis. Still, Mr Musk has defied his doubters plenty of times before. Mr Khosrowshahi also wants Tesla on Uber's platform, but thinks that Mr Musk will go it alone.

The road to widespread adoption of robotaxis may yet be a long one. Getting the technology and business model right is only part of the challenge. Regulators in many countries still have reservations. Consumers, too, will need to be convinced. Nonetheless, Uber will keep hustling to ensure it is the platform of choice when the robotaxi future eventually arrives. ■

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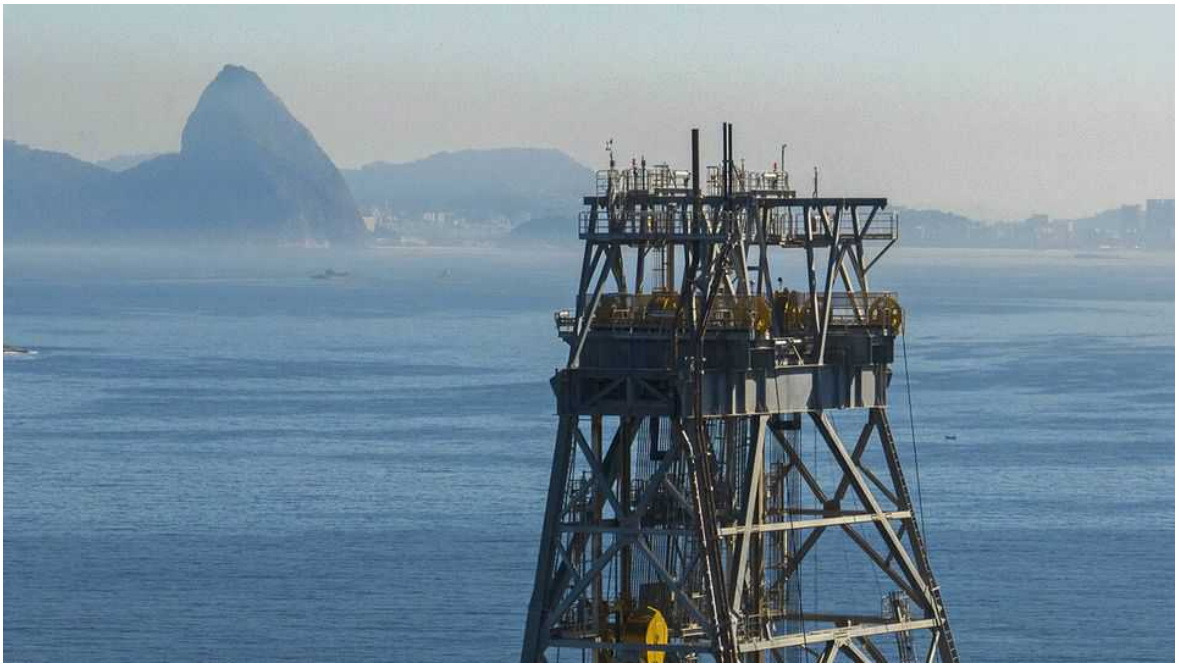
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Business | Crude awakening

South America is fast becoming the world's hottest oil patch

BP's big new discovery in Brazil adds to the excitement

August 7th 2025



It was a rare day of good news for Britain's beleaguered oil giant. On August 5th BP not only announced a quarterly profit of $2.4bn on its preferred measure, a third higher than analysts had expected. It also unveiled an enormous oil discovery, dubbed Bumerangue, some 400km off the coast of Rio de Janeiro. It is the company's largest find in 25 years.

BP is not the only driller betting big on South America, which last year produced around two-fifths as much crude oil as North America. It is the world's fastest-growing region for oil and gas, says Mark Oberstoetter of Wood Mackenzie, an energy consultancy. By 2030 production is forecast to

increase by roughly a third, compared with around a quarter in the Middle East and a tenth in North America.

Three South American countries stand out. The first is Brazil. Rystad Energy, another consultancy, forecasts that crude production there will surge by 10% this year, to above 3.7m barrels per day (b/d). Analysts view the Bumerangue discovery as a positive sign for the country's oil prospects more generally. Equinor, Norway's national oil company, owns two sites nearby. The find should also boost interest in an auction for oil rights to be held in October. Oil giants including Chevron, Shell and TotalEnergies all have growing operations in the country. Petrobras, Brazil's state-owned oil giant, is also investing to expand exploration and production.

Guyana, with a population of less than 1m, has emerged as another hotspot in South America. Rystad expects oil production there to increase by 12% this year, to around 690,000 b/d, rising to some 1.2m b/d by 2030. Stabroek Block, a gargantuan oil field some 200km off the coast of Georgetown, Guyana's capital, was the cause of a recent spat between America's two largest oil companies. Chevron's acquisition of Hess, a smaller American rival with a stake in the project, was initially blocked by ExxonMobil, which also owns part of Stabroek Block. After lengthy wrangling, an arbitration court in Paris ruled last month that Chevron could proceed with its acquisition.

Then there is Argentina. Its oil sector, which had long been held back by overbearing governments, is now roaring to life under President Javier Milei. Fuelling the boom is Vaca Muerta ("dead cow" in Spanish), a shale region in the west of the country. Oil production there leapt by 26%, year on year, in the first quarter of 2025. Its prospects are helped by a big pipeline project, due to start in 2027, that will eventually transport some 700,000 b/d of oil to the Atlantic coast to be exported.

America's shale revolution, which took off in the early 2010s, turned it into the world's largest oil producer. But the country's shale fields are now ageing. The next chapter in the growth of the global oil industry may take place to its south. ■

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Business | Schumpeter

McDonald’s secret sauce—plus a pickle or two

Hearty quarterly results conceal a dual challenge for the burger behemoth

August 7th 2025



THE success of the Golden Arches rests on three simple, sturdy foundations: a menu of reliably decent grub, at a decent price, shored up by catchy marketing. Ever since it went public in 1965, McDonald’s has done best whenever it stuck to this original blueprint. When one or more of these pillars crumbles, the fast-food fortress looks shaky. A quarter of a century ago this led to a near-collapse. Overly rapid expansion in the number of outlets and, at the same time, of products on offer made it harder for burger-flippers to keep up, hurting reliability. A price war with Burger King turned downright indecent. And the ads were stale, too. The result was acid reflux for investors. Between late 1999 and early 2003 the company shed two-thirds of its market value.

The wobble in the first six months of 2024 was mild by comparison. But it still made investors nauseous. McDonald's shares lost 16% of their value between January and July, their worst half-yearly run since the global financial crisis of 2007-09. This time the wonky pillar was affordability, especially in America. Post-pandemic inflation had pushed average McDonald's prices up by 40% from 2019. Videos of $18 Big Mac combos went viral. The company's own forgettable marketing efforts did not.

Realising its mistake, in July 2024 McDonald's launched a $5 meal deal, comprising a burger, fries, nuggets and a fizzy drink. In January it packaged this together with a "buy one, add one for $1" offer and digital-only promotions in its app, which it called the McValue menu. McValue's memorable face is John Cena, a beefy wrestler turned Hollywood superstar. In another marketing coup, in March and April diners ate up Minecraft Movie Meals, promoted in collaboration with the video-game-inspired blockbuster, so fast that the included collectibles ran out a fortnight into the weeks-long campaign. A food-safety snafu affecting outlets in 14 states in October proved mercifully short-lived.

All this has worked a treat. On August 6th McDonald's unveiled hearty results for the second quarter. Revenue, derived primarily from the licence fees, royalties and rents which franchise operators hand over to headquarters in Chicago, rose by 5%, year on year, to $6.8bn. The preferred industry measure of same-store sales increased by 3.8% globally and 2.5% in America, a big improvement on four consecutive quarters of no growth or worse. McDonald's operating margin, already the industry's envy, topped 47% for only the fourth time in the company's history.

Investors are lovin' it, sending McDonald's market value up by 3% after the earnings announcement, to $221bn. They are certainly preferrin' it to its fast-food rivals. The day before, Yum! Brands, which owns KFC, Pizza Hut and Taco Bell, saw its stock slip after its latest results came in less than finger-lickin' good. Those of Shake Shack and Chipotle, slightly fancier "fast-casual" chains, crashed by a fifth in the past month after each reported fewer takers for their burgers and burritos as middle-class American diners stayed away amid mounting uncertainty over the health of the world's biggest economy.

As the earlier meagre quarters showed, McDonald's is not unshakeable. But aspects of its business model do allow it to withstand recent shocks better than its competitors.

Take tariffs, which President Donald Trump is slapping on trading partners left and right. Given that America imports lots of food, from Brazilian beef to Colombian coffee, these levies are bound to raise restaurants' costs. In the case of Chipotle, which runs all its own outlets, or Shake Shack, which operates 329 of its 579 eateries, tariffs result in a direct hit to the bottom line. For McDonald's, these costs are borne by franchisees, who manage 95% of its 13,500 American stores (and a similar share of its 30,000 or so foreign outposts).

Since their payments to McDonald's are a function of sales rather than profits, franchise operators' margins can shrink without necessarily hurting the brand owner's earnings. JPMorgan Chase, a bank, calculates that it would take cost inflation of 7.5% for McDonald's to feel any hit to net profit, and then only of about 1%. A cost increase of just 2.5% would dent Chipotle's net profit by 4% and Shake Shack's by 9%.

For less global rivals the tariff pain is compounded by a weaker dollar, the result of Mr Trump's chaotic economic stewardship, which makes imports dearer still. McDonald's, by contrast, peddles burgers in over 100 countries and earns 60% of its revenues in other currencies, compared with 43% for Yum! Brands, 3% for Shake Shack and 2% for Chipotle. A softer greenback boosts the dollar value of these foreign sales.

Yummy, indeed. Still, as investors digest the good news, they should consider two potential snags. First, McDonald's frugal menu disproportionately attracts lower-income consumers. These diners, as the company's chief executive, Chris Kempczinski, admitted on the latest earnings call, continue to feel "a lot of anxiety and unease". Rather than eat out, some are opting for groceries, notes Dennis Geiger of UBS, a bank. Diners with fatter wallets may prefer rival joints such as Chili's, which offers a starter, main and drink for $10.99—and has waiters. McDonald's risks ending up too pricey for the poor and not posh enough for the less so.

Keeping prices in check is, then, vital. Yet so is keeping franchisees happy. These two imperatives are in tension. Franchise operators are permitted to set their own prices—which explains why a Big Mac will set you back $4.36 (the same in today's dollars as the 45 cents the first one cost in 1967) in Austin but $7.06 in Seattle. Urging them to flog McValue menus may squeeze them to breaking point, especially as their costs balloon. McDonald's may be in a sweet spot right now. But this doesn't mean things can't sour. ■

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Finance & economics

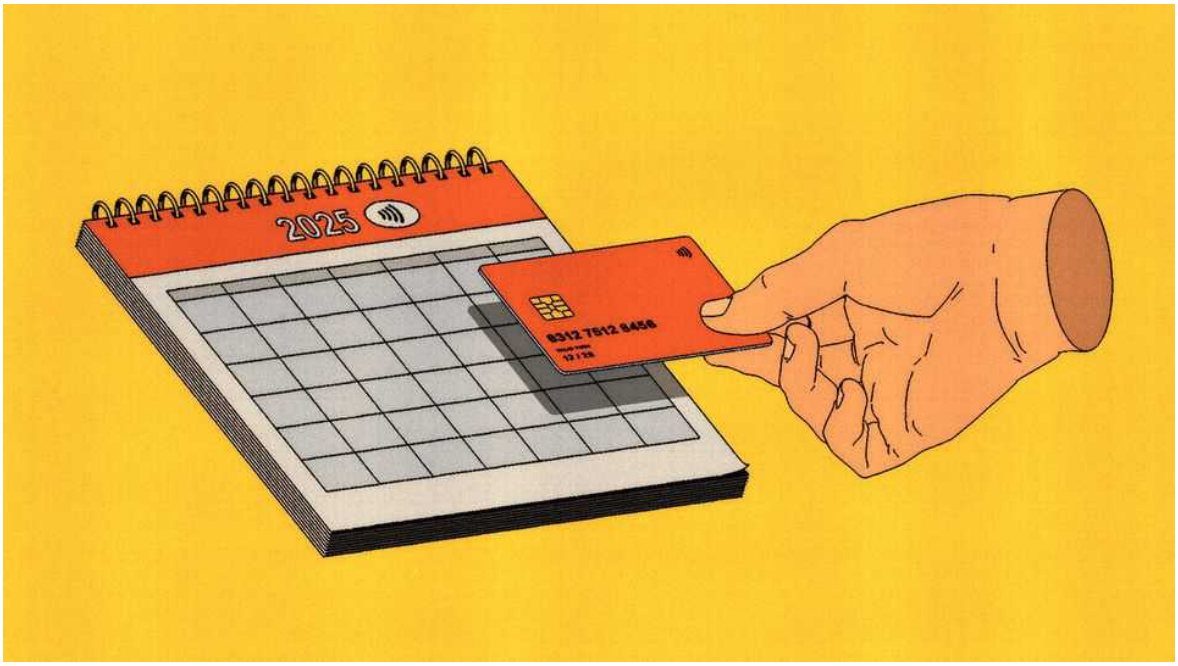
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Finance & economics | Giving credit

Buy now, pay later is taking over the world. Good

Buy that burrito, and don't let anyone judge you

August 7th 2025



BURRITOS ORDERED online, tickets to Coachella and Botox injections. These are not just must-haves for some American consumers—they can now all be bought using buy-now, pay-later financing.

Such purchases are often the subject of derision. Paying for lunch in instalments is, to some, consumerism at its most ludicrous. Others see something darker: lending that skirts the edge of mainstream finance, preying on precarious borrowers.

Neither mockery nor anxiety have dented the industry's growth, however. Worldpay, a payments firm, suggests that BNPL accounted for $342bn in spending around the world last year, up from just over $2bn a decade earlier.

Older financial firms, such as JPMorgan Chase and PayPal, have entered the market, just as BNPL companies are taking on tasks that were previously left to banks. The opportunity for BNPL in business-to-business loans—a fragmented, old-school market—may be even larger than that for consumers. And a new market is emerging for portfolios of BNPL debt, which are securitised and bought up, often by asset managers.

The idea of a loan at the point of sale is an old one. In 1856 Isaac Singer and Edward Clark, an entrepreneurial duo, began selling sewing machines in instalments, with great success. The modern industry operates in a similar manner. When a customer buys a product for $100, they can pay in stages. The BNPL lender—perhaps Klarna, a Swedish company, or Affirm, a large American provider—pays the merchant upfront, in exchange for a cut of, say, $3. This is attractive to retailers, since it boosts sales. Customers with access to loans spend at least 20% more than those without access, even as the sticker price stays the same. The customer pays back the sum over time, often six weeks, in four instalments and with zero interest.



Despite the industry's recent success, there is reason to think it is still in the foothills. Fewer than 2% of Bank of America customers born before 1965 have an outstanding BNPL payment, compared with 10% of the bank's millennial and Generation Z clients. As younger cohorts come to account for

more consumer spending, the market should grow. In countries where BNPL has been around longer, it contributes to more sales: over one in five of those made online in Sweden, against less than one in sixteen in America. Local and regional firms are popping up to offer the service: Addi in Colombia, Atome in Singapore, Tamara in Saudi Arabia.

As the industry grows, the borders between BNPL and mainstream finance are blurring. Klarna, an early mover, has been a bank in Europe since 2017. Sebastian Siemiatkowski, the company's co-founder and boss, says he wants it to become a digital financial assistant enabled by artificial intelligence. Affirm launched a debit card two years ago, and has seen uptake soar of late: the firm now reports almost 2m cardholders. Customers can use the cards in shops, either to pay in full or in instalments, bringing a financing method synonymous with e-commerce into the real world. In the past two years, both the BNPL giants have been integrated into Apple's and Google's digital wallets.

Established financial firms are moving in the opposite direction. PayPal began offering BNPL services in 2020, capitalising on its strong relationships with merchants. Last year the payments giant processed $33bn in BNPL spending, an amount it says is growing at about 20% a year. Several banks now allow customers to split larger payments into smaller chunks after purchases. And Klarna's recent deals with firms such as Adyen, JPMorgan Payments and Stripe mean that its services are now provided to millions of merchants.

Several fast-growing startups hope to disrupt trade credit, a vast market in which suppliers lend money to firms that buy their products. American companies alone report about $4.9trn in trade payables, money owed to other firms for supplies purchased on credit. The market is about four times the size of the $1.2trn in balances on American credit cards. It is also antiquated and ripe for innovation. Suppliers doing the lending are forced to manually assess whether each of their clients is creditworthy, with little information to go on, and chase buyers for payments.

Matthias Knecht, co-founder of Billie, a firm specialising in business-to-business BNPL loans, suggests that such lending is roughly 15 years behind the consumer market. Richard Thornton, co-founder of Hokodo, another

startup, believes that the potential impact on business spending is greater than with consumers, because of the limited alternatives available to young firms. He says that when small companies gain access to BNPL, shopping baskets grow by around 40% on average.

For BNPL providers, expanding as fast as possible means keeping a light balance-sheet. The idea of burrito-securitised bonds may be the subject of mockery, but the relatively opaque market for BNPL portfolios is booming. Asset managers and private investment firms that are snapping up the debt believe they have found an appetising asset class in which underlying assets mature quickly. In October, Elliott Advisors, a British affiliate of a mammoth hedge fund, purchased Klarna's $39bn British loan portfolio. In 2023 KKR, a private-markets giant, agreed to buy as much as $44bn in BNPL debt from PayPal. Affirm has issued around $12bn in asset-backed securities. One BNPL insider calls the market "a feeding frenzy", where there is not enough debt to satisfy demand.

Some difficult questions linger over the industry, which has ballooned over the past decade—a period without a prolonged downturn. Chief among them is whether it is facilitating risky borrowing by consumers living beyond their means.

BNPL customers undoubtedly have lower incomes than those using credit cards. And there have been worrying snippets of news. Klarna's consumer-credit losses rose by 17% year-on-year in the first quarter of this year. Research by the Federal Reserve suggests that the share of BNPL users who have made a late payment climbed from 15% in 2021 to 24% in 2024.

All the same, default rates remain lower than for other forms of consumer credit. The Consumer Financial Protection Bureau (CFPB), a regulator, notes that default rates for BNPL loans were 2% from 2019 to 2022, against 10% for credit-card debt held by similar borrowers. Although Klarna's credit losses have grown in the past year, so have its balances. The firm's overall default rate is lower than the industry norm.

Could a growing pile of distressed consumer debt be hidden from view, beyond the sight of banks and policymakers? Some lenders worry about loan-stacking (borrowing from many sources at once). Such behaviour can

cause a downwards spiral, with consumers taking on more and more loans in order to pay off earlier ones. Yet other research by the CFPB offers reassurance. It finds that measures of financial distress—such as revolving debt on credit cards or extra charges on credit-card loans—do not rise after BNPL use. Nor are BNPL users more likely to borrow from other sources in the 18 months after agreeing to pay for something in instalments.

In June, FICO, America's main provider of consumer-credit scores, announced it would begin providing scores based on borrowers' BNPL histories. Julie May, an executive at FICO, notes a surprising finding from its year-long study with data from Affirm: for the most frequent borrowers, credit scores were improved or unchanged when BNPL loans are included. Research in Scandinavia finds similarly positive results. Christine Laudenbach of Goethe University Frankfurt and co-authors recently looked at 1m loan applications to an unnamed Nordic bank that makes use of BNPL data. Clients with a history of BNPL use, as well as a strong repayment history, were able to borrow at an average interest rate of 1.4 percentage points below the level suggested by their credit ratings.

The final verdict on BNPL will come only in a severe downturn. But although its users are young, and many are new to borrowing, there are reasons for optimism. As this new form of finance becomes increasingly mainstream, it looks safer and more useful than its critics argue. Buy that burrito, and don't let anyone judge you. ■

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Finance & economics | Baby slump

America’s fertility crash reaches a new low

Even once-fecund states are having fewer children

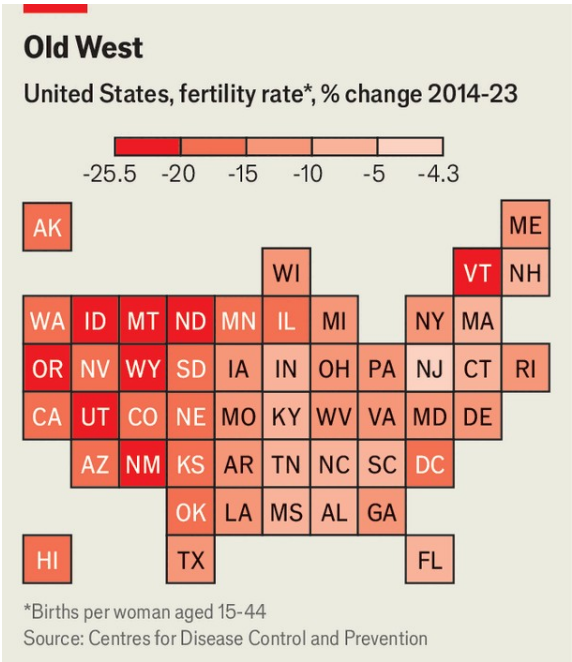
August 7th 2025



When a woman of child-bearing age in Salt Lake City was growing up, her parents were typically religious, had married before they turned 25 and would go on to stay together. Her life today is similar: Utah is even more religious; more children grow up in two-parent households than anywhere else in America. There is just one difference. Today’s mother would have grown up as one of three siblings, yet she has fewer than two children herself.

In 1960 America’s total fertility rate, or the average number of children a woman could be expected to have, was 3.6. By 2022 it had fallen to 1.7. Recent data released by the Centres for Disease Control and Prevention

(CDC), an official body, show a further drop since then, to just under 1.6—the lowest rate on record. Women in every state are having fewer children.



Inspect the distribution of births, and a revealing patchwork of plateaus and plunges emerges. In recent years, birth rates have dropped only slightly in places where they have long been low. Four of the five least fertile states in 2014, including Connecticut and Massachusetts, have seen their rates decrease by less than the national average. It is in states that have been historically the most fertile where the fall has been precipitous; Alaska, North Dakota and Utah have seen some of the steepest declines. All told, states that had above average fertility rates in 2014 are responsible for more than 80% of the collapse in American birth rates over the past decade.

The latest stage in America's long-running fertility crash presents a challenge for pro-natalist policymakers and researchers. They have long focused their attention on states with low fertility rates, which are often urban and educated. For instance, Lyman Stone, an economist who has advised the Trump administration, has urged other states to follow "the Utah way". In his view, relatively few women in the state want to delay childbirth for a professional career, and its high levels of religiosity increase family stability. Indeed, the White House is now said to be considering reserving college places for couples who put their education on hold to have children.

Troublingly for such policymakers, the recent fall in birth rates is concentrated in rural parts of the country and places where people tend to have less education. Although Utah has plenty of worshippers, they are having fewer children. Pro-natalist types often argue in favour of supplying homes with space for big families; now, even in places with abundant space, birth rates are dropping. This mainly reflects changing behaviour among young women, who are having fewer unplanned births. Whereas in 2005 most women in Utah had their first child before the age of 25, today fewer than one in four do.

Policymakers looking to prompt more births have few tools at their disposal. America's fertility rate dropped firmly below 2.1—the level required to keep the population stable without immigration—almost two decades ago. In the years since, few convincing explanations for the trend have emerged. The CDC's recent data have therefore alarmed researchers and the White House. Both worry that the lower birth rates fall, the lower the chance they will ever recover. In their search for a fix for America's falling birth rate, they may have to start looking in new places. ■

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Finance & economics | Sweet and sour

If America goes after India's oil trade, China will benefit

A crackdown on Russian crude would have knock-on consequences

August 7th 2025



WHEN WESTERN countries began boycotting Russian oil in 2022, India saw an opportunity. Some 2.6m barrels a day (b/d) of crude once destined for Europe were available—at a sweet discount. India, which bought next to no oil from Russia in 2021, pounced. It has remained one of Russia's biggest customers ever since. Today it imports nearly 2m b/d of Russian "sour", heavy crude, representing 35-40% of its crude imports. This reduces India's import bill at a time when the world's fastest-growing big economy burns ever more petroleum. Local refiners make a killing by processing the stuff into fuels that they then export at full cost.

For three years Ukraine's allies did not object, and the strategy looked savvy. Now it is in jeopardy. Irked that Vladimir Putin is making no effort to end his campaign in Ukraine, on August 6th President Donald Trump slapped an extra 25% tariff on India, which he accuses of funding Russia's "war machine". A bill vowing levies of up to 500% on countries that buy Russian oil is making its way through Congress. Meanwhile, the European Union's 18th package of sanctions is due to ban refined products made from Russian crude in January.

The tariffs will hurt but the bans lack bite. Indian refineries—other than those backed by Rosneft, a Russian oil giant—source most crude from outside Russia; they can argue their products are not made from Russian stuff even if there is some in the blend. That makes the EU measure hard to enforce. Mr Trump's hope is to bring down Russia's oil revenues in order to force Mr Putin to halt his offensive. Preventing Russian oil from reaching foreign markets, however, could push up global prices, and thus be politically uncomfortable for America's president, which might explain why the market remains calm.

There is still potential for a storm. Unlike China, which imports 2m b/d from Russia, India does not have a history of defying American sanctions. When Uncle Sam pledged to penalise anyone buying Iranian oil during Mr Trump's first term, India swiftly complied. This time the White House is "serious about pressuring India to go to zero", says a source familiar with its thinking. Placid markets may embolden Mr Trump. He could supplement his tariffs with threats that any bank, port or firm facilitating Russian sales will be cut off from American finance.

What if he did? First, India would race to find new supplies. Its refiners have already cut Russian orders by 40-50%, estimates a trader. In theory, Middle Eastern countries, which have 3.5m b/d in spare capacity, could provide additional help, along with producers from Africa and elsewhere. In practice, a lot of Gulf supply is already committed to East Asia through long-term contracts, and much is a lighter type than the "Urals" for which Indian refiners would be looking. Russia, meanwhile, would struggle for buyers. Chinese refiners could absorb more oil: the country's leaders have shown they can retaliate successfully against Mr Trump's tariffs, making

them less vulnerable, but they also do not want to end up reliant on any single supplier.

Such analysis dictates that, were America to insist on immediate compliance, global oil prices would jump, perhaps to over $80 a barrel. Mr Trump could not countenance that for long. Very soon he might introduce waivers phasing in the restrictions over six months, allowing markets to adjust—a repeat of 2018-19, when soaring prices in the wake of Mr Trump's sanctions against Iran forced America's president to soften his approach. An oil glut is expected early next year, which might accommodate tough-but-phased-in Russian sanctions.

Given enough time, India would probably manage to replace most of its current Russian supply, albeit at a higher cost (Urals crude currently trades at a $5-10 discount to comparable grades). The margins of Indian refiners would be crushed. As they retreated from the market, the winners would be their Chinese rivals, which have been restocking fast in recent months, giving them plenty of firepower. Being less exposed to American sanctions, they would also continue to buy Russian crude—at a growing discount. ■

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Finance & economics | One-thousand-year vision

Xi Jinping’s city of the future is coming to life

It is both impressive and worrying

August 7th 2025



Xiongan, China’s “city of the future” and a pet project of Xi Jinping, the country’s supreme leader, has become a byword for costly vanity projects. Central-government and provincial planners have spent at least 835bn yuan ($116bn) on the city since 2017, when they broke ground in what had been marshy farmland 125km south of Beijing. It has been touted as a solution to China’s urban maladies, with residents promised short commutes through leafy parks instead of cough-inducing traffic jams. The city is part, officials say, of a “one-thousand-year plan” in civilisation-building. A book about Xiongan from a state publisher lists its creation alongside the works of mythical emperors who supposedly lived 5,000 years ago.

Critics have pointed out that rather than showcasing China's smart-city technology and ecological friendliness, as is the intention, Xiongan has looked more like the country's greatest ghost town. In 2023 reports, including one in this newspaper, noted that it was a large building site with few signs of inhabitation.

Now, however, the area is changing fast. A discernible city centre has appeared. On a recent humid summer evening a handful of people strolled among impressive buildings housing the local government and a mesmerising data centre resembling a giant eyeball. Xiongan's business districts are starting to add companies. At the end of last year, China Satellite Network Group became the first state-owned firm to officially relocate from Beijing. China Huaneng, a state energy giant, is following its lead. A handful of other state companies are slated to make the move soon.

What until recently resembled a ghost town is therefore filling with residents, who are attracting services in their wake. A handful of China's leading hospitals have opened branches. So have well-known high schools. Local universities are adding to their student bodies. By early 2024 more than 100,000 students had been relocated from campuses in Beijing, as part of a continuing process. There are said to be 15,000 or so new students this year. All told, by the end of last year official statistics put the city's population at around 1.4m.

As people move in, the real policy experiments are getting under way. Xiongan's planners are indeed taking aim at some of China's stickiest problems. One trial involves the hukou, China's residency system that manages population growth (and excludes rural migrants from urban public schools and other benefits). Rapid population growth is not Xiongan's goal. In fact, city officials want to keep the population below 5m in 2035, to avoid sprawl. To this end, they have created a merit-based residency system that takes into account an applicant's educational level, skills, employment experience and tax contributions. Most permits will be allocated to staff at the largest state firms, students at the best universities and high-skilled workers in industries such as artificial intelligence, biotech and fintech. For those who do not qualify for the local hukou, the city will also run a parallel system resembling America's green-card lottery. Card-holders will get some

of the local benefits and free public transport, but these rights will expire after five years.

Those who make it into Xiongan will benefit from a new pension scheme. China lacks a strong safety-net; its pensions system faces shortfalls across much of the country. In February the city's local government announced that it would require companies to enrol all employees in state pensions and "enterprise annuities", contributed to by both firms and employees. It is the first regional government in China to push employers to pay into their workers' retirement funds. This will be an incentive for anyone contemplating a post in the city. Staff relocating from Beijing will be able to retain pension benefits they had in the capital—another perk in a country where holding on to pensions when moving between regions is difficult.

The city's residents may also avoid the booms and busts of China's property market, which is in crisis. Not everybody can buy a home in the area. Prospective buyers must be among a group of talented workers holding either a Beijing or Xiongan hukou or a green card. Those who have paid into the local social-security system for at least five years can also buy. But nobody can own a property elsewhere in the country—a clear disincentive to speculators who hoard flats. Homes are distributed through a lottery system, which workers must get permission from their bosses to enter. These measures will hold down demand for homes, in turn suppressing prices. All of this is very much in keeping with one of Mr Xi's refrains: "homes are for living in", not speculation.

Even land supply is subject to experiments. For decades, local governments have relied upon land-leasing for revenues, often drawing up contracts with developers that last for decades. This gives them an incentive to drive up prices by restricting supply. Developers, too, sometimes hoard land in order to raise the price of other properties. To avoid this, Xiongan is experimenting with leases of five years or fewer, even if such an approach reduces their value. Developers that hoard land might not have their contracts renewed.

These are lofty undertakings. They are also probably a blueprint for building similar cities. An exhibition centre in Xiongan is said to contain the layouts of a similarly planned development that has yet to be officially announced.

(The centre is closed to the public; your correspondent was turned away at the door.)

But although the city is no longer a ghost town, it is not without flaws. The Xiongan model is undeniably statist. Officials are seeking much more control over residents' lives, which will appeal to Communist Party cadres, but might make it harder to attract China's most talented individuals. Moreover, despite all the money that has been lavished on Xiongan, officials appear to be making a mistake which is all too common in the party's big plans for the future. Locals who were born in the area say they have scarcely benefited from the city's development. Just a decade ago the region was similar to most other rural areas in northern China; residents describe it as having been a poor place dotted with small farms and factories. Now that has been upended. In order to meet strict ecological standards, almost all of the area's factories have been shut down, and only meagre compensation has been offered to those who have lost out.

One local says he had saved for years in the hope of buying flats for his sons, but that new regulations and higher costs have priced him out of the market. As it stands, the city is becoming an elite enclave, home to the government's most privileged workers. If it survives 1,000 years, that might be how Xiongan is remembered. ■

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Finance & economics | Buttonwood

Want better returns? Forget risk. Focus on fear

A recent study suggests a new paradigm for asset pricing

August 7th 2025



An investor will take on more risk only if they expect higher returns in compensation. The idea is a cornerstone of financial theory. Yet look around today and you have to wonder. Risks to growth—whether from fraught geopolitics or vast government borrowing—are becoming ever-more fearsome. Meanwhile, stockmarkets across much of the world are at or within touching distance of record highs. In America and Europe, the extra yield from buying high-risk corporate bonds instead of government debt is close to its narrowest in over a decade. Speculative manias rage around everything from cryptocurrencies and meme stocks to Pokémon cards.

A common explanation for effervescent markets is that investors have become reckless or outright irrational. Or perhaps the relationship between

risk and return simply is not there, posits a working paper by Rob Arnott of Research Affiliates, an investment firm, and Edward McQuarrie of Santa Clara University. They argue that over the past two-and-a-bit centuries, risk (as conventionally defined) has done a lousy job of explaining the relative returns of stocks and bonds. In its place, they propose fear—a more complex thing—as the real driving force of markets.

Standard portfolio theory says a stock's uncertain future returns are distributed along a bell curve. The expected return lies under the peak, and risk is equivalent to the curve's variance, or spread. These assumptions make the maths elegant and, more important, tractable. But they are also flawed. Stock returns do not in fact follow a bell curve: they take extreme values too often and are asymmetric. Investors, meanwhile, do not regard the curve's full spread as risky, but just the side of it corresponding to losses. Who, however risk-averse, would be upset by an outsize return?

What is more, risk theory gives an inadequate account of historical returns. A core prediction is the "equity risk premium", meaning the tendency of stocks, being riskier, to deliver better long-term returns than government bonds. To test this, Mr McQuarrie compiled American stock and bond prices going back to 1793, using data from newspaper archives. Previous studies had seemed to establish the equity risk premium as a persistent, relatively stable property of markets; his new database calls that into question.

An investor who bought American stocks in 1804 would have had to wait 97 years before their return beat that of bonds. By 1933 they would have fallen behind again. A statistical test of the relationship between variance and return, over the database's full timespan, failed even to find a "modest or inconstant" risk premium. The cumulative equity risk premium (up to 2023) has nevertheless been large. But 70% of it came from an exceptional period between 1950 and 1999; the rest of the time, stocks' relative performance was middling or poor. And these, after all, were results for one of the world's best-performing stockmarkets. Other researchers have shown that, since 1900, those of other countries have on average returned far less.

Realised variance and returns contain both expected and unexpected elements, so no theory is likely to match the data perfectly. Even so, the scale of these departures from what risk theory would predict, over such a

long timespan, warrants a search for a new framework. Messrs Arnott and McQuarrie propose that instead of pricing assets by their variance, investors price them according to two fears: fear of loss (FOL) and fear of missing out (FOMO). Whereas risk is measured by variance, FOL refers only to its downside (or "semivariance"). An asset inspires FOMO if it has the chance of wild, unexpected gains that those shunning it might miss. This is measured by the "skewness", or asymmetry, of its return distribution.

Rather than working through fear theory's maths, which they admit is formidable, the authors hope to tempt others to investigate it with them. They might just succeed. As well as being a widespread, often rational impulse, FOMO helps explain why people would buy overpriced stocks, or even speculative assets with no fundamental source of returns. Its absence from conventional theory seems like an error. And FOL describes how people actually think of risk far better than variance does. Just like investors' mood and market dynamics, the balance between the two can vary dramatically with time and circumstance. The historical record suggests that portfolio theory needs some new ideas. Fear might be just the thing. ■

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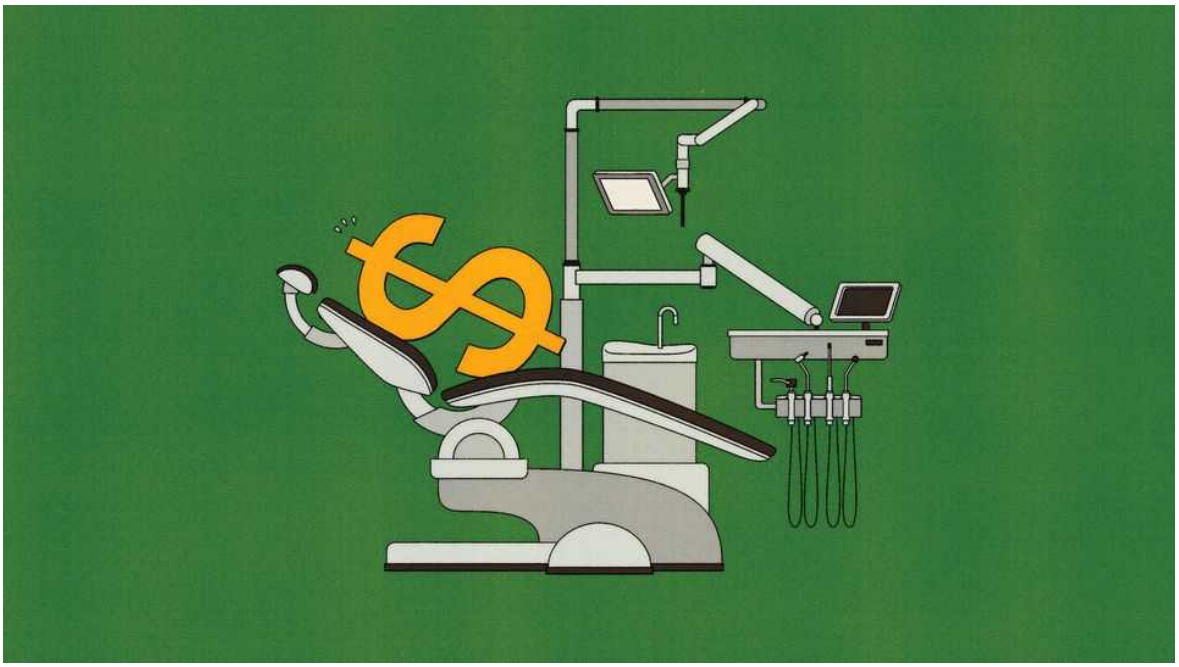
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Finance & economics | Free exchange

An economist's guide to big life decisions

Forget your trip to the dentist. A new check-up is required

August 7th 2025



Time for your annual check-up. After what feels like an eternity in the waiting room, flicking through dog-eared copies of the world's finest publications (did you know Indonesia is at a crossroads?), your name is called at last. A smiling professional awaits you, only this time the room smells not of disinfectant, but of the solvents used in whiteboard markers. Instead of a fold-out bed, there is a Bloomberg terminal behind the modesty curtain in the corner, flashing green or red with every tick of the market. The economist will see you now.

Economists should behave in a manner that would lead the public to think of them as "humble, competent people" akin to dentists, wrote John Maynard Keynes, a not-very-humble economist. If they could get the public to see the

profession as being on a similar level to their white-coated peers, he wrote, that would be a "splendid thing". Keynes was referring more to a technocratic consensus about how to run the economy, rather than to the sort of personalised care and attention provided by a medical professional. But what if the profession took his idea both seriously and literally? Could a trip to the economist make your life better?

On arrival, the first question is what seems to be the matter: income or happiness? The good news is that more money should make you jollier. Although economists once worried there was a point at which gains to emotional well-being from higher incomes plateaued—a study in 2010 pegged it at $75,000 ($110,000 today)—research by Matthew Killingsworth of the University of Pennsylvania has overturned this idea. He finds that for all but a small minority, well-being typically increases along with income, and that there is no upper limit to the trend. Modern economic research therefore confirms that Kingsley Amis, a British novelist, was correct when he wrote there is "no end to the ways in which nice things are nicer than nasty ones". But even if there was a point at which more money did not make you happier, the vast majority of an economist's patients would still benefit from earning more in other, non-happiness-related ways. Better the economist focuses on the tangible and leaves the transcendental to the priest.

With many patients, the economist might take a look at their chart and tut, "I wouldn't start from here." A person's place of birth has the biggest impact on their life outcomes. The 83% of the world's population who live in non-rich countries hold a bad hand. At least the prescription is simple: move if you can. Returns to migration are sky-high. A paper in 2016 by Michael Clemens, then at the Centre for Global Development, Claudio Montenegro of the World Bank and Lant Pritchett, then of Harvard University, calculated the benefits of moving from the poor world to America for a typical 30-year-old man with a secondary education. They came to $14,000 or so a year, adjusting for the different price levels. Such benefits are also likely to be passed down to any offspring. Indeed, the puzzle among economists is why so few people move rather than so many. (Border fences explain only so much.)

The rest of the advice will depend on how old you are and what has already gone wrong. A handful of big decisions—whether to go to university and

what to study, what career you pursue, whether to start a family and with whom—matter more than others. A college education is usually a good bet. In 2020 the Institute for Fiscal Studies, a British think-tank, found that, after accounting for individual characteristics and taxation, university leads to a typical bump of 20% in lifetime earnings. But the returns depend on what you study: entrants to creative-arts courses can expect no financial benefits. Male medics and economists both enjoy a lifetime wage increase of around £500,000 ($625,000).

An economist should point out that, although wages do vary widely between occupations, a rising share of the variation is explained not only by what you do but by the company for which you work. Best, then, to get a job at a superstar employer. Unionised companies may pay more than their non-unionised counterparts, but if you are a high-flyer you might want to opt for the latter. Unions tend to ensure that low performers get paid more while high performers get paid less. When it comes to relationships, later marriages are typically more stable, but much of this is what an economist might call a "selection effect". The timing of marriage has little effect in itself—instead, the pattern reflects the type of person who waits for just the right partner. Research also suggests that it may be better to delay having children, and in this case it might not be a selection effect: the later a woman's career break, the smaller the impact on her lifetime earnings.

For older patients, the economist has less advice. Saving for retirement is more valuable the earlier you start. The economist might get out their whiteboard markers for an impromptu refresher on compound interest for youngsters. Older folk do not have much time to improve their earning power, so they should focus on becoming happier instead. Loneliness is the big risk. Perhaps a second degree in the creative arts could help?

All of this comes with a caveat: economic research tends to deal in averages. Much of the advice will be generic, rather than tailored to the individual. So, too, is a dentist's: brush your teeth, floss regularly, avoid sugar and do not smoke. But the dentist at least can carry out remedial work and fix things after they have gone wrong. The economist has few tools to fill in career gaps or polish a grubby CV. They can provide some helpful guidance to those who lose their jobs—retraining is helpful but think carefully about the precise course; if the whole region is suffering then those who move earlier

are likely to suffer the least—but little in the way of direct help. To live up to Keynes's metaphor, economists need more than data. They need drills. ■

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Science & technology

- Astronomers cannot agree on how fast the universe is expanding
- Fraudulent scientific papers are booming
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Science & technology | Cosmic horror

Astronomers cannot agree on how fast the universe is expanding

This suggests cosmology might be wrong about something fundamental

August 7th 2025



IT IS ONE of the biggest mysteries in cosmology—and getting bigger all the time. Ever since Edwin Hubble, an American astronomer, published observations of distant galaxies in 1929, scientists have known that the universe is expanding. For almost 30 years they have known that the expansion is accelerating (that discovery, made in 1998, was honoured with a Nobel prize in 2011). What they cannot agree on, though, is how fast it is currently growing.

That present-day rate of expansion is known as the Hubble constant. Measure it one way, and it comes to around 73 kilometres per second per megaparsec (km/s/mpc; a megaparsec is the distance travelled by light in

about 3.3m years, and a value of 73 means that objects 1mpc away recede from an observer at 73 kilometres per second). But measure it another way and the answer is closer to 67km/s/mpc.

That cosmologists cannot agree on one of the most elementary facts about the universe is striking enough. But that uncertainty produces others, too: it makes it impossible to calculate an exact age for the universe, for one thing, or to be certain of its exact size. And the discrepancy refuses to go away, no matter how many times astronomers re-check their measurements, upgrade their instruments, or think of new ways to attack the problem.

The Hubble tension, as the discrepancy between the two sets of measurements is known, "has got stronger every year for the past decade", says Dan Scolnic, an astronomer at Duke University, in North Carolina. Some astronomers think one set of measurements or the other will turn out to be wrong. Others believe that the tension is a hint of deeper problems with the scientific description of the universe, known as the standard model of cosmology.

There are, broadly speaking, two ways to work out the Hubble constant. One involves measuring the modern universe directly, working out how far away distant galaxies are and how quickly they are receding. It is this technique that gives the higher value of 73. The second is to look at the cosmic microwave background radiation (CMB), an aftershock of the Big Bang. The CMB reflects the large-scale structure of the early universe. Given those starting conditions, astronomers can crank the handle on their cosmological models to predict how fast the universe should be expanding today. This kind of work is where the figure of 67 comes from.

So which is correct? One possibility is that astronomers in the first camp are getting their measurements of the modern universe wrong. The speed with which distant galaxies are receding is relatively straightforward to measure. Just as the pitch of an ambulance's siren appears to change as it approaches and then speeds away, light emitted by galaxies will have longer wavelengths—and so appear redder—the faster they are receding. For that reason, it is measurements of distances that come in for the most scrutiny.

Distance measurements on galactic scales are notoriously tricky. The most common method is to combine several different techniques into something called the cosmic distance ladder, in which the farthest object measurable by one technique is used to calibrate the next. The lowest rungs are nearby stars, Earth's distance from which can be measured by trigonometry. Higher rungs are formed by what astronomers call standard candles—stars known as Cepheid variables, for example, or certain supernovae—whose absolute brightness is known, and whose distance can therefore be inferred by how dim or bright they appear from Earth.

There are plenty of subtleties that can skew such measurements, says Wendy Freedman, an astronomer at the University of Chicago, who specialises in measuring the Hubble constant. Interstellar dust absorbs light in some wavelengths more than others, which has to be corrected for. The "metallicity" of individual Cepheids—astronomer-speak for the degree to which they contain elements other than hydrogen and helium—can influence their brightness. The specific kind of supernovae needed for distance measurements are relatively uncommon, so the sample used for distance measurements is rather small. Extraordinary claims, says Dr Freedman—such as the idea that two sets of bulletproof measurements disagree with each other—require extraordinary evidence. But the evidence so far, she says, is not quite extraordinary enough.

Others take the opposite view. "I think the idea that these measurements are wrong was more viable a few years ago," says Adam Riess, an astronomer at the Space Telescope Science Institute in Baltimore (and one of the winners of that 2011 Nobel). As more astronomers have become interested in the Hubble tension, they have cross-checked the distance ladder measurements in other ways. Every rung has been double-checked using different standard candles, says Dr Riess, and yet the tension persists.

A paper published in June further complicated matters. It did not rely on a distance ladder of any sort. Instead it examined beams of light from bright astronomical objects called quasars. If a massive object lies between the source of that light and Earth, its gravitational effects will cause different beams of light to take different amounts of time to travel to Earth. Examining those differences lets astronomers work out how far the beams have travelled. The method came up with a value of the Hubble constant

very similar to studies that rely on the old-fashioned distance ladder. That means, says Dr Riess, that if some unknown confounder is throwing off the distance measurements, it would have to be throwing off several fundamentally different sorts of measurements at once.

Some astronomers, therefore, think it is the early-universe technique that is at fault. The worry here is less about erroneous readings—the CMB has been measured and re-measured with increasing accuracy by a string of satellites since the 1990s, as well as ground-based telescopes in Chile and at the South Pole, all of which agree. The suspicion is rather that something may be wrong with the cosmological theory into which those measurements are fed.

That theory, called Lambda-CDM (LCDM) holds that the visible portion of the universe—galaxies, planets, starlight and the rest—makes up just 5% of the total. The remainder is supposedly split between "dark energy", a force that opposes gravity at long distances and which drives the expansion of the universe (the "lambda" in LCDM), and "dark matter", which cannot be seen but whose presence can be inferred from its gravitational effects on galaxies (CDM stands for "cold dark matter").

LCDM might be counterintuitive. But it is very successful at predicting everything from the abundance of simple chemical elements to the distribution of galaxies and patterns within the CMB, all with high precision. Replacing it with something that is equally good but which can also predict a Hubble constant in line with present-day measurements is a tall mathematical order.

Still, there is no shortage of candidates. Some speculate that dark energy's potency might change over time. That would mean that attempts to model today's universe from the CMB—which assume that the nature of dark energy has not changed since the Big Bang—have been misguided. A paper presented at a meeting of the Royal Astronomical Society last month suggested that the Milky Way might sit within a giant, comparatively empty region of space, which would make the Hubble constant appear larger than it really is.

For now none of these theories has knocked LCDM off its perch. Astronomy, then, is at an impasse. It is possible that some inspired theoretician will emerge tomorrow with an idea that can solve the problem. Failing that, astronomers must fall back on the hope that yet more data will provide some vital clue. A string of new telescopes, such as the Vera Rubin Observatory in Chile or the Nancy Grace Roman Space Telescope, due to fly no later than May 2027, may offer a vital insight. But if the past few decades are any guide, they are as likely to simply re-confirm the Hubble tension as they are to resolve it. ■

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Science & technology | Inside job

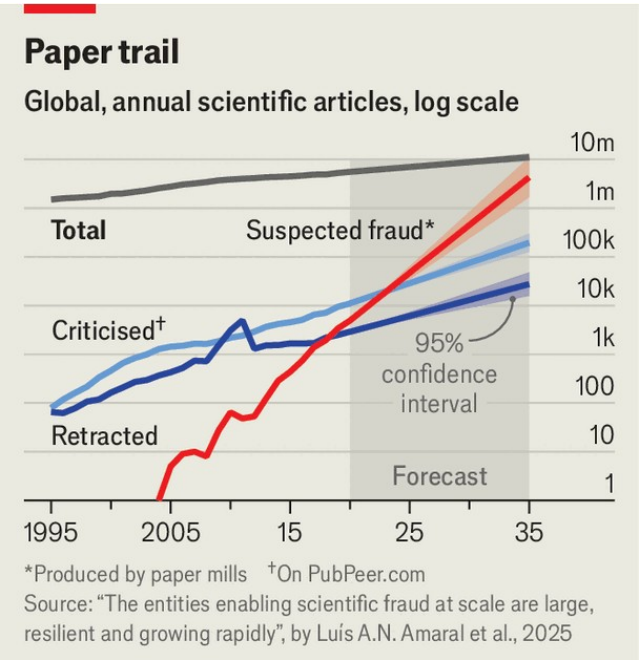
Fraudulent scientific papers are booming

A subset of journal editors may be partly responsible

August 7th 2025



SCIENTIFIC JOURNALS exist to do one thing: provide accurate, peer-reviewed reports of new research to an interested audience. But according to a paper published in PNAS on August 4th, that lofty goal is badly compromised. Scientific fraud, its authors conclude, happens on a massive scale and is growing quickly. In fact, though the number of scientific articles doubles every 15 years or so, the number thought to be fraudulent has doubled every 1.5 years since 2010 (see chart). If nothing is done, says Luís Nunes Amaral, a physicist at Northwestern University in Chicago and the study's senior author, "The scientific enterprise in its current form would be destroyed."



It has long been clear that publication fraud rarely comes from lone fraudsters. Instead, companies known as paper mills prepare fake scientific papers full of made-up experiments and bogus data, often with the help of artificial-intelligence (AI) models, and sell authorship to academics looking to boost their publication numbers. But the analysis conducted by Dr Amaral and his colleagues suggests that some journal editors may be knowingly waving these papers through. Their article suggests that a subset of journal editors are responsible for the majority of questionable papers their publications produce.

To arrive at their conclusion, the authors looked at papers published by PLOS ONE, an enormous and generally well-regarded journal that identifies which of their 18,329 editors is responsible for each paper. (Most editors are academics who agree to oversee peer review alongside their research.) Since 2006 the journal has published 276,956 articles, 702 of which have been retracted and 2,241 of which have received comments on PubPeer, a site that allows other academics and online sleuths to raise concerns.

When the team crunched the data, they found 45 editors who facilitated the acceptance of retracted or flagged articles much more frequently than would be expected by chance. Although they were responsible for the peer-review

process of only 1.3% of PLOS ONE submissions, they were responsible for 30.2% of retracted articles.

The data suggested yet more worrying patterns. For one thing, more than half of these editors were themselves authors of papers later retracted by PLOS ONE. What's more, when they submitted their own papers to the journal, they regularly suggested each other as editors. Although papers can be retracted for many causes, including honest mistakes, Dr Amaral believes these patterns indicate a network of editors co-operating to bypass the journal's usual standards.

Dr Amaral does not name the editors in his article, but Nature, a science magazine, subsequently made use of his analysis to track down five of the relevant editors. PLOS ONE says that all five were investigated and dismissed between 2020 and 2022. Those who responded to Nature's enquiries denied wrongdoing.

Compelling as Dr Amaral's analysis is, it does not conclusively prove dishonest behaviour. All the same, the findings add to a growing body of evidence suggesting some editors play an active role in the publication of substandard research. An investigation in 2024 by RetractionWatch, an organisation that monitors retracted papers, and Science, another magazine, found that paper mills have bribed editors in the past. Editors might also use their powers to further their own academic careers. Sleuths on PubPeer have flagged papers in several journals which seem to be co-written by either the editor overseeing the peer review or one of their close collaborators—a clear conflict of interest.

Detecting networks of editors the way Dr Amaral's team has "is completely new", says Alberto Ruano Raviña of the University of Santiago de Compostela in Spain, who researches scientific fraud and was not involved with the study. He is particularly worried about fake papers remaining part of the scientific record in medical fields, where their spurious findings might be used to conduct reviews that inform clinical guidelines. A recent paper in the BMJ, a medical journal, found that 8-16% of the conclusions in systematic reviews that included later-retracted evidence ended up being wrong. "This is a real problem," says Dr Ruano Raviña.

Yet the incentives to commit fraud continue to outweigh the consequences of being discovered. Measures including a researcher's number of publications and citations have become powerful proxies for academic achievement, and are seen as necessary for building a career. "We have become focused on numbers," says Dr Amaral. Some journals, for their part, make more money the more articles they accept.

All the same, pressure is growing on publishers to root out bad papers. Databases of reputable journals, such as Scopus or Web of Science, can "de-list" journals, ruining their reputations. It's up to the publishers to bring about a relisting, which means tidying up the journal. "If we see untrustworthy content that you're not retracting, you're not getting back in," says Nandita Quaderi, editor-in-chief of Web of Science. But whether publishers and the many editors who work hard to keep bad science out of their journals can keep up with the paper mills remains to be seen. ■

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Science & technology | Safe and sound

Microphones can spot radar-evading hypersonic missiles

It is a new implementation of an old idea

August 7th 2025



For decades, the state of the art in long-distance warfare was the ballistic missile. Fast and capable of intercontinental ranges, it remains a mainstay of national arsenals. But the predictability of these weapons' high, arcing flightpaths makes them vulnerable to detection and interception. In recent years America, China and Russia have begun developing hypersonic missiles as an alternative. These fly inside Earth's atmosphere, below the coverage of long-range radar, and can manoeuvre unpredictably. That makes them trickier to spot coming.

But not impossible. The Pentagon, for example, is pursuing a multipronged approach towards detecting them. One of the approaches being explored

involves cameras that use visible and infrared light to pick up the telltale hot glow caused by air friction. Though satellite-borne cameras would have the best coverage, they would miss hypersonic missiles flying beneath cloud cover. Full coverage may therefore require a network of EO/IR (electro-optical/infrared) sensors, as they are known, lower down, on aircraft, airships or floating platforms. America's Navy has commissioned Surface Optics of San Diego to develop new EO/IR sensors with resolutions and refresh rates capable of tracking hypersonic targets, a task beyond the ability of existing systems.

Another Navy contract, with HyperKelp of San Clemente, California, takes a more innovative approach. This involves buoys equipped with microphones in the deep ocean. The reason, says Graeme Rae, HyperKelp's boss, is that hypersonic missiles produce a sonic boom audible over great distances. The buoys are also equipped with hardware that can run artificial-intelligence models capable of analysing sound in real time. Even so, the signal processing is still challenging: the faint boom of a hypersonic missile can be difficult to pick out from the background noise of waves, shipping and aircraft.

Acoustic detection of air vehicles predates radar. In the 1930s the Royal Air Force deployed parabolic concrete "sound mirrors" along the British coast (pictured on next page) so observers could hear incoming bombers, providing detection at night and in bad weather. Faster aircraft and radar rendered these obsolete. But a similar principle has been applied elsewhere to tackle other low-speed intruders. Ukraine's Sky Fortress has thousands of microphones mounted on poles across the country to track Shahed drones by their distinctive "moped" engine sound.

Tracking hypersonic missiles in this way may seem of limited use; after all, a projectile travelling at Mach 5 will be long past by the time it is heard. But HyperKelp's plan is to fit thousands of low-cost buoys with microphones both above and below the surface, allowing them to triangulate the position of the source. Even more accurate locations can be obtained by combining data from multiple buoys. If the buoys are located far enough away from American territory, the system could function as a tripwire, providing an initial detection so that other sensors can be pointed towards the threat.

Earlier research has already shown that such a system works. Researchers at Sandia National Laboratories in New Mexico have used data from the International Monitoring System, a network of microphones designed to detect nuclear tests, to successfully track spacecraft re-entering Earth's atmosphere.

Dr Rae notes that whereas space-based detection systems are visible and vulnerable to enemy action, the buoys are hard to take out. In addition, they could be deployed in sufficient numbers—and over so great an area—that it would be hard to destroy enough to disrupt the network. They are also far more affordable than satellites.

This is, however, likely to be a temporary solution to the challenge of hypersonics. Things rarely stay still for long in an arms race, and the next counter-move is never far away. Hypersonic missiles were developed to evade the radar that spotted ballistic missiles. As they become visible in turn, it is just a matter of time before new means of evasion emerge. ■

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Science & technology | Well Informed

Should you take collagen?

There are simpler ways to get smoother skin and stronger joints

August 7th 2025



WOULD YOU pay £40 ($53) for some powder made from the ground-up, chemically processed skin, bones and connective tissues of cows or fish? Marketed that way, perhaps not. But stick it in a bottle labelled supplementary collagen, and things might start to look more appealing. Collagen supplements are in vogue, taken both by athletes (who hope for stronger, more injury-resistant joints and ligaments) and the beauty-conscious (for its alleged ability to smooth wrinkled skin and restore lustre to hair). How much good they do, though, remains unclear.

Collagen is a structural protein that provides shape and support to everything from skin and bones to muscles and tendons. One estimate is that it makes up 25-30% of all protein in the body. And since the body is constantly

growing new skin and hair and remodelling its bones, it gets through quite a bit of the stuff every day.

Exactly how much it needs—and whether it can get it all from a healthy diet—is hazy. Like all proteins, collagen is built up from smaller amino acids, a set of chemical Lego bricks that can be assembled in an endless variety of ways. Nine of those amino acids are classified as “essential”, meaning humans cannot produce them internally and must get them directly from food. But glycine and proline—the two most abundant amino acids in collagen—are not among them. Both can be produced by the body from other chemicals, suggesting that supplements might not be necessary after all.

There are, appropriately enough, wrinkles. Collagen synthesis declines with age, for one thing. Sunbathing, cigarettes and too much booze also seem to slow its production. And some researchers have tried to argue, from biochemical first principles, that glycine may be “semi-essential”: although the body can produce some of the stuff, it may not be enough to properly meet demand. For all these reasons, taking supplements might be useful.

The empirical evidence is decidedly mixed, and of uneven quality. Still, one review paper in the International Journal of Dermatology, published in 2021, examined 19 other articles to conclude that taking collagen supplements did seem to decrease skin wrinkling. Another, published earlier this year in Orthopedic Reviews, looked at 14 studies on the effects of collagen on joints and found around half reported positive effects.

But the focus on collagen may be misguided. Collagen supplements are really just a glycine- and proline-rich subspecies of standard protein powder. One possibility is that the benefits from taking collagen are really just the benefits of taking protein in disguise. If so, a complete protein like whey (or a more protein-rich diet) may well be better than a lower-quality source like collagen.

There is evidence to support this. One notably rigorous—albeit short-term—study, published in 2023 by researchers in the Netherlands, measured the effects on connective tissue of having a group of athletes take either a placebo, collagen or whey. It found that, though neither collagen nor the

placebo seemed to boost tissue growth during recovery from exercise, whey protein did.

For now, those keen on collagen can take comfort from the fact that no study has suggested the stuff is harmful. In the meantime, those looking for a useful hack might consider gelatine, a processed form of collagen used to make things like jelly, sweets and marshmallows. It can be bought at a fraction of the cost of the pricey supplements. ■

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Culture

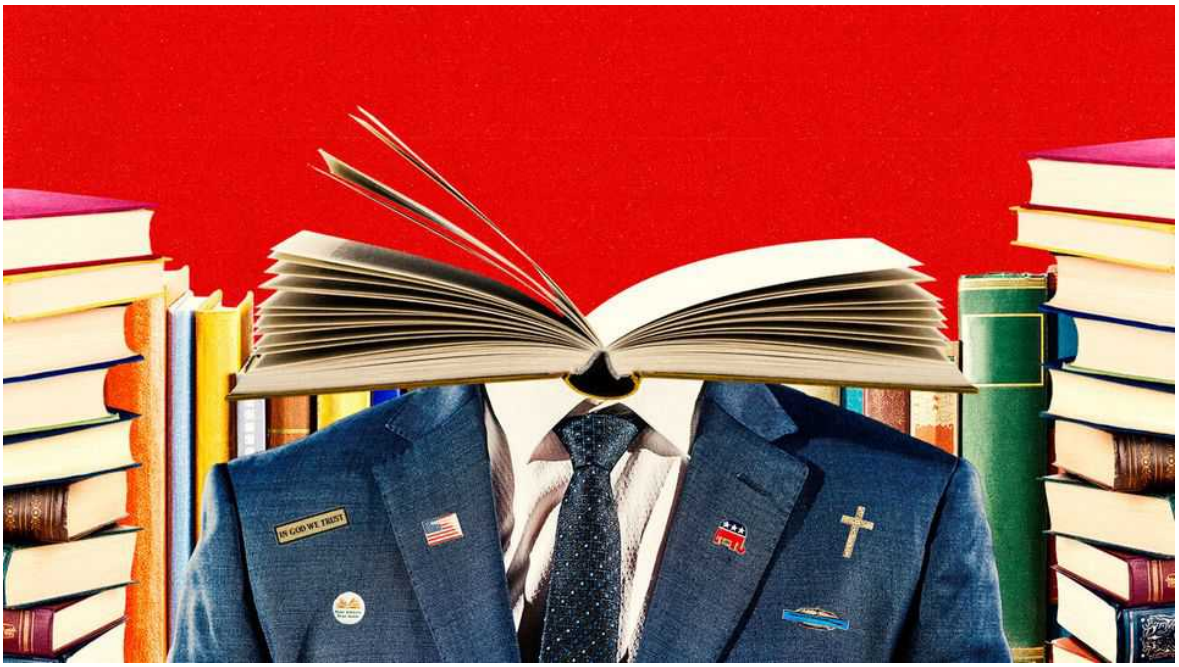
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- America’s barmy battle to ban bawdy books
- Why “Wednesday” is wickedly successful
- Swimming pools are cauldrons of envy, danger and lust
- Provence is not just a destination. It is a lifestyle brand

Culture | Literature and politics

The novels conservatives want you to read

It is not just "The Pilgrim's Progress" and works by Ayn Rand

August 7th 2025



ON A RAINY summer's morning, eight students and a professor sat around a table at Thomas Aquinas College, a Catholic institution north-west of Los Angeles. They were formally dressed—the men wore ties—and they addressed each other as "Mr" and "Ms". For hours the group debated "The Bear", William Faulkner's tale of a young hunter disillusioned with mankind's efforts to subdue the land and its creatures. The scene would have delighted anyone who despairs that university students do not, will not and cannot read.

The discussion would have pleased right-leaning Americans in particular, and not just because Thomas Aquinas has America's most conservative student body. For this was not a conversation about identity politics dressed

up as literary theory: instead, students kept close to the text of the story and talked of fear, courage, goodness and other virtues. In recent years some American conservatives have devoted lots of time and energy to banning books they hate. But others strive to promote the ones they love. What sorts of novels fit the bill, and why?

Inevitably, the answer depends on which conservative you ask. George H.W. Bush was fond of "War and Peace": he said Leo Tolstoy's vast, philosophical novel taught him "a lot about life". (He presumably read the book before taking office: any president who gets through a gargantuan epic on Napoleon's wars while in the White House is a little too fond of delegating.) Greg Abbott, the governor of Texas, has two favourites: "Atlas Shrugged", Ayn Rand's paean to individualism, beloved by many on the right; and "Brave New World", Aldous Huxley's dystopian fable set in a godless, family-less, centrally planned future (ie, the sort of world Republicans like to pretend Democrats want to create).

J.D. Vance, the vice-president, has called himself "a big 'Lord of the Rings' guy". J.R.R. Tolkien's trilogy tells the story of four hobbits—avatars of the traditional English country life that was swiftly giving way to industrialisation as he was writing—who reluctantly set out to save the world from Sauron, an evil wizard. Mr Vance's memoir, "Hillbilly Elegy", is also an account of how his rural small town was destroyed by forces beyond its control including, ironically, deindustrialisation. No doubt Mr Vance sees himself as a virtuous hobbit reluctantly taking up arms to defend his people's way of life.

The novel most often mentioned in your correspondent's informal survey at Thomas Aquinas was "My Ántonia" by Willa Cather. Published in 1918, the book tells a story of pioneer farming families in Nebraska. Its central character is Ántonia Shimerda, as seen through the eyes of her childhood friend, Jim Burden, an orphaned boy sent to live with his grandparents. It is a spare and beautiful account of maturation and missed romantic opportunities.

Cather's work gets a full chapter in a new book, "Thirteen Novels Conservatives Will Love (but Probably Haven't Read)". In it Christopher Scalia, a former literature professor and son of the late Antonin Scalia, a

Supreme Court justice, discusses novels and the lessons he believes they impart. He praises Cather's gift for description and for dignifying the values of diligence, stoicism and domesticity. Ántonia is poor, and even more so after her father commits suicide; she is harassed and betrayed by men, but earns her independence through toil. Her story, Mr Scalia says, is about "the complexity of the American dream, the reality of individual agency and the rewards of hard work and sacrifice".

Mr Scalia is too thoughtful a reader to reduce novels to parables: he understands that good fiction provides pleasure in at least equal measure to instruction, and he treats each of his 13 choices separately. Still, three main virtues recur in his survey.

The first is faith. But rather than choosing something obvious like, say, "The Chronicles of Narnia", or another such work in which the devout are rewarded and the impious damned, he understands that there is something strange and mysterious about religious belief.

Muriel Spark, who abandoned her son, is not an obvious pick for a conservative literary critic who presumably champions family values. But Mr Scalia includes her novella of 1963, "The Girls of Slender Means", in his selection for showing that fierce, sincere religious conversions can be prompted by experiences other than heavenly visions and weeping statues. One of Spark's characters, Nicholas, an intellectual with a taste for anarchism, is so appalled by the selfish, morally vacuous women he meets in wartime London that he moves to Haiti to become a missionary. Those who do not enjoy the company of their fellow Americans, it is implied, may prefer the company of Christ.

The second virtue is something between resilience and anti-victimhood. Mr Scalia praises Zora Neale Hurston's "Their Eyes Were Watching God" (1937) for the enterprising toughness of its main character, Janie, who is determined to make a life for herself on her own terms. Similarly he admires V.S. Naipaul's magnificent "A Bend in the River", published in 1979. Set in an unnamed African country, the story follows Salim, a Muslim Indian merchant, who watches as it gains its freedom from European rule. The novel rejects the simplistic and fashionable view that Africans are all virtuous because they are oppressed, and all Europeans who lived in Africa

were evil and rapacious. The book, Mr Scalia argues, “helps counter the groupthink that seeks to diminish the achievements of Western culture”.

Third, and finally, Mr Scalia commends novels about how to live in society. (Rand, a writer of didactic pabulum, does not rate a mention here.) Nathaniel Hawthorne’s “The Blithedale Romance” (1852) sets the utopian goals of an agrarian commune against the selfishness of human nature. Frances Burney’s “Evelina” (1778) illustrates the importance of manners: for the titular character, the illegitimate daughter of a nobleman, politeness is not just hollow social convention, but shows “social maturity and good judgment”. Understanding the rules of British high society is key to Evelina succeeding in it by making that all-important match.

Plenty of readers will disagree with Mr Scalia’s readings—Hurston is a feminist hero, too, and Tolkien has plenty of fans on the left—but good novels should provoke arguments and conflicting interpretations. Conservatives such as Mr Scalia understand that literature can still affect a polity. As Bertolt Brecht, a playwright, put it: “Art is not a mirror held up to reality, but a hammer with which to shape it.” ■

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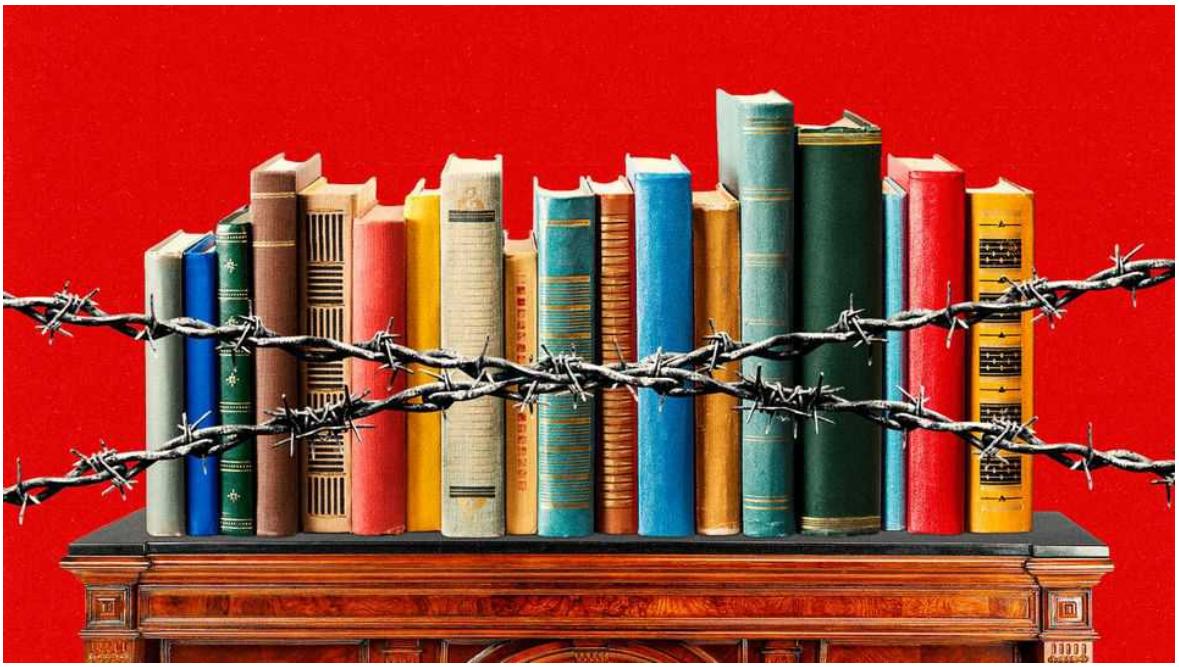
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Culture | Prudes with attitude

America’s barmy battle to ban bawdy books

Organised puritans are invading school libraries

August 7th 2025

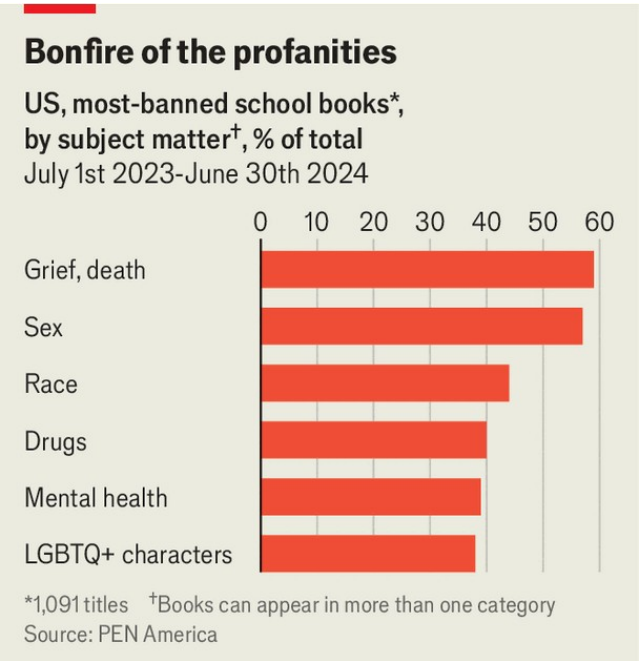


“With one long claw, he shredded through silk and lace, and my undergarment fell away in pieces.” Sex with a shape-shifting fairy who is sometimes part-wolf, part-bear is not everyone’s cup of tea. But many teenagers and young adults love reading about such things. Sarah J. Maas, a leading writer of “romantasy” fiction, has sold more than 75m novels. This horrifies those who think both witchcraft and fornication are detestable in the eyes of God. Which is why five of Ms Maas’s works—including “A Court of Thorns and Roses”, from which the quote above is taken—are among the most-banned books in American schools.

Book bans are increasingly common in America. According to PEN America, a free-speech group, there were roughly 10,000 in 2023-24, a four-

fold rise in two years. PEN defines a ban as the removal or restriction of a title from school libraries because of its content, often at the behest of worried parents or bossy politicians.

The themes that get books banned are as predictable as the use of phrases like “a ravenous, unyielding sort of hunger” in wolf-fairy bedroom scenes. Of the titles barred from two or more school districts, more than half had sexual content (see chart). Some of this was pretty mild. Monroe County, Tennessee, proscribed a work that had a classical nude statue on the cover.



Titles that deal with teenage trauma upset parents. Ellen Hopkins has three novels in the most-banned top ten for her frank depictions of drug-taking, self-harm and prostitution. Stories about racism raise hackles, too: some schools shield pupils even from classics by Maya Angelou (“I Know Why the Caged Bird Sings”) and Alice Walker (“The Colour Purple”).

Books that allude to homosexuality are vulnerable; those that deal with transgender issues, even more so. The most banned book of all is Jodi Picoult’s “Nineteen Minutes”, a novel about a school shooting. The chief objection to it is not that it might inspire copycat murders but that it depicts a date rape. Another often-purged work is “The Handmaid’s Tale”, which

describes a dystopia in which women are not allowed to read. Irony is lost on book-banners.

Some states, such as Florida and Iowa, are especially censorious. Florida's governor, Ron DeSantis, is on a mission to expel wokery from schools. Iowa's "parental rights" law holds teachers personally liable if students have access to inappropriate books, prompting time-pressed administrators to ask ChatGPT whether volumes include naughty bits. This method is quick but unreliable: just as humans fantasise about sex, AIs hallucinate about it.

The debate over which books are suitable for children has been as calm as werewolf sex. Martha Hickson, a school librarian in New Jersey, was asked by the school superintendent to remove a graphic novel with a lesbian protagonist. She refused, noting that the protocol for challenging it had not been followed.

A furious group of parents accused her of being a pornographer and a paedophile. Videos spreading these baseless allegations circulated on social media. "They're working from a script," Ms Hickson says of the campaigners, whom she describes as organised Christian nationalists. Her car was vandalised and she had to install security cameras in her home. She says some librarians shun controversial titles to avoid similar harassment.

Reasonable people can disagree about what should be taught in schools. Plenty of moderate parents object when their kids are taught contentious theories about gender identity or collective racial guilt, which is why Republicans have made it a campaign issue. However, activists cannot hear what is said in class, so books are an easier target than teachers. Anyone can find which volumes are in a library and search them for keywords.

Partisanship inflames matters. In years between elections, activists can keep their side angry and energised by picking battles with librarians who supposedly debauch innocent young minds. President Joe Biden thought censorship was a problem and appointed a "book ban co-ordinator" to look into it. One of the first acts of Donald Trump's education department was to call this "Biden's Book Ban Hoax" and eliminate the position.

Culture warriors cheered. Others fear that senseless censorship seriously damages your shelf. ■

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Culture | The glow of woe

Why “Wednesday” is wickedly successful

The Addams family has a secret—but it is not what you think

August 7th 2025



WHEN YOU think of Netflix’s biggest English-language dramas, you probably imagine matchmaking, monsters or malignant young men. Seasons of “Bridgerton”, “Stranger Things” and “Adolescence” all rank in the platform’s top ten releases, having racked up hundreds of millions of views. But the streamer’s breakout hero is a gloomy girl who has long plaits, psychic visions and a knack for sarcasm.

“Wednesday”, about the eldest child of the Addams family, is a supernatural smash. Viewers spent 1.7bn hours—roughly 200,000 years—watching the show in the three months after its debut in November 2022. According to Parrot Analytics, a data firm, “Wednesday” made $360m in advertising and subscription revenue for Netflix between its release and March of this year:

that is $40m more than the first season of “Squid Game”, Netflix’s biggest title in any language, did in an equivalent period. “Wednesday” returned to screens for a second season on August 6th. What explains its otherworldly power?

Part of its appeal is its mix of the ordinary and the eerie. Wednesday (Jenna Ortega) is, in some ways, a typically sullen teenage girl. She bickers with her family, made up of a brother, Pugsley (Isaac Ordonez), an eccentric uncle, Fester (Fred Armisen), and her parents, Morticia and Gomez (Catherine Zeta-Jones and Luis Guzmán, whose hairpiece looks like a flattened chinchilla covered in asphalt).

Wednesday finds most people annoyingly, boringly conformist, and prefers the company of Thing, an ambulatory severed hand. She loathes school—in this case, the Nevermore Academy, which specialises in educating outcasts. Like many of her real-life peers, she enjoys true crime—but, unlike them, she is able to help solve local murders on account of her premonitions.



The show shares traits with “Stranger Things” in that both follow a group of winsome teenagers investigating strange happenings in a small town. (And both are the scrubbed-up children of David Lynch’s “Twin Peaks” without the originality or genuine existential dread.) As in “Harry Potter”, the school

is replete with coloured uniforms and houses filled with unusual characters, from gorgons to werewolves.

But “Wednesday” looks different from those shows thanks to the involvement of Tim Burton, a film-maker famous for wry gothic fantasies such as “Beetlejuice” and “Edward Scissorhands”. He has helped produce “Wednesday” and directed half of its episodes. (His longtime musical collaborator, Danny Elfman, has also written some of its unsettling score.) The script is snappy: combined with the quick, tortuous plotting, it provides laughs, jump scares and creepy moments. “Want to take a stab at being social?” Wednesday’s perky room-mate asks her in the first season. “I do like stabbing,” Wednesday retorts.

It has no doubt helped “Wednesday” that its characters have been mainstays of Halloween costumes for decades. The family, nameless to begin with, first appeared in a single-panel cartoon in the New Yorker in 1938. In 1964 a tv executive brought them to the small screen. Charles Addams, their creator, lamented that the family was only “half as evil” as in his comics, yet the show made the Addamses twice as popular—and Addams himself a much wealthier man. Subsequent black-comedy films in the 1990s boosted their fame again.

Addams would be pleased that, over the years, the oddball family has become increasingly macabre, as well as zany and camp. In the first series Gomez staged train crashes with model trains. In the current one, Wednesday punishes the boys who bully Pugsley by releasing hungry piranhas into a swimming pool during water-polo practice.

Yet the Addamses are not popular because they are wicked or weird: in the current series, they are kinder, better people than the “normies” who hate them. They have endured across generations because, beneath the idiosyncrasies, they are a functional family. If you ignore the severed hand, the household is made up of two parents, two children, an uncle and a grunting servant. Wednesday’s family is both what every teenager fears—cringeworthy—and what they wish for: loving and accepting. Gomez and Morticia are besotted with each other and they dote on their children, who love and torture each other in equal measure, as siblings often do.

“Wednesday” is heartening as well as spooky viewing, on any day of the week. ■

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Culture | Back Story

Swimming pools are cauldrons of envy, danger and lust

Holiday-makers love them. So do storytellers

August 7th 2025



It culminates in homicide, by way of skinny-dipping, underwater handstands, erotic rivalry and lots of seafood. But the twisted drama of "A Bigger Splash", a film starring Ralph Fiennes, opens with an inquiry familiar to many holiday-planners. Flying into an Italian island for a fateful reunion with an ex, Mr Fiennes's character brings along his devious daughter (Dakota Johnson). She has a question: "Is there a pool?"

Especially for denizens of rainy places like Britain, summer holidays and swimming pools are inseparable. A pool is cool comfort on a hot day, delicious indolence in a frantic world. You may find yourself in one soon (or now). But dip your toe into fictional pools, and this simple pleasure seems

more complicated. A pool can be an oasis, a theatre, a mirror or a tomb. It is a cauldron of opposites: success and regression, life and death, innocence and lust.

A swimming pool means you've arrived. Excited children strip off and leap into the blue as parents grapple with the luggage. But it also connotes arrival in a social sense. In the visual language of heist movies, for instance, reclining by a pool is a sign that a mobster has got away with it. Think of Ray Winstone's oily crook in "Sexy Beast" or the thieves on the lam in the television series "The Gold".

Conversely, other people's pools can measure your disappointments. When John Cheever introduces his protagonist in "The Swimmer", the supreme pool-based short story, one of his hands dangles in the water, the other clasps a glass of gin. On a whim he decides to swim to his suburban home via his neighbours' backyard pools; his reduced status becomes hazily visible on his odyssey, glimpsed through his self-delusion as if at the bottom of the deep end.

Characters are thrust together in a swimming pool, as at a ball in a Jane Austen novel, only with an undertow of danger and hardly any clothes. Propriety requires that you pretend not to notice the exposed flesh—but everyone does. In shows like "The White Lotus", the pool is an arena of ogling and flirtation; for male viewers of a certain age, the poolside scene in "Fast Times at Ridgemont High" was an awakening. The pool-party bacchanal is a staple of teen movies.

Yet a pool is also a splashy portal to the purer joys of childhood, and a draw for actual children, including other people's. Like a jungle watering-hole, it brings strangers and generations together, sometimes messily, as hardcore lap-swimmers collide with youngsters playing Marco Polo. At a kids' party in "Rushmore", Bill Murray's disintegrating character lobs golf balls into the water, then cannonballs in with a cigarette between his lips.

A pool is an idyll of glamour and possibility, as in David Hockney's painting, also called "A Bigger Splash", after which the film is named. Look closely, though, and you may spy a scuzzy film of sunscreen on the surface or dead insects gathering in the filters. Contamination in pools is a harbinger

of trouble. In “The Swimmers”, a true-life tale of Syrian sisters, the foreign object is a bomb. In “The Sopranos” it is a family of ducks.

In “Sunset Boulevard”, it is a corpse. “The poor dope”, the dead man says of himself in a posthumous voice-over, “he always wanted a pool.” The body in the pool has often been a metaphor for the drowning of American dreams. In “The Great Gatsby”, a murdered Gatsby winds up floating on an air mattress in the marble pool he hadn’t used all summer, trailed by leaves and ghosts. Some fictional dips are rebirths; other pools are slippery crime scenes or damp graves.

Ultimately, everyone dives alone. This summer your pool may have an infinity edge and a swim-up bar, or a view of cracked tarmac and a wasp problem. You may be a diving-board exhibitionist or a habitué of the steps. Either way, the moment comes when the cold first prickles your skin and the chlorine stings your eyes. For a second it is you—and only you—beneath the enigmatic spray in Mr Hockney’s picture.

Among on-screen pools, the one in “The Graduate” best conveys the truth that, for all their conviviality, they can be oceans of loneliness too. Struggling with adulthood and adultery, Dustin Hoffman’s ingénu (pictured) is circled by his shark-like parents as he unwinds in their pool, escaping their hectoring only when he sinks down in his scuba gear. Above the water or below it, however, there is no refuge from his thoughts—nor, alas, from yours. On your laps or on a lilo, if you drift in a swimming pool long enough, what it reflects is yourself. ■

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Culture | Summer in pink

Provence is not just a destination. It is a lifestyle brand

The region, associated with a relaxed way of life, has become a marketing tool

August 7th 2025



IN A hilltop village in Provence, clinging to a rocky ledge above the Luberon valley, is the hotel Airelles Gordes, La Bastide. It is a place of sun-blanched stone, hanging gardens and quiet luxury—so picture-perfect that the producers of "Emily in Paris", a glitzy Netflix series, picked it as the setting for a lunch featuring the titular character and a former fling. This year the hotel rebranded its fine-dining restaurant to lend it a more relaxed style. Under a new chef, La Table de La Bastide offers creative but less formal cuisine "celebrating the Provençal spirit".

To most people, Provence is a region of France. Increasingly, it is also a lifestyle brand. The word “Provence” evokes the sound of cicadas, the smell of pine and the feeling of the sun on your skin: few other parts of Europe conjure quite the same sensory mix in a single word. It beckons seductively, promises simplicity and seems to slow life down.

In the French mind Provence is distinct from the Riviera, or the Côte d’Azur, the coastal strip of resorts on the Mediterranean. The Riviera is about yachts, partying and showiness; Provence is about rugged timelessness and natural style. Gordes lies nearly 150 kilometres inland from Saint-Tropez. “Here, you find elegance but you can be hyper-relaxed,” says Angela Kreuz, general manager of the hotel. “That is the experience clients come to Provence for.”

To attach the word Provence to a product or place is to hitch the humdrum to understated chic. Marseille’s international airport, for instance, is called Marseille Provence. Provence can be drizzled on salads: Georgetown Herbes de Provence Olive Oil, infused with lavender, rosemary and thyme, promises “to transport you directly to the French countryside”. It can be massaged onto cheeks: Provence Beauty, a firm based in Los Angeles, uses “coveted natural extracts from the south of France”.



What explains the emergence of brand Provence? Not French administrators, who merged it into the graceless modern region named Provence-Alpes-Côte d'Azur. The Romans called it "Provincia"; by the medieval period Provence reached from the river Rhône to Nice on the Mediterranean and as far north as the Alps. Its borders have fluctuated with wars and empires, before it was annexed by the French crown in 1487. Today, Provence has no formal boundaries but you know it when you are there: it is a landscape (olive trees, vineyards), language (provençau) and culture (pétanque) that defy bureaucratic lines.

Nor has Provence always charmed its visitors. "Provence, with its sunny sky, is too arid to deserve general praise," wrote John Murray in 1843 in his "Handbook for Travellers in France". Early British and American visitors preferred the Riviera. In the 19th and 20th centuries it was French artists who turned eyes away from the Med and towards the charms of its hinterland. "A Year in Provence", a bestseller by Peter Mayle, was not published until 1989.

In more recent times Hollywood has helped lend glamour to the brand. Johnny Depp liked the region so much that he bought an entire village. A Provençal wine estate has become a celebrity accessory: big-screen stars including Brad Pitt and George Clooney have snapped up vineyards complete with historic châteaux.

That points to an important part of the region's reputation: rosé. No country in the world produces more of the pink tipple than France, and no part of France produces it quite like Provence. Exports of Provençal rosé have nearly tripled over the past decade, most of it shipped to America and Britain. "There are a lot of great rosés out there, but in the end the customer wants to have Provence on the list," says Guillaume Harel, an ex-sommelier and export director for Maurel Frères, a wine distributor. Rosé can be a flashy brand statement—think LVMH's Whispering Angel or Minuty—or it can speak more quietly of a sense of place. This year Maurel Frères acquired Domaine Saint-Jean de Villecroze, in the Provence hills, which had rebranded one of its rosés as "Selladore en Provence", with an image of a tractor on the bottle.

Brand Provence, suggest some, is a counterpoint to the stresses of the modern world. Provence "is really this idea of a lifestyle, a way to take one's time, to savour time passing," says Isabelle Brémond, director of Marque Provence, a regional marketing body. Seasons and sunlight dictate daily rhythms, in the fields or en terrasse. And the region practises a centuries-old culinary art de vivre—local produce, fresh markets, simple ingredients—now in vogue. Provence grew fat purple tomatoes long before they were labelled "heirloom".



Paradoxically, of course, the brand is also dependent on—and sometimes undermined by—the agitations and compulsions of the small screen. On Instagram the hashtag #Provence features on over 7m posts. In 2023 an American travel magazine named Gordes the "most beautiful village in the world". Only 1,664 people live there, but now 1m tourists crowd into its narrow streets each year.

In all this pampering and posting, Provence gets purified. Up in the hills, poverty stalks the rocky land. As people glug less wine, the region will take a knock. But summer is a time for fêtes in Provence, when smallholders lay down their tools, villagers lay out the trestle tables and rosé is drunk by all, whether from a jug or a bottle. In August, at least, Provence sets the rhythm for those who live there—and those who want a slice of that life. ■

This article was downloaded by zlibrary from https://www.economist.com//culture/2025/08/07/provence-is-not-just-a-destination-it-is-a-lifestyle-brand

Economic & financial indicators

- Economic data, commodities and markets

Economic data, commodities and markets

August 7th 2025

Economic data

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	Gross domestic product, % change on year ago: latest		quarter*	2025†	Consumer prices, % change on year ago: latest		2025†	Unemployment rate, %	
United States	2.0	Q2	3.0	0.9	2.7	Jun	2.8	4.2	Jul
China	5.2	Q2	4.5	4.7	0.1	Jun	-0.3	5.0	Jun§§
Japan	1.7	Q1	-0.2	0.6	3.2	Jun	3.1	2.5	Jun
Britain	1.3	Q1	3.0	1.0	3.6	Jun	3.7	4.7	Apr††
Canada	2.3	Q1	2.2	1.0	1.9	Jun	2.1	6.9	Jun
Euro area	1.4	Q2	0.4	1.2	2.0	Jul	2.0	6.2	Jun
Austria	-0.5	Q1	0.6§	0.1	3.6	Jul	2.9	5.8	Jun
Belgium	1.1	Q2	1.0	1.0	2.6	Jul	3.0	6.5	Jun
France	0.7	Q2	1.2	0.6	0.9	Jul	0.9	7.0	Jun
Germany	0.4	Q2	-0.4	0.3	1.8	Jul	2.1	3.7	Jun
Greece	1.8	Q1	0.2	2.2	3.6	Jun	2.7	7.9	May
Italy	0.4	Q2	-0.3	0.6	1.7	Jul	1.9	6.3	Jun
Netherlands	1.5	Q2	0.4	1.3	2.5	Jul	3.4	3.8	Jun
Spain	2.8	Q2	3.0	2.6	2.7	Jul	2.2	10.4	Jun
Czech Republic	2.4	Q1	2.8	2.1	2.7	Jul	2.4	2.5	Q1§
Denmark	2.6	Q1	-5.0	2.6	1.9	Jun	1.8	2.9	Jun
Norway	-0.4	Q1	-0.3	1.3	3.0	Jun	2.3	4.9	May**
Poland	3.2	Q1	2.8	3.0	3.1	Jul	3.9	5.4	Jul§
Russia	1.4	Q1	-2.3	0.9	9.4	Jun	8.7	2.2	Jun§
Sweden	1.0	Q2	0.4	1.8	0.7	Jun	2.3	9.4	Jun§
Switzerland	2.0	Q1	2.1	1.3	0.2	Jul	0.1	2.9	Jun
Turkey	2.0	Q1	4.0	2.8	33.5	Jul	33.8	8.5	Jun§
Australia	1.3	Q1	0.8	1.7	2.1	Q2	2.1	4.3	Jun
Hong Kong	3.1	Q2	1.6	1.9	1.5	Jun	1.5	3.5	Jun**
India	7.4	Q1	9.8	6.2	2.1	Jun	3.9	6.8	Jul
Indonesia	5.1	Q2	5.9	4.7	2.4	Jul	1.6	4.8	Feb§
Malaysia	4.5	Q2	6.2	4.0	1.1	Jun	1.8	3.0	May§
Pakistan	4.8	2025**	na	3.0	4.1	Jul	4.8	6.3	2021
Philippines	5.5	Q2	6.1	6.4	0.9	Jul	1.5	4.1	Q2§
Singapore	4.3	Q2	5.6	1.9	0.8	Jun	0.8	2.1	Q2
South Korea	0.6	Q2	2.4	0.6	2.1	Jul	2.0	2.8	Jun§
Taiwan	8.0	Q2	12.9	3.8	1.5	Jul	1.9	3.3	Jun
Thailand	3.1	Q1	2.8	1.8	-0.7	Jul	0.2	0.8	Jun§
Argentina	5.8	Q1	3.4	5.6	39.4	Jun	39.7	7.9	Q1§
Brazil	2.9	Q1	5.7	2.2	5.4	Jun	5.1	5.8	Jun§**
Chile	2.3	Q1	2.8	2.8	4.1	Jun	4.3	8.9	Jun§**
Colombia	2.7	Q1	3.2	2.3	4.8	Jun	4.9	8.6	Jun§
Mexico	0.1	Q2	2.8	-0.2	4.3	Jun	3.9	2.6	Jun
Peru	3.9	Q1	5.1	2.8	1.7	Jul	1.8	7.6	Jun§
Egypt	4.8	Q1	-23.0	4.1	14.9	Jun	15.9	6.3	Q1§
Israel	1.4	Q1	3.5	3.0	3.3	Jun	3.0	2.7	Jun
Saudi Arabia	2.0	2024	na	4.4	2.3	Jun	2.6	2.8	Q1
South Africa	0.8	Q1	0.4	1.0	3.0	Jun	3.1	32.9	Q1§

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

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	Current-account balance, % of GDP, 2025†	Budget balance, % of GDP, 2025†	Interest rates, 10-yr gov't bonds, latest, %		change on year ago, bp	Currency units, per $, Aug 6th	% change on year ago
United States	-3.7	-5.9	4.2		32.0	-	
China	1.7	-5.9	1.6	§§	-26.0	7.19	-0.6
Japan	4.5	-3.4	1.5		60.0	147	-2.0
Britain	-3.0	-4.9	4.5		65.0	0.75	5.3
Canada	-0.5	-1.9	3.4		29.0	1.38	0.7
Euro area	3.0	-3.3	2.6		43.0	0.86	5.8
Austria	2.2	-4.5	3.0		21.0	0.86	5.8
Belgium	-0.1	-4.7	3.2		36.0	0.86	5.8
France	-0.3	-5.7	3.3		34.0	0.86	5.8
Germany	5.3	-2.7	2.6		43.0	0.86	5.8
Greece	-5.9	-0.2	3.4		nil	0.86	5.8
Italy	0.9	-3.6	3.5		-18.0	0.86	5.8
Netherlands	7.9	-2.4	2.8		29.0	0.86	5.8
Spain	2.3	-3.2	3.2		15.0	0.86	5.8
Czech Republic	0.3	-2.4	4.3		64.0	21.1	9.5
Denmark	12.9	1.6	2.5		20.0	6.42	6.4
Norway	14.1	9.4	3.9		70.0	10.2	7.0
Poland	0.2	-6.1	5.5		36.0	3.68	7.1
Russia	2.0	-2.7	14.2		-122	80.2	6.8
Sweden	5.8	-1.4	2.4		54.0	9.64	9.2
Switzerland	6.7	0.7	0.3		-7.0	0.81	5.0
Turkey	-1.7	-3.7	29.2		244	40.7	-17.3
Australia	-1.2	-1.8	4.3		-3.0	1.54	nil
Hong Kong	11.5	-5.4	3.0		4.0	7.85	-0.6
India	-0.5	-4.4	6.4		-46.0	87.7	-4.3
Indonesia	-0.8	-3.3	6.5		-32.0	16,360	-1.2
Malaysia	1.8	-3.9	3.4		-37.0	4.23	5.7
Pakistan	-1.4	-5.2	12.0	†††	-208	283	-1.3
Philippines	-3.3	-5.4	6.1		-10.0	57.5	0.6
Singapore	14.4	0.2	2.0		-75.0	1.29	3.1
South Korea	3.5	-2.4	2.8		-22.0	1,389	-1.0
Taiwan	14.9	0.6	1.4		-11.0	30.0	9.1
Thailand	1.8	-5.8	2.1		-48.0	32.4	9.6
Argentina	-2.3	0.4	na		na	1,332	-29.8
Brazil	-2.4	-8.1	13.9		212	5.48	3.3
Chile	-1.9	-2.0	5.6		-28.0	975	-2.8
Colombia	-2.6	-7.2	11.7		148	4,044	2.2
Mexico	-0.2	-3.5	9.2		-50.0	18.6	4.1
Peru	2.1	-2.8	6.1		-67.0	3.56	5.1
Egypt	-4.6	-7.5	na		na	48.4	1.6
Israel	3.1	-5.3	4.2		-40.0	3.43	11.7
Saudi Arabia	-1.8	-2.9	na		na	3.75	nil
South Africa	-1.6	-4.9	9.7		29.0	17.8	4.0

Source: Haver Analytics §§5-year yield †††Dollar-denominated bonds

Markets

In local currency	Index Aug 6th	% change on: one week	Dec 31st 2024
United States S&P 500	6,345.1	-0.3	7.9
United States NAS Comp	21,169.4	0.2	9.6
China Shanghai Comp	3,634.0	0.5	8.4
China Shenzhen Comp	2,225.7	0.9	13.7
Japan Nikkei 225	40,794.9	0.3	2.3
Japan Topix	2,966.6	1.6	6.5
Britain FTSE 100	9,164.3	0.3	12.1
Canada S&P TSX	27,920.9	2.0	12.9
Euro area EURO STOXX 50	5,263.3	-2.4	7.5
France CAC 40	7,635.0	-2.9	3.4
Germany DAX*	23,924.4	-1.4	20.2
Italy FTSE/MIB	41,009.7	-1.5	20.0
Netherlands AEX	883.9	-2.8	0.6
Spain IBEX 35	14,536.6	1.1	25.4
Poland WIG	108,259.3	-0.6	36.0
Russia RTS, $ terms	1,086.1	3.5	21.6
Switzerland SMI	11,755.3	-1.5	1.3
Turkey BIST	10,901.0	2.7	10.9
Australia All Ord.	9,111.1	1.1	8.2
Hong Kong Hang Seng	24,910.6	-1.1	24.2
India BSE	80,544.0	-1.2	3.1
Indonesia IDX	7,503.8	-0.6	6.0
Malaysia KLSE	1,541.5	1.1	-6.1
Pakistan KSE	145,088.5	4.8	26.0
Singapore STI	4,227.7	0.2	11.6
South Korea KOSPI	3,198.1	-1.7	33.3
Taiwan TWI	23,447.4	-0.1	1.8
Thailand SET	1,264.5	1.6	-9.7
Argentina MERV	2,415,041.0	4.7	-4.7
Brazil BVSP*	134,537.6	0.4	11.9
Mexico IPC	57,154.2	-0.4	15.4
Egypt EGX 30	35,480.3	4.8	19.3
Israel TA-125	2,976.4	-3.6	22.6
Saudi Arabia Tadawul	10,946.7	0.3	-9.1
South Africa JSE AS	100,152.8	0.8	19.1
World, dev'd MSCI	4,093.3	-0.1	10.4
Emerging markets MSCI	1,244.4	-0.6	15.7

US corporate bonds, spread over Treasuries

Basis points	latest	Dec 31st 2024
Investment grade	96	95
High-yield	365	324

Sources: LSEG Workspace; Moscow Exchange; Standard & Poor's Global Fixed Income Research *Total return index

Commodities

***The Economist* commodity-price index**

2020=100	Jul 29th	Aug 5th*	% change on month	% change on year
Dollar Index				
All items	132.6	131.2	0.2	4.2
Food	143.8	141.8	-1.0	3.8
Industrials				
All	123.4	122.5	1.4	4.6
Non-food agriculturals	126.0	124.9	2.2	-3.2
Metals	122.7	121.8	1.2	6.9
Sterling Index				
All items	127.8	126.9	2.2	-0.4
Euro Index				
All items	131.5	129.6	1.3	-1.5
Gold				
$ per oz	3,330.0	3,385.7	2.8	41.9
Brent				
$ per barrel	72.6	67.7	-3.6	-11.7

Sources: Bloomberg; CME Group; FT; LSEG Workspace; NZ Wool Services; S&P Global Commodity Insights; Thompson Lloyd & Ewart; USDA; WSJ *Provisional

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Obituary

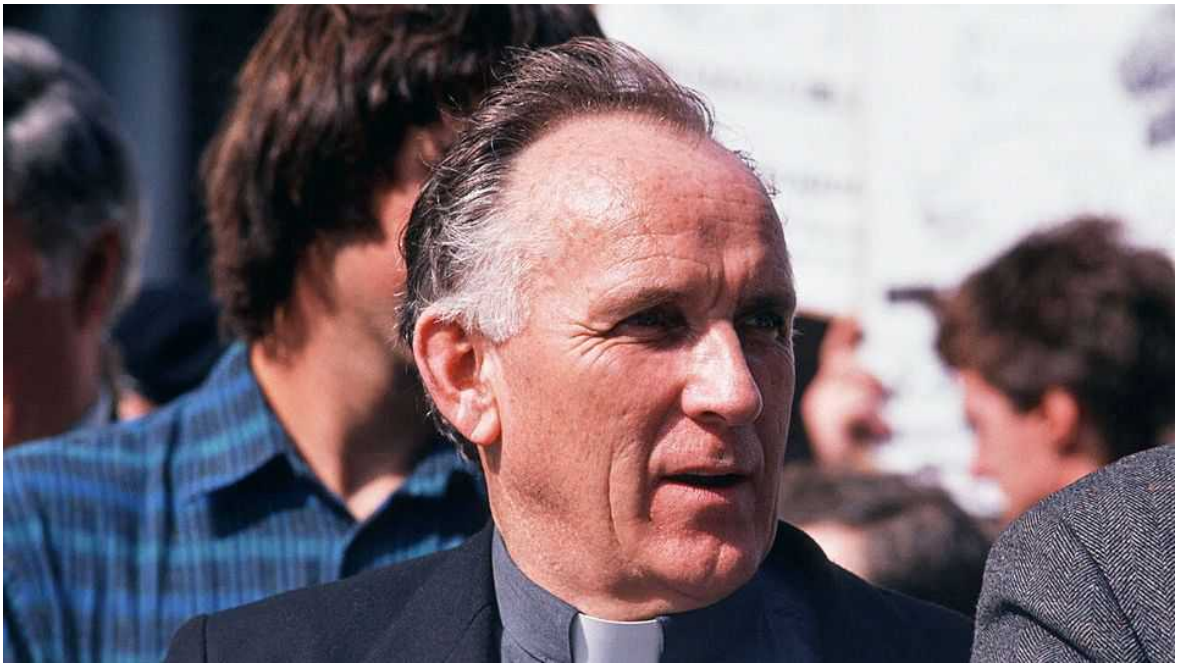
- Fr Patrick Ryan, the “Devil’s Disciple”, improved IRA bomb-making

Obituary | Old Father Timer

Fr Patrick Ryan, the “Devil’s Disciple”, improved IRA bomb-making

The former Catholic priest died on June 15th, aged 94

August 7th 2025



Tick, tick, tick. The sound as he stepped into the shop was overwhelming. There were simple clocks and fancy clocks, pocket clocks and—this was Switzerland, after all—cuckoo clocks. A cacophony of ticking. But Father Patrick Ryan wasn’t interested in cuckoo clocks. His eye had been caught by the small, round timers in the window. Locals used them to remind themselves when their parking meter was about to run out: set the timer going—tick, tick, tick—and when it went off, your time was up. He asked the shopkeeper for one. The shopkeeper laughed: what a cheap thing to choose. Father Ryan smiled. The world could laugh. In time, it would see that the joke was on it.

And, in time the world did see. But it didn't laugh. Father Ryan bought about 900 of those timers. Then the Irish Republican Army (IRA) set them going: tick, tick, tick—and when they went off, your time was up. Time up for the 12 soldiers killed by a timed bomb in Warrenpoint in 1979 (that one was set for 5.12pm). Time up for the two people killed by bombs in Canary Wharf in 1996 (7.01pm). Time up for the five killed in 1984 in the Grand Brighton Hotel (2.54am). Almost time up for Margaret Thatcher, who staggered out, cement dust still in her mouth. They had had to set that one for 24 days, 6 hours and 36 minutes. They were ingenious things, really: the little timers that made all the difference.

They certainly made all the difference to him. He had been born in Tipperary and grown up in a world that was clockwork with Catholicism. Fish on Fridays, fasting on Saturdays, mass on Sundays, the rosary every night: O my Jesus, forgive us our sins, save us from the fires of hell. His mother brought him up to love Jesus and hate "the enemy"—the English. Who would in time hate him back: he became known as the "mad priest", the "Terror Priest", the "devil in a dog collar", the "Devil's Disciple" and, more prosaically, as one of Britain's most wanted men.

He'd not started out to be a devil—though he'd never been too saintly, either. He signed on to be a priest at 14, worked hard at his studies and played hard, too, at hurling. He showed his roguery in that. They nicknamed him "Sorry" because he would hit another player, say "Sorry", then hit him again straight after and say "Sorry" again. But he really wasn't ever sorry. They could all see that. Then he'd been shipped out to be a priest in Tanganyika, in Africa, where he'd helped locals with engineering projects. It was when he was sent back home that, as Jennifer O'Leary records in her book "The Padre", the iRA approached him: would he, perchance, like to work for them? Perchance he would.

At first he helped by ferrying money across Europe: Paris, Rome (he liked the gelato), Geneva. Swiss banks, he learned, had to guard your secrets like a priest. That pleased him. But it was clear to him that the IRA needed not just more money but better engineering. The number of bombs was increasing—they'd planted 153 by the end of 1970, then 1,300 in 1972—but not their accuracy. They went off all the time: in cars, in kitchens, in people's hands. They called them the "own goals". There was never much

left of someone after an own goal: just bits and pieces under a car. It was in Geneva that he saw the timers. He instantly realised their worth: Swiss timepieces for an enemy that ran like clockwork.

Take the Household Cavalry's changing of the guard. At 10.28am they would start to leave their Hyde Park barracks. Out by 10.30am, on past Buckingham Palace, at Horse Guards Parade by 11am. So regular you could set your watch to them. So regular you could set your timer to them. For that one he used a different detonator but the result was the same. When the bomb exploded four men were killed and seven horses. That bomb, Father Ryan later said, was his work. Absolutely one hundred per cent. Oh yes.

Father Ryan's timing wasn't always perfect. On August 27th, 1979, he happened to be in County Sligo. It was a lovely sunny day—so lovely that Lord Mountbatten, King Charles's great-uncle, had gone out on his boat with his family and a local boat boy. The IRA bomb was so loud that the boat boy's father heard it from his house. He drove to the shore, arriving in time to see his son's body pulled from the water. "Look what you've done to him," he kept saying. "Look what you've done." There was more than one way to score an own goal. Father Ryan left Sligo briskly.

In a war you didn't just need timing, you needed luck. The British knew that, the IRA knew it. Few bombs showed it better than the Brighton bomb of 1984. That bomb had been tricky: the Grand hotel had been crawling with police all week; it had been known for years that the IRA wanted to assassinate Thatcher. So the IRA planted their bomb, with its little Swiss timer, early: 24 days early. The timer worked but the assassination failed: they had right time but the wrong suite. The IRA's statement reflected on the role of fortune. Remember, it read, "we have only to be lucky once. You will have to be lucky always."

And then it was over. There was the Good Friday Agreement in 1998 and peace in Northern Ireland and handshakes with the queen and the Troubles were suddenly less troubling. Gerry Adams, the former leader of Sinn Féin (formerly the political wing of the IRA) took to Twitter and started issuing whimsical, avuncular tweets. He tweeted about cupcakes; about his dog; about how bothersome it was switching off all the fairy-lights in one's home

at Christmas. Not everyone was charmed. “Surely,” someone tweeted back, “you know someone who can fit a timer?”

And the man who had provided the IRA with its timers? He was less avuncular. A few years before he died, he was interviewed about his past. He was, by then, no longer a priest (the Catholic church had booted him out) but he still wore Bible-black; still had that priestly, authoritative air. Did he, the interviewer asked, have any regrets? Oh yes, he said. “I have big regrets.” Ever a one for timing, he paused. “I regret that I wasn’t even more effective.” ■

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AUGUST 9TH–15TH 2025
WHY ISRAEL MUST HOLD ITSELF TO ACCOUNT

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- Fr Patrick Ryan, the "Devil's Disciple", improved IRA bomb-making