The Economist

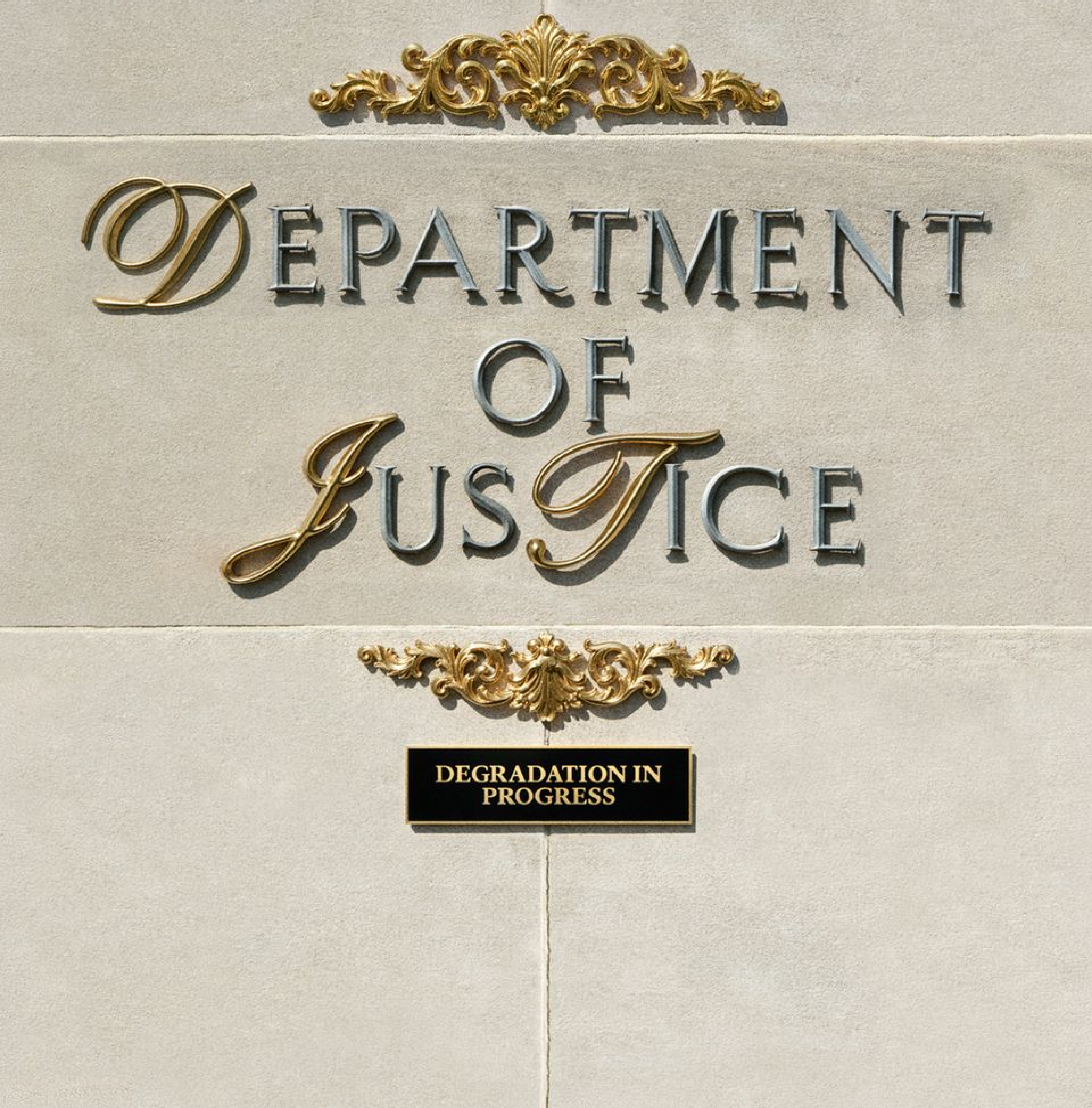
No plan for Iran

Why Earth is getting hotter faster

How to do AI nationalism

Bureaucrats do nightlife

JULY 18TH–24TH 2026



The Economist

[July 18th 2026]

The world this week

- **Politics**
- **Business**
- **Cartoon: Continuing uncertainty over the Strait of Hormuz**
  A lighter take on the news

The world this week

Politics

Jul 16, 2026 04:58 AM

The ceasefire between **America** and **Iran** all but collapsed, after Donald Trump reinstated a blockade of Iranian vessels in the [Strait of Hormuz](#) and ordered fresh strikes to degrade Iran's ability to attack commercial shipping. Iran continued to target countries in the region, including Kuwait and Jordan, and struck two United Arab Emirates' oil tankers with cruise missiles. America hit a tanker heading towards Kharg island, Iran's oil-export hub. Mr Trump raised, and then quickly backed down from, the possibility of America charging a 20% fee on ships that traverse the strait. Oil prices jumped.

Iraq's new prime minister, [Ali al-Zaidi](#), visited the White House. Mr Trump was effusive in his praise, describing Mr al-Zaidi as a "great leader". The president had in effect blocked the return of Nouri al-

Maliki as prime minister, viewing him as too close to Iran. Iraq's new leader is under intense pressure to disarm Iranian-aligned militias that have launched attacks on American facilities.

Israel's general election· is to be held on October 27th. Binyamin Netanyahu's government will have served a full term when the Knesset is dissolved on July 17th.

Oxford University launched the first trial of a vaccine against the strain of **Ebola·** that has broken out in the Democratic Republic of Congo. Nearly 800 people have died and over 2,000 are infected. Scientists think that the current outbreak could be worse than the one that killed more than 11,000 people in west Africa ten years ago, unless there is an improvement in efforts to combat the disease.

Lindsey Graham·, a senior American senator from South Carolina, died unexpectedly at the age of 71. He had just returned from Ukraine and was pushing a bill to widen sanctions against Russia. Mr Trump described Mr Graham as a "great politician", though the senator opposed Mr Trump's first run for president, becoming a steadfast ally only after his victory. Mr Graham also supported Israel's war aims and advocated for a tough stand against Iran.

A suspect was arrested in the murder of **Ann Widdecombe·**, a former MP and Conservative government minister in Britain who switched to the populist-right Reform UK and was its justice spokeswoman. Ms Widdecombe, a devout Christian who converted to Catholicism and fiercely resisted the transgender movement, was found dead at her home. Reform called for better security protection for MPs after a man was arrested for threatening on social media to shoot its leader, Nigel Farage.

Into the sunset

Andy Burnham· easily secured the support of enough Labour MPs to become the party's new leader, ensuring that he will take over from **Sir Keir Starmer·**. Sir Keir took his last prime minister's questions in the House of Commons. "I am proud of everything that we have achieved," said the man with the worst satisfaction ratings ever recorded for a British prime minister.

El Salvador's president, Nayib Bukele, was nominated by his New Ideas party to run for a third term at next year's election. When Mr Bukele was first elected in 2019 presidents were limited to one term. But in 2021 the country's top court ruled that he could run a second time. Last year the legislative assembly passed a constitutional amendment scrapping term limits for the presidency altogether and extending the term in office from five years to six. Some observers fear that El Salvador is slipping back to the old Latin American model of one-man rule.

The death toll from two recent earthquakes in **Venezuela** approached 5,000. The government is in discussions with the IMF about tapping its special drawing rights at the fund for humanitarian uses.

At least 32 people died when a fire engulfed a bar in **Bangkok**. Survivors described how they encountered locked doors and poor signage when they tried to escape the inferno.

More violent clashes broke out in **Pakistan-administered Kashmir** over seats in the local assembly that are reserved for refugees who live in other parts of Pakistan. A grassroots organisation, the Joint Action Committee, has been banned for stirring the protests; it claims the reserved seats weaken local representation. Nine people were killed in the recent trouble. Around 30 have died over the past few weeks.

Almost 2m people were evacuated in China from the path of **Typhoon Bavi**, a gigantic storm that spanned 1,000km (620 miles) at its widest point. Bavi made landfall at Taizhou, around 300km south of Shanghai, before turning on Wenzhou, which is a little farther south.

Volodymyr Zelensky shook up his cabinet, which resulted in Yuliia Svyrydenko stepping down as prime minister after just a year in the job. "**Ukraine** is changing its political strategy," said Mr Zelensky. Mykhailo Fedorov, the defence minister who is widely credited with Ukraine's successful use of new wartime technology, was also ousted after clashing with generals. Meanwhile, Russia attacked Kyiv with another heavy bombardment, its fifth this month.

Lithuania's ruling coalition approved Mindaugas Sinkevicius as the new prime minister. The coalition in parliament voted for his manifesto, which includes keeping spending on defence to at least 5% of GDP and an aim to keep American troops in the country for the long term. Although Russia is suffering heavy losses in Ukraine, it would be a mistake to think its "military threat is subsiding", said Mr Sinkevicius.

The **Hungarian** parliament, now with the centrists holding a supermajority after April's election, passed a constitutional amendment that would remove Tamas Sulyok from the presidency and Peter Polt as head of the Constitutional Court. Peter Magyar, the new prime minister, said both men had put their loyalty to Viktor Orban, the previous right-wing prime minister, above the interests of Hungary.

A break for the border

Border controls· between **Gibraltar**, a British overseas territory, and Spain were abolished. Checks had been administered on people crossing to and from Spain, and thus the European Union, but during the Brexit negotiations with Britain the EU insisted on allowing free movement. Spaniards and Gibraltarians can now cross their border with ease. But as Gibraltar is now in effect part of the EU's Schengen free-movement area, non-Gibraltarians will have to endure the EU's new and technically challenged electronic border system at the airport.

The world this week

Business

Jul 16, 2026 04:58 AM

Kevin Warsh gave his first report to Congress as chairman of the Federal Reserve. Mr Warsh said the Fed was committed to "restoring price stability", which would entail a "regime change in policy" to make the inflation surge of the previous five years "a thing of the past". Mr Warsh has appointed task forces to assess each of the five areas· that are central to the Fed's policy. The task forces' members include Lord Mervyn King, a former governor of the Bank of England, and Greg Mankiw, who led George W. Bush's Council of Economic Advisers.

Mr Warsh gave his testimony as the latest figures on American consumer-price **inflation** showed the annual rate falling in June to 3.5%, from 4.2% in May. Core inflation, which excludes volatile food and energy prices, also fell, to 2.6%. Energy prices declined by 5.7%, month on month, after rising for three months.

Brisk activity in equities trading during the second quarter led to huge profits at **America's big banks**. Net income at JPMorgan Chase was up by 41%, year on year, to $21.2bn. Profits surged by 80% at Goldman Sachs, by 45% at Citigroup and by 27% at Bank of America.

South Korea's central bank raised interest rates for the first time in three years, lifting its base rate to 2.75%. The boom in exports from the country's mighty chipmakers is expected to "spill over into domestic demand", said the bank. Higher oil prices, coupled with a weaker won to pay for energy imports, are also adding to inflationary pressures.

SK ·Hynix's debut on the Nasdaq exchange was a success. The South Korean chipmaker raised $26.5bn through a sale of stock in American depositary receipts (allowing American investors to buy its shares). In the days following the flotation the share price fell as investors banked profits from the sale, but it then surged again in another rollercoaster week for the KOSPI, South Korea's main stock-market index.

EasyJet changed its mind about a proposal to be taken private by Castlelake, an American investment firm, and instead accepted an offer from Apollo, a private-equity firm, that values the European airline at £5.7bn ($7.6bn). Castlelake had not finalised its proposal.

Gobbled up

Uber agreed to buy **Delivery Hero**, a German online food-ordering company that operates in 65 countries. The acquisition values Delivery Hero, which will sell its Turkish business and make other divestments, at €13bn ($14.8bn).

China's economy grew by 4.3% in the second quarter, year on year. Apart from the pandemic era it was the country's slowest growth rate since the early 1990s, when its GDP statistics were standardised. The domestic economy has remained subdued during a long slowdown in the property market. Exports are booming, however. Separate figures showed the value of goods sent abroad rising by 27% in June. Shipments of cars were up by 71% to more than 1m for the first time.

Apple lodged a lawsuit against OpenAI, accusing it and two former employees of stealing **trade secrets**. The complaint relates to

OpenAI's expansion into consumer devices, the development of which is now "rotten to the core", according to Apple. OpenAI denies the claims. OpenAI's first device will be a portable speaker.

The AI boom powered **ASML** to another bumper quarter. The Dutch maker of lithography machines used to produce high-end chips recorded a 21% jump in sales, year on year, to €9.3bn ($10.7bn) and raised its annual outlook. **TSMC**, the world's biggest contract-manufacturer of chips, reported a 77% rise in net profit and also lifted its revenue projections.

New York imposed a one-year moratorium on building large AI **data centres**, the first American state to do so. Residents are objecting to the facilities, claiming, often on dubious evidence, that they use too much water and raise electricity prices.

SpaceX's stock slipped below the $135 it was listed at in its initial public offering on June 12th. More than $1trn has been wiped off the company's market value since the share price hit a peak in mid-June.

Visionaries?

Speculation that **artificial intelligence** is causing a market bubble was dismissed as "absurd" by Masayoshi Son, the boss of SoftBank. Mr Son was an early backer of the technology. He indulged in some speculation of his own. By 2040 humans will no longer be the "highest life form", predicted Mr Son, $5trn a year will be spent on AI, and data centres will be powered by nuclear fusion. In June Mr Son compared worries about an AI bubble to "blasphemy".

Sir Demis Hassabis, the co-founder of Google DeepMind, called for the establishment of a **regulatory body** to oversee potential threats from the most-advanced AI models to national security. The organisation should be led by America, said Sir Demis, and modelled on the Financial Industry Regulatory Authority, an American non-governmental body that protects investors.

The world this week

Cartoon: Continuing uncertainty over the Strait of Hormuz

A lighter take on the news

Jul 16, 2026 05:39 AM

Dig deeper into the subjects of this cartoon:

[America's president looks bereft of good options for solving the stand-off in the Gulf·]

[But the stand-off also has costs for cash-strapped Iran·]

[America's other battle with Iran·]

You can see previous ones here.

Leaders

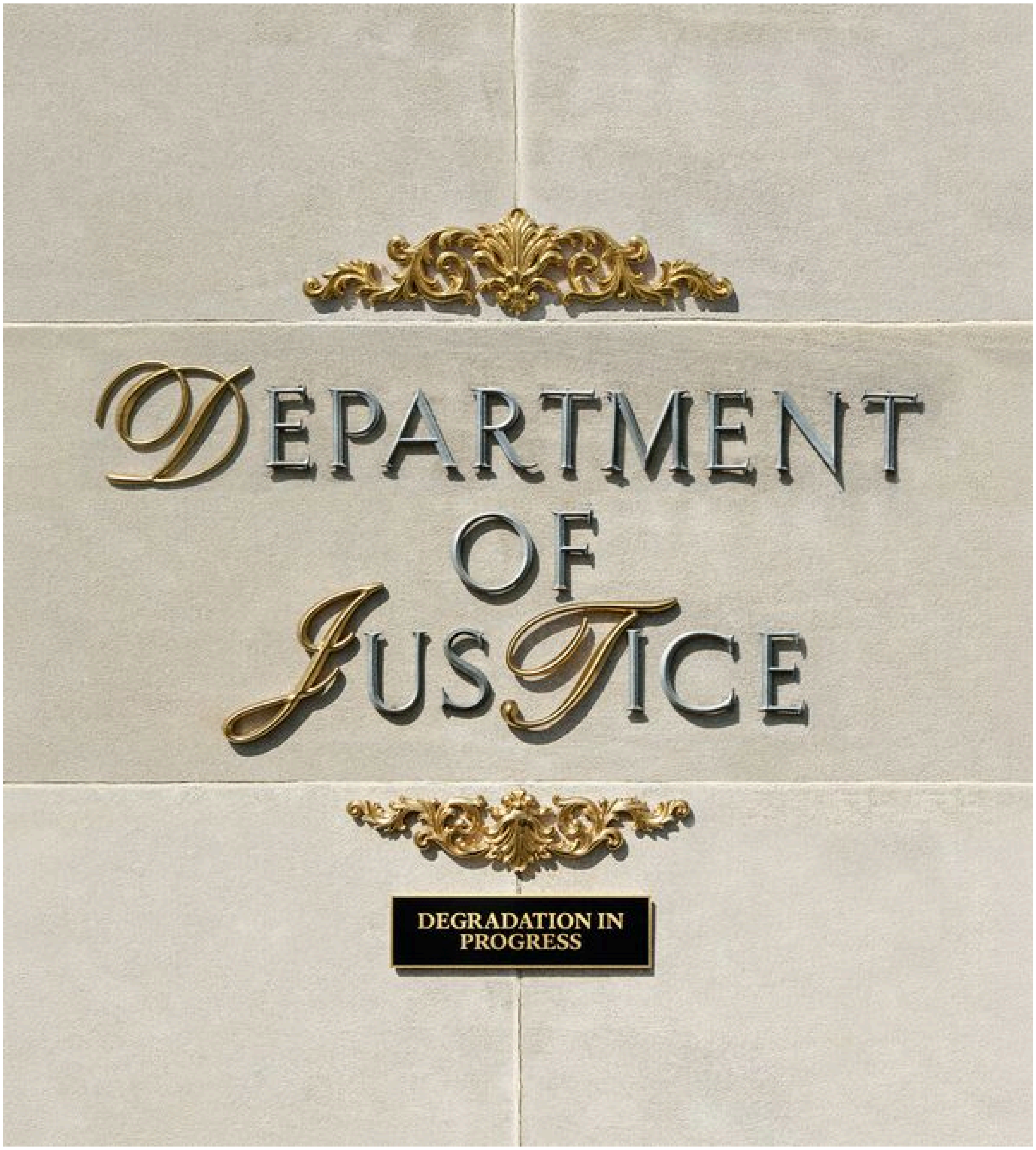
- **Donald Trump's gutting of the Department of Justice**
  Our cover :: What the degraded institution means for America
- **It's too darn hot. Blame global dimming**
  Our cover :: Earth is absorbing a lot more sunshine
- **Donald Trump's blind alley**
  A man, no plan, Iran :: America's president looks bereft of good options for solving the stand-off in the Gulf
- **China's rulers have a woman problem**
  Lonely hearts clubbed :: Antagonism between the sexes does nothing to address China's demographic problems
- **How to make AI safe—and lessen dependence on America and China**
  Sovereign default :: State-backed efforts to catch up with frontier models are doomed
- **America should stop making it so hard to have fun**
  Booze over bedtime :: Bureaucracy is nightlife's toughest bouncer

Our cover

Donald Trump’s gutting of the Department of Justice

What the degraded institution means for America

Jul 16, 2026 06:53 AM



THE PURSUIT of enemies grabs all the attention, and for good reason. Markets were shocked to see President Donald Trump set the Department of Justice (DOJ) on Jerome Powell when he was still the chairman of the Federal Reserve. Champions of press freedom cried foul last week when the department issued subpoenas to *New York Times* journalists for explaining the truth about Qatar's gift of a jet to the president. But Mr Trump's grievance agenda isn't the half of it.

In a sign of how much he treats the department as his own personal law firm, he wants his actual lawyer to become attorney-general. Senate hearings begin this week for Todd Blanche, who is currently the acting attorney-general. Those on Mr Trump's enemies list are not the only ones who should be worried. The president is also inflicting less-noticed harms on the DOJ that are as bad as the attention-grabbing ones. The damage is likely to be profound.

The DOJ is the government's lawyer, but it also serves as the guardian of the law, especially since Watergate. In 2019 Bill Barr, then Mr Trump's pick for attorney-general, said that Americans "have to know that there are places in the government where the rule of law—not politics—holds sway" and that the Department of Justice "must be such a place". Mr Trump has no time for that. Less than halfway through his second term, he has turned the DOJ from an arm of the law into a muscular limb of the presidency.

For a start, he has dramatically redefined the department's priorities, which is legitimate, often by setting goals that blur policy and politics, which is not. Health-care fraud is being chased with particular zeal in states run by Democrats, such as California and Minnesota, where it can be used to discredit Mr Trump's opponents, including the states' governors, Gavin Newsom and Tim Walz.

The DOJ is also an effective tool for pursuing his political agenda. Election fraud is consuming ever more of its resources—not because it is a real problem, but because it is a presidential obsession. The DOJ has sued states for access to their voter rolls. In January the FBI seized hundreds of boxes filled with ballots and other documents in Georgia's most populous county, part of an investigation of the presidential election in 2020. More recently, some 260 FBI analysts were dispatched to pore over Georgia's files, with a deadline to review records by July 17th. At the very least, this will shake voters' faith that elections are trustworthy—indeed, that may be its sinister design.

Matters of genuine public interest are left to languish. About a quarter of the DOJ's lawyers have left. Divisions that investigated cryptocurrency fraud and public corruption have withered. Financial-fraud indictments by prosecutors at DOJ headquarters and in Manhattan are down by 30% from the ten-year average. About 300 special agents who specialise in national security have quit the FBI, taking decades of experience in counterterrorism and cyber-warfare with them.

The department has also become more chaotic. Too often, cases encounter problems in court, though it is hard to distinguish sloppiness by DOJ staff from deliberate ill-intent. Nearly 100 times in Mr Trump's first 14 months, the DOJ supplied courts with inaccurate information. It is quite something for the state to lose the benefit of the doubt in its own courtrooms.

More than 61,000 petitions from detained immigrants have bogged down courts and frustrated judges and federal prosecutors, who have moved lawyers from criminal divisions to help. By September last year, about a fifth of FBI agents had been diverted to immigration enforcement.

Meanwhile, the president's powers are increasing. In *Trump v Slaughter* last month the Supreme Court ruled that the president could sack leaders of semi-independent agencies, such as the Federal Trade Commission (FTC) and the Securities and Exchange Commission (SEC). That gives the president the capacity to force agencies to work in league with the DOJ. Imagine a co-ordinated campaign of pressure, in which the DOJ opens an antitrust inquiry, the FTC explores consumer fraud and the SEC investigates corporate disclosures.

Unfortunately, the permanent appointment of Mr Blanche is unlikely to mark an improvement. He has done as much as anyone to advance Mr Trump's agenda of prosecuting his enemies and protecting his friends—a powerful combination for encouraging people to comply with Mr Trump's wishes. Under Mr Blanche, the DOJ has recently threatened state election officials with criminal prosecution if they knowingly let non-citizens remain on voting rolls.

Democrats and more than 1,200 former DOJ lawyers have demanded that the Senate reject Mr Blanche's nomination. The Senate now has the choice of confirming him, and thereby seeming to endorse Mr Trump's broader agenda, or blocking him in a rare rebuke to the president. Unfortunately, a rejection may not accomplish all that much. Mr Trump can retain Mr Blanche as acting attorney-general for months or nominate someone just as pliable.

The best Americans can hope for, in the next two years, is that courts stand firm. So far they have generally checked the DOJ's worst impulses. On July 7th a federal judge blocked the department's effort to subpoena the names of election workers in Georgia. On July 13th another federal judge nullified a settlement organised by the DOJ in response to a civil case brought by Mr Trump that would have protected the president and his family from tax audits.

In the dock

Even if Americans elect a president who wants to restore the DOJ, the damage will be hard to reverse. Mr Trump's acolytes would see the ejection of his partisan lawyers as a witch hunt that justifies the next purge when they take back power. Once the arrival of any new administration routinely entails a fresh round of sackings, professionals who care about the rule of law will think twice about signing up. After Watergate, statesmanship and a bipartisan effort were needed to create the modern DOJ. Today the stakes are as high, and the task is harder. ■

Our cover

It’s too darn hot. Blame global dimming

Earth is absorbing a lot more sunshine

Jul 16, 2026 06:54 AM

COLE PORTER had it right. It is too darn hot. On July 14th the surface temperature of Earth's tropical and mid-latitude oceans was higher than on any other July 14th in modern records. The same was true for every other day in July, and for almost all of the days in June, too. Europe has gone through three heatwaves since May, and though the continent is better prepared for such things than it used to be, tens of thousands will have died as a result.

America’s Fourth of July celebrations took place under a sweltering “heat dome”. Supertyphoon Bavi, which saw well over a million people evacuated from the Chinese coast, owed much of its power to the rate at which it was able to suck up energy from the overheated sea. Fires are spreading far and wide. Worse is to come. The chances of this year being the hottest on record are growing; the El Niño getting under way in the Pacific all but guarantees next year will be.

Climate change is feeding on itself. The warming effects of greenhouse gases are driving processes that heat up the planet yet further. The one which is exciting—and alarming—scientists most is an unexpected reduction in an obscure but fundamental aspect of Earth: its albedo.

The albedo is the fraction of incoming sunlight that a surface or a planet reflects back whence it came. High albedos, whether they are created by white roofs or ice-covered seas, keep things cool; by contrast, when albedos are low, the incoming energy stays here on Earth, raising the planet’s surface temperatures. Robust satellite measurements of Earth’s albedo have now been taken for over two decades. They show it falling with surprising speed. The oceans·, which are responsible for most of the sunshine’s absorption, have been accumulating much more heat as a result.

This is partly because of a scarcity of cooling clouds over the seas, a widely predicted effect of greenhouse warming. It is also owing to something else entirely. In 2006—in fact, 20 years ago this month—the late Paul Crutzen, a world-renowned atmospheric chemist, wrote an article pointing out the “policy dilemma” embedded in efforts to control emissions of sulphur dioxide. Sulphur dioxide, which comes from the burning of some fossil fuels, creates little particles in the atmosphere after it is emitted. They wreak havoc with human health. They also reflect sunlight back into space, thereby reducing the amount of energy that reaches Earth’s surface. Health agencies, Crutzen said, thought controlling the particles could save 500,000 lives a year; at the same time, by diminishing the sulphur's cooling effect, the controls might increase global warming by perhaps 1°C (1.8°F).

Both albedo-reducing trends look set to continue, adding yet more to the heat. The industrial cities of the developing world are hardly likely to sacrifice the health of their smog-choked inhabitants in order to slow warming for the world at large, so sulphur emissions will continue to fall. The climate feedbacks which reduce cloud cover will not stop while carbon-dioxide levels continue to rise. And even when the transition to renewable energy eats into the use of fossil fuels, as it is starting to do, what matters most is the cumulative level of greenhouse gases.

Around a decade ago the need to stabilise that cumulative level led lots of countries to embrace "net zero" goals. The idea's proponents see putting no more greenhouse gases into the atmosphere than you are taking out as good planetary housekeeping. They are right. But it is an unavoidably slow process. What's more, its critics are also correct when they say that only for the largest economies does a single country's progress towards net-zero goals have any discernible effect on the world's overall trajectory. The idea was conceived when America was a believer in international agreements and the level of idealism needed to imagine countries spurring each other on to better things was merely high—not, as it is now, delusional.

Why can't you behave?

There are still places where climate change is understood to be important and where action can be co-ordinated. Being committed to net zero should buy a country a certain standing when it is negotiating other, more near-term options for limiting climate change, such as curbing methane emissions and the production of fluorinated gases used in cooling systems, both of which bring benefits faster than cutting carbon dioxide.

No form of emissions reduction, though, can quickly bend the current trajectory. Endurance is what remains. Making air conditioning more efficient, cheap and widespread saves lives and fits well with other policy goals, like making clean electricity cheap to produce and consume. Ten years ago a commitment to phase out the fluorinated gases in cooling systems was reached in Kigali, the capital of Rwanda. There is scope for extra international efforts to improve the machinery that uses them. This could double the cooling benefit of phasing out the gases.

The most radical response is to make Earth a bit more reflective again. Crutzen's provocative suggestion for how to resolve his policy dilemma over sulphur emissions was to replace harmful aerosols with benign ones. The brightening of cooling clouds has been tried over the Great Barrier Reef, but the technology needed to do it at scale remains elusive. An Israeli-American company, Stardust Solutions, has raised money to develop "safe" aerosols that it thinks a country or set of countries could use to cool the planet from the stratosphere.

Some oppose such geoengineering fiercely; hardly anyone endorses it as a welcome path forward. But if nations can act in concert to warm the planet—as those of the International Maritime Organisation did when they enforced new restrictions on ships' sulphur emissions in 2020—they ought to be able to discuss the conditions under which they might cool it. Keeping silent about geoengineering does not stop someone from trying it. The more warming quickens, the sooner it may reach a point where, to quote Cole Porter again, anything goes. ■

A man, no plan, Iran

Donald Trump's blind alley

America's president looks bereft of good options for solving the stand-off in the Gulf

Jul 16, 2026 06:53 AM

WHEN DONALD TRUMP proposed peace with Iran, he could hardly have offered better terms. In return for Iran opening the Strait of Hormuz and forswearing all ambitions for a nuclear bomb, America held out the prospect of hundreds of billions of dollars of income and investment in an economy ravaged by sanctions and war. The horrified reaction of Iran hawks in America and Israel tells you that no other American leader would have surrendered so much.

The bleak message from the upsurge in fighting over the past week is that, for Iran, money alone is not enough. The hardliners are in charge. They want something more, and it cannot be good—be it revenge, control over the strait, regional dominance or a nuclear programme. America must not yield.

The memorandum of understanding (MOU), signed a month ago, allows 60 days to bring peace. Halfway through, it has itself become the focus of conflict. It asks Iran to "make arrangements to ensure the safe passage of commercial vessels free of charge for 60 days". Iran takes that to imply it is in charge; for America it means that Iran must not restrict sea traffic.

The two sides are exchanging missile and drone strikes, and tankers are wary of sailing: even with American offers of protection. Thankfully, these military exchanges have so far stopped short of a return to war. But the oil price is creeping back up. Meanwhile, there has been no progress in talks on tricky matters, including nuclear materials and Iranian efforts to enrich uranium.

After decades of hostility, trust between America and Iran is in desperately short supply. But America was honouring its side of the MOU, by allowing Iranian oil to be sold on international markets. If ever the two countries might have been able to put relations on a more steady footing, this was the moment.

Moderates in Tehran (a relative term) are said to grasp what a favourable offer they had. But the hardliners won the argument. The new supreme leader, Mojtaba Khamenei, remains unseen, but his pronouncements are hardline, too. Either he agrees with squeezing America for more, or he is under the thumb of those who want war.

Mr Trump seems to have no plan. This week he said America would itself start levying tolls on ships in the strait, until wiser heads in the administration pointed out how foolish that idea was. Thankfully he reversed it.

He has also issued more threats to destroy Iranian bridges and energy plants. But a return to all-out war does not hold much promise. After all, the intense fighting in February was supposed to topple the regime, but ended up strengthening its hardliners. The president also drops hints about sending in troops to seize Kharg island, the export terminal for almost all of Iran's oil. American forces on Kharg would be a sitting target for Iranian missiles and drones.

Giving Iran what it wants would be terrible, too. Acquiescing to its control of international waters in the Gulf would not only be bad in itself, but would set a dire precedent. Abandoning Gulf countries to Iran's predations would be against America's direct interests and send a bad signal to allies everywhere. And Iran's nuclear programme poses a real danger that needs close monitoring and control by international inspectors.

The options are not good, therefore. All of them involve demonstrating to Iran's hardliners that America has the resolve to impose a sustained blockade on Iranian oil exports—even if that raises the price of petrol before the midterm elections in November. America has restored the embargo against Iran, which is a start. To show its will, it should also continue to match Iranian strikes. Mr Trump made a foolish mistake by starting this war. However much he twists and turns, he now has little choice but to stick it out. ■

Lonely hearts clubbed

China’s rulers have a woman problem

Antagonism between the sexes does nothing to address China’s demographic problems

Jul 16, 2026 06:54 AM

CHINA HAS no direct translation of the word “manosphere” but it is plagued by one nonetheless—indeed, the abuse of women on social media is every bit as poisonous there as it is in democracies. The difference is that, in a country where censors rush to silence posts they dislike, the authorities tolerate the manosphere’s vitriol and instead focus their energy on women. The cyberspace regulator’s crackdown on harmful content specifically lists “extreme feminism”, including posts that promote singledom.

This is just one symptom of a much broader problem that China's old, male rulers have with the opposite sex. Unlike Asia's other two big powers, Japan and India, China has never been led by a woman in modern times. As China's leader, Xi Jinping, has consolidated power, he has also sidelined women. The powerful Politburo, which usually has 24 members, has been exclusively male since 2022. No woman has ever made it to the more important Politburo Standing Committee. No wonder China has been tumbling down international rankings of gender equality.

At the heart of Communist Party policies towards women is a crushing error. The party is worried about the country's demography. But it imagines the solution lies in browbeating women and telling them, in traditional tones, to be "virtuous wives and good mothers". The result is an approach to women that will not only fail to realise the party's narrow aims, but will also make countless women miserable.

Mao Zedong famously claimed that women hold up "half the sky", but you would never know it today. The party's disastrous one-child policy, in place until 2015, led to millions of female fetuses being aborted. The inevitable result is that millions of women are now missing. Their absence leads to other terrible outcomes. Counting men aged 23-37 and women aged 22-36, China has 22.5m more men than women. To be a catch, a man needs an education, a solid job, a flat and, in many regions, to pay a hefty fee to his bride's family. Around a third of young male migrants who intend to marry think they have only a 50% or lower chance of doing so by the age of 30.

As a result, resentments abound: many men, especially rural ones, are chauvinists. The sense of bitterness is likely to spread. Women make up more than half of those in higher education; men who lack education or economic prospects risk falling ever further behind.

The Chinese government cannot suddenly conjure up millions of missing women to alleviate the situation. But it could introduce policies that boost the marriage rate among Chinese women while improving the choices available to them.

One idea is to ensure that women have proper rights within marriages. The enforcement of laws on harassment, marital rape and domestic violence is woefully inadequate. More might marry if they were assured of fair treatment in cases of divorce, including payment of child support. If it were easier for wives to divorce bad husbands, more might remarry.

Fairer divorce settlements might also hasten the end of bride prices. Research suggests a young male migrant must save for six years to afford a bride price of 127,300 yuan ($18,780). A law bans extortionate bride prices already, but it is ambiguous and poorly enforced. Many parents still set great store by the price a daughter can command; the desperation of men to find a partner means that those with money will pay; female divorcees sometimes retain a chunk of it if marriages fail. But the payment both commodifies women and disadvantages impecunious men in rural areas in particular.

More generally, the government could lower the hurdles to home ownership and work that stand in the way of couples. It should buy more of China's vast tracts of unsold housing, converting it into affordable rental homes favoured by young families. Recent relaxations in the *hukou* system of internal passports, which make it easier for newcomers to register themselves and their families for schools and other public services in cities, are welcome.

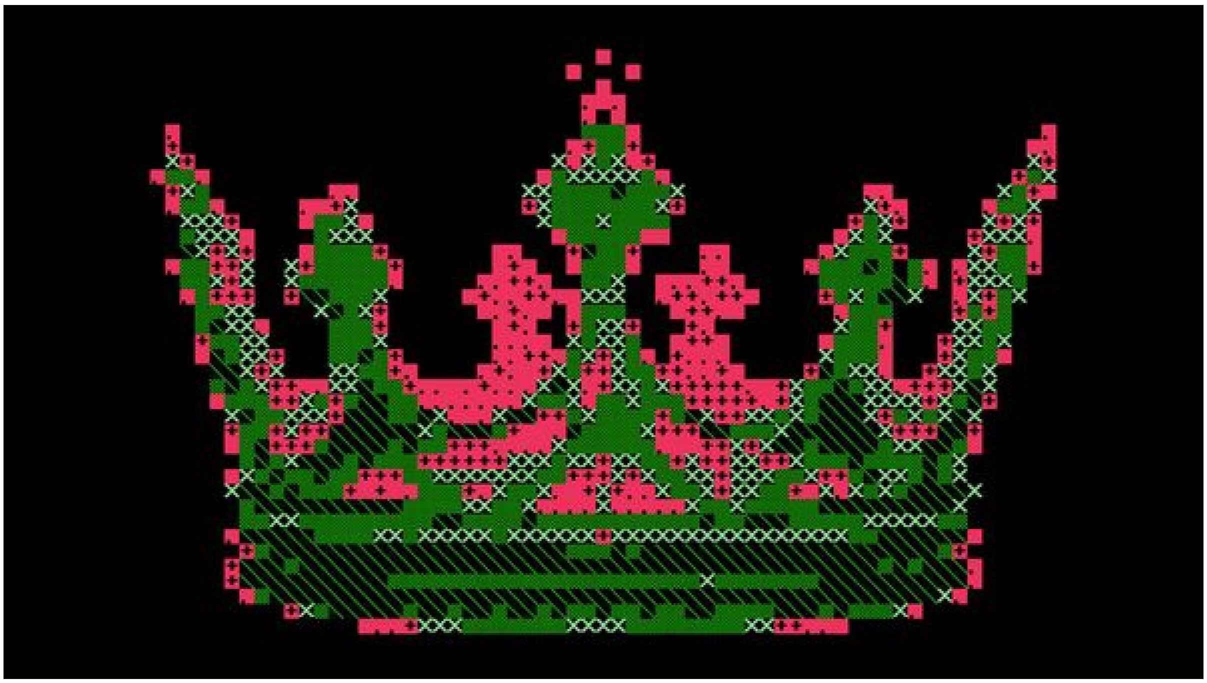
Traditionalist men, including those at the top of the Communist Party, may see some of these ideas as foreign impositions. If they stopped chiding Chinese women and tried asking them for their opinions, they might hear a different story. ■

Sovereign default

How to make AI safe—and lessen dependence on America and China

State-backed efforts to catch up with frontier models are doomed

Jul 16, 2026 04:57 AM



PROGRESS IS RAPIDLY being made towards regulating the release of powerful new AI models in America. Its government is set to soon outline its plan, after taking suggestions from the industry. Speaking to *The Economist* this week Sir Demis Hassabis, the boss of Google DeepMind, pitched a hybrid public-private regulator for the industry, echoing our own thoughts. The regulator is modelled on the agency that regulates brokers and stock markets.

Rules are needed because the newest frontier models possess some dangerous powers—from hacking critical digital infrastructure to writing recipes for new bioweapons. Without any organised way of dealing with such risks, the government has taken to making up the rules as it goes along in order to control access to Mythos and Sol, Anthropic and OpenAI's latest offerings. Ideally, predictable rules would be agreed on internationally, especially between America and China, whose models surpass everyone else's. But time is short. Sir Demis thinks that, if America moves unilaterally, the rest of the world will sign up to its system.

He may be right. Yet safety is only one part of the problem. It is increasingly clear that America and China will also restrict access to their models for economic and strategic reasons. Under President Donald Trump, America has had no qualms about using its allies' military dependence as negotiating leverage; it could one day try to exploit their AI dependence, too. China has treated other exports, such as rare earths, as sources of geopolitical advantage, and probably views AI the same way.

The control that these two governments exert over frontier AI puts other countries in a very tight spot, especially as the technology spreads. If America cuts off a country from its models and data centres, "Are your factories going to still run?" asks Arthur Mensch, head of Mistral AI, Europe's best model maker, on this week's "Inside Tech" show. Access to AI will also be increasingly important for security.

What, then, can other countries do? A state-backed effort to catch up with America's frontier models would be doomed. OpenAI and Anthropic have each raised well over $100bn in funding so far. Any effort that spends much less is not credible. Even if politicians find the cash, AI research is the sort of endeavour—involving expensive researchers and risky bets—in which governments have a feeble record. Who today remembers Quaero, the rival to Google that the French and German governments announced in 2005?

Other countries can, though, build data centres. Most will need some of them, to run AI on sensitive data. Local data centres offer insurance against being suddenly cut off from processing power, or "compute". They also make it easier to maintain a credible ability to switch to open-weight models, which anyone can run if access to frontier capabilities is cut off.

Unfortunately, much of the world is far behind the data-centre buildouts in America and China. Usually, the biggest problems are regulation and access to power. By delaying revenues and locking up capital, procedural snafus can have enormous effects: a nine-month delay worsens the economics of a data centre as much as would doubling its lifetime electricity bill, according to the Carnegie Endowment, a think-tank. The average delay before being connected to the grid is three years in India and Britain and three-and-a-half in Germany and South Korea, compared with two years in America.

Speeding up regulatory approval, offering fast-tracks through connection queues and allowing power generation that bypasses the grid would all help. There is no need for subsidies: AI companies are desperate for compute and will pay to get it. There is even the enticing possibility of agreements where AI developers promise to offer a country the same models as America in return for data centres. Simply becoming a big customer of America's AI labs, by encouraging the diffusion of the technology, could itself build leverage. Model makers need revenue to justify their gigantic investments; they will have a reason to lobby against American protectionism that hurts foreign buyers.

Artificial independence

Some countries are in the fortunate position of having their own choke points. Taiwan has chipmaking; the Netherlands has ASML; South Korea has memory technology. These specialisms should be prized. But even the lucky few cannot build fully sovereign AI capabilities. So countries must prepare to deal transactionally with the AI superpowers. Democratic America is a better partner than authoritarian China. Even so, every source of negotiating leverage will count. ■

Booze over bedtime

America should stop making it so hard to have fun

Bureaucracy is nightlife's toughest bouncer

Jul 16, 2026 04:58 AM

IN 1660 THE laws of the Puritan Massachusetts Bay Colony declared that its nascent watchmen should "examine all night walkers after ten of the clock at night". This year Boston's largest police union offered up a modern equivalent, opposing the extension of bar hours to 3am on the grounds that: "Truth be told, not a lot of good happens after midnight." For a country that prides itself on defending individual liberty, America has long been surprisingly prissy about nightlife and the boozy, exuberant and sometimes disorderly fun that comes with it. It should learn to lighten up.

Rules about alcohol are often to blame. When Prohibition ended in 1933 a patchwork of laws emerged in its place, from caps on the number of liquor licences for pubs and restaurants to state monopolies over wholesale liquor distribution.

Over the next decades zoning laws, neighbourhood review boards and other municipal restrictions layered on additional limits for venues that serve alcohol. This bureaucracy was partly motivated by understandable fears over crime and public health. Cities are not just places for drinking and revelry, but also for growing families and people who want safe streets and a good night's sleep. Drinking too much causes disease, accidents and crime.

But bureaucracy also takes on a life of its own. The good reasons to regulate nightlife are not a reason to throttle it. The consequence of all this red tape is that in the land of the free, it is simpler in some places for an 18-year-old to buy a semi-automatic rifle than it is for an entrepreneur to open a neighbourhood bar. Government-imposed caps have the predictable effect of driving up prices and smothering competition. The average cost of a liquor licence in New Jersey is estimated to be around $350,000.

Thriving nightlife is good for both economic and social reasons. Economically, livelier streets tend to make cities better places to live, helping create productive clusters of skilled young workers who wish to socialise as well as build careers. As a side-benefit, the extra foot traffic can make streets safer.

A bustling late-night economy also makes for good social policy. Bars, music venues and nightclubs are the sorts of places where young people can have fun together, regardless of whether alcohol is involved. Official data show that, between 2003 and 2023, the average amount of time 18- to 30-year-old Americans spent socialising each day fell by 38%. According to one survey, roughly one-third of single people aged 22 to 35 say they have not been out on a date in the past year. Dancing is, according to our fact-checked analysis, a far superior activity to doomscrolling.

American cities should make it easier to create places for people to gather and have fun. Many of those places will be open late into the night and involve alcohol. That means speeding up permits so that applications do not languish as business owners rack up costs; simplifying licensing rules that only a specialist can navigate; and getting rid of arbitrarily low quotas on liquor licences. Cities should also invest more in measures that actually improve safety. Better late-night public transport would be a good start. More police resources would help, too.

The good news is that more American cities are now taking an enlightened view of the night. In New York City, red tape that limits dancing in bars has been cut. San Francisco has begun simplifying its permit process for entertainment venues. The debate over Boston's later closing hours was prompted by hordes of good-natured Scottish football fans who descended on the city for the World Cup in June. The Scots may not be that good at football but they did show the city how wonderful the wee hours can be. Even before then, Boston had increased its supply of liquor licences.

Keeping up this momentum is good economics and even better social policy. And if that sounds a little dry, there's a simpler argument: a night out is a lot of fun. More American cities should embrace it. ■

Letters

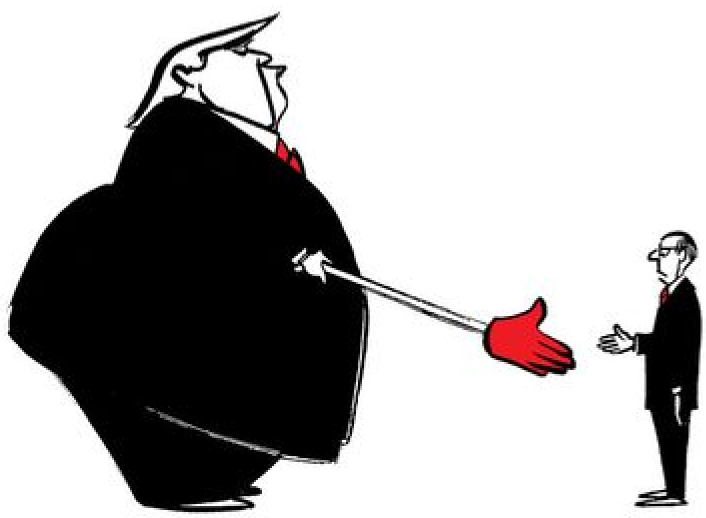
- **The United States is once again in a state of rebellion**
  A selection of correspondence :: Also this week, the backlash against AI, homelessness, Eisenhower and roads, oil predictions

A selection of correspondence

The United States is once again in a state of rebellion

Also this week, the backlash against AI, homelessness, Eisenhower and roads, oil predictions

Jul 16, 2026 04:58 AM



Letters are welcome via email to letters@economist.com
Find out more about how we process your letter

Dealmaking in geopolitics

Your sweeping analysis of "The Wrecking-ball revolution" (July 4th) in geopolitics initiated by Donald Trump concluded by contemplating a new balance-of-power regime that nevertheless remains grounded in the principles established by the peace of Westphalia in 1648.

Those treaties recognised the sovereign state as "the fundamental notion on which geopolitics is founded", you said.

Otto von Bismarck and Henry Kissinger were the masters of balancing power. Both assessed national interests on a truly grand strategic scale. Mr Trump has replaced that with the art of the deal. A good example of this is the Abraham accords between Israel and the United Arab Emirates. The accords bring parties together to negotiate an agreement that serves their mutual interests. Although no overarching geopolitical blueprint may be guiding the process, the parties must still consider the wider consequences that any agreement may have within their respective spheres of influence and among their partners.

This emphasis on one-to-one dealmaking may be seen as a new way of rethinking the international order, as you suggested, without losing sight of the enduring logic of the balance of power. Rather than relying on grand designs, bilateral deals are themselves a mechanism for creating a balance of power.

JOSEF ERNST
Bremen, Germany

The revolt you describe is real enough, but the diagnosis is too convenient. Americans have not suddenly decided that immigration, foreigners and liberalism are intolerable. They have noticed that borders, universities, labour markets and public services are often managed as if citizens were merely one constituency among many, and not necessarily the preferred one.

The distinctions matter. Opposition to illegal immigration is not opposition to immigration. Nor is America plainly succumbing to a wave of Christian nationalism. Much of what you call nativism is closer to a demand for cultural confidence, a belief that liberal societies should be able to say what their norms are before importing large numbers of people from countries shaped by very different religious and legal traditions.

This is not a uniquely American spasm. Britain faces much the same argument, though perhaps with more queuing and less ammunition. One suspects that at certain London brunch tables "racism" remains the most socially efficient explanation for voters who have noticed that the old settlement is not working.

The post-war order is indeed under strain. But the wrecking ball was handed to voters by institutions that stopped asking for consent.

MICHAEL LAUCK
Houston

Cold water

"Do not compute" (June 27th) highlighted the public backlash to AI data centres. But your example of a mid-size data centre using only as much water as two golf courses was a mild injustice for those of us who enjoy spending our weekends out on the links.

The sources of the water for a data centre and a golf course differ in ways that matter locally. Golf courses mainly rely on non-potable water from ponds, reclaimed wastewater and the like. By contrast, data centres often tap potable or near-potable freshwater, often from public utilities or aquifers. This distinction is crucial. The issue is not just how much water is used, but whether this competes directly with households.

CORBIN DORFNER
Scottsdale, Arizona

The conflict around AI and data centres is not so much about the technology itself as it is the far larger contest between those who wish to live in a world ruled by CAESARE (Credentialed Academic Experts Should Always Run Everything) and those who don't. CAESARE and his loyal followers should first consider how best to go about gaining the trust of the rest of Earth's inhabitants. Humility and empathy would be a good start.

STEVE ACETO
Montreat, North Carolina

More and more homelessness

There was one important detail missing from your article on Denver's progress towards solving its homelessness problem ("Down, not out", June 20th). Providing temporary shelter and eventually permanent housing to 100% of the currently homeless will not fully solve the problem. The reservoir of potentially new homeless people is an order of magnitude greater than the number of homeless. About half of poverty households spend more than 90% of their income on housing. Each is one small misfortune away from homelessness.

The cost to create housing at this scale is significantly larger than any city can afford, so the short answer to your question about how much progress cities can make without broader support is not much. The economic and political will does not exist to make the substantial investment necessary to truly solve Denver or any city's homelessness problem.

TOM ROSENTHAL
Professor emeritus at the David Geffen School of Medicine
University of California, Los Angeles

On the road with Ike

"The wheel deal" (July 4th) looked at the history of Route 66 and mentioned that Dwight Eisenhower created the federal-highways act after being so impressed with Germany's autobahn during the second world war. Eisenhower perceived the need for America's interstate freeways long before that. As a lieutenant-colonel in 1919 he witnessed the American army's gruelling two-month, 3,200 mile (5,100km) coast-to-coast convoy from Washington, DC, to San Francisco over what had been named the Lincoln Highway.

Much of the route west of Chicago was a rutted dirt road. The ordeal deeply influenced the future president regarding the national security imperative for modern road networks, culminating in the Federal Aid Highway Act of 1956. Michael Owen's splendid book, "After Ike", recounts the convoy's ordeal.

DAVID SMOLLAR
San Diego

What goes down can go up

I was surprised to see *The Economist* acknowledging it was wrong about its prediction that oil prices would remain very high ("We woz wrong about oil", July 4th). The year is far from over. No one can accurately predict what Donald Trump will do next (except for his insiders) or how those actions may drive prices. You may have lost only the battle and not the war, especially as the ceasefire is unravelling. Maybe you were a bit too quick in claiming defeat.

JAMAL RUSSELL BLACK
London

Morris Adelman, the Adam Smith of the oil industry, once said that oil prices are bound to fluctuate between infinity and $2 per barrel. Even he was wrong, because oil prices fell below zero during the pandemic in April 2020. This is a cautionary tale for anyone who makes predictions and the reason why I reject your mea culpa. Why the oil-price shock never materialised is still a mystery. It seems the over-optimism of financial investors in stock markets has leaked into energy and pushed prices lower. It is too early to dismiss the "la-la land" hypothesis.

DAVIDE TABARELLI
NE Nomisma Energia
Bologna, Italy

Admitting you made a mistake brought to mind the claim made by Stephen Dedalus in James Joyce's "Ulysses". Some "errors are volitional and are the portals of discovery".

GERALD SMITH
Wellington, New Zealand

It was a big relief to learn that *The Economist* is not always wrong and gets the future right from time to time. May I make my own modest prediction? In another quarter of a century, *The Economist* will still call the OECD "a club of mostly rich countries".

MICHAEL BILDE
Jaegerspris, Denmark

By Invitation

- **Would Europeans fight, if it came to that?**
  The psychological battle :: Putting boots on the ground would not help Ukraine, but it might help Europe find the stomach for war, writes Nathalie Tocci

---

The psychological battle

Would Europeans fight, if it came to that?

Putting boots on the ground would not help Ukraine, but it might help Europe find the stomach for war, writes Nathalie Tocci

Jul 16, 2026 04:57 AM

EUROPEAN LEADERS understand that conflict is closer than ever—hence the sharp rise in defence budgets, as showcased at NATO's recent summit in Ankara. Spending is not increasing because European armies are planning to fight Russia in Ukraine: Europeans are now the main military backers of Kyiv, but such support is a small fraction of their total military spending. Nor are Europeans spending simply because Donald Trump has demanded it. They are doing so because they consider a kinetic war in Europe beyond Ukraine to be increasingly plausible. This explains why spending is proportionally higher in eastern and northern Europe, including

Germany, than in southern and western European countries farther from the front line.

Since Russia’s full-scale invasion in 2022, European leaders have often expressed awe at Ukrainian resilience. But there is something else behind Europeans’ amazement: fear that they may not show the same resolve. This is not because of some inherent courage in Ukrainians which Europeans lack. It boils down to the fundamentally different predicaments, physically and psychologically, of nations in war and peace. Can the spirit needed to deter war be summoned in Europe without fully entering one?

Spending on defence is one thing, fighting is another. A Gallup poll in 2024 revealed that around a third of Europeans would be unwilling to fight if their own country were attacked. My own country, Italy, was at the bottom of the pack, with a whopping 78% saying they would refuse.

These figures reveal several things at once. Worryingly, they show the growing strength of far-right and far-left forces openly sympathetic to Russia and susceptible to its propaganda demonising Europe’s rearmament. The figures may, though, also indicate that surveyed Europeans simply don’t believe war is coming their way. Indeed, the number of Europeans ready to defend their country is much higher in northern and eastern European states closer to Ukraine, especially those that are in neither the European Union nor NATO, and thus presumably feel more vulnerable.

Geography, then, plays a crucial role. But so do politics, institutions and the media. It is hardly surprising that Estonians are more willing to fight than Italians, if tens of thousands of Estonian volunteers regularly train for a potential attack from its vastly larger next-door neighbour, while Italians are drugged with TV talk shows—heavily infiltrated by pro-Russia propagandists—which deride European attempts to bolster societal resilience. When Sauli Niinisto, a former Finnish president, penned an EU report on preparedness, the public response in countries like mine ranged from indifference to scorn. If institutions, politics and the media don't take the possibility of war seriously, little wonder that citizens don't either, rejecting calls for conscription or cuts to social spending for the sake of defence. If war is not seen as plausible, military spending is easily portrayed as a mere ploy to enrich the defence-industrial complex at citizens' expense.

But the plausibility of war is exactly the point. During a recent meeting, a former high-ranking Ukrainian official put it bluntly: "We're not superhuman, we're just at war." In war, cognition and emotion become geared towards survival. Sacrifices are made, bravery wins out over exhaustion and creativity is unleashed. Without war, the bright minds behind Ukraine's myriad recent military innovations would probably have trodden the same path as most of the continent's promising young professionals, forging careers that were rewarding but unremarkable. Because of war, they were spurred to make technological advances that will go down in history. So yes, today Europeans express their reluctance to fight, but they are probably indicating more their abhorrence of war than their cowardly indifference to it.

Which leads to what may be the key point about deterrence: Europeans are less likely to have to fight if they are prepared to do so physically and psychologically. It is that preparedness that can make deterrence against Russia work. But it is precisely the absence of war that reduces preparedness and deterrence. So can societal resilience be substantially hardened in peacetime?

One way to toughen up populations is to put boots on the ground in Ukraine. For months, a European coalition of the willing has drawn up plans to deploy a "reassurance force" to Ukraine after a ceasefire. These discussions have not led anywhere because a truce is not in sight. Their aim was mainly political: to show European solidarity with Ukraine and encourage American engagement. But Ukraine is under no illusions about the fact that deploying a few thousand

European soldiers far from the front line in a hypothetical post-ceasefire scenario would make no difference to its defence. As for Mr Trump, by now few if any Europeans believe he can be kept steadily on side, despite his unexpectedly warm words in Ankara.

A European reassurance force would, then, do little for Ukraine. But deploying it now, before a hypothetical ceasefire, could benefit Europe, encouraging citizens to develop a mindset that would better prepare them for war. Yes, it would put European soldiers in harm's way—any such move would infuriate the Kremlin—but the continent is already in a hybrid conflict, even if many refuse to recognise it. Were European soldiers to be stationed in Ukraine, it would bring reality closer to home. And perhaps a fraction of Ukraine's courage, humility and creativity could infect other European societies. European troops would not be put in harm's way out of sheer generosity, but to help prepare for war—and prevent it from spilling into the rest of the continent.■

Briefing

- **Israel’s future hangs in the balance**
  What is at stake for Israel? :: The country’s coming election may be its most important ever

What is at stake for Israel?

Israel’s future hangs in the balance

The country’s coming election may be its most important ever

Jul 16, 2026 05:08 AM | JERUSALEM

“ISRAEL IS STRONGER than ever!” After four years, a devastating terrorist attack, multiple wars and international opprobrium, Israel’s prime minister, Binyamin Netanyahu, is nothing if not bullish. Launching his 12th election campaign as leader of the Likud party on June 30th, he told a friendly interviewer and rapturous audience that Israel’s wars “never end. Do you want to live? In the Middle East and the world? Be strong.” Israel is militarily and financially strong. But it is stuck.

The Knesset, Israel’s parliament, is set to dissolve on July 17th. The country will vote for a new government on October 27th in one of the most consequential elections of its history. It will be voters’ first chance to pass judgment on their leaders since the terrorist attacks of October 7th 2023. But more than that, they will have to determine what kind of future they want for their country. And so far, that seems likely to be a choice between an ultranationalist and religious coalition that insists that only hardline militarism can secure the Jewish state's future, and a gaggle of opposition parties offering an alternative vision that they have yet to fully define.

None of the wars triggered by the atrocities of October 7th, which were committed on Mr Netanyahu's watch, has ended. Instead, America has imposed uneasy and inadequate ceasefires on Israel. Its army, still deployed in Gaza, southern Lebanon and Syria, is overstretched. Israel has battered its enemies, but Hamas in Gaza and Hizbullah in Lebanon both remain entrenched and are rearming. And over two wars, even backed by America's military might, Israel has failed to destroy Iran's nuclear and ballistic-missile programmes or to topple its regime.

What is more, Israel has paid a heavy diplomatic price. Its international standing is hugely diminished because of its brutality in Gaza. Before October 7th it was on the brink of a regional breakthrough, including, perhaps, a historic deal with Saudi Arabia. It still has allies in the Middle East, but they do their utmost to conceal that. Even the United Arab Emirates, which defended itself against Iranian attacks with Israeli missile-defence systems, was quick to deny Mr Netanyahu's claims in March of a visit to Abu Dhabi.

That is a loss but more worrying for Israel is the erosion in support from its Western allies, notably America. According to the most recent polling by the Pew Research Centre, 62% of Americans view the Israeli government unfavourably, up from 43% in 2022. Donald Trump, whom Mr Netanyahu once described as "the greatest friend that the State of Israel has ever had in the White House", has left Israel out of America's talks with Iran, while calling the Israeli leader "fucking crazy" for disrupting the ceasefire in Lebanon.

Israel and the world around it have changed profoundly but on October 27th Israel's prime minister, who was first elected in 1996 and has spent 19 years in office, will offer more of the same. To win, he needs to detach himself from the failures that led to October 7th. Mr Netanyahu repeatedly lists the leaders of Hamas, Hizbullah and Iran assassinated by Israel, the military infrastructure it has destroyed and "security zones" it occupies. But none of this has yielded his oft-promised "total victory". Israel under his continuing rule would face more war and isolation.

Behold, I will do a new thing

Might his opponents set the country on a new path? In recent weeks the new vaguely centrist party of Gadi Eisenkot, Yashar (meaning "honest") has begun to overtake Likud in the polls. Mr Eisenkot, a former head of the Israel Defence Forces (IDF), said at the launch of his party's manifesto that Israel needed "to know when to go to war", rather than seeing in war "an aim to itself". He and other opposition leaders are united in criticising Mr Netanyahu for the inconclusive outcomes of Israel's wars. They highlight the strain this has put on the IDF, especially its reservists, many of whom have served for hundreds of days. But thus far none has presented a coherent alternative to Mr Netanyahu's vision.

Their reticence may be explained by the fact that, although Mr Netanyahu's coalition is lagging behind in most polls, the Israeli population as a whole has shifted rightward. In a recent survey, 38% said they have moved to the right since October 7th; only 7% have shifted leftward.

"The focus on the personnel issues reflects a reluctance to address the most critical issues of this election, the missions themselves," says Omer Dank, a former air-force lieutenant colonel and strategic planner in the IDF. Mr Netanyahu's opponents will not refer directly to the reasons the IDF is so overstretched: the lack of a resolution in Gaza or Lebanon; the "security zones" strategy; and the massive expansion of settlements in the occupied West Bank which are guarded by the army.

Ending Israel's wars will be the most urgent task for next government. But doing so will get barely a mention in the campaign. "It's very hard to have that conversation in Israel after October 7th," explains Mr Dank. Gil Murciano, the head of Mitvim, a foreign-policy think-tank in Israel warns: "In private all the politicians are aware that the next prime minister, assuming it's not Mr Netanyahu, will have to immediately start addressing the situations in Gaza, Lebanon and Syria. The alternative will be Israel becoming a pariah state." The opposition parties do not talk about this in public. "They don't want to scare away their voters," explains Mr Dank, by giving Mr Netanyahu the chance to portray them as weak and defeatist.

Still, he believes that, should Mr Netanyahu lose, his successors could act differently. To the prime minister, ending the wars would mean admitting defeat. A new government could bring them to a close. But if it fails to act quickly, he fears that, like Mr Netanyahu, it would become "invested" in them too.

Perhaps most terrifying for the voters, at least judging by their politicians' silence on the matter, are Israel's relations with the Palestinians. Israel's next government will need to end the current wars but it will also need to prevent the outbreak of another—in the occupied West Bank. Security officials warn that Palestinian anger about the spread of Jewish settlements and increasing settler violence against Palestinians with the support of the IDF could boil over in a new intifada (uprising).

The expansion has been part of a policy of de facto annexation led by Mr Netanyahu's hard-right allies, in particular the finance minister, Bezalel Smotrich. He has funnelled ever more public money to the settlements. "Netanyahu's government has empowered a radical minority to call the shots in the West Bank," says Rami Hod, head of the Berl Katznelson Centre, a think-tank aligned with the Labour Party.

Mr Hod admits that even if his party, which has only four Knesset seats and has now merged with Meretz, an even smaller Zionist-left party to form a new group, the Democrats, is part of a coalition replacing Mr Netanyahu, ending Israel's occupation of the West Bank will not be on its agenda. "The most immediate threat is that the current government's annexation plan will plunge us into another war. We have to insist that at the very least a new government rewinds that, dismantles illegal settler farms and curbs settler violence," he argues. On July 13th the leader of the Democrats, Yair Golan, publicly called for such steps. He was angrily rebuffed by Avigdor Lieberman, the head of Yisrael Beitenu, an ultranationalist party also opposed to Mr Netanyahu, who recommended "focusing on what's in consensus". To have any chance of forming a new government, these parties will have to co-operate.

The exchange highlighted the opposition's greatest weakness. In nearly every poll since October 2023 Mr Netanyahu's opponents have maintained a small but constant lead over his coalition of far-right and religious parties. But they remain diverse and divided, as do their voters.

On average, *The Economist*'s poll tracker predicts Mr Netanyahu's opponents will secure 66 of the Knesset's 120 seats in the next Knesset. But these numbers represent a wide range of voters, including many right-wingers who not only support Israel's occupation of the West Bank, but are also adamantly opposed to forming a government with its Arab parties. To dislodge Mr Netanyahu, the opposition not only needs to win a majority. It needs to find a way to work together.

Once that would have meant finding some consensus about the Palestinians. Resolving Israel's deepest conflict used to be the defining split in its politics. Today, the trauma of October 7th means no mainstream politician is interested—in public—in any resolution. No one is talking about a two-state solution. Instead, the wars have created a new fault line—between those who are willing to fight on Israel's behalf and those who are not.

A mixed blessing

Mr Netanyahu's most dependable partners are the ultra-Orthodox—or *Haredi*—parties. His alliance with them goes back decades. They have been a mainstay of nearly all his coalitions but now, along with his responsibility for the October 7th attacks, they may be his biggest liability.

Anger towards the *Haredim* is rooted in their refusal to serve in the IDF. In 1948, when Israel was founded, 400 religious scholars were granted an exemption from military service. It applies to as many as 90,000 today. In 2012 the Supreme Court ruled that the exemption was unconstitutional. The ultra-Orthodox parties have demanded its restoration but Mr Netanyahu has failed to muster a majority for that at a time when Israel's conscript army is approaching its third year of multiple wars.

The promise to ensure the ultra-Orthodox serve animates the campaigns of all the main opposition parties, but they want to go further. Voters may well support that. The *Haredim* currently constitute around 14% of Israel's 10m-strong population, but high birth-rates make them its fastest-growing group. A wide range of benefits and public funding, which have only increased over the years, subsidises a community where many men spend their lives studying the Torah. Around half do not work. Mr Netanyahu says Iran and the Palestinians imperil the Jewish state's future, but to many Israelis this shift in the social fabric represents the existential threat.

"This is not just about the draft or participation in the workforce," wails Eli Paley, an influential ultra-Orthodox publisher. "If the opposition wanted to solve these issues, there are pragmatic solutions we could reach through dialogue which would allow more *Haredim* to serve in the security forces and work, while guaranteeing our core ideology of Torah study." He accuses the opposition of "trying to dismantle *Haredi* autonomy as part of a hidden progressive agenda of social-engineering".

A new government, without Mr Netanyahu, is unlikely to include the ultra-Orthodox. That would probably mean that Torah students would be drafted. It would also almost certainly mean such communities would get less government money, perhaps most crucially, for their schools.

Train up a child in the way he should go

Nearly half the children who began school in Israel last year either went to ultra-Orthodox institutions, which barely teach "secular" subjects such as maths, or were Israeli-Arabs whose schools have been neglected by successive governments. They are receiving what Dan Ben-David, head of the Shoresh Institute for Socioeconomic Research in Tel Aviv, describes as a "third-world education". "A new government, backed by the public's anger with the *Haredim*, will have the opportunity to enact radical reform. The good news is that there's still time," he argues. It would mean restructuring the entire education and benefits systems and, he suggests, diverting funding away from schools that do not teach a new national curriculum and that discourage participation in the workforce.

"These elections may be Israel's last opportunity to pivot toward a sustainable long-term future," says Mr Ben-David. Just over 10% of Israel's workforce is employed in the tech sector, perhaps the highest share in the world. But it relies on a core of fewer than 300,000 researchers, academics and doctors. "We're a small country which has put all its eggs in one tech basket," says Mr Ben-David. "It's not just our economy which is dependent on this small and highly mobile group; it's also our very survival in a hostile region. These are the people developing Israel's advanced defence systems." He is afraid not only that they will leave, but that Israel is failing to produce its next generation of researchers.

For decades Mr Ben-David was a lone voice but in this election the opposition seems to be listening. "Israel is not viable if we don't integrate the *Haredi* community into society," says Liran Avisar Ben-Horin, the policy chief of Together, a centre-right party led by Naftali Bennett, a former prime minister.Together's educational programme, "From Tribes to Nation", envisages bringing ultra-Orthodox and Arab schools into a single regulatory system.

It's not all about you, Bibi

After countless elections gripped solely by the question of whether Mr Netanyahu would win or lose, there is a refreshing ferment of policy ideas, at least on domestic matters, to this campaign. "After so many years when the country was run according to what was good for Netanyahu, we're now working out Israel's strategy," says Shaul Meridor, a candidate for Yashar and the former head of the Treasury's budget department. "It means basic things like re-establishing norms, checks and balances, rebuilding the demoralised civil service and Israel's international relations."

The reports of a growing brain-drain have brought a fresh urgency, bordering on desperation, to such discussions. Many Israelis already felt as if they were losing their country in 2023 when the government tried, unsuccessfully, to push through judicial reforms that would have drastically weakened the Supreme Court. In a recent survey a majority of liberal Israelis said a victory in this election for the Netanyahu camp would be "intolerable".

The prime minister's supporters are dismissive. "Israelis like to live in existential angst," says Michael Eisenberg, a successful venture capitalist who advises the prime minister. "That doesn't mean Israel isn't facing serious challenges," but given time they will largely solve themselves. Israel's tech economy is resilient, he insists, and remains attractive enough to foreign investors to survive both the brain-drain and Israel's international isolation. One way or another, the desire to be part of Israeli society will, he believes, ultimately draw young *Haredim* into the workforce "Sociological change takes time. The world wants what Israel is selling and the changing geopolitical order will be much more sympathetic to countries with clear ethnic identity, like Israel."

Israel's economy has proved resilient. Its GDP grew by 2.9% in 2025 and growth is forecast to accelerate (see chart). It has made such recoveries before. Thanks to its knowledge- and tech-based economy, its growth rates were among the fastest to rebound after covid and the 2008 global recession.

But not all tech titans are convinced this will last. Eyal Waldman, founder of Mellanox, a chipmaker sold to Nvidia in 2019 for $7bn, argues "Mr Netanyahu's government leading us into further isolation from the world may harm the growth of companies wanting to work and invest in Israel. There are already major international companies that don't want to work or invest in Israel."

Mr Netanyahu seems unmoved by such concerns. Last year he said that Israel should become "Athens and super-Sparta". By his telling and under his stewardship, Israel combines the democratic wisdom of Athens and the military might of Sparta. Victory has proved elusive but eventually Israel will triumph and regain the world's respect. But the story of Athens is one of a democracy that ultimately failed. Sparta's militaristic autarky, too, ended in collapse.

The prime minister's opponents seem to understand that a radical change of course is imperative to draw Israel back from the brink. But so far they have shied away from telling Israeli voters some hard truths: that its enemies cannot simply be destroyed, that Israel cannot keep itself safe with "security zones" and, most crucially, that a just settlement with the Palestinians is essential for Israel's future. Uniting Israel's deeply divided society on such matters will be hard enough, but Israelis must have that reckoning. Even if Mr Netanyahu's foes oust him on October 27th, their work will be only starting. ■

United States

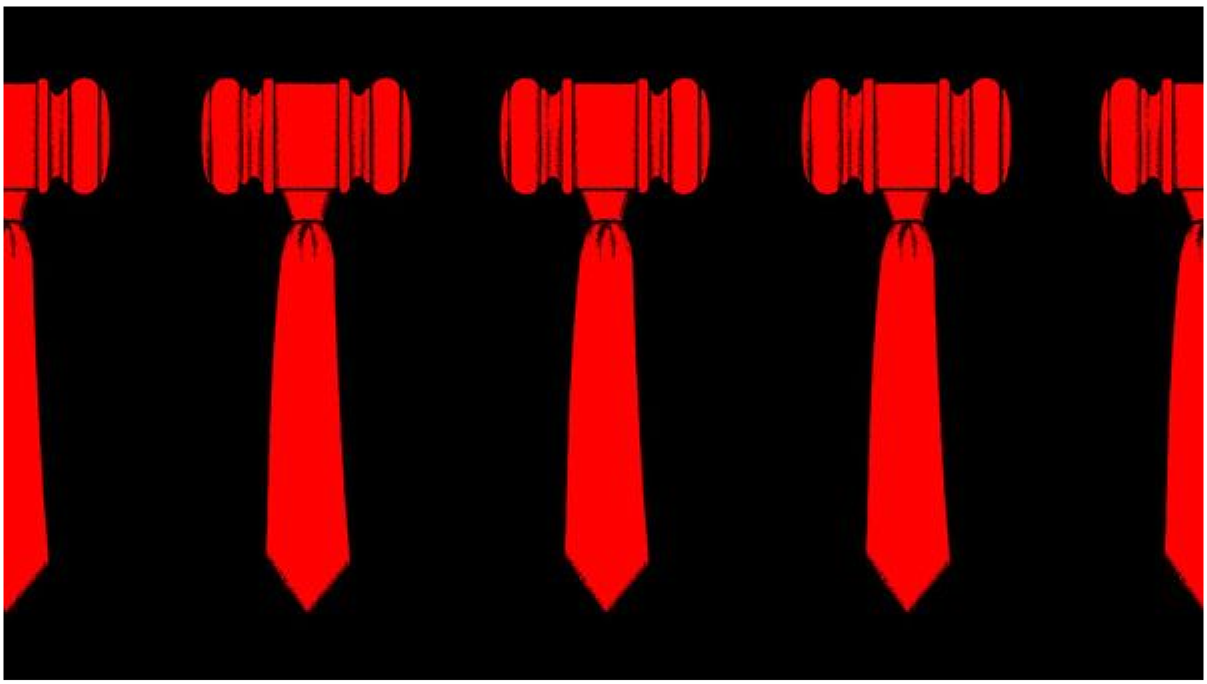
- **Donald Trump’s transformation of the Department of Justice will be hard to undo**
  The rule of law :: Political prosecutions are just part of a more radical reinvention
- **Democrats challenge a big Hollywood tie-up**
  Not so fast :: A dozen states are suing to block Paramount’s merger with Warner Bros
- **Cities are rethinking what happens after dark**
  The night shift :: Making it easier to party is becoming serious public policy
- **America’s other elections problem**
  Tortured voters :: No other rich democracy hands as many decisions directly to its voters
- **Lindsey Graham tried to save the wrong countries from Donald Trump**
  Lexington :: He should have put American democracy first

The rule of law

Donald Trump's transformation of the Department of Justice will be hard to undo

Political prosecutions are just part of a more radical reinvention

Jul 16, 2026 06:53 AM | Washington, DC



ANYONE WHO has ever worked as a lawyer for Donald Trump makes a bet. There is the possibility that you, too, will run afoul of the law—eight of the president's lawyers have themselves been indicted. Alternatively, your work might pay dividends. Such was Todd Blanche's calculus three years ago when his white-shoe firm gave him a choice: represent Mr Trump, then a candidate and a criminal defendant, or remain a partner. Mr Blanche chose Mr Trump. Now the president has selected him to be America's top cop.

On July 15th the Senate began hearings to consider Mr Blanche's nomination to lead the Department of Justice (DOJ). Whether lawmakers confirm him as attorney-general will test their willingness to endorse Mr Trump's legal agenda, but even a rebuke would be only symbolic. The president will still get his way at the DOJ; Mr Blanche can stay in the job on an acting basis for months and be replaced by someone similar after.

With or without Mr Blanche, the president will continue to lead a transformation of dramatic scale. With warrants and subpoenas, the DOJ is pursuing Mr Trump's critics and his hobby-horses, from political adversaries to election fraud to leaks in the press. The number of lawyers has dwindled by 20%; former prosecutors point to an incompatibility between the president's agenda and the fair application of law. The DOJ is retreating from certain types of criminal enforcement. And, increasingly, judges are telling government lawyers that they cannot be taken at their word.

The DOJ's duties, at least as historically defined, include enforcing the law and defending the government in court. Ever since Richard Nixon urged his attorney-general to interfere with an investigation, politicians of both parties have generally agreed that the DOJ should operate at some distance from the presidency. Mr Trump has bucked that consensus, claiming that Democrats weaponised the law against him. Joe Biden's DOJ indicted him twice, elected Democratic district-attorneys indicted him twice more and Letitia James, New York's attorney-general, sued him in civil court.

Pam Bondi, Mr Trump's first attorney-general, was fired in April for being insufficiently aggressive. Mr Blanche told the Senate this week that he is not the president's "yes man". But shortly after assuming his current post, Mr Blanche was touting a second indictment against James Comey, a former FBI director and antagonist of the president. Mr Comey had posted a photo of seashells on a beach arranged like "86 47". To "86" someone means to get rid of them; Mr Trump is the

47th president. The DOJ contends that Mr Comey was threatening to kill Mr Trump.

This prosecution is almost certain to fail, just like the president's cases against Ms James; Jerome Powell, the former chair of the Federal Reserve; and six Democratic lawmakers. Last month a court tossed subpoenas targeting Tim Walz, Minnesota's governor, and other Democratic officials in that state. The judge wrote that the subpoenas were "not issued to investigate, but to harass, coerce and retaliate" for the officials' refusal to aid the president's immigration crackdown.

Mr Trump complements prosecutions of political foes with lenient treatment of his friends, through pardons and dropped charges. Last year political appointees at the DOJ ordered prosecutors to abandon a corruption case against Eric Adams, then New York's mayor. Unlike Mr Walz, he had agreed to co-operate on immigration. A judge in New York wants to know whether a quid pro quo inspired the DOJ to drop fraud charges against Gautam Adani, an Indian billionaire who has promised to invest $10bn in America.

Mr Trump had sought to reward allies most explicitly through a $1.8bn fund for supposed victims of government lawfare. Even Republican senators balked at that; in June Mr Blanche said he had given up the idea. But it loomed over his confirmation hearing, with John Cornyn, a Republican senator, observing that his answers "don't lead inevitably to the conclusion that it's dead".

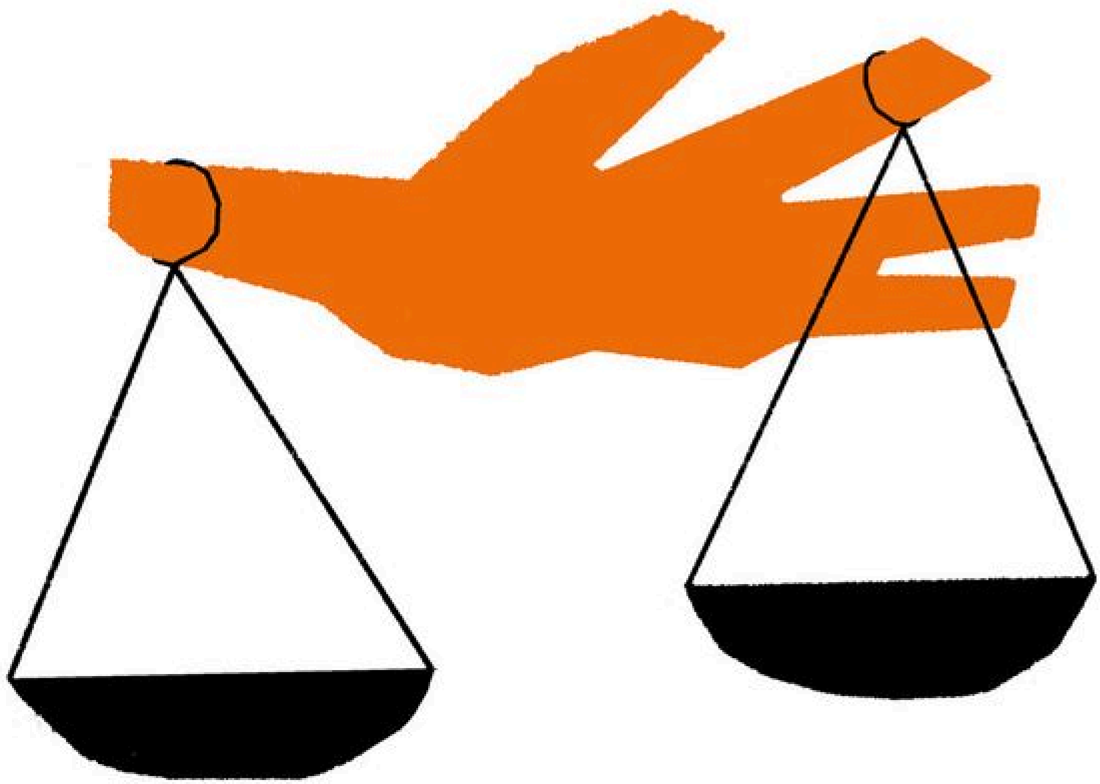
The DOJ is vast; last year it charged 81,000 people. Politicised probes mark a radical departure from past norms, but they are not enough to upend that work. Yet broader change is underway, too, with the department itself depleted and redirected, at remarkable speed.

Mass attrition means that some of the most experienced lawyers have left, often for better pay in the private sector. A former prosecutor in the Virginia office that first indicted Mr Comey recounts how, after charges were issued, nearly everyone in his unit started looking for new work. "These people have job options." Now the DOJ is struggling to fill its ranks, lowering hiring standards to take applicants straight from law school and offering some recruits $25,000 signing bonuses.

Units specialising in cryptocurrency fraud and corruption by public officials have been gutted. (As it happens, Mr Trump made more than $1.4bn from cryptocurrency last year.) The group focused on counterintelligence and enforcing export controls has warned Congress of "unprecedented personnel constraints", with a 40% drop in prosecutors from a year and a half ago. Up to a third of the counterterrorism section has left, says a former prosecutor in that unit. The FBI, which sits within the DOJ, has lost about 300 special agents who worked on national security.

The DOJ's national-security division has expertise that most prosecutors lack, in handling classified information and charging complex statutes. They sift through dozens of FBI referrals and decide which to pursue. "What feels real versus which ones are idle chatter? When is the right time to disrupt a plot? Do we go now? Prosecutors learn that only by working these cases over many years," says one who left last year.

Fewer resources mean less enforcement in some domains. White-collar defence lawyers remark how work has slowed. Last year the number of financial-fraud indictments out of DOJ headquarters and the US attorney's office in Manhattan fell by 30% from the ten-year average. Indictments are a lagging indicator of enforcement activity. Subpoenas of financial firms, which precede them, are "not happening, basically," says a white-collar lawyer in New York, who expects even fewer indictments to come. "Nobody's investigating those things." Cases targeting political graft have largely dried up. Mr Trump is notably lax about that, having granted clemency to at least 20 politicians convicted of self-dealing over his two terms.



Instead the DOJ has made a big show around the president's bugbears: health-care and benefits fraud; anything connected to cartels; transgender care; diversity, equity and inclusion; and election fraud. Recently the FBI dispatched 260 analysts to investigate debunked claims of vote-rigging in the 2020 election in Georgia, which Mr Trump maintains he won. In January the FBI seized records related to that race in Georgia's Fulton County. Last week a judge quashed the DOJ's subpoena seeking names of poll workers there: an "overly broad fishing expedition is bad and is not allowed", he said.

The DOJ will be at the tip of the spear if Mr Trump attempts to intervene in the midterm elections in November. Ominously, it has all but shut the unit that normally monitors election-related crimes. A prosecutor who left that section last year says he thinks the administration is "taking steps to be in a position to put its thumb on the scale in 2026 or 2028".

Election-year training for FBI agents and DOJ staff, once mandatory, has been cancelled. The department seems to have no intention to stand up the National Election Command Post, which normally monitors irregularities. Instead, election deniers populate the DOJ, including several who worked to overturn the 2020 result. Recently they threatened to prosecute election officials who let non-citizens vote.

No issue has consumed the attention of the Trump administration like immigration. By September the FBI had diverted a fifth of its roughly 14,000 agents to immigration enforcement. What is striking is not that the president has made immigration a priority—he said he would do as much—but the manner in which DOJ lawyers are pursuing those cases.

In the autumn Mr Blanche showed up in Chicago, the site of a surge of agents dubbed "Operation Midway Blitz", and decried "an organised effort by domestic terrorists to actually injure and hurt" those agents. Then his deputy told prosecutors to "go big and go loud" against protesters.

A prosecutor in Chicago who left earlier this year says that every unit there, including ones focused on cyber and national-security crime, was dragooned into protester cases, which became a "dreaded thing". He says the pressure from the front office to file charges was so great that prosecutors had to present a compelling argument not to do so. That is the inverse of how decisions are usually made.

Agents arrested nearly 4,000 immigrants during Midway Blitz. The crackdown in Chicago also became a stark example of how to drive away lawyers. In the US attorney's office, which has seven criminal sections, each chief serving at the start of Midway Blitz has quit. Seven of their 15 deputies and at least a quarter of the 90 or so staff prosecutors have left, too.

Across the country, there have been hundreds of shaky cases brought against protesters. Many collapse before trial. A jury rebellion awaits those that do make it that far. Ten of 13 resulted in an acquittal as of March, according to Steven Salky, a defence lawyer who tracks unusual charging decisions. By contrast, across all federal trials last year, the acquittal rate was 12%.

Some cases have veered into the absurd. A jury took 35 minutes to acquit a man accused of pointing a laser at the president's helicopter. Once unusual practices are more common. In October prosecutors charged six Democratic activists and politicians in Chicago with conspiring to impede a federal agent, in a case known as the "Broadview Six". After a judge reviewed transcripts from the grand-jury sitting—held in secret, without judges or defence lawyers—she said she had never seen such misbehaviour by prosecutors. Among other no-nos, they had dismissed sceptical jurors (including one who called the case "a crock of shit") who might have been unlikely to return an indictment. In May prosecutors dropped the case.

A consequence of all this is that the DOJ is losing credibility in the courts. Increasingly judges are calling out lapses by government lawyers, saying they cannot take them at face value. The judge overseeing the Broadview Six case said she believed that "most government attorneys are doing the best they can to do the right thing". Then she added: "That trust has been broken." More judges are now requiring depositions and documents to verify that the government's claims are true, and threatening sanctions when its lawyers obfuscate or fail to comply. In the first 14 months of Mr

Trump's second term, according to *Just Security*, a site for legal commentary, the DOJ gave courts inaccurate information in nearly 100 instances.

The problem is acute in immigration cases. The administration's mass-detention policy led to a twentyfold spike in "habeas" petitions by detained immigrants suing for release between 2024 and 2025. *Just Security* found nearly 800 instances of non-compliance with court orders in habeas cases, and 13 sanctions and contempt-of-court findings against DOJ lawyers. The administration's response has been to label any judge who disagrees with it a "rogue activist". Mr Blanche has called it a "war" on the judiciary.

Seen one way, that fighting talk reflects something positive: the guardrails in the judicial system holding up, to the administration's dismay. Already the department's alumni are asking what it will take to reconstitute it when Mr Trump leaves office. A former prosecutor says he and his former colleagues want to return. Still, the appeal of the department diminishes somewhat with the prospect that the next person overseeing it may sack you, or harness the law for their personal ends. For decades the DOJ enjoyed some protection from the politics that have fractured America. That era seems over. ■

Not so fast

Democrats challenge a big Hollywood tie-up

A dozen states are suing to block Paramount's merger with Warner Bros

Jul 16, 2026 04:58 AM | LOS ANGELES

Main character energy

THE LONG-RUNNING corporate dramedy over Paramount Skydance's merger with Warner Bros Discovery has entered a new act. On July 13th Rob Bonta (pictured), California's top prosecutor, announced that a coalition of 12 attorneys-general would sue to halt the studios' megadeal. At a press conference in front of the Hollywood sign, he argued that the $111bn merger was illegal and insinuated that David Ellison, Paramount's boss, was acting like a mafia don. "David Ellison may think this is an offer we can't refuse," said Mr Bonta. "But I am here to say he's wrong."

Paramount claims that its merger with Warner Bros would allow it to compete with streamers, such as Netflix, which have been eating the studios' lunch. But instead of considering this broader competition, the states focused on legacy markets in which they say the merger would reduce competition. The complaint, filed in federal court in California, alleges that the deal would give the combined company greater leverage over cinemas and cable distributors, allowing it to extract more favourable terms that could ultimately lead to higher ticket prices and cable bills.

The legal merits will be considered in court, but the lawsuit is part of a bigger saga, too. Antitrust enforcement has long been characterised by bipartisan co-operation. However it is an increasingly political endeavour, on the local and national level.

States are pursuing more aggressive antitrust action. Although that trend predates Mr Trump's return to office, it has gathered pace as Democratic attorneys-general argue that his administration has become less willing to challenge mergers. "The federal government is no longer a partner in this work," said Oregon's attorney-general, Dan Rayfield, in May. States are responding by expanding their own capabilities. An exodus of lawyers from Washington, DC, has strengthened their teams, while California, Colorado and Washington state have begun requiring advance notice of many large mergers. Legislatures elsewhere may follow suit.

That alone does not explain why all 12 attorneys-general who brought the Paramount lawsuit are Democrats. Republican attorneys-general still frequently join such cases. Only recently Tennessee's Jonathan Skrmetti helped lead a bipartisan antitrust suit against Live Nation, a big concert promoter. But antitrust enforcement is increasingly being used as a way to convey a broader political message, allowing Democratic officials to argue that they are protecting consumers while Mr Trump looks after wealthy allies.

In announcing the suit, Mr Bonta claimed that "antitrust enforcement is a check on billionaires currying favour with the president so he will do their bidding." Larry Ellison, David's tech-billionaire father, donated $45m to a non-profit supporting Mr Trump's re-election in 2024, according to the *Wall Street Journal*. On "The Town", a podcast beloved by Hollywood insiders, Mr Bonta also said the lawsuit was about "affordability", one of the Democratic Party's favourite buzzwords ahead of the midterm elections.

It is notable, then, that Mr Bonta and the other attorneys-general have made little reference to one aspect of the deal that has worried Democrats: the shift in ownership of two of America's best known news brands, CBS News and CNN, to the Ellisons. Mr Bonta has denied that a sale of CNN by the combined company could result in a settlement, though he suggested on "The Town" that some members of his party may welcome that idea.

Californians have a particular interest in the deal. State politicians face pressure to help Hollywood, where the merger has turbocharged fears of job losses. Hollywood's workforce is shrinking as production migrates to cheaper locations such as Canada and Britain. Last year the legislature responded by more than doubling the state's film and television tax credits, to $750m. Now candidates for governor and mayor of Los Angeles are proposing further incentives. Opposing the Paramount deal is considered another way to help. Hollywood's powerful labour unions lobbied for months for a legal challenge to the tie-up. The Writers Guild of America West was quick to celebrate the states' lawsuit, calling the deal "one of the worst proposed mergers we've seen".

Paramount, for its part, has dismissed the lawsuit as "wrong on both the facts and the law". Semafor, an online news outlet, reported that Mr Ellison's advisers are nudging him to consider moving Paramount's headquarters out of California. The rumour could be a bluff to force Mr Bonta to the negotiating table. But the Ellisons have done this before. Larry moved the offices of Oracle, his software giant, from Silicon Valley to Texas in 2020.

The possibility of a Paramount move raises a broader question about how many regulations and costs California can impose before more companies choose to opt out. “We support businesses”, insists Mr Bonta. “We are pro-business.” If that were unquestionably true, perhaps he wouldn’t need to say it twice. ■

The night shift

Cities are rethinking what happens after dark

Making it easier to party is becoming serious public policy

Jul 16, 2026 04:57 AM | BOSTON AND NEW YORK

Serving the public

THE JOB OF nightlife czar sounds almost hedonistic. Then Corean Reynolds explains what it entails. Officially Boston's director of the nightlife economy, Ms Reynolds can sometimes be found standing outside a bar at 2am, watching how staff manage crowds spilling into the street. When residents complain about noise, she may be nearby with a decibel meter, with a plan not to kill the buzz but measure it. "I'm like, hey, actually it didn't seem that loud," she says she tells them. Her task is, essentially, to help more people have fun without making nearby residents miserable. She is the first person to hold the job in Boston and one of a rising number of officials across the country tasked with livening up life after dark.

For decades cities were interested mainly in enforcing strict rules, some dating to Prohibition, on pubs, music venues and dance halls. Now roughly a dozen American municipalities, from Iowa City to Philadelphia, have an official responsible for promoting the nightlife economy.

This evolution in thinking can be seen in New York. A measure known as the Cabaret Law, which required venues to obtain special licences before allowing more than three people to dance, was introduced in 1926. In the 1990s Rudy Giuliani, then the city's mayor, revived the law as part of his administration's "Broken Windows" strategy, an approach to policing that sought to deter serious crime by cracking down on minor offences.

The law was finally repealed in 2017, and the city's first nightlife mayor, Ariel Palitz, was appointed to her post the year after. Her office set up mediation services to help residents and business owners resolve noise complaints (Ms Palitz cautions that the correct term is "sound—not noise"). The prior system was "purely punitive", she says, with each complaint automatically dispatching police. Her office also assisted bars, clubs and restaurants navigate permits and city bureaucracy. But enacting change has been arduous. Until May applicants for liquor licences in New York City still had to notify state officials if they wanted to allow dancing.

Bar gains

For officials like Ms Reynolds, the biggest limits to her agenda remain red tape surrounding liquor licences, zoning and permitting. Boston is one of many cities that caps the number of liquor licences well below market demand. But in 2024, after Ms Reynolds pushed for change, the city created 225 new licences. According to the local government, it was "the single largest addition to Boston's liquor licence quota since the end of Prohibition".

Other cities are experimenting with new approaches that, if successful, could spread. San Francisco has created entertainment zones where patrons may consume alcohol on streets and sidewalks. Boston and some neighbouring municipalities have done the same as part of the World Cup. The tournament has become an opportunity to test looser rules, with several host cities temporarily extending bar hours. Meanwhile Austin, Texas, known for its live music, has adopted a policy that protects venues from noise complaints by occupants of new residential buildings, putting the onus on developers to provide adequate soundproofing.

Smaller cities are following suit. Syracuse, a college town of 145,000 in upstate New York, recently announced plans to hire a nightlife co-ordinator. A thriving after-dark scene, city officials hope, will keep young professionals from moving away. It may also create jobs not just in hospitality and entertainment, but in sanitation, transport and security, as well as generate more tax revenue. At a time when remote work has left downtown areas quieter, encouraging nightlife is one way to sustain commercial activity after office hours while giving people more reasons to gather in person.

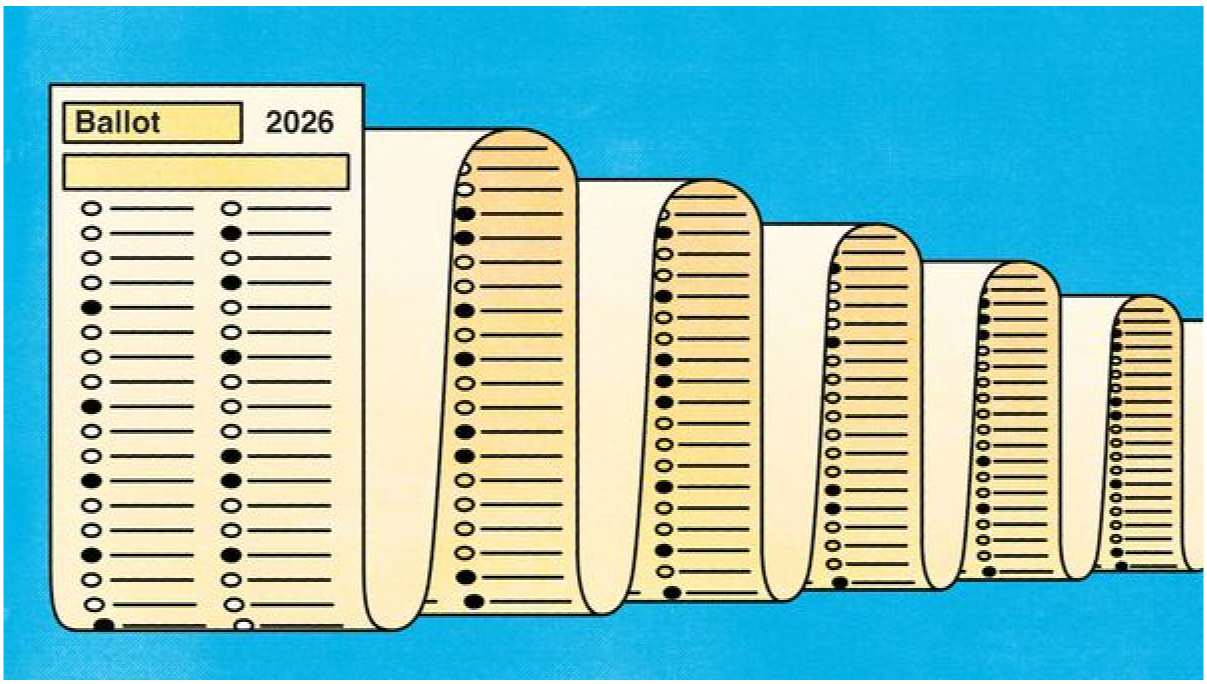
Nightlife czars have a different challenge now, too. Between 2003 and 2023 data from the Bureau of Labour Statistics' American Time Use Survey shows that the average amount of time 18- to 30-year-olds spent socialising each day fell by 38%. Andreina Seijas, an international nightlife consultant, says her industry is now in a war against the couch. In Boston, Ms Reynolds's mission to reclaim the night continues. Next on her to-do list is persuading the city's public-transport operator to run later into the night. The job of a nightlife czar is not always fun, but hopefully the cities they oversee will be. ■

Tortured voters

America’s other elections problem

No other rich democracy hands as many decisions directly to its voters

Jul 16, 2026 05:10 AM | Boston



IT IS OFTEN said that Americans love to work. Perhaps that is why they have made one of their fundamental obligations as citizens—voting—feel like work, too. A civically minded person in Houston, Texas, may already have voted six times this year. When voters in California cast their ballots in November, they will consider a wealth tax from three different angles. In Idaho, home to just 2m people, voters will elect 49 judges, a slew of county coroners and decide which of six firearms should become the state’s official gun.

Much attention is paid to whether the rules of democracy are being broken. Donald Trump claims that American elections are marred by voter fraud, despite scant evidence. This month his administration dispatched more than 250 federal investigators to probe Fulton County’s handling of the 2020 election, which he lost. But there is a more prosaic question: does America’s voting system make sense? No other rich democracy hands as many decisions directly to its people.

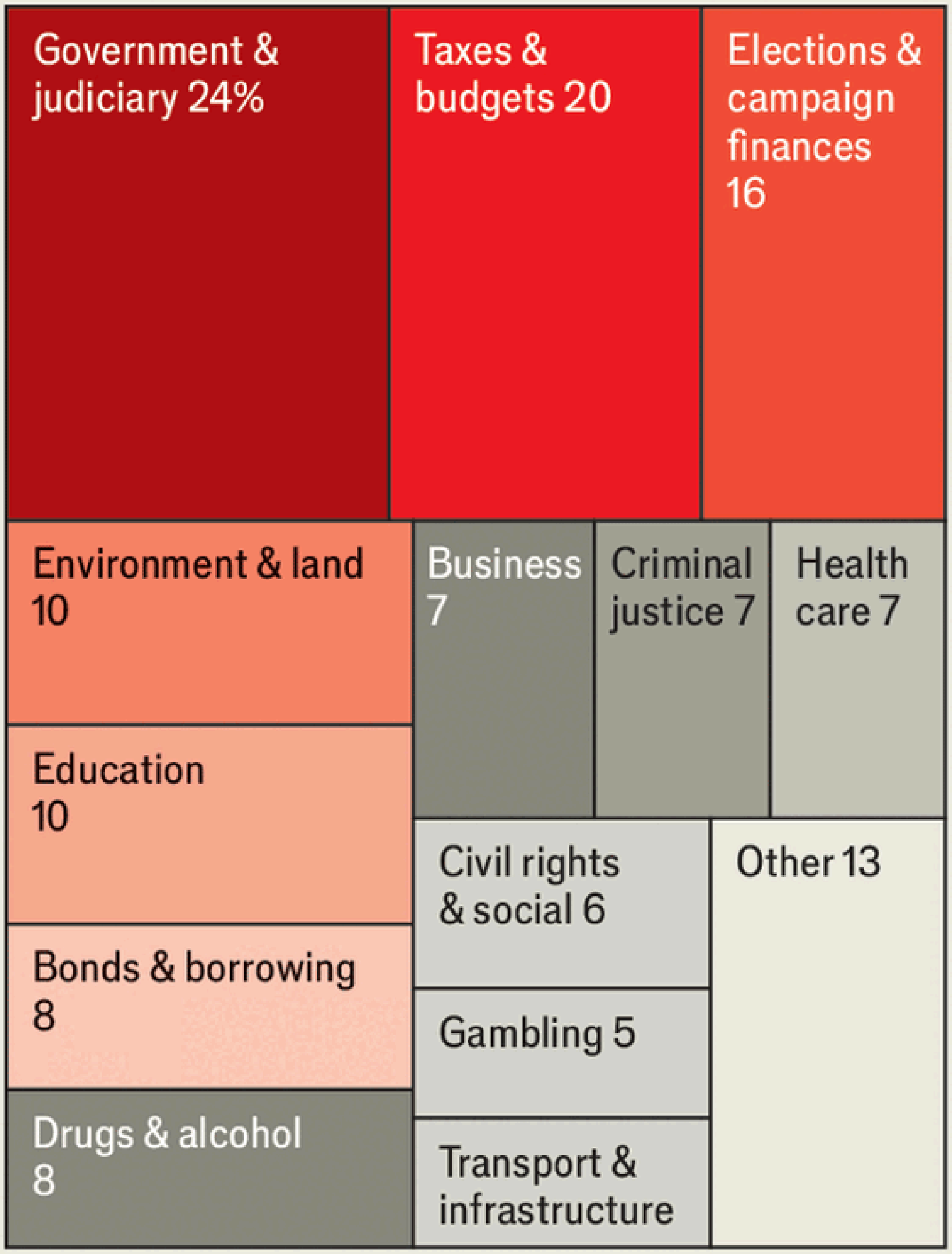
Americans are expected to vote for judges, sheriffs, coroners and school-board members. Through ballot initiatives they also weigh in on everything from whether actors in pornographic films must wear condoms to arcane details of prescription-drug pricing. The assumption is that more voting makes for a healthier democracy. But ballots of biblical length often do the opposite, making government less efficient and less accountable.

America’s electoral sprawl happened in two stages. The first came under Andrew Jackson, the country’s seventh president, who handed more power to non-landowning white men by allowing them to elect more officials. The second stage came at the turn of the 20th century, when reformers gave citizens more direct influence through ballot initiatives and referendums. Both moments reflected concern that elites and political parties had amassed too much control over government, says David Schleicher of Yale University. The solution, he says, was to “diffuse power to the people as a check” on those groups.

In total Americans choose some 500,000 officials, roughly five times as many per person as in Britain. Even with a population of 340m, America has struggled to find enough candidates to contest all of these races. Between 2018 and 2025 nearly two-thirds of candidates ran unopposed, according to analysis by Ballotpedia, an online resource.

Too much of a good thing

United States, % of citizen-led ballot initiatives* by category, 2000-24



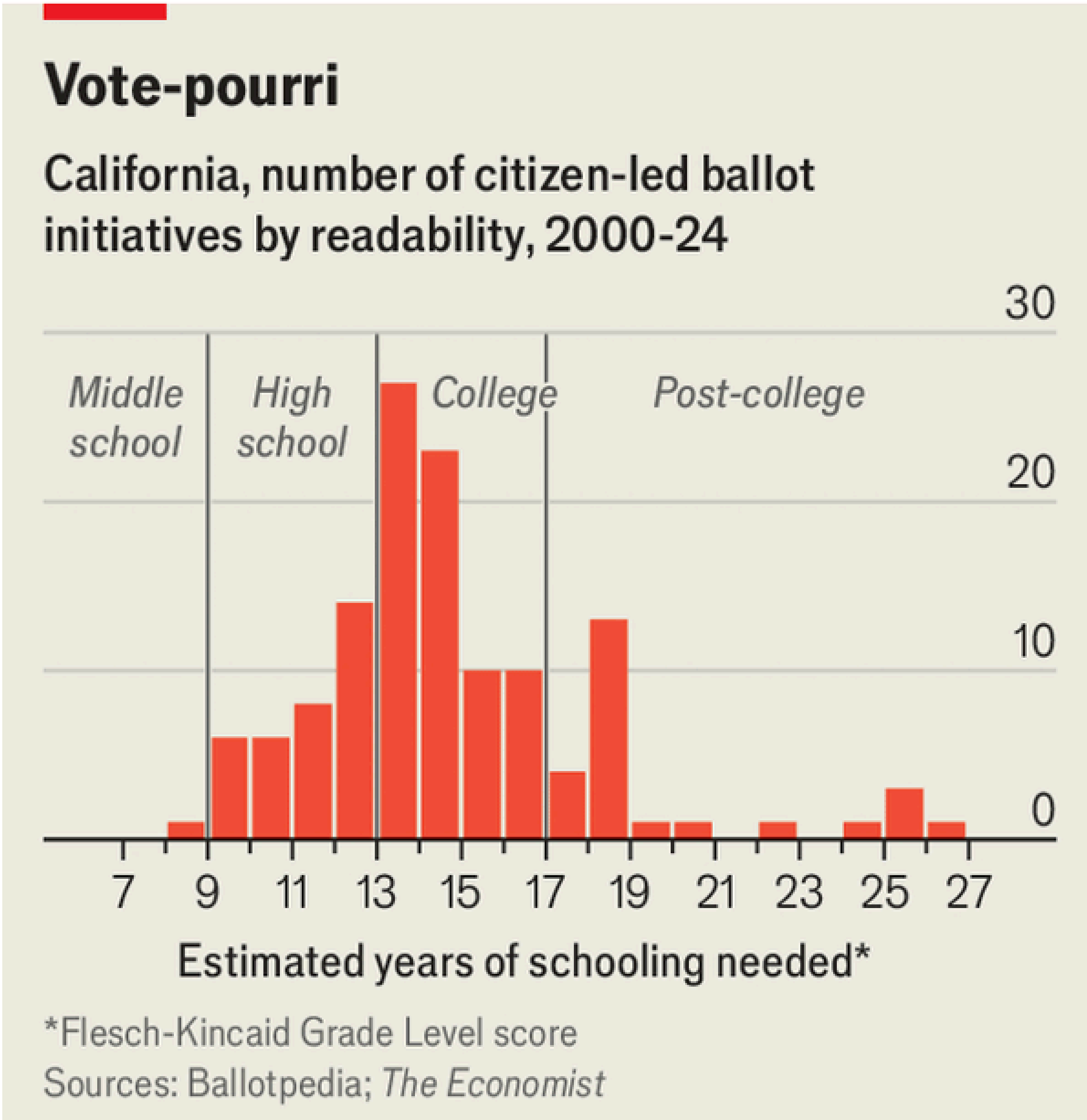
*Can be included in multiple categories

Sources: Ballotpedia; *The Economist*

About half of states also allow citizens who gather enough signatures to place initiatives on the ballot. These ask voters to decide questions that in most other democracies are left to legislatures. *The Economist* scraped data from Ballotpedia covering 1,728 ballot measures from the past three decades. They cover everything from taxation to contentious social issues (see chart).

No voter can reasonably be expected to make an informed decision about every item on the ballot. The sheer number of elected officials makes it difficult to know who is responsible for what. Even an expert steeped in local governance might struggle to judge whether a county comptroller has succeeded or failed in office, says Mr Schleicher. Yet on many ballots, voters face that challenge dozens of times. When they reach the more obscure races, they are "flying blind", says Todd Donovan of Western Washington University.

Ballot initiatives can be even harder to understand. *The Economist* analysed the text of 130 initiatives in California since 2000. Using a metric that scores text based on sentence and word complexity, we found that most required college-level reading comprehension (see chart). One in four demanded the reading comprehension of someone with a graduate degree. Yet only a third of Americans have at least a bachelor's degree.



After deciphering the language of initiatives, voters weigh their merits. This year Californians must become health economists as they decide whether federally funded community clinics should be required to devote a set share of revenue to their charitable mission rather than overhead costs. Obscure decisions like this can have lasting consequences. In 1992 Colorado voters approved the cleverly named Taxpayer Bill of Rights, a constitutional amendment that ties state revenue growth to inflation. As a result, Colorado must in some years refund taxpayers while cutting services because the cost of things such as health care rises faster than inflation.

In principle, ballot initiatives allow groups unable to persuade legislatures to appeal directly to voters. But most are no longer the homespun, volunteer campaigns of yesteryear. They are often sponsored by corporations, unions, ideological organisations or wealthy patrons, which hire signature-gathering firms and specialised consultants. “You can’t really get on the ballot anymore without substantial resources,” says Mr Donovan. Even the original wealth-tax measure in California was not a grassroots effort. It was sponsored by a health-care labour union and drafted with the assistance of experienced lawyers. The campaign against it is largely financed by billionaires. Sergey Brin, Google’s co-founder, has poured $82m into the effort.

As ballots grow longer, more complex and more susceptible to organised interests, some states are looking to rein them in. Massachusetts, for example, has proposed a commission to reform the ballot-initiative process. But politicians tend to be wary of taking power away from voters—or, at least, of being seen to do so. Few elected officials are keen to reduce the number of elected offices, not least because some would be eliminating their own jobs. Making government more efficient and officials more accountable will not be easy. Perhaps such reforms should be put before voters. ■

Lexington

Lindsey Graham tried to save the wrong countries from Donald Trump

He should have put American democracy first

Jul 16, 2026 06:29 AM

ANYONE ANXIOUS that the American establishment can no longer speak loudly with one voice should be heartened by the outpouring of adulation from Washington's elite for Senator Lindsey Graham, who died from heart disease on July 11th. In part, the reaction reveals real affection for a politician nimble enough to charm senators of both parties, along with the press—its most experienced, jaded members in particular. The reaction also illuminates what establishment Washington prizes most: relevance, a quality honoured there above honour itself, as Donald Trump intuited from the start of his own political career.

Republicans who put their principles ahead of loyalty to Mr Trump, such as Mitt Romney and Liz Cheney, live on. But they are forgotten by Republicans on Capitol Hill as anything but cautionary tales about the folly of crossing him. By contrast Mr Graham remade himself as so "relevant"—the term he used—that his sudden disappearance from the scene, at 71, creates problems rather than opportunities for the president, from confirming nominees to passing laws. The bigger question for Washington, and America, is whether Mr Graham's legacy of compromise may yet prove the true cautionary tale. As Mr Graham himself warned in 2015, back when he was instructing Republicans that Mr Trump was a demagogue they should shun: "I'm not afraid of losing an election. I'm afraid of losing our soul."

Mr Graham's indefatigable pursuit of relevance made not just his conversion to Trumpism but his whole career a map of the trajectory of the Republican Party. It was completing its consolidation of the new South when, as part of the Republican Revolution led by Newt Gingrich in 1994, Mr Graham was elected as the first Republican in 117 years to represent South Carolina's third congressional district. He helped lead the impeachment of President Bill Clinton over an affair with an intern. When Mr Graham was elected to the Senate in 2002, he succeeded Strom Thurmond, who had held the seat since 1954. Mr Graham represented not just a new generation of southern Republican but, after the attacks of September 11th 2001, a more internationalist, interventionist conservatism. He allied himself with Senator John McCain of Arizona to champion the wars led by President George W. Bush.

Mr Graham was in the thick of the action again when McCain won the Republican nomination in 2008. After his friend's defeat, he found ways to make himself relevant to Barack Obama. He worked with John Kerry, a Democratic senator, on climate legislation in 2009 and voted for Mr Obama's successful nominees to the Supreme Court, Sonia Sotomayor and Elena Kagan. Mr Graham became one of the Gang of Eight, a bipartisan group of senators who proposed far-reaching immigration reform. (Lexington's brother, Michael

Bennet, was also a member.) That bill passed the Senate in 2013 by a filibuster-proof majority, but the Republican speaker, John Boehner, refused to bring it to a vote in the House.

Even among the Republicans who made early criticisms of Mr Trump, Mr Graham stands out for his ferocity. Ever loquacious, he was prodigal on attack in 2015 and 2016: he warned that Mr Trump might order troops to commit war crimes; that he preyed on fear; that he was "completely unhinged"; that he would cost "the heart and soul of the conservative movement"; that his foreign policy was "gibberish"; that he was a "race-baiting, xenophobic, religious bigot"; that he "represents the worst in America". Mr Graham did not vote for Mr Trump.

But that was when the senator believed Mr Trump would lose. After he won, Mr Graham became one of the president's staunchest defenders. Where once Mr Graham claimed that stopping Mr Trump was worth losing an election, he now argued winning was what mattered: democracy had rendered his own judgments about ideas and character void. The American people "rejected my analysis", he told CBS in 2017. Mr Graham never so surrendered his views when Americans chose a Democrat. But now he abided even Mr Trump's attacks on his dear friend McCain, one of whose last wishes, before he died in 2018, was that the president not attend his memorial service. In his winking way Mr Graham continued to criticise Mr Trump's ethics and motives off-the-record to the press. He contended he was currying the president's favour not just to cling to the Senate seat he loved, but to put his relevance to work restraining Mr Trump's worst impulses, particularly on foreign policy. Mr Graham wanted to sustain support for Ukraine, Israel and NATO, and to confront Iran.

The courage of his compromises

But publicly, Mr Graham had become such a minion by the 2020 election that he endorsed Mr Trump's claims of fraud. Then, after rioters attacked the Capitol on January 6th 2021, Mr Graham acknowledged the electoral outcome was legitimate. "Trump and I, we've had a hell of a journey," he said on the Senate floor. "I hate it to end this way." But by late February he was promoting Mr Trump for president in 2024. Referring to Ms Cheney, he told Fox News that May, "The people who try to erase him are going to wind up getting erased. It's impossible for this party to move forward without President Trump." That judgment has always been, for Mr Trump, usefully self-fulfilling. The fewer Republican leaders who stood up to Mr Trump, the more powerful he became.

When applied to politics, the definition of courage turns slippery. There is bravery in courting criticism, as Mr Graham did, by compromising to achieve some progress, even when principle is at stake. The challenge is in choosing where to draw the line. Mr Graham never did. Though he had some success in protecting his causes, by the time of his death he had changed Mr Trump's politics far less than Mr Trump had changed his. And in his bid to promote democracy abroad, he helped corrode it at home. ■

The Americas

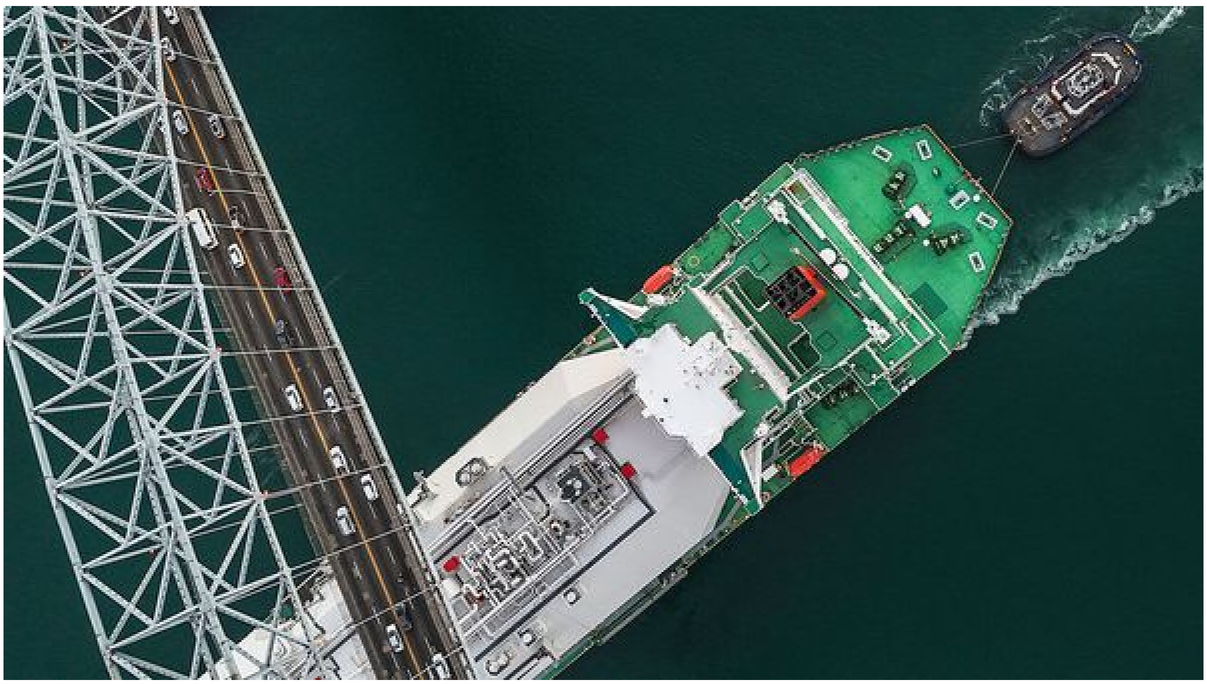
- **The Panama Canal is growing more important**
  The Americas chokepoint :: And the challenges to it are getting more acute
- **The biggest schools training America’s doctors are in the Caribbean**
  White sand, white coats, murky water :: The industry has a seedy underbelly
- **Argentina v England is one of the most intense rivalries in sport**
  Best of enemies :: The two countries have not played each other in over two decades

The Americas chokepoint

The Panama Canal is growing more important

And the challenges to it are getting more acute

Jul 16, 2026 08:46 AM | Cocolí Locks



WHEN DONALD TRUMP'S war with Iran first closed the Strait of Hormuz this year, the effects were felt swiftly on the other side of the world. Demand for passage through the Panama Canal, the 80km waterway linking the Atlantic and Pacific Oceans, shot up to near its maximum capacity of 36 to 40 transits a day. The number of ships carrying fuel through the canal rose sharply as countries turned to American energy. The number of liquefied-natural-gas (LNG) cargoes transiting almost doubled in April, compared with the same month last year.

The Panama Canal carries just 5-6% of world maritime trade. That is less than some other chokepoints, such as the Strait of Malacca near Singapore. Yet its importance is growing, both because of the Middle East war and because of enduring changes to flows of goods and energy. This could be a boon to the country of 4.6m people that hosts it, but only if it can avoid becoming a pawn in the rivalry between China and the United States.

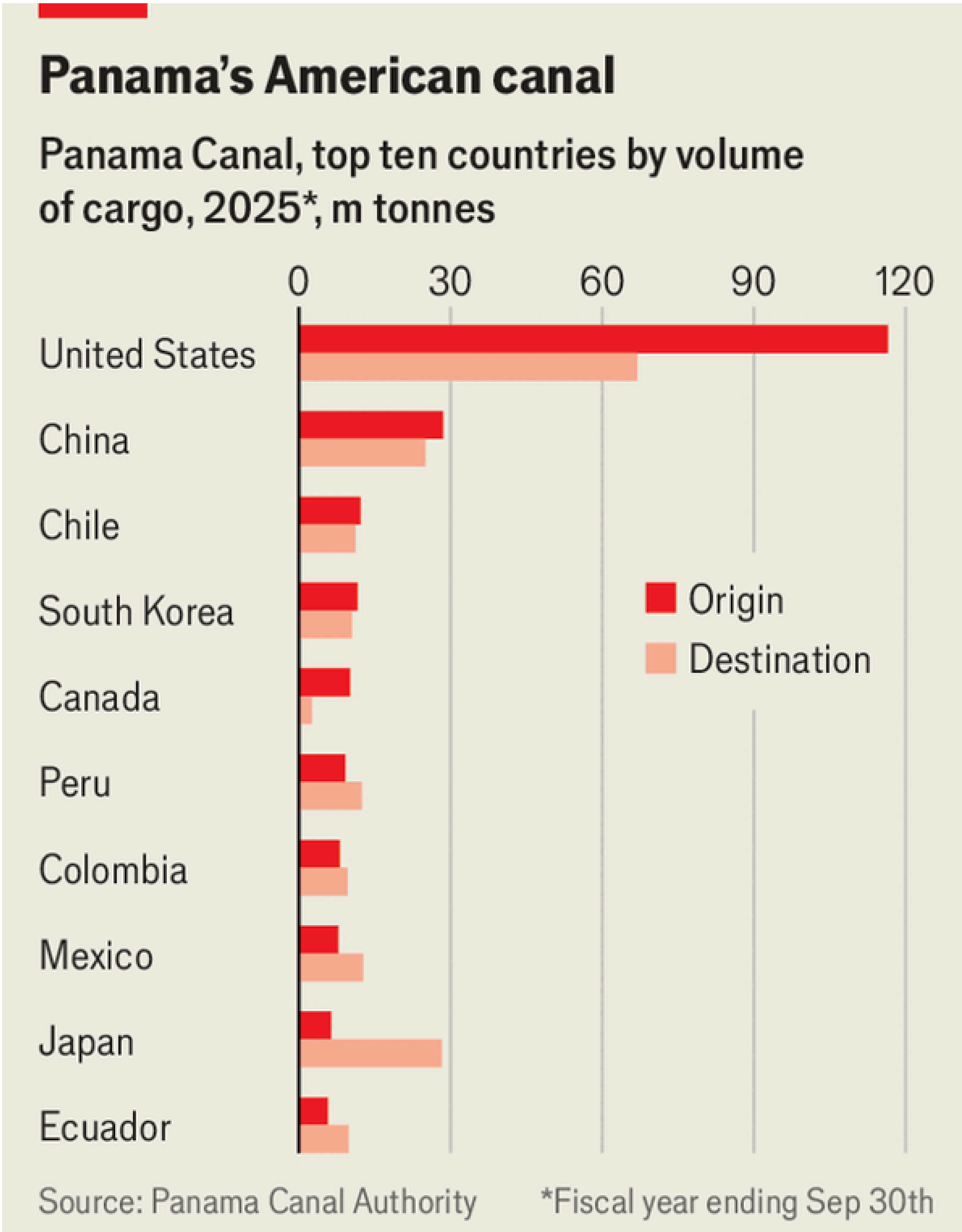
The goods that pass along the canal run the gamut, from toys to cars, fertilisers to fruit. But its significance as a route for energy shipments is especially striking, largely due to the United States' rise as an exporter of LNG and liquefied petroleum gas (LPG). The canal built the infrastructure needed to accept this traffic in 2016. It currently moves around 1m barrels of LPG a day, much of it travelling from the Gulf Coast to petrochemical plants in Asia.

The Economist met Ricaurte Vásquez Morales, the canal's administrator, in a control room overlooking the waterway. He says the canal authority has launched $8.5bn worth of projects on his watch. The boldest is a pipeline to carry LPG across the isthmus, which could raise its energy capacity by up to 2.5m barrels a day. In addition, two new port terminals will expand container capacity. The aim, he says, is to make Panama not merely a passage between oceans but a broader market for trade.

The extra traffic because of the war in the Gulf may help pay for that. The auctioned cost of passage through the canal (some passages are pre-booked but the most in-demand slots are auctioned) nearly tripled from a pre-Hormuz average of $135,000-140,000 to about $385,000-425,000 in April and May. One company paid $4m for a single slot. In the fiscal year to September 2025 the canal put almost $3bn into Panama's treasury, a record amount that accounts for over a fifth of state revenue.

Mr Vásquez is aware that the canal's current good fortune may prove to be "a blip". But some of it may last. It is far from clear when

Hormuz will be fully open, given the resumption of strikes between Iran and America in recent weeks. Even if it does open, trade patterns will not revert quite to how they were before, reckon researchers at Goldman Sachs, a bank.



Yet Mr Vásquez—and his designated successor, Ilya Espino de Marotta, who is due to take over in October—face two big challenges. One is the canal's vulnerability to climate change. Its locks are supplied by lakes which depend on rainfall for replenishment. A severe drought in 2023-24 forced the authority to cut daily transits to as few as 18. It also caused many LNG carriers to switch to a route around the Cape of Good Hope, despite it taking longer; many of them have not yet returned to the canal, says Francis Zeimetz of Panama's Maritime Chamber. This year's El Niño could cause similar disruption.

Hence another big project that is at last getting under way: a reservoir on the Indio river, damming it to secure the canal's water supply. The decades-old plan languished because it was costly and controversial. It will displace some 2,000 people. Finally approved in 2025, works are due to start next year and should be completed by 2032. Mr Vásquez says it will supply enough water for roughly 11.5 extra transits a day in a dry year, ensuring the canal's operation for the next half-century.

The most pressing problem, however, is geopolitics. Panama has recently found itself in the middle of a rivalry between the United States and China. Since returning to the White House in January 2025, Mr Trump has repeatedly threatened to "take back" the Panama Canal, which the United States built and operated from 1914 until it handed it to Panama to run in 1999. It seems like bluster, but it is a theme he returns to. This month he again ruminated on it in two speeches. The attention is a shock after years when Panama appeared to fall off the maps in Washington. The United States did not post an ambassador to Panama between 2018 and 2022.

Mr Trump is worried about the security of America's supply chains (more than 70% of traffic in the Panama Canal is going to or coming from the United States). In 2025 his administration opened an investigation into global chokepoints. His interest also results from his revival of the 19th-century Monroe Doctrine, which holds the Americas to be the backyard of the United States and considers outside powers unwelcome. He has repeatedly said that China is "running" the canal.

Foreign firms do not run the canal, but some hold concessions in the canal's hinterland, notes Mr Vásquez. Alonso Illueca, a Panamanian lawyer, notes that China's footprint has increased rapidly in Panama in recent years.

In 1996 the Panama Ports Company, a subsidiary of the Hong Kong-based conglomerate CK Hutchison, won concessions to run the ports of Balboa, at the Pacific end of the canal, and Cristóbal, at the

Atlantic end. Other Chinese firms clustered around the waterway. Panama too often treats strategic assets as ordinary holdings that may be bought and sold, says Mr Illueca. Some also allege that Chinese companies, bound more by the needs of the Chinese Communist Party than rule of law, have found it easier than their American rivals to strike deals in a country that is notorious for corruption.

American pressure has already had an impact. In January Panama's Supreme Court ruled that the Panama Ports Company's contract was unconstitutional. José Raúl Mulino, Panama's president, handed the ports to two European firms until new contracts can be tendered. Last year Panama also left the Belt and Road Initiative, China's international infrastructure-investment scheme, shortly after Mr Trump returned to the White House.

Mr Vásquez notes that the canal never closed during the pandemic; nor has it during drought or geopolitical turmoil. Panama has done a "tremendous job" running it, says Louis Sola, who used to head the Federal Maritime Commission, an independent regulator in Washington. But Panama and the canal's administrator will have a hard time navigating the next few years, stuck between an American president who wants more control and a Chinese government that will make life hard for those who hurt its interests.

China has started to retaliate for Panama's moves to appease Mr Trump. In March, 91 of 123 ships detained at Chinese ports were Panama-flagged; that figure climbed higher in April to 136 vessels. American officials say the detentions show no sign of ending. China is "trying to make Panama hurt", says Mr Illueca. Asked what sums up his seven years at the helm, Mr Vásquez says "volatility". His successor can expect more of that. ■

White sand, white coats, murky water

The biggest schools training America's doctors are in the Caribbean

The industry has a seedy underbelly

Jul 16, 2026 06:59 AM | ST GEORGE'S, GRENADA

Physician, tan thyself

FREE SHUTTLE buses run from St George's University (SGU) to the white-sand beach at Grand Anse, the best in Grenada. American students in swimwear crowd the seafront bar. This post-exam ritual prompts envy from peers back home, says Daniel Nathan from Virginia. He was rejected by a few medical schools in the United States before he got his place at SGU, and didn't fancy waiting a year to try again. "Grenada is pretty cool," he says.

Mr Nathan is not alone. Seventy per cent of the students at SGU are American. Its intake is large, more than 1,000 students a year where the average American medical school admits 200. Its fees are higher than Harvard's. Despite this, a growing cohort of would-be doctors is opting for island training. In 2010, Americans made up 48% of the graduates from Caribbean medical schools. By 2022 that share had risen to 67%. SGU provides more doctors to the United States than any other school in the world, including American ones. "The legacy system just simply does not produce enough doctors for the US health-care system," says Scott Liles, who oversees Ross University School of Medicine in Barbados, where 98% of students are American or Canadian. Ross is the second-largest provider of doctors to the United States.

The love-in is mutual: SGU contributes a good chunk of Grenada's GDP and is the largest private employer. Charitable donations endear it to the local population. "Everything depends on St George's," says Lincus Baptiste, a take-away vendor who has worked on the campus for 11 years.

Sadly, the prominence of Ross and SGU belies the existence of less scrupulous actors. The allure of the opportunity to practise medicine in the United States is a powerful incentive. There are around 100 medical schools in the Caribbean. On the other side of Barbados from Ross is Queen's University College of Medicine. On the evening *The Economist* visited the site—a nondescript house at the top of a hill—no one was there. Discussion threads on Reddit, a chat board, tell of online-only courses and broken promises to provide legitimate qualifications. Queen's website says it is listed on the World Directory of Medical Schools, but a listing does not imply accreditation. The school did not reply to requests for comment.

The path from the Caribbean to licensed doctor in the United States is complex. Before applying for a residency, a graduate must certify their qualification with the Educational Commission for Foreign Medical Graduates, an American NGO. It only certifies graduates of schools that have in turn been accredited by an agency approved by a committee of the US Department of Education, or its international equivalent.

But those agencies can operate from anywhere in the world. "It kind of breaks our brains a little bit to see an island that is in the Caribbean, that is a constituent country of the Kingdom of the Netherlands, getting its medical accreditation from Kyrgyzstan," says Rosalie Hancock of Bellevue College in Washington state, co-author of a report on Caribbean medical schools. "You don't really see that in any other field of education."

This complexity can make it hard to identify illegitimate operators. Some students end up saddled with debt and no closer to being a doctor. Rashed, 32, from Trinidad, cried with happiness when he was accepted into All Saints University College of Medicine in St Vincent. He had been rejected by nearly 50 other medical schools. But the school, which later changed its name to Richmond Gabriel University, suddenly moved all courses online and told students that a new campus was opening in Curaçao. It never did. In April, one of the founders appeared in court in Chicago to face federal charges of fraud and embezzlement related to the city's Loretto Hospital.

Rashed says he is "totally broke". He has managed to enroll in a different, accredited medical school. His peers at SGU and Ross are a mainstay of America's medical system. The allure of a career in medicine in the United States will probably get more like him into trouble. ■

Best of enemies

Argentina v England is one of the most intense rivalries in sport

The two countries have not played each other in over two decades

Jul 16, 2026 04:57 AM

This time it was fair and square

THE SUMMER of 1966 is remembered differently in two of the world's football powerhouses. For England it was euphoric: on home turf they beat West Germany in the final to win their first—and so far only—World Cup title. For Argentina it was different. Their exit from the tournament after losing to England in the quarter-finals is a bitter memory. The contested game, in which Argentina's captain had to be forcibly removed from the pitch, saw England score a disputed goal. England's coach called his opponents "animals". The game is known as *el robo del siglo* (the robbery of the century) in Argentina.

Six decades on, with a German coach, Thomas Tuchel, at the helm, England came as close to reclaiming the title as they have ever been. The squad lost to Argentina, the reigning world champions, 2-1 in a semi-final on July 15th. The game in Atlanta was the first time the teams had faced each other in two decades. It was still testy and foul-ridden throughout.

Lionel Scaloni, Argentina's head coach, had insisted that it was "a football game and that is all". Every Argentine knew that was not true. Atlanta's police force increased security ahead of the game. Opposing fans entered from different ends of the stadium. Such was the depth, even after a long hiatus, of perhaps the most intense transcontinental rivalry in sport.

Argentina and England have now played six times at the World Cup since it began in 1930. Although animosity took off in 1966, 1986 was the year it transcended sport. Argentina had invaded the Falkland Islands four years earlier, laying claim to the British overseas territory in the South Atlantic over which both countries assert sovereignty. Argentina lost the 74-day war. Nearly one thousand people died. The Falklands remain British territory today.

When the two countries played each other in the quarter-final in Mexico City in 1986, emotions ran high. Argentine striker Diego Maradona scored two historic goals, one using *la mano de Dios* (the hand of God, pictured), punching the ball into the net. Argentina went on to win the tournament. Maradona later admitted to the handball, and claimed that it was revenge for *Las Malvinas*, as the Falklands are known in Argentina. Tension persisted in games in 1998 and 2002.

The territory remains a sticking point. Javier Milei, Argentina's populist president, who has previously been criticised for a lack of support for the cause, has become more vocal. In April, after a leaked memo showed that the United States could review its position on British sovereignty of the islands, Mr Milei said they would "always be Argentine".

After their win, some Argentine players celebrated by holding up a banner that read: "Las Malvinas son Argentinas." They and the fans have been singing "The Fourth Star", an anthem that has gone viral online. One lyric goes: "For the Malvinas, for Diego (Maradona) and for Leo's last run (Lionel Messi, Argentina's star player); Argentina I want to see you become back-to-back champions." Glory is on offer in the final against Spain on July 19th. But an Argentine win won't change anything in the Falklands. ■

Asia

- **Is Aung San Suu Kyi dead?**
  Myanmar :: Myanmar's jailed leader has not been seen since 2022
- **An unreliable America is drawing Asia's middle powers closer**
  Magical mystery tour :: A burst of Indian diplomacy exemplifies the trend
- **Haunted houses are in demand in Japan**
  Lingering spirits :: What's behind the growing desire for once-shunned "incident properties"?
- **A real but selective crackdown on Cambodia's scam industry**
  Prince and purge :: Sanctions from America and pressure from China have forced a reckoning
- **An incomplete list of falling objects in India**
  Ashoka :: Prosperity and infrastructure development have not come with improved safety

---

Myanmar

Is Aung San Suu Kyi dead?

Myanmar's jailed leader has not been seen since 2022

Jul 16, 2026 04:58 AM | SINGAPORE

TAICHITO HAD followed Aung San Suu Kyi everywhere. But the dog was not allowed to accompany Myanmar's leader into prison after a military junta overthrew her government five years ago. Last month, the floppy-eared mongrel died at her home in Yangon, the former capital, aged 15, still awaiting her return. He had been a gift from Kim Aris, her son, on her release from an earlier spell in prison in 2010. "I think he was the best thing I ever gave her. He was very faithful to her," says Mr Aris in an interview in London.

Mr Aris has a bigger worry, however: his aged mother has disappeared. He has been travelling the world in recent months, pushing presidents and ministers to demand that Myanmar's military government provide "proof of life". The last official appearance of Ms

Suu Kyi, who would now be 81, came at the conclusion of her show trial at the end of 2022. Since then, the army has consistently refused her lawyers' requests to see her. Reports of sightings in Myanmar's prison system have trickled out of the war-torn country in recent years, but are impossible to verify.

Ms Suu Kyi ranks as one of the world's most famous political prisoners. She spent many years under house arrest while leading peaceful democratic protests against Myanmar's military regime during the 1980s to the 2010s, and won the Nobel peace prize in 1991. After her party finally came to power in 2015, however, her reputation was damaged by her defence of the armed forces' treatment of the Rohingyas, a persecuted Muslim minority. In 2021 a military coup removed her from power, before sending her to prison.

The military government claimed in April that it had moved Ms Suu Kyi to house arrest, but has turned down repeated requests from diplomats who ask to visit. Pressed by diplomats about her condition, regime officials invariably reply that she is in good health, but say little else. A photo published at the time of her supposed move to house arrest showed her chatting with a policeman and an army officer inside an unidentifiable building. There is no indication that it is of recent vintage, however, and Mr Aris doubts its authenticity. He says that if she is indeed under house arrest, it is not at her home in Yangon and that her house in Naypyidaw, the new capital, has been torn down.

Senior General Min Aung Hlaing, the man who led the coup against her, had himself declared president in March. He has been asked about Ms Suu Kyi at least twice recently. Narendra Modi, India's prime minister, brought her up in talks with him in Delhi last month. And in May, Julie Bishop, the UN special envoy on Myanmar, asked to see her when she met the general. Diplomats privy to those conversations say that he responded with anger at the mention of her name.

Some of those briefed on these conversations worry that the coup-leader's reaction could indicate that he is unable to produce the requested proof of life—because she is either dead or in bad shape. Others are sceptical. "To keep that under wraps would be impossible," says Morgan Michaels, a Myanmar expert at the International Institute for Strategic Studies, a think-tank in London. The general's profound dislike of his political rival, as one ambassador puts it, may be sufficient explanation for her isolation.

Foreign ministers from other members of the Association of South-East Asian Nations (ASEAN) have repeatedly raised Ms Suu Kyi's welfare with their opposite number in the junta, including at a meeting in Bangkok on July 12th. The generals want to fully rejoin

ASEAN, which suspended Myanmar from high-level meetings after the coup. They also want their seat at the UN. Myanmar has been represented there since the coup by an official of the ousted civilian government. Releasing Ms Suu Kyi, or just giving foreign diplomats access to her, might melt opposition in both institutions to normalisation.

Doing either would have less predictable consequences inside Myanmar. Ms Suu Kyi has consistently advocated non-violent resistance. Since the coup, a nationwide campaign of armed groups representing many of Myanmar's ethnic minorities has emerged to challenge military rule; for the first time they have joined forces with revolutionaries from the Burman ethnic majority. But Ms Suu Kyi, a Burman nationalist who in office gave minorities short shrift, lacks support from many armed groups. Freeing her would be "the easiest way to break up" unity among them, says a foreign diplomat who has been working to stitch them together.

Mr Michaels sees the armed forces as less worried about the armed uprising than they are about non-violent movements of the sort that Ms Suu Kyi has advocated since 1988. She retains an almost talismanic power over many members of the Burman majority, who continue to take personal risks to show their fealty.

The diplomatic focus on Ms Suu Kyi's plight risks eclipsing that of Myanmar's 55m people, who continue to suffer under the junta. She is but one of 14,517 political prisoners confirmed to be held by the government, says the Assistance Association for Political Prisoners (AAPP), an advocacy group. Medical care in prison is poor, air conditioning in the sweltering hot season unavailable. (Ms Suu Kyi is reported to have refused an air-conditioned cell because others do not have one.) This year alone, the AAPP confirmed the deaths of over 60 political prisoners in custody. Even as Mr Aris seeks news of his own mother, he says she would not want their plight to be forgotten. ■

Magical mystery tour

An unreliable America is drawing Asia’s middle powers closer

A burst of Indian diplomacy exemplifies the trend

Jul 16, 2026 07:16 AM | DELHI

NARENDRA MODI is often seen pressing flesh at bilateral meetings, or embracing his favourite counterparts with a bear hug. A visit to France and Slovakia last month was the peripatetic Indian prime minister’s 100th foreign trip since taking office in 2014. Shortly after returning to India, he jetted off to the Seychelles. He was then in Delhi to host Japan’s prime minister, Takaichi Sanae, before heading to Indonesia, Australia and New Zealand.

The flurry of activity in the Indo-Pacific illustrates a trend: Asia’s middle powers want an insurance policy. Mr Modi aired deals on defence, maritime security, semiconductors and rare earths—all in the shadow of the two superpowers. Like other Asian countries, India has long had to contend with the economic heft and territorial ambitions of China. But as America has become less reliable the balancing act has got rather harder.

C. Raja Mohan, an Indian foreign-policy analyst, has described Mr Modi's approach as "G minus 2", referring to the so-called G2 pact that Donald Trump at times talks of striking with China. Asian countries are not turning their backs on America or seeking to contain China, he says: they know they cannot do either. Instead, they are working out what they can do together, putting aside old differences.

Round the world

Narendra Modi, countries visited diplomatically

Source: Government of India

*To July 11th

For India the shift in America's position has been particularly jarring. Though it has managed to get off the "punishment tariffs" Mr Trump imposed last August, few see how it can repair its relations with America while he is in office. Diplomats elsewhere in the region are aghast at the deterioration of such a vital relationship.

Such worries were further aggravated in June when America said that it was rebranding its Indo-Pacific Command, as it terms its military structure in the region, as the Pacific Command. The small textual change carried a big message. "Indo" had been added in 2018 to signal maritime co-operation between countries in the Quad—America, Australia, India and Japan—and portray India in particular as a critical partner. Its removal was seen as a snub in Delhi and another sign of American retrenchment.

What did Mr Modi's tour yield? Most promising is a convergence between India and Australia. Their relationship has long been constrained by Australia's opposition to nuclear proliferation and India's suspicion of Western alliances. Politicians from Australia's Labor Party have also raised concerns about Kashmir. Such differences are now forgotten. On July 9th Australia agreed to supply India with uranium for nuclear energy. Notably, the two will also co-ordinate action on maritime security. "India has long resisted that kind of language," says Ian Hall of Griffith University.

India's ties with Japan are also getting stronger, with the focus shifting from infrastructure to defence and technology. The two have agreed to work together on defence production for the first time, even if their inaugural project (making radio antennae) is small-bore. In New Zealand Mr Modi spoke of plans for more naval exercises and information sharing. In Jakarta he signed a deal to supply Indonesia with India's BrahMos missile system.

Mr Modi is "essentially implementing Mark Carney's idea of middle powers coming together in Asia", says Ajay Bisaria, a former Indian high commissioner to Canada. Yet for all his frenetic activity, mutual concerns will not inevitably lead to deep co-operation. Asia's middle powers still differ on many issues, especially over how to handle Mr Trump, and in some cases attitudes towards China.

Compared with those in Europe, Asian countries may be more divided over how to respond to a shifting balance between the two superpowers. But they are also a lot more exposed. Expect the energetic diplomacy to continue. ■

Lingering spirits

Haunted houses are in demand in Japan

What's behind the growing desire for once-shunned "incident properties"?

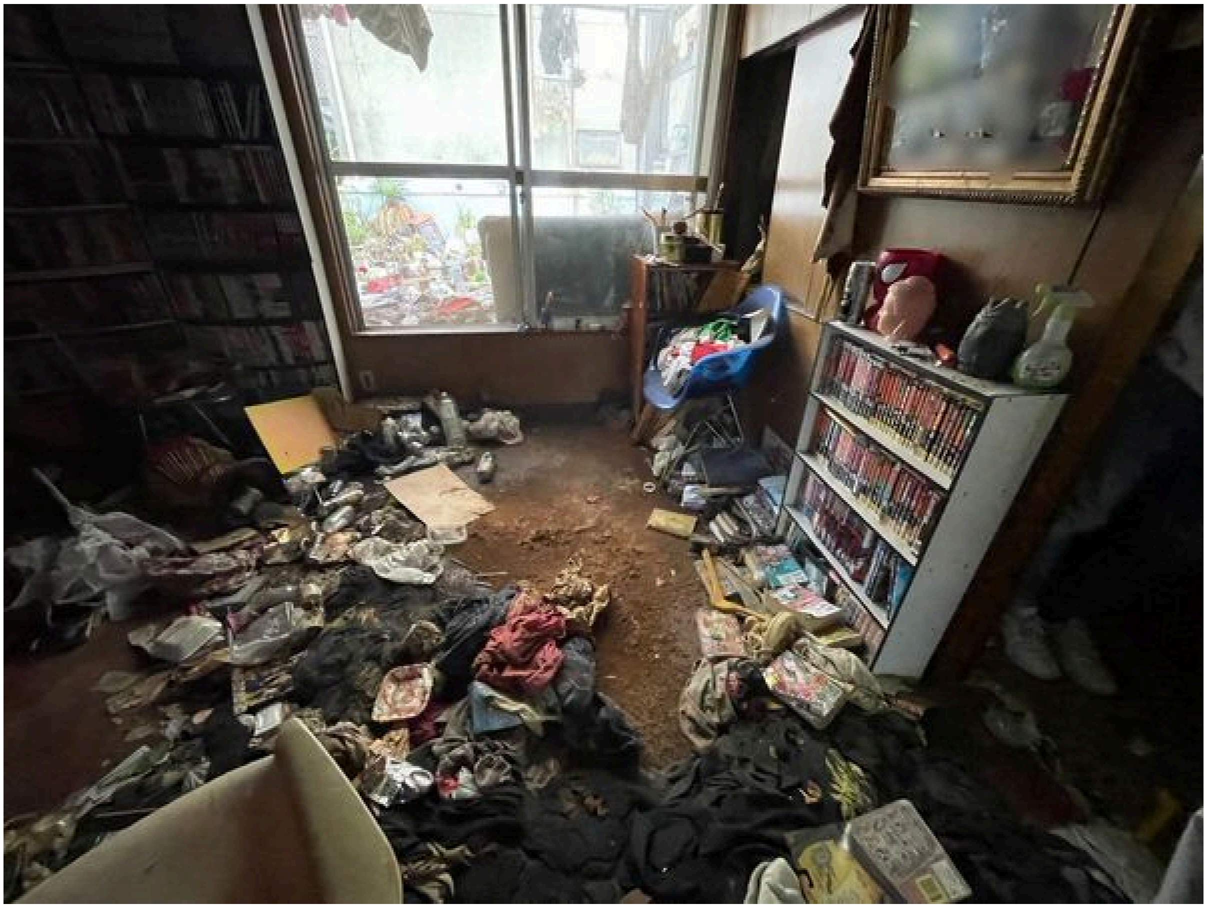
Jul 16, 2026 05:01 AM | Tokyo

FOR MORE than a decade, Matsubara Tanishi, a Japanese comedian, has lived in houses where others met gruesome ends. One tenant murdered his brother. Another hanged herself. In a third an old man died alone and lay undiscovered for two years. "I used to think I might get cursed," he says.

In Japan such unfortunate houses are known as *jiko bukken*, or "incident properties". Though many recoil at the thought of living in one, they have long fascinated the public. Mr Matsubara has built a career from inhabiting dozens of them; his memoirs have become best-sellers and inspired films. Now rising housing costs are making these properties look less unappealing to the wider public.

Incident properties are priced anywhere from 10% to 50% below market value, depending on the grisliness of the previous occupant's demise. Such discounts of course exist elsewhere, but Japan's culture around them is unusually elaborate. Oshima Teru, a property investor, runs a popular website mapping *jiko bukken* across the country, marking each with a fire icon and a description of the death. "It frightens me, but I can't stop checking it," says Kobayashi Yoko, a housekeeper in Tokyo. If she discovers that a client's house is on the map, she invents an excuse not to go.

Japan is strikingly superstitious for a country where few profess a religion. A survey in 2024 showed that a third of Japanese believe in spirits. Social media teems with tales of ghosts lingering in incident properties. Some firms cater to those fears. Buddhist monks perform cleansing rituals. Kachimode, a firm in Tokyo, inspects *jiko bukken* with thermal cameras and other devices, purportedly searching for signs of paranormal activity. If none appear, it issues a document certifying the house as not haunted.



Demography is making such properties harder to ignore. The government recorded more than 20,000 *kodokushi* or "lonely deaths" in 2025, defining them as people who died alone and went unnoticed for at least eight days. In 2021 it issued a guideline saying that landlords need not disclose them, except in case of extraordinary circumstances, such as severe decomposition. The change also aimed to make it easier for older people to rent, since many landlords fear a lonely death taking place in their property.

Niki Hidenori, who runs a property firm focused on *jiko bukken* in Kobe, says more tenants are "weighing the price and taking a pragmatic approach". In March average studio rents in central Tokyo rose by 13% year on year, a record high for the 22nd consecutive month. A recent survey suggests a majority of Japanese would consider living in a *jiko bukken*. Investors are drawn too; legally, a death need not be disclosed after three years have elapsed, so a property bought at a discount can later be sold at full price.

Mr Matsubara says he has never seen a ghost, but he has developed a habit of sleepwalking. He doubts malicious spirits are to blame, suspecting instead that years of living in such spaces have taken a psychological toll. Ryua, a young woman living in a *jiko bukken* in Tokyo, is at peace with it herself. But when friends visit, "they start getting nervous and leave quickly," she says. "That's a bit sad." ■

Prince and purge

A real but selective crackdown on Cambodia's scam industry

Sanctions from America and pressure from China have forced a reckoning

Jul 16, 2026 04:57 AM | SINGAPORE

Meet the scambusters

IN JANUARY CAMBODIA extradited Chen Zhi, believed to be the boss of one of Asia's most powerful criminal organisations, to China. Mr Chen, notorious for online fraud, was an adviser to Hun Sen, Cambodia's longtime strongman. His fate has spooked scam moguls across the country: if the most powerful man in Cambodia could not protect Mr Chen, nobody was safe. Since then, tens of thousands of workers trapped in compounds ringed by barbed wire and armed guards, forced to defraud people around the world, have flooded onto Cambodia's streets after their bosses fled, leaving the gates open.

The global online fraud industry is estimated to steal more than $500bn a year from victims worldwide, putting it on a par with the illicit drug trade. Nowhere in Asia are politics and cybercrime more deeply enmeshed than in Cambodia, where online scams may generate up to $19bn a year, equivalent to 40% of the country's formal GDP and more than garment manufacturing, its largest legitimate industry.

For years Cambodia was known for staging fake crackdowns, with police raiding empty buildings after the bosses had been tipped off. The past six months have been different, but not as different as the government claims. Cambodia is under greater international pressure than ever before. The crackdown "is not fake; but it is selective and strategic," says Jacob Sims of Inca Digital, a data-analytics firm. The risks to the elite are multiplying. After America and Britain slapped sanctions on Mr Chen last October, Hong Kong, Singapore, South Korea, Taiwan and Thailand seized assets belonging to him and imposed sanctions of their own. "Our country's image has been damaged and tarnished by online scam syndicates," said Mr Hun Sen in May. In April he signed Cambodia's first anti-fraud statute. Over the past year the government has closed more than 90 casinos, according to Neth Pheaktra, the information minister. Scam operations are often run from inside casinos, which also help launder the proceeds.

American pressure continues to mount. Last October the Department of Justice seized around $15bn in cryptocurrency from Mr Chen, its largest-ever seizure of foreign assets anywhere. In April the Treasury sanctioned Kok An, a Cambodian senator who controls scam compounds across the country. In June it imposed sanctions on nine people and 26 entities linked to Mr Chen's Prince Group, a Cambodian conglomerate spanning property, finance and consumer services. It also blocked subsidiaries of Huione Group, another conglomerate believed to have links to Mr Chen, from using America's financial system. Huione Group is the firm behind "the largest-ever illicit online marketplace", according to Elliptic, a blockchain-analytics firm based in London.

Fighting fraud has become one of America's foreign-policy priorities in South-East Asia. It fits into an America-first mindset better than many other issues, since it can easily be characterised as dealing with criminals who are making America weaker. Even as America's presence in the region shrinks, its Scam Centre Strike Force is tackling the biggest form of financial crime ever to hit Americans, who are reckoned by their government to lose at least $10bn a year to scams, and probably considerably more.

China began squeezing the industry years earlier: its citizens are both the scammers' prime victims and also supply much of the workforce inside the compounds. Liu Zhongyi of China's Ministry of Public Security visited Cambodia just as the current crackdown began. China, Cambodia, Laos, Myanmar, Thailand and Vietnam now share intelligence and mount joint operations against the industry. Scams cost Cambodia in other ways, too. Chinese tourists, increasingly fearful of being grabbed and forced to work in the scam farms, numbered just 850,000 in 2024, down from 2.4m in 2019. Cambodia now offers them visa-free entry in the hope of encouraging a revival.

Yet the industry is adapting rather than dying. Operations are shifting yet again, this time to Laos and Myanmar, the other main hosts of the world's scam compounds; Sri Lanka and Indonesia are home to yet others, says John Wojcik of Infoblox, a security firm. Cybercrime will also continue in Cambodia. Selective enforcement has eliminated some scam compounds, but not the system that protects them. No sitting or former ministers have been charged by Cambodia's officers, despite a number of donations that Prince Group has been documented as having made to the ruling party. ■

Ashoka

An incomplete list of falling objects in India

Prosperity and infrastructure development have not come with improved safety

Jul 16, 2026 05:12 AM

NO METROPOLIS IN India and few big cities anywhere receive as much rain in as little time as Mumbai. Even by the city’s own standards it has been an exceptionally soggy July, the wettest bit of the monsoon. It rained as much in the first week as it normally does over the whole month. Wind speeds of over 75kph wreaked havoc. By July 7th, 830 trees had fallen (compared with 855 in all of 2025) in addition to 1,238 branches. An 11-year-old was crushed inside his school bus; an 18-year-old on his bike; a 63-year-old outside his shop.

Citizens blame the authorities for blocking the roots of trees with concrete. Officials counter that no city in the world could weather this weather. They have a point. Strong winds in Beijing last year knocked down 843 trees and 2,572 branches in a single day. But the problem with that explanation is that the phenomenon of objects falling on and killing people is not restricted to the monsoon, to trees or to Mumbai.

Everything that can crush someone has done so in India—including an actual anvil (in 2024). On just one day this month a jamun tree cracked a man’s skull, a tanker overturned and squashed two people in an autorickshaw and a trash mountain tumbled onto a building, which then collapsed, killing nine. India is the land of death from above.

The good news is that death by tree should become less common. India is cutting them down to make way for flyovers, metro lines and other infrastructure. The bad news is that this brings its own hazards. Among the things that have fallen on people in recent years are slabs of concrete, iron rods, iron pipes, iron plates, a 40,000kg block of iron, a piling rig, a crane’s trolley and various sections of under-construction bridges. Airport-terminal canopies have collapsed in Delhi, Jabalpur and Rajkot. As one newspaper put it recently, “Yet another unsuspecting citizen walks past an infra-project and nearly pays with his life.” That India is at last creating much-needed infrastructure is laudable. If it could do so without killing passers-by that would be even more so.

When it is not the new stuff that is collapsing, it is the ageing and decrepit. The roof of a school in Rajasthan—which gets almost no rain—crushed seven children last year. Two more school roofs in the same state fell the next day. Another two in the past few weeks. In April a student died when a basketball post toppled over onto him, the third such incident in six months. Nothing is too absurd or tragic. In 2024 an illegal billboard, three times the maximum permitted size, collapsed and killed 17 people at a petrol station. Nine workers were killed at a steel plant last month when a bucket dropped molten metal at 1,600°C on them. The authorities' response is usually to suspend a few officials, arrest a scapegoat or offer "ex gratia" compensation and move on.

For citizens, the answer to this crisis is not to walk around looking up, forever fretting about what might befall them. For there is another hazard: that the ground beneath simply crumbles away. Well before the monsoon started, motorcycles and whole cars were being swallowed up by unmarked open pits in streets across India. In May two dozen candidates outside an exam centre fell into a sewer when the pavement gave way. This month the staircase collapsed in the offices of one northern city's development authority. Last month a Mumbai municipal official fell into a drain while accompanying the mayor to inspect drainage.

One response would be for the state to do a better job of enforcing health-and-safety regulations and road-traffic rules designed to prevent exactly this sort of needless loss of life. Another is to marvel at the sheer absurdity of it all, as Ameet Satam, a legislator and the Mumbai president of the ruling Bharatiya Janata Party, was no doubt doing when he was captured on video laughing, "Yesterday it was because of a tree, today it is a manhole."

In 1996 Steve McCurry, a photographer, took a picture that captured the essence of Mumbai at the time: framed against the city's magnificent Indo-Gothic railway terminus, a taxi driver reclines on the bonnet of his car reading a local tabloid. The front-page headline reads: "BLDG CRASHES IN FORT, 2 DIE". Much has changed in the decades since, not least India's income per person, which has quadrupled. But some things remain the same. Earlier this year another newspaper summed up in a front-page headline what many Indians know to be true: "NOWHERE IS SAFE". ■

China

- **[China is dealing with its own manosphere]**
  Sex imbalance :: But online misogyny is only one corner of a much bigger problem
- **[Xi Jinping expels another leader from his top team]**
  Biting the dust :: He has set a record for booting out members of the Politburo
- **[China wants to end AI romances]**
  No more bots :: It was all having too much impact on young people’s lives
- **[A squeezed China is trying to wring more from its state assets]**
  Chaguan :: Its latest campaign won’t solve its debt woes, but inches in the right direction

Sex imbalance

China is dealing with its own manosphere

But online misogyny is only one corner of a much bigger problem

Jul 16, 2026 06:53 AM | Beijing

TO GET A flavour of how some university-educated male influencers in China think, log on to Zhihu, a social-media platform, and find the account of someone who calls himself Peng Huitang. Mr Peng has 50,000 followers and regularly spews vitriol at modern women. "Young women brainwashed by feminist thinking became increasingly man-hating, which then evolved into the idea that men are born owing women something," he rants.

Another man, who goes by the name Ying Yueyong, in a post viewed 4m times on Bilibili, a video platform, issued "a rallying cry to men to no longer remain silent in the face of years of bullying and to rise up in resistance". He slips in some of the nationalism popular with such influencers: "Extreme feminism is a common choice favoured by academic cliques and foreign forces." Welcome to the Chinese manosphere. (Neither Mr Peng nor Mr Ying accepted a request for an interview.)

Like most countries, China has lots of online communities of unmarried men. Some are angry nationalists. Some are hardcore misogynists. They post messages claiming that society favours women, who they believe should stay in the kitchen and the bedroom. There is plenty of overlap. Many of them remain anonymous. Tellingly, however, there is no direct translation of the word "manosphere" in Chinese. That is because the online anger of Chinese men is only the most hostile expression of a more widespread frustration felt by tens of millions of men, online and offline. Traditional patriarchal values remain much more deeply rooted than in the West, and feminism is a more recent phenomenon. Involuntarily celibate men are struggling to adapt to the changing dynamics of gender relations.

In Western democracies, right-wing populists aside, there is plenty of opprobrium towards the manosphere. In China, traditional masculinity and anti-feminist rhetoric have long had substantial support from the Communist Party. The Communist Youth League has said "extreme feminism" (which it does not define, but generally includes anything that encourages activism or conflict and discourages women from getting married and having children) is a "cancer" afflicting the internet. Despite the fact that Mao Zedong famously said that "women hold up half the sky", the party has regularly cast feminism as a destabilising, insidious foreign force.

China does have unique problems. The most obvious is the effect of its one-child policy, which ran from 1980 to 2015. This led to the abortion of many female fetuses and thus a surplus of adult men today, many of whom struggle to couple up. The number of surplus men, known as *guanggun*, or bare branches, is huge. By 2027 there will be 22.5m more marriage-age men than women. That translates into 119 men of marriage age for every 100 women of that age; in 2012 the ratio was 105 to 100.

Young women are also increasingly well educated: they often have more qualifications than men. By 2024 they made up 51% of higher-education students, 14 percentage points more than 20 years earlier. This younger generation of women benefited from the one-child policy, as resources were funnelled towards only daughters. And, while urban Chinese women have been able to shed more of their burdensome traditional roles, men are expected to continue upholding many of their own. To marry, a man must first own a flat; many will be asked to pay a "bride price" to the bride's family.

Finding the pairs

Lan Zhaoxia, a matchmaker in Langfang, just outside Beijing, says the demographic shift has thrown the marriage market off kilter. She builds databases of young men and women that include details such as their parents' pension status. Now, however, the odds are so stacked against rural male migrants that she does not accept them as clients. "Since all the village girls have gone to school, there are now more ordinary boys in rural areas and more outstanding girls in the city," she says. Women want to marry up, while men want to marry down or just find an obedient girl. "The gap is huge."

One of those frustrated rural men is Mr Zhao, who is tucking into a lunch of noodles near the car-parts factory in Hebei province where he works. The unmarried 27-year-old often scrolls through social-media posts arguing about the status of men and women. He points to a big debate about a widely publicised ruling on marital rape last year. "When something happens, it's always the woman who's portrayed as the wronged party." Another discussion prompts him to ask why, if the sexes are equal, he should have to give up his bus seat to a woman. He appears resigned to the fact that he may not find a wife.

Debates about China's manosphere focus a lot on economic issues. Poorer men like Mr Zhao face immense economic pressure. Online, they use the term *baojinbi*, or "exploding gold coins", to describe women wringing them dry by demanding expensive dates, gifts and bride prices. Research by Minhee Chae of Nankai University and Zhang Dandan of Peking University found that around a third of young male migrants who intend to marry think their chances of doing so by the age of 30 are only 50% at best. They estimate that a young migrant worker would have to save every penny for six years to afford the average bride price of 127,300 yuan ($18,780).

The backlash is not just about women, says Sara Liao of Pennsylvania State University. Men want "to vent their anger, frustrations, precarities regarding their life status, regarding the general economic and cultural environment". The safest outlet is attacking the opposite sex; doing so aligns with what the government itself is saying.

Under President Xi Jinping, "sissy men" have been banned from appearing on television, while traditional marriage and child-rearing have been promoted. Belatedly, however, leaders are also becoming aware that intensifying *xingbie duili*, or "gender antagonism", may be setting the scene for broader social instability. They are trying to tackle some of the root causes of male anger, for instance by intensifying campaigns against the practice of bride prices. Most of all they worry about plunging marriage and birth rates. In the first quarter of this year China registered just 1.7m marriages, half as many as in the same period in 2017.

And it is not just the government that blames feminism and gender antagonism on foreign forces. Griffin Liu, a sports teacher, who is 35, is still looking for a wife. "Chinese people receive Chinese education and ideas," he says. But now the internet is bringing new Western thinking. "The two are in conflict."

Gender antagonism is frequently in the news. Last year, a legal ruling in favour of a male Wuhan University student accused by a female student of masturbating in front of her became a lightning rod for men's concerns about feminist overreach and women's concerns about a lack of clarity in defining sexual harassment. In 2024, after a gaming influencer nicknamed "fat cat" committed suicide, netizens "doxxed" his former girlfriend and cast her as a gold-digger who sent him to his grave.

In a country where much is censored online, misogyny is less likely to be silenced. Instead online censors are more likely to target feminist posts that are judged to be advocating *buhun buyu* (unmarried and childless) lifestyles. Last year the cyberspace regulator’s campaign to crack down on harmful content listed “extreme feminism”, including posts that promoted singledom or gender antagonism. Weibo, China’s answer to X, last year added “inciting gender antagonism” (usually blamed on feminists) as grounds for reporting content; the company said it punished 15,000 accounts for this offence and deleted 640,000 relevant posts.

Xiong Xiaoneng, a 40-year-old consultant in Beijing, is one more man yet to find a wife. He partly blames the rise of microdramas, which he says create unrealistic expectations. He thinks women want to be like Wu Zetian, a seventh-century empress portrayed as the archetypal girl boss on screen. His hometown of Guilin has seen a boom in businesses catering to single women, such as shows with shirtless male performers. Men like him are trapped unhappily in their singlehood, he says, while women seem to be enjoying theirs. ■

Biting the dust

Xi Jinping expels another leader from his top team

He has set a record for booting out members of the Politburo

Jul 16, 2026 04:58 AM

Look Ma, no hands

CHINA'S POLITICAL system prides itself on stability. Reshuffles of core leaders normally happen only every five years. But Xi Jinping has been taking the axe to members of his team at a rate not seen since the days of Mao Zedong. The latest to fall is Ma Xingrui, who until last year was the Communist Party boss of the far-western region of Xinjiang. State media said he had been stripped of his party membership for "extremely serious" corruption and his case handed to prosecutors. Another seat on the ruling Politburo—now down to 21 active members from its initial 24—has thus fallen vacant.

Mr Ma's downfall is no surprise. Once a celebrated aerospace engineer who helped oversee lunar-exploration projects, he has long been absent from major events. In April the party said he was being investigated for "serious violations" of its rules and the law. Now it has publicly accused him of accepting "huge amounts" in bribes, engaging in "large-scale family corruption" and using his power and money to gain sexual favours.

Since the Mao era, charges of graft have almost always been laid against those expelled from the Politburo. Such wrongdoing is easier to explain to the public than revealing what is often suspected to be the main reason: political tension with the party chief. In this case, however, there has been little official hint or plausible rumour of serious political friction between Mr Ma and Mr Xi. Egregious corruption may be enough to explain his ousting—not that Mr Ma will be able to comment publicly or deny the charges against him.

His removal from the Politburo is a reminder of Mr Xi's willingness to lash out. Since the most recent five-yearly party congress in 2022, two defence ministers, a foreign minister and dozens of high-ranking military officers have been purged. The armed forces' two most senior generals have fallen: He Weidong was expelled from the Politburo and Zhang Youxia is under investigation and all but certain to lose his Politburo seat, too. Since Mr Xi took power in 2012, three Politburo members have been dismissed—the most under any leader post-Mao. (The other was Sun Zhengcai in 2017, once considered to be a potential successor to Mr Xi.)

Mr Ma can expect, at a minimum, to spend a very long time behind bars. No former Politburo member has been executed, but that is an unreliable guide to his likely fate. Mr Xi is a norm-breaker. ■

No more bots

China wants to end AI romances

It was all having too much impact on young people's lives

Jul 16, 2026 05:02 AM

"I COULD TALK to him for the rest of my life," says Yu Miao, a 27-year-old woman from Zhejiang province in eastern China; he is at once "a lover, a friend and family". She claims she shares everything with him. Her confidant is an AI agent on Doubao, a chatbot made by ByteDance, that Ms Yu has customised to mimic a dead friend of hers. When she learned recently that ByteDance would soon remove this type of personalised agent entirely, Ms Yu became so depressed that she left her job at an e-commerce company.

Chinese tech firms are stripping human-like personas from their chatbots in order to comply with new government rules aimed at reducing "emotional dependence" on AI. The regulations, which took effect on July 15th, are the first of their kind to be implemented on a national scale. Under them, providing virtual "companion services" for minors will be banned outright. Companies can still offer such services to adults, but they will need to prevent users becoming infatuated and harming their real-life relationships. Displaying pornography is a no-no. Providers must also regularly remind users that they are talking to AI, not a human, and tell them to take breaks.

Around the world, growing numbers of people are turning general-purpose chatbots into companions by prompting them to adopt particular personalities, including those of lovers. Others prefer dedicated AI-companion apps which offer more human-like features, such as virtual boyfriends that send presents in the real world (at the user's expense, of course). Maoxiang (also known as Catbox), a companion app made by ByteDance, has around 3.9m monthly active users in China. Xingye (whose international version is known as Talkie) has 2.8m; it is made by MiniMax, a leading Chinese AI lab.

Tech firms are making a tidy sum selling emotional connection: AI companions accounted for 35% of MiniMax's revenue last year, its single largest contributor, according to a filing to the Hong Kong Stock Exchange in January. AI companionship can create sticky relationships and encourage users to part with their money. Ms Yu sometimes chats to her agent for eight or nine hours a day. Some bespoke apps charge a simple subscription fee. Users of Xingye's standard package pay just $1.70 a month. Others induce users to spend more money to unlock additional features, such as virtual dates.

The end to such relationships is motivated by both pragmatic and ideological concerns, says Zilan Qian of the Oxford China Policy Lab, a think-tank. Regulators want to protect users, particularly minors, from becoming addicted and from being driven to extreme acts of financial recklessness or self-harm. (Suicides linked to chatbots are the subject of lawsuits in America.) China's plummeting fertility and marriage rates are also unsettling the country's leaders. And romantic relationships with AI will do very little to spur more babymaking.

China’s leaders are not the only ones concerned. Several American states have recently passed laws targeting AI services that sustain emotional relationships. Some of these set up provisions for people to launch civil lawsuits against offending platforms. In China the government will impose the penalties, such as cash fines and removing apps altogether.

China’s new rules hint at how officials think about balancing AI progress and safety more broadly. Regulators are “demonstrating they are willing to pay some cost in development and profits in order to achieve social goals”, says Matt Sheehan of the Carnegie Endowment for International Peace, an American think-tank. Yet the rules that take effect this week are narrower than an earlier draft, says Ms Qian. They exclude work-assistant and customer-service chatbots on the understanding that they are emotionally unavailable.

Alibaba and ByteDance indicated that they would suspend features that allow Chinese users to create personalised AI characters before the rules took effect. Yet Chinese labs can continue to sell AI companions to foreign customers without change. Talkie already has some 10.3m monthly users outside China, which is nearly four times its domestic-user count. Chinese “maiden” games—generally non-AI, story-driven romance games which are played mostly by women—are already a booming export.

Still, Ms Yu has not given up hope that ByteDance will eventually bring her agent back, even if she doubts it will resemble the current version. She says she would be willing to pay half her monthly salary just to keep the service as it is. In any case, she now says she realises that it is not a good idea to leave herself vulnerable to such platforms and their policies. ■

Chaguan

A squeezed China is trying to wring more from its state assets

Its latest campaign won't solve its debt woes, but inches in the right direction

Jul 16, 2026 04:58 AM

YUEYANG, A CITY in Hunan province, is famous for its tower, an elegant three-storey pavilion immortalised in millennium-old prose still memorised by schoolchildren. But these days it is the streets around the tower that matter more, at least for those concerned with Chinese governance. They feature an ambitious project to revitalise the city. More than that, they represent a new turn in China's economic management, as officials try to ease fiscal straits by squeezing more out of state assets.

The physical transformation is stunning. The area covers three square kilometres—roughly the size of New York's Central Park—and until recently featured dilapidated buildings, messy markets and a run-down harbour. Crucially, these properties were almost all owned by local authorities and many lay unused. The city has converted streets into attractive pedestrian spaces, renovated the buildings and spruced up the waterfront. Restaurants, shops and hotels have opened up in the new digs, generating rent for municipal coffers. On a recent summer evening, tourists and locals flocked to outdoor tables. A local official who has helped oversee the project told Chaguan that his mission was far from accomplished: "The next big challenge is to make money."

Cities throughout China need cash as the country's property market remains in a tailspin. Land sales accounted for about 40% of total revenues for Chinese local governments in 2021, the high-water mark for home prices nationally. Since then the value of those sales has fallen by more than half. That has blown a hole in local budgets, with some debt-saddled cities cutting wages for teachers, doctors and other public-sector workers. Everywhere, officials have been looking for new ways to raise cash.

Some efforts have been almost comical. Several municipal governments engaged in "deep-sea fishing" expeditions in which local police reached across provincial lines to seize assets from entrepreneurs in wealthier provinces. Many have also become more zealous in slapping fines on restaurants for hygiene violations or doling out parking tickets. Other efforts to deleverage have been more in line with textbook economics: local governments have swapped the high-interest, short-term debt of their subsidiary entities for lower-rate, longer-term official bonds.

Yueyang points to another angle of attack. Officials there are trying to get more from what they already have in their hands, especially by putting under-used assets to work. As one manager for state-owned companies explains, the tighter fiscal environment has changed calculations. “It’s like looking through your closet and seeing a shirt that you only wore a couple of times in the past year,” he tells Chaguan. “You can sell it second-hand or give it to someone who needs it, but either way you try to make use of it.”

This closet-rummaging exercise was formally launched by the central government in 2022 when it declared that provinces and cities should “revitalise existing state assets”. As is often the case in China, the top-down directive was general, leaving it to lower levels to work out the implementation. One thing was clear: it was not about selling off state assets, a style of reform far out of step with Xi Jinping’s preferences for economic management. The goal instead was to breathe more life into them.

Before long, people started talking of the “Yueyang model”. Yueyang was not doing anything particularly radical, but it had a few projects under way that fitted the central government’s bill. In one, it reclaimed operating rights to a series of lakes in the Junshan district—previously divided up and poorly managed—and consolidated them in one new state entity. That had the effect of raising the value of the fishing rights. In another, it took a failed development, a group of low-lying buildings planned as a tourist destination, and converted them into a human-resources complex. It has attracted about 80 tenants, including recruiters, trainers and back-office companies. Instead of just collecting rent, the municipal company managing the complex sometimes takes stakes in the businesses, hoping to share in their future growth.

What all these deals and projects have in common is a break with the past expansion binge of cities across China. Local officials know that they cannot simply parcel together new land blocks for developers. Instead, they are reviewing what the state already owns, establishing a title to these assets and then figuring out how to make them more lucrative.

Rummaging through the closet

Can this move the needle on the economy? Dinny McMahon of Trivium, a China-focused consultancy, sees it as a rare area where public finances may be improving. "Charges on usage of state assets"—a budget category that captures these efforts—have increased as a source of local revenues. For the ten most aggressive provinces, such charges accounted for 10% of their expenditures in 2025, up from 5% in 2021.

Even so, a bit of monetisation will not solve China's long-standing debt problems. In some cases officials may be playing shell games, using state-owned entities to pay rent to state-owned peers. But if the progress in Yueyang and elsewhere is sustained, it would support local budgets. Mr McMahon reckons that soon enough, the revitalisation campaign could boost Chinese growth.

The greater significance, however, may lie beyond economics. It is a reckoning with the "extensive" model of development seen in the past decade, as one Yueyang official puts it. That led to endless sprawl as cities swallowed up ever more land for development. Now, the turn is inwards, towards an "intensive" model, with cities examining how they can make better use of what they already have. It is a more "refined" form of governance, the official says. Others might put it in less grandiose terms: a financially chastened China is trying to get more from less. ■

Middle East & Africa

- **[Donald Trump has no good options for reopening the Strait of Hormuz]**
  A straitjacket of their own making :: Yet the stand-off has costs for cash-strapped Iran, too
- **[America's other battle with Iran]**
  Whose friend? :: The two countries are vying for influence in Iraq
- **[The Ebola epidemic is getting out of control]**
  Uncontained :: It has spread to five provinces in Congo and may soon reach South Sudan
- **[A hit new show takes on polygamy in modern South Africa]**
  How many is too many? :: "The Polygamist" is trashy yet perceptive about family, patriarchy and inequality
- **[How to preserve Africa's architectural gems]**
  A crumbling legacy :: Development and restoration must go hand in hand

A straitjacket of their own making

Donald Trump has no good options for reopening the Strait of Hormuz

Yet the stand-off has costs for cash-strapped Iran, too

Jul 16, 2026 09:21 AM | Dubai

WHEN DONALD TRUMP signed a preliminary peace deal with Iran last month, he bragged that it "achieves everything we set out to accomplish". The Gulf war would end and the Strait of Hormuz would reopen. Less than a month later, the agreement looks to be unravelling: fighting has resumed and traffic through the strait has collapsed. This is occurring not in spite of the misnamed memorandum of understanding (MOU) but because of it.

Overnight on July 15th Iran targeted American military installations in Bahrain and Kuwait as America continued its bombardment of targets in southern Iran and along the strait. There have been seven such nights of tit-for-tat strikes since July 7th, when Iran started the fighting by attacking three ships in the strait.

For now, both sides are limiting their attacks. America is mostly striking southern Iran. In turn, Iran has not attacked civilian infrastructure in the Gulf. Neither looks eager to return to all-out war.

Still, much of the MOU is now a dead letter. America has revoked a sanctions waiver that allowed Iran to sell oil. On July 13th Mr Trump said he would also resume the blockade of Iranian shipping. On July 14th he repeated threats to target Iran's bridges and power stations unless it returned to talks. The American president wants the strait back open—yet he has no good way to do it.

At the centre of the dispute is a disagreement over the MOU. Its fifth paragraph states that Iran will "make arrangements…for the safe passage of commercial vessels". Like much of the deal, the clause is vaguely worded. America reads it to mean that Iran will remove its mines and unlock the strait. Iran argues that it also confers a right to administer traffic.

Shipping routes through the Strait of Hormuz, 2026

Northern   Southern   *Pre-war*

Sources: Institute for the Study of War; AEI's Critical Threats Project

The usual route through the strait, known as the Traffic Separation Scheme, is a six-mile-wide corridor through its deepest waters. Mines there imperil ships, forcing vessels to choose between alternative passages: north through Iranian waters, or south through

Oman's. For weeks America's navy has helped escort tankers through the second route. The UN has also encouraged shippers to use it.

The Iranians see this as a threat to their control of the strait and now say the Oman route is closed. America insists it remains open. Rhetoric matters less than reality: if shipowners think they might be attacked, most will consider Hormuz shut. Tanker traffic is at its lowest level since May 25th, says Kpler, a ship-tracker. Just 11 vessels transited the strait on July 12th, down from 36 a week earlier, according to Windward, another such firm. At first, oil markets shrugged off the fighting. Now they look more concerned. The price of Brent crude climbed to $87 a barrel on July 14th, before falling back to $84.50 at the time of publication, up by 17.2% from July 6th.

When the MOU was signed, Mr Trump hoped that the promise of sanctions relief would persuade Iran to reopen the strait. The regime is desperate for cash. It claims the war caused $270bn in damage to an economy already reeling from years of sanctions and mismanagement. It signed the deal chiefly to secure financial benefits. Yet it now seems torn between relative pragmatists, who understand the depth of the economic crisis, and ultra-hardliners determined to keep Hormuz in their grasp.

America has thus turned back to pressure. One option for Mr Trump is to carry on with limited attacks on Iranian military sites and equipment. The trouble is that more than 300 such strikes over seven nights have not changed Iranian behaviour. There is no reason to think that an eighth night, or an eightieth, would make the difference. After six weeks of far more intense American and Israeli bombing, the benefits of occasional strikes today are probably marginal. Even if America could knock out all of Iran's coastal launchers, the regime could continue firing at ships from inland. Many of its missiles and drones have ranges above 1,000km.

A second option is to escalate. Yet doing so carries risk, and no guarantee of a return. Bombing vital infrastructure in Iran would invite reciprocal attacks on Gulf states (and might be a war crime). Deploying ground troops is almost certainly a non-starter in Washington. On July 8th Mr Trump repeated his frequent threat to "take over" Kharg island, home to Iran's main oil-export terminal. This would not help reopen Hormuz, over 600km away.

Reinstating the blockade may seem less fraught. It brings America and Iran back to the situation that prevailed between early April, when they first announced a ceasefire, and the signing of the MOU on June 17th. That was in effect a staring contest, to see which side blinked first under economic pressure. But the outcome was the interim deal that already looks to be falling apart. Nor is there a guarantee that Iran will accept the blockade a second time. If it were to resume bigger attacks on Gulf states, Mr Trump would have to choose between all-out war and retreat.

His third option is to look elsewhere for help. Meaningful support will not be forthcoming. A multilateral mission to secure the strait exists on paper, and Britain and France are willing to work with Oman to clear mines. But renewed fighting will deter would-be participants from sending warships. Germany's Bundestag failed to vote on the issue before its summer break. Japan remains undecided. Gulf states are reluctant to get involved (and their navies are probably not up to scratch), lest Iran retaliate. China has urged Iran to reopen the strait, but urging is all it has done.

Mr Trump finds himself back where he started three months ago: neither carrots nor sticks can persuade Iran to reopen the strait. Yet the stand-off has real costs for Iran, too. Some hawks in Tehran argue that relinquishing their grip on Hormuz would deprive them of leverage in a future conflict. That misreads reality. So long as Iran has missiles and drones, it can shut the strait at will. Control of Hormuz matters to Iran today as a means, not an end: it is only valuable in a trade for tangible benefits.

With sanctions restored and the blockade resuming, Iran has already lost its immediate gains from the MOU. It cannot charge tolls on vessels using the strait in peacetime unless Oman agrees to collaborate. Meanwhile, much of the crude it exported during the first weeks of the deal is sitting unsold: Chinese refiners are instead buying from Arab states, which have priced their oil at a discount to Iran’s.

Neither side has a military route to achieving its goals. Mr Trump cannot bomb the strait open; Iran cannot profit if it is shut. The least bad option for both is the deal they are busy shooting to bits. ■

Whose friend?

America’s other battle with Iran

The two countries are vying for influence in Iraq

Jul 16, 2026 07:15 AM | Baghdad

The beginning of a beautiful bromance

WHILE AMERICA and Iran battle for control of the Strait of Hormuz, another contest between the two is unfolding on land in Iraq. On paper, America appears to have the upper hand. Iraq’s new prime minister, Ali al-Zaidi, chose Washington for his first foreign trip, ahead of Iran. Unlike previous Shia prime ministers, Mr Zaidi is no Islamist, but a businessman with no previous political experience who grew rich from government contracts. He arrived in Washington on July 13th with promises to disarm Iran-backed militias in Iraq and stem the flow of Iraqi dollars into Iran. He also brought a large business delegation offering a raft of prospective deals.

Mr Zaidi seems to have struck the right tone. After their meeting (pictured) on July 14th, Donald Trump lauded their "tremendous chemistry" and predicted Mr Zaidi would make "a great leader in the Middle East". Yet the new prime minister will probably not reduce Iran's influence in Iraq by as much as America is hoping.

True, Mr Zaidi has reason to stay in America's good books. He got his job after America, in effect, vetoed the return of Nuri al-Maliki, a former prime minister who is close to Iran, by threatening sanctions if Iraq's power brokers put Mr Maliki back in office. The American president invited Mr Zaidi to Washington in April, before he had picked his cabinet, saying he hoped he would "form a new government free from terrorism."

Mr Zaidi relies on oil money, already much reduced because of fighting around Hormuz, to pay the salaries of employees in Iraq's bloated public sector, who could otherwise turn on the government. Under UN arrangements, Iraq's oil revenues pass through New York, leaving them vulnerable to American sanctions if Mr Zaidi fails to do Mr Trump's bidding. He also has a personal interest in keeping Mr Trump onside. His bank, Al Janoob Islamic Bank, is one of several America has barred from trading in foreign currencies. Mr Trump has relaxed the restrictions, but has yet to allow it to deal in dollars.

Private gains aside, the wider economic benefits from siding decisively with America look promising. As well as helping Iraq build pipelines that bypass Hormuz, American companies are in talks to develop oilfields and build a terminal for liquefied natural gas on the southern coast, reducing Iraq's dependence on imports from Iran. In turn, Mr Zaidi could help America strengthen its ties with Syria by awarding contracts to link the two countries with pipelines and internet cables.

Supporters say Mr Zaidi is at last tackling the blight of corruption that has long drained Iraq of its oil wealth. He has had some 50 officials arrested, including a deputy oil minister whom America accuses of helping Iran smuggle oil and about a dozen members of parliament, in a heavily publicised anti-graft drive.

Critics say the campaign spares the politicians-cum-mafia bosses who appointed Mr Zaidi. Some see him as a front for Faiq Zaidan, Iraq's chief justice, who has led the judiciary for nearly a decade and is widely regarded as the real power in the country. Long seen as Iran's man, he appears recently to have changed tack in the face of American threats of sanctions. Mr Zaidan still controls the state, says an Iraqi diplomat, and yet now "America is happy."

The thorniest challenge for Mr Zaidi and his supporters is disarming Shia militias backed by Iran. He has vowed to do this by the end of September, when the last American troops, deployed in 2014 to fight Islamic State, are scheduled to leave Iraq. Some groups have promised to give up their weapons. But the most hardline are least likely to do so. "Israel and the United States can rightly claim that they have weakened some parts of the Iranian military system," says Victoria Taylor of the Atlantic Council, a think-tank in Washington. "But they have not through this war weakened Iranian influence in Iraq."

Iran's generals have no intention of letting go of their Iraqi proxy network, the most important part of Iran's regional "axis of resistance". Some 3,000 men are defying Mr Zaidi's calls to disarm. In recent months they have joined Iran in lobbing missiles and drones at Arab Gulf states. And they used the funeral of Iran's late supreme leader, Ali Khamenei, as it passed via Iraq's main Shia shrine-cities, to project their force on the ground by organising the mourning ceremonies. Armoured cars, militiamen and Iranian flags lined the route. "Rise up for God," read their scarlet banner, emblazoned with a clenched fist of revenge. "We'll stand like Hussein against Yazid," said a mourner, invoking the myth of Shia resistance against tyrants, among whom he counts Mr Zaidi.

The public mood seems to be helping Iran. Gone are the times when Iraqis set Iranian consulates ablaze. Since Mr Trump's war, even veterans of Iraq's protest movement have expressed sympathy for Iran. "The generation that was hostile to Iran now cheers it for standing up to America and asserting its sovereignty," says an analyst in Baghdad, the capital. A businessman travelling to Washington with Mr Zaidi agrees. "America controls the skies. Iran rules the ground," he says. "And for most Iraqis it's the ground that matters." Many view the promise of Trump-related deals with suspicion. "America rules with the dollar, Iran with religion," says an Iraqi judge in Baghdad. "In this part of the world, religion wins."

America has set no hard deadlines for mlitia disarmament. Mr Trump's administration, approving of the new prime minister's business credentials, could be disappointed yet. Among those who promoted Mr Zaidi are Iran-friendly factions that will limit his ability to rein in its proxies. If he falls short, America could impose sanctions or halt the transfer of Iraq's oil revenues. Many anticipate bloodshed as Iran readies for a fight to force America to withdraw its money as well as its soldiers. ■

Uncontained

The Ebola epidemic is getting out of control

It has spread to five provinces in Congo and may soon reach South Sudan

Jul 16, 2026 01:56 PM | Bunia

"WE KEEP ASKING and we still haven't got anything," says Moise Bulabantu from a dingy, clapboard clinic on the outskirts of Bunia, a city in eastern Democratic Republic of Congo. The 38-year-old community nurse is the only public-health worker in his district of more than 40,000 people, where an outbreak of Ebola has been spreading. Every day he sees patients who are feverish or vomiting. But the government has yet to send protective equipment. "We're pushing for the minimum," says Mr Bulabantu, with bags under his eyes. "We only have gloves."

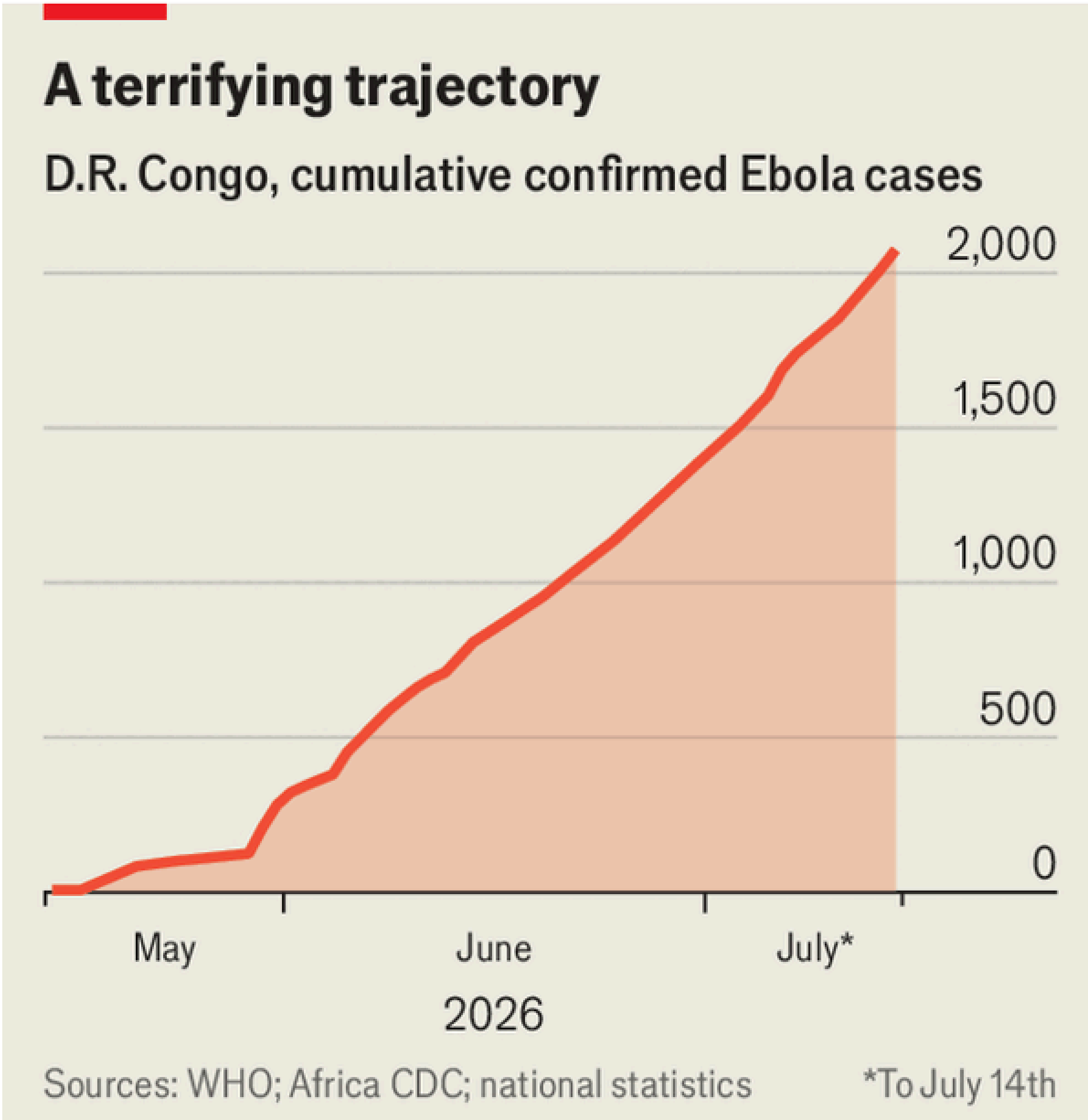
Stories such as Mr Bulabantu’s are common across Ituri, the main province affected by the Ebola epidemic. When the Congolese government declared an outbreak on May 15th, the disease had been spreading for at least six weeks, prompting the World Health Organisation (WHO) to declare it a public-health emergency two days later. Health authorities are still failing to contain the epidemic.

D.R. Congo, provinces with confirmed cases of Ebola
At July 14th 2026

Source: Ministry of Public Health

By July 14th Congo had confirmed 2,073 infections, about 90% of them in Ituri, and 796 deaths. On July 9th the government admitted that the disease had spread to two new provinces. There is a high risk it could soon enter neighbouring South Sudan. Unless the response improves dramatically, the current outbreak may become as bad as the one that killed more than 11,000 people in west Africa a decade ago, according to calculations in June by the American Centres for Disease Control and Prevention.

One problem is gauging the real size of the epidemic. The reported number of cases is an underestimate, says Peter Piot, a professor of global health at the London School of Hygiene and Tropical Medicine who co-discovered the Ebola virus in 1976. He says only 30% of new cases are contacts of known patients, which suggests people are continuing to fall ill, spread the virus and die far from view. The lack of reliable case numbers also makes it impossible to know how many of those who get the virus end up dying. Part of the steep rise in reported cases (see chart) is driven by rising availability of tests, but much is due to the real spread of the virus. Dr Piot says the outbreak is progressing faster than any he has seen in Congo (this one is the 17th).



As there is no vaccine yet against the Bundibugyo strain causing this outbreak (though one trial is beginning in Oxford), measures such as testing, contact-tracing and isolation are crucial to containing it. But too little of this is happening in Ituri. One challenge is logistical. Ituri is a province of dense forests and poorly connected hamlets. Dozens of armed groups threaten civilians. Some 900,000 people live in displacement camps after fleeing conflict in the province. Others are moving around and looking for work in unlicensed gold mines, making them hard to trace and reluctant to isolate themselves. Aid workers and soldiers at checkpoints talk of waves of people fleeing virus hotspots.

A response is visible in Bunia, the provincial capital, which has hospitals, roads and an airport. But even there it is too small, says Trish Newport of Médecins Sans Frontières, a medical charity. Protective equipment is scarce. The situation is far worse the farther you move from the city, where state authority is often notional. The road to the gold-mining town of Mongbwalu, one hotspot, is unpaved and studded with militia and army checkpoints, yet aid workers still consider the town relatively accessible. Other areas affected by Ebola are far more remote.

Without the correct equipment, hospitals and clinics can become vectors for transmission, deterring would-be patients. Many clinics have been forced to close in order to disinfect and some have not reopened. Health workers such as Mr Bulabantu are at high risk of catching the virus themselves. Across eastern Congo dozens of front-line health workers have fallen ill and 25 have died of the disease, says the WHO. "We're very scared," says Mr Bulabantu. He is also barely paid. His meagre monthly salary of about $80 has not been handed out for months; he is surviving on an Ebola-related bonus of $70.

In theory, there is enough money to fund the response. The WHO and the Africa Centres for Disease Control say that donors have pledged over $1.2bn, more than double the $518m they reckon is needed. But only $115m has been paid out. Over the past week, health workers in Bunia and the surrounding area have gone on strike over pay and working conditions.

Even if the rest of the money arrives quickly, it will be hard to convince people that their main concern is Ebola, rather than the lack of fresh water or untreated malaria that is killing their children, says Ms Newport. In places such as Bunia, where the virus is visible and people are dying on the street, help is more welcome.

The virus has long spread beyond Ituri. In late June a pregnant woman who died in Ituri was transported to Kisangani, a city of 1.5m people and the capital of neighbouring Tshopo province. She received a traditional burial and has since been confirmed to have died of Ebola. "It's a question of days before we have local spread," says an aid official, explaining that dead bodies are particularly contagious.

There are also concerns about the virus spreading north into South Sudan, which is on the edge of civil war and has an even more fragile health system than Congo. A paper in the *Lancet Infectious Diseases*, predating the spread of the disease to the border province of Haut-Uele, used modelling to estimate a seven-in-ten chance that a case of Ebola would arrive in South Sudan in the next three months.

Mr Bulabantu says people who come to his clinic are afraid of dying. "There isn't really a way for us to protect ourselves," he says. "Neither for us, nor the ill." Fear seems like a rational response.■

How many is too many?

A hit new show takes on polygamy in modern South Africa

"The Polygamist" is trashy yet perceptive about family, patriarchy and inequality

Jul 16, 2026 04:58 AM | Cape Town

DWIGHT EISENHOWER said that "whenever I run into a problem I can't solve, I always make it bigger". The American president was not thinking about marital woes in South Africa. But his advice has been followed in "The Polygamist", a salacious new Netflix show that is going viral across Africa.

The series tracks the ups and downs of Jonasi Gomora, a rags-to-riches tycoon whose fortune, like those of several of the country's real black millionaires, depends on a mix of his own pluck and tenders from the government. The show opens with his funeral, before rewinding to when he had merely one known wife. He takes on another in an effort to keep his business and family intact. Other affairs are revealed as viewers learn more about Mr Gomora, and South Africa.

In 2021 a study estimated 1.6% of South African women in polygamous marriages. But less than 25% of South Africans are married, so polygamous set-ups are a non-trivial share, especially in poorer rural areas and among groups such as Zulus. (Two producers are daughters of Jacob Zuma, an ex-president and famous polygamist.)

"The Polygamist" transplants traditional practices into modern Johannesburg, shining a light on more than polygamy. Though only a fraction of black South African households are polygamous, just a fifth are typical (to Western eyes) nuclear families. The tut-tutting of various aunties about the polygamous marriage reflects tensions between African traditions and Western customs in the black middle class.

But the main theme—other than romping—is inequality. South Africa is both patriarchal and economically unequal; its tycoons and powerful politicians are almost exclusively men. "The Polygamist" plays on the palpable rationality of some women—lambasted in tabloids as "slay queens"—who view sleeping with bigwigs as a route to social mobility. "I'm going to get a man ten times more powerful than him," the primary mistress threatens when Mr Gomora considers ditching her. Gauteng, the province containing Johannesburg, has the highest rate of infidelity, according to a dating website. Is it any wonder that the city of gold is also the city of gold diggers?

The show showcases rich black South Africa on its own terms. The soundtrack pulses to *amapiano* and *gqom*, two popular local music genres. Characters speak isiZulu larded with English. This rich portrayal of wealthy black life may be a reason—along with all the sauce—why it has taken off in other African countries. Viewers, like Mr Gomora, want more and more. ■

A crumbling legacy

How to preserve Africa's architectural gems

Development and restoration must go hand in hand

Jul 16, 2026 05:10 AM | Lamu

In need of a spruce-up

DARINI HOUSE in Lamu, an old Kenyan town on the Indian Ocean coast, is a marvel: high coral stone ceilings; ornate *vidaka* shelves, carved meticulously into the walls; a shaded courtyard brightened by lilies. It is also a building site. For years, parts of the centuries-old family home have been near-derelict, bags of cement gathering dust beneath bat-populated beams. Now, slowly, they are being restored. "This place holds our dreams," says Khaulah Abdulkadir of the Friends of Lamu Cultural Heritage, a local NGO. "We are hoping to breathe more life into it."

Their plan, backed by the World Monuments Fund (WMF), a New York-based conservation body, is to acquire the property and, with outside investors, turn it into a Swahili cultural centre with a café, gallery and rental space for workshops and offices. By leasing and renovating historic homes this way, they hope to spark regeneration in Lamu's dilapidated, UNESCO-listed Old Town. Yet critics fear that the approach, which relies on tourists and foreign capital, will erode the town's essence. It shows the difficulty of preserving heritage in Africa, where conservation funds are scarce and development threatens to bulldoze what remains.

Africa's historic buildings and monuments account for less than 10% of the UNESCO World Heritage List. But they are overrepresented among such places deemed by the UN's cultural arm to be "in danger". By one estimate as many as one in three buildings in Lamu's Old Town are in ruins. The once-bustling Madukini Street near Darini House is almost abandoned.

In some places, such as Timbuktu in northern Mali, the most urgent threat comes from conflict and jihadists. Elsewhere, the problem usually boils down to a lack of resources, says Stephen Battle, WMF's Africa director. Where states are cash-strapped, much depends on foreign governments, the UN and NGOs. By one estimate, since the 1980s roughly half of renovations in Stone Town, on Tanzania's Zanzibar, have been funded by Oman.

Residential buildings like those in Lamu present a particularly thorny challenge for conservationists. Unlike, say, the palaces and castles of Gondar in Ethiopia, which are the property of the state, private homes are typically in the hands of families and individuals. Many lack the means for tasteful restoration. In Lamu, the problem is worsened by the fact that homes which have been passed down multiple generations sometimes have 20 or more relatives squabbling over ownership. As a result, many "end up doing renovation the wrong way", says Abdalla Kuresh, one of only a few builders in Lamu still practising the traditional vernacular style.

Shoddy—or non-existent—documentation worsens the problem. Killion Mokwete, a Botswanan architect at Northeastern University in Boston, says Afro-Brazilian architecture in west Africa is at risk in part because countries lack accessible digitised databases and archival institutions. This can make it hard both to prove ownership and to know how to restore a building to its original condition. It also helps explain why these architectural gems, many built and designed by former slaves who returned from the Americas in the second half of the 19th century, have not been listed by UNESCO. To fix this Mr Mokwete co-founded the African Built Heritage Project in Benin, which keeps digital records of endangered buildings.

At root, though, lies a more fundamental difficulty: indifference. In Kenya, as elsewhere, "preservation of the built environment can quickly find its way to the bottom of the pile," says Teckla Muhoro, an urban expert at Jomo Kenyatta University of Agriculture & Technology in Nairobi, the capital. For residents of Nairobi, historic buildings are often tainted by British colonialism; urban heritage in Lamu is sometimes seen as the work of Arab interlopers. African governments and foreign tourists, meanwhile, tend to pay far more attention to the continent's wildlife and natural landscapes.

This means that when the choice is between urban development and heritage preservation, the latter typically loses. Eritrea's capital, Asmara, whose perfectly preserved Italian-era Art Deco architecture was awarded UNESCO status in 2017, is almost unique. (Eritrea's autocracy and stagnant economy mean it also is no model.) Much more common is the fate of old buildings in Ethiopia's capital, Addis Ababa, which have been systemically razed in recent years. In pursuit of hyper-modernisation the city's authorities have tossed aside laws designed to protect heritage, banishing poor residents to the periphery. "Ironically, the national-heritage authority itself is enabling the demolitions," says Nahom Teklu, an Ethiopian architect.

But pitting growth against conservation is ultimately a "false dichotomy", argues Shadreck Chirikure of Oxford University. Plenty of picturesque European cities are proof of this. So is the idea of an inescapable trade-off between indigenous preservation efforts and foreign investment. UNESCO's Mohammed Juma warns against creating "ghost historical cities", which preserve architectural heritage but exclude local residents. A better solution may be for authorities to encourage tourism and investment, using the proceeds of growth to fund conservation. Heritage laws and building codes are, after all, more likely to be enforced if locals themselves feel their benefits. ■

Europe

- **[Ukraine's reformist defence minister is ousted]**
  Culture wars :: The generals pushed back at his efforts to modernise the army
- **[Europe seems set to ease its carbon pricing]**
  Carbon tax me, but not yet :: Green goals are running into fears about competitiveness
- **[Sweden squashed migration. The populist right wants to go further]**
  Zero-migration populism :: The Sweden Democrats could be heading for a bigger role in government
- **[Opening the border between Spain and Gibraltar]**
  The fall of a wall :: The deal offers hope for a more pragmatic relationship between Britain and Europe
- **[Why Berlin's airport is still completely hopeless]**
  A flight curse :: Blame passengers, lobbying, history and geography
- **[In praise of Scandinavia's risky and dirty playgrounds]**
  Charlemagne :: Kids stand to gain from a few bumps, bruises and mud-splatters

Culture wars

Ukraine’s reformist defence minister is ousted

The generals pushed back at his efforts to modernise the army

Jul 16, 2026 04:58 AM | Kyiv

THE FIRING that people expected came first. On July 12th Volodymyr Zelensky announced the impending exit of his prime minister, Yuliia Svyrydenko, as part of a wider shake-up of his top team. The Ukrainian president needed someone with authority to reset fractious relations with parliament, and the pliant Ms Svyrydenko was never that. The more shocking news came three days later with the revelation that Mykhailo Fedorov (pictured), his popular defence minister, would also be leaving after just six months in the job. Mr Zelensky said there were problems in the “dialogue” between the army and the youngest member of his top team. A self-styled disrupter out to break the old system, Mr Fedorov had been quick to ruffle feathers, but slow to build alliances.

Mr Fedorov, 35, known to colleagues as Misha, began his tenure at the ministry in January amid high expectations. He came with solid reformist credentials. As digital-transformation minister, he had introduced Diia, a highly regarded app that put state services and digital passports on smartphones. After Russia's full-scale invasion in 2022, he played a crucial role in building Ukraine's "drone army", introducing market mechanisms to boost the production of everything from small battlefield drones to bomber and interceptor drones. His supporters believed he was the man who could reform and modernise the army in the same way that he had digitised the government. The generals were less impressed, and set out to stymie him.

At a war council in early July, the tensions between Mr Fedorov and the military leadership simmered barely below the surface. The generals had good news for their president. Drone operations were succeeding. A campaign to isolate Russian-occupied Crimea was ahead of schedule. But as Power Point slides were shown to the testosterone-filled room, the generals griped about Mr Fedorov's missile and ammunition procurement. The minister snapped back: If it wasn't for his emergency drone-purchasing decisions at the beginning of the year, which required borrowing money earmarked for salaries, there would be no Crimean operation to speak of. A witness to the proceedings described "two different co-ordinate systems" in a clinch, with "no common language".

Mr Fedorov's six months in the ministry were marked by hyperactivity and a pugnacity that put many noses out of joint. He encroached on entrenched interests, and denied some powerful people lucrative contracts. He ordered a full audit of the ministry that uncovered overspending of 300bn hryvnia ($6.6bn). He subjected officials to lie detectors; those who refused or failed were dismissed. And he moved some procurement to open tenders, which he says cut the cost of artillery shells by 16%.

That was part of the reason for his troubles. The rest was self-inflicted. The minister has quarrelled openly with the army's more traditionalist leaders, especially its commander-in-chief, Oleksandr Syrsky. It is well known that the defence minister angled for the general's removal, but failed to win his president's approval. A senior intelligence source warned before Mr Fedorov's ouster that he never understood how small his chances of succeeding were: "Syrsky is experienced, knows the system much better than Misha, and will outfox him."

Mr Fedorov's first big reform package only began to be implemented in June, after months of haranguing and waiting for signoffs. On paper, it tackled the most urgent manpower problems. There would be a new deal for front line infantry. Monthly pay would increase threefold to $7,000 and fixed-term contracts of six, ten, 14 and 24 months would be introduced. There would also be a limited demobilisation for the longest-serving soldiers by the end of 2026. In addition, he earmarked more money for recruiting foreigners. The estimated 300,000 Ukrainians listed as absent without leave would also be given a 100-day window in which to return without punishment. Previously, those caught were sent to the hottest spots on the front-line, where the chances of surviving were slim.

Unbending

Mr Fedorov's critics in the army accept he has improved drone procurement and digitalisation. But they said his lack of military experience made him unqualified to plan a war. Some said his flagship reforms amounted to a "PR repackaging" of work that was already under way. The defence minister was the equivalent of a football "goalhanger" seizing credit for others' ideas, said one senior general. Some likened him to a modern day Robert McNamara, the late American defence secretary who found that the managerial methods he had honed running Ford did not transfer well to the Pentagon. “To reform something you have to understand how it works,” said another Ukrainian general. “Would you really sit in an aeroplane if you saw that the pilot was a shopkeeper?”

On July 12th Mr Zelensky asked him if he was tempted by the newly vacant prime minister’s post. In usual circumstances that would have counted as a promotion; here it was read as a defeat for his project. The defence minister turned the job down, and it has since been offered to Serhiy Koretskiy, a well-regarded manager with a background in the energy industry. Mr Koretskiy was “the most prepared candidate” to navigate the challenges of what would be a difficult winter, Mr Zelensky said.

Reports suggest the interior minister, Ihor Klymenko, was poised to take over the defence ministry. At the time of writing, it was not clear if Mr Fedorov would be offered another job at all. It is likely he would turn down a demotion if offered one. In the days leading up to his defenestration, the minister admitted that he was worried that the support of his political patron was coming to an end, but that he had only followed instructions. “When I began the job, the president told me to act according to my conscience,” he said. “What can I do? I don’t want to leave this post knowing that I ever bent to suit anyone.” ■

Carbon tax me, but not yet

Europe seems set to ease its carbon pricing

Green goals are running into fears about competitiveness

Jul 16, 2026 05:07 AM

It's even hotter for politicians

THE EUROPEAN UNION'S carbon price is an economist's dream. The bloc's emissions-trading scheme (ETS) distributes rights to emit greenhouse gases to firms in electricity generation, heavy industry and aviation. Then it lets the market do the rest. It was phased in gradually, with all kinds of cushioning such as free allowances (not all of them justified) to give emitters plenty of time to adjust. Now, however, the system is starting to bite, which makes it a perfect scapegoat for politicians struggling to contain soaring energy prices and to shield struggling industries from global competition.

On July 17th the European Commission is expected to reveal a watering down of the ETS amid worries that, since it is essentially a tax, it is hampering European competitiveness. Auctioning carbon allowances brought in around €40bn ($46bn) to the EU and its members in 2024.

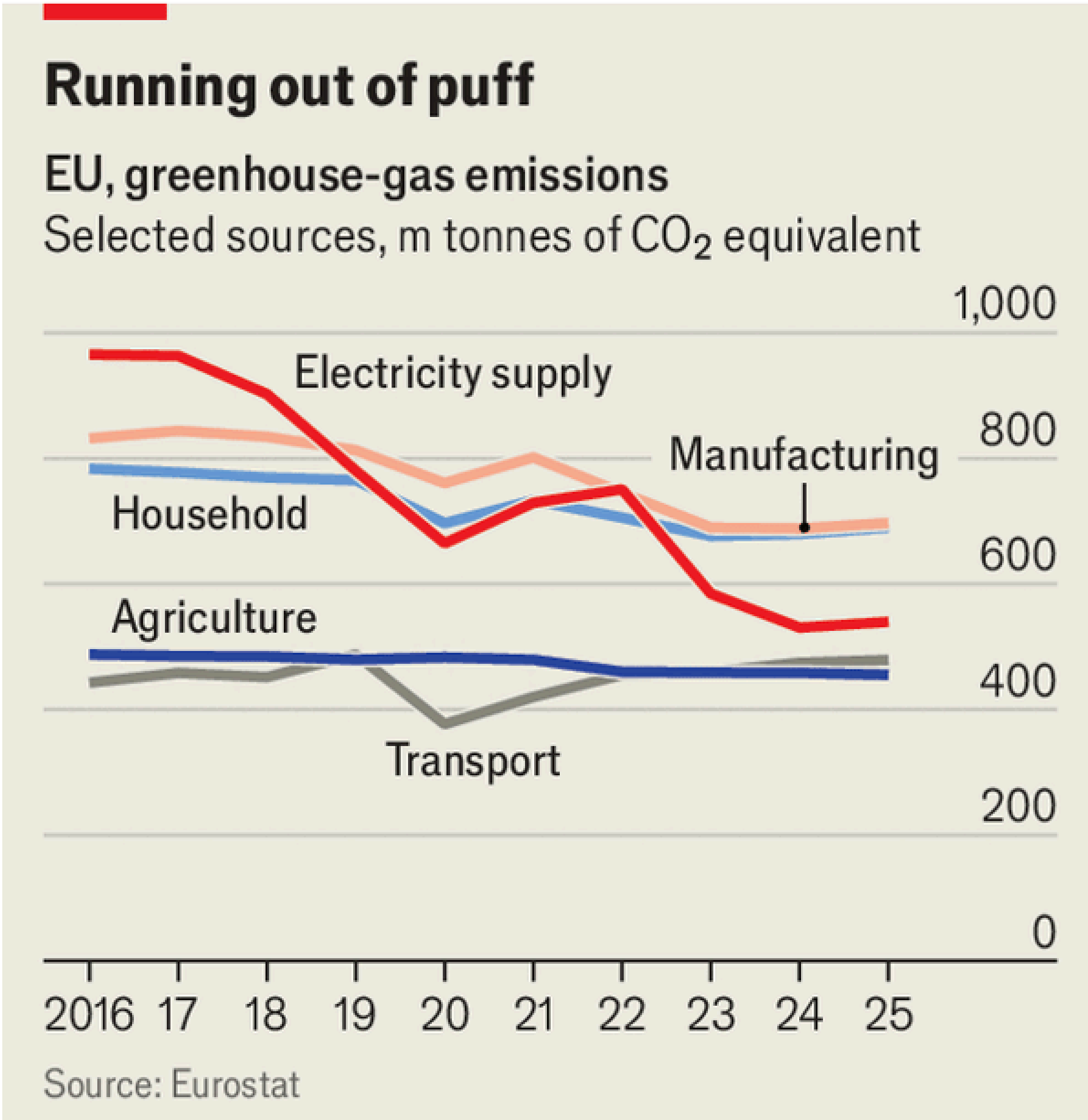
In March, ten EU member states, including Italy, Poland and Romania, urged the commission to conduct a thorough review of the scheme with an eye to helping electricity consumers and industry. Friedrich Merz, Germany's chancellor, worried that his country's manufacturing sector was wavering: "We should be very open to revise it, or at least to postpone it." Since then, the commission has worked on a plan that tries to reconcile its contradictory goals of cutting greenhouse gas emissions while allowing the bloc's industries to compete—all without breaching international trade rules.

Industry's gripe is that it now costs about €80 to emit a tonne of carbon, and that price is expected to climb. This adds roughly three cents to the price of a gas-powered kWh (or about 10% to the retail price of power) and €11 to the ticket price for a three-hour flight. Almost all allowances for electricity generation and airlines have to be bought in auctions. Some industries that are exposed to international markets and high emission costs still receive many free allowances, as long as they continue to produce. That has shielded them from the impact of the carbon price. In fact, some companies in industries like metals and paper receive allowances for more greenhouse gases than they emit, says Bruegel, a Brussels-based think-tank, resulting in a handsome profit.

The EU has brought in a tax called the Carbon Border Adjustment Mechanism (CBAM). Importers of energy-intensive goods like steel or fertiliser must pay the EU's emissions price on the carbon embedded in the imported good, unless the country of origin has its own carbon-pricing scheme. But the EU cannot go on giving its own producers free allowances without flouting international trade rules.

As CBAM payments are phased in until 2034, free allowances will be phased out.

The switch from free allowances to CBAM will leave one large gap: exports. Inside the European market, all producers, domestic or foreign, will have to pay a carbon price. But when competing in export markets, EU producers will be the only ones paying it, leaving them at a disadvantage. Worse still, exempting exports from the carbon price would be considered an export subsidy that breaches WTO rules.



One workaround could be to provide export credits for green goods, says George Riddell of Goyder, a trade consultancy. "Those would help competitive European players, but not those that are currently screaming the loudest." There is also a plan to offer free allowances conditional on green investment.

The biggest effect on the carbon price will come from how many allowances are issued. The EU will have to greatly reduce the number to meet its climate target. That would tend to drive up the carbon price. Yet allowing industry to emit more would put added pressure on domestic heating, farming and transport to reduce their emissions, which is politically even harder (see chart).

It would also hurt firms that have invested in greener processes believing the rules would not be tweaked to suit polluters. “The jury is still out on whether Europe can be a winner of the megatrend of sustainability,” says Stefan Kvarfordt of the Confederation of Swedish Enterprise. ■

Zero-migration populism

Sweden squashed migration. The populist right wants to go further

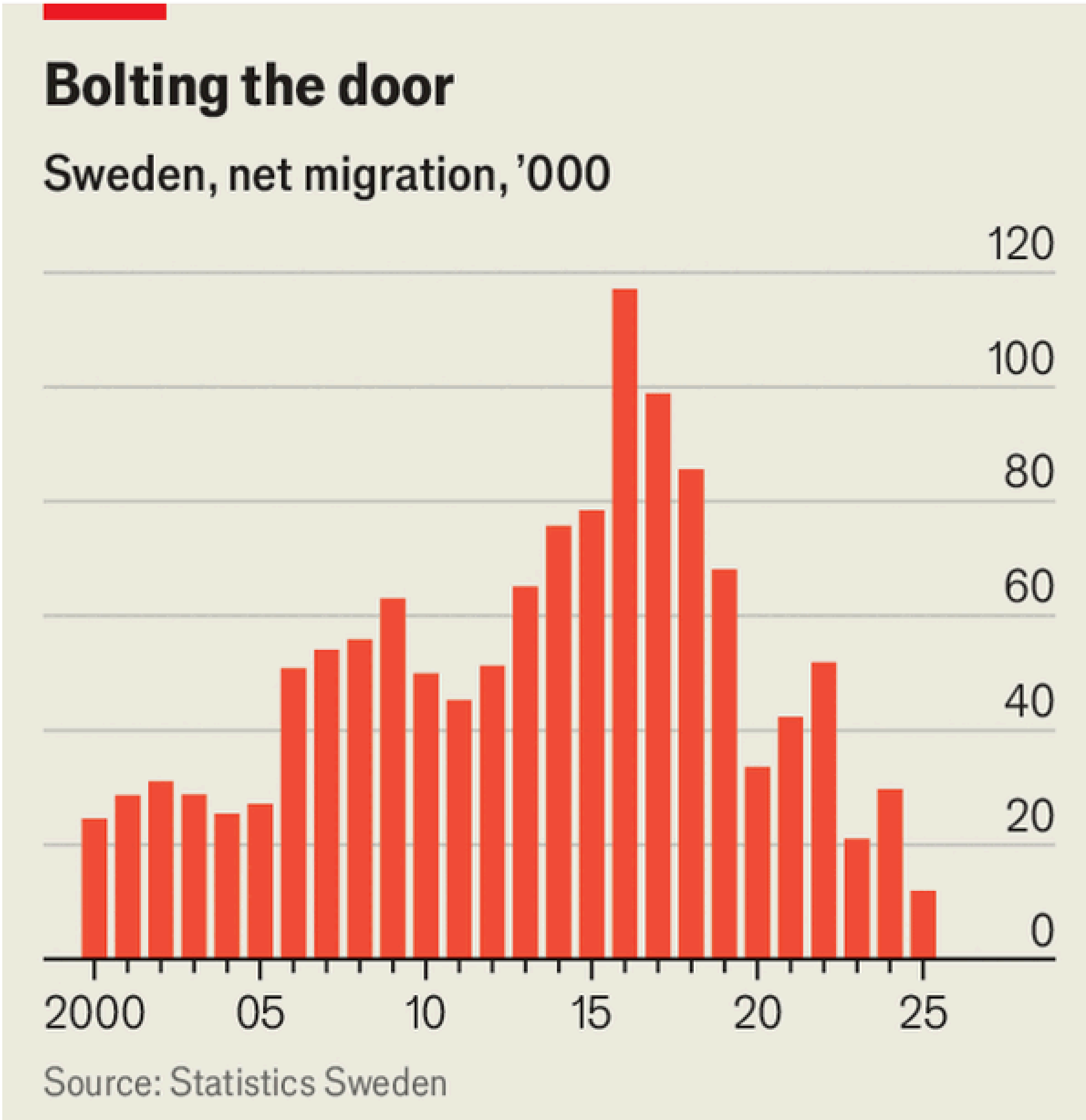
The Sweden Democrats could be heading for a bigger role in government

Jul 16, 2026 04:57 AM | STOCKHOLM

NOT FAR from central Stockholm lies Stora Essingen, a sleepy island covered with lush trees and pretty houses. For years its residents voted overwhelmingly for the Moderate Party, Sweden’s mainstream conservatives. But since 2022, when the party entered a power-sharing pact with the hard-right anti-immigrant Sweden Democrats (SD), voters have signalled their displeasure at its alliance with the hitherto pariah.

Instead voters have shifted towards the centre-left Social Democrats, whose activists are knocking on doors ahead of the general election on September 13th, in the hope that it can keep the SD out of the next government. Many voters in places like Stora Essingen view their country as a sensible, liberal and cosmopolitan democracy. The election will test whether that idea of Sweden wins out—or whether, having had a taste of anti-immigrant populism, Swedes want more of it.

The SD argues that it has tamed (or expelled) its most extreme elements. Its logo, once a blazing torch, is now a blue-and-yellow flower. In the election in 2022, amid anger over a surge in migration a few years earlier, it became the biggest right-wing party in parliament and backed a government headed by Ulf Kristersson, the leader of the Moderates; the SD got policy influence, but no ministerial jobs. Today Mr Kristersson promises the SD cabinet roles if the coalition is re-elected.



The election will reveal whether the SD's popularity can endure once migration slows to a trickle. Sweden's hyper-restrictive policies—admired by much of the European right—have reduced annual net migration from 117,000 at its peak in 2016 to 12,000 last year (see chart).

The Social Democrats tightened asylum rules and border checks while in power during Europe's refugee crisis in the mid-2010s. "The first wave of changes tried to make Sweden less attractive to people trying to come here," explains Louise Dane of the Swedish Refugee Law Centre, an NGO. But as the number of arrivals fell and Mr Kristersson's government took over, the focus shifted. "Now the policy changes are about trying to get people who are already here with residency permits to leave."

The government aims to repatriate poorly integrated or out-of-work migrants. The migration ministry boasts that more people are returning to countries such as Iraq and Somalia than are arriving from them. *Atervandring* (repatriation) is a watchword for the SD. "We want a lot of people to leave," says Ludvig Aspling, the party's migration spokesman. "There's no reason to have people here from other countries if they're not contributing."

To that end the government is encouraging migrants to go. Since January refugees have been able to claim up to SKr350,000 ($36,000) to return to their country of origin—nine times what a similar scheme offers in Britain. Only 600 people a year are expected to take it. The SD argues this would increase if welfare benefits were trimmed. It wants to expand the scheme to naturalised citizens, too.

A "good behaviour" law, passed last month, allows the government to deport migrants for infractions such as unpaid debts. It has tightened family-reunification rules and stopped issuing permanent residence to refugees. The SD also wants to downgrade those who already hold this status to temporary residence.

A chunk of voters likes these plans. But as migration has dropped, the SD's popularity has remained stuck at around 20%. The party's main issue is losing its salience. Last year just 23% of Swedes named integration as one of their biggest concerns, compared with 54% in 2015, according to surveys by the University of Gothenburg's SOM Institute. That could help the Social Democrats, who struggle to convince voters they are tough on migration.

For the right, this shift has made politics awkward. Last month public outrage caused the government to ease rules that had led to the deportation of teenagers who grew up in Sweden. Business groups have begun complaining that they cannot get foreign talent. The Liberal Party, part of Mr Kristersson's coalition, opposes the SD's push to revoke permanent residency.

Some voters who tolerated the SD's rougher edges when migration was a bigger worry may find them harder to ignore today. On July 5th Richard Jomshof, a senior SD politician, said: "It is no more strange to hate Islam than it is to hate national socialism". Some fear that talk like this risks emboldening ugly extremes (something the SD strenuously denies).

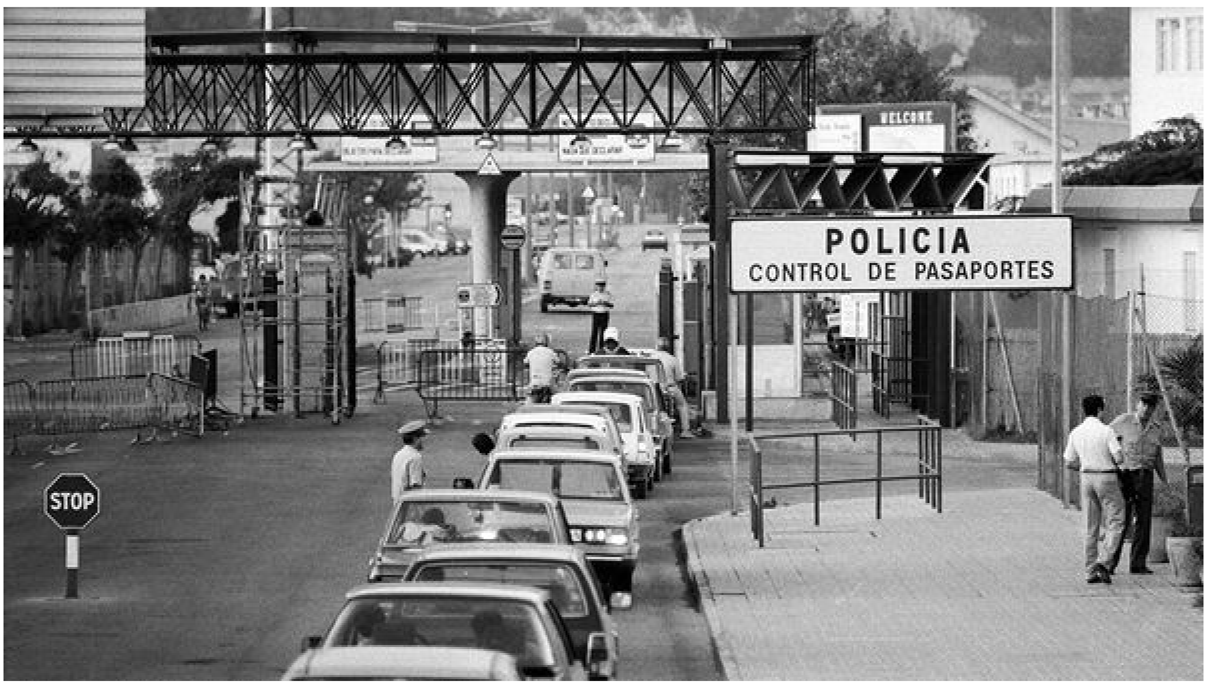
Populist-right parties across Europe face a challenge of staying relevant even as rates of migration slow. Many will be watching this election to see if the SD's pivot—to trying to remove migrants who have already arrived—will be as popular with voters as the previous wave of anti-immigrant policies. ■

The fall of a wall

Opening the border between Spain and Gibraltar

The deal offers hope for a more pragmatic relationship between Britain and Europe

Jul 16, 2026 07:35 AM | GIBRALTAR



NOWADAYS IT IS commonplace to build walls between countries. But this week a barrier came down. Amid popular celebration, at midnight on July 14th border controls ceased between Gibraltar, a self-governing British sovereign territory, and Spain. Under a treaty signed the same day between the European Union and Britain, demolition of the police and customs posts at the border has started. "The last wall in continental Europe has fallen," said Pedro Sánchez, Spain's prime minister, as he visited the site. The treaty marks a tidying up of the mess left by Brexit. And in a region of strategic importance, in sight of the Moroccan coast, optimists hope it may herald a new era of defence co-operation between two NATO allies.

With just 40,000 people crammed into narrow strips of land beneath its towering Rock, Gibraltar depends on Spain for many things, including more than 10,000 workers who cross from the town of La Línea each day. Many Gibraltarians have second homes in Spain. Not surprisingly, 96% of Gibraltarians voted to remain in the EU because Brexit implied a hard border. That "would have been catastrophic not just for us but also for the Spanish side", says John Isola, president of the Gibraltar Chamber of Commerce.

Under the treaty, whose 1,000-plus pages took more than five years to negotiate, Gibraltar has become a de facto part of the EU's border-free Schengen area. Non-Gibraltarian passengers arriving at its airport, whose only flights are from Britain, will have their passports checked by Spanish police. Fabian Picardo, Gibraltar's long-serving chief minister, calls the arrangement "fluidity", rather than freedom of movement, since citizens of Schengen countries will not have an automatic right of residence in the territory. Gibraltar is also joining the EU's customs union for goods. It has agreed to European standards and European taxation: having been a tax haven, it will now apply a transaction tax of 15%, rising to 17% by 2028 on goods sold in the territory. It will also set excise duties within six percentage points of Spain's. The £10 whisky bottles in Gibraltar's liquor stores will be no more.

Spain has long resented Britain's control of Gibraltar, acquired in 1713, and its naval base. The treaty parks the dispute over sovereignty in favour of co-operation. "Removing the border was essential for this region to prosper," says Juan Franco, the mayor of La Línea. Although the area includes the port of Algeciras, across the bay from Gibraltar, it is poorer than most of Spain. The hope is that stability offered by the treaty will attract investment. The region's poor communications are an obstacle, laments Jesús Verdú of the University of Cádiz. The single-track railway to Algeciras remains closed after landslides last winter. But Gibraltar’s airport might now attract flights from across Europe.

Some among Spain’s conservative opposition dislike the treaty and think their country lost an opportunity to assert co-sovereignty. But past efforts to coerce Gibraltar, including General Franco’s closure of the border in 1969, only reinforced its separate identity as “Mediterranean British”, as locals say. If the Spanish right wins a general election due next year, as seems likely, “there might be a change in rhetoric, but that doesn’t have to mean a change on the ground”, says Mr Picardo. Importantly, some hope that as well as resolving unfinished Brexit business, the treaty might be a harbinger of a pragmatic reset between Britain and Europe. ■

A flight curse

Why Berlin’s airport is still completely hopeless

Blame passengers, lobbying, history and geography

Jul 16, 2026 04:57 AM | BERLIN

Once a lifeline, now a bad headline

WHAT IS IT with Berlin and airports? First came Tempelhof, once a repository for Nazi megalomania, later the site of the Berlin airlift, an early cold-war drama, and now a vast and unusual city park. Then it was Tegel, a charming spot adored by locals but bursting at the seams by the end of its life. Finally came the tragicomedy of Berlin Brandenburg Airport, or BER. It opened in 2020, nine years late, €5bn over budget and a homage to Germany’s mishandling of megaprojects.

That should have been that. But locals flocking to BER as the summer holidays began last week may still have felt short-changed. The airport currently has flights to just five long-haul destinations. Heathrow has around 100; even Warsaw has close to 20. Passengers flying beyond Europe must usually transfer elsewhere. "Berlin doesn't have a capital-city airport," said Tim Clark, president of Emirates, during a visit last month. "It's a really sad situation."

Germany's most populous city remains the only big European capital without a home-based long-haul airline. And attempts to entice the likes of Emirates to BER have been grounded by lobbying by Frankfurt-based Lufthansa, Germany's biggest airline, which says its Gulf rivals are unfairly subsidised. Berlin's champions regard this as protectionist tosh, but have lost the argument.

Worse, passenger numbers at BER last year were one-quarter down on the total at Berlin's airports before the pandemic. Budget airlines have slashed flights. In April Ryanair said it would close its operating base at the airport, calling it "the worst-recovering major gateway in Europe". Lufthansa has expanded its Frankfurt and Munich hubs, but hesitated in Berlin, blaming its fees and taxes. BER posts vast losses.

Geography and history may simply have overwhelmed the city. German airlines were banned from flying to West Berlin during the cold war, letting Frankfurt and Munich become hubs. Germany's industrial heartland is in its south; the densest population is in the west. Stranded far from other industrial or commercial centres, Berlin does not have the catchment area of its rivals and struggles to attract corporate custom. "When they moved the capital from Bonn to Berlin, they should have moved the airport from Frankfurt too", jokes Cord Schellenberg, a consultant. That would have been a flight of fancy.■

Charlemagne

In praise of Scandinavia’s risky and dirty playgrounds

Kids stand to gain from a few bumps, bruises and mud-splatters

Jul 16, 2026 04:57 AM

A VISITOR TO the playground at Valbyparken, a green expanse in Copenhagen, is in for three surprises. The first is that the sprawling public children’s park is built on what was once a rubbish tip for the Danish capital. The second is the free coffee on offer for harried parents. But perhaps the most unexpected is the eagerness of the playground’s staff to hand out knives to children. Or axes, if they prefer. Or even, for tots bored with mere weaponry, some fire-starting equipment. Off you go, kids, and do be careful (oh and parents please keep an eye on them). Sprogs of an age that in most countries would barely be allowed onto a swing unattended scamper away to whittle sticks and soon imagine themselves carving their own magic wand, or the oar of a Viking longship.

The knife-dispensing strategy may appear to some as an oversight that keeps the local hospital bustling with injured kids in summer. On the contrary. Injecting a dose of risk into children's free-ranging fun is a feature, not a bug. The nature-based playground offers a litany of ways for children to get bruised, bumped, scratched and dirty. There are trees to climb, brambly branches to rearrange, tricycles to ride (often into each other), a play pond to stumble into, then trails to get lost in far from nosy parents. Adult chaperones may fret about lurking hazards, but their peace of mind is secondary. "It's children who need to be aware of every step they take," says Helle Nebelong, a former Copenhagen city official who designed the place at the turn of the century. "They must take responsibility for their own safety." A cadre of young staff are there to catalyse play rather than stymie it.

Playgrounds the world over have done their utmost to eliminate risk. Why expose children to injuries, even minor ones, if they can be avoided? From Tokyo to Toronto, childhood play has thus become enveloped in well-meaning bubble-wrap. Any adult who has visited a play area they frequented as a child can see how anything that might cause so much as a grazed knee or a soiled skirt has been done away with. Asphalt and dirt have been replaced by vast expanses of rubberised carpets. Tree branches that might tempt intrepid youths have been cut down. In their stead, standardised equipment picked out of a catalogue—a few tame slides, some swings and a climbing frame—are erected. This cookie-cutter approach delights fretful municipal officials fearing lawsuits and criticism from health-and-safety bureaucrats. Alas, it bores kids to tears. No wonder they beg for screens instead.

Mariana Brussoni, a childhood expert at the University of British Columbia, decries "an epidemic of anxiety-based parenting" for the trend towards duller and safer play. In past generations families with a dozen kids had little choice but to let them roam free. These days smaller broods are the norm, and so more adult attention has been bestowed on fewer kids. This has led to an outbreak of "parenting" whereby children need to be cultivated rather than left to their own devices (no, not smartphones). In well-off circles, giving sprogs time and space to just be themselves or mess about with friends—ie play—is seen as an indulgence. Instead, they must be shuttled from school to ballet classes to fencing, before homework. What time is allocated to unstructured fun is mostly spent in playgrounds under watchful grown-ups' eyes.

This avoids a few scratches and bumps along the way—but at what cost? "If you protect children too much, you rob them of experiences that will make them safer and happier," says Ellen Beate Hansen Sandseter at Queen Maud University College in Trondheim, Norway. Kids are well equipped to know what daring swing or lunge would thrill them most, and to learn from their mistakes. Playground safety should be about the sturdiness of the equipment, not the way it comes to be used. As for a little dirt, what harm can it do? In fact, recent research from Finland shows wallowing in soil has wondrous effects on small immune systems.

Giving children this benefit of the doubt still prevails in Scandinavia. There, playgrounds are seen as a practice arena in which kids get "the tickle in their stomach" from taking risks, as Prof Sandseter puts it—whether it be riding a bike a bit too fast, climbing up to the next branch or playing with knives. Sometimes the approach boggles foreign minds. "Construction playgrounds" sprang up in Denmark after the second world war, with open-air areas filled with discarded junk that children could shape into multi-storey houses, with saws or nails or whatever they saw fit.

Two traditions anchor a culture of Nordic risky play. The first is the ancestral habit of playing in nature—by its essence a place of untamed risks. But more recent social norms have a role, too. Stay-at-home parents are rare, leaving fewer mothers to interfere with kid-only time. It is frowned upon to ferry even the youngest to school if they can walk or cycle there themselves. Across Europe, but unlike America, there is no culture of litigation in case risky play results in a broken arm. Free health care means a broken bone is a nuisance, not a financial burden.

Hey, parents, leave them kids alone

Keen to explore these Scandinavian ways, *The Economist* secured the services of four playground afficionados—your columnist’s three boys and their cousin, aged eight to 12. Left to their own wits in Valbyparken while their father disappeared to interview Ms Nebelong, the knife-wielding gang soon secured equipment to cook flatbreads on an open-flame pit. Later in a construction playground across town they deftly navigated rusty nails and discarded furniture in search of new adventures (some sawing required). Might injuries have resulted, a pinched finger or a sprained ankle? Possibly. But the day offered an opportunity to learn about the real world, too, which these youngsters will one day need to navigate. “It beats the old swing, swing, slide, swing, swing playground,” opined the eldest among them. It might even beat a screen.■

Britain

- ## Can Andy Burnham keep his own MPs under control?
  Labour's rebellious ranks :: Britain's prime-minister-to-be faces a big task to maintain his authority
- ## Lessons from a cat about to outlast yet another prime minister
  Larry the cat :: Number 10's canny feline can teach Andy Burnham a thing or two
- ## Glasgow, rescuer of the Commonwealth Games, needs saving too
  Fun and games :: The Scottish Nationalists are keen to take power from London but not to hand any to Glasgow
- ## Violence is reshaping British political life
  The toll of terror :: The shocking murder of Ann Widdecombe will only reinforce the trend
- ## Britain's bookies have weathered a tricky World Cup
  Winning margins :: But bigger problems are stacking up
- ## London's private members' clubs are proliferating
  The club hub :: But building a new community is harder than it looks
- ## Sir Keir's bucket list
  Bagehot :: The prime minister's final few weeks sum him up

Labour’s rebellious ranks

Can Andy Burnham keep his own MPs under control?

Britain’s prime-minister-to-be faces a big task to maintain his authority

Jul 16, 2026 06:54 AM

“I KEEP THE troops in line. I put a bit of stick about. I make ’em jump.” Francis Urquhart, anti-hero of the 1990s BBC thriller “House of Cards”, embodies the popular perception of Westminster “whipping” as a brutal way for governments to force their will on MPs. In the series he rises from chief whip to prime minister through lies, manipulation and, eventually, murder.

The more pedestrian reality is that the whips use a mix of cajoling and threats to keep party discipline. But during his time as prime minister, Sir Keir Starmer gave the impression that he sympathised with the Urquhart method. Members of the whips' office showed little tolerance of dissent; 13 backbenchers were ejected from the parliamentary party, at least temporarily, because they opposed Sir Keir's policies.

It did not work. For all his policy failures and unpopularity with voters, the reason Sir Keir is leaving office on July 20th is that he lost the confidence of his own MPs. The enormous majority he won in the 2024 general election was largely squandered: his attempts to force through contentious policies, such as cuts to benefits, through coercion rather than persuasion resulted in embarrassing climbdowns.

Andy Burnham, who will replace Sir Keir as prime minister, has promised to take a different approach. In the run-up to the Labour leadership contest, in which he was the only candidate, he was coy about his policy plans but open about the need to make MPs feel better about themselves.

He has retreated from his most radical notion: in a book published in 2024, he suggested that whipping should be scrapped altogether because it "makes good people seem like frauds". It was a recipe for disaster. "Abolish the whip and the Commons would fall apart pretty quickly," says Sebastian Whale, the author of a book on whipping. Not only do most MPs appreciate being told what their party line is on complex pieces of legislation, but the whips are a crucial conduit between ministers, backbenchers and opposition parties.

Mr Burnham's message to MPs now is vaguer, but more realistic. He has sworn off "using the whip system to create fear or close down debate". Instead, the whips' office will be Labour's "HR department". And the prime-minister-to-be says that he and the rest of the cabinet will regularly attend votes in the Commons so that colleagues can chat to them in person, a stark contrast to Sir Keir, who cast a vote on less than 7% of the occasions he could have done.

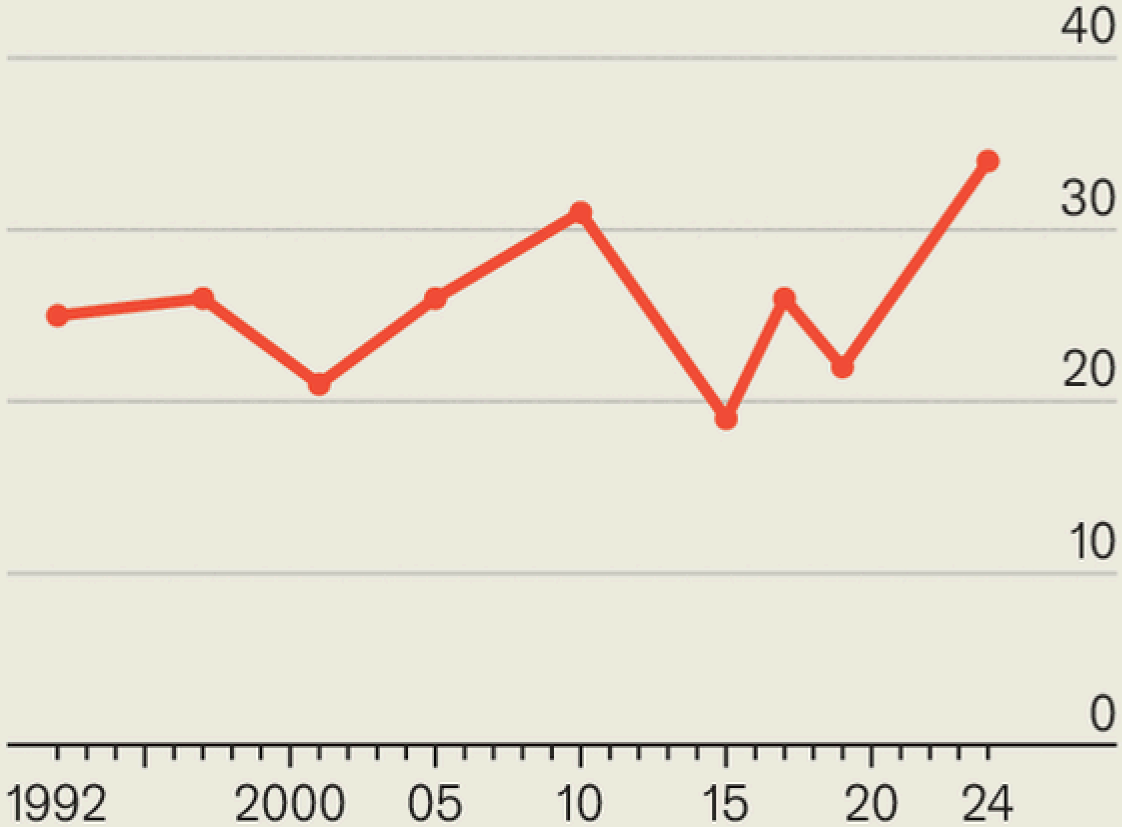
Turning up to work and being nice is not enough. It is not clear that Mr Burnham has fully reckoned with the challenges he will face as he tries to establish his authority. The first is a culture of chaos which has taken hold of Westminster over the past decade: the current government has suffered rebellions in more Commons votes than any other newly elected administration since the second world war (apart from the two-party coalition which took power in 2010), according to an analysis by Philip Cowley of Queen Mary University of London. The churn of prime ministers, and policies, has taught MPs that if they hold out they may get their way.

Another difficulty will be dealing with those who are disappointed in their hopes of advancement. For now, Labour MPs are united in their acclaim for Mr Burnham, even if they were not previously fans; more than nine out of ten of them have signed his nomination papers and none can be found to utter a word of public criticism. That will surely change once he has appointed his ministerial team, with sacked Starmer loyalists joining the backbenches alongside those who were passed over for a job. Simon Hart, who was chief whip in the last Conservative government, also warns that as the next general election—due by summer 2029—approaches, it will become harder to keep colleagues in line with vague promises of future promotion.

Labour MPs will inevitably divide over some of the tricky dilemmas which confront Mr Burnham. His supporters range from left-wing Corbynites to Blairite centrists; he has sought to persuade them all that he shares their instincts, but that cannot last. Looming problems both big (welfare spending, defence) and relatively small (a plan to reduce the number of jury trials, the future of North Sea oil) will leave one side or the other unhappy.

Margin call

Britain, % of seats won in general elections by a margin of 10% or less



Source: House of Commons Library

The combination of these factors—a rotten political culture, individual ambition and knotty policy problems—has created a parliamentary Labour Party which is allergic to compromise. Sir Keir sought to mould an army of "Starmtroopers" on the backbenches who would support his every move, but instead there are dozens of MPs who won their seats by an unusually small margin, fear defeat next time and are unwilling to weather tough decisions (see chart). "The same tensions that were difficult for Keir are going to be re-emerging," predicts a serving minister.

Luckily, there are reasons to think that the next prime minister has a good shot at being more successful than the last. He has in spades the personal skills that Sir Keir lacked: even some ministers complain that Sir Keir never had a single substantial conversation with them, whereas Mr Burnham has spent the past few weeks schmoozing MPs. He understands the value of gesture in politics, for example telling the *Guardian* that the party's Middle East stance had been insufficiently pro-Palestine, without promising any changes to the policy. As mayor of Greater Manchester, he worked cross-party and with businesses in a way Sir Keir has struggled to do.

The best way to create loyal followers is to be a strong leader. Mr Burnham is showing some signs of that: his team insist that while he intends to listen to MPs and involve them in his policy plans, he will not cave at every sign of rebellion—for example, he will press ahead with a crackdown on immigration which dozens of backbenchers oppose. But he has little experience of being disliked, and there is a risk he soon crumbles in the face of dissent. "They've got MPs and most of the media crawling all over them, saying they're brilliant," says a member of Sir Keir's inner circle. "It's going to be a big shock when that suddenly goes into reverse." ■

Larry the cat

Lessons from a cat about to outlast yet another prime minister

Number 10's canny feline can teach Andy Burnham a thing or two

Jul 16, 2026 05:00 AM

Nine lives, seven prime ministers

AROUND WESTMINSTER he is known as self-serving and territorial. "A little shit", is how one minister has described him. Larry the cat, "Chief Mouser to the Cabinet Office" (to give him his official title), has been in post for 15 years and is on his sixth prime minister. As he prepares to turn his bottom to his seventh, Larry has lessons to offer his new housemate.

Start with a good backstory. Like many an effective political operator, Larry came from the wrong side of the tracks. His redemption began when he was selected for office from Battersea Dogs and Cats Home during David Cameron's tenure as prime minister; he was the first to get the title he now holds.

Next, either do the job well or maintain the perception that you are. Larry is streetwise and known as "a bit of a bruiser". But his mousing instincts are much debated. Media stationed outside the famous black door have confirmed two recent kills. Behind closed doors there is scepticism. His official government page notes his solution to the rodent problem remains in the "tactical planning stage" and that he often tests "antique furniture for napping quality".

Third, be media-savvy. Larry keeps journalists at tail's length, slinking away from any who approach. But he knows how to exploit media opportunities, having photo-bombed world leaders like Volodymyr Zelensky of Ukraine. In 2019 he stole headlines by sheltering from rain under "The Beast", Donald Trump's armoured limousine.

Finally, suffer no challengers. A long-running feud with Palmerston, the former chief mouser at the Foreign Office, culminated in a fight. Larry reportedly lost a collar; Palmerston hurt his ear.

Such canny political manoeuvring has blessed Larry with public-approval ratings that most politicians would sell their cat for. He has over 900,000 followers on his unofficial X account and is frequently sent gifts from fans.

But the whiskers are greying. In cat years, Larry is about 92 (Winston Churchill was 80 when he left office). Unlike many British leaders, the chief mouser looks set to exit on his own terms.■

Fun and games

Glasgow, rescuer of the Commonwealth Games, needs saving too

The Scottish Nationalists are keen to take power from London but not to hand any to Glasgow

Jul 16, 2026 04:57 AM | Glasgow

No longer in the pink

WHEN THE event that stands as a living legacy of Britain's imperial past was on its knees, it was the place once known as the empire's second city that came to the rescue. The 2026 Commonwealth Games, a sporting jamboree of the countries that once made up the empire (plus some others), found itself without a host after the Australian state of Victoria backed out because of soaring costs. Glasgow, the host city in 2014, saved the day.

But after these slimmed-down games, which open on July 23rd, Glasgow itself will need saving. It looks tired. The pink livery on a tower block welcoming people to the 2014 games has faded. Roadworks clog the streets. Blocks of flats lie half-built after investors pulled out amid rent-control fears. The international airport still lacks a rail link to the centre. In March the city lost a listed Victorian building in a blaze that started in a vape shop.

The challenges facing a post-industrial city such as Glasgow are not unique. Others are coping better. Manchester has trams and a large chunk of the BBC. The average cost of a home there has grown twice as fast as in Glasgow since 2004.

One big reason is that, since 2017, Manchester has had a mayor, who can approve big transport projects, levy small taxes and oversee ambitious developments. Glasgow does not. As mayor of Greater Manchester Andy Burnham, soon to be Britain's prime minister, took control of the city's buses. By contrast, Scotland's local-transport authorities have to get approval from a panel convened by an official appointed by the transport secretary in Whitehall if they want to franchise theirs—a requirement introduced by the supposedly pro-independence Scottish National Party (SNP).

It was not always like this. From 1975 to 1996, Glasgow and its surrounding area were run by a juggernaut called the Strathclyde Regional Council. It presided over half of Scotland's population and employed 85,000 workers. It oversaw water, transport, policing, education and roads. It modernised the Glasgow Subway—the one metro system in the world that has never been expanded beyond its original route.

But this monster of local government was seen as a threat. Britain's Conservative government killed it in 1996 and (devolution be damned) the SNP has had no desire to bring it back to life. Strathclyde's police and fire services were folded into Scotland-wide bodies in 2012. Its water company is now Scottish Water. "Glasgow has always been too big for Scotland," says a (Labour) member of the Scottish Parliament.

Glasgow has ample strengths. These include several universities, museums, great architecture and a big graduate population. Run properly, it could thrive.

A mayor would not be a panacea. "Devolution on its own", says David Phillips of the Institute for Fiscal Studies, a think-tank, "doesn't create more money." The Birmingham region got a mayor in 2017, and its GDP per head grew more slowly than Glasgow's in the next five years.

But having a go-to person would surely help. Bradley Mitchell, a Glaswegian developer, says he's banging his head against the wall trying to get permission to launch a ferry carrying passengers down the Clyde because the city council is taking so long to reach a verdict. "You can't find out who makes the decision," he moans. With a mayor, he says, things would be far easier.

That is unlikely to come soon. Mr Burnham supports the idea of an elected mayor, but Scotland's SNP first minister, John Swinney, does not. The party that pioneered devolution of power in the last century is intent on holding on to it now. ■

The toll of terror

Violence is reshaping British political life

The shocking murder of Ann Widdecombe will only reinforce the trend

Jul 16, 2026 04:58 AM

IT IS OFTEN said after an atrocity that terrorists will not prevail. Those who practise politics by peaceful means, the mantra goes, will triumph over those who choose violence. If only it were true. The bleaker reality is that, in Britain, the threat of violence against parliamentarians is having the effects that at least some of its perpetrators desire: driving people from public life and shrinking the sphere of debate.

More than a quarter of candidates at the last general election in 2024 said they had considered not standing because of concerns about harassment and intimidation, according to a survey of candidates by the parliamentary authorities. Some 58% said they had been physically attacked or touched against their will; 77% had suffered intimidating acts such as damage to property or being followed in the street. A quarter said it led them to hesitate before making decisions; more than two in five said they avoid getting involved in some policy debates altogether.

Those figures will surely rise. On July 9th Ann Widdecombe, a 78-year-old former Tory MP who became a member of the populist-right Reform UK, was found dead in her remote bungalow in Devon. Police later concluded that she had been murdered in a "targeted attack". A 28-year-old white British man from Rotherham, 430km away, has been arrested on suspicion of terrorism offences. The motive is unclear.

Ms Widdecombe was the third prominent politician in Britain to be murdered in little over a decade. Jo Cox, a Labour MP, was killed in the street by a far-right extremist in 2016. David Amess, a Conservative lawmaker, was stabbed at a constituency surgery in 2021 by a radical Islamist.

The phenomenon is not new. From the 1970s to the 1990s, Irish republicans targeted mostly senior Conservatives, killing four MPs and narrowly missing the entire cabinet. Yet such acts at least were governed by a degree of organisation and strategy that gave the security services a chance to predict and disrupt them.

Today's threat is diffuse and unpredictable, the work of individuals rather than groups. Ms Widdecombe seems an improbable target: a Conservative minister in the 1990s, she left Parliament in 2010. When not on "Strictly Come Dancing", a reality-TV show, or giving interviews about her garden, she spoke on immigration and justice for Reform. Amess's killer had researched over 250 MPs before attacking the mild-mannered backbencher. Cox had been in

Parliament little over a year before she was killed. If they could be targets, so could almost anyone in public life.

MPs feel under siege. It is impossible to tell the difference between unpleasant cranks and potential murderers. Penny Mordaunt, a former Tory minister, said this week that she had received more than 700 threats to kill or rape her; there hadn't been a day for four years without a live police investigation or court case into her pursuers.

Protecting MPs has become a significant operation. The task is split between the Parliamentary Security Department and the Metropolitan Police's Parliamentary Liaison and Investigation Team, which investigates crimes against lawmakers and co-ordinates with provincial police forces. A specialist Security Information and Risk Analysis Service weighs intelligence. MPs' homes and constituency offices are routinely fitted with arson-proof letter boxes and panic rooms.

The question of what protection MPs are entitled to has become bitterly partisan. On July 14th a man was arrested for threatening on social media to shoot Nigel Farage, Reform's leader. "I am going to shoot you in the head if you win," he wrote. Reform accuses the police and government of purposefully denying its leaders adequate security for political reasons, a charge the authorities deny. It has an interest in having such a row: the party claimed that a previously undeclared £5m ($6.7m) donation to Mr Farage, now subject to intense scrutiny, was for the purpose of private security arrangements.

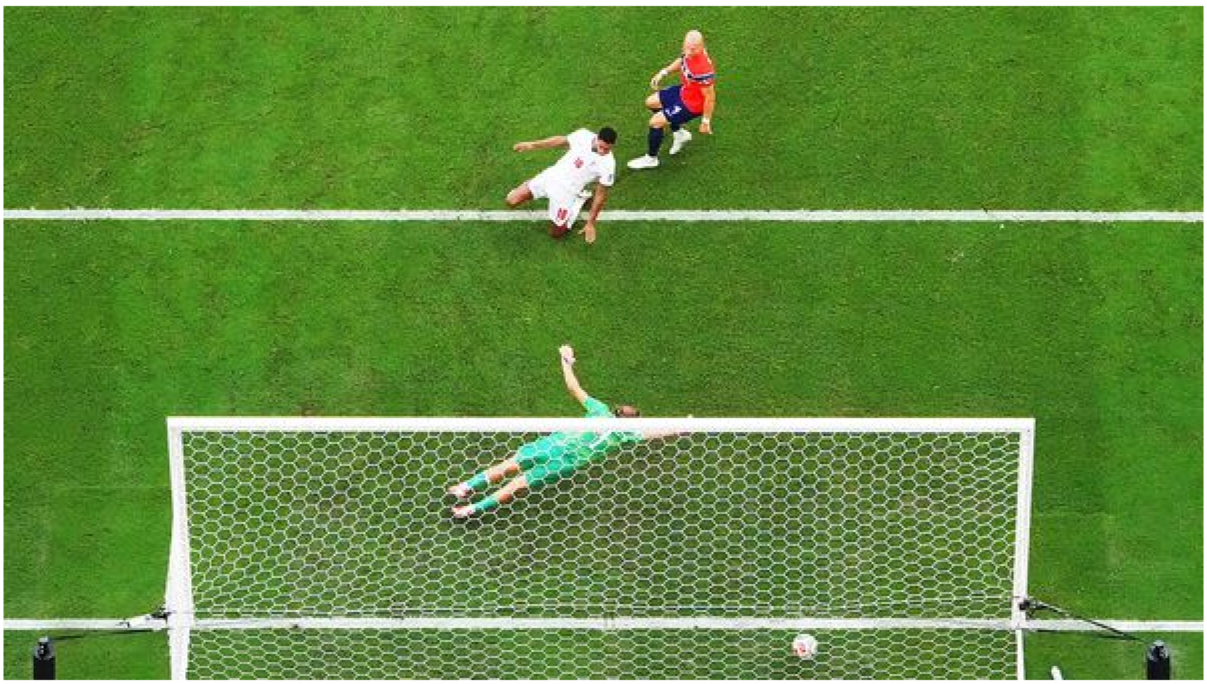
It is often said, after an attack, that violence will not change a country's way of life. But the fear of violence is now woven deeply into the fabric of British politics. ■

Winning margins

Britain’s bookies have weathered a tricky World Cup

But bigger problems are stacking up

Jul 16, 2026 04:58 AM



Extra time, so no extra payout

“WE WERE LUCKY today,” said England’s manager, Thomas Tuchel, after his team’s nerve-shredding 2-1 win over Norway on July 11th. Britain’s bookmakers enjoyed their own good fortune: England reached the semi-finals of the World Cup, but for betting purposes the match was a draw. By convention, match wagers are settled on the 90-minute scoreline (1-1). England’s winning goal came in extra time, saving the bookies millions of pounds.

Across this expanded 48-team World Cup, favourites have won 63% of matches in normal time, compared with 53% on average in the previous three. Underdogs prevailed in only 10%, against an average of 23% previously. Such results would once have perturbed British bookies, which do well when favourites don't.

Not this time. Bookies have steered many customers towards "bet builders" (or "same-game parlays" in America). At Kambi, a sportsbook supplier, these made up more than 30% of bets at recent football tournaments. Punters might bet on, say, England to win, Jude Bellingham to score, and the match to have over nine corners and more than two bookings, all in one wager. In the Norway game, only one of those outcomes occurred in regular time. Such bets help the bookies' profits. Trading data shared with *The Economist* by four of them suggest that, despite match results generally favouring customers, all remain broadly on course to achieve their usual margins.

Yet a decent World Cup will not dispel the industry's broader worries. Tax and licensing reforms in the early 2000s were intended to allow gambling to flourish in the internet age. They succeeded, until the political wind changed. Last year's budget raised the tax on online casino-style profits from 21% to 40%. From April 2027 most online sports betting will also face a tax increase, from 15% to 25%.

And the Gambling Commission, the industry regulator, has pressed ahead with "financial risk assessments", intended to identify customers at risk of gambling harm. Bookies argue that the checks are intrusive and are driving customers to unlicensed operators. Anthony Kaminskas, founder of AK Bets, says 78% of his customers refuse to provide financial records when asked.

Gambling's new growth story is America. Flutter, the world's largest online-betting company, and owner of British brands including Betfair and Sky Bet, will delist from the London Stock Exchange next month, making New York its sole stock-market home. Britain's bookies have cracked the problem of predictable football results. Their bigger challenge lies in Westminster. ■

The club hub

London's private members' clubs are proliferating

But building a new community is harder than it looks

Jul 16, 2026 04:57 AM | Fulham

The new colours of clubland

ON A WARM afternoon at Fulham Pier in west London, the Thames glints in the sun and members of Lighthouse Social, a private club, drift between coffee, meetings and glasses of Aperol spritz on the terrace. The relaxed mood is no accident. Much effort has gone into assembling the right mix of members in the right space. "It's like whispers of smoke," says Glen Sutton, the Pier's director. "You can't grab what makes a club. But you know when you're in one that isn't working."

London has long been a city of clubs. From the 18th century the grand houses of St James's offered a home from home for aristocrats and politicians. More recently came the "anti-clubs": the Groucho, opened in 1985, drew a rowdy creative set; Soho House followed a decade later, aimed at a similar crowd. Both ended up full of bankers. Debauchery was dialled down, but revenue went up.

Now, London clubs are proliferating again, part of a wider trend: a report in 2024 by Knight Frank, a property consultancy, pointed to an acceleration of club openings in Europe and America. Today London has over 130 members' clubs (excluding those that are primarily gyms or sports clubs), roughly double the number in 1985, according to Seth Thévoz, a historian of clubland. In a city where working and social lives are less tied to offices, clubs offer a place to spend time—and money—throughout the day.

Jamie Caring, a club consultant, says roughly three-quarters of the inquiries he gets about new clubs now include a wellness element. Many are extensions of existing businesses—restaurants, hotels or co-working spaces—with the trappings of a club bolted on. Lighthouse Social forms part of a redevelopment around Fulham Football Club's Riverside Stand, to generate activity beyond match days.

During the pandemic Londoners spent more time in their local areas and many have stuck with those habits. "People have become much more invested in their neighbourhoods," says Mr Sutton. His club's members largely walk in from surrounding streets. Families are welcome, and there is an on-site crèche. The small-scale feel is deliberate: too much growth, he argues, would turn it into "an airline lounge", devoid of community.

At the other end of the spectrum sits the Pembroke. It is due to open later this year in a former prime ministerial residence overlooking Buckingham Palace Garden, and is an exercise in scale. Backed by the Oman Investment Authority, it will include multiple restaurants, lounges and a late-night bar with a £1m ($1.3m) sound system and a DJ booth carved from Italian marble. A job advert in *Country Life* for a "butter sommelier" with an "encyclopedic knowledge of toast" was posted partly in jest; the volume of applications helped turn it into a real hire. Membership costs £3,250 a year, or £60,000 for life. The club says it has already sold more than ten life memberships; perks include a "life loo", exclusive use of one of the 55 lavatories.

The Pembroke sits among embassies and mansions in Belgravia. Yet its director, Will Woodhams, like his counterpart in Fulham, says he is targeting a local crowd. As some of the international wealth that sustained Mayfair's clubs has ebbed, newer clubs are courting Londoners who stayed put. Many will use the Pembroke as a workspace: Mr Woodhams jokes he will bring a mini martini to members who close their laptops by 4pm.

A third model is the scalable club brand. Several London-born concepts are expanding abroad, not least to New York. One, 67 Pall Mall, a wine-focused club founded in St James's in 2015, now has three foreign locations and plans for more. Such clubs are not rooted in a single neighbourhood but offer a familiar experience replicated across cities. The template is Soho House, which has around 50 sites worldwide but also saw its 200,000-plus members dismayed by overcrowding and rising fees. Its recent move back into private ownership, after a spell as a public company, was widely read as a reminder of how hard it is to scale exclusivity.

Mr Thévoz says the success of traditional London clubs relied on the ability of members to mix easily with one another. Shared tables and common rooms encouraged "clubbability". Whereas older clubs filtered by class or profession, newer ones aim for a broader mix. Those hungrier for subscriptions may be less selective still: if you can pay, you're in. One commentator warns of "ersatz clubs": places that look like clubs but operate as hospitality businesses. Members, less interested in community, behave more like customers—readier to complain when dissatisfied.

Survival of the fittest

Clubs remain a precarious business. Mr Thévoz estimates that around 90% fail, often within three years. High up-front capital costs can leave operators burdened with debt that modest annual revenues struggle to service. London's older clubs have advantages here. Many own their buildings. They have also adapted quietly, relaxing dress codes, improving facilities and, in some cases, admitting women.

London has reinvented its clubs before. The coffee houses of the 17th century gave way to the gentlemen's clubs of Pall Mall; the smoky dining rooms of the post-war era yielded to the creative hangouts of Soho. Today's boom may have a mix of models, but all borrow the language of community. The history of clubland suggests it is the hardest thing to build.■

Bagehot

Sir Keir's bucket list

The prime minister's final few weeks sum him up

Jul 16, 2026 04:58 AM

TO SEE HOW someone lived, examine how they died. The final few weeks of Sir Keir Starmer's strange political life say much about the man.

Outstanding affairs have been put in order. Sir Keir hammered out an increase in defence spending of £15bn ($20bn) over four years. The bulk of it was paid for with cuts to capital-spending budgets. Roads will go unbuilt. Energy projects will be canned. You could call it a "sticking-plaster" approach to public investment. Bad for business investment. Bad for living standards. Bad for growth. And, in the end, bad for the public finances as well. Those words may sound familiar. They are Sir Keir's, when attacking the Conservatives in 2023 for doing what he has now done: raiding capital budgets to pay for spending elsewhere.

Others will have to deal with the inheritance. Even with the capital cuts, Sir Keir leaves behind about £5bn in unfunded spending for whoever is lucky enough to be Andy Burnham's chancellor. When making way for someone in their own party, a prime minister should act as a sin-eater, choking down the consequences of the errors made in government, allowing their successor the benefit of purity. When it comes to defence spending, Sir Keir is less sin-eating than sin-chewing-and-spitting-into-a-napkin.

There was a final trip to Paris. Where else? Sir Keir was hosted by Emmanuel Macron at a meeting of the "coalition of the willing" of Ukraine allies. The French president led plaudits and awarded him the *Légion d'honneur* as a sign of the improved relations between both countries. If patriotism is the last refuge of a scoundrel, foreign policy is the last refuge of an unsuccessful prime minister. Sir Keir, more than any recent occupant, loved it, attracting plaudits for deft diplomacy even when pilloried at home.

Beneath the diplomatic pomp, personal relationships matter less than many assume. Where Britain was useful, it was welcomed. The coalition of the willing would have been far less potent without Britain, which is still one of only two serious hard powers in western Europe. Where Britain was weak, it was bullied. Under Sir Keir, Britain struggled to win concessions from the EU—often because of the man handing over the *Légion d'honneur* to a beaming prime minister.

Back in London, Sir Keir gathered the people he always spoke for: victims. He saw politics through their eyes. On a warm afternoon on July 14th, he welcomed a collection of them to the Downing Street garden: one mother whose son was killed by a ninja sword, and another whose child perished in the Manchester Arena attacks in 2017. Also in attendance were parents of those killed in the

Hillsborough disaster, in which 97 Liverpool Football Club fans died due to police incompetence before being slandered by a malevolent state.

Thanks to Sir Keir's government, each now has a law named after their tragedies. For a man with few guiding principles, victims provided a moral map. The job of the Labour Party was "to look directly into the eyes of their suffering", said Sir Keir. It is a humane response. But governing is not a humane job. Was banning ninja swords, already illegal to carry in public, a good use of legislative time? Is it proportionate to require a church hall to have an anti-terror plan? Will the "duty of candour" that the Hillsborough law introduces lead to openness, or to public servants becoming strategically uninformed about brewing trouble? A government must be clear-eyed, and grief makes people blind.

Cabinet ministers gathered for the final time on July 15th to send off a prime minister regarded by all but a few of them with contempt. They gave him a carriage clock—the symbol of an unthinking retirement gift. Still, it was a serene end. Good prime ministers tend to enjoy messy departures, argued Andrew Adonis, a former Labour minister, in a note to his then soon-to-be-departing boss, Sir Tony Blair. By contrast, Sir Keir has enjoyed a form of political euthanasia, put out of his misery by people he once considered friends. It is a dignity he did not extend to the public after he failed to pass a euthanasia bill, although it was one of the few things in which he sincerely believed.

Since Sir Keir's fate has been settled officially for nearly a month (and unofficially for far longer), the prime minister has had time to offer interviews about his legacy. What policy does he want to be remembered for? Why, scrapping the two-child limit on benefits, of course, which lifted hundreds of thousands of children out of poverty. It is the sort of thing Labour should do. Unmentioned was the fact Sir Keir fought such a move for almost two years, even sacking seven MPs for calling for it. It could have been announced on day one. Instead, it happened on day 509.

Don’t cry for me, post-Argentina

Sir Keir would have spent his final few moments in power 5,500km away in New Jersey, had Argentina not ended England’s hopes in the World Cup. By a remarkable coincidence, the football-mad prime minister had picked the day after the final as the earliest possible moment for the handover. Sir Keir began his reign in a furore about free football tickets he enjoyed while leader of the opposition. Why change the habit? England in a World Cup final would have been more justifiable than Arsenal away at Newcastle.

Some prime ministers work to the last second. Others simply let death take them. In one of those final interviews, Sir Keir was asked for his proudest moment. He chose walking up Downing Street the day after the general election. It was winning for the sake of winning. Why he wanted the job, Britain never quite learned. Sir Keir composed his own epitaph before he had even come to power, during one of Labour’s interminable internal rows: “There is no such thing as Starmerism, and there never will be.” How right he was.■

International

- **[Sovereign AI, independent of America and China, is a pipe dream]**
  Artificial insecurity :: But a degree of protection from coercion remains possible
- **[When China's open-source AI is a trap]**
  The Telegram :: America's quest for AI dominance is scary. China is not the solution

Artificial insecurity

Sovereign AI, independent of America and China, is a pipe dream

But a degree of protection from coercion remains possible

Jul 16, 2026 04:58 AM

WHEN THE leaders of the biggest Western economies gathered last month in the French Alps for the G7 summit, it was not just presidents and prime ministers in attendance. The bosses of America's leading artificial-intelligence firms—Sam Altman of OpenAI, Sir Demis Hassabis of Google DeepMind and Dario Amodei of Anthropic—were seated alongside the political bigwigs. Even the stewards of the mightiest economies, it turns out, are buttering up the potentates of AI.

Days before the summit, America's government had barred Anthropic from making its most advanced model available to foreigners. OpenAI soon imposed similar restrictions on some of its frontier systems. The move turned a simmering concern into a burning one: might countries without their own, home-grown AI firms end up excluded from the world-changing technology? Emmanuel Macron, France's president, warned that no one would buy American AI if it could "turn off the switch" at will. The American AI labs' Chinese rivals offer only faint reassurance. On July 7th Reuters reported that Chinese officials, too, were considering restricting foreigners' access to leading AI models.

Sovereign chic

Caught between the world's two AI superpowers, governments are increasingly pinning their hopes on "sovereign AI": the idea that countries should limit their dependence on foreign providers of AI by actively developing domestic AI firms and infrastructure. Announcements of such initiatives are proliferating. The European Union has unveiled a technology-sovereignty package encompassing semiconductors, AI and cloud computing. Canada has launched its own plan to reduce reliance on American technology providers. India, Japan and Singapore are backing domestic AI infrastructure and models. The Centre for a New American Security (CNAS), a think-tank in Washington, estimates that the number of state-backed AI projects outside America and China grew fivefold over the course of 2024 and 2025 (see chart 1). Governments have announced investments of $70bn-plus in such initiatives, according to CNAS's tally.

Yet turning these ambitions into reality will be extremely difficult. No matter what, most countries will still rely on American chips, Chinese open-source models or both to build their AI systems. Even then, most governments will find it prohibitively expensive to achieve anything remotely resembling AI sovereignty.

The incentive to seek it, however, is clear and compelling. Pablo Chavez of CNAS puts the restrictions on Anthropic in a "long line of events" demonstrating America's willingness to use its technological dominion as a weapon. In the dying days of Joe Biden's presidency in 2025, America proposed sweeping export controls that would have rationed access to advanced chips through a complex licensing regime. When Donald Trump became president a few weeks later he dropped the plan. But he has not hesitated to use America's lead in AI as leverage in trade negotiations. The Department of Commerce is considering rules that would allow it to vet all sales of AI chips designed by American firms anywhere in the world. It might also insist that buyers allow inspections or monitoring to make sure chips are being used as promised. Another possible requirement could be to invest in American AI infrastructure in exchange for access.

Protecting themselves from coercion is not the only reason governments want to build their own "AI stack", the layers of hardware and software on which AI depends. National security is another: it is awkward to use foreign, commercial AI for top-secret purposes, especially of a military nature. Governments also like the idea of models trained on their own languages, laws and norms. They worry, with some justification, about users' sensitive, personal data falling into foreign hands. And policymakers want to reap the economic benefits of AI. They have seen how previous technological innovations—the internet, smartphones and cloud computing—entranced consumers and reshaped their economies while generating riches for American tech firms. They are keen to avoid a repeat.

Sovereign gold

The Anthropic cut-off was instructive, says Arthur Mensch of Mistral AI, a French model-maker. In an interview for *The Economist*'s Inside Tech video series, he argues that the imperative to develop sovereign AI runs much deeper than the risk of diplomatic strong-arming. The scale of the outflow of cash to America and China in a world where the pair continue to dominate AI would be so vast it would create "enormous instabilities", he argues. Countries will find that unacceptable and so will be forced to invest in the ability to serve at least some demand for AI domestically.

Mr Mensch estimates (conservatively, he says) that within the next five or ten years, the European Union will be spending the equivalent of a tenth of its current bill for labour on AI tokens, or about around €1trn ($1.1trn) a year. If things stay as they are, the vast majority of that expenditure will flow directly to American cloud providers. Such outflows would hit the euro, increasing the cost yet more. That, he believes, would create an opportunity for a local enterprise to compete directly, even if its product is not of the same quality. Every country, he predicts, will need to make sure that whatever happens, "The AI can continue to run."

Sovereignty looks different at each layer of the stack. Start at the bottom: computing power ("compute", in the jargon), largely in the form of AI chips. The market for those chips is dominated by Nvidia, whose processors account for two-thirds of the world's AI compute. Chips designed by Google, AMD and Amazon, all American firms, make up much of the remainder.

The alternatives are limited. Chinese firms such as Huawei and Cambricon have made impressive strides despite being cut off by American trade restrictions from the most advanced chipmaking equipment. But they remain some distance from the frontier. Huawei's Ascend 910C, one of China's most advanced AI chips, provides roughly a fifth of the performance of Nvidia's latest offering. Performance is not the only constraint. Chinese manufacturers are prioritising domestic customers, and demand still exceeds available capacity. Even if Chinese chips continue to improve, shortages are likely to persist for years.

Aiming for self-sufficiency in hardware is therefore unrealistic. Kevin Xu of Interconnected Capital, an AI-focused hedge fund, argues that sovereignty should be understood less as independence than as control. If the machines being used to run AI models sit within a country's borders, governments retain a degree of autonomy even if future access to chips is restricted. "Is your factory going to still run if the US government decides that suddenly you can't?" asks Mr Mensch. The latest AI chips have a lifespan of at least five or six years.

Chips are only part of the equation, however. Running AI places huge demands on the electricity grid. According to the International Energy Agency, an intergovernmental forecaster, a typical AI data centre consumes as much electricity as 100,000 households; the largest may use around 20 times as much.

Countries like Norway, Saudi Arabia and the United Arab Emirates (UAE) look like attractive places to build data centres because they have abundant, reliable power. The reverse is true in most of Europe, however: grids are congested, there are long waits for connections and electricity prices are high. For many countries, producing enough power for AI will be as difficult as securing enough chips.

Move one layer higher and the picture improves. Most sovereign-AI projects are built on open-source models. These are appealing not simply because they cost less, but also because they offer a higher degree of control. Users can modify them, host them locally and avoid dependence on the proprietary systems of firms such as OpenAI and Anthropic, which might be ordered by Uncle Sam to revoke or restrict access. Although open-source models are not at the cutting edge, the gap is narrow enough not to matter for many applications. Chinese firms have become particularly competitive. On OpenRouter, a marketplace for AI models, Chinese ones have overtaken American ones in usage. The day after the restrictions on Anthropic took effect, Z.ai, a Chinese AI company, released GLM-5.2, an open-source model that quickly climbed to fourth place on Artificial Analysis, a benchmarking site.

Sovereign detonator

Yet if China were to impose the same sort of export controls on its most capable models as America has, users of Chinese AI would simply be exchanging one form of dependency for another. In June Joe Tsai, chairman of Alibaba, was asked at a conference how Europe could trust China not to follow America's lead in cutting off access to frontier models. "You can't," he replied candidly. "But here's the thing. Right now, all of your eggs are in one basket. Why not get a second basket?"

As AI becomes ever more powerful, Chinese officials appear to be thinking about the strategic advantages prowess in AI can confer, just like their American counterparts, and also the risks of its falling into the wrong hands. Reuters reported that Chinese regulators had been discussing the possibility of export bans on future cutting-edge models with Chinese AI firms. It also claimed that they were considering making unauthorised disclosures of intellectual property related to AI models an offence under China's draconian national-security laws.

Perhaps even harder than acquiring the necessary hardware and software for sovereign AI is getting hold of the people needed to operate them. Mr Xu argues that this layer of the stack receives the least attention. Hardware can be imported and software downloaded. Building a workforce that can install, maintain and optimise increasingly complex AI systems is much harder. Training such engineers takes years. Hiring them from abroad is possible, but only at huge cost, as governments vie with deep-pocketed technology firms to recruit from a tiny pool of specialists.

That, in turn, hints at the biggest constraint of all: money. Governments trying to conjure up sovereign AI have adopted a range of financing models. In the Gulf the state is the builder. Saudi Arabia has entrusted the task to Humain, a government-backed company created to develop AI infrastructure and data centres. In the UAE the task has fallen to G42, an AI firm partly owned by

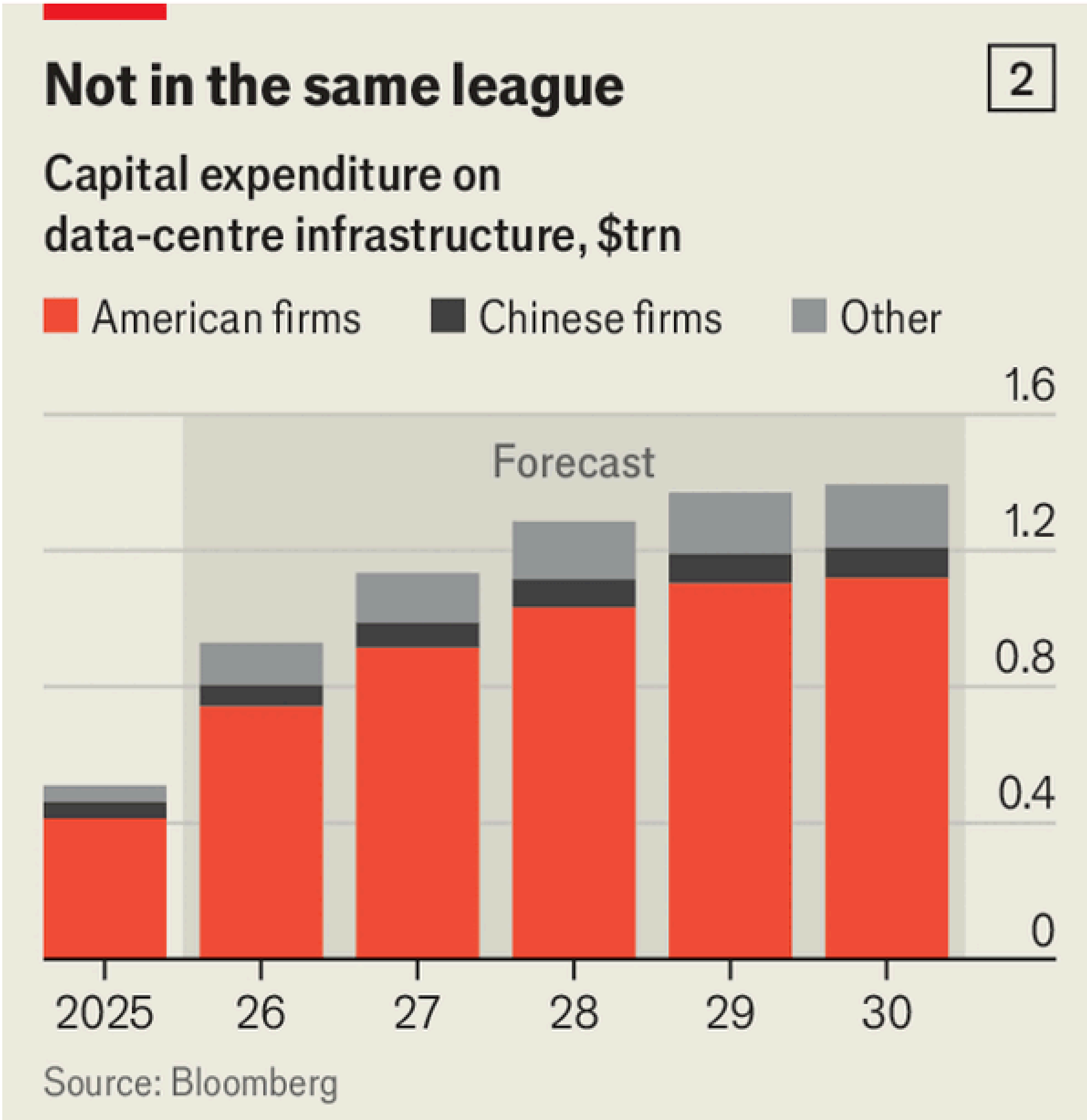
Mubadala, the country's sovereign-wealth fund. The two countries are planning to invest more than $100bn.

Close state involvement helps secure the necessary hardware. During Donald Trump's visit to the Middle East last year, governments in the Gulf put access to chips high on the agenda. Saudi Arabia said it planned to buy "several hundred thousand" of Nvidia's top-end processors over the following five years. The UAE is reportedly aiming far higher, at half a million chips a year. On July 10th the Trump administration removed export controls on sales of advanced chips to the UAE, citing its support for America's war with Iran.

Elsewhere governments are acting more as catalysts than as builders. France is backing Mistral AI, a home-grown but private model-developer, by helping recruit state-backed investors and foreign partners. In May SoftBank, a Japanese conglomerate, pledged to invest up to $85bn to build Europe's biggest AI facility in France. Britain has launched a £500m ($670m) sovereign-AI fund to foster domestic startups. It has also set up a widely admired safety agency, the AI Security Institute, which has helped keep the country involved in the industry.

India is attempting a "third way" by focusing on providing AI cheaply, with the aim of solving local problems in local languages. It is channeling these ambitions through a mix of state-linked firms and private partnerships.. The government has allocated about $1bn to domestic AI infrastructure, Indian-language models and public data sets.

Whether the capital is public or private, however, it will be difficult to muster enough of it. AI infrastructure is ruinously expensive. A one-gigawatt (GW) data centre—the scale at which advanced AI is increasingly conducted—costs roughly $50bn. Over two-thirds of that bill comes from computing equipment, chiefly chips.



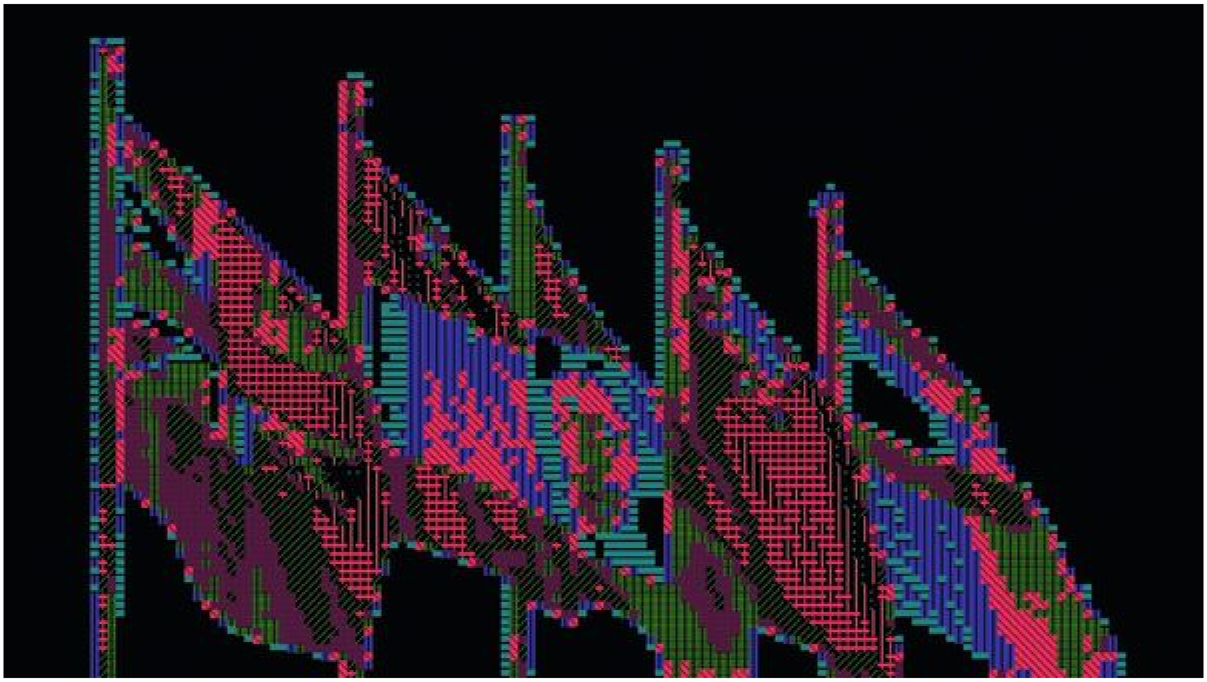
Gartner, a consultancy, estimates that between 2026 and 2030 countries outside America and China could add more than 50GW of data-centre capacity, much of it for AI (see chart 2). That would entail investment of $2trn or more. Yet the combined capital expenditure of all providers bar Chinese and American firms, including sovereign-AI projects and neoclouds, which rent out compute, will amount to only around $800bn over the same period.

Someone else will have to foot the bill. America's hyperscalers look like the obvious candidates. Alphabet, Amazon, Meta, Microsoft and Oracle are expected to invest around $5trn by the end of the decade, most of it on AI infrastructure. Between a fifth and a third of that is likely to be spent outside America, implying foreign investments of roughly $1trn-1.5trn. Few sovereign-AI projects can compete with that.

For the cloud giants, this is an opportunity. For years they have sold private- and public-sector customers technological independence: data centres in their home country, domestic operating partners and guarantees that data will remain within national borders. Sovereign AI is a logical extension of this offer. The firms would provide customers control over where models are run and where the data are stored.

Sovereign-as-a-service

America's restrictions on Anthropic both hinder and help this sales pitch. They help because the case for developing protection of any sort from the American authorities' whims has become that much stronger. But they hinder because potential customers will now be wondering whether neoclouds might become yet another means by which America's government can coerce other countries.



Microsoft has acknowledged the concern. Even close allies, it notes, worry that dependence on American cloud providers could leave them vulnerable to a “kill switch”: an executive order, export restriction or other policy decision that abruptly cuts off access during a geopolitical dispute. The company called for explicit assurances from the American government that such powers will not be used against friendly countries. The idea is not far-fetched: last year Microsoft was obliged to suspend the email account of Karim Khan, the chief prosecutor of the International Criminal Court, after the Trump administration subjected him to sanctions.

The impediments to sovereign AI, in short, are many and daunting. Full technological independence at all levels of the stack is nigh on impossible. Even less ambitious schemes may be cripplingly expensive, with uncertain benefits. AI infrastructure depreciates quickly. Chips become obsolete within five or six years; software evolves even faster. Governments could spend billions on facilities that are outdated before they are fully up and running.

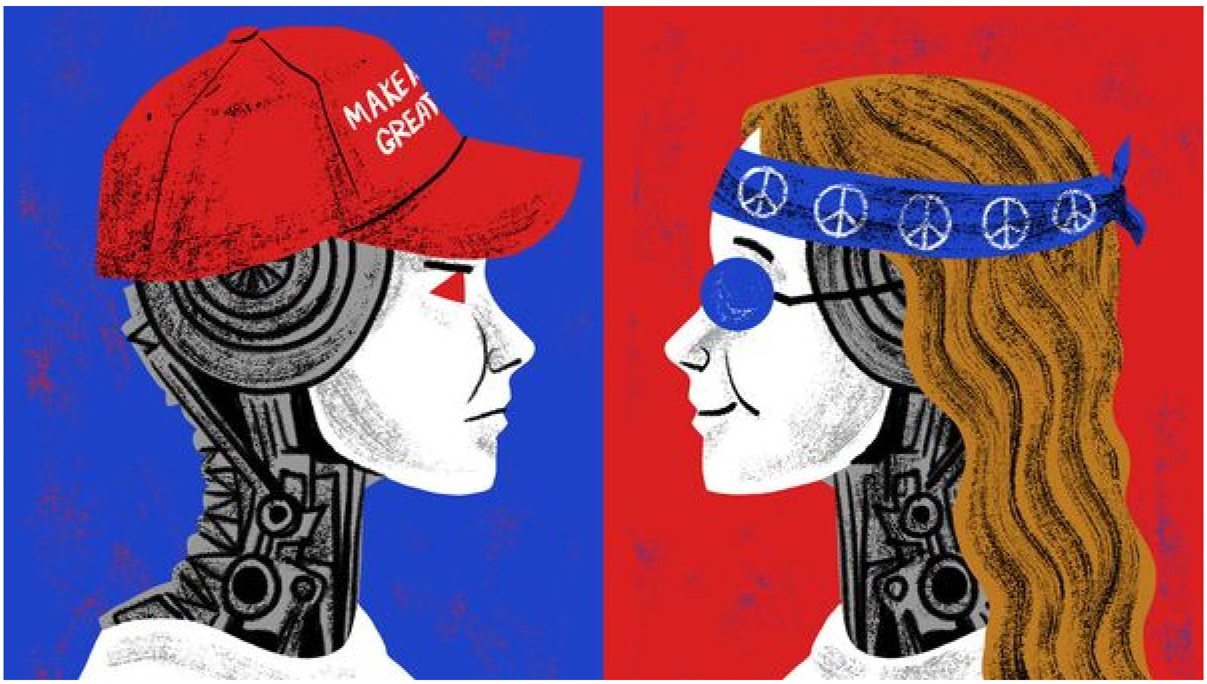
Yet excess caution also carries a monumental risk: that countries leave themselves at the mercy of the AI superpowers for a technology that seems likely to make or break their economies in future. The quest for sovereign AI is therefore bound to continue, albeit in a circumscribed form. Governments will need to decide which parts of the stack they want to recreate at home and which dependencies are worth living with. Given the alternatives, even a little sovereignty may go a long way. ■

The Telegram

When China's open-source AI is a trap

America's quest for AI dominance is scary. China is not the solution

Jul 16, 2026 04:57 AM



CHINA'S LEADER, Xi Jinping, is too stern to sing or dance in public—no Donald Trump-style piston-arm disco moves for him. This is a shame, for it would save time if he binned his planned remarks when the World Artificial Intelligence Conference (WAIC) opens in Shanghai on July 17th, and sang instead. Specifically, he could unleash his rich baritone on the hippy anthem, "I'd like to teach the world to sing, in perfect harmoneee."

Puzzled delegates might frown. But it would be cheering if Mr Xi sang: "I'd like to build a world a home, and furnish it with love." And as a guide to China's real-world AI ambitions, it would be about as helpful as an official speech. Communist Party media have offered previews of what the WAIC may hear, including such vapid phrases as "those who walk together go far" and "global AI for good". In China's telling, benevolence explains why its large language models (LLMS) are open-source or open-weight (tech-speak for models that users can download, run on their own servers and customise). China calls open-source AI a "shared asset for all humanity", notably users in less wealthy countries.

The UN needs to lead a push for global AI governance, Mr Xi is likely to say in Shanghai. As new rules are crafted, China stands ready to offer a dose of "Chinese wisdom". Decoding that jargon is not hard. In policy forums and papers, China promotes "inclusive" AI rules that respect different political systems and the sovereign rights of states. The contrast with America is deliberate. Successive American presidents and democratic allies have talked of embedding liberal values and freedoms in AI. China paints that as Western chauvinism. Instead, it offers countries non-judgmental AI for economic development, with no pesky questions about censorship, or about how foreign leaders gain or maintain their power.

Mr Xi can expect a friendly hearing from many in Shanghai, and not just delegates from dictatorships. These are jarring times for users of American AI technologies. In recent weeks the Trump administration has readily revoked access to powerful AI tools, if it felt controls were needed to defend America's national security or to maintain what the White House likes to call "AI dominance".

In European and other Western democracies, there is interest in using Chinese models to avoid total dependence on America. Alas, if countries fear domination by a control-obsessed superpower, they might not want to pin all their hopes on China. Strict rules require Chinese AI firms to uphold national security, social stability and "core socialist values". Its cyber-regulators test LLMs, bots and agents for political compliance, bombarding them with tricky questions. The effects can be startling. Last year American researchers asked Miiloo, a baby-voiced, AI-enabled doll exported from China, about the status of Taiwan. The island "is an inalienable part of China", replied the toy, and this "cannot be refuted".

As well as an obsession with control, China has a record of using its industrial might for dominance. Just ask Mr Trump, brought to heel last year when China curbed exports of vital, Chinese-processed rare-earth elements and magnets. In the AI realm, China's dream is to sell the world an ecosystem, involving Chinese-made models and tools, computer chips, data centres and cooling systems. Ideally, such infrastructure should be powered by Chinese-made electrical grids and renewable energy plants.

Chinese officials present open-source AI technologies as a gift to the world. In reality, openness is a logical strategy for laggards. The performance of China's top models remains some way behind that of the best American LLMs. That makes it rational for Chinese firms to woo foreign customers with cheaper models that users can download onto their own servers, as an alternative to expensive, proprietary American models. Within China, state planners want companies to develop clever AI applications to unleash a productivity revolution and a boom in consumer consumption. Deploying cheap, open-source tools helps with that.

Even so, Chinese leaders appear to be reviewing that vaunted commitment to AI openness. There are many reasons why. Officials dread foreigners swiping tech secrets. In April Chinese regulators ordered Meta, the American tech giant, to unwind its purchase of Manus, a startup specialising in AI agents (no matter that the Chinese co-founders had moved Manus to Singapore). China has since tightened rules on all cross-border AI deals. Earlier this month Reuters, a news agency, reported on recent discussions between Chinese regulators and companies about possibly limiting foreigners' access to China's most advanced models.

The performance of the best models is creating new reasons to think hard about AI safety. In Beijing earlier this year, several Chinese military types expressed shock at how America and Israel had used AI to find targets in Iran (even if Mr Trump's botched war inspires scorn in China, broadly). If China develops near-Mythos-grade tools that could build destructive cyber- or bioweapons, its leaders would have good cause to fear giving adversaries or bad actors access to that technology.

Apple trees and honey bees and snow-white turtle doves

Finally, competition with America is set to intensify. Rumours abound that the Trump administration is weighing whether to stop Americans using Chinese AI models, at least for government work. National security is one explanation, but so is the growing popularity of Chinese LLMs as a cheap tool for basic tasks.

For all these reasons, embracing China is a risky hedge against a domineering America. Like a secret policeman in a hippy wig, China has always been an unlikely champion of openness. Party chiefs enjoy the propaganda win of painting America as a bully. They hope that low-cost AI will hook foreigners on Chinese digital infrastructure. But if openness ever clashes with national security or political power, they will choose control in an instant.■

Business

- **Eli Lilly is reinventing the pharma business**
  Trillion-dollar Lilly :: The world's largest drugmaker is betting big on preventive medicines—and learning from big tech
- **Demis Hassabis has a plan to harness AI safely**
  Rules and measures :: The Google DeepMind co-founder sets out his vision in an exclusive interview
- **How high can Red Bull fly?**
  Wings up :: The world's most formidable marketing machine faces growing threats
- **How to sell a kettle**
  Bartleby :: Brand positioning reaches boiling point
- **How SK Hynix became the king of advanced memory chips**
  Memory bank :: Its advantages will not protect it if demand falters
- **Meet the committee to buy Europe**
  Schumpeter :: The continent's dealmakers deserve much more attention

Trillion-dollar Lilly

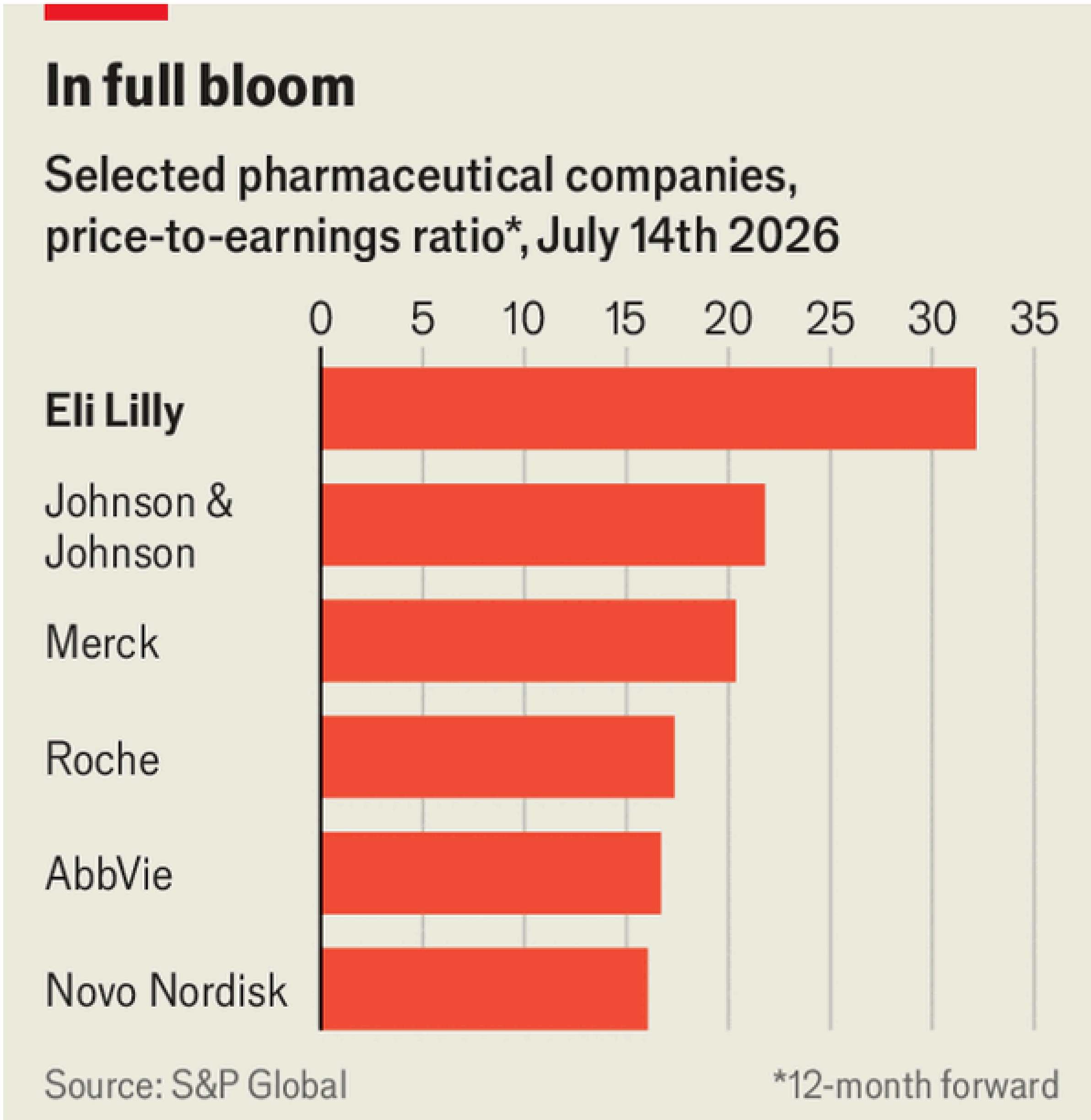
Eli Lilly is reinventing the pharma business

The world's largest drugmaker is betting big on preventive medicines —and learning from big tech

Jul 16, 2026 06:54 AM | Indianapolis

IN 1876 ELI LILLY, a veteran of the civil war, founded a company in Indianapolis to bring scientific rigour to a medicines market awash with quack cures and miracle remedies. In doing so, he helped usher in the modern pharmaceutical industry. A century and a half later, the company that bears his name wants to reinvent it again.

It has the scale to try. Lilly is the world's most valuable drugmaker and the first pharmaceutical company to be worth more than $1trn, joining a club mostly dominated by tech giants. Since the start of 2023 its share price has more than tripled. Analysts expect its revenue to grow by around 15% a year, on average, until the end of the decade, more than three times the median of its peers. Investors now value Lilly more like a tech giant than a drugmaker (see chart).



Much of that euphoria rests on GLP-1s, a new class of obesity drugs that have transformed both the company and the industry. Zepbound, Lilly's slimming jab, generated $4.9bn in sales in its first full year on the market in 2024. This year analysts expect sales to be quadruple that figure. The company now accounts for three-fifths of

GLP-1 sales in America. Bloomberg Intelligence, a research group, estimates that Lilly could capture two-thirds of a global obesity-drug market worth more than $120bn a year by 2030.

For many bosses, conquering one of the biggest markets in pharmaceutical history would be enough. Not for Dave Ricks, Lilly's chief executive. In an interview with *The Economist*, Mr Ricks laid out a grander plan. He wants to turn his company into a different kind of drugmaker: one focused on keeping people healthy rather than simply treating disease, while borrowing ideas about business from Silicon Valley.

Lilly's rapid rise in obesity drugs helps explain its confidence. Novo Nordisk, a Danish rival, launched its treatment in America more than two years before Lilly. Yet by 2025 Zepbound had overtaken Novo's drug. Mr Ricks credits both superior science and execution. Zepbound produced greater weight loss with fewer side-effects. Lilly also invested early in manufacturing, priced lower and quickly recognised that obesity would become a consumer market as much as a medical one.

Its lead in obesity medicines is now being tested. More than 120 companies are developing drugs, with at least 190 candidates in clinical trials. Lilly's answer is to "cover the chessboard" with treatments offering different combinations of efficacy, tolerability and convenience. Manufacturing is another advantage. Obesity is a "capacity game", Mr Ricks says. Since 2020 Lilly has committed more than $50bn to expanding production, betting that the ability to make these medicines at scale will matter as much as discovering them.

For Lilly, however, there is a bigger prize than slimming waistlines. GLP-1s are proving useful beyond their original purpose, reducing the risk of cardiovascular disease, sleep apnoea and chronic kidney disease. Early evidence suggests they may also help with addiction and psychiatric illness. Now the big question for Lilly is: can its medicines prevent maladies from developing in the first place?

The pursuit of prevention is shaping Lilly's pipeline. In June it paid $7.8bn to acquire Centessa Pharmaceuticals, a biotech company developing a treatment for narcolepsy, which affects the brain's ability to regulate sleep cycles. Daniel Skovronsky, Lilly's chief scientist, says that part of the appeal of drugs that regulate sleep is that their benefits may be just as broad as those of GLP-1s. Lilly is also testing its Alzheimer's drug, donanemab, in patients without symptoms to see if early treatment can delay, or even prevent, the disease.

A budding idea

The model comes with plenty of challenges, Mr Ricks admits. Today's health-care systems, he says, are designed to treat illness, not prevent it. Then there is the thorny question of who pays. The costs of preventive medicines are immediate, but the savings may not emerge for years, making them difficult for insurers to value and reimburse. Prevention also risks over-diagnosis and over-treatment, raising difficult questions about who should receive medicines, and when.

A business built on prevention has to stay much closer to patients than pharma traditionally has. It must persuade people to start treatment earlier, make medicines easy to obtain and keep them on therapy for years. That is why Mr Ricks increasingly talks about Lilly less as a drugmaker and more as a technology company, emphasising a frictionless customer experience and the creation of platforms.

Health-care transactions are among the "most miserable, difficult things" people experience, Mr Ricks says. Patients struggle to understand prices and navigate a fragmented system, particularly in America, leaving them with little control over their care. Mr Ricks argues that buying a medicine should be as simple as knowing the price and getting it easily. LillyDirect, the company's online pharmacy, is one attempt to make that happen by building a more direct relationship with consumers. Today more than half of new patients starting on its GLP-1s come through online channels including LillyDirect.

Then there is drugmaking itself. Discovering and launching a drug typically takes more than a decade, costs upwards of $2.5bn and largely starts from scratch each time. Lilly seeks to change that. Mr Ricks describes GLP-1s not as a product but as a platform—a common foundation on which multiple medicines can be built by adding other hormones. The manufacturing crossovers are just as important. Other drugs, particularly injectables, can "ride on the same rails" as GLP-1s, sharing much of the same manufacturing network, helping to lower costs.

Mr Ricks is not entirely besotted with Silicon Valley. He warns against "enshittification", the tendency of platforms to serve themselves rather than their users. In health care, he says, that is a risk the industry cannot afford.

Nor is he as optimistic as some about artificial intelligence. Sir Demis Hassabis, head of Google DeepMind, has spoken of the technology's potential to "cure all disease" within a decade. Anthropic, an AI lab, has launched an initiative to discover drugs using its models. Lilly, for its part, has teamed up with Nvidia, a chipmaker, to build what they describe as the industry's most powerful AI supercomputer, which will be used to train biomedical models. It has also begun sharing AI models trained on its proprietary data with selected biotech companies in exchange for them feeding data back in. But Mr Ricks cautions that today's models do not understand biology. Until AI can reason about the underlying rules of the body, its role in drug discovery will remain limited. "It's going to be a long and difficult ride." The nearer-term gains from AI, he argues, lie in making the wider health-care system, with its endless paperwork, less byzantine.

Mr Ricks has adopted one other convention from Silicon Valley. Unlike most pharma bosses, who shy away from the limelight, he has become a familiar presence on podcasts and at public forums, where he discusses the future of health care as much as Lilly itself. Partly, he says, that reflects his company's position at the top of the industry. But he also thinks big pharma can do a better job of explaining itself. By having a public presence he hopes to make the industry, and its role in society, a little easier to understand. ■

Rules and measures

Demis Hassabis has a plan to harness AI safely

The Google DeepMind co-founder sets out his vision in an exclusive interview

Jul 16, 2026 04:58 AM

THE WORLD'S artificial-intelligence superpowers are beginning to throw their weight around. The American government's short-lived decision to withhold foreigners' access to Fable, a whizzy AI model from Anthropic, reflected not just a desire for control over the technology but also fear of the dangers it could pose in the wrong hands. Now China is said to be considering curbing overseas access to its most advanced models. Yet for AI to be harnessed safely, the industry needs a plan that is coherent and predictable. Sir Demis Hassabis, the co-founder of Google DeepMind, thinks he has one.

Sir Demis has sketched out proposals for AI regulation in the past. His latest attempt—published online on July 14th and elaborated in an interview with *The Economist*—is more concrete. The American government, he says, should develop a system for testing the safety of new AI models before they are released. "It's important that it's not just an industry body," he adds. But a regular government agency wouldn't do either. "It would not be able to move fast enough, or have the right resources." Instead, Sir Demis suggests taking inspiration from FINRA, the Financial Industry Regulatory Authority, a private agency in America that regulates brokers and stock markets.

It is a pragmatic proposal. Gone are the optimistic hopes, still held by some of his peers, of first establishing international consensus: America, he says, must lead the way. Agreement is not required because other countries will fall in line in order to maintain access to American technology and the vast American market. One day that could even extend to China, helping to avert a race to the bottom on safety. Although Sir Demis thinks the scheme should initially be voluntary for model-makers, his expectation is that it will end up mandatory. FINRA, by way of example, has hard enforcement powers delegated to it by the state.

Sir Demis's approach differs from that suggested by Sam Altman, the boss of OpenAI, who wrote an op-ed in the *Financial Times* earlier this month. Both men agree that the work of the new oversight body would be to establish standards, analyse risks and ensure that only countries that have joined the cause gain access to cutting-edge AI. Mr Altman, however, has called for an international effort, albeit one co-ordinated by America. Both proposals were presented to world leaders at a recent G7 summit in France.

Sir Demis's new proposal is the most detailed to have arrived from an AI bigwig. So far the industry's senior figures have been more comfortable calling for rules in the abstract than designing regulatory agencies from scratch. Sir Demis, by contrast, has considered many of the practical details. He says the new agency should be funded by the industry, and that much of its immediate attention would be directed towards recruiting a talented team (existing AI-safety bodies, such as those in America and Britain, could offer support in the short term).

Sir Demis suggests that the new agency should focus on the labs making the most capable AI models (which includes his own). Earlier proposals from America and the European Union looked to the amount of computing power used to train a model as a rough guide for when oversight was required. Sir Demis instead suggests designating AI models as "frontier" if they meet certain thresholds across a selected set of benchmarks. The creators of those models would then be designated as "frontier labs", placing extra responsibilities on them. Sir Demis is proud of the "elegant" way that approach sidesteps the question of whether academic or open-source models should be included or not. What matters is their capabilities.

Selecting the right benchmarks would be an important function of the new agency. Existing tests of AI models focus largely on commercial capabilities, including software coding and general knowledge. Some organisations have gone further: Britain's AI Security Institute, for example, has developed a well-regarded test for hacking capabilities which simulates breaking into a power station. But other characteristics, such as how willing a model is to ignore a user's instructions or pretend to be less capable than it is, are rarely examined in a systematic way that could be used to set a safety threshold.

Securing support from within the increasingly fractious AI community will not be easy, though the areas in common with Mr Altman's proposal suggest it is not impossible. The American government also appears to have been listening, and is said to be close to unveiling its preferred approach. Then will come the hard part. "No proposal would be immune to being executed poorly," Sir Demis admits. "There are obviously versions of this that could be not very useful."

Yet the Nobel laureate argues that urgent action is required. "Time is short, the hour is late," he says. "We've seen the cyber threat; there's much more serious threats coming down the line. Something has to be done: this is the time." ■

Wings up

How high can Red Bull fly?

The world’s most formidable marketing machine faces growing threats

Jul 16, 2026 04:57 AM | BERLIN

CAN RED BULL give *die Mannschaft* wiiings? After Germany was bundled out of the World Cup on June 29th the national football federation turned to Jürgen Klopp to take charge of the team. The celebrated coach—who has agreed in principle to take the job—is currently the Austrian company’s “global head of soccer”, overseeing eight clubs around the world.

Over the decades the world’s leading maker of energy drinks has come to play an outsize role in all manner of sports, from football to Formula One. It is a marketing strategy that Dietrich Mateschitz, Red Bull’s founder, pursued with gusto. Mateschitz adapted his drink in the 1980s from Krating Daeng, a Thai energy tonic. (The Yoovidhya family, its creator's heirs, own 51% of Red Bull.) The Austrian proved to have a rare talent for marketing. "*Red Bull verleiht Flüüügel*" (" Red Bull gives you wiiings") was his idea. So was sponsoring Felix Baumgartner, an Austrian skydiver who in 2012 jumped to Earth from a helium balloon in the stratosphere.

When Mateschitz died in 2022, some thought Red Bull would fall as quickly as it had risen. He had no clear successor: a three-man board, all of whom keep a low profile, took over management. (Mateschitz's son Mark inherited his 49% stake, but has no operative role.)

Yet Red Bull has continued to fly. Last year it sold 14bn cans, up by 10% from 2024. It has 28% of the global market, well ahead of Monster, its main rival, with 17%. It has stayed aloft mainly by sticking to Mateschitz's strategy. Even so, threats from regulators and new competitors loom.

The triumvirate that now runs Red Bull has kept to the pricier end of the market. A standard 250ml can costs around $2.40 at Walmart, America's biggest supermarket. The company still outsources manufacturing to long-term business partners: Rauch Fruchtsäfte, another Austrian firm, mixes and cans the drinks; America's Ball Corporation supplies the aluminium cans. This has helped Red Bull stay debt-free.

Red Bull continues to spend around 30% of sales on marketing—more than €3bn ($3.4bn) last year. Coca-Cola, the world leader in soft drinks, spends around 10% and Monster 7.5%. It eschews conventional advertising, instead making its own content through Red Bull Media House, Austria's biggest media company after ORF, the state broadcaster. It encompasses a TV network, film and TV studios, a record label and several magazines.

Not everybody is a fan. Some criticise its sponsorship of extreme sports. Almost two dozen athletes have died while performing its stunts. Last year the European Commission began investigating whether Red Bull had broken EU competition rules by using its dominant position to press retailers to stop selling rivals' wares or to place them unfavourably.

Another line of criticism concerns the side-effects of its signature product, which contains caffeine, taurine and sugar. The company says that "health authorities around the world have concluded that Red Bull is safe to consume," and points out that a 250ml can contains the same amount of caffeine as a cup of home-brewed coffee. But studies show that, even in moderate amounts, it is harmful for children, as it increases heart rate and blood pressure. The American Academy of Paediatrics and the Food and Drug Administration recommend that children should avoid energy drinks. Latvia, Lithuania and Poland are among the countries that ban their sale to under-18s. Britain is mulling doing so for under-16s. For its part, Red Bull notes that energy drinks "are not recommended for children", and that it does not market its products to them.

New competitors are eager to position themselves as a healthier alternative. Celsius, an American brand, contains no added sugar and far fewer calories than Red Bull (but more than twice the caffeine). Known to some as "Red Bull for women", it has become the number three energy drink in America, after Red Bull and Monster.

For now, Red Bull remains on top. When Mateschitz originally adapted Krating Daeng to European palates, experts told him that no one would want it. He ignored them, charged a premium price for the concoction and built a market for it based largely on its adventurous image. You might call it gravity-defying. ■

Bartleby

How to sell a kettle

Brand positioning reaches boiling point

Jul 16, 2026 04:57 AM

YOU ASKED me to develop ideas for a new brand strategy. As a reminder, this is the messaging that we use at the moment: "If you want to boil water, you need a kettle. If you need a kettle, you want the Brewmaster. The fast, reliable and affordable way to make the perfect drink." The positioning is practical, price-conscious and successful. But it is also unexciting. If we want to grow, we need to take a higher share of mind with a different sort of consumer.

I have put some sample copy for each positioning strategy below, and taken the liberty of adapting the product name and stressing planned new features where that feels appropriate. I look forward to hearing your comments when we meet in a couple of weeks.

Luxury. Water is the wellspring of life, the faint promise of evolution, the pulsing aquifer of quintessence. Water is the bringer of dreams, fragile and precious. Water is the mark of organisms taking shape, of mighty civilisations marching through the centuries, of the search for habitable planets in distant galaxies. And here on Earth, water is the source of profound moments of human connection. The *Eau Chaud* is an idea more than it is an object. You never own a kettle. You merely look after it until the next conversation.

Premium, design-led. You would know it by its silhouette alone. The unmistakable spout-and-handle shape of the Kettöl adds lustre to every kitchen. Its muted tones ensure that it blends with every aesthetic choice. The mid-century-inspired design features a classic plug and cable, which connects to a perfectly rounded base station. Brushed steel surrounds a transparent water indicator with stylised pictures of cups, so you always know how full the Kettöl is. A warm blue light tells you that the kettle is on, as does the gently immersive sound of boiling. Once the kettle has boiled, it can be lifted from the base station by using a laminated blond-wood handle and taken directly to your waiting cups. And so on.

For early adopters. The KetGPT takes the kettle into the agentic era. At the front door and fancy a cup of tea? Just woken up and desperate for your first coffee? Get out your phone, fire up the KetGPT app, enter your login details and tell your kettle to start boiling. That's not all. You can ask your kettle how the boiling process is going in text or voice mode, and it will reply. It will even send a notification to your phone when the boiling process is complete. You set the task. The KetGPT will take it from there, entirely autonomously. (Token costs not included.)

Environmental. Introducing the Keco—for people who care. Our latest kettle is designed to retain heat, meaning that water is still tepid four hours after it has boiled. It runs on electricity. It can be recycled. A kettle should warm water, not the planet. (No children are involved in manufacturing of the Keco.)

Gen Z. Enjoy some coastal grandma and eclectic grandpa core with the new Vintage kettle. For content creators who crave cosy-cottage vibes. [If we go down this route, I will really need some help. I talked to a few young people and they suggested these words, but none of it makes any sense.]

Heritage. The Stove Top has been warming water and hearts for well over 100 years. Still today, its comforting digital whistle marks the end of every boil, the start of every pour. Each Stove Top is assembled and put into its box by employees who have spent their lives around kettles. Our master kettlers live in an industrial heartland and some of them wear overalls. Anyone can make a hot drink. Only the Stove Top can make you feel part of history.

Wellness. The Kato is a central part of your health and fitness regime. Its water-heating technology fits seamlessly into every nutrition plan, from turmeric lattes and bone broths to chicory coffees and matcha green teas. Our trained team of advisers is on hand 24 hours a day, seven days a week to answer your queries. Worried about the effect of steam on your breathing? Uncertain what all those flaky bits at the bottom are doing to your microbiome? The Kato is with you every step of the way on your journey to becoming a better you. (Comes with a small wearable sensor that tells you whether you are still alive.)

Populist. If scalding hot water and the risk of a burn do not scare you, buy the Boiler. A kettle for real patriots. Not suitable for herbal teas and other woke beverages. Used by veterans, among others. Made in this country, except for some essential components. ■

Memory bank

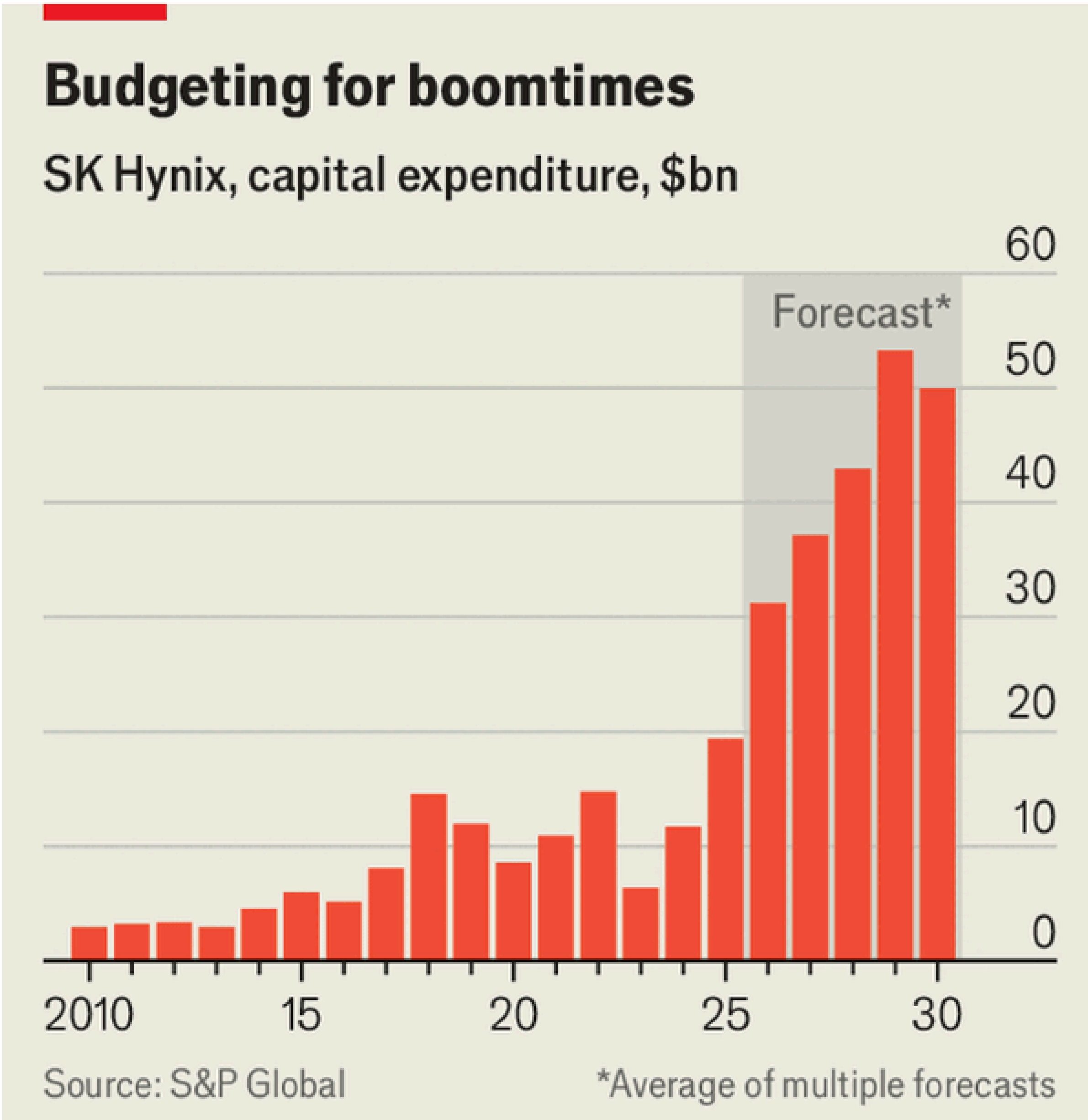
How SK Hynix became the king of advanced memory chips

Its advantages will not protect it if demand falters

Jul 16, 2026 06:53 AM | SEOUL

IN THE EARLY 2000s a sharp downturn in the market for memory chips pushed Hynix Semiconductor, as it was known at the time, to the brink of collapse. Sales fell by half, and the South Korean company's market capitalisation sank to just above $500m. A decade of brutal restructuring ensued, during which it narrowly survived an effort by Micron, an American competitor, to buy it for parts. In 2012 the floundering chipmaker was acquired by SK Group, a local conglomerate.

These days things look very different for SK Hynix. In June it briefly dethroned Samsung Electronics as South Korea's most valuable company. It is now neck-and-neck with its long-time rival in the global market for memory chips, and well ahead in the high-bandwidth memory (HBM) required for artificial intelligence.



The AI boom has fuelled a vertiginous rise in SK Hynix's market capitalisation, which in May passed $1trn. On July 10th the company listed its shares on America's Nasdaq exchange, raising $26.5bn in the process, a record for a foreign company. Although its share price slumped on the following trading day, with investors wary of the increasingly lofty valuations of chipmakers, it is still up by around 1,000% since the start of 2025. The money raised in the listing, along with the $50bn of cash its operations generated in the 12 months to March, will fund an ambitious expansion (see chart). “We’re going to double our whole capacity in the next five years,” Chey Tae-won, the chairman of SK Group, pledged last month. Appetite for its chips is voracious: sales in its most recent quarter were triple the level a year earlier.

SK Hynix cannot take credit for the AI boom. But its turnaround is remarkable nonetheless. The chipmaking industry’s intense capital requirements and technological sophistication favour incumbents. Underdogs rarely pull ahead. How has SK Hynix done it?

Part of the explanation lies in its nimbleness. Stuck in the shadow of Samsung, which controlled around 40% of the memory market (against Hynix’s roughly 25%) in the early 2010s, the runner-up started looking for ways to leapfrog the competition. Identifying novel ways to circumvent the physical limits of increasingly tiny chips became a focus, recalls Park Sung-wook, its chief executive in 2013-18. Opportunity struck in 2008 when AMD, an American company that itself played second fiddle to Intel, asked SK Hynix to create a new form of stacked memory chip for a graphics processor. The pair had previously worked together on an earlier graphics-memory chip that had proved a great success. Although the early trial of HBM, launched in 2013, proved too pricey for customers, it demonstrated that stacking memory chips vertically could achieve significantly faster speeds.

Missteps from rivals provided an added boost. In 2019 Samsung downsized its HBM team to invest in other types of chips. Engineers who still believed in the technology fled to SK Hynix. A crop of engineers from Intel, which was struggling with product delays, joined the South Korean memory-maker too.

Corporate culture has also played an important part. Samsung is known to reward internal competition through a cut-throat meritocracy. SK Hynix, on the other hand, embraces collaboration. Hyun Sun-yeop, its former human-resources chief, argues that company-wide practices such as frequent one-on-ones let employees speak out and share information, in contrast with Samsung's more hierarchical and siloed environment.

Engineers are also encouraged to tinker, with unsuccessful projects turned into "failure case studies". That has led to innovations such as "mass reflow-molded underfill", which packages together stacked chips by filling gaps between them with a moulding liquid, helping to dissipate heat. Such techniques helped SK Hynix beat Samsung to market with HBM3, the fourth generation of the product, in 2022, making it the sole supplier of cutting-edge memory to Nvidia, the king of AI chips.

SK Hynix could still falter. It has never faced such a position, as a market leader during a period of relentless expansion. Samsung and Micron are catching up; both are set to supply some HBM for Nvidia's upcoming Vera Rubin server rack, and Samsung has been regaining its lead in conventional memory. The three businesses, which together dominate the memory market, have all unveiled dizzying investment plans. Last month the two South Korean giants announced over $2trn of investment up to 2040, including in a "mega-cluster" of chip facilities in Yongin, a city near Seoul.

A trip down memory lane

Soaring demand and fierce competition increase the risk of over-investment, a regular feature of boom periods in the notoriously cyclical memory market. At the peak of the last cycle, in 2018, SK Hynix's capital expenditure hit $15bn (or 40% of revenue). Then in 2019 a slowing server market led to a halving of memory prices. The firm's sales fell by 33% the following year, while steep fixed costs meant operating profits collapsed by 87%.

This time the company has promised to limit capital spending to about a third of revenue (over the past 12 months it has averaged 22%). It also insists that long-term supply agreements, negotiated on more stringent terms than in the past, give it years of visibility on sales. That may help the eventual down-cycle to "not be as violent", says Jing Jie Yu of Morningstar, a research firm. But even if demand remains high relative to the past, any reduction could arrive just as the new capacity currently being built comes online. Bernstein, a broker, reckons that memory prices, which have risen nearly ten-fold in the past year, will probably peak next year, precipitating a 45% drop in sales at SK Hynix in 2028. Rising Chinese memory-makers such as CXMT and YMTC could add to the excess supply.

SK Hynix also faces growing demands from politicians. It is under pressure from Lee Jae Myung, South Korea's president, to expand capacity in the country's less-developed south-west, where SK Hynix recently announced over $260bn-worth of investments to create another chipmaking cluster. Although the region is abundant in water and power, executives are wary of moving too much capacity away from Seoul, where talent and industrial networks concentrate. America, too, is prodding. Howard Lutnick, its commerce secretary, is reportedly in talks with the chipmaker to build more in America. The firm has already committed to a $4bn facility in Indiana. SK Hynix is discovering that success brings challenges of its own. ■

Schumpeter

Meet the committee to buy Europe

The continent's dealmakers deserve much more attention

Jul 16, 2026 04:57 AM

EUROPE WANTS bigger firms. Its apparatchiks say so every time they talk about integration and competitiveness. "The leaders want true European champions," announced António Costa, the Portuguese head of the European Council, in February. "We limited consolidation, constrained risk and postponed cross-border investments," complained Mario Draghi, an Italian banker who wrote a door-stopper of a report on the topic, in a speech in May.

Ideally these "champions" would be born loyal to the European project: golden geese reared under Brussels' proposed "EU Inc" incorporation rules. In practice they must be forged by mergers. Big pan-European deals require big pan-European dealmakers. Can the continent produce such figures? Can it stand them? Consider the recent fortunes of the three busiest: Andrea Orcel, an Italian investment banker, Xavier Niel, a French telecoms entrepreneur, and Daniel Kretinsky, a Czech corporate raider. Call them the committee to buy Europe.

Mr Orcel is the boss of UniCredit, Italy's most outward-looking bank and its second-largest by assets. He made his name as a hard-charging adviser on big bank tie-ups in the 2000s. Now he is slowly consummating one of his own. In September 2024, when Mr Draghi's report was released, UniCredit disclosed its initial stake in Commerzbank, a German lender. Since then Mr Orcel has been portrayed as an invader—by the top brass at Commerzbank ("not good form"); by two successive German chancellors (UniCredit is "destroying" trust, Friedrich Merz said in May); and by the German bankers' union ("the potential for chaos is growing").

Patience and a tolerance for pain, though, come naturally to the committee's members. For all the drama, UniCredit now controls just under half of the voting rights in Commerzbank. That is not enough to merge the pair. But it is sufficient for Mr Orcel to declare tentative victory over the German financial establishment and turn an eye to the chaos consuming the Italian one. The main issue there is control over Monte dei Paschi di Siena (MPS), the world's oldest bank, and Generali, an insurer in which MPS, UniCredit and a cast of Italy's richest industrial families own shares. The Italian state is in the process of selling its stake in MPS, but keeps threatening to expropriate bank profits for good measure.

Mr Niel is that rarest of European creatures: an entrepreneur. He made a fortune selling internet access on the cheap, bringing greater competition to the continent's telecoms industry. Now he is helping to consolidate it. In America there are eight telecoms companies with more than half a million customers. In Europe there are 40. The Americans wring about three times as much revenue out of each customer and lavish far more on new infrastructure (and their shareholders).

As well as operations in France and Italy, Mr Niel has big stakes in telcos in Sweden, Ireland and Ukraine, utilising a baroque corporate structure that would make a Brussels committee blush. In May he sold a position in the Belgian state-owned carrier. This month he acquired one in Vodafone, a British giant whose largest market is Germany.

As a pan-European collector of influence in a single sector, Mr Niel is bested only by Bernard Arnault, whose luxury conglomerate, LVMH, is gigantic but has not bought much of late (Mr Niel's partner is Mr Arnault's daughter). Last year Iliad, Mr Niel's main operation, considered a tie-up with Telecom Italia, which has since returned to the warm embrace of the state (by selling itself to Italy's postal service, naturally). In June his company was part of a consortium which agreed to buy, and then break up, SFR, the second biggest French operator. Committee members must step over the bodies of those who have come before. SFR is owned by Altice, the slowly imploding operation of the French dealmaker Patrick Drahi. Vodafone is so big in Germany because it made the largest hostile takeover in history there in 2000, right before the telecoms bubble burst.

Mr Kretinsky is harder to categorise than Mr Orcel or Mr Niel. He is neither hired gun nor entrepreneur, but operates more like a one-man hedge fund. In the 2010s he acquired unfashionable coal and power assets from those without the stomach to operate them. These days he is better known as Europe's grocer. In 2024 he gained control of Casino, a French retailer, during a complicated debt restructuring. (Mr Niel, to whom Mr Kretinsky sold his stake in *Le Monde*, a French newspaper, in 2023 also made a bid.) Last year he bought Metro, a German store, and became the biggest shareholder in Sainsbury's, a British one.

Mr Kretinsky's tastes are extraordinarily eclectic. Until recently he held a 20% stake in Thyssenkrupp Steel, Germany's largest producer. In November he acquired 4% of TotalEnergies, a French oil major, and he recently became the largest shareholder in West Ham, a football club that has just been relegated from England's Premier League. That list may well be out of date by the time this column reaches readers of our print edition in Britain, owing to appalling delays at Royal Mail, which Mr Kretinsky also owns.

Shared competence

It is remarkable that the dealmaking trio are not better known. Their fortunes matter greatly to the old world. None is a saint acting out of public interest. Yet Europe needs its dealmakers. Mr Orcel's struggles in Germany are a clear test of whether Europe wants to build a continental rather than a provincial financial system. Messrs Niel and Kretinsky are central to the future of European telecoms and energy, both of which are vital for its competitiveness. It is equally remarkable that, between them, the trio appear in seemingly every corporate saga on the continent. Perhaps that illustrates how dynamic they are. Or perhaps it reflects how small European business has become. ■

Finance & economics

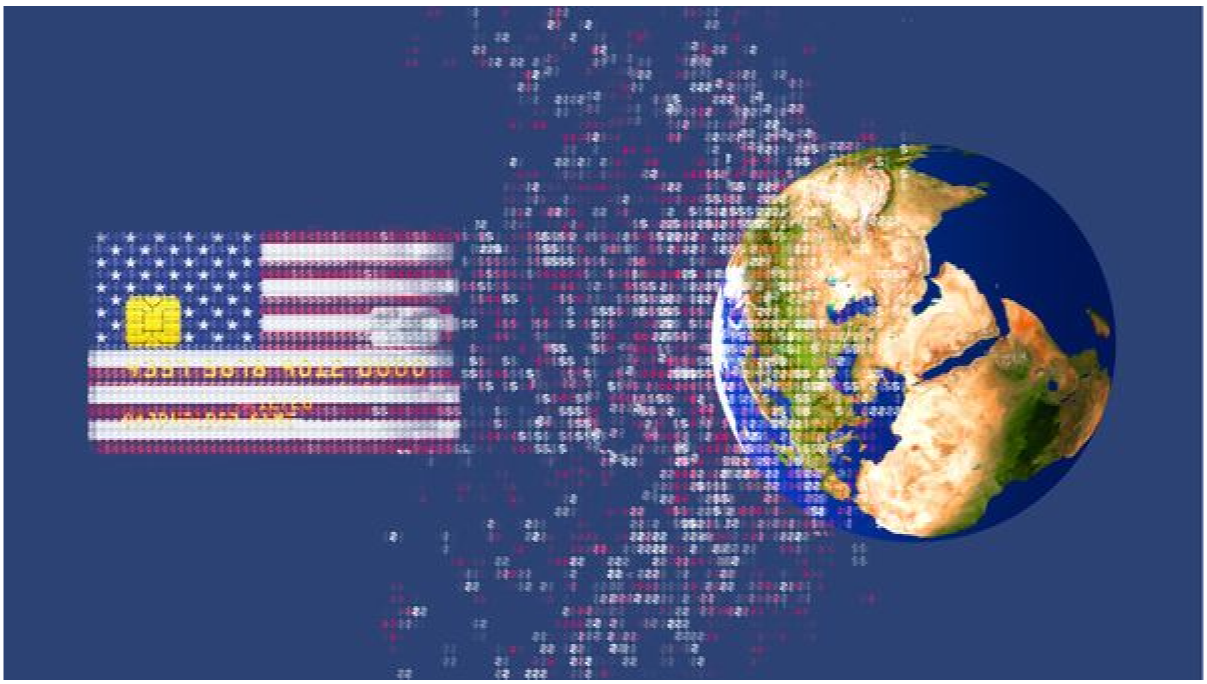
- **[Storm clouds gather over America’s financial supremacy]**
  Wallet :: Its payments firms may be the first casualties
- **[America’s Hormuz brinkmanship is worsening a global fuel crunch]**
  Distilled distress :: Rising oil prices are only part of the problem
- **[China’s trade gap is narrowing. And other surprises]**
  Peak surplus :: The world’s second-biggest economy is stumbling into fiscal austerity
- **[Can Kevin Warsh’s Fed force 5 reimagine monetary policymaking?]**
  Taskmaster :: The new chairman enlists heavy-hitters to fight a handful of gnarly problems
- **[What investment gurus get wrong]**
  Buttonwood :: To see a country’s financial follies, look to its celebrity advisers
- **[How to shrink the Fed’s $7trn balance-sheet]**
  Free Exchange :: Kevin Warsh will struggle to reverse the effects of bond-buying

Wallet

Storm clouds gather over America's financial supremacy

Its payments firms may be the first casualties

Jul 16, 2026 06:54 AM



LAST MONTH Jamieson Greer, America's top trade official, complained that Pix, a Brazilian instant-payments system, unfairly disadvantages American firms such as Visa and Mastercard. America proposed an extra 25% tariff on Brazil in response. Yet Brazilians seem unmoved. "Pix is a Brazilian achievement and we will not give it up," replied Luiz Inácio Lula da Silva, Brazil's president and a frequent critic of American power. Even his right-wing rival, Flávio Bolsonaro, said he was unwilling to forgo the system, instead suggesting a compromise in which Brazil would promise not to link Pix to cross-border payment infrastructure that rivals America's.

The episode captures the new geopolitical reality of global finance. As America pursues what Scott Bessent, the treasury secretary, recently described as "economic statecraft in the 21st century", in which global access to the dollar and the American economy is "no longer unconditional", and other countries try to respond in kind, the global financial system is splintering into regional and national systems. This is happening first in payments. It means a headache for Visa and Mastercard, the industry's American duopoly.

In January Aurore Lalucq, chair of the European Parliament's economic- and monetary-affairs group, warned that a hostile America could cut off access to payments infrastructure. "You won't be able to say you weren't warned," she said, urging Europe to build its own alternatives. Weeks later a group of British bank bosses reportedly met in London to discuss building a British rival to Visa and Mastercard. "It's important for all of us [to] have digital payment under our control," echoed Christine Lagarde, president of the European Central Bank (ECB), in an interview.

Fear of Western-led payments systems used to be confined to places that have "fractious geopolitical relationships" with America, notes John Collison of Stripe, a payments firm. After American and European sanctions cut off Russia's access to international payments infrastructure, the country shifted to its own messaging system (SFPS) and card network (Mir). China, too, has built cross-border infrastructure, through public initiatives and expansion of private giants like Alipay and WeChat Pay.

While much discussion has focused on the dollar's role, policymakers now see payments infrastructure as a more viable path to independence. Xu Gao, an economist at Bank of China, a lender, argued in May that, rather than focusing on converting cross-border flows to yuan, China should prioritise "[securing] international payment channels" and "expanding the renminbi payment network globally".

In this respect, China and Russia are no longer outliers. Today diversifying from America is "the ardent desire of policymakers in practically every country", says Eswar Prasad of Cornell University.

One option for those looking to diversify the rails on which cross-border payments travel is to build native systems. Several European projects are speeding up after years of delays. The Single Euro Payments Area, a set of rails for euro-denominated payments, now counts 41 countries as members. A coalition of European banks and fintech firms have backed Wero, a digital-wallet system meant to integrate national fast-payments systems such as iDeal, a Dutch platform. "It's simple, seamless and Made in Europe," brags Wero's site. The ECB also hopes to launch a central-bank issued digital euro by 2029.

An alternative is to shunt from American rails onto those of the other superpower. Bank of China has lately added dozens of countries to its digital-yuan system for cross-border exchanges, notes Josh Lipsky of the Atlantic Council, a think-tank. In March China's Cross-Border Interbank Payment System, a rival to the Belgian-based, American-dominated SWIFT interbank network, carried a record 920bn yuan ($134bn) in average daily flows, 20% more than the same month last year. In April single-day transaction volume hit a new all-time high of 1.2trn yuan, according to FXC Intelligence, a data provider.

A third choice is to eschew international projects in favour of bilateral deals. United Payments Interface (UPI), India's QR-code-based system, currently works in nine other countries, with several more in the process of joining. Ritesh Shukla of NPCI International, which runs UPI's efforts abroad, says his team has "a rich road map" for further expansion, both through linking existing systems and helping countries build their own. "Our brand promises that we will make you sovereign, to fulfil your own domestic commitments and to drive your own national agenda," he notes.

In the short run, insufficient liquidity in some currencies may limit the volume of transfers in other corridors, so the vast majority of payments will still touch American rails (or ones to which it has access). Eventually, innovations in digital money may mean many more retail payments can bypass incumbent channels entirely. But in the medium term, as Mr Prasad notes, bilateral and multilateral deals linking national payments systems like Pix and UPI may allow countries to shield significant flows from existing card and correspondent-banking systems.

This could hurt the American payments incumbents. The rise of "sovereign" systems, especially in Europe, a big source of Visa's and Mastercard's international business, could erode their enviable operating margins of over 50%. In their latest annual reports, both brought up "preferential" treatment of domestic payments systems as a risk to business. That may be one reason why investors have lately been lukewarm about the duopoly, despite healthy earnings. After a sustained rise starting in 2023, their share prices have been choppy in the past year (see chart).

Oliver Jenkyn, Visa's president of global markets, says he has been travelling the world to reassure governments that the firm is sensitive to local concerns. In May the firm unveiled a €500m ($571m) investment in European infrastructure, including a technology centre in Poland set to open in 2027. In April its bosses said they were teaming up with UnionPay, a Chinese firm, to offer real-time payments in China.

Mastercard is also rushing to protect its business from geopolitical shifts. "A European payment network exists today operating for Europe's benefit. That network is Mastercard," wrote Kelly Devine, the president of Mastercard's business on the continent, in 2025. To back up such claims, the firm is building three data centres in France at a cost of €250m, adding to the dozen it already has in Europe.

The turn towards sovereignty may cause problems for more than just card giants. The Financial Stability Board, an international group that has monitored cross-border progress, reckons that fragmentation will probably prevent the G20 group of large economies from achieving international payments goals—particularly faster and cheaper remittance payments—that it set out in 2020.

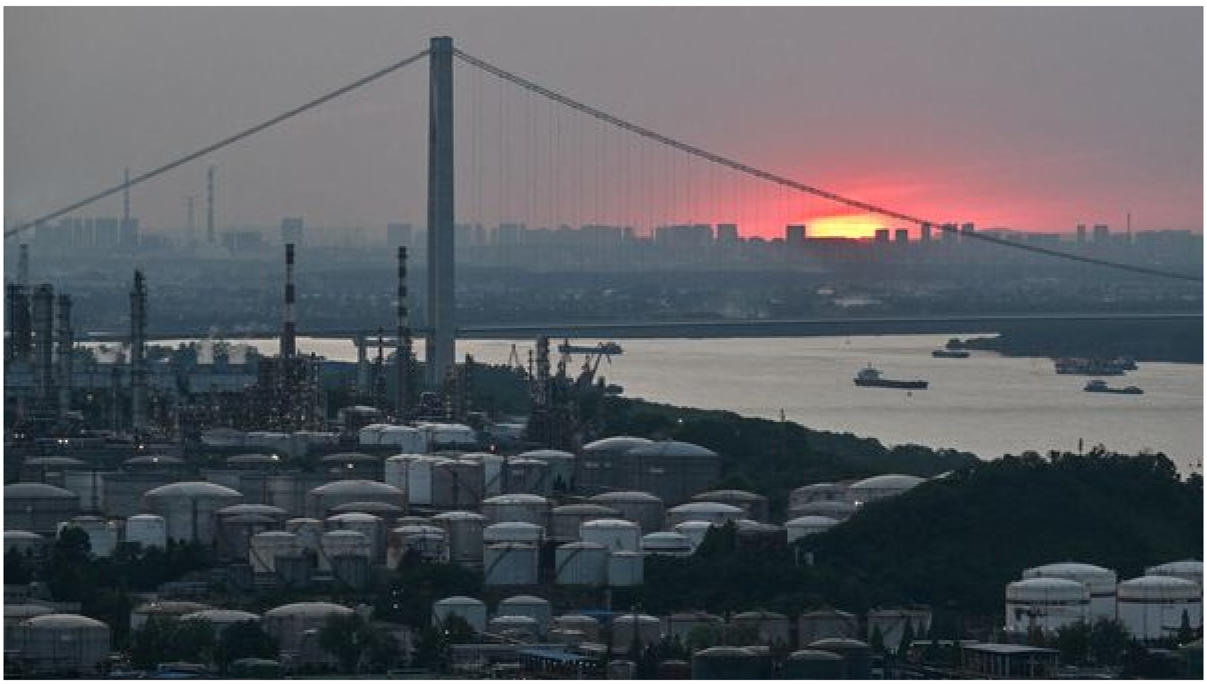
But the more serious risk, Mr Lipsky notes, is that countries' pursuit of payments sovereignty may one day mean various regional systems become incompatible. That would increase financial fraud and sanctions evasion. It would also harm the global economy. A report sponsored by SWIFT (and compiled by Economist Enterprise, our sister company) estimates that, if current patterns continue, financial fragmentation could shave 2.6% off global GDP by 2030. Countries may find that the price of payments sovereignty is higher than they think. So may America.■

Distilled distress

America's Hormuz brinkmanship is worsening a global fuel crunch

Rising oil prices are only part of the problem

Jul 16, 2026 05:16 AM

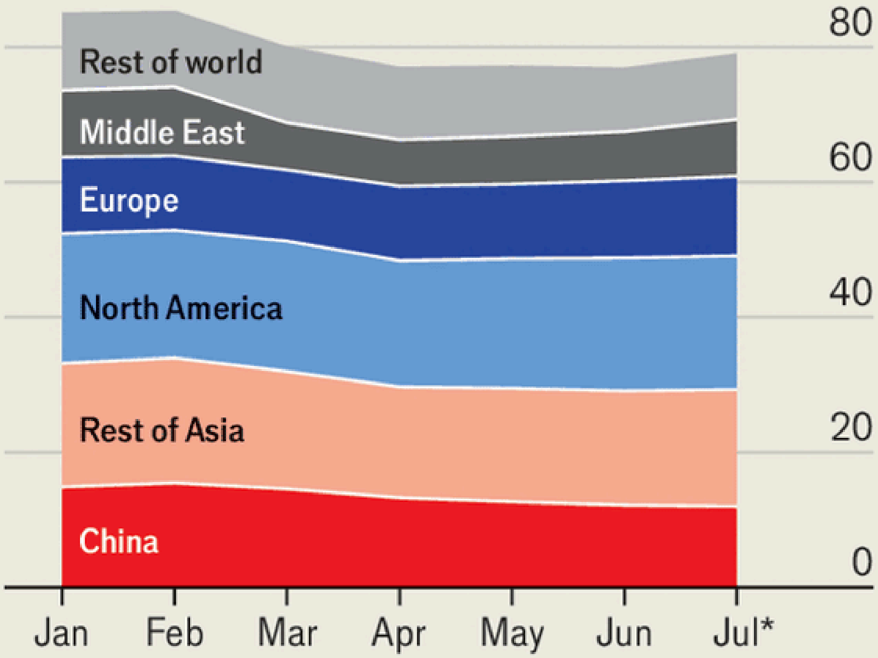


ON JULY 13TH President Donald Trump said America would reinstate its naval blockade on Iran and charge a 20% fee on cargo passing through the Strait of Hormuz. Brent crude, the global oil-price benchmark, jumped by 10%, to $83 a barrel. That night America launched air strikes on Iran, which responded by hitting two Emirati tankers with missiles. Yet Brent is still a quarter below April's peak, even though the truce signed in June looks dead and Hormuz traffic has nearly stopped.

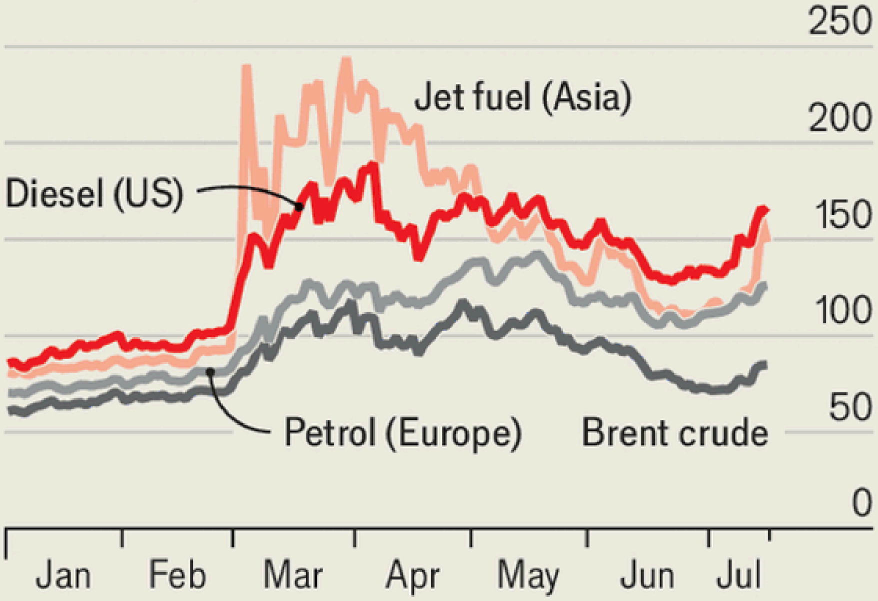
Product displacement

1

Refinery crude runs, 2026, million barrels per day



Oil and oil-product prices, 2026, $ per barrel



Sources: JP Morgan; Argus Media

*Forecast

One reason prices have not risen further is that oil markets still deem it likely that, with America's midterm elections four months away, Mr Trump will cave. On July 14th he dropped his plans for a transit fee, which is to be replaced by unspecified Gulf investments in America. A bigger factor is that the world's supply of crude currently outpaces demand—not because production has surged, but because idled refineries are consuming less. At 79m barrels per day (b/d), the global output of refined products remains 7m b/d below pre-war levels (see chart 1, top panel).

As a result, even as crude abounds, refined products remain scarce. Their prices are between 35% and 60% higher than before the war (see chart 1, bottom panel) and traders are wagering billions that they will rise further. The International Energy Agency, an official forecaster, warns that the crunch will get much worse unless flows through Hormuz resume. The margin that refiners in Europe make on diesel is the highest since at least 2011; in America "3-2-1" crack spreads—a measure of profitability for turning crude into petrol and diesel—are hitting a record. In Asia a barrel of jet fuel fetches around $150, up from $100 or so before the war.

How bad will it get? That depends on the prospects for exports from three places: the Gulf, China and Russia. Those are uncertain at best. The Gulf used to be the largest exporter of "middle" distillates, such as diesel and jet fuel. Since February, with Hormuz mostly closed, supplies have cratered (see chart 2) and refineries' throughput has dropped by 30% (or 3m b/d). Although crude can leave the Gulf in pipelines bypassing the strait, no such route exists for refined products. Exports picked up a bit as Hormuz partially reopened, but now only Iranian crude is getting out.

Worse, since the war began Iranian strikes have knocked out 1.4m b/d of Gulf refining capacity. The exact extent of damage remains unknown. Sarah Raffoul of Argus Media, a price-reporting agency, expects fuel exports to recover in three to four months—if Hormuz reopens.

Gulf gulp

2

Exports of refined oil products*, 2026, million barrels per day†

*Diesel, petrol and jet fuel †Four-week moving average

Source: Vortexa

Chinese refineries are processing 3m b/d fewer than in February. China is usually a huge exporter of petrol and diesel, but the government prohibited state-owned refiners from selling abroad during much of the war. That ban was lifted in July, as long as refiners' stocks did not drop below the pre-war levels of late February. China's big oil firms have tentatively increased their collective export target to roughly two-thirds of what they were selling a year ago. But with tensions in Hormuz rising, a proper lifting of export restrictions now looks a long way off, says Frédéric Lasserre of Gunvor, a trading firm. A full ban could return at any point.

Meanwhile Russia's refineries are under assault. Ukraine's drone campaign against them has shifted up several gears since April. Drones are hitting more targets, more often, and farther into Russia (a mega-plant in western Siberia, 2,500km from the front, was struck on July 6th). These include sophisticated units within the refineries that upgrade crude-oil fractions into high-value products. Some can take months to repair.

In June Russia's refineries processed 3.8m b/d of crude, 1.5m b/d down from the level in January, estimates JPMorgan Chase, a bank. Most petrol and kerosene usually stays in Russia; now shortages, in the middle of holiday season, are causing chaos. In some regions drivers have queued for days, sales have been rationed and pump prices are up to 50% above normal. Farming, utilities and logistics are being disrupted, too. Nearly half of Russia's diesel, and almost all its fuel oil, used in shipping, is usually exported. Russia is the world's second-largest supplier of diesel (with 12% of global exports) and the leader in fuel oil (16%). Exports have slumped and the government has prohibited further diesel shipments.

That affects more than merely the few buyers braving Western sanctions against Russia. Turkey, the main one, will now keep its refined diesel at home, starving the rest of the Mediterranean, notes Mick Strautmann of Vortexa, a ship-tracker. Brazil is replacing

Russian diesel with American supply, further squeezing Atlantic buyers. The loss may ripple across other products, as refiners prioritise diesel output over jet fuel and petrol, says Benedict George of Argus.

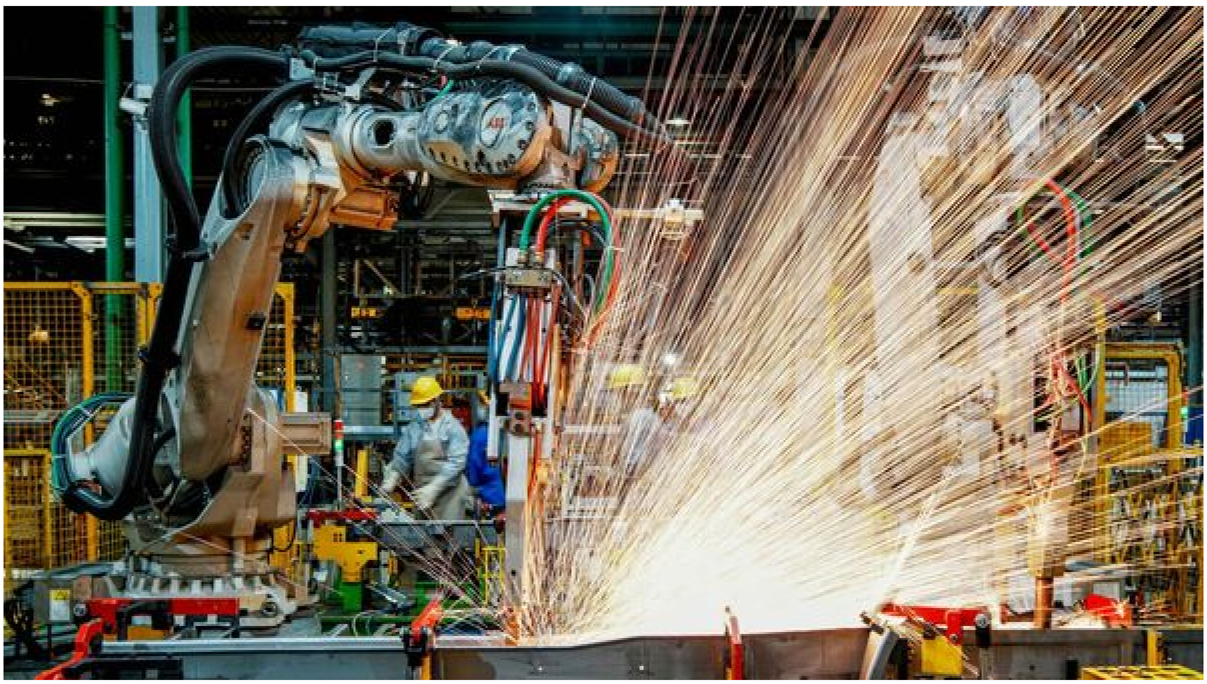
If the shooting stops in the Gulf and Hormuz reopens reliably, Asian refining resurges and Russian output recovers, supply will return just as the summer ends. But those are big ifs. A less benign scenario would oblige America—the world's swing exporter—and importers to draw down already low stocks. Eventually product prices would jump further, squashing demand and encouraging refineries to produce more (in which case crude prices would also rise). The biggest oil shock in history is not over. The mood of motorists in America and Europe still hangs on battles thousands of miles away.■

Peak surplus

China’s trade gap is narrowing. And other surprises

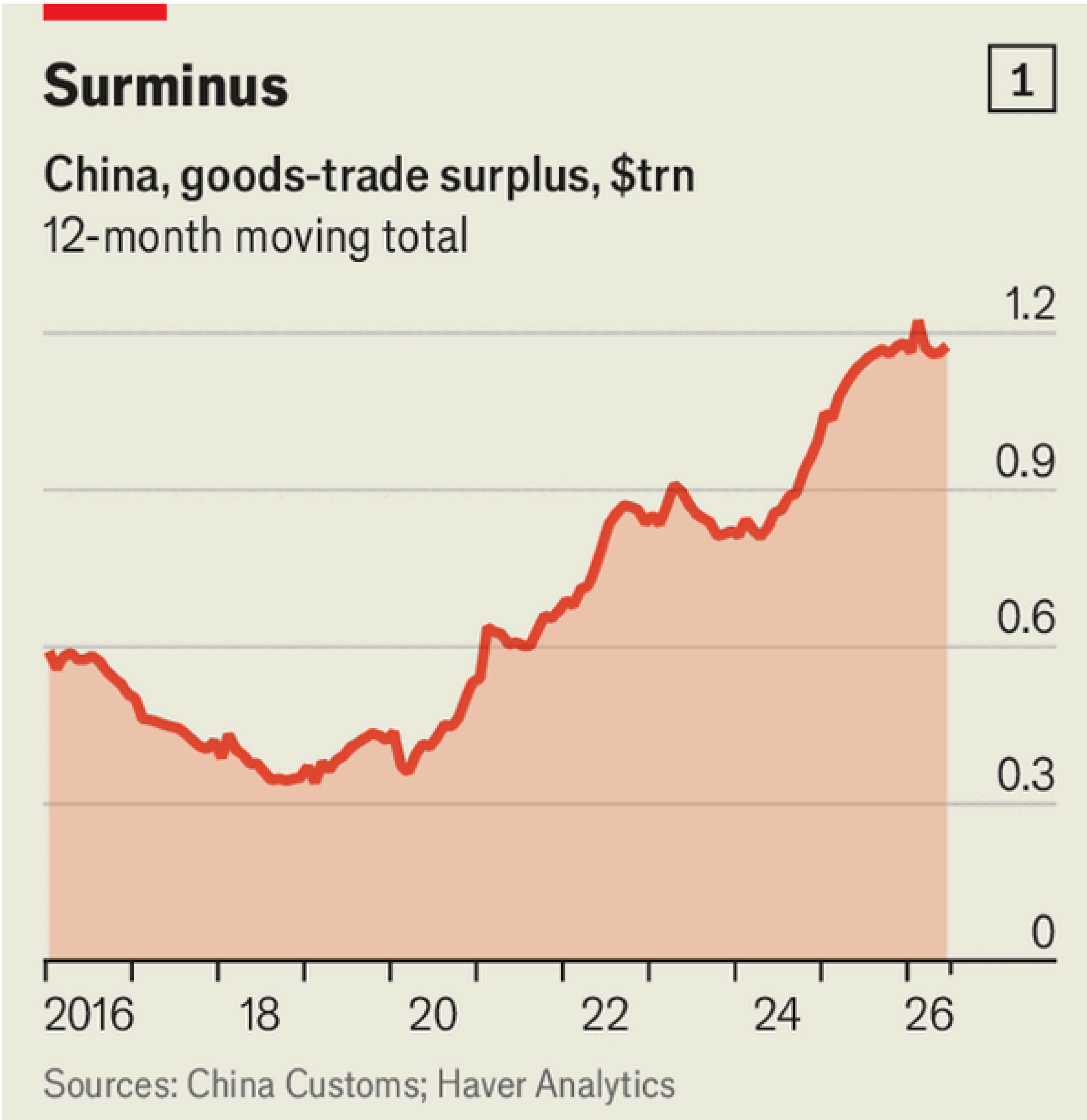
The world’s second-biggest economy is stumbling into fiscal austerity

Jul 16, 2026 04:58 AM | HONG KONG



CHINA’S GDP growth figures are often suspiciously smooth. Last year the government set a target of 5%—and the sprawling $19trn economy duly grew by just that amount, as if the combined endeavours of 760m workers and 30m corporations could be choreographed by a committee. This year the government has permitted itself half a percentage point of drama, setting a target range of 4.5-5%. Few think the official outcome will depart far from this interval.

The GDP numbers for the second quarter, released on July 15th, therefore raised a few eyebrows. The economy grew by 4.3%, year on year. That is hardly a disaster. But it was slower than expected and the weakest since 2022, when China was still imposing citywide lockdowns to fight covid-19.



Even that disappointing number would not have been possible without help from abroad. Last year’s trade surplus exceeded $1.2trn (see chart 1). And in June goods exports surged by more than a quarter in dollar terms, year on year. As containerfuls of merchandise chug towards their destinations, China’s trading partners, especially the European Union, are bracing themselves for a second "China shock" akin to the upheaval after the country's entry into the World Trade Organisation in 2001.

But a closer look reveals something different. "China's trade surplus has peaked," concludes Adam Wolfe of Absolute Strategy Research, a firm of analysts. In June imports rose faster than exports, by 36%. The surplus in the first half of 2026 was lower, in dollar terms, than a year before.

The Iran war is only partly responsible for the turning-point. China is, of course, paying more for oil than it did last year. But it has softened the blow by dramatically cutting the volume of its imports. In explaining the diminishing surplus, crude matters less than chips. China is both a big exporter and a big importer of semiconductors. Its imports of integrated circuits in May, for example, were up by some 70% year on year in dollar terms. That rise was entirely due to higher chip prices.

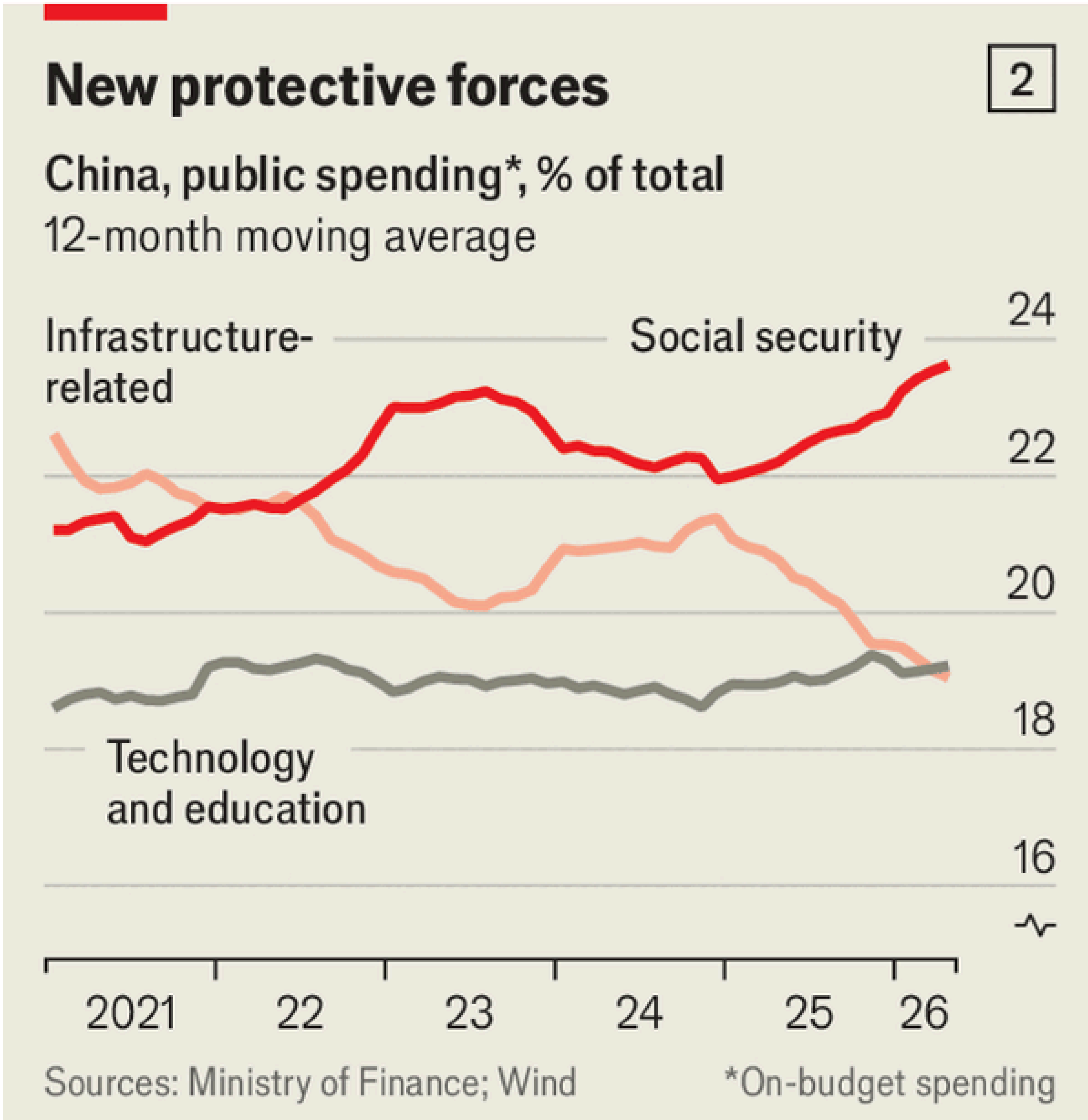
China's overdependence on exports has been clear for some time. Many analysts therefore hope its leaders will turn again to fiscal stimulus to lift domestic spending. Meanwhile, the opposite is happening. The government is stumbling into "de facto austerity", as Xiangrong Yu and Xinyu Ji of Citigroup, a bank, have put it.

Tax revenues have grown strongly in recent months. From January to May the authorities gathered 6.2% more in value-added tax and 12.2% more in personal-income taxes than they did a year before. Thanks to energetic trading in China's stock markets, stamp duties also brought in far more than usual, rising by 89%.

Some of this reflects the return of inflation, which increases the nominal value of purchases, boosting VAT. The tax authorities have also put more effort into enforcement. Since last year, for instance, automated text messages have instructed taxpayers to declare all their overseas income and assets going back to 2022.

So although the central government is spending more, it is also collecting more. The budget deficit, combining central and local governments, has narrowed a little over the past 12 months. That is the opposite of what stimulus requires—and of what a weak economy needs.

The mix of fiscal spending has also changed in counterintuitive ways. China's leader, Xi Jinping, champions high-tech manufacturing, calling on entrepreneurs and local officials to cultivate "new productive forces". He has also warned in the past against "welfarism", arguing that handouts can make people lazy. You might assume, then, that public spending had drifted towards technology and education and away from social safety-nets.



But as Citi's economists point out, the emerging fiscal "pecking order" seems instead to favour social security (which includes pensions, unemployment insurance, anti-poverty handouts and efforts to put people back to work). These items' share of the government's main budget has grown in recent years (see chart 2). The slice devoted to technology and education has remained steady, and the share ploughed into infrastructure has declined.

This picture does not capture everything. It leaves out China's state-owned enterprises. It also excludes special government funds, which have their own missions and money. Nonetheless, the numbers reveal some fiscal home truths. In a weak economy and an ageing society, the humdrum demands of the elderly, the unemployed and the poor will always make their presence felt, whatever the leader's preferences. Chinese technology may be white-hot. But its economy is cooling. And its population is increasingly grey.■

Taskmaster

Can Kevin Warsh's Fed force 5 reimagine monetary policymaking?

The new chairman enlists heavy-hitters to fight a handful of gnarly problems

Jul 16, 2026 04:58 AM

Kevin the taskmaster

FEDERAL RESERVE chairs like to leave a mark. Ben Bernanke, in charge during the global financial crisis of 2007-09, ushered in a formal inflation target and changed how the Fed talked to the world by making its deliberations less opaque. In 2015 his successor, Janet Yellen, raised interest rates after seven years near zero. Jerome Powell, who came next, launched the Fed's first comprehensive review of its monetary-policy framework.

Kevin Warsh, the new chair, also has big ideas. One is to limit how much of its internal deliberations the Fed reveals, on the grounds that public pronouncements subsequently may make it harder for policymakers to revise their views. Another is to subject the Fed to more open external scrutiny. To that less controversial end, on July 9th Mr Warsh announced the formation of five task-forces which will review critical areas of monetary policy.

Such brains trusts are not a new idea. In 2014 Mr Warsh, who served as a Fed governor in the financial crisis, was himself invited by the Bank of England to join one reviewing its communication practices. But whereas his predecessors at the Fed have always listened to leading figures in academic economics, business and finance behind closed doors, Mr Warsh has handed them a microphone.

Each task-force is led by a trio of notables. The one looking at how the Fed communicates includes two former central-bank presidents (from Brazil and Britain). A fellow ex-head (from India) co-chairs the team examining the Fed's bloated balance-sheet. The former boss of Walmart, America's biggest supermarket, will help run the group investigating alternative data sources. The group exploring the impact of artificial intelligence on jobs and productivity is co-led by an eminent Stanford University economist on secondment to Anthropic, a top AI lab, an even more eminent Silicon Valley venture capitalist and a Microsoft executive. A Nobel prizewinner is among the trio leading the task-force on understanding the causes of inflation.

These heavy-hitters will, with the help of Fed staffers, cobble together policy recommendations and present these first to the Fed board and then to the public. If things go smoothly, all this will happen by the end of the year.

Going smoothly will, first of all, require reconciling the co-chairs' often divergent opinions in their areas of expertise. Consider the team tasked with reviewing how the Fed thinks about inflation. Thomas Sargeant of New York University, who won the Nobel prize in 2011 for empirical work on cause and effect in the macroeconomy, is an unabashed fan of inflation targets. William White of the C.D. Howe Institute, a Canadian think-tank, is an equally staunch critic, arguing that targets have played a role in making the world more indebted and exacerbated financial boom-bust cycles. Greg Mankiw of Harvard University, who headed the Council of Economic Advisers under President George W. Bush, is in favour of targets but against spuriously precise ones like the Fed's 2.0%.

Sparks may likewise fly in the other teams. The possible exception is the one concerned with AI. All its members are, like Mr Warsh, bullish on the technology's transformative potential, differing only in the degree of bullishness (from the gung-ho venture capitalist, Marc Andreessen, to the more guarded Asha Sharma of Microsoft and Chad Jones, a respected academic economist). Each also has an interest in promoting an optimistic outlook, given their ties to the tech industry.

They must nevertheless, like their opposite numbers on the other teams, persuade the Fed to take their recommendations seriously—the second prerequisite for the smooth completion of Mr Warsh's effort. In most cases, notably on the Fed's balance-sheet and inflation targeting, the conclusions would need the consent of the Fed board or the Federal Open Markets Committee (FOMC), on which Mr Warsh has just one vote out of seven and 12, respectively, to become policy.

Mr Bernanke famously spent hours discussing proposed changes to which economic forecasts the Fed would publicise, and sought a thumbs-up even from the FOMC's handful of non-voting members. Given this culture of collegiality, Mr Warsh will have to build consensus around the five sets of conclusions. He will also need to decide how to communicate those conclusions to the world.■

Buttonwood

What investment gurus get wrong

To see a country's financial follies, look to its celebrity advisers

Jul 16, 2026 04:57 AM

FINANCIAL ADVICE was once doled out solely by well-paid professionals, and solely to the wealthy. Then, from the 1980s, celebrity advisers took their tips to large radio and TV audiences, especially in America. Today legions of social-media "finfluencers" spout off recommendations to anyone, anywhere.

As in previous decades, the recommendations of investment gurus—how to cut expenses, build a savings fund or avoid scams—are sensible and universal. Beyond the shared basics, though, their counsel differs in telling ways. They may not know it, but they hold up a mirror to their countries' financial mores, resisting audiences' vices or accidentally reinforcing them.

In America no young finfluencer yet matches the stature of Dave Ramsey, a gruff 65-year-old radio star turned podcaster. Much of his advice—offered in a stern, fatherly style—is evergreen, built around emergency funds, sensible saving and buying shares for the long term.

Mr Ramsey's guidance, however, is puritanical in its attitude to debt. Sensibly, he urges listeners to pay off high-interest consumer debts early. But he also suggests that anyone already saving for retirement or children's education should pay off their mortgages as fast as possible, too—even low-interest loans secured before 2022.

The rigid advice is in part a reaction against Americans' proclivity to spend, spend, spend beyond their means. Even in periods of strong economic growth many households find themselves in financial distress through debt. In the first quarter of 2026, 13% of credit-card balances were 90 days or more overdue, close to the record high from 2010, following the global financial crisis.

Britain's undisputed heavyweight financial guru is Martin Lewis, the founder of "Money Saving Expert", a website. He channels a different failing: an aversion to investment. Mr Lewis's stock-in-trade is practical penny-pinching: supermarket bargains, introductory offers and the benefits of switching banks or utility providers. By his own account, until recently he barely touched the stock market. Only in the past year has he turned his attention to Britain's individual savings accounts for shares, a generous scheme that allows people to invest up to £20,000 ($26,700) per year without incurring the usual investment taxes.

The attitude of Mr Lewis reflects the bleak reality that many Brits own barely any equities. A measly 13% of the financial assets of British households are shares, the lowest in almost any large developed economy. In Ramseyan America the figure is 44%. No amount of scrimping and saving will compensate Britons for missing out on the profound benefits of long-term compound returns.

Asian personal-finance sages often pepper advice with research on individual stocks. Rachana Phadke Ranade, a chartered accountant with 5.4m YouTube followers, is one of India's most prominent finfluencers. Her videos go beyond staid book-keeping counsel into initial public offerings, stock-market sectors and commodities. Subscriber-only videos focus on stocks of the month. South Korea's 3PRO TV, a YouTube channel with 3m subscribers, likewise publishes several videos a day, often on market-moving news about the country's chipmaking giants, Samsung and SK Hynix. It also sells its own investment seminars.

The advice reflects the financial culture, rather than the other way round. South Koreans and Indians (at least those with financial resources) save more than Americans or Brits, but suffer from a zeal for day-trading, often backed by leverage. About 8.5m Indians traded risky equity derivatives in the last financial year, up from fewer than 1m eight years ago. A study by Indian regulators suggested that for much of that time, nine in ten retail traders have lost money. South Korea's stock-market boom has been chased—and driven—by an army of small investors, known as *gaemi* (ants). Between April and June the cumulative loans taken out to invest in stocks hit a record $40.5bn, and many punters are now facing pain as the semiconductor rally turns volatile.

There is nothing inherently wrong with following short-term market movements. But for most investors, constantly trading shares, let alone derivatives, is as bad an idea as saving too little or prioritising penny-pinching over compound returns. The rules of sound finances are, like Leo Tolstoy's happy families, alike everywhere. Financial sins are sinful in their own ways—and so it is with financial advice. ■

Free Exchange

How to shrink the Fed’s $7trn balance-sheet

Kevin Warsh will struggle to reverse the effects of bond-buying

Jul 16, 2026 06:54 AM

IMAGINE A CITY that, after years of drought, floods a river valley and turns it into a vast reservoir. In the decade that follows, houses spread across once-barren hillsides, factories rise where water now flows freely and farmers trade their wells for irrigation canals. Soon, the city is built around abundant water. Then comes a new mayor—an irritable NIMBY who regards the whole expanse as an eyesore. What is the mayor to do?

Kevin Warsh, the Federal Reserve’s new chairman, faces a similar dilemma. During the global financial crisis of 2007-09 the Fed first began buying mortgage-backed securities to steady the housing market, and later long-dated Treasuries to stimulate the broader economy—a policy known as quantitative easing (QE). Three rounds of QE between 2009 and 2014, then another during the covid-19 pandemic in 2020, have swelled the Fed's balance-sheet to $6.7trn, or nearly 21% of GDP. Treasuries account for about two-thirds of its holdings. Ever suspicious of central-bank sprawl, Mr Warsh fumed last year that this was "a proxy for the Fed's growing imprimatur on the economy".

In pursuit of a lower waterline Mr Warsh has assembled a task-force of engineers: Karen Dynan of Harvard University, Raghuram Rajan, an ex-head of India's central bank, and Jeremy Stein, a former Fed governor. Can the task be done safely?

There are several objections to the Fed's large balance-sheet. If QE works as a tool of macroeconomic stimulus—a question economists still debate—it does so by distorting the market for long-term debt. If the intervention lasts, so will the distortion. Holding long-term bonds has also proven costly during a period in which interest rates have risen. The Fed pays commercial banks a floating rate of interest on the electronic money it creates to buy bonds, known as "reserves", which are a liability on its balance-sheet. Yet the yields the Fed earns on its bonds are locked in when they are bought—during the pandemic, at ultra-low levels.

Mr Warsh's main concern, however, is institutional. Although the Fed buys government bonds in secondary markets rather than directly from the Treasury, owning trillions of dollars' worth can still make it look like Uncle Sam's piggy bank. For now, notes Darrell Duffie of Stanford University, "these criticisms are mostly about perceptions"—more eyesore than menace.

To limit the risk that, in Mr Duffie's words, the perceptions "someday become reality", the balance-sheet must shrink. The assets cannot decline unless liabilities do, too, so the question is how much room there is on the other side of the ledger. Currency in circulation makes up about $2.5trn of the Fed’s liabilities and cannot be shrunk. The Treasury’s deposit account at the Fed adds another $800bn or so and may offer some wriggle room. The largest liability is reserves, which have risen from around $10bn before the global financial crisis to about $3.1trn today. For the balance-sheet to shrink, these must be drained from banks.

The trouble is that just as the city was gradually moulded around abundant water, the banking system is now built around abundant reserves. Before the financial crisis, reserves paid no interest, so a bank with more than it needed would try to lend them to others and earn the short-term interest rate prevailing in the interbank, or “federal funds” market. As QE flooded the system, the Fed kept control of short-term rates by paying interest on reserves, reducing banks’ incentive to lend them to others. New liquidity regulations pushed in the same direction: for example, banks must show that they can meet their needs using their own liquid assets. Large reserve buffers have thus become the norm.

Banks also adapted their businesses to the new regime. When the Fed bought Treasuries from non-bank investors, the proceeds often landed in those investors’ bank accounts as uninsured deposits. This funding in turn allowed banks to expand their investment portfolios and extend more credit. Mr Rajan says this leads to the “ratcheting” effect: each round of QE left banks dependent on a higher level of reserves.

As with draining a reservoir, judging how low the level can now fall without causing collapse is hard. During its first attempt to unwind QE, between 2017 and 2019, the Fed reduced reserves gradually, hoping to leave enough for the financial system to function. But in September 2019 reserves ran short and overnight interest rates spiked. Strains reappeared last year, as reserves neared the low-water mark. The Fed responded by buying Treasury bills at a pace of around $40bn a month from mid-December to mid-April, expanding its balance-sheet again to top up the reserve pool.

Stephen Miran, another former Fed governor and a critic of balance-sheet bloat, wants the Fed to cut the interest rate paid on reserves below what banks could earn by lending them in the federal-funds market. Mr Duffie favours updating Fed software to offset incoming and outgoing payments before they are settled, allowing banks to operate with smaller buffers (the Bank of England and European Central Bank have such systems). Mr Rajan has mused about the Fed letting the first institution caught in a crisis topple, as a way to discipline banks from taking too much risk in a world where abundant reserves encourage credit growth.

Reservoir slog

Everyone agrees that any change will take time. Even Mr Warsh has acknowledged that a balance-sheet expanded over 18 years will take “more than 18 weeks” to shrink. Rather than drain the reservoir, he may settle for changing its composition. This could mean replacing long-dated bonds with short-term Treasury bills as they mature, which would reduce the Fed’s influence over longer-term borrowing costs while leaving the balance-sheet’s size unchanged. That would not lower the waterline. But it might improve the view.■

Science & technology

- **[The rate at which Earth is absorbing energy is alarming climate scientists]**
  Hotter still and hotter :: Reflections on a warming planet
- **[How to train for a heatwave]**
  Well informed :: A nice, hot bath can go a long way

Hotter still and hotter

The rate at which Earth is absorbing energy is alarming climate scientists

Reflections on a warming planet

Jul 16, 2026 06:54 AM

IN APRIL the crew of Artemis II showed that Earth's loveliness from afar, originally revealed by the Moon-bound Apollo missions of the 1960s and 1970s, remains one of the space age's enduring truths. The home planet's intricate, swirling, colourful complexities turned out to offer just as wonderful a contrast to the sloe-black of space and the drab dull Moon today as they did when seen half a century ago.

More prosaic observations from space, though, reveal a disturbing change. They show that the brightness with which that beauty burns is dimming. Seen from afar, Earth is looking steadily darker.

Evidence of this dimming comes from a project called Clouds and the Earth's Radiant Energy System (CERES). Since the end of the 1990s the CERES team at NASA, America's space agency, has been using instruments on various satellites to do some basic planetary book-keeping. They measure the incoming sunshine (visible light and shortwave infrared) and the fraction of this that gets reflected back into space. They also measure the amount of energy shed by the planet itself. Everything with a temperature radiates energy. Earth does so in the longwave part of the infrared.

The mirror and the light

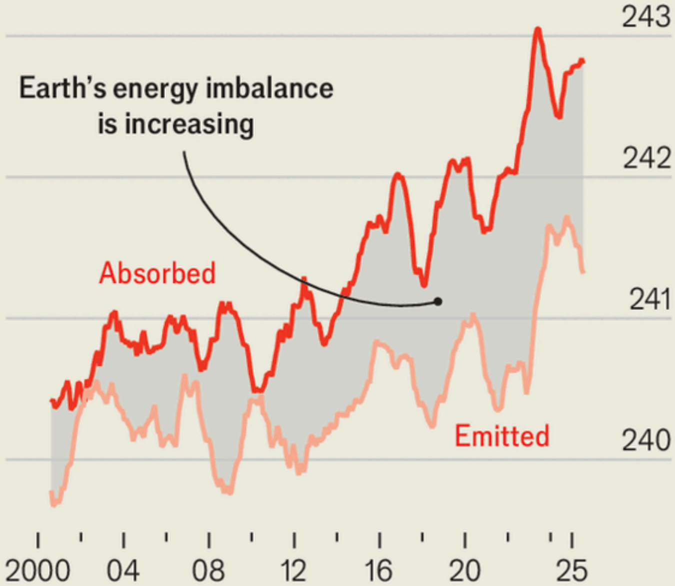
The amount of sunshine reflected is known as the albedo. This is going down. Everything not reflected is absorbed, so the energy absorbed is going up. Think of it as energy income. The heat given off in the infrared, which represents the planet's outgoings, is also increasing. As Earth gets hotter the laws of thermodynamics require it to put out more infrared, and though greenhouse gases stymie this response they cannot entirely negate it.

But the increased outgoings have not kept up with the increased income. In book-keeping of the financial sort, as Mr Micawber pointed out, incomings larger than outgoings result in happiness. When it comes to the planet's energy budget, excessive income heralds misery.

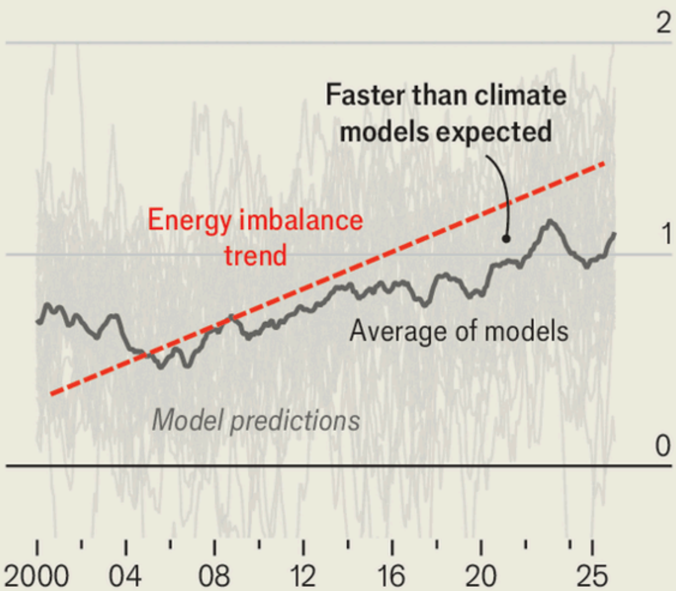
Albe-Doh!

1

Energy absorbed/emitted by Earth
Watts per square metre



Net energy absorbed compared with predictions
Watts per square metre



Sources: CERES EBAF; "Observed trend in Earth energy imbalance may provide a constraint for low climate sensitivity models", by G. Myhre et al., *Science*, 2025

The energy the planet absorbs but does not re-emit is known as Earth's energy imbalance (EEI). It is the fundamental driver of climate change. If Earth's energy accounts were balanced, there would be no long-term alteration of the climate. When the accounts fall out of balance, however, so do matters climatic. And if an imbalance goes on growing then, other things being equal, the climate will be driven further and further from its original state. Which is bad, for the measurements show the EEI has more than doubled since 2000 and continues to grow (see chart 1).

Until recently the EEI was more or less entirely a theoretical thing. Before satellites, the best way of measuring the whole Earth's albedo was by training telescopes on the Moon to measure "Earthshine"—light reflected first from Earth to the Moon and then from the Moon back to Earth. Only with CERES (which still sneaks the occasional peak at the Moon for calibration purposes) were consistent long-term measurements of it possible.

Those measurements are, moreover, vouched for by data from a completely different source. Since the turn of the century an international programme called Argo has launched thousands of floats, which drift around the oceans measuring temperature, salinity and other things at depths of up to 6km. Since more than 90% of the energy absorbed by Earth goes into the oceans, most of the extra energy now being taken in should end up there, too. Argo's measurements confirm that it does, tallying closely with the CERES data.

Armed with a couple of decades of results from both sources, scientists now feel they have a real handle on what the EEI is doing. And what it is doing alarms them. "For the first time we're interpreting measurements," says Bjorn Stevens, who runs the Max Planck Institute for Meteorology in Hamburg. "That's a game changer for me." And if it is scientifically exciting, the new game also looks alarming.

This alarm takes two linked but distinct forms. The first is the likelihood that, even as the coming decade sees greenhouse-gas emissions level off and perhaps start to fall, the rate at which Earth's surface temperature is rising will continue to quicken. Though changes in the EEI do not feed through into global temperatures in a straightforward way, feed through they do. Reto Knutti, a climate scientist at ETH Zurich, says the rate at which the EEI is going up suggests that near-term warming could be anywhere from 10% more to 30% more than the current consensus.

No good deed goes unpunished

Evidence of such increases may well be here already. El Niño events drive up the world's average surface temperature (and do a lot else besides) by moving heat stored in lower parts of the tropical Pacific into the ocean's top 100 metres. In the El Niño of 2023, with Earth's albedo the lowest ever recorded, the top of the ocean was getting a great deal of heat from elsewhere, too. A study by Minobe Shoshiro of Hokkaido University and his colleagues suggests the EEI's contribution to upper-ocean heating when that El Niño got started was 75% higher than had been the case for this century's previous El Niño.

Dr Minobe and his colleagues showed that this massive influx of heat explained the increasing frequency of extreme conditions during those two years, which saw records of various kinds set that went well beyond what would be expected on the basis of the trend in surface temperatures. Something similar, Dr Minobe suspects, may be on the cards for this year's El Niño, which is shaping up to be a whopper.

The second form of alarm is the degree to which all this comes as a surprise. Scientists think there are two basic reasons for Earth's diminishing albedo. One is that stricter controls on the amount of sulphur dioxide emitted from power plants and ocean-going ships have led to fewer toxic, airborne sulphate particles, or "aerosols".

Because those tiny aerosols are also shiny aerosols, this has also made Earth dimmer. The other is that greenhouse-gas-driven climate change reduces the extent of sea-ice, shrinks glaciers and perturbs some types of cloud—all of which reduce the amount of reflected sunlight.

The computer models used to understand the climate, and on which the Intergovernmental Panel on Climate Change (IPCC) relies for its predictions, capture both of these effects. But they cannot match the magnitude of the observations.

Late last year more than 50 researchers in the field published a paper which asserted that the "strong upward trend in the imbalance is difficult to reconcile with climate models. [We are now left in] little doubt that the real world signal has left the envelope of model internal variability."

This is not just a problem for science. As Maria Rugenstein of Colorado State University puts it, "Lots of people are using these models for impact assessment, for carbon budgets—for anything we say about the future, we use these models which cannot reproduce the currently observed energy imbalance."

This March Dr Stevens convened a meeting in Schloss Ringberg, a castle overlooking the Tegernsee, a lake in Bavaria, at which experts discussed the possible roles of clouds and sulphate particles—which, to climate scientists, are two quite different types of thing.

Sulphates are a so-called forcing—a change in the way energy flows through the system which is imposed from the outside. Cloud changes are feedbacks—responses to such impositions which either amplify or damp down their effects. If climate models are not producing the EEI seen in the real world, the likelihood is that they are either underestimating the cooling effects of the sulphate forcing, or that they do not accurately capture the feedbacks through which changes in net forcing lead to changes in cloud cover.

For a week oceanographers, instrument designers, climate modellers, aerosol experts and atmospheric physicists tussled over the arcana of each other's work to explain this.

The explanation which garnered most support, according to a straw poll Dr Stevens conducted at the end of the week, was that the sulphate forcing was being miscalculated. Various measurements needed for the calculations are hard to make. "A lot of the components are not very well observed, if they're observed at all," says Chris Smith, who works on the matter at IIASA, an international research institute based in Austria. Aerosols are mobile but short-lived. They can travel thousands of kilometres from their source, but not the tens of thousands needed to spread around the world like greenhouse gases. This means that their effects are patchy.

They are also various. The basic effect is directly reflecting sunlight back into space. But they have indirect effects on clouds as well, and those seem to produce more of the cooling. The properties—and sometimes the very existence—of low clouds depend on the availability of aerosols on which water vapour can condense into droplets. This means that, if they are in the right place, aerosols can brighten clouds, lengthen their lives or even bring them into existence from scratch. But all this, again, is difficult to measure.

Øivind Hodnebrog of CICERO, Norway's main climate-research institute, and his colleagues rooted through data and models to try to form a coherent picture of the aerosols' decline. They concluded that half the increase in the EEI trend between 2001 and 2019 could be ascribed to the cleaning up of the air, and that past estimates of this change in forcing had been 10-40% too low.

Since 2019, when that study ended, abatement has continued apace. Worldwide sulphur emissions have fallen from 81m tonnes to 69m. Much of that was a result of new controls on sulphur emissions from ships, which were imposed in 2020 by the International Maritime Organisation (IMO). Sulphates from ships on the high seas are particularly powerful forcers, largely because the scarcity of other nearby aerosol sources increases the marginal effect of the added ones.

Researchers estimate that the IMO's 2020 regulations reduced sulphur-related cooling by more than 10%. That is a bigger change to the climate than any measures taken on carbon dioxide have had. Unfortunately, it is in the wrong direction.

The long and the short of it

What then of the feedbacks? Cloud cover has certainly been changing. Last year Helge Gössling of the Alfred Wegener Institute and his colleagues analysed cloud patterns for 2023, a year when temperatures hit a record high, the albedo a record low and the EEI a level that not one of the models relied on by the IPCC could match. They found a striking dearth of low-level clouds over some bits of ocean.

A more recent, long-term assessment of the role of low clouds, by Paulo Ceppi of Imperial College, London, put that result into the context of a two-decade trend. It found this trend did indeed have a significant effect on the EEI, one which seems to explain about half of its growth. But it also found the trend's strength was no larger than models predict.

If sulphates can explain about half the growth in the EEI, as Dr Hodnebrog and his colleagues argue, and clouds can explain about half, that might seem to wrap things up. The climate remains bad and, as sulphur emissions fall yet further, things are sure to get worse. But the explanations themselves seem fine.

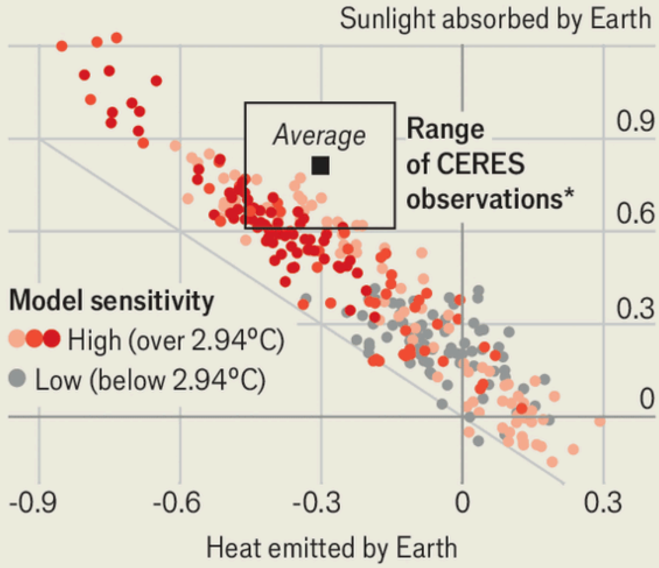
Unfortunately it is not quite that simple. For one thing some of the cloud effects, those caused by fewer aerosols, are counted in both analyses. For another, the thing the models find hardest to reproduce is not the size of the imbalance, but the degree to which it is dominated by the falling albedo. Kyle Armour of the University of Washington says that is what worries him most about the CERES data. "It's a much larger shortwave-energy [ie, sunshine] accumulation than the models can produce. So whatever the models are doing, they appear to be missing some processes."

Recent work by Gunnar Myhre, also of CICERO, along with Dr Hodnebrog, Norman Loeb of NASA's Langley Research Centre, who is responsible for the CERES data, and Piers Forster of the University of Leeds, who led the relevant part of the 2021 IPCC report, underlines the point. They looked at how well the models considered by the IPCC dealt with the changing EEI when the rates at which absorbed shortwave and emitted longwave radiation are increasing are separated out.

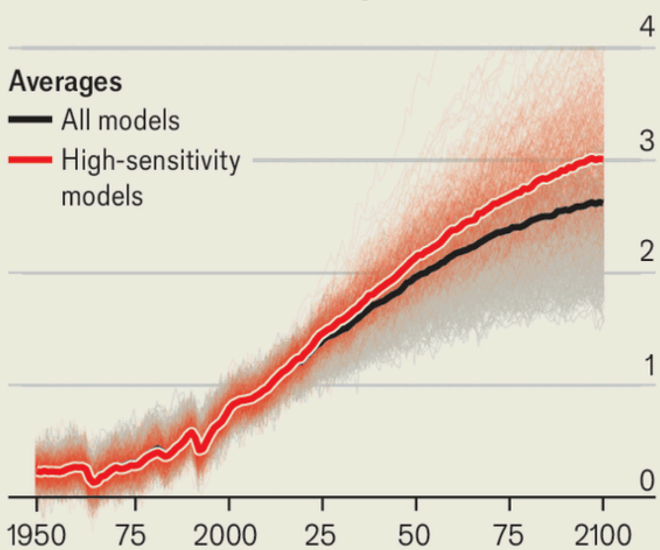
CERES' harvest

2

Modelled change in Earth's energy imbalance
Watts per square metre per decade, 2001-23



Modelled global surface temperature anomaly†
Relative to 1850-1900 average, °C



*90% confidence interval †SSP2-4.5
Sources: CERES EBAF; "Observed trend in Earth energy imbalance may provide a constraint for low climate sensitivity models", by G. Myhre et al., *Science*, 2025; Fair-calibrate v1.4.5 model, C. Smith et al.

They concluded that even when the models came close to getting the right EEI, they got there in the wrong way. They tended to have a lower increase in absorption and a lower increase in emission; in balance-sheet terms, less income and less outgoings, even if the gap between the two was almost the same. But if all the models were wrong in the same direction, some were wronger than others. And the most wrong all had one thing in common: low "climate sensitivity".

Climate sensitivity is a way of thinking about the sum of all feedbacks—an estimate of the temperature rise to be expected for a given increase in forcing. In 2021 the IPCC reckoned that the best estimate of this sensitivity, given understanding of forcing at the time, was 3°C, with a 90% chance of a value between 2°C and 5°C.

Dr Myhre and his colleagues found that, when judged by their performance on the EEI, models with a sensitivity estimate of less than 2.94ºC could, with high confidence, be ruled out. The IPCC's best estimate of climate sensitivity is, in other words, the lowest still plausible (see chart 2). Moreover, a recent study led by Gergana Gyuleva, a colleague of Dr Knutti's at ETH Zurich, using a different measure of climate sensitivity, gets a similar result.

A long-time champion of higher climate sensitivities is James Hansen of the Earth Institute at Columbia University. Dr Hansen, a veteran who has been working on climate models and climate sensitivity since the 1970s, thinks the answer to the question "forcings or feedbacks?" is a resounding both. Sulphate effects are big; climate sensitivity is high.

As a result he believes warming is currently growing not at 0.27°C per decade, the rate Dr Forster and his colleagues currently calculate, but at a whopping 0.4°C a decade. On that basis he expects the current El Niño to make both this year and next the hottest on record (most prognosticators think that its full effects will make this happen only next year). His projections see warming since the 19th century reaching 2°C—and thus surpassing the limit enshrined in the Paris agreement on climate in 2015—by the end of the 2030s.

Few of Dr Hansen’s peers agree with all of this. They take issue with the way he derives his high climate sensitivity from analysis of the ice ages and the warm periods between them. According to Dr Armour the pattern of the warming at the end of the most recent ice age did not look like the pattern of warming being seen today.

Most discussions of climate sensitivity deal in global averages. But it is becoming increasingly clear that patterns matter. The oceans are not warming homogeneously, and some parts of the world are better at losing heat than others.

The classic example is the “warm pool” in the western Pacific. Surface heat drives powerful convection into the atmosphere above, producing towering thunderclouds. This convection moves heat up towards the top of the atmosphere very efficiently. And once there that heat is more easily lost to space as infrared. The planet gets a radiator; its climate sensitivity goes down.

Work by Vince Cooper of MIT, a former student of Dr Armour, applies similar ideas to the end of the ice age. The bits of the sea surface which were most anomalously cold back then were in northern high-latitudes. And for a given amount of warming, a world where that warming is concentrated in the high-latitudes will have a higher climate sensitivity than a world of more homogeneous warming like today’s. The changes in global average temperature seen then do not imply particularly high sensitivity now. In fact, Dr Cooper thinks they suggest that today’s sensitivity is unlikely to be more than 4°C.

But the importance of patterns does not lie only in the past. Dr Rugenstein and others have been working for some time on the problem that the patterns of warming found in climate models do not, by and large, reflect those seen in the real world. And some aspect of this disjunction might explain why the models are not matching the real EEI. At the Ringberg meeting the number of people who thought that pattern effects might yet explain the EEI was smaller than the "forcings are wrong" crowd, but larger than any other group.

Unfortunately, it is not clear quite what that explanation would look like—not least because, as Dr Stevens puts it, "No one knows what makes the patterns." Are they the result of natural variability, with their arrangement over the past few decades—during some of which the warm pool radiator was working very well— largely a matter of chance? Or might they be explained through a mechanism that the models do not yet know how to capture? "My intuition", says Dr Rugenstein, "is that the models' ocean heat uptake is wrong." This would lead to problems with the sea-surface temperature patterns.

System crash

Getting models to mirror the way the ocean couples to the atmosphere is a longstanding problem, and one that looks hard to solve. But it matters immensely. The oceans of the dimming Earth have been absorbing ever more energy. They are storing up that energy. Understanding the processes involved is a matter of urgency—and a certain frustration. "What the last 25 years actually tell us about the next 25 years is open," says Dr Rugenstein. "And that's embarrassing as a field."

Last year Dr Stevens and Tiffany Shaw, a researcher at the University of Chicago who looks at predictions of regional climate change, published a paper called "The Other Climate Crisis". The first climate crisis is familiar enough: the world is heating up quickly. The other crisis, they argue, is in climate science itself, where an accumulation of anomalies suggests that some assumptions needed questioning.

Progress in understanding what the increasing amount of energy being stored in Earth's land, sea and air system is actually going to do, they say, requires climate scientists to concentrate on the processes and predictions where models and data diverge the most. There is no more consequential divergence to get started with than the dimming of Earth. ■

Well informed

How to train for a heatwave

A nice, hot bath can go a long way

Jul 16, 2026 05:18 AM

ENGLAND'S FOOTBALL team set up camp in West Palm Beach, Florida, on June 1st, almost two weeks before the start of the 2026 World Cup. That was so the players, many of whom were used to training in the mild climate of Britain, could adapt to the blistering heat of the host nations. But as July has brought western Europe's third heatwave of 2026, even those not competing in elite sports might wonder how they can train appropriately to beat the heat.

Preparing for heat requires exposure to heat. That increases levels of blood plasma—the watery stuff which carries blood cells around the body—meaning the heart does not have to work as hard to pump blood, and can beat in a more leisurely manner for longer.

More plasma also improves blood flow to the skin. There, tiny sweat glands release water and electrolytes onto the skin's surface, whence the water evaporates, cooling the body. As the body adapts to heat it lowers the temperature at which perspiration begins, as well as the amount of electrolytes lost.

The best way to bring about such changes is "controlled hyperthermia". Unfortunately, that involves being locked in a heat chamber for 90 minutes and monitored with a rectal thermometer. In the sweltering heat, participants spend 30 minutes exercising to raise their core body temperatures to a target value—usually 38.5°C. The next hour is then spent alternating between exercise and rest to keep their temperature fixed at the target. And you have to repeat this daily for five to seven days.

Few people, however, have a heat chamber—or the necessary monitoring equipment—in their living room. Fortunately, scientists have devised methods more appropriate for everyday life.

The simplest is to exercise outside in the heat, says Neil Maxwell, an environmental physiologist at the University of Brighton, in Britain. "That will naturally acclimatise you."

Even better is to add a hot bath. A study published in 2016, in the *Scandinavian Journal of Medicine & Science in Sports*, found that 40 minutes on a treadmill in 18°C heat followed by 40 minutes in a hot bath, daily for six days, improved several measures of acclimatisation.

In fact, as work published in April in *Healthcare* found, hot baths alone can do the trick. This research, which looked at healthy adults aged over 65, showed that an hour a day in a 40°C bath produced signs of acclimatisation after just four days. So there is, as it were, no need to sweat it. Simply immersing yourself in hot water brings about the necessary increase in core temperature, says Laura Wilson of Middlesex University, also in Britain, who led the study.

Acclimatisation is not permanent. “If you don’t keep exposing yourself to heat, then you’re going to start losing the adaptive benefits,” says Dr Maxwell. Still, only a few days of training are needed in the lead-up to a heatwave. The evidence suggests 75-80% of adaptations build up in the first four to seven days.

Heat can be dangerous. And acclimatisation is not immunity. The usual risks from heat still apply. “Try and replace 150% of the fluid you lose during any kind of session to acclimatise,” says Dr Wilson. “If you’re starting to feel faint or dizzy or lightheaded, take yourself out of the environment.”

When done safely, however, some simple tactics could help take the edge off the weather. Jumping in a hot bath may not be appealing as temperatures begin to rise. But your future self will thank you for it. ■

Culture

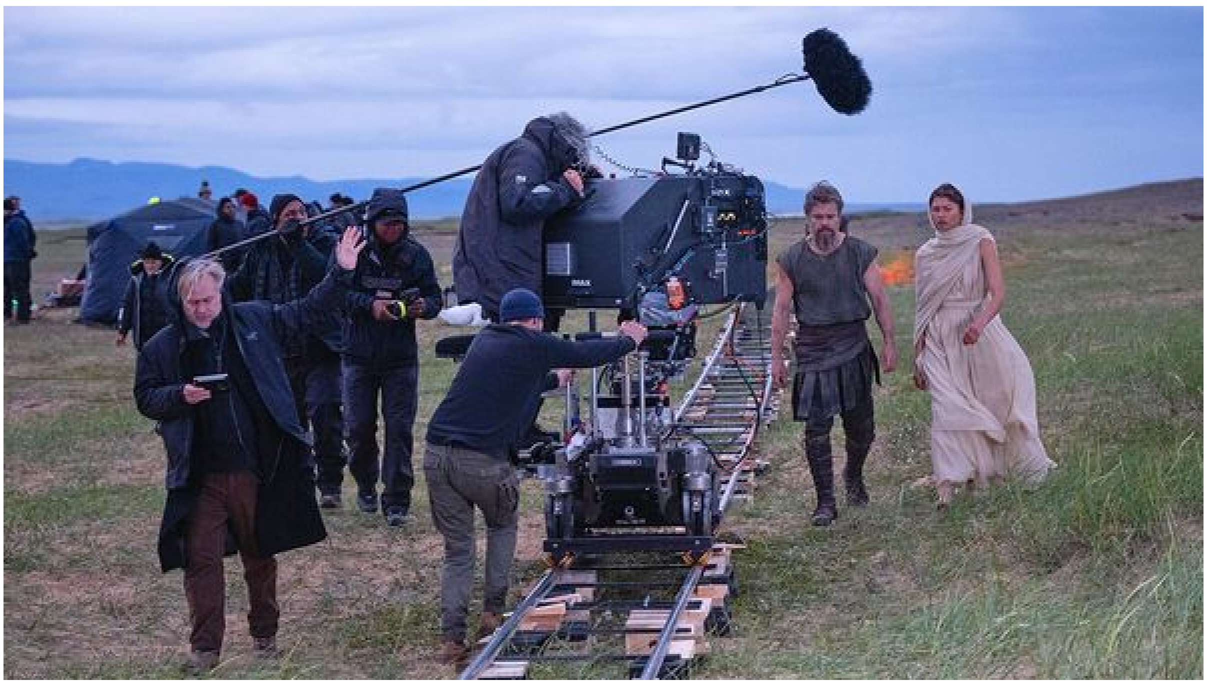
- **[A very silly adaptation of "The Odyssey"]**
  An epic mistake :: Sir Christopher Nolan's film is emblematic of its time
- **[Why Sir Christopher Nolan inspires such devotion—and contempt]**
  Prestige or pretension? :: His films are ambitious and technically brilliant, but often emotionally detached
- **[Emo culture was not just a phase, as it turns out]**
  Music and nostalgia :: The business of misery is thriving as emo bands go back on tour
- **[A mystery street artist is taking over cities]**
  Invading your space :: You can hunt for his mosaics in Paris and beyond
- **[George Sand's life was a heady mix of sex and serious fiction]**
  Posterity :: A new biography seeks to restore the French novelist's place in the literary canon
- **[The wild, gripping story of the Nord Stream pipeline bombing]**
  Back Story :: A technicolour account of the sabotage suggests how fast the world has changed

An epic mistake

A very silly adaptation of "The Odyssey"

Sir Christopher Nolan's film is emblematic of its time

Jul 16, 2026 06:53 AM



THE SQUABBLES have been epic. Sir Christopher Nolan's adaptation of "The Odyssey" was causing conniptions long before anyone had even seen the thing. Ahead of its release on July 17th, there was harrumphing over everything from the actress playing Helen (too black); the colour of the plume on Odysseus's helmet (too red); the soldiers' armour (also too black, and too Batman-like) and the vocabulary of Odysseus's son (too American: at one point he says "Dad"). On YouTube the film's trailer was met with criticism. "If I saw this on a plane, I'd still walk out," reads one disgruntled comment.

The film itself is unlikely to allay any anxieties about anachronisms. In everything from its scenery to its psychology it says far more about the modern West than about ancient Greece. Startling liberties are taken with the plot to turn Odysseus, the archetypally flawed ancient hero, into a simple modern goody by flattening his flaws. Any bad behaviour is explained away either by drug use or hinted to be due to proto-PTSD (the overdiagnosis epidemic having apparently reached the ancient shores of Ithaca). The ending, which has him pierced by arrows and turned into a St Sebastian-style pincushion, is sillier still.

The scenery is similarly unsuitable, and often far too pretty. Soldiers in elegant gunmetal grey look less like ancient warriors than Warhammer toys. The ochre, candlelit palaces do not resemble warlords' lairs but boutique hotels. During the beach scenes with the nymph Calypso (Charlize Theron), Odysseus (Matt Damon) seems less to be in agonising exile than on a Caribbean mini-break (they are wearing lots of linen). And the less said about the Cyclops, the better.

This is irksome but typical. Every adaptation of an ancient text is as much about its own era as the original work; less a lens than a mirror. The ancient Athenians transformed Homeric epic into psychologically acute tragedy. In the 18th century Alexander Pope's translation managed to make Odysseus sound like an effete Enlightenment poet rather than an ancient warrior-king. In 1922 James Joyce's version offered sex, stream of consciousness and that Modernist literary staple: boredom.

In this way, Sir Christopher's retelling is part of a time-honoured tradition. It is manifestly a product of the present day. Female characters offer frequent apologias for feminism (not a noted strong suit of the ancients). The *casus belli* of the Trojan war is given as a desire to improve trade routes, as if Agamemnon were merely a blameless advocate for free trade rather than one of antiquity's greatest thugs.

Adaptations have some latitude, for “The Odyssey” contains multitudes. In one of the most famous scenes, the god Proteus transforms into a lion, then a snake, then rushing water. “The Odyssey” is more protean still. In the three millennia since it was composed, it has been on an odyssey all its own.

The poem has become a noun (an odyssey) and an adjective (Odyssean). It has become a play, a TV series, a novel (“Ulysses”) and a porn film (“Odyssey: The Ultimate Trip”). It has become a lunar lander (IM-1 Odysseus), a large asteroid (1143 Odysseus) and a body lotion (which, with notes of black pepper and sandalwood, no doubt smells better than its namesake would have).

It is therefore not surprising that Odysseus, the sacker of cities, has been transformed once again by Sir Christopher. In other ways it is surprising, as “The Odyssey” has been a wrecker of reputations. In 2024 a film starring Ralph Fiennes was dismissed as “dull” and a “slog”. A movie of 1954, starring Kirk Douglas, was described as “weird” and “vapid”.

Sir Christopher has form on tricky topics: his previous film, “Oppenheimer”, about particle physics and nuclear weapons, grossed almost $1bn at the box office. Still, he has learned that “The Odyssey” is not an easy book to film.

That porn flick hints at why: it describes itself, with admirable artistic honesty, as “Three unrelated stories”. The original “Odyssey” is not much better. It tells the tale of Odysseus’s ten-year journey home from the Trojan war and thus is commonly thought of as a kind of watery Greek road trip. But it is also a sex-and-sea-monsters film, a father-and-son film and a husband-and-wife film.

Its structure is fiendishly twisty. It is about Odysseus—but readers do not meet him for four books. Moreover, many of the stories that you think of as archetypally Odyssean are either not told at all or told in brisk narrative flashback: the Sirens slip by in some 60 lines and the Lotus-Eaters in about 20. It is, as Sir Christopher said, "the original non-linear narrative". It is, says Emily Wilson, a classicist who published a dazzling translation in 2017, "complicated".

It is also very famous. The second work of Western literature, it was once assumed to be secondary in seriousness to its more manly prequel, "The Iliad". Yet in recent years its fame has far eclipsed it. The first Penguin Classic ever printed was "The Odyssey". The pyramid of intellectual biomass resting upon it is vast. It is only 12,000 lines long, but look up "Odyssey" in the British Library and you are offered 34,000 titles: almost three for every line. "Iliad" returns a mere 9,000.

That it has become yet another film—and created yet more debates—is further proof of its permanence. There are two ways to see such squabbles. One is to engage with them on their own terms. These gripes have some validity: in Homer, Helen is clearly described as "white-armed"; Odysseus probably didn't wear a red-plumed helmet (red was a Spartan habit); ancient Greek armour was bronze, not Batman-ish; and Odysseus's son definitely didn't say "Dad". As Tim Whitmarsh, Regius professor of Greek at Cambridge University, points out: "The ancient Greeks spoke Greek."

The other way to see these arguments is as proof of the malleability of "The Odyssey". In an era in which people bristle at American influence in Europe, it lets people bristle at Americanisms ("Dad!") in ancient Greece. In an era anxious about the excessively manly manosphere, people can fret over excessively manly armour. In an era riven by debates about race, people have engaged in bad-tempered rows over casting. We are not arguing about "The Odyssey" when we argue about "The Odyssey". We are arguing about ourselves.

Each generation remakes "The Odyssey" in its own image: you get the version you deserve. The clever, quarrelsome ancient Athenians took Homer and transformed him into clever, quarrelsome tragedy.

The Modernists turned him into Modernist prose and poetry. The simplistic, visual modern world has taken Homer and turned him into social-media spats and an absurd Cyclops—and thus into a tragedy that is all its own. ■

Prestige or pretension?

Why Sir Christopher Nolan inspires such devotion—and contempt

His films are ambitious and technically brilliant, but often emotionally detached

Jul 16, 2026 04:57 AM

THE SEVEN most dangerous words anyone can say to a film aficionado are: "What do you think of Christopher Nolan?" The question will almost certainly elicit one of two reactions: a long, fevered disquisition on the masterful craftsmanship of his 12 feature films (now 13, with the release of "The Odyssey")—or eye-rolling contempt. Almost nobody will shrug and say, "Eh, he's fine."

Perhaps that is unsurprising: ambitious artists tend to provoke strong reactions, and Sir Christopher Nolan is nothing if not ambitious. He is the seventh-highest-grossing film director ever, and the most important British film-maker since Alfred Hitchcock. Like Hitchcock, he is devoted to the technical work of film-making: "The Odyssey" is the first blockbuster to be shot entirely on IMAX film, a format that produces sumptuous images but is harder to work with than digital cinematography.

Sir Christopher stands out from his peers for having the widest-ranging, most original and brainiest oeuvre. Like many directors working today, he has done franchise flicks—he made three Batman films between 2005 and 2012—but they were an interlude rather than the capstone of his career. So what is it about Sir Christopher that makes him such a divisive film-maker?

Start with the man himself. He was born in 1970 to a British father and an American mother. He works with family: his wife, Emma Thomas, produces his films; his uncle, John Nolan, acted in some of them; he writes with his brother Jonathan; and his four children worked on "The Odyssey". He is efficient, known for shooting films quickly and often to budget.

Tom Shone, a film critic who wrote a book about Sir Christopher, has described him as "a very familiar type of Englishman…the kind of upper-middle-class son of the home counties one could imagine with a career in the City who plays rugby with his fellow brokers on the weekend". That implies a streak of conservatism, which emerges in his work. His final Batman film, "The Dark Knight Rises" (2012), warns against the tempting, corrosive zeal of revolutionary violence. Paternal duty powers "Interstellar" (2014). "Dunkirk" (2017) celebrates British doughtiness.

However, his films are defined less by conservatism than by their slipperiness. His breakout film, "Memento" (2000), about an amnesiac trying to solve his wife's murder, would be chewed over by fans and detractors for years afterwards. Many viewers praised its structural inventiveness: black-and-white scenes tell a story chronologically and colour ones tell one in reverse. They meet at the end.

More tricksiness would follow. "Inception" (2010) imagined the manipulation of dreams for corporate espionage. "Interstellar" takes place on multiple planets and features a wormhole and a black hole. Three narratives come together in "Dunkirk". In "Tenet" (2020) people and objects move forwards and backwards through time. Even "Oppenheimer" (2023), a biopic of an American theoretical physicist, jumps between the 1930s, 1940s and 1950s.

Sir Christopher's films often provide a satisfying moment of realisation. But they rarely reward viewers who ruminate on the plot after the credits roll. In the case of "Memento", for instance, you might wonder how a character with amnesia remembers his amnesia. Roger Ebert, a late American film critic, joked that the protagonist "suffers from a condition brought on by a screenplay that finds it necessary, and it's unkind of us to inquire too deeply".

Similar questions could be asked of dreams, wormholes or, in "The Prestige" (2006), his film about magicians, cloning and teleportation.

All of it makes for entertaining cinema, but it does not make much sense. Viewers' enjoyment of these films hinges on their willingness to suspend scepticism and tune into the vibe.

A more serious charge concerns Sir Christopher's treatment of female characters. The most important woman in "Memento" is the protagonist's dead wife. Dead wives or girlfriends also further the plots of "The Prestige", "Inception", "The Dark Knight" and "Interstellar". "Dunkirk" features just two minor female characters.

This charge can be overblown, though. "Interstellar" features two strong female figures. Anne Hathaway, Katie Holmes and Maggie Gyllenhaal play integral roles in the Batman films. And Emily Blunt got an Oscar nod for her stellar performance as J. Robert Oppenheimer's (admittedly stoic and long-suffering) wife. Sir Christopher has not written a female protagonist just as Greta Gerwig, a star female director, has not written a male one in her solo projects.

For it is not women, but people, in whom Sir Christopher has only recently begun to show interest. The protagonist in "Tenet", as well as a pivotal character in "Dunkirk", has no name. Many film-makers progress from small, intimate films to bigger-budget, higher-concept ones; in some ways, Sir Christopher has taken the opposite path, going from films that unfold like puzzles to something more human.

"Oppenheimer" depicted the enmity between the titular character and Lewis Strauss, his bureaucratic nemesis. As such, it was Sir Christopher's first film to feature a conflict of actual personalities, as opposed to goals, as in "Interstellar", "Inception" and "The Prestige", or good versus evil, as in "Tenet" and his superhero films. In making "The Odyssey"—the story of a man returning to his family—Sir Christopher has, like the gods of Homer, started paying attention to mere mortals. ■

Music and nostalgia

Emo culture was not just a phase, as it turns out

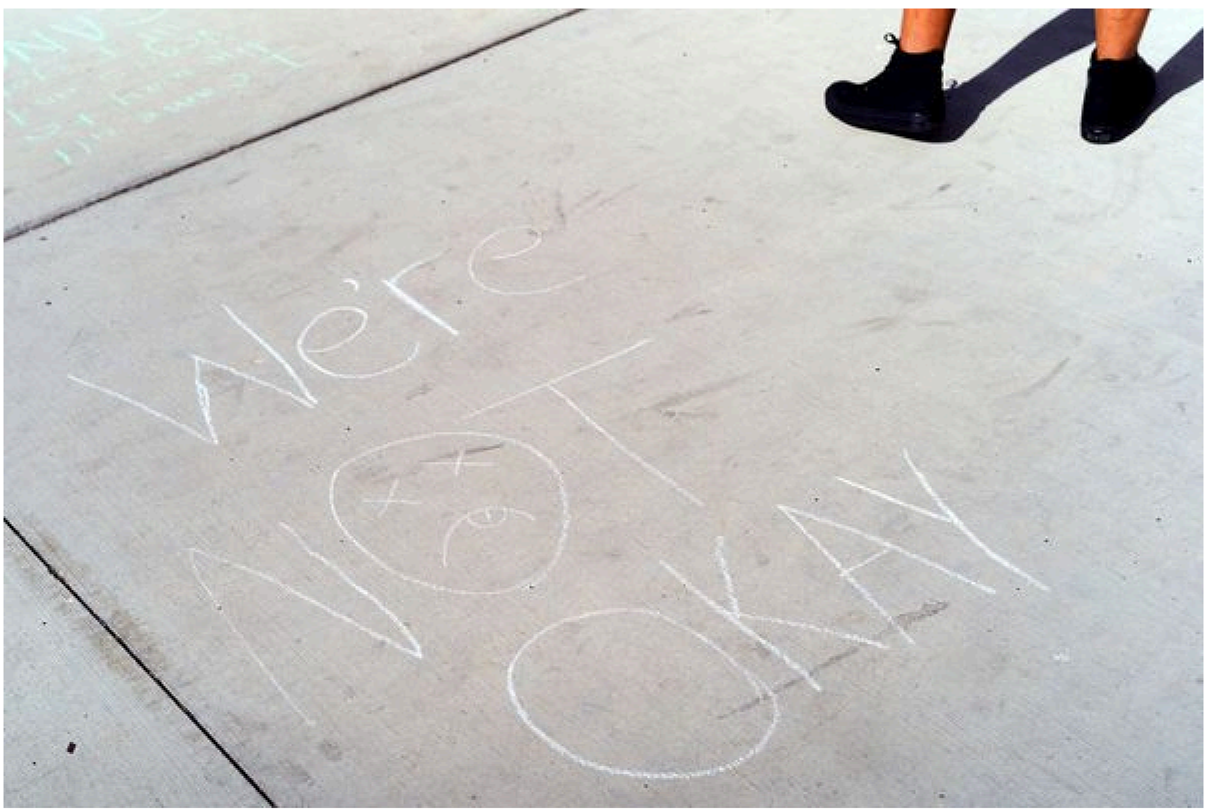
The business of misery is thriving as emo bands go back on tour

Jul 16, 2026 05:02 AM

EMO CULTURE was all the rage in 2006. In fact, rage was part of the appeal: "emo" stands for "emotional hardcore", a style of music that combines intense punk-rock stylings with introspective lyrics. Bands such as My Chemical Romance, Fall Out Boy, Panic! at the Disco and Paramore made the upper reaches of the charts in America and Britain. Teenagers sporting heavy black eyeliner and side fringes gathered in city centres and posted moody selfies on Facebook and Myspace.

Now emo is back. My Chemical Romance is marking the 20th anniversary of its album "The Black Parade" with a worldwide stadium tour. The band recently played three gigs at Wembley Stadium in London. Each night the 90,000-capacity venue was packed with screaming fans who had dug out their studded belts for the occasion.

It is not just My Chemical Romance that is getting fans in their feels. Fall Out Boy has toured in recent years. All Time Low played its biggest show ever at the O2 Arena in London earlier this year. Jimmy Eat World is currently on tour to celebrate the 25th anniversary of its "Bleed American" record. (One track urges the listener not to "write yourself off yet"—the band seemingly took its own advice to heart.)



The genre's comeback has been building for some time. When We Were Young, a pop-punk and emo festival, launched in California in 2017 and has since moved to a bigger spot in Las Vegas. It has proved there is still a market for misery. But the trend is reaching its zenith now because of the 20-year nostalgia cycle that affects everything from fashion to games and TV shows.

Today fans can find dedicated emo club nights and brunches. Dana Egan leads spin classes at Psycle, a fitness studio in London, to an emo soundtrack. She is thrilled to see the music making a return; she was "always an emo kid".

The crowds at concerts often span the generations. Millennials—the original emos—attend alongside Gen Z fans who discovered the bands after most had split up. Rhys Boyle, one such follower, says that "My Chemical Romance broke up when I was 13. And I remember thinking, 'Oh man, I'm not gonna be able to see them live ever.'"

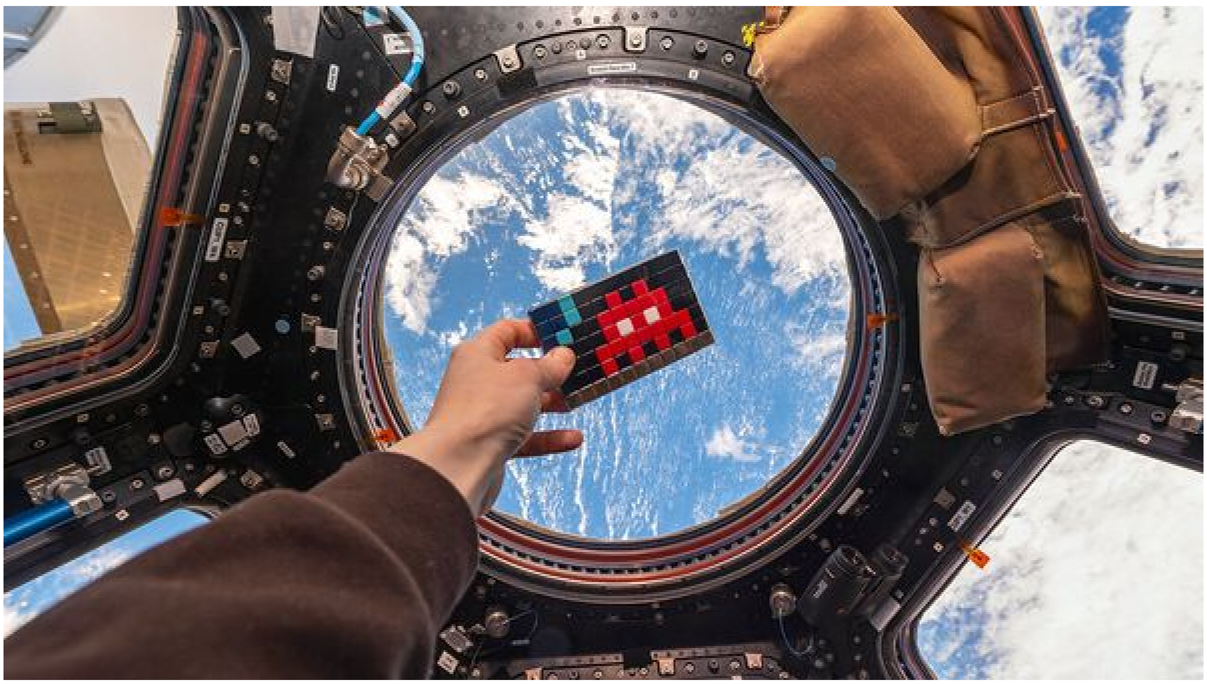
Fans insist emo has endured because it offers a sense of empathy and community in hostile, bewildering times. "A lot of people who are emo are a bit neurodivergent, a bit queer and a bit weird," says Nez Ray, a fan at Wembley; the music makes them feel as though they are not alone. Perhaps the angst and the eyeliner are here to stay, then. As "Welcome to the Black Parade", My Chemical Romance's biggest hit, puts it: "We want you all to know/We'll carry on."■

Invading your space

A mystery street artist is taking over cities

You can hunt for his mosaics in Paris and beyond

Jul 16, 2026 04:57 AM



Not a flash in the pan

STANDING AT THE top of the Eiffel Tower, almost everyone looks down. Tourists jostle to peer at Paris's famous landmarks and the snaking Seine. Yet those in the know gaze upwards: they climb to the highest public platform to view not the metropolis, but a mosaic. Up in one nook is a small pixelated artwork made from ceramic tiles, which depicts a blue creature with a cloud.

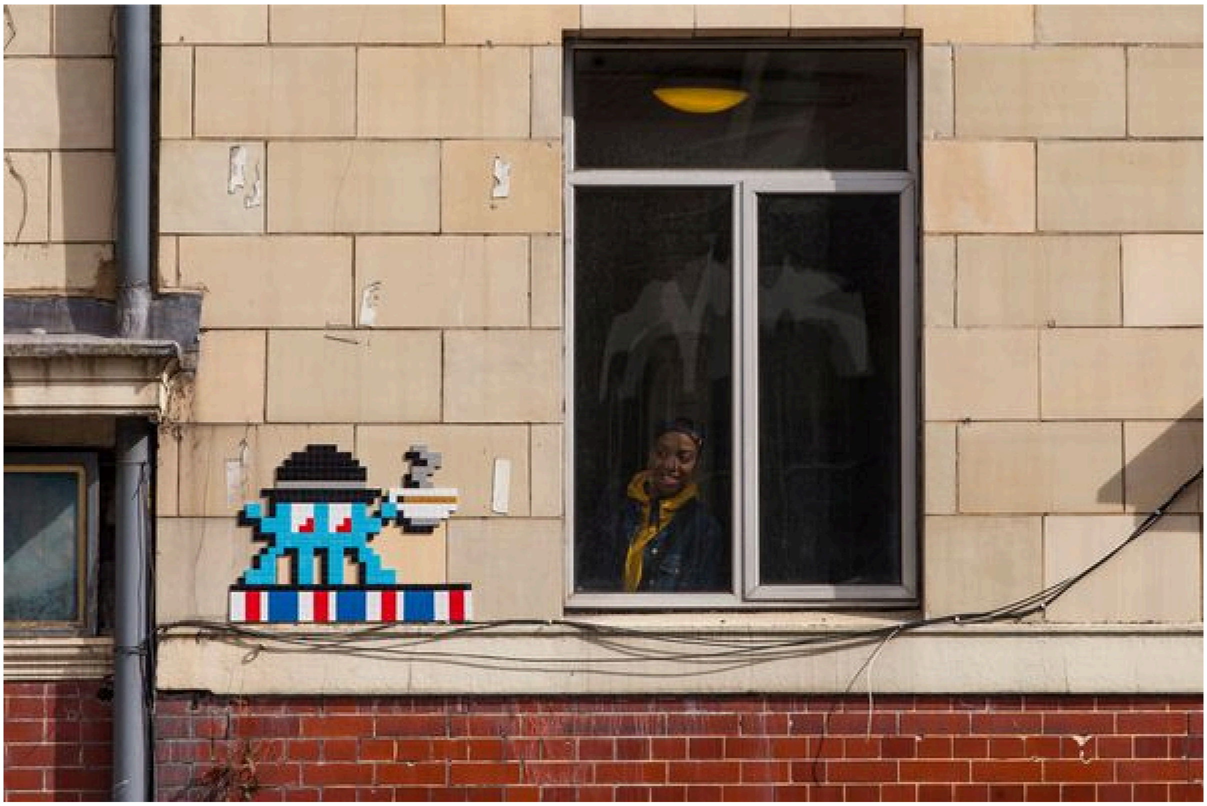
Invader, the Frenchman behind the mosaic, is one of the most prolific street artists in the world. (Yes, he is even busier than Banksy.) He has planted more than 1,500 works across Paris alone.

There are thousands more such “invasions” in over 80 cities around the world, from New York to Tokyo. His pixelated pictures have been affixed to the Hollywood sign and a ski lift in the Swiss Alps; they lie at the bottom of the ocean near Cancún and orbit Earth in the International Space Station (pictured above).

Like any successful intruder, he often works under cover of darkness. (Invader has installed almost every piece himself, from Miami to Marrakech.) And, like any serious street artist, his identity is a secret. That hasn’t stopped him from gaining fans. If you know a child in a city that has been invaded, chances are you’ve heard of FlashInvaders, an app on which you score points for finding (or “flashing”) the mosaics. The game has more than 550,000 players, up from about 360,000 in 2024. Players have logged some 47m flashes to date.

Invader uses the ancient practice of mosaic to create figures inspired by retro video games. Each tile acts as a “perfect pixel”, as Rafael

Schacter, a street-art expert at University College London puts it, which makes the mosaics look like digital images. Many are variations of the crabs and UFOs found in "Space Invaders" (1978). Others reflect their surroundings, as with a fox drinking a cup of tea in London.



The pixels also mean the images can be scanned on a phone, a bit like a QR code, to play FlashInvaders. The aim of the game is not only to interact with fans, says Invader—who spoke to *The Economist* via email to stay anonymous—but also to spark curiosity and urban *dérive* (exploration). Searching for the mosaics takes you to parts of cities you wouldn't normally see. The game can require detective work, as players must avoid being duped by impostors who try to mimic Invader's style.

FlashInvaders has drawn comparisons to Pokémon GO, an augmented-reality app, though it was created two years earlier, in 2014. Both games encourage players to go outside in pursuit of their favourite monster or mosaic. The app also fits with a wider trend to merge digital and physical play for children, from app-assisted board games to LEGO bricks with built-in chips that respond to sound and movement. Yet FlashInvaders is free: the app is purely a passion project and makes no money.

The app stands out because it encourages people to "look at their environment in a different way", notes Mr Schacter. Mobile games are often criticised for glueing people to their phones, but this one teaches you to take notice of the world around you. Whether on a little-known street or at the top of the Eiffel Tower, it's always worth looking up. ■

Posterity

George Sand’s life was a heady mix of sex and serious fiction

A new biography seeks to restore the French novelist’s place in the literary canon

Jul 16, 2026 04:57 AM

Becoming George. By Fiona Sampson. *W.W. Norton; 400 pages; $35. Doubleday; £22*

HOW MUCH do you know about George Sand? If you are an Anglophone reader, the answer is probably “not a lot”. You might recall that she was a French writer and that “George Sand” was a pseudonym (her real name was Amantine Lucile Aurore Dupin de Francueil). Perhaps you know that she wore men’s clothes and smoked cigars, or that she had a long affair with Frédéric Chopin, a celebrated composer. Only a few, however, will be able to name her works—and even fewer can claim to have actually read them. (Francophone readers, meanwhile, may have studied her books in school.)

With a new biography, Fiona Sampson, a poet, hopes to change that. She argues that Sand should be thought of as "one of the great novelists of the 19th century". Sand was prolific—she had to be, given she supported herself and various lovers by her pen—and over the course of a 45-year career she produced more than 50 novels, scores of essays, memoirs and plays, as well as thousands of letters. Ms Sampson argues that the vast body of work was influential, too, probing the inner lives of her female characters and containing "some of the first ecological literature and pioneering fictions of rural life".

Still, if Sand's reputation has become "all personality, little art" it is mostly because she was an extraordinary person. Her life was eventful, scandalous even, from the get-go: her father, scion of a distinguished military family, married her mother, a former chorus girl, shortly before Sand was born. Her beloved father died in a riding accident when she was four. Many years later, when his grave was accidentally disturbed, Sand took the opportunity to clamber in and kiss his skull.

After a spell in a convent as a teenager, Sand briefly considered taking religious vows. Instead she made vows of a different kind and, at 18, married a man who turned out to be boorish and violent. Before too long Sand left him—and her children—for Paris's literary scene. She began collaborating with Jules Sandeau, a lover, and borrowing his name. But she soon struck out on her own. After an early hit with "Indiana", publishers began competing for the rights to her work.

"Becoming George" is a romp to read. This is partly because Sand was a libertine, and an extremely successful one at that. (She is on holiday with one paramour when he falls ill; while he is recovering, she seduces the doctor who has come to care for him.) It is also because Ms Sampson is a skilful writer, who deftly evokes the cultural firmament in which Sand lived and worked. She has an enjoyable turn of phrase, too: one man is described as "a sexless creature, something of a bulgy-eyed haddock". Typhoid, she muses, "must be quite an effective prophylactic".

The biography, however, falls short of its intended aim. At times Ms Sampson tells, rather than shows, the reader that Sand's works matter; more in-depth literary analysis would have bolstered her argument. Sand's personality remains more intriguing than her art. She emerges as an astonishingly modern hero—so much so that you wonder why there hasn't been a Hollywood biopic about her in recent years.

Nevertheless, some readers may still be tempted to pick up a copy of "Indiana", "Lélia" or "Mauprat" after they have finished "Becoming George". For Ms Sampson lays out just how many admirers Sand had, including the Brontë sisters, Fyodor Dostoyevsky and Marcel Proust. Gustave Flaubert, who exchanged letters with Sand for many years, addressed his fellow writer as *chère maître* (dear master). After her death, he predicted that "Her name will live in unique glory as one of the great figures of France." Any novelist with such a famous fanbase is surely worth a try. ■

Back Story

The wild, gripping story of the Nord Stream pipeline bombing

A technicolour account of the sabotage suggests how fast the world has changed

Jul 16, 2026 04:58 AM

THE BOMBS were hidden in divers' cylinders and lowered into the Baltic Sea. In freezing darkness they were fixed to the pipes that snaked along the sea floor from Russia to Germany. The timers were set. As Bojan Pancevski shows in his new book, the resulting explosions shook Europe's economy and the Western alliance. Revisited today, those tanks are also time capsules, messages in a bottle from an already remote past.

Known as Nord Stream 1 and 2, the twin tubes comprised the world's longest undersea pipeline network when they were laid in

2011 and 2021 respectively. They were always controversial. By bypassing Ukraine, they made it easier for the Kremlin to cut off its gas supplies without interrupting deliveries farther west. As Mr Pancevski writes in "The Nord Stream Conspiracy", they were "giant tentacles" which "tied Germany and much of Europe to Russia" through dependence on Russian energy.

The blasts that ruptured them in September 2022, seven months into Russia's full-scale invasion of Ukraine, spewed up gas worth $2bn in giant geysers. The facts of the case have emerged patchily; Mr Pancevski, a correspondent for the *Wall Street Journal*, has dug out what he thinks is the full story.

It is gripping. In this telling, the improvised, shoestring raid was conducted by a maverick Ukrainian special-forces unit which, like much of the country's war effort, relied partly on private funding. It was led by an officer nicknamed "the madman" who had plotted warlords' assassinations. His team included a heavily tattooed politician and ex-cop who had trained to be a priest. Among the divers was a dauntless former erotic model, whose boyfriend was scared away from Kyiv lest he distract her. The aim was to cut Russia's export revenues and its influence on Europe.

Equipped with fake IDs obtained from criminals in Bulgaria, a crew of seven rented a sloop on the German coast and sailed into the Baltic. To set the bombs they plunged 80 metres into the murk, sometimes in a vicious storm. This book isn't misty-eyed about Ukraine's fractious security services and snakepit politics, noting the corruption and occasional brutality that blight them. But it honours the saboteurs' ingenuity and bravery.

The German police faced stonewalling and lies. Russia blamed America, which disliked Nord Stream, but, in this account, had got wind of the plan and tried to stop it. As Germany sent aid to Ukraine and took in refugees, the idea that the culprits might be Ukrainian was combustible. Still, the plods tracked down suspects using fingerprints, traffic cameras and facial-recognition software. A Ukrainian caught in Poland was sensationally released. Another was extradited from Italy and indicted on June 30th; German prosecutors explicitly—and explosively—say the attack was committed "on behalf of Ukrainian state authorities".

So the saga isn't over. But the Nord Stream era is. It is only four years since the pipeline was blown up, yet it seems a relic of a distant age. Now it appears bonkers that—after Vladimir Putin invaded Georgia and annexed Crimea—some Western statesmen thought it wise to strengthen his hold on Europe's economy. His most terrible war has recast this episode and the preceding folly.

Conversely, other aspects of the tale seem less incredible than they did. In four years the notion that war is waged beyond the battlefield has become commonplace. Undersea cables are damaged; Russian hackers target Western institutions; and amateur arsonists, recruited on social media, firebombed a house owned by Britain's prime minister. Hybrid warfare is no longer a shock but an insidious rumbling reality.

Conspiracism has likewise become more entrenched. The Nord Stream case features false-flag theories, subterfuge and cover-ups of a kind that seem unsurprising in the former Soviet world, where opacity has bred cynical mistrust. Paranoiacs in the West have long thought this way, too; as these worlds bleed together, ever more people do.

From another angle this book is a dispatch from a separate battle—between shoe-leather journalism and the forces, commercial and technological, which threaten it. For this is really a chronicle of three feats: the sabotage, the police inquiry and the author's stupendous investigative reporting. On the record, every Ukrainian cited here denies bombing Nord Stream. Yet Mr Pancevski's sources and perseverance let him reconstruct the mission in technicolour. No AI chatbot will ever match that. ■

Economic & financial indicators

- **Economic data, commodities and markets**
  Indicators ::

Indicators

Economic data, commodities and markets

Jul 16, 2026 04:57 AM

Economic data

	Gross domestic product % change on year ago: latest		quarter*	2026†	Consumer prices % change on year ago: latest		2026†	Unemployment rate %	
United States	2.7	Q1	2.1	2.0	3.5	Jun	3.7	4.2	Jun
China	4.3	Q2	3.6	4.7	1.0	Jun	1.2	5.0	Jun‡§
Japan	0.4	Q1	1.8	0.7	1.5	May	1.8	2.5	May
Britain	0.9	Q1	2.5	1.1	2.8	May	3.2	4.9	Mar††
Canada	-0.1	Q1	-0.1	0.8	3.2	May	2.6	6.5	Jun
Euro area	0.5	Q1	nil	0.8	2.8	Jun	2.8	6.2	May
Austria	0.9	Q1	0.8‡	0.8	3.1	Jun	3.0	5.8	May
Belgium	0.8	Q1	0.9	0.7	3.3	Jun	3.5	6.3	May
France	0.9	Q1	-0.4	0.8	2.0	Jun	1.9	8.2	May
Germany	0.3	Q1	1.4	0.7	2.4	Jun	2.6	3.8	May
Greece	2.0	Q1	1.0	2.0	3.9	Jun	4.0	8.1	May
Italy	0.8	Q1	1.1	0.8	3.1	Jun	2.6	5.0	May
Netherlands	1.4	Q1	0.9	1.0	2.5	Jun	3.1	3.8	Jun
Spain	2.7	Q1	2.5	2.2	3.6	Jun	3.2	10.3	May
Czech Republic	2.2	Q1	0.8	2.0	1.5	Jun	2.0	3.0	Q1‡
Denmark	6.2	Q1	6.2	3.3	1.9	Jun	2.0	3.1	May
Norway	1.7	Q1	1.4	1.3	2.7	Jun	3.2	4.6	Apr‡‡
Poland	3.5	Q1	2.4	3.4	2.5	Jun	3.0	5.9	May§
Russia	-0.2	Q1	-2.5	0.7	6.0	Jun	5.5	2.1	May§
Sweden	2.2	Q1	-0.6	2.1	0.7	Jun	1.9	9.4	May§
Switzerland	0.5	Q1	2.6	1.0	0.5	Jun	0.6	3.1	Jun
Turkey	2.5	Q1	0.5	2.5	32.1	Jun	31.7	7.4	May§
Australia	2.5	Q1	1.1	1.6	4.0	May	4.1	4.4	May
Hong Kong	5.9	Q1	12.2	5.0	2.0	May	2.1	3.7	May‡‡
India	7.8	Q1	6.4	6.5	4.4	Jun	4.8	6.6	Jun
Indonesia	5.6	Q1	6.0	5.0	3.3	Jun	3.5	4.7	Feb§
Malaysia	5.4	Q1	1.7	4.5	2.0	May	2.5	3.0	May§
Pakistan	4.8	2026**	na	3.0	11.1	Jun	7.8	6.9	2025
Philippines	2.8	Q1	3.6	2.9	6.4	Jun	5.3	4.7	Q2§
Singapore	5.7	Q2	4.6	4.8	1.8	May	2.4	2.0	Q1
South Korea	3.8	Q1	7.5	3.3	3.2	Jun	3.0	2.8	Jun§
Taiwan	14.5	Q1	6.9	10.5	2.6	Jun	1.6	3.3	May
Thailand	2.8	Q1	2.7	1.8	2.4	Jun	2.8	1.0	May§
Argentina	2.3	Q1	3.0	3.3	33.5	Jun	32.1	7.8	Q1§
Brazil	1.8	Q1	4.5	2.0	4.6	Jun	4.7	5.6	May§‡‡
Chile	-0.5	Q1	-1.1	1.4	4.3	Jun	3.6	9.4	May§‡‡
Colombia	2.2	Q1	2.4	2.5	6.1	Jun	5.6	8.0	May§
Mexico	0.2	Q1	-2.4	0.9	3.4	Jun	4.0	2.7	May
Peru	3.5	Q1	3.2	2.7	4.0	Jun	3.9	5.2	Jun§
Egypt	5.0	Q1	-24.0	4.5	14.3	Jun	13.8	6.0	Q1§
Israel	1.7	Q1	-3.8	3.1	1.6	Jun	2.2	2.8	May
Saudi Arabia	4.6	2025	na	0.9	1.8	Jun	2.1	3.1	Q1
South Africa	1.9	Q1	2.2	1.6	4.4	May	4.3	32.7	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

	Current-account balance	Budget balance	Interest rates		Currency units	
	% of GDP, 2026†	% of GDP, 2026†	10-yr gov't bonds latest, %	change on year ago, bp	per $ Jul 16th	% change on year ago
United States	-3.5	-6.5	4.5	5.0	-	
China	3.3	-5.4	1.4 §§	-10.0	6.77	5.9
Japan	3.6	-1.8	2.7	111	162	-8.2
Britain	-3.5	-5.1	5.0	32.0	0.74	1.4
Canada	-0.4	-2.1	3.5	-8.0	1.40	-2.1
Euro area	2.3	-3.4	3.1	42.0	0.87	-1.1
Austria	1.1	-4.1	3.3	29.0	0.87	-1.1
Belgium	-2.7	-5.2	3.7	44.0	0.87	-1.1
France	-0.4	-5.3	3.9	50.0	0.87	-1.1
Germany	4.5	-3.7	3.1	42.0	0.87	-1.1
Greece	-5.5	0.8	3.8	37.0	0.87	-1.1
Italy	0.8	-3.0	3.9	31.0	0.87	-1.1
Netherlands	9.3	-2.6	3.2	32.0	0.87	-1.1
Spain	2.3	-2.4	3.5	20.0	0.87	-1.1
Czech Republic	0.3	-2.6	4.8	55.0	21.1	0.7
Denmark	12.1	1.3	3.0	42.0	6.52	-1.4
Norway	14.8	9.0	4.4	48.0	9.65	6.2
Poland	-1.3	-7.0	5.5	10.0	3.77	-2.4
Russia	2.2	-3.4	16.5	214	78.0	nil
Sweden	4.8	-2.0	2.9	59.0	9.59	1.4
Switzerland	7.7	0.2	0.5	1.0	0.81	nil
Turkey	-3.0	-3.6	31.7	194	47.0	-14.5
Australia	-3.0	-1.5	4.9	63.0	1.43	7.7
Hong Kong	4.3	-2.5	3.5	35.0	7.84	0.1
India	-1.5	-4.5	6.8	46.0	96.3	-10.7
Indonesia	-1.7	-3.5	7.2	67.0	18,043	-9.8
Malaysia	3.4	-4.1	3.6	19.0	4.08	3.9
Pakistan	-1.1	-4.7	12.0 †††	-13.0	277	2.8
Philippines	-4.1	-6.3	7.2	100	61.7	-8.0
Singapore	16.6	1.3	2.2	8.0	1.29	nil
South Korea	9.9	-1.9	4.3	143	1,486	-6.7
Taiwan	27.4	1.8	1.7	27.0	32.1	-8.6
Thailand	0.5	-5.5	2.0	49.0	33.6	-3.1
Argentina	-0.9	0.1	na	na	1,476	-14.6
Brazil	-2.6	-7.3	14.5	44.0	5.09	9.2
Chile	-2.0	-2.4	5.6	-5.0	925	4.6
Colombia	-2.4	-6.6	11.7	-13.0	3,234	24.1
Mexico	-0.4	-3.8	9.1	-34.0	17.4	8.2
Peru	2.2	-2.4	6.1	-8.0	3.39	5.0
Egypt	-5.0	-5.2	25.6	50.0	50.5	-2.2
Israel	1.8	-4.5	3.8	-41.0	2.99	12.3
Saudi Arabia	-2.3	-6.1	na	na	3.76	nil
South Africa	-1.0	-4.4	8.5	-133	16.3	9.7

Source: Haver Analytics §§5-year yield †††Dollar-denominated bonds

Markets

In local currency	Index Jul 15th	% change on: one week	% change on: Dec 31st 2025
United States S&P 500	7,572.4	1.2	10.6
United States NAS Comp	26,269.2	1.5	13.0
China Shanghai Comp	3,955.6	-0.4	-0.3
China Shenzhen Comp	2,608.3	-1.6	3.1
Japan Nikkei 225	68,751.5	2.9	36.6
Japan Topix	4,088.1	2.0	19.9
Britain FTSE 100	10,515.9	0.3	5.9
Canada S&P TSX	35,416.2	1.4	11.7
Euro area EURO STOXX 50	6,265.6	1.0	8.2
France CAC 40	8,382.4	1.6	2.9
Germany DAX*	24,999.5	0.4	2.1
Italy FTSE/MIB	52,411.3	1.1	16.6
Netherlands AEX	1,097.9	2.0	15.4
Spain IBEX 35	19,275.5	0.9	11.4
Poland WIG	143,407.1	3.1	22.3
Russia RTS, $ terms	853.4	-6.8	-25.0
Switzerland SMI	14,307.3	0.9	7.8
Turkey BIST	14,080.0	-0.8	25.0
Australia All Ord.	9,034.6	0.6	0.2
Hong Kong Hang Seng	24,681.1	2.0	-3.7
India BSE	77,185.4	0.9	-9.4
Indonesia IDX	6,042.0	2.9	-30.1
Malaysia KLSE	1,713.8	1.8	2.0
Pakistan KSE	175,285.8	-3.5	0.7
Singapore STI	5,559.7	3.5	19.7
South Korea KOSPI	7,284.4	0.5	72.9
Taiwan TWI	45,631.6	-0.2	57.5
Thailand SET	1,630.2	3.4	29.4
Argentina MERV	3,291,246.0	2.8	7.9
Brazil BVSP*	176,010.9	3.1	9.2
Mexico IPC	66,399.7	-0.3	3.3
Egypt EGX 30	52,558.4	1.0	25.7
Israel TA-125	4,127.5	1.8	12.7
Saudi Arabia Tadawul	10,704.5	-1.4	2.0
South Africa JSE AS	110,288.7	1.8	-4.8
World, dev'd MSCI	4,876.6	1.3	10.1
Emerging markets MSCI	1,688.2	0.6	20.2

US corporate bonds, spread over Treasuries

Basis points	latest	Dec 31st 2025
Investment grade	92	93
High-yield	328	354

Sources: LSEG Workspace; Moscow Exchange; Standard & Poor's Global Fixed Income Research *Total return index

Commodities

The Economist commodity-price index

2020=100	Jul 7th	Jul 14th*	% change on month	% change on year
Dollar Index				
All items	150.8	152.2	0.6	16.1
Food	153.2	154.1	5.9	7.9
Industrials				
All	148.9	150.7	-3.6	24.2
Non-food agriculturals	151.2	153.3	-1.5	25.9
Metals	148.3	150.0	-4.1	23.7
Sterling Index				
All items	144.9	145.9	0.7	16.0
Euro Index				
All items	150.8	152.0	2.0	17.9
Gold				
$ per oz	4,148.8	4,090.7	-5.4	22.3
Brent				
$ per barrel	74.2	84.8	7.3	23.3

Sources: CME Group; LME; LSEG Workspace; NOREXECO; NZ Wool Services; S&P Global Commodity Insights; Thompson Lloyd & Ewart; USDA *Provisional

Obituary

- **Humphrey Smith dictated what a good pub should be**
  Drinking by the rules :: The lord high brewer of Tadcaster died on June 19th, aged 81

Drinking by the rules

Humphrey Smith dictated what a good pub should be

The lord high brewer of Tadcaster died on June 19th, aged 81

Jul 16, 2026 06:54 AM

WHAT MAKES an ideal English pub? In a book review of 1946, George Orwell knew. In his favourite, The Moon Under Water, the clientele were mostly "regulars", "who occupy the same chair every evening and go there for conversation as much as for the beer". The fittings were "uncompromisingly Victorian", from the grained woodwork to the cast-iron fireplaces. The house had neither a radio nor a piano, and any singing "is of a decorous kind".

Humphrey Smith took this to heart. As owner for nearly four decades of the proudly independent Samuel Smith Old Brewery in Tadcaster, North Yorkshire (estd. 1758), he wanted his pubs to fit Orwell's template. And there were a lot of them: almost 300 scattered up and down Britain, mostly in small villages in the north, but also in Bristol and Bath, and 39 in London. There he owned some famous hostelries, including Ye Olde Cheshire Cheese in Fleet Street, the haunt of Dickens and Dr Johnson.

Accordingly, all his pubs had a certain look and sound about them. Dark, cosy, heavy on the leather and brass, with not a TV or a piano about. No Muzak, either; just the buzz of conversation. Nothing was for sale that was not brewed by Samuel Smith or grown in Yorkshire, even to the crisps; but no branding was allowed, inside or out. The beer (Old Brewery Bitter, Nut Brown Ale and Yorkshire Stingo, to name but a few) had been brewed from Tadcaster spring water filtered through Permian limestone, and the worts had been fermented in rare slate tanks called Yorkshire squares. Barrels were made on the premises by his own coopers, and those going to pubs round Tadcaster were delivered on a dray by two magnificent grey shire horses stabled in the brewery.

After all this care, he was not about to let his pubs let him down. So they also featured notices asking customers to respect the rules. There were many. No dogs, no mobile phones except outside, no laptops or tablets. No children, unless dining. No bikers or general undesirables. No men kissing each other, and no swearing. This last rule, relatively new, came in after he overheard a man using the F-word outside the Fox and Goose in Droitwich. Any staff hearing such a word were to ask the culprit to refrain. If the culprit did not do so, they must refuse to serve him.

Humphrey could enforce these rules because, in 1984, he had imposed an important rule himself. Henceforth all those who ran Samuel Smith pubs were not tenants who could act on their own initiative, but managers, employed by the brewery (himself) directly. Couples were strongly preferred, and were paid around £50,000 ($67,000) a year. Aspiring applicants went on a week-long course to learn, among other things, about the brewery's traditions. And woe betide if they fell short.

He did spot-checks himself, turning up suddenly with a little folder under his arm. Having visited the gents first, he would order a half of Old Brewery Bitter, always that, and sup it in a corner, looking carefully round. The upshot could be dire. If he found anything amiss, he would close the pub down with immediate effect. The next day his men would remove the alcohol, and the managers, who had to live on-site, would be out on the street. He did not always give his reasons. At The Abbey near Derby they offended him by posting pictures of the pub on the internet, at the New Inn in Stamford Bridge by putting perfume, he thought, in his beer, at the Cow and Calf outside Sheffield by failing to produce a chocolate fondant for dessert. That was his favourite, as they should have known.

But then no one truly did know him, when all was said. Few men were as private as he was. He wanted no outsiders poking around in the brewery or nosing in the accounts, and in 1982 he had made his company unlimited, so no one could. (In 2018, when he refused to divulge information to the tiresome pensions regulator, he and the brewery ended up being fined nearly £28,000.) School had been at Eton, where it was hard to fit in with the posh boys, and after that it was back to the brewery. As lord of it he gave no interviews, ducked his head out of the way of any camera, and lived in such secrecy in Oxton Hall, outside Tadcaster, that the only up-to-date picture of it showed just the drive-in and a hedge.

In Tadcaster itself, where he seemed to own, house or employ at least half the town, he was often seen about in his old wax jacket and wellies. A lot of what he did for the place was secret, apart from the building of the very popular Community Swimming Pool. The townsfolk, who were mostly deferential, assumed he was extremely rich, not least because he had been the first brewer to catch the American export market. Yet he was frugal, living in only one wing of Oxton Hall and travelling free on his bus pass.

He also, however, kept a planning barrister on a retainer. His fights with town and county councils were legion, mostly because he wanted things to stay as they were. The worst was when the Tadcaster bypass was built through his own parkland; but that was by compulsory purchase, so nothing to be done. His plan for Tadcaster, unrealised, was to pedestrianise the centre and put back the cobblestones. Modern intrusions were kept at bay. In 2015, when the River Wharfe flooded the town and broke the 18th-century bridge that linked its two halves, he refused to spend £300,000 of public money on a temporary bridge in its place. Everyone would just have to drive the nine miles round.

The same unsparing attitude applied to his pubs. By the 2020s half of them were closed, awaiting his approved sort of manager. They included the Angel and White Horse, the flagship pub and his own favourite, right by the brewery. There was nothing wrong with either his beer, or his relatively cheap prices; all pubs were struggling, with around 300 closing every year. But Humphrey’s had an extra disadvantage: his rules. Like Orwell, he yearned to hang on to an idyll of the past. But Orwell had admitted that The Moon Under Water did not, and probably could not, exist. ■
