The Economist

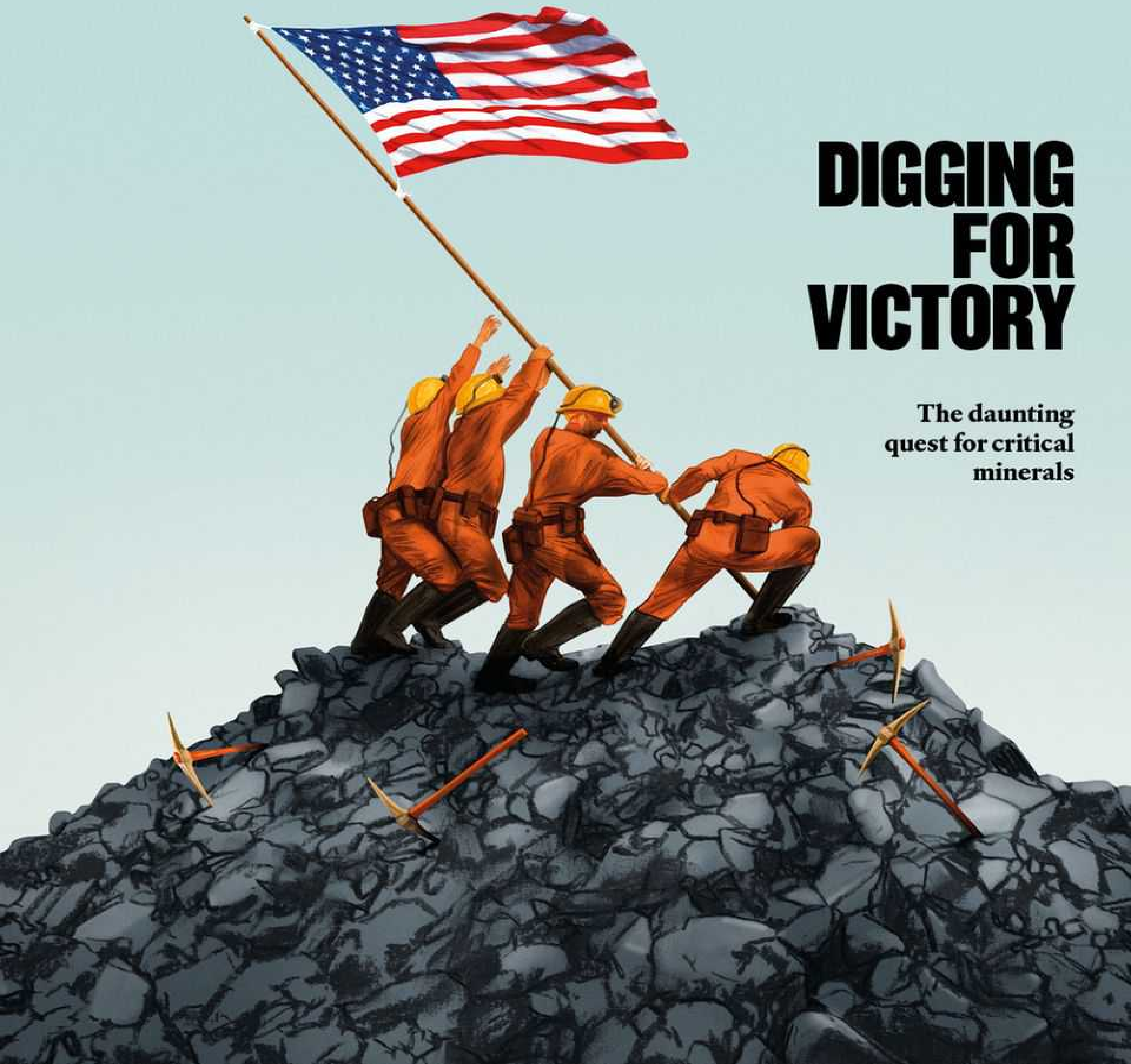
America's trap in Iran

State of the disUnion

Blue scowl: private credit in peril

Who leads the Muslim world?

FEBRUARY 28TH–MARCH 6TH 2026



DIGGING FOR VICTORY

The daunting quest for critical minerals

February 28th 2026

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The world this week

Politics

February 26th 2026

Donald Trump gave his state-of-the-union speech to Congress. At one hour and 48 minutes it was the longest ever. The president claimed he was responsible for a "golden age" in America, though his poll ratings suggest otherwise, with voters expressing deep concern about the cost of living. Mr Trump made the speech a few days after the Supreme Court struck down his "reciprocal" tariffs as well as tariffs on Canada, China and Mexico for not stopping drug smuggling. It ruled that the duties could not be imposed under the emergency-powers act that Mr Trump had cited; America "is not at war with every nation in the world", it said. The president said the court's decision was "unfortunate".

The Mexican government deployed an extra 2,500 security-force personnel to the state of Jalisco to quell a wave of violence after the death of "El Mencho", the boss of Jalisco New Generation Cartel, in a military raid.

Heavily armed members of the drug gang set up roadblocks, attacked businesses and burned cars; flights to Guadalajara and Puerto Vallarta were briefly disrupted. Twenty-five National Guard troops were killed amid the mayhem, as were dozens of gang members. Claudia Sheinbaum, the president, declared that calm had been restored.

Bolivia has started working with America's Drug Enforcement Administration again, according to its interior minister. Bolivia, a big producer of cocaine, expelled DEA agents in 2008 under the leftist president, Evo Morales. America's relationship with Bolivia has warmed considerably since its new centrist president, Rodrigo Paz, came to power last November.

Cuba opened fire on a speedboat that was approaching its northern shore, killing four of the ten occupants. It arrested the other six. The authorities said all ten were Cuban nationals who lived in the United States and were attempting a "terrorist infiltration" when they were intercepted. America said it would conduct its own investigation of the incident, which comes amid renewed tension with Cuba.

American forces seized another tanker in the Indian Ocean that was transporting Venezuelan oil in defiance of sanctions. It is the third vessel the Americans have boarded in the area. "International waters are not a refuge for sanctioned actors", said the Pentagon. America also struck another boat suspected of trafficking drugs in the Caribbean, killing three people.

European leaders, including Ursula von der Leyen, the president of the European Commission, gathered in Kyiv to mark the fourth anniversary of Russia's invasion of Ukraine. Mark Rutte, the secretary-general of NATO, called for more aid to help the Ukrainian war effort, but Hungary is now threatening to block a €90bn ($106bn) loan in a dispute with Ukraine over an oil pipeline from Russia. Meanwhile, Britain imposed nearly 300 new sanctions on Russian firms and individuals, including Transneft, a pipeline operator responsible for transporting more than 80% of Russian oil exports.

Russian media reported that an investigation had been opened into Telegram, a global social-networking platform with 1bn users, for abetting Ukrainian and Western intelligence. Pavel Durov, Telegram's founder, said

Russia had opened a criminal case against him for aiding terrorism. He said officials were trying to suppress free speech, “a sad spectacle of a state afraid of its own people”. Russian media described him as a tool of NATO. Mr Durov left Russia in 2014.

A suicide-bomber blew himself up near Savyolovsky train station in Moscow, killing a policeman. The authorities said the man came from the Udmurt republic, which lies 1,100km (680 miles) east of Moscow. Vladimir Putin claimed the bomber had been recruited online.

Rob Jetten was sworn in as prime minister of the Netherlands, following an election last October that led to months of negotiations on forming a coalition. His centrist D66 party is joined by the Christian Democrats and the centre-right VVD in a minority government. Mr Jetten has promised to spend more on defence and housing, and has proposed big cuts to welfare. Falling short of a majority, his coalition is going to need support from legislators on the left and the right.

The French foreign minister, Jean-Noël Barrot, banned the American ambassador in Paris, Charles Kushner, from having any contact with French ministers amid a diplomatic spat. The row started when the American embassy commented that “violent left-wing extremism is on the rise” in France following the murder of a right-wing student. Mr Barrot summoned Mr Kushner to explain the comment, but he skipped the meeting, claiming he had a prior engagement. The pair eventually spoke by phone. Mr Kushner reportedly promised not to interfere in domestic affairs.

Peter Mandelson, a former government minister in Britain, was arrested on suspicion of misconduct in public office. This followed the arrest of Andrew Mountbatten-Windsor, King Charles’s brother, on similar grounds in relation to his work as a British trade envoy. Both cases are linked to information obtained from the Jeffrey Epstein files; both men had close friendships with the deceased sex offender. Lord Mandelson, who last year was the Labour government’s ambassador to America, denied speculation that he had been about to flee Britain, claiming it was “baseless”. Both men have been released pending further investigation.

America's military build-up in the Middle East continued, with the USS Gerald R. Ford, the world's largest warship, steaming its way to the region. Leaks from the Pentagon revealed defence officials' worries about the risks of extended strikes against Iran. Donald Trump expressed his surprise at Iran's failure to "capitulate" in the face of the American threat. Meanwhile, new anti-government protests broke out at several Iranian universities.

The American embassy in Israel announced that it would start providing passport services to Israeli settlements in the West Bank. In a statement posted on X, it said it would offer services to American citizens in Efrat, a settlement, and would roll them out to another settlement in the coming months. Israeli settlements are considered illegal under international law.

A key border crossing linking Uvira in Democratic Republic of Congo's South Kivu province with Bujumbura, Burundi's economic capital, reopened. This came after M23, a rebel group backed by Rwanda, withdrew from Uvira in January.

The UN added four senior leaders of the Rapid Support Forces (RSF), the rebel group in Sudan's civil war, to its sanctions list. The sanctions follow an assessment by the UN that the RSF's campaign in Sudan's Darfur region last year bore "the hallmarks of genocide".

China placed immediate curbs on exports to at least 20 firms in Japan of rare earths and other critical minerals that can be used for military or civilian purposes. Relations have soured between the two countries since Takaichi Sanae, the Japanese prime minister, suggested she might respond forcefully if China invaded Taiwan, and then laid out plans to boost national defence.

Pakistan targeted suspected terrorist sites in Afghanistan with air strikes, following a wave of bombings that the Pakistani government says were directed by militants in Afghanistan. The Taliban government in Kabul claimed dozens of people were killed during the offensive. The UN said 13 civilians died. After the air raids, gunmen killed seven people in Kohat, in north-west Pakistan, and a suicide-bomber killed two police officials in Punjab province. The Pakistani Taliban claimed responsibility for both attacks.

India’s prime minister, Narendra Modi, visited Israel, where he met his counterpart, Binyamin Netanyahu, and gave a speech to the Knesset. The leaders discussed strengthening security and trade ties between the two countries. Ahead of the visit Mr Netanyahu said India was part of a “hexagon of alliances…that stand together against the radical axes” and are “committed to stability and progress”.

The world this week

Business

February 26th 2026

Donald Trump's new 10% global tariff came into force. The president imposed the levy under a statute from 1974, after the Supreme Court struck down his previous tariffs. In its decision the court did not say whether refunds should be issued for tariffs collected under the disallowed policy. That will be left to lower courts. FedEx has become the first large company to sue the government for a full refund of the duties it has had to pay. The legal process will be long, slow and complicated.

Mr Trump intends to raise his global tariff eventually to 15%. That has angered countries that have struck a trade deal or are negotiating with America. Lawmakers in the European Parliament suspended the ratification process for the EU's agreement with America, though the EU trade commissioner said respect for the deal was "paramount". Mr Trump warned countries not to "play games", or they could face even higher tariffs.

The American economy grew by 1.4% at an annual rate in the fourth quarter of 2025, a big drop from the 4.4% recorded in the third quarter. The Bureau of Economic Analysis estimated that the long government shutdown shaved one percentage point off the quarter's growth rate. The economy expanded by 2.2% in the whole of 2025, the slowest pace since the pandemic year of 2020.

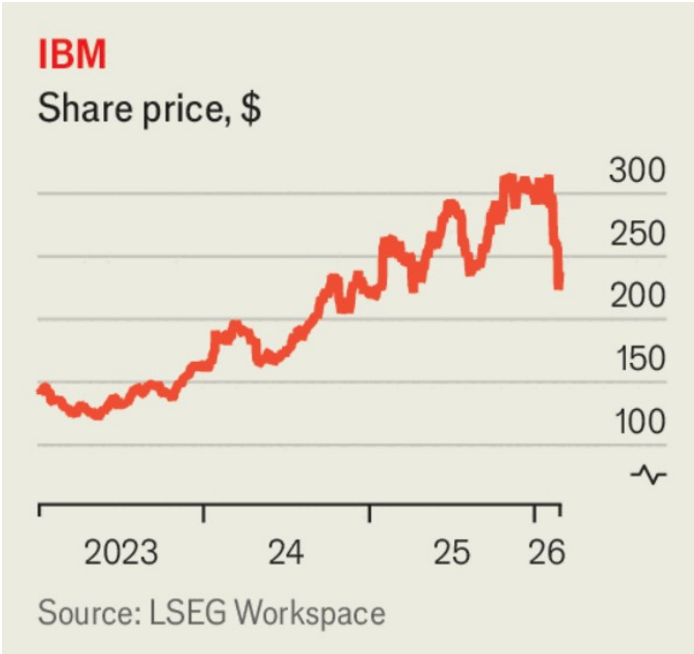
The yen fell sharply against the dollar, after Takaichi Sanae, Japan's prime minister, nominated two doveish candidates to the Bank of Japan's policy board. Asada Toichiro and Sato Ayano support economic stimulus and lower interest rates, which could put them at odds with Ueda Kazuo, the central bank's governor, who may want to raise rates.

Aston Martin decided to cut its workforce by 20%, as it struggles to generate cash and manage its large pile of debt. The British luxury carmaker blamed tariffs in part, saying they had been "extremely disruptive" to its business.

Paramount raised its hostile takeover offer for Warner Bros Discovery from $30 a share to $31. Warner acknowledged that this could constitute a "superior proposal" to the deal it has accepted from Netflix. It said it would engage with Paramount, but that the merger agreement with Netflix remained in effect.

The government of Panama said Moller-Maersk and MSC, two European shipping lines, were now operating two ports on the Panama Canal. In January the country's Supreme Court annulled the contract of CK Hutchison, a Hong Kong conglomerate, to run the facilities. The Panamanian president said CK Hutchison had established an "autonomous territory" at the vital waterway during its decades-long operations. The company described the takeover as "unlawful".

Aliko Dangote, Africa's richest man, said he would list his oil refinery in Lagos on the Nigerian stock exchange in the coming months, with the minority stake currently owned by the state oil company up for grabs. The listing of the refinery, which is valued at some $20bn, may help spur interest in the country's stockmarket.



IBM's share price recorded its biggest one-day loss since 2000, after Anthropic announced that its AI coding tool could now update an old programming language that is run on IBM's mainframe computers. Modernising the system "once required armies of consultants spending years mapping workflows", boasted Anthropic. "AI changes this."

IBM's share price was not the only one to come under pressure, as a fresh sell-off hit the stocks of software firms. A blog post by Citrini Research, a platform for equity research, bore some of the blame. It imagined an economy torn asunder by AI in 2028, when America's unemployment rate hits 10%. The firm stressed that its analysis was a scenario and not a prediction. "This isn't bear porn or AI-doomer fan-fiction," it noted. Still, it then went on to describe an "economic pandemic", as white-collar jobs once considered tedious disappeared. They were replaced by AI agents that "found nothing tedious".

Meta announced that AMD will supply it with graphics-processing units to help power its AI infrastructure. Under the deal Meta could take a stake of up to 10% in the chipmaker. As it seeks ways to feed its voracious appetite for computing power, Meta has also recently reached a chip-supply agreement with Nvidia. It plans to spend up to $135bn this year on AI.

Nvidia produced another stellar set of quarterly earnings. Revenue rose by 73%, year on year, to $68.1bn, and net profit came in at $43bn, up by 94%. Computing demand for AI “is growing exponentially”, said Jensen Huang, its CEO.

The world this week

The weekly cartoon

February 26th 2026

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

America's trade chaos is just beginningBosses should not hold their breath for a Trump tariff refund[Donald Trump answers a Supreme Court rebuke with new tariff threats]

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

Leaders

Leaders | Digging for victory

America's dangerous pursuit of critical-mineral dominance

With a more focused approach, it could break China's chokehold

February 26th 2026

IN 1973 a club of Arab petrostates held the world to ransom by halting crude-oil exports to countries they accused of supporting Israel. Petrol prices soared; Western economies buckled. Today the danger is that China will use its grip on other natural resources to achieve its aims, such as seizing Taiwan. It has already shown its power by choking off exports of rare-earth metals last year. That is why America is staging its biggest intervention in commodity markets in decades.

The battleground is the supply of "critical" metals, a group of minerals vital to making military, electrical and computing infrastructure—everything modern economies need to be safe, high-tech and green. China supplies most of these: it mines about 80% of the world's tungsten, for instance, and refines 99% of its gallium. This is spurring America into an all-out campaign to diversify its sourcing of 60 minerals. It has pledged billions of dollars to dozens of mining projects at home and abroad, floated plans to create price floors and trade blocs, and announced a vast stockpile to cover months of national needs. The risk now is that America depends too much on its scattershot efforts—and that, in seeking control, it breaks the flexible and resilient system of market incentives that ensures the smooth functioning of the global economy.

China's grip on critical minerals has exposed the West's most serious strategic weakness in many years. Last April, during its trade war with America, China restricted exports of seven crucial rare earths; it targeted another five in October. Nearly a third of Pentagon procurement programmes faced the risk of shortages, as did industries from carmaking to renewable energy. The prospect of large-scale disruption prodded President Donald Trump into a trade truce with Xi Jinping, as well as a relaxation of American controls on some technology exports. Yet Mr Xi can deploy the weapon again whenever he chooses. Meanwhile, exports of rare earths for dual-use applications—the expanding grey zone between military and civilian uses—remain largely barred, sapping Western efforts to rearm.

It would be nice to say that the best defence against China's tactics is to double down on global markets. They certainly have a part to play. The oil crises of the 1970s boosted the development of commodity trading—in which prices for key materials are set on exchanges by millions of buyers and sellers entering 40m derivatives contracts daily. Time and again, hit by wars, industrial strikes and natural disasters, markets have handled shocks better than government planners ever could.

However, America is right. China's dominance over critical minerals means that continuing to place full faith in the invisible hand would be naive and unsafe. China has spent decades building control over minerals, bankrolling projects at home and acquiring assets abroad. Its producers have consolidated into behemoths that the state can control and which have the market power to deter would-be competitors by flooding global markets—even if that means taking temporary losses.

America's task, therefore, is to strike a balance. On the one hand, it needs to insure against the risk that China cuts off exports again, and to deter it from doing so by raising the cost of further restrictions. On the other, it needs to nurture markets. Subsidies and stockpiles are expensive. State-to-state mineral agreements invite rent-seeking, side deals and corruption—a risk with the Trump administration. Dirigisme muffles the price signals that encourage conservation and innovation.

Unfortunately, America is [mismanaging these trade-offs](). Officials seem to deem almost any expense to be an acceptable price for security. Money is being spread wastefully thin, not focused where China's grip is tightest, in refineries and smelters. From Delaware to the Democratic Republic of Congo, chancers are pitching the administration dud projects in the hope of easy money. In return for peace in Ukraine (on his terms), Vladimir Putin is promising Mr Trump a bogus $12trn in deals, including lots in energy and mining.

America's campaign should instead follow three principles. The first is to narrow the scope. Not all 60 minerals it deems critical genuinely are. Aluminium, lead and zinc are abundant, recyclable and substitutable; China would struggle to corner vast industrial-metal markets like copper. America should therefore concentrate on niche, vital metals, such as some rare earths, where China can more easily restrict exports. Priority should go to critical industries—defence, and perhaps health care—leaving carmakers to fend for themselves. America should focus on projects near completion. Even keeping a small share of supply out of China's control can break its chokehold, because Mr Xi will know that America has alternatives.

A second principle is to use all the tools at hand. America's targeted stockpiles can cover immediate needs in a crisis, and its purchase contracts at pre-agreed prices can attract private investors and get projects off the ground. But it must also attend to refining and processing. Refiners that produce one main metal often leave critical by-products in waste rock, because processing costs too much. Conditional state backing could change their calculus.

Throughout, however, America must strive to ensure that price signals get through—the third principle. The economy will continue to adapt and innovate only if buyers and sellers face high prices when supply is limited. By contrast, low fixed prices will exacerbate dependence.

For the Trump administration, national security means America First. That is translating into a race to lock up scarce supplies at others' expense, causing its allies to worry they will be left behind. But even an administration that doubts the utility of military alliances should work with others over natural resources. Europe has engineering expertise; Japan, an earlier victim of China's mineral blackmail, has experience in securing supply chains. Together they bulk up the market. Against China's geology, industriousness and political system, America's ability to work with others is its greatest asset. ■

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Leaders | The threat of war in Iran

Donald Trump is at risk of launching a war without purpose

A conflict with Iran without a clear objective would be recklessly dangerous

February 26th 2026

EARNING A NAME for issuing empty threats can be devastating. Ask Barack Obama. Thirteen years ago, a dictator in the Middle East defied a warning from America's then-president not to cross a "red line" by using chemical weapons against his own people. The world held its breath, asking itself when Mr Obama would punish, or even topple, the tyrant for his war crime. Instead, Mr Obama did nothing. Syria's vile ruler held on for over a decade. Half a million people died. For many, from that moment, the president's credibility was shot.

Today, another murderous regime in the Middle East has been rabidly killing its own people. Iran's rulers massacred perhaps 20,000 demonstrators in January. President Donald Trump said at the time that he would ride to the protesters' rescue, promising that "help is on the way" and urging them to remain on the streets. Since then, Mr Trump has sworn to topple Iran's regime. In his state-of-the-union address this week he vowed to block any resurgence of Iran's "sinister" nuclear programme.

Has Mr Trump thereby set his own red line in the Middle East? You might suppose not. No politician today is less bound by his own bombastic outbursts and contradictions. Had the president merely shunned Iran, few would have held him to account for his noisy pledges.

Yet few people are more likely to take Mr Obama as a cautionary tale than the present occupant of the White House. More importantly, Mr Trump has done a lot more than talk. To give his words extra credibility, he has sent an armada towards Iran's shores. The Middle East now hosts the largest concentration of American military firepower since 2003. A second aircraft-carrier, the USS Gerald R. Ford, has just sailed in. Jets, bombers and other airborne forces have assembled. Allies are on alert. By preparing the means to punish the regime of Ayatollah Ali Khamenei, Mr Trump is bringing this crisis to a head. This is both a moment of jeopardy and a test of his credibility.

A further reason to expect military action is that the president may be getting a taste for it. Last June he ordered bombers from Missouri to help Israel's air force in a 12-day war to "obliterate" Iran's nuclear programme. In January he again rolled the dice on a high-risk operation, sending special forces to Caracas to seize Venezuela's dictator, Nicolás Maduro.

Mr Trump would prefer to win without firing a shot. But Iran's rulers have a say, too, and they look defiant. They may judge that they can play for time at nuclear talks with America—or agree to a deal, only to stall over the details. Mr Khamenei may be prepared to put his country through an air war. Perhaps the 86-year-old is ready to be a martyr; more probably he bets he will live, even if many others die. Iran's rulers seem united, and few, even among the Americans, seem to bank on missiles alone toppling them. The regime may be expecting to emerge stronger from any conflict simply by surviving.

If that is Iran's calculation, Mr Trump has put himself in a bind. Launching an attack without a clear goal is exactly the sort of misstep he has long derided. Too many small and short wars turn out to be big and long. Iran has drones and ballistic missiles. Its leaders say they are readier than last year to use them against America and its allies. Imagine if a strike kills many American troops. China or Russia would be thrilled to see America bogged down, yet again, in the Middle East.

Mr Trump may yet set out a war aim that could win support from the public and Congress. But until he does, he would do better to keep talking with his fleet standing by, rather than start a war—even if holding fire looks like backing down. ■

Leaders | Coming home to roost

The right response to private-market dangers

Was a Blue Owl fund mismanaged, or did it reveal fundamental problems about the industry?

February 26th 2026

The giants of private investment risk seeing a tantalising prize slip from their grasp. Three of the biggest—Apollo, Blackstone and KKR—collectively oversee assets that have ballooned to $3trn, from $200bn in 2008. So far, they have had to raise the lion's share of this from a select group of financial institutions and the über-rich. Now they and their competitors have the mass market in their sights. They have launched a wave of funds designed to entice retail savers to invest in unlisted assets such as private equity, property and private debt.

Their whole endeavour may now be under threat. On February 18th Blue Owl, a little-known firm, halted planned withdrawals from one of its retail funds. “OBDC II” has assets worth just $1.6bn. Yet news that Blue Owl has stopped redemptions, and is instead selling assets to return capital to all its investors, has sent shockwaves through the industry. Share prices fell in much bigger listed private-investment managers; half a dozen of them have lost a combined $100bn in market value since the start of the year.

That is because Blue Owl turned out to be a coal-mine canary. OBDC II has cast doubt on the model that such firms had hoped would “democratise” private investment and win them new revenue streams. Private-investment firms and their backers must now urgently work out what went wrong. Light regulation has let their markets boom for the better part of two decades. They cannot expect this to continue if they sell products to retail investors and do not honour their promises.

At stake are not just the revenues of a few asset managers. Access to private markets promises retail investors a way to share in big potential returns. The vast majority of the world’s assets are unlisted, including many of the most exciting businesses. Putting retail investors’ savings to work in private markets would also be a boon for the wider economy. Companies developing artificial intelligence are ravenous for capital, and Blue Owl’s funds are important lenders to them. In America in particular, such firms’ prospects will increasingly determine both the rate of growth and how well the country competes with China.

OBDC II aspired to solve a long-standing problem with retail investments in private markets. Directing savings towards private assets is difficult because they are illiquid. This makes regulators wary and puts off investors who like being able to buy or sell at the drop of a hat—if they need cash for an emergency, say. OBDC II used a model popularised by Blackstone’s Real Estate Income Trust, launched in 2017, which offers limited liquidity. Investors can ask to cash out each month or quarter, but the fund agrees to process total redemptions worth up to only 5% of its net asset value each quarter. Should requests exceed that figure, it caps the total at 5% and grants them pro rata.

Whether Blue Owl’s failure to stick to this was caused by its own incompetence, or by a fundamental flaw in the model, is still unclear. The very fact that this question remains unanswered should disturb anyone with a stake in institutions, such as pension schemes and university endowments, that are heavily exposed to unlisted assets. If regulators do not require funds like OBDC II to disclose far more about how they manage liquidity mismatches, their investors surely must.

Fortunately, the odds favour incompetence. A fund granting quarterly redemptions worth up to 5% of its assets is hardly promising the moon: at worst, it is offering to sell its portfolio over five years. This is the same as the typical wind-down period for standard private-markets funds. Providing regular liquidity ought to be especially easy for private-credit funds of OBDC II's variety, since these invest in loans that pay interest, which can be used to meet redemptions.

For these reasons, it would be a mistake for zealous regulators to make it harder for ordinary people to buy private assets. It is, in truth, suspicious that private-investment giants are racing to sell to the mass market just when deals between them have slowed. But amateur investors are capable of scepticism. They can judge, for instance, the wisdom of investing in once-buzzy firms that were bought out during the mania of 2021, at "fair values" set by the seller. They should not expect to be bailed out—as they might if their bank collapsed—after making unwise investments.

Investors, meanwhile, should use their market power. They should not give money to managers whose operations are too opaque to understand. No fund promising annual returns in the high single-digit percentage points, or more, is a safe bet. It might hold loans that could fall through, property that could be left vacant or firms that could fail. If it also offers liquidity, while investing in illiquid assets, it could fail there, too. Responsible asset managers should help clients scrutinise these risks. If they do not, their golden opportunity may slip away. ■

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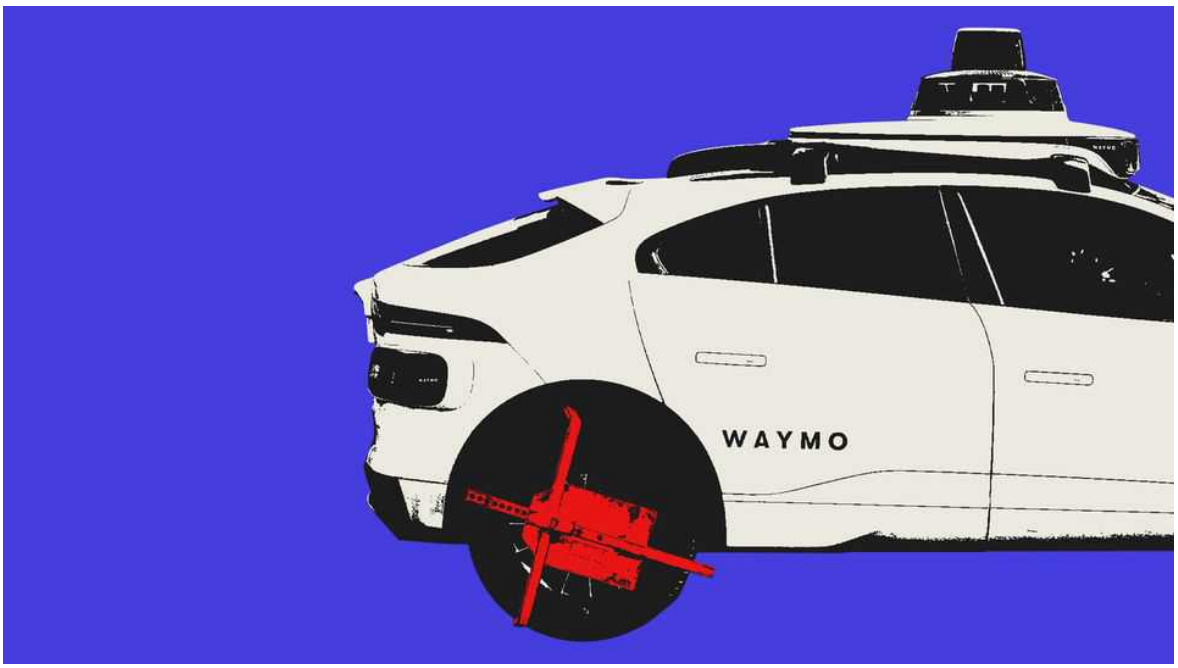
America's states should beware of copying Europe too much

Welfare is rightly becoming more generous. But regulatory fragmentation is a problem

February 26th 2026



EUROPEAN economists spend a lot of time looking enviously across the Atlantic. Despite tariff chaos and a collapse in immigration, at the last count America's GDP per head was growing by 1.8% a year; the figure for the euro area was just 1%. Compared with America, Europe lacks a unified market for products and especially services, as well as cheap energy, low taxes and the flexibility to hire and fire workers easily. Technocrats know it. By our tally, Mario Draghi's landmark report on Europe's low growth draws unfavourable comparisons with America more than 70 times.

If only America's states were equally attuned to the sources of their advantage. As we report this week, their economic policy is moving in a strikingly European direction, even as the Trump administration deregulates at a federal level. Not everything they are doing is bad, but they must beware of following Europe down a path of fragmentation and interventionism.

One way in which the states are turning European is in their approach to new technologies and markets . Whereas Congress has yet to pass any comprehensive laws on artificial intelligence, legislators in five states have passed their own, conflicting, laws and 16 more are on the job. Cars can drive themselves in eight states, including North Dakota and North Carolina, but they must not cross into their southern namesakes. As America's Department of Justice waves through contentious mergers—like that between Hewlett Packard Enterprise and Juniper Networks, two corporate-computing giants—even the enforcement of antitrust law is fragmenting across state lines. State attorneys-general, led by California's, are investigating the deal. Some states are resisting deregulation of consumer finance and gambling.

At the same time, many states are building European-style welfare states, financed by taxes. Take paid maternity or paternity leave—a benefit which Europeans are shocked that Americans lack.

Over the past five years, something remarkable has happened. The number of states that have made it mandatory for employers to offer paid-leave programmes has doubled. Some 114m Americans—around a third—live in states that now guarantee at least 12 weeks of paid family leave (in many places up to 24 weeks is available for new mothers). These schemes are often lavish, replacing almost all forgone income. The policies in New Jersey and New York are roughly as generous as those in France and Belgium. Citizens of these states pay for this privilege with higher taxes: New Yorkers, for example, hand over almost as much of their incomes as Britons do.

Some of this experimentation is welcome. The states have long acted as policy laboratories. Americans are mobile and will leave failing places, acting as a brake on bad economic policy. Some of America's advantages, such as the English language and the concentration of talent in Silicon Valley, are entrenched.

And there are things America could learn from Europe. Economies like Denmark's manage to combine European-style support for families and workers with dynamic labour markets and high living standards (albeit at the cost of high taxes). Maternity leave is obviously not a threat to capitalism. California has offered it since 2004, and still managed to become the home of the ai revolution.

Yet in other respects America is in danger of emulating the model of a continent that has struggled to shake its reputation as an economic laggard. The threat is particularly acute with regulation. A divergence in rules and codes for businesses would undermine the power of America's single market. The promise of being able to make sales easily to nearly 350m consumers is a powerful incentive to innovate. Regulatory fragmentation is hard to remedy: though businesses, like individuals, can vote with their feet, they still want to be able to sell their software tools and vehicles across the country.

America's federal and state politicians alike tend to take their country's advantages for granted. Fortunately, as the experience with tariffs and immigration shows, America's dynamism is so great that it can afford to make mistakes. Yet even as Europe eyes its growth enviously, America would be better off if it also gazed sceptically back. ■

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Leaders | Airport expansion

Heathrow's third runway is turning into another infrastructure fiasco

The government must step in

February 26th 2026

In January 2025 Britain's Labour government threw its weight behind plans for a third runway at Heathrow airport. This was meant to signal its commitment to growth. But announcing grand infrastructure ambitions is easy; turning them into reality is hard. Since then the project to expand Europe's busiest airport has tripped one warning light after another.

The main cause for alarm is the growing cost. Heathrow is already the second-most-expensive big airport in the world for passengers after Auckland. Heathrow Airport Limited (HAL), its operator, has presented plans to expand and modernise the airport at a privately funded cost of £49bn ($66bn). That is nearly twice the price of Dubai's plan to build four more runways at its new hub. (Lord Deighton, who chairs The Economist Group, until recently also chaired HAL.) The proposals for Heathrow could cause already high landing charges to double; passengers may choose to fly elsewhere.

The headwinds buffeting the expansion are eerily similar to those that trouble High Speed 2 (HS2), Britain's previous ill-fated foray into big transport infrastructure. This rail line between London and Birmingham has been delayed by more than a decade, its scope has been severely cut and its costs have more than doubled in real terms. The projects share some unavoidable challenges, such as London's exorbitant construction costs. But other obstacles are not inevitable. Rather, they are symptomatic of governments that are too timid to change the planning system and too naive to stop private operators from running up the bill.

HS2 offers a lesson in how not to run a planning process. It took more than three years to get through Parliament, before requiring over 8,000 further permissions from local agencies. Labour has slightly improved the planning system for Heathrow, limiting opportunities for legal challenges. But an excess of consultation and legal hoops will still make costs soar. Planning paperwork alone is on track to eat up more than £1bn.

The HS2 debacle also reflected unclear objectives and misaligned incentives. The project became focused on speed when its original aim was to add rail capacity. The government lacked the commercial nous to control costs, and contractors had little incentive to contain them. It is the same with Heathrow. HAL's proposal spares no expense: £1.3bn on car parks, for example, and a complex design for new terminals. From HAL's perspective, this makes sense: the returns the regulator allows it to make are linked to how much money it invests. But the government is failing to rein the firm in.

It would be easy to conclude that the project should be cancelled. That would be a mistake. Britain badly needs a new runway to protect and expand the global connections on which the success of its open, island economy relies. Heathrow is already one of Europe's most congested airports. Failure to act will make London less attractive. Instead, the government needs to toughen up.

It should start with planning. Robert Jenrick, Reform UK's would-be chancellor, has promised emergency legislation to give Heathrow full planning consent. Labour should steal his idea, making sure the legislation removes the need for any other planning permissions and isn't bogged down by consultations. Done well, this could be a model for future projects.

The state must also strip out the incentives to gold-plate the scheme. That means taking design control away from HAL and giving it to an independent body without a financial interest in excessive costs. This body could then commission HAL for specific work, but only when it is best for the job. HAL will warn of delays. The government should call its bluff—and set up a stand-alone planner, as it did for the National Grid.

Building big infrastructure is not just about getting out of the private sector's way. When a firm has a monopoly, as HAL does at Heathrow, or the National Grid does over power transmission, the state must be a tough, commercially astute counterparty. Without such hard-headedness, all Britain's grand infrastructure projects risk coming in late and over budget. ■

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Letters

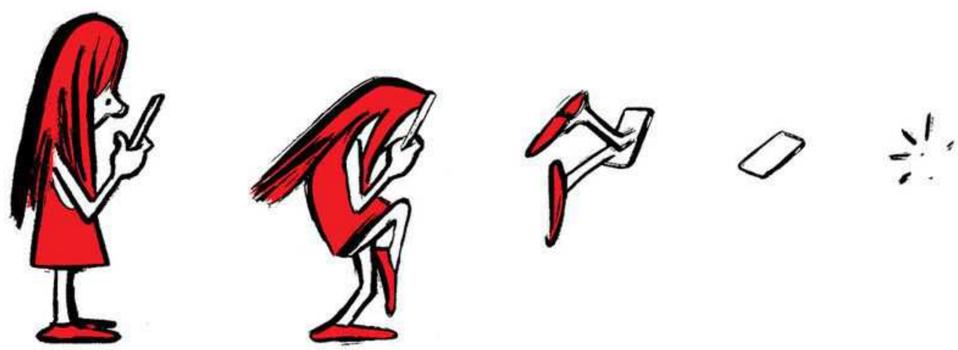
- In favour of allowing under-16s to continue using social media

Letters | A selection of correspondence

In favour of allowing under-16s to continue using social media

Also this week, Epstein, Thailand's economy, concerts in China, funding science, British cuisine, "The Simpsons"

February 26th 2026



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Your arguments in favour of allowing under-16s to continue using social media treated the case for a ban with a breeziness that sits uneasily with the scale of the issue ("Let them scroll", February 14th). You acknowledge the growing evidence that social media harm at least some children while noting that the evidence is mixed. Yet you imply that, without overwhelming proof of universal damage, policymakers should refrain from acting. That is not how prudent societies manage risk to children.

Public policy often proceeds on credible evidence of harm to a meaningful minority, particularly where potential exposure to the harm is near-universal. We do not wait for universal proof before setting age limits on alcohol, driving or gambling. Nor do we abandon regulation because enforcement is imperfect. Such measures signal norms, support parents and shape behaviour.

A ban would be hard to define and enforce, you say. Difficulty is not a reason for inaction. Policymakers routinely navigate complexity in fields from finance to pharmaceuticals. When a widely used consumer product poses credible risks to children, regulators do not wait for perfect evidence; they restrict or withdraw it until safety can be demonstrated.

And the suggestion that limiting access to social media merely "delays" a child's inevitable exposure to it is also unconvincing. Age thresholds exist because maturity matters. A 12-year-old and a 16-year-old differ in impulse control and resilience to social pressure. Granting access later aligns risk with a greater capacity to manage it.

The question is not whether social media have upsides; few technologies are wholly malign. It is whether products engineered to maximise engagement among developing minds deserve fewer guardrails than toys, medicines or alcohol. Today's platforms should be withdrawn from young users until it can be shown that they are safe by design.

Daisy GreenwellAlexa Varah Andy CockburnSmartphone Free ChildhoodLondon

You understated how counterproductive social-media bans for under-16s are. The developing brain does not passively receive information; it actively seeks out social complexity to calibrate itself. Teenagers are drawn to these platforms not because they are gullible but because they are doing precisely what adolescent cognition is supposed to do: foraging for the unpredictable social signals that build a working model of the world.

Banning teenagers from social media does not switch off this drive. It merely diverts it into less supervised spaces, and worse, it creates a cliff edge. A 16-year-old encountering the full force of algorithmic feeds for the first time is like a young adult encountering alcohol for the first time at 21. The late, abrupt exposure is itself the problem. Countries that let teenagers learn to drink within a cultural structure have fewer binge-drinking crises. The same logic applies to screens.

This does not mean platforms are blameless. Features such as infinite scrolling, autoplay and engagement-maximising recommendation engines are designed to exploit precisely the exploratory drive that makes adolescents such eager users. The answer is not to lock teenagers out, but to re-tune these affordances—slower feeds, greater user control over what is surfaced, friction where it matters—so that young minds can learn from digital complexity rather than be drowned by it.

The deeper irony is that the adults clamouring for bans are displaying the very thing they fear in their children: a rigid, anxious response to an environment they do not understand, rather than the patient work of reshaping it.

Pier Luigi SaccoProfessor of biobehavioral economicsUniversità G. d'AnnunzioChieti, Italy

A big argument in favour of the ban for children in Australia is that, like alcohol and tobacco, establishing a clear boundary creates a national standard that is effective even if it is not perfectly enforced. A national standard draws a line in the sand, empowering parents and starting a national conversation that is overdue.

Yes, there will be loopholes and it won't be perfect, but like age-restricted alcohol and tobacco it will be good enough to make a material difference for a majority of young people. You point to subdued uptake in VPN workarounds and smaller social networks, which are encouraging signs.

With youth mental health in decline and anxiety on the rise, Australia's social-media ban and the momentum stemming from it for more widespread change could be the single most important piece of legislation for the next generation of children.

A.J. Uchanski Perth, Australia

I was unpleasantly surprised by the prominence of academia in Jeffrey Epstein's email correspondence (”Inside Epstein's Network,” February 14th). In our defence, I believe there are two elements of sample selection bias in your analysis.

First, academics use email more relative to phoning and texting. Second, academics probably have more degrees of separation from Donald Trump, Ehud Barak, Peter Mandelson and the like, so our emails are less likely to be “classified.”

James RauchProfessor of economicsUniversity of California, San Diego

Following Anutin Charnvirakul's surprise win in Thailand's election you rightly noted the tension between his populist base and the technocrats he has appointed to run economic policy (“Thailand's conservatives win a shock big victory”, February 14th). As you have argued with Japan, leaders who win on a wave of right-wing nationalism must ultimately govern from the centre if they are to deliver durable results. Mr Anutin faces the same imperative.

The early evidence is cautiously encouraging. Thailand's GDP grew by 2.5% year-on-year in the fourth quarter of 2025, well above market expectations. Much of this reflects the tenure of Dr Ekniti Nitithanprapas as finance minister; his fiscal discipline has already contributed to a modest compression in government-bond yields. Public investment surged by 13.3% in the quarter, and the disbursement rate in the first three months of the fiscal year reached 18.7%, meaningfully ahead of the prior year's 13%.

Yet structural challenges remain. Export growth of 8.7% masks a worrying divergence: computer-export values rose by 91% while actual production grew by only 17%, raising concerns about genuine industrial deepening. Light manufacturing and raw materials continued to contract, squeezed by Chinese competition.

The real test for Mr Anutin is whether he can use his now-rare political capital—a conservative majority, a mandate for constitutional reform, and a professional economic team—to pursue the structural agenda that Thailand has deferred for a generation: fiscal consolidation, trade liberalisation and moving the economy up the value chain.

Dr Piyasak ManasonHead of economic researchInnovestX Securities Bangkok

I read your article regarding [the resurgence of China's live music scene]() with interest ("Enjoying the boom times", February 14th). You noted that more than 133,000 visitors stayed overnight in the city of Zhuji because of fans "rocking out to indie bands" at the Xi Shi Music Festival. The festival was indeed a draw, but another crowd-puller that accounted for the surge was the series of concerts by Wang Leehom, a superstar in Mandopop (Mandarin pop), held in Zhuji around the same time.

This distinction does not undermine your conclusion that the concert economy is booming; rather, it amplifies it. The boom is not limited to the growing indie scene but is also powered by the massive mobilising power of established pop icons. Both forces are working in tandem to revitalise local tourism.

Steven ZhouHangzhou, China

You described well what the impact of the American president’s budget would have been on science, and how Congress has acted to avoid disaster (”The evolution of invertebrates”, February 7th). A relevant question is whether the British Parliament can act to avoid a similar catastrophe befalling British science.

In an open letter the chief executive of UK Research and Innovation, Sir Ian Chapman, has described how cost pressures in the operation of national facilities and the construction of new ones risk making the budget to the Science and Technology Facilities Council unsustainable. STFC is therefore required to make considerable savings, which are being sought across its entire programme. Since STFC also funds research in particle physics, astronomy and nuclear physics, that programme is at risk of being decimated to pay for problems with the national facilities that STFC runs on behalf of the entire UKRI community.

Physics departments in universities across the country, and generations of students who could be inspired by Britain’s world-leading research in projects such as CERN’s Large Hadron Collider, gravitational wave detection, and both Earth- and space-based telescopes, are depending on a change of direction. Let us hope that the Science, Innovation and Technology Select Committee, which interviewed Sir Ian on February 3rd, can prove to be as effective as America’s Congress.Professor Tim GershonDepartment of PhysicsUniversity of Warwick

I have always found it fascinating how public perceptions of Britain influenced investors’ views of the economy (“A manufactured panic”, January 31st). Perhaps if Britons were more optimistic the world would start to see us similarly. A good starting point would be George Orwell, who wrote “In Defence of English Cooking” in 1945. A hard sell you might think, but its pages were devoted to countering unfair inaccuracies about Britain’s culinary reputation.

Why focus on tasteless soggy food, when the truth is found in a wholesome British roast, a weekend fry-up, West Country cider, Scottish whisky and literally any baked good from the Peak District. As Orwell said “It is not a law of nature that every restaurant in England should be either foreign or bad, and the first step towards an improvement will be a less long-suffering attitude in the British public itself."

Abbie Hines-LloydLondon

"The decline of single-earner homebuyers" (February 14th) mentioned that most Americans see the single-breadwinner family home as portrayed in "The Simpsons" as unrealistic, given the cost of living. The series has already touched on this, in an episode from 1997. Frank Grimes, a new employee at the nuclear plant, visits the Simpsons' home and marvels at the lifestyle they lead (it's a "palace") on just one salary, while he, a single man, has a second night job at the foundry and has to live "in a single room above a bowling alley". When asked how he can afford it, Homer replies, "I dunno. Don't ask me how the economy works."

Leo Cotton Bloomington, Minnesota

By Invitation

By Invitation | Trumped on tariffs

The Supreme Court tariffs ruling reins in Donald Trump

Even if he has ways to rebuild trade barriers, writes Douglas Irwin

February 26th 2026

THE DECISION by America's Supreme Court to strike down the Trump administration's Liberation Day tariffs is good news. By ruling out unchecked, discretionary authority by any president who simply declares a national emergency, the decision blocks Donald Trump's ability to impose tariffs on a whim. But those who hope that it will prevent the administration from threatening tariffs—and imposing them—in future will be sorely disappointed.

The case is a heartening story of David versus Goliath. A small, largely unknown firm, VOS Selections, a wine importer, decided to sue Mr Trump over the imposition of tariffs last April, as did other firms, such as Learning

Resources Inc. To justify those tariffs, his administration invoked the International Emergency Economic Powers Act of 1977, known as IEEPA. How could one tiny importer possibly succeed in overturning policies promulgated by the president of the United States? If the president declares an emergency, a declaration that courts would ordinarily accept with deference, why couldn't the president respond with tariffs?

But VOS and its small band of supporters made a strong case that the statute authorising the president to "regulate" imports did not include the ability to tax imports. The statute gives powers to impose financial and other sanctions against rogue states like Iran and North Korea. It never mentions the word "tariff".

VOS won a unanimous verdict at the Court of International Trade, a federal court that examines civil actions linked to customs and trade laws, and won again in a federal appeals court. Now it has sealed its victory with a decisive judgment by the Supreme Court.

In its 6-3 decision, the court bluntly ruled: "IEEPA does not authorise the President to impose tariffs." Writing for the court, Chief Justice John Roberts noted that the framers of the constitution "did not vest any part of the taxing power in the Executive Branch". The court rejected government arguments that the statute justified the chaotic gyrations in tariffs over the previous year, stating that: "When Congress has delegated its tariff powers, it has done so in explicit terms, and subject to strict limits." However, the ruling came up short in suggesting how the government should deal with the thorny issue of rebating tens of billions of dollars on tariff revenue back to importers. Also left uncertain after the decision is the fate of all the "deals" that the Trump administration cut with other countries as a result of the IEEPA tariffs.

The historic ruling is critically important beyond its implications for current trade policy. Had the court not limited Mr Trump's actions, presidential power on import tariffs would have been completely unchecked by any congressional legislation and untethered to any congressional opinion. If the government had won, this administration and future administrations could have declared an emergency, however frivolous, and imposed steep taxes. As the brief for VOS and several other companies put it, the president could “impose tariffs on the American people whenever he wants, at whatever level he wants, against whatever countries and products he wants, and for as long as he wants”, simply by declaring an emergency that is “unreviewable”.

In oral argument, a hypothetical case was raised of a Democratic administration declaring a climate emergency and imposing high tariffs on imported electric vehicles or diesel trucks as they saw fit. One person could dictate policy without approval from Congress, the representatives of the people. This would have been a radical rewrite of the constitution.

The court’s ruling avoided that disastrous outcome. It means that the Liberation Day tariffs are history. But hold off before breaking out the champagne that VOS imports from France. Although the broad discretionary and arbitrary scope of the IEEPA approach may be gone, many other cudgels remain. The president has ample authority under other statutes to rebuild the tariff wall, albeit with somewhat greater difficulty and many more holes.

Some of these statutes allow for across-the-board tariffs on all goods from all countries; Section 122 of the Trade Act of 1974, for instance, allows the president to impose tariffs of up to 15% for up to 150 days for balance-of-payments reasons. These are supposed to be non-discriminatory. Some are more narrowly targeted at particular countries engaged in unfair trade practices. Section 301 was used to impose tariffs against China in Mr Trump’s first term and could be brandished against other newly declared unfair traders. Some are aimed at stopping imports of specific goods from any country, such as Section 232 of the Trade Expansion Act of 1962 on national-security grounds. These have already been deployed in the case of steel, aluminium, semiconductors and other products—and the Trump administration is looking to impose even more.

Requiring the president to invoke these statutes will reduce the credibility of his off-the-cuff tariff threats. They throw some sand in the tariff wheels—cases must be filed, reports must be written and findings must be issued before pronouncements take effect—but the threat of tariffs remains real.

All this points to an unanticipated flaw of post-war American trade laws: excessive congressional deference to the president. Congress started delegating powers to the president long ago on the assumption that presidents would focus on the national interest and thereby counterbalance the inherent protectionism that emerges from the legislature, where parochial interests predominate. The president would be the mature and wise actor who would take into account not just the interests of domestic firms competing against imports, with which Congress was disproportionately concerned, but also the interests of consumers and exporters whose fate Congress always neglected when it was in charge of trade policy. That assumption has proven false.

In coming years, when cooler heads prevail, Congress might consider curtailing some of the president's discretionary authority to impose arbitrary tariffs on imports. It could introduce some congressional checks or time limits on presidential authority to prevent future abuses of tariff threats and impositions. Such limits would have to be embedded in a larger piece of legislation that the president could be persuaded to sign, as any such standalone bill curtailing presidential authority would elicit a veto that would be difficult to override.

For the moment, let us give thanks to the justices of the Supreme Court who saw the broader implications of this case and ruled in favour of a tiny firm caught up in the maelstrom of one person's tariff obsession. ■

Douglas Irwin is the John French Professor of Economics at Dartmouth College.

Briefing

Briefing | Rare-earth metals

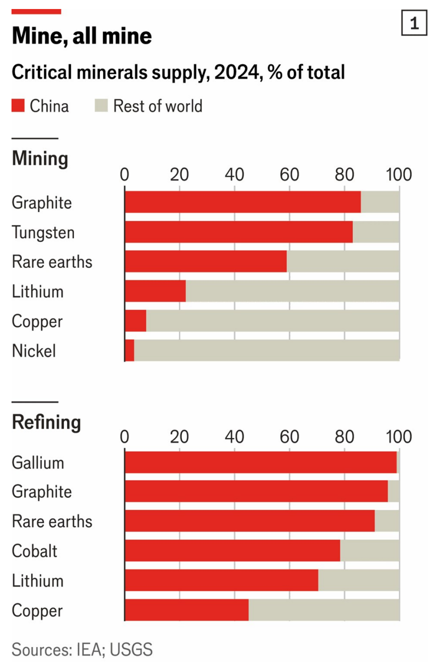
America’s new era of state-sponsored mining

Desperate to break China’s grip on critical minerals, the Trump administration is splashing cash around the world

February 26th 2026

FOR MOST of the past 30 years Western firms have been leaving rather than investing in the Democratic Republic of Congo, says Guy-Robert Lukama. The former chair of Gécamines, the main state-owned miner, reckons Chinese entities have stakes in 90% of Congolese projects. But now the Americans are “pushing, pushing, pushing”. In December American firms secured the first crack at a trove of mines and exploration sites in Africa’s most mineral-rich country. The US government also invested $553m in the Lobito Corridor, a railway from Congo’s copperbelt to Angola’s Atlantic coast, for faster shipping to America. In February Orion CMC, a consortium that includes the American government, agreed to buy a 40% stake in the only Western-controlled copper and cobalt mines in Congo.

America is hunting with urgency across the planet for minerals which it deems of critical importance, in a desperate bid to break China's stranglehold on the global supply of many of them. The Trump administration has signed mineral-themed partnerships with more than 20 countries from Argentina to Uzbekistan. Every big geopolitical pivot America has made lately—in Ukraine, Venezuela, Greenland—has been partly justified by the mineral riches those countries harbour. One mining boss says he runs into the president's staff "almost anywhere, almost monthly".



The administration has backed dozens of mining projects, promised to create giant stockpiles, and sought to set price floors in order to protect Western mines against Chinese dumping. It is a newly "aggressive, imaginative, transactional" approach, says Brian Menell of TechMet, a miner the government has backed—one that marks a level of intervention in metals markets unseen since the early cold war. "It's our generation's space race," says Michael Scherb of Appian Capital, a private-equity firm that invests in mining.

The race has a clear and obvious leader. China is the biggest miner, and by far the dominant refiner, of many of the world's most "critical minerals" (see chart 1). The category encompasses some 30 to 60 metals deemed vital to computing, electrification, aerospace and defence—the pillars of rich, modern economies. It lumps together common metals like copper (29m tonnes produced in 2025) with niche ones like "heavy" rare earths (some of them produced in the tens of tonnes annually), which are used in iPhones, data centres, surgical lasers and military tech.

China's control of many critical metals gives it enormous leverage over its economic and military rivals—and it uses that leverage. Last April China restricted exports of seven of the most prized rare earths. As shortages loomed, supply chains for F-35 jets, missiles, drones, radars and electric motors threatened to snap. Carmakers and many other companies suffered across Europe and Asia. The blows were so immediate and powerful that President Donald Trump quickly scaled back his beloved tariffs on China to seal a trade-war truce. Chinese officials also used a new export-licence requirement to extract detailed proprietary information from Western manufacturers. And China still limits sales of a dozen minerals from antimony to tungsten, greatly increasing their cost (see chart 2).

The Trump administration, scarred by this experience, has decided to emulate what it sees as the recipe for China's supremacy: heavy-handed intervention in commodity markets. To understand why America—and many other governments—distrust free markets to fix this problem, start with how they diagnose it. In 1987 Deng Xiaoping declared "the Middle East has oil, China has rare earths", framing metal dominance as a strategic asset. In the four decades since, China has built its near-monopoly across many metals by lavishing public funds and cut-rate loans on preferred mines and refineries, and by prioritising production over the safety of workers and the environment.

China also uses its market clout to crush competitors, dumping particular metals to crash prices and so force existing mines out of business or cause new projects to be mothballed. Low-priced Chinese rare earths played a part in the closure of Mountain Pass in California—once the world's largest rare-earth mine—in 2002. (A toxic spill cleanup and new, tougher environmental regulations compounded its competitive disadvantages.) That mine has since reopened under new American ownership, but in many other cases distressed assets have ended up in Chinese hands. Early this decade, as lithium prices surged and new projects proliferated, Chinese producers ramped up output until prices collapsed, causing Western mines to stumble—and Chinese firms to snap up a handful of them, from Mali to Mexico.

The Trump administration's brute-force intervention involves a jumble of institutions. One of the most active is the repurposed Export-Import Bank (EXIM), which used to channel funds to green projects under President Joe Biden. The energy and defence departments and the US International Development Finance Corporation (DFC) are also splashing money around. David Copley, a former gold miner on America's National Security Council, is co-ordinating the frenzy.

The campaign is remarkably broad, potentially covering all 60 minerals labelled critical by the United States Geological Survey—including abundant, widely recycled metals such as aluminium, lead and zinc. Notably it also is focused less on refining metals, where China is most dominant, than on digging elements out of the ground. "They are working their way through the periodic table," says a mining boss. Officials favour projects nearing production or ripe for expansion. "Time is not on our side," says one. The ambition is to protect not just the defence industry from China, but civilian ones, too.

The Trump administration is pulling three main central-planning levers to make projects competitive. The first is straight from the Chinese script: subsidising the upfront cost of new mines through loans and direct investment, which also encourages private lenders to stump up capital. Since October the Pentagon has committed $2.8bn in equity and debt to eight mining and refining projects, biased towards metals such as gallium and germanium that China has at times stopped exporting.

In the past year EXIM has issued $15bn in letters of interest (signalling its intent to lend) for critical-mineral projects, including $455m for a rare-earth venture in America and $350m for cobalt and nickel in Australia. The Department of Energy has approved $7bn in loans to domestic ventures in graphite, lithium and potash. The DFC has deployed both equity and debt "in the world's most strategic regions", says Ben Black, its boss. It has provided seed funding for critical minerals in Ukraine and a third of the $1.8bn Orion CMC is injecting into Congo. It is mulling a $700m investment in Kazakh tungsten mines.

To keep its deal pipeline stocked, the administration is signing agreements giving American firms first dibs on mining investments abroad. It has inked 21 bilateral pacts with foreign governments and concluded negotiations for 17 more. In some cases financing comes with a novel condition, that little or none of the output be sold to China. The Economist understands that one large loan recently offered to a mine abroad by the American government was initially delayed because the Trump administration wanted it to stop shipping to China. In Africa aid is being linked to governments agreeing to mining deals.

America's second lever is to guarantee some purchases from miners, in the form of Project Vault, a national stockpile of minerals to support civilian industries. (The Pentagon already keeps small stashes of materials for military use.) Inspired by America's 50-year-old, 415m-barrel Strategic Petroleum Reserve, Project Vault would fund purchases by a select group of commodities traders of all 60 critical minerals. It is to be financed by a $10bn loan from EXIM and $2bn in private capital.

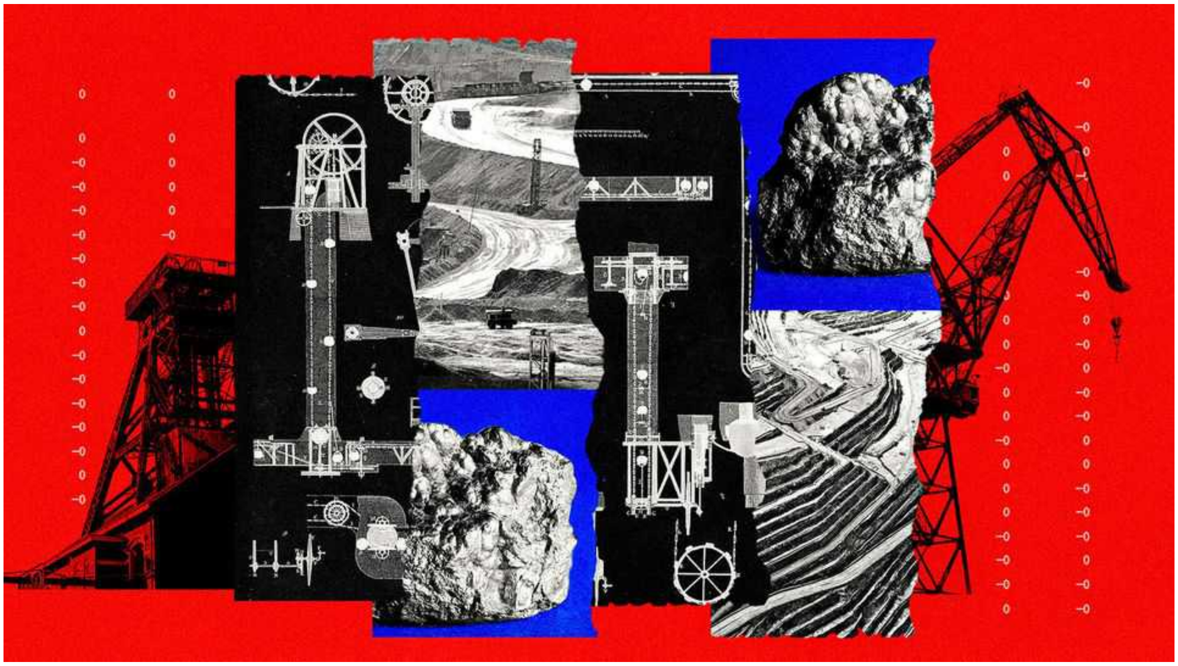
The goal is to cover weeks or months of demand for various metals, and up to a year's supply for some like yttrium, which is used in lots of important gear, including jet engines. Companies would pay fees up front and commit to purchasing metals at a set price, then be granted access to the stockpile when crisis strikes. More than a dozen firms—including General Motors, Boeing, Google and GE Vernova—have indicated a willingness to join.

The third lever is maintaining price floors, so that miners will not be put out of business if China dumps a mineral on the market. The Trump administration entered into its first (and thus far only) such scheme last July, as part of a public-private partnership with MP Materials, which runs a rare-earth refinery in Texas. It sets a ten-year floor on the price of neodymium-praseodymium (NdPr) oxide: if MP sells below $110 a kilogram, the Pentagon pays the difference. (The Pentagon has also committed to buy all the rare-earth magnets MP produces at a planned new MP facility for the first ten years of the plant's operation.)

America has since pitched the idea of price floors to allies. In February the State Department hosted a "Mineral Ministerial" in Washington, attended by 54 countries (China was not invited). America proposed a "minerals club" that, it said, would “reshape the global market”. For some commodities, producers inside the bloc would be assured of a price floor when selling to firms from within the club. When transactions settle below that price, a kitty funded by member countries would pay producers the difference. Imports from outside the club—read China—would face a tariff bringing the end cost to consumers up to the floor. The administration has given roughly 30 countries until March to return letters of commitment. Separately, America is in talks with the European Union, Japan and Mexico about partnerships on minerals that might feature price floors.

Western allies share similar goals to America’s but are not pursuing them as aggressively. The EU has set targets for reducing Chinese imports and speeding up permitting for new mines, and signed partnerships with Chile, Namibia and others. But it has committed little money—€3bn ($3.5bn) across 34 minerals—and countries it has approached say it asks for assured supply while offering little in return.

Australia and Canada are spending somewhat more than Europe, but mostly at home. Japan is the most active, having already suffered from Chinese manipulation of metals markets: in 2010, China imposed an unofficial ban on exports of rare-earths to Japan during a row over disputed islands. Japan responded then by taking minority stakes in foreign mines in exchange for guaranteed supply (it also greatly expanded its critical-metals stockpile). Executives at JOGMEC, its resource-security agency, say it is now “aggressively” investing even more and taking “much more risk”. But they are not keen on price floors, arguing that “free markets” are in the long run “a necessary condition” for success.



Some miners also express discomfort with price floors and other interventions. “We don’t like fiddling with markets,” says an executive. Incumbents who grew large without state support resent new entrants crowding the market, notes Huw McKay, a former chief economist at BHP, a mining giant, who is now at the Australian National University. Most global mining firms spent recent years retrenching rather than taking risky bets in distant countries. Freeport-McMoRan, once the largest private investor in Congo, sold its last project there to a Chinese firm in 2020.

The clearest beneficiaries are likely to be smaller mining firms that might otherwise struggle to raise capital. Guardian Metal Resources, which plans to mine tungsten—a metal America has not produced commercially since 2015—received a Pentagon grant in July. The award helped the firm attract private capital, says Oliver Friesen, its boss, allowing it to accelerate engineering studies. It now has four drilling rigs on its site in Nevada.

Will America secure the supply it craves? Many experts worry the government is taking a scattershot approach, instead of focusing on only the most important minerals (see chart 3). Another problem is that the sums deployed, though large in aggregate, can be tiny for individual projects: most EXIM cheques are for millions or tens of millions of dollars—a rounding error for mines that can cost billions to develop.

A bigger risk is spending heavily for meagre results. The world is not short of critical-mineral projects; very few are likely to be profitable. Opportunities for corruption are rife, with an administration known for cronyism spreading largesse in an industry known for attracting cowboys and charlatans. A State Department official notes a rise in non-American firms registered in Delaware, which requires minimal disclosure, pitching mining projects. There is scepticism among some in Congo that Virtus Minerals, a firm led by former soldiers and intelligence officers that agreed to buy a distressed Congolese mine in February, is equipped to run it. In January the government declared an intent to provide $1.6bn in backing for Round Top, a Texas rare-earth project, sending the share price of its sponsor, USA Rare Earth, surging. The site has been touted for development since at least the 1980s without success.

America’s sole price-floor experiment carries obvious risks. MP Materials has little incentive to seek a good price for its NdPr, since Uncle Sam must top up whatever it receives to $110 a kilogram. Quarterly results show the firm’s average price in the three months to September (before the price floor came into effect) was $59 a kilogram. NdPr leaving China fetched $78 a kilogram over the same period.

America’s price-floor club would face similar problems. Jamieson Greer, the US trade representative, insists to The Economist that it is still worth pursuing. “I’d rather get inefficient production from a bunch of market economies I’m generally aligned with than efficient production from a country I’m not strategically aligned with.” But China presents another problem that the scheme does not account for: most raw metals produced inside the club must be sent to China for refining, so there is no escape from Chinese leverage. What is more, China could then redirect refined metals to other buyers, defeating the club’s purpose.

Building a civilian stockpile looks equally fraught. The oil reserve works because it involves a single commodity which can be refined at home. Hoarding metals is a far more complicated proposition. Storing ores requires lots of space and serves little purpose without domestic refiners to process them. Refined metals are less bulky, but also less fungible. Should copper be held as powder, wire or bars?

Many of America's proposed interventions in the mining industry will probably get watered down, stall or collapse. Markets are sceptical: metals prices have barely twitched in response to America's announcements. "No one understands what's going to happen," says Ellie Saklatvala of Argus Media, a price-reporting agency. Chinese mining firms seem unfazed; they are continuing to acquire assets abroad.

Even if many of its initiatives prosper, the Trump administration's approach does too little to loosen China's grip where it is tightest: in refining. Government meddling in the commodities market could prove costly for taxpayers while distorting price signals, potentially discouraging innovative entrants. And many producers, aside from fearing China's wrath, will fear a change in the political winds, which could come in Congress this year or in the White House in 2028. The greatest risk of America's experiment in centrally planned mining is that it depends on the whims of the central-planner-in-chief.■

United States

United States | Turn that U-Haul round

The Midwest's remarkable turnaround

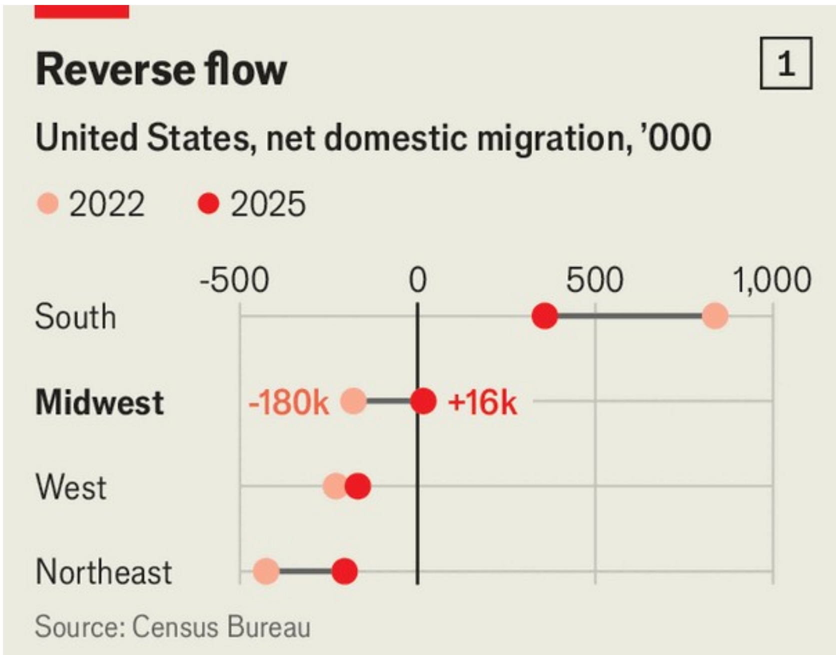
For the first time in 70 years, more Americans are coming than going

February 26th 2026

Of all the buildings in Rockford, Illinois, a city of roughly 150,000 people, City Hall is among the prettiest. Originally a bank that went bust in the Depression, it rises eight storeys above the city's main commercial strip. On the ground floor is a grand arched atrium. The view from the mayor's office is, sadly, not so handsome. There are rather too many parking lots, and more than one abandoned factory. Looking out, it would be easy to think that Rockford is just another fading midwestern industrial town, struggling to maintain its past glory.

And yet go a little closer, and Rockford is doing surprisingly well. There is a free art museum, with a Roy Lichtenstein painting. A long-derelict factory recently reopened as a smart hotel. The city has an ornate Japanese garden.

And businesses are growing, not closing. Some 8,700 people work at the airport, several thousand more than a decade ago. Clusters of manufacturing sit around it. There is "not a plane that's going over the United States right now that does not have pieces that come from Rockford", boasts Tom McNamara, the mayor.

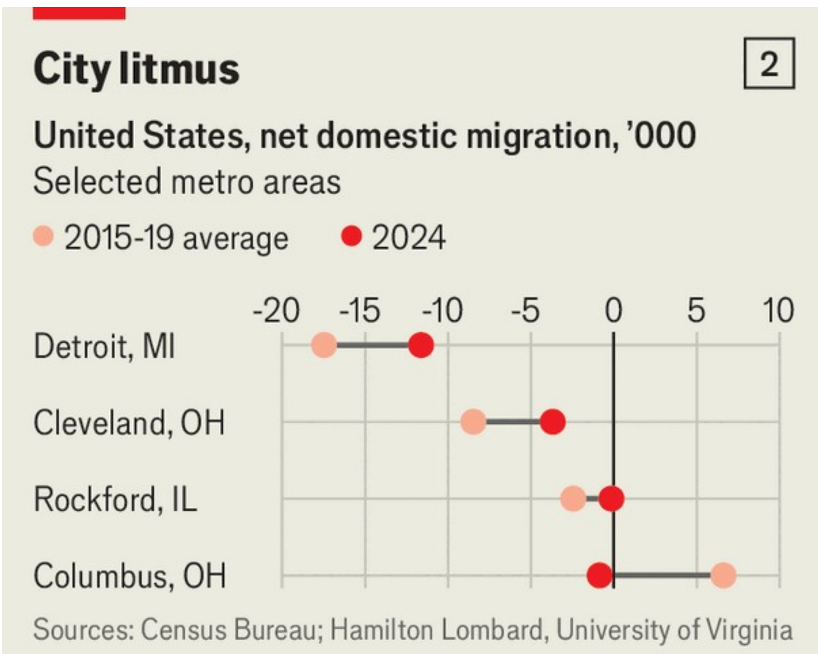


But the biggest change is that fewer people are leaving the city. In 2024, according to Census Bureau data based on tax returns, 141 more people left Rockford for other parts of America than moved in. For most of the decade up to 2020 the annual loss was between 2,000 and 3,000. In 2025, though the full figures are not yet available, the city may well have gained more people than it lost for the first time since before the global financial crisis of 2007-09. Although the city's amenities help, Rockford also reflects a broader trend. Last year the Midwest census region, which stretches from the Dakotas to Ohio, gained more domestic migrants than it lost. In 2022, some 180,000 people moved out. Last year 16,000 moved in (see chart 1).

That, says Hamilton Lombard, a demographer at the University of Virginia, is a remarkable turnaround—especially since it is occurring at a time when America's overall population is growing as slowly as it ever has. The data do not go back far enough to be sure, but Mr Lombard guesses that the last time more people moved to the Midwest than left was in the 1950s, when black

Americans headed north to factory jobs and away from Jim Crow. By the 1970s, if not before, deindustrialisation had reversed the flow, creating a sort of reverse Great Migration.

Illinois is perhaps where the change is most obvious. In 2022 the Land of Lincoln lost nearly 150,000 people to other states. Some smaller counties downstate have been losing population practically since Lincoln himself was alive. This creates huge fiscal pressure, as spending on pensions grows while tax revenues do not. Indeed, roughly 40% of Chicago's budget goes on pensions and debt. Such pressures may soon become less intense, however. Last year just 40,000 people left Illinois, some 73% fewer than three years before.



Across the rest of the region, the turnaround is less pronounced and more uneven, but still apparent. Many older, once-industrial cities are doing much better. Last year the Census Bureau estimated that the total population of the city of Detroit grew for the first time in nearly 70 years, in part because of a reduced outflow of domestic residents. The metro area of Cleveland, Ohio, another rustbelt city, is also losing fewer people. By contrast, Columbus, a city in the same state but with the feel of the sunbelt minus the sun, has seen large inward migration become a modest outflow (see chart 2).

What could explain the overall shift? Talk to any state or local official and they, of course, take credit. People are discovering that “Michigan is a remarkably global and cosmopolitan place”, says Quentin Messer, who runs the state economic-development agency. Having moved from Louisiana, he says his new home is “the most beautiful state in the United States”, and that its thriving sports teams are part of the reason why people might move in.

Mr Lombard has a more convincing explanation. It is about the cost of living. He contrasts Phoenix, a fast-growing city, with Chicago. The Arizonan metropolis “used to be relatively affordable. It’s just not at all any more,” he says. Rents in Chicago are around $150 a month cheaper. On top of this, it is possible to live without a car and see a decent show at the theatre. “You can buy an incredibly nice house with a yard and a garage for $200,000,” says Mr McNamara, the mayor of Rockford.

In recent decades the biggest outflow from Chicago has been of working-class, often black, families. In the decade to 2020, Cook County, which contains the city, lost 100,000 black residents—some to next-door states, many to places such as Atlanta and Houston. Now the South is no longer as cheap and its pay is no longer much higher. In the Midwest the decades-long decline in manufacturing jobs has slowed, and until recently wages in the sector were rising quickly.

It is too early to say if the great-migration flip will be sustained. The winters are still bleak, and southern sun will remain a lure. Manufacturing employment is once again struggling, in part because of Donald Trump’s tariffs.

The bigger problem, though, is that even if fewer people leave the Midwest for elsewhere in America, the Trump administration has cut off the largest supply of new workers: international migration. In January the Congressional Budget Office reduced its forecast of how much the American population will grow over the next decade from 15m people to 8m, because of lower migration and birth rates. For the first time in decades the immigrant population is probably falling, countering any small domestic gains. With the total population flattening, for any one region to grow, somewhere else must shrink. ■

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United States | SCOTUS and POTUS

The Trump court? Not quite

The tariffs ruling reveals justices split over doctrine, not Donald Trump

February 26th 2026

A PRESIDENT'S most lasting mark is the justices he appoints to the Supreme Court. But as Donald Trump learned anew on February 20th when two of his appointees voted to nullify sweeping tariffs he imposed last spring, presidents have no control over their nominees once they are confirmed. Mr Trump heaped insults on Justices Amy Coney Barrett and Neil Gorsuch, jurists he tapped in 2020 and 2017, for voting the wrong way in Learning Resources v Trump. Their judgments were an "embarrassment to their families", he said. But Justice Brett Kavanaugh, Mr Trump's pick in 2018, who voted to save the tariffs, received presidential kudos for his "genius".

Mr Trump may divide the court into team-mates and rivals, but the justices' focus is elsewhere. They are engaged in internecine struggles over rarefied questions of statutory interpretation—disagreements that transcend ideology and the current political moment. Chief Justice John Roberts's majority opinion that the International Emergency Economic Powers Act does not give presidents the authority to impose tariffs was a brisk 21 pages. But five more opinions (two dissenting, three concurring) ballooned the ruling to 170 pages and led to a 107-day wait between oral argument and decision day.

Learning Resources represents a striking counterpoint to the conventional view of today's Supreme Court as Mr Trump's reliable ally. To be sure, the conservative supermajority smoothed his return to the White House and has blessed many aspects of his agenda. In 2024 Trump v Anderson repelled a challenge to his candidacy, and Trump v United States handed him an umbrella of immunity against criminal prosecution. In 2025 the justices gave him nearly two dozen interim victories—letting him gut the Department of Education, bar transgender soldiers and lift immigration protections for nearly 1m people.

Yet the court pushed back last April when the administration whisked purported gang members to El Salvador without due process, and in December after it tried to mobilise the National Guard in Chicago. The emphatic setback in Learning Resources, the first full-dress merits case involving a policy of Mr Trump's second term, shows a court that has red lines. Mr Trump's bid to sack Lisa Cook from the Federal Reserve's board and to cull the constitution's birthright-citizenship guarantee are two more battles he will probably lose.

The fight in Learning Resources turned not on the wisdom of Mr Trump's retaliatory tariffs but on the "major-questions doctrine", a principle that stops the executive branch from undertaking moves of vast significance without clear authorisation from Congress. The six conservatives used the tool during Joe Biden's presidency to throttle plans to cancel student debt, clean up power plants and protect renters from eviction. For half of the conservative supermajority—Chief Justice Roberts and Justices Barrett and Gorsuch—the same limits doomed Mr Trump's tariffs.

Justices Ketanji Brown Jackson, Elena Kagan and Sonia Sotomayor, who have long criticised the major-questions doctrine as a departure from ordinary textualism, reached the same result without invoking what Justice Kagan once called a "get-out-of-text-free card". Justice Kavanaugh and Justices Samuel Alito and Clarence Thomas voted to uphold the tariffs despite their affection for the doctrine, opining that it has less bite when presidents are engaged in foreign affairs.

Still finer distinctions characterise Justice Barrett's and Gorsuch's permutations of the major-questions doctrine (explored in their duelling concurring opinions). As the justices refine their approach to balancing congressional and executive power—a fundamental aspect of America's constitutional design—they may have one eye on the current occupant of the White House. But their horizon extends beyond a single presidency. The court is working towards a "rule for the ages", as Justice Gorsuch has said, even if the justices are of many minds over what it should say. ■

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United States | Biblical sins and hot wheels

The battle to flip Texas

Democrats have a chance to score a stunning upset in November's midterms

February 26th 2026

Donald Trump is not on the ballot in the midterms, but he hovers over every race. His unpopularity gives Democrats an excellent chance of winning the House of Representatives in November. Some Democrats even dream of capturing the Senate. A dramatic tussle in Texas shows how that might be possible.

On March 3rd both Republicans and Democrats will pick their candidates. Each party's primary voters face a similar choice: a fire-breather who thrills the base or the candidate who is more likely to win. Republicans seem poised to pick the former. If Democrats avoid the same mistake, they could perhaps win a statewide race in Texas for the first time since 1994.

The Republican primary pits John Cornyn, the four-term incumbent, against Ken Paxton, a populist. With his silver hair and sober suit, Mr Cornyn looks like a cartoonist's idea of a senator. A former judge, he calls himself a "work horse" not a "show horse". In the Senate he has pushed through many laws; sometimes he even dares to work with Democrats.

By any normal standards, he is conservative: he strained to repeal Obamacare and still opposes gay marriage. Like many calculating Republicans he has suppressed his distaste for the president. Ten years ago he called Mr Trump an "albatross"; now he diligently rubber-stamps his agenda.

But MAGA true believers are rallying around Mr Paxton, who strikes them as more authentically Trumpy. In his decade as Texas's attorney-general, he has sued Google and Meta for "spying on Texans", Pfizer for "conspiring to censor" information about the supposed flaws of its vaccines and swing states for allegedly distributing fake ballots. He boasts about suing Joe Biden 107 times.

Like Mr Trump, Mr Paxton runs into trouble from time to time. He was accused of securities fraud (he settled by paying $300,000). His own party in the Texas House impeached him for corruption; the Senate did not convict him. His wife filed for divorce last year on "biblical grounds".

A pro-Cornyn ad calls Mr Paxton not just "corrupt" but also "weird". Mr Paxton claims that all the charges against him were a conspiracy hatched by the same kind of dark forces that tried to impeach and prosecute Mr Trump.

Polls show the two neck-and-neck. Because a third candidate, a lesser-known congressman from Houston, has entered the Republican race, it will probably go to a run-off. Since run-offs tend to attract fewer but more hard-core voters, Mr Paxton will probably win, Bill Miller, a political consultant, predicts. Both leading candidates are desperately courting Mr Trump. But Mr Trump has yet to endorse anyone, perhaps for fear of backing a loser.

The Democrats' choice is between Jasmine Crockett, a black congresswoman from Dallas, and James Talarico, a white state representative from the Austin suburbs. Both are progressives, but their styles could hardly be more different. Ms Crockett fires up angry Democrats with the insults she hurls online. Mr Trump is “Putin’s ho”. Greg Abbott, the wheelchair-bound governor of Texas, is “Governor Hotwheels”. Republicans are, generically, “assholes” and Hispanics who vote for them have a “slave mentality”. The base wants “someone who expresses their id”, says Jim Henson, a pollster. Asked about his party’s prospects against her, Mike Johnson, the Republican Speaker of the House of Representatives, giggled and tapped his fingers together like Dr Evil.

Mr Talarico is calmer and probably more electable. The 36-year-old former teacher is articulate and devout, using scripture to embarrass Republicans who voted to make schools post the ten commandments. On the stump, he argues that the real enemy is not the right but the billionaires screwing the little guys. He is a hit on liberal podcasts, but has also appeared on the Joe Rogan show, which appeals to conservatives. In the first week of early voting he was interviewed by Stephen Colbert, a national television host. CBS refused to broadcast the segment, for fear of the Trump administration weaponising impartiality rules against it. The interview aired online only—where it went viral. “Donald Trump is worried we’re about to flip Texas,” Mr Talarico crowed.

Betting markets predict that Mr Paxton will face Mr Talarico in November. If so, the national Democratic Party will pour money into the race, which is already one of the costliest ever. To capture the Senate, the Democrats need to gain four seats. That would mean winning all the toss-up states and at least two that lean Republican, such as Texas. The Lone Star state is conservative enough that even a candidate as ethically challenged as Mr Paxton will be hard to beat. But if Mr Trump provokes a Democratic tsunami, as some predict, Texas could be the state that flips the Senate—and constrains him for his last two years in office. ■

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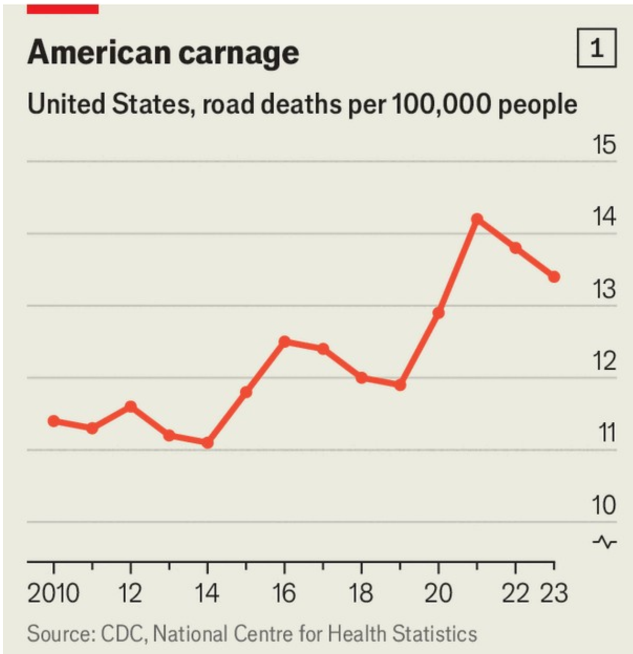
United States | Hyacinth heartbreak

Each year tens of thousands of Americans accidentally kill

The psychological toll it takes is huge—and mostly hidden

February 26th 2026

IN A GREEK myth Apollo accidentally kills the Spartan prince Hyacinthus with a discus. As the god mourns his lover, a flower blooms from the drops of Hyacinthus's blood. The story of hope after harm has inspired a club in America that nobody wants to belong to: the Hyacinth Fellowship. The fellowship is a support group for people who have accidentally killed somebody. "We are not the good guys in our stories," says one member, who at the age of 16 skidded off the road while driving at night and killed her friend in the passenger seat, the town's prom queen.



In America someone is accidentally killed roughly every 18 minutes. Most die in car crashes, though some are killed by medical mistakes, guns unexpectedly going off or freak accidents. Compared with other rich countries the statistics are exceptional. In 2024, 39,000 Americans died in road accidents; relative to the size of the population, that is double the rate in France and four times Britain's. Beyond the poorest places only a handful of countries—Kazakhstan, Georgia, Kyrgyzstan and Armenia—are worse. And the rate of car deaths in America has risen over the past decade (see chart 1). Much attention is rightfully paid to the victims. But far too little is given to the tens of thousands of people struggling after unintentionally taking a life.

It is no mystery why fatal accidents are so common. America has one of the biggest networks of roads and Americans drive more miles, and more on high-speed "stroads"—a hybrid of a street and a road—that are shared with pedestrians. In 2024, 78% of American workers commuted by car, compared with 55% of Britons. Cars also tend to be bigger, making them more likely to kill on impact. Most accidents happen at night and many of the drivers are drunk. But the risk of killing is not evenly distributed across the country. Sunbelt states are far more dangerous (see chart 2). More streets in those states are owned by state governments, and highway engineers too often design them prioritising efficiency rather than safety.

The result is a high share of Americans nursing trauma, typically in silence. In interviews with eight people who had accidentally killed someone and joined the Hyacinth Fellowship, The Economist learned that many are told by family and friends not to talk about it. Some bottle it up for years, if not decades. It is common to fear some sort of karmic punishment. "I thought God's retribution would come back for me," says a man who feels he has lived only "half a life" since his accident. Anniversaries of the killing become more important than birthdays.

For some the guilt is too much to bear. A man in his mid-20s who killed a girl in a boating accident a year and a half ago committed suicide four weeks later. Before he died he tried to sell all of his belongings to help pay for her funeral.

Relationships can become strained. Survivors seek validation from loved ones that they are not monsters, but hearing that “it’s not your fault” provides little comfort. Therapy can help a lot, but most therapists are not trained to counsel such people. Many accidental killers describe becoming emotionally numb and struggling to finish university or work.

For years one man had recurrent nightmares about running people over, only to wake up to his legs jerking to try to slam on the brakes. Starting a family terrified him: “I have ramped-up anxiety about bad things happening to my kids because I took somebody’s daughter.”

For the families of victims, suing the perpetrator can be the only way to get closure. Each year Americans bring about 100,000 wrongful-death lawsuits. Whether that is the right remedy is debatable, but it comes at a cost. One woman who was charged with vehicular manslaughter remembers feeling sick to her stomach when her lawyers argued in court that a deer might have run out into the road, causing her to swerve. “I had some amnesia but I knew that wasn’t what happened,” she says. A black man who was drunk and 18 years old at the time of his accident remembers feeling “terrified of being mistreated in prison”. Mothers Against Drunk Driving came after him “like a mob”. The anxiety didn’t go away once he served his time. “I remained financially solvent my whole life but could never save,” he says. “I didn’t want to have anything that someone could take away from me”.

If American roads were safer fewer people would die—and fewer people would be left to live like this. But cars probably won’t get smaller and Americans won’t suddenly depend on them less. There are, however, other fixes that work.

Jeff Speck, an urban planner, has helped 60 cities redesign their roads to cut deaths. Speed limits matter less than environmental cues, he argues: trees, tighter bends and narrower lanes force drivers to slow down. Replace traffic lights with four-way stop signs and crashes fall by two-thirds, he says, because people simply don’t speed through them.

Come what may, the Hyacinth Fellowship will keep getting new members. The group runs monthly calls, spiritual counselling, writing workshops and legal seminars. Many feel that in the group they have real community for the first time. “We’re just one beggar trying to help another beggar find bread,” says Chris Yaw, the reverend who runs its board.

The fellowship hopes to become a household name like Alcoholics Anonymous, and for first responders to tell survivors about them at the scene of a crash. To shake the stigma more Americans will need to understand that in an instant their world, too, can come crashing down. But as the woman who killed the prom queen puts it: “Some people really think that they are in control of their own destiny.” ■

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United States | The Anza expedition

It’s California’s 250th birthday, too

Kind of

February 26th 2026

“HI, EVERYONE, can we gather around this table here?” Mark Wilkinson, of the Santa Barbara County Trails Council, waves a group of 25 hikers towards a picnic area on a bluff overlooking the Pacific. The surf crashes gently on the beach below and, after a week of rain, tiny yellow flowers cover the cliffs. Over the next five miles the group will walk the same path that the Anza expedition traversed 250 years ago, when Spanish soldiers and settlers began the colonisation of what was then known as Alta California. “They camped right in this area,” says Mr Wilkinson, “maybe where the freeway is.”

American history is normally told from east to west. But the story of modern California does not begin with shouts of "Eureka!" during the gold rush, or with statehood in 1850. In the late 18th century Spain was a waning colonial power worried that the Russians or the English would encroach upon its unsettled territory. Adventurers had reached Alta California by sea, but never over land. So in 1775 Juan Bautista de Anza, a Spanish explorer, led 240 soldiers and civilians on a perilous 1,200-mile quest from Sonora, in modern Mexico, to the San Francisco Bay (see map).

The expedition stalled and commenced again in 1776, the same year America's founders signed the Declaration of Independence. The names of neighbourhoods along California's coast recall the caravan's descendants: Feliz, Berryessa, Bernal. "It's always a history that falls out of our national narrative," says Steven Hackel, a historian at the University of California, Riverside. "People can't get their mind around the fact that there was a history here that's independent of what happened in the summer of 1776 on the east coast."

Most of the people in Mr Wilkinson's group had never heard of the Anza expedition. They are retirees and avid hikers from Santa Barbara who read about the walk in their local newspaper. We set off along the beach. The tide is out, the sun is climbing, and the Channel Islands are visible offshore. Pedro Font, a chaplain for the Anza expedition, was a dutiful diarist who wrote in detail about this part of the journey. "All this road as far as the camp site runs along the sea beach, almost touching the waves," he noted. "The people of the expedition who had never seen the sea found many things to marvel at." So did we. After a steep climb, the group stops to gawk at a seal sanctuary. "Oh my god, they are basking!" Maureen Wallace exclaims, as she points out the baby seals on the sand.

We pause at the site of a former Chumash village in the city of Carpinteria, named for their expert craftsmanship. Mr Wilkinson had warned his flock that the Anza expedition presaged tragedy for California's indigenous peoples. Font wrote about the Chumash with curiosity and derision: "The Indians are great fishermen and very ingenious…But they are very thievish, a characteristic of all Indians." The Spanish brought disease and disruption. Natives forced to live in cramped barracks in the Franciscan missions suffered from "endemic ill health turbocharged by the occasional epidemic", explains Mr Hackel. Their numbers plummeted. In 2020, when southerners were tearing down monuments to the Confederacy, California had a reckoning over its colonial past. Protesters toppled statues of Junípero Serra, the architect of the mission system who was (controversially) canonised in 2015.

Like Anza and his crew before them, the hikers encounter a salt marsh that blocks their way. “Mother nature guided their direction and it guides us today,” says Mr Wilkinson. We go around. Egrets wade in the shallows. Mrs Wallace tells this correspondent to keep an eye out for leopard sharks, which breed in the creek.

The company ambles onto a bike path that runs alongside the 101 freeway. The quiet of the marsh gives way to the clamour of California traffic. Amtrak’s Pacific Surfliner train trundles through the same corridor, between the Santa Ynez mountains and the sea. That is no coincidence. “We tend to use the same pathways over time,” says Christopher Bentley of the National Park Service, which is tasked with connecting the expedition’s entire trail. Indigenous routes became the Anza trail, which eventually matured into some of California’s coastal roads and railways.

During the last mile, The Economist tries to imagine what this part of the coast looked like in Anza’s day, before the highway, the power lines, the wineries and surf shops. But modernity, and lunch, beckon. The hikers stop and wave goodbye. We have arrived at that most prosaic of Californian landmarks—the parking lot. ■

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United States | Lexington

Donald Trump's unworthy state of the union

An address not fit for America's 250th birthday

February 26th 2026

At the beginning of his first term as president, Donald Trump used his address to a joint session of Congress to deliver "a message of unity and strength", urging bipartisan action as he looked nine years ahead to America's celebration of the 250th anniversary of its declaration of independence. "What will America look like as we reach our 250th year?" he wondered then.

As Mr Trump marked the arrival of that anniversary in his state-of-the-union speech on February 24th, America does not look at all like the country that, on the occasion of his rookie outing nine years ago, he tried to conjure up. Mr Trump began that address, in February 2017, by observing that it was Black History Month and declaring there was still work to be done on "our nation's path toward civil rights". He urged support from Congress for some initiatives that remain central to his politics, such as building a border wall, but also for others that have long since shrivelled, such as "positive immigration reform", along with "accessible and affordable" child care, new investment in women's health and for "clean air and clean water", and a "rebirth of hope" in "our neglected inner cities". Mr Trump told Congress then, "True love for our people requires us to find common ground."

This week, as Mr Trump heralded the American anniversary, he still touted grandiose visions—of a "golden age" and a "turnaround for the ages", achieved in just his first year back in office—but they did not include any summons to an American common ground. He did not mention unity. Instead he repeatedly called Democratic congressmen "sick" and "crazy" and said they were "destroying our country". If they had power, he warned, they would open America's borders to "some of the worst criminals anywhere in the world", the likes of the "Somali pirates who ransacked Minnesota" by committing fraud. He said Democrats can win elections only by cheating.

What has happened, in the past decade, to the president who once talked about unity? And to the country where that idea still seemed plausible, or at least desirable, in its politics? An impeachment, a pandemic, a racial reckoning over police violence, an insurrection to block the peaceful transfer of power and then another impeachment, plus assorted lawsuits and prosecutions probably all played roles. So did Mr Trump's growing confidence in the power of his polarising politics. After all, he dutifully read that first speech to Congress off the teleprompter, and it lasted just an hour. This time, he set a numbing record for such speeches, at an hour and 48 minutes, and he was most engaged with his material when he departed from his script, though his "weave" became ever more frayed as the evening wore on. ("Space Force is my baby, because we did that," he said, to entirely Republican applause, though he said nothing about what the force was up to.)

Consider the House chamber from the president's vantage point. To his right sat Democratic representatives who he believes, with reason, will support him in almost nothing he does. Directly in front of him sat four justices of the Supreme Court which, though dominated by conservatives, had just signalled its commitment to its independent authority. By ruling unlawful his novel assertion of a presidential power to impose border taxes at whim, it stripped Mr Trump of his prized thunderbolts, his most reliable means of dominating the world's attention and extracting obeisance from abroad. "An unfortunate ruling", Mr Trump called it in his speech, with uncharacteristic restraint.

With those two constituencies beyond his control, Mr Trump focused his message upon the Republican representatives in the chamber. He cannot afford to lose them. But he knows that, with midterm elections this autumn, they are growing restive. Recent polling shows that public approval of Mr Trump is plumbing depths not seen since the insurrection of January 6th 2021. Key constituencies, including independent voters, Latinos and even young Republicans, are losing confidence in him. Fully six in ten respondents told the Marist poll this month that America is worse off now than a year ago.

Although Mr Trump has savaged Republican members of Congress who have broken with him in recent months on tariffs or making war, he was careful in his speech to make no such criticisms. He offered few new policy ideas. But his open contempt, if not hatred, of Democrats, along with his trademark braggadocio about his own accomplishments, helped draw Republicans together by signalling his intention to go on the offensive over the economy and immigration. Seeming, as usual, less like the House speaker than a house elf, Mike Johnson sat perched over Mr Trump's left shoulder, grinning eagerly at his faintest witticism; the president has learned that Mr Johnson will serve as his loyal whip rather than the leader of a coequal branch of government.

Mr Trump did supply some uplift. The Olympic men's hockey team and the heroic servicemen he pointed to in the gallery were reassuring evidence that, in this 250th year, Americans still have passions apart from politics and values that transcend partisanship. But when it came to politics, culture war substituted for any loftier ambition; Mr Trump's invocation of Black History Month in 2017 gave way in 2026 to acronymic sloganeering: "We ended DEI in America!" On a momentous question, whether America will again attack Iran and if so why, the president offered only a muddle. On the fourth anniversary of Russia's invasion of Ukraine he had no new vision for ending the war. He had nothing to say about the challenge posed by China or the promise and peril of artificial intelligence. This speech is likely to be remembered only for its length, but its effect will be to further shrink the significance of the state-of-the-union address. ■

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The Americas

The Americas | Fighting gangs

The killing of Mexico's most powerful narco will please Donald Trump

But it risks provoking terrible violence in Mexico

February 26th 2026

Sunday february 22nd will go down in Mexican history. Early in the morning Mexican special forces captured a powerful drug lord in his home state of Jalisco. The government said that Nemesio Rubén "El Mencho" Oseguera Cervantes, the boss of Jalisco New Generation Cartel (CJNG), one of the country's two biggest gangs, subsequently died from wounds sustained during the shoot-out.

The 59-year-old former policeman was Mexico's most wanted person. Over the two decades since the gang's emergence he had built a criminal enterprise that covered almost all of Mexico, with an array of business lines and a penchant for brutality. El Mencho was a top target for the government of the United States because he trafficked drugs into the country, including deadly fentanyl. The State Department had offered a $15m reward for information leading to his capture.

The operation is a triumph for Mexico's president, Claudia Sheinbaum. Since coming to power a year and a half ago, Ms Sheinbaum has made security a priority. She has distanced herself from the hands-off approach, known as "hugs not bullets", of her predecessor and mentor Andrés Manuel López Obrador. She has appointed a serious security minister, Omar Harfuch, and together they have boosted intelligence-gathering capabilities and confronted gangs. Mexican politicians of all stripes welcomed El Mencho's demise.

Taking down such a powerful gangster will also give Ms Sheinbaum kudos with Donald Trump. Mr Trump has repeatedly asked Ms Sheinbaum to do more to dismantle Mexico's gangs. He has regularly suggested that if she does not, the United States will do it for her, with unilateral military strikes on Mexican territory. The decision to go after El Mencho was almost certainly taken, at least in part, to please Mr Trump, says Eduardo Guerrero of Lantia, a security consultancy in Mexico City. Although the operation was supported by American intelligence, it was, crucially, carried out by Mexican special forces. That will help bolster the credibility of an outfit whose trustworthiness is questioned by the Americans, who worry that corrupt troops will warn gangs of operations. El Mencho had escaped previous attempts to capture him.

Despite the success of the operation, Mexico now faces uncertainty. El Mencho's capture risks throwing the country into turmoil. That is because it harks back to a discredited approach to fighting gangsters: going at any cost after their bosses. Ms Sheinbaum has repeatedly criticised the so-called kingpin strategy in the past. Removing gang leaders tends to cause their organisations to splinter, prompting infighting. Murders shoot up.

The violence following El Mencho’s death was almost immediate, though more to do with gangsters expressing anger than the start of internecine conflict. They carried out attacks in at least 15 states, setting fire to buses and banks and blocking roads. Airlines cancelled flights. The governments of Mexico, the United States and elsewhere issued shelter-in-place orders for those in the affected areas. Some 60 people were killed in the violence. About half were state forces. By February 25th things had largely calmed down, and schools in Jalisco reopened.

Yet this calm does not mean that the fallout is over. When Ismael “El Mayo” Zambada, a leader of the Sinaloa Cartel, was taken into American custody in July 2024, it took three months before real intra-gang fighting broke out. The violence has yet to be quelled, swamping the state of Sinaloa. (Joaquín “El Chapo” Guzmán, its other former leader, was already serving a life sentence in the United States.) The death of El Mencho is different: one part of Cjng did not betray another, as in the Sinaloa Cartel. But the power vacuum is still there to be filled. “Now it’s calm again,” says Rafael Altamira, a construction worker in Puerto Vallarta, in the state of Jalisco. “But it’s like the sea: it looks calm, then the tsunami comes. We are waiting for something more to happen.”

In fact the nature of CJNG increases the chances of ongoing violence. It is an amalgam of 92 groups which operate across Mexico, and so ripe for fragmentation, says Mr Guerrero. It is not clear whether El Mencho had a succession plan, nor whether the six other gangsters killed during the firefight were members of the cúpula, Cjng's top brass, or mere bodyguards.

The group's brutality is well known. In its early years it worked with the Sinaloa Cartel to fight the Zetas, another gang. Since then it has expanded to work in all 32 states in Mexico. Today it combines the Sinaloa Cartel's ability to corrupt politicians and businesspeople with the Zetas' violence. To spread terror its sicarios have hung bodies from bridges or scattered them, dismembered, into the street. In 2020 it carried out a brazen attempt to assassinate Mr Harfuch, who was the security minister for Mexico City at the time.

Mexico, violent events linked to organised crime
February 22nd-23rd 2026
Least severe ○○●● Most severe
Source: DataInt

A diverse portfolio, from drug-trafficking to fuel theft and even timeshare fraud, has made Cjng extremely rich, too. That increases the incentives for violence. It has also allowed the gang to accrue immense firepower, including mines and drones that carry explosives. Mexican officials say that among the weapons they found in El Mencho's safe-house were rocket launchers that can shoot down aircraft and destroy armoured vehicles. The group also manufactures its own weapons. "We don't know what the cost of his arrest will be, but we know there will be one," says Cecilia Farfán-Méndez of the Global Initiative Against Transnational Organised Crime, a think-tank in Geneva.

If not contained, outbreaks of violence risk becoming "an epidemic that can take years to temper", says Mr Guerrero. The government, he says, will need to take out Cjng's regional bosses to prevent them waging local campaigns. Mr Harfuch recognises this. During a press conference on February 23rd he said his security cabinet would be "very attentive to…restructuring within the cartel, especially if it's going to be violent". The army has sent 2,500 troops to Jalisco to join the 7,000 already there. Mr Trump certainly wants more. The day after El Mencho's capture he wrote on social media that "Mexico must step up their effort on Cartels and Drugs!"

In June Guadalajara is due to be the venue for four matches of the football World Cup, which Mexico is co-hosting with the United States and Canada. That raises the political stakes for keeping violence under control. Ms Sheinbaum and Mr Harfuch have enjoyed modest success at bringing down Mexico's high murder rate. If it spikes again while the world watches, that might be their undoing. ■

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The Americas | Supreme impropriety

Brazil’s high court is caught up in a vast scandal

Some of the world’s most powerful judges have an over-cosy relationship with business and political elites

February 26th 2026

It started with a banker who liked supermodels and private jets. Yet when Daniel Vorcaro was arrested and his bank, Banco Master, liquidated for practising fraud, he was not the only one quaking in his patent-leather shoes. Investigators revealed that Mr Vorcaro had ties with politicians of all stripes, but also with Brazil’s most senior judges. That revelation has ignited discussion about the conduct of members of the country’s highest judicial body, the Federal Supreme Court (STF).

This matters because right-wing candidates are expected to sweep the Senate in Brazil’s general election in October. They may gain enough seats to impeach Supreme Court judges. The right holds special animus towards the

Supreme Court for its role in prosecuting its former leader and president, Jair Bolsonaro. Last year the STF sentenced him to 27 years in jail for attempting a coup after losing his re-election bid in 2022. Yet even as the court has defended democracy it has become more prickly, sometimes casting criticism of its members as an attack on democracy itself.

When the case against Mr Vorcaro came to the STF, a lottery system assigned its leadership to Justice José Antonio Dias Toffoli. There were problems from the start. Around the time he took over the case he flew on a private jet with a lawyer for Banco Master. Soon after he reduced the time given for witnesses in the case to testify to the federal police, and barred most of the police's forensic experts from accessing material seized from Mr Vorcaro (a decision he later walked back). It then emerged that Mr Vorcaro had invested in a luxury resort owned by Mr Toffoli's brothers and in which Mr Toffoli has a stake.

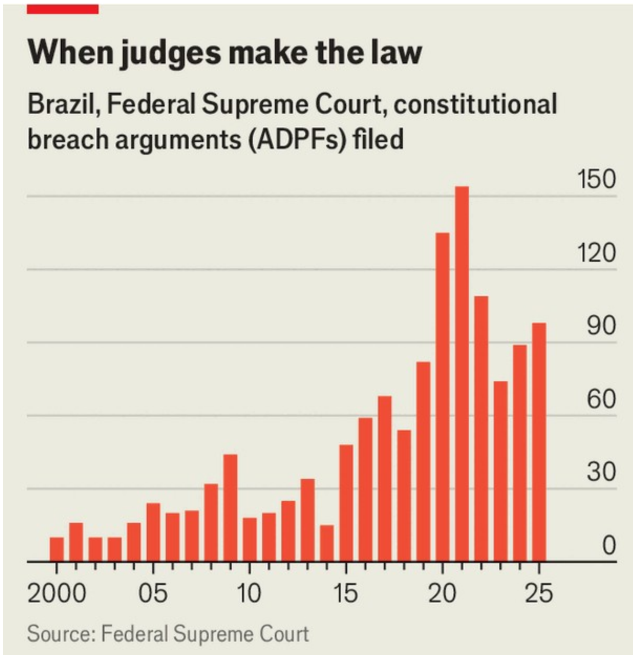
Initially, Mr Toffoli kept mum about the resort. But on February 12th it emerged that the federal police, who had looked at Mr Vorcaro's mobile phone, had handed a confidential report to the president of the STF, raising concerns about Mr Toffoli's potential conflicts of interest. The report contains allegations of phone calls between Mr Toffoli and Mr Vorcaro, meetings the two held, and messages that discuss payments of 20m reais ($4m) to a firm co-owned by Mr Toffoli. Mr Toffoli denies any wrongdoing and says that charges of bias are based on mere "speculation". He claims the payments were related to the sale of shares in the resort, and that they were declared to tax authorities. Still, after mounting pressure, he stepped aside.

Mr Toffoli's fellow justice, Alexandre de Moraes, is also in trouble. When evidence emerged that Mr Moraes' wife, who is a lawyer, had been given an unusually vague and lucrative contract to represent Banco Master, Mr Moraes opened an investigation into tax officials for leaking confidential information. On February 17th federal police raided the homes of four suspect officials. Mr Moraes ordered that the suspects wear ankle monitors, cancelled their passports and banned them from travelling or entering the premises of the tax authorities. Many Brazilians were indignant. "Combating leaks and the sale of confidential data is important," said Alessandro Vieira, a centre-right senator. "But it should not serve as a smokescreen to conceal unjustified assets or crimes committed by important figures of the republic."

Mr Moraes ordered that investigation using his authority as the head of the court's "fake-news inquiry". He has led this probe since 2019, when the court established it to investigate attacks against its members and their families on social media. Unlike much of the court's activity, the fake-news inquiry's operations have always been sealed. When the inquiry started, members justified this by citing the seriousness of the threats emanating from Mr Bolsonaro and his followers. This is hard to square with Mr Moraes' use of the inquiry to probe tax officials.

Nor is it the first time that the inquiry's remit has expanded. In 2019 Mr Moraes used it to kill an investigation by the tax authorities into a number of officials, including STF judges. That same year a local investigative outlet, Crusoé, reported links between Mr Toffoli and the boss of Odebrecht, a Brazilian construction firm at the heart of Latin America's biggest-ever corruption scandal. After the story was published, Mr Moraes used his position as head of the fake-news inquiry to order that the article be scrubbed from the internet. Only public outcry forced him to reverse course. Mr Toffoli went on to annul all fines against Odebrecht, despite the fact that the firm's executives had admitted to running a department dedicated to paying bribes to politicians totalling $800m.

Interaction between businesses and the court is common. Gilmar Mendes, the STF judge with the longest tenure, holds an annual bash in Lisbon with dozens of the most senior politicians, magistrates and businesspeople. Many attendees have cases pending before the STF. The event, dubbed "Gilmarpalooza" by the Brazilian press, is organised by a private university founded by Mr Mendes and now run by his son. That university has previously received funding from J&F Investimentos, the holding company which controls JBS, the world's largest meatpacking firm. J&F had cases pending before the STF at the time of the funding.



Nepotism is also widespread. Estadão, a Brazilian newspaper, has tallied 1,860 cases currently with the STF or the Superior Court of Justice (STJ), the highest appellate court for non-constitutional matters, in which close relatives of STF members are the main lawyers. In 70% of them, the lawyers were assigned after their relative was appointed to the STF. Many companies, including those with cases before the court, bet that hiring a relative of an STF judge will win them special treatment.

Take Mr Moraes' wife, who runs a law firm together with the couple's son and daughter. Before Mr Moraes was appointed to the court in 2017, her law firm had 27 cases before the STF and STJ. Today she has 152. It has become easier for people connected to STF judges to bring cases before the court. That is because in 2023 the judges declared a law "unconstitutional" that had forbidden them from ruling in cases that involved businesses or individuals linked to firms run by their relatives.

Some members of the court seem to believe they have a problem, at least with public perception. According to Pedro Doria, a political analyst, recent opinion polling shows that for more than half of Brazilians, the single most important criterion as they consider which legislators to vote for in general elections this year is their legislator's commitment to the impeachment of Supreme Court judges. To clean up the court's image the STF's new president, Edson Fachin, formally proposed on February 2nd that the court adopt an ethics code. He has appointed Justice Cármen Lúcia to run the drafting process. The details will be hammered out over months, but the idea is to copy some elements of supreme-court ethics codes in the United States and Germany. The code will probably prescribe how judges should treat cases brought before the court by their relatives. It may also contain rules about participation in events, judges' use of privileged information, financial transparency and the use of social media.

Mr Toffoli and Mr Moraes pushed back immediately. Both men say they have never judged a case in which there was a conflict of interest. They claim that the adoption of an ethics code is not necessary. But whatever they may say, their enemies in Congress are watching. ■

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The Americas | A dispatch from Havana

Donald Trump’s oil embargo reveals a solar boom in Cuba

Chinese solar panels are flooding into the troubled island nation

February 26th 2026

“Sons of bitches!” exclaims Juan, a tour guide in Old Havana, when asked what he thinks of the Americans. While he would happily see the back of Cuba’s government, which does “nothing for the people”, Donald Trump’s squeeze on the regime is making life harder than ever for him and other Cubans. Ideological concerns are a distant second to the struggles of daily life: getting children to school, enough petrol in the car, food on the table.

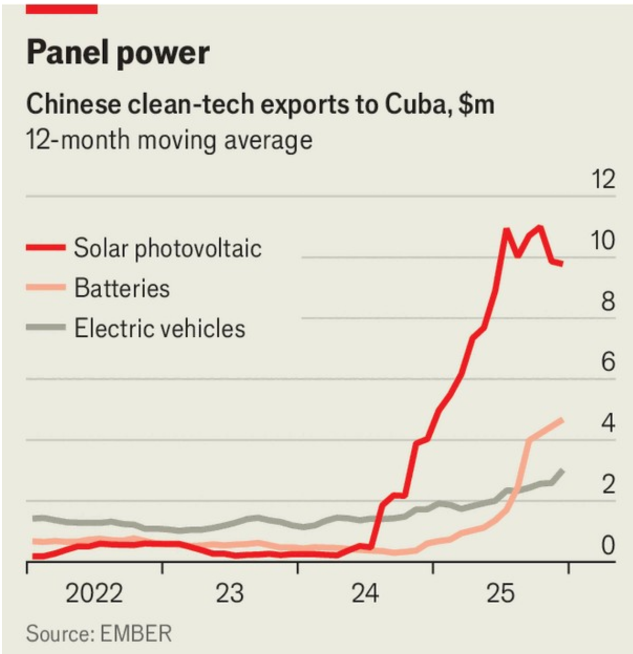
The energy shortage was an overwhelming problem even before Mr Trump’s attention turned to Cuba. His threat to impose tariffs on any country which supplies Cuba with oil has become an effective embargo. Tourism has slumped. Airlines can no longer refuel in Havana. Tour buses sit idle. The price of food, when it can be found, has shot up along with the cost of transport. Petrol, officially priced at $1.10 a litre, is rationed via an app. Embassies receive quotas based on size, car fleet—and friendliness (Russia enjoys a generous allowance). On the black market a litre fetches 4,000 pesos ($8). Many thoroughfares are eerily quiet. Many streetlights are no longer turned on at night. Blackouts, already measured in hours, stretch longer. Charcoal stoves have reappeared to cook food.

The government is trying to economise. Several large hotels owned by Gaesa, the military conglomerate that dominates tourism, have been shut in order to concentrate remaining visitors and conserve fuel. Bureaucrats have been told to work from home. The state has also allowed private firms to start importing their own fuel, if they can get it, easing Gaesa's monopoly.

Yet things are not as bad as they might be, and not only because the island meets 40% of its fuel needs with its own heavy, sulphurous crude. Mr Trump is obsessed with oil, but Cuba has been building out an alternative source of energy supply at record pace: solar panels imported from China. According to Chinese export data compiled by Ember, a think-tank, in the 12 months to April 2025 Cuba's imports of Chinese solar panels grew by a factor of 34, faster than anywhere else in the world. The island has gone from having almost no solar power a few years ago to levels which help it cope with Mr Trump's embargo.

The regime's energy policy is mostly responsible for the boom. In March 2024 the government announced a plan to build two gigawatts of solar power plants by 2028. It depends heavily on China for funding and construction, as well as for the solar panels themselves. On February 11th the government claimed that its new solar plants generated almost a gigawatt of power during the lunchtime peak, enough in that moment to meet the electricity needs of a third of the country. The government now says it aims for renewables to provide 24% of Cuba's electricity by 2030, up from roughly 5% in 2024.

The crisis induced by Mr Trump has opened more locals' minds to free energy from the sun. Businesses and households are tapping it where they can. Marta Deus, who runs Mandao, a food-delivery firm, has installed solar panels at her office. “Demand is high,” reports a saleswoman in Copextel, a state retailer that sells solar panels and water heaters.



Peak demand comes in the evening, when the sun has gone down. Solar panels alone cannot help with that. But Cubans are now importing Chinese batteries at a furious pace, too. Chinese electric vehicles are also proliferating (see chart). Carlos Alzugaray, a former Cuban diplomat, drives a Chinese-made Dongfeng around Havana. He bought it in 2024, in large part because of growing fuel shortages. A firm called Ecocargo operates a small fleet of electric taxis and delivery vans. “Cuba may experience the fastest energy transition in the world,” says a Cuban economist living in Havana, who asked to remain anonymous.

As plentiful and cheap as Chinese solar panels are, they cannot stave off the current crisis. A home-solar kit from Copextel costs around $5,000, far out of reach for most families. Buying privately is allowed, but few firms want to sell in Cuba under the American embargo. And even firms willing and able to invest in solar are still stuck if they run out of fuel today. Aldo Álvarez of Mercatoria, another delivery company, says he suspended operations last week for lack of fuel.

For now, the American pressure campaign is doing more to hurt ordinary Cubans than it is to dislodge their rulers. It makes solar power, a much more sovereign source of energy than oil imports, invaluable. But Cuba's persistent failure to pay its debts may be starting to discourage the Chinese from financing new panels. And Mr Trump's aggression is only making them more hesitant. ■

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Asia

- Modernisation is making South-East Asia more Islamic
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Asia | Piety and prestige

Modernisation is making South-East Asia more Islamic

Economic growth in Malaysia and Indonesia has not led to secularism

February 26th 2026

GOVERNMENTS IN South-East Asia once feared the rise of Islamist terrorism, and acted forcefully and successfully to suppress it. These days a different transformation has been taking hold in the region's two big Muslim-majority countries, Malaysia and Indonesia. Islam is asserting itself not through violence but peacefully through politics, laws, consumer culture and social pressure.

Last month a new criminal code, which bans pre-marital sex and expands the scope of the crimes of blasphemy and apostasy, came into force in Indonesia. The code also recognises "any living law"; that could allow local officials to enforce sharia (Islamic law) strictures that discriminate against women and minorities. A few months earlier, in August, the Malaysian state of Terengganu began enforcing a sharia provision that imposes a fine of up to 3,000 ringgit ($770) and prison terms of up to two years on Muslim men who miss even a single Friday prayer. Not even Iran or Saudi Arabia imprisons prayer-dodgers.

Both countries challenge an assumption that modernisation naturally leads to secularisation. Despite their economic progress, religiosity is intensifying, not weakening. This contradicts a pattern seen across East Asia and Europe, where economic development has correlated well with declining religious observance. Some liberals argue that education, liberalisation and internet access inevitably pull societies towards secular values. Muslim-majority countries in South-East Asia suggest otherwise. “What matters is not an individual’s years of education, but what a community regards as prestigious,” writes Alice Evans of King’s College London. Piety has become prestigious.

The two countries practise Islam very differently. Malaysia recognises it as the official religion and gives states jurisdiction over religious matters. Different states maintain different sharia laws, co-ordinated nationally by JAKIM, the federal department for Islamic development. The budget for 2026 allocated a record 2.6bn ringgit ($642m) for “Islamic development”—50 times the 50m ringgit allocated to maintain all non-Muslim places of worship.

Indonesia lacks a comparable central authority. Its state ideology, pancasila, forbids atheism but guarantees religious freedom for the six faiths it officially recognises: Islam, Protestantism, Catholicism, Buddhism, Hinduism and Confucianism. Muslim organisations such as Nahdlatul Ulama, which claims more than 100m followers, promote an inclusive Islam that blends with local traditions. These groups run schools, hospitals and universities in the world’s third-largest democracy, while promoting the idea that Islamic values and democracy reinforce each other. Indonesian Islam has absorbed centuries of Hindu-Buddhist practices, animist beliefs and diverse indigenous cultures.

That tolerance remains visible. Between February 17th and 19th millions of Indonesians celebrated the start of Ramadan, Lent or the lunar new year. Yet in both countries piety is ascendant. The divergence lies in how it is channelled. Islam drives political competition in Malaysia. The ruling and opposition parties vie for Malay voters, who make up 60% of the electorate and must under the constitution be, at least nominally, Muslim. “Both try to out-Islamise each other,” says Azmil Tayeb of Universiti Sains Malaysia. This dynamic is making Malaysia “more conservative and more Islamicised”.

By 2023 PAS, a stridently Islamist party, was in control of four states and had become the largest single party in the federal parliament, though still in opposition there. Malaysia’s dual legal system formally separates civil courts from sharia ones that handle personal and religious matters concerning Muslims. In practice religious authorities increasingly encroach into the civil space, says Norshahril Saat of the Institute of South-East Asian Studies in Singapore. Tensions are especially visible where Muslim and non-Muslim lives intersect, such as in custody disputes and religious conversions.

In May Malaysia’s court of appeal dismissed an appeal by a man who had converted from Christianity to Islam to marry a Muslim. After the marriage ended he sought to convert back, but the court ruled that sharia judges had jurisdiction. “These kinds of cases are happening all over Malaysia,” says Mr Azmil.

Social media shape how people understand and practise Islam. TikTok, Instagram and YouTube have become arenas for religious outreach, debate and judgment, says Awang Azman of the University of Malaya. TikTok helped PAS expand its vote at the previous election. Other trends include celebrity preachers and “micro-dakwah”: short religious videos.

Indonesia, though experiencing a similar religious revival, has largely avoided Malaysia’s path to state-enforced conformity. The share of Indonesian women who wear the hijab has surged from around 5% in the late 1990s to roughly three-quarters today, but this is a transformation driven by social pressure and voluntary adoption rather than laws. Observant Muslim influencers command huge online audiences, often promoting conservative interpretations to millions. Yet beyond the new criminal code, the most cited example of alleged intolerance remains a two-year prison sentence handed to Basuki Tjahaja Purnama, known as Ahok, the governor of Jakarta, for blasphemy in 2017—widely seen as driven by political and ethnic rivalry as much as religious hostility.

Beyond spreading ideas, social media have the power to push authorities into action. In Malaysia everyday choices can quickly become matters of state concern once they are amplified online. On January 16th a Zumba instructor went viral dancing in a headscarf and an outfit that did not cover her knees. She apologised, but the Islamic department in the state of Selangor opened an inquiry into whether she had brought "Islam into disrepute".

Earlier in January a gay-rights NGO cancelled a private glamping event after nationwide online backlash. Homosexuality is a crime punishable by whipping and prison terms of up to 20 years in Malaysia. In 2024 the owner of KK Super Mart, a groceries chain, was charged with intending to hurt Muslim feelings after socks bearing the word "Allah" appeared at three of its 800 outlets. Although "Allah" simply means God in Arabic and Malay, Malaysia's home ministry declared in 2013 that the word should be reserved exclusively for Muslims. Outraged social-media users viewed the socks as an insult.

For Islamist politicians such outrage is useful fuel. Expect to see more of it in Malaysia. In Indonesia, politicians have so far refrained from using religion as a tool; but maintaining its pluralism requires constant vigilance. ■

Asia | Fifty shades of pink

SOS for India’s Pink City

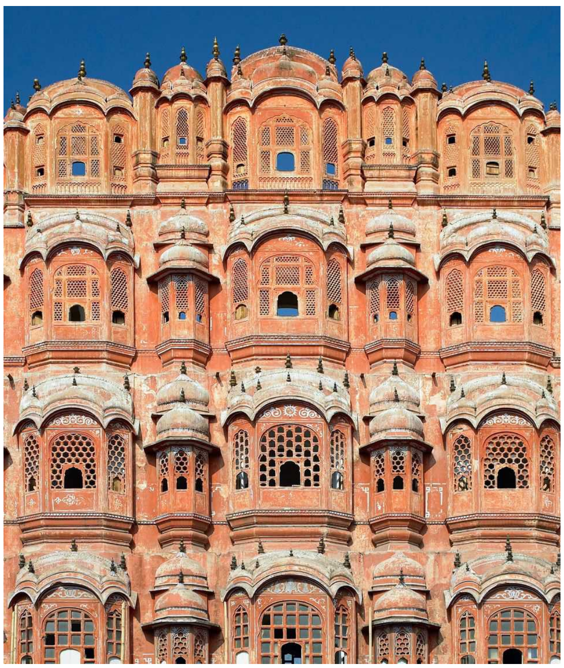
A threat from UNESCO might prod Jaipur into saving its heritage

February 26th 2026

ON entering Jaipur’s old town, you hear the staccato of a vintage printing press in one alley and in the next the clang of chisels against marble idols. Each lane of the walled city has its own soundscape, organised by traditional trade castes. But what about that bang? Probably one of its traditional townhouses, or havelis, being razed to the ground.

UNESCO, the UN’s cultural arm, granted Jaipur’s walled city, with its dusky-pink façades and ornate balconies, World Heritage status in 2019. Now it has given local authorities until the end of this year to show they are doing enough to preserve it. Otherwise it could join the company of Dresden, Liverpool, and Oman’s oryx sanctuary: the only three places to have won and then lost their world-heritage tag.

Back in 1991, there were around 1,200 havelis; now, that figure is about 800. The rest have been demolished or modernised beyond recognition thanks to an unholy trinity of corruption, apathy and scarcity of cash. The colour code is off, too. “Jaipur pink” has enveloped the city since 1876, when Maharaja Ram Singh had the whole town coated in a distinct hue of terracotta ahead of a royal visit from Britain. Other colours are banned. But pollution and unco-ordinated painting have broken Jaipur’s visual harmony into a mess of historically inaccurate shades, some dangerously close to orange.



It’s not just the colour. Over 600,000 locals squeeze past rotting rubbish piles, duck under a jungle of sagging wires and breathe fumes from open drains. Built for a tenth of this number, the old town is bursting at the seams. Heritage conservation can seem like a pretty elitist thing to fret about, and the UNESCO tag confers fame but no funds.

Still, UNESCO’s ultimatum may turn out to be the best thing that could have happened to the walled city. Landing on the interim list for “heritage in danger” could finally fast-track much-needed UN cash. And the prospect of officially losing the world-heritage tag may jolt authorities into enforcing heritage by-laws and having a frank chat with haveli owners about protecting what could be precious assets if, for instance, they were converted into heritage hotels. Politicians may not care about policing the correct shade of pink. But they surely want the status that comes with it. ■

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Asia | Sino-Japanese irritations

China piles pressure on Japan after Takaichi Sanae's triumph

The latest feud between the East Asian giants is unlikely to end soon

February 26th 2026

CHINA and Japan have a long history of feuding. Four years passed between the arrest of a drunken Chinese fishing captain that sent relations into a tailspin in 2010 and the beginning of the reconciliation process. The neighbours are now locked in another stand-off that shows no signs of ending: on February 24th China announced new curbs on rare-earth exports to at least 20 Japanese firms, ratcheting up pressure on Japan's new prime minister, Takaichi Sanae (pictured).

The latest spat began after Ms Takaichi, a China hawk, took office in October. China's displeasure was evident from the start: Xi Jinping did not send even a perfunctory congratulatory message, breaking with diplomatic precedent. In parliament the next month, Ms Takaichi stepped beyond her government's traditionally ambiguous position regarding a potential crisis around Taiwan, suggesting Japan would have a role to play. A Chinese consul-general in Osaka suggested, in turn, that the Japanese leader's "filthy neck" ought to be "cut off". Chinese restrictions on tourism and trade followed.

For Ms Takaichi the diplomatic tensions have been a boon domestically. Her refusal to cave to Chinese pressure reinforced her image as a leader capable of defending Japan in a dangerous world, helping to produce a historic victory for her ruling Liberal Democratic Party (LDP) in lower-house elections on February 8th. Ms Takaichi hopes to use her new supermajority to accelerate Japan's efforts to strengthen its armed forces, which it has pursued in large part to counter China's growing military might. This week, the LDP finalised a proposal to lift a longstanding ban on the export of lethal weapons, hoping to jump-start the defence industry.

China is equally unlikely to back down. Its displeasure over Ms Takaichi's ties with Taiwan runs considerably deeper than her comments in the Diet. The Japanese prime minister has warm relations with Taiwan's independence-minded Democratic Progressive Party (DPP); after she took office, Lai Ching-te, Taiwan's president and a bugbear of Beijing, posted a congratulatory message calling her a "steadfast friend of Taiwan". China has sought to paint Ms Takaichi as a dangerous nationalist: for instance, during a speech at the Munich Security Conference this month, China's foreign minister, Wang Yi, warned that Japan is haunted by the "ghosts of militarism". Such claims have failed to convince many outside China.

Economic coercion will bite harder. China accounts for 20% of Japan's total trade and 20% of its foreign tourists. The Chinese government has called for its nationals to stop travelling to Japan; flight traffic between China and Japan during the lunar new-year holiday this month fell by half compared with the same period last year. Japan still relies on China for some 70% of its imports of rare earths, even after years of efforts to diversify supplies. Long-term supply disruptions would ripple across Japanese industry. The head of Japan's trading-house association calls China's curbs on exports to Japan "a challenge to the global supply chain as a whole".

China’s trade curbs have been restrained so far. The government has refrained from encouraging broad boycotts of Japanese goods. (During the downturn in relations in the early 2010s, Chinese protesters set fire to Japanese car dealerships.) The latest rare-earth bans target only 20 Japanese firms, mostly involved in the defence industry; another 20, including carmakers, were put on a watch list.

Both sides have so far sought to contain the risk of escalation. This month Japan detained a Chinese fishing captain who refused inspections inside its exclusive economic zone; he was released the next day. Yet Chinese coastguard vessels patrolled near the disputed Senkaku islands (which China calls the Diaoyu) for a record 356 days last year. This week Japan announced plans to deploy missiles on Yonaguni, its island closest to Taiwan, for the first time. The longer tensions simmer, the greater the danger they boil over. ■

Asia | Lost in Seoul

Google Maps makes another pitch for better South Korean data

Now Donald Trump is on Google's side

February 26th 2026

Google Maps wants to close its gaps. One of the biggest in the search giant's navigation app is South Korea. Nearly two decades after the service launched, even basic walking or driving directions there are unavailable. The South Korean government has long denied Google's requests for detailed cartographic data, citing national-security concerns. That stance has helped home-grown tech firms, such as Naver, the country's most-used search engine, remain South Korea's dominant digital-map providers.

This month Google submitted yet another bid to receive higher-quality map data. This time the South Korean government has to navigate trickier terrain. As part of an investment deal agreed with America last year in exchange for tariff reduction, South Korea pledged to facilitate "cross-border transfer of data, including for location, reinsurance and personal data" for American companies—a clear reference to the ongoing dispute with Google and other tech firms. Donald Trump has already threatened to re-raise tariffs on its ally for not ratifying the deal fast enough.

The map Google wants is 1:5,000 scale. The South Korean government's mapping agency has this, but exporting it to servers abroad requires government approval. Given its unpredictable nuclear-armed neighbour to the north, South Korea takes issue with publishing the co-ordinates and close-up satellite imagery of sensitive sites such as military facilities. That has left Google sourcing its base map from TMap Mobility, a local navigation service, for a hefty fee. The local partner's map is at the desired scale, though censored to remove sensitive locations; but to calculate routes for users around the world, the tech giant wants multiple data centres to process the map. If the map lived only on South Korea-based servers, faraway users would face delays in browsing, Google says. The company insists on keeping its service global.

Local players are worried about giving Google access. Ninety percent of firms surveyed by the Korean Association of Spatial Information oppose the move. Objections include concerns about South Korea becoming a testing ground for advanced technologies and the low corporate tax that Google, like other tech giants, pays in the country. The real issue is a protectionist fear that domestic firms will lose their edge. Google also charges more for its API than local competitors, and smaller companies using Google's map data can run up big bills, reckons Mo Jeong-hoon of Yonsei University in Seoul.

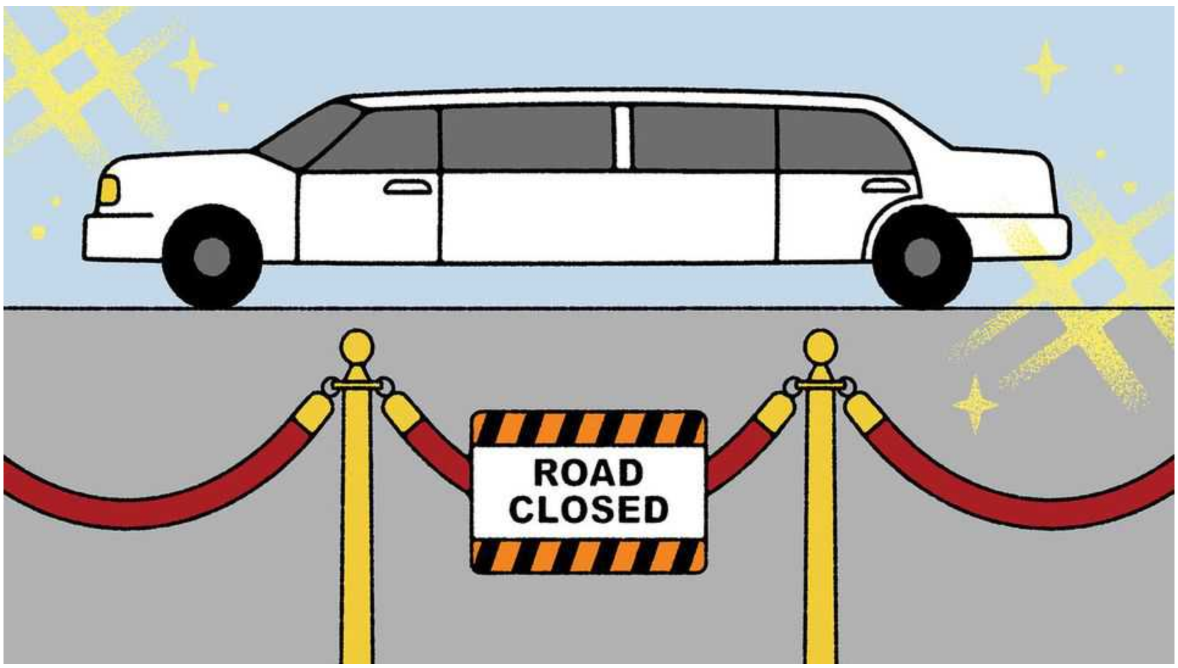
So far Naver has held its ground. Google accounted for only around 30% of South Korea's search traffic last year, compared with 90% globally. Despite supporting only four languages (versus Google's 80-plus), Naver's map includes a popular feature that gives better crowdsourced information about most establishments in South Korea than Google does. As for who provides directions to get there, the two might have to duke it out. ■

Asia | Banyan

India’s VIP culture is out of control

The country’s leaders claim to be servants but act like masters

February 26th 2026



IT IS EASY for politicians to forget, amid the trappings of power, that they are public servants. But not for Narendra Modi. India’s prime minister has always insisted that the government exists to serve. When he rose to national office in 2014, he declared that he was not the country’s prime minister but its “chief servant”. Since then, “the Modi government has been synonymous with service, not power,” the home minister declared recently. The chief servant, he added, “works 24 hours a day, seven days a week for the people”.

To underline its commitment, the government renamed the street on which Mr Modi lives from Race Course Road to the Path of Public Welfare. Last year it changed the names of state governors’ official residences from Raj Bhavan (Government House) to Lok Bhavan, the People’s House. And on

February 13th Mr Modi inaugurated a new prime-ministerial office. He has christened it Seva Tirth, or Sacred Place of Service. Mounted on the outside of the building is a legend that translates as "The citizen is akin to God."

Indian citizens may have felt less than divine when, just three days later, Mr Modi arrived to inaugurate the AI Impact Summit, a five-day conference in Delhi. Around noon that day, in anticipation of his arrival, parts of the convention complex were closed off. Thousands of people were booted out. It was hours before they were allowed back in.

The AI contest is widely seen as a two-horse race between America and China, which produce the most powerful and popular models. India is an enthusiastic adopter, but it is not known as an innovator. The summit was designed to change that impression by showing the country's modern face to the world. What tens of thousands of attendees saw instead was a fulsome display of India's retrograde "VIP culture".

Consider the arrangements for the shindig. Ordinary visitors had to contend with an absurd list of restrictions prohibiting everything from bags and laptops to hand sanitiser and water bottles. VIPs were waved through. Leaving was no easier. On one of the "summit's" evenings the roads leading to the venue were closed to all but VIPs. Unimportant Persons were forced to walk over a mile to find cabs and public transport. Delhiites outside the blast radius of the convention centre did not escape unscathed. Huge chunks of the city were closed or restricted to ease travel for VIPs. The spillover trapped commuters in gridlock all week. Flights out of Delhi airport were delayed.

There is no public infrastructure so important that it cannot be disrupted for VIPs. Crucial roads across India's already congested cities are routinely blocked to allow swift passage for public servants. When Mr Modi visited Mumbai to campaign for the general election in 2024, authorities shut down a metro line as well as bus services. After a bombing in Delhi last year, relatives of victims complained that they were prevented from entering the hospital to see their loved ones even as VIPs were escorted in.

These shenanigans sometimes carry a price greater than inconvenience. After a stampede killed at least 37 people at a big religious gathering in north India last year, eyewitnesses complained that they had been pushed into crowded pens because vast spaces had been reserved for VIPs. When another stampede occurred at another religious event a few months later, pilgrims again reported that the exit had been blocked for VIPs, leaving only one point for both ingress and egress and, arguably at least, again contributing to the death toll.

Ensuring the security of leaders is a serious business in a polarised country that has lost two prime ministers (one serving, one while campaigning to return to office) to assassinations. And some, like Mr Modi, inspire such devotion that they need protecting from their fans, too. But the entitlement is both endemic and extravagant. It spans geography, parties and branches of government. To have any power is to be a VIP. Some state leaders travel in convoys that rival the American president's. Even minor ministers get police escorts that run traffic lights and bully other motorists.

VIP culture is a marker of status. It operates on an ancient principle of India's highly stratified society: that servant and master must never drink from the same glass, sit at the same table, pass through the same doorway or in any way appear as equals. For centuries that meant the master was supreme. The genius of India's public "servants" has been to reverse the hierarchy.■

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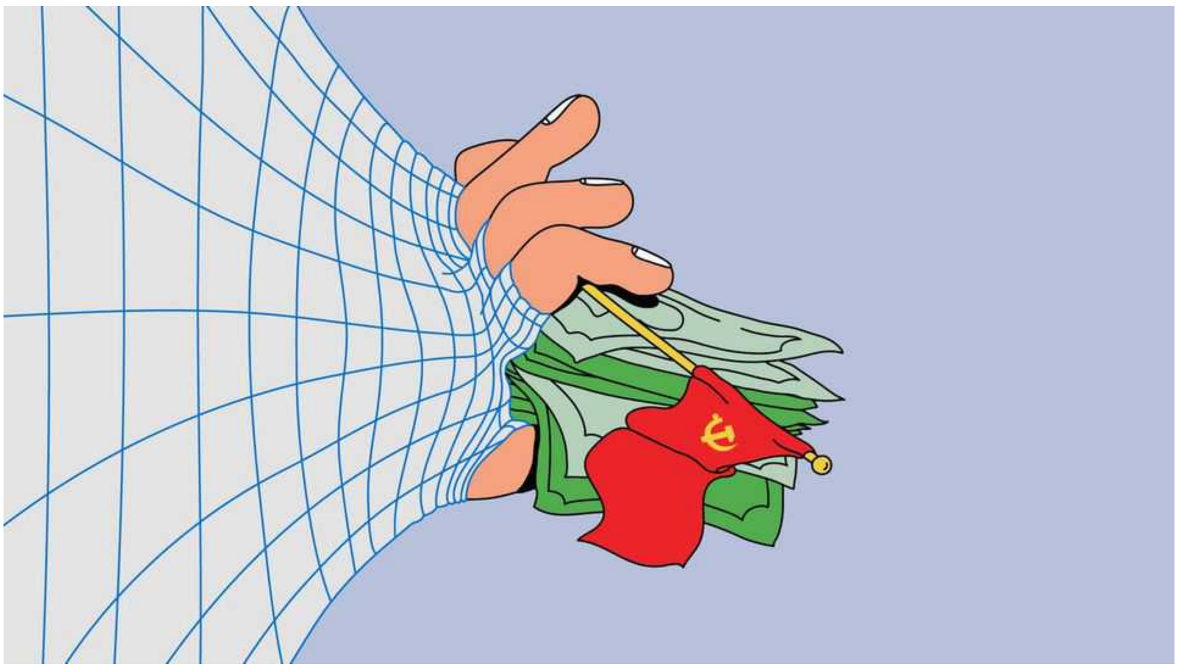
China

China | Picking winners

How to get rich in modern China

Some of the country's brightest are cashing in on a state-backed surge

February 26th 2026



The year of the fire horse, which began on February 17th, is hardly galloping along for many Chinese. A property bust and chronic deflation have eroded people's assets, incomes and prospects. Residential property, where Chinese people store the bulk of their wealth, has lost a fifth of its value on average since 2021. Wage growth is weak. And youth unemployment is hovering around 17%. Some graduates find themselves forced into precarious employment in the gig economy. Others say they are choosing to "lie flat" rather than look for a grinding job.

But in a sea of people losing, one group is winning. They are what Xi Jinping, China's leader, calls nongchaoer: a Chinese term referring to those who "ride the tide" of great economic changes. Today that tide is flowing towards the strategic technologies, such as artificial intelligence and robotics, that dominate the country's five-year plans for tech supremacy (the next one will be released in March and will cover the period to 2030). Smart, young and sometimes from modest backgrounds, the nongchaoer do not flash their growing wealth (and in any case, tend to prefer home-grown electric vehicles to Porsches). And they do not see officials as a source of pesky regulation to be avoided—but as their biggest backers. Mr Xi met a group of them publicly just before the lunar holiday.

These tide-riders are different from winners of the past in several ways. Education is an important one. In recent decades China's economic rise created several waves of opportunity for the talented or lucky: from low-end manufacturing in the early 2000s to the rise of e-commerce in the 2010s and the property boom which lasted until 2021. Each minted its own millionaires and billionaires. In the boom times even a certificate from a backwater college could go a long way. In 2017 a survey of China's 2,000 wealthiest entrepreneurs found that half had no degree at all.

But today's nongchaoer are an elite bunch. They typically hold stem degrees from one of China's top 40-odd universities, known as the "985" group, which every year produce just 460,000 of the country's 12m graduates (including masters and PhD students). The youngest members of the group that Mr Xi met, for example, included Zhang Linfeng, the co-founder of a company applying AI to science; Chen Jianyu, the founder of a robotics firm; and Wang He, another roboticist working on embodied AI. All were born in the 1990s and graduated from "985" institutions.

Opportunities in China's economy once lay in lots of places, from social connections to land. Now they primarily go to those who can grasp technology, says Li Jingyuan, a graduate of Zhejiang University (also a 985 college) and the founder of a company that makes 3D printers. Government data suggest that lucrative careers are increasingly concentrated in the highest echelons of tech. The financial sector, although still cushy, has seen only sluggish salary growth in the past few years amid a crackdown on bankers' bonuses (see chart). Lawyers have fared worse.

But the top tenth of software engineers by salary have seen their wages grow by 8% per year in real terms since 2020. The cleverest engineers have enjoyed pay rises amid a war for talent among China's big-tech companies. An ai researcher at one such company in Beijing admits he has far more money than he knows what to do with (he spends most of his time at work and his hobby, hiking, is hard to splash cash on). DeepSeek, China's AI darling, has been offering salaries of more than 1.4m yuan ($200,000) per year, ten times that of the average white-collar worker in China.

Nongchaoer tend to concentrate in just a few places: Yizhuang, a tech district in Beijing, Shenzhen, a southern electronics-manufacturing hub, and Hangzhou, a canal-crossed city in eastern China. On the surface their offices mimic those in Silicon Valley, complete with beanbags, table football and wandering robots. But the difference lies in the looming presence of the government. The walls bear framed pictures of visiting Communist Party cadres and awards from local officials praising “model” companies.

Only recently China’s tech sector was battered by officialdom. In 2020 Jack Ma, the founder of the tech giant Alibaba, made a speech attacking regulators for stifling innovation with “outdated supervision”. Mr Ma then disappeared from public view for several months and officials blocked the planned initial public offering of one of his companies. China has since squeezed its tech sector, with regulators targeting everything from cryptocurrency exchanges to video-game developers. Officials prefer the brightest and best to be in the strategic industries China needs to compete with America. Mr Xi has urged tech workers to “cultivate feelings of devotion towards serving the country”.

The nongchaoer are keen to emphasise the ways officials help rather than hinder them. Policy can cause “uncertainties”, but it creates lots of “certainties” too, says Yi Haoxiang, the 35-year-old founder of a company in Hangzhou that makes AI-powered smart-glasses and a brain-computer interface intended to help treat depression (both are technologies the government has marked as national priorities). Local officials subsidise his research and development costs, office rent and travel to overseas conferences. Mr Yi praises the way officials “prevent excessive, destructive competition” by discouraging bidding wars over new patents from universities. “The government is the most stable force in the country, so the closer you get to it the more stable you become,” says Fred Chu, a 32-year-old whose company sells ai-powered monitoring software to the Hangzhou government for around 10m yuan a year. It is used for real-time tracking of road and environmental conditions.

State-guided innovation of this sort has its problems. Priorities are set by central-government officials betting on the technologies they happen to think will prove critical. Local officials burn cash supporting favoured but feeble firms in their neighbourhoods. And state-supported industries can lurch from glory to gore if subsidies are pulled back. But for a shrewd entrepreneur willing to surf where directed, money sloshes from local-government coffers, state-owned companies and national venture-capital funds. Just in December China’s central government announced a new 100bn-yuan fund to invest in startups. And it is hard to deny that some of the results from all this state involvement are impressive. Chinese tech companies are now globally competitive in everything from electric vehicles and renewable energy to telecommunications and AI.

The party's big bet on high-tech industries may not end up benefiting most Chinese workers. Economists at Citigroup, a bank, point out that big industrial firms have shed 23m jobs since 2014. Automation, they argue, is largely to blame. Still, Mr Xi seems sure his approach to China's development is the right one. "Sci-tech self-reliance is the key to building China into a great modern socialist country," he told the nongchaoer group. Mr Xi's "cordial exchange with us has strengthened our determination and sense of mission even more", one later told state media. ■

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China | Repeat after me

Anthropic says China’s AI tigers are copycats

DeepSeek’s new model has American officials and firms on edge

February 26th 2026

AMERICA’S TOP artificial-intelligence labs have accused their Chinese rivals of being ruthless copycats. This month Anthropic and OpenAI each disclosed evidence that leading Chinese AI labs have illicitly used American models to train their own. The firms accuse Chinese researchers of aggressively “distilling” American chatbots—feeding them prompts in order to learn from and mimic their responses. “China is, in effect, stealing the weights of our best AI models,” says Chris McGuire of the Council on Foreign Relations, an American think-tank. “These are among the most valuable assets on earth.”

Such claims are not new. OpenAI accused DeepSeek of similar behaviour early last year, after the Chinese lab shocked Silicon Valley with the release of its R1 model. Since then Chinese firms have unveiled models that rival American chatbots on certain metrics, with as little as a few weeks' delay, while being cheaper to train and run. Anthropic's claim on February 23rd that three leading Chinese firms have secretly tried to emulate its chatbot helps to explain how they have kept pace. American labs say Chinese competitors use "distillation attacks" to jump closer to the frontier of model development for just a fraction of the cost.

AI labs have closely watched rivals' efforts to train on their products over recent months. Anthropic's disclosure comes as the industry awaits DeepSeek's newest model, which could appear as soon as next week. According to Reuters, the Trump administration believes DeepSeek trained the system in a facility in Inner Mongolia on Nvidia's advanced Blackwell chips, in violation of export controls. DeepSeek is said to be planning to hide its use of the chips, potentially pitching the release as a win for China's effort to localise its AI supply chain. America's government, however, argues that the model's advanced capabilities are likely to rely on distillation.

American firms commonly use the same methods to train non-frontier models on the cheap, especially for free "open-weight" systems. But Anthropic says that using its products to train a rival model, as it alleges three Chinese firms—DeepSeek, Moonshot and MiniMax—have attempted, is a violation of its terms of service. Anthropic alleges they cumulatively created 24,000 fraudulent accounts that engaged with its models more than 16m times. The firms have not responded publicly. Google DeepMind said that it had observed "intellectual-property theft" of its systems in a report earlier this month, but did not attribute the attacks. Both labs said that distillation attempts had become more common over the past year.

One reason for this is that distillation has become more powerful. Until recently, AI labs improved chatbots by feeding them vast quantities of text scraped from the internet. The more a model read, the cleverer it became. But the frontier has shifted. Today, cutting-edge models learn by trial and error, attempting tasks repeatedly and reinforcing only the approaches that work. That eats at the limited computing power of chip-constrained Chinese companies. Distillation helps. By using other people's machines to produce such "synthetic data", the labs ensure they keep their own chips dedicated to training.

The rub is that American labs spend billions to create data in the first place. They pay human experts—mathematicians, say—to write step-by-step solutions to hard problems, to create worked examples for their models to learn from. Unlike the diffuse knowledge gained from the web, the know-how needed to complete a task, like a maths problem or booking a flight, is specific and extractable. Copycats can ask models to do tasks and simply harvest their solutions, without all the trial and error.

American labs make expensive bets on training techniques with high failure rates. Individual training runs can cost billions, while firms have committed $5trn of data-centre investment between now and 2030, according to JPMorgan Chase, a bank. Such largesse is challenged by rivals that are nearly as good, but much cheaper. Since DeepSeek released R1, China's global share of the open-model market has rapidly grown, overtaking America's, according to researchers at the Massachusetts Institute of Technology in Boston.

It is technically difficult to detect and prevent knowledge distillation, warn American labs. And doing so is made harder by the increasing sophistication of Chinese efforts. These include circuitously routing their online traffic to shield its origins or splitting up tasks across thousands of accounts. Speaking to The Economist, an American official says "a cottage industry" of small firms has sprung up inside China to provide co-ordinated distillation activities, while obscuring the identity of their customers. "The US cannot accomplish open-source leadership if we don't address this problem," says the official.

Some Chinese AI researchers point out online that it is hypocritical for labs that trained their models on others' intellectual property to call foul. Nonetheless, Anthropic, OpenAI and Google DeepMind want action. The American government could ask China's leadership to crack down on the behaviour, perhaps during Donald Trump's forthcoming visit to Beijing. But the prospects of Xi Jinping's government doing so are slim. Alternatively, says Mr McGuire, America could punish Chinese firms engaged in distillation, by booting them from American cloud providers or tightening chip controls. Yet Mr Trump appears unwilling to do anything that might upset the current detente. For now, frontier labs may have to get used to AI firms copying their work. ■

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China | Lunar New Year

Mapping China’s holiday rush

How travel during the Spring Festival is changing

February 26th 2026

THE RUSH home for the Spring Festival’s festivities each year, known as the chunyun, is a cultural moment of sorts in China. Many have tried to capture a sense of the hubbub. In “Lost On Journey”, a comedy released in 2010, Li Chenggong, an uppity businessman, wants to get home to Changsha for the Lunar New Year. Terrible weather forces him to switch from a first-class ticket on a plane to a hard seat on a “green-skinned” slow train. Jostled by migrant workers, uproar surrounds him as babies cry, passengers eat and suitcases tumble. Eventually he meets a happy-go-lucky dairy worker with whom he reluctantly goes on an adventure.

Such scenes were once an accurate depiction of the experiences of millions as they travelled to reunite with loved ones. But changes in the chunyun since speak to new social trends in China. This year workers got February 15th to 23rd off for celebrations—a day longer than usual—and The Economist watched as they journeyed to and from their holiday destinations. Our number-crunching uses data that are currently available; more will appear over the coming weeks.

China’s population is shrinking, yet the getaway rush keeps growing. Officials monitor travel over a 40-day period around the break and expect a record 9.5bn trips to be made this year, up from 8.4bn in 2024. One reason for the rise is that the Chinese are increasingly travelling not just to visit family and friends in their hometowns (though most do), but are also squeezing in a little tourism.

Given testing economic conditions, holidaymakers are spending less per person than they did before the pandemic, says Goldman Sachs, a bank, but overall tourism revenue increased by 5.7% year on year (adjusted for the longer holiday). Thrifty sightseers and bargain-hunters are more common. Fujian and Hubei provinces saw juicy increases in duty-free sales, according to research by Citigroup, another bank. So did Hainan, the sub-tropical island-province which seems to have lured those keen for a spot of winter sun. “Reverse chunyun”, where elders visit their children in the big city instead of the other way round, also trended on social media.

Modes of transport are shifting, too. Officials reckon that four-fifths of people use private transport, including cars and vans. And train travel is getting more popular. A decade ago 11% of journeys that used commercial transport involved a train; last year this stood at 28%. This time the share is expected to be higher as China’s high-speed rail network continues to expand. There were 2,000km of track in 2010 and 50,000km at the end of 2025. Many cannot afford to board the zippiest trains, however. Videos this year also purport to show cheaper, older green-skinned trains packed with people. (Authorities quickly scrubbed them off the Chinese internet and decried them as fakery generated by artificial intelligence.)

High-speed rail has slashed travel times across the country and may be one reason why it appears that the chunyun is being compressed. The Economist has downloaded data from Baidu Migration, a platform run by China’s biggest search engine, which crunches user-location data from its maps app and related services to work out how many people are on the move at any particular time. It shows that the busiest travel day before the new year is creeping closer to the actual day: in 2019 this was four days before, in 2023 it was three days and this year it was just two days (see chart). It is also possible that workers want to toil for longer so as to earn more before the big break.

Much travel still takes place east of the Heihe-Tengchong line (see map), which geographers use to divide China into its densely and sparsely populated parts. But our calculations from Baidu's data, which do not account for modes of transport, show that people are travelling shorter distances (see chart). The share of trips taking place within a province was 62%, up from 54% in 2020. It all suggests that China is developing regional economic clusters and migration mostly takes place within these—in line with the government's urban planning. The most popular journeys connect big economic centres and their populous but obscure satellite cities. The busiest route was from Xi'an, where the Terracotta Army resides, to Xianyang, a city of 4m just 24km away.

Travel during the chunyun will continue to evolve. China is starting to allow electric vertical take-off and landing aircraft for commercial use as part of its push for a "low-altitude economy". One company based in Shanghai has started offering flights to nearby cities this year, allowing the well-off to take to the air for destinations just a short hop away. That would come as a relief to the fictional Mr Li. The sequel to "Lost On Journey" may one day feature not green-skinned trains chugging along the ground, but flying cars whizzing through the sky. ■

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China | Home-buyers in half-finished buildings

The rotten tail of China’s property bust

Officials want to spread the pain as widely as possible

February 26th 2026

A decade ago, China was in the midst of a property boom. In Zhoukou, a fast-urbanising city in the country’s central plains, a property developer started a residential complex that promised “classic Chinese living”, full of greenery and next to good schools. Today, most of its high-rises and villas are concrete skeletons. The developer, Henan Zhongao Plaza, is bankrupt and its boss is in prison. In a few buildings a handful of hardy residents have moved in, but nearby flats stand empty; some are missing their windows.

Welcome to a lanweilou, or a “rotten tail” building, a term that captures the idea of hopeful beginnings which end badly. Chaguan recently visited the Zhongao development, trekking up dim staircases to see how China’s property crash is playing out—and, specifically, how it is affecting those who bought into the good life and landed far from it.

"Of course we were optimistic. We thought there would be a lot of activity around here," says Mr Guo, a middle-aged resident. "I'm someone who likes quiet, but this is too quiet," chuckles Ms Li, his wife. Given how desolate the complex is, whoever comes home first often calls the other to report that they are safely back inside. At least they were able to move in. In some cases, Ms Li notes sadly, older homebuyers died before getting their keys.

Similar fates have unspooled across China. Developers used to sell homes before construction to raise funds. When the property market tumbled five years ago, their financing dried up. According to Nomura, a bank, China had about 20m pre-sold, unfinished properties as of 2023. Chaguan's back-of-the-envelope calculation, based on average prices, is that a staggering 17trn yuan ($2.5trn) of household wealth is tied up in these idle projects—a little more than 10% of GDP. That is a very big drag on the economy. But officials appear confident that, given enough time, they can guide the lanweilou to completion. Their unstated plan is to spread the cost as widely as possible and to stamp out any smouldering embers of discontent.

Choosing to live in a lanweilou is quite unusual. In some extreme cases, desperate homebuyers have moved in before water and electricity are connected. In the Zhongao development utilities have already been hooked up. But residents occasionally refuse to pay maintenance fees. The property-management firm, in turn, hits back. "The other day they just stopped the elevator," Ms Li says. Eventually, the couple want to move to a better home. But they know that they will probably be stuck in Zhongao for years. "There's not even a way to measure our home's value. No one would ever want to buy it," says Mr Guo.

Slowly, the government is chipping away at the problem. In 2022 it introduced a baojiao lou, or "guaranteed delivery", programme. Officials created a whitelist of pre-sold, unfinished developments, and then used a mix of incentives and pressure to get banks to extend credit to complete construction. In total Chinese banks have already approved loans of more than 7trn yuan for whitelisted properties (though much has been for debt rollovers, not new funding).

At Zhongao there are glimmers of hope. What used to be the showroom now functions as a debt-restructuring office. A representative of the former developer sits next to a wood-burning stove for warmth. His focus is on organising papers that document who bought which apartments. His team is working with the government to bring in new investors. “It is almost all in place, and we probably will restart construction later this year,” he says.

Many people will be grateful to get the homes they have waited so long for. Generally, they have kept making mortgage payments—defaulting was the alternative. A small number dared to stage open protests, though officials cracked down swiftly on those. Still, for some buyers, the prospect of completion has a bitter twist. They will end up taking delivery of homes that are worth much less—in some cases as much as 50% less—than what they paid. If the construction is never finished, they might at least have a chance to walk away from their mortgages.

In Zhengzhou, about 200km from Zhoukou, one couple briefly became famous for posting videos online about their battle over a pre-sold home. Zhang Yiliang and Dong Lijun filed lawsuits to recover their investment. But the court ruled against them, judging that the housing project was close to completion. Chaguan visited the site. It is indeed nearly ready for residents and looks reasonably attractive, albeit in the distant exurbs. On February 8th Mr Zhang and Ms Dong released yet another video, via back-up social-media accounts (their main ones had been disabled). They do not want their flat. They want their money back. “Give us back our peaceful life,” Mr Zhang pleaded. “We shouldn’t have to clean up your mess any more.”

If the couple prevail, they would get their downpayment back and escape an underwater mortgage. They could buy a new place for much less than their original property. But imagine the cascading consequences for the government. There would be millions more just like them. It would cost far too much to compensate them all, and it would ensure that many lanweilou remain forever unfinished. The only real option, as far as the government is concerned, is to plod on with “guaranteed delivery”.

In the Zhongao project office, the manager working to get that development back on track sums it up best. “Ordinary people are bearing the costs. It is the only way to do it," he says. There will be no bail-out for developers and none for homebuyers either. Instead, officials want to parcel out losses across the whole economy. When the property sector boomed, everyone seemed to benefit. On the downside, it is a collective reckoning. ■

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Middle East & Africa

Middle East & Africa | A war in search of an objective

Americans have no idea what Donald Trump wants from Iran

The president himself may be among them

February 26th 2026

AFTER two months of presidential threats, amid the largest air and naval build-up in the Middle East since the 2003 invasion of Iraq, Americans might have expected Donald Trump to make the case for what may be an imminent conflict with Iran. Yet his state-of-the-union address on February 24th devoted just a few minutes to the subject. Not only that, he said Iran could avoid a fight if it simply uttered "those secret words: we will never have a nuclear weapon".

Never mind that Ali Khamenei, the Iranian supreme leader, has said those words many times before. They were even in the preamble to the nuclear deal Iran signed in 2015—the one Mr Trump tore up three years later. The president simply wants to hear them again, and the threat of war would dissipate.

At least, that was his position on one particular February evening. On other days he has said that America should strike Iran to punish the regime for killing protesters early this year, or to compel it to get rid of its missile arsenal, or to overthrow it entirely. His ultimate goal remains a mystery. If war comes, it will be a war in search of an objective. Never before has America amassed so much firepower with so little idea of how to use it.

The most straightforward aim would be to use the threat of force to push Iran into a deal that restrains its nuclear ambitions. That has been a focus of American diplomacy for two decades. Even when Mr Trump abandoned the 2015 agreement, known as the Joint Comprehensive Plan of Action (JCPOA), he did not scorn the idea of a deal with Iran; his goal, he said, was to negotiate a better one. That objective only became more urgent in the years that followed. By last spring the Islamic republic had enriched more than 400kg of uranium to near-weapons-grade, enough to make ten bombs if refined a bit further.

Then came Mr Trump's decision to launch strikes on three of Iran's main nuclear facilities, the climax of the 12-day war between Israel and Iran in June. The programme was not "obliterated", as he likes to boast. Iran still has a working nuclear reactor and decades of accumulated know-how. But key elements are defunct. Its stockpile of highly-enriched uranium is probably still buried beneath the rubble. Rafael Grossi, the head of the UN's nuclear agency, said in October that Iran no longer appeared to be enriching any uranium.

A third round of American-Iranian talks was scheduled for February 26th. Even if the Iranians say Mr Trump's magic words, that is the easy part: it is harder to flesh out the details of an arms-control agreement and decide how to verify Iran's compliance. A deal does not seem imminent.

The bigger problem, though, is that it no longer seems urgent. If Iran offers to limit uranium enrichment, it is proposing to stop doing something that it is not currently able to do. That is not much of a concession. It would be hard to sell such a deal to hawks in Washington, let alone to Israel. Even some supporters of the JCPOA now believe that a nuclear-only pact would squander America’s leverage and throw a lifeline to Iran’s embattled regime.

The rest of Mr Trump’s possible goals range from insufficient to implausible. A comprehensive deal to restrict Iran’s missile arsenal and end its support for Arab militias would be a monumental achievement. But Iran refuses to discuss those issues, and Mr Trump has been advised (correctly) that the regime will not yield under fire. Trying to topple the regime is uncertain and fraught with peril, as America’s experience in Iraq made clear.

Most Americans are confused. A recent survey by The Economist and YouGov found that just 27% of Americans support a strike on Iran. Though Republicans are more supportive than the country as a whole, some of Mr Trump’s MAGA allies are baffled as to why the president is contemplating the sort of Middle Eastern war he once campaigned against. Members of Mr Trump’s cabinet briefed top members of Congress on February 24th. Chuck Schumer, the Senate minority leader, emerged in confusion. “If they want to do something in Iran, and who the hell knows what it is, they should make it public,” he said.

Yet a string of recent media leaks suggests that Mr Trump’s aides are focused on tactical questions. Would a limited first strike make Iran more or less amenable to concessions? How much would a war drain America’s precious supply of air-defence interceptors? These are valid questions, to be sure—but it is odd to debate how a war should be fought before deciding why.

Some of this confusion is uniquely Trumpy. The president tweets before he thinks and plays loose with the facts; neither trait is conducive to running a war. Mr Trump backed himself into a corner by warning the regime in January that he would retaliate for the killing of protesters. After his quick wins in Iran last summer and Venezuela in January, he seems enamoured of military force; he is said to be frustrated that the current standoff with Iran offers no easy options.

Steve Witkoff, his diplomatic envoy, recently said that Iran could be “a week away” from enriching uranium to weapons-grade: “That’s really dangerous,” he told Fox News. Two days later Mr Trump said Iran’s nuclear programme had been “blown to smithereens”. Needless to say, both cannot be true. If the president’s version is accurate, there is no urgent threat to justify a big military campaign. Meanwhile, if you take Mr Witkoff at his word, his boss is a liar, and there is little reason to believe a new strike on Iran’s nuclear facilities would be more decisive than the last.

To be fair, though, Mr Trump is hardly the first American leader who struggled to identify a realistic goal in Iran. George W. Bush hoped that invading Iraq would diminish Iran’s influence and destabilise its regime. It did the opposite. Barack Obama thought Iran might find a way to “share the neighbourhood” with America’s Arab allies, an idea that mostly angered said allies. Presidents have wanted to change Iran’s behaviour for almost half a century; none have worked out how to do so. ■

Middle East & Africa | The limits of repression

Iranians’ angry defiance is growing once again

The regime is unsettled but is making few concessions

February 26th 2026

If iran’s rulers thought that their critics would be silenced by January’s carnage, they have miscalculated. As soon as universities reopened on February 21st (they were closed on January 4th, amid the unrest, ostensibly because of the “cold”), campuses were filled with protests. For three consecutive days students, men and women alike, defied plainclothes bullyboys posing as classmates. Their courage has been matched by their radicalism. In Tehran University, a bastion of anti-monarchist sentiment ahead of the shah’s overthrow in 1979, students chanted for the restoration of the monarchy and waved its old flag. “This massacre created a nation,” says a doctoral student in Tehran. “People are more united than ever.”

As in the shah's final months, when his troops killed protesters, albeit in smaller numbers, grief has curdled into angry defiance. At memorials marking the 40th day after the slaughter of demonstrators, mothers led mourners in chants against "the dictator". Most speak not of martyrs, the regime's term, but of "mutilated flowers". It is Ramadan, Muslims' holy month of fasting, but some Iranians denounce not only the theocracy that terrorises them but the religion in whose name it rules.

After the killing of thousands—perhaps tens of thousands—some Iranians wonder if violence, whether inflicted by America or improvised at home, could save them. Years of economic impoverishment and state repression and months of worries about impending war have fuelled a yearning to see the regime gone at any cost. To prepare for the next slaughter, some are buying weapons. Bootleggers running home-delivery of alcohol now also peddle guns. "It is the most perilous moment in the Islamic Republic's history," says a cleric with ties to the family of the supreme leader, Ayatollah Ali Khamenei.

Newspapers that once cleaved to the regime's red lines now test them. Editorials openly decry the killings in January. One covered its front page with the names of the 3,117 officially acknowledged to have died. Another stamped the sun and lion emblem of the shah on its masthead. In peripheral provinces dominated by non-Persian minorities talk of secession is growing. Iranian analysts warn of emerging "ungoverned spaces".

For years, the fear of chaos and economic collapse tempered dissent. But now, for many Iranians, both have arrived. Inflation has put staples beyond reach. The state struggles to supply water, electricity and cheap petrol, central to its social contract. Internet restrictions hobble a once-vibrant digital economy. The loud thrum of the drums of war is fraying nerves. Many complain of sleepless nights and say only tranquillisers get them through the days.

So far the regime has seen no big defections. After Israel's summer war thinned its upper ranks, its leaders prepared succession plans. A leadership council stands ready should the supreme leader be incapacitated. "The wicked brilliance", as one Iranian analyst describes it, of Mr Khamenei's order to massacre the protesters is that the perpetrators and apologists from top to bottom must now stand or fall together.

The student protests do not yet pose an existential threat. The regime may even welcome them as a safety valve. Newspapers are deemed to offer similar relief. A channel linked to an intelligence agency recently aired a debate among a monarchist, a republican and a regime loyalist. Many of the tens of thousands detained after earlier protests have been released.

But the coercive machinery of the state is still visible: pickup trucks mounted with guns wait in the streets. Inside the beyt, the supreme leader's office, it is business as usual. Ideologues disqualify reformist candidates from upcoming municipal elections. Over-critical papers are banned. Rabble-rousers are rounded up.

Iran's leaders do not believe air strikes could destroy their sprawling, decentralised regime, even if they could take out individuals. After all, Israel failed to unseat Hamas definitively with two years of pulverising little Gaza flat. Iran is 4,500 times larger, strewn with mountain hideouts and far more heavily armed. America's dispatch of two carrier strike groups to its shores has unnerved some within the regime, but some generals almost sound flattered. When America and Israel staged military exercises in the Red Sea, the Islamic Revolutionary Guard Corps (irgc), Mr Khamenei's praetorian guard, sent its navy to briefly close the Strait of Hormuz and conduct war games with Russia. Hoping, perhaps, to embroil America in another war, Russia is apparently providing Iran with laser-guided shoulder-borne missiles.

And yet the prospect of a foreign attack combined with further domestic unrest is unsettling the regime. After talks in Geneva on February 17th, relaxed Iranian negotiators suggested scheduling another round in a fortnight. The sabre-rattling has brought them back to the table, promising a fresh proposal, after barely a week. Some Gulf officials say Iran may accept limiting nuclear enrichment to a token level and curbs on missile transfers to proxies. It hopes that a deal could not only stave off the threat of attack, but bring sanctions relief to ease the economic pressure driving unrest. But the longer a deal remains undone, the closer it comes to war. ■

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Middle East & Africa | The Islamic Republic's fixer

Ali Larijani is an increasingly plausible heir in Iran

But hardliners have never fully trusted him

February 26th 2026

Formally, iran has a leadership council primed to act should the supreme leader, Ali Khamenei, be killed or incapacitated. Under Article 111 of the constitution, the president, the head of the judiciary and a senior cleric would form a caretaker committee. In practice, one man already seems to outrank them. Ali Larijani, secretary of the Supreme National Security Council, is shaping Iran's strategy as the supreme leader slips in and out of view. "He's replaced Qassem Suleimani," says Lynette Nusbacher, a British former intelligence officer, referring to the regime's leading commander whom America assassinated in 2020. "He's Khamenei's eminence grise."

The constitution allows the supreme leader to delegate his powers to others. In recent years Mr Larijani, rather than the president, Masoud Pezeshkian, has represented Mr Khamenei in dealings with Russia, China and the Arab monarchies of the Gulf states. Before a recent round of negotiations with America, Mr Larijani travelled to Oman to set the regime's terms. After the failure of Hizbullah, a militia backed by Iran in Lebanon, and other Shia proxies to deter Israel, Mr Khamenei again turned to Mr Larijani—telling a civilian, not the head of the Quds Force, the external arm of the Islamic Revolutionary Guard Corps (irgc), to manage relations with Lebanon and Yemen. Many read it as a rebuke to the generals. He played such a key role in the January massacres that the Trump administration put him under sanctions by name.

Few can match his reach across the regime. A professor of philosophy—his academic speciality is Immanuel Kant—and a qualified mathematician, he is also steeped in clerical lineage. His father was an ayatollah; his father-in-law was the Islamic revolution's leading theoretician and right-hand of the founder of the Islamic Republic, Ruhollah Khomeini; his brother Sadeq Larijani, another turbaned official, ran the judiciary for a decade. The man himself has occasionally led Friday prayers in Mr Khamenei's stead. He served in the irgc, held four ministerial posts and spent 12 years as speaker of parliament.

He casts himself as a loyal but pragmatic conservative. He claims that during last summer's war an Israeli phoned to give him 12 hours to leave Iran to avoid assassination and that he hung up.

Yet ambition flickers; he has thrice sought the presidency and may yet hold real presidential powers, unlike the subservient Mr Pezeshkian. Some think Mr Larijani's sights are set higher still. The Islamic Republic has shed much of its clerical garb; even Mr Khamenei now prefers the secular-sounding "supreme leader" to "imam". A successor in a business suit is no longer unthinkable. "It's a wild card," says Ms Nusbacher.

Could Mr Larijani change the regime's course? As culture minister and later head of state broadcasting, he hounded reformists and aired forced confessions. Yet hardliners have never fully trusted him. He criticised their vote-rigging to ensure Mahmoud Ahmadinejad's return as president in 2009.

He has consistently favoured a nuclear agreement and, as speaker, hustled through approval of the 2015 nuclear deal. Rivals circle. Mohammad Bagher Ghalibaf, the current speaker, may command deeper loyalties within the Guards and enjoys a close relationship to the supreme leader's influential son, Mojtaba Khamenei. In two of his three runs at the presidency, hardliners have barred him.

Moreover, for all his establishment credentials, his connections are, to hardliners, suspiciously far-reaching. Instead of the starched white shirts favoured by most senior Iranian officials, he wears loose black ones that owe something to Johnny Cash. And he has many relatives in the West. One nephew is an academic in Britain; a daughter taught in America until Iranian critics in exile forced her out of her university job because of her father's position. And what if Mr Larijani were ever to ascend to power, and was minded to normalise at home and abroad? It is far from clear that Iran's fractious opposition—or its regime ideologues—would endorse his authority to do so. ■

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Middle East & Africa | Iran’s most powerful proxy

Iran may insist Hizbullah fights on its behalf

But the cost at home for Iran’s proxy in Lebanon will be high

February 26th 2026

Few things better illustrate the decline of Hizbullah, the Iran-backed militia in Lebanon, than the non-event that speeches by its leader, Naim Qassem, have become. Those of his predecessor, Hassan Nasrallah, would stop even Christians in northern Lebanon in their tracks. But when Mr Qassem held forth this month, Beirut’s barber shops did not bother to turn on their televisions and the radios of the capital’s buses kept playing pop music.

Iran’s Lebanese attack-dog may be weakened, but as Donald Trump considers strikes on Iran, the question of whether the militia will fight on Tehran’s behalf is consuming Beirut. The group’s relationship with Iran has grown stronger since Nasrallah was killed by Israel in 2024, says Kassem

Kassir, an analyst close to it, but the domestic costs of renewed fighting have never been higher.

If Hizbullah draws Lebanon into another war, its popularity at home, already waning after it drew Israeli attacks in 2024, would be further damaged. It has so far failed to rebuild any of the areas in southern Lebanon damaged in the past two years. Its political leaders are maintaining a delicate political arrangement that allows it to keep its weapons. Lebanese officials say they have been warned indirectly by Israel that if Hizbullah joins any fighting, the Israelis will target Lebanon's civilian infrastructure, including Beirut's airport, which it did not do during the 2024 war. "The Gaza adventure cost Lebanon dearly, and we hope not to be dragged into a new adventure," Nawaf Salam, Lebanon's prime minister, said recently.

Re-entering the fray would be deeply unpopular in Lebanon. Israel has launched repeated air strikes on southern Lebanon since a ceasefire was signed in November 2024. Hizbullah has (mostly) not responded. Were it to react only when Iran itself is attacked, "the optics would be terrible," says David Wood of the International Crisis Group.

Yet Hizbullah's decision-making reflects Iranian logic as much as calculations about its position in Lebanon. Tehran has invested heavily in building the group into its most significant regional asset. Israel's attacks may have reduced its arsenal by as much as two-thirds, but it still boasts a solid stock of long-range missiles and tens of thousands of fighters, enough to menace Israel and anyone that tries seriously to disarm it. "It is part of a larger strategic structure created, sustained and directed as part of Iran's long-term regional strategy," says Mustafa Fahs, a political analyst in Beirut.

The group's military wing is controlled by the Islamic Revolutionary Guard Corps (irgc), the regime's military vanguard, and its political leaders espouse the ideology of the Islamic Republic. If Iran's leaders judge their regime to be facing an existential threat, Hizbullah's domestic political concerns will count for little. ■

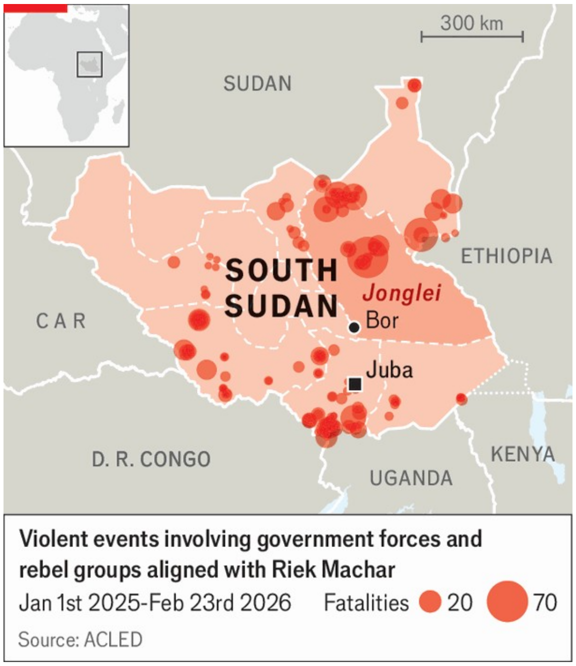
Middle East & Africa | The last days of Salva Kiir

South Sudan’s decrepit regime is unravelling

It is taking the country down with it

February 26th 2026

It is rarely a good sign for a country’s international airport to run out of money. Yet that is what is happening in South Sudan. In January, the newly appointed director of civil aviation ripped up an agreement on overflight fees. He ordered all international airlines passing through South Sudanese airspace to pay a company said to be linked to the president’s family. The airlines refused. Payments stopped. Now cash reserves at the airport in Juba, the capital, are dwindling. Fuel is scarce. Licensed air-traffic controllers have left.



Violent events involving government forces and rebel groups aligned with Riek Machar
Jan 1st 2025-Feb 23rd 2026

The alarming state of South Sudan's only international airport is a symbol of the country's wider malaise. Conflict, particularly in north-eastern Jonglei state, has escalated sharply in recent months (see map). Aid agencies say food is running short almost everywhere. Yet cocooned in the capital Salva Kiir, South Sudan's first and only president since independence from Sudan in 2011, does not appear to be taking note. Close observers say the 74-year-old is ill. His dictatorial governing style is growing ever more erratic. South Sudan is a particularly egregious example of a country unravelling as its ageing autocrat clings to power.

The immediate crisis stems from the collapse of South Sudan's unity government. It was formed in 2020 as part of an agreement between Mr Kiir and Riek Machar, his vice-president and longtime rival, and their respective ethnic groups, Dinkas and Nuers. The deal largely ended a civil war that cost perhaps 400,000 lives between 2013 and 2018. Yet Mr Kiir refused to implement key terms, such as properly unifying the army and holding elections. In March 2025 he used clashes between the army and Nuer militias linked to Mr Machar as a pretext to arrest him. In September Mr Machar was charged with murder, treason and crimes against humanity.

Fighting between the army and Mr Machar's forces has since spread. In January rebels seized territory and towns from the national army and briefly closed in on Bor, the state capital of Jonglei. In Jonglei alone violence has forced an estimated 280,000 people from their homes. In Bor, recent arrivals at a camp for internal refugees report brutal attacks on Nuer villages by government troops. "They do not discriminate," says Nyabiel Pakam, a 35-year-old who was separated from her daughters when forced to flee in early February. Some of those appearing at hospitals have amputated limbs, gunshot wounds or burns from aerial bombing. Aid workers speak of systematic sexual violence.

The army claims it has beaten the rebels back. "We are almost done," says its spokesman, listing the names of bases and towns in the north recaptured in recent months. Officials in Bor say some refugees are returning home.

But whether the government can reassert its authority across the country is doubtful. For one thing, the resources at the president's disposal have shrunk. Civil war in neighbouring Sudan has curtailed South Sudan's ability to export oil via the Red Sea (though an agreement with Sudan's warring parties in December enabled some flows to resume). Less oil money to spread around means Mr Kiir's "big tent" approach for managing the unity government is falling down, argues Daniel Akech of the International Crisis Group, a think-tank in Brussels. Foreign-aid cuts have added to the squeeze.

Mr Kiir's base is thus narrower than it has ever been. It is not only Mr Machar's Nuers who feel cut out. Close observers say these days the president's inner circle barely extends beyond his own family. The company that hoped to collect the airspace overflight fees is also trying to take a cut from numerous other revenue streams. In August Mr Kiir appointed his daughter as a senior economic adviser, replacing Benjamin Bol Mel, until then the president's presumed successor. Three months later Mr Bol Mel was put under house arrest.

The president's frenetic reshuffling of officials in recent months suggests he trusts nobody. On February 23rd the finance minister—the country's eighth since 2020—was sacked after just three months in office. In January a man was appointed to an election panel. He was later found to have died five years ago. All this suggests "we are in the waning days of a regime that is falling apart," notes a regional expert.

Public frustration is growing. The World Bank estimates the economy may have shrunk by 30% in 2025 alone. A notice at the entrance to a government office in Juba warns visitors it cannot provide money for food, medical fees or other necessities. Polling by the Friedrich-Ebert-Stiftung, a German think-tank, found that twice as many South Sudanese said they felt unsafe in 2025 compared with the previous year. The army, which has struggled to pay soldiers' salaries for more than a year, suffers from sagging morale.

Mr Kiir looks likely to cling on. For now, he can count on support from neighbouring Uganda, which has troops stationed on the outskirts of Juba. Opposition forces are too weak and divided to do much more than continue making rural areas ungovernable. Mr Machar's allies are mostly scattered abroad. His deputy, Nathaniel Oyet, says all they want is a "mediated solution" and a return to the peace deal.

Yet plenty of would-be successors are in the wings, waiting for nature to take its course. "The successor will be decided by whoever hears about Kiir's death first," a senior politician told Joshua Craze, a British researcher. "That's why we are all competing for his attention. To say the death rites." However bad South Sudan's conflicts are today, the looming succession battle looks set to make them worse. ■

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Europe

Europe | Judging the judges

Giorgia Meloni is taking on the courts in Italy

Italy's referendum will do nothing to speed up its sluggish judiciary

February 26th 2026

Italian governments have often been at odds with the country's courts. But with a referendum on reforming the judiciary due on March 22nd and 23rd, the animosity has seldom been so high—perhaps not since the late Silvio Berlusconi was claiming to be the victim of a conspiracy by communist judges. Much of the ill will stems from rulings against the hard-line immigration policies of Giorgia Meloni, the prime minister, and her populist-right government.

The most recent clash came on February 18th, after a judge in Palermo ordered the state to pay €76,000 ($89,600) to Sea Watch, an NGO that rescues migrants in the Mediterranean. Ms Meloni said the decision left her speechless. The money is to compensate Sea Watch for costs related to the temporary seizure of one of its ships in 2019. The skipper had clipped a police vessel while trying to run a blockade off the Italian island of Lampedusa, where Matteo Salvini, head of the right-wing League and the interior minister at the time, had stopped her from docking. In the ensuing legal proceedings, the courts freed the skipper, dismissed the charges and arraigned Mr Salvini for allegedly slandering her. His trial was scotched by parliament.

Mr Salvini is now deputy prime minister, and the opposition says the referendum is a government attempt to punish judges and prosecutors for such rulings. Federico Gianassi, an MP for the centre-left Democratic Party who sits on the justice committee, says its aim is to "strike at them and humiliate them". Critics compare it to efforts by populist-right governments in Hungary and America to weaken the rule of law. Yet these critiques are mostly misguided. The reform's main flaw is that it distracts from the biggest problem of Italy's judiciary: its slowness.

The target of the reform is Italy's awkwardly hybrid judiciary. The system is mostly adversarial, but has remnants of an older inquisitorial model where prosecutors and judges collaborate to discover the truth. They still form a single professional corps, known as the magistratura, or magistracy. They sit the same entrance exam and can sometimes switch between prosecuting and judging. Separating them has been a cause of the right ever since an earlier reform in 1988 failed to do so. Mr Berlusconi's claims to victimhood were nonsense, but the suspicion that judges unconsciously favour fellow-magistrates is reasonable.

The proposed law would make prosecutors and judges subject to different supervisory bodies (though answerable to the same disciplinary tribunal) and prevent career-switching. In fact, their paths were largely separated by legislation passed in 2022. Since then, only 1% per year have switched careers. Still, eliminating defendants' fear that the odds are stacked against them is worth doing.

Other aspects are more questionable. Members of the two governing councils would be chosen by lot: two-thirds from the professions, with the remaining third coming from a list drawn up in parliament. That list would inevitably favour the governing majority. The vice-presidents of both oversight bodies would be selected from among the parliamentary nominees. Similar rules would apply to the disciplinary tribunal.

It can be argued that random selection would produce watchdogs with less authority and perhaps less competence. Supporters retort that would be a small price to pay for breaking the grip of the correnti, politically aligned factions within the magistracy that have till now contested the elections to its governing body. As a scandal in 2019 revealed, at least some in the correnti were in cahoots with like-minded politicians to fix sensitive appointments.

The reform would slightly erode the magistracy's formal independence. But Italy's prosecutors would still be far freer than their French and German counterparts, who are directly subordinated to justice ministers. Italy's government would still be unable to tell prosecutors what to investigate. And the judiciary would still have a constitutional assurance that it was "an independent branch of government", not "subject to any other".

The most serious objection to the reform is that it does not even attempt to address the Italian judiciary's gravest problems. Italy's courts are absurdly slow, and its lawyers are expensive. That deters foreign investment: companies fear being unable to recover debts or resolve disputes within a reasonable time. It took an average of 511 days to get a ruling at first instance in 2023, the latest year for which comparative data are available, according to a European Commission report. That was the third-longest wait in the European Union: only Greece and Hungary were worse. To wring a decision at third instance from the courts took more than 1,000 days, the most in any member state.

As a proportion of the population, Italy had the fourth-highest number of lawyers in the EU but the seventh-lowest number of judges. Court fees for low-value claims were prohibitive: more than half their average value. Since 2023, Italy has benefited from the largest share of the EU's post-pandemic recovery fund, including €2.3bn to boost staffing levels in the justice system. In exchange, it has undertaken to introduce widespread changes. But there is still a long way to go.

Polls suggest that, in next month's referendum, voters will approve the government's reform bill. They should not expect it to bring them faster, cheaper or even necessarily better justice.■

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Europe | Automated shootdown

Ukraine is scaling up interceptor drones

Machines that kill are the next frontier

February 26th 2026

THEY CAN hardly believe it themselves. At a secret training range north of Kyiv, a group of volunteers are learning the basics of drone shootdowns. The experiment attempts to revive the improvisational spirit of the war's first weeks. The part-time unit, which includes graphic designers, actors, lawyers and a neurologist, feels more Dad's Army than praetorian guard. But they feel they have a duty to defend their homes. "We're preparing while we can," says new recruit Oleksandra Azarkina, a former deputy minister for infrastructure. "We don't know what tomorrow brings."

Ukraine's defence against Shahed drones is a key front line of the war. Originally Iranian, the modernised drones offer Russia a cheap, accurate substitute for missiles. Together with the lighter Gerbera, often used as decoys or for reconnaissance, they form the backbone of Russia's campaign against Ukraine's economy and power grid. For a long time Ukraine struggled to find countermeasures. Now that is changing, with interceptor drones emerging as a cost-efficient defence.

The drone the volunteers are test-driving, Skyfall's P1-SUN, is one of the three most popular models. It is somewhere between a quadcopter and a mini-missile. Once a target is identified, the pilot takes off vertically, then pitches forward 90 degrees so the drone's bullet-shaped nose leads. It can reach speeds of 350kph, fast enough for Russia's propeller-driven drones. A small charge is packed into the tip, but ramming is often sufficient. They work well provided it is not too windy or wet, and the skies are free of jamming.

More advanced interceptors are semi-autonomous. The Merops drone, produced by a company founded by Eric Schmidt, Google's former boss, needs only to be guided into visual range before engaging automatically. Crews rate it highly, despite problems scaling up. The front-runner is now the locally developed Sting (pictured), which at $2,000 costs less than half as much. Availability and cost remain the key questions, says Lieutenant Colonel Pavlo Verkhovod of the 25th Airborne Brigade: "There is little point in shooting down 100% of the drones if the interceptor costs more than the target."

Commanders say the cat-and-mouse game has produced capabilities that would overwhelm most Western armed forces. The Russians rework drones and tactics every few months. When Russian operators realised that Merops drones attacked from below, using the sky to outline their targets, the Shaheds flew lower. Later they introduced manoeuvres every couple of minutes to trick algorithms. Engineers who study downed craft say the drones used Ukraine's own cell-phone and WiFi networks for navigation, using inertial systems to hop between nodes when jammed. Ukraine has had some success disrupting this, and Russia's recent effort to shift to Starlink devices may have been a response.

Even before Elon Musk cut Russian access to his satellites in early February, Ukraine was turning a corner. In January, a year after interceptor drones were launched, it destroyed a record 1,704 Shaheds—half of those launched.

Some 70% of the interceptions used drones. The rest were downed by a more expensive mix of fighter jets, helicopters and missiles. The 412th Unmanned Systems Brigade, aka “Nemesis”, accounted for a sixth of the shootdowns. Operating outside the military bureaucracy, Nemesis has automated processes, from combat to paperwork. “We work as a startup,” says Lieutenant Colonel Artem Bilenkov, the unit’s chief of staff and a former financial analyst. “Fail fast, build new prototypes, test and scale—or put it in the box and move on.”

Ukraine’s new defence-ministry team, led by a 35-year-old tech prodigy, Mykhailo Fedorov, is trying to extend that kind of model across the armed forces. At a press briefing on February 23rd, the minister presented a three-part vision of how Ukraine might regain the battleground initiative. “Closing the skies” was his first priority. The other pillars—raising Russia’s rate of attrition and squeezing its economy—are designed to make Vladimir Putin’s war more obviously pointless.

Ukraine’s commanders are confident they can deal with this generation of Russian drones. “The main issue is scaling,” says Lt Col Bilenkov. Yet few expect the enemy to stand still. The armed forces have already faced the first experimental jet-powered drones, which at 400–500kph fly faster than the current interceptors. There are cases of Russian drones operating in small swarms. If these projects are scaled up, they will demand new answers.

Oleksiy Honcharuk, a former prime minister and chair of Nemesis’s expert council, says drone power is growing exponentially. “Every year a drone halves in size or price, or doubles in range,” he says. Soon Shahed-type drones may not be weapons, but platforms from which to catapult smaller drones into cities. Russia already uses Shaheds to launch FPV (first-person view) drones near the front line. That will eventually require new defences, Mr Honcharuk believes: walls of interceptor drones launching automatically on detection, bypassing the need for teams of pilots. “It might sound like science fiction, but we are getting ready for it,” he says. “Europeans should be asking themselves if they are too.”■

Europe | Auto focus

Why one corner of Europe's car industry is still booming

The world's most car-intensive economy draws plenty of investment, for now

February 26th 2026

ROBOTS OUTNUMBER the 150 employees by roughly two to one at Porsche's Smart Battery Shop, which opened in 2024 in Horna Streda, an hour's drive from Bratislava, Slovakia's capital. On a quiet factory floor small autonomous shuttles deliver parts to workstations, where yellow robot arms assemble them into modules. These are then turned into battery packs at another factory near Bratislava for Volkswagen Group, Porsche's parent company, before being fitted into electric Porsche Cayennes. Deliveries of the battery-powered SUV, made there alongside petrol and hybrid models, will begin later this year.

Porsche, a German firm like its parent, is said to have invested around €1bn ($1.18bn) in the battery plant. It is not alone in choosing Slovakia. Western European companies started looking eastwards three decades ago, trying to cut manufacturing costs while staying close to their main markets. Slovakia was just as appealing as bigger countries such as Poland and Romania. VW, which set up shop in 1991, is now the country's largest private employer. Last year it turned out some 337,000 cars, including its namesake brand as well as Audis, Skodas and Porsches.

Slovakia punches well above its weight. In 2025 it manufactured nearly 1.1m vehicles, more than anywhere else in the world per head of population (see chart). The industry is the heart of the country's economy, contributing around 10% of GDP and directly employing 170,000 people. Almost all the cars head abroad, making up around a third of Slovakia's exports.

The industry is growing bigger still. Volvo, a Swedish carmaker, is spending €1.2bn on a new plant dedicated to electric vehicles (EVs) that will be able to make 228,000 cars a year when it opens in 2027. Francesca Gamboni, the firm's head of industrial operations, notes the country's skilled workforce, good infrastructure and supplier network. Nearly 400 firms serve the industry. Government subsidies help, she admits: Volvo got a handout of around €270m to locate its plant here. Carmakers also lap up tax breaks and other incentives. Kia, a South Korean firm, has its main European production base in Zilina. Jaguar-Landrover and Peugeot-Citroën, part of Stellantis (whose biggest shareholder, Exor, part-owns The Economist's parent company), have had big operations in Slovakia for years.

The country's industry has been little affected by the upheavals of the pandemic and the EU's tightening of emission rules, which made building cars more expensive. Production in Europe has slumped by over a fifth since 2019; in Slovakia it has fallen only slightly. In part that is because of investment in the transition to EVs. Kia recently kicked off its European EV production at Zilina. Sales of pure battery models have not lived up to forecasts, but they still grew by nearly 30% in western Europe last year. They now make up nearly a fifth of sales, according to Schmidt Automotive, a consultancy.

Slovakia's heavy reliance on carmaking, however, makes it unusually vulnerable to the industry's ups and downs. All firms face the threat of cheap imported Chinese EVs, and are scrambling to stay competitive. Other countries are vying for investment. Generous government incentives and abundant renewable energy have attracted battery-makers to Spain. Stellantis is expanding fast in Morocco, attracted by low wages and a free-trade agreement with the EU.

Closer to home BYD, a Chinese EV behemoth, will soon open its first European plant in Hungary. Germany's BMW also picked Hungary for a new factory for its Neue Klasse EVs. BYD is building another plant in Turkey, which has a free-trade deal with the EU, and is rumoured to favour Spain for a third. The biggest worry for any country relying heavily on foreign carmakers is that big global businesses invest where returns are the greatest. Slovakia is still in the running, but competition is revving up.■

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Europe | No monopoly on violence

France's far left reckons with the murder of a far-right activist

Quentin Deranque's death forces the left to confront its extremists

February 26th 2026

THE FATAL beating of a 23-year-old nationalist in Lyon on February 12th is France's "Charlie Kirk moment", said Dominique de Villepin. France's far right, the former prime minister warned, would use the incident to portray itself as the victim of widespread violence, just as America's populist right did last year after the assassination of Kirk, a MAGA activist. The comparison is inexact. But the killing of Quentin Deranque looks set to damage the populist left and reinforce the populist right. Ahead of mayoral elections in March and a presidential vote in 2027, it also stirs fresh worries about political violence.

Deranque, a student activist, died from brain injuries two days after the beating. Video footage showed what looked like an attack by a lynch mob. He was part of a group protecting a handful of “feminist and identitarian” protesters outside a university lecture by Rima Hassan, a European parliamentarian for Jean-Luc Mélenchon’s populist-left Unsubmissive France (LFI) party. Seven suspects, aged between 20 and 26, were placed under judicial investigation on February 19th, six of them for “voluntary homicide”.

The killing has exposed a sinister side to Mr Mélenchon’s political movement, which holds 71 seats in the 577-seat lower house. One of the suspects is Adrian Besseyre, who previously worked for Raphaël Arnault, an LFI deputy. Mr Arnault is the co-founder of Jeune Garde, an anti-fascist self-defence movement, which the interior ministry banned last year. Jacques-Elie Favrot, who was put under investigation for “complicity” in a homicide, was one of Mr Arnault’s parliamentary assistants.

The killing has also upended France’s debate about political violence. The finger is usually pointed at neo-Nazi movements and ultra-nationalists. Research by Isabelle Sommier, at the Paris-I Panthéon-Sorbonne University, shows that over 60% of political aggression over the past decade has been carried out by the far right. Mainstream political parties have long called for a “cordon sanitaire” around the populist right, including Marine Le Pen’s National Rally (RN), despite her party’s efforts to distance itself from extremists.

Now, however, it is the RN that is calling for a cordon sanitaire around Mr Mélenchon’s party. Jordan Bardella, the RN’s president, has called LFI “a danger for our democracy”. To present themselves as upholders of democratic politics, RN leaders skipped a weekend rally in memory of the student dominated by ultra-nationalists. The RN is also calling out the hypocrisy of other parties of the left, including the Socialists and the Greens, which teamed up with LFI at parliamentary elections in 2024. That awkward alliance has since split.

The public does not seem ready to brush off the killing. One poll found that 73% considered it a sign that “political violence is growing”. Ms Sommier’s research suggests this is partly true: she has classified 2,300 acts of political violence over the past ten years, compared with 5,500 in the 30 years from 1986 to 2017. Nonetheless, deaths from political violence (not including terrorism) remain rare. Since 2022 there have been six—roughly the same yearly rate as between 1986 and 2017.

Deranque’s killing has not gone unnoticed abroad. Giorgia Meloni, Italy’s prime minister, called it a “wound” for Europe. Emmanuel Macron, France’s president, retorted that other leaders should mind their own business. It also prompted a transatlantic spat. Charles Kushner, the American ambassador in Paris and a friend of Donald Trump, failed to turn up to a summons by France’s foreign minister, Jean-Noël Barrot. The American embassy had shared in French on X a State Department post stating that it expects “to see the perpetrators of violence brought to justice”. Mr Barrot denounced this as interference, and barred Mr Kushner from meeting any French ministers. The ban was reversed only after he called to make amends. ■

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Europe | Shamans in Russia

How the war in Ukraine affects Siberian Russia

It has changed Yakutia, but not its core

February 26th 2026

In the pagan tradition of the Evenki, an indigenous people living in the Oleneksk district of Russia’s far eastern Republic of Sakha (Yakutia), red and black symbolise life and death. So at the head of a recent funeral procession in the village of Kharliakh, people carried a two-metre-high cross with diagonal red and black stripes. Behind the small crowd came a truck with a coffin, topped with a military cap. Igor Ivanov, a reindeer-herder, was killed 4,500km away in Ukraine.

Mr Ivanov had enlisted as a contract soldier in the hope of earning enough money to buy a flat for his children, his daughter explains. But he fought for only a few months before being listed as missing in action. By the time his body was found, his son had also signed up and gone looking for his father. He too is now missing in action, and probably dead.

Yakutia is bigger than Argentina but has a population of just 1m, half of them Yakuts, a Turkic people. Temperatures drop to -60°C in winter and soar to 40°C in summer. According to Mediazona, an independent Russian news site, the region has lost over 2,500 dead in the war in Ukraine. That is more than St Petersburg, Russia's second city, which has five times as many people.

Yakutia is rich in natural resources, producing a quarter of the world's diamonds, and in human talent: in the 2010s it was one of the most exciting parts of Russia. It boasted a booming film industry (dubbed "Sakhawood") that made its mark at festivals in Berlin and Seoul. Its IT firms included InDrive, a taxi app that lets passengers and drivers haggle, which became popular in Africa, Asia and Latin America. Mytona, a local developer, won a prize at the International Mobile Gaming Awards in 2019.

Yakutsk, the capital, elected a local woman as mayor, beating the Kremlin-approved candidate. It had its own indigenous dissident: in 2019 Alexander Gabyshev, a shaman-warrior, set off for Moscow on foot to exorcise the dark forces of Vladimir Putin with a ritual in Red Square. He has been incarcerated in a psychiatric facility for five years.

The war came as a shock. An important independent news site, ykt.ru, shut down, saying it had “endured pressure for many years, but now the country is seriously closing itself off from the world”. Its owner, Arsen Tomsky, the developer of InDrive, moved his staff abroad. Mytona went to New Zealand. When mobilisation started in the autumn of 2022, some 400 Yakut women performed the traditional osuokhai round dance in Yakutsk’s central square, chanting “Let our children live”. They were quickly dispersed.

Like others, people in Yakutia have adapted to war. They buy Chinese goods instead of Japanese ones and have learned to speak cautiously. Under new ownership, ykt.ru publishes entertainment and property listings rather than news. Sanctions caused Alrosa, a diamond-mining company, to close mines and cut charitable donations, including funding for monitoring reindeer migration, which had helped herders prevent their domesticated reindeer from coming into contact with wild ones. In 2024 Oleneksk lost a quarter of its herds when that happened.

In Yakutsk recruitment posters are everywhere. Captured Ukrainian armoured vehicles, dragged clear across Russia, are displayed in a park. In

January a teenager climbed into one and was killed when a metal part fell on his head. In villages women weave camouflage nets and send reindeer skins to the front lines.

Yet despite the war, many who fled are coming back, drawn by the nature and ancestral culture. “Thank God I was born in Yakutia,” says a local driver with a smile as he stops his SUV by a roadside wooden totem pole. Despite the frost, he puts his bare hands on it to receive its energy.■

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Europe | Charlemagne

Luxury goods are Europe’s global tax on vanity

How to trade cachet for dollars and yuan

February 26th 2026

Europe’s economy may be as flaccid as a damp baguette, but you wouldn’t know it if you were window-shopping in the posher arrondissements of Paris. Say you are looking for a bone-shaped leather trunk designed to carry two bowls to dispense dog food, admittedly one of life’s lesser essentials. Louis Vuitton happens to have just the thing, yours for a mere €15,000 ($17,700). Those on a tighter budget might opt for a Hermès rocking horse, probably no more necessary but a far sight cheaper at just €4,600. Feeling a bit broke? Settle for Christian Dior flip-flops, a snip at just €410—each.

Unless Charlemagne’s fellow Europeans all won the lottery and forgot to tell him, something feels off. Who buys this stuff? The answer, for some years, has been: “not Europeans”. The luxury industry that got its start selling fripperies to Milanese counts and Parisian mistresses now more often services Floridian property developers, Arab sheikhs or Chinese high-rollers instead. As a business trick, it is rather clever; Bernard Arnault, the founder of LVMH, purveyor of Louis Vuitton dog-food cases, vintage champagne and other such un-necessities besides, was for a time the world's richest man. But Europe's continued dominance of the gilded trifles market (about 80% of global luxury brands come from there) tells you something about its lingering claim to cultural supremacy. It is, perhaps surprisingly, a place still able to bestow cachet—for a price. Flogging luxury goods is one of the few fields of business in which Europe excels (if one excludes the crafting of regulation). In an ironic twist, an egalitarian continent with an ever-declining share of global GDP hosts an industry that thrives on inequality and bombastic money-making. For how many seasons more can this alchemy of aspiration endure?

The trinkets Mr Arnault and his acolytes at Chanel, Prada and Rolex are flogging are not mere ornaments. Rather, they are slices of aspiration, of a European way of life—albeit one that exists largely in the imaginations of well-heeled foreigners. If Europe is an open-air museum, its most deep-pocketed visitors are made to exit through the Gucci gift shop. MAGA types may ridicule Europe for its supposed descent into a bacchanal of bureaucrats and boat-people. But they still crave the European imprimatur which they believe elevates bling from gaudy to classy. (Mr Arnault was one of few Europeans invited to the inauguration of Donald Trump last year.) China is swamping Europe with cheap industrial goods, but its economic elites are eager to distinguish themselves with imported Loro Piana calfskin loafers (€1,050).

Once, plutocratic Chinese and Americans could tell themselves that splurging on Saint-Laurent cufflinks or a Dior couture dress was a way to play-act at being a fancy Parisian. But this contention is now as out of date as shoulder pads. Your columnist knows plenty of fancy Parisians, none of whom carries dog-bone cases or gives any thought to owning a Dior dress. Relentless price rises have put many of the baubles flogged by Cartier or Fendi beyond the reach of Europe's affluent middle classes. The bedazzled South Koreans waiting in line at luxury stores near the Champs-Élysées have seemingly not noticed the absence of Europeans in those queues. Locals have better things to do.

Even as luxury goods have become unattainable for those French and Italians meant to desire them, they have become near-ubiquitous for the foreign moneyed masses. Luxury houses sell the idea of scarcity, with hordes of publicists explaining that the years-long wait for a Birkin handbag is due to the lack of sufficient artisans to craft these pinnacles of refinement. This is a fairy tale stitched in fine silk. The luxury-goods industry has roughly tripled in size since 2000; its €358bn in annual sales—half a Walmart or Amazon, give or take—betrays how thoroughly mainstream supposed exclusivity has become. Fifty years ago, Louis Vuitton had but two outlets, both in France. These days it has two stores in Ningbo, China's 34th-biggest city. Exclusive, moi?

Perhaps one should laud Europeans, who saw a group of mugs willing to wait years for the right to buy a €50,000 Swiss watch and obligingly took their money. Once upon a time, the church in Europe sold indulgences to shorten the buyers' stays in purgatory. Now luxury's high priests sell trinkets meant to shorten their clients' stay in social obscurity. America exports F-35s. South Korea exports K-Pop. Europe has found a way to export self-worth.

There are worse scams than exploiting the inferiority complexes of the global have-yacht class. If aspiring billionaires are going to spaff thousands to fend off a mid-life crisis, why not make sure they buy European? Such hand-stitched bilking creates plenty of well-paid jobs. Europeans can make Chinese feel classy and simultaneously finance their welfare states.

Alas, there are signs the alchemy may not endure. Talk in the Monogram Industrial Complex is of a period of "normalisation", a luxuriant way of saying sales are slipping. Mr Arnault is now only the world's seventh-richest man, dethroned by a half-dozen American tech bros. Some über-rich are spending more on luxury, for example splurging on tailored limited editions. But many are turning to spending on experiences instead, says Luca Solca of Bernstein, a broker. And posh hotels can be found far beyond Europe.

More worrying yet is the idea that the global elite beyond Europe's shores will one day flaunt their wealth without paying French or Italian firms a tribute for the privilege. A few American brands, from Coach to Ralph Lauren, have made inroads into the luxury world, albeit in its lower reaches.

More recently Chinese purveyors of high-end frivolities have emerged with a patriotic pitch for locals to redirect luxury spending towards home-grown firms. Europe's velvet tax on vanity may eventually be passé.■

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Britain

Britain | The runaway runway

Heathrow’s expansion is on track to be eye-wateringly expensive

This is not inevitable

February 26th 2026

When George Osborne was Britain’s chancellor in the 2010s, he knew that the economy would not grow on a diet of spending cuts alone. It needed some pudding to go with the spinach: a totemic infrastructure project to show that the state was investing in the country’s future. For Mr Osborne, championing High Speed 2 (HS2) was the perfect choice for a sweet treat. The proposed railway line between London, Birmingham and the north would “change the economic geography” of Britain, providing an “engine for growth”.

Rachel Reeves, the current Labour chancellor, also inherited a tricky fiscal situation in 2024. Never knowingly original, she responded by following Mr

Osborne's recipe. The greens this time were indigestible tax rises and the dessert was to be a third runway at London Heathrow airport. Both chancellors were right to prioritise infrastructure. Better transport means ideas, people and goods reach each other more quickly, boosting productivity.

The third runway, even more than HS2, seemed a no-brainer. For an open economy that trades in services and talent, every new flight path widens Britain's reach. Yet efforts to build it have repeatedly failed, beaten back by furious opposition from west Londoners on noise and air-quality grounds. The airport is highly congested, with over twice as many flights per runway as competitors like Amsterdam Schiphol (which has six runways). Inaction threatens Heathrow's status as a global hub. Any serious growth policy would deal with this.

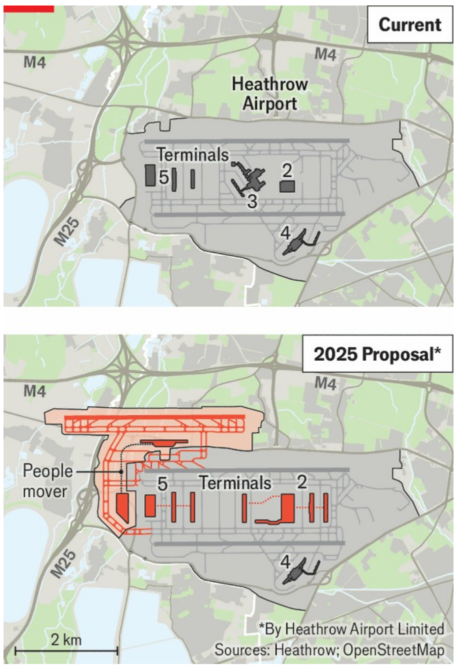
But HS2 is also a cautionary tale for what can go wrong with infrastructure projects. The government's proposals from 2012 said that the railway would open in 2026 and cost £33bn in 2011 prices (or $53bn). Since then, two of its three legs have been cancelled on cost grounds and the remaining London–Birmingham segment has been delayed to the late 2030s. Costs are now set to exceed £100bn.

There are early signs at Heathrow of the problems that plagued HS2. The project's deadlines look fanciful. The government wants to grant planning approval by 2029, with the runway operational by 2035. But legal challenges are inevitable—both after the government publishes its Airports National Policy Statement this summer and once a planning decision is taken. Labour has tried to speed things up by limiting opportunities for judicial review, but it has stopped short of more radical steps—such as Heathrow-specific legislation—that could prevent challenges altogether.

More worrying is cost. Heathrow Airport Limited (HAL), the site's operator, intends to privately fund the project, recouping costs through charges on airlines. (Lord Deighton, who chairs The Economist Group, until recently also chaired HAL.) It estimates that the airport's expansion and modernisation will cost £49bn in 2024 prices. That's enough to build about 40 hospitals, making it one of the costliest airport expansions ever. It's already the second-most expensive major airport in the world for passengers (see chart). International Airlines Group, which owns British Airways and operates 60% of Heathrow's flights, backs the runway only if it costs £30bn or less. Jonathan Sullivan, from IAG, warns that the current plan could double landing fees (already £26 per person, versus Gatwick's £13). Heathrow's CEO recently claimed the extra fee would be £15, though was unclear about its scope.

The obvious question is why laying just over two miles of asphalt costs billions. For answers, look to HS2, which faced many of the same cost pressures. Both projects involve building in dense London. The airport is boxed in by homes and roads, with less than half the space of its main European rivals. Land acquisition was estimated in 2014 to cost at least £4bn. It's now probably more. The runway must also be built over one of the busiest parts of the M25, London's ring road, which carries more than 200,000 vehicles a day.

Further costs arise from Britain's sclerotic planning system, where the least relevant stakeholder can block proceedings to get their pound of flesh. HS2 has been riddled with such pay-offs, including a £100m tunnel to protect bats. Heathrow is at risk of following a similar path. Paperwork costs associated with planning applications alone are on track to exceed £1bn. Over £700m was previously earmarked for noise insulation in neighbouring homes.



But the biggest reason for both projects' high costs lies in their tendency to gold-plate requirements, a curiously British disease when it comes to big infrastructure projects. HS2 was primarily intended to boost capacity, but a desire for speed led to unnecessarily expensive viaducts and tunnels. HAL's plans are similarly bloated. The marmalade-dropper is £1.3bn for two car parks, but the biggest example of lavishness comes from the proposal to build new terminal buildings and revamp existing ones, which accounts for £27bn of the £49bn total. Andrew Light, an aviation finance consultant, singles out the plan to build multiple new terminals—linked by shuttles—as particularly expensive.

The deeper problem is that both projects are structured to discourage cost control. Contractors on HS2 are paid a share of total costs, incentivising them to spend more, while officials lack the expertise to challenge them.

Heathrow has similar flaws. As a privately owned company with considerable market power, HAL is regulated by the Civil Aviation Authority (CAA), which determines how much the airport can charge. HAL is currently allowed to earn a regulated return on its investment—so the more it spends, the higher its profits. As Mr Sullivan puts it, "HAL's incentive is to make this as expensive as possible."

The CAA is consulting on whether to change its approach for the third runway, with a decision due in summer. Airlines are eager for more competition. Surinder Arora, the billionaire owner of several surrounding hotels, has pitched himself as an alternative developer. HAL argues that introducing a rival operator would mean years of delay. While they may be right, change is needed. A start would be to beef up the CAA, bringing in top commercial talent to scrutinise costs.

A bolder approach would be to let an independent body define what needs to be built, rather than HAL. That body could commission HAL—or a rival—to construct different parts. Separating design from delivery would curb the misaligned incentives that encourage gold-plating. Establishing such a body might take a few months, but it would be worthwhile. Without it, costs will spiral further. Even if airlines could make the economics work, passengers would face decades of overcharging. The country has suffered one pricey pudding in HS2. It can ill afford another.■

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Britain | Alpha Romeo

Britain’s civil service has a new leader

Sir Keir Starmer hitches his fate to Antonia Romeo

February 26th 2026

To understand what Sir Keir Starmer sees in Dame Antonia Romeo, his new cabinet secretary, take the 576-word memo she sent to Britain’s senior civil servants on February 23rd. Written in the imperative mood, item one of four was “delivery and results”. “Focus intensely on getting stuff done, taking the initiative, and achieving outcomes,” she wrote. “Remove barriers, don’t create them…Be clear on objectives, what success looks like, and relentless in scrutinising performance.” For her part, she wrote: “I will back you when you take appropriate risks and make difficult calls. That is the deal.”

No previous cabinet secretary has been appointed to such controversy. As Britain’s consul-general in New York in 2016-17, she faced allegations of bullying and improper use of expenses. A Cabinet Office inquiry found “no case to answer", but Sir Simon McDonald, a former head of the Foreign Office, attempted to nix the appointment, declaring that if she were the candidate, "the due diligence has some way still to go." Her supporters and critics agree that she is adept at embracing her ministers' agendas, and willing to be abrasive in pursuit of them. The dispute is whether that approach is counterproductive, or the medicine Whitehall needs.

It is a gamble the prime minister is willing to take. His administration is stalling. He complains that institutional "levers" are unresponsive; policies are agreed on and then left to drift. On February 12th he ousted Sir Chris Wormald, a low-profile figure, as Britain's most senior civil servant after little over a year into a tenure that once might have lasted closer to a decade. Dame Antonia, by contrast, promises (in item four of her memo) to inject "energetic, visible leadership". She echoes Sir Keir's enthusiasm for technology to transform Whitehall: in her new office a copy of "The Thinking Machine", a profile of the chipmaker Nvidia by Stephen Witt, is found alongside the works of Peter Hennessy, a historian of Whitehall.

Critics raise two doubts. The first is that, for all Sir Keir's vague talk of "rewiring the state", he has struggled to define what that means in either theory or practice. The state's size and function are inherently political questions that only he can answer. Running the old system hotter may not be enough.

The second is that getting stuff done is only one part of the job of cabinet secretary. They are also the steward of a 550,000-strong civil service and the prime minister's most senior adviser. The role combines two frictional ideas of the civil service: that it is there to serve ministers, but also to speak "truth to power" in the national interest. Critics question whether Dame Antonia is sufficiently candid with her bosses: the biggest disaster of her career, the botched privatisation of the probation service, saw the scheme driven through clear warnings that it might fail.

More delicate matters now await: removing Andrew Mountbatten-Windsor from the royal line of succession and the release of thousands of papers relating to Peter Mandelson, a former ambassador. One Whitehall-watcher summarises the test: "She totally gets on ministers' agenda. Does she give them solid advice?"

Her supporters argue that she has a knack for turning politicians' vague aspirations into enumerated plans and following them up ruthlessly. "It is not a comfortable existence for people who are 'talkers'," says one fan. "She will make sure things happen and people are on the hook for making them happen."

Others are more sceptical of her record of delivery, and whether that scepticism is borne out matters. It is not merely that if she fails in "getting stuff done", Sir Keir is unlikely to be re-elected. Something bigger is at stake: the legitimacy of Britain's 170-year-old model of a permanent, apolitical civil service. Politicians across the spectrum doubt its capability; Reform UK, a populist-right party, promises a doge-style purge. It is a moment of acute jeopardy. If Dame Antonia falls short, rather than being followed by a softly spoken member of the old guard, her successor could well be an outsider wielding a chainsaw.■

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Britain | How Labour should govern

Labour’s handling of special educational needs offers hope

The party has handled a tricky welfare reform well

February 26th 2026

AS ANNOUNCEMENTS go, it was understated. Much of the white paper had already been trailed before the education secretary, Bridget Phillipson, set out her plans for England’s schools on February 23rd. Even so, the launch—at a school assembly in Peterborough—marked a significant moment. The paper promises more use of AI in schools, increased funding for poorer pupils and reforms to how schools are run, but these barely featured in her speech. The defining question in English education today is how to support children with special educational needs and disabilities, or SEND. It may also prove to be the one area of reform which shows how Labour should, and could, govern.

More than 1.7m children in England, about one in five pupils, have some form of SEND. Their needs range from difficulties with communication and learning to physical disabilities, sensory impairments and mental-health conditions. Over the past decade the services meant to support them, including teaching assistants and speech-and-language therapists, have been cut back. Increasingly, the only way for parents to secure help for their child is by getting them approved for an education, health and care plan (EHCP), which comes with a legal right to generous funding. The number of children with EHCPs has doubled since 2015 to nearly 500,000.

The result is a system that incentivises conflict. Schools and parents are pushed to battle for EHCPs to unlock even basic help, inverting a system that was designed to reserve such plans for children with the most severe needs. Cash-strapped local authorities, which fund the plans, have incentives to resist them and to throw up barriers. Meanwhile the costs of this flawed model have continued to spiral. Councils are projected to spend £14.8bn ($20bn) on SEND in 2025-26, triple what they did in 2015-16.

Labour has, uncharacteristically, decided to confront the growing crisis. From 2030 EHCPs will be reserved for children with the most complex needs alone. Two additional, lower tiers of support plans for children with less severe needs will replace the all-or-nothing model. These plans will still carry legal force and require schools to make reasonable adjustments, such as providing laptops for children with dyslexia or sessions with specialists. As part of the overhaul, the government has pledged to earmark £4bn over three years to help mainstream schools cater better to children with special needs.

Another pledge is to create 50,000 new places in special state schools. That should reduce reliance on private special schools for children whose EHCP requires them to receive non-mainstream education. A private special-school place currently costs, on average, two-and-a-half times as much as a state-funded one, according to the Institute for Fiscal Studies, a think-tank.

Not everyone is persuaded. Teachers' unions worry that £4bn is insufficient to make up for years of cuts. And while funding for extra specialists is welcome, it's unclear where these extra hands will come from, given staff shortages. Some parents, especially of children who struggled in mainstream schools, are wary of a renewed push for inclusion, having been let down before. In her speech Ms Phillipson tried to reassure them. "Parents, please hear me," she said, insisting that the reforms were about improving, not removing support.

Cynics will also point out that the main reforms will not begin until 2030. Such a foot-dragging timetable has echoes of Labour's approach to adult social care, where it has ducked and postponed difficult decisions. For Avnee Morjaria of IPPR, another think-tank, such comparisons are unfair: unlike adult social care, it's not the decision that has been kicked long, just the implementation: "I don't think there's a way of doing it faster." Given how fiercely parents fought for their children's rights, a successful transition would always require a phased introduction of the new system while gradually winding down the old one.

The Labour government has balanced these considerations carefully and shown surprising political deftness, compared with its previous flat-footed attempts at reforms. Last year it was forced into a humiliating and damaging retreat over welfare reform, when its own backbenchers accused ministers of sacrificing the most vulnerable to fix the public finances. Given the sensitivity of SEND, and the weakness of the prime minister, Sir Keir Starmer, many feared a repeat. This time, however, the party looks more united.

In part, this is because the issue doesn't divide MPs along clear left-right lines in the way that the government's rhetoric around "benefit scroungers" did. But ministers also seem to have learned from the welfare debacle. They delayed the SEND reforms to consult with parents, charities and think-tanks (and then leaked them). Ms Phillipson and Georgia Gould, a junior minister, spent hours with sceptical MPs. A broader backlash could still come, as could legal challenges. But for now, this mix of broad consultation, public candour, and longer-term planning suggests that Labour may have finally discovered how to govern in a more constructive way.■

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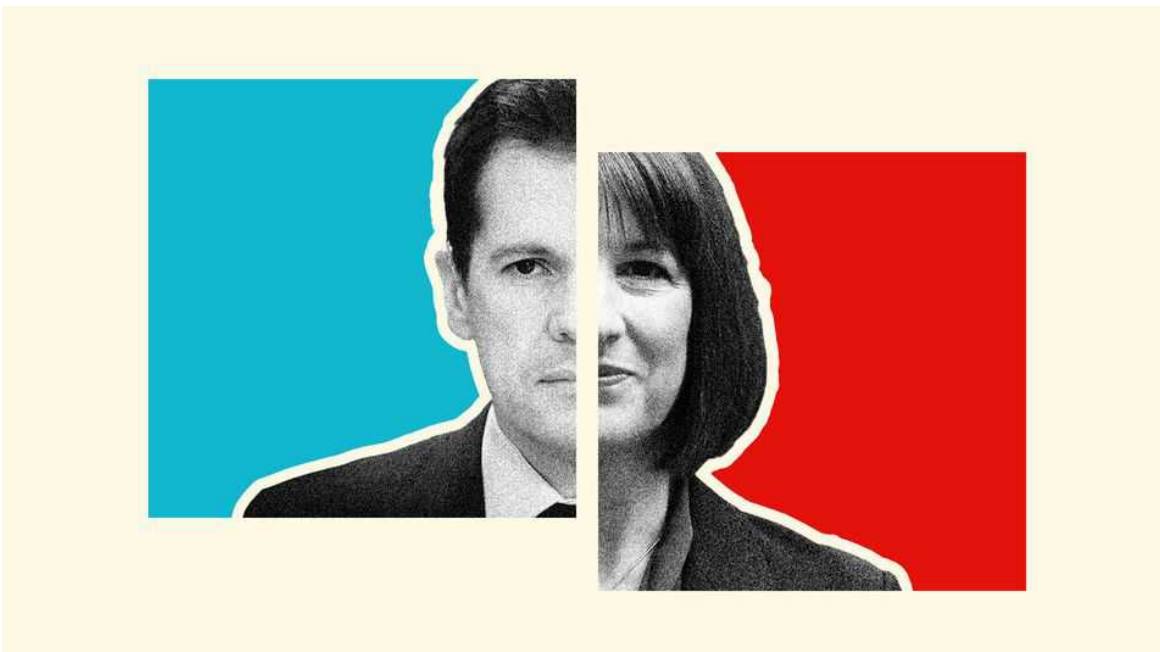
Britain | Reeves ReJenerated

Reform UK's economic plan looks a lot like Labour's

It has similar flaws

February 26th 2026



When Robert Jenrick was announced as Reform UK's pick for chancellor on February 17th, he swiftly attacked the mainstream parties. In a speech the next day, he depicted both Labour and the Conservatives (from which he defected in January) as representing a "30-year-long economic consensus that has failed". Nigel Farage's gang of right-wing populists, he insisted, would be different, providing a "new economic model" for Britain.

Yet the policies outlined by Mr Jenrick sound like a covers album of Rachel Reeves's greatest hits. His promise to be fiscally prudent, respecting the independence of both the Office for Budget Responsibility (OBR) and the Bank of England, could have come from the mouth of the Labour chancellor.

Mr Jenrick's commitment to "liberate planning" echoed Ms Reeves's pledge to "back the builders, not the blockers". His lyric, "We are the party of alarm-clock Britain", was indistinguishable from her determination to "build a Britain where those who can work, will work."

That Mr Jenrick pirated Ms Reeves's ideas is not itself objectionable. It is a sign of how obvious some of the fixes are for Britain's woes. The problem is that Ms Reeves's original album just does not slap. Her high-level prescriptions are sensible, but she ducks the thorny problems—from rising health spending to unaffordable pensions—that need fixing to make her vision a reality. Where Ms Reeves proposes solutions, like on disability benefits, her own party shoots her down. Mr Jenrick's approach faces a similar fate. It too evades the big questions; his party will muffle any residual economic radicalism.

Take fiscal responsibility. Mr Jenrick demonstrated his prudence by pointing to Reform's plan to save £25bn ($34bn) a year, mostly by cutting over 90% of foreign aid and ending welfare for foreigners. But cumulatively these changes save a mere 0.8% of GDP. As a plan, it shares Ms Reeves's failure to take on the much bigger cause of rising spending: Britain's health-care bill. The OBR forecasts that health spending will nearly double to 14.5% of GDP by the 2070s. Tackling this requires a reckoning with voters—especially Reform's disproportionately old and disabled base—which both politicians want to avoid.

The story on welfare is similar. Mr Jenrick touts his hardline credentials by promising to reinstate the two-child limit on welfare payments, which Ms Reeves has just abolished. But that will save only £3bn a year. The biggest driver of rising welfare costs is state-pension spending, which is forecast to rise by £40bn a year in real terms over the 2020s. Yet Mr Jenrick and Ms Reeves both support the unaffordable triple-lock, where the pension rises annually by the highest of earnings, inflation or 2.5%. Politically, this makes sense: 73% of Reform voters want to retain the triple lock. But a new economic model it is not.

The one obvious area where Mr Jenrick is out of tune is net zero. His approach should unlock some opportunities, such as North Sea drilling. Yet the main blocker to building in Britain is not climate idealism, but

NIMBYism. Reform voters have that in spades. Four-fifths are opposed to building on the green belt, stopping development around cities. Ms Reeves has already had to water down her planning ambitions. Mr Jenrick would face the same pressure.

Ms Reeves's other economic policies are lacklustre. The government's migration policy is actively anti-growth; its actions to improve EU trade superficial. Mr Jenrick's hard-Brexit, zero-migration approach would cause even greater economic damage on both fronts. His deeper problem, though, is that Britain does not need a covers album, but a fresh set of tunes. If Mr Jenrick is serious about a new economic model, now is the time to start writing. ■

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Britain | Teenage kicks

It’s a good time to be a British football prodigy

Thank Brexit

February 26th 2026

On February 15th Arsenal fans cheered through the rain as Marli Salmon, a defender, ran onto the pitch for his home debut during an FA Cup game against Wigan. This should be a historic introduction: he is just 16 years old. But Mr Salmon is not even the youngest to play for Arsenal this season. The title belongs to Max Dowman (pictured), who was 15 on his debut and in November became the youngest player in the history of the UEFA Champions League.

That both of them were able to live out their boyhood dreams well before they could grow a decent moustache is emblematic of recent changes in English football. Last year the average age in Premier League starting teams was just shy of 27—a record low. Of the five youngest players to feature in the competition, four have done so since 2019.

A decade ago, wonderkids on the market might fetch £200,000 ($270,000). Now Liverpool will pay Chelsea at least £2.8m for Rio Ngumoha, a 17-year-old who in September became the Reds' youngest goalscorer. Manchester City recently spent £450,000 on a 14-year-old. Leon Angel, of CAA Base, a football agency, says fees for minors have more than doubled over the past few years.

The main reason for the increased fees for teenagers is Brexit. European clubs have long complained about the Premier League's giants poaching their best youth-academy players. Fifa does not allow international transfers of players under 18, but makes an exception for EU members—a loophole that Britain can no longer exploit. The result is a dearth in the supply of talented footballers available to Premier League academies, which drives up prices.

The Premier League's financial rules, which have only recently been enforced, are also causing an increase in demand for budding superstars, by setting strict limits on how much clubs can spend relative to revenue. That has left clubs scrambling to find quickfire ways to boost their income, such as selling players their own academy has produced. Over the past three years Chelsea has made more than £250m by selling 16 academy stars. Many clubs are similarly doubling down.

Will clubs forced to invest in young Britons produce more talented grown-ups, benefiting national men's teams that haven't won an international tournament since 1966? There are promising signs. England have now won two European under-21 championships in a row, their first since the 1980s.

But iron sharpens iron. When Cesc Fàbregas joined Arsenal's academy from Barcelona in 2003, he raised the bar for all players around him. Academies closed off to the best continental talent, only focusing on the home-grown, may struggle to maintain top standards in the long run. ■

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Britain | Along the river

A massive engineering project has changed the shape of the Thames

It has given London a number of new public spaces

February 26th 2026

Defying a cold breeze, a dozen skateboarders have gathered in a new public park near Blackfriars Bridge in central London. They clatter along granite terraces and zoom down black concrete sculptures, heedless of the immense engineering works beneath their feet. “They’re giving it a good old battering,” says Clare Donnelly, the architect of this and several other new parks. She seems surprisingly cheerful about the assault.

If the River Thames is London’s intestine—and it has at times performed a similar function—it has grown polyps. At Blackfriars and at six other places along the river, from Wapping in the east to Putney in the west, the city has bulged into the water, creating new places for people to wander and sit.

Viewed from above, the polyps are different shapes. The largest intrusion, at Blackfriars, is a rounded triangle; others are semi-circles and rectangles. All but one are now open. They encourage Londoners to see their river in a fresh way.

The bulges are the visible parts of a great civil-engineering project that aims to protect the Thames. The sewers built by Joseph Bazalgette, a Victorian engineer, for a city of 4m people can no longer cope with a combination of the waste generated by 9m people and the runoff entering London's drains during heavy storms. For years the crappy solution was to discharge untreated sewage directly into the Thames, where it washed up and down with the tides.

Thames Tideway Tunnel, selected locations, 2026

New public spaces: ● In the river ○ Other

Source: Tideway

That should hardly ever happen now. Over the past decade engineers have built a new sewer, known as the Tideway Tunnel, under the river. When the Victorian sewers on the river banks are overwhelmed, foul water flows down colossal vertical shafts, up to 20 metres wide and 64 metres deep, to reach the tunnel (the liquid spins down in a vortex rather than pouring). The new parks sit on top of the shafts. Marko Neskovic of Hawkins/Brown, who helped to design many of them, likens them to the visible parts of an iceberg. They could also be described as glorified manhole covers.

Bazalgette’s sewer project, and the simultaneous building of underground railway lines, drastically altered the Thames. In central London the river was greatly narrowed and encased in granite walls. By contrast, says Ms Donnelly, the new intrusions are as small as they can possibly be. Many are faced with granite to help them blend in with the Victorian river bank. Some already seem like established parts of the riverscape, although one thing gives them away. All have tall twisted vents to carry sewer gases away from people at ground level.

Victorian and Edwardian Londoners planted parks and installed masses of statues on the large public spaces that were created by Bazalgette’s project. Victoria Embankment on the north side of the Thames contains monuments to the poet Robert Burns, the composer Arthur Sullivan, various educational worthies and Bazalgette himself, among many others. It is so stuffed with bronze that Westminster Council has designated it a “monument saturation zone”, in which proposals for new statues will be rejected by default.

Perhaps Britons are less sure of their pantheon these days. All of the new public spaces contain works of art, but they are abstract or whimsical rather than heroic. Tyburn Quay, opposite the London Eye, has bronze sandbags; Effra Quay, near the headquarters of the Secret Intelligence Service, has seats in the shape of toilets. Boldest and biggest are a cluster of monoliths at Blackfriars by the artist Nathan Coley. They look spectacular at sunset.

Whereas the new public park at Blackfriars contains beautifully planted trees and shrubs, the smaller spaces are often bare and exposed. That might seem like a mistake in summer. But it would have been hard to add shady plants or structures because of the need to send workers and machines down into the drop shafts—all of the public spaces are covered with access hatches. And it would have defeated the main idea. The new public spaces are not conceived primarily as self-contained environments but as devices for appreciating the Thames.

The railings around many of the sites have such a thin profile that they almost disappear when you look through them. Two of the new spaces, in Westminster and Chelsea, are washed by the river at high tide. All of them allow people to get closer to the Thames and to see it from new angles—which are also old angles. Before Bazalgette turned it into a granite-lined canal, the river was more accessible. Some of the great 19th-century paintings of the river, by J.M.W. Turner and James McNeill Whistler, are from the perspective of the foreshore or from the river itself.

Whether Londoners grow fonder of their river remains to be seen. It is still a brown, silty thing, admits Roger Bailey, Tideway's chief technical officer. Tides and propellers churn it up. It is littered with barges and party boats, some of which barely move. But the river should be considerably cleaner now. And whereas the boats could be towed away, the new additions to the banks of the Thames will endure for many decades. The skateboarders will be delighted. ■

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Britain | Bagehot paranoia

The paranoid style in British politics

It has its uses

February 26th 2026

The first golden age of paranoia came in the 1970s. It was a decade in which everyone in Britain from the prime minister down believed malign forces were at work. Harold Wilson, the former prime minister, was by turns a KGB plant or a soon-to-be victim of a secret-service coup, depending on who was asked. Reactionary colonels plotted while revolutionary sects marched through trade unions. Enemies were within and without, above and below.

A second golden age of paranoia is happening right now. Almost half of British voters believe that the statement "a secret group of people is responsible for making all major world decisions, such as going to war" is definitely or probably true, points out More In Common, a pollster. From left to right, rich to poor, almost every Briton will at some point reach for a complicated, conspiratorial explanation when a simpler and more likely one is at hand. The "paranoid style", as it was dubbed by Richard Hofstadter, an American historian, is back in fashion.

Settle in for a focus group in one of Britain's fading towns to see how. Corruption has become the guiding frame for how people interpret politics, says Sacha Hilhorst of the London School of Economics, who spent years researching Mansfield, a former mining town in Nottinghamshire. How else to explain why a once-prosperous town is on its uppers? Politicians are "on the take", "lining their pockets", "on that game". Covid? A means to privatise the nhs. Those football pitches in town that were turned into houses? Someone must be benefiting. Corruption talk has become so common, it is akin to the weather, an uncontroversial ice-breaker. Bonds of class replaced by the shared experience of being victims of a thieving, corrupt elite.

If paranoia blights the "left-behind", it also stalks the "well-ahead". When Middle England rebelled against Britain's vote to leave the eu, it opted for the wildest explanations—bot networks and Russian interference—rather than a broadly Eurosceptic country taking the chance to leave the European club when it was offered. Conspiratorial thinking ran through the "Follow Back Pro-eu" movement, points out Morgan Jones, the author of "No Second Chances", an entertaining history of the campaign for a second referendum. At the height of the Brexit farrago, the queen appeared wearing blue and yellow headwear. It was seized on by believers as a symbol of the monarch's opposition to leaving the eu. A rich, well-educated slice of England sincerely believed that Elizabeth II was communicating to them through a hat.

Paranoia permeates Britain's elites. Josh Simons, a Labour minister in the Cabinet Office, was in charge of Labour Together, a Sir Keir Starmer-supporting think-tank, when the Sunday Times found out it had not declared £730,000 ($907,000) in donations. The future minister paid £36,000 to apco, a reputation-management company, to investigate how the story came about. The think-tank sent its findings to the National Cyber Security Centre (NCSC), arguing it was the victim of a Russian hack. Other avenues, such as the idea that it was bog-standard leaks from within a movement prone to blood feuds, were overlooked. The NCSC did not open an investigation. If it was the Russkies, Britain's security services are surprisingly unbothered.

At this point, it is normal to begin a lament; to decry how society's bonds have frayed and that the borders of reality have blurred. True, Britain has become a land where people lunch alone, staring at a phone full of people who agree with whatever they think, however mad it may be. Perhaps it was only now-shattered taboos that kept people's wackier thoughts in their heads. In this way, paranoid people are to be pitied. "We are all sufferers from history, but the paranoid is a double sufferer, since he is afflicted not only by the real world, with the rest of us, but by his fantasies as well," wrote Hofstadter in his essay.

Paranoia has its uses. To be paranoid is to be "a member of the avant-garde who is capable of perceiving the conspiracy before it is fully obvious to an as yet unaroused public", argued Hofstadter. He meant it almost sarcastically. In the case of Peter Mandelson, it becomes complimentary. A combination of left-wing internet posters and the Financial Times repeatedly asked why Lord Mandelson had maintained a long and affectionate relationship with Jeffrey Epstein, the billionaire financier and child-sex offender. The batch of emails that finished off the peer was merely a spark on kindling piled high by Britain's main business newspaper and people with screenshots from "The Simpsons" as their profile picture. When people did clock the scandal, they were livid.

Better to think of paranoia as a necessary symptom, or part of an immune system kicking into action. In "Strange Days Indeed", a tremendous history of the conspiracy-addled 1970s, Francis Wheen argued that the paranoid style was "not a constant but an episodic phenomenon which coincides with social conflict and apprehensions of doom". During the 1970s, Britain was riven by tales of treason and plot because an old order was dying and the fight to forge a new one was afoot. The country is groping its way towards a new settlement today. It is messy and mad. Paranoia is a consequence of living through an age of consequence.

After all, the opposite of paranoia is not cool-headed analysis but apathy. Anyone who thinks Russia is behind all Britain's ills is deranged; anyone who thinks it is behind none is a fool. Britain's departure from the eu was so needlessly idiotic, it is little wonder people constantly rake over its cause. Voters are right to demand an explanation for why the public realm is so degraded, rather than accept it. Apathy is something Britain cannot afford. Paranoia is what it costs to care. ■

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International

- Who speaks for the Muslim world?
- A stay-calm plan to save the world

International | Champion of the umma

Who speaks for the Muslim world?

There are many contenders, but Turkey's president leads the pack

February 26th 2026

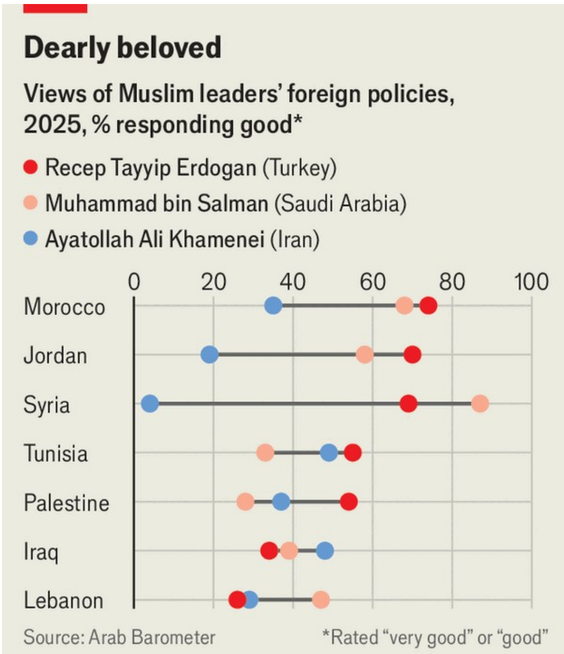
WHETHER speaking to a small group or a mass rally, Recep Tayyip Erdogan, Turkey's president, often appears to have a bigger audience in mind than the people right in front of him. A talk he gave in mid-February, on the eve of Ramadan, the Muslim holy month, seemed addressed in parts not to the 80 provincial governors who had convened at his palace in Ankara, but to the world's nearly 2bn Muslims. "May the umma not be crushed by the divisions that have lasted for ages," he said, referring to the global community of Muslims. "If only we cling tightly to our brotherhood, to our brothers, to our faith and to our dreams, then, by the permission of Allah, there will be no trap we cannot break."

The umma has no spokesperson. Since the death of the Prophet Muhammad in 632, the Muslim world has not had an undisputed leader or paramount religious authority. Like Buddhism or Christianity, it is divided not only into many nationalities, but also many sects. Most Muslims do not share a common language, even though many learn the Koran in Arabic. Mr Erdogan was speaking Turkish—a language understood by only a small sliver of Muslims. The idea that an "imagined Muslim public" is clamouring for someone to speak on its behalf is a fiction, says Cemil Aydin of the University of North Carolina.

Yet a few politicians seem to be auditioning for the job. Mr Erdogan has gained a following abroad, and appealed to devout voters at home, by taking up the cause of downtrodden Muslims around the world. Iran's supreme leader, Ayatollah Ali Khamenei, goes further, casting himself as a leader of resistance to the oppression of Muslims. Others, such as Muhammad bin Salman, Saudi Arabia's crown prince, emphasise modernity and moderation, rather than religious zeal. All have their followings—and their detractors. But new survey data from Arab Barometer, a research network, and other polling, suggest that Mr Erdogan's approach is the most appealing to Muslims around the world.

Mr Khamenei often casts today's struggles in sacred hues. As an American armada massed off Iran's shores, he wore a ring to a scriptural study group inscribed with a Koranic verse recalling Moses's deliverance from the mighty Pharaoh and the drowning of the vast and godless Egyptian army in the Red Sea. But Mr Khamenei, a Shia, has relatively little influence among Sunnis, who make up between 85% and 90% of the world's Muslims. What is more, the Iranian regime's frequent, violent repression of protests at home has diminished his appeal. Even fellow Shias, in countries like Lebanon and Iraq, seem to be cooling on the ageing ayatollah.

Some Sunnis see Ahmed al-Sharaa, Syria's rebel-leader-turned-president, as a more credible defender of their faith. He led an Islamist insurgency against the largely secular regime of Bashar al-Assad, so his religious convictions are not in doubt. In fact, by overthrowing a regime backed by Shia Iran and by defeating militias representing minority sects such as Alawites and Druze, Mr Sharaa has delighted many in Syria's Sunni majority. Lots of Sunnis in Lebanon and Iraq, who worry their Shia compatriots will sideline them politically, are also thrilled by his success. According to unpublished recent polling, Mr Sharaa commands broad support in Jordan and Saudi Arabia as well.



Mr Sharaa's youth, his natty dress sense and his unusual mix of Islamism and pragmatism may all be bolstering his popularity. So, too, may his novelty. But the near-impossible task of patching up a physically devastated and politically divided country on a shoestring budget may quickly sully his reputation.

Prince Muhammad is also a young leader presiding over rapid change—with vastly greater resources. Although he is reviled by many Westerners for his role in the murder of a Saudi journalist, he is a much more popular figure around the Muslim world. Fully 87% of Syrians, 68% of Moroccans and 58% of Jordanians have a positive opinion of the his role in the region, according to Arab Barometer (see chart). Of the 12 world leaders the Lowy Institute, an Australian think-tank, asked Indonesians about in 2021, he was the most popular, with 57% of respondents expressing confidence that he would "do the right thing" in world affairs.

Prince Muhammad does not spend much time talking about religion. Unlike previous Saudi rulers who trumpeted their role as custodians of Mecca and

Medina, the two holiest sites in Islam, he shows little interest in religious or moral leadership. He never claims to speak for the umma, analysts say, or to pose as the champion of oppressed Muslims. He is popular within Saudi Arabia for loosening religious strictures and promoting secular pastimes such as music and sport.

On the bombing and blockade of Gaza, an emotive topic throughout the Muslim world, the prince has been extremely circumspect, trying not to whip up public opinion in Saudi Arabia or elsewhere. "When he engages religion, it's more in the vein of emphasising the importance of moderation and pluralism and coexistence," says Peter Mandaville, author of "The Geopolitics of Religious Soft Power". "But in terms of his global profile, he is more excited about things like venture capital, innovation and glitzy conferences."

Mr Erdogan, in contrast, seldom passes up an opportunity to denounce Israel's conduct in Gaza. His government has issued arrest warrants for much of Israel's cabinet on charges of genocide and crimes against humanity. He was similarly outspoken in his support for the Arab spring in 2011. Indeed, that is when his popularity in the Arab world appears to have peaked, although it remains high.

Arab Barometer's data suggest that Mr Erdogan has long been the most popular leader in the Middle East. He also seems to be well-liked in other parts of the Muslim world, although the polling is thinner. A survey by Gallup in 2017 put Mr Erdogan's net favourability in Indonesia and Pakistan, the two most populous of the world's roughly 50 Muslim-majority countries, at +45 and +27, respectively. Support for Mr Erdogan is also widespread in the Turkic world, which stretches from Azerbaijan to Xinjiang, in western China, and among Muslims in Europe, including the 4m or so people of Turkish origin living in France, Germany, and the Netherlands.

When Mr Erdogan visited Pakistan in 2020, its prime minister at the time, Imran Khan, quipped that Mr Erdogan was so popular there he could "clean sweep" a Pakistani election. Mr Assad, the bloodthirsty Syrian despot Mr Sharaa recently overthrew, is said to have once joked that Mr Erdogan was more popular in Syria than he was—a statement that was almost certainly true.

At first blush, Mr Erdogan’s popularity is surprising. Turkey is a secular state and its president has no religious authority, although Mr Erdogan has made a career of opposing doctrinaire secularism and championing Turkey’s pious heartlanders over its urban elite. What is more, his record is chequered: he has hollowed out Turkey’s democracy, locking up political opponents, cowing the media and purging the bureaucracy and armed forces of suspected enemies. He has also mismanaged the economy, presiding first over runaway inflation and now over punishing interest rates intended to curb it. His popularity within Turkey has been waning.

Mr Erdogan’s foreign admirers are apparently willing to overlook his misguided policies and growing authoritarianism. Much of their admiration may in fact stem from the perception of Turkey as a prosperous democracy with close ties to Europe—all qualities that Mr Erdogan has undermined, notes Gonul Tol of the Middle East Institute, an American think-tank.

Yet there is also substance to Mr Erdogan’s appeal. His longevity in office (he has run Turkey for over 20 years, first as prime minister and then as president) has given him the opportunity to visit almost every Muslim-majority country, including war-torn places like Afghanistan. When he went to Mogadishu, the capital of Somalia, in 2011, he was the first leader from outside Africa to visit in nearly 20 years. Even minuscule spots like Brunei and Kosovo have not been forgotten. It presumably helps that Turkish firms are big investors in much of Africa and Central Asia, among other places. Mogadishu teems with Turkish aid workers, businesspeople, and teachers.

Mr Erdogan is willing not just to show up, but also to take up causes dear to these places, positioning himself as a spokesman for the Muslim world's grievances. On that visit to Somalia, he called for more to be done to relieve a deadly famine. While in Pakistan (and on several subsequent appearances at the UN) he criticised India for its conduct in Kashmir, a territory divided between India and Pakistan. In much the same vein, he has inveighed against Islamophobia in Europe, the persecution of the Rohingya in Myanmar and China's mistreatment of its Uyghur minority. "He is seen as a strong and brave leader, standing up to the West, and speaking on issues close to Muslims," says Mushahid Hussain, a former Pakistani senator.

Mr Erdogan cultivates this image, regularly claiming to speak on behalf of Muslims everywhere. "In a multipolar world, the Muslim world needs to become a pole in its own right," he proclaimed at a meeting of the Organisation of Islamic Co-operation last year. "Our biggest problem is lack of unity."

Mr Erdogan is not exactly a unifier. His government has stoked conflicts all over the Middle East, from Libya to Iraq. But it has also made grand gestures of solidarity, most notably by taking in more than 3m Syrian refugees (not all of them Muslim) during that country's long civil war. An impressive 69% of Syrians have a positive opinion of Mr Erdogan. More recently Turkey has mooted a defence agreement with Pakistan and Saudi Arabia, which pundits describe as a “Muslim NATO”.

Other leaders, such as Mr Sharaa, may come to rival Mr Erdogan’s popularity. Turkey’s troubles may end up tarnishing his reputation. But as flawed as Mr Erdogan is, he, more than anyone, has the ear of the Muslim world. ■

A stay-calm plan to save the world

Alas, almost no foreign leader is as reasonable as Finland's president, Alexander Stubb

February 26th 2026

If a boat carrying heads of state ever sank in a tempest, staying close to President Alexander Stubb of Finland would be a shrewd move. Mr Stubb has shipwreck survivor written all over him. He is tall, lithe and dauntingly fit, coming second for his age group after secretly entering a Finnish triathlon last summer. As importantly, Mr Stubb, 57, has built his political career around can-do optimism and a refusal to panic. In these troubled times, his fellow world leaders have noticed, and approve.

Though his Nordic country has just 5.6m people, this unflappable Finn is a fixture at crisis summits of Western leaders. President Donald Trump is a texting buddy, hailing Mr Stubb for his golfing skills and for "powerful" good looks. When leaders of mid-sized countries lament a world dominated by America, China, Russia and other bullies, Mr Stubb stands out for insisting that middle powers can look after themselves. This confidence was on display at the World Economic Forum in Davos. After Canada's prime minister, Mark Carney, blamed America and other great powers for a "rupture" in the post-1945 order, Mr Stubb took a more upbeat line. He declared that Europe could "unequivocally" defend itself against Russian aggression, with the confidence of a man whose homeland twice fought off Stalin's armies. He expressed confidence that ties of mutual dependence still bind America and Europe, despite Trump administration "curveballs".

In part, fizzing with positive energy is Mr Stubb's political brand. This columnist has watched the Finn professionally for 20 years, since Mr Stubb was first elected a member of the European Parliament. In a Euro-legislature filled with has-beens and mediocrities, Mr Stubb stood out for his brains, his ambition and his genius for self-promotion. An undergraduate education in South Carolina, initially on a golf scholarship, left him a devoted Atlanticist as well as a devotee of European integration: a rare combination. In between cultivating Brussels power players, hyperactive Mr Stubb dashed off a regular column in English for Finnair's in-flight magazine, judging passengers on Finland's national airline to be an influential and captive audience. Columns might opine on lessons that Europe could learn from America, or on the etiquette of nudity in saunas. Each was adorned with a photograph of Mr Stubb, variously doing one-handed push-ups, practising his golf swing or tossing golden leaves to celebrate autumn. His Finnair columns continued even after he left Brussels to become his country's foreign minister and then prime minister.

Mr Stubb's refusal to despair also reflects a sincere philosophy. In writings and interviews he has long sounded sure that it is possible to reason with most people, including foreign leaders, most of the time, by appealing to their rational self-interest. This year he published "The Triangle of Power, Rebalancing the New World Order". In this book-length manifesto he sets out his plan for agreeing to a new international order which can accommodate the clashing values and shared interests of three competing blocs. These comprise a Global West of liberal democracies led by America, a Global East of autocracies led by China and Russia, and the largest bloc, a

Global South of countries that are weary of being lectured by European and other rich-world powers.

Mr Stubb's solution involves listening more to African, Asian, Latin American and Middle Eastern countries that, he says, hold the global balance of power. He would give such countries seats at the top tables of global governance, starting with the UN Security Council, whose five permanent members he would double to ten while ending single-nation vetoes. He would emphasise trade over aid. He suggests that Finland, a country that never had colonies, may find it easier than some Western powers to earn a hearing.

The Stubb plan emphasises understanding how even the most alarming foreign leaders see the world. He chides Western commentators for calling Russia's president, Vladimir Putin, "crazy". Recalling his own meetings with the Russian, he calls Mr Putin "well-prepared, analytical, strategic and composed". At the same time, Mr Stubb, a staunch defender of Ukraine, agrees that Mr Putin's imperial ambitions make it folly to trust him.

Three meetings with China's Communist Party boss, Xi Jinping, have left Mr Stubb oddly confident that China is led by men who lack the history-fuelled revisionist zeal of Russia's rulers. He predicts that China will reassess its friendship after peace comes to Ukraine and, noting the high costs of Mr Putin's "senseless" war, will rethink any ambitions to take Taiwan by force.

In an interview for Inside Geopolitics, a video show published by The Economist, Mr Stubb concedes that his strategy reflects "a little bit of hope" that foreign leaders "will be reasonable". He cannily downplays his influence on Mr Trump. He calls America's president a man guided by a bleakly zero-sum worldview, who sometimes listens to Mr Stubb's warnings about Russia. "If I can plant one idea out of ten, that's good." Since finishing his book, he admits to being less sure that America is ready to lead a united West.

Revealingly, Mr Stubb's optimism is linked to a conviction that today's disruptions are temporary. "I think it'll take another five years for the world order to settle," he suggests. "In the middle of the storm we just have to stay calm." In a shipwreck, those are words of comfort. Storms do end and blue skies return. Yet today's disorder looks more enduring than a squall. There is reason to fear that a full-blown revolution is coming, targeting the liberal order whose fundamental values Mr Stubb seeks to preserve. If rising powers are more resentful or fanatical than he believes, the future he describes will not arrive. In anxious times, it is no wonder that Finland's thoughtful, stay-calm president has earned global renown. But his plan is a bet on hope, not a guarantee of survival. ■

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Business

Business | Barbarians at the nail salon

Rejoice! Private equity is taking over America's small businesses

Its ghoulish reputation is ill-deserved

February 26th 2026

THE DAY starts in one of the loud, dark studios run by Solidcore, a Pilates-inspired fitness chain. Your correspondent, balancing on top of a sliding platform, dutifully performs plank holds and cross-legged lunges as her energetic instructor cheers her on. Having worked up an appetite, she heads to Maman, a chic, French-style eatery. Next comes a facial at HeyDey, where a beautician beams light across this correspondent's face in order to give her skin a more youthful glow.

As e-commerce gobbles up a growing share of consumer spending on goods, service businesses such as these have been taking over America's shopping streets and strip malls. Customers working remotely visit them to break up their day with a workout or a coffee. Because they spend more time at home, they are also investing in their property's upkeep, spending more on landscapers and the like. Technology underlies these trends: the internet has made online shopping and remote work possible. But it is not the only force transforming small business in America. Each outlet this reporter visited, on the shopping street closest to her house, is owned by a private-equity (PE) firm.

When many think of PE, they think of takeovers of big companies such as RJR Nabisco, a consumer-goods conglomerate, in the 1980s or Toys "R" Us, a retail stalwart, in the 2000s. But such mega-deals now reflect only a small part of what the industry does. Today 85% of PE investments are in firms with fewer than 500 staff. Over the past few years the industry has been hoovering up small service-providers, from coffee shops and nail salons to pest controllers. In 2016 PE firms owned two of America's ten biggest car-wash chains. They now own all ten. In the year to June 2025, PE accounted for half of all acquisitions of air-conditioning contractors.

Local service-providers are attractive to PE because they are largely internet-proof. "Amazon can't wash your car, they can't work out for you, they can't deliver your coffee," says Scott Romanoff of Franchise Equity Partners, a PE firm. Often a handful of such businesses are acquired and merged into a chain.

Some may find this alarming. The caricature of PE is that it loads companies with debt and sacks staff indiscriminately, resulting in juicy short-term profits but deteriorating service and, in the most egregious cases, failure of the business. Its approach is to "suck money out of [a company] until it collapses", Elizabeth Warren, a senator, declared in a video posted online in November. Few ideas unite Gavin Newsom, governor of California, and President Donald Trump—but taking PE down a peg is one of them. In January both proposed measures to ban the industry from purchasing single-family homes.

PE investors are not saints; there are plenty of examples of portfolio companies being gutted by their owners in pursuit of a quick buck. Yet to believe that, by and large, the industry is a poor steward of the businesses it acquires is to misunderstand the strategy of investors who rely on being able to sell their portfolio companies after a few years in order to return money to their backers. Those they sell to—a larger company, investors in public markets or another PE fund—are hardly fools. Indeed, many small businesses will emerge from PE ownership as bigger, more profitable firms that do better by their customers.

Nobody doubts PE's penchant for borrowing and its willingness to wield the axe. Yet it is difficult to find compelling evidence of widespread ill effects. Perhaps more than 20,000 American businesses are owned by PE. Of these, just 75 went bankrupt in 2024, according to the Private Equity Stakeholder Project, a non-profit watchdog. The most rigorous studies find that, even with more debt, pe-backed firms are no more likely to default than others.

Academics have examined whether PE undermines businesses in more insidious ways without causing outright collapse. A 2021 paper by Atul Gupta of the Wharton School of the University of Pennsylvania and his co-authors looked at the impact of PE ownership on nursing homes. Patients admitted to them are not a healthy bunch: on average, one in six will die in the facility or within three months of discharge. But Mr Gupta and his co-authors found that, for patients covered by Medicare, a government programme for the elderly, the chance of death in the short term was 11% higher if the nursing home they went to was owned by PE. The higher mortality risk appeared to occur as a result of cuts to nursing staff, which increased the risk of injuries, pressure sores—and death.

Yet the case is not closed. A paper from last year by Ashvin Gandhi of the University of California and his co-authors shows the importance of competition in shaping how PE owners behave in the nursing-home industry. In less competitive markets they found similar effects to Mr Gupta, but in highly competitive markets PE-backed homes were likely to have higher staffing ratios and better ratings than others.

Caution over PE's incursion into the care sector is understandable. PE firms now run at least 5% of America's nursing homes, offer around 10% of available places in child-care centres and own about 12% of dental surgeries. The care sector is rife with information asymmetries that unscrupulous PE bosses could exploit. Youngsters at child-care centres and residents of nursing homes are often unable to communicate anything about the quality of their care. And even lucid adults are rarely in a position to determine whether they need a costly MRI scan or root canal. But customers have less reason to worry at Pilates studios or smoothie bars; those unhappy with their instructor or their açai bowl can go elsewhere.

In some cases, the financial firepower provided by a PE backer may be just what a small business needs to thrive, especially when it is trying to compete against big incumbents. A 2009 paper by Alexander Popov of the European Central Bank and Peter Roosenboom of the Erasmus University of Rotterdam concluded that the rate of new business formation in industries with steep barriers to entry is significantly higher in countries with more PE investment relative to GDP.

The experience of Solidcore shows how PE ownership can transform a small business for the better. Bryan Myers, its boss, says he knows that "private equity gets a bad rap," but he points out that Solidcore would be a fraction of the size it is now without its backers (the chain is owned by L Catterton, a PE firm focused on consumer industries). At the outset, Solidcore could grow only by reinvesting its profits, which meant opening around five studios a year. The rate more than doubled after it first took PE money in 2017.

The other advantage Mr Myers points to is expertise. In 2021 Solidcore's PE owners helped it to conduct a price-elasticity study, which showed that its memberships didn't make sense "unless you were going to come here literally every day of the week". So it reduced the price of a membership relative to paying for single classes. "It completely upended our business model," says Mr Myers. Recurring membership fees now make up 60-70% of revenue, up from just 20% before the change.

Solidcore's staff share in its success. Coaches are paid a flat fee plus a percentage of the revenue their classes generate—a strategy intended to motivate trainers. Senior coaches can reportedly make around $100 an hour if their class is full.

The upheaval of retail landscapes over the past decade or so has required extensive adaptation. In America, where PE money is plentiful, investors have rushed to take advantage of the opportunity to replace goods retailers with service businesses. The vacancy rate in American retail spaces is around 4%. Across Europe, where PE funding is less abundant, the figure has lingered higher for longer; in much of Britain, vacancy rates are double or triple the level in America. Consumers may grumble about getting their lattes or facials from a business owned by PE. The alternative may be empty shopfronts. ■

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Business | Going global

The Sphere is taking its success in Las Vegas to the world

Who will want a hundred-metre-high orb?

February 26th 2026

WIND blows, leaves whirl in the air and smoke fills the auditorium as Dorothy and Toto are whisked away by a giant tornado. The audience in the steeply banked 18,000-seat arena gasp and clap as the movie—Warner Bros' "The Wizard of Oz", remastered with the help of artificial intelligence—plays out on the 15,000-square-metre screen all around them. The Sphere, a monumental orb-shaped attraction in Las Vegas, has quickly become the hottest ticket in Sin City. Now it is ramping up plans to go global.

At first the giant ball looked like a giant balls-up. The Sphere was assembled over five long years that included the covid-19 pandemic. When it opened in September 2023, the final price tag for the building was $2.3bn, nearly double what its owner had originally predicted. What is more, steep operating costs meant that the losses kept piling higher.

But earlier this month the attraction's parent company, which is controlled by the Dolan family, delivered news that caused investors to cheer louder than the audience at "Oz". In the final quarter of 2025, revenue for the Sphere shot up by 62% year on year; an operating loss of $108m in the same period in 2024 narrowed to $7m. The barnstorming quarter happened even though Las Vegas had a difficult year in 2025, with fewer tourists visiting the city. Investors are bullish: the share price of Sphere Entertainment (which also owns a declining TV business) has nearly trebled since last summer.

The futuristic building's success rests in part on the rekindled charms of an 86-year-old film. "The Wizard of Oz", souped up for the giant screen and aided with "4D" effects like vibrating seats, has sold more than 2.2m tickets since it opened in August, generating $290m in revenue. Between live concerts by the Eagles, the Backstreet Boys and others, the Sphere has jammed in matinees and early-evening showings of "Oz", putting on 245 screenings in the latest quarter, up from 190 performances of other shows a year earlier. The Sphere's bosses are courting other movie rights-holders, hopeful that another big hit might draw even larger crowds.

Making those shows is expensive: remastering "Oz" cost more than $100m. The costs would be easier to swallow if the resulting product could be shown in more places. Indeed, that is now the plan. A proposed Sphere in Abu Dhabi is nearing the end of its pre-construction phase. Last month the company announced a third Sphere, in National Harbor near Washington, DC, due to open within four years. It has hinted at more announcements to come. Curry Baker of Guggenheim Partners, an investment firm, expects that another Sphere will be announced this year and one or two more in 2027.

The cost of the whopping buildings remains problematic. Depreciation and amortisation gobbled up 30% of revenue for the Las Vegas Sphere in the final quarter of last year. One answer is a new financing model. The Emirati Sphere will be funded entirely by the Abu Dhabi department of culture and tourism, which will pay a franchise fee and royalties to the Sphere's parent company. The National Harbor Sphere is backed by $200m in public and private contributions.

Another strategy is to downsize. The National Harbor Sphere will have a third of the capacity of the Las Vegas attraction, and is reportedly aiming to come in at less than half the cost. Littler, cheaper Spheres could make them viable in markets smaller than Las Vegas.

Will more places want one? Hundred-metre-high globes wrapped in bright LED screens are exciting things to visit, but they are not everyone's idea of a good neighbour. Two years ago the mayor of London rejected a proposed Sphere in the densely populated neighbourhood of Stratford in the city's east, citing worries about light pollution. (The mayor of Tees Valley, northern England's answer to Las Vegas, sportingly offered to host one instead, but was inexplicably snubbed.) "Oz" has made the Sphere a smash hit in Las Vegas. But new trials will await when it is not in Nevada any more. ■

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Business | Blast off

The stunning rise of China's most audacious miner

Zijin Mining is giving Western giants a run for their money

February 26th 2026

In 1993 officials in Shanghang county, in the south-eastern Chinese province of Fujian, enlisted Chen Jinghe, a geologist, to lead an effort to develop a local gold mine. So was born Zijin Mining. Mr Chen, who retired this year, would go on to turn the company he led into a global giant. Worth around $150bn today, it is the world's fourth-most-valuable mining business. The soaring price of gold (of which it is the sixth-biggest producer) and copper (for which it ranks fifth) has led its market value to rocket upwards by 150% over the past year.

Much of Zijin's growth has taken place in the past decade, as the company has followed an ambitious strategy of global expansion. Its mining operations now span 18 countries across most parts of the world (see map).

Between 2015 and 2025 it poured $26bn into capital expenditures and made $15bn-worth of acquisitions (see chart). In January it announced its biggest deal yet, to buy Allied Gold, a Canadian miner, for $4bn.

Zijin has set itself the goal of ranking among the world's top three producers of both copper (which accounts for two-thirds of the net value of its assets) and gold (which makes up a quarter) by 2028. To that end, in February it released a production plan to boost its output of the two minerals by as much as a half over the next three years, and expand its output of lithium more than ten-fold. The company has a solid record of hitting such targets. Executives who have worked with the miner say that its operations are strikingly efficient. As Western policymakers seek to loosen China's chokehold over various minerals, Zijin's success illustrates how difficult their task will be.

Zijin has "gone where others won't go", says James Whiteside of Wood Mackenzie, a consultancy. Even in 2016, when copper prices were at their lowest since the global financial crisis amid a commodity downturn, the company was acquiring stakes in copper mines in the Democratic Republic of the Congo that others were selling off. As it bought up mines, Zijin often expanded their production several times over. Around half of its mining of both copper and gold now takes place outside China. It has helped that the quality of ore at its overseas sites has typically been higher than at home.

The company has also expanded beyond just digging up dirt. It has built a vast refining and smelting business that generates about a quarter of its operating profits. Many Western miners have shied away from these activities. Mineral processing is dirty, complex and typically not very profitable. Even when prices for minerals fall, operators must pay to keep their processing sites running because it is very expensive to switch them off and on again.

For Zijin, however, its vertical integration has paid off. Because the profitability of processing is tied to the quality of the ore being used, Zijin's acquisition of top-grade mines around the world has made refining and smelting more lucrative for it than others. By constructing facilities at many of its overseas mines for the initial stages of processing, the company is also able to ship semi-processed rock back to China for further treatment, saving on transport costs. Zijin also processes copper and gold supplied by other miners, providing greater economies of scale. Many of the end products—typically copper cathodes and gold bars—are then sold by Zijin's trading arm.

Creating such a sprawling business has not been cheap. To fund its expansion, Zijin has had to borrow heavily. In 2010 the ratio of its debt to its assets was 21%; in the first half of 2025 the figure was 38%, far higher than for the big Western miners. To support further investments, in September the company consolidated its international gold mines into a subsidiary and listed a roughly 15% stake in the unit in Hong Kong, raising HK$25bn ($3.2bn).

Another challenge for the company has been managing its environmental impact. In 2010 a toxic leak from a wastewater pond at a mine in Fujian province contaminated the nearby Ting River, damaging Zijin's local reputation. More recently, villagers in Bor, Serbia, have complained of environmental damage caused by Zijin's mine there (the company has denied the allegations). Such criticisms may eventually lead politicians abroad to start resisting the company's expansion.

Moreover, Zijin has lately found itself in the geopolitical crossfire. The Chinese state does not hold a majority interest in Zijin, as it does in many of the country's other big miners, but Shanghang county has maintained a sizeable stake, raising questions about the company's independence. Last year it was added to the American government's "entity list" for allegedly benefiting from forced labour in China's Xinjiang region (which the company has denied). That makes it difficult to do business with American firms. There is plenty, then, to keep Mr Chen's successor busy. ■

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Business | Much at steak

The fake-meat industry is in trouble

Business is slowing down. Time to tempt new palates

February 26th 2026

The plant-based burger once had investors licking their lips. In 2019 Beyond Meat, a maker of beef-free patties, went public at a market value of almost $4bn. The following year sales of plant-based meat in America surged by 45%, to $1.4bn. Countless startups joined the feast. Even some meat companies had a nibble at the business.

More recently, however, investors have lost their appetite. Sales of plant-based meats are in decline. Beyond is now worth less than $400m. Its revenue shrank year on year in each of the first three quarters of 2025, and probably again in the final three months. The share of American adults who say they regularly eat the stuff has stayed in the single digits, according to polling by YouGov for The Economist. Meanwhile, meat sales are booming. What happened?

Many in the industry argue that it is undergoing a correction, not a collapse. But they acknowledge several problems. One is price. Even as the cost of meat has soared, a result of shrinking herds and more expensive animal feed, it remains cheaper than plant-based imitations, thanks in part to farming subsidies. A pound of beef mince from Walmart, America's biggest grocer, sells for $7.43; an alternative from Impossible Foods, a rival to Beyond, costs $9.04.

Another is taste. Some plant-based meat is still "awful", admits Mark Cuddigan, the boss of This, a British meat-free company. One bad experience can put a curious consumer off for good.

Fake meat has also been embroiled in America's culture war. Robert F. Kennedy junior, the health secretary, champions slogans such as "Eat Real Steak". Interest in "whole" food is on the rise. Proponents of animal meat argue that the fake stuff is full of fat, salt and ultra-processed junk. Impossible acknowledges that some of its products contain more sodium than raw, unseasoned meat. Such a comparison "isn't set on a level playing field", it argues, as few people eat meat that way.

The chewier problem for plant-based-meat companies is that their products are classified as ultra-processed foods, a result of their long ingredient lists and production processes. Health-conscious consumers are now wrongly equating plant-based burgers with potato chips and Oreos, argues David Welch of Synthesis Capital, which invests in food tech.

Enthusiasm for high-protein and high-fibre diets might prove friendlier to plant-based-meat companies. Peter McGuinness, Impossible's boss, suggests that many of its products contain more of each than is found in animals. Both Impossible and Beyond now display their products' protein content prominently on their packaging. Impossible recently partnered with a maker of protein-dense bread and pasta, while Beyond (which last year dropped the "Meat" from its name) has expanded into beverages, launching a flavoured sparkling water touting 20g of protein per can.

Some companies are also experimenting with half-meat, half-plant burgers. Sceptics may ask who would want to eat such a product, but Tim Dale of Food System Innovations, a research group, points out that potential customers include parents looking to sneak vegetables onto their children's plates.

Investors may now be warier of plant-based meat, but some are placing bets instead on the cultivated variety, grown in a lab from the cells of animals. Unhelpfully, a few American states have passed or proposed bans on the production and sale of cultivated meat, but insiders point to progress at the federal level. In Britain it has received clearance as pet food.

Cultivated meat faces the familiar hurdle of cost. But Nick Cooney of Lever, a venture-capital firm, reckons that whereas plant-based meat has been dogged by the perception "that it's a 'fake' thing", cultivated products could find their way to supermarkets' meat aisles. Uma Valeti, boss of Upside Foods, a cultivated-meat firm, sees the next decade as the time to prove that his industry can scale up, rather than rush to have "everything available all at once". Move too fast, and the alternative-meat business may again end up in a stew. ■

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Business | Attachment issues

The war against PDFs is heating up

Will the file type survive the AI revolution?

February 26th 2026

When Adobe introduced the portable document format (PDF) in 1993, a consultant from Gartner called it "the dumbest idea I've ever heard in my life". Users would have to twiddle their thumbs waiting for the megabyte-sized files to download over their dial-up internet, then wait again for their PCs to render them. The software-maker's board wanted to kill the project. But as sharing digital files became essential, the PDF triumphed—particularly after the Internal Revenue Service, America's tax authority, started using it for its forms. Today more than 2.5trn PDFs float in the ether. But will the format survive the ai revolution?

PDFs still have drawbacks. They are a pain to view on a smartphone. Copying data from them is fiddly. Software tools that read screens for blind people struggle with PDFs. The file type, which Adobe relinquished control over in 2008, is also a vehicle for malware: a fifth of email-based cyber-attacks utilise PDF attachments, according to Check Point, a cyber-security firm.

Lately another source of criticism has emerged. The large language models underpinning generative AI are often bamboozled by PDFs, reading a page set in columns from left to right rather than top to bottom, say, or getting confused by headers and footers. Trouble parsing PDFs is one of the reasons AI chatbots occasionally "hallucinate", generating nonsense.

Enter the disrupters. Startups such as Factify are on a mission to build a new file type that is better suited to the technology. Matan Gavish, its boss, talks of his "megalomaniac" vision of displacing the PDF.

Yet Duff Johnson, head of the PDF Association, protector of the format, argues that the fault lies not in the file type but in ourselves. He contends that there is no reason developers cannot build bots that are able to use PDFs. The AI assistant embedded in Acrobat, Adobe's PDF reader, is designed to do precisely that, notes Leonard Rosenthol, the software firm's PDF guru. Google, a leader in AI, has rolled out a tool for developers using its Gemini models that makes it easier to ingest PDFs. The format's reign is not over yet.■

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Business | Court-martialling Claude

Pete Hegseth wages war on Anthropic

Should AI labs unquestioningly obey the Pentagon's orders?

February 26th 2026

Pete Hegseth, America's secretary of war, is taking a my-way-or-the-highway approach to the use of artificial intelligence on the battlefield. On February 24th he gave an ultimatum to Anthropic, maker of the Claude family of models: if it did not agree to terms set by the Pentagon on usage of its AI for military purposes, it would face severe penalties. It is not the first time this administration has picked a fight with a company that fails to follow its orders. But Anthropic has leverage.

The showdown took place during a meeting at the Pentagon between Mr Hegseth and Dario Amodei, Anthropic's boss. Among AI labs, Anthropic was the first to do classified work for the Department of War (DoW), via a partnership with Palantir, a data firm, and Amazon Web Services, a cloud provider. But it also has clear red lines when it comes to the use of its models for national security. In negotiations with the DoW, it has insisted that Claude must be used neither for mass domestic surveillance nor for autonomous weapons.

The restrictions have put it at loggerheads with Mr Hegseth, who has stipulated that companies providing the Pentagon with AI models must give it carte blanche to do with them what it likes, provided the actions are lawful. At the latest meeting with Mr Amodei, Mr Hegseth vowed to terminate Anthropic's contract by February 27th if the AI lab did not agree to his terms. A senior Pentagon official said that if Anthropic did not "get on board" with the DoW's conditions, it would risk being labelled as a supply-chain risk, and that the government could invoke the Defence Production Act (DPA), which gives the president authority to oblige companies to do national-security work.

Anthropic's main contract with the DoW is worth no more than $200m, a trifling sum for a firm that generated an annualised $14bn of revenue in February. But it cannot take the stand-off lightly. Barring all of the Pentagon's suppliers from using Claude would have a much bigger impact on the AI lab. It is a measure usually reserved for companies linked to hostile powers. As for the DPA, it has been invoked in recent emergencies such as the covid-19 pandemic, but is rarely brandished in such an adversarial way.

That the Pentagon is threatening such drastic measures, however, indicates its reliance on Anthropic. Dangling the DPA suggests that the DoW is reluctant to rip Claude out of its systems. That is because Anthropic's model is seen as one of the best available, according to former defence officials with ties to Silicon Valley.

Could the stand-off create an opening for rival labs with fewer qualms? OpenAI, Anthropic's nemesis, has been slower to seize the opportunity to work with the DoW. Its models are used by Microsoft, with which it was once joined at the hip, for highly classified defence work, but OpenAI is not a party to the contract. Some contestants in a competition to build voice-activated drone-swarming technology for the Pentagon are using the lab's models, but again its involvement is indirect. Its only formal contracts with the DoW are for unclassified work, and the use of its models for national-security purposes is considered on a case-by-case basis.

Fears of militarising AI run deep at both Anthropic and OpenAI. The pair are also alert to the risk of losing their brainy AI researchers, many of whom come from abroad and may not share the Trump administration's ideology.

By contrast, Elon Musk, who previously warned against "killer robots", appears to have shed his compunctions. SpaceX, his rocket and satellite company, and xAI, his model-maker (with which SpaceX is merging), are said to be competing together in the Pentagon contest to make drone-swarming technology. Grok, xAI's model, is "on board" for use in classified settings, says a Pentagon official.

Google, having scrapped restrictions on the use of AI for defence purposes in 2024, is also taking on contracts for classified and unclassified work with the Pentagon. That is a striking reversal for the Silicon Valley giant. In 2018 it was forced to relinquish a Pentagon contract called Project Maven, which used machine learning to analyse footage from drones, after an internal revolt at the company.

Since the Project Maven days, the mood in Silicon Valley has become more pro-Pentagon. But that saga carried lessons for both sides that are worth remembering. For tech firms, it may be unrealistic to think that they can control how their technologies are used on the battlefield. They can urge caution, but it is constitutional oversight of the armed forces that ultimately determines how wars are fought.

And for the DoW's part, demanding unfettered access to technologies with the potential for extreme lethality requires building a bedrock of trust. That can be eroded if these technologies are used for actions of dubious legality. Controversial decisions such as strikes against civilian drug-smuggling boats in the Caribbean have raised concerns in Silicon Valley about how autonomous weapons systems could be misused in the future. If Mr Hegseth is not careful, he may jeopardise his access to more than just Claude. ■

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Business | Bartleby

Tony Robbins, the megalosaurus of motivation

Watching the world's best-known life coach do his thing

February 26th 2026

If you have gone to church as a non-believer, or watched a tedious sport like cycling with people who are fanatical about it, you will know what it is like to be a cynic at a Tony Robbins event. You will be bored, but also fascinated. You will feel a bit superior, and also wonder whether you are the one who is missing the point.

Mr Robbins is probably the most famous life coach on the planet. On a promise of helping people live "extraordinary lives", he claims to have reached an audience of 100m over his 45-year career. His clients include Serena Williams, Hugh Jackman and Marc Benioff. He writes books and hosts podcasts. He fills stadiums with immersive events, delivering motivational sermons while his followers whoop and do firewalks. And earlier this year, he threw open the virtual doors for a free, three-day online event called the "Time to Rise Summit".

It could also have been called "Time to Enter the Marketing Funnel". In the days leading up to the event, registrants get emails telling them that just signing up has "set them apart as a leader". That was easy, you think. The clock is counting down to what will be a launchpad to "unstoppable growth and transformation". Blimey, you think. And for just a small fee you can join the Gold Card Experience, which, among other things, promises you access to an "intimate" Zoom channel with no more than 1,000 other people. Unstoppable growth and transformation is probably enough for now, you think.

On the first day, you join a YouTube channel where tens of thousands of people are already online and waiting for the event to start. The screen shows inspirational messages like "Discover the Adventure that Comes from Becoming More Every Day" and "You Don't Rise To The Level of Your Goals, You Rise to the Level of Your Decisions". Each word makes sense but as the sentence unfolds, you are less and less sure what it means. Your fellow participants have no such doubts. The chat window fills with messages. "Let's gooooo people," "SUPER EXCITED" and "I still have no sound."

When the countdown ends, someone who has had far too much caffeine announces that 1.2m people have signed up to attend. A personal trainer appears to conduct a couple of warm-up exercises. The camera cuts away occasionally to show devotees who are watching the event on Zoom; they are presumably Gold Card Experience members. People are frantically jumping up and down in their living rooms. It's totally baffling—like watching the Moonies do a HIIT session.

And then, finally, the man himself is there. Mr Robbins may be 65 but his physicality is central to his appeal. He is exceptionally tall. He works out and wants you to know it. His teeth are like limestone cliffs. His voice rasps and his veins bulge. He seems to be a product of deep geological time: the megalosaurus of motivation. The chat window is a sea of emojis. "i love u tony!!!" says someone. "I want to change everything," says another, which seems a little unfocused.

And then he's off and running, growling into the camera. He tells anecdotes that he has plainly told many times before, including how he cured a woman of her phobia of snakes in ten minutes. He talks about pattern recognition and the hero's journey and testosterone surges and the lessons of the Wizard of Oz. He says things like "Someday leads to a town called nowhere," and "If you want to take the island, burn the boats." There is even a deeply unconvincing soundtrack of cheering and applause. You shake your head as the chat window explodes with more heart emojis.

Still, what Mr Robbins says matters far less than how he says it. He is genuinely engaging. He often seems to be on the verge of tears when he tells his stories. He acts as if the audience is right there with him, encouraging the watching hordes to make some noise, clapping along weirdly as dance music blares, asking for shows of hands. He smiles as if he really means it.

Above all, he keeps going and going. He talks for almost three hours straight on day one, and does the same thing again the next day and the day after that. And just when you think that must be it, an email arrives to say that Tony will be doing a fourth bonus day of rising. These displays of stamina strengthen the faith of disciples and raise a nagging question in your mind: if this is all nonsense, why is he so damned energetic and why do I feel so tired? You may not buy what Mr Robbins is selling. But you cannot deny that he sells it extremely well. ■

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Business | Schumpeter

America’s bosses are being dragged into local politics

Arise, CEO-councilmen

February 26th 2026

Running a big American company today requires bosses to master the art of high politics. Matters of state, trade and war are ordinary boardroom chatter. Consider Mark Zuckerberg, Meta’s self-styled Augustus. He attended Donald Trump’s inauguration, contributed to the president’s ballroom fund and has purchased a pile of his own in the capital. Meta touts the use of its technology by American armed forces and, earlier this year, Mr Zuckerberg appointed Mr Trump’s former deputy national security adviser as his vice-chair.

Yet some of Mr Zuckerberg’s most pressing problems look parochial by comparison. A proposed wealth tax in California cooked up by a health-care union might explain his interest in another property, in Florida. This month Mr Zuckerberg testified about the risks social media pose to children in a county court in Los Angeles. Meta's grand plans to build data centres have, like those of its competitors, met opposition in anonymous municipal buildings from locals worried about electricity prices. Then there's the state-level artificial-intelligence laws which the firm hopes to bend to its will by spending $65m on lobbying. Mr Zuckerberg must not only play the CEO-statesman, but increasingly the CEO-councilman, too.

The rule of ever larger companies by ever smaller bodies of political authority has two causes: political disintegration and technological acceleration. In the absence of federal rules, five states have passed broad laws regulating the use of AI in the private sector. At least 16 more are working on them. The hundreds of AI-related bills introduced by states conflict on everything from how AI-generated content must be labelled to how quickly local authorities should be informed if the technology puts all humanity at risk. Makers of self-driving cars face a similarly eclectic mezze of laws. California, where robotaxis are now a common sight, has tasked two different bodies with regulating them.

When the Department of Justice held an inquiry into the health of interstate commerce last year, complaints came not only from America's sexiest industries, but also some of its least alluring. Debt-collecting laws in New York and Massachusetts undermine national banking supervision, bristled the American Bankers Association. The Pistachio Growers association was apoplectic about conflicting definitions of ultra-processed foods. The National Chicken Council clucked that the single market was at risk.

They would say that. Still, it is striking how often Mr Trump's deregulatory plans are met with efforts to do the opposite in miniature. Federal trustbusters have reduced their scrutiny of mergers; in response, blue states have built antitrust regimes of their own and are challenging deals they disapprove of. Mr Trump is trying to gut the body responsible for consumer-financial protection; its spirit lives on in New York, which now wants to regulate "buy now, pay later" lenders. MAGA-world loves prediction markets such as Polymarket and Kalshi; states want to smother them with local gambling laws. (Native American tribes that rely on income from casinos are also after them.)

Sometimes bosses can flee to warmer climes. Ringing a bell in New York to list a company incorporated in Delaware before spending the proceeds in California was once the American entrepreneurial dream. But the dominance of New Delafornia is less secure today. Miami, which offers lower taxes and better weather than New York, is rising as a financial centre. More than a dozen publicly traded firms have reincorporated away from Delaware (mostly to Nevada) since Elon Musk kicked off after a court in the first state rejected his pay in 2024. Mr Musk also reincorporated his unlisted companies, including SpaceX; last summer Andreessen Horowitz, the world's largest venture-capital firm, encouraged the startups in its portfolio to do the same thing. If California does adopt its radical tax plans, which would impose a 5% levy on billionaires, an exodus of the roughly 200 of them who live there would be likely.

Mostly, though, American companies doing business across many states are stuck with a regulatory system developing some disturbing similarities to Europe. California, like Germany, is the traditional economic engine. Again like Germany, it insists on imposing its ideas on everyone else—including plenty of bad ones. Not only is it among the states insisting on a greater role in antitrust enforcement. Its size has ensured its data-privacy laws and stringent disclosure rules on pay and climate are, in effect, national policy.

The comparison may strike some American bosses as absurd, even insulting, given how many of them have imbibed Mr Trump's distaste for the land of fine art and fines. They argue that the White House will soon sue states' AI laws out of existence, as it promised to do in December, and Congress will pass a comprehensive bill on self-driving cars. Perhaps. But if history is any guide, inefficient restrictions on interstate commerce can last a while: railroads operated for decades before they came under federal supervision in 1887, and interstate banking was only truly permitted in 1994.

Few chief executives are well-suited to their new responsibilities. Dealing with 50 regulators demands far more attention than dealing with one. The way tech bosses in particular talk about the future of AI indicates that they will struggle with a populism which brings them closer to the populus. Still fewer will enjoy it. Invite the boss to lunch with a retired general and he will clear his afternoon, whatever the topic of discussion. Collar him to talk about a new state law or crusading attorney-general, and he will fast-rope from the window. ■

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Finance & economics

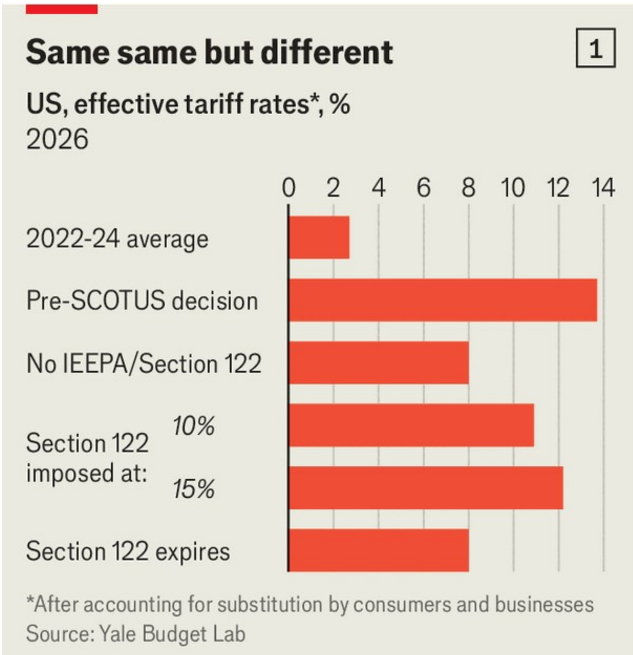
Finance & economics | After IEEPA

America’s trade chaos is just beginning

Tariff wrangling will stretch through the rest of Donald Trump’s term, and beyond

February 26th 2026

The moment was historic. On February 20th America’s Supreme Court struck down Donald Trump’s signature policy. The president claimed the International Emergency Economic Powers Act (IEEPA) of 1977 let him slap any tariffs he wanted on anyone for any length of time. The justices ruled 6-3 that Congress did not hide in IEEPA “a delegation of its birth-right power to tax within the quotidian power to ‘regulate’”, as Chief Justice John Roberts wrote in the majority opinion.



Looking solely at America's changing tariff rates, tomorrow's trade historians may miss the ruling altogether. Within hours of the decision Mr Trump invoked Section 122 of the Trade Act of 1974, to levy 10% tariffs on all imports for 150 days from February 24th. The next day he said he would raise the level to 15%, the highest the law permits. Before the justices weighed in, America's effective tariff rate was 13.7%, estimates the Yale Budget Lab. Swap IEEPA for Section 122 tariffs of 15% and this edges down to 12.2% (see chart 1). By comparison, the figure was 2-3% before Mr Trump took office for the second time in January 2025.

If they dig beneath this superficial stability, however, future chroniclers of global commerce will mark February 20th as the start of a period of turmoil possibly even more chaotic than what Mr Trump unleashed on "Liberation Day" last April. That is because, first, the Supreme Court stayed silent on what to do about refunding duties that the government collected illegally, setting up another legal fight. And, second, the latest authorities Mr Trump is asserting—or is about to assert—will also be challenged in court. While the lawsuits play out, uncertainty will persist, and so will the economic drag of all the trade-warmongering.

The government has collected perhaps $180bn in IEEPA tariffs. Over the past year 1,800 companies—including Goodyear, a tyre-maker, and Costco, a retailer—have filed lawsuits to protect their right to a refund should the Supreme Court overturn them. They are now owed this money, equivalent to roughly 5% of the profits companies generated in America last year, or 0.6% of GDP—plus interest, compounded daily at an annual rate of 6-7%.

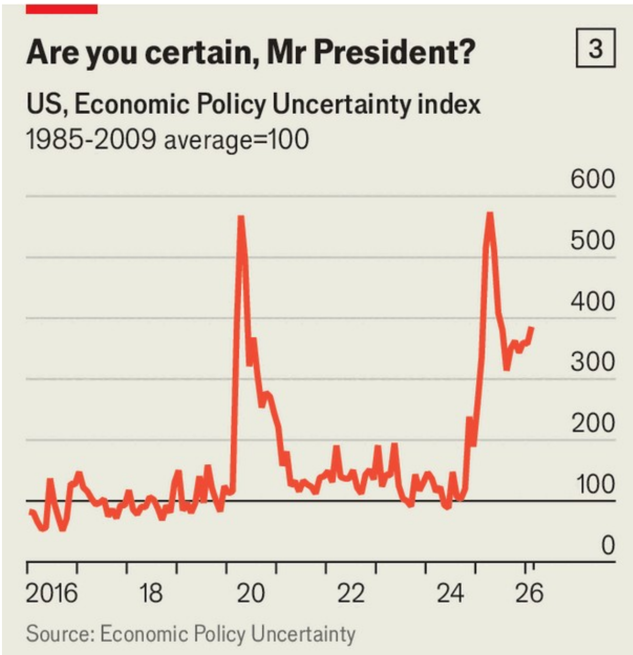
Despite this rising bill, the administration will not make life easy for refund-seekers. It may be hoping that some will be shamed into forgoing claims because they had passed the tariffs on to consumers. Goldman Sachs, a bank, estimates that by the end of last year around 60% of the tariffs' cost was being borne by shoppers through higher prices. Others may prefer not to anger a president who has used the power of his office to go after his perceived enemies in business, law and elsewhere.

Trading partners which have struck deals with America, offering concessions to secure lower tariff rates and Mr Trump's grace, face a similar dilemma. Because Section 122 must be applied indiscriminately, trade partners clobbered by IEEPA, like China and Brazil, come out ahead (see chart 2). Those which negotiated better terms, like Britain and the European Union, are up in arms. Some are likely to stay quiet. Others won't. "A deal is a deal," declared the European Commission in a statement after Mr Trump said he would raise the levies from 10% to 15%.

Everyone will await more legal wrangling. Rick Woldenberg, the toymaker whose company, Learning Resources, was the lead plaintiff in the IEEPA case, is scathing about the White House's response. "I wonder what process the US government went through between dinner on Friday and breakfast on Saturday to determine that 10% would not solve the national emergency they discovered. It's a sham," he fumes. "That's $100bn of tax that is highly questionable."

Like IEEPA, Section 122 is an untested instrument from the disco era. It applies in the event of "fundamental international payments problems", such as "large and serious" balance-of-payments deficits or "an imminent and significant" depreciation of the dollar. The dollar has indeed weakened in the past year—but partly as a result of Mr Trump's tariffs, so using its slide to justify their reimposition seems like a stretch. And the decline is anyway within historical norms. The administration has more wriggle room with the hazier concept of balance-of-payments deficits. This was a bigger concern when the world was moving away from fixed exchange rates in the 1970s. Still, the courts may defer to the executive branch on what constitutes a crisis.

There is another reason for trade partners and companies to hold their breath. Section 122 tariffs expire after 150 days unless Congress agrees to extend them. This looks like a nonstarter with the midterm elections around the corner in November. So when this authority lapses, Mr Trump will try to recreate it using other tools, notably Section 301 of the Trade Act of 1974 and Section 232 of the Trade Expansion Act of 1962. These allow for country- and sector-specific tariffs, like those levied against China during his first term or on steel and aluminium imports more recently, and stand on firmer legal ground. Both also require formal investigations to be launched before tariffs are levied, making them cumbersome to use. If the administration's probes look frivolous, that will invite more lawsuits.



Mr Trump is hoping that his relentless pursuit of tariffs will persuade companies to build factories in America. But that is complicated, expensive and makes little sense in uncertain times like these. Much easier to hire trade lawyers to constantly optimise customs arrangements and redefine the origin of goods. The "first sale" rule, for instance, lets importers pay duties on the price charged by the original manufacturer rather than the middleman. "Duty drawback" rules allow companies to offset tariffs against equivalent goods that they then export. Goods can be shuffled around cross-border supply chains to alter the legal country of origin. Mark Truchan of PwC, an accounting and tax-advisory firm, says that such strategies could save firms between 10% and 50% of their tariff bill.

All this constitutes a less-than-ideal mix for the American economy. The tariff refunds, which would flow straight to businesses' bottom lines, and marginally lower tariffs, which amount to a tax cut, may add up to a stimulus worth 0.7% of GDP. They come alongside separate tax refunds courtesy of Mr Trump's One Big Beautiful Bill Act, passed last year. Some of this stimulus will, though, be offset by the uncertainty that keeps importers guessing and deters firms from hiring and investing. Trade lawyers will stay busy. Everyone else will just be exhausted. ■

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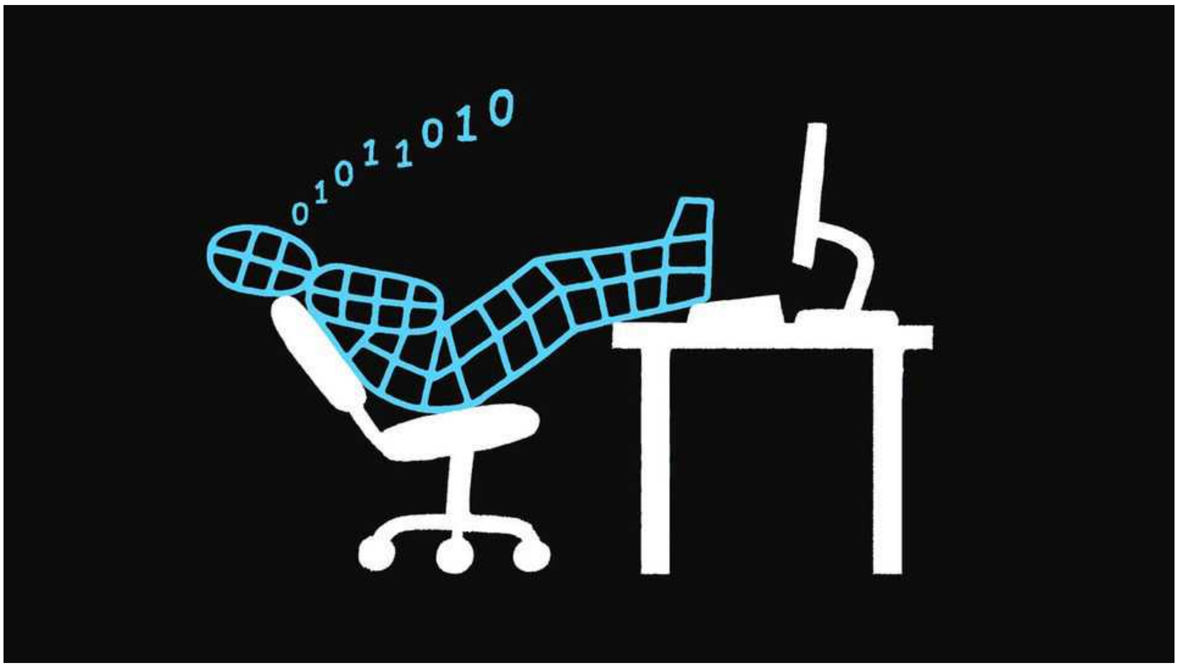
Finance & economics | Solow, the sequel

The AI productivity boom is not here (yet)

Artificial intelligence is improving fast. Its effect on output, not so much

February 26th 2026



Artificial intelligence is advancing at startling speed. The latest models can now complete complex, time-eating tasks with little human supervision. This month one of OpenAI's models helped derive a new result in theoretical physics. No wonder an essay declaring that "Something Big is Happening" and, in recent days, a blog post of a similar tenor, have gone viral.

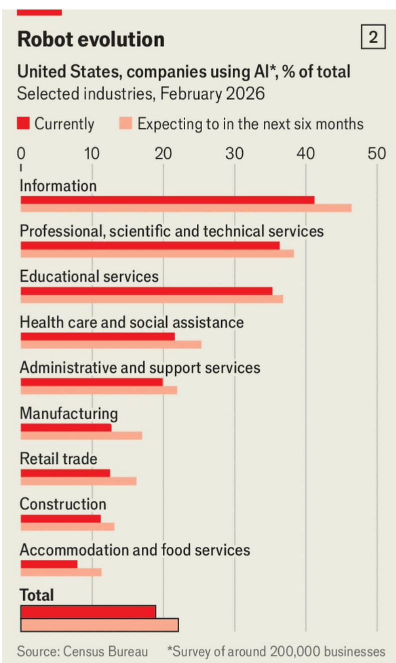
Is something big happening to the economy, too? Scott Bessent, America's treasury secretary, predicted last year that AI would soon start "biting"—by which he meant lead to noticeable improvements in productivity. Kevin Warsh, President Donald Trump's nominee to lead the Federal Reserve, is counting on an AI-driven productivity boom to help tame inflation.

A puzzle in America’s macroeconomic data appears, at first glance, to suggest that Messrs Bessent and Warsh are right. The economy grew by a brisk 2.2% in 2025, according to data released on February 20th. Yet hiring slowed sharply over the same period. Employers added only about 15,000 jobs a month on average—equivalent to annual employment growth of just 0.1%. This combination suggests that each worker is generating more output.

The evidence of substantial, AI-fuelled productivity gains, however, is thin. Real GDP grew at an annualised rate of just 1.4% in the fourth quarter of 2025 (though a government shutdown was partly to blame). And the recent gap between growth in output and employment is not especially unusual. Since 1950 it has been at least two percentage points in nearly one-third of years. Although official figures have yet to be released, an estimate based on real GDP growth and aggregate hours worked suggests productivity growth of about 1.9% in 2025. That would be just below the long-run average of 2% or so and far short of the improvements made during the internet boom of the 1990s and 2000s (see chart 1).

Moreover, the gap between output and employment growth could be caused by many factors. Much of America’s recent GDP growth reflects a surge in investment, chiefly in AI infrastructure. Jason Furman of Harvard University estimates that some 90% of GDP growth in the first half of 2025 came from spending on data centres and related capital investments (though such calculations do not deduct imported capital goods, such as chips). Measures that adjust for investment-driven output tell a similar story: research from the Federal Reserve Bank of San Francisco finds that underlying productivity gains, once the effect of such investment is excluded, are close to zero. Dynamics in the jobs market point in the same direction. Tighter immigration policy has reduced labour-force growth, lifting average productivity by removing many workers in relatively low-productivity sectors like farming and construction. A sharp decline in temporary employment has had a similar effect.

How would economists know if AI contributed to higher productivity? Broadly, they need to examine three things: how widely the technology is adopted, how intensively it is used and how much it boosts output when applied to individual tasks.



Adoption is starting to rise (see chart 2). A tracker by Alex Bick of the Federal Reserve Bank of St Louis and colleagues estimates that 41% of American workers used generative AI at work in November 2025, up from 31% a year earlier. Other surveys have reached similar conclusions. Jon

Hartley of Stanford University and his colleagues estimate that usage rates rose from roughly 30% at the end of 2024 to 36% a year later.

Yet adoption alone says little about how AI influences productivity. Intensity of use also matters. Mr Bick found that only about 13% of working-age adults use it every day. The share of total work hours involving generative AI remains small, having risen from 4.1% in late 2024 to just 5.7% by mid-2025. Most usage consists of discrete tasks rather than wholesale automation. OpenAI's data suggest its models are mostly used in workplaces for writing assistance and information queries. Anthropic's Claude is used mainly to help people write computer code.

When AI is used, the benefits can be large. In 2023 Shakked Noy and Whitney Zhang of the Massachusetts Institute of Technology found that using ChatGPT reduces completion times for writing tasks by nearly 40%. In a study of consultants at the Boston Consulting Group, Fabrizio Dell'Acqua of Harvard Business School and his co-authors found AI-driven productivity improvements of 12–25% on realistic professional tasks. A broader review by Maria del Rio-Chanona of University College London and her colleagues reports average productivity gains of 15–30% in real-world settings.

Taking all three factors into account, a back-of-the-envelope calculation suggests AI has so far made only a modest impact on productivity. Combine the increase in working hours spent using generative AI with how much it improves efficiency, and you get a boost of about 0.25-0.5 percentage points to productivity growth over the past year. This calculation is almost certainly too generous. It assumes that all time saved is redeployed productively, and that workers neither shirk nor produce lower-value output. Early evidence points to a messier reality. Some studies suggest workers spend more total time working when using AI, others that the technology is sometimes used to generate low-quality "slop" that requires editing or verification.

All this signals a deeper flaw in the argument that AI is powering a productivity boom. Such improvements are usually made not just when workers use a new tool more often, but also when firms reorganise production around it. Early factories became only a bit more efficient when steam engines were replaced with electric motors; the real revolution came decades later after floor plans were redesigned to make the most of electric power. More recently, productivity growth was a disappointment for years after personal computers became widespread. It sped up only once firms adopted business models that exploited the technology to its full potential. Much of America's productivity revival in the 1990s came not from Silicon Valley but from retail, where computers transformed logistics and inventory management.

There is little sign that AI has reached a similar stage. A recent study by Ivan Yotzov of the Bank of England and others found that executives spend only about one and a half hours a week using AI. Nine out of ten senior managers see no measurable improvement in labour productivity. The organisational rewiring, in other words, has barely begun. Something big may indeed be happening with AI itself. For now, it remains largely invisible in the macroeconomic data. ■

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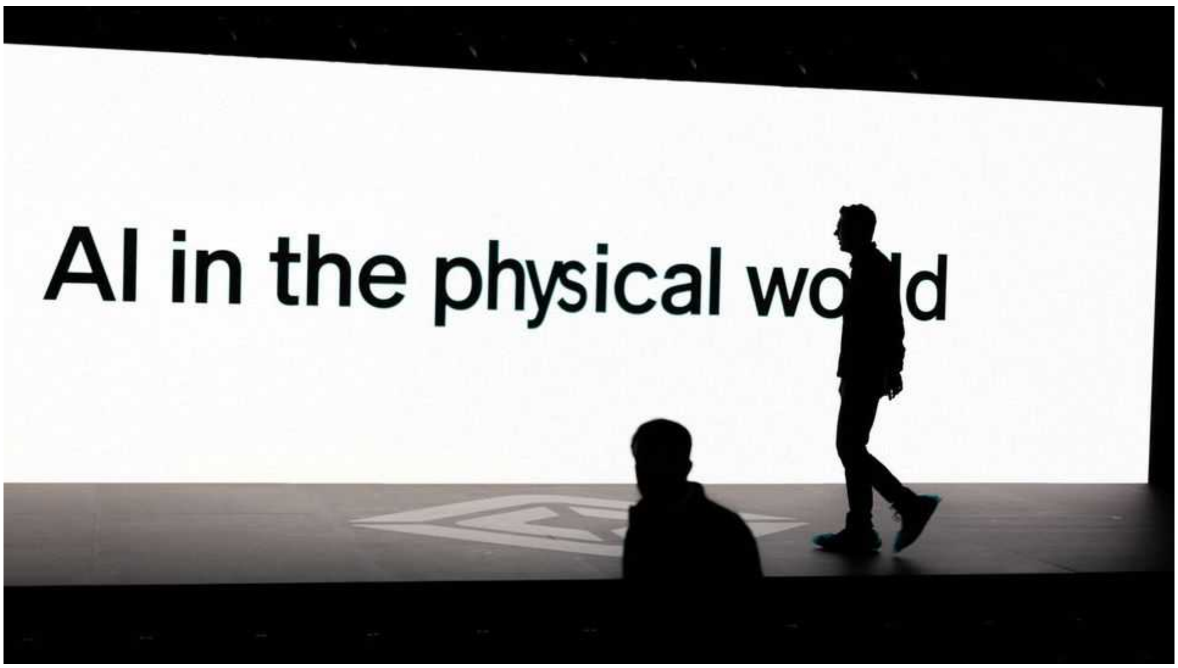
Finance & economics | The Citrini effect

A viral research note on AI gets its economics wrong

Too much of a good thing

February 26th 2026



AS STOCKS wobbled in the last week of February, some found a cause in a note by Citrini Research, a firm of equity analysts. It imagined a world in 2028 in which artificial intelligence had rendered a lot of white-collar work obsolete—along with firms from American Express to DoorDash and much of the software industry. The note went viral. But its economics are shaky.

In Citrini's near future, output keeps growing, "driven by AI agents that don't sleep, take sick days or require health insurance", while consumer spending collapses: workers have no jobs and no incomes to spend. "Economic pundits popularised the phrase 'Ghost GDP': output that shows up in the national accounts but never circulates through the real economy."

Economists have been here before. In the early 19th century David Ricardo, a financier, and Thomas Malthus, a clergyman, debated the possibility of a "general glut". Grain prices were falling and industrial output surging, but workers were visibly unemployed. A surge in output was seemingly matched by an absence of spending power. There was too much of everything all at once.

Ricardo thought such a thing impossible. It violated Say's Law, that "production creates its own demand". How does a farmer buy textiles? He produces food and swaps it: real output is the income with which to buy something else. Only a "partial glut" was possible. One sector (say software today) might produce so much that its prices collapse and its workers lose jobs, but that should allow another to purchase more. Some people and firms lose and others win, but that is the nature of economic disruption.

Yet economy-wide recessions do happen. Later economists, such as John Maynard Keynes, pointed out that money could get in the way. Production and consumption do not have to be simultaneous: a firm can make something, sell it and then hold on to the cash. A general glut was therefore possible. Perhaps this time the owners of AI companies will simply sit on the cash their bots generate. But that would be deflationary, rather than lead to the surge in nominal GDP Citrini predicts. Unemployment would indeed rise, but GDP would fall.

Is this a plausible future? It doesn't look that way. If anything AI companies are desperate to redeploy cash to build more data centres, not to hoard it, even though big productivity gains are elusive so far. Many investors worry that ai companies will run out of funding. And policymakers have tools of stimulus—interest-rate cuts, bond-buying and handouts—with which to fight demand slumps. It is unlikely that an AI take-off would bring about an economy that lacks spending.■

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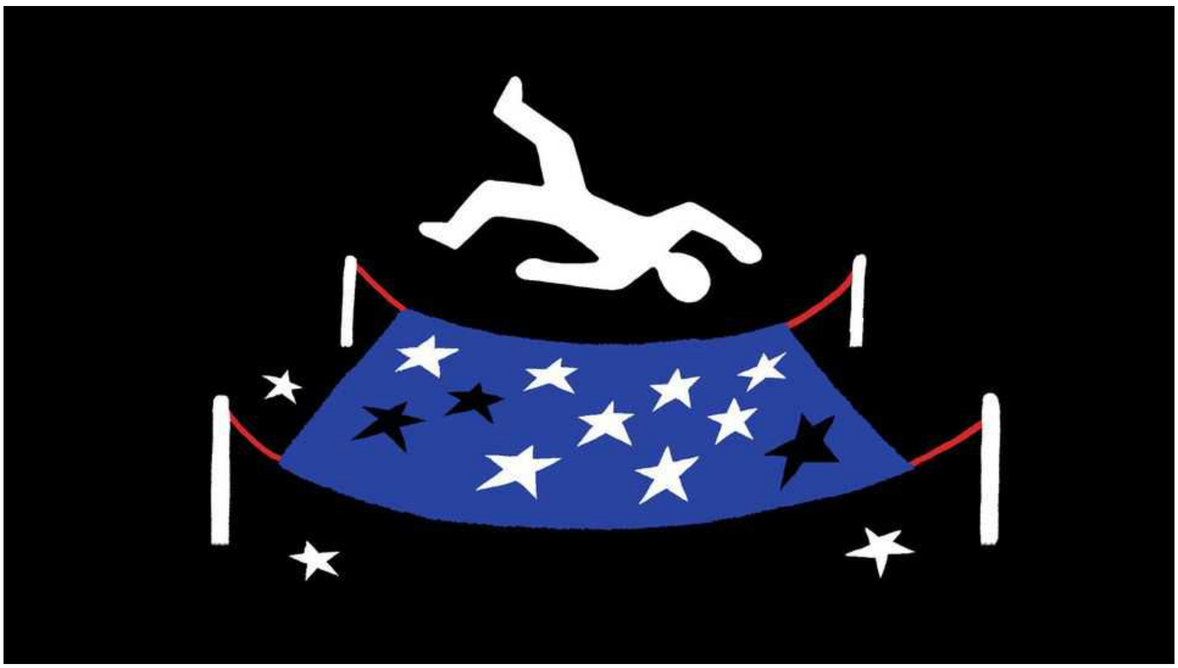
Finance & economics | Social surprise

America’s welfare state is more European than you think

State-level policies are making up for stingy federal provision

February 26th 2026



IMAGINE A hard-up family. The mother has given birth to her second child. The government paid for her prenatal care, the birth and her newborn’s medical expenses. She will get four-fifths of her wages during five months of maternity leave and her husband will take three paid months off, both under a government scheme. Later they can count on subsidised child care and child tax credits. By the time her infant son is off to nursery her daughter will be three and can enroll in state-funded pre-kindergarten. Either parent losing their job would be bad, of course, but not catastrophic: unemployment benefits would replace much of their wages for a while. If things got really dire, they could get food assistance.

It all sounds like France or Germany—certainly not America, with its low taxes and skimpy social programmes. It is in fact available to families earning around $50,000 a year in Massachusetts. More than a dozen other states, including big ones like California and New York, also offer citizens a European-style bargain of higher taxes and generous welfare. Welcome to the welfare states of America.

When William Beveridge invented the welfare state in Britain in the 1940s, he sought to slay the "five giants": want, disease, ignorance, squalor and idleness. He devised a safety-net of child allowances, maternity leave, unemployment insurance, disability payments, universal health care and old-age pensions. In contrast to other Western democracies, America's federal government is wholly responsible only for state pensions (Social Security) and health care for the elderly (Medicare). It contributes to child tax credits (a lot), plus health care for the poor and food assistance (a fair bit, through Medicaid and SNAP, respectively). On maternity leave it is, well, mum.

As a result, provision of services varies greatly from state to state, as do citizens' tax bills. A poor single mother in munificent Minnesota would receive around $10,000 in cash and food subsidies—twice what she would get in Arkansas. Half of all births in New York are paid for by Medicaid, compared with just a third in Wyoming. The weekly unemployment benefit offered in Massachusetts is roughly six times as generous as in New Jersey. The tax burden—including state and federal taxes—borne by New Yorkers is around 33% of state GDP (see chart 1), a level far closer to Britain or Canada than to the slender 23% of GDP handed over by Texans or Georgians.

America's welfare states often withdraw support sooner than in Europe. After a year on the dole a Californian will get less than 10% of their typical wage, compared with an average of nearly 40% in the OECD club of mostly rich countries. Basic paid family leave in the 13 states that mandate it lasts about 12 weeks. Even topped up with another 6-12 weeks, as the most generous states allow, that is far less than the 50 or so weeks common in Europe.

But while they last, some of the schemes are as generous as European ones. In the first few months after losing their job, Americans get benefits worth over half their wages, leaving them better off than laid-off Austrians, Finns or Brits. Because American paid-leave programmes replace a bigger share of mothers' wages, the equivalent number of fully paid weeks available to mothers is similar to that in other rich countries (see chart 2). By this measure, New Jersey's support is about as cushy as France's, Massachusetts is close to Britain and California beats Australia.

States are learning from successful experiments in other "laboratories of democracy", just as fans of federalism have long envisaged. Studies of California's paid-leave scheme found that it improved breastfeeding rates, led to more infants getting vaccines and fewer ending up in hospital, and even lowered the number of children living in poverty. It also appears not to damage women's labour-market trajectories or hurt their employers' profits.

Later adopters also learned from California's mistakes. For instance, California initially set wage-replacement rates so low that poor families could not afford to forgo work, notes Maya Rossin-Slater of Stanford University. They were raised permanently only last year. One lesson for other states was thus to offer generous reimbursement from the start, especially for low-wage workers.

California's scheme is not being copied solely because it works. Many states are emulating it because they are fed up waiting for a federal solution from a gridlocked Congress. This is an understandable impulse. But it also creates problems. For one thing, in an age of national politics, with regional newspapers in decline, voters pay little attention to what happens at state level. One in three cannot name their governor, according to polls. This means less democratic accountability and more room for graft and fraud. Minnesota may have lost up to several billion dollars to scams involving covid-19 relief and Medicaid.

Citizens' lack of awareness also means take-up is lower than it could be—and overall outcomes less beneficial. Some six years after California introduced paid leave, half of workers had not heard of it. Participation has risen slowly and is still far from universal, says Ms Rossin-Slater. A lot depends on an employer's goodwill. When she looked at firms which offered similar jobs and paid similar wages, she found lots of variation in adoption.

State programmes have one other big drawback. Because all states bar tiny Vermont are required by law to balance their budgets, they can struggle to maintain generous spending on safety-nets during economic downturns, when tax revenues plummet. Yet that is precisely when their citizens' lot is at its most precarious. This leaves states at the mercy of the federal government. Amid deep recessions Uncle Sam does bring succour: covid-19 stimulus packages provided lots of extra money to states, in part to top up unemployment benefits. But such relief is often temporary, leaving states in a bind once it has gone. If states exploit the largesse to cut income taxes, as many did during the pandemic, the bind is all the more agonising.

None of this seems to be dissuading states from turning more European. The number offering paid family leave, for example, has quadrupled since 2017, when just three did. Around a third of Americans—114m people—now live in states with such support. In the past five years another nine have introduced voluntary paid-leave schemes for employers. They include unprogressive places like Florida and Texas. New mothers in Paris, Texas, do not have it as good as their counterparts in the French capital. But they are no longer oceans apart. ■

Finance & economics | The capital exception

Protectionists dislike trade and migration. And capital flows?

The amount of money crossing borders has flattened off—but not because of capital controls

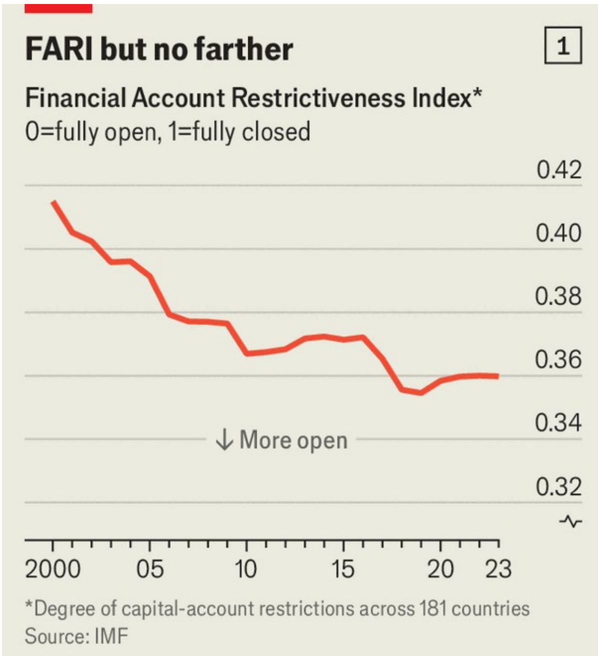
February 26th 2026

GLOBALISATION HAS had a tough decade. Tariffs and export controls have impeded the flow of goods. Immigrant-bashing politicians have discouraged the flow of people. What about the movement of capital? It is controversial, even among economists. They fear that, unfettered, it can amplify speculation, distort exchange rates and expose countries to mismatches between local assets and dollar liabilities. Even in America, which imports more capital than any other country, influential thinkers have contemplated taxing bond purchases by foreigners to keep the dollar competitive. In this era of nationalism, has capital become less cosmopolitan?

One way to answer the question is to add up all the foreign assets of the world's economies. These reached $227trn in 2024, according to Gian Maria Milesi-Ferretti of the Brookings Institution, a think-tank, and his colleagues. That was equivalent to 204% of global GDP, compared with 201% in 2007. By this yardstick, the globalisation of capital has stagnated like that of trade. But it is what economists call a de facto measure of openness, capturing outcomes rather than instruments or intentions. Factors besides capital controls shape the flow of money across borders, just as factors besides tariffs dictate the volume of trade.

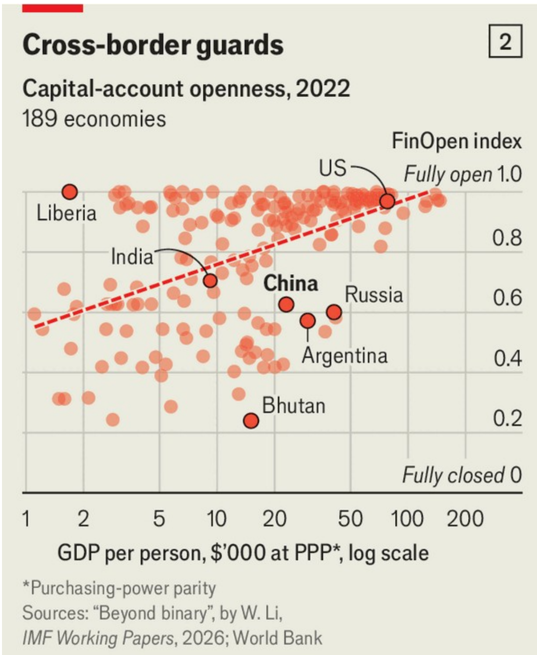
So have the fetters been tightened or loosened? Measuring trade barriers is hard because they take many guises: tariffs, quotas, tariff-rate quotas, plus things like safety standards. Measuring capital controls faces similar difficulties. Undeterred, economists affiliated with the IMF have come up with some new yardsticks.

All are based on one of the fund's oldest publications, the Annual Report on Exchange Arrangements and Exchange Restrictions, a sizzling read since 1950. It divides transactions into dozens of subcategories, asking if foreigners can freely buy the country's bonds, if residents can open foreign-currency bank accounts, if exporters must surrender dollar earnings to the government, and so on. The first gauge, the Financial Account Restrictiveness Index (FARI), developed by Chikako Baba and her co-authors, simply reports the fraction of subcategories that face some restriction.



It shows that capital controls receded between 1999 and the early 2010s, when the European sovereign-debt crisis rocked some previously open economies. Countries like Cyprus capped deposit withdrawals. Emerging ones like Costa Rica decried inflows of “hot money”. As emergency measures were lifted, worldwide curbs fell again from 2016 to 2019, even as populist nationalism was on the march (see chart 1). Lately controls have staged a modest comeback: 41 countries have increased the breadth of their restrictions since 2019. Russia tightened controls after it invaded Ukraine. Argentina reimposed el cepo (the clamp) to stem a currency crisis.

FARI is simple and objective, so the IMF can update it regularly and release it freely. A second index, developed by Wenjie Li, another IMF economist, uses a dash of judgment to rate the intensity of controls on a five-point scale. Going by this FinOpen index, Bhutan had the most closed capital account in the world in 2022 (the latest year available). Entirely open economies ranged from rich financial havens (Andorra and Panama) to Liberia, a desperately poor country that lives up to its name in its treatment of foreign capital.



The two biggest emerging economies, India and China, are less open than average (see chart 2)—and less than expected for their level of development. Only four economies are both richer than China and less open: Argentina, Aruba, the Bahamas and Russia. None is an obvious economic soulmate.

India and China are also among the most active tinkerers with controls. According to Ms Baba and colleagues, China has made over 150 tweaks since 1999 and India more than 300, second only to Argentina. Most of these fiddles have withdrawn restrictions. Thus two of the world's biggest economies remain gradual globalisers. They are less open than most, but more open than they were.

This could produce a paradox. Measures of financial openness that reflect economic scale may level off not because economies are becoming less open, but because less open economies are becoming a bigger chunk of the world economy. Is capital becoming less globalised? De facto, maybe. In truth, no. ■

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Finance & economics | Buttonwood

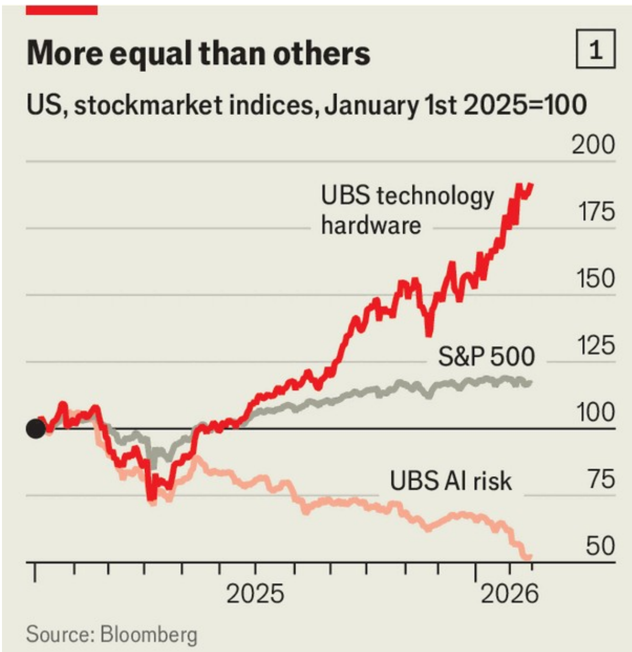
Markets are churning furiously beneath the surface

AI is prompting investors to reassess every business model under the sun

February 26th 2026

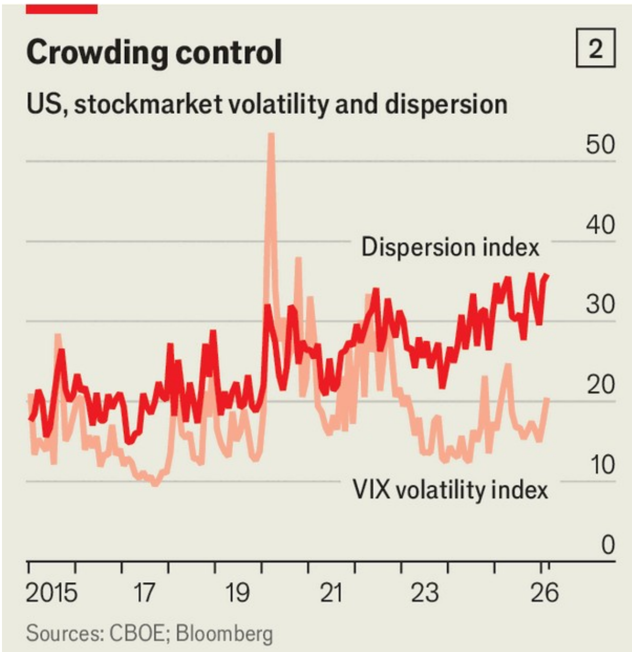
INVESTORs WAKING from a stupor that began on New Year's Eve might question whether they had missed anything. For all the recent geopolitical drama, the S&P 500 share index of big American firms sits almost exactly where it did at the end of 2025: just shy of a record high. Beneath the surface, however, the churn in America's financial markets has been furious. A panic about what artificial intelligence will do to business models has prompted software firms' stock prices to tumble: they are a third below a recent peak last year. On February 23rd IBM's slumped by 13%, owing to vague worries about what AI means for the tech veteran.

It is not just software companies that investors worry will be disrupted by the rise of AI agents and "vibe coding". Waves of share-price volatility have rippled through sectors as varied as logistics and commercial real estate. After a blog post on February 22nd by a research firm imagined a future in which AI produces widespread lay-offs without lifting productivity, the shares fell in some firms it mentioned, such as American Express (in finance) and Door Dash (in food delivery).



So far the losers' losses have been offset by winners' gains. Investors have clamoured for "HALO" stocks (heavy assets, low obsolescence): energy and commodities firms, sturdy utilities and sellers of consumer staples. Tech companies making the hardware that powers AI have boomed (see chart 1). The share price of Sandisk, which makes memory chips, has more than doubled this year. The fragile balance between winners and losers is not guaranteed to hold, since investors still know little about how AI will eventually reshape businesses.

You can gauge the extent of the turmoil in a few ways. One is to look at [the stockmarket's] dispersion—expected differences in movements of individual stocks, measured by the price of options. It is higher today than it has been for 98% of the time in the past decade (see chart 2). This measure tends to jump when investors are rapidly pricing in new economic realities. Usually, that involves the headline equity index soaring or plunging, as when the covid-19 lockdowns began in March 2020 or as tariffs sowed panic last April.



Investors' reassessment is evident in debt markets, too. Last summer risky bonds issued by American tech firms yielded some three percentage points more than Treasuries—about the same spread as for "junk" bonds more broadly, regardless of the issuer's sector. Today investors are demanding more compensation from tech borrowers. Their bonds yield five percentage points more than Treasuries—a similar spread to that during the tariff panic (see chart 3). The rest of the market has barely budged.

The consequences in markets for leveraged loans and private credit, which are heavily exposed to tech and business-services firms, are likely to be more severe. Matthew Mish of UBS, a bank, thinks defaults on such debt could jump by 2.5 and 4 percentage points, respectively, by late 2026. If disruption is more severe, the rise in defaults would be twice as large. Private-credit investors are already taking fright. Many big funds faced outflows in late 2025. On February 18th Blue Owl permanently restricted redemptions from its fund for retail investors, to give it time to sell assets. The share prices of several listed private-investment giants, such as Ares, Blackstone and KKR, have sunk.

It seems unlikely that things will calm down soon. Novel applications of AI are bound to emerge, so investors will have to continually update their views of which business models will be disrupted and how severely. And if AI turns out to be far less revolutionary than many now believe, that would hammer the share prices of some of the world's biggest firms, such as Nvidia. Roiling markets could in turn hinder the development of AI. "If losses spike too quickly and to sufficiently high levels in loan markets, the tightening in credit and financial conditions could be severe," Mr Mish points out. If firms find it harder to borrow, they will build the infrastructure needed for AI more slowly.

Investors with broad equity exposure, meanwhile, might see their luck run out. The firms that make the most money from AI could end up being unlisted ones, such as Anthropic or OpenAI. Moreover, no rule specifies that every losing sector must be perfectly balanced by a winning one. With investors reassessing every business model under the sun, do not bet on the stockmarket staying calm on the surface either. ■

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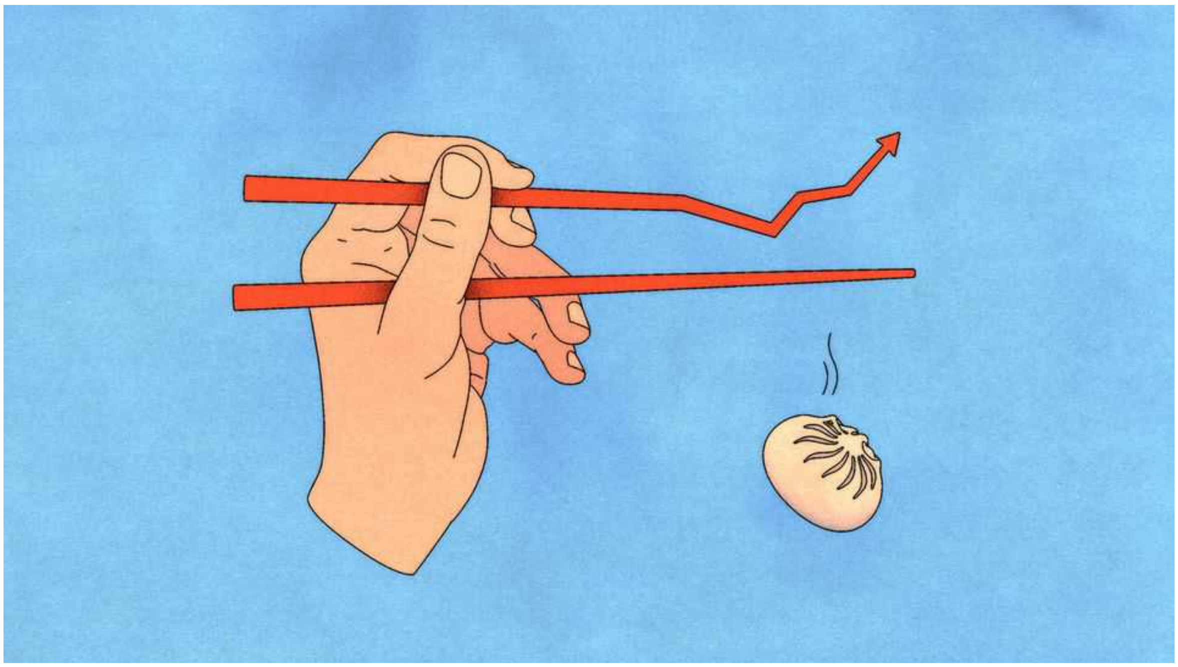
Finance & economics | Free Exchange

Why Chinese people spend so much on food

A 21st-century test of a 19th-century observation

February 26th 2026



During the Spring Festival holiday, which this year lasted from February 15th to 23rd, China regroups and regathers. People cross the country on fast trains to join their families, watch dancing robots on TV and hand out red packets of crisp banknotes to younger relatives. But above all, they gather to eat. In a café in Fuzhou, a southern city, locals and tourists ate cheesecake and drank kombucha. One customer ordered wontons wrapped in "swallow skin" sheets, which mash together sweet-potato starch and pounded pork. "I really like eating," said Yu Huan, another customer, who works in fashion in Shanghai. "It's one of the ways I obtain happiness."

This year the National Bureau of Statistics (NBS) got into the spirit of things by revealing, for the first time, exactly how much Chinese consumers spend on food. The number emerged from a revision of the consumer-price index. The new weights imply that food (excluding dining out, booze and tobacco, with which it is often mashed together) accounted for 17.2% of household consumption last year. The equivalent figure for America was less than 8%.

These percentages confirm China's passion for food. But they also have a less comforting implication. China may be far ahead of America in dancing robots and high-speed trains, but it still lags far behind on one of the oldest measures of economic development: Engel's law. It states that as their income increases, people devote a smaller share of it to sustenance. This regularity, discovered almost 170 years ago by Ernst Engel, a German economist, is one of the "most enduring relationships in economics", according to Richard Anker of the University of Massachusetts, Amherst. It can be used to predict food spending. But it can also be used in reverse, to infer incomes. Other things being equal, Engel declared, the share of outlays devoted to food is "the best measure of the material standard of living of a population".

Engel discovered his measure in data painstakingly collected by others. Edouard Ducpétiaux, a Belgian jurist, tabulated the budgets of 199 households across all nine provinces of his country in the 1850s. Frédéric Le Play, a pioneering sociologist, gleaned similar figures from 36 families across Europe, gaining their confidence through praise, small gifts and "interesting conversation".

Ducpétiaux and Le Play had "delivered the pearls", admitted Engel, "but not the string". What tied the data together was the consistent relationship between dosh and nosh that he spotted. Reviewing the law 150 years later, Mr Anker found the link was still easy to discern across over 200 countries. Even China's NBS takes it seriously. "The Engel coefficient", it said last year, is an "important indicator for measuring the standard of living of residents".

Several economists trust this measure more than they trust China's official income figures. In 2014 Emi Nakamura and Jón Steinsson of the University of California, Berkeley, and Miao Liu of Boston College used Engel's finding to cast doubt on the country's growth and inflation statistics. They compared households in 2006 with those that reached a similar income two years later. They discovered that the later households were still devoting substantially more of their budgets to food. Perhaps they were not quite as prosperous as the official figures claimed.

Engel's law is also a source of concern for Adam Wolfe of Absolute Strategy Research, a consultancy. He points out that the official Engel coefficient (which includes spending on cigarettes, alcohol and dining out, as well as food) has mysteriously stopped falling, despite China's reported growth. These items accounted for 29.3% of consumption in 2025, the same as eight years before. This "violation" of Engel's law, Mr Wolfe argues, suggests that China has suffered a "severe development setback".

But Engel's law has a wrinkle: dining out. When people eat at a restaurant, café or stall, they are not just buying food. They are also paying for the cooking, washing-up and ambience. Mr Anker once did his own fieldwork to quantify this point. He bought noodles and steamed buns in street markets in Xi'an, a city in western China. He also patronised McDonald's and Outback Steakhouse in Massachusetts. Rather than eat the dishes, he weighed their ingredients, then estimated their cost. He calculated that the Chinese street food cost up to 30% more than a similar meal at home. McDonald's cost 150% more. The steak: 233% extra.

If restaurant meals are included in calculations of Engel's law, the weight of food spending may be overstated. But excluding them poses the opposite danger. Awkwardly, the NBS did not disclose this month how much the Chinese spend on dining out. Nor did it provide a narrower measure of food consumption, excluding dining out, for the years before 2025. That makes it hard to know whether eating out has been propping up the Engel coefficient.

Figures from Wind, a financial-data platform, provide a clue. They show that restaurants and other "catering services" rose from 5% of consumption in 2017 to 7.4% in 2024 (the latest figure available). Such numbers can also be deducted from the official Engel coefficient to arrive at a narrower measure of past food spending. This calculation suggests that food's weight was as high as 20.7% in 2017, well above the 17.2% for 2025 that the NBS has just revealed. In other words, if dining out is subtracted, food's weight in Chinese consumption has continued to fall. The country has not broken Engel's law after all.

In Fuzhou, Ms Yu provides corroboration. She came to visit restaurants not family. She has tried seafood hotpot, peanut soup and local fish balls. “Food makes up the biggest part of my budget,” she confesses. But that’s no economic setback. She is limited less by her wallet than by her stomach. “As one person, I can’t eat that much,” she says. “So that’s why I stayed for five days.” ■

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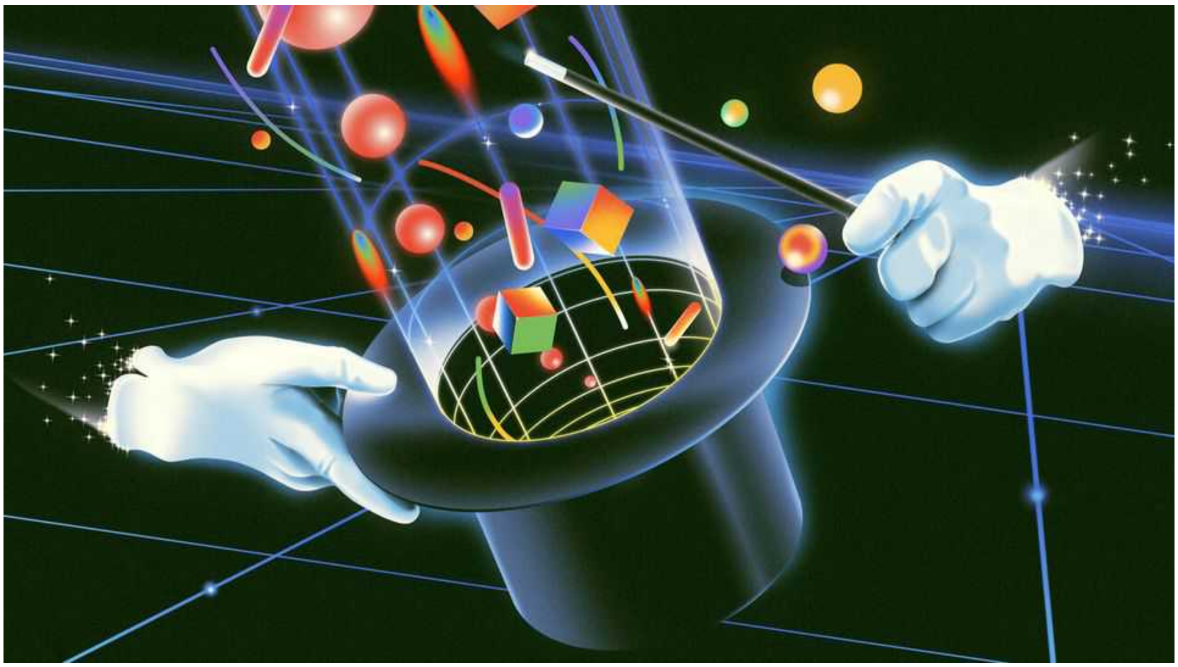
Science & technology

Science & technology | Reality beckons

AI tools are being prepared for the physical world

The race to build world models is on

February 26th 2026



PROJECT GENIE, an experimental artificial-intelligence model released by Google in January, is a jaw-dropping technical achievement. Give the tool a prompt—an image, say, or a brief snippet of text—and it will generate an interactive world for the user to explore. Type in a straightforward request, and the result is a realistic simulation. Start with a painting by Georges Seurat, by contrast, and you can wander through a Sunday in the park in perfect pointillist style.

Project Genie may feel like a video game, but its makers claim it is something much more profound. They call it a "world model", an essential tool to help AI systems make sense of the complex, unpredictable physical spaces into which many will eventually be put to work. The company argues that a future where humanoid robots pop to the shops to pick up ingredients before cooking dinner, or self-driving cars navigate country roads, would not be possible without world models.

The concept dates back to a 1943 book by Kenneth Craik, a Scottish psychologist who suggested that organisms carried a "small-scale model" of the world inside their head, to test hypotheses on before carrying them out in reality. Having some grasp of how the world works is a necessary step before making plans about how to change it. Without one, any living thing would be forced into a purely reactive life—flinching from pain, reaching for food, and little more.

Giving that same ability to AI systems was a promising area of research as far back as the 1990s, before large language models (LLMs) sucked away the world's attention. Now that attention is back.

There are three main approaches being explored to build world models. One natural starting-point is AI video generators. Generating a coherent video depends on simulating a coherent world—if the laws of reality change between frames, the output would be nonsensical. Such rudimentary world models can fill in details of the world beyond what they have been fed: give one a picture of a maze and it will be able to draw a route through it; present it with a photo of hands holding a jar and it will accurately model the movements required to open it.

Project Genie is the culmination of this approach. Its usefulness becomes apparent when one imagines pairing it with a different AI—a robotic shopkeeper, say—that is trying to learn how to operate in the physical world. The billions of hours of training data essential for such a task would be much harder to obtain from the real world than from a model that can simulate the environment. And, if the simulations are accurate enough, the system can use the data to train itself.

But even the most realistic video of the world cannot capture every detail that a person would pick up on. The broken freezer at the back of the shop causing the fresh fish to rot is not caught on camera, for example, nor is the associated smell. Even objects that are not directly visible are beyond it. Generate the contents of one aisle, for example, and the neighbouring ones do not exist for the model until the user enters them. That makes it harder to simulate complex environments, or let multiple users move in the same model.

Another approach to building world models, therefore, seeks to create full 3D environments rather than 2D simulations. Fei Fei Li, a computer scientist at Stanford University, is leading an approach she calls spatial intelligence. In her view, world models must be interactive, multimodal (capable of interpreting prompts) and consistent. Video-based systems can clear the first two hurdles but balk at the third. Project Genie, for instance, runs for a maximum of 60 seconds before its simulations start fraying at the edges.

Dr Li's startup, World Labs, has built a world model called Marble that can create digital versions of 3D worlds which are internally consistent and complete. That means it is possible to, for instance, have several users inside the same world. What's more, spaces are not hallucinated afresh each time the user looks around; instead, they are created in their entirety from the off. World Labs is pitching its product to architects, who could use it to dream up a space and explore it virtually before sending it to a 3D printer.

Yann LeCun, Meta's former chief AI scientist, thinks world models can be built in a different, less literal, way. To him, focusing on real spaces is a distraction. After all, many AIs will have to navigate virtual mazes such as HR systems or legal documents rather than physical spaces such as shops. He believes that giving AIs the tools to consistently model environments of both kinds is an important step towards making them useful. In his view, an AI could use an LLM to interact with such a world model in order to help it carry out tasks, whether in the real world or on a computer.

That approach, called a Joint-Embedding Predictive Architecture (JEPA), would allow an AI to simulate complex features of the real world. Existing world models focus on what is just about to happen, rather than events that might (or might not) happen in the distant future. Humans think ahead all the time: gauging the weather before deciding whether to leave the house with an umbrella; factoring in the risks of being late for an important meeting when choosing which train to catch; and so on. Crucially, these decisions can be made quickly, without needing to visualise every single second of the day. Current world models have no such shortcut.

Dr LeCun has been exploring the potential of a JEPA system since 2022, and in November 2025 he left Meta to work on this problem full time. His startup, Advanced Machine Intelligence, plans to turn his ideas into reality, starting with a partnership with Nabla, a health-tech startup. He says the goal is a system which uses its own world model to work out "what sequence of actions will optimally accomplish a task that I'm setting".

But what if these complicated approaches are superfluous? If existing generative AI systems can already do useful things in the real world, then maybe they already contain some kind of world model within them. That's the view of Ilya Sutskever, an OpenAI cofounder, and many of his former colleagues still at the lab. Training a large language model is, he said in 2023, no more than "learning a world model". Compressing all the information contained on the internet down into a few hundred gigabytes of numbers is possible only if a system "learns" the underlying principles behind that information.

There is some evidence he may be right. In 2023 a language model trained on a list of moves in the game Othello was shown to have reflected the board state within its own neural network—even though it had never seen an Othello board nor been taught the rules of the game. It was a detailed enough representation that the researchers could identify specific parts of the neural network that stored the colour of individual pieces. That meant they could make specific tweaks to change its perception of the game, an unprecedented level of control over an LLM's calculations.

Bigger language models are likely to have more complex world models inside—if only researchers could find them. Anthropic, an AI lab, has been leading research into "interpretability" of its Claude models, finding clusters of artificial neurons that correspond to anything from feelings of guilt to the Golden Gate bridge. And reaching in and changing them, as in the Othello example, causes corresponding changes to the subsequent behaviour of those models. That suggests the systems aren't simply stringing words together: they have a consistent understanding of physical features in the real world, which they draw on to answer questions. It sounds suspiciously like what you would expect from an internal world model.

Not everyone agrees. LLMs, Dr Li argues, are just “wordsmiths in the dark”. Being able to use language to describe the world, she says, does not mean they have a grounded understanding of it. Like a student who has only read about a foreign country, there’s a missing piece of knowledge that can’t be patched with books, she says. Whichever approach will prove most effective, there is little doubt that AI is about to pay the real world a visit. ■

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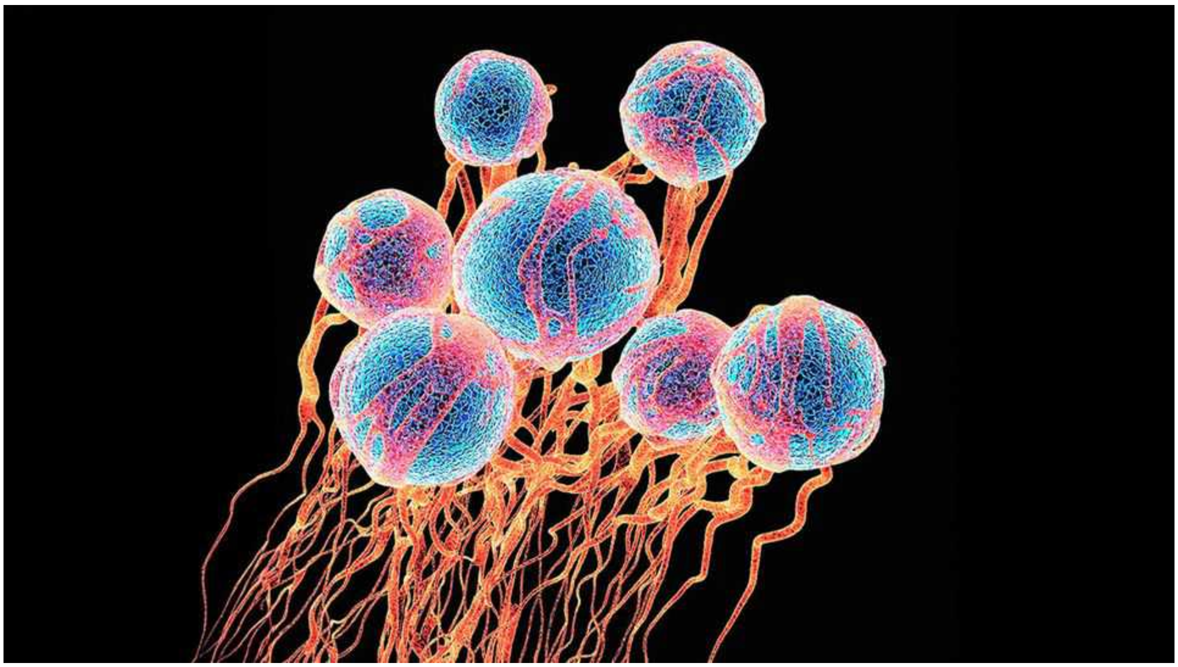
Science & technology | Cancer tests

Will one-stop blood tests for cancer save lives?

They are increasingly popular

February 26th 2026



GRAIL IS AN American biotech company with an ambitious goal: to develop a blood test for the early detection of over 50 types of cancer. It will not be easy. On February 19th the company announced that its test, called Galleri, had fallen at its latest hurdle. Over the course of a three-year trial that involved 142,000 people aged between 50 and 77, half were screened with Galleri in addition to the usual tests recommended for their age. The hope was that it would spot enough early-stage cancers to reduce the number of late-stage cancer diagnoses. It did not.

The news was a big blow for advocates of the technology. But the full results of the trial, expected to be released in May, could paint a more nuanced picture; Galleri may be more useful in spotting certain types of cancer among certain types of people, for instance. At the same time, GRAIL's competitors are busy developing alternative blood tests that may be more sensitive than Galleri. Whether the early detection they promise can lead to improved survival rates remains a contested question.

The principle behind cancer-spotting blood tests is relatively simple. Some, like Galleri, analyse DNA fragments shed by cancer cells, whereas others look for proteins or metabolites that those cells produce. Cancerguard, a rival test developed by Exact Sciences, an American company, combines multiple approaches.

Galleri, which has been on the market since 2021, has been the most widely used—and studied—of these tests. Its potential was on full display in October 2025, when GRAIL announced the results from a trial with 23,000 people aged 50 or older. Galleri spotted around 40% of the cancers that were diagnosed over the next year (of which half were early-stage) and usually identified the right part of the body. At the same time, it missed 60% of cancers and generated plenty of needless scares. It threw up a cancer "signal" in about 1 in 107 participants, and roughly two in five of those alarms proved to be wrong.

The company's other trials suggest a more optimistic interpretation of these results: that patients were simply not followed for long enough after they were tested. In a trial of 6,000 patients in England who were referred for various cancer investigations because of worrying symptoms, a third of presumed false alarms were diagnosed with cancer when they were followed for an additional 15 months. This suggests the test was detecting some cancers before they were advanced enough to be spotted by standard methods.

Another challenge facing test designers is that early detection may not necessarily save lives. A crucial factor, and something that is still unknown about the new multi-cancer tests, is whether they predominantly spot tumours that need treatment, rather than the slow-growing, harmless type that is best left alone.

Some prostate cancers, for example, would kill the men who have them only if they live well beyond the age of 100. Finding such harmless cases on tests and scans—whether by accident or through routine screening—is the bane of cancer medicine. Doctors cannot always say with certainty which are in that category, so usually treat them, just in case, with surgery, radiation and so on.

In November 2025, the expert committee that reviews evidence on screening tests for England's National Health Service (NHS), recommended against universal use of PSA, a blood test for prostate cancer. For every two lives extended thanks to the test, the committee found, around 20 men are likely to be overdiagnosed with harmless tumours and 12 will undergo treatment of a type that often results in harms such as impotence or incontinence (to say nothing about the unnecessary anxiety). Instead, the PSA test was recommended only for men at high risk, such as those with a mutation in the BRCA gene.

Another complication is that, for reasons not well understood, some cancers are more lethal than others even if found early. A trial of a blood test for ovarian cancer called CA125, conducted by England's NHS from 2001 to 2011, showed how this can play out. Even though the blood test spotted more early cases, the lethality of the cancer meant it did not save lives.

According to GRAIL, this month's findings suggested a "favourable trend" in the results for some types of cancer later in the trial. If that holds up, the balance of harms and benefits associated with using Galleri is likely to be different for each of the cancers it looks for. That makes the administration of the test a decision to be taken carefully. There are additional dilemmas, too: patients with a fatal cancer may not benefit from an earlier diagnosis, but such knowledge could help researchers improve their knowledge of early-stage cancers.

That will not be the end of the story. "GRAIL's technology is somewhat outdated now," says Anna Schuh, who leads molecular diagnostics research at Oxford University's Department of Oncology. Galleri examines fragments of DNA in the blood for signs that chemical tags have been added to them, altering which genes are switched on and off, a process known as methylation. Galleri's way of doing so destroys most of the DNA, limiting what can be gleaned from a sample.

Scientific advances reported by several academic groups in the past three years, however, may soon lead to more sophisticated and powerful tests, says Dr Schuh. In addition to using less destructive ways to identify methylation, some new methods scan the entire genome for cancerous changes in the DNA code. New tests also analyse patterns in the physical features of DNA fragments that may hold clues about the presence of cancer. Such multi-pronged approaches, supported by artificial intelligence tools to assist with data analysis, hold promise. If they can be turned into reliable tests, they may well help identify which cancers need prompt action and which do not. ■

Science & technology | Signs of the times

Marks left by Stone Age humans were surprisingly complex

Their information density rivals the immediate predecessors of writing

February 26th 2026

A SYSTEM OF caves in the Swabian Jura, a mountain range in what is now southwest Germany, offers archaeologists a window onto the life of the first anatomically modern Europeans. Between 43,000 and 34,000 years ago, the inhabitants of these caves created a cornucopia of artefacts: specialised tools and jewellery; figurative art; flutes whittled from bone and ivory; and miniature figurines of megafauna both real and imagined. Many of these artefacts are adorned with what archaeologists call “signs”—geometric markings such as dots, lines, crosses and stars—the meaning and purpose of which remain unknown.

Christian Bentz, a linguist at Saarland University, and Ewa Dutkiewicz, an archaeologist at the Museum of Prehistory and Early History in Berlin, aimed to bring some clarity to the matter. In a paper published in PNAS, they reveal not only that these ancient carvings were applied in an intentional, systematic manner but that they were complex enough to have the potential to convey information. What's more, say the authors, they are as information-dense as the system of marks that closely preceded the advent of writing some 5,000 years ago.

To reach their conclusions, the researchers digitised sign sequences made on 260 artefacts recovered from the Swabian caves. They then used a combination of linguistic and machine-learning tools to extract a statistical fingerprint for the signs. This captured not only basic features such as how often a given sign was repeated, but also how reliably certain patterns of signs recurred.

So that the signs could be compared with other marking systems, the researchers also ran their tools on a database of 89 modern languages in 16 scripts as well as examples from three eras of proto-cuneiform script, a system that originated in Mesopotamia around 3,300BC. Proto-cuneiform script holds a special status in humanity's history as it would eventually evolve into cuneiform, the first known form of writing (defined by linguists as the use of marks to represent speech).

Drs Bentz and Dutkiewicz found that the sign sequences from the caves bear no resemblance to modern writing. Unlike the latter, they exhibit a high degree of repetition and a low information density. The sign sequences are, therefore, unlikely to represent the languages spoken by the humans who made them. But there was a twist. The researchers also found that the signs' statistical fingerprint significantly overlaps with that of the earliest proto-cuneiform scripts. Moreover, the similarity between them is greater than that between the latter and modern writing. The results imply that the complexity of human-made markings remained roughly unchanged for tens of thousands of years. Then, in the space of a few centuries, the first true writing system emerged.

Many hypotheses have been proposed for why these engravings were made: some say they were counting devices and calendars; others claim they logged prey migrations. This latest paper cannot answer this question on its own, but does provide valuable clues. It shows that dots appear on figurines of lions and humans, for example, but not on tools. Ivory figurines, meanwhile, are the most information-dense. When it comes to resolving a 40,000-year-old mystery, no detail is too small. ■

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Science & technology | Well Informed

Should you be fibremaxxing?

What to make of the new dietary fad

February 26th 2026

Move over protein: eating more fibre (or fibremaxxing, as it is known on TikTok) may be the hottest new dietary trend of 2026. Extra fibre appears in everything from frozen pizza dough to unhealthy soft drinks. Are those extra grams worth chasing?

Fibre is a carbohydrate found in the cell walls of plants. It comes in many varieties, most of which are not easily digested. This has benefits: by remaining whole in the stomach and gut, fibre stops digestive enzymes from reaching foodstuffs that are rapidly broken down, such as sugar and fat, preventing too much from being absorbed by the body. What’s more, some fibre is water-soluble and forms a thick gel in the gut. This gel traps some harmful compounds—such as the artery-clogging cholesterol found in bile—

ensuring more ends up in the toilet than in your blood. Even insoluble fibre has its uses, adding bulk to bowel movements and reducing constipation.

Further benefits occur in the colon, where various types of beneficial gut bacteria turn fibre into, among other things, molecules known as short-chain fatty acids (SCFAs). Some SCFAs provide energy to the cells that form the lining of the colon, the barrier between pathogens in the gut and the bloodstream. Recent research shows that SCFAs also help the body regulate its metabolism and appetite, and even keep the immune system from overreacting.

The net effect is wide-ranging health benefits. Studies that ask people about their diets consistently show that the more fibre they eat, up to 25-30g a day, the lower the risk of cancer, diabetes and heart disease. Whether benefits continue to accrue at higher doses is less clear.

One risk of being laser-focused on fibre intake, though, is that people may get those 30g from an imbalanced diet. Two slices of bread, for example, can have as much fibre as a serving of broccoli or spinach (about 2.5g), simply because wheat is one of the most fibre-dense crops. Half a loaf of wholemeal bread can get you close to the recommended daily amount of fibre. The bread, however, lacks many of the vitamins, minerals and antioxidants that are present in the greens, and also contains less of the soluble kinds of fibre.

A more sensible way to increase fibre intake is eating a mix of plant-based foods. A research review by the World Health Organisation, published in 2023, found that the health benefits from eating more fruit and vegetables increase up to 800g a day, at which point they level off. (Official recommendations stick to the more realistic goal of five portions a day, or roughly 400g.) Those who consume a varied diet will easily hit 30g of fibre per day—as well as a good mix of vitamins, minerals and protein.

The research on fibre’s long-term health benefits is based on the natural kind found in whole foods. There are no comparable data for the extracted or synthetic types of fibre—such as inulin (extracted from chicory root) or cellulose (extracted from wood pulp or cotton)—commonly added to processed foods, which makes them a riskier proposition.

If you’ve ingested below 10g per day most of your life, start slowly, says Giana DiMaria, a dietitian at New York Medical College. Her advice is to increase intake by 3-5g every few days, starting with fibre that has already been partially broken down (such as that found in smoothies or cooked vegetables) which the body finds easier to digest. Even for regular fibre-eaters, though, drinking plenty of water is a must: it helps reduce bloating and constipation.■

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Culture

- The biggest band you've never heard of
- Life after escaping from Nazi Germany: a family's story
- Why readers and viewers hunger for Hannibal Lecter
- The latest choreography craze? Line dancing
- Thirty years on, Pokémon is still a monster hit
- How China's Communist Party seized power in 1949

Culture | Down with the Kids

The biggest band you've never heard of

If you want to impress your children, tell them you listen to this South Korean boyband

February 26th 2026

WHO MADE the second-highest-selling album in the world last year? (There are no prizes for correctly guessing who claimed the top spot—it was Taylor Swift.) You may be tempted to name a pop juggernaut such as Lady Gaga or Justin Bieber. Country-music fans might opt for Morgan Wallen. Lovers of Latin music might volunteer Bad Bunny, the star of the Super Bowl half-time show.

All those answers are wrong. The right one is Stray Kids, a South Korean boyband. You might find this perplexing, because Stray Kids sounds like a clothing line or an after-school club. Chances are you cannot name one of their hits, never mind hum one of their punchy dubstep- and electronic-inflected tunes.

But there are millions of people across the world who can. Stray Kids are fully fledged superstars. The band has more than 10.5bn views on YouTube and almost 2bn likes on TikTok. Fans have spent some 21m hours—roughly equivalent to 2,400 years—feasting on a track called "God's Menu" on Spotify. In November "DO IT" became their eighth album or ep (extended play) to reach number one on the Billboard 200 chart. It is a feat not even BTS, another K-pop group with far superior name recognition, have accomplished.

Stray Kids's recent stadium tour, "dominATE", lived up to its name, with revenues of almost $200m. A concert film was released in cinemas at the beginning of February. For one weekend, it was the highest-grossing movie in the world.

The band is not an overnight success. The eight members had been working on their skills as singers, rappers and dancers in K-pop's intensive training system long before they joined the band in 2017. That year a reality-television show chronicled Stray Kids's transformation from a gaggle of novice, nervous youngsters—during shows members would drop their microphones and mess up the words—into a well-oiled entertainment machine. The show was a canny marketing technique; their debut single, "Hellevator", was released to coincide with its broadcast.

But the group’s global breakout came later, in 2020, with the release of “God’s Menu”, a cacophony of sirens, thudding beats and aggressive vocals. (Throughout, the members mimic the sound of gunshots: “DU DU DU DU DU DU”.) The music video, displaying sharp dance moves and even sharper editing, went viral.

Stray Kids’s success is not the result of child’s play. They have prospered for two reasons. One is a defiantly original sound. From the start Stray Kids eschewed the effervescent tunes preferred by their K-pop rivals in favour of something much rowdier. (Some call it “noise music”, which does a disservice to the catchy hooks and tuneful bridges.) The frenetic trap-pop style made them outliers, but over time has won them admirers. Stray Kids’s followers—around 75% of whom are female, according to Chartmetric, a music-data firm—find it thrilling. “We made it on our own,” the band declares. “We do what we wanna do.”

This is all by design. In 2017 Bang Chan, the group’s leader, selected each member himself from the trainees at JYP Entertainment, a record label. Normally it is music executives who put bands together and it can result in groups that lack chemistry. But Bang Chan picked performers who suited his boisterous style. For instance, Felix, a rapper, has a deep, gravelly voice that lends a distinctive texture to songs.

And whereas other K-pop groups may be assigned tracks by their label, leading to variations in style across albums, Stray Kids write most of their music themselves. Three members, working as a group called 3RACHA, handle the music production. Their songwriting approach is guided by recurring "melodic symbols" within tracks, Changbin, one member, has said. Fans can repeat these leitmotifs even if there is a language barrier. Watch "dominATE" and you will see hordes of women screaming "LA-LA-LA-LA" or "MANIAC" on beat.

The other reason for their success is Stray Kids's relationship with those fans. For though their music is gritty, their public image is anything but. The band members wear makeup and paint their nails. They sport designer clothes. (It is a miracle their concert outfits did not precipitate a global shortage of rhinestones and sequins.) Stray Kids demonstrate a more progressive kind of manhood, says Ray Seol of Berklee College of Music. "It's the Korean way of masculinity…it's very different from the Western way," Mr Seol says. "Fans love to see this kind of stuff."

The members also cultivate an air of authenticity. (K-pop fans are attuned to engagement they feel is "fake" or done at the behest of a record label.) The group regularly chats with fans online via livestreams, with special broadcasts for birthdays and other major events; Stray Kids also take fans behind the scenes, sharing songs-in-progress. This creates a sense of proximity and allows fans to feel that they have a direct relationship with their idols.

Stray Kids chat about their feelings, particularly feelings of anxiousness. In the “dominATE” film every single member talks to the camera about one insecurity or another. Hyunjin says it took him a long time to accept that being vulnerable was acceptable, to realise that “A wounded blade of grass smells sweeter.”

This sensitive side comes out in their music. Their lyrics express the concerns of young listeners starting to make their way in the world. (A large majority of the fanbase is aged 13-24.) “My Pace” talks about the perils of comparing yourself with others. “Grow Up” reassures listeners that they are “doing fine”: “Even adults make mistakes.” Nicole Ohiomah-Paul, a teenage fan from London, says that she “didn’t really like to show [her] emotions” for fear of seeming weak. But Stray Kids have taught her that it “is part of who we are. We’re human.”

Stray Kids exemplify a generational divide that has long existed in culture. Since the dawn of popular music, parents have been perplexed by what their offspring bop along to in their bedrooms. This has been heightened with the advent of streaming, as listeners can access tracks written by anyone, anywhere.

The scale of Stray Kids's success demonstrates just how much the media landscape has changed in the 21st century. In decades past, television shows, radio stations and newspapers were music's kingmakers: they decided which acts were worth exposure and listeners' time. They could boost careers or throttle them.

That is no longer the case: "Consumers are the new broadcasters," says Will Page, a former chief economist at Spotify. Stray Kids have had relatively little attention from traditional outlets, but they have still won fans from Seoul to Sydney and São Paulo. "We make the rules," the band asserts on "MEGAVERSE", and "our music echoes through the galaxy." ■

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Culture | The lucky ones

Life after escaping from Nazi Germany: a family's story

Sir Michael Moritz's brilliant memoir traces his parents' journey and his own

February 26th 2026

TWO DECADES ago, in 2006, Sir Michael Moritz passed out during a meeting at Sequoia Capital, the venture-capital firm he ran. (It helped fund Silicon Valley titans such as Google and YouTube.) He had blood cancer, caused by "an errant gene" more common among Ashkenazi Jewish men—meaning Jews with central- and eastern-European ancestry—than in the general population. A doctor said he would not live to see 70. But he has and, like many people with more time behind them than ahead, he began exploring his past.

The result is “Ausländer” (Outsider), an exceptionally finely observed, engagingly written family history and memoir of dislocation. The book opens with a family tree that will look familiar to Ashkenazi Jewish readers, with many branches lopped off suddenly in the early 1940s. Sir Michael was lucky: his maternal grandparents and his parents, Alfred and Doris, fled Nazi Germany and the horrors of the Holocaust for Britain. He was born in Cardiff in 1954. He delves into his late parents’ characters with a novelist’s sensitivity and patience.

Alfred and Doris were an unlikely pair with little in common, thrown together by circumstance and shared history. She was a lover of art and music; she was also belligerent and spiky. When her grand-daughter asked her about her favourite decade, she snapped: “What do you mean, ‘Which decade?’ They were all terrible.”

Alfred was a reserved academic, fond of puzzles, kneading bread and sewing his own bow ties. He excelled at following rules and, after winning a scholarship to Merton College, Oxford, became a professor and academic dean. “The first examination my father had failed,” quips Sir Michael, was naming his favourite Beatle.

But Alfred's rise was not easy. Along with 27,000 other Italian and German men over 16, he was interned as an "Enemy Alien" on the Isle of Man. A tutor, in recommending him for a position with the British armed forces, paid him the ferociously backhanded compliment of having "none of the qualities which create prejudice against his race".

Neither considered themselves "survivors", a term they reserved for other people—such as a cousin who walked from Auschwitz to Mandatory Palestine, or a friend who had given birth to her daughter on a coal train from Auschwitz to Malthausen. They "thought of themselves as onetime escapees. Then they thought of themselves as British." But like everyone, they carried their pasts with them and transmitted them to their children. As Sir Michael explains: "The more I delved into my parents' pasts, the more I had a sense that I was exploring the sources of inherited despair—conveyed unwittingly from one generation to another."

Yet Sir Michael seems given more to feeling out of place than despairing. He feels neither Welsh, British nor American—despite living in California since 1976—and speaks with a measured trans-Atlantic accent. He empathises with (and has started a foundation to help) poor students, but knows it would seem disingenuous to say so in his "Italian suit, custom-made shirt and suede loafers with a chauffeured car waiting". He feels deeply Jewish, but has not belonged to a synagogue in 50 years. Donald Trump's popularity impelled him to apply for German citizenship, which both of his sons obtained.

Sir Michael has produced an outstanding examination of how tragedy reverberates across generations. "Ausländer" joins a growing list of books written by children of the Nazis' victims, including "Maus", Art Spiegelman's seminal graphic novel, as well as Daniel Finkelstein's "Hitler, Stalin, Mum and Dad" and Ariana Neumann's "When Time Stopped". As survivors die—a report estimates that 70% will have passed away by 2035—and taboos against Nazism weaken, such works keep the Holocaust's memory alive. They remind the world where antisemitism leads. ■

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Culture | A serial success

Why readers and viewers hunger for Hannibal Lecter

The character is beloved, despite being bloodthirsty and insane

February 26th 2026

THE MOST compelling villains embody an unnerving duality: they attract almost as much as they repel. From the moment Hannibal Lecter appeared in "Red Dragon", a psychological-horror novel of 1981, readers were captivated by the character. Since then, the psychiatrist-turned-cannibal has featured in three more novels, five films and a tv series. In a new book Brian Raftery tries to explain the antihero's grisly allure: what is it about Lecter that proves so delectable?

Mr Raftery's book offers a range of answers, not all of them convincing. Lecter's terror comes "not from the way he indulges his dark urges—but in the way he'll expose you to your own". (Few have watched "The Silence of the Lambs" and realised they are a frustrated cannibal.) "Lecter is so nakedly what he is," proffers Brian Cox, who was the first to play Lecter on screen. (This is true of many people.) "We feel murderous things," suggests Sir Anthony Hopkins, Lecter's most famous portrayer: the character forces viewers to "acknowledge that we have those parts of ourselves". (The same could be said of any horror villain.)

A more intriguing suggestion is that Lecter rose to fame in the 1980s and 1990s, when public fascination with serial killers was growing, but before podcasts and the internet gave true-crime obsessives enough material to last lifetimes. Lecter is also urbane, charming and witty: he would be an enjoyable dinner companion, at least until he decided your thigh looked better than the chicken's on his plate.

Two other factors account for Lecter's longevity. One is Sir Anthony. In 1991 he won the Oscar for Best Actor for his performance in "The Silence of the Lambs". The film showed Lecter imprisoned in a dungeon, called on by the FBI for help to catch another serial killer. Sir Anthony was still, poised and unblinking; his speech was precise and his accent refined. The effect was equally chilling and mesmerising.

The other is scarcity. In “Red Dragon” and “The Silence of the Lambs”, Lecter was a supporting character. (Sir Anthony’s Oscar-winning turn required just 16 minutes of screentime.) This made him enigmatic, as did his lack of back story. He insisted that “Nothing happened to me. I happened. You can’t reduce me to a set of influences.” Lecter blossomed in viewers’ and readers’ imaginations.

But Hollywood’s philosophy is “more is more”. Subsequent books, films and the TV show made Lecter the protagonist and explained his gruesome origins. The exposure bled him of his mystery. He became a bitchy gourmet with that most common of things: a troubled past. Yawn. Change the channel and pass the fried earlobes. ■

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Culture | New stomping grounds

The latest choreography craze? Line dancing

It has moved from honky-tonks to urban bars

February 26th 2026

IT IS A frigid mid-week evening in New York; snow has been pushed into large mounds on the pavement. But inside Desert 5 Spot, a Western-themed bar in Brooklyn, a group of 20-somethings is bringing the heat. Two instructors, going by the names Spitfire and Sugarfoot, guide the crowd through a line dance called "Texas Time". It is carried out to the tune of "Good Luck, Babe!", a pop song by Chappell Roan, an American hitmaker, and the participants twirl, hop and strut in their cowboy boots. "When we open the doors at six o'clock there's a line of people waiting to get in," Chase Manhattan, the bar's moustached entertainment director, shouts over the music.

Line dancing is no longer the preserve of far-flung cowboys. When Desert 5 Spot started to host line dances around a year ago, only a handful of people showed up, Mr Manhattan recalls: now tickets sell out. Daily line-dancing classes at SCUFF, another organisation, are consistently full. In New York there is a gathering happening almost every night.

Across America Google searches for line dancing have been steadily climbing since 2020, peaking last year. A decade ago the perception of line dancing was that it was "corny and dorky and honky and stupid", says Sean Monaghan, who co-founded Stud Country, a queer line-dancing event, in Los Angeles in 2021. Today people see it as "sexy". Pop stars such as Sabrina Carpenter have incorporated line dances into their music videos.

What explains the step change? It helps that Americana is in vogue. Brands including Ralph Lauren, Christian Louboutin, Louis Vuitton and Prada have released clothing and accessories inspired by the cowboy aesthetic. Neo-Western dramas are having a revival on screen, too, and country music is surging in popularity, boosted in recent years by albums from Beyoncé, among others. In 2025 the genre was streamed 122.5bn times in America, according to Luminate, an analytics firm, behind only pop, rock, hip-hop and R&B.

Line dancing is also a stomping success on social media. There are millions of videos of line dancing online, showing young and old alike doing the boot-scootin' boogie. Several first-timers to Desert 5 Spot say they discovered the event on Instagram and TikTok. And the dances themselves, which are quicker and shorter than other types of choreography, suit the pace of online short-form video well. You can see a particular move or section of a dance "done twice...in less than 30 seconds", says Mackenzie Katz, who recently launched another line-dancing event in Manhattan.

Line dancing's distinct etiquette chimes with the habits of the young in other ways, too. Most events prohibit drinks on the dancefloor to prevent partygoers from slipping over. It is a policy that might seem counterintuitive for a bar—Desert 5 Spot charges an entry fee in anticipation of the shortfall—but is potentially attractive to Gen Z patrons. Just 50% of Americans aged 18-34 reported drinking alcohol last year, according to Gallup, down from 59% in 2023. "A lot of our crowd either don't drink at all or don't really drink that much," observes Spitfire.

Instead, young folk come to line-dancing bars in search of a different kind of high. Bylie is a 24-year-old regular at Desert 5 Spot; she comes alone, seeking community in the crowd. There is something about the synchronised scuffing and shuffling that dancers seem to find intoxicating in a socially atomised age. At Stud Country "People scream and holler, and the energy just gets really loud," observes Mr Monaghan. "There's just this connection that you feel with the people around you." Toeing the line has never been such fun. ■

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Culture | Creature comforts

Thirty years on, Pokémon is still a monster hit

Children and adults alike are Pokémaniacs

February 26th 2026

The monsters are everywhere. A group of bushy-tailed Eevee frolic on the grass; a Diglett pokes its mole-like head out of the ground; grinning yellow Pikachu climb up trees. Visit PokéPark Kanto, the first permanent Pokémon theme park, which opened in Tokyo on February 5th, to catch more than 600 Pokémon (short for "pocket monsters"). Fans are thrilled: tickets for the park's first three months sold out immediately.

The enthusiasm reflects Pokémon's cultural clout, three decades after its launch. When the first Pokémon video games were released in Japan in February 1996, few executives expected it to become a global craze. Yet "Pokémania" quickly spread: today the Pokémon Company has sold nearly

500m video games and over 75bn trading cards, as well as broadcasting an anime series to around 190 countries.

Pokémon is the highest-grossing media franchise in the world, according to Guinness World Records, with total revenues of $150bn—more than Star Wars or Marvel. Pokémon GO, an augmented-reality app, enjoys around 30m active monthly users. Top players battle it out in the annual Pokémon World Championships, and collectors pay monster sums to acquire trading cards. On February 16th a rare Pikachu card sold for a record-breaking $16m.

Pokémon was created by Tajiri Satoshi, a Japanese designer who grew up in the suburbs of Tokyo. As a child he was obsessed with collecting insects, but urban development quickly swallowed nearby fields and ponds. Mr Tajiri hoped Pokémon would allow children to explore and collect creatures in a digital world, even as the natural one disappeared. (In this he was successful: a study in 2002 found that eight-year-old children in Britain knew more about Pokémon than common wildlife.)

In the first Pokémon anime Ash (or Satoshi in Japan) and his best friend Pikachu, a mouse with the ability to generate electricity, catch, battle and tame monsters. The franchise blends two Japanese sensibilities, observes

Mizuko Ito, a cultural anthropologist at the University of California, Irvine. One is kawaii, or cuteness, which the Pokémon display through their wide-eyed innocence. The other is otaku, or geek culture, in which fans enjoy cataloguing creatures' appearance and traits.

Pokémon was a "Rosetta stone" that unlocked Japanese storytelling for Western audiences, argues Roland Kelts, a pop-culture expert in Tokyo. The franchise cleared a path for subsequent hits such as Digimon and today's booming anime industry. Officials of the country's "Cool Japan" initiative, which was launched in 2010 to boost cultural exports, have long sought to emulate the franchise's success.

There are several reasons for its popularity. One is that Pokémon offers fans a richly realised world they can immerse themselves in. There are over 100 video games and 1,000 episodes of anime as well as umpteen films, trading cards and all sorts of plushies and merchandise. Children quickly became attached to the characters: when the first Pokémon film, "Mewtwo Strikes Back", was released in America in 1999, pupils developed the "Pokéflu", feigning illness so they could bunk off school and watch the film.

The second is that Pokémon appeals just as much to adults as kids. Most collectors of rare Pokémon cards and players of Pokémon GO are grown-ups. The environmentally minded see the richness of the real world reflected in the franchise, its fantastic beasts emblematic of real animals. “Pokécology”, a pop-up at the Natural History Museum in London, examines how Pokémon “interact with their environments and adapt to habitats from deep forests to shadowy caves”. Tickets for the show, which runs until April, are sold out.

Other adults simply find them adorable. Small and fuzzy, Pokémon are some of the most harmless monsters around. At Pokémon Centre Mega in Tokyo, Hannah, a 30-something tourist from Australia, clutches a plushie and says the franchise is “cute and nostalgic”. Pokémon “inspire a sense of calm and comfort”, says Patrick Galbraith of Senshu University in Tokyo. And they make for endearing digital pets players can tame and train.

Therein lies the appeal of Pokémon: it is for “every age, every gender”, as Mr Galbraith puts it. You can take it seriously or revel in its silliness; play the games with your children or with friends; favour the innocent Jigglypuff or the fierce Charmeleon. As the fans flocking to PokéPark show, Pokémon has managed to catch ’em all. ■

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Culture | Red in tooth and claw

How China's Communist Party seized power in 1949

Violence, terror and Soviet help mattered more than popularity

February 26th 2026

"Communism was never popular in China," Frank Dikötter argues in his new book, "no more so than in Finland or in the United States." It was "brought to the population at the barrel of a gun". Behind that barrel was the hand of the Soviet Union, without which victory would have been impossible. After the second world war, Soviet intervention transformed China's Communist Party from a battered, marginalised guerrilla force into a heavily armed military machine.

Read histories approved by the party and a different picture inevitably emerges. In those tellings, when the party was founded in 1921, it harnessed widespread public discontent with the country's chaotic rule by competing warlords and the occupation of its territory by foreign powers. It survived attempts to crush it by the Nationalists, who gained nominal control in the late 1920s, and staged a heroic "Long March" in the mid-1930s to set up a base in Yan'an. It played a crucial role in defeating the Japanese in 1945 and overthrew the corrupt and brutal Nationalists four years later at the end of a civil war.

Mr Dikötter, a Dutch-born historian of modern China, laments that in scholarly volumes and popular books, the party's version of events is reflected all too often. He may overstate the degree to which accounts of the party's rise favour its "fairy-tale" view. Works such as Jung Chang's "Wild Swans" (1991) and her subsequent "Mao, the Unknown Story" (2005), co-authored with Jon Halliday, offer devastating critiques of the party's ruthlessness and deceptiveness before it seized power. So do more academic books, such as "Mao: The Real Story" (2012) by two American-based scholars, Alexander Pantsov and Steven Levine, who, like Mr Dikötter, draw extensively from Soviet archives.

But Mr Dikötter's account is not a family history like "Wild Swans", nor a biography. It is a systematic dissection of the party in its formative years. It argues that far from a "triumph of great social forces unleashed and harnessed by the Communists", the party's victory in 1949 was the result of a "very traditional pursuit of power" and "the amoral application of military strategy". Communist forces survived on "loot and ransom", recruited bandits, traded opium and, in the civil war, used many unarmed civilians as human shields.

For evidence of this, Mr Dikötter trawled through well over 300 volumes produced in the 1980s by party archivists. They contain documents from the pre-1949 period and are intended for "internal" use only, meaning they cannot be read by ordinary members of the public. The volumes, however, have found their way abroad, where Mr Dikötter says that historians have made only "sporadic" use of them. One reason for this, he speculates, is that they show how peripheral the party was in China's history until the end of the second world war, when the Soviets began tipping the scales. Before 1940 the percentage of party members among China's population was comparable to the scale of Communist membership in America, says Mr Dikötter, and may have been inflated.

Before the end of the war, Soviet support for Chinese Communists often appeared half-hearted. Soviet leaders saw the ruling Nationalist Party, or Kuomintang (KMT), as vital to their efforts to keep Japan at bay. They urged both sides to co-operate in resisting Japan's invasion of China. Mr Dikötter says Mao Zedong (pictured) preferred to keep his forces out of harm's way so they would be able to fight the KMT.

Soviet calculations changed when Japan's defeat appeared imminent in 1945. As Japan's occupation of Manchuria, in China's north-east, crumbled, Stalin sent nearly 1m troops into the industrial region. They seized control of major cities and ports and set about stripping the region of valuable industrial assets. Soviet troops denied the KMT access to Manchuria and China's leader, Chiang Kai-shek, "was in no position to quarrel with Stalin", says Mr Dikötter. When the Soviets withdrew in 1946 they allowed Mao's guerrillas, who had infiltrated Manchuria, to fill the vacuum and take control of vast quantities of abandoned Japanese weapons.

Even at this point, the party's defeat of the KMT was by no means assured. The Americans, however, gave the Communists another leg-up. General George Marshall, sent by President Harry Truman to mediate in the China conflict, believed the Communists were "merely rural reformers who could help shape a democratic China", Mr Dikötter argues. Marshall pressed Chiang to hold back his army and arrange a truce. The resulting four-month ceasefire gave the Communists crucial time to build up their army with Soviet help. The military balance shifted completely.

If there is a weakness in this account of the party's rise, it is that it leans heavily on official sources. The party's archives provide valuable evidence of the atrocities its members committed—for example, in the early 1930s, when they admit that interrogations of suspected opponents of Mao "relied wholly on torture". But such snippets are not a complete picture, and it was extremely hard in those chaotic and dangerous times for foreign journalists to investigate. Mr Dikötter does much to demystify events based on the sources available. But much fog remains. ■

Economic & financial indicators

- Economic data, commodities and markets

Economic & financial indicators | Indicators

Economic data, commodities and markets

February 26th 2026

Economic data

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	Gross domestic product % change on year ago: latest		quarter*	2026†	Consumer prices % change on year ago: latest		2026†	Unemployment rate %	
United States	2.2	Q4	1.4	2.3	2.4	Jan	3.0	4.3	Jan
China	4.5	Q4	4.9	4.6	0.2	Jan	0.9	5.2	Jan‡§
Japan	0.1	Q4	0.2	0.8	1.5	Jan	1.7	2.6	Dec
Britain	1.0	Q4	0.2	1.2	3.0	Jan	2.5	5.2	Nov††
Canada	1.4	Q3	2.6	1.4	2.3	Jan	2.4	6.5	Jan
Euro area	1.3	Q4	1.4	1.3	1.7	Jan	2.0	6.2	Dec
Austria	0.9	Q3	1.7‡	1.0	2.0	Jan	2.3	5.8	Dec
Belgium	1.1	Q4	0.8	1.2	1.3	Jan	2.2	6.4	Dec
France	1.1	Q4	0.7	1.1	0.4	Jan	1.4	7.7	Dec
Germany	0.4	Q4	1.2	1.0	2.1	Jan	2.2	3.8	Dec
Greece	2.0	Q3	2.4	2.3	2.9	Jan	2.5	7.5	Dec
Italy	0.8	Q4	1.3	0.8	1.0	Jan	1.5	5.6	Dec
Netherlands	1.8	Q4	2.1	1.4	2.2	Jan	2.3	4.0	Jan
Spain	2.6	Q4	3.1	2.0	2.4	Jan	2.2	10.0	Dec
Czech Republic	3.0	Q3	3.2	2.5	1.6	Jan	1.8	3.0	Q4‡
Denmark	3.2	Q4	0.8	1.9	0.7	Jan	1.5	2.9	Dec
Norway	2.2	Q4	-1.3	1.4	3.6	Jan	2.8	4.5	Dec‡‡
Poland	4.0	Q4	4.1	3.7	2.2	Jan	2.9	6.0	Jan§
Russia	0.6	Q3	0.4	0.7	6.0	Jan	5.0	2.2	Dec§
Sweden	1.9	Q4	0.8	2.4	0.5	Jan	1.3	8.6	Jan§
Switzerland	0.5	Q3	-2.1	1.1	0.1	Jan	0.4	2.9	Jan
Turkey	3.7	Q3	4.4	3.6	30.7	Jan	25.4	7.8	Dec§
Australia	2.1	Q3	1.6	2.4	3.8	Jan	2.9	4.1	Jan
Hong Kong	3.8	Q4	4.0	2.5	1.2	Jan	1.8	3.9	Jan‡‡
India	8.2	Q3	8.4	7.2	2.7	Jan	4.0	6.9	Jan
Indonesia	5.4	Q4	6.7	5.2	3.5	Jan	2.8	4.9	Aug§
Malaysia	6.3	Q4	3.8	5.1	1.6	Jan	2.0	2.9	Dec§
Pakistan	3.7	2025**	na	3.5	5.8	Jan	5.0	6.9	2025
Philippines	3.0	Q4	2.4	4.5	2.0	Jan	2.2	5.0	Q4§
Singapore	6.9	Q4	8.7	2.9	1.4	Jan	1.4	2.0	Q4
South Korea	1.5	Q4	-1.1	2.5	2.0	Jan	1.8	4.1	Jan§
Taiwan	12.7	Q4	23.6	6.9	0.7	Jan	1.5	3.4	Jan
Thailand	2.5	Q4	7.8	2.2	-0.7	Jan	0.4	0.7	Dec§
Argentina	3.3	Q3	1.1	3.0	32.4	Jan	28.6	6.6	Q3§
Brazil	1.8	Q3	0.4	1.8	4.4	Jan	4.0	5.1	Dec§‡‡
Chile	1.6	Q3	-0.6	2.2	2.8	Jan	3.0	8.1	Dec§‡‡
Colombia	2.2	Q4	0.5	2.7	5.4	Jan	5.7	8.0	Dec§
Mexico	1.8	Q4	3.5	1.4	3.8	Jan	3.7	2.6	Dec
Peru	3.2	Q4	-0.6	2.7	1.7	Jan	1.6	9.7	Jan§
Egypt	5.3	Q3	39.4	5.3	11.9	Jan	10.8	6.2	Q4§
Israel	3.7	Q4	4.0	4.8	1.8	Jan	1.9	3.1	Dec
Saudi Arabia	4.5	2025	na	4.5	1.8	Jan	1.9	3.4	Q3
South Africa	2.1	Q3	2.0	2.0	3.4	Jan	3.4	31.4	Q4§

Source: Haver Analytics *% change on previous quarter, annual rate †The Economist Intelligence Unit estimate/forecast §Not seasonally adjusted ‡New series **Year ending June ††Latest 3 months ‡‡3-month moving average Note: Euro-area consumer prices are harmonised

Economic data

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	Current-account balance % of GDP, 2026†	Budget balance % of GDP, 2026†	Interest rates 10-yr gov't bonds latest, %		change on year ago, bp	Currency units per $ Feb 26th	% change on year ago
United States	-3.5	-6.5	4.0		-25.0	-	
China	2.7	-5.7	1.5	§§	-6.0	6.87	5.5
Japan	4.3	-3.3	2.2		77.0	156	-4.7
Britain	-2.6	-5.0	4.3		-18.0	0.74	6.8
Canada	-1.0	-2.2	3.2		22.0	1.37	4.4
Euro area	2.4	-3.3	2.7		25.0	0.85	11.8
Austria	1.0	-4.2	3.0		12.0	0.85	11.8
Belgium	-2.1	-4.5	3.2		15.0	0.85	11.8
France	-0.3	-5.2	3.3		7.0	0.85	11.8
Germany	4.6	-3.8	2.7		25.0	0.85	11.8
Greece	-5.1	nil	3.3		-1.0	0.85	11.8
Italy	1.4	-2.9	3.3		-24.0	0.85	11.8
Netherlands	6.9	-2.1	2.8		14.0	0.85	11.8
Spain	2.3	-2.6	3.1		-6.0	0.85	11.8
Czech Republic	0.8	-2.5	4.4		30.0	20.5	15.6
Denmark	11.5	1.3	2.5		30.0	6.33	12.2
Norway	12.2	8.9	4.2		19.0	9.54	16.4
Poland	-0.9	-6.6	5.0		-80.0	3.57	10.4
Russia	0.5	-2.9	14.3		-129	76.5	13.3
Sweden	5.5	-1.9	2.6		34.0	9.02	17.4
Switzerland	2.7	0.2	0.3		-25.0	0.77	15.5
Turkey	-1.2	-3.4	28.2		198	43.9	-16.9
Australia	-1.6	-1.7	4.7		20.0	1.40	12.1
Hong Kong	11.8	-3.4	2.9		-82.0	7.82	-0.6
India	-1.0	-4.3	6.7		-3.0	90.9	-4.2
Indonesia	-0.2	-3.1	6.4		-43.0	16,776	-2.7
Malaysia	2.3	-3.5	3.5		-29.0	3.89	13.6
Pakistan	-0.8	-4.4	11.6	†††	-73.0	279	0.1
Philippines	-2.9	-5.8	5.9		-20.0	57.5	0.6
Singapore	14.9	0.2	2.0		-83.0	1.26	5.5
South Korea	4.9	-2.4	3.5		75.0	1,427	0.3
Taiwan	23.3	0.7	1.4		-19.0	31.3	4.7
Thailand	2.8	-4.5	1.7		-51.0	31.1	8.7
Argentina	-2.0	0.4	na		na	1,398	-24.1
Brazil	-2.8	-7.1	13.4		-128	5.12	12.1
Chile	-2.0	-1.7	5.3		-76.0	857	9.9
Colombia	-2.7	-6.5	13.4		227	3,704	11.4
Mexico	-0.5	-3.8	8.7		-101	17.2	19.3
Peru	1.4	-2.5	5.8		-64.0	3.36	9.8
Egypt	-1.8	-6.2	23.2		-141	48.0	5.4
Israel	2.1	-3.9	3.8		-53.0	3.09	15.9
Saudi Arabia	-3.4	-4.2	na		na	3.75	nil
South Africa	-0.1	-4.4	7.8		-272	15.8	16.2

Source: Haver Analytics §§5-year yield †††Dollar-denominated bonds

Economic data

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	Current-account balance % of GDP, 2026†	Budget balance % of GDP, 2026†	Interest rates 10-yr gov't bonds latest, %		change on year ago, bp	Currency units per $ Feb 26th	% change on year ago
United States	-3.5	-6.5	4.0		-25.0	-	
China	2.7	-5.7	1.5	§§	-6.0	6.87	5.5
Japan	4.3	-3.3	2.2		77.0	156	-4.7
Britain	-2.6	-5.0	4.3		-18.0	0.74	6.8
Canada	-1.0	-2.2	3.2		22.0	1.37	4.4
Euro area	2.4	-3.3	2.7		25.0	0.85	11.8
Austria	1.0	-4.2	3.0		12.0	0.85	11.8
Belgium	-2.1	-4.5	3.2		15.0	0.85	11.8
France	-0.3	-5.2	3.3		7.0	0.85	11.8
Germany	4.6	-3.8	2.7		25.0	0.85	11.8
Greece	-5.1	nil	3.3		-1.0	0.85	11.8
Italy	1.4	-2.9	3.3		-24.0	0.85	11.8
Netherlands	6.9	-2.1	2.8		14.0	0.85	11.8
Spain	2.3	-2.6	3.1		-6.0	0.85	11.8
Czech Republic	0.8	-2.5	4.4		30.0	20.5	15.6
Denmark	11.5	1.3	2.5		30.0	6.33	12.2
Norway	12.2	8.9	4.2		19.0	9.54	16.4
Poland	-0.9	-6.6	5.0		-80.0	3.57	10.4
Russia	0.5	-2.9	14.3		-129	76.5	13.3
Sweden	5.5	-1.9	2.6		34.0	9.02	17.4
Switzerland	2.7	0.2	0.3		-25.0	0.77	15.5
Turkey	-1.2	-3.4	28.2		198	43.9	-16.9
Australia	-1.6	-1.7	4.7		20.0	1.40	12.1
Hong Kong	11.8	-3.4	2.9		-82.0	7.82	-0.6
India	-1.0	-4.3	6.7		-3.0	90.9	-4.2
Indonesia	-0.2	-3.1	6.4		-43.0	16,776	-2.7
Malaysia	2.3	-3.5	3.5		-29.0	3.89	13.6
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Peru	1.4	-2.5	5.8		-64.0	3.36	9.8
Egypt	-1.8	-6.2	23.2		-141	48.0	5.4
Israel	2.1	-3.9	3.8		-53.0	3.09	15.9
Saudi Arabia	-3.4	-4.2	na		na	3.75	nil
South Africa	-0.1	-4.4	7.8		-272	15.8	16.2

Source: Haver Analytics §§5-year yield †††Dollar-denominated bonds

Commodities

The Economist commodity-price index

2020=100	Feb 17th	Feb 24th*	% change on month	% change on year
Dollar Index				
All items	142.3	145.9	-2.7	4.0
Food	137.4	139.0	-0.9	-11.2
Industrials				
All	146.4	151.7	-4.1	19.5
Non-food agriculturals	136.8	138.3	3.7	-1.7
Metals	148.8	155.1	-5.7	25.7
Sterling Index				
All items	135.4	138.7	-1.0	-2.6
Euro Index				
All items	137.7	141.6	-1.2	-7.3
Gold				
$ per oz	4,885.9	5,147.6	1.0	77.5
Brent				
$ per barrel	67.5	70.8	4.8	-3.1

Sources: CME Group; LME; LSEG Workspace; NOREXECO; NZ Wool Services; S&P Global Commodity Insights; Thompson Lloyd & Ewart; USDA *Provisional

Obituary

- Philippe Gaulier refused to tolerate boring people

Obituary | How to be an idiot

Philippe Gaulier refused to tolerate boring people

The world-famous clowning teacher died on February 9th, aged 82

February 26th 2026

Walking pensively to his class, adjusting his glasses, he wondered what he would teach that day. He was never sure. It was easier to decide on his look—a lurid jacket from anywhere, baggy trousers from somewhere, a broken down hat, a mess of facial hair—than to predict how his students would behave. He had told them to come in a costume in which they would feel ridiculous: as Obélix, or a cardinal, or a cow. But would they make him laugh? Almost certainly not.

At the back of the bare hall he settled with a stony look. It would take him no more than a second to judge each would-be clown. It was in the eyes, that spark. Or lack of it. To heighten the suspense, he would softly beat the tambour on his lap. Then would come the verdict, a growl of his Frenchified

English: “Boring!” “’Orrible!” “Like a vacuum cleaner!” “Like overcooked spaghetti!” “This is so, so shit!” A plastic turd could be produced and waved for emphasis. Or simply, as a student burst out smiling from behind the curtain, not uttering a word yet, he would cry “Suivant!” “Next!”

Other clowning masters called this the via negativa, learning through a barrage of insults. Philippe Gaulier preferred to call it torment. (He scorned all teachers of theatre except his own master, Jacques Lecoq, and Bertolt Brecht. Kandinsky, quel imbécile!) But the torment principle was excellent. He loved to say horrible things; he got that from his mother. And insults helped you progress. If you were told you were good, you stopped trying. But if you kept failing, you had to dig deep to improve. Facing crises made you strong. It was good to cry, and fine to be bad even time after time. Everyone was bad at some point.

The cardinal sin, the unforgivable, was to be boring. Like a pharmacist (his paternal grandfather was one. A really boring guy). Or a hairdresser. No one who was happy being boring should try to be a clown. They should count out pills all day or suggest he should comb his moustache. His students were allowed to be bad. But to break the balls of innocent people with tedium, no.

With this firm conviction he had set up his school at Étampes, near Paris, in 1980. He ran it for 42 years in various places, and it became world-famous. Sacha Baron Cohen, Roberto Begnini, Helena Bonham Carter and Emma Thompson all came, and Hillary Clinton visited once to interview him. About 90 students a year attended. Auditions were simple: just “Name? Cheque?” (€2,300 a term, for two years, and he had never asked for one kopek from the French government.) If he didn’t like someone, or if they were not polite, he kicked them out. Voilà, c’est tout.

He taught two particular aspects of clowning, le jeu (the game), and le buffon (the buffoon). In le jeu students learned again how to be children, from tentatively finding a playmate (complicité) to gloriously romping around. They played musical chairs, grandmother’s footsteps, tag. They gave bisous to each other and gazed into each other’s eyes, opening up, not laughing. (After five seconds, anyone looked ridiculous.) For a whole day they wore red noses to find their inner idiot. Egos were sent to the slaughterhouse; instead, students had to discover their own unique, secret absurdity deep inside themselves. But he never asked what that was. It was secret, not to be told to anyone, just like the notebooks ranged around his flat in which he wrote down his dreams.

In le jeu, clowns were innocent, marvellous fools. They tried to mimic adults and hoped to be loved for it. Buffons were quite different. They got laughs by mocking other actors and, cleverly, getting ignorant audiences to laugh at themselves. His own list of people to be mocked without limit were teachers, police, the army, politicians, Germans, the bourgeoisie, racists, fascists and the Catholic church. Germans because at his birth, in 1943, they were occupying Paris. The bourgeoisie because his father, a doctor and salaud bourgeois, had named him Philippe after General Pétain, the worst of fascist collaborators. Teachers because his gym instructor had made the boys march about like soldiers, until one day, aged eight, he had belted him and been expelled. The army because during national service he was frequently locked up for not wearing his beret straight. And all law-makers and law enforcers because he was a dyed-in-the-wool anarchist, a May ’68 guy whose happiest times had been spent building street barricades and stoning the police.

His school also offered courses in more traditional theatre: neutral mask, Greek tragedy, Shakespeare and Chekhov. Tragedy had been his first love, but every time he played it people laughed. This failing, and failing again, and failing better (as Sam Beckett wrote) continued for two years after he joined Lecoq’s theatre school in Paris. Then he found his true metier was clowning, and stayed to teach for ten years more. Not that he always liked what Lecoq did, all that mime-movement and technique. His own method (if he had one) was lightness, pleasure, play. He also felt actors should pretend more blatantly, relish performing; after all, theatre was not real. After leaving Lecoq he toured for a decade in a two-hander, “Les Assiettes”, which involved smashing 200 plates onstage every night. He found himself free, breaking things.

Dozens of theatre companies (most famously the Théâtre de Complicité) were inspired by his school, and most of his students ended up adoring him. He never expected that. Nor did he care. He taught theatre; they could do what they liked with it. But he hoped he had also brought them beauty and joy. Beauty, because anyone was beautiful who was gripped by the pleasure of life. Joy because, as the ego cracked, light and freedom came in. That was what he was aiming at. If his actors did not arrive onstage as buoyant as a child, without baggage, wanting to eat the world, they had failed. Then it was “Boring!” “’Orrible!” and, to the beat of his solemn drum, “Adios immediately! Money back!” ■

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