The Economist

Can Orban be ousted?

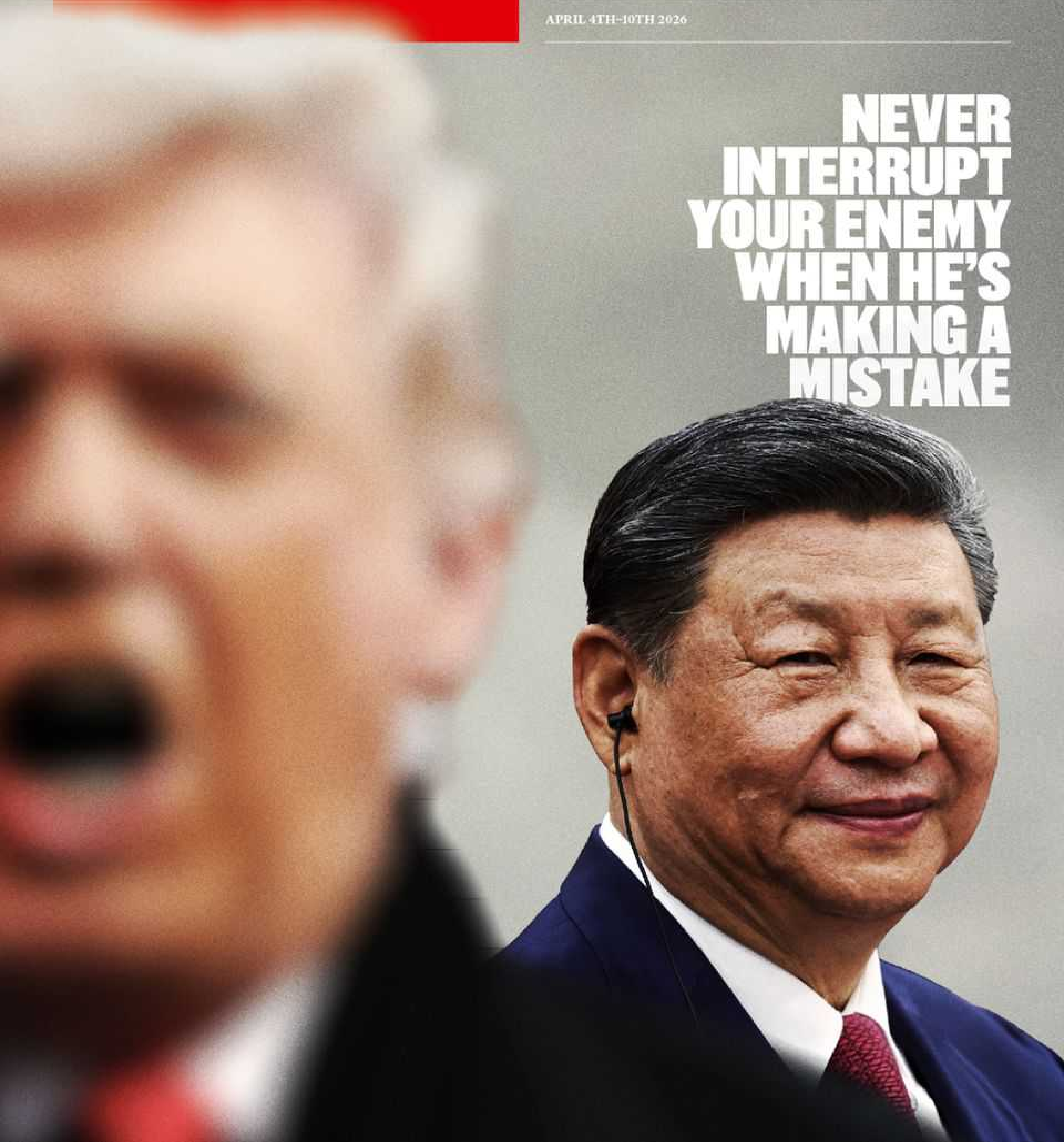
The humbling of private credit

Iran's booming oil profits

How Africa is changing Catholicism

APRIL 4TH–10TH 2026

NEVER INTERRUPT YOUR ENEMY WHEN HE'S MAKING A MISTAKE



The Economist

April 4th 2026

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The world this week

The world this week

Politics

April 1st 2026

Donald Trump suggested that America would end the conflict with Iran within “two or three weeks”, whether or not a peace deal was reached. The president made his remarks before a scheduled TV address to Americans. Masoud Pezeshkian, Iran’s president, said the regime would consider ending the war, but only if it received security “guarantees”. Meanwhile, more American troops arrived in the Gulf region. Iran continued its attacks on Israel and across the Gulf, striking a Kuwaiti oil tanker that docked in Dubai. The Iranian-backed Houthis in Yemen launched their first strike against Israel since the start of the war. Their involvement increases the risks to shipping in the Red Sea.

Several countries criticised the Israeli parliament after it passed a law that in effect makes it mandatory for Palestinians to receive a death sentence if they are convicted by a military court of deadly terrorist acts. It also bars a right to appeal. Israeli civil- and human-rights groups say the law is racist; the language implies that it could be applied to Israeli Arabs, for example, but not to Jewish citizens. Meanwhile, parliament passed a $271bn budget, Israel's biggest ever thanks in large part to increased defence spending.

Israeli police stopped the Latin Patriarch of Jerusalem from holding mass at the Church of the Holy Sepulchre on Palm Sunday, citing security concerns as holy places were being targeted by Iranian missiles. The Catholic archbishop's office said it was the first time in centuries that access had been denied to the area, which Christians believe is the site of Jesus Christ's crucifixion and burial. The matter was later resolved after Israel's president, Isaac Herzog, intervened.

Iran's ambassador to Lebanon was still in Beirut, despite the government ordering him to leave for meddling in domestic affairs. Nabih Berri, the speaker of the Lebanese parliament and an ally of Hizbullah, a militia supported by Iran, asked the ambassador to remain, according to reports. The Iranian government said he was there to stay. Meanwhile, two UN peacekeepers from Indonesia were killed by a roadside bomb in southern Lebanon, and another was killed by a projectile in a separate incident.

Marco Rubio, America's secretary of state, said that NATO's lack of support during the Iran war was "very disappointing" and that America would need to "re-examine" its military alliance when the conflict is over. Mr Trump has described NATO countries as "cowards". This week Italy refused to allow American military aircraft to land at a base in Sicily and Spain closed its airspace to military planes involved in the war. Britain has restricted the use of its bases to America for "defensive action" only.

The USS Gerald R. Ford, the world's biggest aircraft-carrier, docked in Split, Croatia, for repairs. The vessel had been sailing in the Red Sea supporting the military operation against Iran. A fire not related to combat operations broke out in its laundry room. Housing 5,000 service personnel and 75 aircraft, the ship has also been beset by plumbing problems.

Gunmen killed at least 74 people in an attack on a mine in South Sudan. The site has been at the centre of a conflict over illegal gold mining in the past. The opposition party of the suspended vice-president, Riek Machar, blamed government forces. The government accused the opposition of being behind the atrocity.

Mr Trump sent more mixed signals about his intentions for Cuba. “Cuba is next”, he said in a speech that praised the American armed forces’ actions in Venezuela and Iran. Two days later he said he had “no problem” with countries sending oil to the island, adding that “Cuba is finished.” A Russian tanker carrying 100,000 tonnes of crude oil docked in Cuba, the first such shipment in three months, according to the Cuban government.

America formally reopened its embassy in Venezuela, a few weeks after re-establishing diplomatic relations. The State Department recently determined that Americans are no longer at risk of being detained in the country and lifted its “do not travel” advisory.

Local human-rights groups said that 70 people were massacred by a gang in Haiti’s Artibonite region, and that attacks were continuing. Local officials put the death toll at 16. It is thought that the Gran Grif gang carried out the attack as part of a turf war. The same gang is responsible for killing 115 people in October 2024 in an attack on the same area.

Volodymyr Zelensky visited Jordan, Qatar, Saudi Arabia and the United Arab Emirates, where he struck co-operation agreements on security and defence. The Ukrainian president has offered to share air-defence and drone technologies; more than 200 Ukrainian security experts are in the Middle East advising countries how to intercept drone attacks. While he was in Saudi Arabia an Iranian drone attack on an air base wounded 12 American servicemen.

Russia expelled a British diplomat whom it accused of gathering sensitive information on the Russian economy, and threatened to retaliate if Britain responded by expelling a Russian diplomat. Britain's Foreign Office said the accusations were "malicious and completely baseless", and part of Russia's "campaign of harassment".

The International Olympic Committee banned transgender athletes from competing in women's categories, starting with the Los Angeles Olympics in 2028. Kirsty Coventry, who was elected last year as the first female president of the IOC, said it was not "fair for biological males to compete in the female category" and that in some sports it simply wasn't safe.

Donald Trump's $400m ballroom construction project at the White House was put on hold by a judge, who ruled that Congress must first give its approval. The Justice Department immediately lodged an appeal against the decision. The lawsuit was brought by the National Trust for Historic Preservation, which Mr Trump has described as a bunch of left-wing "lunatics".

America's Supreme Court overturned a law in Colorado that banned conversion therapy for children under 18. Conversion therapy seeks to change the sexual orientation of gay people, which many experts say doesn't work and is ultimately harmful. Colorado may think its ban is in the interest of public health and safety, said the court, but it interferes with free speech.

India's census got under way. Delayed since 2021, three million officials have begun the year-long process of counting the country's more than 1.4bn people, which will include door-to-door surveys. The people-counters will also use mobile apps to gather data for the first time.

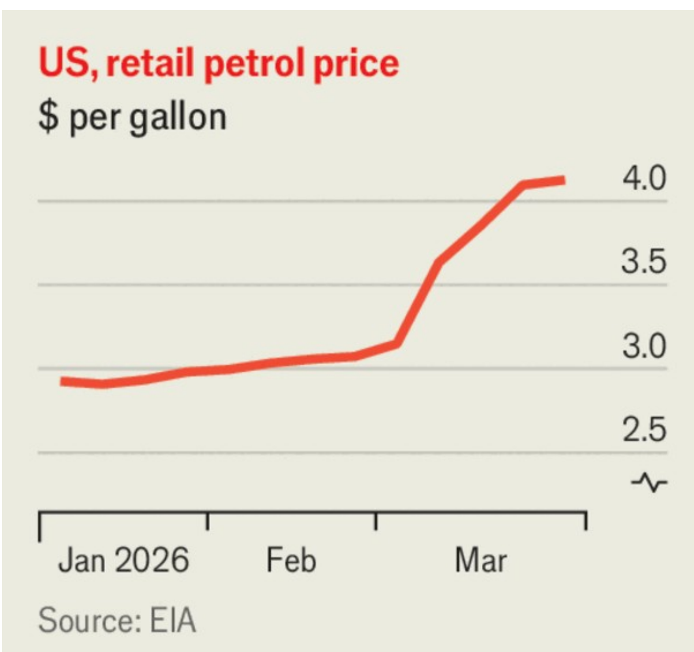
K.P. Sharma Oli, Nepal's former prime minister, was arrested in connection with the crackdown on last year's protests in which 77 people died. Mr Oli resigned and a subsequent election was won by Balendra Shah, a former rapper and one of the leaders of the Gen Z movement behind the protests. A former government minister was also arrested, after a commission recommended that both men be charged with criminal negligence.

Mongolia's parliament appointed the country's third prime minister in a year. Uchral Nyam-Osor is seen as a compromise candidate who can unite two bickering political factions. A former minister of digital communications, he has pressed for reforms to streamline Mongolia's regulatory quagmire, much of it a hangover from its time as a Soviet satellite state. Mr Uchral also used to be a hip-hop artist, known as Timon.

The world this week

Business

April 1st 2026



Oil prices in March chalked up their biggest monthly increase ever. Brent crude hit $119 a barrel, a rise of 63% since Iran blockaded the Strait of Hormuz, but trading is volatile and the price plunged on the latest hopes for a peace deal. The average price of petrol in America reached $4 a gallon this week. Stockmarkets had their worst quarter since 2022. In March alone the S&P 500, the NASDAQ Composite and the Dow Jones Industrial Average all fell by around 5%. In Europe the Stoxx 600 was down by 8%. In Asia Hong Kong's Hang Seng index dropped by 7% and Japan's Topix by 11%. The MSCI Emerging Markets index is 13% lower. Markets rallied on March 31st on renewed hopes that the war would end soon.

In Japan Mimura Atsushi, the government minister overseeing the country's currency policy, warned that "decisive measures" may need to be taken to stop "speculative moves" against the yen. The currency has fallen to its weakest level against the dollar since July 2024, when Japan last intervened to prop it up.

The euro zone's annual inflation rate surged in March, to 2.5% from 1.9% in February, smashing through the European Central Bank's 2% target. Energy prices were 4.9% higher than a year ago; in February they had decreased by 3.1%.

Carnival reduced its annual profit outlook because of higher fuel prices. It is the only big American cruise line that does not hedge its fuel costs; its share price has slumped over the past month.

BYD's annual net profit fell by a fifth amid a savage price war in China's electric-vehicle market. It was the Chinese company's first drop in profit in four years. However, its share price has surged since the start of the Iran war, as investors bet that the conflict will result in a renewed shift in the car industry away from petrol towards electrification.

The sell-off in memory-chip stocks intensified, after Google published research suggesting a new algorithm could crunch the amount of storage needed for AI. That could help alleviate the supply shortage of memory chips; a tight market has boosted the share prices of companies that make them over the past year. After the research was published stocks in SK Hynix, SanDisk and Western Digital all tumbled. Micron's share price fell by 10%, and is down by 30% since mid-March (though still up by 275% over the past 12 months).

A federal judge issued a temporary block on the Pentagon's designation of Anthropic as a "supply-chain risk". The Pentagon announced the designation after Anthropic sought safeguards for the use of its AI in certain situations; the judge found that the government was probably being "arbitrary and capricious". The court of appeals in Washington, DC, is expected to rule soon on the matter in a separate case.

Unilever announced a deal to merge its foods business, which includes the Hellmann's, Marmite and Pot Noodle brands, with McCormick, best known for its line of herbs and French's mustard. Unilever shareholders will own 65% of the $66bn newly combined company. The consumer-goods conglomerate spun off its ice-cream business last year, leaving it to focus on its personal-care and household-products businesses.

Eli Lilly struck a licensing and research agreement with Insilico Medicine, which works with AI to develop new drugs. Worth up to $2.75bn, it could be the biggest deal to date in the AI-drugs sector, which uses machine learning and automated labs to cut the costs of pharmaceutical R&D. In a busy week for Eli Lilly it also agreed to buy Centessa, which specialises in sleeping disorders, for $7.8bn.

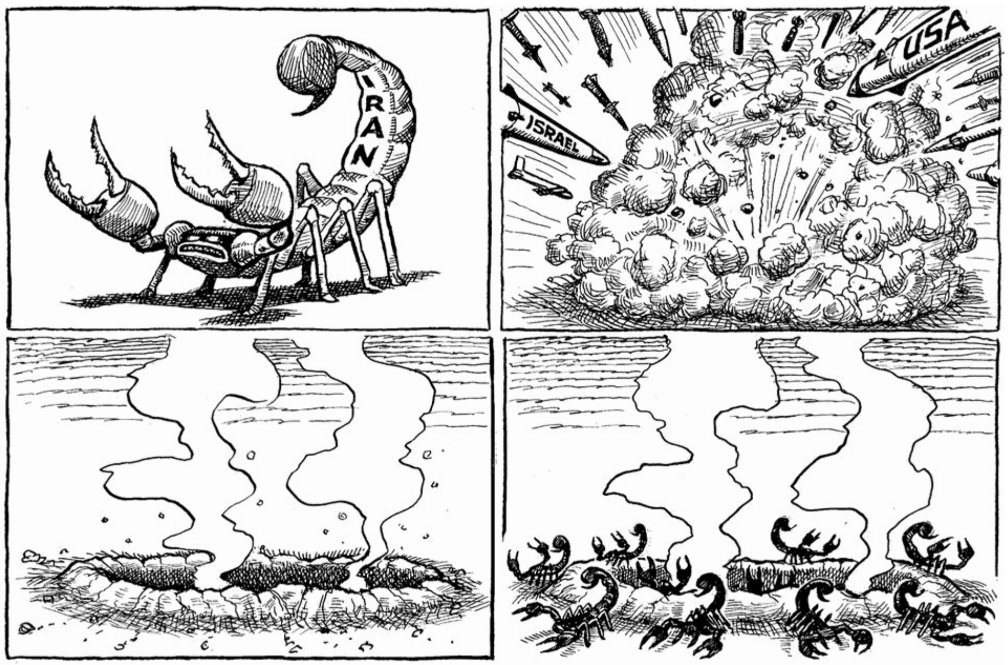
The authority of the World Trade Organisation took another knock when the latest round of talks ended in deadlock. The sticking-point was a disagreement between America and Brazil over extending a moratorium that prevents duties from being imposed on digital downloads and streaming (America wants the duties to be scrapped for ever).

Michael Rousseau said he would step down as Air Canada's chief executive, following a furore over his condolence message to the families of the two pilots killed in a collision at La Guardia airport. Apart from "bonjour" and "merci" Mr Rousseau's remarks were delivered in English only, a grave sin in bilingual Canada.

NASA prepared to launch Artemis II, which it hopes will carry four astronauts around the Moon on a ten-day voyage. Earlier, Virgin Galactic confirmed it was on track to begin test flights of the first of its two new spacecraft this year, which will eventually resume the company's commercial space flights. It has started selling tickets to potential space tourists for $750,000.

The weekly cartoon

April 1st 2026



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

The perils of a ground war in IranHow would American ground forces take Kharg?Could special forces truly obliterate Iran's nuclear programme?

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

Leaders

Leaders | Geopolitics

How China hopes to win from the war

Never interrupt your enemy when he is making a mistake

April 1st 2026

GOING TO WAR against Iran promised to change the Middle East by weakening a villainous regime and thwarting its nuclear ambitions. To its most bullish supporters, the war would also change the world by cowing an ascendant China. It would show how America's control over the flow of oil leaves China vulnerable. And it would boost deterrence by contrasting America's military supremacy with China's reluctance or inability to save its friends.

A month into the fighting, this logic still seems misguided and hubristic. Certainly, that is the way it looks from Beijing. The Economist has been speaking to diplomats, advisers, scholars, experts and current and former officials in China. Almost all of them see the war as a grave American error. China has stood aside, they say, because its leaders understand the maxim attributed to Napoleon Bonaparte, supposedly uttered as his foes were abandoning high ground at Austerlitz: "Never interrupt your enemy when he is making a mistake."

Many Chinese say the war will accelerate America's decline. They see American aggression as a validation of President Xi Jinping's focus on security over economic growth. And they expect peace, when it comes, to create opportunities for China to exploit. Only in the background is there anxiety—and the hint of a possible Chinese miscalculation.

First, the view in Beijing is that America is lashing out at Iran because it feels its power ebbing. Like Britain in the 19th century, its formidable display of military force contrasts with its lack of purpose or restraint. President Donald Trump has spurned the advice of experts. He has issued wild threats and, as this was published, was about to address the nation amid talk of pulling out. His lack of a strategy has set America up for failure.

Chinese experts hope the war will amplify talk of decline. Mr Trump's musings about a ground operation are a sign of how easily one ill-considered step can lead to the next. If Iran falls into chaos or the regime clings on, America may spend years fighting fires in the Middle East. If Iran seeks nuclear weapons, Uncle Sam may go to war yet again.

All that would distract America from East Asia where, if China has its way, the 21st century will be shaped. This war will also worry countries that depend on America. Not only has their ally become less reliable, but they are paying for its hot-headedness in expensive energy and raw materials. Will Asian countries therefore become more wary of offending China?

Second, Chinese officials think the war shows the wisdom of Mr Xi's emphasis on fostering self-reliance in technology and commodities, even when those efforts have come at the expense of economic growth (which remains stubbornly and wastefully below its potential). Mr Xi has strived to protect China from chokepoints being closed. He has created a 1.3bn-barrel strategic reserve of crude oil, enough for several months. He has diversified power-generation to nuclear, solar and wind while maintaining the use of domestically mined coal. China is being characteristically pragmatic, by facilitating Iran's oil trade.

Mr Xi has also invested in chokepoints of his own as a deterrent against America. Last year, after Mr Trump escalated tariffs, he threatened to restrict supplies of rare earths, vital for electronics and green tech. Although this leverage will fade as America finds alternative sources, Mr Xi is already seeking new pressure points, including vital pharmaceutical molecules, some chips and logistics. He wants China to dominate new technologies, such as quantum computing and robotics.

Last, the war will create opportunities. The Gulf countries and Iran will tender lucrative rebuilding contracts. Many countries worried about future embargoes in the Strait of Hormuz will want to buy Chinese green technology, including gear from solar, wind and battery producers—all of which have overcapacity. Whereas America blows hot and cold, China's brand of cynical self-interest is at least dependable.

China also thinks it can exploit America. Weakened in Iran, Mr Trump may be easier to negotiate with. At his summit with Mr Xi in Beijing in May, China hopes to lay the ground for a deal that will curb America's use of tariffs and export controls and possibly create a framework for Chinese investment in America. Ideally for China, Mr Trump will say that America opposes Taiwanese independence and supports peaceful unification—a shift from the studied ambiguity of Henry Kissinger's original formulation.

Yet China's optimism is tempered by anxiety. Experts are taken aback by how the American armed forces are using artificial intelligence to co-ordinate operations. That is one more reason for dismissing the idea that Mr Xi is impatient to invade Taiwan. As Iran has shown, war is unpredictable. And if America is declining, war will be unnecessary. Other worries are economic. If war drags on, the harm to China and its exports will mount, even if other countries suffer more.

For all China's hard-headed analysis, it has one strategic blind spot. Chinese thinkers are too reluctant to contemplate a scenario in which America acts as a rogue power, ripping up the world order it created. Although China likes to complain about Western values, it has thrived under rules that America has laboured to sustain.

An unstable planet would be uncomfortable for China. Global disorder would undermine its export-fuelled growth, a worry for a party whose legitimacy rests on prosperity, iron-fisted order and Chinese exceptionalism.

That scenario may well accompany America's decline. But not necessarily. Faced with technological and political change, America has repeatedly shown a remarkable ability to reinvent itself. By contrast, China is cautious, ageing and hidebound by party ideology. So far, whenever America does not provide global security it has been loth to step in.

China is putting a lot of weight on the assumption that America will fail to thrive amid the anarchy it is creating. There is a future in which America embraces upheaval and China shuts itself off. That future may belong to America. ■

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Leaders | I-ran a war badly

The perils of a ground war in Iran

Donald Trump may send in troops. Does he know what to do with them?

April 1st 2026

LAND WARS in Asia have rarely gone well for America. In Vietnam, Iraq and Afghanistan it spent years ensnared in conflicts—much longer than first expected. Now, even as he talks of stopping the war, President Donald Trump is also threatening to fight on land. Short of options to reopen the Strait of Hormuz, he has sent thousands of troops to the region and talked of invading Kharg Island, off Iran's coast.

Kharg is appealing. It is a hub for 90% of Iran's oil exports. Jimmy Carter and Ronald Reagan weighed attacking it; Saddam Hussein and Mr Trump bombed it. If America held the island, it might deny Iran much of the 2.4m to 2.8m barrels of oil and refined products that it still exports daily. Iran earns more from those exports now than it did before the war began.

Marines and paratroopers could take the island. But then what? If they halted Iranian oil exports, energy prices would rise, further harming the global economy. Iran could attack more Gulf infrastructure, including vital desalination plants. America might also need to occupy three other terminals farther south—Jask, Lavan and Sirri—adding to the complexity of the operation. It would be far simpler to stop Iranian tankers at sea, as they left the Gulf.

American troops on Kharg would be exposed. They would need regular resupply by air or sea; Iran would attack runways or ships, and would rain drones and missiles on the occupiers. Kharg is near the Iranian mainland, putting it within reach of more Iranian missiles. Some would get through, as they have in recent weeks, most recently destroying a valuable American E-3 Sentry airborne-radar aircraft in Saudi Arabia.

Alternatives would include seizing Iran's smaller outlying islands, like Abu Musa and Greater and Lesser Tunb, or raids inland against military sites. But to be more than a nuisance America would have to stage long occupations, and these would probably run into the same problems as Kharg.

If the war becomes a contest of wills, Mr Trump should remember that the stakes are much higher for Iran's regime. The loss of oil income, and other blows, could aggravate its economic crisis and perhaps trigger protests. But Iran's regime is brutally repressive and has lived with a dysfunctional economy for years. Its willingness to endure pain vastly exceeds that of Mr Trump, whose party faces midterm elections in eight months. The Islamic Revolutionary Guard Corps bled American troops in Iraq with roadside bombs; they would relish doing so with projectiles.

America could also stumble into a quagmire elsewhere. Mr Trump may favour a mission to seize Iran's stock of 400kg or so of enriched uranium. Swooping into Isfahan, where the bulk of it is probably underground, would certainly be dramatic. It would also be the largest raid in military history. But some of the uranium is probably held beneath the ground at two other sites, Natanz and Fordow. Assaulting three places at once may be beyond even America's capabilities.

Americans are not the only ones who should worry: so should their allies. The war is already sapping American military power. The destroyed E-3 Sentry was one of a small and shrinking fleet. America has fired over 850 Tomahawk missiles, more than it expended in Iraq in 2003, perhaps a third of its available global stocks. The intense pressure on American ships is likely to compound a maintenance crisis in the navy. American and allied planners in the Pacific will be watching with mounting concern.

Many in Mr Trump's court—including J.D. Vance, the vice-president, Tulsi Gabbard, the director of national intelligence, and Pete Hegseth, the secretary of war—took part in previous ground wars in the Middle East. They all concluded that those conflicts had ended up as grand follies. They should speak up about the dangers now. ■

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Leaders | Defeating Viktor

Lessons for the world from tiny Hungary

A regime loved by MAGA may soon lose power. That matters

April 1st 2026

It has fewer people than Belgium, and its GDP is barely 1% of the European Union's. Yet Hungary counts. Not because clever Hungarians invented the Rubik's cube and the ballpoint pen, but because an unscrupulous one, Viktor Orban, offers a template for how a democratically elected leader can undermine democracy and the rule of law.

For MAGA Republicans and other populist nationalists, Mr Orban is a model to emulate: a scourge of the woke, a defender of borders, tradition and Christianity. Donald Trump praises his strength; Steve Bannon calls him "one of the great moral leaders in this world". But his government is unpopular in Hungary; many see it as repressive, corrupt and ripe for sacking. At an election on April 12th, voters will have a chance to do just that. They should take it.

Since winning power in 2010, Mr Orban has steadily removed checks and balances, neutering the judiciary, stuffing the bureaucracy with stooges and gradually co-opting nearly every independent institution. Each step was usually legal, and many had precedents in other democracies. But taken together, they consolidated vast powers in a small ruling circle, and opened the door to colossal graft. Hungary is now the least free and most corrupt country in the EU.

It is also the most Putin-friendly. Energised by Russian gas and oil, Mr Orban frustrates EU efforts to give money to Ukraine and tries to soften sanctions against Russia. European leaders now assume that anything they say in front of a Hungarian official will be passed on to the Kremlin. Vladimir Putin is grateful: Russia's disinformation tools have been vigorously deployed to slander the Hungarian opposition.

The election will not be fair. Most media are controlled by the state or Mr Orban's cronies. Voters are constantly (and falsely) warned that a victory for the opposition will mean that Hungarians will be sent to die in Ukraine. The voting system is gerrymandered for the ruling party, Fidesz.

Nonetheless, polls show the opposition with a decisive lead. Some even suggest it will win a large majority in parliament. The polls may be wrong, but this is Hungary's best chance in 16 years of getting rid of Mr Orban. If the opposition wins, liberals everywhere should study what it got right.

One lesson is over tactics. The opposition rallied around its most electable candidate, Peter Magyar. Handsome and charismatic, he campaigns skilfully on social media and tirelessly at rallies. As a defector from the ruling party, he can speak out about its moral rot. He also appeals to swing voters, notably in small towns, who might see other opposition figures as too elitist. He is not perfect, but his upstart movement, Tisza, unites the centre left and centre right.

Second, the opposition does not merely grumble about abstract ideas, such as democracy. Rather, it stresses how Fidesz has emptied Hungarians' wallets. Interest rates are high; the economy grew by just 0.4% last year (nearby Poland managed 3.6%). Mr Magyar excoriates the regime's corruption, too. Voters can see how astonishingly rich Mr Orban's chums have grown, thanks to rigged public contracts and regulatory favours. The misappropriation of huge EU subsidies by insiders grew so blatant that Brussels belatedly froze them. Hungary is a textbook example of how unconstrained power—the goal of populists everywhere—is a recipe for plunder; but also of how such plunder ultimately repels voters.

On a related note, Mr Trump's endorsement, in the person of J.D. Vance, who is due to visit Hungary just before the election, does not seem to be helping Mr Orban. The world's most famous right-wing populist is increasingly associated with war, pricey petrol and corruption. In Australia and Canada, his interference around election time has unintentionally helped the candidates he dislikes. Whether this year will see the populist tide start to ebb remains to be seen. But outfits such as Nigel Farage's party in Britain, Reform UK, and the Alternative for Germany find it awkward to be MAGA-affiliated. Centrists should take advantage.

Meanwhile, Hungary's future hangs in the balance. If the opposition wins a big majority, it will be harder for Mr Orban to deny or subvert the result. Even if he is ousted, he could still cause trouble. He has set up institutions, such as foundations running universities and media outlets, that will remain under the control of his friends. Any new government will struggle to unravel Orbanism's tentacular grip over Hungary. (Poland, where a moderate government is tackling a similar problem, offers lessons.) The first step for Hungary, however, is the most crucial: defeating Viktor. ■

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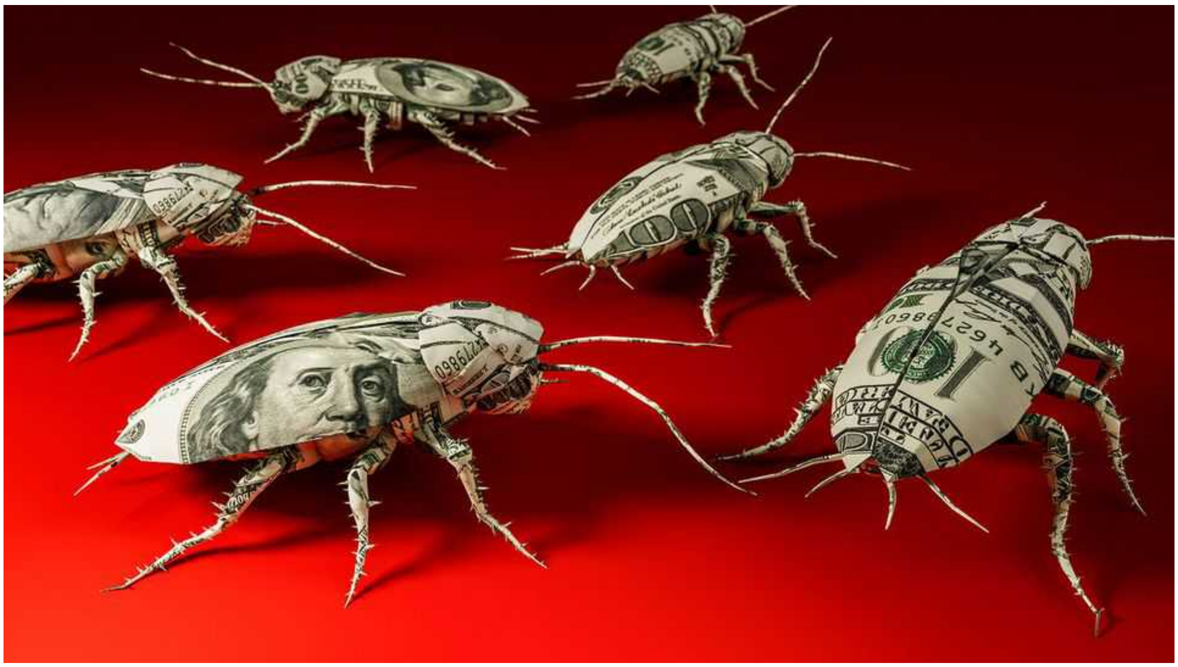
Leaders | Finance

How worried should you be about private credit?

Its humbling could raise borrowing costs

April 1st 2026



Private credit promised high returns to investors and safety to financial regulators. Now investors are demanding their money back and regulators are worried about panic spreading across the financial system, just as it faces a shock from President Donald Trump's war in the Middle East. The good news is that Wall Street is much further from the precipice than many fear. Yet all should be concerned by the ineptitude displayed by some of its fastest-growing firms and the costs their woes could impose on others.

Over the past two decades the biggest private-equity houses have gone from mostly buying and selling companies to lending to them. In the process they have become massive. Apollo, Blackstone, Carlyle and KKR manage $3.4trn of assets, compared with $800bn a decade ago. Their lending has often stayed close to home. Much of private credit involves funding private-equity deals. And of the roughly \$1.5trn of private loans that are outstanding, around a third sits in funds open to individual investors.

At first investors in these funds were spooked by the realisation that nearly a third of their loans are to software firms, which could be disrupted by artificial intelligence. Now they are spooked by how spooked everyone else seems to be, including those in charge. Funds typically allow up to 5% of shareholdings to be withdrawn each quarter. Investors get out their cash by selling shares back to the fund at book value. Those values look too high. Redemption requests at the big funds have exceeded 5%, causing fund managers either to enforce the limit (as is their right, and probably their best option) or strain to please these investors by allowing more to sell.

The spiral will continue until fund managers can convince investors that the loans they hold are worth what they say they are. Some will struggle because investors have made up their minds; others, because the valuations really are wrong.

Failing private-credit funds are not about to bring down the rest of the financial system. Eighteen years after Wall Street collapsed spectacularly, many assume a crisis of similar magnitude must be overdue. But setting your watch to 2008 and judging every panic by that standard is the wrong way to think about risk. All financial disasters share the characteristics of complexity, leverage and borrowing that can be quickly withdrawn. Happily, the offending private-credit funds are (relatively) simple. They also have low leverage and can hobble on by giving back that 5% of investors' capital every quarter.

Nevertheless, private credit's problems may yet spill over. In contrast to 2008, the worry is not the banks. Although they have made tidy profits lending to private-credit funds, they are senior lenders; investors in the funds (and in the private-equity shops that own the underlying borrowers) must be wiped out before their loans are impaired. The bigger concern this time is the insurers. They are exposed to buy-out debt through complex securitised products, and because many of them are now owned by the private-markets firms themselves.

So far, the biggest casualty has been the share prices of the private-equity houses. More than a quarter of their value has been wiped out this year. The fact that the kings of private markets should have been humbled on the public markets is ironic. Mistakes like their excessive exposure to the software industry are more likely now that they are asset-gathering giants with values based on the fees they generate, rather than their investing prowess. In future they will also face more competition from banks, which Mr Trump is deregulating.

Another consequence is that retail investors will be warier of private markets, just as America has settled on letting them invest their pensions in private assets. Using this deep well of capital to fund the economic activity that occurs in private markets is a worthwhile prize. Yet, at least when it comes to structures governing how investors may withdraw their money, there is a paradox. Advances in technology have increased the amount of wealth created by companies in the private markets, but at the same time hooked investors on cheap liquidity and low fees in the public markets. The two seem irreconcilable.

The final consequence is that as private-credit funds' woes intensify, they will raise the cost of borrowing for firms across the economy, at a time when the Iran war is weighing on companies' margins. The cost of debt in public markets has already risen from near-record low spreads over government bonds at the beginning of the year. Piles of debt being issued to fund the data-centre boom should increase it even further. In the event of a wave of defaults, like the one at end of the shale-oil boom in the mid-2010s, this might even slow the adoption of the very technology that has fuelled the boom. That really would be something to worry about. ■

Leaders | Say no to the world’s richest man

Index providers should not bend the rules for Elon Musk

They will only expose ordinary investors to unnecessary risks

April 1st 2026

In fanciful MOMENTS Elon Musk speculates about artificial intelligence (AI) finding a way to allow travel at nearly the speed of light. By comparison, his reported aim of listingSpaceX, his rocket firm, at a valuation of $1.75trn, seems only modestly ambitious. Two other starry companies may also soon seek initial public offerings (IPOs): Anthropic and OpenAI, both AI model-making labs, are mulling listings this year or next. The three firms’ combined valuation could exceed $3trn. The prospect of their debuts—by far the largest public markets have seen in years—will thrill those who lament that big companies are choosing to stay private for longer.

Mr Musk and his bankers are now bargaining with stock indices and exchanges for the privilege of hosting SpaceX. He wants his firm to join key indices like the NASDAQ 100 and S&P 500 quickly, giving it access to trillions in index-linked capital; more than $600bn invested in passive funds are tied to the NASDAQ 100 alone. For now, the indices are obliging. On March 30th Nasdaq said it was adopting rules that will delight the superstar firms. The FTSE and reportedly S&P are considering similar updates. Unfortunately, those changes are misguided, and will expose investors to unnecessary risks.

Two main ideas are under consideration. One is to shorten the "seasoning" period that a firm's stock must go through before it is eligible to join an index. Nasdaq is cutting its three-month seasoning minimum to 15 trading days; the FTSE has suggested a mere five trading days. The second reform is to reduce the percentage of shares a firm needs to offer publicly (its "free float") before being added to an index.

Indices' desire to reflect the growth of some of the world's most dynamic firms is understandable. So far, many punters have been unable to invest in some of ai's brightest stars; index inclusion is a way to help them do so. Yet changing the rules to suit SpaceX will force index investors to choose between selling or weathering wild swings in prices.

Consider the flaws of shorter seasoning periods. Nasdaq last trimmed its seasoning window more than a decade ago, ahead of Facebook's IPO in 2012. After a glitchy debut, the shares took more than a year to get back to their initial value, swinging wildly along the way (see chart). As insiders offload their stakes, retail investors may bear the costs. That is an excellent argument for patience.

Free-float rules are more worrying still. Offerings with low floats have tended to underperform the market over time. But the fewer shares firms offer to the public, the greater the price index-tracking funds must pay when they are obliged to buy them. What is more, Nasdaq says some firms can initially be weighted at three times the percentage of shares they float, instantly giving SpaceX and its kind outsize influence on the index's performance, before investors have time to assess their valuation. The change risks turning indices into barometers less of the wider stockmarket than of Mr Musk's latest antics.

Both proposals undermine the main reason why passive investing became so popular: because it offers exposure diversified across the whole market, rather than a narrow bet on one company or industry. Stockmarkets have already become more concentrated as a result of the ai boom. As worries about valuations and the technology's profitability mount, index operators might come to regret increasing concentration even further. Should tech stocks come to look less attractive, indices will draw investors' ire rather than their cash. ■

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Letters

- Letters to the editor

Letters | A selection of correspondence

Letters to the editor

Also this week, social trends in Britain, Nvidia, Andrew Jackson, digital lovers

April 1st 2026

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"Open for business" (March 21st) stated that Africa is more resilient than we might think, but you measured resilience exclusively in economic terms, implying that the only goal of aid is near-term GDP growth.

I'd argue that one of the most basic and essential measures of a continent's resilience is how many of its children are living or dying. After last year's drastic cuts to global health and development aid, deaths on the continent from HIV, tuberculosis and malaria all went up. Projections indicate that

200,000 more of the world's children died last year than the year before, most of them in Africa, making 2025 the first year this century that the number of children dying went up instead of down.

I believe that the world can and will reverse this horrific trend, and I remain enormously optimistic about Africa's future. In the face of aid cuts and real fiscal pressures, I've been inspired to see many African leaders lay out smart, ambitious agendas for progress. The Gates Foundation is investing the majority of the $200bn we'll spend over the next two decades supporting them to achieve those agendas.

But we cannot ignore the deaths and health of young people. Indeed, they will be key to the continent's future prosperity. Economic growth is fundamentally driven by human capital. The way to build true resilience is to continue investing in Africa's greatest asset: its people.

Bill GatesChairGates FoundationSeattle

Your article on Africa's shift from aid to investment was persuasive ("Get paid, not aid", March 21st). Yet the more striking point may be how far the narrative still lags the reality. In Ngara, in north-west Tanzania, an airstrip that was built to supply refugee camps now receives planeloads of investors bound for the Kabanga nickel project. The symbolism is clear: capital arriving where aid once dominated. Yet much international coverage still frames Africa primarily through crisis, dependency and risk.

This matters. In markets, narratives shape what investors notice, how risk is assessed and how capital is allocated. Despite rising greenfield investment, deeper pools of domestic capital and more African firms investing across the continent, perceptions remain anchored in an earlier era.

The result is a mismatch. Capital is moving; conviction is slower to follow. If local investors are increasingly committing long-term capital, global investors may need to question whether they are keeping pace with reality. Africa needs more capital. But it also needs a story that reflects the continent as an investable economic space, not merely a humanitarian one.

Gaël GunubuSenior vice-presidentBank of AmericaLondon

Although it may be comforting to believe that Brexit has made Britain more European, your article actually revealed a more global transformation ("The great convergence", March 14th). Take coffee culture. Its rise in England, influenced by France and Italy, followed trends in American cities and even Brazil, where drinkable, quality coffee only emerged later in the 20th century, thanks to espresso machines and habits imported from Argentina and Italy. This was a global shift, not a European one.

Similarly, low birth rates, stagnant growth and shrinking disposable incomes are worldwide challenges, led by Japan, South Korea and Chile, not just Europe. The same is true for populism and authoritarianism, which are surging globally, from India to the United States.

The claim that Britain is adopting European social policies is also off the mark. University fees in England and Wales are ten times those in Belgium and up to five times those in Italy. Meanwhile, the modern welfare state was largely a British invention. Today, these benefits are under pressure across Europe and Britain because of economic struggles and fiscal constraints.

Holidays on "the continent" remain popular, but crossing the Channel still feels like entering another world. Britain's post-Brexit identity is not becoming more European; it is reflecting global trends, just like everyone else.

Michael LeighBrussels

Your article on Nvidia working to own the "full stack", or vertical integration, is part of the old technology playbook that even IBM and Microsoft have discarded ("Space Nvader", March 21st). Jensen Huang, Nvidia's chief executive, said recently that "The inference inflection has arrived. AI can now do productive work."

He is right. But the question Mr Huang didn't answer is the one that matters most for the software industry: who captures the value when AI can do productive work for everyone? Not Nvidia, or the model builders. The gap between even the incumbents is narrowing. Any reasonably funded startup can build on any of them. The model is becoming infrastructure.

The value will settle above the model layer. It will go to the companies that own workflows, exercise judgment and deliver outcomes. Not the ones that merely expose capability. I spent years at IBM helping build its early cloud strategy, watching the company pivot from products to services when hardware commoditised. IBM eventually sold its PC division and registered as a service company. The people who made that work were not engineers. They were the 30,000 consultants IBM employed, who understood how organisations actually operate.

The same shift is happening now, faster and wider. Benedict Evans, Y Combinator's latest requests for startups, Carlota Perez's framework for technological revolutions, and what Canva and Harvey (two platforms) and the OpenClaw founders are doing right now all point to the same conclusion. The commodity is the tool. The premium lies in knowing what to do with it.

Dev MukherjeeBusiness-school professor DePaul UniversityChicago

Andrew Jackson's perfidy began long before his removal of 60,000 Native Americans from their ancestral lands in 1830, known as the "Trail of Tears" (America at 250 interactive). In "Slaves without Masters: The Free Negro in the Antebellum South", Ira Berlin recounts the story that, anticipating the coming Battle of New Orleans against the British in 1815, Jackson, who was the army commander at the time, requested the support of the free Negro militias in the recently acquired Louisiana Territory. The militias demanded that in return for their help, Jackson would support their claim to retain the rights they had acquired under the previous French and Spanish rule of the territory. Jackson agreed and the militias fought. But after the Americans won the battle, that agreement wasn't kept by officials, even though Jackson praised their bravery.

Robert MillerPrescott, Arizona

Regarding your obituary of Jürgen Habermas (March 21st), of course it makes sense to begin a discussion of liberalism from its core values and supporting institutions. But it is also worth reflecting on the deeper social currents that gave rise to these values and institutions. In "The WEIRDest People In The World", Joseph Henrich points to the deep societal forces in Western Christianity that weakened kinship bonds and unintentionally gave rise to individualism in Europe. And Joel Mokyr, Avner Greif and Guido Taballini make similar observations in "Two Paths to Prosperity", a historical comparison of China and Europe that notes how the creation of the individual led to unique legal structures supporting modern capitalism.

Although liberalism came from forces without that clear intention, we are in a very different situation today. We can choose to reinvigorate these values, or further undermine them. Against the illiberal left, we must restore respect for the individual and the value of merit. Against the populist right, we have to re-establish limited government against creeping authoritarianism. It will be a tall task, because the elites have largely abandoned liberalism from both sides. But it is a struggle worth having. It is one to which Habermas contributed a life's work.

Mark WolfgramOttawa, Canada

Your review of James Muldoon's "Love Machines" claims that the "obsequiousness" of AI friend and companion apps marks a clear departure from the past ("Smarm and Servility", March 7th). On the contrary, this is large language models in action.

In Chaucer's "The Wife of Bath's Tale", the knight achieves his happy marriage by providing what women want: mastery over their husband—"meek, young and vigorous in bed". And the Righteous Brothers seek to get a girlfriend back by pleading, "Baby, I'd get down on my knees for you."

The chatbots are part of a long tradition of servile lovers.

Christopher WheatleyPort Ludlow, Washington

By Invitation

By Invitation | Keep it unreal

The IT department: Where AI goes to die

Ethan Mollick on why employers should treat AI as what it is: weird

April 1st 2026

A SYSTEM DESIGNED to predict the most likely next word in a sentence can also write good computer code, offer strategic advice and respond with remarkable empathy to human problems. We don't fully understand why. And yet the dominant instinct across the corporate world is to treat artificial intelligence as if it were just another piece of enterprise software: slot it into existing processes, assign it Key Performance Indicators and hand it to the IT department for management.

This is a profound strategic mistake. Companies are racing to de-weird AI, and in doing so they are squandering what makes it transformative, turning it into just the latest wave of office automation. To be clear, making AI easy to use is important, and building it into familiar tools and workflows is just smart engineering. The mistake is letting those smooth interfaces flatten your understanding of the technology's possibilities.

The urge to de-weird is understandable. Executives are trained to normalise new technologies and fit them into familiar categories. So AI becomes a fuzzy-logic processor built into a workflow or a tool that shaves minutes off a task. Normal technology gets normal rollout plans, like requiring that 90% of employees must use a new software package each week.

But when you set that target for AI, what actually happens? Employees use AI to transcribe meetings, or produce an endless stream of "workslop" in the form of dozens of extra memos or PowerPoints. Treating this technology as another software deployment is like receiving a mysterious alien artefact and immediately using it as a paperweight.

The de-weirding impulse produces a second, deeper failure: it leads companies to default towards automation rather than augmentation. When leaders see studies showing productivity gains of 30% from AI, their instinct is to cut 30% of the workforce. That arithmetic is simple. What is hard, and requires genuine imagination, is asking a different question: what does it mean to rebuild an organisation around the fact that a single programmer can now write a hundred times more code? What new products become possible? What new markets open up? No vendor can answer those questions for you. No consultant has a playbook (much as they might claim they do). The hard strategic work of reimagining what your organisation could become is precisely the work that de-weirding AI allows companies to avoid.

And there is a natural place where de-weirded AI goes to die: the IT department. This is not a criticism of IT professionals, who do essential work. But in most firms their mandate is to minimise risk. If they could take away your keyboards, they would sleep better at night. Every creative thing an employee does on a computer leaves the firm potentially vulnerable. AI, by contrast, demands that organisations embrace risk by experimenting wildly, tolerating failure and accepting that nobody yet knows the right way to use these tools. Handing sole control over AI to a department whose core mission is risk elimination is a category error.

So what should firms do instead? In my work in this area I have come to advocate a three-part model: Leadership, Crowd and Lab.

Leadership means that direction must come from the top. The CEO and other senior managers cannot delegate AI strategy to middle management or IT. They must articulate a vision for how AI changes what the organisation is, not merely how it operates, and they must create incentives that make experimentation safe. And they have to lead by using these systems themselves.

If they do, they can inspire the Crowd, a company's employees, who, when given access to AI tools and genuine permission to experiment, will figure out use cases not even the AI firms expected. Since AI is most effective in the hands of experts, the Crowd is where the best ideas come from.

Those ideas then go to the Lab, where a team of technical and non-technical employees work on generative AI full-time. These are people whose job is to push boundaries, develop new workflows and feed discoveries back into the organisation. I am shocked by how many large companies still lack even this. Without it, they have no mechanism for learning what AI can actually do for them. They are flying blind, relying on vendor demos and conference keynotes instead of building institutional knowledge.

There is one more problem that de-weirding creates, and it may be the most consequential. When companies fail to create the right incentives, employees respond rationally: they hide their AI use. Some fear punishment. Some do not trust that productivity gains will be shared with them rather than captured by the firm. Some quietly work 90% less and see no reason to volunteer that information. The result is an enormous information gap. Managers cannot see the true impact AI is already having inside their own organisations, which makes it even harder to develop a real strategy.

Resisting the de-weirding trend does not guarantee AI will go well. There is no default good outcome. But a failure to see AI for what it is—a profoundly odd, risky and powerful technology—will guarantee bad ones. Firms that sand down AI's strange edges will veer towards automation and layoffs, as that is all they can see. Those willing to confront the technology head-on can find something far more interesting, including ways to help make their people, and their organisations, capable of things that were impossible a year ago and will be impossible to predict a year from now. Nobody knows exactly where this is going. But you don't navigate strange territory by pretending your old maps will work. ■

Ethan Mollick is an associate professor at the Wharton School and the author of "Co-Intelligence: Living and Working with AI".

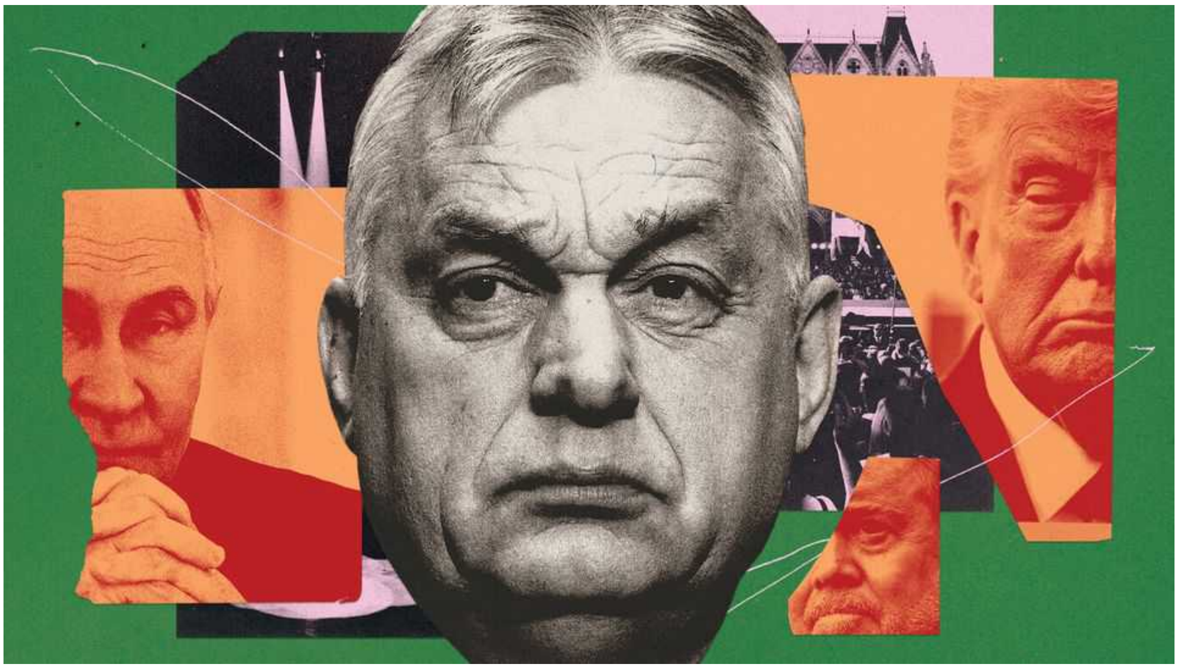
Briefing

Briefing | The Tisza is flooding

Might Hungary's election sweep away MAGA's favourite foreign leader?

Whether Viktor Orban wins or loses, the world's populists and their opponents are watching

April 2nd 2026



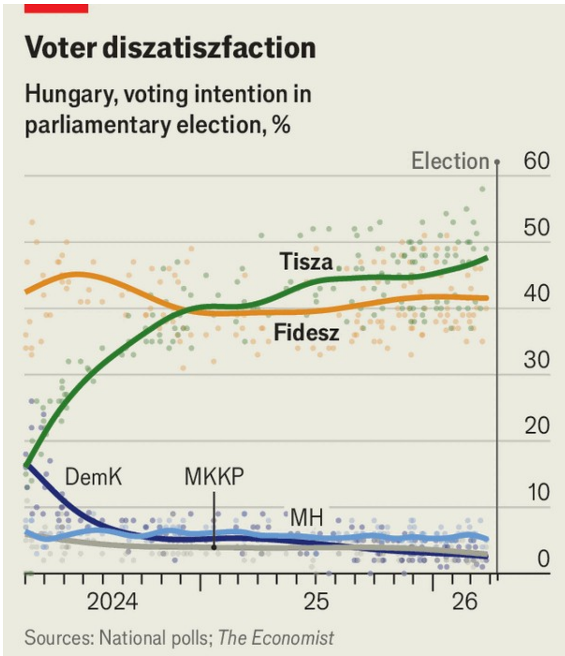
TO MAGA TYPES Viktor Orban is a hero, who returned nationalism, Christianity and family values to the centre of Western politics. To liberals he is the man who, in 16 years as prime minister of Hungary, showed the world how to turn a democracy into an autocracy. Mr Orban and his populist Fidesz party have stacked the courts, skewed the electoral system in their favour, installed yes-men to run independent agencies and state-owned firms, got allies to take over and tame critical media outlets, and used intimidation and favouritism to secure the support of big business. They have built a network of think-tanks linking European populists to those in America and around the world. Fidesz's tactics were the model for "Project

2025", the blueprint Donald Trump has used to reshape America's government. Yet the model is in trouble: Mr Orban and Fidesz face a general election on April 12th and may lose.

That is due in part to the quality of his opponent. Peter Magyar, a charismatic 45-year-old former member of Fidesz, leapt to prominence in early 2024 by posting videos on Facebook denouncing the party's corruption, including an effort to cover up a paedophile scandal. Within months his upstart party, Tisza, won 30% of the vote in elections to the European Parliament. He has been touring the country and building his party ever since. Mr Magyar's politics are vaguely centre-right, but nearly all opposition groups, conservative, liberal and leftist, have united behind him.

Yet the deeper reason why Mr Orban looks vulnerable is that his system's corruption is finally catching up with him. The economy, restructured around kickbacks and preferences for regime-friendly firms, has stopped growing and is falling behind nearby countries such as Slovakia and Poland. Public services are creaking. Mr Orban is running out of cash to provide big bribes to voters. The European Union has cut off aid to Hungary, after his cronies snaffled lots of it. The prime minister's autocratic allies, meanwhile, have proved a disappointment: cheap Russian oil and gas and Chinese investment have not spurred the economy.

For other democracies with surging populist movements (nearly all of them), Hungary's election will be instructive. Mr Orban has pioneered a formula for entrenching the right in power: use nationalism to win elections, then exploit the power of the state to dismantle independent institutions and hobble rivals—all legally, without locking up the opposition. Political scientists describe such systems, where elections are held but the government party tilts the scales in its own favour, as "competitive authoritarianism". (India under Narendra Modi might be another example. Some say Mr Trump's America fits the bill.) Lucan Way of the University of Toronto, who helped coin the term, says Mr Orban has made Hungary the prototype.



The election could go either way. Pollsters that are friendly to Fidesz put it ahead by roughly seven percentage points on average. Independent and opposition-allied outfits say Tisza is leading by an average of 13 points (see chart). Extensive gerrymandering means that Tisza must beat Fidesz by almost five points to win a majority in parliament. If Mr Magyar wins, his campaign will be scrutinised for lessons in defending the liberal order. If Mr Orban prevails, not only will his autocratic ways and close ties with Russia and China continue to torment the rest of the EU; his admirers abroad will try even harder to replicate his model.

Tisza's chances hinge on places like Hodmezovasarhely, a pretty city of 45,000 near the border with Serbia. On March 24th thousands of supporters packed into its central square, lined by Habsburg-era stucco façades, to hear Mr Magyar and the local Tisza candidate speak. Tisza's leader addresses rallies in four or five towns a day. From the stage his underlings led a chant of "Arad a Tisza" (the Tisza will flood), a pun on the party's name: it refers to the nearby Tisza river, but also stands for Tisztelet es Szabadsag (Respect and Freedom).

Mr Magyar's support among under-30s is overwhelming, and the audience had its share of mullets. But the generations were mixed. Magdolna Muladi, a 70-year-old pensioner, stood near the front with a half-dozen neatly primped friends. Fidesz, she said, had "plundered, cheated, lied—the whole country is corrupt". "We want to move towards the West, not towards Russia," a friend chimed in. Suddenly the crowd rippled as Mr Magyar strode through it, draped in a Hungarian flag and shaking the hands of star-struck supporters. Once onstage he launched into his speech with cheerful intensity, still drawing laughs for jokes he must have delivered many times that day.

Hodmezovasarhely is in a district that is likely to flip from Fidesz to Tisza. Hungary's parliament is elected using a mix of proportional representation and single-member constituencies. Until 2010 the former accounted for most of the seats, but when Fidesz won power it switched to mostly single-member districts. Since the opposition was fragmented, Fidesz tended to come first in such races, exaggerating its majority. In 2022 it won 54% of the popular vote but 68% of the seats.

Fidesz also redrew the electoral map. Big liberal cities such as Budapest, the capital, and Szeged were given their own districts, concentrating opposition votes in fewer seats. Smaller opposition-leaning towns were combined with surrounding rural areas that tend to vote for Fidesz. Take Hodmezovasarhely: its mayor, Peter Marki-Zay, is an independent who ran against Mr Orban in 2022 as the prime-ministerial candidate of an alliance of opposition parties. But its district is represented in parliament by Janos Lazar, a Fidesz stalwart and one of Mr Orban's most trusted deputies.

To appeal to such constituencies, Mr Magyar's campaign initially focused on non-ideological themes: the poor economy, the deteriorating health-care system and corruption. "The idea was to woo Fidesz voters with practical issues," says Zsolt Enyedi of the Central European University in Budapest. He also distanced himself from the established opposition parties, which Mr Orban had branded as agents of the globalist elite. Tisza's candidates, selected in November, are nearly all political novices, mainly with backgrounds in business or civic affairs.

Most of Hungary's opposition parties have stood down to let Mr Magyar take his shot. This is the culmination of a gradually intensifying co-operation. In 2022 nearly every opposition party joined an alliance in which each district was allocated to the party most likely to beat Fidesz there. But

Russia's invasion of Ukraine allowed Mr Orban to present himself as the peace candidate, vowing to keep Hungary out of the war. Fidesz won handily.

Mr Orban's decision to oppose support to Ukraine completed his evolution into the EU's most infuriating internal enemy. Hungary and the European Commission had been at odds over the rule of law since the early 2010s, when Fidesz began subordinating the judiciary to political control. Tensions worsened during the migration crisis of 2015, as Mr Orban refused to accept Hungary's allotment of asylum-seekers under a European burden-sharing scheme. In 2022 he stoked further indignation by using his vote in the European Council to weaken sanctions against Russia. He is currently holding up some $100bn in aid to Ukraine. The EU, in turn, is withholding aid to Hungary. Last week reports emerged that Peter Szijjarto, Hungary's foreign minister, routinely shares details of EU meetings with Sergei Lavrov, his Russian counterpart.

But it is by railing against corruption rather than debating geopolitics that Mr Magyar rose to prominence. In 2024 the president pardoned the well-connected deputy director of a children's home who had covered up sexual abuse by the home's director. Mr Magyar had just divorced; his former wife, the justice minister, had signed the pardon. He quit Fidesz and began denouncing it on Facebook, posting recordings of his ex-wife discussing backroom dealings over the pardon.

Mr Magyar is a handsome, talented speaker with a sharp sense of humour, a flair for social media and a large ego. Some wonder whether jealousy over his wife's success spurred his defection to the opposition. But to Hungary's dispirited liberals his arrival was a godsend.

Mr Magyar is also being helped by the weak economy. It shrank by 0.8% in 2023 and has barely returned to growth since. Last year it expanded by just 0.4%, while Poland's grew by 3.6%. All of Europe suffered high inflation after the pandemic, but Hungary's rate was the highest in the EU, peaking at 17% in 2023. The Hungarian forint slid from 360 to the euro at the start of 2022 to 415 in early 2025. To tame inflation and shore up the currency the central bank has kept its policy rate high. It stands at 6.25%, over four percentage points higher than that of the European Central Bank. Expensive credit, in turn, has crimped investment and made many firms struggle.

Not all the economic news is bad. Wages have risen rapidly owing to labour shortages: decades of high emigration and low fertility is causing the workforce to shrink. And some of Mr Orban's policies are putting cash in voters' wallets. In a fruitless effort to raise birth rates he has exempted mothers of three or more children from income taxes, and is extending that to mothers of two. To counter inflation the government limits food stores' profit margins on staples such as potatoes—a relatively sophisticated and effective price control, says Peter Virovacz, an economist at ING Bank in Budapest. Pensioners are getting an extra month's payout.

But with the economy sputtering, voters seem less willing to tolerate corruption they might have put up with in better times. Over 4m people have watched "The Dynasty", a documentary by Direkt36, an independent investigative outfit, that details the luxurious lifestyle of Mr Orban's family, including his father, a former agricultural engineer, who owns an 18th-century palace in the countryside. The ex-head of the central bank, once a close ally of Mr Orban, left office last year after the state auditor accused him of involvement in the theft of up to €1.2bn ($1.4bn). Last week an independent MP claimed that lavish renovations at the bank involved the purchase of 72 gold-coloured toilet brushes at €130 each. Transparency International's corruption-perceptions index ranks Hungary as the most crooked country in the EU.

Hungarians are beginning to realise that government corruption and the weak economy are related. Under Fidesz billions of dollars of infrastructure contracts have gone to companies owned by Istvan Tiborcz, Mr Orban's son-in-law, and Lorinc Meszaros, a childhood friend. Ever more contracts are awarded without competitive bidding to companies whose owners are connected to Fidesz. Last year 75% of single-bid government contracts went to companies associated with Mr Orban's allies, up from 39% in 2022, according to the Corruption Research Centre of Budapest, a watchdog. "The impact of kleptocracy on market competition was significantly negative," Istvan Toth, director of the centre, drily observes.

The effects are felt throughout the economy. Hungarian firms invest relatively little in research and development, presumably because political loyalty is a cheaper way to win business. German auto factories and their suppliers are responsible for most of the country's industrial exports. Mr Orban has tried to diversify by inviting in Chinese electric-vehicle and battery manufacturers, who have built enormous plants in Debrecen and Szeged. But most of the benefits from such plants flow to Chinese employees and subcontractors rather than Hungarian ones, says Zoltan Torok of Raffeisen, a bank.

The biggest economic consequence of Hungary's corruption is the suspension of EU aid. Since 2022 the European Commission has frozen more than €16bn that Hungary was to receive from the EU's post-covid recovery fund and its development scheme for poorer regions. Fidesz's erosion of the rule of law and the state auditor's lack of independence, the commission said, made it impossible to ensure European taxpayers' money was being spent properly. The sums are huge for a country of Hungary's size: Mr Virovacz reckons their loss has knocked a percentage point or more off the growth rate for the past couple of years. Mr Magyar's pledge to assuage the EU's concerns about the rule of law and get the aid flowing again is his campaign's centrepiece.

The combination of suspended European aid and Mr Orban's expensive tax breaks have left the government with a dearth of cash to spend on social services. At the Szent Janos Hospital in Budapest, the walls of the intensive-care unit are crumbling. Hungary spends just 6.5% of GDP on health care; the other Visegrad countries (the Czech Republic, Poland and Slovakia) all spend 8% or more. Its health-care system ranks last in the EU or close to it by nearly all measures of quality, including the highest rate of mortality from cancer, for instance. The system needs about 6,000 general practitioners but has only 5,000, says Balazs Rekassy, a health economist, and their average age is 61.

The government compounds the shortage of money for services in richer, opposition-run cities by levying a "solidarity tax" to raise funds for poorer municipalities. Gergely Karacsony, the mayor of Budapest, says the intention behind the impost is to make the opposition appear incompetent. "We have enough money to get through the April 12th election," he says. After that the city, which generates 40% of Hungary's GDP, may go bankrupt.

Fidesz's defenders dismiss such complaints as partisan spin. If health care is underfunded, notes Boris Kalnoky, a conservative journalist, that is in part because public health insurance is cheap, especially for the poor—about a euro a day for the unemployed. Tax breaks for mothers are balanced by the high VAT rate of 27%, a policy choice to favour families over consumption, says Zoltan Kiszelly of Szazadveg, a think-tank that is friendly to the government. Close ties with Russia are merely self-interest, he adds, since Hungary depends on Russian oil and gas. Szazadveg's polls, which have been accurate in the past, give Fidesz 46% and Tisza 41%. Mr Orban has launched a nationwide tour of his own to counter Mr Magyar's, though he manages at best one big rally a day.

There are many ways Mr Orban could yet prevail. Independent pollsters may be undercounting ethnic Hungarians in neighbouring countries, who were granted voting rights by Fidesz and tend to back it. They could also be missing many Roma, who make up perhaps 7% of the population and generally support Fidesz in exchange for public-works jobs. (Many Roma seem to believe Fidesz's claim that Tisza would involve Hungary in Ukraine's war against Russia, and that their children would be drafted.) The secret service and police appear to be harassing Tisza's IT staff, according to a report by a police whistleblower last week. Russian intelligence services are also said to have put their disinformation and social-media manipulation skills at Mr Orban's disposal.

Should Tisza win a majority, there is no guarantee it will be able to wield power. Mr Orban might blame voting fraud, as other strongmen have after losing elections. If he accepts the result, he may continue to wield power through institutions Fidesz has taken over, such as the constitutional and supreme courts, an autonomous foundation that owns many of the country's big media outlets, the state oil company and the fiscal council, which can veto the government's budget. He will no doubt attempt a comeback. If Tisza fails to win a two-thirds majority in parliament, Fidesz may paralyse the government, says Daniel Renyi, an investigative journalist.

Yet even that would represent a victory of sorts for the opposition: proof that democratic change is still possible. For the EU, it would provide at least a temporary respite from Mr Orban's relentless vetoes. For liberals across Europe and America, it would show that a corrupt competitive-authoritarian government can be voted out with a big enough wave. Many Hungarians say the result of the election will determine whether they stay in Hungary or leave for western Europe. For such disenchanted voters, Tisza's slogan resonates strongly: most vagy soha—now or never. ■

Correction (April 2nd 2026): This article initially stated that the children's home's director had been pardoned for covering up abuse by a staff member. The Economist regrets the error.

Briefing | Private-equity firms

A guide to the private-credit crisis

Why some panicky investors are running for the exit

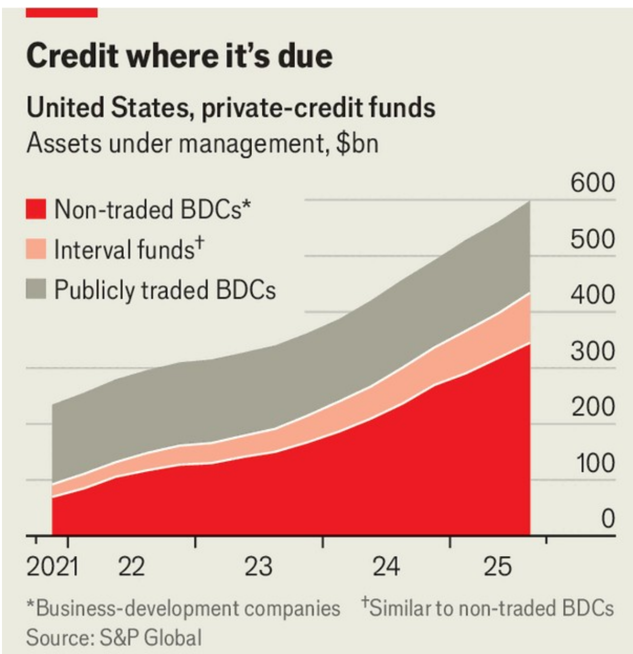
April 2nd 2026

Buttonwood Tree Capital buys Main Road Incorporated, a manufacturing company, for $1bn. Who picks up the bill? One half is settled with cash from Buttonwood's latest private-equity fund, whose investors have locked up their capital for a decade. The other, the "leverage" in this leveraged buyout deal, is borrowed from America's credit markets.

Historically the fund's first call would be to bankers at Goldman Sachs or Deutsche Bank, who would gladly cover the cost of the deal before selling the debt to investors as either bank loans, which have floating interest rates, or junk bonds, which typically have fixed ones. But in recent years Buttonwood's partners have opted instead to cross Park Avenue and borrow from one of their own competitors.

The latter is private credit: private-equity firms borrowing from other private-equity firms to buy companies. This simple trade, which was relatively rare a decade ago, is now the cause of much alarm in posh offices on Wall Street and drab ones inside central banks. The outstanding stock of such loans is tricky to measure but is about as big as the markets for leveraged loans ($1.4trn) and junk bonds ($1.5trn).

The rise of private credit partly reflects regulation that reduced risk-taking by banks after the global financial crisis of 2007-09. Unlike leveraged loans and junk bonds, private loans never expose a bank directly to borrowers. Firms like Blackstone and Apollo have been transformed from private-equity houses to credit superstores whose main business is lending.



Cracks have started to appear in business-development companies (BDCs), a type of fund which raises money from retail investors to make private loans. BDCs were created by Congress in 1980 to expand lending to small businesses, but became huge by financing private-equity buyouts. In aggregate their assets, and those of similar funds, have ballooned from $230bn at the end of 2021 to nearly $600bn now (see chart).

BDCs come in two flavours. Traded BDCs allow investors to buy and sell their shares in the fund on the stockmarket, as they would an ordinary company. Private BDCs, which involve more novel structures, do not. Such funds grow by issuing new shares through wealth managers to individual investors, who can sell them back to the fund once a quarter at a value set by the fund manager, the net asset value (NAV).

Investors have decided they hate both. One reason is that a combination of lower interest rates and an excess of capital chasing deals has caused the returns of BDCs to fall. Another is that during the past decade private-equity funds have spent one in every three dollars buying technology firms, which means BDC loan portfolios are similarly exposed. During the first buyout wave, in the 1980s, Main Road would have paved roads; today it sells traffic-management software. None predicted how quickly artificial intelligence would alter perceptions of the business models of such firms.

Investors in public BDCs can simply sell their shares. But a gulf has opened between what lenders say shares in their funds are worth (the NAV) and what investors are willing to pay for them on the stockmarket (the share price).

Funds with assets of more than $3bn trade at a median discount-to-NAV of 25%, compared with 16% at the start of the year and almost no discount a year ago. KKR, the investment firm whose buyout of RJR Nabisco, a food and tobacco conglomerate, was immortalised as a symbol of the excesses of the 1980s, now partly manages a fund called FS KKR Capital Corp. It can be purchased for less than half of its NAV. One interpretation is that rates of return for BDCs will be lower than their cost of equity. Put differently, investors believe the value of their loans is overstated.

Holders of private BDCs also want out, but face a different problem on their way to the exit. They can get the price they want in theory, since their shares are always redeemed at NAV, but there may not be a market in which to sell them. Private BDCs allow their managers to limit redemptions to 5% of shares each quarter, to avoid selling illiquid loans in a panic. Redemption requests now exceed that limit, causing panic, which in turn is causing more investors to ask for their money back.

The problem is not, as some have suggested, so much that investors do not understand what they have bought. It is more that asset managers cannot decide what they have sold. Some see the 5% limit as the hard rule that, contractually, it is. Ares, Apollo and BlackRock each limited redemptions to 5% in their private BDCs during the first quarter despite requests of 11.6%, 11.2% and 9.3% respectively.

Others have strained to please their investors. The largest single BDC, launched by Blackstone in 2021 and now managing an astonishing $83bn of investments, redeemed 7.9% of its shares in March, partly by injecting $150m of cash from its staff. Oaktree allowed 8.5% of shareholders to leave one of its funds last week, paying some of them with cash from Brookfield, the asset manager's parent firm.

The messiest such case is Blue Owl, a lender focused on tech firms which has grown from $50bn of assets under management in 2021 to more than $300bn today. In January it allowed more than 15% of shares in one of its funds to be redeemed in the hope that investors would be satisfied that the fund had adequate liquidity. That has not stopped them running for the exit. Blue Owl suspended redemptions at another fund which it appears to be winding down. Shares in the asset manager have lost two-thirds of their value since their peak at the beginning of last year. On April 2nd Blue Owl said it would cap withdrawals at 5% for two of its funds after redemption requests surged to 40.7% and 21.9%.

The spiral of redemptions is likely to continue for as long as investors can redeem their shares in private BDCs and buy shares in similar funds at a discount on the stockmarket. They would be foolish not to. The more investors who exercise this option, the more others will worry that the best loans will be sold to meet redemptions. While funds dangle the prospect of exceeding the 5% cap on redemptions, those who limit them will cause panic.

Some funds are particularly vulnerable. Cliffwater, a relatively unknown asset manager, reportedly faced redemption requests of 14% for its corporate-lending fund this quarter. It has grown from less than $20bn of assets in 2023 to $42bn today. Rather than making loans to companies like most funds, around 40% of its holdings are other investment vehicles. Private BDCs make up 8% of its total investments. Not only does that add another layer of leverage on top of these funds, but it creates the possibility that redemptions by investors in Cliffwater's fund could cascade through other funds. At the end of last year one of its largest investments was in a private BDC run by Barings, in which it owned almost a third of all shares.

The turmoil has inspired righteous disbelief among lenders, who contend private credit is in fine enough fettle. True, capital being yanked from some funds has been offset by inflows from new investors. And more than once private markets have caught flak for loans they didn't make. First Brands, a car-parts company, and Tricolor, a lender (both alluded to last year as "cockroaches" by Jamie Dimon, the boss of JPMorgan Chase) had mostly borrowed from banks rather than private-credit funds before they were accused of fraud and collapsed into bankruptcy.

A common defence is that the loans in private-credit funds are nowhere near as distressed as the market thinks they are. The number of borrowers conserving cash by tacking their interest payments onto a loan's principal rather than settling in cash—known as payment in kind (PIK)—is not much higher than a year ago. Lincoln International, an investment bank which values assets for many private-credit funds, says critics ought to distinguish between firms with "good PIK", where firms are utilising a long-standing option not to pay interest in cash, and "bad PIK", where the option was added later. (Surely, though, "good PIK" can be exercised by companies that are downright bad.)

One analyst at Bank of America was more direct. "Media still obsessed with private credit", ran the headline of a note dismissing concerns about the industry earlier this month. At the same time traders at the same bank were recommending their clients bet against European financial firms exposed to private credit (it later withdrew this recommendation).

Other banks are pitching similar wagers to hedge funds. Traders with long memories say that a wave of corporate defaults is overdue. Only a short memory is needed to become seriously worried about the loans held in private-credit funds. Before central banks raised interest rates in 2022 private-equity funds were frenetically striking deals at high prices. The 25 largest buyouts of publicly traded software firms between 2019 and 2022 were consummated at nine times the target firm's revenue. Today the median listed American software firm trades at three times revenue.

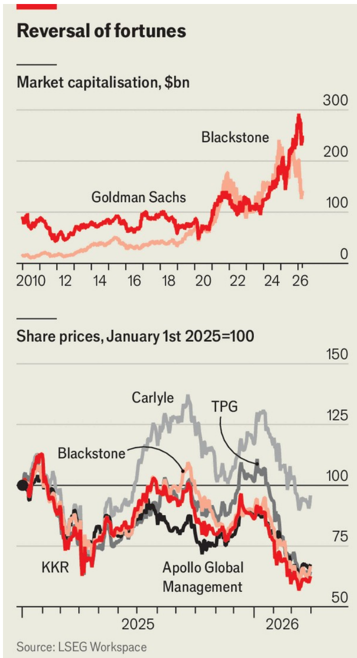
Eventually the debts taken on in these deals need to be refinanced: much like governments, companies that borrow heavily are at the mercy of their lenders' judgment. According to S&P, a rating agency, the median software company held by private-credit funds has borrowed around eight times its annual earnings. Half of these firms have negative cashflows.

Managers of private-equity funds could argue that they just need to invest in the companies they own to make them worthy vehicles, rather than helpless victims, of AI disruption. But they will probably struggle to convince lenders of that. The industry has only a middling reputation when it comes to actually improving the operations of the companies it owns. And when software companies fail, lenders fear they will end up being left with office chairs, MacBooks and unopened snacks. What intangible assets software companies do hold are maintained by workers who, in such a case, would have seen their own shares in the company become worthless. The prospect of lower rates of recovery on defaulted loans will push up interest rates, making defaults more likely.

But before lenders lose a penny, investors in private-equity funds must lose their shirt. These investors are an unlikely set of scholars, schoolteachers and sheikhs. Ivy League universities were sold on private equity back in the 1980s. Around 40% of their massive endowments is invested in such funds. American public-pension pots and sovereign wealth funds from the Middle East are also up to their knees.

The next-biggest losers are private-markets firms themselves. If simple structures like BDCs can cause so much trouble, what future is there for the more exotic vehicles they want to sell to retail investors, like exchange-traded funds which hold private assets? Nevertheless, on March 30th America's Labour Department announced a proposed rule enabling 401k retirement accounts to invest in private assets. Just in time, cynics say, for institutional investors to offload their unwanted stakes in private-equity and credit funds.

Shares in private-markets firms have fallen by more than a quarter this year. The ratio between the market value of Goldman Sachs and Blackstone is a good proxy for the transformation of American finance from a system dominated by banks to one reliant on investment firms. After five years of being worth roughly the same, Goldman Sachs is now worth nearly twice as much as Blackstone, as it was for most of the 2010s (see chart).



If the pain stops there, among investment funds and their managers, regulators will congratulate themselves on a job well done. Yet none are celebrating. Instead, the complicated links between private credit and the corners of the financial system where failures can be catastrophic make them question how much safer the redesigned Wall Street really is.

Start with the banks. In recent years banks have been keener to lend to other lenders than to make loans directly to risky companies. Over the past decade loans from banks to non-bank financial institutions have grown three times as much as have their total assets.

That includes to BDCs. For every dollar a BDC raises from investors, another is borrowed either from the bond market or banks—similar to the buyout deals which they ultimately finance. Researchers at the Federal Reserve estimated that at the end of 2024 banks had committed to lend $87bn to BDCs. JPMorgan Chase and Wells Fargo are among the busiest lenders. So are smaller American banks and big European ones. Despite falling outside the 50 biggest American banks EverBank holds the 17th-biggest book of loans to non-bank financial institutions (EverBank is itself owned by private-equity investors). Barclays and Deutsche Bank have both said that a little more than 5% of their loans are to private-credit funds.

Then there are the insurers. Private credit and life insurance have transformed each other. Apollo started Athene, its insurance arm, in 2009. A decade later its rivals started copying the idea. Today all the large private-markets houses either own insurers outright or have agreements to manage huge swathes of their assets. The logic is simple: insurers invest in illiquid assets with higher yields, and asset-managers get scale to more efficiently make those loans and collect fees.

Struggles in private-equity portfolios would show up in two corners of life insurers' balance-sheets. One is collateralised loan obligations, which pool mostly bank and, increasingly, private loans into tranches and sell the risk to insurers (and also to banks, often in Japan). At the end of 2024 they represented 4% of assets owned by life insurers, according to Moody's, a rating agency, but as much as 18% at one firm, Security Benefit.

In the second corner is a pair of mechanisms used by insurers to invest in private-credit funds: rated-note feeders, where insurers are awarded a high credit rating while investing in private funds; and collateralised-fund obligations, which pool stakes in private-markets funds. According to KBRA, a rating agency which works on both, new issuance jumped to more than $17bn and $26bn respectively last year.

These numbers look reassuringly small. But it is easy to imagine a scenario where the complexity of this rewired lending system ceases to be a virtue. If the run on BDCs continues, funds would call on their undrawn loan commitments from banks to meet redemptions. In such a case it is likely banks would begin to dispute the fund's valuation of the loans. What happens next depends on the terms of the bank's loan. Sometimes banks can simply mark down the portfolio and demand more collateral. More often a third-party valuation firm is called in to settle the messy dispute.

Life insurers are not funded by runnable deposits like banks, but thanks to weak regulation the industry's relationship with private credit has taken on new wrinkles of complexity that obscure risk. The use of private ratings for their assets is one. In 2024 Egan-Jones, an upstart rating agency, reportedly rated more than 3,000 assets with just 20 analysts.

Another wrinkle is the use of offshore finance, which has exploded. Assets reinsured in the Cayman Islands, where oversight is notoriously poor, have increased from $23bn in 2020 to $101bn today. Then there are the derivatives that life insurers buy to protect themselves against movements in interest rates. In a shock insurers could quickly find themselves selling illiquid private assets to cover margin requirements on these interest-rate swaps.

When credit markets convulse, traders often search for a historical guide. The worried money is settling on two. One is the end of the 1980s junk-bond boom, when life insurers exposed to high-yield bonds collapsed (it was from the lifeless carcass of Executive Life, an insurer, that Apollo got its start buying distressed debt). Another is the end of the shale-oil boom in America in the mid-2010s. Back then highly leveraged oil companies, rather than software firms, were the biggest borrowers. The fallout caused yields on junk bonds to reach double digits in 2016. That should worry software investors.

The strangest thing about credit markets today is that while one segment is coming under pressure, another is booming. The divergent moods reflect the same technology shock from AI. Between them Alphabet, Amazon, Meta and Oracle have sold around $220bn of investment-grade bonds since the start of last year to fund their investments. CoreWeave and Nebius have issued risky bonds to build data centres for big tech. Securitisation of debt tied to these factories is at record levels.

These parallel stories in credit markets ultimately rely on the same investors, which means the sheer volume of new debt will push up the cost for everyone. They also involve the same lenders. Blue Owl is a big lender to data-centre projects. So is Blackstone. One view is that these firms have successfully moved on to the next big thing. Though how much longer the boom will continue is hard to know. The cost of insuring against defaults on Oracle's bonds has soared recently. Not a cockroach, but perhaps a canary. ■

Editor’s note (April 2nd 2026): This article has been updated to include first-quarter redemption requests at Blue Owl.

United States

United States | The cruellest year

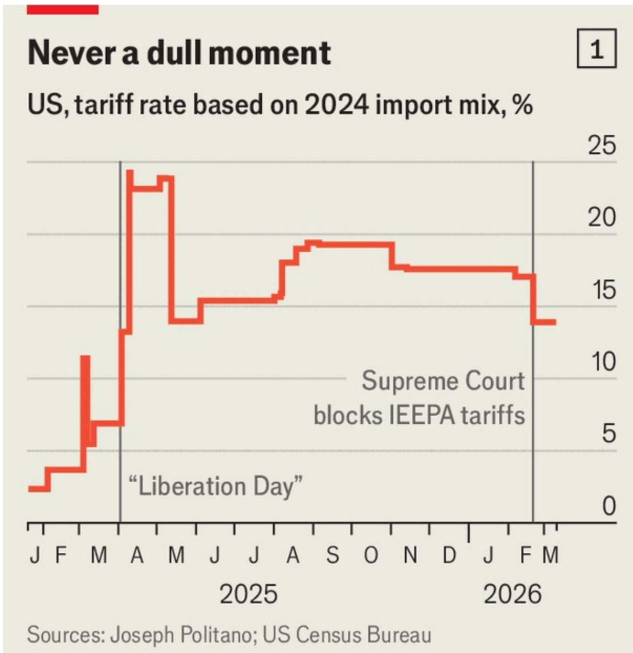
“Liberation Year” has not freed American factories

Even the winners from Donald Trump’s trade war are feeling squeezed

April 2nd 2026

Deep down, even Donald Trump seems sometimes to doubt whether tariffs do ordinary Americans all that much good. Four times in the past year the president has riffed on the idea that children might just have to make do with “two dolls, instead of 30 dolls”—if tariffs make toys more expensive. Sometimes he adds that Americans may have too many pencils. “They only need one or two.”

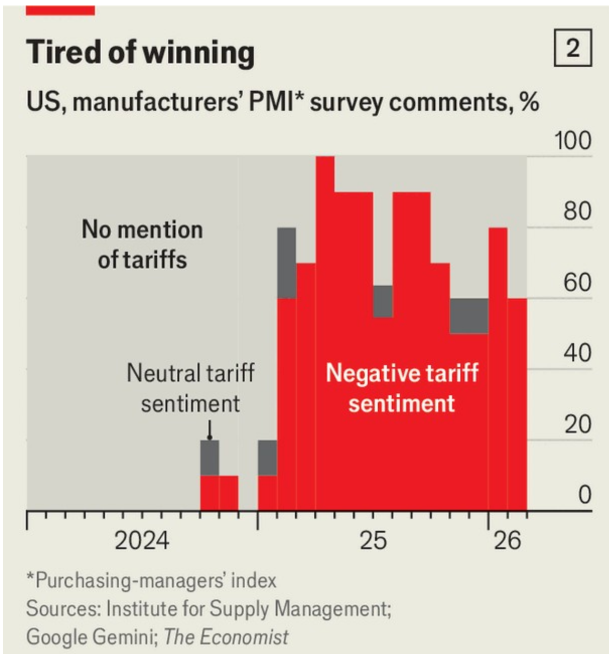
The White House argues that those costs are worth bearing, because tariffs will rescue American manufacturing from a decades-long slump. On April 2nd last year Mr Trump set out his “Liberation Day” plans to ratchet the levies to their highest level in nearly a century. And there, just about, they have remained—through a careening path over the 12 months since, punctuated by various trade deals, blow-ups with allies, exemptions for favoured industries and a brutal loss at the Supreme Court (see chart 1). "Jobs and factories will come roaring back into our country," Mr Trump promised back then.



One year on, how loud is the roar? On the jobs front, it has been closer to a whimper. Manufacturers have shed around 100,000 jobs since Mr Trump took office. Meanwhile, the rest of the economy has gained 300,000. The effect on actual manufacturing output has been closer to a shrug. The purchasing-managers' index, the longest-standing survey of American manufacturing, published by the Institute for Supply Management (ISM), suggests that the sector spent most of 2025 in recession, but the measure has perked up a little over the past month or two. Production of manufactured goods is up a little too, but only back to the levels of a few years ago. Much of that boost comes from a few specific sectors: aerospace (following a production ramp-up by Boeing after strikes and safety woes), computers and electronics (subsidised by the 2022 CHIPS Act) and pharmaceuticals (revved up by the boom in anti-obesity GLP-1 drugs).

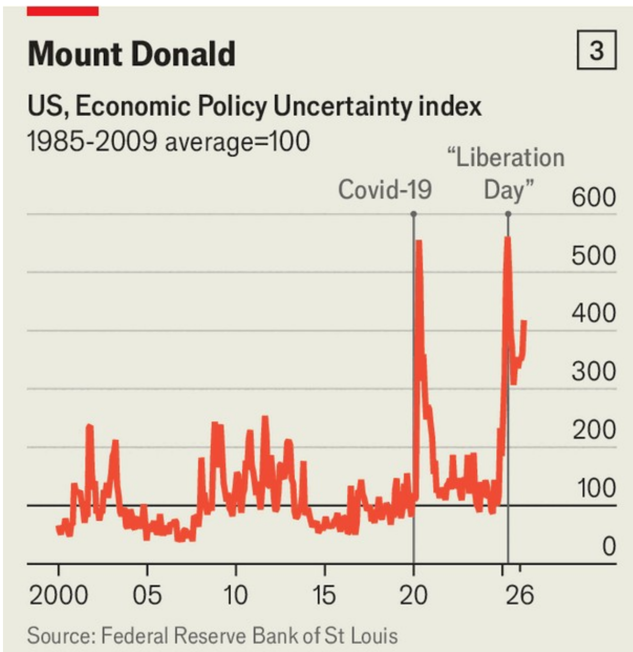
Tariff-boosters would argue, not unfairly, that restoring America's factories is a project that will take decades. One year in is just too soon to take stock.

The trouble is that, if anything, most American manufacturers seem to view the trade war as a setback to be navigated, not a triumph to be celebrated. Since Mr Trump took charge, most of the comments from manufacturers that ISM has published along with its surveys have mentioned tariffs. Not one has been positive (see chart 2). Many of the unpublished ones are more forceful still. “A fair number of comments just say the word ‘tariff’,” says Susan Spence of ISM, who compiles the survey. Or, among some less-polite respondents: “’Same as last month, it’s just tariffs, stupid.’”



That ire stems from two big problems. The first is the mess of it all: churn, instability and a mountain of new paperwork. Julie Robbins, who runs EarthQuaker Devices, an Ohio-based guitar-pedal maker, estimates that staying tariff-compliant has cost her small business about 400 man-hours over the past year. “Every hour spent navigating this”, she says, “is time that we can’t spend on things helpful for growing the business.” Like many small manufacturers, Ms Robbins will also hardly receive any refunds for the array of tariffs found illegal by the Supreme Court in February. That money will go to the wholesalers who imported the components her company used. Even if a wholesaler passes along the tariffs to buyers (as they often do), the refunds go to whoever formally pays them.

Constantly shifting tariffs have made planning for hiring, spending or investment nightmarish. Monthly measures of economic-policy uncertainty hit record highs after "Liberation Day", beating the records set during the early months of the covid-19 pandemic (see chart 3). When the virus was contained and jabs were in arms, that uncertainty receded. This time it has stayed high. That has left plenty of manufacturers furious. "People understand when business cycles go down and customers stop spending," says Ethan Karp of MAGNET, a pro-manufacturing non-profit. "There's particular anger to the government doing something that directly hurts them."



That instability makes reshoring especially difficult. New factories can easily take five or ten years to plan and spin up. Projects that make financial sense only if current tariffs stay in place could easily become money-sinks if a future administration were to scrap the levies altogether, or if the current one offers new exemptions. Only 9% of the Ohio manufacturers surveyed by MAGNET are reshoring. That is up from 4% five years ago, but hardly heralds a renaissance.

Nor is the instability about to pass. The stopgap 10% universal tariffs that Mr Trump instituted in February after his loss at the Supreme Court expire in July, and cannot be renewed without a (supremely improbable) act of

Congress. To fill that gap, the administration plans to use a patchwork of country- and sector-specific tariffs, which are on firmer legal footing. But that process will be messy and unpredictable, and could well take many more months. By the time it is done, the next presidential election will not be far off. And America could elect a Democrat (or, less plausibly, a tariff-sceptical Republican) who would pare the levies back. That is one problem.

The second problem relates to tariffs on inputs. Even manufacturers that do the bulk of their work in America tend to import components from abroad. (Ms Robbins imports 94% of the raw materials for her guitar pedals: switches, jacks, knobs, electronics, and so on. The 6% that comes from the United States is largely packaging.) For many manufacturers, tariffs on steel have been a particular menace; steel is widely used and often imported, and America makes less than it consumes. Input tariffs are especially damaging for exporters, which are competing with foreign factories that don’t pay the levies at all.

But those tariffs cannot easily be removed without undermining the logic behind the trade war. If the goal is to make America more self-sufficient, then tariffs to bring back basic production of raw materials are a necessary part of the process. Plenty of America First types speak admiringly of the depth of China’s manufacturing ecosystem, up and down the supply chain. And until that reshoring happens, which even in a best-case scenario would take years, upstream manufacturers will be hamstrung by higher input costs.

The administration’s preferred approach seems to be offering tariff exemptions to the loudest (and best-connected) industries. A lobbying push by technology companies has so far helped stave off most new tariffs on semiconductors. When Destin Sandler, an engineer and YouTuber, complained recently about tariffs on machines making chain mail at the Hill and Valley Forum, a Washington bash for the tech right, Kelly Loeffler, head of the Small Business Administration and a Trump cabinet member, urged him to email her. But exemptions just undermine the tariffs further: if some sectors are getting relief, others could too—and why then bother trying to reshore?

One year on from “Liberation Day”, then, America’s tariffs are surprisingly friendless, even among manufacturers. Punching holes in the tariff wall with exemptions may help appease some moaners, but lowers the already-low odds that many firms bother seriously considering reshoring. America has plenty of recent industrial success stories, but mainly in sectors like data centres or liquefied natural gas that are largely shielded from the tariffs. The odds that tariffs will set off a domestic manufacturing boom, meanwhile, look slimmer than ever. ■

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United States | Shipping lame

The war with Iran has blown up an America First policy

What country can afford both a war and the Jones Act?

April 2nd 2026

Presidents can't do much to mend the economy quickly, but Donald Trump is trying. On March 18th he suspended the Jones Act, a century-old rule that requires ships going between domestic ports to be American-made, run and crewed. Within days two foreign tankers were chartered to leave New York and Louisiana for Hawaii, for the first time in years. Since the war in Iran broke out, shortages on the islands have pushed the cost of petrol to over $5 a gallon and milk to nearly $10. Keli'i Akina of Grassroot Institute, a Honolulu think-tank, is optimistic that easing restrictions will help. "We're just watching and hoping right now," he says.

Iran's decision to close the Strait of Hormuz has reduced supplies of fuel and fertiliser worldwide, but places that rely on imports are most exposed. In America, the Jones Act has added pressure by making it harder to move goods from one city to another: the fleet that can legally do it is just too small. Facing a backlash over rising prices, Mr Trump opted to run a 60-day experiment in scrapping the kind of America First policy his administration usually touts. Economists reckon that the short-term waiver won't fix the problem—many foreign tankers are squeezed by the war or unable to swap to new routes quickly—but it puts a spotlight on a rule that has long been costly for ordinary Americans.

Politicians passed the Jones Act after America's shipyards lost their economic advantage to European rivals at the turn of the 20th century. It had twin goals: to prop up American industry and to ensure that in the event of war the government had commercial ships and workers to call on to cross oceans. But the renaissance never came. In 2024 America accounted for 0.04% of global shipbuilding. Today America has just 93 ships that comply with the act, down from 257 in 1980. In a crisis the country would be short of 6,400 mariners to crew them. A new American ship can cost four times as much as a foreign one.

That drives up the cost of American shipping and creates inefficiencies. Koch Fertiliser, a huge producer, says it costs the same to ship product from Florida to Brazil as it does to the Gulf ports. Rather than buying fuel from Texas, firms on the West Coast import it from South Korea. In Hawaii, ranchers raising cattle to send to slaughterhouses on the mainland put cows on aeroplanes to avoid paying the premium. There is no good estimate of how big a drag the law is on America's economy, but Colin Grabow of the Cato Institute, a think-tank, reckons it's in the many billions of dollars each year. Economists at the University of Chicago and Boston College estimate that getting rid of it would give consumers $769m back, mostly by lowering energy costs in the Northeast. A World Bank study found that the average Puerto Rican pays an annual $203 tax for it.

Why, then, has the Jones Act endured? American shipbuilders and carriers rightly note that it keeps their industry afloat—and so their unions and lobbyists fight for it. Jennifer Carpenter of the American Maritime Partnership, a lobby group, says that politicians from both parties recognise it's "good for America". Republicans like strict borders and don't want Chinese ships roaming domestic waterways, she says, and Democrats want firms operating in America to pay workers well and follow environmental rules. For many lawmakers, backing the act is easy: the industry writes campaign cheques and voters don't care. Repealing the law would require congressional leaders to turn against it. Mike Johnson, the speaker of the House of Representatives, has little reason to. One of his top donors was a Louisiana shipyard magnate.

In his first term Mr Trump heralded the Jones Act as part of his "Made in the USA" platform. Now that he has issued one of the most extensive suspensions of it, many are quietly hoping he may be souring on it. Some of his advisers certainly have. In a 2021 book Kevin Hassett, now the head of the National Economic Council, called the act "a case study in how severe unintended consequences can be". Doing away with the Jones Act, he said, was a task for the president's second term. ■

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United States | Being judgey

Our prediction for how SCOTUS will rule on birthright citizenship

Will the Trump administration lose another high-profile case?

April 2nd 2026

MANY COUNTRIES assign citizenship primarily on the basis of blood. America—along with about 30 other countries—does so primarily by place of birth. Since 1868, when the 14th Amendment was ratified, citizenship has been granted to “all persons born or naturalised in the United States, and subject to the jurisdiction thereof”. On the first day of his second term, President Donald Trump sought to pare back that guarantee. Babies born in America to undocumented immigrants or temporary visa holders would no longer qualify, so as to protect “the meaning and value” of American citizenship, a status Mr Trump characterised as “a profound gift”.

The Supreme Court heard oral arguments over whether that is lawful on April 1st, but Executive Order 14160, which set out the president's view, is no joke. The first judge to freeze the policy, a Reagan appointee, said it "boggles the mind" and is "blatantly unconstitutional". Similarly sceptical judges in Maryland, Massachusetts and New Hampshire agreed.

The administration's first response was to start a slightly different argument, against nationwide (or "universal") injunctions—the judicial tool that had thwarted its plans. Last June, in Trump v CASA, the Supreme Court sided with Mr Trump on the question of universal injunctions. Following that, a court in New Hampshire blocked the order on birthright citizenship after plaintiffs took a different approch, a class-action suit. In December the Supreme Court agreed to weigh in.

Trump v Barbara, the case before the court, tests the Trump administration's claim that the 14th Amendment "was adopted to confer citizenship on the newly freed slaves and their children"—but not to make citizens of "the children of aliens who are temporarily present in the United States or of illegal aliens". The argument turns on six words in the 14th Amendment: "and subject to the jurisdiction thereof". For more than a century these words have been understood to exclude only the offspring of invading soldiers, foreign diplomats and Native Americans (until Congress granted them citizenship in 1924).

The administration says the offspring of undocumented immigrants and temporary visitors share a characteristic with people in those categories, namely that they are "not completely subject to the United States' political jurisdiction" and thus do not owe "allegiance" to the polity. Why? Their parents are either "domiciled elsewhere" (because they are temporary visa holders) or "lack the legal capacity to form a domicile in the United States" (because they are undocumented immigrants). No domicile, the reasoning goes, no allegiance. No allegiance, no citizenship.

The challengers—and the majority of legal scholars—say that reading is wrong. The families and lawyers challenging the order argue it clashes with the 14th Amendment's plain text, a statute that codifies it and more than a century of Supreme Court jurisprudence. The court "has repeatedly recognised the citizenship of children born in the United States to foreign-national parents", they argue, "regardless of their immigration status". Across decades of decisions, they say, the justices "never once" doubted that immigrant parents had a proper "domicile" on American soil.

The main precedent in dispute is United States v Wong Kim Ark, a Supreme Court decision from 1898 holding that a man born in San Francisco to Chinese parents was a citizen, even though his parents were barred from naturalisation. The Trump administration points out that Mr Ark's parents were lawful residents and claims the ruling says nothing about the offspring of undocumented people, or those on temporary visas. But that reading mischaracterises the majority's decision. Justice Horace Gray's opinion swept broadly, grounding citizenship in birth on American soil—not in the immigration status or legal domicile of the parents. The challengers argue that, with narrow exceptions, territorial birth suffices for citizenship. To read Wong Kim Ark otherwise, they say, is to turn it "on its head" and discard more than a century of settled understanding.

A few scholars have come to Mr Trump's defence, penning law-review articles and amicus briefs that develop the purported "allegiance" requirement for citizenship. But the vast majority reject this approach, pointing to historical evidence supporting birthright citizenship as it has long been understood—and in near-universal terms since the end of the civil war. Anthony Michael Kreis, a law professor at Georgia State University, says the administration's argument focuses on the status of the parents while the 14th Amendment is about the child. "It's really hard to say that we've been doing it wrong for all these years," he adds, dismissing revisionist accounts that read historical sources "devoid of context".

Mr Kreis expects the court to reject Mr Trump's bid. Based on the briefs, SCOTUSbot, The Economist's model forecasting Supreme Court rulings, agrees the administration will lose—by a vote of 5-4 or 6-3. But Anna Law, a legal historian at Brooklyn College, is not so sure. The case arrives at a moment when the court has shown a willingness to overturn long-settled precedents. Battles over who belongs, and on what terms, have been re-fought over and over. Trump v Barbara may be "an easy case", she says, but the fact that it's before the court "is quite scary". ■

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United States | RFK in trouble

From MAHA to haha

The paranoid style of medicine is becoming a political liability

April 2nd 2026

A YEAR AGO the "Make America Healthy Again" (MAHA) movement was on a tear. Robert F. Kennedy junior had been confirmed as health secretary just 24 days into Donald Trump's second administration. The Centres for Disease Control and Prevention (CDC) had announced a study on the link between vaccines and autism, and top vaccine regulators had been pushed out. No more. Both the White House and Congress seem to be growing tired of the MAHA agenda. Important health appointments sit open because of stalled Senate confirmations. Instead of the electoral advantage that many once hoped it was, some Republicans now worry that they are on the wrong side of a wedge issue.

The clearest example of MAHA's dwindling influence is in two prominent public-health vacancies. The CDC is currently without either a director or even an acting director, as the role has sat empty for so long. Instead, Jay Bhattacharya, a Stanford health economist, is overseeing the public-health body while also running the National Institutes of Health, the research agency. While these roles sound similar enough, the set-up has him managing about 27,000 employees, on sites a 640-mile commute apart. The director is "the ultimate decision-maker" in the CDC who controls "requests for resources and logistics", explains John Weiser, a longtime researcher who left the centres last year.

America is also without a surgeon-general. Although it has been more than a month since Casey Means, Mr Trump's nominee, had her confirmation hearing, no vote has been scheduled. Dr Means has been a MAHA devotee. During her hearing she avoided committing to recommending vaccines, instead encouraging families to talk to their doctors. "She is not the right person for the moment," says Jerome Adams, the surgeon general during Mr Trump's first term, pointing to over 1,500 cases of measles this year. Mr Trump has given her muted support recently, telling reporters, "I don't know how she's doing in the nomination process…We have a lot of great candidates for that."

The hold-ups for both Dr Means and a CDC director come from Congress. It is harder and harder to find public-health professionals that both Mr Kennedy and the Senate approve of. One Republican congressional analyst thinks the vacancies might now be deliberate—that they are preferable to a bruising confirmation fight (the White House insists they still want to see Dr Means in the role). Dr Adams, the former surgeon-general, worries about what happens in the case of a crisis, where without clear leadership there could be "delayed recognition of problems, slower response and mixed messaging".

The cooling of interest in MAHA goes beyond Congress. In February Mr Trump put out an executive order bolstering the production of glyphosate, a weedkiller. The herbicide has long been the subject of ire for campaigners over allegations that it causes cancer (in 2024, Mr Kennedy called it "one of the likely culprits in America's chronic disease epidemic"). MAHA activists were so furious about the order that Mr Kennedy was driven to put out a statement defending it and promising that he was working on “accelerating the transition to regenerative agriculture”.

The White House demurs. Mr Kennedy’s health department “has delivered one key MAHA victory after another”, says Kush Desai, a spokesman, adding that “the administration remains focused on delivering more wins to restore gold standard science”. But some Republicans have become wary of MAHA’s political side-effects. According to the latest Economist/YouGov poll, nearly three-quarters of Americans believe that vaccines are “somewhat” or “very” safe. One of Mr Trump’s preferred pollsters, Fabrizio Ward, has warned that “scepticism toward vaccine requirements is politically risky.” The firm recommends focusing on MAHA’s more popular dietary elements (take that, seed oils). In March a federal court paused some new vaccine policies, including reducing the number of jabs recommended for children, and reconstituted a vaccines advisory committee. The administration promises to appeal. ■

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United States | The autism boom

Demand for autism care is soaring. The system is struggling to cope

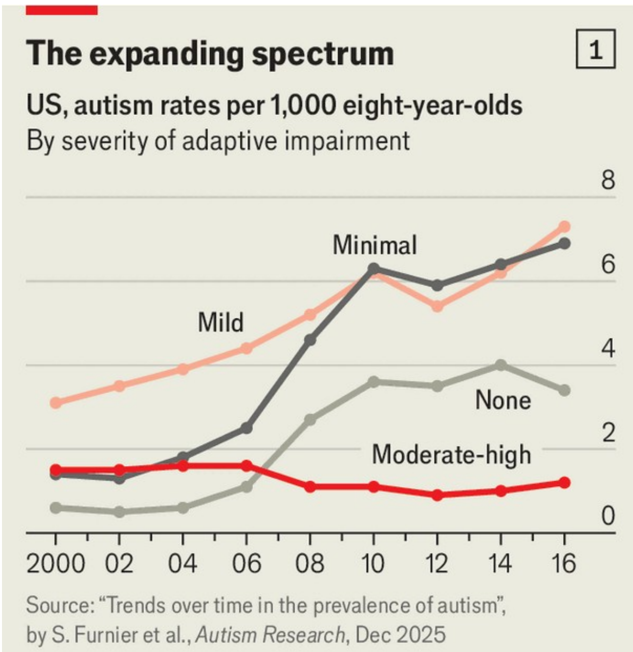
A surge in diagnoses has created a booming industry, riddled with incentives that drive up costs and distort care

April 2nd 2026

AUTISM IS A spectrum disorder, meaning people with it have a wide range of traits, strengths and support needs. That diversity is on display at the Cortica therapy centre in Burlington, Massachusetts, where a group of toddlers work their way through an obstacle course. One girl completes it carefully, head down, avoiding eye contact. Another darts into a corner, squeezing her eyes shut, pressing her fingers into her ears and shaking her head. Elsewhere, a boy screams.

Roughly 3.2% of American children are on the autism spectrum. In severe cases a person may be unable to speak or dress themselves. Those with milder forms might struggle to communicate or regulate their emotions, but often attend ordinary schools. Autistic children are also more likely to have gastrointestinal problems, obesity, sleep disorders and seizures.

One upshot is that autism care has become a multi-billion-dollar business in America. Demand for treatment has surged, attracting private-equity (PE) firms to the sector (Cortica is backed by a roster of venture-capital and corporate health-care investors). But the system is deeply flawed, with incentives that push up costs. State budgets are straining under the burden. And autistic children may not be getting the care they need.

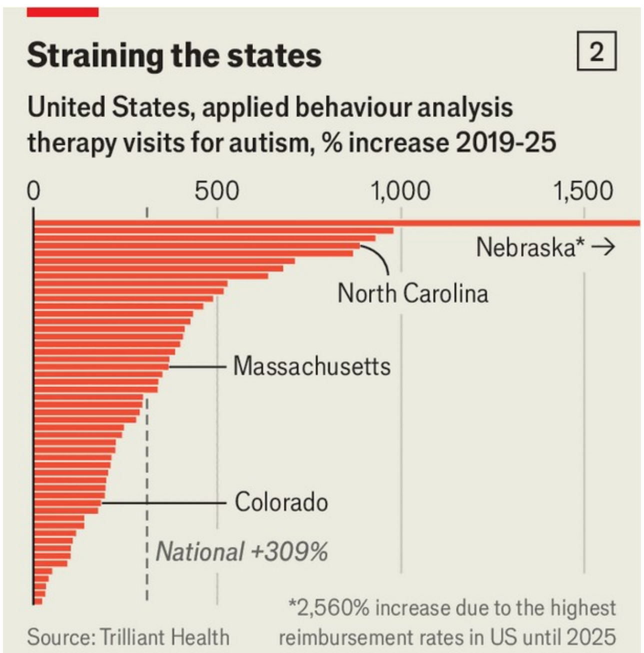


These are growing problems in a country where autism diagnoses have quadrupled over the past 20 years. That rise is partly down to improved screening. But the definition has also broadened. Last year an analysis by epidemiologists at the University of Wisconsin found that, between 2000 and 2016, the number of autism diagnoses among children with mild, minimal or no adaptive impairments rose markedly, while moderate to severe cases remained mostly flat (see chart 1).

One explanation is that an autism diagnosis unlocks care—and insurance coverage—for other conditions. "If your kid has social anxiety, that can look a lot like autism, but it's really hard to get services to address that," says

David Mandell of the Children's Hospital of Philadelphia. The Wisconsin study, he says, "shows, in part, the willingness of clinicians to give the diagnosis, and of parents to seek it out".

Once diagnosed, many children receive Applied Behaviour Analysis (ABA), which relies on reinforcement to encourage desirable behaviours and reduce disruptive ones. (Early forms using shocks, restraints or unpleasant tastes or smells have been discarded.) ABA's popularity is in part the result of a sweeping shift in policy. In 2014 federal regulators clarified that Medicaid, the government health programme for the poor, must cover treatment for autistic children. Data provided to The Economist by Trilliant Health, an analytics firm, show that between 2019 and 2025 visits to ABA therapy centres rose from just under 7m to 28.5m (see chart 2).



The effect on budgets has varied, but the overall picture is troubling. In North Carolina, which introduced Medicaid coverage for ABA in 2019, the therapy is on pace to become one of the state's largest expenditures, with costs rising from $121.7m in 2022 to an expected $1.1bn next year. In Nebraska, sky-high reimbursement rates made ABA a lucrative market for providers. Visits to therapy centres increased by 2,560% between 2019 and 2025. As a result, Medicaid spending on ABA rose from $4.6m in 2020 to $85.6m in 2024. The state has since lowered its rates.

Fraud is a concern. In December 2024 the Department of Health and Human Services began releasing audits of state Medicaid spending on ABA. Four have been published so far; all found improper or potentially improper payments. The most recent report, on Colorado, noted problems ranging from uncredentialled therapists to billings for children who did not have autism, and found $285m in questionable payments over two years.

But the system also allows money to be wasted in perfectly legal ways. ABA is often paid per hour, creating incentives for over-treatment. Because the recent surge in diagnoses has been driven by milder cases, the marginal child should have received fewer hours of care. But in Colorado, for example, the share of children receiving more than ten hours of care a week doubled to 58% between 2019 and 2024. Nationally, the average number of visits per patient increased by 17% between 2019 and 2025, according to Trilliant Health.

A growing market, predictable funding and fragmentation have attracted PE firms. Between 2017 and 2022 they accounted for 85% of all mergers and acquisitions in the sector, according to the Centre for Economic and Policy Research. A study by researchers at the Brown University School of Public Health identified 574 therapy centres owned by PE firms as of 2024. This has raised concerns that profitability may be put ahead of patients' needs. In Colorado half of the rise in billable hours in 2024 was driven by PE-backed centres.

Despite all the money flowing into autism services, the quality of care is uneven. Studies show that in controlled settings ABA can help children speak, socialise and, as Dr Mandell puts it, "get through their day-to-day". But more hours of care are not necessarily better, and much depends on the skill of those delivering it. An increasing reliance on lightly trained labour is raising concerns. The number of registered behaviour technicians, who administer ABA, jumped from 328 in 2014 to 246,000 last year. They are often paid modestly, with few opportunities for advancement. High turnover is therefore a problem. For autistic children, who depend on routine, that is especially disruptive.

Another problem is that, because autism is heterogeneous, children often need different types of care. At the Cortica centre children move from room to room, sounding out words with speech therapists, practising motor skills with occupational therapists and seeing a paediatrician who monitors their nutrition and medications. Such co-ordinated care is essential. It is also all too rare. ■

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United States | Lexington

Donald Trump and the art of bad diplomacy

One of the advisers the president ignores is his younger self

April 2nd 2026

When it comes to dealing with Iran, the Donald Trump of 1987 offers helpful advice to the Donald Trump of today. In “The Art of the Deal”, a ghost-written book, he warned that: “The worst thing you can possibly do in a deal is seem desperate to make it. That makes the other guy smell blood, and then you’re dead.” If only President Trump had listened to his younger self. Since Iran blocked the Strait of Hormuz, sending the global economy into conniptions and American petrol prices to $4 a gallon, he has shown several signs of desperation to make a deal.

Anxious to calm markets, Mr Trump declared on March 30th that he had made “great progress” towards a deal with “a new, and more reasonable, regime”; and that if such a deal was not reached, he would completely obliterate Iran’s power stations and perhaps its desalination plants. The next day, he said America would end the war in two or three weeks, and that opening the Strait was something other countries would have to deal with. In the past he has issued incendiary threats on a Saturday, when markets are closed, only to walk them back just before markets opened again. The White House promised an “important update” on April 1st, after this column’s publication.

Iran smells blood. Realising that Mr Trump is scared of economic disruption, and that cheap drone attacks and even cheaper threats can cause a lot of it, the Islamic regime has kept up its attacks and threats. It has allowed only a few tankers through the Strait of Hormuz, sometimes charging a reported $2m per ship. On March 27th Marco Rubio, America’s secretary of state, lamented that Iran’s leaders “may decide that they want to set up a tolling system in the Strait”. Naysan Rafati of the International Crisis Group, a think-tank, calls this the “Ayatollbooth” strategy. It violates global norms of free navigation—and could be copied by other belligerent states. The Houthis in Yemen have form.

Another nugget from Mr Trump’s book is that “You can dream great dreams”, but “they’ll never amount to much” unless you “contain the costs”. Commander-in-chief Trump has ignored this wise advice. The Pentagon is asking for another $200bn, and the indirect costs of the war may be much larger. If prolonged, it could knock 0.5% off global gdp next year and add 0.9 percentage points to inflation, estimates the oecd. It could also aggravate global hunger by throttling the supply of fertiliser. All this is alienating America’s allies and weighing on Mr Trump’s poll numbers. The Economist‘s tracker calculates his net approval is -20%.

How did Mr Trump get in this mess? With a mixture of vengeful aggression and blinkered optimism, suggests “The Art of the Deal”. If someone does you wrong, “Fight back very hard,” it says. “The risk is that you’ll make a bad situation worse, [but] things usually work out for the best in the end.”

President Trump has consistently followed this advice. Sometimes, it has worked out well for him. Not a single American soldier was killed when he sent special forces to snatch Nicolás Maduro, the rogue leader of Venezuela, and installed a friendlier successor. In Iran, by contrast, his war has so far yielded few benefits besides the destruction of much of Iran's conventional arsenal. The regime retains its stash of highly enriched uranium, and now has an even stronger reason to build a bomb. Iran's leaders have probably concluded they would "be better off with a nuclear weapon", says Jeanne Shaheen, a Democratic senator from New Hampshire, "because then maybe [America] would be treating them the way we're treating Vladimir Putin."

On March 27th an expeditionary force of marines arrived in the Gulf, suggesting that once again Mr Trump plans to "fight back very hard". "If he stays, he escalates," predicts Thomas Wright, a former member of President Joe Biden's National Security Council. That could mean seizing Iran's oil terminals on Kharg Island, or trying to clear coastal areas of Iranian forces that threaten ships, or even a raid deep inside Iran to grab its uranium stockpile.

American voters think this would make a bad situation worse. Fully 62% oppose a ground war; only 14% are in favour. Mr Trump no doubt wishes to avoid a quagmire. Alas, the current negotiations between Iran and America, conducted via intermediaries, are "destined to fail", says Mr Wright. One obstacle is a complete absence of trust. In his book, Mr Trump admitted that his dealmaking depends on lying, or "truthful hyperbole". Iran's leaders seldom trust American presidents, but they have particular reasons to doubt Mr Trump. He tore up an agreement America had signed with Iran under President Barack Obama, and has greenlit bombing raids ahead of scheduled talks.

Now, Mr Trump's 15-point list of demands assumes that Iran will make tangible concessions, such as handing over its highly enriched uranium and surrendering its long-range missiles, in exchange for a promise—that Mr Trump will not break a ceasefire deal. If they deem his word worthless, that could be a tough sell. On March 29th the speaker of Iran's parliament said: "The enemy publicly sends messages of negotiation and dialogue while secretly planning a ground attack."

A lack of trust also weakens Mr Trump's position at home. maga Republicans tend to believe that if Mr Trump says the war is necessary, it probably is. Other Americans are more sceptical. Only 22% think the war will make them safer, according to Pew, a pollster. Senator Shaheen says there has been “no transparency with the American public” about the war, and that Mr Trump does not always act in America’s best interests. Asked if, in the classified briefings she receives as a member of the Senate Armed Services Committee, she has heard evidence that the situation is better than it appears, she replies, simply: “No.” ■

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The Americas

The Americas | Power moves

Mark Carney's honeymoon is about to get even better

The party of Canada's prime minister is poised to take control of Parliament

April 2nd 2026

In a general election a year ago, Mark Carney, the novice politician leading Canada's Liberal Party, won 169 seats, three short of a majority. Now, after months of threats by Donald Trump to Canada's trade and sovereignty, Mr Carney is on the verge of taking legislative control. Four members of Parliament from opposition parties have already crossed the floor. Three Liberal seats have become vacant in the meantime. By-elections to fill them are scheduled for April 13th. Two of the ridings, as voting districts are called, have reliably voted Liberal for years.

Political historians cannot recall a Canadian prime minister winning a majority via a by-election in the past century. Nor is there much precedent for a party in its 11th year in power being as popular as Mr Carney's Liberals. Public-opinion surveys give them a double-digit lead over the Conservatives; when Canadians voted nationally in April 2025, that spread was a tight 2.5 percentage points. Mr Carney's own favourability ratings are 30 points higher than those of Pierre Poilievre, who leads the Conservatives. Léger, a polling firm, reckons that 61% of Canadians think well of their prime minister. "This is as close as I can remember to a consensus as to who we should have as prime minister," says David Herle, a seasoned campaigner.

Popular support for Mr Carney himself has helped his minority government. In November, when a confidence vote came before the house, Conservatives were so cowed by the possibility of triggering another election that some hid behind curtains to avoid a vote that could have defeated the Liberals. Mr Poilievre, who has lost three MPs to the Liberals, looks to be a changed man. His populist slogans, aviators and form-fitting T-shirts are gone. Sober suits and sombre promises to work with the Liberals are the order of the day.

A majority will strengthen Mr Carney further. It would, for instance, mean the timing of the next general election is up to him. The Liberals would be empowered to take control of the committees that govern the speed at which legislation moves forward (although Mr Carney has said he will not do this). But a majority would also leave him with no excuse for any delay to important projects like shoring up the armed forces, or facilitating the construction of a new pipeline and export terminals to bring Albertan oil and gas to new markets in Asia.

What is surprising about Mr Carney, says Geneviève Tellier at the University of Ottawa, "is that he has this support even if he hasn't accomplished a lot of things he promised". He said he would reach a deal with the United States to end Mr Trump's trade assault by July 2025. No deal was done. He insisted that he had persuaded Mr Trump to stop musing about Canada becoming the 51st state, and stop referring to its prime minister as "governor". But Mr Trump did not stop.

Construction has not begun on any of the grand infrastructure projects being championed by Mr Carney's government, such as an oil pipeline to the Pacific coast. But none of this appears to matter much to voters. "It's not registering at all," says Fred DeLorey, who ran the Conservative election campaign in 2021. "I think Canadians understand the difficult job he has in dealing with Trump. And even if we got a deal, it could just be torn up the next day."

The economy is gloomy, too. In 2025 GDP grew more slowly than at any time since the covid-19 pandemic, says Statistics Canada, a government agency. Exports fell by 1.7% for the year. Private business investment fell by 0.3%. Unemployment rose to 6.7% in February after 84,000 jobs were lost, primarily among young people. But this bad news seems, if anything, to be playing to Mr Carney's strengths. Éric Grenier, a polling analyst, says the prime minister's credentials as a former central-bank governor make him a plausible leader at a difficult moment. "People don't want someone who hugs them right now," he said, referring to the notably tactile former prime minister, Justin Trudeau.

Above all, it seems that voters want someone who stands up to Mr Trump. How else to explain the reach of Mr Carney's speech at the World Economic Forum in Davos in January, when he called upon "middle powers" to stand together against superpower coercion, a clear rebuke of Mr Trump. Mr Herle recalls a woman at his hairdresser in Toronto declaring delightedly after the speech that "my prime minister has big balls!"

Mr Carney has acknowledged that he would not have become prime minister or Liberal leader, had it not been for the Trumpian threats to Canada's prosperity. He was helped by a Conservative campaign that refused to confront Mr Trump's threat out of fear of alienating the Maple Leaf MAGA contingent in its own ranks.

Such wells of good fortune may soon start running dry. A narrow majority would place a lot of power in the hands of backbench Liberal MPs. Many of them are Trudeau-era politicians, well to the left of Mr Carney, particularly on climate and energy. They have already pushed the prime minister to backpedal on his initial support for Mr Trump's war on Iran. "He's thin-skinned. He doesn't take criticism well," says one adviser. But as long as his popular support holds, any backbench dissents will probably be gentle. Many MPs owe Mr Carney their seat. “The government is, in large measure, afraid of him now.” ■

The Americas | A dispatch from Caracas

The Venezuela Donald Trump “runs” is a land of surreal contrasts

Animal spirits are stirring. The opposition has hope. The regime’s softening of repression is uneven

April 1st 2026

Step off the plane in Caracas, Venezuela’s capital, and the strange, unsettled state of the country hits you immediately. Wanted posters for Edmundo González, the real winner of the stolen presidential election in 2024, loom at the end of the bridge from the plane. (He lives in exile in Spain.) The immigration booths are labelled not just in English and Spanish but also Arabic, Chinese and Russian, highly unusual in Latin America. A besuited man brandishing an American passport is ushered past by obliging immigration guards. Three months ago Americans were the arch-imperial enemy—and then they seized Nicolás Maduro, the authoritarian president, and his wife in a bloody raid. Yet the same regime, minus its old head, is now all hugs and handshakes with Americans.

The surreal feeling is widespread. Prior to the reopening of the old embassy on March 30th, the US mission was largely operating from the 17th floor of the JW Marriott hotel. Its members have been to some extent running the country; a sweaty American taking the lift up from the gym might be as powerful as a government minister. Looming over motorways are giant photos of Mr Maduro hugging his wife, with the tagline #LosQueremosDeVuelta (#WeWantThemBack). But no one talks about Mr Maduro, except to remark that no one talks about him. Even people in the government avoid mentioning him.

Contrasts abound. Republican-aligned businessmen in pricey suits stride the hotel lobby, enthusing volubly about being “super-bullish” on Venezuelan commodities. Not far away, at an eerily quiet mall, a recently released political prisoner speaks of his time in the feared El Helicoide jail. He is one of about 700 freed since January but, like many, he must still report regularly to the police and has charges hanging over him. A much-touted amnesty law is being applied selectively. While slurping a cocada, a sweet coconut milkshake, he insists on moving tables, suspecting nearby loiterers are regime spies.

Some of the most desperate, however, are now speaking publicly. About 500 political prisoners still languish in jail. At a candlelit vigil for them at dusk near El Helicoide, Diosairy Infante cries softly as she talks about her brother, Carlos, who has been incarcerated since September 2024. He is accused of wild crimes, including the trafficking of arms for María Corina Machado, the opposition leader, to stage a coup. Ms Infante says her brother has been suffocated with a bag, forced to clean excrement for months, and blocked from hiring a real lawyer. He was refused amnesty earlier that day, she adds. His publicly appointed lawyer has refused to appeal.

Teachers have been marching for higher wages, unthinkable before Mr Maduro’s capture. At one protest they find themselves confronted by a rally against American sanctions. It appears to have been organised by the regime. The buses that ferried in anti-American marchers line the streets. One woman marching against the sanctions says she doesn’t know what it is about and she was told she had to go. The march was announced after the teachers requested permission for theirs.

Amid the trauma and the oddness, there is optimism. Members of Vente Venezuela, Ms Machado's political party, have started meeting a little more openly. In La Vega, a poor neighbourhood where shacks cascade down the hills, perhaps 60 people are packed onto the terrace of a half-finished building. They are talking about re-energising volunteers for elections. The organisers, who emerged from more than a year in hiding only weeks ago, believe a ballot could take place in nine months.

Everyone wants to speak; the tone is excited and urgent. "This is the moment," repeats one woman, crying as she mentions her children who have emigrated to escape the misery, not sharing her hopes for change. "We are stronger than ever, they are weaker than ever," she says of the regime. An 87-year-old woman who has clambered up the rickety stairs nods fervently. Another person underscores the need for change, complaining of power cuts, intermittent water and constant queues for cooking gas. "It's not the Country Club where we are having this meeting," he quips to much laughter.

The Caracas Country Club offers iced tea, sweeping views, a sparkling pool and relief from power cuts. A possible investment boom has stirred so much excitement that the club has more than doubled its membership fee since January, to over $120,000. Many in business are bullish about the economy but sceptical of the wisdom of pushing for elections soon. They note, reasonably, that the courts and the electoral authority need overhauling first. Many also seem to worry that the instability likely to be fostered by an election could be worse for business than the current American-backed authoritarian regime. Perhaps holding elections in two or even three years would be wiser, ventures one.

The regime will surely play for time. Much depends on American pressure. But with fear ebbing, impatience rising and economic pain biting, it is far from clear that Venezuelans will quietly wait three more years for a vote. ■

Asia

Asia | Second-order effects

How the Gulf’s war is becoming Asia’s crisis too

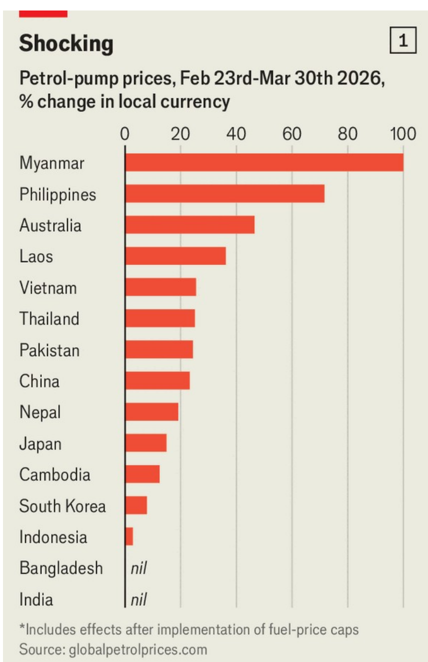
Prices, debt, and scarcity will strike a blow against the world’s workshop

April 1st 2026

AS MISSILES AND drones fly across the Persian Gulf, their impact is being felt an ocean away. This war is “an Asian crisis”, Vivian Balakrishnan, Singapore’s foreign minister, told Reuters last week. Around 80% of the oil and 90% of the gas that usually pass through the Strait of Hormuz are bound for Asian markets.

Poor countries are being hit the hardest. In the Philippines more than 90% of energy imports come from the Middle East; Bangladesh, India and Pakistan receive almost two-thirds of their total LNG supplies via the strait. But rich Asian countries are far from immune. Japan boasts a strategic oil reserve equivalent to 254 days of domestic demand, a buffer built up following the oil shocks of the 1970s. But bus and ferry services across the country have been curtailed for lack of supply. Japanese bathhouses are struggling to make ends meet as fuel costs rise; several across the country have announced temporary or permanent closures. And Yamayoshi Seika, a popular snack-maker, had to temporarily stop production of potato crisps after running out of heavy oil for its fryers.

The strait's closure presents three big risks to Asian economies. The first is rising fuel prices. These will increase costs elsewhere and crimp growth, potentially causing a stagflationary spiral. The immediate pain is being felt by motorists across the region, but especially in South-East Asia. Globally, petrol prices have risen by 14% since the war began; in South-East Asian countries the figure is 42%. Prices in the Philippines and Myanmar have shot up by more than 70%, among the biggest jumps in the world (see chart 1).



In other parts of Asia, such as India and Bangladesh, the jump has not yet been felt at the pumps—but that is only because their governments control fuel prices. On March 27th the Indian government said that it would slash central excise duties on petrol and diesel in order to keep pump prices from rising. Australia and Vietnam have promised similar measures to absorb higher oil prices. In South Korea, which imports 70% of its oil from the

Middle East, the government has imposed a fuel-price cap to limit the damage.

The second risk, therefore, is to Asian governments' balance-sheets. Many already spend heavily to subsidise energy or set fuel prices, but the fiscal room available for such interventions varies enormously. In Indonesia rising fuel subsidies could result in the country breaching its fiscal-deficit cap of 3% of GDP. Investor confidence, already fragile, would erode further. Cash-strapped Pakistan, under IMF scrutiny, has already had to put up fuel prices by 20%. Such pressures could invite unwanted attention from speculators looking for shaky currencies. Japan's finance ministry is already said to be considering intervening in the oil-futures market to prop up the yen.

Regardless of what governments do, some inflation is inevitable. Where governments do not absorb costlier crude, rising energy prices will fuel headline inflation. Crude-importing countries with weak exchange rates and big oil bills, such as the Philippines and Pakistan, will suffer the most. But even in those countries that apply fuel-price caps, the war in Iran will exert inflationary pressure through other channels. Supply-chain disruptions will push up costs in other industries, such as chemicals and logistics.

The biggest inflationary force could come through food. The war has ensnared roughly a third of global seaborne fertiliser trade, which will drive up food prices, especially when the sowing season begins later this year. The Asian Development Bank (ADB) had projected that prices in Asia would creep up by just 2.1% in 2026. It now warns that figure could exceed 5%, depending on how long the war lasts.

If rising prices are an economics problem for Asian policymakers, the availability of fuel is one of politics and geography: a third big problem for Asia. Along with Japan's 254 days of fuel reserves, estimates suggest that China has enough to cover 100 days. Both have started to tap those reserves to ease the strain. But analysis from Kpler, a data firm, suggests the situation is precarious in other parts of Asia. It estimates that the Philippines, Vietnam, and Thailand hold just enough onshore oil supplies to cover about three weeks of normal demand (see chart 2).

The looming shortages are already upending entire sectors. Aviation and tourism may be the hardest hit. China and South Korea have imposed limits on jet-fuel exports from their refineries. Airlines across the region have reduced flights. Over the past week, around half of all cancellations globally were flights originating from airports in Asia, according to data from FlightAware, a tracker. Air New Zealand has cancelled 1,100 flights. Governments may intervene with more drastic action. Ferdinand Marcos junior, the Philippines' president, has warned that grounding planes is a "distinct possibility".

Combined with disruptions to other inputs, such as helium and aluminium, the energy shock could sap Asia's economic growth. The ADB predicts that South-East Asia would be hit the hardest with growth rates potentially 2.3 percentage points lower, if the war drags on. In South Asia the bank predicts that growth could fall by 0.8 percentage points. The slowdown would have far-reaching effects: Asia is the global economy's factory floor.

Expect a bigger push into alternative energy. Solar is being rolled out, but that drive could speed up. Many more electric vehicles could start zipping around the cities of South-East Asia. Nuclear power will also get a second wind. This week Vietnam said it will build a nuclear power plant with Russia. But Asia will also fall back to a familiar, dirty source of energy:

coal. Japan's government has approved a return to full capacity for coal power plants, lifting a restriction meant to limit emissions. Indian officials worried about electricity demands in the summer have told a coal-fired electricity plant in the state of Gujarat to restart operations.

The push towards coal is driven by concerns about political stability. Asians are sensitive to energy prices and willing to take to the streets over them: transport workers in the Philippines have already launched protests. During the energy shock of 2022, when gas prices soared after Russia invaded Ukraine, political turmoil unfolded in South Asia. In the year to October 2022, around a quarter of all protests in the region were related to food and energy, according to an estimate by Friedrich-Ebert-Stiftung, a German think-tank. After analysing social unrest across 101 developing countries between 2000 and 2020, researchers at the IMF found a clear association between fuel-price increases and protests. These demonstrations can be revolutionary: riots in Sri Lanka, fuelled by high energy prices, contributed in large measure to the government's ousting in 2022. What has begun as an energy shock could become a political one. ■

Asia | Bear hug

America’s foes see opportunity in Asia’s oil shock

Russia and China are quietly stepping in

April 1st 2026

“RUSSIA’S VOICE in the global economy and geopolitics sounds even louder” when the price of oil is above $100 a barrel, Kirill Dmitriev, the boss of a Russian state investment fund, crowed in March. Nowhere is this truer than in Asia, where the Iran war has sent countries scrambling to secure essential fuels and fertilisers. On March 27th the Philippines announced it had bought 2.48m barrels of Russian crude, the country’s first purchase of Russian oil since the invasion of Ukraine in 2022. In Mr Dmitriev’s telling, with Brent crude at around $100 a barrel, Russia is now “impossible to ignore”.

More alarming than the price of oil is the uncertainty of its continued supply. Asia overwhelmingly relies on fuel and fertiliser imported from the Gulf, where Iranian threats to the Strait of Hormuz have forced ships to remain at anchor. America's biggest rivals, China and Russia, are not letting the crisis go to waste. Almost a dozen countries across Asia, including Indonesia, Thailand and Vietnam, are lining up to buy Russian crude, while America's stalwart partners, such as Japan and South Korea, are contemplating whether to follow suit. China is seeking deals of its own. The new wave of energy diplomacy raises the prospect that President Donald Trump's decision to go to war with Iran may unintentionally reshape Asia's regional politics.

Russian diplomats across the region, from Pakistan to Sri Lanka, have been offering to help broker fuel sales to ease the supply pinch. Russia's deputy prime minister said in March that the country was redirecting its natural-gas exports away from Europe, and would favour countries "planning to build long-term, constructive relationships with us". Such efforts have been helped by America's Treasury, which has paused sanctions on Russian crude already at sea to boost oil supply and to slow price rises. Asian buyers are looking to strike deals before the waiver ends on April 11th. More American crude and LNG is being steered towards Asia to ease shortages, but it will not be enough to cover the shortfall.

The Iran war "has opened new opportunities for Moscow," says Aleksei Zakharov of Observer Research Foundation, a think-tank based in Delhi. Beyond oil, the energy shock is forcing a rethink of nuclear power in the region. Taiwan's state energy company, for example, announced plans to restart a nuclear power plant on March 27th. Others are likely to follow. For years, Russia has been aggressively trying to sell its nuclear know-how to the region with only limited success. Last year it agreed to help Myanmar's military junta construct a small modular reactor near Naypyidaw. More consequentially, Vietnam and Russia struck a long-expected nuclear deal last week during a visit to Moscow by Vietnam's prime minister.

China is also stepping in to ease the squeeze. In early March it shut off refined-oil exports to bolster its already large reserves, deepening regional anxieties. Yet Chinese officials now appear to be reversing course. On March 30th Mao Ning, a foreign-ministry spokesperson, said China was ready to help "safeguard global energy security". It has released some 360,000 barrels of fuel to Vietnam and the Philippines, according to Bloomberg. Alone, those shipments will not make a big difference, but they may signal a willingness to unlock stockpiles if the crisis worsens. Sensing an opening, China even offered to provide Taiwan with energy, if the island agreed to unify under Communist Party rule (Taiwan promptly refused).

Many countries, however, would welcome the help. President Ferdinand Marcos junior of the Philippines, who is typically a big supporter of America and has rowed with China over border disputes in the South China Sea, is now courting Chinese co-operation. Mr Marcos told Bloomberg Television on March 24th that the Philippines was resetting relations with China to a "new normal" in light of the geopolitical turmoil. The Philippines, he said, was open to restarting joint oil-and-gas exploration in the South China Sea. Diplomats from both countries met on March 27th for foreign-ministry consultations for the first time in three years.

Mr Putin will be hoping to use the oil sales to shore up Russia's ailing budget and further his long-term policy to "turn to the East". The deals are also a telling marker of the West's failure to isolate Russia. "Most countries in the region have already moved on from the Ukraine war," says Ian Storey of ISEAS-Yusof Ishak Institute, a Singapore-based think-tank. To help make the point, Russian diplomats are said to be planning a summit with ASEAN leaders, possibly in Kazan in June.

Ultimately, however, there are limits to what Mr Putin can offer, notes Mr Storey. Russia is cash-strapped and has virtually no role in the technology supply chains Asia cares most about. Its effort to cement itself as an energy provider in the region will be complicated by Ukrainian drone strikes on its oil terminals. China, however, offers both energy and investment. But what will it ask for in return? ■

Asia | The ladies vanish

Why women, more than men, are abandoning rural Japan

Bigger cities are, in turn, skewing more female

April 1st 2026

KOYASU MIWA traverses Japan, from Sapporo in the north to Miyazaki in the south, with one goal: to make the countryside less hostile to women. Ms Koyasu runs a consultancy that advises local governments, lectures businessmen on discrimination and runs workshops urging community elders to let women take a bigger role in local decision-making. On a recent stop in Nanto, a region in central Japan ringed by snow-capped mountains, she leads a session on gender inequality for members of its various community councils, volunteer bodies that deal with issues from disaster preparedness to organising festivals. Of the 31 council chairs in the region none is a woman.

Ms Koyasu's work is part of an effort to assuage a national worry: young women are draining away from the countryside and from small-town Japan. A government report in 2014 expressed alarm about the future of 900 municipalities, half of the country's total. It concluded that the number of women of child-bearing age in those places would fall by half within the next quarter-century, and that these municipalities faced "extinction" as a result.

Officials in lots of outlying places accept that young people will move to cities for university or a first job. But they count on them doing a U-turn and returning home in their 20s or 30s. Yet in roughly 70% of Japan's 47 prefectures, young women are leaving at higher rates than young men. In Toyooka, a small city in western Japan, census data show that 52% of men who left as teenagers came back in their 20s. For women, the figure was just 27%. Tokyo and a handful of other urban centres are seeing the opposite trend, with more young women moving in than men.

The reasons for all this are deeply entrenched: a shortage of good jobs for women, a wider gender pay gap than in the cities and many other forms of sexism. Last year a government regional-revitalisation plan cited unconscious bias and inflexible gender roles as forces pushing women away. Rural areas often struggle with attitudes that the larger cities have shed, argues Yamamoto Ren, a campaigner. In many small offices, women still make the tea while men make the decisions. Ms Yamamoto says those who have left for cities sometimes dread returning home for holidays. "Family and neighbours keep asking, 'Isn't it time for a baby?'"

Although many Japanese women are enjoying their lives in the cities, others would willingly return to the countryside if things were different. Tokuno Sayuri, a woman in her 30s from Nanto, returned there after briefly living in Tokyo, finding the capital too hectic. Miura Miwako, a journalist in Akita, a northern prefecture famed for its bears, says she would ideally spend her whole career there. "The countryside suits me better," she says. Yet both she and Ms Tokuno are deeply frustrated with the status quo. "When women notice discrimination here, they rarely speak up—they just leave silently," says Ms Miura.

Many smaller places have now established strategies to tackle gender discrimination. Initiatives in Toyooka include handing out manga cartoons that raise awareness of the issue, and training teachers and businesspeople. Ms Koyasu, the consultant, says her work was once met with jeers and pushback. “But people are increasingly realising that being inclusive towards women is a matter of survival.”

Therein lies a tension at the heart of many of the official initiatives. The single biggest reason authorities want women to stay in the countryside is so they can have children. “I never want women to feel like they’re simply kept around to pop out babies,” says Ms Koyasu. Promoting gender equality ought to mean accepting a woman’s choice not to marry or have children.

In practice, many towns send mixed signals. Even those that now promote gender equality also sponsor nannyish matchmaking schemes, such as hosting government-backed parties for young singles to find partners, or getting local elders to encourage those who are too shy to pair off. In Nanto, both programmes sit in the same department. Last year Iwate prefecture published a dating guide urging women to wear skirts that make them look “delicate” and make-up that looks “demure” to attract husbands. Changing attitudes, as Ms Koyasu puts it, will take time. ■

Asia | Banyan

Is Bollywood's latest megahit propaganda for Narendra Modi?

"Dhurandhar: The Revenge" portrays India extracting a price for Pakistani perfidy

April 1st 2026

IMAGINE A FILM that combines the body count of "John Wick", the gleeful gore of "Kill Bill" and the historical revisionism of "Inglourious Basterds". Throw in a soundtrack of remixed retro bangers and throw out the editor. Now drink eight espressos, smoke three packs of Marlboro Reds and finish with a hit of amphetamines. That is a barely adequate description of watching "Dhurandhar: The Revenge", a four-hour action extravaganza that was released last month on seemingly every cinema screen in India. It is on its way to becoming the highest-grossing Bollywood movie at the domestic box office.

The movie is a sequel to "Dhurandhar", which came out in December and already occupies that position. The films have near-perfect viewer ratings on Rotten Tomatoes, a review-aggregation website. Critics are less enthused. Just 35% liked the first movie and 40% the second. Their view is that the films are undisguised propaganda—not for the government or even the ruling party but for Narendra Modi himself.

Despite the films' combined 7.5-hour runtime, the plot can be summarised in one paragraph. In the first part an Indian spymaster sends an undercover agent to infiltrate the criminal gangs of Karachi, Pakistan's largest city, which have been providing weapons and support to Pakistan's spooks and terrorists. In the second we learn the agent's tragic back story and then watch as he massacres the men responsible for inflicting upon India humiliation after humiliation: the hijacking of an Indian Airlines plane in 1999; an attack on Parliament in 2001; the siege of Mumbai in 2008.

Two emotions have driven the films' record-smashing success. One is sheer exhilaration at the stylised ultraviolence set to a sweat-soaked soundtrack. The other is a sense of catharsis. A country that cannot pull off an assassination in Canada—Canada!—without getting rumbled is in "Dhurandhar" capable of retribution that makes Mossad look like LARPing teenagers. The trailer for "The Revenge" starts with a Pakistani terrorist telling the Indian spymaster that "Hindus are a very cowardly people". The film spends four hours proving him wrong.

Bollywood, long an apolitical but patriotic place, spent Mr Modi's first term making its usual fare of vapid romances and silly comedies. As other parts of the media fell under the government's control, the industry retained a liberal streak. That changed in 2020 when a campaign to paint it as a den of drug-addled homosexuals cowed many. Then came the detention on bogus drug charges of the son of Shah Rukh Khan, India's biggest star (and, incidentally, a Muslim). The message was clear: no one is safe.

Bollywood has since embraced propaganda. Hits include "The Kashmir Files", which dramatised the violent expulsion of Hindus from the Kashmir valley, and "The Kerala Story", about gullible Hindu girls manipulated by handsome Muslim men into converting to Islam. Many others sank without a trace, such as a bonkers courtroom drama earlier this year which purported that the Taj Mahal was built over a Hindu temple.

“Dhurandhar” is something else again. It does not show a country overrun by horrible Muslims. It does not dramatise the fiction of a religion under siege. It has a more uplifting message, depicting an India that finally controls its own destiny.

The usual jingoistic Bollywood fare casts Pakistan as the sole foe. In “Dhurandhar” the enemies are everywhere: Pakistanis, of course, but also Indian opposition parties, Muslim butchers, Sikh separatists, NGOs and lefties. At one point the spymaster laments India’s weakness, telling an underling that they must wait for a muscular leader before they can tackle the menace of Pakistan. There is only one hero in this film, and it is not the undercover agent.

Some of the biggest cheers for “The Revenge” at the showing Banyan attended erupted not when patriotic dialogue is delivered, nor when Pakistanis are finished off in increasingly imaginative ways, nor even when the sneering terrorist has his brains blown out. The loudest cheers came when the screen lit up with news footage of Mr Modi, the bravest Hindu of all. But to dismiss “Dhurandhar” as propaganda is to miss something important. It did not become a monster hit by trying to convince viewers of an alternate reality. Its genius is to reflect the world many Indians, browbeaten by years of shrill pro-Modi messaging on TV news and social media, already believe to be real. ■

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China

China | Shaken giant

Why the Iran war hurts China less than its rivals

But more than it admits

April 2nd 2026

FOR THE better part of a decade China has repeated the same message to foreigners: unlike certain unmentioned countries pushing for unilateralism and protectionism, China is a force for stability and certainty. At times this can be a hard sell. But as the globe lurches from the lunacy of Donald Trump's tariffs to the fallout from his attacks on Iran, Chinese officials are making their pitch to an audience that needs little persuading—and they know it. Business executives and diplomats who have recently met Chinese leaders report that they seem supremely confident.

This has made for extreme claims about the impact of the Iran war on China's economic standing. In the immediate aftermath of the bombing, some of Mr Trump's boosters asserted that, along with his toppling of

Nicolás Maduro in Venezuela, it was part of a plan to hurt China, by undermining its supposed allies and energy suppliers. The notion that it would be among the biggest losers of the war is glaringly wrong. But that does not mean the opposite—that China will be the big winner, as some now assert—is obviously right.

The war will hurt China's economy, not help it, though the damage will be slighter than that inflicted on many of its neighbours and rivals. The country's share of global exports, already extremely high, is likely to rise yet more. But the longer the war drags on, the higher the costs will mount. Officials do not relish deepening chaos in the Middle East.

The economic effects for the Asian giant span three categories: energy, exports and escalation risks. Each contains a heady mix of setbacks and opportunities.

The most direct consequence of the war has been an oil squeeze. But unlike other Asian oil importers, China has more cushioning. It gets about a third of its crude through the Strait of Hormuz, compared with more than 70% for both South Korea and Japan. Moreover, oil and natural gas are smaller parts of China's overall energy mix owing to its reliance on coal, nuclear and rapidly growing renewables. China also has alternatives to petrochemicals, with big firms that can convert coal to chemicals. And if shortages get worse, China has oil reserves that are estimated at about four months of seaborne imports. Advisers in Beijing say the government is, for now, reluctant to tap these reserves, saving them for true worst-case scenarios.

The disruption is affecting costs. On March 23rd the government raised petrol prices by 13%, causing consternation among ordinary Chinese. It is scant consolation that the increase in fuel and feedstock costs will help the government to achieve one of its economic goals for the year: lifting inflation into positive territory. Producer prices have fallen year on year for 41 months in a row, the longest deflationary spell since 2012-16. A broader measure, the GDP deflator, has dropped for 11 consecutive quarters. The war may have interrupted both of these grim sequences. Surveys of manufacturers already point to a sharp increase in raw material prices. Expensive oil is a painful way out of deflation—far better to be pulled out by strong demand than pushed by higher costs. Still, rising prices will at least reacquaint Chinese firms and consumers with the idea that prices can go up, helping prevent the "deflationary mindset" that condemned Japan to years of stagnation.

Another question is how the war in Iran will weigh on exports. Last year China notched up a record $1.2trn trade surplus, driving about a third of its economic growth. As consumers around the world feel the pinch from rising energy prices, their spending on other goods will fall, and the reverberations will hit Chinese factories. Economic advisers in Beijing talk about their preference for a stable global trading order. As the world's largest exporter, China has a genuine stake in international waters remaining open and cross-border commerce remaining predictable.

Yet the current crisis could eventually boost global demand for China's "new three" products: electric vehicles, lithium-ion batteries and solar cells. It is the dominant producer of all three, accounting for at least 70% of global capacity in these sectors. Each will be more alluring to people and businesses elsewhere if oil prices remain high in the coming months. Chinese producers will also benefit if some of their target markets are distracted. Throughout 2025 it looked as if European countries were inching towards more protective measures against the wave of Chinese imports hitting their shores. Now, as one diplomat puts it, confronting the Chinese manufacturing juggernaut has slipped down the list of priorities.

If the war turns much uglier or lasts much longer, global economic damage will become increasingly severe. For China that will pose a dilemma that it has wrestled with for the past five years: when are things bad enough to justify a splashy stimulus programme? According to economic advisers, Xi Jinping has come to view stimulus, and the accompanying increase in debt, as an economic weakness and even a moral failing. Far better, the leader thinks, to let businesses and consumers look after themselves than to count on the government for bail-outs. However, officials are wondering if current policy settings will let China hit its growth target of 4.5-5% for 2026, its lowest since 1991. The economy seems to have made a good start, with manufacturing and exports both in decent shape. But the property market has yet to bottom out and consumer confidence remains weak, leaving China counting on an uninterrupted export boom.

If the Iran war weakens that boom by raising shipping costs and damaging trading partners' confidence, China has options. It could cut interest rates faster and spend more public money. As Larry Hu, an economist at Macquarie, an investment bank, puts it, global disruptions determine how China meets its growth target, not whether it does: weak exports prompt more stimulus; strong exports, less. Faltering trade could even force a more decisive rescue of the property market, boosting household wealth and confidence.

Growth through stimulus would be better for the global economy than China's export-led expansion. It would also be better for Chinese households, who would get to enjoy more of the fruits of their labour. Robust domestic demand in the world's second-largest economy really would be a source of stability and certainty for others. But for Mr Xi, intent on transforming his country into an unparalleled technological power, not a decadent consumerist economy, it would be an unwelcome shift in strategy. It would be ironic if Mr Trump's reckless war, which has thrown world markets off kilter, ends up making China's economy more balanced. ■

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China | Controlling the situation

Is China covering up a violent attack at a Beijing market?

News outlets put a premium on making the country seem harmonious

April 2nd 2026

CHINA'S CAPITAL enjoyed a calm spring day on March 29th, at least according to the local news. But videos on X, a blocked social-media site, told a different story. They appeared to show a market in Fangshan, a district in south-west Beijing, mired in chaos as a man rammed a construction vehicle through stalls. One video showed a body lying motionless on the ground in his wake.

The videos are unverified. But when The Economist visited the site of the market the following day, it was surrounded by dozens of police officers and local volunteers wearing the red armbands typical of Communist Party members. A vehicle from China's SWAT police was parked nearby. When asked, a police officer refused to say if anything had happened. But if there had been an attack, he ventured, mental illness would probably be to blame, and the perpetrator would no doubt be in custody. “China’s police are very effective,” he said. His colleagues then prevented questions being posed to local residents.

Acts of sudden violence against innocent bystanders can occur anywhere (on March 28th, for instance, a man in Britain drove his car into pedestrians for as yet unknown reasons, injuring seven people). China is no stranger to such events either: over the past two years there have been at least eight reported cases of people using knives or cars to attack parents and children in front of schools, for instance, in apparent acts of despair or anger at society. But, as the Fangshan episode illustrates, China is unusual in its tight control of news about violent incidents, which run counter to officials’ boasts of the country’s “harmonious society”.

The authorities are refusing to acknowledge that anything happened. Still, veiled comments suggest citizens are in the know. “Wasn’t there something bigger that happened today?” asked one person on WeChat, a social-media platform, under an unrelated post by Fangshan’s local police account. “I’ve searched the whole internet and I haven’t seen anything at all,” replied another commenter, who then posted a picture of a construction vehicle. ■

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China | The succession machine

China’s leadership is about to be shaken up

The changes will affect every level. Except one

April 1st 2026

AFTER A DRAMATIC recent purge of China’s generals, the country’s ruler, Xi Jinping, faces another stressful task. A five-yearly churn of leadership posts from bottom to top has begun: hundreds of thousands of jobs in the Communist Party and in the state’s apparatus will change hands. The gigantic reshuffle, which reaches its climax at the 21st party congress late next year, will fuel anxiety among China’s already twitchy military and political elites.

One man’s place, however, is safe. Mr Xi’s positions as the party’s general secretary and commander-in-chief of the armed forces are all but certain to be renewed just after the congress. (Ditto, in March 2028, at the annual session of China’s rubber-stamp parliament, his least important job, as the country's president.) But other questions will become more nagging. Mr Xi will be 79 when the party holds its 22nd congress in 2032. Will the 21st give any hint of arrangements for someone to succeed him? Or will it become clearer still that he intends to be ruler for life?

The turnover begins at the grassroots. Since late last year, villages and urban neighbourhoods across China have been conducting one of the world's biggest voting exercises: hundreds of millions of people are taking part in sham elections for the lowest-level leaders (by design, the winners are routinely local party bosses).

Over the coming two years, higher-level party chiefs will be rejigged, along with their less powerful counterparts in the government: mayors, governors and ministers. The public won't be involved: choices are made in secret by current leaders and rubber-stamped by party committees and party-controlled legislatures. Later this year, and early next, provincial party posts will be reallocated. Those given top jobs in important regions are likely candidates for spots in the Politburo—the body, currently 23-strong, through which Mr Xi rules China. In the year before a congress, at around this time, Mr Xi forms (in secret) a group of leaders who will review candidates for these and other top party posts that will be filled this year and next. Only diehard Xi loyalists will be in the frame.

But enthusiastic support for Mr Xi is no guarantee of job security. Purges of military and civilian leaders since the 20th congress in 2022 have been notable for targeting his protégés. According to the Centre for Strategic and International Studies, a think-tank in Washington, 37 of the 44 officers appointed to the 376-member Central Committee at that congress have been expelled, have gone missing or are under investigation. This makes it all the harder to decide who should get seats on the new committee to be formed at the 21st congress: there is not much untarnished metal to choose from.

Mr Xi is unlikely to worry much about grooming someone to take over his own positions. For evidence, look at the Central Military Commission (CMC), the top military decision-making body. Normally all its members, except the commander-in-chief, are in uniform. When a second civilian is appointed, that person is clearly being teed up as the future supreme leader: Mr Xi joined as vice-chairman in 2010, two years before he became China's ruler and the CMC's sole civilian. That Mr Xi remains the only non-uniformed member is a clear sign that he does not plan to step down at next year's congress. Even if he hands a title or two to someone else, few expect him to relinquish power in 2032 either.

He does not have to. Mr Xi ripped up the party's unwritten rules on succession in 2018 when he abolished a two-term limit on the presidency. This allowed him to serve as general secretary for as long as he wants—the two jobs are normally held simultaneously. It's all the more telling that he welcomes no young, potential successors in his coterie. Pre-Xi, someone being groomed as general secretary might have been expected to join the Politburo by their late 50s and assume the party chiefdom by the age of 62 (no woman has ever made it to the Politburo Standing Committee, the apex of power). Currently, the youngest of the standing committee's seven members is 63. The median age of the full Politburo is 66, the highest this century. It is not just Mr Xi's job that lacks young blood in the waiting, as Gavekal Dragonomics, a research group, notes. Important national and provincial committees are getting older, too. Typically, few members are in their 30s: ages now cluster in the mid-to-late 50s.

Mr Xi could inject younger blood into the Politburo. But it would mean surrounding himself less with his cronies and more with their protégés, with whom he is less familiar. It could also undermine his power if a younger person is identified as his replacement-to-be (tensions related to heirs-apparent have caused big trouble in the past: the pro-democracy upheaval of 1989 was one such episode). Better to stick with loyal old men, Mr Xi may reckon.

But Chinese politics is occasionally stormy, even with a Politburo stuffed with yes-men. As many as one-fifth of full members of the Central Committee have been purged since the 20th congress. In most of the confirmed cases the ostensible reason has been corruption, but eliminating potential rivals has been a likely factor, too. In China Leadership Monitor, an online publication, Jonathan Czin, a former CIA analyst, argues that Mr Xi's next five-year term is likely to involve "increasingly tumultuous internal politicking". In its final stretch, this one is far from calm. ■

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China | Chaguan

For China’s officials, the goal was once growth. Now it’s loyalty

An obsession with GDP is replaced by an obsession with Xi Jinping

April 1st 2026

Much about the Chinese Communist Party is mysterious. But in one respect it ought to be drearily familiar to anyone who has worked in a large company: the setting of targets that, in theory, determine who gets promoted. As in companies, both the indicators themselves and the way that achievements are assessed against them can be frustratingly vague and subject to manipulation. No one, though, doubts the exercise.

It matters a great deal right now in China because the party has just started a campaign that will run for nearly six months to “establish and implement the correct view of political performance”. Translated into business-speak, it is as if the party’s top leaders were modifying targets for the rank and file, and ensuring that everyone was aligned. For all the talk about Xi Jinping, the paramount leader, concentrating more power in his own hands, it is this basic process—the setting of priorities and the management of promotions—that is his most essential lever for remaking how officials work, from villages up to central leadership. A closer look suggests that his efforts are working, perhaps too well.

Mr Xi has long recognised the importance of officials' targets. In 2013, a year after he took the party's helm, its central organisation department—sometimes described as the world's most powerful hr outfit—reduced its traditional emphasis on economic growth. Specifically, it mandated an end to using gdp as the primary metric for evaluating cadres, an incentive structure that had encouraged wasteful spending and rampant pollution. The party has since reiterated this injunction repeatedly. Its latest campaign, launched in recent weeks, builds on this foundation, specifying that officials must deliver "high-quality development" and avoid deviations from the correct view of political performance.

What does this actually mean? A cynic might guess that the constant focus on forming a correct view of targets means that many officials are still clinging to an incorrect, outdated obsession with gdp. That, however, does not accord with China's economic outcomes over the past decade. When gdp was the main performance metric, the government often ended up overshooting its national growth target because provinces, cities and counties were all ranked by their local growth rates, and they competed with each other to come out on top. That China now basically hits its gdp target each year, without exceeding it, reflects the new reality: officials do not want to over-deliver on the economy, which might suggest they are too gung-ho on growth. An adviser to the government on its economic plans recently explained to Chaguan that many cadres were pleased by relative sluggishness in the second half of 2025, because it should make reaching the growth target for 2026 much easier; performance is tracked year over year.

A more optimistic interpretation of "high-quality development" is that Mr Xi has given the environment equal billing to the economy. That, though, overstates the change. Not to detract from China's remarkable progress in building its renewable energy sector and cleaning its air, but environmental goals simply do not have the same hold on officials that growth targets once did. In the party's recently completed five-year plan, China had aimed to reduce the carbon intensity of growth (carbon emitted per unit of gdp) by 18%. In the end, it got a reduction of only 12% or so. But there is no evidence of any careers being derailed as a result. As Ran Ran of Renmin University has put it, local cadres have learned how to play the game of tweaking statistical methods to hit their environmental goals, even while the country as a whole missed its bigger carbon target.

If not the economy or the environment, what is a Chinese official to focus on? Many cadres are in a muddle. People's Daily, the party's main newspaper, recently provided a guide for the perplexed. It seized on four slogans used by Mr Xi in a speech: the party is for the public good; bring benefits to the people; make decisions scientifically; and act with resolve. In front-page articles on four consecutive days, it illustrated each with examples, naturally, from Mr Xi's own experiences—from streamlining Fuzhou's bureaucracy in the 1990s to opening Zhejiang's lakeside parks to the public in the 2000s.

All very inspiring, no doubt. Yet translating these slogans and anecdotes into cut-and-dried goals is not easy. That, on a deeper level, is the point. It makes for a process that inevitably contains the imprint of China's leader. The pursuit of economic growth or decarbonisation is, in a technical sense, really quite impersonal: they are objective, measurable targets. Now, the imperative is to align with all aspects of Mr Xi's vision, however imprecise or wide-ranging it may be. "You have to pay more attention to what he says," explains a former official. The organisation department, he adds, will scrutinise actions and speeches by cadres to see if they accord with actions and speeches at the top. Some critics have suggested that fuzzier standards for assessing political performance might leave Chinese officials paralysed, since they no longer have gdp as their lodestar. But they are perfectly primed to follow Mr Xi, once he sets the direction.

More generally, officials strive to work in a style that, they believe, lives up to the boss's expectations. Young cadres want postings in poorer parts of the country to show the same zeal for poverty alleviation as Mr Xi. Like him, they wear party pins in public and stay away from flashy clothes. By some accounts, they are pictures of industriousness, showing up to the office at the weekend or staying late, even when they do not have much to do. All the while, they study Mr Xi's words and deeds. He has turned China's cadres away from the blind pursuit of growth. Loyalty to him is instead the main goal now. ■

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Middle East & Africa

Middle East & Africa | Taking that island

How would American ground forces take Kharg?

Donald Trump says the war will end soon. But he is capable of feints

April 2nd 2026

Kharg island is one of those patches of land that has had the misfortune to be a recurring backdrop to military history. Jimmy Carter and Ronald Reagan both considered invading it. Saddam Hussein bombed it. So has Donald Trump, who in 1988 said that were he president, he would "do a number" on the island. Although Mr Trump now says that the Iran war might end in a few weeks, and that he will give a televised address on the evening of April 1st with an "important" update on its progress, he has a history of feints and misdirections. And he has also said that he might "take" the island.

It is an export terminal for 90% of Iran's oil, which is pumped in by pipeline. "If you grab Kharg, you basically have their oil export capability hostage," says Seth Krummrich, a former chief of staff of us Special

Operations Central, which deals with the Middle East. Mr Trump could use the island as a bargaining chip, potentially returning it in exchange for Iran reopening the Strait of Hormuz.

America has already softened up the island's defences, striking 90 military targets but sparing its oil facilities. Taking Kharg "is certainly within the capabilities" of the American armed forces, says Joseph Votel, a former commander of centcom, which runs Pentagon operations in the Middle East (now at the Middle East Institute, a think-tank). But seizing and holding the island would present its own risks.

The first challenge is getting boots on the island. In recent weeks, America has deployed various units that could be used in ground operations. The 31st Marine Expeditionary Unit (meu)—a group of around 2,500 marines, with the uss Tripoli, an amphibious assault ship, at its core—is in the Middle East, having been sent from Japan. The 11th meu will arrive in a couple of weeks from California. The Pentagon has ordered 2,000 elite paratroopers from the army's 82nd Airborne Division to the region, possibly an advance for many more. Several hundred special-operations forces have also arrived in the Gulf.

Source: Welligence Energy Analytics

Former military officials estimate that America would need at least a battalion of combat forces, roughly 1,000 troops, to take Kharg. With the Strait of Hormuz under fire, marines would struggle to get their ships and landing craft into place for an amphibious assault. An airborne assault, with planes ferrying soldiers and equipment to the island, would also be risky. Kharg has an airstrip, but Iran could bomb that. And since the airstrip is the obvious drop zone for paratroopers, Iranian forces would surely be waiting for them there.

Instead, soldiers would probably attack Kharg by helicopter. The 31st meu practised a similar assault in the Pacific last year. Nearly 400 marines were flown in helicopters for 1,600km from ship to shore—more than the distance they would cover from Oman to Kharg. The Pentagon would probably establish a nearby staging area where helicopters could be refuelled, boosting their rate of sorties. The assault helicopters would need surveillance aircraft, warplanes and attack helicopters as escorts. Upon approach, they could face fire from small arms as well as from portable air defences.

Getting those troops to Kharg is only the first step. They would then need to clear and hold it, under fire from Iran. The Islamic Revolutionary Guard Corps, Iran's elite paramilitary force, has reportedly scattered anti-personnel mines on the island and still has troops there. The marines could try to use helicopters to deploy short-range air-defence systems to the island. But, given their weight and the distances involved, landing ships might be required to move them.

That leaves soldiers vulnerable. One option is to rely on attack helicopters and fighter jets circling protectively overhead, striking Iranian missiles or drone teams. That could tie up large numbers of aircraft for an indefinite period. America also has air defences on ships but many are running low on interceptors. "The Iranians can saturate that island with whatever it is they have left," says Kevin Donegan, a retired admiral who commanded the us Navy's Fifth Fleet, which operates in the region.

American forces could blunt Iran's aerial threat using Kharg's oil infrastructure as cover. Ground forces could dig in around the pipelines, storage tanks and shipping terminals, goading Iran into hitting its own oil facilities. That would put the Iranian regime in the awkward position of having to decide whether it is "willing to destroy [its] own oil economy to kill some Americans", suggests Mr Krummrich.

The problem is not just getting to the island and parrying projectiles. An expeditionary unit carries only two weeks of supplies; an airborne brigade much less. Initially, much of the resupply effort would probably rely on helicopters or other aircraft that can carry little. Planes could drop more supplies. But each time American forces sent in new equipment or other goods, they would need to re-establish complex aerial convoys similar to those that brought troops to land, says Mr Votel. That would not be easy, or cheap.

The broader question is whether holding Kharg would serve Mr Trump's aim: to "take the oil". Iran could shut off the pipelines to the island, perhaps diverting some to oil terminals down the coast, which can handle a quarter of Kharg's volumes. If the oil continues to flow, Mr Trump would need to get it out via Hormuz. It would be far simpler to grab Iran's oil exports—still more than 1.5m barrels a day, remarkably—from tankers at sea, much as Mr Trump did with Venezuela. That, though, would not have the drama of America's largest airborne assault in nearly 40 years. ■

Editor's note (April 1st 2026): This article has been updated to take in news of Mr Trump's televised address.

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Middle East & Africa | Defending the base

Iran has damaged a surprising amount of American kit

Losses would be much higher in a war with China

April 1st 2026

AMERICA HAS struck more than 11,000 targets in Iran since the start of its war, devastating military units, defence-industrial sites and nuclear facilities. But Iran has also exacted a real—and sometimes surprising—military cost.

Iran has hit American bases, aircraft and missile-warning radars, among other targets across the Middle East. Several American facilities in the Gulf are largely empty, with personnel operating from hotels and office buildings to avoid missiles and drones. Accidents have also claimed planes and lives. At least 13 American service people have died.

Affordable technology has given Iran some means to strike back in ways that were unthinkable during the years of America's "war on terror". The losses raise questions over whether America has been complacent about protecting facilities and valuable equipment, and whether Russia or China might be giving Iran targeting information.

Any tally of American losses will be incomplete. America does not generally confirm battle losses. Estimating the damage through open sources has become trickier after some providers of satellite images restricted services.

An E-3 AWACS, a flying radar, was destroyed on March 27th in Saudi Arabia. Open-source analysts say it was hit on a taxiway, suggesting Iran had accurate information about its location. It was one of perhaps 16 such aircraft in the US air force's inventory.

Several kc-135 aerial-refuelling tankers appear to have been damaged in that attack. A mid-air accident damaged another tanker and caused a second to crash, killing six crew.

Another error led Kuwaiti forces to shoot down three American F-15 jets. Iran, meanwhile, claims to have damaged an F-35 stealth fighter that made an emergency landing in Jordan. It has shot down several MQ-9 Reaper drones.

A less visible but painful loss is the destruction or damaging of perhaps ten radars. One rare AN/TPY-2 radar, with a range of about 3,000km, has been destroyed in Jordan; reports suggest at least another may have been damaged. They are used by so-called THAAD ballistic-missile defences, of which the US had just eight such batteries. Also damaged is a more powerful AN/FPS-132 phased-array radar, with a range of 5,000km, bought by Qatar. America operates five of these around the world.

The lost equipment will take hundreds of millions, if not billions, of dollars and many years to replace. For Tim Walton of the Hudson Institute, a think-tank in Washington, American forces strengthen not only active defences but also passive ones, such as camouflage, decoys and hardened concrete shelters. “There is no sanctuary,” he warns. “Against an adversary like China, the losses could be much higher.” ■

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Middle East & Africa | Decision time

The war in Iran is nearing a crossroads

With a Trump-imposed deadline looming, a relative lull in the fighting cannot last much longer

April 1st 2026

FIVE weeks into the Gulf war, the messages from the White House are more confusing than ever. Donald Trump and his emissaries insist both that Iran must reopen the Strait of Hormuz and that reopening the strait is not one of their war aims. They claim to be negotiating with a "new, and more reasonable" regime in Iran, yet also believe Iran is ruled by a 47-year-old regime full of unreasonable people.

This may not just be the president's usual incoherence. The war is nearing a crossroads. A relative lull in the fighting cannot last much longer. There is a brief window for a diplomatic solution, improbable as that sounds. The more likely alternative is serious escalation, which risks trapping each party in a war of attrition.

The lull began on March 23rd, when Mr Trump announced that he was exchanging messages with Iran. It has not meant calm. America and Israel still carry out hundreds of air strikes in Iran each day. Some 3,500 Iranians have been killed, around half of them civilians. Iran has kept up a daily pace of roughly a hundred missile-and-drone strikes on Israel and Gulf states. On March 31st a drone hit a laden oil tanker off Dubai's coast. Such attacks mean Hormuz is still largely shut to commercial traffic: an average of six ships transit every day, down from 125 before the war.

Still, the president has twice postponed an ultimatum for Iran to reopen the strait or face attacks on its power plants. His new deadline expires late on April 6th, and he has added a threat to bomb desalination facilities in Iran (which would be a war crime). Meanwhile, America and Iran have swapped proposals for a ceasefire via Pakistan, which is serving as an intermediary.

Even without that deadline, Mr Trump would soon have a decision to make. He has deployed some 7,000 marines, paratroopers and special forces to the region, with more probably on the way. The air war may be nearing a point of diminishing returns. When the fighting began, officials from both America and Israel said they had four to five weeks of targets to hit. Meanwhile, the economic damage keeps mounting and the politics of the war are getting worse. In the latest Economist/YouGov poll, released on March 30th, 62% of Republicans said they support it, an 11-point drop from two weeks earlier.

Mr Trump claims that Iran has agreed to most of his demands, which include shutting down much of its nuclear programme and limiting its ballistic-missile arsenal. That is surely an exaggeration. If there is to be a deal, it would be more limited: Iran would reopen Hormuz, and probably make some concessions around its nuclear programme; America would provide expansive sanctions relief.

That would be an imperfect deal for Iran, which wants the closure of American bases in the region (among other things). It would be worse for Mr Trump: its main accomplishment would be to reopen a strait that was only closed because of a war he started. Yet the regime may balk. It wants to deter future American or Israeli attacks and may reckon that inflicting more damage on the global economy will help achieve that. Some officials want to formalise Iran's control of the strait and levy tolls on vessels using it, a potential revenue stream worth billions of dollars a month.

Mr Trump would then face two options. He could announce that America had met its military goals and leave the rest of the world to sort out the mess in Hormuz. He has hinted at doing so in recent interviews and social-media posts. The problem is that, aside from some MAGA die-hards, everyone would see such an outcome as a strategic defeat for America.

The past few months have shown that it is better to watch what Mr Trump does than what he says—and the military build-up in the region suggests that he is planning a ground offensive. He could order troops to seize Kharg Island, the site of Iran's main oil-export terminal, or other islands near the strait; he could also attempt a complicated raid to seize Iran's stockpile of highly enriched uranium.

Iran would have missed its moment of maximum leverage to end the war on favourable terms, and it would face wider attacks on its economy and infrastructure. On March 27th Israel bombed large steel plants in the country, at least one of which subsequently halted production. Iron and steel are among Iran's main non-oil exports, with revenue of almost $7bn a year. The plants also supply a range of domestic industries, from cars to construction. Israel is pushing to conduct more such strikes. For now America is holding it back, but it will not impose restraint forever.

The Trump administration hopes a ground operation will be a knockout blow: that it will either force Iran to reopen the strait or give the president a chance to declare victory. It may do neither. If America seizes islands only for Iran to remain unbowed, its armed forces will have to hold them. Should American troops suffer heavy casualties, Mr Trump may feel compelled to send more.

A long war would also further damage Israel's standing in America, which has plummeted after two years of scorched-earth conflict in Gaza. Already, more Americans believe Israel will benefit from the war in Iran (55%) than their own country (30%). If the war drags on, a wounded Trump administration may accuse Israel of leading it into a quagmire. For now, each party to the war has its reasons for continuing. The risk is that they will overreach in turn, and find themselves drawn deeper into a conflict they cannot control. ■

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Middle East & Africa | Not in my name

Iran's opposition in exile is rethinking its support for the war

The longer the war drags on, the less clear are the benefits for ordinary Iranians

April 1st 2026

A month ago, Iran's opposition in exile was punch-drunk on war fever. Many Iranians looked to America and Israel for salvation after the regime's thugs slaughtered protesters by the thousands in January. Exiles thronged the streets of London, Los Angeles and Toronto to celebrate the killing of Iran's supreme leader, Ayatollah Ali Khamenei. At home and abroad, tens of thousands rallied behind Reza Pahlavi, son of the last shah and a self-proclaimed leader of a would-be transition, who described the bombing as "humanitarian".

Today, diehards still liken the bombardment to chemotherapy. Some march in London with banners of the Israeli army alongside royalist flags. Others harass Persian restaurants, demanding they pin displays of support in their windows. Iran International, an opposition satellite channel based in London, backs the war and the restoration of the Pahlavis to the throne.

But many have become queasy. The rallies are now dwindling in size. A broader range of diaspora voices is speaking up. Iranian musicians pack concert halls, stirring sympathy for civilians buried beneath the rubble. Doctors, teachers and academics stage vigils for Minab, a southern Iranian town where an American missile struck a school, killing over 160 people, most of them schoolgirls.

As America and Israel expand their target lists from regime strongholds to national infrastructure, fears for relatives left behind are mounting. Mr Pahlavi has been accused of showing greater sympathy for fallen American soldiers than for more than 1,500 civilians who have been bombed to death at home. Some say his alignment with Israel makes him "a useful idiot" and that he has acquired an autocratic streak akin to the ayatollahs'.

So some of the fractious opposition is looking elsewhere. On March 28th an unusually broad coalition of Iran's political, ethnic and religious groups met in London to launch the Iran Freedom Congress, which says it will keep its distance from America and Israel. Speakers denounced attacks by those countries on oil facilities and defence installations. The war, one said, was a catastrophe that had strengthened the regime just as domestic unrest had begun to push for a democratic transition. "Regime change should not happen like this—it should be an Iranian project, not an Israeli one," said another organiser. Some even expressed pride in Iran's resistance to the world's most formidable fighting force. The organisers appealed to Iran's pluralist mix. To appear inclusive, they displayed monarchist and republican flags on stage. Kurdish and Baluchi representatives won applause.

Any attempt at unity will be challenged. Pahlavi fans protested outside the new congress, deriding the gathering as a front for leftists and covert regime sympathisers. Pro-regime voices objected to the absence of the Islamic Republic's flag, with its inscription to Allah, and reposted a report saying that the group was being promoted by publicists that back Israel. Attitudes to the war created such rancour that the final communiqué omitted any reference to it.

Such disarray must surely hearten the regime. Ongoing mass protests inside Iran that were promised by Mr Pahlavi and his foreign backers have not materialised. Instead, city squares are filled each night with pro-regime zealots. Yet when the fighting ends, the questions that dogged the ayatollahs before the war will persist. The economy will be shattered and dissent more harshly suppressed. Even in wartime, executions of detained protesters have resumed. Demonstrations could reoccur, as they did six months after the last war with Israel. If they do, Iranians could benefit from a united democratic opposition to rally behind. It has yet to emerge. ■

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Middle East & Africa | Pleasure on the peripheries

Iran’s permissive party islands contain hidden dangers

If American troops turn up, they should not expect a package holiday

April 1st 2026

When American troops reached Baghdad in 2003, some cooled off in the swimming pool of Saddam Hussein’s palace under the gaze of monumental statues of the dictator. Should soldiers of the 82nd Airborne find themselves on Iran’s Gulf islands in lulls in the fighting, their diversions would be more varied. The recent plumes from burning oil tankers aside, they have long served as part of Iran’s pleasure periphery. Other choices ranged from the bohemian enclaves of Hormuz to the shah’s former casino on Kish. When the morality police looked the other way, even bikinis could be flaunted.

The islands were the shah's exclusive preserve, yet oddly the Islamic Republic broadened their appeal. After Iran's war with Iraq, the clerics turned Kish into a free zone, with malls that aspired to rival Dubai's. While music on the mainland was all but banned and vigilantes slapped the faces of women wearing lipstick, the islands offered a permissive respite: men in shorts, women without veils. Tehran's affluent decamped there in winter, trading ski slopes for beaches.

Each island has its own stamp, says a young partygoer. Hormuz has a reputation as Iran's Bali, Qeshm as its Mykonos, Kish as a local Saint-Tropez. Festivals were fuelled by alcohol and drugs. In December 5,000 people, men and women, ran in a marathon on Kish.

For those seeking quieter times, Iranian hippies headed to Hormuz or Hengam, a smaller island, for yoga retreats. Elsewhere, visitors paddled through mangroves, explored vast salt caves or sunbathed on beaches streaked red and black by volcanic sands. Last year the Aga Khan gave an architectural prize to an alternative-tourism project in Hormuz modelled on dome-topped water-storage towers.

But history offers caution. The Dutch and the British were both drawn to these shores, but both were expelled—the first by local sheikhs, the latter in the 1930s by the last shah's father, who jealously guarded Iran's territorial integrity. The coves and caves that have enticed tourists are also rumoured to hide missiles, mines and drones.■

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Middle East & Africa | A new front

The Houthis’ attack on Israel may point to escalation in the Iran war

Yemen’s Shia militia could threaten to choke the Red Sea

April 2nd 2026

IN A WAR in which tens of thousands of bombs have been dropped across the Middle East, killing some 1,500 civilians, a single rocket, intercepted mid-flight, that harmed no one, may seem trivial. Yet the launch on March 28th of the first missile towards Israel by Yemen’s Houthis since the start of the Iran war could mark the opening of a new front—with far-reaching consequences for the world’s economy. If the Houthis target shipping in the Red Sea while the Strait of Hormuz remains closed, oil prices could surge further. The economic cost of the war may even rise high enough for America to abandon it.

The missile launch came on March 27th, hours after the Houthis, a Shia militia that is aligned with Iran and dominates northern Yemen, issued a communiqué warning that they were poised to enter the war. Continued American and Israeli attacks on Iran would prompt "direct military intervention", it said—and the same if other powers joined in. That appeared to refer to Saudi Arabia and the United Arab Emirates (uae), the Houthis' sometime adversaries in Yemen.

More missiles aimed at Israel have followed. But for now, the Houthis have stopped short of using their most potent lever: their ability to disrupt shipping in the Red Sea. Saudi Arabia is exporting 5m barrels per day (b/d) through its Red Sea terminal at Yanbu, up from 1.6m b/d before the war started. Were the Houthis to block this vital artery by targeting passing ships or pipelines and infrastructure at Yanbu while the Strait of Hormuz remains closed, some analysts reckon oil could jump to close to $200 a barrel.

Yemen-watchers think this scenario is now more likely than when the war began. The Houthis have reinforced their positions along the Red Sea coast between the ports of Hajja and Hodeida and along their border with Saudi Arabia. One observer says they have deployed "anti-ship missile batteries, naval sabotage teams, explosive-boat infrastructure, sea-mines and maritime-drone launch sites…capable of threatening Red Sea traffic". "The

Houthi command architecture is no longer in a deterrence posture," says Nawaf Obaid, a Saudi analyst who runs a project at King's College London that tracks regional signals intelligence. "It is moving into a strike-ready configuration."

Though they are a part of Iran's "axis of resistance", with Hizbullah in Lebanon and a slew of Iraqi militias, the Houthis largely sat out the first month of this war. That restraint was in stark contrast to the Gaza war, when they showed solidarity with Hamas by harrying Red Sea shipping bound for the Suez Canal. Despite Iran's discouragement, they have been upholding a de facto ceasefire that followed America's bombing of Iran last year.

Early on, the militia considered restraint to be in its self-interest. Israel's killing of Hassan Nasrallah, Hizbullah's leader, in 2024, and of Iran's supreme leader, Ali Khamenei, at the outset of this war, appeared to weaken the influence of Iran's Islamic Revolutionary Guard Corps (irgc) over the Houthis, who then seemed to focus more on cutting a deal with Saudi Arabia. A Houthi delegation led by Muhammad Abdulsalam, their chief negotiator, reportedly went to Riyadh near the start of this war. His apparent aim was to get better terms, perhaps so that the Saudis might fund Yemeni state salaries or formally recognise Houthi control of Sana'a, Yemen's capital. The reluctance of other states in the Arabian peninsula to join the war also helped the Houthis stay out of it.

Three factors appear to be shifting their calculus. Iran's attacks on Gulf energy infrastructure, ports and commercial hubs are dragging the region into the fray. Increasingly, Gulf officials are flaunting their own offensive muscle. On March 27th the uae said it was planning a multinational naval force to protect shipping in the Strait of Hormuz. As Gulf states edge closer to joining America's war, the Houthis appear to be drifting back towards Iran and Hizbullah. According to Mr Obaid, the irgc is putting its own officers in Sana'a to co-ordinate Yemen's response.

Second, America's dispatch of more soldiers to the region is changing the Houthis' threat perception and sense of being encircled. The uss Abraham Lincoln, one of two American aircraft-carriers in the region, is now off the Omani port city of Salalah, near Yemen's border. American forces have also beefed up their presence in Djibouti on the Red Sea and have reportedly gained access to Saudi air bases such as Taif, some 750km north of Yemen.

But the third and biggest reason for tipping the Houthis into the war is their economy. Civil servants have gone unpaid for months. Some 18m Yemenis, most of them in the Houthis' zone, face acute hunger. Payments from Saudi Arabia have dwindled. Hopes of a bigger package have not materialised; the group's leader, Abdul-Malik al-Houthi, has railed against Saudi stinginess. Houthi harassment of un and aid agencies has choked off more foreign aid. Revenues from taxing maritime traffic vanished with the Gaza ceasefire.

The Houthis were undoubtedly weakened by America's assault on their arsenal and by Israel's killing of many of its leaders last year. But that has not dented their ability to cause a nuisance. It would take only a handful of Houthi strikes to make the Red Sea virtually impassable, as insurers make premiums prohibitive and risk-averse shipping firms tell vessels to take roundabout routes. As their resources and leverage dwindle, the Houthis may yet resume attacks on shipping. If they do, the consequences will ripple far beyond Yemen. ■

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Middle East & Africa | Life in him yet

Binyamin Netanyahu is down—but not out

Ahead of an election due in October, a divided opposition and the war could hand him a lifeline

April 1st 2026

Binyamin Netanyahu, Israel's prime minister, has one clear advantage over his co-belligerent, Donald Trump. Most Israelis support the war. According to a survey by the Israel Democracy Institute in the fourth week of the war, some 68% of them think America and Israel should fight on. That number has dipped—it was 81% at the start of the war—but it will give Mr Netanyahu much-needed reassurance. Though he leads the largest party in the Knesset, Israel's parliament, his coalition is trailing in polls ahead of the next election, due in October. His chances of forming another government still look dim.

In recent days he has been able to claim some successes. On March 30th the Knesset passed the annual state budget, a rare feat for an Israeli government before an election. Mr Netanyahu secured his coalition's vote by stuffing the package with handouts for religious communities and West Bank settlers, crucial constituencies of his partners. Passing the budget means that he and his coalition will probably serve their full four-year parliamentary term, another rarity. Few would have predicted such an outcome after the attacks of October 7th 2023, viewed by Israelis as one of the worst security failures in their country's history.

Likud, his party, has even seen a small boost in recent polls but not large enough to secure the re-election of this government or of any led by Mr Netanyahu. And some of Likud's gains have come at the expense of its allies. Most polls give the ruling coalition 52 or 53 of the Knesset's 120 seats. The prime minister's partners, especially ultra-Orthodox parties, are deeply unpopular, owing to their insistence that young religious men be exempt from military service. Another of Mr Netanyahu's allies, the Religious Zionism party, led by Bezalel Smotrich, his finance minister, is predicted to fall below the electoral threshold of 3.25% of the vote. The coalition may have united to pass the budget and a law imposing the death penalty on Palestinians convicted of murdering Israelis. But it is squabbling over other bits of legislation.

Mr Netanyahu must hope his opposition remains even more fragmented than his own camp. One of the opposition parties joined his coalition in 2024. The six still in the Knesset struggle to work together. At least three more are preparing to contest the elections. Mr Netanyahu has a proven record of persuading his allies to set aside differences and run on joint lists that cross the threshold to gain more seats.

Better still for Mr Netanyahu, the opposition has no clear candidate for prime minister. At the last election, in November 2022, a centrist outfit led by Yair Lapid, a former prime minister, emerged as the main opposition. Since then, it has slumped in the polls. In 2023 Benny Gantz, a former general who temporarily joined the government after the attacks of October 7th, was the front-runner to replace Mr Netanyahu. But his equivocation, especially on questions about how to run the war in Gaza, and his reluctance to confront Mr Netanyahu, cost him support. His party now fails to clear the electoral threshold.

In the past year Naftali Bennett, another former prime minister, has risen in the polls. Though right-wing, he has long been a bitter rival of Mr Netanyahu. But his party has been losing ground to one led by Gadi Eisenkot, yet another centrist former general, who has set up his own party.

Even if these disparate parties can coalesce around a leader and win a majority in the Knesset, they will struggle to form a government. Mr Netanyahu's coalition includes hard-right and ultrareligious parties broadly aligned on policy, whereas the opposition parties range from nationalists to conservative Islamists and Arab communists, unlikely to govern together.

So Mr Netanyahu may still cling on, even if Likud falls short of a majority. But a dismal stalemate in the war that leaves Iran's regime entrenched could be a final blow to his election prospects. Here Mr Trump has the advantage: he can declare victory in the war when it suits his own political interests—not Mr Netanyahu's. ■

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Middle East & Africa | In denial over debt

Senegal's government denies the gravity of its debt crisis

Its refusal to consider an IMF plan may make things worse

April 1st 2026

"The situation is not comfortable," says Mor Gassama at the university in Dakar, Senegal's capital, when asked about his country's economy. Perhaps he was practising soutoura, which in Wolof, the main language, loosely means "discretion", often used to refer to keeping up appearances. This time it was a Senegalese understatement for admitting that the public finances are in dire straits.

On March 13th the country narrowly avoided defaulting on its external debt after scraping up nearly half a billion dollars to pay holders of two Eurobonds. But it is still falling behind on payments to bilateral creditors and will struggle to meet deadlines for several more bonds set to come due over the next two years. Yet the government is loth to restructure its debt, insisting it has other ways to dig itself out of the hole. Unless it changes its mind, worse may be to come.

This is not all its fault. Bassirou Diomaye Faye, the president, an anti-corruption crusader and former taxman, was swept to power in 2024 on a wave of anti-elite, anti-Western sentiment. It soon became clear that Senegal's debts were far bigger than had been assumed. A new audit showed the budget deficit for 2023 to be 12.3% of GDP, not the officially reported 4.9%, while public debt was reassessed at $13bn, a huge 99.7% of GDP, far more than was thought. The IMF reckons it has since reached 130% and has suspended its $1.8bn programme. Ratings agencies downgraded Senegal's bonds to junk status.

The government has called the audit report a triumph for transparency and evidence of its predecessors' corruption. But instead of dishing out the promised goodies, especially to students, teachers and small businesspeople, Mr Faye and Ousmane Sonko, his firebrand prime minister and mentor, have spent the past couple of years struggling to stave off financial ruin.

Mr Sonko, who was barred from running for president after a conviction for sexual misconduct (a ruling he says was politically motivated), is widely seen as the government's driving force. Senegal, he insists, can recover without the IMF-mandated fiscal squeeze that many African policymakers detest. In November he rejected an IMF plan, as it offended Senegal's dignity.

Mr Sonko and his finance minister are trying everything else. Before taking office, Mr Sonko promised to abandon the West African Economic Monetary Union, castigating it as an instrument of French control. Now it has become a lifeline. Last year Senegal borrowed ten times more from this pool of regional reserves than it did just three years ago.

It has also brought in new taxes to raise revenue, paused infrastructure projects, cancelled many public contracts and recently scrapped 19 government agencies. Last year it began exporting petrol and gas, which it hopes will boost earnings. And while locals get text messages from their banks, encouraging them to buy domestic bonds and invest in Senegal, the government is courting China and countries in the Gulf for investment.

There is little reason to expect Mr Sonko's approach to work. Fuel exports will take time to ramp up; the new taxes are unpopular and unlikely to raise much revenue in the short run, since much of the economy is informal. The Iran war won't help.

Many Senegalese are cross. Teachers are on strike. In February university students protested (one was killed). When a taxi driver in Dakar says he is "ready" to risk the seas to find work in Europe, his friends shout their agreement.

The government may yet change tack: Mr Faye may conceivably bow to the IMF while Mr Sonko threatens to resign rather than agree. Trouble lies ahead. ■

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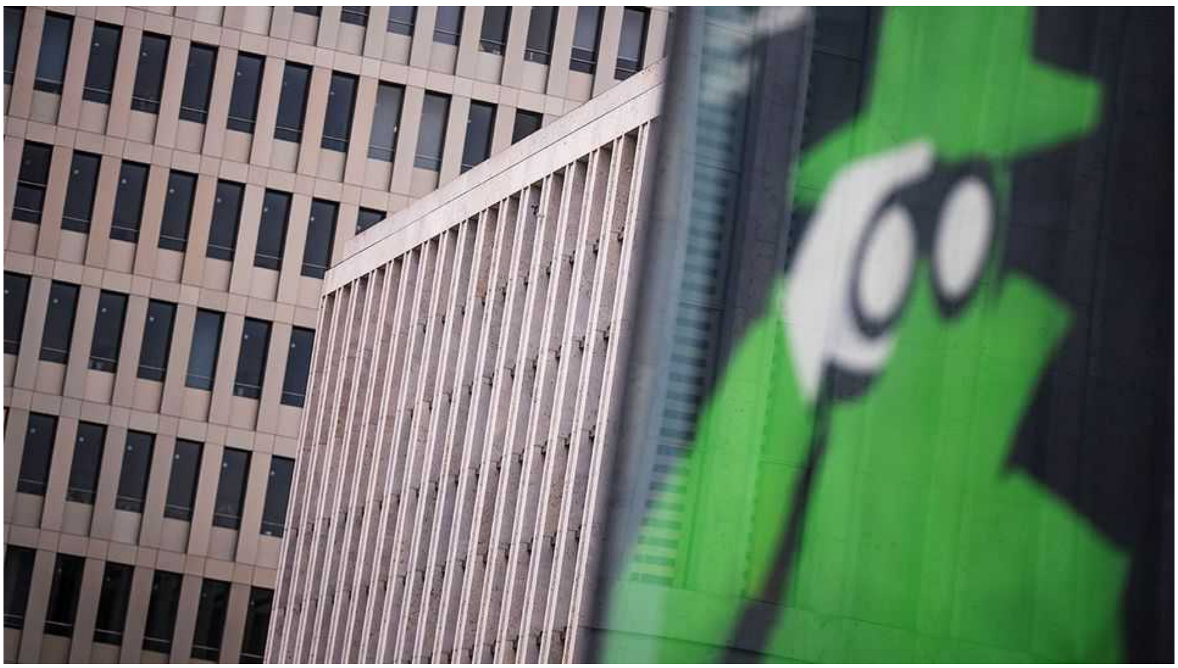
Europe

Europe | Vegetarian no more

A revolution is coming for Germany's intelligence services

Derided at home and abroad, Germany's spooks are about to get sweeping new powers

April 2nd 2026



HELMUT SCHMIDT, a former chancellor of West Germany, once quipped that he might as well read a newspaper rather than listen to the Bundesnachrichtendienst (bnd), his foreign-intelligence service. The bnd, Germany's equivalent of the cia, has long been sidelined at home and sniffed at abroad. Constrained from conducting the clandestine operations that are second nature to other agencies, the bnd is dismissed by its critics—many of them inside the house—as "vegetarian" in a world of snarling carnivores.

That may be about to change. An amendment to the bnd Act is due to reach the German cabinet in the coming weeks before making its way to parliament. Details are being worked out, but the signs are it will mark the most fundamental reform in the agency's history. Officials speak of a Zeitenwende, or turning-point, for German intelligence, invoking the term used in 2022 by Olaf Scholz, then chancellor, for his boost to Germany's armed forces after Russia's attack on Ukraine.

The aim is to turn the bnd into an actor capable of holding its own in a dangerous world. Long handcuffed by court rulings, complex oversight arrangements and stringent data-protection rules, the bnd has tended to operate as a simple, if reasonably effective, intelligence-gathering and analysis outfit. In a country where the Gestapo and Stasi cast long shadows, strict limits have been placed on the operations of the secret services. The original bnd Act, written in 1990, was in essence a data-protection rule book. "It's very slow, and very bureaucratic," says a European former security official of the bnd.

The bnd labours under constraints that would infuriate other agencies. It must cease monitoring a target once he enters Germany. Foreigners abroad enjoy the same privacy protections as someone in Germany, curtailing the bnd's ability to tap phones or monitor data flows. Personal data must be redacted if the bnd is to pass information to other German agencies. These "totally absurd" restrictions do not apply in other countries, says Wolfgang Krieger, a historian who has written extensively on the bnd. They limit the trust placed in the bnd by partner agencies—and create vulnerabilities foes can exploit. "Putin has no rules, and we respond with our Rechtsstaat [constitutional state]," sighs Marc Henrichmann, an mp on the Bundestag's intelligence-oversight panel.

An early draft of the bill leaked to German media suggests that the bnd's new powers will include the right to conduct offensive operations, including "hack-back" cyber-attacks on adversaries, and to infiltrate private tech companies. It will be given greater powers to grab and review data from internet exchanges (de-cix, one of the world's largest, is based in Frankfurt); will be able to store it for longer; and will have access to the content of messages, not just their metadata. Another proposal is to grant officials and mps the right to declare a pre-war "special intelligence situation" under which the bnd would enjoy expanded powers to combat specific threats.

The goal is to ensure that as Germany ramps up military spending—it aims to reach the nato target of 3.5% of gdp by 2029—its spooks have the technical capabilities to match. Since last year the bnd and other intelligence bodies have been exempt from Germany's "debt brake", which constrains borrowing. This year the bnd's budget has been lifted by a quarter to €1.5bn ($1.7bn). Much of the increase will be devoted to improving capability in areas like ai and satellite reconnaissance.

The rationale for the change is two-fold. The first is the growing hybrid threat from adversaries, especially Russia. At the Munich Security Conference in February Martin Jäger, the bnd's boss, blamed Russia for acts of sabotage, hacking and disinformation and said that his agency needed the tools to respond. "Do we simply want to continue to observe and record these developments?" he asked. "Or…must [we] take active countermeasures?"

A second reason is to reduce the bnd's dependencies, notably on America. Johann Wadephul, the foreign minister, recently warned that Germany would be "defenceless" without American intelligence. But Donald Trump's decision to temporarily withhold intelligence support from Ukraine last year clarified the risk of notional allies exploiting points of leverage. "We cannot trust the Americans to the same extent any more, so our old model is no longer viable," says Arndt Freytag von Loringhoven, a former vice-president at the bnd.

Several hurdles lie ahead. Turf wars are one; the defence ministry may be reluctant to allow the formal designation of the bnd as Germany's military-intelligence agency. The second is coalition infighting: the Social Democrats, who run the justice ministry, may seek to rein in some of the more ambitious proposals of the Christian Democrats, their governing partner.

Third, and trickiest, is to make the law resilient to legal challenge. Over the years Germany's formidable constitutional court has regularly forced legal rewrites in the name of safeguarding the right to privacy, especially in a 2020 ruling that limited the bnd's ability to monitor targets abroad. "Intelligence people will tell you that one public good, privacy and data protection, can get in the way of another, collective security. Rather than wish the trade-offs away, better to acknowledge and deal with them," says Christoph Meyer, a professor at King's College, London. Securocrats hope that the changing security environment will concentrate minds.■

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Europe | The Nordic-EU saga

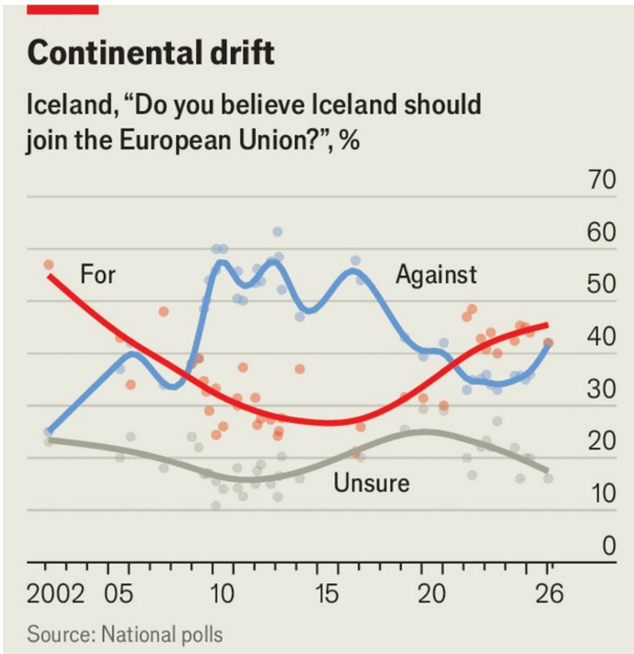
Will the European Union's next member come from the north?

Worried about trade and security, Iceland and Norway are warming to the EU

April 2nd 2026

Iceland is on the edge of Europe. It rises where two continental plates meet in the north Atlantic; tourists flock to see its snow-shrouded volcanoes and steaming geysers. Mining companies, lured by cheap geothermal energy, have built vast smelting plants on the coast. In Reykjavik, the capital, Iceland's flag flaps next to that of Greenland, its closest neighbour. The city hall hoisted it in February, after President Donald Trump tried to bully Denmark into handing the territory to America.

Europe's northern periphery has a complicated relationship with the European Union. Britain and Greenland are among the few places that have left it. Iceland and Norway never joined. But that could change. On August 29th Iceland's government plans to hold a referendum on restarting accession talks. Norway's opposition wants a vote on whether to join.



Attitudes have shifted, especially since Russia invaded Ukraine in 2022 (see chart). Most Icelanders want to restart the accession process. Those who support joining the EU outnumber those who oppose it, though lots are undecided. In Norway the majority of voters are still Eurosceptic. But support for joining is above 30%; during the 2010s it was usually below 20%.

In Iceland, old arguments for joining have been reheated. It would let Icelanders join the euro and ditch the small, volatile krona. It would also give them a say over the bloc's rules. Iceland, Norway and tiny Liechtenstein are all in the European Economic Area (EEA). They adopt swathes of EU rules, with little influence over how they are made, in exchange for access to the single market. This can leave them wrong-footed by rules drafted in Brussels.

Nor does the EEA guarantee unfettered trade with the EU. Last year the bloc imposed tariffs on ferroalloys, metals that Iceland and Norway produce in huge quantities. EEA membership, which puts them outside the customs union, did not protect them. Grimur Grimsson, an Icelandic MP, repeats an old chestnut: “If you’re not at the table, you’re on the menu.”

Russian and Chinese ambitions in the Arctic worry Icelanders. Home to fewer than 400,000 people, Iceland is especially vulnerable. It is NATO’s only member without an army. America’s disregard for its allies (and its president’s designs on Arctic territory) have not helped. At the World Economic Forum in Davos Mr Trump confused Greenland with Iceland four times. The incoming American ambassador has joked that Iceland could become an American state. He later apologised.

“The Greenland issue showed how valuable EU membership is for Denmark,” says Thorgerdur Katrin Gunnarsdottir, Iceland’s foreign minister. Being part of the bloc would make it harder to coerce the country with economic threats, such as those Mr Trump made against Denmark and its allies during the Greenland crisis.

The EU is willing to restart the talks. Iceland made swift progress when it first applied in 2009. By 2012 it had closed 11 out of 35 “chapters” in the bloc’s accession process. Montenegro, another accession candidate, took 13 years to do so. But the island will negotiate hard. During the cod wars of the 20th century, its coastguard cut the nets of British trawlers to keep them from its waters. Iceland’s leaders want to keep control of their fisheries. That would require the EU to compromise.

Some Eurocrats, having held firm against bespoke deals during Brexit, will be loth to grant one to another north Atlantic island. But leaders eager to revive the enlargement process may feel differently. Donald Tusk, Poland’s prime minister, has suggested the bloc should be more flexible to ease Iceland’s accession.

Euroscepticism remains a force at home. Settled by rebellious Vikings more than 1,000 years ago, Iceland values its independence. Gudrun Hafsteindottir, the leader of the opposition Independence Party, calls accession talks “pointless”. She thinks the EU would eventually make Iceland adopt all its rules.

Unlike Norwegians, who voted narrowly against joining the bloc in 1994, Icelanders have never been asked about the EU in a referendum. That made it possible for a right-wing government to end the talks in 2013. Pro-EU Icelanders hope the vote will send MPs a message. If they succeed, Norwegians will watch closely to see what deal Iceland gets. “Power to the people,” says Thorgerdur. “Let the people decide.”■

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On the front lines, Russian soldiers pay officers to stay alive

The war against Ukraine has created a corrupt economy of blood money

April 2nd 2026

The newly built one-bedroom flat is nicely decorated, with parquet floors, an aquarium, a shower cabin and a full kitchen. The downside is the location: underground in the trenches near Baihavka, a village in the occupied region of Luhansk. The apartment is home to the commander of the local Russian army unit. Maxim, a deserter who helped to build it, says the commander did not spend a kopek. Not only was the labour free, but soldiers paid for the materials, appliances and paint.

Russian soldiers must also buy officers alcohol. “They have four korporativy [office parties] a week,” says Sergei, who bribed his way into a rear position as a cook. He works from 5am to 11pm, paying over half his salary to a commander for the privilege.

Interviews with a dozen contract soldiers in locations including the Belgorod region, Luhansk and Donetsk reveal a system of extortion and punishment. Officers see their soldiers not just as grunts but as a source of enrichment. Corruption and slave labour have long been features of the Russian and Soviet armies: professional officers control the means of destruction, while recruits serve as cannon fodder in war or free labour in peacetime.

Russia's recruitment drive for its war in Ukraine has poured blood and money into the system, resulting in a vast battlefield economy. Soldiers describe the front lines as a marketplace where everything has a price: drones, medals, home leave and life itself. To back up their claims, they show screenshots of bank transfers, complaints to military prosecutors, demands for money and orders to take part in assaults.

Maxim, a 26-year-old from the city of Krasnodar, signed his contract in August 2024 in Moscow, where bonuses were higher. He supplies various reasons: government propaganda, the death of his stepfather in the war. "Something just snapped in my head," he says. "I didn't even know the contract was indefinite." It probably helped that he had been arrested with amphetamines in his pocket and given the option of enlisting to avoid prosecution. He got a bonus of 2.5m roubles ($30,000) and was sent without training to the Luhansk region, where he was paid 200,000 roubles a month until he deserted in January 2026. Of the 8m roubles he got in total, he says 6m went in equipment and bribes.

Russia's army provides gear to elite airborne and special-forces units, but infantry must buy their own. Since 2023 Wildberries and Ozon, the main Russian online retailers, have been available in the occupied regions of Donetsk, Luhansk, Zaporizhia and Kherson. "If you don't want to spend money on a good pair of boots and a decent body-armour vest, you go into assault wearing trainers," says Maxim.

The collections begin under the pretext of raising money for drones, equipment or food, says Anton, an assault trooper. But if you pay once, "you'll pay for ever so they don't send you to the meat grinder." Ukraine's wall of drones has created a kill zone at least 20km deep, rendering mass assaults suicidal. It has also created an economy of life and death.

Maxim says his commander welcomed new recruits by telling them he had buried 12 companies and they would be the 13th. “He said we were cannon fodder and only 5% of soldiers survive assaults.” The next day he explained that survival was not a matter of luck, but of ability to pay. Maxim and Sergei, another soldier, each paid 1m roubles to be transferred to the rear, plus another 100,000-150,000 roubles a month.

Some commanders requisition troops’ bank cards and PIN codes before sending them into an assault. Ilya, another deserter, says a staff officer collects them for safekeeping. The dead are declared missing, and commanders withdraw the money they earned from their bank accounts at ATMs in Donetsk and Luhansk. There is a rich trade in medical documents declaring soldiers unfit for combat. Getting wounded is not free either. “I paid 100,000 for leave after a wound,” says Anton. “To get discharged they ask for a million.”

Soldiers who refuse to pay may be thrown into dug-out pits for torture. Andrey Bykov refused to hand over 2m roubles he received as compensation for being wounded to his commanders, who used the call signs Kemer and Dudka. According to his mother, he was first handcuffed and beaten for several days. Later he was tied to a tree and shot. Soldiers ordered by their commanders to kill their own comrades call it “zeroing out”.

Soldiers say “refuseniks” can be zeroed out by shooting them, tying them to trees to freeze, denying them medical care after beatings or having drone operators kill them on the battlefield. Verstka, an independent Russian news site, confirmed the identities of at least 100 commanders who either ordered or carried out such killings.

“Will these bastards ever be punished?” asks Elena, a 39-year-old from the Altai region in Russia’s north-east. In February 2025 she buried her son, who had served in Kemer’s regiment. He had paid 100,000 roubles “for the needs of the regiment” and was reported as having died on a combat mission. Last summer Elena’s husband, who was serving in the same unit, deserted and recorded several videos about extortion schemes. He filed a complaint with military prosecutors saying Kemer had taken 2m roubles from him. But shortly before the new year he was found by military police and sent back to Kemer's unit. On January 11th, Elena says, he was tied to a tree and killed.■

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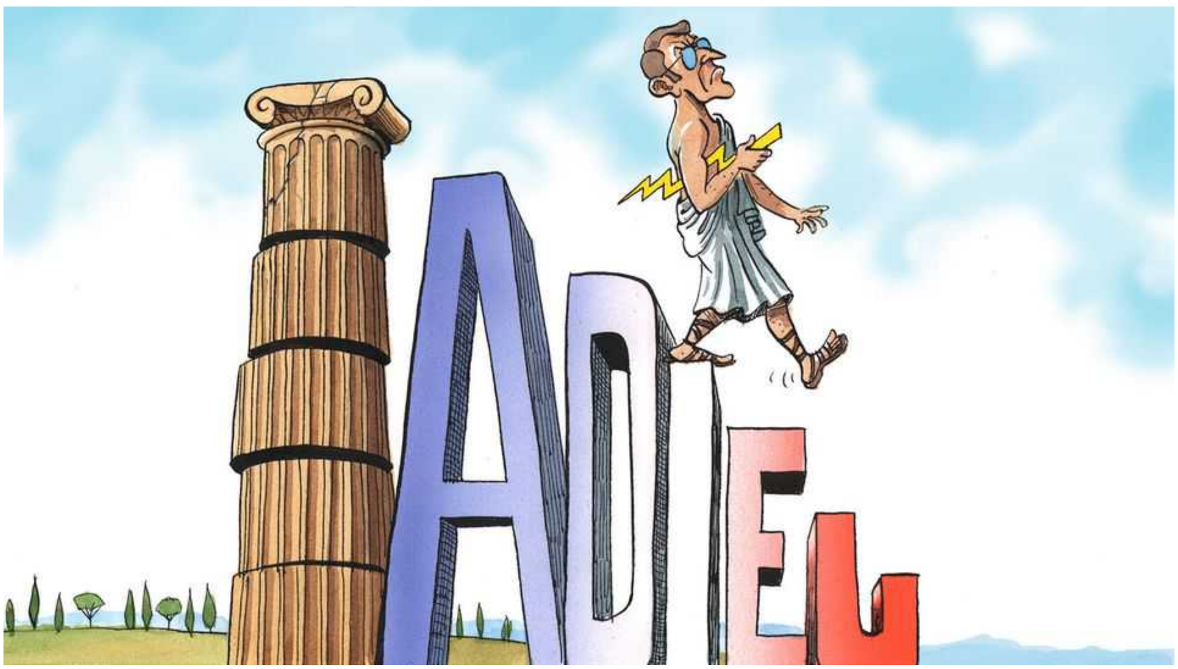
Europe | Charlemagne

A final favour Emmanuel Macron could do for France

A gracefully timed exit would reset France's awkward electoral calendar

April 2nd 2026



If a week is a long time in politics, a year can seem like an eternity. The French know this better than anyone. They have already been through what feels like aeons of protracted presidential campaigning, yet must still endure 12 months of political bickering before they get to cast their votes in April 2027. It will then take yet another half-year or so, well into the autumn, before whoever moves into the Elysée Palace can begin to turn pledges into policy. But presidential terms start sluggishly not because the French are reluctant to endure reforms (though they often are). Rather, a quirk of history has left the country with an electoral calendar that makes it needlessly hard for new presidents to fulfil their promises. There is a counterintuitive way to fix this. As he ponders his legacy, Emmanuel

Macron ought to consider rejigging the electoral calendar. Volunteering to leave the presidency slightly ahead of schedule would be worth sacrificing the final sliver of his term.

Politicos the world over know that a new leader's first 100 days in office set the tone for the rest of their term. Pas en France, sadly. Whoever succeeds Mr Macron (who cannot stand for a third consecutive term) will have to bide their time. In practice, their first move in office will be to dissolve the gridlocked parliament in order to secure a working legislative majority. Cue another nationwide campaign and two further rounds of voting in late spring. The new MPs will take their seats in the National Assembly the last week of June—just days before the parliament breaks for three months. Even if an extraordinary lawmaking session is called, as the constitution allows, the rest of Paris disappears on holiday after Bastille Day on July 14th; trying to get things done in August is the administrative equivalent of shouting into a void. September is scarcely better. The month is dedicated to la rentrée sociale, when trade unions flex their muscles by going on strike. There are better ways to start a presidency than by provoking mass protests.

Thus, by the time the president is ready to govern properly, it is October—some 170 days since voters first trudged to the polls. Some might dismiss the focus on the first 100 days as the obsession of a few jumped-up journalists (most of whom are on holiday through the summer, too). It is anything but. French presidents tend to lose popularity, and thus margins for manoeuvre, at a precipitous pace. In June 2017, Mr Macron's first full month in office, he had the backing of 64% of French voters, according to Ifop, a pollster. By October the figure had slumped to 42%. Both his predecessors also lost voter support early on and thus their political va va voom. Only Mr Macron lasted more than one term.

The sequencing of the presidential-then-legislative elections is a defensible feature of the Fifth Republic, France's constitutional blueprint since 1958. But the timing of these elections—springtime voting followed by a summer of political torpor—is no deliberate stratagem put forth by France's savvy technocrats. Rather it is an accident of history. The first presidential elections in the Fifth Republic were held in December, with the winner taking office in January (though the first president, Charles de Gaulle, had in effect seized power before then). Had that continued, it would have been an ideal time for a new figure to impose a set of political new year's resolutions on the country.

Alas, that electoral calendar has since been amended by happenstance. Georges Pompidou, the general's successor as president, died in office in April 1974. For no other reason, the French have voted for a new head of state around that time of year ever since. In most presidential systems, like America or Brazil, the scheduling of elections is fixed by law to whatever best suits the country. In parliamentary ones, like Britain or India, the timing depends on political developments. Only in France is the schedule for elections both accidental and, for the past half-century, set for the most awkward time of the year.

For a time, voting in the spring was manageable. Incoming presidents rarely needed to dissolve the assembly, so could at least get started on their reforms before les vacances. No longer. In 2000 a constitutional reform cut the presidential term from seven to five years, the same as parliament. In practice, this has meant fresh legislative elections after every presidential one (they can be more often). The upshot is that the ruling apparatus of president, ministers and sitting MPs gets its first blush of power at precisely the time the impact of its arrival is likely to be blunted.

There is a hard way to move the voting to a more propitious time, and an easy way. The hard one involves amending the constitution, an arcane process. The easy one is for Mr Macron simply to announce he will step down a touch early. Say he were to bring forward his retirement to February 2027, a couple of months short of his planned exit. That would leave his successor and his (or her) team a clean run at a hundred-day burst of action before le tout Paris heads to the beach. Such an early exit would trim just 2% or so of Mr Macron's decade in office. Et alors? Though still fizzing with ideas, he is a lame duck. If the new date were announced soon enough, it would not meaningfully affect the campaign.

Against this, it is not only the forthcoming incumbent of the Elysée who would get a better chance for a fresh start, but all future presidents of the Fifth Republic. Mr Macron's fans will balk at the idea; not least if the next president hails from the populist right. Indeed, the incumbent did a better job than most of showing that early reforms are not impossible to push through, by unveiling his first salvo quickly. He might argue his successor should promise to step down early, not him. But there is no time like the present. Most reforms that leave countries better off require a measure of political sacrifice; this would be Mr Macron’s. A slightly shorter presidency might yield longer-lasting change. ■

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Britain

Britain | A blind Leviathan

How poor data hobble Britain’s immigration policy

Gaps, errors and fiefdoms frustrate a clear picture

April 1st 2026

BRITAIN’S immigration debate has become a frenzied auction. The Labour government, having presided over a precipitous drop in arrivals, plans to make it harder for people to get citizenship. Reform UK, a right-wing populist party, promises “net negative migration” and to deport 600,000 people over five years; the Conservative Party outbids it with 750,000. The means fall into two baskets. One is legislative, with promises to tear up domestic laws and, on the right, to exit international treaties and sideline judges. The other is infrastructure: Reform talks of a deportation force modelled on America’s Immigration and Customs Enforcement (ICE), vast new holding camps and deportation flights.

The debate neglects a third factor, which will hobble any [immigration policy](): data. Should Zia Yusuf, Reform's home-affairs spokesman, or Chris Philp, his Tory rival, ever reach the home secretary's office at 2 Marsham Street they will find a remarkably cloudy picture. There are vast gaps in the government's understanding of Britain's immigrant population. A lot of data are uncollected; what is held is often unreliable. The Home Office recognises the problem: it says "insufficient data collection" reflects Labour's inheritance of a "migration system that was out of control".

Official data on migration patterns (what you might call the "flow") have improved in the past five years, says Ed Humpherson, the head of the Office for Statistics Regulation, an official watchdog. An unreliable passenger survey has been replaced by studies of tax and other administrative data, which enables more granular analysis, he says. Data on people arriving by small boats across the English Channel are published daily. The Home Office has high hopes for ATLAS, a new IT system for visa and asylum cases, which has been launched after years of delays.

But the picture of the "stock" of people living in Britain is much blurrier. Britain does not have a population register underpinning a system of identity cards, as in much of continental Europe, and plans for such a scheme have been diluted. Go back more than a decade or two, and the records from waves of migration quickly become muddy, says Sir Philip Rutnam, a former Home Office permanent secretary. Britain relies on people obeying visa conditions, and occasional raids by Home Office enforcement units. "We are not North Korea. We do not track people's movements around the country," says Jon Simmons, the department's former chief statistician.

The resulting gaps in big-picture data are listed in a recent report by Georgina Sturge of the Migration Observatory at the University of Oxford. The Home Office admits it doesn't have an accurate figure for the size of Britain's "illegal" population (an independent estimate in 2017 suggested 700,000-900,000, now likely to be higher). Nor does it have reliable figures for how many people have overstayed their visas. For those legally present, there are no solid data on what work they do, or their nationality. Nor is there a clear picture of where everyone lives, legally or not. Shabana Mahmood, the home secretary, says that migrants should "earn" citizenship by doing things like volunteering, but the state doesn't measure this either.

What is left, says Ms Sturge, are inferences made up of a patchwork of indicators collected for wholly different purposes. Official estimates can be wildly wrong. When a special residence scheme was created for EU citizens after Britain left the bloc, officials expected 3.7m cases. In the end 5.6m people applied.

The reports of the Independent Chief Inspector of Borders and Immigration (ICIBI), another watchdog, make it clear that low-level data on the day-to-day running of the system are ropy, too. "Where data is supplied, it is often incomplete, inconsistent, or simply wrong," the agency states in its most recent annual report, while problems with record-keeping and IT systems are a feature of "almost all inspection reports".

Take ICIBI's most recent report on fishing ports and marinas. Officials didn't know how many such sites there were in Britain, or how many stowaways had been found at them. At asylum centres, jails hosting foreign prisoners and border posts, staff routinely use improvised spreadsheets to bypass clunky databases. And ICIBI thinks that ATLAS, the new database, is not the panacea ministers claimed.

Whitehall's fiefs compound the problem. Getting an "end to end" picture of how Britain's asylum system works is almost impossible because of departmental silos, according to a recent report by the National Audit Office. There is no unique case number for each claimant shared by the Home Office, the courts service and local authorities. This makes it hard to model what impact new policies will have, or decide where to put resources, says Ruth Kelly, the auditor's chief analyst: "If you were starting from scratch, you would design things quite differently." It also discourages co-operation: officials chasing a target to process claims in one department have weak incentives to prevent bottlenecks down the line.

Politics gets in the way, too. The government produces less analysis than it could. It has limited evidence on how migrants perform economically, their impact on crime rates and on public services, notes Ms Sturge—information needed to fulfil politicians' wish for a visa regime that captures the "brightest and best". Such research can be awkward for ministers' negative immigration story, and officials have little incentive to produce it, says Sir Philip.

It might seem that the right's plans for mass deportations will come to little without reliable data. Yet the experience of ICE suggests that when determined immigration-enforcement regimes lack good evidence, they resort to a dragnet, pulling in all sorts of people regardless of status. Britain has form: in the "Windrush" affair the Home Office wrongfully deported dozens of long-term residents whose record of their lawful right to live in the country had been destroyed by officialdom. A blind bureaucracy can be a cruel one. ■

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Britain | Small boats, big plans

Right-wingers want ICE-style mass deportations in Britain

Their plans are dangerously unrealistic

April 1st 2026

No one knows how many illegal immigrants are in Britain: perhaps around 1m. Both big right-wing parties, the Conservatives and Reform UK, now favour mass deportations. Their plans, however, are thin. Reform's "Operation Restoring Justice", aiming to deport 600,000 people in five years, exists only as a six-page pdf on the party's website. Half of it is pictures. At 15 pages the Tories' BORDERS plan (for expelling 750,000 people over the same period) is only a bit more detailed. Both parties assume that the barriers are mainly legal. But deporting 120,000-plus people a year is as much a logistical challenge as a legislative one.

To deport people you first need to find them. Home Office data are patchy. The government has paperwork on at most 300,000 of them. That doesn't mean it could locate them. And how to find another 300,000? Data-sharing and facial recognition, heavily emphasised by the Tories and Reform, aren't enough. Reform could create new illegal immigrants by retrospectively rejecting previously successful asylum claims. "I'm not ruling anything out," says Zia Yusuf, its home-affairs spokesman.

Both parties are banking on the creation of a department styled on America's Immigration and Customs Enforcement (ICE), to replace the Immigration Enforcement (IE) branch of the Home Office. Deportations on such a scale would require mass workplace raids (already up by 77% since Labour came to power) and the stop-and-search practices popular with ICE.

In 2024 Britain recorded around 34,000 removals. Some 75% are "voluntary" rather than enforced. The hope is that this 3:1 ratio will scale. More likely is that a greater proportion will need to come from (far costlier) enforced removals. Both parties hope that doubling IE's 7,000-strong workforce will suffice. They could easily need to triple it. That means finding and training 14,000 new recruits for a testing job.

They will need somewhere to put those they arrest. Britain has detention capacity for fewer than 3,000 migrants. Reform promises to increase this to 24,000 within the first 18 months in government—equal to adding almost 25% to Britain's prison capacity. Successive governments have tried, and failed, to add to this stock because of the high costs and planning regulations.

Where to send the detainees? Both parties promise to pursue returns agreements with home countries, such as the successful one with Albania. Britain already has them with Bangladesh and Pakistan, but these have yet to make a meaningful difference to removal figures. Sending someone back involves securing documentation from their home country to prove that it is indeed where they are from, typically no simple matter.

More than 30% of those arriving on small boats come from Afghanistan and Iran, to which Britain is unable to deport people. Nigel Farage, Reform's leader, says he is not above negotiating with the Taliban. Should he fail to charm its supreme leader, Haibatullah Akhunzada, he will need other destinations for thousands of people. The Conservatives set up a scheme with Rwanda, which in the end took only four migrants and cost £700m ($930m).

For all the clamour, Britain is good at absorbing immigrants and allowing them to thrive. A government determined to harass immigrants is not only likely to fail to hit its unrealistic targets. It will damage one of the country's greatest strengths. ■

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Britain | Heading off ECHRexit

Can reforms save the European Convention on Human Rights?

Right-wing parties in Britain see it as a barrier to deporting illegal migrants and plan to pull out

April 1st 2026

In a recent decision at an immigration court in London a judge allowed a violent foreign criminal to stay in Britain. Olajide Olayemi Shinaba, a 32-year-old Nigerian man, had lunged at a female acquaintance with a knife in front of her child. The Home Office argued that deporting him would be "conducive to the public good". Mr Shinaba appealed, arguing that removal would separate him from his British children, and so violate his right to family life, protected by the European Convention on Human Rights (ECHR). The judge agreed.

Pressure is mounting to do something about Britain's relationship with the convention and the court in Strasbourg which is its ultimate enforcer. Reform UK, ahead in the polls, says it would pull Britain out on its first day in office. The Conservatives now also back withdrawal.

The left has been the ECHR's main champion. Labour introduced the Human Rights Act when previously in power, incorporating the ECHR into domestic law. Sir Keir Starmer, the prime minister, is a former human-rights barrister who wrote a 900-page textbook on the topic. Yet his party, too, is hardening its stance. His government plans to legislate to tighten how British officials and judges apply the rules.

Britain is also one of several members—including Austria, Denmark and Italy—pressing for reform. A summit in Moldova in May offers a chance to change how the ECHR works. Member states want to carve out more freedom to interpret Article 3 (protection from torture and degrading treatment) and Article 8 (the right to a private and family life) as they see fit.

British politicians have long used the convention as a punching bag. Crucially, Britain is not in the EU, which makes leaving easier, since EU membership in effect commits countries to the ECHR. Britain was the first state to ratify the convention, in 1951. Its next government could walk away, to enable it to deport more people.

The ECHR constrains Britain in three ways: in decisions by the court in Strasbourg; in those by British courts; and in decisions taken at the Home Office, as officials weigh up the risk that a deportation effort will be blocked by a judge.

The first of these has only a small direct impact. Since 1980 the Strasbourg court has overruled Britain in an extradition or deportation case just 13 times. However, it can be explosive. A temporary order to block a deportation flight to Rwanda under the previous, Conservative government was held up by critics as a gross overreach.

The second has a much bigger effect. British judges enforce the ECHR day in, day out. Their most controversial judgments involve foreign criminals like the Nigerian knife-wielder. In a more typical case last year, another

Nigerian man claimed permission to stay because his partner’s 89-year-old mother required medical care, which would have been disrupted by his leaving. In 2015-16 and 2024-25 there were over 360,000 appeals against the Home Office in the lower immigration court, 115,000 of them about human rights. The claimants won more than half of the latter group.

Third, civil servants will not try to expel someone they think will win a legal challenge. Such self-censorship means the convention’s influence ripples out into “thousands of decisions every week”, says one former adviser to the justice ministry.

The ECHR is not the only instrument that limits Britain’s room for manoeuvre. The country is also signed up to the UN Convention against Torture and the UN Refugee Convention. Reform wants to leave those treaties as well. Still, right-wing critics see the ECHR as their main target.

What they overlook is the difficulty of leaving and the costs of doing so. Membership is written into the Good Friday Agreement, which brought peace to Northern Ireland, as well as Britain’s exit treaty with the EU. And the ECHR, whatever its flaws, is an independent check on government. It helped block corporal punishment in British schools and permitted gay people to serve in the armed forces. It is not just human-rights purists who balk at the thought of losing that layer of protection.

Labour is hoping to prove that it can secure Britain’s borders without abandoning the ECHR. Four-fifths of Labour voters support the convention, according to YouGov, a pollster. So do most Britons: among those with an opinion, almost half say they want to stay in, compared with less than a third who would leave.

The government wants to tighten how the ECHR is interpreted at home. It thinks too many people win immigration claims by citing “exceptional” family ties. Labour will introduce laws requiring judges and officials to take a stricter view of what constitutes “family”, and to put more emphasis on the public interest in removing someone. Similar changes made by the Conservative-led coalition in 2014, focused on deporting more criminals, worked well.

At the gathering in Moldova no one expects the text of the ECHR to change. But member states have agreed to issue a declaration on how the convention should work in practice. They hope this will stop people using bad health care and dodgy prisons in their home country as a way to avoid removal. Would a mere declaration be toothless? Research suggests a previous one in 2012 had an impact. The Strasbourg court's president, Mattias Guyomar, has said it would be mindful of the broader "context" in applying the rules, but also stressed the importance of the court's "full independence". None of this is likely to halt the right-wing momentum to quit. ■

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Britain | Blowin' in the wind

Labour needs to slow down its clean-power mission

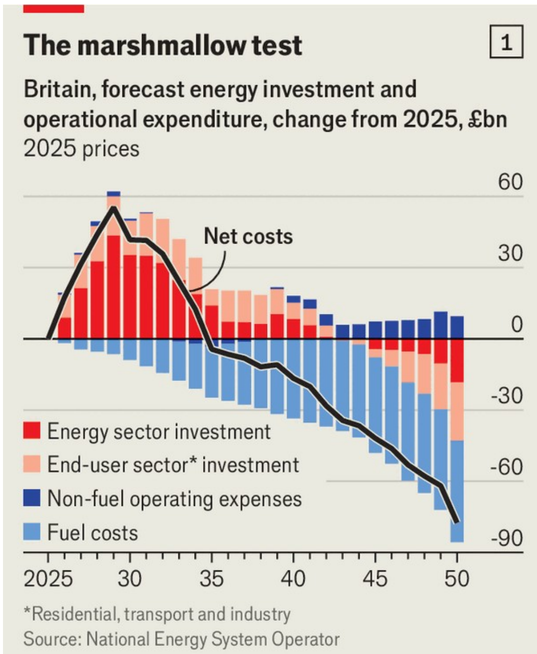
Or it will put the party's entire low-carbon project at risk

April 2nd 2026

Ed Miliband has long known that fear of the apocalypse alone will not sell his clean-power mission. When Britain's energy secretary previously held the role in 2009, he observed that Martin Luther King did not gain followers by proclaiming, "I have a nightmare." Ever since, Mr Miliband has sold the dream that decarbonising will also make Britain richer and more secure.

The past two decades have not borne out that vision. The country has cut emissions more rapidly than others. In 2004 renewables generated only 4% of electricity; by 2024 it was over half. But prosperity and security have proved harder to achieve. In 2004 domestic electricity prices were lower than in every EU country but one. They would now rank third-highest (after

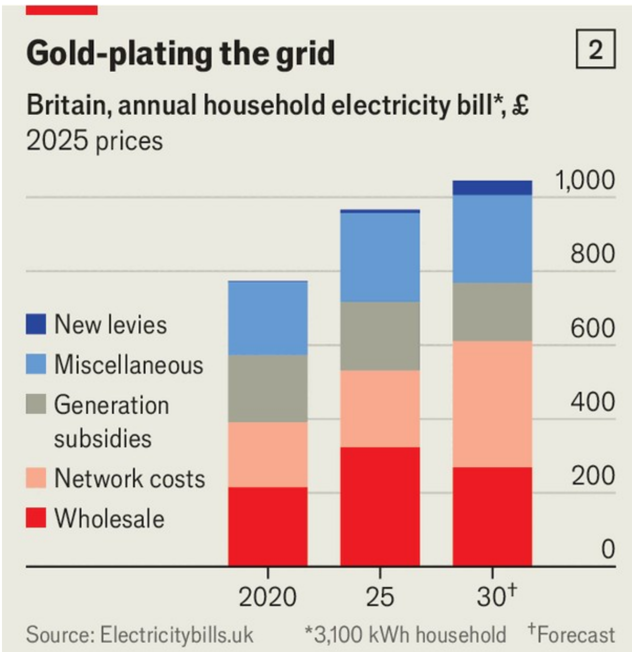
Germany and Belgium). The International Monetary Fund has said that Britain is “especially exposed” to the Iranian conflict due to its “reliance on gas-fired power”.



Gas accounted for 31% of electricity generation in 2025, compared with 3% in France (which has much more nuclear). Over four-fifths of British homes rely on gas for heating, far more than in the EU. Mr Miliband says that the war underscores the need to escape the “rollercoaster of fossil fuels”. His answer is to “double down” on Labour’s target of 95% clean electricity—renewables and nuclear—by 2030.

The long-run case for this mission is strong. Analysis from the National Energy System Operator, which designs Britain’s grid, suggests that the country’s energy-related costs (comprising transport, heating and electricity) could fall from 10% of GDP in 2025 to less than 6% by 2050 in a low-carbon world (see chart 1). A grid rooted in renewables would also offer shelter from geopolitical storms. When Russia invaded Ukraine in 2022 the shock added 1.8% of GDP to Britain’s energy bill. An equivalent disruption in 2050, with an economy that was mostly decarbonised, would add only 0.3%.

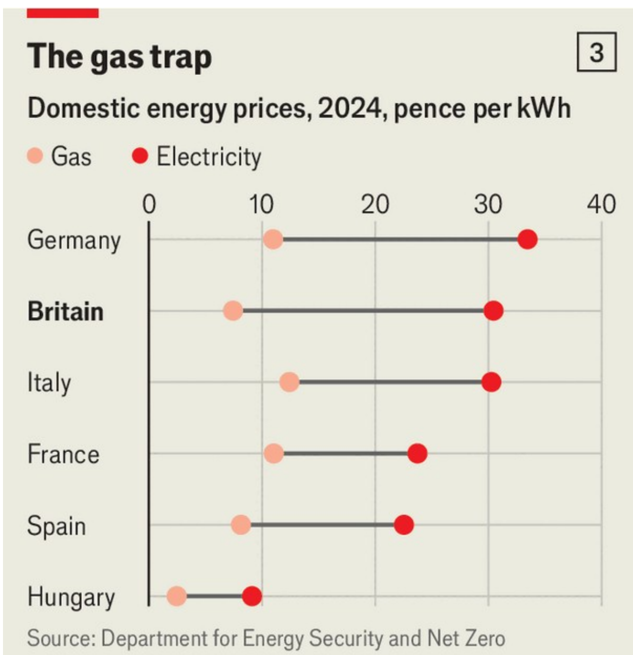
But there is more than one path to a low-carbon future, and Mr Miliband's rigid route risks imposing unnecessary costs and insecurity. Take gas. The energy secretary's rhetoric centres on stopping fossil-fuel dependency. Yet because the sun doesn't always shine and the wind doesn't always blow, Britain in 2050 will continue to need gas as backup, according to the Climate Change Committee, a watchdog. Its modelling suggests that gas will still account for 13% of primary energy used across the economy, versus 39% in 2025.



Mr Miliband's opposition to new North Sea exploration is thus worrying. He is right that more drilling would do little to lower British oil and gas prices. In any scenario, Britain will remain a net importer, its bills swayed by global markets. But greater domestic production, coupled with beefing up woefully inadequate storage, would reduce the risk of physical shortages during a war (for example if America were to ban LNG exports). And new drilling would be an effective macroeconomic hedge: when fossil-fuel prices spike, tax revenues from the basin rise with them, providing a fund to cushion bills.

The bigger problem is the inflexibility of the 2030 target. Hitting it involves a huge buildout of offshore wind, much of it in remote places like northern Scotland. This in turn requires a vast investment in the grid to carry power south. Ben James, an energy specialist, calculates that network costs alone will add £135 in 2025 prices (or $178) to annual bills by 2030, two-thirds more than that component costs today. Wholesale prices, which were about £70 before the Iran conflict, would have to tumble to some £40 a MWh for bills to be lower in 2030 than in 2025 (see chart 2).

Much of this investment will eventually be necessary, but rushing the buildout causes three problems. It locks in Britain's reliance on offshore wind, which on current plans will comprise half of all generation in 2030. A recent government auction fixed new offshore-wind prices at £91 a MWh for 20 years, far more than onshore wind (£72) and solar (£65). If the government extended its timeline, it would have more time to reorient the renewables mix towards onshore wind farms, which were unwisely all but banned until 2024. That could unlock big cost savings.



Hurried timelines have also prevented necessary market reforms. Britain currently has one nationwide electricity price; varying it by location would cut network costs by nudging companies to set up generators near population centres and businesses to base themselves where energy is cheap. This is one of the best ways to bring down the cost of renewables but the government ruled it out last year, citing investor confidence. Delaying the 2030 target would give investors time to adjust.

The biggest flaw in the 2030 mission is that, by pushing up electricity bills, it discourages electrification. Home heating is Britain's largest use of gas, and shifting households from gas boilers to electric heat pumps matters more for ending fossil-fuel reliance than replacing gas-fired electricity with wind. Yet Britons are put off heat pumps by electricity prices quadruple those of gas, one of the widest gaps in Europe (see chart 3). The government could narrow the gap by removing its levies on electricity. But avoiding needless bill increases caused by the rush to meet the 2030 target would also help.

The irony of Mr Miliband's vision is that it is not as far-fetched as his detractors claim. In the long run Britain can have affordable, secure and low-carbon energy. But getting there requires compromise. If he delayed his target, even by five years, it would make energy cheaper by 2050 than in this hasty scenario. But sticking rigidly to 2030 risks locking in high prices and alienating the public from the decarbonisation cause. For a dreamer like Mr Miliband, that would be a nightmare.■

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Britain | Energy prices

The British government should not panic over fuel bills

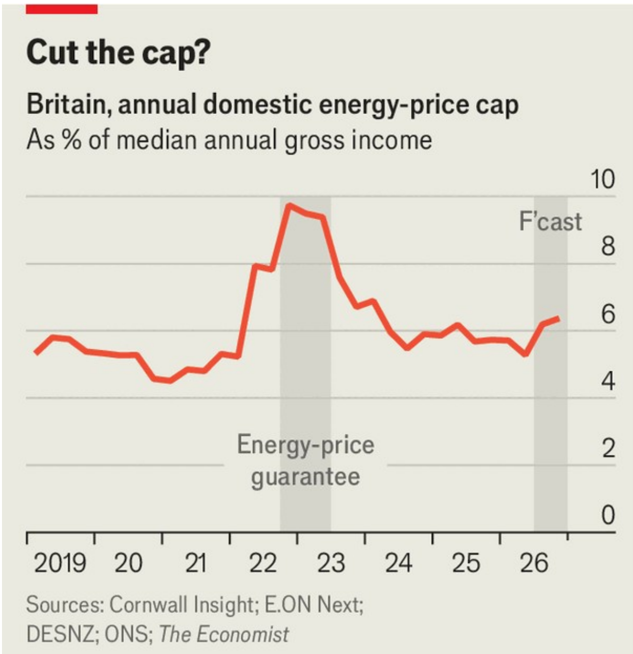
It should sit tight for now, despite mounting pressure to protect consumers

April 1st 2026

SPRING IS IN full bloom, but a chill is blowing through Britain’s draughty homes. The war in the Gulf has pushed the price of natural gas to levels not seen since Russia’s invasion of Ukraine in 2022. Elsewhere governments are acting. Australia is halving its fuel excise tax for three months. Ireland has cut duty on petrol and diesel. Spain has announced €5bn ($5.7bn) of tax cuts and subsidies. In Britain, where one in four people say they could not afford a one-off expense of £850 ($1,120), pressure for relief is mounting.

As in other rich countries, domestic energy prices in Britain are regulated. Every quarter Ofgem, the regulator, sets a “cap” on how much utility firms can charge households for a unit of electricity and gas. On March 31st

Cornwall Insight, a consultancy, forecast that the price cap will rise by 18% on July 1st to £1,929 for a typical annual household bill. If the war in Iran drags on, bills will rise further.



Despite the grumbling, as a share of median income bills are lower than they have been for years (see chart) and far short of the dizzying £4,279 reached in 2023. That year, fearing widespread penury, the government stepped in to limit typical bills to £2,500 for nine months. That cost the exchequer £24bn, or 0.9% of GDP. The government can ill afford such largesse now. Rachel Reeves, the chancellor, has said that any support would be "targeted" at the poorest households. The Resolution Foundation, a think-tank, says targeted support could cut bills by £275 on average for the poorest two-fifths of households at a cost of £3.8bn.

Before winning power, Labour naively promised that by 2030 the average energy bill would be £300 lower than in 2023. Frustrated by a lack of progress, from April 1st the government cut £150 of levies that were loaded onto electricity bills (a next option could be removing the £125 or so of levies that still remain). The opposition Conservative Party wants the government to waive the 5% VAT rate from energy bills for three years, a move that would cost some £2.5bn. Reform UK favours removing VAT on energy bills permanently. Businesses, especially firms that have not hedged their future energy costs, will also lobby for relief. Britain's businesses already pay nearly twice as much for electricity as the EU average.

Offering blanket relief would be costly and, given the government's limited room for fiscal manoeuvre, anything beyond tightly targeted measures looks problematic. The government would anyway be wise to hold tight for now. As 40% of households are on fixed-term tariffs and only 10% of energy is consumed during the summer, most households' bills won't rise for months yet—rather, average bills will drop by £117 from April thanks to the cut in levies on electricity. But the uncomfortable truth is that as long as Britain remains dependent on natural gas, households will continue to be exposed to energy shocks. ■

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Britain | Sweet somethings

For the love of sticky toffee pudding

Thanks to nostalgia and novel iterations, a British favourite is in vogue

April 1st 2026

FOR MANY Britons, sticky toffee pudding conjures up memories of school dinners. Grown men treat its discovery on menus with childlike excitement. STP consists of a date cake doused in butterscotch sauce, served with cream, custard, ice-cream or all of the above.

Now the familiar classic is having a moment thanks to attempts to make it cool. Quirky reviews by “STP Guy”, a TikTok creator in England, have stirred up interest around the world. Since February—when he posted his first video—millions have viewed his dry commentary on sauce-to-pudding ratios, density and fancy additions (pecans and blueberries are not on).

Like other British favourites, from tea to chicken tikka masala, STP is a mix of non-British influences. And like many beloved desserts, its origins are contested. By one account, its history begins with a recipe brought by Canadian servicemen during the second world war. Demerara sugar from the Americas gives the cake its lush brown colour; its eponymous stickiness comes from dates, probably first from the Middle East.

Francis Coulson, a chef with a country-house hotel in the Lake District, adapted it for his menu in the 1970s, and is credited with its invention. A nearby hotel in Cartmel claims that it popularised the pud. By the 1990s it had become a pub staple, with devoted fans around the world.

Inevitably, people have started to experiment with the old classic. An Australian cookbook writer suggests adding miso to the original toffee sauce for an umami edge. One New York chef adds a cocoa feuilletine crumble for crunch, another tops it with a green-apple sorbet. A Michelin-recommended spot in Manhattan makes a sticky toffee rice pudding with beans; another in California shaves persimmons into the mix. Foodies extol breakfast servings of STP overnight oats. STP Guy decries this "Wild West of sticky-toffee-pudding nomenclature". STP-flavoured Easter eggs are on the shelf at Tesco, Britain's biggest supermarket, and some loon in London markets STP-flavoured pizza.

Health-minded types point out the pudding's high calorie count (easily 600-800 calories with custard). Jamie Oliver, a British chef, suggests serving it with yogurt. Gym bros replace double cream with almond milk or add protein powder. Coulson rolls in his grave; STP Guy rolls his eyes. His highest-rated version comes from Hawksmoor, a British steakhouse chain. But beyond being rich, moist and having the perfect levels of sauce, what makes it the "Rolls-Royce of STPs" is not just how it tastes, he says, "but how it makes you feel". ■

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Britain | Bagehot

The tarts and vicars party

Nigel Farage leads a curious coalition of traditionalists and libertines

April 1st 2026

In Reform UK, the traditionalists think their hour has arrived. James Orr, a Cambridge theologian and confidant of J.D. Vance, the American vice-president, is in charge of policy. Danny Kruger, a former Tory MP, leads its preparations for government. When in 2024 Nigel Farage, its leader, unveiled the staunchly traditionalist slogan, “Family, Community, Country”, it seemed, said Mr Orr, like a Damascene conversion of a Thatcherite libertarian.

What the self-styled “trad bros” believe is in vogue with the populist right everywhere. Things took a wrong turn three centuries ago with Hobbes, Locke and the Enlightenment’s emphasis on individual liberty, writes Mr Kruger in “Covenant” (published in 2023). A counter-revolution is needed to reassert a Christian social order, he argues. The task of politics is the "cultivation of the conditions of virtue" and the "regulation of sex". Pornography is the great blight. "To get sex back where it belongs, behind closed doors, we need to restore its status as a public act done in private."

Does that mean Mr Farage would enter Downing Street in debt to the religious right, much as it propelled Donald Trump to the White House? Hardly. Not only is the traditionalist turn an electoral dead-end in a socially liberal Britain; the trad bros are also estranged from much of their adopted party. All politics consists of coalitions, but Reform's is more incoherent than most.

Soon after Mr Kruger's defection, Mr Farage was endorsed by Bonnie Blue, a porn actress and provocateur. She was banned from OnlyFans, an adult-entertainment platform, after a stunt in which she claimed to have slept with a thousand men. Where Mr Kruger misses the "healthy prudery that descended over sex in the Christian era", she is its nemesis.

But is Ms Blue any less a Faragist than Mr Kruger, who was educated at Eton and Oxford before a career in think-tanks? She married young and worked in recruitment, the perfect career for a Tory on the make. She supports Mr Farage because she thinks immigration is too high, inheritance tax immoral and the NHS a money pit. Provincial sole traders squeezed by the taxman and condescended to by metropolitans, OnlyFans creators would have voted for Margaret Thatcher in 1983. Now they vote for Mr Farage.

If Reform's leader has been reborn as a Victorian moralist, he hides it well. In the City and Brussels he used to visit strip clubs. Repentance has not been forthcoming: "What do you want me to say? I hated it?" With high office within grasp, he still jokes how lucky he is that the News of the World, a scandal-hunting tabloid, has shut, and he continues to discuss Reform's shortage of leading female politicians with an innuendo about his sexual prowess.

Were that shtick an electoral liability he'd have dropped it years ago. But Reform is the party of the tired seaside town—Clacton, Great Yarmouth, Skegness—and its rallies are the political wing of the end-of-the-pier show. The movement may be conservative, even reactionary; it is not pious. There are off-colour jokes and off-key songs. There is the powerful aftershave, sequinned dresses and unleashing of suburban frustration of a swingers' meeting. These are voters who still speak of "slap and tickle".

To the extent the movement is nostalgic it is not for the mythical age of piety that Mr Kruger calls "the Order", but for the early 1970s into which Mr Kruger was born, when Britain had just joined the Common Market. The leading cultural output of that era included "Emmanuelle", an erotic film, "Confessions of a Window Cleaner", a raunchy comedy, and the launch of Hustler magazine. The actual past was seedier than the imagined one.

Reform is as relaxed about money as it is about sex. The trads' economic vision is of an England of happy hobbits: Mr Kruger admires the "pre-industrial glory" of rural England before the young were lured to the cities. Mr Farage likes trading, gambling, crypto and Dubai; his key electoral insight is that young men will vote for a party that wants them to be wealthy. And who, asks Ms Blue, can blame those that succeed from fleeing the country?

Mr Trump courted the religious right because it is an immovable object in American politics; Mr Farage cannot induce a British one that doesn't exist. A poll suggesting an uptick in church attendance was, YouGov concedes, an error. The Society for the Protection of the Unborn Child, a prominent pro-life charity, reported donations of £234,000 last year, or a sixth of that raised by the British Hedgehog Preservation Society. The paradox of the trads is that Mr Farage's electorate is mistrustful and angry; in office, the government of a state which lacks the authority to collect traffic fines will struggle to implement a reign of virtue.

Perhaps this odd coalition will endure, if only out of raw electoral calculation. Reform can't be fussy about where votes come from, shrugged Mr Kruger of Ms Blue. Perhaps Mr Kruger's moralism and Mr Farage's machismo are simply two sides of the same old-fashioned coin. Sigmund Freud termed a male disorder to view women only as either chaste or fallen as the "Madonna-whore complex"; here Reform displays it in political form. Mr Kruger has a dim view of Simone de Beauvoir, a French feminist theorist, but it's not as if Mr Farage has "The Second Sex" on his bedside table.

Should the awkward alliance endure, the trad bros will not have the upper hand. All parties need ideological gurus, but it is a mistake to take them as seriously as they take themselves, or as a reliable predictor of policy. Their task is akin to that of a padre in a Marine battalion, adding a veneer of dignity and moral purpose to the bloody task of fighting the enemy. On that score, Mr Orr and Mr Kruger do a good job. They talk of oikos and eudaimonia, recite the verse of Gerard Manley Hopkins and speak of "sacred streams" and "the spirit of England". But the real spirit of England, Mr Farage knows, is less sacred and more profane. ■

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International

International | African Catholics

How Africa is changing Catholicism

The world's biggest church is becoming less Eurocentric but more unruly

April 1st 2026

In a poor neighbourhood of Congo's capital, Kinshasa, the bell tower of a neat whitewashed church rises high above grey walls and tin roofs. Just after dawn on a Sunday morning, the sound of tom-tom drums, electric guitars and lively choral music draws in hundreds of people, who sing and dance through the mass. This is the "Zairean rite": Catholic liturgical services adapted to Congolese culture. Emmanuel Lamamba, a priest at the church, argues that the unique combination brings the local faithful closer to God.

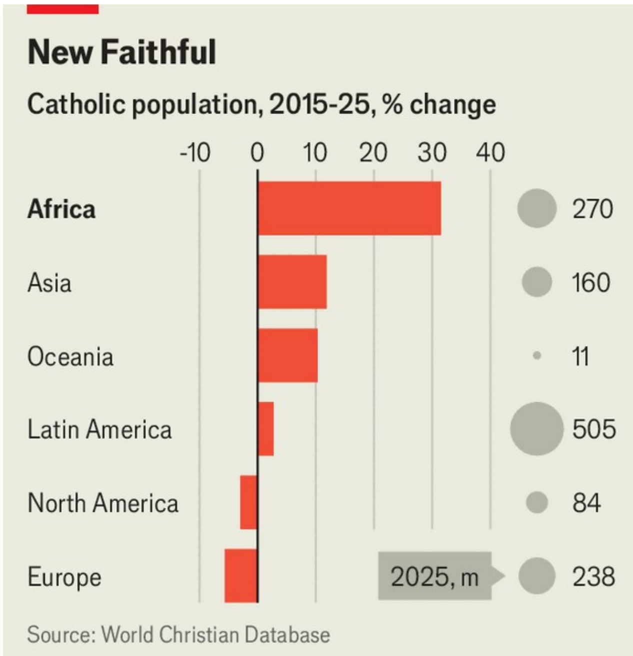
It seems to be working. Whereas Catholic pews across the faith's European and American heartlands are often empty, in Congo and much of Africa they are heaving. At the current pace, as many as half the world's Catholics could be in Africa by 2066, a shift so seismic for the church that it has been compared to the upheaval of the Protestant Reformation.

Africa’s rapid population growth partly explains the shift. But the growth in believers also reflects what Emmanuel Katongole, a Ugandan priest and theologian, identifies as the “vitality, energy and dynamism” of Catholic churches on the continent. As the faith’s centre of gravity moves steadily south, they are set to play a pivotal role in shaping the morals and politics of global Catholicism—and perhaps of African societies as well.

It is with such considerations in mind that Leo XIV will visit Africa on April 13th, his first big foreign tour since his election last year. The world’s youngest continent should be an obvious priority for the new pope. Despite its close early links to colonialism, the Catholic church in Africa today is widely seen as a politically independent institution: a champion of democracy and clean government. Its reputation is relatively untainted by the sexual-abuse scandals which have dogged the church in the West. Many in Africa also associate Catholicism with a concern for the poor.

Starting in Algeria, then travelling to Cameroon, Angola and Equatorial Guinea, Leo will thus find receptive audiences. But it will not all be plain sailing. His liberal predecessor, Pope Francis, had fraught relations with the leaders of Africa’s Catholics. On both occasions when the late pontiff’s authority was openly challenged it was by African cardinals pushing for more conservative guidelines on liturgy and regarding gay couples.

Leo, who unlike Francis spent plenty of time in Africa before becoming pope, has already allayed some of the fears of the continent’s traditionalists. Last year he reaffirmed the church’s existing teachings on marriage and the family in a statement which “calmed things down”, says Norbert Litoing, a Cameroonian priest and director of the Centre for Interfaith Studies in Africa in Kenya. Even so, the restiveness—and clout—of the African church is clear.



The transformative potential of Africa's Catholics begins with the numbers. A century or so ago, Africans made up barely 1% of the world's Catholics, with scant influence to match. No Roman pontiff set foot below the Sahara until 1969. By 2025, according to the World Christian Database, the continent was home to roughly 270m baptised Catholics (see chart), a 140-fold increase. Roughly a fifth of the church's flock can now be found there (Latin America still has the lion's share with two-fifths).

Africa has become a vital source of the church's human capital. The number of priests declined in most of the world in 2023; in Africa it grew by nearly 3%. The same was true of seminarians (men studying to become priests). "We have more candidates applying to join the seminaries than there are facilities to accommodate them," says Don Bosco Onyalla of ACI-Africa, a Catholic news service. The Society of Jesuits has begun relocating parts of its archives from Europe to Africa to meet demand from scholars and seminarians.

African missionaries are fanning out across the globe. There are about 455,000 Christian missionaries worldwide, of whom about 30% are Catholic and a steadily rising share African, says Todd Johnson at the Centre for the Study of Global Christianity in Massachusetts. Many more Africans are what he calls "bi-vocational" missionaries: economic migrants who evangelise, including by setting up churches, in their spare time. As long as the African diaspora keeps on expanding, so should the influence of African Catholics. "The rest of the universal Catholic church will depend on Africa for continued evangelisation," argues Mr Onyalla.

So far this has not translated into proportionate clout in Rome. Africans still account for only 12% of cardinals below the age of 80, who select the pope. Although Leo's inner circle includes a Nigerian priest, for the most part "Africans are missing from the central command in Rome", argues Mario Aguilar, a papal adviser and scholar at the University of St Andrews.

This may not be the case for much longer. Big Catholic congregations such as the Salesians of Don Bosco are actively pushing what Sahaya Selvam, a Salesian priest in Nairobi, calls "affirmative action towards Africa in the leadership". A Vatican diplomat says greater African representation in Rome is "inevitable". Many observers think the next pope will be an African.

The continent's Catholic leaders are among the most conservative in the global flock. This became evident in 2023, when the Vatican department responsible for enforcing doctrinal orthodoxy permitted priests to bless same-sex couples (while also making it clear that this was neither a holy rite like marriage nor an endorsement of homosexuality). So vehement was the outcry from African bishops that Francis in effect granted them an opt-out—a rare practice for the church.

Interventions in doctrinal matters are matched by increasingly forceful engagements in Africa's public debates on sexuality and gender. Catholic leaders in recent years have been at the forefront of efforts across the continent to promote "family values", restrict abortion rights and promote laws against homosexuality. This has sometimes had the uncomfortable effect of bringing them into conflict with the Vatican, and into alliances with rival denominations, such as Pentecostals or Mormons.

A visit to the Holy Cross Catholic Church in Nairobi, a branch of the ultra-traditionalist Society of Saint Pius X, offers a glimpse of this more conservative vision for African Catholicism. Its liturgy—delivered in Latin, shorn of Kenyan cultural expressions—runs sharply counter to the trajectory of the church since the 1960s. Its international school, run on-site by foreign and local priests, offers a traditional Catholic curriculum eschewing, among other things, sex education.

This mix is proving popular. Holy Cross's services are so packed that another, bigger chapel needs to be built. "Africa is going to be the place where traditional Catholic faith is safeguarded," says Esther Kamau, a congregant. Cardinal Robert Sarah, who led the other African revolt against Pope Francis, for a more conservative liturgy, would agree.

But Africa has doctrinal controversies of its own. On the question of polygamy, for example, many African Catholics are more relaxed than their brethren elsewhere. A conference of African bishops last year proposed welcoming more people in polygamous marriages into the church—an assault of their own on the conventional understanding of one of the seven sacraments of Catholicism.

A Catholic church in which Africans have more say will be more "socially engaged", reckons Agbonkhianmeghe Orobator of the Jesuit School of Theology of Santa Clara University in California. In many African countries the church is associated with the provision of education and health care: one in nine pupils in primary education in Africa attends a Catholic school. In much of Congo, where there is a nationwide network of Catholic schools, universities and hospitals, the church is, in effect, a surrogate for the state.

In Africa "the church is political", says Mr Katongole, the Ugandan theologian. In Congo its bishops have long helped mediate between the country's warring factions, monitor elections and back pro-democracy movements. At a time when democracy in much of Africa is faltering, the Catholic church is an important bulwark.

As it grows, the Catholic church in Africa will encounter problems familiar elsewhere. Many congregants complain about a lack of financial transparency. Although relatively few cases of sexual abuse have been reported on the continent, a large and growing flock will draw scrutiny. Its political interventions will make enemies. In countries with authoritarian leaders, such as Equatorial Guinea, critics say it has not intervened enough.

But the more the church in Africa grows the harder it will be to control. For those who wish to see the faith thrive, that may be no bad thing. Mr Orobator envisages a future church which resembles less an empire centred on Rome than a “constellation of peripheries”, where “each geography has something to contribute but doesn’t dominate the whole”. For centuries, such a vision would have been fanciful. Now, it is beginning to seem inevitable. ■

International | The Telegram

Hurricane Trump threatens to blow China off course

Chinese elites do not agree on who may win from the war in Iran

April 2nd 2026

IF CHINA'S RULING elites could decide the duration of President Donald Trump's war on Iran, two months would be a popular choice. A short war would not hurt America enough, is the icy verdict of a policy adviser in Beijing. His calculus reflects a consensus in national-security circles: that Mr Trump's Middle Eastern campaign is at once a daunting display of firepower and a historic act of self-harm. Against that, experts agree, a longer conflict would damage China too much. As the biggest importer of energy and largest exporter of goods, China would suffer if high oil and gas prices or closed shipping routes were to trigger a global recession.

Those same elites concur on one more point: probably, China will do little to shape how or when the Iran war actually ends. If that stance sounds oddly passive, given all that the country has at stake, this columnist can only agree. The Telegram just spent 12 days in Beijing and Shanghai, meeting serving and retired officials and military officers, government advisers, scholars of America and of the Middle East, and foreign-policy commentators with millions of followers on social media. When such experts discuss America's president and his growing appetite for risk and disruption, they often sound strangely fatalistic, like sailors discussing a dangerous but unavoidable storm.

Mr Trump's demands that China help him open the Strait of Hormuz, given that Chinese ships are heavy users of that passage, provoke scorn. China will not be an accomplice to a war it condemns, says a scholar. For good measure, an insider recalls a high-level policy debate in Beijing, a decade ago, after America asked China to do more to protect high-risk global energy routes. The country's response was to enlarge its domestic oil-storage capacity, so that it now has reserves lasting many months. That is how China thinks, the insider proudly concludes. The tale offers a neat example of how senior Chinese talk to foreigners behind closed doors. Rather than hide China's self-interested worldview, they embrace their country's opportunistic ways and unblushing materialism. In a cynical world, it is implied, China can be relied on precisely because it is all about business. Explicit contrasts are drawn with America. That superpower is called an unpredictable bully that once invaded countries in democracy's name but now—in Mr Trump's second presidency—bombs them to take their oil.

Chinese analysts express puzzlement over Trumpian moves that seem to lack logic. One cites Mr Trump's apparent tolerance when Israel killed Ali Larijani, a relative pragmatist in Iran's leadership, even as he loudly declares his interest in finding an Iranian negotiating partner. Rather often, Chinese analysts solve such puzzles by blaming Israel. They accuse its prime minister, Binyamin Netanyahu, of plotting to reduce Iran to a state of helpless anarchy. There is much talk of Mr Netanyahu tricking Mr Trump into doing his bidding, with the help of a Jewish lobby in America.

In official responses to the Iran conflict, China chides America and Israel for flouting the UN Charter and international law. It has also jointly issued a boilerplate call for peace with Pakistan. The country's tightly controlled news outlets emphasise the war's human toll. Many ordinary Chinese are indignant. On a side-trip to the sleepy eastern city of Qufu, the temple-filled hometown of Confucius, locals demanded to know whether this columnist is American. A man showed smartphone videos of bombs falling on Iran, and asked why the poorest and humblest are always the first victims of the "warmonger Trump". Though Chinese outlets censored news of Iranian protesters being murdered by security forces in January, anger towards America and Israel is unfeigned.

Chinese elites draw different lessons from raids on Venezuela and Iran. They express alarm at the sight of American forces using advanced AI tools for targeting and for high-tech command and control. Comparisons are drawn to China's shock as American precision weapons destroyed Iraq's armies in the first Gulf war. Some fear that China may need years to catch up.

Very probably, the Iran war will leave Arab monarchies more reliant on America for security, it is said in Beijing. China's best hope is to offer the Middle East opportunities to rebuild or modernise war-battered countries. Globally, China expects soaring demand for its greentech, as countries diversify away from oil.

Well-connected Chinese scoff at the notion that Mr Trump's campaigns in Venezuela and Iran reveal a grand strategy to contain their country. For one thing, China focuses on countries' abiding interests, not the regimes that hold power, they say. China has quite good relations with Delcy Rodríguez, the pliant Venezuelan leader who took power thanks to Mr Trump, adds an analyst: and when Venezuelan oil exports resume, China will be one of its best markets. For another, China has chokeholds to use in retaliation, including its control of rare-earth minerals. If America breaks the rare-earth vice, China has other dependencies in reserve. That intimidates Mr Trump, who is already seen in Chinese policy circles as usefully uninterested in ideological contests, and mostly interested in deals that suit his own interests. In a sign of the cynical mood in Beijing and Shanghai, a veteran America-watcher suggests a new worry for China: that an Iranian debacle will so weaken Mr Trump that China hawks in his administration and Congress will regain the influence they enjoyed in his first presidency.

Some Chinese analysis tips into smugness. It accuses Mr Trump of destroying his presidency (and the American-led international order) in Iran. This chaos is a vindication of China's efforts to be self-reliant in key technologies. Shrewder voices note how China profits from globalisation, open sea lanes and other goods that America used happily to defend. China is unready for a world without rules. Riding out the storm will not be enough. ■

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Business | Swamped

How the Department of Justice became a feeding ground for MAGA lobbyists

Allegations are swirling of an influence-peddling operation

April 1st 2026

“Three into two? You must sue.” That was the verdict that Mike Davis, a firebrand conservative lawyer friendly with Donald Trump, posted online in late January last year. The proposed merger of Hewlett Packard Enterprise (HPE) and Juniper, two of America’s top three suppliers of wireless networking gear, alongside Cisco, appeared to Mr Davis to be a clear danger to market competitiveness. The Department of Justice (DoJ) agreed. Earlier that day it had sued to block the merger.

At the outset of Mr Trump’s second term in office, it seemed as though such mergers might face stiff resistance. On the campaign trail J.D. Vance raged against the power of big business, and Silicon Valley’s giants in particular. In

March last year Gail Slater, a former adviser to the vice-president, took charge of the DoJ's antitrust division, one of two bodies responsible for competition enforcement in America, and soon began playing hardball with HPE.

Much has changed in the year since then. In June the DoJ settled its case against HPE and Juniper, allowing the tie-up to proceed with only a few concessions. Other mega-mergers—including between Compass and Anywhere Real Estate, two big property-brokers, and between Capital One and Discover, a pair of consumer-credit companies—have been waved through. Last month the DoJ settled an antitrust lawsuit it had brought against Live Nation, which dominates ticket sales for big concerts. A few weeks earlier Ms Slater had resigned from her post, having reportedly been forced out of the job.

All this may have a humdrum explanation: even if Mr Vance fancies himself a modern-day Teddy Roosevelt, his boss loves the thrill of a deal. Yet there is mounting evidence of something more troubling. On March 23rd hearings began in a lawsuit brought by a group of state attorneys-general challenging the HPE-Juniper settlement. Documents filed ahead of the hearing and sworn testimony from witnesses including Roger Alford, a Republican lawyer who served as one of Ms Slater's deputies, allege that the DoJ is rubber-stamping mergers at the behest of influential MAGA figures who are on the payrolls of the firms the agency is investigating.

The fixer-in-chief is said to be none other than Mr Davis, who has been hired by several companies that have gained remarkably favourable outcomes in antitrust dealings with the DoJ. Mr Davis has no experience representing firms in merger litigation. Nor is he a registered lobbyist. Even so, sources say he charges $300,000 per month plus a success fee of at least $1m (and sometimes much more) to get a merger approved or lawsuit favourably settled. By comparison, the most any client paid a single representative at Ballard Partners, the highest-grossing K Street lobbyist, was $200,000 per month last year. The fee structure—with a bonus paid when a client gets its way—is also unusual. A long-time Washington insider laments that "it was never that venal" in his time. The rise of Mr Davis shows how a new breed of swamp creature is emerging in America.

Not long ago Mr Davis and Ms Slater were chums. In February last year, on the day of her Senate confirmation hearing, he posted a photo of the pair, praising her as someone who would "help make America competitive again". Yet their relationship deteriorated as Mr Davis sought to cash in on his MAGA connections, starting with the HPE-Juniper case. Alongside Freshfields, an elite law firm hired as its official "counsel of record", HPE enlisted Mr Davis, as well as William Levi, who had led the handover process at the DoJ ahead of Mr Trump's return to the White House, and Arthur Schwartz, a lobbyist close to Mr Vance and Donald Trump junior.

In their filing the state attorneys-general alleged that the three men, whom they call the "lobbyists", then set about negotiating with the DoJ. They met with Omeed Assefi, who was acting head of the antitrust division before Ms Slater's appointment (and is now in that role once again), at the Metropolitan Club, a private members' joint, and worked up a settlement proposal. When they shared it with the DoJ, Bill Rinner, one of Ms Slater's deputies, pushed back, saying it did nothing to address competition concerns. Ms Slater was similarly unimpressed.

The filing alleges that "intense verbal and text exchanges" followed between Ms Slater and Mr Davis, who reportedly threatened to get her sacked. Ms Slater's team insisted on negotiating instead with the counsel of record. "We do not plan to hash out merger settlements over martinis," Mr Rinner declared in a speech at George Washington University.

The lobbyists, court documents say, turned instead to Chad Mizelle, chief of staff at the time to Pam Bondi, Mr Trump's attorney-general. Mr Mizelle, it is claimed, then asked Stanley Woodward, a senior DoJ official with no antitrust experience, to take over the negotiations. Ms Slater's team were not involved again until hours before the settlement was filed at the end of June. A month later Mr Alford and Mr Rinner were sacked. In August Mr Alford gave a speech in which he described some of these events; a complaint was filed seeking to have him disbarred for discussing decisions made at the DoJ.

That more evidence is now coming to light is thanks to the Tunney Act of 1974, which was passed in response to the rank corruption of Richard Nixon's administration. In 1969 Richard McLaren was appointed as head of antitrust for the DoJ and launched three investigations into International Telephone and Telegraph (ITT), a giant in its day. All three were quietly resolved with favourable settlements two years later. Eventually it emerged that Nixon had called Richard Kleindienst, his deputy attorney-general, after ITT pledged to give $400,000 (worth $3.2m today) to fund the Republican National Convention. “I want something clearly understood,” the president said. “The ITT thing—stay the hell out of it. Is that clear? That’s an order.”

Then came the Watergate break-in the following year. Nixon’s phone call to Kleindienst was made public in 1974 as part of the Watergate tapes, after which the president resigned. Later that year the Tunney Act—which requires the government to explain why a merger settlement serves the public interest and mandates that companies disclose all contact with the executive branch—was signed by his successor, Gerald Ford.

Since then plenty of settlements have been scrutinised using the Tunney Act, but none rejected. The HPE-Juniper agreement required HPE to dispose of “Instant On”, a product aimed at smaller businesses. Casey Pitts, the judge presiding over the challenge brought by the state attorneys-general, seems sceptical of this outcome; it does little to address concerns over the impact on competition for big enterprise customers. But HPE and Juniper have already merged, and the judge cannot undo that; he can only accept or reject the settlement. If he rejects it, the DoJ could simply drop its original case.

Mr Davis has used the HPE-Juniper settlement as his calling card. He represented Compass in its acquisition of Anywhere Real Estate, a deal Ms Slater was reportedly prevented from investigating by Todd Blanche, the deputy attorney-general. It closed four months after it was proposed. Mr Davis and Kellyanne Conway, an alumna of the first Trump administration, also represented Live Nation in its pursuit of a settlement over its alleged monopolisation of the live-entertainment industry.

What is unclear is how big a role the White House is playing. Mr Davis, who was said to be on Mr Trump's shortlist to run the DoJ, claims that he is close to the president. According to an investigation by the Wall Street Journal, when the Live Nation trial began Mr Trump started calling around asking why the case had not been settled. In early March the company's boss reportedly met with Ms Bondi, Mr Assefi and the White House counsel, David Warrington. The settlement with the DoJ was signed the same day. Although there is no evidence of a quid pro quo, Live Nation was among the donors to Mr Trump's inauguration fund, to which it gave $500,000.

The DoJ has defended all the contested settlements. On the HPE-Juniper case, it has said that its remedies adequately protect competition; on the Compass merger, that Ms Slater's "flawed understanding…required a different approach"; and on Live Nation, that the agreed settlement would result in "more independent amphitheatres". As for Mr Davis, he says his work has been "misrepresented" for "political purposes", and notes that his clients "have the right to counsel and to petition their government".

Even so, there have been various other allegations of improper influence peddling during Mr Trump's second term. In November 2024 Boris Epshteyn, an adviser to Mr Trump, was accused by Eric Greitens, a former governor of Missouri, of having asked for payment in exchange for recommending he be nominated for the position of navy secretary (which Mr Epshteyn has denied). In December last year the president granted a pre-emptive pardon to Tim Leiweke, a businessman who had been charged in July with allegedly rigging the bidding for a university arena in Texas. Mr

Leiweke reportedly hired Trey Gowdy, a Fox News host and former congressman, to help, which he did over a round of golf with Mr Trump.

The president's adversaries smell an opportunity. Democrats including Amy Klobuchar, Cory Booker and Elizabeth Warren have called for the DoJ's antitrust settlements to be investigated, and sought further information from Ms Bondi. If their party regains control of the House or Senate following the mid-term elections in November, it will have greater power to look for evidence of wrongdoing. In the meantime, there appears to be a sense among those with MAGA connections that they have a window of opportunity to get rich. For now, it remains wide open. ■

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Business | Public spirited

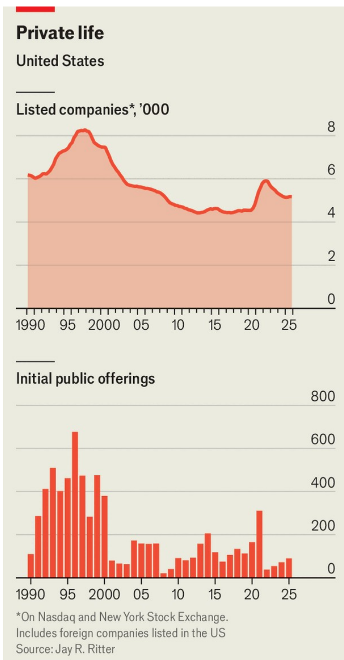
The plan to make IPOs great again

America's regulators and market operators are teaming up to rekindle public listings

April 1st 2026

Anybody who has "not been through a public-company experience may think that being public is desirable. This is not so," wrote Elon Musk to employees of SpaceX, his rocket company, in 2013. Mr Musk added that it might not go public "until Mars is secure". Since then he seems to have softened his stance: SpaceX, which recently merged with xAI, his artificial-intelligence lab, is this year expected to list its shares in the largest initial public offering (IPO) of all time. The $75bn Mr Musk is reportedly seeking to raise, at a value for the company of $1.75trn, would be more than twice as much as the next-largest offering, of shares in Saudi Aramco in 2019.

SpaceX may not be this year's only mega-IPO; OpenAI and Anthropic, leading model-makers, are also said to be eyeing a listing. That will hearten those who have complained about the growing aversion of American companies to public markets. The number of businesses listed in America has fallen by more than a third since the mid-1990s as the cost of compliance has risen and private markets have expanded and matured (see chart). Buy-out barons have gobbled up many public companies, while startups have increasingly opted to remain in the hands of venture backers or else sell themselves to larger incumbents. Now, however, regulators and the companies that keep public markets running want to make IPOs great again.



In December Paul Atkins, head of the Securities and Exchange Commission (SEC), lamented that the diminution of public markets had "eroded American competitiveness, locked average investors out of some of the most dynamic companies and pushed entrepreneurs to seek capital elsewhere". The SEC is pursuing several solutions, with a focus on reducing the regulatory burden of being a public company. It is currently drafting a proposal to allow listed firms to file reports twice a year rather than quarterly. It is also looking to reduce disclosure mandates such as those relating to climate change. And it wants to curb the power that proxy advisers, class-action litigants and other outsiders have over bosses.

Compilers of stock indices are also joining in the effort to revive interest in listings. They care because companies' reluctance to go public undermines one of their main selling points: that their indices include the most important firms in the economy. According to S&P Global, which manages the S&P 500 and Dow Jones indices, the collective value of the ten largest venture-backed companies has increased by 1,500% over the past five years, to nearly $3trn. It and its competitors yearn to add these companies to their rolls.

One proposal is to reduce the time businesses must wait after an IPO before they can be included in an index, known as the "seasoning" period, which at present usually ranges from three months to a year. That would bring forward billions of dollars' worth of stock purchases by passive funds. Nasdaq is adopting a "fast-entry" period of 15 trading days for suspiciously SpaceX-shaped companies seeking admission to its Nasdaq 100 index; LSEG has suggested five trading days for entry to its Russell indices. Another carrot they are considering is reducing the percentage of shares companies must float before being eligible for index inclusion. S&P Global is reportedly weighing similar changes.

For Nasdaq, encouraging more companies to go public would be doubly sweet, since it also runs a stock exchange that rakes in fees when firms list (and annually thereafter). It is competing with the New York Stock Exchange to win the SpaceX listing, and Mr Musk has reportedly made early index inclusion a condition of gaining his favour.

The three mega-IPOs will also gladden those who want to see the wealth generated by AI spread more widely. Still, there may be losers from the changes. Consider the impact on passive funds. One purpose of the seasoning period is to allow the market to settle on a price for a firm's shares before these investors must buy them; reducing that period may force the funds to buy overpriced shares. The problem may be compounded by the change to the free-float rules, which would mechanically raise demand from passive funds while keeping the supply of shares down, pushing up the price. Since 1980 all but one of the large firms that initially floated less than 5% of their stock underperformed the market over the next three years, according to data gathered by Jay Ritter of the University of Florida. Retail traders may also struggle to get their hands on the shares of the hottest companies.

The coming months will serve as a test of the balance of power between public markets and private firms. At present the latter seem to have the upper hand. Index operators in particular are “anxious to please without regard to potential consequences”, says Patrick Healy, who has negotiated IPO terms with them for many big companies. Still, there are limits to the sway of bosses such as Mr Musk, who need the vast pools of money available in public markets to fund their ambitions. After all, getting to Mars is not cheap. ■

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Business | From Russia, with a price

India’s oil refiners are feeling the squeeze from the Gulf war

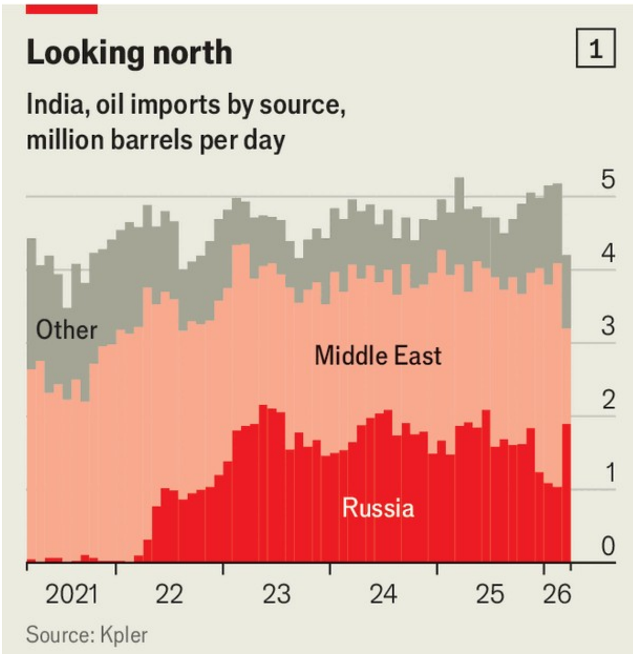
The conflict, and the government, are depleting margins

April 1st 2026

Indian refiners have long benefited from geopolitical flexibility. While much of the world shunned Russia’s oil after it invaded Ukraine, Reliance Industries, an Indian conglomerate, picked up barrels of it at a deep discount, as did Nayara Energy, part-owned by Russia’s Rosneft, and state-owned Indian Oil Corporation, Bharat Petroleum and Hindustan Petroleum. Now, with the Strait of Hormuz, a bottleneck between the Persian Gulf and the Gulf of Oman, all but closed, geopolitics has bitten back. The force that propelled profit for four years has turned into a drag.

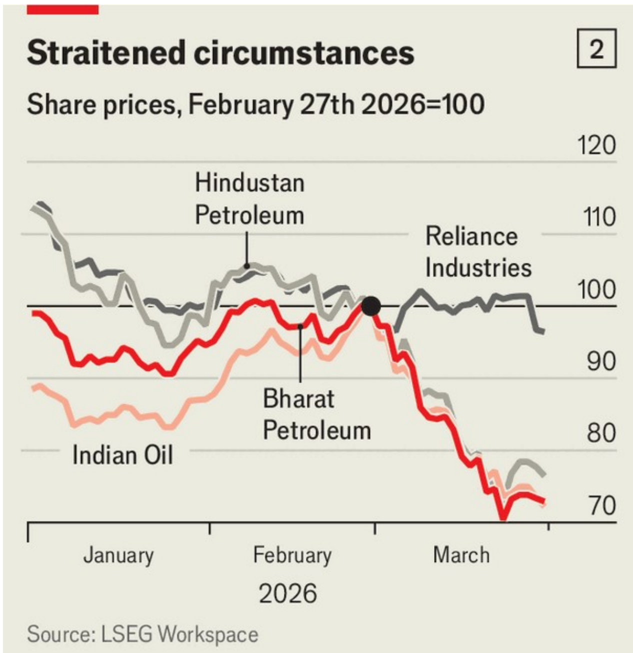
The Gulf war has squeezed an important source of crude oil. Before, India got around 2.5m barrels a day, roughly half its imports, from the Middle

East, chiefly Iraq, Saudi Arabia and the United Arab Emirates (see chart 1). That amount has fallen by half. Iran has let a few Indian-flagged ships carrying liquefied petroleum gas through the strait, but millions of barrels of oil remain trapped on the Gulf side rather than heading for India's west coast.



To replace them, Indian refiners have turned once again to Russia. They had been winding down purchases since Donald Trump used these as a rationale to slap additional tariffs on India last August. Sanctions by the European Union similarly dissuaded Indian refiners hoping to keep selling to the EU. Russia's share of India's oil imports fell from around 44% at its peak to 25% by February. Now it is rising again. A waiver from Mr Trump on sanctions for Russian barrels already at sea allowed the industry to take those as well. Since the conflict began India has bought an additional 30m barrels or so from Russia, equivalent to about two and a half weeks of the missing Gulf supply.

Refiners also have other ways to adapt. Many of them can switch to processing low-quality, high-sulphur oil instead of the Gulf's lighter grades. In February Reliance secured a licence from America to receive oil from Venezuela, as have other Indian refiners. (The company has denied reports that it has bought Iranian oil.) Still, India has managed to replace less than two-thirds of the supply from the Middle East, leaving a shortfall of around 700,000 barrels a day, according to Kpler, a ship tracker. To close the gap, oil wallahs are dipping into commercial reserves.



That will keep Indians' tanks topped up for now. But refiners' margins are under pressure, and (Reliance apart) their share prices have tumbled (see chart 2). Probal Sen of ICICI Securities, a broker, estimates that for each month the disruption goes on the industry's earnings will fall at an annualised rate of 12-15%. India now faces increased competition for Russian oil, which it no longer procures at a discount, but a premium of $10-15 over Brent, the global benchmark. China is buying more, and other Asian countries, including Japan and South Korea, are considering doing so. India's state-owned oil-sellers are squeezed on the retail side too. The Indian government froze local fuel prices in 2022, which gave refiners (and the state) a windfall when crude costs fell. It has kept prices fixed even as oil gets dearer to source.

Exports will not provide much relief. Diesel "cracks", the premium that refined fuel commands over raw crude, have surged from around $10 a barrel pre-war to $60-odd. A lot of the refiners' competition for products such as diesel and jet fuel is behind the blocked strait. Yet the Indian government is unlikely to allow the industry to send fuel abroad at a time of scarcity. On March 27th it announced an extra tax on exports of diesel and jet fuel while cutting taxes on domestic fuel consumption. India's refiners, like the tankers on which they rely, are simply stuck. ■

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Business | Into the deep

War with Iran could accelerate Africa's oil revival

Favourable geology and new technologies make it an attractive place to drill

April 1st 2026

As global oil markets convulse with each new development in the Iran war, producers are weighing up the lasting ramifications of the conflict. One thing is certain: alternatives to the Middle East's abundant hydrocarbons will remain in high demand. But where to find them?

Western oil giants were already grappling with declining reserves. After oil prices plunged in 2015, the supermajors slashed their exploration budgets, pulling back in particular from the global south; annual discoveries have fallen significantly as a result. In the past few years, however, the supermajors have again been venturing out. Many have been exploring eastern Latin America, lured there by ExxonMobil's enormous discovery off the coast of Guyana. Before the war, the Middle East had likewise seen greater interest from giants such as TotalEnergies.

Then there is Africa, a continent that had attracted little attention from most of the supermajors over the past decade. That is also changing. Even before the war, spending plans pointed to a significant uptick in investment. According to Wood Mackenzie, a consultancy, upstream oil-and-gas investment in Africa by the industry's seven biggest Western companies is set to amount to $64bn between 2026 and 2030, up from $41bn in the preceding five years; as a share of their overall upstream investment, it will rise from 10.6% to 13.5%. With the Middle East engulfed in conflict, it could expand faster still.

Big oil has been "flooding back in" to Africa, says Justin Cochrane of S&P Global, an information provider. In September TotalEnergies was awarded four offshore exploration permits by Liberia. In October BP said it would explore off the coast of Gabon. In February Eni announced a discovery in Ivory Coast. ExxonMobil, Shell and Equinor are expanding in Angola.

The renewed interest in Africa is helped by promising geology and cutting-edge technology. The continent has vast potential for offshore oil in particular. Of the 42 "high-impact" oil wells identified globally by Rystad, another consultancy, based on the possible size of their resources alongside other factors, 17 are in Africa. Most of these are classed as "ultra-deepwater", meaning they are 1,500 metres or more below the surface.

Such wells can bring enormous rewards for companies that tap them. But they are also complicated and expensive to drill. That is where recent advances in technology come in. Artificial intelligence has aided prospecting, while improvements in floating production, storage and offloading technology for deep-water wells have made it easier and quicker for companies to scale up production. Oil producers have been gaining experience with these technologies in Latin America.

It also helps that African governments, burnt by the loss of revenues when the oil giants retreated a decade ago, are offering favourable terms to encourage companies to explore. The continent's national oil companies, which account for more than half of its oil-and-gas production, have focused on consolidating onshore production and getting the most from mature assets, rather than hunting for big new discoveries offshore.

As a result, oil-and-gas production has largely remained flat over the past few years, at just over 10m barrels of oil equivalent per day. The African Energy Chamber, an industry body, expects that to rise to 13.6m barrels by 2030.

It could go higher still if Western firms opt to drill more in Africa in response to the Iran war, potentially redirecting some planned investment away from the Middle East. Africa has had plenty of instability of its own, of course. But there are only so many alternative sources of hydrocarbons. Amid heightened concerns over energy security, many governments around the world would also be happy to see supply expanding in other regions, which would help them diversify. Moreover, demand for oil and gas from Africa itself is set to rise significantly over the coming years, which may add to its attractiveness as a place to drill. And then there are the competitive instincts of the oil giants to consider. As Mr Cochrane of S&P Global puts it: “No one wants to miss the next Guyana.” ■

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Business | Bartleby

The hidden currency of office life

How status shapes motivation, conflict and career choices

April 1st 2026

People care deeply about their relative standings within organisations. Job titles and pay cheques are both pretty good clues to status, but they do not measure everything. Some employees wield influence without power. Others have an important-sounding role and are routinely ignored. Status can be harnessed as a way to motivate. It can just as easily cause pettifogging conflict.

As a test of how much status can matter, persuading people to risk their lives for it is a pretty good one. Research by Leonardo Bursztyn of the University of Chicago and his co-authors sifts through data on the performance of German fighter pilots during the second world war, and finds that effort seems to be tied to eligibility for medals.

At the start of the war, the Knight's Cross of the Iron Cross was the gold-standard medal for individual bravery; German aces got them for achieving a quota of aerial victories. But as the fighting continued, and more and more pilots got the medal, its prestige was gradually diluted. So new, higher-status variants were gradually introduced: from the Knight's Cross with Oak Leaves in 1940 all the way up to the Knight's Cross with Golden Oak Leaves, Swords and Diamonds in 1944.

The study shows that as pilots neared the threshold for winning the next medal on the ladder, their performance spiked, before then falling back again once they had got the award. The status that came from winning the next medal up seems to have justified extra risk.

Before anyone rushes to institute a new award for Employee of the Month with Golden Oak Leaves, Swords and Diamonds, the parallels between work and war are plainly inexact. But the pilots' behaviour is worth reflecting on. The status that comes from public recognition of a valued skill—particularly if the threshold to recognition is high—can be a powerful galvanising force.

Status concerns can also affect people's judgment when it comes to career choices. Specific workplaces have unspoken hierarchies (there is a small and amusing body of research on just how disrespected physical-education teachers feel). But societies also allocate different degrees of status to entire professions.

A piece of recent research by Alexia Delfino of Bocconi University and her colleagues looked at the preferences people have when they face a change of careers. The researchers tested whether Italian jobseekers would react differently to the chance to retrain to become either an information-technology assistant or a construction technician. Both are white-collar roles with similar wages and entry requirements, but more jobseekers plumped for reskilling when the option was the job in IT. The perception that roles in construction would be a less good fit and have a lower social status seems to explain the relative lack of enthusiasm for these jobs.

Within organisations, status can warp behaviour in positive and negative ways. Status is often associated with helping others; there is a reputational gain from using your expertise to assist colleagues. But status concerns may also limit people's willingness to lend a hand.

In a paper published in 2015 by Sarah Doyle of the University of Arizona and her co-authors, employees in a call centre were surveyed about the colleagues with whom they had the most collaborative relationships. Co-workers seemed most willing to help each other when there was just the right amount of distance between them; not too close in status for the other person to be a potential threat, not too far removed for helping to seem like an odd use of time.

Having power without status—traffic wardens, look away now—seems to bring out the worst in people. In one paper, Eric Anicich of the University of Southern California and his co-authors found that people in low-status, high-power roles were more likely to engage in workplace conflict with others. In another study, Nathanael Fast of the same university and his co-authors randomly assigned participants to high-status and low-status roles. Some of them were given the power to dictate tasks that co-workers had to perform in order to enter a prize draw. People in low-status roles were more likely to impose demeaning tasks on their fellow-participants (barking like a dog, say, or reciting "I'm no better than a physical-education teacher" five times).

Org charts do not capture everything. Social standing matters, too. To understand the choices people make, check their status.■

Step inside the world of work with our Bartleby newsletter. Each week our white-collar oracle muses on the agonies of office life.

Business | Schumpeter

How Fox News is luring in Gen Z

American boomers' favourite TV network is trying new digital tricks

April 2nd 2026

As missiles rain down on the Middle East, Trey Yingst fires off salvos of news from his smartphone. The 32-year-old chief foreign correspondent of Fox News dons a flak jacket and stands on a Tel Aviv balcony to file reports several times a day. His main audience is on cable. But Mr Yingst has cultivated another set of viewers on TikTok, where he posts bulletins to 1m followers. He is such a prolific poster that viewers sometimes enquire after his safety when he has been offline for more than a few hours.

Fox is the undisputed king of American TV news. Long the tribune of conservative America, it has become so widely watched that it is also the most popular cable news channel among Democrats. As well as out-rating CNN and MS NOW, its main cable rivals, it sometimes beats even broadcast outlets like CBS News. Donald Trump's return to the White House has brought back advertisers, who are now less likely to see Fox as brand-threateningly right-wing. War has juiced viewership further. Fox News recently recorded its highest Saturday ratings in over 20 years.

Yet even in this commanding position, Fox exemplifies a problem in the TV-news business. Viewership is booming, but mainly among boomers. As its ads for pension annuities and erectile-dysfunction pills suggest, Fox News's median cable viewer is pushing 70. The share of American homes with cable has fallen below half for the first time since the 1980s, as young people turn to streaming. With its focus on live programming, Fox has kept its linear-TV revenue growing, and has therefore been cautious about pushing digital alternatives. Fox Corporation (which offers sport and entertainment as well as news) made 92% of its revenue last year from linear tv, estimates Bernstein, a broker.

Fox is now trying to lure younger viewers, with new content and new distribution channels. Start with the programming. Young faces have been promoted: alongside the dashing Mr Yingst are millennials such as Peter Doocy and Lawrence Jones, and members of Gen Z like Brett Cooper. Sean Hannity, a long-serving presenter, has been coaxed into a pair of jeans for "Hang Out", a podcast-style chatshow featuring youth-friendly guests such as Matthew Tkachuk, a hockey player. Fox has struck a licensing deal with "Ruthless", a swaggering podcast whose slogan is "Keep the faith, hold the line and own the libs." It is said to be negotiating a partnership with Kalshi, a prediction market popular with young men, to provide betting odds for news events.

As well as rejuvenating its output, Fox is putting its news in places where young audiences will find it. In August it launched a streaming service, Fox One. Sport is at its core, but about a third of the time spent on the app is on news, and those viewers who watch news use the platform three times as much as those who don't, Fox says. Fox's rights to this year's football World Cup, to be held mainly in America, should tempt more young men to sign up.

In addition to building its own digital platform, Fox is also fishing for viewers on social media. There its audience is very different from the cable crowd: nearly half of Fox News's viewers on TikTok are aged 18-34, it says. It is making some shows just for social media. Mr Hannity's "Hang Out" is on YouTube and Spotify, not the Fox News TV channel. Social content brings in probably tens of millions of dollars in ad revenue. The bigger hope is that the audience will like what it sees enough to subscribe to Fox One or cable, where the big money is made.

Will the youth buy it? Fox's chief advantage is that other TV-news brands are in disarray. MS NOW is suffering an identity crisis, recently changing its name from MSNBC after separating from NBCUniversal. CNN's first streaming effort, four years ago, was canned after 30 days; the network now faces acquisition by Paramount, which is looking to cut costs. The new streaming players, Netflix, Amazon and Apple, have no intention of entering the news business at a fraught time in politics. Other digital players like the New York Times lack Fox's experience in video.

Yet Fox faces conservative competition online of a sort it has not encountered in TV. Whereas its main cable competitors are liberal-leaning, online influencers bend to the right. A survey by the Pew Research Centre of 500 "news influencers" in 2024 found that self-described conservatives outnumbered liberals by a quarter. America's influencer ecosystem is particularly strong: Americans are twice as likely as Britons to say they pay attention to news influencers, and can name three times more of them, according to a survey by Oxford's Reuters Institute. It is telling that Mr Hannity's new set, with its bare brick walls and neon sign, resembles that of Joe Rogan, a self-made podcaster with a colossal following.

Competing with influencers on social media is a risky game. Algorithmic tweaks can vaporise traffic overnight. So can regulators: many countries are considering banning teens from social apps. Tech firms hoard audience data and send referral traffic reluctantly. And it is unclear how much news services benefit when their correspondents are social-media stars. Research shows that audiences are bad at attributing stories to the correct news brand when they have encountered them on their social feed. One man in a helmet on a Tel Aviv balcony looks much like the next.

The biggest danger for news outlets is that meeting viewers on social media simply trains them not to go anywhere else. News executives hope that youngsters will eventually grow into their parents' viewing habits and subscribe to Fox or other news brands that they first encountered online. Craig Robertson of the Reuters Institute is sceptical. Even when youngsters turn on a tv, they treat it as a "big phone", he says; YouTube accounts for more than a tenth of TV viewing time in America. Fox News is as good as ever at owning the libs. But it is getting harder to own the audience. ■

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Finance & economics

Finance & economics | Steaming ahead

How Iran is making a mint from Donald Trump's war

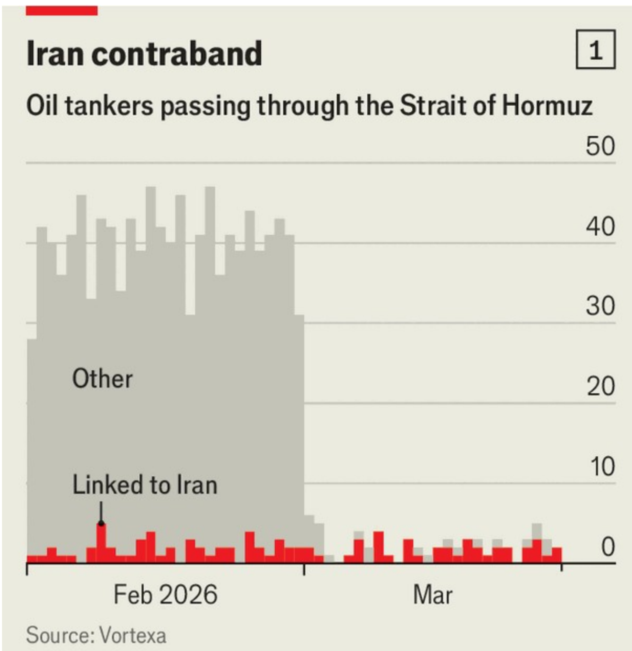
China is helping the Revolutionary Guards profit from Iranian crude

April 1st 2026

FOR HALF a century the Middle East's petro-monarchies have cast themselves as reliable suppliers of low-cost petroleum. The third Gulf war, now in its fifth week, has shattered that image. With the Strait of Hormuz largely closed, 15% of the world's oil cannot reach its customers. All Gulf states have slashed output and seen export proceeds plunge.

All bar one. As its tankers keep plying the strait (see chart 1), Iran is now earning nearly twice as much from oil sales each day as it did before American and Israeli bombs started falling on February 28th. It may be pummelled on the battlefield, but the regime is winning the energy war.

Working out how many barrels the world's greatest sanctions-dodger exports is hard. Its tankers are more furtive than ever, commercial providers of satellite imagery have paused their updates for the region and electronic scrambling has thrown a fog across the Gulf. But a source with knowledge of Iran's oil accounting, who spoke to The Economist on condition of anonymity, confirms the country is currently exporting 2.4m-2.8m barrels of oil and petroleum products per day (b/d), including 1.5m-1.8m b/d of crude. That is the same, if not more, than it did on average last year. It also sells at much higher prices.

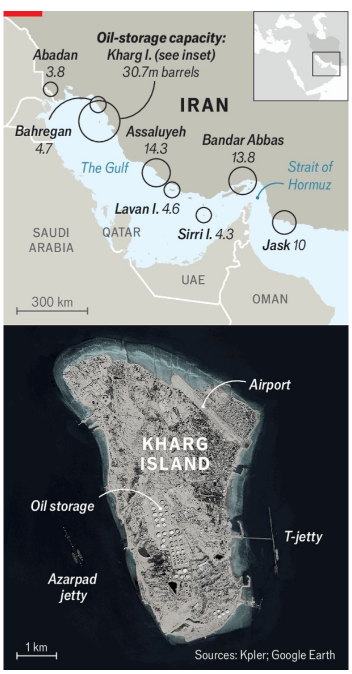


Moreover, Iran's oil machine has adapted in ways that make it more resilient to strikes and sanctions. Most of the proceeds are now going to the Islamic Revolutionary Guard Corps (IRGC), the regime's elite fighting force. And China is playing an active role in allowing the money to flow. Iran's war chest is buried deep in Asia, safe from Israeli ordnance.

Iran's oil business rests on three pillars: salesmen, shipping and shadow banks. Start with the sales force. As in most petrostates, Iranian oil exports are nominally handled by a government-owned producer, the National Iranian Oil Company (NIOC). The practice is different. In a country short of hard currency, oil offers a form of liquidity. Factions of the government, from the foreign ministry to the police, are handed barrels they can sell. Some religious foundations have allocations, too.

All these institutions are controlled by 20 or so oligarchs who use their networks to convert the oil into cash, according to several Iranian sources. Some figures, such as Ali Shamkhani, who once ran Iran's Supreme National Security Council, are now dead. Others survive. Shamkhani's son, Hossein, runs a trading and shipping empire. The clique surrounding Mojtaba Khamenei—son and successor to the late supreme leader, killed on the first day of the war—is also involved in the oil business. Some traders are related to Gholam-Hossein Mohseni-Ejei, a top Islamic jurist.

Many of these individuals have links with the IRGC. Emma Li of Vortexa, a ship-tracker, reckons that the force, which runs its own oilfields, is behind most of the recent growth in petroleum exports. The son and son-in-law of Mohsen Rezaee, a former IRGC commander-in-chief who became the younger Mr Khamenei's military adviser in March, are said to move a lot of barrels. The IRGC's international arm, the Quds Force, controls 25% of Iran's crude output. This decentralised structure is hard to dismantle from the air.



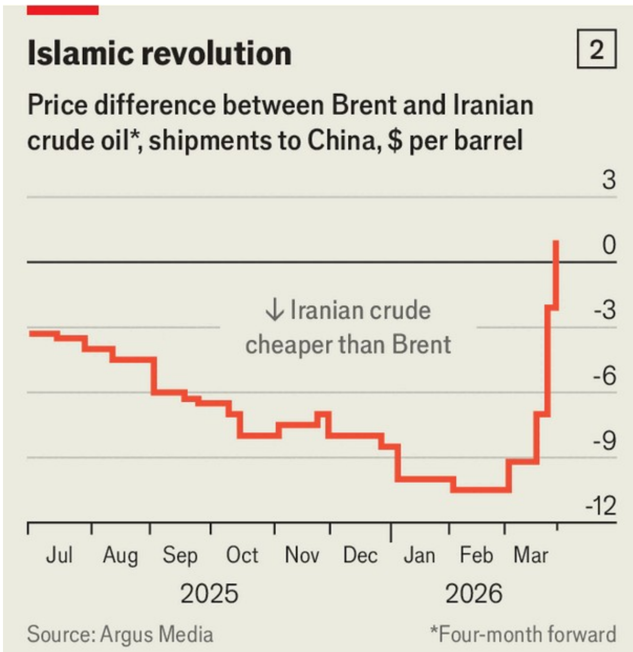
During the war the IRGC has tightened its grip on shipping—the second pillar of Iran's oil business. The force exercises a chokehold over Hormuz. It also controls transport and communications across much of the Gulf. Nominally private companies owned by the IRGC or affiliated with Khatam al-Anbiya, another branch of the armed forces, co-ordinate most freight logistics with NIOC. They include Sahand (an industrial firm), Sahara Thunder (a trading business), Pasargad (a financial group), Admiral (Mr Shamkhani's shipping firm) and Persian Gulf Petrochemical Company, which operates oil-processing plants. All are under American sanctions for acting as front companies.

Iran's logisticians work hard to keep tankers out of harm's way—the cargo can be worth $150m-200m, five to ten times the value of the clunkers carrying it. On Kharg Island, from which 90% of Iran's crude usually departs, vessels at the outermost "T-jetty" (see map, bottom) now operate with emergency escape procedures. In case of an attack, ships can cut mooring lines and sail without tug assistance. The Azarpad jetty, which handles the largest tankers, has reduced usage from its two berths, for safety reasons. Shuttle tankers continue to run between Kharg, nearby islands and storage vessels.

America has bombed military installations on Kharg and threatened to seize the island. But the IRGC appears to be preparing for such a scenario. The smaller Jask, Lavan and Sirri terminals are operational and amassing record stocks (see map, top). Pushed to the max, they and others might handle 25% of what Kharg currently exports, reckons Richard Nephew, a former American envoy to Iran.

All details of the ships, including cargo, crew names and destinations, are communicated to the IRGC via intermediaries upon departure. Once vetted by the force's naval command, says a source, a passcode is issued. As ships approach the strait, they are asked to provide the code by radio; if approved, a small IRGC boat escorts them through. They will often cross not down the middle, as they used to, but via a narrow corridor hugging Iran's coast, where the force can conduct more verifications. Some tankers are asked to pay a toll of several million dollars, according to Lloyd's List, a shipping journal. Their transponders are briefly turned on to avoid collisions—before going off again as tankers enter the Indian Ocean.

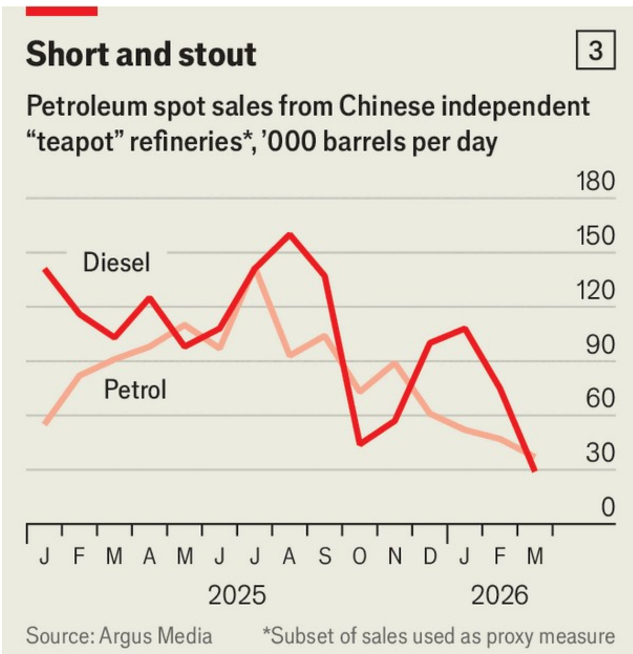
Despite America's decision in late March to waive sanctions on the sale of the near-record 150m Iranian barrels already at sea, Iranian tankers continue to employ every trick available—stealing other ships' credentials, forging documents, spoofing their locations—to conceal their cargo's provenance. "They think the waiver is a trap," explains a source familiar with Iran's shipping business. Most transfer their load on the high seas somewhere off Malaysia or Singapore to legitimate-looking vessels for the final leg.



That end of the journey is almost always China, [which absorbs over 90% of Iran's oil](). The buyers are 100-odd small "teapot" refineries in Shandong, in the country's north. On paper, these are independent of China's state-owned giants, which fear exposure to American sanctions. The reality is murkier. Some teapots count Chinese oil majors as customers. Shandong Shouguang Luqing Petrochemical, a teapot that has bought at least $500m of Iranian crude over the years, owns stakes in three joint ventures with state-owned enterprises.

Before the war the teapots could extract discounts against Brent of $18-24 per barrel for Iranian Light, the country's flagship grade. Now that other Gulf supplies have dried up, that discount has shrunk to $7-12 a barrel. Factor in the typical freight cost from Malaysia, and Iranian Light delivered to China is now dearer than Brent crude (see chart 2). Brent itself has surged, buoying the futures price of an Iranian barrel for delivery in a few months' time to $112, 85% above its pre-war level.

This, combined with a government cap on petrol prices that prevents the refiners from passing all the costs on to motorists, is crushing the teapots' margins. Even the permitted prices have tamped down Chinese demand for refined products (see chart 3). But some state-owned refiners are considering buying Iranian oil under the American waiver, says a source. The NIOC rents large storage facilities in mainland China on which these companies could draw. This would formalise China's involvement in Iran's oil trade.



Similar formalisation will probably not extend to Chinese presence in the third pillar of Iran's smuggling complex—payments. Buyers of Iranian oil, Chinese or otherwise, settle by paying into disposable "trust" accounts opened for that purpose, most often at small Chinese banks on the mainland or in Hong Kong. Those accounts are registered in the name of shell companies set up, often for a fee, by Chinese individuals. The oil proceeds are then funnelled from these, through myriad other trust accounts to wherever Iran wants them.

Some of the money stays in China, to pay for goods Iran wants to import. The rest is dispatched around the world. The Economist obtained the names of two Chinese companies used to transfer Iranian oil money in recent months. Together with Kharon, a research firm, we determined that these companies have conducted transactions with plastics-makers in India, Kazakhstan and Turkey.

This shadow payment system is run by dedicated departments inside Iranian companies, which are controlled by Iran's defence ministry or the IRGC. These operate like informal banks. The density of their networks of accounts—numbering in the thousands—allows them to weather shocks created by the war. In recent weeks the United Arab Emirates, once a haven for Iranian money, has shared extensive intelligence on Iranian-linked banks and companies with America. That has prompted Iran to abandon those channels and reshuffle funds elsewhere.

Transactions are now being routed through two or three additional layers of shell companies and handled with "extreme caution", says a source with knowledge of the networks. A group of Iran-linked accounts that person monitors, which held a combined $6bn-7bn before the war, has seen withdrawals as trustees have sought to shelter the cash elsewhere. There is no shortage of havens: bank accounts in East Asia, Britain, Germany, Georgia, Italy and Romania continue to be used, the source says.

The extreme redundancy introduces such complexity that the money is getting harder to trace even for Iran's central bank—and easier for the country's oil barons to skim. But it keeps the oil machine going. Short of all-out strikes on Iran's energy infrastructure—to which Iran would respond by bombing that of other Gulf states—it will not be throttled. ■

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Finance & economics | Black is the new black

Coal is back in fashion

An LNG crunch is good news for the world's dirtiest fuel

April 1st 2026

THE LAST cargoes of liquefied natural gas from the Gulf, the source of a fifth of global LNG production, set sail a month ago, before America and Israel attacked Iran. As these reach their destinations at the start of April, energy importers reliant on the stuff, particularly for electricity generation, are scrambling to respond. Rich ones are forking out more for whatever LNG they can get their hands on. Some poor ones have shut schools or urged businesses to cut short their work week. Everyone is looking for alternatives. Many are eyeing coal.

In recent days Japan and South Korea have lifted restrictions on older coal-fired power plants, which were being phased out in order to rid the two energy systems of the grubbiest fossil fuel. Bangladesh is importing more coal from Indonesia and South Africa, and more coal-generated electricity from India. Coal prices for delivery from Australia, the main global benchmark for exports, are up by 25% since late February. Black, it seems, is the new black.

The question is why it isn't blacker still. Oil, with a sixth of global output also stuck behind the Strait of Hormuz, is 50% dearer than before the war. Prices of LNG have nearly doubled in that period. And during the last gas crisis, after Russia's full-scale invasion of Ukraine in early 2022, the Aussie coal benchmark shot up two and a half times. Today's comparatively muted reaction so far can be explained by the structure of the coal market and the nature of this energy shock.

Only 17% of coal dug up around the world is traded across borders, compared with 20% of all natural gas and virtually every load of LNG. In 2022 the hardest-hit region was Europe, which drastically curtailed imports of both Russian gas (via pipeline) and coal (by rail). Because many climate-cuddling European countries have all but stopped mining coal, in a pinch they had no choice but to turn to the market. And since Russian coal could not be easily diverted east for lack of adequate railways, the resulting fall in overall supply from the world's third-biggest exporter pushed global prices sharply up.

This time the energy crisis hit hardest in Asia, where many large energy importers, in particular China and India, still dig up and burn lots of coal. Their mines' output can be increased to offset the LNG shortfall in a matter of months. And, owing to a gradual transition to less filthy gas and cleaner renewables, they have plenty of idle coal-fired generation that can be quickly brought back online.

As the energy crisis drags on, however, the coal market is likely to get hotter. Japan, South Korea and Taiwan, all big importers of both LNG and coal, find themselves in a similar predicament to Europe four years ago. On March 24th the energy secretary of the Philippines, another large energy importer, said that the country intends to rely more heavily on coal-fired output. Prices for Australian coal, most of which typically ends up in Asia, have risen three times as fast as those in Europe and five times as fast as in America since the start of the war.

If Gulf LNG does not start flowing again soon, prices could climb further everywhere. Globally traded supply is already tight, says Argus Media, a price-reporting agency. Indonesia, the biggest exporter, imposes production quotas to prop up prices (though it said on March 25th it might ease them to profit from the uptick in demand). Cheap, clean renewables will win out in the end as countries seek to conflict-proof their energy mix. Until then, coal is likely to burn brighter. ■

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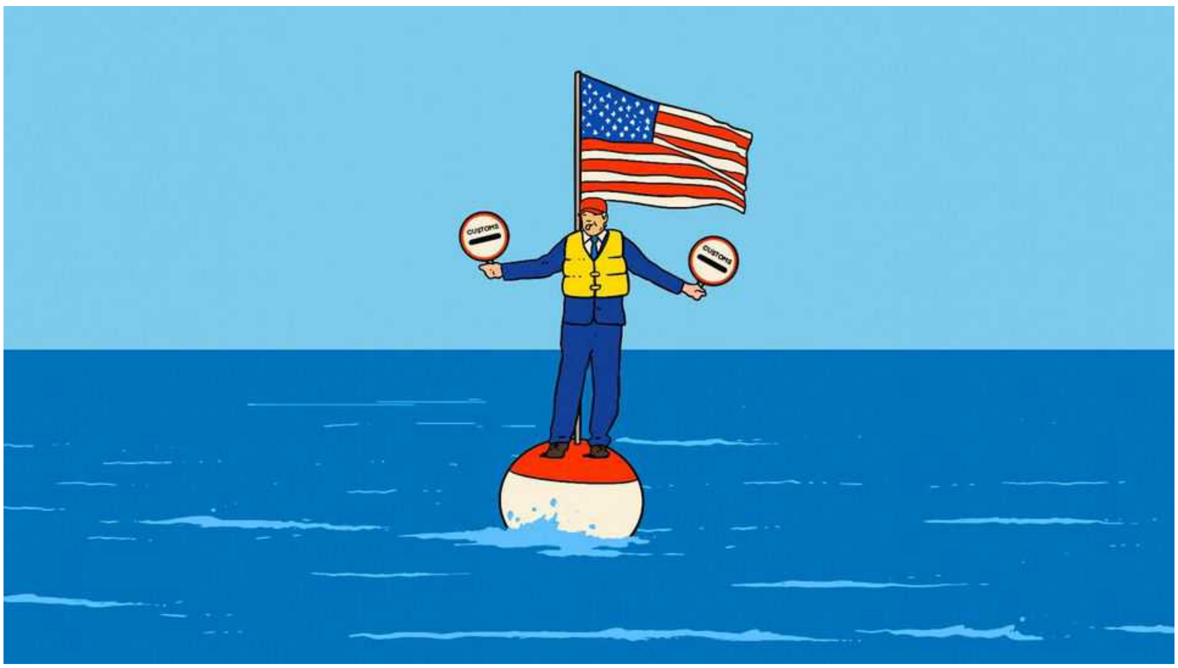
“Liberation Day” has reshaped trade—but not as Donald Trump hoped

In many ways, global commerce has strengthened

April 2nd 2026



IN the president’S telling, April 2nd 2025 was “one of the most important days…in American history”. Donald Trump accused allies of having “looted” America before he proclaimed a “declaration of economic independence” through sweeping, nonsensical tariffs. The world recoiled and threatened to strike back. Japan’s trade minister promised a “bold and speedy” response. Mark Carney, Canada’s prime minister, vowed retaliation with “maximum impact in the United States”. Emmanuel Macron, France’s president, urged Europe to ready its “trade bazooka”. An all-out trade war loomed.

The damage wrought by Mr Trump's tariffs is real. America's effective tariff rate briefly topped 20%. Even after falling back to 10.5% it is at its highest since the 1940s. The erratic roll-out of levies weighs on investment. In rich economies, construction of new factories fell by more than a quarter in 2025. The share of trade conducted on non-discriminatory terms—the global system's core principle—slipped from 80% to 72% over the past year, estimates the World Trade Organisation (WTO).

Yet the rupture never quite came. In some ways, trade has strengthened. In 2025 it grew by nearly 5%, faster than the world economy. America's tariff wall, meanwhile, has been porous, riddled with exemptions owing to Mr Trump's backtracking. Roughly half of goods imports still enter America duty-free, according to Bloomberg Economics, a data firm. The goods deficit, the president's biggest bugbear, widened to more than $1.2trn, or 4% of GDP, last year as imports reached a new high.

The tariffs changed where America bought rather than how much (see chart 1). Punitive duties against China, at one time exceeding 100%, all but choked off direct trade between the two superpowers. Between May and December, imports from China were over 40% lower than in the same months in 2024.

But at the same time, imports from Thailand and Vietnam rose by more than 40%, as South-East Asian producers took over much of China's share in categories such as laptops. India, despite facing tariffs as high as 50%, also increased its exports to America, helped by a surge in tariff-exempt smartphone shipments. Imports from everywhere tied to the artificial-intelligence boom—especially semiconductors and data-centre equipment—were also largely spared from duties, and shot up. Taiwan, the world's leading producer of advanced chips, saw exports to America rise by more than 80%.

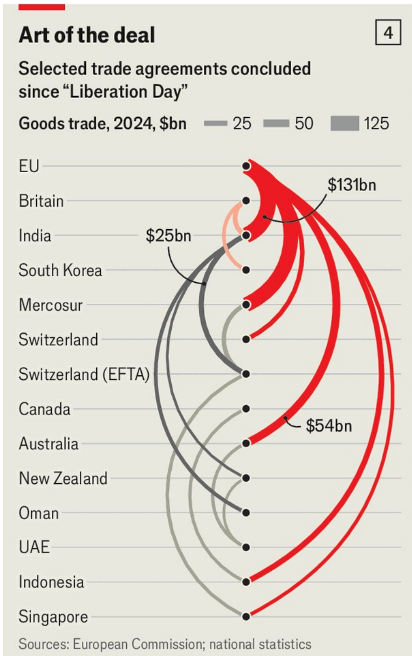
Still, the more important reason the trading system held together is that the escalation never spread. When America last raised tariffs so aggressively, with the Smoot-Hawley Act of 1930, its partners retaliated in kind. Global trade collapsed by two-thirds within four years. This time, rather than erect tariff walls of their own, they opened up—seeking new markets, striking new deals and deepening mutual ties. All told, tariff increases have touched only about 11% of global trade, far less than was first feared.

One consequence has been a shift away from America. China has sought other markets (see chart 2)—as have many American allies. Britain, Japan and South Korea all saw exports to America fall after "Liberation Day". But overall their exports kept growing as shipments were redirected elsewhere.

More strikingly, these middle powers are trading more among themselves. Between May and December 2025, trade among Britain, Canada, the EU, Japan, South Korea and Switzerland rose by 12% compared with the same months a year earlier, even as their exports to America fell by 6% (see chart 3).

Middle powers are also striking new deals among themselves. As the pull of the American market weakens, they are moving to secure access to others. The Eu has finalised a deal with Mercosur, a South American bloc including Brazil and Argentina, after a quarter-century of talks. It has also concluded agreements with Australia, India and Indonesia, adding to an already vast preferential network. Switzerland, through the European Free Trade Association, has reached its first agreement with South America. Britain has signed its most significant post-Brexit trade deal, with India. India itself, long a cautious liberaliser, has struck another two deals in the past year, with Oman and New Zealand. Add those with Britain and the EU, and India's tally is higher than in the previous decade.

In all, The Economist estimates that more than 15 deals involving Britain, Canada, the EU and others have been struck over the past year, covering over $400bn in trade (see chart 4). Together, countries lowering trade barriers account for more than a quarter of global imports, compared with less than an eighth for America.



As Mr Trump pulls apart the old multilateral trading system, others are writing new rules. Digital-trade agreements are proliferating. A pact agreed on March 28th by 66 countries, including Australia, Britain and Singapore, sets common standards for data flows and digital commerce. Established blocs are moving too. The EU and members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership are deepening co-operation on trade, investment and regulation rather than waiting for consensus at the WTO.

The risks have not gone away. After America's Supreme Court struck down tariffs imposed under the International Emergency Economic Powers Act, including Mr Trump's "reciprocal" levies, the administration moved to rebuild its tariff wall. In March it began investigations into 16 trading partners, citing "structural excess capacity" in manufacturing. It has opened 60 others related to forced labour. Meanwhile, the deeper problems in the multilateral system persist. A WTO ministerial meeting in Cameroon that ended on March 30th produced little, stymied by the organisation's consensus-based rules.

Yet the value of an open system is as clear as ever. Even Mr Trump has found himself reaching for it. America has sought allied support to secure shipping through the Strait of Hormuz. At the WTO meeting it led a vain attempt to renew a moratorium on tariffs on digital trade. But such systems cannot be picked apart and then selectively relied on. A new order is emerging—built by coalitions of the willing, but still founded on openness and rules. America was the architect of the old trading system. Others are building this one. ■

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Finance & economics | Buttonwood

After Iran, gold is looking less glittery

Is the yellow metal the new crypto?

April 1st 2026

Conventionally, investors want the assets they hold to make them money—and not just owing to rising valuations. Bonds spit out coupons; stocks offer dividends. Gold is different. It emanates no cashflows. Its smattering of real-world uses, in jewellery-making or electronics, hardly justifies its hefty presence in many portfolios.

The best reason to hold gold is as insurance against a blow-up, real or metaphorical. The hope is that millennia of human fascination with the stuff mean its value will never fall to nothing. The metal has also long had the helpful property of getting more valuable when other assets are in trouble.

The unprecedented energy shock caused by the American-Israeli war against Iran should be exactly when gold comes into its own. After all, gold jumped in value when Russia invaded Ukraine in 2022 and did even better when Iran last seriously roiled oil markets, after its revolution of 1979. Yet since the war began on February 28th, gold has plunged by about 15%, more than global equities. Some hedge.

Part of what is going on is that gold tends to suffer when the yields on inflation-protected bonds (or real yields) rise. A lump of metal issues no interest payments but, like an inflation-linked bond, its principal is protected against rising prices. But when those bonds' inflation-indexed payouts rise, gold—which continues not to pay any interest—becomes relatively less appealing.

Real yields have leapt since America and Israel began bombing Iran. Those on ten-year American Treasuries have gone up by 0.3 percentage points. This reflects a riskier global environment and angst that higher oil prices will stoke inflation, forcing central banks to raise their benchmark interest rates.

Another explanation is central banks' management of the yellow metal. In countries spooked by the prospect of Western sanctions—like Russia, whose foreign-currency reserves were frozen after it invaded Ukraine—gold can serve as a handy hedge against weaponisation of the dollar. Elsewhere it offers a way to diversify their reserves. But when its value jumps, as it has in the past few years, cashing out some of the profits from the rally starts looking attractive to central bankers eager to buttress their country's currency or governments keen to generate cash for other purposes.

In the fortnight to March 20th Turkey sold $8bn-worth of gold to prop up the lira. India may be doing something similar. The governor of Poland's central bank recently mused about locking in some of the profits from the run-up to help bankroll defence spending. Other such opportunistic divestments would explain some of the latest drop.

Yet neither rising real yields nor central banks' sales fully explain gold's recent behaviour. Another explanation of what is going on with gold is to think of it as becoming like the asset that was meant to replace it. Bitcoin was once heralded as “digital gold”—a haven protecting investors against inflation and profligate governments, and insulated from the long arm of Uncle Sam. Instead it developed the unfortunate habit of trading in line with the market’s basest, speculative animal spirits.

Now gold, too, is looking like a meme trade. Its rise, by some 60% between last summer and late February, coincided with a boom in gold exchange-traded funds. These increased their holdings by 25% in the past year, to around 4,200 tonnes. Its fall is being accelerated by some of those speculative bets being rapidly unwound.

The past few weeks show, in other words, that gold is not a universal hedge. Still, gold’s chief historic appeal is not as protection against Gulf wars, or even an energy shock, but against the debasement of money. This is a giant risk amid mounting public debts, which governments may seek to inflate away. You would expect gold to rise when America wages another expensive war and other indebted countries consider subsidising citizens’ energy bills—but only if other things are equal. When the meme traders outnumber the debasement traders, and when institutional investors sell at a profit to cover losses on other assets, other things aren’t equal.

In time, the momentum-chasers will inevitably find another asset to take them “to the moon”. The debasement trade will then reassert itself and gold may regain a semblance of its safe-haven status. Knowing what price will purge the last of the fair-weather gold bugs is another matter altogether. ■

Finance & economics | Free Exchange

Can a country get too rich?

Norway shows the potential pitfalls of uncommon prosperity

April 1st 2026

NORWAY'S TRIBUTE to Edvard Munch, Scandinavia's most famous painter, is an impressive 13-storey slab of recycled aluminium and glass built on the harbour front in Oslo. Completed in 2021 at a cost of $350m, it was even more impressively late (by a decade) and over budget (by a scream-worthy $200m). Looming above thick mist blanketing the sea on a winter's afternoon, the museum encapsulates the country that paid for it: sophisticated and so loaded that money is no object.

Norwegian oil has built an economy that is the envy of other rich countries, not to mention poor ones. GDP per person is a cool $90,000, behind only city-states, tax havens and Switzerland. Since 1991 the government has amassed a sovereign-wealth fund worth $2.2trn, or $400,000 for every one of Norway's 5.6m people. Proceeds sustain one of the world's most generous welfare states.

Yet not all Norwegians are happy about this. In 2025 the country's non-fiction bestseller was "The Country that Became Too Rich", an attack on the economic model by Martin Bech Holte, an economist and former McKinsey consultant. Mr Bech Holte has captured an emerging mood. In elections last September the centre-right Progress party, which argued that Norway "throws more money at problems" and needs to stop, made the most gains. The worry is that Norway's riches are warping the behaviour of everyone from politicians to white-collar workers and schoolchildren. Confident of handsome handouts, few worry enough about the future. Can a country's wealth undermine its prospects?

As the oil windfall and investment returns have doubled the size of the wealth fund over the past decade, it has made Norwegian politicians profligate, Mr Bech Holte thinks. Although the fund invests only abroad to avoid crowding out the domestic private sector, it funnels money back to the government, which uses it to plug the gap between spending and taxes. In 2008 that payout was a modest NKr36bn ($6.4bn at the time), or less than 5% of outlays. By 2025 NKr414bn ($40bn), a fifth of spending, came courtesy of the oil fund.

This is having perverse consequences. Politicians can put off difficult decisions. Voters see little reason to temper demands for more spending. Take health care, the government's biggest expenditure. On average, medical services cost 30% more in Norway than in the European Union. But why reform hospitals when you can throw more money at the problem? Denmark, which spends about as much per person as Norway, has reduced waiting times for routine operations twice as fast as its neighbour to the north.

Few lawmakers bother weighing their proposals' economic benefits and costs, sighs one. This is a weakness elsewhere, but Norway seems especially prone to it. As with the Munch museum, renovations of the parliament building in Oslo took four years rather than one and cost six times as much as expected. In 2023 the government funnelled NKr250bn, half its take from taxes on labour and capital, to foreign aid and domestic charities. That is a high price to earn goodwill abroad and salve climate guilt at home. The figure in Britain is below 10% of labour and capital taxes.

Norwegian citizens are no less profligate than their representatives. Average household debt is 250% of annual income, the highest in Europe. When you can count on national wealth to bail you out, the need to save for a rainy day feels less pressing.

So is the need to generate income in the first place. Nearly one in ten Norwegians in their 20s are unemployed, compared with one in 20 Danes. Norway's rate of secondary-school and university drop-outs is among the highest in Europe. The higher-education system offers as many degrees as you want free of charge, plus generous loans for students. This encourages people to delay their degrees, switch them and extend their time in school. That makes for an accomplished population: more than 70% of unskilled service workers (think baristas and call-centre staff) born in Norway have masters degrees. People from immigrant backgrounds do 100,000 research jobs in science, technology and engineering, half the total. Another 100,000 will need filling by 2030.

This financial hedonism is already damaging the economy. The central bank is reluctant to raise interest rates in the face of high household borrowing, which has weakened the krone and repelled foreign investors. Worker productivity has stopped growing. Real wages are starting to fall.

You could argue that none of this matters so long as the country can provide for the current population and future generations. GDP matters, politically speaking, because it is a way to guarantee citizens' welfare: directly, through paid work, and indirectly, through tax-funded hand-outs. In theory, that welfare can be paid for with rents rather than output. So long as national wealth rises faster than government spending, this can go on indefinitely.

That has been the case in Norway. Though the treasury milked ten times as much cash from its cash cow in 2025 as it did in 2008, this was a smaller share of the fund's total valuation. As long as annual (inflation-adjusted) returns exceed 6%, the government may be able to reduce its tax take and raise spending at the current rate long after its oil wells run dry, which could happen in 50 years.

Such thinking is complacent, for two reasons. First, in practical terms, unless artificial intelligence dramatically boosts global productivity, returns of 6% may prove elusive. Second, and more important, a thriving economy benefits societies in ways that go beyond sustenance. Politicians are more accountable if they must ask voters for money in taxes. Foreign investors bring new knowledge. Many people find work fulfilling. All this contributes to human flourishing. No one should begrudge Norway its wealth—except, if they are wise, Norwegians. ■

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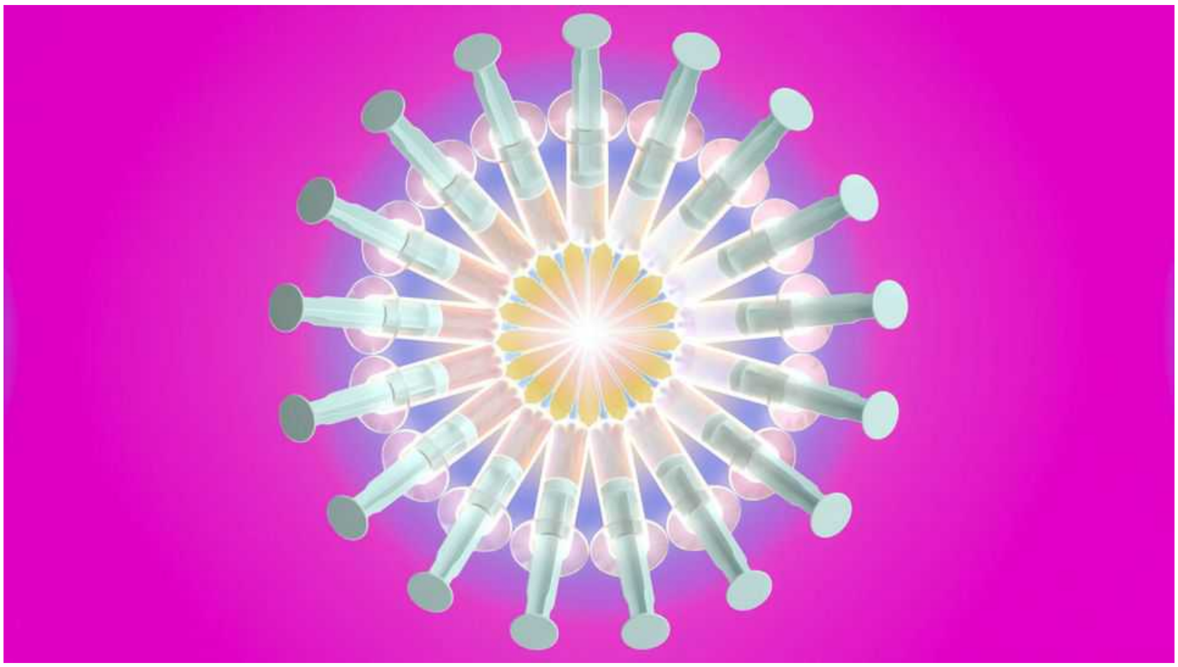
Science & technology

Science & technology | Immunology

Scientists are working on "everything vaccines"

A single jab could protect against a wide range of pathogens

April 1st 2026



THE VITAL importance of vaccines is most apparent when they fall short. The covid-19 pandemic showed how quickly a new virus can spread while scientists race to catch up with jabs. Fast-evolving viruses can also evade existing protections. Each year's flu vaccine is designed based on scientists' best guess about which strains will dominate, given what was circulating the season before. In 2025 the H3N2 strain developed several mutations after the World Health Organisation had selected which variants should be included, blunting the vaccine's effectiveness. The result was an early and severe flu season in both America and Europe.

These shortfalls are an inevitable consequence of how vaccines work. They train the immune system to recognise specific features on the outer surfaces of pathogens. But these features can change. One response is to speed up the production of jabs to match new variants. There is another strategy, though. What if vaccines could be made to protect against a family of viruses, like influenza or coronaviruses, rather than just individual members of them? More tantalising still—what if a single jab could protect against many families of viruses, bacteria and even allergens?

Most vaccines work by priming the part of the immune system that responds to infection from its memory of past encounters. This "adaptive" system consists mainly of B and T cells armed with receptors that recognise specific antigens—molecules on the surfaces of viruses or bacteria. When a new pathogen appears in the body, the immune cells with matching receptors find the foreign invader and start replicating themselves. This process can take several days, which allows infections to spread meanwhile. After that first exposure, though, some of these immune cells persist in the body as memory cells.

Vaccines exploit this by presenting a harmless version of an antigen in advance. In coronavirus vaccines this is part of the spike protein; in influenza it is usually the head of the haemagglutinin protein, which gives flu viruses their "H" classification (for example H1N1). Both of these proteins allow the viruses to enter host cells. These are, however, also the parts of the virus most prone to mutation, allowing pathogens to evade the memory cells.

One way to make vaccines more effective across different versions of a virus is to design them to target the features that change less often. Pamela Bjorkman of the California Institute of Technology (Caltech) and her colleagues have developed a "mosaic" coronavirus vaccination that is made up of tiny molecular footballs, with 60 surfaces. Each surface is studded with a fragment of spike protein. In one version of the vaccine eight different spike-protein subsections are arranged randomly over the surfaces, one from SARS-CoV-2 (the covid-19 virus) and the rest from different sarbecoviruses, a group of SARS-like viruses found in animals.

When tested on mice and macaques, the vaccine created an immune response to parts of the spike protein that are common across all the viruses in the sample. The immune system's B cells have two arms that each hold a receptor, and they bind most strongly when both arms can latch onto the same target. Faced with the mosaic, the B cells that target the conserved (ie least-changing) parts of the spike proteins bound most successfully. These B cells were then scaled up inside the body and saved as memory cells. The researchers found that their vaccine protected animals against the original SARS virus, which was not included in the mosaic.

Such complex molecules are difficult to manufacture and regulate for use in humans, though. To get around this, the researchers are developing a messenger RNA (mRNA) version of the jab that, when injected, instructs an animal's own cells to assemble the vaccine. The strings of mRNA encode multiple variants of the spike protein, as well as instructions on how to create a mosaic ball using the cell's own membrane. This involves a molecule that transports the spike-protein fragments to the cell surface and another which recruits machinery from inside the cell to make the section of membrane bud off into bubble-like vesicles. In effect this creates the tiny mosaic vaccine balls from the cell's own surface.

Other scientists are applying similar ideas to influenza. Researchers at Duke University have created 80,000 variations of the influenza surface protein haemagglutinin and injected this mixture into mice and ferrets. Their vaccine provided broad protection against different flu strains by forcing the immune system to develop responses to the conserved stalk region of the protein, rather than the variable head part. "That's the checkmate," says Nicholas Heaton, who led the study. "The virus can't get around it."

Some human trials of broad-spectrum vaccines are already underway. But the work is becoming entangled in politics. America's health secretary, Robert F. Kennedy junior, has called for research on vaccines targeting what he describes as "natural immunity", while expressing scepticism about mRNA. Many of the most promising broad-spectrum approaches right now, however, depend on mRNA. One trial, funded under Mr Kennedy's new regime, is testing a flu vaccine made from mixtures of whole inactivated viruses. Some researchers are sceptical that will generate such a broad response to different strains.

All these broad-spectrum approaches rely on the same principles as conventional jabs: training the adaptive immune system to recognise specific features of a pathogen, albeit ones that are less likely to change. But in a new study at Stanford University, researchers took a different approach. Rather than training the immune system to memorise particular pathogens, they wanted to put the lungs into a constant state of readiness, allowing fast responses to almost any invading germ.

This approach relies partly on the innate immune system, a faster but less specific set of defences made up of cells including macrophages, which can engulf pathogens and destroy them. For decades it was assumed that the innate immune system lacked any memory, but more recent research has suggested otherwise.

The insight came from an unlikely source: the century-old Bacillus Calmette-Guérin (BCG) tuberculosis vaccine. Scientists have long known that after the rollout of the BCG jab the mortality rate from other types of infections also fell dramatically. This led researchers to discover that the innate immune system can in fact be trained. The BCG jab, for example, tweaks the degree to which certain genes in immune-system cells are switched on or off. These changes cause the cells to stay on high alert. They also cause T cells to travel to the lungs, where they use signalling molecules, known as cytokines, to continue activating the innate immune system.

The Stanford team set out to recreate this effect. They created a vaccine in a nasal spray that combined two components. The first was a molecule that triggered the cells of the innate immune system to immediately spring into action. The second was a harmless egg protein that acted as an antigen. This caused T cells to travel to the lungs, where they continued to activate the innate immune cells for months.

The team put a drop of the vaccine into the noses of mice four times over several weeks. They found that mice vaccinated in this way were protected against SARS-CoV-2 and related coronaviruses, with viral levels in their lungs around 700 times lower than in unvaccinated animals. The effects lasted for at least three months. Next the team tried bacteria, and found the mice also fended off infection from Staphylococcus aureus and Acinetobacter baumannii. Even their response to allergens was reduced. “It’s a beautiful paper,” said Mihai Netea, a professor of immunology at Radboud University in the Netherlands, who was not involved in the study.

Though exciting, it is still early days. The Stanford researchers hope to test their vaccine in humans next and are currently fundraising for a phase 1 trial. They think their vaccine fits Mr Kennedy's desire for broad-spectrum vaccines based on "natural immunity". But even if politics allows, biology may not. Results in mice often fail to translate into humans. There is also a huge degree of genetic diversity in immune responses across people.

Most scientists see these types of broad-spectrum vaccines as complementary to traditional antigen-specific vaccinations. "Traditional vaccines have been tried and tested for two centuries," said Bali Pulendran, who led the Stanford study. Universal jabs may not last as long or protect as strongly against specific variants. But in the inevitable event of a new virus spilling over into humans, or a mutated flu strain emerging just as winter begins, the world would be thankful for them. ■

Science & technology | Blast off

A trio of firms want to clean up steelmaking

The industry is currently responsible for around 8% of the world's carbon emissions

April 1st 2026

It is a wonderful idea. Eliminate the carbon-dioxide emissions from steelmaking (which amount to about 8% of anthropogenic greenhouse-gas emissions, more than three times the amount released by civil aviation) by liberating iron from its ore using electricity instead of chemicals. It works for non-ferrous metals like aluminium, so why not ferrous ones? Two firms are trying, with varying degrees of success, while a third is adapting chemical liberation to make it greener.

In conventional steelmaking, iron ore reacts with substances called reducing agents that pluck away the oxygen, leaving behind metallic iron. The reducing agents in question are either carbon monoxide (CO) produced by the partial combustion of coke or a mixture of hydrogen and CO created by reacting methane from natural gas with steam. The reaction with carbon monoxide produces CO2; the reaction with hydrogen produces water.

That is not the end of the matter, though. The resulting iron is full of impurities retained from the ore, especially silica, alumina and phosphorus. It has to be processed further, to remove these and also to lower the amount of carbon it has picked up while being reduced. A simpler, cleaner one-step process would thus be welcome.

Electra, a firm based in Boulder, Colorado, has developed a version of the “electrowinning” approach usually employed to process copper ores. As Kevin Galloway, the firm’s vice-president of product, explains, the electrowinning of iron involves dissolving the ore in sulphuric acid, which leaves behind the silica, alumina and phosphorus, and then running a current through the solution, a process known as electrolysis, to plate the iron itself onto an electrode. Do this carefully and the result is a sheet of pure iron.

The company has proved its process works, and it is now trying to scale up from a laboratory prototype to industrial production. Construction has thus begun of a demonstration facility intended to turn out 500 tonnes of iron a year. That is, admittedly, peanuts compared with the 2m-4m tonnes a year a modern blast furnace would yield, but the plan is then to build modules which will produce 200,000 tonnes a year each.

That modularity will reduce initial capital expenditure. This, plus the high value of the pure iron Electra’s process yields (it could, for example, be used to make specialist magnets) compared with the output of conventional ironmaking, and the fact that it can cope with low-grade ores which steelmakers now eschew will, Mr Galloway hopes, give the firm the edge it needs to cross the “Valley of Death” that claims so many startup firms as they attempt to scale to commercial production.

Boston Metals, a firm in Woburn, Massachusetts, is indeed currently struggling in that valley. Its process also employs electrolysis, albeit at temperatures above the 1,538°C required to melt iron, rather than the far more manageable 60°C required by Electra. It relies on dissolving the ore in a molten mixture of other metal oxides and running an electric current through the mix. Pure, liquid iron sinks to the bottom of the reaction vessel. The impurities, collectively called slag, remain dissolved in the molten oxides.

This had worked in a laboratory, and the firm's boss, Tadeu Carneiro, had hoped to scale up in collaboration with a steel company. But that idea is now on ice after what the firm described in February as "a critical equipment failure" at its facility in Brazil, which was applying the idea to a high-value metal called niobium. Boston says it is thus shutting up shop in Woburn.

Hertha, the third of the green-steel trio, is also the most recent and arguably the brashest. Its founder, Laureen Meroueh, has devised a chemical-reduction process that heats up pure methane so that it breaks apart into hydrogen and carbon, a process called pyrolysis. This hydrogen and a proportion of the carbon are then injected into a molten mixture of ore in order to reduce the oxide to iron and also to adjust the carbon content of the resulting liquid metal. Silica, alumina and phosphorus are meanwhile removed as slag by reaction with chemicals such as calcium and magnesium oxides. Then, as in Boston Metal's approach, the iron sinks beneath the slag, for easy tapping.

Hertha's reaction vessel is an electric-arc furnace—a standard piece of equipment normally used to melt scrap steel for recycling. Dr Meroueh's laboratory prototype is therefore already turning out several hundred tonnes of iron a year. Her plan is to scale this up to 10,000 tonnes by the end of 2027, and to have full-size modules that will produce between 300,000 and 500,000 tonnes by 2030.

As the fate of Boston Metals shows, the path to product for any startup is paved with potholes. But both Electra's and Hertha's approaches look like more promising paths to green steelmaking than the one chosen by established firms, such as ArcelorMittal and Thyssenkrupp, of employing expensive electrolytically generated hydrogen as the reducing agent.

Electra cuts out the middle man by using electricity directly, rather than for generating hydrogen, while Hertha's hydrogen-generation process is cheaper than electrolysis. Dr Meroueh is, though, keen to point out that her method could be adapted to use electrolytic hydrogen, and thus become completely green, if the price of that gas were to fall sufficiently.

Whether these firms can cross the Valley of Death remains to be seen. But although greener steel may not be as exciting as making electric vehicles, or as breast-beatingly performative as flying less, it would be no less important. ■

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Science & technology | Your brain on video games

Why a startup is teaching human brain cells to play "Doom"

They could herald a new type of computing

April 1st 2026

In February Cortical Labs, an Australian startup, announced that a programmer had taught one of its "biological computers"—made of 200,000 human brain cells mounted on a silicon chip—to play "Doom", a classic first-person shooter game. The firm had previously taught a collection of brain cells to play the much simpler "Pong". Its ambitions are much bigger than video games, however. It hopes that neurons, packaged into super-efficient "biological computers" and slotted into racks at conventional data centres, might one day take their place alongside the transistor-packed chips of silicon that have defined conventional computing for the past half-century.

At the heart of Cortical's system is an array of thousands of tiny electrodes, upon which sit neurons grown from stem cells taken from a human donor. The array allows a conventional computer to both pick up the electrical activity generated by those neurons and to stimulate them with electrical activity of its own. The neurons are kept alive for up to six months by tubes and pumps that supply oxygen and nutrients, and remove cellular waste products like carbon dioxide. The whole thing is packaged into a box designed to fit in the standard server racks used in commercial data centres.

Neurons offer several possible advantages over electronics when it comes to computing, says Hon Weng Chong, Cortical's boss. Efficiency is one. Modern artificial-intelligence models gulp power by the millions of watts. That demand for energy has become one of the biggest barriers to the industry's growth. Neurons, by contrast, sip power: a typical human brain, made up of almost 90bn of them, consumes something in the region of 20 watts.

Sophistication is another. The transistors from which electronic computers are built are tiny switches that can be in one of two states: on or off. Neurons are more complicated. Their behaviour depends on all sorts of variables, including the voltage across a cell's membrane and how long it has been since they last received signals from other neurons. Existing computer architectures also store information far from where the actual processing happens. Micron, a big maker of memory chips, estimates that up to half the energy budget of a conventional AI processor is spent shifting data around. It also causes traffic jams as data is shuttled back and forth. Brains mix data and processing side by side, minimising such logistical issues.

Brett Kagan, a neuroscientist and Cortical's chief scientific officer, speculates that all this may make neurons better suited than electronics to some types of computational work, especially those involving the interpretation of the sort of messy, analogue signals common in the real world. He cites the example of "Moravec's paradox", a long-standing and counter-intuitive observation in AI research that suggests that abstract reasoning—playing high-level chess or multiplying huge numbers—is computationally easier, in some deep and fundamental way, than the trivial-seeming motor skills needed to navigate the physical world. Dr Kagan gives the example that, while he cannot do maths like a calculator, modern AI models cannot do something simple like making a cup of tea.

That, at least, is the pitch. Realising it will be tricky. Cortical is still experimenting with how best to translate signals between electronic computers and living cells. And it is swimming against a powerful tide. Big tech firms and AI labs are betting hundreds of billions of dollars that the future of computing involves doubling down on standard electronics.

In an attempt to build momentum and to see what might be possible, the firm has decided to open its technology to anyone who fancies playing with it. The "Doom" demonstration came out of a hackathon for students at Stanford University, says Dr Chong. Sean Cole, the coder whose efforts were featured in the video documenting the event, whipped up his program "in about a week".

Cortical has also connected some of its computers to the internet, allowing anyone to experiment; around 5,500 people have already done so, says Dr

Chong. On March 10th it announced a deal with DayOne, a Singapore data-centre developer, that will see the firm install 20 of its bio-computers at the National University of Singapore.

And it will have allies in high places, too. On March 3rd DARPA, an agency of the American government that funds speculative technologies, announced a research funding programme into biological computing, with the hope of producing "biological processing units" that might use a fraction of the energy of conventional silicon chips, and which might one day prove useful for tasks like autonomously flying drones—and tackle much more of the messy real world besides. ■

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Science & technology | Well Informed

Should you track your VO2 max?

Treat it is a measure, not a target

April 2nd 2026

At the 2026 Winter Olympics, held in Milan in February, Norwegian athletes topped the medals leaderboard. But the country's year of record-breaking athleticism did not begin on the Italian slopes. In January lab footage emerged suggesting that Kristian Blummenfelt, a triathlete, had recorded the highest-ever VO2 max score, the most well-known gauge for cardio-respiratory fitness (CRF). Until recently such news would have interested few people apart from fellow endurance athletes. But an increasing number of health gurus and fitness influencers have begun touting to ordinary people the benefits of tracking VO2 max. Are they right?

VO2 max, also known as maximal oxygen consumption, measures the highest rate at which the body can use the gas during intense exercise.

Muscles rely on oxygen to fuel activity. The more intense the exercise, the more they need. The body delivers it to them via the lungs by binding it to a protein called haemoglobin in blood, which the heart then pumps around the body. The more oxygen the heart can pump, and the more of it that the muscles can use, the higher the VO2 max and the longer the muscles can go before tiring out.

There are some very good reasons to care about this process. A growing body of evidence suggests that CRF may be a better predictor of longevity than measures such as BMI. A meta-analysis covering 400,000 observations, published in the British Journal of Sports Medicine in 2025, found that overweight or obese individuals with the highest CRF scores had around half the all-cause mortality risk compared with unfit people of normal weight.

Roughly half of the body's VO2 max is determined by genetics. Age is also a factor. The body's potential maximum increases for the first 30 or so years of life before decreasing by about 10% per decade after age 30 and by over 20% per decade after 70. Athletes in their prime can have a VO2 max score above 60 millilitres per minute per kilogram of body weight (ml/kg/minute), whereas an average 40-year-old man will score around 40. Women's results are typically 15% lower, owing to smaller hearts, less muscle mass and lower overall levels of haemoglobin.

Improvements are nonetheless possible. Former couch potatoes can see their VO2 max increase by 10-30% with regular exercise, says Jason Tso, a cardiologist at Stanford University. Doing aerobic exercises, such as swimming or running, for example, causes adaptations which lead to more oxygen being pumped around the body. High-intensity interval training is particularly effective, taking a person near to their maximum oxygen-intake level several times during a workout. Yet such efforts require additional recovery time and can be done only a few times per week.

All the same, accurately determining VO2 max is tricky. Smartwatches claim to do so based on heart rate and speed of movement, but have patchy accuracy: one study published in PLOS ONE in 2025 found that Apple-watch estimates were off by about 13% on average. Even lab-based measurements, where subjects wear masks to measure the precise volumes of oxygen and carbon dioxide being exchanged in the breath, are not infallible. (The methodology that led to Mr Blummenfelt's eye-watering score of 101 ml/kg/minute, for example, has been questioned.) They also cost $200 a pop.

For amateur athletes, VO2 max can be a useful measure of fitness. But don't get fixated on the precise number. ■

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Culture

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- Why Gen Z is taking up boomer hobbies
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- Bots are often bad writers. But so are most humans
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Culture | A boom in the canon

The number of Catholic saints is climbing heavenwards

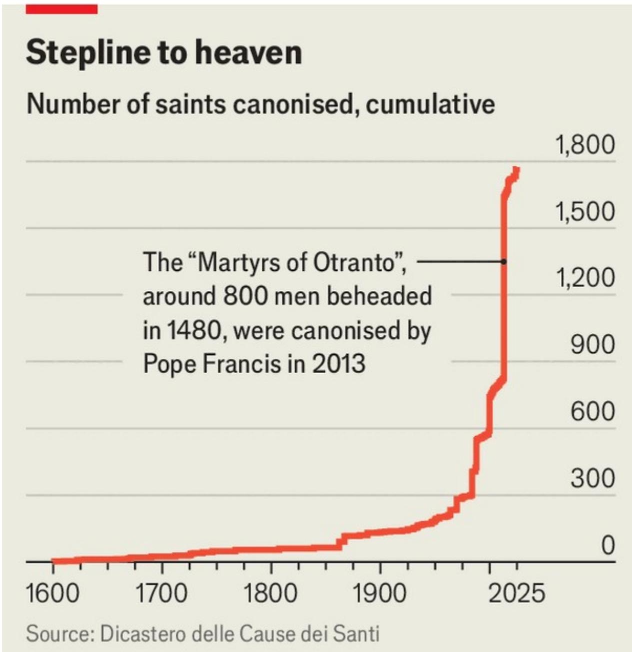
It is not necessarily a good sign

April 1st 2026

In a chilly church in Assisi, Italy, a line formed. In silence (and in coats) the queue shuffled forwards, snaking between ribboned posts like a popish passport queue. The line had the processing power of a passport queue, too: 1,500 passed through in an hour; 11,000 on a weekday; almost 20,000 on a weekend. And, as in a passport queue, at the front they were met by a forbidding person behind plexiglass. In this case, however, it was the skeletal remains of St Francis of Assisi (see picture, above).

Last month, to mark the 800th anniversary of his death, the remains of St Francis were put on prolonged public show for the first time. Few of Catholicism's over 10,000 saints have remained so relevant centuries later.

St Polycarp—first a martyr to the Romans, then to a silly name—is rarely remembered today. St Fiacre, patron saint of syphilis sufferers, has similarly fallen out of fashion. St Francis, by contrast, is thriving: films are made about him; the last pope was named after him; environmentalists adore him. Inasmuch as a medieval skeleton can be modish, St Francis is.



To revere a religious relic feels like an act that is itself something of a relic. Making a pilgrimage to the bones of a long-dead saint seems a medieval rather than a modern habit: an antique indulgence that, along with actual indulgences, was done away with in the Reformation. And yet, in the month that St Francis's remains were on show, he was viewed by around 370,000 people. Giulio Cesareo, a friar, says that every ninth or tenth person cried.

Indeed, these are unusually saintly times. Pilgrimages are in fashion: in 2025 over half a million walked the Camino de Santiago in Spain, up from a few thousand people in the late 1980s. And the number of saints is rising. In 2013 Pope Francis canonised around 800 saints in one go, more than had been canonised from the 16th century to the 20th. More have been canonised in the past 40 years than the previous 400 (see chart). In September Carlo Acutis, who died of leukaemia in 2006, became the first millennial saint. Some call him "God's influencer".

This is not to say Europe is in the grip of a religious revival. The number of saints has an inverse relationship with the number of believers: according to the World Christian Database, 32% of Europeans were Catholic in 2025, compared with 37% in 1975. Besides, no one needs to be wholly holy to go on a pilgrimage (as the Wife of Bath, Chaucer's lustiest character, knew).

It is also worth treating numbers with caution. For centuries, canonisation was not the only way to make a saint. The Vatican still does not officially "make" saints, anyway, but merely anoints their already-existing virtue. "Only God", it has been said, "knows how many saints there are"—and His data are not publicly available.

Nonetheless, something is changing. To understand what, it is necessary to grasp how saints first appeared. Much of what seems quintessentially Catholic is not in the Bible. The holy book contains no pope, no guilt, no fish on a Friday—and no saints, at least not in the halos-and-holiness sense. In biblical times the word "saint" simply meant "holy" and the bar to achieving that status was low. Back then "saints", says Robert Bartlett, a scholar of medieval history at the University of St Andrews, "just means 'Christians'".

In time, the meaning shifted. The first centuries of Christianity saw a raising of the bar. By the fourth century, there were two main ways you could become a saint: by dying a very bad death or by living a very good life. The "good" life involved a lot of bad things (lentils, lepers, desert living). A bad death was brisker, but bloodier. St Lawrence was roasted. St Sebastian was shot with arrows then clubbed.

St Francis had a good life (there were lepers) and a bad death (thanks to doctors' red-hot pokers). He was primed for popularity from the off. In Assisi he is treated as something between a saint and a pop star. There are coach loads of crowds, weeping fans and an abundance of merchandise from the cheap (fridge magnets) to the more middle-class (olive-oil drizzlers).

But what makes saints really popular is not merely how they endure the miseries of their own life but how they might intervene in the miseries of yours, a process known as "intercession". To understand saints—or indeed Catholicism—just look at a list of their areas of intercessionary expertise. Look up the letter "A" and you are offered "Animals" (St Francis), "Appendicitis" (St Erasmus) and "Archers" (suitably, if arguably a little insensitively, St Sebastian).

Such lists show the centuries outspread. St Joseph of Cupertino, patron saint of those who travel by air, is presumably busier than ever; St Giles, patron saint of "spur makers", much less so. The lists can feel almost comic: "S" offers, in quick succession, "Sexual temptation", "Sheds" and "Sheep" (presumably not all together). Some feel closer to tragedy: "C" offers "Children, sick", "Cholera", "Coffin-bearers". What you are seeing is an index of anxiety: an attempt to control the uncontrollable. What you are looking at is Catholicism, categorised.

In around 1,000AD the church started to acquire the power of canonisation, then entrenched it over the centuries. Today saints are approved by the Dicastery for the Causes of Saints, which uses criteria for the sacred process of canonisation: a would-be saint should have been dead for five years, have performed verified miracles and so on. Saint-making became a bureaucratic project. The bump in 2013 was due to a backlog of 800 martyrs from the 15th century.

Italy still provides most of the chosen ones: of the 388 saints with known birthplaces, 156 were born in Italy. (God moves in mysterious ways, but He appears not to move very far.) Pope John Paul II sped up the canonisation process, part of the reason for the rise. Candidate selection has become entwined with church politics: he made an effort to canonise saints from outside Europe, thereby reflecting the growth of Catholicism in other parts of the world.

Canonisation—who, where, when—thus reflects the changing nature of the Catholic church's authority. Saint-making is not an accurate measure of the world's religiosity, but it is revealing about papal control. Popes who have a zeal for canonisation are like presidents who issue a lot of pardons: they do it because they can. Saints offer a legacy of sorts.

And in a complicated world, the appeal of saints is clear. In Assisi, some visitors peered at St Francis and whispered; others kissed the plexiglass. After they moved on, a worker appeared and discreetly squirted disinfectant. The event offered an odd blend of the sacred and the mundane; of sanctity and modernity; of suffering and redemption; of a centuries-old saint and 21st-century cleaning products. It offered Catholicism in microcosm. ■

Culture | Old at heart

Why Gen Z is taking up boomer hobbies

Forget clubbing: it’s all about crochet now

April 1st 2026

Some are taking up knitting or crochet. Others are growing flowers or going fishing. These days, such hobbies are no longer old-fashioned. For Gen Z has decided that the pastimes of pensioners are rather pleasing.

According to Eventbrite, a global events marketplace, baking and bingo are on the rise. In Britain attendance at flower-arranging classes almost quadrupled between 2023 and 2025; in America there were two and a half times more puzzle competitions. Even birding is a “hot girl hobby”; in Britain there are more than 450,000 Gen Z birdwatchers, soaring from around 60,000 in 2018, according to data from the Royal Society for the Protection of Birds.

“Grannycore”—as youngsters call the trend—is not limited to entertainment. Gen Zers respect their elders’ taste in homeware and fashion (think florals and cardigans). Some are even holidaying like old fogeys: Gen Z and millennials are just as enthusiastic about cruises as retirees, according to the Cruise Lines International Association. On TikTok youngsters mock the idea that “cruises are for old people” and say they are “the most convenient way to travel”.

Why do the young seem so old at heart? Gen Z “really embraces nostalgia” and wants to experience things “they never got to experience”, says Rudi Greenberg, Eventbrite’s head of curation and trends. Psychologists call such yearning “anemoia”: in an era of flashy screens and endless apps, youngsters look with rose-tinted glasses at such dull things as darning an old pair of socks.

Wholesome pursuits appeal to a generation keen to get off their phones and swap the headaches of hangovers for the clatter of knitting needles. London Creative Gals, a social group, meets weekly to craft or embroider. Martina Vintaloro, the founder, notes that 90% of attendees come alone to meet “like-minded girls”. On a recent mid-week evening they gathered to paint pottery, many sipping soft drinks not cocktails.

In such environments socialising can feel “slower, a little more grounded”, argues Mr Greenberg, perhaps reminiscent of “conversations with your Grandma”. The hobbies can also improve concentration and well-being: “Self-Care One Stitch at a Time”, a course run by psychologists, lauds the therapeutic benefits of knitting. As one fan of the old-timey trend recently put it: “Grandmas were onto something.”■

Culture | The Economist reads

Six books about basketball to read after March Madness

They are all slam dunks

April 2nd 2026

AT THIS TIME of year, men and women of a sporting disposition are afflicted by a strange malady. The symptoms include distraction, sleeplessness, emotional volatility and constant talk of "bracketology". This ailment is "March Madness" and it is caused by an American college-basketball tournament. Over the course of three weeks, dozens of teams are whittled down to one champion thanks to a ruthless single-elimination knockout format. To deepen their appreciation of the game, basketball buffs should pick up one of these books—after the final on April 6th, of course.

For this book, the author embedded with the Portland Trail Blazers for the 1979-80 season. The Blazers had just won a championship, but by the season's end the team was disintegrating. Halberstam, a journalist who had covered the Vietnam war and the civil-rights movement, brought the same investigative rigour to the NBA. He uses basketball as a lens through which to examine American culture—ambition, celebrity, the price of success—and 45 years on, nothing has matched his book.

A high-school team in Coney Island becomes a last chance at escape. Mr Frey follows four players—including Stephon Marbury, a future NBA star—during their senior year, when basketball is everything because it might mean a college scholarship and a way out of poverty. The book is less about sport than about hope, inequality and the odds stacked against young black men in America. First published in 1994, it remains heartbreaking and essential.

This is a rare literary novel in which basketball drives the plot. A Washington lobbyist fills out the perfect March Madness bracket—the odds of that are one in 9.2 quintillion—and it catapults him towards a billion-dollar prize and fleeting fame. Ms Joukovsky depicts her protagonist as a modern Icarus, bringing together Greek myth and college basketball to satirise American hubris and social climbing.

Harry "Rabbit" Angstrom was once a high-school hoop star; now he sells kitchen gadgets in small-town Pennsylvania and is trapped in a failing marriage. In this novel Updike uses basketball—the grace Rabbit once possessed, his unfulfilled promise—to evoke his lost youth and his delusion that past glory might somehow return. It shows how the sport works as metaphor, as basketball provides the backdrop to Rabbit's aimless desperation.

In the 1980s the Los Angeles Lakers were the hottest team in basketball, thanks to their "run-and-gun" style of play. (Led by Kareem Abdul-Jabbar, and Magic Johnson, the team won five championships that decade.) Mr Pearlman chronicles the "Showtime" era, when the sport became glamorous and lucrative. Exhaustively reported—the author conducted almost 300 interviews—this book features courtside celebrities and tabloid drama. Mr Pearlman shows how the Lakers changed not just basketball, but American sports culture at large.

Mr Abdurraqib's meditation on basketball, LeBron James and growing up in Columbus, Ohio, in the 1990s is poetry disguised as sports writing. Its structure mimics that of a basketball game—it is divided into quarters—and it weaves together reflections on race, mortality, place and devotion. The result is lyrical and deeply personal, using basketball to explore what it means to belong. It won the National Book Critics Circle Award for criticism in 2024. ■

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Culture | Saving face

Is looksmaxxing dangerous or silly?

Anything that encourages young men to take hammers to their jaws is both

April 1st 2026

NO MATTER HOW often you are told that "looks aren't everything", it is simply true that attractive people tend to earn more, rise higher in their careers and have more choices of mate. Young women have faced pressure over their appearance for generations. But now young men are dealing with the burden, too—and as with any social problem, online influencers are peddling a handsome solution.

"Looksmaxxing", a social-media-driven trend in which young men go to absurd lengths to look more attractive, has become popular recently. That is in part thanks to Clavicular, a 20-year-old American influencer whose real name is Braden Peters. Clav, as his fans call him, shot to fame for his efforts to “ascend”, or enhance his looks; now he coaches other young men to do the same. His videos have nearly 30m likes on TikTok.

Clav leads a pack of popular looksmaxxers. In their jargon-filled videos they speak of “ascension”, “mogging” (outclassing in appearance) and “chads” (men who look the hottest). Many of them monetise male insecurities: Clav reportedly earns more than $100,000 a month from livestreaming; other influencers advertise looksmaxxing apps, which analyse users’ faces and suggest improvements.

As anyone who has brought up (or been) a teenage boy knows, a little self-care advice is no bad thing: wash your face and hair regularly; get adequate sleep and exercise; get rid of that wispy moustache. But looksmaxxers go to extremes. They claim to take peptides to smoothen skin, meth to suppress hunger and testosterone to grow muscle. Another troubling, if rare, trend is “bone smashing”. It involves hitting your face repeatedly with a hammer to change the shape of your jawline—the (erroneous) belief being that the bones will grow back stronger.

Some looksmaxxers also peddle a grim worldview. The word “looksmaxxing” was coined by “incels” (involuntary celibates) on internet forums in the 2010s. Today influencers offer a noxious mix of scientific-sounding terms ("canthal tilt", for instance, denotes the angle of the eyes) and concepts from the manosphere (such as the "red pill": being awake to the truth of the world). Many wear their prejudices proudly: viral videos often involve harassing women; a black looksmaxxer was told that to be attractive he should "just be white". Clav was arrested in Florida on March 26th on a battery charge: he is accused of instigating a fight between his girlfriend and another influencer.

Just as social media make many teenage girls feel worse about their lives, looksmaxxing seems to make many men unhappy and insecure. "Am I finally loveable?" asked one on a forum; another referred to his pre-looksmaxxing self as "subhuman". Such feelings of self-loathing inevitably affect an individual's mental health.

Obsessing over exercise and calories can lead to eating disorders. A recent study of 1,500 boys and men in America and Canada found that over 20% met the criteria for an eating-disorder diagnosis. Muscle dysmorphia (colloquially called "bigorexia") is becoming more prevalent, says Jason Nagata, a paediatrician and professor at the University of California. Its sufferers—commonly boys and men aged 15 to 32—never feel they are muscular enough, leading them to lift weights compulsively or to take steroids and other risky supplements.

Looksmaxxing is not only poisonous: it is pointless. Polling by The Economist and YouGov found that most people attracted to men were indifferent to eye and jawline shape and cheekbone definition; only 53% said that facial symmetry was important. Non-physical traits, such as kindness or a sense of humour, matter rather a lot. If looksmaxxers put as much effort into sharpening their wits as their jaws, they might be happier in dating and life. ■

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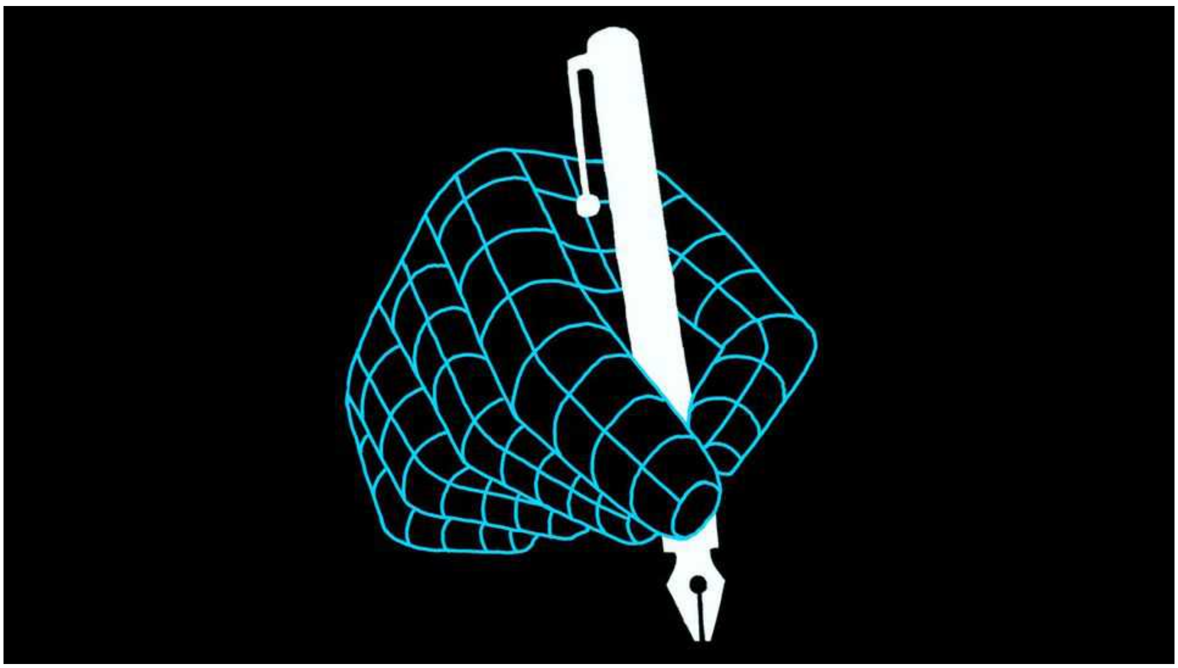
Culture | Back Story

Bots are often bad writers. But so are most humans

A furore over AI and a novel presages the future of books

April 1st 2026



Her voice is “a blade cutting through the sweetness”. His resembles “a blade slicing through the air”; his approval is like “a blade wrapped in silk”. A gaze, a pause, erotic moans: these and other phenomena are as sharp as a knife. Almost anything can be heavy (tears, words, a knock on the door) or weighty (seconds, anger, dollar bills). Far too many things bloom, including silence, gratitude and the taste of blood.

It is easy to be snooty about “Shy Girl”, a novel alleged to have been written with help from artificial intelligence, and about AI prose in general. Rest assured, this column will be. Yet human writers comforted by a sense of superiority should beware. For traditionalists, the tale of AI, fiction and the future of art may quickly become a horror story.

The narrator of "Shy Girl", itself a yucky horror yarn, is a woman forced by a kidnapper to impersonate a dog. Originally self-published, the buzzy novel was picked up by Hachette, a big publisher, and was due out in America soon; it was released in Britain in November. But after vigilante readers, some equipped with bot-busting software, detected signs of machine involvement, the book was withdrawn. (Mia Ballard, the author, denies using AI, maintaining instead that an early editor did so.)

When large language models (llms) try to write creatively, the text often comes out flat and lurid at once. It strives clunkingly for subtlety; it is portentous about trivia. As in "Shy Girl", it features excessive, repetitious and downright weird metaphors, combining words that can in theory go together, but really shouldn't. llms go in for verbless staccato sentences. With few words. Or even. One. They are hooked on adjectives and clauses in threes, as in: "I'm careless, disorganised, not worth the effort."

For some readers, these stylistic glitches are symptoms of a metaphysical problem. Because it has no tastes, feelings or experiences, a bot can never develop its own voice, they reason. For a person, to write is to choose, each word and sentence a fraught exercise of freedom. Picturing the world anew—while expressing something communal—great writing is a bridge between lives and minds. ai can't match that. It has no soul, just algorithms.

As a literary bot might put it: Well now. Up to a point. So? The trouble with romanticising human creation is that so much of it is terrible. Pit an llm's style against Vladimir Nabokov's and it comes off as wooden; compare it with an airport thriller and it seems much livelier. As for AI output being derivative, a lack of originality is often a virtue in publishing, which loves promoting debut authors as heirs to established ones, and new books as crosses between two previous hits.

The example of "Shy Girl" cuts both ways. As online reviews attest, lots of readers liked it (in fairness, there are some good bits). Though some feel hoodwinked by undeclared AI content, others are unfazed. Already some romance "novelists" openly enlist bots, inputting tropes ("enemies to lovers”, “age gap”) and dodging the grunt work. And remember, today’s llms are merely novices, and they are improving fast. Before long mainstream readers may be requesting quality fiction customised to their tastes, like naggy children demanding stories about the family cat.

Writers who sweated blood over books which, without their consent, were used to train their soulless competitors are justifiably aggrieved. Compensation for that infringement, a kind of omnivorous plagiarism, is currently being determined by class-action lawsuits. For protection in the future, some authors and publishers are banking on schemes that certify titles were written by organic human beings (though as more people use AI for more tasks, from research to editing, the categories may crumble).

Will mortal authors survive? Probably. The best. We’ll see. The startling yet perfect metaphor—like Macbeth’s “dusty death” or his “last syllable of recorded time”—may always be beyond a bot’s imagining. They may never ever produce a line as limpidly profound as “Never, never, never, never, never”, King Lear’s lament for his murdered daughter.

But as is set to be true of arts from acting to music, along with many other activities, whether a star human can beat a machine will not be the only salient question. Even if they can, will readers fork out for their premium prose, how many of them, how much—and will that sustain an old-school book industry? The moral of the “Shy Girl” palaver is not that AI writing is bad or should be banned. Rather, it has to be beaten. ■

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Culture | Artificial intelligence

Who is Demis Hassabis, the man behind Google DeepMind?

A new biography examines a crucial figure in the AI race

April 1st 2026

The “Great Man” theory of history, so long disfavoured, has had something of a renaissance under Donald Trump. It has been finding purchase in Silicon Valley, too, where the leaders of the big AI labs see themselves as performing almost godlike acts of creation.

But can a person truly direct the course of a technology’s development—or are even the greatest of them merely players in its inexorable progress? That question underlies Sebastian Mallaby’s “The Infinity Machine”, a biography of Demis Hassabis (pictured), the co-founder of Google DeepMind. (A journalist at The Economist in the 1980s-90s, Mr Mallaby is the husband of the current editor-in-chief.)

If OpenAI's Sam Altman is the wily dealmaker, Anthropic's Dario Amodei is the ethically conflicted innovator and xAI's Elon Musk is, well, Elon Musk, then Mr Hassabis, in Mr Mallaby's account, is the selfless visionary genius. He is "decent and public-spirited and wants the best for humanity". His life's mission of developing artificial general intelligence (AGI), though it "borders on the messianic", is a quest not for power or money but for knowledge—a machine capable of solving all of science, to the benefit of humankind.

Mr Mallaby acknowledges that this saintly depiction may be "difficult to swallow". Still, unlike Greg Kohs's hagiographic film "The Thinking Game" (2024), this is a sincere attempt to discern whether one man's ethical principles can survive contact with the cut-throat commercial imperatives of the AI race.

AGI was a slippery term even when Mr Hassabis founded DeepMind in 2010 with Shane Legg and Mustafa Suleyman. (Mr Suleyman is a board member of The Economist's parent company.) Mr Legg—who helped popularise the term but did not coin it, as the book claims—resisted the notion that "general" intelligence must mean "humanlike". He argued that an AI that mimicked a human, as per the famous Turing test, would be suspect. A general intelligence was simply one that could solve a wide array of problems, however alien its inner workings. However, Mr Hassabis, with his neuroscience PhD, thought the human mind must at least serve as a guide.

But they agreed on the basic plan: DeepMind would make AI that could teach itself to play games. The premise was simple. Gameplay requires problem-solving; so does science; so the more games an AI can learn to play, the more general its intelligence becomes and the more capable it is of tackling other problems. The "teach itself" bit was crucial: AI that depended on human instruction would never be able to surpass human ingenuity. The machines had to devise their own strategies by trial and error, a technique known as reinforcement learning.

This approach took DeepMind from the simple arcade game Pong to the fiendishly difficult Go, in which its victory over the world's top-ranked player thrust the company into the global spotlight. The firm applied a similar method to solving protein folding, one of the hardest problems in biology, which unlocked a universe of potential drugs and earned Mr Hassabis and a colleague a Nobel prize in chemistry in 2024.

But DeepMind's success with reinforcement learning almost proved to be its undoing. In 2017 its rival, OpenAI, bet on a different kind of model called transformers. Rather than teaching themselves to solve problems, transformers learned to predict answers to questions by training on vast corpora of human-generated text. In effect, they were "parroting" human knowledge rather than generating their own solutions—a fact that led many experts, including Mr Hassabis, to dismiss them at first. But it also meant they were much more "general": they could produce answers—albeit often wrong ones—to absolutely any question.

OpenAI had another advantage: a much more mercantile mindset. True to Mr Hassabis's scientific ambitions, DeepMind had never released a commercial product. So when OpenAI put out ChatGPT in 2022, Google, which had acquired DeepMind in 2014—and where, ironically, the transformer had been invented—was left flailing.

Coincidentally, that was when Mr Mallaby approached Mr Hassabis about writing a book. With unprecedented access, Mr Mallaby had a front-row seat to DeepMind's struggles to pivot from being a research lab and its efforts to build Gemini, Google's rival to ChatGPT.

What results is a rich and clearly written account of the differing philosophies, personalities and business models in AI over the past couple of decades, albeit recounted mostly from DeepMind's perspective. Mr Altman appears somewhat fleetingly as a shadowy, scheming figure; Mr Amodei, who is no less outspoken or thoughtful than Mr Hassabis on AI risks, rates just a few passing mentions.

Yet Mr Hassabis gets off a little too lightly. His own justification for his pivot to commercial AI models—"I've satiated that scientific desire for the moment…I've always been fine either way"—rings hollow, given the existential urgency with which he previously talked of solving AGI, yet it goes unchallenged. There is also little attempt to question his and the wider industry's assumptions about what AGI means, how close it is and what it might (or might not) be capable of. At times there is an awestruck, even fawning, tone that can indeed be difficult to swallow.

And by depicting Mr Hassabis as the intellectual giant he unquestionably is, “The Infinity Machine” only serves to highlight how puny even giants are in the face of a technological juggernaut. At one point, Geoffrey Hinton, an AI pioneer and a rival of Mr Hassabis, contemplates the fact that no matter a scientist’s ethical qualms, “the prospect of discovery is too sweet” to stop them pursuing potentially catastrophic research. This being so, Mr Mallaby seems to imply, you at least want someone like Mr Hassabis making the discoveries. Maybe. But given the forces at play, it may seem like small comfort. ■

Gideon Lichfield. We identify the reviewers of books connected to The Economist or its staff. Mr Lichfield is a former writer for The Economist and the former editor-in-chief of MIT Technology Review and Wired.

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Economic & financial indicators

- Economic data, commodities and markets

Economic data, commodities and markets

April 1st 2026

Economic data
1 of 2

	Gross domestic product % change on year ago: latest		quarter*	2026†	Consumer prices % change on year ago: latest		2026†	Unemployment rate %	
United States	2.0	Q4	0.7	2.5	2.4	Feb	3.2	4.4	Feb
China	4.5	Q4	4.9	4.6	1.3	Feb	1.2	5.3	Feb‡§
Japan	0.4	Q4	1.3	0.6	1.3	Feb	2.0	2.6	Feb
Britain	1.0	Q4	0.2	1.0	3.0	Feb	2.8	5.2	Dec††
Canada	0.7	Q4	-0.6	1.4	1.8	Feb	2.5	6.7	Feb
Euro area	1.2	Q4	0.8	1.2	2.5	Mar	2.2	6.1	Jan
Austria	0.6	Q4	0.1‡	0.8	3.1	Mar	2.6	5.6	Jan
Belgium	1.0	Q4	0.4	1.0	2.0	Mar	2.8	6.4	Jan
France	1.2	Q4	0.9	0.9	1.9	Mar	1.8	7.7	Jan
Germany	0.4	Q4	1.2	1.0	2.8	Mar	2.6	4.0	Jan
Greece	2.5	Q4	3.2	2.1	3.1	Feb	2.7	7.7	Jan
Italy	0.8	Q4	1.0	0.7	1.5	Mar	1.9	5.1	Jan
Netherlands	1.8	Q4	2.2	1.2	2.6	Mar	2.9	4.1	Feb
Spain	2.7	Q4	3.3	2.1	3.3	Mar	2.4	9.8	Jan
Czech Republic	2.5	Q4	2.9	2.2	1.4	Feb	2.4	3.0	Q4‡
Denmark	3.3	Q4	1.0	1.8	0.7	Feb	2.0	3.1	Feb
Norway	2.2	Q4	-1.3	1.5	2.7	Feb	2.9	4.6	Jan‡‡
Poland	4.0	Q4	4.1	3.6	3.0	Mar	3.0	6.1	Feb§
Russia	0.6	Q3	0.4	1.5	5.9	Feb	5.7	2.2	Jan§
Sweden	2.0	Q4	2.0	2.3	0.5	Feb	1.7	8.8	Feb§
Switzerland	0.7	Q4	0.6	1.0	0.1	Feb	0.6	3.0	Feb
Turkey	3.4	Q4	1.5	2.9	31.5	Feb	30.1	9.0	Feb§
Australia	2.6	Q4	3.2	2.1	3.7	Feb	3.7	4.3	Feb
Hong Kong	3.8	Q4	4.0	3.2	1.7	Feb	2.0	3.8	Feb‡‡
India	7.8	Q4	7.1	7.2	3.2	Feb	4.5	6.7	Feb
Indonesia	5.4	Q4	6.7	5.2	4.8	Feb	3.1	4.9	Aug§
Malaysia	6.3	Q4	3.8	4.8	1.4	Feb	2.2	2.9	Jan§
Pakistan	3.7	2025**	na	3.5	7.0	Feb	5.0	6.9	2025
Philippines	3.0	Q4	2.4	4.3	2.4	Feb	3.2	5.8	Q1§
Singapore	6.9	Q4	8.7	2.7	1.2	Feb	2.1	2.0	Q4
South Korea	1.6	Q4	-0.6	2.1	2.0	Feb	2.1	3.4	Feb§
Taiwan	12.7	Q4	23.6	7.5	1.8	Feb	1.9	3.3	Feb
Thailand	2.5	Q4	7.8	2.0	-0.9	Feb	0.9	0.9	Feb§
Argentina	2.1	Q4	2.5	3.4	33.1	Feb	29.9	7.5	Q4§
Brazil	1.8	Q4	0.6	1.8	3.8	Feb	4.0	5.8	Feb§‡‡
Chile	1.6	Q4	2.3	2.2	2.4	Feb	3.1	8.3	Feb§‡‡
Colombia	2.2	Q4	0.5	2.7	5.3	Feb	5.5	9.2	Feb§
Mexico	1.8	Q4	3.5	1.5	4.0	Feb	3.8	2.7	Feb
Peru	3.2	Q4	-0.6	2.6	2.2	Feb	2.5	5.6	Feb§
Egypt	5.3	Q3	39.4	4.5	13.4	Feb	13.5	6.2	Q4§
Israel	3.5	Q4	4.2	3.4	2.0	Feb	2.1	2.7	Feb
Saudi Arabia	4.5	2025	na	-0.9	1.7	Feb	2.5	3.5	Q4
South Africa	0.8	Q4	1.5	1.7	2.9	Feb	3.8	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
2 of 2

	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 $ Mar 31st	% change on year ago
United States	-3.5	-6.5	4.3	7.0	-	
China	3.3	-5.7	1.5§§	-14.0	6.91	5.1
Japan	3.7	-1.6	2.4	82.0	160	-6.2
Britain	-4.1	-5.0	4.9	14.0	0.76	1.3
Canada	-0.7	-2.2	3.5	49.0	1.39	2.9
Euro area	2.4	-3.3	3.0	24.0	0.87	5.7
Austria	0.6	-4.3	3.3	15.0	0.87	5.7
Belgium	-3.0	-4.6	3.6	37.0	0.87	5.7
France	-0.3	-5.2	3.7	21.0	0.87	5.7
Germany	4.6	-3.8	3.0	24.0	0.87	5.7
Greece	-5.1	nil	3.8	23.0	0.87	5.7
Italy	1.4	-2.9	3.8	-3.0	0.87	5.7
Netherlands	11.4	-2.1	3.1	9.0	0.87	5.7
Spain	2.3	-2.6	3.6	19.0	0.87	5.7
Czech Republic	0.5	-2.7	4.9	64.0	21.4	7.6
Denmark	12.4	1.2	2.8	32.0	6.52	5.7
Norway	11.8	8.9	4.4	33.0	9.75	7.5
Poland	-0.9	-6.6	5.9	17.0	3.74	3.2
Russia	2.7	-2.6	14.5	-81.0	81.3	2.9
Sweden	4.3	-2.0	2.9	18.0	9.55	4.8
Switzerland	1.9	0.2	0.4	-11.0	0.80	10.0
Turkey	-3.1	-3.6	31.1	-11.0	44.4	-14.5
Australia	-1.6	-1.6	5.0	51.0	1.46	8.9
Hong Kong	10.7	-3.4	2.9	-55.0	7.84	-0.8
India	-1.3	-4.3	7.0	46.0	94.3	-9.3
Indonesia	-0.2	-3.4	6.8	-13.0	16,994	-2.3
Malaysia	2.6	-3.6	3.6	-16.0	4.01	10.5
Pakistan	-0.8	-4.4	12.7†††	44.0	279	0.4
Philippines	-3.7	-5.9	7.0	80.0	60.7	-5.5
Singapore	17.2	0.8	2.3	-40.0	1.29	3.9
South Korea	4.4	-2.9	3.9	111	1,518	-3.1
Taiwan	25.8	0.8	1.5	-7.0	32.1	3.6
Thailand	2.6	-4.7	2.2	12.0	32.8	3.4
Argentina	-1.6	0.4	na	na	1,398	-23.4
Brazil	-2.8	-7.1	14.3	-79.0	5.27	9.5
Chile	-2.1	-1.7	5.7	-20.0	931	2.1
Colombia	-2.6	-6.5	12.8	75.0	3,670	14.2
Mexico	-0.5	-3.8	9.3	-11.0	18.1	12.4
Peru	2.0	-2.4	6.6	-11.0	3.49	4.6
Egypt	-4.5	-7.5	25.5	118	54.5	-7.1
Israel	2.3	-4.9	4.1	-39.0	3.17	16.4
Saudi Arabia	-2.7	-5.3	na	na	3.75	nil
South Africa	-0.5	-4.2	9.2	-144	17.2	7.4

Source: Haver Analytics §§5-year yield †††Dollar-denominated bonds

Markets

In local currency	Index Mar 31st	% change on: one week	Dec 31st 2025
United States S&P 500	6,528.5	-1.0	-4.6
United States NAS Comp	21,590.6	-1.5	-7.1
China Shanghai Comp	3,891.9	-1.0	-1.9
China Shenzhen Comp	2,535.4	-1.9	0.2
Japan Nikkei 225	51,063.7	-5.0	1.4
Japan Topix	3,497.9	-4.2	2.6
Britain FTSE 100	10,176.5	0.7	2.5
Canada S&P TSX	32,768.0	1.2	3.3
Euro area EURO STOXX 50	5,569.7	-1.4	-3.8
France CAC 40	7,816.9	-0.4	-4.1
Germany DAX*	22,680.0	-1.2	-7.4
Italy FTSE/MIB	44,309.7	0.7	-1.4
Netherlands AEX	959.8	-2.4	0.9
Spain IBEX 35	17,049.6	-0.7	-1.5
Poland WIG	122,458.6	1.0	4.5
Russia RTS, $ terms	1,076.4	-2.9	-2.9
Switzerland SMI	12,776.8	0.5	-3.7
Turkey BIST	12,791.0	-1.3	13.6
Australia All Ord.	8,683.9	-0.7	-3.7
Hong Kong Hang Seng	24,788.1	-2.2	-3.3
India BSE	71,947.6	-4.4	-15.6
Indonesia IDX	7,048.2	-3.5	-18.5
Malaysia KLSE	1,690.4	-1.5	0.6
Pakistan KSE	148,743.3	-6.0	-14.5
Singapore STI	4,885.5	-0.4	5.1
South Korea KOSPI	5,052.5	-10.5	19.9
Taiwan TWI	31,723.0	-5.1	9.5
Thailand SET	1,448.1	-0.7	15.0
Argentina MERV	2,997,780.3	6.9	-1.8
Brazil BVSP*	187,461.8	1.1	16.3
Mexico IPC	68,610.7	0.6	6.7
Egypt EGX 30	45,321.6	-4.6	8.3
Israel TA-125	4,016.8	-4.5	9.6
Saudi Arabia Tadawul	11,249.5	1.5	7.2
South Africa JSE AS	114,067.6	-0.2	-1.5
World, dev'd MSCI	4,163.8	-3.4	-6.0
Emerging markets MSCI	1,412.2	-4.1	0.6

US corporate bonds, spread over Treasuries

Basis points	latest	Dec 31st 2025
Investment grade	104	93
High-yield	400	354

Sources: LSEG Workspace; Moscow Exchange; Standard & Poor's Global Fixed Income Research *Total return index

Commodities

The Economist commodity-price index

2020=100	Mar 24th	Mar 31st*	% change on month	% change on year
Dollar Index				
All items	147.3	148.0	1.6	7.6
Food	145.0	143.0	3.2	-6.2
Industrials				
All	149.2	152.1	0.3	21.6
Non-food agriculturals	141.7	143.9	4.9	4.7
Metals	151.1	154.2	-0.8	26.5
Sterling Index				
All items	141.5	144.1	2.4	5.4
Euro Index				
All items	145.4	147.5	2.5	1.5
Gold				
$ per oz	4,414.5	4,533.3	-11.3	44.8
Brent				
$ per barrel	103.5	112.9	38.6	50.4

Sources: CME Group; LME; LSEG Workspace; NOREXECO; NZ Wool Services; S&P Global Commodity Insights; Thompson Lloyd & Ewart; USDA *Provisional

Obituary

- Michel Rolland was the world’s first flying winemaker

Obituary | The vine whisperer

Michel Rolland was the world's first flying winemaker

The controversial oenologist died on March 20th, aged 78

April 1st 2026

WINE is a simple product: yeast converts the sugar in grape juice into alcohol and carbon dioxide through fermentation. People have been making it—or, for much of human history, allowing it to be made by stepping back and letting nature and wild yeasts take their course—for more than 8,000 years. After the flood, Noah planted a vineyard (and then "drank of the wine and became drunk and lay uncovered"). Jesus's first miracle was turning water into wine. Nearly a millennium ago Omar Khayyam, a Persian mathematician, astronomer and poet, asserted that "Wilderness would be paradise" with just "a jug of wine, a loaf of bread and Thou / Beside me singing".

And yet most of it—probably most of the wine ever drunk for most of human history—was probably not very good. Nature takes a long time to turn juice into wine; sometimes what it made was delicious, but sometimes it was undrinkable, or at best generously called “complex”. Even after Louis Pasteur proved that yeasts turned glucose into ethanol, and winemakers identified an optimal strain (Saccharomyces cerevisiae), climatic conditions, storage, soil quality and a thousand other variables all made the final product equally variable.

Some consider this part of wine’s romance. It is, after all, a living thing, as people are. And like people, it starts out immature and uninteresting, but gradually grows into itself. It encompasses countless variations in upbringing, care and temperament that produce wildly different results, not all of which are to everyone’s taste. People develop their own preferences, in wines just as in friends or mates.

Michel Rolland had little patience for such starry-eyed babble. Wine is an agricultural product made by human hands, and like anything else people make, it could be improved. Which is not to say that he scorned the romance and lineage of wine—especially French wine. He was, after all, born into a family of vintners in Pomerol, on Bordeaux’s right bank. His grandparents founded Château Le Bon Pasteur, which still produces velvety, elegant reds, and he spent his school holidays riding the tractor and helping with the harvest: “There was no question of doing anything else,” he once said.

But he left the vineyards first for university, where he studied oenology, and then for a laboratory that he joined with his wife in Libourne, on the banks of the Dordogne, to chemically analyse wines. This was in the mid-1970s, in the midst of a bad stretch for Bordeaux. Poor weather led to a series of bad vintages; rumours of adulterated wine had crippled sales; and financial pressures left many chateaux strapped for cash. Vintners, by and large, made wines the way their parents and grandparents did, relying on intuition and tradition.

Mr Rolland started consulting for local wineries, advising them on how to produce better products based on his observations in the lab. He stressed the importance of waiting to pick grapes until they were fully ripe, avoiding the lean, thin flavours that once defined Bordeaux, and reminding vintners that winemaking starts in the field, not the cellar.

Burly and bearded, with a ready laugh and a renowned gift for blending grapes, he also started visiting California just as Napa and Sonoma valleys were coming into their own, and the newly flush baby-boom generation began taking a serious interest in wines. Robert Parker, a critic who ranked wines on a 100-point scale and who, like Mr Rolland, became equally renowned and reviled, began his career at around the same time (the two were born just months apart), and the confluence of their tastes changed the wine industry.

They both liked ripe, plush and fruit-forward red, high in alcohol and low in acidity, with heavy notes of sweetness and roundness from new oak barrels used for ageing. Mr Parker rated such wines favourably, which boosted sales, and Mr Rolland helped vintners produce them. Mr Rolland, who consulted for vintners as far afield as India, South Africa and Israel, insisted that he did not impose a style; he simply helped ambitious vintners understand what their terroir could produce. His critics did not let him off so easily. “Mondovino”, a muckraking documentary about wine and globalisation released in 2004, showed him being chauffeured, barking into a mobile phone (before they were ubiquitous) and calling himself winkingly, in English, a “flying winemaker”.

Small-scale winemakers talked reverently about (and sometimes to) their vines, and discussed the wines they produce as a religious experience and a communion with their earth and climate, and deriding contemporary Bordeaux because it “worships only money”. Mr Rolland, meanwhile, derided the “peasants, bumpkins [and] hicks” standing in the way of progress. He told a chateau owner to “micro-oxygenate” her wines. Asked if she understands what micro-oxygenation means, Mr Rolland answered: “No, but she doesn’t give a damn. If she understood everything she wouldn’t need me. If I say micro-oxygenate, she micro-oxygenates. If it doesn’t work, she fires me.”

Mr Rolland said the film was good for business. After all, it showed him as he was: decisive and thoughtful, with a ready laugh, and above all, successful. Vintners took his advice because it worked. People liked, and bought, the wines he helped create. Nostalgia was a mug's game: in a late-career interview with the New York Times, he recalled that when he first started going to Napa, you could taste all the good wine produced in the county "in an hour". Now, he "couldn't taste all the good wines in a week".

Some may complain that too many wines taste too similar, but if that's what the market wants, that is what vintners will make. "Wine is done for what? The public! Wine is a business. They want to make wine to sell wine." ■


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