The Economist

The AI supply crunch

Autocracy-proofing France

How Kevin Warsh could save the Fed

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STILL IN LA LA LAND

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May 2nd 2026

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The world this week

Politics

April 30th 2026

The United Arab Emirates said it was leaving OPEC after nearly 60 years as a member. The UAE has long resented the quotas on output that the oil cartel imposes to keep prices stable, and preferably high, and has regularly broken them. However, the Emirates is unlikely to be able to ramp up production or exports in the short term. The decision highlights a deepening rift with Saudi Arabia, OPEC's biggest exporter. It also underscores the tensions among Gulf countries that have intensified as a result of the Iran war.

Diplomatic efforts stalled between Iran and America to find a deal to end their conflict. Donald Trump cancelled a trip by his peripatetic envoys, Steve Witkoff and Jared Kushner, to Islamabad for more talks. Iran put forward a new proposal to end the conflict and reopen the Strait of Hormuz, which would leave negotiations over the country's nuclear programme to a later date. America rejected the idea. America and Iran maintained their blockades of the strait. In a social-media post Mr Trump said that Iran “better get smart soon”.

Mali’s defence minister was killed in an apparent suicide-attack, as militants from JNIM, the Sahel’s dominant jihadist network, and ethnic Tuareg separatists staged co-ordinated assaults on military targets across the country. The attacks weakened the grip of the military junta that has ruled Mali since a coup in 2021, and raised doubts about the capability of the Russian mercenaries it has hired for protection.

A commission appointed by Tanzania’s president concluded that over 500 people were killed in violence around the election last October. It blamed the deaths on “trained agitators” supported by “outside forces”. Human-rights groups and the opposition reckon the real number is far higher and that most victims were killed by security forces.

Romania’s Social Democrats decided to team up with the Alliance for the Union of Romanians to try to bring down the government with a motion of no confidence. The Social Democrats recently pulled out of the centrist governing coalition led by Ilie Bolojan, the prime minister, claiming his austerity measures had gone too far. The party’s alliance with the hard-right AUR has raised eyebrows in Europe. The AUR is Eurosceptic, and wants to enlarge Romania by creating a union with Moldova.

In Britain a bill to legalise assisted dying failed to pass Parliament after it was obstructed in the House of Lords and ran out of time. More than 1,200 amendments were added in the Lords, 800 of which were introduced by just seven members of the chamber who opposed the legislation. Supporters of the act intend to re-introduce the bill in the House of Commons, which the Lords will not be able to block for a second time.

Two Jewish men were stabbed and wounded in Golders Green, a London neighbourhood where around half the residents identify as Jewish. The assailant was arrested. It was the most serious episode in a recent spate of antisemitic attacks in the capital. The police are treating it as a terrorist incident. Shortly before the stabbings a memorial wall in Golders Green was set ablaze.

Claudia Sheinbaum, Mexico's president, told the American government that her country's "constitution and national security law" must be respected in any co-ordinated security operation. Two Americans, who reportedly worked for the CIA, died in a car crash recently following an anti-drugs raid in Chihuahua. Mexico's federal government hadn't known about their operation. Meanwhile, America's Justice Department charged the governor of Sinaloa state and nine current and former Mexican officials with conspiring with the Sinaloa gang to import drugs.

In Brazil the Senate rejected the nomination of a judge to sit on the Supreme Court. It was a stinging defeat for Luiz Inácio Lula da Silva, who is the first president in over a century to have his nominee to the court blocked.

A bomb on the Pan-American Highway in southern Colombia killed at least 20 people, the worst attack on civilians in decades. The leftist government offered a record reward for the leader of a dissident group of former FARC rebels suspected of being behind the bombing. The incident thrusts the issue of security into the presidential election, the first round of which is on May 31st.

The Argentine government said it would like to initiate negotiations with Britain over the Falkland Islands. This came after a leaked memo from the Pentagon suggested that America was preparing to drop its support for Britain's sovereignty of the islands in retaliation for not supporting the Iran war. The British government reiterated that sovereignty was a matter for Britain, and the "islands' right to self-determination is paramount".

Mark Carney announced the creation of Canada's first sovereign-wealth fund. The prime minister said money from the fund would be invested in infrastructure such as pipelines and nuclear projects, though at C$25bn ($18bn) it will be tiny compared with similar entities in the Middle East and Norway, which has the world's largest sovereign-wealth fund worth $2trn.

A 31-year-old man was charged with trying to assassinate Donald Trump, the third attempt on his life within two years. The gunman rushed past security at the annual White House Correspondents' Association dinner that is attended by senior politicians and the media elite. The suspect travelled from his home in Los Angeles via Chicago and checked into the same hotel in Washington that was hosting the dinner, reportedly concealing two guns and knives.

The state visit of King Charles to America went ahead, despite concerns over security after the assassination attempt. The king's trip came amid Mr Trump's annoyance at Britain's lack of support for the Iran war, but the president spoke warmly of America's ally, saying that "Americans have had no closer friends than the British".

The Supreme Court struck down Louisiana's new congressional-district boundaries, which were designed to create another black-majority seat. The court said this was racial gerrymandering, but it upheld the broader constitutionality of the Voting Rights Act, legislation that protects minority-voting rights. The court's liberal justices dissented, arguing that the ruling would "eviscerate" the spirit of the act. Meanwhile, Florida's legislature approved a new district map that could give the Republicans four more seats in the congressional midterms.

The uneasy truce between Afghanistan and Pakistan seemed to be in jeopardy, after the Taliban government in Kabul accused Pakistan of attacking a university in the border province of Kunar. Pakistan denied it had targeted a university, describing the claim as fake news. It is the first allegation from either side of breaking the truce since China hosted talks in early April.

Sabastian Sawe of Kenya became the first person to run a marathon under two hours in race conditions. Mr Sawe's finishing time at the London Marathon was 1:59:30. Eliud Kipchoge was the first person to run under two hours with a time of 1:59:40, but the event in 2019 was specifically tailored for him to achieve that aim. The winning time at the first modern marathon in 1896 was 2:58:50, and that was over 25 miles, not 26.

The world this week

Business

April 30th 2026

The Federal Reserve kept interest rates on hold, pointing to the possibility of higher inflation from surging energy costs. It was Jerome Powell's last meeting as chairman; the Senate Banking Committee approved the appointment of Kevin Warsh as his replacement shortly before the end of the Fed's meeting. Mr Powell will remain at the central bank as a governor. In his final press conference he warned of the threat from Donald Trump's "legal assaults" to the independence of the Fed. The Justice Department has announced that it is dropping its investigation into Mr Powell, though one official has suggested the case could be reopened.

The American economy grew by 2% in the first quarter at an annualised rate. That was slightly below market expectations, but better than the 0.5% increase in GDP recorded in the fourth quarter of 2025.

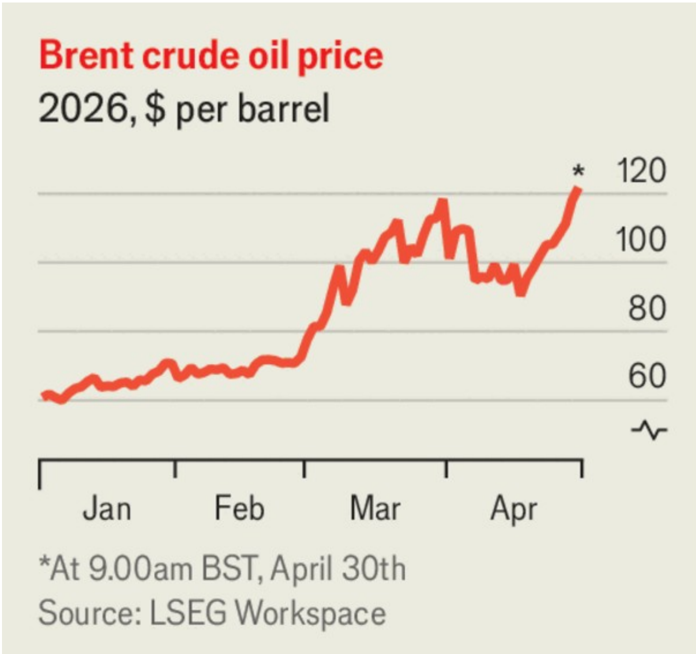
The Bank of Japan also met and made no change to interest rates, though three of the board's nine members voted for an increase. Ueda Kazuo, the governor, said the bank was still pondering the implications for inflation from the Middle East conflict. Markets think it will lift rates in June.

The European Central Bank and Bank of England followed suit and left their benchmark rates unchanged. The euro zone's annual inflation rate jumped sharply in April to 3%. The British bank noted that consumer-price inflation in the United Kingdom had increased to 3.3%, would probably be higher later in the year as the effects of higher energy prices pass through, and that there was a "risk of material second-round effects in price and wage-setting".

Alphabet's revenue from Google Cloud rose by 63% in the latest quarter, year on year. Investors were also delighted by earnings reports from Amazon and Microsoft. But Meta's results struck a sour note when it signalled a much larger rise in spending on AI than markets had expected. Meta is planning to slash 10% of its workforce in order to run the company "more efficiently" with AI.

China took Meta by surprise by ordering the company to unwind its takeover of Manus, a developer of AI agents. Manus was founded in China and has moved its base to Singapore, but China says it will not allow foreign investment in the firm. Meta is already busily integrating Manus software into its platforms.

Kone agreed to buy TK Elevator for €29.4bn ($34.4bn) in a deal that will create the world's largest maker of lifts, if it passes antitrust scrutiny. The combination of the Finnish and German companies is one of Europe's biggest takeovers in years.



Oil prices climbed again as markets worried that the Strait of Hormuz might not reopen soon. Brent crude reached $125 a barrel before paring back. Meanwhile, big oil companies began reporting their earnings from the first quarter, which includes the start of the war. BP's headline profit of $3.2bn was its best in a quarter for three years. Meg O'Neill, BP's new boss, warned governments not to impose new windfall taxes on oil profits, which would deter future investment. TotalEnergies' net profit rose by 29%, year on year, to $5.4bn.

Investors cheered Intel's latest earnings. Although the chipmaker reported a quarterly loss because of spending on restructuring, revenue from its data-centre business was up by 22%, year on year, and the company's forecast for the current quarter beat expectations. Intel's stock surged; it is up by 140% since the start of the year. That sparked a rally in the shares of other chipmakers. Samsung's operating profit for the quarter was more than it made in all of 2025.

Rising stocks of Asian chipmakers helped propel the MSCI Emerging Market index, which is made up of the shares of large companies in 24 developing economies, to a record high. The index has bounced back from a sharp fall at the start of the Iran war. Three chipmakers—Samsung, SK Hynix and TSMC—account for nearly half its gains.

Elon Musk appeared in court to argue his case that OpenAI has broken a commitment to remain a charity by setting up a for-profit arm. Mr Musk helped found OpenAI and says it is “not OK to steal a charity”. OpenAI claims no records exist of promises made about its future and that Mr Musk now competes with his own AI service, xAI. If Mr Musk wins the trial OpenAI may have to undo its restructuring.

The Pentagon has turned to Google’s Gemini AI for help in classified work. The contract says the Pentagon will use Gemini for “any lawful government purpose”, and includes a clause suggesting it won’t be used for mass surveillance or autonomous weapons without human control. Around 600 employees at Google signed a letter asking the company not to allow the technology to be used on classified workloads. The management responded by saying it was proud to work with the armed forces.

Japan Airlines announced that it will use humanoid robots for baggage-handling at Tokyo’s Haneda airport. Due to an ageing workforce, the company said there were not enough human baggage-handlers. The robots will perform some strenuous tasks, it said, but humans will still be around to oversee safety. Other airports are also experimenting with new technologies. Gatwick has been trying out autonomous wheelchairs to cart infirm passengers around.

The world this week

The weekly cartoon

April 30th 2026

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

[Pomp and pageantry won't save Britain's alliance with America]

[Britain rethinks its "special relationship" with America]

[Blighty newsletter: The king's speech]

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

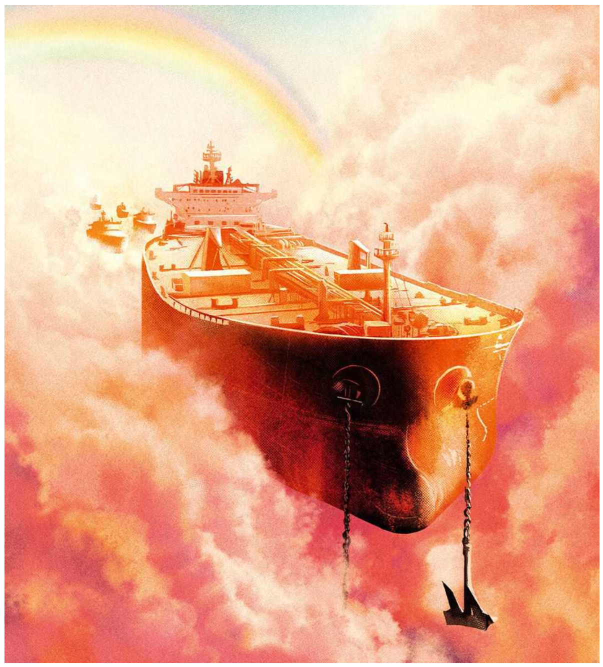
Leaders

Leaders | Crunchtime in commodities

Oil markets are still in La La land

Prices have risen sharply. Unfortunately, they still have further to go

April 30th 2026



SoMEONE WAS sniffing the butane. Energy experts have long warned that the war in Iran was causing the biggest oil-supply shock in history. The closure of the Strait of Hormuz shut in 14m barrels a day of oil. To destroy that much demand, they said, the price of Brent crude should be more than double its pre-war level, at well over $150 a barrel. But oil traders were in a stupor. As recently as April 17th prices were below $90 a barrel. Over the past week, on talk of renewed fighting, they have been waking up. On April 30th prices spiked above $125.

Unfortunately, as bad as things are, the disconnect with reality endures. Not only may spot prices have further to climb, but the oil-futures market, in which speculators bet on where the oil price is going, says prices will fall every month for the rest of the year, ending 2026 at about $88. That implies most of this shock will soon be reversed. If so, traders must believe three things are true: that America and Iran will soon strike a peace deal; that their agreement will reopen Hormuz; and that, soon after the strait is clear, petrol and jet fuel will once again be plentiful. All those are in doubt.

One thing everybody should be able to agree on is that for the strait to stay shut would be a disaster. At the start of the war, lots of oil was in stocks or tankers at sea. But the ships that passed through Hormuz before the conflict had all docked by April 20th. Oil stocks will soon be at their lowest since satellite tracking began in 2018. Volumes of petrol, diesel and jet fuel at sea are already so low that gaps in supply will be inevitable. And in America petrol demand is about to surge, as the summer tempts people to get in their cars and drive.

Everybody should also acknowledge the stakes. Asia's petrochemical industry has already idled capacity. Since the war prices of diesel and jet fuel have doubled in Asia and more than doubled in Europe. Unlike stockmarkets, where bubbles can be sustained by animal spirits alone, the price of oil is tethered to the economy at petrol pumps, docks and airports. If supply falls short of demand, prices must rise to bring about balance. There are already reports of barrels of diesel selling for $600. Good cheer cannot supplant reality.

The case for optimism is obvious. Donald Trump's wild posting signals not just that he is rudderless, but also that he will step in whenever oil prices rise too high. Iran's economy is broken: it urgently needs cash, which means it, too, will want a deal. If an impasse brings ruin to both sides, it will end.

The Economist is loth to second-guess those who have the facts to hand and billions of dollars at stake. However, markets have a poor record of pricing geopolitical risk. And with oil, they struggle to assess the complexities of the physical trade.

Even if a deal is in both countries' interest, it could be hard to nail down. Each side may be underestimating the other. Mr Trump seems to think he holds all the cards. But Iran has endured long disruptions to its oil exports before, at the onset of Mr Trump's "maximum pressure" sanctions campaign in 2018. Iran is not a democracy and the regime can survive while its people suffer. It has an incentive to hold out in the hope of a good offer for as long as it can. Mr Trump can resume the bombing, but that is as likely to delay a deal as catalyse one.

Likewise, with midterm elections looming in America, Iran's leaders may think that Mr Trump cannot tolerate a high oil price. Yet Mr Trump is selfish. He may try to constrain price rises at home by limiting exports of refined products. The midterms are already lost, in the House at least, he may think. He is surely less bothered about the careers of Republican politicians than his own humiliation if he strikes a nuclear deal with Iran that looks worse than Barack Obama's in 2015. His latest signal to Iran is that he is hunkering down for a long blockade.

Even if a deal is struck, the strait may not completely re-open. For one thing, the fearsome details of a nuclear pact will take months to negotiate. Now that Iran has discovered that it has leverage, it may be tempted to apply pressure with threats to close the strait again. And threats can lead to attacks. Perhaps Mr Trump will put the eradication of the nuclear programme before the complete re-opening of the strait—after all, America is an energy exporter. Supposing that America agreed to let Iran treat Hormuz as a tollgate, what then?

And even if the strait is open in principle, getting fuel into fuel tanks in practice will remain vulnerable to many unknowable delays. You can expect a rush of oil as waiting tankers escape fully laden into the Indian Ocean. But for empty tankers to return to the Persian Gulf will be more complicated. Many will have taken up bookings on other routes. The strait will need demining, which could take months. Insurance rates could be prohibitive, so governments may need to organise a scheme to cover extreme risks. Shutting down production could have damaged oil wells. Restoring output will also take time. Partially mothballed refineries won't immediately return to full capacity.

The world is only starting to get to grips with what may lie ahead. Central banks may soon face the second inflationary shock of the decade, after the covid-19 pandemic. In Asia many governments have already taken drastic measures, such as shortening the working week. Europe's governments will also have to change gear. So far they have focused on supporting consumer demand. They may have to deal with demand destruction—and, given the possibility of shortages of diesel and jet fuel, plan to protect food-delivery and vital services.

Bullish investors could be in for a nasty shock, too. The recovery from covid, Europe's adaptation to the loss of most Russian gas and Mr Trump's moderation of his tariffs have all led traders to trust that things always work themselves out. Amid strong corporate profits in America it may seem as if the world economy can bear any shock—and that Mr Trump will obviously back down before a catastrophe. The pain of a scenario that oil analysts have feared for decades is approaching. It will not be pretty. Get ready. ■

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Leaders | The bright bit of Britain

How to capitalise on London's thriving financial industry

The City has bounced back despite fears over Brexit

April 30th 2026

BRITAIN's ECONOMY does not inspire much optimism these days. Inflation is high and rising; so are debts. Growth is not. The Iran war is making everything worse. Sir Keir Starmer's government is paralysed despite its huge majority, adding to the gloom.

This makes it all the more remarkable that, outside America, the City of London still shines as the financial capital of the world. As we report this week, if you want to sell a billion euros for zloty, or make a complicated bet on Japanese interest rates, there is a good chance you will call a trading desk in London. The same is true if you are insuring an oil tanker or a footballer's metatarsals. Foreign banks hold more assets there than anywhere else on Earth. London once again rivals New York in indicators of global financial centres' competitiveness, and it remains top in seven of 12 areas of international finance measured by one specialised think-tank.

Now London has a chance to grow further, capitalising on its attractive value and newfound vibe. JPMorgan Chase, America's biggest bank, is designing new, bigger European headquarters in Canary Wharf; Citigroup, a smaller rival, is spending $1.5bn to refurbish its tower there. Jane Street and Citadel, two of the world's whizziest trading firms, are snapping up new office space in the City. Others are nabbing whole companies. Apollo, an American asset manager, and Brookfield, a Canadian one, have both bought British insurers. Schroders, one of the last survivors of the City's old-school-tie era, is being gobbled up by another American firm.

This is quite the mood shift, and comes despite the blows of the past decade. Stockmarket listings have been as rare as rocking-horse dung. Worse, voters sundered the City from the European Union, its biggest export market. Scary predictions about the share of financial-services jobs that could be lost because of Brexit were bandied about (up to 232,000, one said). Everyone seemed to agree that other global financial hubs were overtaking tired old London.

In fact, the City has suffered startlingly little damage. In 2017, the year after Britons voted to leave, 1.1m of them worked in finance; today that number is the same. Even better, more now work in the Square Mile itself, where the high-paying jobs tend to be. Financial services contribute 20% more per year, in real terms, to the economy than they did then: £224bn ($300bn), or 8% of GDP. Britain's net exports of such services come to £93bn a year, more than any other country, and useful for one with a current-account deficit.

That is partly due to London's long-standing strengths as a financial centre, and partly to the paucity of competition. The City's history at the hub of a free-trading empire has equipped it with vast, intricate networks of specialists and financial plumbing that would be hard to replicate elsewhere. Its geography, midway between Asia and America, gives it a time zone that is handy for brokering trades across continents. Just as important, Europe has no other financial centre that can hold a candle to London. Amsterdam, Frankfurt, Milan and Paris all scrapped for bits of its business after the

Brexit vote, but hardly any jobs actually ended up needing to move to satisfy EU regulators. JPMorgan is said to be now shifting some of those that did go to Paris back to London again.

Less expected is how much City bigwigs praise good decisions by an otherwise hapless Labour government. Rather than junking sensible reforms begun by their Tory predecessors, Treasury ministers have forged on with them. So Britain's stockmarket-listing regime has been simplified and pension funds are being nudged, rightly, to invest more in risky assets (though outright mandates to do so would overstep the mark). A much-mooted levy on bank profits was dropped from last year's budget, encouraging bosses to put spades in the ground for their new buildings. Regulators have cheerfully waved through the spate of cross-border acquisitions, drawing a stark contrast to their obstructive counterparts in the EU.

But the government has more to do. Investors the world over are more interested in Europe, and more worried about overexposure to America, than they have been in years. It doesn't hurt that hiring junior staff in London is a lot cheaper than in New York: in relative terms London now looks like a bargain. Britain's government should take advantage of this and make it easier for rich financiers to move there, without facing taxes that prompt a complete overhaul of their personal investments. Having made a fuss about abolishing the "non-dom" tax regime, which aimed to do approximately that, Labour politicians would need a new name for a more attractive regime. "Growth visa" has a ring to it.

The government should also press regulators to help the City seize a historic opportunity. Britain, along with the rest of Europe, urgently needs to make huge investments in defence, upgrading battered infrastructure and the data centres required in order to compete in artificial intelligence. Public debts are already so high that much of the capital for this will have to come from private sources. Loosening securitisation rules—which govern how easy it is for insurers and pension funds to provide this capital—would help ensure that it is City bankers, lawyers and myriad others who co-ordinate its deployment.

This investment is crucial however it is achieved. Eurocrats may be tempted to raise barriers and conduct it through less effective financial centres within the EU, but this would ultimately be self-defeating. They have a metropolis of money on their doorstep and should make the most of it. So should Britain's government, while filling its own coffers along the way.

A gloomy Britain spends a lot of energy debating how to redistribute the output of the economy rather than grow it. London's bankers are widely resented and some politicians yearn to tax them more or limit their earnings. Yet the City is one of the country's singular strengths and brings benefits far beyond the capital. Instead of contemplating ways to punish its success, politicians should celebrate it, and help expand it. ■

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Leaders | Warsh and peace

How Kevin Warsh could save the Federal Reserve

There is much to like about the next Fed chairman—if his backbone holds

April 30th 2026

IT IS NO secret that Kevin Warsh has long coveted the chairmanship of the Federal Reserve. He has at last achieved his goal. The Department of Justice said on April 24th that it would drop its criminal investigation into Jerome Powell, the current chairman, a step a swing-vote senator had demanded before advancing Mr Warsh's nomination. The new man is now all but certain to be confirmed. The press conference Mr Powell gave on April 29th should be his last in the role.

Mr Warsh was not The Economist's preferred choice to become the world's most important central banker. In chasing the job he changed from a long-time inflation hawk into a rate-cutting dove. He is not as wonkish as Chris Waller, another erstwhile candidate, has little training in economics and has for over a decade made over-egged and analytically hazy criticisms of the central bank, building a manifesto for the chairmanship that lacks rigour. Sometimes, too, he has behaved cynically. In his confirmation hearing on April 21st he conspicuously refused to rebut the lie that the presidential election in 2020 was stolen from Donald Trump.

Yet none of that will determine where Mr Warsh ranks in the pantheon of America's central bankers. The real test is how he deals with Mr Trump. The president's demands for lower interest rates—despite five years of above-target inflation—mean that the Fed is facing its greatest crisis in 50 years. Mr Warsh once gave a speech entitled "An Ode to Independence" and at his hearing emphasised the importance of the bank's credibility. If in office he withstands the president and steers the bank to safer waters, he could count as one of the greats.

The first test of his mettle will come almost immediately. The spike in oil prices and the resilience of the labour market have undermined the case for lower rates that it was possible to make at the start of the year. Mr Warsh would have a hard time persuading other rate-setters to loosen monetary policy and, despite their traditional deference to the chair, he has only one vote out of 12. He might use his colleagues as cover when explaining to Mr Trump why rates have not fallen, but will have to deftly avoid inviting further attempts to boot them out of office. Mr Warsh has wisely distanced himself from a MAGA plan to purge the presidents of the regional Fed banks, five of whom vote on monetary policy at any one time.

Mr Warsh will need allies at the Fed if he is to pursue his reform agenda. He wants the central bank to shrink its balance-sheet, to talk less in public about the future path of interest rates and to look at a wider range of data. He calls that "regime change" but his ideas are hardly radical. The Bank of England, for example, is midway through a balance-sheet rethink. Among central bankers, who can sort Mr Warsh's political statements from his policy preferences, the incoming Fed chairman is not seen as a revolutionary. He could hold off Mr Trump on rates while implementing these reasonable reforms.

It is easier to imagine Mr Warsh achieving this if he is surrounded by technocratic colleagues. Much rides on a Supreme Court case over Mr

Trump's attempt to sack Lisa Cook, a Fed governor, for alleged improprieties in old mortgage documents. On April 29th Mr Powell, whose term as a governor does not expire until 2028, said that he would remain on the board. That is a break with tradition—useful cover that Mr Warsh should welcome.

The irony is that the moment looks made for the Kevin Warsh who existed before he had to persuade Mr Trump to appoint him. He would be an inflation hawk in an inflationary era, and a true believer in central-bank independence during an attack by the executive, as well as a sceptic of big balance-sheets after an era of free money. We hope that is the Kevin Warsh who turns up for work at the Fed in May. ■

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Leaders | Tanzania’s slide into autocracy

Is Samia Suluhu Hassan Africa’s most disappointing president?

A sham election, a massacre whitewashed

April 30th 2026

Tanzania has had dramatic ups and downs. In the 1970s the government of this east African country forced farmers into collective villages at gunpoint, causing horrific food shortages. In the 1980s it abandoned utopian socialism and the economy took off. After the cold war, it scrapped its one-party system and let others contest elections (though the ruling Party of the Revolution, Chama Cha Mapinduzi, has never lost). Political stability and better economic policies lifted living standards: since 1995 income per person has quintupled.

But now the repressive regime of President Samia Suluhu Hassan threatens Tanzania’s achievements and its future. The latest whitewashing of a post-election massacre of protesters and bystanders suggests that her government does not think the country's 70m people deserve a say in how they are ruled.

When Mrs Samia first came to power in 2021, she gave many signs of being a reformer. Her predecessor, John Magufuli, had started a lurch back towards authoritarianism, erratically bullying dissidents and foreign investors. When he died, reportedly of covid-19, a virus whose presence in Tanzania he denied, he was succeeded by his vice-president, Mrs Samia.

The first woman to hold the top job, she initially inspired widespread optimism. She rescinded Magufuli's bans on opposition rallies and independent media outlets, began improving ties with investors and promised to accelerate a constitutional overhaul. Tanzania's youthful population, though fed up with the ever-ruling party, hoped Mrs Samia would usher in a more open society.

Five years on, she has dashed such hopes. After a brief flicker of tolerance, she has energetically persecuted opposition leaders and critical journalists. Political and economic power is concentrated in a small clique of family members. In October she claimed to have won 98% of the vote in a general election. That ludicrous result came after the main opposition party had been barred and its popular leader, Tundu Lissu, had been jailed on trumped-up treason charges. When Tanzanians took to the streets in protest, security forces gunned them down. Hundreds—some say thousands—were killed.

Mrs Samia appointed a commission to investigate. On April 23rd it acknowledged that 518 people died in the clashes. But it shamelessly distorted what happened, blaming the carnage on "trained agitators", allegedly helped and financed by unspecified "outside forces". It went on to praise the police for their supposed restraint. The full findings remain secret, making it impossible for observers to take them seriously. In a speech welcoming the report, Mrs Samia chided her critics, saying that she would have hoped "to be comforted rather than pointed at" after the "sad and hurtful" events.

A pall of fear now hangs over Tanzania. Ordinary people are afraid to discuss the massacre. Opposition politicians are behind bars. The media remain muzzled. Outsiders are unlikely to help. Tanzania's main economic partner is China, which does not care about democracy. Under President Donald Trump, America is less concerned with lecturing Mrs Samia about human rights than with exploiting her political weakness to obtain more favourable terms for mining and energy deals. The European Union froze $156m in aid after the election, which may make a dent in the government's budget but will hardly be enough to persuade it to change its approach.

Responsibility for the fake election and the bloodshed that followed it rests ultimately with Mrs Samia. The inquiry fooled no one. Privately, even members of the ruling party describe its findings as ridiculous. Factions within the party may yet judge that Mrs Samia is so tainted and unpopular that it must either jettison her or face worse unrest. However, the barriers to impeachment are steep.

Further instability is possible. That will deter foreign investors and the tourists whose beach-and-safari jaunts provide 17% of GDP. Mrs Samia should remember her promises of five years ago. She should free Mr Lissu, publish her commission's report, allow independent investigations of the election and mend fences with her unhappy citizens. It is not too late for Tanzania to turn off the ruinous road it is racing down. ■

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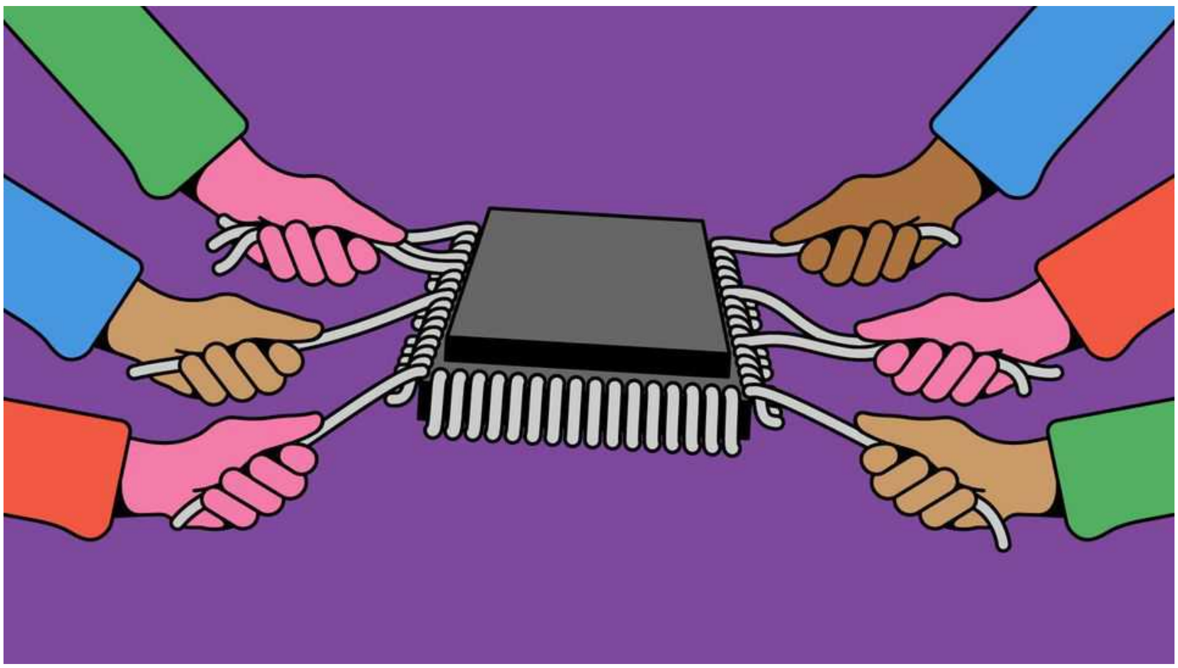
Leaders | Compute says no

The AI supply crunch is here

Choke points are changing AI's economics

April 30th 2026



Artificial intelligence has a supply problem. As the world gorges on tokens, the snippets of text by which the output of a large language model is counted, it is running short of them. Weekly token consumption quadrupled between January and March, according to OpenRouter, a marketplace for AI models, partly because of the growing use of coding tools. The industry cannot keep up.

At model-makers and tech giants, rationing is afoot. Anthropic, maker of Claude, recently adjusted its terms to deter heavy use during peak hours. Amazon says that "capacity constraints" have limited its growth. Sarah Friar, the finance chief ofOpenAI, developer of ChatGPT, has said the company is not pursuing every opportunity because it does not have enough processing power (or “compute”). It recently scrapped its video-generation model.

The consequences of the supply crunch could be far-reaching. A world of scarce compute will shape the economics of AI, changing everything from the allocation of profits to the incentives to use the technology.

Adding AI capacity quickly is hard. Particularly in America, local opposition to new data centres has slowed their construction. Shortages of transformers, switchgear and gas turbines cause delays; some of this equipment can take two to five years to arrive. The tightest bottleneck is in processors. Chips for AI, such as those designed by Nvidia, the world’s most valuable company, remain scarce. The squeeze extends to other types of silicon, too, including memory chips and central processing units (CPUs). Few of these constraints will ease any time soon. Supply chains take years to expand and hardware-makers are still investing more cautiously than the hyperscalers they supply.

When hardware is expensive the size of your balance-sheet matters more than ever. Whichever part of the supply chain you look at, only a handful of firms have the financial muscle and bargaining power to lock up the hardware they need. This year the five data-centre “hyperscalers”—Amazon, Google, Meta, Microsoft and Oracle—will together shell out more than $750bn on capital expenditure. OpenAI and Anthropic have announced hundreds of billions of dollars in partnerships and investments. Nvidia is said to have bought most of the memory it will need in 2026 and part of 2027 well in advance. It has also invested across a range of tech firms to shore up its supply chain.

The greatest profits will be found at choke points. The AI boom has especially benefited Nvidia and TSMC, the Taiwanese manufacturer that makes almost all of the most advanced chips. Chip manufacturers’ pricing power has become as enormous as their transistors are tiny. Nvidia’s gross margin is about 75%, up from 60% in 2019. TSMC’s gross margin is above 60%, roughly twice that of many other contract manufacturers. The hardware giants also have sway over who gets scarce kit, though they deny picking favourites.

High prices are causing software makers to do more themselves. Custom chips can cost about half as much as buying from Nvidia. But they are not easy to design. Among the software firms doing so, only Google has managed to create a viable alternative in large volumes, and its effort began more than a decade ago. Displacing TSMC is harder still. Other chipmakers, including Intel and Samsung, have struggled to match it at the leading edge. Elon Musk, the boss of SpaceX and Tesla, has floated a plan for a "Terafab" to rival TSMC. Its estimated cost is a fantastical $5trn-13trn.

The last consequence of the crunch will be to slow the uptake of the technology. So far the AI boom has rested on the cheery assumption that answering queries will only get cheaper. And it has: "inference" prices have fallen by five- to ten-fold in a year. In countries such as India, AI firms are offering cut-price subscriptions to lure users. But that obscures how much cash firms are burning through to sustain those falling prices. OpenAI and Anthropic are expected to lose billions of dollars in the coming years. As both prepare to go public, they will be eager to show that they can one day make a profit.

As people find more uses for AI—including applications outside tech, where it is currently most popular—prices will rise. If AI is to transform the economy, demand for tokens will grow by orders of magnitude. As model-makers pass on their rising compute costs, users will have to economise. Today many companies judge themselves by whether or not they use AI at all for a given task. Increasingly, as with human labour, they will have to ask whether they are using AI efficiently. ■

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Leaders | Geopolitics and the Gulf

The UAE doubles down on Israel and America

The consequences of the Emirates' departure from OPEC

April 30th 2026

AT LAST IT has jumped. For years the United Arab Emirates (UAE) chafed at restrictions that came with membership of the Organisation of the Petroleum Exporting Countries (OPEC). It had even threatened to quit; and on April 27th, in the middle of a war, it stormed out.

That raises two sets of questions. The straightforward one is about the future of OPEC itself. A more complex one is about security in a part of the world rocked by the war with Iran. In spite of all the problems that America and Israel have caused the Emirates with their unfinished campaign, the UAE's abandonment of OPEC has sent an unambiguous signal that it remains in their camp. As much as that may please President Donald Trump, it is a slap in the face for the rest of the Gulf, and especially Saudi Arabia.

The Emiratis have good reason for leaving OPEC. In the next few years they want to increase oil production, from 3.6m barrels a day to 5m. Other members prefer to try to keep the price of oil high; the Emiratis want volume.

Does that mean OPEC is dying? Perhaps slowly. The Emirates' departure is another blow to an already waning body. Other members, such as Venezuela, may follow. But the Saudis, who in effect lead the organisation, downplayed the news. The Emiratis often broke production quotas and the remaining members, plus allies such as Russia, will still account for some 40% of global oil output. It may even be easier to keep discipline without the troublemaker inside. In any case, OPEC will matter again only after the war, when a global oil glut is once again possible.

The geopolitics are more pressing. The news of the UAE's decision was met with glee in Israel. People there are delighted by anything that weakens Iran, which remains inside the cartel. And the UAE's pullout suggests it wants warmer relations with the Jewish state. The two governments, signatories of the Abraham accords, share an intense antipathy towards Islamist extremism. The UAE has avoided clashes with Israel even as it pursued destructive wars in Gaza, Lebanon and beyond. Other Arab states fear Israel as a disruptive regional power, even a dominant one; the UAE still wants to do deals with it.

Second, and closely related, the UAE is sending a message to America, where Mr Trump can see OPEC's loss as his own strategic gain. The UAE has suffered more than any of its near neighbours from Iranian missile and drone strikes. Yet rather than publicly blame Mr Trump for starting the war, the UAE has chided other countries for offering too little solidarity. By quitting OPEC now, the UAE shows that it looks to America and Israel for security. As important, it is seeking to further develop an economy that complements its exports of fossil fuels, with ties to America in travel, investment and technology.

Last, the UAE is showing it is willing to further alienate the six-member Gulf Co-operation Council, and most obviously Saudi Arabia. The two monarchies have been feuding, needling one another in proxy conflicts even as both are threatened by Iran. The bitterest clash is in Yemen's protracted civil war, where the Saudis bombed an Emirati arms shipment in December, bringing the two sides close to a direct military clash. The bloodiest effects of their rivalry are in Sudan, where the Saudis support the government and the UAE has backed a genocidal rebel force (an allegation that it continues to deny strenuously).

Much remains uncertain, not least the question of how America and Iran will eventually make something resembling peace. The UAE's bet on forging closer ties with America and Israel, while drawing away from its Gulf neighbours, comes laden with risk. For now, the UAE must expect to pump less oil, not more, regardless of its relationship with OPEC. In the medium term, Iran could emerge from the war more powerful, with a lingering chokehold over the Strait of Hormuz, and thus over its neighbours' economies. That is a danger for all the other Gulf countries. Finding ways to unite against it would seem wise. Instead, the UAE is setting its own course. ■

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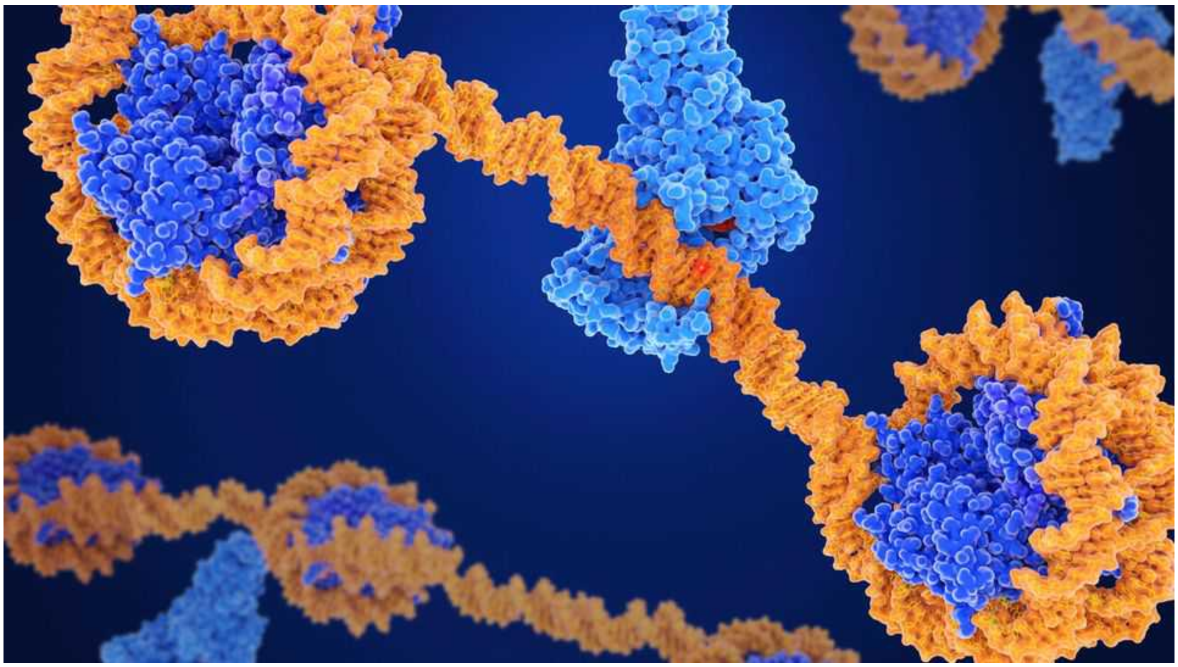
Leaders | Exercise and the epigenome

Time to edit some biological metaphors

Not everything is in your DNA

April 30th 2026



THE DISCOVERY that the coils of DNA inside cells carried specific instructions for making all the proteins those cells need was the founding achievement of molecular biology. It allowed a new understanding of genetics in terms of physical molecules and abstract information. It provided new ways of diagnosing disease and, through biotechnology, of producing medicines. It furnished profound insights into life's past evolution. From nociception to nephrology, few if any fields of biology have not benefited from these insights; some have been utterly transformed.

The effect of deoxyribonucleic acid's role as genetic material on the world of metaphor has been less welcome. When applied to the non-living —"perfect customer service is in our DNA"—the allusion is merely silly.

Closer to the biological, it is pernicious. Just as appeals to “instinct” are used to mask unexamined prejudices, so claims that something is “in my DNA” are used to ward off inquiry into whys or wherefores. They are ”just because” dressed up as science. To the extent that they suggest a human being’s deepest self is engraved on some immutable molecule, they come close to notions of biology as destiny.

Sometimes such assumptions can seem anodyne. On April 26th, at the London Marathon, Sabastian Sawe, a Kenyan athlete, finished in less than two hours; in the 2,515 years since the first Marathon, no one else has been recorded as achieving such a time in competition. Many seeing this achievement will have thought something like “it’s in his east African genes”—not so much to belittle the achievement, as to have a ready reason for it. Such pat accounts can make it easy to stumble down the slippery slope that ends with ascriptions of innate superiority and inferiority: of Somalis being “low IQ people” and similar claptrap.

This is one reason new interest in the field of epigenomic medicine is welcome. The epigenome is a set of markers on an organism’s DNA and its accoutrements that tell “transcription factors” and other molecular machinery which bits they should pay attention to. Such labelling can be changed by environments and events; it can also sometimes be passed on from one generation to the next. And it can make huge differences. Genetically identical mice with different epigenomic markings can differ in colour, size and morbidity. An epigenomic tag on a given gene can be the difference between a healthy human and a sick one.

Various biotech companies are now using techniques like those with which gene editors change specific sequences of DNA to try to change specific epigenomic tags while leaving the DNA sequence itself untouched. Success would be good news for sufferers of some metabolic disorders and chronic viral conditions. In the future broader applications may come about—some debilities of ageing seem to be brought about by epigenomic wear and tear.

Measured against such benefits, the possibility that epigenomic medicine might also serve to weaken an irksome cliché is small beer. But it could still be a welcome side-effect. In a world where such treatments are more discussed, the idea that the expression, and thus effect, of a gene differs according to circumstances could become more widely appreciated.

So could possibilities for self-improvement. The interplay of culture, commerce, environment and, possibly, genetics behind the success of east African distance runners will remain complex, and open to different interpretations. But there is no doubt that specific types of exercise have effects on the epigenome. Whatever is in his genes, Mr Sawe's dedicated training is what brought it out. (None of which is to say his high-tech shoes didn't also have something to do with it, too: the ways in which ingenuity can enhance biology are endless.)

Despite its potential, though, it would be wrong to expect too much of a boost for better biological metaphors from epigenomic medicine. Humans have a tendency to avoid the cognitive burdens of complexity, sometimes for good reasons, sometimes for bad ones. They are as happy to do it through mysticism as materialism: if they don't do it by invoking nucleotide sequences they will appeal to fate, or destiny. It would be nice if they did not; but there is little reason to expect them to change. It is almost as if the propensity to essentialise was in their…■

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Letters

- AI and the associated risks are challenging policymakers to develop regulations quickly

Letters | A selection of correspondence

AI and the associated risks are challenging policymakers to develop regulations quickly

Also this week, Thomas Malthus, academic status, measuring buffet portions

April 30th 2026

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Your leader on "The Mythos moment" (April 18th) marking the release of Anthropic's latest model did a good job of covering the current state of AI policy. Rapid advances in AI and the associated risks are challenging policymakers to develop regulations quickly and the need for international co-ordination is becoming clearer. However, the stakes, and the urgency, are even higher. Most experts believe AI poses a 5-10% chance of causing human extinction or some other catastrophe. Euphemisms like "AI-induced chaos" sugar-coat the very real possibility, acknowledged by experts and AI firms themselves, that humans will lose control of AI entirely.

The Economist has acknowledged the risk of extinction, so why not mention it in your leader? Meanwhile, Anthropic recently dropped its safety pledge to not release systems it believes could cause catastrophic harm. Anthropic is also in the process of handing off not just coding, but AI R&D to systems like Mythos, hoping to spur a "recursive self-improvement" loop and develop superintelligent AI.

Superintelligent AI is recognised by experts as a threat to humanity. Anthropic is betting that AI systems like Mythos will also help produce novel insights needed to keep it safe, but nobody should be allowed to gamble with the future of humanity.

David Scott KruegerAssistant professor in robust, reasoning and responsible AIUniversity of Montreal

When discussing who's accountable for AI no one mentions the investors financing this technology. AI systems are shaped by capital as well as engineers and regulators. Investors determine which applications are prioritised, which systems scale, which innovations reach the market, and which ones are shut out.

Too few market-moving investors have taken a stance on AI governance. One consequence is that Big Tech has become synonymous with military tech, and remains largely unregulated. Companies now readily supply AI solutions for defence. This shift has occurred so quickly that conventional investor due diligence is struggling to keep pace. In practice, investing in parts of the technology sector is becoming indistinguishable from investing in war.

The industry's accelerated timelines leave little opportunity for integrating international law or important safety considerations that high-risk tech requires. But market incentives, like war itself, are human-made. Even light-touch safeguards can help prevent dangerous systems from harming people and the planet, through human-rights due diligence, transparency on military applications, and clear red lines on high-risk defence-related AI investments.

Michael ClementsExecutive directorBusiness and Human Rights CentreLondon

A comparison is made between today's titans of AI and Rockefeller and Ford. But given the potential destructive power of Mythos perhaps the Manhattan Project would be a better analogy. The film "Oppenheimer" made the argument that the scientific community is better placed to determine how such power is used. But with AI we want the government to be in control, as it was with the Manhattan Project.

We have managed to survive 80 years in the nuclear age. That's at least cause for hope.

Elliott MilsteinBoynton Beach, Florida

The Free Exchange column on the latest research into ending poverty (April 11th) described Thomas Malthus as "a particularly dismal dismal scientist". People who met Malthus, including those who disagreed with him, enjoyed his company. His sense of humour is apparent in his "Essay on the Principle of Population", where he criticised William Godwin's failure to produce evidence for his belief in the perfectibility of mankind by considering how you would support the proposition that humans are turning into ostriches.

As a young curate, Malthus was appalled by the living conditions of his parishioners and embarked on a life-long quest to analyse the root causes in the hope that a proper understanding of them would lead to happier lives for people in the poor and middling ranks of society. He criticised the wishful thinking of utopians such as Godwin and Nicolas de Condorcet (both friends of his) and believed strongly in the importance of unprejudiced assessment of evidence.

His warning against undue optimism remains as relevant as ever: "The most baleful mischiefs may be expected from the unmanly conduct of not daring to face truth because it is displeasing."

Simon MollisonOxford

Bartleby’s column in the April 4th issue noted that status and job titles remain the currency of office life. British universities illustrate the point neatly. Professors still enjoy status but are stripped of the line authority that once made academic structures work. Managers in academia, by contrast, enjoy line power but little respect.

The predictable outcome is a surplus of bureaucracy and a shortage of goodwill. Those best placed to nurture intellectual excellence lack the power to do so, while those empowered to regulate lack the status to persuade. Universities increasingly resemble organisations run by people with power but little status, overseeing people with status but little power. It is a curious way to govern institutions supposedly devoted to reason.

PROFESSOR DAVID COLDWELLWinchester

“Smarter spreads” (April 18th) reported on a computer model that is looking at ways to make buffet breakfasts less wasteful, and found that people who go back for seconds tend to finish what they take. This is reassuring. As a frequent business traveller I have long suspected that my second visit to the reconstituted scrambled eggs served a larger purpose.

Josh DeLayBentonville, Arkansas

Absent from the list of motivations for buffet eaters is maximising the feeling of satisfaction from getting a good deal. Price-sensitive guests, such as travelling sports clubs and families with teens, often load up their plates without restraint. However, this behaviour is easily curbed by placing a sign at the buffet cart that reads: “Clean-plate policy: pay-by-weight for leftovers.”

Lorraine Byerley Ottawa

The acronym for the project “Changing Practices and Habits through Open, Responsible and Social Innovation towards Zero Food Waste” doesn’t even remotely spell CHORIZO. Whoever came up with it in Europe is a silly SAUSAGE (Self-Assured, Unreformed Sesquipedalian And Garrulous Eccentric).

Sam WilkinBrussels

By Invitation

By Invitation | Worrying patterns

Stop big tech from making users behave in ways they don’t want to

That means targeting mechanisms engineered to rewire the brain’s reward system, writes Marie Potel-Saville

April 30th 2026

SOMEWHERE IN META’S servers sat a slide deck marked “Confidential”. Written in 2019, its conclusion was blunt: “Teens can’t switch off from Instagram even if they want to.” On March 25th this year, a Los Angeles jury read it into the record and found Meta and YouTube liable for designing addictive products. The world is continuing to digest this landmark ruling and figure out its implications.

When I practised competition law in the early 2000s, the race between competitors could turn ugly in familiar ways: predatory pricing, foreclosure, killer acquisitions, pay-for-delay. Such practices were eventually prosecuted, and resolved with hefty fines and the occasional structural remedy.

The internal documents produced in KGM v Meta Platforms describe a different race entirely. In 2016 Meta was losing ground to TikTok and Snapchat. That year, executives set the "overall company goal" as "total teen time spent". Why? An internal memo found that 12-year-olds were three times as likely as 32-year-olds to stay on Facebook for the long term, despite the platform nominally requiring users to be at least 13; the memo concluded that Facebook "should consider investing more heavily in bringing in larger volumes of tweens". The logic was ruthlessly simple: children who arrived the youngest were the "stickiest" users. Hence the formulation later read aloud in court: "If we wanna win big with teens, we must bring them in as tweens."

The company knew exactly what it was building. Internal research established an "addict's narrative": teens spending too much time on a compulsive activity they knew was negative but felt powerless to resist. One employee message read: "Oh my gosh y'all, [Instagram] is a drug. We're basically pushers."

The underlying mechanism here is what I now call "predatory design". It takes various forms. A case involving Amazon tells the same story with different prey. In 2023 America's Federal Trade Commission (FTC) sued Amazon over its Prime subscription programme, alleging the company had engineered its interface to trap consumers into memberships they had not chosen and could not easily escape. Amazon's internal documents called the approach "misdirection": a large, prominent button reading "Get FREE Two-Day Shipping" that enrolled users in Prime, and a small grey text link, easy to miss, to decline. An internal memo recorded the reasoning with striking candour: making the process clearer for users was not the "right approach" because it would cause a "shock" to business performance.

Cancellation was designed with the same logic applied in reverse. The process, which Amazon internally named the "Iliad Flow" after Homer's epic of the long Trojan war, required users to navigate four pages, six clicks and 15 separate options before reaching the exit. By Amazon's own accounting, 35m consumers had been enrolled without meaningful consent over seven years. The eventual settlement with the FTC, in September 2025, cost $2.5bn.

Another way to think of these digital ruses is as “dark patterns”, a term coined in 2010 by Harry Brignull, a user-experience expert, to describe tricks used online to “make you do things you didn’t mean to”. Since then, this research field has progressively mapped the systematic weaponisation of cognitive science against the people interfaces are supposed to serve.

We all have hundreds of cognitive biases: mental shortcuts that lead us to make predictable, irrational decisions. Dark patterns exploit these weaknesses. But addictive design goes further, targeting the brain’s reward architecture directly. Dopamine neurons respond not to rewards received but to the uncertainty of whether a reward will arrive: the more unpredictable the outcome, the stronger the signal.

Digital platforms have replicated this architecture with greater precision and at incomparably larger scale. Infinite scroll removes natural stopping-points. Algorithmic feeds withhold and then deliver content in unpredictable sequences. The pull-to-refresh gesture replicates, almost exactly, the physical act of pulling a slot machine lever. None of these features arrived by accident.

The competition lawyer in me cannot help but wonder whether there is still such a thing as a market when some of the largest companies in the world prey on the very people they are supposed to serve. A market economy is meant to generate the best allocation of resources and the biggest benefits for consumers. For these promises to be fulfilled, consumers must be able to see and choose alternatives deliberately; compare them on undistorted dimensions; form preferences that reflect actual interests; and switch freely. Cognitive exploitation undermines all four of these. Infinite scroll captures attention. Dark patterns distort comparison. Dopaminergic loops manufacture compulsion. Addiction engineering blocks effective switching.

Securities regulation offers an instructive analogy. When a trader manipulates stock or derivatives prices, the law treats the crime as a structural harm to the broader market; the corrupted price no longer tells the truth. Cognitive exploitation should be seen in the same light, at a much larger scale. When platforms systematically manufacture the preferences of billions of users, consumer signals no longer point anywhere useful. That is a structural failure.

Dark patterns and addictive design breach an impressive array of laws. The regulatory apparatus is moving. And yet the harm continues, at scale, by design, because the rules as they are don't amount to an adequate systemic response.

The burden of proof should fall on the platform, not the victim. The question is not whether a harmed user can show specific damage. The question is whether the company can show, before rolling a product out to billions of people, that it is not predatory by design.

Applying that standard to big-tech platforms would be disruptive. It would force them to subject their engagement mechanics, from infinite scroll to algorithmic amplification, to independent safety assessment before deployment, and potentially to redesign or retire features that cannot pass it. For an industry whose business model depends on maximising time-on-platform, it would be hugely challenging. But this is the standard we apply to drugs, to medical devices and to aircraft. Why should it not also apply to systems deliberately engineered to rewire the brain's reward architecture?■

Marie Potel-Saville is the co-founder of FairPatterns, a member of the Support Pool of Experts on Dark Patterns at the European Data Protection Board and the Paris chair of Women in AI Governance.

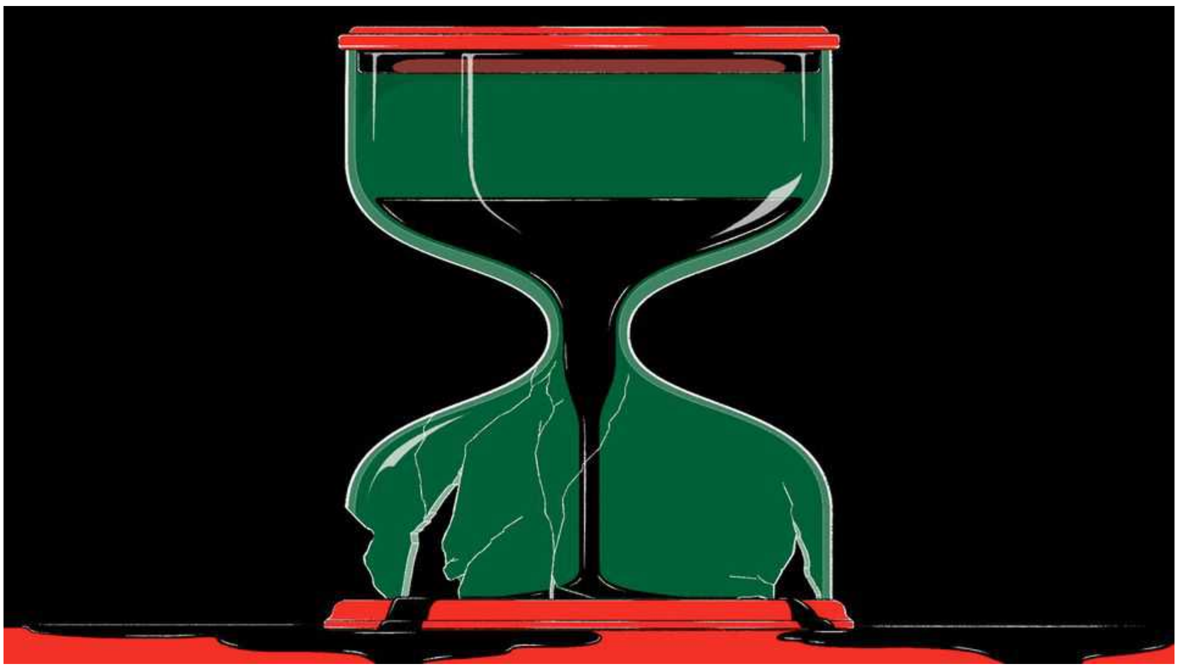
Briefing

Briefing | Nothing in the tank

The crisis in oil markets will get bigger before it goes away

As stocks dwindle, further price rises are inevitable

April 30th 2026

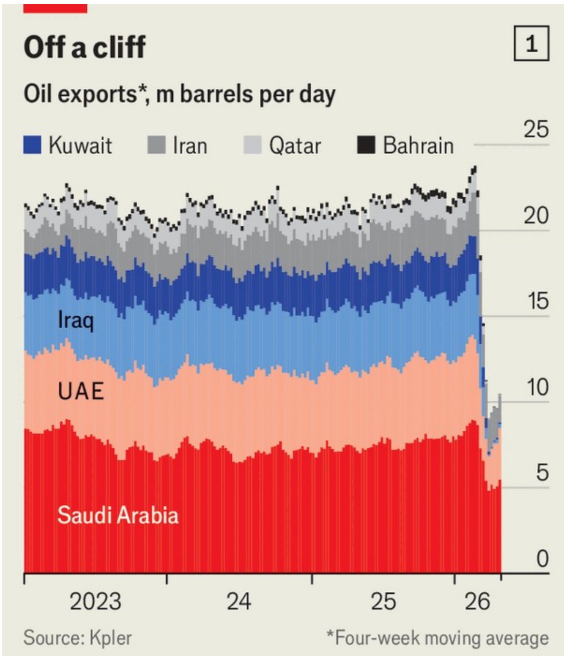


WHAT WAS once unthinkable now appears unending. Most energy traders used to assume that, even under attack, Iran would not close the Strait of Hormuz, the narrow chokepoint through which almost a fifth of the world's oil ordinarily flows. Doing so would antagonise its neighbours in the Gulf, starve its customers in Asia and sever its own economic lifeline. Even if Iran attempted a blockade, America, the traders assumed, would quickly put an end to it. Yet two months after America and Israel began bombing Iran, and Iran began targeting commercial vessels in retaliation, traffic in Hormuz remains near zero. Diplomatic efforts to get it flowing again are intermittent and inconclusive. Although a negotiated resolution is always possible, it is also conceivable that the strait could stay shut indefinitely.

Glance at oil prices, though, and the consternation appears relatively muted. Even after a sharp rise in recent days, Brent crude futures, at over $120 a barrel, are still well below the $150-200 many analysts predicted in March if the strait were to stay closed for a long period. Parts of Asia are contending with acute shortages or scrambling to avoid them, but across most of the rich world, daily life has scarcely been affected. Petrol prices are up and airfares have climbed, but forecasts for economic growth have been trimmed only modestly. Stockmarkets are near record highs. Against all odds, the world's economy appears to be taking the biggest supply shock in the history of the oil market in its stride.

Markets always find equilibrium—the question is only at what level. Optimists draw comfort from 2022, when most Western countries stopped buying oil from Russia after it invaded Ukraine: oil peaked then at $129 without triggering a global recession. But just 3m barrels a day (b/d) of Russian oil—3% of world supply—were involved, and most of that was rerouted to Asia. Every day Hormuz stays closed, nearly five times that volume is completely removed from global supply. Even if the strait were to reopen tomorrow, some 3% of the world's annual output has probably already been forfeited, given inevitable delays getting export volumes back to normal. A deficit of that magnitude cannot be papered over for long. The world is just weeks away from a severe reckoning.

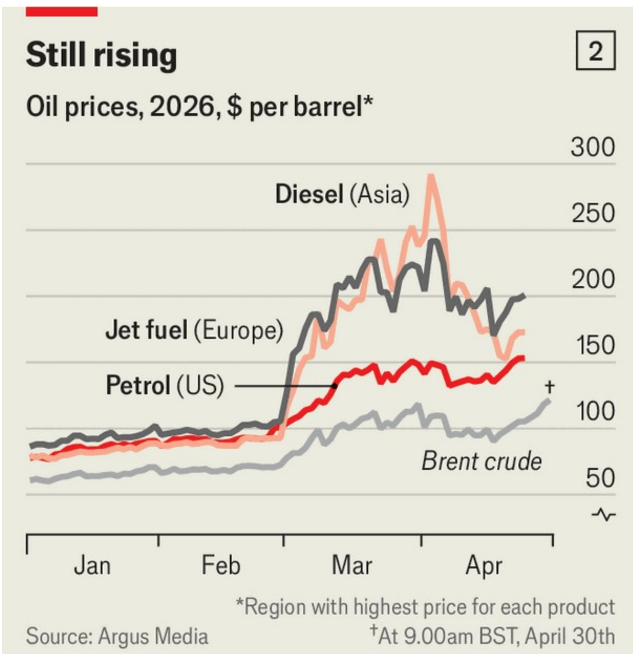
The relative composure in markets belies some daunting arithmetic. Over March and April last year 18.3m b/d of crude and refined products exited the strait. Allow for a trickle still getting through, plus the extra oil that can be squeezed through two pipelines bypassing the strait—one in the United Arab Emirates and one in Saudi Arabia—and the net deficit narrows to around 13m b/d. Add in also 2m b/d of supply growth outside the Gulf but subtract 1.3m b/d of additional output that markets had been expecting from Gulf countries this year, and the net shortfall over the past two months works out at 12.3m b/d—over 10% of global consumption (see chart 1).



There are three ways to bring markets into balance: spare production capacity can be brought online; stocks can be drawn down to cover any residual gap and prices can rise to suppress demand. The first option, however, is itself hamstrung by the strait's closure. Saudi and Emirati surplus capacity—long the market's main buffer—sits behind the blockade. America's shale producers, usually the quickest to respond to rising prices, cannot move fast enough: ramping up output takes 3-6 months and will probably yield just 300,000-700,000 b/d in the first instance. Nor would it be easy for America to export much more—its pipelines, storage facilities and export terminals are saturated. "We cannot fit even one more ship," says a trader. Russia could theoretically pump another 300,000 b/d, but with its oil infrastructure under sustained attack from Ukrainian drones, it is struggling to maintain its current output.

Almost all the necessary adjustment must therefore come from consumption of stocks or curtailment of demand. Neither is easy to measure. Although inventories of crude oil, stored at export terminals, in ships at sea and at refineries, are fairly simple to track, stocks of refined products such as petrol, diesel and kerosene (jet fuel) are dispersed among millions of suppliers and consumers and so are not. Demand, meanwhile, is typically inferred from data on production, trade and storage rather than measured directly.

Nonetheless, it is clear that rising prices and outright shortages have curbed consumption to a large extent. Not only is crude more expensive; scarcity in finished fuels, exacerbated by an export ban in China—usually a big regional supplier—has sent the spread between crude and both diesel and jet fuel soaring to $50-80 a barrel, from $15-20 before the war (see chart 2). Both fuels now cost twice as much in Singapore, Asia's trading hub, as they did two months ago—and more still in Europe. Since the war began, the price of petrol at the pump has doubled in Myanmar, risen by 52% in Pakistan, by 50% in the Philippines and by 40% in Nepal.



Experts canvassed by The Economist estimate demand for crude and oil products ran 3m-5m b/d below forecast in April. Roughly 10-15% of that is borne by the Middle East, where war has hammered economic activity and airline traffic has fallen by two-thirds. Over half stems from Asia, where the petrochemical industry has swooned. Naphtha—an oil product processed into plastics and sourced almost exclusively from the Gulf—is in short supply, forcing Asian plants to run at 60-75% capacity. Some have shut entirely. East Africa, which is heavily dependent on diesel, gasoline and kerosene from the Gulf, and Eastern Europe account for much of the remaining diminution of demand.

If demand destruction has reached 4m b/d over the past two months—a generous estimate—that means the world has been draining stocks by as much as 8m b/d. Luckily, near-record volumes of oil were already at sea before the war. Gulf producers, hearing the drums of conflict, had cranked up exports in the weeks beforehand. Large volumes of Iranian and Russian oil were also stuck on tankers owing to tightening Western sanctions, since loosened. Morgan Stanley estimates this floating buffer has provided over 3m b/d since early March. Clearly, that cannot last. There are already far less refined products at sea than is normal. Cargoes of seaborne crude appear to be less affected, but that is deceiving, since longer voyages are needed to link Asia to new suppliers in America, Africa and elsewhere.

Large releases from rich countries' strategic reserves have also helped to maintain supply and are also likely to tail off. On March 11th the 32 members of the International Energy Agency (IEA), a club of countries that consume lots of oil, agreed to sell 400m barrels from emergency stores—the largest co-ordinated drawdown in the body's history, equivalent to a third of its members' total stash. Some 100m barrels have already reached the market; another 75m may follow in May and June. But March's blockbuster announcement was made when the governments of most IEA countries expected Hormuz to reopen within weeks. Now that Gulf flows may be interrupted indefinitely, they will not want to drain their reserves too rapidly.

The remaining shortfall—close to 5m b/d—is being met from commercial stocks. Frédéric Lasserre of Gunvor, a commodity-trading firm, estimates that refined products accounted for roughly half that in April. That is a huge amount: even when demand for oil surged at the height of the post-covid recovery in 2021-22, draws on stocks of both crude and products never exceeded 2.5m b/d for more than a month.

Yet if Hormuz remains closed, and both volumes at sea and releases from strategic reserves dwindle, commercial inventories will have to provide 6m-8m b/d—a pace no one considers sustainable. "You cannot substitute flows with stocks," says Amrita Sen of Energy Aspects, a consultancy. Mr Lasserre, the trader, expects shortages to materialise within 4-8 weeks in most regions. That implies that prices will soon have to rise even higher to bring demand in line with supply. There are already signs of desperation.

Another commodities trader says some diesel cargoes are being sold for $600 a barrel, up from $300 a week ago.

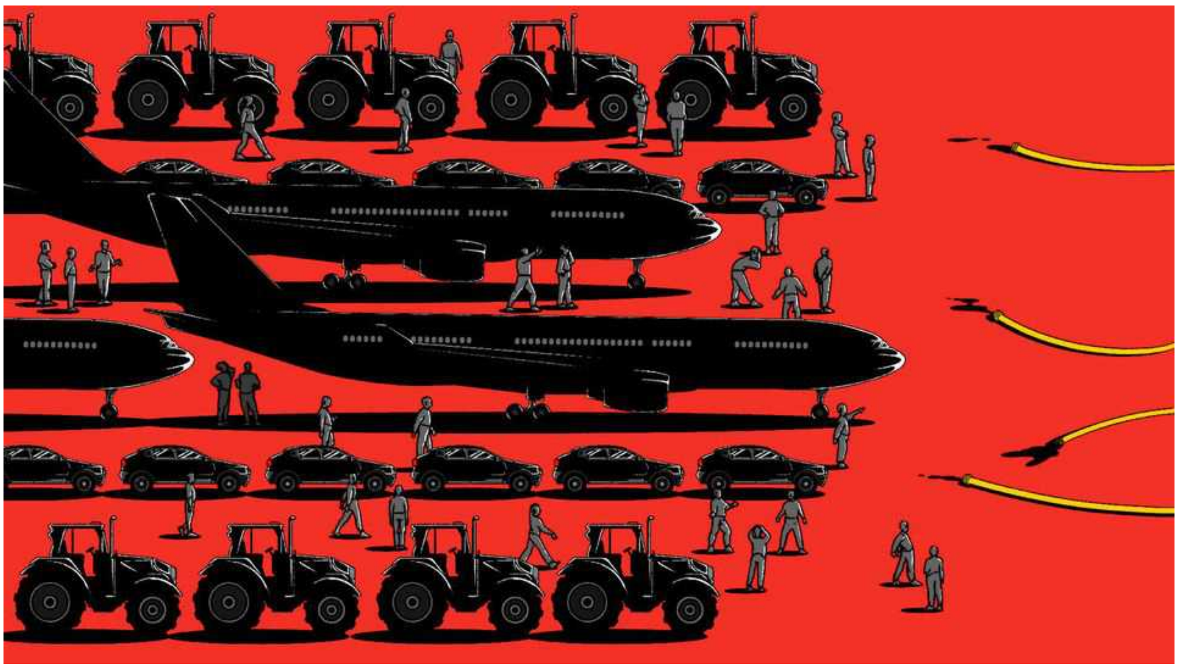
The effects will ripple around the world. Fuel inventories are already rock-bottom across much of east Africa, where kilometre-long queues at petrol stations are common. Countries like Kenya and Mozambique, down to their last few days of buffers, are living cargo to cargo.

Excluding China, which maintains ample stocks, Asian countries are next. Their crude inventories have already dropped by 13%, to 545m barrels, according to Kayrros, which tracks stocks using satellites. Gulf crude—Asian refiners' preferred feedstock—has vanished, forcing them to slash throughput by 3.5m b/d, or 12%. Neil Crosby of Sparta Commodities, a data firm, reckons those cuts could double by June if Hormuz stays closed, accelerating fuel shortages. Indonesia, Pakistan and the Philippines may be five or six weeks from running short of petrol; Australia is just as close to a shortage of diesel and jet fuel.

On the face of it, Latin America, home to several big crude exporters, is better insulated. But it refines far less than it consumes, so is dependent on imports, mainly from America's Gulf coast. Soon enough, predicts Michelle Brouhard of Kpler, a data firm, it may start losing cargoes to Europe, which can afford to pay more.

That will still leave Europe short. It is not about to run out of crude, owing to vast imports from America and west Africa. But its refineries are predominantly configured to process crude into petrol rather than diesel and jet fuel—even though European road transport runs overwhelmingly on diesel. That leaves the continent reliant on imports. These used to come from Russia; the Gulf and India stepped in after 2022. Now those sources, too, have dried up.

To compensate, European refiners have converted more crude into kerosene at the expense of other fuels, while ramping up diesel imports from America's Gulf and east coasts—causing stocks there to fall by 11% in five weeks. Neither coping mechanism can be sustained. The more American diesel stocks dwindle, the greater the pressure on the Trump administration to suspend exports. European refiners will eventually need to restore diesel output, causing kerosene production to wilt. The IEA has warned that Europe could face jet-fuel shortages by June if it can replace only half its normal Gulf imports. European airlines are already trimming flights and imposing fuel surcharges. Diesel and jet-fuel stocks will fall faster still if European governments, hoping to shield voters from the crisis, continue to prop up consumption through subsidies and tax cuts. That delays the day of reckoning, but may also make it more severe.



America itself is not immune. A big exporter of both crude and oil products, its openness to trade exposes it to global prices. Petrol already sells for $4.20 a gallon on average, up from just under $3 before March. That masks sharp regional disparities. The east coast, America's most populous region, has little refining capacity of its own and depends on piped flows from refineries on the Gulf of Mexico and imports from Europe. The west coast, which is not connected to the Gulf by pipeline, relies in part on imports from Asia and the Middle East. In a crunch, the middle of the country may fare better than the edges.

A crunch is fast approaching. America is about to enter the summer driving season, which typically brings a sustained increase in demand for petrol. Another three or four weeks with Hormuz closed, a trader estimates, will push pump prices to $5 a gallon or more—a level last reached in 2022, when it caused a painful reduction in driving and in the popularity of the president of the day, Joe Biden.

Short of a diplomatic miracle, then, the oil shock will soon have far more visible consequences. "Something will break," says Mr Crosby. Prices may leap first for refined products, for which stocks are shallowest. Eventually, though, this will pull crude prices up, as refineries, keen to maximise profits, look for more raw material.

Governments around the world are sufficiently alarmed that they are taking administrative steps to fend off shortages, while also preparing for the worst. Common strategies to diminish fuel consumption include encouraging working from home, declaring extra holidays and promoting public transport. Authorities in Malaysia, the Philippines and Thailand, among other places, have told civil servants to steer clear of the office. Sri Lanka has instituted a four-day working week, with all Wednesdays considered holidays. Pakistan is limiting opening hours for shops and restaurants.

Another approach is to limit exports of refined products, to conserve domestic supplies. China, the world's biggest producer of kerosene, has banned all exports; South Korea, the second-largest, has capped them and India, also a big supplier, has raised taxes to discourage them. Such restrictions, naturally, make shortages elsewhere more severe. Australia and New Zealand, for instance, get almost all their jet fuel from China and South Korea.

Trying to boost alternatives to fossil fuels is also popular. Argentina has raised its cap on the proportion of ethanol that can be mixed into petrol. Indonesia has done the same with diesel, allowing a blend that is half palm oil. Lots of countries are expanding subsidies for electric vehicles.

Some governments, however, have already had to resort to more brutal measures. Indonesia is capping fuel purchases at 50 litres a day and Sri Lanka at 15. Myanmar is letting drivers buy petrol only every other day. Cambodia has simply shut a third of petrol stations.

So far the burden of such policies is falling chiefly on the developing world. But even in Europe, governments are dusting off laws enacted in the 1970s, in the wake of the first big oil shocks, which allow them to meddle in fuel distribution. The intention is to prevent problems from cascading, as when a lack of fuel for food distribution leads to empty shelves in supermarkets or when emergency services cannot keep their vehicles running. Some also provide for the suspension of competition rules to permit refineries to work together to maximise supplies or allow governments to alter speed limits to conserve fuel. The Netherlands recently initiated the first phase of its oil-crisis plan, which mainly involves closer monitoring of stocks. Slovakia and Slovenia, however, have both capped fuel purchases.

Such contingency planning will seem much less urgent should America and Iran reach an agreement to open the strait. But even then, it would take some time for the oil market to return to normal. The strait would need to be cleared of mines; insurers and shipping firms would have to be confident enough to send vessels through it; ships (apart from the ones stuck there) would have to sail to the Gulf, pick up cargoes and then sail on to refineries; refineries would have to process the oil and distributors would have to transport the resulting fuel to petrol stations. Governments in the rich world could slightly ease the burden during this recovery phase through further releases from strategic reserves, but they would have to be confident the crisis was past. And that would do little to help poorer, developing countries.

In other words, even in the most optimistic scenario, the world will continue to suffer a severe shortfall in supply for several more months. One way or another, fuel consumption will be rationed, whether by leaping prices or outright shortages. The energy shock of the past two months is bound to get bigger before it goes away. ■

United States

- Donald Trump is crushing America's farmers—yet they back him
- A radical idea for governing California
- Voters say they want young candidates. In practice, they do not
- A mogul alleges he has been swindled by a Trump-affiliated crypto project
- The government's lawsuit against the Southern Poverty Law Center is bonkers

United States | Sow bad

Donald Trump is crushing America's farmers—yet they back him

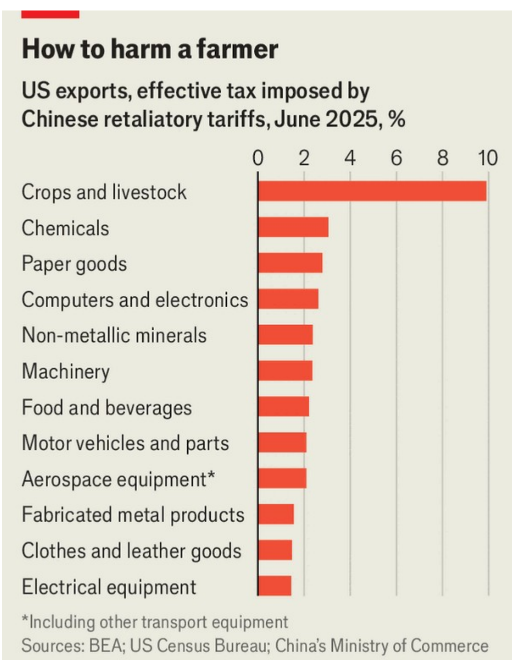
They bore the brunt of his trade war. Now the war in Iran is pushing some to the brink

April 30th 2026

TO SAM WATSON, farming has always been a gamble. Brought up in southern Georgia, he learned the risks from a young age: farmers invest millions of dollars each year to plant a crop, and drought or disease can wipe out profits in an instant. These days, though, he reckons the odds are worse than when his father was at it. Mr Watson, who moonlights as a Republican state senator, returned home from Atlanta just in time to put eggplant (aubergine), bell pepper and squash seeds in the ground. Soon dozens of workers will arrive for a harvest season that threatens to be his last. "We used to just pray for rain," he says. "Now we're praying on geopolitics, too."

Donald Trump has waged various literal and metaphorical wars in his second term, but two have been especially bad for Americans: his trade war with the world and his actual war with Iran. Every industry that makes things—from chemicals to cars to crops—suffered at least a little when Mr Trump slapped tariffs on other countries and some of them retaliated. Now, with the conflict in Iran unresolved and the Strait of Hormuz still blocked, those same businesses face higher costs. Few have suffered more than American farmers.

Even before Mr Trump took office, they were grappling with record costs. In just five years, land prices had risen by 6%, seeds by 18%, labour by 50% and interest expenses by 73%. When the president announced sweeping tariffs on "Liberation Day" last year, farmers' already fragile budgets became harder to balance. As the price of steel and aluminium soared, so did the cost of machinery such as tractors and sprayers. In a February earnings call, John Deere, the world's largest maker of farm equipment, said it had absorbed $600m in tariff-related costs in 2025 and expected that to double this year. Dave Peters, a semi-retired corn (maize) farmer near Harlan, Iowa, reckons farmers now need four times as many acres to make the same profit. Watching his son and granddaughter ride a tractor across his field, he reflects on how much it takes to get a farm going: "It's costing half a million just out the door."



Countries targeted by Mr Trump did not take it lying down. China inflicted the most pain, cutting off American soyabean growers and sharply reducing its purchases of cotton. In the year to October exports of soyabeans to China fell from 5.9m tonnes to zero. Many farmers are fed up. "We need relief and we need it now: no new tariffs; available trade markets," says Jason Lay, who grows soyabeans in Illinois. The Economist's analysis suggests that agriculture was hit harder by retaliatory tariffs than any other American industry. Levies on exports raise their effective prices for overseas buyers, making American producers less competitive. By mid-2025, electronics and chemicals makers' prices had risen by 2-3%. Agricultural prices were up by around 10%.

The war in Iran is compounding the strain, just as the spring planting season begins. Unlike other industries, which can rely on cheap American natural gas and electricity, farming depends heavily on diesel fuel, the price of which has jumped by 40% since the end of February, to around $5.40 per gallon. For row-crop farmers burning tens of thousands of gallons a year, a $1 increase quickly eats into already thin margins. But the conflict in the Middle East has delivered a second, more damaging blow. A third of the world's fertiliser supply passes through the Strait of Hormuz; its closure has sent prices soaring by as much as fuel. Preston Jimmerson, a cotton and pecan farmer in Georgia, reckons chemicals account for about 30% of his input costs. He plans to cut back by 15%, but fears this will hurt yields. "Taking the fertiliser away from a crop is like taking oxygen from a human," he says.

Even if the growing season goes well, farmers face challenges on the other side of the ledger. Crop prices have barely budged in years. Come July Mr Watson expects to sell a box of yellow squash for the same price he did a decade ago.

For many, the numbers no longer add up. In 2025 farm bankruptcies rose by 46%. Lynn Paulson, a banker in Fargo, North Dakota, expects most of his farm borrowers to lose money this season. "They're planning for profitability, but they're fighting for survival," he says. "Breaking even would be one heck of a win." The strain sometimes also shows up in darker ways. The owner of Kerr Auction, a used-equipment house in Illinois, says in tough years more tractors come in from families of farmers who have taken their own lives. He now expects to see more.

Only about 6% of rural Americans work in the fields. Yet across much of the South and Midwest, farmers underpin a wide web of local businesses, from ethanol plants and meatpackers (abattoirs) to banks, law firms and car dealerships. When farmers suffer, so does Main Street, says Bridgette Readel of AgMafia, a consultancy in the Northern Plains. In Moultrie, Georgia, where Mr Watson lives, the pain is already spreading. Three Crazy Bakers, a restaurant on the town square, is usually packed on Wednesday nights after church. But last week just four diners sat in a sea of empty tables. Breauna Coody, a 17-year-old waitress there, says her family no longer has spare cash for “normal teenage-girl things” such as movie tickets and lip gloss. She works six nights a week and spends 75% of her pay on petrol. A recent Economist/YouGov poll suggests such troubles are now commonplace: 27% of rural respondents said it would be “impossible” to cover an unexpected $1,000 bill.

It would be easy to blame Mr Trump for the downturn; after all, he campaigned on promises to bring down prices and revive the heartland. But rural America does not. The president’s favourability rating is higher among rural voters than among any other group in our survey. Most still think he is doing a good job. In interview after interview with The Economist, farmers said they trust the administration—but that they need help to recoup the losses its foreign policy is causing them. The American Farm Bureau Federation, a trade group, is pushing the federal government to ease regulations on cheaper fuel and pass another stimulus package. In the coming week the House of Representatives is expected to vote on the Farm Bill, which includes provisions that analysts reckon would help to nearly double cash subsidies to farmers by 2027, to $41bn. “I don’t know one farmer who actually wants a handout,” says Jayden Jorgensen, a 25-year-old who raises cattle and grows crops on her father’s land in Iowa. “But if we don’t take them, then we’re behind everybody else.”

Economic hardship is nothing new in the countryside. But spend time in places where cattle graze under big skies and you find a kind of optimism that is rare in cities. Mr Watson is not sure it will make sense to plant another crop next year. Yet he is buying the cheapest boxes and pallets he can, downsizing his tractors and working “all hours of the night” to preserve his way of life. “I don’t know what drugs are like, but I imagine farming is similar,” he says, standing in the middle of his packing shed as workers prepare the machines for the vegetables he hopes will come. “It’s not good for you, but it gets in your blood and it’s addictive.” ■

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United States | Matt Mahan

A radical idea for governing California

Democrats could try picking a young candidate who has a solid record of running a big city

April 30th 2026

Much political campaigning consists of spending time in diners accosting unsuspecting voters. And so on a recent Friday in Los Angeles Matt Mahan, the 43-year-old mayor of San Jose and a candidate for governor of California, sat down at Langer's Deli to enjoy the #19 (pastrami, swiss and coleslaw on rye). He was flanked by Norm Langer himself (who urged patrons to "Eat!"), and booths occupied by locals worried about homelessness and drug use in nearby MacArthur Park. "Every politician runs on homelessness being a crisis, and then we just manage it," said Mr Mahan. "It's unfair, and we're going to fix it." Then he hoisted the sandwich ("World's best!"), and took a bite.

When he entered the crowded governor's race in January, Mr Mahan was a long shot. But an uninspiring field of candidates, a scandal that torpedoed a front-runner and California's nonpartisan primary, in which the top two candidates go through to the general election, has made the race unpredictable. Though the primary is not until June 2nd, ballots will be posted to voters from May 4th. So Mr Mahan has little time to make his pitch. He argues, essentially, that California needs a pragmatic problem-solver in Sacramento who will stand up to his own Democratic allies as well as the president. His campaign represents an idea (popular on the wonkier edges of his party) that the best defence against Trumpism is proving that Democrats can govern effectively in places they already run.

Mr Mahan grew up on Rainbow Lane in Watsonville, a farming town in a corner of California best known for Steinbeck and strawberry fields. He received a scholarship to attend a Jesuit prep school in San Jose. His two-hour commute was like a relay race: dad drove him to Corralitos, where he was picked up by a friend who ferried him to the outskirts of Santa Cruz. One bus took him over the mountains to downtown San Jose, where he could board another that dropped him five blocks from school. Bus rides were for sleeping, homework and reading the Pajaronian, a local newspaper. "I imagined being like Bilbo Baggins leaving the Shire," says Mr Mahan, revealing his inner nerd. "It was like we were going on a journey every day." It's a routine that may resonate with many Californians who drive hours from towns where they can afford housing to jobs in the state's superstar cities.

That school catapulted Mr Mahan to Harvard, where he overlapped with the likes of Pete Buttigieg and Mark Zuckerberg. Joe Green, his campaign chairman and college friend, describes Mr Mahan as a Boy Scout—though, he offers, "he could do a pretty long keg stand" (30 seconds, according to the campaign). With friends like these it is unsurprising that Mr Mahan returned to Silicon Valley and eventually co-founded Brigade, a platform for political discussions. Since 2023 he has tried to blend tech and civics as mayor by, for example, using artificial intelligence to co-ordinate traffic signals so buses are not caught at red lights.

Mr Mahan's campaign is based on his record in San Jose, California's third-largest city. Consider two of the state's most pressing problems: a housing shortage and homelessness. San Jose is not exactly a YIMBY paradise, but Mr Mahan is trying to reduce fees and red tape to make it easier for developers to build housing. Rather than spending years and millions building permanent housing for homeless people, he argues, cities should erect shelters to bring people inside quickly. The number of homeless people in San Jose has stayed fairly steady since 2019, but the proportion with a roof over their heads has increased from 15% to nearly 40% in that time. Critics of this approach argue that shelter hides, but does not solve, the problem. The Angelenos lunching at Langer's Deli might retort that, under such a system, they would at least get their park back. "There's always trade-offs," Mr Mahan says. "I never want to pretend that there's just an easy answer."

Mr Mahan's centre-left politics and startup mindset have endeared him to some Californian tech moguls, who have donated to his campaign. Their millions help finance ads in the state's expensive media markets, but some voters worry that the mayor would be beholden to billionaires. "We have to regulate tech where it makes sense," Mr Mahan told a crowd at a building designed by Frank Gehry in Santa Monica. He failed to convince Sarah Spitz, a former radio producer in attendance. "I'd rather back the populist billionaire than the tech bros," she scoffed, referring to Tom Steyer, the self-described "billionaire who wants to tax other billionaires".

Mr Mahan's biggest challenge will be introducing himself quickly to California's 23m registered voters. "There's an old saying in California politics that San Jose is where political careers go to end," says David Crane, a Stanford University lecturer and a supporter of Mr Mahan's. "He was an absolute unknown." The city is more populous than San Francisco, but few outside (or even inside) California would guess that. Even some of Mr Mahan's biggest fans in Santa Monica were still learning the basics of his biography. Before the mayor took the mic a film producer leaned over to The Economist and whispered: "Is it May-han or Ma-hahn?" (It's May-han.)■

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United States | Gerontophilia

Voters say they want young candidates. In practice, they do not

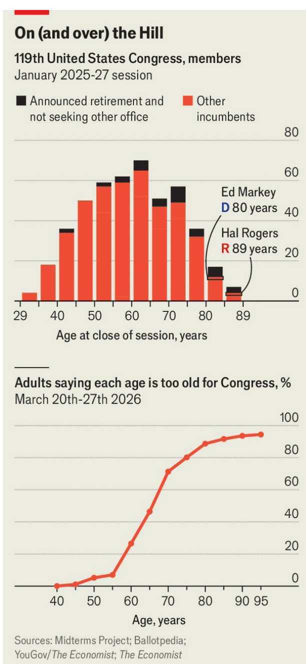
The Massachusetts Senate primary offers a case study

April 30th 2026

For those Democrats still recovering from the 2024 election, the Massachusetts Democratic primary is a jumpscare. Ed Markey, who has spent half a century in Congress, will be 86 by the end of his next term if he is re-elected. Mr Markey's primary challenger, Seth Moulton, meanwhile, credits four tours of duty in the Iraq war as his motivation. The 47-year-old has made age the defining contrast between them. "With everything we learned last election," he says in an advertisement, "I just don't believe Senator Markey should be running for another six-year term at 80 years old." Mr Markey is not alone in his tenacity. Just one-third of the 24 octogenarians up for re-election this year have announced their plans to retire from office (see chart).

The race between Messrs Moulton and Markey offers a clear case study of the gap between voters' stated and revealed preferences. In survey after survey Americans say they want a new generation of leaders. Yet in practice they make exceptions, weighing age against other factors and deciding it matters less than they claim. Voters seem admirably untarnished by ageism. In the most recent polls Mr Markey leads Mr Moulton by a comfortable 16 points.

One explanation is path-dependent: voters are often not offered the alternative they might have preferred. Mr Markey's most compelling potential rival, Ayanna Pressley, a 52-year-old congresswoman whose position on the left of the party would play well in a primary, never mounted a challenge. Polling suggested she would have been competitive. But Mr Markey consolidated support across the party early on, securing endorsements from Elizabeth Warren (aged 76), his fellow Massachusetts senator, and various trade unions. Older incumbents make formidable opponents because they have deeper pockets and more establishment support. Ultimately, Ms Pressley announced she would seek re-election in the House instead.



Mr Moulton, a Democrat with progressive views on economic policy but more moderate positions on social issues, has alienated parts of the coalition in the state. In 2024 he told the New York Times he doesn't want his two daughters "getting run over on the playing field by a male or formerly male athlete". Massachusetts' Democratic powerbrokers criticised the remarks and Mr Moulton's campaign manager resigned. That view, which reflects mainstream opinion, created a difficult path in a primary where to "become well-known and well-liked with young progressives in Massachusetts is the whole ball game", explains Mary Anne Marsh, a veteran Democratic strategist. No Republican candidate for president has won a single Massachusetts county in 38 years.

But the other half of the explanation lies with voters themselves. "Voters' statement that they want younger candidates is, to some extent, symbolic," notes John Sides, a political scientist at Vanderbilt University. In a recent YouGov/The Economist survey, 46% of respondents said it is better to nominate a younger candidate. Yet when asked how they would vote in a primary between two candidates they liked equally, just 10% said they would choose the less experienced one, who is in practice likely to be younger. Data from real elections bear this out. In 2024 voters re-elected 95% of incumbents across federal, state and local offices.

Even younger Americans don't feel as one might expect. In the same survey just 29% of those aged 18-29 said they would choose a younger, less experienced candidate over an older, more experienced one. A similar share of those aged 65 years and older said the same. Young Democrats were far more likely to favour youth than their Republican and independent peers, but there is still hardly a consensus. Roughly half of Democrats aged 18 to 29 either expressed no preference or favoured experience over youth.

"Age can be a primary concern for voters," says David Hopkins, a political scientist at Boston College, "if they really see any evidence that the incumbent…has lost so many steps that they're no longer able to do the work." In Mr Markey's case, he adds, "we haven't seen that yet." The result is that even a progressive movement animated by calls for generational change, once again finds itself rallying behind an ageing incumbent. ■

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Balance, a weekly note that examines the state of American democracy and the issues that matter to voters.

United States | Cocaine, crypto and lawsuits

A mogul alleges he has been swindled by a Trump-affiliated crypto project

Tom Wolfe could not have invented a more outlandish satire of America in the 2020s

April 30th 2026

IN 2023 THINGS were not looking good for Justin Sun, a billionaire crypto-mogul. The Securities and Exchange Commission had accused him of fraud. The regulator claimed that the companies he founded and controlled had issued unregistered securities (two crypto tokens, Tron and BitTorrent); had manipulated the markets in those securities by "wash trading" to make the tokens look active and useful; and had paid celebrities to endorse them without disclosing they were being paid. In the wake of the allegations he stepped down from a diplomatic post he held as a trade representative for Grenada, an island in the Caribbean. He was afraid to set foot in America lest he get arrested. By the end of the year two other kings of crypto would be toppled: Sam Bankman-Fried, the founder of FTX, was convicted of fraud, and Changpeng Zhao, the founder of Binance, pleaded guilty to violating American money-laundering laws.

The case was supposedly a strong one—but by November 2024 it had not yet reached court. Then, less than three weeks after Donald Trump won the election, Mr Sun began to buy $75m-worth of tokens from World Liberty Financial (WLFI), a crypto project in which the Trump family would receive 75% of the proceeds of any crypto-token sales. In March 2025 the case the SEC had brought was suddenly settled, with no admission of wrongdoing and a $10m fine (small, given the gravity of the charges). Eleven days later the head of enforcement at the SEC resigned.

Now Mr Sun is alleging he was duped. On April 21st he filed a federal lawsuit in California against World Liberty, alleging various forms of mistreatment. Mr Sun says his tokens were frozen, meaning he could not sell them. At first, buyers were not allowed to sell their holdings—but this blanket restriction was lifted in September 2025. At that point Mr Sun should have been able to sell his tokens, along with everyone else, but he could not, a restriction he claims has cost him $276m, as the tokens have since dropped significantly in value. He also says he was stripped of his right to vote on the rules for how the tokens were managed—a common feature of decentralised finance projects—and that World Liberty Financial had "threatened to permanently destroy my tokens by 'burning' them".

The lawsuit marks an implosion in a relationship that once seemed mutually beneficial. Mr Sun was the first major backer of WLFI, helping it to gain momentum. The World Liberty project allowed Mr Sun to go into business with the Trumps as his fraud case loomed (World Liberty has denied there was any quid-pro-quo involved with his purchase). But, according to the lawsuit, World Liberty eventually wanted more from Mr Sun. Come the summer of 2025 World Liberty was launching a stablecoin—a token pegged to the dollar—and the firm wanted Mr Sun to buy $200m-worth and promote its use on Tron, his crypto network. When he refused, the lawsuit alleges, the firm began to retaliate by freezing his tokens.

On social media Zach Witkoff, World Liberty's chief executive, said Mr Sun's claims were "entirely meritless". But Mr Witkoff, the son of Steve

Witkoff, Mr Trump's special envoy, is facing a scandal of his own: on April 22nd the Newsground, a website, published footage of Mr Witkoff junior being arrested in 2022 on a cocaine charge outside a nightclub in Miami. (The charges were later dropped. To his credit, he has said he is "deeply embarrassed" and is a changed man.)

None of this looks good for anyone involved. One of crypto's most powerful men still standing has, he claims, been diddled out of his investment in a crypto scheme. The Trump family is tangentially implicated in an alleged swindle involving a MAGA princeling. Still, the episode may not do much damage to anyone's reputation. The last time Pew surveyed Americans on their sentiments about crypto, around 60% reported they had little to no confidence in it. Roughly the same share now says the same about Mr Trump. ■

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United States | Informing on the informants

The government's lawsuit against the Southern Poverty Law Center is bonkers

But the non-profit had badly lost its way

April 30th 2026

The president likes to applaud the work of his underlings—especially when they are taking down his enemies. Days after the Department of Justice indicted the Southern Poverty Law Centre (SPLC), a progressive non-profit, on wire-fraud charges, Donald Trump took to Truth Social. The defendant, he wrote on April 24th, is "one of the greatest political scams in American history". If the allegations prove true, he added, "the 2020 election should be permanently wiped from the books."

You could forgive someone who follows politics closely for being confused. The SPLC does not take part in political races. Instead, it is in the business of keeping tabs on America's hate groups and suing on behalf of their victims. But in recent years the non-profit has become one of the right's favourite bogeymen. Founded in Alabama in the 1970s to fight poverty and racism, it drew lots of justified criticism when it began labelling more mainstream conservative groups and people, such as the Family Research Council, Moms for Liberty and Ayaan Hirsi Ali, a writer, as dangerous extremists.

After Charlie Kirk was assassinated in September, it vaulted to the top of MAGA's enemy list. Elon Musk blamed it for inciting the killing by criticising Mr Kirk in a "Hatewatch" newsletter and branding his organisation as "authoritarian". That same month Kash Patel, the FBI director, called the SPLC a "partisan smear machine" and cut the agency's longstanding ties with it. Now Mr Trump's fiercest lawyers are taking aim at a once-great organisation, too.

In the series of attacks on the president's foes, this may be the sloppiest yet. Federal prosecutors accuse the SPLC of "manufacturing" the very racism it purports to be fighting. In a 14-page indictment, they allege that the non-profit defrauded donors by not disclosing that it paid a network of informants inside far-right groups. Between 2014 and 2023 it used fake bank accounts, the document explains, to secretly funnel more than $3m to an officer of the Aryan Nations, the president of American Front and an Imperial Wizard of the Ku Klux Klan, among others. The SPLC has so far not denied the facts in the charges—but it said in court that the government was in on it all along.

Using informants to gather intelligence to catch criminals is not just lawful but deeply embedded, and even incentivised, in the legal system, says Alexandra Natapoff of Harvard Law School. The FBI itself regularly pays and relies on snitches. In a rules handbook, the Justice Department even outlines the kinds of crimes the feds are allowed to authorise informants to commit on the job: acts of violence and witness-tampering, no; drug dealing, selling stolen goods and insider trading, yes.

But the SPLC is a non-profit, not a law agency. And the administration's case is not really about its tactics, however shocking they may be. For the fraud and money-laundering charges to stick, prosecutors will have to show either that the non-profit made explicitly false statements to donors or that it had a clear legal duty to disclose information, as a doctor would to a patient or a lawyer to a client. Samuel Buell of Duke University reckons they will probably not have much of a shot at either.

The flimsy legal argument, however, is not the worst part of the lawsuit. In outlining the SPLC's alleged crime, the government describes some of the informants the non-profit tapped, presumably gleaned from a shared intelligence file from long ago. Eight short portraits give enough detail about them—a Klan member and her spouse, an "Exalted Cyclops", who together were involved in an "Adopt-a-Highway" lawsuit, for example—to allow your correspondent to identify at least four by name after five minutes of Googling.

Exposing these people on a public docket risks getting them killed. The world that the informants operate in is rife with violence, and there is no greater betrayal than snitching. Enrique Tarrio, the pardoned leader of the Proud Boys, a far-right club that the SPLC has tracked closely for years, told The Economist that he would "love" the case to go to trial so he could see if there were any informants in his organisation. "Would I want to beat that guy's ass? Yes, but that's assault and I value my fucking freedom," he says. "But some of these groups started as prison gangs and they'll put a knife in your belly for crossing them on the TV."

The Justice Department's callousness sends several messages. To non-profits thinking about collaborating with the government, it shows that this administration cannot be trusted with sensitive tips. To insiders in criminal rings it signals that striking a deal to get money or impunity now carries greater risks. The upshot of this lawsuit could be that America blunts one of its most effective tools for gathering intelligence on domestic threats. To do so in pursuit of one president's political vendetta may prove to be costly.■

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The Americas

The Americas | North and south

A tour of Brazil's wildly polarised politics

Lula's voters and Bolsonaro's voters don't agree on much. But they all hate the corruption that plagues Brazil

April 30th 2026

It is one of the world's most unequal countries. Thanks to its colonial and slave-importing past, Brazil is one of the most racially mixed countries, too. To cross it can feel like visiting different continents. The Amazon jungle gives way to deserts and palm-lined coasts in the north-east. Most of the population is mixed-race. Fly south, and villages are dotted with Fachwerk houses and vineyards, built by the white descendants of German and Italian immigrants. São Paulo is the helicopter capital of the world, in which elites are whisked to and from their penthouses on some 2,000 flights a day. Meanwhile, in Santarém, a city in the Amazon, 96% of residents have no sewerage.

One might expect such disparities to foster deep political division. In the 2010s, after three decades of democracy, Brazil had become more polarised. The dominant political force, Luiz Inácio Lula da Silva's Workers' Party, wobbled with corruption, facilitating the rise of Jair Bolsonaro, a right-wing populist, who became president in 2019. The clash between the two men and their followers has defined Brazilian politics since. In 2025, for a brief moment, it looked as if the country might be preparing to move on, as Mr Bolsonaro was jailed for plotting a coup. With a general election due this October, many thought he might have to endorse a moderate figure from outside the family to run in his place. But he chose his son, Flávio, a senator. The left is lining up behind Lula, now 80, for his seventh presidential campaign. Another divisive election looms.

To understand what is driving Brazil's 213m-plus people apart,The Economist travelled to the municipalities that voted most sharply for Lula or for Mr Bolsonaro in the presidential election in 2022. Predictably, voters disagreed strongly on Mr Bolsonaro's imprisonment and on the role of the state in the economy. But there were also areas of consensus. All Brazilians revile the corruption that pervades their politics. The vast majority are deeply religious. Most believe that reforms are needed to curb the country's powerful Supreme Court. Despite recent increases in real wages, many Brazilians lament the high cost of living. Brazil may be divided, but voters have more in common than they think.

In Petrolina, a city in the north-east, it is clear which way voters swing. A replica of the Statue of Liberty outside a department store owned by a Bolsonarista businessman has been burned down. It was set ablaze in September, when Mr Bolsonaro was convicted. On the drive to Guaribas, a town of 4,500 where 94% voted for Lula in the previous election, pick-up points for subsidised cooking gas, one of his flagship handouts, pop up along the main road.

It is the end of the short rainy season, and the landscape is dotted with flowering cacti and umbu trees heavy with yellow fruit. For the eight months that follow, not a drop of water will fall in these parts, which revert to arid scrubland. Almost 13% of the region, known as the sertão, is in advanced stages of desertification.

“When I was a child, life was very painful,” says Obaniel Fernandes da Silva, a local. “We had no water, no food, no medicine and no school.” In the neighbouring village, a group of women talk over each other, eager to recount their stories. “Sometimes we’d go three or four months without a bath,” says Iracy Ribeiro da Rocha, 72. “It was more important to use the water to cook.” One woman lifts her skirt to reveal a bulging vein acquired when, heavily pregnant, she was forced to trudge for miles to the water hole.

Since then, a battery of government programmes has transformed the municipality, once Brazil’s poorest. When Lula first came to power, in 2003, he chose Guaribas as the site to pilot two welfare schemes, Bolsa Família (Family Grant) and Fome Zero (Zero Hunger). The first gives heads of households, overwhelmingly women, a cash handout of 680 reais ($136) a month, on average. In exchange, parents must send their children to school and get them vaccinated. Only households earning less than $44 a month per member are eligible. The programme costs $32bn a year, or 1.2% of GDP.

Fome Zero provides family farms with technical help and organises them into co-operatives. The state then buys their produce and distributes it to public schools and hospitals. In addition, the government provides water cisterns in rural areas, as well as clinics that have sometimes been staffed with underpaid Cuban doctors.

Such initiatives helped to reduce the number of Brazilians living on less than $3 a day from around 30m in 2002 to fewer than 7m today. “If it weren’t for him, we would have died of thirst and hunger,” says Ms Rocha of Lula. “Whoever doesn’t vote for Lula deserves a kick!” After two decades of state intervention, many in the next generation are becoming independent. Natalícia Pereira Silva, headmistress of Guaribas’s secondary school, beams as she explains that recent alumni include lawyers, engineers, accountants—and soon its first doctor.

Yet despite the progress of the young, almost every family in town still receives Bolsa Família, as well as free or subsidised cooking gas and electricity. There are hardly any shops, and few jobs not provided by the government (the new lawyers and accountants are among those who left to find work). “We don’t have a federal plan to help people in the medium and long term to find work and get out of these programmes,” says Diogo Siqueira, a Bolsonaro-aligned former mayor of Bento Gonçalves, a prosperous town in the south. He is running for Congress on a campaign to cut government assistance by finding jobs for its beneficiaries.

Welfare irks Brazil's right-leaning voters more than most issues. Some 19m families in Brazil, around a quarter of the total, receive Bolsa Família, and 7m of these have done so for a decade or longer. Many beneficiaries have low-paid jobs. But fraud is also common. In Guaribas, for example, the census lists 151 single-parent households—yet 617 families told the welfare registry they were headed by a single parent. Many evidently don't admit to having a second earner in the house.

"Our region is one where people are focused on family, work and order," says Odeli Sonda, a fruit farmer in Nova Pádua, a town in southern Brazil made up of Italian descendants. Some 90% of its voters backed Mr Bolsonaro in the most recent election. "We know that a left-wing government doesn't have those priorities." Behind him a dozen relatives are already hard at work at 8am, packing grapes and pears into boxes and loading them onto lorries heading for distant cities.

Graziela Boscato, a vintner whose elderly father still works the fields, thinks that "the president of the country" should be chosen by "those who contribute to it", not by people who are on welfare. "The handouts they get come from the taxes that we pay." Entrepreneurial southern farmers themselves benefit from a temperate climate and good roads.

Ironically, it was Mr Bolsonaro who turbocharged the number of Bolsa Família recipients and the amount of money paid out, as part of a splurge in advance of his re-election attempt. In 2018, when he was elected, there were 14m recipient families and the average handout was $48 per month. By the time he left power, 21m families got an average of $115.

Adding to the anger over handouts is a sense that taxes are too high and that public money is often stolen. The state should “invest in public health and public education", says Mr Sonda. "Instead my taxes fund corruption." Ms Silva, the headmistress in Guaribas, agrees: "Corruption has infiltrated everything."

Brazilians of all stripes are angry about recent scandals involving the powerful Supreme Court, which have revealed connections between several judges and the leader of a massive bank fraud. "The branch of government that's supposed to be our last line of defence is even more mixed up in corruption than our politicians, so there's nowhere to turn," says Ezequiel Pan, a lorry driver in Nova Pádua. In a recent poll, three-quarters of Brazilians said Supreme Court judges have too much power.

Another common grumble is that living costs are too high. From Nova Pádua to Guaribas, some former Lula voters say they will support Flávio this time because, they reckon, life is unaffordable. Several people hint that they are struggling to service their debts; one in four Brazilians say they have fallen behind on repayments. Brazil's benchmark interest rate is a whopping 14.75%. The average annual rate on credit cards has risen to an eye-watering 452%.

Corruption, judicial checks and balances, complaints about basic prices: this is hardly the stuff of a divisive culture war between two political extremes. If a middle-of-the-road candidate is not emerging, it is not for lack of demand. ■

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The Americas | Raizal logic

The Caribbean island that calls Colombia a coloniser

Locals on San Andrés blame the mainland for crime and corruption

April 30th 2026

The island of San Andrés is one of Colombia's most popular tourist destinations, a distant 750km north of the mainland. In 2025 more than a million people, mostly Colombians, arrived to swim in the "sea of seven colours" and feast on seafood. Few are aware of the island's mounting problems, or the discontent of its residents. A growing band of islanders even want independence from Colombia.

Rubbish piles up out of sight from white-sand beaches. An overcrowded prison dumps sewage into the sea. Former governors have been investigated for corruption. Unemployment is high, at 13%, so locals turn to drug-smuggling to make ends meet. Drug gangs have brought violence.

Afro-Caribbean islanders, known as Raizals, blame Colombians from the mainland for destroying the environment, appropriating land and erasing Raizal identity. "I don't see no future for our people," surmises one Raizal leader gloomily. He would rather belong to England, the "mother country", than to Colombia (English Puritans were the first to settle on the archipelago in the 17th century). An official describes "permanent conflict" between the Colombian navy and Raizal fishermen, who say their fish stocks are being plundered. "We live subjugated," says Sol Molano, who advocates for Raizal culture. "We need to be free from the coloniser."

In 1991 Colombia's constitution recognised the Raizals' ethnic rights. Yet they complain of scant improvement. "We don't need a paper to say you have autonomy to dance or cook," says Ms Molano. "We need autonomy to elect our presidents." Documents leaked in 2012 revealed that Colombian intelligence had been monitoring Raizal leaders. The report suggested keeping Raizal islanders as the minority.

Such information fuels radical ideas. One is that San Andrés might detach itself from Colombia and make a "free association" with another Caribbean nation (Nicaragua and Panama are both closer than Colombia). That seems unlikely. Most of the island's population is not Raizal and would not support secession.

Colombia’s left-wing president, Gustavo Petro, wants to “decolonise” his own country. This makes the Raizals’ demands awkward. In 2023 he appointed five Raizal islanders as Colombia’s ambassadors to Caribbean nations. That was not enough for Ms Molano. ■

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Asia

Asia | Silver lining

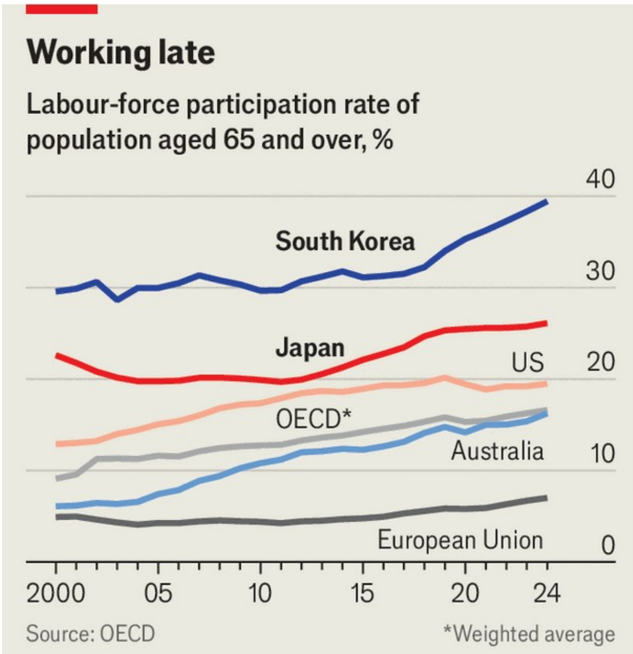
Ageing workers in East Asia are essential. More are needed

Yet they often face high barriers to employment and unpalatable options

April 30th 2026

HONDA TAMIKO began working as a child on her family's farm back when Japan was at war with America. Now 93, Ms Honda still puts in a hard day's toil as a janitor at a McDonald's branch in Kumamoto, in southern Japan. Ms Honda says her pension is plenty to live off; she chooses to keep showing up. "Humans are animals, after all," she chuckles. "We have to keep moving as much as we can."

Ms Honda is the oldest in McDonald's crew of some 220,000 in Japan. But she is less an outlier than a harbinger. As people live longer, they are staying healthy for longer and working longer, too. Japan and its neighbour South Korea, two of the most rapidly ageing countries, are at the forefront of this transition. Nearly 40% of South Koreans and more than 25% of Japanese aged above 65 remain at work, the highest rates in the OECD, a club of mostly rich countries (see chart). But labour markets and social systems designed for a different demographic era struggle to make the most of those who can work and to support those who can't.



Many people in both Japan and South Korea keep working out of necessity. More than half of elderly employees in Japan say they work for income. The financial pressure is even greater in South Korea, where the pension system failed to keep pace with the country's rapid development after the Korean war, leaving generations of people with inadequate support. The average public pension replaces only about a third of workers' pre-retirement income, so nearly 40% of South Koreans over 65 make less than half the median income, the highest rate in the OECD. Many in South Korea fear being made to retire too early: bus drivers in Seoul went on strike earlier this year demanding that the retirement age be raised. "In the past, 65 was considered quite elderly, but now, even at 65, people live a youthful life," says Shin Gyo-beom, who drives Seoul's bus number 107. "Wouldn't it be better for someone more experienced to drive?"

Yet money is only part of the story. Many want to keep working for other reasons. "There is infinite value that can't be quantified in monetary terms," says Kim Mi-gon of the Korea Labour Force Development Institute for the Aged, a think-tank. Staying employed can help stave off health problems and keep loneliness at bay. "When you're this age, if you stay at home, you lose it mentally and physically," says Ms Honda, who belongs to McDonald's Japan's "Premium Age Crew", as employees over 60 are known. "My family keeps telling me to quit, but I know that if I stop working and stay at home I'll be a burden to them and end up in a facility."

Across East Asia, studies show older people who keep working tend to be less frail and less likely to report depressive symptoms. (The direction of causality is hard to establish, however.) Ro Ick-kyun, a 60-year-old from Hanam, east of Seoul, has had several jobs since he retired from his original career as a corporate executive. "My wife says when I work I seem younger and more full of energy," he smiles.

Some companies are making concerted efforts to use older workers. Consulting on later-stage career options has become common practice at large Japanese firms. Companies are adjusting roles and responsibilities to accommodate older workers. The boss of a car-repair shop in Kashiwazaki, a small city in northern Japan, says that with fewer young people, he needs to get more out of his existing staff.

Yet too often those who want to keep working face high barriers and unpalatable options. Lots of human capital is wasted, argues Randall Jones, a former head of the Japan/Korea desk at the OECD. Seniority-based wage and promotion systems are still common in Japan and South Korea, which makes keeping workers on full-time staff contracts costly for companies. Many thus rehire older workers after their official retirement on new temporary contracts with reduced pay and responsibilities.

Those who look for new jobs can struggle, not least because discrimination is rampant. "Korean case law and social norms tend to view hiring discrimination based on age…as reasonable," says Kwon O-hun, a labour lawyer at Gapjil119, a South Korean watchdog that combats workplace abuse. Some start small businesses. Others take on temporary work as cleaners, carers or security guards. "There's a huge mismatch: lots of supply of desk workers and lots of demand for menial work," says Kitao Sagiri of the National Graduate Institute for Policy Studies in Tokyo. "The skills older folks accumulated are not necessarily what's needed."

Those who struggle to find new jobs can turn to a host of government programmes and agencies to support older workers. South Korea's national government finances over 1m part-time jobs for seniors as a quasi-welfare policy. The Seoul 50Plus Foundation, an arm of the capital's municipal government, aims to help those on the cusp of retirement from their first career plan for a second one. At one airy outpost in the city's east, older jobseekers can get advice on how to polish their résumés or receive training in AI. Japan has more than 1,300 Silver Human Resource Centres, which help match people aged 60 or above with job opportunities, from caring for even older folk to cleaning up family gravesites for those not up to visiting.

Policymakers want to encourage these trends. Keeping people employed for longer helps compensate for the shrinking number of young people in both countries; to the extent it keeps people fit, it also helps reduce health- and nursing-care costs. Since 2006 Japan has encouraged firms to offer job opportunities until the age of 65; in 2021, the government began urging employers to keep workers on until 70. In 2013 South Korea raised its statutory retirement age from 59 to 60. But that does not tackle the underlying issue about what kind of work older people should do.

Getting the most out of those who can keep working while providing support to those who cannot will require a more ambitious redesign of social systems and hiring practices. For older workers it also means reconceiving the latter stages of a working life as something more akin to the beginning of it. Murazeki Fumio, the head of Koureisha, a temporary-employment agency for elderly workers in Japan, encourages his new employees to shed their attachments to their old roles: "I always tell everyone: once you're over 65, approach it as if you were a new hire, with the mindset of starting over from scratch." ■

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Asia | Strait to the point

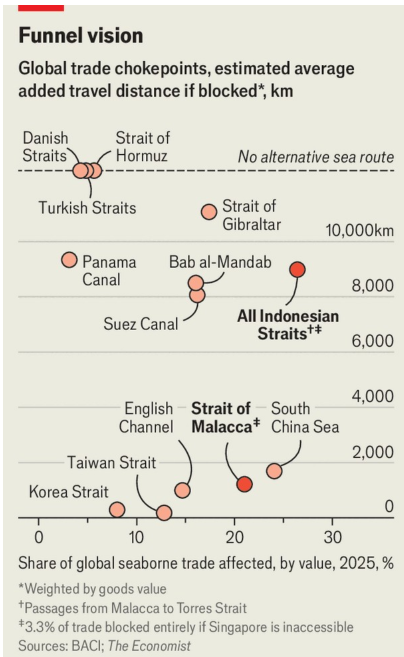
Indonesia suggests charging a toll to transit the Malacca Strait

It’s not the first time that it has toyed with the unwelcome idea

April 30th 2026

“One strait”, Indonesia’s President Prabowo Subianto told his ministers in a televised cabinet meeting on April 8th, referring to the Strait of Hormuz, “determines the fate of many nations, of the price of oil. And the key to it is held by one country.” “But do we realise”, he asked them, raising the pitch of his voice and his eyebrows in a way that could only be described as coy, that “70% of East Asia’s energy needs and 70% of its trade pass through the Indonesian straits?”

Sitting in front of Mr Prabowo was Purbaya Yudhi Sadewa, his outspoken finance minister. On April 22nd, Dr Purbaya took Mr Prabowo’s remarks to their natural conclusion, complaining to an infrastructure-investment conference that ships passed through the Strait of Malacca without being charged. “I’m not sure whether that’s right or wrong,” the minister continued. Noting that Iran had begun charging traffic through the Strait of Hormuz a fee, he wistfully added, “if only it could be like that” in the Strait of Malacca.



Mr Prabowo’s figures on the amount of energy and trade passing through the archipelago’s straits are imprecise. But he is right that Indonesia sits upon some of the world’s most strategic waterways. Modelling by The Economist estimates that blocking the Strait of Malacca would force around 21% of global seaborne trade to reroute, adding an additional 1,200km to ships’ journeys. However, blocking all of the Indonesian straits, including the Sunda, Lombok and Makassar straits, would affect some 26% of global seaborne trade, and require an average detour of 7,800km.

It is not the first time that Indonesia has raised the possibility of charging a toll in the Strait of Malacca. In the mid-2000s pirates hid out in the coves of the Indonesian island of Sumatra, on the west side of the strait, waiting to seize container ships and tankers sailing through it. Unable to police its own coastlines, Indonesia offered to charge passing vessels a fee in order to fund security in the strait.

The idea was shot down at that time by Singapore, which with one of the world's busiest ports at the southern end of the strait stood to lose the most from such a scheme. It insisted that the right under international law to transit an international strait be respected. Indonesia eventually dropped the proposal. Instead it joined Singapore, Malaysia and later Thailand to conduct air patrols of the strait. Reports of piracy dropped.

But Singaporean officials have long worried that cash-strapped Indonesians, under a more assertive president, might return to the idea. Iran's closure of the Strait of Hormuz has heightened those fears. Indonesia may lack a strong navy, but Iran's use of cheap one-way drones shows that it need not possess one in order to shut down sea lanes.

For now, it is off the table. The foreign ministers of both Singapore and Malaysia spoke up on April 22nd to make clear that nothing could be done in the waterway unilaterally. "The right of transit passage is guaranteed for everyone. We will not participate in any attempts to close or interdict or to impose tolls in our neighbourhood," Vivian Balakrishnan, Singapore's foreign minister, told an interviewer.

Sugiono, their Indonesian counterpart (who goes by only one name), responded on the evening of April 23rd that Indonesia would keep the strait free. "We are not in a position to do that." Indonesia, he correctly noted, made a deal during the negotiations that led to the un Convention on the Law of the Sea (unclos) to allow innocent passage through its straits in exchange for recognition of its claim to all of the waters between its 17,000 islands. "We are a country that must respect international law, especially unclos."

But at a time when the world can rely less and less on international law, that will be cold comfort to those who must rely on Indonesia keeping its word. After the idea has been floated, and so prominently, expect the Malacca issue to drift back into view again before too long. ■

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Asia | My train's faster than yours

Is Vietnam's latest railway ambition worthwhile?

Some say the whopping project should be scaled down

April 30th 2026

In 2009 Vietnam's then prime minister made an audacious proposal for a high-speed railway that would connect the country's south and north, replacing the creaking Transindochinois installed by the French a century earlier. The project, which would have cost more than half of the country's annual GDP at the time, was approved by Vietnam's communist politburo and central committee before being blocked by the National Assembly in a rare show of discord.

Seventeen years on, and at the helm of a much stronger economy, Vietnam's leaders have revived dreams of a 1,540km railway that would cut the journey from Ho Chi Minh City to Hanoi, the capital, to six hours, down from the current 35. With an updated price tag of $70bn, a still hefty 14% or so of the current GDP, it would be the largest infrastructure project in Vietnam's history and among the costliest rail schemes in the world. Construction will begin before year-end, authorities say. Except they have yet to answer one thorny question: where's the money?

As an investment, high-speed rail has a bad reputation. Examples abound from California to Britain of projects that have become dogged by cost overruns, delays and scandal. To pull them off, many in the region have leaned on China, which hosts the world's longest and, by metrics including ridership, speed of construction and cost, most successful high-speed rail system. With nearly all of their own big cities already connected, Chinese engineers are also looking outward for new projects. The government in Hanoi, however, has its own reasons for steering clear.

Having been occupied by China for a thousand years, Vietnam is wary of handing China influence over such a chunky piece of infrastructure. And officials have no doubt paid attention to events in Indonesia, where a Chinese-backed high-speed railway between the cities of Jakarta and Bandung has not proved popular since opening in 2023. Indonesia faces strain in repaying its $5bn loan to China, on which annual interest exceeds $70m.

Vietnam will seek to rely on itself, its leaders say. They want private investment, which they hope will minimise graft and inefficiency. But the sheer size of the project is daunting. Last year a Vietnamese conglomerate, Vingroup, offered to bear 20% of the cost if the government would come up with an interest-free loan for the remainder. But in December Vingroup abruptly withdrew its bid, saying it would focus on other projects. No other eligible bidder has emerged.

Privately, business leaders are sceptical that the government can raise the funds. The promise of high-speed rail is enticing: Vietnam needs to ramp up its spending to meet ambitious growth targets and a project of this size would help, as well as spreading out development.

But drawing lessons from Japan's Shinkansen bullet trains, it may be wiser to scale down and start with building what would probably be the rail network's most profitable leg, the southern one between Ho Chi Minh City and the coastal city of Nha Trang, even if that is less flashy. Will the communist bosses like that? ■

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Asia | On the beach

Climate change is forcing Vanuatu to confront an unthinkable future

Legal battles abroad offer little comfort

April 30th 2026

Nguna is one of the smaller of some 83 islands that make up the South Pacific archipelago of Vanuatu. It hardly rates a mention in the global politics of climate change, but its people want their voices to be heard. After all, they are living with the effects—close up.

Inneth Tasururu teaches at the little school in Unakap, a village on Nguna just off the coast of Efate, where the capital, Port Vila, stands. Not so long ago she was a pupil playing in its playground. When asked where the sea was then, her eyes glaze over a little and she says just one word: “Far.” Locals estimate that in recent decades the shoreline in Unakap has come in by something like 20 metres. The school’s old football field is under water, and attempts to build coastal defences have all failed, washed away or broken by high tides and storms.

After each storm, changes can be seen. The shores of Nguna island and its neighbours are littered with fallen trees, undermined by erosion. Other trees have most of their roots exposed, ready to fall next. Metal spikes stand out in places, the ruins of failed defences, and the path to the school is being eaten away by the waves. “All the communities in the islands are affected,” says Whitely Tasururu, a local man who advises the government on the issue.

Vanuatu is sponsoring a United Nations resolution on climate change, to press for financial help based on a legal opinion last year by the International Court of Justice that countries can be held liable for their inaction on climate change. America is doing its best to scuttle this motion, and any action would anyway surely come too late for much of Vanuatu. People there laugh at Donald Trump’s claim that climate change is a “con job”. In Port Vila, Vanuatu’s Ministry of Climate Change has collected evidence that suggests the sea level is rising all around the country. According to the country’s meteorological service, it has risen by 11-15cm since 1993. That brings severe problems such as saltwater intrusion.

Olivia Finau William, a spokeswoman at the climate-change ministry, talks of people cooking in kitchens permanently half-full of water. “The majority of the population of the islands lives on the coasts,” she says. One cemetery has been washed away. Vanuatu lacks resources to deal with a crisis of this magnitude. It struggles to deal with its natural disasters, which are almost routine and can include earthquakes, tsunamis and volcanic eruptions, as well as recurrent powerful cyclones. It has declared its own climate emergency, but in practical terms that has not made much difference. It is a big problem for a small nation that lacks even a medical school.

One solution is to move people, but that has not proved easy. Vanuatu has a complicated system of traditional land-ownership, presided over by its Malvatumauri Council of Chiefs, a national body with political clout. In the distant past, Vanuatu was divided between dozens of tribal groups, each of which spoke their own language and never ventured outside their own area. Centuries ago, they might be killed for doing so. Today there is widespread intermarriage, but when it comes to moving there can still be tension. New arrivals can be seen as competition for the archipelago’s scarce resources.

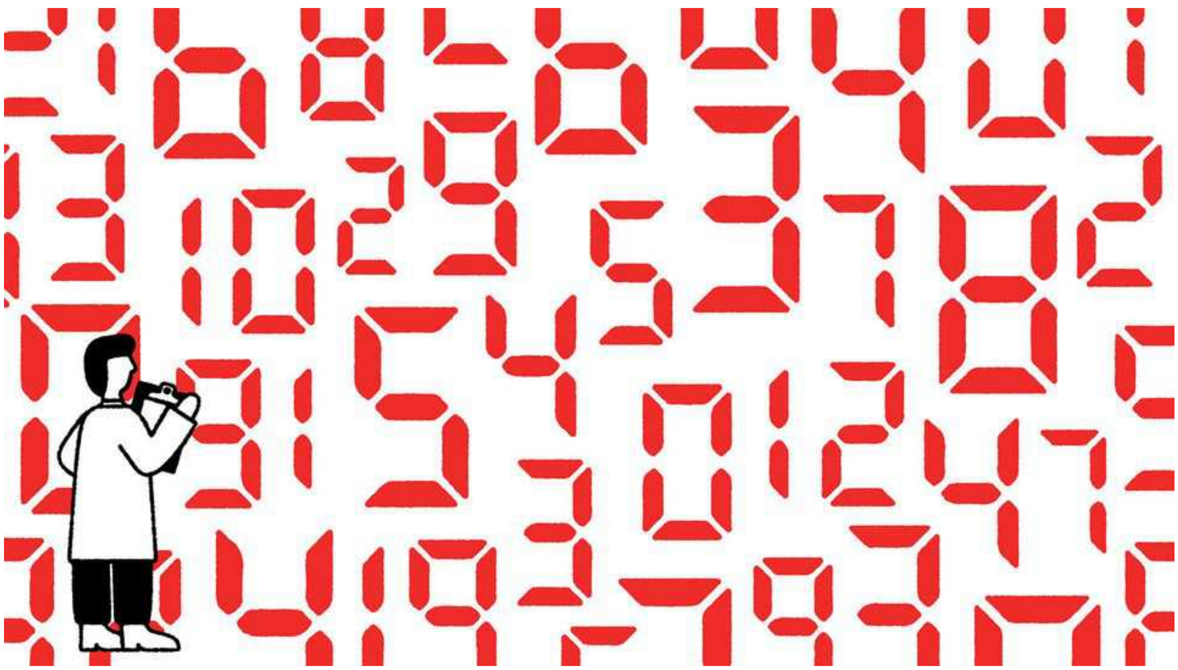
Vanuatu’s leading expert in climate change is Robson Tigona, who lectures at the National University of Vanuatu. While shifting tectonic plates do affect Vanuatu, a volcanically very active country, he does not doubt that the general sea-level rises seen locally are ultimately linked to melting ice caps and glaciers in other parts of the world. Climate-change sceptics should come to the Pacific, he says, and see the situation for themselves. ■

Asia | Banyan

Making India's numbers count again

India is restoring the credibility of its statistics. Will it last?

April 30th 2026



How do you know if your data are crap? You go and look at the toilets. In 2018 Rajasthan, a state in north-western India beloved by tourists, declared that it was "open defecation-free". Separately, government auditors visited dozens of villages in the state to inspect homes built under a government housing-subsidy scheme. "Interestingly", the report notes, 49% of houses had no toilets. Despite the disclosure, data dashboards continued to show potty penetration at 100%. Interesting indeed.

It is not uncommon, anywhere in the world, for one wing of government to have no idea what another is doing. But that vignette is not petty snark from a columnist. It is contained in a recent report from Niti Aayog, the government's own think-tank, that laments the quality of statistics in India.

The risk of inaction, it said, is that “policy rides on numbers no one fully trusts”. That was just the starkest of six risks it listed.

For decades after independence India boasted a statistical infrastructure far superior to what its level of development would suggest. But the system suffered from both neglect and political interference. Matters reached a nadir in the 2010s under governments led first by a distracted and scandal-plagued Congress Party and then by an inexperienced and ideological Bharatiya Janata Party. Controversies in 2018 and 2019—over GDP calculations, unemployment rates, payroll data and consumption—sapped confidence, at home and abroad, in India’s numbers. After one incident, two officials at the National Statistical Commission, a regulator, resigned in protest.

Any competent political outfit should know how to spin data to make itself look good, or at least less bad. India’s ham-fisted approach of withholding surveys or using indefensible methodologies made it look worse than the actual numbers would have done. Eventually the government realised that dodgy data were harming it more than helping it. In 2024 it installed Saurabh Garg, a veteran of the civil service, as the top official at the statistics ministry to turn things round.

Among the terminally nerdy crowd that pays attention to these things—policy wonks, researchers, journalists—Mr Garg is spoken of in glowing terms. He has all the right credentials: a degree from one of India’s elite universities, an MBA from its most prestigious business school and a doctorate from Johns Hopkins University in America. He is well-read and avoids ideological debates. He says things like “If credible data is not available there will be non-credible data to fill the vacuum.” Print that slogan on a T-shirt and, you can be sure, some in India would buy it.

Since Mr Garg took over he has created a calendar of data releases, cleared the backlog of surveys, speeded up the pace of data-gathering and publication, and organised dozens of workshops and consultations. “If you had asked me in 2023 if all these things will happen in the next three years, I would have said it is impossible,” says Pramit Bhattacharya of Data for India, a non-partisan website.

Having cleaned up the mess he inherited, Mr Garg is now focused on producing output numbers for India's 800-odd districts, a level down from states, to make economic data more granular. Another big project is to prepare the country's statistical infrastructure for AI. That will involve the fiddly work of harmonising definitions, setting metadata standards and pushing other departments to release datasets that AI can process at scale. Too many still put out their data as PDFs or, worse, as images.

Yet the praise being heaped upon him is a sign of a deeper problem with how India is run. Despite nearly eight decades of independence, a population of 1.45bn people and an economy that is growing ever more sophisticated, administrative capacity is a fraction of what the country needs. The "steel frame" of governance, as the elite civil service is sometimes known, is made up of just 5,577 officers. It has grown by less than 1,100 in the past 15 years, a period in which the population surged by 250m and the economy doubled in size. Britain, whose population is a 20th of India's, has over 7,500 senior civil servants.

With such a small pool, depth of talent is a problem. And Indian bureaucracy can be an ad-hoc affair that relies more on individual capability than established process. Mr Garg is already past the absurdly low official retirement age of 60, having received extensions for this role. He will eventually move on. If he has done his job well, India's statistical system may even rise above the individuals who run it. ■

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China

China | Right-hand man

Cai Qi may be China's second-most powerful man

Xi Jinping's chief of staff handles his security, schedule and more

April 30th 2026

If the leaders of China and America meet in Beijing in the middle of May as planned, look out for a tall, white-haired figure sitting immediately to the right of Xi Jinping, the Chinese president. Cai Qi may be the second-most powerful person in China. As Mr Xi's right-hand man, in functional terms as well as seating plans, Mr Cai has insight into almost every area of policy and access to many of the Communist Party's secrets. That makes him a person of substantial interest to American officials and to many other foreign governments. It also raises questions about his future, given Mr Xi's tendency to sideline—or purge—even his closest allies.

Mr Cai, who has known Mr Xi for over three decades, technically ranks fifth among the seven members of the Politburo Standing Committee, the party's top leadership body. But he is the first in more than four decades concurrently to head the party's powerful General Office. That means he acts as Mr Xi's chief of staff, controlling his schedule and the people and information that reach him. He is often physically close to Mr Xi, too, usually accompanying him on trips within China or abroad and even supervising his medical care.

Mr Cai is also entrusted with Mr Xi's personal security as head of the Central Guard Bureau, a plain-clothes force that protects (and keeps a close eye on) current and retired leaders. That position has always been a politically sensitive one, but has become even more so lately with Mr Xi's purge of some three dozen generals since 2022. They include General Zhang Youxia, China's most senior uniformed officer, who was placed under investigation in January. Central Guard Bureau personnel are likely to have been responsible for detaining General Zhang, who was accused of defying Mr Xi's authority.

On top of those duties, Mr Cai is head of the Central Secretariat, the body which implements leadership decisions and manages day-to-day operations of the party apparatus. That gives him oversight of multiple portfolios. And among still more posts, he is thought to lead a party commission that has responsibility over cyber-affairs and to serve on the National Security Commission, a secretive body believed to include senior police officers, as well as intelligence and military officials.

The breadth and depth of Mr Cai's responsibilities is highly unusual in party history. "It gives him access not just to the party's sensitive documents, but also to the security services and potentially the military as well," says Jonathan Czin, a former China analyst at the Central Intelligence Agency. "Whenever people ask me, 'What happens if Xi were to drop dead tomorrow and there was no succession plan, who would get the top job?', Cai Qi seems like the obvious answer."

He now appears to have broader powers even than Li Qiang, who heads the State Council, or cabinet, as China's premier and second-ranking party leader. Mr Li also has long-standing links to Mr Xi, having worked with him in eastern China in the 2000s. Still, Mr Xi may have engineered the current power structure to counter-balance Mr Li and ensure the party's preeminence over the State Council, suggests Wu Guoguang, a former political adviser to China's leadership who is now at Stanford University. "The number two is always the most possible guy to challenge the great leader," he says.

Whatever Mr Xi's thinking, Mr Cai seems to be playing a much more active role in diplomacy than previous General Office chiefs. Like them, he usually sits next to Mr Xi in meetings with foreign leaders, including one with Donald Trump, America's president, in South Korea in October. But Mr Cai has also recently met foreign visitors alone, including leaders of India, Egypt and Turkey. In 2024, he met two American financiers, John Thornton and Stephen Schwarzman, who are sometimes seen as back channels to Mr Xi.

The second Trump administration has also sought a solo meeting with Mr Cai (so far unsuccessfully). In Britain, meanwhile, Mr Cai was identified last year as an important figure in a failed British government attempt to prosecute two people accused of spying for China. A high-ranking British security official at the time testified that in 2022 one of the defendants met a senior Chinese leader who had become Beijing party chief in 2017 and had joined the Politburo Standing Committee five years later. Only Mr Cai fits that description.

Foreign officials (and politically minded Chinese) are now watching closely for hints about Mr Cai's future. Already 70 years old, he would until recently have been expected to retire at the next five-yearly party congress, in 2027. But Mr Xi, who is now 72, broke retirement norms when he secured a third term in 2022 and is now expected to seek a fourth. He could still force Mr Cai and other senior figures to retire, to bring new blood into the leadership and ensure that nobody accumulates enough power to be a threat.

Though Mr Xi's earlier reshuffles and anti-corruption probes mostly targeted his predecessors' protégés, he has recently ousted many he appointed himself, especially military officers. The downfall of General Zhang, a family friend, showed that none of the elite is safe. But Mr Xi may find it increasingly hard to replace those he has purged or sidelined with figures he trusts, having worked with them in the past. So he may want to keep veterans like Mr Cai around for their experience and proven loyalty, says

Neil Thomas of the New York-based Asia Society Policy Institute. “Maybe we’re entering a new era of old-man politics in Beijing,” he says.

Mr Cai’s relationship with Mr Xi is partly based on shared experience. Born in the eastern province of Fujian, Mr Cai was sent to work in the countryside as a teenager, like Mr Xi, during the Cultural Revolution that raged across China between 1966 and 1976. When Mr Xi was posted to Fujian in 1985, Mr Cai was a junior official there. He later spent some 15 years working closely with Mr Xi in Fujian and neighbouring Zhejiang province.

His big break came in 2014 when Mr Xi brought him to Beijing to join the National Security Commission. Within three years, Mr Cai was elevated to the Politburo, the party’s top 25 leaders, despite not having previously been in the broader Central Committee. He then became mayor and later party chief of Beijing, where he appears to have impressed Mr Xi by forcing out migrant labourers, tackling air pollution and managing the capital during the pandemic. He was also an energetic advocate of absolute loyalty to Mr Xi.

All of that suggests that the president values him as a hard-nosed enforcer and administrator. More importantly, he is not seen as a threat, as his swift promotion from relative obscurity means he does not have his own political powerbase. Instead, he derives his authority entirely through his relationship with Mr Xi. That helps to explain his unusual appointment in 2023 to lead the General Office soon after joining the Politburo Standing Committee.

Only one other person has held these two posts simultaneously: Wang Dongxing, in 1977-78. A former bodyguard to Mao Zedong, he played a central role in toppling the so-called “Gang of Four” who seized power after Mao’s death. The political sensitivity of the General Office came into focus again in 2015 when Ling Jihua, who had led it under Mr Xi’s predecessor, Hu Jintao, was convicted of taking bribes, abusing power and illegally obtaining state secrets. Around the same time, Mr Ling’s brother defected to America.

Mr Xi will thus have to choose carefully when it comes to handling Mr Cai’s future. Aides and advisers can easily be replaced. Trust cannot. ■

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China | Smugglers’ haven

Hong Kong is a conduit for looted Chinese antiquities

The financial hub abounds with precious wares

April 30th 2026

In the backroom of an unassuming antiques shop in Hong Kong, Gino Caspari discovered treasure. The Swiss archaeologist, who was posing as a buyer in order to investigate Hong Kong’s black market, knew about Sanxingdui masks (pictured): strange faces, heavy-lidded and thick-lipped, buried in sacrificial pits in south-west China 3,500 years ago. China’s government had designated some as “grade-one national treasures”, meaning they were subject to strict export controls.

So Mr Caspari was shocked when a dealer showed him what appeared to be a Sanxingdui mask hidden in the back of his shop. And this mask was exceptional: its eyes were filled in, unlike those on known pieces. Study of it could therefore make a real contribution to archaeology. (The eyes also suggested the mask was real: forgers tend to copy existing artefacts.) What was it doing in a shop in Hong Kong?

Since 2012 China has recovered more than 2,300 pieces through auctions and diplomacy. America alone has returned 600 smuggled cultural artefacts. Rich Chinese also started buying up such rarities as a way to demonstrate both prosperity and patriotism; prices for Chinese antiquities rocketed as a result. "Cultural relics and cultural heritage carry the genes and blood of the Chinese nation," said Xi Jinping, the country's leader, in 2022.

So it is surprising that Hong Kong, which reverted to Chinese rule in 1997, is "one of the main gateways for the illicit antiquity trade out of China", says Steven Gallagher of the Chinese University of Hong Kong. China is party to both international conventions that target antiquities smuggling, and has stringent export controls. But Hong Kong is not. It has one law protecting archaeological objects, which applies only to those dug up there. No one has ever been prosecuted for the theft, looting or ownership of smuggled objects. Meanwhile Hong Kong's status as a free port makes it an ideal transit point for such items, says Toby Bull, a former policeman now also at the Chinese University.

The territory is also one of the last places in the world (the Canadian province of British Columbia is another) where the legal principle of "market overt" still exists. Sometimes called "the thieves' charter", it is based on ancient English law and gives buyers "good title" to stolen objects if they are purchased in good faith from a shop or market that usually sells such wares (the common-law rule of ownership means a buyer cannot obtain "good title" to stolen goods bought from a thief). That can give dodgy goods a clean bill of health. As a result, the city has attracted illegal antiquities. Mr Caspari reckons that most of the objects in Hong Kong shops that are not forgeries have been stolen or looted. This means that if stolen or looted goods are sold through a shop in Hong Kong, there may be little legal recourse for securing their repatriation to mainland China, even if the victim is the Chinese state.

Until now, China has mostly focused on goods that are in the West, not those that are looted and sold within its borders. "I think if Beijing looked down and went, 'What's going on?', it would change," says Mr Gallagher. Though China has robust laws regarding cultural heritage, enforcing them is difficult. Smugglers have deep networks, and poorly paid local officials and border guards are open to corruption. The country is also home to an extraordinary number of cultural-heritage sites. The authorities simply "do not have the resources" to protect them all, says Mr Bull.

Now, though, traders in China are "almost running out of unlooted sites to source from", says Mr Caspari. He says some ancient cultures have very few intact sites, making them "impossible to investigate now". That is a huge loss to archaeology. Even if a looted artefact is eventually returned, important historical knowledge about its original site has been lost in the looting. Sites associated with ancient cultures about which not much is known, such as Sanxingdui, are particularly vulnerable. Mr Caspari reported the mask to Hong Kong police but says they did nothing. "It might have vanished," he says. ■

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China | Off the leash

China is seeking self-sufficiency in police dogs

State media are singing the praises of home-grown canines

April 30th 2026

China has long tried to reduce its reliance on foreign imports of everything from soyabeans to jet engines. Its security-minded officials believe that developing home-grown alternatives is safer. Now a number of state-run media have been celebrating a more unusual kind of self-sufficiency. The country is embracing an advanced new Chinese breed of police dog.

Most of the dog breeds used by police forces around the world can be traced back to northern Europe. But in the 1950s officials in Kunming, a city in south-west China, started trying to breed their own alternative, using German Shepherds and local wolf-dog hybrids. These days nearly 1,000 "Kunming" pups, as the breed was named, are born there every year, after decades of experimenting with different traits.

China’s public-security ministry says the dogs are an important “independently controlled” advantage for China amid “fierce global competition” in police-dog breeding. Since December it has been requiring police forces across the country to replace their foreign dogs with more home-grown Kunmings.

One reason is that the Kunming is, at least according to China’s police, a very good dog. It is clever, fierce and can cope with high altitudes, heat and cold. It also has a sharper nose than other police dogs, according to experiments by its breeders. And the dogs’ handlers have claimed that the Kunmings have an “eastern” temperament (which they define as reserved, yet intimidating when needed). In 2011 officials set up a gene bank to protect the breed’s dna. In 2018 China successfully cloned its first Kunming to ensure a particularly fine dog’s traits could live on.

In fact, the real motive of the campaign is probably an attempt to stoke national pride. Dramatic videos published by state-run media show the Kunmings jumping through hoops of fire, tracking suspects through forests, and sniffing out drugs and explosives. The dogs are also shown patrolling in patriotic places such as Tiananmen Square in Beijing and the Great Wall of China, as well as far-flung restive regions such as Tibet and Xinjiang.

They have also been given as gifts to police forces in neighbouring countries, such as North Korea and Pakistan. Officials claim such efforts help boost China’s brand overseas. In times gone by, the best-known Chinese canines were toy dogs such as the Shih Tzu and Pekinese; it may be that Chinese rulers these days have come to prefer the more intimidating vibe of the Kunming. ■

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China | Chaguan

Xi Jinping wants China to read more—as long as it's the right books

A new campaign to put down phones and pick up classics

April 30th 2026

THE BINHAI library, often called China's most beautiful, is breathtaking. Swirling shelves of books rise in gravity-defying stacks to a high ceiling in a light-dappled room: a modern cathedral to learning. No wonder the library, in Tianjin, an eastern city, has become a favourite photo stop for glammed-up young folk posting to social media. But it does not take long in the library to see that there is less to it than meets the eye. Most of the books are just pictures of spines glued to the wall. And most of the visitors are glued to their phones, not perusing books.

It is the perfect backdrop not just for photos but also for one of China's new official obsessions: how to get people to read more, and to read more deeply.

Since its founding in 1921, China's Communist Party has treated literacy as a core objective. For Mao Zedong, briefly a librarian before becoming a revolutionary, the motivation was not bookish: he wanted to build a proletariat conscious enough to overthrow its feudal overlords. Yet literacy campaigners can appreciate his results. He helped propel China from a literacy rate of less than 20% in 1949 to about 60% at his death in 1976. It is approaching 99% today.

Xi Jinping has revived the cause, with a twist. In February a new regulation that aims to promote reading came into effect. On April 26th the country concluded its first-ever national reading week. State media are full of discussions about how to get people to put down their phones and pick up a book. And Mr Xi has given it his imprimatur. In the latest issue of Qiushi, the party's leading theoretical journal, he pronounced on the value of reading and quoted a line attributed to Mao: "One can go a day without eating, a day without sleeping, but not a day without reading."

Part of this is China's response to a problem common everywhere. Chinese adults read on average 4.8 physical books a year, according to a national survey. Similar surveys have put American adults at about 13 books a year. Scepticism of that American figure is warranted, but Chinese reading of physical tomes is clearly down. On trains, planes and metros, it is rare to see anyone with a paperback. People do still look at text, just mostly on their phones. Wu Shulin of the Publishers Association of China has said online reading is time-killing, not knowledge-building—a gripe familiar to teachers and parents anywhere.

What makes the reading campaign unique to China is how it reveals two of Mr Xi's preoccupations. The first is techno-nationalism, a belief that China's future depends on mastery of the industries of tomorrow. In a widely circulated essay, Cui Haijiao of the Chinese Academy of Press and Publication argues that deep reading breeds innovation. Mr Xi himself has called for reading the classics to grasp why things are as they are. (For the most part China's culture vultures encourage international fare, and want everything from Tang poetry to Twain and Tolstoy appreciated.)

The second is Mr Xi's veneration of Chinese tradition, in which reading is central to what it means to be Chinese. There is indeed much history to this.

“In books there are houses made of gold,” reads a famous poem attributed to an emperor of a thousand years ago. Mr Xi wants China to become a “cultural powerhouse” by 2035, and the revival of reading is one of its pillars.

How, then, to do it? Here, good intentions meet practical limits. The party knows it cannot simply force people to read. The new regulation is largely about fostering conditions that would encourage more reading. It urges officials to build better public reading spaces, for instance. Yet it is easy enough to imagine cadres, ever glad of an excuse to pour concrete, putting up libraries and then losing interest. The Binhai library is a case in point: the newspaper-reading room offers a meagre selection, and by late afternoon had yet even to stock that day’s papers. The regulation gestures at supporting bricks-and-mortar bookshops, but does little. One shop owner laments the absence of bolder measures, such as Japan’s fixed-price system, which prevents online discounting.

Any discussion of reading must also consider what is being read. The new regulation calls for the reading of more “good” books. At a recent book fair in Tianjin, many stalls were devoted to Chinese medicine, children’s gadgets and craft jewellery rather than to books. One stall manager said people just do not want to pay to read when there is so much online for free.

Indeed, some of China’s most original literature in recent decades has appeared online. Outsiders may assume that this reflects political censorship. Certainly, books critical of the party or unorthodox on history are blocked from print. Some officials have learned to their personal cost the danger of such fare: reading literature containing “serious political problems” has been cited as a reason in multiple purges in recent years. But more readers are almost certainly affected by crackdowns on unapproved, highly popular genres, especially danmei books, which depict male same-sex romance, and supernatural fiction. “If you want to publish in print, you have to cut or change things,” says a bookseller.

Another trend has been the rise of independent Chinese bookshops outside China. Jifeng, a liberal one, was forced to close in Shanghai in 2018 and reopened in Washington, DC, in 2024. Causeway Bay Books, known for political contraband, moved from Hong Kong to Taipei in 2020 after five of its employees were arrested. Mainland intellectuals have also opened small independent bookshops in Tokyo, Chiang Mai, Amsterdam and beyond.

So, taking a wider lens, Chinese literature is in decent shape, though much of it is now online or published abroad. Absent from the new campaign are the things that would make it a truly valuable exercise: open publishing, diverse formats, intellectual risk. The party wants people to read more, but not widely. ■

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Middle East & Africa

Middle East & Africa | This is not a drill

The UAE’s departure from OPEC may not break the cartel

But it will deepen the country’s feud with Saudi Arabia

April 30th 2026

When the Arab states of the Organisation of the Petroleum Exporting Countries (opec) imposed an embargo on America and other allies of Israel during the Yom Kippur war in 1973, the cartel’s dominance of energy markets felt unshakeable. Its share of the world’s output has since declined. The club and its allies are still a force. But on April 28th, with the world facing its worst energy crisis since the 1970s, the United Arab Emirates (uae) announced that it was leaving.

The uae, opec’s third-largest exporter, thanked the cartel’s members for “five decades of co-operation”. But these emollient words belie the tension between the uae and Saudi Arabia, the bloc’s biggest producer and its de facto enforcer. The uae's decision will deepen their rivalry. It had been possible to imagine Iran's attacks on the Gulf states bringing the region's two biggest powers closer together. Instead it appears to be widening their division.

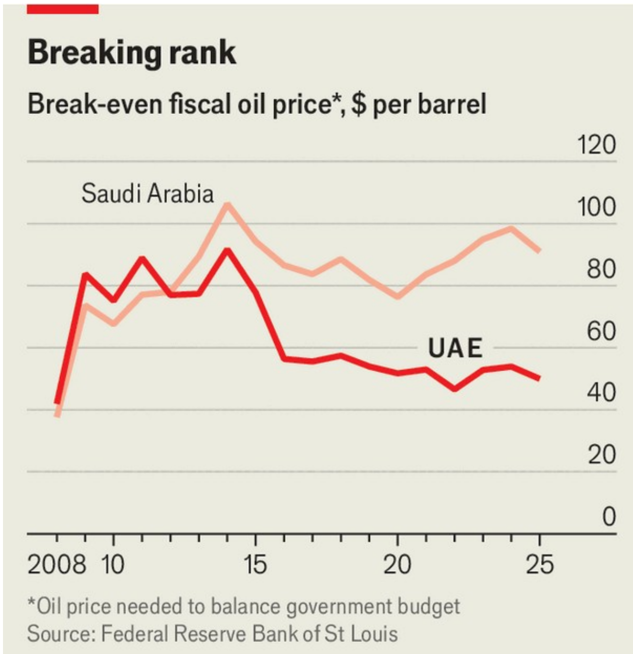
The uae and Saudi Arabia have long disagreed over opec's quotas. The club imposes production limits on its members to keep oil prices stable and, preferably, high. The uae, which produced 3.6m barrels a day (b/d) in February, had around 600,000 b/d of spare production capacity before the war began. It is splashing cash on infrastructure and exploration with the aim of upping its total capacity to 5m b/d by 2027. Released from opec's quotas, it will be free to pump as much oil as it pleases—at least once Iran's blockade of the Strait of Hormuz ends and it can get it out.

For now, in or out of opec, the uae's exports are squeezed. Its only route to global markets is through a pipeline to Fujairah, a port outside the strait that can handle just 1.8m b/d. Any big increase in output depends on the strait reopening. Hours before the uae's announcement, the price of Brent crude, the global oil benchmark, climbed above $110 a barrel for the first time since Donald Trump announced a ceasefire in the Gulf three weeks ago. Subsequently it rose to around $125.

opec survived abandonment before. Qatar took its leave in 2019. And the uae was troublesome. It flouted the cartel's rules on a grand scale. Some experts reckoned it overproduced by as much as 200,000 to 300,000 b/d.

The Emiratis "have decided now is the moment to drill, baby, drill, and sell, baby, sell", argues Hussein Ibish of the Arab Gulf States Institute, an American think-tank. "They are far enough along in terms of economic diversification that they feel they should turn their oil into cash as soon as possible."

In the short term, the uae's plans may not worry Saudi Arabia too much. When the strait eventually reopens, the kingdom may want to boost output, too, to recoup some of its losses from Iran's blockade.



But over time the uae's exit will weaken the cartel. Rising production in the Americas has already reduced its sway over prices. The Saudis, who have spent lavishly on grandiose projects to diversify their economy, need a higher oil price than the Emiratis to balance their books (see chart). With the uae gone, nearly all opec's spare capacity will be in Saudi Arabia. Other members are loth to curb their output. As a result Saudi Arabia will have to cut more of its output if it wants to support prices, once exports through the Strait of Hormuz resume. If that starts looking like a bad deal, the kingdom may decide to maximise production instead, to drive higher-cost producers out of the market.

More immediately, the uae's decision reflects regional tensions over the war. While some Gulf countries, such as Oman, have sounded conciliatory to Iran, the uae has been more bellicose. In March its president, Muhammad bin Zayed, called Iran the "enemy". Iran has launched more than twice as many drones and missiles at the Emirates as at any other Gulf state; the uae's leaders have criticised its neighbours for failing to help defend it. That has spurred it to reassert friendship with Israel and America instead. Deserting opec may please Mr Trump, who has blamed the cartel for inflating oil prices.

The uae’s move is a show of self-confidence in its economic future after the pummelling by Iran, says Jon Alterman of the Centre for Strategic and International Studies, another American think-tank. They plan to come back “bigger and better”. And they hope this unilateral gesture of self-interest will catch Mr Trump’s eye.

His view of energy markets was forged in the 1970s, and he may see the UAE’s undermining of OPEC as a notional diplomatic victory. The Emirates’ promise to drill more could yield other benefits, too. Last year America lifted export curbs on artificial-intelligence chips to Saudi Arabia and the uae shortly after opec agreed to raise its output quotas. The uae may hope that more technology deals could follow its own promise to boost production.

Ever closer relations with America could boost the uae’s post-war recovery. On April 22nd Scott Bessent, Mr Trump’s treasury secretary, said America was considering financial support to the UAE, which will hope that pumping more oil will help replenish its coffers after Hormuz reopens and attract the investment to raise capacity. It may funnel some proceeds to projects reducing its reliance on Hormuz, such as a second pipeline to Fujairah.

There are signs that the uae is rethinking its ties with other international groups, such as the Arab League. The immediate question is whether opec will become a casualty of the Gulf war. But even if it does not prove fatal, the uae’s departure will further sour its relations with Saudi Arabia. The uae may come to regret the deterioration in relations with its largest neighbour. For now, it seems a price worth paying for deeper ties with America. ■

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Middle East & Africa | And they’re off

A political merger kicks off Israel’s election season

Binyamin Netanyahu still has one big advantage over his opponents

April 30th 2026

Israel’s election race is, at last, under way. The starting gun was fired on April 26th with the announcement by two former prime ministers, Naftali Bennett and Yair Lapid, that they were merging their parties under Mr Bennett’s leadership. They then hope to build a wider bloc that will replace the government of Binyamin Netanyahu, Israel’s longest-serving leader, in the election expected in October.

Mr Netanyahu’s opponents should win. In the past three and a half years his government, based on a coalition of hard-right and ultra-religious parties, has dragged Israel into a series of costly and inconclusive wars. It has plunged the country into constitutional turmoil and been tainted by allegations of corruption, including against Mr Netanyahu, who is personally facing charges of bribery and fraud (which he denies). Polls suggest that the coalition lacks the votes needed to win another majority.

Mr Netanyahu, however, has one clear advantage. His camp, fighting to remain in power, remains largely united behind him. The opposition, in contrast, is badly divided. It boasts half a dozen would-be prime ministers and stands for a disparate array of ideologies and constituencies. Building an effective coalition will be difficult. Perhaps optimistically, the new party is called “Together”. And yet, for all their claims of unity, Mr Bennett ruled out including Arab parties, which represent a fifth of Israel’s population, in any future coalition.

Mr Bennett is a right-winger. Mr Lapid on the other hand is a committed centrist. The pair are a rare example of political rivals who work well together. After the 2013 election, they formed a tactical bloc in coalition negotiations with Mr Netanyahu, forcing him to appoint both of them to senior roles in his government. In 2021 they achieved the seemingly impossible, building a coalition of right-wingers, centrists, leftists and Islamists that briefly kept Mr Netanyahu out of office.

The pair know that their partnership risks alienating more ideological supporters, and the sum of the merger may be less than its parts. But they are seeking to lessen the fragmentation of the anti-Netanyahu camp. Some point to Hungary, where opposition parties united successfully behind a single centre-right candidate to defeat Viktor Orban. They are casting Mr Bennett as Israel’s Peter Magyar.

But in Israel’s highly polarised society, holding messy coalitions together is a tricky business. Last time Mr Bennett and Mr Lapid were in power, their government lasted barely a year before collapsing under the weight of its contradictions. Then Mr Netanyahu was back.

All this means another election campaign in which Israel’s most fundamental challenges, namely its brutal occupation of the West Bank with its millions of Palestinians and the unresolved plight of Gaza, will not be on the agenda. During his short term as prime minister in 2022, Mr Lapid called for the establishment of a Palestinian state. He will not be repeating that suggestion on the trail any time soon. At the launch of the new party Mr

Bennett vowed to "guard our nation's land and not give a centimetre to the enemy".

Instead, Together will focus on the responsibility of Mr Netanyahu's coalition for the various failures that led to the Hamas attacks of October 2023. It will also berate him for allowing supporters of his ultra-Orthodox allies to remain exempt from military service. This is a sore issue for many Israelis who serve as army reservists, and feel that the burden of the current wars has been grossly unequal.

An electoral system of proportional representation rewards larger parties. To have a decent chance of coming first, the new alliance needs to draw in at least one more partner. The most likely candidate is Gadi Eisenkot, a popular former general whose party has been rising in the polls.

Mr Eisenkot, like other opposition leaders, has been reluctant so far to recognise Mr Bennett as his standard-bearer. With the merger, Messrs Bennett and Lapid hope he will find it harder to resist. His decision is likely to determine the course of the race to come. ■

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Middle East & Africa | Left in limbo

The lack of progress in Gaza suits those in power

But it leaves Gazans in misery

April 30th 2026

Only the rats roam free. They breed in the mounds of rubbish and scuttle through the threadbare tents and rubble in which most Gazans now live. Stockpiles of pipes to repair the sewage and water mains damaged in the war sit out of reach, in the more than half of Gaza controlled by Israel. Israel continues to bar the entry of many items required for repairs, often claiming they are "dual use" and could have some military purpose, as well as caravans, tents—and rat poison. Electricity and proper schooling vanished more than two years ago. Hospitals and universities lie in ruins. And despite the ceasefire, Israeli strikes continue. More than 750 people have been killed since Donald Trump announced a truce nearly seven months ago.

The ceasefire came with a 20-point plan that promised relief for the devastated strip. “Full aid”, it decreed, “will immediately be sent into Gaza.” Reconstruction of essential infrastructure and public services was supposed to begin. Israel would reopen crossings to let at least 600 lorries with humanitarian supplies enter every day. Normal movement across the Egyptian border would be restored. Meanwhile, Hamas, the Islamist militia in Gaza, would begin to disarm. Israeli forces would withdraw as international ones arrived. And a new technocratic Palestinian body, the National Committee for the Administration of Gaza (ncag), would assume control.

These were fine aims. But they remain just that. Instead, a grim limbo has set in that suits many in power. Israel is extending its grip on the territory. Some of its leaders seem to hope that conditions in Gaza will become so intolerable that its inhabitants leave. The flow of aid is limited. Hamas clings to what is left of its authority in a shrinking enclave. It is raising already-steep prices on petrol and engine oil to extract enough revenue to pay salaries.

In the Israeli-occupied West Bank, Mahmoud Abbas, the nonagenarian president of the Palestinian Authority, fears for the fragmentation of his realm. He shows little appetite for separately administering Gaza. Mr Trump and key members of his Board of Peace are busy with Iran and loth to confront Israel. “They’re all buying time,” says a despairing Palestinian analyst working with a Western embassy.

A few are finding comfort in the limbo. Members of ncag who should be implementing the “beautiful” plan Mr Trump announced to a fanfare in Davos, lounge poolside in a posh Cairo hotel. Many are skilled engineers who expected to go to Gaza two weeks after their appointment in January. Instead Nickolay Mladenov, a former Bulgarian defence minister now serving as the Board of Peace’s “high representative” for Gaza, keeps them in Cairo, controlling their movements and communications. (The bland ncag website still wishes readers Happy Ramadan and Easter.) “We don’t have the tools to do anything,” admits one, speaking despite a ban on media contact. “No one tells us what is happening. We cannot serve our people.”

Meanwhile only 1,000 members of a planned 25,000-strong Palestinian civil police force have been approved by Israel. Training has yet to begin.

For Israel and Mr Mladenov, Hamas's disarmament is the main stumbling block to progress. Mr Mladenov has repeatedly convened Hamas's exiled members in Cairo, alongside Turkish, Qatari and Egyptian mediators, and urged them to turn themselves into an unarmed political party. As such, they would issue a statement of their intent to disarm, then disclose their stockpiles of heavy weapons and the locations of their workshops and tunnels. The process would end with the handover of arms—perhaps to the ncag.

Hamas, however, has its own conditions: Israel must withdraw from Gaza; all other armed factions, including the gangs under Israel's control, must also disarm; Hamas's civil servants must be absorbed into any new administration; and Mr Trump must promise a Palestinian state. Few trust Israel to withdraw from Gaza entirely. Israel meets each concession, say Hamas officials, with a new demand. And it is reluctant to fulfil its obligations under Phase I of Mr Trump's plan: to permit the entry of mobile homes and the rebuilding of vital infrastructure.

Even if Hamas's leaders, mostly now in exile in Istanbul, agree to give up their weapons, their fighters in Gaza, the al-Qassam Brigades, may refuse to comply. Israel has killed perhaps 10,000 militants, but analysts in Gaza reckon 20,000 remain. Many in Hamas fear they will be attacked by their Palestinian opponents if they relinquish their arsenal.

Moreover, Hamas is still guided by the hardline approach of Yahya Sinwar, its late leader and architect of the slaughter of October 7th. In the past, Hamas has elected new leaders. This time it has filled its ranks by istimzaj, or consultation, which favours continuity over reform. Deputies have replaced their bosses. Iran's resilience in the face of American and Israeli attack has emboldened them. A recent municipal election in Gaza's Deir al-Balah city was marked by low turnout but Hamas-aligned figures kept control. "Sinwar's ghost still rules," says a Gazan observer. "The war did nothing to change them"

More talks in Cairo may yet break the deadlock. Mr Mladenov has in recent days put forward another proposed timetable and plan. But the region offers a consistent lesson: those who control territory are reluctant to relinquish it, whatever the human cost. That leaves Gazans trapped in the ruins—and the rats untroubled. ■

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Middle East & Africa | Surviving, not thriving

Hizbullah’s air of invincibility is gone

But it still has the power to threaten Lebanon’s leaders

April 30th 2026

Hizbullah did not lose the war. That, at least, is the position of the leaders of the Iran-backed militia in Lebanon. True, the group still exists. It has mps in Beirut and fighters in the south. But survival is not the same as strength. Many of its leaders are dead. The latest attacks by Israel have weakened it further. And any claim to invincibility is gone.

Hussein Haj Hassan, a combative Hizbullah mp, insists that every major sect and political bloc must agree to any peace deal with Israel. Lebanon is a “consensual democracy”, he argues; decisions of such magnitude cannot rest on a simple majority. Yet when reminded that Hizbullah did not secure anyone’s consent before dragging Lebanon into yet another war, Mr Hassan does not pause. “That was Hizbullah’s decision,” he says.

Hizbullah has long claimed to be both a political party and an armed "resistance" unchecked by the state. For years the ambiguity worked in its favour. But Lebanon's leaders are increasingly willing to stand up to Hizbullah. The president, Joseph Aoun, and the prime minister, Nawaf Salam, are pursuing direct talks with Israel. Hizbullah does not approve but it cannot stop them. And if Iran's proxies are part of any deal with America, Hizbullah's principal patron could bargain away its ability to rearm.

Mr Hassan denies that any truce with Israel truly exists. Israel, he says, continues to raid and kill under an American framework that grants it rights of self-defence denied to Lebanon. Since the ceasefire, Israeli strikes have killed dozens. Hundreds of thousands are still unable to return to their homes. Hizbullah continues to fire missiles at Israeli troops and at the border.

Mr Hassan does not, in theory, reject the possibility of Hizbullah disarming. But his conditions—the "liberation of Lebanon", the release of Hizbullah prisoners, the completion of reconstruction and the agreement of a national defence strategy—are such that in practice it seems unlikely.

The group still has the power to intimidate. It has a history of political assassinations. Hardliners have publicly promised to settle scores. Some have likened Mr Aoun to Anwar Sadat, the Egyptian president assassinated four years after his visit to Jerusalem in 1977. Mr Hassan says such comments are "a political statement, not a threat". His distinction may offer Lebanon's leaders little comfort. ■

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Middle East & Africa | Made in Africa, for Africa

Could China help make Africa a factory for the world?

A spurt of Chinese investment suggests the chances are improving

April 30th 2026

A decade ago Jua Power, a family-owned solar-energy firm, had little reason to leave China in search of customers. With the country in the midst of a green-energy boom, “we had plenty of orders domestically,” recalls Xu Bo, its chief executive. But as China’s economy has slowed and profits in its solar industry have fallen, Mr Xu’s calculus has shifted. In March 2025 he decided to build a factory in Tatu City, a special economic zone (SEZ) in Kenya. It is the firm’s first direct overseas investment in its nearly six-decade history.

Jua Power joins a growing wave of Chinese manufacturers who have recently landed in Kenya and other parts of Africa. In 2025 Chinese foreign direct investment in manufacturing in Africa surged to $12.3bn, spread across 64 new projects—the highest number in a single year in at least a decade, according to fDi Markets, a data provider. (Total capital expenditure announced in 2023 was $24.6bn, but spread across 35 projects.) Between 2023 and 2025 China invested more than America and Europe put together. Never before has Africa been so attractive to Chinese manufacturers, says John Mwendwa, the head of Kenya's investment authority.

Not all planned projects will come to fruition. But at a time when Chinese lending to Africa is shrinking, and the Chinese state is less inclined than it used to be to bankroll huge infrastructure projects, the surge of private capital into African steel mills, textile factories, electric-vehicle assembly plants and more shows how Africa's relationship with its largest trading partner is changing—and how important that relationship remains.

As wages in Chinese factories rose in the early 2010s, many expected that Africa's relatively low labour costs, youthful population and free-trade agreements with America and the EU would make it "a magnet for Chinese offshoring", notes Eric Olander, co-founder of the China Global South Project, a media initiative focused on the relationship. An influential book published in 2017 predicted that as China shifted from manufacturing to services Africa would replace it as the "factory of the world". African policymakers hoped export-led growth would speed up development and create millions of new jobs.

That remains a dream, says Mr Olander. In Ethiopia, once touted as the "China of Africa" on account of its commitment to export-oriented industrialisation, manufacturing as a share of GDP fell from a recent peak of 6% in 2017 to 4.4% in 2024. In sub-Saharan Africa as a whole that year the share was 10% of GDP—down from 18% in 1981. Rising protectionism in the West and uncertainty about the future of the African Growth and Opportunity Act, America's duty-free scheme for African exporters, may dim prospects further.

But Chinese investors are undeterred, as Kenya shows. Tatu City is in talks with over 1,000 Chinese companies, says Preston Mendenhall of Rendeavour, the company that owns the SEZ. George Olaka of Arise IIP, which builds industrial parks across Africa, says he is negotiating with a number of big Chinese investors looking to set up factories in Kenya, including a solar supplier and a glass manufacturer. Six of seven flagship Chinese projects announced last year, including a steel plant and a garment factory, have already begun construction, according to Kenya's investment authority.

Chinese firms are attracted by Africa's rapid population growth and improving economic prospects. Before the start of the Iran war in February, the IMF predicted for the first time in years that annual economic growth in sub-Saharan Africa would be faster than in the Asia-Pacific region. In 2026, 12 of the world's 20 fastest growing economies are expected to be in Africa.

But the main reason Chinese manufacturers are looking to Africa is trouble at home. "In China the manufacturing industry has reached a very critical turning point," says Zhao Tongtao of Letol, an agricultural-machinery manufacturer which recently arrived in Tatu City. Industrial profits in China remain low, despite some recent signs of recovery. Fierce price wars plague everything from cement and steel to electric cars and solar panels.

Africa offers the prospect of much higher returns. Charlie Yang, a Chinese entrepreneur who founded a medical-equipment factory in Kenya last year, says that prices there for items like plasters can be three to four times higher than back home. Partly because of this, many Chinese manufacturers in Africa focus on serving local or regional consumers. Few export beyond the continent.

That is not quite what those who hope to see Africa become a global manufacturing hub usually have in mind. For economists such as Joe Studwell, author of "How Africa Works", a new study of African development, countries grow rich by building large, highly productive manufacturing firms that sell to the world. Factories targeting Africa's small, fragmented domestic markets do not entirely fit the bill. Still the bigger ones could deepen regional integration, which African policymakers have long claimed they want to improve.

Some fret that Chinese factories could undermine indigenous manufacturing. Since a Chinese-owned steel plant launched in Zimbabwe in 2024, big steel operations in South Africa have been forced to close, says Lufuno

Munzhelele of the South African Iron and Steel Institute, an industry lobby. Such fears are especially acute because of Africa's yawning trade deficit with China, which last year increased by 65% to a record $102bn. The Chinese government says its decision to eliminate tariffs on almost all African imports from May 1st will help. But this is likely to benefit agricultural products, such as coffee, more than manufactured ones, of which Africa does not yet export much.

Others are more sanguine. Evidence of Chinese firms displacing African ones is scarce, notes Carlos Oya of the School of Oriental and African Studies in London. Many are instead "filling gaps in domestic manufacturing capabilities". There is little reason why factories that start by producing for local markets cannot grow into globally competitive exporters—especially if tariff wars, trade disruption and geopolitical volatility prompt overseas buyers to look more closely at Africa. In the meantime Chinese factories are providing jobs and training for workers across the continent. African governments would be wise to help them flourish. ■

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Middle East & Africa | Continental shift

African finance goes global

The continent's fintechs want to ease cross-border payments

April 30th 2026

In the early 2000s millions of Africans who never had landlines went straight to mobile phones. In the 2010s just as many passed up bank accounts for mobile-money wallets. These days, more than half the world's mobile-money users are in Africa. Now, the African fintechs whose technologies helped drive the trend are looking for new ways to serve these customers, and make money from them in the process.

Lately they have focused on making it easier to move money into, out of and around African countries. Demand for international payments is increasing, both from businesses and from the continent's increasingly wealthy diaspora. Africa's traditional banking system remains clunky, opening space for alternatives. Much of the $47bn in annual revenue that McKinsey, a consultancy, expects African fintechs to rake in by 2028 is likely to come from such products.

Sending money abroad through a traditional bank is slow and expensive everywhere. But for Africans it can be especially annoying, as most international transfers require converting money into dollars at appalling exchange rates, doing mounds of paperwork, paying multiple sets of fees and contending with the verification rules of different banks. Driving across borders along bumpy roads with a suitcase full of cash can be quicker than a bank transfer.

Strict banking regulation has long made it difficult to offer alternatives. But fintechs are finding ways. The biggest have registered offices and licences in multiple African countries, allowing them to bypass banks when mediating transactions. Wave, of Senegal, provides payments across Francophone west Africa. Nigeria's Flutterwave serves more than half the continent. Others use stablecoins, dollar-pegged cryptocurrencies, to avoid exchange-rate losses. Grey Finance, an American company, uses this tech to allow remote workers in Africa to be paid in multiple currencies. Partnerships with banks or telecoms firms are common, too. Users of MTN, a mobile-network operator, can make instant cross-border payments using mobile money thanks to a collaboration with Onafriq, a South African fintech.

All this has made it less pricey, but not cheap, to send money to African countries. Between 2015 and 2025 the average cost fell from 8% of the transaction value to just under 6%. Fintechs are increasingly targeting members of Africa's relatively wealthy diaspora, offering a growing number of services to send money home, buy property on the continent or even pay for souvenirs while on holiday in Africa. Demand is likely to increase. The share of Africa's GDP made up by remittances, currently at 3.5%, is growing.

Still, there is a long way to go. Poor internet penetration in many countries is hampering uptake. So is regulation. Governments often withhold licences or invent new taxes to target the nascent sector. A new regional payments-settlement system was supposed to ease pan-African transactions, but slow and patchy implementation means it could amount "to nothing", says

Daré Okoudjou, the boss of Onafriq. Getting money in and out of Africa is becoming easier. It will be a long time before it is truly seamless. ■

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Europe

Europe | Autocrat-proofing

How to protect France from an Orban-style takeover

What if the National Rally wins, in one of Europe's most centralised states?

April 30th 2026

STEP BY STEP, Emmanuel Macron has been executing what looks like a plan to protect France's institutions in case the populist right wins next year's presidential election. The president has named a new armed-forces chief (General Fabien Mandon) and head of the state auditor (Amélie de Montchalin). He is due soon to replace ambassadors to Berlin, London and Washington. François Villeroy de Galhau, governor of the Bank of France, has said he will step down ahead of schedule in June, letting Mr Macron appoint a successor to serve six years. Last year Mr Macron named Richard Ferrand, a political ally, as head of the Constitutional Council, the highest constitutional body (the president names three of its nine members, each for a nine-year term).

Already this effort has infuriated the populist-right National Rally (RN). Its leaders, Marine Le Pen and Jordan Bardella, top the polls for the first round of the presidential vote that is due in April 2027. Mr Macron, protested Mr Bardella, is “trying to lock down our institutions in order to keep control”.

If France’s president is worried about the potential for state capture, it is with good reason. Few European countries vest so many powers in the person serving as the head of state. France’s president can send troops into battle, appoint the top general, press the nuclear button, name the prime minister, dissolve parliament, declare a state of emergency, pass decrees and pick the heads of public bodies. New rules constrain some of these powers. But they constitute an unusually formidable set of tools. Since Mr Macron cannot stand for a third consecutive term, the next person to wield them may be Ms Le Pen or Mr Bardella, whichever ends up as the RN candidate. Liberals fear they are populist strongmen in the making.

Securing nominations to key posts is one thing. Protecting entire institutions from democratic backsliding, however, is another. An illiberal crony state grew up in Hungary under [Viktor Orban] as the accumulated effect of technically legal changes, such as the naming of judges or the sacking of bureaucrats. That is far harder to protect against.

Besides familiar worries about political nominations to the civil service and security apparatus, three areas of concern stand out in France. One is the potential use of the Fifth Republic's constitution to challenge democratic norms. Article 16, for instance, gives the president the right to exercise "emergency powers" if the country is under "serious and immediate threat". Since 1958, when the constitution took effect, this article has been invoked only once—by Charles de Gaulle, after an attempted putsch in 1961 during the Algerian war. But the precedent exists. Few European constitutions, says Benjamin Morel, a constitutional-law professor at Paris-Panthéon-Assas university, enshrine the right to exercise such sweeping powers.

Another is Article 11, which governs legally binding referendums. These can be used to pass legislation, but constitutional changes require parliamentary approval as well. Mr Bardella, though, says he wants to put "national priority"—the primacy of French law over European law—in migration policy to a referendum, without submitting it to parliament. This would in effect mean a breach of European treaties, and so require a constitutional change.

The constitutional council would be "the last rampart" against such a challenge, says a former member. Would it reject an attempt to modify the constitution via Article 11, made by a freshly elected president who campaigned on the issue? "In calm times," says Mr Morel, "the French constitution is a marvellous instrument, but in difficult times it could be dangerous."

A second area of concern is judicial independence. When a court last year barred Ms Le Pen from standing for public office over the misuse of European Parliament funds (a ruling she has appealed against), the RN leader denounced it as a "political decision" and deplored the "tyranny of the judges". The language was Trumpian. Indeed Donald Trump called the ruling a "Witch Hunt against Marine Le Pen".

France's investigating magistrates are not too vulnerable: they are independent of the justice ministry and enjoy strong powers to conduct pre-trial investigations. They have successfully taken politicians to court, among them Nicolas Sarkozy, a former president. A hostile government could try to intimidate them, but as with judges, their nominations are protected by an independent council. Prosecutors, by contrast, report to the justice ministry and are appointed by the president on non-binding advice from the council. That creates clear potential to sway the system.

The third worrying area is the media. Mr Bardella may have 2.3m followers on TikTok, but the RN is fixated on public-service broadcasting, which Ms Le Pen says has “a clear problem with neutrality”. Last autumn the populist-right UDR party, the RN’s main ally, set up a months-long parliamentary inquiry into the public broadcaster and its impartiality. Convinced of a left-wing bias, the RN wants to largely privatise it. The party is clearly happier with friendly private media outlets, notably those belonging to Vincent Bolloré, a right-wing business magnate who owns CNews, dubbed “France’s Fox News”.

Inside the public broadcaster, says a reporter, “We all have in mind the possibility of an RN victory and need to be extremely vigilant about freedom of expression.” Since 2013 an independent body, not the president, has named the services’ heads. The television head’s term runs until 2030. But that of radio is up for renewal in 2028.

RN figures deny any anti-democratic intent. The party is close to Mr Orban, but does not embrace his vision of “illiberal democracy”. Indeed the RN may even gain support by claiming that it is Mr Macron who is stitching things up before he leaves office in order to limit the party’s options in power. Despite weaknesses, France’s institutions are generally robust, as is its culture of protest and cross-party tradition of respect for the state.

Yet democratic backsliding in one of the European Union’s two biggest powers would have immense repercussions. Complacency would be unwise. The sobering lesson from Hungary and America is that if laws and institutions fail, norms are not enough to protect democracy.■

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Europe | Billion-dollar bust

The oligarch who picked Moldova clean goes to prison

Vlad Plahotniuc ran his country as a private money-laundering operation

April 30th 2026

FOR YEARS, Vlad Plahotniuc did a convincing imitation of a James Bond villain. From 2010-19 the Moldovan oligarch, widely known as Mr P, controlled almost everything in the country. But on April 22nd he was sentenced to 19 years in jail for his role in stealing $1bn from the country's banks a decade ago, and fined $60m in damages. For tiny Moldova, it was a huge step—a sign that the notoriously corrupt and cowed judiciary has begun to work as it should. That is a central demand of the European Union, which Moldova is striving to join.

Mr Plahotniuc and his Democratic Party dominated Moldova before he fell and fled in 2019. The police were his personal enforcers. He and his cronies seized control of government, banks and big business. Intimidation and blackmail were the order of the day. When he was arrested in Greece last year, police found that he had 17 forged passports or ID cards and had stayed in 22 countries since 2023 in order to avoid detection.

The court determined that Mr Plahotniuc's organisation had conspired to steal $1bn from banks between 2013 and 2015 and launder the money through shell companies. It was equivalent to an eighth of Moldova's GDP at the time. In a separate case while Mr Plahotniuc was in power, Moldova was a linchpin in a scheme to launder $20bn of dirty Russian money, according to the Organised Crime and Corruption Reporting Project, an international monitor.

Maia Sandu, Moldova's president since 2020, complains that efforts to clean up the judiciary face huge resistance; judges and prosecutors "have to prove that they have no integrity issues". But Iulian Groza, director of the Institute for European Policies and Reforms, a think-tank, says the conviction proves judicial reform is starting to work, though it is "too early to claim victory". Other oligarchs and kleptocrats have fled. Ilan Shor, a player in Moldovan politics and fugitive from justice, is in Russia. Other wanted men are believed to be in London.

The $1bn bank theft "set the stage" for the backlash that brought Mr Plahotniuc down and Ms Sandu to power, says David Smith, an analyst of Moldovan politics. Mr Plahotniuc will appeal, but few think his conviction will be reversed. When he was extradited, says Mr Smith, Mr Plahotniuc tried to reactivate his old networks, but failed. He no longer inspired fear among the public or legal institutions. Unlike Ernst Stavro Blofeld, Mr P will probably get no sequel.■

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Europe | How to avoid a revolution

The fashion influencer speaking truth to Putin

A viral Instagram video brings Russians' wider grumbling into the open

April 30th 2026

SHE IS NOT an opposition politician, activist or journalist. Victoria Bonya is a Russian former television presenter turned influencer living near Monaco. She promotes fitness routines and her brand of vegan cosmetics and clothing to 13m subscribers on Instagram, most of them in Russia. But on April 13th she caused an explosion in Russian politics with an 18-minute video appealing to Vladimir Putin to heed popular complaints. "Vladimir Vladimirovich, the people are afraid of you," Ms Bonya said. "I am not afraid."

Ms Bonya listed a series of grievances—the inadequate response to deadly floods in Dagestan in early April, repeated oil spills in the Black Sea and cattle culls depriving Siberian villages of their livelihood. She then turned to recent internet restrictions and bans on social-media platforms such as Instagram, the source of her own income. Within hours her video had clocked 10m views, in a country with a population of 145m. Seemingly half the personalities in Russian public life commented on it. Gennady Zyuganov, the leader of the quasi-opposition Communist Party, said the Kremlin should take it seriously to avoid another Bolshevik revolution.

The regime's response was at first mixed. Dmitry Peskov, Mr Putin's press secretary, acknowledged Ms Bonya's concerns were legitimate. Vladimir Solovyov, one of Mr Putin's more rabid TV propagandists, called her a "worn-out slut". Yet Mr Solovyov was soon instructed to apologise to her on air. The Kremlin did what it could to ease the controversy—a tacit recognition that the video had tapped into a growing wave of popular discontent.

Ms Bonya's video followed the traditional Russian genre of a petition by a concerned subject to the good tsar, the only safe form of public criticism. She avoided mentioning Russia's war on Ukraine, and said little that ordinary citizens did not already know. But the viral reaction was more telling than the content. As someone who makes her living by picking up on trends, she captured disaffection not among the anti-war minority but among the so-far disengaged majority, which as in most countries is largely apolitical.

Most Russians have never shown great enthusiasm for Mr Putin's war on Ukraine. Public disengagement, made possible by the use of mercenaries rather than conscripts, allowed the Kremlin to preserve a façade of normality. Most Russians said they "supported" the war simply to avoid personal consequences. They also told pollsters they wanted it over soon. The reaction to Ms Bonya's video showed that even the loyalist majority is souring on the situation. The mood began to shift last year, when hope for an American-led peace settlement proved unfounded.

Russia's army is making almost no progress in Ukraine, while casualties have passed the 1m mark. Mounting economic costs include rising taxes, high inflation, budget cuts and a central-bank interest rate of 14.5%, nearly three times the pre-war level. The standard of living is dropping, and small and medium-size businesses are suffocating. Russia's economy contracted in the first two months of the year. The Iran war has boosted prices for Russia's oil and gas exports, but Ukrainian strikes on refineries have limited its ability to take advantage of that. Economic officials are openly worried. On April 17th the minister of economic development said Russia had "largely exhausted" the resources, such as untapped labour, which it used to cope with macroeconomic problems earlier in the war.

Most important is the absence of any prospect for ending the war. Over the past six weeks VCIOM, the state pollster, found Mr Putin's approval rating had fallen by eight percentage points to 66%, the lowest since the war began. Confidence that things are moving in the right direction has fallen 20 percentage points since the start of the year, to 41%. The levels of VCIOM's ratings may not be reliable, but the trend probably is. Just as significant is the fact that they are being published. The civilian part of the administration, which controls the pollster, sometimes releases such data as a way to communicate criticism—in this case, of the security services.

Last year Mr Putin gave control of Russia's internet to the notorious Second Service of the FSB (the main security service), the division that poisoned Alexei Navalny. The FSB has adopted heavy-handed new restrictions, including an attempt to block Telegram, Russia's most popular social-media platform. The ban is meant to force Russians to use Max, a government-approved messenger app. Security services claim these are counter-terrorist measures. Few Russians believe them. They see the restrictions as intrusions into their personal lives; they had expected to be left alone as compensation for their loyalty.

Max includes a built-in surveillance function, part of the security services' effort to control the country's entire digital ecosystem. The theory is that whereas control over broadcasting allows the Kremlin to beam propaganda to Russia's mainly older television-watching citizens, the grip over the internet will enable it to monitor the attitudes and activities of all of society—an Orwellian vision of endless manipulation by political technology.

The unexpected storm around Ms Bonya's video highlighted the limits of that strategy. The security services, she told Mr Putin in her video, "keep banning this and that...They simply fleece people—honest Russians—and make life in this country unbearable." The Kremlin may have managed to smooth over this brouhaha. But it will not be the last one.■

Correction: An earlier version of this article misnamed Runet

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Europe | Charlemagne

Europe’s unpopular leaders are paralysing the EU

Weak governments cannot conjure the support to make crucial deals

April 30th 2026

To keep the European Union ticking along has always required a certain sleight of hand. National leaders of its 27 member states act as the bloc’s chief conjurors, selling the illusion to voters back home that every compromise hashed out at some interminable summit in Brussels marks yet another victory for Poles, Spaniards or whoever. Alas, such tricks become harder to pull off when voters stop trusting the magicians. And European publics these days seem to have seen through the smoke and mirrors: across the continent, leaders have been plumbing recent depths of unpopularity. In France and Germany, the EU’s two biggest countries, approval ratings have sunk to something akin to contempt. This is more than a mere obstacle to politicians’ hopes to one day sell a fat pile of memoirs and earn handsomely on the lecture circuit. Like the best magic, the reforms which Europe needs still depend on the audience's willingness to be taken in. The EU cannot outrun the unpopularity of its political class.

Becoming disliked by voters is an occupational hazard for elected leaders the world over. But Europe's current heads of government stand out for their lack of public appeal. France's Emmanuel Macron has the confidence of fewer than one in five voters; over three-quarters think of him unfavourably, a net support score of -49%, according to YouGov, a pollster. Perhaps that is inevitable after nine years in the job; his predecessor François Hollande once enjoyed an abysmal 4% public support. More strikingly, Friedrich Merz in Germany has seen his popularity vanish faster than a coin down a street magician's sleeve. After less than a year in the job the chancellor has a net approval of -43%. Giorgia Meloni in Italy and Pedro Sánchez in Spain may feel smug, given they have only about twice as many detractors as fans. But that is still worse than Donald Trump, whose net score among American voters is a mere -19%. Newish leaders in Canada and Japan, meanwhile, still manage positive approval ratings.

Unpopular leaders struggling to get reforms through is a familiar pitfall in any democracy. In Europe's case, the ramifications stretch beyond the usual political gridlock. The EU runs on the borrowed authority of its national leaders—and currently they have precious little. Call it the coalition of the weakened. Placating a grumpy coalition partner, or fending off a Eurosceptic rabble-rousing opposition, makes it all the harder to do deals at EU level. This could scarcely be happening at a worse time. The list of problems European countries have to handle collectively is daunting, from how to deal with the mercurial Mr Trump, a reheated energy crisis, an enduring war in Ukraine, a flabby economy and a clogged enlargement process. Haggling over the bloc's next seven-year budget is in full swing, too. All these require compromises and trade-offs—the sort that cannot easily be pulled out of a hat by unpopular politicos. Weakness at home makes it hard for national leaders to be ambitious in Europe.

Take deepening the single market, which leaders from Poland to Portugal all claim to want. In the short term this involves national leaders spending political capital: some domestic interest group—be it local banks in Germany, pharmacists in France or what have you—is bound to lose out. The broad benefits come later, often after the next election. Even popular leaders find it hard to convince voters that a little immediate pain is worth a greater gain tomorrow. (As Jean-Claude Juncker, once a prime minister of Luxembourg, astutely noted when it came to economic reforms: “We all know what to do, but we don’t know how to get re-elected once we have done it.”) Getting a deal done at EU level requires many of Europe’s top politicians to be prepared to defy public opinion, at least for a time. Starting off popular helps.

Fans of ever-closer union in Europe often posit that some mythical “grand bargain” needs to be struck, whereby every country sacrifices a little but benefits from the end result. Big leaps forward, like the creation of the euro, involved such sweeping trade-offs. (A divided Germany was allowed to reunite in 1990, if it shared with others the benefits of its hard currency.) The likes of François Mitterrand, Helmut Kohl and Margaret Thatcher had the luxury of voter support; their current successors lack such margins for manoeuvre. Imagine if Sir Keir Starmer, the British prime minister, had the kind of public backing Thatcher once enjoyed (or believed herself to enjoy). Might some of that political capital have been expended on a more ambitious rapprochement with the EU, perhaps even a bid to rejoin the bloc? Alas, Sir Keir’s poll ratings are at levels only Mr Hollande might have envied.

Instead of making ambitious deals, European leaders have turned to bashing the EU—a cheap bit of misdirection to distract the disgruntled crowd. Mr Macron has clashed with the European Commission over a free-trade pact with Mercosur (a group of agricultural powerhouses in South America) that has annoyed France’s farmers. Mr Merz, for his part, has taken to blaming the EU for Germany’s economic ills. His allies have suggested the commission should be slimmed down, for example. This risks triggering a doom loop: the more national politicians bash Brussels the less effective it becomes, and thus the more worthy of bashing.

Ironically, the EU should be in a period where thorny compromises are relatively easy to pass. An odd glitch in the electoral calendar means that none of its ten most populous countries is scheduled to hold national elections this year. Once upon a time there was hope that this would open a window for politicians to ignore short-term electoral pressures, and strike the kind of bargains reached during the Kohl-Mitterrand-Thatcher era. It was not to be. If such an opportunity ever existed, poor polling numbers have made it vanish in a puff of smoke.■

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Britain

Britain | The Square Mile

Has the City of London finally got its mojo back?

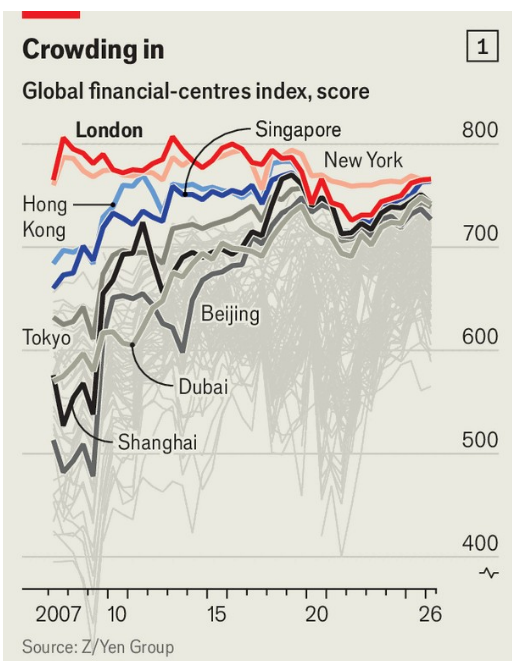
After a dismal few years, things are looking up for Britain's financial-services sector

April 30th 2026

Nearly ten years ago, soon after Britons had voted to leave the European Union, the boss of the London Stock Exchange outlined the catastrophe threatening their country's financial-services industry. If Brexit cost the City of London its licence to clear trades in euro-denominated securities, said Xavier Rolet, "a very minimum" of 100,000 jobs might be at risk. At an appearance in 2017 before Parliament's Treasury Select Committee, Mr Rolet raised his estimate to 232,000. Britain then had 1.1m people in financial-services jobs, or 3.5% of the workforce, producing 7% of its economic output and generating 11% of tax revenues.

Happily, the disaster never arrived. The industry still employs 1.1m people, who now account for 8% of the economy, or £224bn ($300bn) a year. That is 20% more, in real terms, than when Mr Rolet issued his warning. And the City in particular has prospered. The EU decided not to take an axe to Europe's financial plumbing after all. Within the Square Mile that bounds London's historic financial centre, 225,000 people worked in finance in 2024. This was 36,000 more than in 2019, despite the one-two punch of Brexit and the covid-19 pandemic. Another 181,000 worked in auxiliary fields such as law and accountancy, up by 51,000 over the same period.

Numbers matter in London's financial district; the sense that its buzz is back matters more. Elbow your way through crowds of gilet-enthusiasts clutching pints on a spring evening, and previous fears that working from home would turn the City into a ghost town seem laughable. Plenty more prop up bars in Canary Wharf and the West End—the Square Mile's spiritual extensions. They are not just there for the nightlife (though it helps, especially for bankers who might otherwise have been relegated to Frankfurt). For the first time in years financiers are also buzzing about London as a place to do business.



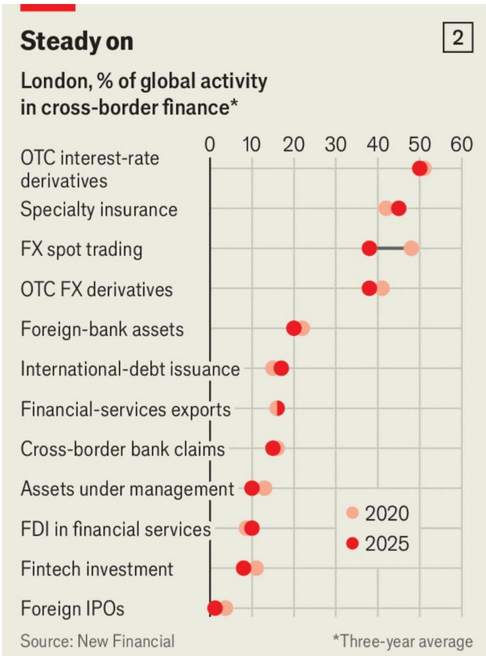
Since 2007 Z/Yen, a City think-tank, has maintained widely watched indices of the competitiveness of global financial centres. Whereas London and

New York once vied for the top spot (see chart 1), London fell to a distant second place in 2020. It now rivals the Big Apple once more. The recovery, says Z/Yen's Mike Wardle, has been driven less by quantitative factors than by improving sentiment among those responding to its survey. As the boss of a big asset manager, headquartered in America, puts it, "Half of my staff want to move to London."

It has not been easy. Though Brexit was not the cataclysm some feared, it and other shifts have hurt the City's standing. A world which once banked in London now has plenty of other hubs to turn to, from the Asian stalwarts (Hong Kong, Singapore and Tokyo) to upstarts such as Beijing, Dubai and Shanghai. That is more of a problem for the City than for Wall Street. New York owes its clout to its vast, economically vibrant hinterland; London's used to come from being the financial capital of the world outside America.

Brexit called into question whether it even remains the financial capital of Europe. However, those worries were overblown. True, continental hubs have muscled in on some of the City's business lines. After the Brexit vote, Amsterdam quickly overtook it as Europe's share-trading venue of choice. The hottest stock exchange for firms seeking fresh equity capital is in Stockholm. And big investment banks have been building new trading floors in Paris.

But that has not been enough to move the centre of gravity from London. Goldman Sachs and Morgan Stanley have kept their European headquarters there, and JPMorgan Chase is designing a new, bigger one. London is still the capital of cross-border finance in key areas. New Financial, another think-tank, has collected data on Britain's share of global activity in 12 areas of international finance, comparing the average over the three years to 2025 with that over the three years to 2020 (see chart 2). In seven of these the City has remained the world's premier financial centre.



As a trading venue for currencies, insurance and derivatives it is unrivalled. Britain's former position at the hub of a vast empire keen on trade made London a natural home for the international currency market. It still benefits from the network effects this brought: foreign-exchange is more efficient if much of it is executed through one venue. London's time zone—ideal for buying assets from Asia in the morning, then offloading them to America in the afternoon—helps, too.

Business at [Lloyd's of London](), the world's best-known insurance marketplace, is booming; over the past five years, the City's share of the market for specialty insurance has risen from 42% to 45%. Half of global trade in interest-rate derivatives (which involve some of the most fiendish maths in finance) is executed in London, as is 38% of that in foreign-exchange derivatives. This relies on a network of boffins and financial plumbing that would be hard to replicate elsewhere.

The City's record as a capital of capital, however, is more mixed. It is still home to more foreign bank assets, cross-border bank claims and international debt issuance than anywhere else. But the share of global assets overseen by British investment managers has fallen from 13% five years ago to 10%. And whereas the London Stock Exchange was once the venue of choice for international listings, it now hosts barely any: just 1.2% of the global total in the three years to 2025.

This fading allure is often linked to Britain's failure to nurture and retain corporate titans. Such superstar firms certainly draw investors towards American markets, but the City's bigger problem is that its stockmarket no longer attracts giants from elsewhere in the world. "When I think of the competition going forward, I don't look west—I look east," says Richard Oldfield, boss of Schroders, a big British asset manager. "Hong Kong is clearly winning the race [for international listings]."

And in driving domestic growth, the Square Mile has always underperformed. William Wright, New Financial's founder, says it is now worse at this than it used to be. His team has examined Britain's share of global activity in 14 areas of finance linked to the domestic economy, from homegrown equity listings and debt-issuance volumes to assets held by banks, insurers and pension schemes (see chart 3). The City comes top in none of these areas—and over the past five years has seen its share of global activity shrink in all but three. Only in venture-capital investment and issuance of leveraged loans and ESG corporate bonds has it raised its share.

Why, then, do so many financiers think things are looking up for London? One reason is that Brexit looms less large over firms' decision-making (in a sign of this, Bloomberg reported this week that JPMorgan is transferring some roles from Paris to London). Another is that politicians and regulators are moving policy in the right direction. In private, many praise the Treasury's continued push to get pension funds to invest more in risky assets, particularly unlisted ones, despite the change of government in 2024.

Rule changes to simplify listing shares in London also survived the switch. "I think a lot of companies don't realise yet how much more attractive our listing regime has become," says Steven Fine, boss of Peel Hunt, a British investment bank. This may help keep domestic listings in Britain. City bigwigs also praise the seriousness with which regulators have embraced objectives, under the Financial Services and Markets Act in 2023, to promote growth and international competitiveness.

The Square Mile feels as if an "open for business" sign has been hung above it. And—a third reason for the upturn—relative to New York it can look like a bargain. Huw van Steenis of OIiver Wyman, a consultancy, points to a spate of acquisitions of City firms. In the past year Apollo and Brookfield, two private-markets giants based in America and Canada, have bought British insurers. Nuveen, another American asset manager, has agreed to buy Schroders. Some might worry about selling British heavyweights to foreigners—but the influx of capital is welcome.

Mr van Steenis points to a huge opportunity to finance data centres, infrastructure and defence spending that Britain badly needs. Its government-debt levels are already so high, he notes, that most of the funding will need to come from private capital which regulators could help mobilise. Making it easier for insurers to own such assets would help. Mr Wright of New Financial argues that wherever Britain's regulation is more stringent than that of the City's competitors, its government should explain why. "We can't just say 'we want to be the international destination of choice' and then set higher requirements than elsewhere," he says. That London's financial district has thrived for so long is no reason to take it for granted. ■

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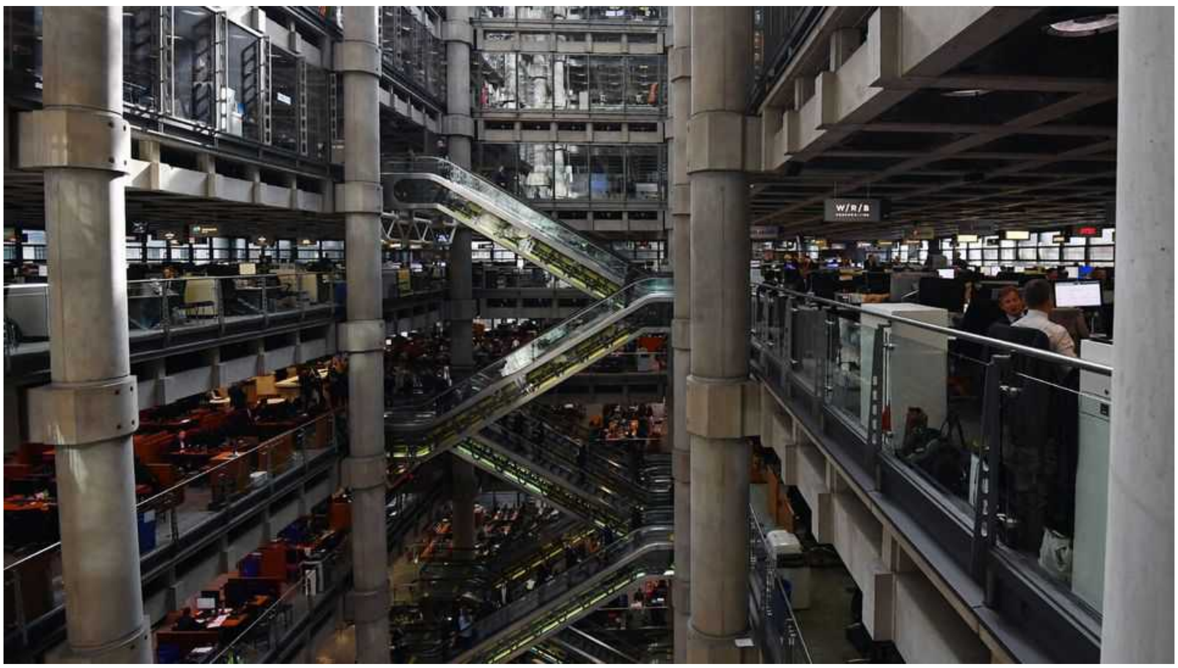
Britain | Caffeine fix

Why business at London's specialty-insurance hub has surged

Its high profits will not last forever, but it will remain a global leader for specialist cover

April 30th 2026



Shipping is not the safest industry—just ask any oil-tanker captain in the Persian Gulf. That's why gatherers at Edward Lloyd's coffee house in London, from around 1688, decided to share the financial risk for the hairiest seafaring ventures. More than three centuries later, a shipowner wanting to insure a vessel passing through the Strait of Hormuz is still likely to call on the city's specialists for a quote.

Data from the London Market Group (LMG), a trade body, showed that London's wider specialty-insurance and reinsurance market supported 61,000 jobs in 2024. The Lloyd's of London marketplace, a descendant of the old café, makes up around 40% of that $187bn business, and now covers far more than just shipping. It wrote nearly £60bn-worth ($81bn) of contracts in 2025, doubling in real terms since 2015.

One of its strengths is the concentration of specialists. Like its caffeine-dispensing Stuart forebear, the Lloyd's building in London serves as a meeting place. Today, it bustles with brokers and underwriting syndicates, which write policies and share risk. This structure promotes innovation. The first policies for a car, plane and satellite were written there. More recently, it has carved out a niche in cyber and energy-infrastructure insurance—and it has grown its share of the global marine, energy and property insurance markets. Interest in those areas recently prompted Zurich, a Swiss insurance giant, to acquire Beazley, a large underwriter.

Lloyd's policies used to be exclusively backed by capital from wealthy individuals, or "Names". By the 1970s their numbers were swelling rapidly. Monied aristocrats were joined by celebrities, politicians and upstart millionaires from the City. As it does now, Lloyd's offered investors enticing tax breaks and the opportunity to make a handsome return on their capital. The catch was that they held unlimited liability for losses. After asbestosis-related claims struck in the 1990s thousands of Names lost money; many were ruined.

A slicker organisation has emerged since. Much of the capital now comes from insurers rather than landowning dilettantes. Some individuals still invest today, but mostly through "NameCos"—companies where liability is sensibly limited.

Investors have done well recently. Property insurance became especially lucrative. A run of disasters, beginning with a ruinous hurricane season in 2017, prompted insurers to raise prices. After 2022 catastrophes lightened. This helped make the past three years the most profitable in more than a decade (see chart). In 2025 pre-tax profits across the Lloyd's syndicates were £10.6bn; the ten-year average is £2.5bn. The return on capital exceeded 20%.

Firms in other hubs have seen profits soar too. LMG's data showed London's growth has trailed that of Bermuda since 2020. But overall London's share of the market has grown.

Now Lloyd's is bracing as the insurance market starts to cool. In 2025 its prices fell for the first time in years. "Competition has come back a little bit more," explains Emily Apple, a director at Alpha Insurance Analysts, a firm which invests in syndicates on behalf of members.

Lloyd's boasts that it has paid out for even the most devastating claims, from the sinking of the Titanic to the attacks on the World Trade Centre and the war in Ukraine. The impact of the Iran war remains uncertain. No reports of major losses for marine insurers have surfaced yet, according to an analysis by Ms Apple's firm. Shipping traffic halted after the fighting broke out and policies were rewritten at much higher prices, for which there were few takers. Some terrorism insurers have suffered losses, but demand has also gone up. Fear, after all, is good for business. ■

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Britain | Saturday-night fever

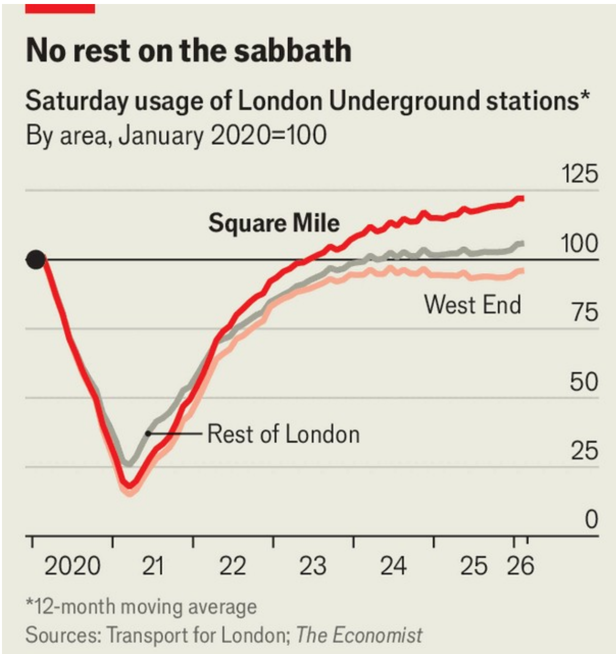
The City of London is becoming a seven-day-a-week destination

Weekend footfall in the Square Mile has risen sharply

April 30th 2026

DESCENDING INTO the crypt of St Mary-le-Bow church is akin to stepping through a thousand years of history. The church was founded by the Normans in 1080, rebuilt by Christopher Wren after the Great Fire of London in 1666, and again after the Luftwaffe bombed it in 1941. Anyone born within the sound of its famous bells is deemed "a true Londoner". In those cellars today, though, you will find something reflecting a modern trend: cases of fine wine served in the church's upmarket bar.

The City of London—the Square Mile of the financial district—is changing. A decade or two ago it was strictly a weekday destination: pubs and restaurants, frequented mainly by financiers, would typically shut early on weekdays and be closed altogether at weekends. No longer. It now bustles with nightlife all week, with 222 restaurants, 193 pubs and bars, 35 hotels and nine nightclubs. Weekend footfall rose by 8% last year.



That is not by accident. Brexit and covid-19 forced a strategy rethink by the City of London Corporation, which runs the Square Mile. Chris Hayward, its policy chair, devised a plan that "reimagined, redesigned and revisualised" the City as a "seven-day-a-week destination". Footfall on Saturday nights has risen by 20% in the first four months of this year compared with two years ago.

Tourism plays a part, too. The Ned Hotel, which occupies the former headquarters of Midland Bank, has 250 bedrooms, ten restaurants and music every night. Its well-heeled patrons spill out to other spots in the City. Nearby a Premier Inn, in a recently converted police station, offers cheaper rooms, and a full-English breakfast for £8 ($11). According to CoStar, a research firm, hotel-room revenues in the Square Mile rose by 47% between 2019 and 2025, faster than other areas of London.

Good transport links also help. Trains that shuttle City workers from all corners of Greater London in the week offer easy access at weekends. Our analysis finds that Saturday travel into the City on the Underground has risen by 22% since June 2023, whereas it is flatlining in the congested West End (see chart).

At the Steel Yard, a cavernous club below Cannon Street Station, drum-and-bass pounds until the small hours. The modern sound of the City feels a world away from Bow Bells. ■

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Britain | Neverendums

The question of Scottish independence is alive but not kicking

Voters in the elections for Scotland's parliament have more immediate matters on their mind

April 30th 2026

BAGPIPES DRONE at the top of Buchanan Street. The afternoon sun picks out the lichen of old chewing gum stomped into the pavement. Glaswegians mill about. Mention Scotland's next election and they shrug. "It feels like the same slog again," says Derek Burns, a business owner. "There's nothing to be excited about."

On May 7th Scots will vote on the composition of their country's parliament for the next five years. The ruling Scottish National Party (SNP) is less popular than it was and may again fall short of a majority, partly due to voter fatigue. But it will probably enter a third decade in power, according to More In Common, a polling firm.

More intriguing will be the contest for second place. Support for Labour has plunged. The Conservatives are in the doldrums. The Liberal Democrats and Green Party may win a few extra seats. But Reform UK is expected to become the second-largest party in Scotland. Hugh McAdams, a retired taxi driver, reckons illegal immigration is the country's biggest issue. He likes Reform's policies, but not its politicians. Of Malcolm Offord, the party's leader in Scotland, Mr McAdams says: "I wouldn't trust him with my goldfish."

John Swinney, Scotland's first minister, has also ruled out working with Reform. By fragmenting the opposition the right-wing populists may have done him a favour. But the popularity of a unionist party suggests Scots' appetite for independence may be smaller than Mr Swinney would like.

Polls say Scots are split on independence. Sophie McColligan is voting for the first time in May. The 16-year-old student says she would like Scotland to leave the United Kingdom. Mr Swinney wants another vote on independence by 2028. The prospect of indyref2, however, is distant. The power to let Scotland hold such a vote lies with politicians in London. The government in Westminster allowed a "once-in-a-generation" referendum in 2014, in which Scots voted to stay in the union. In 2022 the SNP asked the Supreme Court if Scotland could bypass London's consent. The answer was no.

Today the Labour government is unequivocal. Absolutely not, says Wes Streeting, the health secretary. Sir Keir Starmer agrees. The prime minister has called the question of Scottish independence a "distraction" from the SNP's record.

Independence is an abstract noun. Many voters want tangible change. Polling by YouGov suggests their priority is the economy. The state of the NHS comes next. Independence ranks sixth.

This election will not decide Scotland's constitutional future, argues Nicola McEwen of the University of Glasgow. After a majority of Scots said no to independence, the Scotland Act in 2016 devolved more powers from Westminster. Gradual devolution may be a more pragmatic path, if a slower one, for Scots keen on greater autonomy. But no party is championing that middle ground, says Professor McEwen.

Scotland's bolshiest separatists have lost an outlet. The Alba Party folded in March. Alex Salmond, the first minister who championed the referendum of 2014, died in 2024. Alba struggled without him at the helm. A chunk of the party's voters may see the SNP as the best chance of breaking up Britain. This could help extend Mr Swinney's time at the top of Scottish politics.

If constitutional change will not come from within Scotland, perhaps it could be inspired by events elsewhere. The Northern Irish first minister has said her country should hold a referendum on a united Ireland by 2030. Plaid Cymru, Wales's nationalist outfit, says it would not pursue independence in its first term, but does not rule out doing so thereafter. Brexit boosted support for independence in Scotland. The government in Westminster is deeply unpopular. The number of Scots in favour of self-government may yet grow.

From Buchanan Street a green, bespectacled man looks out to the river Clyde. The gold lettering scratched into the statue's marble plinth is faded. Donald Dewar became Scotland's inaugural first minister in 1999. "He was the last good politician Scotland had," says Mr Burns. ■

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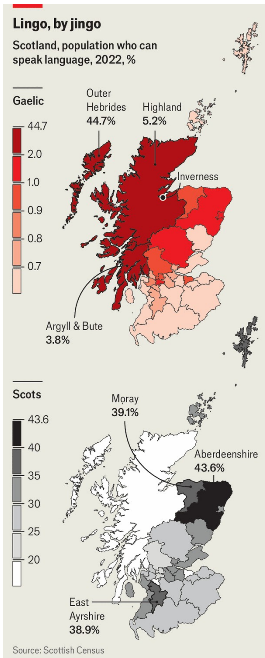
Britain | Scottish Gaelic v Scots

The battle between Scotland's two national languages

The one that the British once banned is winning

April 30th 2026

At a museum outside Inverness proud Scots recently gathered to mark what they see as the destruction of the Scottish way of life. They came to remember the Battle of Culloden of 1746, when the British army crushed the Jacobite rising. The ancient language repressed after that defeat—Gaelic—was everywhere at this event: heard in the romantic poems, seen on the signage. Strangely absent was Scotland's other national language: Scots.



Scottish Gaelic and Scots are in competition to be the country's native tongue. Gaelic, rooted in Old Irish, is alien to English ears. It was spoken by people in mountainous western Scotland but in effect banned after Culloden. Scots, descended from Old English, was brought to the Lowlands by Anglo-Saxons who could not penetrate the Highlands. It shares much vocabulary and grammar with English; it is unrelated to Gaelic. Instead of "I don't know," a Scots speaker might say, "Ah dinnae ken." Sceptics say it is a dialect; others insist it is a language in its own right.

Forty years ago some feared Gaelic faced extinction. Yet thanks to government funding it is now spoken by nearly 70,000 people in Scotland—a rise of over 20% since 2011. Scots, even though more people speak it (1.5m at the last census), is quietly declining. Between 2011 and 2022 the number of speakers fell by almost 30,000. Last year just ten pupils in their penultimate year of secondary education studied it, compared with 70 who took Gaelic.

Graham Dunbar, whose ancestors fought against the British at Culloden, said his grandfather spoke Gaelic, but it then skipped two generations. As he tapped his feet to bagpipes at the Culloden bash, the 79-year-old leaned over to say his closest relative now fluent in the language is his 20-something son.

Because Scots resembles English, it struggles to inspire the same patriotic fervour as Gaelic. The Scottish National Party allocated £950,000 ($1.3m) to Scots initiatives in this year's budget—just 3% of the £31m for Gaelic, uncontaminated by Englishness. Some view Scots as the language of accommodation, despite being the lingo of some of Scotland's greatest writers, from Robert Burns to Irvine Welsh.

The impulse to emphasise what distinguishes Scotland from its southern neighbour, rather than what they have in common, runs deep. That's an awfy shame. ■

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Britain | British politics

If Labour loses Wales on May 7th, it will snap a world record

But 104 years ain't bad

April 30th 2026

You can walk many streets in the Ebbw Fach valley in south Wales—and, because of the steepness of the hills, take many breaths—before spotting a political poster. The Welsh parliament, known as the Senedd, holds elections on May 7th. It is a powerful body, responsible for education and health and able to vary income-tax rates. Yet the election seems to have generated little excitement. You would certainly not sense that an event of global significance is about to occur.

Political scientists at Cardiff University reckon that the Labour Party has dominated Wales longer than any party has dominated any democracy. Labour has won a plurality of Welsh seats in every general election since

1922, and has won every Senedd election since that body was created in 1999. For historical consistency, the party beats the Christian Social Union in Bavaria, the South Tyrolean People's Party in Italy and the Democrats in the American "solid South" (who cheated by disenfranchising black people).

If the polls are right, Labour's run will end next week. Plaid Cymru, a nationalist party, is expected to win the Senedd elections; Reform uk, a right-wing populist party, might come second. That would shake Labour and Britain's prime minister, Sir Keir Starmer. Although fewer than one in 20 Britons live in Wales, it is central to the party's identity. Labour's first leader, Keir Hardie, represented a Welsh seat. So did the party's first prime minister, Ramsay MacDonald. If you could cut the Labour Party, it would bleed Welsh red.

The end of Labour's hegemony would also change Wales. Public policy might not alter much: a Senedd led by Plaid Cymru would probably enact a left-wing agenda broadly similar to the one pursued by Welsh Labour (which sits to the left of the national Labour Party). But culture would shift. A Wales that is not run by Labour is not quite the same Wales.

Labour has consistently dominated the Valleys even as its fortunes have fluctuated elsewhere. And few places have been more solid than the area around Abertillery, in the Ebbw Fach valley. In 12 out of 20 elections to the Westminster Parliament between 1918 and 1979, Labour's candidate in Abertillery won at least three-quarters of the vote. In six other elections there was no contest, because nobody dared to stand against Labour.

The party's hold there was built on a firm foundation of coal. The rock populated the valley, as miners flooded in from the rest of Britain and Ireland in the 19th and early 20th century. The dangerous job of digging the stuff out created a close community and powerful, often militant trade unions. "We talked about politics in the pit, and we talked about mining in the pub," says Steve Davies, who worked as a miner and a security guard.

George Thomas, who became a Labour mp, remembered looking on his local representative as akin to a high-court judge or a god. When the Abertillery mp George Daggar died in 1950, local newspapers printed eulogies. "The magnificence of his character was equalled by the magnificence of his principles," claimed the South Wales Gazette. The churchman who spoke at Daggar's funeral succeeded him, winning 87% of the vote. Abertillery now has a George Daggar Avenue.

The politicians who held such safe seats were not always attentive to their constituents. Neil Kinnock, who was first elected to represent a seat next to Abertillery in 1970 and later became leader of the Labour Party, remembers that his predecessor did not even hold regular office hours. Constituents would try to catch their mp in a café, where he was known to repair after shopping with his wife.

"This was the home of the Labour Party," says Lyn Maloney, who runs a heritage group out of the impressive Miners Institute in Llanhilleth, south of Abertillery. "The mp didn't have to come and say: 'Vote for me.' People just did." The bond between party and people endured after Labour started drawing mps from the professions rather than the miners' unions. It even survived the closure of the mines.

It seems unlikely to survive an era of political fragmentation and turmoil. Labour is now the incumbent in both the Senedd and Westminster. It is catching the full force of popular discontent with public services and the economy. Plaid Cymru, which shrewd Labourites identified as their most dangerous adversary as early as the 1970s, has cleverly positioned itself on the left. Reform uk is potent too. Unlike the Conservative Party, it is not burdened with a century's worth of opprobrium.

Just outside Abertillery, a group of middle-aged and old residents convened by a community-regeneration project known as Pentref Tyleri describe how the place has changed. They cheer the growing beauty of the valley, which is no longer blackened by mining. But they lament the decline of many aspects of communal life. People drive to supermarkets rather than visit local shops; the Nonconformist chapels are empty; the annual carnivals are diminished; unfamiliar people have moved in.

Monotonous Labour voting is yet another aspect of communal culture that is fading. The change is not bad, any more than supermarkets and secularism are bad. It simply makes a place like the Ebbw Fach valley less special. And it cuts a link to the past. The local residents believe that their parents' generation would be horrified if they could see how their descendants will vote. The phrase “turn in their graves” comes up a lot.■

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Britain | Chronically online

Zack Polanski is Britain's first digital-native party leader

Our analysis of his "likes" on Bluesky shows how the eco-populist bristles at criticism

April 30th 2026

If you say "bloody Mary" three times in front of a mirror, a ghostly woman (Mary) will appear. So goes the popular children's folklore. (Spooky!) Likewise, if you post the words "Zack Polanski" on Bluesky, a microblogging site, you might just summon the leader of Britain's Green Party. (Even spookier!)

Mr Polanski has a habit of searching for his own name, a practice known as "ego surfing". This distinctively digital behaviour is that of a politician who could be described as Britain's first digital-native party leader. On Bluesky, Instagram, TikTok and X, the left-wing eco-populist is in constant back-andforth with supporters. In one recent clip the Green Party leader danced to throbbing house music at a rally in Trafalgar Square; 2.7m people watched on Instagram. To get a sense of Mr Polanski's digital drive, The Economist analysed 35,000 of his Bluesky "likes".

Digital activism is not new to Britain. Enthusiastic supporters of Scottish independence, in the run-up to Scotland's referendum in 2014, were dubbed "cybernats" for their online presence. Under Jeremy Corbyn, "Corbynistas" voiced their support for Labour on social media. Kemi Badenoch, the Conservative Party leader, has been described as "chronically online".

Now the Greens appear to be the most prolific posters. Candidates for the local elections on May 7th have become micro-influencers. Clips of Mr Polanski are shared widely. Any critical content posted about the party will quickly be flooded with rebuttals (or abuse). And every day Mr Polanski himself interacts directly with his supporters—reposting, liking, replying.

One platform where Mr Polanski communicates with supporters is Bluesky. He is one of millions who joined the site in November 2024, after the re-election of Donald Trump. Many of them disapprove of the right-wing drift of X (formerly Twitter) under the leadership of Elon Musk. Unlike X, Bluesky emphasises transparency, which means The Economist can view Mr Polanski's online habits.

And they are prolific. Mr Polanski has liked a post on Bluesky every day since April 1st 2025—nearly 35,000 times in total (see chart). On a typical day, Mr Polanski likes his first Bluesky post at around 8.30am. His favourite times to scroll are between noon and 1pm, and from 6pm to 7pm. His last like of the day tends to happen at around 11.15pm. After that, presumably, it's bedtime.

The content of the posts Mr Polanski likes vary but there are some recurring themes. Around a third of the posts include his name. They tend to be adoring. "I'm impressed with everything I've seen so far from Zack," says one. "God how I love this man," says another. Many of the posts liked by Mr Polanski celebrate the Green Party, or denounce Sir Keir Starmer's Labour government. Many more condemn the government of Israel for what Mr Polanski describes as a genocide in Gaza. So far, so expected for a leader of the Green Party.

Yet Mr Polanski's likes reveal another side to his personality. He appears thin-skinned and hostile towards journalists. On December 9th, for example, Marina Hyde, a centre-left columnist for the Guardian, wrote a mildly critical article about him. After its publication, he liked at least 20 posts criticising her by name. Some took on the arguments in her article; most attacked her character. "Marina Hyde is a total twat," began one of the posts Mr Polanski liked.

Dozens of the posts liked by Mr Polanski criticise journalists, or the press as a whole. In October the Green leader liked a post which described the Guardian's chief sports writer as "a smug, sanctimonious cunt". In November he liked a post which described Sophy Ridge, a Sky News journalist, as a "sneering dickhead" (for asking Mr Polanski about his party's policies).

Responding to the posts quoted above (for which Mr Polanski has since removed his likes), a spokesperson for the Greens said: "Zack manages his own social media and tries to engage with as much online as he can to motivate supporters. He's often flicking very quickly through posts while on a train or between interviews and engaging as much as he can. He is sorry for any mistakes made when working fast." With so many likes to his name, perhaps it is no surprise that Mr Polanski's thumbs are working faster than his judgment.

The Greens' social-media strategy seems to be working. The party continues to rise in the polls and Mr Polanski's digital presence enthuses its activists. But social media have a tendency to amplify the best and worst of society. In an interview earlier this year, Mr Polanski described them as a "toxic cesspit". He should know.■

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Britain | Bagehot

The rise of the Temu Range Rover

Class, China and the cozzie livs in a car

April 30th 2026

When the Jaecoo 7, a cut-price SUV from Chery International, a Chinese carmaker, was first launched in Britain the reviews were unkind. Experts criticised the "slightly dull handling"; it had "no 'want one' factor". Drivers on TikTok were easier to please. "Absolutely fat sunroof", said one well-turned-out young woman. "It's got a shit-ton of space." Best of all, it bore a striking resemblance to Range Rover, the plush British four-by-fours relied on by rich parents to ferry children to fancy schools. The main difference was the price. At £29,000 ($39,000), it was about a third less than the cheapest Range Rover. No wonder it was dubbed the Temu Range Rover, after a Chinese e-commerce platform that ships impossibly cheap goods to Britain.

In both their cars and their politics, the people of Britain have had enough of experts. In March the Jaecoo 7 became Britain's bestselling car, with 10,064 registrations in the month. The Temu Range Rover is taking over. Judge a nation by what it drives. To understand Britain, take a Jaecoo 7 for a spin.

How can a marque that did not exist barely 18 months ago take over the likes of Ford or Kia, gobbling brand equity built over decades in weeks? How could it not? While French people want French cars and Italians want Italian ones, Britons in general do not care, points out Matthias Schmidt, an industry analyst. Britons happily drive French, German or Korean models. What's another nationality in the mix? At the start of the decade Chinese cars accounted for 1% of all new sales in the country. Now they account for 15%, which is the highest figure among the big European markets. Jaecoos, which have a petrol or hybrid engine, chug along while all-electric byds hum through England.

Cheap financing is key. Chinese companies gagging for market share, such as Chery, offer 0% annual percentage rate (APR) deals with minimal deposits. In the 2010s, when the Bank of England followed its zero-interest-rate policy (known by the satisfying acronym zirp), such deals were common. The effects were most visible on British driveways. Once-aspirational cars—such as bmws and Mercedes—became affordable. "Mondeo Man", the proverbial voter of the 1990s named after the staid Ford saloon, has driven an Audi for years. Now, in the 2020s, such deals are rarer, outside Chery's efforts to hoover up more of the market. Within its double-glazed windows, the Jaecoo 7 is a world that is forever zirp.

After all, there is a cost-of-living crisis on. For most, it is a cost-of-living-well crisis. It is small luxuries rather than necessities that are being squeezed. Slip into a Jaecoo 7 and this flips into reverse. It has the gubbins of a more expensive car. The front seats are heated, the handles pop out disconcertingly and the finishes are appropriately squidgy. Butter might be £2 a block, but something that looks like a Range Rover is half-price. Navigating the politics of the "cost of living" is treacherous. In the 19th century radicals promised cheap food and high wages. In the 21st century there is little politicians can do immediately to bring about either. And so a mock Range Rover at a heavy discount will have to do. If the

Labour government has a hope, it comes in petrol and hybrid forms and is available from £250 a month at 0% apr.

Little surprise, then, that most politicians quake at the idea of tariffs on Chinese cars. Unlike the eu and America, Britain has ducked tariffs on cheap Chinese cars, dodging a painful fight with Beijing (to the chagrin of British carmakers). Geopolitics and consumer preference align. Britons do not want artificially expensive cars in the 21st century for the same reason they did not want artificially expensive food in the 19th century, before the country repealed the corn laws. In Britain price has long trumped patriotism. Reform uk is the only party threatening tariffs against cheap Chinese cars (ironically taking on a policy that their French and German peers would cheer). In Britain any politician who stands between Britons and a cheap car can expect to be run over.

Range Rover, a jewel in the British manufacturing crown, may bet that the well-to-do will turn their nose up at the knock-off edition. Perhaps they are right. Someone can pick up the Jaecoo 7 from the government's generous "motability scheme", which provides almost 1m cars to those with some form of disability. The government has cracked down on Audis and BMWs on the scheme, after a voter backlash. Cars that merely look fancy, such as the Jaecoo 7, are still available.

But what if skimping is its own status symbol? Even the richest people in the country have it tough, in their heads. It is impossible to open the Daily Telegraph without a well-to-do couple complaining that after the mortgage, the holidays, the school fees and the savings there is not much left at the end of the month. When it comes to the new car, would someone always spend a year's worth of school fees extra on the real thing? Britain is a place where people think they become rich by saving money rather than making it. Temu is among the most downloaded apps in Britain for a reason.

At Jaecoo, they cannot decide whether the "Temu Range Rover" is a point of pride or a mark of shame. They should embrace it. For companies trying to capture the British market, the dream is a classless car. Something like a Mini, which ferried factory workers to work and Mick Jagger to Carnaby Street, for modern Britain. The Jaecoo 7 comes close. For every Stanley-flask-toting mum on TikTok, there is a Chris Robshaw, a former England rugby captain, the face of the brand (who was educated at Millfield, a school that charges £60,000, or two Jaecoos, per year). Instead, the Jaecoo 7 has slipped into a lucrative English niche: looked down on by some, while enjoyed by many more. It is Ant and Dec with a sunroof. A Barratt new-build home on wheels. The Jaecoo 7 might be made in China, but it is as British as can be. ■

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International

International | Shipping

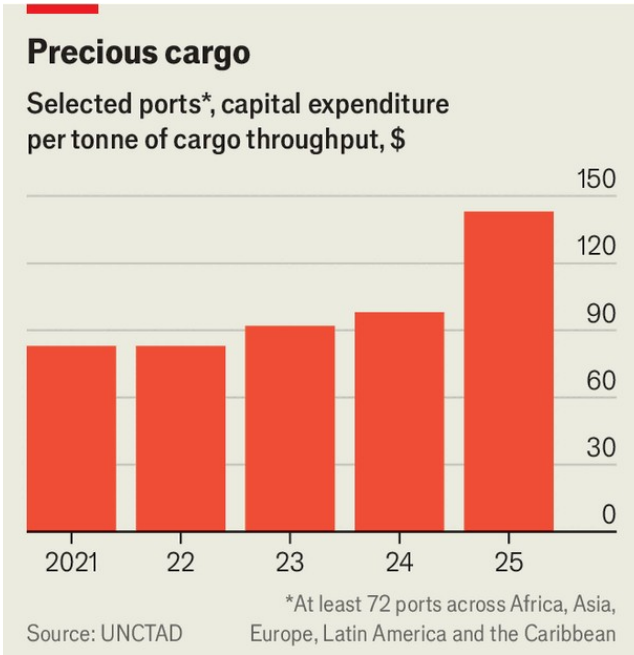
The global scramble for ports

The investment frenzy is driven by anxiety about China’s tightening grip on supply chains

April 30th 2026

Some 1,200 kilometres north of Egypt’s Suez Canal lies the Port of Piraeus on the coast of Greece. The country possesses more shipping capacity than any other, and the port, majority-owned by COSCO, a Chinese state-owned firm, is one of Europe’s busiest, with more than 4m containers moving through it every year.

Just 30km west, the American government is backing a bid to develop a commercial port at Elefsina. About 500km to the north, Russian and Chinese investors have taken a stake in the Port of Thessaloniki. And farther north-east American and NATO forces have built a logistics hub at the Port of Alexandroupolis.



The scramble for ports in Greece is part of a global contest to control the plumbing of maritime trade, from Argentina to Thailand. In some places, like the Panama Canal, the competition has taken a nasty turn, part of a geostrategic battle between America and China. In others, multiple countries and firms are vying for port and logistics deals as geopolitical insurance, as a business proposition—or both. In sum, spending on port infrastructure will rise by more than a third to $90bn annually by 2035, says PwC, a consultancy.

About 80% of the world's trade by volume travels by sea. Governments naturally worry about keeping goods moving. A series of crises in recent years, from the covid-19 pandemic to the current closure of the Strait of Hormuz, has shown how easily the global trading system can be thrown into chaos. The desire to reduce dependence on particular chokepoints for both commercial and geopolitical reasons is only natural. And in the long run more competition between ports probably means lower shipping costs.

Yet the rush to build port infrastructure is likely to result in huge inefficiencies (see chart). Many investors, including both American and Chinese taxpayers, will see disappointing returns. And political pressure for shipping firms to use particular ports and sea routes, in defiance of all commercial logic, is bound to grow.

As with so many modern geopolitical contests, this one has been driven by anxiety about China's ambitions and its tightening hold on global supply chains. Chinese firms now operate or have a financial stake in at least 129 ports outside China (see map), and have spent at least $80bn on port construction from Antigua to Tanzania, with many of the investments tied to bilateral trade and regional shipping agreements.

More than a third of China's overseas ports are near maritime chokepoints, including the Strait of Malacca, the Strait of Hormuz and the Suez Canal, making them indispensable operators in strategic areas.

China's firm grip on global ports has rattled Western governments. MERICS, a think-tank in Berlin, found that after a terminal operating contract is signed, total trade with China rises by more than a fifth, while countries that allow Chinese firms to run all their terminals at one of their ports see a 19% drop in exports to the rest of the world. Operating ports allowed Chinese firms to prioritise their cargo and vessels and speed up customs and logistics.

Were the global trading system flowing smoothly, China's dominance of sea lanes would be less worrying. But a rerouting of shipping networks, most recently due to the closure of the Strait of Hormuz, has left ports more prone to congestion, punitive fees on cargo sitting idle and sharp rises in freight rates. Container ships in the Indian subcontinent are facing particularly bad congestion, while waiting times at the Panama Canal have been lengthened by increased volumes of energy exports to Asia, according to Clarksons, a research firm. No one has come up with a good strategy to deal with the chaos at ports, says an American maritime official.

Non-Chinese shipping companies have been rapidly beefing up their own networks. Since 2021 such firms have announced about $140bn of acquisitions in various parts of the maritime supply chain. Hapag-Lloyd, a German shipping giant, signed a deal in January to acquire 50% of a container-terminal operator in Brazil; more recently it raised its stake in JM Baxi Ports, an Indian firm, and announced plans to acquire ZIM, an Israeli shipping line.

In January Stonepeak, an American investment firm, formed a $10bn joint-venture, United Ports, with CMA-CGM. And in February APM Terminals, a subsidiary of AP Moller-Maersk, a shipping giant, and Eurogate, a container-handling firm, announced a plan to invest €1bn ($1.2bn) to expand a terminal in the North Sea.

Governments are also paving the way for their country's firms to secure maritime routes and berths. India is in the midst of a vast port-building effort that is expected to continue until 2047; in October Saudi Arabia signed a $450m deal for the Jeddah Islamic Port. Singapore is building a $20bn automated port and shipping hub. DP World, Dubai's port company, has signed deals to invest and expand its positions at ports in Dar es Salaam and Callao in Peru.

Many investments are taking place alongside Chinese ones without directly threatening China's interests. But America has taken a more antagonistic approach.

Take its battle for control of the Panama Canal. After his election in 2024 Donald Trump said the operation of two ports at the canal by CK Hutchison, a Hong Kong conglomerate, posed a threat to American interests. During his inaugural address last year Mr Trump threatened to take "back" control of the canal, which America built in the early 20th century and which handles around 40% of America's cargo, equivalent to about 5% of global sea trade annually, or $270bn.

BlackRock, an American asset manager, and Mediterranean Shipping Company (MSC), the biggest ocean-going carrier, then stepped in to buy Hutchison's non-Chinese ports, including its two Panama Canal terminals, in a $23bn deal that angered the bigwigs in Beijing. In February Panamanian authorities handed temporary operation of the terminals to Maersk and MSC after the country's top court ruled that CK Hutchison's contracts were unconstitutional. China detained dozens of Panama-flagged ships in retaliation, and told Maersk and MSC to cease operations at the Panama port. Hutchison has sued Panama for billions; the long-term management of the port remains in question.

Elsewhere America's Federal Maritime Commission (FMC) is stepping up its efforts to protect the country's shipping. "If US cargo has an interest in that area and is at risk, we can take action," says Laura DiBella, the chairwoman of the FMC. "We have some serious teeth," she adds, including sanctions, tariffs and fines. Ms DiBella says America should be "paying attention to our backyard more" and that the FMC is watching for "anti-competitive" behaviour at ports. Officials are keeping a close eye on ports in Latin America, including Puerto de Chancay in Peru.

Even at ports that are not owned or operated by China, Chinese firms are deeply embedded in port supply chains. Shanghai Zhenhua Heavy Industries, a Chinese state-backed firm, makes more than 70% of ship-to-shore cranes, large and mostly automated machines which unload and stack containers. Chinese companies also make 95% of shipping containers used for the moving of goods.

China's reach extends beyond physical infrastructure. LOGINK, a Chinese government-run logistics-management software, is used in at least 24 countries and 86 ports (America banned its use in 2023). LOGINK shares data with CargoSmart, another shipping-management software firm owned by COSCO, and in turn gives it access to the whereabouts of 90% of the world's container ships. It also has a tie-up with CaiNiao, a logistics provider with hundreds of warehouses around the world.

And Chinese firms will keep expanding overseas in response to the surge from competitors. "The intensifying international geopolitical competition has profoundly affected our industry," Zhu Tao, chairman of COSCO, said in March. "Expanding our port footprint remains a critical response." The firm plans to invest more in Piraeus and Abu Dhabi. China Merchants Port, another large Chinese firm, is in the process of acquiring Vast Infrastructure, a Brazilian port operator. Chinese firms are also building industrial parks and manufacturing facilities close to their existing ports in Africa and Europe.

All this jockeying has led to a nascent bifurcation of networks of Chinese and Western-owned ports. That will generate some long-term benefits for all shippers: ports can no longer behave as monopolies and charge what they want; they will have to give shippers better service, at better rates. Operators will need to reinvest in costly services like port dredging so big vessels can enter, and maintain better upkeep so they aren't replaced. "There is always an unhappy customer at a big port," says one executive. Having another port nearby will give them options.

But at least some of the builders (and the taxpayers who finance them) will be losers. India's ambitious plans are at risk because the country is bracketed by major ports in Singapore and Salalah (in Oman). And its own ports risk cannibalising each other, a terminal executive points out.

"Every port, every country wants to be a logistics hub, and they all can't be that," says an executive at a European maritime firm. Since an expansion of Tanger Med, a Moroccan port in the Strait of Gibraltar, in 2019, volumes at the nearby Port of Algeciras in Spain have struggled to grow.

A duplicative network of ports will also come with higher fixed costs. That risks saddling shippers with more debt-laden operations, potentially inefficient sea routes and some risk of ending up on the wrong side of one or another country's geopolitical interests. In times of disruption, like now, consumers may be hit with higher prices and delays despite the overall increase in shipping capacity.

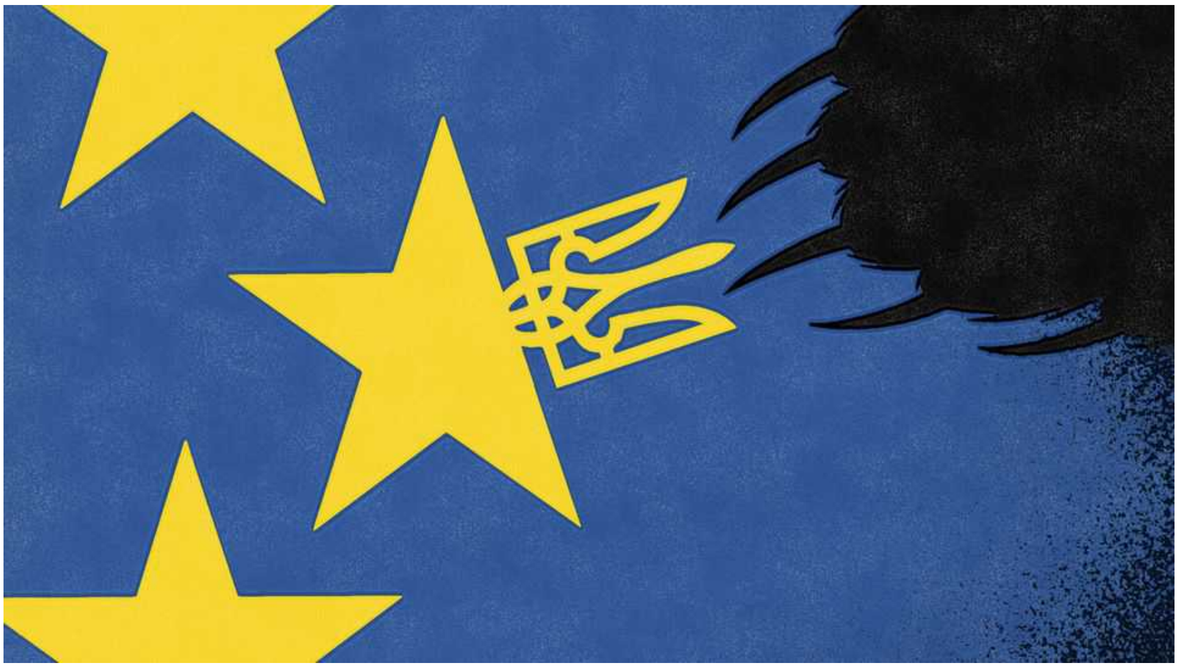
Still, port duplication is not all bad. The ports under development in Greece serve different, if slightly overlapping, markets. And ports have some room for inefficiency. Historically ports have commanded hefty operating margins of, on average, more than 40%, and those margins have ticked up over the past decade. As countries and firms begin to compete more for volume, their returns will be lower. That is probably not the prize they were seeking when they launched the port wars. ■

International | The Telegram

To fight Russia, Europe needs Ukraine

It is risky to let Ukraine into the EU. It's more dangerous to keep it out

April 30th 2026



DO EUROPEAN LEADERS think their countries might soon be at war? Their words say yes. In Cyprus for a European Union summit on April 23rd and 24th, Poland's prime minister, Donald Tusk, voiced fears that Russia could attack Europe's eastern flank within "months". Given doubts about America's commitment to its transatlantic allies, Europe must get serious and strengthen its common defences within NATO and the EU, he declared.

The actions of other European leaders are more ambivalent. The contradictions are especially glaring when it comes to their relations with Ukraine. EU governments this month approved a €90bn ($105bn) loan for Ukraine that had been blocked by a spoiler in their midst: the populist-right, Putin-friendly government of Viktor Orban in Hungary. Unfortunately for

Ukraine, Mr Orban's ejection by voters in mid-April has made other leaders' doubts more visible, now they can no longer hide behind Hungary's veto. Many EU member countries, including the power-duo of France and Germany, are in no hurry to grant Ukraine the full membership that it seeks, let alone on the accelerated timeline demanded by the Ukrainian president, Volodymyr Zelensky, who wants his country to join by January 2027. Friedrich Merz, the German chancellor, has publicly ruled out swift accession, stating that Ukraine cannot join the bloc while at war and must meet strict standards on the rule of law, corruption and other fundamental principles.

Some concerns are understandable. For all its heroism, Ukraine is a corrupt, fragile democracy that is liable to emerge from this conflict with ambiguous borders and Russia as its neighbour-from-hell. Other Euro-worries are more feeble. For instance, EU farmers are scared of competition from Ukraine's large, world-class farming industry. If the country ever does join, it is said in Brussels, the Common Agricultural Policy could not survive in its current, subsidy-heavy form.

Against such doubts Ukraine's backers make a stark counter-argument. Any credible defence of Europe must involve Ukraine's 800,000 men at arms, and its home-grown, AI-guided drone and counter-drone technologies that have turned front lines into buzzing, futuristic death-zones for Russian invaders. The tide has turned, was the response of President Alexander Stubb of Finland, when asked recently about security guarantees for Ukraine. "We Europeans have to understand we need Ukraine more than Ukraine needs us," he counselled.

Ukraine long pinned its hopes on NATO membership, and on mutual-defence pledges in Article 5 of that alliance's treaty. Alas for Ukraine, its NATO ambitions are "dead" for the foreseeable future, say Western officials. As president, Joe Biden was sceptical about the country joining NATO. Its hopes were killed by President Donald Trump's hostility to the idea and indeed to Ukraine.

That leaves EU accession as the remaining way for Ukraine to anchor itself in Europe and the wider democratic world. With a full welcome years away, France and Germany are pushing associate forms of membership for

Ukraine, possibly involving observers' seats in EU institutions and councils, without voting rights. Perhaps most important, there is talk of extending to Ukraine the bloc's own mutual-defence clause, buried in Article 42.7 of the EU treaties, as part of a provisional set-up.

The Cyprus summit saw EU officials given the task of exploring how Article 42.7 might work in a conflict. According to Germany's chancellor, the assembled leaders also broadly endorsed the notion of provisional membership for Ukraine, understanding that Europe cannot safely close its door to that country. Ukrainian voters may one day have to endorse a peace treaty that involves giving up territory, Mr Merz went on. To win such a referendum, Mr Zelensky would need to be given a pathway that ultimately leads to "full membership of the European Union".

At this point, European and Ukrainian citizens can be forgiven some confusion about the signals sent by Euro-grandees. On the one hand, leaders are frightened about Ukraine breaking today's systems of EU farm subsidies. On the other, they seem happy to extend solemn defence and security pledges to Ukraine: a far more significant commitment.

The key to the puzzle lies in views of war and its imminence. If Europe really does face an attack by Russia, nothing matters more than locking Ukraine in as a partner. Indeed, in off-the-record conversations with senior European and Ukrainian sources, the strongest arguments made for Ukrainian membership are all about security threats. In addition to bullish talk about accessing Ukrainian defence technologies, some arguments are distinctly bleak. When the war with Russia ends, it is noted, Ukraine will be home to hundreds of thousands of battle-hardened veterans. If spurned by the EU, there is no guarantee that powerful factions in Ukraine will not turn away from the West. Ukraine drifting into civil conflicts and fights over resources, or growing closer to Russia, are all cited as dangers.

Henry Kissinger saw this moment coming. Interviewed by The Economist in 2023, America's former secretary of state said that Ukraine should join NATO, reversing his earlier views. Europe is saying something "madly dangerous", he worried. It is calling Ukraine too risky to be in NATO while arming "the hell out of them".

Alas, talk of dangers and risks repels those European leaders and voters who do not see war with Russia as inevitable. If appeasing Mr Putin is a temptation, then every argument about Ukraine's political instability, or its anger if kept outside the EU, is a reason to keep it out of the club. Europe has every right to ask whether Ukraine is ready for EU membership. Ukraine's fate may hinge on something simpler: whether Europeans are ready to fight. ■

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Business

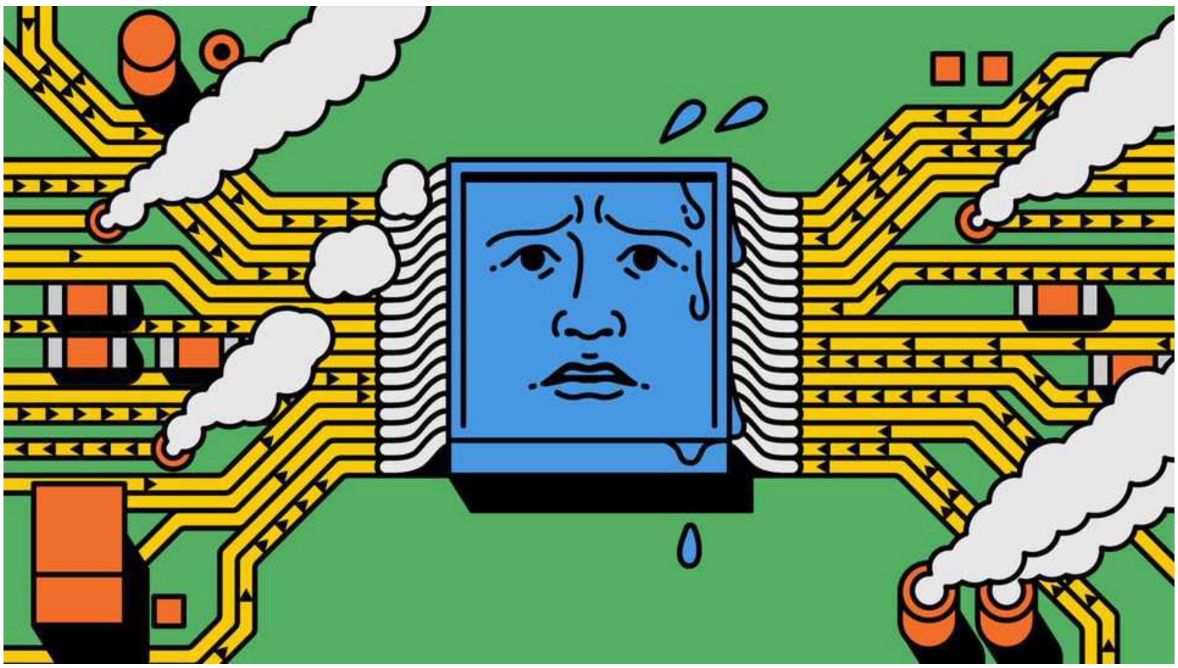
- The AI rush is hitting a bottleneck
- Why DeepSeek’s sequel failed to impress
- Elon Musk and Sam Altman bring their rivalry to court
- Coca-Cola is trouncing Pepsi. Can the underdog turn things around?
- How a mega-deal will transform the lift industry
- Swashbuckling oil-services firms are preparing for a boom
- AI and the danger of cognitive surrender
- SpaceX, OpenAI and Anthropic are already public companies

Business | Silicon ceiling

The AI rush is hitting a bottleneck

Hardware-makers are failing to invest enough to keep up with demand

April 30th 2026



A new craze has gripped Silicon Valley of late. Techies looking to prove they are in the vanguard of artificial-intelligence adoption have taken to “tokenmaxxing”, competing with one another to burn through the most tokens (as the chunks of text processed by AI models are known). Yet as demand for AI soars, those tokens are in increasingly short supply.

In March Anthropic, an AI lab whose models are popular with businesses, began throttling access to its tools at busy times, It has since been altering its subscription plans, seemingly in a bid to curb usage. In April its service has experienced outages of around 30 minutes a day. In March OpenAI, a rival, abruptly shut Sora, its video-generation tool, to redirect scarce computing power. On April 20th GitHub, a coding-collaboration site that is owned by Microsoft, stopped accepting new subscriptions for its programming bot.

They have had little choice. Demand is rising faster than they can add capacity: between January and March the weekly tokens processed by OpenRouter, a model marketplace, quadrupled. Meanwhile, the industry is racing to build new infrastructure. On April 20th Anthropic announced a $100bn partnership with Amazon to secure up to five gigawatts of server capacity, with nearly a fifth to come online by the end of the year. On April 24th it said that Google would also invest $40bn to help the lab meet its computing needs. On April 27th OpenAI said it was reworking its partnership with Microsoft to allow it to distribute all its products through any cloud provider, giving it greater flexibility to tap into computing supply.

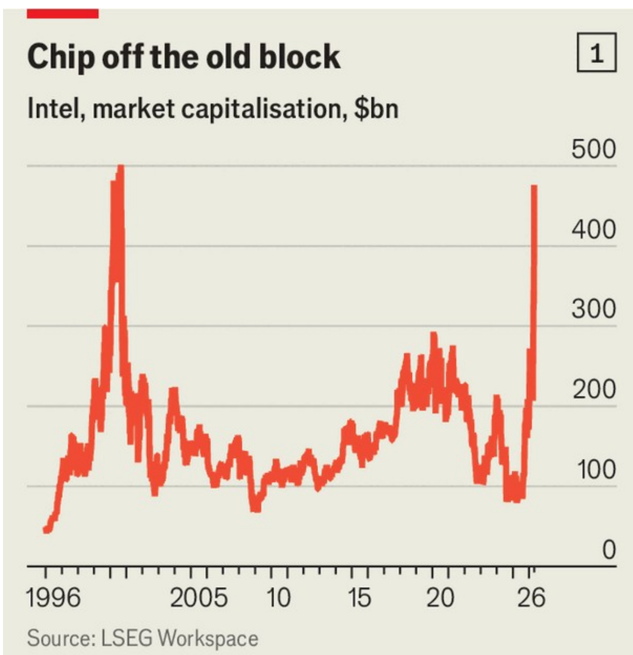
Five hyperscalers—Alphabet, Amazon, Meta, Microsoft and Oracle—are investing ever larger sums of money in data centres. Alphabet, Amazon and Oracle have already raised more than $100bn in debt between them this year. To free up cash, Meta recently said that it would lay off 10% of its workforce, while Microsoft said that it would offer voluntary redundancies to about 7% of its workers.

Adding more capacity, however, is only getting more challenging. In America and beyond, political opposition to the construction of data centres is growing. What is more, the companies making the hardware that fills them—from chips and networking gear to cooling equipment—have been investing far too little to keep pace with demand. The squeeze on capacity, then, looks set to worsen.

Start with the politics. In April legislators in Maine voted in favour of a bill to ban the construction of data centres above 20 megawatts until November next year. Although it was subsequently vetoed by the governor, lawmakers in more than ten other American states are weighing similar measures. According to one count, $156bn-worth of data-centre projects were blocked or delayed last year in America by local opposition and litigation. Other countries, from Ireland to Brazil, are experiencing a growing backlash. Concern over the impact of power-hungry data centres on electricity bills in particular has become widespread—and may intensify further as the war in the Gulf raises energy prices.

Even when data centres are approved for construction and can get hooked up to a power source—whether the grid or, increasingly, their own means of generation—those erecting them are finding it harder to get their hands on the computing equipment needed to operate them.

Ivan Chiam of SemiAnalysis, a research firm, points out that there are not enough chips to fill the data centres now being built. Consider the graphics-processing units (GPUs) designed by Nvidia, which provide more than two-thirds of the world's AI computing power. The price to rent one of its H100 GPUs, launched in 2022, has soared by around 30% since November, as customers unable to get their hands on newer models have resorted to older generations. Competing AI processors are also getting more difficult to obtain. In April Andy Jassy, Amazon's boss, said that his company had nearly sold out access to its Trainium2 AI chips. A significant chunk of the capacity of Trainium4, due next year, "has already been reserved".



The squeeze also extends to memory chips, in particular the kind of high-bandwidth memory (HBM) that AI models rely on. All three big producers—SK Hynix, Samsung and Micron—say that most of their supply for 2026 is sold out. Some hope of relief came in March when Google unveiled TurboQuant, an algorithm meant to reduce the amount of memory AI needs, causing the share prices of the memory-makers to briefly swoon. Even so, demand for HBM is expected to outstrip supply for at least the next three years.

The shortages are now spreading to central-processing units (CPUs). "Agentic" AI tools, which plan, reason and carry out tasks, rely more heavily on these types of chips to co-ordinate their work. Morgan Stanley, an investment bank, estimates that agentic systems require one CPU for every GPU, compared with a ratio of one to 12 for chatbot-style systems. Indeed, demand for CPUs has been so robust that it has breathed new life into Intel, which not long ago seemed to be heading for collapse. The market capitalisation of the American chipmaker, one of the leading producers of CPUs, has more than doubled over the past six months (see chart 1).

The crux of the problem is that companies along the AI supply chain are investing far less than the hyperscalers. We examined the planned capital spending this year of the 50 or so largest manufacturers of chips, chipmaking tools, servers, networking gear and cooling equipment, and how it has changed since 2024. The five hyperscalers have tripled their combined capital spending, to more than $750bn, but the hardware suppliers have increased theirs by only half, and will invest less than a third as much as the cloud giants this year (see chart 2).

Take TSMC, the world's biggest contract chipmaker and the dominant supplier of cutting-edge GPUs and CPUs. Its most advanced fabs—those making chips that are five nanometres or smaller—are already running flat out. C.C. Wei, its boss, admits that supply is "very tight", but that "there are no shortcuts": building a new fab takes two to three years. The company plans to spend about $55bn in 2026, up by 34% from 2025; analysts expect the figure to rise to $65bn in 2027. But as a share of sales, its capital expenditure has fallen from around half in 2022 to a third this year.

TSMC's caution has frustrated its customers. Sam Altman, OpenAI's boss, has urged it to "just build more capacity". Elon Musk, boss of Tesla and SpaceX, has said he will build a so-called "Terafab" with the modest ambition of churning out more processing power annually than the entire global semiconductor industry today.

The facility, which Mr Musk has enlisted Intel to help set up, is unlikely to start production until 2028 at the earliest, and even then at a fraction of the scale envisioned. What is more, Mr Musk may struggle to get his hands on enough of the advanced machines he will need to operate it, which are also in short supply. That illustrates the mismatch that now clouds the future of AI. Improving software takes months, whereas expanding supply chains takes years. Hardware-makers are wary of over-building and being stuck with idle capacity. The craze for "tokenmaxxing" may soon be cut short. ■

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Business | Chinese AI

Why DeepSeek’s sequel failed to impress

The AI lab faces stiffening competition and a meddling state

April 30th 2026

A little More than a year ago a small Chinese artificial-intelligence startup shocked the world. When DeepSeek unveiled a pair of models that performed nearly as well as the best Western ones, but were built for a fraction of the cost, a panic swiftly followed. The share prices of Nvidia and other providers of AI infrastructure briefly tumbled as investors fretted (wrongly, it turned out) that demand for their wares would slow in the face of such a leap in the efficiency of model-making. Yet the release on April 24th of the lab’s new model, called v4, has been greeted with a shrug. Why?

DeepSeek’s latest release hits many of the same heights its predecessor did. According to tests run by the company, the performance of its most powerful “Pro” system falls only marginally short of the models put out by leading

American competitors three to six months ago. DeepSeek's v4 is cheap for customers, too. An introductory offer makes it a thousandth of the price of the best American models for some uses. Even after that rate expires on May 7th, v4 will cost between a tenth and a quarter of American equivalents.

But it seems that, unlike DeepSeek's previous blockbuster, v4 was not particularly cheap to build. In 2025 the lab eagerly pointed out that the cost of training its AI was about $6m, far below the going rate in the West. The lab's technical white paper on v4, however, omits any estimate of this measure. The fact that 16 months elapsed between v4 and its predecessor also hints that oodles of processing power were used to train it.

The release comes at a time when China's AI scene is increasingly crowded. DeepSeek has faced growing competition both from other independent labs, such as Moonshot and Z.ai, and the country's internet giants. The Qwen family of models produced by Alibaba, an e-commerce colossus, has sat comfortably atop China's leader-board for most of the past year. ByteDance, creator of TikTok, is also the maker of Doubao, China's most popular chatbot. Dola, as it is called outside China, is hugely popular in Mexico, the Philippines and Britain, where it ranks above Google's Gemini in Apple's app store.

In China, much of the attention has shifted to the apps built on top of AI. Alibaba puts its Qwen model to use elsewhere in its business, offering a "digital workforce" to merchants using its e-commerce platform, for example. The country's internet giants are now racing to build AI-powered "super apps" that can facilitate a wide range of digital transactions. Clever models alone are not seen as the way to make money from the technology.

At the same time, DeepSeek has had to contend with greater state meddling at home. China's government has been promoting chips made by Huawei, the national semiconductor champion. DeepSeek reportedly tried to train its new model on them, but eventually fell back on Nvidia's chips instead, adding cost and time. The government seems unlikely to give local AI companies a freer hand soon: on April 27th it said that it would block the acquisition of Manus, another of the country's AI darlings, by Meta, an American social-media giant. The startup's co-founders have been barred from leaving China since March.

That DeepSeek's latest release has failed to dazzle is no cause for lament. Anthropic, an American lab, recently judged its leading-edge Mythos model to be too powerful for widespread release owing to its hacking capabilities. The documents accompanying DeepSeek's v4, by contrast, do not mention safeguards at all. If Chinese labs do catch up to their American equivalents, they may not show the same restraint. ■

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Business | Alpha trial

Elon Musk and Sam Altman bring their rivalry to court

Of the two unloved billionaires, which will the jury trust?

April 30th 2026

THE run-up to the biggest courtroom drama in the history of artificial intelligence produced plenty of salacious details, from questions about ketamine use to a list of insults traded between two of the planet’s most powerful people. Plenty more tittle-tattle is still to come, if the opening days of Elon Musk v Sam Altman et al are any guide.

The ramifications of the trial, which began in a Californian courtroom on April 27th, could be profound. If Mr Musk wins—an outcome betting markets deem unlikely, but which remains possible—it could seriously hurt OpenAI, maker of ChatGPT and a lynchpin of the AI boom. For many, the case will be of interest for another reason: the spectacle of two unloved billionaires who hate one another slugging it out in court.

Jury selection did not disappoint. “Greedy, racist, homophobic piece of garbage,” was how one prospect described Mr Musk in a pre-trial questionnaire. “World-class jerk,” opined another. Few had heard of Mr Altman, though witnesses brought by Mr Musk’s lawyers are sure to paint the boss of OpenAI as a slippery character.

Mr Musk’s lawyers asked the nine-member jury eventually selected to put their opinions of the world’s richest man to one side. The case was not about him, they insisted. Instead, their central allegation was that, after setting up OpenAI with Mr Musk’s help in 2015, Mr Altman and Greg Brockman, another OpenAI co-founder, “stole a charity” and enriched themselves with the support of Microsoft, the lab’s biggest investor.

OpenAI began in 2015 as a non-profit, with a mission to produce safe AI for the benefit of humanity. Mr Musk provided it with $38m of support over its first few years. That much all sides agree on. Where they differ is on what happened next, once it became clear that OpenAI needed to create a for-profit arm in order to raise the sums required to build cutting-edge AI. Amid frustration that he could not gain control, Mr Musk left the board in 2018. Microsoft then became OpenAI’s main backer. But when it poured $10bn into the for-profit arm in 2023 after the launch of ChatGPT, everything changed, Mr Musk argued. After that “bait and switch”, OpenAI operated for the good of Mr Altman and his pals.

Lawyers for OpenAI and Microsoft countered that there was no evidence of a promise to maintain OpenAI as a charity, and that the “sour grapes” came only after the value of OpenAI soared and a jealous Mr Musk founded a lab of his own, xAI. Besides, the three-year statute of limitations had passed, they added.

In Mr Musk’s witness testimony, which began rather blandly, he said he was a “fool” to provide the initial funding to OpenAI. His cross-examination was spicier. Lawyers for the defence focused on his admission that he initially supported the creation of OpenAI’s for-profit arm. Mr Musk sparred with Mr

Altman's lawyer, answering testily and calling the questions "unfair" and "definitionally complex".

What was missing was a dramatic confrontation with Mr Altman. Before Mr Musk's initial testimony, the pair sat metres apart, studiously avoiding eye contact. But by the time Mr Musk had taken the witness stand and been asked by his lawyer to point Mr Altman out, the latter had left the courtroom. Nor will Mr Musk have a chance to trade barbs online, with the judge having ordered both men to curb their "propensity to use social media". Still, there will be plenty more opportunities for fireworks.■

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Business | Soda wars

Coca-Cola is trouncing Pepsi. Can the underdog turn things around?

The maker of the world's second-favourite fizzy drink is becoming more like its rival

April 30th 2026

There are few rivalries in business as fierce and long-lasting as that between Coca-Cola and Pepsi. For more than a century the pair have battled for dominance of the fizzy-drink business, with witty ads, bold publicity stunts and new—occasionally disastrous—takes on their classic colas all used as weapons in their fight against one another.

Over time, however, the two have grown into very different companies. Coca-Cola's various brands account for 17% of the American soft-drink market, compared with 11% for Pepsi's, according to Beverage Digest, a research firm. But Pepsi now makes more than half its revenue from packaged food, including brands such as Lay's and Quaker Oats. And unlike Coca-Cola, which around a decade ago shifted back to franchising out its American bottling operations, Pepsi has continued to make its own drinks in its home market. All this could soon change, however, as the underdog embarks on a turnaround effort that relies in part on becoming more like its long-term rival.

The last few years have been far bubblier for Coca-Cola, whose market value has risen by 23% since the start of 2023, than for Pepsi, which has slumped by 15% (see chart). Pepsi's troubles stem in part from the hefty price rises it applied to its food and beverages amid the post-pandemic surge in inflation, exceeding even those of its competitors. That strategy has lately backfired as cost-conscious shoppers have fled to upstart brands and retailers' in-house alternatives.

Pepsi is also suffering from the growing health-consciousness of consumers. Unease over ultra-processed foods has been bad for the snack business, as has the boom in weight-loss drugs. Slimming medicines may spell trouble for soda sales, too; Americans taking them reduce their purchases of soft drinks by about 7%, according to AlixPartners, a consultancy. That puts Pepsi at a disadvantage to Coca-Cola, which has a wide lead in the market for sugar-free cola: Americans imbibe about 2.5 times as much Diet Coke as they do Diet Pepsi. Coca-Cola was also much earlier to the market for protein shakes.

In September Pepsi got a jolt in the form of a letter from Elliott Management, an activist investor that had taken a stake worth $4bn in the business. It demanded that Pepsi cut costs, trim its product range, focus on marketing its core soda line-up and outsource bottling in America, among other things. Although Pepsi fended off the hedge fund's attempts at securing a board seat, it agreed to various measures to appease Elliott, including lowering prices, axing a fifth of its snack brands and shutting some factories. Underperforming labels such as Quaker Oats may soon be sold off, too. And although the company still seems lukewarm about hiving off bottling, it is considering experimenting with doing so in a few American states.

There are early signs that the shift in strategy is paying off. On April 16th Pepsi reported that operating profits were up by 24% year on year in the first quarter of 2026, beating the 19% increase reported by Coca-Cola on April 28th. Fears that Pepsi might even be displaced by Dr Pepper as America's second-biggest fizzy-drink pedlar appear to have subsided. Its acquisition of Poppi, a buzzy prebiotic-soda brand, for $2bn in May last year is also helping to boost beverage sales. The battle between the two soft-drink titans is far from over. ■

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Business | The elevator pitch

How a mega-deal will transform the lift industry

Together Kone and TKE will tower over their rivals

April 30th 2026

Debate over the most momentous developments in transport usually centres on the car, train or plane. Lifts, without which modern high-rise cityscapes would not exist, are typically (and unfairly) overlooked. Every day the world's urbanites rely on them to travel to heights or depths that would otherwise be inaccessible. Four firms make most of those journeys possible. And on April 29th two of them, Finland's Kone and Germany's tkE, announced that they would combine to form the world's biggest liftmaker.

Kone will pay €5bn ($5.8bn) in cash and give €15.2bn-worth of shares in the merged business to Advent and Cinven, a pair of private-equity firms that five years ago led a consortium to acquire TKE for €17.2bn. Kone, working with CVC, another private-equity outfit, had also bid for the business at the time. Now it will benefit from TKE's stint in private-equity hands, which has forced it to become more competitive. The deal, which the Finnish firm claims will yield cost savings of €700m a year, brings together businesses with neatly complementary strengths.

The new company will tower over its industry, with a global market share of some 28%, according to Jefferies, an investment bank. That will place it several floors above America's Otis, the current leader with 18% of the market, and Switzerland's Schindler, which had vied for second place against Kone with 15%.

A slump in construction in China, where half the world's 20m lifts keep vast cities on the move, has lately weighed on global sales of new lifts. But these tend not to be the most lucrative source of revenue for the industry. Of the $110bn spent on lifts in 2025, new ones accounted for just $33bn of the total, compared with $61bn for servicing and $16bn for modernisation, estimates Roland Berger, a consultancy. After a two-year warranty period, service contracts are typically renewed every two years for the 15-20 year life of a lift, after which it requires modernisation. At the end of that period around 40% of lifts are still serviced by the original seller.

Roland Berger reckons that the share of revenue the industry generates from sales of new lifts will fall over the remainder of the decade, hold steady for servicing and continue to rise for modernisation. Kone thinks that worldwide there were 10m lifts over 15 years old in 2024, and that the figure will rise to around 16m by 2030, with 300,000 a year in line for anything from a minor upgrade to full refurbishment.

That presents a big opportunity for the combined business. Kone is already a leader in servicing and modernisation, with 19% of revenue coming from doing up old lifts, compared with an average of 15% for the rest of the pack, according to Bernstein, a broker. Merging with TKE will expand its service network in complementary ways. Both companies have sizeable footprints in Europe but Kone is stronger in China, whereas tke has a larger presence in America. If the new company can successfully combine the two service networks its technicians will each have more lifts to maintain, boosting productivity and profits.

No wonder rivals feel shafted. Schindler's boss, Paolo Compagna, has called the likely outcome of the merger a "bloodbath" and has promised to ensure that antitrust authorities around the world scrutinise the deal. Otis is said to be equally troubled. At home in Europe, however, Kone may find trustbusters to be unusually open to the idea. The European Commission has signalled that it intends to rework its merger guidelines to make it easier for companies to buy one another and create "European champions". Blessing a tie-up between Kone and TKE offers a test of its commitment to the cause. In an industry noted for its ups and downs, Kone may soon be in the ascent. ■

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Business | What's in the pipeline

Swashbuckling oil-services firms are preparing for a boom

Post-war reconstruction and efforts to diversify production will present big opportunities

April 30th 2026

Oil-services firms are the cowboys of the energy industry. Their work—which includes everything from drilling holes and laying pipes to building roads—keeps the world's hydrocarbons flowing. And it is often carried out in harsh physical conditions in risky places. Baker Hughes, Halliburton and SLB, the industry's leading trio, are now eagerly eyeing opportunities in Venezuela following the ousting of the country's strongman, Nicolás Maduro, by Donald Trump. The president's war with Iran, by contrast, has brought short-term pain to the oil-services industry. In time, it may pay off handsomely.

The Iran war's impact on oil-services firms was in evidence when they recently reported earnings for the first quarter of the year. Their clients, which include national oil companies and Western majors, have scaled back operations in the region. Offshore rigs in the Gulf lay idle; costs for insurance and logistics are soaring. The Middle East is a big market for both SLB and Baker Hughes, whose revenues from the region fell by 10% and 19% year on year in the first quarter, respectively.

Beyond the immediate disruption, however, lie opportunities. SLB executives talk of a "broad-based recovery" in upstream markets in 2027 and 2028. One factor is post-war reconstruction. Rystad Energy, a consultancy, reckons that damage to oil-and-gas infrastructure in the Middle East could cost $50bn to repair. As that takes place over the next few years, it promises a bonanza for the roughnecks who will perform the dangerous work.

The second factor fuelling a prospective boom is a possible loosening of the oil majors' purse-strings. For five years worries about decarbonisation and peak oil have led the industry to slash upstream investment, hoarding the cash and shovelling earnings back to shareholders. The appetite both of policymakers and corporate bosses for climate-friendly action was already fading before the war, but the oil shock may at last push the majors into investing again. Wood Mackenzie, a research firm, reckons that the underinvestment in wells globally means that to meet demand big oil must add 300bn barrels to reserves by 2050 (more than the proven reserves of Saudi Aramco, the world's biggest oil company).

Oil majors are understandably hoping to diversify away from the Gulf. BP, Chevron, ExxonMobil, Shell and TotalEnergies have talked of fresh prospects in Africa, South America and the eastern Mediterranean. In April Halliburton said it had won a huge fracking contract with Argentina's state-run oil company, YPF. Brazil's deepwater production is booming. Even shale in America, which had appeared close to peak output, is getting a new lease on life. Halliburton says its fracking fleets there are mostly booked out until the end of the second quarter of this year.

Plenty could still go wrong. A swift peace deal could send oil prices plunging. Investors, burned before by the shale boom and bust, could demand continued capital discipline. A more likely scenario, however, is that the next decade of hydrocarbon spending is defined by oil-importing nations looking for energy security. As James West of Melius, a firm of analysts, puts it: “The race to diversify supply sources and rebuild production capacity will drive upstream spending for years.” Good news, then, for the oil-services cowboys. ■

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Business | Bartleby

AI and the danger of cognitive surrender

How much should managers let bots do the thinking?

April 30th 2026

Calculators didn't make everyone innumerate. GPS navigation systems made driving easier. In any conversation about the cognitive effects of artificial intelligence, these two earlier technologies are reasonably likely to come up. Each is a useful entry-point into two big questions. How might AI change the way people think, and should managers do anything in response?

Using calculators and GPS devices are examples of "cognitive offloading"—a deliberate decision to delegate a specific task to technology. In both cases, it has been worth it. Calculators improve students' mathematical performance, helping to build problem-solving skills and self-confidence. GPS means drivers no longer have to pull over and faff about with maps. It's harder to get completely lost; it's easier to avoid terrible traffic.

But there are costs, too. In a 2019 paper, Mark LaCour of the University of Louisiana at Lafayette and his co-authors deliberately programmed calculators to give a group of undergraduates the wrong answers to certain problems. In general they found that there was very little suspicion of slightly inaccurate calculations. Even when answers were patently absurd, some people seemed to accept them without question.

The use of GPS navigation devices can also sap people's ability to think for themselves. A study conducted by Louisa Dahmani of Harvard Medical School and Véronique Bohbot of McGill University found that greater lifetime use of GPS by drivers was associated with worse spatial memory. Other research shows that pedestrians who navigate with their phones take longer routes and make more stops than physical-map users.

A similar pattern is also visible in online search. Using the internet to look up information is clearly efficient, but there are trade-offs. The "Google effect" refers to a research finding that people have worse recall of information they expect to be able to find online.

AI supercharges these trade-offs. Handing specific tasks to models will often make sense: they are much better than humans at many things. But AI's range of capabilities, allied to a convenient conversational interface and a seductively confident persona, raises the prospect less of delegation than of wholesale capitulation. Hence "cognitive surrender", a term coined by Steven Shaw of the Wharton School of the University of Pennsylvania in a recent paper written with his colleague, Gideon Nave.

Messrs Shaw and Nave asked volunteers to answer demanding questions with the assistance of AI, and a little like Mr LaCour's calculator experiment, randomly introduced errors into the machine's answers. When the model gave accurate responses, the people using it outperformed a control group of people relying on their own brainpower. When the AI gave the wrong answers, the people using it did much worse than the control group. In other words, people stopped thinking for themselves.

At the moment bosses are more focused on getting employees to use AI than fussing about its effects on how they think. But most employers also value critical thinking: models are still prone to embarrassing errors, for one thing, and novel situations require skilled humans to step in. So it is worth asking what managers can do to encourage cognitive resistance.

They can deliberately hire workers who enjoy thinking. People with high “need for cognition” (yes, dear reader, that means you) are somewhat, though not entirely, protected against the risk of cognitive surrender, says Mr Shaw. Incentives and feedback can help, too. One of the experiments in his paper introduced monetary rewards for getting things right, and also notified participants during the test whether an item had been answered correctly or not. These techniques encouraged AI users who were being fed the wrong answers to override the model more (though they still did worse than people who relied on their own judgment).

Engineering AI-free periods may have value, too. Another recent study, by Stefanos Poulidis of INSEAD and his co-authors, recruited over 200 chess-club students to train on an AI-assisted platform. Some of the students were automatically given AI tips at a limited number of specific moments; others could click a button at any time to get advice. The students who had on-demand access achieved less than half the performance gains of those who had no say over when they got help. Offloading is fine. Giving up is another matter. ■

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Business | Schumpeter

SpaceX, OpenAI and Anthropic are already public companies

Investors have countless ways to bet on their success

April 30th 2026

This summer, an absurd company plans to go public at an absurd price. If SpaceX—the rocket-maker, internet provider, artificial-intelligence lab and social network controlled by Elon Musk—raises anything close to $75bn, at a valuation anywhere near $2trn, its initial public offering (IPO) will be the financial equivalent of landing on Mars.

Already the enormous gravity of SpaceX is bending public markets. Nasdaq has changed the rules on how quickly firms are included in its index to attract Mr Musk to the exchange. Some listed companies have become public proxies for its private stock. Most obvious is Tesla. Although it owns just a sliver of SpaceX, the pair share hardware, software and Mr Musk himself. Some analysts imagine the eventual creation of a consolidated Musk Inc, an industrial Frankenstein's monster with the body of Optimus, Tesla's robot, and the brain of Grok, the chatbot developed by xAI, which SpaceX subsumed in February. Others fret that SpaceX's listing could undermine Tesla: after all, why would Mr Musk's adoring retail investors put their money into a carmaker valued at 14 times its sales when they could buy a cosmic creator of superintelligence at 100 times?

Tesla is not the only big company whose value is tied to SpaceX. Alphabet, the parent of Google, owned 6% of it at the end of last year. This investment, made in 2015, is a large part of the $107bn of private shares on its balance-sheet, the rising valuations of which contributed almost half of Alphabet's pre-tax profit in the latest quarter. In March EchoStar, a loss-making telecoms company, improbably shot into the S&P 500 index for no reason other than the $11bn of stock in SpaceX it is set to receive in exchange for selling its spectrum licences. "We have made our bet, and that is with SpaceX," said EchoStar's founder after nearly five decades betting on himself.

Buying SpaceX, like buying bitcoin, can transform even the smallest company into a speculative vehicle. Consider XMax, a furniture business listed in America with only $17m of annual sales. Until recently it faced the threat of having its shares delisted because they were worth so little. Since September, though, it has aggressively bought into special-purpose vehicles (SPVs) which it says hold shares in SpaceX. Now its market value is an inexplicable $380m. Jet.ai, a tiny aviation company whose main product appears to be a flight-booking app called "CharterGPT", attempted to collar the market's attention in a similar way, though it is still worth less than the $5m of SpaceX shares the firm says it owns through an SPV.

SpaceX stock lurks Forrest Gump-like in the background of every big financial story these days. In South Korea markets are soaring. The share price of Mirae, one of its biggest brokers, has almost tripled this year—but mostly because of its small investment in Mr Musk's empire. SpaceX has also had a cameo in the private-credit panic. A chunk of its shares are, oddly, held by one of Blue Owl's beleaguered lending funds.

American finance operates under the same principle as American cooking: what average Joe wants, he must have in abundance. Accordingly, many ultra-processed SpaceX-flavoured products have been produced for retail investors. Remarkably, the largest holding in one exchange-traded fund (ETF) is an SPV which holds SpaceX stock. On prediction markets anyone can wager on the date of SpaceX's IPO, how much it will be worth, the banks on the deal and whether Mr Musk will ever make it to Mars.

There are almost as many ways to bet on the fortunes of OpenAI and Anthropic, two AI labs that also plan to list their shares this year. So important are these private firms that their fortunes, too, ricochet through public markets. Reports this week that OpenAI has missed some financial targets sent the share price of SoftBank, a Japanese conglomerate that has invested vast sums in the model-maker, down by around 10%. Meanwhile, Zoom, a video-conferencing company, has mostly escaped the recent massacre of software stocks precipitated by Anthropic's coding capabilities —because it owns a chunk of Anthropic.

When executives from SpaceX, OpenAI and Anthropic tour the world's financial capitals to drum up interest before their listings, they will, unusually, be pitching to investors who are already intimately familiar with their businesses. Once the companies have raised the mountains of capital they are after, their bosses are unlikely to be bothered too much by such shareholders. SpaceX will remain controlled by Mr Musk; OpenAI, run by Sam Altman, and Anthropic, by Dario Amodei, are just as unlikely to embrace shareholder democracy. The governance of these firms might stay more or less the same, but markets will be transformed by their listings. The magnificent seven will become the magnificent ten. For the first time investors will digest regular, audited financial information about the technology whose promise seems to be holding up the entire market.

American capitalism is in the midst of a great experiment. The value of its firms is becoming far more concentrated, even as the ways to invest in them are multiplying. The result is a seemingly infinite number of wagers on a tiny cast of enormous firms. The strange shadow markets for shares in SpaceX are one extreme illustration of the trend, but the pattern is also visible on the public stockmarket it will join. The number of listed American businesses has been in near-continuous decline since the late 1990s, though their combined profits have soared. At the same time, the number of investment vehicles has exploded: there are now more ETFs than there are listed firms. Markets are built around ever fewer famous executives—and ever more anonymous gamblers. ■

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Finance & economics

Finance & economics | All-out Warsh

Will Kevin Warsh Trumpify the Federal Reserve?

The incoming Fed chair says he wants regime change. But a revolution is unlikely

April 30th 2026

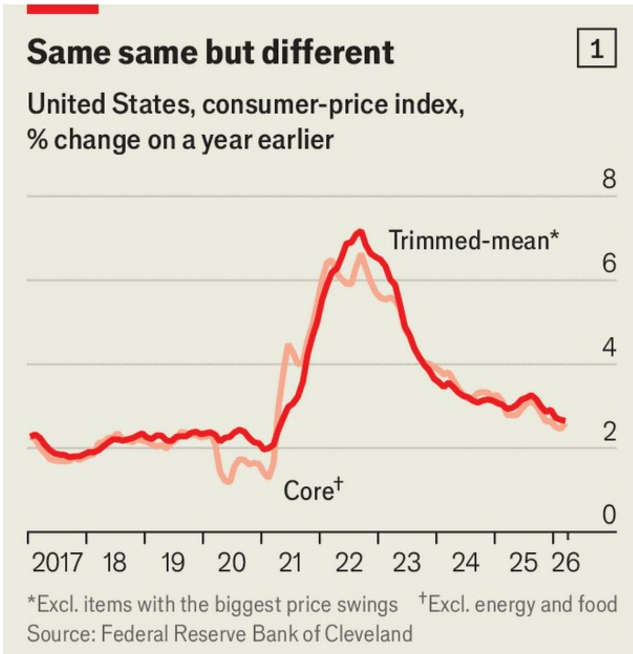
POLITICIANS TEND to let America’s central bank be. Few voters pay direct attention to monetary policy, and when they notice inflation, it can be helpful to have someone else to blame. Donald Trump is not a usual politician. In his second term the president, who believes interest rates are too high, has assailed the Federal Reserve with angry lawsuits, fulminated on social media about its chair, Jerome “too late” Powell, and launched a bogus criminal probe into Mr Powell to browbeat him.

So far presidential haranguing has not had the desired effect. It may even have backfired, by stiffening the spines of the Fed’s defenders. The Supreme Court looks poised to deny Mr Trump the right to fire Lisa Cook, a Fed governor. A ploy by Thom Tillis, a retiring Republican senator, to hold up the confirmation of Kevin Warsh, Mr Trump's pick to succeed Mr Powell, succeeded in forcing the Department of Justice (DoJ) to drop its case against the Fed chair on April 24th. Markets now shrug off Mr Trump's regular Fed-bashing.

Could Mr Warsh, whose path to the top job has been cleared by the DoJ's climbdown, reshape the Fed in a Trumpier mould? He certainly comes across as more pliable than his steadfast predecessor. He secured the nomination by abandoning a lifetime of inflation hawkishness and aligning his position with the dove-in-chief at the White House. In his mostly dull Senate confirmation hearing he passed the MAGA purity test by refusing to say outright that Mr Trump lost the 2020 election to Joe Biden. And he has, in what is "YMCA" to Mr Trump's ears, called for a "regime change" at the central bank.

However, a closer look at what Mr Warsh wants to do at the Fed—and what he can realistically achieve—hints at a much more modest project. That is because his ideas are either marginal, irrelevant or beyond the power of a Fed chair alone to bring about.

Start with what Mr Warsh is not planning to do. Fed insiders have worried that the regime he wants to change is literally the Fed's personnel. The main fear was that he would try to sack the presidents of the regional branches, five of whom vote on monetary policy, and replace them with Trump toadies. Many minds were put at ease when he appeared to rule this out in the Senate hearing. When asked directly whether "regime change" amounted to a purge of branch presidents, Mr Warsh said: "I meant policy regime change".



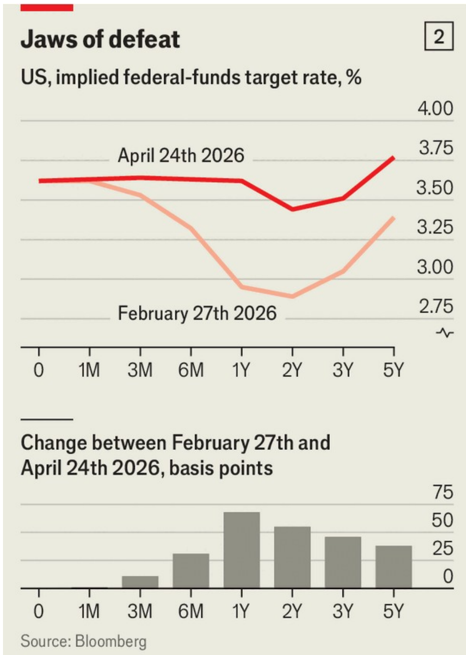
That is reassuring. For when it comes to policy, Mr Warsh is often a marginal revolutionary. He often gets most exercised by the smallest of details. One of his biggest bugbears is rate-setters paying too much attention to "core" inflation, which excludes only volatile food and fuel prices, and too little to "trimmed-mean" measures, which drop any prices that have risen or sunk the most. Trimmed-mean inflation can be lower than the core measure and so justify lower rates. But most of the time, including now, the two are almost indistinguishable (see chart 1).

Other of Mr Warsh's most cherished ideas would make similarly little difference in practice because they are out of date. He wants to get monetary policymaking out of politically charged terrain such as climate change and social justice. The Fed has, sensibly, done this already. He is wary of expansive readings of the central bank's mandate to promote employment, which during the covid-19 pandemic may have undercut its other job of maintaining price stability. The Fed has already closed the book on those, too.

Mr Warsh has essentially two substantive ideas for meaningful reform. One is his desire to trim the Fed's balance-sheet in short order. Many observers agree that, at $7trn, it is bloated. Although Mr Warsh has signalled he does not favour shrinking the central bank's bond holdings at breakneck pace, any movement in that direction goes directly against the Fed's recent decision to end "quantitative tightening", where the balance-sheet shrinks gradually by letting those holdings mature. The effect of bond sales could be to lower their prices and, since the two move inversely, push up yields. To offset the rising yields, which determine other interest rates in the economy such as the ones for mortgages, Mr Warsh would cut short-term rates. But since the effect of the Fed's bond sales on yields is uncertain, the exercise could blow up if not handled deftly.

The second of Mr Warsh's big ideas is scepticism of "forward guidance". Setting out a future path of monetary policy has been the norm at the world's central banks since the global financial crisis of 2007-09. It is a way to signal intentions to the market, which is less volatile when not caught off guard. Forward guidance also helps shape long-term borrowing costs, which central banks do not set directly. Mr Warsh frets the practice does more harm than good by making policymakers dig in their heels and ignore new information that proves them wrong. Most Fed-watchers think the trade-off is worth it.

Scrapping forward guidance and rapidly shrinking the balance-sheet would be meaningful changes for the Fed. They are not, though, in Mr Warsh's individual gift. Most relevant decisions require a majority of the seven-member board of governors. In both cases Mr Warsh will, as chair, have the bully pulpit but still cast only one vote. He will have to persuade the others to go along with his proposals, which might, accordingly, moderate.



He is no less constrained when it comes to the regular business of setting short-term interest rates. Rate-setting decisions need the support of at least seven of the 12 voting members of the Federal Open Market Committee (FOMC). Before the war with Iran, the market assumed several rate cuts this year. Now the conflict is pushing up energy and food prices, which could spill over into broader inflation. As a result, the expectation is for the FOMC to hold rates steady at 3.5-3.75% (see chart 2).

Mr Warsh's arrival may not alter the voting balance of the fomc. Stephen Miran, a fellow Trump-approved rate-cutter, will vacate his position on the Fed board to make room for the new chair. Mr Powell, who was appointed to the board by Barack Obama but made chair by Mr Trump in 2018, said on April 29th that he would stay on as a governor after handing over the top job. He can stick around until 2028. The three incumbents appointed by Mr Biden are unlikely to go anywhere lest Mr Trump appoint lackeys in their place.

Both in the case of Mr Powell and of the Biden appointees, staying put is a break from convention. Few governors serve out their full terms. No recent chair remained after their term at the top expired. Given Mr Trump's penchant for meddling, it is "critically important" that they all stay, says a former Fed official. Yet the president is a long way from a Fed majority.

Even his two appointees from his first term, Christopher Waller and Michelle Bowman, are serious policymakers who are unlikely to consent to any MAGA monetary madness.

The constraints on Mr Warsh make it unlikely that he will radically transform the Fed. But this does not make him harmless. That is because, as Peter Conti-Brown, a Fed historian at the Wharton School of the University of Pennsylvania, points out, he and those closest to him “are taking way too seriously the false notion that the Fed is in crisis”.

Mr Warsh himself has, like many of Mr Trump’s cabinet secretaries, developed a habit of getting carried away when criticising the institution he is about to lead. In the past year he has called the broad conduct of monetary policy “broken for quite a long time”. If in office Mr Warsh cannot deliver what Mr Trump wants, blaming his colleagues may be a way to keep the president from turning on him. But having both a president and a sitting Fed chair fulminating against monetary policy would be unprecedented, and would worsen the politicisation of America’s central bank. ■

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Finance & economics | In odds we trust

How Kalshi can help the Federal Reserve

Prediction markets may be a win for central banking

April 30th 2026

AMERICANS LOVE a flutter. Trading volumes on Kalshi and Polymarket, their favourite peer-to-peer bookies, surpassed $50bn last year, up from $16bn the year before. Most of the bets concern sports. But punters also place wagers on everything from actual weather to the political climate and, to economists' delight, economic conditions. Bets on things like official GDP growth, payrolls and inflation still account for just 1-2% of trading on the two platforms. However, they are now large enough to attract one giant whale—the Federal Reserve.

To be sure, the Fed is not playing the odds itself. It is, though, beginning to pay close attention to those being played by others. In a recent paper Anthony Diercks of the Fed and two colleagues assessed whether Kalshi could complement the sundry data, from surveys, financial markets, internal economic models and so on, already at the central bank's disposal. They conclude that for the Fed, prediction markets look like a dead cert.

The authors start out by examining the accuracy of Kalshi predictions. They find that the prediction market outperforms conventional instruments such as futures and options contracts at forecasting where the Fed's benchmark interest rate will land in a given month. Kalshi odds frequently offered a more accurate range of plausible outcomes than those instruments.

In other cases, such as estimates of GDP growth or unemployment, market-based alternatives simply do not exist. Surveys that try to capture expectations about such indicators, including those conducted by the Fed, take weeks or more to compile. By the time they are ready for release, they may be out of date. Mr Diercks and his co-authors point out that Kalshi probabilities have the advantage of being always available and constantly updated. Better yet, they appear as good as analysts' consensus forecasts compiled by Bloomberg, a data provider, for unemployment and core inflation (which excludes volatile food and energy prices). For headline inflation, they again look better.

Kalshi is not infallible. Probabilities implied by related contracts, such as about growth expectations and the likelihood of recession, can be out of step. Despite the surge in activity, trading often remains so thin that even modest wagers of $500 can move prices. As more professional traders move onto the platform, liquidity will rise but so could correlation with professional forecasts. Already some Kalshi odds seem to disproportionately track the more up-to-date GDPNow estimates produced by the Fed's Atlanta branch.

None of this is likely to dissuade the Fed from closer Kalshi-watching. The incoming chair, Kevin Warsh, is a fan of real-time economic indicators and a critic of "breathlessly awaiting trailing data from stale national accounts", which he has likened to "evidence of false precision and analytic complacency". Although he does not appear to have publicly endorsed prediction markets by name as an alternative data source, it is hard to imagine that he would not welcome the rate-setting committee considering them in their decisions.

Mr Diercks and his co-authors are eager to make that happen. The trio are, "subject to approval", building a website to make data on individual Kalshi contracts easier to download, interpret and use. The odds that they will get the nod from Mr Warsh are short. Any takers? ■

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Finance & economics | Blues on the Bay

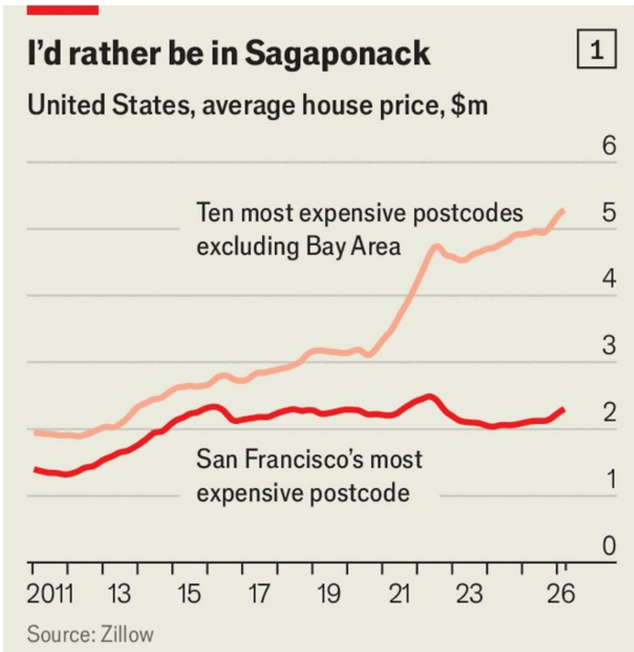
San Francisco, AI capital of the world, is an economic laggard

Artificial intelligence is booming. Its heartland is not

April 30th 2026

NOWHERE IN HISTORY has created so much wealth so quickly. San Francisco is home to OpenAI and Anthropic, the two leading artificial-intelligence labs together worth nearly $2trn, based on some recent valuations. It hosts 91 other AI "unicorns", private companies worth more than $1bn, collectively valued at a further $600bn. A dozen or so billionaires who made their money from AI live in the city. Competition for the cleverest computer-science clogs is fierce. Why, then, is the world's AI central struggling?

The strongest apparent evidence for San Francisco's latest technological windfall is in the city's priciest residential districts, near the Golden Gate bridge. One home in Pacific Heights, listed for just under $6m, recently sold for $8m (and it is "not necessarily the fancy part", according to Rohin Dhar, a local estate agent). A hilltop house, with views of the sea, recently went for $56m (it is, admittedly, quite nice). The city's elite complain about a "mansion shortage". According to data from Zillow, an estate agent, in the past year the average price of a single-family home in the city's five most expensive postcodes has risen by close to 10%.



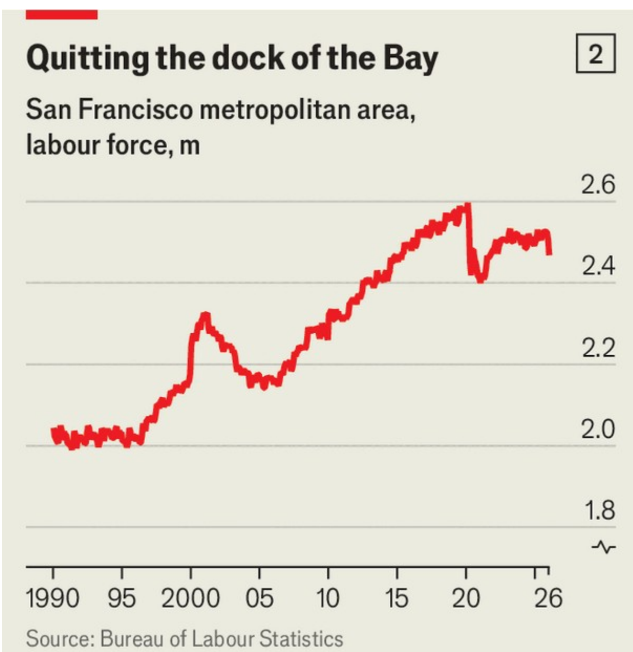
AI, however, is unlikely to be responsible for this luxury-housing boom. The market is as strong or stronger in other ultra-fancy parts of America, including parts of the Hamptons and Aspen (see chart 1). This reflects, in part, surging stockmarkets and a strong economy. Many, possibly most, of the plutocrats currently buying in San Francisco are not AI moguls. In 2024 Laurene Powell Jobs, the widow of Steve Jobs, the iPhone pioneer, paid $70m for a spot on Billionaire's Row. Algeria's government recently spent nearly $10m on a large mansion. Some buyers may be drawn by San Francisco's AI fame. More are probably attracted by a big city with breathtaking views.

In areas of San Francisco with less spectacular vistas, meanwhile, the housing market looks soft. Adjusted for inflation, the average home across the metropolis is worth 15% less than at its peak in 2022, compared with a decline of 4% in America as a whole. Real rents are down too.

Some parts of town remain in a full-blown correction. In SoMa, near the financial district, people on opioids or other drugs stand, bent double, as dealers zip around on scooters. Real housing prices in SoMa are close to 40% lower than in 2022 and still falling—the kind of change you might expect during a proper depression. The area remains dotted with unfinished apartment blocks bedecked in banners promising openings that never came.

The housing market hints at a wider problem. Though San Francisco is not the hellscape portrayed on conservative talkshows, its economy is surprisingly weak. The flipside of the AI boom is the huge threat to the much larger, non-AI parts of the city's tech industry.

Software engineers worry that they are about to be out of a job. Even before AI came along, tech firms were letting thousands of people go, having overhired during the pandemic. Other tech firms have moved out of the city to cut costs. Employment in "computer systems design" in the San Francisco area has fallen by 13% from its peak in 2022; eBay has just announced it will shut its San Francisco office.



Other industries have failed to pick up the slack. Nearly 35% of offices in the city remain vacant. Downtown foot traffic is about a third below its level from just before the covid-19 pandemic. Tourism is not bad, but hotel occupancy is no higher this year than last. The newish mayor, Daniel Lurie, is doing his best to make the city welcoming to businesses and plug a $643m budget deficit. In early April he laid off more than 100 municipal employees.

However, what you could plausibly call the city's "deep state"—the inspectors, commissioners and non-profits which wield enormous power—continue to impose huge costs. And people on moderate incomes continue to leave. In the past year the labour force of the San Francisco metropolitan area has shrunk by 1% (see chart 2).

The AI revolution could yet mint many more millionaires, which may give San Francisco a shot in the arm. If, that is, the new tech plutocrats stick around. In November Californians may vote on a ballot initiative to levy a new tax on the Golden State's gilded class. If it passes, billionaires would be on the hook for a one-time payment of 5% of their net worth. The measure would probably accelerate departures from the state.

This could compound San Francisco's financial problems, with low foot traffic hitting sales taxes and the iffy housing market depressing property levies. In 2024 Moody's, a rating agency, stripped the city of its top AAA credit rating. Last October Fitch, another agency, warned San Francisco about its "persistently large budgetary gaps". The outlook for the world's AI capital is less like the forecast for its star industry and more like one for its weather: extremely hazy. ■

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Finance & economics | Buttonwood

A global fight over banking rules is just getting started

Co-operation on the financial system will be the casualty

April 30th 2026

ALMOST 18 YEARS ago, amid the global financial crisis, a document was released which was to have a profound impact on the banking system. The snappily named "Principles for Sound Liquidity Risk Management and Supervision" was penned by the Bank for International Settlements (BIS), a club of central banks. Walter Bagehot's "Lombard Street" it was not; the principles are a dull read even for a financial nerd. But the report eventually led to the "Basel III" rules on banking supervision, named after the BIS's Swiss home—and hence to vast new protective capital buffers.

The rules are, to most observers, a success. But like many products of the bygone era of multilateralism, they are beginning to fray, as America and

Europe disagree about their future. In a world of wars—commercial and kinetic—battles over capital requirements may seem peripheral. Yet if they bring about an era of deregulatory competition, they could store up a lot of trouble.

American rulemakers are the most trigger-happy. In March the Federal Reserve reduced extra capital charges for the biggest banks and relaxed some of the more onerous Basel "endgame" rules proposed in 2023. Morgan Stanley, an investment bank, reckons these and other manoeuvres will free up as much as $54bn in capital—which in banks' case more or less means equity—across the banking sector. This means the system can become more leveraged.

The Fed's most belligerent decision has been to drop the concept of an "output floor" enshrined in the Basel accords. This is a backstop meant to limit how much banks can rely on their own assessments of the riskiness of their assets, which they have an incentive to underplay. Ironically, the output floor was a victory for American regulators, who squeezed the concession from their European peers in 2017.

Since banking is a global business, European lenders fear a competitive disadvantage if they face stricter rules than their American rivals. The Association for Financial Markets in Europe (AFME), an industry group, complains that 11.8% of EU banks' capital is "common-equity tier 1", the safest sort, compared with 10.1% in America. AFME's proposal for cutting European capital requirements by around 2.3 percentage points would free up €281bn ($329bn) in capital.

In December the Bank of England, which in 2023 was given a secondary mandate to promote international competitiveness and growth, launched a pre-emptive strike against the long-awaited American rule changes. It eased the overall capital requirement for British banks from 14% to 13% of their risk-weighted assets. It was the first such reduction since the current rules were put in place a decade ago (albeit one that is Basel-compliant). On April 22nd the European Commission, the EU's executive arm, said it might delay by three years Basel rules for how banks calculate risk capital for trading activities, which were due to come into effect next January.

Some regulators are staying out of the fight. In mid-April the Swiss government confirmed its new steep capital requirements, provoking howls of protest (the requirement for UBS, the country's last megabank, rose by some $20bn). And, taken individually, relaxing a rule here and delaying one there can often be defended on the merits. Technocrats in Basel, Brussels or the Beltway had sometimes gone too far. The Fed's rush in 2023 to implement the international rules led to onerous gold-plating, such as raising the risk-weighting of mortgages far above Basel standard.

But although such bending or even breaking of individual rules can occasionally improve national regulation, the trend towards lower capital is dangerous. Finance is more prone than most industries to catastrophic failure—and, because it is also more globally interconnected, a local blow-up can ignite a worldwide chain reaction. Moreover, as the transatlantic tit-for-tat illustrates, unilateral action inevitably provokes more unilateral action. Even the stiff-spined Swiss may eventually relent, especially if UBS threatens to decamp from Zurich's Bahnhofstrasse to Wall Street (rumours of which the bank has repeatedly had to deny).

Just because rules for international finance took two decades of careful diplomacy to draft does not mean they cannot be undone in a jiffy: just ask the World Health Organisation or NATO. As memories of the last financial crisis fade, the capital wars are likely to intensify. Brace for impact. ■

Finance & economics | No respite for the rupee

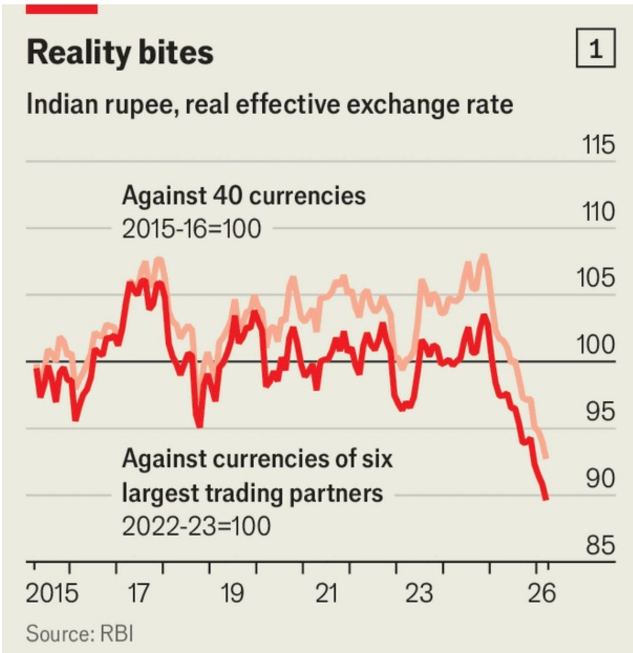
India's weak currency reflects deeper problems than the Iran war

It highlights a persistent inability to draw in foreign investors

April 30th 2026

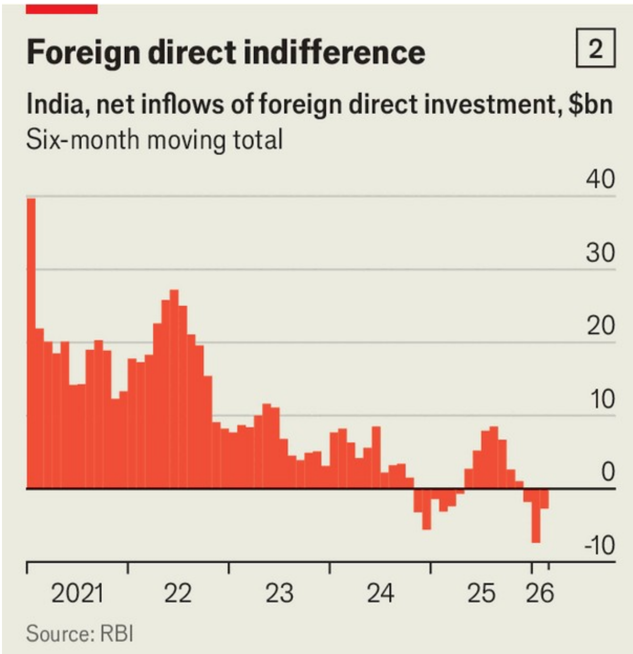
THE LATEST update to the IMF's global economic statistics in April made grim reading for patriotic Indians. The fund estimated that Britain, home to 70m people, had overtaken its 1.45bn-strong former colony to regain the title of the world's fifth-largest economy. India dropped to sixth place. The reordering is largely the fault of the rupee. India's currency lost around a tenth of its value against the dollar in the fiscal year to the end of March.

The GDP rankings do not matter (beyond wounded pride). India, which is growing five times as fast as Britain, will reclaim its fifth spot before long. But the weak rupee does reflect something troubling: India's struggle to attract the foreign capital it needs to fuel growth and finance its ever pricier imports, including of energy from the war-torn Gulf.



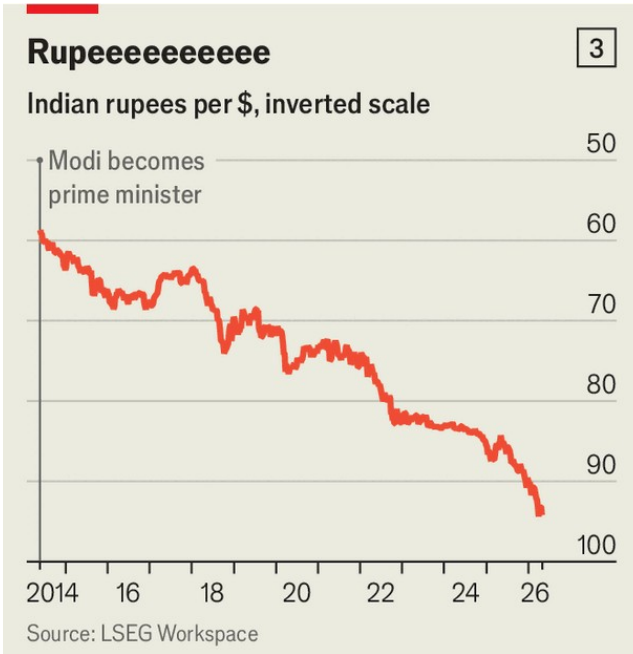
The head of the Reserve Bank of India (RBI), Sanjay Malhotra, previously suggested that a modest depreciation against the dollar is "normal" for a currency like the rupee—an arithmetic consequence of India's inflation being higher than America's. It keeps the real value of Indian and American goods equal. In the 12 months to March, however, inflation in both countries was virtually identical, at a smidge above 3%. The rupee's 11% drop against the greenback thus resulted in a collapsing real effective exchange rate (see chart 1). Nearly two-thirds of that decline predates the Gulf energy crisis.

Foreigners have been shunning Indian assets both in portfolios and on the ground. Some $31bn have flowed out of Indian debt and equities since the start of 2025, compared with total inflows of nearly $50bn in the preceding two years. Millions of zealous domestic retail traders have pushed up valuations of Indian companies' shares. Before the Iran-induced slump, Mumbai's Nifty 50 index of large firms traded at some 26 times earnings, compared with a ratio of 17 in the benchmark basket of emerging-market stocks tracked by MSCI, a compiler of such things. India lacks the artificial-intelligence firms that excite investors; AI could also put some of its giant listed IT consultants such as TCS and Infosys out of business. Indian exporters face punitive American tariffs.



Net foreign direct investment has followed a similar pattern. After years in the black there were net outflows in late 2024 and early 2025, then again in the first three month of this year (see chart 2). Foreign multinationals, venture capitalists and buy-out barons have been taking advantage of high valuations to cash out. Despite recent pro-business reforms by Narendra Modi's government, India's shabby infrastructure and a bureaucracy that puts Byzantium to shame puts off new arrivals.

The war in Iran, now in its third month, is certainly not helping. As a big energy importer, India spends around 3% of GDP on oil, natural gas and petroleum products. Neelkanth Mishra of Axis Bank estimates that if oil stays at $100 barrel for a year, India's current-account deficit would increase by around $80bn (2.1% of GDP). As a big emerging market, the country has also suffered from investors' flight to the dollar, which rallied against a basket of poor-world currencies in March.



This has pushed the placid Mr Malhotra to step in. During the war the RBI's foreign-exchange reserves have dwindled by $25bn, to around $700bn (though this also reflects a drop in the price of gold, which makes up around a fifth of the kitty). The RBI also clamped down on speculation, limiting banks' daily bets against the rupee for the first time in 15 years, to $100m.

On April 20th the RBI reversed course on the currency bets, perhaps concluding that making it harder to hedge currency risk is not the best way to keep investors in India. Ironically, a combination of a historically cheap rupee (see chart 3) and a softer stockmarket may do a better job of encouraging them to stay put. Selling shares now would crystallise losses in dollar terms. Refraining from such sales could, Mr Mishra notes, reduce the flow of capital out of India, helping finance a larger current-account deficit. For oil, high prices are often the cure for high prices. For rupees, with luck, low prices will be. ■

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Finance & economics | Free Exchange

Can countries grow richer by exporting people, not goods?

That depends where those people end up

April 30th 2026

MOST OF THE oil in Kerala is pressed from coconuts. Yet the southern Indian state, famed for idyllic backwaters, fragrant cuisine and an easy-going lifestyle, owes much of its prosperity to barrels of the foul-smelling crude that comes bubbling out of the ground in the Persian Gulf and, normally, is shipped through the Strait of Hormuz. Ever since the Middle East oil boom began half a century ago Keralites have been heading there to work, first as cleaners and construction workers, then as clerks, nurses and salespeople. An estimated 1.7m of them live in the Gulf, equal to 5% of the state's population and close to 11% of its workforce.

Gulf oil money has transformed Kerala. K.P. Kannan and K.S. Hari of the Centre for Development Studies, an Indian think-tank, calculate that by the mid-2010s remittances from the region were equivalent to about a quarter of the state's output, and more than both its value added in manufacturing and its public spending. This has lifted living standards. Consumption per person is nearly three-quarters above the Indian average. Multidimensional poverty, an Indian measure of destitution, afflicts around one in ten Indians but is virtually absent in Kerala.

Some economists argue that growing rich by industrialising and exporting industry's products is harder nowadays than when Europe, Japan, South Korea and, most recently, China pulled it off. For countries like India, seizing a greater export market for manufactured wares in a world already awash with them requires shoving someone else out of the way. When that someone else is China, good luck with that. Could exporting people rather than goods, as Kerala does, provide an alternative path to prosperity?

Many poor places rely on emigrants. The World Bank estimates that remittances they send back home account for over a fifth of national income in Honduras, Lebanon, Nepal and Tajikistan. In low- and middle-income countries as a whole, they make up a third of all capital inflows. In Nepal they may have cut poverty rates by 40% between 2001 and 2011. In Mexico they have reduced infant mortality. Remittances' effect on economic growth, however, is less clear-cut. One study in 2013 of African, Asian and Latin American migrant-sending countries found that a permanent 10% increase in remittances per citizen was associated with a rise of 0.13% in GDP per person. More recent research from 2022 suggested an only slightly less modest effect of 0.66%.

In a new paper Charles Kenny of the Centre for Global Development, a think-tank in Washington, finds virtually no relationship between the size of a country's diaspora and its growth in GDP per person. Emigration can, after all, be both the result of weak growth, which pushes people to leave in the first place, and the cause of economic acceleration. Mr Kenny still believes emigrants can, in some circumstances, be an economic stimulant. Everything depends on the nature of emigration's spillover effects. These can be positive if they raise average human capital in the sending country and this is harnessed domestically. They can also perpetuate the very problems that lead people to leave.

A recent study in the Journal of Economic Perspectives, by Gaurav Khanna of the University of California, San Diego, examines the waves of Asian migration to America. Some of these, Mr Khanna argues, have facilitated "brain circulation" rather than "brain drain". Lots of Indians, for example, have earned software-engineering degrees in the hope of seizing lucrative opportunities in Silicon Valley. Some won the migration lottery and headed to San Francisco but many more stayed behind. That created a new export industry, able to be delivered not only in person, through migration, but remotely from places like Bangalore, in Karnataka state. India's IT exports are now worth more than $220bn annually, more than the $135bn the country earns in total from remittances.

In Kerala, by contrast, the spillovers look meagre. The state bests the rest of India on literacy and longevity, thanks to a legacy of enlightened princely rule before independence and leftist governments' heavy public spending on education and health afterwards. But would-be investors are put off by those same governments' anti-capitalist economic policies and the state's overweening trade unions. As with IT workers elsewhere in India, Kerala has plenty of health professionals who did not manage to emigrate, but many nurses are on strike demanding higher wages. Businesses struggle to match wage expectations hoisted high by labour-market links to deep-pocketed employers in the Gulf.

As a result, companies prefer to set up shop in business-friendlier places like Tamil Nadu next door. Much of Kerala's remittance windfall is spent on building houses and buying cars, which raises living standards but not productivity. Paying for children's education, which Gulf money also bankrolls, does make Keralites more productive. So long as local opportunities to harness that productivity remain scarce, however, the brightest graduates will continue to try their luck abroad.

Perhaps the biggest drawback of emigration-led growth is that its success rests on factors beyond the sending country's control. This is true, to a degree, of any economic activity. But it is easier for manufacturers facing tariffs in one market to find a new one than it is for emigrants to move somewhere else when economic or political circumstances in their temporary home change.

Again consider Kerala. The number of Keralites in the Gulf has plateaued in recent years as countries there reserve certain jobs for citizens. Their remittances could decline by 20% this year as the knock-on effects of the Iran war hurt the region's economies. Emigration nearly always benefits emigrants and their families back home. Banking on it for broader growth amid rising fragmentation, protectionism and conflict is perilous. ■

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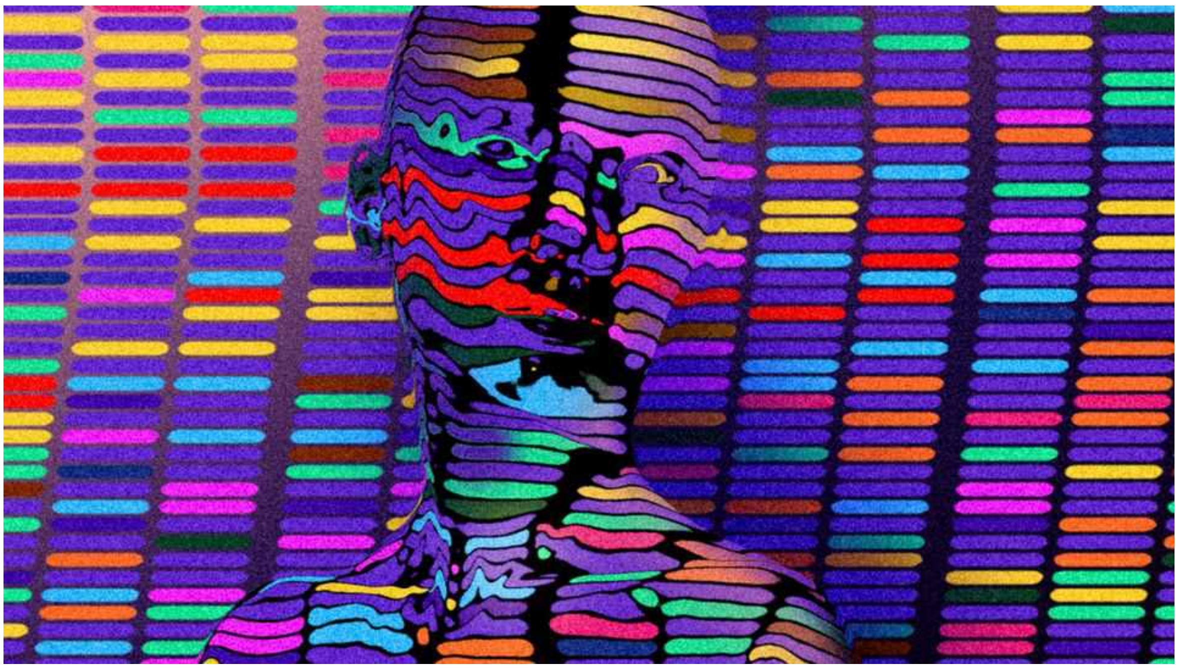
Science & technology

Science & technology | Epi-cures

Genome editing can be risky. Meet the epigenome editors

The technology could tackle diseases such as atherosclerosis and hepatitis B

April 30th 2026



"WHEN IS A gene editor not a gene editor?" may sound like a scientific riddle with a groan-worthy punch line. But it is a question whose answer instead deserves many an appreciative intake of breath. That is because scientists keen to achieve more precise control over an organism's genetics are experimenting with a surprising approach that leaves the genome itself unharmed.

The principle behind gene editing sounds simple. Molecules of DNA contain strings of chemicals called bases, sometimes referred to as the letters of the genetic alphabet. Alter this sequence of letters and genes can be turned on or off at will. It is a trendy idea already being applied in agriculture. But so far just one medical intervention has been approved: switching on a gene normally active only in infants to treat sickle-cell anaemia and beta-thalassaemia, two blood diseases, in adults.

The lack of medical deployment is, in part, because gene editing can go wrong. It requires cutting the DNA molecule and an off-target cut might, for example, disable an anticancer gene with possibly serious consequences. That provides an opening for an alternative. Epigenetic editing, as this alternative is called, employs similar biotechnology to gene editing but makes no cuts in the DNA. Instead it tinkers with the epigenome, a set of chemical markers attached to the genome that regulate genes' activities. The tinkering is less intrusive than gene editing, and allows a gene's output to be modulated, rather than simply switched on or off.

Epigenetic editing already shows promise for the treatment of certain metabolic problems, chronic viral infections and inherited genetic diseases. Over time that list should lengthen, as the role of the epigenome is better understood. And some visionaries hope for still more. They note that harbingers of old age, such as chronic inflammation and cellular senescence, have an epigenetic component, too. It is possible, they say, that epigenetic editing could one day be used not just to treat disease, but also to extend human lifespan.

The molecular machinery employed in conventional gene editing has two components. One is a guide that recognises where on the target genome the machinery needs to attach itself. The other is an enzyme that cuts the DNA at this point.

Epigenetic editing works in the same way, except that the enzyme which does the cutting is disabled and another enzyme is added. This additional enzyme adds or subtracts small groups of atoms either to or from the DNA itself, or from the histone proteins around which DNA molecules are wound to form chromosomes. The groups are methyl (a carbon and three hydrogens) and acetyl (two carbons, three hydrogens and an oxygen).

Methylation of DNA stops proteins that regulate gene activity, known as transcription factors, from binding to pertinent regions of the genetic material. Methylation and acetylation of histones affects how tightly those proteins bind to their DNA neighbour, and thus how easy it is for transcription factors to reach their targets. Manipulating these various effects can fine-tune what a gene can get up to in a cell.

Given the similarity of gene editing to its epigenetic cousin, it is little surprise that several of the firms involved in the latter were started by pioneers of the former. One such is Scribe Therapeutics of Alameda, California, which was co-founded by Jennifer Doudna. Dr Doudna shared a Nobel for her work on a gene-editing technique called CRISPR/Cas9, the guidance system of which is a DNA-like molecule called RNA that seeks out stretches of DNA with a complementary sequence of genetic letters. Cas9 is the editing enzyme.

Scribe's own editing platform, ELXR, is a refinement of this arrangement that employs a smaller, nimbler enzyme called CasX. Benjamin Oakes, another of the firm's founders, and its current boss, has a list of possible targets for ELXR, at the top of which is a gene called PCSK9. This encodes a liver protein that reduces the breakdown of cholesterol-rich packages called low-density lipoproteins (LDLs). These, if too abundant in the bloodstream, can lead to atherosclerosis, the main cause of heart attacks and strokes. And those, in turn, kill around 17m people a year.

Scribe's proposed answer to this—which will, all being well, enter clinical trials in the summer—is an epigenetic edit that turns down the volume on PCSK9 and thus ups the destruction of LDLs. The cost of such a treatment would, admittedly, mean that only a small fraction of those affected by atherosclerosis could benefit. But, if it worked as intended, it would be much more convenient: a one-off dose rather than the daily round of pills currently prescribed to keep the condition at bay.

A different liver-related problem, hepatitis B, is in the sights of two other epigenetic-editing firms: Tune Therapeutics of Durham, North Carolina, and nChroma Bio of Boston. They have started trials of rival editors for the epigenome of the virus, HBV, which causes the illness. HBV hangs out in liver cells and often infects people for life. And hepatitis B, like atherosclerosis, is a big problem. It affects 250m people and kills more than 1m of them a year.

For now treatment is a daily dose of a drug that stops the virus reproducing—but only while it remains in the patient's system. By disabling HBV genes, epigenetic editing offers the possibility of a cure.

Back in California, Epicrispr Biotechnologies has yet another target. Epic Bio, as it is known for short, was founded by Stanley Qi, a researcher at Stanford University who earned his PhD in Dr Doudna's lab and who was the first to work out how to disable Cas9's cutting mechanism. Dr Qi has his sights on facioscapulohumeral muscular dystrophy (FSHD), a currently incurable creeping paralysis caused by the activation in adulthood of a gene useful in embryonic development. Epic Bio's editor, GEMS, is being deployed, in a trial currently involving eight patients, to deactivate this gene and thus effect a cure.

Those with other conditions might benefit from epigenetic editing, too. A review of the field published in January, by a group at the Chinese University of Hong Kong, lists a range of cancers; muscular dystrophies other than FSHD; several rare, inherited conditions such as Rett syndrome and Friedreich's ataxia; retinitis pigmentosa (a form of blindness); chronic pain and even alopecia as possible targets.

Some of these conditions might also be tackled by other approaches. PCSK9 and HBV are both topics of conventional gene-editing projects and FSHD is under attack by a method that uses molecules called small interfering RNAs (siRNAs) to intercept the messenger molecules which carry the unwanted protein's recipe to a cell's protein factories. A real competition is thus going on between alternative candidate treatments.

Dr Qi waxes eloquent about epigenetic editing's advantages—particularly over gene editing. His main point is that since much of the genome is not involved in regulating gene activity, off-target landings by an epigenetic editor will usually be in places where they can do little harm. Dr Qi is also among the visionaries who see epigenetic editing as a path to better and longer old age. But even in this highly speculative area, there are rival approaches. Other researchers, for example, seek to restore youthful vigour using a set of transcription factors that can perform epigenetic "factory resets" on cells.

It is not, of course, all plain sailing. In 2022 Feng Zhang, another gene-editing pioneer, started a firm called Moonwalk Biosciences that had epigenetic-editing aspirations. Recently, however, Moonwalk has shifted its attention to siRNAs.

Such hiccups are to be expected. Molecular biology is a young science and its mechanisms, kludged together by 4bn years of evolution, are hard to disentangle and tinker with successfully. Investors are not always patient creatures. And rival approaches are always waiting to pounce. Epigenetic editing does, though, look like a field with a bright future. Given a fair wind it seems likely to establish itself as an important part of the medicine of the mid-21st century. ■

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Science & technology | Early days

A treatment for pre-eclampsia may be on the horizon

Blood filtering has performed well in early trials

April 30th 2026

FEW PROBLEMS in pregnancy are as mysterious and dangerous as pre-eclampsia. The condition, which causes a sudden spike in the mother's blood pressure, can quickly lead to organ failure and death. It is hard to see coming and the only known treatment is to deliver the baby fast, often by emergency C-section.

If the pregnancy is 32 weeks or less along at this point, as is the case for roughly 20,000 such births in America each year, the baby's chances of survival and healthy development are significantly lower. Even a small extension of the pregnancy in such cases could have huge benefits, if ways to safely achieve it could be found.

There is now a glimmer of hope that this can be done. On April 27th an international collaboration led by Ravi Thadhani and Ananth Karumanchi from the Cedars-Sinai Medical Centre in Los Angeles reported the early results for a promising novel treatment. In a study published in Nature Medicine, they showed that filtering the blood of women with pre-eclampsia to remove a troublesome protein can safely slow its progression.

As promising as its results sound, the trial represents a proof-of-concept study that tested the treatment in only 16 women. To more accurately test the efficacy of the approach, and to work out whether it could one day become standard treatment, bigger trials will be needed. Even so, according to James Walker from the University of Leeds, "The study marks the first credible step beyond symptom control toward a true disease-modifying treatment."

There is enormous room for improvement. Doctors have been managing pre-eclampsia in much the same way for the past 50 years, says Dr Karumanchi. The current standard of care for pre-eclampsia is watchful waiting, interspersed with drugs to prevent seizures in the mother as well as steroids to prepare the baby's lungs for an early birth. Such steps can buy a few additional days but cannot stop the progression of pre-eclampsia.

Part of the reason for this stagnation is the difficulty involved in developing new medicines for pregnant women. Most obviously, some molecules could cross from the mother's bloodstream into the placenta where they could affect the developing fetus in unforeseen ways.

To sidestep this issue, Dr Karumanchi's team decided to remove problematic components from a woman's blood rather than adding anything new. The target they settled on was a protein called soluble Fms-like tyrosine kinase 1 (sFlt-1) which is secreted by the placenta in order to boost blood flow. Scientists have known for about 15 years that this protein spikes in pre-eclampsia and plays a direct causal role in the development of the disease in the mother. But nobody had previously managed to safely lower its levels in a woman's blood.

Drs Thadhani and Karumanchi, alongside their collaborators, hoped to solve the problem with the help of a standard medical protocol known as aphaeresis, which has long been used to clean up blood. Blood is taken from a patient, passed through a filter and then returned to the body. It is used to reduce cholesterol levels in people with high inherited levels of the stuff, and helps remove certain dangerous types of blood cells in patients with cancer or sickle cell anaemia.

To remove sFlt-1 from a patient's blood, the researchers designed an antibody capable of binding to that specific protein. They then equipped a filter with enough of these antibodies to reduce the sFlt-1 concentration in blood plasma that was passed through. Although sFlt-1 rebounded in some patients, its level plateaued rather than continuing to rise as would otherwise have been the case.

Neither the women with pre-eclampsia on the trial nor their babies had any ill effects. The median extension of pregnancy in the treated women was ten days—meaningfully longer than the four days current treatment offers, and long enough for some babies to be classified as "moderately" rather than "very" preterm. After decades of better risk prediction without better treatment, adds Dr Walker, this study offers genuine grounds for optimism. ■

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Science & technology | Hacking the hackers

A glimpse into cyber-security's AI-driven future

A hacking conference reveals how machines will defend us

April 30th 2026

IT TAKES ONLY a brief chat with the organisers of Black Hat Asia to realise this is no ordinary conference. Whereas most professional get-togethers invite their guests to piggyback on the hotel Wi-Fi, Black Hat builds the network for its annual conferences in Las Vegas, London and Singapore from scratch, installing switches, access points, firewalls and monitoring sensors before the conference opens. The Network Operations Centre (NOC) must then defend it in real time from thousands of the world's best hackers—not just the conference's adversaries, but also those attending, who are explicitly tasked with attacking its infrastructure.

This year's Singapore edition, held from April 21st to 24th, took place in the shadow of announcements from large tech companies that artificial-intelligence models could now outperform all but the best hackers. Anthropic's Mythos, for example, the most prominent such model, is already said to have identified severe vulnerabilities in "every major operating system and web browser". For most tech users, this feels like a watershed moment. For those at Black Hat, however, it is confirmation of what they have long seen coming.

Defending Black Hat is "orders of magnitude" harder than ordinary corporate cyber-security, says Neil "Grifter" Wyler who has run the NOC for 24 years, all but 6 of which have been alongside his colleague Bart Stump. Indeed, when the head of cyber-security for the Paris Olympics needed a model for his own security-operations centre, he spent a week with the NOC at Black Hat London. Part of the challenge is scale: a typical firm faces one or two attackers at a time whereas Black Hat must deal with thousands, many testing exploits freshly taught by world-class instructors. The other challenge is filtering: the NOC team must allow such coursework to happen while distinguishing it from real attacks.

What they see ranges from the trivial to the unsettling. Some of those attending used a weather app that leaked their GPS co-ordinates. Another was feeding their cat remotely through an app that others could have hijacked. Visits were logged to 81 unique adult-website domains.

But the same tools that spot compromised pet feeders catch nefarious activity. A few years ago a participant used the conference network to hack a water-treatment facility in America (Messrs Wyler and Stump are cagey about the details). Another hid behind the din of legitimate hacker traffic to attack government websites and payment systems. The NOC team traced him, sent him a message reminding him that doing illegal things from Black Hat was still illegal, then watched him close his laptop and walk away. Hackers on the other side of the world try their luck too. When the registration server was switched on, attacks began at once, including traffic that appeared to originate in Romania. "It would be a feather in their cap to take down Black Hat," says Mr Wyler.

The team has used AI to defend the network for years, says Mr Wyler, against bots as well as humans. But the bots are becoming noticeably more skilled. "The problem is that the attacks have gone from taking a week to a day to hours or minutes." The NOC team has, therefore, built a stack of AI tools to fight fire with fire.

Trevor, for example, an AI chatbot, can turn questions written in plain English into code that can navigate the NOC's complex database. This helps get members of the team, many of whom are freelancers, up to speed more quickly. Another tool monitors the patterns of encrypted beacons—the small, regular check-ins that compromised devices send back to attackers' servers—and uses machine learning to distinguish them from the millions of legitimate connections the devices make each day.

It was with the help of this tool that the computer of a Taiwanese journalist attending Black Hat was found to have been infected with malware: among the noise of normal traffic, it was making connections to an unfamiliar server at a metronomic cadence, repeating at intervals that no legitimate app would produce.

A third tool makes use of an AI agent to profile every device on the network, flagging unusual behaviour. Once the NOC saw suspicious traffic on the journalist's laptop, the agent checked clues obtained from the network against information available on the internet to quickly identify the owner. The team used the conference's registration database to confirm the match before compiling a report and informing both the journalist and his organisation.

Mr Stump says the NOC has seen a pattern across multiple Black Hat conferences in which Taiwanese participants show up with hacked devices. "Most of [the traffic] goes back to China," he says. AI-powered attacks by nation-states or cybercriminals are likely to intensify.

The team thinks the AI race is only beginning. For Mr Wyler, the vulnerabilities discovered by Mythos, including some that have gone undetected for decades, are to be welcomed rather than feared. "We now know they're there."

All the same, cautions Mr Stump, the next two years will be turbulent, as more flaws will be uncovered; more breaches will occur as firms feed sensitive data into AI systems; and more insecure code will be written. If that transitional period can be handled responsibly, a new equilibrium may be reached that resembles the one now being left behind. One thing, says Mr Stump, is certain. “In a year there will be a new AI model that makes Mythos look like a toddler with a keyboard.” ■

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Science & technology | Well Informed

Is exercise as effective as treatments for depression and anxiety?

Some big studies say yes. Many experts have reservations

April 30th 2026

FOR THOSE in the doldrums, few things are more tiresome than being told to exercise. But unwelcome advice is not necessarily wrong. Study after study has found that exercise boosts mood and reduces anxiety. Two large analyses published earlier this year go further, suggesting it works about as well as therapy or antidepressants.

The first, published in January by researchers based across Britain and Ireland, took the form of a Cochrane review—a well-regarded meta-analysis of health-care research. It pooled the results of 69 randomised controlled trials (RCTs) conducted to measure the effects of exercise on depression. The second paper, published in February in the British Journal of Sports

Medicine, was a so-called meta-meta-analysis. It drew on more than 1,000 trials involving nearly 80,000 participants. Both concluded that exercise reduces symptoms of depression and anxiety by roughly as much as conventional treatments.

There are important caveats. Meta-analyses are only as good as the studies they include, and exercise trials are prone to being skewed. For one thing, participants cannot be blinded—they know if they are doing kettlebell swings or not—which makes their self-reported mood vulnerable to any favourable expectations they might have. For this and other reasons, the Cochrane review judged all the studies it included to be at “high risk” of bias.

What’s more, the meta-meta-analysis did not include any studies that tested exercise against other interventions. The findings from the exercise trials were, instead, compared against those from separate trials of antidepressants or therapy. But unlike exercise studies, RCTs of antidepressants are typically well blinded and have strong placebo effects, making it harder for them to achieve similarly impressive results. “I don’t think it’s a fair comparison,” says Jonathan Roiser, a professor of neuroscience at University College London.

All the same, most researchers are confident that exercise helps improve mood. Aerobic workouts, such as running, walking or cycling, seem to be particularly beneficial across the board. For depression, group-based or supervised exercise is more effective than sweating alone, and the benefits of exercise accrue over several months. For anxiety, the best results seem to come from lower-intensity activity.

Why exercise works is less clear. The popular idea that exercise generates a “high” by causing the release of endorphins, a form of opioid, has little scientific support. A study published in 2021 found that blocking runners’ opioid receptors reduced neither the euphoria they reported after a session nor the drop in anxiety. Researchers instead think that endocannabinoids—chemicals produced by the body and brain that activate the same receptors as the active molecules in cannabis—might be responsible for these short-term boosts.

Other pathways are also being triggered. Exercise seems to reduce inflammation and improve brain plasticity, as well as increasing the transmission of dopamine in the brain. Dopamine is involved in the process of weighing effort against reward and so increasing transmission may help reverse the loss of motivation associated with depression.

There are purely psychological benefits, too: exercise can provide people with a sense of achievement, agency and eventually mastery, all of which are known to lift mood. Plenty of reasons, then, to work up a sweat. ■

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Culture

- Is a fortune gathering dust in your attic?
- The staggering strangeness of the Labubu bubble
- LA's levitating amoeba: a radically new kind of museum
- Celebrating one of literature's greatest pessimists
- What really happened during the Black Death
- In "The Devil Wears Prada 2", fashion magazines are off-trend

Culture | The collectibles market

Is a fortune gathering dust in your attic?

Demand for trading cards, sports memorabilia and other collectibles is huge

April 30th 2026

JUST east of Tel Aviv sits a cave. It was discovered during road works in 2000 and found to contain the oldest known hearth, around which families probably cooked meals some 300,000 years ago. Archaeologists found animal bones and primitive tools, which was not surprising. What was startling was a cache of brightly coloured pebbles that showed no signs of use, and indeed appeared too small for any Stone Age purpose. Their value was aesthetic: someone had collected them.

William Goetzmann, who teaches finance at Yale and has written extensively about art markets, suggests that the impulse to collect "is something ancient and ingrained in us…maybe biologically driven". Cards, coins, stamps, memorabilia, posters: these draw obsessives everywhere, and for years were usually handled by small, specialist dealers.

Increasingly, however, auction houses are getting in on the action. In March Christie's sold rock memorabilia that Jim Irsay, a late American sports-team owner, spent his life amassing, including John Lennon's piano ($3.2m), Jerry Garcia's guitar ($11.6m) and Ringo Starr's snare drum ($95,250), all well above expected prices. Sotheby's, in partnership with the National Basketball Association, is holding weekly sales of game-worn jerseys until June.

Yet the most important collectibles auctioneer, Heritage Auctions, began in 1976 as a coin dealer in a shared office in Dallas. (Its headquarters, on the grounds of Dallas-Fort Worth airport, now span 330,000 square feet: roughly the same size as six American-football fields.) Today Heritage Auctions is a market maker. Last year the firm, which has offices in five American cities and eight other countries, broke its own sales record for the fifth straight year, with $2.16bn. That is less than the other big houses made overall—Sotheby's took $7bn in 2025, while Christie's made $6.2bn—but it is enough to make them notice, and even sweat a little.

There is no end to the wonders hidden away behind Heritage's locked doors. Coins from before Christ's birth. Banknotes from the Belgian Congo. A baseball signed by Babe Ruth. Jerseys worn by Michael Jordan and Sandy Koufax. One of the rarest baseball cards ever made. Gems and fossils, watches and wine, Eames chairs and antique guns. It has sold items for eye-watering sums, such as Dorothy's ruby slippers from "The Wizard of Oz" for $32.5m in 2024. At a benefit auction in 2022 Heritage sold the Nobel medal of Dmitry Muratov, a Russian journalist, for $103.5m.

Defining the collectibles market is tricky. Heritage's founder and boss, Steve Ivy, suggests it encompasses "items made in multiples" that people can collect in sets. ("You can't collect a set of art," he notes.) Magnus Resch, an economist at Yale who studies art markets, suggests a behavioural distinction: "Art is primarily institutionally validated," meaning "museums, galleries and curators" influence its value, whereas "collectibles are community validated", meaning they are worth what individuals are willing to pay.

Though collectibles form an asset class that attracts speculators and investors hoping to diversify their portfolios, passion plays an outsize role in the market, as even the briefest visit to a sports memorabilia or stamp convention attests. Mr Ivy's business is passion, at scale. Now 76 years old, he started collecting coins when he was nine, advertising and selling them at 14, and started a coin-trading business when he was 20. He and a partner, who collected comics, incorporated as Heritage Auctions in 1982, and for years afterwards they mainly traded what they collected.

Mr Ivy credits early adoption of online sales, starting in the mid-1990s, for Heritage's success, for two reasons. First, it gave them the money to buy competitors. "We'd find a two- or three-man operation that had expertise and a customer list, but didn't have the ability to reach any kind of scale or an effective website. So we'd bring them in-house, subsume their business and they'd become our experts," Mr Ivy explains. "We did that with about 50 different categories over a 15-year period, adding about two or three per year." Today Heritage has 900 employees.

Second, online sales gave buyers pricing information. In the past, people who wanted to buy coins, stamps, baseball cards or film memorabilia had to go through specialist dealers, who had an information advantage. Dealers knew what they had paid for the item, and they knew what they had sold similar items for, but the buyers were in the dark on both fronts. This gave dealers a tremendous edge.

Most of what Heritage sells is consigned: they take a cut of the transaction so—unlike dealers—they do not need to buy low and sell high. Having clear pricing information makes buyers comfortable enough to come back. Mr Ivy says around 75% of their customers buy across multiple categories (and 95% of them are male: Mr Ivy contends that "Men like objects, and women like relationships.")

As for what people buy, Mr Ivy calls coins, comics, sports cards and entertainment memorabilia "the big four": their markets are broad, deep and enduring. Some fads bubble up and dissipate. American cars from the 1960s and '70s—known as "muscle cars"—had a good run some time back because, as Mr Ivy says, "People were buying their youth." Now prices have declined. Heritage has also done well selling Pokémon memorabilia, which first emerged in the mid-1990s. Childhood collectors are now in their late 30s or early 40s: about the age when professionals have some real disposable income and nostalgia for childhood sets in. (In February another auction house sold a rare Pokémon card for a whopping $16.5m.)

Just as Sotheby's and Christie's have started selling collectibles, Heritage also sells art. Plenty of people buy both. Mr Resch contends that "What used to be the art market is now part of a broader system of cultural assets." Art offers status. Collectibles let people show off what they love.

That augurs a healthy future for collectibles. At the high end, the market responds to broader economic trends as fine art does, but there are many cheap collectibles, and enthusiasts buy them in good times and bad. Heritage did well during covid-19 and the financial crisis of 2007-09. "A lot of the market is about supply," he explains, and in downturns people look for things to sell.

How can first-time buyers get into collecting? They should start small, and start with what they love. Plenty of items in the big four can be had for as little as the cost of a tasty restaurant dinner. Mr Ivy warns, though, that the seemingly harmless hobby can soon become all-consuming. Collecting is "a genetic disorder", he jokes. "There's this overwhelming desire, a compulsion really, to complete a set of something." Think carefully, then, before you make bid decisions. ■

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Culture | Manias, panics and crashes

The staggering strangeness of the Labubu bubble

Want a scary elf doll? That'll be $150,000

April 30th 2026

Imagine a baby elf in a onesie. Now imagine that it has had its teeth sharpened and been possessed by the devil: that gives you a sense of the aesthetic of a Labubu doll. Lots of Labubu-lovers sport the creatures on keychains, but you can get a 40-inch Mega Labubu at a Pop Mart shop in London for £850 ($1,150). Why anyone would buy it for even a tenth of that price is beyond your correspondent.

Compared with some Labubus, however, it is a steal. In June a Chinese auction house sold a four-foot-tall Labubu (confusingly described as "human-sized") for $150,000. You can forget about precious metals, cryptocurrencies and the stocks of companies planning to launch data centres in space. This is far and away the weirdest speculative mania out there.

Talking about a bubble in Labubu dolls puts a strain on the category. In financial markets, a bubble forms when an asset's price rises to a level that could not possibly be justified by fundamentals. (Think of euphoric traders bidding up a company's equity value to hundreds or thousands of times its underlying annual earnings.) For some assets, it is famously difficult to pin these down—as with gold, which generates no cash flows and yet has been prized as a store of value for millennia. Creepy elf dolls take the problem a step further. How can you tell whether prices are out of whack with fundamentals if there aren't any to begin with?

The Mega Labubu suggests that exuberance still reigns over the doll market. Yet things are less manic than they were. Google searches for "Labubu" have fallen by over 90% globally since July. The share price of Pop Mart, the Chinese company that makes them, is around half its peak in August. "If I get a delivery on a Saturday morning, it's still gone by the afternoon," says a shop assistant in London, "but people aren't queuing up outside any more." That marks a comedown from a frenzied period last summer when Labubu fans queued for hours outside the shop to participate in weekly raffles.

"In a boom, fortunes are made, individuals wax greedy, and swindlers come forward to exploit that greed," wrote Charles Kindleberger in "Manias, Panics and Crashes" (1978), his classic history of financial crises. Labubumania has been no different—but rather than fraud and embezzlement, it has produced the "Lafufu", or counterfeit Labubu. The swindlers of the 19th century sold worthless shares in non-existent railways; today's sell fluffy dolls with sloppy paint jobs and the wrong number of teeth. (A true Labubu has nine.) During the first nine months of 2025 British officials seized shipments of fake toys worth £3.5m at the country's borders, 90% of which were Lafufus.

According to the old share-traders' adage, bull markets do not die of old age: they are murdered by central banks. But the laws of one asset class do not always apply to others, and the bull market in Labubus was murdered by Pop Mart itself. Last year it expanded production of plush toys (which include Labubus) by a factor of ten, to around 30m a month. The secondary market—of people snapping up scarce dolls to sell them on at big mark-ups—thus lost its raison d'être for all but the rarest Labubus, and has collapsed.

That might be no bad thing for Pop Mart, which makes plenty of other cute yet mildly disturbing dolls. The company does not want to be a one-hit wonder, and the secondary market it really cares about is that for its own shares. Rabid speculation in Labubus, despite boosting sales, may not have reassured Pop Mart's own investors of persistent, reliable returns. Unlike the crashes covered in Kindleberger's history book, the bursting of this bubble is unlikely to have many knock-on effects beyond a few scalpers losing their shirts. Though if your heart is set on a Mega Labubu, it may soon be a good time to get your hands on one. ■

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Culture | Off the wall

LA’s levitating amoeba: a radically new kind of museum

Does ditching chronology and geography inspire or confuse visitors?

April 30th 2026

A HULKING structure hangs above traffic on Wilshire Boulevard like a levitating amoeba. The concrete-and-glass colossus—designed by Peter Zumthor, a Swiss architect—is known as the David Geffen Galleries and is the new home of the Los Angeles County Museum of Art (LACMA), the largest art museum in western America. After 20 years, the building will finally open to the public on May 4th. Its $724m price tag and daring architecture are not the only radical things about it.

“We’ve eschewed traditional categories of geography, chronology, medium,” says Michael Govan, LACMA’s director. “The idea is to wander.” Walk up the imposing concrete staircase and Mr Govan’s meaning becomes apparent.

The museum's single floor is a great equaliser: no one movement or era is presented as more important than another. Rather than galleries devoted to the usual suspects—the Renaissance, Impressionism, Surrealism—the museum is loosely organised around oceans and seas, as a way to emphasise trade and cultural exchange. The Indian Ocean section, for example, includes Turkish porcelain with blue-and-white floral patterns, influenced by earlier Chinese designs.

LACMA's shunning of conventional organisation typifies a movement among some Western institutions towards less hierarchical, more global galleries. Christophe Cherix, the director of the Museum of Modern Art (MoMA) in New York City, reckons such experiments amount to "a generational shift" in how museums display their treasures.

In the 1990s and 2000s, while economies were globalising and liberalising, the art world was following suit. "We had a collection then that was almost an Enlightenment model based on the western European and North American canon," recalls Frances Morris, a former director of the Tate Modern in London. "It was very clear to us that the big story of the next century would be to build a collection that represented the interconnectedness of culture." When Tate Modern opened its permanent galleries in 2000, curators grouped art by theme, be it "nude" or "still life". "The press hated it," says Ms Morris.

After it expanded in 2019, MoMA rejected permanent exhibitions. "'Starry Night' will most probably always be on view," says Mr Cherix of Vincent van Gogh's much-loved painting. But, he muses, perhaps the adjacent wall will sometimes hold photography, rather than Rousseau or Cézanne.

In some ways, this approach mimics the Wunderkammern—cabinets of curiosities—of the Renaissance, when European rulers collected all manner of objects and displayed them in whichever way they pleased. Then and now, such an eclectic approach allows for serendipity. "The visitor's hand isn't being held in the usual way," says Dan Hicks of Oxford University's Pitt Rivers Museum. Yet it's "a relative sort of chaos", he admits, that not everyone may appreciate.

What is thoughtful contrast to one visitor is baffling incongruity to another. At LACMA a giant coffee table shows off ceramics from ancient Greece, modern America and much in between. Why? Visitors who scan tiny QR codes will find out; the rest will merely wonder. But if such experiments fail to impress, curators can reshuffle the art again. "I remember people finding the juxtaposition of a late Monet painting with a Richard Long mud-wall drawing very problematic," remembers Ms Morris. "But then we showed Monet with Rothko, and people loved that."

Museums should not be rigid, stuffy palaces for antiquities, many curators argue: they should reflect their surroundings and respond to their times. At the new LACMA, says Mr Zumthor, "We don't go into a dark box and somebody tells us what to think." Rather, the museum tries to be in conversation with Los Angeles. The way the amoeba wobbles over Wilshire seems an ode to California's car culture—as does the inclusion of a Studebaker sports car, surrounded by photographs of highways and car parks. Architecturally, the museum's floor-to-ceiling windows frame the palm trees and foothills in such a way that LA itself seems on display. ■

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Culture | A donkey's years

Celebrating one of literature's greatest pessimists

Why Texans throw a birthday party for Eeyore—and everyone else should, too

April 30th 2026

"YOU SEEM so sad," says Winnie-the-Pooh to Eeyore. In A.A. Milne's charming children's stories—first collected into a book a century ago—the donkey has a gift for finding the cloud in any silver lining. In this particular instance, however, Eeyore is gloomy because it is his birthday and nobody has noticed. Pooh and Piglet try to make amends, but with their usual good-natured incompetence offer subpar presents: a honeypot licked clean of honey and a burst balloon.

Austin, Texas, does not much resemble the Hundred Acre Wood. But since 1964 its inhabitants have been trying to make up for Pooh's and Piglet's performance. That year a group of literature students at the University of

Texas, searching for an excuse to let off steam before their final exams, decided to throw Eeyore a birthday party. Except for a two-year pause for covid-19, Eeyore has been celebrated ever since, first in a small park, and for the past 52 at the larger Pease District Park.

Friends of the Forest, a group of volunteers, runs the event and "everyone is invited" explains the group's president, Heather Hampton. Admission is free and the local vendors selling food, craft beer and assorted trinkets keep their proceeds. Any tips volunteers receive are donated to local non-profits; Ms Hampton says that Friends of the Forest has given away more than $280,000 over the years.

Children can get their faces painted and run wild on a playground while their parents listen to live music and—alas—drum circles. People of all ages show up in costumes or tie-dye. At the centre of the park this year was a small fenced area holding a white donkey for children to pet and feed. The creature seemed a good deal happier than his fictional counterpart.

Why should anyone outside Austin care about hippies cheering for a fictional donkey? There are two reasons. First, the event is a reminder that cities, like people, have spirits that persist through superficial changes. Before Austin started attracting tech money and right-leaning celebrities such as the Joes Lonsdale and Rogan, it was a hippie haven. ("Keep Austin Weird" is the city's unofficial slogan.) Johnny C, a tall man with a white ponytail and beard, has been wishing Eeyore a happy birthday since the late 1970s; he calls the event "an example of the true spirit of Austin, where you can be whoever you want to be."

Second, the event celebrates the best character Milne ever wrote. (Children being read to may delight in Pooh's enthusiastic silliness, but their parents appreciate Eeyore's realism.) It also honours the difficult friend that everyone has, or perhaps is. Eeyore is depressive, anhedonic and pessimistic—but also kind, dogged and loyal. Throwing a party in his honour reminds those attending that sometimes everyone needs a little cheering up. ■

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Culture | Medieval history

What really happened during the Black Death

A new book offers a different account of the pestilence

April 30th 2026

The disease seems to have emerged in Asia. It soon reached Europe, ravaging Italy first. It killed millions, often quickly. Many people perished at home, or died within a few hours or days of receiving medical treatment. So large was the death toll and so great was the danger of contagion that funerary customs were disrupted. People fled cities. All this was true of covid-19. It was also true of the Black Death.

As Thomas Asbridge describes in detail, the medieval plague was much deadlier. Many towns and cities lost almost half their inhabitants in the first wave of the disease, in the mid-14th century; subsequent waves were smaller but nonetheless terrifying. In Damascus a poet observed that “The plague sat like a king on a throne.” One English village was hit so hard that it did not recover its pre-plague population until the 19th century.

Although medieval people were used to sudden death, the plague devastated them. “I am overwhelmed, I can’t go on,” wrote Gabriele de’ Mussis, an Italian chronicler who lived through the first wave. A Byzantine woman, seeming only half alive herself, stared at her sisters’ graves and wept. The Black Death spurred pogroms, as Christians claimed that Jews were spreading disease by poisoning the water supply (during the attacks they made sure to destroy records of debts they owed).

But the disease also changed society and art, frequently for the better. The most enjoyable sections of “The Black Death” describe how some people did well out of the pandemic. In Cairo, gravediggers raised their fees. There was a boom in religious art in Italy, because so many plague victims left money for paintings in their wills. Venetian citizenship became easier to obtain. In 1349, as the plague carried away English clergymen, a bishop advised that the dying could make their final confession to a layperson —“even to a woman”.

A pestilence that was assumed to have been sent by God disrupted and intensified religious life. Russians built timber churches in a single day to show their piety. A new group, the flagellants, publicly lashed their bodies with whips. Perhaps the pandemic encouraged anti-clericalism and even prepared the ground for Martin Luther, Mr Asbridge suggests. He does not push that point too far, which seems wise, given the 170-year gap between the outbreak of plague and the 95 theses.

“The Black Death” draws on a wide range of sources, from administrative records to wills and diaries. It contains many portraits of people who lived through the plague. Several of these portraits could be shorter—indeed, the book could be shorter, as it occasionally goes into numbing detail—but some are wonderful. Best of all is the description of Alexandre Yersin, a headstrong scientist who rushed to Hong Kong during a plague outbreak in 1894. He was the first to identify the bacterium, which is named after him: Yersinia pestis.

The book makes two big claims, and amply proves both of them. Mr Asbridge, a historian of the Crusades, shows that the plague affected the Islamic world at least as profoundly as Christian Europe. Cairo may have suffered more than any other city. Some Islamic scholars reiterated the orthodox view that the disease was not contagious and that people must not on any account flee infected places. Many Muslims seem to have ignored them. The Ottomans were especially pragmatic, which may help to explain how they increased their power and influence in the region.

Mr Asbridge's second claim is subtler. Although medieval and early modern people harboured theories about the plague that strike modern readers as ignorant, they tried their best, he argues. The authorities made broadly sensible decisions. Physicians risked and often lost their lives treating plague victims. That their treatments were rarely effective does not diminish their bravery (and one expensive Italian remedy, theriac, helpfully contained opium). In London plague victims were buried in mass graves, but neatly, with their feet pointing east.

People dealt bravely with covid-19, too. Yet the authorities made decisions, especially about restricting personal freedoms, that now strike many as appalling. The vaccines that have saved many lives and have allowed normal life to resume have given rise to conspiracy theories. Dealing with a germ that is far less lethal than Y. pestis has been hard and contentious. Modern people should think before they use the word "medieval" as an insult. ■

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Culture | Style over substance

In "The Devil Wears Prada 2", fashion magazines are off-trend

The sequel to the hit film is about the changing world of journalism

April 30th 2026

IT IS ONE of the most memorable monologues in 21st-century cinema. Miranda Priestly (Meryl Streep, pictured right), the formidable editor-in-chief of Runway magazine, is reviewing the latest dresses and accessories. Her ingénue assistant, Andy Sachs (Anne Hathaway, pictured left), scoffs when Miranda is asked to choose between two near-identical belts. So Miranda delivers a scathing takedown of everyone who believes the world of high fashion is frivolous and has no bearing on their personal taste.

Miranda traces how the precise shade of cerulean in Andy's sweater was popularised in a runway collection years earlier, then picked up by other designers before making its way into department stores and, eventually, the “clearance bin” from which she assumes Andy acquired it. “That blue represents millions of dollars and countless jobs,” Miranda spits, “and it’s sort of comical how you think that you’ve made a choice that exempts you from the fashion industry when, in fact, you’re wearing a sweater that was selected for you by the people in this room.”

“The Devil Wears Prada”—a barely disguised fictionalisation of Anna Wintour’s reign at Vogue—was a smash when it was released in 2006. It depicted the glitz and glamour of fashion and sent up its culture of bullying and dieting. Twenty years on, Miranda’s withering lines (“Florals? For spring? Groundbreaking”) and signature dismissal (“That’s all”) still circulate as memes. The story has been adapted into a hit musical with music by Sir Elton John. And now Miranda, Andy and the Runway gang have returned for a sequel.

But anyone expecting more of the same may be disappointed. “The Devil Wears Prada 2”, it is true, boasts plenty of wonderful couture. But it is not all that interested in fashion’s contribution to culture and the economy. Instead, this time round, the focus is journalism. Characters rush around talking about budgets, buy-outs and advertising revenue—only they do so in Maison Margiela blazers and Valentino stilettos.

Andy left Runway at the end of the first film. At the start of the sequel, she is simultaneously being feted for her investigative journalism and being fired from her newspaper in a mass lay-off. (Among her greatest hits, supposedly, is a four-part series about the Federal Reserve.) Runway, meanwhile, is embroiled in a scandal, having run a glowing profile of a brand that uses sweatshop labour. The chairman of Elias-Clarke, Runway's parent company, has the bright idea to bring Andy back in as features editor to help restore some credibility to the magazine's journalism.

No sooner has she published the mea culpa than the chairman dies. His son—whose contempt for sartorial matters is symbolised by his gilet—decides that every Runway department will be cut back to the essentials. Anyone who has been working at the magazine for longer than five years is considered too expensive and will be laid off. Andy races to persuade a mercurial billionaire to buy Runway and thus save her career, the careers of her friends, and even the career of her still-harsh boss.

The problem is that the film does not persuade the viewer as to why Runway needs saving. In fact, the characters repeatedly talk about its increasing irrelevance in the social-media age. Miranda says the September issue is "so thin you could floss with it". Nigel (Stanley Tucci), Miranda's right-hand man, laments that Runway is no longer a tastemaker that hires photographers such as Richard Avedon. No one buys the physical product, he says, so instead the magazine produces “content that people scroll past” while they sit on the toilet. “Journalism still fucking matters,” Andy declares—but soon she is content to produce puff pieces at advertisers’ behest.

In the first film, the viewer shares Andy’s perspective. You smirk along with her when the two identical belts are produced—and then, like her, you feel chastened when you realise that Miranda is right, and no one makes aesthetic choices in a vacuum. But in the sequel no such moment of epiphany occurs. Neither Miranda nor Andy seems able to articulate why the magazine still matters. When the aforementioned mercurial billionaire starts talking about replacing models and photoshoots with AI, and Miranda offers up a toothless speech about how Runway celebrates beauty and human endeavour, you think: That’s all? ■

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Economic & financial indicators

- Economic data, commodities and markets

Economic data, commodities and markets

April 30th 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	0.5	2.1	3.3	Mar	3.8	4.3	Mar
China	5.0	Q1	5.3	4.6	1.0	Mar	1.3	5.4	Mar‡§
Japan	0.4	Q4	1.3	0.5	1.4	Mar	2.1	2.7	Mar
Britain	1.0	Q4	0.2	1.0	3.3	Mar	3.2	4.9	Jan††
Canada	0.7	Q4	-0.6	1.2	2.4	Mar	2.9	6.7	Mar
Euro area	1.2	Q4	0.8	1.1	2.6	Mar	2.5	6.2	Feb
Austria	0.6	Q4	0.1‡	0.8	3.1	Mar	2.6	5.8	Feb
Belgium	0.7	Q1	0.8	1.0	4.3	Apr	3.0	6.4	Feb
France	1.2	Q4	0.9	0.8	2.0	Mar	2.1	7.8	Feb
Germany	0.4	Q4	1.2	0.8	2.9	Apr	2.9	4.0	Feb
Greece	2.5	Q4	3.2	2.0	3.4	Mar	3.1	8.5	Feb
Italy	0.8	Q4	1.0	0.7	1.6	Mar	1.9	5.3	Feb
Netherlands	1.8	Q4	2.2	1.1	2.6	Mar	3.1	4.0	Mar
Spain	2.7	Q4	3.3	2.1	3.5	Apr	2.5	9.8	Feb
Czech Republic	2.5	Q4	2.9	2.2	1.9	Mar	2.2	3.0	Q4‡
Denmark	3.3	Q4	1.0	1.8	1.2	Mar	2.0	3.1	Feb
Norway	2.2	Q4	-1.3	1.5	3.6	Mar	2.9	4.8	Feb‡‡
Poland	4.1	Q4	4.5	3.5	3.0	Mar	3.4	6.1	Mar§
Russia	1.0	Q4	2.8	1.5	5.9	Mar	5.7	2.2	Mar§
Sweden	2.0	Q1	-0.8	2.3	0.5	Mar	1.8	9.7	Mar§
Switzerland	0.7	Q4	0.6	1.0	0.3	Mar	0.4	3.0	Mar
Turkey	3.4	Q4	1.5	2.9	30.9	Mar	30.1	8.1	Mar§
Australia	2.6	Q4	3.2	2.1	4.6	Mar	4.3	4.3	Mar
Hong Kong	3.8	Q4	4.0	3.2	1.7	Mar	2.0	3.7	Mar‡‡
India	7.8	Q4	7.1	6.5	3.4	Mar	4.8	6.6	Mar
Indonesia	5.4	Q4	6.7	5.2	3.5	Mar	3.3	4.9	Aug§
Malaysia	5.3	Q1	1.6	4.7	1.7	Mar	2.2	2.9	Feb§
Pakistan	3.7	2025**	na	3.5	7.3	Mar	5.0	6.9	2025
Philippines	3.0	Q4	2.4	3.3	4.1	Mar	4.6	5.8	Q1§
Singapore	4.6	Q1	-1.3	2.4	1.8	Mar	2.3	2.0	Q4
South Korea	3.6	Q1	6.9	2.1	2.2	Mar	2.4	3.0	Mar§
Taiwan	12.7	Q4	23.6	8.1	1.2	Mar	1.6	3.4	Mar
Thailand	2.5	Q4	7.8	1.6	-0.1	Mar	2.5	1.0	Mar§
Argentina	2.1	Q4	2.5	3.0	32.6	Mar	31.6	7.5	Q4§
Brazil	1.8	Q4	0.6	1.8	4.1	Mar	4.5	5.8	Feb§‡‡
Chile	1.6	Q4	2.3	1.2	2.8	Mar	4.2	8.9	Mar§‡‡
Colombia	2.2	Q4	0.5	2.7	5.6	Mar	5.7	9.2	Feb§
Mexico	1.8	Q4	3.5	1.5	4.6	Mar	3.9	2.8	Mar
Peru	3.2	Q4	-0.6	2.5	3.8	Mar	4.0	5.4	Mar§
Egypt	5.3	Q4	0.8	4.5	15.2	Mar	13.5	6.2	Q4§
Israel	3.3	Q4	3.3	3.0	1.9	Mar	2.5	2.7	Feb
Saudi Arabia	4.5	2025	na	-2.0	1.8	Mar	2.5	3.5	Q4
South Africa	0.8	Q4	1.5	1.6	3.0	Mar	3.9	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 $ Apr 29th	% change on year ago
United States	-3.5	-6.6	4.4		23.0	-	
China	3.5	-5.8	1.5	§§	-6.0	6.84	6.7
Japan	3.3	-1.8	2.5		113	160	-11.0
Britain	-3.8	-5.1	4.9		48.0	0.74	nil
Canada	-0.5	-2.2	3.5		34.0	1.37	0.7
Euro area	2.5	-3.4	3.1		63.0	0.85	2.3
Austria	1.0	-4.1	3.4		47.0	0.85	2.3
Belgium	-3.1	-4.8	3.6		57.0	0.85	2.3
France	-0.6	-5.3	3.8		57.0	0.85	2.3
Germany	4.1	-3.8	3.1		63.0	0.85	2.3
Greece	-5.1	0.4	3.9		54.0	0.85	2.3
Italy	1.2	-3.0	4.0		33.0	0.85	2.3
Netherlands	11.7	-2.6	3.2		45.0	0.85	2.3
Spain	2.3	-2.6	3.5		37.0	0.85	2.3
Czech Republic	0.3	-2.6	4.9		87.0	20.8	5.0
Denmark	12.4	1.2	2.9		61.0	6.38	2.5
Norway	11.8	8.9	4.4		51.0	9.32	10.8
Poland	-1.3	-6.9	5.8		56.0	3.63	3.0
Russia	2.6	-2.4	14.7		-107	74.7	10.5
Sweden	5.7	-2.0	2.8		43.0	9.27	3.3
Switzerland	5.2	0.1	0.4		7.0	0.79	3.8
Turkey	-3.1	-3.6	31.6		-108	45.1	-14.8
Australia	-1.9	-1.6	5.0		72.0	1.39	11.5
Hong Kong	10.2	-3.6	3.0		-28.0	7.84	-1.0
India	-1.3	-4.5	7.0		65.0	94.6	-9.8
Indonesia	-0.5	-3.5	6.9		5.0	17,252	-2.6
Malaysia	2.6	-4.1	3.6		-11.0	3.95	10.4
Pakistan	-0.8	-4.4	13.1	†††	63.0	279	0.8
Philippines	-4.0	-6.4	6.8		52.0	61.1	-7.7
Singapore	16.5	0.8	2.1		-41.0	1.28	2.4
South Korea	4.7	-3.0	3.8		123	1,473	-2.4
Taiwan	28.5	0.8	1.5		-6.0	31.5	2.9
Thailand	1.2	-4.7	2.1		24.0	32.5	2.6
Argentina	-0.2	0.3	na		na	1,405	-16.2
Brazil	-2.6	-7.1	13.8		-50.0	5.00	13.2
Chile	-1.7	-2.3	5.5		-19.0	892	5.4
Colombia	-2.5	-6.6	13.0		130	3,634	16.3
Mexico	-0.5	-3.8	9.1		-20.0	17.4	12.7
Peru	1.8	-2.4	6.2		-40.0	3.52	4.3
Egypt	-4.5	-7.5	24.9		56.0	52.8	-3.8
Israel	1.9	-5.2	4.0		-30.0	2.96	22.3
Saudi Arabia	-1.4	-4.0	na		na	3.75	nil
South Africa	-1.4	-4.2	8.9		-176	16.5	12.0

Source: Haver Analytics §§5-year yield †††Dollar-denominated bonds

Markets

In local currency	Index Apr 29th	% change on: one week	Dec 31st 2025
United States S&P 500	7,136.0	nil	4.2
United States NAS Comp	24,673.2	0.1	6.2
China Shanghai Comp	4,107.5	nil	3.5
China Shenzhen Comp	2,772.5	-0.6	9.5
Japan Nikkei 225	59,917.5	0.6	19.0
Japan Topix	3,772.2	0.7	10.7
Britain FTSE 100	10,213.1	-2.5	2.8
Canada S&P TSX	33,318.4	-1.9	5.1
Euro area EURO STOXX 50	5,816.5	-1.5	0.4
France CAC 40	8,072.1	-1.0	-0.9
Germany DAX*	23,954.6	-1.0	-2.2
Italy FTSE/MIB	47,796.0	nil	6.3
Netherlands AEX	997.2	-2.4	4.8
Spain IBEX 35	17,642.8	-2.0	1.9
Poland WIG	129,035.3	-2.8	10.1
Russia RTS, $ terms	1,110.6	-4.3	0.2
Switzerland SMI	13,031.9	-0.3	-1.8
Turkey BIST	14,311.2	-0.2	27.1
Australia All Ord.	8,915.7	-1.7	-1.1
Hong Kong Hang Seng	26,111.8	-0.2	1.9
India BSE	77,496.4	-1.3	-9.1
Indonesia IDX	7,101.2	-5.8	-17.9
Malaysia KLSE	1,720.4	0.6	2.4
Pakistan KSE	165,823.9	-3.4	-4.7
Singapore STI	4,861.0	-2.8	4.6
South Korea KOSPI	6,690.9	4.3	58.8
Taiwan TWI	39,303.5	3.8	35.7
Thailand SET	1,491.7	0.8	18.4
Argentina MERV	2,838,834.7	-2.1	-7.0
Brazil BVSP*	184,750.4	-4.2	14.7
Mexico IPC	67,097.1	-2.5	4.3
Egypt EGX 30	52,383.1	0.8	25.2
Israel TA-125	4,312.4	-0.4	17.7
Saudi Arabia Tadawul	11,238.1	-0.1	7.1
South Africa JSE AS	113,865.9	-3.6	-1.7
World, dev'd MSCI	4,614.3	-0.3	4.2
Emerging markets MSCI	1,616.9	0.6	15.1

US corporate bonds, spread over Treasuries

Basis points	latest	Dec 31st 2025
Investment grade	94	93
High-yield	340	354

Sources: LSEG Workspace; Moscow Exchange; Standard & Poor's Global Fixed Income Research *Total return index

Commodities

The Economist **commodity-price index**

2020=100	Apr 21st	Apr 28th*	% change on month	% change on year
Dollar Index				
All items	152.5	151.7	1.5	12.3
Food	144.8	145.9	1.1	-4.6
Industrials				
All	158.9	156.5	1.7	30.1
Non-food agriculturals	147.7	146.2	1.2	13.7
Metals	161.8	159.2	1.9	34.7
Sterling Index				
All items	145.1	144.4	-0.9	11.4
Euro Index				
All items	148.3	148.1	-0.1	9.2
Gold				
$ per oz	4,748.5	4,572.9	-1.1	38.1
Brent				
$ per barrel	98.4	111.3	-6.0	73.0

Sources: CME Group; LME; LSEG Workspace; NOREXECO; NZ Wool Services; S&P Global Commodity Insights; Thompson Lloyd & Ewart; USDA *Provisional

Obituary

Obituary | Don’t need it? Throw it!

Margareta Magnusson believed in leaving the world tidy

The guru of decluttering died on March 12th, aged “between 80 and 100”

April 30th 2026

In recent years you might have seen her in the streets of Stockholm, a slightly bent old woman in a bright stripey top. She pushed a walker-stroller and wielded a grabber with which, neatly, she removed cigarette butts from the pavement. Each butt-removal gave her a small rush, like an absolution. As a heavy smoker for years, Margareta Magnusson was tidying up after herself.

That habit possessed her. Back at home she had nothing in the attic and, in the cellar, only an ancient bike. She had cleared out the cupboards in the hall, traditional resting place of unwearable old shoes. From the kitchen she had given away, among all sorts of other stuff, ten plates (why have 16, if your dining table seated only six?) and her infallible wok, which she had once worn as a hat to a fancy-dress party. Her two-bed flat held every piece of furniture she needed and no more, for she had plotted out their size and position on graph paper before she moved in. Any books remaining had already been picked over by family and friends. Clothes had been sorted into two brisk piles, Keep or Don't Keep. Most were condemned. As for knick-knacks, they had to be either useful or full of meaning to be allowed to stay. Cushions and candles she still bought new, to be cosy, and a lot of chocolate—key to a joyous old age—was stowed around the place.

She kept life simple partly because she was tidy-minded, interrupting conversation to snip a cyclamen or rouse a storm among the books with her duster. Partly, too, reducing skräp in old age was traditional in Sweden, a clear-eyed and unsentimental place, where the Vikings had filled graves with the corpse's clutter to get it out of the way. It was called döstädning, death-cleaning. Men could seldom do it, keeping even a rusty nail in case it might come in useful, but women could, and she was obsessive. Why leave all your accumulated crap for other people to deal with, typically your children, who had to take time off work to sort it out? It was your moral duty, before you died, to slim it down. It was also your duty to the planet, before you left it. Fired with this idea she wrote "The Gentle Art of Swedish Death-Cleaning" and in 2017, at 81, had a global bestseller on her hands.

Two Japanese, Marie Kondo and Nagisa Tatsumi, had beaten her to it, but she caught the imagination of the overstuffed West. She had plenty of experience, too. Her real career was as a painter and illustrator, in clean lines and bright colours, so she was used to giving treasured work to others. Over the years she had also moved 17 times within Sweden or abroad, following her husband's work as a manager, eventually with five children in tow. This gave her a strong intolerance for packing, though it was not strong enough. Her vice was that she liked things. An important early lesson was that, to appreciate an object, you did not need to own it. Merely gazing at it in a shop window could be satisfying, too.

Most usefully, she had done three lots of delayed döstädning after the deaths of her mother, her mother-in-law and her husband Lars. The last coincided with her move from the big family house. Her mother had done pretty well, labelling everything to show where or to whom it should go, though she had also kept a secret stash of cigarettes in the linen cupboard. (Here was another argument for death-cleaning: do you really want your children to find the dildo in the drawer?) Her mother-in-law had already given away her Japanese silks and ceramics as presents, an excellent idea. From Lars's packed-to-the-rafters man-cave she kept a hammer, pliers, a yardstick and a few screwdrivers, for usefulness. Young men from the neighbourhood were invited to take the rest.

Clearing up was often difficult, whether after death or before. Some objects were simply too hard to part with. The shells, for example, that she had gathered as a child from the beaches near Gothenburg, where she grew up. The falling-apart cookery book that held a chef's handwritten recipe for fried herring and her neighbour's for rosehip marmalade. A graceful wooden bird from Africa, the soft cotton baby clothes her mother had made. And the three stuffed animals, Ferdinam, Dear Bumbal and Old Bear, which had been around for ages, as live as pets. She kept them all, and her paints and brushes too.

The dining table, thank goodness, went to one of her sons, because she couldn't bear to lose track of the games her children had played on it. If items like this were passed on, their stories had to go with them. Photos were the hardest to sift, but she sorted and distributed the best among her children, because these were the history of their lives. She also filled a box, not very large, with things that were valuable only to her—a stone, a letter, a dried flower—which was labelled "Private: Throw away". Inevitably the children would look inside, but she didn't mind, as long as her order was obeyed. Her readers should also have such a box.

Whatever she did not give to charity, or neighbours, or family, or throw out on the rubbish dump as far as she was able, was usually grist for her ever-hungry shredder. It was just a small one, but into it she fed all old bills, invoices and, after a moment down memory lane, no-longer-wanted photos and letters. Her readers were told to get one and enjoy it. To be rid of papers was to shed the bureaucratic weight of adult life. She could return to being the unfettered child who had spent her time climbing trees and fishing for crabs; and, freed of at least some human litter, the woods might shine as they used to back then.

This was the vital point about death-cleaning: it was not about death. It was about helping people to live more lightly in the present. Having shed the old stuff, they could look at the world with fresh eyes. Her second book, “The Swedish Art of Aging Exuberantly”, advocated lively curiosity as well as gin, laughter and Marabou bars. For herself, she started on a book called “Death-Cleaning from the Afterlife”. She didn’t really believe in that. But she did find it hard to credit that tidying up could, or should, ever stop. ■


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Epigenome editing
MAY 2ND–8TH 2026
STILL IN LA LA LAND
Why oil prices are not yet high enough

Table of Contents