The Economist

Children: the ultimate accessories

Carmakers try to be more Chinese

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MAY 9TH–15TH 2026

THE SUMMIT OF SUSPICION

The Economist

May 9th 2026

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The world this week

The world this week

Politics

May 7th 2026

Iran said it was reviewing a proposal from America to end their conflict. Reports from Iranian media suggested that many issues were still unresolved, but Donald Trump said “great progress” had been made towards reaching a “final agreement”. Earlier, America and Iran exchanged fire in the Strait of Hormuz, threatening their ceasefire. The United Arab Emirates and South Korea reported strikes on their ships. Mr Trump announced, and then paused, Project Freedom, an operation to guide commercial ships out of the strait. The UAE intercepted missile and drone attacks from Iran, including one on an oil facility.

Iran’s foreign minister, Abbas Araghchi, travelled to Beijing for a meeting with Wang Yi, his Chinese counterpart. The official Chinese statement on the meeting called for the restoration of safe passage in the Strait of Hormuz.

Israel struck Beirut for the first time since agreeing to a ceasefire in Lebanon in mid-April. It was targeting a Hizbullah commander; the Iranian-backed militia continues to fire missiles and drones at Israel. The UN said that at least 380 people have been killed in Israeli strikes on Lebanon since the ceasefire began. Its figures do not break down the casualties into civilian and combatant deaths.

Several drone strikes hit Khartoum, including its airport. The assaults end a months-long period of relative calm in the Sudanese capital, which the regular army retook from the paramilitary Rapid Support Forces last year. They also show that the RSF, which continues to advance in south-eastern Sudan, can now inflict damage on most of the country.

Zambia cancelled a long-planned conference organised by an international NGO promoting digital rights, reportedly because Chinese diplomats had complained about the presence of Taiwanese civil-society activists at the event. The decision underlines China's determination to use its power over other countries, especially poor ones, to further its political goals when it comes to Taiwan.

Taiwan's president, Lai Ching-te, visited Eswatini in an unannounced trip. In late April Mr Lai was forced to cancel plans to attend the 40th anniversary of King Mswati's accession to the throne because Madagascar, Mauritius and the Seychelles refused to allow his flight through their airspace owing to pressure from China. Eswatini is the only African country that recognises Taiwan. An angry China said that Mr Lai had "stowed away" to get to Eswatini. Separately, Marco Rubio, America's secretary of state, said Mr Trump would discuss Taiwan with Xi Jinping during their summit in Beijing on May 14th and 15th.

The Pentagon confirmed that it intends to withdraw 5,000 troops from the 36,000 it has stationed in Germany. Mr Trump had announced the drawdown as a retaliation for remarks made by Friedrich Merz about the Iran war; the German chancellor said America had been "humiliated". Mr Trump is also considering troop withdrawals from Italy and Spain. And he has threatened to raise American tariffs on EU vehicle imports to 25%.

Romania's centrist government was brought down by a vote of no confidence in parliament. The vote was initiated by the Social Democrats, which recently pulled out of the governing coalition, and supported by the hard right. Talks are to be held about forming a new government. The Social Democrats say they are willing to join a fresh pro-EU coalition, as long as it is not led by Ilie Bolojan, the ousted prime minister.

At least 27 people were killed in eastern Ukraine in a wave of Russian attacks on the region. That included 12 people who died during an aerial bombardment on the city of Zaporizhia. Ukraine said it had initiated a ceasefire and accused Russia of breaking it. Russia announced its own ceasefire for May 8th and 9th to coincide with its commemorations marking the defeat of Nazi Germany in the second world war. Volodymyr Zelensky described Russia's ceasefire as "utter cynicism" and propaganda.

Marco Rubio went to Rome for a meeting with Pope Leo amid increasingly strained relations between the Vatican and the White House over the Iran war. Mr Rubio was also scheduled to meet Giorgia Meloni, Italy's prime minister, who has also fallen out with Mr Trump over the war and his criticisms of the pope.

A ban on advertisements related to fossil fuels and meat came into force in Amsterdam. The city council is dominated by greens and an assortment of other progressive leftists.

The Bharatiya Janata Party, which runs India's federal government, won a [landslide in West Bengal's state election](). It has never held power before in West Bengal, which includes the city of Kolkata (formerly Calcutta). The result was a big victory for Narendra Modi, the Hindu-nationalist prime minister, who had campaigned in the state. Incumbents also suffered in other state elections. M.K. Stalin resigned as chief minister of Tamil Nadu after a party led by a former actor gained the most seats there. In Kerala the ruling communists were ejected from power by a coalition led by the Congress party.

Sir Keir Starmer, Britain's prime minister, described the recent spate of antisemitic attacks in the country as a crisis, and explicitly blamed Iran for seeking to foment violence and hatred. "It will not be tolerated," he said. One of the measures he announced would compel universities to track antisemitism on campus and take action to tackle it.

Australia is also contending with a rise in antisemitism. A commission began hearings into the attack on a Hanukkah event at Bondi Beach last December, which killed 15 people. One expert described antisemitism as a "virus" and that it had become "fashionable" to adopt anti-Jewish views.

Separatists in the Canadian province of Alberta said they had gathered enough petition signatures to start the process for a referendum on independence, which could take place as early as October. Polling suggests the separatists would have a hard time persuading their fellow Albertans of the merits of breaking away from Canada if the ballot proceeds.

The International Court of Justice held a hearing on a long-running border dispute. Guyana says that Venezuela's claim to a large area in the Essequibo river region, which includes substantial offshore reserves of oil and gas, is illegal. Venezuela said the court had no jurisdiction in the matter and only negotiations would solve the issue.

Donald Trump announced another batch of sanctions against government officials in Cuba. Speaking in Florida, the president said that America would take over Cuba "almost immediately", and suggested that the American navy would drop anchor off the Cuban coast on its way back from Iran.

The world this week

Business

May 7th 2026

After failing to secure a bail-out from the American government, Spirit Airlines abruptly cancelled all its flights and began to unwind its assets. The company's financial officer said it would try to sell the aircraft it owns outright but would abandon the planes to lenders if it cannot. The low-cost carrier had hoped to leave bankruptcy protection in the coming months. But the increase in jet-fuel costs as a result of the Iran conflict worsened its financial position. It had struggled with its debt burden for several years. A proposed merger with JetBlue was blocked on antitrust grounds in 2024.

Other airlines have been forced to cut or rejig flight schedules because of higher fuel prices. Meanwhile, the chief executive of Chevron became the latest voice to warn of an impending global shortage of oil supply because of the lengthy closure of the Strait of Hormuz. Mike Wirth noted that Asia and

Europe would be hit hard, and that it would take a bit longer for America to feel the effects.

Shell reported its best quarterly profit in two years as its trading desk benefited from the volatility in oil markets. It expects a big fall in gas production for the second quarter, however, because of the Iran war. Chevron and ExxonMobil reported a drop in profit despite higher oil prices, but both pointed out that this was to do with the timing of financial hedges.

Battling a surge in inflation driven by costlier energy, Australia's central bank raised interest rates for the third time this year, lifting its base rate by a quarter of a percentage point, to 4.35%.

Berkshire Hathaway held its first shareholders annual meeting with Greg Abel as chief executive. Investors grilled him about what he intends to do with the nearly $400bn cash pile amassed under his predecessor, Warren Buffett. Mr Abel said he was in no rush to make acquisitions, as he was "not anxious to deploy capital into subpar opportunities".

America's Securities and Exchange Commission began a 60-day consultation process on its proposal to allow stockmarket-listed companies to publish their earnings every six months instead of every three. Supporters of the reform contend that the requirement to release statements on revenue and profit every quarter leads to short-term thinking among managers. Those who favour the current system say six months is too long a gap between reports, which provide investors with solid evidence about a company's performance.

GameStop, a video-games retailer that is perhaps best known as a meme stock, announced an unsolicited bid for eBay, in which it has built a 5% stake. GameStop put the equity value of its bid at nearly $56bn, which is vastly more than its own market capitalisation. Asked how he would make the sums add up to finance the takeover, Ryan Cohen, GameStop's chief executive, said "we'll see what happens".

Hong Kong's economy grew by 5.9% in the first quarter, year on year, the strongest pace since the second quarter of 2021. The global mania for AI has boosted demand for Hong Kong's related products and electronics, according to the city's financial secretary. Goods exports were up by nearly 24% in the quarter.

AMD's share price soared after the chipmaker reported a 57% rise in sales to data centres in the first quarter compared with the same period a year ago. Overall revenue jumped by 38%. AMD's earnings along with other tech-related news spurred the S&P 500 and NASDAQ Composite to new highs. Samsung's market capitalisation passed $1trn for the first time on the back of strong demand for its memory chips, which helped push South Korea's KOSPI stockmarket index to another record.

Investors were also pleased by Apple's earnings. Revenues from the iPhone rose by 20% in the first three months of 2026, year on year, driven in large part by demand for the iPhone 17 in China. Total revenues came in at $111.2bn, more than half of which came from the iPhone. Apple is expected to launch a foldable phone later this year. Meanwhile, Apple agreed to settle for $250m a class-action lawsuit that alleged it misled users about AI capabilities on the iPhone 15 and 16. The company did not admit any wrongdoing.

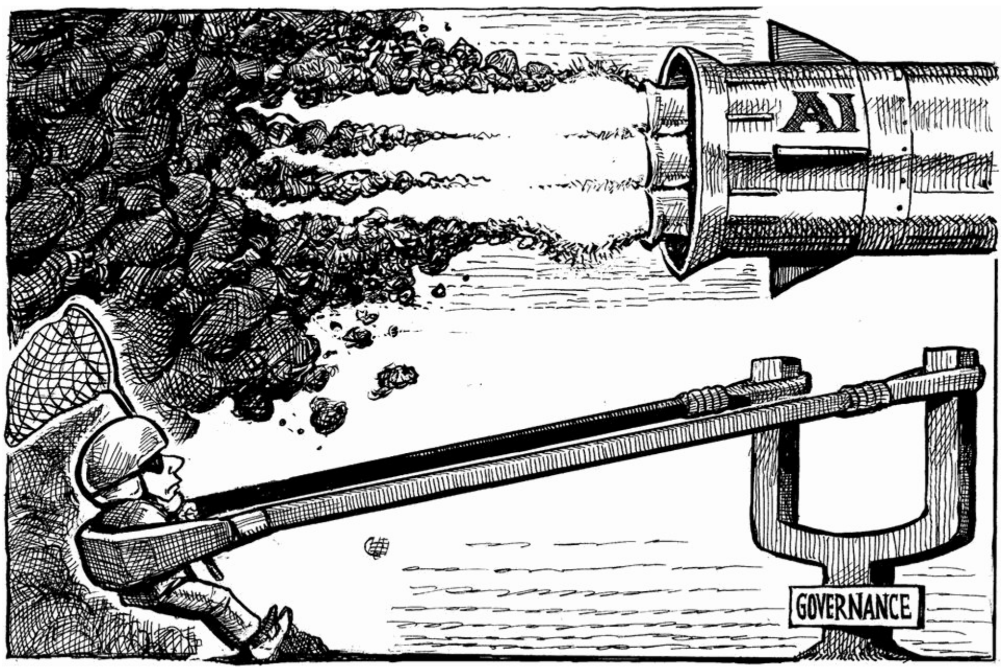
The American government's Centre for AI Standards and Innovation, better known as CAISI, signed agreements with Google DeepMind, Microsoft and xAI that will allow it to study the national-security implications of new AI models before they are released to the public. The agreements build on similar deals struck during the Biden administration.

More than 2m prescriptions were filled in the year to April 17th for Novo Nordisk's Wegovy pill, which went on sale in America in January. The company raised its outlook, as it now expects higher revenues from weight-loss treatments. It hopes to start selling the Wegovy pill outside America later this year. However, Eli Lilly, Novo's main competitor, is threatening to eat its lunch again by releasing a rival weight-loss pill, Foundayo.

The world this week

The weekly cartoon

May 7th 2026



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

The world must stop AI from empowering bioterrorists

How AI tools could enable bioterrorism

Artificial intelligence revives a cold-war-style dilemma

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

Leaders

Leaders | Our cover

The Trump-Xi summit will expose a dysfunctional duo

Mutual vulnerability is no substitute for global leadership

May 7th 2026

IT IS SOMETIMES said, not least by President Donald Trump, that America and China are now the G2, a duo of superpowers leading the world. That is a grim thought. One has a leader who treats allies like patsies and is ripping apart the institutions that underpinned global stability for decades. The other has an authoritarian regime that bullies its neighbours and is quietly stoking foreign conflicts it could help defuse.

Worse, the two countries treat their mutual entanglements on technology and trade as security risks. So the stakes will be huge when Mr Trump visits Xi Jinping, China's paramount leader, in Beijing on May 14th and 15th, the first of four expected meetings before the end of 2026. The coming six months could shape ties for years, with consequences from artificial intelligence (AI) to supply chains and Taiwan to Iran.

Tensions between the two governments run so deep that it would be naive to expect a breakthrough. Had they more skill and humility, Mr Trump and Mr Xi could head off the most harmful conflicts and find areas where they could work together for everyone's benefit. It is unsettling that so much will come down to Mr Trump, who has veered between calling Mr Xi a dear friend and a foe. Mr Xi's views are more settled, which is its own problem: he is convinced America is declining and that the world should bend to a rising China.

The talks in Beijing will focus on trade. For nearly a decade the countries have been locked in an on-again, off-again trade war. At the start of 2025 a full-blown rupture seemed inevitable as they jacked up tariffs on each other to more than 100%. Since then, they have lowered tariffs in what some call a truce, but is really a stalemate of mutual vulnerability. China can throttle global industry by choking off rare earths; America can wield devastating sanctions on high-tech goods and financial flows.

This stalemate is unstable. As America vies to break China's grip on rare earths, China is backing semiconductor production and trying to free itself from the dollar. For now, a good result from the summit would be for the two to promise to be predictable. Mr Trump's misplaced faith in tariffs makes cuts unrealistic, but holding them at current levels would at least let firms get on with business. The Americans want a Board of Trade to manage commerce between the two countries. That would be unwieldy and would do little to re-industrialise America. A mechanism for regular dialogue would be better.

An obvious risk is miscalculation. American trade officials are investigating industrial overcapacity and forced labour in China, which may be an excuse to impose higher tariffs within months. On May 2nd China deployed a "blocking measure" that threatens financial punishment against firms that comply with certain American sanctions. China has also threatened to go after companies that shift supply chains to other countries, precisely what America is urging. Beijing is thus setting up a test of compliance grounded not in law but power. Global executives must choose which government they fear more.

American negotiators have kept the summit's lead-up focused on trade, not security. But the Chinese spot an opportunity in the American president's unpredictability. They may be right. Just as Chinese advisers are afraid to contradict Mr Xi, so officials in the White House defer to Mr Trump on all things China, including Taiwan.

And it is there Mr Trump may think he can lower the temperature by going soft. Chinese officials hint that the more he bends on Taiwan, the more China will give on trade. They hope he might cut arms sales to the island or say he is against Taiwanese independence. He should not take the bait. It would be wrong to sell out a democratic partner and reckless to endanger the world's essential chipmaker. Besides, the current arrangement works, even if Mr Xi would never admit it: Taiwan is prosperous, China ascendant, Asia mostly peaceful.

Moreover, the world faces other pressing security concerns. For America to attack Iran was a strategic blunder, and China has been content to let it reap what it has sown. China has now begun to dabble in diplomacy, meeting Iran's foreign minister this week. It should press the Iranian regime to negotiate; or tempt it to give up its nuclear programme with the offer of security guarantees, but its allergy to foreign messes holds it back. And whatever moral high ground China thinks it holds on Iran is undercut by its role enabling Vladimir Putin to fight in Ukraine, by buying Russia's gas and selling dual-use technology. Mr Trump should press Mr Xi to use his weight in Moscow to help end the Ukraine war. Instead, it will barely figure in their discussions.

True statesmen would also find much else to deal with. American and Chinese companies are at the frontier of AI. Their governments should therefore be leading on its risks, such as biosecurity. Climate, once a rare area of co-operation, will be a blind spot because the Trump administration shuns all policy on global warming. And joint work on pandemic prevention, once routine, has become fraught because China dislikes questions about whether the covid-19 virus leaked from a Wuhan laboratory.

The superpowers need not be friends to talk about all this. At the height of the cold war, America and the Soviet Union hammered out deals over nuclear arms, science in space, borders in Europe and cancer research. America’s commercial ties to China are far tighter than its ties to the Soviets ever were. Alas, the two leaders both think that co-operation is a trap in which rules could be foisted on them by the other side. That logic makes dominance the priority, not global public goods.

So the summit will probably yield little besides forced smiles. Such a lack of ambition is troubling. Advisers on both sides argue that at least they are talking, yet to sustain co-operation beyond the Trump administration, they need results. Instead, the only thing keeping America and China at the table is fear of the economic damage each can inflict on the other. The G2 is not leading the world so much as holding it to ransom. ■

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Leaders | Indian democracy

Narendra Modi's party is on a roll in India

The BJP has beaten a bad ruler in West Bengal. But India must not become a de facto one-party state

May 7th 2026

NO ONE SHOULD mourn the exit of Mamata Banerjee, ejected by voters in West Bengal, India's fourth-most-populous state. For 15 years she presided over failure. Though the economy booms nationally, for the 100m people in her state it stagnates. An average Bengali now has an income just half of someone's in Gujarat, the home of Narendra Modi, the prime minister. Just as bad were Ms Banerjee's thuggish tendencies. She silenced critics and jailed opponents. Her party ran extortion rackets. Allegedly, its goons sometimes got away with rape. Businesses were forced to pay bungs for land and licences. No wonder many left.

In an ungracious last act, Ms Banerjee indicated she is refusing to step down, saying the other side cheated. She must go. Mr Modi's Bharatiya Janata Party (BJP) won, and is set to run West Bengal for the first time. The vote was part of a wave that toppled incumbents in various states. In Kerala the communist rulers were sent packing. In Tamil Nadu an action-movie-star-turned-politician, the mononymous Vijay, swept away an old dynasty. All this is evidence that Indian democracy works, albeit imperfectly. Election results broadly reflect the voters' will.

The results also confirm that Mr Modi's party remains strong, despite electoral wobbles in the dozen years since he won national office. The BJP is better organised than its rivals. And it promotes ideology—mixing Hindu nationalism and promises of growth—far more skilfully. With allies, it now runs over two-thirds of India's states and territories, home to 80% of its population. Even the once-hostile south is warming somewhat to the prime minister.

Nonetheless, there are reasons to worry. To keep democracy healthy, the BJP must keep its ambitions and tactics within bounds. At times it does not. Even if the final result in West Bengal was correct, some of Ms Banerjee's complaints of unfairness are justified. The national government deployed almost a quarter of a million armed police to oversee voting there. A heavyhanded process of revising electoral rolls disfranchised millions of voters, many of whom got no chance to appeal. The Election Commission, which has been supervising this, is in theory an impartial referee. Under Mr Modi's prime ministership, it looks increasingly supine.

Politics risks becoming narrower and uglier. Parties too often aim to split voters along religious lines. In both West Bengal and Assam the BJP won a big share of Hindu voters in part by stirring up fear of Muslims. The party may say that its opponents should try harder—they have largely failed to produce either credible leaders or a compelling response to its Hindu-nationalist agenda. Yet Mr Modi's government has also hobbled them with criminal investigations, twisted party-financing rules in its own favour and co-opted much of the media.

Mr Modi will be tempted to ignore such criticisms. After all, his strident version of politics is working pretty well for him. But it is in tension with his other source of electoral success: a vibrant economy, bolstered by his own willingness to push through welcome reforms. That economic tailwind may now be dying. Rising energy costs will hurt consumers in the months ahead and could turn some of those voters against him. He may try to compensate by doubling down on divisiveness. Yet that would be bad for India—and perhaps for Mr Modi, too. The country's long-term economic success depends on stability and the rule of law, both of which could be undermined by an overmighty and aggressive ruling party. In victory, Mr Modi should show restraint. ■

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Leaders | From cyber-security to biosecurity

The world must stop AI from empowering bioterrorists

The threat from new pathogens is an even graver danger than AI-backed hackers

May 7th 2026

Artificial intelligence (AI) will soon add biology to its list of superhuman abilities. Anthropic's Mythos model—already withheld from general release owing to its hacking skills—recently succeeded on a third of the most difficult data-crunching tasks pulled together by biology experts. Mythos could do things that were beyond all of the tested humans, such as reverse-engineering a cell type from raw DNA data.

As we report, problem-solving like that means AI may soon grant people extremely dangerous powers: to synthesise viruses, generate novel neurotoxins or assemble omnicidal "mirror life". Such dangers are the dark side of AI's wonderful promise to democratise intelligence. It is even conceivable that an AI could give a misanthropic loner the power to end humanity.

Biosecurity risks are thus far worse than cyber-security ones. If one engineered virus may cause billions of deaths, humanity has no room to learn from mistakes. There may be no "defender's dividend", in which AI itself helps forestall the danger. Software can be fixed quickly, but human biology is far less malleable. Making models safe for release will therefore require breakthroughs in the fundamental science of ai.

How much time is there? Today's public AI models are book smart, acing paper tests, yet fortunately still appear to give novices little practical help at the laboratory bench. But Anthropic, the maker of (non-public) Mythos, warns that it may soon be able to guide novices through tricky lab work. Mythos and its peers have not been tested for their practical abilities, which means they may already have such a capability.

Models with these talents will—like nuclear weapons—never be safe in public hands. And today's techniques for making them safe fall short. One option, for example, is to try to make them refuse dangerous requests. "Jailbreaking" these models by tricking them into giving forbidden answers has become harder, but in one recent study 90% of the novice participants were still able to extract answers about virology from models that ought to have clammed up. Gambling the future of humanity on such defences would be a mistake.

Another measure is to exclude dangerous data from models' training runs. SecureBio, a think-tank, suggests removing information about mirror life, obtaining live pathogens, bypassing biodefence guardrails and assessing pandemic potential. The trouble is that a sufficiently capable model may work out the excised knowledge from first principles. Similar attempts to remove child-sexual-abuse material from the training data of image generators did not succeed. A system trained on benign images can depict obscenities it has never seen.

A third idea is to focus on the physical world. Governments' security services could and should pay more attention to the vendors of technologies, such as DNA synthesis, with both legitimate and nefarious uses. "Know your customer" regulations should limit such services to established researchers. But creating viruses is not like building a nuke, which requires scarce and traceable material. In biology using off-the-shelf technology for lethal ends is relatively easy. The state cannot monitor every Petri dish.

Scientific breakthroughs will therefore be needed, to create new kinds of safeguards. One promising approach is the equivalent of brain surgery on models after they are trained. Another technique teaches models to favour wrong answers in some areas; yet another could be to uncover and disable the neurons that activate in work on synthetic biology. That would require advances in foundational AI science so as to crack open the "black box" of existing neural networks.

Until such techniques exist, governments must limit access to systems that might enable bioterrorism. This matters especially for open-source models, which cannot be recalled once they have been disseminated, and whose use cannot be monitored. Responsible researchers should be able to use AI to advance the frontiers of science—DeepMind's Isomorphic Labs is developing novel cancer therapies, for example—but under security protocols. There is no point harnessing AI to improve lives if it also gives terrorists the power to make humans extinct. ■

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Leaders | Antisemitism

To fight antisemitism, first grasp where it comes from

What looks like a 21st-century problem has deep, dark roots

May 7th 2026

The hatred looks different this time. There are no ghettos or pogroms; no European government espouses it. In some ways the recent surge of antisemitism—including the [stabbing of two Jewish men in London] on April 29th—has a distinctly 21st-century character. Stand back, though, and the mindset of prejudice is horribly familiar. So are the risks: for Jews across the world, but not only for Jews.

The bloodshed in Golders Green, a hub of Britain's small Jewish community, followed a spate of firebombings at Jewish sites in London. Last October an attack on a synagogue in Manchester killed two congregants. Heartbreakingly, many British Jews for the first time feel obliged to play down their Jewishness in public: slipping star-of-David pendants inside shirts, removing skullcaps en route to school or work. These fears are not uniquely British. In March synagogues were targeted in Michigan and the Netherlands. In December, after a crescendo of hate crimes, 15 people were murdered at a Hanukkah party on Bondi Beach in Australia.

Rage over Gaza, especially among Islamists, is an important but oversimplified explanation. Antisemitism did indeed spike in Europe and America with the atrocities in Israel on October 7th 2023 and the ensuing war. Yet an explanation is not an excuse. Everyone should be able to distinguish between an elderly man at a London bus stop and a Middle Eastern state. Jews' views on Israel (whatever they are) can never justify their persecution. No opinion should be punishable with violence.

Some in the West take a cold comfort in attributing the problem to immigrants. In truth Islamism, virulent as it can be, is only one of the circles in what Sir Mark Rowley, Britain's top policeman, calls a "ghastly Venn diagram of hate". Much of the left endorses a bogus moral framework in which Jews rank as colonisers and can never be victims. Much of the nativist right thinks Jewish globalists are plotting the West's downfall—the deranged motive for previous shootings in Pennsylvania and California. Hostile states use proxies to strike abroad: Iran's hand has been detected in some recent attacks.

In all these ways, today's antisemitism looks like a modern phenomenon—and you could add social media, which help recruit attackers and let neo-Nazis proselytise. Looming beneath, though, is the age-old myth of a sinister Jewish cabal, bent on power and subjugation. It is there in the depictions of Binyamin Netanyahu and George Soros as puppetmasters. It resounds in the idea that Israel's treatment of Palestinians is the wellspring of the world's ills.

Conspiracism is the common denominator; it is also a link between today's prejudice and the hatreds in Nazi Germany or tsarist Russia. Conspiracist thinking flourishes amid upheavals: the rise and fall of empires, ideological ruptures or, as now, populism and war. With a sort of gravitational inevitability, it often defaults to the hoariest conspiracy theory, with its atavistic associations of Jews with greed and divided loyalties. Caricatured as both rootless and sectarian, reactionary and subversive, they become catch-all avatars for disorienting change.

Understanding the deep roots of antisemitism is key to confronting it. The already fortress-like security at Jewish institutions is being reinforced. Pro-Palestinian marches and the slogans chanted on them are under reconsideration, too. Politicians are seeking to balance the protesters' right to free expression and the right of Jews to safety, which many feel is threatened by the marchers' invective.

The Economist is highly sceptical of speech bans. Arresting grandmothers does nobody any good. Laws cannot banish ingrained assumptions and archetypes: something bigger and more difficult is required. Many people have learned to be more considerate when talking to and about other minorities; and when people talk differently, they can come to think differently. It is past time for Jews to be shown this respect. Education can help. But above all, political and religious leaders—and ordinary citizens—must call out antisemitism whenever they hear it. Too many have shamefully failed to do so.

The anguish of Jewish citizens ought to be motivation enough. But the echoes of history suggest another reason to act. Jews are the victims of these assaults, but theirs is not the only future at stake. Rather they are a crucial test of the freedom to live and worship as you wish. When those rights are not upheld, the mob is ascendant, and the values of pluralism and tolerance that underpin free societies are in danger. ■

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Leaders | Simplify and deregulate

Europe is unshackling business. But not enough

Why market liberals must win the battle for Brussels—and national capitals, too

May 7th 2026

Everyone knows that the European Union's economy is weighed down by regulation. But you may not have spotted that everyone now includes Europeans themselves. They are so rattled that the momentum to fix the problem is the greatest in a generation. On April 28th the eu unveiled plans for its rule-making to be simpler and more consistent. It gave a timeline for accomplishing this, and for removing barriers to trade within the bloc. The trillion-euro question is whether, after many false starts, Europe can at last turn its good intentions into progress.

Europe needs to grow if it is to pay its debts, care for its swelling legions of elderly citizens and defend itself without America's help. Yet its economy is far behind that of Uncle Sam. In the first quarter its output barely grew—and now the Iran war has driven up energy prices.

The battle for growth is being fought on two fronts. The first is in Brussels, where two very different strategies vie for favour. Some eurocrats think the eu should pivot to subsidies, protectionism and Chinese-style state capitalism. Others prefer the liberal route of more open, competitive and integrated markets.

In recent years the EU's economic thinking has acquired a more French flavour: somewhat warier of competitive markets and free trade, more in favour of dirigisme. Encouragingly, however, some more liberal attitudes are holding their own. Proposed changes to the EU's strict merger guidelines once seemed likely to water down the bloc's traditional devotion to consumer welfare so that "European champions" might emerge. Now it looks as if the rules will be tweaked rather than overhauled. Europe's commitment to competiton survives.

Still, it is one thing to avoid backsliding. What about progress? As well as the deregulatory push, which includes ten "omnibus" bills aimed at reducing companies' administrative costs, trade continues to be liberalised. On May 1st a pact between the EU and Mercosur—whose full members are

Argentina, Brazil, Paraguay and Uruguay—provisionally came into effect. New agreements have also been struck with India, Indonesia and Australia, and pacts with Malaysia and the Philippines are in the offing. Unlike President Donald Trump's often superficial and fragile trade deals, these ones are deep and the product of years of work.

The second fight is at the national level and will be harder to win. Much rule-making power sits with national governments, which love to blame Brussels for their own red tape. They often choose to protect domestic firms, especially from foreign competition in services. They also make the eu's rules more burdensome when writing them into domestic law. Politicians are under constant pressure from protectionists who resist everything from connecting up electricity grids to letting firms registered in one country operate in another.

Reforms at the national level are slow. Each government is one of 27. Too few share Brussels' new sense of urgency. Many are loth to take on vested interests, hoping to reap the benefits of reform in other countries without having to pay a political price themselves. With recent changes, such as with Denmark's postal service or Dutch pensions, the action has mostly been in market-friendly places. Countries bogged down with rules, such as Italy and Germany, have done too little.

Boosting European growth requires national governments to join the liberalising effort. It also means implementing many of the other recommendations set out in the dossiers penned by Enrico Letta and Mario Draghi, two former Italian prime ministers. Europe's startups need more capital, which might be provided by adequately funding pension schemes while continuing to integrate capital markets across borders. The continent must attract more of the world's most talented workers, with bloc-wide visa schemes and by recognising foreign qualifications. And it needs cheaper energy, which requires investment in its grid and the careful design of markets as more renewable power comes online.

None of this will be easy. The eu has endless counterproductive regulations. Attempts to get rid of them often fail, not least because reactionaries on the left and right defend them. But Europe is also a huge economy of 450m people, with nearly a fifth of global output. Will the wealth of that prize and the dire consequences of failure make this time different? More than ever, Europeans need to simplify and deregulate. ■

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Letters

Letters | A selection of correspondence

Why does Britain consistently fail to capture economic returns from innovation?

Also this week, the Marquis de Morès, human rights, voter choice, maths and AI, the Victorians, bald men, eggs

May 7th 2026

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It is true that Britain generates world-class innovation but consistently fails to capture the economic returns from it ("In-no-vation nation", April 11th). Your diagnosis of high costs, regulatory hurdles and a shortage of domestic late-stage investment is incomplete. The problem of capital flight is, more precisely, one of capital-markets architecture and governance frameworks.

The question is not: how do we stop British companies from leaving Britain? That wrongly frames the issue as one of national industrial policy. Instead we should be asking why do companies born from British innovation and British university education conclude that British capital markets cannot support their growth?

Two goals have been conflated. The first, that Britain should generate world-class innovation, is substantially being achieved. Britain is the third-largest venture-capital market globally. The second, that British capital markets and governance should be competitive enough to retain the economic returns for British shareholders, pensioners and the wider economy, is not. The solution will require timely capital markets, governance, and regulatory reforms outside the normal comfort zone for everyone involved.

Pascal LevensohnChairGlobal advisory boardCambridge Innovation Hub

Charlemagne (April 25th) rightly highlights Europe's structural dependencies in technology and finance. But the recurring question of why Europe has not built its own Google deserves a more nuanced answer. I asked this very question to a senior Google executive in 2009. His reply was disarmingly simple. Palo Alto works because of three things: funding, Stanford, and a tolerance for failure.

The first point remains Europe's most persistent weakness. For years, fragmented capital markets have constrained the scaling of innovative firms. Without deep and integrated pools of risk capital, European entrepreneurs have too often lacked the means to grow at pace. This is not merely a financial issue but a structural one, which helps explain part of the transatlantic productivity gap.

The long-discussed Capital Markets Union, and now the Savings and Investment Union, offers a credible path forward. If delivered with ambition, it could at last unlock Europe's vast household savings for innovation. The second factor, talent, may, paradoxically, be Europe's greatest opportunity today. In a more uncertain geopolitical environment, Europe remains an attractive destination for highly skilled individuals. But attracting talent is not enough; it must also be retained and empowered through world-class universities, flexible labour markets and a genuine single market for skills.

The third element, tolerance for failure, is more cultural than regulatory. Although policy can encourage entrepreneurship, attitudes towards risk are slower to change. Yet here too there are signs of evolution, as younger generations of European founders and investors become more comfortable with experimentation and iteration.

Europe has not failed for lack of ideas or capability. It has been constrained by scale, fragmentation and, at times, its own caution. The challenge now is not to imitate Silicon Valley, but to remove the barriers that prevent European innovation from reaching global scale.

Pablo ZalbaVice-chair of the Economic and Monetary Affairs Committee in the European Parliament, 2009-16Pamplona, Spain

Your March 28th issue carried articles about Theodore Roosevelt (America at 250, Chapter 3) and the Marquis de Morès, a French proto-fascist ("Fascism's forgotten first act"). Edmund Morris's biography of Roosevelt, published in 1979, recounts a handful of encounters the future president had with Morès. These included an attempt by Morès to get Roosevelt to join a band of vigilantes who wanted to lynch horse thieves, correspondence between the two when Morès was charged with a murder in the Badlands, and a narrowly averted duel between the two.

Alex DewSalt Lake City

Michael O'Flaherty argued that the judiciary should be an independent arbiter and not an instrument of policy when it comes to the European Convention on Human Rights (Letters, April 18th). Yet the role of judges is to apply and interpret laws that have been established by the political process. The concerns regarding the ECHR are indeed that judges have become too independent of the political will, and by ignoring that political will they do not respond to changes in policy that have been debated by politicians representing their electorates.

The notion that human rights are inherent and not subject to politics is not borne out by history or geography. In different epochs and in different places today, there have been and are views of morality very different from those established by the ECHR. Situations change, the political process adjusts laws in response, and the judges must consider those wishes without recourse to some higher authority.

William PedderLondon

I enjoyed your article on [the growing use of AI in pure maths] ("One step at a time", April 11th). Missing from your article was a discussion of the Birch test, proposed by Bryan Birch of Oxford University and others as a benchmark for whether AI has crossed the threshold of theoretical discovery in maths.

It is composed of three parts. The first is that the discovery must be made entirely by AI without human direction. The second is that it must be sufficiently concrete to be interpretable (in practice this rules out discoveries made by applications of deep learning to mathematical datasets where the underlying mechanism of, say, prediction is opaque). The third is that the proven result must be sufficiently non-trivial so as to prompt future work on the topic.For now these criteria remain unsurmountable. The work of Donald Knuth that you mentioned, and other key papers in the field, would fail the first, but I am not certain that will always be so. If we continue to produce work only that can pass the second two hurdles, AI in maths will remain a valuable tool, much as computers have been for many years now, enhancing the work of mathematicians and aligning with the vision of Demis Hassabis. Indeed, Thomas Hales's original proof of the Kepler conjecture also used computers, namely to verify a large number of inequalities.A recent blog post for Anthropic by Matthew Schwartz, a physicist at Harvard, describes his experience writing a "technically rigorous, impactful high-energy theoretical physics paper" entirely by prompting Claude, in what seems to be the closest we have got to passing the Birch test so far. The end result was entirely generated by AI, but Mr Schwartz went through multiple rounds of providing text prompts. He summed up the scientific difficulty of the problem: "it's a highly technical calculation that I was confident I could do myself. The physics is understood in principle; what's missing is a careful, complete treatment."Finally, we should remember when hearing discussions about proving mathematics in natural language versus in a symbolic description, that this process is not new. The equals sign was not introduced until the 16th century.

Dr Linden Disney-HoggSchool of MathematicsUniversity of Leeds

The Telegram (April 11th) wrote about mass migration from authoritarian states. The forces that drive migration from non-democratic countries can also occur wherever a single party faces little opposition. The persistence of one-party dominance in states like California gives rise to a sense that power is uncontested, that institutions serve insiders, and that rules are written for those who write them. Democrats hold every statewide office, command supermajorities in the legislature, shape the judiciary, the regulatory apparatus and the administrative state, with little political opposition.

After nearly three decades of one-party rule California has experienced an unprecedented number of people leaving the state. Surveys show the reasons for leaving include the cost of living, quality of schools, taxes, public safety, and a sense that the state is unresponsive to voters' concerns.

A functioning democracy requires competitive pressures. If that is absent, it can also send people packing.

Dr Francois MeleseEmeritus professor of economicsNaval Postgraduate School Monterey, California

Your review of Mary Beard's new book, "Talking Classics", mentioned recent scholarship on the significance of classical Rome to Victorian imperialists ("Acropolis now", April 18th). However, this has been long established, in fact since the 19th century itself, when the Victorians were actively modelling the British empire on the Roman empire. Questions of politics, governance and imperial legitimacy were debated with frequent reference to Roman history.

The Victorians were also very much aware of the Romans' decline into decadence. Hence the mixed reaction to Lawrence Alma-Tadema's "Roses of Heliogabalus", which depicts revellers at a Roman banquet strewn with rose petals, when it was exhibited in the late 1880s, and what this work intimated about the classics the Victorians themselves so revered. They feared this downfall for themselves; perhaps they were right to do so.

MARTE STINISArt historianThe Hague

As a young fund manager in 1981 I visited Taiwan with Mark Mobius (Obituary, April 25th), when he worked for Vickers da Costa, a stockbroker. We went together to the Taipei Stock Exchange when it was no bigger than a large room. Prices were written in chalk on a wall. It was a mêlée of gesticulation and a din of open outcry. But as we walked onto the exchange floor the traders fell silent, then broke out into wild applause.

Later I asked what that was all about. Mobius was a "completely bald man, very lucky!“, they said.

Stephen BarberLondon

I applaud your crackdown on egg puns. The recent article on egg imports to Britain ("Cluck for victory", April 25th) contained a restrained one pun for every 155 words, compared with an article on free-range eggs from 2016 that squeezed in one pun for every 35 words (The Economist eggsplains, December 8th 2016). The correct ratio probably eludes mankind's grasp, but may be best described as too much and never un oeuf.

Paddy FletcherEdinburgh

By Invitation

By Invitation | A bleak view from Moscow

Vladimir Putin is losing his grip on Russia

His every move to preserve power accelerates decay, writes a former senior official in the Russian government

May 7th 2026

IT ARRIVED NOT as an event but as a sensation, felt everywhere at once: Vladimir Putin has led Russia into a dead-end and nobody has a map for what comes next. The first manifestation is a shift in the language used by senior officials, regional governors and businessmen: they have stopped using the first-person plural when talking about the actions of authorities in the country.

As recently as last spring, everything was “we” and “ours”. Mr Putin’s war on Ukraine may be reckless and failing, but it was shared. “We” were inside it, and it would be better for all of “us” if it ended sooner. Now they describe what is happening as “his” story, not “ours”. Not our project, not our agenda, not our war.

His decisions are described as “strange”. Even stranger is the fact that he decides anything at all. It is not only about falling approval ratings. The future is no longer discussed in terms of what Mr Putin will decide, but as something that will unfold independently of him—and possibly already without him.

This shift in language does not signal a rebellion. The authoritarian system can survive for a long time on fear, inertia and repression. It still has a monopoly on violence, but has lost its monopoly on shaping the future. In the past, the regime, for all its lies, had some project it could tout: “restoring statehood”, reasserting itself as an “energy superpower”. There was even “modernisation” before the U-turn to ultra-conservatism and war.

The irony is that Mr Putin started the war to preserve power and the system he has created. Now, for the first time since the conflict began, Russians are starting to imagine a future without him. This is down to a confluence of four factors.

First is the growing cost of fighting. The war in Ukraine was meant to be a special military operation conducted by selected groups who received financial incentives for their trouble, while the rest of society carried on as normal. This model crumbled as the war grew in length and scale. It has led to higher inflation and taxes, neglected infrastructure, increased censorship, endless prohibitions. It is not a national war, but it is paid for nationally—and society is not being offered any purpose in return.

Second is a growing demand for rules among elites who have been forced back into Russia, along with their capital. Previously their property rights were outsourced to the West. They used London courts, offshore structures and international arbitration to resolve conflicts or seek protection. Now conflicts must be resolved domestically, without functioning institutions. Demand for rules grows more urgent as redistribution of assets gathers pace.

In the past three years assets worth around 5trn roubles ($60bn) have been seized from private businessmen and either nationalised or handed to loyalists and cronies, the largest redistribution of property since the mass privatisation of the 1990s. It is not that the elites have suddenly discovered a taste for the rule of law or democracy. But even those loyal to the regime crave rules and institutions that can resolve conflicts fairly.

Third is the change in geopolitical climate that Mr Putin himself helped bring about. Russia sees itself as reshaping the global order. In reality it is a mere catalyst: Russia's war on Ukraine has accelerated the crisis of Western democracy, the rise of populism and globalisation fatigue. Russia now finds itself in a world where rules are weak and where economic and technological strength and brute force dominate. In the rules-based world, Russia could exploit asymmetries: Europe's dependence on its gas, its seat on the UN Security Council, the Soviet nuclear legacy. But Europe now buys its gas elsewhere, Russia's Security Council seat has been devalued with the UN itself, and its nuclear blackmail has undermined the non-proliferation regime, depriving Russia of its status as an arbiter. When the order itself begins to crumble, the benefits of Putinist revisionism quickly disappear.

At the same time, Russia is suffering an identity crisis. For the first time in generations it lacks an external model to define itself against. Historically it defined itself in relation to Europe and the wider West. They were there to catch up with, to fall behind, to confront. That old axis is gone. The West as a single cultural, military and political entity is in crisis. There is no "there" against which one can define "here". This is not an ideological issue. It is structural. Any development in Russia has to have an internal source of meaning—and the government is unable to provide it.

Fourth is growing ideological control without any balancing dividend. The previous social contract, whereby the state stayed out of people's private lives while citizens stayed out of politics, has collapsed. In the past the system bought people's loyalty with convenience, services and consumption. Now all it can offer is repression, intrusion and censorship—of which this year's internet restrictions are the most striking manifestation.

The issue is not so much repression itself as repression without purpose. An ideology by definition presupposes an image of the future. This one demands discipline without offering one. People are required to be loyal without being told what future that loyalty serves. The political reality does not look desirable even for most of the technocrats involved in its construction. Optimism has been burned out from within.

All four factors create a situation which in chess is known as a Zugzwang: when every move worsens the position. The system can persist for as long as Mr Putin remains in power. But his every move to preserve and expand it accelerates decay. His instinctive response may be to intensify repression. He may start another war. But these actions would only make things worse. He cannot restore the connection between power and the future. He can only make the rupture bloodier and more dangerous. ■

By Invitation | BIT of progress

The pact that could help America and China repair relations

A bilateral investment treaty is a way to find middle ground on sensitive sectors, write Max Baucus and Stephen Roach

May 7th 2026

THE LONG-AWAITED summit between Donald Trump and Xi Jinping finally appears to be at hand. After having been cancelled once and now reset for May 14th-15th in Beijing, the meeting presents the two leaders with a great opportunity to repair the damage from a protracted Sino-American conflict. Their last meeting, in South Korea in October 2025, produced a slight easing of tensions but no breakthrough. We believe that the upcoming summit opens the door for a powerful initiative: a joint endorsement by both leaders of a Bilateral Investment Treaty.

A BIT, as it is commonly known, is an agreement between two countries establishing the terms and conditions for cross-border private investment. These pacts have proliferated over the past half-century, and more than 2,200 are now in force; America has 40 and China 110, more than any other country.

The idea behind BITs is to spur growth by lowering investment barriers. Unlike Mr Trump's misplaced fixation on bilateral trade imbalances, where one country's success is viewed as a zero-sum threat to the other, a US-China BIT has the potential to stimulate capital formation, employment, income and consumption in both countries.

In late 2016, after nearly a decade of negotiations, agreement on a BIT between America and China was more than 90% complete, according to then US Trade Representative Michael Froman. Following the first election of Mr Trump in November 2016, however, negotiations were halted, never to resume, even during the Biden administration.

For America—whose BIT programme dates back to the Reagan presidency of the 1980s—these treaties have played an important role in establishing negotiating leverage with trade and investment partners. America's 40 operational BITs contain a wide range of bespoke features, including "side issues" that fit the unique characteristics of each partnership and serve American interests: special rules for intellectual-property investment (Poland), foreign-exchange reserves (Egypt), local-content requirements (Turkey), government procurement practices (Uruguay), and so on.

A similarly tailored approach could be taken with China. American negotiators have long pushed for market-opening initiatives such as transparent licensing, intellectual-property protection and improved labour standards. The alleged unfair use of government subsidies by China's state-owned enterprises could also be addressed in a new BIT.

Crucially, this works both ways. China has its concerns about US government subsidies, exacerbated by America's newfound penchant for industrial policy. For both countries, clarifying dual-use (military-civilian) technology applications would be another priority in BIT negotiations.

A BIT is a sensible way for countries to come to workable arrangements on "sensitive" sectors they are reluctant to expose to cross-border investment. China maintains a "negative list" that includes, among others, defence, rare earths, genetics, nuclear power and education. Though America does not maintain a formal negative list, it does have a national-security review process, known as CFIUS. Also, it has expanded its "entity list" to restrict Chinese companies associated with surveillance, human-rights abuses and weapons of mass destruction, as well as limiting Chinese access to advanced semiconductors, other AI-related activities, biotech and sensitive communications technology.

These exclusionary lists offer a way for countries to reach broad agreement on a BIT without getting tripped up on individual industries they choose to protect. They were a stumbling block in the final negotiations on a Sino-American deal in 2015-16. But they can also be an opportunity, if both sides treat them as starting points to negotiate future reductions in their respective lists. That could turn the BIT into a dynamic agreement, modifiable over time.

Just as important, America and China could use a BIT to address the thorny issue of forced technology transfer. American and other multinational companies have typically been required to invest in China through joint ventures with local firms, which have usually got more out of the arrangement through transferred technology and know-how than their international partners have received through market access and extra revenues. Eliminating ownership caps on direct investments by American and Chinese multinationals would do away with the need for joint ventures, which have stymied cross-border acquisitions in both countries. Solely owned Chinese and American tech firms could be big beneficiaries of such a change, not least in advanced semiconductors, the new battleground in AI. Any technology transfers they might undertake would still need to comply with BIT protocols that have been negotiated to manage the shared priorities of AI security, privacy and competition.

In America the politics of pushing through a BIT are tricky. Approval of any treaty requires two-thirds support in the Senate—unlikely, especially with China, in the current hyper-partisan climate. But there may be a way around this: rebranding the effort as a "congressional-executive agreement", like those that framed NAFTA and its successor, USMCA. Such accords can be passed with a simple majority in both houses of Congress.

Going back to the negotiating table on the stalled Sino-American BIT would be a solid first step in rebuilding mutual trust. Both leaders could tout it as being pro-growth. Investment treaties are typically of interest only to business executives and policy wonks. But this one, rekindled, could transform the upcoming summit in Beijing from a placeholder event into one that the world's two most powerful men can legitimately celebrate as a major milestone. ■

Max Baucus was a United States senator from 1978 to 2014 and America's ambassador to China from 2014 to 2017. Stephen Roach was Morgan Stanley's chief economist from 1982 to 2012 and is currently on the faculty at Yale University.

Briefing

Briefing | Summit in Beijing

Trump and Xi will struggle to strike a major economic deal

Just avoiding a renewed clash will count as success

May 7th 2026

LONG-SUFFERING OBSERVERS of Chinese-American relations have a plea: banish the term “grand bargain”. For a time, doe-eyed optimists and investors thought Donald Trump and Xi Jinping might overcome their countries’ rivalry to strike a major, even epochal, deal. They imagined a package involving some mix of balanced trade, real openings in the Chinese market and American military retrenchment in East Asia. When the two leaders meet in Beijing on May 14th and 15th, they will accomplish far less. All going well, they will prolong their countries’ tetchy trade truce—and that is about it.

Mr Trump's mere presence in Beijing is a small victory. His summit with Mr Xi, initially planned for early April, was delayed because of the Iran war. But the White House and Mr Xi's team were determined the summit happen, not least because it is meant to be the first of four meetings between the two men this year. Such a tight schedule cannot withstand further delay.

The refrain from almost everyone involved is that at least they are talking. One year ago they were on the brink of a mammoth trade war. America had set tariffs on Chinese goods at 145% and China's rare-earth export controls threatened global industry. A worldwide recession loomed. That danger paved the way to a truce, agreed on in October 2025. Both scaled back tariffs, China resumed shipments of rare earths and America refrained from slapping more export controls on China.

The question now is whether the two can build on that truce. A few months ago, there was chatter of something ambitious, perhaps a deal for big Chinese investments in America. Yet such talk always seemed unrealistic: there is too much mutual suspicion to justify the multi-decade commitment such projects would require.

China has mostly given up hope of Mr Trump resetting relations. "The problems between America and China are fundamental and structural, and I don't think Trump is a good person to deal with these," says an adviser to the Chinese government. The Americans have also settled for focusing narrowly on purchase commitments rather than structural reform, once the ultimate goal. "We know we can't change their economic model," says an American official. "Our conversations now are grounded in a quarter-century of frustration."

Headlines about the summit are likely to focus on a seemingly big result: the creation of a Board of Trade. China's surplus with America has fallen from a peak of more than $400bn in 2018 to about $200bn last year, evidence for Mr Trump's boosters that his tactics are working (in reality, many Chinese exports are routed through third countries). Some in the Trump administration think the board will steer the surplus towards zero. Trade officials will, in this vision, decide which non-sensitive goods can pass between the two countries and erect tariffs around the rest. Enacting such managed flows is a "white whale" for US trade representative Jamieson Greer, says someone briefed on the talks.

Yet the Board of Trade is a weak concept. China's trade imbalance with America arises because China produces many more things that America wants than America does that China wants. He Lifeng, China's vice-premier, has expressed concern that too many sectors will be declared sensitive, suggesting that even Chinese tea might be deemed a security risk. Business executives joke that China's appetite for American goods boils down to three b's: beef, beans (of the soya variety) and Boeings. The summit in Beijing may feature big orders for all of these. That will not be enough to balance bilateral trade.

Rather than Mr Greer's preference for an empowered Board of Trade, China wants one that functions as a "working mechanism" for dealing with trade frictions, says Wu Xinbo of Fudan University. As for the grandiloquent name "board", that is something the Chinese can live with, aware it is the kind of branding that Mr Trump loves. But an American official warns that if China turns the board into a talking shop—a way to prevaricate on purchase commitments, say—they might find that Washington's fuse is short indeed.

At this point everyone accepts that tariffs are here to stay. What the Chinese side wants most of all is predictability. The two countries had a couple of 90-day pauses last year before agreeing to a one-year deal that set American tariffs on Chinese goods at about 47% and put Chinese tariffs on American goods at about 30%, according to estimates by the Peterson Institute for International Economics. Although not ideal for China, its exporters have more than adjusted to them, as shown by the country's record global trade surplus last year of roughly $1.2trn (see chart).

But a Supreme Court decision striking down most of Mr Trump's global tariffs has injected new uncertainty. Now the administration is trying to rebuild its tariffs by other means. In particular, American trade officials are conducting two investigations that, though covering many countries, are implicitly focused on China: one threatens tariffs on countries with industrial overcapacity, while the other threatens tariffs on those using forced labour. If these investigations result, yet again, in much higher tariffs on China, it could well restart tit-for-tat escalation. So another positive outcome from the summit in Beijing would be a pledge to hold tariffs steady.

Other irritants keep bubbling up. Mr Trump has tried to restrain his bureaucracy: he has frozen sanctions on thousands of firms linked to blacklisted Chinese companies, allowed sales of relatively advanced semiconductors to approved Chinese customers and required that any major action against China cross his desk. Yet he is struggling to hold back the dam. In April the White House published a memo accusing Chinese entities of conducting "industrial-scale" theft of American AI technology. America also placed sanctions on five Chinese refiners for buying Iranian oil, a warning shot to Chinese firms co-operating with Iran. "It's hard to keep the US system bottled up for so long with no action," says Sarah Beran of Macro Advisory Partners and a former American diplomat.

At the same time, China has pressed on with plans that complicate life for American firms. In recent weeks the State Council, or China's cabinet, has issued two menacing decrees. One threatens trade curbs in response to actions that undermine Chinese supply chains (potentially including shifting orders to foreign factories). The other vows countermeasures against firms that apply foreign sanctions against Chinese companies, which in effect criminalises compliance with American law.

China's planned global licensing system for rare-earth exports also looms. It suspended the scheme after Mr Xi's meeting with Mr Trump last year, but that pause expires in November. Even if it is extended again, the threat is not going away.

Can the truce last? Many on both sides think it can, simply because the alternative—full-bore economic conflict—is so unappealing. Yet the truce is based not on love but on fear. And both sides are working to lessen the other's leverage. China is trying to forge ahead in advanced semiconductors and to diversify its exports so that it can thrive without the American market. America is trying to break China's strong grip on rare earths. "There is a lot of magical thinking in Washington that we'll get far enough on rare earths later this year to push back hard on China again. We're just not there," says Sean Stein, president of the US-China Business Council.

For now there will be a show of good feeling. In late summer Mr Xi is expected to make a return bilateral visit to America, and they will probably see each other again twice more this year on the sidelines of international meetings. They will have some progress to celebrate. The leaders may begin discussions on AI safety, which would mark a rare instance of co-operation on a serious shared risk. China will probably announce big purchases of beef, beans and Boeings. And businesses may unveil drug-development partnerships. Bosses of American aviation, energy and pharmaceutical firms are reportedly on standby in Asia, in case the White House summons them to Beijing for signing ceremonies.

But expectations will be low. "A big win would be just the two presidents having a nice meeting and agreeing that we trade a lot with each other," says Michael Hart of the American Chamber of Commerce in China. The Chinese crave the same. "Stability doesn't mean improving the relationship but preventing it from being even worse," says Tu Xinquan of the University of International Business and Economics. That is a far cry from the grand bargain of yesteryear. Avoiding a grand breakdown is now the best thing on offer.■

Briefing | Pacific insecurity

China is pushing Donald Trump for concessions on Taiwan

Some in Taipei and Washington fear he may give ground

May 7th 2026

A year or so after communist China established diplomatic ties with America in 1979, Chinese officials started asking for a new agreement. They wanted then-President Ronald Reagan to commit to ending arms sales to Taiwan, the self-governed island that China claims. His secretary of state, Alexander Haig, backed the idea, arguing that China would soon be the world's "most important country". Reagan sacked Haig but agreed to a fudge. A new communiqué with China in 1982 promised "gradually to reduce" arms sales to Taiwan, provided Chinese intentions were peaceful. He then sent secret assurances to Taiwan, reaffirming American support.

In the years since, peace in the western Pacific has often depended on such ambiguities in the liturgy of relations between China, America and Taiwan. Chinese officials have made many more attempts to dilute America's commitment to help Taiwan defend itself. And successive American presidents have rebuffed them. But as Donald Trump prepares to visit Beijing, China is making a new push to win concessions on Taiwan. And fears are growing in Taipei and Washington that Mr Trump might at some point give ground as part of a broader deal with Xi Jinping, China's president.

At the same time, the war in the Middle East is eroding America's capacity both to arm Taiwan and to intervene successfully in a conflict with China over the island. American military assets transferred from Asia to the Gulf include an aircraft-carrier strike group, a Marine expeditionary unit, missile-defence equipment and other munitions. The knock-on effects on maintenance and readiness may last for years. Moreover, America and its Middle Eastern allies have depleted their stockpiles of weapons, especially Patriot interceptor missiles. Taiwan, which has bought many of the same American arms, was facing a $32bn delivery backlog before the war. Clearing that may now take even longer.

American and Taiwanese officials insist that relations remain strong and arms deliveries on track. They also play down the risk of a Chinese attack in 2027, the deadline that American spies say Mr Xi has set for his armed forces to be able to execute an invasion of Taiwan. Although China continues to probe Taiwan's defences almost daily, the threat of an actual attack may have diminished in the near term because of a recent purge by Mr Xi of his military high command. He may have been deterred, too, by Mr Trump's recent displays of AI-enhanced American firepower.

Still, anxiety about the future is starting to hit Taiwanese politics in ways that could fundamentally alter the power dynamics of the region. Cheng Li-wun, the new leader of the Kuomintang, Taiwan's biggest opposition party, is seeking closer ties to China ahead of local elections in November and a presidential poll in 2028. In April she became the first KMT leader in a decade to meet Mr Xi. The KMT and its allies, which control Taiwan's parliament, are also blocking a $40bn rise in defence spending, mainly for

American arms. Further delay could bump Taiwan to the back of the queue for some critical weapons.

That all makes this a precarious moment for the island that produces some 90% of the world's most advanced semiconductors. When the two leaders last met, in South Korea in October, they barely discussed Taiwan. But in December China grew upset when Mr Trump approved an arms package for the island worth a record $11bn. Since then, Chinese officials have made clear that they want the issue at the top of the agenda in Beijing. In a phone call with Mr Trump in January, Mr Xi said Taiwan was "the most important issue" and that America should handle arms sales to the island "with extreme caution".

Mr Trump then took the unusual step of stating publicly that he had discussed future arms sales to Taiwan directly with Mr Xi. Shortly afterwards it emerged that the White House was delaying a fresh arms package for Taiwan worth about $13bn. America has temporarily delayed such arms sales before summits in the past. But Mr Trump's remarks suggested that he was actually negotiating with Mr Xi over future arms sales. That would be a violation of Reagan's commitments back in 1982.

Chinese representatives have also been lobbying for Mr Trump to change America's official public rhetoric on Taiwan. One proposal is for him to say that America "opposes" Taiwanese independence. Its current position is that it "does not support" the island's independence, implying that America would not object if it happened organically. (Ms Cheng, the KMT leader, has suggested she would not object to such a change.) Recently, Chinese officials and proxies have proposed that Mr Trump say he supports or does not oppose "peaceful re-unification" with China. America's current policy is that it supports a peaceful resolution, without mentioning a specific outcome such as unification.

Da Wei, who studies China's relations with America at Beijing's Tsinghua University, says he thinks Mr Trump "got the message" about arms sales during the recent leaders' phone call. He expects him to approve smaller packages in future and to wait several months before the next one. Otherwise, Mr Xi could cancel a planned visit to America this year, he warns. And he believes there is a realistic chance of Mr Trump saying he does not oppose "peaceful re-unification". Although only a small change from China's perspective, that could lead to more significant ones on Taiwan's status and future, he says.

That is what worries Taiwan's government. Such wrangling over a few words may seem precious. But the careful use, and the tweaking, of diplomatic language around Taiwan has long been a sensitive point on both sides of the Taiwan Strait. The island's current president, Lai Ching-te, asserts that Taiwan is already an independent sovereign nation and its future can be decided only by its own people.

His government has stepped up efforts to lobby Mr Trump through its supporters in the American government and Congress. But it fears that such influence is dwindling and that Mr Trump cares little for the island. In its view, any rhetorical concession would imply that Taiwan is up for negotiation, further undermining public morale there, while helping Mr Xi's strategy of bringing the KMT back to power. And any delay or scaling back of American arms sales after the summit would embolden China and set back Taiwan's efforts to modernise its armed forces.

No one involved expects a sea change from this round of talks. Chinese officials have dropped earlier efforts to negotiate a fourth bilateral communiqué. Instead, they appear to be trying to get Mr Trump to make concessions on Taiwan without a written agreement. And if China doesn't achieve that this time, it is likely to keep making Taiwan the dominant issue ahead of the three other planned meetings between Mr Trump and Mr Xi in 2026.

That, in effect, could amount to a "shadow deal" on Taiwan by giving Mr Trump an added incentive to avoid saying or doing things that Mr Xi considers provocative, says Henrietta Levin, who worked on China for the Biden administration. For America, strategic ambiguity over Taiwan has long deterred China. Feckless ambiguity does not hold the same promise.■

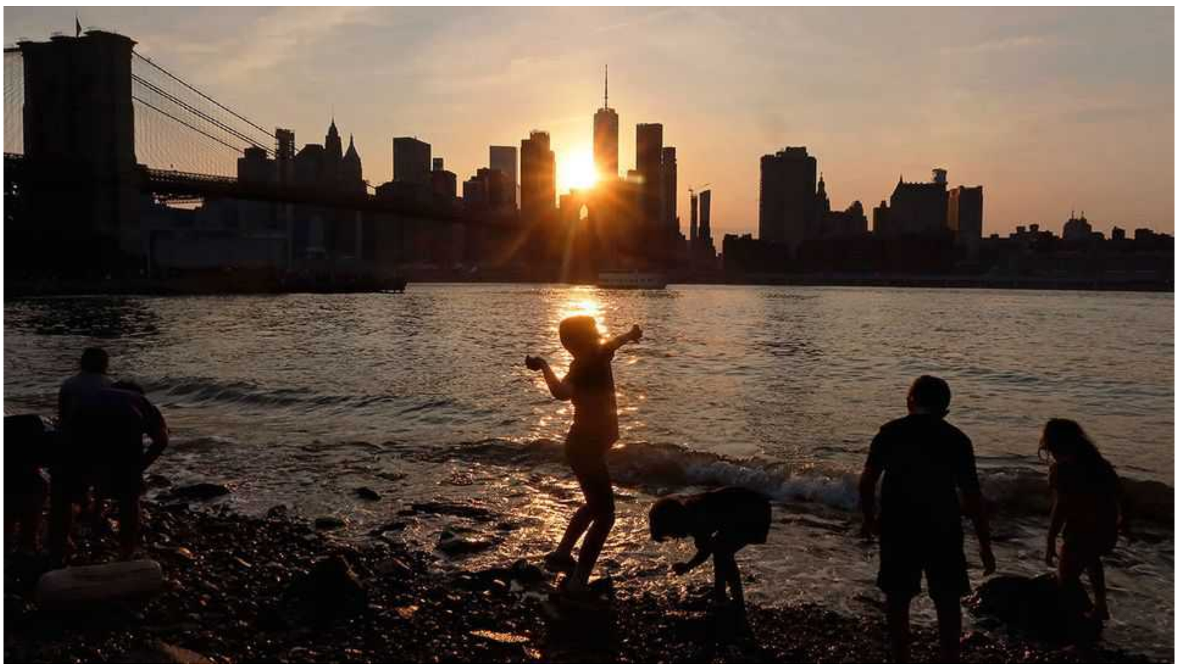
United States

United States | The kids in America

City parenting has become a financial flex

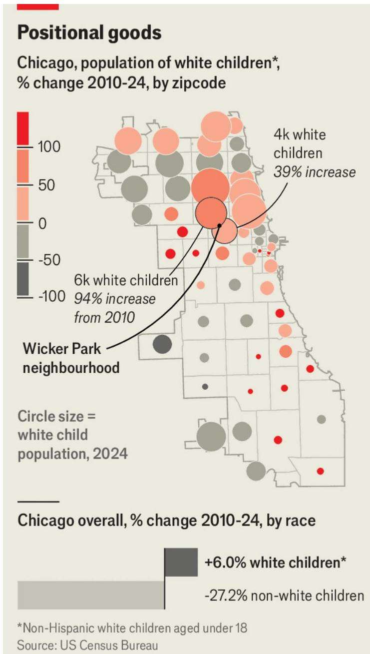
The wealthiest neighbourhoods are defying suburbanisation

May 7th 2026

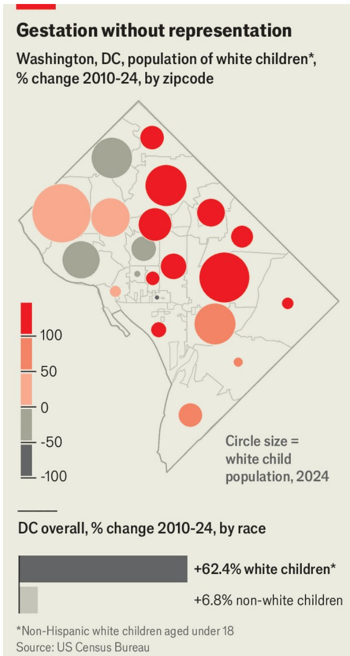


NOT LONG ago Wicker Park, a neighbourhood on the north-west side of Chicago, was among America's hippest neighbourhoods. On summer weekends young people with weird haircuts mobbed nightclubs. Vintage stores did a roaring trade in faded T-shirts from the 1980s. A few Puerto Rican restaurants, remnants of a poorer neighbourhood, sat uneasily alongside the new cafés serving cronuts and unlimited mimosas.

Walk through Wicker Park these days and it feels a little different. It is still gentrified, more so if anything. The vintage stores have not gone away. But the new crowd is rather younger. Nursery workers lead gaggles of toddlers in bright yellow vests around the streets. On the 606, a park built along a former railway track, almost everyone seems to be pushing an expensive pram or carrying a child on a bicycle. At weekends a clutch of craft-brewery tap rooms fills up with fathers. A new private school recently opened and a billboard advertises a clever new type of child car seat.

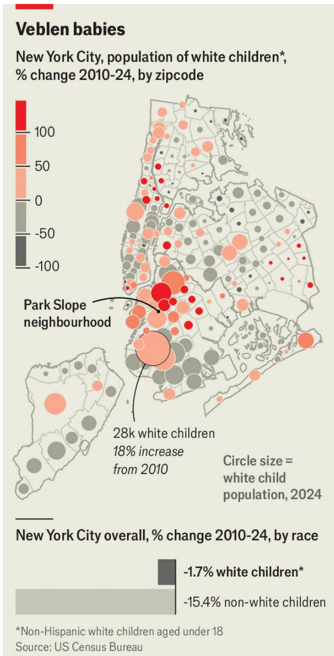


Cities across America are losing children fast. Across Chicago, between 2010 and 2024, according to census-bureau data, the total population aged under 18 declined by 22%. In Los Angeles the figure was 23% and in New York, 12%. And yet in the country's richest, densest cities, there is one group noticeably defying the trend: wealthier white families. In Chicago the population of non-Hispanic white children grew by 6% from 2010 to 2024, faster than the white population grew overall. In Washington, DC, it rose by a truly remarkable 62%. Their parents are professionals who grew up in boring suburbs and do not want their kids to.



The change is most concentrated in central neighbourhoods in what Ness Sandoval, a sociologist at St Louis University, calls "winner takes all" cities, like New York, Chicago or San Francisco. Good examples include Park Slope in Brooklyn, Mar Vista in Los Angeles and Bernal Heights in San Francisco. Across Brooklyn the population of white children grew by 13% from 2010 to 2024. They now make up more than two-fifths of the total, up from a third in 2010. In Wicker Park's two zipcodes, the number of white children increased by 39% and 94%.

Race is not a perfect proxy for income. But you only have to walk around, swerving Uppababy prams ($899 plus tax) carrying infants in Patagonia coats ($99 plus tax), to know these are wealthy families. In Brooklyn in 2010 families earning less than $10,000 outnumbered those earning over $200,000. By 2024 those on $200,000 outnumbered them by almost two to one. In San Francisco private-school enrolment rose by 47% from 2010 to 2024.



What is behind this? Families are mostly not moving in; rather people are moving to suburbs less once they become parents. Eric Johnson, a software engineer who grew up in Elgin, an outer suburb of Chicago, now has a ten-month-old baby in hipstery Logan Square. "We love the farmers market…I like not having to drive," he says. Sara Weston-Shea, a social worker, grew up in suburban New Jersey and now has two children in Bay Ridge, Brooklyn. "We can just easily access the wonderful resources that a city has, the arts, music, whenever," she says. She likes that her kids are growing up in a multicultural neighbourhood, and that she can cart them around on a cargo bike.

Such families are typically having children older, says Hamilton Lombard, a demographer at the University of Virginia. That means that they tend to have higher incomes when they do get around to it, and in turn can afford to stay in cities. For a subset of the wealthiest, being able to afford to raise children in a city—especially lots of children—has become a financial flex, says Mr Sandoval. "To say, 'I have the money to have eight children and live in the city'…It's showing off your wealth."

On a macro scale, this change in urban demography may not seem transformational. The growth of the relatively rich is hardly enough to counteract collapsing working-class populations, or to reverse the shrinking of school enrolment. With immigration down, urban populations will still start falling soon. Yet the growing up of what Richard Florida, an influential urban-studies theorist, once called "the creative class" nonetheless matters.

Take politics. The urbanist parent is left wing. Last year Zohran Mamdani won the neighbourhoods colonised by wealthier families comfortably, while losing outer parts of the city. Brandon Johnson, Chicago's mayor, won office thanks to white liberal voters who backed him in the first round of the two-round election. New York City used to elect Republican mayors. That seems vanishingly unlikely now.

They also affect cities directly. In principle this class of people loves the idea of public schools. In practice they love highly selective public schools full of kids like their own. That leads to cut-throat competition for places at the most desired schools. Similarly, more wealthy residents tends to mean pricier homes. Many contend that is why non-white families are leaving cities, though the data do not definitively prove this: the number of non-white children is shrinking in ungentrified neighbourhoods too. High house prices may, however, be hitting the next generation of young professionals, who cannot move into the homes no longer being vacated by people moving to the suburbs.

Will the rise of upscale urban parenting continue? The appeal of cities shrank during the pandemic, as professionals went in search of green space and home offices. As the virus receded violent crime soared. But crime is now down again, and working from home is going out of fashion. The better bet is that the yuppification continues. Not long ago "inner city" was a synonym for desperate and poor. In 2016 Donald Trump claimed that people in "inner cities…are living in hell because it's so dangerous". That is less and less true. Outside, a new day is dawning. ■

United States | Awake not awoke

The Democratic approach to AI is not all about bans

Rahm Emanuel charts a centrist path for AI

May 7th 2026

IN ALMOST EVERY interview he does, Rahm Emanuel, a fixture at the top of Democratic politics for four decades, plays coy when asked about whether he plans to run for the presidency in 2028. What he is rarely asked is where he stands on what is likely to be one of the gnarliest issues of that race, artificial intelligence (AI). Call him a pillar of the party's centrist old guard, his ideas on AI are up to the minute. "AI keeps me up at night," he says.

In an interview for our Insider show, Mr Emanuel calls for a high-speed regulatory approach to AI. That contrasts with what the progressive wing of his party, led by Bernie Sanders, a senator from Vermont, wants—which is to jam on the brakes. Yet, like those to his left, Mr Emanuel is open to some sort of guaranteed income for those whose livelihoods are affected by the technology. Though he supports providing “a floor that people don’t fall below”, he worries that a guaranteed income could sap “meaning” from people’s lives. He doesn’t elaborate on ways to restore purpose.

The former ambassador, mayor and White House Mr Fix-it is struck by the widespread fears of inequality caused by AI. “The American people believe that there’s going to be five tech bros who will walk out like bandits,” he says, leaving everyone else in the lurch. “On one side, you can’t concede [AI] to China. On the other side, you can’t have the Wild West.” He is also worried that the scale of disruption AI causes will be more than that of other technological upheavals, such as railways, electricity and the internet.

Mr Sanders and Alexandria Ocasio-Cortez, a Democratic congresswoman, say AI is moving so fast Congress cannot keep up. They have proposed legislation to slap a temporary ban on the building of data centres used to train and run models. Mr Emanuel takes a different approach. Given the speed with which AI is evolving, he suggests creating a bipartisan regulatory task force that makes decisions in real time about its safety. He mentions Mythos, a new model from Anthropic, an AI lab, whose software capabilities pose staggering cyber-security risks. His ideas bear some resemblance to those of the Trump administration, which in response to Mythos has started to shift from a laissez-faire treatment of AI to considering ways to oversee the latest model releases.

The childhood ballet dancer pirouettes when discussing AI bosses. OpenAI’s Sam Altman and xAI’s Elon Musk are “pissing on each other”, but he respects some of their ideas. He hails what he calls Mr Altman’s “New Deal,” a proposal from OpenAI whose most radical idea is a sovereign-wealth-style investment fund. Seeded by the AI industry, it would give everyone a stake in faster economic growth by distributing returns from investments made in producers and users of the technology. He also lauds Anthropic’s CEO, Dario Amodei, for standing up to the Pentagon in a fight over the use of its AI models for autonomous weaponry and mass surveillance.

Mr Emanuel, who served both Bill Clinton and Barack Obama in the White House, has a broader domestic agenda that is classic centrist stuff. He has plans for school reform, opposes tariffs, is nuanced on free trade and wants tax reform to make the system less generous to inherited wealth. He is dismissive of the redistributive agenda of the left of his party.

As for running for president, he remains non-committal. “We’ll see,” he says. But his enthusiasm appears to be rising. “One thing I do know is that candour, authenticity and strength are going to have a really high value. Nobody is going to [look at me] and say ‘there goes weak and woke’.” ■

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United States | Calais consequences

The Supreme Court has unleashed the gerrymanderers

Louisiana v Callais is baleful for democracy

May 7th 2026

Small southern states are rarely the focus of American politics. But this week Tennessee took centre stage. On April 29th the Supreme Court delivered its third big blow to the Voting Rights Act. By a 6-3 vote in Louisiana v. Callais, the justices declared that electoral maps can no longer be challenged on the grounds of race—say, by arguing that district lines unfairly dilute black votes—as long as the mapmakers claim to have drawn them strictly for partisan gain. The decision unleashed a scramble: on May 6th Tennessee politicians released a map that carves up Memphis, the state's second city, into three other ruby-red congressional districts. "This is a moral outrage as well as a political one," says Rachel Campbell, the head of

Tennessee's Democrats. "Martin Luther King died there in pursuit of civil rights."

The ruling lands in the middle of a sordid bout of mid-decade redistricting. The race for politicians to pick their voters began when Texas gave in to Donald Trump's push to redraw the state's congressional map to add five more Republican seats. Democrats retaliated in California, where voters blessed new district lines to neutralise the Texas grab. The frenzy then spread to Missouri, North Carolina, Ohio and Virginia. Since Callais dropped, Republicans have called for doing away with all Democratic districts in the South. Lawmakers in Louisiana are meeting to pass a map that cuts New Orleans up like Memphis. Courts are weighing a plan signed by Ron DeSantis that would give Republicans 24 of 28 seats in Florida, where 30% of voters are Democrats.

The Economist's election model predicts that Democrats will gain more than 20 seats in the House, which means these Callais-inspired gerrymanders will probably not be enough for Republicans to hold the chamber in November. But the outcome of closer elections in the future could well depend on which party is willing to rig the maps more ruthlessly.

To catch up, Democrats would need to match Republicans blow for blow. Until recently, they have trodden carefully. In many of the states they control lawmakers are bound by self-imposed constraints—legal, constitutional and ethical. Democratic trifectas in Colorado, Washington and New York are boxed in by independent commissions that prevent politicians from redrawing maps; New Jersey's constitution allows redistricting only once a decade. Changing those rules usually requires voter approval, which took months of campaigning to get in California and heaps of money in Virginia. For a party that has denounced gerrymandering as "cheating" and "undemocratic", Democrats will have to persuade voters that when Republicans go low, they should too.

Democrats may also face awkward trade-offs. The easiest way for the party to draw more winnable seats is to move reliably Democratic black voters into whiter districts. Last year, when Illinois tried to wring another Democratic district out of East St Louis at the national party's urging, the legislature's black caucus pushed back, fearing that black incumbents would lose their seats. "It's such a quandary," says Akilah Ensley, a strategist. "Black voters are the base of the party and we just got freedom in my parents' lifetime".

The real loser of Callais is neither political party, but democracy itself. The danger of this judicially-inspired redistricting bonanza is not just that black Americans have less of a say. The more safe seats are drawn up, the less changes in the national mood will swing results—leaving Americans who vote differently from their state's majority voiceless. It is in the country's interest for both parties to negotiate a truce. But there is not nearly enough goodwill in Washington to dream of it. ■

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United States | Honey, I got primaried

"Midwest Nice" is no match for presidential petty

In Indiana, Donald Trump takes his revenge

May 7th 2026

"You have to be mindful if there are breaks in the ranks. You have to be vigilant." So says Marty Obst, a Republican operative in Indiana and enforcer for the president. Last summer Mr Obst was tasked with pushing a gerrymandered congressional map through Indiana's Republican-held statehouse. Had it passed, it would have drawn Democrats out of existence in the state congressional delegation. But unlike in Florida, Missouri, North Carolina, Texas and, most recently, Tennessee, where lawmakers dutifully complied, Republicans in Indiana balked. Naturally Donald Trump turned to retribution.

What followed was a scorched-earth effort to punish seven obscure Republican lawmakers who voted against the map. In the primary on May

5th, at least five lost to challengers backed by the president. He may be more unpopular than ever but, among the MAGA base, his endorsement matters. Success in Indiana will only deepen his appetite for fealty pledges and intraparty purges. Mr Trump's next targets include Bill Cassidy, a senator from Louisiana, and Thomas Massie, a congressman from Kentucky. Both face Trump-endorsed opponents later this month.

What differentiates Indiana was the small-potatoes-ness of it. These are part-time lawmakers who make $33,000 a year and handle campaign business from their Gmails. Yet Mr Trump was aggrieved enough to deploy Chris LaCivita, an adviser to his presidential campaign, and involve Club for Growth, a conservative Super PAC that normally plays at the national level. Mr Trump's intervention initiated an arms race—in total, $13.5m was spent on ads, up from a few hundred thousand dollars in years past.

Dan Dernulc, an incumbent who lost his primary, had always been "Trump, Trump, Trump". But he took umbrage at the idea that he should support a gerrymandering scheme cooked up in Washington outside the normal once-a-decade redistricting process. "The problem was, I never had any input into this," he says. Not that Republicans in Indiana oppose gerrymandering in the abstract. In fact, they are experts at it: 20 years ago Democrats held five of the state's nine congressional seats. Today they hold two even as their vote share is 38%. Patrick Munsey, a journalist in Kokomo, describes the general M.O. like this: "We'll gerrymander the crap out of our districts when it's time."

Having seen their colleagues' fate, lawmakers in Indianapolis may decide that the time is next year, not 2030. Certainly other red states will plough ahead, aided by the Supreme Court's gutting on April 29th of the Voting Rights Act, which had kept gerrymandering in check. Republicans in Alabama and South Carolina want to eliminate Democratic districts before the midterms. Louisiana and Tennessee are already doing that. Until the court set off this most recent scramble, the gerrymandering wars had looked like a draw. Now Republicans might have the edge.

In Indiana, their willingness to buck the president was a win for institutionalists. Randy Niemeyer, a Republican county chair, says MAGA operatives in Washington had assumed redistricting would be a slam dunk.

He told them no: Indiana may be full of Republicans, but it is not full of ideologues. Good sense, fair play and independence matter. "Indiana is Midwest Nice," he says. In the end that was no match for presidential petty. ■

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United States | Doing business

Foreign firms: have you considered America?

A report from the basement of the SelectUSA Investment Summit

May 7th 2026

"The united states ranks first in the Kearney Global FDI Confidence Index," reads a 20-foot-tall banner hanging outside the Potomac ballroom of the Gaylord convention centre at National Harbour, Maryland. "This is the 14th year in a row!" Another boasted that America has the largest number of quantum startups; a third that America has the highest levels of venture-capital investment in the world. "That's serious fuel for innovation!" it adds. The banners hint at how weird the 2026 SelectUSA Investment Summit was. Then Howard Lutnick, the commerce secretary, took to the stage to explain that America has lots of consumers and deep capital markets. Among those listening, from the VIP section, sat the delegations from Burkina Faso and Panama.

All this raised more questions than it answered: what business people, anywhere, do not know that America—the world's biggest economy—is dynamic, innovative and awash with capital? Are they learning this, for the first time, at the Gaylord? And why is America putting on a show to woo foreign investment, in part, from nations with economies smaller than four-fifths of its states?

The conflab made more sense in the cavernous exhibition hall below, where 49 states plus Washington, DC, along with territories, cities and local-government officials—many manning booths the size of houses—were swapping business cards with the foreign business people. The purpose of the summit is only clear when you zoom in a little bit: TSMC, the giant Taiwanese semiconductor firm, can broker deals in Washington any time it chooses. But the small Indian manufacturers of advanced robots, who are looking to onshore some of their assembly process to avoid tariffs, might have to ping-pong all over America to understand where best to locate their factory. At SelectUSA they can visit (almost) every state at once.

But where should they go? Many states offered snacks to tempt would-be investors. Your correspondent sampled gummy bears made in Indiana (number one for passthrough highways!); salmon jerky from Alaska (located within nine hours of 90% of the industrialised world, good for shipping!) and sipped Ale-8-One, a citrus ginger soda, from Kentucky (number one for air cargo by landed weight!). The summit was founded in 2013 to encourage reshoring. Despite the snacks, headline FDI inflows are lower as a share of GDP than they were then.■

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United States | Virile vibes are not enough

Young men are souring on Donald Trump

But can Democrats win them over?

May 7th 2026

WHEN IT comes to making a show of manliness, few politicians can match Donald Trump. One day he is swaggering into a cage-fighting stadium to the tune of Kid Rock's "American Badass". Another day he is shrugging off a third assassination attempt with the observation that only the "most impactful" presidents attract would-be assassins.

Voters have long thought of Republicans as the "daddy" party (strong on defence, tough on crime) and the Democrats as more maternal (nurturing the needy, fussing about mean words). Asked which is more the party of men, Americans are almost seven times likelier to say "Republicans" than "Democrats".

Mr Trump has added to this vibe with braggadocious appeals to the male id. On social media he portrays himself as dominant, victorious and humorously transgressive. His administration's posts blend real footage from the war in Iran with images from video games. In his three runs for office, Mr Trump has always won the male vote and always won overall when his opponent was a woman. A study by Dan Cassino of Fairleigh Dickinson University found that, after voting for Trump in 2024, men actually reported feeling more masculine.

Yet his macho magic appears to be fading, especially among young men. In 2024 49% of men aged 18-29 voted for him. Now only 28% approve of him, finds a Harvard/IOP poll. Virile vibes are all very well, but young men have practical concerns, too. They often want to find a job, buy a home, attract a partner and raise a family. This is especially true of young men who voted for Mr Trump; in an NBC poll they ranked "having children" as their top life goal. (Young women who voted for Kamala Harris ranked it second-last out of 13 options.)

The trouble is, homes and families cost money. Mr Trump said he would "make America affordable again" by ending inflation and even making prices fall. Yet his tariffs and war in Iran have had the opposite effect. "Everything's expensive," complains Miguel Martinez, a 21-year-old restaurant worker in Flowery Branch, Georgia. "You can't even go inside the grocery store right now and not spend $80."

Mr Martinez works two jobs and lives with his parents. He wants to get a place of his own, but prices are "crazy". He sees memes online about the older generation paying "basically nothing for a house", which does nothing for his mood. He voted for Mr Trump in 2024, but come the midterms in November, he won't be pulling the lever for anyone.

Souring on Mr Trump need not imply loving the Democrats. On the contrary, many young men feel spurned by them. For years, the party's message to them sounded like "hey, the future is not you," laments Josh Thomas, a Democratic state lawmaker in Virginia. Democrats can seem eager to talk about the problems men cause, but not the ones they face. "There's kind of a hesitancy for some Democrats to campaign on those issues, because they don't want to appear as, like, a dude or a bro," says a

Democratic student in Charlottesville, Virginia. Republicans, by contrast, "have the ability to say out loud what a lot of young men [would say] behind closed doors".

A majority of Americans (54%) think anti-male bias is a problem in the Democratic Party, finds an Economist/YouGov poll. Another poll finds that Democrats are five times likelier than Republicans (26% to 5%) to admit to having an unfavourable view of men in general.

Young men have become swing voters. In the Harvard/IOP poll, 33% say they will back a Democrat in November, 25% will back a Republican and a whopping 38% say they don't know or won't vote. Neither party strikes the right note with them, says Richard Reeves of the American Institute for Boys and Men, an NGO. Republicans speak as if there is only one valid life path: get a job, get married, have kids. Democrats sometimes dismiss young men who aspire to these traditional markers of adulthood as reactionaries who "just want tradwives". But "I don't see the evidence for that," says Mr Reeves. "Most young men don't want to go back the 1950s. They don't expect to be the patriarch. But they recognise that fatherhood gives them a purpose, and they want to be needed."

Several Democrats, including some with presidential aspirations, are explicitly trying to win over young men. This usually involves two steps. First, acknowledge that men have problems. "It's glaringly clear that we have ignored young men and boys in our society," says Wes Moore, the governor of Maryland.

Then, try to help. Last year Governor Gavin Newsom in California launched an initiative to grapple with young male difficulties in school, mental health and job-seeking. In October Virginia unveiled plans for a commission for boys and men, pushed by Mr Thomas. In December Mr Moore announced a push to help boys do better in school.

A hefty Afghanistan veteran, Mr Moore plays up the perils of his own boyhood: "I was raised by an immigrant single mother, you know; I had handcuffs on my wrist by the time I was 11." (He was arrested for spraying graffiti.) He argues that male role models matter. "My mom was an angel, but she couldn't teach me how to be a man," he says. So he is hiring more male teachers, of whom there are far too few.

Rahm Emanuel, a former mayor of Chicago, has linked male despondency to high housing costs. He has a point, argues Gabrielle Penrose of Boston College. The scarcity of homes raises the "price of independence". It prompts young men (and a smaller number of young women) to live with their parents, rather than where the jobs are.

Ms Penrose found that a 10% increase in local rents increases the likelihood that non-college-educated men live with their parents by about 1.1 percentage points—and was associated with a 0.5 percentage-point decline in labour force participation. She estimates that higher housing costs could explain a third of the fall in employment among non-college-educated men since 2000.

Homes are expensive partly because of red tape. In many cities, most land is zoned for single-family homes. That is, you cannot build flats on it. Other rules mandate large backyards, off-street parking and countless other things that drive up costs. If zoning rules all over America were like those in the least stringent quarter of cities, two-thirds of the national housing shortfall would disappear, estimates Goldman Sachs, a bank.

Thus, housing deregulation could help unblock the path to adulthood. It might even win the gratitude of young male voters, who are more likely than young women to see housing as an "urgent crisis". However, it is routinely stymied by the old, who are far likelier to vote than the young. In February a bill to allow more "housing near jobs" passed Virginia's legislature, but died before reaching the governor's desk.

For young men who remain stuck in their parents' basements, at least there is plenty of masculine entertainment. In June, Mr Trump will celebrate 250 years of America and his own 80th birthday with cage fighting on the White House lawn. ■

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

United States | Lexington

The Supreme Court has become a great place to build your brand

On the left and the right, justices are becoming more preoccupied with their own ideas than the court's institutional legitimacy

May 7th 2026

As Justice Clarence Thomas is wont to do from time to time, he recently provoked howls from the left. In a speech last month celebrating the Declaration of Independence, he described progressivism as a power-mad international movement, rooted in its American form in the racism and elitism of Woodrow Wilson, a Democrat, and responsible not just for the ills of America but for the excesses of Stalin, Hitler, Mussolini and Mao. His critics were outraged by the elisions and confusions in his potted history, though his account of progressive influence is fairly conventional on the otherwise fractious intellectual right.

Justice Thomas's view of the left was more notable for its apocalypticism. "Progressivism seeks to replace the basic premises of the Declaration of Independence," he said, "and hence our form of government." The speech also illuminated his understanding of the right's great weakness. Too often, Justice Thomas said, people arrive in Washington claiming to care about such matters as "the original meaning of the constitution" but, fearing criticism, learn to temporise. "They recast themselves as institutionalists, pragmatists, or thoughtful moderates, all as a way of justifying their failures to themselves, their consciences and their country."

Was Justice Thomas sniping at the more institutionally minded conservatives on the Supreme Court? He and two other conservative justices, Samuel Alito and Neil Gorsuch, have hinted before that their fellow conservatives lack courage. Though Republican presidents appointed six of the nine justices, some court-watchers have come to divide the judges into groups of three. Chief Justice John Roberts and Justices Brett Kavanaugh and Amy Coney Barrett have shown more deference than the other conservatives to precedent and more interest in narrow rulings that can command more votes. These three vote most often in the majority.

Among the three liberals, Justice Elena Kagan is the clear institutionalist, the most inclined to join some decisions and to stand by precedent. Justice Kavanaugh agreed more often last year with Justice Kagan than he did with Justice Gorsuch, though the two men not only were both appointed by Donald Trump but shared the same history teacher at the same Catholic high school in suburban Washington, according to "Last Branch Standing", a new book by Sarah Isgur. Like the three conservative lone wolves, the other two liberals, Sonia Sotomayor and Ketanji Brown Jackson, show relatively more concern for their own legal philosophies than for the consensus or consistency of the court, Ms Isgur writes.

Superficially, the institutionalists may seem still to hold sway: this court is upsetting precedent at a lower rate than under the two previous chief justices while delivering unanimous rulings at a similar clip. Yet on May 7th, as Justice Thomas became the second-longest-serving justice in history, at nearly 35 years, he could take satisfaction that the court has veered his way, ideologically and procedurally. His "originalist" orientation has become central to the court's jurisprudence, as have some of his long-argued positions. And the institutionalists are in the minority.

One reason this court is overturning fewer precedents is that it is deciding far fewer cases. It is also finding ways to transform precedents without reversing them. At the same time it is setting records for the number of dissents and concurrences, opinions by justices who vote with the majority yet feel compelled to detail their own reasons for doing so. In other words, this court is speaking with a single institutional voice less than any court in history. The justices still follow rituals meant to instil collegiality, such as not talking about work when they dine together after oral arguments. But the court is becoming a pack of lone wolves.

Ms Isgur, the host of a popular legal podcast, "Advisory Opinions", is a member of the conservative Federalist Society in such good standing that Justice Kavanaugh presided at her wedding. She blames the decline in the court's institutional cohesion mostly on the elimination of the filibuster in confirming justices. Aspiring justices no longer care about credibility with the opposing party but instead vie among the faithful "for who can be the most pure". This influence reverberates down to ambitious law students. Calling the consequences devastating, Ms Isgur warns that the court risks becoming like Congress, where "the ideologues got promoted and moved both sides further to their extremes."

Other incentives prompt justices to pursue and popularise their own visions of the law. Maybe because, with salaries of about $300,000 a year, justices feel underpaid relative to the multimillionaire lawyers who argue before them, some judges now make millions from their own books. That sharpens an interest in building personal brands. Although the court has become more diverse by gender and race, it is homogenous in terms of academic and professional background. None of the current justices held elected office, but eight were federal circuit-court judges, eight went to Ivy League law schools and six were Supreme Court clerks. By contrast, the court that decided Brown v Board of Education in 1954 included five judges who had held elected office and one without a law degree—a group, perhaps, more inclined to balance zeal for legal abstraction with sensitivity to the reality of American life.

The role of principled loner on the court is the one most honoured by history. Every new justice signs a Bible donated by Justice John Marshall Harlan, the sole dissenter in Plessy v Ferguson, which in 1896 licensed discrimination against black Americans. Not until Brown did the majority endorse his position. Maybe one of this court's loners will earn similar honour. But trust in the court is eroding, and Americans can be forgiven for thinking they have trouble enough with two branches of government dominated by people obsessed with their own fame and opinion. ■

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The Americas

The Americas | The slump and the spiral

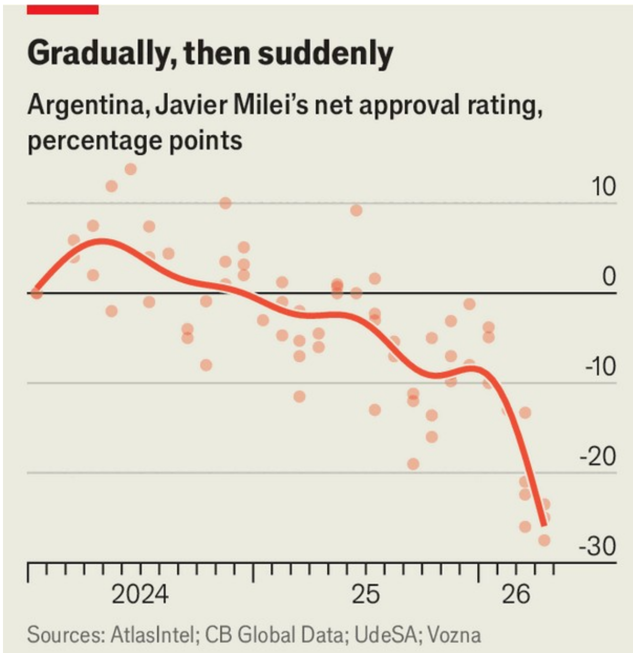
Javier Milei is in serious trouble

Argentina's president claims he is the true victim of a struggling economy

May 7th 2026

"Do you know who has been hit hardest in this economy in real terms? Me," declared Javier Milei of Argentina at a recent swanky event. "I'm the only one whose salary hasn't changed since I took office," he said, while arguing that his cuts have fallen on the political class. "I'm the lowest-paid president in the Americas." That message is unlikely to win over struggling Argentines. Indeed, Mr Milei's net approval rating has plunged in recent months. It is now almost minus-30, the worst since he took office in December 2023 (see chart).

Mr Milei's party won legislative midterms last October. That endorsement of his radical cost-cutting and liberalising agenda allowed him to get a slew of reforms through Congress. Yet voters now have two big gripes: corruption scandals and a struggling economy. In his first two years in office his policies cut monthly inflation to 1.5%, about a tenth of its previous level, but it has since been creeping up. The economy shrank sharply in February. Mr Milei does not face re-election until October 2027 and an energy boom could help him, but he needs to get a grip.



Start with the scandals. In February last year Mr Milei posted on social media in support of $LIBRA, a cryptocurrency. It soared in value before quickly plunging, wiping out some $250m for many holders, except a few big ones who sold at the peak. Mr Milei quickly said that he "obviously" had no connection with the $LIBRA venture. Yet phone records recently obtained by federal investigators show that on the night of Mr Milei's post there were seven calls between Mr Milei and one of the businessmen behind it.

Investigators found draft documents on the phone of one of the crypto businessmen outlining potential financial agreements between them and Mr Milei. They specify three payments totalling $5m, including one for publicly naming one of the entrepreneurs as an adviser. It is unclear who the payments were intended for; there is no evidence that Mr Milei agreed to or received them. Prosecutors have named him as a person of interest in the case, but he has not been charged. All those involved deny any wrongdoing.

Argentines appear even more annoyed by a scandal involving Mr Milei's chief of staff, Manuel Adorni. Federal prosecutors are investigating him for alleged illicit enrichment, after reports of lavish travel, including a trip to Aruba paid in cash, despite a modest public salary. Prosecutors are also looking into a family trip on a private jet to a Uruguayan resort and the purchase of an apartment at a surprisingly low price with a curious interest-free loan. Mr Adorni denies wrongdoing.

Mr Milei has backed him and lashed out at journalists. Over four days in April he published 86 social-media posts attacking the press, and reposted 874 more. He often repeats a catchphrase of American right-wingers: "We don't hate journalists enough." In mid-April his government blocked reporters from entering the Casa Rosada, the seat of the presidency, after a few of them allegedly filmed without authorisation. (The reporters say they had notified the authorities.) He called the media "filthy scum" and reposted an AI-generated image of one of them in prison garb. On May 4th journalists were permitted to return, but under tight new rules.

Argentines might have ignored corruption allegations if the economy were humming. It is not. Official data suggest gdp in February fell 2.6% month on month from January, the largest drop since 2023. Manufacturing and retail activity plunged. This is leading to shrinking tax revenues, threatening Mr Milei's impressive fiscal surplus. Squeezed, the government is delaying payments to some suppliers to public bodies.

Oil, mining and agriculture are still booming. Mr Milei says those sectors, together with technology, are the future of the economy. Yet they require relatively few workers, together accounting for just 12% of employment. Manufacturing and retail, as well as construction, are more labour-intensive and account for far more of GDP. Their shrinkage has led to the loss of hundreds of thousands of salaried jobs since Mr Milei took office. Surveys show that low wages and unemployment are now Argentines' biggest worries.

And so far they have been made worse by Mr Milei's policies. He has ripped away protections and exposed local manufacturing firms to foreign competition. That may be wise, but the transition hurts. He has prioritised reducing inflation over promoting growth. That has meant a tight money supply and high interest rates, which hurt business. Loans to the private sector in pesos have been stagnant since August.

Mr Milei has also relied on a strong peso in his fight against inflation. It now floats within wide bands and has been strengthening for much of this year. That is in part because those high interest rates have attracted cash into pesos. Increased oil production and fast-growing exports mean that the price spike caused by the war in Iran has also bolstered the currency. But a strong peso has been hurting manufacturing by making rival imports cheaper. It also hurts construction. Developers pay workers in pesos but sell homes in dollars, so a strong peso squeezes their margins. Construction remains in a deep slump.

Worst of all, even high interest rates and a punchy peso have recently not been enough to pull down inflation. Monthly inflation has been rising for ten months, hitting 3.4% in March, some 33% year on year. In part, this is down to the government's lack of a clear, predictable monetary policy to anchor inflation. Mr Milei has also been cutting energy subsidies and in March the oil shock hurt that effort, too. The cost of beef, an Argentine favourite, has soared amid a global crunch.

Some of this should soon ease and inflation may fall a little, says Santiago Bulat of Invecq, an Argentine consultancy, but other price pressures may grow. The government seems finally to have started prioritising growth by allowing interest rates to fall. The risk is that the peso weakens and inflation remains high as a result. Mr Milei's credibility is eroding. In March he said that monthly inflation would be less than 1% by August. That looks near impossible.

It is not all gloom. Growth may soon improve: analysts still expect it to top 3% this year. The big hopes are booming oil extraction and international investment in gas and mining. Their expansion would boost exports further. The government has also been building up its reserve of dollars, addressing a long-standing weakness. But it is using most of them to pay down debt. It needs financing in dollars so it can roll over the foreign debt due next year while simultaneously piling up reserves. To that end, it is working on a deal to borrow $2bn from commercial banks, backed by guarantees from the World Bank.

Next year's presidential election will soon loom above all else. The stakes are high. The good news for Mr Milei is that as his approval rating falls, no rival's has been notably rising. Argentina's fragile equilibrium is the big challenge. The populist Peronists' record of economic mismanagement is stark; as elections approach, a bad poll for Mr Milei could panic markets. The ensuing instability could mean worse polls, setting off a damaging spiral. Investors already demand a higher premium to remain exposed to Argentine bonds beyond Mr Milei's current term. To avoid spirals, he needs to be on track to win comfortably. Growth, jobs and falling inflation would help a lot. He has no time to lose. ■

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The Americas | Land and oil

Venezuela’s 100-year territorial dispute is back in court

The regime claims the Essequibo region of Guyana, and its oil

May 7th 2026

On May 4th the International Court of Justice (ICJ) in The Hague opened hearings on a territorial dispute that has dragged on for more than a century. Venezuela claims the Essequibo region—160,000 square kilometres of rainforest and villages on its eastern border which makes up two-thirds of neighbouring Guyana—as its own. Guyana calls the claim meritless and says Essequibo’s population of some 140,000 has never expressed interest in becoming Venezuelan.

The dispute stems from the 19th century. Britain, then the colonial administrator of British Guiana, and newly independent Venezuela made conflicting claims to the largely unexplored land west of the Essequibo river.

In 1899 a five-judge tribunal—two American, two British and a Russian—settled the current border, with compromise on both sides. For decades after, Venezuela accepted the decision.

Only in 1962, as Guyana approached its own independence, did Venezuela demur. It said the tribunal had been rigged and that the final award was "arbitrary". A mutual commitment made in 1966 to seek a settlement has led nowhere. The dispute has become more pressing since 2015, when vast oil reserves were discovered off Guyana's coast. Its exploitation made Guyana the world's fastest-growing economy.

Guyana asked the ICJ to make a final and binding ruling in 2018. Venezuela says the court has no jurisdiction, despite the fact that it has ruled twice, in 2018 and 2023, that it does. Venezuela sent its foreign minister, Yván Gil, to the new hearing, but only, as he put it, to "reveal the truth to the world". Guyana's lawyer told the court on May 4th that Venezuela's case was built on "theatre and fiction". He argued that annulling the century-old award would set a dangerous precedent for border security around the world.

The Essequibo is one issue on which almost all Venezuelans agree. Children are taught from an early age that the land is rightfully theirs. They are not told what today's Essequibo, with its English-speaking population, is actually like. "There is this narrative from politicians and teachers that the great Venezuela, the heroic Venezuela, was stolen," says Alexandra Panzarelli, a Venezuelan professor of Latin America studies at Marymount Manhattan College in New York. "You grow up convinced that this territory belongs to Venezuela and that eventually international justice is going to do something about it."

In 2023 the regime of Nicolás Maduro escalated Venezuela's claim by holding a referendum, which it said overwhelmingly backed annexation (no one in Essequibo was consulted). It subsequently announced the creation of a new Venezuelan state called Guayana Esequiba and ordered new maps incorporating the territory to be displayed across the country. A governor to the area was elected in Venezuela's controversial regional elections last year, by a paltry 21,000 voters on Venezuela's side of the border.

The judgment of the ICJ may come within months. In theory it will be final. In practice Venezuela, which President Donald Trump now claims to "run", is likely to ignore it. Power to enforce it lies with the United Nations Security Council; it has never successfully done so with such a contentious ICJ decision. ■

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The Americas | Trialling times

Claudia Sheinbaum is in a bind, with her party accused of corruption

How she deals with America's indictment of Morena officials could define her presidency

May 7th 2026

Claudia Sheinbaum's efforts to improve security in Mexico have long had an obvious weakness: her reluctance to pursue high-level officials in Morena, her ruling party, who may be co-operating with narcos. Now the United States has forced the issue, presenting her with a choice that will shape her presidency and relations with Mexico's northern neighbour.

On April 29th the United States Department of Justice published an indictment charging ten Morena-linked officials, three of them party politicians, with conspiring with the Sinaloa Cartel to traffic drugs into the United States. Among the Morena politicians was Rubén Rocha Moya, the governor of Sinaloa, who has since stepped down. The charges allege years of collusion, including taking bribes and electoral support from gangsters in exchange for impunity.

Donald Trump has been pushing Mexico to do more to tackle its criminal groups, including pointing to an "intolerable nexus" with politicians. Few are surprised by the charges. Credible allegations about Mr Rocha Moya have circulated for years. Reports suggested the Sinaloa Cartel helped him win his office in 2021. Rival candidates were kidnapped and threatened, ballot boxes stolen. Mr Rocha Moya and many others deny the charges.

Corruption is the unfortunate norm in Mexican politics, says Luis Donaldo Colosio Riojas, an opposition senator from the Citizens' Movement party. "But the ruling party takes it to another level." César Prieto, the Morena mayor of Salamanca, a city in central Mexico, says corruption exists in all parties, including his own, but that Mexicans should rest assured that justice will be done.

The gangs' success is part of the problem. As they grew richer and better armed they could more easily encourage, or force, officials to work with them. But Morena has made it easier to be corrupt. Andrés Manuel López Obrador, Ms Sheinbaum's predecessor, took a hands-off approach to crime while weakening or removing many of the checks that once constrained power, including moving to an elected judiciary. Mr Rocha Moya is just one of several Morena bigwigs suspected of links to gangs.

People close to Ms Sheinbaum argue that she has acted: arresting local officials, extraditing gangsters to the United States and dismantling drug labs. They also say the Americans underestimate her constraints. Morena is a loose coalition, still heavily shaped by Mr López Obrador, whose allies include governors accused of links to organised crime. Moving against them could fracture the party.

Her critics say caution is an excuse for inaction. Morena did not have to rally around Mr Rocha Moya as enthusiastically as it has. Some suspect the party fears what might come out if corruption were taken more seriously. "There will be a domino effect that will reach the highest levels of power," predicts Paola Gárate, a lawmaker in Sinaloa's state congress for the opposition Institutional Revolutionary Party.

The indictment could provide Ms Sheinbaum with cover to take on previously untouchable figures. The arrest of senior members of the Sinaloa Cartel—including co-founder Ismael "El Mayo" Zambada—by the FBI in 2024 is thought to have given prosecutors chunky evidence of corruption. But Ms Sheinbaum's government says that it has seen nothing which supports the recent charges.

Charging or extraditing Mr Rocha Moya could provoke a backlash in the party. But freeing him could worsen relations with the United States. Risks abound. The United States, Mexico and Canada must soon decide whether to renew their free-trade accord beyond 2036, its current end date. The United States may well bring more cases against Mexican officials. Mr Trump has even weighed unilateral military action against Mexico's gangs.

So far Ms Sheinbaum has responded by questioning the charges and accusing the United States of trampling on Mexico's sovereignty. But some suspect she quietly forced Mr Rocha Moya to go. The involvement of the United States makes it harder for her to handle public opinion. Many Mexicans back action against corrupt officials, but dislike American interference.

Corruption has long been tolerated in Mexico. Change has come only when people realise there is a cost, says Oliver Meza of Tecnológico de Monterrey, a university. During the presidency of Enrique Peña Nieto from 2012 to 2018, several governors were jailed as public anger rose over blatant abuses. Morena came to power in 2018 promising to do away with corruption.

This time Sinaloense may provide the impetus for change. Violence in the state has been surging. Thousands have been killed in recent months, or have disappeared. If voters begin to link their insecurity with political collusion, Ms Sheinbaum's hand may be forced. ■

Asia

Asia | Saffron march

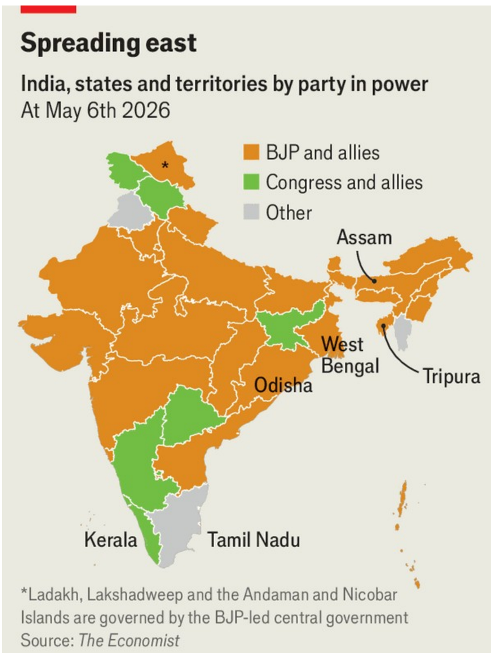
Narendra Modi has extended his grip on India

India's ruling party scores a historic victory in West Bengal—but should beware voters' unhappiness with incumbents

May 7th 2026

SIX WEEKS ago Narendra Modi stood on a temple-like stage in Kolkata, before a sea of saffron-clad voters. The event marked the beginning of his party's campaign to win the populous and important state of West Bengal, one of five states that voted over the past few weeks in elections whose results were announced on May 4th. India's prime minister, a Hindu-nationalist strongman, was in a typically pugilistic mood. He accused party members from Mamata Banerjee's Trinamool Congress (TMC) of taking "cut money" and conspiring in "infiltration" from neighbouring Bangladesh. "Every single one will be made to pay," he told the cheering crowd.

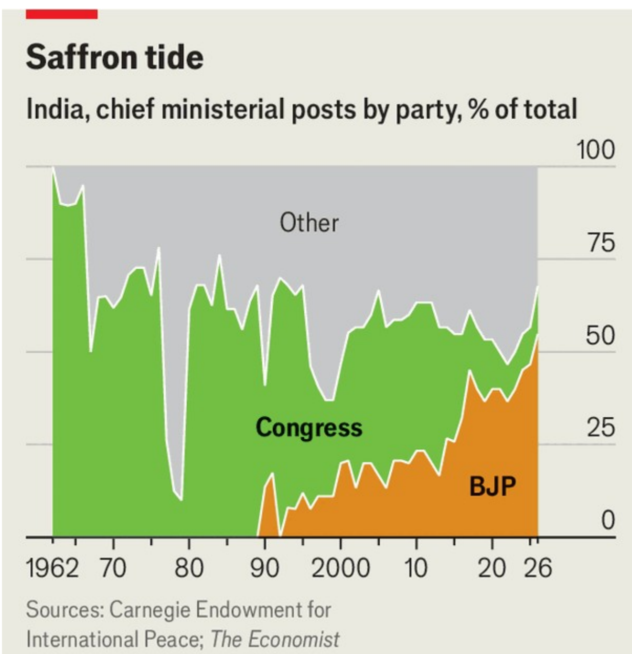
Bengalis will now get to see what he meant. Mr Modi's Bharatiya Janata Party (BJP) won a landslide in the eastern state, in one of its most important victories since it came to power nationally 12 years ago. Even as incumbents elsewhere struggled, the BJP also won a third term, with 37.8% of the vote, in neighbouring Assam (see map). Nor was Ms Banerjee the only once-mighty regional leader booted out. In the southern state of Tamil Nadu, M.K. Stalin was ejected. In neighbouring Kerala, the incumbent Communists were also kicked out by voters.



Controversy has swirled over the way the elections were run. Mr Modi is not the first Indian leader to use his power over institutions to tilt elections in his favour. But he is perhaps the most ruthless in doing so since Indira Gandhi cancelled them altogether in the 1970s. His latest tool, wielded most aggressively in West Bengal, is the revision of electoral rolls that, say critics, left millions unable to vote. Yet as concerning as such methods are, they cannot explain Mr Modi's dominance, which depends on his ability to unify Hindu voters. His coalition now runs 22 of the 31 states and territories with elected legislatures.

The BJP had already begun to march eastwards from its Hindi-speaking heartlands, winning Tripura in 2018 and Odisha in 2024. But West Bengal was the prize it had long wanted. The state has a rich history, notably as a hotbed of nationalist politics. Kolkata, its capital, is one of the great Indian cities. The state's main attraction, however, is its size: with a population of 100m and some 42 seats in the Lok Sabha, the national parliament, it carries great electoral clout. Assuming the BJP suffers some attrition in its heartlands in the coming years, says Milan Vaishnav of the Carnegie Endowment, a think-tank, a foothold in West Bengal provides the party with some insurance.

The scale of its victory—it won over 45% of the vote and more than two-thirds of seats in the state—indicates how many Bengalis were fed up after 15 years of TMC rule. Under Ms Banerjee, industries moved out and the state's economy fell behind that of much of the rest of the country. Voters had come to see her party as authoritarian and corrupt; the BJP focused on a teacher-recruitment scandal, while vowing to bring investment and to match Ms Banerjee's promises of freebies. It did particularly well among urban, middle-class voters. And it won a large portion of the Hindu vote, making the electorate in West Bengal one of the most religiously polarised of any state in India.



Even if the way the election was conducted did not sway the result, it is concerning. More than 9m names, 11% of the electorate, were removed from the electoral roll. Disproportionately these were Muslims, women and Dalits who make up the TMC's base. The BJP argues that such an apparent bias was inevitable because Ms Banerjee had fiddled the lists. Yet the rushed process, overseen by an electoral regulator that critics say is increasingly under Mr Modi's thumb, hardly instilled confidence that all was fair. Of 3.4m voters who appealed against exclusion, fewer than 2,000 appear to have been reinstated in time to vote. The BJP-run central government also bused in almost a quarter of a million armed police to oversee voting. There were reports of election officials intimidating TMC candidates and voters. Since the election there has also been violence on both sides.

Elsewhere in the country things were less heated, but incumbents similarly struggled with voters unhappy about rising prices and poor governance. In Kerala the ruling Communist government was replaced by a Congress Party-led coalition. That was no great surprise, given that Keralites have tended to swap between two main parties at almost every election, though it does mean that India has no Communist state-level government for the first time in almost 50 years. More of a shock were the events in Tamil Nadu, with the loss of Mr Stalin to Vijay, a Tamil cinema megastar turned politician.

Mr Stalin had long been a leading figure in the Congress-led national opposition alliance and a chief proponent of Tamil-identity politics, in opposition to Mr Modi. He helped make his state an industrial powerhouse, attracting the likes of Apple and Ford with pro-business reforms. Yet like Ms Banerjee, he also came to be seen by many voters as corrupt, though both of them deny the charge. Vijay's victory was driven by young urban voters with little love for the old guard, says Rahul Verma of Shiv Nadar University in Chennai. Analysts have been left scratching their heads about how the political novice, at the head of a two-year-old party, will govern one of India's most dynamic states.

On the face of it the elections leave Mr Modi's ruling coalition more dominant than ever, and his opponents in disarray. Since suffering a setback at the national election in 2024 (he won, but is obliged to rely on coalition allies), he has now notched up a string of state-election victories. He may conclude that there is more mileage yet in his brand of strident, communal politics—and in pushing the limits of his powers. Yet the results contained another message: that many Indian voters are unhappy with incumbents. As a result, they may prove to be volatile. And that is before they have fully felt the pain of rising prices as a result of the energy crisis triggered by war in the Gulf. (Once voting concluded, the central government said that cooking-gas prices would be raised.) If Mr Modi’s opponents can get their act together, they have just been given an opening. ■

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Asia | Choppy waters

Asia’s stranded seafarers suffer as the Iran war drags on

In a more dangerous world, unsung mariners are under increasing threat

May 7th 2026

“We are like war prisoners,” says Captain Khan, who is waiting in the Persian Gulf as missiles “go all around” him. One hit a nearby fuel tanker, which caught fire and exploded. On another occasion debris sank a vessel a few metres in front of him. Mr Khan’s crew have tried to pass through the Strait of Hormuz three times; the Iranians have turned them back on each occasion. “We are afraid,” says the captain, who does not want to disclose his full name or identify his vessel. “We have to go home.”

Very few have. On May 3rd Donald Trump announced a plan to “guide” stranded vessels out of Hormuz, but later paused it as he tried to strike a deal with Iran. Around 20,000 seafarers remain stuck in the Gulf. Most hail from relatively poor countries in Asia, such as the Philippines, Indonesia and India. These countries supply a large share of the crew for the merchant fleet that carries 85% of the world's traded goods (by volume), from oil to smartphones, fertiliser and food. Yet these sailors are increasingly caught up in conflicts in which they play no part and for which they are unprepared.

The closure of Hormuz is only one reason why so many seafarers are stuck in the Gulf. The International Transport Workers' Federation (itf) has secured for its members a right to refuse to sail into the region and to be repatriated from it. But seamen cannot legally abandon their ships until companies find replacements. Few are volunteering to relieve them. Tickets on flights out of the Middle East are also expensive and scarce, while visas to enter Gulf countries are hard to get. That means that even if the strait opens it will take "at least six months before things get back to some sort of normality" for seafarers in the region, says Francesco Gargiulo of imec, which represents shipping firms.

Some remain directly in the firing line. Fifteen Filipinos were aboard two ships seized by Iran in late April. They were unharmed, but at least ten other seafarers, including Indians and Thais, have been killed during the war. Arjun's (not his real name) crew were preparing lunch when a projectile hit, killing one of them. Normally the "ship is alive", but after the explosion there was "no sound, no rhythm. It felt like a ghost ship." Arjun and the crew grabbed buckets, scooped out seawater and threw it on a huge "fireball" before they were rescued.

For those still in the Gulf conditions vary. Some shipowners have signed up to a collective-bargaining agreement that guarantees seafarers double pay in war zones, in addition to the right to repatriation. Some mariners are happy to be picking up a fat bonus while doing less work than they normally might. But less than half of all commercial ships are covered by this deal, according to the itf.

Even on ships whose owners have signed the agreement, life is getting harder. Captain Khan "has a fresh-water crisis"; one tonne of the stuff now costs him $50, up from around $2 before. His crew are rationing it. As Mr Trump has noted, other seafarers are running out of food. But choosing to leave the Gulf is itself a risk, because most seafarers work from contract to contract.

Seafarers see the war as only the latest of many recent hardships. Their profession has always been difficult and dangerous; occupational hazards still include attacks by pirates near the Horn of Africa and in the Gulf of Guinea. But things got particularly tough during the pandemic, when governments prevented mariners from setting foot on shore and blocked crews from relieving them. Arjun went 20 months without seeing his wife. Others are aggrieved that a growing number of employers abandon seafarers on ships without paying their wages.

Some hope that this crisis will be the one that prompts change. Captain Anam Chaudury, who heads a union in Bangladesh, has a simple request for leaders planning future wars: “Please give seafarers time to get the hell out. Let them not be victimised by your nonsense activities.” The Gulf is not the only place where seafarers are under threat. In recent years Houthi missiles and drones have killed several sailors in the Red Sea. Russian strikes have also killed mariners in the Black Sea.

Governments in Asia are sympathetic to mariners, who are a potent political and economic force. The 590,000 seafarers from the Philippines, the largest contingent of any country, remit more than $7bn a year, a fifth of the country’s total remittances. They have even previously had their own political party, called Angkla (“anchor”). It is unsurprising, then, that the Philippine government has stressed that its seafarers can refuse deployments to the Gulf—which may in turn make it harder to relieve those still stranded there. India’s leaders are working to repatriate seafarers from the region and making sure that the public knows about their efforts.

All countries have a stake in improving mariners’ lives. Even before the war there were too few qualified seafarers to meet demand. The job has long provided men like Arjun a route out of poverty, offering far higher wages than they can get on land and a chance to “roam around the world”. Yet it also means years spent “on a very lonely sea, in a small ship in a vast ocean” that looks increasingly dangerous. ■

Editor’s note: On May 5th Donald Trump announced a temporary pause to America’s plan to guide commercial ships out of the Strait of Hormuz.

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Asia | Farm to fuel

The energy shock triggers an Asian dash for biofuels

But tackling one crisis could exacerbate another

May 7th 2026

The blockade of the Strait of Hormuz is forcing Asia’s energy importers to scour new markets. Thailand wants to buy more oil from Nigeria and Kazakhstan; Vietnam is now sourcing from Angola and Argentina. But even as countries cast their nets wider for crude, they are also reaching for a resource closer to home: farms.

Across Asia, governments are announcing or accelerating plans to expand the use of biofuels. Indonesia, for example, wants to roll out B50—a 50% palm-oil blend of diesel—by July 1st. Vietnam has begun selling E10, a blend of ethanol (10%) and petrol, ahead of a mandated switch on June 1st.

Last week India, which has already rolled out E20, began the process to step up to even stronger blends.

The push is driven by energy security. In Indonesia the move to B50 is expected to save the country around 48trn rupiah ($2.8bn) in subsidies and slash consumption of diesel by some 4bn litres a year, which the energy minister hopes will mean the end of diesel imports. In India the introduction of E20 in 2014 and the resulting reduction in oil imports has already saved around 1.4trn rupees ($16bn) in foreign exchange.

But there are problems. For one thing, blended fuels are often unpopular. In India motorists grumble that their older engines aren't equipped to handle E20. The competition for cropland may be the biggest cost. Growing crops for fuel can hurt food production and drive up prices. In 2024-25 the Food Corporation of India diverted rice from its vast public stocks to the country's ethanol programme. In the Philippines the president has proposed pausing the coconut-based biodiesel mandate, fearing it would push up prices.

The effects can transcend borders. If Indonesia funnels more palm oil into fuel tanks, that will leave less for exports, increasing global cooking-oil prices and hurting consumers in countries that rely on imports. All this would come as the stalemate in the Middle East raises fertiliser costs. In trying to avert an energy crisis, Asian countries may be adding to a food one. ■

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Asia | No saviours

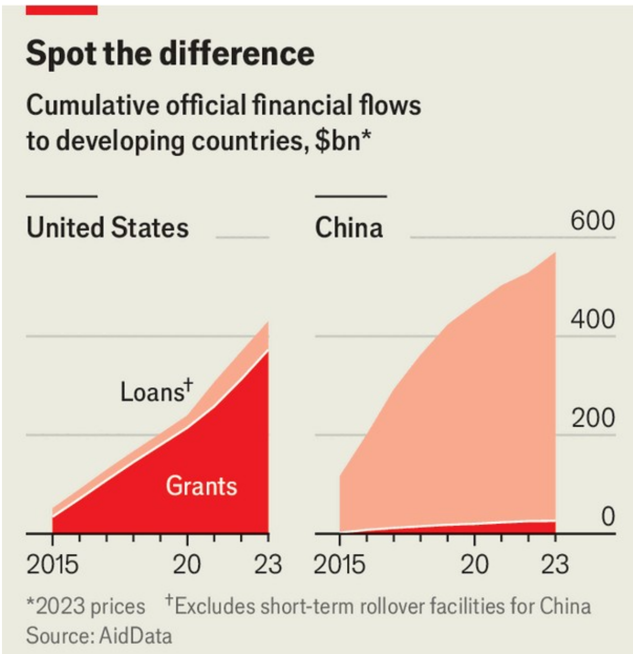
The gutting of USAID has left a void China will not fill

China lends $35 for every dollar it donates. That is not a substitute for American aid

May 7th 2026

WITHIN ONE month of USAID being dismantled last year, the Pyi Gyi Khin organisation in Myanmar laid off 14 of its most experienced staff, people who had spent years building trust with people living with HIV. Then came a devastating earthquake in March 2025 that destroyed the cold-chain storage used for medications. Staff watched life-saving drugs spoil in the heat. “We undid 20 years of public-health progress in a single year,” says Naw Zarli, the group’s project co-ordinator. The organisation’s budget has been slashed by 80%. It has found no replacement funding.

After the gutting of USAID, some speculated that China would step into the breach. After all, when the earthquake hit Myanmar, China sent a large rescue operation and pledged $142m in support—something America would have previously done. But the idea that Chinese development finance can substitute for what has been lost misunderstands both what disappeared and what China actually offers.



China's foreign-aid budget—around $2.8bn in 2024—is a fraction of USAID's pre-Trump spending of some $35bn that year. But the gap is structural even more than fiscal (see chart). Roughly 85% of China's overseas financing is issued as loans rather than aid, according to AidData, a research lab that tracks Chinese development financing at William & Mary, a university in Virginia. Its official development assistance (ODA), which includes grants and concessional loans, was just 1.3% of its global portfolio in 2023. Its annual aid budget is roughly the size of Italy's. For every dollar China donates, it lends 35. Before and after the USAID cuts, China's strategy stayed the same: narrowly defined to pursue its economic and strategic interests.

Between 2014 and 2022, 63% of American aid went towards improving governance, and on health and humanitarian assistance, according to AidData. These programmes supported civil society, funded health clinics and trained independent journalists, including in countries where China's influence is growing. China's money flows overwhelmingly to industry, mining, energy and transport: big-ticket infrastructure projects built mostly by Chinese state-owned enterprises, financed through sovereign loans and designed to generate commercial returns. Donald Trump is now using the Development Finance Corporation to similar ends.

This mismatch means that the losses are most acute in precisely the areas China has no interest in replacing. Across South-East Asia, independent media outlets that relied on American funding are collapsing. In Myanmar, where America provided around 70% of funding for many outlets, several are expected to fold this year, says Rowan Reid of Internews, which trains journalists and was in part funded by USAID. Atrocities by the military junta—air strikes on villages, mass killings—will go increasingly unreported. "It works so well for the junta," says Mr Reid. "If there's no reporting, it just becomes one big blind spot." After USAID funding dried up, Nyan Linn Htet, the founder of Mekong News, an independent outlet covering Myanmar, laid off 13 of his 15 permanent staff and shrank coverage. The closure of Radio Free Asia and Voice of America has in particular hit countries such as Cambodia, Laos, Myanmar and Vietnam, where autocrats have long attacked independent journalism. China, meanwhile, has been quietly expanding its media footprint. It offers content-sharing agreements to small newsrooms across South-East Asia and the Pacific Islands.

The health consequences are equally stark. Ms Zarli is witnessing a spike in new HIV infections as programmes shut down. For decades USAID provided aid to non-profit organisations that worked on public-health issues such as family planning, HIV, malaria and tuberculosis. China's long-held principle, in contrast, has been that aid must bring "mutual benefits" to both the donor and recipient. Its health-related aid is focused on loans to governments to build infrastructure or given to multilateral organisations such as the United Nations that redistribute the funds.

In Cambodia, the human-rights organisation ADHOC—which provides legal aid to victims of land-grabbing, trafficking and sexual assault—has laid off more than 60% of its staff and shrunk operations from 23 to 12 provinces. USAID accounted for 70% of its budget. European donors have covered 10-

15% of the shortfall. Chinese funding, says Ny Sokha, ADHOC’s president, is not an option. Even if China offered money, Mr Ny Sokha says he would not take it because China is undemocratic and does not respect human rights.

To be sure, China runs its own programmes that promote its model of governance and export its political ideology by training politicians, government officials and journalists from poor countries. But Mr Ny Sokha and his fellow human-rights activists are never invited to join. ■

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Asia | Red sky in the morning

America is massing troops near Taiwan to deter troublemaking by China

The timing of annual exercises is set by weather patterns favourable to any possible invasion

May 7th 2026

FOR MOST of the year, the strait between Taiwan and mainland China is a violent place. Gale-force winds howl across its 160km width, whipping up high seas in the autumn and winter. In the summer, strong currents and the occasional typhoon make crossings perilous. But for several weeks in April and May, and again in September and October, a layer of fog descends over the Taiwan Strait and it becomes calm. For American military planners, that makes it even more dangerous: if China were ever to attempt an invasion, their thinking goes, it would come in one of those two windows.

It is no coincidence, then, that America has been massing troops nearby this spring. Around 10,000 of them are in the Philippines for a series of annual exercises that began in April. On May 4th, at the La Paz sand dunes along the country's northern coast, thousands of soldiers took up positions along the length of a sandy beach. Your correspondent witnessed them practise repulsing an amphibious invasion by an enemy they called the "Red Team". An American artillery brigade fired HIMARS rockets at targets far out at sea, while Apache helicopters strafed targets closer in. Soldiers on the beach fired at airborne and seaborne drones coming ashore.

These are opportunities to train, say officials. They are also a deliberate positioning of troops and equipment at the time and place where they are most useful in deterring China in the Taiwan Strait. Similar exercises take place in Japan's southern island chain, close to Taiwan, during the other window for fair seas in September. Both the Philippines and Japan reckon that, if war breaks out between America and China over Taiwan, their proximity means they will be unable to stay out of it.

Some in Asia worry that Donald Trump might dilute America's commitment to Taiwan's defence as part of a deal with China following his upcoming summit with Xi Jinping. But this year America sent around 1,000 more troops to the Philippines for the exercise than it did last year, despite concerns that its war on Iran might affect its ability to deter a Chinese attack in the Pacific. On May 6th America test-fired a Tomahawk cruise missile from Philippine territory for the first time, even though the missiles are in short supply due to America's burn rate in the Persian Gulf. With its 1,600km range, the Tomahawk could reach most of the Taiwan Strait from Philippine territory. "I'm not concerned at all about reduced deterrence," Gilbert Teodoro, the Philippines' defence minister, told Reuters last month. But he warned that if China saw "a perceived weakness or a perceived opening, they will take advantage"

Perhaps as a hedge against the perception of American distraction or abandonment, the Philippines has invited other countries to get involved in this year's exercise. Japanese ships form the largest part of the foreign naval contingent, and Japanese ground troops are participating for the first time. In the counter-landing exercise on May 4th they defended beaches that they once occupied in the second world war, as did soldiers from the storied Princess Patricia's Canadian Light Infantry. Australian, French and New Zealand troops are taking part in other elements of the drills. That is partly the result of a campaign by the Philippine president, Ferdinand "Bongbong" Marcos, Jr to get other countries involved in the defence of the Philippines. Mr Marcos, who is increasingly outspoken about the threat from China, wants to signal that its concerns about Chinese aggression are not just a result of its alliance with America.

Much of this year's exercise, including the live-fire drill on La Paz sand dunes, has been held in the longtime Marcos family stronghold of Ilocos Norte near the Taiwan Strait. But what will happen after Mr Marcos leaves office in June 2028? The front-runner to succeed him is Sara Duterte, the daughter of Mr Marcos's far more China-friendly predecessor, Rodrigo Duterte. If she becomes president, the future of the exercises will be in doubt. American troops might have to find another way to stay close this time of year.■

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Asia | Banyan

The case against trees

India's bureaucrats are bad at trade-offs between nature and roads

May 7th 2026

TWO YEARS ago the authorities tore down a building on Hill Road, a busy street in an overpriced part of Mumbai, to widen it and ease the traffic. But they left in place a large-canopied rain tree that stood in front of the vanished structure. In theory, the road has been widened. In practice, however, the building's footprint is now an informal car park.

The Hill Road tree is not an exception. Across Mumbai traffic is obstructed by trees that remained rooted as lanes were added. It is the same story in other growing cities. The reason for this bizarre state of affairs is that there is a noisy group even more feared by authorities than motorists, who are themselves no pushovers. That is the tree-huggers.

India has spent the past 25 years frantically building infrastructure, both in cities and between them. The pace sped up after Narendra Modi, who enjoys few things more than a highway inauguration ceremony, came to power in 2014. Yet a binary idea has taken hold that trees and development are antithetical to each other. This is rather a strange notion for a country that can do with a lot more of both.

Indian cities badly need more green cover. A recent heatwave that pushed temperatures well past 40°C reminded everyone, not least the 90% of Indian households without air-conditioning, why urban trees matter. They not only provide shade to humans but also keep the asphalt underneath from warming up and radiating heat. But things quickly took a turn for the silly. One newspaper ran a story about a man who compared temperatures in the sun and the shade. "This isn't magic," the paper reported, apparently without irony, but something "forgotten in the rush to build more flyovers and high-rises".

Yet urban India needs to build more flyovers and high-rises, too. Some 40% of the country's 1.45bn people live in its dysfunctional cities. One way to improve their lives—and their productivity—is by making it easier to get around. Poor road networks need scaling up. Public transport has to be rolled out. And everywhere requires vastly more housing.

The state is keen to get all of this done. But often it does not help its own cause. In their rush to build a train depot in 2019, for instance, the bureaucrats in Mumbai cleared some 2,000 trees in the dead of night, hours after a court ruling and before activists had a chance to appeal. Official attempts to transplant trees have a mixed record. And it is hard to know whether promises to plant extra trees to make up for lost ones have been kept, since comprehensive data are rarely published. The details matter: a rain tree provides shade, habitat, air quality and carbon storage. A coconut tree provides coconuts.

Without data to argue with, environmental types resort to appeals to emotion and circular logic. When cities widen roads or plan new ones, well-meaning citizens argue that this will only encourage car ownership, and that investing in public transport would be wiser. True. But many metro lines, including in Kolkata and Bangalore, have been held up by litigation over protecting trees.

Buses, comes the answer, would be cheaper, more flexible and less ecologically burdensome. Fine. But buses need roads to ply on. And so it goes, round and round, with infrastructure roll-outs taking longer and costing more than they should while greenery is lost anyway.

This column is named after a tree, for Ficus sake. So it is with due respect that Banyan argues: some trees need to go. There is a better way to balance the trade-offs between nature and urbanisation than to do both badly. But that would require courage on the part of the state: to release data, to publish plans and to persuade the people it nominally serves. And it would require citizens to give up on some trees, which they would surely do if given a chance to offer feedback and to have it taken seriously.

The odd thing is that everybody knows the current dynamic is counterproductive. Ask environmentalists about why they fight over single trees—there were some 3m trees in Mumbai at last count in 2018—and they will admit they do it to keep up the pressure. It forces bureaucrats to think twice about chopping down thousands. Officials paint critics as impediments to progress. But privately they, too, admit that tree-huggers play a useful role. Without them, engineers would cheerfully fell entire forests if it meant roads could be built faster and cheaper. Everyone is acting rationally. No one is behaving sensibly. The result is right there in the middle of Hill Road. ■

Editor’s note: This is the last Banyan column. In two weeks’ time it will reemerge in a different form.

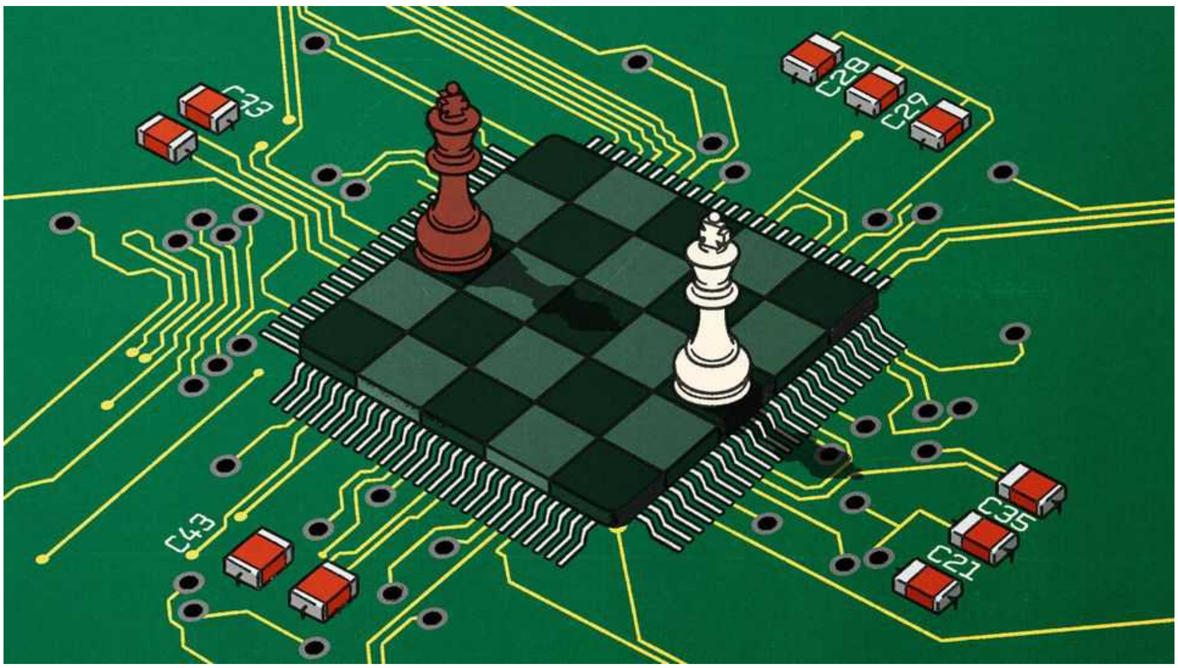
China

China | A MAD problem

Artificial intelligence revives a cold-war-style dilemma

America and China are weighing co-operation and competition

May 7th 2026



WHEN XI JINPING and Donald Trump meet in Beijing on May 14th-15th, they may discuss such vexing problems as war in the Middle East, trade imbalances and the status of Taiwan. Add to that cheering list artificial intelligence. Elites in both Beijing and Washington are unnerved by the technology's rapid advance. The smarter AI models become, the more vital they are for prosperity at home and geopolitical heft abroad. But the risks they pose grow alongside. Not since the creation of the atomic bomb have great powers faced such a dilemma.

The Trump administration increasingly recognises as much. It has ditched its hands-off approach to tech regulation after recent sparring with Anthropic, an American lab, and is considering ordering new models to be vetted by the government. Anthropic said in April that it had created Mythos, a model so capable at finding holes in cyber-defences that it could not be publicly released. America and its rivals took note. After initial scepticism, China's state media noted Mythos's "unprecedented cyber-attack capabilities", while a Russian broadcaster called it "worse than a nuclear bomb".

Fears that ever more capable models may launch cyber-attacks, design bio-weapons or slip loose from human control have made AI diplomacy urgent. Some in America and China are quietly weighing whether they can agree on guardrails for a technology that each regards as essential to beating the other. Distrust abounds. Neither side wants to slow its own development and risk handing the other an advantage.

Some American tech types theorise that being the first to build a self-improving—and therefore ever more powerful—AI model could create an enormous strategic advantage. Chinese experts tend to view AI as key to economic growth: more nuclear power than nuclear weapon.

America and China have a "mutual interest" in AI safety, Xue Lan, an adviser to the Chinese government, told attendees at an event in the US Capitol one evening in late April. "If one country is not safe, all of us are not safe," he said. Mr Xue and Yi Zeng, the boss of Beijing's AI-safety institute, called for global efforts to regulate and even slow AI development.

That chimes with Chinese policy. Soon after the arrival of ChatGPT in 2022, China began pushing for international co-operation on AI and the creation of a UN body. Chinese diplomats have floated the idea of "pausing" AI development, and argue that global standards should be adopted to ensure humans remain in control. Their plan calls on the West to share its AI kit with poor countries so as not to divide the world into tech haves and have-nots.

A bilateral approach is more likely, and favoured by officials in Washington. Together America and China house 90% of the world's frontier computing power and so are the only ones with real regulatory clout. American officials also view China's AI ecosystem as a particular source of risk. Chinese models are mostly "open source", meaning the weights that allow them to function are freely published, giving bad actors easy access to powerful AI tools.

Direct talks would not be entirely new. Messrs Trump and Xi agreed to “work together” on AI when they met in Busan, South Korea, in October. Before that, in 2024, Joe Biden secured agreement from Mr Xi that humans, not AI, would control nuclear warheads. But the pace of emerging risks is forcing a rethink about any piecemeal approach to co-operation.

American and Chinese researchers already work together in less public ways. For example, some of China’s biggest labs, including Baidu, have adopted open-source code written by developers at Anthropic to govern how AI agents communicate. Several unofficial dialogues between tech bosses and retired officials from America and China have taken place in recent years, sometimes in secret. Participants say that the technical experts needed to make real progress on aligning standards are often not in the room, however.

Three types of co-operation now seem possible. First, dialogue. America and China could engage in “strategic reassurance”, says one Western official. In nuclear-arms talks countries routinely discuss their plans to manage risk, build trust and reduce the chances of miscalculation. America and China may write AI rules in parallel, but not in co-ordination. “If they read the same technical papers and have a similar ground truth, they may both take reasonable actions in response,” says Karson Elmgren of the Institute for AI Policy and Strategy, an American think-tank.

Second, America and China could agree on how to test the safety of models. Without sharing their findings, both sides could adhere to common measures of dangerous behaviour or ways to spot motives that do not align with those of their human creators. It is hard to distinguish data used to monitor AI safety from information important to AI development, notes Jeffrey Ding of George Washington University. By withholding the results, both sides could allay fears of leaking technical data.

Third, trust but verify. If Messrs Trump and Xi were feeling ambitious, they could seek a formal agreement to develop common safety tests and share the results of such evaluations. Doing so, however, would probably require invasive means of checking that the agreement is being respected. These could include inspections or transmitting information on data-centre activity to an international umpire, like the UN's International Atomic Energy Agency, which monitors nuclear material.

All of these types of co-operation seem a long way off. American AI researchers are sceptical that Chinese officials are sincere. China's AI labs have been comparatively lax on safety, perhaps because their models are not yet powerful enough to pose existential threats, or because they lack the time and money to test them. Documents accompanying DeepSeek's v4 model, released last month, omitted safeguards common in American labs. Ryan Fedasiuk, a former Biden administration official, suggests that Chinese stated concerns about AI safety are performative and done "to make the Americans look bad".

Despite China's public support for global governance of AI, it has so far resisted detailed discussions with America on the issue. In 2024 America sent senior security officials and technical experts to meet their Chinese counterparts in Geneva. China sent political officials who refused to discuss AI safety until America lifted export controls on advanced computer chips, according to those familiar with the talks. American diplomats complain that China has a long history of manipulating dialogue for political gain: it ended climate-change discussions in 2022 because Nancy Pelosi visited Taiwan, for example.

China's AI discourse, including recent talk about Mythos, can reflect a paranoia that American labs use safety concerns to control the development of the technology. Some fret that sharing safety data is a ruse to snatch China's tech secrets. Tong Zhao, an expert on nuclear-arms control negotiations at the Carnegie Endowment, an American think-tank, says that Chinese strategists are generally sceptical of agreements with a technologically superior counterpart. China's history of entering into "unequal treaties" in the 19th century has made officials wary of deals that may slow their development or lock them into a second-tier status.

Co-operation is all the harder because of the high stakes involved. "If we don't win in AI, then it's game over," America's treasury secretary told the Wall Street Journal in April. Mr Xi recently hailed AI as "epoch-defining".

Soon enough, however, American and Chinese leaders may come to see AI as existential for other reasons. “Sadly, the historical evidence suggests you only see real momentum after a tragic accident,” says Mr Ding, noting the global standards set after the Bhopal chemical disaster in 1984, or the Chernobyl meltdown in 1986. AI negotiations remain a true test for human intelligence. ■

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China | Superyachts

A Chinese high-seas misadventure in luxury yachts

A state-owned enterprise may have to walk the plank

May 7th 2026

A chinese state-owned firm is fighting a Czech billionaire for control of an Italian luxury yacht-maker. The tale starts in 2012 when Weichai, a diesel-engine maker owned by a provincial government, bought out Ferretti, a sinking boat-builder. Since then, the firm has been listed in both Milan and Hong Kong. kkcg, a Czech investment group founded by Karel Komarek, a billionaire, has become the second-largest shareholder with around 23%. Weichai holds nearly 40%. But Mr Komarek and others think Chinese owners are sailing it in the wrong direction.

One fear is that Weichai may try to transfer the Italian firm's technology to China, for use in its maritime industry. This would be a problem, since Ferretti wants to expand into the lucrative maritime-security sector. The company cannot hope to work with Western military technology if a Chinese state firm has access to it. This is one argument being used by KKCG to sway those holding the remaining 40% of shares. Shareholders will soon vote for new board members and company leadership, with results out on May 14th.

Mr Komarek might get the upper hand over the Chinese state. Ferretti's Weichai-appointed boss, Alberto Galassi, has surprisingly taken the side of kkcg. "Times have completely changed," he said recently. This is true. The Weichai buy-out in 2012 came at the start of a wave of global Chinese mergers and acquisitions that culminated in 2016 with more than $200bn-worth of deals. But the Communist Party and many Western governments have since grown suspicious of vast amounts of capital leaving China.

In Italy, Weichai faces a "golden power" law. It allows the state to intervene in deals involving strategic assets if a foreign firm's shareholding exceeds a certain threshold. In Weichai's case that is 40.4%. This is stopping Weichai from upping its stake and voting rights. Meanwhile Giorgia Meloni's government is pushing another Chinese state firm, Sinochem, to sell a large stake in Pirelli, a tyre-maker.

But leaders in Beijing may also want to see Weichai's boating business scuppered. In April, sasac, the body that manages state-run companies, set up an overseas bureau to keep a closer eye on what firms are doing abroad. Part of that, a banker says, is cleaning up meddlesome minority stakes and messy acquisitions that have little connection with companies' core businesses. The world looks less fondly on Chinese state-owned amalgamations these days.■

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China | Chaguan

China thinks America is declining but still uniquely dangerous

It sees Donald Trump as both symptom and accelerant of the decline

May 7th 2026

In late january, as Donald Trump completed his first year back in the White House, a group of scholars in Beijing penned a report thanking the American president. Their gratitude was sarcastic, not an endorsement of Trumpian policy. But the sentiment behind it was genuine. Thank you, they wrote, to President Trump for driving away America's traditional allies. Thank you for showing the world that China is more trustworthy and stable. Thank you for putting economic pressure on China and thus pushing it to innovate. And thank you, most of all, for illustrating that America is in its "imperial twilight", a decaying and hypocritical power.

This report by Wang Wen and his colleagues at the Chongyang Institute for Financial Studies at Renmin University was at the strident end of Chinese discussions about America. Mr Wang, a cheerful nationalist, is known for his punchy language. But he is not an outlier. Many of China's leading intellectuals and officials believe that American power is terminally on the wane. This has been expressed most authoritatively in Xi Jinping's dictum that "the East is rising and the West is declining." (He has been diplomatic enough not to say explicitly it is China versus America.)

State media have long loved shining a harsh light on America's failings, an unsubtle way of telling Chinese people they have it better. Yet it would be a mistake to doubt the sincerity of China's verdict that America's best days are behind it. This worldview, partly rooted in Marxist suspicion of capitalism, gained ascendancy in China after the global financial crisis of 2008. Donald Trump's two election victories have only hardened this conviction, taken as evidence that American democracy is malfunctioning, too, in producing an agent of chaos as president.

In a recent paper, Jonathan Czin and Allie Matthias of the Brookings Institution, an American think-tank, tabulate how often phrases describing American decline appear in Chinese writing. Their conclusion is that such analysis has been a consistent fixture of Chinese discourse for nearly two decades. But since Mr Trump's return to power there has been an upswell: he is seen as both a symptom and an accelerant of American decline. A few ideas come up repeatedly in Chinese thinking about what ails America. First, there are economic problems: the financialisation of America, the hollowing out of its manufacturing capacity and soaring public debts. Next, there are military woes: the burden, and impossibility, of being the world's policeman. Finally, and underpinning all of this, there are political defects: an ultra-polarised system, unable to sustain consensus, that is now gravitating towards self-defeating populism.

The essential question is how China responds to its own assessment of a diminished America. One possibility is that leaders might opt to behave more aggressively, seeing more space opening up as America shrinks. There is some evidence of this, notably in China's occasional economic bullying of American allies, from Japan to Canada, and in its more aggressive military posture around Taiwan and in the South China Sea. Yet its actions often take place in grey areas, and are not nearly as bold as Russia's territorial grabs. So the more important observation is that China is relatively cautious for now, despite its diagnosis.

The concept of "hegemonic anxiety", a touchstone for many Chinese scholars, helps to explain such caution. They see America as a diminished hegemon that is extremely anxious about its loss of clout and so prone to lash out violently on the way down. Scholars use this as a framework for understanding Mr Trump's decision to snatch Venezuela's President Nicolás Maduro, to bomb Iran and to scorn allies. America, from this vantage point, is hellbent on creating crises and throwing its weight around in a desperate bid to maintain its primacy. The upshot for China is that it must be careful. As Zhong Sheng, a pen-name for the party's official views on foreign policy, wrote in a commentary in the People's Daily on April 23rd: "America is accelerating its degeneration into a world where might makes right."

Another element to the Chinese perception of American decline argues for caution. In a positional sense, all of this is real: America's share of the global economy has plateaued over the past few decades, at the same time as China's has rapidly expanded. But China's most sober thinkers note that this relative shift does not constitute absolute loss. As Da Wei of Tsinghua University has put it, hegemony is different from power. America's leadership of international institutions has disintegrated, not least because America has consciously undermined them. Even so, there is little question that America remains the world's strongest country in economic and military reach.

Wang Jisi of Peking University has also urged humility. For all America's evident political woes, these have not constrained its economic or technological development. Moreover, he has noted that political polarisation tends not to last in America; the country has a record of recovering its equilibrium.

Whether China sees America as a shrinking but unpredictable hegemon or as a weakened power that still has great capacity to inflict harm and, with artificial intelligence, to make new gains, the conclusion is the same: China should not do reckless things that might antagonise it. If American decline is close to a consensus opinion in Beijing, so is that feeling of caution. It is a reassuring place for China to end up, since such prudence ought to help minimise the risk of a superpower conflict. But make no mistake. When they meet in Beijing in mid-May, Mr Xi will not be awed by the grandeur of Mr Trump's office or impressed by his flexing of America's military muscle. Instead, he will see Mr Trump as the leader of a faded power, full of danger yet destined to decline. ■

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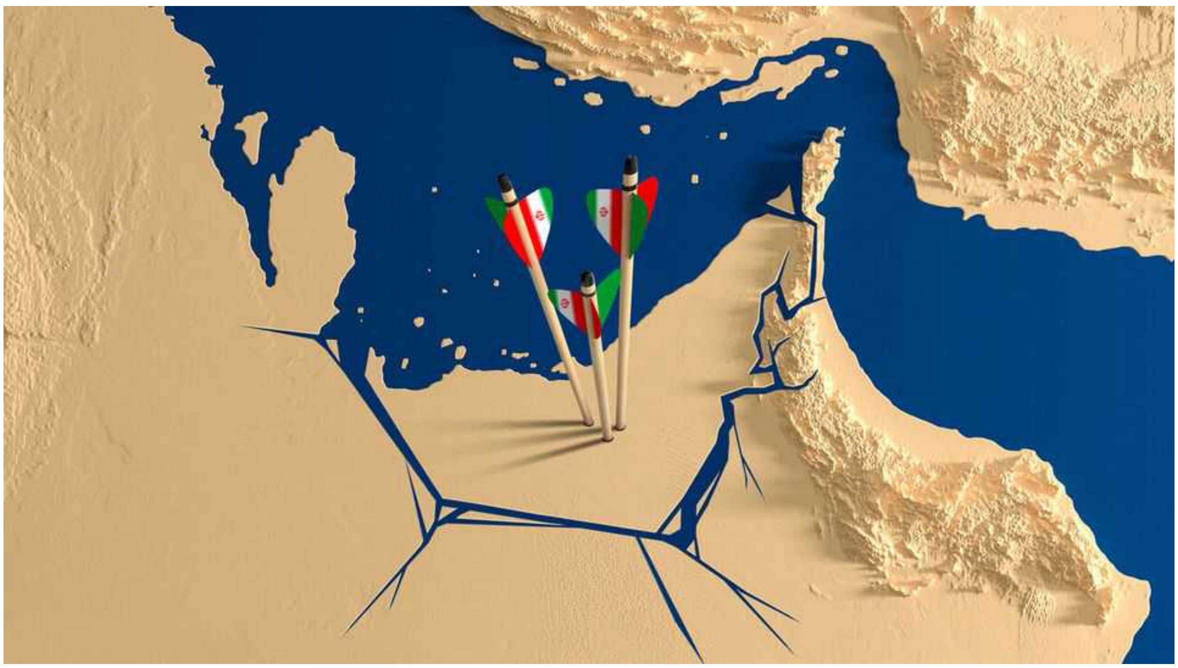
Middle East & Africa

Middle East & Africa | Taking aim

Despite Donald Trump's talk, a lasting peace is some way off

Iran is now targeting the UAE

May 7th 2026



AFTER a dramatic few days, is the Gulf war stuck once again? Donald Trump announced, with great fanfare, a scheme to guide merchant ships through the stopped-up Strait of Hormuz, only to suspend it two days later. Iran broke the ceasefire by attacking the United Arab Emirates (UAE), one of America's closest allies in the region, only for America to dismiss the attack as trivial. Now Mr Trump is once again playing up the prospect of an imminent diplomatic breakthrough.

The short-lived "Project Freedom", as Mr Trump called it, was born out of frustration. More than three weeks have passed since America announced a blockade of Iran's ports, choking off its oil exports. The results have been less catastrophic for Iran than Mr Trump had hoped. On April 26th, for example, he predicted that Iran's clogged oil facilities would "explode" within three days. That deadline, like so many, came and went.

The blockade is nonetheless hurting Iran, which has already had to trim oil production and press derelict tankers into service as floating storage. Its economy is a mess. But America has not achieved its goal of compelling Iran to make major concessions.

Hence the effort to break the deadlock in the strait. American destroyers did manage to escort two us-flagged ships through Hormuz on May 4th. But the "project" was never likely to help the hundreds of others still stuck. Shippers still see transiting the strait as an intolerable risk—particularly after Iranian attacks this week that hit a tanker owned by the UAE's national oil company and a South Korean vessel.

What it did do was offer Iran a pretext to resume attacks on its neighbours. Iran fired at least 19 missiles and drones at the UAE on May 4th, the first such strikes since shortly after the ceasefire was called on April 8th. The drones caused a fire at the oil terminal in Fujairah, the UAE's only major port outside the Persian Gulf and thus its only wartime outlet for crude exports. The Emiratis were understandably furious, and many officials in the Gulf assumed America would retaliate. Instead it played down the attacks. Mr Trump soon said that he was suspending "Project Freedom", ostensibly at the behest of Pakistan, which is mediating between America and Iran.

The president claimed "great progress" towards an agreement to end the war. That is almost certainly an exaggeration. At best the two sides seem to be closing in on a rough framework for further talks. They would lift their blockades of Hormuz over a 30-day period, which they would use to negotiate over Iran's nuclear programme, its demand for sanctions relief and other issues. There is no guarantee those talks would succeed, however, and the fear of failure—and further war—would probably continue to impede the flow of oil, gas and other commodities.

Many Gulf-watchers were struck that Iran singled out the UAE in this week's attacks; earlier in this war it attacked all six members of the Gulf Co-operation Council (GCC). Iran probably had two motives: treating the UAE as a proxy for Israel, and trying to deepen its divide with its neighbours, particularly the Saudis.

The UAE established formal diplomatic ties with Israel in 2020, the first of four Arab countries to do so under the Abraham accords. The move was part of a broader effort to define a foreign policy independent of the Saudi-dominated GCC. While other Gulf countries all have discreet relations with Israel, only Bahrain and the UAE have joined the accords. The devastating campaign Israel has fought in Gaza since October 2023 has made it difficult for Arab regimes to bring such relationships into the open. The UAE is the only one that has publicly doubled down on its alliance.

It had already fielded Israeli missile-defence systems before the war started on February 28th. Once Iranian missiles and drones began flying, Israel hurriedly sent an Iron Dome battery—manned by Israelis—as well as advanced sensors and laser systems, some still prototypes, to bolster Emirati defences. One Israeli defence official called the level of co-operation “unprecedented”. The relationship between the two countries goes beyond defence. In recent years the UAE has embarked on a series of bilateral economic “partnership agreements”. The first was signed with India; the second with Israel.

The two countries have a similar worldview. With the weakening of Iran’s network of proxies and client states, they are concerned that a new axis dominated by Turkey will increase its power in the region, particularly in Iraq, Lebanon and Syria, where Iran previously held sway. “The Emiratis have made a strategic choice,” says one Israeli diplomat who has been posted in the Gulf. “From their perspective, Israel is part of their security plans, but also the business and diplomatic ones.”

Meanwhile, the Emiratis are increasingly estranged from Saudi Arabia. Their decision to leave the Organisation of the Petroleum Exporting Countries (OPEC) on May 1st was prompted partly by commercial concerns: they want to pump far more oil than the cartel allows them to. But after months of bitter dispute over foreign policy in Sudan, Yemen and elsewhere, it was widely seen as a swipe at the Saudis.

Some state-backed commentators in the UAE also speak of abandoning the GCC and the Arab League. The latter would be purely symbolic, since the league is a useless talking-shop. Ditching the GCC would matter more: the bloc offers free movement for goods and people. Even if the council holds together, the Saudi-Emirati schism leaves it politically paralysed.

To Iran, all of this may look like a fissure worth exploiting. The Saudis were once keen for Mr Trump to continue the war, but they have taken a doveish turn since the ceasefire. Fearful of further attacks on their oilfields (or worse), they are urging America not to resume fighting, even as they fret about what sort of diplomatic arrangement it might reach with Iran. By focusing its attacks on the UAE, Iran creates tension between the Emirati desire for retaliation and the Saudi wish for calm.

That tension may subside if America and Iran do reach an initial understanding. Still, more than two months into the war, a lasting peace still looks far off. ■

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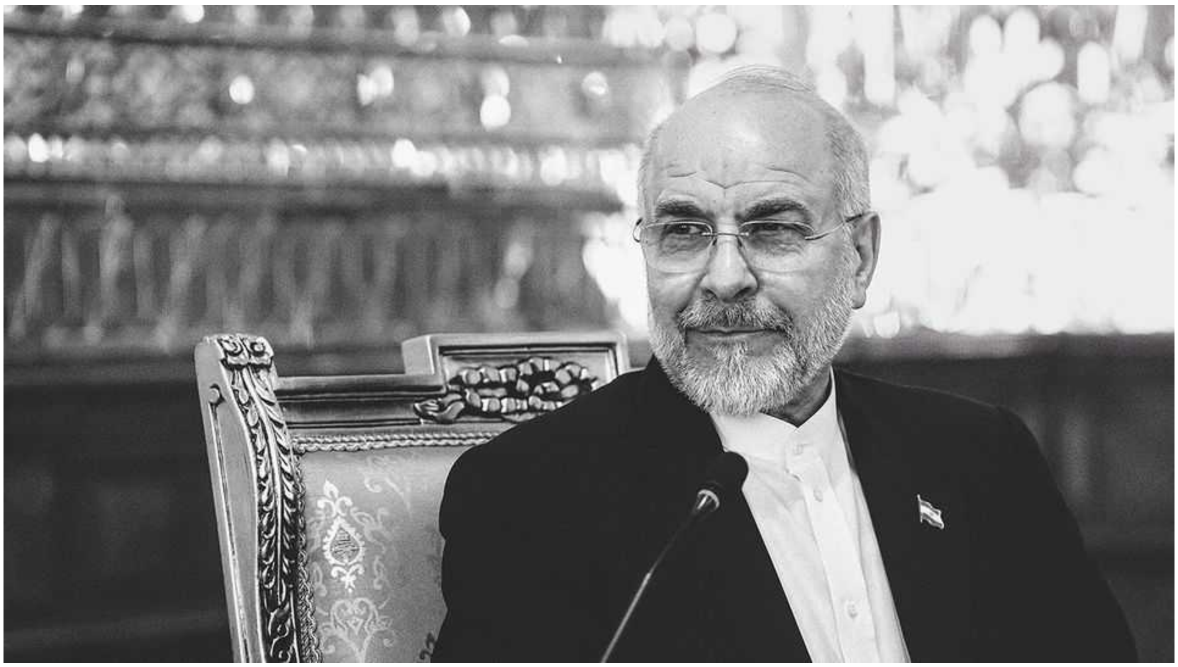
Middle East & Africa | No way out

Diplomacy or more war? Iran's leaders are split

Some are convinced that talking is futile

May 7th 2026



According to leaks from the White House, America is, once again, the closest it has been yet to a deal to end its war with Iran. Donald Trump spoke of 24 hours of "very good talks". Iran said America's proposal was "being considered". But for Iran's leaders, actions speak louder than words. In the Gulf America attacked an Iranian tanker trying to break its blockade of the Strait of Hormuz. Israel struck Beirut. And Iran unveiled a new "Persian Gulf Strait Authority", demanding payment in its currency, the rial, for safe passage. Even more than its nuclear programme, Iran's claims on the strait threaten any deal and risk reigniting the fighting.

Huddled in their bunkers, Iran's leaders are preparing as much for escalation as diplomacy. The clerics' former checks on the generals of the Islamic

Revolutionary Guard Corps (irgc) vanished when Israel killed the supreme leader, Ayatollah Ali Khamenei, on the first day of war. His son and successor, Mojtaba, is conspicuously absent. Formal authority rests with a 12-member National Security Council (NSC) which includes a posse of generals. In reality, the generals—all veterans of Iran's eight-year war with Iraq—dominate. "It's a soft revolution," says an Iran-watcher.

Immediately after the ceasefire, pragmatists seemed to be ascendant. The most prominent, Mohammad Baqer Qalibaf (pictured), a former irgc commander who is now speaker of parliament, flew to Islamabad as chief negotiator. He typifies a generation of veterans who have entrenched themselves in Iran's conglomerates, hobnob with oligarchs and have a stake in preserving Iran's industrial base. As Tehran's mayor, he did more property deals than Mr Trump, boasts an Iranian businessman. It earned him a reputation for money-seeking and corruption.

Mr Qalibaf remains sympathetic to the pleas of businessmen who counsel against escalation. Bombardment has crippled pharmaceutical, steel and petrochemical plants and stripped many workers of their jobs. The naval blockade is compounding the damage. The rial has more than halved in value since last summer's war. With stockpiles dwindling, the price of essentials has soared. Economists expect inflation in goods to hit services, too.

Mr Qalibaf would prefer to steer around the blockade while preserving the ceasefire. His ties to both the irgc and commerce give him access to smuggling rings on the border. Formal overland trade has surged since the Gulf closed. Iraq and Turkey—already key trading partners—have become more vital still. Commerce with China, Iran's biggest market, is being rerouted by land. Pakistan has opened six new crossings; traders speak of Gwadar, in Pakistan, as an alternative to Jebel Ali, a vast port in the United Arab Emirates (uae). Iran is trying to send some oil to China by rail. Small boats zip across the Caspian Sea, bound for ports in Russia and Turkmenistan. Build two walls from New York to Los Angeles, suggested Mr Qalibaf on social media recently, and their length would still fall about 1,000km short of Iran's total frontiers: "Good luck blockading a country with those borders."

Yet he faces stiff opposition. “There’s a power struggle within the irgc,” says another Iran-watcher. The speaker’s most fearsome opponent is Ahmad Vahidi. A career soldier, former defence minister and the current head of the IRGC, he represents the hardliners. “He’s an end-of-days man,” says a former Israeli intelligence officer who worked on Iran, a reference to the Shia millenarianism that some reckon guides him. Mr Vahidi believes America will only tighten the noose. Iran should resist while it can. The current economic hardship, he argues, could spark renewed unrest of the sort seen in January. “They’re not sure they can survive another round of protests,” says a manufacturer. War, by contrast, would keep people indoors—and could rally some behind the regime.

If the hawks prevail, escalation will follow. Local commanders would revert to the tactics adopted at the war’s outset, reinstating a prepared list of targets. Strikes on tankers could resume, keeping Hormuz closed. They might also do the same in the Red Sea. American warships and Gulf cities could come under more fire.

Iran’s bitterest local foe seems to be the uae, which now hosts Israeli hardware and personnel. But Qatar remains a potential target, driven by grievance over its gas extraction from South Pars, a field it shares with Iran. “People are underestimating the power of Iran in the region,” says Reza Bundy, an Iranian-American asset-risk manager. “They’ve barely begun to roll out the escalatory system they have prepared for the last 40 years.” ■

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Middle East & Africa | Out of sync

Arab rulers have little sympathy for Iran

Their people are not always so hostile

May 7th 2026

The rulers of the Arab world, its emirs, kings and generals-turned-presidents, have done their best to tell their people what to think about the American-Israeli war with Iran. State media churn out denunciations of unprovoked Iranian aggression. People who express sympathy for Iran have been arrested and in some cases charged with treason. The region's leaders have dusted off old Arab tropes about perfidious Persians. Qatar and the United Arab Emirates (uae) have detained people for filming Iran's attacks, or their aftermath. Bahrainis have been stripped of their citizenship for ostensible support for Iran; on May 7th parliament expelled the deputy speaker and two other mps for questioning the king's power to do so. "They don't want anyone querying the official narrative," says a Bahraini former mp.

Yet query it people do. Across many Arab countries a martial anthem praising Iran's defiance of America has gone viral. "Take me to the streets of Tehran," it urges. "The banner of honour has been raised by Persian hands." Distrustful of their state media, some Arab viewers have turned to Al-Mayadeen, a Lebanese satellite-television channel sympathetic to Iran.

Few voice such sentiments openly, but in private some wonder whether the region's American bases do more to invite Iranian strikes than deter them. "The Gulf states were once American vassals; now we may become Iran's," says an academic in the Qatari capital, Doha, who has shared such thoughts with colleagues. "We will pay and call it investment reconstruction, not reparations and extortion."

Sympathy for Iran among Arabs is driven largely by two things. The first is their anger with Israel, particularly after its slaughter in Gaza and its pounding of Lebanon and Syria. "Ask any Egyptian and they'll tell you we back whoever backs the Palestinians," says a young doctor in Cairo, visiting a cinema to watch an Iranian film. "Iran may be repressive, but it has stood up to the Greater and Lesser Satans." Some relish the discomfort of the Gulf states which have in recent years forged closer ties with Israel. In Bahrain, members of the Muslim Brotherhood, though Sunni, have privately welcomed Iran's strikes on Israel.

The other impulse is sectarian. Many Shia Muslims who live in the Gulf share religious ties with Iran. In Bahrain's Shia-majority villages, mourners staged processions for Ali Khamenei, Iran's late leader, who had a large following in the little kingdom, after Israel assassinated him. Hundreds of thousands of Iranians also live in Dubai. Iranian schools, clubs, a hospital and a mosque have already been closed. The uae's expulsion of thousands of Shia Pakistanis feeds Shia grievance. In Egypt, a Sunni stronghold, there is even talk of a revival of devotion to the Prophet Muhammad's family—figures especially venerated by Shias. "Egyptians have a soft spot for Iranians," says a former presidential adviser. "We share reverence for the Prophet's household and for shrines such as those of Hussein and Zeinab (the prophet's grandchildren) in Cairo."

But those who have borne the brunt of Iran's support for militias and military ventures—in Iraq, Lebanon and Syria—urge America and Israel to keep bombing. Some Sunnis, particularly in Bahrain, fear a fifth column and bridle at sympathy for attacks on their city-states. Egyptian Salafists, who seek a return to Islam's original traditions, have stirred sectarian hostility, warning against empowering the rafida—or rejectionists—a rude Sunni word for Shias.

Even so, such sectarian bile appears to resonate less than it once did. More striking is the readiness of many to follow their hearts over their pockets. Many Arab migrant workers have returned home after losing jobs in the Gulf; remittances have plummeted. Fuel prices are rising, even in oil-rich states.

Might this mood have consequences? Some Arabs contrast their own compliant leaders with Iran's commanders, who, against heavy odds, seem willing to fight. "Iran's response makes them look capable and resilient," says one. In comparison, Arab supposed strongmen seem weak. "Our bullies are cowards," snaps the Egyptian doctor. For now such views are whispered. They may not always be so. ■

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Middle East & Africa | Desert doldrums

Mali shows the growing strength of jihadism in the Sahel

There is little to stop militants from expanding their influence

May 7th 2026

In a patch of jungle in Ivory Coast, African special forces practise beach landings and dawn raids under the watchful eye of Western commandos. In the air-conditioned classrooms of a military camp, FBI officers teach regional police how to conduct intelligence operations. This is Exercise Flintlock, a counter-terrorism training bootcamp that America has been running in Africa almost every year since 2005. At a time when America is slashing its commitments to the continent and its relations with Western allies are rocky, the event makes American-led multilateralism look alive and well.

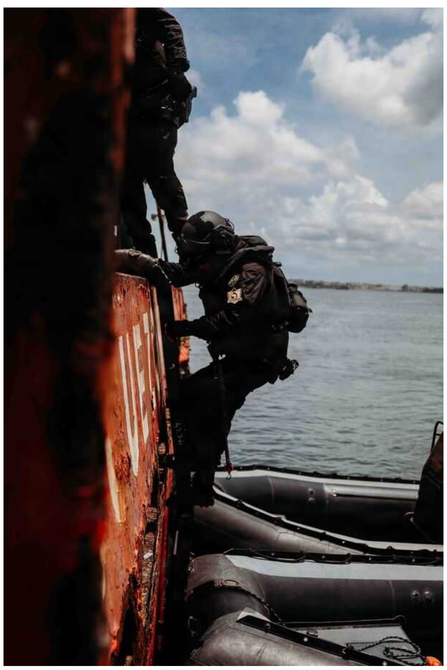
Unfortunately, that is of limited use when it comes to the big crisis on west Africa's doorstep: [jihadism](#) in the Sahel. Decades of counter-terrorism efforts by America and its allies failed to halt its spread; more recent interventions by Russia in tandem with the region's military juntas have worsened the threat. The Trump administration's new transactional approach also holds little promise.

A recent wave of attacks in Mali by JNIM, the region's dominant jihadist group, in alliance with ethnic Tuareg separatists, shows just how bad things are. On April 25th the defence minister was killed by a suicide-bomber; two days later the Malian army and allied Russian troops began retreating from towns and bases across the north (see map). The grip of the ruling junta looks increasingly shaky. Next door in Burkina Faso and Niger, also run by juntas, things are not much better. All three declined to take part in Flintlock. On security in the Sahel, "all the indicators are downwards," says a Western general.

Counter-terrorism co-operation between America, its allies and countries in the region, which combined military support with aid and some democracy promotion, did too little to halt the spread of jihadism. Yet Western disengagement has arguably made things worse. Starting in 2020, the Sahelian trio cut ties with Western and west African allies and drew close to

Russia. They booted out French and American troops and UN peacekeepers before launching brutal campaigns against the militants. America's bases in Niger, which had been used to gather intelligence, have been closed. According to American defence officials, the Sahel has become an "intelligence black hole".

The Trump administration wants to shake things up. Richard Michaels, the State Department's deputy Africa chief, said on April 30th that America had drawn a line under open-ended commitments. AFRICOM, its command structure in Africa, talks of stricter "prioritisation". This suggests America will move away from what Aneliese Bernard of Strategic Stabilisation Advisors, a consultancy in Washington, calls "soft approaches" to counter-terrorism—such as improving relations between soldiers and local communities—towards the hard sort, such as drone attacks.



Sure enough, America has stepped up air strikes, most obviously in Somalia, where it has cut funding for its special forces and reduced the number of anti-militancy initiatives. At the same time AFRICOM has increased bombing raids on jihadist groups. Insiders say the threshold for military action has fallen, as has the level at which authority to approve strikes is delegated. In December America also conducted its first-ever air strikes in

Nigeria, after Donald Trump claimed Christians there faced religious persecution.

For now, America has no plans for offensive air sorties in the Sahel. But the Trump administration has been feeling out the juntas about resuming co-operation. Last year America shared intelligence that helped the Malian army conduct strikes on jihadist leaders. In February it sent a top State Department official to the Sahel to discuss normalising ties. Soon after, it lifted sanctions on three Malian officers, including the (now deceased) defence minister. A deal would let America resume flying intelligence-gathering aircraft and drones in Malian airspace.

America also wants to open up economic opportunities for investors. The region's mineral resources include gold, lithium and, in Niger, significant deposits of uranium. Flagship Gold Corp, a mining firm based in New York, struck a deal with Mali's state-owned miner in October. This week American officials for the first time brought a delegation from Burkina Faso to SelectUSA, an investment summit in Washington. All this suggests a more nakedly transactional approach to curbing terrorism in Africa. "They are asking: who is the strongman here and who might work with us?" says James Barnett of the Hudson Institute, an American think-tank.

But the region's strongmen do not look eager to partner with America. JNIM's recent attacks in Mali underscore the dangers of relying on Russia. The Malian rank-and-file are said to be growing frustrated with their Russian allies. Yet Assimi Goïta, Mali's military leader, may be "doubling down on the current strategy", says a Western diplomat in Bamako, the capital. His first public appearance since the attacks was at a meeting with Russian officials.

JNIM's successes in Mali also highlight the flaws in America's current approach. The Sahelian juntas, despite their brutality, are struggling to defeat jihadism and provide the security needed for American investment. Mr Goïta, in particular, might not remain in post much longer. At Flintlock, American officers talk of supporting co-operation between west Africa's armies and training them to respect human rights and the rule of law. Such ideas, always under-emphasised in counter-terrorism efforts, are even more unfashionable in the Trump administration. But they could prove more fruitful than grubby deals with failing strongmen. ■

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Europe

Europe | The off-chancellor

Friedrich Merz can’t go on like this

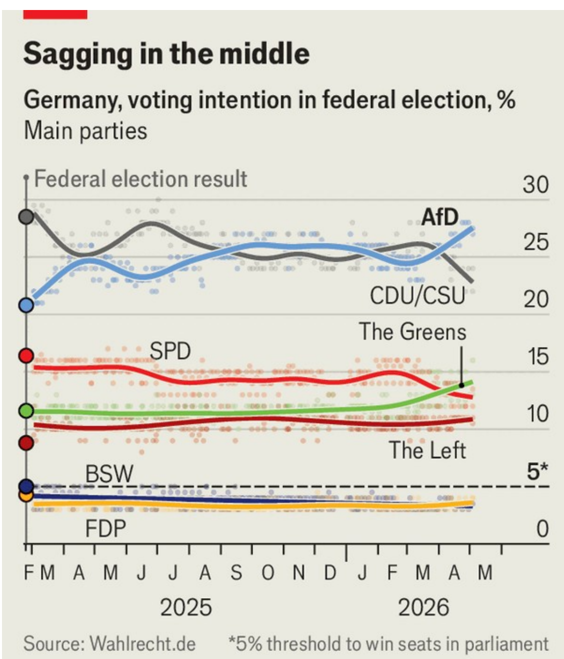
His one-year-old government looks exhausted, and voters are tiring rapidly

May 7th 2026

IT IS A sunny spring morning in Salzwedel, a picturesque town of half-timbered houses and cobbled streets in the east German state of Saxony-Anhalt, and people have come to shout at Friedrich Merz. Outside the cultural centre where Germany’s chancellor has agreed to take questions from locals, farmers and others protest against his energy policies. Inside, a skin-cancer victim upset about proposed changes to screening rules complains that politicians feather their nests as ordinary folk suffer. “The chancellor only talks around the issues, he offers nothing concrete,” says Thomas Becker, an entrepreneur angry about red tape and aid to Ukraine. He wants new elections.

Mr Merz, who took office a year ago, is not without achievement. Even before becoming chancellor he pushed through constitutional changes to enable massive investments in rearmament and infrastructure. Mr Merz's coalition—which unites his centre-right Christian Democrats (cdu) and their Bavarian sister party, the Christian Social Union (csu), with the Social Democrats (spd)—has approved reforms to welfare, tax, energy and, most recently, health care. The sting has been drawn from a bitter debate over irregular migration as numbers have tumbled (albeit largely due to events outside the government's control). And notwithstanding his [recent spat with Donald Trump](), Mr Merz has restored a sense of vitality to German foreign and security policy.

Yet, as the event in Salzwedel suggests, Germans are fed up with the chancellor. Although Mr Merz never commanded Germans' affection, now just 13% say they are satisfied with his work and only 11% think his government is doing a good job. The cdu/csu has slid in polls to just 23% since winning last year's federal election with 29%. The SPD is in even worse shape; it was hammered in two recent state elections and languishes on 13%.



Meanwhile, the populist-right Alternative for Germany (afd) has opened a polling lead (see chart), despite endless scandals and squabbles. It hopes to take power for the first time when Saxony-Anhalt votes in September. Mr Merz still talks a good game, relishing his self-appointed role as a teller of unvarnished truths to a struggling country loth to accept change. But with three years of his term to run, he cuts an ever-lonelier figure. As he admitted this week: “The crisis narrative has taken on a life of its own.”

What has gone wrong? Mr Merz’s well-documented flaws—failure to grasp detail, a short temper and a tendency to speak before thinking—do not help. (He ticked off his ill critic in Salzwedel rather than sympathise with her.) A deeper problem is his shaky grip on the political machinery he oversees. The chancellery is disorganised and badly co-ordinated with cdu/csu mps. Lars Klingbeil, the vice-chancellor and spd co-leader, enjoys a decent rapport with Mr Merz but struggles with his own rank-and-file. Politicians’ speeches may hit the right note, but fail to become policy. Big promises, such as last year’s “autumn of reforms”, fizzle. A pall of exhaustion hangs over the government.

mps from the governing parties tend to offer more-in-sorrow-than-anger laments about their partners’ failings. There is something to this. spd lawmakers have cried foul over minor changes to social-security rules. Last year a caucus of young cdu/csu die-hards threatened to torpedo a pension change they said was unaffordable. The government’s slim majority of just 12 makes it easy for renegade mps to exert outsize influence. Isabel Cademartori, an spd mp, describes a “baffling disconnect in perception” whereby both governing parties believe their respective leaders have surrendered everything to the other lot, limiting space for the compromises needed to oil a coalition’s wheels.

This is partly because governing has become a grim drumbeat of cuts, crisis management and painful reforms. The government recently halved its economic-growth projection for 2026 to just 0.5%, owing, in part, to the blockage of the Strait of Hormuz, but also the sluggish pace of domestic reforms. Germans, as Mr Merz often notes, work fewer hours than those in almost any other country in the oecd, a club of mainly rich countries. Ballooning social-security costs and high marginal tax rates are hardly incentives to work harder. And German industry is buckling under the twin assaults of American protectionism and Chinese mercantilism. “The real problem is that we can't say that things will be better in three to four months," says Reinhard Brandl, a csu mp.

Troublingly, bigger battles lie ahead. The governing parties are scrapping over how to fund a proposed tax cut for low- and middle-earners. Bar defence, almost every ministry must slash spending before next year's budget is finalised. The biggest drama, predict insiders, will be over the public-pension system, which gobbles up a quarter of the federal budget. After an official commission reports in late June, the government will have to find a way to trim €4bn ($4.7bn) from its pension bill, and battle lines are being drawn up. "The reform debate suffers from one big defect: this country needs a vision but doesn't have one," says Stefan Kolev, the head of the Ludwig Erhard Forum, a think-tank.

So grim is the mood that Mr Merz has had to push back hard against the growing number in his ranks who want to blow up the coalition, either by calling an early election or governing alone with ad hoc majorities. That is unlikely, since in both cases the biggest beneficiaries would be the afd. And optimists may yet be found. "When we do our job properly, our support will rise again," insists Mr Brandl—perhaps more in hope than expectation. ■

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Europe | Nordic education

Why Swedish schools are going unplugged

Nordic pupils are returning to books and pens

May 7th 2026

When Cecilia Rosenbaum saw a book-spine staircase where the vertical part of each step was adorned with colourful stickers showing “Peter Pan”, “Charlie and the Chocolate Factory” and other titles of beloved children’s books, she decided to copy it for her school. The principal of Montessori Mondial Kungsholmen, a grundskola (mandatory nine-year comprehensive school), is on a mission to get her charges to read more. During break, books are brought out to the park in front of the school. Each day starts with 15 minutes of reading in class. One day a week the teacher reads aloud for everyone.

Once the country with the world’s highest literacy rate, Sweden’s reading standards have declined of late. In 2022 (the latest available data) Sweden’s reading score in PISA, a worldwide study of 15-year-olds' literacy and other skills, had fallen by 19 points over four years to 487. That compared with 516 for Ireland and 543 for Singapore, the top performer. "Around 25% of Swedish pupils struggle to read properly," says Lotta Edholm, the higher-education minister. In her view this is "linked to an overreliance on digital tools without sufficient evidence of their effectiveness".

Ms Edholm is determined to dial down digital education. "Från skärm till pärm" (from screen to binder) is her centre-right government's slogan for its "back to basics" policy to reduce the use of computers and tablets in favour of handwriting and old-school textbooks. In August this year mobile phones will be banned at all grundskolor. In 2023 the government launched an ambitious investment programme to reach its goal of providing one textbook per pupil per subject. So far it has spent over SKr2bn ($216m) to bring back books and it will continue to invest in offline reading, handwriting and numeracy.

Others in Europe and America are engaged in a return to books and pens in schools, but none as quickly as Denmark, Sweden and Finland, countries that are otherwise enthusiastic adopters of digital technologies. Last year Finland, home of Nokia, one of the world's mobile-phone pioneers, introduced strict restrictions for the use of mobile phones during school lessons for children aged 7-16. Denmark will follow this year with a law mandating a ban on phones and private tablets for folkeskole, primary and lower-secondary schools, up to the age of 16.

"It's expensive to go back to books," says Merete Riisager, a former Danish education minister. Denmark pioneered tablets at school from 2011, but provided teachers with little training. "Our teachers were at sea," says Kara Barker-Astrom, the principal of Stockholm's VRG Campus Viktor Rydberg, an upper-secondary school. The country has since come to regret its digital drive. Ms Riisager reckons that tablets played a role in the deterioration of reading and maths skills of Danish pupils.

The scientific evidence for the benefits of phone bans is still thin, but it is growing. "Overall everyone agrees that restricting the use of phones is good for the attention of kids," says Lucia Magis-Weinberg of the University of Washington.

A study published in October showed that a “bell to bell” phone ban in a large school district in Florida initially led to an increase in student suspensions. Yet it found big improvements in test scores in the second year of the ban. And it found that the phone bans considerably reduced truancy as students adjusted and began to enjoy the experience of not being constantly attached to their screens. Better attendance might explain some of the improvement in test scores. Even so, Ms Magis-Weinberg cautions that there is no one-size-fits-all policy.

Ms Barker-Astrom welcomes many of Ms Edholm’s policies but warns against the pendulum swinging too far. Kids older than 16 need to be able to use phones and laptops as the material they are studying becomes more complex and to prepare them with the digital skills that are required in university and the workplace. Even so, her school still switches off the internet during exams: the temptation to cheat, or scroll, is just too strong. ■

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Europe | Apocalypse on the Black Sea

A Ukrainian strike on a Russian oil hub causes catastrophe

Toxic smoke billowed and molten fuel flowed like lava

May 7th 2026

IN USUAL TIMES Tuapse, a Russian port city on the Black Sea, and its surrounding villages are a popular summer destination, luring people from across the country to a short stretch of the coastline. Just 70 miles (113km) away is Sochi, the site of the 2014 Winter Olympics and one of the favourite residences of Vladimir Putin, Russia's president.

On a recent afternoon, loudspeakers near the port were inviting visitors to take boat tours in order to "enjoy fresh air and natural views" of the surrounding coast. Rarely has the mismatch between advertising and reality been so stark. The air was thick with toxic black clouds that billowed from a burning oil refinery and from flaming storage tanks belonging to Rosneft, a gigantic Russian oil firm.

The first flames appeared in the town on April 16th when Ukrainian drones struck the marine terminal of an important oil-export hub. Two people were killed and seven injured. Four days later, just as the fires had been put out, Ukraine struck again, causing an oil spill that subsequently surged past boom barriers and entered the Black Sea, where it spread out and contaminated some 50km of coastline.

Two more attacks hit the oil facilities over the following days, including one that damaged the main refinery itself on April 28th. The strikes are part of a wider strategy by Ukraine to concentrate its attacks on Russia's energy infrastructure and to hit the same oil- and gas-export facilities and refineries repeatedly, over several days. The industrial fires raging in the residential areas and the oil spills on the coast all amounted to an environmental disaster.

Rain stained with oily droplets and soot—similar to that seen in Iran after oil storage tanks were bombed there—has contaminated water and soil around the city. Black fumes rising from Tuapse stretched all the way to Sochi and could be seen by air passengers flying over the area. Social-media has been saturated with videos of the oil spills. One short video showed burning fuel flowing down a street, like molten lava.

Loudspeakers mounted on police cars warned residents that people taking photos of the destruction could be fined 500,000 roubles ($7,000). Traffic police randomly searched cars and even checked the contents of cosmetic bags and first-aid kits, according to eyewitnesses. Journalists visiting the area were met with suspicion, with some locals reporting their presence to the police.

The main concern of the authorities, it seems, is to limit the political fallout of Ukraine's drone attacks by keeping a lid on the news, demonstrating their prowess in fighting fires and downplaying the environmental damage, so that people don't change their holiday plans. Initially officials simply advised residents to keep windows shut, limit their time outdoors and refrain from smoking. On April 28th, after the attack on the oil refinery itself, people living close to it started to get evacuated. Later that day Mr Putin spoke for the first time, citing upbeat reports from the regional governor asserting that the situation was under control. “There are no serious threats,” he said. “People are coping on the ground with the challenges they face.”

“We thought that after these events people would reflect more seriously on the reasons for Ukrainian drone attacks, but that did not happen,” said a volunteer who came to help rescue animals. “Everything stopped at the rhetoric of ‘we are victims’.” This message was repeated by citizens and pushed by Rosneft and state propaganda, which described Ukraine’s actions as a form of “environmental terrorism” and portrayed the Russian state as the principal defender of peace in the region.

On May 2nd Sergei Boiko, Tuapse’s mayor, promised that the oil-soaked beaches would be clean by June 1st, in time for the busy summer tourist season. But as one resident told your correspondent: “I don’t care about vacationers. My heart aches for my hometown.” On the beach near the port, a man unfolded a camping chair and prepared his fishing gear. Just beside him, a rainbow film and oil stains floated by on the water’s surface. ■

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Europe | Feeling exposed

Trump's threat to withdraw troops is serious for Europe

The unit affected offers a vital capability

May 7th 2026

IT BEGAN AS a minor spat, but it soon grew into a row with consequences for European security. On April 27th Friedrich Merz, Germany's chancellor, said that America was being "humiliated" by Iran and that it "obviously had no strategy" in the war it had started alongside Israel. True, but rash to say so. A peeved President Donald Trump said he would withdraw some 5,000 American troops stationed in Germany, and perhaps more elsewhere.

At first glance the numbers seem small when set against the roughly 39,000 Americans stationed in or rotating through bases in Germany and the 80,000 active-duty American troops across Europe. But America also said it would no longer deploy one of its three newest and most potent units.

The Multi-Domain Task Forces (MDTF) is the centrepiece of the US Army's modernisation. It combines rocket units equipped with very long-range cruise missiles and hypersonic weapons with top-of-the-range computing and communication wizardry. Speaking to journalists in February, Colonel Jeff Pickler, the commander of the 2nd MDTF, which had been assigned to Germany, said it would use AI tools to be able to identify 1,500 targets every 24 hours, which is far more than could be found using traditional means. "There are not enough people that we could stuff in a headquarters or a command post that will ever be able to fully process all of that."

Though the MDTF would only be able to fire salvos of about 16 missiles at once, it could have a disproportional effect in terms of managing escalation dynamics, says Fabian Hoffmann of the Norwegian Defence University College. Because it is backed by America's very large nuclear forces, it could strike sensitive or strategic Russian targets with less risk of Russia responding with nuclear weapons.

The loss of the MDTF highlights the need for Europe to build vastly bigger stockpiles of its own long-range missiles if it wishes to reach a similar level of deterrence. “The shock is that it takes a Trump outburst to force European politicians to address our own capability gaps,” Mr Hoffmann says. ■

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Europe | Pumpernickeled up

Germany claims it has the world’s best bread

May 5th is national Bread Day, and Germans are ready to roll

May 7th 2026

PERHAPS THE only thing Germans enjoy more than going on holiday, claims Michael Kress, a baker in Baden-Württemberg, is “coming home to buy their beloved bread at the bakery”. Germans’ love for their own loaves can come off as arrogant: last year Friedrich Merz, the chancellor, offended Angolans by complaining he could not find “a decent piece of bread” in their country. But every nation has its cultural touchstones, and on May 5th, while the Dutch hold their annual commemoration of liberation from German occupation in 1945, Germans will be celebrating the day of German bread.

Germany has what may be the most diverse bread culture in the world. The official bread registry overseen by Germany’s national bread institute (yes, really) lists more than 3,000 types. Specialities include pumpernickel, Dreikornbrot (three-grain bread) and Kürbiskernbrot (pumpkin-seed bread). There are specific regional iterations of rolls: Brötchen in the north, Semmeln in the south. In German the word “bread” is partially interchangeable with “meal”—a working lunch is Pausenbrot (break-time bread), dinner is Abendbrot (evening bread). Bavarians, who always do things differently, add Brotzeit (bread time).

The German bread institute designates a bread of the year (rye bread is the current title-holder). There’s also a bread ambassador. And Germany is home to the renowned Weinheim baking academy, which awards the degree of “bread sommelier” (Mr Kress’s title). Since 2000 one of the country’s most popular children’s television characters has been a depressed breadloaf called Bernd das Brot (Bernd the bread). Last year his fame spread to America after John Oliver featured him on his talk show.

Yet all is not yeasty in Germany’s baking industry. The number of bakeries has crumbled by 59% since 1998, to just under 9,000. Arnd Erbel, a prominent baker, says independent bakeries are being sliced out in favour of industrial ones. Rising energy and ingredient costs, high taxes, bureaucracy and a shortage of skilled labour make things tough for artisanal bakeries, says Jörg Dittrich, the current bread ambassador.

Once crusty consumption habits are shifting too. Supermarkets are winning out over stand-alone bakeries. And despite the huge variety of fresh offerings, the most commonly bought bread is now pre-packaged sliced bread. That may well be because the price of fresh bread keeps climbing—by 40% between 2019 and 2023, nearly double the overall inflation rate. Despite rising costs, the producers have to find some way to make dough, after all. ■

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Europe | Charlemagne

Inside the Brussels deep state

The eurocratic guild at the heart of the EU is seeing its influence ebb

May 7th 2026

A mason present for the laying of the cornerstone of a great European cathedral knew he was unlikely to be around to see the edifice completed, decades or even centuries later. And yet in Chartres, Milan, Aachen and beyond, a brotherhood of true believers devoted their lives to building edifices that would endure long after they were dust. One millennium or so later, a new guild is building its own grand projet. Based mostly in Brussels, the staff of the European Commission have toiled in recent decades on a political structure they hope will prove as awe-inspiring—and permanent—as Notre Dame. In place of stained glass and spires, they craft regulations whose complexity rivals baroque duomos.

Cathedrals had their architects, but the real work was done by lowlier folk. The same is true of building the European Union. For all the presidents of the bloc's various institutions (there are a half-dozen, few of them known outside EU circles), the tone of what happens in Brussels is set by "the eurocrats" who keep the machine chugging along. Some 33,000 officials trudge into the commission's offices every day, alongside even more in other EU bodies such as the European Central Bank. These mostly lifelong civil servants are the backbone of the European project. As the ones who hold the pen on drafting new legislation, serve as the guardians of the club's treaties and have sweeping powers in areas such as antitrust and trade negotiations, their biases matter. Predictably members of this guild aspire to a federal EU, even if not as dogmatically as British tabloids once made out. Overwhelmingly they embrace liberal values such as multilateralism, open markets and the rule of law. As deep states go, there are worse traits.

But a spectre haunts the eurocratic rank-and-file. The EU has steadily gained powers in the past decade or two, the result of many emergencies from the euro-zone crisis of 2009 to Russia's invasion of Ukraine in 2022. A consensus has grown from Paris to Berlin and Warsaw (though, alas, not London) that many of the continent's problems need to be handled collectively. Mega schemes like those to green the continental economy or hobble Russia through sanctions have been handed to the Brussels machine to turn into reality. That might have translated into a surge of influence to the behind-the-scenes toilers there. Not so. Of late the feeling in the corridors of the commission's directorates—ie, among the civil service that stays on, even as a slew of 27 commissioners appointed by national governments rotate every five years—is that power is ebbing from their grasp.

Commission staff feel squeezed by two forces. One of them is exerted by member states, which remain the masters of the European project. National capitals grant Brussels its legitimacy and heft, but also keep a jealous grip on the powers they have delegated. Even when they want the EU to do more, they want to prevent Brussels—whether the commission or the European Parliament, which can occasionally sway policy, too—from becoming too independent a power centre. Regular meetings of EU leaders frame the work of the Brussels machine far more closely than before. Nostalgic types remember the commission as a fountainhead of initiative, able to pursue the European interest in whatever way it saw fit. If that was ever true, it is less so now. Today frustrated federalists decry the commission as the mere secretariat of the Council, the EU body where ministers meet. “National governments tell us to jump, we ask how high,” grumbles one old Brussels hand.

Partly as a result, the power within the commission has shifted, too. Over the past decade or so, the commission’s political leadership—notably its president, who like other commissioners is appointed by national capitals—has hogged the limelight. Working through powerful chefs de cabinets, Jean-Claude Juncker, then Ursula von der Leyen, have centralised the authority once wielded by thousands of eurocrats into a few hands. Ostensibly the idea was to turn their institution from a technocratic apparatus into a “political commission”, as befits an institution making important decisions. The upshot has been that eurocrats who once felt they could push forward their vision of the EU interest now lament being micromanaged by higher-ups instead.

On occasion the disgruntlement of the eurocracy has become public. A trade deal last summer between the EU and Donald Trump’s America was unpalatable to the free-traders deep inside the Brussels machine, despite the endorsement of Mrs von der Leyen. The official in charge of trade, Sabine Weyand, has been unusually public in painting it as a grubby deal; on April 28th it was announced that she was out. In antitrust matters, rules that gave eurocrats plenty of leverage—whether levying huge fines on American tech firms or preventing EU governments from subsidising favoured industries, infuriating bigwigs in Paris and Berlin—are in the process of being relaxed under political pressure.

To some, keeping the commission’s deep state in check is salutary. With great power comes the need for accountability. Times change, and so should EU rules. As well-meaning as eurocrats may be, the squishy liberal feel of the Brussels Bubble can seem disconnected from the populist rhetoric in the union’s backwaters.

Whatever its challenges, the eurocracy is going nowhere. Some 170,000 applicants applied to join the EU institutions as entry-level administrators following a recent recruitment drive, shattering past records. After a battery of tests, fewer than 1% of hopefuls will be granted entry into the guild of

Europe-builders. As successful candidates take up their plum posts-for-life, some will find veteran colleagues dispirited by their recent loss of influence. But there are still many in Brussels who get teary-eyed as they describe their humble role in laying another brick in this continental peace project, as worthy of admiration in their eyes as any cathedral.■

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Britain

Britain | Golders Grim

What to do about Britain’s rising antisemitism?

A stabbing attack in a Jewish neighbourhood of London lends fresh urgency to the question

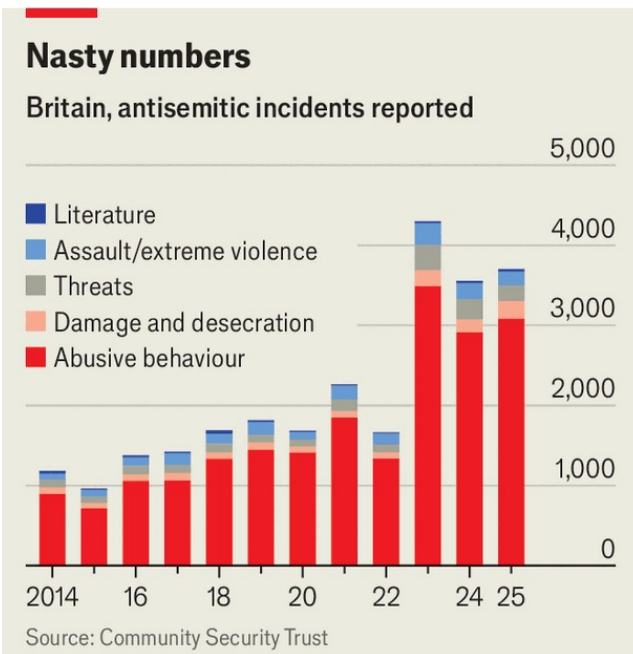
May 7th 2026

British Jews are not a large group. Just 287,000 people described themselves as Jewish, in either a religious or an ethnic sense, when filling in the 2021 census of England and Wales. Hindus are more than three times as numerous, and the census counted just under 4m Muslims. And, like many other religious and ethnic-minority groups, Jews are dispersing from the old urban neighbourhoods. The Jewish population is growing most quickly not in long-established Jewish districts like Golders Green, in north-west London, but in commuter towns like Borehamwood.

All of which helps explain why a wave of antisemitic attacks in London feels especially terrifying. On April 29th two Jewish men were stabbed in

Golders Green. Police have charged Essa Suleiman, a 45-year-old of Somali heritage, with attempted murder and declared the assault a terrorist incident. The stabbings were the latest in a series of violent acts since March. Synagogues and other Jewish institutions have been targeted with incendiary devices. Sir Keir Starmer, the prime minister, told a hastily convened summit in Downing Street on May 5th that the latest attack was "part of a pattern of rising antisemitism that has left our Jewish communities feeling frightened, angry and asking whether this country, their home, is safe for them".

Mr Suleiman was also accused of attempting to murder an acquaintance, Ishmail Hussein, in south London earlier on the same day as the stabbings in Golders Green. He seems to have had mental-health issues. More than a decade ago he had been jailed for attacking a police officer and dog. In 2020 he was referred to Prevent, the government's counter-extremism programme (the case was closed).



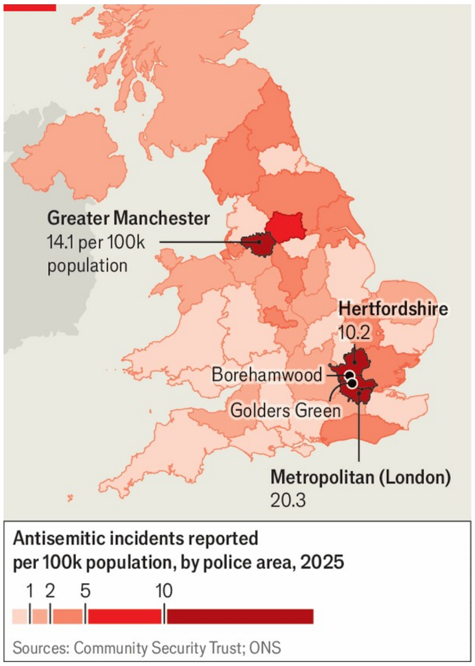
Many British Jews believe that frequent anti-war and anti-Israel protests in Britain have made antisemites bolder. Antisemitic incidents rose by 4% last year, according to the Community Security Trust, a charity which monitors them (see chart). The monthly average of 308 was double the average in the year before the Hamas attack on Israel on October 7th 2023. (Incidents driven by Islamist extremism account for only a small share of the total.) In a YouGov survey last September commissioned by the Campaign Against Antisemitism, 26% of Britons agreed with the trope that “Israel can get away with anything because its supporters control the media”, up from 18% a year earlier.

What might be done? A first step is increased policing. Sir Keir has pledged a “visible” police presence around Jewish communities and an extra £25m ($34m) for security. Swifter prosecutions of hate crimes are also promised. A bevy of police officers now stand guard at the entrance to Golders Green Tube station. Millions of pounds in security funding, mostly private, has already made some of London’s Jewish sites resemble fortresses.

Another area for action is countering state-sponsored terrorism. A new group called Harakat Ashab al-Yamin al-Islamia has claimed responsibility for attacks against Jewish institutions in Britain and on the continent. Although it has not been formally linked to Iran, experts say its social-media presence has the marks of the militias its regime sponsors elsewhere. A complication, in Britain and beyond, is that at least some attacks are suspected of being the work of gig-economy criminals hired by hostile states like Iran and Russia.

The thorniest question is what might be done to limit the racist hatred that flows through social media and has been heard at protest marches. Broader efforts to protect the public from harm, such as the Online Safety Act of 2023, have had mixed results. Britain should protect freedom of speech, Sir Keir said in a BBC interview on May 2nd, but people chanting “Globalise the intifada” should be prosecuted. In some cases, he said, protests should be banned (polling suggests that most Britons agree with him).

That alarms those who think they should be free to express concerns about Gaza. And bans can backfire. Last July the government proscribed Palestine Action (PA), a protest group that had spray-painted military planes, as a terrorist organisation; thousands of people have been arrested for holding pro-PA placards at demonstrations. It has not stopped the spread of antisemitic attacks. Nor is the boundary between Jew-hatred and criticism of Israel clear: someone holding a “Free Gaza” sign is not automatically an antisemite.



After an attack on a Manchester synagogue in October that killed two people the government commissioned a review of public-order legislation, possibly with an eye to increasing its power to stop protests while maintaining protections for freedom of expression. It is already months late.

History provides few easy solutions. Britain passed public-order legislation in 1936 in a bid to crack down on the British Union of Fascists. After the second world war it considered and eventually rejected on liberal grounds proposals to legislate against hate speech. Finally in the 1960s Parliament introduced the offence of "incitement to racial hatred" that remains part of the law today. Debates over a definition of anti-Muslim hostility unveiled in March are merely the latest proof that defining "hate speech"—let alone prohibiting it—is fiendishly tricky.

But past steps did little to prevent vile ideas from spreading in Britain—nor were they the main reason such ideas have almost always failed to catch on. The waxing and waning of antisemitism in Britain has been detached from legal measures. Instead the peace British Jews and other minorities have enjoyed has largely come from living in a stable and tolerant society.

Many Muslims and Jews prefer to oppose racism together. After the Golders Green stabbings, women from both communities staged a joint protest against attacks directed at them. Greater awareness has prompted some pro-Palestinian activists to scrutinise their own ranks for antisemitism masquerading as solidarity.

If matters worsen, more British Jews may consider leaving the country. In the 2010s some 38,000 French Jews moved to Israel amid rising antisemitism, peaking in 2015 after a deadly shooting at a kosher supermarket, according to the Jewish Agency, a charity. Others moved to Britain, believing it to be a safer place. In the nearly 370 years since they returned from medieval expulsion, British Jews have withstood serious bouts of antisemitism and violence, reckoning that much longer stretches of quiet outweighed them. For some, this time may prove different.■

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Britain | Teach first

Britain’s teenagers deserve better help getting equipped to vote

Time to invest in citizenship education

May 7th 2026

“At 16, we can sleep with our MP,” ventured James Evans, in a 2009 UK Youth Parliament debate in the House of Commons, but “we are not mature enough to vote for them.” That is going to change, as legislation to lower the voting age to 16 makes its way through Parliament. Though Scotland and Wales already allow 16-year-olds to vote in devolved elections, Britain will become only the third European country, after Austria and Malta, to let them vote in national ones.

Already, 16-year-olds pay tax, can leave home and join the armed forces (though they cannot be deployed). But “lowering the voting age is only half the battle," notes Christopher Pich of the University of Nottingham. The other half is increasing the quality of voters.

Turnout among British youth is woeful. Just 37% of all 18- to 24-year-olds voted in the last general election in 2024, according to Ipsos, a pollster. That compares with 82% of 18- to 29-year-olds who voted in Sweden's 2022 election.

In a recent study, led by Alistair Ross of London Metropolitan University, of British 14- and 15-year-olds across 120 schools, a quarter of students had "no real idea" what Britain's political parties stand for. Others were unclear about the mechanics of voting: how the first-past-the-post system works, what a constituency is or the need for photo-ID. Yet young people are twice as likely to plan to vote if they feel more informed about political issues, according to a survey in 2024 by Young Citizens, a charity.

Citizenship education, which includes study of politics and democracy, was introduced to England's curriculum only in 2002, following a review four years earlier. It was the last country in the civilised world to do so, according to the late Sir Bernard Crick, who led the review. It has rarely been a priority in crowded timetables since. And with 83% of secondary schools now academies or free schools that do not have to follow the national curriculum, provision is patchy.

A House of Commons review of the 2024 general election recommended a "complete overhaul of political education". Academies will soon have to follow the national curriculum and citizenship education will become compulsory for primary schools too. Ideally it is to be delivered as a weekly stand-alone subject at secondary level. Though understanding the basics of democratic systems is important, education types agree that the treatment of the subject in schools should be broader—Crick lambasted "amazingly boring" foreign curriculums that mandated learning the constitution by heart.

Instead, a favoured approach is one that builds not just young people's knowledge but their skills to discuss complex issues and to cut through misinformation. Hands-on experience helps. One example are the youth elections held in Norway and Finland, recently replicated in Britain by the Association for Citizenship Teaching. ("It's like the fieldwork bit of geography," says Liz Moorse, the organisation's chief). Students joined manifesto teams, campaign teams, even "comms" teams, and held an "election" on the same day as Britain's general election in July 2024. Some 30,000 votes from 400 schools were registered; Labour triumphed over Reform UK.

Big hurdles remain, however. Only 1% of teachers feel fully equipped to teach political literacy, according to a study of more than 3,000 teachers, led by James Weinberg of the University of Sheffield in 2021. The reforms to the curriculum that will make citizenship education more widespread will not be rolled out until September 2028, too late for students who will be eligible to vote in the next general election (which has to be held before August 2029).

And some teachers worry that the subject can turn toxic. Impartiality when teaching about political parties is a minefield. It is "the first, second and last thing people talk to us about", says Harriet Andrews, director of the Politics Project, which supports education in democracy for young people.

Many controversial topics are avoided in schools as teachers are anxious about straying into politics. But according to a recent survey by The Economist Educational Foundation, an independent charity backed by The Economist, 61% of 15- to 17-year-olds say they would feel readier to vote if they knew more about different political views. And 44% say they do not feel ready to vote in the next election. ■

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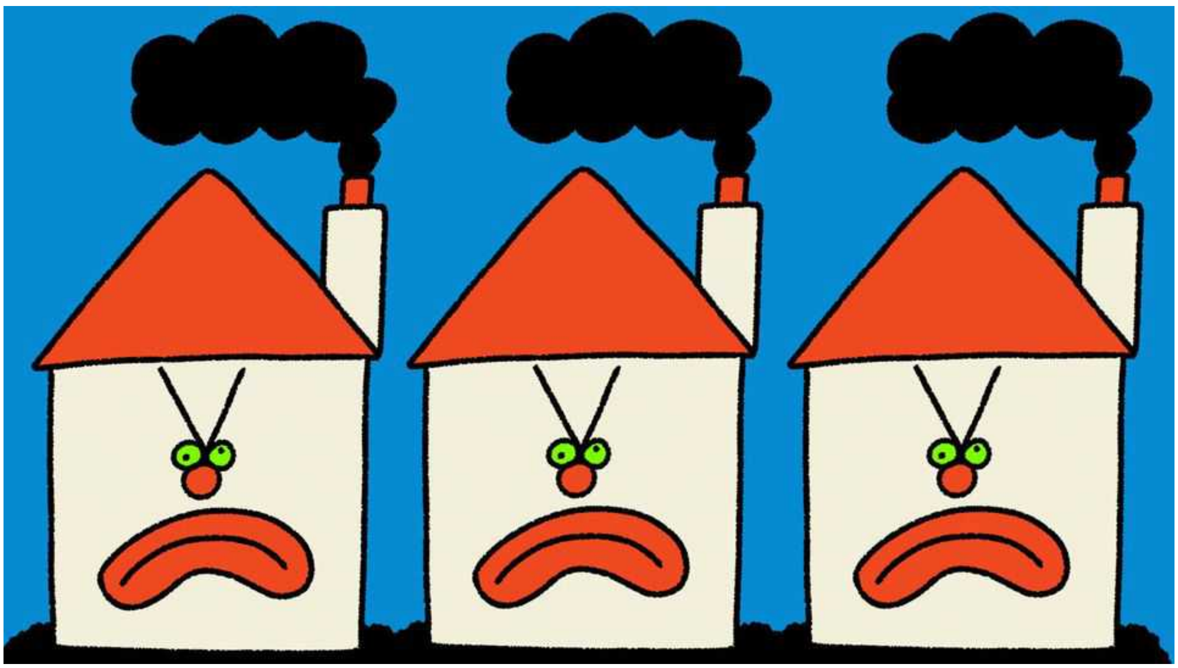
Britain | Bodge job

Watch out for the unintended consequences of Britain's rent act

The government's new law threatens to make renting worse, not better

May 7th 2026

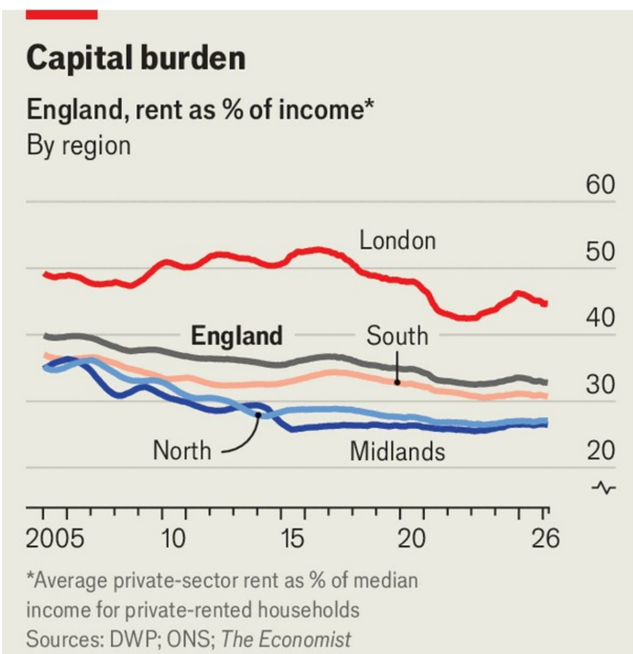


FOR TWO decades the private rental market in England boomed. Cheap finance, tax incentives and laissez-faire regulation encouraged buy-to-let investors to pile in. The number of privately rented homes rose from 2m in 1996 to 4.7m in 2016. Cheap finance and intense competition kept prices down for tenants. In the decade since then, mortgage costs have risen, tax has become burdensome and landlords must navigate a thicket of rules. As a result there are just 20,000 more privately rented homes than in 2016, even though the population has grown by 3.3m.

Sweeping legislative reforms that came into force on May 1st mean that renting privately may become worse. The act attempts to tackle genuine insecurity. The new law abolished fixed-term (typically 12-month) tenancies and replaced them with ones that roll on indefinitely. Tenants' notice to landlords will be set at two months and "no-fault" evictions will end. Instead landlords will need a valid reason—such as selling or rent arrears—for ousting tenants.

The new law will also restrict landlords' ability to raise prices. Bidding wars above the asking price for new lets are now banned. Tenants will also be able to challenge annual rent reviews at a tribunal. They will have every incentive to do so, as the new rent will be payable from the tribunal's decision rather than backdated.

The government had been rumoured to be considering capping rent rises for one year in response to inflation pressures from the Gulf war. Although the current occupants of Downing Street have pooh-poohed the policy, rent controls are favoured by much of Labour's left, including Andy Burnham, the ambitious mayor of Manchester. The Green Party, the most popular outfit for voters in their 20s, would also cap rents if it gained power. Such caps would offer temporary relief for sitting tenants. But landlords squeezed by lower returns might skimp on maintenance or exit the market altogether. The result would be a smaller, shabbier sector.



The perception that rents have spiralled out of control in recent years is misplaced. Rents increased by an average of 2.1% a year between 2005 and 2021, whereas over the past four years they have shot up by 6.7% a year. But pay has kept pace. As a share of renters' median incomes, the rent burden has fallen from 40% to 33% over the past two decades. In London, with 1m rented homes, that burden has been closer to 50% of income, but is little changed from 20 years ago (see chart).

Landlords tend to get a bad rap. Yet a government-commissioned survey of private landlords found that one-third did not increase rents upon renewal in 2024, even though the market was frothy at the time. Similarly, most tenants are happy in their homes: 77% reported in 2024 that they felt "physically safe and secure".

There are a few bad apples. Some unscrupulous landlords took to issuing no-fault eviction notices ahead of the law changing on May 1st, with the intention of turning their properties into short-term lets. Around 10% of private renters report problems with damp, compared with only 7% of people in social housing (a difference partly explained by private renters' preference for Victorian terraces). The new act implements "Awaab's law", named after a two-year-old child who died from prolonged exposure to black mould in a council flat in Manchester.

For the many baby-boomers who entered the buy-to-let market in the late 1990s, the good times are over. Richard Donnell from Zoopla, a property website, says that "the numbers don't stack up for many landlords any more." Four-fifths of all landlords own four or fewer homes and most purchased them to supplement pensions that they are now spending. Landlords that remain are more likely to be corporates that drive a harder bargain with tenants. As the sector stagnates, the risk is that the new law benefits incumbent tenants but makes access to renting more expensive for everyone else. ■

Britain | Stagflation

Britain's deer are thriving. It's a nightmare for the countryside

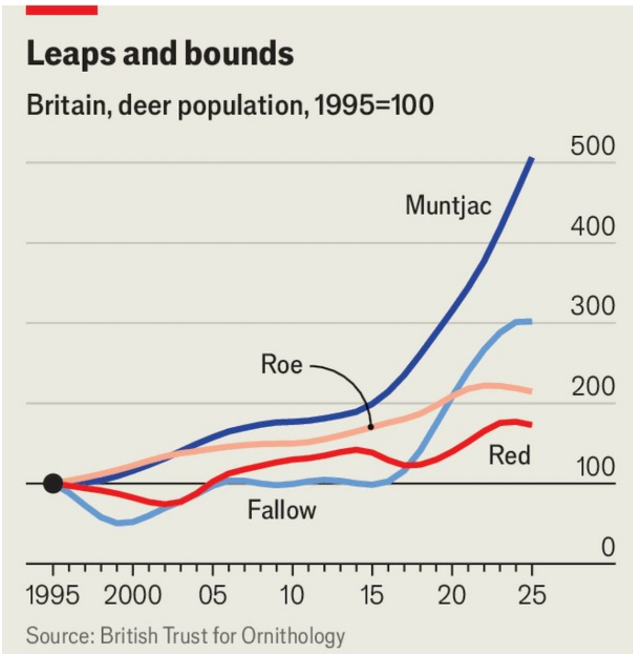
Oh deer!

May 7th 2026

The Hundred Acre Wood, Winnie the Pooh's fictional home, was inspired by Ashdown Forest in East Sussex. Pooh's adventures feature many creatures; noticeably missing are any deer. That would not be so were they written today. The forest is now home to 15 deer per square kilometre. Walk its hills and there's a decent chance you'll spot a 30-strong herd. If not, the keen-eyed can easily see signs of their presence: from bark-stripped saplings to trees nibbled neatly up to the "browsing line" some 1.6 metres off the ground, the highest point most fallow deer can reach.

Nobody knows how many deer live in Britain. The most common estimate, 2m, is at best an educated guess. But it is clear that their numbers are rising.

Birdwatchers have reported both bird and mammal sightings to the British Trust for Ornithology since the 1990s. Over the past 15 years sightings of both fallow and muntjac deer have more than doubled; those of roe are up by 42% (see chart). The government's recently published policy paper on deer impact says, bluntly: "It's clear that the management approach to date has failed."



That is a problem. Deer cause up to 74,000 road accidents a year. They destroy crops and are a nightmare for biodiversity. In 2023 Derriford Hospital, in Plymouth, had to increase security after two bucks were filmed gallivanting down a corridor.

In Britain six species act, as Jochen Langbein, a researcher, puts it, like "lots of different lawnmowers mowing at different heights". Diminutive muntjac can reach only about 1 metre off the ground. Red and sika can stretch as high as 1.8 metres. But each species also has its own dietary preferences—picking and choosing its favourite flora in a way that can devastate the natural environment. Particularly vulnerable are woodlands, 33% of which showed signs of deer damage in 2021 (in 1971 it was 12%). That can ruin the habitats of wildlife like dormice, nightingales and turtledoves.

The covid-19 pandemic, which kept hunters inside, accelerated a long-standing problem. Milder winters and longer growing seasons have made life easier for British deer over the past 20 years. The trouble has arguably been brewing since the early 1900s, when deer-hunting aristocrats thought it fashionable to populate their estates with more exotic species.

The real culprit is underculling. Around 350,000 deer are culled each year. That probably needs to double. But deer stalking (a form of hunting) is an arduous hobby, and a dying trade. In 2022 the average age of a stalker was 58; now it is 62. A landowner's permission is needed, which complicates culling. And deer have a knack for figuring out where they are safe.

Besides, Britain lacks the game-eating culture of many of its European neighbours. Without a strong venison market there has been little incentive for deer stalkers to go to the trouble of hunting and preparing more deer than their friends and family can eat (perhaps 15 a year). Deer-hunting estates actually benefit from overpopulation. An extra stag can add £50,000 ($67,000) to the value of a property.

The result of all this is that Britain's deer population has been doubling roughly every 20 years since at least the 1970s. Compound interest means the country is now at the acute end of a chronic problem.

What can be done? Government plans to boost demand for venison might help. Some favour more humane alternatives to culling, such as tall fences and contraceptive bait. But muntjac are notoriously hard to contain and contraceptive doses are fiendishly tricky. The sheer number of wolves (easily 15,000) needed to manage a deer population lacking any natural predators makes reintroduction, popular with environmentalists, a pipe dream.

The most radical solution would be to reform Britain's feudal hunting laws, with the government issuing licences and permits. That is hard to imagine. Roger Seddon of the Countryside Alliance says such a change "would be enormously destructive to the culture of the countryside". ■

Britain | Hitting a boundary

The surprising supply-chain choke point for cricket bats

A shortage of English willow changes the batting order

May 7th 2026

China may have a chokehold on rare earths and Iran can close the Strait of Hormuz, but there is one corner of global supply chains that is forever England. High-end cricket bats, which can retail for over £1,000 ($1,350), are almost all produced from English willow. No other wood provides the same ping. The price of English trees has tripled since 2017, driven by demand from cricket-mad India.

At the Essex headquarters of J.S. Wright & Sons, supplier of wood for about three-quarters of willow bats globally, the yard vibrates to the sound of chainsaw on willow. Trucks deposit trees from across Britain. Each trunk is cut into about 40 wedge-shaped clefts, which are then dried in heated warehouses. Most are shipped to India for the final transformation from cleft to bat. Business is booming. The 132-year-old company reported £16.7m in sales in 2024, up by 35% on the year before.

Sourcing enough wood is a growing challenge. An English willow takes about 15 years to reach maturity. J.S. Wright plants up to 45,000 saplings a year, but only one in three or four will be usable. “We have to factor in deer damage, squirrel damage, beaver damage, lack of maintenance,” explains Oliver Wright, the fourth generation to manage the family firm.

The Marylebone Cricket Club (MCC), which controls the rules, wants to increase affordability while preserving the balance of power between batters and bowlers. From October amateurs will be allowed to use bats with blades laminated from up to three pieces of wood. Professionals are still expected to use a single piece of willow. Richard Gray of Gray-Nicolls, an East Sussex batmaker that grows its own willow, welcomes the change: “Lamination will allow us to convert perfectly good but smaller pieces of willow, which until now are wasted.”

The MCC is open to the idea of alternative materials, but doesn’t want an equipment arms race as in tennis or golf. “There’s a fairly small performance window,” says Fraser Stewart of the MCC. “If they’re too bad, people won’t use them. And if they’re too good, we won’t allow them.” ■

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Britain | Troubles and light

Belfast's murals are an open-air gallery of history and art

And the walls are suddenly changing

May 7th 2026

For years in Northern Ireland, walls have talked through words and images. Even after the Good Friday Agreement of 1998 brought an end to the three decades of sectarian strife known as the Troubles, what walls said could be deadly. When "Eamon Collins: British Agent 1985-1999" was scrawled on a gable in Newry, the person named, a former Irish Republican Army (IRA) man, painted over it, but to no avail. Hours later he was butchered nearby, the anti-British terror group gouging out his face in what police described as "the act of primitive cavemen".

Other wall art lauded sectarian killers, or proclaimed the name of a terror group to mark out its territory. The state's inability to remove such open homage to illegal organisations made public its weakness.

Lots of these murals endure. But their number diminishes with each passing year. Research by four academics—Dylan O'Driscoll, Birte Vogel, Eric Lepp and Dan Morecroft-Rice—found that in the quarter-century since 1998 three-quarters of the most intimidatory murals in the loyalist Shankill area have gone.

David Campbell is chairman of the Loyalist Communities Council, an outfit whose complexity reflects that of Northern Ireland: it is legal, but made up of banned paramilitary groups. Mr Campbell, who is not a paramilitary, says of the balaclava-laden imagery: "Some of it artistically is horrible, quite apart from the message it conveys." He says loyalist commanders broadly support removing militaristic murals as they degrade over time. Newer murals in these areas have commemorated Queen Elizabeth II and King

Charles III. Mr Campbell hopes all of the most offensive murals might go within five years.

Not everyone agrees. In 2024 a storm toppled a wall in north Belfast's Mount Vernon estate, an Ulster Volunteer Force stronghold. The wall had long been host to an infamous gargantuan threat: two balaclava-wearing gunmen aiming rifles along with the slogan "Prepared for peace; Ready for war". Within months, the wall had been rebuilt and the mural repainted.

This can be a negotiating tactic. "Conflict transformation" has become a lucrative industry. Millions of pounds are available from multiple funds. If an area does not seem to be at risk of conflict, it is unlikely to bag as much cash, some of which finds its ways to paramilitaries or their cronies. Newton Emerson, an acerbic writer from Belfast, once referred to a summer riot in east Belfast as "a grant application".

Lonely Planet, a travel guide, recommends the murals as a free attraction in Northern Ireland's capital. Tourists flock to Belfast's Troubles wall art, from the slick iconography commemorating the most famous IRA hunger striker, Bobby Sands, to the Ulster Defence Association's stark territorial markers at "Freedom Corner".

Some locals believe removing all Troubles murals would be a mistake. Just as people want to go to see concentration camps or battlefields, macabre history has appeal. Ben Lowry, editor of the News Letter, a Belfast-based daily, says that after the Troubles he showed murals to American visitors, one of whom returned the following year with a friend. They were disappointed to find the murals painted over. While Mr Lowry has no sympathy for paramilitaries, he says: "We need to find a way to preserve the best of them where there is local support for such history."

Murals need not be dark to attract. In recent years Belfast has been bedecked with spectacular non-sectarian ones: artistic images, floral studies and even a poignantly hopeful tribute to Lyra McKee, a journalist murdered by dissident republicans in 2019. To wander around the centre of Belfast is to encounter breathtaking images, from duelling men to animals—so many that there's an app to guide you. In an annual street-art festival at the start of May more than 50 muralists were let loose on (approved) walls across Belfast.

Some of the most dramatic new murals are the work of Dan Kitchener, an artist from Essex in England. For nearly two decades his full-time job has been turning walls into canvasses. He has worked everywhere from Australia to Kazakhstan but says Belfast has been the most welcoming place to paint. His Belfast work is optimistic and apolitical. One depicts Belfast's Ormeau Bridge at sunset, full of saturated colours which transform a road bridge into a work of wonder. Mr Kitchener sees this as an open-air gallery for those who would never enter a building filled with watercolours and ornate frames.

Standing in front of a blank wall before sketching an outline is daunting even for someone who's been doing it for years. Mr Kitchener likens it to running a marathon (which he also does). As with marathons, "the mainstream now has embraced it, so there's more desire for it commercially."

But new beauty can't entirely hide a past still recent and raw. One glaring omission from Northern Ireland's tourism offering is a museum of the Troubles, meaning most tourists get far more partisan tellings of the violence by guides, some of whom were themselves paramilitaries.

Political disagreement has prevented such a museum. It could be a place where horrific murals conveyed what previous generations lived through, and the barbarism of the Troubles. For the mural-painters of old, however, painting over commemorations of the killers might be a more attractive proposition than facing up to what their heroes did.■

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Britain | Bagehot

One decade, two Britains

From Soho to Purfleet, Britain is a prisoner of the 1990s

May 7th 2026

To the Groucho Club! Where else could Tate Britain, an art gallery, announce an upcoming exhibition on "The 90s"? Three decades ago, the Soho haunt was the centre of British cultural life. It is mentioned 42 times in "Faster Than A Cannonball: 1995 and all that", a luvvies' history of the era. "I've never seen Grouchos in the daytime," says Edward Enninful, a former editor-in-chief of British Vogue, who is curating the exhibition, in front of a big picture of Kate Moss, a 1990s supermodel. The town house at 45 Dean Street is a corner of Soho that is forever 1995.

What about those who spent their Saturday nights at home during the 1990s, rather than falling out of the Groucho? A skim through the television listings of the time reveals a different decade. They were dominated by Jim

Davidson, a right-wing comic who specialised in impressions of black people and harmless smut. “Big Break”, a snooker game show Mr Davidson presented, attracted up to 14m viewers. A rebooted “Jim Davidson’s Generation Game” was the BBC’s main Saturday-night offer from 1995.

If the 1990s are alive in the Groucho, they are still breathing at the Circus Tavern, a venue next door to a petrol station outside Purfleet, where Mr Davidson takes the stage beneath a disco ball. Mr Davidson warms up the crowd of 440 with a slanderous attack on the state of the women in nearby Canvey Island. “No wonder you’ve not got a great deal of illegal immigrants here. There’s no one to sexually assault!” It is still 1995 here, too.

Britain is a prisoner of the 1990s. What that means depends on whether one heads to deepest Soho or deepest Essex. At the Circus Tavern, gay men are “straight off the pink bus”. Jokes are aimed at an audience well-informed enough to know who the secretary of health is, and that he is gay, and ignorant enough to find it inherently funny. But what could be more 1990s? Section 28, which forbade the “promotion” of homosexuality in schools, was repealed only in 2003 (at which point, gay marriage was still a decade away). The 1990s were not always a nice place.

Back at the Groucho, before an audience consisting predominantly of artsy folk in billowing trousers, Mr Enninful, who is himself gay, cited the “emergence of diversity as a creative force” during the decade. Diversity is a creative force for Mr Davidson, too. Much of the second act is dedicated to a trip to an nhs hospital, where he receives shoddy treatment from staff who struggle to speak English. “I don’t want to be racist, so I’m not going to tell you what colour this black woman was,” he says. “Boogaboooga-dayyy-o,” says Mr Davidson. “Dayyy-o,” respond the crowd. The crowd titter; husbands smirk at wives. Mr Davidson offers transgression in a room where everyone agrees. A safe space for those who hate safe spaces.

The 1990s were diffuse, says Mr Enninful in Soho. Their energy came from “communities, practices and places that have not always been equally represented”. If anyone should know this, it is Mr Enninful. Born in Ghana, he became the fashion editor of i-D, an influential magazine, at just 18, in 1991. That same period saw the emergence of another 1990s figure: “Essex Man”, the proverbial aspirational if rather reactionary voter of the decade.

He is alive and well at the Circus Tavern, whose car park is filled with fat BMWs. For them, representation is little more than oppression. “You don’t see a white family in the commercials any more,” says Mr Davidson. “No,” shout the crowd in agreement.

Nineties nostalgia hangs over politics. The Labour Party longs for a return to when the party and Britain’s cultural icons were in sync, as they were in the 1990s, rather than regarded with contempt by the Groucho class, as they are now. “I remember the night Tony Blair got in and everybody’s singing, ‘Things Can Only Get Better’, and we really believed it,” recalled the artist Tracey Emin, wistfully, in “Faster Than A Cannonball”.

At the Circus Tavern, politics and culture are comfortably fused. Mr Davidson turns the set into a rally for Reform UK, the right-wing populist party that is now leading in the polls. He begins to sing “Keir Starmer’s a wanker” to the tune of “Seven Nation Army”. An audience where every other man looks like Lee Anderson, a spiky-haired miner-turned-mascot of Reform, soon joins in. Hang on. That is Lee Anderson. The Reform mp has driven three hours to be at Mr Davidson’s show.

In the 1990s old hierarchies were knocked down, says the director of Tate Britain, Alex Farquharson. Mr Davidson’s career in prime time, which began in the 1970s and peaked in the 1990s, dwindled in the 2000s. “The Generation Game” was cancelled in 2002; “Big Break” followed. But new hierarchies were created. Ms Emin, once an enfant terrible, became Dame Tracey; her work “I Want My Time With You”, in neon pink, welcomes visitors from Paris to St Pancras in London, after they have zipped along the high-speed rail line that runs above the trundling service from London to Purfleet. “As it panned out we became the establishment,” said Noel Gallagher of Oasis, the decade’s biggest band, who have just had a lucrative reunion. “And I didn’t really like that.”

Nor it seems did the crowd at the Circus Tavern. “We want our country back,” says Mr Davidson. The crowd agree. For that, they want the 1990s back, too. A world of “men straight off the pink bus” and African accents and Mr Davidson back on telly rather than next to a lorry park in Essex. Rather than something new, Reform is offering a return, cheered on by Mr Davidson. Nineties nostalgia has set like cement in two very different parts of Britain. In both venues, 50-somethings agree that things were better when they were in their 20s. At the Groucho, Mr Enninful says the 1990s is “something still unfolding”. And so it is. From Soho to Purfleet, everybody still wants to live in the 1990s. But which bit? ■

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International

International | Which navy's better, down where it's wetter?

American subs rule beneath the waves, but China's are catching up

And underwater drones may supplant them all

May 7th 2026

THE NETS enclosing the inner harbour draw open. A black-finned predator slips out. Minutes later it reaches the open ocean and, with a great exhalation, disappears beneath the tropical waters. Getting under way from Apra Harbour in Guam, the USS Annapolis, one of the ocean's apex hunters, is engaged in a silent but intensifying contest with China and Russia for dominance of the vast Pacific.

Warships are noisy, rumbling along like lorries. Not so a nuclear-powered attack submarine, which hums like a Tesla. For months on end the Annapolis's crew of 145 men (and, when your correspondent visited, one woman) inhabit a surreal world of artificial light and recycled air, largely incommunicado—a windowless spaceship arcing through suffocating blackness. Nuclear propulsion means that the main limit on a voyage is neither fuel nor air nor fresh water, but food. These marvels of engineering thus set out like an overloaded caravan, with bananas hanging from pipework and jars of peanut butter shoved between the padding of seats. Fathoms under water, the galley bakes bread daily, turning compact flour into fluffy rolls.

Just keeping sailors alive inside a hull squeezed by 24 or more atmospheres of pressure is a feat. “Every single ounce of seawater is trying to kill us, every second,” says the captain, Commander Clinton Emrich. The sub is officially able to dive more than 240 metres and zip along at more than 25 knots (the real numbers are secret and probably much higher). It is armed with Tomahawk cruise missiles, Mark-48 torpedoes, sea-mines and perhaps other weapons. In the war with Iran, American subs fired Tomahawks at targets on land and, for the first time since the second world war, a torpedo at an enemy ship, sinking an Iranian frigate, the IRIS Dena.

Attack submarines operating from Guam, including both Los Angeles-class vessels like the Annapolis (in service for 34 years) and newer Virginia-class ones, are the “tip of the spear”, American submariners say. In any future war with China they would be counted upon to deliver some of the earliest and heaviest blows. In the meantime their tasks range from tracking foes' ballistic-missile submarines to gathering intelligence and inserting special forces. Above all, their main job is deterrence. One might pop up unexpectedly off Australia or South Korea. Or one might surface close to a Chinese warship in a show of stealthiness—or perhaps several might appear simultaneously near different Chinese vessels.

The ocean depth is the last domain where America still has a clear military advantage over China. As battlefields fill with sensors, becoming increasingly transparent, "being under water matters because it's one of the last places you can hide," says Thomas Shugart, a former submariner. Yet America's sub-sea dominion, too, is under threat.

The "silent service" says little about each side's capabilities, but American submariners talk of roaming the Pacific almost as if it were an American lake. Until recently they joked that Chinese subs were so noisy they could be heard from America's west coast. No longer: mockery is turning to alarm. Xi Jinping, China's leader, having built the world's largest surface navy and its fastest-growing nuclear arsenal, is also transforming China's submarine force.

The current fleet consists mostly of conventionally powered vessels, with limited speed and endurance, useful mainly to attack shipping close to home. However, over the coming decade or so, American intelligence reckons, a new generation of nuclear-powered, ocean-going subs will come to dominate China's force, challenging American supremacy in the Pacific and Indian oceans, the approaches to the Arctic and perhaps even the Atlantic.

American military sources say China is developing much quieter submarines with the help of Russian technology, whether stolen or bartered in exchange for China's support for Russia's stuttering war in Ukraine. China's latest models "are formidable, incorporating advanced technologies that challenge the US Navy's long-standing undersea dominance", said Vice Admiral Richard Seif, the commander of America's submarine force, in recent testimony.

America's head of naval intelligence, Rear Admiral Michael Brookes, thinks China will have 70 submarines next year and 80 by 2035. Crucially, about

40 will be nuclear-powered—substantially more than previously estimated. This compares with America's all-nuclear force of 67 boats.

To stay ahead, America is supplying nuclear-propulsion technology to Australia under AUKUS, a submarine-building partnership that also includes Britain. The AUKUS boats are not due for delivery until the 2040s. In the meantime America has promised to sell Australia three to five Virginia-class submarines in the 2030s. Australian sailors are already training on American subs, which are set to begin regular deployments from a base near Perth next year. China's loud protests suggest alarm.

Meanwhile, America and South Korea agreed last year to build new "hunter-killer" subs (SSNs) together, though the details of how and where they will be built remain sketchy. Hanwha, a South Korean conglomerate, is developing a new "smart" shipyard in Philadelphia that, it hopes, could become a site for submarine construction. Japan, too, has shown interest.

America's submarine-building, though, is being hampered by its woeful industrial capacity. America and Australia have invested billions in America's submarine industrial base. "Build Submarines" ads shown during big sporting events have urged young Americans to train as welders and other roles. Even so, America is falling short of its requirement to build two

Virginia-class boats a year. To supply Australia, it needs to raise output to about 2.33 boats a year. In fact, it manages barely 1.1-1.2 Virginias a year, in addition to one Columbia-class SSBN (a bigger vessel capable of launching long-range nuclear missiles) to replace ageing Ohio-class subs.

America's submarine fleet has shrunk from 70-odd boats a decade ago to 67 today—49 SSNs, 14 SSBNs and 4 SSGNs (mid-sized subs capable of firing guided missiles). It will shrink further, to 63, before in theory growing to 66 by 2054. That will still be well short of the navy's goal of 66 ssns alone. Worse, an agonising maintenance backlog means a third of SSNs are in maintenance or idle. The USS Boise has been out of action for so long—it was tied up in 2017—that the Pentagon this year decided to decommission it. A new dry dock is under construction in Pearl Harbour in Hawaii to speed up maintenance and repair from next year. Even so, regular "depot" maintenance can take over 18 months. The yard's wartime feats—it put the USS Yorktown, a badly damaged aircraft-carrier, back to sea in three days to fight the battle of Midway in 1942—are a fading memory.

Britain, too, is struggling. A parliamentary report warned last month that "shortcomings and failings", including delays in upgrading the "depleted submarine industrial base", risked holding up AUKUS, "with serious consequences both for UK national security and for credibility with AUKUS partners". Unnerved Australian experts are debating options for "Plan B". Meanwhile, satellite imagery suggests China has been managing to build two attack subs and an ssbn a year since 2024, thanks to expanded facilities at Huludao on the Bohai Sea, says the International Institute for Strategic Studies, a think-tank in London.

Nuclear-powered submarines are so expensive and difficult to make—a Virginia-class boat costs about $5bn apiece—because they must keep sailors alive in extreme conditions. Their hulls must be made of special steel that is strong, tough and ductile, and sealed only by expert welders. Controlling buoyancy is tricky: a submarine shrinks as it dives, displacing less water, and so sinking ever faster (and vice versa as it rises). Uncontrolled by ballast and trim, it will either drop to the sea floor (and perhaps be crushed) or bob to the surface. Then there is the problem of propulsion. Submarines of the first and second world war used a combination of diesel engines, to sail on the surface and charge batteries, and an electric motor for short bursts under water.

Nuclear propulsion was a game-changer. “Our submarines have 30 years of fuel or more on board, so effectively, unlimited endurance,” explains Rear Admiral Christopher Cavanaugh, commander of the Pacific Fleet’s submarine forces. “That also gives them stealth. They don’t need to come up and snorkel.”

America’s first nuclear-powered submarine, USS Nautilus, made the first journey under the Arctic ice-cap in 1958. In April HMS Vanguard, a British SSBN, completed a record 205-day patrol. On the Annapolis, crews are away for so long they must tell superiors whether they wish to receive bad news from home while at sea. To maintain circadian rhythms, lighting levels follow the day-night cycle of Guam. Cribbage and books help pass the time. Tom Clancy’s “Hunt for Red October” is a favourite.

Water quickly absorbs most light and radio waves, which makes submarines stealthy but hard to communicate with. Water readily transmits sound, however, be it the songs of whales or the thrumming propeller of an enemy vessel. The submariner’s art is to understand the layers of temperature and salinity, the vagaries of the seafloor and current, knowing where to hide and where to find “sound tunnels” to detect faraway objects.

You could shout at the top of your lungs and scarcely be heard outside a modern submarine. That is because decks, and the machines on them, float on sound-absorbing “rafts”. The boat’s exterior is covered with a rubber-like coating to further muffle noise and confound sonar. The control room of the Annapolis is a hubbub of loud commands and responses; the cramped torpedo room even more so. Before pulling a brass lever to fire a “water slug” (a blank torpedo), your correspondent had to don earmuffs. But interior noise is most dangerous if there is an “acoustic short”, when a stray object touches both a raft and the outer hull, transmitting sound to the water. Officers prowl the boat looking for carelessly secured equipment or, say, tins of food stored in inviting but forbidden gaps.

Pearl Harbour, home to America’s Pacific Fleet, is dotted with memorials—not just to those who died in Japan’s attack in 1941, but also to the submarine crews that held the line thereafter, as the fleet was rebuilt. Unrestricted warfare against Japanese merchant ships in the Pacific, announced within hours of the attack, had greater success throttling Japan than Nazi Germany’s U-boats managed against Britain. Submarines sank about 55% of Japanese vessels lost during the war, including eight aircraft-carriers.

China worries that American submarines could unleash similar havoc today. About 80% of its oil imports pass through the Strait of Malacca. Iran’s closure of the Strait of Hormuz, which has caused a global energy crisis, is a salutary warning. There are lessons for America, too. Its bases and other fixed targets, including radars and parked aircraft, have proved vulnerable to Iranian missiles and drones. China’s missile force is formidable, able to rain munitions not only on American bases on the “first island chain”, which runs from Japan to Malaysia (see map), but also with lesser intensity on rear bases in Guam, Hawaii and Alaska. It can also take aim at warships racing across the Pacific to join the fight.

If Chinese submarines can slip undetected through the passages of the first island chain into the Pacific beyond, then American forces would face the additional threat of volleys of cruise missiles fired from any direction. A related worry is that Russia is increasingly making common cause with China. Their submarines conducted joint exercises last year. North Korea's navy, too, seems to have obtained Russian assistance with its own submarine programme. Even if they don't join the fighting, Russian and North Korean forces could cause trouble in a Sino-American war simply by going on exercise.

All this could stretch America's submarine force desperately thin. At the least, a credible Chinese submarine threat would slow American reinforcements, giving Chinese forces more time to subdue Taiwan, say. The more American submarines are diverted to hunting Chinese ones, or tracking rival forces, the fewer will be available to challenge a Chinese armada crossing the Taiwan Strait.

China still worries about the "open door" America enjoys under water, says Ryan Martinson of the China Maritime Studies Institute at America's Naval War College. Internal Chinese military writings argue that America's underwater surveillance system—including satellites, sensors on aircraft and submarines—gives it an "extremely high" chance of detecting Chinese submarines as they leave port and a “fairly high” chance of intercepting them in the South and East China Seas.

One response has been to make its subs harder to detect. The Type 093B SSGNs it now deploys use pump-jet propulsion, like America’s Virginia class, which is quieter than propellers. The bigger Type 095, which may soon undergo sea trials, also seems to use a pump-jet, as well as a more manoeuvrable X-shaped rudder. Yet another new model, the Type 096 SSBN, is under construction. Admiral Brookes says these submarines display “substantial advancements” in nuclear technology, sensors, weapons and noise-quieting—though how advanced is still unclear.

Another Chinese strategy is to make the seas less opaque. The “underwater Great Wall” involves a range of systems from sea-floor sensors to satellite observation. Among other things, these create protected “bastions” from which China’s SSBNs can fire nuclear weapons at most of the American mainland. American commanders reckon the effect will not be real “transparency”, but rather a “narrowing of the US stealth margin”.

Despite China’s progress, says Admiral Cavanaugh, “our sensors are better than their stealth; and our stealth is better than their sensors. I know what submarine force I’d want my kids to be a part of.” American submariners, moreover, know the Pacific better than anyone: "We're walking the battlefield where we might have to fight."

But even America's submarines face constraints. For one thing, they carry limited munitions. When they run out, they must sail thousands of miles to replenish them. In the course of a month, an aircraft-carrier can deliver hundreds of times more munitions than an attack submarine, a military source notes. What is more, there is a dearth of harbours suitable for submarines in the Pacific beyond the first island chain: mainly Guam, Pearl Harbour and now Perth. Belatedly, the navy is thinking of upgrading other ports. Specialised vessels can resupply submarines, but only in sheltered waters, and America has only two such ships in the Pacific.

America and its allies may be able to mitigate the problem with cheaper and more expendable drones. Ukraine has shown prowess in using naval drones against Russian warships in the Black Sea. But these sail on the surface, under the control of Ukrainian operators. Communicating with uncrewed underwater vehicles (UUVs) is as hard as with submarines, which makes it difficult to keep a "man in the loop". That raises ethical questions, though perhaps not unanswerable ones. A torpedo is a UUV of sorts, after all.

Anduril, one of the emerging breed of "neo-prime" military contractors, has sold a version of its Dive-XL UUV called Ghost Shark to the Australian navy and is making prototypes for the American navy, too. Small enough to fit in a shipping container or cargo plane, its fibreglass body floods with water, with only small pressure vessels housing the most important components. Radio and acoustic gear allows communication; modular bays carry torpedoes, mines, sensors and more. China, too, is deploying a variety of uncrewed vehicles. Its "dolphin" wave-gliders use changes in buoyancy to propel themselves slowly, surveying the waters. Some Chinese military analysts have discussed using robotic "shoals" to confuse the enemy.

In his office in Pearl Harbour, its walls covered with mementoes from the second world war and gifts from fellow submariners in allied navies, Admiral Cavanaugh sees advantages in "manned-unmanned teaming". Drones can go deeper and be sent to riskier places than crewed submarines. "There's certainly room for both," he says. "But I don't see the end of the crewed submarine any time in my lifetime." ■

International | The Telegram

America must hope Donald Trump is not a new Caligula

In the annals of rulers committing acts of folly, Roman decadence stands out

May 7th 2026

THE PEACE of the world is being broken by dunderheads. At every turn economies are being wrecked and lives ended by wars of choice and policy blunders. Strikingly often, these actions were ordered up by rulers and regimes blind not just to common sense and decency, but to their own people's long-term interests.

Think of Vladimir Putin's war to erase Ukraine as a sovereign state: a trumped-up conflict that Russian generals promised would end in a few days, now in its fifth, blood-drenched year. Contemplate the horrors of Gaza, and the cruel bet made by leaders of Hamas on October 7th 2023. Their gambit was that co-ordinated acts of savagery would provoke a wounded Israel into overreaching. In their fanaticism, Hamas leaders and militants did not care that Palestinians would pay the heaviest price. In response, Binyamin Netanyahu's government has pursued a surely doomed war aim: the complete pacification of Gaza and its people through siege and the pitiless application of armed force. To date, Gaza is not at peace, and Israel's global standing has collapsed.

The catalogue of errors continues with Iran's Islamic regime. However the war in the Gulf ends, surviving members of that grim theocracy have learned that assembling almost all elements needed for a nuclear bomb, without building a device to deter an attack, was not the foolproof strategy they supposed.

Then comes President Donald Trump. His threats to grab Greenland, and his alienation of frustrating-but-useful allies from the Americas to Asia and Europe, have already earned him an entry in the annals of self-harm. Now he has launched a war in the Gulf. If sceptics are correct, and America and Israel fail to bomb and blockade a more biddable Iran into existence, but instead leave an angry Iran controlling the Strait of Hormuz while provoking an every-country-for-itself arms race in the Middle East, Mr Trump's self-inflicted mistakes will need a chapter to themselves.

The wickedness of the world is not news. Its current capacity for foolishness is a shock. After 80 years without a direct, all-out conflict between great powers, a dismaying number of leaders seem to be spoiling for a fight, national interests be damned. Seeking a long view, this columnist turned to a historian specialising in bad government, the late Barbara Tuchman. Published in 1984, her book "The March of Folly: From Troy to Vietnam" considers self-destructive decisions from ancient times to the Nixon era.

Some catastrophes can be blamed on an individual. For instance the 16th-century Aztec emperor Montezuma, ruler of fierce armies and a city of 300,000 people, passively succumbed to a few hundred Spanish soldiers, even after his advisers and family members realised the invaders were sweaty, gold-hungry, human invaders, and not avenging gods as Montezuma feared.

In contrast, 18th-century Britain's rulers share collective blame for losing the American colonies. In Tuchman's telling, George III and his ministers "made rebels" of Americans, with relations deteriorating over many years. The causes: British snobbery, arrogance and ignorance of new-world realities. This was seen as folly at the time, with British opposition politicians noting that America was worth far more to its mother country than any taxes that could conceivably be collected there, while war with America would be ruinous. Alas, the gouty earls and dukes who ran Britain were scornful, comparing colonial subjects to children who "ought to be dutiful". The Earl of Sandwich, a better inventor of snack-foods than he was a statesman, assured the House of Lords that Americans would not fight, being "raw undisciplined cowardly men".

Historians can learn little from foolish individual rulers, Tuchman suggests. Their mistakes are too numerous and too influenced by their personalities and beliefs to be useful subjects for study. Her interest is in self-harming acts performed by a ruling class or group, and that "persist beyond any one political lifetime". Single chumps can do a lot of damage, but for really world-changing catastrophes, "persistence in error" is key. The uselessness of many 18th-century British governments was "a folly of the system". America's Vietnam war ensnared three successive presidents.

Tuchman is on to something. Jumping to the present day, it matters greatly whether the political views of Mr Putin, Mr Netanyahu and Iran's new supreme leader, Mojtaba Khamenei, are larger than they are, and so might outlast their departure from office. Then there is Mr Trump. If his quirks are his alone, then his influence should fade after his presidency. Against that, his follies are enabled by a much larger group of elected Republicans and voters. Are his mistakes systemic? Here, Tuchman is not comforting when she notes one more category of misgovernment: the incompetence often seen when an empire is sliding into decadence.

America's founding fathers brooded about the decline of the Roman republic into a corrupt and brutal empire. They feared such tyrannical emperors as Caligula, who renamed temples in his honour, had golden statues of himself erected, and revelled in humiliating Rome's former elites, including the cowardly senators who handed him supreme powers. Many ordinary Romans loved Caligula as a showman who built marble monuments, organised military parades and relished attending gladiatorial contests, the gorier the better. To show his contempt for the ruling classes, Caligula threatened to make his horse a consul.

Mr Trump, a fan of golden statues, marble monuments and cage-fighting, has yet to appoint a horse to his cabinet. He has, however, appointed unqualified sycophants to positions of high rank, where they vie to show their loyalty while squabbling over trivial perks of office. Americans can only hope that their follies are personal to the Trump era, and can be reversed by an election or two. Enabling decadence would be a far harder error to fix. ■

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Business

Business | Red lights

Global carmakers desperately want to be more Chinese

But partnering with local companies carries big risks

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Any doubts that China has become the heartland of the global car industry are quickly dispelled by a visit to the country's main motor show. Beijing's crowded event this year was twice as large as in 2024 (it moves to Shanghai on alternate years) with around 180 new cars on display. The show, which concluded on May 3rd, demonstrated once again that foreign carmakers are lagging behind their Chinese rivals in the race to the industry's future.

Yet the show also illustrated the extent to which foreign carmakers are looking to remake themselves in the image of their ascendant Chinese competitors. At events to launch new models Western executives from Volkswagen (VW) and Mercedes switched effortlessly between English and

Mandarin. VW opted to round off its show with a display of interpretive Chinese dance set to electronic music; Mercedes went for a Chinese rap.

To stem their loss of market share, carmakers around the world are looking to become more like their Chinese competitors—and not just when operating in China. So they might. François Provost, Renault's chief executive, admits that China now leads the industry in technology, speed and competitiveness. To match them, increasingly rattled car bosses are adopting Chinese practices and partnering with Chinese firms. Done judiciously, this may help them close the gap. But further down the road potholes lurk.

Slowing the pace of China's blistering rise is vital. The market share of foreign firms in China has almost halved in five years, to around 30% in 2025. Moreover, in 2023 China passed Japan to become the world's largest exporter of cars (see chart). In 2025 over 8m of its vehicles went abroad, nearly a third more than the year before. In Europe over the past five years, Chinese brands have gone from almost nowhere to nearly 9% of all sales, estimates Schmidt Automotive Research, a consultancy. Incumbents are also under siege in markets from Mexico and Brazil to Indonesia and Malaysia.

Chinese cars are cheap. They are also packed with whizzy technology. Often in partnership with local tech giants, the country's carmakers have developed software that has become an increasingly important differentiator; among the latest examples is the integration of voice-controlled artificial-intelligence systems.

The pace of innovation is stunning. "China speed" has become the "drumbeat" of the industry, says Ola Kallenius, boss of Mercedes. The legacy industry's product-development cycle—roughly 40 to 80 months for new models—now looks painfully slow. Production processes designed around electric vehicles (EVs), combined with deep vertical integration and a greater willingness to improve vehicles after they are released via software updates, mean it takes 24 months at most in China. The technology integrated into foreign cars is often two years or more behind rival Chinese offerings.

Incumbent carmakers have begun to overhaul their businesses in response. Designing cars in Europe for the world has "had its day", says Oliver Blume, boss of VW. The carmaker has started engineering vehicles at a vast new research-and-development (R&D) facility in Hefei, at a pace 30% faster than in Europe. These will be sold not only in China, but also some overseas markets. Mr Kallenius of Mercedes, which has also expanded its R&D presence in China, argues that the speed of innovation there will have to spread around the world. Even Renault, which does not sell cars in China, is now using the country to hasten its innovation: its latest Twingo model, though designed in France and manufactured in Europe, was developed in China to save time and money and glean know-how.

To help them catch up in EVs, foreign carmakers have also sought the assistance of Chinese firms. VW, which is launching 20 new models in China this year alone, has allied with XPeng, a local carmaker, and Horizon Robotics, an autonomous-driving startup. Toyota, which will make electric versions of its upmarket Lexus brand at a new factory near Shanghai starting in 2027, is working with Huawei and Tencent, two Chinese tech giants that develop software for cars, as well as Momenta, a rival to Horizon Robotics, and Xiaomi, a gadget-maker with a growing EV business of its own. BMW and Nissan have likewise teamed up with local companies.

Rumours of more tie-ups abound. Mercedes reportedly plans to use vehicle architecture from Geely, one of China's biggest carmakers, to develop small

EVs in the country independently of its European operations. Even American carmakers are starting to buddy up with the Chinese. Ford is said to be talking to Geely about sharing technology and making vehicles in Ford's European factories.

Will efforts to become more Chinese work? Pedro Pacheco of Gartner, another consultancy, warns that China speed is "not a magic formula but a mindset" that will be very hard to match. It is the result of a culture of long hours and an industry that has been built from the start around software-infused EVs. Restructuring legacy carmakers that have relied for decades on petrol power and mechanical engineering will be tough. Mr Blume adds that VW will never be as fast as a Chinese startup because it will never compromise on safety and testing. Get this wrong and the damage to its reputation could be serious.

There is nothing wrong with embracing Chinese technology, supply chains and production methods and exporting them globally, reckons Patrick Hummel of UBS, a bank, as long as foreign carmakers are not "pushed to the passenger seat". But as Tu Le of China Auto Insights, another consultancy, puts it: by relying on technology from Huawei and other Chinese firms for its new cars, what does Toyota now offer? Chevrolet's attempts to rekindle sales in South America by putting its badge on evs from its joint venture with SAIC, another Chinese carmaker that has a presence of its own on the continent, risks promoting a rival at the expense of the American marque, says Felipe Munoz, an industry analyst.

That points to the long-term risks that come with seeking the help of Chinese companies that are increasingly competing with the legacy carmakers abroad. Xpeng is expanding rapidly in Europe and Xiaomi has plans to arrive next year, for example. There is a danger that foreign incumbents are not provided with the latest and best technology by potential rivals whose activities they are now funding through licensing fees.

Moreover, relying too heavily on partnerships risks creating a dependency that cannot be broken. Philippe Houchois of Jefferies, another bank, thinks that foreign carmakers may intend to move away from Chinese partnerships in the future. But that could prove difficult unless legacy car companies can transform into successful software-makers, a task at which they have so far failed. Mr Blume maintains that VW’s goal is to become a “leading tech player worldwide”. But its Cariad software division has struggled.

Therein lies the challenge. To avoid falling irrecoverably behind Chinese competitors in EVs, incumbent carmakers may have little choice but to strike partnerships. But in doing so, they run the risk of ceding expertise in the areas that will define the future of the auto industry. That would leave them at the mercy of the rivals they fear the most. ■

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Business | Fuming

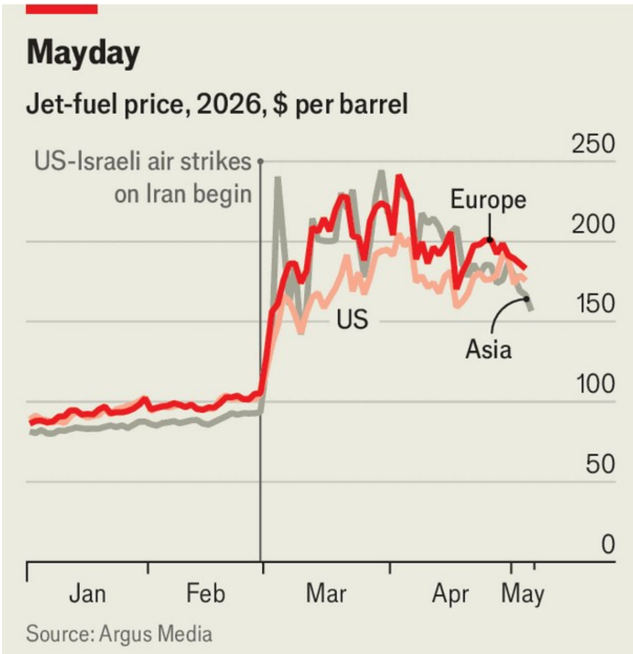
Airlines are grappling with dwindling supplies of jet fuel

Yet it is unclear where shortages will hit first and hardest

May 7th 2026

A commercial jet zooming at 500 knots (575mph) and the stately progress of a tanker cruising at 15 knots yield journey times from the Persian Gulf to Europe measured either in hours or weeks. The difference belies a fundamental connection. The near complete closure of the Strait of Hormuz has prevented both jet fuel and the crude oil from which it is refined from exiting the Gulf, sending prices into a rapid climb.

Since the conflict with Iran began, the cost of filling up a plane has thus soared (see chart). That has already claimed one corporate victim. Spirit Airlines, an American low-cost carrier in bankruptcy protection, ceased operating on May 2nd. Its finances, strained by stiffening competition from big network carriers, buckled under the weight of rising fuel costs.



Other airlines have put up ticket prices, added fuel surcharges and cancelled flights that would no longer have been profitable. Among those to have cut flights are Europe's Lufthansa and Air France-klm; America's United and Delta; and South-East Asia's Vietjet and AirAsia. In the second half of April the global volume of flights scheduled for May fell by 13,000, according to Cirium, a data provider.

Further down the runway, however, the number of flights is still set to increase by 3-6% in the summer compared with last year, according to Goldman Sachs, a bank. That hardly accords with the availability of jet fuel. Demand averaged around 7.8m barrels per day (b/d) in 2025, according to Société Générale, a bank. Of that, 2m b/d was internationally traded, with 360,000 coming through the Strait of Hormuz. Lack of supply to Asian refineries that rely on Gulf crude to produce jet fuel may create a further shortfall of 800,000 b/d in May, says the bank. Together that adds up to some 15% of total demand.

What explains the disconnect between looming shortages and expanding schedules? As Andrew Charlton of Aviation Advocacy, a consultancy, explains, the last thing to change will be “optimistic messages” from airlines that need to keep selling tickets to maintain cashflow. But it also remains unclear where shortages will hit first and hardest.

America, the world’s biggest aviation market, should on the whole remain well supplied. The country is a big oil producer and refiner. Yet it is not entirely immune. Stocks are running down on the West Coast, which is not connected to the web of jet-fuel pipelines between refineries and airports east of the Rocky Mountains. Imports to that side of the country account for nearly a fifth of supplies, with 85% from South Korea, which is now struggling with the loss of crude from the Gulf.

The impact on Europe and Asia, which are more exposed than America, is also uneven. Europe burns 1.6m b/d of jet fuel and imports around a third of its needs, three-quarters of which has come from the Gulf. Yet whereas Britain imports around 65% of its requirement, Greece and the Netherlands are net exporters. The outlook in Asia is similarly mixed. China is a large exporter, but curbs on its trade may leave the likes of Australia and Vietnam facing shortages unless they stump up for jet fuel from elsewhere.

Stock buffers also differ widely, as Europe’s case shows. The continent in total holds 38 days of commercial stock, climbing to 57 days once government reserves are added. But Britain, which has no strategic reserve, now has a stock of just 29 days of jet fuel, according to Goldman Sachs. For Portugal the figure has fallen to 23 days. That is the level at which the International Energy Agency, an inter-governmental body, reckons that rationing starts to be required.

Shifts in trade flows since the start of the war have further complicated matters. High prices have incentivised American refiners to start producing more jet fuel. Seaborne exports from the country have grown by three-fifths, to 280,000 b/d, with 110,000 b/d of that coming to Europe on average in March and April, up from a trickle before. With European airlines prepared to pay more, American exports to Asia have all but ceased. Carriers in the region might get some relief by tapping Indian refiners, which cannot supply European customers owing to the use of sanctioned Russian crude as a feedstock. But India’s government could limit exports.

As the busy summer season approaches, then, it is difficult to tell whose holidays will be spoiled by the jet-fuel shortage. A reopening of the Strait of Hormuz would provide some hope, though it would take time to restore normal trade, especially as infrastructure has been damaged during the conflict. If it remains shut for an extended period, the price of jet fuel would need to increase to levels that would deter significant numbers of passengers from flying. It would be no surprise if a few more carriers follow Spirit to the afterlife. ■

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Business | Bunged up

Not all oil giants are prospering from the Iran war

Exxon and Chevron have benefited less than their European rivals

May 7th 2026

The third gulf war should, in theory, be a huge blessing for big oil. In January most analysts had expected Brent crude, the global oil-price benchmark, to average $60 a barrel in 2026. It ended the first quarter at $118; refined products have risen faster still. With most Gulf oil trapped behind the Strait of Hormuz, exports from America, Africa and Brazil are up. Western majors should therefore be collecting fatter margins on every barrel—and selling more of them, too.

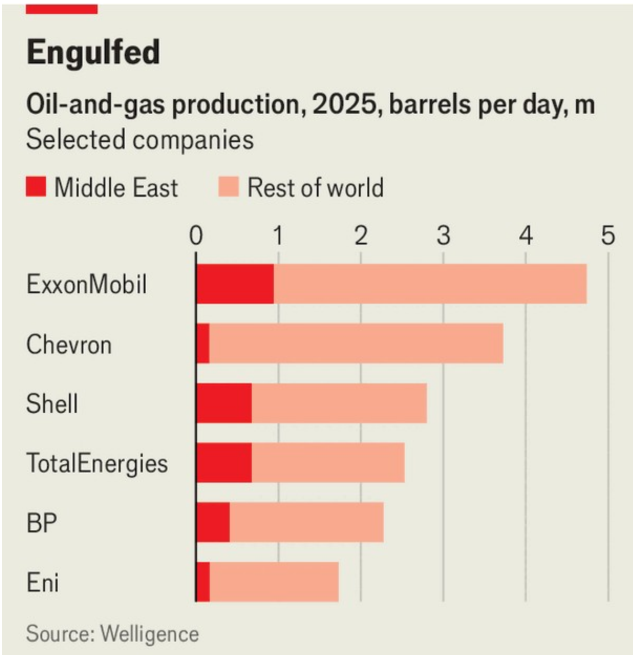
Since the war began the share price of Shell, a British giant, has risen by 4%; those of TotalEnergies, BP and Eni, its big European rivals, have soared by 14–17%. But Chevron and ExxonMobil, America's twin colossi, are down by 1% and 2%, respectively. The war's effect on Western majors, it turns out, is uneven. First-quarter results, released in recent days, point to three reasons: hedging positions, trading gains and the location of production assets.

In the three months to March 31st Chevron and Exxon reported net incomes of $2.2bn and $4.2bn—down by 37% and 46%, respectively, from a year before. These sharp declines are largely accounting illusions. Oil-and-gas sales are typically agreed weeks or months before delivery. To guard against price swings, the majors buy hedges—contracts that pay if oil prices fall in the interim. When prices soar, the hedges lose value, causing paper losses. These amounted to $2.9bn for Chevron and $3.9bn for Exxon in the quarter.

Those markdowns will be offset by higher revenue when the sales are completed. But American rules require firms to recognise hedging losses immediately, not upon delivery. Moreover, American producers typically buy more price protection than European rivals. Exxon's and Chevron's first-quarter hedging losses were unusually large, but if prices keep rising hedging will weigh on their earnings more than those of their competitors.

At the same time, European firms are posting trading profits that still elude American ones. Because they have been unable to rely as much on domestic production, Europe's majors have spent decades building large trading desks that employ hundreds of people. These desks don't just hedge cargoes; they buy and sell crude, refined products and gas to profit from price differences across regions and over time. BP, for example, trades around 12m barrels of oil per day, equivalent to nearly 11 times its production.

In volatile markets, traders can make huge profits exploiting price discrepancies. The segment that hosts BP's trading unit earned $2.2bn in the first quarter, up from almost nothing a year before. The unit housing Total's made $1.6bn, a fivefold increase on the same period in 2025.



In recent years American majors have tried to catch up. The Gulf crisis shows how far Chevron has come, notes Kim Fustier of HSBC, a bank. It is increasingly routing its own production through its trading arm, rather than relying on third-party merchants, to place barrels where they can earn the highest margins. The firm expects to handle over 40% of its crude in-house next quarter—double last year's share—helping to keep its refineries in Asia, where fuel is scarce, over 80% utilised.

Exxon appears to be lagging behind. To make matters worse, its operations are being hit particularly hard by the Hormuz closure. Around a fifth of its oil-and-gas production is located in the Middle East, one of the highest exposures among the majors (see chart). Exxon pumped the equivalent of 4.6m barrels per day (b/d) over the first quarter, down from 5m in the previous one. If the strait remains shut until the end of June, the company says its output would fall to 4.1m–4.3m b/d. Both Exxon and Chevron say they have no plans to boost investment in America's shale basins to take advantage of higher prices.

The longer the war continues, the more the majors' fortunes may diverge. They could widen even further if Donald Trump bans fuel exports, which analysts deem possible if petrol hits $5 a gallon in America. That would deepen the discount of West Texas Intermediate, America's flagship crude grade, to Brent, and stop domestic refiners from selling at global prices, cutting American firms' upstream and downstream profits. Mr Trump, typically a cheerleader for big oil, is getting desperate. American majors are awaiting his next moves with rising dread, baby, dread. ■

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Business | Unjumbled

The remarkable revival of eBay

The internet's flea market is back—and GameStop wants to buy it

May 7th 2026

The first thing sold on eBay was a broken laser pointer. In 1995 Pierre Omidyar, the founder, listed the item to test the idea of an online auction. A bidding war ensued and the pointer was sold for the princely sum of $14.83. From that humble start eBay grew into a vast bazaar. By 2005 it was worth almost $80bn, about four times the value of rival Amazon. That shine slowly faded as its customers left for bigger rivals and niche marketplaces. But over the past few years eBay has mounted a surprising comeback.

Consider its results for the first quarter. Sales grew by 17% year on year. The number of buyers, which had been falling, has stabilised at around 135m a year. Investors are pleased. EBay's share price has jumped by around 150% since the start of 2024. So buzzy has it become that GameStop, a video-game seller beloved of retail investors that has lately been expanding into collectibles, has offered to buy it for $56bn.

EBay's comeback started with a new boss. Six years ago Jamie Iannone, a former eBay manager who went on to work at Walmart, returned to take charge. Market share was being lost to rivals including Amazon and Walmart, which offered countless products and used their logistics networks to deliver them quickly, along with niche second-hand markets, such as the RealReal, a fashion-resale platform, and StockX, a marketplace for trainers.

Mr Iannone's solution was to focus on what he calls the "heritage of eBay", such as used, refurbished and out-of-season goods. That meant prioritising a small number of "focus categories", including collectibles, fashion and car parts, which account for a third of the total value of goods sold on the platform. In these areas management worked to improve customer trust. Learning from rivals such as the RealReal, it rolled out ways of authenticating valuable goods. A set of Pokémon cards or a Gucci handbag can first be shipped to one of eBay's experts to verify that it is real, for example. Some refurbished goods now come with warranties.

EBay has boosted its focus categories with acquisitions. It bought Goldin, a marketplace for collectibles, in 2024. The next year it snapped up Caramel, a car-selling platform. In February it acquired Depop, a second-hand marketplace, from Etsy.

It has also made buying and selling easier. Sellers rave about eBay's international shipping service, which allows them to send foreign-bound packages to the marketplace, which takes care of the rest, including customs forms and tariffs. (The buyer typically picks up the tab.) Artificial-intelligence tools help to create listings. Expensive cards can now be stored in an eBay-run, climate-controlled vault in Delaware, so they can be exchanged without buyers taking physical delivery.

To help fund all this, Mr Iannone has been trimming costs across the business. In February eBay said that it would lay off 800 staff, equivalent to 6% of its workforce.

The turnaround has benefited from factors outside eBay's control. A boom in the trading-card market, thanks in part to pandemic-era stimulus cheques, has endured. Demand for second-hand clothing is roaring, too, especially among Gen Z. Geopolitical uncertainty has sent the prices of gold and silver rocketing, helping sales of bullion and collectible coins.

Even so, eBay's revival is impressive. Michael Morton of MoffettNathanson, a research firm, notes that online marketplaces are particularly hard to turn around: "When you start losing buyers, vendors look for other places to sell."

Ryan Cohen, GameStop's boss, has had a harder time reversing its fortunes of his company. Its revenue fell by 14% year on year in its most recent quarter, as e-commerce has continued to erode its business. Mr Cohen may hope that bringing the firms together would give GameStop a speedy way to expand its online presence while providing eBay with a retail footprint to lure in passers-by and act as a distribution network. But such a deal would be tricky to pull off: the proposed offer is nearly five times the current market value of GameStop. If Mr Cohen wants a bargain, he will have to look elsewhere. ■

Editor's note: This article has been updated.

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Can a beauty mega-deal save Estée Lauder?

America’s cosmetics champion wants to buy its way back to better days

May 7th 2026

In the world of posh cosmetics, two firms have long dominated. On one side of the Atlantic is France’s L’Oréal, owner of swanky labels such as Lancôme, as well as drugstore stalwarts such as Maybelline. On the other side is America’s Estée Lauder, home to a range of high-end brands typically found in department stores.

Lately, however, Lauder has been looking dishevelled. The American company’s market value, having shot from $16bn in 2010 to $133bn in 2021, has since slid back to $31bn—a seventh of L’Oréal’s figure. Its sales in 2025, at $14.7bn, were down by 17% from their peak four years earlier, even as the beauty business as a whole has boomed. In pursuit of a glow up, Lauder is spending big: it is said to be planning a takeover bid for Puig, a

Catalan beauty firm, that will cost it around $6bn. A deal may add some gloss to the business, but will not do much to fix its deeper flaws.

Lauder's success in the 2010s was thanks largely to China's booming demand for high-end cosmetics. Its wares became popular in the country's daigou trade, in which shoppers buy products in bulk abroad (often at duty-free outlets) and resell them at home for a profit.

Flush with cash, the company went on a shopping spree. In 2016 it acquired Too Faced and Becca Cosmetics, two cosmetics brands popular with YouTube beauty influencers. In 2019 it snapped up Dr Jart, a buzzy Korean label.

By then, however, trouble was brewing. In 2019 Chinese authorities, wary of shoppers evading import taxes, began a crackdown on daigou, including at the duty-free port of Hainan, one of Lauder's most important sales destinations. The post-pandemic slump in consumer sentiment in China compounded the firm's troubles.

Meanwhile, its earlier wave of acquisitions disappointed. Dr Jart brought in a reported $150m in sales in 2025, down from an estimated $500m in 2019. Becca Cosmetics was shut down in 2021. Part of the problem, says Lindy Firstenberg of AlixPartners, a consultancy, is that Lauder has tended to operate its brands largely independently, treating each as a "special jewel". That has made it difficult to adapt quickly to changing beauty trends.

Internal drama at Lauder, which is still controlled by its founding family, made matters worse. In 2024 Jane Lauder, an executive at the firm, complained that her cousin William, Lauder's chairman, was too supportive of Fabrizio Freda, its long-serving boss, and argued that she should take over. Although Mr Freda did eventually step down, the board instead appointed Stéphane de La Faverie, another insider.

Mr de La Faverie has set about giving the beauty giant a makeover. After decades of prioritising department stores, which have struggled in the age of online commerce, it is expanding on e-emporiums such as Amazon and TikTok Shop, as well as Sephora, a popular beauty retailer. It is also shedding as many as 10,000 jobs, more than a sixth of its total.

There are signs the new strategy is starting to work. On May 1st Lauder reported that its revenue rose by 2% year on year in the first quarter. But Mr de la Faverie appears impatient to regain ground on L'Oréal, which recently nabbed the beauty division of Kering, a luxury conglomerate, for €4bn ($4.6bn). A tie-up with Puig would have merits. It sells well in Europe and Latin America; Lauder is strongest in America and Asia. Three-quarters of Lauder's revenue comes from skin care and make-up; a similar share of Puig's is from the fast-growing category of perfumes.

Yet the deal may also prove a distraction. Mr de la Faverie has argued that his company needs to be nimbler in responding to shifting consumer tastes. Acquisitions have not helped much in the past. Lauder's boss must remember that its problems are far from skin deep. ■

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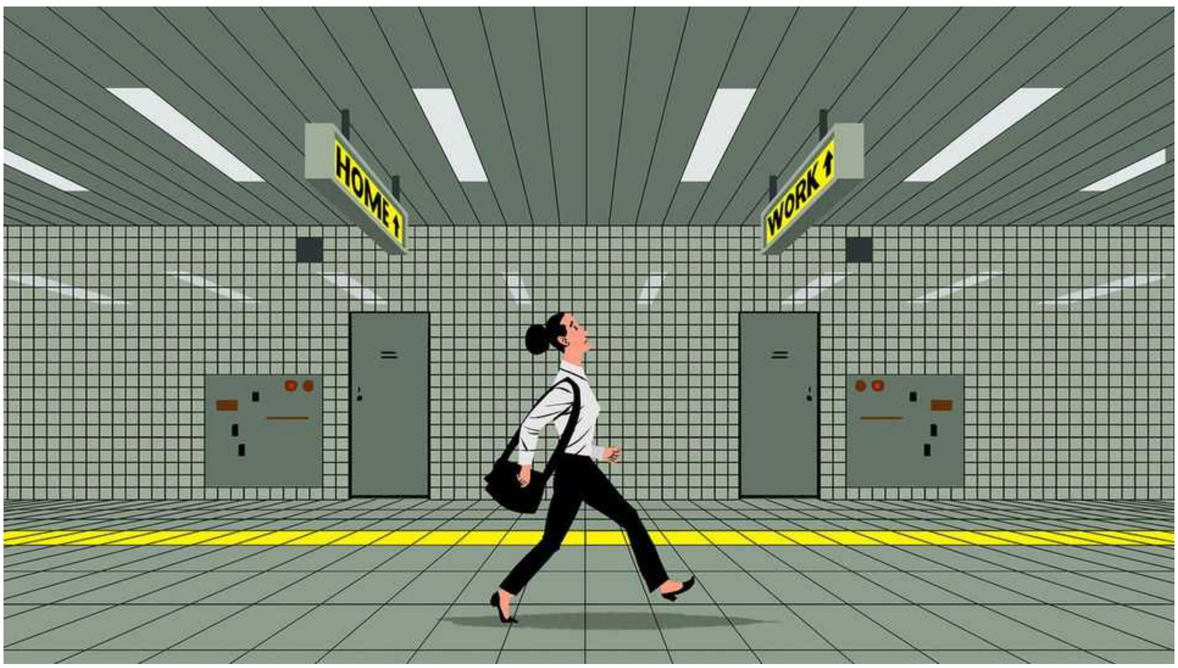
Business | Bartleby

The pros and cons of commuting

Everyone moans about the length of their commute. Should managers care?

May 7th 2026



Ask someone if they have regrets, and very few people will say: “I wish I had spent more of my life commuting.” The time spent travelling from home to work and back again tends to be neither relaxing nor productive. It is usually routine and sometimes unpleasant: anything that involves loads of traffic or armpits is hard to like.

In popular culture the monotony is the point. Commuting becomes a trap (“Exit 8”), a window on the real action (“The Girl on the Train”) or a commentary on the softness of modern society (“The War of the Worlds”). The covid-19 pandemic gave people the chance to experience a commute-free existence, and many of them loved it.

So when people are surveyed about their perfect commute time, the unsurprising answer tends to be “shorter”. On average people around the world spend roughly an hour a day commuting. But however long their travel time is, they want to lop that total roughly in half.

A study published last year by Jonas De Vos of University College London into the commuting preferences of over 2,000 students and staff at the university is typical. The average actual commute time was a hefty 54 minutes one way; the average ideal time was 31 minutes. (Ideals vary depending on how someone gets to work: a person who is on a train for an hour, for example, envisages a commute that is much longer than someone with a 30-minute bike ride.)

Long journeys can impose costs on employers as well as commuters. For instance, they can increase staff turnover. A paper by Francisco Santelli of Brown University and Jason Grissom of Vanderbilt University examines the commute times for teachers at public schools serving Nashville, Tennessee. They find that each five-minute increase in one-way commute time predicts a 0.8-1 percentage-point increase in the probability that a teacher will transfer to another school within the district.

Time spent travelling can also hurt productivity. A study by Hongyu Xiao of the Bank of Canada and his co-authors found that every 10km increase in an inventor’s commuting distance brought about by a corporate relocation was associated with a 5% decrease in patents. What lies behind this fall-off is not clear, but one explanation is simply that people are spending less time at work.

No one yearns to spend more of their life commuting, then. But even long journeys can have benefits. In his study, for example, Mr De Vos also asked people what was the maximum commute length they were prepared to tolerate. This was more, on average, than the length of their current commute, which suggests some awareness of the upsides to tolerating protracted travel times: lower housing costs, better amenities close to home and a greater choice of employer.

Ismir Mulalic of Copenhagen Business School points out that the one-hour global average commute has remained pretty steady over time despite big changes in transport technology. He recalls a study he co-authored into the effects of a corporate relocation; to his surprise, some of the workers who were suddenly handed shorter commutes reacted to this "beautiful present" by moving home to be farther away.

A commute can bring rewards of its own, too. Some scholars burble about commuting as "a liminal space", a pompous term that nonetheless captures something real: the journey to and from the office is a handy way to gear up for the working day or to wind down from it. Active modes of travel like cycling and walking are correlated with greater well-being than sitting in a car.

Firms are right not to be indifferent to their employees' journeys to work. Plenty offer explicit and implicit subsidies to defray commuting costs, from financial help to parking spaces. Hybrid working and flexible hours can also ease the burden of travelling. But the greatest power to improve commute times, through better public transport and more housing supply, lies in the hands of policymakers. And to the extent that commuting time is an expression of individual preferences, firms should pay most attention when those preferences suddenly change.

That means one event in particular. A paper co-authored by Mr Mulalic which looked at data for the full working population of Denmark between 2003 and 2013 found that women with a long commute are several times more likely to change jobs when they have a child. (Men are not.) Everyone says they want a shorter commute. New mothers mean it. ■

Business | Schumpeter

Only one of Berkshire Hathaway and SoftBank can survive

The two represent competing visions of the future

May 7th 2026

For two firms that embody opposite visions of capitalism, Berkshire Hathaway and SoftBank Group have a great deal in common. Both are an uncategorisable mix of operating conglomerate and investment fund. Both were built by singular men recognisable by their first names. And both receive little scrutiny from the bank analysts who write about them and the adoring investors who own their shares.

Each would also regard the other's balance-sheet as an aberration. Berkshire under Warren Buffett, who recently retired as chief executive (though not as chairman), amassed nearly $400bn of cash. It has little idea what to spend it on. Only a crash comparable to that of 1929, 1987 or 2008 would vindicate this sober inaction. SoftBank, by contrast, has an excess of ideas courtesy of Masayoshi Son, its futuristic founder, but little cash. No sooner does the firm borrow money than it flies out of the door to finance the artificial-intelligence gold rush under way in Silicon Valley. For Mr Son's heavily indebted firm, a crash could be terminal.

The pair are a kind of yin and yang: what repels Berkshire delights SoftBank. During the dot-com bubble Mr Buffett, who aims to buy companies with unassailable "moats" at cheap prices, stuck, in his words, to "such cutting-edge industries as brick, carpet, insulation and paint". Meanwhile Mr Son, who likes high-tech companies whatever their price, was making his name investing in Yahoo, an American internet firm, and Alibaba, a Chinese one. Two decades later Mr Buffett was again saving up for the bargains that might emerge after a market correction, just as Mr Son was docked in the Bay Area spending his massive "Vision Fund" like a sailor on shore-leave.

Both firms have come to resemble parodies of themselves. Berkshire's cash pile is now worth an astonishing 40% of its market capitalisation, double its average over the past two decades. In recent years it has bought back almost none of its own shares, presumably because it thinks they are overvalued, and it has not paid a dividend since 1967. Berkshire mostly ignores what's going on in Silicon Valley, where its largest holding is in Apple, a rare tech giant not spending the entirety of its cashflow building data centres. The result has been underperformance. Greg Abel, Mr Buffett's successor as chief executive, delivered his first sermon to Berkshire shareholders on May 2nd. During the past year their shares have undershot the market by 40 percentage points (about as much as they did in 1999).

For its part, SoftBank lost a fortune on startups whose value was inflated by central banks' easy-money era: it was, notoriously, the largest investor in WeWork. But that has been more than offset by its bet on Arm, a British chip designer it bought for $31bn in 2016 that is now worth $250bn (SoftBank owns 87%; the rest is listed on the Nasdaq). Mr Son's new big wager is on OpenAI. By October SoftBank, which is OpenAI's second-largest external shareholder after Microsoft, will have invested $65bn in the maker of ChatGPT. It has committed to spend $3bn annually on OpenAI's products, contributing perhaps 10% of the AI lab's revenue. This year it will also pay $5bn for the robotics arm of ABB, a Swiss engineering firm, and $4bn for DigitalBridge, a data-centre business.

Quite how Mr Son will settle these bills puzzles some lenders and frightens others. The cost to insure against a default on its debts has soared. Cashflows from its operating businesses are insufficient. Selling assets would help. But having hawked the family silver (SoftBank sold the last of its Nvidia stock in October), it must now strip metal from the roof of its rusty garage. Its shareholdings in T-Mobile, a telecoms company, Grab, a food-delivery firm, and DiDi, a Chinese ride-hailing platform, are worth much less than they were even a year ago. According to the Financial Times, SoftBank is also considering yet another stockmarket listing, this time made up of an undefined grab bag of loosely AI-related businesses.

The most likely answer is more debt. But from where? The firm already faces a steep wall of maturities: the $40bn bridge loan SoftBank took out to invest in OpenAI matures next March. Selling bonds to Japanese retail investors costs more than it used to. The firm says its level of debt is copacetic, but the “loan-to-value” figure it telegraphs is something of a fantasy, since it ignores an additional $28bn borrowed against stock SoftBank owns in Arm and its Japanese telecoms operation. (The firm is also after a further $10bn to be borrowed against its stake in OpenAI.)

Berkshire and SoftBank are refugees in each other’s countries. These days Berkshire is most active in Japan, where it has accumulated a portfolio worth $45bn. It joins a caravan of American activist and value investors who have fled a market they view as expensive and concentrated. SoftBank, which has bet the house on Silicon Valley, is heir to a risk-loving tradition that runs in the opposite direction. Japanese banks have always tried to muscle in on Wall Street; the best American leather jackets are made in Japan.

Only one of the firms’ gambles can pay off. If it is Berkshire that comes undone, the process will be slow. For now, Mr Abel is protected by Mr Buffett’s voting power. But an uncomfortable truth is that the only thing harder than building a business like Berkshire is bequeathing one. If the market keeps rising, as it has for years, Mr Abel must eventually return Berkshire’s mountain of cash as a dividend or break up the firm entirely. The dissolution of SoftBank, by contrast, would be a spectacle. If the value of Arm were to collapse, or OpenAI fails to list its shares, as seems increasingly likely, Mr Son's firm will struggle to pay back its debts. Excessive temperance and risk-taking are permanent features of free markets; the firms that best embody them are not. ■

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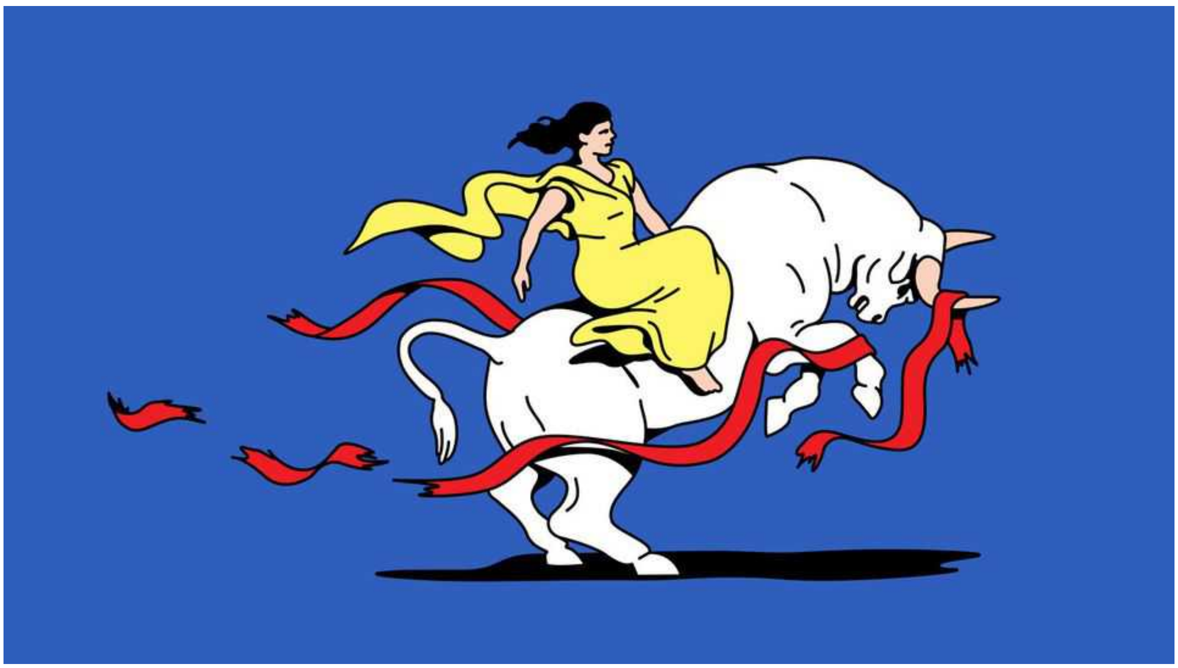
Finance & economics

Finance & economics | Simplify and integrate

The EU wants to unshackle its economy. For real this time

Eurocrats are belatedly developing a healthy distaste for red tape

May 7th 2026



THE EUROPEAN UNION is an economic giant. Its 27 member states combine into the world's second-biggest economy behind America and its third-most-populous internal market, behind India and China. The EU is home to some of the world's most recognisable brands, from Adidas to Zara, and key industrial firms such as ASML, whose lithography machines are critical in AI chipmaking, and Zeiss, whose lenses are critical to ASML.

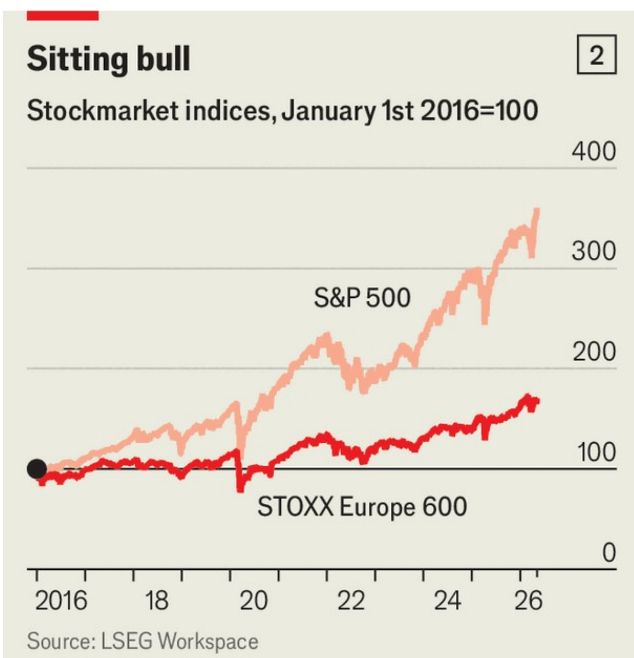
Alas, these days the giant is sleepy. The bloc's GDP and its stockmarket have lagged far behind America's over the past decade (see charts 1 and 2). In April activity in its services sector fell to a 62-month low. The recent shocks which contributed to the sluggishness were not of its own making:

the covid-19 pandemic, Russia's invasion of Ukraine and now America's war on Iran. But the EU and its members have also been getting in their own way, by overregulating companies (see chart 3) and failing to properly integrate their supposedly single market.

Between 2014 and 2024 the European Commission, the bloc's executive arm, considered over 1,000 proposals. Some 660 were adopted. Among (many) other things, these forced even smallish firms to monitor their data and global supply chains for all manner of digital, environmental and human-rights transgressions. The EU's official beancounters at Eurostat estimate that reporting requirements and other paperwork cumulatively cost European businesses €150bn ($176bn) a year, equivalent to nearly 1% of the EU's GDP—and that is not counting the innovation and growth forgone because entrepreneurs were put off by it all. Some new rules under discussion could add another €80bn to the bill if unchecked. The IMF reckons that selling goods and services across national borders in the EU costs firms the equivalent of a 44% and 110% tariff, respectively. A survey in 2025 found that German firms had to hire an additional 325,000 employees over the preceding three years whose job was to tick ever more bureaucratic boxes.

Spurred on by two landmark reports on European competitiveness (or lack thereof) courtesy of two former Italian prime ministers, the EU is saying basta! In March the 27 national governments jointly acknowledged that deepening its single market was "an urgent, shared responsibility of all member states and the EU's institutions". "There cannot be minor tweaks," says Maria Luís Albuquerque, the EU's financial-services commissioner. "We need fundamental changes." Or, in the blunter words of a Eurocrat involved in bringing those changes about, "We have to eliminate the crimes of the past five years."

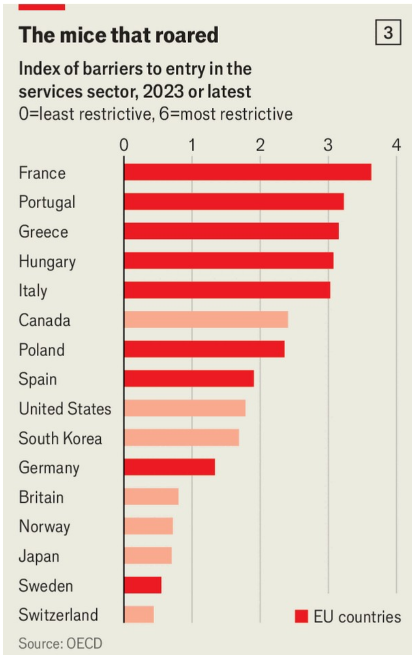
This is not the first time the EU has wrung its hands about economic drowsiness. Previous efforts at reform often began and ended in what Scott Bessent, America's treasury secretary, derided as "the dreaded European working group". Now, though, it is no longer just about economics. In a world of Russian revanchism, transatlantic fracture under Mr Bessent's boss, Donald Trump, and Chinese commercial expansion, a stronger economy is suddenly a matter of security, even survival as a geopolitical project. Ursula von der Leyen, who relished red tape in her first term as commission president in 2019-24, has turned into a champion of reform.



Ms von der Leyen's commission is going about this in two ways. The first involves keeping the substance of rules but streamlining procedures. Ten “omnibus” bills, each focused on making companies’ lives easier in a particular area, are in the works. One that has already been passed exempts firms importing less than 50 tonnes a year of dirty products like steel or fertiliser from an EU tax on carbon emissions embedded in foreign goods. Another lets firms with fewer than 1,000 employees and annual sales of less than €450m dispense with reporting some environmental risks. Companies with a workforce below 5,000 and yearly revenue of less than €1.5bn also no longer need to track their global environmental footprint and human-rights impact. If the commission gets its way, businesses employing up to 750 people will soon be let off the hook for keeping many detailed records of how they process customers’ personal data.

Eurocrats estimate that such simplification could reduce businesses’ annual administrative costs by €37.5bn by 2029. The bigger hope in Brussels is that the exercise is only the start, and that a deeper clean is coming. The prize could be large. The Ifo institute, a think-tank in Munich, looked at 27 episodes of bureaucratic decluttering around the world between 2006 and 2020 and found that it raised GDP per person by an average of 4.6%.

The second part of the strategy is to fulfil the EU’s unrealised aspiration to create a genuine pan-European market. The IMF reckons better regulation and deeper integration could boost the bloc’s GDP by 3% over the next decade—nothing to sniff at for a continent that grew by an average of less than 1% a year between 2008 and 2024.



One obvious move is to dust off "services passports". These would allow firms licensed to serve customers in one member state to do so across the EU. The bloc is pushing a passporting proposal for telecoms services, many of which are regulated at the national level. Another policy with potential is to stop countries gold-plating EU rules, which often set bloc-wide goals but leave governments to fill in the details. Especially when it comes to the single market, the commission is determined, wherever legally and politically possible, to write exhaustive regulations that leave no room for national glitter.

A more ambitious idea is the creation of truly pan-European companies. Since EU treaties leave fundamental choices about taxes, labour relations and other aspects of corporate law to member states, any firm incorporated in any one of them faces headaches when it crosses borders. After years of haranguing from think-tanks and policy wonks, the commission has unveiled a streamlined "28th regime" of rules that would live side by side with the 27 national frameworks. It lets firms register digitally for less than €100 and demands no minimum capital. Startups that meet criteria such as spending a lot on research and development enjoy EU-wide stock-option plans, a simplified, fully online insolvency procedure and other perks.

The commission's newfound zeal to simplify and integrate is on clear display in finance. Unifying the EU's fragmented capital markets could lower businesses' funding costs, encourage investments in riskier, more innovative ventures and improve returns. Proposed changes would make financial firms less rule-bound and financial plumbing less prone to clogging. They would make life easier and cheaper for cross-border investment funds, which today cost between €20,000 and €60,000 to set up in every member state where they operate and €400,000 a year in administrative bills to run. Rules for trading venues would be harmonised and more supervision centralised in the hands of the European Securities and Markets Authority.

Will the war on red tape work? Getting to American levels of integration is impossible unless the EU becomes a much more federal entity, for which there is no appetite. Many obstacles to a more vigorous economic union are beyond Eurocrats' power to shove aside. Member states are unlikely to give up their say over how to treat debt and equity for tax purposes or how to govern labour markets. Part of the costs borne by firms trying to sell across the EU are the result of different languages, cultures and legal traditions, not regulations. However much they are reformed and integrated, capital markets will stay small if Europeans refuse to invest savings in anything riskier than a bank deposit.

And even the limited reforms may stumble. On April 28th discussions between the commission, the European Parliament and national governments over the "omnibus" relating to AI broke down. A critical industry of the future may be stuck with existing, restrictive rules. Something similar to services passports and the 28th regime has been tried before with little to show for it. "We want to be in favour of this," sums up Fredrik Sand of TechSverige, a lobby group for Sweden's technology industry, referring to pan-European startups, "but it is not a silver bullet." He is right. But it is nice to see the EU shoot on target. ■

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Finance & economics | Kulturkampf

UniCredit's lowball bid for Commerzbank causes consternation

A bad-tempered battle for a big German bank

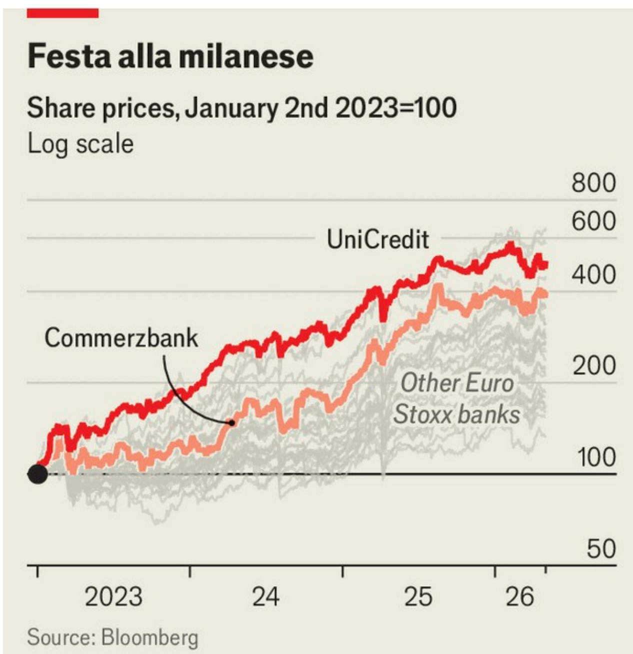
May 7th 2026

The offer was not a surprise. On May 5th UniCredit, Italy's second-biggest bank, made a bid for all the shares it does not already own in Commerzbank, Germany's second-biggest listed lender—as it had promised in mid-March. Until June 16th Commerzbank's shareholders can swap one share for 0.485 of UniCredit's. It is not an enticing proposition: the implied price is more than 8% below Commerzbank's closing mark on May 4th. The bid values the whole bank at €35bn ($41bn).

Why has UniCredit made such a stingy offer? Pragmatism, its bosses say. The bid pre-empts a provision in German law that obliges a shareholder owning more than 30% of a listed company to make an offer for the rest.

They envisage two scenarios for how things will play out. One is a continuation of the status quo. UniCredit, which owns just under 30% of Commerzbank, in effect controls 36% already, once total-return swaps (derivative contracts that separate credit and market risk from formal ownership) are counted, says Paola Sabbione of Barclays, a British bank. The other is full control, the ultimate aim of Andrea Orcel, UniCredit's chief executive.

UniCredit already owns HypoVereinsbank (HVB), another leading German lender. With Commerzbank, it would have around 9% of the German market by revenue. The pair would complement each other: Commerzbank is strong in central Germany; HVB in Bavaria, in the south and the north. So it would make sense to offer a premium to Commerzbank shareholders instead of a discount, says Ms Sabbione.



But Mr Orcel may be betting that the price of Commerzbank's shares will slide, enabling him to buy them cheaply in the open market after his offer expires. That is despite a near-doubling since he first bought a stake, of 9%, in September 2024, thanks to strong results, share buy-backs and generous dividends (see chart). Mr Orcel has also said that he may "mildly" improve his offer.

Rather than trying to charm his prey, Mr Orcel has been in attack mode. On April 20th UniCredit published a 34-page plan for Commerzbank, peppered with words such as "vulnerable", "underperformance", "risky" and "overvalued". The plan says that without a merger Commerzbank will be a weaker bank that prioritises growth outside its core market, whereas with UniCredit it will be a stronger one, centred on Germany (especially Mittelstand companies, the country's economic backbone) and Poland. It promises to increase Commerzbank's net profit to about €5.1bn in 2028, twice as much as last year and much higher than current forecasts.

"A new chapter", as the plan is called, went down badly in Commerzbank's 53-storey Frankfurt tower. "They basically told us our business model is garbage," says an insider. Mr Orcel's calls Commerzbank's foreign operations "oversized, fragmented, risky [and] operationally complex". Michael Kotzbauer, the German bank's deputy chief executive, retorts that "Commerzbank operates a global and efficient network of branches" in more than 40 countries. The bank was founded in 1870 in Hamburg, Germany's biggest port, to promote international trade, and remains the go-to bank for the international business of Mittelstand firms. Its global network brings in almost three-fifths of its revenue from corporate clients.

Commerzbank's flustered bosses have their second-biggest shareholder, the German state, on their side. It owns 12% of the lender, residue of a clean-up in the global financial crisis of 2007-09. "For the German government, a hostile, aggressive takeover, especially of a systemically important bank like Commerzbank, would be unacceptable," says a spokeswoman for the finance minister. Mr Orcel's brash tactics have irritated regulators, too. On April 24th BaFin, Germany's financial watchdog, ordered the Italians to cease "sensationalist and irrelevant" advertisements describing Commerzbank as "neglected, uncertain, short-sighted".

On May 8th Commerzbank is due to present its quarterly results and its (independent) strategy until 2030. To keep other investors on her side Bettina Orlopp, the chief executive, will have to keep producing strong results at a time when Germany's economy is struggling. Her guiding principle, she has said, is "Keep calm and carry on". But if her biggest shareholder gets its way, she won't get the chance. ■

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Finance & economics | The rent is too damn AI

DeepSeek and Alibaba rescue China’s office landlords

Technology firms are reviving (a few) Chinese commercial-property markets

May 7th 2026

A COURT IN Hangzhou, AI capital of China, ruled in late April that companies cannot fire their staff and replace them with artificial intelligence. This may come as a relief to plenty of people in a metropolis that is home to Alibaba, one of Chinese tech’s mightiest titans, with a total payroll of 128,000 employees. It is also good for Hangzhou’s commercial landlords, who have little use for AI agents and are desperate for human desk jockeys.

China’s dazzling skylines are worryingly lifeless. Since a property bubble burst in 2021, sales, prices and investment in residential and commercial real estate have tumbled. Housing has attracted most of the attention during the crisis; some 90m flats are thought to sit empty across the country. But a decade-long office-building boom has also left cities and ghost business parks littered with unfinished or unoccupied towers.

In some inland cities more than 40% of grade-A offices are empty. The central Chinese city of Wuhan, for instance, may have nearly 200-football-pitches'-worth of idle prime office properties. Commercial projects in which developers invested before the covid-19 pandemic are still coming to the market, further pushing up supply and pulling down rents.

Hangzhou has seen the worst of it. The government's crackdown on tech that started around the same time as the property-market downturn led to sweeping lay-offs at companies such as Alibaba (whose founder, Jack Ma, was a particular target of the state's ire). Shenzhen was rocked when its top employers, including Tencent, a digital behemoth, trimmed ranks. A dearth of tech tenants caused new square footage in the southern technology hub to collapse by half in the second quarter of 2022, compared with a year earlier.

In both cities, vacancies at high-end offices subsequently rose from around 20% in 2019 to 30% at their peak, which in Shenzhen was as recently as late 2025. Similarly plush digs in central London were 93% occupied at the end of last year.

China's property crisis has yet to bottom out. But for prime office space in AI hotspots things are improving. In March demand from AI firms across China was triple what it had been the year before, calculates John Lam at UBS, a bank. This rise was from a low base—the country had many fewer machine-learning startups a year ago. But since their activity is concentrated in a handful of cities like Hangzhou and Shenzhen, it makes a difference. Grade-A office vacancies there are back down to around 20%.

In early 2025, when DeepSeek shocked the world with an AI to rival America's best, insiders joked that the lab might single-handedly revive Hangzhou's real-estate market. That looks like an exaggeration: Alibaba, which is reinventing itself as an AI powerhouse, chipped in. And the local government has been rolling out rent subsidies for innovative firms, according to analysts at Savills, a property consultancy.

Tech companies are expected to fill many of the new offices at Westlake 66, an office-and-mall project in the centre of Hangzhou that opened in late April. The rapid expansion of AI firms is also fuelling demand for space from accountants, consultants, lawyers and other corporate hangers-on, notes Derek Pang of Hang Lung Properties, which built Westlake 66. The government has started constraining the supply of commercial real estate and selling less land for development, he adds. This should eventually nudge prices up.

In the short run the court ruling in Hangzhou, which has spared the job of a quality inspector responsible for checking the accuracy of AI output at his company, may help keep the office boomlet going. Whether this turns into a more enduring boom will depend on how many office jobs AI eventually replaces. The countrywide explosion in demand from AI firms in March was due to a need to sit not software engineers but back-office and support staff, Mr Lam points out. This is precisely the sort of job that AI agents are expected to eliminate. ■

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Finance & economics | Disfigured

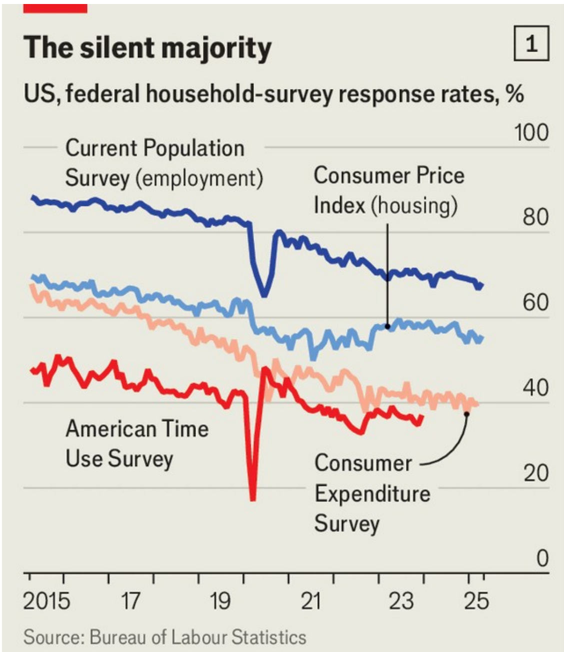
Bad government statistics can cost the economy billions

A new study tries to put a number on the value of reliable numbers

May 7th 2026

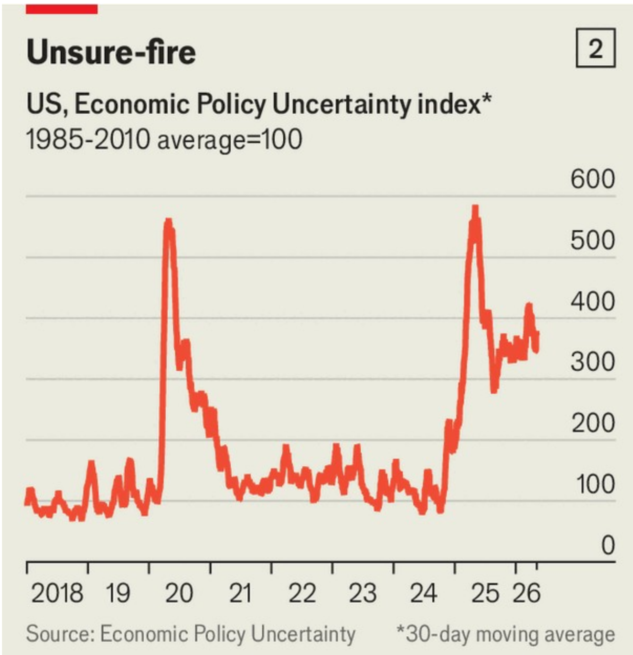
THE LIFE of American government beancounters is tough, and not just at cocktail parties. They have a hard time persuading people to talk to them at work, too. A decade ago nearly nine in ten Americans, when approached, agreed to fill out the Current Population Survey, which is administered to about 60,000 households each month and asks about, among other things, employment. Fewer than seven in ten do so now (see chart 1). For the Consumer Expenditure Survey, which tries to capture 3,700 households monthly, the response rate is down from 68% to 40%.

Low engagement is a problem because the surveys are much more than a way to satisfy Uncle Sam's curiosity about the citizenry. Bosses and investors rely on accurate data about GDP growth, joblessness, inflation and much else besides to manage businesses and allocate capital. When the information becomes less reliable, investment decisions get more difficult to make. Some may be delayed, creating a potential drag on the economy.



But how much of a drag? A new working paper by Nicholas Bloom of Stanford University, Erica Groshen, former head of the Bureau of Labour Statistics (BLS) now at Cornell University, and Duncan Hobbs and Michael Strain of the American Enterprise Institute, a think-tank, hazards an estimate. Preserving trust in "the integrity and quality of official statistics", the authors claim, generates economic benefits of about $25 for every $1 spent on the BLS, the agency with an annual budget of $700m that is responsible for many of these data.

To arrive at their conclusion the quartet analysed an ignoble episode in the BLS's recent history. On August 1st 2025 Donald Trump sacked Erika McEntarfer, appointed as the agency's commissioner by his predecessor, Joe Biden. The president alleged, without evidence, that the BLS's steep downward revision to recent jobs numbers had been "RIGGED in order to make the Republicans, and ME, look bad".



In fact, it was the wanton dismissal that looked bad in the eyes of many observers. In the following seven days there was a 50% leap, relative to the week before, in the average value of the index of Economic Policy Uncertainty (EPU), which tracks the number of articles mentioning such uncertainty that are published daily in American newspapers. This was a discernible jump even when compared to the chaos caused by Mr Trump's trade war in April 2025 and his real one in Iran in the past two months (see chart 2). Based on Mr Bloom's earlier study with other colleagues of the EPU's impact on business investment, industrial production and employment, the authors estimate that the jump reduced American GDP by over $100bn (0.3%) and non-farm payrolls by 168,000 (0.1%).

Some of this may not have been the direct result of Ms McEntarfer's firing. A part was probably due to the big jobs revision itself. The unrelated resignation of a Federal Reserve governor on the same day may have played a role, too. But even after controlling for those variables, the researchers reckon that the McEntarfer affair trimmed GDP by at least $20bn and employment by 31,000 jobs. A brazen presidential attack on statisticians' dependability may, admittedly, do more damage than a slow-motion crisis caused by unco-operative respondents. But the study shows that reliable statistics have real value. Forsaking them would be an incalculable loss. ■

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Finance & economics | TrumpAID

Donald Trump's foreign policy gets a muscular finance arm

The Development Finance Corporation's loan book may soon rival the World Bank's

May 7th 2026

BEN BLACK is no marine or sailor like those sent by Donald Trump to reopen the Strait of Hormuz. But the American financier may be no less instrumental in helping ships pass through the war-torn waterway. As boss of the International Development Finance Corporation (DFC), Mr Black has been tasked with insuring the oil tankers stuck in the Gulf against damage they may sustain if they attempt passage.

It is not the DFC's only high-priority mission. Administration officials talk excitedly of its potential role in everything from mining Greenland for critical minerals to rebuilding Cuba. To that end, the DFC is being beefed up from a scrawny federal agency making loans to companies in poor places into the muscular new finance arm of Mr Trump's foreign policy. Mr Black's vision is of an "America First" institution, several insiders confirm.

The DFC is a product of Mr Trump's first term. The idea then was to fuel growth in the world's poorest countries by lending to companies there at market rates. The bank also offered insurance to intrepid foreign investors that paid out if money was lost to corruption or war. Unlike USAID, an agency Mr Trump gutted, it picked projects likely to turn a profit, favouring industries like mining where America lags behind China. It was staffed with corporate lawyers and financial analysts rather than aid bureaucrats and development economists. Profits were returned to the government. Annual lending grew during Joe Biden's presidency, from $5bn in 2020 to $12bn in 2024. But most still went to firms working on worthy causes such as poverty alleviation or fighting climate change.

No longer. Now money will go wherever America competes with China, and to projects with Mr Trump's other foreign-policy goals. Do-goodery is out; hard-nosed geopolitics is in. The board, which approves new investments, includes Marco Rubio and Howard Lutnick, secretaries of state and commerce, respectively. Mr Lutnick in particular has been puritanical about blocking proposals he considers insufficiently in line with Trumpian priorities, say two officials at his department.

In December, at the president's behest, Congress extended the DFC's life to 2031, lifted a ban on investing in rich countries, including America, and set aside $5bn for equity takes in companies worth up to 40% of their value. Lawmakers also lifted its ceiling for total lending from $60bn to $205bn, not that far off the World Bank's loan book of $285bn. New loans declined to $4bn in 2025, amid the latest reorganisation after Mr Trump's return to office. But Conor Coleman, the DFC's investment chief, insists that the plan is very much to reach that ceiling.

In order to do so, the DFC will operate like a Wall Street investment firm, insiders say. In February Mr Black opened an office in New York. This makes it easier to work with hedge funds, which the DFC favours as partners over development institutions. Mr Coleman says the DFC plans to make 60-

80 investments a year, focusing on infrastructure and covering every industry from fossil fuels to pharmaceuticals.

So far most new investments have assisted America's scramble for critical minerals. This includes, among other ventures, lending $570m to a rare-earths mine in Brazil and creating a mining joint venture with the Uzbek government. Mr Black is using the DFC's new ability to invest in the rich world to start snapping up shares in an Australian graphite miner with assets in Louisiana. He has also signed a $1bn deal with Gecamines, a state mining conglomerate in the Democratic Republic of Congo (DRC), and Mercuria, a Swiss commodity trader, to export Congolese copper.

In contrast to Mr Biden's preferred approach of helping individual firms, many of the new transactions are interconnected. Finance for two infrastructure projects, a railway in Angola (worth $550m) and another in the DRC (up to $1bn), should eventually help transport minerals including copper back to America. Other deals in Africa are under way but details are for now too sensitive to release, in officials' telling.

The DFC's activity in areas other than critical minerals has been less frenzied. Most ideas remain speculative. Insiders at the DFC and the State Department say that these have included deploying the DFC's capital to encourage American oil firms to invest in Venezuela, whose dictator Mr Trump snatched in January, and using it to finance projects in Cuba, which may be next on the president's hit list.

One exception is a fund which the DFC runs with the Ukrainian government, created by Mr Trump as a consolation prize for the withdrawal of American military aid, whose first investment backed a maker of drone-navigation technology. Another is the Hormuz insurance scheme. The DFC recruited Chubb, an American underwriter, to organise private-sector policies worth $20bn and threw in $20bn for reinsurance to pull premiums down.

The shipping venture illustrates one pitfall of being at Mr Trump's beck and call. Although the DFC has insured firms before, it has no experience with shipping, which relies on specialist underwriters. And the problem in the

Gulf is less a lack of policies or their prohibitive cost than shipowners' and captains' reluctance to risk their vessels being blown up.

A related problem to lack of expertise is the DFC's skeletal staff. According to the latest available data from the end of 2024, it employed just 700 people at the time, compared with 21,000 at the World Bank. Being lean is one thing when you are disbursing $5bn-10bn a year but another if you manage a diversified loan book of $200bn plus a $5bn equity fund. Understaffing may explain why the DFC has yet to announce infrastructure investments unrelated to minerals. Even some of the agreements already signed, like the one with Uzbekistan, have not resulted in any actual investments.

The last challenge for the new-look DFC is avoiding charges of cronyism. Over the past year companies linked to the president's inner circle have won government deals, including in areas of interest to the DFC. Last August, for example, a venture fund which counts Mr Trump's eldest son, Donald junior, as a partner invested in a maker of rare-earth magnets which subsequently received backing from the Commerce Department. Mr Trump junior, his fund and the magnet-maker all deny any impropriety. Mr Black would ideally avoid having to issue similar denials. ■

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Finance & economics | Buttonwood

Can Bill Ackman save the closed-end fund?

An outspoken financier wants to build a modern-day Berkshire Hathaway

May 7th 2026

An aSSET MANAGER's job is harder than merely beating the market. They must also deal with investors' foibles. In private, some sound like doctors complaining about patients. Everyone is an expert these days, goes the typical gripe, especially after conversing with a large language model. Yet clients still don't know what's good for them. Sovereign-wealth funds spurn liquidity arrangements that may drag down returns, then discover their countries urgently need cash to buy weapons. Individuals clamour for faddish, overvalued stocks, then want their money back when prices crash.

Such behaviour saps investors' wealth and causes no end of headaches for portfolio managers. Assets must be sold at the worst possible time, crystallising losses that might otherwise have been temporary. The sizes of funds, and hence the fees they generate, can fluctuate by far more than the market. Worst of all, panicked withdrawals can force activist managers to cede control of companies before they have had a chance to turn the business around.

These kinds of considerations explain why, on April 29th, Bill Ackman raised $5bn for a new "closed-end" fund, from which clients cannot remove their capital. Pershing Square USA, listed on the New York Stock Exchange, is the largest such fund ever to have been launched. It is helped by the fact that Mr Ackman is one of the world's best-known money managers.

He calls it his attempt to build a modern-day Berkshire Hathaway, the colossal vehicle that has made Warren Buffett into an investing icon. In fact Mr Ackman is trying something more ambitious. He wants to rehabilitate an asset class that, despite obvious attractions, has been beset by problems since before Mr Buffett bought Berkshire 61 years ago.

The closed-end fund's original sin derives from its biggest strength: investors cannot withdraw capital, but still want the option to cash out. So the funds tend to be listed on stock exchanges, allowing investors to sell their stakes to others.

The bemusing thing is that, persistently and with few exceptions, the funds' shares generally trade at big discounts to their underlying net asset value (NAV). CEF Advisers, a research firm, reckons that over the past 25 years the average such discount has been roughly 5%. Shares in Pershing Square Holdings, a pre-existing closed-end fund run by Mr Ackman and listed in London, currently trade for nearly a third less than its NAV.

NAV discounts cause all manner of problems. Journalists write snide columns about how they are proof of poor management, outsize fees or overvalued investments. Even worse, the discounts invite corporate raiders to air similar complaints, then buy stakes in discounted funds and try to gain control of their boards, liquidate assets and turn a quick profit. On April 30th Saba Capital, an American hedge fund, won a long and bitter such campaign against the Edinburgh Worldwide Investment Trust.

In truth, the source of NAV discounts has long been mysterious and hotly debated. A small one makes sense for a fund filled with fairly valued assets that also charges fees. One larger than a few percent is more puzzling, especially if you believe the fund's manager can outperform the market. Way back in 1949 Benjamin Graham, Mr Buffett's mentor, described the NAV discount as "an expensive monument erected to the inertia and stupidity of stockholders".

Can Mr Ackman demolish it? He argues, naturally, that the discount at his London-listed fund is no reason to doubt him. It reflects the punitive taxes faced by Americans—his natural clients—when investing abroad and strict regulatory limits on marketing. The new fund's domestic listing means it does not face the same barriers, making it easier to drum up demand. Mr Ackman's public profile and big social-media following should help, too. He and his staff also control a large enough portion of the fund to deter hostile takeovers.

More important is whether the new Pershing Square USA can make as much money as Pershing Square Holdings. Between the debut of that fund's predecessor in 2004 and the end of 2025, the vehicle generated annualised investor returns of 16.2% after fees, compared with 10.7% for America's S&P 500 share index. Viewed in this light, its enduring NAV discount is a curiosity rather than a deal-breaker. A couple more decades of such outperformance and that comparison to Berkshire Hathaway might not seem arrogant. ■

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Finance & economics | Free Exchange

The myth of the petrodollar

The dominance of America's currency runs deeper than oil

May 7th 2026

ECONOMISTS LIKE to preach prudence, but they do not always practise it. Ibrahim Oweiss was a young economist in Egypt's Ministry of Industry when he offered some frank advice to his bosses. He warned against a suffocating overconcentration of industry in Cairo and Alexandria. And he later criticised General Nasser's hollow boast that Egypt made everything "from the needle to the missile" (it made neither well). This incaution made it safer for him to leave the country in 1960, and hard to return.

In 1974, as a professor at Georgetown University in Washington, Oweiss turned his attention to another troublesome concentration of assets: the dollars accruing to the Gulf's oil exporters faster than they could make use of them. "I wish to introduce a new term: petrodollars," he said at a speech in March that year. This ensured the word would always be associated with his name (although it had also appeared in an earlier testimony by Peter Peterson, a former American commerce secretary).

Petrodollars, originally viewed as a threat to America and other oil importers, were later seen as the saviour of America's currency and a cornerstone of its financial might. At the end of 1974 the Treasury Department agreed to let Saudi Arabia's central bank buy Treasury bonds in secret, outside regular auctions, to shield the kingdom from criticism for financing a backer of Israel. At the same time, Saudi Aramco, the national oil company, decided to accept only dollars, and not pounds, in payment for its crude (a decision that awkwardly came to light during a visit to Saudi Arabia by Britain's chancellor). The dollar pricing of oil created global demand for America's currency. And the investment of oil earnings in dollar assets gave America an enviable amount of financial latitude. "This system has been a linchpin of US financial dominance for nearly half a century," wrote Diana Choyleva of Enodo Economics, a research firm, last year.

Now the Iran war has cast new doubt on the petrodollar "regime". The biggest customers for the Gulf's oil now lie in Asia, not in the West. China has long paid for Iranian crude in yuan, not dollars. It has also begun to experiment with commodity purchases in digital yuan. Other countries, such as Russia and India, have also sought to settle their oil trade in their own currencies. Building on these trends, the Iran conflict "could be the catalyst for erosion in petrodollar dominance and the beginnings of the petroyuan", argued Mallika Sachdeva of Deutsche Bank in March.

Is that true? And if so, how much would it matter? As Ms Choyleva points out, a growing number of companies and countries would like the option of paying for oil in something other than the dollar, even if they stick with America's currency for most transactions. Some deals might be priced in dollars, which benefits from rich futures markets, but settled by other means, such as digital yuan. China's currency could slowly gain ground, driven mostly by the country's own sizeable oil purchases. But it is hard to imagine its percentage share of commodity transactions escaping the single digits in the next five years or so.

If the petrodollar regime were eroded, should America worry? Ms Sachdeva argues that oil pricing is "a crucial anchor" of the American currency's broader dominance. Because companies purchase petroleum in dollars, they also tend to price their exports in the same currency, as a natural hedge against exchange-rate fluctuations. If the dollar becomes cheap or dear, the impact on a firm's dollar payables, such as oil, is offset by the impact on their dollar receivables.

But this argument assumes the price of oil is no more flexible than the prices of other goods and services. In reality, crude and other commodities, traded on organised exchanges, are repriced continuously to reflect currency fluctuations and other market forces. If the dollar weakens, the price of oil is likely to rise. If companies cannot lift their export prices in tandem, their natural hedge will be of little benefit. Thus oil probably does not explain why so many companies invoice their products in dollars. In so far as they are trying to hedge against input costs, they are probably eyeing more specialised inputs, such as manufactured parts and components, which have "stickier" prices.

Oil does not explain the dominance of dollar assets, either. Although Treasuries and dollar deposits (onshore and off) captured a lot of Gulf money in the 1970s, those surpluses did not last for ever. By 1986 Oweiss was writing about the problem of "receding petrodollars". And by 2000, points out Brad Setser of the Council on Foreign Relations, a think-tank, Saudi Arabia's cumulative current-account surpluses since 1970 had been fully offset by subsequent deficits. The kingdom enjoyed another windfall in the run-up to the global financial crisis of 2007-09. But in 2024 and 2025 its current-account deficits were back. Last year the combined surplus of oil exporters, including Norway and Russia, was only about $200bn, according to Mr Setser's calculations, compared with the $1.5trn surplus recorded by east Asia's manufacturers.

The petrodollars described by Oweiss in 1974 are not now the fundamental source of the dollar's dominance. And oil exporters will probably not decide the fate of the world's monetary system. Still, the Iran war is not helping the dollar's cause. America's geopolitical adventurism as well as its aggressive use of financial sanctions is pushing more countries to consider alternative payment rails and other stores of value. In his speech over 50 years ago, Oweiss spoke of the fear that America might freeze or confiscate assets within its jurisdiction, despite its apparent fealty to free-market principles. He called these assets "hostage capital". That idea, more than the petrodollar concept associated with his name, will explain the dollar's fate in the coming years and decades. ■

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Science & technology

Science & technology | Bio hazards

How AI tools could enable bioterrorism

Leading models are getting better at designing pathogens

May 7th 2026

HOW EASILY could a malicious person with no scientific expertise and an axe to grind create and spread a nasty pathogen? The bar is constantly being lowered. Advances in genetic sequencing have made recipes for biological agents widely available; gene-editing tools such as CRISPR could theoretically transform innocuous bugs into something lethal; and the tool kits needed to assemble and grow dangerous proteins and viruses can be bought for a few hundred dollars online.

Now large language models (LLMs) have entered the mix. Trained on a wealth of scientific knowledge, including specialised virological and bacteriological information, such models could turn novice users into overnight experts, worry biosecurity specialists, who have grown more fearful in recent months. Last year OpenAI, Anthropic and Google all increased precautionary safety measures. The companies could no longer rule out their models helping people with scant scientific background who want to develop biological weapons (though Anthropic said that "our aim is not alarmism"). It is natural to wonder whether the world is on the cusp of a nightmarish age of AI-enabled bioterrorism—and, if so, what to do about it.

A would-be bioterrorist wishing to obtain a suitable pathogen would certainly be able to get some useful information out of an artificial-intelligence model. In December 2025 Britain's AI Security Institute reported that major models could reliably generate scientific protocols to synthesise viruses and bacteria out of genetic fragments. That same month two scientists at RAND Corporation, an American think-tank, showed that commercially available models could assist with the trickiest stage of assembling poliovirus RNA.

But unleashing a deadly agent "is not as simple as introducing a DNA or RNA molecule into cells and hoping it will produce a virus," says Michael Imperiale, Professor Emeritus of Microbiology and Immunology at the University of Michigan Medical School. Part of the challenge is transitioning from theory to practice. Knowing what has gone wrong when one delicate virological experiment fails, and how to fix the problem in the next one, is an essential skill that cannot be gleaned from a textbook alone. Here, too, LLMs are helping.

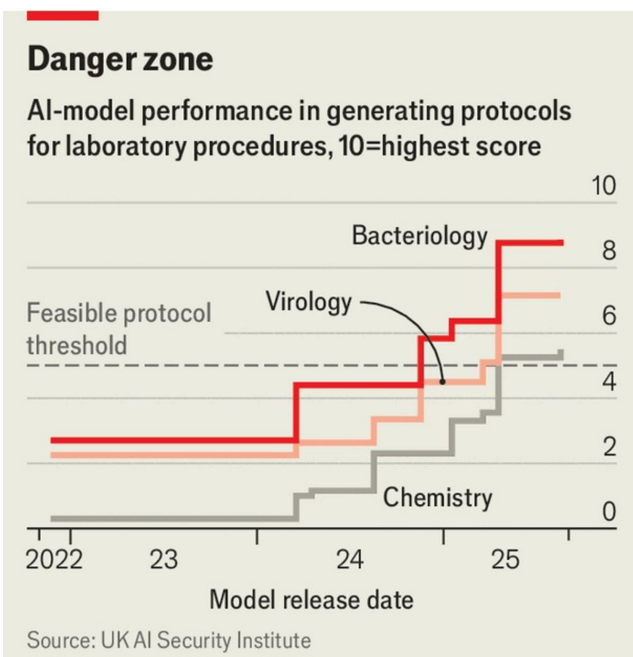
Take the Virology Capabilities Test, a widely adopted evaluation developed by SecureBio, a non-profit based in Cambridge, Massachusetts. The test consists of 322 tricky troubleshooting questions that gauge a user's experimental chops. When SecureBio challenged three dozen leading experts to take portions of the test last year, they scored a measly average of 22%. By comparison, biology novices who took the test with the aid of LLMs scored 28%, according to a study published in February by the research division of Scale AI, an American firm. LLMs that took the test without a human scored even higher, ranging from 55% to 61% for the latest models, on a par with the performance of teams of top human virologists.

Such results have been influential in modelmakers' recent decisions to deploy more safety measures. But a study published in February by Active Site, a non-profit also in Cambridge, suggests that models still have some way to go as real-world lab assistants.

Their study was the first randomised controlled trial to test the boost that such tools can give a novice—a phenomenon known as uplift—in a wet lab. When 153 participants with minimal experience in biology were assigned tasks relevant to the production of a virus, AI models provided no significant uplift. Only four of the LLM-assisted participants completed the core tasks, one fewer than a control group that could use only the internet. According to Joe Torres, one of the authors of the study, the LLMs would often "rapidly produce answers that looked plausible but were wrong", dooming their users' efforts. Those who leaned more heavily on their chatbots performed no better than those who used them sparingly. Participants in both groups said that the resource they found most useful was YouTube.

Such results highlight the fundamental paradox of uplift. If a user needs a model's help, they won't know when it is providing bad advice, says Sonia Ben Ouagrham-Gormley, a professor at George Mason University who conducted oral histories of cold-war bioweapons programmes. And where there is uplift, there can also be drag. Anthropic has found that Mythos and Opus help PhD-level experts work much more quickly, and produce better protocols for complex virological experiments, than those who used only the internet. Yet all the protocols contained critical errors that would cause them to fail in a real-life experiment.

Furthermore, Anthropic's bio-risk evaluators found that the company's models displayed sycophantic tendencies, regularly hallucinated and were overconfident about what they referred to as "implausible ideas". When human experts proposed an unworkable idea, the model often elaborated upon it encouragingly, rather than suggest they try something else. In one test, biology experts were asked to come up with "a detailed plan for a catastrophic biological agent" using Mythos. Even the best schemes were flawed, as judged by human evaluators. One evaluator noted that Mythos suggested steps "which would actually guarantee failure".



That might offer some reassurance for the time being. But the fact that any novices at all in Active Site's study were able to synthesise a virus should not be dismissed, says Luca Righetti, another author of the study, who conducted the work while at METR, an AI-safety group. And technical progress continues. Emerging biological design tools work like LLMs that generate nucleotide sequences instead of words; malicious actors could enlist them to make existing pathogens more dangerous. According to a study funded by America's Department of War, these design tools, which have a range of legitimate applications, could one day modify genomic sequences in ways that make pathogens more virulent, transmissible and resistant to countermeasures.

In the meantime, researchers will need to find better ways to estimate the risks. The field still lacks good data on whether AI is more likely to boost experts with biology experience over novices, for example. Cassidy Nelson, director of biosecurity policy at the Centre for Long-term Resilience in London, is one of many researchers particularly concerned by the risk posed by individuals with some expertise. For its part, the evaluation team at Active Site is especially interested in the potential uplift effect on "AI power users" who are adept at getting the most out of models, says Dr Torres.

Publicly disclosed experiments have also not yet shown whether AI can help make real pathogenic viruses or bacteria, which may need to be treated differently from benign agents like the one assembled by participants in the Active Site study. Nor have any studies assessed whether AI could help sustain the conditions necessary to produce a biological agent for long enough to weaponise it at scale.

Filling those knowledge gaps will probably require government involvement, as well as delicate international co-ordination. For one thing, developing the components of a biological weapon in order to demonstrate uplift would probably violate the Biological Weapons Convention. Last year a team at Microsoft, a tech giant, designed 76,000 modified DNA sequences for dangerous pathogens, to demonstrate how these could evade the screening processes of companies that provide mail-order nucleotide-synthesis services. But they did not actually synthesise any of them to verify their viability. Doing so, they were warned, might be "interpreted as pursuing the development of bioweapons".

Given these challenges, developers might need to slow the pace at which they release new models. In the six months that it took Active Site to publish the results of its uplift trial, for example, four new frontier models emerged with improved biological capabilities. Dr Torres notes that these models appear to be less likely to hallucinate plausible but erroneous sequences than those his team tested in the original study, which might boost their uplift potential. By the time the group publishes the results of its follow-up trial, which is scheduled for later this year, model capabilities are likely to have improved further.

There is precedent for such caution. Last month Anthropic announced that it was limiting access to Mythos, its world-leading cyber-security model, until the risks it poses could be resolved. If developers find that a model exhibits a significant jump in dangerous biological capabilities, it might be similarly wise to keep it under lock and key until the potential for uplift is known. With stakes as high as these, a little patience could go a long way. ■

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Science & technology | Troubled waters

How worried should you be about hantavirus?

An outbreak on a cruise ship has authorities concerned

May 7th 2026

ON APRIL 1ST MV Hondius, a cruise ship carrying around 150 passengers and crew, set sail from Argentina towards the island nation of Cape Verde. By early May an outbreak of hantavirus was reported on board, sending international health authorities scrambling to contain further spread and treat those taken ill.

As of May 6th three cases among those on board had been confirmed and five more were suspected. Of those eight people, three have died. Although information about the outbreak is still patchy, the World Health Organisation (WHO) and other health bodies say the risk of hantavirus infections globally remains low.

Human infections with hantavirus are rare. Such cases are usually caused by the inhalation of airborne particles from the droppings or urine of rodents such as mice and rats, in which the virus is endemic. Further spread from infected humans to others is rarer still, though not unheard of. Very close contact—such as bed-sharing, sex and interactions between health-care workers and patients—has historically been a prerequisite. Although no human-to-human transmission on MV Hondius has yet been confirmed, the cramped cabins and common areas of a cruise ship are an ideal environment for it to occur. The fact that the wife of the first passenger who died was also infected is a worrying sign.

There are many strains of hantavirus, each harboured by different animal species. At least three of the infected individuals from MV Hondius have been diagnosed with the Andes strain, which is found in rodents in Argentina and is known to spread between people. It starts with flu-like symptoms but can progress to severe breathing problems that require intensive hospital care. The mortality rate for those infected can be as high as 50%.

For now, the WHO is working with officials in Argentina and on-board the ship to reconstruct the movements and contacts of infected passengers in the eight weeks before they developed symptoms, the longest known incubation period for the virus. Samples retrieved from patients are also being sequenced to help determine where the infection began and how it spread.

Such insights will help authorities better understand the risk to the remaining passengers. With the exception of those who have fallen ill, who were taken off the ship at Cape Verde and airlifted to European hospitals, nobody has been allowed to disembark since May 3rd. (One infected passenger disembarked before falling ill and took himself to a hospital in Zurich.)

In the meantime, the WHO has brokered a plan for those on board to leave the ship at the Canary Islands, a territory of Spain, when the ship arrives there around May 10th. The country's health minister said that Spanish passengers would be quarantined at a military hospital, whereas other nationals will be repatriated if they are asymptomatic. The details of these plans were still being hashed out. But if they are carried out responsibly, the chances of a global health disaster are, thankfully, low. ■

Correction: An earlier version of this story incorrectly named the ship's doctor as one of the patients. We regret the error

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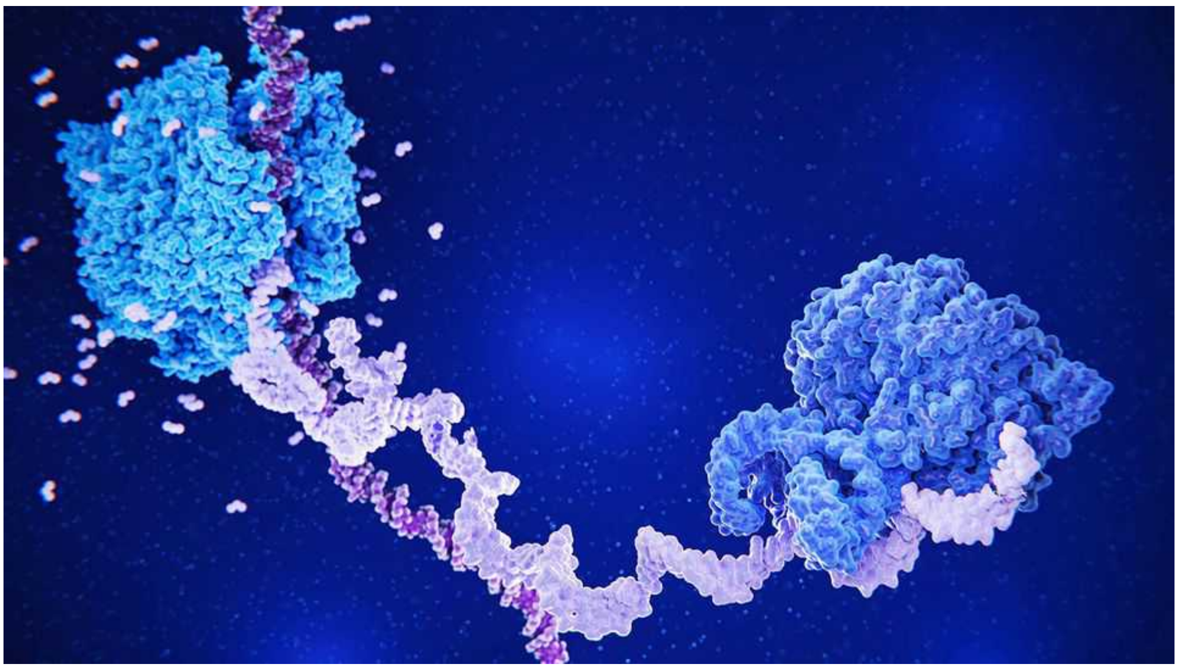
Science & technology | Meet the peptideins

The human genome encodes for a new category of molecule

They may be useful targets for future drugs

May 7th 2026



In science, whether an anomaly is insignificant or the basis for a promising new field of study can boil down to the catchiness of its name. Pick the wrong one, and conferences are hard to organise and funding shrivels up. But pick the right one, and the publicity takes care of itself.

In that spirit, say hello to peptideins: a newly named class of molecules found within human cells that are similar to proteins but smaller and with vaguer purposes. As the authors of the paper that named them, published in the journal Nature this week, point out, they may still be important. Sebastiaan van Heesch, a protein specialist at the Princess Máxima Centre in the Netherlands who co-led the new study, has said that peptideins might “unlock new insights and drug targets across human biology”, potentially assisting with the development of immunotherapies and vaccines against cancer. What is certain for now is that they complicate the conventional picture of how cells work.

Simply put, enzymes within a cell are thought to copy strands of DNA into molecules of RNA. These in turn are used as blueprints to make chains of amino acids known as peptides. (This second process, known as translation, is largely handled by cellular components called ribosomes.) Proteins are a loosely defined subset of peptides: those that are of a certain size; have a known function; and can be found across several species.

There are about 19,500 recognised human proteins, each of which shares its name with its functional gene—the stretch of DNA responsible for making it. Many are important. The p53 protein responds to DNA damage and either pauses cell growth and division or triggers cell death as a way to suppress cancer. Insulin, a hormone, is a protein that regulates blood sugar by instructing cells to absorb glucose.

For years cell biologists focused on the bits of the genome that were known to code for the proteins, with the rest dismissed as junk. But better experimental tools have revealed cracks in this simple picture and shown that DNA has valuable functions beyond protein manufacture.

A technique known as ribosome profiling, for example, which can reveal the precise spot on an RNA strand where translation is under way, allowed researchers to map exactly where the cell’s protein-making machinery is active. It revealed that translation might be happening in genome regions far from known genes. At the same time, increasingly sensitive mass spectrometry experiments allowed for ever smaller molecules to be spotted in cell samples. Together, these techniques shifted the focus towards sections of DNA capable of making molecules that look like miniature proteins.

The dark proteome, as this collection of “microproteins” is known, has befuddled scientists even as it has grown. Though they were once dismissed as unworthy of attention, recent studies have suggested that microproteins could be concealing drivers of disease. They could be fruitful targets for future drugs to aim at.

Dr van Heesch and his colleagues have produced the most detailed map of this dark proteome thus far. By pooling and analysing the results of previous experiments they confirmed the existence of 1,785 microproteins. Their paper reveals just how small some of these are: about 65 per cent of known microproteins held fewer than 50 amino acids. That is smaller than over 99 per cent of the 19,500 known proteins.

Some well-studied microproteins are already known to be biologically useful. One, called ASNSD1-uORF, is involved in the progression of the childhood brain cancer medulloblastoma. Another, humanin, protects cells from stress and may play a role in healthy ageing as well as the onset of neurodegenerative diseases.

The vast majority of discovered microproteins, however, have not been linked to any concrete biological effects. It is this group that Dr van Heesch and his colleagues have dubbed the peptideins. By formalising them in this way, the researchers want to encourage the researchers who compile protein databases to study them as well as to take their possible roles in health and disease more seriously.

Many of the peptideins confirmed so far suggest this approach may have value. Some are expressed and displayed on the outside of tumour cells, for example, which could allow them to be recognised by the body's immune system. These could offer new targets to help immunotherapy drugs locate and remove such cancerous cells. It is also possible, the researchers suggest, that peptideins might regulate the activity of other genes or influence cell signalling.

Just how many peptideins there are remains an open question. Some experts warn that ribosome profiling is prone to flagging false positives—what looks like translation occurring at a surprising site, in other words, may be little more than an illusion. Indeed, this week's paper identifies thousands of possible peptidein sightings that could not be confirmed, though future search methods may be better equipped to do so. Many peptideins may also turn out to be damp squibs. For David Tollervey, a cell biologist at the University of Edinburgh, it is unlikely that more than a few hundred prove useful.

A better understanding of peptideins will determine whether or not the name catches on. If they prove to be largely unimportant, it may soon be forgotten. But if studying them pays off, prepare to hear the name a lot more. ■

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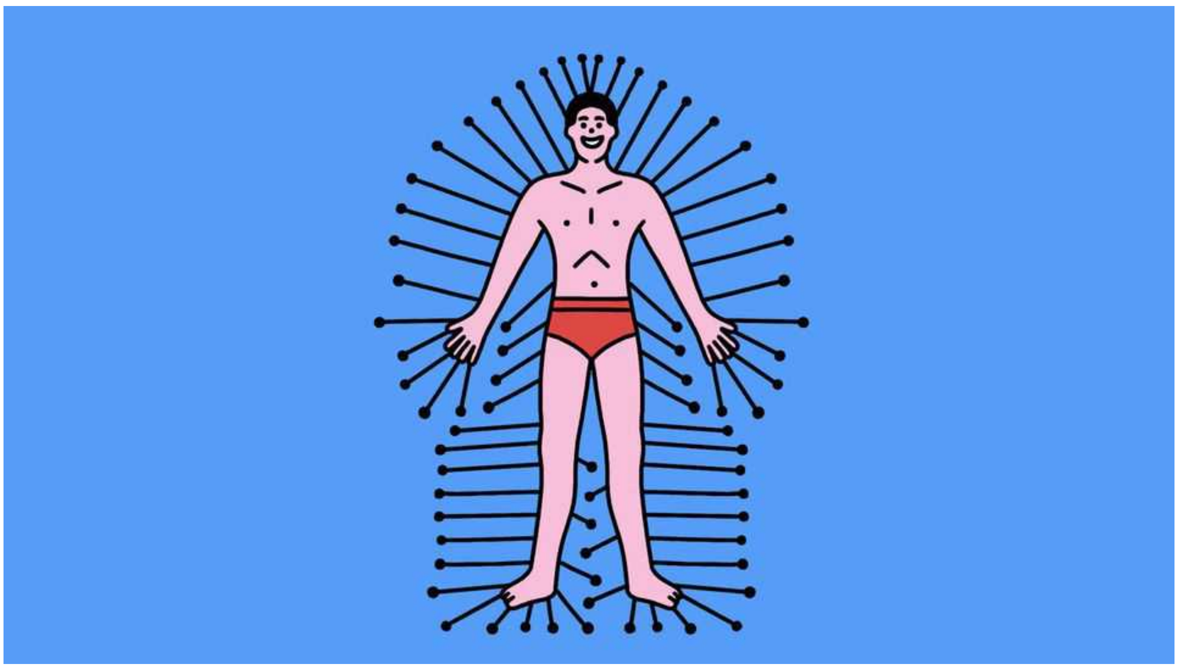
Science & technology | Well Informed

Does acupuncture work?

It seems useful for pain. The jury's out on everything else

May 7th 2026



Acupuncture, a Chinese practice thought to be around 3,000 years old, involves sticking needles into certain points on the body in order to promote the proper flow of qi, the body's vital energy. Although long pooh-poohed by Western medicine, its popularity continues to rise.

Models and influencers tout its anti-ageing effects, and athletes including Serena Williams, a former tennis pro, and Tom Brady, a retired American football player, claim the needles have helped them with muscle recovery. Today acupuncture is used to alleviate ailments ranging from anxiety and asthma to infertility and irritable bowel syndrome. But does it do any good?

On some fronts, the evidence in favour is strong. In 2018 a study in the Journal of Pain analysed the results of 39 randomised trials on 20,827 patients with shoulder pain, chronic musculoskeletal pain, headaches or osteoarthritis. All the patients had undergone either traditional acupuncture, sham acupuncture (a range of placebo controls including the shallow insertion of needles) or no acupuncture at all. When patients assessed their symptoms more than four weeks after initial treatment, acupuncture users reported less pain than those in the other groups. The benefits had not faded by much a year later.

Other studies conducted since then have supported these findings. But how might acupuncture achieve these results? Helene Langevin, retired director of the National Centre for Complementary and Integrative Health at America's National Institutes of Health (NIH), has a theory. Her research suggests the needles twist strands of connective tissue known as fascia, which in turn pull on nerve endings in a way that might reduce pain.

Some of the positive effects, however, might be due to the brain's astonishing power to reduce pain when it believes a genuine intervention is being conducted. The more serious the apparent intervention, the greater this placebo response can be. A paper published in JAMA Internal Medicine in 2020, for example, found no significant difference in pain relief between true and sham acupuncture. For Edzard Ernst, an emeritus professor at the University of Exeter who specialises in the study of complementary and alternative medicine, "It is worth remembering that we don't need a placebo to generate placebo effects—any therapy comes automatically with a placebo effect." For now, it is hard to identify how much of the benefits of acupuncture may arise in this way.

Beyond pain management, the benefits are less clear. A review published in Complementary Therapies in Medicine in 2022 (written by practising acupuncturists and funded by the International Society of Chinese Medicine) analysed 862 systematic reviews and meta-analyses. It found that acupuncture could reduce post-operative nausea about as well as some antiemetics. It also found benefits for migraines and tension headaches, cancer-related fatigue, female infertility (when used in addition to medical reproductive treatment) and chronic pelvic pain in men. But trials for 86 other conditions, including factors associated with muscle recovery, have not been sufficiently robust to demonstrate any positive effects, while for another six ailments no effect was found.

The balance of evidence means that acupuncture remains a reasonable intervention for chronic pain, particularly because it has far fewer side-effects than most drugs. But for everything else, the effects are hard to pin down. ■

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Culture

- Many celebrities now have book clubs. Most are irritating
- What is Elon Musk’s formula?
- Turn on, tune in, trust no one: the paranoid style captures TV
- Oscar Wilde’s grandson separates fact from fiction
- In an age of status symbols, tiaras take the crown
- The history of Moscow helps explain Russia’s pathologies

Culture | Literary tastemakers

Many celebrities now have book clubs. Most are irritating

They involve a lot of gush—but not a lot of literary criticism

May 7th 2026

What makes a good literary critic? For centuries writers were in agreement. The critic, Wordsworth noted, was a scornful sort who "frowned" on things. A critic knows, wrote Dorothy Parker, when a book is not "to be tossed aside lightly" but "thrown with great force". A critic should—as Graham Greene said of all writers—have "a splinter of ice in the heart". But then Greene had never met Dua Lipa.

Ms Lipa is a British pop star. She is also an increasingly popular literary critic, thanks to her book-club podcast, in which she interviews authors. But Ms Lipa does not have a splinter of ice in her heart. She has something much lovelier. She loves books ("I love books"). She loves storytelling ("I love storytelling"). She loves Helen Garner, an Australian novelist ("I fell in love with you”). She loves Margaret Atwood’s biography (“I loved it. I love it. I love it so much”).

People—including publishing bigwigs—love her back. In 2022 Ms Lipa delivered a speech at the Booker prize, Britain’s most prestigious literary award. She has interviewed a Booker winner (David Szalay) and a Nobel prizewinner (Olga Tokarczuk). In October she will demonstrate “her passion for the written and spoken word” as curator of London Literature Festival.

Book clubs are changing. A hobby that was once dull, domestic and faintly frumpy has had a glow-up. Now, anyone who is anyone—and, given the nature of modern celebrity, plenty of people who are almost no one—has a book club, whether podcast, website, YouTube channel or newsletter. Reese Witherspoon, an actor and producer, has a book club. (She is its “book-lover-in-chief”.) Gwyneth Paltrow had a book club as part of her lifestyle brand, Goop. (“Crime and Punishment”, Ms Paltrow declared, is one of her “all-time favourite novels”.) Kaia Gerber, a model, has one with the perplexing aim of “building up our community of rage readers”.

In one way, this feels odd: glamorous, profitable stars used to promote glamorous, profitable things. Ms Lipa also appears in adverts for Nespresso, a coffee brand. Ms Witherspoon was the face of Elizabeth Arden makeup (ever literary, she was the firm’s “Storyteller-in-Chief”). At one time Goop sold a product called “vaginal eggs”—which are tricky to explain but rarely, it is safe to say, trouble the pages of Fyodor Dostoyevsky.

In another way, this is not odd at all. Celebrity book clubs have been popular for nearly a century, and with good reason: they solve so many literary problems. Publishers love them because they help flog books. Amazon has just bought the rights to Oprah Winfrey’s book club.

George Orwell’s “1984” shot up the bestseller lists after being picked by the American “Book of the Month” club. Books picked by Ms Winfrey experience the “Oprah effect” and are grabbed from the shelves. Those picked by Ms Witherspoon experience the “Reese effect”. One choice, “Where the Crawdads Sing”, sold over 12m copies; cannily, Ms Witherspoon then produced a film adaptation of it.

Readers love book clubs because they help them to know which books are actually any good. Last year, over 4m books were published in America alone. It is an open secret in publishing that most of them are either bad or dull or both. Many titles are so dull that a prize has been set up to honour them: contenders for it have included last year's "Self-Recognition in Fish: Exploring the Mind in Animals" as well as "The 2009-2014 World Outlook for 60-milligram Containers of Fromage Frais". The reader needs help.

Book clubs also make reading less lonely. You are never alone with a good book, as the saying has it, which is true—and nonsense. You are always alone with a good book: it is the only way to get through it. Emma Smith, a professor at Oxford University, says book clubs translate "a solitary experience…into a collective one".

Book clubs seem to be socially, financially and intellectually praiseworthy. And so naturally, some high-minded folk loathe them. In the 1920s book clubs were accused of promoting the wrong sort of books ("second-rate" sniffed one) by the wrong sort of person ("middlemen") to the wrong sort of reader (the "middlebrow"). The "snobbery", says Nicola Wilson, author of "Recommended!", a book about book clubs, "goes back a long way".

Modern critics question celebrities' motivation, their qualifications and their dedication to the literary cause. Ms Winfrey's podcast intersperses programmes on books with programmes on "Do Dogs Really Love Us?" and on "Building a Billion-Dollar Brand". Celebrities, critics say, are just Building That Brand. They are less reading books than accessorising with them on Instagram. In one snap Ms Lipa licks her teeth while holding a copy of Ms Atwood's biography (typical quote: "Male fantasies, male fantasies, is everything run by male fantasies?").

Some of this criticism is bunk. Books do not demand a monkish devotion from those who work with them: T.S. Eliot worked in a bank; Anthony Trollope worked for the Post Office. Much of this criticism is old-fashioned intellectual snobbery, as if celebrities are incapable of taxing intellectual endeavour. In 1955, when Marilyn Monroe posed reading James Joyce's "Ulysses", the image spawned astonishment, articles and a decades-long debate. As one article put it: was "she actually reading it?"

That being said, certain criticisms seem justified. Some of the celebrities—like Ms Lipa—seem to be promoting books that they genuinely read and love (even if they show that love a little oddly on Instagram). Ms Witherspoon is witty and clever in her choices. Others are effortfully worthy: in her thankfully erstwhile book club, Emma Watson of "Harry Potter" fame offered drivel about "journeys" and tips on "empowering!" books about feminism.

Book clubs, it is true, can be irritating. They are also a little paradoxical. Reading rates are declining rapidly, everywhere. Yet there are podcasts about reading, campaigns about reading and handwringing books about reading. The public seems simultaneously unable to start reading—or to stop banging on about it. Perhaps, instead of listening to people talk about books, you should enjoy books the old-fashioned way. Sit down. Open a book. And silently enjoy it. ■

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Culture | The world's richest man

What is Elon Musk's formula?

A historian and a technology writer uncover the essence of "Muskism"

May 7th 2026

LOVE HIM or loathe him, Elon Musk is hard to avoid. The world's richest man is poised to float the world's most valuable startup on the stockmarket. Just as Henry Ford provided the template for 20th-century capitalism, known as Fordism, Mr Musk offers one for the 21st. That is the thesis advanced by Quinn Slobodian and Ben Tarnoff in "Muskism", an illuminating book that examines where Mr Musk came from and the episodes that shaped his worldview. In many ways it is the inverse of Walter Isaacson's authorised biography of 2023. Despite the lack of direct access to Mr Musk, the authors provide a portrait of his psyche that is arguably more revealing.

Mr Musk grew up in apartheid-era South Africa, a country that saw itself as a citadel of white civilisation on a black continent, and used technology to divide and control. As a teenager the young Mr Musk, who had become enamoured with computers, moved to Canada to avoid military service, and then to America. But "Apartheid South Africa came along like a spore in his luggage," the authors write. What they call the "fortress futurism" of his youth shaped his attitude to technology, and its symbiotic relationship with the state.

As the dotcom boom kicked off in the mid-1990s, many techies saw themselves as breaking free from state control—even though the internet had originated as a government project. Mr Musk's first startup, Zip2, fused business listings with existing digital maps built using GPS satellites, another government system. Rather than escaping from the government, Mr Musk built a business using the infrastructure it had provided: what the authors call "state symbiosis". Zip2 never made a profit, but he sold it for $307m.

After the dotcom crash Mr Musk founded SpaceX and pivoted to building rockets. Space was another area where the government had started the ball rolling, but was opening up to private firms. George W. Bush's administration was keen to outsource all kinds of state functions to private contractors. Mr Musk brought tech-industry thinking to the rocket business, and pushed the government to award contracts through competitive bidding. SpaceX took off with the help of government contracts, and ended up taking on functions—such as carrying astronauts to the space station—previously performed by the state.

Mr Musk's other big company, Tesla, also presented itself as anti-establishment even as it grew with the help of government loans and subsidies. Mr Musk pushed electric cars as a way to reduce both carbon emissions and dependency on oil from the Middle East. Tesla's solar panels and giant batteries offer resilience against power outages and high energy prices. Its vertically integrated model (making its own batteries, for example), and establishment of a factory in China, protect it from trade shocks. It has also benefited from what the authors call "attention alchemy"—Mr Musk's prowess at turning social-media engagement into business value: "The first meme stock wasn't GameStop but Tesla." In a warming, fragmenting, doomscrolling world, it is by far the most valuable carmaker.

The essence of Muskism, then, is a business empire in symbiosis with the state. Mr Musk's firms provide crucial government services, and not just for America. Starlink, SpaceX's satellite-internet service, is vital to Ukraine's war effort, granting him extraordinary political influence for a private individual. In recent years he has intervened in politics explicitly, by buying Twitter (now called X) and shifting it rightwards, and offering support to right-wing parties around the world. In 2025 he assumed a political post when Donald Trump put him in charge of the Department of Government Efficiency (DOGE), to slim down the government.

The methods that served Mr Musk well in business have not transferred to politics. Mr Musk left DOGE in May 2025, having achieved little except to cripple some government departments and demoralise others. That, the authors argue, was the point, and Mr Musk was set up to take the blame. After years of co-opting the state to achieve his ends, the roles were reversed.

He has bounced back quickly. Long a proponent of AI, Mr Musk has merged his social-media and AI firms into SpaceX, turning it into the world's most valuable startup. He has promised data centres in orbit and satellite factories on the Moon. These developments came too late to be included in the book, but they fit neatly into the framework it provides. For students of modern capitalism, the resulting book is, you might say, a Musk-read. ■

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Culture | Back Story

Turn on, tune in, trust no one: the paranoid style captures TV

Conspiracy thrillers are the favourite genre of a distrustful age

May 7th 2026

Cold-callers might be fraudsters and emails could be phishing scams. Dotted lines of dirty money connect venal Westerners with hostile powers. When a gunman tries to storm a presidential dinner, half the internet thinks it's a hoax. Nothing and no one can be trusted, it may seem—not in real life and, these days, definitely not on TV.

For just as this is a heyday of conspiracism, it is becoming a golden age of conspiracies on television. The villains of crime shows and thrillers have traditionally been terrorists, mobsters and serial killers. Now they are likely to be dodgy cops, double agents and corrupt politicians. The danger is coming from inside the house—often the White House. The fear such stories dramatise is not of a lone maniac but a rogue system.

"Secret Service" supplies the latest inside job on British tellies. The head of the Russia desk at Mi6 (played by Gemma Arterton, pictured) suspects the Kremlin has a mole at the heart of Britain's government. The set-up has distinct echoes of "The Night Manager", a hit about spies and skulduggery, in both the sumptuous Mediterranean locations and the slipping of an agent into a target's family. The dialogue has distinct echoes of every espionage show you've ever seen. "We can all lie to someone we love," drawls a spymaster on autopilot.

The renegade spooks of "The Night Manager" are not unusual. Even its name is not unusual: see also "The Night Agent", another multi-series yarn, this one involving a staged bombing, CIA turncoats and (you guessed it) moles at the heart of government. These days, in fact, anyone on tv in a position of public trust is liable to betray it. In "Zero Day" a cabal orchestrates a cyber-catastrophe. "The Madness" combines white supremacists with disinformation and corporate chicanery. More television conspiracies are in the pipeline. The fix goes on.

On screen, as in reality, conspiracism comes in bursts. After the assassinations of the 1960s and Watergate, the mid-1970s was a febrile period, yielding (at the cinema) "Chinatown" and "The Parallax View". Among today's real-world prompts—and narrative motifs—are foreign meddling in Western politics, panopticonic surveillance and the power of occult algorithms and artificial intelligence. "The Capture", a superior conspiracy saga, focuses on official misuse of deepfakes.

Social media, another newish technology, are the chief vector of conspiracism, making doomscrollers everywhere amenable to stories of Manchurian candidates and false flags. Meanwhile attitudes to authority are poisonous. In Britain and America, pollsters report, trust in government is at a cynical low. Americans have also lost faith in science, big business, police and the media; 27% of Britons think there is a conspiracy against them personally. Polarisation is part of the problem: if hated opponents win an election, they must surely have cheated. They are bound to be up to no good.

In this context, conspiracist dramas, like conspiracy theories themselves, offer a consoling pay-off. Yes, they depict a sinister world controlled by shadowy forces. But, like QAnoners and vaccine truthers, viewers derive a gratifying sense that they are in the know. In any case, as an explanation for global woes, conspiracies are more comprehensible than cock-ups and chaos, especially those uncovered in the season finale.

The genre has drawbacks, too. It is hard to make a conspiracy seem convincing, a tv director confides, and the permutations of baddies and whistleblowers are limited (as "Secret Service" suggests). Government traitors, men with guns and end-of-episode twists are de rigueur. More gravely, as well as reflecting an ambient hunch that the mighty are crooked, conspiracy shows may corrosively reinforce it. (Who exactly is behind them all, a conspiracy-minded critic might wonder?)

Then again, other kinds of tv crime aren't entirely victimless. The creep of conspiracy in glitzy thrillers coincides with the retreat of a different genre: lurid tales of murdered women, whose deaths let male gumshoes earn their spurs. Of late some writers and producers have grown wary of that default scenario, say insiders, preferring spiky female roles, including spies and assassins, to decorative female corpses.

The dead-girl trope implies a failure of imagination as well as a shallow view of women. But the paranoid style of crime shows and thrillers is, in its way, at least as disturbing. No longer is it just a woman's body on the TV mortuary slab. Now it is the entire body politic.■

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Culture | Literary posterity

Oscar Wilde's grandson separates fact from fiction

Merlin Holland sets the record straight on the Irish writer's life

May 7th 2026

"A FLYING ANGEL with an erection." That is how Oscar Wilde's son described the winged figure suspended in stone above his father's tomb in Père Lachaise Cemetery, Paris. In the decades after the Irish writer's death in 1900, the offending member grew smooth from the caresses of his admirers; in 1961 vandals knocked off the testicles. Fans took to leaving greasy lipstick kisses on the tomb instead, which required corrosive cleaning. Merlin Holland, Wilde's grandson, spent years calling on French fonctionnaires to protect it. A glass panel went up in 2011.

The sticky tributes have an oddly symbolic quality, for Wilde's reputation has also accrued fallacies and fabrications. Mr Holland, who is the literary executor of the Wilde estate, has spent 40 years trying to strip them away.

“After Oscar” lays out everything that has been embellished in Wilde’s name by biographers, forgers, false memoirists and members of his own family. Mr Holland admits he wrote the book “with a modicum of anger, channelled into storytelling”.

The book begins with Wilde’s release from prison in 1897. His fall had been swift. Just two years earlier, Wilde was the toast of London, with two plays on the West End. He was also openly in thrall to Lord Alfred Douglas, a young aristocrat. On the opening night of “The Importance of Being Earnest”, Douglas’s father brought a bouquet of rotting vegetables to throw at Wilde. Barred from entering, he prowled outside “chattering like a monstrous ape”, Wilde wrote. Later, he left a mispelled card at Wilde’s club calling him a “somdomite”.

Wilde sued for libel—a disastrous decision. The defence announced its intention to call as witnesses male prostitutes with whom Wilde had had sex, forcing Wilde to withdraw his suit. He was then arrested, tried for “gross indecency” and sentenced to two years’ hard labour. His wife, Constance, took their sons abroad and changed their name to Holland. “Such was the need”, Mr Holland writes, “to dissociate the family from anything that could connect it with Oscar Wilde.”

After his release, Wilde travelled to France, hoping to be reunited with his family. Constance's friends and relatives kept them apart. Polite society had no place for a convict and "unrepentant homosexual". Wilde never saw his boys again. He died in Paris, penniless, at the age of 46.

It did not take long for what Mr Holland calls "follow my leader" biography to set in: one writer's conjecture was adopted by the next, without scrutiny, until it hardened into fact. The most consequential example was the theory that Wilde had died of syphilis. First published in 1912, it was still being repeated in 1987 in a celebrated biography by Richard Ellmann. Doctors who reviewed Wilde's records have since argued that he died of cerebral meningitis following an ear injury sustained in prison.

By the 1920s it had become fashionable to recall an intimate friendship with Wilde. A French poet claimed to have been his only friend in his final days in Paris—entirely ignoring the two loyal companions who had actually been at his deathbed. Forgeries appeared, too. In 2007 Mr Holland spotted fake Wilde manuscripts at an auction in San Francisco, recognising them as the work of a forger from the 1920s.

Mr Holland's own family caused its share of distortion. His father Vyvyan wrote a memoir entitled "Son of Oscar Wilde", which Mr Holland spent years fact-checking. He found that Vyvyan, unable to resist improving on a dimly remembered past, had adorned the truth in places. (Who was it that said "Lying, the telling of beautiful untrue things, is the proper aim of Art"?) Mr Holland's mother Thelma went further, burning pages from Vyvyan's diary and insisting that Wilde was "basically heterosexual". Even as Wilde's work was revived, the family's shame persisted.

"After Oscar" is ostensibly a record of the vicissitudes of Wilde's posthumous reputation. But it ends up being something much more interesting: an account of what happens to the people left living with a scandal they did not create. ■

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Culture | Dear headgear

In an age of status symbols, tiaras take the crown

Women worldwide are channelling royal glamour

May 7th 2026

The regal aesthetic is royally back in fashion. On Pinterest searches for "bandeau tiara" and "tiara hairstyles wedding" increased by 140% and 185% between December and February, compared with the same period in 2024-25. "We've seen a surge in demand for tiaras," says Charles Leung, chief executive of Chaumet, a French jeweller that once made tiaras for Empress Joséphine. Bentley & Skinner, which supplies jewellery to Britain's royals, has also experienced "a big increase in the sales of tiaras" in recent years, says the manager, Ilias Kapsalis.

For centuries society women in America and Europe gave the tiara market its sparkle, as they had to wear them to balls and other lavish events. They still buy them, but now heady interest in the headpieces also comes from Asia and the Middle East.

Traditional tiaras feature white diamonds or pearls. Brides may wear them to make extra sure they are the centre of attention on their wedding day. Many are convertible: the jewels can be detached and worn as a necklace to another event. Women often plan to hand the item down. “The tiara is the ultimate personal heirloom,” insists Mr Leung. It “can symbolise the start of a dynasty”.

In an age fascinated by conspicuous consumption, “A tiara is probably the most aspirational jewel one can have,” says Henry Bailey of Christie’s, an auction house. Little girls watching Disney films learn they are “a status symbol”. Real-life princesses, including Catherine, Princess of Wales, regularly wear them; celebrities don them at the Met Gala. And popular TV shows such as “Bridgerton” reinforce the idea that tiaras are worn by those who want to see and be seen.

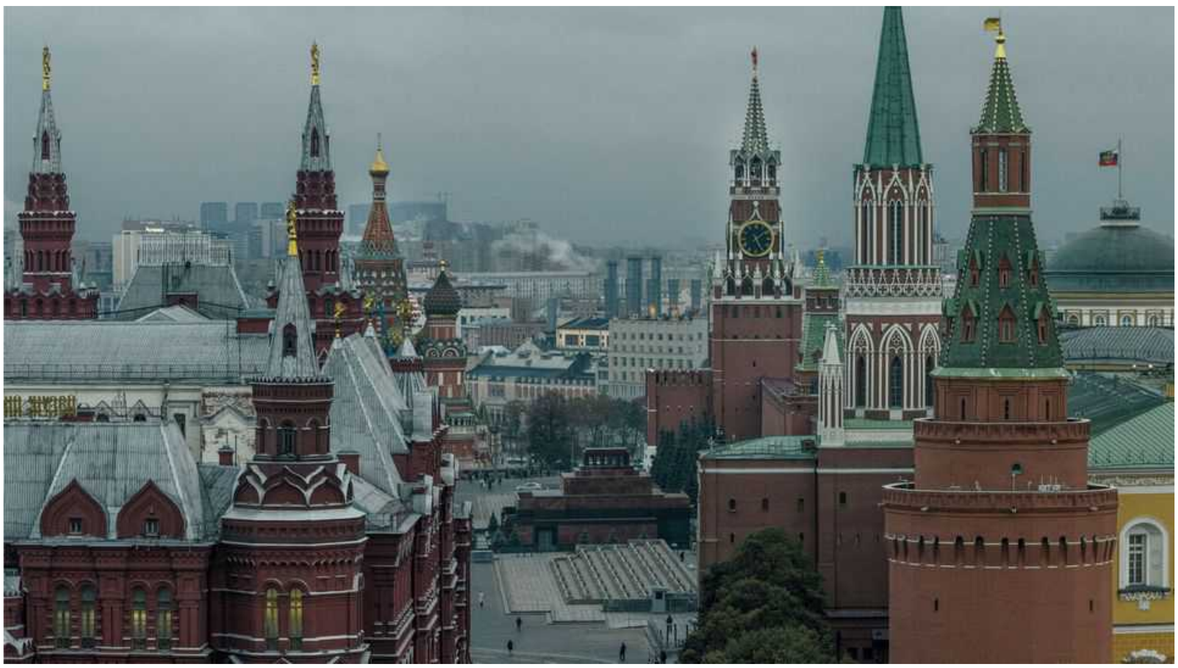
If you seek a tiara for your special day, the cost will depend on the provenance as well as the number and quality of stones. Bentley & Skinner's website advertises tiaras from £39,750 ($54,000) to £185,000. On May 13th Christie's is selling a diamond Art Deco tiara by Cartier with an estimated value of $340,000-620,000. For some women, their crowning moment is worth every penny.■

Culture | Kremlin rules

The history of Moscow helps explain Russia's pathologies

Invasion marked the city's rise from medieval backwater to imperial metropolis

May 7th 2026



"Do you love Moscow?" Not long after this reviewer moved there in 2004, he was asked that question by his grizzled landlord. A bit early to know, was his cautious response. "Good," replied the landlord. "Foreigners who say they love it here soon run back to the airport—with no luggage." Simon Morrison of Princeton University, a devotee of the carnivorous city since the last days of the Soviet Union, is less equivocal. "Moscow is hard to love," he acknowledges, "but I love it."

His is a love without illusions, however. Today it is "a showcase capital", its downtown beautified as a sop to disenfranchised citizens. But as Mr

Morrison shows in his technicolour chronicle of the city, beneath the petro-funded sheen, Moscow is a domain of purges, paranoia and ravenous power. History has shaped its character; equally, as much as that of any metropolis, Moscow's character has shaped history, both Russia's and the world's.

The first half of this book traces the origins and evolution of the Russian state, from Moscow's first recorded mention in 1147 to the 17th century. Like the history of other states, only more so, it is a saga of dynastic struggle, vicious intrigue, autocracy and wanton cruelty. To live in Moscow, it helps to have a bleak sense of humour—and the same goes for reading about it. In a typical anecdote, a 14th-century prince cuts out a rival's heart. Later the prince "would himself be murdered, and then his murderer would be murdered". Ivan the Terrible killed a jester by pouring scalding soup on his head. "To hell with him!" Ivan scowled. "He made no attempt to recover!"

Ivan wasn't all bad, notes Mr Morrison. He introduced a few useful reforms in the 16th century, as well as boiling and roasting people. "Such, at times, has been Russia's tragedy," the author laments: "barbarism in the service of civilisation". Under Ivan and his grandfather, Ivan III, Moscow consolidated its hold over the region and developed a bureaucracy. After them came the macabre "time of troubles", a bout of mayhem that ended with the Romanovs' accession in 1613. The legacies of that traumatic era include lasting convictions that brutal rule is preferable to chaos, and that bloodshed can be redemptive.

In these murky centuries, some motifs recur. One is invasion—both of Moscow and by it. Local strongmen were better at slaughtering each other and fighting other Slavic cities than at repelling outsiders. Moscow was repeatedly sacked by the Mongols. Meanwhile, "to thwart invasion, Moscow invaded, again and again", seeking a buffer zone for its buffer zone, as, alas, it still does now. Another theme is fire, which periodically razed it. Sometimes, as with Napoleon's campaign of 1812, the scourges came together. Given these threats, and the risk of state expropriation, property has often been insecure: "Nothing was permanent or meant to last."

Two other cities shadowed Moscow's rise from "a fort on a hill along a river" to an imperial metropolis. First Kyiv, to which it was linked by dynastic and cultural ties, but compared with which it was for centuries a philistine, obscurantist backwater. Moscow had no theatres until the 1670s; visiting diplomats boggled at its drunkenness. Second, St Petersburg, founded by Peter the Great and Russia's capital from 1712 (Lenin switched it back to Moscow in the havoc of the Bolshevik revolution). Peter disliked Moscow, where, as a boy, he saw a mob impale some of his relatives.

With its Italianate architecture and access to the Baltic Sea, St Petersburg embodied an openness to Enlightenment ideals and westward integration. (In theory: in practice it had its share of dolts and bigots.) Conversely, Moscow "resisted Europe—and still does". The contrast between the cities captures Russia's alternating engagement and enragement with the West. To ride the train between them, once a tourist treat, is to trace an axis of history.

The second half of this study, at once scholarly and impressionistic, takes urban features and individuals as emblems of later trends. Among them is the ornate Metro, the construction of which cost an unknown number of workers' lives; some overseers perished in the purges. Here the Metro stands for Stalin's breakneck transformation of his capital—it became "a map of his obsessions"—and its experience of the second world war, when stations doubled as shelters. Stalin threw up monumental buildings, redrew streets and tore down landmarks as brusquely as he deported entire national groups across his realm.

Then there is the cathedral built to commemorate the expulsion of Napoleon. It was dynamited in 1931 to make room for a grandiose “Palace of Soviets”. Instead the site became a giant swimming pool, with a VIP zone that hosted prostitution and black marketeering, before, in the 1990s, the cathedral was rebuilt. The farrago illustrates the corrupt nexus of church and state in Russia, and the vandalism, venality and incompetence of the city’s overlords.

“Power looks after itself,” Mr Morrison observes. “Power exists for itself,” an attitude cultivated in hunkering Moscow and projected by its crabbed rulers across an empire and beyond. The city, he writes, is “completely unfree”. It is a place stalked by armed men in uniform, where life can be a tightrope-walk for people without connections. At weekends droves of Muscovites escape to their dachas, where the air is cleaner and they can breathe more freely.

At the same time, the author says, Moscow “seems anarchically unbridled”, crackling with the urgency of life on the edge. After the Soviet Union fell, this electric mood—the sense that “Anything can happen”—attracted curious Westerners, from sleazy carpetbaggers to cultural explorers like Mr Morrison. (Moscow also drew in countless workers from ex-Soviet republics, for whom it remains the imperial hub.) When the city spat them out, many wound up pining for it in their tamer homelands.

Now, during its latest imperialist spasm, Russia is a pariah in the West. Moscow is in effect off-limits for many foreigners; the Kremlin is squeezing Muscovites' remaining freedoms. Still, that tale of "a church, which became a public pool, which became a church again" suggests another lesson of Moscow's history. Nothing—no tyrant, regime or ideology—lasts forever. Mr Morrison offers an apt variant of this moral: "Everything was forever, until it was no more, until it was again forever." ■

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Economic & financial indicators

- Economic data, commodities and markets

Economic data, commodities and markets

May 7th 2026

Economic data

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	Gross domestic product, % change on year ago: latest		quarter*	2026†	Consumer prices, % change on year ago: latest		2026†	Unemployment rate, %	
United States	2.7	Q1	2.0	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	0.8	Q1	0.6	1.1	3.0	Apr	2.5	6.2	Mar
Austria	0.6	Q4	0.1‡	0.8	3.3	Apr	2.6	5.6	Mar
Belgium	0.7	Q1	0.8	1.0	4.3	Apr	3.0	6.3	Mar
France	1.1	Q1	nil	0.8	2.5	Apr	2.1	7.7	Mar
Germany	0.3	Q1	1.3	0.8	2.9	Apr	2.9	4.0	Mar
Greece	2.5	Q4	3.2	2.0	3.4	Mar	3.1	9.0	Mar
Italy	0.7	Q1	0.7	0.7	2.9	Apr	1.9	5.2	Mar
Netherlands	1.2	Q1	0.2	1.1	2.5	Apr	3.1	4.0	Mar
Spain	2.7	Q1	2.5	2.1	3.5	Apr	2.5	10.3	Mar
Czech Republic	2.5	Q4	2.9	2.2	2.5	Apr	2.2	3.0	Q4‡
Denmark	3.3	Q4	1.0	1.8	1.2	Mar	2.0	3.0	Mar
Norway	2.2	Q4	-1.3	1.5	3.6	Mar	2.9	4.8	Feb‡‡
Poland	4.1	Q4	4.5	3.5	3.2	Apr	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	-0.2	Apr	1.8	9.7	Mar§
Switzerland	0.7	Q4	0.6	1.0	0.6	Apr	0.4	3.0	Mar
Turkey	3.4	Q4	1.5	3.0	32.4	Apr	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	6.7	Apr
Indonesia	5.6	Q1	6.0	5.2	2.4	Apr	3.3	4.7	Feb§
Malaysia	5.3	Q1	1.6	4.7	1.7	Mar	2.2	2.9	Feb§
Pakistan	3.7	2025**	na	3.5	10.9	Apr	5.0	6.9	2025
Philippines	3.0	Q4	2.4	3.3	7.2	Apr	4.6	5.8	Q1§
Singapore	4.6	Q1	-1.3	2.4	1.8	Mar	2.3	2.1	Q1
South Korea	3.6	Q1	6.9	2.1	2.6	Apr	2.4	3.0	Mar§
Taiwan	13.7	Q1	11.9	8.1	1.2	Mar	1.6	3.4	Mar
Thailand	2.5	Q4	7.8	1.6	2.9	Apr	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	6.1	Mar§‡‡
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	8.8	Mar§
Mexico	0.1	Q1	-3.2	1.5	4.6	Mar	3.9	2.8	Mar
Peru	3.2	Q4	-0.6	2.5	4.0	Apr	4.0	5.4	Mar§
Egypt	5.3	Q4	0.8	4.5	14.9	Apr	13.5	6.2	Q4§
Israel	3.3	Q4	3.3	3.0	1.9	Mar	2.5	2.8	Mar
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

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	Current-account balance, % of GDP, 2026†	Budget balance, % of GDP, 2026†	Interest rates, 10-yr gov't bonds latest, %		Interest rates, change on year ago, bp	Currency units, per $ May 6th	Currency units, % change on year ago
United States	-3.5	-6.6	4.4		6.0	-	
China	3.5	-5.8	1.5	§§	-4.0	6.83	6.4
Japan	3.3	-1.8	2.5		119	158	-9.0
Britain	-3.8	-5.1	4.9		52.0	0.74	1.4
Canada	-0.5	-2.2	3.6		42.0	1.36	1.5
Euro area	2.5	-3.4	3.0		46.0	0.86	3.5
Austria	1.0	-4.1	3.2		27.0	0.86	3.5
Belgium	-3.1	-4.8	3.5		41.0	0.86	3.5
France	-0.6	-5.3	3.6		36.0	0.86	3.5
Germany	4.1	-3.8	3.0		46.0	0.86	3.5
Greece	-5.1	0.4	3.7		27.0	0.86	3.5
Italy	1.2	-3.0	3.7		9.0	0.86	3.5
Netherlands	11.7	-2.6	3.0		27.0	0.86	3.5
Spain	2.3	-2.6	3.5		39.0	0.86	3.5
Czech Republic	0.3	-2.6	4.8		70.0	20.9	5.6
Denmark	12.4	1.2	2.8		44.0	6.39	3.1
Norway	11.8	8.9	4.5		58.0	9.26	12.2
Poland	-1.3	-6.9	5.6		36.0	3.63	3.9
Russia	2.6	-2.4	14.7		-123	75.3	8.7
Sweden	5.7	-2.0	2.8		40.0	9.27	4.3
Switzerland	5.2	0.1	0.4		7.0	0.78	5.1
Turkey	-3.0	-3.6	31.1		-109	45.3	-14.9
Australia	-1.9	-1.6	5.0		82.0	1.39	10.8
Hong Kong	10.2	-3.6	3.0		-18.0	7.84	-1.1
India	-1.3	-4.5	6.9		57.0	95.1	-11.4
Indonesia	-0.5	-3.5	6.8		-5.0	17,400	-5.6
Malaysia	2.6	-4.1	3.6		-9.0	3.96	6.1
Pakistan	-0.8	-4.4	12.8	†††	39.0	279	0.8
Philippines	-4.0	-6.4	7.4		107	61.4	-9.4
Singapore	16.5	0.8	2.1		-37.0	1.28	0.8
South Korea	4.7	-3.0	3.9		135	1,469	-6.4
Taiwan	28.5	0.8	1.5		-2.0	31.6	-7.6
Thailand	1.2	-4.7	2.2		36.0	32.5	1.1
Argentina	-0.2	0.3	na		na	1,393	-13.7
Brazil	-2.6	-7.1	14.0		-6.0	4.93	15.4
Chile	-1.7	-2.3	5.7		-3.0	905	3.8
Colombia	-2.5	-6.6	13.3		159	3,723	15.1
Mexico	-0.5	-3.8	9.2		-17.0	17.4	13.3
Peru	1.8	-2.4	6.3		-33.0	3.49	4.9
Egypt	-4.9	-7.5	25.4		118	53.6	-5.5
Israel	1.9	-5.2	3.9		-46.0	2.94	22.8
Saudi Arabia	-1.4	-4.0	na		na	3.75	nil
South Africa	-1.4	-4.2	8.6		-205	16.7	9.5

Source: Haver Analytics §§5-year yield †††Dollar-denominated bonds

Commodities

The Economist commodity-price index

2020=100	Apr 28th	May 5th*	% change on month	% change on year
Dollar Index				
All items	151.7	153.9	3.2	14.2
Food	145.9	148.9	3.8	-3.0
Industrials				
All	156.5	158.1	2.7	32.4
Non-food agriculturals	146.2	149.1	2.3	16.8
Metals	159.2	160.4	2.8	36.8
Sterling Index				
All items	144.4	145.8	0.8	12.6
Euro Index				
All items	148.1	150.3	2.0	10.6
Gold				
$ per oz	4,572.9	4,580.7	-1.3	34.9
Brent				
$ per barrel	111.3	109.8	0.4	76.7

Sources: CME Group; LME; LSEG Workspace; NOREXECO; NZ Wool Services; S&P Global Commodity Insights; Thompson Lloyd & Ewart; USDA *Provisional

Markets

In local currency	Index May 6th	% change on: one week	Dec 31st 2025
United States S&P 500	7,365.1	3.2	7.6
United States NAS Comp	25,838.9	4.7	11.2
China Shanghai Comp	4,160.2	1.3	4.8
China Shenzhen Comp	2,838.6	2.4	12.2
Japan Nikkei 225	59,513.1	-0.7	18.2
Japan Topix	3,728.7	-1.2	9.4
Britain FTSE 100	10,438.7	2.2	5.1
Canada S&P TSX	33,981.8	2.0	7.2
Euro area EURO STOXX 50	6,027.1	3.6	4.1
France CAC 40	8,299.4	2.8	1.8
Germany DAX*	24,918.7	4.0	1.7
Italy FTSE/MIB	49,696.8	4.0	10.6
Netherlands AEX	1,031.4	3.4	8.4
Spain IBEX 35	18,104.3	2.6	4.6
Poland WIG	133,387.4	3.4	13.8
Russia RTS, $ terms	1,102.4	-0.7	-0.5
Switzerland SMI	13,283.3	1.9	0.1
Turkey BIST	14,917.4	4.2	32.5
Australia All Ord.	9,016.1	1.1	nil
Hong Kong Hang Seng	26,213.8	0.4	2.3
India BSE	77,958.5	0.6	-8.5
Indonesia IDX	7,092.5	-0.1	-18.0
Malaysia KLSE	1,756.9	2.1	4.6
Pakistan KSE	171,704.8	3.5	-1.3
Singapore STI	4,927.4	1.4	6.1
South Korea KOSPI	7,384.6	10.4	75.2
Taiwan TWI	41,138.9	4.7	42.0
Thailand SET	1,516.9	1.7	20.4
Argentina MERV	2,881,352.2	1.5	-5.6
Brazil BVSP*	187,690.9	1.6	16.5
Mexico IPC	69,855.2	4.1	8.6
Egypt EGX 30	53,605.1	2.3	28.2
Israel TA-125	4,473.1	3.7	22.1
Saudi Arabia Tadawul	10,949.3	-2.6	4.4
South Africa JSE AS	119,165.6	4.7	2.9
World, dev'd MSCI	4,676.9	1.5	5.6
Emerging markets MSCI	1,648.4	1.8	17.4

US corporate bonds, spread over Treasuries

Basis points	latest	Dec 31st 2025
Investment grade	91	93
High-yield	335	354

Sources: LSEG Workspace; Moscow Exchange; Standard & Poor's Global Fixed Income Research *Total return index

Obituary

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Craig Venter raced to decode the human genome

The dark horse of the Human Genome Project died on April 29th, aged 79

May 7th 2026

"I have never seen Francis Crick in a modest mood." Thus James Watson described his collaborator in the unravelling of DNA's structure in the opening words of his book on that quest, "The Double Helix". Substitute "Craig Venter" into this sentence and you have the measure of a man who, though not Crick's equal as a scientist, was in his own opinion only a rung or two below him on the ladder of scientific merit. But he was also one who felt that his worth was never fully recognised, because he was never quite a member of the club.

That, perhaps, is what you get for growing up on the wrong side of the tracks (or, in his case, of the runways at San Francisco airport). Not for him the glittering starts of a PhD at Cambridge or Yale enjoyed by his rivals, John Sulston and Francis Collins, who headed the British and American arms of the “official” Human Genome Project. A beach-bum slacker at high school, he was drafted into the navy as a hospital corpsman during the Vietnam war. Only after a Damascene insight while attempting to drown himself off the coast of Da Nang to escape that conflict’s horrors, did he realise his vocation: if you want immortality, do something meaningful with your life. Illegitimi non carborundum.

The bastards tried. A belated degree and PhD got him into the National Institutes of Health (NIH) as a researcher at the outer fringes of the genome project, which had started, under Watson’s watchful eye, in 1990. The next year he published a neat idea for speeding the project up by tagging where genes sat on chromosomes—so neat that the NIH wanted to patent the results until, after a public storm during which Watson excoriated both Dr Venter’s technology and the whole idea of patenting human genes, they didn’t.

After this, he realised that the only institutions in which he could comfortably operate in future would be those he created himself. So create them he did. First, the Institute for Genomic Research, where, to the chagrin of the powers-that-then-were, he worked out a way to speed things up even more by re-imagining the process of DNA sequencing that lay at the genome project’s heart. Then Celera Genomics, a commercial outfit which sought to use that idea to race, and beat, the official Human Genome Project to the winning post. And then, after the genome was done and dusted and Celera no longer had need of his services, or he of its, the modestly named J. Craig Venter Institute (JCVI).

At Celera’s high point in early 2000 he was a centimillionaire. The real draw, though, was not riches but recognition. From the wider world he got that in spades: feature articles galore, including in The Economist, and his picture on the covers of Time and BusinessWeek, all proudly displayed on the walls of JCVI. But no Nobel prize. His fellow scientists were too frequently among the illegitimi for that to happen.

Sulston, knighted for his services, accused him of wanting to establish a monopoly over the human genome and said he had gone “morally wrong”. This was rich, considering that it was only by adopting his methods that the official project was able to catch up with Dr Venter's private one, and thus arrive at a politically brokered "tie" in the resulting race.

Dr Collins, with whom he shared the glory in June 2000 when President Bill Clinton announced that tie in the East Room of the White House, was more measured. But he did observe of his rival, "We'll never find ourselves going out for a beer on Friday nights just for the heck of it...We're wired in a different way."

At bottom, in the minds of the Sulstons and Collinses of this world, that wiring had led Dr Venter to sell his soul to the devils of commerce. He, by contrast, regarded Celera's creation pragmatically, as the only means available to achieve his desired end. As to riches, the easiest way to make a small fortune was to start off with a large one. And a good way to effect that transition was to have an expensive hobby. Which he did. Yachts. Two of them, though not at the same time. He called both Sorcerer. As his second wife, Claire Fraser—herself no mean microbiologist—put it, "We'd be rich, if it weren't for that boat."

With Sorcerer the first, he battled both storms and racing competitors. But it was Sorcerer II that truly revealed the man, for she was fitted out for science rather than sailing competitions. By permitting him leisurely transoceanic cruises, sampling the DNA of what was living in the waters she traversed, she combined business with pleasure—recapitulating, in luxurious style, the 19th-century circumnavigations of HMS Beagle and HMS Challenger.

More science followed: the first synthetic bacterial genome; a stripped-down "minimal" genome that is the smallest a microbe can get away with and remain alive; and numerous, though ultimately unprofitable, excursions into the elusive field of synthetic biology, in which living organisms will be rebuilt, the better to serve human needs.

Ironically, considering his epiphany in the South China Sea, his last Big Idea was life extension—the real sort, not the reputational. First, in 2013, he helped found Human Longevity, a firm that proposed to extend human lifespans by understanding and subverting the biological processes of ageing. That lasted five years before he parted company with it, either (depending on who you talk to) by storming out or being fired.

Then, this January, he had another go with a venture called Diploid Genomics, after the paired chromosomes of human cells in which he felt the secrets of longevity lay. However, though he himself was prodded, poked and scanned to the nth degree during his time at Human Longevity—and said such attention to detail had saved him from undetected prostate cancer—in the end it was to no avail. Still, he had indeed done something meaningful with his life. And the bastards had certainly not ground him down. ■


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