

The Economist

Donald Trump's least bad option in Iran

China's two-tier economy

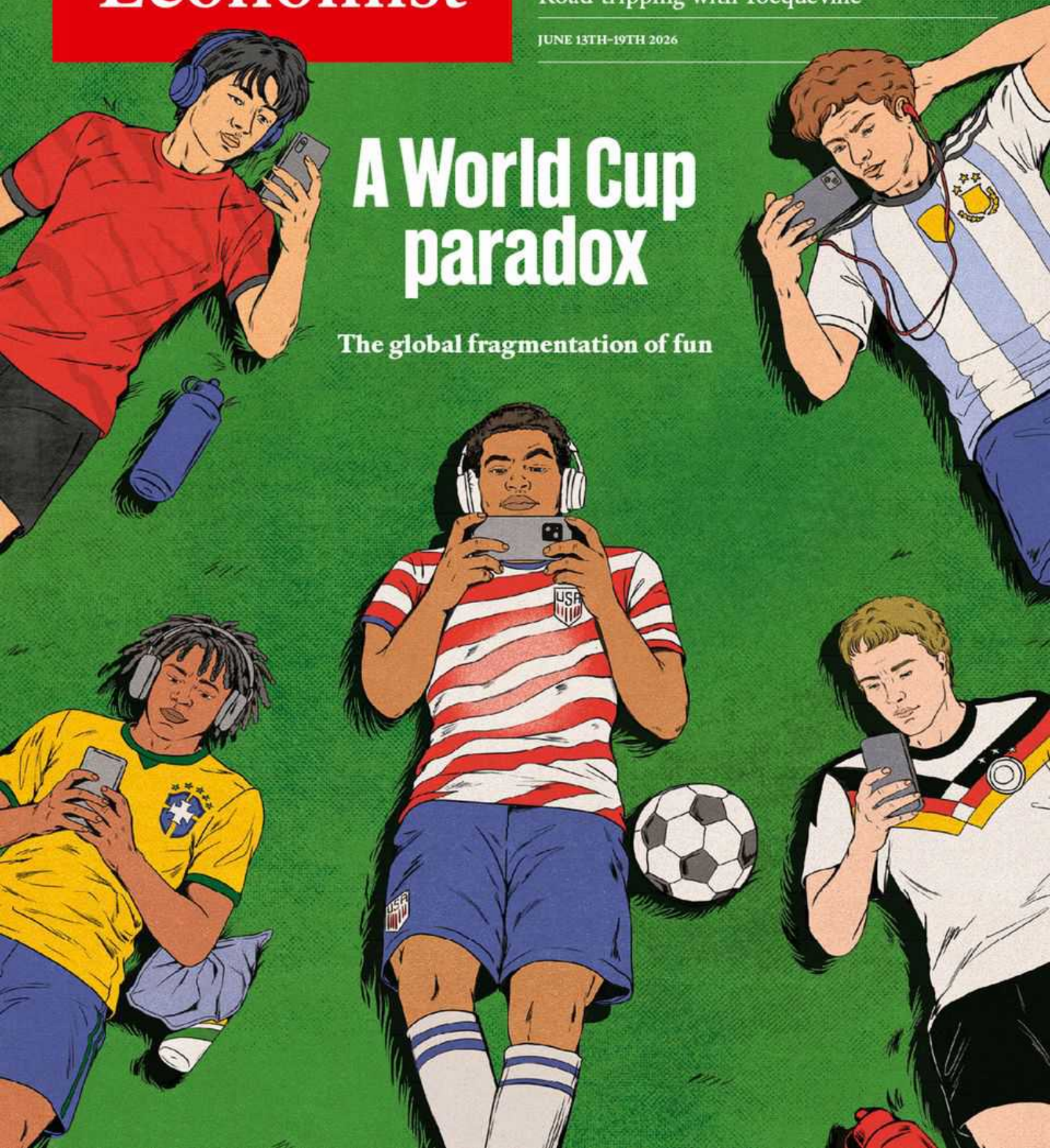
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The world this week

Politics

June 11th 2026



America launched “self-defence strikes” against [Iran](#) after Donald Trump blamed the Islamic regime for downing an army Apache helicopter. Iran retaliated by attacking American bases and several other sites across the Middle East. Most of the missiles and drones were intercepted. Mr Trump warned that Iran would have to “pay the price” for taking too long to negotiate a peace deal; Pete Hegseth, America’s defence secretary, said “we’ll negotiate with bombs”. Before that, Israel bombed Iran for the first time since April. Iran had triggered the Israeli response by firing missiles and drones at northern Israel. That followed Israeli strikes on Hizbullah, an Iranian-proxy militia, in Beirut, Lebanon’s capital.

The funeral was held for a Palestinian baby killed by an Israeli soldier in the West Bank. The baby was in a car that the soldier apparently perceived to be a threat and fired at as it approached a checkpoint, though the baby’s father

said he had stopped the vehicle. The Israel Defence Forces admitted that the family were “uninvolved civilians” and offered its “deep sorrow”. Israeli military police have opened an investigation.

Officials in the Democratic Republic of Congo said more than 100 people have died of [Ebola](#) since mid-May. Meanwhile, police in the Kenyan town of Nanyuki fired tear-gas at protesters who continue to demonstrate against the construction of an Ebola quarantine centre for American citizens based in Africa.

Some of the worst political violence in years [erupted in Somalia’s capital](#), Mogadishu. At least nine people died and hundreds were displaced amid fighting between soldiers loyal to Hassan Sheikh Mohamud, Somalia’s president since 2022, and militias supported by opposition figures. Mr Mohamud’s four-year term expired on May 15th, but he has refused to step down. In March the government extended his term by a year.

In South Africa more migrants were repatriated to their home countries amid a wave of violence directed at foreign workers. Anti-migrant groups have warned illegal migrants to leave by June 30th. Cyril Ramaphosa, the president, announced new measures to crack down on unlawful immigration, but also said there was “no space for xenophobia” in South Africa. Separately, at least 12 people were killed when gunmen opened fire on a slum near Johannesburg.

A horrific knife attack by a Sudanese migrant in Belfast, [Northern Ireland](#), sparked anti-migrant violence. Groups of masked men targeted migrants’ homes and set cars and businesses ablaze. Anti-migrant protests also flared up in other parts of Britain, including Southampton, which endured riots recently following the release of video footage showing Henry Nowak’s death, and an incompetent police response, after a knife attack by a British Sikh.

John Healey resigned as Britain’s defence secretary amid a row over the government’s spending plans for the armed forces. In his resignation letter to Sir Keir Starmer, the prime minister, Mr Healey said “you have been unable, and the Treasury has been unwilling, to commit the resources that the nation needs to defend the country at this time of rising threats”. The armed forces’

top brass is reportedly concerned by the lack of funding it needs to upgrade fighter jets and other weaponry. Mr Healey was considered a moderate in the left-wing Labour government.

Armenia held its first [general election](#) since its defeat in Nagorno-Karabakh by Azerbaijan in 2023. The conflict and peace deal were issues at the election, which returned the ruling Civil Contract Party to power with 50% of the vote. The result gives new impetus to the push by Nikol Pashinyan, the prime minister, to forge closer ties to the West. Vladimir Putin had intervened in the campaign, urging Armenians to stay in the Eurasian Economic Union of post-Soviet states. The Russian president also pointed out, somewhat ominously, that Russia supplies Armenia with cheap gas.

An earthquake of magnitude 7.8 hit the southern Philippines, killing at least 37 people. An earthquake off the coast of Cuba was the strongest in the island for 146 years; the tremors were felt in Florida and Mexico.

Reports emerged that women in the Afghan province of Herat were being arrested for not complying with a directive to wear full hijab dress. Attempts by officials from the Ministry for the Promotion of Virtue and Prevention of Vice to round up women for not obeying the rules were met with rare protests, resulting in at least two deaths.

Pakistan carried out fresh air strikes on Afghanistan, killing at least 13 people, many of them children, according to the Taliban government in Kabul. Pakistan agreed in March to a ceasefire in the most serious fighting between the two countries in decades. Pakistan says it is targeting terrorists based in Afghanistan and had killed 26 militants.



Xi Jinping, China's leader, visited [North Korea](#) for the first time in seven years for talks with Kim Jong Un, the country's dictator. China's commitment to North Korea's "socialist cause will not change", said Mr Xi, nor will their safeguarding of "common interests". North Korea has resumed transport links that were suspended during the pandemic. Mr Kim is also forging closer ties with Russia, and has sent North Korean troops to fight in Ukraine.

In Peru the outcome of the final round of the presidential election was [too close to call](#), with Keiko Fujimori, the conservative, and Roberto Sánchez, the left-wing candidate, in a statistical tie. The result may not be known for weeks.

Donald Trump formally nominated Todd Blanche to be attorney-general, kick-starting what promises to be a fiery confirmation process in the Senate. Mr Blanche used to be Mr Trump's personal lawyer, representing him in the hush-money trial in 2024. He has been acting attorney-general since April, when the president sacked Pam Bondi. Mr Blanche recently defended a provision that would give Mr Trump, his family and companies immunity from tax audits.

A federal judge overturned Mr Trump's policy of charging \$100,000 for new applications for H-1B visas, which are favoured by American technology firms when hiring foreign graduates. The judge said the administration had presented no evidence that the fee was a "regulatory payment" and not a tax, in which case it fell under Congress's remit. The White House is to appeal against the decision.

The results from local elections in San Francisco confirmed that voters roundly rejected a measure to increase taxes on highly paid executives. The measure, nicknamed the "overpaid CEO act", was proposed amid surging profits for AI and tech companies in San Francisco and was supported by left-wing politicians such as Nancy Pelosi and Bernie Sanders. But it was opposed by Daniel Lurie, the city's mayor, who warned of job losses should it pass. In November Californians will vote on a measure to impose a 5% wealth tax on billionaires.

The world this week

Business

June 11th 2026



OpenAI submitted a draft prospectus for its [initial public offering](#), firing the starting gun on another blockbuster stock-market flotation. The firm said it had announced the filing because it expected it to be leaked, and had not yet decided on the timing of its IPO. Reports suggest it could come as early as September and target a market capitalisation of \$1trn. Anthropic recently filed papers for its market debut. Meanwhile, SpaceX prepared its first sale of shares. The most eagerly anticipated IPO in years was said to be heavily oversubscribed.

Although investors were gripped by IPO euphoria, stock markets had a rocky few days, with tech-share prices falling the most since Donald Trump's Liberation Day announcement of tariffs in April 2025. The NASDAQ Composite dropped by 4.2% on June 5th, and the S&P 500 declined by 2.6%. Markets bounced around in the following days. South

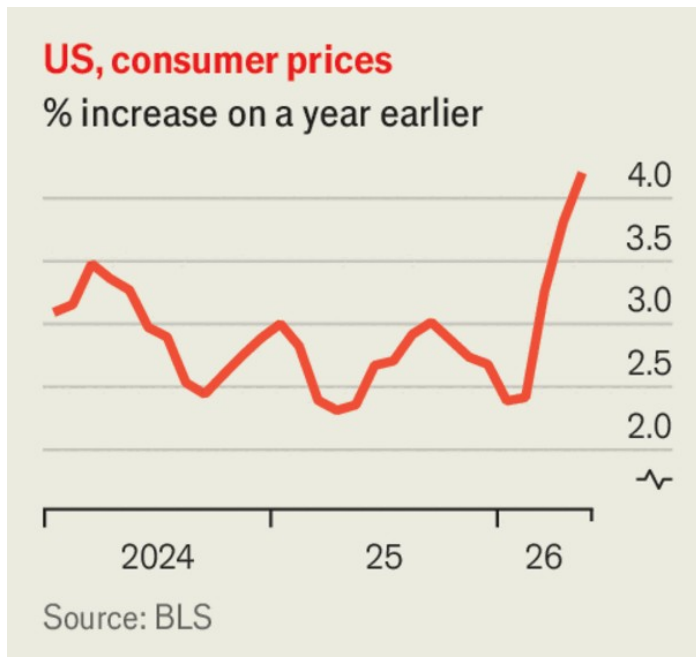
Korea's stock market was particularly volatile, causing a brief suspension in trading, as share prices in the country's memory-chip-makers swung wildly.

One of those Korean chipmakers, SK Hynix, was reported to be preparing to list shares in America for the first time in August. The company acknowledged that it plans to sell American depositary receipts (enabling US investors to buy its shares) but said the details had not yet been decided.

The global demand for chips used in data centres and advanced electronics helped drive China's exports up by 19.4% in May, year on year. The value of automated data-processing equipment sent abroad soared by 66.1%, but car exports also accelerated, by 39%.

The boss of BYD, a Chinese maker of electric vehicles, said his company would probably become the world's biggest carmaker within five years. Wang Chuanfu's comments were intended to reassure investors spooked by BYD's falling share price amid a price war for EVs in China. In order to achieve its ambitions, BYD is rolling out ultra-fast battery-charging stations for its cars in China and Europe that can provide some models with a 70% charge in five minutes.

The European Central Bank raised interest rates for the first time since 2023, lifting its deposit facility by a quarter of a percentage point to 2.25%. The bank raised its baseline projections for inflation in 2026 and lowered them for economic growth. The full implications of the war with Iran will depend on the intensity and duration of the energy price shock, it said.



America's annual inflation rate jumped to a three-year high of 4.2% in May, from 3.8% in April. Energy prices accounted for 60% of the rise in the monthly rate. Core inflation, which excludes energy and food, was more subdued at 2.9%.

The International Air Transport Association issued a report on the effects of the Iran war on the aviation industry. The closure of the Strait of Hormuz has “fractured the architecture” of global energy supply, it said, and jet-fuel prices have soared since late February. The combined profit of global airlines is now expected to be \$23bn this year, a reduction by half from IATA's previous forecast. Any prediction of a swift return to normal jet-fuel flows is “illusory”, it warned.

A bidding war broke out for Monte dei Paschi di Siena (MPS), which is based in Italy and is the world's oldest bank, tracing its roots back to 1472. Banco BPM, Italy's fourth-largest lender, proposed a “merger of equals” with MPS, only to see Intesa Sanpaolo, the country's largest bank, submit a higher offer the next day that would create a European banking colossus worth about €130bn (\$150bn). Intesa proposes to keep just half of MPS's branches, and sell the rest of the retail operations to another bank.

In France, a consortium of Bouygues Telecom, Orange and Iliad agreed to buy SFR, a rival telecom company, for €20.4 billion (\$23.5bn). SFR is part of a sprawling telecoms and media empire run by Patrick Drahi, one of France's richest men, and the sale will help reduce the pile of debt held by his Altice group. But regulatory approval for the deal, which reduces France's big telecom operators from four to three, is not assured.

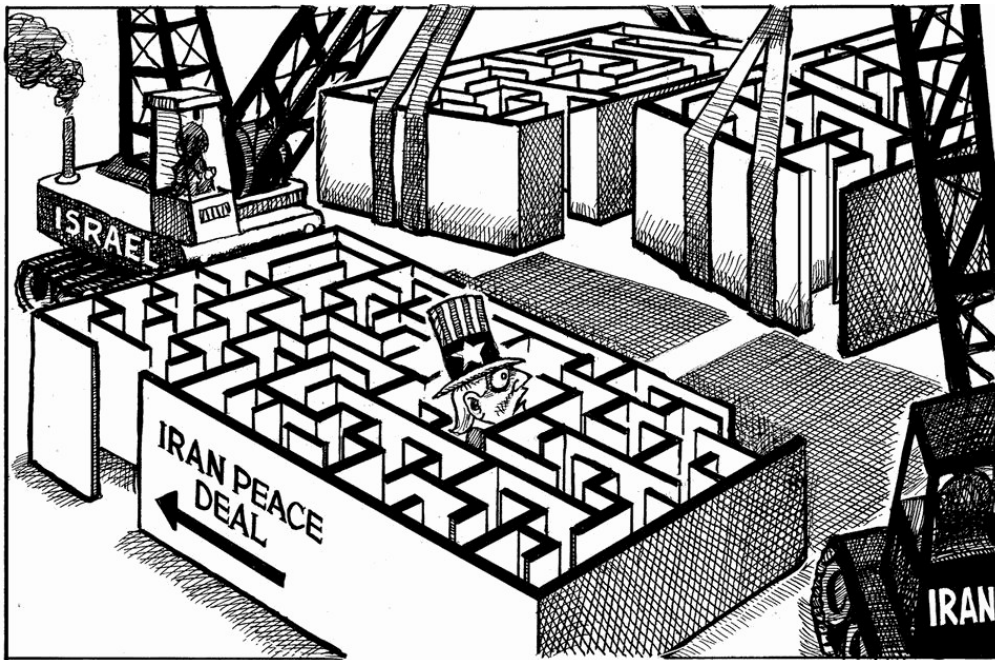
GSK, formerly GlaxoSmithKline, agreed to buy Nuvalent, an American biotech firm specialising in cancer, for \$10.6bn. It is the British drug company's biggest-ever takeover of another firm.

Smartphones could account for some of the decline in America's fertility rate, according to a working paper at the National Bureau of Economic Research. The researchers looked at the roll-out of the iPhone from 2007 to 2011, when it was sold only by AT&T, allowing them to "identify its effect from variation in AT&T's mobile-broadband coverage". The researchers found that "Overall, the diffusion of the iPhone explains 33–52% of the decline in the general fertility rate among women aged 15–44". Possible explanations include a decline in personal interactions, availability of contraceptive advice on phones and more access to pornography.

The world this week

The weekly cartoon

June 11th 2026



Dig deeper

[Donald Trump's least bad option in Iran](#)

[How Israel is frustrating Donald Trump's Iran plans](#)

[Iran has lost its fear of war](#)

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

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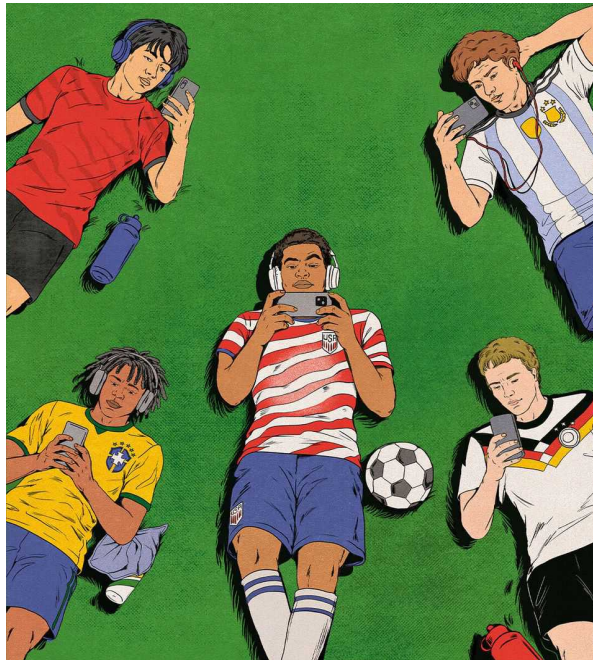
Leaders

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The World Cup paradox

How the rules of both entertainment and soft power are being rewritten

June 11th 2026



WITH LYRICS in English, French, Spanish, Italian and Japanese, the theme tune of the men's World Cup, performed at its opening ceremony on June 11th, exemplifies the contest's claim to foster global unity. Nearly half the world is expected to tune in over the coming weeks as the tournament moves towards its final on the outskirts of New York. A viewer might come away with two conclusions. First, that entertainment culture is more globalised than ever. Second, that America remains the soft-power superpower at the centre of it all.

Both assumptions would be wrong. Mega-events like the World Cup still seize global attention. But the bigger picture is that [entertainment is fragmenting](#). From music to television to social media and gaming, audiences are tuning out of American content and embracing alternatives

from closer to home. There is an emerging paradox: even as the world becomes more connected, people are choosing more local forms of fun. Even as billions tune in to a single show in North America, the American-led monoculture is fading.

This local turn is the opposite of what many predicted. Global entertainment platforms such as Spotify, Netflix, YouTube, and the Apple and Google mobile-app stores give people everywhere access to the same music, video and games. The biggest winners have been a lopsidedly American elite of megastars and brands—think Taylor Swift, MrBeast or Roblox—which have gone global as never before. The biggest sports leagues have soared in value along with them.

But below the top tier, entertainment is fragmenting. Sport has always been a reluctant globaliser, because people prefer to watch their local team. America's National Football League, the world's highest-earning sports property, earns 98% of its media-rights revenue at home. The English Premier League is the only football league in Europe that makes more in media rights abroad than it does at home. Every four years the world comes together for the World Cup and the Olympics. Otherwise, fans are mainly engrossed in domestic contests. New Yorkers are far less excited about the football than they are about the [Knicks](#).

Other kinds of culture have long been more globalised, often thanks to America; think of music from Motown or TV from Tinseltown. But now this seems to be reversing. Music charts are becoming more local: in Brazil, an extreme case, 96 of the 100 most-streamed artists last week were Brazilian. Video-streaming services like Netflix and Amazon are producing more shows abroad, to woo subscribers in fresh markets. North America's share of new streaming commissions has halved in the past six years, from 70% to 36%.

New media are no more global. YouTube offers content from every country, but its users gravitate towards clips from close to home: three-quarters of its “trending” videos manage to trend in only one country. Gaming on PCs and consoles remains dominated by a few worldwide franchises (including a football series formerly known as “FIFA”). But on mobile, which has a bigger and more diverse audience, regional variations are sharper. Across the

five biggest gaming markets, no app features in every country's top ten. While Americans play "Fortnite", Asians have shifted to titles such as "Free Fire".

Cheaper production and distribution have caused a boom in the supply of local entertainment. In the age of CDs, cinemas and game cartridges, there were huge economies of scale in pushing popular acts or products to go global. Today, producing and distributing new entertainment—whether songs, videos or games—is cheap enough for it to be profitable to target much smaller niches. In some places there is even evidence of a sub-national cultural boom: more than half the content posted on YouTube in India is in languages other than Hindi (mostly local ones). AI will enable ever more niche production.

The audience has also changed. A growing global middle class has made it worthwhile for Netflix to make big-budget shows tailored to Mexican subscribers, or for the developers of "Free Fire" to devise Bollywood themes for Indian gamers. And audiences' discovery of new content is increasingly being led by algorithms rather than human tastemakers. Sometimes those algorithms send everyone to the same global hits—prepare for a blizzard of World Cup highlights on your social feeds—but they also divide them into niches. In one recent year, German songs made up only four of the 100 most-played tracks on national radio, but 44 of the country's streaming top 100. People's preferences have turned out to be more local than elite tastemakers thought.

Something will be lost if people's cultural habits turn too far inward. A Britain that served only British food and "Carry On" films would be bleaker than purgatory. Yet it is cause for celebration that audiences now have so much more choice. Rather than a diet of entertainment from a country that had a historical advantage in its production and distribution, consumers can choose from a global menu of Danish hip-hop, Polish comedy or Chinese video games. Regulators should note that the turn towards local options has been brought about by technology, and not by rules of the sort imposed by Canada, where radio stations have to play unhealthy amounts of Justin Bieber to meet local quotas.

Governments will need to adapt to the changing dynamics of soft power. America's century of dominance over global popular culture is over. It still controls much of entertainment's distribution, via platforms such as YouTube and the app stores, and thus much of the industry's profit. But it has lost its grip on content, and with it the cultural tractor-beam that has recruited millions of listeners, viewers and players to American values and ideas over the years. Other countries are rushing to fill the gap that America has left, from Brazil in music to South Korea in TV and China in gaming.

All eyes will be on America for the World Cup final next month. But it is a fading force in a new game of soft power that has only just kicked off. ■

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Donald Trump's least bad option in Iran

He must swallow his pride and accept a deal worse than the pre-war status quo

June 11th 2026



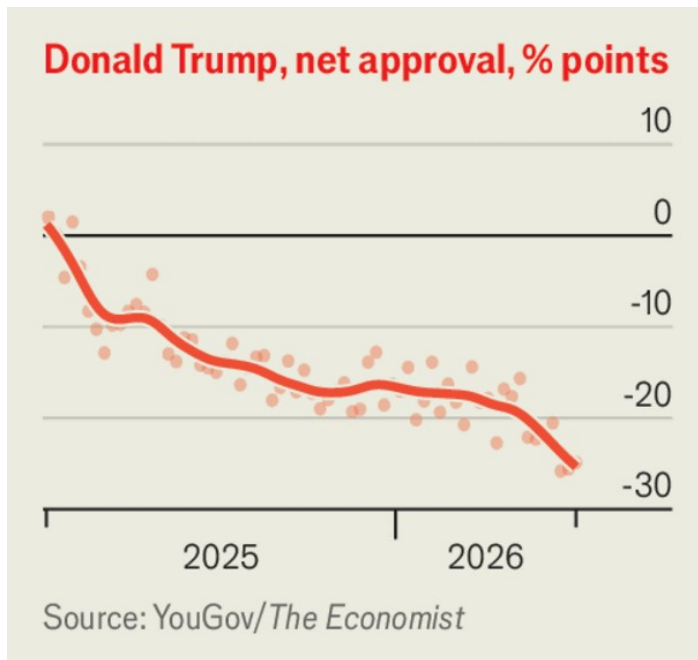
Once again, Iran has been “completely defeated”, said Donald Trump on June 10th. Confusingly, the “Bully of the Middle East”, despite being “DEAD!!!”, will have to “pay the price!!!” of not agreeing to Mr Trump’s peace terms. In reality, despite more than 100 days of being bombed and blockaded by the world’s top military superpower and its Israeli ally, the Iranian regime is emboldened. This week it downed an American helicopter and fired missiles at its Gulf neighbours and Israel. It is almost as if Iran is daring Mr Trump to scrap the shaky ceasefire and restart a hot war.

Mr Trump is in a triple bind. Iran is garrotting the global energy supply by threatening tankers in the Strait of Hormuz. Israel is bombing Lebanon,

despite Mr Trump telling it not to. And hawks in America are pressing Mr Trump to chase unrealistic war aims. Something must eventually give. But the mess that Mr Trump created by starting the war could take longer to clear up than markets are expecting. The world must prepare for higher energy prices.

Inside Iran the situation is opaque. But the war seems to have strengthened the hand of hardliners, notably the Revolutionary Guards, who appear to be in charge. Iran's people are suffering misery, penury and power cuts, but the latest attacks suggest that their rulers would rather risk a return to full-scale conflict than accept a peace deal on Mr Trump's terms. After first playing down the tension, Mr Trump ordered retaliatory strikes, which in turn spurred Iran to launch more missiles.

[Israel complicates matters](#). To smooth the path to a peace agreement with Iran, Mr Trump wants Binyamin Netanyahu, Israel's prime minister, to wind down his attacks on Hizbullah, Iran's proxy militia in Lebanon. He has reportedly vetoed strikes on Beirut, Lebanon's capital. But although the American president says he calls "all the shots", Israel's occupation of southern Lebanon is expanding. Mr Netanyahu wants to seem tough in the run-up to a general election. Phone calls between the two allies are growing increasingly tense and expletive-filled. The hard men in Tehran are delighted at their enemies' division.



In America, meanwhile, hawks are demanding full-scale war on Iran, including attacks on its oil infrastructure, in the belief that this would force the regime to abandon its nuclear-weapons programme, hand over its stocks of highly enriched uranium and let shipping resume. This is unlikely to work, given Iran's chokehold over the strait, and Mr Trump, who appears to be resisting such demands, is right to do so.

Oil prices wobble with each newsflash, but have yet to rise [nearly as far as they could](#). China and other big importers have found ways to curb demand, America and other exporters have boosted production and several countries have tapped their reserves. But this cannot go on for ever. Demand for petrol and jet fuel typically soars in the summer, and reserves in many places (though not China) will run low by autumn. After that, the energy crunch could be excruciating. American voters, feeling pain at the pump, will punish Republicans in the midterm elections in November.

So Mr Trump needs to make a deal with Iran. Forget about anything as good as the pre-war status quo, let alone the deal Barack Obama struck in 2015 to restrain Iran's nuclear ambitions, which Mr Trump tore up. The best Mr Trump can hope for is a makeshift pact to reopen the strait in exchange for an extended ceasefire that may, with luck, become permanent. Economic sweeteners will be necessary. The threat of force will remain. Haggling over

Iran's nuclear programme will have to come later. Such a deal would be unstable, and humiliating for America. Yet it would be less bad than any plausible alternative. For all Mr Trump's plans to erect a triumphal arch in Washington, his war on Iran has cost America dearly. ■

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Leaders | When the facts change

The Federal Reserve must soon give Donald Trump bad news

Kevin Warsh, the unlucky new chairman, has seen his case for lower interest rates disintegrate

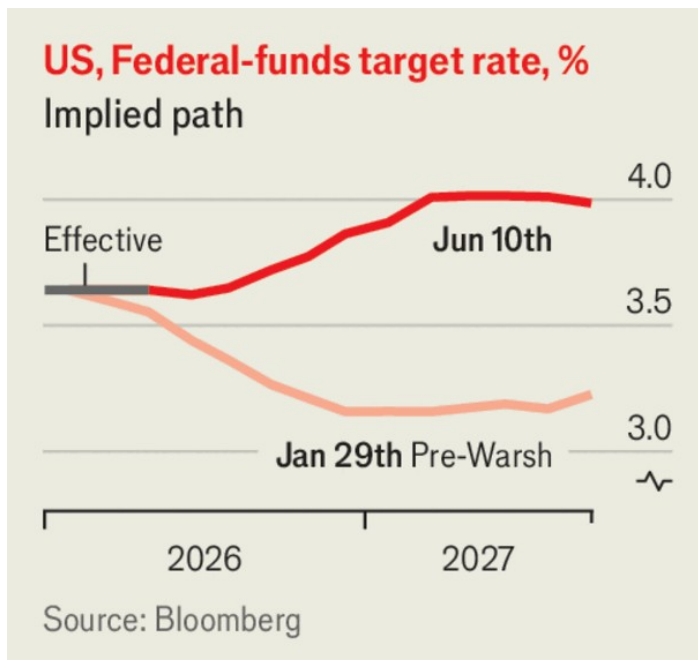
June 11th 2026



FOR MOST of Kevin Warsh's career, becoming chair of the Federal Reserve with the American economy hot and in need of higher interest rates would have been the stuff of professional nirvana. Few central bankers had staked out so hawkish a reputation. So it is ironic that this scenario has come to pass, yet it seems likely to make Mr Warsh's life miserable as [he starts at the Fed](#).

For that, he can thank the circumstances of his appointment. President Donald Trump wants lower interest rates, and appointed Mr Warsh in January because he, too, favoured them. Back then, the economic case for

looser money was respectable: the post-pandemic inflation surge had been all but killed, and the jobs market looked like it was wobbling. Mr Warsh's out-of-character doveishness provoked wry smiles but not scorn from other central bankers, most of whom were glad that Mr Trump had picked someone sane for the job.



Alas, the happy coincidence is over. The case for lower interest rates has crumbled. Mr Trump still wants rate cuts but, if anything, today's economic conditions demand tighter money.

Since Mr Warsh's appointment America's labour market has firmed up. From March to May payrolls swelled by an average of 188,000 per month, far above estimates of growth in the labour force at a time when migration is low or negative. Until November the unemployment rate had been gently rising; it has since fallen and held steady at 4.3%. The economy is exuberant. Stock markets are near record highs, as a sugar-high from tax cuts collides with excitement about artificial intelligence. The Atlanta Fed's real-time GDP gauge puts growth at a 3.3% annualised pace in the second quarter.

Higher oil prices, the result of Mr Trump's war with Iran, have pushed up annual inflation, to 4.2% in May, a three-year high. Often central bankers

ignore inflation that comes from oil prices. That is difficult today because inflation has exceeded the Fed's target for more than five years. Overshoots could get baked into the public's expectations. Inflation that started with oil could take on a life of its own.

The novel arguments Mr Warsh has advanced for lower interest rates look shakier than ever. While vying for Mr Trump's nomination, he claimed that he had ditched his career-long hawkishness because of advances in AI. The technology would soon unleash such abundance, he argued, that inflation would be vanquished, leaving the Fed plenty of space to cut interest rates.

So far, something closer to the reverse has happened. Stock-market euphoria and the boom in data-centre construction have stoked America's consumption and investment respectively and probably raised inflation. And Mr Warsh's new colleagues have lined up to remind the incoming chair that if AI lifts productivity growth, economic theory suggests interest rates would need to go up, not down, thanks to stronger appetites for spending and investment. About half of the Fed's voting rate-setters, whose support Mr Warsh needs to change policy, have now made versions of these points in public.

Mr Warsh's other big idea was to cut the Fed's bond holdings, which would amount to a tightening of monetary policy through the balance-sheet. Doing so would open up space to reduce interest rates at the same time, he argued, akin to keeping your office comfortable by turning on the heating and air-conditioning at the same time.

But the effect of this quantitative tightening (qt) would be piddling. Stephen Miran, a former Fed governor and an ally of Mr Warsh, has entertained shrinking the balance-sheet by about 5% of GDP. Rules of thumb suggest that would lift long-term bond yields by roughly the same amount as just one quarter-of-a-percentage-point interest-rate rise. And even that is probably an overestimate. Bond-buying works in part by signalling where interest rates are heading. For example, after the global financial crisis of 2007-09 it conveyed that rates would not rise for a long time. Under Mr Warsh's scheme, by contrast, the balance-sheet and rates would pull in opposite directions. QT would presage lower rates, and so might not raise long-term bond yields.

Interest-rate cuts should be firmly off the table when Mr Warsh kicks off his first monetary-policy meeting on June 16th. The new chair has some ability to play for time and concentrate on a list of nerdy reforms he wants to make at the Fed. But if rates move later this year, it is likely to be up, not down. At some point Mr Warsh will have to give Mr Trump bad news. ■

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Leaders | China's concentration risk

For its own sake, China should change its growth model

It is suffering economic costs for its industrial dominance

June 11th 2026



In global trade, limitation is the sincerest form of flattery. China's manufacturers have become formidable global competitors, even in sophisticated industries that were once the preserve of much richer countries. They have outflanked Germany's carmakers, stolen a march on South Korean shipbuilders and narrowed the gap with American chip designers. It is a tribute to their success that world leaders are scrambling to limit the threat to cherished domestic industries and avoid risky dependencies. Later this month, for example, ministers from the European Union will meet to consider more forceful [countermeasures](#). One idea is to require European firms to diversify their suppliers, rather than relying so heavily on Chinese inputs.

The evolution of China's exports, which grew by more than 19% year-on-year in May, is a source of satisfaction for the country's leaders. Trade's contribution to growth has helped the country withstand the bursting of its property bubble in 2021. China's dominant position in many international supply chains also gives it geopolitical clout in a hostile world. The country's leaders believe in their historical-materialist bones that national greatness lies in technological sophistication and manufacturing might. Chairman Mao believed that power grew out of the barrel of a gun, and that heavy industry makes a country strong. His successors hope that high-tech exports will make China indispensable.

But although it is a source of pride for China's leaders, the country's high-tech advance has not lifted the animal spirits of China's people. Consumer confidence has still not recovered from the covid-19 lockdowns and the property slump, despite a stock-market rally in late 2024. Retail sales in April rose by only 0.2% compared with a year earlier, even before adjusting for inflation. Car sales collapsed, declining by more than one-fifth. Judged not by industrial prowess but by the health of the overall economy, China's growth model is failing.

There are several reasons for the incongruity. Unlike its past export booms, which drew millions of migrant workers to coastal factories, China's more recent success has not generated many jobs. Export prices have risen faster than volumes. And China's leading industries are no longer labour-intensive. Spending on electric vehicles generates fewer jobs per yuan than an equivalent outlay on traditional cars or new homes. The proportion of migrant workers finding jobs in manufacturing has dropped from almost 37% in 2010 to 28% last year. Many instead work as delivery riders or elsewhere in the gig economy. They occupy bike lanes, not assembly lines.

China's high-tech industry is also [tightly clustered](#) in a handful of cities. This geographical concentration is one source of its strength, allowing suppliers to specialise, talent to congregate and ideas to circulate. But it also widens the divide between leading and lagging regions. China's previous growth model, based on manic home-building, was dispersed across the entire country, including some unpromising backwaters it should probably have left undisturbed. China's new model is pickier about place. Inland

provinces' share of Chinese industry has declined from almost 48% in 2013 to only 36% last year.

A third reason why China's high-tech manufacturing push has failed to stimulate a broader recovery is fiscal. Emerging industries should deepen the tax base, helping to fill the coffers of the local governments that host them. But in China the flow of resources often runs in the opposite direction. Keen to back local champions in the industries of the future, city and provincial governments offer tax breaks and subsidies that erode their financial standing. Fiscal support prompts too many firms to enter fashionable industries, which can sap the profits of genuinely efficient rivals. Last year AlixPartners, a consultancy, calculated that only 15 of China's 129 EV brands would be financially viable by 2030.

On the face of it China's export triumphs should help it ameliorate its domestic economic weakness. Instead the two seem mutually reinforcing. Limp spending at home results in falling prices, low interest rates and a cheap currency, all of which make Chinese goods still more competitive on world markets. Booming exports are also propping up growth, allowing China's policymakers to delay tougher measures to restore consumer confidence, such as higher social spending or a new effort to stabilise the property market. In the face of China's manufacturing dominance, European leaders aim to diversify their continent's sources of supply. China's leaders should do more to diversify their country's sources of demand. ■

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Leaders | In praise of road trips

The best way to celebrate America at 250 is to get behind the wheel

Preferably with our new podcast series for company

June 11th 2026



One stereotype held by foreigners about Americans is that they are irritatingly upbeat. Picture a stranger ordering you to have a nice day, or a family declaring everything to be “so great” while exploring a drizzly, midge-infested Scottish ruin—there is only one nationality they could possibly be. This cliché is misleading, though. Americans are generally cheerful. But even in the country’s brightest moments many of them have been struck by a kind of dread about it all unravelling. “Democracy never lasts long,” wrote the second president, John Adams, in 1814. “It soon wastes, exhausts and murders itself.” That sentiment is widespread as the country turns 250.

America is feeling nostalgic as well as pessimistic on its semiquincentennial. In the country that has been inventing the future since 1776, nearly half of the population say they would rather live in the past. Most young Americans do not expect to be better off than their parents. Meanwhile, on many objective measures, the country is doing better than ever. After a dip caused by opioid overdoses and covid-19, life expectancy is back to the highest level in history. The economy has been growing robustly, unlike in other Western countries. Income inequality after taxes is lower than it was a decade ago. American firms are pre-eminent in artificial intelligence, biomedicine, entertainment and space technology. The Kennedy Centre is getting its name back.

The distance between the data and the vibes is the central puzzle of the United States in the 2020s. Exploring that was the impulse behind the making of a new podcast we are launching this week to celebrate this spectacular country on its big birthday. The six-part series is a road trip in the company of [Alexis de Tocqueville](#), a French aristocrat who loved the place and wrote a prescient book about it in the 1830s, “Democracy in America”. This road trip took The Economist from New York’s aristocracy to a maximum-security prison in the Hudson Valley; from a fight over a data centre in rural Michigan to Harvard University; and from a sheriff’s office in Ohio to Donald Trump’s court in Palm Beach, via plenty of other places. Wherever possible, we spoke with the same sorts of people Tocqueville did, to compare America then and now.

As on any good road trip, unplanned encounters in diners along the way and various logistical snafus added to the texture. Long stretches behind the wheel provided time to think, listen and gaze out of the window. What did we find?

One conclusion was that if all you know about America is its politics, you will draw unrealistically gloomy conclusions. More than half of Americans now think their fellow citizens are morally bad. No other country in the West comes close to that level. Henry Adams (the second president’s great-grandson) called politics “the systematic organisation of hatreds”. American ingenuity has been applied to this field, too: the hatreds seem better organised than at any time since the 1960s. But go and talk to people in

person, from purple-haired activists to rural Trump-loving sheriffs, and you will find that they agree on a surprising amount.

A second conclusion is that Americans who see their homeland through their phones are looking in a mirror that is horribly distorted. In a continent-size country of 340m there is always something ugly somewhere. A few decades ago a lot of far worse things were ignored. That was not better, even if it felt better. The risk now is that people support bad policies because they have a misleading picture of what is wrong.

What is the answer to this? Hit the road yourself. Or if gas prices make that tricky, listen to the podcast. Americans are thoughtful and generous. For most of them, politics is something peripheral that happens a long way away. “Never have a people been blessed with such happy, dynamic conditions of existence,” Tocqueville wrote. Bonne anniversaire. ■

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Letters

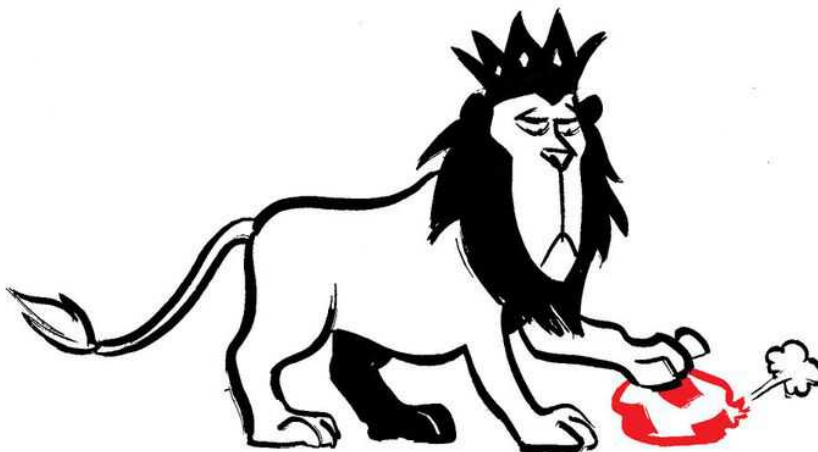
- [What can you learn from the Premier League?](#)

Letters | A selection of correspondence

What can you learn from the Premier League?

Also this week, school meals in Indonesia, commuting, Barney Frank, MAGA tax, condoms

June 11th 2026



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[The British government could learn a thing or two from the success of football's Premier League](#), you said ("How a deflated Britain can bounce back", May 23rd). If Britain truly replicated the league it would mean that every major sovereign asset would be foreign-owned, over 75% of the top workforce would be imported and our domestic leadership class would be so thoroughly hollowed out that we have to hire overseas managers to run both our enterprise and our national teams. That is not a strategy for national renewal; it is the definition of economic dependency.

Furthermore, your dismissal of the new independent football regulator ignores the catastrophic failure of the league's in-house self-regulation. The system is structurally broken. A lower-tier club like Southampton can be hit with a near-existential expulsion from the championship play-off final for "spying" offences, whereas an elite club like Chelsea escapes with a paltry fine for admitting to making secret payments to avoid player-transfer rules from 2011-18, before the new owners took over. Meanwhile, the entire football world holds its breath for the Manchester City financial-scandal verdict, amid predictions that, owing to the club's geopolitical and Gulf-state connections, it will face nothing more than a slap on the wrist. Self-regulation in English football has simply resulted in one lenient rule for the global elite and a heavy hammer for the rest.

Britain should look past the Premier League's caution-to-the-wind capitalism and turn to Germany's Bundesliga. By enforcing the 50+1 rule, which ensures that domestic fans own the clubs, and mandating strict domestic player and coaching quotas Germany has maintained full-capacity, affordable stadiums, financial sustainability and an elite conveyor belt of domestic managerial talent.

The Premier League is an entertaining global circus, but Britain merely provides the tent while overseas actors take the profits and the prestige.

Marcus Hudson Benwick, Cambridgeshire

Openness and competition are certainly factors in Britain's football success, but the foundation of a common standard also matters. In 1848 students arrived at Cambridge from schools with incompatible versions of football. They met on Parker's Piece, a large park, reconciled their differences into 11 simple rules and nailed them to the trees. Those Cambridge Rules became the defining influence on the Football Association's code in 1863, and ultimately on the game now played in every country on earth. Today's monument on Parker's Piece reflects this; it is engraved with the rules in various languages. The rules travelled not because they were imposed, but because they were simple, trusted and open, allowing serendipity to do the rest. Parker's Piece was not a market. It was a protocol. Britain's revival needs both the competition you celebrate and the institutional spaces where common standards can emerge.

David CleevelyCambridge

[Sweden's parliament may use the term "Spursy" to warn "against messing up despite being well placed to succeed"](#) ("World champions", May 23rd). Indeed, much like the way scurvy is caused by a lack of vitamin C, perhaps Spursy should properly refer to chronic hypertension brought on by a severe lack of trophies at Tottenham Hotspur despite endless potential.

Robert ShepherdCalgary, Canada

Your description of [the Indonesian government's free-school-meals scheme as a "populist" policy](#) misses the point of this highly effective form of government intervention ("Archipelagoing fast", May 16th). School-feeding programmes attract more children to school, reduce the prevalence of stunting and other diseases associated with malnutrition and are a strategic investment in human capital. Perhaps most important, these programmes encourage parents to send more girls to school, and girls who spend more time in study tend to marry later, have fewer children and have more career choices. School-feeding programmes are often launched by UN agencies and adopted by governments, which then carry the budgetary burden of supporting them going forward. They are an enlightened and effective example of aid in action.

Greg BarrowFormerly of the UN World Food ProgrammeLondon

President Prabowo Subianto's full response to our briefing on Indonesia is at [economist.com/prabowo-response](#)



Bartleby (May 9th) ran through [the pros and cons of commuting in terms of economic costs](#). But what about the opportunity benefits? For 20 years I rode a commuter bus from the Maryland suburbs to the nearest metro station to take me to downtown Washington. The commute provided chance encounters with new contacts, knowledge of new contracting opportunities, expanded my networks of contacts, led to several informal job interviews, acquisitions of vital reports, new professional references, and surprise invitations to house parties from riders of that 8.10 bus. These morning and evening commuting experiences led to at least several million dollars in overseas development projects. Meanwhile, other passengers on the same commuting run hooked up with new partners and spouses. More was often accomplished in my commutes to and from work than at my desk and during meetings the rest of the day.

GEORGE GUESS Potomac, Maryland

[The obituary for Barney Frank](#) (May 30th) was notable in two ways. First, it broke the habit of defining him primarily by his sexual orientation, listing three minorities to which he belonged: left-handed, Jewish and believing in government. You mentioned his being gay only later. Second, it challenged readers to acknowledge the degree to which anti-government attitudes dominate American political life. Frank belonged to a minority who believe

we can do better together. We often get absorbed in political issues, which need discussing, but miss this point.

Dr Gordon HarperChestnut Hill, Massachusetts

Yes, [Donald Trump has produced an economic drag from his tariffs, immigration policies and policy uncertainties](#) about nearly everything (“Imagining America without the MAGA tax”, May 23rd). But at the election in 2024 the alternative was Kamala Harris, who as good as guaranteed to increase marginal tax rates, add tens of thousands of regulatory pages to the Federal Registry, allow fewer corporate mergers, and add more constraints on credit allocation, all of which would have slowed America down even more. Choosing the perfect, Economist-reading libertarian could have produced a much better “rocketing” economy. But that wasn’t the political reality in 2024.

Ronald FieldingKiawah Island, South Carolina

Your report on [Karex, the world’s top condom maker](#), was heavy on the puns (“War and love”, May 30th). The company was “looking flaccid”, and its “failure to perform” had sapped its “virility”, though “investors would be foolish to pull out now.” My only complaint is that the article should have been a column.

Holly JamesPort Hope, Canada

Gosh, until I read your article on the contraception industry I had no idea that condom manufacturers faced such stiff global competition.

Debra BrockHarker Heights, Texas

I found the language used in the article on Karex to be underwhelming and limp. In the audio version I anticipated hearing AI renditions of the voices of Hattie Jacques, Joan Sims or Barbara Windsor, but my expectations were sadly unfulfilled. What a carry on!

Tim KilpatrickBlackpool

By Invitation

- [Silicon Valley needs to get God](#)
- [This may just be the last World Cup](#)

By **Invitation** | AI-men to that!

Silicon Valley needs to get God

Tech must reorient towards moral purpose for it—and humankind—to flourish, argues Glen Weyl

June 11th 2026



POPE LEO XIV recently presented the Catholic Church's first encyclical on digital technology, *Magnifica Humanitas*. Silicon Valley's atheist critics complained that the Holy Father had missed a chance to humble humanity before artificial superintelligence. Yet in the document is something more useful: an opening between technology and religion that may be society's best hope in the age of AI. The case for bridging the divide is both principled and practical; spiritual and secular.

Some in the tech industry have rejected the protective, regulatory impulses of the encyclical, but in doing so they miss the deeper opportunity it offers. The greatest risk for the AI industry today is not rules but uncertainty: policy

that swings wildly from one administration and jurisdiction to the next. The stabilising and consistently influential force of ancient traditions offers technology the roots it needs to grow. It provides predictability for the guardrails required and a defence against the caprices of politics.

More than that, partnership with religious traditions is not merely a short-term political convenience. Rather, it offers a way to steer and legitimise technology broadly, trading some immediate speed for far wider adoption and the avoidance of a devastating social backlash.

This was the bargain Leo offered: that the Church can embrace and even sanctify AI if its builders raise walls to protect diverse traditions rather than a Tower of Babel to overshadow them. That would mean, for instance, engineering digital services to protect and strengthen rather than disrupt communities, and making work more dignified and creative rather than irrelevant. It is notable that among the groups that provided amicus briefs in defence of Anthropic, as it battled America's Department of War on the issue of lethal autonomous weapons and mass surveillance, were organisations of religious leaders, including one I help lead, the Faith Family Technology Network.

Geopolitically the case is sharper still. The countries that will choose between an American and a Chinese technology stack, across Africa, the Middle East, Latin America and South and South-East Asia, are overwhelmingly devout. They have no wish to enrol their children in an automated atheism.

China has built the repression of faith into its most advanced systems, from the surveillance of mosques in Xinjiang to the monitoring of unregistered churches. Religious liberty was among America's most potent instruments of soft power during the cold war. In the technology contest it lies almost entirely unused, squandered by an industry that treats the convictions of most of humanity as an embarrassment.

These arguments are abstract; what persuaded me personally, as a political economist deep in the tech sector, was my encounter with the technology culture in Asia. That culture is suffused with the spirit of technology as a guardian and manifestation of cultural traditions—such as Japan's

Doraemon robot cat echoing traditional kami (spirits)—rather than a replacement for them.

The most capable technologist I have met is Audrey Tang, Taiwan's first digital minister and the first openly non-binary cabinet minister anywhere, whose work on digital "plurality" the pope repeatedly alluded to in the encyclical. Her life follows the word of a scripture more completely than anybody's I have ever seen: it is ordered by the "Tao Te Ching", a central text of Taoist philosophy. Yet she has overseen the world's most advanced digital exporters, whose workforces are more devout than the populations around them—in sharp contrast to the "closeted" Christians portrayed in the American television show "Silicon Valley".

The pattern recurs across Asian development. Japan, in the Meiji era of 1868 to 1912, industrialised faster than any nation, under the banner of "Japanese spirit, Western technology". New factories were blessed at Shinto shrines. India, as this newspaper has reported, has a booming faith-tech sector. Singapore, among the most advanced countries in the world, is also among the most diversely devout, and recognises religion in its social arrangements more fully than almost any state outside the Middle East.

It is no surprise, then, that the populations of these countries are far more hopeful about technology. Some 50% of Americans, 45% of Canadians and 39% of Britons are "more concerned than excited" about AI, compared with just 28% of Japanese, 19% of Indians and 16% of South Koreans, according to a global survey by Pew Research. Anchoring change in tradition does not need to slow a society down. In many cases it helps it move faster, by carrying more of its people along and avoiding the cycles of hype, despair and backlash that periodically paralyse the West.

None of this requires Silicon Valley to convert. It requires only that it recognise what it already is. The technology sector's faith in progress, in disruption, in the primacy of individual choice and in a future unburdened by the past, is itself a creed. And it is as culturally particular as any other. The moment calls not for the tearing down of one orthodoxy to install a purer one, but for something like the Edicts of Toleration that ended Europe's wars of religion: the recognition that no single tradition holds a monopoly on truth, and that there must be room for others inside the

institutions now building the future. That would mean more open technology design and culture: building products for the large, underserved religious market segment and, for instance, allowing parents in those communities to steer AI models to their standards.

The hand has been extended. The tech industry would be wise to close the deal. ■

E. Glen Weyl is an economist in the technology industry, a co-founder of the Faith Family Technology Network and co-author with Audrey Tang of “Plurality” (2024).

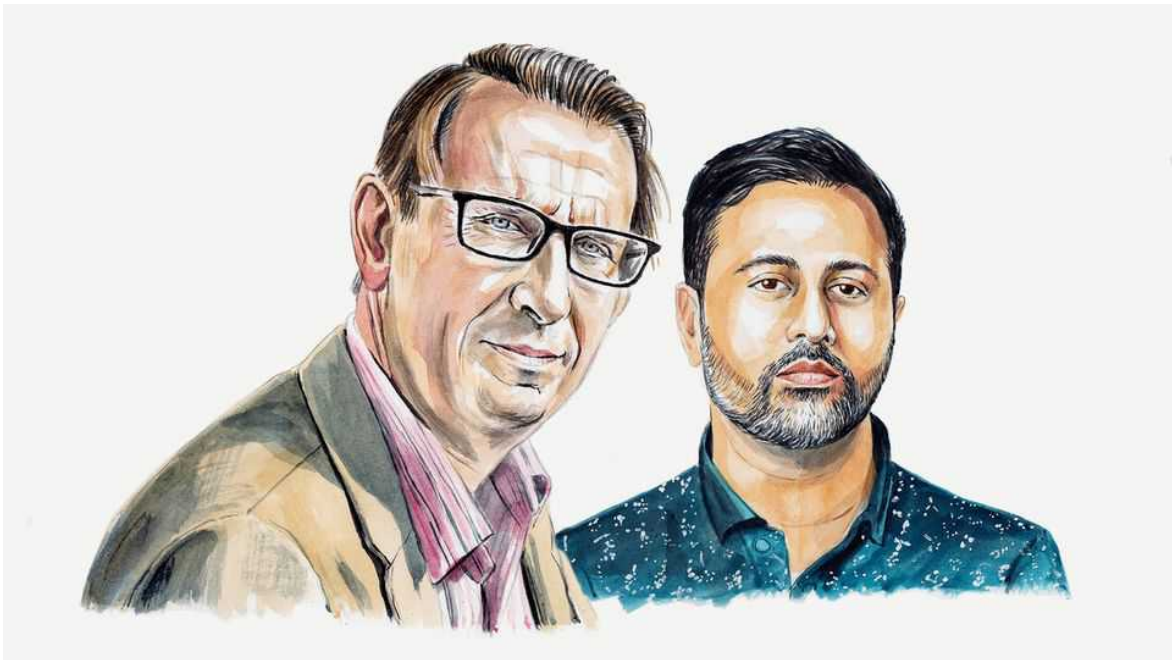
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By **Invitation** | Gianni's end?

This may just be the last World Cup

America's bellicosity combined with FIFA's dysfunctionality spells trouble, reckon the Soccernomics podcasters

June 11th 2026



INTERNATIONAL CO-OPERATION is under threat from the rise of ethno-nationalism, and global institutions are losing credibility. The World Cup's status as the biggest entertainment event on Earth has created what may be an illusion: that this is one of only a few cosmopolitan enterprises that can rise above the forces of parochialisation. But the cracks in that façade seem to be growing, which makes us wonder: could this be the last World Cup?

It might sound preposterous, but bear with us. The tournament at first thrived, at least in part, because it represented an outstanding vehicle for the political agenda of national governments. Mussolini's 1934 World Cup and the one hosted by the Argentine junta in 1978 are among the more notorious

cases. Even benign examples such as France in 1998 or Germany in 2006 were successes largely because they aligned with national agendas: in France's case, promoting multiculturalism; in Germany's, unification and a new, cuddlier patriotism. FIFA itself has long advanced its own political agenda, whether by strong-arming Japan and South Korea to co-host in 2002 or engineering the first African World Cup in 2010.

But over the past decade the world has entered a new, more troubling phase. We are now heading into a third successive World Cup engulfed by calls for a boycott owing to a host nation's human-rights or foreign-policy record.

Despite the bad press in the lead-up to their tournaments, Russia and Qatar ultimately hosted successful events in 2018 and 2022, respectively. Will the forthcoming edition, jointly hosted by America, Canada and Mexico from June 11th to July 19th, pass off so smoothly? Or will it be the one that sends the tournament into a tailspin from which it cannot recover?

Here are just some of the unprecedented aspects of "Trump's World Cup": it is the first time that a host nation is engaged in an illegal war with a participating nation; the first time that citizens of four participating countries are subject to a travel ban issued by a host nation; and the first time a host nation's leader has openly threatened to annex one co-host and torn up trade agreements with the other. And although the World Cup stands out as a festival of international travel, American policies on entry to the country, as well as the targeting of immigrants within—not to mention nauseatingly high ticket prices—have given many supporters pause.

Frequently, a critical press presages disaster, whereas the actual event proceeds to plan. But Mr Trump has a pattern all of his own, and this time catastrophes foretold may well materialise. Take the anomalies above and add the president's unpredictability and unchecked power, and there is a good chance that something could go badly wrong. If it did, then the underlying strains within the FIFA family could turn into something irremediable.

It's a family that is already dysfunctional. The relationship between Europe, where most of the money is, and the rest of FIFA, where the political power resides, is tense. FIFA wants to undermine UEFA, the European governing

body, and capture its revenue streams—last year’s Club World Cup was all about FIFA trying to upstage UEFA’s Champions League. FIFA is increasingly turning away from Europe, with its president, Gianni Infantino, spending ever more time in Miami. In addition, these divides have led to the creation of a new players’ union, which will compete with FIFPRO, the predominantly European union that is close to UEFA. As FIFA expands the size and number of tournaments it organises, this also creates strain with UEFA in the debate over player workload and burnout.

Moreover, as FIFA looks beyond Europe, some of the supposedly up-and-coming branches of the family are in crisis. The African football federation, CAF, is reeling after its farcical decision to strip Senegal of the African Cup of Nations and hand the trophy to host nation Morocco—two months after the event.

Is a split, or the sudden crumbling of FIFA’s credibility, unimaginable? There is, in fact, a near-precedent: the Olympic Games enjoyed remarkable growth, but then nearly collapsed after the second world war. Successive boycotts in 1976, 1980 and 1984 came close to destroying it. Other sports have fragmented in the face of competing interests, boxing being a prominent example, with multiple sanctioning bodies and rival competition formats.

Keep in mind, too, that FIFA is little more than the sum of its member associations, and America’s highly controversial immigration policies, enforcement practices and newly rediscovered bellicosity could put unbearable strain on the organisation’s alliances and voting blocs.

The origins of crisis are seldom predictable in detail, but here’s one scenario. A Spanish fan is detained on entering a stadium to watch her national team, transported to an ICE facility, beaten and dies of an untreated infection. Spain demands sanctions against the US Soccer Federation as host governing body. FIFA, with close ties to the Trump administration, refuses to intervene. Spain, along with 2030 co-hosts Portugal and Morocco, decides to ban American fans from entry during the World Cup. FIFA threatens Spain with sanctions, UEFA lends support to Spain and several African countries—still upset that Morocco was awarded the African Cup of Nations

—decide to boycott the World Cup altogether. Fanciful? Maybe, but we live in an era when reality seems to be stranger than fiction.

The World Cup has expanded continuously since its inauguration in 1930. Nothing grows for ever, and when growth stops, decline usually follows—and can be rapid. One thing is certain: the current edition will provide a focus for everything people dislike about the tournament's excesses.

The most likely outcome, of course, is a World Cup in 2030. But it is not guaranteed. And if there is a tournament, what will it look like? How many countries will care or bother to show up? And if a critical mass withdraw, will it mean anything? Quite possibly not. Because FIFA has become a farce, and the curtain must fall eventually. ■

Stefan Szymanski is a professor of sport management at the University of Michigan and co-author of “Soccernomics”. Ashish Malhotra is a journalist and series creator of “The Dark Side of The World Cup” for Zeteo. They co-host The Soccernomics Podcast (with Simon Kuper).

Briefing

- [Entertainment is being deglobalised](#)

Entertainment is being deglobalised

Why monoculture events like the World Cup are becoming the exception

June 11th 2026



Tents are being packed, wellies wiped down and joints rolled up in preparation for the Roskilde festival, a hedonistic week of music and culture which begins on June 27th in eastern Denmark. The line-up is as international as ever, featuring the Cure (Britain), Addison Rae (America), Jennie of Blackpink (South Korea) and scores of other acts from Australia's Folk Bitch Trio to the Pili Pili Girls of Tanzania.

Yet eavesdrop on the private playlists of Danish festivalgoers and you may hear a more local soundtrack. Nine of the ten most-streamed tracks in Denmark in 2025 were by Danes, belting out lyrics in Danish. The top hit was "Hele Vejen" ("All the Way"), by Danes Omar and Mumle.

It might seem surprising, in a world of global stars, that the 6m Danes, many of whom are fluent in English, listen mainly to homegrown music. And until fairly recently they did not. In 2019 only five songs in Denmark's top 20 were in Danish. By last year the figure was 18.

A similar trend is under way in other countries—and in other forms of entertainment. From Asia to the Americas, music charts are increasingly dominated by local sounds. Hollywood television-streaming companies are commissioning more local productions in foreign markets, causing consumption of American shows to fall. Social networks are connecting the whole world, but so far people are mainly using them to consume local content. And as video gaming expands, it too is becoming increasingly tailored to local cultures.

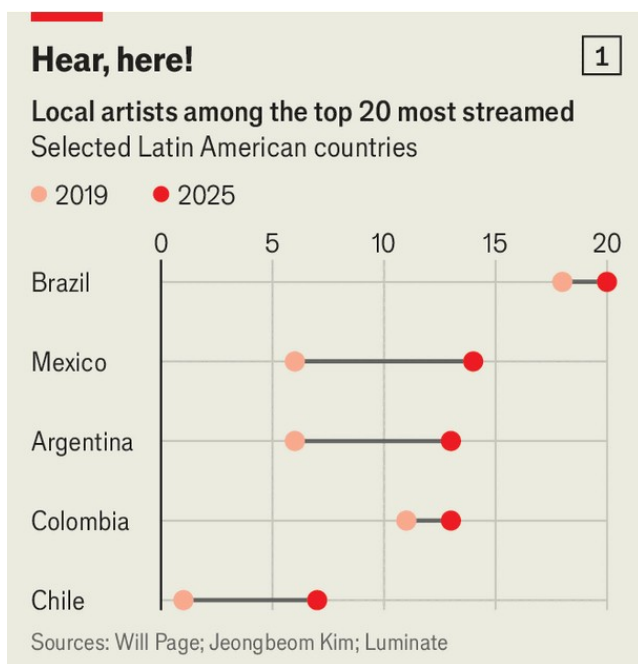
For those who thought that globalisation would lead to a stale, worldwide monoculture, in which everyone heard, watched and played the same things, the local revival is something of a surprise. Global audiences can still be commanded by a handful of stars and events, such as the men's football World Cup with an audience of billions. Yet they are becoming the exception. As global streaming platforms permeate new markets, local culture is proving remarkably resistant. America's grip on worldwide popular culture is loosening. And in some cases, new technology is pushing the globalisation of entertainment unexpectedly into reverse.

Spotify, which turned 20 this year, offers virtually all music to anyone with an internet connection. As users can listen to anything at no marginal cost, the biggest stars have got only bigger. Global digital distribution has turbocharged the fame of singers like Taylor Swift, who have seen their royalty earnings rise faster than those lower down the entertainment food-chain.

Yet streaming seems to be having another, less obvious effect. As digital distribution spreads to more households in more countries, the biggest stars are a more varied bunch than in the past. Spotify's global top 50 last year included songs in 16 languages, more than double the number in 2020.

The Danes are not the only ones marching to their own beat. In 2023 Will Page and Chris Dalla Riva noted in a London School of Economics paper

that a number of European countries including France, Germany, Italy and Poland had seen rising domestic shares of their top tens in the preceding decade. Since then the phenomenon seems to have spread. Mr Page, formerly chief economist at Spotify, finds that 55% of streams of songs in Sweden's top 20 last year were in Swedish, up from 29% in 2019. Norway's figure rose from 13% to 38% in the same period.



Latin America has gone the same way (see chart 1), Brazil astonishingly so: in the first week of June 96 of the top 100 artists on YouTube Music in the country were Brazilian (foreigners included Justin Bieber and Michael Jackson). Last year Thailand had a solidly local top ten, while Indonesia and the Philippines each had eight local tracks in their respective charts; Nigeria's top ten were all local, as were nine of South Africa's, according to the IFPI, which represents the recorded-music industry.

Hindi's share of music streaming is falling in India—because listeners are tuning in to even more local tracks, in languages like Malayalam and Odia, according to EY, a professional-services firm. Exceptions to the local trend include tiny countries and those that share their language with a bigger one. Ireland and Australia's charts are dominated by other English-speaking countries; Portugal's, by Brazilians.

What is going on? On the supply side, digital technology has demolished barriers to entry that existed in the era when recording and distributing music required a deal with a record company. In the CD age, economies of scale ruled: turning a biggish American act into a global one made more financial sense than developing a domestic niche like Danish hip-hop. Streaming allows those niches to be profitably filled.

At the same time, the economics of the music industry have turned in favour of keeping it local. Live gigs, once a way to drum up sales of CDs, have become a major source of revenue, and touring locally is cheaper than travelling the world. Artists are keener than ever to cultivate “superfans” who splurge on merchandise and who act as mini-promoters on social media. The need to rev up that kind of community means that it is better to be concentratedly popular with 6m Danes than sparsely popular with 6m people globally.

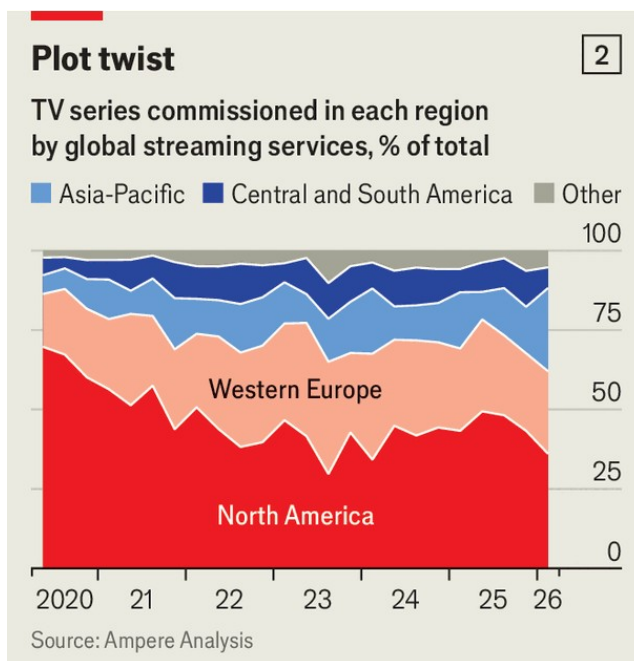
On the demand side, people’s listening is increasingly guided by algorithms rather than tastemakers on TV or the radio. Algorithms funnel billions of streams to top artists like Ms Swift, but they also drive people more deeply into niches. TV and radio producers sometimes seem to have assumed that listeners’ preferences would be more global than they really were. In 2023 German songs accounted for only four of the country’s top 100 radio plays, but 44 of its 100 most-streamed songs, notes Mr Page. “Ironically, it’s these unregulated markets which have achieved what intervention in regulated markets failed” at, he says. “Domestic prominence”.

Global firms are adapting. In the past two years Sony Music has opened offices in Greece, the Czech Republic and Dubai, and has made deals with locally focused labels in Germany, Denmark and France. Universal has invested in local catalogues such as RS Group, Thailand’s second-largest music collection. Warner Music has hired more talent scouts in countries like Mexico. Its local boss there, Rubén Abraham, has vowed not to “tropicalise” Mexican music for export, arguing that “when the foundation is authentic, the music connects far beyond its original territory.”

Television bosses have been drawing similar conclusions. In the early stages of its global expansion, Netflix had a brief spell of trying to make shows that were universal. “Marco Polo” (2014) dramatised the Asian adventures of the

Venetian explorer. “Sense8” (2015) followed eight psychically linked strangers from around the world (or at least from major streaming markets). Such fare did not hit the spot. “What you realise is, maybe there isn’t a global show,” says Larry Tanz, Netflix’s head of content in Europe, the Middle East and Africa. The company saw that “when we try to make things for everybody, maybe that’s not going to work in the long term.”

Instead it has pushed into hyper-local stories aimed at local audiences. “1670”, a Monty Python-esque comedy set in 17th-century Poland, may have baffled executives in Los Angeles, but Netflix’s local commissioning team got it—and it has become a Polish hit. “Troll” is a very Norwegian tale of monsters in the mountains. Series stay authentic with the help of local executives—the company has a dozen offices in Europe and Africa—and local testing. Shows are tried out on Netflix subscribers in-country rather than on test audiences in theatres in California.



Other streamers are doing much the same. Amazon has made big bets in Latin America. Warner Bros commissioned local shows ahead of streaming launches in Italy, Germany and Turkey this year. Whereas six years ago 70% of the shows commissioned by global streaming platforms were North American, in the first quarter of this year only 36% were, according to Ampere Analysis, a research firm (see chart 2). By Ampere’s reckoning, last

year Netflix made more foreign-language shows than English ones for the first time.

As streamers push deeper into foreign markets, local shows help them reach subscribers beyond the elites who might have been happy with American fare. They are also cheaper to make. With a reported budget of \$6.3m, “Troll” was lavish by Norwegian standards but a bargain in American terms. Mr Tanz says that most productions are budgeted such that they will be financially successful even if they don’t travel far beyond their local market.

As in the music business, executives have concluded that the best chance of having a global hit is to make something authentically local. “Adolescence” was binged around the world because, not in spite of, its gritty Britishness, argues Mr Tanz. He says Netflix’s data show that you never get a global hit that has not first been intensely popular in its home country. “You need a burning hot core,” not “tepid flames just dispersed around”, he says. Shows need superfans just as musicians do.

The upshot is that viewers are watching less American entertainment. American shows’ share of global demand for TV series fell from 51% in 2022 to 42% last year, calculates Parrot Analytics, which measures demand based on consumption, search and social interactions. In countries big enough to attract commissions from streamers, local consumption is rising. Digital i, a data firm, finds that on Netflix and Amazon Prime, local content’s share of viewership rose from 28% in 2021 to 39% in 2025 in Spain, and from 14% to 20% in Britain. By its measure nine of Netflix’s ten most-watched shows or movies in Japan and South Korea last year were local fare.

As with music, countries that share a language with a bigger neighbour struggle. Local content accounts for less than 4% of Australians’ Netflix viewing, reckons Digital i; Canada’s share is similarly low. Australia last year announced a new requirement that streamers spend a minimum amount on local content; the European Union has a similar rule.

The local trend is not as universal as in the music industry, since making a TV series is a lot more expensive than recording a song. Netflix boasts that it has made shows in more than 50 countries—but that still leaves about 150

more to go. Between 2022 and 2025, 89% of countries saw a rise in the share of demand for shows from foreign countries other than America, finds Christofer Hamilton of Parrot. “America’s dominant role as content supplier to the world is slipping,” he says.

For a sense of where things may be heading, consider user-generated video on social networks. Platforms like YouTube already feature hours of content from every country in the world. Yet consumption patterns appear to be stubbornly local. Alexandre Goncalves and Yee Man Margaret Ng of the University of Illinois analysed YouTube’s “trending” lists in 104 countries between 2022 and 2025. Of the 726,627 videos on the lists, three-quarters “trended” (went viral) in only one country. Going truly global was almost unheard of: just three videos trended everywhere (an Apple product launch, a MrBeast contest and a Blackpink music video).

As in music, consumption seems to be localising even at a sub-national level. Ashish Pherwani of EY reports that in India, where around 95% of content consumed on YouTube is in Indian languages, more than half the content produced in the country is in tongues other than Hindi.

As the youngest entertainment mass medium, gaming has changed the most in recent years. A generation ago games were sold in boxes to a niche audience of young people who played them on expensive hardware. Now they are distributed digitally (often free of charge) to a mass audience of gamers playing on smartphones. Over 3.5bn people play, a figure that has doubled in little more than a decade.

With more gamers and cheaper distribution have come many more titles. In the six years to 2025, the annual number of PC game releases more than doubled, found Matthew Ball (recently named chief strategy officer at Xbox, Microsoft’s gaming division). The growing amount of time spent playing has been going mainly to the long tail of smaller titles. Between 2022 and 2025, time spent playing the 20 most popular PC games fell by 1%, while time spent on games outside the top 20 increased by 44%, calculates Newzoo, a firm of analysts.

Despite this lengthening tail, gaming on PCs and consoles remains fairly similar from country to country. Titles like “Fortnite”, “Roblox” and

“Minecraft” appear in top tens across America and Europe. Yet on mobile, which has a far larger audience, regional tastes become more apparent. Data from Sensor Tower, which tracks app usage, show that across the five biggest gaming markets—America, China, Japan, Britain and South Korea—no single game was in every country’s top ten (by monthly users) last year. Their top tens had 34 different titles. Some countries had highly culturally specific games. India’s top ten included a game based on carrom, a popular tabletop game on the subcontinent.

Country-specific titles are helped along by Apple and Google’s app stores, which provide recommendations by country, says Manu Rosier of Newzoo. And whereas the PC and console audience in most emerging markets is too small to justify local titles, the smartphone’s ubiquity means that “region-first design pays back”, he says.

Garena, the Singapore-based developer of “Free Fire”, has used this to its advantage. This last-shooter-standing game is relatively little-played in America and Europe, where “Fortnite” is preferred. But, thanks to a huge following in Asia and Latin America, last year “Free Fire” had more worldwide users than any mobile game bar Roblox, says Sensor Tower.



The game is tailored to address pain points in emerging markets, Garena says. It is optimised for lower-end devices, with less storage and weaker processing power. (Programmers made adjustments after a player in Mexico showed them how he had to play next to a fan to cool down his phone.) Many gamers in these regions lack credit cards or bank accounts, so Garena introduced alternatives such as pre-paid cards and phone-company billing.

Garena has also adapted its content for local tastes. Whereas “Fortnite” holds special events during mainly Western festivals like Halloween and Christmas, and features content from films such as “Back to the Future”, “Free Fire” organises equivalents aimed at other parts of the world. Last year it celebrated 50 years of “Sholay”, a classic Bollywood movie, by introducing items from the film into the game. It holds events around the Rio Carnival, Diwali and Ramadan (in which players can give alms by completing in-game challenges). In-country staff spot local crazes. Last year, when a video of a boy dancing at the head of an Indonesian racing boat went viral on TikTok, “Free Fire” gave players the ability to perform the dance in the game.

“The assumption that American game makers would indefinitely set the terms of global interactive entertainment—culturally, commercially, technologically—is no longer operative,” wrote Joost van Dreunen of New York University’s Stern School of Business, in a recent essay on the decline of “Fortnite”. “The audiences they cultivated are moving on. And the competitors they ignored are now eating their lunch.”

National champions 3

Worldwide top mobile-game publishers
By in-app revenue, 2025

Company, HQ	Top app	Revenue, \$bn
Tencent, China	Honor of Kings	 7.5
Scopely, US	MONOPOLY GO!	 3.3
Century Games, China	Whiteout Survival	 3.2
Microsoft, US	Candy Crush Saga	 3.0
Dream Games, Turkey	Royal Match	 2.5
Playrix, Ireland	Township	 2.4
FUNFLY, Singapore	Last War: Survival	 2.4
Take-Two Interactive, US	Toon Blast	 2.3
Supercell, Finland	Clash Royale	 2.1
Moon Active, Israel	Coin Master	 2.0

Source: Sensor Tower

Chief among the lunch-eaters is China. Chinese gamemakers have increased their share of the non-China market from 10.7% to 14% in the past six years. China’s publishers “have taken the mobile gaming world by storm”, says Sam Aune of Sensor Tower, which counts two Chinese firms in the top three globally by in-app revenue (see chart 3). Mr Aune has tallied the highest-earning mobile games so far this year in the ten largest markets. Two Chinese-made titles—“Kingshot”, a strategy game, and “Gossip Harbor”, a puzzle game—are in the top ten in eight countries.

Yet so far China’s power in the games market has not resulted in the transmission of much Chinese culture. Indeed, in order to succeed abroad, Chinese publishers have had to make games that are totally different from those they sell at home. Nine of the top ten games in China are not found in any other big market’s top ten, says Mr Aune. Most generate virtually all their revenue at home. Many overseas hits have loosely adopted the culture of their target markets: “Kingshot” seems set in medieval Europe, while the characters and setting of “Gossip Harbor” recall America.

In music, video and interactive entertainment, global tech platforms have made it easier than ever to distribute entertainment around the world. Yet the sheer abundance of content that these platforms have helped to generate

means that, more than ever, global audiences are able to assert distinctively local preferences. ■

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United States

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United States | Pleasantvilles

America's quintessential places are getting old, fast

Welcome to the greying suburbs

June 11th 2026

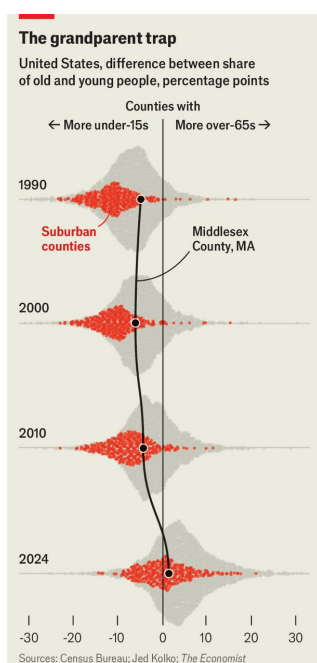


Over the sound of a country crooner praising Jose Cuervo tequila, Julie Kaufmann encourages her class of line dancers with some pointed advice. “This will help those neurons fire and prevent cognitive decline,” she says, explaining that following steps in sequence will keep their memory sharp. For those with knee, hip or balance issues she offers an alternative to the grapevine, a move where dancers cross one foot in front of the other. “You are ageing gracefully!” she calls out to the room, filled with giddy older adults spinning around in orthotic sneakers.

In Winchester, Massachusetts, a suburb of Boston, stately colonial homes sit on manicured lawns. The public schools are among the most sought-after in

the state, which boasts America's highest-scoring public education system. But one of the most popular institutions in town is the Jenks Centre, the town's senior community centre where Ms Kaufmann's line dancers gather. So many older residents now attend events at the centre that it has had to expand its private transport service and the car park can no longer accommodate the steady stream of patrons.

Though the ageing of rural America is a familiar story, in the past few years the same pattern has crept across suburbia. Suburbs were built for young and growing families and often anchored around a public-school system; but between 2000 and 2024 the number of elderly residents living in suburban counties more than doubled. Meanwhile, the number of young children barely budged and in many places even fell. That is steadily changing the character of many of America's quintessential suburbs, with consequences for housing markets, schools and local politics.



At an ageing-preparedness symposium at the Jenks Centre, a man informs the crowd that although life expectancy at birth in America is “a little under 80”, upon reaching age 65 the actuarial tables suggest it is 20 additional years for a man and 22 years for a woman. “Oh God,” mutters one woman in the crowd; a few others grimace or laugh uneasily. Meanwhile at Winchester Hospital, fewer babies are being born into the world. In 2014 every 100

baby-boomers reaching retirement age in America were replaced by 109 infants. By 2024 that had fallen to just 88 newborns.

But even with fewer children being born, housing shortages have created a generational traffic jam. America still has plenty of families competing for limited homes in desirable suburbs. One problem is that fewer homes are being built. In 2025 a paper by two economists found that had housing supply grown between 2000 and 2020 at the same rate it did across the two previous decades, there would be 15m more units available. They found the problem was more acute in the suburbs.

According to The Economist's analysis of census data, the share of large, single-family homes occupied by older adults who do not live with children has risen sharply. Today, 27% of homes with three or more bedrooms are occupied exclusively by people aged 65 or older. That share is up from 19% two decades ago.

Financial incentives encourage people to stay put. About two-thirds of older homeowners have no mortgage, meaning millions of family-size homes today are owned outright by elderly Americans. And across the country, many local governments "have bent over backwards to make staying in your home affordable for seniors", says Jenny Schuetz, a housing-policy expert at Arnold Ventures, a research and advocacy group. This is often in the form of tax benefits, she adds.

The few homes that are being built do not cater in size or kind for those older folk who favour downsizing. Data from the National Association of Home Builders, a trade association, show that just over 10% of new single-family homes built in 2024 had two bedrooms; almost as many built that year had five or more. There are too few places in the suburbs where people can comfortably grow old in smaller homes or apartments that would allow them to remain in their community, close to their friends, doctors and church.

The consequences spread through the suburbs. In Winchester—where, as in many towns, the elementary schools largely draw students from the surrounding neighbourhoods—one school is preparing to welcome its smallest kindergarten class yet. As fewer young families move in, enrolment

falls. And although it is politically unpopular to propose school closures, maintaining the same number of buildings and teachers for a shrinking body of pupils eventually makes little fiscal sense.

Winchester is not alone. Elementary-school enrolment has declined everywhere. But it has dropped especially fast in the suburbs, where it fell by 14% from 2012 to 2023. That is too much to be accounted for by the increase in private- and home-schooling during the covid-19 pandemic. Stefanie Mnayarji, a mother in Winchester and a member of the town's school committee, argues that the trend is not inevitable. It "can easily change if there's new housing and multifamily units going up", she says. "That can shift enrolment numbers almost overnight."



The effects spill into local politics, too. Older residents living on fixed incomes are more sensitive to tax increases. This spring voters in Winchester rejected a proposal to override the normal tax cap to fix budget shortfalls in the school system and other services. "I know plenty of retired folks who were supportive of the recent override attempt," says Bill McGonigle, a town-board member who was in favour. "But I stood outside the polling place almost all day, and I saw a lot more older citizens showing up to vote than younger ones."

Pensioners not only vote more but are also more likely to take part in local politics in other ways, by writing letters to elected officials and attending town meetings. Analysis by political scientists has found that those who are older and own homes are more likely to attend local civic meetings and to oppose new housing construction. That creates a feedback loop. Housing shortages discourage younger families from moving in and older residents from downsizing; school enrolments fall and communities age even faster than they otherwise would.

Phillip Beltz, the director of Winchester's Council on Aging, tries to persuade local planning boards to build more housing. "To truly make a place age-friendly", he says, "you need to have a whole menu of housing opportunities." Too often, however, that view is the exception. Dr Schuetz laments that politicians are loth to talk about many of these generational issues because "it's really politically toxic." That strategy is getting harder to maintain as demographic change is no longer a forecast. It has come to suburbia's front lawns, schoolyards and town halls. ■

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The ageing protesters trying to topple Washington's "ego arch"

Donald Trump has energised his fellow boomers in opposition

June 11th 2026



WHO SAYS 70 is too old to raise hell? Not Susan Douglas. Boomers like her are the backbone of the resistance to [Donald Trump](#)—the median age of No Kings protest organisers around the country is 67. His schemes to remodel the capital keep them busy. Recently her group held a three-day vigil near the site of his planned triumphal arch. They did a “resistance dance” and sang along with a “rapid-response choir”. Then they descended on a meeting of the National Capital Planning Commission (NCPC), a zoning board tasked with reviewing the project, to avail themselves of the opportunity for public comment—and give Mr Trump’s lackeys on the committee an earful.

At 250 feet (76m) high, the arch is ostensibly meant to commemorate America's semiquincentennial. The president revealed its true intent when, asked last year what it would memorialise, he replied "Me". That the form recalls a passé imperial aesthetic was not lost on anyone at the NCPC meeting: a near-competitor, height-wise, sits in the North Korean capital. Commentators called Mr Trump's iteration an "ego arch" and "silly silliness". Ms Douglas declared herself "horrified!"

Perhaps even more than its campy style, it is the arch's proposed site that is unsettling its opponents. Mr Trump wants to put it in Memorial Circle, a roundabout on the axis that connects the Lincoln memorial to Arlington cemetery, where 400,000 veterans and their spouses are buried.

Above that cemetery lies the mansion where Robert E. Lee lived before he defected to lead the Confederate army. The direct view between his old stomping ground and the memorial to the man who freed the slaves was a deliberate choice by city planners in the 20th century: a symbol of reunification after the civil war. Mr Trump's monument-to-me would be a 25-storey obstruction of that sight-line. Moreover, the approach to Arlington is meant to be sombre and reflective, not triumphal, as Holly Berkley Fletcher, a historian, noted at the NCPC meeting. A victory arch rather misses the point of memorialising veterans. The reason to honour them is not because they "won" anything but rather because they sacrificed themselves, says Bryan Green, an architectural historian.

By law Congress is supposed to approve memorials near the Mall. Mr Trump's excuse to bypass lawmakers is to cite an authorisation granted in 1925 to build two slender columns, each 166 feet high, in roughly the same spot. Herbert Hoover scrapped that plan. David Scott Parker, a preservationist, likens the unbuilt columns to candlesticks framing your view across a dinner table—whereas Mr Trump's arch is a giant wedding-cake centrepiece "which is quite something else".

Mr Trump's builders intend to make the arch out of cast concrete and clad it in granite. A structure so heavy will require months just to prepare the foundation. Courts will probably block the project before then—a judge is weighing whether to do just that, in a lawsuit brought by veterans. Mr

Trump's other building projects, from the White House ballroom to the renovation of the [Kennedy Centre](#), have been held up in court too.

Commentators at the NCPC acknowledged as much. "The question before you commissioners today, then, is not the future of the arch," implored one. "It's your personal legacy." Unpersuaded, the commissioners advanced the proposal by a vote of 9-1. Then Mr Trump thanked them on social media; they reposted his post; and Ms Douglas and her crew went to plot their next move. ■

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Should priests have to report child abuse disclosed in confession?

American states take different approaches

June 11th 2026



TRAVEL THROUGH central Europe and you will eventually come across one of thousands of statues of a man on a bridge with his finger pointing to his tongue. According to lore, John of Nepomuk, a 14th-century clergyman, heard the queen of Bohemia's confession, only for the jealous king to ask him to divulge his wife's secrets. When he refused, the king had him drowned. Poor John was martyred for one of Catholicism's most sacred tenets: the absolute seal of confession.

Six centuries later, tight-lipped priests are once again being tested—this time by state legislatures. State laws govern which adults are required to report child abuse that they learn about on the job. In most places teachers, doctors,

therapists and camp counsellors have to tell the police and can face fines or even jail time if they don't. As part of a reckoning with the church's recent history, more states have added clergy to the list. But this spring twin bills in Missouri and Vermont took it further. They aimed to scrap an exemption that allows priests to withhold information disclosed during confession.

Policy on the matter is already a patchwork. Clergy everywhere in America enjoy some form of "penitent privilege", which broadly shields conversations that take place in a spiritual context from the courts. But states differ on whether the protection applies when it comes to child abuse. At least six states—New Hampshire, North Carolina, Oklahoma, Rhode Island, Texas and West Virginia—don't recognise it in these cases or override it, as the new bills aim to. Others, such as California and South Carolina, preserve it narrowly by exempting a priest who learns about a crime during confession but not while teaching a class, for example, or when a perpetrator confesses rather than a victim. That inconsistency of rules has ignited a battle between child-safety advocates and religious-liberty lawyers.

Under Catholic doctrine, "breaking the seal" of confession is one of the worst offences a priest can commit. Because a spiller of secrets is automatically excommunicated and referred to Rome for discipline, mandated reporting puts American clergy in a bind. "Practically, you have all these priests who will have to make a choice between violating canon law and violating civil law," says Kurt Martens of the Catholic University of America.

A band of right-wing lawyers saw a constitutional problem in that. When Washington state passed a similar bill last year, they argued that it violated the First Amendment's protection of exercising religion. Their case hinged on a contradiction: if uncovering child abuse was important enough to justify burdening religious practice, how could the state exempt lawyers from the same reporting mandate? (What clients confess to their lawyers can remain secret.) "If you provide any exceptions to your rule, then by definition under Supreme Court precedent you don't have a compelling interest," says Hiram Sasser, who argued for the First Liberty Institute. The Department of Justice joined the lawsuit last June and a judge temporarily ruled against Washington state. Its lawyers chose not to appeal.

Marci Hamilton, who founded the CHILD USA think-tank, finds their argument legally indefensible. She believes that the state has an overriding interest in protecting children—and that the church’s defence of the confessional privilege is hypocritical, given that it has received thousands of abuse reports over the past 25 years and mishandled them. (To make matters worse, many cases of priests abusing children happened in the confession box.) “If they are permitted to continue to keep the secrets, then we’re conceding that a certain amount of child sex abuse simply will not be prevented,” she says.

Victims of clerical abuse say the confessional can be a place for uncovering crimes that would otherwise go undetected. A seven-year-old boy entering the box may well have internalised sexual abuse as his own sin and confess it as such, says Peter Isely, who was raped by his “spiritual director” while at boarding school. “I felt—and he told me this—that I was making him do these things.”

As the weather warmed and state legislative sessions ended, both the Missouri and Vermont bills died in committee, never reaching the chamber floor. Esme Cole, the Vermont lawmaker behind the bill, is not giving up. Child-safety advocates argue the defeats could mark a moment of peak influence for the religious right on the issue, and that the pendulum will swing back. Others are not so sure. “The church always wins,” says Mr Martens. ■

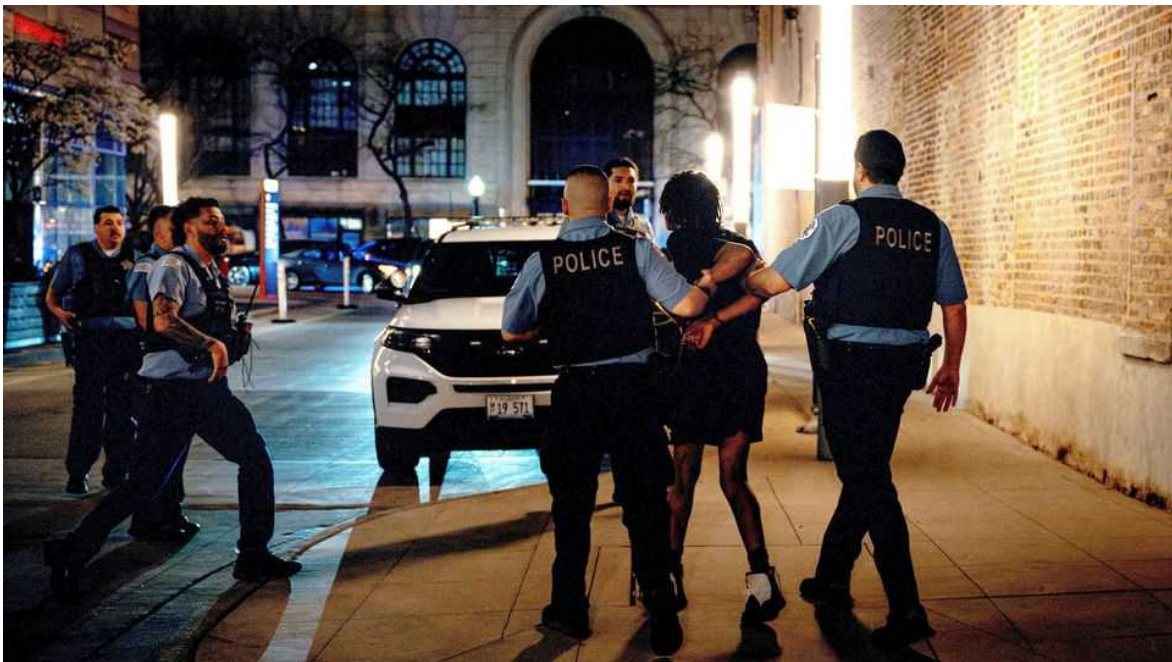
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United States | Amok on TikTok

Social media is behind both “teen takeovers” and the outrage they fuel

Cities struggle to respond to big gatherings of young folk

June 11th 2026



On the evening of June 5th, a Friday, visitors to Foster Beach on the north side of Chicago may have assumed something big was happening. A dozen or more police squad cars parked up and cops milled around. The beach itself, however, was quiet, with only a handful of bathers.

Many of Chicago's beaches have been patrolled by large numbers of police over the past few weekends. The reason why is a fear of “teen takeovers”. That is when hundreds of young people, typically from poorer neighbourhoods, descend on one spot for a party. On the Memorial Day holiday weekend, two weeks earlier, a beach at Hyde Park in the South Side of the city was overrun. By the end of it three teenagers had been shot and

53 arrested. The same weekend, at another gathering, five police officers trying to disperse a crowd were hit by an 18-year-old driving a car.

Videos from these events have gripped the Windy City of late. “People literally say the words ‘teen takeover’ to me all the time,” says Susana Mendoza, the state comptroller and a mayoral candidate, who wants the police to be given expanded powers to break up gatherings. Larry Snelling, the police superintendent, says Chicago has “to stop making excuses” for unruly young people. The city’s leftist mayor, Brandon Johnson, avoids the term “takeover”, preferring “teen trend”. He has resisted an attempt to strengthen the city’s existing teen-curfew ordinance. The battle shows how even as serious crime declines, public disorder remains politically divisive.

Takeovers are organised by anonymous “promoters” on TikTok, Instagram or Snapchat. By no means are they confined to Chicago. Similar events have occurred in dozens of cities and suburbs all over the country, and in other countries too. Most who come are just bored kids. But when hundreds of young people suddenly rush into a public place, mayhem often follows. Footage from Chicago shows teenagers jumping on cars. In early May a large party in a suburb of Oklahoma City led to a mass shooting where one woman was killed and at least 22 people injured.

Managing the response is tricky. Though many on the right, such as John Catanzara, the head of Chicago’s police union, pretend otherwise, it is not realistic for police to simply arrest everyone. It takes a lot of cops to disperse hundreds of kids. Anticipating takeovers is not that easy either. Promoters often wait until the last minute to reveal where to gather and, as at Foster Beach, fears can come to nothing. Some people want parents to be punished for letting their offspring run wild. Ms Mendoza says she has heard of people driving teenagers to the events.

As long as they continue, the takeovers will be a headache for liberal city leaders. Videos from Chicago have featured heavily on Fox News, and Donald Trump has weighed in. What seems obvious is that without social media, it would not be happening. Teenagers have always been riotous, but it has never been so easy to incite them. According to Ramey Kyle, an assistant chief of Washington, DC’s police, some promoters are just trying to make their posts go viral. That way they can earn money from advertising. ■

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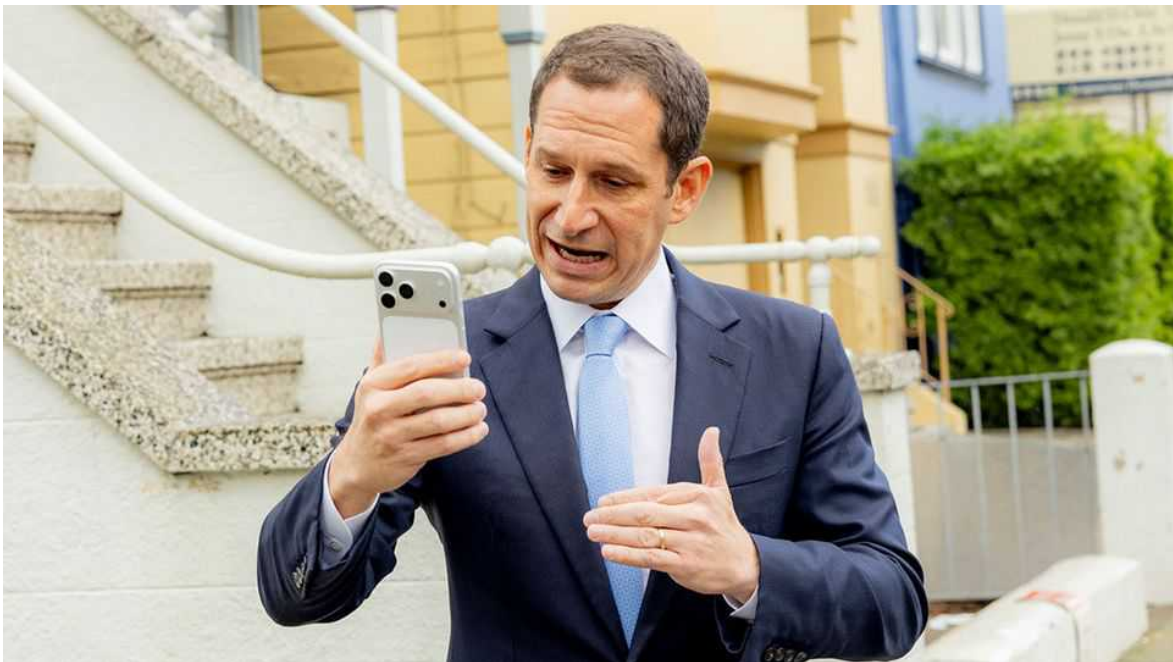
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United States | Votes and likes

America's mayors join the scrabble to become influencers

A dispatch from Long Beach, California

June 11th 2026



ON A RECENT Friday in Long Beach, California, more than a dozen mayors from across America sat in a circle in a cavernous conference room. They sipped coffee (it was 8am) and opened TikTok and Instagram on their phones. “Go and search on TikTok in your local city,” instructed Shelby Leimgruber, a self-described “creator-economy strategist”. “Spend ten minutes doomscrolling, and you’ll be surprised what you find.” The session, part of the annual Conference of Mayors, was meant to nudge America’s local leaders to connect with influencers in their cities. Yet Elizabeth Kautz, the mayor of Burnsville, Minnesota wondered aloud: “How can we become influencers as well?”

She isn't the only one. Daniel Lurie, the mayor of San Francisco, walks the streets between meetings to post from restaurants, street festivals and scenic sites. Dressed in a suit and tie, he shows off San Francisco's pho, hot pot and salt bread. In one video the mayor hunts for Chonkers (a tremendously fat sea lion). His aim is twofold: support local spots and, by showing off the city, try to rehabilitate San Francisco's tarnished reputation. "It's a way to share what we're working on, be transparent about our challenges, celebrate progress and highlight the people and places that make this city special," says Mr Lurie. His posting is so prolific that an analysis of his Instagram was part of the curriculum in Long Beach.

But it's not all pho and fat sea lions. Several mayors in Long Beach wondered how they could feature businesses without being accused of playing favourites or being corporate shills. How do you "make sure you're not winding up doing car commercials for someone"? asked Derrick McDowell, the mayor of Youngstown, Ohio. Others worried that state laws banning officials from using TikTok on government devices would prevent posting. "The day you're elected, half the people hate you," noted Bobby Gutierrez, the mayor of Bryan, Texas. The TikTok savants at the conference seemed ill-equipped to answer such questions, and settled for telling America's mayors to "be really intentional" and "hire more young people".

Many mayors left Long Beach excited to post. Larry Klein of Sunnyvale, California started recommending restaurants to his constituents during covid. Now he is a bona fide food blogger (#EatSunnyvale) with a website full of restaurant reviews (all of them positive). At a Vietnamese coffee shop recently, Mr Klein was even asked to join a TikTok dance. "If the mayor dancing around with an influencer for a video makes a difference," he offered with a shrug, "that's the easiest thing I can do." ■

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Tik-Tocqueville

Why “Democracy in America” is worth going back to on the country’s 250th birthday

June 11th 2026



It’s hard to know how to mark a milestone birthday, especially for the rich and powerful. A fancy dinner, or perhaps a trip? As America approaches 250, friends and admirers at home and abroad worry that it has lost its shimmer. The last time a majority of Americans thought their country was on the right track was a generation ago. For those keen to celebrate America’s birthday but wary of overdoing it, this newspaper recommends something more cerebral than a cage fight on the lawn: reading Alexis de Tocqueville.

Why him? A young French aristocrat who visited the country just once in the 1830s, Tocqueville was an unlikely prophet. He went travelling partly to

escape his parents, who disapproved of his girlfriend and his liberal politics. But his nine-month trip across 17 of the then 24 states filled 14 notebooks and produced “Democracy in America”, one of the best books about democracy, or America.

Its two volumes, written five years apart, mix political science, sociology, journalism and prediction. It is long, occasionally turgid and also funny. It is not universally loved: Walter Isaacson reckons it is the least-read and most quoted book about America. Reading it cover to cover is indeed a slog. It is better dipped into, like Montaigne’s “Essays” or a recipe book.

The recipes it contains describe how to mix equality, prosperity, law, religion and democracy in the right proportions to make freedom. If the Federalist Papers laid out how it started, “Democracy in America” explains how it is going. When Tocqueville wrote the book, the country was two generations from the founding and two away from its reckoning with slavery. Success seemed likely but was still not guaranteed. When he arrived in New York in May 1831, embarking on a nine-month tour on a fact-finding mission for the French government to study America’s prisons, the city had a population of 200,000 crammed into a few blocks in lower Manhattan. Paris was four times the size. To make the case to Europeans that America was not some odd experiment, but a model for the rest of the world, took foresight.

That America should turn out well is no surprise to a reader in 2026, so why return to the book now? One reason is for the moments of recognition. Take this one, familiar to any visitor who has ever flopped on a hotel bed after a long flight to America and flicked on cable news. “To a stranger,” he writes in book one, “all the domestic controversies of the Americans at first appear to be incomprehensible or puerile, and he is at a loss whether to pity a people who take such arrant trifles in good earnest, or to envy that happiness which enables a community to discuss them.”

Or this observation, on presidential elections: “As the election draws near, the activity of intrigue and the agitation of the populace increase; the citizens are divided into hostile camps [...] the whole nation glows with feverish excitement; the election is the daily theme of the press, the subject of private conversation, the end of every thought and action, the sole interest of the present.” Then, as soon as it’s over, “this ardour is dispelled, calm returns,

and the river, which had nearly broken its banks, sinks to its usual level; but who can refrain from astonishment that such a storm should have arisen?" Your correspondent, who is also a foreigner, has covered three presidential elections for *The Economist*. This remains the best description of what they are like. It also captures Tocqueville's fundamental view about American democracy: that the chaos on the surface of public life disguises a profound stability beneath.

Like other visitors from godless Europe, Tocqueville was struck by how religious the country was. "From time to time strange sects arise which endeavour to strike out extraordinary paths to happiness," he writes. "Religious insanity is very common in the United States." Later sociologists would argue that the greater vitality of religion in America could be explained by competitive pressure. There was no religious monopoly in the competition for souls, so any church that stopped hustling would decline.

That was one more manifestation of Americans' ubiquitous, manic energy. "In the United States," Tocqueville writes, "a man builds a house in which to spend his old age, and he sells it before the roof is on." Rather than enjoy what they had, Americans were "restless in the midst of abundance". You could even see it in how they holidayed. If an American finds himself with a few days off at the end of a year of hard work, "his eager curiosity whirls him over the vast extent of the United States, and he will travel 1,500 miles in a few days to shake off his unhappiness." Recall that this was written by someone who had never seen an airport just before Thanksgiving. Some of this restless energy was directed towards politics. But mostly it was spent on commerce and the acquisition of stuff.

Yet rather than sneer at these qualities—the love of commerce, the religious fanaticism, the restlessness—as other snooty travellers have done before and since, Tocqueville thought that Americans' strange passions were part of what made their democracy work. Religion provided a moral anchor, which was even more necessary in a society that changed so fast. A focus on business taught Americans patience, flexibility and a willingness to compromise, all qualities which were defences against the kind of revolution France had suffered (and which had almost separated Tocqueville père's et mère's heads from their shoulders with a steel blade).

One of the best passages of the book describes the contrast between the two banks of the Ohio river. On one side was a slave state (Kentucky) while the other side was free (Ohio). In Kentucky, society seemed to be asleep. Ohio, across the water, was humming. On one bank work meant slavery, on the other it meant prosperity and improvement: “on the one side it is degraded; on the other side it is honoured.” Tocqueville was a racial pessimist: he thought black and white Americans would never live alongside each other in conditions of real equality.

Such snippets are reason enough to read “Democracy in America” at any time. But the book has extra resonance now because of the echoes of the 1830s in the Trump era. Andrew Jackson was president when Tocqueville was in America, and they met in the White House. The visitor was unimpressed. Jackson was “a man of violent temper and very moderate talents; nothing in his whole career ever proved him qualified to govern a free people; and, indeed, the majority of the enlightened classes of the Union has always opposed him.” Donald Trump has had similar things said about him by emissaries of foreign governments, though they are usually too afraid of retribution to print them.



Mr Trump's first election sparked a mini boom in Jackson studies, after he moved a portrait of the seventh president into the Oval Office. Jackson

governed as a populist. His supporters were frontiersmen, farmers and slaveholders. Some of them broke into the White House after his first inauguration and smashed the place up. They were persuaded to leave only by a large quantity of free booze on the lawn outside. Much like Mr Trump, Jackson still horrifies the enlightened classes: he was vicious towards Native Americans and was himself both a slave owner and a defender of slavery. For the current president, putting Jackson's portrait by his desk was a sign that in his America nobody has to apologise for the past, apart from people who apologise for the past.

Tocqueville thought Jackson was ghastly. But he was struck that he could address even the head of state as plain Mr Jackson (that has changed). This part of Jacksonian populism he approved of. Tocqueville himself was a count who did not like his title and did not use it. American informality was significant, as important as the constitution or the courts for what it revealed about democratic society. For when Tocqueville writes about democracy, he does not only have in mind the business of choosing lawmakers—the yard signs, attack ads and fundraising emails we think of today. He means democracy as a way of relating to one another.

America, he reckoned, was a social experiment as much as a political one. Pre-revolutionary France had been a society of formal gradations: in addition to their titles, aristocrats wore different clothes, ate different food, had different leisure pursuits, were even treated differently by the law. In America all this was swept away, replaced by “equality of conditions”. That did not mean, as socialists would later dream, that everyone was equally rich. It meant that nobody was deemed superior.

Signs of this equality were everywhere. Even the way parents and children spoke to one another was different from Europe. Sons were less fearful of their fathers, and the fathers did not behave like oracles or dictators. When children reached maturity, their independence was an “incontestable right”. Each generation started afresh, and inheritance laws prevented the accrual of vast fortunes. The goal of an aristocrat was to keep their children's children from ever having to work. An American parent's job, by contrast, was to bring their children to a point where they could feed and clothe themselves, then let go. Young American women were freer than European ones. They

could travel without chaperones; they could be “consummate flirts” before marriage. That was equality, too.

Tocqueville’s book is not all boosterish. Running through it is a very French taste for paradox. Everything contains its opposite. Democracy, like any other system, could undo itself. Because he was such an enthusiast for America, and for self-government, his warnings carry more weight.

John Stuart Mill, the greatest British liberal of the era, raved about “Democracy in America”. He called it “the first philosophical book ever written on democracy”. But he thought Tocqueville too pessimistic on some points. Mill imagined that in a democracy, the wisest men would lead society. Tocqueville thought that democracy did not work like that. People like Jackson would lead, because in a democracy popular opinion is sovereign, and because democracies tended towards mediocrity in government. The most talented people would be too occupied with commerce to concern themselves with politics. As for the idea that public opinion would be formed by brilliant writers and thinkers, the inverse was more likely. America’s equivalent of Mill would follow public opinion, not lead it.

In America, he wrote, “the majority raises very formidable barriers to the liberty of opinion: within these barriers an author may write whatever he pleases, but he will repent it if he ever step beyond them.” That is no longer a good description of how America argues. Hardly any question seems settled. But it does capture how social media work, with their separate worlds of information within which people do not just silence debate, they do not even ask what is worth debating.

He also feared democratic unravelling. Usually so fluent, Tocqueville struggled to define what to call this. Words like “tyranny” and “despotism” belonged to a different age. He could not think of a term, so instead he described it. Democratic oppression, he wrote, would be “unlike anything that ever before existed in the world”. An equal, democratic society made up of people pursuing their own happiness could become so atomised that citizens would give up on politics, withdraw, leave it to someone else. Above these people would stand “an immense and tutelary power, which

takes upon itself alone to secure their gratifications, and to watch over their fate”. This power would seek to keep people “in perpetual childhood”.

After this one trip, Tocqueville never returned to America. He had seen enough to explain to people back home that he had seen the future. Like it or not, there was no going back to how things used to be. He was right about that as well. ■

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United States | Lexington

The Knicks represent New York—and capitalism—at its best

That is why New Yorkers love them

June 11th 2026



“Even as the rich world enjoys low unemployment, record real household incomes and soaring stockmarkets, people have rarely been so gloomy.” So wrote The Economist in last week’s [briefing](#) on Gen-Z socialism.

That is true, of course. Yet to append a caveat: capitalism has recently been hosting a festival of inequality upon the most important staging ground of the new American socialism, New York City, and it is hard to imagine the city brimming with more excitement and even joy. With the cheapest seats going for thousands of dollars and the most expensive for well over \$100,000, almost everyone in New York has had no hope of joining the elite of Wall Street and Hollywood at Madison Square Garden to watch in person

as the New York Knicks, millionaire athletes “owned” by a billionaire, compete with other millionaires in the finals of the National Basketball Association.

Instead, New Yorkers are gathering in each other’s homes, piling into bars and thronging sidewalks outside restaurants to stare through the windows at the video screens as the Knicks, who have not won a championship in 53 years, contend with the San Antonio Spurs. Gloom has nowhere been in evidence. Even grumbling, habitual among New York’s capitalists at least as much as among its socialists, has been hard to hear over all the cheering.

“What is really cool about this is it doesn’t matter if you’re red or blue, it doesn’t matter what the colour of your skin is, everybody’s in it,” says Aniket Gune, as he joins two colleagues from a meditation practice and thousands of other fans on June 8th for a free watch party in Bryant Park, in Manhattan, for game three of the best-of-seven series. One of his colleagues, Ratna Mukani, adds, “Everyone is just happy and so nice to each other. And there’s so much love.” Rising over the park lawn, the Empire State Building was lit at dusk in the Knicks colours of blue and orange, a combination that can also now be found, revoltingly, on bagels, pizza and cinnamon rolls.

Spectators outside the arena have not been complaining much about those inside. They know that celebrities such as Spike Lee and Ben Stiller were courtside even during the lean times, when the Knicks went a decade without a winning season. What matters is that they are all fans. Mayor Zohran Mamdani, whose own run of political luck now includes this Knicks season, displayed his gift for making the most of that luck with the best description of what’s happening: “It feels like the transformation of the world’s greatest city into the world’s greatest small town.”

The Knicks’ long championship drought and famously rabid fan base help explain the euphoria. So does the fact that this Knicks team does not fit the caricature of New Yorkers (and of capitalists) as self-obsessed, grasping, indifferent to the wants of lesser mortals. Speaking of which: as though out to prove that his fellow New Yorkers can indeed still see red, President Donald Trump chose to attend game three in Madison Square Garden, drawing a thunder of boos after his presence upended the plans of thousands by forcing the cancellation of a watch party outside.

These Knicks are instead celebrated for some less-recognised qualities of New Yorkers, the ones that make the city liveable even if the subways are too slow, the rats too cheeky and the rent too damn high: their decency, playfulness and generosity towards each other. Interviewed courtside, these Knicks tend to say things like, “I don’t have an ego, that got burned out of my heart a long time ago. And I’m out here to serve these dudes.” (So said Josh Hart, a guard who even more than most Knicks can be as earnest as he can be droll.) Jalen Brunson, the poker-faced, physically unprepossessing point guard hailed these days as the king of New York, has led the team not just through brilliant playmaking but by opting not to take the maximum salary available to him when he extended his contract in 2024. He left \$113m on the table so the Knicks could afford other standout players under the league’s combined salary cap.

Mr Brunson, Mr Hart and a third Knicks guard, Mikal Bridges, were college champions together ten years ago when they played on the same team at Villanova University. They form the nucleus of a “five-out” offence, in which not just one or two stars but all five teammates are capable of scoring from anywhere on the floor; their constant passing keeps the defence on the run. Combined with their own relentless defence, this strategy brought the Knicks 13 straight playoff victories. That included the first two games against the Spurs, a more conventional team built around a crane-like, implausibly nimble centre, Victor Wembanyama. The Spurs snapped that streak by winning game three. But then in game four on June 10th the Knicks surpassed even their own previous nail-biting feats of resilience by achieving the greatest comeback in finals history. They overcame a 29-point Spurs lead to win by 1.

Does the from-each-according-to-their-ability ethos of the Knicks herald a socialist future for New York? It does not, and not only because the players flog everything from burritos to underwear. Before the Spurs’ game-three victory ruined the chance of a sweep along with the rhyme scheme, fans had taken up a chant celebrating not just the city’s pluralism but its consumerism: “My mayor Muslim!/My bagel Jewish!/My Christian Dior!/Knicks in four!”

Maybe the Knicks’ ethos and style of play point instead towards a more enlightened capitalism, one in tune with other enduring qualities of New

Yorkers: pragmatism, unpretentiousness and fierce ambition. The stoical Mr Brunson showed a rare flash of irritation recently when a reporter noted that “some stars” would expect, unlike him, to dominate more of the play. “First, I’m not a star,” Mr Brunson replied evenly. “Second, I want to win.” ■

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Essay

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- [How the war on terror primed America for autocracy.](#)

From morning in America to endless conflict

June 11th 2026



1980s America's Thatcher

A mood of national decline hung over America as it entered the 1980s. Ronald Reagan, an affable former actor and governor of California, seized the moment with a campaign for the presidency lamenting the country's stagnation and promising renewal with a slogan: "Let's make America great again." [Stares into camera.] He won in a landslide over the incumbent Jimmy Carter.

At the heart of Reagan's agenda was a call to pull back the state and give markets a freer hand—ideas which we like to think he cribbed from Margaret Thatcher, then the prime minister of Britain (and from *The Economist*, if we're being honest). Like Thatcher, he reshaped politics in his country. One of his punchlines—"The nine scariest words in the English

language are, ‘I’m from the government, and I’m here to help’”—put supporters of the welfare state on the back foot. It still defines American conservatism to this day.

And he gave America “Reaganomics”, or “trickle-down economics”—the idea that lowering taxes on the rich and on corporations spurs investment and job creation. This remains Republican orthodoxy despite mixed results under Reagan (and more recently). Inequality widened, as did the budget deficit. But economic growth rebounded. As Reagan would crow during his successful re-election campaign in 1984, it was “morning again in America”.

1987-89 “Mr Gorbachev, tear down this wall”

Reagan was also a born-again Christian who put God at the centre of his staunch opposition to the godless faith of communism. He famously described the Soviet Union as an “evil empire” (in a speech to, less famously, evangelical Christians). But he did not just rely on God being on America’s side. He significantly boosted defence spending, investing (secretly) in costly, experimental new stealth fighters and bombers—while pouring billions into an unproven missile-defence system nicknamed, appropriately enough for combatting an empire, “Star Wars”. He also escalated America’s nuclear arms race with the Soviets.

Reagan was pursuing “peace through strength”. And, much to the surprise of critics, he pursued peace at the negotiating table, too, forging major nuclear-arms-reduction treaties with Mikhail Gorbachev. The president’s policies hastened the collapse of the Soviet Union. But the former actor was arguably as influential for nailing his line deliveries. In 1987 Reagan stood at the Brandenburg Gate by the Berlin Wall and declared, “Mr Gorbachev, tear down this wall.” Two years later, the wall fell. Coincidence? We think not.

Culture, conflict and a frightening new disease

In 1981 doctors in California and New York began reporting unusual infections among young gay men. Fear and misinformation spread rapidly around the mysterious illness, which many Americans saw—and stigmatised—as a “gay disease”. As the AIDS crisis took hold, Reagan kept silent. He did not publicly mention the epidemic until 1985, after his actor friend Rock

Hudson was dying from the illness. The federal government eventually increased funding for research into the disease and potential treatments (led by a young Anthony Fauci, who will also make an appearance in the next chapter).

But AIDS would become much more than a scientific mystery and medical tragedy. It also exposed and widened cultural cracks that were forming within American society. Religious conservatives, by now a major political force, framed AIDS as a consequence of immoral behaviour and resisted pragmatic responses such as condom distribution and explicit sex education. Conflicts over sexuality, race, religion, education and artistic freedom were intensifying, and moving to the centre of political life. They became known as the “culture wars”: a seemingly permanent argument over what it meant to be American.

This is your prison system on drugs

Though it was Richard Nixon who first declared a “war on drugs”, Reagan dramatically escalated it. Violent crime had been rising for decades and by the 1980s crack cocaine had become a scourge, contributing to a pervasive sense of fear and urban decay. Reagan’s administration—with bipartisan support—treated drug use as a crime rather than an addiction, expanding policing and backing legislation that imposed mandatory minimum sentences for drug offences. The first lady, Nancy Reagan, urged children to “just say no”.

Black and white Americans used drugs at broadly similar rates, but enforcement patterns differed sharply by race. Penalties for crack cocaine, which was more common in poor urban communities, were far harsher than those for powder cocaine, more associated with affluent white users. Black Americans were disproportionately arrested and incarcerated. One of the most enduring consequences of the war on drugs was a vast expansion of the prison population. By the end of the 20th century America incarcerated a larger share of its population than any other democracy, a distinction it retains today. Oh, and global cocaine consumption? That is at record highs.

When greed became good

In the 1980s finance began to displace industry as the dominant sector of the American economy. Junk bonds and leveraged buyouts transformed corporate America. “Greed...is good”, declared Gordon Gekko in the 1987 film “Wall Street”, capturing the ethos of the age.

The financialisation of the economy coincided with something else: de-industrialisation, as manufacturers outsourced to foreign countries with cheap labour. This was enabled by the liberalisation of global trade under Reagan’s successor, George H.W. Bush, and especially Bill Clinton, who persuaded Congress to ratify the North American Free Trade Agreement and the creation of the World Trade Organisation.

The new economy generated enormous wealth, reduced consumer prices and reinforced America’s unipolar dominance of what Bush had called a “new world order”. But industrial towns became hollowed out, and globalisation would be blamed for lost jobs and livelihoods. Millions of middle-class Americans felt the rich were getting richer while they languished. It seemed that a backlash was coming.

1990s The politics of personal destruction

Before Bill Clinton became the free-trade president, the moderate Democrat marketed himself as the candidate of the middle class taking on the out-of-touch country-club elites represented by Bush. He promised a middle-class tax cut and universal health care, then failed to deliver on either (until a tax cut late in his second term). Instead he balanced the budget and backed welfare restrictions, introducing fiscal discipline that had long been missing from American politics. Running for re-election in 1996 he sounded a lot like Reagan, declaring that “the era of big government is over.”

Part of the explanation for Mr Clinton’s rightward lurch lay in Newt Gingrich and the Republican takeover of Congress in 1994. Stunned by the historic electoral rebuke of his first two years in office (Republicans had not won the House since 1952), Clinton “triangulated” his politics between left and right and handily won re-election in 1996. Like Tony Blair in Britain he became an archetype of a new “third way” politician: pragmatic, centrist and adapted to the age of globalisation.

Yet Mr Gingrich attacked him relentlessly, ushering in a more polarised era of politics. He weaponised government shutdowns and mastered the outrage-driven politics of the emerging cable-news age. Mr Clinton supplied his opponents with ample ammunition. After the president lied under oath about an affair with Monica Lewinsky, a young White House intern, Republicans in Congress impeached him. Mr Clinton survived both the shutdown battles and his Senate trial. But as America entered the 21st century, its politics looked more like Mr Gingrich's: harsher, more partisan and less willing to compromise.

Garages rock

Innovations in the 1970s and 1980s set the stage for a boom in the internet and tech stocks in the 1990s. As pioneers such as Fairchild Semiconductor, Intel and Hewlett-Packard clustered in Silicon Valley, they were joined by computing enthusiasts. Two of these, Steve Jobs and Steve Wozniak, built a user-friendly personal computer in a garage in Los Altos. The Apple II and then the Macintosh helped turn the machines from something only big companies and hobbyists used into everyday consumer products.

More quietly in the 1980s, the Pentagon's network of research computers, ARPANET, had become the backbone of a global computer network, though one not yet accessible to the general public. The internet as we know it would take off in the early 1990s with the creation of the "World Wide Web" by Sir Tim Berners-Lee, a Briton (you're welcome, American economy). Americans were first to realise the massive business potential. Jeff Bezos founded an internet bookstore from his garage in Bellevue, Washington. Two Stanford doctoral students, Sergey Brin and Larry Page, wanted to make information easier to find with their experimental search engine, Google (whose first real headquarters in Menlo Park was, naturally, a garage). In Pasadena, Greg McLemore and Eva Woodsmall started Pets.com, which would go on to become the biggest company on the planet—in another timeline where dogs and cats rule the universe.

Full of hot air

Al Gore may not have invented the internet (nor, despite the rumours, claimed to), but Mr Clinton's vice-president did much to popularise concern

about climate change, which had begun to take shape decades earlier. Rachel Carson's 1962 book, "Silent Spring", helped launch a largely bipartisan environmental movement. In 1970 a Republican president, Richard Nixon, pushed through a landmark Clean Air Act to limit pollution and created the Environmental Protection Agency. Around the same time scientists were, with the help of early computer models, warning with greater certainty that greenhouse gases would warm the planet.

Climate change entered the public consciousness in 1988 when James Hansen, a NASA climatologist, told a Senate committee that global warming was already under way. A decade later countries adopted the Kyoto Protocol, which imposed legally binding limits on greenhouse-gas emissions. America never ratified it, however, as climate change became a fiercely partisan issue, with Republicans increasingly siding with fossil-fuel companies who raised doubts about the science. Mr Gore's Oscar-winning documentary, "An Inconvenient Truth", helped raise general awareness. So did rising temperatures, melting glaciers and increasingly destructive weather events. But Republicans remained obstinate. One of them would even take to calling climate change a "hoax".

2000 The butterfly effect

Many will remember a close presidential election 16 years later that irrevocably altered the course of history, but an even closer one in 2000 also changed the world. Mr Gore, cerebral but charisma-challenged, ran against George W. Bush, the not-so-cerebral but genial Republican governor of Texas. They fought over the centre ground, with Mr Gore offering four more years of Clintonian policies (minus the Clintonian sex scandals) and Mr Bush championing "compassionate conservatism".

When election night ended, the race was too close to call in Florida, whose electoral votes would decide the presidency. A day later Mr Bush was declared the winner there, but a recount was required by state law. The ensuing month featured much discussion of how to count "hanging chads" and about ballots that had been laid out in a confusing "butterfly" format. At one point a group of young Republicans in suits disrupted a recount by causing such a ruckus that it would become known as the "Brooks Brothers riot". In the end the Supreme Court decided in *Bush v Gore* to halt the

recount, awarding the presidency to Mr Bush. The court's vote was bitterly divided, 5-4—and fiercely partisan, critics would say, a sign that in the 21st century political polarisation would not be contained to the halls of Congress and the White House.

2001 The day the towers fell

Mr Bush was reading to a classroom of children when the second of two hijacked planes struck the World Trade Centre buildings in New York on September 11th 2001. The attacks were carried out by 19 hijackers from al-Qaeda, an Islamist terrorist group based in Afghanistan and led by Osama bin Laden. The trauma unfolded live on television as the twin towers collapsed. Another plane struck the Pentagon and a fourth crashed in Pennsylvania after passengers fought back. In all, nearly 3,000 people were killed. America's post-cold-war sense of invulnerability was shattered. Its relationship with the world and its people would be transformed.

Mr Bush declared a global “war on terror”, beginning with an invasion of Afghanistan to overthrow the Taliban regime that had sheltered al-Qaeda. Congress passed the Patriot Act, greatly expanding surveillance powers, and created a new Department of Homeland Security. In doing so America was redrawing the line between a person's civil liberties and the government's interest in protecting the country from threats to national security. The renditions of suspects to third countries where they were subject to “enhanced interrogation techniques”, the detentions of suspects without trial at Guantanamo Bay and the use of secret wiretaps on Americans became defining controversies of the post-9/11 era. Mr Bush also embraced a doctrine of pre-emptive action against perceived threats, a principle that would soon shape American foreign policy beyond Afghanistan.

2001-03 Unknown unknowns, aka the case for war

Mr Bush entered the White House surrounded by hawkish advisers, many of whom felt it was their duty to finish the war in Iraq that his father started. In 1991 American troops (backed by a UN coalition) quickly and easily drove Saddam Hussein's army out of Kuwait. But they left the Iraqi dictator in power. Within days of the attacks of September 11th, Vice-President Dick

Cheney and Donald Rumsfeld, the secretary of defence, began making the case for invading Iraq.

The dangers posed by Iraq to America were not immediately obvious to many—it had no connection to al-Qaeda—but in early 2002 Rumsfeld notoriously warned about “unknown unknowns—the ones we don’t know we don’t know.” Mr Bush argued that Hussein possessed weapons of mass destruction (WMDs) and posed a grave threat. The supposed graveness of the threat mattered more than the specific evidence: “We don’t want the smoking gun to be a mushroom cloud,” Condoleezza Rice, the national security adviser, said in September 2002. America invaded Iraq six months later.

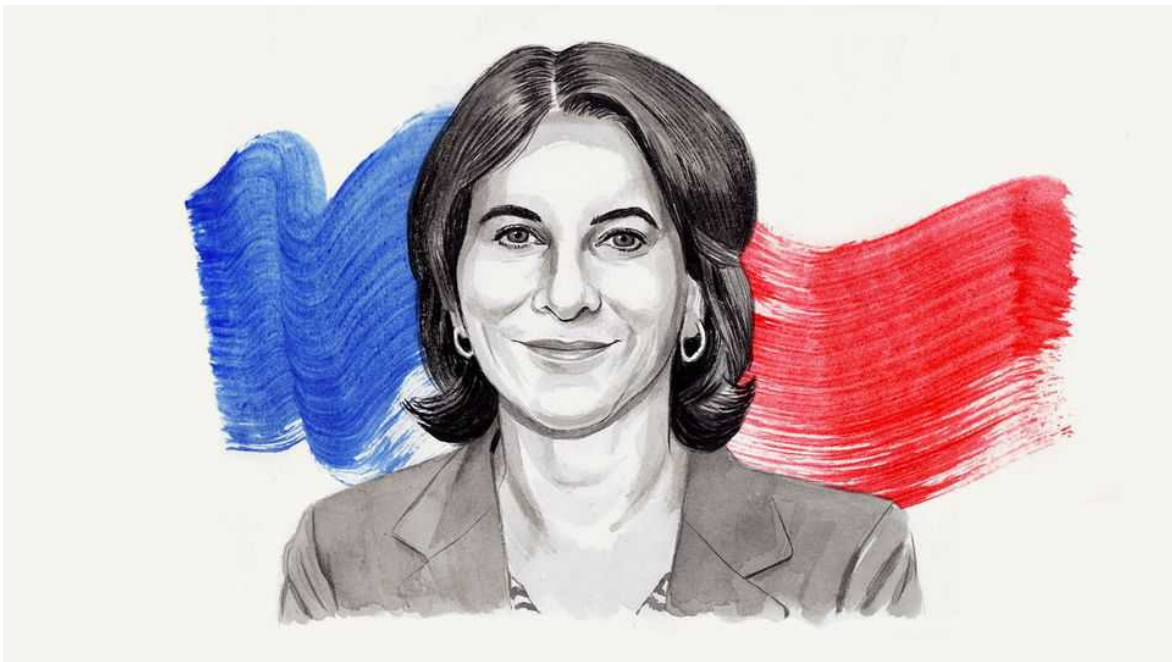
2003-11 Mission not accomplished

The Iraq war turned out to be a disaster for the region, for the world and for America. Hussein was swiftly toppled, and just six weeks after the invasion Mr Bush stood beneath a banner reading “Mission Accomplished”. But American soldiers would remain in Iraq for another eight years. Mr Bush’s hawks had not prepared for the task of installing a new Iraqi government, and struggled to do so while fighting a growing insurgency. No WMDs were ever found, eroding Americans’ already shaky trust in government (and the media). The army’s torture and degradation of detainees at Abu Ghraib prison also eroded America’s moral standing in the world. Hundreds of thousands of Iraqi civilians would die in the years of the insurgency, and a deadly new jihadist threat emerged from the chaos America had wrought in the form of the Islamic State terrorist group. At least after that America would finally be done waging costly wars in the Middle East. ■

How the war on terror primed America for autocracy

The road from 9/11 leads directly to January 6th, writes Rosa Brooks

June 11th 2026



LIKE VIRTUALLY every American over 40, I remember where I was when I learned of the 9/11 attacks. I was driving to work, listening to National Public Radio. When I got to the office people were wandering about, shocked. Some were crying. Others were huddled around computer monitors. Every screen showed the same things, over and over: the planes flying into the towers, the tiny shapes that were human beings leaping into nothingness, the towers collapsing, the clouds of smoke and debris rising.

No one knew much. Al-Qaeda wasn't yet a household name, and it took several days for officials to confidently identify Osama bin Laden's group as

the perpetrators. But even in those first stunned hours, one thing was apparent: this would change our world, and not for the better.

A quarter-century later, it's easier to assess the damage. The 9/11 attacks marked the beginning of the end of American global leadership, launching us into a state of permanent fear and emergency that, in turn, helped enable the precipitous decline of our democracy.

The events of 9/11 themselves, and al-Qaeda more generally, did not pose an existential threat to the United States. The richest country on Earth could, and did, shrug off the economic impact, and from a cold actuarial perspective, in a nation so large—one that routinely loses 15,000-20,000 people a year to homicide—the 3,000 deaths on 9/11, however tragic, weren't likely to cripple the country. It was our predictable overreaction that did us in.

Less than a month after 9/11 President George W. Bush invaded Afghanistan, starting a war that would last for 20 years and kill more than 6,000 American military personnel and contractors before its ignominious end. Six weeks after the attacks Congress passed the USA PATRIOT Act, permitting a previously undreamt-of expansion of government surveillance and detention authorities. Within six months Mr Bush signed a directive declaring the Geneva Conventions inapplicable to the conflict with al-Qaeda. A year after that we went to war in Iraq as well, relying on false claims that its dictator, Saddam Hussein, possessed weapons of mass destruction and was aiding al-Qaeda. That war would leave more than 8,000 American troops and contractors dead.

By the end of 2004 the surge of global goodwill America had enjoyed in the immediate aftermath of 9/11 had evaporated. Too many dead bodies had piled up, for one thing: in addition to the thousands of American and allied military personnel killed in Iraq, Afghanistan and other far-flung outposts of the global war on terror, hundreds of thousands of Afghans and Iraqis were dead. By overseeing the indefinite detention of terrorist suspects and the use of torture, the Bush administration had also squandered any claims to moral leadership: once viewed, images of naked Iraqi prisoners piled into human pyramids couldn't easily be unseen.

But the self-inflicted damage continued after Mr Bush left office. Although President Barack Obama rolled back many of the Bush administration's most egregious policies, such as the use of torture, the "forever war" proved difficult to end. Mr Obama acknowledged that playing whack-a-mole with terrorists wasn't a sustainable strategy, but he couldn't seem to stop; he expanded the use of drone strikes and other targeted killings of terrorist suspects around the world. Like the Bush administration's use of torture, the targeted killings programme, which continued under Donald Trump and Joe Biden, was notably lacking in meaningful due process. The executive branch insisted it had the right to kill anyone, anywhere, at any time based on classified evidence it declined to disclose, essentially declaring itself judge, jury and executioner.

The 9/11 attacks reverberated domestically as well. The 2001 PATRIOT Act was just the beginning: surveillance and detention authorities continued to expand, and surveillance technologies developed on the battlefield were later adopted by police at the federal, state and local levels. Legal doctrines developed in the context of national-security-related issues increasingly found their way into ordinary civil and criminal cases. As a quiescent Congress ceded ever more power to the executive branch, "emergency" authorities granted in the wake of 9/11 became permanent.

Just as perniciously, America became a nation defined by fear and mutual suspicion. Jolted out of their pre-9/11 sense of invulnerability, citizens turned on one another. Islamophobia and xenophobia rose. Conspiracy theories spread: the attacks were an inside job, or an Israeli plot, or planned by Wall Street elites who profited from insider trading. Political polarisation increased, too. By 2014 more than a quarter of Democrats and more than a third of Republicans saw the other political party as a "threat to the nation's well-being". Far-right and white-nationalist groups gained traction.

Of course, 9/11 wasn't the sole cause of America's democratic decline, but it helped create the legal, political and psychological conditions in which that decline accelerated. By 2015, when a certain New York reality-TV phenomenon began his rise to power, we were already a nation ripe for authoritarian takeover from within. Weakened by internal division, with a populace habituated to executive overreach and violations of due-process

norms, what chance did American democracy have against an authoritarian in the White House?

By the time a violent right-wing mob stormed the Capitol on January 6th 2021, it had become clear that the gravest, most existential threat to American democracy wasn't a vicious and homicidal band of Islamist extremists. It was our own citizens, goaded by an autocratic president to whom we had handed vast powers.

In 1776 the American colonists rebelled against what they saw as the arbitrary and tyrannical British monarchy. As we approach America's 250th birthday, it's hard not to imagine Mad King George gazing out at Donald Trump's America—and laughing. ■

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The Americas

- [The World Cup will test Mexico's control over its territory.](#)
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The Americas | An ugly game

The World Cup will test Mexico's control over its territory

Donald Trump, who says the government is too weak to combat the drug gangs, will be watching

June 11th 2026



When the World Cup kicks off on June 11th, Guadalajara is eager to show visitors more than tequila, mariachi and tortas ahogadas, the spicy sandwich for which the city is known. The capital of Jalisco state—motto: “Jalisco is Mexico”—it is also a hub for technology, innovation and foreign investment. “We know Guadalajara is currently in the world’s spotlight,” says Monserrat Hidalgo, head of the local organising committee for the competition.

The tournament will be the most-watched sporting event ever, with 104 matches spread across 16 cities in three countries. The United States will host 78 matches, with only 13 each in Canada and Mexico. Mexico, which

will host matches in Monterrey and Mexico City, as well as Guadalajara, is attracting particular scrutiny. The country is one of [the world's most violent](#). Criminal groups control territory, extort money from businesses and are capable of paralysing entire cities. In February, after special forces killed Mexico's most-wanted drug boss, Nemesio Rubén Oseguera Cervantes—better known as El Mencho, the leader of the Jalisco New Generation Cartel—gangsters brought parts of Guadalajara to a standstill, blocking the roads with burning lorries. Mexico is the third-most-dangerous country ever to host the competition, after South Africa and Brazil. Forty-four people were murdered on average every day in May.

Despite these facts, the gangs themselves are not the biggest security risk facing the tournament. Criminal groups have little incentive to disrupt it, says Eduardo Guerrero of Lantia, a consultancy in Mexico City. An attack on a stadium would provoke a response not just from Mexico but perhaps from the United States as well. That would be bad for business. The gangs will certainly be cashing in, but quietly, through fraud, prostitution and other illicit activities. Criminals everywhere “see the World Cup and they see dollar signs”, says Craig Timm, a former official at the US Department of Justice.

General Román Villalvazo Barrios, who is overseeing the government's World Cup security preparations, says his officials are preparing for a broad range of threats that go well beyond the gangs. The plan includes roughly 100,000 soldiers, police officers and private security guards, alongside surveillance technology and extensive cordons around stadiums and fan zones.

Security planners worry most about soft targets. The Centre for Strategic and International Studies, a think-tank in Washington, argues that the most plausible terrorist threat to the competition comes from a lone attacker or small group targeting fan zones, transport hubs, hotel districts, restaurants or queues outside stadiums. But such attacks are rare in Mexico, where spectacular violence is usually caused by gangsters rather than by terrorists. They are more common in the United States, where it is easier to get guns.

Drones are another concern. The host countries have developed a joint strategy to detect and counter unauthorised aircraft around stadiums and fan

events. Officials worry not only about sophisticated attacks but also about amateur operators causing disruption or panic.

Other risks are less dramatic but potentially just as disruptive. The three countries have developed common health protocols to watch for the spread of Ebola, measles and other diseases. Border crossings, visa procedures and immigration enforcement could also complicate travel for fans and teams. Donald Trump has already created uncertainty. After he suggested Iran's football team could play matches in American territory but not stay in the country overnight, Mexico's president, Claudia Sheinbaum, offered to host the team instead.

Mexico faces additional logistical challenges. Its infrastructure is weaker than its northern neighbours'. The main airport in Mexico City (which will host five matches) has been given a facelift, but has long been too small for the country's needs. Traffic remains notoriously bad. Protests may well cause disruption. On June 1st security forces fired tear gas at teachers demonstrating in Mexico City who were demanding salary increases; the teachers are planning more protests around the World Cup matches. Relatives of the large numbers of people who have disappeared in Mexico, probably killed or forcibly recruited by drug gangs, also hope to use the tournament to draw attention to their cause.



The preparation is worthwhile. Deloitte, a consultancy, estimates that the tournament will add \$2.73bn to Mexico's economy, about 0.14% of annual GDP, and generate more than 100,000 temporary jobs. For the weakest economy among the host countries, the World Cup also offers Mexico a rare chance to present itself as safer, richer and more modern than many outsiders assume.

But it also carries political risk. For months Mr Trump has insisted that Mexico is not doing enough to fight the gangsters operating on its territory or their drug-trafficking into the United States. He has designated several Mexican gangs as "terrorist" organisations and has repeatedly suggested that he might take direct military action against them. Relations with Ms Sheinbaum have become more strained as Mr Trump has adopted an increasingly unilateral approach.

Tension increased recently after two American officials, widely reported to be CIA officers, died in a car crash on April 19th after an anti-drug operation in the northern state of Chihuahua. Ms Sheinbaum subsequently warned the United States not to conduct unauthorised operations on Mexican soil. On April 30th American prosecutors charged Rubén Rocha Moya, the governor of neighbouring Sinaloa and a member of Ms Sheinbaum's Morena party, with helping the Sinaloa cartel to move drugs into the United States in exchange for money and political support. American authorities have reportedly revoked the visas of two other governors who are Morena members.

Mexico's 13 matches will run over the next month; the last one will be in Mexico City on July 5th. Any foul-ups—whether because of organised crime, a drone, a protest, a border dispute or a transport failure—will not be judged in isolation. The worry is that they will become grist for Mr Trump's argument that Mexico cannot control its own territory. For Ms Sheinbaum that, not drug gangs, is the World Cup's biggest risk. ■

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What happens when a presidential vote is a dead heat?

Peru, looking for its ninth president in a decade, is in a tight spot

June 11th 2026



Peru often marches to a different beat from the rest of South America. When its neighbours were run by right-wing military dictatorships in the 1960s and 1970s, a leftist general was in charge in Lima. In the 1990s, Peru veered into electoral authoritarianism while others were consolidating democracy. It first elected a left-wing leader long after the “Pink Tide” of the early 2000s—which saw leftists win power across Latin America—had crested.

This year, Peru might at last fall into sync with the rest of the region. After Argentina, Ecuador, Chile and Bolivia turned right, political analysts asked if Peru would be added to the list of countries with Trump-aligned leaders. Conditions seemed ideal. The left had been discredited by the hapless

presidency of Pedro Castillo, while an explosion of gang violence had made law and order the most pressing issue for voters. Peruvians voted in a run-off between right-wing Keiko Fujimori and the left-wing Roberto Sánchez on June 7th.

Ms Fujimori, on her fourth straight run for the presidency, led opinion polls for most of the campaign. In the final stretch, though, Mr Sánchez tacked to the centre and closed the gap. The votes are split nearly evenly between the two. At first Mr Sánchez held a slim lead. But on June 11th, as *The Economist* went to press, with 98% of the vote counted, Ms Fujimori had slipped ahead by just 651 votes out of 18m. She pulled ahead as ballots came in from abroad, which broke for her disproportionately. The betting platform Polymarket gave her a 97% chance of victory.

Neither candidate is popular. Ms Fujimori is best known as the eldest daughter and political heir of Alberto Fujimori, an autocrat who oversaw human-rights abuses while in government between 1990 and 2000. Mr Sánchez, meanwhile, centred his campaign on pardoning Mr Castillo, who was convicted last year for attempting to close down Congress and rule by decree in 2022. While their core supporters propelled them to the run-off, more Peruvians cast blank or spoiled ballots in the first-round than voted for either candidate.

Ahead of the run-off, voters struggled to assess who would do the least damage. One podcast dedicated an episode to the question “Who is more of a coup-monger?” Some voters bought dollars ahead of the vote. Despite frequent bouts of political upheaval, Peru’s mining-powered economy has remained stable largely thanks to high copper and gold prices and investor-friendly policies enshrined in the constitution, which Mr Sánchez wants to replace.

If she does win, Ms Fujimori will lack the mandate enjoyed by her father and the region’s more populist leaders, who beat their rivals with the support of millions. Peru’s next president will take office with a margin of victory so small that all of its voters could fit in a football stadium. Her party is also expected to wield less power in the next Congress—sufficient to shield her from impeachment but not to pass ambitious reforms.

Recounts and legal wrangling could easily drag on into July. Fortunately, Peruvians have learned to shrug off political uncertainty. Three of the four tightest presidential elections in Peru's history took place in the past decade, according to an electoral expert, Fernando Tuesta. Ms Fujimori lost the last two by a quarter of a percentage point. After her 2016 defeat, she embraced the role of opposition leader with zeal, using her party's congressional power to chuck out four out of the next eight presidents. "I don't even remember our current president's name. Velasco? Balazar?" says Hernán Santos, a taxi driver in Lima. (The answer: Balcázar.)

Ms Fujimori's persistence has forced Peruvians to rehash debates about her political dynasty. Many headed to the polls with the enthusiasm of the protagonist in "Groundhog Day". "I hope I live long enough to see an election without Keiko," says Victoria Ramos, a 55-year-old newspaper vendor who nonetheless voted for her hoping she would rein in crime. "I want her to be like her father and bring order."

While Ms Fujimori promised military-run mega-prisons and deportation of immigrant criminals, Mr Sánchez cast a "corrupt-mafia pact" as the ultimate source of chaos, claiming that laws which Ms Fujimori's party helped to pass had weakened the fight against organised crime. Speaking to The Economist, he suggested that Donald Trump did not endorse Ms Fujimori because the Americans "did their homework. They know very well that this level of instability is unforgivable and who's responsible."

While he accused Ms Fujimori of seeking impunity for her friends, Mr Sánchez excused Mr Castillo's 2022 power grab as a "politically understandable" act of desperation. He claims that he would not follow the same path if elected and obstructed by Congress. Instead, he would insist on dialogue, encouraging protests if needed.

Ms Fujimori is already a magnet for protests across southern Peru, where voters blame her for propping up an interim president whose crackdown killed 49 civilians. If elected, she could struggle to contain her detractors while making good on a "reservoir of promises from four campaigns", says Mr Tuesta, the analyst. "If she can't deliver quickly, the streets will mobilise." ■

Correction (June 10th): A previous version of this article slightly understated Ms Fujimori's margin of defeat in the past two elections.

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The Americas | Castles made of sand

Techno-libertarians are flocking to the Caribbean

Angry locals are trying to shut them down

June 11th 2026



THE ISLAND of Nevis, a sleepy speck in the eastern Caribbean, is up in arms. Last year Olivier Janssens, a Belgian crypto billionaire who acquired local citizenship through investment, surprised his 13,000 fellow islanders by declaring the construction of a huge, futuristic enclave. If approved, the “Destiny” project will span a tenth of the island and accommodate 10,000 new residents with their own currency and courts. It would be the “Monaco-Dubai of the Caribbean”, according to Mr Janssens. Locals are outraged. “You’ve got to be crazy,” says Glendale Herbert of the Nevis community foundation.

The Caribbean has become a mecca for libertarian enclaves over the past decade. A constellation of so-called special jurisdictions rings the basin,

from charter cities to blockchain-based collectives. “This is where the most daring experiments are taking place,” says Vera Kichanova of the Free Cities Foundation, an American think-tank. Their promoters are typically Western eccentrics and tech bros fleeing red tape and “woke” politicians.

Such ventures have a troubled history. In the late 20th century a string of American businessmen tried to establish nations in the Caribbean. In the 1970s a New York skin-care magnate launched “Operation Atlantis”, towing a cement-iron boat to the Bahamas and declaring independence. It quickly sank. In the 1980s a fugitive Wall Street fraudster thought he might escape justice by buying half of Barbuda and turning it into an independent principality. In 1999 a grifter from Arizona proclaimed ownership of a submerged atoll off the Cayman Islands and named it New Utopia.

Newer projects are less fanciful. Most are “special-lifestyle zones”, says Ms Kichanova. CryptoCity, a private town being built on the Venezuelan island of Margarita, is primarily residential. The “Veritas Villages” being set up by a Canadian entrepreneur in Nicaragua, Panama and Costa Rica are resorts with odd branding. After failing to forge an anti-statist collective on a Bitcoin-funded cruise liner, seastealers in Panama now plan to build floating homes called SeaPods.

A project called Próspera is an exception. Established on the Honduran island of Roatán in 2017, its American founders have used a loose tax and regulatory framework to attract fintech, biotech and robotics startups. It is backed by venture capitalists including Peter Thiel and Marc Andreessen as well as Sam Altman, the boss of OpenAI. Labs there run trials outside American regulatory purview, including treatments for Alzheimer’s and cancer, weight-loss drugs and neural implants. The enclave has its own legal system, called Ulex, which allows firms to choose the regulations which apply to them.

Proponents argue that these projects help locals by boosting employment and competing with shoddy elected governments. Most sit on fallow land and produce their own energy from renewables. Some opponents weaken their case by being alarmist—a common claim is that zones harbour sex-trafficking rings. Others seem nostalgic. “People are flailing against the idea

because they're stuck in what we used to do," says Mark Brantley, premier of Nevis and a big supporter of Destiny.

Yet some of the criticisms are valid. The zones pay little tax and rarely house locals. For entities obsessed with sovereignty, they can be flippant about assailing it. After the Honduran Supreme Court's ruling that the legislation authorising the development was unconstitutional, Próspera sued Honduras for \$11bn—two-thirds of its annual budget. In April Honduran media published recordings in which Honduras's former president, Juan Orlando Hernández, appears to discuss the terms of the deal under which Donald Trump pardoned his conviction for drug-trafficking. In exchange for his release, he seems to say, his National Party was to grant Próspera more land and regulatory perks. (Mr Hernández has said the recordings are "false".)

Nevisians worry that Destiny may go further. It is unclear whether its 10,000 supposed residents would get a vote. Those against the project fear that if they did, it would let them use a constitutional path to unilateral secession from St Kitts, its federal partner. "This represents to us on Nevis the single greatest threat to our existence ever," says Kelvin Daly, an activist in Charlestown, the island's capital.

And yet those like Mr Daly who oppose the libertarian zones are not making much progress. One reason is changing political winds, as a crop of right-wing pro-business leaders take power across Latin America. Another is money. Próspera pays its workers a premium above the Honduran minimum wage. The Veritas Villages claim to have an education and health-care charity called Help Them Help Themselves. In April Destiny offered every resident of Nevis \$100 a month if the development goes ahead, on top of a slice of future profits. The estate agent handling Destiny's land purchases is Mr Brantley's wife.

Demand is rising. Nice weather and loose laws are obvious draws, while the Iran war is forcing rich people to reconsider the safety of the Persian Gulf. The renaissance in charter cities began after the financial crisis of 2007-09. Their recent proliferation is probably linked to dissatisfaction with traditional governance, says Paul Romer, former chief economist of the World Bank and an early figure in the movement. Hondurans and Nevisians are bracing for the consequences. ■

Asia

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An interview with South Korea's president

Lee Jae Myung has put his country on track again, but challenges loom

June 11th 2026



THE TILED roof of the Cheong Wa Dae complex in central Seoul gives the building its colloquial name: the Blue House. Generations of political leaders in South Korea called it home until Yoon Suk Yeol, then the president, decided to move out in 2022, giving a hint of the turbulence to come under his rule. Following Mr Yoon's [declaration of martial law in 2024 and his subsequent impeachment](#) last year, South Korea's new president, Lee Jae Myung, moved back in, signalling a restoration of normality. In an interview with The Economist in one of the Blue House's opulent reception halls, Mr Lee projects calm. His country can "move beyond this normalisation of the abnormal" he declares, plausibly. He is less convincing in suggesting it could "develop into a nation that leads the world".

Mr Lee has reason to be confident. A year after taking office, his approval rating remains around 60%, among the highest for a South Korean president at this stage. Voters give him credit for the political stability. He is fortunate for being in office during a scorching stock market rally. Mr Lee has also managed to deftly steer South Korea's relations with notable powers, including America, China and Japan. Yet, as Mr Lee looks ahead to the rest of his five-year term, challenges loom.

After Mr Yoon's declaration of martial law in late 2024, the country cycled through three acting presidents. Mr Lee, as opposition leader, galvanised resistance to the move. In office his lively social-media presence and habit of live-streaming cabinet meetings appeal to voters. It has not hurt that the conservative opposition People Power Party (PPP) [remains in thrall to the disgraced ex-president](#). In local elections on June 3rd, candidates from Mr Lee's Democratic Party (DP) took 12 of 16 big mayoral and gubernatorial jobs (though the conservative incumbent in Seoul held on).

Somewhat unexpectedly for a left-winger with a background as a labour lawyer, Mr Lee campaigned on a promise to boost capital markets. He called for reforms to corporate governance to help raise the country's main equity index, the KOSPI, from under 3,000 to 5,000 within his five-year term. Mr Lee was lucky to take office amid [an AI gold rush in which South Korean tech giants, such as Samsung and SK Hynix, profit by making memory chips](#). The KOSPI has nearly tripled over the past year, reaching record highs of over 8,000.

Mr Lee has lived up to his [promise of pragmatism in foreign policy](#) as well. Leaders from the DP generally favour engagement with North Korea and warm to China to make that easier to do; they also typically have tetchy relations with Japan, the former colonial overlord. Mr Lee has stabilised relations with China without seeming obsequious. Most consequentially, he has forged a bond with Japan's right-wing prime minister, Takaichi Sanae, born of a shared understanding that the neighbours must get along in the face of a more assertive China and a less reliable America.

Relations with Donald Trump could have been awful. Mr Trump has often railed against South Korea as an ungrateful ally. But Mr Lee's government has pledged to raise defence spending to 3.5% of GDP (from 2.7% last

year); it also wants to take greater responsibility within the alliance's command structure. "When it comes to the defence of our nation, we must take matters into our own hands," Mr Lee says. Pete Hegseth, America's secretary of war, now calls South Korea a "model ally".

Mr Lee entered office amid negotiations over Mr Trump's "liberation day" tariffs. South Korea struck a deal for tariff relief in exchange for a \$350bn investment pledge, with caps on annual outflows to limit the damage to the local economy. Mr Lee also slid several long-standing security goals into the package, gaining the American president's blessing for South Korea to possess nuclear-powered submarines and to develop the capacity to enrich and reprocess nuclear fuel. He insists it will be used only to enrich to the low levels needed to power atomic reactors, and that it is "not desirable nor realistic" for South Korea to get its own nuclear weapons. Nonetheless, having enrichment facilities will bring it a big step closer to [being able to build the bomb](#), if it ever decides to.

Implementing the deals reached with the mercurial American president is the first big challenge looming over the rest of Mr Lee's term. Last week American officials visited South Korea to continue talks over nuclear issues. Big gaps still need to be bridged, not least over the question of where the subs will be built. (Mr Trump wants them made in America.) Congress would have to agree to giving South Korea nuclear-enrichment rights.

South Korea's position would be a good deal less precarious were it not for the nuclear-armed neighbour to its north. Mr Lee, in keeping with DP tradition, has made every effort to reach out. But North Korea, which in recent years has taken to calling South Korea a "hostile state" and is now enjoying the fruits of a new alliance with Russia, has shown no interest in talking to the South. Mr Trump's "unique personality" can be "very helpful" in the current situation, he says. Kim Jong Un, North Korea's dictator, says [he will meet Mr Trump only if the long-held goal of "denuclearisation" is off the table](#) (see China section). Following the war in Iran, North Korea will be even less inclined to give up its arsenal, Mr Lee notes.

More problems lie ahead at home. While AI-related investment has thus far lifted South Korean equities and Mr Lee's political fortunes, his standing would suffer if the market dips. Even if the boom continues, it will raise

[hard questions about how to share newfound wealth equitably](#). Mr Lee says that the rise of industries generating extraordinary profits may require a rethink of tax and distribution systems, and that using a portion of those excess profits to support consumers' purchasing power through a basic income could be a useful option. He has also called for more balanced growth among different regions, pushing chipmakers to build supply chains in less developed corners of the country. As part of that agenda, he wants to move part of the presidential administration out of the Blue House and to an administrative centre south of Seoul.

Mr Lee's own future is also uncertain. He entered office with five trials hanging over his head, related to his earlier spells as a mayor and governor. Mr Lee calls these prosecutions politically motivated. They have been put on hold while he is in office, but seem sure to re-emerge once he leaves. Since the country's democratisation in the late 1980s, more than half of South Korea's presidents have been impeached, jailed or both. Mr Lee acknowledges that the possibility of something similar happening to him is "pretty high". His legacy will thus in part depend on whether he can break the curse of the Blue House. ■

Clarification (June 10th 2026): Due to an inaccuracy in translation, an earlier version of this article misstated Mr Lee's position with regard to the possible use of excess profits.

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Asia | A chicken and egg problem

Asian activists say too much egg production is cruel

They are hatching ingenious schemes

June 11th 2026



PEOPLE WHO farm eggs in Asia are on a roll. Across the continent egg production has quadrupled in three decades. The region now accounts for almost two-thirds of global output. Much of the growth is coming in developing countries, where demand for cheap protein is soaring. Between now and 2034 egg consumption is forecast to rise by around 30% in India and 20% in Indonesia.

Yet what has been good for humans has been much worse news for birds. For years the region's eggs came from hens raised in backyards or on small farms; today they are much more likely to flow from big industrial operations. At one such complex outside Surabaya in Indonesia—

surrounded by paddy fields and forest—some 60,000 hens lay many millions of eggs a year. They are cooped up in rows of battery cages that stretch almost as far as the eye can see. Each bird occupies a space smaller than a laptop, where she will spend most of her short life.

Several countries in Europe have banned battery cages, as have a number of states in America. In Asia, by contrast, around 89% of the region's commercial laying hens are raised in cages, compared with 55% in America and 16% in Britain. Factories that go cage-free need a lot more space, which can increase costs by 20-40%. Few consumers in India or Indonesia are willing to shell out that kind of a premium. Nor have governments much appetite to intervene. Many officials see factory farms as a much-needed boost to agricultural productivity, and eggs as essential food for growing populations.

Around the region people are busily trying to crack the problem. Many businesses that are keen to buy cage-free eggs, such as posh hotels, struggle to get hold of them. The “cage-free credit”, pioneered by Global Food Partners, a consultancy in Singapore, seeks to address this. The companies in its scheme buy cage-free eggs when they realistically can. When they cannot, they buy eggs from cages—but at the same time they also buy a credit, the proceeds from which are used to help farmers somewhere in their region go cageless. This is a rare example of a smart policy that genuinely boosts animal welfare, argues Elissa Lane, a co-founder of the outfit.

The idea is slowly starting to take flight. A number of big companies in India, Indonesia, the Philippines and Vietnam have bought or signed up for cage-free credits. They include the Asian arms of major food firms such as Compass Group, Kellanova and PizzaExpress. In April Compass's Indian operation bought enough credits to offset 4m caged eggs.

In time technology could also offer ways to make egg production less irksome. In-ovo sexing, which detects and culls male embryos before they hatch, tackles the grim practice of killing male chicks (useless to egg producers) at birth. In parts of Europe, where culling is banned, this technique has already spared 110m chicks, reckons Innovate Animal Ag, an American think-tank. A pilot began in Australia last month. The most radical solution would be to do away with the hen altogether. In 2022 Float Foods, a

Singaporean firm, hatched OnlyEg, Asia's first commercial plant-based whole-egg substitute—complete with a legume-based yolk. Vegans cannot get un oeuf of them. ■

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Can India's cockroach party become a political movement?

The government is betting that the answer is no

June 11th 2026



ABHIJEET DIPKE, the founder of the Cockroach Janta Party, predicted that when he landed at Delhi airport he would be arrested and the protest he had planned would be banned. That might have sounded a bit dramatic for a man who, a month ago, was posting memes from his home in Boston, in America. But Mr Dipke has accidentally found himself at the helm of a movement. His party, which began as a joke in response to a nasty comment made by the Supreme Court of India's chief justice about the country's jobless young, has attracted millions of followers. As it went viral, the Indian government's first response was to try to squash it.

Once Mr Dipke landed on June 6th, however, it became clear that the government had adroitly changed tack. The Delhi police swiftly granted him permission to hold the rally. A jetlagged Mr Dipke, a 30-year-old communications professional, proceeded to a protest site in central Delhi. By midday there were perhaps one or two thousand people there, mostly young, many filming themselves. They drummed and chanted slogans, calling for the education minister to resign because of scandals involving botched exams. Mr Dipke held aloft an autobiography by B.R. Ambedkar, a Dalit leader, and gave impromptu speeches that were inaudible. At one point he appeared to faint, hardly surprising given the sweltering heat.

The grievances that Mr Dipke has tapped into run deep and wide. Like many young people across India, the protesters were angry about a lack of jobs and an education system that can often seem designed to crush their aspirations. Many complained that those in power are unaccountable, and suppress dissent. Naveen, who had travelled from Jaipur, said the problem was not the education minister but “the whole system”. Arvind Singh, from Chandigarh, said that the nascent party had given angry but fearful youngsters the confidence to speak out. “When something gets too big organically, it comes and bites you back,” he said. Both wore cockroach masks. “We are cockroaches!” the crowd chanted.

Mr Dipke has promised more rallies across India. He has plenty of discontent to draw on and a powerful symbol, which counts for something in Indian politics. But his movement is inchoate. It has no real organisation (the turnout in Delhi was surprisingly small), it lacks a coherent message, and it is not clear that Mr Dipke will have the skills to turn a burst of anger into a movement. Those in power seem to doubt that it will be any more than a minor pest. It is up to the cockroaches to prove them wrong. ■

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Asia | The other parent

Japan is rethinking its divorce laws

A move to introduce joint custody marks a big shift

June 11th 2026



WHEN SHIBAHASHI SATOKO divorced her husband a decade ago, she did not want her ten-year-old son to see his father. The break-up had been ugly, and she recoiled at the thought of a reunion. Then she met another divorced mother whose child, denied access to his father, looked miserable. “I thought: what a terrible mother,” she recalls. “But then I realised I’m no better.” She called her ex-husband to arrange a meeting. He has been part of the boy’s life since.

Her change of heart mirrors a broader one. For decades Japan was the only G7 country not to recognise joint custody after divorce—so that the parent granted custody, usually the mother, could easily shut the other out. A government survey in 2021 found that only one in three children of divorced

parents had any contact with the absent parent, typically just once a month. In April, following a revision of a civil code unchanged for nearly eight decades, Japan introduced joint custody. The change reflects a profound shift in how the country thinks about family life.

Despite traditional family values, divorce is common. James Raymo, a demographer at Princeton University, estimates that at its peak in the 2000s, around a third of Japanese marriages ended in divorce, though that has eased to roughly a quarter today as people marry more selectively. Japan is among the world's easiest places to split: rather than seeking a court order, as couples must in America or Britain, a Japanese pair need only sign a form at their local ward office. Around nine in ten divorces are settled in this way.

That creates problems. Decisions over money, child support and custody are made while tempers run hot, with no neutral party to cool them. The results are bleak. Only 28% of single mothers get child support from ex-husbands. Combined with a large gender pay gap, this helps explain why the relative poverty rate for single-mother households, at 45%, is one of the highest in rich countries.

The same desire to sever ties shapes contact with the children. In principle, the non-custodial parent retains the right to see them; in practice, that contact is limited and easily withheld. Divorce in Japan, notes Allison Alexy, an anthropologist, follows a “clean break” model, in the belief that shuttling between two households harms children. When ex-spouses leave, says Ms Shibahashi, they are often treated as if they have died.

Critics point to an even bleaker consequence. Japanese courts tend to award custody to whichever parent the children already live with, creating a perverse incentive: a spouse anticipating a break-up may simply take the children first. Such “parental abductions” have become hotly debated. In 2021 a Frenchman staged a hunger strike in Tokyo demanding the right to see his children after his Japanese ex-wife took them away; but she did not relent.

Supporters of joint custody hope that the new law will help. It requires divorced parents to make big decisions—over schooling, say, or relocation—together, and puts parent-child contact on a firmer legal footing. Officials

hope that fathers with a continuing stake in their children's lives will be likelier to pay support; the reform has been paired with a new statutory child-support measure.

Opposition has come mainly from women's-rights groups, which argue that joint custody could force victims of domestic violence back into contact with their abusive former partners. The concern is by no means baseless, though a survey suggested that only 8% of divorces were caused by physical violence.

It will take time to judge the law in practice. But the direction seems right. As Ms Shibahashi puts it: "Grown-ups may fight each other, but a child should never lose a parent because of that." ■

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Money troubles are driving India's states to drink

Things are so dire that one state has produced a rational alcohol policy

June 11th 2026



Just like many humans, Indian states have a conflicted relationship with booze. The Directive Principles of State Policy enshrined in the country's constitution call on governments to “endeavour to bring about prohibition”. India celebrates its independence day, and many other public holidays, by imposing abstinence. In Kerala the first day of every month is dry. In Maharashtra drinkers must (in theory) have a state-issued permit. These attempts to cut down should be familiar to anyone who has ever woken up worse for wear and vowed never to drink again.

On the other hand, the Directive Principles are a non-binding list of aspirations likened even at independence to “resolutions made on New Year's Day which are broken on the 2nd of January”. There is always a

reason for a cheeky tipple. Pricey hotels get exemptions from dry-day rules in the interests of promoting tourism. Gujarat, a dry state since its creation, recently allowed booze to flow freely in GIFT City, a startup special economic zone it aspires to turn into a global financial centre. And nothing can replace the warm fuzzy feeling of those delicious liquor taxes. Indian states are abstemious in the streets and drunk on their spreadsheets.

In 2017 India introduced a nationwide goods and services tax (GST) to replace a baffling array of state levies. It was a much-needed reform that blended the country into a smooth single market, but left states without the ability to set taxes in response to their own needs. Partly as a result of this, their indebtedness has grown. Yet states have been spaffing plenty of money on handouts and other bungs to voters. Most of them are strapped for cash.

What to do? As with many problems, the answer is found in drink. GST left two main areas for states to tax independently: energy and booze. Raising levies on fuel is politically difficult and feeds into the prices of everything. But just a fifth of Indian men admit to drinking at all and only 1% of women do. Even before the GST reform many states saw alcohol as a convenient source of rent, raising duties and imposing labyrinthine licensing rules. After GST it became existential.

Yet taxes cannot rise too much. Consumers will switch to cheaper stuff or to moonshine (deaths from methanol poisoning are depressingly common). Nor can states be seen to loosen rules and promote drinking. Prohibition remains popular, especially among poorer women who bear the burden of their husbands' alcoholism. States must somehow raise duties, but not too much, and keep the drinks flowing, but not too freely.

It is in search of this difficult balance that Karnataka—whose capital, Bangalore, has excellent pubs—formed a committee to look into excise reform. Its draft report, recently made public, is perhaps the first document in the history of independent India to take a rational approach to alcohol. At its core is the concept of social harm and how to price it.

The report points out that, as in most Indian states, Karnataka taxes beer (with 5-8% alcohol) more than twice as much as spirits (40%). Moreover, premium brands such as Greater Than, an artisan gin, attract higher rates

than, for example, Blue Riband, a clear fluid produced by somebody who once overheard a description of gin. Their alcohol content—and the harm it causes—is near-identical. The report recommended switching to a system based on the amount of alcohol in the bottle, regardless of what it calls itself or how it is marketed, plus a form of consumption tax. This is the standard system in boozy nations from Australia to Britain.

The committee that wrote the report is silent on revenue projections, probably to avoid giving the impression that boosting takings was the chief intent. But insiders reckon revenue would surge. Karnataka's chief minister announced initial reforms even before the report was made public. And no wonder. It is a unicorn of a policy: sensible, remunerative and politically feasible. There will be losers, chiefly poor men who drink potent spirits. But the government report also suggests new measures to lower the risk that they will turn to hooch.

The reform is likely to be copied. In India's federal system, successful policies spread quickly. That will be a relief for the country's drinkers of beer, wine and premium spirits. More important, it will be a victory for common sense. And all it took to get here was a shot of concentrated financial pressure stirred into eight decades of sparkling hypocrisy. That is a sobering thought. ■

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China | A Kim-Xi summit

Nukes were off the agenda as Xi Jinping visited North Korea

China is wary of Russian influence and another Trump-Kim summit

June 11th 2026



WHEN XI JINPING last visited North Korea, in 2019, international efforts to halt its nuclear-weapons programme were still under way. China and Russia, North Korea's longtime patrons, had backed stiffer UN sanctions on the country as part of an American-led campaign of "maximum pressure" on its leader, Kim Jong Un. Mr Kim had just held two summits with Donald Trump, then in his first term in the White House. And though the second of those summits ended in failure, Mr Xi expressed hope on his North Korean visit that the process would continue, commending Mr Kim on his supposed efforts to denuclearise the Korean peninsula.

China's leader harboured no such hopes on his second visit to North Korea, which ended on June 9th. One of his priorities was to counterbalance Russian influence there, which has grown much stronger since Mr Kim sent troops to fight against Ukraine in 2024. Mr Xi also aimed to reassert China's clout as North Korea's primary economic partner in case Mr Trump renews his diplomatic outreach to Mr Kim, as many observers expect. Some even speculate that Mr Xi may have been [conveying overtures from Mr Trump](#). But stopping North Korea's nuclear-weapons programme—which is far more advanced than Iran's—appears to have fallen off China's agenda. That could hinder any new American bid to disarm Mr Kim.

Neither China nor North Korea mentioned denuclearisation in their official accounts of the visit. Instead they emphasised the historical ties between the two countries: the pair fought together in the Korean war and then signed a mutual-defence treaty in 1961. Mr Kim said strengthening the relationship was “the most important top-priority strategic work” and pledged to support China's claim to Taiwan. Mr Xi said they reached an “important consensus”. He called for closer economic and military ties and stronger strategic co-ordination.

Russia's president, Vladimir Putin, is partly to blame for China's shifting priorities. In exchange for help tormenting Ukraine, Russia has provided financial and other assistance that has bolstered North Korea's economy and military build-up. The two countries have signed a new mutual-defence treaty. In addition, Russia has in effect accepted North Korea's nuclear status. Sergei Lavrov, Russia's foreign minister, has called it a “closed issue”.

All this unsettles Mr Xi, despite his own support for Russia's war. Like Mr Putin he has long worried that regime collapse in North Korea could lead to a unified, pro-Western Korea with American troops (of which there are 28,500 in the South) on his eastern borders. Yet Mr Putin does not appear to share Mr Xi's concern about North Korean aggression against the South, one of China's big foreign investors and trade partners. Nor, it seems, does Russia worry, as China does, that North Korea's nuclear threats could help convince Japan and South Korea (both American allies) to acquire their own atomic weapons.

Mr Xi still worries about those risks, according to Chinese experts. But they say he has concluded that China cannot use its leverage to convince Mr Kim to renounce his nuclear programme without risking economic collapse there. And America cannot risk a military strike on North Korea. Since 2019 Mr Kim has not publicly committed to denuclearisation; he has tested more than a dozen intercontinental ballistic missiles; and America's war against Iran has probably intensified his determination to retain his nuclear arsenal.

On the eve of Mr Xi's visit, Mr Kim's powerful sister, Kim Yo Jong, declared that North Korea's nuclear-armed status is "irreversible". Experts believe North Korea has 50-60 warheads and South Korean officials reckon it creates enough fissile material for an additional 10-20 annually.

China has not completely abandoned its denuclearisation hopes but faces "extremely severe practical challenges" to achieving that goal, said Niu Xiaoping of the Shanghai Institutes for International Studies, a think-tank affiliated with China's government, in an interview with the government-linked China Review News Agency. Those challenges include Mr Kim's rejection of such efforts and South Korea's continuing debate about developing nuclear weapons or hosting American ones, she said.

China's tacit acceptance of North Korea's nuclear status started to become clear last September, when official Chinese readouts of Mr Kim's meeting with Mr Xi in Beijing did not mention denuclearisation, as they had after previous encounters. When Mr Trump visited China in May, the White House said he and Mr Xi "confirmed their shared goal to denuclearise North Korea". But China said only that they discussed the Korean peninsula. And when [Mr Putin visited Beijing](#) a few days later, a joint statement made no reference to denuclearisation and expressed opposition to sanctions or military pressure on North Korea.

As well as counterbalancing Russia, China hopes to complicate American military planning, says Tong Zhao of the Carnegie Endowment for International Peace in Washington. Mr Xi aims to exploit tensions between South Korea and America, which wants its own forces there to focus more on China, while South Korean forces shoulder more responsibility for the threat from the North. China is also keen to gain access via North Korea to the Sea of Japan, says Mr Zhao. Although China has recently tried to revive

its economic links by improving cross-border infrastructure, Mr Kim appears to have been slow-rolling those efforts. Direct flights and train journeys between Beijing and Pyongyang, which were suspended during the pandemic, resumed in March. But North Korea has yet to let Chinese tourists return.

Mr Xi also seems to think he can handle the regional fallout from North Korea's de facto nuclear status. Chinese experts say that, by tacitly acknowledging it, China is unlikely to upset relations with South Korea. The left-wing government in Seoul supports engaging with Mr Kim (who exhibits no interest in reciprocating), and taking a [staged approach to denuclearisation](#). Some Chinese scholars suggest China could tolerate a nuclear-armed South Korea. That is because China hopes that, if South Korea develops the weapons, they would not be directed at Chinese targets and that South Korea's alliance with America might weaken. China would be far less tolerant of Japan acquiring atomic arms, but thinks it is less likely because of domestic opposition there.

The big question now is what Mr Trump could offer to bring Mr Kim back to the negotiating table. Since returning to office, America's president has referred casually to North Korea as a "nuclear power" and said he is willing to meet Mr Kim. His administration's first National Security Strategy did not mention North Korea and, though its National Defence Strategy did, it made no mention of denuclearisation. But Mr Kim insisted in a speech in September that for talks to resume America must explicitly drop its demand for North Korea to denuclearise.

In his first term, Mr Trump hinted that North Korea's failure to commit to that goal could prompt American military strikes. Today America is bogged down in the Middle East; North Korea has more than enough nuclear firepower to deter an attack; and with Russia and China back on his side, Mr Kim's bargaining position has never looked stronger. ■

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China | Fewer and smarter?

China's notorious university-entrance exam is changing

Demography and AI are set to transform the gaokao

June 11th 2026



ON JUNE 7TH millions of young Chinese stepped into exam halls to take the gaokao, China's gruelling national university-entrance exam. The results will decide where they can study and thus the calibre of job opportunities that follow. For many, it will have been a once-in-a-lifetime shot to move up in Chinese society.

Two things were different about this year's iteration of the exam. One is that whereas in the past few decades, the number of test-takers was largely rising, now it appears to be in decline. The other is the increasingly pervasive use of artificial intelligence. The two trends will change how the young are educated in China over the coming years.



Official data show there were 12.9m registrations to take the gaokao this year, down from 13.4m in 2024 and the second consecutive year of decline (see chart). Though China has reached peak gaokao, however, it has not yet reached peak 18-year-olds (the average age of students taking the exam). One reason for the lower participation may be that reforms have made it harder for university hopefuls to do resits. Another could be high youth unemployment of around 17%. The sea of graduates struggling to find jobs may be putting some youngsters off the idea of university altogether.

Down the line, the decline will gather pace. This year's cohort of gaokao-takers were mostly born in 2008, a year of 16.1m births. By 2025 births had more than halved, to just 7.9m. The demographic cliff is already visible in nurseries, which saw pupil numbers plummet from 46m to 32m between 2022 and 2025. Numbers in primary schools have also started to thin. Inevitably, over time, secondary schools and then colleges will follow.

The impact of AI is being felt much faster. A survey of 322,000 students last year by the China National Academy of Educational Sciences, a state-affiliated think-tank, found that 85.6% of them had already tried using AI to complete their homework. On popular apps such as Zuoyebang ("Homework Help") and Yuanfudao ("Ape Tutoring"), pupils snap photos of questions and AI walks them through the solutions. (Teachers are using similar

technologies to help mark homework.) In the run-up to the gaokao, Chinese AI firms barred their chatbots from solving exam questions in a bid to prevent any would-be cheaters from using them. When the results come out later this month, many will also use AI to advise which university and subject to select to maximise their chances of admission.

The government has big plans for AI in classrooms. In some rich places, change is already under way. Since the autumn term last year, all 1,400 primary and secondary schools in Beijing have rolled out lessons on “AI general education”. In Hangzhou, the centre of China’s AI boom, students vibe-code applications, play with robots provided by Unitree, a robotics startup, and use AI to generate paintings in the style of Van Gogh.

Many in China are worried about the possibility of AI making the education system outdated. Studying still consists of much rote memorisation and grinding through thousands of practice questions, tactics designed with the gaokao in mind. Some parents think it all looks rather concerning when knowledge is available from a chatbot prompt. But others also worry that AI will make education less effective. Ms Luo, a mum in Shanghai, let her son try the technology, but before long found that he was just copying the solution generated by AI, rather than trying to understand it. His grades have fallen. Ms Yang, fresh from finishing her gaokao, says AI was helpful for revision but worries it could weaken her writing skills.

The double whammy of demography and AI will squeeze teachers and tutors alike. Demand for them will fall as pupil numbers shrink. At the same time, advocates of AI say their systems will provide infinite knowledge and endless patience on demand—at a fraction of the cost of real tutors. Those who teach English are especially worried. AI can already speak the language more fluently, and without an accent, than many of them. As a result, some exasperated parents ask why they are paying humans for help with the language.

There may yet be advantages for teachers. As many as 60 pupils have to squeeze into a single classroom in China; AI might be able to provide tailored instruction in ways that teachers never could manage. But there will always be a need for human interaction, believes Mr Shi, a former maths teacher at New Oriental, a large tutoring company. Successful teachers are

those who can connect emotionally with their pupils and so motivate them.



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China | Driving at the limits

In China ride-hailing work is a last resort for rural labourers

But now Shenzhen says it has too many of them

June 11th 2026



FEW CITIES in the world have been kinder to migrant workers than Shenzhen. The southern Chinese megacity of 18m was built by many such in the 1980s, when a sleepy town was picked by leaders in Beijing as a test-zone for economic reform. Since then people from the interior have poured in to work in factories, wash dishes and drive taxis.

But Shenzhen is reaching its limits. Its city government declared for the first time on May 30th that its ride-hailing industry was officially saturated. At the end of April there were more than 140,000 cars licensed to provide Uber-like services and almost 400,000 drivers. They manage to get an average of only 13.1 fares a day (local drivers say a decent day involves 30

fares). With a minimum fare of just ten yuan (\$1.48) per ride, this falls far below subsistence levels for these workers, who almost invariably come from other areas of the country.

Ask any cabbie in the city and they will explain the problem in vivid detail. The economy is in rough shape, says one, whose surname is Jun. Squeezed locals are therefore becoming more reluctant to take long cab rides, pushing down overall demand for the service. But the real killer is the over-supply of drivers. Ride-hailing is a top fallback for people who lose their jobs. Just about anyone with a driver's licence and the wherewithal to rent or borrow a car can have a go at it. Across the country around 7.5m people, mainly young men, have done so.

Shenzhen's decades-long embrace of migrants makes it a top destination for them. Driving is particularly attractive to poor rural workers in big cities because their cars can double as flats; drivers living in their cars have become an increasingly common phenomenon. The prospect of higher, more frequent fares funnels migrants to prosperous coastal areas. This is why, Mr Jun says, the local market has been flooded with drivers.

Shenzhen is not the only city facing a cabbie glut. Shanghai has restricted permits for ride-hailing in the past. Guangzhou, another megacity near Shenzhen, has issued similar warnings. Beijing is trying to reduce its population and makes it hard for outsiders to up sticks and move there.

Migrants' quests for employment in such an entrepot may be a worrying sign of things to come. One of the main engines of China's future economic growth will be its service industry. Migrants should fuel the supply of service workers in its biggest, richest cities, whether they wait tables or drive cars. Leaders in Beijing have grown wise to this, points out Guo Shan of Hutong Research, an advisory firm. Once they hoped that hundreds of smaller cities would attract newcomers instead of adding to the urban sprawl of the megacities. But they struggled to do so, and a central-government plan released last year aims to boost the population in the biggest cities instead, Ms Guo says.

The plan will work only if the biggest cities can absorb migrants. But many are giving up on their dreams of a better life elsewhere. In 2025 it seems that

a record number of migrants sought jobs in cities only to return home, according to Gavekal, a research firm. Among them is Mr Li, who drives a cab in Shenzhen. He intends to retire and return to Hunan province, hundreds of kilometres to the north, later this year. The economy there is even rougher, but prices are much lower. With the money he has saved over the past decade in Shenzhen the hope is that he has no trouble becoming a rural resident once more. ■

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China | Chaguan

A dropout-turned-influencer shakes up Chinese science

Fraud is rampant—but his videos mean everyone is now talking about it

June 11th 2026



HE HARDLY SEEMS the guy to shake China's scientific establishment. Geng Hongwei is a PhD dropout-turned-influencer. He posts technical videos for a general audience, leavened with cartoon memes. But in April his words, aimed at cancer researchers at a top Chinese university, triggered an earthquake. "I hope you'll take academic fraud more seriously in the future," he deadpanned, before demonstrating that the scientists had faked their data—and clumsily.

Two months later the aftershocks are still being felt. It was the first in a series of videos by Mr Geng detailing academic misdeeds. His revelations have cost three universities their life-science deans and raised questions

about how much fraud lurks in Chinese research. He has also revealed something about Communist Party rule: despite its obsession with control, space for criticism of institutions occasionally still opens. It is tough to know in advance how far one can push, and Mr Geng himself seems to be bumping into limits.

On a recent morning Chaguan spoke to Mr Geng. From his home in Siping, a rustbelt city in China's north-east, he explained how he became a science whistleblower. Stuck in his dorm during the covid-19 pandemic and eager to make money, he started dabbling in social media. He called his account "Classmate Geng", or Geng Tongxue, as he is known today, and posted videos that resembled chats with university pals: about new research, grad-student life and annoying supervisors. He started to amass followers.

The son of a poor migrant worker and saddled with debt, Mr Geng is admirably forthright. His doctorate had him on track for a "mediocre" job at a basic wage. Revenues from social media promised more. "I just wanted my own life to be better," he says.

Mr Geng has honed his instinct for topics that play well online. When he came across a paper with dubious figures in April he publicised it. The paper was produced by a team under the life-sciences dean at Shanghai's Tongji University, a top institution. The research on slowing cancer growth had received national funding. And it appeared in *Nature*, one of the world's most prestigious journals, headquartered in London. But the fabrication seemed laughable, including a column of data points ending exactly in "5". "It was a high-level paper and a low-level fraud, a contrast that makes for great content," says Mr Geng. "As the story spread, I began to wonder, could this have an impact on the research world? It started to acquire higher meaning."

One video led to another. He documented similar problems with suspicious data and images in work by other leading cancer researchers. Their papers had appeared in various sister journals of *Nature*. Many of the authors had received national awards and hefty public grants.

As Mr Geng puts it, he is less a whistleblower than an amplifier. Some allegations had previously surfaced on PubPeer, an international website for

anonymous reviews of academic work. But they had attracted little attention in China. Mr Geng made them go viral. He is not operating alone. Others have fed him tips and helped probe the questionable research. With his videos attracting millions of views, officials find it difficult to ignore them. At least three institutions—Tongji University, Nankai University and Sun Yat-sen University—have conducted investigations. Finding irregularities, they have removed deans from their leadership posts, though they let them stay in lesser roles.

For many in Chinese science the sudden focus on fraud has been shocking yet unsurprising. Many have long known of wrongdoing but have looked past it as China has catapulted past America to lead the world in scientific publications. Mr Geng's status as a dropout affords him some freedom. He has emboldened others. Rao Yi, a veteran scientist, said in a speech last month that China merited two world records: for its scientific progress and for its academic misconduct.

Fraud is a global scourge. But Mr Rao argued that the proportion of bad work in China is exceptionally high. Mr Geng puts the figure at roughly one in ten papers by distinguished scholars. Partly, this may be the price of speed. Having grown so quickly, China lacks the guardrails of more mature science powers.

Yet the explanation is also structural. Promotions and funding depend on the volume of published papers, incentivising quantity over rigour. Rewards for hitting certain targets are often more explicit than in the West, including cash bonuses and even housing allowances. Research groups built around a single academic star can house hundreds of scholars—easily ten times the size of most Western labs.

The government has been calling for greater quality in China's scientific output, which is why a critic like Mr Geng is useful. Xinhua, the state news agency, published an interview with him, a sign of official support. Some policymakers hope he is a catalyst for change, including stricter verification of results.

Yet the state's enthusiasm for Classmate Geng is finite. In late May video platforms limited the visibility of his new posts. It has been communicated

to him, he hints, that he should return to broader themes. His older relatives think he is courting danger.

There is a precedent that should give pause. Fifteen years ago Chinese social media briefly sizzled with citizen-journalists outing corrupt officials. But the party shut them down. It wanted to lead the anti-graft fight itself and was unwilling to let public demands for accountability gather momentum. Science should be harder to corral in that way. It requires open data and external trust that the party cannot simply mandate. Whether that distinction holds will depend on China's politicians, not its scientists. ■

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Iran has lost its fear of war

A once-cautious regime is making a risky bet on low-level conflict

June 11th 2026



WHAT was once unthinkable has now become routine. In the past week America and Israel have both bombed Iran, and Iran has downed an American helicopter, fired missiles at Israel and attacked several Arab states. This is fast becoming the region's new normal. Though a ceasefire of sorts has largely held for more than two months, talks between America and Iran remain at a stalemate and violations are becoming more frequent.

Diplomatic deadlock is not the only cause of the volatility. It also reflects an emboldened Islamic Republic. Donald Trump has insisted for months that the regime is desperate for a deal. Instead he has been vexed by an Iran willing to tolerate low-level conflict and risk a return to all-out war. Yet a

newfound fondness for risk is a risk in itself. Iran is wagering that it can deter Israel and coerce Mr Trump into a deal. Both may prove difficult.

For decades, Iran's rulers were cautious about the use of force. A generation forged by the ruinous war against Iraq in the 1980s was determined to keep conflicts away from the country's borders. Instead the regime cultivated Arab militias such as Hizbullah, a Shia group in Lebanon, as a way to project power across the Middle East without risking direct consequences.

Such caution had its critics. When Mr Trump ordered the assassination of a top Iranian general in 2020, for instance, the regime retaliated with a pre-announced barrage of missiles on two American bases in Iraq. Some younger officers in Tehran argued that this was an insufficient response, one that might signal weakness and encourage future American attacks. They were overruled—but many of the leaders who overruled them are now dead.

Having endured six weeks of war against two superior foes, Iran's current rulers are more confident. They believe that Mr Trump has no desire to resume an unpopular war. Periodic attacks on American forces in the Gulf now seem to Iran like a useful source of leverage rather than an unacceptable risk.

The change in Iran's strategic doctrine is most striking in Lebanon. Hizbullah was meant to protect the regime: in the event of an Israeli attack on Iran, the group would unleash its missiles and commandos against Israel. Instead Iran now seeks to protect Hizbullah.

In the short term, this will make life more complicated for America and Israel. It underscores how their interests have diverged: Mr Trump's desire for a deal with Iran is at odds with that of Binyamin Netanyahu, the Israeli prime minister, to [continue the war](#) in Lebanon.

The Iranian regime's boosters argue that it is a more profound shift: a new balance of power in the region, in which Iran can deter Israeli attacks against third parties. That seems like wishful thinking. Few words are more misused in foreign policy than "deterrence". To deter an adversary is to dissuade them from taking an action by convincing them that the costs will outweigh the benefits. That is not what has happened over the past week.

Iran warned Israel that any attack on Beirut would trigger a response. Israel was not deterred: it bombed the Lebanese capital anyway. Iran then made good on its threats, but the barrages of ballistic missiles it fired at Israel failed to cause serious damage. That may have been a deliberate choice, since a destructive attack could have ended the ceasefire entirely. Regardless, Israel's riposte caused real harm—not just to military targets but also to a petrochemical plant, a vital part of Iran's energy sector and its industrial base.

This was a lousy scorecard for Iran. Not only did it fail to deter Israel, it ended up suffering more damage than the country it sought to deter. For a time, Mr Trump may restrain (though not halt) Israel's war in Lebanon. But if the current limbo drags on, Iran may face an uncomfortable choice between escalating its attacks on Israel, thus risking the truce, or allowing Israel to continue chipping away at Hizbullah.

The regime has had more luck with changing the behaviour of America. Closing the Strait of Hormuz and firing thousands of missiles and drones at Gulf states helped persuade Mr Trump to accept a ceasefire in April. Since it took hold, Iran has been walking a tightrope. It wants to show enough resolve that Mr Trump makes further concessions towards a deal, but not so much that he drops diplomacy entirely.

On June 9th it downed an American Apache helicopter over the strait. Mr Trump decided to retaliate by bombing Iran's air defences (though those defences were "100% annihilated" earlier in the war). Iran subsequently attacked—again—American bases in Bahrain and Kuwait.

Mr Trump sounded furious in a social-media post the next day: Iran had "taken too long to negotiate a deal" and would "have to pay the price". That night he ordered another round of strikes on military targets. This is a dangerous cycle. Iran may want to show that the impasse will have costs for America, but the loss of a single helicopter was not enough to sway Mr Trump's negotiating position. Conversely, if the pilots had been killed, he might have felt compelled to resume all-out war.

Iran is newly confident in its capabilities, but they are limited. Hormuz is already closed, and Mr Trump seems not to care so long as oil prices do not

go much above \$100 a barrel. Iran cannot resume widespread attacks on its Gulf neighbours without ending the ceasefire. Lobbing missiles at Israel is a poor deterrent. What looks like confidence can also seem like desperation: a regime more willing to take risks not because it is stronger, but because it has less to lose. ■

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Middle East & Africa | A growing dilemma

How Israel is frustrating Donald Trump's Iran plans

Binyamin Netanyahu has defied America twice in recent days

June 11th 2026



FOR SOME 12 hours on June 7th fighting between Israel and Iran flared up as the two yet again traded missiles and air strikes. Then a tenuous calm was restored as Donald Trump insisted, rather unconvincingly, that “both sides, Israel and Iran, are looking to do an immediate ceasefire!” The American president does not want to see a renewal of the war that America and Israel fought together against Iran for 40 days, which led to an unresolved blockade of the [Strait of Hormuz](#) and a spike in global energy prices.

The temporary resumption of hostilities highlighted Mr Trump's twin failures to control his ally and cajole Iran to accept a lasting truce. [Binyamin Netanyahu](#), Israel's prime minister, has now defied the president twice in

rapid succession. First, on June 7th Israel attacked Beirut, Lebanon's capital, bombing what it claimed were offices of Hizbullah, the Shia militia that is Iran's most powerful regional proxy. Less than a week earlier Mr Trump had imposed a limited ceasefire on Israel and Hizbullah that prohibited Israel from striking Beirut. Israel claimed its bombs were responding to Hizbullah attacks.

Iran then sprang to Hizbullah's defence, firing a salvo of 11 missiles towards northern Israel, but failing to cause any damage. Mr Trump thought this was enough, telling a reporter at Axios he was "going to call Netanyahu right now and tell him not to strike back". Instead, Israel's prime minister ignored the president's instructions for a second time. Israeli fighter jets launched ballistic missiles at Iran, hitting targets including missile-launchers, an air-defence installation and a petrochemical plant that Israel claims is part of Iran's missile industry. Iran struck back, firing 20 missiles at Israel, one of which hit the desert near the Dead Sea. The rest were either intercepted or fell short.

Both countries made their point. Iran is unwilling to abandon Hizbullah, which it helped found in 1982 and in which it has invested billions of dollars. The militia remains one of the most important ways it can project power in the region. Israel, which now occupies a swathe of southern Lebanon, is determined to keep battering Hizbullah. For decades the two countries fought a shadow war in which direct attacks were taboo. Today both are prepared to resume firing in order to prove a point.

This leaves Mr Trump with a dilemma. He has already tried and failed to impose ceasefires on Israel, in both Lebanon and Iran. He has frozen it out of the negotiations with Iran that are being brokered by Pakistan and other intermediaries. But leaving his partner-in-war out in the cold has not worked. After Iran's latest barrage, the president claimed that Mr Netanyahu would have no choice but to accept any deal he reaches with Iran: "I call all the shots. He doesn't call the shots," he told the Financial Times. And yet Mr Netanyahu kept shooting until a second call from Mr Trump forced him to abort further strikes.

It is hard to gauge the state of their relationship from Mr Trump's rebukes of Mr Netanyahu, whose defiance has not led to any obvious repercussions.

The president recently told the prime minister on the phone: “You’re fucking crazy. You’d be in prison if it weren’t for me.” And yet Mr Netanyahu’s aides insist the two leaders are still close. “No other world leader has a closer relationship with Trump,” says one Israeli official. “But that doesn’t mean we know what he’s going to decide.”

Although Mr Trump may be willing to tear a strip off Mr Netanyahu, he still is reluctant to break with his ally. Co-operation between the two armed forces is such that America could have blocked Israel’s strikes on Iran, had the president chosen to do so.

Political constraints are not holding Mr Trump back. In the past, American leaders feared paying a heavy domestic price for confronting Israel. Now public support for Israel is waning. The collapse spans partisan, generational and religious boundaries. A Gallup survey released in February showed that, for the first time in two decades of polling, more Americans sympathised with Palestinians (41%) than with Israelis (36%), a reversal from 55% to 26% in Israel’s favour before the attacks of October 7th. Democrats—the party backed by most Jewish-American voters—are especially disillusioned, but other polling shows 57% of Republicans aged 18 to 49 also hold an unfavourable view of Israel.

Some officials are keen to blame Israel for America’s failures to achieve its war aims in Iran and to secure a lasting peace. They are briefing accordingly. A recent leak about suspicions in the Pentagon that Israel is spying on members of Mr Trump’s inner circle, including his personal envoy, Steve Witkoff, may be part of such efforts.

Mr Netanyahu has more pressing concerns than the long-term erosion of American support for Israel. He will face an election by late October and is coming under intense criticism, both from his allies and opponents, for failing to achieve decisive results in the wars Israel has been fighting for nearly three years. The Iranian regime retains its nuclear and missile programmes. Hamas, the Islamic movement that carried out the October 7th massacres, still controls the parts of Gaza that Israel does not. Likewise Hizbullah, despite being pummelled by Israel, remains capable of launching rockets and drones, while enjoying Iranian missile cover.

Since Mr Trump first announced a ceasefire with Iran on April 8th, Israel has tried to decouple the Lebanese front from the Iranian one and continue its campaign against Hizbullah. The president's priority is reaching a deal with Iran. Increasingly, he seems to have concluded that doing so will require him to impose limits on Israel.

As for Israel, it has once again proved it can strike targets throughout the Middle East, but cannot translate this into strategic gains. And just as dangerous: it risks losing its American ally in the process. ■

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The first-ever robotic rescue at sea is a milestone

An American drone recovers downed pilots in the Strait of Hormuz

June 11th 2026



In April America's armed forces sent planes and helicopters deep into Iran to rescue the crew of a downed fighter jet. The recovery of the crew of an Apache attack helicopter shot down by Iran near the Strait of Hormuz on June 9th was less dramatic than that episode. But it will go down in military history as the first ever drone rescue at sea.

America's Central Command (centcom), which runs military operations in the Middle East, said that an uncrewed surface vessel (usv), essentially a ship without sailors, recovered the two crew members within two hours of the crash. It is part of a larger robotic revolution in casualty evacuation, or casevac.

Ukraine has pioneered the use of air and ground drones, the latter known as ugvs, for casualty evacuation, typically in areas too dangerous for ambulances and paramedics. One of its medical battalions completed six robotic evacuations in a 24-hour period in April; ugvs rescued 21 wounded soldiers in a single day. But there is no evidence that Ukraine has done any of this at sea.

Several armed forces have toyed with the idea. Britain's Royal Marines were the first to use Malloy t-400 drones, hulking quadcopters which can dangle a patient underneath, to practise moving casualties. In 2023 in Jordan centcom also used a martac t-38 "Devil Ray" drone, a modified speedboat, to transfer a dummy from the Gulf of Aqaba to land. That same year, American naval forces in the Baltic attempted a similar exercise.

A decade ago, Pentagon policy explicitly barred the use of drones for rescue and medical care, noted Paul Scharre, an analyst, at the time. In 2006, 2009 and 2013 the us Army Medical Centre of Excellence issued memos describing the use of "unattended" platforms for casevac as "unacceptable", a policy that Mr Scharre compared to 20th-century fears over allowing the then-newfangled technology of the motor car to assume that role.

Drone-based evacuation has several advantages. Helicopters are increasingly vulnerable to air defences. "You can assume more risk with a usv," noted one American official during the Baltic drills, partly because they are harder to spot. But the fact that no additional humans are put in danger is the biggest draw.

There are downsides, too. Humans on a plane or ship can spot a casualty and get to them. A usv on the surface cannot see as far as a plane and either needs a good connection to an operator to beam back video or on-board ai that can identify a casualty in the water. And a patient being rescued by drone has to strap himself to a small boat—and then endure a hairy ride home. ■

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Middle East & Africa | A rare winner

Syria is an unexpected beneficiary of the Gulf war

The revival of an old oil-export route from Iraq to the Mediterranean helps Syria's new regime

June 11th 2026



These days the 860km-long road from Ramadi in Iraq to western Syria is lined with lorries heaving with oil. They rumble past ancient ruins and deserted villages before emptying their tanks at the Baniyas terminal on Syria's Mediterranean coast. They then return to Iraq to fill up and make the journey again (see map).

The closure of the Strait of Hormuz means the oil giants of the Middle East are scrambling for new routes to get their product to global markets. Saudi Arabia, the second-largest oil producer in the world, is relying on an existing pipeline to the Red Sea. The United Arab Emirates is expanding an outbound line to the Gulf of Oman. But Iraq, which is the world's sixth-

largest producer, has been stymied by geography. It is frantically searching for a way to shift its 4m barrels of oil a day. The current answer is Syria.



The country has become an unlikely winner. The Hormuz blockage forced Iraq to slash oil production by 80% in March, as its storage tanks filled up. Iraq's state firm in charge of oil exports, SOMO, has given three firms the job of trucking 650,000 tonnes of oil per month out of the country. The Syrian route is shorter than those through Jordan or Turkey, and takes the oil straight to the Mediterranean.

Iraq's rulers are wary of Ahmed al-Sharaa's new government in Syria, mindful of his time waging jihad during the 2000s. Some of the Shia militias that continue to dominate the Iraqi state fought for Syria's former dictator, Bashar al-Assad, against Mr Sharaa and his allies. But commercial interests beat sectarian mistrust. Syria's Sunni militants, now pillars of government, are providing police escorts for the thousands of Iraqi Shia lorry drivers as they go through the al-Waleed crossing, open for the first time in a decade.

But there are practical limits. The tankers need petrol, too. Some of the oil is heavier and more viscous; it needs heating for storage and pumping at the terminal. Storage at Baniyas is limited. Iraq would like to send even more oil through this westward channel, but the trucking operation is hard to scale up.

The thousand-odd lorries a day are clogging up Baniyas's pumping facilities. It is a far slower route than a pipeline.

Still, Syria is delighted. This Iraqi oil helps fire up some of its own power plants that rely on Russian oil which, in turn, replaced oil from Iran that had kept Syria going during its past decade of civil war. Syria's own vast but ravaged oilfields will take years—and many millions of dollars—to be resuscitated. Its new regime seems more interested in exploring new fields and reconnecting with American oilmen than in renovating old ones.

Meanwhile, it is exulting in this rare inflow of cash. It is charging a transit fee. Its new and expanded border authority gets a cut. The rest goes to the Syrian Petroleum Company, a new state-backed firm, whose subsidiaries manage the storage and pumping of oil onto tankers at Baniyas. Another private firm handles the merry-go-round of lorries.

So far the sums are relatively modest. Estimates of daily revenue range from \$1m to \$2m. The thousand-odd lorries crossing the desert every day carry only about 5% of pre-war Iraqi oil exports. But this is enough to keep everyone relatively happy and frees up much needed storage space in Iraq.

The revived oil-export corridor through Syria, long shut off from the world, will give the new regime in Damascus a strategic lever once a new pipeline is built (much of the old Syrian one is inoperable or was destroyed), at a cost of at least \$4bn.

Until then, with Hormuz blocked, the new route may become crucial and Syria could become an important transit hub. The closure of Hormuz has shown the oil-rich states of the Middle East that they need to diversify their transport networks. If Syria could upgrade its oil infrastructure and build new pipelines fast, it could find a lucrative spot for itself on the world's energy map. Its first task would be to increase its storage capacity at Baniyas. If Syria manages to get its oilfields up and running, new markets for its products may open, drawing in desperately needed foreign investment. The estimated cost of Syria's overall reconstruction is at least \$200bn. But in the short run, the country is a rare beneficiary of the Iran war.



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Could Eritrea come in from the cold?

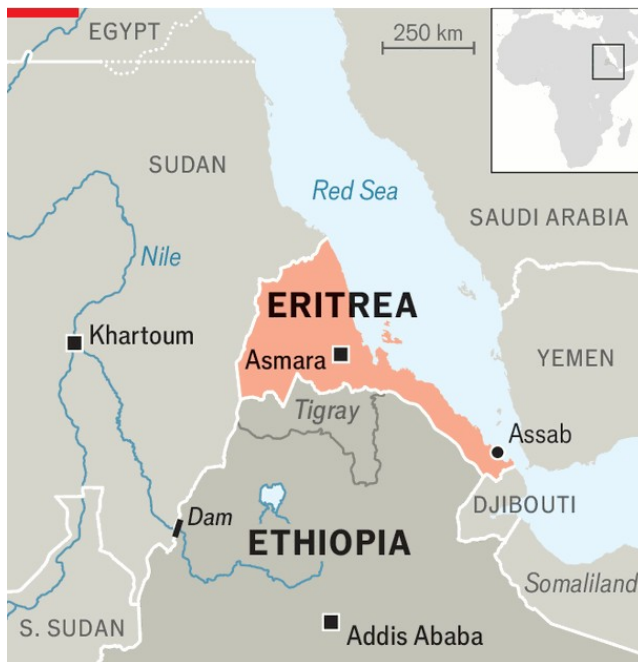
Isaias Afwerki, its reclusive dictator, has spotted an opening to reconcile with America

June 11th 2026



When Eritrea's national football team returned home from South Africa in April, seven of its players did not. It was not the first time. Plenty of the 3.5m or so people living in the reclusive dictatorship on the Red Sea would like to escape the indefinite "national service" (essentially, forced labour for the state) and the absence of rights and freedoms enforced by the regime of Isaias Afwerki, the dictator since 1991. Mr Isaias has been shunned by the West for decades. In 2021 America imposed sanctions on Eritrea after its soldiers raped and pillaged their way across northern Ethiopia during the war in Tigray, a province on the border with Eritrea.

Could times be about to change for Mr Isaias? The signs are multiplying. Donald Trump's top Africa adviser is reported to have met the dictator in late 2025. Marco Rubio, America's secretary of state, has talked of a "new era of us-Eritrea relations". Much chatter suggests America will soon lift the sanctions it imposed five years ago, perhaps opening the way for Mr Isaias's wider rehabilitation.



Precisely what America seeks from Eritrea is unclear. Perhaps it wants to muscle in on its mining industry, which Chinese firms currently dominate. Perhaps it would like Mr Isaias's help fighting the Houthis, the Iran-backed militia that rules much of Yemen, just across the Red Sea. It almost certainly wants to prevent a war between Eritrea and Ethiopia, its expansionist neighbour, which would rock the Red Sea just when passage is needed for ships that cannot use the Strait of Hormuz because of the war with Iran.

Mr Isaias's motives are more straightforward. He worries about Abiy Ahmed, Ethiopia's truculent prime minister. Ethiopia lost its coastline when Eritrea seceded in 1993; Mr Abiy has in effect threatened to invade to get part of it back. Many suspect his real goal in Eritrea is regime change, if not re-annexation. To deter Mr Abiy, Mr Isaias has made overtures not just to America but also to Saudi Arabia. He has also built a regional network of allies and proxies hostile to Ethiopia's prime minister. These include Egypt

(long enraged by [Ethiopia's mega-dam](#) on the Nile) and the Tigray People's Liberation Front (tplf), which rules Tigray and fought a war against Mr Abiy (then allied with Eritrea) between 2020 and 2022.

Besides threatening shipping in the Red Sea, a war between Eritrea and Ethiopia could also merge into the civil war next door in Sudan, where the two back opposing sides. To avert such a disaster, America appears to be using both carrots and sticks to convince the two countries to talk to each other.

On May 11th it lifted an arms embargo on Ethiopia. It then signed a deal on security co-operation. But America has also warned Ethiopia that it opposes any military action against Eritrea. Lifting sanctions on Eritrea could be a sweetener for Mr Isaias. "The Americans are working really hard to get Isaias to agree to some kind of rapprochement [with Abiy]," says a senior Ethiopian official. "If Isaias [has any sense,] then he will have to say yes."

The strategy may be working. In October Mr Abiy said the Eritrean port of Assab "rightfully belongs" to Ethiopia and vowed to build a naval base there. More recently, his underlings have told Western diplomats that commercial access to the port might suffice. Mr Isaias is understood to have conveyed that he is open to talks, if Eritrea's sovereignty is guaranteed. "Isaias is ruthless, but rational," says a former Western diplomat. "He is beginning to act as the adult in the room."

But few trust that Mr Abiy has given up on capturing Assab. And if Mr Isaias thinks that sooner or later Ethiopia will strike, he may try to topple his nemesis first. The tplf would also love to unseat Mr Abiy, as would the Fano, another Ethiopian rebel group sponsored by Mr Isaias. Sudan's army would probably help. Egypt is doling out guns and egging everyone on.

Tigray is the flashpoint. Mr Abiy has starved it of cash, fuel and medicine. The tplf is threatening war. "We have access to Eritrea [and] to Sudan," says a tplf insider. "Co-ordination is going to be automatic." On June 5th Ethiopia bombed Tigrayan troops on the border with Eritrea. Hundreds of Tigrayan soldiers were reportedly killed or injured. Mr Isaias's showdown with Mr Abiy may not have started. But if this is peace, who needs a war? ■

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Middle East & Africa | No, he won't go

Fighting in Mogadishu risks making a weak state weaker

A presidential power grab has convulsed Somali politics

June 11th 2026



Cranes dot the skyline of Mogadishu, where in recent years construction has boomed instead of bombs. There was talk of Somalia's capital "rising from the ashes". But on June 4th it seemed like the bad old days were back, as heavy gunfire erupted across town. In a northern district, a group of young men ran for cover behind a newly built apartment. An rpg had punched a gaping hole through its gleaming roof.

Bullets flew because ballots flopped. In 2022 Hassan Sheikh Mohamud was sworn in as Somalia's president. His four-year term expired on May 15th, but he has refused to step down. In March Mr Mohamud's government rammed a last-minute constitutional overhaul through parliament, extending

his term by a year. Yet much of the opposition boycotted the vote and regards the reforms as an illegitimate power grab. The fighting in Mogadishu pitted soldiers loyal to Mr Mohamud against militias controlled by two prominent opposition figures. The UN says at least nine people were killed and hundreds displaced. The government claimed to have “restored order” on June 5th, but the situation remains tense.

There is more than a hint of *déjà vu* in this. Mr Mohamud’s predecessor in Villa Somalia, the presidential palace, also tried to [extend his term](#). Somalia-watchers speak wryly of “Villawood”: a recurring soap opera staged every election cycle by the country’s politicians. The plot is familiar: as his term draws to a close, the president says he needs more time to fix Somalia once and for all. His rivals denounce him as a would-be dictator and rally militias to thwart his nefarious plans. The melodrama usually ends with an improvised bargain, lubricated by a dollop of donor funds. But not before a short gunfight in the capital.

Yet the latest Villawood blockbuster could go dangerously off-script. Since 2012 Somali presidents have been elected indirectly by clan elders. Mr Mohamud’s reforms mandate the introduction of one-person-one-vote elections. The government argues, rightly, that the status quo is undemocratic; a shift to universal suffrage is long overdue. But the commission that is to oversee the election is in effect under Mr Mohamud’s thumb. A large portion of Somalia’s political class, including two of its six federal member-states (excluding Somaliland), has refused to participate in the vote for that reason.

Both sides seem loth to make concessions. “We can discuss the technical details,” says a minister in Mr Mohamud’s government. “But we cannot compromise the right of the Somali people to choose their leaders directly.” “How can you [negotiate] with someone who wanted to spill your blood?” counters a source close to an opposition figure involved in the recent clashes. Western donors might once have helped broker a deal. But these days they are cutting funding and losing leverage. Talks convened by Britain and America in May collapsed without an agreement.

More recently Turkey has been trying to mediate. Yet some opposition figures accuse it of being partial to Mr Mohamud. Under his watch it has

dramatically expanded its military and commercial footprint in Somalia. Some observers worry that if he feels he has Turkish backing, Mr Mohamud may seek confrontation rather than compromise. In March the president reportedly used Turkish drones and Turkish-trained commandos to unseat a recalcitrant regional governor. “If I have a single bullet left,” warned an opposition leader on June 3rd, “any man that fires at me, I’ll fire back at him.”

Even if serious violence is avoided, the stand-off risks further enfeebling an already wobbly state. The opposition may organise its own elections, fracturing the country between parallel administrations and making it even harder to beat back a resurgent al-Shabab, a jihadist group that controls much of the countryside. When Mr Mohamud took office he promised to unite and calm Somalia. He may instead be hastening its fragmentation. ■

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Europe

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A trade war between the EU and China seems inevitable

Europe sees Chinese subsidies, China sees European weakness

June 11th 2026



Thucydides thought rising powers tend to cause conflict. Had he been an economist looking at the explosion of Chinese exports to Europe, he might have expected a trade war. So do many analysts these days. The question is no longer whether Europe will pull up some drawbridges, but how many and how fast, and how it will deal with the consequences.

The stakes are clear. Bankruptcies in the European Union have risen to levels last seen in 2015. Germany lost 143,000 jobs in industry in 2025. In most of Europe growth is sluggish and industrial production declining. In France and Germany hard-right parties lead the polls. At a summit on June

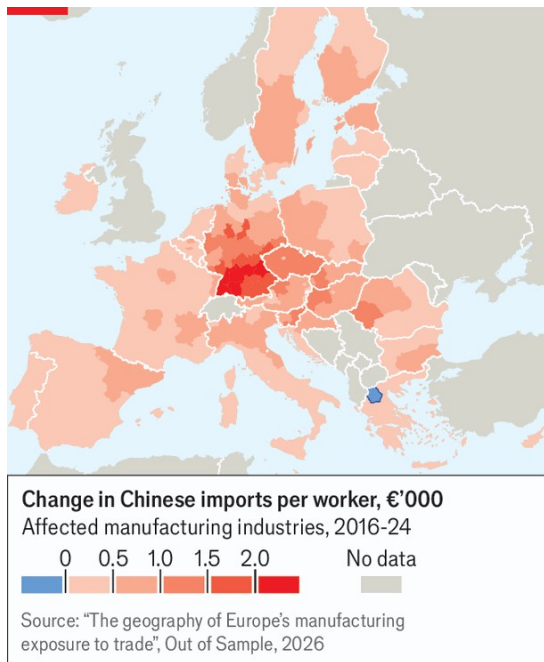
18th EU leaders will discuss how to cope with the Chinese challenge, in an increasingly dire global economy.

Is China really behind Europe's economic problems? The EU's trade deficit in goods with China was about €1bn (\$1.16bn) a day in 2025, roughly double the figure before the pandemic. Germany especially has seen a constant rise in imports from China and a steep decline in exports going there. Some see foul play. The OECD, a club of mostly rich countries, found Chinese firms got three to eight times more subsidies between 2005 and 2024 than competitors in OECD countries. Some would fail without them: 32% of industrial firms in China lose money.

Those sceptical of blaming China argue that Europe's high energy costs, slow bureaucracies and failure to innovate or integrate are the true culprits. Worse, hampering imports of Chinese materials and parts would harm Europe's downstream businesses. That could hurt competitiveness more than it helps. The list of protected "strategic" sectors is already long.

France, which is hosting a G7 summit on June 15th, is emphasising macroeconomic imbalances. China's currency is undervalued by between 15% and 30%, making its exports cheaper. But the deeper cause is its surplus of savings over investment, the flip side of any export surplus, which protectionism can do little about, except to force the exports elsewhere. Awkwardly, Europeans know this model well. Germany perfected it in the 2010s, and its current-account surplus is still 4.5% of GDP, in the same ballpark as China's.

Even so, the EU has hit back. On April 21st it let Lisbon go ahead with a light-rail project only after a Chinese-owned contractor that it said received subsidies was replaced by a Polish one. An investigation into subsidies on electric vehicles led to tariffs in 2024. Tariffs on steel were adopted on June 8th. Last year the bloc barred public procurement of medical devices from China, in retaliation for Chinese exclusion of European ones. The list goes on.



For many, that is not enough. A consensus is forming that the threat outweighs concerns over retaliation. “Confronting China is going to be expensive either way, but the longer we wait, the more expensive it will get,” says a German industry representative. China’s economic chokeholds, such as its dominance of rare-earths refining, have helped focus minds.

The EU’s first option is to use existing trade-defence tools more forcefully. Its anti-subsidy and anti-dumping instruments involve careful case-by-case investigations, which can be challenged in court. An official compares them to “taking a little spoon to get water out of the boat”. The EU is exploring applying them to broader groups of products, or even shifting the burden of proof: if macro-data suggest excessive subsidies, firms would need to show they have received none.

A second possibility is to develop stronger barriers against import surges. EU officials have long talked of an “overcapacity instrument”, to be used when countries are producing more of a given product than can be economically justified. But the concept is hard to pin down and may be unworkable. The bloc could simply use safeguards more often, such as those it has applied to steel. But such tariffs are supposed to apply to all countries and are temporary. Sander Tordoir and Brad Setser, in an analysis for the Centre for European Reform, a think-tank, propose a European version of

America's Section 301 tool. This allows sweeping tariffs to counter practices harming American trade.

A third option is to complement defensive trade measures with industrial policy. "That combination of trade measures with investment and industrial policy is a significant intellectual shift," argues Shahin Vallée of the German Council on Foreign Relations. The EU recently proposed making some public procurement conditional on local content. Its tech-sovereignty package includes a boost to Europe's semiconductor supply chain. National governments are adding their own subsidies to the mix.

The great unknown is China's response. It might hit back with export bans that would deny European industry crucial materials or parts. "China is overconfident, but that makes them a difficult negotiation partner," argues a longtime observer. It has little patience for European complaints about subsidies or overcapacity, and sees them as a sign of European weakness. On June 11th China cancelled two high-level meetings with the EU. China's trade spat with America will have emboldened its leaders. Still, it will probably adopt strong but tailored responses to Europe, as it will want to avoid a full-scale trade war.

Europe's consensus is frail. Measures beyond broadening existing tools and "Buy European" policies are unlikely. Few believe Europe is willing to endure Chinese retaliation, or activate its powerful anti-coercion instrument in response. Germany and Spain will play crucial roles. Germany, which only recently converted to a tougher stance on China, will fear that retaliation could bring parts of its industry to a standstill. Spain, for its part, is taking a realist stance. It argues that the new global order must accommodate a powerful China, and that measures should be targeted only at demonstrably unfair practices.

"The priority should be to reduce dependencies as quickly as possible, otherwise threats to deploy trade-defence instruments are toothless," says a German official. Maros Sefcovic, the EU's trade czar, has proposed forcing firms to diversify their suppliers (ie, beyond China). The Chinese will push back hard, says Max Zenglein of the Conference Board, a global business association. China's recent decrees on supply chains and other countries' extraterritorial measures make clear that it wants to keep the world

dependent. On trade policy, the EU and China are heading for a mighty collision. ■

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Europe | In the gang

Why Turkey likes NATO again

The alliance is in trouble, but Erdogan is enthusiastic

June 11th 2026



TUCKED INTO a back street in Karakoy, the port district on Istanbul's European shore, the NATO Lokanta restaurant is easy to miss. Its first owner proudly hung up a sign bearing its name in 1952, when Turkey joined NATO. But it was taken down the same year, after people less enthusiastic about the alliance pelted the storefront with stones. These days diners do not object to the name, says Mevlut Ozturk, the current manager. He has no problem with NATO either. "There's strength in unity, as long as it's between equals," he says, between servings of lamb shank topped with slices of aubergine. But he has not put up the old sign.

NATO was never too popular among Turks, even during the cold war, when the country was a firm member of the Western alliance against the Soviet

Union. A recent nadir came in 2016, when Turkey complained that NATO governments were slow to condemn a coup attempt against Recep Tayyip Erdogan, the president. Mr Erdogan accused the West of “supporting terror and standing by the coup plotters”. His interior minister claimed America was behind the conspiracy.

Yet with Turkey due to host a NATO summit on July 7th, a week before the coup’s tenth anniversary, the country is more invested in the alliance than at any point over the past decade. Mr Erdogan and his ministers regularly speak of NATO as a cornerstone of Turkey’s security. Public support for the alliance has risen since the 2010s, though it remains lower than in most member states. According to a survey by Metropoll, a pollster, in March, 61% of Turks see NATO as important to national security.

America’s war with Iran and Russia’s invasion of Ukraine have brought home NATO’s value. In March NATO air defences shot down four Iranian ballistic missiles destined for Turkey. Turkey is host to two NATO bases and a radar station, and the alliance’s presence is set to grow. Germany plans to deploy a new Patriot air-defence system, accompanied by 150 troops, to southern Turkey in late June. NATO is also setting up a new multinational corps headquarters in the region.

Relations with America are improving, too. Donald Trump decided earlier this year to withdraw troops from Syria, where they had fought alongside Kurdish fighters that Turkey considers terrorists. That removed an important source of friction. Mr Erdogan has also lapped up suggestions by America’s ambassador that Turkey may at last receive F-35 fighter jets it ordered a decade ago. America shelved the sale in 2019 after Turkey bought an S-400 air-defence system from Russia.

Nervous about America’s waning commitment to NATO, other alliance members are eager to keep Turkey onside. Europe is indulging Mr Erdogan even as he continues to snuff out Turkey’s democracy. (Mr Trump never pretended to care.) Other than Germany, no NATO government has addressed, let alone condemned, Mr Erdogan’s lawfare against his opponents. On May 21st a Turkish court ousted the leader of the country’s main opposition group, the Republican People’s Party. Europe was silent.

That Turkey matters for Europe's security is beyond question. With the exception of Ukraine, no European country has an army as big or as battle-tested as Turkey's. Control of the Bosphorus and Dardanelles, together with a capable navy, give Turkey the means to contain Russia on the Black Sea. The country's defence industry is becoming a major supplier for Europe's armies. In the past few months Turkish companies (notably Baykar, a renowned drone manufacturer) have signed deals with France, Italy, Spain, and Estonia. Baykar had already sold armed drones to Albania, Croatia, Poland and Romania. Late last year Turkey agreed to sell 30 training jets to Spain's air force for \$3bn.

Turkey's role in NATO has become more important as concern grows that America may leave the alliance. Should that happen, some European members would want to take over the existing structure. Others are advocating security arrangements within the EU, or some new alliance. Turkish officials refuse to be drawn on their contingency plans, but the country's preference is clear. Turkey is a member of NATO, whereas its longstanding candidacy for EU accession is moribund. In a NATO without America, Turkey would at least retain a seat at the table. Under an EU or other European arrangement, it would be stuck on the outside looking in. Turkish defence companies are largely excluded from SAFE, a €150bn (\$172bn) rearmament scheme the EU adopted last year.

That Turkey's relations with other NATO countries have improved does not make them good. Trust is low. Turkey accuses NATO of overlooking threats on its southern flank, including Kurdish insurgents, human traffickers and a trigger-happy Israel. For their part, European governments still resent Mr Erdogan's year-long refusal beginning in 2022 to allow Sweden and Finland to join NATO, which delayed their accession.

Neither are they on the same page over Russia. The Europeans agree that Vladimir Putin's regime constitutes the biggest threat to the alliance. Mr Erdogan does not. He has done little to reduce Turkey's reliance on Russian energy and nuclear technology, let alone Russian tourists.

The good news, ahead of the summit, is that Turkey is cooling on Russia. Mr Erdogan can see how Mr Putin is on the back foot. In the Black Sea, Russia's navy has been crippled by Ukrainian attacks. In Syria its erstwhile

client, Bashar al-Assad, was deposed over a year ago; Turkey is the country's new go-to partner. In the Caucasus, Armenia's democratic government is turning from Russia and pursuing normalisation with Turkey. Mr Erdogan, a regular guest in Russia in the 2010s, has not paid Mr Putin a visit in almost three years. ■

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Europe | Moving Kramatorsk

Ukraine is transplanting its industrial heart to the west

Soviet-built factory towns are in the wrong spot now that Russia is the enemy

June 11th 2026



FOR ALL the talk of Ukraine's battlefield momentum, there is little optimism in Kramatorsk, the front-line city facing Russia's main military effort. Vladimir Putin's troops are 14km from the city's edge, destroying everything that remains. Multi-tonne guided bombs hit regularly, crushing housing and industrial blocks. First-person-view drones hunt soldiers and civilians. On May 13th the city began evacuating its public monuments.



Over 1,000km away, in the foothills of the Carpathian mountains, another evacuation operation is under way. “New Kramatorsk” is the shorthand for an effort to transplant the city’s industrial heart, with its metalworking and machine-tooling factories, to Perechyn, a sleepy town of 7,000 people on Ukraine’s western border. The early stages began in 2022, not long after Russia’s full-scale invasion. It gathered pace as Russian lines moved closer. Few think there is much time left. NKMZ, Kramatorsk’s machine-building flagship, has just announced its closure and is dismissing or relocating its workers.

In Perechyn, a vast industrial park has risen from the fields. Blue-and-white corrugated-iron factories now dot the mountains. There is a new main road, with lorries grinding in and out; schools, kindergartens and a technical college; and several prefab housing complexes. More than 3,500 skilled workers have moved west. Nataliya Shevchenko was among the first, arriving in 2023 with her husband. “Perechyn was a village when we got here,” she says. “There wasn’t even a proper road.”

Most of the relocation is paid for by Kramatorsk’s firms, but the city administration is footing part of the bill. Serhiy Smirnov, Kramatorsk’s former deputy mayor, is based in Perechyn full-time, overseeing construction. Interviewed alongside Perechyn’s mayor, Ivan Pohorilyak, he

describes the effort as a “proof of concept”: no one has tried to move an entire industrial “ecosystem” in Ukraine before.

Most of Ukraine’s industry was built on the “wrong” side of the country, near the border with Russia, at a time when it was assumed the enemy would come from the west. If Ukraine’s western regions are to support a new industrial core, they will need to build new infrastructure: roads, bridges, energy and gas networks. Mr Smirnov hopes the national government will help. The alternative, he says, is worse. “If our experienced engineers scatter—if they go to work in supermarkets, in shops—we lose essentially everything we have built.”

“Shoulder to Shoulder”, as the project is officially known, has brought the local economy new revenues and opportunities. “We are trying to create a hub for the highest-quality engineers in Ukraine,” says Mr Pohorilyak. A new technical college is training local youngsters, who draw well-paid internships in the factories.

But not every Perechyn native welcomes the easterners. There have been several protests. The initiative has not only relocated industry, but some of the risk too. In April a Russian drone struck an electricity substation alongside the industrial park after flying along the border with Slovakia. It was the first moment the sleepy town had seen war.



Svitlana, whose traditional hut stands directly opposite the industrial park, made a career change when it opened, becoming a skilled painter in one of the factories. She thinks the benefits may outweigh the cost. But her neighbour Vasyl, a labourer, complains that the Kramatorsk factory workers are shielded from the draft, while officers are stepping up the conscription of locals. “I don’t understand why we should fight for their land while they get to relax here,” he says. Yurii Kachur, a local entrepreneur who strove to stop his rented lavender fields being handed over for new housing, says locals struggle to be heard: “I understand these people didn’t come here by choice. But that doesn’t give them the right to walk over our heads.”

Ms Shevchenko says she understands the hostility. She rarely hears the complaints directly, but gets reports from a sympathetic local beautician. The animosity is unfair, she says, but human. Western Ukrainians have not lived through the war as Kramatorsk has; they have not seen their home town slowly destroyed, or left loved ones behind. “To explain to them why it is unfair is impossible,” she says. “May God grant they never understand.” ■

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Europe | Hitting the hinterland

Ukrainian strikes are inflicting pain deep inside Russia

Our modelling suggests they are doing even more damage than commonly assumed

June 11th 2026

or years, Ukraine's forces have been on the back foot. But recent "deep strikes" inside Russia are a sign of change. Our analysis suggests they have been more extensive and damaging than commonly assumed. We looked at data from the Armed Conflict Location and Event Data project (ACLED), a monitoring group, on 1,289 Ukrainian strikes at least 100km from its borders. From 2022 to the end of 2024 there were 335 such strikes. In 2025 alone there were 658. At the current pace, Ukraine is on track for over 800 deep strikes this year.

Not all are successful. Russian forces have become much better at moving and hiding their ammunition. But ports, oil depots and refineries have been repeatedly hit. From January until April, Russia's fossil-fuel export revenues were 4.6% lower than the year before, according to the Centre for Research on Energy and Clean Air, a think-tank in Finland. But that may understate the damage.



Our model estimates the shortfall by assessing the historical relationship between Russian export revenues and the price of Brent crude. The results suggest that since June 2025 Russia has earned less than prices would predict. Between June and December 2025 revenues were \$18bn, 12% lower than would be expected. In the first four months of 2026 they were 34% lower.

Other factors contribute too, including a strong rouble, which offsets higher oil prices, and tightening sanctions, which force Russia to sell at a discount. Still, the strikes are clearly costing Russia billions of dollars. ■

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Europe | Pressure failure

Armenia's election is a setback for Vladimir Putin

Russia's dirty tricks are failing to stop its pivot to the West

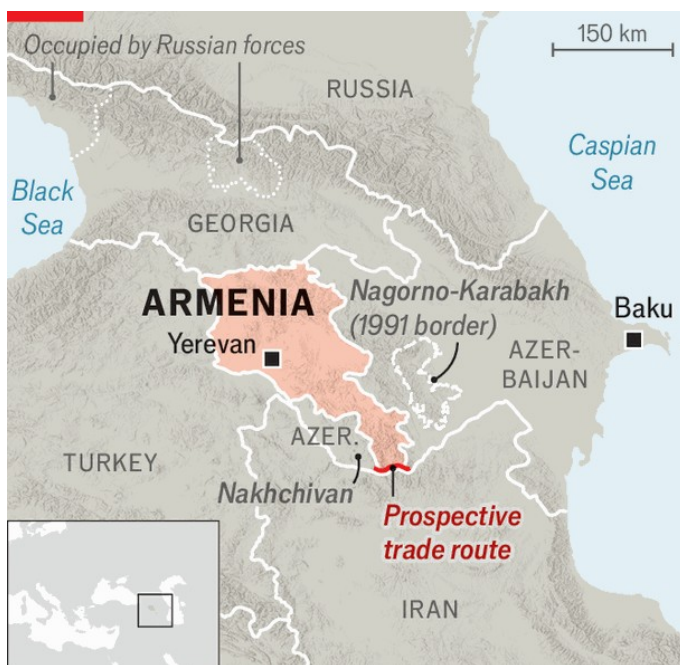
June 11th 2026



MINERAL WATER and roses. Cognac and strawberries. Cherries and wine. Even the fish. By the time Armenia held its general election on June 7th, Russia had banned imports of swathes of the country's goods. The Kremlin made dark threats about the Western-leaning prime minister, Nikol Pashinyan, and spread disinformation on social media. Dmitry Medvedev, Russia's former president, compared Mr Pashinyan's pivot to the European Union to the "dangerous path" of Leon Trotsky (who broke with Stalin and was murdered by a Soviet assassin for it). The message to Armenia, once one of Russia's closest allies, was clear: Think twice before you re-elect him.

In the end, however, the Kremlin's pressure campaign backfired. Mr Pashinyan's party, Civil Contract, won nearly 50% of the vote, giving it a majority in the National Assembly. A former journalist turned protest leader, Mr Pashinyan entered office eight years ago, following a peaceful uprising against Armenia's old, Kremlin-backed elite. He has sought closer ties with America, the EU and Turkey, a historical foe. Since losing a long-running war with Azerbaijan in 2023, he has also been working on a peace deal. "The Armenian people voted for regional prosperity and co-operation," said Mr Pashinyan.

Western leaders welcomed the result. Ursula von der Leyen, the president of the European Commission, said that Mr Pashinyan's victory showed that "the spirit of the Velvet Revolution you led in 2018 is alive and well." The union helped Armenia resist Russia's economic blackmail, finding buyers for Armenian goods that Russia had banned. On June 4th the EU announced a small but symbolically important financial-aid package, worth €50m (\$58m). It promised more to come.



Shortly after polls closed Samvel Karapetyan, whose pro-Russian Strong Armenia party won 23% of the vote, cried foul. Speaking from his hilltop mansion, where he is under house arrest for calling for the government to be overthrown (a charge he denies), the Russian-Armenian oligarch accused the

authorities of meddling in the election. Dmitry Peskov, the Kremlin's spokesman, also hinted (apparently without irony) at "violations" during the vote. Such claims have little weight. The Organisation for Security and Co-operation in Europe, an intergovernmental organisation, said the election was "transparent and efficient".

The truth is that the opposition lost because of its message. While Mr Pashinyan promised peace and economic development, Mr Karapetyan offered reheated nationalism and a return to the partnership with Russia that most Armenians think failed them. A half-baked proposal for a "Ministry of Sex" to tackle falling fertility and ensure "there will be no unsatisfied woman", suggested by Mr Karapetyan's son on a podcast, showed the shallowness of Strong Armenia's domestic platform. For his part Robert Kocharyan, a former president who led the second-biggest opposition party, conjured up bad memories of the violence and oligarchy that defined Armenia's authoritarian past.

Mr Pashinyan's victory will reassure Armenia's neighbours, Turkey and Azerbaijan, that its foreign-policy pivot is not about to unravel. Normalising relations with Turkey, which shut its border with Armenia in 1993 in solidarity with its ally, Azerbaijan, is one possible prize. Armenia and Turkey have already agreed to rebuild a historic bridge on the border and are working on restoring an old railway route between the two countries. The completion of the [Trump Route for International Peace and Prosperity](#), an American-backed trade route, now looks more likely. It would link Azerbaijan to its exclave in Nakhchivan via southern Armenia.

Despite Mr Pashinyan's victory, the mood among some of his supporters is bittersweet. Civil Contract fell short of the two-thirds majority that would allow it to hold a referendum on amending the constitution. The party wants to do so to reform the judiciary. But it also matters for the peace process. Azerbaijan wants Armenia to remove a reference in its constitution to Nagorno-Karabakh, the territory they once fought over, before signing a peace treaty.

"The question now is whether Azerbaijan will be ready to move ahead with signing and ratification without further movement on Armenia's constitution, or whether it will continue to insist on this issue," says Zaur

Shiriyev of the Carnegie Endowment for International Peace, a think-tank. Turkey has insisted that Armenia and Azerbaijan must sign a peace treaty before it will open its border.

Russia could also cause trouble. Mr Karapetyan did better than opinion polls had suggested. That “might lead some to believe that the various measures adopted by Russia during the campaign had some effect”, says Laurence Broers of Chatham House, a think-tank in London, and could deter some Armenians from supporting Civil Contract in the future. One risk is that Vladimir Putin, Russia’s president, tears up a duty-free gas-export deal to punish Mr Pashinyan. “I think this is the beginning of a newly intensified crisis between Russia and Armenia,” says Arsen Kharatyan, founder of AliQ Mediaplatform, an Armenian-Georgian news outlet.

Yet overall, Civil Contract’s win vindicates Armenia’s efforts to pursue its own course. Russia’s efforts to pull the country back into its orbit were tested, and failed. In April Hungary’s voters kicked out Viktor Orban, the Kremlin’s best friend within the EU. Now its allies have again been defeated at the ballot box. In his victory speech, Mr Pashinyan vowed to make good on the promises of the Velvet Revolution, insisting that “the criminal-oligarchic system be completely eradicated”. Mr Putin will be wishing him ill. But plenty of others will be cheering him on. ■

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Ukraine's war is now longer than the first world war

The ghost of Versailles haunts Ukraine's peace

June 11th 2026



On June 11th Europe passed a sombre milestone. As of that date, the fighting in Ukraine had ground on for longer than the first world war. In a grim irony, a conflict that looked like it might last just a few days, as Russian troops confidently stormed towards Kyiv in February 2022, has outlasted one some assumed would be “over by Christmas” in 1914. Whether in this century or last, war has defied the best-laid plans of military high commands. Soldiers were promised triumphant parades in conquered capitals, but soon found themselves bogged down, often literally. Conscripts defending their homelands huddled in foxholes, their trenches turned to quagmire. Novel weapons—tanks, machineguns and mustard gas back then, drones today—reshaped warfare. Men died, families grieved. Maps were

updated as towns and villages, or rather what was left of them, changed hands.

Alas, a long war is no guarantee of a just peace—as the Treaty of Versailles, signed in 1919, went on to show. But the echoes of that failed armistice might usefully inform efforts to bring hostilities in Ukraine to a close. The “war to end all wars” is remembered these days as a prequel to the even grislier conflict it helped midwife a generation later. The ghost of Versailles should thus haunt those valiantly trying to end the current conflict. Ukraine’s allies have helped it not lose the war. Soon they will have to gear up to help it win the peace.

For now, serious talks remain elusive. Surely, after 1,568 days of near-uninterrupted fighting, the end of this war should be nearer than its beginning. The recent tentative turning of the tide in Ukraine’s favour may nudge Russia towards the negotiating table. Territorial gains the aggressor made at enormous cost—around 1,000 Russian men dead or seriously wounded every day, say the Ukrainians—are now being partly reversed. Ukrainian drones are reaching deep inside Russia, each plume of putrid smoke a humbling message to President Vladimir Putin. Europe is about to start disbursing a €90bn (\$104bn) loan to Ukraine, helping its ally even as help from America has dried up. Ukrainian troop morale is at a recent high. President Volodymyr Zelensky, once a haggard, hollow shell of a man, can occasionally be seen smiling these days. But his challenges to Mr Putin to engage in peace talks—backed on June 7th by the leaders of Britain, France and Germany—have come to nothing thus far. Mr Putin says nyet.

When an armistice in this conflict comes, it will differ in flavour from that signed in the Hall of Mirrors in 1919. Russia will not be a broken, defeated country with no choice but to accept intemperate diktats from its adversaries. Notwithstanding the demands of Ukraine’s most strident allies—not least those in the Baltics or Poland, who worry unchecked Russian revanchism might target them next—there will be no war reparations paid, nor rulers rendered to international courts. Peace will be a messy, unsatisfying affair full of compromises that neither side will want to live with. And yet they will have to, if the drones are to be silenced.

But there will be parallels with Versailles, too. Both the peace in 1919 and the forthcoming one in Ukraine will be sealed as part of a new security architecture in Europe. Back then it was a hobbling of Germany, financially and militarily, as well as a new-fangled League of Nations to defuse wars before they could get started. This time a new European order will include security guarantees to Ukraine that will have to be backed by a “coalition of the willing” in Europe, one tacitly willing to fight Russia. There is talk of a European Security Council, though few details. Ukraine’s bid to join the European Union will reshape both its fortunes and those of the bloc. And what of America’s role? Woodrow Wilson spent six months in Europe trying to seal the peace, only the second sitting president to leave America. His successor, Donald Trump, once promised to end the fighting in Ukraine “within 24 hours”, but has since started a new war instead.

What are the lessons of Versailles? One is that promises made to secure peace need enforcement mechanisms. In the wake of the peace in 1919, America ultimately balked at joining the League, its Senate fretting about foreign entanglements. One mechanism to constrain Russia’s future designs on Ukraine will be credible security guarantees—underpinned in fine by Ukraine joining the EU. On June 15th the bloc’s 27 member states will unanimously agree to open the first negotiating cluster, another step towards Ukraine’s accession. But the odds of that happening soon—or perhaps at all—are longer than Kyiv’s friends care to admit. If Ukraine feels it has been promised a brighter future as an EU member and that somehow fails to materialise, its people may end up embittered, like the Germans of 1933. If the EU is not, in fact, ready to welcome Ukraine, it should come clean now.

The contours of a peace agreement are still too distant to divine. Ukraine seems ready to accept losses of territory—an inevitable outcome at this stage. Europe, which is stuck between being a mediator for talks or a party to them, will be among those with impossible choices to make. To secure peace it may end up lifting sanctions on Russia, and perhaps even sending back hundreds of billions of euros it froze and once hoped to send to Ukraine instead. There will be talk of normalising diplomatic relations. That will be denounced in some quarters as little short of treason.

A crude interpretation of Versailles is that humiliating the aggressor leads to resentment and thus sows the seeds of further war. A better lesson is that the

longing for retribution cannot be an end in itself. The desire to see Mr Putin humbled or worse will be justifiably strong in Europe. His abhorrent regime is guilty of the worst crimes; the war is his responsibility. And yet one day, hopefully soon, he may be a partner in making peace. ■

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Britain

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Britain | The nationalisation dead end

Britain's privatised utilities are a mess

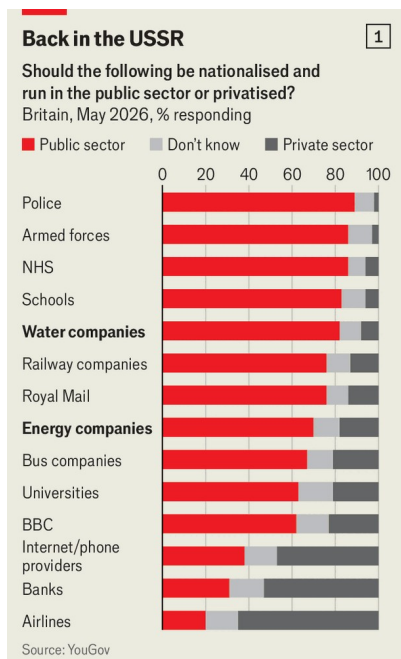
But public ownership is a red herring

June 11th 2026



Northern Ireland Water exemplifies the crisis engulfing the water industry. The company is spewing over 20m tonnes of untreated sewage and waste into waterways every year. This deluge has helped coat Lough Neagh, the largest lake in the British Isles, in toxic blue-green algae. Developers claim that they have put on hold plans for building 15,000 homes because sewers cannot handle more [waste](#).

Britons are right to be angry. In England a raw-sewage spill is reported roughly every two minutes. Surfers avoid certain beaches for fear of infections. Water bills rose by 26% in 2025 and consumers pay more for electricity than almost anywhere else in Europe. Small wonder that irate mothers have taken to performing citizen's arrests of water executives.



Left-wing politicians have seized on the discontent. As part of a push to expand public ownership, from steel to rail, they blame the utilities' troubles on [privatisation](#) dating back to the 1980s. Zack Polanski, the Green Party's leader, revs up his base by complaining how a third of each water bill goes to paying firms' dividends and servicing their debt. Andy Burnham, the front-runner to become the next Labour prime minister, promises to bring water and energy "under stronger public control", though he stays cagey about what that means. The public agrees: 70% back nationalising energy and 82% water, according to YouGov, a pollster (see chart 1).

Supporters of nationalisation should look across the Irish Sea. Northern Ireland Water has always been publicly owned, yet it is in as much trouble as its English counterparts. This hints at a wider point: nationalisation would be a dead end. Many of its supposed benefits, from stopping excess profits to unlocking new investment, are less promising than its supporters suggest. The transitional costs would be steep. And it would be a distraction. High investment, good environmental outcomes and low bills are not all simultaneously achievable without big subsidies from taxpayers. Politicians should be honest that this requires making hard trade-offs, not changing who owns the pipes.

Privatisation has had some successes. By introducing profit incentives, the water industry achieved 30 percentage points more cumulative productivity improvement than comparable industries in the 25 years after privatisation, according to Frontier Economics, a consultancy. Power cuts are down by over half since distribution networks entered private hands. Water leakage in England has fallen by over a third. On key metrics, England's water industry is not obviously worse than those of countries with nationalised industries, like the Netherlands (see table).

The benefits of nationalisation are also less juicy than many realise. Take the argument that public ownership is needed to curb monopoly profits. [Ofwat](#) and Ofgem, the water and energy watchdogs respectively, have not covered themselves in glory. Sneaky businesses loaded up on far more debt than expected, with the average water company's debt-to-equity ratio surging from 4% in 1991 to 72% by 2009. This enabled firms to extract outside returns. But as Ofwat slowly caught on to operators' tricks, their measure of average returns on equity fell from 13% in the early 1990s to around 3% in 2020-24, according to the Independent Water Commission.

Ofgem faced similar problems. Weak oversight allowed some energy retailers to skimp on financial reserves, confident that the government would never let homes go dark. That moral hazard contributed to a rash of supplier bankruptcies in 2021-22, saddling bill-payers with unnecessary costs. But Ofgem has since tightened requirements. The retail market today is a gleaming example of competition's benefits, with companies like Octopus Energy and e.on vying to offer innovative tariffs. The lesson is not the need for nationalisation, but for sharper regulatory oversight.

Meanwhile the idea that public ownership will solve underinvestment misdiagnoses the problem. Although the private sector cut corners, much of the blame for low investment lies with regulators and governments. They rejected proposals for new reservoirs (none has been built for 30 years) and stalled new nuclear power for much of the 2010s. More investment meant higher bills—unpalatable for Britain's here-today, gone-tomorrow politicians.



The need for new investment will dominate the years ahead. Water-industry spending on enhancements was increased by 300% after a review in 2024. The National Grid needs to quadruple the speed at which it builds out the transmission network to meet Labour's goal of 95% clean electricity by 2030. Funding this will burn a hole in the public's pockets. Nationalisation won't change that.

Mr Polanski's complaints about high debt costs and dividends ignore the fact that much of this reflects repayment for real investment and genuine risk taken by private companies. Under public ownership the state would still need to borrow to fund infrastructure, while absorbing more of the risk when things go wrong. True, the rate on government borrowing might be marginally cheaper, but this does not alter the arithmetic fundamentally.

And this ignores the costs of nationalisation. Free marketers claim nationalising water and energy would drain hundreds of billions from the exchequer's coffers. This is overstated, as government would get a stream of future revenues from bills in exchange for the upfront payment. But two risks remain. The first is mispricing the purchase. Pay too little and the government signals it cannot be trusted on property rights, deterring global investment; pay too much and any savings evaporate. Second, financing nationalisation through new bonds risks pushing up the yield on all

government debt. In the low-rate 2010s this might have been manageable. Today it is playing with fire.

Getting investment going requires not just cash but strong co-ordination. According to the left, privatisation is a recipe for gridlock. The owners of wind turbines, pylons and substations spend so much time squabbling over commercial interests that nothing gets done. As evidence of what public control could achieve, they point to Mr Burnham's transformation of Greater Manchester's buses as mayor. In the nearly 40 years after deregulation, passenger journeys fell by half as the network fragmented. Since the city took control of fares and timetables, journeys have been increasing.

But Manchester's buses also puncture the case for full nationalisation. They remain privately owned, with operators bidding for contracts to run services. Dieter Helm, a utilities economist, says the ownership debate is "simplistic". The more useful question is which functions each side performs better. For him, planning and system design belong in the public sphere; service provision is where private competition adds value. This would not be a radical departure. The publicly owned National Energy System Operator already plans the power grid, and the government is moving in a similar direction for water.

Debates about ownership tend to descend into religious fervour. The reality is boringly technocratic. Few would propose renationalising British Airways or British Telecom, where competition brought clear gains; nobody serious would advocate privatising defence. Utilities sit in the grey zone. As monopolies they cannot be left unchecked, but regulation and selective public control over planning would suffice. Starting from scratch, a nationalised model could work. But the transition costs dwarf any benefits. Rebuilding state capacity would take years, distracting from the real questions facing Britain's utilities.

Those trade-offs are pressing. Pursuing the 2030 clean-power target will run up bills. Meeting river-quality standards requires both large investment and a tougher approach to farmers, who pollute more rivers than water firms do. New infrastructure will remain stuck without planning reform to overcome NIMBY opposition.

As Northern Ireland Water shows, these problems don't disappear under state ownership. The business has complained that "material underfunding" is a major cause of its troubles. Increasing bills, raising taxes or cutting spending elsewhere are the only ways to fund investment ultimately. That's a question not of ownership, but of political courage. ■

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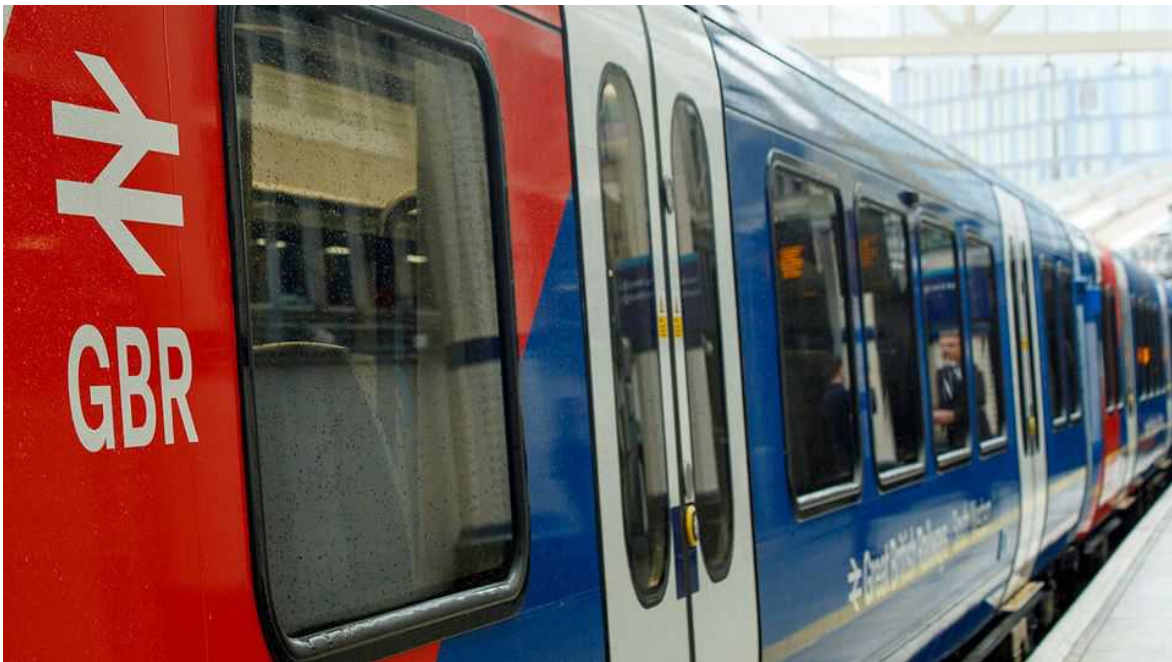
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Britain | Blow the whistle

Britain's rail nationalisation is going full steam ahead

But it risks going down the wrong track

June 11th 2026



British commuters moaning about the trains should remember that life could be worse. They could be Germans. Some 91% of British trains arrived within five minutes of schedule in 2024; only 82% of German ones did. The Swiss (punctuality rate: 93%) are so fed up that they are terminating any German trains that arrive 20 minutes late at the border.

The struggles of Germany's state-run operator suggest that public ownership is no panacea. That is a lesson Britain's Labour Party should heed as it renationalises the railways. The British government now controls 53% of trips, up from 16% in 2023-24, with more to follow. Heidi Alexander, the transport secretary, has promised that Great British Railways (GBR), the

new state operator, will run more services, have simpler fares and provide cleaner lavatories. Labour's left sees it as step one in a sweeping renationalisation of the economy.

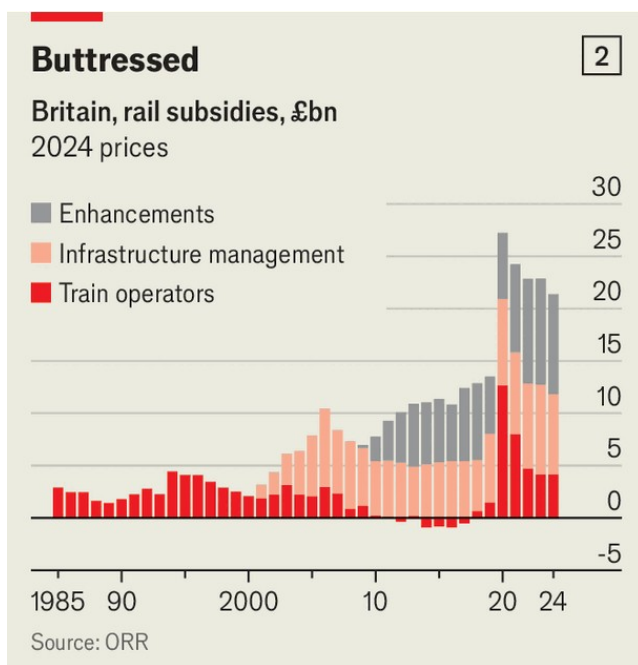
The changes so far have mostly entailed daubing the new GBR trains in garish Union Jack colours. Although some services have improved, others, such as the South Western routes (nationalised since May 2025), have seen cancellations increase.



Nationalisation is unlikely to solve the railways' problems. This is partly because privatisation wasn't the disaster that many claim. The number of rail journeys more than doubled from 700m at privatisation in 1994-95 to 1.7bn in 2024-25 (see chart 1). This was mostly driven by demographic changes, but innovative private-sector ticketing strategies helped. And although passengers grumble about delays, Britain's trains are on average more punctual than those in most other European countries.

Britons' most legitimate complaint concerns fares. On some measures, they are among Europe's highest. A peak ticket booked the evening before from London to Liverpool costs £120 (\$160), double the price of an equivalent Italian journey. Although advance booking narrows the gap, the country's railways are undeniably expensive, especially when subsidies are taken into

account. The government provided £12bn in operational support in 2024-25, up in real terms from £2bn in 2000-01 (see chart 2).



Nationalisation will not fix these funding woes either. Private train operators were not creaming off excess profits; they barely mustered profit margins of 2% before the covid-19 pandemic. It was the nationalisation-shy Tories who had to put the first four English operators into public ownership because the firms were so broke.

Perhaps nationalisation's most promising benefit comes from better co-ordination. Squabbling between train operators and Network Rail, the state-run body which maintains the track, has plagued the system for decades. In certain households the 2018 timetable fiasco is still not safe dinner-party conversation. Having a single co-ordinating body like GBR should improve services. But it will take years for most benefits to materialise.

Public ownership also has costs. Stephen Glaister, a transport academic, warns that GBR could become a "really powerful monopoly". The public entity will be financially incentivised to prioritise its own passenger services over disruptive private-sector entrants. This is particularly worrying given that the arrival of newcomers like Lumo in recent decades has provided much-needed competition.

Crucially, state ownership will not tackle rising costs. Take Britain's rail unions. They have opposed efficiencies like ticket-office closures and managed to double train-driver pay in real terms since the 1980s (bus-driver pay has stagnated). Nationalisation will increase the pressure to buy off strikes. It is telling that on being elected in 2024, Labour awarded generous pay rises to train drivers for little in return.

Changing travel patterns are another issue. Fewer deep-pocketed commuters and more cost-conscious joyriders have meant that revenue is 12% down on pre-pandemic levels. The Treasury is bristling at the subsidy required and wants to reduce costs. Yet this would require fare rises or less investment. Labour has already shown it will not stomach higher ticket prices, making a fanfare of freezing them this year. And reducing investment will lead to worse services. This is a sticky trade-off, and one public ownership cannot help with.

Ms Alexander insists nationalisation is more than “a paint job”. But if Labour sidesteps the underlying problems, it risks becoming a botched one. ■

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Britain | Playground politics

A kids' social-media ban would be a bad parting gift from Keir Starmer

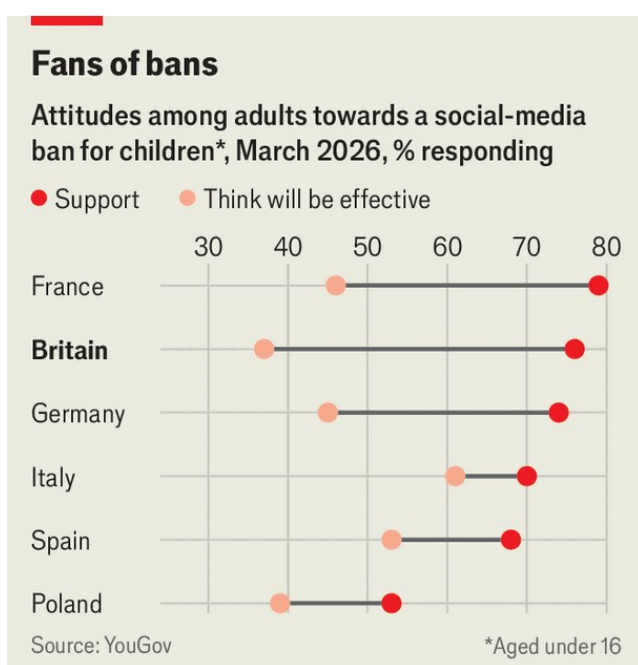
But it perfectly captures the British prime minister's vanilla brand of populism

June 11th 2026



Britain's slow crawl towards a social-media ban for children is nearing its destination. The recent acceleration has not been fuelled by new policy insights, but by simple political calculation. In the run-up to a much-anticipated by-election in Makerfield on June 18th, which could see Andy Burnham, the mayor of Greater Manchester, return to the House of Commons, Sir Keir Starmer is casting around for ideas to prove he has the vision to stay on as prime minister rather than be replaced by Mr Burnham or an alternative.

Hence, days before the vote, the government hopes to announce its response to a public consultation on “growing up in the online world”. Allies say that Sir Keir will set out a “game-changer” policy. It will almost certainly be some sort of ban on under-16s using big social-media apps and sites. Exemptions are expected for a range of messaging services, such as WhatsApp, or those seen as educational, such as YouTube’s “Kids” offering (no need to throw Bluey out with the bathwater). As a prelude, the government this week promised to block children from viewing naked pictures online, giving tech firms a three-month ultimatum for installing software.



Australia has already enacted a social-media ban. Canada and the EU are moving in that direction. A poll by YouGov in March found that 76% of Brits back a ban, more than in most large European countries (see chart). Even a majority of older teenagers and 20-somethings support it, suggesting it is not just an obsession of greying curmudgeons. Some kids’ charities which once opposed a ban now favour it.

Yet pressing ahead would be a mistake. As well as harms, social media bring benefits. And Australia’s ban has proved leaky, with many children still having access to at least some social-media sites; the measure has not led to an uptick in more wholesome hobbies.

Britons may be some of the keenest cheerleaders for a ban, but they are also among the least likely to think it would work. Some families of children whose deaths have been linked to social-media use oppose the idea, partly because they fear the most dangerous content is not on major apps but lurking in darker corners of the web not covered by any regulation.

And for the government, there is a danger of mixed messaging. Britain is trying to position itself as a tech and AI champion, but some of its rhetoric sounds hostile. Elon Musk, the owner of X, is a favoured target, but Silicon Valley as a whole also gets it in the neck from Labour bigwigs.

Mr Burnham recently thundered that it was time to “regulate social media, artificial intelligence and big tech”, while Wes Streeting, another would-be Labour leader, said in the Observer that X and its chatbot Grok “should be treated like any other publisher”—a move that would make it near impossible for AI language models to be used in Britain. Neither has set out details of the tech policies he would actually pursue if he made it to Downing Street.

Theo Bertram, a former executive at TikTok who now runs the Social Market Foundation, a think-tank, says that while social-media firms can accept new rules about children they will feel more jittery about the increasingly aggressive tone in Westminster. “If the Labour Party or any party expresses a position that the UK is hostile to AI, that could be extremely harmful,” he predicts. The issue is a diplomatic minefield: a press release from the American embassy in London warned that a ban would place “disproportionate” burdens on American firms.

Others deny that there is any contradiction between a short-term safety crackdown and broader tech boosterism. At a cabinet meeting on June 9th Liz Kendall, the secretary of state for science, innovation and technology, said that AI had “huge potential” which Britain could “only seize” if public concern over tech’s impact on child safety and economic inequality is adequately tackled.

The push looks like yet another example of Sir Keir’s vanilla brand of populism. He rightly rejects the economic utopianism of the populist left and the anti-immigration vitriol of the populist right, but still embraces easy

policy answers when it suits—regardless of the complications. Predictably, this supposed quick win is facing flak: even before the policy's announcement it is being assailed by the opposition for not doing enough. ■

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Britain | Belfast burning

A frenzied knife attack by a refugee has put Northern Ireland on edge

It set off destructive riots in Belfast and beyond

June 11th 2026



Rush hour in Belfast on June 9th didn't happen at the usual 5pm. By mid-afternoon offices, shops and government buildings started to empty. By teatime Northern Ireland's capital was more deserted than on a public holiday.

The previous night a Sudanese refugee had been caught on video viciously stabbing a local man. Police captured the suspect almost immediately; his victim survived, remarkably. Within hours, anonymous posts began spreading across the internet, advertising protest locations that evening. These were not so much invitations as threats to shut down much of Northern Ireland. They made clear that businesses were expected to close.

It is a tactic that hardline protesters have repeatedly used in the region, to devastating effect. It brings things to a standstill. Before it was even dark, protesters had closed several arterial routes around Belfast. A Glider—the large bus-like vehicles in the city’s rapid transit system—was burnt out. Petrol bombs were thrown at police in Newtownabbey, north of the city. Several cars were burned. A police car was set alight in Portadown, 40km south-west of Belfast. Riot police could do little.

The real targets were foreigners. Doors were kicked in, cars torched and homes set alight. A child was among those evacuated in an armoured police vehicle as their home went up in flames. Two women were still in their care-worker uniforms when police rescued them from arsonists.



This was the region’s third consecutive year of anti-migrant violence. Unlike protests in mainland Britain, the unrest involves the organisational muscle of pro-British loyalist paramilitaries who have survived for over a quarter of a century after the Good Friday Agreement.

Claire Hanna, the leader of the nationalist SDLP, called it a “racist pogrom”. The Police Federation said it had been “reminiscent of fascism and racism”. Although pro-British unionist leaders condemned the violence, they emphasised understanding of anti-migrant sentiment. Jim Allister, whose

TUV party has an electoral alliance with Reform UK, decried “the importation of an alien culture”.

Hadi Alodid, the man charged with attempted murder in the attack, had travelled to Northern Ireland from the Republic of Ireland, crossing the open land border. He was not an illegal immigrant. The Conservative Party’s shadow Northern Ireland secretary suggested that there should be intelligence-led immigration checks on the British side of that border, as already happens on the Irish side.

On June 10th a riot closed Northern Ireland’s busiest roundabout, in Glengormley just north of Belfast. For three hours police were sporadically attacked with masonry and petrol bombs. Children as young as four were taken by their parents to watch among a crowd of about 1,000. A grandmother on a walking stick disapproved—not of the violence, but of the indiscriminate destruction of the street: “It’s themmuns [gesturing to where she believed migrants lived] they want to be doing it to, not our own,” she said angrily. Recent history suggests this disruption will fade after a few days, but it will keep recurring. ■

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Britain | King and “Country Life”

A posh and peculiar British magazine is thriving

The unusual pleasures of “Country Life”

June 11th 2026



It was late March 2026. The war in Iran was raging. Donald Trump had threatened to destroy Iran’s power plants. Newspapers across the world raced to cover this. Not Country Life. The British magazine instead offered a cover with two lambs on it and, inside, a feature on “The chickens that lay our favourite eggs”. It was similarly off-news for the outbreak of the covid-19 pandemic (its cover had a lovely picture of a thatched cottage) and of the Ukraine war (a lovely picture of the coast). The second world war was marginally more newsy. On September 16th 1939 the magazine offered: “Golf—The Game in War-Time”.

Britain offers two kinds of country life. There is “country life”, the simple act of living in the country. Then there is Country Life, an upper-case, upper-

class magazine that is related to country living (it features a lot of cows) but that is also very different (it features a lot of country houses and croquet lawns).

Country Life is less a mere publication than an institution. British novelists satirise it. British landmarks are sold in it (in 1915 Stonehenge was flogged for £6,600, or £602,340 in today's money). British royalty reads it: Charles is a fan. The other British royal family, the Beckhams, rather like it, too: David reads it from cover to cover. It is, like the royals, surprisingly popular; 40,000 buy it each week.

It is also, like the royals, odd. Each issue opens with “posh porn”: images of grand houses newly on the market (they tend to have things like lovely moats) and, in its “Frontispiece” feature, images of grand girls (they tend to have lovely smiles). The title implies a physical location. In truth, it speaks to a spiritual one: an England of country piles and tennis and tea on the lawn; an England that is [declining but not yet fallen](#); an England that is, in short, keen to read articles with titles like: “How do you make an 18th-century stately home fit for a 21st-century family?”

Its first issue was published in January 1897 when Edward Hudson, a publisher, having failed to make a magazine about glossy horses sell, switched to glossy houses. Soon Country Life had fancy offices (designed by Edwin Lutyens), fancy correspondents (Gertrude Jekyll did gardening) and fancier readers, like Evelyn Waugh. Go to the right sort of country house and you will, still, find piles of it in the loo. The magazine is so anodyne it often appears in doctors' waiting rooms.

“It is”, says Michael (now Lord) Heseltine, a former Conservative politician and a fan, “our life...It's us. It's what we do.” It even has its own vernacular: one does not “buy” Country Life or “read” it, one “takes” it, like literary laudanum.

The magazine's success is enviable and to many unfathomable. It breaks almost every publishing maxim. Whereas the news elsewhere focuses on the grim, Country Life not only “ignored the second world war”, says Mark Hedges, its editor, and the covid-19 pandemic (he preferred “concentrating

on the blackthorn blossom”), it also eschews sensationalism (it has a lot of articles on asparagus).

True, it does have more modish “news you can use” features. Recent ones include “Smaller country houses”, presumably for readers who have tired of their larger ones, and “In search of the perfect country house games room”, a common problem.

Some find it irksome. It has been described as “rural porn for the rich”, while its Frontispiece has been called “sexist” and “laughably old-fashioned”. Not without cause. Each week the “Girls in Pearls” offers pictures of lovely girls in poses, and often in pearls, next to hay bales, horses and other [English erotica](#).

A survey of the 2007-11 girls found almost a quarter had attended Cheltenham Ladies’ College, a school that is as posh as it sounds. Many were called “Harriet”. One is now queen. When the king, at the time the prince of Wales, guest-edited in 2013, he chose his wife Camilla for the Frontispiece. Camilla, when she guest-edited, chose her dogs.

The column, counters Mr Hedges, has modernised. The girls are no longer all young, or aristocratic, and no longer have to be newly engaged. It is a “much more eclectic mix”.

Possibly, but its critics say that the magazine remains hopelessly out of touch: while other papers cover issues like gun crime it offers instead “The Cotswolds” issue. Nonsense, says Sir Simon Jenkins, a former chairman of the National Trust, a conservation organisation for nature and historic houses, and a former journalist at Country Life. (Sir Simon’s first job was to check the spelling of “double-barrelled names” belonging to the girls in pearls.) The magazine, he says, is “covering [rural] problems quite seriously”. It has led on fly-tipping and writes about art and architecture with similar seriousness. It goes to great lengths for cover shots of cows: your correspondent followed a photographer for a morning to chase sheep around a freezing field.

Britain is a predominantly urban nation but its favourite poems invariably feature things like daffodils. The National Trust is the country’s largest

charity. Elysium, in England, is rural.

Besides, the magazine's focus on fields is not frivolity, but philosophy. People remember covid as terrible—but that spring as wonderful. Trees, blossom and sun are not trivial, says Mr Hedges; they are “what actually affects most people's lives”. For when summer is here it is indeed time for mayonnaise, and for reading articles on how to eat it with asparagus. ■

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British politicians are racing to the hard right

Amid riots in Belfast, Restore promises to put “murderous third-world savages to death”

June 11th 2026



When a Sudanese refugee was caught attacking a man in Belfast on June 8th, Restore, a far-right party, pledged: “A Restore Britain government will put murderous third-world savages to death.” Tragedy brought clarity: the British right is moving right. Ideas that were until recently extreme, whether capital punishment or mass deportations, are now mainstream. Small parties, such as Rupert Lowe’s Restore, may attract low single-digit support in polls. Yet they are pulling Reform UK and the [Conservatives](#) further to the right with a simple remorseless logic: that there is no limit to how nasty the British public can be.

What was once taboo is now up for debate. After footage of the attack in Belfast emerged, Mr Lowe pledged to have the accused executed “with the British people’s approval”. Thanks to his party’s surprising breakthrough in Makerfield, which soon faces a by-election where Reform is expected to come third, way ahead of the Conservatives, these sweeping threats are now read out on BBC Radio 4 as just another political opinion. Others are more coy. The death penalty will “be back within the next decade as an issue of major national debate”, said [Nigel Farage](#), Reform’s leader, last year, passively. It is something that will bubble up naturally. If so, runs Mr Farage’s logic, so be it.

Calls for execution were soon replaced by calls for mass deportations. “Deport them all,” said one anchor from GB News, a right-wing channel ostensibly regulated by Ofcom. “Nothing else will stop this.” A once-lonely demand by Mr Lowe that “millions must go” has become a key policy for Reform, which sits at the top of the national polls. It is a remarkable lurch right. In late 2024 Mr Farage still cowered from the idea of mass deportations. “I’m not going to get dragged down the route of mass deportations or anything like that,” he said. Skip forward a year and his tune had changed. Standing in front of a mock airport-departures board with the destinations of “Sudan”, “Afghanistan” and “Yemen”, Mr Farage launched an Illegal Migration (Mass Deportation) Bill.

If such action is not taken, they warn, violence will follow. The sight of young men in masks burning down houses in Belfast led to a strange cocktail of loud condemnation and quiet vindication on the British right. Parties trying to appeal to authoritarian voters appalled by the attack have started suggesting that a riot is a voice of the unheard. Mr Lowe offers advice for protesters to avoid arrest; Mr Farage, for now, sticks to euphemism, warning repeatedly of “civil disorder” unless his precise policy prescriptions are followed. It is an unfamiliar position for a man who has never had to shore up his right flank.

Even the centre-right has fallen prey to violent fantasy. Though Kemi Badenoch, leader of the Tories, condemned the riots in Belfast, she also argues that politicians relying on votes from “one particular community” is “how you end up with civil war”. The result is a strange spectacle whereby the Tory leader can decry violence, do a photo opportunity in Marks &

Spencer, the symbol of Middle England, and predict civil war all in the same week.

What would the sides be in such a war? The scene from Belfast provided them: a black refugee straddling a white victim. What clearer proof could there be of the “anti-white prejudice” Mr Farage now rails against? Predictions of race war that would make Enoch Powell blush are churned out on X and Facebook and cheered on by everyone from Mr Farage to J.D. Vance, America’s vice-president. Now they have an image to go along with it.

Fundamentally, the British right has bet that the British public are, for want of a better word, bastards. Mr Lowe expanded on this philosophy in a podcast: “When you’re called a racist, or you’re called a bigot, or you’re called right-wing—which I don’t even think we are, I just think we’re the common-sense party—the three key words are: ‘I don’t care’.” But what if people do? There is a reason the first line of defence is always “I’m not racist, but”, rather than “I am racist, and”. It is an irony of British populism that those politicians who claim to speak for the people are often furthest from them.

Once the fever breaks, support for the death penalty wilts as people are grilled on who should actually be put to death. The idea of “mass deportations” is a bold one in a country where the mistaken deportation of a few dozen British citizens led to the fall of a home secretary and a years-long scandal that still shames the state. Punitive sentences for those who burned down houses in Belfast will be cheered by voters, who will care little for the rioters’ motivation. That politicians are willing to discuss the idea of civil war—never mind race war—reveals a political elite utterly disconnected from the daily frustrations of British voters.

The right’s base instincts fill the airwaves in part because there are few willing to fight them. Britain is cursed by a prime minister incapable of meeting this particular moment, as high-profile crimes blend with ridiculous fantasy. Never has a prime minister proved less willing to use their pulpit. While his opponents preach anarchy, Sir Keir Starmer is mute, surrendering to the right’s idea that the public are irredeemable. Fatalism has infected Labour when it comes to dealing with Reform, which, though first in the

polls, is only roughly as popular as Rishi Sunak's Conservatives, who enjoyed their worst-ever result in the 2024 general election.

It is after a heinous crime that the right's low expectations of hard bigotry become clear. The British right is offering a world in which criminals are put to death; where "millions must go"; where pogroms are the inevitable result of a country in which white people are now second-class citizens. It is increasingly clear what the likes of Mr Farage and Mr Lowe are selling. The hope is that British voters will not buy it. ■

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International

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- [The World Cup has always been beset by scandal and strife](#)
- [Why strongmen are wrong to loathe Europe](#)

International | Of trophies and melting pots

How to win the World Cup

Being rich helps, but being open to immigration works best of all

June 11th 2026



Since 1930 more than 80 countries have participated in 22 World Cup tournaments. Yet only eight have ever claimed the trophy. Why are just a handful of countries so good at the game?

The question vexes many, and not just football fans. Xi Jinping, China's leader, has long coveted footballing glory; so has Muhammad bin Salman, Saudi Arabia's crown prince. Success on the pitch is good politics. It can lift the public mood and improve foreigners' perceptions of a country. But glory is hard to come by.

Like many before us, The Economist has tried to work out a formula for success at football. We built a simple model, based on national teams' Elo

ratings. This measure of performance, derived from chess, takes account of the calibre of opponents and is considered a better proxy for quality than tournament results, which can be skewed by a kind draw or an inspired goalkeeper. We then calculated how much of the gap between countries can be explained by different variables, from the strength of a country's democratic institutions to the average height of its men.

The most influential factors, we found, were wealth, population, height and geography. Together these account for around 70% of the variation in Elo scores. Yet no single factor is decisive. Rich countries spend more on coaching, facilities and youth development, but do not always excel. America is wealthy, but most of the money in American sports flows to other games. The monarchies of the Gulf are filthy rich and football-mad, but still underperform.

Size matters as well. A bigger population offers a deeper talent pool—yet as China and India show, it is no guarantee of glory. Despite their billion-plus populations, the two countries have qualified for just one World Cup between them. Size counts more literally, too. Our analysis suggests the optimal height for players other than the goalie is around 181cm. The further a country's average man stands from that mark, the worse it tends to fare.

Yet the most powerful variable is one no government can influence: geography and the sporting culture it brings with it. For instance, South American teams average around 640 Elo points more than their Asian counterparts, which means they are expected to beat them more than 90% of the time. Even after adjusting for differences in income, population and physique, the chasm narrows only to 492 points. European teams also enjoy an edge.

These regional advantages reflect deep-rooted differences in the depth of coaching and the intensity of competition. European leagues are a magnet for global talent, audiences and investment. The continent is home to more than 200,000 coaches, far more than any other confederation. India has around 50 coaches holding Asia's highest-level licence; Spain, with less than 5% of India's population, has more than 2,000 with the equivalent qualification. Money compounds such divides. Richer confederations, such

as in Europe and South America, can plough far more into coaching and youth development.

All this makes footballing success self-perpetuating. Our analysis suggests that the best predictor of where a country ranks today is where it ranked decades ago. Around four-fifths of the countries in the top quarter of the Elo table in 1976 are still there. But as difficult as catching up is, it is not impossible. A handful of countries have managed to rise up the rankings.

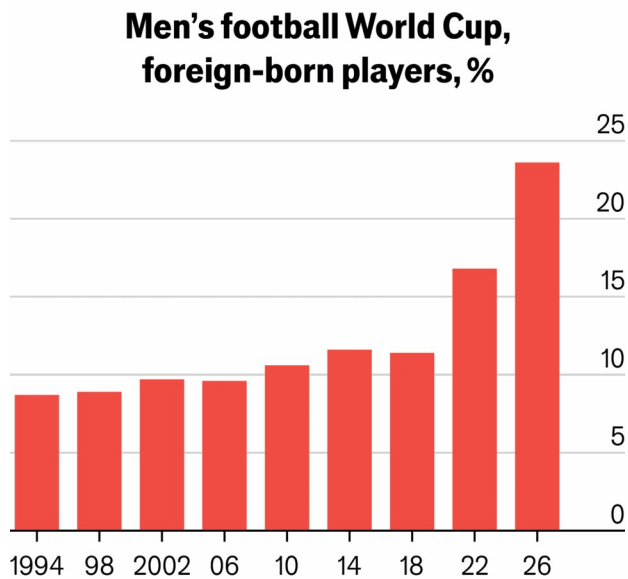
Japan is one of them. It had never reached a World Cup before 1998 but has not missed one since. At the most recent tournament, in Qatar, Japan beat such heavyweights as Germany and Spain. Many consider it a dark horse this time. The improvement cannot be ascribed to Japan's economy or population, both of which have stagnated since the 1990s. Instead Japan's success reflects the strategy adopted by its football authorities.

In 1992 Japan revamped its amateur league and launched a "Hundred Year Vision" with the goal of forming 100 professional clubs by 2092. It has since continuously tweaked this plan, studying global tactical trends and disseminating them at home. This includes prescriptions for clubs, which are required to run youth academies, and for the types of players they are urged to produce. Once celebrated mainly for discipline and hard work, Japanese pros today dazzle with their skill, often in big European leagues.

Critically, Japan's approach is bottom-up. China, in contrast, has tackled football in the same way it pursues Olympic glory: through a centralised, lavishly funded effort to nurture talent. It has failed because football depends on improvisation, unpredictability and a deep grassroots base, [argues Mark Dreyer](#), a sports journalist.

Successful as Japan's methods have been, they are also slow and expensive. For many poorer countries, there is a faster route: importing talent. For example, Senegal has climbed up the rankings not by developing football infrastructure at home, but by drawing on a diaspora trained at academies abroad. Around half of the Teranga Lions' squad at the World Cup are sons of Senegalese migrants (largely in France). This is akin to funding development through remittances: Senegal is earning rewards from its exports of labour.

Fully 96% of Curaçao's squad at this tournament and 62% of Cape Verde's were born abroad. These teams are merely extreme examples of a broader shift. Since 1994 the share of players competing for a country other than the one of their birth has climbed rapidly, from 9% in 1994 to 24% today.



Source: COMPAS, University of Oxford

There are other ways to import talent. Countries that are usually stingy with passports sometimes throw them at footballers. Qatar, for instance, fields several naturalised players, such as Belgian-born Edmilson Junior. China's big star, Serginho (or Sai Erjiniao, as he is known in his adopted home), was born in Brazil. At times this ruse exceeds even the permissive rules adopted by FIFA, football's governing body: last year it punished Malaysia for fielding seven players whose Malaysian roots had been falsified.

Malaysia's desperation is an indication of the rich rewards the strategy can bring. One study of World Cups found that teams with more foreign-born players tended to progress further, even after controlling for wealth and footballing tradition. At the previous World Cup, Morocco offered even more vivid proof: it became the first African team to reach a World Cup semi-final with a 26-man squad of whom 14 were foreign-born.

The benefits of migration accrue to both the exporting and importing country. The children of migrants to Europe often end up playing for their

parents' adoptive country, not their original one. Spain's biggest star, Lamine Yamal, is the son of immigrants from Morocco and Equatorial Guinea. England's front line will feature Bukayo Saka (of Nigerian heritage) and Marcus Rashford (of Caribbean). France's team is almost entirely made up of the children of migrants. Its squad features Désiré Doué, whose family captures the duality of migration's impact on football. Désiré plays for France, but his brother Guéla represents Ivory Coast.

Drawing on a more diverse talent pool boosts performance on the pitch. A study in 2023 found that an increase in a squad's "ancestral diversity" leads to better results. In the deep soul-searching prompted by Italy's failure to qualify for this World Cup (the only past winner to miss out), some commentators blamed strict citizenship rules that have prevented many migrants from playing for the Azzurri.

Unsurprisingly, the diversity of successful football teams infuriates racists and foes of migration. When England inevitably gets knocked out of tournaments, it is its black players that cop the most abuse. A study published earlier this year found that victories by more diverse teams are followed by more favourable attitudes to immigration, but that losses can worsen perceptions of immigrants and increase support for the far right. Victory or defeat is not just a matter of bragging rights. ■

The World Cup has always been beset by scandal and strife

So has FIFA, the outfit that administers it

June 11th 2026



DID THE young Swede who refereed both the semi-final and final of the World Cup in Italy in 1934 really meet Benito Mussolini, Italy's dictator, for dinner the night before the first of those matches? And did he agree to favour the home team, paving the way for Italy's triumph in the tournament? To this day misgivings persist, although there is no clear evidence.

From its birth, the World Cup has been beset by troubles and scandal. The stadium for the first one, in Uruguay in 1930, was not ready on time. The only African team slated to participate in that tournament, Egypt, literally missed the boat. And Uruguay, the eventual victor, was so incensed by the

poor turnout from Europe that it boycotted Mussolini's World Cup four years later—the only time a defending champion has failed to show up.

As with Italy in 1934, the host country is often suspected of skulduggery. When the tournament was held in England in 1966, much of Latin America believed it was engineered in favour of the hosts (who, as everyone in England knows, won) and other European countries. The Argentine captain was sent off in an ill-tempered game with England and an English referee dismissed two Uruguayans in their match against West Germany. In 2002, when the tournament was split between Japan and South Korea, it was the Europeans' turn to feel victimised. South Korea knocked out first Italy, after the referee disallowed an Italian goal and sent off a star player, and then Spain, in another game scarred by refereeing controversies. "It seemed as if they just sat around a table and decided to throw us out," griped Franco Frattini, an Italian government minister.

Refereeing is far from the only cause of allegations of cheating. Mussolini pioneered another: the bolstering of national teams by abruptly granting citizenship to talented foreign footballers. In the 1930s Italy imported a number of players from Latin America. Five of its squad in 1934 had already won international caps with Argentina or Brazil. Provoked by an even more egregious example—Qatar naturalised three Brazilian footballers to improve its chances of qualifying for the World Cup in 2006—football's governing body, FIFA, ruled in 2004 that, to change national allegiances, footballers must have a clear connection with their new country.

A third form of cheating is to nobble your opponents. No instance of that has ever been proven. But England fans remain convinced that dirty tricks tarred the tournament in Mexico in 1970. Their captain, Bobby Moore, was arrested just before it in Colombia on charges of having stolen a bracelet, and their goalkeeper, Gordon Banks, was forced to miss the match in which they were knocked out by a stomach complaint he blamed on a dodgy bottle of beer. A recent article in the Observer, a British newspaper, explored suspicions that he had been poisoned by the CIA to help shore up a tottering dictatorship in Brazil with a popular footballing triumph. In 1998, when Brazil lost to France in Paris in the final, it was alleged that the sub-par performance of their star striker, Ronaldo, was also the result of poisoning.

That such conspiracy theories thrive is testimony to how much people everywhere [care about the World Cup](#). According to FIFA, 1.5bn people watched the final in 2022 on television. This generates spectacular flows of revenue from broadcasting rights, sponsorship, licensing deals, ticket sales and hospitality. FIFA, a not-for-profit organisation, is expecting \$8.9bn in revenue this year. Much of the money goes to the 211 national football associations that are its members and their six regional groupings.

There are no clear rules about how these riches should be distributed, however, giving FIFA's members an incentive to keep quiet about mismanagement or corruption at the organisation. An investigation in 2015 by American and Swiss authorities revealed bribe-taking on a breathtaking scale: more than 40 FIFA officials were charged. FIFA's president at the time, Sepp Blatter, from Switzerland, had to resign (though he was later cleared). His expected successor, Jeffrey Webb from the Cayman Islands, pleaded guilty to a number of charges. Instead, Mr Blatter was replaced by Gianni Infantino, also from Switzerland, who came in as the candidate of reform. Even before the scandal, FIFA suffered from the entrenched perception that it was a moneymaking racket run for the benefit of its officers and their cronies—why else, people ask, hold the World Cup in somewhere as unsuitable, for climatic and cultural reasons, as Qatar, the host for the finals in 2022?

Mr Infantino's reforms have done little to dispel that reputation. Like his long-serving predecessors, Mr Blatter and João Havelange, a Brazilian businessman, he has proved adept at hobnobbing with the powerful. He has received a medal, the Order of Friendship, from Vladimir Putin and invented one, the FIFA Peace Prize, to award to Donald Trump last year.

The sycophancy of its leaders to those in power helps explain one of FIFA's great assets: its uncanny ability to sail serenely through geopolitical turbulence for the good of the World Cup and the massive fortunes it generates. Germany's annexation of Austria in 1938 left the 16-country tournament that year a team short, but FIFA did not let that derail things. Had Canada succumbed to Mr Trump's blandishments to become the 51st state of America before this year's competition, Mr Infantino would probably have been the picture of composure.

Russia's annexation of Crimea in 2014 did not prevent it from hosting the tournament in 2018. And Iran and America are not the first countries engaged in military hostilities with each other to compete in the same World Cup. Britain's war with Argentina over the Falklands in 1982 did not end until a day after Argentina's loss to Belgium in the opening match of the tournament that year in Spain, which also featured England.

By expanding the tournament from 32 to 48 teams, FIFA has dramatically increased not only the number of tickets to be sold and matches to be televised, but also the scope for conflict, grievance and scandal. "I hope we can use this World Cup to really unite the world," says Mr Infantino gamely. That a good portion of the world's football fans will be united in their fury at how the World Cup unfolds seems a safer bet. ■

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Why strongmen are wrong to loathe Europe

The leaders of America, China and Russia scorn consensual politics. That is a mistake

June 11th 2026



TO THE HARD men who run America, China and Russia, Europe is soft and thus doomed. The contempt of Presidents Donald Trump, Xi Jinping and Vladimir Putin is broad and deep.

Denouncing people for their ancestry, Trump lieutenants portray the presence of even second-generation migrants as evidence of Europe committing civilisational suicide. The European Union's need to seek a consensus among 27 countries is used by America, China and Russia to play divide and rule. An EU-China trade conflict looms, as Europeans panic about Chinese exports putting locals out of work. In response, The Telegram hears, Chinese envoys have been urging Europe to learn from America. In

the envoys' telling, Mr Trump hit China with tariffs last year but was punched back, harder. As a result, America now respects China. That refers to China's threats, in 2025, to curb shipments of vital rare-earth minerals. The implicit message is blunt. China beat Mr Trump. Just who do Europeans think they are?

China is losing patience with European demands to stop its companies supplying Russia's war machine. Ukrainian drones are also full of Chinese components and China turns a blind eye to that, Chinese officials have told European governments. They prod: How far do you want to push export controls?

Europe's vulnerabilities were on display at the Stockholm China Forum on June 4th and 5th. A closed-door gathering of political and business leaders, officials and scholars from America, China and Europe (meaning the EU, Britain and a few other Western countries), the forum is co-hosted by Sweden's foreign ministry and the German Marshall Fund, a think-tank. This columnist has attended the forums since 2008. This was one of the bleakest.

After China successfully intimidated Mr Trump with rare-earth controls, America secured a fragile truce backed by threats of tariffs and chip-export controls. EU markets provide some leverage, but it cannot easily be used, because of economic dependencies on China, and economic and security ties to America.

As the US-China tech contest speeds up, Europe is falling further behind. In Stockholm, Chinese participants called Europeans too "comfortable" to compete. One gave a real-world example: a European executive at a Chinese tech company told his boss that a crushing workload was endangering his marriage. "Oh dear," said the Chinese boss. "You clearly have the wrong wife."

Yet amid the gloom, a contrary thought struck this columnist. Just maybe, in this age of radical uncertainty, Europe's softer, more consensual approach to work and politics may prove useful.

Mr Trump, Mr Xi and Mr Putin see a world shaped by power—and the will to use it. The American and Russian presidents endorse a global order in which “peace” is secured when weaker countries submit to the strong. Both condemn Ukraine for defending itself against Russia’s unprovoked invasion. China is more mealy-mouthed, but when its diplomats accuse the West of provoking and prolonging the war by ignoring Russia’s legitimate security interests, they are using the same logic.

Might-makes-right views of international relations have their equivalent in domestic politics. Countries worldwide are succumbing to the winner-takes-all doctrine of majoritarianism. At first glance, that looks like democracy, as power is wielded in the name of a legitimate, law-abiding majority. But in such systems, minorities and dissenters enjoy few or no rights. The offer to citizens is one of conditional safety, if they stay on the right side of a majority-minority dividing line.

To be sure, America, a fractious but functioning democracy, is vastly freer than China and Russia, both of them tyrannies of the majority. But like Mr Putin and Mr Xi, Mr Trump treats politics as winner-takes-all. To different degrees, each behaves as if the state serves the interests of a single ruling party, demonising opponents as enemies within.

Strongmen boast of earning legitimacy by being efficient and effective. The sheer unpredictability of the future will test that claim. When rulers put their trust in power, rather than in laws and treaties, they are betting on staying strong. Mr Trump, Mr Putin and Mr Xi are all risk-takers, seemingly tempted by dangerous adventures from the Middle East to Europe’s eastern frontiers, or the Taiwan Strait. Nobody can confidently predict the relative strength of America, China and Russia in five or ten years.

Thanks to AI and other disruptive technologies, dividing lines between economic winners and losers are about to move wildly. Nobody knows which industries will vanish or flourish, or what sort of education will make people employable. In such an age, who can be confident of belonging to a “good” majority that plays by the rules, and so deserves to be safe?

It is easy to mock Europe, with its unsustainable welfare systems and long holidays. But there was nothing silly about its embrace, after 1945, of

consensual, rules-based politics. The continent's many castles were not recently built by tourism ministries. They testify to centuries in which Europeans settled disputes by fire and sword. History taught Europeans to fear tyrannical majorities. Time and again over the ages, lines moved. Without inalienable legal rights for individuals, belonging to the wrong religion, social class or group spelled sudden ruin, exile or worse.

Europe has problems. But there are scenarios in which its bet on rules pays off. America may elect a president who tries to serve the whole country, and not one political tribe. An America that is open to diverse cultures and views could ally with Europe to counter China's and Russia's predatory ways. Hard men may not own the future. Perhaps consensual politics will help keep citizens from panicking. Softness may not spell Europe's doom just yet. ■

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Fear of the SaaSpocalypse is tormenting techland

Software once ate the world. Now it is in danger of eating itself

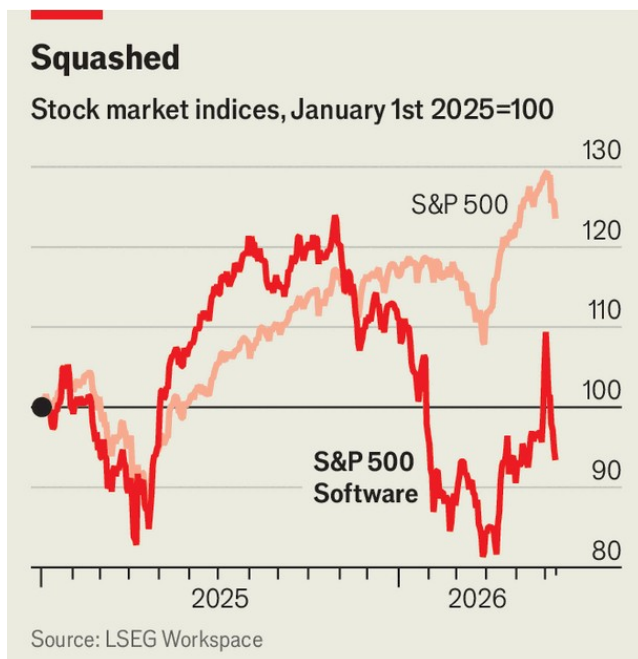
June 11th 2026



While TYPING away at a WeWork in San Francisco recently, your correspondent spied a plane flying across the skyline trailing a banner. “SAAS IS DEAD”, it declared in huge letters. The software developers with whom he was sharing the co-working space also noticed. “Thanks for reminding us,” one groaned.

The stunt, paid for by an artificial-intelligence startup, reflects the increasingly widespread belief in techland that AI presents an existential threat to the Software-as-a-Service (SaaS) industry, which only a few years ago looked unstoppable. Since the brutal sell-off in their stock in February, its bosses have been desperately trying to persuade investors that fears of a so-called “SaaSpocalypse” are wildly exaggerated. Over the past month or

so the share prices of listed [American software companies](#) have, on the whole, begun to recover some lost ground (see chart). Yet many investors remain cautious.



Their worries are unlikely to dissipate soon, as AI agents that can operate other computer programs become [cleverer](#) and more capable. It doesn't help that the threat to SaaS incumbents is coming from four directions: large AI labs; AI-native startups; DIY software development; and the industry's own disruptive efforts to reinvent itself. Call them the four SaaSquatches of the apocalypse.

It is the AI labs that loom largest over the landscape. Led by Anthropic and OpenAI, they build models with the most advanced capabilities, are raising mountains of capital and employ the leading AI boffins, whom middle-aged SaaS companies find hard to attract.

So far their coding efforts—Claude Code and Codex, respectively—have been most notable. But that is only the start. The labs are well placed to take advantage of one of SaaS companies' big vulnerabilities: their siloed nature. Despite numerous acquisitions over the years, businesses such as Salesforce, ServiceNow and Workday have rarely succeeded in breaking out of their specialisations, or "verticals". AI labs, by contrast, threaten to move

horizontally, producing agents that operate at a level above the SaaS products, stitching together various programs through plug-ins and a single chat-based interface. Some SaaS applications that were once considered snazzy business tools risk becoming more like plumbing.

Meanwhile, AI-native startups are already attacking the vertical dominions of the SaaS giants head on. One type is the industry specialist, such as Harvey, most recently valued at \$11bn, which makes AI tools for lawyers and is causing consternation for legal-software stalwarts such as Thomson Reuters. The AI labs are increasingly offering specialised versions of their bots that perform similar functions.

Other newcomers offer AI tools for particular business functions. Numerous AI customer-service startups have cropped up, including Sierra, co-founded by Bret Taylor, the chairman of OpenAI and former co-chief of Salesforce. Serval, a two-year-old startup valued at \$1bn in December, is taking aim at ServiceNow, which makes software for IT help desks. For the moment Serval's agents work with ServiceNow's platform. But the firm's ultimate goal is to create a fully agentic alternative.

Some enterprises will be wary of swapping dependence on one vendor for another. Instead they may opt to harness AI to create their own DIY software systems. The SaaS industry built its success on persuading customers that it is cheaper and easier to buy standardised software programs than to develop custom ones in-house. Software companies ploughed a fortune into building their products upfront, then profited handsomely by distributing them across the corporate landscape at almost no marginal cost. Now, however, enterprises are embracing a "build versus buy" spirit, says Tim Tully of Menlo Ventures, a venture-capital firm.

This has progressed well beyond "vibe-coding" simple tools to automate tedious tasks. Kirkland & Ellis, the world's highest-grossing law firm, recently said that it planned to invest \$500m over the next few years to develop AI tools of its own that draw on the expertise of its staff, rather than relying on third-party ones.

None of this makes the collapse of the SaaS industry imminent. Adopting new systems is fiddly and slow. And the leading firms still have legions of

salesmen to woo customers at lavish events (try finding a hotel room in San Francisco when Salesforce's "Dreamforce" is on).

Indeed, some corners of the SaaS industry are booming thanks to AI. The share prices of America's three biggest providers of cyber-security software—CrowdStrike, Fortinet and Palo Alto Networks—are up by an average of 52% since the start of the year, as enterprises spend more to defend themselves from AI-powered hackers. The value of Snowflake, a data manager, jumped by 36% on a single day last month when it reported surging revenue on the back of strong demand for its AI-powered data-querying tool, among other things.

Others, however, look more exposed. The share prices of Salesforce, ServiceNow and Workday are down by an average of 34% since the start of the year. All three businesses are built on selling applications to human employees, and rely on a recurring-revenue model in which customers are charged per user, or "seat". That model, however, is beginning to make less sense as these providers offer their own AI tools to keep up with the disrupters. One problem is that, unlike traditional software, AI agents cost a supplier more as their customers increase their usage. Another problem is that, by replacing human workers, these new tools eat into the revenue that comes from their legacy products. AI agents "don't need seats", notes Manny Medina, founder of Paid.ai, the startup behind the flying "SAAS IS DEAD" banner, which sells tools to help developers monetise their agents.

Where companies such as Salesforce offer their own AI agents, they typically charge a combination of seat-based and consumption-based pricing, based on how many tokens—the chunks of text processed by AI models—a customer uses. Yet although the revenues SaaS companies are generating from these new products are growing rapidly, they are nowhere near large enough to offset the sales they stand to lose if customers buy fewer of their traditional licences, argues Tal Liani, an analyst at Bank of America. "The risk is cannibalisation," he says. There lies an irony. Not long ago, software was said to be "eating the world". Now the danger is that it eats itself. ■

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Business | Rich pickings

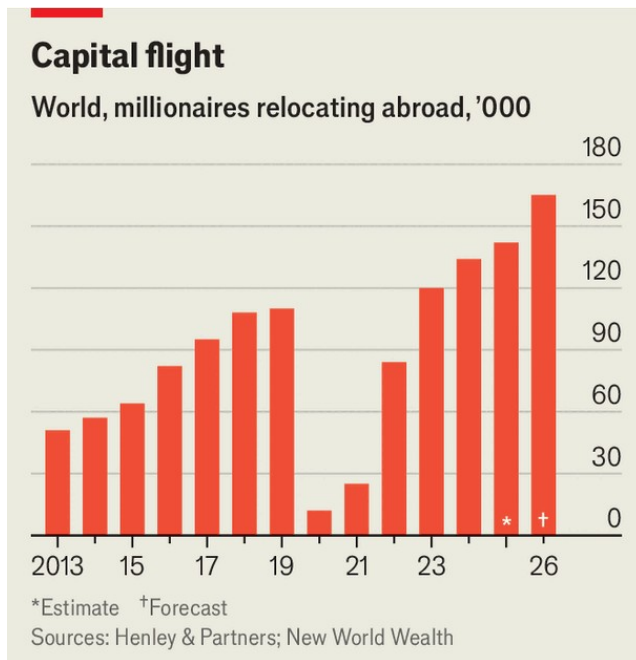
The world's wealthy are migrating like never before

A booming industry of advisers is easing their passage

June 11th 2026



THESE ARE unsettling times, even for the rich. Many of those wealthy enough to move abroad for low taxes or their physical or political security are less sure these days about settling in Dubai or Hong Kong, even America or Britain. Dry your eyes, however, for plenty of governments remain eager to take in foreigners with money and skills. And a growing industry of trusted advisers stands ready to help the rich relocate.



For these consiglieri, business is booming. Last year more than 140,000 millionaires migrated, the most on record, reckons New World Wealth, a research firm; this year it expects the figure to rise to 165,000 (see chart). IMI, another research outfit, estimates that the investment-migration industry—which advises both rich would-be expatriates and governments seeking investment and talent—turned over \$40bn in 2025, twice as much as in 2019. IMI counts more than 1,200 companies providing investment-migration services. They include law firms, providers of property or investment funds linked to citizenship or residency, accountants and so on.

Until Iran struck the Gulf states, a favoured destination was Dubai, home to a fast-growing number of millionaires. One immigration lawyer describes the emirate as the Walmart of the industry, with countless providers and fiercely competitive rates. It has chiefly attracted rich people from the global south: south Asia, but also Nigeria and war-torn Syria and Lebanon.

Industry folk now report growing interest in migration among well-off Westerners. Many rich Britons started looking for options after the pandemic. In 2025 they applied to 23 investment-migration programmes run by foreign governments, including America's EB-5 scheme and programmes in Grenada and Thailand. Elsewhere in Europe, concern about wealth taxes is a prompt. Henley & Partners, a consultancy, publishes an annual list of the

top countries millionaires are fleeing from and heading to. Last year France, Germany and Spain appeared for the first time among the countries that repelled more wealthy inhabitants than they attracted.

But the biggest shift is in America—home to more than a third of the world's people worth \$30m or more, according to Knight Frank, a property firm. “The US has gone from a blip to the primary market,” says Ronald Klasko, a lawyer in Philadelphia. In 2024, having spotted that more Americans were seeking advice about foreign citizenship and residency, he set up Exodus Migration, an investment-migration consultancy. He says that most clients are interested in moving to Europe, because they are concerned about America's political direction, want an alternative residency or want to be able to travel without an American passport.

Despite such misgivings, and the fact that America bans some countries' citizens, it still attracts many rich foreigners. Demand for the EB-5 programme, which requires investment of at least \$800,000 in the country, is high—though that may be because the threshold is due to rise to around \$900,000 at the start of next year. (Lawyers report “very little demand” for Donald Trump's “Gold Card” visa, which is priced at \$1m per family member and has an uncertain legal foundation.)

Many other places are eager to get in on the act. St Vincent and the Grenadines, in the Caribbean, announced in December that it was opening a citizenship-by-investment programme it called a “critical economic pillar”. Uzbekistan, the Maldives and Nauru have all asked Henley to design and develop schemes.

Yet the wealthy can find that a warm welcome sometimes goes cold. In January 2025 Spain, once a popular destination, cancelled its €500,000 (\$577,000) residency programme in an effort to curb property speculation. In April the European Union's Court of Justice ruled that Malta's scheme broke EU law because it “commercialised” citizenship (though the island's “citizenship-by-merit” programme, which admits entrepreneurs, has since gained traction). In April this year Argentina cancelled a tender to set up an investment-migration programme, issued only in December, which had drawn interest from 11 firms. Last month Portugal extended most migrants' waiting time for passports from five years to ten.

Many governments are facing pressure to increase the diligence of their citizenship and residency programmes, notes Mr Klasko. The big issue is: “Do you as a country know the background of people who you are giving passports to?” In other words, geopolitical uncertainty does not only trouble the rich. But plenty of countries will take them—and plenty of advisers are eager to help them choose. ■

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Robots could soon be delivering your pizza

An Estonian startup says its machines are now cheaper than human couriers

June 11th 2026



If you live in San Francisco, you will often get a glimpse of the future—commuting in a self-driving taxi, say. In Milton Keynes? Not so much. But the English city, best known for its many roundabouts, is the place to go if you want to foresee a world without delivery drivers. It is one of the largest markets for Starship Technologies, an Estonian startup which claims to have cracked the problem of getting robots to deliver groceries more cheaply than people can.

Designers of [delivery robots](#) face challenges familiar to anyone developing robotaxis. Starship has had to build a sensor array that its six-wheeled couriers, each the size of a beer cooler, can use to navigate along pavements

come rain or shine. That hardware must feed into an artificial-intelligence model that can pick the best route and carry on even if the connection to a data centre is lost.

In some ways, though, delivery robots have it easy. With a 35kg robot travelling at 6kph (4mph) tops, safety is less of a worry than it is with a two-tonne car going at 110kph on a motorway. And a slightly bumpy ride won't hurt a pizza.

That said, whereas robotaxi firms often leave design to carmakers, robocouriers have no such option. Starship has by now created several generations of vehicles, and has optimised newer models for resilience and repairability. Gains can come from unexpected places, says Ahti Heinla, a co-founder. Starship's latest batch of robots charge wirelessly, for instance, which is speedier and reduces wear on the charging ports.

After 12 years of such improvements, Mr Heinla says, the cost of each delivery is now "significantly less" than that of paying a human to do it. Starship is aiming for a cost of less than £1 (\$1.34) per delivery. "It's not quite there yet, but not very far away," Mr Heinla says.

In 2018 the company had 127 robots, driving 116,000 kilometres in the year. By 2025 it had 2,414 robots, covering 5.2m kilometres. Along the way, it has reduced human interventions per kilometre by seven-eighths. Even so, at its scale rare problems, such as a robot failing in the middle of a street, add up. (The solution? A simple back-up computer designed purely to get it to the other side.)

The little six-wheelers may soon change how cities look. But they are sure to irk some people, not least out-of-work delivery drivers. Then again, in Finland, Starship's biggest market, the startup's supermarket partner has had to urge sympathetic passers-by not to lift the robots out of snowdrifts when they get stuck—lest they hurt themselves while attempting a rescue. ■

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Apple's new Siri is a dark horse in the AI race

The iPhone-maker does not need to build models to cash in on the technology

June 11th 2026



Two years ago Apple announced its first foray into artificial intelligence. Built largely on in-house models, “Apple Intelligence” promised to turn the iPhone-maker’s boneheaded Siri assistant into a perspicacious PA as clever as the whizziest chatbots—with the added advantage of access to a user’s personal data, alongside various other superpowers. The effort was an embarrassing flop, with Apple having delivered little of what it set out to offer.

Now it is taking a second bite. On June 8th, at its annual software jamboree, the company’s outgoing boss, [Tim Cook](#), again unveiled a “new Siri”, which users can operate using their voice, a pull-down search bar or a chatbot-style

app. Rather than building its own models, the company is using ones made by Google, which competes at the frontier of AI. Apple is betting that its devices, and the personal data stored on them, will become the portals through which users get access to the technology. Will its strategy pay off?

Apple's earlier AI flubs have not caused it obvious harm. Its stock price is up by more than half over the past two years—less than for Google's parent company, Alphabet, but more than for Amazon, Microsoft or Meta, all of which have [torched stacks of cash](#) in an effort to get ahead in the AI race. Apple, by contrast, has been able to sit back and take a cut of up to 30% of the revenues generated by chatbot apps installed on its devices.

Even so, competition is looming. OpenAI, maker of Chatgpt, is working with Sir Jony Ive, lead designer for many of Apple's most famous products, to make its own AI-powered gadget. Google and Meta are investing in smart glasses. And Amazon is rolling out new AI features on its home companion, Alexa (though at a recent demonstration your correspondent found it to be no less moronic than the old Siri).

Apple has at least two big advantages over those hoping to use AI to dislodge the iPhone. First is the scope of its access. Many of Siri's new skills rely on Apple's ability to scan information such as a user's messages and operate across apps. Second is Apple's prowess in hardware and semiconductors. Many whizzy new features will run on the devices themselves, rather than needing to be routed through an external server, reducing delays and ensuring they can be used even without an internet connection. It will also mean that Apple will not need to invest in data centres to the same extent as other AI providers. (Some computationally demanding AI features that cannot be performed on devices, such as extending and reframing photos, will come with daily usage limits, though subscribers to Apple's iCloud+ service may have more access.)

Apple is reportedly paying Google \$1bn a year for its technology—a pittance compared with what it would cost to develop an alternative in-house. And once users are hooked on Siri, Apple could conceivably switch out the underlying models, giving it the whip hand in negotiations. "It will be built on Google tech, but Apple's going to own that relationship with the consumer," points out Gil Luria of D.A. Davidson, an investment firm.

Investors, for their part, are still chewing over the announcement; Apple's share price dropped by 2% on June 8th. That may reflect the fact that, after years of delay, the new features are still not ready for consumers: the upgraded Siri will be available in America in autumn, but not on iPhones in the European Union or any Apple devices in China owing to regulatory snags. The new Siri will also not work in languages other than English at first.

John Ternus, Apple's incoming boss and current hardware supremo, did not speak at the conference, which focused only on software. But the company's leisurely timeline means he will oversee most of the rollout. Horace Dediu, a veteran Apple analyst, points out that, although the company works slowly, "it tends to deliver eventually." Mr Ternus will have to prove that is still true. ■

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Business | No golden ticket

Another new boss aims to fix the world's biggest chocolate-maker

Will Hein Schumacher's turnaround plan for Barry Callebaut work?

June 11th 2026



ITS products tempt you from supermarket shelves everywhere, but you may not know its name. Formed 30 years ago when Klaus Jacobs, a German-born billionaire, folded together France's Cacao Barry and Belgium's Callebaut, Barry Callebaut is the world's biggest chocolate-maker. The Zurich-based firm buys about a quarter of the annual global cocoa harvest and turns it into chocolate for Magnum's ice creams, Nestlé's KitKats and Mondelez's Cadbury and Milka brands.

Jacobs died in 2008. His family remain the biggest shareholders, with a stake of around a third, but lately this has brought them little joy. Barry Callebaut has struggled for years with soft sales and high debt. The share

price has melted; it is half what it was five years ago. Many of the firm's woes were self-inflicted, but the whole industry was hammered in 2023-24 by crop failures related to climate change that drove cocoa prices to alarming heights. They leapt from around \$2,500 a tonne to peak at \$12,000 in 2024. (They are now around \$4,000.)

In January Barry Callebaut appointed Hein Schumacher, a Dutchman and former boss of Unilever, as its fourth chief executive in six years. In April he said that operating profit in the year to August would fall by a "mid-teens" percentage, rather than rise as previously projected, as the company prioritised rebuilding sales volumes over boosting margins. The share price dropped by 16% on the day.

Can Mr Schumacher revitalise Barry Callebaut? On June 2nd he served up a plan. In the medium term he wants sales volumes to grow by 2-4% a year. That would be low by historical standards, but a welcome change after years of shrinkage: in the previous financial year, ending in August 2025, they fell by 6.8%. Mr Schumacher will concentrate on ten growth markets, including Brazil and Indonesia. He will also prioritise Gourmet, a business supplying top-quality chocolate to master chocolatiers, pastry chefs and restaurants, and the similarly profitable "speciality" segment, which, for instance, makes chocolate that resists melting in hot climates.

Analysts' early verdicts are mixed. Bank Vontobel, a Swiss private bank, calls the plan a "crucial step in restoring growth". Mr Schumacher "is spending a lot of time visiting the firm's seven biggest clients and listening to their needs", notes Vontobel's Matteo Lindauer. But analysts at Helvetische Bank, another Swiss financial institution, are more sceptical: Barry Callebaut will evidently remain in turnaround mode for years, they write.

Restoring investors' appetites will not be easy. In February Nicolas Jacobs, a board member and co-chairman of the family holding company, sold shares worth around SFr14m. That is a mere shaving off a chunky bar—Barry Callebaut's market capitalisation is SFr6.1bn. Some analysts, however, took the sale as a sign that the family felt recovery would be slow at best.

Still, hardly anyone now questions the firm's vertically integrated business model, running all the way from cocoa bean to chocolate bar. Mr Schumacher's predecessor, Peter Feld, wanted to break the mould, splitting the capital-intensive cocoa-processing unit, which is vulnerable to volatile cocoa prices, from the more stable and profitable chocolate-making business. Disagreement is said to have led to his departure. Finding buyers for the processing factories would have been difficult, says Daniel Bürki of Zürcher Kantonalbank, another Swiss lender.

After years of disappointment, caution is wise. Mr Schumacher is wary of how economic and geopolitical uncertainty might affect consumers. And a strong El Niño is forecast, a climate pattern that could hurt cocoa harvests and raise bean prices again. So far he has the benefit of the doubt. But his recipe has yet to be tested. ■

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Too many people are shockingly bad at prioritisation

Choosing where to focus is among the most important skills

June 11th 2026



Work is a series of decisions about what to prioritise. Occasionally, events set the agenda: when the covid-19 pandemic shut down the world in 2020, for example, it was pretty obvious which problems firms had to focus on. But normally managers must weigh up for themselves how to allocate capital, decide which initiatives to concentrate on and work out which numbers matter most. Product teams have to choose which features to work on first. Sales teams must decide which customers to focus on. And day by day, hour by hour, individuals have to work out how to spend their next chunk of time.

It's a shame, then, that people are often very bad at setting priorities. Individuals seem to be so motivated by achieving goals of any kind that they find it hard to abandon them. In one lab experiment, Timothy Ballard of the University of Queensland and his co-authors asked participants to pursue two competing goals, and varied the monetary rewards on offer. Even in cases where the reward for achieving one goal was the same as achieving both (and pursuing both made it more likely that neither would be attained), participants tried to get both done.

When people have to make a choice about what to do next, they often pick the thing that seems achievable, even if that is not in their interests. A paper by Moty Amar of the Ono Academic College and his co-authors found that indebted consumers prioritised paying off small debts ahead of larger debts with higher interest rates. A tangible sense of progress was more important to them than the rational choice.

This kind of behaviour is observable in offices, too. Being the 400th person to review a document adds nothing of value, but at least you can go home with some sort of achievement to your name.

Organisations, or rather the people who run them, are not necessarily much better. Some bosses regard everything they ask for as a priority; even if they don't, their employees may behave as though nothing matters more. Many firms accumulate so many priorities that they suffer the "peanut-butter problem" of attention and resources being spread too thinly across all of them. When Niels Christiansen, chief executive of Lego, took charge of the toymaker, he found lots of examples of this. "We had 100 key enterprise risks. How can you look after 100 different risks without being risk-averse on everything you do?"

All sorts of frameworks exist to enable better prioritisation. The Eisenhower matrix is a classic time-management technique for individuals, which involves categorising tasks into quadrants. An urgent and important task belongs at the top of the queue. An important and non-urgent task is the sort that you need to make time for. If you are doing non-urgent and unimportant tasks, you need to take a long hard look in the mirror.

The action-priority matrix is another way of dividing tasks into quadrants, this time based on impact and effort. Product teams often use a scoring model called RICE (reach, impact, confidence and effort). MoSCoW is a framework for teams to distinguish between must-have, should-have, could-have and won't-have features. Google pioneered the 70:20:10 rule for how to allocate resources to innovation: 70% on the core business, 20% on adjacent activities and 10% on totally new ideas. (If the thought of choosing which prioritisation framework to prioritise paralyses you, just choose one at random.)

Establishing what matters is not enough, however. If you are setting priorities for a team, you then need to communicate them properly. In 2017 Donald Sull of the Massachusetts Institute of Technology and his co-authors asked senior executives at 124 organisations to recite their company's strategic priorities. They found that in the typical company, only about half of its leaders agreed on what these were.

When you prioritise a new thing, you also need to deprioritise an existing one. In their book "The Octopus Organisation", Phil Le-Brun and Jana Werner, two Amazon executives, recommend having explicit rules for cancelling initiatives. They give the example of projects that have explicit "go/kill" decision points, and of software projects with "kill criteria" like team attrition rates or time commitments that exceed a certain threshold. The language is excessively martial, but the sentiment is absolutely right. Effective prioritisation means choosing, communicating and stopping. Henceforth to be known as CaraCaS. ■

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American capitalism is run by millionaires, not billionaires

They hide in plain sight—and wield enormous power

June 11th 2026



Entrepreneurs in Silicon Valley want to change the world. The ones profiled in “The Everywhere Millionaire”, a forthcoming book by Owen Zidar and Eric Zwick, are different. They find something boring, often catatonically so, then pursue it with star-spangled doggedness until they become rich. A typical character sells gutters in Texas. Another distributes toilet paper in New Jersey. One woman in California began baking quiches for her own parties and simply did not stop. Two decades later she was making more than a million quiches a day and owned a yacht.

The authors are economists in the vein of their subjects. Messrs Zidar and Zwick, of Princeton and Chicago universities respectively, spend their days

toiling in the thicket of America's tax data. Much of their work involves untangling the effect of a 1986 law that cut the top rate of individual tax to below the corporate one. As changes to the tax code are wont to do, this brought about a vast reorganisation of American business. Private corporations were reconstituted as partnerships, sole-proprietorships and other structures which "pass through" profits directly to their owners, who then pay income tax.

These firms receive far less attention than they ought to. Journalists, academics and investors spend most of their time thinking about public companies. Populists direct their anger at a handful of tech executives, because they are the richest and the strangest. Yet for each member of the Forbes 400 list of America's wealthiest people, the authors find there are more than 4,000 owners of private businesses who are worth at least \$10m apiece. The top private business owners are better off than public-company chief executives. A number of the characters in the book are millionaires in the same way Warren Buffett, the paragon of Main Street capitalism, is a millionaire—which is to say they are actually billionaires.

An unavoidable conclusion is that the very rich in some ways have it better than the very, very rich. Happier is the local hero with a bowling alley in his house than the national villain with a rocket on his ranch. Often they travel in the same luxurious style. The authors used private-jet and yacht-ownership records to find the poultry and paper magnates who appear in the book. And plenty own sports teams.

These entrepreneurs benefit from many of the political privileges that titans of tech or finance enjoy, yet manage to avoid public opprobrium. Barrels of newspaper ink have, for instance, been spilled over the political influence of Elon Musk, who may soon become the world's first trillionaire. Far fewer have been dedicated to explaining why most American states ban or severely limit carmakers, including Tesla, from selling vehicles directly to customers. Almost 10,000 coddled car dealerships, which are represented mightily in Congress, have at least one owner in the top 0.1% of national income. Beer distributors are another protected species of wealthy and anonymous Mr Bigs.

This book will therefore be of great interest to those who think the rich have it rigged. These bosses certainly benefit from some of America's more egregious tax rules, such as the "stepped-up basis", which ignores historical capital gains when shares are passed on to heirs. (That said, an earlier paper by the authors and their collaborators found that the widely cited decline in the share of income going to workers rather than capital was less pronounced once pass-through firms were properly accounted for.)

The book will appeal even more to those who hope to join their ranks. The desire to get moderately rich slowly is less remarked upon than the impulse to get rich quick. But for every prediction-market gambler there is a "FIRE" fanatic (financial independence, retire early) salivating over the accumulation of moderate riches. This is especially true at America's top business schools, where employment through acquisition, which involves buying a small firm of the blue-collar kind rather than getting a job at a white-collar one, has grown in popularity in recent years.

A slightly awkward finding for capitalists hoping to rely on their wits alone is that lawyers—the apex predators of credentialism—earn the largest share of top pass-through incomes. Better news is that much of the private economy is in a state of permanent revolution. Death does the hard work. Messrs Zidar and Zwick found that in the four years after the unexpected death of a millionaire owner, profits at their firm typically fell by four-fifths compared with similar businesses, because it either shrank or went out of business. Disappointing children are a gift to capitalist reinvention. Being exposed to business while young increases the likelihood of being good at making money in adulthood, but many firms learn the hard way that grit is not heritable.

The easiest way to cheat nature is to sell up, and the easiest way to sell up is to a private-equity fund. The private-equity investor is the risk-adjusted cousin of the entrepreneur. He, too, is primarily an American creature, though he bears a diversified portfolio and little of his own money. His role is vital: one man's extractive villain is another's exit liquidity. And if things go wrong, as they often do, another entrepreneur can step in.

Wannabe millionaires leafing through "The Everywhere Millionaire" may sometimes feel like they are preparing for drone warfare by studying the

Battle of Waterloo. One tale of industrial espionage involves a hot-dog tycoon checking a rival's relish before being booted out of the kitchen. A row of pale cheerleaders' legs inspires a strategic pivot from selling sun beds to waxes. All this might look parochial compared with the civilisational struggles under way in Silicon Valley. Yet that is exactly the point. Much of the spoils of capitalism are still won by those who roll their sleeves up. That is a great thing. ■

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Finance & economics

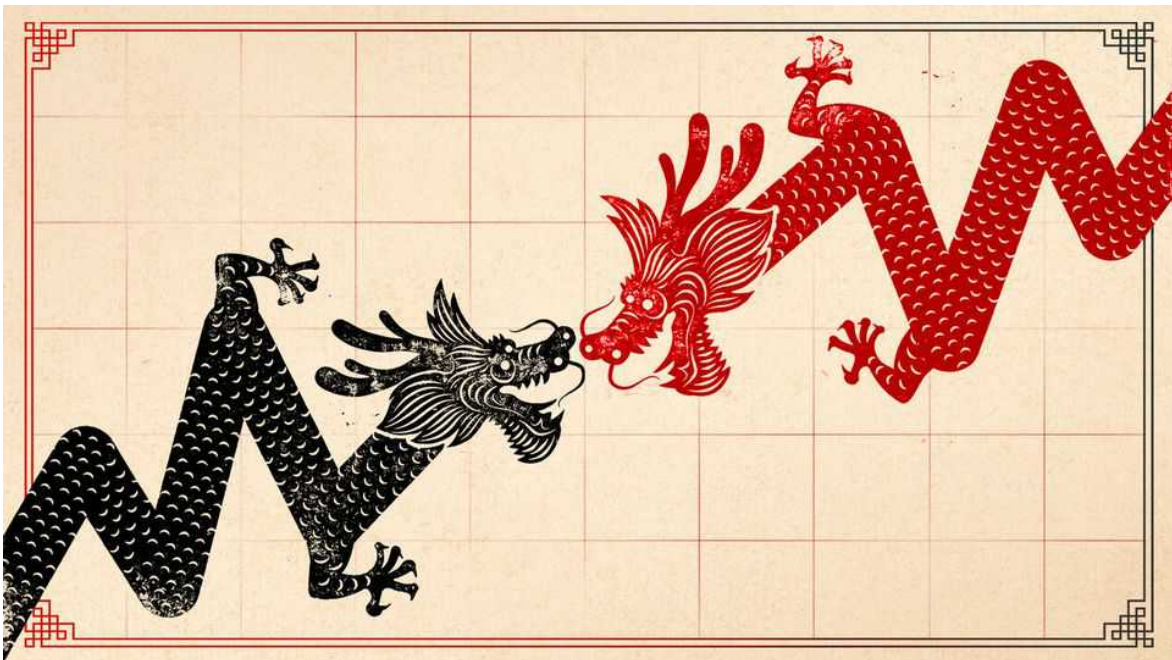
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Finance & economics | A game of two halves

China is innovative. Its economy is a mess. Which matters more?

A question that will define the 21st century

June 11th 2026



IN YINGTAN, a city in the south-eastern province of Jiangxi, China's high-tech future is spilling into its economically backward past. Old-fashioned open-air markets and street-side eateries make it feel like any other rural town in the Chinese interior. An industrial park to the south of the city, packed with companies working on technologies for industrial digitisation, gives off a techie vibe. A national communications laboratory has set up a state-of-the-art research centre nearby.

Over the past decade local officials have helped transform an antiquated copper industry into one that produces high-end components for its new tech denizens. Yingtan's technological wagers are starting to pay off. In 2025 its

GDP per person surpassed that of the provincial capital, having been a quarter smaller a decade earlier. Yet its economy is still weighed down by a property slump and big debts accrued by the local government since the early 2010s.

These old and new worlds seem distant. But they live side by side in many places across China—and in the economy as a whole. Goldman Sachs, a bank, forecasts that high-end manufacturing will reliably contribute about one percentage point of annual real GDP growth until 2029. Yet the drag caused by the [collapse of the property sector](#), which shaved two percentage points off growth in 2024 and 2025, will also persist for another few years.

The Chinese economy has slowed considerably in recent years, never fully recovering from the unpredictable and disruptive lockdowns of the covid-19 pandemic. A three-year bout of producer-price deflation ended in March only after an oil shock caused by America's war in Iran raised domestic energy prices. Factories are churning out whizzy electric vehicles for export while [Chinese consumers](#), scarred by memories of the pandemic and the property bust—and exposed by a threadbare social safety-net—are reluctant to spend.

At no time in modern history has a large country gone all in on investment in high-end technology while also navigating a slowing economy and a local-government debt crisis, notes Yuen Yuen Ang of Johns Hopkins University. Although the drag from the property crash will lessen over the next few years, and eventually disappear, it would not take much to choke the new growth engine. It is already being stress-tested by weakening demand for Chinese EVs, a prolonged trade war and an energy crisis. China's paramount leader, Xi Jinping, is nevertheless betting that the new model of growth kicks in faster than the old one, driven by land sales and construction, collapses. It is a high-stakes gamble.

The old model of growth took shape on China's coasts before spreading to the interior. Factories in the wealthy east employed poor migrant labourers from the hinterland. Those migrants in turn, unable to obtain residency in metropolises, often used their earnings to invest in property back home. Towering apartment blocks erected during the two-decade property boom have sprung up in the smallest towns, employing tens of millions of

construction workers each year and hoovering up low-end manufactures. High-speed rail has penetrated the poorest counties.

All this investment was fuelled by local-government borrowing. One tally puts these debts at around 60trn yuan (\$9trn), or 43% of GDP. The comparable figure in America is 12%. The poorest regions often relied the most on debt-fuelled construction of houses, roads and bridges. This has left some places, such as Guizhou province in the south-west, with dazzling infrastructure (including a bridge 626 metres high, the world's tallest) along with insurmountable debts. Few of these costly public works have so far come close to generating the revenues needed to pay back creditors.

Now investment is going into a narrower range of faster-growing, innovative sectors. The moment Mr Xi announces his technology goals—to lead the world in artificial intelligence, robotics, fusion power and so on—hundreds of cities across the country respond by backing related projects. A national semiconductor fund has raised roughly 687bn yuan over the past 12 years. Government-backed fund managers watched their coffers swell to nearly 400bn yuan last year, an increase of 75% from 2024. In December the state launched a 100bn-yuan national venture fund with a mandate to invest in aerospace, semiconductors, brain-linked machines and quantum technology.

Many local governments, including in small cities, are creating similar vehicles using tax revenues and capital from local state companies. They are setting up “high-tech zones” and “AI parks” to lure innovative companies with tax breaks and other perks. These new tech businesses are meant to generate tax revenue and help local governments grow out of their debts, says Jean Oi of Stanford University. While officials wait for their homespun DeepSeek, the AI lab that stunned the world last year with its powerful model, the central government relaxes the rules to give them more time to repay their debts.

Sometimes local authorities have some success. Rich metropolises such as Beijing, Hangzhou, Shanghai and Shenzhen can draw talent and capital (the four cities are together expected to receive around 70% of AI investment). This in turn may fuel demand for housing and localised recovery in the property sector, observes Lu Ting of Nomura, a bank. A few other cities may have similar luck. Hefei, in sleepy Anhui province, has cultivated several

champions. It hosts factories of BOE Technology (a giant of LCD displays) and NIO (a luxury EV-maker). Its university spun out a voice-recognition-AI darling, iFlyTek, and its local government co-founded CXTM, China's leading maker of advanced memory chips.

To see how such projects go wrong, travel an hour by high-speed rail from Yingtian to Yichun, where a botched attempt to jump up the manufacturing value chain has backfired. In 2021 the city government invested 2.3bn yuan to help build an EV factory in a sprawling National High-tech Development Zone. But in contrast to successful EV clusters like those in Shenzhen and Hefei, the facility was isolated from suppliers and expertise required to build cars efficiently. It has since halted production. The rest of the industrial zone looks just as lifeless.

Even projects that get off the ground may do little for local industry. A decade ago a fund with local- and central-government money poured around 150bn yuan into Guizhou, a mountainous province in central China, mostly into data storage and cloud-computing. But these ventures could not be integrated with local industry, points out Ms Ang. The companies building the data centres are based on the coasts, the server parts are made elsewhere and local demand for the data capacity is scarce. "It is hard for cutting-edge technology to integrate into traditional economies and generate jobs for local populations," says Ms Ang.



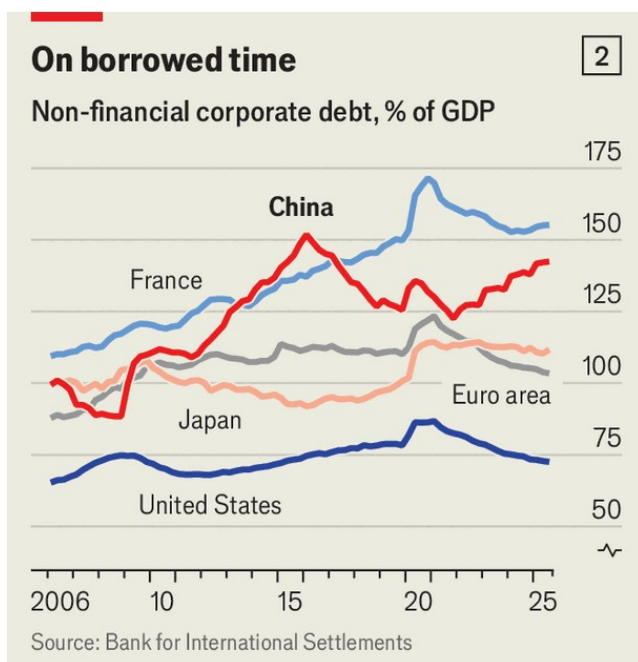
Sometimes the results are tragically bleak. The north-western industrial city of Lanzhou has invested in commercial space flight and a “drone economy” project even as it struggled to pay its bus drivers for several years (asking them to take out personal bank loans to tide them over). Even bustling coastal provinces are not immune. When local reporters recently visited AI parks across Guangdong, home to successful Shenzhen, they found them empty or inhabited by non-AI businesses.

It is not hard to see why so many projects fail. Mr Xi’s industrial policy promotes fierce competition in which companies and their host places, sometimes down to city districts, duke it out. This competitive pressure pushes down prices and elevates quality. The best businesses which emerge from this free-for-all, like BYD in carmaking, Huawei in electronics or Xiaomi in both, are formidable and ready to take on the world. They are also rare—and concentrated in established commercial centres, with deeper talent pools and pockets.

Profits are even rarer. Investment returns accrue less to individual companies and more to integrated supply chains, which lower costs and speed up product cycles and innovation, says Chi Lo of BNP Paribas, a bank. The share of industrial firms generating losses has shot to a record high of

around 32% in April, up from 10% in 2011 and above the previous peak during the Asian financial crisis in 1998 (see chart 1).

Corporate debt is also high and rising (see chart 2). Mark Williams of Capital Economics, a consultancy, notes that Chinese firms owe twice as much to domestic banks and bond investors today as they did in 2019. In that period GDP has expanded by a third. Companies may move away from productive activities and instead chase subsidies that are available for centrally supported sectors, he says.



Partly as a result, a trio of IMF economists calculated last year, China's "total factor productivity" (which captures how efficiently both capital and workers are used) was 1.2% lower than it would have been in the absence of industrial policy over the past decade or so. GDP was 2% lower, equivalent to forgoing around \$400bn in value added each year. The more companies get caught up in the chase for subsidies and, by slashing their prices, for customers, the harder it will be for them to wring out profits.

It is hardest of all for poor, out-of-the-way places like Yichun and Guizhou. Inland provinces have been generating a declining share of industrial GDP. Last year they contributed 36%, down from close to 48% in 2013, the year Mr Xi took power. This is a big problem for China's low-skilled workforce,

which numbers somewhere between 300m and 400m people. As the state turns its attention to dominance of frontier technologies, more of them will be left behind. Many will have no choice but to return to their family homes in the countryside, says Scott Kennedy of CSIS, a think-tank in Washington.

The infatuation with winning the tech race is like a spell America has unwittingly cast on Chinese leaders, notes a former adviser to the central government. The contest has warped their priorities and prompted them to focus a lot—maybe too much—on cutting-edge technology while doing too little to fix China's persistent economic problems, the adviser adds.

Robots may be multiplying but citizens remain downbeat. Retail sales grew by 0.2% year on year in April, the lowest reading since late 2022, before China had fully emerged from its devastating pandemic lockdowns. The outstanding value of household bank loans fell for the first time on record in March, compared with a year earlier. It will take a lot more than a few high-tech successes, no matter how spectacular, to lift Chinese spirits. ■

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How big are China's emerging industries?

Probably not big enough to offset the drag from the old

June 11th 2026



IN ECONOMICS, SIZE matters. Since 2021 Xi Jinping has steered China's economy away from a preoccupation with property (building it, selling it and furnishing it) towards high-tech manufacturing and other “new productive forces”, as the paramount leader calls them. But are the new forces big enough to fill the gap left by the old?

Economists have tried to find out. Their task is not easy, thanks to ambiguities about which industries to include, how to measure their contribution and how to fill gaps in the data. One recent attempt by Rhodium Group, a consultancy, drew on a table published by China's National Bureau of Statistics (NBS) in November detailing the links between industries in 2023. The table's granularity makes it one of the first data sets that can shed

light on “whether Beijing’s bet on new growth drivers is likely to pay off”, the authors note.



In 2023 China’s GDP was about 130trn yuan (\$18trn at the time). This was split between consumer items, exports and capital goods, which are all examples of “final” goods and services, as opposed to parts, materials and other “intermediate” goods. Only 1.44trn yuan, 1.1% of the total, was spent on new-energy vehicles (NEVs), the poster child for China’s industrial success. Property-related demand (for homebuilding and real-estate services) accounted for over 16% of GDP—despite China being two years into a property crisis.

Electric-car making is, of course, not China’s only vanguard industry. People often talk of the “new three”, which also includes batteries and renewable energy. Adding these together would provide a more comprehensive measure of China’s emerging growth engines. This is where the difficulties start. Batteries, for example, are rarely a “final” good. They typically appear embedded in other products—including electric cars. Some of the 1.44trn yuan spent on NEVs, therefore, already reflects the value of the batteries inside them. Simply lumping batteries and NEVs together risks double counting.

In its measure of the new three, Rhodium Group takes care to count batteries only once. It also adds a separate measure of investment in the new industries. They are growing so fast, points out Endeavour Tian of Rhodium Group, that investment in fresh capacity can outpace current output. This investment has to be measured separately because the NBS table does not always attribute it to the three new industries. If someone builds a car or battery factory, Ms Tian notes, it is typically counted as demand for construction or machinery, not cars or batteries.

All told, Rhodium Group estimates that the new three accounted for only 3.8% of GDP in 2023. Adding the construction of new electricity infrastructure and some proxies for robotics, software and artificial-intelligence investment brings the total to 5.5% in 2023 and 6.3% in 2025.

A different attempt to measure China's new economy was published last year by Goldman Sachs. The bank looked beyond the new three to high-tech manufacturing overall, including electronics, ship-, plane- and trainmaking, medical products and other equipment, instruments and meters. This broader set amounts to about 8% of GDP—still smaller than property. It is also less labour-intensive. The bank once calculated that 1trn yuan spent on NEVs creates 2.8m jobs, whereas the the same sum spent on residential construction generates 3.7m.

The speed of a sector's growth matters, too. If a small industry grows twice as fast as another that is twice as big, it can make the same contribution to growth. Although high-tech manufacturing is smaller than property, it is growing fast even as property shrinks. By next year it will add more to growth than property subtracts, according to Goldman Sachs, even counting the fiscal spillovers from property's decline and the drag on consumption when people do not buy new homes to furnish.

If high-tech manufacturing merely offsets property's drag on growth, it will stop GDP shrinking but it will not be enough to increase it by Mr Xi's goal of 4.5-5% a year. He has been urging entrepreneurs and local governments to think more imaginatively about new productive forces, including in old industries.

The application of new ideas in existing businesses is part of the NBS's own definition of the "new three"—not EVs, batteries and solar panels, but "new industries, new formats and new business models". This can span everything from drip irrigation to fire alarms. NBS calculations find these industries, formats and models already account for 18% of GDP, exceeding property's share. "In a broad sense, the new economy now fully counterbalances property's drag," concludes Citigroup, another bank. If new productive forces are to meet China's official growth goals, they must be felt beyond the industries that hog the headlines. In economics, size is not all that matters. Scope counts for something, too. ■

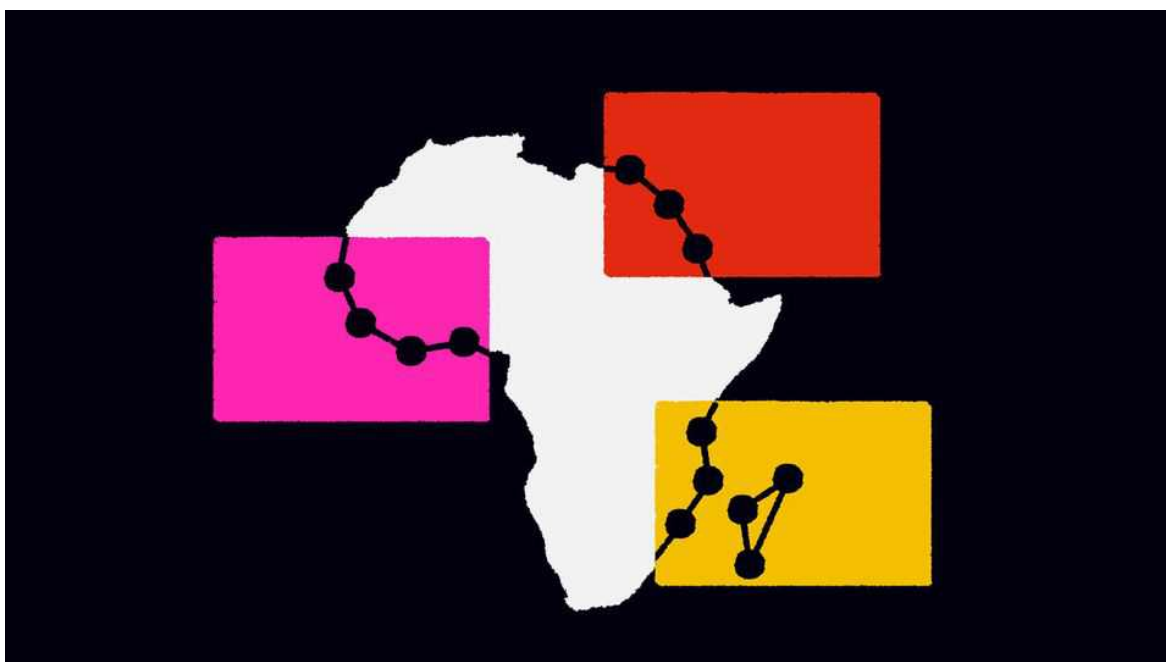
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Stears wants to be Africa's Bloomberg terminal

As the continent's markets mature, high-quality financial analysis is more essential than ever

June 11th 2026



IN AMERICA OR Europe, mapping out a public company's ownership structure takes a few clicks on a Bloomberg terminal. In Nigeria, you might need to rely on a website that coughs up ten-year-old data. Seven hours at an office in Abuja, the capital, could yield a dusty but more up-to-date document, as might a trip to the stock exchange if the company in question has ever been publicly listed.

Few foreigners are willing to do the legwork, which helps explain why Africa gets around 5% of the world's foreign direct investment and accounts for less than 1% of the market capitalisation of its listed companies. Stears, a nine-year-old Nigerian company, offers to go the extra mile. At the Nigerian

bourse, one of its executives even cosied up to the stock exchange's librarian, begging him (in the name of God) to release a USB drive where he was rumoured to store company details as a pastime.

The company's co-founders dreamed up the idea in the mid-2010s while studying in London. "We saw Bloomberg and thought it was sexy," recalls Preston Ideh, the chief executive. They initially copied the American company's mix of news and data. Yet when subscriber growth turned out to be insufficient to support the media operation, they focused squarely on financial information.

Not all of it is as inaccessible as Nigerian stock-market secrets. But little is readily available. Stears analysts have, among other things, had a loose-lipped employee slip them a ballpark figure of an undisclosed deal; monitored podcasts with startup founders who might share a bit too much; reverse-engineered the website of Nigeria's National Bureau of Statistics to scrape it for historical macroeconomic data; and even become citizens in countries where, as in Kenya, a domestic passport eases access to official repositories (and where hiring a local would cost more).

The firm can afford to go to such lengths because a lot of the data it gathers is for bespoke projects where customers such as the European Bank for Reconstruction and Development or private-equity firms interested in Africa's sports-betting market pay up to \$100,000 a pop. But further information, plus contacts collected in the process, feeds its digital platform, where the volume of data added increased fivefold last year. This is available to clients on a subscription basis similar to Bloomberg and other Western rivals such as S&P Global's Capital IQ and PitchBook (from which Stears has poached staff).

Foreigners are increasingly interested in what Stears is offering. Its dollar revenue (a proxy for its non-Nigerian business) doubled in 2025 and made up 70% of its total licence fees, up from 18% in 2023. Over the same period the average annual licence fee paid by fund managers climbed from \$2,500 to \$9,500. This is still a bargain compared with \$30,000 or so for a Bloomberg terminal.

Helpfully for Stears, the Western platforms currently have little interest in Africa, which accounts for a tiny fraction of the world's financial flows. This may change as that fraction grows, which it inevitably will. By then, though, the African upstart wants to be as indispensable to the Africa-curious investor as Bloomberg is to everybody else. ■

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A bidding war erupts for the world's oldest bank

Monte dei Paschi di Siena is suddenly all the rage

June 11th 2026



FOR MONTHS Italian finance has been gripped by the €16bn (\$18bn) takeover by Monte dei Paschi di Siena (MPS), the world's oldest surviving lender, of Mediobanca, an investment bank which also owns a 13% stake in Generali, a giant insurer. Completed last September, it was the [biggest](#) European banking merger in years. It involved the abrupt sacking of MPS's boss by the board in April and his rapid reinstatement by shareholders.

If that was not enough drama, on June 7th Banco BPM, Italy's fourth-largest lender, proposed a tie-up with MPS that would create a heavyweight worth some €50bn. The next day Carlo Messina, boss of Intesa Sanpaolo, Italy's biggest domestic lender, dismissed BPM's offer as a "love letter" and

launched a rival and, he claimed, less frivolous €31bn bid for MPS. The result would build a behemoth with market value of €130bn or so.

Intesa is offering MPS's owners 16 newly issued shares of its own for every ten in MPS, plus €1 per share on top of that. That represents a premium of 12.5% on MPS's closing share price on June 5th. Intesa has called a shareholders' meeting for September 10th to approve the necessary issuance of shares. If both banks' shareholders go for it, the deal would create the euro zone's second-biggest lender by market value, after Santander of Spain.

To ease trustbusters' worries, Intesa has struck a deal with Unipol, an insurer that has the biggest holding in another Italian lender, BPER, to divvy up MPS's retail business. Intesa would keep 625 of MPS's 1,260 branches. The brand and many of MPS's central operations would go to BPER, creating Italy's third-biggest banking group.

That might satisfy Italy's trustbusters. Giorgia Meloni's conservative—and nationalist—government would certainly prefer Intesa's bid to Banco BPM's. Crédit Agricole, a French bank, holds a stake of 20% in BPM. Politicians in Rome sometimes cheer on the equally drama-filled pursuit of Germany's Commerzbank by UniCredit, another big Italian lender. They may prove less keen to let foreigners grab a bigger slice of Italian finance. ■

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The world's strategic oil reserves are running out fast

They cannot hold back the energy crunch for ever

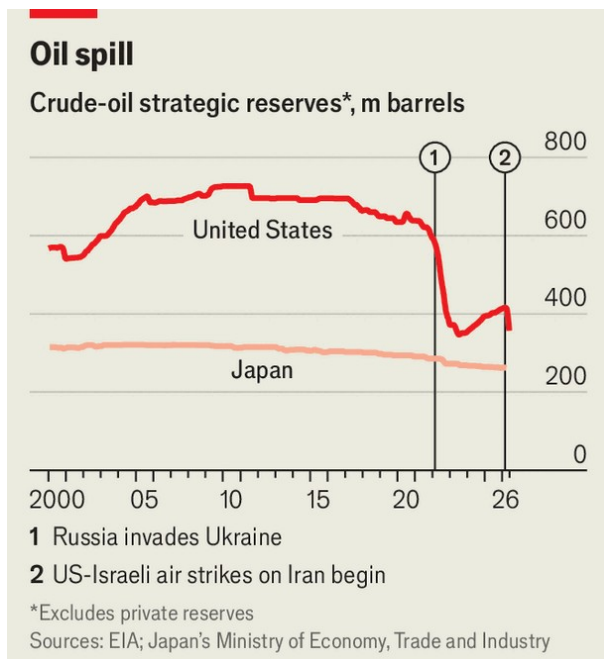
June 11th 2026



MORE THAN 100 days into the third Gulf war, oil markets have shielded themselves against bad news on the battlefield. On June 8th, after renewed strikes between Iran and Israel threatened a shaky two-month ceasefire, the price of Brent crude, the international benchmark, rose by just 1%. Even after subsequent exchanges between America and Iran, early on June 11th it was around \$93 per barrel, more than \$30 below its intraday high in April.

Oil markets are placid because they have found ways around the 15m barrels per day (b/d) of missing supply created by the closure of the Strait of Hormuz. China has slashed its imports by roughly 5m b/d from pre-war levels; rationing has caused overall demand elsewhere to fall by a similar

amount. Brazil, Venezuela and others are pumping a bit more than before. The remainder is being filled by tapping the world's stocks—above all from rich countries' strategic petroleum reserves (SPRs).



In March the 32 members of the International Energy Agency, a club of large oil-consuming countries, pledged to release 400m barrels from government stockpiles—the biggest co-ordinated drawdown in the IEA's history. Just under half of those barrels have now been delivered, at the record pace of 2.5m-3m b/d. But releases may slow sharply in the coming weeks. Whether they do will help determine if oil markets keep their cool this summer.

The key characters in this holiday thriller are Japan, America and Europe. At the start of the war Japan received 90% of its crude from the Middle East. It holds some of the world's biggest reserves and was the most vocal proponent of a co-ordinated IEA release. Data from Kayrros, which tracks storage levels from orbit, shows it quietly began drawing from its SPR even before the IEA's move in March. It then said it would release 50 days' worth of consumption from its public stockpile—or 90m barrels—most of which has already been distributed to domestic refiners.

The pace of releases initially surged to over 1m b/d, before slowing to 0.6m b/d last month. Over the past two months local refiners have managed to replace most of what they once imported through Hormuz with oil bypassing the strait via pipeline and purchases from non-Gulf producers, in particular America, says Terazawa Tatsuya of the Institute of Energy Economics, a Japanese think-tank. This has helped Japan's public stocks retain over 120 days of supply, above the IEA's 90-day floor.

Although Takaichi Sanae, the prime minister, has not ruled out another release altogether, she said no to one last month and may be reluctant to authorise a big drawdown. It would leave Japan's stocks too empty for comfort, with no end in sight for the crisis and with competition for alternative sources rising everywhere, observes Christopher Haines of Energy Aspects, a consultancy.

America is even more constrained. Its SPR entered the war nearly half-depleted, after a big drawdown in 2022-23, when the oil price spiked after Russia's invasion of Ukraine. Even though a portion of the 172m barrels it pledged to the IEA in March has yet to be delivered, its SPR has already hit its lowest since the 1980s, when it was filled up following the Gulf oil shocks of the 1970s. The government is so anxious about its stocks that it is lending barrels rather than selling them, with borrowers obliged to return the volumes withdrawn—plus a premium of 17-26%—by 2027-29. This explains why three of the four tranches auctioned to date have been undersubscribed; some 45m barrels of the authorised release remain unawarded. Another auction is widely expected.

America's releases have brought relief beyond its shores. Many SPR barrels have made their way from salt caverns in Texas and Louisiana, through commodity traders to buyers in Europe, Asia and Latin America. Yet most analysts expect the pace of deliveries to slow in the coming weeks, from 1.4m to below 1m b/d. Pressure is dropping in the caverns, which risk damage if it gets too low. Bayou Choctaw, the smallest site, is nearly depleted, says Kevin Book of ClearView Energy Partners, a consultancy; others cannot pump more fast enough because of limited pipeline capacity. And the entire SPR has a statutory floor of 150m barrels, just 90m barrels below the level at the end of the current release.

Slower pumping by America and Japan could cut flows from IEA members' SPRs from 2.5m b/d in June to 0.7m b/d in July, estimates Morgan Stanley, a bank. Can Europe plug the shortfall? When America and Japan called for joint action in early March, European countries pushed back, say people familiar with the talks. Few rely heavily on Gulf supplies and many were wary of drawing down their already thin stocks—which, unlike those of America and Japan, consist mostly of refined products rather than crude oil.

Quantifying how much Europe released in the end is hard. In contrast to America's reserves and most of Japan's, Europe's are not held in dedicated depots but dispersed in commercial tanks leased by governments. Europe has put up most of its oil by lowering the stockholding obligations imposed on industry, says an IEA spokesperson. "Whether these new commercial inventories are physically released is the decision of the entities that own these stocks."

Experts and market participants reckon few of these barrels have reached the market—allowing European governments, in effect, to free-ride on others' SPRs. That may not be possible from July, when holiday fuel demand may rise worldwide just as American exports begin to weaken. How quickly European governments can release emergency barrels is another question. "They haven't done such a thing before at this scale," says Martha Tallas of Argus Media, a price-reporting agency.

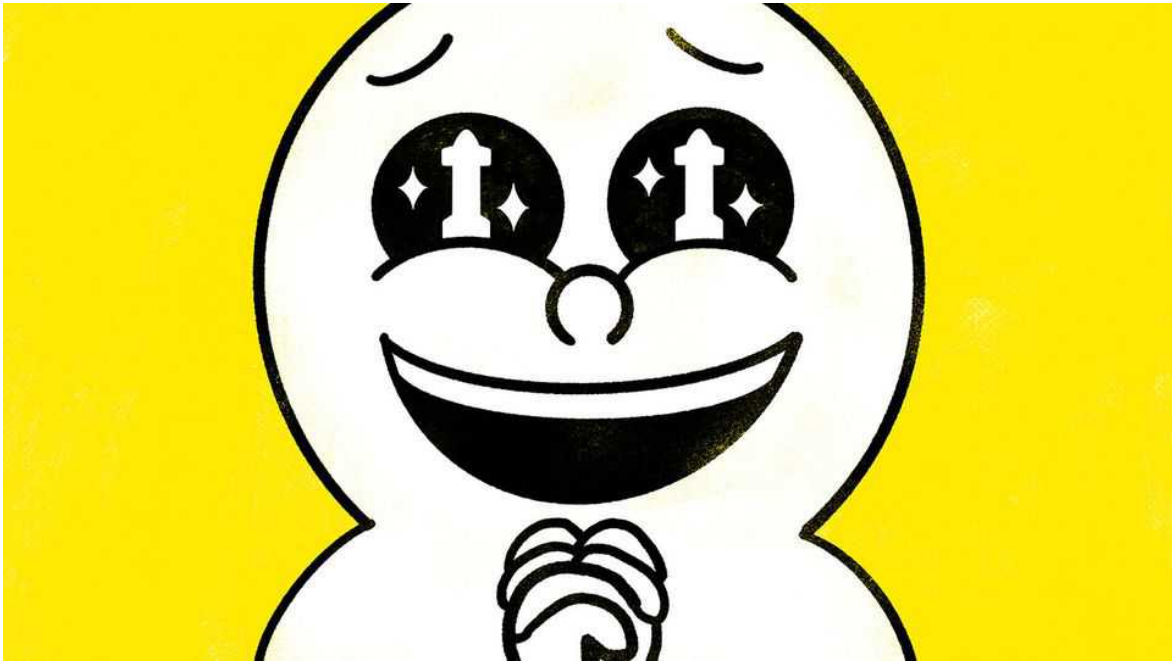
With Asia, America and Europe unwilling or unable to use their reserves, oil markets may soon look less placid. Global commercial stocks, which are projected to hit minimum operational levels by September, will not provide the world's missing barrels. A growing share of the adjustment will then fall on China. Its ample stocks can last for months. But Chinese leaders may not want to drain these with no peace in sight. And the more reserves are depleted, the more oil will be needed to replenish them once the war ends—keeping prices higher for longer. ■

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Wall Street's undignified SpaceX mania

Is that a rocket in your lobby, or are you just happy to see me?

June 11th 2026



“THE ICK”, a term popularised by Gen-Z daters, refers to the loss of romantic interest after a trifling but embarrassing behaviour by a crush. Admirers of American high finance may be feeling it. Ahead of the initial public offering (IPO) of [SpaceX](#), scheduled for June 12th, Wall Street looks desperate trying to woo Elon Musk, the rocketry firm’s boss and the world’s first soon-to-be trillionaire. Fidelity, an asset manager, has lowered its minimum account balance for small investors to participate in the listing from \$100,000-500,000 to \$2,000. Nasdaq and FTSE Russell will fast-track SpaceX into their popular stock-market indices.

Few people are abasing themselves more than America’s investment bankers. Decorative spacecraft and banners fill the lobbies of Goldman

Sachs and Morgan Stanley. The spire of Bank of America's midtown headquarters has been lit up in the image of a rocket in lift-off. The boss of JPMorgan Chase, who once feuded with SpaceX's hot-headed CEO, has hosted him for a chummy interview in front of wealthy clients.

If that feels icky, what the bankers are telling investors about SpaceX's business is cringe. Goldman Sachs is said to expect revenue from SpaceX's xAI division, today an also-ran in the artificial-intelligence race, to surge from \$3bn in 2025 to \$322bn in 2030. Morgan Stanley apparently thinks that by 2040 SpaceX could be raking in \$3.4trn in sales and \$2.7trn in operating profit (before depreciation and amortisation), respectively up from \$19bn and \$7bn last year.

Sycophancy seems a small price to pay for fat fees. SpaceX reportedly aims to offer advisers perhaps 0.75% of the deal's proceeds. If it sells \$75bn in stock at a valuation of \$1.8trn, this will net its bookrunners over \$500m. That is equal to more than 20% of all such proceeds American banks earned last year. Anthropic and OpenAI, the two leading AI labs which have just filed paperwork for similarly sized listings, can expect similar flattery.

The bankers' fees are a pittance, though, compared with the size of the deals. Giant listings generally command lower fees than the long-term average of 7% for all IPOs. Still, anything less than 1% is puny. When Goldman Sachs agreed to a 0.75% fee for relisting General Motors in 2010, this was seen as a favour to the American government, which was ridding itself of the carmaker after a bail-out.

Worse, SpaceX has neutered its bankers by reserving up to 30% of the offering for retail investors and setting its own take-it-or-leave-it price of \$135 per share. This reduces the advisers' discretion in handing out shares and turns them from power-brokers to utility providers. Who wants to date one of those?

This is quite a change from past IPO waves, when bankers were the masters of the universe. This let them flagrantly underprice IPOs, allowing their handpicked buyers to benefit from the first-day pop in the value of the shares. The average pop since 1980 has been 19%. In 1999, at the height of the last tech boom comparable to today's AI-fuelled one, it reached a record

71%. Issuers had no choice but to lump it. Despite the Chinese walls between the banks' rainmakers and analysts, on Wall Street a cheap IPO was often seen as a way to buy bullish coverage (and for issuers' executives to secure early access to other underpriced listings).

The investment banks maintain their tight grip on IPOs. Alternatives such as selling shares directly to buyers without an underwriter have proved messy. After Coinbase, a cryptocurrency exchange, went public that way in 2021, its shares traded choppily and no similar large "direct listings" have occurred since then. But, as their treatment of SpaceX shows, today it is increasingly Wall Street that has to lump it. Companies stay private far longer than they once did, denying banks advisory fees and gatekeeping power. Whizzy trading firms chew away at their marketmaking revenues. Private-credit behemoths eat into business lending.

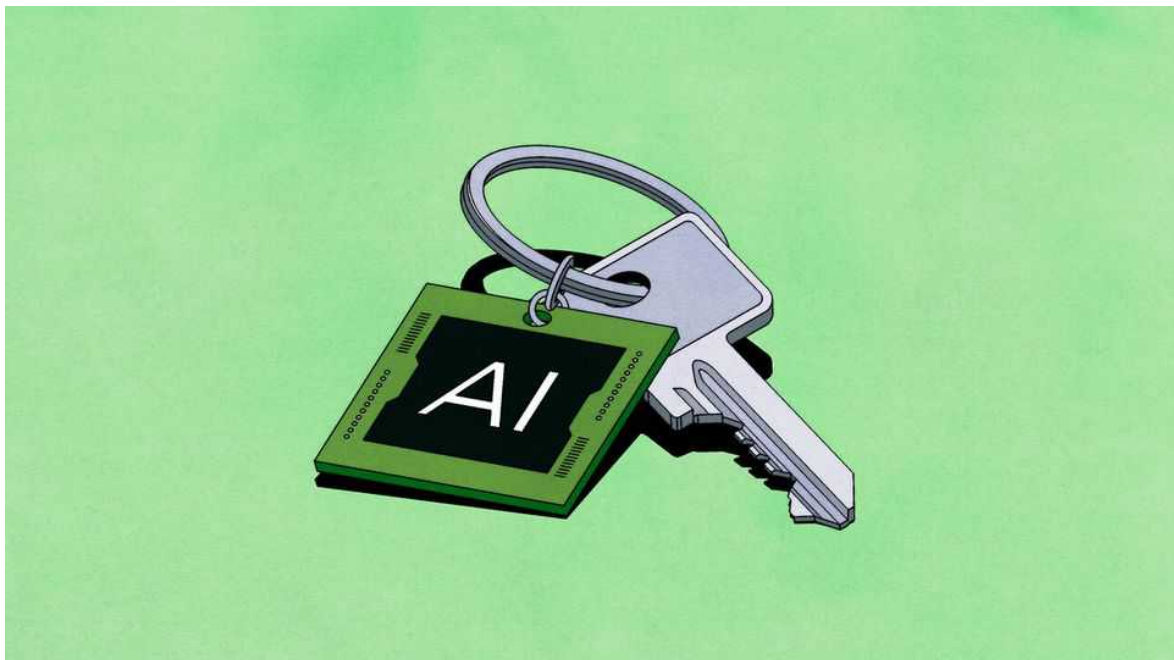
If SpaceX's debut flops—one research firm's analysis of SpaceX's discounted future cashflows arrives at half its target valuation—the investment banks will face scrutiny, despite their limited control of the process. Yet even a success will leave them something to think about—and not just because of the icky monuments to Anthropic and OpenAI that will soon loom in lobbies like the Colossus of Rhodes. They will have surrendered control and shown themselves to be less important than they thought. "The ick" is putting it mildly.■

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How to share AI riches

From Donald Trump to Sam Altman, the idea of redistributing them is catching on. Does it make sense?

June 11th 2026



THE artificial-intelligence boom has minted vast fortunes. Jensen Huang's stake of nearly 4% in Nvidia, the chipmaker he co-founded in 1993, is worth \$175bn, up 50-fold in seven years. Anthropic's latest funding round, which valued the AI lab at nearly \$1trn, more than doubled the estimated wealth of its boss, Dario Amodei. Yet as new plutocrats gain riches, most Americans doubt the gains from AI will be widely shared. Less than one in three think the technology will make ordinary people richer.

Populists on left and right are scrambling for an answer. On June 5th Donald Trump appeared to endorse a proposal, championed by Sam Altman of OpenAI, under which AI firms would voluntarily contribute equity to a

public wealth fund, with the returns eventually flowing to households. “It almost becomes a partnership with the American public,” Mr Trump declared. “It would make ’em rich.” Bernie Sanders, a leftie senator, wants a one-off 50% tax on AI firms’ value, paid in stock, to give Americans a “direct ownership stake”. Mr Amodei has floated the idea of “universal capital accounts”. These proposals reflect a growing belief that if AI generates extraordinary wealth, the public should share in it.

Beneath the populist packaging lies a serious idea. Wealth in America is already concentrated: the top 1% own nearly a third of it and the bottom half just 2.5%. If AI substantially raises the returns to capital relative to labour, that divide could widen; superintelligence, if it materialises, could make much human labour obsolete, leaving the gains to whoever owns the machines. In such a future, giving the public a stake starts to look prudent.

In one sense, citizens already have a claim on AI success. Governments tax corporate profits, which is an efficient way of sharing in firms’ upside without picking winners or exposing taxpayers to losses. The case for AI wealth funds is therefore in part political. Direct ownership stakes make the gains from AI more visible, while providing insurance against a future in which a handful of firms capture an ever-larger share of economic activity.

Still, pursuing that goal raises practical questions. The first is how the assets get into public hands. Mr Altman has proposed voluntary donations, but the mechanics are tricky. Newly issued shares would dilute existing investors—including, in OpenAI’s case, Microsoft—who may object; Mr Altman himself owns no equity in his firm, so he has no founder stake to donate. As the AI labs prepare to go public, such dilution would soon hit pension funds and retail investors, too. Voluntary schemes can be meaningful or painless, not both. If governments buy stakes directly, that would put taxpayers on the hook for loss-making firms at frothy valuations. Mr Sanders’s approach—forcing firms to transfer equity—would raise more money but would be hard to distinguish from expropriation, inviting legal battles and chilling investment by reducing the expected rewards of future success.

The next question is how much the schemes would raise. Suppose OpenAI and Anthropic each gave 3% of their equity, the midpoint of the 1-5% range discussed by industry advocates. At current valuations, that would seed a

fund of \$55bn or so. If the stake earned a healthy 10% a year, the fund would grow to \$140bn or so after a decade. Paying out 4% annually, a rule of thumb for preserving a fund in perpetuity, would amount to \$20 a year per American annually. To be sure, the point of such schemes is that AI may prove anything but ordinary. Yet even if it does change everything, the firms' combined value rises ten- or 20-fold and the state picks the right winners, Americans would get a yearly payout of a few hundred dollars. This is not enough to make anyone rich.

Since it is anyway unclear where AI's rents will ultimately accrue, this argues for looking across the industry. An annual levy of 0.2% of market value, along the lines proposed by some advocates of a broad wealth tax, could raise roughly \$40bn a year at the current valuations of AI labs, chipmakers and cloud providers. But deciding what counts as an AI firm—and how much of Amazon, Google or SpaceX does—would be contentious. And the resulting dividend would still be at best a few hundred dollars per American annually. A nice bung—but well short of a universal basic income or meaningful insurance against widespread job displacement.

Disbursing the proceeds involves more choices. One model is Norway's oil fund, whose returns help fund public services. Another is Alaska's Permanent Fund, which invests the state's resource revenues on behalf of residents and pays them annual dividends (similar to what OpenAI and Anthropic have proposed and we assumed in our calculations above). A third is something akin to the "Trump accounts" the president has proposed for American tots. These would be seeded by the state, compound over time and be used to fund college or a pension, say. The left may prefer the Norwegian way. Mr Trump would favour one of the other two.

Public ownership carries risks. It blurs the line between regulator and shareholder. Politicians may be unwilling to pursue antitrust action or impose costly safety rules on publicly owned firms, and happy to prop up stumbling ones (and their valuations). This may entrench incumbents and weaken competition. AI rents may also flow somewhere unexpected: electricity transformed society, but a wealth fund built around electric utilities would be a dud.

The best way to minimise such downsides may be a public wealth fund invested in a broad equity index. The capital could come from taxes on AI profits or mandatory equity contributions from across the AI economy—which, if the optimists are right, may one day mean most business. Even extraordinary returns would still probably translate into a modest dividend, arriving years from now. The harder questions—how to tax AI, how to regulate it and how to support displaced workers—would remain. ■

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Science & technology

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How artificial intelligence got better at building itself

What does “recursive self-improvement” mean for the technology?

June 11th 2026

WHEN ANTHROPIC, an artificial-intelligence lab, debuts on stock markets later this year, it is likely to be one of the biggest [initial public offerings](#) in history. That’s because Claude, the company’s chatbot is beloved of coders, who are willing to pay a lot for access. Since Claude Code, its software-engineering agent, launched in February 2025, it has become indispensable for developers around the world. That includes Anthropic’s own: more than four-fifths of the code it published in May was written by Claude, the company says. Before Claude Code, the percentage was “low single-digits”.

The systems have improved in quality of output as well as quantity. An influential benchmark from METR, a think-tank, shows that in early 2025 Anthropic’s models could complete tasks that took human engineers a little under an hour. The company’s latest systems can complete tasks that would take more than a working day.

And so it may be easy to raise a cynical eyebrow when the company, at the top of its game and outclassing the competition, calls for the world to have “the option to slow or temporarily pause frontier AI development”, as it did on June 5th. What market leader would not wish that its competition stop trying to catch up?

Yet Anthropic’s leaders, who have for years worried about the prospect of [out-of-control AI](#) wreaking havoc, seem sincere. The latest generation of AI models are such competent coders, engineers and (soon) scientists that many worry they may be among the last ever made by humans. Jack Clark, an Anthropic co-founder, thinks there is a 60% chance that, by the end of 2028,

an AI system will be capable of creating its own successor with no human involvement at all.

That moment would mark the beginning of a process called “recursive self-improvement” (RSI), a closed loop. Version one of a model produces version two, which is faster and more capable; version two produces version three, which is more so again. The loop continues, and the improvements grow with each iteration. Build an AI system capable of this, and your human engineers never need to build another one again. “What can seem to many like a fanciful story may instead be a real trend,” says Mr Clark.

Nobody knows for sure what the consequences of recursive self-improvement would be. Because AI can, unlike humans, work tirelessly and constantly, some think it would in short order lead to a superintelligent AI—a “fast take-off”. (It has also been onomatopoeically dubbed “going foom”, for the sound one might imagine an intelligence explosion making). AI doomers fear the superintelligence would be beyond human control, and that the start of RSI is the moment at which humanity’s fate is handed over to the machines. Yet a self-improving AI would probably face speed limits, at least at first.

Building a model capable of RSI would require automating a range of specialist tasks currently carried out by humans. At present data scientists work on the theory of AI and coders put it into practice. Systems engineers build the foundations on which toy models can be raised to production scale. Other people seek out novel sources of training data, or experiment with ways to generate it fresh. Alignment and safety teams check that what comes out of the training process won’t cause harm, intentional or otherwise.

Not all of those teams are equally amenable to AI assistance, and within each specialism some tasks are more automatable than others. It will not be too long until a human coder can do their job without ever writing a line of computer code themselves, but it may be some time until an AI is able to negotiate to acquire a previously undigitised collection of scientific papers.

It is not always obvious how the “jagged frontier” will progress. Designing new algorithms seemed one of the safer jobs, until one of Google DeepMind’s models, AlphaEvolve, began doing it in May 2025. It proposed

a change to how Google spreads workloads across its data centres that saved 0.7% of the company's worldwide computing power, and found better ways to perform matrix multiplication, which speeded up the training of Gemini, the company's flagship large language model (LLM), by 1%.

Full RSI requires every task in this chain to become automated. The AI-powered acceleration of research and development (R&D) may be felt before then, however. "As the fraction of AI R&D performed by AI systems increases, the productivity boost over human-only R&D" could increase ten-fold, then a hundred-fold, then a thousand-fold, according to a report published in January by the Centre for Security and Emerging Technology (CSET), a think-tank within Georgetown University. In that scenario, it warns that even if some aspects of AI R&D are initially difficult to automate, "the accelerated rate of progress means those bottlenecks are soon overcome."

Today no AI model can build its own successor. But big AI models can build smaller models on their own. With human help they can build other big AI models, too. Earlier this year Andrej Karpathy, a then-independent researcher who now works for Anthropic, trained a chatbot about as capable as GPT-2, a large language model built by OpenAI in 2019. Back then the model took 168 hours of training to build on 32 state-of-the-art chips; Dr Karpathy achieved the same result using a single computer with eight GPUs, the specialised chips used to build AI, in only three hours. With some more months of work he reduced the training time for his model, Nanochat, to just over two hours.

In March he handed the work of speeding up the training process over to an AI agent called Autoresearch. In two days the training time dropped to one hour and 48 minutes, and five days after that it fell to one hour and 39 minutes. "I didn't touch anything," Dr Karpathy says. The 18% improvement on the human work is striking because Dr Karpathy is a particularly talented human: he was a founding member of the research team at OpenAI and the head of AI at Tesla for five years.

The improvements themselves were prosaic. The AI agent picked better starting values for the training run, widened the scope of the LLM's "attention" window and noticed that the model's focus was wandering. None

of this is particularly novel, Dr Karpathy says. But he had missed them. “They stack up and actually improved Nanochat,” he says.

Speed-ups of this kind are inevitable as models become more capable. Much of the work of building terabyte-size frontier models is less glamorous than the AI industry’s enormous salaries and fancy offices suggest. It involves plumbing together the layers of an infrastructure stack that are bought in from third parties, debugging hardware and software set-ups and tweaking “hyperparameters”, the initial set-up of a training run, until the outcome looks solid. An AI system can do much of that today, with little supervision.



But even the more nuanced intellectual work is nearing automation, says Joe Spisak, a researcher at Reflection AI, a lab based in New York that is building frontier models that are open-weight (meaning their parameters are publicly released). Give a frontier system a rough sketch of an idea for efficiency gains, and it is increasingly capable of designing an experiment, running tests on a toy model, seeing what works and responding with a plan that is ready to implement at scale.

AI models can carry out these sorts of tasks, which take humans hours, in around 30 minutes. Increasingly, humans play the role only of research director, steering the AI to run experiments, which the models code up,

debug, optimise and monitor themselves. The productivity boost is alluring, but also alarming. As the role that humans play in the production process shrinks, they may lose control. The end result could be models trained by models, to achieve goals set by models, whose safety is verified only by models.

Some fear a disaster. Max Tegmark, a physicist and machine-learning researcher at the Massachusetts Institute of Technology who has devoted much of the past decade to campaigning for AI safety, likens it to a driver flooring the accelerator on the motorway with their eyes closed. The result would be certain doom, he told the *The Economist*'s [“Inside Tech” video show](#), as long as the driver refuses to open their eyes. Powerful AI systems could outcompete humans as the decision makers in government and commerce, says Professor Tegmark, disempowering humanity; they could offer supreme power to whoever first builds them, ushering in global totalitarianism; or they could simply cease to care about humanity at all, and gradually squeeze people out to make room for more data centres and power generation.

Three years ago, Professor Tegmark led a call for a pause in global AI development, arguing that the creation of the then-cutting edge GPT-4 was tantamount to that blindfolded journey. This year's CSET report warned that the systems created by RSI “pose extreme risks. This warrants preparatory action now.” Anthropic, it seems, is close to agreeing with that idea.

There are also several physical constraints that will, for now, impose limits on the speed at which models can improve themselves. The most important is access to compute. Despite efficiency gains, newer models continue to use more computing power to train than their predecessors, forcing progress to occur at the pace of data-centre development.

Consumer use of AI may also slow down AI-powered research and development, says Helen Toner, interim executive director of CSET and a lead author of its recent report. The limited capacity in AI data centres needs to be carefully split between serving paying customers, training future models and carrying out open-ended R&D. The more demand there is in the first category, the less capacity, in the short term, there is for the other two.

Then there is the issue of training data. Much recent progress in AI has been in areas where models can teach themselves how to succeed thanks to “verifiable rewards”. A piece of software either runs or it does not; a mathematical proof is correct or it is not. In such cases synthetic data, generated by models purely to train other models, can be checked for accuracy and added to the training data without risking the degeneracy that normally comes with training an AI on its own output. It is trickier to make a model better at creative writing or legal judgment. If the models need to learn from the real world, that could also limit the reach of self-improvement.

“Closing the loop” may be a step on the road to superintelligence and—depending on your disposition—utopia or doom. But it is not the only step required to produce exponential growth in AI’s capabilities. ■

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New techniques can predict and prevent lung cancer

A molecular signature can identify those most at risk

June 11th 2026



Although cancer treatments are improving fast, prevention has so far been mostly about promoting a healthy lifestyle. But efforts to find preventive drugs and vaccines are starting to bear fruit. New research shows that existing anti-inflammatory drugs hold promise for preventing lung cancer.

Despite dramatic declines in smoking, lung cancer is the most common cancer diagnosis globally. Smokers who quit face less danger but remain at higher lifetime risk than those who never smoked. People exposed at length to high levels of air pollution, for instance around busy roads in London, are at higher risk too.

Now, an international team of 80 scientists has identified a molecular signature that predicts a higher risk of lung cancer. The group examined blood samples from nearly 50,000 people in the UK Biobank, a repository of data, samples and scans taken periodically from the same cohort of people. They used machine learning to analyse thousands of proteins in the samples and found a group of 14 whose levels increased five years or more before a lung cancer diagnosis.

The team then confirmed that this 14-protein “signature” could predict lung cancer in eight other data sets from around the world, including a Taiwanese one in which few participants were smokers. The results were published in *Cell* on June 4th.

In lab experiments on mice and cells, the scientists found that the 14 proteins were present in larger quantities when an inflammatory pathway that is linked to lung cancer was activated. This pathway was identified in 2023 by a team led by Charlie Swanton, a researcher at the Francis Crick Institute in London and co-author of the new paper. The group showed that air pollution triggers the release of a signalling molecule called interleukin-1 beta (IL-1 β). When IL-1 β reaches lung cells that carry dormant cancer-causing mutations, it activates those mutations. The cells proliferate and grow into a tumour.

Remarkably, Dr Swanton found that blocking IL-1 β in mice exposed to air pollution stopped tumours forming, offering the promise of preventive drugs. The new research provides the foundations for a blood test that could identify who will benefit from such treatments.

Drugs that block IL-1 β in humans already exist. They are used to treat certain auto-inflammatory conditions, such as some forms of arthritis. As part of the new study, Dr Swanton’s team analysed data on cancer incidence among people treated with these drugs. In 2017 Novartis, a pharmaceutical company, reported the results from a big trial of canakinumab, an IL-1 β blocker, as a preventive therapy for heart attacks. The drug was ineffective against heart attacks, but as part of the safety checks of the trial, Novartis collected data on cancer incidence among participants.

The patients treated with canakinumab ended up with lower rates of lung cancer than the placebo group. The effect was modest though. Dr Swanton's team reanalysed the trial data using the 14-protein signature. In people with lower amounts of the 14 proteins, more than 1,500 would need to be treated to prevent one lung cancer. But in those with larger amounts of the proteins, canakinumab nearly halved the risk. In this group, treating 55 people prevented one case of disease. Cholesterol-lowering drugs known as statins, which are widely prescribed to prevent heart attacks, have a similar prevention rate.

The next step is to develop a commercial test for detecting the 14-protein signature. The team is also investigating whether other anti-inflammatory drugs could be similarly effective.

Fresh UK Biobank data is expected in the next two years. It could provide similar clues about other types of cancer. A long-running trial in England, for example, has shown that aspirin prevents some colorectal cancers in people with Lynch syndrome, a genetic condition that makes people highly predisposed to certain cancers. Cancer prevention may finally get the level of scientific attention devoted to finding new treatments. ■

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Too much Chinese science is ignored by the West

A bad reputation and cultural ignorance are probably responsible

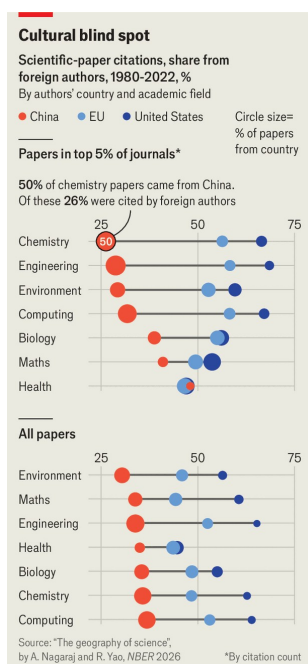
June 11th 2026



Chinese authors published as many papers as American, British, German and Japanese researchers combined in 2025. Yet two recent analyses drawing on databases of tens of millions of English-language scientific articles suggest they were largely overlooked by Western researchers. That is not for lack of value: China leads the Nature index, a ranking of countries by number of papers published in a set of respected journals.

Both new analyses tracked how academic papers were cited by others. The first, a working paper by Abhishek Nagaraj of the University of California, Berkeley, and Randol Yao of the Massachusetts Institute of Technology, was published in January. It found that between 1980 and 2022, only about one-third of citations of Chinese papers came from outside the country,

compared with around half for America and the European Union. The pattern was largely the same for papers published in the top 5% of journals and papers ranked in the top 1% by citations.



The second analysis, posted by a Chinese-Dutch team on the preprint server arXiv in April, found that even though American, British, French, German and Japanese teams have become more likely to cite Chinese research since 2000, citations of Chinese work in 2022 were still much lower than expected based on factors like the quantity of scientific output. There was a striking imbalance: Chinese researchers cited American work more than expected; American researchers cited Chinese work less than expected.

Some of this may be artefact. The first result could be swayed by colleagues excessively citing each other's work to drive up metrics. The second does not account for differences in the average quality of science done in each place.

At the request of The Economist, Dr Nagaraj and Dr Yao split their analysis by academic field. They found that Chinese researchers are particularly likely to cite each other's research in fields like chemistry and engineering where Chinese labs produce the bulk of cutting-edge work. With fewer scientists abroad working in these fields more citations come from home.

Chinese research may be more concentrated in fields in which only local researchers are at the frontier.

[Another explanation is trust](#). According to data from Retraction Watch, papers published by Chinese authors between 1996 and 2025 were around six times more likely to be retracted than those by American or British ones. Before the Chinese government banned the practices in 2020, universities often gave researchers publication quotas or paid them bonuses for publication. Authorities have also tried to tackle the problem by cracking down on paper mills and reforming academic evaluation. But reputations take time to repair.

Ignorance compounds the problem. Western researchers are often unfamiliar with the hierarchy of Chinese institutions and struggle to distinguish similar-sounding names, says Dorothy Bishop, a retired experimental psychologist at Oxford University who investigates research fraud.

The share of Chinese papers with international collaborations is also in decline, in part owing to geopolitical tensions. In 2024, 18% had a foreign co-author, down from 24% between 2000 and 2019.

Each study has its weaknesses. Whatever the cause, overlooking Chinese research has consequences. Ideas spread more slowly and breakthroughs take longer when researchers miss valuable work. As China becomes an ever larger source of new knowledge, the cost of such blind spots will grow. ■

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The chemicals that reduce wrinkles

Vitamins, applied properly, can partially reverse the effects of ageing

June 11th 2026



A BIOCHEMISTRY textbook sometimes feels like essential reading when shopping for wrinkle-reducing products. Their labels list molecules like retinoids, antioxidants, peptides and exfoliating acids. The names might be familiar, but does anyone know what they do? Many of the claims that they will make skin appear more youthful rely on company-funded studies or consumer surveys rather than rigorous clinical evidence. Yet a handful of ingredients do have a solid scientific backing.

Older-looking skin comes about via two distinct processes: the passage of time and environmental damage caused by ultraviolet (UV) light, pollution and smoking. All of these harm the collagen and elastin fibres in the extracellular matrix, the skin's structural scaffolding, causing wrinkles and

sagging. Around 80% of ageing in white skin is caused by UV exposure, according to Abigail Langton, a dermatology researcher at the University of Manchester—the melanin in darker skin provides some degree of protection.

If your wrinkles worry you, then the ingredient with the strongest scientific backing that might help is tretinoin, also known as all-trans retinoic acid. A derivative of vitamin A, it was originally developed as a treatment for acne, but in the mid-1980s dermatologists noticed that patients who used it had fewer wrinkles as well as fewer spots. Studies of skin biopsies, as well as non-invasive skin imaging, revealed that tretinoin thickens the epidermis, the skin's outer layer, making it look smoother and improving fine lines. It also stimulates collagen production in the dermis, the layer that sits just under the epidermis. This seems to partly restore the extracellular matrix and reduce wrinkles.

Tretinoin is generally only available on prescription and it can irritate the skin. Milder retinoids—molecules derived from vitamin A—such as retinol and retinal, are used in over-the-counter creams and serums. Once they are absorbed by the skin, these chemicals are converted into tretinoin. Pricier formulations often contain those derivatives that convert more easily or are more stable. Although over-the-counter retinoids are less aggressive, it is still sensible to start with a lower concentration (those as low as 0.04% can be effective) and work up to avoid irritation.

There is also support for the anti-ageing effects of certain antioxidants, chiefly vitamin C (ascorbic acid). This plays an important role in collagen production, and there is evidence it can reduce wrinkles and hyperpigmentation. The downside is that it is unstable and can break down quickly if products are not formulated or stored correctly. An expensive cream can become ineffective if it is left lying around for too long.

Peptides, another common ingredient, are short chains of amino acids. Some encourage the production of extracellular matrix proteins, others prevent their breakdown and some relax the face muscles, in a manner similar to botox. The scientific studies used by cosmetics companies to claim anti-wrinkle benefits are, however, typically conducted or funded by those same companies.

All these ingredients can be, and are, combined in different ways. And they need time to work: dermatologists recommend sticking with the same regimen for several months before judging the results and making any tweaks. But though these ingredients may partly reverse the signs of ageing, prevention is more effective. Nothing beats protecting yourself against the sun. ■

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Culture

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Who should win the World Cup?

It's a better question than "Who will win?" It tells you what the tournament is for

June 11th 2026



It was too much for Ángel di María. After scoring in the [World Cup final in 2022](#), the Argentine forward burst into tears. It was too much for Gonzalo Montiel. Having hit the winning penalty in the shoot-out—so becoming immortal—he pulled off his national shirt and buried his face in it. And it was almost too much for Argentina itself: when around 4m people thronged Buenos Aires for the victory parade, the team had to abandon their bus and wave from a helicopter.

For players and fans, even whole countries, winning the [World Cup](#) is a secular rapture. One team and nation will experience that euphoria at the climax of this year's competition, which begins on June 11th. A lot of ink

and airtime will be expended on predicting who the champions will be. But a better question than who will win the World Cup is: who should win? Answer that, and you know whom to back when your home team is knocked out. To do so, you first have to grasp the tournament's true purpose.

The World Cup is a branch of international relations. It is an expression of power by the hosts—this year America, Canada and Mexico—and a form of soft diplomacy. The draw can throw up grudge matches that are benign alternatives to [war](#) (such as, in 2022, Iran v America) and pair nations which ordinarily have little to do with one another (this time, for example, Cape Verde v Saudi Arabia). It helps supporters everywhere see what they have in common, starting with a shared devotion to watching 22 men chase a ball.

But for enthusiasts, the newsy headlines—about [overpriced tickets](#), alleged corruption or sports-washing autocrats—are not the real story. The World Cup is only superficially a pageant for the powerful; underneath it is a tacit conspiracy against them. For a month or so every four years, football nuts around the globe sneakily tune in to games on the job, knock off early to binge more matches and let the children stay up for late kick-offs. No overlord, whether company boss or authoritarian ruler, can forbid this pleasure.

The World Cup is a machine for memories, both evoking and making them. As with A-list assassinations, veteran fans remember where they watched their side's [greatest feats and most painful defeats](#), and with whom—from lost parents to absent friends and offspring who have since grown up. Each has their own personal squad of World Cup ghosts.

Above all, the World Cup is a quadrennial festival of hope. Fans hope for an injury-time miracle, the salvation of an offside flag and a distraction from humdrum woes. They hope decades of failure will at last be redeemed, and that history needn't be destiny. Teams can embody hope for a different future, like the Argentina side led by [Diego Maradona](#) (pictured) that prevailed in 1986, not long after its military dictatorship ended. Shock victories by underdogs give hope that the meek may indeed inherit the Earth.

Global communion; indelible drama; a redemption arc; the subversive sense that anything is possible: with these goals in mind, who ought to win this

World Cup? Realistically, half or more of the 48 competing teams have no chance at all. Discard those (even thought experiments have limits). Next, for fairness and excitement, ditch the eight countries that have won before (yes, even England, whose sole triumph was 60 years ago). That eliminates most of the favourites. Of the rest, the leading candidates fall into two categories.

The first group are plucky small countries with the talent to beat the population odds. As Simon Kuper writes in his delightful memoir, “World Cup Fever”, the tournament offers a topsy-turvy global hierarchy in which America “is an also-ran and China doesn’t even figure”. His team, the Netherlands, is a smallish nation that has reached three finals and has a fighting chance this time. Then again, as Mr Kuper acknowledges, the Netherlands is already a happy, successful place; it has no deep need or neurosis for football to dispel.

In its 35 years as an independent state, Croatia—population: under 4m—has astonishingly reached three semi-finals. As Aleksandar Holiga, a Croatian journalist, puts it, football is a rare field in which his country can say, “We are among the best in the world.” On balance, though, the most deserving tiddler is Portugal, which has achieved less and waited longer, while enduring dictatorship and economic malaise. “Portugal is an obsessed country,” Miguel Pereira, a football writer, says of its fixation with the sport. In a place that has produced great players but not a world-beating team, winning would spark “ecstasy and joy”. (It might also make [Cristiano Ronaldo](#), a preening superannuated megastar, even more insufferable.)

The other worthy group comprises larger, football-loving countries that have always fallen short. Japanese fans, for instance, still mourn “the devastation of Rostov” of 2018, when their side surrendered a 2-0 lead against Belgium, and “the agony of Doha” in 1993, when a late Iraqi goal kept them out of the tournament. The team’s evolution has reflected Japan’s integration with the world, reckons Dan Orlowitz, a journalist based there. “It would be massive” if it won. Disqualifyingly, however, baseball, not football, is the country’s biggest sport. (America is ineligible on similar grounds.)

No African country has won a World Cup. Senegal, one of Africa’s strongest contenders, is mired in the political fallout of a debt crisis. But, says Elimane

Ndao, a correspondent with France 24, “Whenever the national team plays, everyone forgets the political problems.” Its most cherished World Cup moment was a 1-0 defeat of France, the former colonial power, in 2002; the scorer led the team in a dance at a corner flag. If it won, the country would celebrate “for a week—or a month”.

Then there is [Morocco](#), which four years ago reached the semi-finals. That enhanced its reputation, says Samir Bennis, a political adviser and co-founder of Morocco World News, showing the country “can shine on the world stage”. When the team is playing, “life in Morocco freezes,” says Mr Bennis. “Everyone is watching and praying for victory.” But it might be even sweeter for Africa’s apotheosis to come in 2030, when Morocco is among the hosts.

All in all, Latin America is where a first-time victory would bestow the greatest happiness on the greatest number. Colombia is in the middle of a fraught presidential election; football is “the main unifying factor in the country”, says Ricardo Ávila of El Tiempo, a daily. But winning would mean most in Mexico, a soccer-mad country of 133m. “We all believe in Our Lady of Guadalupe,” jokes León Krauze, a columnist and podcaster, “but our one true religion is football.” For millions of Mexicans in America, he notes, the team is a last link to their homeland. Winning “would do wonders for a country that has faced many hardships”, including excoriation by [Donald Trump](#). Imagine him presenting the trophy to Mexico’s captain.

“The intensity of emotion”, recalled Pelé, a three-time champion, of seeing Brazil lift the cup, “was like nothing I had ever known.” Who will feel it this time? In reality the likeliest winners are France and Spain. Still, like past favourites, they may be undone by a dud referee or a scuffed penalty kick. For poetic justice and maximum drama, in the World Cup final on July 19th, Mexico would play—and beat—Portugal. It might happen. Until the whistle blows, we can all hope. ■

The most hated countries at the FIFA World Cup

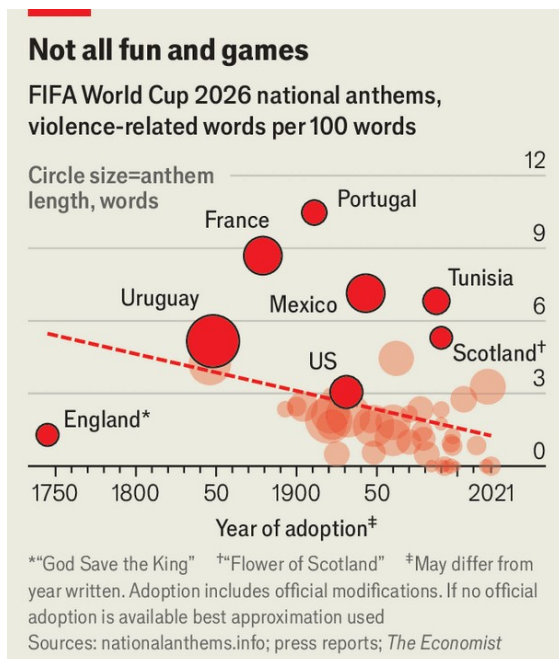
What national anthems reveal about old enemies

June 11th 2026

National anthems are among the world's most recognisable and widely performed political texts. Many were written to rally troops, celebrate victory in war or unite new states. Today these battle cries are most often heard at sporting events. Before each match at the [World Cup](#), teams will sing songs of the conflicts that once divided them.

Forty-eight countries will compete in the group stages this year, up from 32. Which ones will appear most often as enemies in [the tournament](#)'s national anthems? To find out, The Economist used AI tools to analyse the translated lyrics of every competing country's song. To start, we ranked villains according to where there were explicit mentions of countries, specific battles, historical figures and symbols. Anthems with no official lyrics, such as Spain's and Bosnia and Herzegovina's, were excluded from the analysis.

Spain is the most hated country in our textual analysis, appearing in three national anthems. Perhaps this is because Spain's former colonies and territories were [more likely than Britain's](#) to gain independence through revolutionary wars. Ecuador's anthem recalls how "the toppled lion could be heard, as it roared in impotence and despair." The Dutch—hardly strangers to empires themselves—are less subtle: "The Spaniards rape thee, my Netherlands so sweet." (We analysed the full official lyrics, including verses rarely sung at matches.)



The results rely on interpretation: anthems are often poetic and rarely specify exactly who they want dead. When factoring in historical context, our analysis suggests that at least nine additional national anthems allude to other countries, including a reference to Britain in [America's anthem](#). Spain once again takes first place.

National anthems are an unusually macabre genre. All but eight countries competing in the World Cup make some reference to violence, whether through soldiers, armour, threats, descriptions of historical battles or explicit calls to arms. Nineteenth-century writers were especially fond of bloodshed; our analysis found that anthems adopted more recently tend to be less fierce and battle-hungry.

Portugal's anthem, originally written as a protest song against Britain, is unusually bellicose. It contains 11 references to violence per 100 words, compared with a tournament average of roughly two. It calls citizens "às armas!" (to arms) 12 times. By this measure, Portugal has the World Cup's most combative anthem. Though others sound ready for a fight, too. The [French](#) warn dramatically that foreign soldiers are coming "to cut the throats of your sons and consorts", while Uruguay's and Tunisia's tout the glory of martyrdom.

Not all anthems are so sanguinary. Some of history's most notorious invaders sing remarkably peaceful songs. Britain's anthem asks God to save its king (although Scotland's unofficial anthem mocks King Edward II). Germany's celebrates freedom, unity and happiness. Japan's hopes the emperor will reign until little pebbles grow into moss-covered boulders.

Two of the World Cup's hosts—America and Mexico—have similar themes of freedom, conflict and religion, although Mexico's contains more than twice as many references to violence. Written during an era of territorial loss and invasion by America and other foreign powers, it imagines its national flag drenched in waves of blood. Canada's, meanwhile, contains no references to conflict and is typically polite: “with glowing hearts we see thee rise.” (Its official lyrics were even updated in 2018 to be more gender-neutral.)

Football fans rarely pay much attention to the lyrics echoing around a stadium before a match. But these anthems are rousing epics of conquest, liberation, sacrifice and murder. Fortunately, this summer's hard-fought football contests will be settled by goals, not guns. ■

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Steven Spielberg has more to say about aliens

Returning to them in “Disclosure Day”, the great director raises the stakes

June 11th 2026



You can learn about battles in a war film. A romantic comedy may offer tips about courtship. But alien movies can tell you nothing about aliens. Their message is always about human beings. [Steven Spielberg](#)'s alien oeuvre has some enduring morals. Don't trust the government. Your loved ones may not understand you. Find your way home if you can. "Disclosure Day", his new release, adds a cosmic plea: give peace a chance.

Breathless and occasionally baffling, the plot of "Disclosure Day" is hard to summarise, but here goes: nuclear conflict looms in America. Yet Daniel (Josh O'Connor), a renegade cyber-security guy, has bigger worries. He is on the run from Wardex, a sinister agency, and its haunted boss (Colin Firth), identifiable as a villain by his posh English drawl. Daniel plans to

release Wardex's record of contacts with alien spacecraft and "non-human biologics". The archive goes back to 1947, which, as UFO-spotters can attest, was the date of an [otherworldly crash](#)-landing in Roswell, New Mexico.

Daniel brings two other important things with him. First, his girlfriend Jane (Eve Hewson), who takes him to a convent where she once trained to become a nun. The sisters are there to reassure Jane—and devout viewers—that belief in aliens isn't heretical. He also has a mysterious hand-held device, a cross between a shard of kryptonite and a mobile phone, which enables all manner of tricks, including a kind of mind-melding telepathy. What has this gizmo to do with the aliens, you may ask? Don't expect a straight answer.

Meanwhile Margaret (Emily Blunt, pictured) is a TV meteorologist who wants to be a news anchor. If only she had a scoop to break! After an eerie bird visits the flat she shares with her slightly unsatisfactory boyfriend, she finds she can speak Russian and Korean and divine strangers' intimate thoughts.

The mind-melding antics here recall the bit in "E.T." when the creature's consciousness blurs with his child saviour's. That is one of this film's many familiar Spielberg motifs. Once again, knowledge is sacred but dangerous. Swelling music—by the director's lifelong collaborator, John Williams, now 94—yields to moments of quiet tenderness. Gags puncture the tension. Fleeing, Margaret tries to run over her compromising phone, but the tyre keeps missing. E.T., phone blown.

The main precedent is "Close Encounters of the Third Kind", released by Mr Spielberg in 1977. There, too, a man and woman share special insights. "We're the only ones who know," he whispers. "It's always been just the two of you," says Hugo (Colman Domingo), the whistleblowers' leader in "Disclosure Day". Again the anointed ones, Daniel and Margaret, can't fathom how they know what they know. But rather than just pursuing the ultimate secret, they battle to reveal it.

At bottom this saga, like its predecessor, is a parable of communication. Contact with aliens stands for the struggle to forge connections in a world

that may think you're nuts. The flight from Wardex is also a search for a soulmate and a quest to recover a half-forgotten childhood. Empathy is "the foremost evolutionary advantage", Hugo intones.

As in "E.T." and "Close Encounters", in other words, the problem isn't them; it's us. In alien flicks by other directors, the outsiders have been avatars for [nuclear war](#) and other threats. Here the hope is that they will forestall it, putting petty human squabbles into intergalactic perspective. (It might seem an odd nitpick in a story that features invisibility and time travel, but Mr Spielberg may overestimate the internet access enjoyed by soldiers of totalitarian states.)

Does it all hold up? It certainly offers something for everyone: stunts and chases, awe and humour, bullets and bunkum. It is a bonanza of chewy themes and memorable shots. A car drives through a house and is dragged by a train; there is a scare at a cliff-edge à la "[Indiana Jones](#)". There are CGI animals, a face reflected in a carving knife and baddies who just keep coming. With his genius for hokey grandeur, Mr Spielberg again manipulates your feelings so expertly that you find yourself on the verge of tears without really knowing why.

Then there are the extraterrestrials. They may mostly be symbolic, but, as at the climax of "Close Encounters", Mr Spielberg—who avowedly believes in them—cannot leave it at that. It's a shame, in a way, when they show up, with their spindly legs, tortoise necks and bulbous heads, wise and fragile (like E.T.). The last thing this bursting alien movie needed was the aliens themselves. ■

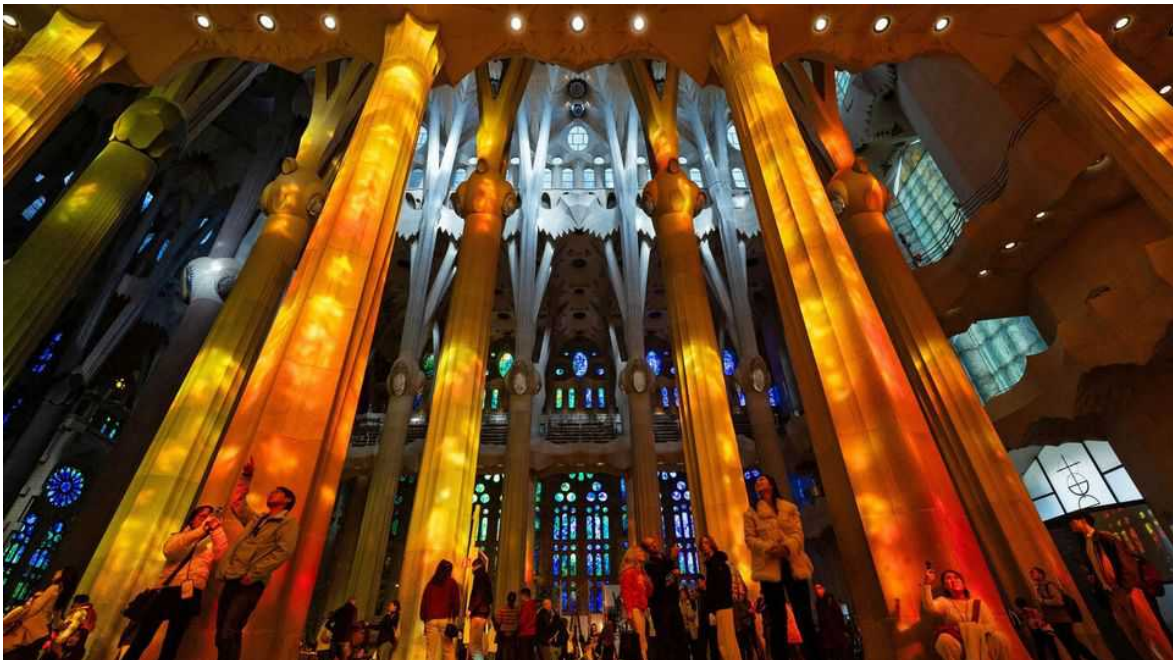
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Culture | To high heaven?

Saint or sinner: Antoni Gaudí's polarising style

A hundred years after his death, the Spanish architect is both loved and reviled

June 11th 2026



With its cluster of 18 honeycombed, tapering towers, the basilica of the Sagrada Família (Holy Family) dominates Barcelona's skyline. For some, it is a work of genius, a modern reincarnation of the great medieval cathedrals of Europe. For others it is a gigantic folly. But no one can doubt that it has become a global icon. Last year it attracted almost 5m people, making it one of the most visited churches in the world, alongside St Peter's Basilica in the Vatican and [Notre Dame](#) in Paris.

After almost 150 years of construction, in February builders finished installing a white 17-metre-high ceramic cross on top of the central tower. With that, it became the tallest church in the world, overtaking Ulm Minster

in Germany. Finishing a remaining façade may take another ten years. But on June 10th Pope Leo XIV celebrated a mass at the basilica to bless its near-completion and to mark the centenary of the death of Antoni Gaudí, the architect who created it.



To the outside world, Gaudí has become almost synonymous with Barcelona. As well as the Sagrada Família, his output included six mansions and Parc Güell, which overlooks the city. Most were built for the Catalan bourgeoisie as they grew rich from industrialisation in the late 19th century. His clients liked, or at least tolerated, the architect's boundless decorative imagination and eclecticism.

Gaudí was both reactionary and revolutionary. He was born to a family of coppersmiths in the lowlands of Catalonia. His rural childhood and the family vocation gave him both an organic decorative template and a liking for manual work. Gaudí observed that there were “neither 90-degree angles nor straight lines in nature”, writes Peter Stanford, a journalist, in a new biography, “God’s Architect”. He preferred curves in his buildings, as well as representations of plants and animals. His tomb, in the crypt of the Sagrada Família, describes him as “an extraordinary craftsman”. He was also a self-taught engineer. The director of Barcelona’s architecture school mused that he would “either be a madman or a genius”. He was both.

His buildings were highly original and technically innovative. The exterior of the Batlló mansion on Paseig de Gràcia, Barcelona's grandest thoroughfare, features windows like eye sockets, framed by bones carved in stone. A roof for Gaudí was a creative field, with chimneys like helmeted sentinels. His favourite forms included hyperbolic paraboloids (a saddle shape) and helicoids (spirals).



At the Sagrada Família, he rejected external buttresses and supporting columns in the nave. To spread the weight of the roof, he designed walls to resemble trees and used hanging chains of stone, notes Mauricio Cortés, one of the team of architects still working on the building today. He persuaded local people to pose as models for the biblical figures on the façade.

Gaudí's deepest influences were [Catholicism](#) and Catalan nationalism. He looked back to Catalan Gothic, a particularly elegant variant of the medieval style, though he also incorporated Baroque, Orientalist and Moorish flourishes. He saw his work as an expression of his faith. In the 1890s, as the church waged a culture war against anticlerical anarchism, Gaudí joined an artistic group whose mentor was an arch-reactionary bishop. He gave up commercial work to dedicate the last 12 years of his life to the Sagrada Família.



In 1926, on his regular evening stroll to see his confessor, he was hit by a tram. Taken for a tramp, he was moved to a hospital for the poor, where he died three days later. Some 10,000 people attended his funeral. But for decades the Sagrada Família was little loved. In 1936, at the start of the Spanish civil war, an anarchist militia smashed the elaborate models that Gaudí had left and looted his archive of drawings. [George Orwell](#), who was in Barcelona during the civil war, called the Sagrada Família “one of the most hideous buildings in the world”, adding that “the anarchists showed bad taste in not blowing it up when they had the chance.”

Several things would save it. The Surrealists championed Gaudí’s legacy—though he had rejected the idea that his work was based on dreams. The drug-soaked counterculture of the 1960s saw in him the architect of an acid trip. Japanese tourists saw pantheism. In the 1980s the money at last started pouring in, and construction speeded up (it is financed almost entirely from entrance fees paid by tourists).

Because of his technical prowess, Gaudí is also an architect’s architect. He was admired by Le Corbusier for his mastery of structure and stone. Unlike the works of some recent architects, his buildings have not suffered structural weakness, notes Mr Stanford. His influence can be seen in Frank Gehry and [Zaha Hadid](#).

Yet Gaudí's aesthetic remains divisive. Many who study his church and homes think his style is pure kitsch—though it is hardly his fault if Disneyland copied him. For others he remains refreshingly iconoclastic. He had a sublime sense of colour. Walk into the Sagrada Família, and you will be soothed by the gentle light reflected through the coloured glass windows, just as in a medieval cathedral. Last year Pope Francis declared Gaudí “venerable” and put him on the path to sainthood. Listen carefully in the nave, and you can almost hear Orwell's groan. ■

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Culture | What's yours is mine

The people behind the largest art heist in history

A new book looks at the trade in masterpieces pilfered from Cambodia

June 11th 2026



TOEK TIK knew the man only as “Sia Ford” (Lord Ford) but had heard “he alone was creating much of the demand that sent looting crews into the temples.” Sometimes Toek Tik and his colleagues would plunder to order: Sia Ford would specify the kind of pieces he was after, and they would go into the Cambodian jungle with their shovels and rope in search of bronzes or depictions of Vishnu.

Sia Ford was, in fact, a British businessman called Douglas Latchford. In a fascinating new book Matthew Campbell, a journalist at Bloomberg Businessweek, describes his role in “a long-term criminal conspiracy that spanned from [Cambodia’s killing fields](#) to the Upper East Side”.

Latchford had developed an obsession with the Khmer empire, which lasted from 802ad to 1431AD in Cambodia and parts of Laos, Thailand and Vietnam. In 1974 he opened a gallery in Bangkok, offering hundreds if not thousands of stolen Khmer antiquities to collectors and institutions. Some of his pieces ended up in the Norton Simon Museum in California and the Metropolitan Museum of Art in New York.



Mr Campbell reckons Latchford may have pulled off “the world’s biggest [art heist](#)”. The book untangles the murky supply chain for stolen masterpieces in riveting detail. It began with looters such as Toek Tik. “Cambodians were raised to revere such objects,” Mr Campbell notes, seeing them as “avatars of the gods”. But in the wake of the civil war and the Khmers Rouges’ bloody regime, many were desperate. So they took huge statues and bas-reliefs, using pneumatic drills and dynamite if necessary. (Many objects were damaged or destroyed in the process.)

Once artworks were prised free, they were packed into ox carts or trucks; a broker would get them over the border into Thailand and thence to Latchford. He would find a buyer, inventing provenance and forging documents as required. They often arrived at their prestigious new homes still dusted with Cambodian soil.



Such sophisticated buyers proved undiscerning thinkers. Latchford's clients gave little consideration to how these spectacular pieces ended up in their display cabinets. Mr Campbell finds that "The Met had been willing, again and again, to augment its collection with works whose legitimacy rested on the slenderest wisps of evidence." Thanks to the efforts of investigators, the extent of Latchford's criminal enterprise became clear—though he died in 2020, before facing justice.

"The Man Who Stole the Gods" reads like a thriller, in good ways and bad: sometimes the author cannot resist the hokey phrases of an airport novel. Yet the story romps along with dogged lawyers and a ludicrous, devious antagonist. (Latchford could often be found poolside in Bangkok, flanked by oiled-up young male bodybuilders.) And the tale has a fairly neat resolution: American investigators succeeded in returning many pilfered artefacts to Cambodia, where [they are on display](#) in the National Museum in Phnom Penh.

Mr Campbell suggests that Latchford's story offers a cautionary tale and that the investigation may have put "an end to the entire US market for such looted objects". That is unrealistic. People will always want to gaze at beautiful, unusual objects from ancient civilisations. That means they will be

willing to overlook provenance—and the world's second-oldest profession will find new recruits. ■

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Culture | Slaying the game

What “Backrooms” and “Obsession” reveal about Gen Z’s fears

Two new horror films have hit a nerve with youngsters

June 11th 2026



IN RECENT WEEKS the global box office has been dominated not by Hollywood veterans, but YouTubers in their 20s. “Obsession” is Curry Barker’s second film, made with a minuscule budget of under \$1m (his first was made for only \$800). Since opening in cinemas “Obsession” has grossed \$230m. “Backrooms”, meanwhile, is Kane Parsons’s debut feature film, adapted from a viral web series. The movie has made over \$215m; Mr Parsons has become the youngest-ever film-maker to open a flick in America in the top-grossing spot. What’s behind their breakout success?

It helps that both films are horror, a genre that still lures people to cinemas. But what is interesting is that these scary movies are appealing to the

“[anxious generation](#)”. In the opening weekend nearly 85% of the audience for “Backrooms” was under 35; 75% of those seeing “Obsession” when it opened were aged between 18 and 25. Both films capture some of Gen Z’s fears and fixations (even though the main character in “Backrooms” is middle-aged).

One theme is loneliness: the protagonists in both films are isolated and unhappy. (A study found that 80% of Gen Z have felt the same way.) In “Backrooms” Clark (Chiwetel Ejiofor, pictured) is a divorced and depressed alcoholic. “Obsession” follows Bear (Michael Johnston), a socially awkward man who has [unreciprocated feelings](#) for his friend Nikki. One day he buys a novelty talisman and wishes that Nikki would love him “more than anyone else in the world”. Wish granted: Nikki becomes disturbingly possessive and violent.

Another theme is instability. In “Backrooms”, having been kicked out of the home he shared with his wife, Clark moves into his furniture shop. In the basement, he comes across an eerie labyrinth: each room is covered in sickly yellow wallpaper and home to all manner of unpleasant things. Clark’s precarious living situation updates the “haunted house” trope for a generation that, across much of the rich world, fears they may never have a [place of their own](#).

Dismal prospects and thwarted ambition are yet another shared theme. Clark is a failed architect. Before she is subjected to the talisman’s magic, Nikki plans to quit her job and pursue a career in writing. Another character is about to open a college-acceptance letter when her brains are bashed in.

Both movies include acts of self-destruction. In the bleak, cruel world of these stories, the characters’ best option is to surrender. Many Gen Zers say they feel similarly hopeless. The creators of these blockbusters, though, must be feeling the future looks bright. ■

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Economic & financial indicators

- [Economic data, commodities and markets](#)

Economic & financial indicators | Indicators

Economic data, commodities and markets

June 11th 2026

Economic data
1 of 2

	Gross domestic product			Consumer prices			Unemployment rate		
	% change on year ago: latest	quarter*	2026*	% change on year ago: latest	2026*		%		
United States	2.6	Q1	1.6	2.2	4.2	May	3.8	4.3	May
China	5.0	Q1	5.3	4.9	1.2	May	1.6	5.2	Apr ¹³
Japan	0.4	Q1	1.8	0.7	1.3	Apr	1.8	2.5	Apr
Britain	1.1	Q1	2.5	1.0	2.8	Apr	3.3	5.0	Feb ¹⁷
Canada	-0.1	Q1	-0.1	0.8	2.8	Apr	2.6	6.6	May
Euro area	0.3	Q1	-0.9	1.0	3.2	May	2.8	6.3	Apr
Austria	0.9	Q1	0.8 ⁸	0.8	3.7	May	2.9	5.7	Apr
Belgium	0.8	Q1	1.0	0.9	4.1	May	3.2	6.2	Apr
France	0.9	Q1	-0.4	0.8	2.8	May	2.3	8.2	Apr
Germany	0.3	Q1	1.4	0.6	2.7	May	2.7	3.8	Apr
Greece	2.0	Q1	1.0	2.0	4.9	May	3.4	9.5	Apr
Italy	0.8	Q1	1.1	0.6	3.3	May	2.7	5.1	Apr
Netherlands	1.2	Q1	0.2	1.0	3.4	May	3.1	3.9	Apr
Spain	2.7	Q1	2.5	2.2	3.6	May	3.2	10.3	Apr
Czech Republic	2.2	Q1	0.7	1.8	2.1	May	2.3	3.0	Q1 ⁸
Denmark	5.8	Q1	7.8	1.8	1.9	May	2.0	3.1	Apr
Norway	1.7	Q1	1.4	1.3	3.1	May	3.2	4.8	Mar ¹⁴
Poland	3.5	Q1	2.4	3.4	3.1	May	3.2	6.0	Apr ⁸
Russia	-0.2	Q1	na	0.9	5.3	May	5.5	2.2	Apr ⁸
Sweden	2.2	Q1	-0.6	2.3	0.8	May	1.8	8.7	Apr ⁸
Switzerland	0.5	Q1	2.6	1.0	0.6	May	0.6	3.1	May
Turkey	2.5	Q1	0.5	3.0	32.6	May	31.7	8.0	Apr ⁸
Australia	2.5	Q1	1.1	1.6	4.2	Apr	4.3	4.5	Apr
Hong Kong	5.8	Q1	12.2	5.0	1.8	Apr	2.1	3.7	Apr ¹³
India	7.8	Q1	6.4	6.5	3.5	Apr	4.8	6.9	May
Indonesia	5.6	Q1	6.0	5.2	3.1	May	3.5	4.7	Feb ⁸
Malaysia	5.4	Q1	1.7	4.7	1.9	Apr	2.5	3.0	Apr ⁸
Pakistan	4.8	2026**	na	3.0	11.7	May	7.8	6.9	2025
Philippines	2.8	Q1	3.6	2.7	6.8	May	6.8	4.7	Q1 ⁸
Singapore	6.0	Q1	3.9	2.9	1.8	Apr	2.8	2.1	Q1
South Korea	3.8	Q1	7.5	2.9	3.1	May	2.9	2.9	May ⁸
Taiwan	14.5	Q1	6.9	10.5	2.2	May	1.6	3.3	Apr
Thailand	2.8	Q1	2.7	1.8	2.8	May	2.9	1.0	Apr ⁸
Argentina	2.1	Q1	2.5	3.1	32.4	Apr	32.6	7.5	Q1 ⁸
Brazil	1.8	Q1	4.5	1.8	4.4	Apr	4.5	5.8	Apr ^{14**}
Chile	-0.5	Q1	-1.1	1.4	3.9	May	3.7	9.1	Apr ^{14**}
Colombia	2.2	Q1	2.4	2.5	5.8	May	5.7	8.8	Apr ⁸
Mexico	0.2	Q1	-2.4	1.0	3.9	May	4.1	2.6	Apr
Peru	3.5	Q1	3.2	2.5	3.9	May	4.1	5.0	Apr ⁸
Egypt	5.0	Q1	-24.0	4.5	14.6	May	13.0	6.0	Q1 ⁸
Israel	2.0	Q1	-3.3	3.1	1.9	Apr	2.2	2.9	Apr
Saudi Arabia	4.6	2025	na	-2.0	1.7	Apr	2.3	3.5	Q1
South Africa	1.9	Q1	2.2	1.6	3.8	Apr	3.8	32.7	Q1 ⁸

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 ***13-month moving average Note: Euro-area consumer prices are harmonised

Markets

In local currency	Index Jun 10th	% change on:	
		one week	Dec 31st 2025
United States S&P 500	7,267.0	-3.8	6.2
United States NAS Comp	25,169.5	-6.3	8.3
China Shanghai Comp	3,986.6	-2.4	0.4
China Shenzhen Comp	2,688.5	-4.4	6.2
Japan Nikkei 225	64,179.3	-6.2	27.6
Japan Toxix	3,847.6	-3.7	12.9
Britain FTSE 100	10,254.8	-0.7	3.3
Canada S&P/TSX	34,151.3	-1.9	7.7
Euro area EURO STOXX 50	6,010.0	-0.7	3.8
France CAC 40	8,161.8	0.1	0.2
Germany DAX	24,195.3	-2.4	-3.2
Italy FTSE/MIB	50,029.2	nil	11.3
Netherlands AEX	1,051.9	0.8	10.6
Spain IBEX 35	18,142.7	-0.2	4.8
Poland WIG	134,260.3	-1.8	14.5
Russia RTS S terms	1,106.2	-1.0	-0.2
Switzerland SMI	13,463.3	1.9	1.5
Turkey BIST	13,744.6	-1.6	22.0
Australia All Ord.	8,857.0	-1.8	-1.8
Hong Kong Hang Seng	24,408.0	-4.8	-4.8
India BSE	73,983.2	-0.5	-13.2
Indonesia IDX	5,902.4	-0.7	-33.7
Malaysia KLSE	1,679.0	0.4	-0.1
Pakistan KSE	169,427.4	-0.4	-2.7
Singapore STI	4,958.9	-3.5	6.7
South Korea KOSPI	7,730.8	-12.2	83.4
Taiwan TWI	43,225.5	-7.0	49.2
Thailand SET	1,563.6	-1.5	24.1
Argentina MERV	3,153,150.0	-0.3	3.3
Brazil BVSP*	168,619.3	-1.0	4.7
Mexico IPC	64,821.6	-5.1	0.8
Egypt EGX 30	51,256.7	-2.5	22.5
Israel TA-125	4,139.4	-2.1	13.0
Saudi Arabia Tadawul	11,012.6	0.1	5.0
South Africa JSE AS	109,593.4	-3.0	-5.4
World, dev ¹ MSCI	4,683.0	-3.4	5.7
Emerging markets MSCI	1,667.0	-6.8	18.7

US corporate bonds, spread over Treasuries

Basis points	% change on:	
	latest	Dec 31st 2025
Investment grade	87	93
High-yield	327	354

Sources: LSEG Workspace; Moscow Exchange; Standard & Poor's Global Fixed Income Research *Total return index

Economic data
2 of 2

	Current-account balance		Budget balance		Interest rates		Currency units	
	% of GDP, 2026*		% of GDP, 2026*		10-yr gov't bonds latest, %	change on year ago, bp	per \$ Jun 11th	% change on year ago
United States	-3.4		-6.5		4.5	8.0	-	-
China	3.2		-6.8		1.5	15	6.77	6.0
Japan	3.6		-1.8		2.7	118	161	-9.8
Britain	-3.4		-5.1		4.9	29.0	0.75	-1.3
Canada	-0.4		-2.1		3.5	15.0	1.39	-2.1
Euro area	2.3		-3.3		3.1	56.0	0.87	1.1
Austria	1.2		-4.1		3.3	40.0	0.87	1.1
Belgium	-3.2		-4.9		3.6	56.0	0.87	1.1
France	-0.6		-5.3		3.7	53.0	0.87	1.1
Germany	4.2		-3.7		3.1	56.0	0.87	1.1
Greece	-5.5		0.8		3.8	57.0	0.87	1.1
Italy	0.8		-3.0		3.9	38.0	0.87	1.1
Netherlands	9.3		-2.6		3.2	45.0	0.87	1.1
Spain	2.3		-2.4		3.5	37.0	0.87	1.1
Czech Republic	0.2		-2.6		4.9	60.0	21.0	3.4
Denmark	12.4		1.2		2.9	44.0	6.48	0.8
Norway	14.8		9.0		4.4	30.0	9.47	6.7
Poland	-14.3		-7.0		5.7	21.0	3.69	1.1
Russia	2.2		-2.9		15.0	-9.0	71.8	9.5
Sweden	5.7		-2.0		2.9	50.0	9.52	0.8
Switzerland	5.3		0.2		0.5	18.0	0.80	2.5
Turkey	-3.0		-3.6		32.3	101	46.1	-15.1
Australia	-1.9		-1.8		4.9	67.0	1.43	7.0
Hong Kong	6.6		-2.5		3.3	25.0	7.84	0.1
India	-1.8		-4.7		6.9	65.0	95.5	-10.4
Indonesia	-0.9		-3.5		7.4	70.0	17.934	-9.4
Malaysia	2.5		-4.1		3.6	7.0	4.07	4.2
Pakistan	-1.1		-4.7		12.7	***	56.0	27.8
Philippines	-4.0		-6.3		7.5	121	61.3	-9.0
Singapore	15.3		0.8		2.1	-19.0	1.29	nil
South Korea	8.2		-2.4		4.3	145	1,523	-10.3
Taiwan	27.4		1.8		1.8	24.0	31.7	-5.6
Thailand	1.0		-5.5		2.3	62.0	33.0	-1.0
Argentina	0.4		0.1		na	na	1,433	-17.1
Brazil	-2.6		-7.3		14.9	85.0	5.19	7.3
Chile	-2.2		-2.5		5.6	-24.0	915	2.5
Colombia	-2.5		-6.6		12.2	-51.0	3,567	17.5
Mexico	-0.3		-3.8		9.2	-3.0	17.4	9.4
Peru	1.8		-2.4		6.1	-53.0	3.36	8.3
Egypt	-6.1		-6.2		26.1	101	51.8	-4.4
Israel	1.8		-4.5		3.7	-79.0	2.97	17.5
Saudi Arabia	-2.2		-6.1		na	na	3.75	nil
South Africa	-1.8		-4.4		8.6	-144	16.6	6.8

Source: Haver Analytics *10-year yield ***Dollar-denominated bonds

Commodities

The Economist commodity-price index

2020=100	Jun 2nd	Jun 9th*	% change on	
			month	year
Dollar Index				
All items	156.1	149.8	-5.3	11.7
Food	147.0	141.7	-5.7	-6.7
Industrials				
All	163.6	156.6	-5.0	31.1
Non-food agriculturals	154.3	153.6	2.5	26.4
Metals	165.9	157.3	-6.7	32.4
Sterling Index				
All items	148.8	143.7	-4.4	12.7
Euro Index				
All items	153.2	148.1	-3.9	10.4
Gold				
\$ per oz	4,503.5	4,293.9	-8.0	29.1
Brent				
\$ per barrel	96.0	91.5	-15.3	36.8

Sources: CME Group; LME; LSEG Workspace; NOREXCO; NZ Wool Services; S&P Global Commodity Insights; Thompson Lloyd & Ewart; USDA *Provisional

Obituary

- [Marjane Satrapi set out to correct the West's views of Iran](#)

Obituary | Veil and beard and nuclear weapon

Marjane Satrapi set out to correct the West's views of Iran

The author of “Persepolis”, an international sensation, died on June 4th, aged 56

June 11th 2026



When it happened, she was ten. Her face stared out separately from a line of grim little girls, all wearing black veils. She didn't see why she had to; no one had explained. In the playground the veils came off (too hot anyway) to make strangler scarves and skipping ropes. On that first page of “Persepolis”, Marjane Satrapi's graphic novel of 2000, it was already clear that Marji, her child-self, would not be told what to wear or how to behave. She knew who she was: the last Prophet, born to bring celestial light. She had already written her own book of Rules (Rule 6: Everybody should have a car). Iran's Islamic Revolution in 1979 forced her to look demure, and she was outraged.

It was so hard to fit in. Her bright, bourgeois parents were Marxists; her head was filled early with dialectic materialism, which she read about in bed. Teachers and preachers held no terror for her, nor any heavy-bearded official who would not look a woman in the eye. Speaking her mind got her expelled from school and into trouble with the regime's morality police. But why shouldn't she walk out in the tight jeans and denim jacket her parents had bought for her, or in lipstick, with a bit of hair showing? Why shouldn't she politicise the maid by taking her along to protests? And what was wrong with going out at night to buy Iron Maiden tapes from the men with suitcases on Gandhi Avenue?

In mullah-ruled Iran she lived two lives, but so did many people. In public, men grew beards and removed their ties. Women went black-robed all over. Everyone recited the same politico-religious nonsense, especially during the war with Iraq, when the martyrs (their bodies dissolving into ghosts, with the golden keys to paradise swinging round their necks) were honoured with twice-daily breast-beatings. In private, certainly in the houses of her parents and their neighbours, there could be riotous drinking and dancing; her father once had to distract the police while she and her grandmother, in panic and quickly back in their chadors, emptied all the alcohol down the loo.

Her double life continued after she left Iran for Austria, at 14, to continue her education. But there the hypocrisy was reversed. As she grew she lived a free, wild European life, doing drugs, being punk and sleeping around, but inside she was ashamed. Assimilation meant betrayal; by 19, she needed to go back to Iran. Putting on her veil again, she thought: "So much for my individual and social liberties," with a face as sad as when she had tied it first.

Words were hardly necessary. Her expression said it all. Throughout the two parts of "Persepolis" her face dominated the pages, sulky or scared, angry or exploding with laughter, rippling like a puddle as she tripped on drugs. In the simplest drawings, with the tiniest nicks of her pen, the most complex emotions could come through. Drawing nailed them, when writing was too hard; it was, after all, the first language of humans. She preferred her books to be called "comic", not "graphic", and she had fun, but the modern history of Iran kept tipping towards the dark. At the most harrowing moment of the first volume, when she found her Jewish friend Neda's bracelet ("still

attached to...I don't know what...") in a house just destroyed by an Iraqi missile, the final panel was plain black. No scream; no drawing either. Nothing.



From time to time her interest shifted. After the success of “Persepolis”, including an animated film in 2007 that won her an Oscar nomination, she tried directing films for a time. She went back to drawing, though, in 2024, when she collaborated with 17 artists to produce “Woman, Life, Freedom”, the story of Mahsa Amini, an Iranian girl who died in custody after wearing her veil “improperly”. This revived her sempiternal theme, the repression of women. At art school in Iran, after her return, she mocked the absurdity of “life classes” in which the female-only model was draped from head to toe. Her real feminist heroine, however, was her grandmother, who had endured several varieties of 20th-century patriarchy, from Mossadegh to the Shah to the ayatollahs, and had emerged smiling (once her morning opium had kicked in), shockingly frank, and wise. In “Embroideries” (2003), she and a group of other women spent an enjoyable teatime discussing men, their precious penises, their ridiculous hang-ups, and how to fake virginity on your wedding night. Her sly remarks were the most eyebrow-raising.

It was with her grandmother that Marjane walked by the Caspian sea before, in 1994, she left Iran for good. After five years, her return had not worked

out. She had married and then divorced, realising that she couldn't possibly seal her position in society so firmly. At the margin was where she felt comfortable: commenting, rebelling, chain-smoking. She was bound for France, where she stayed, married happily and, in 2006, became a citizen. France loudly claimed her, but Iran was still home. Despite the beauty of Paris, Tehran with all its ugliness was where she would rather be.

Yet in Iran now she was a Westerner, while in the West she was Iranian. Her identity risked falling between them. She wrote "Persepolis" not only to preserve her own memories of her country, pinning down who she was, but also, explicitly, to explain Iran to the West. To most Americans, it could be summed up as "veil and beard and nuclear weapon". Its 4,000-year history, its glorious poets and philosophers, were ignored. Worse, there was no understanding of ordinary Iranians. They were not dead-eyed terrorists or donkey-riding peasants from the Dark Ages. Most lived in cities, modern people resisting every day the rulers who did not represent them. Freedom she was sure, must arrive in the end.

Her first book began with herself as a silent, angry child in a veil. The cover of "Woman, Life, Freedom", her last, showed a crowd of women with one supportive, half-hidden man. No woman wore a veil. They were shouting, and their splendid, cascading hair was on fire. The fiercest voice is now missing. ■

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A World Cup paradox

The global fragmentation of fun

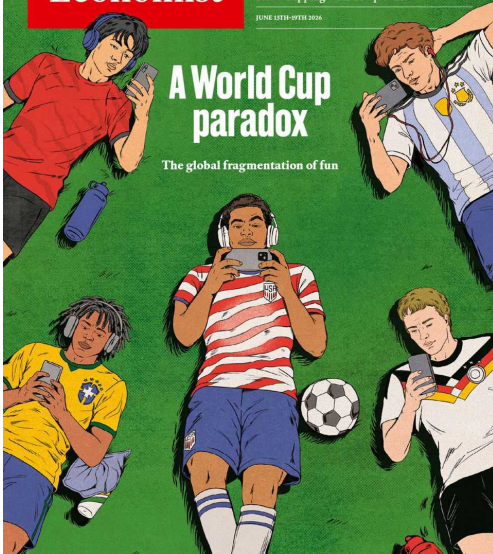


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