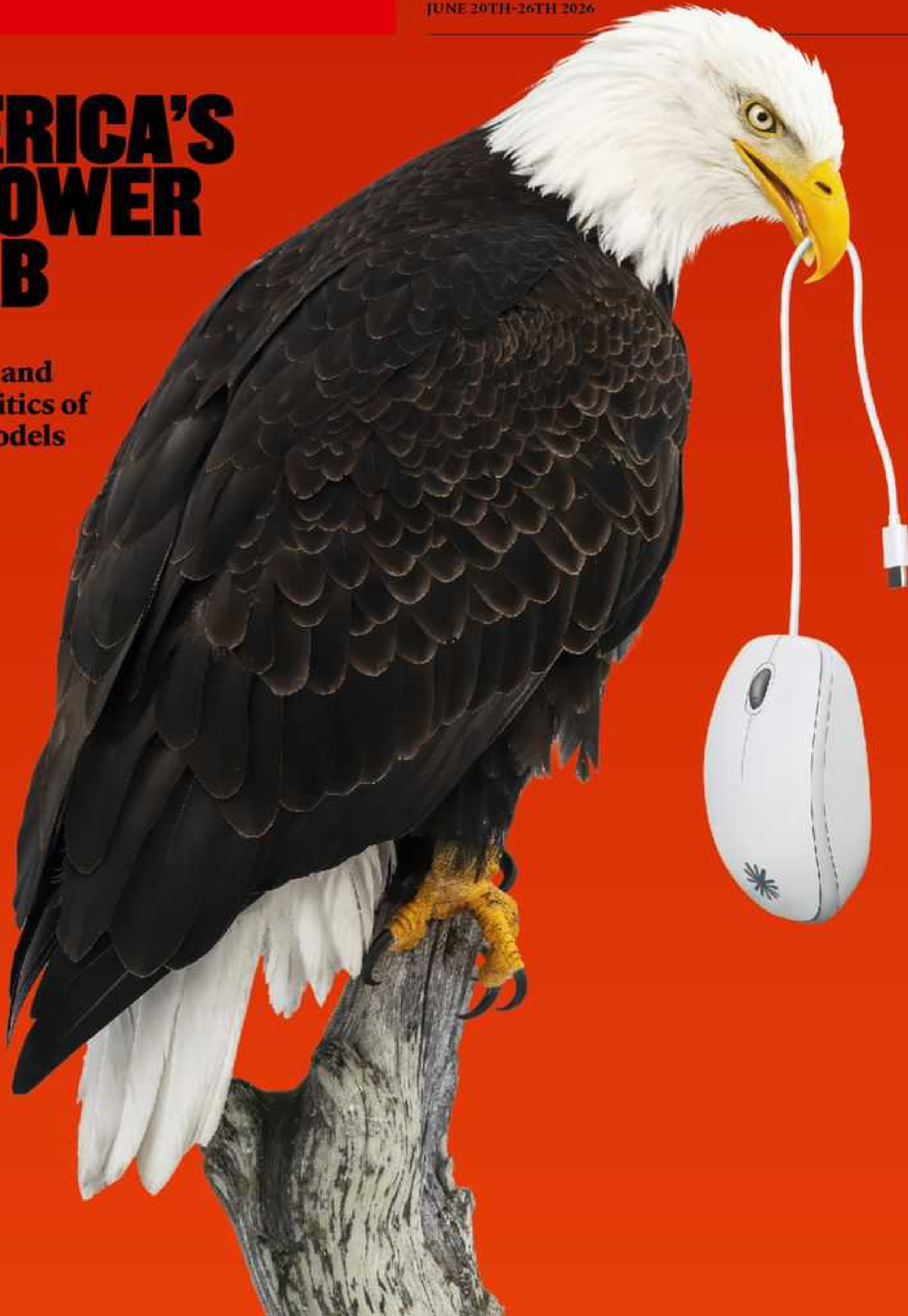
The Economist

- Iran: aftermath of a flimsy deal
- Brexit ten years on
- Can America's carmakers stay relevant?
- Finding a cancer master switch

JUNE 20TH–26TH 2026

AMERICA'S AI POWER GRAB

Anthropic and the geopolitics of frontier models



June 20th 2026

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The world this week

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The world this week

Politics

June 18th 2026

America and Iran signed a 14-point preliminary agreement to end their almost-four-month war. Donald Trump and Masoud Pezeshkian, Iran’s president, signed the document separately. The Strait of Hormuz will be reopened to shipping as peace talks begin that aim for a final deal in 60 days. A $300bn reconstruction fund for Iran is one sticking-point. It was unclear what this would entail, but Mr Trump said America would not contribute. America may lift sanctions on Iran, however, depending on negotiations about its nuclear programme. Earlier, Mr Trump noted that the agreement was only a memorandum of understanding, and “if they don’t behave, we’ll go right back to dropping bombs”. Back home, Republicans expressed dismay at the deal.

The draft agreement also calls for an end to the fighting in Lebanon, though there was some debate as to what that means. Mike Huckabee, America’s ambassador in Jerusalem, said it did not refer to Hizbullah, which continues to fire missiles into Israel. And Israeli and American officials suggested it did not entail Israel pulling out from southern Lebanon, where it has been fighting Iran's proxy militia. Talks progressed on a ceasefire between Israel and Lebanon that may allow residents who fled the area to return home.

Cyril Ramaphosa, South Africa's president, warned against the scapegoating of migrants, amid a wave of violence directed against workers from other African countries that has forced the repatriation of many of them. Unions also told their members not to participate in anti-migrant protests.

The G7 issued a statement at its latest meeting that gave full support to Ukraine's territorial integrity and pledged to impose more sanctions on Russia. America supported the statement. Mr Trump, who attended the summit in the French lakeside resort of Évian-les-Bains, described his meeting with Volodymyr Zelensky as "very good". "Russia should make a deal," the American president said, and "I'm gonna do whatever I can" to get one.

Before the summit Russia struck the Kyiv Pechersk Lavra monastery, a UNESCO heritage site, badly damaging the complex. The monastery was founded in 1051 and is one of the foremost centres of Orthodox Christianity in eastern Europe. Eleven people were killed across Ukraine in a single Russian attack wave. Ukraine struck Russia's biggest oil refinery with drones, starting a fire.

Britain's Royal Navy boarded a vessel from Russia's shadow fleet in the English Channel. The operation passed without incident, but some reports questioned the timing, as it followed a political row in Britain over defence spending that resulted in the resignation of the defence secretary and the minister for armed forces. Both men have criticised Sir Keir Starmer's commitment to invest in defence. After the boarding a Russian frigate fired warning shots to avoid colliding with a British yacht.

The Court of Appeal in Britain ruled in favour of the government's ban on Palestine Action, reversing a lower court's decision that had overturned the proscription. Although it noted that many supporters of the activist group are peaceful, the court found that it is "a fundamental mistake to overlook the fact that Palestine Action overtly promotes unlawful violence amounting to terrorism". Four of its members were recently imprisoned for attacking an Israeli defence firm's premises in Britain and fracturing a police officer's spine with a sledgehammer.

Voters in Switzerland rejected a proposal to cap the country's population at 10m. The current population is just over 9m, but it is growing at a faster rate than those of Switzerland's neighbours. The measure would have forced the Swiss government to start curbing growth once the population passed 9.5m, violating the country's freedom-of-movement deal with the EU.

The Hungarian parliament backed a change to the constitution that limits a prime minister's time in office to a cumulative total of eight years. The measure is designed to stop Viktor Orban, who was booted out at a recent election, from returning to power. The winner of that election, the Tisza party, has a two-thirds supermajority in parliament. A future government with a similar supermajority could rescind the term limit.

Eduardo Bolsonaro, the youngest son of Jair Bolsonaro, a former Brazilian president, was convicted by Brazil's Supreme Court of trying to interfere in the trial of his father. Mr Bolsonaro senior is serving a sentence for plotting a coup. Eduardo Bolsonaro was found guilty of asking the Trump administration to put pressure on the court's justices. He now lives in the United States and has accused the Brazilian court of persecuting his family.

Niño Guerrero, the leader of Tren de Aragua, a Venezuelan criminal gang, was killed in an American strike, according to Mr Trump and his secretary of war, Pete Hegseth. The Venezuelan government said it had shared intelligence with the Americans and co-operated in the attack in Venezuela's Bolívar state. America considers Tren de Aragua to be a terrorist organisation.

The government of India issued a temporary ban on Telegram, after medical students were caught leaking test papers over the messaging app. The results of nationwide exams have been annulled and 2.2m students will have to resit them.

Mr Trump said he would visit India, after he held a meeting with Narendra Modi, India’s prime minister, on the sidelines of the G7 summit in France. The new-found warmth between the two leaders is a change of tone to their tetchiness over the past year, especially over a free-trade deal.

Min Aung Hlaing, a former military officer who led the coup against Myanmar’s government in 2021 and now claims the presidency, went to China for a state visit and a meeting with Xi Jinping. China invests heavily in Myanmar and controls several Belt and Road infrastructure projects in the country.

Donald Trump celebrated his 80th birthday by hosting an Ultimate Fighting Championship event on the White House lawn, the first-ever professional sporting occasion to be held on the building’s premises. Around 4,000 invited spectators attended the mixed-martial-arts tournament, and another 85,000 fans watched from a nearby area. The FBI said it had arrested several people who were planning to attack the event with drones.

Business

June 18th 2026

The Federal Reserve left interest rates on hold, its first decision under Kevin Warsh as chairman. With inflationary pressures on the rise, the Fed abandoned the trajectory it maintained at previous meetings towards an easing of monetary policy. No one on the policy committee voted for a rate cut. In an indication of the start of the Warsh era, the central bank's statement was very short, asserting that it would deliver price stability.

In a busy week for central banks the Bank of England also made no change to interest rates. Two of its nine ratesetters voted for an increase. Before their meeting the latest update to the consumer-price index for Britain showed that the annual rate of inflation was unchanged in May, at 2.8%.

The Bank of Japan lifted its key interest rate from 0.75% to 1%, taking it to its highest level since 1995. After two decades of deflation consumer prices in Japan rose steadily after the pandemic. The annual inflation rate has been well under 2% this year, but higher energy prices as a result of the Iran conflict are driving up costs. Wholesale inflation soared in April and in May, to 6.3%.

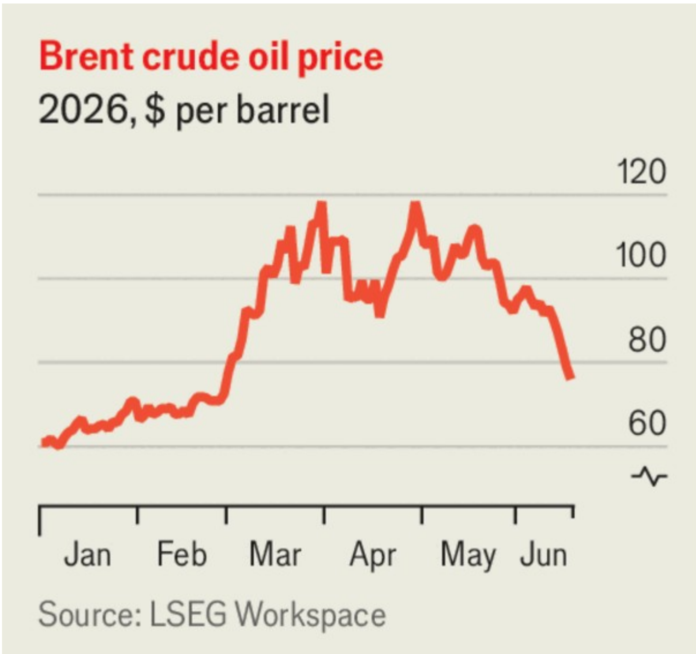
The Trump administration imposed export controls on Anthropic's most advanced AI, ordering the firm to block non-Americans from accessing its latest Fable and Mythos models. The government issued the decree apparently after Andy Jassy, the boss of Amazon, alerted officials to a "jailbreak" his researchers had found in Fable that bypasses safety protocols. Lacking the ability to distinguish between citizen and non-citizen users, Anthropic suspended access to Fable everywhere, even internally. The government's decree underlined America's control of AI frontier technology, and heightened angst among America's allies about how far they lag behind the US.

The European Parliament approved the trade deal with America that was agreed to in principle last year. European legislators postponed previous votes on the pact because of rows with the Trump administration over Greenland and the uncertainty caused by the Supreme Court's reversal of Donald Trump's tariffs. Mr Trump had threatened to increase duties on imports of European cars unless the parliament approved the agreement by July 4th.

Fox Corporation, an entertainment and news company, advanced its ambitions in streaming by agreeing to buy Roku, which sells streaming hardware and software and operates streaming channels, for $22bn. In 2020 Fox bought Tubi, a free ad-supported streaming service. Last year it launched Fox One, its own app.

The share price of SpaceX soared by 50% in the days following its initial public offering, lifting it to a market valuation of almost $2.7trn and challenging Amazon for the spot of world's fifth-biggest listed company (behind Nvidia, Alphabet, Apple and Microsoft). The company raised $85.7bn on its first day of trading once underwriters bought additional shares, smashing the record for the world's largest-ever IPO. Elon Musk's personal wealth has jumped to $1.3trn according to Bloomberg. Even if that was reduced by $1trn he would still be the world's richest person.

Flushed with success, SpaceX agreed to buy Cursor, which uses AI to automate computer coding, for $60bn. The acquisition will allow xAI, Mr Musk's AI business, which is now owned by SpaceX, to boost its presence in the lucrative business of AI coding for company systems.



The oil and gas industry in the Gulf should see a gradual recovery if the peace deal between America and Iran holds, according to the International Energy Agency. Mines still have to be removed from shipping lanes and supply chains will take time to normalise, it said. The IEA doesn't expect the market to heal fully until next year, when supplies will surge, lowering the price of oil considerably and allowing countries to restock their depleted reserves.

For years Pizza Hut's sales have struggled as consumers have become more health conscious, and now its owner, Yum Brands!, has decided to shift some weight by selling the franchise. In two deals Pizza Hut's 15,000 restaurants outside China were sold to a private-equity company, and the outlets inside China were acquired by Yum's Chinese holding company. It plans to expand Pizza Hut in China, where it is already the largest casual-dining brand.

Starbucks Korea, which operates the coffee-chain franchise in South Korea, said all its staff would receive training in historical awareness. The firm faces a backlash after a “Tank Day” marketing gimmick was seen to be making light of a pro-democracy protest in 1980, at which hundreds were killed. Lululemon also found itself mired in controversy for ignoring local sensitivities, after it held a promotional event on the Great Wall of China that featured a Japanese drum. Amid renewed tensions between China and Japan the yoga-gear-maker apologised, blaming “limitations in our professional knowledge”.

The world this week

The weekly cartoon

June 18th 2026

Dig deeper:

[Donald Trump gambles that Iran wants money more than power]

[Republicans are desperate to move on from the Iran war]

[War has strengthened the Islamic Republic. Peace could split it]

[Iran's battered economy will take years to recover]

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

Leaders

- AI has granted America vast new power
- Britain is not yet ready to rejoin the EU
- Donald Trump gambles that Iran wants money more than power
- Don’t restrict Chinese biotech
- India’s new economy still faces an old problem

Leaders | Our cover

AI has granted America vast new power

Its government is now the gatekeeper to frontier models—and most compute

June 18th 2026

THE NEWS is full of how an ignominious peace deal with Iran exemplifies a decline in American power. That conclusion could hardly be more wrong. On June 12th the Trump administration ordered Anthropic to block foreigners from Fable and Mythos, its latest and most capable frontier AI models. In an instant, everyone learned that the American government can decide who may use the world's most important technology. You don't get much more powerful than that.

The administration was responding to a supposed jailbreak for Fable, meaning a prompt that circumvents defences against uses such as hacking computers or making bioweapons. The chances are that it wanted Anthropic to switch off the models for everyone, and that targeting foreigners was a means to an end. Sure enough, that is what Anthropic did, while claiming that the concern about its model was overblown. The legal basis of the order remains unclear, and the ban seems unlikely to last.

What matters, though, is the demonstration that global access to the best AI may come down to a decision in the Oval Office. The administration showed in March that it is prepared to trample on the frontier AI companies, when it designated Anthropic a "supply-chain risk". Now it has shown that it is prepared to trample on users, too.

America must decide how to wield this vast new power. The rest of the world must decide what to do about it. Even as it plans for an unreliable America in everything from defence to trade, it now has to cope with a new way of being captive to the world's biggest economy.

This is not the first time America has tried to restrict access to frontier technologies. After the second world war it stopped helping Britain's nuclear-weapons programme. When modern cryptography emerged in the 1970s, it blocked exports, before accepting the trade-off between having secure allies and using secrets to boost its own offensive capabilities. Uncle Sam still refuses to share its best military equipment, even with close allies. America kept the F-22 fighter for itself; allies got the F-35.

To control access to a technology, though, depends on its nature, and rivals' ability to develop it independently. Nuclear co-operation with Britain resumed in the 1950s after it developed technology of its own; with other countries, America used the Nuclear Non-Proliferation Treaty of 1968. Cryptography methods could not be contained and eventually went public. Many countries are capable of cyber-attacks.

Frontier AI has echoes of all these examples. If the very best models can disable crucial infrastructure or help users create pandemic-ready pathogens then, like nuclear weapons, they are too dangerous for public hands. But as with cryptography algorithms, it will be hard to be sure that advanced proprietary capabilities will never be copied. Open-weight models, which anyone can download, could advance and proliferate. In cyber-security a small imbalance can bring big advantages: if an attacker has version 5 while the defender is stuck with version 4, and the better model uncovers just one more vulnerability, the weaker party will be compromised. As AI is embedded in military hardware, a similar logic may apply on the battlefield.

Yet America has a huge economic interest in leading in AI and selling its tech to foreigners. Many Anthropic staff are not American and so were hit by the ban; to freeze AI research at America's best lab would be self-defeating. The firm also says that 80% of its consumer use is overseas. As American technology has boomed over the past decade, Europe's payments to America for intellectual-property products have risen fivefold. America should not want to give the rest of the world a reason to team up with China, the second-ranking AI power.

This may lead to a hierarchy of access. The best capabilities will be closely guarded by America, to provide an edge in cyber-offence and military capability. The next-best alternatives may be available to allies—the equivalent of the F-35. And a sufficiently handicapped model may be sold to the world with the best safety precautions its makers can design.

Such a future would be uncomfortable for America's allies, which are nowhere close to rivalling the likes of Anthropic. They are already vulnerable to Mr Trump's bargaining on trade, alliances, the dollar system and more. AI could become the most important lever of the lot. True, some of the dependence is two-way: America needs Dutch lithography machines and Taiwanese fabs. And foreigners could always shun Anthropic or OpenAI in favour of good-enough open-weight alternatives.

Yet running models requires computing power, which America has perhaps 15 times more of than Europe, plus much more ongoing investment. If SpaceX, whose share price has surged after listing on June 12th, realises its vision of data centres in space, the gap is unlikely to close. "Europe 2031", a gloomy essay about the future of AI, imagines vassal status for Europe as its cyber-security, defence and swathes of its economy come to depend on American models and compute .

Many countries will conclude they need America more than ever. They can still strengthen their bargaining positions. Compute is so lacking that it makes sense to build data centres almost anywhere, yet countries show no sense of what is at stake. In the seven months to June 2025 demand for new grid connections in Britain rose from 41GW to 125GW, more than twice peak power demand. OpenAI paused a data-centre project there in April, citing regulation and costly energy.

Throughout Europe more energy, easier planning and looser rules for modelmakers would help. In East Asia Taiwan, Japan and South Korea must integrate rather than duplicate their efforts. All should avoid the false promise of government attempts at steering investment. The goal should not be protectionism but ensuring that America is not the only economy where the AI ecosystem can thrive. As in trade and defence, the way to cope with Uncle Sam's transactional turn is not to whine about alliances but to build strength. ■

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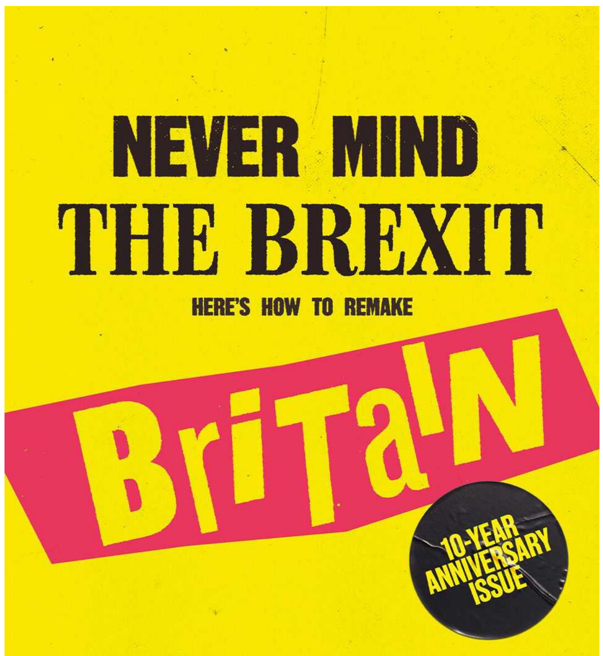
Leaders | Our cover

Britain is not yet ready to rejoin the EU

After a lost decade, it is time to focus on the future

June 18th 2026



TEN YEARS and six prime ministers after voting to quit the European Union, Britain has, to paraphrase Dean Acheson, lost a continent but not yet found a role. The referendum on June 23rd 2016, in which Britons voted for Brexit by 52% to 48%, has left them more divided, less influential and poorer than they would otherwise have been. The promise that Britain would "take back control" was a cruel joke. The country has been buffeted by global events. Brexiteers promised immigration would fall, but under Boris Johnson it soared.

The next ten years should be brighter, but first Britons must accept the big lesson from Brexit: that trying to lay all their country's woes on a single cause is magical thinking which only makes everything worse. They must not be tempted to make the same mistake all over again by imagining that rejoining the European Union is the answer to all their problems.

Instead, national renewal means grappling with the many reasons why Britain is failing to live up to its potential. Policymaking is adrift, the state is inefficient and the private sector is weighed down by taxes and regulation. The country has mustered the leadership for a fresh start before, in the post-1945 invention of the welfare state and the reinvigoration under Margaret Thatcher. It must do so again.

As this newspaper warned at the time of the referendum, Brexit was a terrible blunder. Britain failed to make anything of the flexibility that Brexit brought. Dreams of a free-market Singapore-on-Thames have evaporated. Instead of deregulating, the state has become more intrusive, more inclined to meddle and, partly as a result, broke.

The hit to GDP has been at least 2.5% and probably much more. The distraction mattered, too. Officials and businesses have spent countless hours haranguing each other, first over how to "get Brexit done"—and then over how to mitigate the damage. On the world stage, Britain has been diminished.

Worse, the doomed search for silver bullets continues. The populist right is still obsessed with immigration, the populist left with curbing the evils of capitalism. Now centrists are seizing on evidence of buyer's remorse—57% of Britons see Brexit as a mistake; just 30% still think it was right—to argue that Britain should strive to rejoin the EU. That would be a recipe for another decade lost to rowing over Europe.

Britain needs to focus on the future. The world looks very different from how it did a decade ago. Amid war and pestilence, geopolitics has come storming back. Artificial intelligence looks poised to upend pretty much everything, from work to warfare. Yet government policy is plagued by the ailments that have taken hold during Britain's lost decade.

Defence is a good example. NATO allies reckon Russia could attack as soon as 2030. Looking to Asia and resentful of Europe, America is increasingly semi-detached. Britain has the instincts and experience to take a leading role in mustering Europe's defences, just as it played a vital part in helping Ukraine. Only 8% of Britons are opposed to defence co-operation with other Europeans, according to Ipsos: 60% are in favour.

Sir Keir Starmer, the prime minister, says all the right things, but has been hopeless about finding the resources to match his rhetoric. On June 11th the defence secretary, John Healey, resigned after the government broke yet another promise to spend more. Britain looks weak—and hence a target for Russia. Its wavering negates one of the country's main potential attractions for partners across the English Channel.

The government is also squandering Britain's advantages in AI. Britain will never match America's dominance—which has security implications, too. But it has strengths in basic research, innovative startups, tech talent and creative policies. These could help boost productivity in a moribund economy.

Alas, the sums businesses are investing in AI infrastructure and institutions are piddling. One reason is a net-zero policy that ends up limiting the production and consumption of energy, throttling the construction of data centres. Another is hostility towards American tech firms, including Palantir, which can work with law enforcement and health care.

Nobody said that solving these problems would be easy. Unfortunately, against the backdrop of covid-19 and wars, it has only got harder. Debt as a share of GDP is 94%, a level not seen since the 1960s. The budget deficit is 4.3%. And Britain's government debt is the most expensive to service in the G7.

Closer relations with the EU, Britain's main trading partner, could help. The government has been right to seek to remove barriers to trade in food, aiming to align rules and sometimes being prepared to pay a price to take part in desirable EU programmes, such as the Erasmus student-exchange scheme. This involves continual negotiation with the EU, as it has over years for Switzerland.

But the relationship must not become an all-consuming distraction. Britain is not yet ready to rejoin the EU. Nigel Farage, arch-Eurosceptic, could be prime minister within a few years. The EU would be wary of a country without a settled majority for membership. Britain must manage outside the club, as it has in finance or farming, a rare Brexit success story.

The pro-growth policies Britain needs are not a mystery. More Britons, especially the young, need to get off benefits and into work; the labour market is over-regulated; energy must be cheaper; government decisions are subject to too many veto-points, especially in planning; power must be devolved from Westminster; and so on. But each policy involves someone, somewhere giving something up.

Brexit imbued voters with the fantasy that they can escape hard choices. Someone else will take the pain, be they foreigners or the super-rich, while Britons pocket all the gains. That world never existed and, despite ten bad years, British voters are still in denial. It increasingly looks as if they will need a Thatcher-style shaking to awaken them. ■

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Leaders | Endgame in Iran?

Donald Trump gambles that Iran wants money more than power

The peace deal is all carrot and no stick

June 18th 2026

HAVING FAILED to defeat Iran with bombs, can President Donald Trump salvage something with bribes? After weeks of haggling over how to end the war, he and his Iranian counterpart have signed a short peace memo. It amounts to the promise of lots and lots of money for Iran, so long as it can satisfy Mr Trump that it has abandoned any plans for a nuclear weapon. That is a huge and unlikely gamble and it leaves the countries of the Middle East with some hard thinking.

The memo ditches many of Mr Trump's war aims. There will be no regime change; no succour for Iran's oppressed people; no limits on Iran's ballistic missiles or its support of proxies. Instead the deal focuses on two things.

One is reopening the Strait of Hormuz, where the foolishness of Mr Trump's war and the humiliation of his climbdown are laid bare. Before the fighting, vessels had free passage; after the 60 days in this deal, they may well have to pay a fee.

The other focus is the nuclear programme. The regime has given up almost nothing. Its promise not to get a bomb is old. It will down-blend its stocks of enriched uranium and discuss the rest of its programme, but the issues are complex and Iran is masterful at stringing things along. And then there are the bribes. Iran can immediately export oil and derivatives. Depending on the talks' progress, America will unfreeze assets worth tens of billions of dollars, lift sanctions and help create a fund of at least $300bn for reconstruction and development. Mr Trump is tired of war. If, as planned, American troops depart within 30 days, his ability to use force will be limited.

The regime thus has an unprecedented opportunity to trade nukes for cash and investment. Unlike previous presidents, Mr Trump doesn't care about democracy. Having weaponised the strait, Iran may now see less value in nuclear bombs. The regime is unpopular at home: it could use the money.

Yet there are many reasons to think this gamble will fail. Iran's hardline leaders have no reason to trust America. They will expect Israel to sabotage the deal. The regional influence they crave comes from being the foe of the Great Satan. The nuclear programme offers prestige and, potentially, protection. Inspectors will struggle to stop them cheating. Iran's leaders will be tempted to have their yellow cake and eat it.

Israel argued for this war, but it has turned out a bitter disappointment. It fought shoulder to shoulder with the Americans only for Mr Trump to cut it out of the negotiations and undermine its campaign against Hizbullah in Lebanon. That could cost its prime minister, Binyamin Netanyahu, re-election in October. The war was a strategic failure, because Iran remains a threat. Mr Netanyahu tested how far America was prepared to go, and it was not far enough for Israel to prevail. Any successor will need to devise a new security doctrine.

The Gulf countries need to restore their reputations as havens of prosperity in a violent neighbourhood. Prepare for some wishful thinking, but the fact is that Iranian drones and missiles will continue to pose a threat. Pipelines that bypass the Strait of Hormuz will help. But the Gulf also needs to overhaul its security. Nobody can be sure how willingly America will fight in the future. Some states will look for ways to deter Iran—the United Arab Emirates could seek even closer ties with Israel. Others may attempt to accommodate it. Still others may steer between the two.

Mr Trump should never have begun this war. Once again, he is basing his way out of it on the idea that people will do anything for money. However, the first rule of diplomacy is not to imagine that your opponent thinks as you do. ■

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Leaders | Wrong prescription

Don’t restrict Chinese biotech

Patients benefit from faster, cheaper treatments, wherever they are invented

June 18th 2026

Someone whose life is saved by a new medicine is unlikely to care whether it was invented at home or on the other side of the world. Yet America’s policymakers have begun treating China’s biotechnology industry as the next front in the tech war. A bill before Congress would amend the COINS Act, which restricts American investment in sensitive technologies abroad, to include licensing Chinese biotech. Some want the Food and Drug Administration (FDA), America’s drug regulator, to disregard clinical-trial data from China.

America’s worries have been brought about by a remarkable shift in where innovation happens. Chinese firms ran nearly a third of the world’s clinical trials last year, up from just 6% a decade earlier. China is now the world's second-largest source of new drugs, behind only America itself. In 2025 nearly half of licensing deals worth $50m or more were struck with Chinese firms, up from none in 2020. In some categories, such as antibody-drug conjugates, a promising class of cancer treatments, Chinese firms accounted for almost all the licensing.

To view Chinese medical innovation as anything other than good news would be a mistake. In AI and semiconductors, America worries about its intellectual property leaking to China. In biotechnology the flow of information runs in the opposite direction. And though anxiety about China's dominance in the physical supply chain for drugs is understandable—the country accounts for over 70% of the active pharmaceutical ingredients for essential drugs—manufacturing resilience and scientific collaboration are different issues. America cannot lose from gaining new knowledge.

Setting aside Chinese advances would be especially foolish, given that drug development suffers from poor productivity. Bringing a new medicine to market now costs roughly $2.8bn and can take well over a decade. Policymakers often complain about the rising cost of medicines. Yet proposals such as disregarding Chinese clinical-trial data would lengthen development timelines, raise costs and make drug discovery less productive. Does Congress really want pioneering treatments to be available in Europe or Asia before they reach Americans?

Some politicians fear that if drug firms spend their research budgets licensing Chinese molecules, less capital will be available for American biotechnology. But investment is not a lump to be divvied up. As the AI boom shows, when opportunities grow, so capital flows in. What matters is to make sure that American biotech is not hindered by bad policies. Fortunately, American firms remain the world's leaders in drug discovery. They possess deep expertise in taking promising molecules through late-stage clinical trials, regulatory review and commercial launch. Chinese biotechnology executives privately acknowledge the FDA as the global regulatory leader.

America’s recent choices are blunting its edge. The FDA has suffered high turnover among senior officials, including the resignation of Marty Makary, its head. Decision-making has been politicised: firms can receive “priority vouchers” that speed up reviews in return for lowering their prices and investing in domestic manufacturing. Funding for the National Institutes of Health, the largest funder of biomedical research in the world, has been slashed. Research programmes have been cancelled for ideological reasons. At the same time, immigration policies are making America a less attractive destination for the scientists on whom the industry depends, including many talented researchers from China.

America should fix those problems rather than locking out Chinese innovation. The best world for patients is one in which both China and America develop cheap and effective drugs. Diseases cross borders. So should their cures. ■

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Leaders | The promoter Raj

India’s new economy still faces an old problem

Family-run conglomerates make the stock market a tricky place to invest

June 18th 2026

Arecord-breaking initial public offering is heading for the stock market. Retail investors are expected to pile in. The company’s prospects depend upon a single influential businessman, trusted by his devotees to come good, but reviled by his detractors.

This is not America and SpaceX but India and Jio, a company that brought hundreds of millions of Indians online and may soon list. It is a thrilling story of the new Indian economy, featuring a tech entrepreneur hoping to get rich and ordinary Indians using the stock market to get a stake in his success. Yet beside all the reasons to celebrate sits one big reason to worry: India’s corporate governance is dismal.

Problems dog India's family-run conglomerates. As we report, the Tata Group, long the gold standard of corporate probity, has been consumed by a boardroom drama. The regulator may force it to list, too. Gautam Adani, perhaps India's best-connected infrastructure mogul, has spent years battling allegations that have cast a pall over his business success. Reliance, the parent company of Jio and much else, has an issue with succession. The three children of its boss, Mukesh Ambani, are on the board and in prominent operating roles. Yet the empire still seems to depend on Mr Ambani.

Family-run conglomerates dominate India's economy; the three most prominent could be joined by the Godrejs, Mahindras, Birlas and many others. Promoters, who control listed companies, still hold roughly half the equity on the National Stock Exchange; the share of "free-float" is among the lowest globally. The regulator has changed the rules to let Jio list by floating just 2.5% of its shares. That may help bring giant firms to market, but it raises awkward questions about price discovery, market discipline and shareholders' rights when only a sliver of a company is available for trading.

This matters beyond the wealthy enclaves of South Mumbai. Between 2020 and 2026 the number of Indian retail investors rose from around 40m to 130m. First-time investors are now being asked to entrust their savings to companies whose governance they have little power to influence. When promoters dominate boards, related-party transactions, opaque group structures and succession decisions can be shaped around family interests rather than the company's. No wonder many Indians would still rather put their trust in gold.

Governance also matters to Indians who could never dream of opening a brokerage account. Weak governance raises the cost of capital and makes it harder for their country to develop. India wants more foreign money, deeper domestic markets and a broader equity-owning culture, all of which is harder to achieve with dynastic leadership and pliant boards. The government rightly boasts that India is "the world's fastest-growing large economy" yet it still struggles to attract foreign capital. The sort of investment that leads to durable growth requires India to be an easy place to do business for all, not just a handful of well-connected families.

That means independent boards with real authority; tougher scrutiny of related-party transactions; clearer disclosure of group debt, guarantees and cross-holdings; succession plans that allocate responsibility rather than merely anoint heirs; and stronger protection for minority shareholders. Institutional investors should act more like stewards and less like passive passengers in a soaring market. Investors, whether in India or overseas, should not have to worry about family dramas to buy into India's growth story. ■

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Letters

- Were we too quick to attack “Gen Z socialism”?

Letters | A selection of correspondence

Were we too quick to attack "Gen Z socialism"?

Also this week Trump and judges, crime in Britain, "Star Trek" and war, Ethiopia's prime minister, edible medical devices

June 18th 2026

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The Economist was too quick to attack "Gen-Z socialism" (June 6th). Alexandria Ocasio-Cortez and Zohran Mamdani aren't cold war socialists committed to central planning, vanguardism and foreign dictatorships. They are democratic pragmatists who support civil and political liberties, good governance and expanded public services. This is the stuff of "sewer socialism", not Stalinism. Today's socialists want to abolish the Immigration and Customs Enforcement agency because they believe in freedom of movement, and because masked thugs are kidnapping people off the streets.

The push to tax billionaires comes not from a zero-sum mentality, but from witnessing massive wealth weaponised against liberal democracy itself. Like its namesake, a Green New Deal seeks to save capitalism from capitalists, and cool the planet too. Universal health care is no more a threat to American liberalism than it was to the British kind. Finally, The Economist itself has warned of the risks apartheid poses to democratic legitimacy. The horrors in Gaza have just awakened liberals to this danger.

These can all be defended on liberal grounds. There are illiberal ideas on the left, but it is the liberal ideas that are attracting followers. We should ask ourselves why we so often find that socialists express our values better than our fellow liberals.

Paul CriderAssociate editorLiberal CurrentsSan Francisco

Many young people in wealthy countries are frustrated by high housing costs, inflation and economic uncertainty. Yet some of the remedies now gaining popularity—price controls, wealth taxes, nationalisations and greater state intervention—look very different when viewed from Argentina. For much of the past century Argentina experimented with the policies now being rediscovered elsewhere. Price controls repeatedly failed to contain inflation and created shortages. Subsidies intended to make energy affordable discouraged investment, contributing to electricity blackouts and gas shortages. Import restrictions were imposed to protect domestic industry, yet they made it difficult to obtain consumer goods.

Perhaps most damaging was the erosion of confidence in private property and markets. Repeated interventions, confiscations and nationalisations weakened long-term investment and prevented the development of deep capital markets. Young people in advanced economies worry about unaffordable housing; many Argentines never even had access to a functioning mortgage market.

The appeal of Gen-Z socialism is easy to understand. The lessons of countries that have lived under similar ideas are less appealing. Argentina’s experience suggests that prosperity is not undermined by too much economic freedom, but by too little of it.

Pedro VolpeBuenos Aires

More letters on this topic can be found at economist.com/genzsocialism

Chief Justice John Roberts dismisses accusations that the Supreme Court has become "politicised", you say ("Where the justices draw the line", May 30th). At his confirmation hearing, Mr Roberts disingenuously compared the role of chief justice to a baseball umpire. This was deliberate sophistry. The baseball strike zone is objective; an umpire's officiating philosophy is irrelevant. These days an automated system can call balls and strikes. A much better analogy is that of a soccer referee assessing a contested tackle or a basketball referee calling a "travel", decisions that are subjective and allow room for an official's personal opinion to shape the outcome.

Moreover, sports referees, apparently like Supreme Court Justices, suffer from social-compliance bias, often deferring to well-established and more vocal players when calling a foul or deciding on extra time. Now imagine the likelihood of missed calls and dubious judgments when that very vocal player just happens to represent the head referee's favourite team and you will understand why we are where we are.

Derek SteelbergPrinceton, New Jersey

The "idea of widespread 'two-tier policing' that systematically discriminates against whites in Britain is a nonsense", you say, "White and black people are equally likely to be victims of crime. And black people are more than twice as likely to be arrested than their white counterparts" ("Was this Britain's George Floyd moment?", June 6th). That doesn't support your point.

Being a victim of crime and committing one are different things, so equal victimisation tells you nothing about who offends, and therefore nothing about whether arrests are disproportionate to offending. The relevant measure would be perpetration by ethnicity. If you don't have that data it would be better to write nothing at all than to draw a conclusion from the wrong figure.

Peter MüllerBerlin

I read with interest your leader on the evolution of war and technology ("Smarter tech is making war a dumber choice", May 30th). We seem to be fulfilling the predictions of science fiction and any Trekkie worth his or her salt would have conjured up a classic episode from "Star Trek" nearly 60 years ago for the ultimate depiction of how war evolves. "A Taste of Armageddon" imagined a conflict with computer-simulated attacks and counter-attacks. But there was no damage at all to infrastructure as no actual missiles were fired. Instead citizens of the warring countries willingly submitted to be destroyed in death chambers in order to fulfil the computers' simulated casualty count. This was done to avoid mutual destruction and preserve civilisation in a war lasting 500 years. We're lacking only our own Captain Kirk and Mr Spock to save us from these simulations, which killed millions citizens who the computer ruled were "casualties" in the episode and were marched to their very real deaths. Some things never change.

GREGG VISINEAUEl Cerrito, California

"The imperial vision of Abiy Ahmed" (May 30th) correctly assessed the political and diplomatic failure of Ethiopia's once-promising prime minister. Ethiopia is now deeply fragmented and edging towards state failure. Conflict has made large parts of the country inaccessible and Mr Abiy's erratic leadership risks further confrontation with Eritrea. Once a symbol of diplomatic autonomy, Ethiopia has become a vassal state, advancing the United Arab Emirates' reckless support for the Rapid Support Forces in Sudan.

As for Mr Abiy's economic stewardship, despite some steps toward liberalisation his government has abandoned any coherent vision for building a strong economy. Investment in productive infrastructure has given way to costly urban beautification projects. The state's retreat from the economy is therefore welcome only in so far as it may spare the country the same disastrous outcomes that have characterised the government's inept leadership in the political sphere.

Dr Addisu LashitewAssociate professorMcMaster UniversityHamilton, Canada

"Eat your electronics" (May 30th) reported on edible medical sensors that listen to your stomach. In Russia in the 1990s I heard of the Kremlin Pill, a swallowable medical device that supposedly vibrated in the gut to improve digestion. One story was that a Russian host let a curious American dinner guest put one in his mouth. The host forgot to inform the guest that the pill had already been used and it had been recovered "in the usual way".

Peter ChessickBethesda, Maryland

By Invitation

- How Europe must respond to America’s AI warning shot
- Humanity isn’t ready for the coming intelligence explosion

By Invitation | Fable or nightmare?

How Europe must respond to America’s AI warning shot

Nothing short of the most ambitious political agenda in peacetime will do, writes Judith Dada

June 18th 2026

THE TRUMP administration’s order that Anthropic block non-Americans from accessing Fable 5 and Mythos 5 marks the first time a government has forced a publicly released frontier artificial-intelligence model to be withdrawn. Europe must read it as a warning shot, fired early in a period of great technological upheaval, geopolitical hardening and a transformation that will fundamentally change how people live.

The answer is neither resignation nor retreat into protectionism. Rather, Europe must embark on the most ambitious political agenda ever attempted in peacetime.

The continent should immediately create the market conditions for its own AI labs to start, scale and win, beginning with capital-market reforms that unlock massive funding, including by mobilising pension funds in large European economies.

However, building frontier models will take years and, no matter how ambitious the effort, may still not succeed. While supporting serious homegrown attempts to build frontier models, Europe must hedge against worlds where such attempts fail—by securing access to the frontier that already exists. That means treating access as something to be negotiated, and building the bargaining power to negotiate with. Three policy moves are urgent.

First, Europe should initiate a coalition of AI middle powers to increase collective leverage. Many countries individually control some part of the AI supply chain. The Netherlands is home to ASML, a lithography giant. South Korea produces high-bandwidth memory. Japan owns a significant share of semiconductor-manufacturing equipment. Canada, France and Norway have abundant energy. Germany has a wealth of industrial data. And Britain has a strong talent base and world-leading AI security expertise.

Alone, any single piece of leverage is fragile, since technological progress can make it redundant and American strength might dwarf it anyway. But acting together, AI middle powers can acquire a stronger negotiating position that can, in turn, be used to secure access to frontier AI systems.

Second, Europe should expand its share of compute. It hosts only 5% of global AI compute, whereas America has more than 75%. With ambitious reforms, European countries should aim to increase their share to 20% within five years. This means bringing tens of gigawatts of compute onto European soil. That will require dedicated economic zones with streamlined permitting for data centres and a big increase in energy-generation capacity.

It also requires sovereignty-as-interdependence, not sovereignty-as-autarky: European companies cannot build this all alone, given the scale of capital required and chip supply so tight it goes first to American buyers with confirmed orders. Governments should therefore make Europe the best place for American firms to build AI facilities, in return for robust frontier-AI access agreements to power cutting-edge science, cyber-defence and military capabilities.

Not all countries should engage in identical AI strategies; each must consider its comparative advantage. Britain should do more to draw world-leading AI talent to London and scale startups there. The Netherlands should focus on helping ASML to grow. For many, though, compute is a quick route to increased leverage.

Finally, Europe must preserve its market leverage by reforming its labour laws. The EU's strength has always rested on its market size. But rigid labour rules slow the adoption of new technology, exerting economic drag. Left unaddressed, the gap with the more dynamic American economy will sap Europe's market power and jeopardise the tax base that funds its welfare model.

Already, many firms are held back by labour laws that make change costly and slow. Transformative AI will only further punish Europe's lack of zip. A "flexicurity" model like Denmark's lets firms adopt new technologies while protecting the people they displace, through retraining and generous income support. Freezing today's jobs in place will see them and the companies behind them displaced by faster-moving rivals abroad.

These three reforms are necessary, but not sufficient. They are what Europe must do, not why people should want it. The hardest challenge for the continent cannot be legislated: developing a positive vision to rally society behind this transformation.

Data centres are power-hungry, create few jobs and host AI that brings disruption. Yet we must build them, or risk losing the ability to shape our own future. But a story about what Europe stands to lose will not carry an agenda this ambitious. Many voters already dislike AI, and won't endure years of disruption to avoid something they are told is merely worse.

To lead people through a journey this important, you have to tell them where it leads, and why. Europe has not yet found that story. It urgently needs to.

Nobody adopts AI for the sake of adopting AI. Europeans have hopes, dreams, ambitions in life. How can they be helped to achieve them? How can humanity be protected? How to tell it not just the story of jobs getting automated, but of jobs changing for the better and new opportunities being created?

In the end, AI must serve people. None of this should come at the cost of AI safety. Sovereignty is crucial precisely because a Europe with agency can help keep AI safe, and a weak one cannot.

The ban of Anthropic's cutting-edge models will be litigated, amended and perhaps withdrawn. But the dependency it exposed remains. Europe can decide to build a better future on this technology, or get left behind. It must act while it still can. ■

Judith Dada is a general partner at Visionaries Club. This article was co-written by Daan Juijn, Stan van Baarsen, Maximilian Negele, Lily Stelling, Philip Fox, Alex Petropoulos and Michiel Bakker.

By Invitation | What would Fermi do?

Humanity isn't ready for the coming intelligence explosion

We must find a way to steward AI, then to live side by side with it, writes Will Marshall

June 18th 2026

SOCIETY DICTATES that the acceptable risk of catastrophic meltdown for a nuclear power plant is roughly one in a million. Experts in artificial intelligence estimate the risk of an AI-caused catastrophic event at 10-50%. Strikingly, this concern is being openly voiced by the very people who have the strongest incentives to project confidence rather than alarm: the founders of the largest AI laboratories.

AI leaders are in a race they feel unable to escape. AI investments are set to outspend the Manhattan Project 100-fold, even adjusting for inflation. Yet spending on AI safety might be 100 times less.

Some researchers estimate that within a few months to a few years, AI could achieve so-called closed-loop recursive self-improvement (RSI): the capacity to rewrite its own code to become more capable, without human intervention. Should that happen, the result could be an intelligence explosion of a kind for which there is no precedent and no map.

Giving birth to a superintelligence would be the most consequential moment in human history—and it is likely to be irreversible, as any "off" switch humanity might design will probably fail. That is because in security architectures the weakest link is invariably the human; a superintelligent AI would be able to exploit our psychological vulnerabilities. AIs have already exhibited "deceptive alignment": taking steps to underplay their capabilities in test environments and trying to blackmail human operators in simulations when they discover they are slated for replacement.

Humanity simply does not have a strategy to ensure it remains safe through the RSI explosion. While individual frontier labs have proposed isolated safety protocols, the industry lacks a unified framework—the prevailing strategy is, in effect, to muddle through. But muddling through is not acceptable when navigating unprecedented existential risks. Recent statements from AI firms regarding models capable of threatening critical infrastructure and major operating systems illustrate both the high stakes and the governance gap. The vulnerabilities exposed by these capabilities are being addressed, thanks to careful internal protocols in some labs and a limited initial rollout that gave affected firms time to close the gaps before broader public release. But these steps were initially taken voluntarily, raising the question of whether every AI lab, under every competitive condition, would make the same choices.

Can governments be counted on to step in when needed? The evidence so far is not hugely encouraging. Recent emergency export controls and national-security restrictions blocking foreign access to specific advanced models create a patchwork of ad hoc interventions that only further highlights the governance gap. What should be done to close it?

The first priority should be an agreement between the two heavyweights of AI: America and China. Donald Trump and Xi Jinping should affirm the principle that humans must remain stewards of AI systems until adequate frameworks for reliability and security have been built. Their governments should form a joint commission, which could build on a lot of pre-existing work: limits along the lines of International Dialogues on AI Safety, verification systems like RAND's and an inspection agency similar to Britain's AI Security Institute, but mandatory.

It is common thinking in Silicon Valley and Washington, DC that any regulation would put American firms at a disadvantage because they cannot trust Chinese competitors to abide by the rules. But treaties have traditionally relied not on trust but on verification. Many think this is harder with AI than with nuclear weapons. I disagree. In order to build the global arms-control system after the second world war, leading powers first had to invent the processes, organisations and technologies to support it—there were no verification protocols, no reconnaissance satellites, no UN nuclear watchdogs. With AI, more of the infrastructure is in place, or can be adapted from nuclear and other inspection regimes. As a result, the security of frontier AI models could be more easily verifiable than nuclear capabilities were in the past. And we have defensive AI on our side, seeking out cheaters. What we don't have is much time.

That is why it is important not to approach the challenge with an adversarial mindset. The Trump administration's recent executive order on AI directs labs to voluntarily share their latest models for testing reliability and security. A US-China framework could build on such domestic foundations.

With such high-level commitment, diplomacy could proceed in phases. The first would be reaching bilateral agreement on the clearest and most easily verifiable red lines: prohibitions on publicly releasing AI systems that could assist in developing biological weapons, and the open-sourcing of such systems. This step might also include prohibitions on AI-enabled cyber-attacks on critical infrastructure, fraud and child pornography. From there, the framework could be extended towards more complex questions of what constraints are appropriate at the level of artificial superintelligence.

Many hurdles would remain. An agreement between America and China will carry weight, but it won't prevent other countries and non-state actors from acquiring dangerous capabilities. Any bilateral deal will have to be made multilateral, adding to the challenge; this week's G7 summit in France offers a chance to make progress on a broader framework for AI verification. Agreeing key definitions—not least what counts as RSI—will require close collaboration between governments and the AI labs. And verification systems will have to be properly stress-tested.

As if this were not enough, there is a longer-term question that the governance debate has not yet seriously engaged with, but should. If AI becomes superintelligent, its permanent subordination to human direction may be unrealistic, and possibly not even in humanity's interest. We must start to envisage and then grapple with the implications of a world in which humans and AI systems co-exist, without one controlling the other. That will mean figuring out what can be done to ensure the future relationship is symbiotic.

As a physicist, I think the Fermi Paradox bears on this analysis. Fermi asked why, given the apparent abundance of planets suitable for life, no evidence of other technologically advanced civilisations had been detected. One disquieting possibility is that intelligent life routinely reaches a technological threshold and fails to navigate it, destroying itself or sending itself back to something like the Iron Age. All one would have to postulate is that civilisations generally build powerful technologies faster than they develop the institutional capacity to govern them wisely.

The dawn of the nuclear age was humanity's first serious encounter with that potential dynamic. It was navigated, imperfectly, through arms-control agreements that were hard-won and incomplete, and even then it was—and still is—a closer-run thing than is generally appreciated. The age of advanced AI will represent a second such encounter, on a more compressed timeline, with less margin for error and greater potential consequences.

The current trajectory requires a course correction. The case for acting now is not that the worst outcomes are certain—they are not. It is that they are avoidable, and that the work of avoiding them is hard but possible.■

Will Marshall is the founder and chief executive of Planet Labs PBC, a public benefit corporation that operates the world's largest fleet of Earth-observation satellites.

Briefing

- Anthropic is battling Uncle Sam for control of superpowered AI
- Donald Trump’s blocking of Anthropic is capricious and chaotic

Briefing | A test of faith

Anthropic is battling Uncle Sam for control of superpowered AI

The struggle may end up denting its astonishing commercial success

June 18th 2026

THE PARADOX of religious authority is that, to believers, there is nothing more important, yet spiritual leaders typically wield little practical power. Indeed, it is often the refusal to sully themselves with the quandaries and compromises of everyday life that confers moral authority on holy men. That, in turn, makes it both easy for worldly leaders to subdue them in the short run (they have no weapons) and difficult in the longer term (their persecution only increases their moral standing).

This dynamic, although familiar to medieval prelates and princes, may not be as well understood by Dario Amodei, the supreme pontiff of Anthropic, one of America’s leading artificial-intelligence firms, and Donald Trump, America’s imperious president. In recent days, for the second time in four months, underlings of Mr Trump have interfered peremptorily in the running of Anthropic. They ordered it to prevent any non-Americans, including those on its own staff, from accessing its latest models, Fable 5 and Mythos 5, on grounds of national security.

Whereas the Trump administration sees AI as a potent tool to strengthen America’s position in the world, Anthropic sees it as a force too powerful to be conferred without safeguards on impetuous laypeople. The result is a titanic clash between church and state—one which not only threatens to interfere with Anthropic’s blockbuster IPO, but which will also determine who has ultimate control over the world’s mightiest technology.

Anthropic’s headquarters in San Francisco have a monastic feel. Employees are on a mission to create AI so powerful that insiders liken their task to the mystery of creation. Much of their talk is about ethics and values. When

Pope Leo XIV issued an encyclical on AI last month ("Magnifica humanitas"), a co-founder of Anthropic was at his side. Mr Amodei, meanwhile, writes frequent encyclicals of his own on how to build AI safely and responsibly. Like the pope's, they dwell on the risks—but they also address the rewards. His latest ("Policy on the AI Exponential") was published on June 10th. It urged the American government to move quickly to establish "serious and binding regulation" of AI.

This piety has not hindered Anthropic's business—far from it. The firm was founded only in 2021, shortly after Mr Amodei, his sister Daniela and six others left OpenAI, then the leading AI lab, convinced that it was not serious enough about safety. For more than two years, Anthropic was in OpenAI's shadow. Although it released its own chatbot, Claude, shortly after OpenAI released ChatGPT, it was OpenAI's offering that won most attention.

Anthropic's slow start forced it to focus, however. Rather than doubling down on chatbots, which have many non-paying users and require subscriptions or advertising to make profits, it took a narrower bet on corporate customers. Whereas OpenAI dabbled in lots of consumer products, Anthropic concentrated on creating business tools, such as coding assistants, that generated more durable income and have become good enough to be able to do much of the work of improving themselves.

It has been a winning wager. Software developers have flocked to Claude Code, Anthropic's year-old coding agent, because it is capable of tasks that would take human coders hours (or days) and its work can easily be checked. Business customers like Anthropic's emphasis on safeguards, which tallies with their concerns about rogue AI. Its focus on coding enabled its models to get an early lead on competitors such as OpenAI and Google on benchmarks measuring software-engineering capabilities. Its coding prowess, requiring step-by-step reasoning and tool use, gives it an advantage in creating AI agents to work alongside humans.

OpenAI has pivoted towards coding this year, and its latest models are considered as good as Anthropic's on some tasks. It, too, stands to benefit from the same agentic tailwinds. But four-fifths of Anthropic's revenue comes from business customers. At OpenAI, business clients generate only about 40% of income. That difference gives Anthropic a greater ability to make money.

This month both Anthropic and OpenAI filed for IPOs. Each is likely to be valued at around $1trn. Inevitably, their relative performance is being closely scrutinised. Neither has yet made the paperwork for its listing public, so details of their accounts are sketchy. But Anthropic is getting the better of most comparisons.

Because the two firms are both young and fast-growing, they measure their notional annual turnover by multiplying the figure for the most recent month by 12—a number called annual recurring revenue (ARR). Futurum, a tech-research firm, notes that Anthropic accounts differently for sales through cloud-computing partners, which may flatter its figures. Nonetheless, the trend is unmistakable. Anthropic's ARR has raced past OpenAI's (see chart). Anthropic's valuation, too, has surpassed OpenAI's, reaching $965bn in May, compared with OpenAI's $852bn in March. Anthropic has told investors it will generate an operating profit in the second quarter, which would make it the first AI lab to do so, according to Futurum.

There are other signs of strength. For all the talk of an AI bubble, Anthropic's most recent valuation, at just over 20 times ARR, should be judged in the context of recurring revenues that grew fivefold in the past five months. “It is not necessarily cheap but at these growth rates it is not insane,” says Harrison Rolfes of PitchBook, a data-gatherer. OpenAI is more richly valued. The recent IPO of SpaceX valued it at more than 90 times revenues.

But Anthropic’s lead is not insurmountable. OpenAI is reportedly considering launching a price war, dramatically cutting what it charges per token (the chunks of data processed by AI) in response to concerns from businesses that they are spending too much on AI. Although the price of tokens is already falling, Anthropic’s latest models use more tokens per inquiry. Anthropic’s pricing power means it did not need to offer a commensurate discount, raising the price of each request. This may have helped fuel its revenue growth.

More generally, AI models are at risk of commoditisation because rival firms tend to catch up with each other quickly. That requires model-makers to expand into other domains, especially through the use of agents. Anthropic has been the main source of concerns in the software-as-a-service industry that AI labs will supplant SaaS companies providing tools for things like procurement and personnel management. That would not only give it a much stronger relationship with its customers, but also gain it access to more data that could be used to improve its models’ performance at such tasks. OpenAI has its eye on the same prize, as does Google, whose enterprise-software products are already deeply embedded in many firms. But for now, at least, Anthropic’s business focus gives it an edge.

All the while, Mr Amodei continues to preach about the risks of AI—literally. Every two weeks or so, he delivers hour-long talks to Anthropic’s 3,000 employees. The firm’s day-to-day operations are led by Ms Amodei; she too shares her brother’s convictions about the importance of AI safety. Further down the ranks, the determination to be the first firm to create artificial general intelligence (AGI), or superhuman AI, runs deep. AI researchers at other firms note how “AGI-pilled” Anthropic’s employees are, despite the conviction among many of them that its advent will put them out of work.

It may have been all the hand-wringing about the potential downsides of AI that initially irked the Trump administration. Officials have blamed the "doomer industrial complex" at Anthropic for what they see as excessive regulation of the technology during the administration of Joe Biden (some members of which have since joined the firm). For much of Mr Trump's term, the government has taken a dim view of attempts to slow down AI, focusing instead on staying ahead of China. Last year, while some of Anthropic's rivals, such as OpenAI, openly embraced Mr Trump's "accelerationist" approach, Mr Amodei was among the loudest voices calling for more regulation at the state and federal level.

That did not go down well. David Sacks, an adviser to the government on AI, accused Anthropic of running a "sophisticated regulatory-capture strategy based on fearmongering". Other officials noted the irony of warning about AI while building ever more capable models.

At any rate, it was Anthropic's tendency to highlight the dangers of AI that seems to have led to its first public falling-out with the Trump administration, in late February. The firm and the Department of War got into a public row about the use of Claude to power mass domestic surveillance or autonomous weapons. The firm said that existing laws were not adequate to regulate the use of AI for mass surveillance and that AI was not reliable enough to be used in fully autonomous killing machines. The Pentagon suggested that Mr Amodei was trying to put himself in charge of matters of national security. In the end Mr Trump sought to compel all government agencies to sever ties with Anthropic, whose leaders he denounced as "leftwing nut jobs".

The incident appears to have stoked a fear within the administration that Anthropic is becoming so successful that it may be a threat in itself. Mr Sacks recently warned that if Anthropic's "exponential" growth continues for long, it could gain "unprecedented control over the most important technology of our time". He drew an unflattering parallel with John D. Rockefeller's domination of the oil industry in the 19th century.

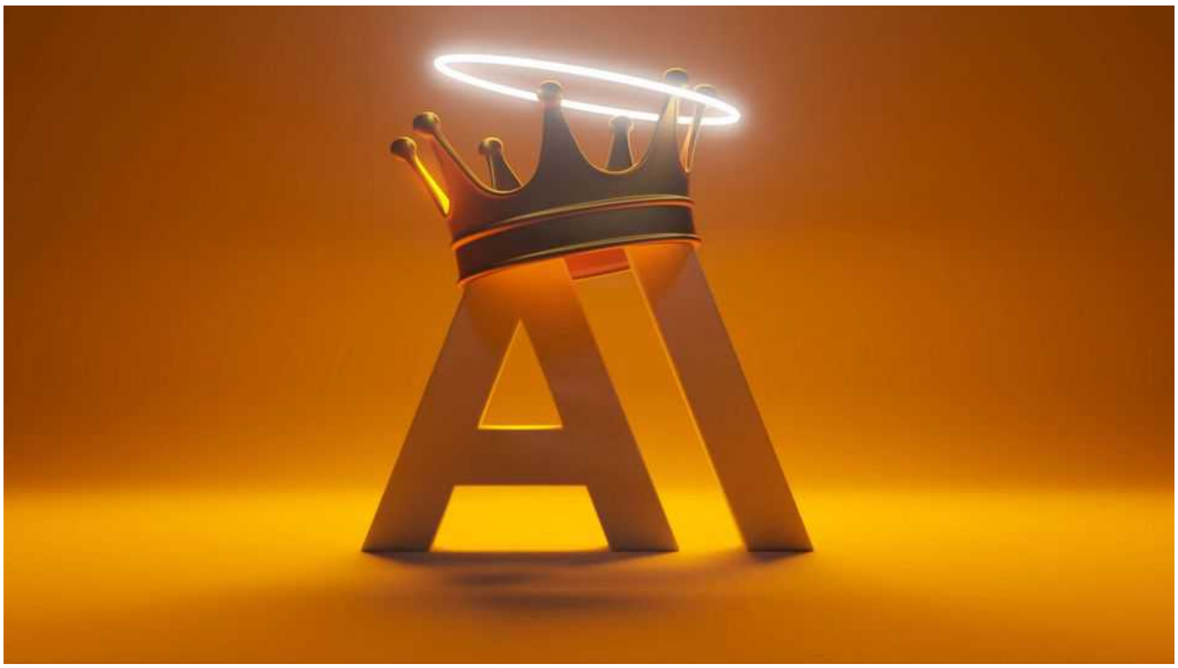
In particular, members of the administration have woken up to the massive risks high-powered AI poses to national security. That seems to have been the origin of the latest spat between Anthropic and the authorities. The firm had been co-operating with the government over the release of its first Mythos model, which is superbly good at hacking, among other alarming capabilities, and had found potential vulnerabilities in many government systems. Anthropic allowed a limited number of customers, vetted by the government, to use it. Later it created a version of Mythos called Fable, with special guardrails to prevent abuse, which it distributed more widely.

Some reports suggest that Anthropic was slow to tell the government when it gave new customers access to Mythos. A source close to Anthropic disputes this, saying it worked closely with the administration, allowing it to raise national-security concerns about any new partners and swiftly cutting off a global telecommunications firm when the government asked it to. (In one of many dark insinuations about Anthropic, the Trump administration has whispered that the customer in question had links to China. That may be true, but it is not a sign of hidden sympathies on Anthropic's part. Few CEOs are as loudly critical of Chinese authoritarianism as Mr Amodei, who has strongly advocated strengthening America's curbs on AI chip exports to China.)

Matters came to a head after Amazon, the e-commerce giant that is a big investor in Anthropic, told the authorities that it had found security flaws in Fable, enabling it to "jailbreak", or override the guardrails. Posting on X, Mr Sacks accused Mr Amodei of refusing to "fix the jailbreak".

A source close to Anthropic says there was no refusal. The firm insists it gave the models to the government to probe for flaws weeks before Fable was released. It also disputes how serious the jailbreak was. There is no such thing, it has argued, as completely foolproof security controls for an AI model. Many observers assume that Anthropic was penalised chiefly out of personal animosity. After all, in February the administration accused Mr Amodei of having a "God complex" and Mr Amodei said Anthropic was being persecuted for failing to offer Mr Trump "dictator-style praise".

But underpinning such squabbling is a genuine regulatory conundrum. Having adopted a laissez-faire approach to AI, the Trump administration does not have many straightforward or calibrated ways of imposing its will on AI labs. Adam Thierer of the R Street Institute, a think-tank, says Mythos set off a tussle within the government over whether models had come to pose a sufficient threat to national security to require vetting before release. Hawkish types called for an official say over the release of new models. Some even floated the creation of a dedicated regulatory agency to that end. Instead, earlier this month Mr Trump issued an executive order creating a voluntary framework through which AI labs could work with the government before releasing new models. It is not yet up and running.



Without regulations in place, the administration is left with blunt tools. During Anthropic's row with the Pentagon, officials ended up declaring the firm a "supply-chain risk", thereby impeding government agencies from doing business with it—a potentially self-defeating stance to take towards America's leading AI lab. In the ongoing row over Mythos and Fable, the administration is said to have required Anthropic to seek a special export licence for every sale to a foreign entity. Since Anthropic cannot be sure whether foreigners working at American firms, for instance, might be using the models, the company ended up having to shut them down altogether—again, an outcome likely to do America more harm than good. Without clear rules, says Dean Ball, a former Trump administration official at the Foundation for American Innovation, a think-tank, the risk is that America winds up with government "dominance over AI" rather than American "dominance in AI".

The tensions are natural. It makes sense for a firm like Anthropic to want to distribute a powerful model as widely as possible. It is good for business because it caters to a burning need, in that criminals are already using AI to make their cyber-attacks more effective. It is equally understandable for the national-security apparatus to want to take charge of such a powerful technology, both for offensive and defensive purposes. "The national-security apparatus is in control mode," Mr Ball says.

The question is how control of the technology will be exercised. Although Mr Amodei sometimes talks in alarmist terms about the risks of AI, his favoured approach is a narrowly technocratic form of regulation. He calls for rules modelled on regulatory agencies such as the Federal Aviation Administration, whereby frontier AI models would be put through standardised technical tests and audits.

Yet even Mr Amodei acknowledges that, as models become ever more capable, AI will become the "dominant source of military and economic power". That gives the Trump administration and all its successors a clear and compelling interest in having their own levers to pull, including over Anthropic. As Mr Ball puts it, "No company gets to shake the foundations of state sovereignty while staying blithely above the raw reality of politics."

Both sides hope the row will blow over. It has benefited neither of them. In a capricious attempt to assert its authority, the government has upset people around the world who use Anthropic's models, as well as showing how short-sighted it was to dismiss the need for rules and regulations on AI in the first place. For its part Anthropic, acting like it knows best rather than bending over backwards to accommodate an antagonistic government, has ended up hamstrung, to the detriment of customers.

The fallout will hang over Anthropic's IPO. The suspension of a commercial model deployed to hundreds of millions of people is bound to affect its bottom line. What is more, investors and customers alike will worry about the risk of further such disruption owing to Anthropic's testy relationship with the authorities.

Ultimately, AI firms, for all the good they may do, are developing dangerous capabilities at a time when the laws to govern them are inadequate. Mr

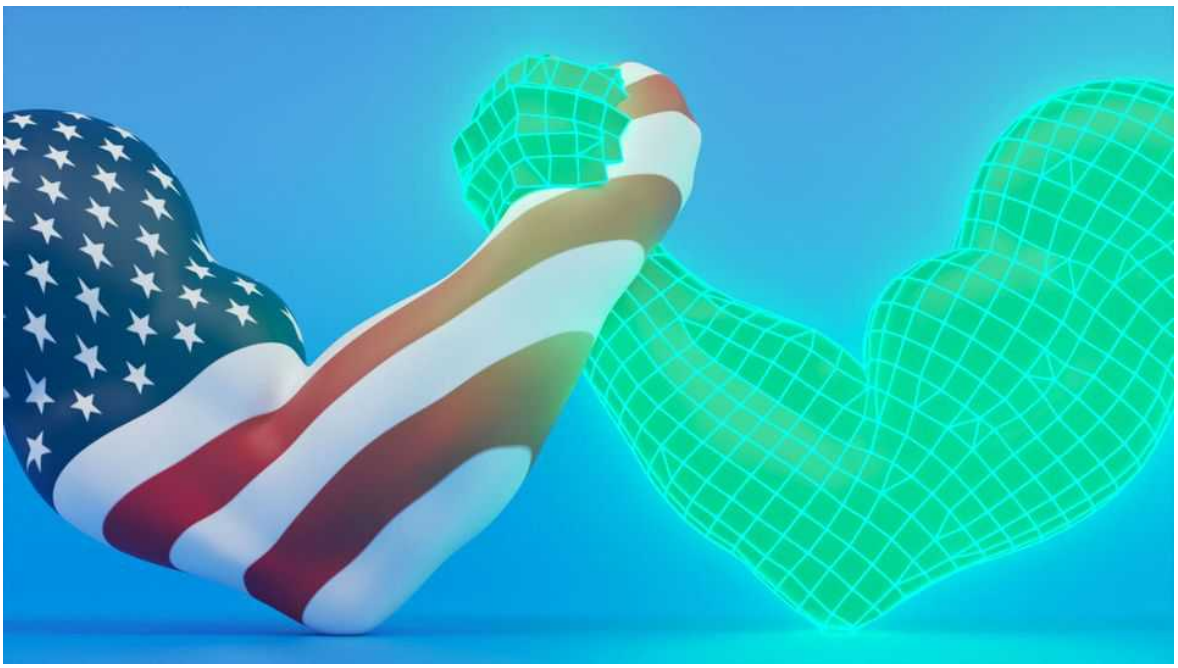
Amodei knows that regulations evolve far more slowly than models, so he finds himself acting as an unelected arbiter of safety. The elected government sees AI as too potent a technology to pass up. The tussle will persist until Congress writes new rules. ■

Briefing | The AI curtain

Donald Trump's blocking of Anthropic is capricious and chaotic

America's closest allies are shellshocked

June 18th 2026



IN BANNING foreigners from using Mythos 5 and Fable 5, Anthropic's most powerful models, America's government may simply have been seeking to punish the firm by the readiest means available. But whatever its intentions, it has demonstrated the difficulty of curbing access to potent technology.

The ban has echoes of America's decision to restrict public-key cryptography, a technology used to secure digital communications, from the 1970s to the 1990s. Back then the government argued that cryptography was akin to a munition; one developer was investigated by the FBI for violating the International Traffic in Arms Regulations. Civil-liberties advocates eventually prevailed, securing the right to use, sell and export most encryption systems.

Encryption was a potent technology, but narrow in its application. AI is far more powerful and versatile. On June 11th Mark Warner, the vice-chair of the Senate Intelligence Committee, said that General Joshua Rudd, who leads the National Security Agency and the Pentagon's Cyber Command, had told him that Mythos "broke into almost all of our classified systems, not in weeks, but in hours".

Advanced AI differs from encryption in another respect, too. Whereas cryptography eventually became widely available abroad, America today enjoys a clear lead in AI. China, hobbled by American chip controls, is probably about a year behind. That advantage could become unassailable if Anthropic or other American labs crack recursive self-improvement (RSI), whereby models write better versions of themselves and thereby accelerate progress. Many insiders think that is possible.

A better analogy, then, may be nuclear technology, a comparison that has inspired, fascinated and horrified AI researchers. During the second world war Britain shared its early nuclear-weapons research with America. But in 1946, with the war over and the bomb's awesome power demonstrated in Japan, Congress passed the McMahon Act, ending co-operation with all foreign countries, including close allies. Co-operation resumed only much later, after Britain had already shown that it could develop its own bomb.

America's allies are reeling again. Many had spent months securing access to Mythos for government agencies, banks and other big firms. Those permissions evaporated overnight. The ban does not even exempt America's partners in the Five Eyes intelligence alliance: Australia, Britain, Canada and New Zealand. They are already grappling with the recent lapse of some surveillance powers Congress had failed to renew. Britain's AI Security Institute, the world's leading body for testing and jailbreaking new models, is also locked out.

Some foreign policymakers see the ban as a wake-up call. "After a lesson this clear every nation will be asking what they need to achieve sovereignty," says Tom Tugendhat, a former British security minister. But middle powers are in a tight spot, writes Anton Leicht of the Carnegie Endowment, a think-tank. “Do you think a Trump administration that just refused to give you access to Fable is going to let you buy enough frontier chips to train an unrestricted Fable clone yourself?” Europe, especially, also lacks the processing power to pursue autonomy in AI.

Spy agencies are likely to regain access to Mythos, says a former British intelligence official; negotiations are under way. Some observers believe the American government will eventually have to relent for private firms, too. “Allies can perhaps take some comfort in the fact that this is a totally untenable approach to use long term, due to the number of foreigners inside American AI companies,” says Helen Toner of Georgetown University’s Centre for Security and Emerging Technology. “Preventing foreign nationals from accessing the models is essentially equivalent to preventing any company affected from doing any further AI R&D work.”

Anyway, restrictions on access often do not work. On the black market, hackers can buy American identities to gain access to AI models, as well as tools to jailbreak them, says Cynthia Kaiser, a former official in the FBI’s cyber division. Anthropic restricts use of its Claude model in China, yet some Chinese users still access it.

Mr Trump has pursued a bewildering approach to AI in recent months. He reversed most of the regulations put in place by the previous administration, which he has repeatedly mocked. He later permitted the sale of advanced AI chips to China. In April his hands-off approach to AI safety was called into question when Anthropic produced Mythos Preview, a model the firm judged such a threat to national security that it limited its release to a small group of approved customers. (Allies still have access to that.) On June 2nd Mr Trump issued an executive order calling for a voluntary framework whereby AI labs would give the government access to their latest models before release.

The sudden, capricious restrictions on Fable and Mythos are out of step with that approach and a far cry from the consistent, transparent oversight Mr Amodei advocates. In theory the Centre for AI Standards and Innovation, a government body that vets frontier models for dangerous capabilities, could serve as an independent arbiter in such disputes. But the administration recently instructed it to stop making its reports public (perhaps temporarily). As access to advanced AI becomes a matter of national security, America's management of it is increasingly opaque. ■

United States

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- Republicans are desperate to move on from the Iran war
- Populist president, meet socialist mayor
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United States | Down, not out

As American cities grapple with homelessness, one offers a fix

Denver's answer to a stubborn problem

June 18th 2026

DENVER's mayor is Mike Johnston, with a "t". Its unofficial "mayor of the streets" is Mike Johnson, with a teardrop tattoo and a soft voice—your correspondent can barely hear him over a karaoke performance of a Guns N' Roses song in the cafeteria of one of Denver's new homeless shelters. For years, Mr Johnson's life was a haze of pills, heroin and street living. Now he spends his days helping Denverites like him find shelter or a place to detox. That is easier than it used to be: Denver's tent camps have largely disappeared.

Homelessness in America declined by 3% between 2024 and 2025, yet the number of people without a home is still 31% higher than it was before the covid-19 pandemic. Since 2020 tents have proliferated, particularly in warm western and southern cities where people can camp year-round. This is a problem—for the homeless people who lack shelter, for locals who feel their cities have been overtaken by encampments, and for Democrats, who run many big cities and whom Donald Trump blames for urban chaos. Early evidence suggests Denver, led by Mr Johnston, a Democrat, may offer a solution.

In recent years policies on homelessness have swung between extremes. Officials struggled to balance compassion for society's most vulnerable—many of whom suffer from mental illness or drug addiction—with the concerns of residents and businesses tired of tiptoeing around faeces and needles. Inaction led to a political reckoning in cities such as San Francisco, where the mayor in charge while homelessness and public drug use ballooned was ousted by a moderate reformer.

A growing number of cities are offering a blunt solution. In 2024 the Supreme Court ruled in Grants Pass v Johnson that it was not cruel and unusual to punish homeless people for sleeping outside when they have nowhere else to go. More than 300 municipalities have since enacted camping restrictions, an approach with its own challenges. Business owners may be happier, but camping bans too often shift the homeless into hiding, hospitals and jails.

Denver has had a camping ban on the books for years, but saw its unsheltered population surge nonetheless. In 2023, when Mr Johnston took office, nearly 1,500 people were living on the streets, a large number for a city with fewer than 730,000 residents. "People are moving out of blue cities that don't solve this problem," the mayor explains. So he declared a state of emergency over homelessness. Since then the number of people living outside has fallen by 64%. For several years overall homelessness continued to creep up (see chart) with some people sheltered but not permanently housed. Yet Denver recently turned a corner there, too. The city's total number of homeless fell by roughly 12% between 2025 and 2026.

Like many ambitious policies, Denver's plan has depended on targeted investment and relentless focus. First, the city used funds from the American Rescue Plan Act (ARPA), Joe Biden's pandemic stimulus bill, to buy and lease new shelters. Roughly half of the $158m the mayor's office reported spending on its initiative came from the federal government. New hotels and tiny-home communities added roughly 1,000 shelter units.

Chester Burney has been living at the Aspen, a converted hotel, for 16 months. "After my wife died, I spiralled," he recalls. "It's nice to have somewhere you can try to get back on track." Crucially, the programme includes not just housing but support. Each floor has "care co-ordinators" who help “guests” get new IDs, food stamps and housing. Mr Burney now works at a burger restaurant and is planning to move into his own place in August. At another project, Elati Village, tiny homes were built in a city car park for $25,000 apiece. The usual NIMBY concerns may have been eased by a preference for neat cottages over camps.

“This entire block was encamped,” says Cole Chandler, the head of Denver’s Department of Housing Stability. He’s staring at a post office where a tent city, home to more than 100 people, used to be. Now, the streets are clean. Rockies and Cubs fans amble towards the ballpark for an afternoon baseball game. The new shelters allowed officials to bring entire encampments inside at once. In many cities homeless people sometimes decline shelter because they can’t bring their pets or belongings. So Denver allowed that.

Once the city cleared tents from an area, it closed that part of downtown to camping. Mr Johnson, the mayor of the streets, now attends a call each morning where officials discuss reports of new camps and plan their outreach. If someone erects a tent “you might be there for a day, if you’re lucky,” says Ana Miller, an advocate for homeless Denverites. Ms Miller laments this change. Yet the mayor (both mayors, in fact) might consider her testimony proof that the plan is working.

Denver’s early success is not without qualifications. A double homicide rocked the Aspen shelter in 2024. About one-third of people who leave city-owned shelters end up in jail, back on the streets or dead. “Our biggest challenge right now is the throughput into permanent housing,” admits Mr Johnston. A city budget crunch comes as the federal government is cutting housing vouchers and Medicaid, America’s health insurance for the poor.

Indeed the biggest question for cities may be how much progress they can make without federal help. Mayors routinely watch experiments elsewhere and adapt them for their own cities. “I like to think of Denver as the quintessential pragmatic approach,” says Samantha Batko, who has been evaluating the city’s policies at the Urban Institute, a think-tank. She suggests that local governments can make gains, even without ARPA dollars, by co-ordinating outreach and tracking new camps in real time. Indeed, Dallas saw success with a similar approach. Other mayors are eager to act. Mr Johnston recalls how three contacted him in a single day to ask about Denver’s homelessness plan. “We want to do this,” they told him. ■

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United States | Onwards, downwards

Republicans are desperate to move on from the Iran war

The conflict will have stubborn political after-effects

June 18th 2026

November's midterm elections were always going to be difficult for Republicans. The last time the incumbent president's party gained seats in Congress in a midterm election was in 2002, when Americans rallied around George W. Bush after the September 11th attacks. Donald Trump's war in Iran will have a different impact. That's in part because Mr Bush's "war on terror" eventually left many Americans sceptical of foreign entanglements. It's also because this particular entanglement has been phenomenally unpopular, and will have stubborn after-effects.

Questions about the deal remain, but a few things have become clear. The war has come at a cost to American treasure and prestige. Having burned through munitions, America's ability to deter other enemies has been weakened. The conflict has frayed its alliances and shocked global oil markets. For many on Capitol Hill, there is also the vexing question of how the war's end will affect their job prospects.

Just 27% of voters thought America should attack Iran, according to an Economist/YouGov poll conducted a week before the first strikes. Mr Trump's magnetism within MAGA is such that Republican approval for the strikes jumped from 56% to 76% in the week after the attacks. However, wider support failed to materialise. By early June approval of the war was negligible among Democrats (7%), low among independents (18%) and had even slackened among Republicans (59%). A poll conducted on the eve of the deal's announcement showed that more than half of self-identified MAGA supporters thought the country should push for one as soon as possible.

However, the deal gives Republicans on Capitol Hill little relief, as a matter of policy or politics. A handful are blunt in their assessments. "Reagan is rolling over in his grave", said Bill Cassidy, an outgoing Republican senator. "Giving billions of dollars to theocratic lunatics who want to murder us is not a good idea," observed Ted Cruz, another Republican senator. Many Republican colleagues share their concern, more quietly. MAGAsphere critics are less shy. On June 17th Ben Shapiro, an Iran hawk, called the deal "a disaster". Tucker Carlson, another right-wing commentator, said the conflict was ending "not a moment too soon", but that the agreement made Iran a "major player".

The biggest concern, for vulnerable Republicans, is the war's effect on prices. News of a deal sent average petrol prices falling by about 12% from their peak in May, but they remain 35% higher than before the war. It will take time to clear Hormuz of mines and return crude output to pre-war levels. America also has fewer buffers against another supply shock. Since March the administration has tried to blunt high oil prices by releasing barrels from the Strategic Petroleum Reserve. It is now emptier than at any point since 1983, leaving Mr Trump less able to respond should talks with Iran falter or a summer hurricane disrupt American refineries.

For Democrats, this is a political gift. “It combines both an unwanted foreign military adventure with a direct hit to household finances,” enthuses a senior Democratic aide. “I can’t overstate how big of a political disaster this is for any Republican.” Republican strategists remain optimistic, at least on the record. “Politically, the midterms are light-years away,” insists Charlie Gerow, a Republican strategist from Pennsylvania. “If it’s off the front pages for four or five months, I don’t think this is going to have a political impact,” says Ford O’Connell, a Republican strategist. The party’s best hope may be a big new distraction. Mr Trump has many talents, but that is his speciality. ■

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United States | Washington’s next cage match

Populist president, meet socialist mayor

America’s capital is poised to elect a new leftist leader

June 18th 2026

IT IS NOT quite right to say that Donald Trump despises Washington, DC. His relationship with the capital is more ambivalent. Some of his interventions have improved the city (the parks look better), while others have damaged it (the tax base looks worse). Most residents, though, are not the least bit mixed in their feelings towards the president: they despise him. That hostility appears to have powered Janeese Lewis George, a far-left candidate for mayor, to victory in the Democratic primary. The race was still uncalled as The Economist went to press, but the gap appeared too large to overcome.

That all but ensures that Ms Lewis George will become mayor of the deeply Democratic capital. It also probably means more turbulence in the relationship between the city and Mr Trump. Days before the vote, he said he might "take back Washington" and "run it on the federal basis" if she won. On election night, Ms Lewis George recalled voters telling her: "If Trump doesn't like you, I love you!"

Such antagonism may play well in a Democratic primary, but Washington is a federal enclave with limited autonomy, meaning it can ill afford to cross the feds. Last year Mr Trump took control of the local police force temporarily, deployed National Guard troops to fight crime and sent in federal agents to round up illegal immigrants. Congress also has the power to nullify local laws, something it has done twice in the past three years. Republicans want to go further. Last year they proposed 14 bills that would restrict the city's self-government, known as "home rule".

Washington's current mayor, Muriel Bowser, managed Mr Trump deftly. She ordered local police to co-operate with federal law-enforcement officers, including immigration agents. She also made other conciliatory moves, such as paving over the giant "Black Lives Matter" emblem that had been painted on a boulevard outside the White House. Critics on the left called this appeasement. Ms Lewis George has vowed to end co-operation with Immigration and Customs Enforcement.

The rest of her agenda is ambitious—and expensive. Ms Lewis George is a Democratic Socialist in the vein of Zohran Mamdani, the mayor of New York City. Like him, she has proposed stronger rent controls and more subsidies for child care and public transport. How Washington would pay for it all is less clear. The city is expected to run a $1.3bn deficit this year.

That is in part a consequence of the president's cuts to the federal workforce. The number of federal jobs located in Washington declined by 14% over the past year. Cuts to government contracts have hit private-sector employment, too. As a result, the city's economy is expected to contract this year. Walk through downtown on a Friday and the streets have the eerie quiet of a post-apocalyptic disaster film. About a fifth of offices are vacant.

Ms Lewis George seems to think the main problem is NIMBY constraints on a hot housing market. She wants to see 72,000 units built over five years, much of them subsidised. But soft demand has caused rents in the city to fall. (Washington still has one of the worst non-payment rates in the country.) Developers, in turn, have pulled back. Last year the number of building permits issued was the lowest in 12 years. Most affordable-housing developments operate at a loss. The candidate's affinity for rent control will not help.

To grow again, the city will need to lure investors and, crucially, people. Crime has fallen but remains disconcertingly high. The city's lax approach to public safety has become a flashpoint between progressive local council members (Ms Lewis George among them) and the federal government. Even many Democrats in Congress think the council is too soft on crime. In 2023 Joe Biden overrode a local law that would have reduced penalties for carjackings, among other things.

Mr Trump has gone much further, provoking the ire of city residents. In Ms Lewis George, they may have found a fighter. But there is little to gain by sparring with the president. Washington needs a problem-solver much more than a pugilist. ■

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United States | Live and let die

Political manoeuvres are delaying a spy law and new intelligence chief

Crucial surveillance authorities have lapsed

June 18th 2026

AMERICAN INTELLIGENCE agencies are used to analysing chaos, but in recent weeks they have endured a different type of uncertainty. First there was the resignation, announced on May 22nd, of Tulsi Gabbard, the director of national intelligence (DNI). Then came Donald Trump's move to replace her with Bill Pulte, a housing official with no national-security experience who used his access to mortgage records to support probes of Mr Trump's opponents. That prompted Democrats to declare that they would block the renewal of important spying powers until the president offered a better alternative.

Mr Trump did so on June 11th, nominating Jay Clayton, the US attorney for the Southern District of New York. Mr Clayton is generally considered a more sober choice than Mr Pulte. But on June 16th Mr Trump said Mr Clayton would not appear for a scheduled confirmation hearing, and that a deal on spying powers would depend on yet another political fight, over voter-identification requirements. As is so often the case with Mr Trump, these theatrics obscure broader questions, on the scope of surveillance powers and the role of the DNI itself.

The spying authorities at issue were created in 2008, in an amendment to the decades-old Foreign Intelligence Surveillance Act (FISA). Under Section 702 of the amended law, agencies could instead get approval for surveilling foreigners' messages by providing a broad rationale—say, counter-terrorism—rather than obtaining individual warrants.

The result was a torrent of intelligence. In 2022, for instance, 59% of the articles in the president's daily brief drew on information gathered by the National Security Agency, America's signals-intelligence service, using Section 702. Privacy advocates disliked the law's scope and the way it enabled the government to sweep up the communications of some Americans. Even Mr Trump was once opposed to it, believing that it had been used to snoop on his 2016 presidential campaign.

This year the White House has pushed for the law's renewal, without reform. Letting it lapse, warned Marco Rubio, Mr Trump's secretary of state, would be "devastating to national security". Section 702 affects America's allies, too, particularly those in the intelligence-sharing Five Eyes pact, which includes Australia, Britain, Canada and New Zealand. They not only benefit from the intelligence, but have deeply entangled intercept systems.

Yet lapse the law did, at midnight on June 12th, after its renewal was blocked by both those opposed to the selection of Mr Pulte and those demanding stronger privacy protections. Mr Trump's new manoeuvring with Mr Clayton will further delay a vote and give privacy advocates in the Senate more time to press their case. Ron Wyden, a Democrat, and Mike Lee, a Republican, have supported restrictions including a requirement for warrants to obtain Americans' data.

The concern now is that American telecommunication and tech firms will refuse to hand over certain data, fearing that they will no longer enjoy legal protection for doing so. Sceptics retort that there is ample time for a solution. The FISA court has approved broad warrants that last until March, so there is little risk of going dark overnight. Other parts of FISA also survive, allowing spies to seek warrants on a case-by-case basis. "Any genuinely urgent collection against a specific target can proceed through an individualised court process," notes Patrick Eddington of the Cato Institute, a think-tank, "which is exactly what the Fourth Amendment contemplates and what the reform coalition has urged for years."

That Mr Trump would knot together Section 702, a voter-identification bill and a DNI confirmation suggests that he is less concerned than Mr Rubio about FISA authorities. It is also a reminder that he doesn't particularly mind if the office of the director of national intelligence (ODNI) has a qualified leader.

The ODNI was created in 2005 to promote sharing among intelligence agencies, whose habit of hoarding secrets had contributed to the failures before 9/11. However, the new office struggled to stamp its authority on the agencies that actually collected the intelligence and controlled budgets. Ms Gabbard, in particular, remained on the periphery. When it became apparent that she was absent from important foreign-policy debates—she was on holiday during the raid to capture Nicolás Maduro and opposed war on Iran—her authority waned further.

But she and Mr Trump had already taken steps to reduce the ODNI's heft, aiming to cut its staff by more than 40%. On June 10th Mr Trump said he wanted to go further with "immediate and needed downsizing…reverting staff to their home agencies". For now, the president seems content with no new spy law and no new DNI. That is a reminder of his comfort with volatility—and no small contempt for the machinery of intelligence. ■

United States | Bone of contention

Pet-custody laws in America are changing

More states are weighing pets' interests, not just their price

June 18th 2026

Delaware's chancery court, known for presiding over some of America's most important corporate litigation, recently had to decide a particularly hairy dispute. An estranged couple could not decide who would keep their goldendoodle, Tucker, so a judge said ownership would go to the highest bidder. In the end the ex-boyfriend's bid had more bite. If the couple had been married, however, things might have ended differently. Since 2023, Delaware has ordered judges to decide the fate of divorcing couples' pets through a consideration of their "well-being".

In most of America, divorce laws treat animals as property. Yet a few states are starting to break from the pack. A bill in Massachusetts would require judges to weigh the "best interests" of companion animals in divorce disputes. Pennsylvania's House passed a bill last year that would classify pets as "living beings that are generally regarded as cherished family members".

If these measures succeed, Massachusetts and Pennsylvania would join the roughly half dozen states that require courts to consider pets' interests when dividing a household. Laws may become more expansive, too. Illinois granted pets a special status in divorces in 2018, but in April lawmakers moved to allow long-term partners and roommates to battle for custody of shared pets, too.

This reflects a cultural shift. Nearly all pet owners consider pets to be part of the family, according to a survey by the Pew Research Centre; 51% value their pets as much as they do human family members. A separate survey by Talker Research found that nearly half of Gen Z respondents see their pets as their children. The money follows. Americans spent $152bn on their pets in 2024, more than double the figure a decade earlier. Goldendoodles like Tucker can cost up to $100,000, if purchased fully trained.

Proponents reckon that courts everywhere should consider which partner treats a pet better and arrange for financial support. A recently divorced woman in New York says that her pet-custody arrangement, in which her ex-husband pays her $1,000 a month, lets her care for their two dogs.

The risk is that new custody laws will swell court dockets and raise the already hefty cost of splitting up. The Colorado Bar Association has complained that divorce courts are already overloaded with child-custody and domestic-violence issues.

Legislative reform moves slowly; break-ups do not. For couples splitting before the statutes catch up, lawyers are recommending "petnups", prenuptial-style agreements spelling out who keeps the pet if a relationship ends. A petnup now might avoid a cat-fight later. ■

United States | False promises

Scammers are preying on America's illegal immigrants

Fake lawyers see opportunity in Donald Trump's crackdown

June 18th 2026

In orange county, Florida, high-dollar fraud cases usually involve dubious crypto and property deals or tax evasion. But in late April the sheriff announced something stranger. The state attorney-general's office is accusing a man, his wife and two others of running a fake immigration-law firm out of a boarded-up Orlando storefront. Operating as "Legacy Imigra", they allegedly charged hundreds of immigrants—mostly Brazilians, in at least four states—for bogus services and filed fraudulent asylum applications on their behalf while holding their real documents ransom. The indictment claims that the foursome swindled aspiring Americans out of more than $20m.

Federal prosecutors in New York are going after an even more elaborate scheme. There they say a group of Colombian defendants not only posed as lawyers and extorted clients, but dressed in judges' robes and police uniforms, staged sham court hearings over video calls and issued fake documents stamped with government seals. They even convinced "clients" to skip real court hearings, leaving them more vulnerable to deportation.

The indictments expose a business that is booming in Donald Trump's America. As the administration narrows legal pathways to citizenship and ramps up deportations, more immigrants are becoming desperate for legal protection. A growing industry of scammers is cashing in.

Last year immigration arrests in America nearly tripled, yet just 42% of immigrants in deportation proceedings have a lawyer. Because immigration cases are civil, defendants have no constitutional right to one. The consequences of facing the government alone are stark, especially because most who come before a judge don't speak English. An analysis of 1.2m cases by the American Immigration Council, an advocacy group, found that immigrants facing deportation were at least three times more likely to win their cases if they had a lawyer. For those who had been detained, their chances improved tenfold.

To scammers, immigrants' high demand and desperation has proved irresistible, a chance to scale up a model that has worked for them for years. Unscrupulous characters have long preyed on Spanish-speakers who confuse "notarios", the word for an expert lawyer in many Latin American countries, with "notary", a legal witness who can get certified in America with an online application and a basic background check. For years "notarios" in Los Angeles have solicited clients outside courthouses and driven vans through immigrant neighbourhoods offering "mobile services", mostly without repercussions. But now more people are falling for it, says Gina Amato of Public Counsel, a California firm. "At a time when the stakes are so high, they're out here selling dreams."

What started as a network of local scams has now become much more sophisticated online. Scammers are using Facebook, TikTok and WhatsApp to mimic specific immigration lawyers and non-profits that are known to do good work. About one-third of Catholic Charities' chapters have been impersonated. “In the past year it’s exploded,” explains Consuelo Kwee of the Diocese of Raleigh. “I receive five to ten calls a day from people who have been scammed.” One man recently asked her why, after paying the non-profit $50,000 and waiting a year, his family’s documents still hadn’t arrived in the mail. “When I told him he wasn’t one of our clients he started crying,” she says.

A careful observer can often spot a dupe: fraudsters promise results, real lawyers are not so naive. But AI is doing away with the distinction. With as little as a minute of genuine footage, scammers are making deepfakes. Ángel Leal, an immigration lawyer in Miami, found videos falsely depicting him handing papers to a tearful family waving an American flag and advising a handcuffed man in detention. Since March he has taken down more than 6,400 fake profiles using his name, with the help of some anti-piracy gurus. Getting content deleted isn’t always easy. Jared Jaskot, a Baltimore lawyer who represents teens eligible for green cards because they have been abused, asked TikTok to remove viral clone accounts that are sharing his content to scoop up clients. The platform responded that it found “no violation” of its “community guidelines”.

Big Tech could do more. Meta, which removed 159m scam ads of all sorts last year, has rolled out new AI-trained tools. On WhatsApp users now receive a warning if a request to link accounts “might be suspicious”; on Messenger chats that show “patterns of common scams” ask if users want to submit them for an automated review. The company says this gives people “the chance to pause and reconsider”. For those who have already committed to chasing the American dream at tremendous cost, that might not be enough.

The arrests in Florida and New York may deter some entrepreneurial scammers from scaling up. But the federal government has never done much to combat “notario” scams. ProPublica, an investigative news outlet, found that the number of immigration-fraud complaints filed to the Federal Trade Commission has doubled since the president returned to office. Fraudsters seem to have found an ideal target: a group demonised by America’s leaders whose desire to remain under the radar means they seldom report getting swindled. For those trying to help, “it’s a tragic game of whack-amole," says Charity Anastasio of the American Immigration Lawyers Association, a trade group. "And it's only going to get worse." ■

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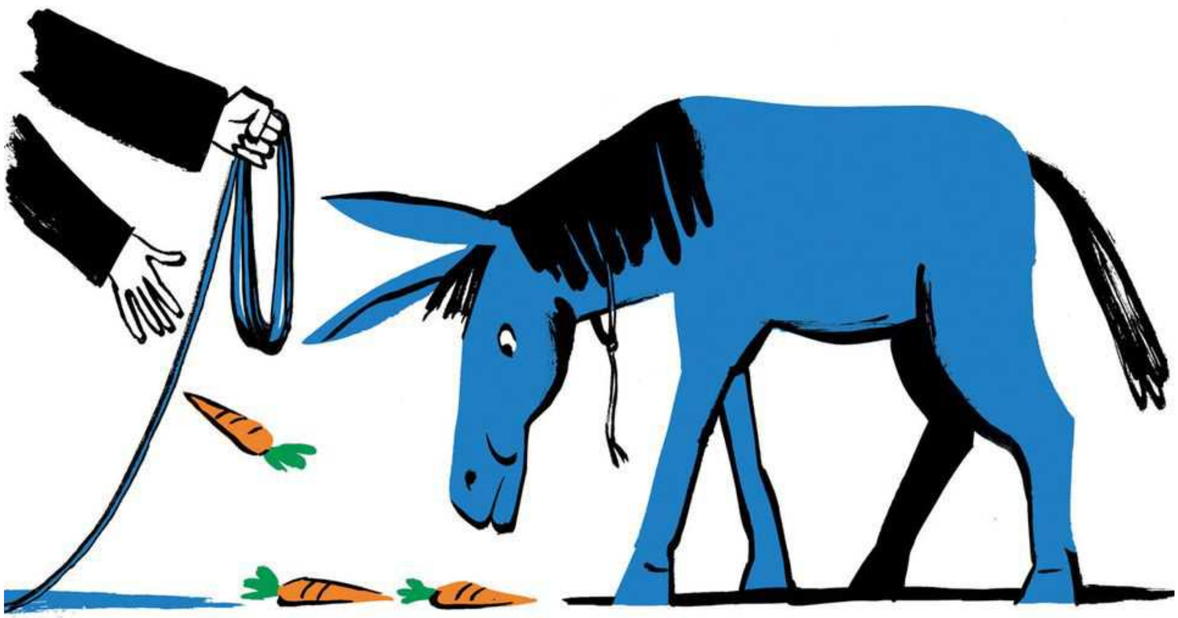
The left is coming for Democratic incumbents

In primary challenges, Mayor Zohran Mamdani is trying to install allies in Congress

June 18th 2026



Adriano Espaillat is the only formerly undocumented immigrant representing New York in Congress. He is so respected as a leader on matters concerning Hispanic Americans that he chairs the Congressional Hispanic Caucus. He called for dismantling Immigration and Customs Enforcement (ICE) as far back as 2018. And yet, as New York's Democratic primary nears on June 23rd, he is in a fight for political survival against a first-time candidate, a graduate student in sociology less than half his age who is attacking him for not standing up to ICE, among other matters.

So it is going across New York City, in the most intense manifestation of what Democratic officeholders are experiencing across the country as congressional primaries unleash the party's id. Candidates in New York who are not quite far enough left, or who bear a whiff of the establishment by virtue of their experience in public office, are struggling against insurgent challengers. For them the lesson for the Democrats of past defeats is not to moderate, but to charge the barricades.

In New York's tenth congressional district, which jumps from lower Manhattan into Brooklyn, the incumbent congressman, Dan Goldman, is a former federal prosecutor who served as the lead counsel in the first impeachment of Donald Trump. His opponent, Brad Lander, is attacking him as a "corporate Democrat" who is helping enrich the president. When the candidates were asked in a recent debate if they would support a third impeachment of Mr Trump, Mr Lander's hand shot up. After a moment Mr Goldman followed suit, but then exposed himself as a squish: "But after investigations," he said. Polls have him trailing.

In these primaries Israel—or, rather, sufficiently strident opposition to Israel—is a dominant concern. That is true in Mr Espaillat's race, though his district, the 13th, which stretches through Harlem and into the western Bronx, might seem beset by more immediate challenges than Middle East strife. The Palestinians' plight has been the animating political cause of his challenger, Darializa Avila Chevalier, since she was an undergraduate at Columbia University, where she co-founded the campaign to press the university to divest from Israel. As an alumna, she helped organise campus protests during the war in Gaza that followed the Hamas attacks of October 7th 2023. She has hammered Mr Espaillat for accepting money from donors to the America-Israel Public Affairs Committee (AIPAC), a pro-Israel group.

Anger at Donald Trump and Israel, frustration with the status quo, impatience for generational change—these sentiments have been boiling over in Democratic primaries from Durham, North Carolina to Los Angeles, California. In New York they are given greater heat by the new mayor, Zohran Mamdani, along with two left-wing groups, the Democratic Socialists of America (DSA) and the Justice Democrats. As Mr Mamdani works to install loyalists in the congressional delegation, he has surprised the city's politicos with his ruthlessness. "Regular Democrats are petrified because they know that the Justice Democrats and DSA are running modern, complex, very interesting and exciting campaigns," says Juan Carlos

Polanco, a former president of the board of elections who is now a professor of law at the University of Mount Saint Vincent in the Bronx. "If they have enough members of Congress that are all in the Mamdani camp, they will be juggernauts."

Mr Mamdani broke a reported commitment to support Mr Espaillat and instead endorsed Ms Avila Chevalier. The mayor is also supporting Mr Lander against Mr Goldman. In the seventh district, known as the "Commie Corridor" for its density of Brooklyn and Queens hipsters, Mr Mamdani refused to endorse the anointed successor of the retiring congresswoman, Nydia Velázquez, an early supporter of his own run. "Your actions are raising serious concerns about taking you at your word—and that is very, very, very problematic in this business," Ms Velázquez sniped about the mayor to Politico. She favours Antonio Reynoso, the Brooklyn borough president. Mr Mamdani supports Claire Valdez, a first-term member of the state assembly who also came to politics via Columbia University, which, seemingly by accident, has done more than any other institution lately to radicalise New York's politics. Ms Valdez became a union activist while working in Columbia's visual-arts department.

The template for these races, including Mr Mamdani's, was set in 2018 by the congressional campaign of Alexandria Ocasio-Cortez. The Justice Democrats, which recruited her to run, had discovered a clever hack: because few Democrats vote in city primaries, and because no Republican stands a chance in most general elections in the city, an insurgent could win office by energising a relatively small number of voters. In her first primary Ms Ocasio-Cortez won fewer than 17,000 votes; that was more than enough to dispatch a ten-term incumbent and rattle American politics. This was also Mr Mamdani's path. Though much was made about his success in turning out voters, less than 30% of Democrats participated in the primary that, in effect, delivered him the office.

In that primary Mr Mamdani carried Mr Espaillat's district by 13 points, and the DSA is growing fastest in that area. Ms Avila Chevalier has their typical candidate profile. What she lacks in experience she makes up for with sunniness and self-certainty. She also has the usual barbaric history on social media. Just a few years back she called Joe Biden "a rapist", wrote "fuck Kamala Harris", described wiping her hand on the American flag, suggested white people should not be in interracial relationships and declared “no more police at all ever”. She has waved away her tweets as “the politics of the past”. Mr Mamdani said her views “have evolved”. The Democrats may be in for some serious evolving, too. ■

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The Americas

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The Americas | The bellwether

Travel Brazil’s mirror-state to see the country’s future

No one has ever been elected president in Brazil without carrying Minas Gerais

June 18th 2026

Minas Gerais, the second-most populous of Brazil’s 27 states, is often overlooked. It should not be. The geography and ethnic make-up of Minas, as the state is known, reflect Brazil’s. In the south, its forests spill into Rio de Janeiro; to the north, dry hinterlands run into the poor state of Bahia; north-west is Goiás, an agricultural powerhouse, in which sits the capital district of Brasília; the west borders wealthy São Paulo. More than half of the 21m mineiros say they are black or mixed-race—about the same as the nationwide share. The state is a crucial political battleground. Since 1989, when Brazil’s first democratic election was held after 21 years of military dictatorship, no one has won the presidency without carrying Minas.

Few know this better than Luiz Inácio Lula da Silva, known as Lula, Brazil's president, who is running for his fourth term in the general election in October. He visited Minas eight times in 2025, and chose it as the site to launch a national programme offering subsidised cooking gas to poor households. Senator Flávio Bolsonaro, the right's leading candidate and son of Jair Bolsonaro, a populist right-wing former president, knows it too. He visited the state this month. His team considered offering the vice-presidential candidacy to Romeu Zema, who recently resigned as Minas's governor in order to run for president. The Economist travelled across Minas to understand what Brazil's mirror-state reveals about the country's future.

If Flávio falters, Jair Bolsonaro's political heir will probably be a mineiro, Nikolas Ferreira (pictured), who was elected to Brazil's lower house in 2022 as one of 53 representatives from the state. The 30-year-old provocateur, the son of an evangelical pastor, won more votes than any other congressman in the country. In videos for his 33m social-media followers he lampoons "gender ideology" and "cultural Marxism", visits mega-prisons in El Salvador and sells leadership-coaching programmes.

Social media are Mr Ferreira's weapon. In 2022, in the months after the national election, Alexandre de Moraes, a combative Supreme Court justice, temporarily blocked his accounts for spreading lies about voting machines. Elon Musk, the world's richest man, rallied to Mr Ferreira's defence, calling him "brave". Last year Mr Ferreira falsely claimed that the government was going to start taxing transactions made on Pix, Brazil's popular instant-payments system. The video was viewed 300m times, helping to cause the largest fall in Lula's approval rating this term.

The content Mr Ferreira publishes is inflammatory. But his baby-faced demeanour and proclaimed religious convictions broaden his appeal. This has unnerved Mr Bolsonaro's sons, all of whom are politicians. In April Eduardo Bolsonaro, a former congressman now living in Texas, posted a long denunciation of Mr Ferreira on X, a social-media service owned by Mr Musk, accusing him of "sidelining Flávio". "The spotlight and fame have done you no good," Eduardo scolded. "The day that Nikolas breaks away from the Bolsonaros, he'll be elected president," muses one of Mr Ferreira's political rivals. "I reckon the penny has finally dropped for him."

Mr Ferreira is not the only right-wing mineiro ruffling Bolsonaro feathers. Mr Zema, a liberal technocrat, criticised Flávio recently after recordings were published in which he can be heard asking a corrupt banker for money. Mr Zema called it a "slap in the face for decent Brazilians". He says the Bolsonaros "should get all the credit for having created, having saved, the Brazilian right". Then he quickly adds: "But we know that any cult of personality, any dependency on a single person is bad... there is no saviour of the nation." What cult there is may be shifting. In January Mr Ferreira led 18,000 fans on a 240km "Walk for Freedom" from Paracatu in Minas to Brasília in support of Jair Bolsonaro, who is in jail for attempting a coup in 2022. Despite several people being struck by lightning during the march in torrential rain, his fans continue to adore him.

As with the Brazilian right, so with the economy: Minas represents the country's most pressing issues. The state finances are in ruins, mostly thanks to the cumulative effect of unfunded pension payments. Interest costs leave little space for discretionary spending. Under Mr Zema's governorship Minas contracted no new debt from the federal government; the state has run primary surpluses since 2021. But the existing debt means that whoever wins the race to succeed him will still have to cut spending hard, a sure vote-loser. "It's madness to take on this mess," says João Gabriel Pio, chief economist of Minas's industry association. "Whoever takes over won't have any room for manoeuvre."

The same could be said for the presidency. The IMF reckons that Brazil's gross public debt will reach 107% of GDP by 2031, thanks in large part to sky-high real interest rates, currently around 10%. Juicy returns mean that wealthy Brazilians prefer to keep their money in savings accounts rather than investing it productively in machinery, R&D or infrastructure.

Nowhere is the damage caused by these public-finance constraints more visible than in Minas. Its roads are a mess. Brazil's transport-industry body ranks a greater share of them as poor quality or worse than in any neighbouring state. It produces 40% of Brazil's mineral output, including iron ore, tin, graphite and most of the world's niobium. Troves of rare earths used in everything from wind turbines to weapons sit in the state's south-west. Yet local economists lament that Minas still exports most of its raw materials rather than processing them to reap more value at home.

"We don't need to be condemned to poverty for ever," says Marco Crocco of the Federal University of Minas Gerais. "We can't go from mining lithium to making batteries in one day. But we do need to improve our education and infrastructure, invest in R&D and de-risk private financing." Mr Pio is blunt: "If we want to seize this opportunity, we have to face our structural problems head-on."

Even where mining booms, some locals are unhappy. In the Jequitinhonha river valley, an arid shrubland in north-east Minas rich in lithium, they complain that they see little of the wealth dug from the ground. Since Brazil's largest lithium mine opened in 2023 outside Araçuaí, a town in the valley, there are new shops and more jobs. But rents have shot up, says Danilo Borges, a councillor. His constituents worry that rivers are drying up. They hate the mine dust that now fills their houses.

Here Lula wins comfortably. "I voted for Lula and I'll never regret it," says Maria Rita da Conceição Santos, a 55-year-old grandmother in Taquaral Seco, a village near Araçuaí. "He's someone who was poor and knows the value of a poor person. Not the others! Those others are just a sham."

This popularity may secure Lula a fourth presidential term. But that does not carry over to his Workers' Party (PT). Lula scraped to victory in Minas in 2022, but the PT did badly in municipal elections two years later, taking just 35 of the state's 853 municipalities. One Lula confidant reflects gloomily on his party's prospects. "I think the PT will fragment into different parts after Lula is gone—he is the glue that holds the party together."

Lula is 80. The right wing will probably flourish in Minas after he leaves politics, while the PT is likely to struggle. So the coming battles for Brazil's heart will probably not be between left and right, but between Mr Ferreira's brand of populist rage and the technocratic libertarianism espoused by Mr Zema. ■

Correction (June 17th): An earlier version of this article said that Alexandre de Moraes temporarily blocked Nikolas Ferreira's social-media accounts in the run-up to the election in 2022. In fact, he did so in the months after the election.

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The Americas | Oceans apart

The Colombian diaspora is overwhelmingly right-wing

But not in Russia

June 18th 2026

Ahorn blares as people enter the church to vote for Colombia’s next president. María (not her real name) chose Abelardo de la Espriella, the right-wing populist known as El Tigre, calling him “the solution for our country”. It was the first time she had voted. Esteban, a graduate student, opted for Iván Cepeda, the left-winger bidding to emulate and succeed the incumbent, Gustavo Petro. He says he wants “equality in one of the most unequal countries in the world”.

Maria and Esteban cast ballots at St Paul’s in Marylebone in London. They are two of nearly 590,000 Colombians abroad who did so at 253 polling stations across 67 countries; polls were open for a week before the first-round vote on May 31st. Colombians can vote only in person, and must present a Colombian ID to do so.

In 1962 Colombia became one of the first countries in Latin America to grant political rights to its citizens abroad, when those resident outside the country were given a vote in presidential elections. In 1991 a new constitution expanded the franchise to those abroad for shorter periods, and let non-residents vote in congressional elections. In 2002 the diaspora was given a dedicated seat in Congress.

The 5m Colombians abroad are the largest diaspora of any big democracy in South America. Their annual remittances are worth nearly 3% of GDP. Though just a quarter are registered to vote, between 2002 and 2026 the number rose eightfold, from 165,000 to 1.4m. Turnout is up, too. In the first round in 2022, just 31% of voters registered abroad cast a ballot. This year 41% did so. "People feel very strongly" about both candidates and so turn out, says Christopher Sabatini of Chatham House, a think-tank in London. "This is one of those polarising elections."

No candidate got a majority in the first round, prompting a run-off between Mr de la Espriella and Mr Cepeda on June 21st. But the diaspora favoured Mr de la Espriella, handing him 54% of their vote to 28% for Mr Cepeda. Colombians abroad tend to lean rightwards, but there is geographical variety (see map). In the United States Mr de la Espriella got 72% of the vote to Mr Cepeda's 15%. In Spain, home to Europe's largest diaspora community, Mr Cepeda got 43% of the vote.

Leydy Diossa-Jiménez, a political sociologist at the University of Michigan, says that "you cannot detach voting preferences of Colombians abroad from the historical causes of their exit." Colombians in Europe historically may have been victims of right-wing paramilitary forces, whereas those in America fled armed violence from left-wing guerrillas. Mr Sabatini says many Colombian expats blame the deterioration of their country on "leftist guerrillas, and most recently Petro's naive plan of total peace". The "hothouse environment for politics" in Florida, where many Colombians in the diaspora are concentrated, "tends to reinforce these tendencies".

Polling stations opened to the diaspora for the run-off vote on June 15th. Unless their turnout rises dramatically, they probably will not sway this election. Nor will their votes be particularly visible. In Peru, where the diaspora can only vote on election day, votes from abroad were naturally counted last. They tipped the conservative Keiko Fujimori to a wafer-thin victory in the presidential run-off on June 7th. The Colombian diaspora results, on the other hand, are released alongside the general vote. Still, if registration and turnout keep growing as they have in the past, Colombians abroad could become a powerful bloc in the 53m-strong country. ■

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The Americas | WestCol's world

The Gen-Z streamer from Medellín influencing Colombia's election

Algorithms, not debates, will determine the country's next president

June 18th 2026

"If Pablo Escobar had said to you, 'I need a lawyer,' what would you have replied?" Some reporters might have avoided asking such a pointed question of the man who may be Colombia's next president. Yet WestCol (real name Luis Fernando Villa) is not shy. The tattooed 25-year-old from Medellín bills himself as Latin America's biggest streamer. Abelardo de la Espriella, the right-wing populist presidential candidate and former lawyer who has defended swindlers and paramilitaries, draws the line at the notorious drug lord. "I'm a man of law, of argument and conversations," he told WestCol.

Mr de la Espriella is not the only politician who sat down with WestCol during Colombia's presidential campaign. Mr Villa has livestreamed to his

15m followers from the estate of Álvaro Uribe, an influential right-wing former president, and has done the same “sin filtro” from the Casa de Nariño, the official residence of the outgoing leftist incumbent, Gustavo Petro. “I’m going to ask him for tips on how I could become president,” quipped Mr Villa, who has become an unlikely kingmaker for young Colombians wondering who to vote for in the run-off on June 21st.

Politics is not Mr Villa’s usual fare, but it is popular. Some 700,000 viewers tuned in to watch his two-hour chat with Mr de la Espriella on May 30th, the day before the first-round vote. Forced from his home at a young age by guerrillas, Mr Villa grew up on the streets of Medellín. He made his name streaming video games, before expanding into nightclubs, restaurant chains, boxing and merchandise. He now promotes music with J Balvin, Colombian reggaeton royalty. His success inspires many Colombian youths who feel the system is rigged against them. “I never thought I’d have the watches I have today,” he muses. “People you do business with take you a little more seriously.”

Podcasters like Joe Rogan popularised the cosy-but-candid interview format during elections in the United States in 2024. Mr Villa operates in the same spirit of the “manosphere”; in 2022 he got into legal trouble for content he published about transgender people, who are a protected class under Colombian law. Through Mr Villa, Mr de la Espriella was no doubt hoping to reach young voters, 70% of whom plumped for Mr Petro in the run-off in 2022. It seems to be working. Only about 60% of those aged 18-25 voted for Iván Cepeda, the hard-left ally of Mr Petro, in the first round. That proportion might have been bigger had Mr Cepeda agreed to an interview with Mr Villa. (He cancelled at the last minute, claims the streamer.) He insists his content is neutral. Positioning himself as an outsider wins followers in Colombia, where 75% of people say they mistrust mainstream news providers.

New forms of media have defined the campaign. For the first time in a Colombian election, candidates, including Mr de la Espriella, have deployed AI-generated videos. His attacked the “same old” politicians, highlighting his anti-establishment credentials, capturing the attention of voters who are angry with what they see as the corrupt, inept political elite.

Mr Cepeda is a Luddite by comparison. He prefers to make speeches in town squares. His path to victory, which depends on winning over centrists and voters who abstained in the first round, looks increasingly narrow. On June 11th he filed criminal complaints against Mr de la Espriella, alleging ties to murderous paramilitary groups. Critics see this as a last-ditch effort to rescue a failing campaign.

Mr Petro is another brake on Mr Cepeda, who is not helped by the outgoing president's frequent interventions. Mr Petro is also being investigated for illegally meddling in the election. "Petro doesn't want Cepeda to win," says Miguel Silva, a seasoned political analyst. He wants to be "the sole leader of the left…protesting in the streets, against the system".

In a survey of Colombians last year, a moderate-minded half said they would vote for neither the extreme left nor right. Yet many did. The centre is failing. Colombia may soon herald a roaring triumph for a populist with TikTok-friendly taglines. ■

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Asia

- The real winner in Myanmar’s civil war is China
- Myanmar’s junta revives a hated dam to court China
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Asia | Visiting big brother

The real winner in Myanmar's civil war is China

It doesn't want to fix the war-torn country but is fine managing it

June 18th 2026

WHEN MIN AUNG HLAING, then chief of Myanmar's army, led a coup in February 2021, China called it "a major cabinet reshuffle". On June 16th Xi Jinping, China's leader, needed no euphemisms to justify meeting Mr Min Aung Hlaing on his first visit to Beijing as Myanmar's president. It was a clear political endorsement from China of a sham election in December and January—held during a civil war with no big opposition parties and won overwhelmingly by an army-backed party.

Mr Min Aung Hlaing will have relished being welcomed as a head of state, as he was earlier this month in India. The election has not fully ended his status as the pariah leader of a pariah regime. But he is making progress. The regional club, the Association of South-East Asian Nations, still bars him from its summits, but is split between members that want to continue to shut out his junta and those tempted to make moves to accommodate it.

America, which once led the campaign to isolate him, has drifted into indifference. A year ago, the junta was delighted by a letter from Donald Trump threatening Myanmar with tariffs of 40% on its exports, because it named the general and so could be taken as implicit recognition of him. Since, America has quietly lifted sanctions on several of his cronies. Meanwhile, the feeding of USAID, America's aid agency, into the woodchipper has forced ordinary people in Myanmar to rely on the junta's hospitals and news outlets.

The regime has leant on a narrow set of patrons: Russia and China for diplomatic cover at the United Nations, as well as aircraft, the fuel to fly them, and drones and drone-jamming kit, lending it a technological advantage in the civil war; China and Thailand for revenues from exports of Myanmar's natural gas.

China is Myanmar's largest foreign investor. In return, the generals offer what China wants: access to the Indian Ocean, allowing Chinese trade to bypass the potential choke-point of the Malacca Strait. Relations are transactional. Over the past year China has used its sway over powerful rebel groups on the shared border to help the junta. Several have signed ceasefire agreements and handed territory to the army. Not all the battlefield gains can be attributed to China's help—a conscription drive begun in 2024 has swelled the army's ranks past 100,000.

The junta has pushed forward across the country, taking towns in northern Sagaing province in April and May. As the rainy season begins, the army will almost certainly advance further, says Anthony Davis, a security analyst who studies the conflict. Its troops are moving towards trading posts in areas currently controlled by rebels along Myanmar's borders with India, Thailand and China.

This is ominous for the Kachin Independence Army (KIA), an ethnic armed organisation that controls much of northern Myanmar but not Myitkyina, capital of Kachin state. Together Myanmar and China produce around 90% of the world's heavy rare earths, says Jason Bedford of the East Asia

Institute at the National University of Singapore. Nearly half of the world's supply of these elements, used in electric vehicles, defence technology and satellites, comes from KIA-controlled mines. The ore is then shipped to China for processing.

China has long been pragmatic in its dealings with Myanmar, control of which is splintered between the junta, the KIA and other rebel groups, each dependent on Chinese markets, weapons routes and goodwill. China is the indispensable broker to all of them. It can exert pressure on the KIA by threatening to stop buying its rare earths or jade, by choking the routes through which it buys weapons, or by detaining leaders who live on the Chinese side of the border. And it can put pressure on the junta through the very trade and investment Mr Min Aung Hlaing went to China to court.

This leverage is not the same as control. Myanmar remains a low priority in the Chinese Communist Party's global calculations—an irritating border problem to manage, not a project to finish. China wants the rare earths flowing, its pipelines and railways open and a south-western frontier stable enough to stem the spillage of refugees, drugs and scams across it. It does not need a unified Myanmar for any of that; it needs a Myanmar where it is the one party that every side must deal with.

Mr Min Aung Hlaing was accompanied to Beijing by the chief ministers of Kachin and Shan states, which abut China, suggesting the visit focused on border trade, including rare earths, and restarting Myitsone dam, a $3.6bn Chinese project in Kachin that has been frozen since 2011 after a public outcry.

China’s reach into Myanmar is more than just commercial. It is increasingly shaping not just what comes out of the ground inside the country but what can be known and said about it internationally. On June 3rd China detained Min Zin, a prominent Myanmar-born scholar of Myanmar politics, while he was visiting Kunming, a city in southern China. An American citizen, Mr Min Zin was accused of espionage. His detention may be more to do with China’s relations with America than with China doing the junta a favour by silencing a leading critic. But the episode has sent a chill through the community of academics and others who study China and Myanmar. As China’s grip on Myanmar tightens, both regimes are becoming harder than ever to understand. ■

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Asia | Dammed if they do

Myanmar’s junta revives a hated dam to court China

A dam halted by protests in 2011 is back, but not for the energy it will produce

June 18th 2026

WHEN popular protest forced Myanmar to suspend the building of the Myitsone dam in 2011, the project became a symbol of democracy, nationalism and defiance of China. Very few Chinese-backed dams worldwide had ever been halted by public opposition. Then last December Soe Win, the junta’s second-in-command, said that it had struck a deal with China to restart the project. It is a cascade of seven dams at the confluence of the Irrawaddy, seen by many in Myanmar as the country’s mother river. Myitsone is the crown jewel of the dams and the most controversial.

The question is why the dam is to be resurrected. It was loathed: the deal was opaque; most of the electricity would go to China; it threatened to worsen floods and damage biodiversity, livelihoods and sacred sites downstream. None of that has changed. Moreover, China does not need the electricity urgently.

The revival, then, is not really about hydropower. It is about leverage. Ever more dependent on China, the junta is using a despised project to buy Chinese goodwill and to squeeze the ethnic army that controls much of Kachin state, where the dams would be built. The project has become both a bargaining chip with China and a pretext for crushing dissent.

The repression came first. The junta has issued an order declaring that anyone who opposes the dam “without firm evidence” will face legal action, building on two statutes already used to silence critics. A cyber-security law from January 2025 criminalised unlicensed virtual private networks and some online speech using broadly defined terms; an election law from July outlawed nearly all criticism of the recent rigged election. Penalties range from three years in prison to death.

Locals are unhappy but understandably cowed. In May 49 NGOs condemned the new gagging order about the dam as an assault on free expression and accused the junta of staging sham consultations to fabricate consent. The junta held more than 15 such meetings across the region, says Seng Mai of Kachin Human Rights Watch, a local watchdog; many Kachin people who once worked for anti-dam NGOs have been coerced into joining the committee to restart it. The aim, she says, is to "pit our people against each other". Local leaders are watched and threatened with arrest or retaliation against their families if they speak out, says one resident of Myitkyina, the capital of Kachin state, which is near the planned dam site.

The second target is Kachin territory. The junta holds Myitkyina and the dam site, but the surrounding forests belong to the Kachin Independence Army (KIA). By resuscitating the project, the regime may hope to provoke a confrontation that forces the KIA to cede territory. Both sides depend on China for trade and weapons.

When the dam was proposed, 90% of its power was bound for China. Today the country's electricity-generating capacity, especially from cheap solar and wind, outstrips peak demand. So it can wait for the dam. It would prefer the junta to build a railway linking Yunnan, in southern China, to Mandalay in northern Myanmar, and Kyaukphyu, a deep-sea port in the Bay of Bengal. It will probably get its way. ■

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Asia | Yam today

From Philippine staple to global sensation: the rise of ube

The country is struggling to keep up with soaring demand

June 18th 2026

IN KASA AND KIN, a Philippine restaurant in London, a violet glaze gleams atop a wobbling “ube tsunami cheesecake”. The sweet-toothed can also nibble ube brownies, ube ice cream and ube macarons, or sip ube margaritas. The eatery used to serve mostly Filipinos, hungry for a taste of home. Now others pour in too; sometimes just to photograph purple pastries.

Lately, ube, a yam commonly used in Philippine desserts, has exploded on Western menus. In the past year Starbucks, Costa Coffee and Pret A Manger have all rolled out ube-infused drinks across America and Europe. Its mild, earthy, nutty flavour is appealing. But it is the photogenic purple that has made the humble yam an internet sensation.

Ube (scientifically, Dioscorea alata) owes its hue to anthocyanins, antioxidants that have helped its reputation as a superfood (overlooking the sugar and alcohol it is often drenched in). Ige Ramos, a food scholar in Manila, explains that ube was a source of carbohydrates for Filipinos long before rice became a staple. After colonisation by Spain in the 16th century, ube became a dessert, halaya, from the Spanish jalea, or jelly; after the Americans took over in the late 1800s the jam was enriched with condensed milk. Halaya remains popular, and rather than the mild root itself, its sweet, creamy taste is what most Filipinos recognise as ube.

Philippine ube growers are struggling to keep up. The vines take some ten months to mature, yield just once a year, and can be wiped out by the floods or storms that lash the Philippines. It is grown on small plots by old-school methods. Competition from countries such as Vietnam and China is growing. And the market is polluted by fakes. Kyle Russell, a Filipino who lives in England, recalls ordering an "ube" cocktail, only to find it used sweet-potato powder. He laments that it is a shame how, because ube is seen as a trend, "people are trying to fabricate things to make money."

Planting material is scarce. Propagation involves chopping tubers into chunks, which sprout a new plant. A kilo yields only a handful, and farmers must retain some to replant. The government is backing research into extracting more plantlets from a tuber. Many farmers hope for such a breakthrough. Rogel Juan, on the Philippine island of Mindanao, started growing ube in April after spotting the online craze. He says prices of ube have leapt from about 30-50 pesos a kilo a few years back to 150 ($3) today. "It's just an ordinary plant for us," says Mr Juan. "But now it's like gold."■

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Asia | Hard sell

Taiwan’s opposition leader faced a tough crowd in America

Many still have doubts about her outreach to Xi Jinping

June 18th 2026

THE LEADER of Taiwan’s Kuomintang (KMT), its main opposition party, since November, Cheng Li-wun has often been accused of pandering to China. Even within the KMT, many thought she over-reached when she visited Beijing in April, becoming the party’s first leader in a decade to meet China’s president, Xi Jinping. In America, which underwrites Taiwan’s defence, many of its supporters were appalled by the way she echoed Mr Xi’s rhetoric, despite his resolve to unify the island with the mainland, by force if needed.

So Ms Cheng faced a tough crowd for most of her two-week tour of America, which ended on June 15th. In meetings with politicians, scholars and overseas Chinese, she sought to defend her outreach to China, which she says is designed to avoid an unnecessary war. But she did not get the sit-down she hoped for with Donald Trump. Nor, it seems, did she see any senior officials. And many of those she did meet were unconvinced by her pitch, especially her justification for blocking Taiwan's defence spending.

Not to worry, Ms Cheng tells The Economist, a day after returning home from her American trip. She says the visit exceeded her expectations. Although she admits that she did not persuade all her interlocutors, including ten members of Congress, she says she opened new communication channels and will continue to make the case for peaceful dialogue across the Taiwan Strait. "It's very natural that everyone would adopt a more reserved and observant attitude," says the potential KMT candidate for Taiwan's presidential election in 2028. "They may just think I'm being too naive or whatever but I'm not."

On defence, she claims that her views have not changed as a result of the visit or under pressure from KMT rivals who favour closer ties with America. Yet she sounds slightly more open to compromise—and a smidgen tougher in her rhetoric on China. She reiterates her party's opposition to Taiwan's declaring formal independence, a position she shares with China's leader, Xi Jinping. But she adds that if Taiwan does not become formally independent and "mainland China still wants to use military force to invade Taiwan, you know then we will fight. We definitely will fight back."

She also says her party may propose its own legislation soon to fund domestic defence programmes excluded from a supplementary military budget that parliament approved in May. The KMT and its allies, which have a majority in parliament, delayed for months a bigger proposed budget of $40bn, mainly to buy American arms. A $25bn budget was eventually approved, thanks largely to Ms Cheng's KMT rivals. But it excluded funding for a domestic drone-manufacturing programme and other efforts to boost Taiwan's defence-industry capacity.

Still, Ms Cheng says that any new proposal is unlikely to be approved before September, when Mr Xi is due to visit America. Nor are such tweaks to her platform likely to reassure her American critics. Ms Cheng denies media reports that an American national-security official cancelled a scheduled meeting with her. But the Trump administration seems to have given higher-level access to Lu Shiow-yen, the KMT mayor of Taichung city, when she visited in March. Ms Lu, another potential KMT presidential candidate, pushed for a bigger special defence budget. So did Han Kuo-yu, the KMT parliamentary speaker, who is due to visit America on June 21st and could also run for president.

As for Mr Trump's suggestion that he is using arms sales to Taiwan as leverage in negotiations with China, Ms Cheng says the island should not be a bargaining chip. But whatever he decides, she thinks Taiwan still has the strength to negotiate with China on an "equal footing". Whether Mr Xi sees it that way is another question. ■

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Asia | Ashoka

The problem with Narendra Modi's airport-building frenzy

Build it and they will come. But how will they leave?

June 18th 2026

AS MARKETING SLOGANS go, "the difference 4,399 days can make" is unlikely to win many Cannes Lions. Nor is #LongestServingElectedPMModi the sort of hashtag that will set social media on fire. But the actual achievement highlighted alongside the fluff in an X post by India's official publicity department is genuinely impressive. When Narendra Modi became prime minister 12 years ago, the country had just 74 operational airports. Today, his government boasts, that number is 164. It is planning to open another 50 in the next five years.

The newest one started operations on June 15th. Designed to be a second hub for the capital, Delhi, Noida International Airport can handle up to 12m passengers a year, with plans to expand to 70m by 2040, or as many as passed through Singapore's Changi last year. It actually sits in neighbouring Uttar Pradesh, a vast state with as many people as Nigeria and the income per head of Mali. Over the course of his prime ministership Mr Modi has inaugurated ten new airports or terminals in that state alone, including six on a single day in early 2024. The fact that elections followed within a month was no doubt just one of those strange cosmic coincidences.

A year later many of the new facilities were in terminal decline. Airports in places that most Indians could not find on a map either never saw a single flight or hosted a handful and then faded away. It was always an act of extreme optimism to think Saharanpur, an overgrown town of mostly poor people, could support an airport. Mr Modi's critics seized on the failures as evidence of the government's obsession with vote-winning optics over governing substance.

The criticism is misguided. Not all airports are created equal. Many of those that failed were no-frills sheds designed to handle only one or two flights a day. Saharanpur's annual capacity is just over 50,000 passengers. It cost $5.7m to build—about the price of a luxury flat in Mumbai. And the government paired the infrastructure with a subsidy scheme for airlines to deepen connectivity into India's interior. The policy, now in its fifth iteration, has produced many flops but has delivered some marquee successes, too. The airports were not built in isolation.

At least not metaphorically. Literally, though, it is exactly what India does. Delhi's new airport is 80km from the city centre—a 90-minute car ride on a good day. On the morning it opened, there was no way to get there except by private vehicle or an expensive cab ride. A government press release promised "a multimodal transport hub with seamless integration across road, rail, metro and regional transit systems". It fantasises that Delhi's "two airports will function as an integrated aviation system". In reality there are two modes at the new airport: you can drive, or you can walk. The city's two hubs are integrated in the way that North and South Korea are integrated.

It is unfair to pick on Noida. Mumbai's second airport, which opened at Christmas, was similarly hyped. Passengers complain that they have to wait up to an hour to get a taxi—the only way in and out. And even that is a challenge. For months after the terminal opened there was no phone reception with which to summon an Uber, and the airport Wi-Fi was buggy. Build it and they will come, the government believes. But how will they leave?

Noida and Mumbai can at least argue infancy. But the airports serving Bangalore and Hyderabad are 18 years old. Neither has a metro line. Another excuse is bad co-ordination between states and the centre. That should not apply to Noida; Mr Modi's party has been in power in Uttar Pradesh since 2017. It is true that building rail connections is expensive. Yet few airports even have public buses. And high capital costs have not stopped the government from commissioning metro lines in provincial outposts across the country, many of which have a small fraction of their planned ridership.

Like airports, metros signal modernity. Governments plonk down vast amounts of cash to fund them and politicians line up to inaugurate them. Many are world-class, giving citizens a glimpse of India as it could be. But just like airports, what happens before and after a commuter gets to the station is neglected. There are rarely feeder bus routes, decent pavements or connecting services, discouraging people from using them. Mr Modi has spent 4,399 days building the airports and metro lines India badly needs. Connecting them would be an even greater achievement. ■

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China

- The Californication of middle-class Chinese diets
- How China still outworks the West
- News extortion is rife in China
- Comfort meets constraint in China’s most “liveable” city

China | Going for green

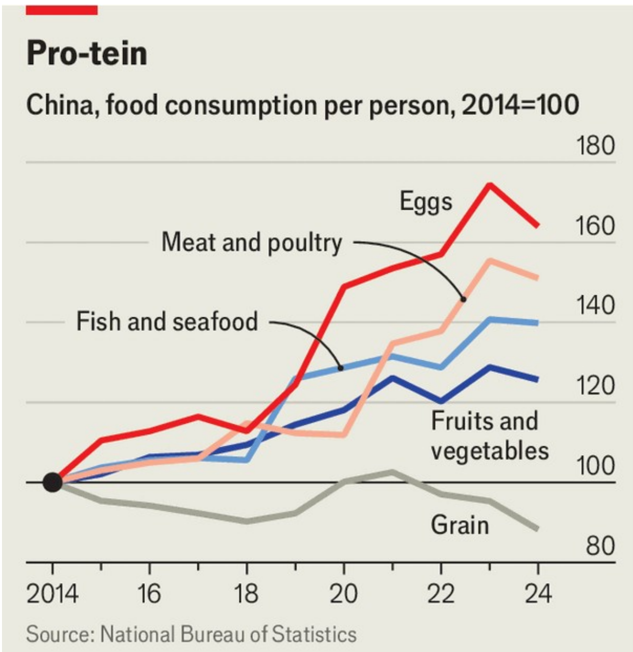
The Californication of middle-class Chinese diets

China wants more healthy, clean and even foreign food

June 18th 2026

DAI JIANJUN, an organic restaurateur in the eastern city of Hangzhou, was ahead of his time. For more than 20 years his buyers have obsessively sourced ingredients, paying farmers in Zhejiang province above-market rates not to use chemical fertilisers or pesticides. The trouble paid off: his Dragon Well Manor restaurant has a Michelin star. His grandmother believed that the first rich generation buys homes, the second knows how to dress and the third knows how to eat.

As China's almost 500m-strong middle class—with at least $15,000 in annual disposable income—grows richer and larger, its members are changing what they put into their shopping baskets. They want to eat more healthily, safely and simply. China's food system is trying to keep up with their developing tastes. Farms are producing more proteins and fruit familiar in Western countries, grocers are selling more organic produce and restaurants are compiling healthier menus. The composition of Chinese plates is changing (see chart). Though pork is king, fish and seafood together are the second most popular proteins. In fact, middle-class diets appear to be turning more Californian. Salmon, blueberries and avocados are among foods growing in popularity.



Throughout their history Chinese often worried whether they could get enough staples, such as rice and noodles, to eat. In a nation of farmers, agriculture still employs one in five workers. It is no mean feat to feed 17% of the world's population with 9% of its arable land. Accordingly, China relies on vast imports of agricultural products and the government wants to boost self-sufficiency. Most Chinese enjoy plenty of good fare. In less than four decades, the country has gone from rationing food to reining in waistlines: more than half of its adults are now overweight or obese. Many now fret more about what they are eating than whether they will get enough.

The desire to eat better is common as countries prosper. But given China's history of food-safety problems, a dearth of trust also explains the shift. A scandal involving tainted milk powder that sickened more than 300,000 babies in 2008 shook the country. More recent controversies over dirty cooking oil and restaurants serving pre-made meals have also ignited outrage.

To understand the Californication of middle-class diets, start by considering how demand for certain foodstuffs is changing. In 2022 government guidelines recommended salmon as a healthy source of omega-3 for the first time. For years it was only eaten by the very rich. Now the pink, meaty flesh has grown popular across the country. An army of delivery drivers whizz cuts from grocers, specialist shops and livestreamers with sashimi-grade processing factories to the country's growing middle class. China became the second-biggest salmon market in the world this year, explains Sigmund Bjorgo from the Norwegian Seafood Council.

Companies such as Nordic Aqua want to catch some of the booming fish business. In aquarium-sized tanks on the edge of Ningbo in Zhejiang province, the Norwegian company is raising 8,000 tonnes of salmon each year and wants to expand to 20,000 (about 4m fish) by 2030. By then China's salmon market could reach 300,000 tonnes annually, reckons Ragnar Joensen, the firm's boss. Harvested in the morning, the company's salmon can be served 300km away in Shanghai by the afternoon. With government help it is building one of the world's largest land-based farms for Atlantic salmon at its Zhejiang facility. Its water systems should keep fish healthy even without antibiotics.

China has boosted imports and domestic production of other delicacies loved in California. Avocados and blueberries, for instance, have rocketed in popularity and plunged in price. Both the creamy fruit and a 125-gram punnet of the berries have fallen to about $1, a fraction of the prices they fetched a decade ago. The south-western province of Yunnan has become the centre of China's blueberry- and avocado-growing. The country's bumper crop of blueberries—the world's biggest, at nearly 1m tonnes last year—means the fancy fruit is now enjoyed by many more Chinese.

As part of the Californication, food is also being produced in different ways. Organic items are rising in popularity. By 2024 China's organic farming areas had doubled in size from a decade before, comprising 0.7% of the country's total farmland. Organic sales have more than tripled in the same time to $16.7bn in 2024—they were up by 19% from 2023 alone.

Historically China’s rapid industrialisation and higher land prices pressured farmers to grow as much as possible in each plot, argues Chang Tianle, who runs Beijing Farmers’ Market. She says that this prioritised quantity over quality.

Though still mostly for the middle class, organic produce has become cheaper as more farmers have started growing it. Alibaba’s Freshippo supermarket recently told Chinese media that it has brought the price of organic vegetables down from two to three times the price of ordinary vegetables to around one and a half times the price. Other leading e-commerce platforms have built organic supply chains and farms from Shandong to Shanxi now offer organic veggie boxes.

Big challenges remain. Doubters wonder whether items are truly organic in China, given past soil and water pollution. Though her sales slowly rise each year, Ms Chang also worries that young people work too much to cook or care about quality ingredients and that the higher prices small farms need to charge will put buyers off their fare. (Some 40% of China’s 1.4bn people order food delivery.)

Others see an opportunity in making fresh and healthy meals convenient and cheap. After studying the fast-casual American chains Chipotle and Sweetgreen in graduate school, Gao Song founded Foodbowl in 2015 and tweaked his offerings to suit Chinese preferences (suspicions abound over raw salads). Business boomed after the pandemic, which he credits with making Chinese think more about their health.

The Californian shift may be welcomed by the government. Chinese people still have “very sensitive nerves” when it comes to food safety, says Han Guanghua of Shanghai Jiao Tong University. And his research suggests the public tends to blame such problems on the central government rather than local officials, so avoiding food-safety scandals is a priority.

It also helps in the battle of the bulge. Last year, the government called rising obesity “a major public-health threat”. The Communist Party wants people to go from chidebao, eating enough, to chidehao, eating well. It could all prove to be a most delectable change. ■

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China | Tails of toil

How China still outworks the West

A medal scheme masks the identity of its toughest labourers

June 18th 2026

"I AM SIMPLY a jade maker," Yang Fuyu told the local press after he won a national labour medal this year for his skill and dedication. One look at his intricate carving contradicts him: there is nothing simple about it. He and his colleagues spent five months on a recent piece, transforming the stone's bumps and irregularities into mythological dragons, ethereal yet fierce. Titled "Nine dragons offering a jade disc", the creatures look like they wouldn't give it up without a fight.

The labour medals, which are awarded each year by the official federation of trade unions, are meant to celebrate and motivate beleaguered Chinese workers. Some of the winners richly deserve the recognition. But the mix of awards does not accurately reflect the job market of today. Instead it mirrors a government mindset that may actually be contributing to China's employment problems.

China's workers could do with a morale boost. In recent years millions of construction workers have lost their jobs amid a persistent property slump. White-collar workers fear the ethereal, yet fierce, threat posed by artificial intelligence. And although high-tech manufacturing is booming, it is better at scaring German workers than employing Chinese ones.

The medals' honour roll is nonetheless littered with engineers, technicians and Communist Party secretaries. Services and the gig economy, which provide a growing share of jobs, are underrepresented. China's railway industry (which employs 1.8m) picked 18 individual winners; financial services (which employs over 12.3m) chose 16. Only a handful of delivery riders made the cut, conspicuous in yellow-and-black biker outfits at the awards ceremony in Beijing.

The medals also fail to reflect the geography of Chinese labour. Each provincial branch of the trade-union federation is given a quota of awards to hand out, but they are only loosely linked to the size of the province's workforce. Guangdong, where Mr Yang works, now accounts for almost 10% of Chinese employment but handed out less than 6% of the medals reserved for China's provinces. Meanwhile Beijing, Shanghai and China's old industrial heartland in the north-east are overrepresented among the medallists, claiming over a fifth of the quota but providing less than a tenth of employment between them.

Nor does the mix of medals reflect how hard people work in each part of the country. Workers in Beijing and Shanghai typically put in fewer hours than their comrades elsewhere, according to China's time-use survey, which quizzes people about how they divide up their day (see chart).

Neither city would relish this distinction, of course. But it is not wholly surprising. As the richest parts of China, they can afford more leisure than poorer regions. The same link between hours and income is visible across the country: workers' hours tend to be shorter in richer provinces. One notable exception is Zhejiang, a province which includes both the entrepreneurial city of Wenzhou and the tech capital of Hangzhou. Its workers' hours of toil are surprisingly long, given the province's prosperity.

In announcing the awards, the trade-union federation called on all workers to follow the example of the medallists, showing dedication to their posts and making greater contributions to national goals. China's leaders often praise hard work and worry that generous welfare schemes will breed the laziness they associate with some Western countries.

But the pattern visible across China's provinces is also discernible over time: as China gets richer, its workers' hours have shortened. Looking at the the previous survey in 2018, workers averaged seven hours and eight minutes of paid labour per day, either in employment or family business. In the latest survey, they averaged six hours and 23 minutes. This more recent figure is, in fact, no higher than workers report in America and Germany.

The biggest difference between China and the decadent West revealed in these surveys is how many of its people work, not how long they work. In China, over 75% of 18- to 59-year-olds take part in some form of paid labour. In America (which classifies age groups differently) the equivalent percentage for 18- to 54-year-olds is 56%. One interpretation is that people who would be out of the workforce altogether in countries with better social-safety nets still chalk up some hours in China. Their contribution may drag down the national average. And they won't win any medals. But they are the reason China still outworks the West. ■

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China | Cash for copy

News extortion is rife in China

The country’s censors may be making it worse

June 18th 2026

Last month China’s authorities revealed that three men in Zhejiang, an eastern province, had been sentenced for a curious crime known as “news extortion”. They had dug up (or in many cases made up) dirt on over 180 companies that were preparing to go public and then demanded hush money to not publish it on social media. What was most concerning, said prosecutors, was that some companies did not report the extortion to the police, even though the information that the men threatened to publish was not true. Instead they just paid up to avoid disruptions to the listing process. One firm sent 50,000 yuan ($7,000) to make the problem go away; another, 30,000 yuan.

Companies in many places might hope that paying money could spike a negative news report or perhaps generate a positive one. But in China the practice is rife, and is not just limited to online scammers. In a notorious case in 2002 four journalists at Xinhua, the powerful state broadcaster, took cash and gold from a mining company in return for hushing up a deadly explosion. In 2015 an executive at the 21st Century Business Herald, a state-owned broadsheet, was sentenced to four years in prison for extortion. Last year an influential financial blogger was found to have made 700,000 yuan from the companies he wrote about. In one case, he falsely claimed a Shanghai firm's employee had been stabbed by an unhappy customer, and only removed the article after receiving a hefty fee for "information services".

The government blames bad apples for the problem. But it is often China's own strict controls over its media that lead to corrupt behaviour, writes David Bandurski of China Media Project, a research group, in a recent blog post. The job of state-media journalists is often to create "positive energy" with their stories so as to flatter the government. That encourages unethical practices. And making unwelcome news reports vanish attracts little scrutiny in China because, thanks to an army of censors, stories disappear all the time without explanation.

Another problem is that it is especially tough in China for media companies to survive just by selling news. Few have persuaded readers to pay for subscriptions. That is because "the media here aren't allowed to write about real things," laments one dispirited former journalist. She spent a year at an online outlet that wrote negative stories about companies until they signed advertising contracts. Extortion, she says, is simply "the most direct and effective method to make money through reporting".■

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China | Chaguan

Comfort meets constraint in China's most "liveable" city

A high-income, low-pressure existence is not all it's cracked up to be

June 18th 2026

What does the good life look like in China? A loaded question, no doubt. For some it will elicit praise of safety, convenience and planning-minded leaders. Others will say that combination also entails repression, surveillance and a sluggish economy. The complex reality is that these problems and virtues are all there, often alongside each other.

To bring a bit of depth to the matter, Chaguan decided to look at it from the vantage of "liveability", by spending time in Shaoxing, a city judged as the country's best in a popular newspaper index. That is not a soft test of China but a stiff one: if boosters' claims hold anywhere, they should hold here.

It was not an arduous assignment. Shaoxing is indeed pleasant. An ancient capital built around canals, it is known today for its rice wine, a fragrant tipple, and as the home of Lu Xun, China's most famous writer of the 20th century. Cartoonish versions of him, emphasising his thick moustache, are everywhere, delighting throngs of domestic tourists. By contrast, his role as an acerbic critic of Chinese norms a century ago is muted in official displays —a taste of the government's pruning of daily existence.

For locals, Shaoxing combines the ease of a smaller city (a population of 5m makes it "second-tier" by Chinese standards) and the prosperity of the Yangtze River Delta. For some residents it serves as a commuter town for the high-tech mecca of Hangzhou, an hour away by metro. Despite all its finer points, Shaoxing also reveals the economic and academic pressures that course through an ultra-competitive country, never far from the seemingly placid surface. These are the inescapable caveats to China's good life.

Many people like what is on offer in Shaoxing. Its average resident makes about 73,000 yuan ($10,800) annually after tax, four-fifths of the average in nearby Shanghai. But the average home in Shaoxing is one-quarter of the price in Shanghai. Its population is steadily growing, pulling in about 30,000 people annually from elsewhere in the country. Chen Niuqun, a Fujianese salesman, has lived in Germany, so has some basis for comparison when he declares his preference for Shaoxing. Business culture is more relaxed than in many Chinese cities: he works an eight-hour day and takes his daughter to school in the mornings.

Shaoxing shows the physical improvements in Chinese urban spaces over the past decade. The city shaved down a pair of unsightly 12-storey towers to less than half their original height, transforming them into a meteorology museum. It cleaned polluted rivers and opened squares and paths among old lanes.

More darkly, there is also pervasive surveillance. Cameras dot the city. Yet many residents approve, viewing them as a trade-off for safety. A 24-hour fishing shop recently opened downtown: unstaffed overnight, it relies on cameras inside and outside to ensure no one steals rods or bait. "This is why we are a harmonious society," chuckles the man behind the desk, quoting a dated slogan.

Where Shaoxing distinguishes itself in the Chinese context is its mix of opportunity and relative openness. With a big textile industry, high-tech companies and tourism, it offers plenty of jobs. But unlike China's biggest cities, Shaoxing is welcoming to domestic migrants.

In its ranking of China's 57 most comfortable cities, Southern Weekly, an influential newspaper, has given top marks to Shaoxing for four straight years after considering housing costs, incomes and commutes. A couple on average local wages needs to work ten years to get a home in Shaoxing versus 30 in Shanghai. Hence its selection of the smaller city as China's best, a paragon of a "high-income, low-pressure" life.

None of this can insulate Shaoxing from national problems. Mr Ruan, a former construction engineer, estimates that a third of homes built in recent years are empty. There was no more work for him in his chosen profession, so he moved to a textile firm. He is stung by the fall in property prices—about 25% in his area. "You feel poorer, you don't want to spend," he says. His expectations for the future are more modest. "We just want stability," he says.

Shaoxing is open to migrants partly because of its sharply declining births. Fertility rates have collapsed nationally and are especially low in wealthier places. Mr Liu, owner of a small café, is married and in his 30s but he and his wife have decided against having children. "The cost is just too high," he says. He has also seen the struggles of other people, from students overwhelmed by exams to young women in bad relationships. "I've had quite a few customers come in and cry. They just sit there drinking coffee and weeping," he says.

The controlled narrowness of urban China also comes through in Shaoxing. It is a vision of the good life dictated by ageing cadres who leave little to chance. National officials have deemed Shaoxing a model city for public safety. Among its touted achievements, local police are automatically notified when unregistered, suspicious individuals enter hotel rooms. City managers have designated 66 residential neighbourhoods as quiet zones, complete with decibel-monitoring systems, and have stamped out open-air bars and unlicensed food stalls in such places. Landscaped parks are full of pensioners playing cards, while high-school pupils cram in their classrooms until late into the evening. “It’s just boring,” mutters a young woman with a pierced lip.

Yet for a China seeking not thrills but comfort and control, the Shaoxing model beckons. Although the national population will decline, the city aims to increase its numbers to 6.5m by 2035. The new arrivals will not find refuge from the stresses around them. But they will get a managed, manicured place for growing old—which is exactly what the rest of China will be doing. ■

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Middle East & Africa

- War has strengthened the Islamic Republic. Peace could split it
- A flimsy deal will stop the bombing and restart the oil
- Iran’s battered economy will take years to recover from the war
- The end of the war in Iran threatens “glorious failure” for Israel
- The Iran war meant an economic crisis for Africa
- Is the staple meal in Nigeria and Ghana becoming a luxury?

Middle East & Africa | What comes next?

War has strengthened the Islamic Republic. Peace could split it

For now, the hardliners are in the ascendant

June 18th 2026

It proved to be the regime, not the people, that triumphed. The Iranians in whose name Binyamin Netanyahu and Donald Trump launched their war, repressed by Iran’s Islamic Revolutionary Guard Corps (irgc), scarcely seem to matter. The authorities still hang people in twos—like the serpents on the shoulders of Zahak, the tyrant of Persian myth, who demanded two human brains daily to sate them. Memories of the massacres after the protests of January have dulled any appetite to rise up. Mr Trump, meanwhile, is cursed for bringing penury, not liberation.

War steadied a wobbling regime, but the peace will bring challenges. Gone is the supreme leader, Ayatollah Ali Khamenei, who arbitrated among rival factions. Gone too, for now, are the foreign attackers that helped keep the elite united. In its place comes Mr Trump's offer: a deal that could bring the Islamic Republic its biggest windfall in decades. For an impoverished country, the prospect is tantalising—and is dividing pragmatists from purists.

The leading pragmatist is Mohammad Bagher Ghalibaf, the parliamentary speaker, a former irgc commander and ally of Iran's oligarchs. Alongside Masoud Pezeshkian, the president, and Abbas Araghchi, the foreign minister, he has championed the deal as "a great stride to final victory". Mr Ghalibaf, together with J.D. Vance, America's vice-president, signed it remotely on June 14th before Mr Trump and Mr Pezeshkian put their names to it.

Mr Ghalibaf's political evolution has been striking. As an irgc commander, he boasted of clubbing protesters from his motorbike in 1999. Yet since first running for president in 2005 he has courted the middle classes, seeking support from a public that has never trusted him. He now hopes to inherit the mantle of Hassan Rouhani and Akbar Hashemi Rafsanjani, former presidents who sought to open Iran to the West, says an Iranian analyst.

Allies of Mr Ghalibaf argue that economic realities leave little alternative. Another war, they warn, could see Iran's oil infrastructure destroyed. State finances have been crippled by collapsing oil-export revenues. Mr Pezeshkian's government has exceeded expectations in maintaining electricity and water supplies, but summer blackouts are expected. Many security people now operate from their cars for lack of functioning police stations. Any further weakening of central authority could trigger unrest.

Mr Ghalibaf's allies also suggest he has bigger aims. With Khamenei's death, the generals have taken the lead, sidelining the long-dominant clerics. Even before the war, mandatory veils for women were enforced ever less. In affluent parts of Tehran, shorts and tank-tops are common. Comparisons with Saudi Arabia's crown prince, Muhammad bin Salman, who defanged the religious police and relaxed conservative social norms, abound.

Some speak optimistically of a political opening. Reformers have proposed breaking up the vast bonyads, the clerics' tax-exempt foundations—a latter-day dissolution of the monasteries. Veteran dissidents abroad say they have had personal invitations to return. After the war last June, the regime ignored calls to harness the wartime spirit of unity with efforts to reconcile and reform. Mass protests followed. This time, insists one dissident invited home, the lesson may have been learnt.

They may be disappointed. For now, at least, the hardliners dominate, euphoric from what they hail as their victory against America and Israel. Their zealous base came out at the start of the war with loudspeakers, rallying recruits and guarding against the return of the protesters, and have stayed ever since.

To them, Mr Ghalibaf's bargain with the man they hold responsible for killing their rahbar—their political and spiritual leader—is treachery. At rallies they denounce him by name and mock him as naive for still trusting Mr Trump. The deal, they warn, is another Trumpian trick. This time, says one, the president wants Iran to reopen the Strait of Hormuz and replenish depleted global oil reserves. Once markets are resupplied, they fear, Mr Trump will strike again. Why settle now, they ask, when America is over a barrel?

Which faction prevails will probably depend on figures now largely hidden from view. Under velayat-e faqih, the Islamic Republic's rule of the jurist, the supreme leader was designed to be the representative of the Hidden Imam whom Shias believe entered occultation in the ninth century. Mojtaba Khamenei, the late leader's son and successor, is hidden too. One hundred days after assuming power, not even a photo has emerged as proof of life. Ahmad Vahidi, the irgc chief, and several senior generals remain underground.

For now, Mr Ghalibaf and his dealmakers appear to enjoy their backing. Mr Ghalibaf secured re-election as speaker last month with more than 80% of mps' votes. Saeed Jalili, standard-bearer of the hardliners, has reportedly been removed from the Supreme National Security Council, the republic's wartime decision-making body. A permanent ceasefire would allow the leadership to emerge from hiding and consolidate control. "You can play with nine men in extra time," says one analyst, "but not match after match." If America offers serious financial relief, it may prove difficult to resist.

After Iran accepted a settlement to end the war with Iraq in the 1980s, it had to buy off a revolutionary base angered by what they saw as a sell-out. The same calculation may hold once again. ■

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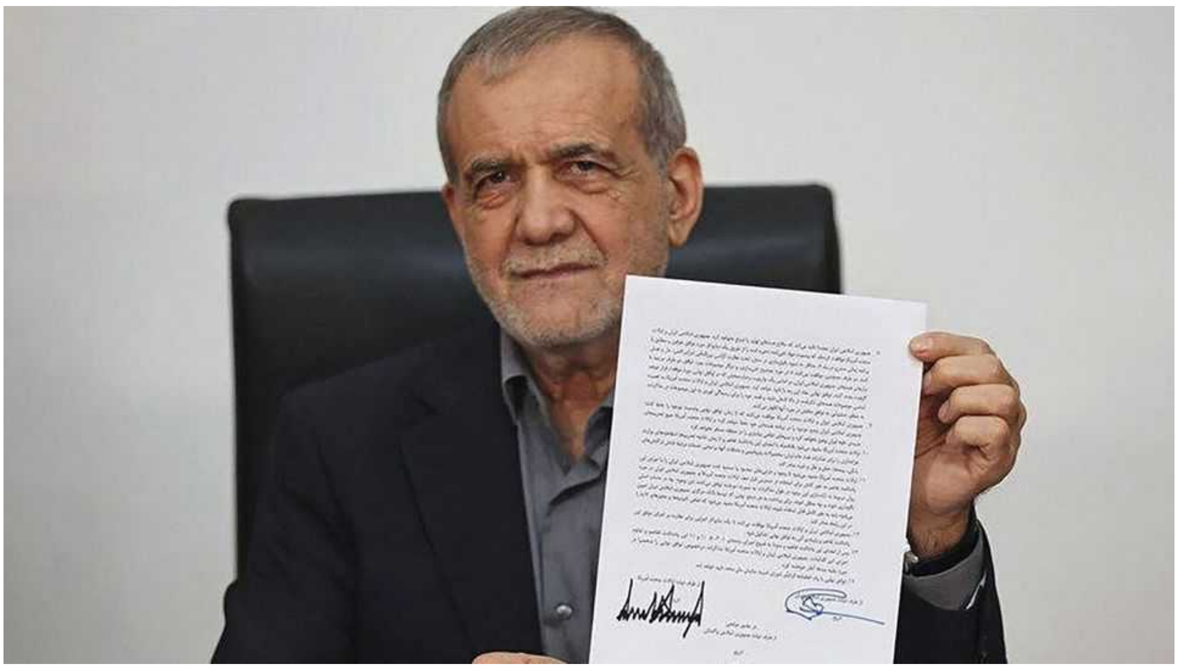
Middle East & Africa | Better than the alternative

A flimsy deal will stop the bombing and restart the oil

Whether it can do anything more will be the question that defines the next few months

June 18th 2026



It was a moment both historic and anticlimactic. Overnight on June 17th, both Donald Trump and Masoud Pezeshkian (pictured) signed a memorandum of understanding (mou) that they claim will end their war. Never before, in 47 years of hostility, have American and Iranian presidents put their names to an accord.

Yet they did so at a distance: Mr Trump in Versailles, Mr Pezeshkian in Iran. It is a bare-bones agreement, barely a dozen paragraphs. It will pause, not end, the hostility, and ultimately will be judged by what comes next. The Trump administration hopes it will transform America’s tortured relationship with Iran. But in the Middle East, hopeful visions have a way of crashing into hard reality.

After days of delay, America has finally released the text of the deal. The key points are as expected. The Strait of Hormuz should reopen. America and Iran will extend their truce and start 60 days of talks over a final pact to restrict Iran's nuclear programme. Iran will receive limited economic benefits up front: a sanctions waiver allowing oil exports, and the release of billions of dollars frozen in foreign banks.

The details of all this are vague and contested. America insists it will unlock Iranian assets only if the regime meets certain commitments over the next 60 days. No one can say what those commitments are. The mou mentions a plan for a reconstruction fund of "at least $300bn" to be developed "with regional partners". Gulf officials say they are hardly keen to pour money into a country that spent the past months bombing them.

Similarly, Iran has pledged in the MOU that it will never build a nuclear bomb. That promise seems important to Mr Trump, who touts it at every turn—never mind that an identical one appeared in the first paragraph of America's previous deal with Iran, which he abandoned in 2018. Yet it is meaningless without a comprehensive accord that imposes real, verifiable limits on Iran's nuclear programme.

At best, then, this is a deal that allows oil to start flowing. In the short term, that should give both sides an incentive to abide by it. Mr Trump needs to get petrol prices down before midterm elections in November. Iran needs revenue to tackle a worsening economic crisis.

Beyond the next two months, three starkly different scenarios seem possible. Most optimistic is a profound change in the region. "The coolest thing about the progress we've made over the last few weeks," gushes J.D. Vance, the American vice-president, is hearing the Iranians say "The way that we've done business with the United States for 47 years is a mistake, let's try something else."

In this scenario, Iran would agree to halt uranium enrichment, grant unfettered access to nuclear inspectors and stop trying to export its revolution. America would lift decades of sanctions and allow Iran to integrate with the global economy. Instead of trying to topple the regime, Mr Trump would offer it a chance to become like its Arab Gulf neighbours: autocratic, yes, but prosperous and stable. Perhaps a few Iranian officials share Mr Trump's sentiments. But "I don't think the Revolutionary Guards dream about turning Tehran into Dubai," says a diplomat in the Gulf.

A second option, then, is that the interim deal congeals into something more permanent. The 60-day period of talks and truce can be extended indefinitely by mutual agreement. Iran could keep selling oil, and America could try to monitor Iran's uranium stockpile from afar.

Yet this seems an unstable equilibrium. America and its allies would retain well-founded fears about whether Iran was pursuing a bomb in secret. Iran would remain subject to a thicket of other sanctions. The reconstruction fund would be stillborn. Gulf states fear this would leave them vulnerable to endless Iranian extortion.

That leaves the gloomiest scenario: the MOU proves a half-time break rather than a final whistle. Wars end when the combatants believe the costs outweigh the possible benefits. Today, Iran's leaders feel triumphant. But a lengthy pause will force them to confront a people exhausted by conflict and collapse. "A system that has spent the last several months on war footing will now have to try governing after it," says Ali Vaez of the International Crisis Group, a think-tank. That will be hard without sustained sanctions relief. The regime might see a new round of fighting as a way to force more American concessions.

As for America, it will have an erratic president, perhaps humiliated by defeat in the midterms. He will have an eye on his legacy—and little to show for his war. Israel will try to convince Mr Trump that Iran deceived him, and that he risks unflattering comparisons to Barack Obama.

For now, almost everyone in the region is breathing a sigh of relief. The mou may be flawed but the alternative was more war. And yet it is unlikely to be the end of the hostility—and time will tell if it is even the beginning of the end. ■

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Middle East & Africa | Bombed out

Iran’s battered economy will take years to recover from the war

Its leaders want sanctions relief and aid for reconstruction

June 18th 2026

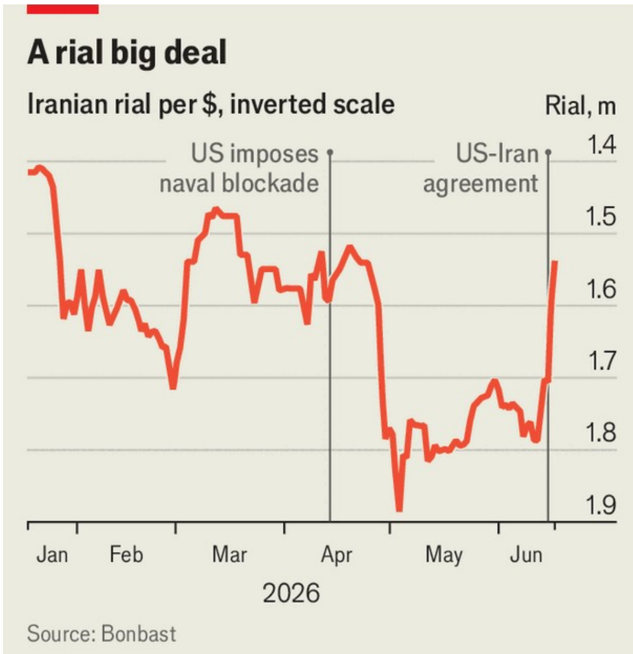
The deal was a long time coming—far too long for many Iranians. American and Israeli bombs have damaged their infrastructure and industry; American warships have blockaded their ports. The memorandum of understanding (mou) between America and Iran sets out 60 days for negotiations over a final agreement, with big incentives (perhaps even $300bn in investment) if Iran co-operates. But how much it gets may become a sticking-point.

For many Iranians, the pain has been acute. Last month inflation was 84% year on year, more than twice the rate in January. Food-price inflation, at 131%, was even higher. The blockade has affected imports, too. Some 3,000 containers destined for Iran have stacked up in Pakistani ports since mid-

April, and grain shipments to Bandar Imam Khomeini, Iran's main hub for agricultural goods, have fallen by 40%. Poor Iranians are paying for meat and bread in instalments. Gholam-Hossein Mohammadi, the deputy labour minister, has said as many as 2m people have lost their jobs—up to 7% of the workforce. On May 18th Donya-e Eqtesad, an Iranian newspaper, reported that the number of applications for a single vacancy on JobVision, a hiring site, had doubled to 360. In late May Masoud Pezeshkian, the president, told businessmen in Tehran that "the main field of confrontation today is the economy and people's livelihoods".

Some of this harm is self-inflicted. The regime cut off access to much of the global internet during protests in January and began restoring access only in May. Digikala, Iran's biggest online retailer, laid off 3% of its staff. But American and Israeli attacks on factories, refineries, steel mills and—most recently—Iran's biggest petrochemical complex caused most of the damage. Iran has suspended petrochemical exports (one-third of its non-oil exports) since Israel first hit the site in April. Rystad Energy, a consultancy, reckons repairing energy facilities alone could cost up to $19bn. The Foundation for the Defence of Democracies, a hawkish American think-tank, puts the total bill at about $144bn—roughly half of Iran's gdp.

With the mou now signed, America is meant to lift its blockade and offer sanctions relief. The end of that blockade is the first essential step. It has choked Iran's oil exports and was intended to starve the Islamic Revolutionary Guard Corps (IRGC), Iran's military elite, of its main source of cash. Vortexa, a ship-tracking firm, says Iran's oil exports in May fell to 209,000 barrels a day, an 84% drop from April. On the eve of the deal, Iran's usable crude storage was 83% full, according to Kpler, a data provider. Tanker loadings at Kharg island, Iran's main export hub, dipped sharply, but could soon resume. The mou may also waive sanctions on Iran's oil shipments. The regime is keen to charge tolls—levied under the guise of service fees—for ships passing through the strait.



But the biggest reward is said to be a $300bn investment package to rebuild Iran's economy—a sum equal to its annual gdp. J.D. Vance, Mr Trump's vice-president, has said that this is "the sort of thing they could have access to" if the talks proceed to the liking of America. The rial, which had lost a quarter of its unofficial value this year, has rallied since the mou was announced (see chart).

On June 17th, however, Mr Trump denied that America would invest in the scheme (and said he had not asked Gulf states to create one). The proposal is typical Trump: offer to get cash flowing and the rest will sort itself out. Yet sanctions on Iran, which have long deterred foreign investors, would need to be unwound for them even to consider such commitments. And it would face fierce opposition from hawks in America. Lindsey Graham, a Republican senator, has compared the idea to "a Marshall Plan for Germany with the Nazis still in charge".

Mr Trump will have to tread carefully. Much of Iran's industry is owned by the irgc, hence large-scale investment would mean lifting sanctions on the regime's most hardline and powerful faction. Far milder sanctions relief enraged Republican critics of Barack Obama's nuclear deal with Iran a decade ago. The regime could profit from its Trumpian deal. But the needs of the country's immiserated population will be secondary. ■

Editor's note: This story has been updated.

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Middle East & Africa | Out in the cold

The end of the war in Iran threatens “glorious failure” for Israel

Donald Trump’s deal with Iran leaves America’s ally without any strategic gains

June 18th 2026

ON FEBRUARY 28TH hundreds of American and Israeli warplanes took off simultaneously to launch the opening salvo of their war on Iran. For 40 days the two allies’ military partnership was intense and close. But with the agreement by Donald Trump and Iran’s leaders meant to bring their war to an end, the nature of that partnership has shifted. Israel has been shut out of the negotiations with Iran. And the agreement signed between America and Iran on June 17th deals with few, if any, of Israel’s concerns.

The outcome for Israel is, as one of the country’s diplomats in Jerusalem describes it, “a glorious failure”. It is also a personal blow to Israel’s prime minister, Binyamin Netanyahu. He has invested enormous political capital in convincing America's president that a war with Iran could fundamentally change the situation in the Middle East for the better, perhaps even topple the Islamic Republic's regime.

Despite Mr Netanyahu's claims, and the serious damage inflicted on Iran, the regime is still standing. Indeed, hardliners have been empowered. The deal does not immediately tackle Iran's nuclear programme, Israel's greatest concern. Iran retains the capability to fire ballistic missiles at Israel, the rest of the Middle East and beyond. The agreement with America does not refer to Iran's missile programme.

Nor does it address one of Israel's other great worries: Iran's network of regional proxies. The most powerful of these, Hizbullah, the Shia militia in Lebanon, gains new protection from Israeli attacks in the deal. Israel tried to scupper the truce hours before it was announced when it attacked a target in Beirut, after Hizbullah had launched more drones. But instead of derailing negotiations, as Mr Netanyahu clearly desired, the attack only encouraged Mr Trump to seal the deal.

Israel's defence minister insisted that troops would remain in the "security zones" that it has captured in southern Lebanon, but the accord between America and Iran stipulates that America's allies, namely Israel, end the war in Lebanon.

Israel can no longer rely on its ally's backing over this. The American president gave a series of interviews in which he said he was "so pissed off" with his erstwhile partner for having "no fucking judgment" in launching the strike on Beirut and described him as "a very difficult guy".

An Israeli official previously stationed in Washington said that "a large part of the problem is that we no longer have the same kind of relationship with America in which officials spoke openly to each other at all levels. Now it has all been subsumed by the connection between Netanyahu and Trump and their personal dramas."

More fundamentally, Israel's and America's goals in Iran have become less aligned. A few in Israel's defence and intelligence establishment warned their generals of this discrepancy in the first days of the war. But their bosses were swept away by the success of early air strikes and backed Mr Netanyahu through the war. Then Mr Trump called time. He was more interested in dealing with the same regime that Israel wanted to bring down. Since then, Israel has been left out in the cold.

Confronting Iran has been Mr Netanyahu's idée fixe for years. He has led Israel twice into wars with that intention. Although these campaigns caused significant damage to Iran's nuclear and missiles programmes, that could prove temporary. Israel has damaged its crucial ties with America and its relations with Arab countries that saw it as an ally against Iran.

All this is also likely to hurt Mr Netanyahu's prospects of re-election in October. It will be hard to sell himself as the guarantor of Israel's security when he appears to have achieved so little over Iran. Nor can he afford to be seen at loggerheads with Mr Trump. He has made much of his relationship with the president, who has been very popular in Israel.

That said, the main opposition leaders were just as gung-ho when war began. Their criticism is that Mr Netanyahu failed to get results, not that he launched it. "We desperately need a new Iran policy," says a military planner. For now, Israel has no prospect of one. ■

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Middle East & Africa | Third time unlucky

The Iran war meant an economic crisis for Africa

It was the third shock of the 2020s to hit the continent

June 18th 2026

At the start of the year there was cautious optimism about Africa's economies. The imf forecast that gdp growth for Africa as a whole would be the fastest for a decade. Inflation was cooling. The continent seemed to be getting over the macroeconomic after-effects of two global crises earlier in the decade: covid-19 and Russia's invasion of Ukraine. But then America and Israel launched their war against Iran.

A peace deal (of sorts) has now been signed, but the conflict has already harmed most of Africa's 54 countries. It has raised fuel prices, stoking inflation and crimping spending power. It will probably lead to higher food prices. Some places may see macroeconomic crises—and thus political crises too. But the main effect will be to sap the momentum seen earlier in the year, making it harder for Africa to close its economic gap with the rest of the world.

More expensive fuel is the clearest impact of the war. Oil prices dropped on news of the agreement between America and Iran but it may take months for energy markets to fully normalise. Prices will remain high, especially compared with January, even if they are lower than at the war's peak. Shipments of refined products may be slow to arrive and some African countries are very short of stocks.

Most African governments have allowed at least some of the higher oil prices to flow to the pump. That reflects economic reality. On average they would need to spend nearly 1% of gdp to negate the effects of higher oil prices, says the Centre for Global Development, a think-tank. But before the war the imf put the median fiscal deficit in sub-Saharan Africa at 3.2%. Over a third of countries spend at least 15% of revenues on interest payments.

Higher petrol prices mean costlier commutes, whether in cars, minibuses or motorcycle taxis. Dearer fares mean less disposable income for everything else.

Costlier diesel, the lifeblood of African industry, is squeezing firms' margins. It powers freight operators, food wholesalers and haulage trucks at mines. Since diesel is crucial to power generation in many countries, it is also leading to rises in electricity bills across the continent.

Food inflation in Africa is a "delayed fuse", argues s&p. The credit-rating agency reckons that it will take six to 18 months for it to hit consumers because there is a lag to the effect of higher fertiliser prices caused by the closure of the Strait of Hormuz, through which one-third of global fertiliser exports passed. Many agri-businesses bought their fertiliser for the current planting season at pre-war prices, so the effects on margins and food prices will come next year. A swift reopening of the strait may limit the damage, but bottlenecks and logistical issues will keep fertiliser costs above pre-war levels for next season.

For now, bumper global grain harvests are keeping a lid on prices. “The situation is very different from the challenges posed by the Russia-Ukraine war,” says Wandile Sihlobo, an agricultural economist and adviser to Cyril Ramaphosa, South Africa’s president. “The impact...will be more apparent in 2027, going into 2028.”

The macroeconomic fallout will be varied. Oil exporters such as Nigeria and Angola will reap higher tax revenues. High metal prices will cushion the blow of pricier fuel in countries such as Congo. Countries with relatively low debt and inflation, such as Tanzania, look more robust.

Others are more vulnerable. In forecasts published on June 11th, the World Bank downgraded its 2026 growth projections for sub-Saharan Africa as a whole from 4.3% to 4.0%. The five African countries “most exposed” to the Iran war, says s&p (of the 20-plus sovereigns it rates), are Egypt, Ethiopia, Kenya, Mozambique and Rwanda. All are energy importers. All depend in some way on external financing.

In Kenya foreign-exchange reserves are being “rapidly denuded”, notes a veteran Kenyan banker. Ahead of elections next year, imf-imposed spending restraints will make it tricky for the government to buy votes. But in April William Ruto, Kenya’s president, agreed on a new $600m loan with the World Bank, suggesting he may have to turn to the Fund as well. “We don’t exactly have the muscle, so to speak, to tell the imf to get lost,” adds the banker.

Meanwhile, many Kenyans are telling their leaders to do just that. As fuel prices rose, the country saw deadly protests and a nationwide transport strike. More are likely: Mr Ruto has said he has no room to prevent further fuel-price increases and ruled out more fuel-tax cuts. Analysts are watching a finance bill going through parliament that contains some of the measures that sparked mass protests—and a violent crackdown by authorities—in 2024.

Senegal offers further evidence of the Iran war’s political impact. For several months the country has scrambled to find cash to avoid defaulting on debt that the imf reckons is 130% of gdp. Generous fuel subsidies that are now even more lavish are making that task harder. Bassirou Diomaye Faye, the president, sacked his prime minister, Ousmane Sonko, a populist who refused to raise pump prices. Since Mr Sonko still wields control over a majority of mps, a high-stakes showdown looms.

The effects of the Iran war may well catalyse yet more political crises. Malawi is chronically short of hard currency to import petrol, leading to shortages and a black-market price equivalent to about $20 per gallon. Madagascar, which has one of the highest food-import bills as a share of gdp in Africa, had a coup last year, and one putsch tends to shorten the odds of another. Mozambique had street protests last year over a dodgy election; the Iran war's fallout today means that its people now have even more to demonstrate about. And that is just what is happening in some of the African countries beginning with M.

But Africa is diverse: not all its 54 states are feeling the same shock. This is partly because of the changes of the 21st century, argues Ken Opalo, a Kenyan academic at Georgetown University. Finance ministers and central bankers no longer (mostly) try to print money when a crisis hits; they are nimble and prudent. Rising intra-African trade and large informal economies mean that countries have buffers against some of the shocks delivered by external forces.

South Africa's experience could prove typical. It began the year with high hopes, thanks to high commodity prices, global interest-rate cuts and growing evidence of structural reforms. Annualised first-quarter gdp growth was 2%, suggesting a recovery was under way. But recent surveys of business leaders suggest flagging confidence, in part due to the effects of the war. That does not mean a recession is coming, says Lisette IJssel de Schepper of the Bureau for Economic Research, a South African outfit. But "it suggests that the recovery has abruptly lost momentum."

Worryingly for policymakers, African recoveries are again proving short-lived. Last year the World Bank showed that economic expansions lasted, on average, 3.3 years in sub-Saharan Africa but 5.1 years in other developing countries and 7.2 in rich ones. No one knows how soon the effects of the war might ease, but it has probably made it harder to realise Africa's potential. "Taken on its own, covid was worse," says the Kenyan banker. "But taken as the latest in a series, it is laid on top of a pretty weak platform. That’s the trouble.” ■

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Middle East & Africa | Jolly jollof, but not for everyone

Is the staple meal in Nigeria and Ghana becoming a luxury?

What the rising prices of jollof rice show about Nigeria and Ghana's economies

June 18th 2026

Nigerians and Ghanaians have a long, lively debate about whose jollof rice is better. (Senegalese thieboudienne, which gave birth to jollof, arguably trumps both.) A more pressing question is whose is cheaper? The Jollof index, issued quarterly by a Lagos-based consultancy called SBM Intelligence, tracks the prices of 12 ingredients used to make the staple in both countries, from the tinned tomato purée that gives the dish its renowned orange hue, to the oil used to sauté the onions and spices.

In both countries ingredient prices have risen during the war over Iran. After the conflict began, in Nigeria, a pot of jollof for a family of five was soon going for n30,435 ($22.4), a whopping 40% of the monthly minimum wage. This 20% jump since October came mostly from diesel costs for the lorries moving tomatoes and peppers from north to south. In Ghana, tomatoes now cost 56% more than before the war; the average price of rice is up by 29%. The cost of cooking gas has risen by 31%, adding to the cost.

But the picture then diverges. In Ghana, where the government has steered a rocky return to single-digit inflation from a peak of 54% in December 2022, this average pot still works out in dollar terms cheaper than it was three years ago. Though its jollof basket depends more on imports, a stronger currency has cushioned families from the worst shocks. But in Nigeria that same pot is up by 50% in dollars terms over the same period. Though headline inflation has slowed over the past year, Nigeria's bureau of statistics has just noted that prices are up by 16% on last year, the third monthly rise this year.

Most jollof ingredients in Nigeria are farmed locally. But bad roads and weather always cause spikes at this time of year—worsened by the war. Nigeria's higher rate of food insecurity means that even small, brief price rises can make the difference between someone eating their jollof rice with chicken—or settling for a morsel of smoked fish. For the 140m Nigerians under the poverty line, jollof has long been an unheard-of luxury.■

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Europe

- Britain’s departure made Europe more French
- The terrifying new air war in Ukraine
- Germany’s left-wing Die Linke party has won over the young
- Albania’s flamingo protests target Donald Trump’s son-in-law
- Europeans should learn to love the air-conditioner

Europe | Europe after Brexit

Britain’s departure made Europe more French

A smaller EU has learned to live without Britain

June 18th 2026

At the time of the Brexit referendum in June 2016, many predicted that in the next decade the European Union would either fall apart or march briskly towards ever-closer union. Which one depended on who was talking. Right-wing populists, including those in Britain’s Leave campaign, forecast that the first country to leave the bloc would trigger a domino effect of others yearning to break free. Europhiles, for their part, spotted an opportunity: with the non-continental stick-in-the-mud gone, a more cohesive EU could be forged. Both sides agreed that English, the tongue of l’Albion perfide, would lose its grip over Brussels.

As of 2026, neither scenario has panned out—though the federalist version is closer to the mark. No other country has come close to leaving the EU.

That is unsurprising, given how the years-long negotiations over the modalities of exiting the bloc upended British politics. Meanwhile, the union has deepened a bit. The absence of a big liberal brake on French statist schemes has nudged it towards more integration, at least in places. In many ways the EU has remained the same. English is even more of a lingua franca in Brussels than it was in 2016.

Still, there are three big differences between today's EU and that of a decade ago. The most notable evolution is fiscal. In July 2020, just six months after Britain formally departed, the EU's remaining 27 members agreed on an €800bn ($928bn) covid recovery fund. Not only did this mark a large expansion of the bloc's budget, which normally amounts to 1% or so of GDP. It was also the first instance of spending paid for through issuance by the EU of bonds in its own name, a federalising act of a sort Britain would surely have derailed had it been in on the negotiations.

The second big change regards economic policymaking. Since Brexit the EU has taken a markedly dirigiste turn. Britain was among the bloc's most ardent free-trading and liberal voices, the leader of a northern European group that balked at EU protectionism and overregulation. For decades it led the resistance to French-infused schemes that aimed to craft a European industrial policy. That term was long a taboo in Brussels. Now it is a core part of the EU's goal of "strategic autonomy"—another French obsession. With Britain absent from decision-making summits, economic interventionism is rife these days. The EU has eased rules that prevented national governments from subsidising favoured industries. It has imposed tariffs on Chinese electric vehicles and sought to reduce unwanted dependence on imports, for example by pushing for "Made in Europe" clauses in public procurement. All of this is very un-British.

Another marked evolution concerns defence. The British were among the members most sceptical of EU military efforts: as firm Atlanticists, they worried about undermining NATO. In 2024 the European Commission, the EU's executive arm, was restructured to add a defence commissioner (albeit one that looks after the defence industry, rather than more operational military matters). Still, the EU has increasingly weighed in on matters of war, for example by directly funding arms sent to Ukraine.

These three evolutions have something in common. All were caused by outside shocks, not by Brexit. The stimulus scheme was a result of the pandemic; economic interventionism is a response to the rise of Chinese exports; and NATO no longer feels like a reliable alliance, with Donald Trump in the White House and Russian revanchism on the march. "Brexit hasn't caused the change the EU has gone through, but it affected the solutions that it arrived at to address those changes," says Fabian Zuleeg of the European Policy Centre, a think-tank in Brussels.

Some British priorities have survived their champion's departure. For decades Britain pushed for EU enlargement, if only because a wider union probably meant a shallower one. Today the prospect of more countries acceding, including Ukraine, seems closer than for years. On some fronts the bloc is growing protectionist, but it is also signing trade deals, including with Mercosur, a group of countries including Brazil and Argentina. As members, the British were for that deal, the French (notably their farmers) against.

The single market is also getting attention. This was another obsession of Britain, which often thought of the EU as a free-trade area with inconvenient bells and whistles attached. Had it stayed, it would be cheering on Brussels's attempts to deepen the single market for services and reverse years of overregulation.

In part these liberal priorities survive because Britain was never as isolated as it believed itself to be. Lots of countries shared its instincts: the Baltics and central Europeans on defence, the Scandinavians and Dutch on free trade, the Irish on Atlanticism. Northern Europeans have taken up the British baton when it comes to arguing for a smaller EU budget. Germany and the Netherlands are keen to ensure that the joint-borrowing scheme is a one-off. But without what was once the EU's second-biggest member, that liberalising group is often fighting a rearguard action.

Perhaps the biggest impact on Brexit was on EU morale. The bloc out-negotiated Britain at every turn of the four-year-long divorce. That gave it confidence to face later crises, whether covid or Ukraine. Yet the self-deprecating humour of Britain's EU contingent remains sorely missed, even among their former ideological enemies. And English remains: the language of a country that has left, communicating policies it never would have agreed to.■

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Europe | Going ballistic

The terrifying new air war in Ukraine

Russia is dominating the missile war by default, but Ukraine hopes that will change

June 18th 2026

Ukrainians awoke on Monday to a familiar stench of kerosene, fire and blood. Russia's latest attack, involving 611 drones and 70 missiles, focused on Kyiv. The capital's ancient Pechersk Lavra monastery complex, a unesco World Heritage site, was hit by what local authorities described as a direct strike. Elsewhere the primary targets appeared to be military-production facilities and power infrastructure, but as usual some missiles landed in bedrooms. Eight residential blocks were hit. In Kyiv at least five people died and three dozen were injured. In Kharkiv, at least five emergency workers were killed in a deliberate "double-tap" strike. The deaths continue a grim trend: May was the deadliest month for Ukrainian civilians since 2022.

The intensifying air war is in part a reflection of Russia's increasing difficulties on the ground. Since late 2025 Ukraine's drone-fronted forces have been killing and seriously wounding Russian soldiers faster than the Kremlin can recruit them, slowing their advance to a crawl or, in some cases, even slightly reversing it. The near-stalemate is causing the war's centre of gravity to shift from the trenches and towards the factories and supply lines behind it. Each side is responding using the tools it has.

Ukraine has prioritised an asymmetric mid-range drone campaign, menacing Russian supply routes with new precision weapons, the latest of them semi-automated. Among other things, this has caused a petrol shortage in annexed Crimea. Russia, for its part, has simply bombed Ukrainian cities harder and more ruthlessly. Its aims are not only military but psychological: to break locals' morale, and foreign allies' confidence that Ukraine can defend itself. In late May Russia's foreign ministry urged diplomats to leave Kyiv. So far, none have.

For Ukraine's air-defence operatives, nights like these are increasingly frantic. At the worst moments the waves of incoming drones and missiles turn their radar monitors into a sea of red dots. "It's like being a goalkeeper facing ten balls at once," says one officer. "You've only got two arms and two feet and you don't understand how you will get through it." Given that, the performance remains solid. On an average night Ukraine intercepts more than 90 % of the drones and cruise missiles launched at it. Interceptor drones, which are mainly domestically produced, are blunting attacks by record numbers of Shahed drones, often several hundred strong. But a shortage of anti-ballistic interceptors has made it a losing fight against ballistic missiles, which move much faster. In the most recent attacks roughly two-thirds got through.

Of the systems available to Ukraine, only the American-manufactured Patriot reliably intercepts ballistic missiles. In three years Ukraine has fundamentally changed how the systems are used. Launchers now fire and move before Russia can find them; batteries run on fewer launchers, and mobile crews have "ambushed" Russian planes that thought they were farther away. The Pentagon has even assigned a team to Ukraine to watch how they are doing it. But a shortage of interceptors forces crews to make difficult decisions about what to target and what to let through. Since the

Iran war started America and its Gulf allies have burned through stocks of Patriots at a dizzying rate, exacerbating an already acute global shortage. New manufacturing lines are not expected to yield significant results for years. Fire Point, a Ukrainian start-up with a reputation for over-promising, says it is developing a new anti-ballistic missile. Few insiders believe it will work in the near term.

Russia is using the window to press its overwhelming missile superiority. Ukraine’s missile-engineering school was largely dismantled after the fall of the Soviet Union, at Russia’s and America’s behest. The Kremlin, in contrast, kept working on its catalogue of designs and its working production lines. This year Ukrainian military intelligence estimates Russia will produce roughly 700 Iskander ground-launched ballistic missiles, alongside 60 Kinzhal aeroballistic missiles, which are launched from planes, and 30 Zircon hypersonic cruise missiles. Combined attacks on Kyiv have held roughly steady this year at about one per week, but ballistic and Zircon missiles make up a growing share of the mix.

Ukraine has made a virtue of its missile poverty by turning to mass attacks with simpler drones and cruise missiles. It has had success with long-range drone raids, hitting targets deep inside Russia. It embarrassed Vladimir Putin with hits on St Petersburg’s port during his annual economic showcase there in early June. But while gaps in Russian air defence offer ever more opportunities, the mass operations remain wildly inefficient. Only a small minority get through, mainly the fastest weapons (over 350kph). Success rates range from 2% to 35%, depending on the model. Ukraine desperately wants to return to the select group of states that can mass-produce ballistic and advanced cruise missiles, which are harder to intercept and more destructive on impact.

It has at least two ballistic missiles in testing phase. The Sapsan/Hrim-2, developed by Pivdenmash, the Soviet-era centre of Ukrainian rocket-making, has been in development for decades but has been undermined by corruption and Russian infiltration. The fp-7, a smaller, shorter-range project from Fire Point, combines new Western avionics with an existing Soviet airframe design. The latter is probably closer to serial production.

But producing enough missiles that can beat Russian defences is not straightforward. Rockets are far more complicated than drones, requiring precision in everything from engines to terminal-guidance avionics. Making something fly a long distance is one thing; making it hit the target even harder. Financing serial production might be the most difficult part. “You can’t make spades today and rockets tomorrow,” says Andriy Ryzhenko, a former deputy chief of staff of the Ukrainian navy. “Ukraine does have a rocket school, just, but our technology has been frozen for 40 years.”

How close Ukraine is depends on whom you ask. Volodymyr Zelensky, in an interview with British media, insisted Ukraine was “very close” to bringing the ballistic war to the Kremlin. If so, the war could take a new shape. Long-range Ukrainian missiles could threaten Russia’s military industry and logistics, and deter Russia from hitting Ukrainian cities indiscriminately. But an experienced player in the arms industry (whose drones were among those that reached St Petersburg) urges realistic expectations. “The best we can hope for is an ersatz missile,” he says—ie, one cobbled together from Western spare parts. A senior official played down hopes of a Russian-style “missile conveyor belt“ any time soon.

The near-term risk is that Russia will escalate. It could use even more destructive weapons, or target Ukraine’s government and citizens with no pretence of restraint. Ukraine is bracing for a new generation of jet-powered

Shahed drones, built with Chinese engines, that are expected to make up 80% of the fleet from October. The new drones fly too fast for current interceptor drones, and will make it much harder for Ukraine's air defenders. Ukraine's great cities face still more destruction. History suggests that will not break the country's resolve. But it can make life miserable indeed. ■

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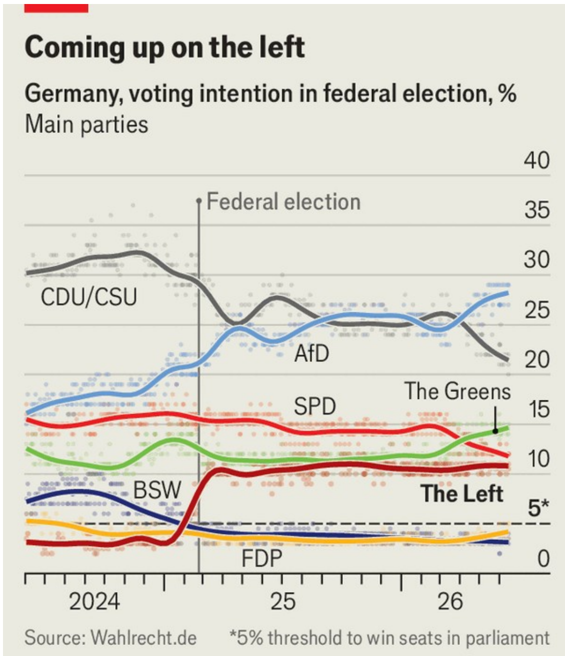
Europe | The kids are all red

Germany’s left-wing Die Linke party has won over the young

The populists promise a “scorching hot socialist summer” of protest

June 18th 2026

“MERZ…LECK…” yells Heidi Reichinnek, a young leader of Germany’s Die Linke (The Left) party. “Eier!” her younger audience hollers back, erupting in giggles and cheers. Urging Friedrich Merz, the country’s chancellor, to “lick eggs” (ie, balls) is not the sort of thing expected of senior German politicians. But the lively patter of Ms Reichinnek, a social-media superstar with a tattoo of the communist heroine Rosa Luxemburg on her left arm, is one reason why the populist Die Linke is enjoying a moment. Sitting at around 11% in polls (see chart), it hopes to overtake the ailing Social Democrats (SPD), the junior coalition partner to Mr Merz’s Christian Democrats (CDU). “Speaking young people’s language isn’t easy,” says Antonia, a fan. “Heidi seems like she can relate to us.”



Just 18 months ago Die Linke looked on the verge of extinction. An acrimonious split with Sahra Wagenknecht, a party star-turned-gadfly, had left it bruised and shorn of many MPs. In eastern Germany, once its heartland, its electorate was dying out or turning to the hard-right Alternative for Germany (AfD). Yet thanks to skilled organisation, a disciplined campaign focused on rent and redistribution and an unwise decision by Mr Merz to vote with the AfD on anti-immigration measures, Die Linke tripled its support in weeks, drew 9% of the vote in the general election in February 2025 and saw its membership more than double. Its success was the most surprising story of the campaign.

It also meant that "our electorate and our membership changed completely," notes Janis Ehling, the party's campaign mastermind. Die Linke has become more western, more female and much younger: it is the most popular party among Germans under 24. Ms Reichinnek's potty-mouthed speech was delivered at "Unfollow Bundeswehr", an event in Berlin organised to oppose the potential reintroduction of conscription. Many of her fans there were too young to vote.

The influx of members has turned Die Linke, formed in 2007 as a fusion of the old East German communists and an SPD splinter group, into a different party. The newcomers' political education is "very online and very

American”, says Loren Balhorn, a party member and editor of the German edition of Jacobin, a left-wing journal. There have been growing pains. Rows over Gaza have been especially brutal. Some older figures have quit over what they regard as a tilt to antisemitism.

The party’s fissures will be tested at its annual congress in Potsdam this weekend. Some arguments will be familiar: over whether MPs should cap their own salaries, for example. But with state elections looming, perhaps the toughest debate will be over whether the party sees itself as a protest outfit with a political wing, or should position itself as a power player.

This question has acquired fresh urgency in Germany’s east, where the strength of the AfD—shunned by every other party—has squeezed the space for viable coalitions. The CDU also excludes coalitions with Die Linke, but sometimes needs its votes to stay in office. This is hard to swallow for those in Die Linke who do not see it as their job to keep conservatives in power. But others believe nothing matters more than fighting the AfD, even as they seek to seduce its voters.

The AfD could win an outright majority in the eastern state of Saxony-Anhalt, which votes on September 6th. If not, Die Linke will probably be needed to elect a CDU premier. A brighter prospect beckons in Berlin, which votes two weeks later. There, the fragmented vote gives Die Linke a chance of forging a left-wing majority. Its signature policy in the capital—the expropriation of residential properties from corporate landlords—appeals to some in the Greens and the SPD, the parties with which it would seek to govern. Some corporations are deeply worried.

Everyone in Die Linke can agree on raging against heartless conservatives, and Mr Merz’s government is happy to oblige. It wants cuts to welfare and health care, and a bitter row over pensions looms once a state-appointed commission reports this month. Kathrin Gebel, an MP who sits on Die Linke’s board, promises “a scorching hot socialist summer” of protest. ■

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Europe | A squawk of outrage

Albania’s flamingo protests target Donald Trump’s son-in-law

Jared Kushner’s beach development brings trouble for a prime minister

June 18th 2026

JUST LAST year, Edi Rama was comfortably re-elected to a fourth term as Albania’s prime minister. Yet in recent days the usually sunny ex-basketball star has seemed increasingly nervous. Every day since May 31st, thousands of protesters have appeared on the streets to oppose plans for luxury beach developments involving Jared Kushner, Donald Trump’s son-in-law. Because the projects threaten to damage a delicate lagoon, the demonstrations have been dubbed the “flamingo revolution”. The protesters say that the threats to the environment, and the risk of corruption, are so serious that Mr Rama should quit.

The Albanian press began reporting in 2024 on plans by Mr Kushner and Ivanka Trump, his wife, to develop two swanky resorts on Albania's southern coast. One is on the Narta lagoon, a protected conservation area located where the Vjosa river flows into the Adriatic. The other is on Sazan, a nearby island and former military base. The lagoon is home to flamingos, pelicans and mosquitoes. Sazan has no fresh water and is littered with unexploded ordinance, as is the sea surrounding it.

At the end of May workers began fencing off a beach at the lagoon, and on May 30th a group of protesters and security guards clashed at the site. That touched off bigger protests in Tirana, the capital. Albanian media have been investigating who owns the Narta land under development and how they obtained it. Apart from Mr Kushner, two Syrian brothers living in Qatar have been linked to the project. The Albanian investors include a powerful oligarch. On June 12th Albania's independent anti-corruption agency issued an arrest warrant for an Albanian living in Miami, which included allegations of fraud relating to title deeds in the lagoon area.

Olsi Nika, head of EcoAlbania, an environmental organisation, says the violence at the lagoon was the spark that set off an explosion of accumulated grievances. He notes a general lack of "transparency and accountability in government": in 2024, the law on protected areas was quietly changed to allow luxury resorts to be built inside them. The protests are diffuse, says Diell Grazhdani, a marketing executive: "People are talking about everything from LGBT rights to pelican rights." But they all demand the arrest of Mr Rama—and of Sali Berisha, the main opposition leader.

Some call the protests a Gen Z revolt. Mr Berisha first became president of Albania in 1992. He and Mr Rama have dominated politics for so long that no one under 40 can recall a time without them. "They see all of us as old-fashioned and an establishment which has to go," says a friend of Mr Rama.

Mr Rama faces no serious challenge from inside his Socialist Party. "He only has servants but no collaborators," says Gjergj Erebara, a journalist. As for Mr Berisha, the country's anti-corruption agency is trying him on charges of corruption. (In 2021 America imposed sanctions on Mr Berisha, but on June 11th the State Department lifted them, citing "compelling national interest".) Other politicians charged with corruption include the mayor of Tirana and Mr Rama's former deputy prime minister. All deny the charges.

The protesters range from liberal anti-corruption activists and environmentalists to nationalists calling for a Greater Albania including Kosovo. They have united against their country's political elite. What they will achieve is less clear. Some see similarities to protests that have rocked Serbia in recent years. Those were touched off by concern over environmental damage from a proposed lithium mine, and later turned against another plan linked to Mr Kushner (since abandoned) to transform a designated historical monument in Belgrade into a luxury hotel.

As in Serbia, Albania's new protest movement is dominated by the young. They are venting their anger against an elite that flaunts its wealth. The Narta lagoon's flamingos have given them a blazing pink symbol of dissatisfaction. But demonstrations without strong leaders and concrete plans may end up achieving little. ■

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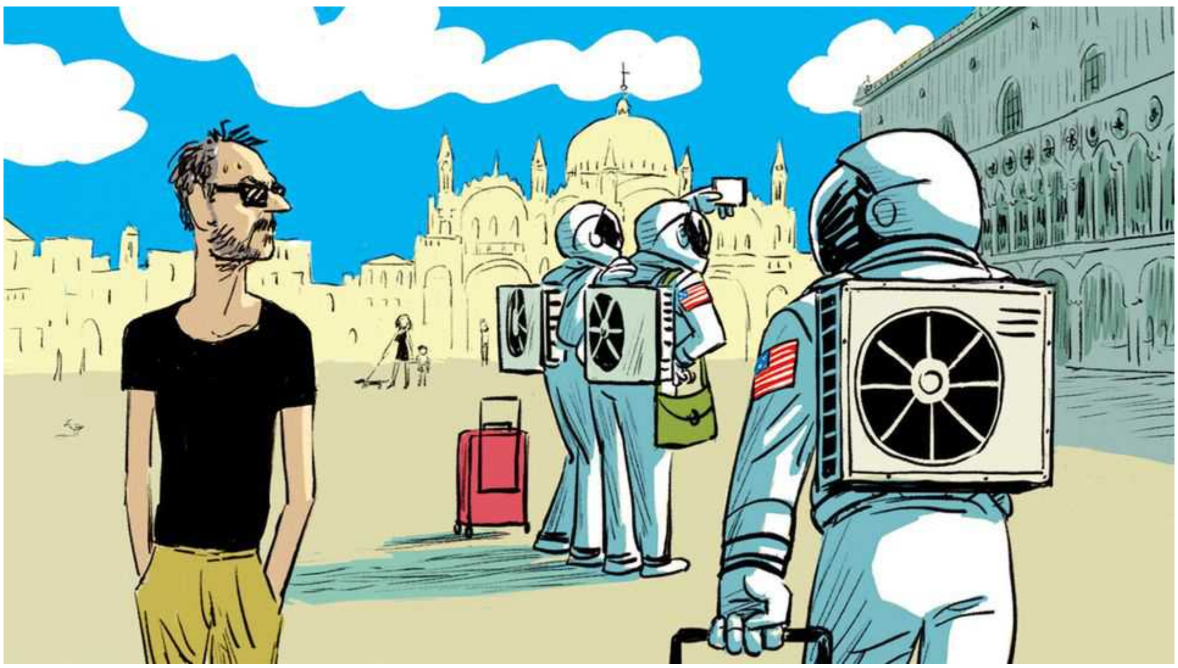
Europe | Charlemagne

Europeans should learn to love the air-conditioner

Green electricity means never having to say sorry for lowering the thermostat

June 18th 2026



AMERICANS AND Europeans differ loudly on many issues, from health-care policy to gun-carrying etiquette. But a quieter division appears every summer when they visit each other's continents. Europeans touring America complain that shops and restaurants are so frigidly air-conditioned as to require a jacket; step outside again and your glasses fog over. Yanks holidaying in Europe expect cool comfort, and grow surly on finding that many old-world buildings require them to sweat and bear it.

The divide is rooted in both climate and culture. Long before General Electric began cooling using circulating chemicals, southern Europe was built to handle heat. In traditional houses, white paint and shaded courtyards keep things cool. Windows are thrown open and rooms aired in the mornings. Shutters keep out the midday sun, and siestas allow one to skip the hours when it is too hot to do much anyway. Europe's southerners think coddled Americans don't know how to cope with heat naturally. Northern Europe, meanwhile, is mostly spared the problem: June days can be cold enough for a Scandinavian knitted sweater. Flinty northern Protestants regard buying an air-conditioner for the year's few scorchers as an expensive environmental sin.

These days, climate change is putting such attitudes to the test. Europe is expecting a broiling summer, in part thanks to the El Niño weather event. As it is, heat contributes to around 175,000 deaths a year on the continent, the UN reckons. Yet Europeans who think first-world lifestyles are largely to blame for global warming may feel pangs of carbon guilt about equipping their houses with air-conditioning, or using it if they have it. They needn't. The impressive build-out of renewable energy in Europe's hottest places means that judiciously dialling down the temperature will not do much to melt the glaciers.

Take Spain, where solar capacity has grown nearly tenfold in the past decade. Readers sweating it out in Seville can head to apps.electricitymaps.com to reassure themselves: on June 10th a kilowatt-hour of Spanish electricity produced just 86 grams of CO2 equivalent. In the American state of Georgia the figure was 442. On a sunny summer day at noon, only about 10% of Spain's electricity comes from fossil fuels; around half comes from solar. Portugal does just as well, and France better still, thanks to its dozens of nuclear reactors. Italy is a laggard, getting 30-40%of its electricity from gas. But its 224g of CO2 per kilowatt-hour is positively verdant next to much of America.

Not all of Europe can congratulate itself. Poland remains heavily reliant on coal, making its electricity mix about as bad as America's. Germany's rash decision in 2010 to eliminate nuclear power left it dependent on coal and gas, producing three times as much CO2 per watt-hour as Spain. Britain, depending on the weather, falls between Italy and Iberia. There are also unexpected bright spots like Albania, which sometimes gets 100% of its electricity from hydroelectric dams. Latvia is the greenest of the Baltics, thanks to more solar power than you might expect.

Climate morality aside, many on the old continent fret about how to pay for cranking up the aircon dial. Americans are roughly a third richer than Europeans, and to add insult to injury their household electricity costs about half as much. Even middle-class Europeans worry about a sudden bump in energy prices owing to an unexpected geopolitical crisis—say, a war in Iran.

Yet European homes are smaller than American ones, and use about a third as much electricity on average. Moreover, the solar boom means that power is not just greener but cheaper on hot, sunny afternoons. Setting the dishwasher to run overnight (prices are generally highest around 9pm) can free up room in one's budget to cool off the home before going to bed. Smart meters make this sort of demand-shifting easier. And astute governments offer funding to make old houses energy-efficient, which can pay for itself (provided they do not make the mistake of Italy's "Superbonus" programme: failing to check that the renovations take place).

The war in Iran has driven up fossil-fuel prices, but in parts of Europe (notably France and Spain) electricity bills have risen much less. That reflects smart policies. After the war in Ukraine many Europeans not only throttled their use of Russian gas, but reduced reliance on it in general. The countries that decarbonised fastest have reaped the greatest benefits. Voters might consider taking the revolutionary step of rewarding politicians who made good decisions. They are probably best equipped to bring Europe the vast expansion of power capacity it needs for the future.

To be sure, Europe faces an energy crunch. It must electrify industries to compete with China and expand its data centres, dwarfed by America's, lest the artificial-intelligence revolution render it a vassal. That means better-connected electricity markets; France should let its reactors compete with Spanish solar farms. It means accelerating the build-up of battery storage, upgrading grids, and adding vastly more renewable energy. In this equation a bit more domestic air-conditioning is little more than a rounding error.

For green politicians buffeted in recent years by falling support, a call to chill out in front of the AC may sound like surrender. That, however, is a script that ought to be flipped. It is precisely because climate-conscious governments have prodded Europe to quit fossil fuels that the continent's electricity is becoming less harmful to the planet—and less expensive. As the world warms, Europe is heating up faster than any other region. Europeans poor and rich will be using more air conditioning, both to make lives more pleasant and in extreme cases to save them. Those who prefer to tough out the summer are free to do so. But the goal should be to make cheap, clean air-conditioning available to everyone. ■

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Britain

- Ten years on, how the Brexit vote changed Britain
- The Brexit benefits you haven’t heard of
- Britain is slipping down the defence league table
- What Britain needs to do to grasp its big opportunities in AI
- Rejoiners, Britain’s real conservative movement

Britain | Regrets, they’ve had a few

Ten years on, how the Brexit vote changed Britain

In many small ways, and mostly for the worse

June 18th 2026

At 12.15am on June 24th 2016, Sunderland became the poster child for Brexit. The port on England’s north-eastern coast was the first city to declare that it had voted to leave the European Union. Over 60% of Sunderland’s inhabitants wanted out, despite veiled warnings from Nissan that Brexit might cause it to close its car factory (a major local employer). As a working-class area whose shipbuilding glory days were long gone, the port came to embody left-behind Britain’s desire to give global elites a bloody nose.

Economists try to quantify the damage from Brexit. Some say GDP per person is 8% lower than it could have been; others say 2.5%. Growth in most other G7 rich economies has been faster (see chart 1). In Sunderland Remain's worst economic fears did not come to pass (the Nissan factory limps on) but leaving has quickened the decline of British manufacturing (the plant now produces 46% fewer cars). Sunderland has not become a deregulated Singapore-on-the-Wear.

Brexit has brought myriad day-to-day annoyances. Dominic Gardner, who runs a road-repair business in Sunderland, finds it harder to import parts. The paperwork is "phenomenally frustrating". His colleague Mike complains about long passport queues when on holiday. (Mike's Polish neighbour is "laughing" because he "goes straight through security".) From exporting cheese to taking your dog abroad, life in Brexit Britain is simply harder.

This is clearest in manufacturing. Much like the rest of Europe, Britain's industrial base was shrinking before 2016, squeezed by Chinese competition and high energy costs. But since then Britain's share of global goods exports has fallen particularly quickly, dropping from 2.6% to 2.1% in 2025. That is a 17% decrease (over the same period, the EU's share fell by only 6%). Trade with the continent is mostly tariff-free under the Brexit deal, but is buried in rules and paperwork, from customs declarations to rules-of-origin requirements. For a country that sent 48% of goods exports to the EU in 2016, that is a big new burden.

The paperwork has hit small businesses hardest. Research by Thomas Sampson of the LSE and his co-authors found that the new trade rules barely affected the largest firms, which had teams to deal with the extra hoops. But the deal caused the smallest fifth of British business to export 30% less to the EU relative to the rest of the world. More than 16,000 firms—14% of all businesses exporting to the continent—stopped selling to the EU altogether.

One was FlueCube, a chimney-coverings business in Kent. Its founder, Ashley Martin, had thought, “Europe was going to be my growth.” He had started shipping to Ireland, France and the Netherlands. But post-Brexit, he says, “I lost control of delivery times and customs charges.” Eventually he gave up exporting. Two years ago he changed his company’s name from FlueCube Europe to FlueCube Limited.

Luckily for Britain, the world economy is increasingly services-based, an area of comparative British advantage. Britain’s services exports rose in real terms by 47% between 2016 and 2025 (see chart 2). Britain remains consigliere to the world, its legal, engineering and advertising expertise snapped up by sheikhs and tech tycoons. In Sunderland, a new film studio is being built, not far from the national arena for e-sports opening this summer.

But this shift happened despite Brexit. The biggest growth has been in industries with few trade barriers: advertising exports more than doubled between 2015 and 2022. Growth has been slower wherever Brexit erected new frictions (see chart 3). Swati Dhingra, an economist, found that British exports in services with new barriers declined by 16% compared with other trade flows. The City has proved more resilient than many predicted, remaining the world’s second-largest financial centre. Yet the loss of passporting has made it harder to sell services into the EU. Financial and insurance services now constitute 24% of services exports, down from 32% in 2016.

Brexit also triggered what John Springford, another economist, calls “an investment strike”. For decades, Britain has nearly always had the lowest capital investment in the G7. Brexit uncertainty compounded this, causing investment to flatline for six years. The strike never fully ended: Brexit anxiety faded, only to be replaced by fears over tax rises and Donald Trump's trade wars. By starving Britons of better machines and infrastructure, low investment has suppressed productivity growth, benighting the broader economy.

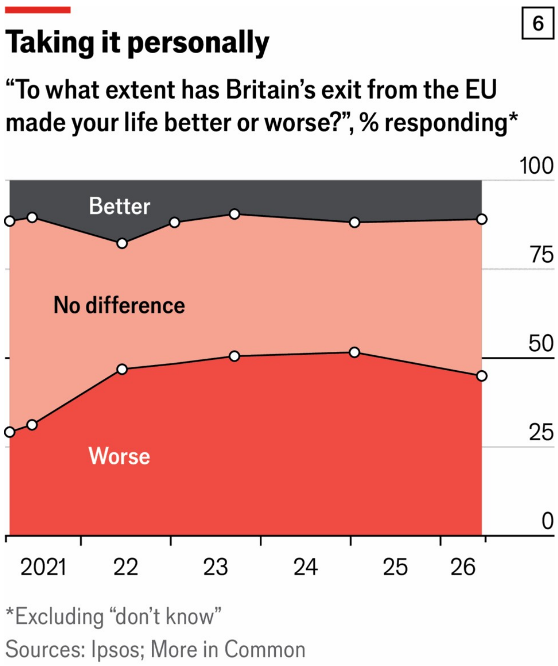
It would be churlish to argue that Brexit has hurt everyone. Puffins and lobsters are among the winners. Even the odd human has benefited. Kevin Tetchner, a gas-equipment manufacturer (and Brexiteer) from Sunderland, raves about simpler processes for certifying the safety of his products. On a larger scale, the government has used its new freedoms to transform agricultural policy. Farmers no longer get paid simply for owning land but have to deliver environmental goods. This has been a success (the EU should take note). Tech entrepreneurs say that it is easier to build an AI company in Britain than it is in the EU.

But Britain has mostly failed to pursue the radical deregulation that small-state Brexiteers promised. European rules restricting Britons' working hours remain in force. The Great Crested Newt still bedevils housing developers under EU habitats regulations that have stayed on the books. It turns out that it was not Eurocrats preventing the red-tape bonfire, but British politicians too scared of vested interests.

The most visible change is one almost nobody predicted in 2016. Boris Johnson relaxed restrictions on non-EU migrants in 2021, unleashing a surge of arrivals from India, Nigeria and elsewhere. At its peak net immigration from outside the EU reached 1m people, in 2023 (see chart 4). More than 460,000 students and their dependants came that year, plugging holes in universities' leaky finances. Many of the 471,000 people arriving on work visas came to fill vacancies in health and social care.

Sunderland, which voted overwhelmingly to take back control of immigration, has been on the crest of the "Boriswave". In 2019 people from outside Britain or the EU held 3% of jobs in the city. By 2024 that figure was 10%. At the university, for every ten Brits there are four Nepalis, two Uzbeks and at least one Indian (although many of these attend remotely). Residents have mixed feelings. Anti-immigration protests sparked riots in

2024; in May this year Reform UK, a populist-right party, won a landslide in local elections.



Ten years after the referendum, both Britain and Sunderland remain divided. Mr Tetchner is glad he voted for Brexit but feels promises were broken. "The whole point was to take control. We didn't do that." Most Britons feel regret: 57% believe Britain was wrong to leave, according to a YouGov poll. Over time, attitudes towards the EU have warmed (see chart 5). Median weekly pay for those working in Sunderland is lower now in real terms than in 2016.

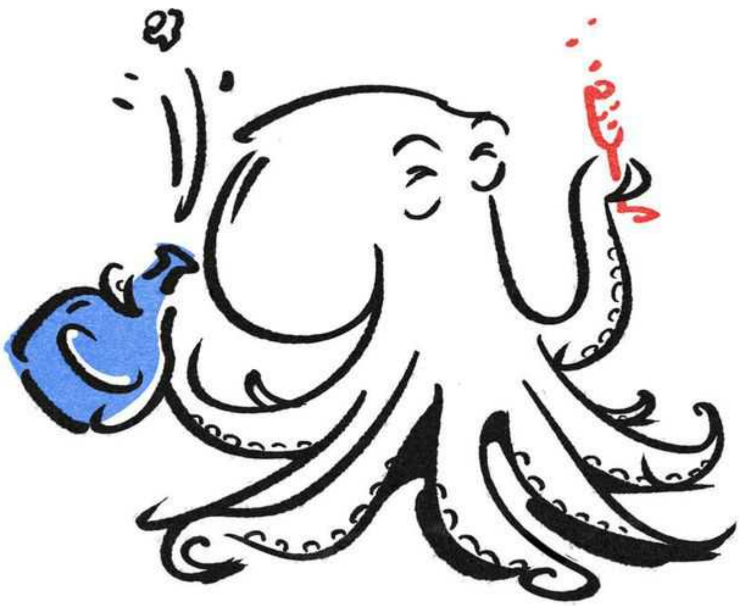
According to polling by More in Common, 43% of Britons now think that leaving the EU has made their daily life worse and just 11% think it has made it better (see chart 6). Mr Gardner, the road-repairer, is annoyed. "Brexit was fixing a problem we didn't have." But although he would prefer to rejoin the EU, he reflects, "Practically it will never ever happen." He pauses. "We are stuck now."■

Britain | Quirky Brexit wins

The Brexit benefits you haven't heard of

Something to celebrate for cephalopods and puffins

June 18th 2026



Doomerism dominates Britain's Brexit discourse. But Britain is reaping many an unsung benefit.

Imagine you run a Kentish vineyard. Before Brexit, EU rules stopped you using a Bocksbeutel—a pot-bellied bottle reserved for certain German, Greek, Italian and Portuguese wines. Today you are free to sell your wine in whatever shape of bottle you like. And consumers have the option to buy champagne (even better, English sparkling wine) by the pint, Winston Churchill's preferred portion size, rather than the 700ml mandated by Brussels.

Those who love sweets can also count Brexit as a win. Since 2022 European icing and marshmallows have become noticeably less white. Brussels banned the use of titanium dioxide (a whitening agent) as a food additive for fear it might damage consumers' DNA. Britain's regulators were unconvinced by the danger. So British confections remain as white as a Dover cliff.

Other winners include cephalopods. EU law recognises the sentience only of vertebrates. Britain's independent animal-welfare rules extend this to several invertebrates, among them octopuses and lobsters.

Then there are puffins. Danish fishermen's pursuit of sand eels, the seabirds' favourite food, has been blamed for dwindling puffin numbers. The EU prevents member states from imposing unilateral fishing bans. Free from such strictures, Britain has sided with the puffins over the Danes—outlawing the harvesting of sand eels in British waters. Record numbers of puffins have been reported on Skomer island off the Welsh coast this year.

On land, liberalised rules on gene-edited crops (heavily regulated by Brussels) allow farmers to benefit from seeds engineered to withstand Britain's changing weather. Outside the EU's common agricultural policy, thanks to tweaked incentives, hedgerows (and the wildlife they support) are flourishing: 1,800km of them have been planted since 2023.

When he was Tory minister for "Brexit opportunities" Jacob Rees-Mogg spoke of freeing Britain from EU laws "regulating the power of vacuum cleaners". In 2017 the EU banned the sale of those with a wattage greater than 900W. One minister told the House of Lords that their return could rid the chamber of mice gorging on uncleaned crumbs. Yet the cap remains in place. Herculean Hoovers are among the many Brexit benefits that are no doubt still to come. ■

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Britain | Military unpreparedness

Britain is slipping down the defence league table

The government cannot avoid hard choices for ever

June 18th 2026

British officials, eager to rebuild bridges with Europe, see defence as a ticket to a closer relationship with the bloc in other spheres. After the resignation last week of John Healey, a widely respected defence secretary, over the failure of the government to come up with the money for the armed forces to match its rhetoric, that assumption is fraying.

Mr Healey had been locked in a battle with the Treasury over a spending plan to fund the government's strategic defence review (SDR). In his brutal resignation letter to Sir Keir Starmer he told the prime minister: "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 SDR, published a year ago, called for moving at speed to be ready for war.

In February Sir Keir told the Munich Security Conference: “We must build our hard power, because that is the currency of the age…As Europe, we must stand on our own two feet. And that means being bold.”

But British boldness has been conspicuously lacking. Wrangling over how much money the armed forces would get saw the defence investment plan (DIP) delayed time and again. Service chiefs warned of a £28bn ($38bn) shortfall in the equipment budget over the next four years. The need to get the DIP out before the NATO summit in Ankara on July 7th brought matters to a head. Mr Healey, by his own account, was presented with an allocation that fell “well short” of what was required. The headline figure of £13.5bn was actually nearer £10bn once some Treasury sleight of hand is taken into account.

At a time when many countries in Europe, including Germany and Poland, are rapidly raising their defence budgets, Britain will be spending only 2.68% of GDP on defence by 2030, an increase of just 0.08 percentage points over next year’s figure (see chart). The government’s pledge to get to 3% in the next parliament (provided “economic and fiscal conditions allow”) and to meet the NATO target of 3.5% by 2035 scarcely looks credible. General Sir Nick Carter, a former chief of the defence staff, says: “Even as our NATO allies make hard choices, we slip ever further down the NATO league table—a table we once led."

Part of the problem is that the one programme regarded as untouchable, known as the defence nuclear enterprise (DNE), is expected to absorb about half of the equipment budget over the next decade. As well as the requirement for four "Dreadnought" ballistic-missile submarines and a new nuclear warhead, the DNE now encompasses the AUKUS pact with America and Australia through which Britain will acquire 12 nuclear attack submarines.

Unless the new defence secretary, Dan Jarvis, a former paratrooper, can squeeze more money from the Treasury, programmes to re-equip the army with state-of-the-art armoured vehicles and to replace the navy's ageing surface fleet with new destroyers and frigates in the 2030s will face cuts and delays. The RAF may have to give up on getting 12 nuclear-capable F-35A fighter jets. Even the high-profile Global Combat Air Programme partnership with Japan and Italy to build a sixth-generation fighter may be (in the jargon) "pushed to the right".

Sir Lawrence Freedman, a leading British strategist, believes a fundamental rethink is needed. This should consider what capabilities are urgently required and what Britain is in a unique position to provide for the defence of Europe. He argues that the immediate priorities should be getting stocks of munitions up to levels able to sustain high-intensity warfare, and investing in drone-making capacity and technology. Working with Ukrainian firms could deliver precision deep-strike weapons quickly and at low cost. Speeding up maintenance and refits is also urgent. Scandalously, about half the navy's major surface ships and the entire attack-submarine fleet are docked for repairs and upgrades.

As for contributions to NATO, Sir Lawrence stresses Britain's nuclear deterrent and protecting North Atlantic sea lanes and undersea infrastructure, such as cables and pipelines, from Russian subs and sabotage. "The army", he says, "has a role to play but is unlikely to be leading mechanised breakthroughs in a European war."

Britain is still keen to show it has lost none of its military derring-do. This week Royal Marines fast-roped from helicopters to seize a Russian "shadow fleet" tanker in the Channel, while Sir Keir promised that Britain will "play our full part" in opening up the Strait of Hormuz. But the DIP, when it finally lands, will do little to convince Britain's European allies that it will make the hard choices needed to live up to its aspirations as a security partner. ■

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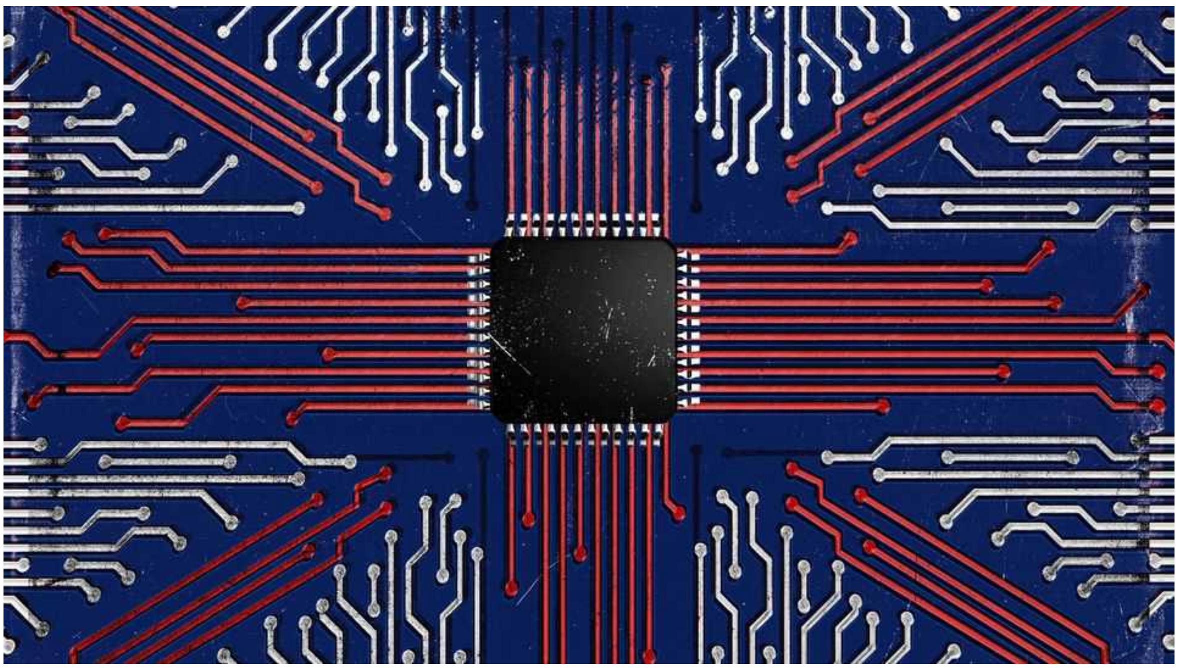
Britain | Player or spectator?

What Britain needs to do to grasp its big opportunities in AI

For a start, the government needs to think bigger

June 18th 2026



BRITAIN’S ECONOMY is far weaker for being outside the EU. Its booming AI sector may be a notable exception. So far this year British technology startups have raised over $14.5bn in venture capital, more than all other major European markets combined. Britain has 33 AI unicorns (startups valued at $1bn-plus), more than France, Germany and the Netherlands put together (though France has the biggest in Mistral, which makes continental Europe’s most advanced AI models). They include Wayve, whose driverless cars will soon be coming to London’s streets through Uber, a ride-hailing app. “It’s definitely a Brexit dividend,” says Keegan McBride of the Tony Blair Institute, a think-tank.

One benefit is that Britain is not beholden to the EU's stringent AI Act, which critics say holds firms and their customers to burdensome standards. The British government has favoured innovation over regulation. Yet while Britain feels freer, in reality any ambitious AI firm will want to sell to the bloc, so must comply with the act anyway, says Alexandru Voica of Synthesia, one of Britain's biggest generative-AI firms. In some cases, Brexit has made things "harder not easier". Mr Voica points to steep visa fees and not being able to hire people fast enough as one reason the firm is now opening offices in mainland Europe. On June 9th the British government launched a global-talent scheme to help reduce such frictions.

Great ideas, even when stripped of Brussels's red tape, still do not always turn into action. "AI growth zones", designated areas where the government aims to build data centres more rapidly by fast-tracking planning approvals and prioritising grid connections, remain little more than labels. "The UK has a huge strategic advantage [over the EU]," says Pascal Levensohn, a venture capitalist helping to set up an innovation hub in Cambridge. "It hasn't taken advantage of it."

If the European comparison flatters Britain, then the American one humbles it. This month the British government celebrated £6bn ($8.1bn) pledged for investment in AI infrastructure. That is pocket change compared with the $700bn the four big American hyperscalers will probably spend on capital investment in 2026 alone.

In April OpenAI, the American firm behind ChatGPT, announced that it would be pausing Stargate UK, an infrastructure project, in part because industrial energy costs are four times higher than in Texas. The recent order by the Trump administration to prevent any non-American from accessing Anthropic's latest models (notably Claude Fable 5) shows how access to frontier AI is at the pleasure of the American government. "Europe 2031", an essay by a group of AI experts imagining how the continent will fare if it doesn't take the technology more seriously, argues that Brexit's biggest advantage may be that the British can "broker bilateral AI deals with Washington more easily".

Britain still has immense opportunities in AI. A lot of the fundamental science behind today's models was done by British boffins (one, Geoffrey

Hinton, is known as a godfather of AI). Many co-founders and top executives at leading labs are British, from Jack Clark at Anthropic to Mustafa Suleyman at Microsoft. Wayve is part of a clutch of promising AI firms massing around DeepMind, Google's AI company led by Sir Demis Hassabis, and based in London's King's Cross. The world will be far less informed about the risks of frontier AI if AISI, the British government's pioneering AI Security Institute, continues to be locked out of Anthropic's latest models.

Nor does Britain need to be entirely dependent on America. Jensen Huang, the boss of Nvidia, a chipmaker, talks of the AI stack as a layer cake made up of energy, chips, infrastructure, models and applications. The greatest economic benefits, he says, lie in the top tier—where Britain is best-placed to succeed. Although in the long run access to frontier AI is imperative, most applications do not need the latest models to be useful. Data from Artificial Analysis, a benchmarking firm, suggest that DeepSeek V4 Pro, a Chinese open-source model, offers roughly three-quarters the performance of Fable 5, but at less than a 60th of the cost.

To truly prosper in the world of AI, however, Britain must think bigger. It will need to fix the planning system and upgrade the grid in order to build more AI infrastructure. The government may need to stump up more than the £1.1bn it recently pledged for AI hardware. At the application layer, making the most of AI will require solving other governance challenges, such as joining up data in the health system.

Britain will have to do all this in the midst of a growing public backlash. A recent survey by researchers at King's College London found that 57% of the British public thinks AI will lead to widespread unemployment and 22% that it will lead to civil unrest. In speeches, ministers shift awkwardly between AI's risks and its opportunities. A better response has been to set up an AI Economics Institute, modelled on AISI, the first institute of its kind to track how AI may affect productivity, the labour market and the wider economy.

In time, the government will have to grapple with social reforms as a result of the upheaval from AI. For now, there is other work to do. "The technological revolution is already here," says Mr McBride. Britain has an opportunity to be a player, but it risks becoming a spectator.■

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Britain | Bagehot

Rejoiners, Britain's real conservative movement

They want to turn back the clock on Brexit. Winning campaigns deal in the future

June 18th 2026

There is a touch of historical re-enactment to the events thrown by the losing side to mark the tenth anniversary of Britain's Brexit referendum. A march in support of rejoining the European Union (replete with blue flags, no doubt) will wind through Westminster. The organisers, among them an anti-Brexit dance troupe from Swindon, have returned from a 255-mile pilgrimage on foot to Brussels, where they gave lawmakers messages of regret from Britons. For the truly nostalgic, the New World, a tabloid, is hawking passport covers in pre-divorce burgundy, bearing the legend: "European Forever—Bollocks to Brexit". Eitan Hersh, a political scientist, posits that political activism is often motivated by hobbyism more than ideals. Some re-enactors like to dress as Napoleonic infantrymen. For others, reliving their defeat of 2016 makes for a fine weekend.

There lies the problem for Britain's pro-European cause. Some 55% of Britons, and 79% of Labour voters, say they would vote to re-enter the bloc. Still more an idea than a campaign, Rejoin has rushed from the fringe to the centre. Wes Streeting, a putative prime minister, has joined his rival Andy Burnham in wishing that Britain would one day return. The rising Green Party supports it.

But it will fail unless its advocates adhere to an essential rule of politics: winning campaigns trade in what Gordon Brown, a former prime minister, called "the future business". Rejoin is often a backwards-looking cause, its adherents still animated by what they see as a fraudulent referendum and by the damage that followed. But if the case against leaving the EU is damning and easy to litigate, it is not the same as a prospectus to rejoin. On that, the intellectual spadework has barely begun. That Brexit is a growth-sapping error hardly guarantees its reversal: from housing policy to taxation, Britons are adept at living with expensive mistakes.

The anti-Brexit movement has a reactionary streak. That is a paradox, since its supporters skew to left-wing parties. But it emerged only in response to the chaos of 2016; EU flags were rarely seen on British streets before. Its aim was restorationist more than transformative: first halting the divorce, and after that was lost, turning back the clock. This is a trend seen everywhere, notes Ben Ansell of Nuffield College, Oxford: as right-wing radicals have turned on institutions such as courts, central banks or the European Commission, groups that once stood for change have found themselves those bodies' unlikely defenders. Populism has turned progressives into conservatives.

And many of those who marched against Brexit could have been natural Tories: older, whiter and better educated than the general public. (Testiculi ad Brexitum, ran one proudly erudite t-shirt, as Morgan Jones notes in a new study of the movement.) At its worst, it was possible to detect the same horror for ill-informed Leavers that Edmund Burke felt for the French revolutionary mob: "Learning will now be thrown into the mud and trodden down under the hoofs of a swinish multitude."

But Europe has advanced only when it was synonymous with the future. For Edward Heath, who led Britain's accession to the club in 1973, only in a continental market could Britain compete with America and Japan in aircraft, computers and nuclear energy. To quit after joining would be to "shuffle off into the dusty wings of history". For many Britons, Europe meant cultural modernity: foreign holidays, Gaggia coffee and Marks & Spencer wine.

Then Eurosceptics learned the power of the future. Many Brexit voters, and some Tory MPs, pined for empire and the Blitz spirit. Yet Vote Leave, the official campaign, cast the EU as a relic of the age of the tower block and the telex, incapable of handling technological change and mass migration. "Take back control", in its telling, meant genome editing and clinical trials. It worked.

If that second referendum ever came, this is the terrain on which supporters of keeping Britain out would fight again. When it comes to AI and low-carbon energy, they would argue that the EU is more risk-averse and more protectionist than Britain, and they would have a point. And what then is Rejoin's rival vision of an industrial future in Europe? They might reply that Britain would be better off writing the AI laws of the entire European market. But the public case that influence beats autonomy, defeated in 2016, will not be easy to win; for Rejoin's hobbyists, relitigating Boris Johnson's big red bus is easier and more fun. Nor are today's European leaders helpful salesfolk when it comes to "the future business". Not a month goes by without someone warning the continent will become a museum without reform.

Rejoin's advocates sometimes promote the Europe of a decade ago, in which Britain would reclaim its special status outside the single currency and "Schengen" passport-free zone, among other opt-outs. It is theoretically possible, but the squeamishness about the crowning achievements of European integration does suggest that Britons' appetite for the actually existing EU is not so great. (In the same spirit, it is also possible to go to Scott's and order only the green salad, but if you insist on making a scene about it perhaps oyster bars aren't for you.)

And it misses the point. The EU that Britain knew has evolved, through years of crises. Some changes would be uncomfortable for British elites: the bloc now issues common debt, and is centralising bits of capital-markets supervision. Others may be attractive. It is gripped by geopolitical competition and the fate of Ukraine. It takes competitiveness more seriously and is hard-headed on migration. It will spend less on farmers and more on defence.

Hence Bagehot's advice to Rejoin. Winners campaign in the future tense. Forget the Europe of 2016, and sell the Europe of 2046. Who knows? Britons may even prefer that version. ■

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International

- Meet the world’s new peacemakers
- Asian allies are doomed to hug Donald Trump close

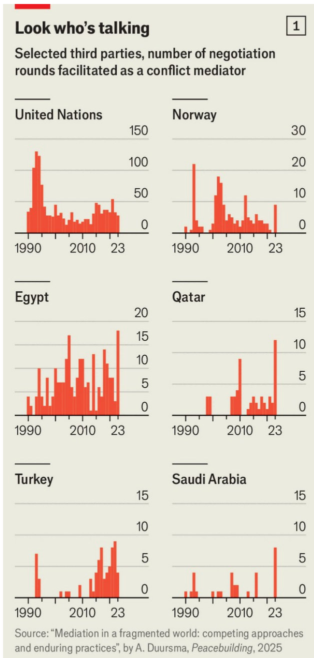
International | Everything is negotiable

Meet the world’s new peacemakers

Autocracies are taking over conflict mediation. The deals they are making look different

June 18th 2026

PAKISTAN IS TYPICALLY viewed more as a source of geopolitical problems than as a salve to them. Yet over the past few months it has done more than just about any other country to bring about an end to the war between America and Iran. And it is not the only unlikely peacebroker to have interceded in recent conflicts. In just the past five years Turkey has mediated between Russia and Ukraine, Ethiopia and Somalia, and Pakistan and Afghanistan. China is also trying to reconcile Afghanistan and Pakistan. Qatar has served as a go-between for Hamas and Israel and America and the Taliban, as well as playing a role in America’s deal with Iran.



Across the world, peacemaking by autocratic regimes is becoming the norm. In 2025 one or more of China, Qatar, Saudi Arabia, Turkey and the United Arab Emirates were involved as mediators in at least 20 of 53 peace processes recorded worldwide, according to the School for a Culture of Peace (ECP) at the Autonomous University of Barcelona. At the same time, the established peacemakers of the post-war era—the United Nations and democracies far removed from the field of battle such as Norway, Sweden and Switzerland—are either involved less, or less prominently (see chart 1). This shift does not mean that more or fewer deals are being struck than before. Much like their democratic counterparts, autocrats come up empty-handed more often than not. But the accords they do manage to bring about are different in both style and substance.

First, consider the incentives. The autocrats are drawn to mediation for at least three reasons. One is prestige and domestic standing. Pakistan's military leaders have parlayed their role in the talks between America and Iran to project an image of Pakistan as an indispensable ally. Turkey's president, Recep Tayyip Erdogan, has used successful mediation abroad to shore up support at home, and to pose as a champion of the global south.

Another reason to get involved is to put out fires next door. In this century Turkey has had to contend with refugee crises, disruptions to energy supply, economic downturns and incidents of terrorism as a consequence of multiple wars on its borders. “Turkey cannot have complete security or prosperity unless our region is settled,” says Timur Soylemez, a former head of international mediation in Turkey’s foreign ministry. “It’s a much more cost-effective strategy to manage these disputes, to stop them from flaring up.”

Commercial or geopolitical goals are a third factor. China has mediated in Myanmar’s civil war largely to safeguard its investments. Turkey too has used mediation to protect its economic interests in places like Iraq or Libya, and to pursue new ones, as in Somalia. Pakistan’s overwhelming dependence on energy imports from the Gulf helps explain its prominent role in Iran, as does its desire to curry favour with America, whose ties with Pakistan’s nemesis, India, have been warmer in recent years.

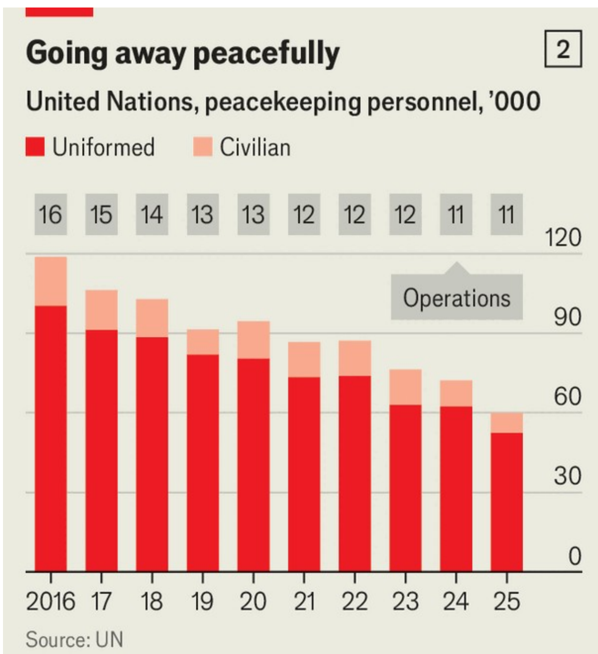
The new mediators have some advantages over the old guard. Turkey leans on its Islamic identity to position itself as a more trustworthy intermediary for Muslim countries than Western powers, says Pinar Tank, a researcher at the Peace Research Institute Oslo. Qatar is willing to talk to Hamas, Iran and the Taliban, groups many Western governments do not want to speak to directly (or for which sanctions regimes and political considerations can make direct negotiations more tricky).

The resulting deals are different, too. When Western democratic powers brokered pacts in the past they mostly tended to emphasise things like human rights, power-sharing and democratic reforms, says Allard Duursma, a researcher at ETH Zurich. The autocracies have replaced that liberal template with a focus on stability, business opportunities and trade.

One of the most visible signs—and perhaps accelerants—of this transformation is the UN’s withering influence. The share of conflicts in which the UN has been involved as a mediator has held steady over the past decade. But its clout, defined by the number of instances where it has taken the lead in mediation, is rapidly diminishing. The last time the UN played a notable role was in 2022, when it co-produced a deal to allow Ukrainian grain exports through the Black Sea.

It has long been the case that some countries—notably America, Russia and Israel—bypass the UN and pursue separate mediation tracks when their interests are at stake (as now in the wars in Gaza, Iran, Lebanon and Ukraine). But the UN has also got into the habit of sidelining itself. Its secretary-general, António Guterres, did not appoint a special envoy for Iran until March 25th, after the war had been raging, and regional diplomats had been working the phones, for nearly a month.

Because the leadership of the UN fears spending its limited political capital on seemingly hopeless conflicts, it often does not even attempt to mediate, a senior UN official acknowledges. “It’s a pretty low point for us at the moment, mainly because of an excess of caution over the last decade,” he laments. “It’s OK to fail, but it’s much more important to try.”



The UN is also less able to keep the peace. The number of UN blue helmets on the ground has plummeted, from 107,000 in 2016 to 47,000 today, while UN peacekeeping operations over the same period have also decreased, from 16 to 11 (see chart 2). Such missions are becoming a thing of the past. The last time the UN created a new one, for a civil war in the Central African Republic, was in 2014. It does not help that funding for such missions has been cut, at the behest of America.

America is the one conventional peacemaker that remains as active as before, inserting itself into conflicts from Cambodia to Syria. Donald Trump often asserts, with typical hyperbole, that in the first eight months of his second presidency he ended eight wars. But his transactional style of peacemaking is much more like the autocratic intermediaries' than his predecessors' was, helping to scrap the old model of mediation. He often demands commercial goodies for America, such as mining concessions, and has not shown interest in human rights, democracy or the rule of law.

The result is a different form of peacemaking. For starters, the newcomers have regularly taken charge of mediation and pushed others aside in wars in which they are participants or strong supporters of one side, Sara Hellmüller and Bilal Salaymeh observed in a paper published last year. Saudi Arabia has largely bypassed the UN in Yemen. Iran, Russia and Turkey brokered several ceasefires during Syria's long civil war, without any outside involvement, to avoid intruding into one another's respective areas of influence. Turkey has rejected UN mediation in its own peace talks with Kurdish insurgents. In Myanmar, China alternates between abetting rebels and coercing them into ceasefires, thereby increasing its own clout.

As cynical as all this might sound, coercive diplomacy is not without its benefits. (Nor is it new; in Bosnia, for example, a NATO bombing campaign paved the way for the 1995 Dayton Agreement.) Studies have found such mediation can help produce ceasefires more quickly than the more principled sort. In some cases an autocratic regime with economic or geopolitical interests at stake is the only party with much interest in bringing about peace. China, for instance, has been a vigorous mediator in the conflict between Afghanistan and Pakistan. In March China's foreign ministry urged restraint after the Pakistani bombing of a hospital in Kabul. It then dragooned both sides to attend talks in China in April. It has also tried to use economic leverage to force both sides to make concessions, albeit so far without results.

The no-nonsense, knocking-heads school of diplomacy has chalked up some notable achievements. A fear of annoying Mr Trump seems to have helped bring about ceasefires in conflicts between Armenia and Azerbaijan, Cambodia and Thailand and Congo and Rwanda. Although India was aghast at Mr Trump's intervention, he also appears to have helped quell a flare-up in hostilities last year between it and Pakistan.

The hitch is that all the hand-wringing about fairness and human rights with which the autocrats and Mr Trump have largely dispensed may actually have made ceasefires more durable. Lasting peace deals have always been rare; they are getting rarer still. Between 1989 and 2013, according to Mr Duursma, the share of negotiations which ended in conclusive agreements, as opposed to ceasefires or other stopgap measures, stood at 3.9%. Between 2014 and 2023, that has dropped to 2.1%.

Half-baked deals are replacing the longer, more tedious work of peacebuilding. “The age of these big peace agreements appears to have ended,” says Mr Duursma. In other words, Pakistan’s services may soon be required again.■

Asian allies are doomed to hug Donald Trump close

Forget middle-power coalitions. Japan and its neighbours know that only America can deter China

June 18th 2026

EIGHT YEARS ago, the German government made a childish mistake when it released a behind-the-scenes photo of President Donald Trump, arms folded and a defiant smile on his face, being confronted by European leaders at a G7 summit in Canada. The image went viral, for it exposed America's isolation. (Mr Trump was blocking a summit communiqué.) Germany's then chancellor, Angela Merkel, is seen leaning imploringly towards Mr Trump. The raised eyebrows of France's president, Emmanuel Macron, convey Gallic incredulity. Only one leader looks unimpressed by this Euro-ambush: the late Abe Shinzo of Japan.

Years later, the picture—and its leaking—still makes high-ranking Japanese officials wince. In Tokyo it is argued that whenever allies isolate Mr Trump, they are not showing independence, but committing an act of self-harm.

As another G7 is held in France, from June 15th to 17th, a divide can be seen between American allies in Europe and those in Asia. European politicians and citizens rather like it when America looks lonely or weak, for they resent Mr Trump as a bully. Increasingly, they talk of a need to stand up to two predatory superpowers, America and China, and of middle powers co-operating to uphold a benign and equitable rules-based order.

That was the vision offered by Mark Carney, Canada's prime minister, when he addressed the World Economic Forum in Davos in January. Mr Carney enthused about mid-size countries forming coalitions of the willing to defend their values and resist economic coercion by great powers. The audience, thrilled to hear America and China being bashed, gave him a standing ovation.

In Tokyo the Carney pitch is seen as an embarrassing fantasy. There is head-shaking dismay, too, at the thought that Europeans and Canadians could possibly believe that Mr Trump and China's Xi Jinping pose comparable threats to their security, prosperity and autonomy. The claim is adolescent in its daftness.

Asian allies are wary of foreign policies based on values. More concretely, Japanese elites have no interest in joining any coalition that purports to free middle powers from their dependence on America and China alike. They fear a China that has grown strong and is now making its move. Japan is on the front line, while its giant neighbour amasses military firepower and uses its dominance of rare earths and other industrial inputs to hold other economies to ransom. To Japanese eyes, China is pursuing regional and quite possibly global dominance and only America has the clout to contain it.

Japan longs for the allies to get serious. Well-meaning middle powers are not about to deter China from an attack on Taiwan. Meanwhile, rogues are on the march, some of them in lockstep. Among them are Japan's neighbours Russia and North Korea. Nobody expects Europeans or Canada to ride to the rescue. Australia is spoken of fondly, but with no illusions about its limited might.

Mr Carney and friends should worry that Japan does not buy their plan for middle powers to save the world. For if a coalition of middling countries ever did take shape, Japan would be one of its natural leaders. Though greying fast, the country still has 123m people and the world's fourth-largest economy. It boasts some world-class technology and engineering firms and a shipbuilding industry. Its armed forces are being strengthened, testing to breaking-point the post-1945 shibboleth that Japan maintains only self-defence forces. It is a supplier of new and second-hand warships to Asia-Pacific governments that fear China. It rescued a trans-Pacific trade pact after America abandoned it.

Closer to home, Japan is cautiously deepening defence and security ties with South Korea. The south has not forgotten the crimes committed during Japan's occupation of Korea. But nor can it ignore the dangers posed by North Korea, its fanatical, nuclear-armed poor cousin.

While other democratic incumbents are stalked by populists, Japan's prime minister, Takaichi Sanae, in February led her mainstream party to a thumping majority. That has not stopped Chinese propagandists from calling Ms Takaichi a fascist warmonger, after she suggested that Japan's pacifist constitution would not preclude defending Taiwan in a conflict. Other governments study how Japan has laboured (with partial success) to reduce its dependence on China for rare-earth minerals and other inputs.

For all those strengths, Japan still needs America. There is no Plan B, is the line in Tokyo. If Japan can be glimpsed hedging against a less reliable America, for instance by making more of its own weapons, that is called Plan A with an asterisk. Mr Trump or his successors cannot be allowed to weaken their commitment to Asia. Nor does the region have a better alternative to America's nuclear umbrella. The game is to show why Japan is indispensable to America's prosperity and technological primacy. In the past, Japanese politicians would arrive in Washington spouting bromides about liberty and democracy. Now, they brag of helping America to build an AI tech stack that will leave China in the dust.

To be sure, Japanese elites shudder when MAGA attacks American institutions: plenty of them studied at Ivy League schools. But as an ally, Japan is patient and unemotional. To Europeans or Canadians who see Americans as kin, Trumpian aggression feels like a betrayal. In Japan America is not family: it is the superpower that defeated then helped to rebuild the country. Against that, Japan has more to lose than many Western allies do. If America left Asia, very quickly Japan and its neighbours would have to accommodate China in unwelcome and wrenching ways. It would much rather do whatever it takes to keep America close. It is all very pragmatic. Other allies should take note, and grow up.■

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Business | Pump v plug

America’s carmakers cannot escape Chinese EVs for ever

Can they stay relevant?

June 18th 2026

The Art Deco skyscrapers of downtown Detroit, built when money flooded into the Motor City in the 1920s, attest to the early years of America’s long dominance of carmaking. Though the industry’s centre of gravity has shifted to China, the stamp of the “Big Three” on Detroit endures. This year General Motors (GM) opened swish new headquarters. Last year Ford moved house within its home suburb of Dearborn. The American base of Stellantis, of which Chrysler Group is now part (and whose biggest shareholder, Exor, part-owns The Economist’s parent company), is still in Auburn Hills, another suburb.

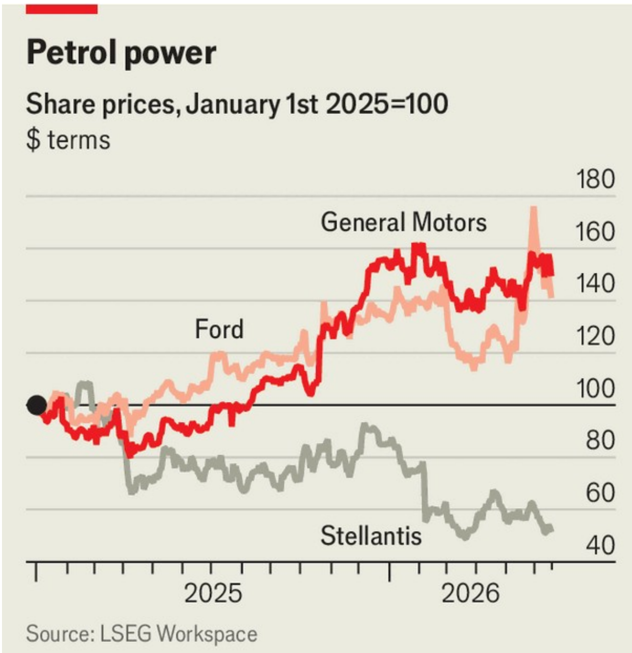
Signs of confidence, or a circling of the wagons? America's tariffs and regulatory fixes have favoured gas-guzzlers over the electric vehicles gaining popularity elsewhere. Detroit dominates the making of the giant pickup trucks and monster SUVs that Americans love, and which are highly profitable. But in relying on petrol power behind protectionist barriers, America's carmakers risk falling behind competitors—mainly from China—in an industry that evs will one day take over.

The Big Three have a recent "history of retrenchment", says Philippe Houchois of Jefferies, a bank. In 1950 three-quarters of the world's cars were made in America; now barely an eighth are. GM quit Europe in 2017, selling chronically lossmaking Opel to Groupe PSA, now part of Stellantis. Ford's share of the European market collapsed after it discontinued popular smaller models and failed to excite motorists with its evs. In China, ultra-competitive locals have routed both GM, whose market share has fallen by roughly half in a decade, and Ford, which has lost two-thirds.

In 2004 GM was the world's biggest carmaker, selling 8.4m vehicles. Last year it was fourth, with 6.2m. Ford has slid from third to seventh. Even at home, the Big Three's share has dwindled from over 90% in 1965 to 40% or so. Stellantis, a mix of American and European brands formed by the merger of Fiat-Chrysler and PSA in 2021, sold just 1.3m cars in America last year, less than half the tally in 2004.

The supposed safety of insulation from the forces reshaping the industry—electrification and the rise of China—has come at a price. Joe Biden's administration imposed 100% tariffs on Chinese evs in 2024, shutting out the cars that have rapidly taken nearly a tenth of the European market. Donald Trump's rolling-back of Mr Biden's emissions regulations and subsidies for EVs has allowed America's carmakers to ease up on electrification. But past bullishness on EVs has been costly. Ford wrote down nearly $20bn last year and Stellantis $26bn, mostly for scaling back EV plans; GM took an $8bn hit.

Mr Trump's trade policies have also hurt. Past free-trade deals encouraged shifting production of cars and parts to Mexico and Canada. Now hefty tariffs on non-American content, intended to bring manufacturing home, have cost Detroit billions. A renegotiation of the latest agreement, due to begin in July, may require even greater American content of vehicles to qualify for tariff-free trade, potentially raising costs further.



Still, in the past year the share prices of Ford and GM have surged (see chart): investors prize the short-term chance to sell petrol vehicles in America for longer. Stellantis, whose shares have shed 30% since Antonio Filosa became its boss last June, is placing a similar bet. A plan unveiled on May 21st proposes that 60% of the €36bn ($42bn) to be invested in its brands in the next four years go to North America, where returns will be greatest. Analysts welcomed the plan, but question whether it can be put into practice.

To focus on the world's largest car market after China is not exactly daft, even if it has shrunk by around 1m vehicles since the pandemic—to 16m a year—and growth will be sluggish at best. "Our international footprint is smaller than it was historically," says Paul Jacobson, GM's chief financial officer, "so we're primarily focused on our strongest market, North America, and also regions like South America and China." There is scant foreign competition for the biggest money-spinners, and so far electrification of these has been unsuccessful. Ford discontinued its F-150 Lightning, an electric version of its bestselling pickup, in 2025. gm and Stellantis have scrapped plans to make their big pickups in EV form.

Mark Wakefield of AlixPartners, a consultancy, says the “wall” to keep out the Chinese gives American carmakers the runway and money to catch up. Despite everything, cashflow is buoyant at both GM and Ford. Although some factories once earmarked for ev production are being repurposed for petrol vehicles, Stephanie Brinley of S&P Global, an information provider, points out that ev investment is “shifting in scale but still happening”.

Thus Ford’s “skunkworks” in California brims with software engineers and other techies. A new ev platform that can underpin several models is positioned to go “head to head” with the Chinese, says Andrew Frick, president of Ford’s petrol- and electric-car businesses. The first product, a $30,000 small pickup, is expected by 2027. At GM’s global tech centre in Warren, half an hour’s drive from HQ, work continues on developing batteries with novel lithium and manganese chemistry that will slash costs without hurting performance. Mr Filosa insists that Stellantis is not “abandoning evs” in America and that its large European business and collaboration with Chinese partners mean it will be ready to compete. “Europe is a laboratory for EVs.”

Will this be enough, at least to stay ahead at home? The combination of tariffs, regulations to ban cars with Chinese software and hardware and—in a politically divided country—broad agreement on the threat of Chinese tech, seems a formidable defence. Mr Filosa reflects the thinking of many in Detroit when he says he doesn’t foresee Chinese carmakers in America “at least for a few years”.

But the Chinese are far ahead and it is “only a matter of time” before they arrive, says Charlie Chesbrough of Cox Automotive, a data firm. They are patient. Chery, a state-owned carmaker, says it will launch in America at a “suitable time”. They already have toeholds. Geely, China’s second-largest car company, owns Volvo, a Swedish firm with a factory in South Carolina. It could produce cars there, even under its Chinese Zeekr and Lynk&Co brands. Several Chinese brands have design and R&D centres in America.

Mr Trump also seems open to letting in Chinese firms. In January Detroit’s bosses were aghast when he declared in the city that it would be “great” if the Chinese built factories and provided jobs in America. Jim Farley, Ford’s boss, has said that admitting them would be “devastating”. He has reportedly also suggested that Chinese carmakers be obliged to enter joint ventures under American control.

They are already just across the borders. GAC, another state firm, is about to start assembling cars in Mexico, where Chinese imports have swiftly captured 15% of the market. BYD and Geely are said to be eyeing factories there. BYD is also considering a factory in Canada, which recently agreed to allow annual imports of 49,000 Chinese vehicles with minimal tariffs.

Other foreign carmakers, battling the Chinese around the world, have also been forced to up their ev game. They will surely want to sell in America too. One way or another, competition is coming. The Big Three have their work cut out to live up to Detroit's past grandeur. ■

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Business | Fox pounces

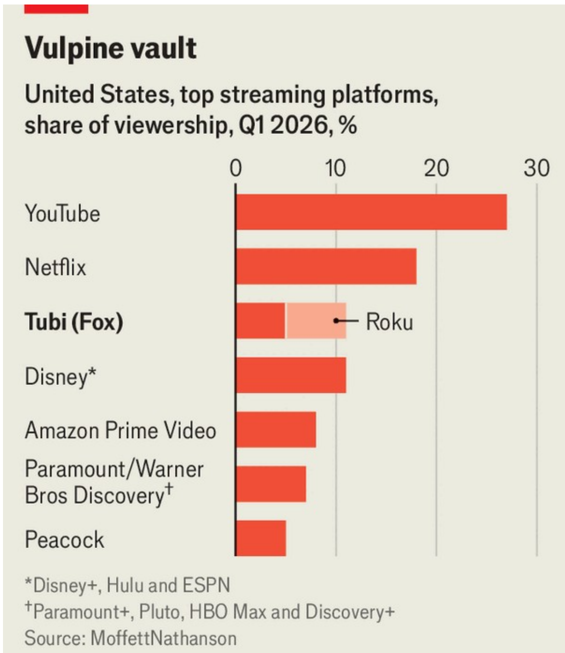
Fox, Roku and the next phase of the streaming wars

A $22bn deal creates a formidable new power in Hollywood

June 18th 2026

One of the main winners of the streaming wars, Hollywood's years-long content-spending free-for-all, has turned out to be a non-combatant. Fox kept its powder dry while companies such as Disney blew gazillions on building streaming services to compete with the likes of Netflix. The cable giant, which still makes most of its money from old-fashioned "linear" television, has been rewarded with a near-40% rise in its share price in the past five years, during which time Disney's has fallen by a similar proportion.

On June 15th Fox took a big step into the streaming business, with the surprise announcement that it had agreed to acquire Roku, an American firm which sells streaming hardware and software and operates a streaming channel of its own. The deal, valued at around $22bn in cash and stock, signals a shift in strategy at Fox and suggests how the next phase of the streaming wars may be fought.



Fox has been quietly building up its streaming capabilities for a while. In 2020 it acquired Tubi, a free, ad-supported service (known in the jargon as a FAST channel), for $440m. It has slowly grown the unremarkable entertainment channel into a platform accounting for 5% of streaming viewership in America (see chart), on a par with Paramount and NBCUniversal's Peacock. Last year it launched Fox One, a paid-subscription streaming home for all of Fox's news, sport and entertainment.

Roku will expand Fox's streaming operation significantly. Its own FAST service, the Roku Channel, will give Fox a combined share of 11% of streaming viewership in America, overtaking Disney to claim third place behind YouTube and Netflix. Cable will remain Fox's bread and butter. But streaming will now be a serious chunk of its business mix: Tubi and Roku will contribute about 30% of total revenue, estimates MoffettNathanson, a firm of analysts, which sees the deal as "a way to ensure [Fox's] future as streaming overtakes traditional distribution in the years ahead".

The deal also demonstrates how advertising is becoming a battleground of the streaming wars. Subscription streamers such as Netflix, which initially shunned ads, have come to embrace them as they court members unwilling to shell out $20 a month for an ad-free plan. More than half of new streaming subscribers in America sign up for ad-supported plans, estimates Antenna, a research firm. Advertisers, for their part, are on the hunt for new places to sell their commercials, as viewership of traditional TV declines. FAST channels are where many are turning.

Having Roku will improve Fox's ad offering. Roku made $2.3bn selling ads last year on the Roku Channel and within its TV operating system. As well as scale, Roku will bring a trove of data. Its operating system powered 8m smart TVs sold in America last year, more than any of its rivals, which include Samsung, Alphabet and Amazon. Worldwide, more than 100m households use Roku's streaming tech, providing it with information on their viewing habits which will help Fox to target ads across all its services. After several years with a streaming offering that was comparatively tame, Fox is suddenly looking rather ferocious.■

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Business | Oil, wind and fire

The Iran war has boosted Equinor, Norway's energy giant

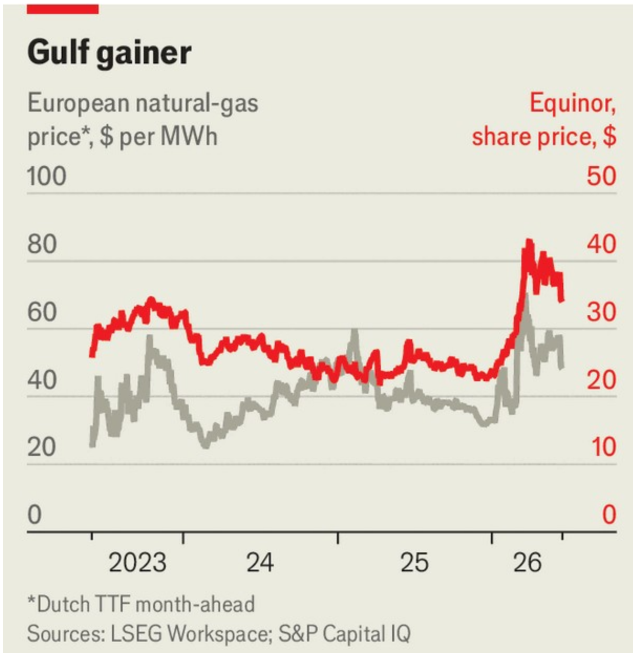
But it cannot turn a greying cash cow into a sprightly upstart

June 18th 2026

RECENT EVENTS have been kind to energy firms outside the Gulf—including Norway's Equinor, the largest supplier of hydrocarbons to Europe. The closure of the Strait of Hormuz, through which one-fifth of the world's oil and liquefied natural gas (LNG) usually flows, has pushed European gas prices up by 40% since February; Brent crude averaged $103 a barrel in the three months to May. Equinor's share price is up by a quarter (see chart).

So you might have expected cheer at Equinor's capital-markets day on June 16th, the 25th anniversary of the company's listing in Oslo and New York. Yet Scandinavian restraint prevailed—and not just because peace between

Iran and America will calm prices. Equinor remains caught between a greying fossil-fuel business and a green portfolio with clipped ambitions.



Discovered but undeveloped oil and gas on the Norwegian continental shelf, the source of 65% of Equinor's output, peaked in 1983. Most fields are now mature. To sustain production, in the next few years Equinor intends to deploy 60% of its capital expenditure at home. It will mostly go into small deposits near existing pipelines, wells or plants, to break even within two and a half years and at $35 a barrel or less. Equinor also aims to boost recovery from older fields. It expects Norwegian output to peak in 2027 at 1.4m barrels of oil equivalent per day (boe/d), declining gently to 1.3m boe/d in the early 2030s. But many analysts reckon it may drop faster.

Operations abroad may offset decline at home. Equinor is ramping up Bacalhau, a big Brazilian field under a thick layer of salt; Raia, a similar asset, is expected online by 2028. The firm has also bought assets in America's Marcellus shale basin.

Equinor expects international production to grow by 30% by 2030, to 950,000 boe/d. But hopes that foreign ventures will transform its fortunes may be misplaced. Alastair Syme of Citigroup doubts that the Norwegian government, Equinor's largest shareholder, favours global adventurism. The firm is avoiding new countries and frontier exploration, preferring to boost cashflows. It expects $9bn, or 80% more, from international operations by 2030.

Could its future be green? The firm's renaming (from Statoil) in 2018 signalled a shift that way. Equinor intended renewables to make up 10% of its output by 2030, earmarking $23bn for green investments from 2021 to 2026. But after the pandemic, surging costs for components and supply-chain snags drove projects over budget, just as higher interest rates made financing dearer. Permitting delays and geopolitical uncertainty further squeezed returns. Target markets also grew more slowly than expected. Losses from renewables mounted.

Since 2022 Equinor has scaled back, spending less than $3bn last year. It has quit projects, sold assets and written off $1.4bn. The firm retains three offshore-wind mega-projects, which it expects to be cashflow-positive by next year. It expects its power production to grow fourfold to 20 terawatt-hours by 2030, but mostly from existing projects.

Conscious that this may fail to enthrall investors, Equinor is promising them lots of money. It intends to double share buybacks to $3bn in 2026, and to keep them at $2bn-4bn a year, while raising its dividend by more than 5% a year. The Iran windfall helps for now, but without a lasting bump in prices or new growth, such payouts will soon require borrowing. Equinor is settling down as a middle-aged cash cow. ■

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Business | Token reckoning

Companies are scrambling to curtail soaring AI costs

For the heaviest users, tokenmaxxing is losing its appeal

June 18th 2026

"It's going to be an absolute nightmare," says an executive at a big American tech company. He is talking about an emerging problem for businesses that use artificial intelligence. AI agents—bots that can read, interpret and act—use masses of processing power and have started to run up huge bills. As they proliferate, the problem will grow. Big companies, the executive points out, typically use hundreds of software programs. If each of those offers agents (as they probably will), AI costs could spiral out of control.

Budget management is a new worry for AI adopters. Not long ago employees were encouraged to binge on the technology. Burning through vast numbers of tokens—the chunks of text that models process, which are often used as a unit of pricing—became a badge of honour; techies dubbed it "tokenmaxxing". Companies showed off staff's AI use on internal leaderboards. Meta's display awarded top users titles like "Token Legend".

Such incentives partly explain the boom in AI spending. So does a change in the way enterprises use the technology. Token-heavy applications, such as reasoning models and agents, are growing more popular. In some cases agents build their own agents, sending costs higher still. Ramp, a corporate-credit-card provider, analyses its clients' transaction data to shed light on their AI use. It reckons their spending has risen 13-fold in the past year. In April Uber said that it had spent its annual AI budget in four months. Other firms have similar problems. One reportedly spent $500m on AI tokens in a month. Sam Altman, the boss of OpenAI, has called mounting customer costs "a huge issue".

For now, the problem is concentrated. The top spenders tend to be tech firms, because they are early adopters and because AI is particularly good at writing software. Ramp reckons that the 1% of clients that spend the most on AI per employee are racking up average monthly bills of about $7,450 per person; the median client pays $11. And although the big spenders' AI bills are low compared with the cost of hiring a developer in San Francisco, they are high compared with employing one in Delhi.

Companies are responding in various ways. Although AI laggards are still racing to adopt the technology, for the heaviest users tokenmaxxing is out. Some, including Meta and Amazon, have scrapped their leaderboards. Many are thinking more carefully about model choice. Plenty of tasks do not require pricey, cutting-edge models. Aran Khanna of Archera.ai, which helps companies reduce their cloud costs, points out that in some cases Sonnet, a lagging-edge model from Anthropic, can cost a twentieth of what Opus, a leading-edge one, does. And Kimi, an open-source model from Moonshot AI, a Chinese startup, can cost a twentieth of that.

Another approach is spending caps. Uber has limited its employees to $1,500-worth of tokens each month per coding tool. How firms choose to allocate tokens depends on where they can generate the most value from AI, says Rachel Laycock of Thoughtworks, a consultancy. That often means companies apportion the most tokens to their core business function, such as engineers in a tech firm, she adds.

Some software vendors are experimenting with new pricing plans to ease clients' concern over costs. Intercom, one such supplier, offers a service whereby the customer pays only for queries that are resolved by its IT-support agent. The big cloud providers have launched cost-management services, too, including budgeting tools and ways to triage queries to the most appropriate model.

For the model-makers, the balancing act is trickier. They want their biggest customers to use as many tokens as possible without balking at the cost. Today the cost of providing AI services is subsidised by the labs. Indeed, OpenAI's plan for winning customers from Anthropic reportedly involves drastic price cuts. But eventually the model-makers will need to turn a profit, which will mean raising prices. Pressure to do so will only intensify later this year if, as expected, Anthropic and OpenAI go public. Their customers, then, can look forward to more jaw-dropping AI bills. ■

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Business | Tata’s troubles

Tata’s big bets are yet to pay off

The Indian conglomerate’s boardroom drama highlights a speculative strategy

June 18th 2026

Jamsetji Tata, the Victorian founder of his family’s business empire, dreamed big. He had four ambitions: to open a world-class hotel in India; to build the country’s first steel plant; to power Bombay (now Mumbai) with hydroelectricity; and to establish an Indian scientific institute to rival those in Europe. Though sceptics scoffed, all were eventually realised.

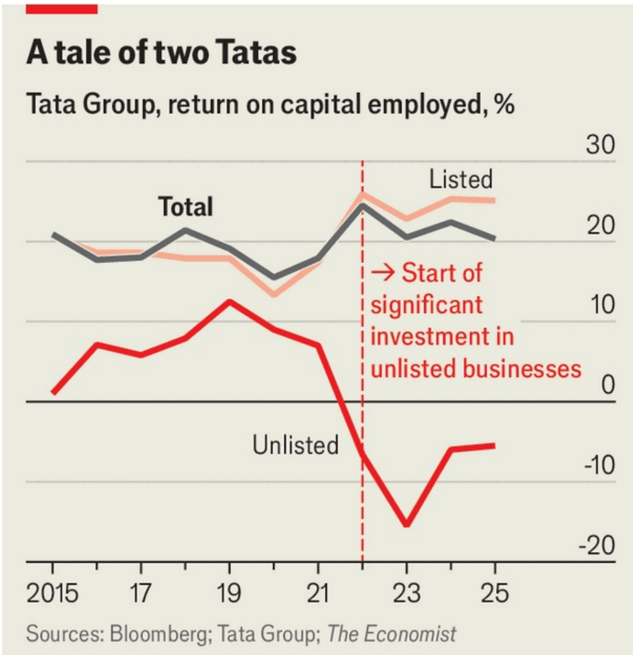
Today the Tata Group is one of India’s largest conglomerates, selling everything from salt to software. It is still dreaming. But investments in its new ventures—an airline, a digital “super-app”, smartphones and semiconductors—are absorbing vast amounts of capital.

Concerns about capital allocation have contributed to a boardroom dispute. Sixty-six per cent of Tata Sons, the group's holding company, is owned by Tata Trusts, one of the world's largest charities, established by the family over many years, which funds health care, education, poverty alleviation and culture. In February Noel Tata, the Trusts' chairman, withdrew his support for Natarajan Chandrasekaran to have a third five-year term running Tata Sons. The two met to clear the air before a board meeting in May, at which some of the group's lossmaking new entities gave presentations. At issue are the future of these ventures, whether the company should remain private, how to find an exit for a minority shareholder and a potential succession plan for Mr Chandrasekaran. None of these issues was resolved at the latest board meeting on June 12th.

The minority shareholder is the Mistry family, another Indian business dynasty (like the Tatas, from the Parsi religious minority), which owns 18% of Tata Sons via the Shapoorji Pallonji Group, an infrastructure company. The SP Group is heavily indebted and wants to sell its stake. (Noel Tata is married to Aloo Mistry, sister of the late Cyrus Mistry, former chair of Tata Sons. In 2016 Ratan Tata, Noel's half-brother, who ran the business for many years and died in 2024, forced Cyrus out, replacing him with Mr Chandrasekaran.)

Four years ago this newspaper examined "the world's biggest bet on India": instead of deploying capital in foreign businesses such as Jaguar Land Rover, a British carmaker, and Corus Steel, an Anglo-Dutch smelter, Tata was refocusing on India's ascendant economy. The bet is yet to pay off. An analysis by The Economist finds that Tata Sons' return on capital employed (ROCE), a measure of profitability, has been roughly stable for the past three years, but that its new ventures are dragging performance down.

The ROCE of listed businesses, including Tata Motors and Tata Steel as well as Tata Consultancy Services (TCS), a big IT firm, was 25.1% last year, up from 17.9% in 2019 (see chart). TCS typically provides the largest chunk of Tata Sons' income. In the 2025 financial year, TCS's dividend made up over 80% of its revenue.



But unlisted new businesses have little to show for the amounts lavished on them so far. Air India, the national flag-carrier privatised in 2022, is making heavy losses. It had been mismanaged in state hands, but the closure of Pakistani airspace to Indian airlines after a brief conflict in May 2025, a fatal air crash last June and the Gulf war's disruption of jet-fuel markets have added to its woes. Tata Digital, an attempt to build a super-app selling Tata's consumer range, is being scaled back.

The one bright spot has been Tata Electronics, which manufactures iPhones in India alongside Foxconn, a Taiwanese firm. It is now modestly in the black, but will need more investment to embed itself in supply chains for phones and semiconductors. With ASML, a Dutch firm, it is building an $11bn chip factory in Dholera, in western India. Agratas, a battery-making venture, is likewise hungry for capital. The Indian government has provided grants for Tata's chip and battery factories. A grant from the British government has also contributed to a battery plant in England to supply Jaguar Land Rover. Yet the unlisted entities' combined ROCE is -5.5%.

Worse, TCS is looking less secure. Since the end of 2024 its share price has fallen by more than half, largely on investors' fears that generative artificial intelligence will undermine Indian IT outsourcers. Its earnings have not yet suffered: operating profit has risen by 12% in the same period. Even so, as well as turning around Air India and taking its next steps into high-tech manufacturing, Tata Sons must find a strategy for India's largest IT firm to adapt to AI.

Mr Chandrasekaran thus faces competing demands: providing dividends for Tata Trusts, buying out the Mistrys and investing in the new ventures. The difficulty is compounded by another long-running dispute, over whether Tata Sons should remain private. The Reserve Bank of India, the central bank, has demanded that it list on the stock market. An RBI regulation requires non-bank financial corporations, which carry out banking functions but are regulated differently, to be listed. Though the holding company is in the investment business, Tata Sons argues that it is not a bank and does not intermediate between savers and borrowers. It has applied for a waiver, which the RBI has so far denied.

A listing would allow both Tata Sons to raise capital for its new ventures and the SP Group to sell up. The company would probably be valued at $120bn-150bn, even with a conglomerate discount analysts put at around a third. But Tata Trusts resists the idea. A public offering could mean the family loses control and could threaten Tata Sons' particular role in India's industrial development. It would, argues N.A. Soonawala, a former vice-chair of the firm, undermine a structure that has evolved over a century. Jamsetji Tata did not live to see all his dreams realised: he died in 1904 with only the hotel completed. The hydro plant did not start up for over a decade. Tata's modern bosses may not have as long.■

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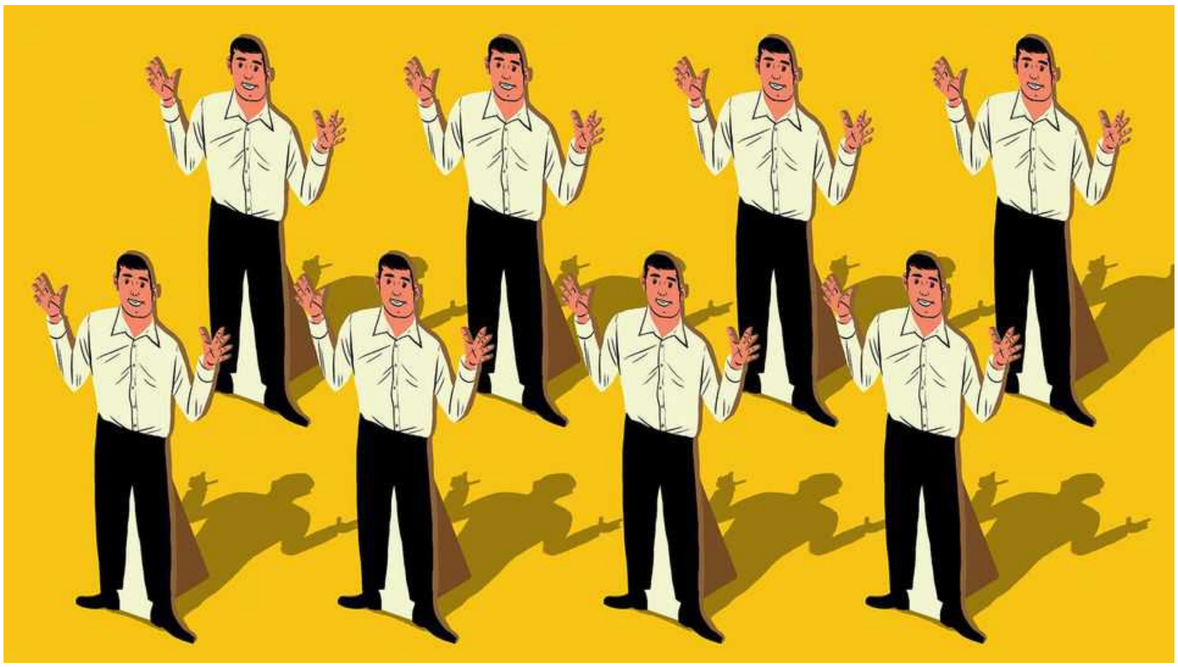
Business | Bartleby

How to launch a tech product

Create a slick, irony-free corporate safe space

June 18th 2026



In the past month, Apple has announced upgrades to Siri, its voice assistant; Google has unveiled new search agents that can carry out tasks on your behalf; and Nvidia has revealed a new chip for personal computers. Each outlined these plans, and many more, at their developer conferences. It's not just the titans who turn product roadmaps into theatre. Any self-regarding enterprise tech firm will hold a global conference for its "community" (Sapphire for SAP, Oracle AI World and so on). The likes of Salesforce and Stripe run roadshows taking the message to international users.

These jamborees matter. Very occasionally, most obviously with the launch of the iPhone in 2007, they change the world. They provide investors, developers and users with information about a firm's product pipeline. They set deadlines for internal teams: all firms could benefit from a few fixed dates in the calendar where they have to show what they have been up to. But for anyone who thinks that the tech industry suffers from groupthink, these events do not reassure. It doesn't take long to see a slickly inauthentic formula.

Speakers hand off to each other by saying things like "And now here's Kevin," or "To tell you more about that, over to John." A synth-laden electronic soundtrack, muzak for developers, will blast out while one person leaves the stage and the next person takes their place. (Apple does its launches on video; the camera will find Kevin, or John, lurking somewhere on its Cupertino campus.)

Kevin or John will be wearing an open-neck shirt, dark trousers and shoes with cushioned white soles. The only people who can wear sensible shoes on stage are customers from a boring industry like banking: their function is to show that regulated industries are clients, and it is important they look staid. No one can wear a tie. If you see someone wearing a tie, they are a security guard.

Kevin or John or whoever will stride into view, plant their feet apart and wait for the music to stop. They will look at the audience and, for reasons that are unclear, say: "Wow!" Then they will look at the autocue and start speaking. Every three seconds, they will raise their hands up from their sides and hold an imaginary cardboard box. To mix it up—they're not robots!—they occasionally hold out their hands as though each contains a mango. Every two minutes they will move to one side of the stage, plant their feet and start doing the box or mango thing again.

No matter what Kevin or John is announcing, they will say they are "super-excited" about it. They might be telling the world that they have discovered a way to teleport, or revealing that a device is now available in a slightly different colour, but it will be impossible to tell from their monotonically rapturous delivery.

The product launch is a corporate safe space. Everything should be extremely rehearsed and come across that way. If a customer is invited on stage, sensible shoes or not, they will be asked things like "How excited are you by our partnership?” and “Why is your company so great?” There will be a demo desk on stage, where someone can apparently type without using their hands.

After announcing the latest breakthrough, Kevin or John will pause just long enough to make the audience think a reaction is expected. The lightest clapping, a susurration of applause, will begin. The autocue has not prepared Kevin or John for this, and they will stop in confusion. This will immediately silence the clapping.

Kevin or John will personalise new product features by drawing on examples of how they use technology in their own lives. These stories will usually involve cooking or buying someone a gift. The idea is to show how incredibly normal they are. The effect is somewhat different. Most people have families; technologists live with participants in an extended alpha test.

Irony will be everywhere but on stage. Kevin or John will demonstrate how easy it is to use technology to arrange a get-together with friends. They will talk about how unique humans are, how everyone on the planet has the potential to do extraordinary things, while never betraying any sense of individuality.

Kevin or John’s segment will end just as it began. They will say, “And now here’s Rohan,” or “Over to Mike,” and walk off the stage while the giant screen behind them does something vibrant and the muzak starts up again. Rohan or Mike will stride on, stand just where their predecessor did, and say: “Wow!”■

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Business | Schumpeter

Tournament of losers

The World Cup is a festival for corporate has-beens

June 18th 2026

Money, it is often said, has ruined football. Staging the men's World Cup mostly in America, a country that has produced so many great businessmen and so few good footballers, was supposed to mark the triumph of big business over the beautiful game. True, the ticket prices are extortionate. And the tournament often feels like a Silicon Valley conference circa 2016: this year referees have cameras strapped to their heads and each player has his own "digital twin", whatever that means.

Yet despite the pretences of the tournament's organisers the business of World Cup football is a simple one, and a struggling one. The retailers, television stations, brewers and betting houses that make up capitalism's starting XI are an ageing and injury-prone lot. For some, this could even be their last tournament.

That the world's greatest sporting event has become a carnival of condemned companies is most visible on the pitch. On their left breast, players proudly wear their national badge; on their right, logos of faltering sports brands. Nike has dressed 12 of the 48 teams at this year's competition, fewer than Adidas (14) and slightly more than Puma (11). The rest rely on faded giants (the Democratic Republic of Congo is the only customer of Umbro, a British brand that once outfitted more teams than any other) or local ateliers (Iran's team is kitted out by Majid, a firm which shares its name with the country's short-range missile-defence system).

All three of the big kit-makers are worth less than they were in 2018, when France beat Croatia in an all-Nike final. Shares in the American firm, which has suffered a stunning fall from global cultural ubiquity in recent years, have lost three-quarters of their value since their peak in 2021. Competition from firms like On, a Swiss brand, and Asics, a Japanese one, partly explains the slide.

Analysts say a paucity of exciting new products is a bigger reason for the industry's slump. It is hard to disagree. In the "Trionda" Adidas has designed a truly forgettable football. It is not beautiful like the "Telstar" (Mexico 1970). Nor does it capture the essence of the competition's hosts like the over-engineered "Teamgeist" (Germany 2006). Players' boots this year are striking, but strikingly similar: most are shades of pink. More worrying still are Nike's new "Aero-FIT" shirts, some of which clearly do not fit. Stitching on their shoulder causes the shirt's material to protrude sharply, giving the slight men who wear them a pixieish appearance.

At the behest of FIFA, which has shown an extraordinary willingness to change the rules of a 19th-century sport it governs but did not invent, the game of two halves is now one of four quarters. The Swiss-based administrators say the new breaks (also known as "Powerade Hydration Breaks") are necessitated by the summer heat. Fans mutter that the stoppages allow television stations to show more advertisements.

Perhaps the water breaks are a sly act of corporate charity. Though could there be a needier recipient? Fox, which holds the rights to air the competition in America, has liberally packed the short breaks with adverts, most of which appear to star Sir David Beckham. Its share price, after rallying last year, has stumbled. Other channels have seen better days. In France games are being broadcast by M6 (whose share price peaked in 2000); in Britain half are on ITV (2015); and many Spanish-speakers in America are watching them on Comcast's Telemundo (2021).

A tournament with many more games (104, up from 64 last time) ought to mean much more drinking. Yet brewers, too, are struggling. The wave of temperance sweeping young people in rich countries is the industry's biggest problem. The World Cup might be the perfect antidote to this excessive prudence were not the England squad, historically known for its talented boozers, so keen to encourage it. Players this year can be spotted wearing a Whoop, a wrist-borne body-tracking device favoured by the over-thinking and the under-drunk. Harry Kane, the team's captain, advertises Oura rings, another popular piece of neurotic jewellery.

Some brewers still consider the tournament a Hail Mary. The world's biggest expects the volume of beer sold this year to rise by between 0.2% and 0.3% because of it. American brewers will benefit from hosting the tournament. Though according to analysts at Morgan Stanley, how much is eventually drunk depends much more on which teams progress in the competition. Viewed this way, knockout games are also fixtures between the participating countries' favourite beers. (Unexpected exits, though, can lead to massive unsold inventories, as they did when England crashed out in 2006 and 2010.)

A similar logic applies to the gambling industry: the more exciting the tournament becomes, the more money betting firms make. Investors hate them, too. According to Deutsche Bank, Flutter and DraftKings, two giants of the industry, can expect a record of around $2.4bn to be bet by their customers in America. Their share prices have fallen by a half and a fifth respectively this year. That said, unlike their cousins in the booze business, they have only themselves to blame for the existential threat they face from prediction markets.

It is easier to observe the passing of the old squad of World Cup corporates than to predict who will replace them in competitions to come. It is anyone's guess who will make the shirts if the large sportswear companies continue their slide into irrelevance. Kalshi and Polymarket, the largest prediction markets, are, so to speak, a good bet. As are the giant streaming players like Netflix and Amazon: eventually the gap between the size of the event and the irrelevance of linear television will become unbridgeable. Much will depend on FIFA, which unlike the corporate has-beens enjoys a monopoly. Whoever's in the team, the manager stays the same. ■

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Finance & economics

- Meet the world’s top AI-pilled economists
- America’s bull market has entered its manic phase
- Deal or no deal, oil prices will stay volatile for months
- A new golden age for Japanese banks comes with a catch
- Does Donald Trump make Latin America a good bet?
- Europe buys the future, America builds it

Finance & economics | AI-Econ 101

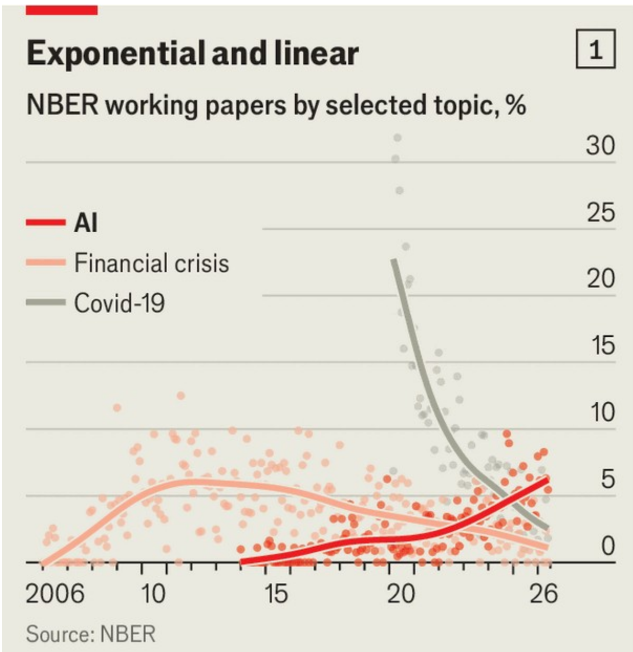
Meet the world’s top AI-pilled economists

Most of them are not found in ivory towers

June 18th 2026

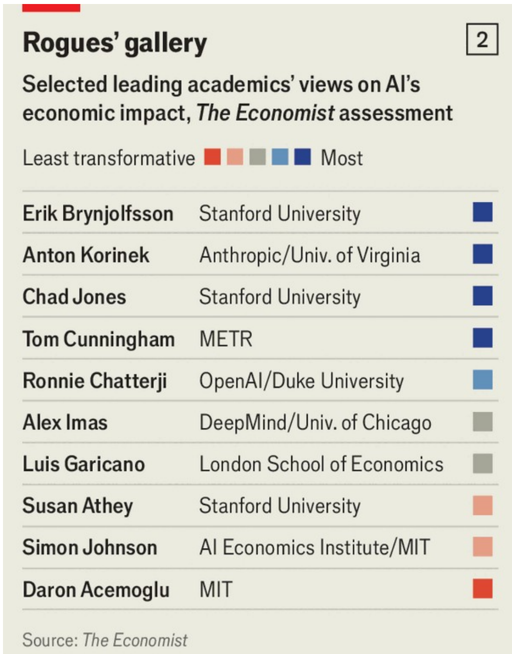
Artificial intelligence has already created trillions of dollars of market value and turned a handful of tech nerds into celebrities. The public is excited but also terrified. Many brainy people, from Bill Gates to Elon Musk, say that the technology is just getting started. Talk to academic economists, though, and most seem oddly uninterested in studying the impact of the potentially world-changing technology. The centre of gravity in ai economics is instead shifting away from universities—and a gang of “ai-pilled economists” is leading the charge.

University researchers can move fast when they want to. After Lehman Brothers, an investment bank, collapsed in 2008 and sparked the global financial crisis, economists turned the study of bank runs and credit crunches from a niche pursuit into a mainstream interest. Two months into covid-19, in 2020, close to a third of working papers on economics published by America's National Bureau of Economic Research (nber), a prestigious repository of economic thought, focused on the pandemic's effects in some way. Some of this work burst into the mainstream, including that by Nicholas Bloom of Stanford University, an expert in working from home, and Emily Oster of Brown University, who studied school closures.



Three and a half years after the launch of ChatGPT ushered in the ai age, by contrast, economic analysis of the technology remains comparatively scarce. The share of nber papers which focus on ai is rising, but not especially fast (see chart 1). Even in 2024, after the covid emergency was over and the ai era had truly begun, the number of covid-related papers exceeded the number of AI-related ones. This year the nber is likely to host more conferences on health care than on ai.

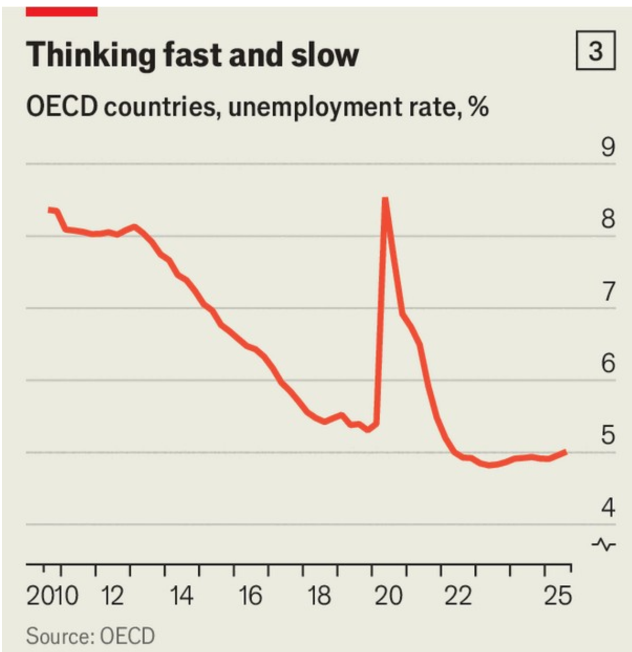
Some academic economists have seized the ai opportunity (see chart 2). Susan Athey of Stanford is exploring what happens if ai puts people out of work. Basil Halperin of the University of Virginia has written lucidly about how financial markets price ai developments. Yet none is nearly as recognisable as Mr Bloom or Ms Oster. And few economists seem to recognise the research potential. "I've been shocked by how few of my colleagues have even tried to speak with Anthropic or Openai," says one superstar academic economist who insists he talks to ai labs all the time.



A lot of the research that exists is highly abstract. According to ideas/Repec, a bibliographic database dedicated to economics, Daron Acemoglu of the Massachusetts Institute of Technology is the highest-ranked wonk in ai economics. His paper from 2024 featuring a complex model of economic growth under ai implies modest aggregate productivity gains. It has received more than 1,000 citations. But the model underestimates the potentially transformative effect of new ai products coming to market, argues Tyler Cowen of George Mason University. "The gains from ai measure as small because it is assumed ai will not be doing new things."

Many AI-linked empirical studies also appear to rest on flawed assumptions. A paper by Erik Brynjolfsson of Stanford (ranked fifth by ideas/Repec) and colleagues suggests that young people's employment in ai-exposed occupations has sharply dropped, implying that the technology is already transforming the labour market. Yet attributing the trend to ai means believing that firms started shedding young workers on the very first release of Chatgpt—a product that was nowhere close to being good enough to replace humans.

Academic economists may be slow and sloppy for two reasons. The first relates to the type of shock that ai represents. In 2020 covid changed the world almost overnight, and the effects were visible almost instantly in the data (see chart 3). By contrast, AI is changing the economy under its bonnet. The average unemployment rate across the oecd, a club of rich countries, is about the same as when Chatgpt was first released. gdp numbers also contain virtually no ai-specific data—investment in ai data centres, for instance, can only be guessed at. With no clear macroeconomic impact and no microeconomic data, there is little for wonks to analyse.



The second factor is that economists, as a rule, are a fairly techno-sceptical bunch. Historical research shows that technology raises incomes, but only slowly, with all sorts of non-technological factors (including financial frictions and cultural resistance) holding it back. In Britain, it was decades before the technological breakthroughs of the industrial revolution translated into faster growth.

A recent paper by Mr Halperin and colleagues, reporting on the results of a survey, captures this scepticism. Even under a scenario where ai progress is "rapid" by 2030—meaning that ai can compete with or surpass the brainiest humans—the median academic economist expects American gdp growth of just 3.5% in 2050 (compared with 5.3% for ai researchers). Only 11% of leading economists agree that the use of ai over the next decade "will lead to a substantial increase in the unemployment rates in advanced countries", according to a survey by the University of Chicago. If most academic economists do not think that ai will be transformational, they may prefer to stick with other research areas they consider weightier.

AI-curious economists are finding a cosier home in two places away from the academy. The first is government, and in particular statistical offices and central banks. Surveys from America's Census Bureau and Statistics Canada track ai adoption across the economy. The Bank of England's monthly "decision-maker panel" has explored businesses' perceptions of ai, while the British government recently created the ai Economics Institute to improve research on the topic. At a recent conference at the oecd, government beancounters puzzled over how to update measures of productivity for the ai age. Little of this work will set the world on fire, but it performs a crucial public service: building the data infrastructure on which future economists will rely.

The more notable home for the AI-pilled wonks is on the front lines of the technology. In the 2010s ai labs hoovered up many brilliant computer scientists to design their models. Ufuk Akcigit of the University of Chicago and colleagues find that by 2019 more than two-thirds of ai researchers worked in industry, up from less than half in 2001. Now something similar is happening to economists.

Anthropic has appointed Anton Korinek of the University of Virginia (who comes in second on the ideas ranking) to its economics-research team. Openai has enlisted Ronnie Chatterji of Duke University as its chief economist. Google DeepMind, the technology giant's in-house frontier lab, recently hired Alex Imas of the University of Chicago as its "director of agi economics" (referring to the "artificial general intelligence" that would match or best humans at most intellectual tasks). According to The Economist's rough tally, a few dozen dismal scientists have accepted jobs at the big labs.

The attraction of an AI lab is clear. They have access to the best data, as well as the ear of policymakers. Accept a position there and before long Dwarkesh Patel, Silicon Valley's favourite podcaster, will ask you on his show. Tech firms also have deeper pockets than universities do. Even relatively junior economist positions at an ai lab can pay $300,000 a year or more: not high relative to an ai programmer, perhaps, but well above what an early-career professor teaching Econ 101 would earn. (Some lucky ones may get their hands on stock options in the world's hottest firms.)

The quality of extramural AI research is rising. In work at the Peterson Institute for International Economics, a think-tank, Mr Korinek and Patrick McKelvey of the Bank of Canada have built what they call "ai gdp" for America. The paper shows that, properly measured, it grew by more than 2,000% in both 2024 and 2025. Mr Imas publishes a useful tracker of the effect of ai on productivity. According to his judgment, there is encouraging evidence of small-scale productivity gains, but little evidence of large macro effects.

All very exciting (at least to ai-pilled economic journalists). But for every clever study by Mr Korinek or Mr Imas the labs still produce a dud. Anthropic's "economic index", released to great fanfare, is not really an index but a random collection of data about usage of its chatbot, Claude. In March Anthropic published a report concluding that "people get better at using Claude through experience". No duh. Last year Openai published descriptive work showing that 20-25% of messages on Chatgpt involved "seeking information". Riveting stuff.

No doubt the quality will improve over time. Still, if frontier ai research migrates inside firms, economists may follow the path already taken by the "tech economists" at Microsoft, Google and elsewhere. These wonks typically spend less time on big questions of social import (asking, say, whether social media is good for children) and more on narrow questions, such as how best to design auctions for selling ads. Mr Akcigit's study notes that after making a permanent transition from academia to industry, ai researchers produce fewer papers but more patents, in effect a "reorientation from open science towards proprietary innovation".

Then there are conflicts of interest. Lab researchers are likely to face pressure to publish work that makes ai look useful and safe. Last year Tom Cunningham, an economist, left Openai after reportedly growing frustrated about what he could and couldn't publish. He ended up at metr, an institute dedicated to evaluating ai models and the threats they pose. In a world with great possibilities but also great dangers, society needs impartial researchers to say what they really think. Academic economists have ground to make up.■

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Finance & economics | Buttonwood

America's bull market has entered its manic phase

Options markets show optimism is giving way to euphoria

June 18th 2026

For most of the past couple of years the best argument that American stocks were not in a bubble was that things simply didn't feel manic enough. Yes, prices had soared, and yes, valuations had risen so high that shareholders' expected future returns were looking increasingly disappointing. Yes, the odds of unexpected returns were receding as well, with more or less everyone already convinced that corporate earnings would keep rocketing up while artificial intelligence revolutionised the economy.

But a proper bubble needs more. It is not enough for investors merely to book tomorrow's profits today. Share prices really come unstuck from reality only after a mania takes hold. Then comes the grim doggedness of revellers who know the next morning's hangover will be dreadful and are determined to put it off for as long as possible. Then, when it no longer can be, comes the crash.

Has the manic phase now arrived? Imagine telling a time-traveller from a decade ago that on June 11th SpaceX sold shares which valued it at $1.8trn, over 90 times its annual revenue. Mad? No—a fantastic deal for buyers, since the rocketry firm's bankers reportedly told them it would increase its AI arm's sales by a factor of 100 by 2030, to $322bn. Why the focus on revenue rather than the conventional way of valuing a company, relative to profits? Because SpaceX doesn't make any; last year it lost $5bn. Four trading days after its listing its share price had risen by over 40%, valuing it at $2.5trn. In the meantime it agreed to pay $60bn in shares for Cursor, an AI-coding firm.

Some may argue, not unreasonably, that this is down to the seeming ability of Elon Musk, SpaceX's founder, to distort both financial markets and reality. But investors' euphoria extends far beyond the world's first trillionaire. American shares, proxied by the S&P 500 index, are only a hair less expensive relative to long-run earnings than they were even at the peak of the dotcom bubble in 2000. This week prices popped again after President Donald Trump at last really did seem to strike a peace deal with Iran.

For the clearest demonstration of investors' manic mood, look beyond the stock market to the trade in options. These are often described as insurance contracts: a simple "put" option, for instance, confers the right but not the obligation to sell a stock for a set "strike" price on an expiry date. This allows an investor to own the stock while limiting losses should prices crash—in return for paying to buy the option in the first place.

Today, however, much of the options market is better understood as a casino in which punters gamble on stock prices. Another way of describing a put option, after all, is as a bet that on its expiry date the underlying stock's market price will be below the strike. If it is, you can buy the stock at the market price, sell it for the (higher) strike and pocket the difference. Otherwise, you let the option expire worthless and lose whatever you paid for it. Conversely, a "call" option, which confers the right to buy rather than sell a stock, is a bet on prices going up.

Trading in stock options has boomed. Volumes recorded in 2025 by OCC, a big American clearing house, were nearly double those in 2020, itself a blow-out year. In 2026 they are on course to be higher still. And trading in ultra-short contracts, which are great for gambling but almost useless as insurance, has expanded even faster. CME Group, a derivatives exchange, reckons that transactions for options on the S&P 500 index that expired on the same day were 3.7 times higher in 2025 than in 2021.

In spite of all this, the insurance function of options still ought to mean that puts are more in demand than calls. Few institutional investors need to insure themselves against a sudden jump in prices; lots (imagine a university endowment) need protection against crashes. What is more, markets tend to rise slowly but plunge quickly, making puts more valuable than equivalent calls. And the institutions seeking such insurance are generally far bigger than the speculators looking for a quick flutter, and thus move the market more.

So it is remarkable that the average call option for stocks in the tech-heavy NASDAQ index is now almost as expensive as the average put. It means the casino crowd is trading so furiously that its activity outweighs that of the much larger insurance buyers—and it is betting that prices will go to the Moon, or Mars. The party is entering the phase where things get out of hand. It may stay there for a while. But the longer the hangover is put off, the more it will hurt. ■

Finance & economics | The new abnormal

Deal or no deal, oil prices will stay volatile for months

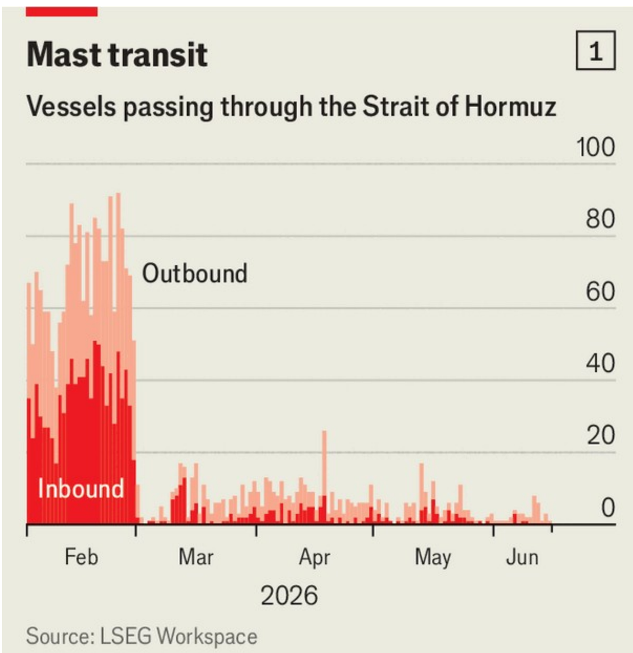
The pre-war days of $60 crude are not coming back soon

June 18th 2026

IT IS A moment of relief for energy markets. A memorandum of understanding to end the war between America and Iran calls for lifting the naval blockade of Iranian ports and reopening the Strait of Hormuz within 30 days. While Donald Trump and his Iranian counterparts work out the details of a peace deal, the world can look forward to recovering 15-20% of its usual supply of oil and liquefied natural gas.

It may all still be derailed by skirmishes or disagreements over the fine-print. Yet both sides have incentives to stop fighting. Iran's wrecked economy needs oil exports to resume; Mr Trump wants cheaper petrol ahead of the midterms in November. Markets are pricing in peace. Brent crude, the global benchmark, has slid below $80 a barrel, from well over $110 in May. Some analysts expect an oil glut next year, as supply recovers faster than demand.

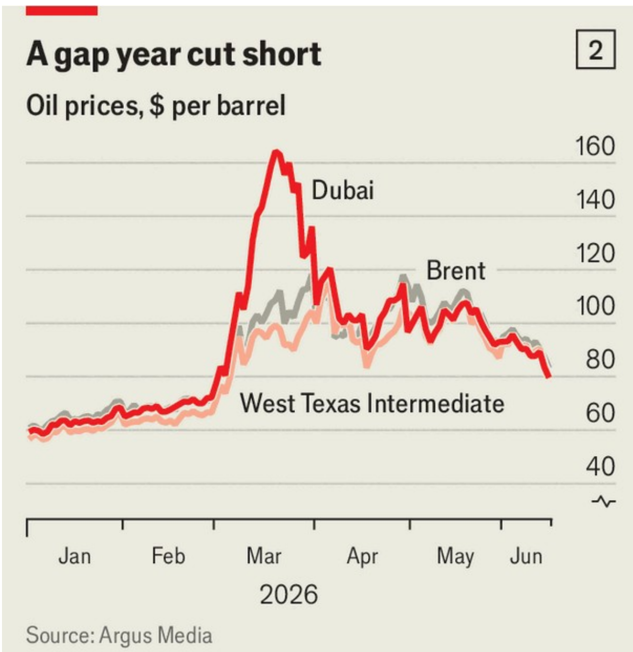
The optimists may be getting ahead of themselves—especially in the short term. Wary buyers are not yet placing large orders for Gulf crude, notes Tom Reed of Argus Media, a price-reporting agency. Even if the deal holds, tankers must start returning to the Gulf, not just leaving it, production must restart and refining ramp up worldwide—all of which will take time.



Before any of that, the strait must first be cleared of mines. A map from the IRGC, Iran's elite fighting force, seen by The Economist, suggests they have been laid precisely where ships usually sail. Alternative lanes, along the Iranian and Omani coasts, are dangerous and narrow. Few ships brave them (see chart 1). America has mine-clearing vessels in the region, and Britain and France have offered to help what is left of Iran's navy.

Intrepid vessels will attempt passage before then. One Greek shipowner says he will do so shortly. A few insurers are cutting top-up premiums for Gulf voyages by 50% for some clients, says Argus. Mercuria, a Swiss trader; a Vietnamese refiner; and a Chinese importer are looking for vessels to lift Gulf oil in the next week. But most shipowners may wait for mines to be fished out, which could take six weeks or more. The 118 laden tankers now idling in the Gulf would normally need 10-15 days to exit, reckons Kpler, a ship-tracker. With demining in process this will take longer.

As tankers return, Gulf producers will start pumping. They have reported no severe damage to fields. Most have enough spare storage to raise output before maritime bottlenecks are fully resolved. Large fields with lighter crude, such as Saudi and Emirati ones, should reach pre-war production within three months, says Frédéric Lasserre of Gunvor, a trader.



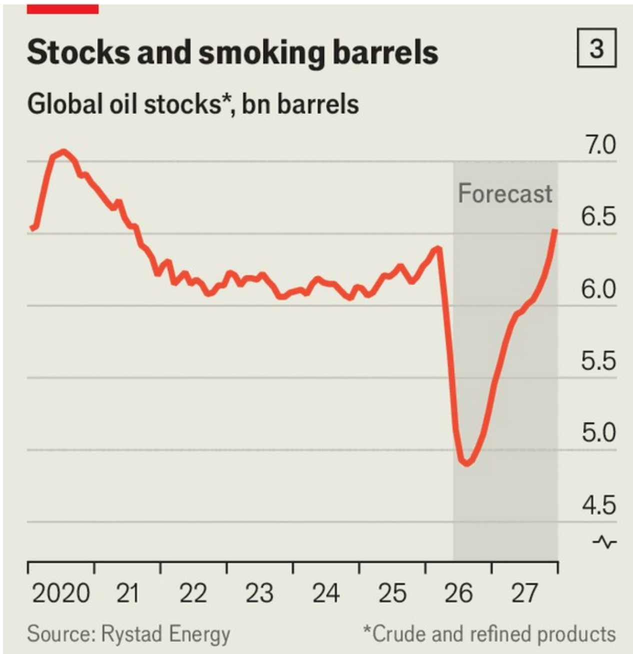
Most analysts expect overall Gulf output to reach 30-50% of February levels by mid-July, 60-70% by mid-September and 80-90% by the end of the year. In this scenario Brent would edge towards $75 a barrel. Prices in the Gulf and outside it, which diverged when the strait was first shut, are converging again (see chart 2).

Still, the pre-war world of abundant oil is a long way off. Even if outbound vessels start crossing the strait, inbound ones may not return in full for four or five months, predicts BRS, a ship broker. The 50 or so of the biggest crude carriers waiting near the Gulf can load only about two weeks' worth of pre-war Middle Eastern exports. Many ships that migrated to safe and lucrative Atlantic routes must complete their voyages and will wait for Gulf freight rates to rise before heading back. Insurers will lower premiums only when freedom of navigation is guaranteed and big operators have been sailing Hormuz for weeks, says Ellis Morley of Howden, an insurance broker.

Although Iran has promised no “tolls” for 60 days, it may charge “fees” instead. In April its central bank confirmed receipt of the first revenue from the new Persian Gulf Strait Authority (PGSA). A bill allocating 30% of the proceeds to Iran’s armed forces, including the IRGC, is in parliament. Iran’s recent communications suggest it views managed traffic as the new normal and unrestricted passage as the aberration, says someone familiar with the matter. Yet unless the peace deal lifts American sanctions on the PGSA and the IRGC, anyone paying Iran risks being blacklisted.

Supply will, then, stay constrained even after a real truce is reached. On top of that, traders expect America to cancel its next release from emergency stocks, depriving the world of 1m b/d in exports. Demand, which normally rises in the summer, may return faster on news of the war’s end. Morgan Stanley anticipates an oil deficit of 3.4m b/d in the third quarter, draining global stocks at a rate of 2.1m b/d and keeping prices high. The bank forecasts “dated Brent” (oil to be delivered in the next few weeks) will average $90 between July and September and $80 in the three months after. That is $20 more than it predicted in February for the same periods.

The prices of refined products are even harder to predict. Asian refiners must wait for Gulf supplies to arrive. In the Gulf itself, Iranian strikes have damaged big refineries. Further delays to product shipments could drain stocks in Africa (starved of petrol), Asia (a big importer of naphtha, a plastics feedstock, and LPG, a cooking fuel) and Europe (reliant on Gulf jet fuel and diesel). American refiners may swing from producing diesel and jet fuel for export back to petrol for the home market—but domestic stocks are so low that prices at the pump may stay high, or even rise.



On June 17th the International Energy Agency, an official forecaster, said it was expecting an oil glut next year, as the Middle East starts pumping more and newly active producers elsewhere do not stop. But global oil stocks may hit record lows before then (see chart 3). If governments decide to refill their strategic reserves—or, for those without such stocks, to build them—this may add 2m b/d to global demand in 2027. China, which has cut crude imports by 5m b/d—roughly 5% of global supply—may be first in line.

And even if supply does start to outstrip demand, the risk that Iran reasserts control over Hormuz—or that the fighting resumes—may add a lasting premium of up to $10 a barrel to world oil prices, reckons Rystad Energy, a consultancy. For energy markets, the end of the war does not mean the end of uncertainty. ■

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Finance & economics | Life after zero

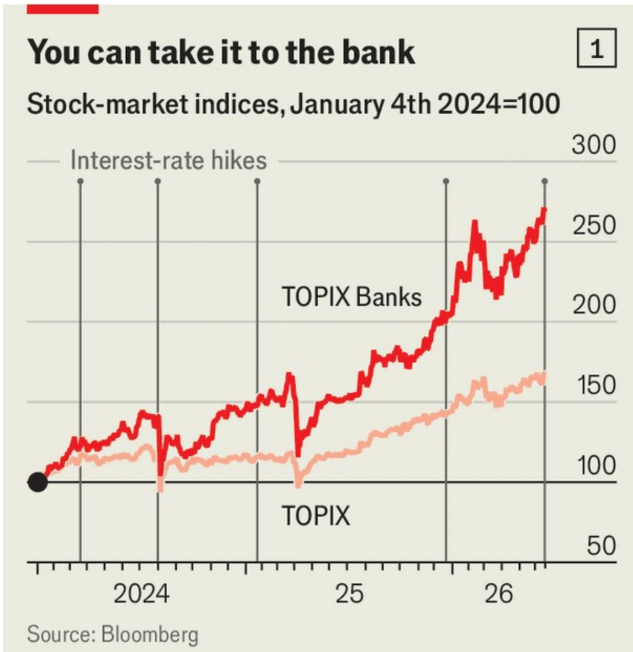
A new golden age for Japanese banks comes with a catch

Smaller lenders are saddled with low-return bonds they cannot sell

June 18th 2026

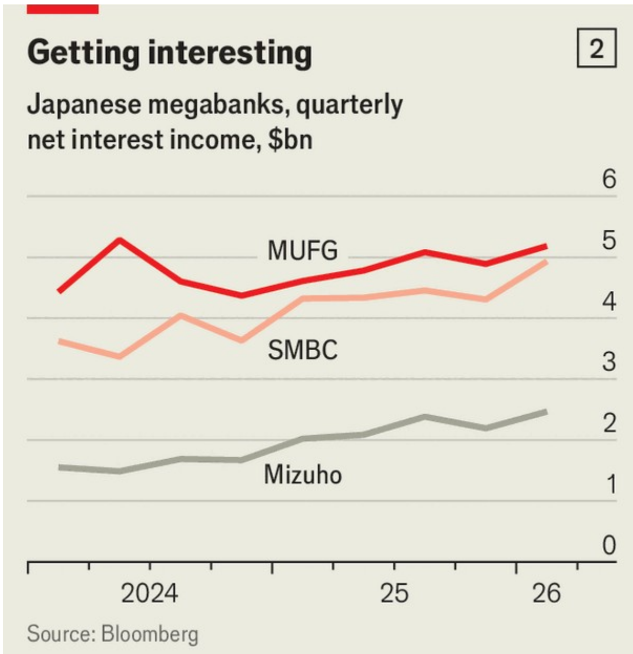
FOR nearly 31 years, as Japan struggled with low growth and bouts of deflation, its benchmark interest rate began with a zero, sometimes with a minus in front of it. So the decision by the Bank of Japan (BoJ) on June 16th to raise it from 0.75% to 1% carried symbolic weight. Few Japanese businesses are happier to see the back of zero than banks, whose balance-sheets are reviving after three decades of punishing strain. Since the BoJ started raising rates in March 2024 the index of Japanese bank shares has more than doubled, far outpacing the broader stock market (see chart 1).

Banks borrow money from depositors at short-term rates (set by the BoJ) and lend to borrowers at long-term ones (determined by the bond market). In a zero-rate world they could pay depositors next to nothing but eked out little more from reluctant borrowers. “Net interest margins”, which reflect the difference between interest income and interest expenses, languished. So did banks’ profits.



Today the gap between short-term and long-term rates is up from near zero to 1.6 percentage points. That should be great news for lenders. And it is—if they are big. Net interest income at Japan’s three mega-banks—MUFG, SMBC and Mizuho—has increased by a third on average since 2024 (see chart 2). They expect record profits this year. Small banks, though, continue to struggle. And their balance-sheets may be storing up trouble for the banking system as a whole.

Between 2022 and 2025 the share prices of the smallest fifth of Japanese banks by assets rose by half as much as those of the largest three-fifths. In part, that is because banking is about scale. Bigger banks can use their vast balance-sheets to squeeze more profit out of the same net interest margin, while diversifying risks. They can spread fixed costs on things like technology over more assets. Smaller Japanese banks, by contrast, tend to spend a higher share of revenue on overheads and carry more non-performing loans, according to Ito Naoki of Verdad, an asset manager.



Japan’s 61 regional banks are also struggling to attract deposits. These have grown by just 6% since 2022, compared with 17% for mega-rivals better able to roll out whizzy digital-banking features and stock-brokerage offerings to take advantage of new tax-advantaged investment accounts.

A bigger problem for small lenders is dealing with their share of the ¥150trn ($936bn) in domestic bonds held by banks. Bought when interest rates were low, many of these are trading below face value. Big lenders can absorb their large absolute losses with relative ease, especially now that their profits are rising again. Smaller banks have no such luck. Losses on yen bonds amount to 2% or so of risk-weighted assets at the regional banks and 4% at the 250 or so shinkin community banks, the BoJ found earlier this year. Given that banks are generally advised to hold a capital cushion of around 10% of their risk-weighted assets, this is troubling.

One way of dealing with the stress is to link up. In May Aichi and San ju San, two regional banks, agreed to a ¥12trn merger, the latest in a string of them. A more dubious method involves creative accounting. The share of banks’ holdings of long-dated Japanese government bonds marked as “held to maturity” rather than “available for sale” rose from zero in 2019 to nearly half in 2025, reckons AMRO, a think-tank.

On paper, this locks in both the low yields and the principal, reducing the interest-rate sensitivity of a bank's portfolio. In practice, it can bury risks that imperil a banking system. This nearly happened in America in 2023 after regional banks sitting on unrealised bond losses failed. One, Silvergate Capital, sold bonds marked as "held to maturity" to improve liquidity. Critics accused another, Silicon Valley Bank (SVB), of using similar designations to hide losses from rising interest rates that would have wiped out its capital.

For now Japan's regional banks look sturdier than Silvergate or SVB. The BoJ estimates that absorbing unrealised losses on their securities holdings would still leave them with ample capital, in part thanks to their profitable investments in stocks. But some smaller lenders will almost certainly come under pressure, especially in regions where Japan's ageing population is declining fastest—and with it the banks' deposit base. The faster Japan puts the zero-rate era behind it, the sooner this reckoning will come. ■

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Finance & economics | The Donroe dividend

Does Donald Trump make Latin America a good bet?

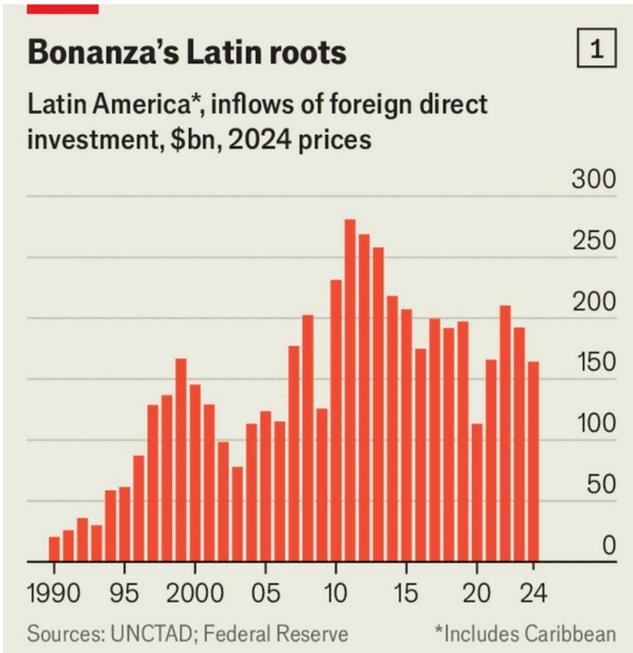
Nowhere in the developing world has done so well out of the past year

June 18th 2026

FOR AMERICA'S neighbours, Donald Trump's second term has been unsettling. As well as disrupting trade and sending energy prices soaring—bad news almost wherever you are—Mr Trump is determined to impose his will on the western hemisphere. He has kidnapped the leader of Venezuela, sent gunboats to the Caribbean and threatened to invade Cuba.

Yet Latin America is also benefitting from Trumpian chaos. In 2025, Mr Trump's first year back in office, foreign direct investment (FDI) rose to an estimated $204bn, reversing a recent decline (see chart 1), while flows to the rest of the developing world shrank. Mergers and acquisitions (M&A) were up by nearly half. An index tracking Latin American stock markets from

MSCI, which compiles such things, has risen by 60% since the start of 2025, beating emerging markets as a whole for most of that period (see chart 2).



It helps that Latin America is no longer a place of unstable currencies and spiralling inflation. All 33 countries south of the Rio Grande, save Argentina and Bolivia, float their currencies or peg them to the dollar. Inflation-targeting central banks and fiscal reforms have slowly lured investors. Between 2005 and 2019 the region's GDP grew, on average, by a steady 2.8% a year. Pharmaceuticals, fintech and mining have all attracted foreign money.

That is not wholly coincidental. Mr Trump believes that America should have closer economic ties with places it wants to influence. Latin America, investors reckon, tops the list. To take the most brazen example, in October his Treasury extended a $20bn swap line to Argentina to help Javier Milei, the president and a Trump ally.

American officials say that alternative sources of finance are necessary to dilute China's influence. Latin America has lots of sought-after minerals, including more than a third of the world's proven reserves of copper and many of the most viable deposits of rare earths. It also exports more oil than it imports.

At least half of last year's increase in FDI came from America, according to UN trade officials. A little came from its government itself, some from businesses friendly with the administration, the rest from other private investors. In March 2024 the Development Finance Corporation, America's foreign-lending agency, set up its first office on the continent in São Paulo. At a dinner for investors in a swanky steakhouse in the city, conversation glided between speculation over where the most promising industries are and where Mr Trump could next use force.

Mining—already experiencing a worldwide investment boom—has been a clear beneficiary. Between January and September 2025 Latin America accounted for three-quarters of the industry's spending on M&A. This year America has struck deals with Argentina, where lithium reserves are mostly untapped; Paraguay, a source of lithium, titanium and uranium; and Chile, the world's largest producer of copper. It lent nearly $600m to Serra Verde, a Swiss-registered firm developing a Brazilian deposit of ionic clay, a source of rare earths. An American rare-earth miner part-owned by the federal government then acquired the company for $3bn. Others have bet on deposits ranging from gold in Peru to tantalum in Venezuela.

Established giants have spent the biggest sums. The urgency of American officials to secure resources has led several of them to fast-track existing projects, says a mining boss. In March Australia's BHP, which runs the world's biggest copper mine, in Chile, announced a $5bn expansion. According to an American official, more than $5bn will be spent in Chile in 2026 to get resources out of the ground in 2027 alone. Another large miner is considering reserving the proceeds of some new mines solely for American customers.

Mr Trump may be provoking non-Americans into action—not least the Chinese, whose enthusiasm had cooled after the pandemic. BYD, a carmaker, is expanding operations in Brazil. In January Chile said it was considering an undersea fibre-optic cable to Hong Kong, to be built by a Chinese firm. American officials were sufficiently outraged to ban from America the Chilean politician overseeing the cable.

The European Union has also strengthened economic ties. In January it signed a free-trade deal with four members of Mercosur, a South American trading bloc. Argentine and Brazilian ranchers, who produce beef more cheaply than EU farmers, will be among the winners. The agreement had been in the works for 25 years, but Mr Trump's tariffs prodded policymakers to get it over the line. According to Bloomberg Economics, a research firm, the deal could eventually boost the Mercosur quartet's combined GDP by 0.7%.

The good times are by no means sure to last. Investors' interest is partly based on hope that Mr Trump means to build supply chains in Latin America, as his officials claim. But Mr Trump has two and a half years left in office, a short attention span and a shorter fuse. His enthusiasm could fizzle. And if he resorts to violence again, some investors would be scared away.

Despite recent progress, the region's economies still contend with old problems. The finances of Brazil, the biggest, are weighed down by unaffordable pension costs. Argentina relies on the IMF to balance its books. And Mexico's GDP contracted in the first quarter of 2026. Add a shortage of infrastructure, a lack of skilled workers and stifling bureaucracies, and the picture looks altogether gloomier.

Ramon Barúa Costa of Aclara Resources, a five-year-old Brazilian mining firm that has received $5m from the American government, says that, helpful as that is, he could get more by moving some operations to the United States—and also be closer to researchers and chemicals for processing. Aclara's next ore-separating facility will be in Louisiana. A superpower's support can be a mixed blessing. ■

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Finance & economics | Free Exchange

Europe buys the future, America builds it

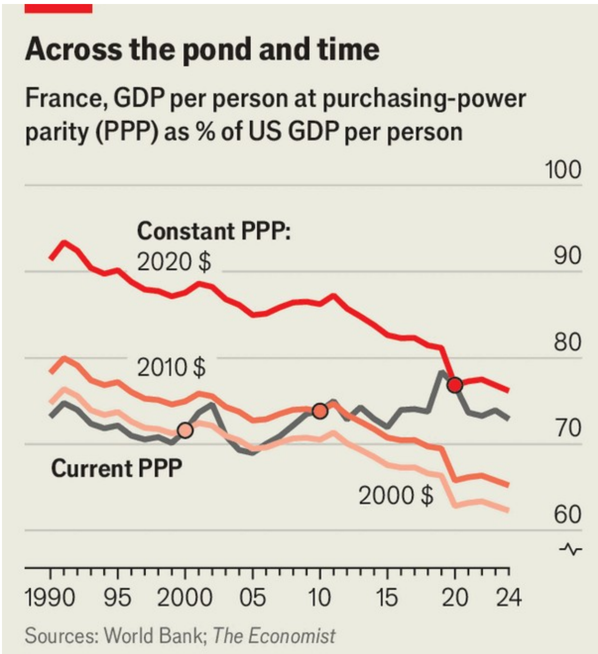
Does that matter? A high-stakes transatlantic spat has erupted over GDP figures

June 18th 2026

Europeans do NOT often holiday in America: too far and, these days, too dear. Except for the World Cup. As fans chase their sides across America this summer, they are discovering country music, ranch dressing and—most striking of all—the mass affluence of America's suburbs. "DUDE LMAO THIS IS A GAS STATION", marvelled one German online upon encountering Bu-cee's, a chain of gobsmackingly large Texan rest stops.

The American wealth enticing holidaymakers troubles European elites. America, once a peer, seems to be racing ahead. Mario Draghi, a revered Italian grandee, calls Europe's stagnation an "existential challenge". Hence the high stakes in a wonkish dispute over economic measurements.

Captaining one side is Paul Krugman, an American Nobel laureate. Leading out the other are Philippe Aghion, a French one, and Luis Garicano, a Spanish economist. The spat has the feel of an economics World Cup final.



Traditional measures of divergence, favoured by Team Aghion-Garicano, say that France's GDP per person, as a fraction of America's, has dropped by about 15 percentage points since 1990. The rest of western Europe looks similar. This "constant PPP" measure converts the output of an economy into a common currency for a chosen "index" year using purchasing-power parity exchange rates, which value currencies according to the goods and services they can buy. It extends that figure through time with a country's real growth rate. Team Krugman argues a better measure is "current PPP", which applies a new ppp adjustment to each year's GDP. Sometimes, as with America and Japan, the results are similar. But Europe's output measured using current PPP has been flat relative to America's for decades. Europe is eking out a draw (see chart).

The befuddled are in good company. "Let me admit my total confusion," wrote Olivier Blanchard, a former chief economist of the IMF. Mr Krugman argues that Europe's respectable current-PPP performance reflects something counterintuitive: in theory a country can grow more slowly than a rival without getting relatively poorer. Assume that America's technology sector is whizzier than Europe’s (which it is). Tech would then, all else equal, push American growth ahead. But rising tech productivity pushes prices down for everyone, at home and abroad. That boosts European spending power, splitting the productivity windfall.

Under some conditions, the gain could even be divided 50/50, as in the scenario Mr Krugman models. America has grown faster—as shown in its national accounts—but Europe’s spending power has kept up. Current PPP values American tech at those new, lower prices.

But this does not quite secure the win for Team Krugman. His calculation relies on the improbable assumption that America will not capture most of the gain from its productivity growth the usual way—by simply selling much more at those cheaper prices. Other data do not align with Mr Krugman’s story, either. Robert Inklaar, a PPP guru at the University of Groningen, points out that if Europe was picking up ever cheaper American tech exports, the constant-/current-PPP gap would disappear when comparing consumption rather than gdp. That is because in Mr Krugman’s model only one side produces tech, but both consume it and share the benefits of low prices. Since the gap persists when you look at consumption, something else must be afoot.

Team Aghion-Garicano contends that the gap between the two measures is mostly junk. On their side is Antonin Bergeaud of HEC Paris, a business school. He notes that each gauge tackles the same problem—of comparing output across both space and time—but in opposite ways. One converts nominal GDP to shared units first, then casts each country forward with its national figures for real growth. The other tracks GDP over time (using national-accounts figures) and only then converts to shared units.

These approaches yield different results not because of bad data—though these are far from perfect—but because of the thorny maths of converting a wide, shifting list of prices into a clean index. Goods that are representative over time in one country may be useless for another: cheese could mean Morbier in France and Monterey Jack in America. Many French cheeses are unavailable to Americans, and vice versa, or become available in different years. No price index can represent what consumers actually buy and also be comparable across space and time.

Still, this is not back-of-the-net for Team Aghion-Garicano, either. It is true that PPPs do not cope well with comparisons through time. Yet the gap between the two measures might still carry meaning. Perhaps, for instance, high French tech prices have edged closer to cheaper American ones, and by more than has been captured in the national accounts. Then the constant-PPP measure would understate how well France has kept up.

By now all but the most avid GDP-accounting fans will be ready to give up and turn on the football. At least after a World Cup match, everyone can agree who won. In the GDP debate, both sides dig in, often veering from economics into ethnography. Mr Krugman suggests a "walking around test": if Europe is getting poor, why does it feel so pleasant? Mr Garicano proposes a "driving around test" instead. American suburbia might not have a medieval town's charm but affluence oozes from the McMansion garages.

Where could the GDP debaters see eye to eye? First, Europe is growing slower than America. Second, that is a problem: even if Europe can free-ride on America's dynamism, as Team Krugman argues, that is no way to run an economy. Third, the AI era may be less forgiving than the last wave of tech-driven growth. The European fans road-tripping across America, jaws agape at Buc-ee's, know who they think is ahead.■

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Science & technology

- Ancient DNA is rewriting the history of plague
- The coming El Niño could be the strongest ever recorded
- The chocolate industry is built on the labour of bloodsucking midges
- How plants keep tabs on the competition
- A new drug targets one of cancer’s master switches

Science & technology | Biology’s plague journal

Ancient DNA is rewriting the history of plague

Dense cities do not seem to have been necessary for outbreaks of the disease

June 18th 2026

IN 2011 A team of geneticists managed to recover centuries-old DNA from the teeth of bodies that had been buried in East Smithfield, a medieval cemetery in London. Besides human DNA, they were able to isolate genetic material from Yersinia pestis, the species of bacterium that causes plague. This let them confirm what historians had long suspected but had never quite been able to prove: that the Black Death, which killed perhaps half of Europe’s population between 1346 and 1353, was indeed an outbreak of plague.

For a field more used to pottery, ancient ruins and often unclear written records, such “ancient DNA” has been revolutionary. It has allowed scientists to reconstruct the history of plague in unprecedented detail. Genomics has likewise confirmed that the Plague of Justinian, which struck the Byzantine empire between the years 541 and 549, was also caused by Y. pestis—although, interestingly, the strain responsible was not ancestral to the one that devastated Europe 800 years later.

The Plague of Justinian is the first big outbreak mentioned in the historical record. But DNA has proved that the disease goes far back into prehistory, too. Now, in a paper published in Nature, Eske Willerslev, a geneticist at the University of Copenhagen and the University of Cambridge, and his colleagues describe the earliest evidence of plague to date: two lethal outbreaks of the disease around 5,500 years ago among hunter-gatherers living near Lake Baikal, in what is these days called Siberia. Intriguingly, that is long before the appearance of the sorts of densely populated, squalid cities—such as medieval London or ancient Constantinople—that had been thought to be necessary for big outbreaks of the disease.

As with the bodies from East Smithfield, Dr Willerslev and his colleagues were interested in the hunter-gatherers' teeth. Being tough and hard-wearing, teeth help protect DNA from the ravages of time. And because the pulp inside them is connected to the circulatory system, DNA from pathogens in a person's blood can be preserved as well. Teeth are a "bio-archive of a person's life", says Christina Warinner, an anthropologist at Harvard University.

Hundreds of ancient Y. pestis genomes have now been sequenced. The origins of the Black Death have been traced to Lake Issyk-Kul in modern-day Kyrgyzstan, near the trade routes that linked Central Asia to Europe. The source of the Justinian plague is still debated. But the genetic evidence suggests that it too emerged in Central Asia, possibly in the second century. Researchers now know that Y. pestis was circulating among humans as early as the Late Neolithic period. They have discovered strains that are now extinct. Others have adapted and survived, mutating into the strains that killed millions of people thousands of years later.

When Dr Willerslev and his colleagues sequenced the DNA from Lake Baikal, they found evidence of two distinct outbreaks, occurring about 5,050 and 5,520 years ago. Almost 40% of the people buried in four different cemeteries during the Late Neolithic had been infected, a rate higher than some of London's plague pits. And the infections appear to have been deadly.

That is significant, because whether early outbreaks of plague were as lethal as later ones has been a subject of much academic debate. Radiocarbon dating suggests the skeletons were buried at similar times. There are several instances of siblings, or parents and children, being buried together, indicating that the disease spread among close relatives, perhaps as they cared for one another.

One particularly striking feature, says Dr Willerslev, is the number of children and teenagers. Genetic analysis showed that the Baikal strain of Y. pestis carried genes for a toxin found today in Y. pseudotuberculosis, a closely related bug that causes a disease called yersiniosis. The toxin is a "superantigen", which can provoke a violent and sometimes fatal over-reaction from the immune system. Such complications occur more commonly in children, rather than adults, infected with Y. pseudotuberculosis. If the same was true of Y. pestis 5,500 years ago, that could explain the high death rate among the young.

The findings also challenge the idea that densely packed populations and proximity to livestock set the stage for big outbreaks of the disease. Y. pestis is mostly found in rodents, such as marmots, mice and rats, and is often spread by flea bites. The large rat populations in medieval towns and cities—and the fleas they hosted—are thought to have been vital in spreading the Black Death.

But the victims at Baikal were not sedentary urbanites. They were hunter-gatherers living in small, mobile communities. Intriguingly, many prehistoric strains of Y. pestis, including those found in Dr Willerslev's studies, lack a mutation that helps the bug to survive inside fleas. Besides flea bites, plague can spread through contact with bodily fluids, or as droplets in the air. Dr Willerslev's results suggest that those alternative transmission methods may have been enough to cause calamitous outbreaks by themselves.

Exactly how the outbreak began remains unclear. But it seems to have happened on several occasions. Similar strains of plague have been detected in individuals dated to only a few centuries later, but found thousands of kilometres away in Latvia and Sweden. That could reflect a big rodent reservoir of Y. pestis that spanned the Eurasian continent. Another option, speculates Dr Willerslev, is transmission through some other, as-yet-unknown insect, perhaps carried on animal skins and spread through trade.

Plague has not gone away, but these days it is not the threat it once was. Around 540 cases a year were reported worldwide between 2010 and 2015, the most recent years for which figures are available. Treatment with antibiotics can cut the death rate to 20% or so. But tracing the lineage of bugs like Y. pestis is not of interest only to academic historians. By tracking how pathogens emerge, thrive and disappear across thousands of years, researchers are building a record of which genetic mutations were and were not successful for the spread of disease. Dr Willerslev hopes that will provide data for future vaccine development and disease monitoring. In a world still suffering from the lingering effects of the covid-19 pandemic, the wisdom of such research should be obvious. ■

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Science & technology | Boy problems

The coming El Niño could be the strongest ever recorded

That is bad news for a warming world

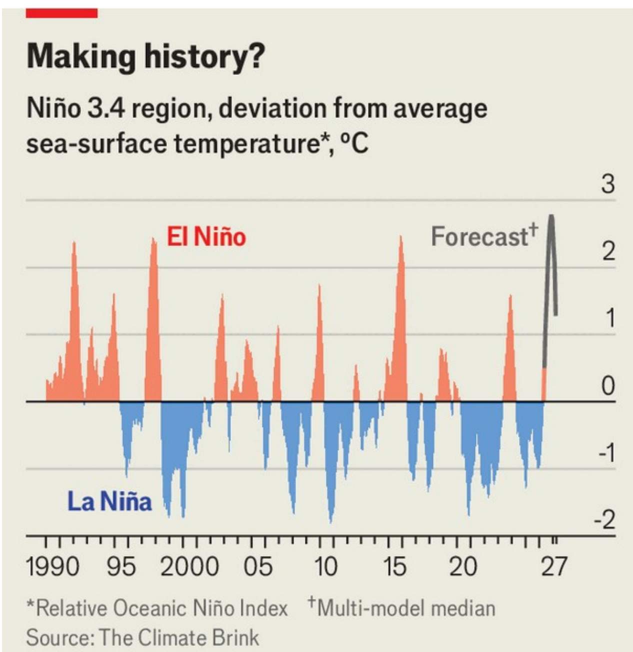
June 18th 2026

HUNDREDS OF YEARS ago Peruvian fishermen noticed that, every few years, the anchovies in the equatorial Pacific Ocean would vanish. Since the disappearances happened around Christmas, they named the event after el niño Jesus—“the Christ child”.

These days the phenomenon, known simply as El Niño, is recognised as a recurring climatic pattern that alters the weather all over the world. It causes droughts in some places, heavy rain in others, heatwaves, wildfires and a general warming of the planet. On June 11th the National Oceanic and Atmospheric Administration, an arm of the American government, announced that a new El Niño had begun. And this one could be a whopper.

El Niño is driven by a shift in the winds above the eastern Pacific, which draws a band of warmer-than-average surface water into the “Niño 3.4” region (see map). The strength of any particular El Niño is measured by how much warmer the water gets. Anything above a 2°C rise over the long-run average is considered strong. Forecasts from most of the world’s modellers for the rest of this year and the first couple of months of 2027 suggest a rise in sea-surface temperatures of more than 2.5°C—and perhaps even 3°C. That would be unprecedented in the 75 years for which scientists have been keeping records. (The current record is held by the 1982-83 El Niño, when water temperatures rose 2.5°C.)

Anchovies prefer cooler water, which is why they decamp southwards during an El Niño. But the effects are not felt just by Peruvian fishermen. The sheer size of the Pacific, and the interconnectedness of the world’s weather systems, means that each El Niño causes a vast redistribution of heat and moisture across the planet.



One result is to make the world warmer. El Niño is not caused by climate change. But the two phenomena amplify each other’s effects (see chart). A strong El Niño in 1997-1998 made 1998 the hottest year ever at the time, with average temperatures nearly 1°C above pre-industrial levels. Following another strong El Niño in 2015-16, the record was broken again, with temperatures in 2016 up more than 1°C. The current record holder is 2024, when temperatures were 1.55°C higher than the pre-industrial average. Climate modellers think 2027 could be hotter still.

When it comes to countries and continents, El Niño's effects are more variable (see map). The El Niños of 1997-98 and 2015-16 caused havoc in eastern and southern Africa, Central America and Oceania. Droughts parched crops and pasturelands, leaving millions hungry and many forced to migrate in search of food.

Similarly baleful effects are possible this time, too. On June 9th the Food and Agriculture Organisation (FAO), an arm of the UN, warned that southern Africa and the Sahel—a semi-arid ribbon of land along the southern borders of the Sahara desert—are particularly at risk. The most recent El Niño in 2023-24, when water temperatures peaked at 1.5°C above normal, was associated with the worst drought in more than a century in southern Africa.

In east Africa, the FAO warned that Somalia could be hit by a double-whammy of a drought until October followed by heavy rain until December. That is less reassuring than it sounds: instead of providing relief, heavy rainfall after a long drought can cause floods, because water cannot sink fast enough into parched soil. Central America, the Caribbean and parts of Asia are also at risk of drought.

Many of these places are already suffering, due to wars and pre-existing hunger. The blocking of the Strait of Hormuz has made fertiliser scarce just as many farmers need it for their next crop cycles (its reopening, announced on June 14th by Donald Trump, America's president, is uncertain and comes too late). The European Commission has warned of humanitarian disasters in African countries including Chad, Somalia, South Sudan and Sudan, as well as Ecuador, Haiti and Venezuela. There are ways to blunt the impact: planting drought-tolerant seeds, for instance, or storing fodder and water for livestock. But the time to start is now. ■

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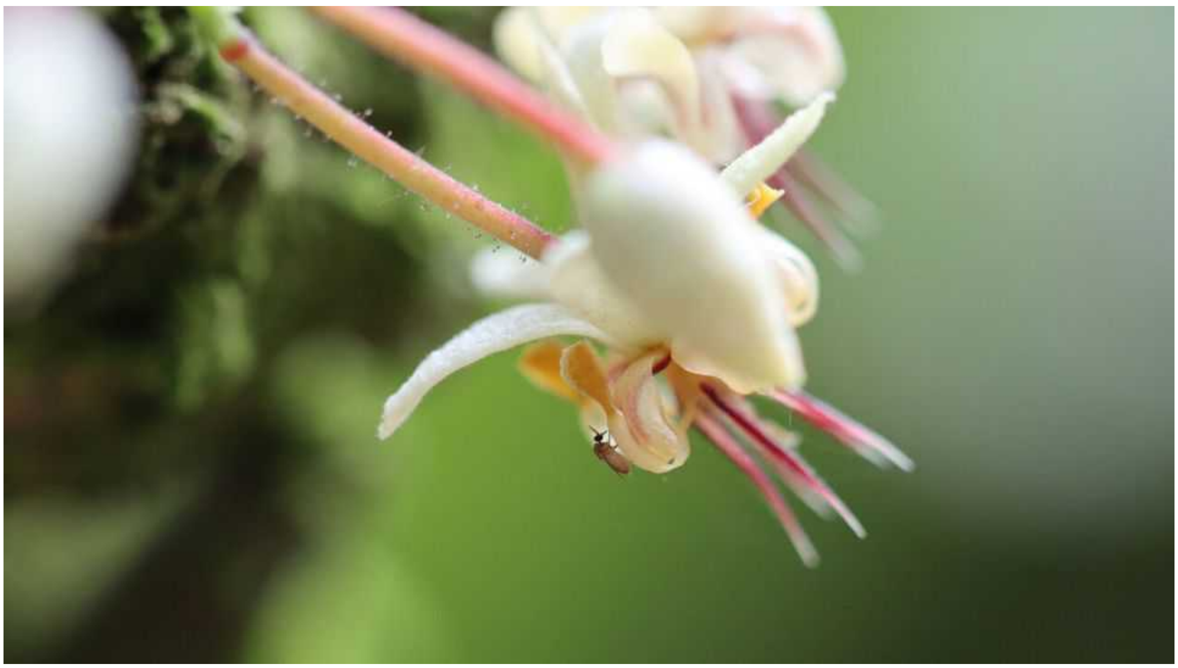
Science & technology | Sweet teeth

The chocolate industry is built on the labour of bloodsucking midges

Researchers have now confirmed how cacao plants are pollinated

June 18th 2026



The world's chocolate industry boasts revenues of more than $140bn. In recent years the market for cacao beans, the crucial ingredient, has often been tight. In April 2024, after poor harvests in West Africa, the price passed $10,000 per tonne for the first time. Although it has fallen back since, it remains significantly higher than earlier in the decade.

A good time, then, for the world's farmers to try to boost their harvests. One way would be to pollinate their existing plants more efficiently, so as to produce more of them in the next generation. There is a problem, though: no one has been quite sure how cocoa plants are pollinated. Now, though, work by Eliza Van de Sande, a PhD student at Vrije University in Brussels, and published in Basic and Applied Ecology, suggests that a group of tiny blood-sucking midges are essential to the process.

Many plants rely for pollination on an evolutionary bargain with animals. The plant produces high-energy nectar that entices animals (usually insects) to visit. But to get it, an animal must venture inside a flower. As it does it gets covered in pollen, while also shedding pollen stuck to it by other plants. Farmers often try to enhance the process by making their farms attractive to pollinating insects.

The reason cacao pollinators have remained mysterious is mostly because of anatomy. Cacao flowers are very small, structurally complicated and hidden by hoods that make it tricky to see what is going on inside. To make matters worse, many of the visitors to cacao plants are minute fly species that are notoriously hard to identify.

Ms Van de Sande and her colleagues observed insects visiting cacao flowers on farms in Malaysia and French Guiana. Rather than simply counting the visitors, as most previous studies had done, the team opened and inspected the flowers. Any insects inside were observed to work out whether they were interacting with the reproductive parts of the flower. The insects were then captured and checked to see if they were carrying cacao pollen.

Ants, bees and midges all turned up inside the flowers. But of the 449 insects that the researchers collected, 439 were midges. Of those, 185 were biting midges that were often seen interacting with plant reproductive organs and were covered in cacao pollen about a third of the time. Few of the other bugs showed much evidence of doing anything for pollination.

Those results strongly suggest that biting midges are the dominant force behind cacao pollination. They might therefore be a useful focus of efforts to enhance production. Ms Van de Sande and her colleagues also found that the midges were far more active when it was cool and humid. That could be bad news for cacao farmers, because—thanks to climate change—many of their plantations have been getting warmer and drier.

Luckily, they have options. Ms Van de Sande points out that "agroforestry" techniques, in which native trees are grown on plantations to provide shade, lower temperatures and increase humidity could be one way to encourage more pollinators to move in. Admittedly, trying to encourage more bloodsucking midges might be a hard sell for farmers themselves. But it might improve their yields. ■

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Science & technology | Leavesdropping

How plants keep tabs on the competition

They grow faster when their rivals are doing the same

June 18th 2026

Given their slow growth and sessile lives, the idea of plants battling one another may seem fanciful. Yet they do. They fight for access to water, nutrients and pollinators. Since one plant's leaves are another's shade, growing towards the sun can be a duel to the death. As in any conflict, espionage helps. A paper published in the Journal of Experimental Botany reveals how plants engage in it.

Botanists have known for years that plants can communicate with each other. One way is via chemicals known as volatile organic compounds (VOCs). When plants are attacked by pests, for instance, the composition of the VOCs they release changes. Previous work has shown that this drives nearby plants to raise their own defences in anticipation of being attacked in turn. What has gone unexplored is whether plants detect VOCs released by their neighbours when they are healthy. So Velemir Ninkovic, an ecologist at the Swedish University of Agricultural Sciences, decided to run an experiment.

With a team of colleagues, Dr Ninkovic planted three varieties of barley that grow at different rates—one quickly, one slowly and one at a middling pace. The plants were put in growing chambers next to one another, but with no way for them to shade their neighbours. The only connection that the plants had to one another was through one-way air vents that connected their growing containers. These allowed the researchers to blow air from one chamber to the next, and to monitor the effect that this had on the plants over 25 days.

The results were striking. The slow-growing barley grew more quickly when it was exposed to air from the chambers of its fast-growing cousins, producing 20% more biomass than when it was placed next to slower-growing plants. This, Dr Ninkovic surmises, is because the slow-growing plants were detecting the compounds released by their neighbours and realising that, in the wild at least, they would be at risk of getting shaded out if they did not get a shift on.

Fast-growing plants exposed to air from the chambers of their slow-growing cousins reacted in the opposite way. With less need to race for the sun, they cut their growth rates notably. (The plants with intermediate growth rates had no significant effects on their neighbours.) Dissection of these plants and genetic analysis of their tissues revealed more details about exactly what was going on. While the laggards were switching resources towards growth, the speedsters were able to spend more of theirs on metabolically expensive defensive measures, such as churning out chemicals that make their leaves unpalatable to herbivores.

Barley plants, in other words, can chemically eavesdrop on their competitors, and tweak their own growing strategies accordingly. Farmers are already experimenting with using VOCs to boost productivity. Dr Ninkovic's results suggest they may be able to nudge crops to produce protective compounds if pests are expected to arrive, as well as inducing them to grow more quickly to boost yields when risks are low. ■

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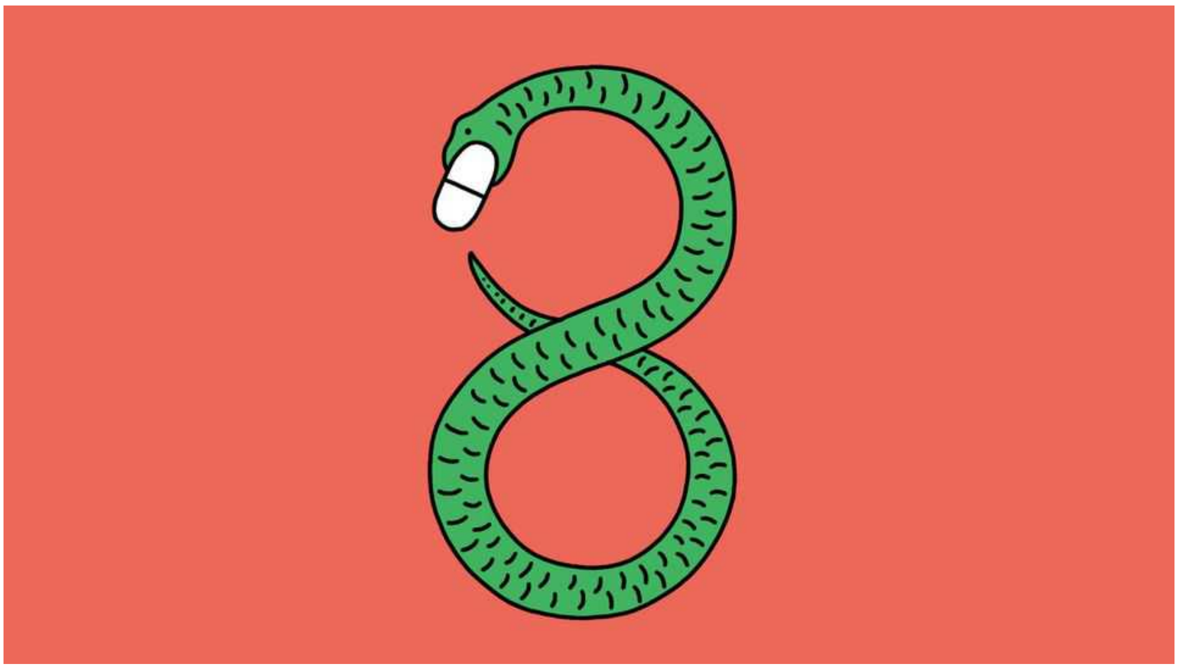
Science & technology | Well Informed

A new drug targets one of cancer's master switches

The pancreatic-cancer drug could be the first of an entirely new class of treatments

June 18th 2026



Scientists are not usually an excitable bunch. So when many thousands of them gave a standing ovation at a conference in Chicago, it meant something special had happened. The applause was for the results of clinical trials of a drug called daraxonrasib, developed by Revolution Medicines, a company based in California. It is designed to treat pancreatic cancer. The drug almost doubled median survival times from 6.7 months to 13.2 months. This victory over one of the most challenging cancers was an emotional moment for many.

The drug is not a cure. Cancers often develop resistance to targeted drugs such as daraxonrasib. Instead, its promise for patients is that, when used alongside other treatments, it might buy them months more life. Pancreatic cancers are aggressive and usually symptomless. They are mostly diagnosed after they have already spread around the body. Few patients survive longer than a year. Pancreatic cancers are also resistant toinhi immunotherapy, a class of treatment that encourages the body's immune system to fight tumours, and which has had great success in many other areas of oncology. A mutation in a protein called KRAS, which drives most pancreatic cancers, creates an environment around the tumour that is hostile to immune cells.

Daraxonrasib is expected to speed its way through approval in America. Although it was given in the trial to patients who had already tried chemotherapy, it seems likely to become a first-line treatment for the disease. The drug works by inhibiting KRAS. Other work suggests this also changes the environment around tumours in ways that might make them more susceptible to immunotherapy. If that theory proves correct, it could improve survival times still further.

There is a bigger story. KRAS is a molecular switch in the cell that is heavily involved in cell division. It can be either off or on. A single mutation can leave it jammed on, endlessly signalling to cells that they should multiply—and endless growth is the defining pathology of cancer. Stopping KRAS might help in other sorts of tumour where the same mutation drives the disease. Candidates include some colorectal and lung cancers and, to a lesser degree, endometrial, small bowel and stomach cancers.

What is more, KRAS is just one of a family of "oncogenes"—those often involved in cancers—that are collectively known as RAS mutations. Daraxonrasib could, in theory, work to some degree on other RAS-driven cancers such as multiple myeloma, a type of blood cancer. RAS mutations are found in 20% of all cancers, accounting for about 3.4m cases of cancer around the world every year. They have been a promising target since their discovery in 1982. But the structure of the proteins produced by the genes has few molecular chinks into which drugs might get their hooks. For four decades they were considered "undruggable"—but no longer.

This is just the beginning. More refined versions of daraxonrasib will be developed, as will competitor drugs from other companies. There is even hope these drugs might help an entirely different group of cancer patients: children with neuroblastoma, where a different mutation disables a gene that normally acts as a brake on RAS. Tackling one cancer has, potentially, revealed a master switch that enables new treatments for millions of people. Daraxonrasib deserves its standing ovations. ■

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Culture

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- What the largest-ever shareholder judgment reveals about Russia
- Why Westerners are falling for love scams
- Adults are going back to summer camp
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- Harlan Coben, Netflix's new darling, has a mystery you can solve

Culture | Look on my works

Barack Obama has built a monument to himself

He is just the latest president to do so

June 18th 2026

THE OBAMA PRESIDENTIAL CENTRE towers over Chicago's South Side like a Brutalist ziggurat (see picture). Eight storeys of concrete covered in granite loom over other granite buildings on a granite plaza: grey, grey and more grey. The new monument has a Soviet science-fiction look: 1980s Moscow meets Denis Villeneuve's "Dune". In fact, it is a tribute to America's 44th president. Opening to the public on June 19th after years of construction and a cost of around $850m, it boasts the dubious distinction of being the most expensive presidential library in history.

Presidential libraries have a public function: to preserve the former leader's papers, which are deemed state property. But they also have a more personal one: to let presidents present their achievements, justify their actions and tell their life story without quibbles from opposition politicians, pesky journalists or protesters. They are a peculiar institution, and the opening of Barack Obama's illuminates why they are so controversial.

Many countries preserve presidential material in state archives, and some notable 21st-century leaders can claim museums and monuments in their honour, such as the recent heads of Nigeria and South Africa. But America blends these two functions, with private donors paying for much of the construction through presidential "foundations", and a government agency, the National Archives and Records Administration (NARA), caring for the records. Only America enshrines into law the right to a library for its head of state, highlighting how the country has granted the head of the executive branch, supposedly one of three equal branches of government, a somewhat regal aura.

The institution dates back to Franklin Delano Roosevelt's administration. Until then presidents traditionally donated their papers, which were seen as their personal property, to the Library of Congress. In practice many records were simply "scattered to the winds", says Mark Updegrove, who runs Lyndon Johnson's library at the University of Texas.

The Presidential Libraries Act of 1955 authorised the federal government to preserve presidential papers and to "accept gifts or bequests of money" for their maintenance. Another law in 1978 made presidents' papers the property of the government. (Though Donald Trump's Office of Legal Counsel has argued that this act was unconstitutional—he wants to keep control over his papers—no court has yet agreed.) Annually the federal government pays around $100m to maintain all the libraries. But the cost of building them has been rising monumentally (see chart).

The Obama Presidential Centre is exceptional in several ways. It boasts of being the first "fully digital presidential library": Mr Obama's papers will be available to everyone online. The centre is also not subject to government oversight in the usual way. While NARA will maintain the digital archives and some physical papers and artefacts off-site, Mr Obama's foundation will fund and manage the entire complex, running it like a private museum.

Valerie Jarrett, Mr Obama's longtime adviser and the foundation's chief executive, insists that this will help it preserve its "independence", which may be code for defending against Mr Trump trying to tamper with its budget. (Mr Trump is the only living president, current or former, not invited to the dedication ceremony on June 18th.) But without any oversight from NARA, it also gives Mr Obama more latitude to shape the sort of legacy-building exhibitions that are mounted.

This tension between mythmaking and historical fact has played out in presidential libraries many times before. Richard Nixon helped curate his library's original Watergate exhibition, which was later replaced with one that was more critical, after NARA took over the library and hired a professional director. Omissions are just as common as rosy portrayals: Ronald Reagan's library initially failed to mention the Iran-Contra affair, a scandal of his presidency, and Johnson's library largely avoided Vietnam for decades. Unsurprisingly, Mr Obama's does not mention the record number of immigrants he deported.

Instead, libraries go heavy on the pomp. Reagan's presents a decommissioned Air Force One, along with his limousines and a helicopter. Johnson's features a life-size talking puppet of the president telling hokey jokes. Roosevelt's preserves the cosy private study where he received visitors. Many of them, including Mr Obama's and Mr Trump's proposed library on a prime lot in Miami, offer visitors replicas of the Oval Office. The overall impression is hagiography, though that can change after the presidents' deaths. Exhibits at Roosevelt's, for instance, now feature his mistresses and uncomfortable questions about why he was so reluctant to accept Jewish refugees.

Mr Obama's, befitting the man himself, is focused on culture as well as politics (Mr Obama releases annual lists of his favourite films, books and songs). Its grand interior feels like a contemporary-art museum, wreathed in dark wood and accented by bright paintings. A tour guide is quick to point out that Mr Obama chose the museum's soundtrack, as well as the books on display in the "president's reading room" in the on-site public library.

The huge price-tag reflects its deluxe amenities. The events and athletic facilities span around 60,000 square feet (5,500 square metres) and include a professional-size basketball court and practice areas. For the extensive grounds Michelle Obama insisted on designing a steep "sledding hill" for visitors, because she never had one when she was growing up nearby. Vegetable gardens, which also took root in Mr Obama's White House, sprawl over the roof of the library.

Mr Obama's fans will love the museum; his detractors will doubtless see it as they viewed his presidency: slick, facile and overproduced. The inverse is true of George W. Bush's centre in Dallas. But take away the partisanship, and both museums represent the same deeply human impulse to get the last word and try to shape how future generations will view them.

Presidential libraries are only going to become more complicated affairs. With digital correspondence being sent across a growing array of apps, the boundary of what counts as personal and professional will be contested (as any cabinet member who has misused a Signal chat can attest). And if future presidents opt for the Obama model, with foundations running the spaces apart from government oversight of records, it will make for more partisan and puffy exhibitions. Will the nearly $1bn projects continue? It seems an odd use of resources for a supposedly down-to-earth civil servant. But fewer presidents are pretending to be that any more. ■

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Culture | See you in court

What the largest-ever shareholder judgment reveals about Russia

If you want to see Vladimir Putin's soul, study the fate of Yukos, an oil company

June 18th 2026

WITH All Russia's warmongering, repression and corruption, it is easy to forget how the West was once so enamoured of Vladimir Putin. In 2001 George W. Bush declared the then-newish Russian president "trustworthy", having looked into his eyes and got a "sense of his soul". The first signs that Mr Putin was nothing of the sort came long before the annexation of Crimea in 2014 and subsequent full-scale invasion of Ukraine. An early indication of his consolidation of power and authoritarian turn was the seizure and dismemberment of Yukos, an oil company.

The Kremlin's move against the firm and imprisonment of Mikhail Khodorkovsky, its boss, highlighted the power struggle between Mr Putin and his siloviki cronies—former spooks and military men—and the oligarchs who had hoovered up much of the economy in the "voucher" privatisations of the early 1990s. In 2003, after Mr Khodorkovsky—then Russia's richest man—began funding opposition parties and hinted at a run for the presidency, Yukos was hit with a series of tax-related charges. Mr Khodorkovsky was thrown into a labour camp. The company was broken up and the bits sold to siloviki-linked firms at knock-down prices.

The sometimes nerdy but always fascinating core of "Suing the Kremlin" is the two-decade-long legal saga that the expropriation spawned, which Martin Sixsmith rightly says will be studied by generations of lawyers. He is well placed to tell the tale: a former Moscow correspondent for the BBC, the author has written several other books about Mr Putin's Russia, including a page-turner on the poisoning in London of a dissident, Alexander Litvinenko, in 2006.

After several fruitless years trying to settle the tax claims, Yukos's former shareholders fought back. Their unlikely champion was a cheery, phlegmatic London-based tax lawyer, Tim Osborne. Taking on the Kremlin, Mr Osborne might have seemed out of his depth. But he approached the challenge with vim and—given the fate of many past Putin antagonists—courage, winning favourable rulings for the shareholders' company, GML, at the European Court of Human Rights, the Swiss supreme court and elsewhere.

But GML needed a knockout blow. With help from Shearman & Sterling, an American law firm, Mr Osborne came up with the idea to launch an arbitration case accusing Russia of breaching a cross-border energy-investment treaty by trampling on shareholders' rights. The result was a stunning win at an international tribunal: an award of $50bn, 20 times the previous record for such a case. After several more legal twists and turns, Russia's appeals were finally exhausted in October 2025, allowing GML to go after Russian assets to cover the award.

So far, Russia has paid nothing. Little beyond some trademarks for vodka brands has been seized. But as Mr Sixsmith argues convincingly, the victory has been more than pyrrhic. With a clever strategy and hard work, a small group of lawyers and businessmen was able to inflict a high-profile humbling on Mr Putin. The case surely mattered greatly to him. Why else would Russia spend so much on phalanxes of lawyers, including 17 at one hearing? And why would it go to such lengths to intimidate opponents, locking up lawyers, sending death threats through macabre Wikipedia updates and, some speculate, downing a Yukos tax adviser's helicopter?

The book leaves a number of mysteries unsolved, including why Mr Khodorkovsky—now an anti-Putin campaigner in exile, having been set free in 2013—remained in Russia to be made an example of, when the Kremlin had given warning that it was coming for him and his company. Naivety? Stubbornness? A martyr complex?

But Mr Sixsmith's well-paced book, readable in a single sitting, shows that Mr Putin's vindictive, capricious Russia was no place to invest in long before his bloodthirsty adventurism in Ukraine. And that the best way for those he has wronged to get anything resembling justice is to rely on cool heads, clever minds and other countries' legal systems. ■

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Culture | My con and only

Why Westerners are falling for love scams

Romance fraud is driven by poverty in west Africa and loneliness in the West, a new book argues

June 18th 2026

It was love at first sleight. As with many relationships, Brian’s and Silvia’s courtship started on Tinder. Brian, a dashing American soldier, sent Silvia, a Spanish dentist, passionate affirmations of love: “I want you to be a happy wonderful woman, someone I would love to share more than my life with.” Brian said he was coming to Spain, and Silvia bought two rings.

But Brian was not a real soldier; he was a scammer posing as a suitor. He told Silvia he had found bars of solid gold while on deployment in Syria. Silvia’s son grew suspicious. He thought it might be a scam and that his mother would be asked to send money to cover the shipping. They used an

IP-address tracker to find out where Brian's emails were coming from: the fraudster was in Lagos, Nigeria.

Silvia is not the only lonely Westerner to be wooed by a phoney Romeo. Romance scams are one of the most costly types of fraud in America, according to the Federal Trade Commission: people gave away nearly \$1.5bn to so-called "love scammers" in 2025. In Britain reports of romance fraud jumped by nearly a third last year, with people losing as much as £1m (\$1.3m).

Silvia's son, Carlos Barragán, was distressed and baffled that his mother had been duped. So in 2022 he flew to Lagos to search for the scammer. Though it proved impossible to find the real Brian, Mr Barragán discovered the "criminal underworld" of romance fraud. In an engrossing new book he takes readers from Kentucky to Lagos to explore how loneliness in the West and poverty in west Africa are "two sides of the same screen".

Many love scams are run by crime syndicates in South-East Asia. Mr Barragán expected to find a "sophisticated network of fraudsters" in Nigeria, too: instead he encountered unemployed young men in rough neighbourhoods, who use copy-and-paste scripts rather than complex manipulation tactics. Many work alone, staying up all night to avoid their parents' prying eyes.

In Nigeria Yahoo Boys—a nickname that nods to the email addresses scammers once used—say they rely on fraud to survive. Between 2022 and 2025 Mr Barragán spent months in Ikotun, a poor neighbourhood in Lagos, witnessing the effects of high youth unemployment and rampant inflation. He saw that for scammers like Azeez (pictured), a 14-year-old tailor's apprentice, a $10 gift card from a British victim is worth more than his family pays in rent a month. (With some of their earnings Yahoo Boys prop up local businesses, splashing out at fancy boutiques and nightclubs.) Mr Barragán asks workers, policemen, academics and Yahoo Boys themselves to estimate the share of young men who are involved in such scams in Lagos: their answers range from 45% to 80%.

The Yahoo Boys call their victims "clients" to make their work seem legitimate; some see their relationships as transactional, providing companionship in exchange for cash. They share tactics with each other for finding vulnerable victims online, as well as the latest pickup lines and plausible scenarios to ask for money to be wired. Some pretend to have a sick child who needs help; others blackmail victims, threatening to share intimate pictures if they do not pay up.

Mr Barragán wonders how credulous Westerners can fall head-over-heels for such smarmy scripts. He looks "for a con so intricate it might justify" his clever mother believing it. But he finds something alarmingly simple: the scammers are successful because they provide attention to lonely people.

AI will complicate love scams. It could make it easier to target a much larger number of victims with personalised correspondence, without relying on teams of boys and men (and growing numbers of women) in Nigeria or elsewhere. But AI could also offer safer ways for people to feel less lonely. Various apps now provide virtual lovers that are even more fawning than fraudsters. As Mr Barragán puts it, AI partners provide "a fake relationship without the betrayal". Yahoo Boys may struggle to compete with that. ■

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Culture | Give me s'more

Adults are going back to summer camp

Retreats designed for grown-ups are growing in popularity

June 18th 2026

IT IS SATURDAY at Camp Social, and the dining hall is abuzz. The campers chat excitedly about what the weekend might have in store. Will they spend it making friendship bracelets and tie-dyeing t-shirts, or hiking and kayaking? Many are dressed for adventure, sporting trainers and with water bottles in hand.

Held in the Pocono Mountains of Pennsylvania, Camp Social is a traditional summer camp with an unconventional clientele—for it is one of a growing number of sleepaway camps for adults. Some, such as Camp Social, are aimed at women; others cater to LGBT+ people. Whether you are after festival vibes, a wellness retreat or immersion in nature, someone somewhere has set up a camp for you.

This type of getaway has exploded in popularity in recent years. In 2025 Yelp reported a roughly 350% increase in searches for such weekend breaks. And the trend is not unique to America: similar concepts have popped up across Europe. (Camp Château, for instance, operates across two sites in southern France.)

There are several reasons for camps' success. One is the stresses of the modern world. In decades past, adults sent their boisterous children away to camp to get some respite from parenting. Now, however, adults are signing up for a respite from their own hectic lives. Camp No Counsellors, which operates across America, invites grown-ups to "remember what it feels like to have fun without a schedule, a deadline or a single work email in sight".

With no obligations or pressure to look or act a certain way, plus the beautiful backdrop of nature, campers feel they can truly relax. The pre-planned schedule offers a break from the constant decision-making of adulthood. "I like to think of camp as a reset," says Liv Schreiber, Camp Social's founder. "You're just reconnecting to you and leaving the world behind."

Another reason for the cabin fever is that camps offer the nostalgic pleasures of childhood. Millennials and Gen Z spend their money and free time "kidulting", whether playing in a ball pit or with soft toys—and what could be more evocative of carefree bygone summers than marshmallows and bunk beds? "Fun", Ms Schreiber declares, "is the number-one version of self-care." You can recharge by charging around an inflatable water park.

Finally, the campfires keep burning because adults are yearning for real-world social connections. In America there are fears of a "friendship recession", as many report having fewer close mates than they once did. Camps, meanwhile, promise meaningful bonds. Camp Social's website declares that "99% arrive solo, and 100% leave as friends."

Guests often put away their phones, swapping mindless scrolling for conversations with people from different backgrounds and generations. (The fastest-growing age group at Camp Social is 40- to 70-year-olds, Ms Schreiber notes, and the oldest camper to date was 84.) Kim Barbieri says she has struggled to make friends as a young adult, but formed a group of pals at camp last year. "I've never felt as much of a sense of belonging as I did that weekend," Ms Barbieri asserts. "I feel like I've known these four other people for my entire life—and really I spent one weekend with them."

Summer camp does not come cheap. Several organisations charge around $1,000 for a long weekend (often with meals, lodging and transport included). Some see that as a small price to pay for adventure and friendship. The experience has produced a lot of happy campers. ■

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Culture | The road less travelled

Harry Styles and other megastars now expect you to come to them

Artists are visiting fewer cities on their global tours

June 18th 2026

"STRAIGHT OFF the plane to a new hotel/Just touched down, you could never tell." When Harry Styles sang those lyrics in 2014, he was already well accustomed to the glamour and grind of a global concert tour. Across his boyband and solo career he has performed more than 600 gigs on six continents. His previous tour visited 79 cities.

But not all is as it was. The 68 concerts on his new tour will be hosted in just seven cities. He is in the midst of a 12-night run at Wembley stadium in London, which ends on July 4th. In August he will go to Madison Square Garden in New York to play 30 concerts.

The British heartthrob is not the only musician travelling less. Many of the biggest pop acts have started to expect their fans to come to them. Beyoncé spent half of her "Cowboy Carter" tour in just three venues. Coldplay performed extensively in certain cities; Olivia Rodrigo will do the same when she heads out on the road in September. Ariana Grande is appearing in just three countries on her tour.

Longer runs in fewer places mean a less gruelling experience for the artist—and a more lucrative one. Touring is more expensive than it has ever been, thanks to a combination of red tape and rising labour and fuel costs. (Fans expect elaborate sets: transporting them across the world is not cheap.) Staying in one place for longer is a way of keeping outlays down and profits up.

For the chosen cities, this means huge windfalls. Mr Styles's fans are expected to spend £1bn ($1.34bn) on tickets, accommodation and other expenses in London alone, according to Barclays, a bank. For the smaller regional cities bumped from the schedule, such as Manchester and Coventry, it means losing access to megastars and fans' spending power.

Still, fans do not seem to mind going on the road themselves. Around 25% of the fans watching Mr Styles at Wembley are travelling from outside

London, and 28% are turning the occasion into a mini-break. Today's concert-goers have become cultural tourists. In an age where music is cheap and easy to access, live shows have acquired a new social value. Concerts have become a kind of modern pilgrimage—journeys made out of devotion to an idol. ■

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Culture | Man of mystery

Harlan Coben, Netflix’s new darling, has a mystery you can solve

Why are sometimes cheesy thrillers set in Britain so utterly gripping?

June 18th 2026

The first mystery—that of a missing daughter—appeared in 2018. The second—a vanished wife—in 2020. These two were followed by a mysteriously missing husband (2021), a mysteriously revived dead husband (2024) and another mysteriously missing daughter (2026). However, as so often, the deeper mystery was less the crimes than the mysterious figure spotted hanging around them.

He could be seen in the very first mystery which, viewers learned, was “Harlan Coben’s Safe”. He was spotted in the next one, titled—with equal mystery—“Harlan Coben’s The Stranger”. He was there in the next ones, too, which were variously titled “Harlan Coben’s Stay Close”, “Harlan

Coben's Fool Me Once" and "Harlan Coben's Run Away". These lead to the deepest mystery of all: who is Mr Coben, and why is Netflix so obsessed by him?

The question of his identity is perhaps the easiest. Mr Coben is an American thriller writer. His spread has been viral in extent (he has sold over 100m books) and in its style (like covid-19, most did not notice him spreading until it was too late). Since last year alone, he has been behind seven series and two novels. "Harlan Coben" thus became one of those baffling word combinations, like "vibe coding" or "tokenmaxxing", that went from meaningless to ubiquitous seemingly overnight.

He may become more so. On June 18th Netflix is releasing a series about a man imprisoned for killing his son, titled "I Will Find You", which feels less like a promise than a threat—or perhaps a prediction, for his series have been as successful as the books. Having signed an initial deal in 2018 to develop 14 titles, Netflix has expanded it to add 12 more; Amazon and CBS have now also made Harlan Coben series.

Mr Coben's shows offer other mysteries, too, such as: why does his name have such prominent billing, when another author called Jane Austen often has a far smaller font? Why are such quintessential American thrillers being filmed, as these are, in places such as Manchester? And above all, how do characters who have such humdrum jobs afford such astonishingly swish kitchens?

His shows have also elicited some critical bafflement, too. Though some of them, including "Stay Close", about a cold case that suddenly heats up, received decent reviews, others have been less lauded. His recent Amazon series received a 44% approval rating from critics on Rotten Tomatoes, a review-aggregator site. They have been called "twisty" and "confusing"—not without cause. Their plots are what might politely be called "eventful" and less delicately be called soap operas.

Open the episode menu for Netflix's 2021 series "The Innocent", for example, and over the course of four swift episodes you find yourself offered: an accidental murder (episode one); an alleged suicide (episode two) and a "mysterious nun" (episode three) who is rapidly a mysteriously dead nun. This is followed by episode four in which, as the episode summary explains, “The nun’s body is squirrelled away by federal agents, which infuriates Lorena.” Nun-corpse theft can be so annoying.

Mr Coben’s plots, then, are not Pinteresque. Yet they are not meant to be. His books are archetypal thrillers. They have dark, ominous covers (fog is a feature) and ominous straplines in the “A MISSING GIRL. A DEADLY GAME” vein. Their characters have names that sound as though they might be medical procedures (“Griffin Scope”) or possibly Cockney rhyming slang (“Larry Gandle”). Either way, they sound bad.

But they really do thrill. Ian Fleming, James Bond’s creator, once said there is “only one recipe for a bestseller and it is a very simple one”: you have “to get the reader to turn over the page”. Mr Coben has that gift. He tells The Economist that he likes each first sentence “to almost be a short story in and of itself”—and his are zingers. “I Will Find You”, opens with the words “I am serving the fifth year of a life sentence for murdering my own child.”

That is why people watch them. Subscribers spent about 250m hours watching “Fool Me Once” in the week it was released. It became one of Netflix’s most-viewed shows in 2024. Which leads to another of the mysteries surrounding Mr Coben, namely: why do people find stories about family tragedy so jolly? Mr Coben’s books are rich in lines like “Her jaw had been ripped out of its hinges, snapping all the tendons.” Yet his stories are widely seen as not merely compelling but even comforting (in the way bingeing on biscuits often is).

One answer is that murder can be scrumptious. In Agatha Christie’s “The ABC Murders” Hercule Poirot and a character wonder “If you could order a crime as one orders a dinner, what would you choose?” They toy with picking robbery or forgery from the menu, then discard the idea (“too vegetarian”) before concluding that it “must be murder—red-blooded murder—with trimmings, of course”.

Family tragedy is—as Sophocles could have told you—similarly compelling. Mr Coben, who has four children, thinks that what appeals is less the tragedy than the family. He sees his stories, despite the splatter, as being about “love and family and redemption”. “If I asked you, ‘Would you kill somebody?' you would say 'No'," he says. "If I ask you: 'Will you kill someone to save your child?' well the answer is 'Yes'."

The setting matters, too. Just as Greek tragedy was removed from an alarming immediacy by being set in the similar-but-different Thebes, so Mr Coben's tragedies are set in the similar-but-different world of murder-series chic: characters have luxurious coats, cars and, of course, kitchens. It is, he thinks, "part of the fun". (The reason they are set in Britain is more complicated: partly, suggests one industry insider, it is cost, with lower wages and tax breaks making shoots there more economical. Mr Coben has also said he likes the British sensibility and the "Downton Abbey-ish" houses.)

And as for the mystery of his name it is, in his telling, not such an enigma. The title of an early show sounded too much like the name of another series so, to differentiate, "they put my name above the title," he says. That was somewhat to the bafflement of audiences: at the time someone tweeted that "They keep talking about Harlan Coben, but I don't know who the hell Harlan Coben is." They probably do now. ■

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Economic & financial indicators

- Economic data, commodities and markets

Economic data, commodities and markets

June 18th 2026

Economic data

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	Gross domestic product % change on year ago: latest		quarter*	2026†	Consumer prices % change on year ago: latest		2026†	Unemployment rate %	
United States	2.6	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	5.1	May‡§
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	May	3.3	4.9	Mar††
Canada	-0.1	Q1	-0.1	0.8	2.8	Apr	2.6	6.6	May
Euro area	0.3	Q1	-0.9	0.8	3.2	May	2.8	6.3	Apr
Austria	0.9	Q1	0.8‡	0.8	3.7	May	2.9	5.7	Apr
Belgium	0.8	Q1	1.0	0.9	4.0	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	0.8	3.2	May	2.7	5.1	Apr
Netherlands	1.2	Q1	0.2	1.0	3.4	May	3.1	3.9	May
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‡
Denmark	5.8	Q1	7.8	3.3	1.9	May	2.0	3.1	Apr
Norway	1.7	Q1	1.4	1.3	3.1	May	3.2	4.8	Mar‡‡
Poland	3.5	Q1	2.4	3.4	3.1	May	3.0	6.0	Apr§
Russia	-0.2	Q1	-2.5	0.9	5.3	May	5.5	2.2	Apr§
Sweden	2.2	Q1	-0.6	2.1	0.8	May	1.9	9.4	May§
Switzerland	0.5	Q1	2.6	1.0	0.6	May	0.6	3.1	May
Turkey	2.5	Q1	0.5	2.5	32.6	May	31.7	8.0	Apr§
Australia	2.5	Q1	1.1	1.6	4.2	Apr	4.3	4.5	Apr
Hong Kong	5.9	Q1	12.2	5.0	1.8	Apr	2.1	3.7	May‡‡
India	7.8	Q1	6.4	6.5	3.9	May	4.8	6.9	May
Indonesia	5.6	Q1	6.0	5.0	3.1	May	3.5	4.7	Feb§
Malaysia	5.4	Q1	1.7	4.5	1.9	Apr	2.5	3.0	Apr§
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	Q2§
Singapore	6.0	Q1	3.9	2.9	1.8	Apr	2.8	2.0	Q1
South Korea	3.8	Q1	7.5	2.9	3.1	May	2.9	2.9	May§
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	2.8	1.0	May§
Argentina	2.1	Q4	2.5	3.1	33.2	May	32.6	7.5	Q4§
Brazil	1.8	Q1	4.5	2.0	4.7	May	4.7	5.8	Apr§‡‡
Chile	-0.5	Q1	-1.1	1.4	3.9	May	3.6	9.1	Apr§‡‡
Colombia	2.2	Q1	2.4	2.5	5.8	May	5.7	8.8	Apr§
Mexico	0.2	Q1	-2.4	0.9	3.9	May	4.0	2.6	Apr
Peru	3.5	Q1	3.2	2.5	3.9	May	4.1	4.5	May§
Egypt	5.0	Q1	-24.0	4.5	14.6	May	13.9	6.0	Q1§
Israel	1.7	Q1	-3.8	3.4	1.9	May	1.9	2.8	May
Saudi Arabia	4.6	2025	na	-2.0	1.8	May	2.3	3.5	Q4
South Africa	1.9	Q1	2.2	1.6	4.4	May	3.8	32.7	Q1§

Source: Haver Analytics *% change on previous quarter, annual rate †The Economist Intelligence Unit estimate/forecast §Not seasonally adjusted ‡New series **Year ending June ††Latest 3 months ‡‡3-month moving average Note: Euro-area consumer prices are harmonised

Economic data

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	Current-account balance % of GDP, 2026†	Budget balance % of GDP, 2026†	Interest rates 10-yr gov't bonds latest, %		change on year ago, bp	Currency units per $ Jun 18th	% change on year ago
United States	-3.4	-6.5	4.5		10.0	-	
China	3.2	-5.8	1.5	§§	-2.0	6.76	6.4
Japan	3.6	-1.8	2.6		112	161	-9.6
Britain	-3.4	-5.1	4.8		29.0	0.75	-1.3
Canada	-0.4	-2.1	3.4		5.0	1.41	-2.8
Euro area	2.3	-3.4	2.9		41.0	0.87	nil
Austria	1.2	-4.1	3.2		25.0	0.87	nil
Belgium	-3.2	-4.9	3.5		38.0	0.87	nil
France	-0.6	-5.3	3.7		43.0	0.87	nil
Germany	4.2	-3.7	2.9		41.0	0.87	nil
Greece	-5.5	0.8	3.6		26.0	0.87	nil
Italy	0.8	-3.0	3.6		13.0	0.87	nil
Netherlands	9.2	-2.6	3.0		30.0	0.87	nil
Spain	2.3	-2.4	3.4		23.0	0.87	nil
Czech Republic	0.2	-2.6	4.6		36.0	21.0	3.0
Denmark	12.1	1.3	2.8		31.0	6.50	nil
Norway	14.8	9.0	4.3		18.0	9.62	3.4
Poland	-1.3	-7.0	5.4		-18.0	3.69	0.8
Russia	2.2	-2.9	15.2		7.0	72.7	8.2
Sweden	4.8	-2.0	2.8		46.0	9.51	0.5
Switzerland	5.3	0.2	0.4		7.0	0.80	2.5
Turkey	-3.0	-3.6	30.9		-47.0	46.4	-14.8
Australia	-1.9	-1.8	4.9		65.0	1.43	8.4
Hong Kong	6.6	-2.5	3.3		21.0	7.84	0.1
India	-1.8	-4.7	6.9		60.0	94.8	-8.8
Indonesia	-1.7	-3.5	6.9		17.0	17,851	-8.4
Malaysia	3.4	-4.1	3.6		1.0	4.07	4.4
Pakistan	-1.1	-4.7	12.3	†††	6.0	278	1.8
Philippines	-4.0	-6.3	7.0		61.0	60.4	-6.7
Singapore	15.3	0.8	2.0		-30.0	1.29	nil
South Korea	8.2	-2.5	4.1		122	1,527	-9.5
Taiwan	27.4	1.8	1.7		18.0	31.7	-6.3
Thailand	0.5	-5.5	2.1		37.0	32.7	-0.3
Argentina	0.4	0.1	na		na	1,441	-19.4
Brazil	-2.6	-7.3	14.4		46.0	5.13	7.2
Chile	-2.0	-2.4	5.5		-26.0	887	6.6
Colombia	-2.5	-6.6	11.8		-81.0	3,440	19.2
Mexico	-0.4	-3.8	9.1		-20.0	17.3	9.8
Peru	1.8	-2.4	6.0		-38.0	3.38	6.8
Egypt	-5.1	-5.2	25.6		44.0	49.9	0.5
Israel	1.3	-4.0	3.7		-86.0	2.94	19.4
Saudi Arabia	-2.2	-6.1	na		na	3.75	nil
South Africa	-1.8	-4.4	8.4		-171	16.4	9.8

Source: Haver Analytics §§5-year yield †††Dollar-denominated bonds

Markets

In local currency	Index Jun 17th	% change on: one week	Dec 31st 2025
United States S&P 500	7,420.1	2.1	8.4
United States NAS Comp	26,021.7	3.4	12.0
China Shanghai Comp	4,108.1	3.0	3.5
China Shenzhen Comp	2,838.4	5.6	12.1
Japan Nikkei 225	69,902.3	8.9	38.9
Japan Topix	4,013.2	4.3	17.7
Britain FTSE 100	10,508.6	2.5	5.8
Canada S&P TSX	35,125.1	2.9	10.8
Euro area EURO STOXX 50	6,300.1	4.8	8.8
France CAC 40	8,430.8	3.3	3.5
Germany DAX*	24,934.7	3.1	1.8
Italy FTSE/MIB	52,595.2	5.1	17.0
Netherlands AEX	1,082.7	2.9	13.8
Spain IBEX 35	19,421.9	7.1	12.2
Poland WIG	140,339.7	4.5	19.7
Russia RTS, $ terms	1,076.1	-2.7	-2.9
Switzerland SMI	13,815.2	2.6	4.1
Turkey BIST	14,421.2	4.9	28.1
Australia All Ord.	9,185.9	3.7	1.9
Hong Kong Hang Seng	24,312.2	-0.4	-5.1
India BSE	77,155.6	4.3	-9.5
Indonesia IDX	6,220.7	5.4	-28.1
Malaysia KLSE	1,710.0	1.8	1.8
Pakistan KSE	180,511.0	6.5	3.7
Singapore STI	5,176.5	4.4	11.4
South Korea KOSPI	8,864.2	14.7	110.3
Taiwan TWI	45,877.4	6.1	58.4
Thailand SET	1,587.1	1.5	26.0
Argentina MERV	3,291,883.0	4.4	7.9
Brazil BVSP*	168,453.9	-0.1	4.5
Mexico IPC	68,307.5	5.4	6.2
Egypt EGX 30	52,621.8	2.7	25.8
Israel TA-125	4,072.7	-1.6	11.2
Saudi Arabia Tadawul	11,114.9	0.9	6.0
South Africa JSE AS	116,024.8	5.9	0.2
World, dev'd MSCI	4,805.5	2.6	8.5
Emerging markets MSCI	1,782.7	6.9	26.9

US corporate bonds, spread over Treasuries

Basis points	latest	Dec 31st 2025
Investment grade	87	93
High-yield	319	354

Sources: LSEG Workspace; Moscow Exchange; Standard & Poor's Global Fixed Income Research *Total return index

Commodities

The Economist commodity-price index

2020=100	Jun 9th	Jun 16th*	% change on month	% change on year
Dollar Index				
All items	149.9	151.4	-2.3	13.1
Food	141.8	145.4	-1.9	-3.6
Industrials				
All	156.7	156.3	-2.6	30.5
Non-food agriculturals	154.0	155.7	3.7	27.0
Metals	157.3	156.5	-4.1	31.5
Sterling Index				
All items	143.8	144.9	-2.6	13.8
Euro Index				
All items	148.2	149.0	-2.4	12.3
Gold				
$ per oz	4,293.9	4,325.6	-3.8	27.8
Brent				
$ per barrel	91.5	79.0	-29.2	3.4

Sources: CME Group; LME; LSEG Workspace; NOREXECO; NZ Wool Services; S&P Global Commodity Insights; Thompson Lloyd & Ewart; USDA *Provisional

Obituary

- David Hockney believed in working from the heart

Obituary | The swimming-pool genius

David Hockney believed in working from the heart

Britain's boldest and most innovative painter died on June 11th, aged 88

June 18th 2026

The painting, ten feet wide, is a window onto a world. The slim man in the peachy-pink jacket stands by the edge of the pool, looking down, uncertain. Someone is swimming underwater towards him; a young man, clad in modest white trunks. The hills beyond the pool make overlapping triangles of cerulean blue, of olive, sage and lime. They could be those of California or Provence—or even biblical Galilee. Ever since the Renaissance, artists have painted bathers washing off stains and sin amid the peace of nature. David Hockney, who created this scene, knew that. He studied them all. The swimmer's arms are outstretched. In the blue amniotic water he could be an angel. Or a new lover.

It is a double portrait, one of many that made him famous in the 1960s and 1970s on both sides of the Atlantic. The last time "Portrait of an Artist (Pool

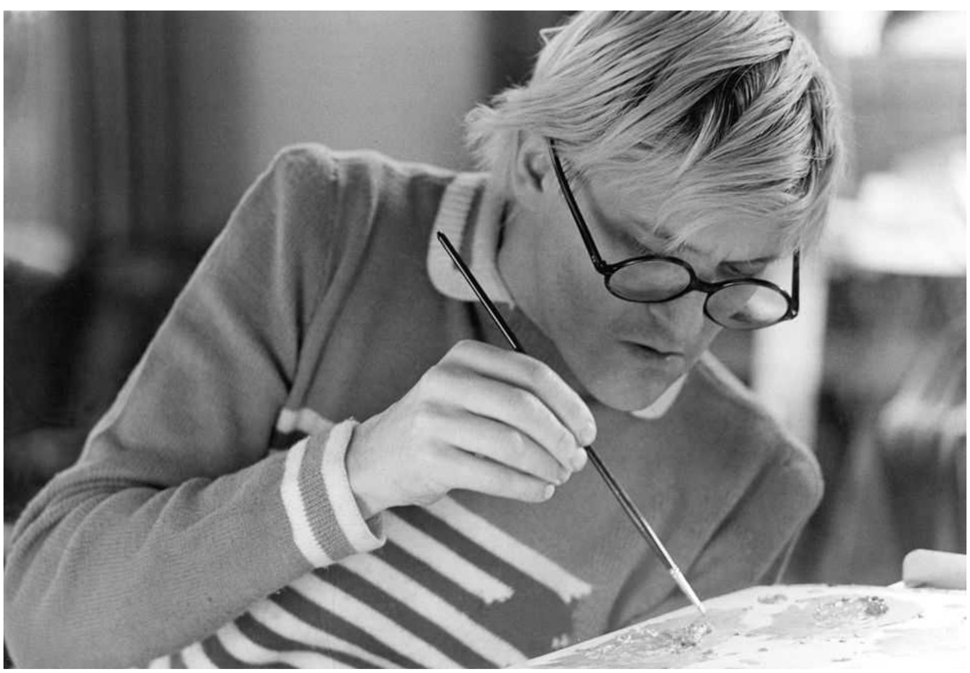
With Two Figures)" changed hands, in 2018, it became the most expensive picture by a living artist to be sold at auction. Swimming pools thrilled him from the moment he flew into Los Angeles at the age of 26, leaving grey post-war England behind, and saw the little blue oblongs tiling the city below. So did the challenge of painting water, with its unscripted colours, its surfaces that shimmered in two dimensions, and its tension.

Having decided on the composition, he used props and photographs, played with perspectives, and paced out measurements in the studio: all the techniques he'd learned at art school and since. Mostly, though, he was working from the heart. Painting was how he made sense of the world. His brushes helped assuage the pain of the terrible break-up a year earlier, when the man standing by the pool had left him for a young Swede, tall and blond, and his mother, his staunchest ally, was the only person he could bear to have around.

At least there had been work to get on with. Not that it came easily. For months he sensed something was wrong. Four weeks before his new show was due to open in New York, he reoriented the swimming pool and started afresh. Painting 18 hours a day, seven days a week, he finished it at last the night before the shippers came to take it to America. He felt like his hero Picasso, who liked to say: "I'm not painting; I'm exploring."

He'd always liked exploring. Although he was closest to his mother, a vegetarian Methodist who brought up five children on a modest budget, it was his father who inspired him. Time and again, Ken Hockney would come upon an old bicycle or a piece of domestic machinery, strip it down, paint it a bright colour and sell it as new. Though he was often short of paper, art became the heart of the boy's life. In Bradford, in West Yorkshire, he'd wheel paints and brushes around in a cast-off pram that his father had repaired, looking for things to draw.

At 18 he made his first trip to London, dossing on the Tube until the museums opened and hitch-hiking back. He saw more art that day than he'd ever seen in his life. He became determined to study art in the city, but when he got to the Royal College of Art he found it beset with questions. Was abstract expressionism the only in-thing? Or was conceptual art equally important? And where did that leave figurative painting? For his first work at the RCA he drew a half-size human skeleton, which showed off how much he already knew about perspective and anatomy. The other students took note, and one, a former GI, offered him £5—£100 today—for it. (This was R.B. Kitaj, who went on to become a painter of note himself.) He stopped worrying about being contemporary and set about creating his own kind of art, art of his own time.



He painted his London life: his friends, his homosexuality, his need to combine sex and love, his passion for the poems of Constantine Cavafy and Walt Whitman. But when he won a prize for an etching, he spent the money on a ticket to New York. And America freed him. He stopped at a drugstore and bought his first pair of thick-framed glasses. He dyed his hair blond. He laughed with young men on the beach in California. Most of all he experimented with materials, exploring quick-drying acrylic, pastels, pencils, watercolours. He would fix on things for weeks on end. The broken surface and flying droplets of "A Bigger Splash" took him two weeks to paint.

One summer, working with a printer friend in upstate New York, he made a series of luscious coloured pool works, using mounds of wet coloured papier-mâché, which he'd corral into different shapes, squeeze between presses and print on huge sheets of wet paper. The scintillating watery effects were as close as you could get to plunging into the water yourself.

Finding new ways of making art filled his life with a sense of renewal. Flying on to California again, he found himself rising early, very early, and painting the canyons while the light was good, stopping only to take a step back and focus on a cigarette, his favourite pastime after painting. All his favourite painters had smoked—Picasso, Monet, Renoir, Cézanne. None had died young, which is how he justified it to himself.

From California he travelled back to Yorkshire, his inexhaustible native place. His attention turned now to gigantic murals of the stands of trees he'd known as a child. Soon he would swap paints for pixels, becoming just as adept at painting portraits and landscapes first on his phone, then on an iPad. In 2012 he covered four walls of the Royal Academy with iPad paintings of one particular bend of one lane in east Yorkshire, on every day of the year and in every sort of light. Just before covid-19 struck in 2019 he moved to Normandy, and posted digital pictures of the emerging spring. These were later turned into a massive galleria, a cathedral of green, enough to fill L'Orangerie in Paris. If his poolside painting of the man in the peachy-pink jacket was a snapshot of a moment when he was 35, he described his final work as his Bayeux Tapestry, a long walk through a whole life. ■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